BANCO DE CRÉDITO E INVERSIONES S.A. AND SUBSIDIARIES

Interim Consolidated Financial Statements
As of June 30, 2019 and December 31, 2018
and for the six-month periods ended June 30, 2019 and 2018
and Independent Auditors' Review 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' REVIEW REPORT

To the Shareholders and Directors
Banco de Crédito e Inversiones

We have reviewed the accompanying interim consolidated financial statements of Banco de Crédito e Inversiones S.A. and subsidiaries (the "Bank") which comprise the interim consolidated statement of inancial position as of June 30, 2019 and the related interim consolidated statements of comprehensive income changes in equity and cash flows for the six-month periods ended June 30, 2019 and 2018 and the related notes to the interim consolidated financial statements.

Management's Responsibility for the Interim Consolidated Financial Information

The Bank's management is responsible for the preparation and fair presentation of the interim consolidated financial information in accordance with the Accounting Standards and Instructions issued by the Commission for the Financial Market (ex - Superintendency of Banks and Financial Institutions). This responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim consolidated financial information in accordance with the Accounting Standards and Instructions issued by the Commission for the Financial Market.

Auditors' Responsibility

Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in Chile applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Chile, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we express no such opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the interim consolidated financial information mentioned in the first paragraph for it to be in accordance with the Accounting Standards and Instructions issued by the Commission for the Financial Market.

Other matters related to the consolidated financial statements as of December 31, 2018

On January 29, 2019, we issued an unmodified opinion on the consolidated financial statements as of December 31, 2018 of the Bank which includes the consolidated financial position as of December 31, 2018, which is presented in the interim consolidated financial statements attached, in addition to these corresponding notes.

Other matter

The accompanying financial statements have been translated into English for the convenience of readers outside Chile.

Deloitte.

August 13, 2019
Santiago, Chile

Interim Consolidated Financial Statements

As of June 30, 2019 and December 31, 2018 and for the six-month periods ended June 30, 2019 and 2018

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As of June 30, 2019 and December 31, 2018
(In millions of Chilean pesos - MCh$)

	Note	As of June 30, 2019 MCh$	As of December 31, 2018 MCh$
ASSETS			
Cash and deposits in banks	6	2.047.074	2.058.757
Items in course of collection	6	359.546	335.820
Trading portfolio financial assets	7	2.322.206	2.038.376
Investments under agreements to resell	8	114.981	73.859
Derivative financial assets	9	2.422.876	1.714.274
Loans and receivables to banks, net	10	333.182	332.912
Loans and receivables to customers, net	11	30.428.713	29.543.095
Financial investments available for sale	12	2.904.995	3.229.455
Financial investments held to maturity	12	679	2.780
Investments in other companies	13	26.141	44.740
Intangible assets	14	372.087	382.197
Property, plant and equipment, net	15	261.204	281.236
Right-of-use asset	15	232.139	-
Current income tax	16	52.252	14.884
Deferred income taxes	16	96.787	190.115
Other assets	17	1.115.719	1.107.217
TOTAL ASSETS		**43.090.581**	**41.349.717**
LIABILITIES			
Current accounts and demand deposits	18	12.056.700	12.222.539
Items in course of collection	6	303.972	213.558
Liabilities under agreements to repurchase	8	450.090	546.109
Term deposits and savings accounts	18	12.742.888	12.328.776
Derivative financial liabilities	9	2.618.363	1.803.716
Borrowings from financial institutions	19	2.618.774	2.758.149
Debt issued	20	6.604.922	5.977.948
Other financial liabilities	20	860.893	754.937
Lease liabilities	15	213.261	-
Current income tax	16	7.267	157.309
Deferred income taxes	16	2.630	840
Provisions	21	278.862	334.293
Other liabilities	22	754.661	793.180
TOTAL LIABILITIES		**39.513.283**	**37.891.354**
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the Bank:			
Capital		3.394.799	3.134.898
Reserves		109	109
Accumulated other comprehensive income		19.508	45.446
Retained earnings:			
Net income from prior periods	24	-	-
Profit or loss for the period/year	24	231.402	395.794
Less: Accrual for minimum dividends	24	(69.421)	(118.738)
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK		**3.576.397**	**3.457.509**
Non-controlling interest		901	854
TOTAL SHAREHOLDERS' EQUITY		**3.577.298**	**3.458.363**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**43.090.581**	**41.349.717**

Notes No. 1 to No. 39 are an integral part of these interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
For the six-month periods ended June 30, 2019 and 2018
(In millions of Chilean pesos - MCh$)

	Note	For the six-month period ended June 30, 2019 MCh$	2018 MCh$
Interest income	25	1.080.508	846.959
Interest expense	25	(437.982)	(340.908)
Net interest income		**642.526**	**506.051**
Fee and commission income	26	221.613	183.498
Fee and commission expense	26	(54.127)	(44.891)
Net fee and commission income		**167.486**	**138.607**
Trading and investment income, net	27	95.452	40.864
Foreign exchange results, net	28	(12.022)	41.567
Other operating income	33	23.923	16.586
Operating income		**917.365**	**743.675**
Provision for loan losses	29	(194.022)	(120.489)
OPERATING INCOME, NET OF PROVISION FOR LOAN LOSSES		**723.343**	**623.186**
Staff costs	30	(237.941)	(213.837)
Administrative expenses	31	(154.010)	(133.991)
Depreciation and amortization	32	(51.093)	(30.737)
Impairment of property, plant and equipment and intangible assets	32	(54)	(109)
Other operating expenses	33	(16.791)	(16.448)
TOTAL OPERATING EXPENSES		**(459.889)**	**(395.122)**
TOTAL NET OPERATING INCOME		**263.454**	**228.064**
Share of profit of investments accounted for using the equity method	13	11.006	50.344
Income before income tax		**274.460**	**278.408**
Income tax expense	16	(43.010)	(70.637)
Net income from continuing operations		**231.450**	**207.771**
Net income from discontinued operations		-	-
CONSOLIDATED NET INCOME FOR THE YEAR		**231.450**	**207.771**
Attributable to:			
Equity holders of the Bank		231.402	207.746
Non-controlling interest		48	25
Total		**231.450**	**207.771**
Earnings per share attributable to equity holders of the Bank: (stated in Ch$)			
Basic earnings per share		$1.703	$1.663
Diluted earnings per share		$1.703	$1.663

Notes No. 1 to No. 39 are an integral part of these interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
For the six-month periods ended June 30, 2019 and 2018
(In millions of Chilean pesos - MCh$)

	Note	For the six-month period ended June 30, 2019	2018
		MCh$	MCh$
CONSOLIDATED NET INCOME FOR THE YEAR		**231.450**	**207.771**
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO THE STATEMENT OF INCOME			
Net gain (loss) resulting on revaluation of financial investments available for sale		38.327	(17.360)
Net (loss) on cash flow hedge derivatives		(54.701)	(22.678)
Cumulative translation adjustment		(23.302)	40.124
Other comprehensive (loss) income before income tax		**(39.676)**	**86**
Income tax effect on other comprehensive income	16	13.738	6.924
Total other comprehensive (loss) income that may be reclassified to the statements of income for the period		**(25.938)**	**7.010**
OTHER COMPREHENSIVE INCOME (LOSS) THAT WILL NOT BE RECLASSIFIED TO THE STATEMENTS OF INCOME FOR THE PERIOD		-	-
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME		**(25.938)**	**7.010**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**205.512**	**214.781**
Attributable to:			
Equity holders of the Bank		205.465	214.738
Non-controlling interest		47	43
Comprehansive income per share attributable to equity holders of the Bank:			
Basic comprehensive income per share		$1.512	$1.719
Diluted comprehensive income per share		$1.512	$1.719

Notes No. 1 to No. 39 are an integral part of these interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six-month periods ended June 30, 2019 and 2018
(In millions of Chilean pesos - MCh$)

			Accumulated other comprehensive income					Retained earnings				Total Equity		
	Capital	Reserves	Available for sale investments	Cash flow hedges reserve	Cumulative translation adjustment	Income Tax	Total	Retained earnings	Net Income for the period	Minimum dividends provision	Total	Total attributable to equity holders of the Bank	Non-Controlling interest	Total equity
	MM$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
As of January 1, 2019	**3.134.898**	**109**	**(18.060)**	**(11.963)**	**74.712**	**757**	**45.446**	**-**	**395.794**	**(118.738)**	**277.056**	**3.457.509**	**854**	**3.458.363**
Transfer to retained earnings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	395.794	(395.794)	-	**-**	**-**	-	**-**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(135.893)	-	118.738	**(17.155)**	**(17.155)**	-	**(17.155)**
Capitalization of reserves	259.901	**-**	-	-	-	-	**-**	(259.901)	-	-	**(259.901)**	**-**	-	**-**
Capital increase	-	**-**	-	-	-	-	**-**	-	-	-	**-**	**-**	-	**-**
Other comprehensive income	**-**	**-**	38.327	(54.701)	(23.302)	13.738	**(25.938)**	-	-	-	**-**	**(25.938)**	(1)	**(25.939)**
Net income for the period 2019	**-**	**-**	-	-	-	-	**-**	-	231.402	-	**231.402**	**231.402**	48	**231.450**
Provision for minimum dividends 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	(69.421)	**(69.421)**	**(69.421)**	-	**(69.421)**
As of June 30, 2019	**3.394.799**	**109**	**20.267**	**(66.664)**	**51.410**	**14.495**	**19.508**	**-**	**231.402**	**(69.421)**	**161.981**	**3.576.397**	**901**	**3.577.298**
As of January 1, 2018	**2.493.420**	**109**	**6.795**	**(9.039)**	**(23.191)**	**(232)**	**(25.667)**	**-**	**371.403**	**(111.421)**	**259.982**	**2.727.844**	**442**	**2.728.286**
Transfer to retained earnings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	371.403	(371.403)	-	**-**	**-**	-	**-**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(131.192)		111.421	**(19.771)**	**(19.771)**	-	**(19.771)**
Effect of business combination	**-**	**-**	-	-	-	-	**-**		-	-		**-**	289	**289**
Capitalization of reserves	**240.211**	**-**	-	-	-	-	**-**	(240.211)	-	-	**(240.211)**	**-**	-	**-**
Other comprehensive income	**-**	**-**	(17.360)	(22.678)	40.124	6.924	**7.010**	-	-	-	**-**	**7.010**	18	**7.028**
Net income for the period 2018	**-**	**-**	-	-	-	-	**-**	-	207.746	-	**207.746**	**207.746**	25	**207.771**
Provision for minimum dividends 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	(62.324)	**(62.324)**	**(62.324)**	-	**(62.324)**
As of June 30, 2018	**2.733.631**	**109**	**(10.565)**	**(31.717)**	**16.933**	**6.692**	**(18.657)**	**-**	**207.746**	**(62.324)**	**145.422**	**2.860.505**	**774**	**2.861.279**

Notes No. 1 to No. 39 are an integral part of these interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six-month periods ended June 30, 2019 and 2018
(In millions of Chilean pesos - MCh$)

	Note	As of June 30, 2019 MCh$	As of June 30, 2018 MCh$
CASH FLOWS USED IN OPERATING ACTIVITIES:			
INCOME BEFORE INCOME TAX		**274.460**	**278.408**
Charges (credits) to income not representing cash flows:			
Depreciation and amortization	32	51.093	30.737
Impairment of property, plant and equipment and intangible assets	32	54	109
Provision for loan losses		222.297	146.676
Impairment of repossessed assets		-	-
Adjustment to fair value of financial instruments		(14.927)	(4.684)
Share (profit) on investments accounted using equity method	13	(11.006)	(50.344)
Net gain from sale of repossessed assets	33	(2.777)	(1.989)
Gain from sale of property, plant and equipment	33	(712)	(290)
Loss on sale of property, plant and equipment	33	-	5
Write-off of repossessed assets	33	2.376	3.361
Net interest and indexation income		(642.528)	(506.051)
Net fee and commission income		(167.482)	(138.607)
Other charges (credits) to income that do not represent cash flows		(224.055)	238.721
Changes in assets and liabilities affecting operating cash flows:			
Net (increase) in loans and receivables to banks		(877)	(215.324)
Net (increase) in loans and receivables to customers		(1.066.771)	(3.959.998)
Net increasein investments		116.398	177.094
Net (decrease) increase in current accounts and other demand deposits		(166.030)	2.045.603
Net (decrease) in liabilities under agreements to repurchase		(234.337)	(332.752)
Net increase in term deposits and savings accounts		414.202	1.874.318
Net (decrease) increase in borrowing from financial institutions		(60.380)	387.459
Net increase in other financial liabilities		105.580	193.405
Proceeds from loans from Central Bank of Chile (long-term)		(3.979)	141.401
Repayment of loans from Central Bank of Chile (long-term)		-	(141.401)
Proceeds from foreign borrowings (long-term)		2.457.026	2.940.704
Repayment of foreign borrowings (long term)		(2.516.908)	(2.850.947)
Income tax paid	16	(43.010)	(70.637)
Interest and indexation received		1.031.332	777.995
Interest and indexation paid		(240.281)	(297.907)
Fees and commissions received	26	221.613	183.498
Fees and commissions paid	26	(54.127)	(44.891)
Total cash flows (used in) provided by operating activities		**(553.756)**	**803.672**
CASH FLOW (USED IN) INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	15	(17.634)	(24.894)
Proceeds from sale of property, plant and equipment		4.098	7
Purchase of TotalBank	4	-	(247.124)
Increase of investments in other companies	13	(41)	(22)
Purchase of intangible assets	14	(35.444)	(167.305)
Sale of investments in other companies	13	29.029	174.817
Dividends received from investments in other companies	13	181	7.412
Sale of repossessed assets		4.009	2.492
Net changes in other assets and liabilities		(42.803)	(95.048)
Total cash flows (used in) investing activities		**(58.605)**	**(349.665)**
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:			
Redemption of letters of credit		(2.286)	(3.180)
Bond issuance		613.358	513.543
Bond redemption		(88.502)	(68.746)
Paid-in capital	24	-	-
Dividends paid	24	(135.893)	(131.192)
Lease liability		210.662	-
Lease interest and indexation		2.599	-
Total cash flows provided by financing activities		**599.938**	**310.425**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR		**(32.512)**	**49.994**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**20.089**	**714.438**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**2.239.859**	**1.885.573**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**2.227.436**	**2.650.005**

Notes No. 1 to No. 39 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six-month periods ended June 30, 2019 and 2018
(In millions of Chilean pesos - MCh$)

Reconciliation of provisions for loan losses to consolidated statements of cash flows for the year

	Note	As of June 30, 2019 MCh$	As of June 30, 2018 MCh$
Provision for loan losses presented in the consolidated interim statements of cash flows		222.297	146.676
Recovery of loans previously written off		(28.275)	(26.187)
Provision for loan losses	29	**194.022**	**120.489**

The following table details the changes in liabilities originated from financing activities, including those changes that represent and do not represent cash flows as of and for the six-month periods ended June 30, 2019 and 2018. Liabilities arising from activities of financing are those for which cash flows were, or cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

Liabilities arising from financing activities	Beginning balance 1/1/2019	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 06/30/2019
		Received	Paid	Total	Acquisition	Changes in fair value	Interest and Indexation	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letters of credit	13.232	-	(2.286)	(2.286)	-	-	424	11.370
Bonds	5.964.716	613.358	(168.716)	444.642	-	38.808	145.386	6.593.552
Leases	-	213.261	-	213.261	-	-	-	213.261
Dividends	-	-	(135.893)	(135.893)	-	-	-	(135.893)
Total	**5.977.948**	**826.619**	**(306.895)**	**519.724**	**-**	**38.808**	**145.810**	**6.682.290**

Liabilities arising from financing activities	Beginning balance 1/1/2018	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 06/30/2018
		Received	Paid	Total	Acquisition	Changes in fair value	Interest and Indexation Received	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letters of credit	17.785	-	(3.181)	(3.181)	-	-	846	15.450
Bonds	5.002.522	513.542	(622.383)	(108.841)	-	773.395	133.363	5.800.439
Dividends	-	-	(131.192)	(131.192)	-	-	-	(131.192)
Total	**5.020.307**	**513.542**	**(756.756)**	**(243.214)**	**-**	**773.395**	**134.209**	**5.684.697**

Detail of the net cash outflow for the acquisition of TotalBank on June 15, 2018:

TotalBank's acquisition	At As June 15, 2018 MCh$
Amount per acquisition paid with cash and cash equivalent	(336.817)
Amount of cash and cash equivalent in acquired entity	89.693
Total net cash flow acquisition	**(247.124)**

Detail of the net cash outflow for the acquisition of Servicios Financieros on December 4, 2018:

Acquisition of Servicios Financieros	At As December 4, 2018 MCh$
Amount per acquisition paid with cash and cash equivalent	(105.864)
Amount of cash and cash equivalent in acquired entity	10.343
Total net cash flow acquisition	**(95.521)**

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

a) The Bank

Banco de Credito e Inversiones or Banco BCI (hereinafter the "Bank") is a bank incorporated in Chile and regulated by the Financial Market Commission (hereinafter the "FMC"). The registered office of the Bank is located at 125 El Golf Avenue, Las Condes, Santiago. The interim consolidated financial statements as of June 30, 2019 and December 31, 2018 and for the six-month periods ended June 30, 2019 and 2018 , 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 interim consolidated financial statements have been prepared in accordance with the Compendium of Accounting Standards and Instructions issued by the FMC, the regulatory agency set up under Article 15 of the General Banking Law, which stipulates that, pursuant to legal provisions, banks must apply the accounting criteria issued by that Superintendency and, in all such matters not specifically covered by it, provided they do not contradict its instructions, banks must follow generally accepted accounting criteria established in International Financial Reporting Standards (hereinafter the "IFRS") issued by the International Accounting Standards Board (hereinafter the "IASB"). In case of any discrepancy between IFRS and FMC, the latter should be followed.

Notes to the interim consolidated financial statements contain additional information to that presented in the interim consolidated statements of financial position, interim consolidated statements of income, interim consolidated statements of comprehensive income, interim consolidated statements of changes in equity and interim consolidated statements of cash flows. They provide narrative descriptions or disaggregation of such statements, in a materially clear, relevant, reliable and comparable.

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

c) Controlled companies (subsidiaries)

The interim consolidated financial statements as of June 30, 2019 and December 31, 2018 and for the six-month periods ended June 30, 2019 and 2018 include financial information of the Bank and controlled companies (subsidiaries) (hereinafter the "Group"). Control is achieved when the following conditions are met:

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

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

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

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

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

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

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

In addition, third party interest in the equity of the Bank is presented as "Non-controlling Interest" in the interim consolidated statements of financial position. Its share in profit or loss is presented as "Consolidated net income for the year attributable to non-controlling interest" in the consolidated statements of income. Its share in total comprehensive income for the year is presented as "Consolidated total comprehensive income for the year, attributable to non-controlling interest" in the interim consolidated statements of comprehensive income.

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

i. Entities controlled by the Bank through interest ownership:

	Ownership interest			
	Direct		Indirect	
Entity	2019	2018	2019	2018
	%	%	%	%
Análisis y Servicios S,A,	99.00	99.00	1.00	1.00
BCI Asset Management Administradora General de Fondos S,A,	99.90	99.90	0.10	0.10
BCI Asesoría Financiera S,A,	99.00	99.00	1.00	1.00
BCI Corredor de Bolsa S,A,	99.95	99.95	0.05	0.05
BCI Corredores de Seguros S,A,	99.00	99.00	1.00	1.00
BCI Factoring S,A,	99.97	99.97	0.03	0.03
BCI Securitizadora S,A,	99.90	99.90	-	-
Banco de Crédito e Inversiones Sucursal Miami	100.00	100.00	-	-
Servicio de Normalización y Cobranza, Normaliza S,A,	99.90	99.90	0.10	0.10
BCI Securities INC,	99.90	99.90	0.10	0.10
BCI Corredores de Bolsa de Productos S,A,	99.00	99.00	1.00	1.00
BCI Financial Group, INC, and Subsidiaries	100.00	100.00	-	-
Servicios Financieros y Administración de Créditos Comerciales S,A,(*)	99.98	-	0.02	- -
Administradora de Tarjetas Servicios Financieros Limitada(*)	99.99	-	0.01	-
SSFF Corredores de Seguros y Gestión Financiera Limitada(*)	99.00	-	1.0	-
Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada(*)	99.99	-	0.01	-
Servicios y Cobranzas SEYCO Limitada(*)	99.00	-	1.0	-

(*) On December 4, 2018 Banco de Crédito e Inversiones acquired these entities (previously Walmart Chile Servicios Financieros) by means of obtaining 100% of their shares through itself and BCI Corredor de Bolsa S.A.

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

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

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

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

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

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

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

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

BCI Securitizadora S.A. was established as a closely held corporation by public deed dated March 1, 2001, Its corporate purpose is the acquisition of the credits referred to in Article No, 135 of Law No, 18,045 (i.e. mortgage loan, finance leases, concession rights) or the rules that replace or complement it, and the issuance of debt securities, short or long term, causing for each issuance the formation of capital separate from its own, supervised by the Commission for the Financial Market ("CMF", formerly the SVS).

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

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

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

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

BCI Corredores de Bolsa de Productos S.A. was established by public deed dated April 16, 2015. Its sole corporate purpose is to act as intermediary in operations with agricultural products, as established in Articles Four and Five of the Law No, 19,920, as broker of agricultural products, including the purchase or sale of products in the Agricultural Products Stock Exchange for its own benefit with the aim of transferring rights thereto, and the complementary activities authorized by the Commission for the Financial Market for which it may execute all actions and enter into all contracts and act as intermediary in operations of the Agricultural Products Stock Exchange, according to the regulation in force.

BCI Financial Group, INC. and Subsidiaries a parent company of City National Bank (CNB), was acquired in 2015. CNB is a banking financial institution established in 1946 with headquarters in Miami, offering a wide range of financial products (including real estate, commercial and consumer banking) to more than 22,000 customers, with 26 branches in four Florida counties. On March 10, 2017, the FMC issued Letter No, 02751, which granted approval to carry out leasing transactions through a new subsidiary of CNB. The new subsidiary of CNB is a corporation that began operations on June 28, 2017 under the corporate name of City National Capital Finance, Inc. (CNCF).

As noted in note 3 a) and note 4, CNB acquired all of the shares of Totalbank, resulting in its merger by incorporation on June 15, 2018.

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

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

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

Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada, acquired on December 2018, was established as a limited liability company by public deed on April 6, 2005 and has had several modifications. Its current corporate purpose is service of supply of management and aftermarket and customer support, related to allocation, performance and mantainance of arranged products with banks, subsidiaries and support societies, and promotions and distributions services of banking products, subsidiaries and support societies. The previously-described activities could be performed by the entity or delegated to third parties acting on their behalf. In general, the entity could develop any other commercial activities that members decide to either complement the objective or result in a better performance.

Servicios y Cobranzas SEYCO Limitada, also acquired on December 2018 and established as a limited liability company by public deed on March 31, 2010 has had several alterations. Its corporate purpose is framed in: (a) provision of preliminary and judicial collection services for all types of payment obligations, regardless of their cause or origin; (b) debt collection services; (c) document custody and administrative proceedings; (d) the rendering of marketing services, programming or execution of campaigns, database preparation, necessary or recommended for debt collection services; (e) collection, storage, custody, administration, processing, studies and data analysis, background and information for debt collection services; (f) acquiring or participating in other companies, subject to the requirements and limitations established in current regulations. The previously-described activities could be performed by the entity or delegated to third parties acting on their behalf. The entity may execute all necessary contracts with respect thereto.

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

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

ii. Entities controlled by the Bank through other considerations:

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

	Ownership interest			
	Direct		**Indirect**	
Entity	**2019**	**2018**	**2019**	**2018**
	%	%	%	%
BCI Activos Inmobiliarios Fondo de Inversión Privado (1)	40.00	40.00	-	-
Fondo de Inversión Privado Rentas Comerciales (1)	97.67	13.83	-	-
Fondo de Inversión Privado BCI LMV II (1)	100.00	-	-	-
Incentivos y Promociones Limitada (2)	SE	SE	SE	SE

(1) Funds over which BCI Asset Management Administradora de Fondos S.A. subsidiary, has influence and/or control.
(2) Structured Entity ("SE") is responsible for the promotion of credit and debit card products. The Bank does not hold any ownership interest in that company and does not exercise control, however its revenue depends on the Bank.

d) Associates

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

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

These investments are accounted for using the equity method. The investment in an associate is originally recognized at cost. Subsequently, the investment is recognized in the statements of financial position the participation of the Bank in its results in addition to its initial cost plus any adjustment to depreciation/amortization of assets acquired whose fair value was determined as greater than/less than the carrying value at the date of acquisition.

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

The following entities are considered associates:

Company	Ownership interest	
	2019	**2018**
	%	%
Artikos Chile S.A.	50.00	50.00
Servipag Ltda,	50.00	50.00
Centro de Compensación Automatizado S.A.	33.33	33.33
AFT S.A.	20.00	20.00
Nexus S.A.	12.90	12.90
Redbanc S.A.	12.71	12.71
Servicio de Infraestructura de Mercado OTC S.A.	13.61	13.61
Combanc S.A.	11.74	10.33
Transbank S.A.	8.72	8.72
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	7.03

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

e) Investments in other companies

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

As of June 30, 2019, the Bank has investments in the following companies: SWIFT, BLADEX, Credicorp Ltd., and others.

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

f) Basis of consolidation

The interim consolidated financial statements comprise financial information of the Bank and its subsidiaries as of June 30, 2019 and December 31, 2018 and for the six-month periods ended June 30, 2019 and 2018.

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

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

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

a. Assets and liabilities for each statement of financial position presented (ie including comparatives) shall be translated at the closing rate at the date of that statement of financial position.
b. Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at the average rate for the year.
c. Equity are translated at the historical exchange rate at the date of acquisition or approval.
d. The exchange differences that arise in the translation of the financial statements are recorded in the caption "Cumulative translation adjustment" within the interim consolidated statement of comprehensive income for the period.

g) Non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Bank, Non-controlling interests are presented separately in the interim consolidated statements of income, the interim consolidated statements of comprehensive income and consolidated statements of financial position.

h) Functional currency

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

All the information presented in Chilean Pesos has been rounded to the closest million of Chilean Pesos.

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

i) Transactions in foreign currency

Transactions denominated in currencies different from the Chilean peso are considered as denominated in "foreign currency." Transactions carried out by each entity in currencies other than its functional currency are recognized using the exchange rates prevailing at the date of the transaction. During the period, the differences that arise between the prevailing exchange rate at the date of the transaction and those that arise from such date to the date of collection or payment are recognized in the interim consolidated statements of income.

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

j) Operating segments

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

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

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

k) Measurement of assets and liabilities

Measurement criteria of the assets and liabilities recognized in the interim consolidated statements of financial position are the following:

i. Assets and liabilities measured at amortized cost:

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

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

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

ii. Assets and liabilities measured at fair value:

For financial instruments traded in active markets, the determination of fair values is based on their listed or recent transaction prices. This includes instruments traded in domestic or international stock markets, brokers quotation or "Over-the-counter transactions" (OTC).

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

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

As of the dates of the interim consolidated financial statements, the Bank has instruments whose fair value had been determined based on significant unobservable data. However, for this type of instruments, the Bank has models developed internally. When the data used in the models is unobservable, the Bank must develop assumptions in order to estimate the fair values. These valuations are known as Level 3 valuations: Instruments classified according to their valuation level are detailed in Note 35 to the interim consolidated financial statements.

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

iii. Assets and liabilities measured at historic cost:

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

The interim consolidated financial statements have been prepared based on a historic cost basis, except for:
- Derivative financial assets/liabilities, measured at their fair value.
- Repossessed assets, measured at the lower of carrying amount or fair value less costs to sell.
- Trading portfolio financial assets, measured at their fair value.
- Financial investments available for sale, measured at their fair value.
- Capital assets, measured at fair value when the Administration has considered assessing said assets and considering said value as the deemed cost upon first-time adoption of IFRS.

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

iv. Derecognition of financial assets and liabilities:

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

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

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

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

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

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

a) If the Bank does not retain the control of the transferred financial asset: then it is derecognized from the interim consolidated statements of financial position and any withheld right or obligation is recognized or created as a consequence of the transfer.

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

Accordingly, financial assets are derecognized from the interim consolidated statements of financial position when, and only when, the contractual rights to the cash flows from the financial asset expire; or when the Bank transfers the financial assets and substantially all the risks and rewards of ownership of the assets to third parties.

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

Similarly, financial liabilities are derecognized from the consolidated statements of financial position when, and only when, the obligations are extinguished, cancelled or expired.

l) Investment instruments

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

Investment instruments are initially recognized at their fair value, including transaction costs directly attributable to acquisition. The available for sale instruments are then marked to market at their fair value according to market prices or valuations obtained from models. The unrealized gains or losses originated by the change in their fair value or the recognition of any gain or loss on a level 3 instrument are recognized in other comprehensive income. When these investments are sold, the available for sale investment instrument's reserve accumulated in other comprehensive income associated with these instruments is reclassified to the consolidated statements of income and recognized under "Trading and investment income, net" heading as well as any realized gain/loss on disposal. In the case of a significant or prolonged decline in the fair value of any of these debt instruments or other objective evidence of impairment, an impairment is recognized by a reclassification of the cumulative loss recognised in other comprehensive income to the line item "Impairment" in the statements of income.

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

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

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

m) Trading investments

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

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

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

The interest and indexation for inflation are recognized in "Trading and investment income, net" line in the interim consolidated statements of income.

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

n) Transactions with repurchase agreements and securities lending

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

The operation of repurchase agreement are also carried out as a form of financing, Financial assets sold under repurchase agreements are retained in the consolidated financial statements in "Trading portfolio financial assets" or "Financial investments available for sale" categories, and consideration received under these agreements is recognized as a collateralized liability within "Liabilities under agreements to repurchase" line, and measured at amortized cost.

o) Financial derivative instruments

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

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

At the moment of subscribing to a derivative agreement, the Bank must designate it either as a derivative instrument for trading or for hedge accounting purposes.

The changes in the fair value of derivative instruments held for trading are included in "Trading and investment income, net" line of the interim consolidated statements of income.

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF 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 hedges of the risk positions.

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

If the item hedged in a fair value hedge is a firm commitment, the changes in the fair value of the firm commitment regarding the covered risk are recognized as assets or liabilities recorded against the consolidated statements of income for the year. 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 year.

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

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

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

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

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

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

i. Define market makers or BCI customer condition:

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

ii. Marketmakers condition

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

iii. Customer status:

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

p) Hedge of a net investment in a foreign operation

According to 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 a hedge of a net investment in a foreign operation qualifies for hedge accounting, the statement of financial position and results of a foreign operation are translated from a currency different from the reporting currency of the parent, the entity will recognize the exchange differences through other comprehensive income in equity as well as the effects of hedging such net investment, under cumulative translation adjustment reserve, until the sale or disposal by other means of the foreign operation. The accumulated difference is to be transferred to the interim consolidated statements of income at the date on which such sale or disposal occurs.

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

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

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

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

The hedged item is the investment made in BCI Financial Group INC. and subsidiaries.

q) Loans and receivables from customers

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

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

i. Financial lease contracts

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

ii. Factoring Operations

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

r) Allowances for loan losses and others

The allowances required to cover the expected losses of certain financial assets have been recognized in accordance with the regulations and instructions of the FMC. The assets are presented net of such allowances, or at a new cost basis in the case of investments.

The allowance for credit commitments is presented as a liability under “Provisions” in the statement of financial position.

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

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

i. Individual assessment:

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

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

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

- Normal and substandard portfolios:

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

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

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

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

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

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

- Collective assessment of normal and substandard portfolios:

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

The exposure subject to allowances corresponds to the loans and receivables plus loan commitments (recorded as a provision), less the amount to be recovered by collateral execution. Likewise, loans and receivables are understood as the carrying value of loans and receivables to the respective borrower, while loan commitments are understood as the amount resulting from applying the clause indicated in No, 3 of Chapter B-3 of the Accounting Standards Compendium.

- Non-compliant portfolio:

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

For the effects of allocating allowances on the non-compliant portfolio, loss rate percentages are used, which must be applied to the exposure, corresponding to the sum of loans and receivables and loan commitments held. In order to apply this percentage, an expected loss rate must be estimated first, deducting from the exposure the amounts expected to be recovered by execution of collateral and, in the case of having solid data that justifies them, deducting also the net present value of expected recoveries that can be obtained by execution of collection actions, net of expenses associated with them. 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ii. Collective assessment:

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

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

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

a. Commercial Loans:

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

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

b. Consumer Loans:

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

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

c. Mortgage Loans:

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

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

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

Provisioning Factor according to delinquency status and LtV						
		Days in default as of the end of the month				
LtV (loan-to-value)	Concept	Current	1-29	30-59	60-89	More tan 90 days overdue
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 90 days or more, all such loans will be classified as "Non-Compliant" and the allowance for each one of them will be calculated in accordance with their respective level of Loan-to-Value.

iii. Write-off of loans:

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

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

The write-offs in question refer to the write-offs of the assets previously recognized in the interim consolidated statements of financial position corresponding to the respective transaction, including, therefore, the portion that may be not overdue if a loan is to be repaid in instalments, or in case of a leasing operation.

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

Write-offs of loans and receivables are be made in accordance with the following deadlines subsequent to any default:

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

The above table presents the period of time that must elapse in order to write off by type of loan. The period is accounted for from the day the installment becomes overdue.

iv. Recovery of written off loans:

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

s) Fee and commission income and expense

Fee and commission income and expense are recognized in the consolidated statements of income using different criteria according to their nature. The revenue recognition criteria depend on the execution of the following steps: :

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

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

t) Impairment

I. Financial Assets:

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

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

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

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

The previously recognized impairment is reversed only if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. 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 FMC as “borrower loans on which there is evidence they will not meet any of their obligations under the agreed-upon payment conditions, without the possibility of recovering the loan by repossessing collateral, by means of judicial collection actions or by renegotiation.”

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

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

i. Impaired Portfolio:

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

The collectively assessed loans are classified as impaired loans when they present at least one of the following conditions:

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

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

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

Exit Conditions

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

- Collective assessment:

a) Non-renegotiated loans: loans of the impaired portfolio may be reclassified back to the normal portfolio only upon compliance with the following conditions:

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

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

  - Receipt of at least nine consecutive instalments of principal and interest, paid on time in accordance with the schedule of payments or with a maximum delay of 30 days.
  - All obligations up to date and no other loan operations of the borrower in the impaired portfolio.
  - No other renegotiations of the borrower's loans within the last nine months.
  - 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 FMC at the date of inquiry).

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF 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 nine payments agreed for the renegotiated loan.
- Principal and interests payments up to date.
- No other loans of the borrower in the impaired portfolio.
- No instalments in default in the Chilean financial system in the last 90 days.

ii. Interest and indexation for inflation income and expenses:

Income and expenses from interest and indexation for inflation are recognized in the interim consolidated statements of income based on the accrual principle using the effective interest method.

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

However, in the case of past-due loans which correspond to instalments overdue for 90 days or more or the current loans with high credit risk, a prudent criteria is followed to suspend the accrual of interest and indexation for inflation. Such items are recognized only when they are received.

• Amounts to suspend:

The amount of suspended income on an accrual basis posted to memo accounts corresponds to the amount calculated between the date of suspension and the interim consolidated statements of financial position reporting date.

• Date of suspension:

Individually assessed loans:

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

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

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

Collectively assessed loans:

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

The 80% percent of collateral refers to the value of the collateral and the estimated value of all obligations covered by the same collateral, including credit commitments.

II. Non-financial assets:

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

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

u) Intangible assets

Software

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

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

The subsequent expenditures associated with any software are capitalized only when the Bank may derive future economic benefits from them. The rest of the expenditures are recognized in the interim consolidated income statement of the period.

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

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

Intangibles acquired in a business combination

The acquisition of TotalBank by City National Bank of Florida was consummated (simultaneously merging with CNB) on June 15, 2018 and the acquisition of the credit card business from Walmart (Servicios Financieros) was consummated on 4 December 2018. Intangible assets were recognized. Intangible assets with an indefinite useful life are subject to impairment review annually. In accordance with the FMC regulations of the Compendium of Accounting Standards, Chapter A-2 number 7, two independent consultants opine upon the purchase price allocation.

Intangible assets (of definite or indefinite lives), were recognized or fair valued in accordance with International Financial Reporting Standards No, 3 upon the acquisition on October, 2015 of City National Bank of Florida ("CNB") and upon CNB´s acquisition of TotalBank in June, 2018.

For the acquisition of TotalBank as well as for the acquisition of Servicios Financieros, the value of the assets acquired and liabilities assumed was provisionally determined and, in accordance with IFRS 3, "Business Combinations," the Bank has up to one year to adjust the provisionally determined values to their final values.

The amortizable intangibles will be subject to straight-line amortization.

Goodwill

The goodwill generated in a business combination will be distributed from the date of acquisition, between each of the cash generating unit (CGU) (or on a more aggregated basis should the goodwill not be assignable to an individual CGU) which is expected to benefit from the synergies of the business combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units or groups of units.

The goodwill is subject to tests to determine if there is an impairment of value, on an annual basis, and when the circumstances indicate that the carrying amount may be impaired.

Impairment losses related to goodwill can not be reversed in future periods.
Intangible assets, including goodwill, were subject to the impairment tests indicated by IAS 36. These tests show no indication of impairment and since the test is carried out regardless of the existence of indicators, no impairment was identified with respect to the above-mentioned acquisitions.

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

v) Business Combinations

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

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

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

- The deferred tax assets or liabilities, and assets or liabilities related to agreements of employee benefits are recognized and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”, respectively;
- Liabilities or equity instruments related to share-based arrangements of the acquiree or share-based company agreements entered into agreements to replace share-based payments of the acquired payment transactions, are measured in accordance with IFRS 2 “Share-based Payment” at acquisition date; and
- Assets (or group of assets for disposal) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that Standard.

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

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

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.

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

w) Property, Plant and Equipment

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

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

When some part of an item of the property, plant and equipment has a different useful life to that property, plant and equipment, it is recognized as a separate component (i.e., real estate remodelling).

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

The estimated useful lives for the property, plant and equipment, As of June 30, 2019 and December 31, 2018, they are the following:

	As of June 30, 2019	As of December 31, 2018
Buildings	50 years	50 years
Machinery and equipment	3 - 10 years	3 - 10 years
Facilities	7 - 10 years	7 - 10 years
Furniture and fixtures	7 years	7 years
Computing equipment	3 - 6 years	3 - 6 years
Real estate improvements	10 years	10 years
Other property, plant and equipment	3 - 6 years	3 - 6 years

x) Repossessed assets

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

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

y) Staff benefits

i. Unused Vacations:

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

ii. Short-term benefits:

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

iii. Indemnification for years of service:

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

z) Leases

i. Operating lease:

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

Any payment for penalties arising under operating leases are recognised as an expense in the period in which they are incurred.

ii. Financial lease:

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

Inter-company leased assets are treated as own-use assets in the interim consolidated financial statements.

aa) Cash flow statement

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

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

The following concepts are applied for the interim consolidated statements of cash flows:

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

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

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

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

ab) Provisions and contingent assets and liabilities

Provisions are liabilities for which there is uncertainty regarding their amount or maturity. Provisions are recognized in the interim consolidated statements of financial position when they comply with the following requirements:

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

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

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

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF 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 FMC has defined that the additional provisions are those not deriving from the application of valuation models to the portfolio in order to compensate deficiencies in them, and that their establishment must be justified by assumed risk as defined in unpredictable economic fluctuations.

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

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

ii. Minimum provisions required for the normal individual portfolio:

The FMC has determined that the Bank must maintain a percentage of minimum provision of 0.50% on loans and credit commitments from the normal individual portfolio in accordance with Chapter 2,1,3 of the number B-1 Compendium of Accounting Standards. These minimum provisions are to be presented as liabilities.

ac) Use of estimates and judgments

In the application of the Bank's accounting policies, 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. Modifications to accounting estimates are recognised in the period in which the estimate is revised if the modification affects only that period, or in the period of the modification and future periods if the modification affects both current and future periods.

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

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

- Allowances for loan losses (Notes 10, 11 y 29).
- Impairment of certain assets (Note 32).
- Valuation of financial instruments (Notes 7, 9 and 12).
- Useful life of property, plant and equipment and intangible assets (Notes 14 and 15).
- Use of tax loss carry-forward (Note 16).
- Contingencies and commitments (Note 23).
- Imperment test and intangible del PPA (Notes 4 and 14).

ad) Income tax and deferred tax

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

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

As of June 30, 2019 and December 31, 2018, the Bank recognized deferred tax assets for which Management has assessed that it is probable that taxable profits will be available against which tax loss carryforwards can be utilised.

Deferred tax assets and deferred tax liabilities are offset in the consolidated financial statement, if you have the legally enforceable right to offset assets for current taxes against current tax liabilities, and only if these deferred taxes are related to taxes on the corresponding profits of the same taxable entity levied by the same tax authority.

In accordance with the Law 20,780 published in the *Diario Oficial* on September 29, 2014, as amended by Law 20,899 published in the *Diario Oficial* on February 8, 2016, the Bank as of the 2018 business year must apply a permanent rate of 27% for First Category tax. In addition, and temporarily, the Bank applied a rate of 24% for tax profits received or accrued in the 2016 business year and 25,5% was applied for tax profits received or accrued in the 2017 business year.

In 2017, the tax reform law was published in the United States, which reduced the federal tax rate from 35% to 21%, as a result of which the subsidiaries domiciled in that country recalculated their deferred tax assets.

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

ae) Dividends on common shares

Dividends on ordinary shares are recognized in equity in the year in which they were approved by the bank's shareholders. Dividends on common shares must be approved by the Board of Directors.

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

af) Earnings per share

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

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

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

i. Collection Operations:

BCI Securitizadora S.A. may acquire assets in order to form a separate fund ("Protected Assets Fund") that supports the issuance of securitized bonds. These assets must have similar characteristics in order to be securitized and a separate fund has to be formed for each separate issuance.

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

The above distinction is relevant when it comes to accounting for the debt at the Bank; in the first case, future cash flows should be accounted for at the Protected Assets Fund and also at the originator, and in the case of existing assets they should be accounted for only at the Protected Assets Fund.

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

Since there is a possibility that the respective Protected Assets Fund never will be created or the bond securitized not be issued for any reason (legal, market, etc.), these transactions contract a put option where BCI Securitizadora S.A. may put the asset back under certain circumstances (mainly in the case when an entity cannot issue securitized bonds for the reasons discussed above).

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

ii. Protected Assets Fund No, 27:

The Bank through the direct subsidiary BCI Securitizadora S.A., as of June 30, 2019, maintains in its consolidated financial statements a balance of MCh$21,542, corresponding to loan receivables being the underlying of the Protected Assets Fund No. 27.

ah) 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 are mandataroty and effective as of January 1, 2019 when publishing full compliance IFRS financial statements:

Amendments and Improvements to IFRS	**Effective date**
IFRS 16, Leasses	Annual periods beginning on or after January 1, 2019
New Standards	**Effective date**
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	Annual periods beginning on or after January 1, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	Annual periods beginning on or after January 1, 2019
Annual improvements to cycle 2015-2017 (Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, and IAS 23 Borrowing costs)	Annual periods beginning on or after January 1, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	Annual periods beginning on or after January 1, 2019
New Interpretation	**Effective date**
IFRIC 23 — Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 1, 2019

IFRS 16, Leasses

The International Accounting Standards Board (IASB) published IFRS 16 'Leases' on January 13, 2016. IFRS 16 introduces new or modified requirements with respect to the accounting for leases. It introduces significant changes to lessee accounting by eliminating the distinction between operating and finance leases; it requires the recognition, upon lease commencement, of a right-of-use asset and a lease liability for all leases, except for short-term and low-value leases. In contrast to lessee accounting, lessor accounting however remains largely unchanged. The impact of the adoption of IFRS 16 on the Banks's consolidated financial statements is described below:

The Bank has applied IFRS 16 using the modified retrospective application approach. Therefore, it has not restated the comparative financial information.

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

The Bank has used the practical expedient available in the transition to IFRS 16 and decided not to re-evaluate whether an arrangement is, or contains, a lease Therefore, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases signed or modified before January 1, 2019.

The change in the definition of a lease involves mainly the concept of control. IFRS 16 determines whether an arrangement contains a lease on the basis of whether the client has the right to control the use of an identified asset for a period of time in exchange for a consideration.

The Bank applies the definition of a lease and related guidelines established in IFRS 16 to all leases signed or modified on or after January 1, 2019 (regardless of whether the Bank is a lessor or a lessee in a lease arrangement). In preparation for the first-time application of IFRS 16, the Bank has carried out an implementation project. The project has shown that the new lease definition established by IFRS 16 did not change the scope of arrangements that meet the definition of a lease for the Company to date.

Impact on Accounting for Leases

Operating leases

IFRS 16 changes how the Bank accounts for leases which previously were classified as operating leases under IAS 17, which were off-balance sheet.

The Bank has short-term leases (lease term of 12 months or less) and low-value asset leases (such as personal computers and office furniture); therefore, the Bank chose to recognize a lease expense on a straight basis as allowed by IFRS 16. The expense is presented in other expenses in the consolidated statements of income.

Finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets previously held under finance lease is the measurement of residual value guarantees delivered by the lessee to the lessor. IFRS 16 requires the Bank to recognize as part of its lease liability only the amount expected to be paid under a residual value guarantee, instead of the maximum guaranteed amount as required by IAS 17. This change did not have a material effect on the Bank's consolidated financial statements, since that the Bank's lease contracts do not establish residual value guarantees.

The Bank's Management determined the effect on the Interim Consolidated Financial Statements; see note 2 of accounting changes.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

On October 12, 2017, the IASB published "Prepayment Features with Negative Compensation (Amendments to IFRS 9)". The amendments to IFRS 9 clarify that for purposes of evaluating whether a prepayment feature meets the condition of cash flows that are only principal and interest payments, the party exercising the option could pay or receive reasonable compensation for the prepayment regardless of the reason for the prepayment.

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

In other words, prepayment features with negative compensation do not automatically fail compliance with the condition of only principal and interest payments.

The amendments to IFRS 9 are effective for annual periods beginning on or after January 1, 2019; earlier application is permitted. There are specific transitional provisions depending on when the amendments are applied for the first time, in relation to the initial application of IFRS 9.

The Bank's Management estimates that the application of this new standard will have no effect on the Bank's Interim Consolidated Financial Statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

On October 12, 2017 the IASB published Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) The amendments clarify that IFRS 9, including its impairment requirements, applies to long-term interests. Additionally, when applying IFRS 9 to long-term interests, an entity does not take into account the adjustments to carrying amounts required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests that arise from the loss allocation from the investment or the impairment assessment in accordance with IAS 28).

The amendments apply retrospectively to annual periods beginning on or after January 1, 2019. Earlier application is permitted. Specific transitional provisions apply depending on whether the first time application of the amendments matches that of IFRS 9.

The Bank's Management estimates that the application of this new standard will have no effect on the Bank's Interim Consolidated Financial Statements.

Annual improvements to cycle 2015-2017 (Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, and IAS 23 Borrowing costs)

The IASB issued 'Annual Improvements to IFRS Standards 2015–2017 Cycle' on 12 December 2017. The annual improvements contain amendments to the following standards:

IAS 12 Income Taxes

The amendments clarify that an entity should recognize the consequences of income tax on dividends in profit or loss, other comprehensive income or equity depending on where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed or undistributed profits.

IAS 23 "Borrowing Costs"

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

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

IFRS 3 Business Combinations

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, remeasuring at fair value the interest previously held in that joint operation. The previously held interest includes any unrecognized assets, liabilities and goodwill related to the joint operation.

IFRS 11 Joint Arrangements

The amendments to IFRS 11 clarify that when a party that owns an interest in, but does not have joint control of, a joint operation that is a business, gains joint control of such joint operation, the entity does not remeasure the interest previously held in the joint operation.

All amendments are effective for annual periods beginning on or after January 1, 2019 and generally require prospective application. Earlier application is permitted.

As of the date of these financial statements, the application of these amendments has not had any impact on the Interim Consolidated Financial Statements of the Bank.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The IASB published amendments to IAS 19 Employee Benefits on February 7, 2018. The amendments clarify that the past service cost (or settlement gain or loss) is calculated by measuring the benefit liabilities (assets) defined using restated assumptions and comparing the benefits offered and the assets plan before and after the plan amendment (or curtailment or settlement), but ignoring the effect of the asset ceiling (which could arise when the defined benefit plan is in a surplus position). IAS 19 now clarifies that the change in the effect of the asset ceiling that may result from the amendment (or curtailment or settlement) of the plan is determined in a second step and recognized normally in other comprehensive income.

The paragraphs relating to the measurement of present service cost and net interest on the net defined benefit liabilities (assets) have also been amended. Now, an entity is required to use the restated assumptions of this remeasurement to calculate the present service cost and net interest for the rest of the reporting period after the plan amendment. In the case of net interest, the amendments clarify that, for the period after the plan amendment, net interest is calculated by multiplying the defined benefit liabilities (assets) as remeasured in accordance with IAS 19.99, with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on net defined benefit liabilities (assets).

Amendments are applied prospectively, and only to plan amendments, curtailments or settlements that occur in or after annual periods in which these amendments are first applied. Amendments to IAS 19 should be applied to annual periods beginning on or after January 1, 2019. Earlier application is permitted.

As of the date of these financial statements, the application of these amendments had no impact on the Bank's consolidated interim financial statements.

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

IFRIC 23 — Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments". IFRIC 23 establishes how to determine a tax position when there is uncertainty over income tax treatments.

IFRIC 23 requires an entity to:

i. determine whether uncertain tax positions are assessed separately or as a whole;

ii. assess whether the tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its tax returns:

   a. If accepted, the entity should determine its accounting and tax position consistently with the tax treatment used or planned to be used in its tax return.
   b. If not accepted, the entity should reflect the effect of uncertainty in the determination of its accounting and tax position.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Entities may apply IFRIC 23 either fully retrospectively or retrospectively in a modified manner without restatement of comparative information.

Bank Management believes that the application of this new interpretation had no effect on the Bank's consolidated interim financial statements.

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

New Standards	**Effective date**
IFRS 17 Insurance contracts	Annual periods beginning on or after January 1, 2021
Amendments to the Standards	**Effective date**
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
Definition of a Business (Amendments to IFRS 3)	Effective date postponed indefinitely
IASB finalises amendments to IAS 1 and IAS 8 regarding the definition of materiality	Annual periods beginning on or after January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	Annual periods beginning on or after January 1, 2020

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

IFRS 17 Insurance contracts

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

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

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

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

IFRS 17 is effective for periods beginning on or after January 1, 2021. Earlier application is permitted, An entity shall apply IFRS 17 retrospectively unless impracticable, in which case the entity shall apply the modified retrospective approach or the fair value approach.

Management does not anticipate that this new standard will have an impact on the interim or annual consolidated financial statements, as neither the Bank nor any of the consolidated entities issue insurance contracts.

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

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

- requires 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*).
- requires 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.

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

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 postpone the effective date until the research project on the participation method has been completed.

The Bank's Administration is evaluating the impact of the application of these amendments, however, it is not possible to provide a reasonable estimate of the effects that this rule will have until the administration makes a detailed review.

Definition of a Business (Amendments to IFRS 3)
The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

IASB finalises amendments to IAS 1 and IAS 8 regarding the definition of materiality

The International Accounting Standards Board (IASB) has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments: "*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.*"

Three new aspects of the new definition should especially be noted:

Obscuring. The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A).

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

Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything ‘could’ influence the decisions of some users even if the possibility is remote.

Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The new definition of material and the accompanying explanatory paragraphs are contained in IAS 1 Presentation of Financial Statements. The defintion of material in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors has been replaced with a reference to IAS 1.

The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is allowed.

The Management of the Bank believes that the implementation of these amendments will have no effect on the Bank's Interim Consolidated Financial Statements.

Amendments to References to the Conceptual Framework in IFRS Standards

On March 29, 2018, IASB published its revised “Conceptual Framework for Financial Reporting” (the "Conceptual Framework"). The Conceptual Framework is not a standard, and none of its provisions prevails over any standard nor over any of the requirements of a standard. The purpose of the Conceptual Framework is to assist the IASB when developing International Financial Reporting Standards. The Conceptual Framework also assists financial statement preparers in developing consistent accounting policies if there is no applicable or specific standard to address a particular issue. The new Conceptual Framework has an introduction, eight chapters and a glossary. Five of the chapters are new, or have been substantially modified. The new Conceptual Framework :

- Introduces a new definition of assets focused on rights and a new definition of liabilities that is likely to be broader than the replaced definition, but does not change the distinction between a liability and an equity instrument.
- Eliminates references to expected flows of economic benefits from asset and liability definitions. This reduces the obstacles to identifying the existence of an asset or liability and places more emphasis on reflecting uncertainty in measurement.
- Analyzes historical cost and present value measurements, and provides some guidance on the considerations that the IASB would apply when selecting a measurement base for a specific asset or liability.
- Establishes that the main measurement of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use the other comprehensive income and only for income or expenses arising from a change in the present value of an asset or liability.
- Analyzes uncertainty, derecognitions, unit of account, the reporting entity and combined financial statements.

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

The new Conceptual Framework is effective immediately since its publication on March 29, 2018, which the Bank has already considered. Additionally, the IASB published a separate document "Updating a Reference to the Conceptual Framework" which contains revisions to the affected Standards in such a way that they now refer to the new Conceptual Framework. These modifications are effective for annual periods beginning on or after January 1, 2020. Earlier implementation is permited.

The Bank Administration believes that the implementation of these changes to the Conceptual Framework will have no effect on the Bank's Interim Consolidated Financial Statements.

New Interpretations

ai) Standards and instructions issued by the Financial Market Commission (FMC)

i) Circular No, 3,634, dated March 9, 2018, the FMC issues new regulations for the calculation of risk-weighted assets, credit equivalents and credit limits applicable to derivative instruments compensated and liquidated by a Central Counterparty Entity, updating Chapters 12-1 and 12-3 of the Updated Compilation of Standards. The application of these instructions must be made no later than December 31, 2018.

ii) Circular No, 3,635, dated March 19, 2018, the FMC issued regulations that complement the instructions related to Chapter 1-13 of the Updated Compilation of Standards for Corporate Governance.

iii) Circular No, 3,636, dated March 27, 2018 the FMC updated Chapter 6-1 of the Updated Compilation of Standards.

iv) Circular Letter No, 01/2018 Information System Manual, dated April 23, 2018, the FMC updated the information related to the C04 file regarding the intermediate category for derivative instruments offset and settled through a Counterparty Entity Central.

v) Circular No, 3,637, dated May 18, 2018, the FMC reports the appointment of the new Superintendent of Banks and Financial Institutions, Mr, Mario Farren Risopatrón.

vi) Circular Letter No, 02/2018 Information System Manual, dated June 13, 2018, the FMC reported the elimination of files P23 and P32.

vii) Circular No, 3,638, dated July 6, 2018 the FMC completes instructions on provisions related to Chapter B1 of the Compendium of Accounting Standards, related to the establishment of the standard method of provisions for commercial loans of the group portfolio.

viii) Circular No, 3,639, date August 7, 2018 the FMC issue instructions for banks that hold a securities title in the name of a third party account, remit such information to the Superintendency so that it can identify both the latter and the shares themselves.

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

ix) Circular Letter No, 03/2018 Information System Manual, dated August 29, 2018, the FMC informs the second table update "Regions" given the foundation of XVI Region of Ñuble, which validity starts from October 1, 2018.

x) Circular No, 3,640 date August 31, 2018, the FMC issued instructions related with Chapters 1-13 and 20-8 of Updated Compilation of Standards related to Cybersecurity and reporting of operational incidents, With these instructions, guidelines in these matters were updated.

xi) Circular Letter No, 04/2018 Information Manual System, dated September 5, 2018, the FMC informs the Table 65 update "Commune" given the foundation of XVI Region of Ñuble, which validity starts from October 1, 2018.

xii) Circular No, 3,641, date October 8, 2018 the FMC issued instructions updating the term for client response, From November 1, 2018, this term was reduce by a ten-day top for response from claim day.

xiii) Circular No, 3,642, dated October 9, 2019 the FMC issued complementary instructions on cybersecurity matters. These instructions have validity from this Circular release.

xiv) Circular Letter No, 05/2018 Information Manual System, dated November 26, 2018, the FMC clarifies the use of economic activity codes for effects of information send through D03 file.

xv) Circular Letter No, 06/2018 Information Manual System, dated December 18, 2018, the FMC informs the new file I12 concerning cybersecurity incidents.

xvi) Circular No, 3,643, dated December 21, 2018, the FMC issued instructions updating norms regarding editorial correction to Chapters 2-1, 5-1 and 6-1, authorizing the dissolution of BBVA Bank and the new appellation for MUFG Bank, Ltd.

xvii) Circular Letter No, 07/2018 Information System Manual, dated December 21, 2018, the FMC informs the new C49 file. Likewise, it modifies C46, C47 files and 1, 87 and 88 tables.

xviii) Circular No, 3,644, dated December 21, 2018, the FMC issued instructions updating norms concerning management and measurement of liquidity position.

xix) General Ruling No. 01/2019, Information System Manual, dated January 4, 2019, the FMC issued instructions updating files D52 and D53 referring to operations subject to conventional maximum interest.

xx) General Ruling No. 3,645, dated January 11, 2019, the FMC issued changes to the Compendium of Accounting Standards to comply with the requirements of IFRS 16, adding and modifying information from chapters A-2, B-1, C-1, and C-3.

xxi) General Ruling No. 3,646, dated January 16, 2019, FMC issued complementary instructions to chapters 12-20 of the Updated Compilation of Standards.

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

xxii) General Ruling No. 02/2019, Information System Manual, dated January 16, 2019, the FMC issued instructions updating the information related to the analysis and monitoring of the management and measurement of the liquidity position.

xxiii) Circular No. 3,647, dated January 31, 2019, FMC issued complementary instructions to chapter B-1 of the Compendium of Accounting Standards, introducing the factor "Loss Due to Default (LDD)" for factoring operations.

xxiv) General Ruling No. 1-2019 Banks, dated February 25, 2019, the FMC requested information on all individuals or companies belonging to the same business group.

xxv) General Ruling No. 03/2019 Information System Manual, dated March 12, 2019 the FMC issued amendments to adapt the computation of provisions of the commercial portfolio of group analysis.

xxvi) General Ruling No. 04/2019, Information System Manual, dated March 25, 2019, the FMC requested information for the control of credit limits covered by No. 1 and No. 2 of Article 84 of the General Banking Law.

xxvii) Circular No. 3.648. On April 9, 2019, the FMC issued an updated compilation of Chapter 7-1 rules, updating interest and indexation collection instructions.

xxviii) Circular No. 3.649. On May 6, 2019, the FMC made adjustments to chapter C-3 of the compendium of accounting standards to address concerns raised regarding the treatment of lease contracts as lessee.

xxix) Circular Letter No. 2-2019, Use of the institutional Extranet and management of the process of quality of the information provided to this Superintendency. The FMC issued instructions to properly enable the various modules on the platform.

xxx) Circular Letter No. 05/2019 Manual Information System. On May 16, 2019, the FMC introduced a new D35 file in regards to daily interest rates for operations.

xxxi) Circular No. 3.650. On May 16, 2019, the FMC issued an updated compilation of Chapter 6-1 standards, updating the list of banks.

xxxii) Circular Letter No. 06/2019 Manual Information System. On May 17, 2019, the FMC introduced a new file I14 on electronic transfers of funds and related services.

xxxiii) Circular No. 3.651. On May 16, 2019, the FMC reported revisions made to the General Banking Law by Act No. 21,130, which modernizes the banking legislation; and the date on which the Financial Market Commission (FMC) will assume the powers of the Superintendency of Banks and Financial Institutions, with the latter being ceasing to exist.

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

xxxiv) Circular Letter N° 07/2019 Manual Information System. On May 29, 2019, the FMC modified files D4 and D50 to obtain additional information in regards to saving accounts.

The Bank's Management has implemented this norms to the extent required without effect on its consolidated financial statements as of June 30, 2019.

NOTE 2 - ACCOUNTING CHANGES

For the first time, the Bank adopted IFRS 16 Leases and the pronouncements described in Note 1 of the consolidated financial statements applicable on January 1, 2019. The impacts are described below:

In the initial application of IFRS 16, for all leases (except as described below), the Bank:

Recognized right-of-use assets (classified under "fixed assets") and lease liabilities (classified under "fixed assets") in the consolidated interim statements of financial position, initially measured at the present value of future lease payments for MCh$ 231,992 and MCh$ 231,992, respectively. The weighted average of the Company's incremental borrowing rate applied to the lease liabilities recognized in the statement of financial position on the date of initial application was 2.36% (UF).

Lease incentives (e.g. free periods) are recognized as part of the measurement of right-of-use assets and lease liabilities, whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortized as a reduction of the lease expense on a straight-line basis.

Under IFRS 16, right-of-use assets shall be assessed for impairment in accordance with IAS 36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company decided to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

During the six-month period ended June 30, 2019, there have been no other accounting changes with respect to the prior year that affect these consolidated interim financial statements.

NOTE 3 - SIGNIFICANT EVENTS

a) Acquisitions

- Merger agreement between City National Bank and TotalBank

Having fully complied with all the conditions precedent established in the Merger Agreement signed between the parties on November 30, 2017, on June 15 the acquisition of TotalBank was perfected and its activities were merged with City National Bank on that date.   The payment made amounted in total to US $ 528.9 million.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

On November 28, 2017, the Board of Directors of the Bank unanimously approved the authorization of the signing of the "Merger Agreement" between City National Bank ("CNB"), subsidiary of the Bank, incorporated and in force under the laws of the state of Florida in the United States of America and TotalBank, a state bank incorporated and in force under the laws of the state of Florida in the United States of America, which is a subsidiary of Banco Popular Español S.A. (a subsidiary of Banco Santander S.A. in Spain).

By virtue of the transaction, CNB will acquire, for a total of US$528,075,000, all of the shares issued by TotalBank, thus becoming the absorbing and continuing legal entity of said bank; receiving the Banco Popular Español S.A., a subsidiary of the Santander S.A. in Spain, the amount of US$528.9

million in exchange for its shareholding in TotalBank. As usual in this type of transaction, the price payable to the Banco Popular Español S.A. is subject to possible minor adjustments between the date of signing and the closing date of the transaction.

TotalBank is a leading integral retail and commercial bank in the state of Florida, which as of December 31, 2017 presented total assets of US$3,009 million, loans of US$ 385 million and deposits of US$ 2,088 million, as well as having 18 branches conveniently located in all of Miami-Dade County, Headquartered in Miami, it has served the South Florida state for more than 40 years, offering a wide range of financial services both locally and internationally to corporations, small businesses and individuals. This transaction was financed in part with the Bank's own resources and those of its CNB subsidiary and in part through a capital increase, maintaining required current capital ratios.

- Contract of sale between Walmart Chile S.A. and Banco de Crédito e Inversiones S.A.

In an extraordinary session of the Board of Directors held on December 12, 2017, the agreement between Walmart Chile S.A. and Inversiones y Rentas Presto Limitada, as sellers and Banco de Credito e Inversiones and BCI Corredor de Bolsa S.A. as buyers, was approved by unanimity of the directors referring to the sale and purchase of shares and partnership shares of one hundred percent of the shares and rights of the companies that are indicated below:

i) Lider Corredor de Seguros y Gestión Financiera Limitada (SSFF Corredores de Seguros y Gestión Financiera Limitada).
ii) Operadora de Tarjetas Lider Servicios Financieros Limitada (Administradora de Tarjetas Servicios Financieros Limitada).
iii) Servicios y Administración de Créditos Comerciales Lider S.A. (Servicios Financieros y Administración de Créditos Comerciales S.A.).
iv) Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión Presto Limitada (Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada).
v) Servicios y Cobranza Limitada (Servicios y Cobranzas SEYCO Limitada).

On November 20, 2018, the regulatory entities authorized this transaction which consisted of the sale and acquisition of shares and the transfer of certain rights, as well as other contracts that were entered into or agreed between the same parties, among which there is a commercial cooperation agreement for the development of financial retail.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

On December 4, 2018, there was a change of control over the companies listed above, resulting from the purchase by Banco de Credito e Inversiones and BCI Corredor de Bolsa S.A., from Walmart Chile S.A. and its related company Inversiones y Rentas Presto Limitada. The formers acquired 100% of the issued shares of the companies described for a total value of MCh$105,864, subject to the corresponding adjustments in accordance with the respective contracts.

b) Issuance and placement of bonds

- **There were no issues or placements of subordinated bonds in 2019.**

- **During 2019, the following issues of ordinary bonds took place in UF.**

Series	Issue date	Unidad de fomento	Tasa contractual	Due date
SERIE_I3	01.02.2019	3.000.000	2,00%	01.02.2030

- **During 2019, the following issues of ordinary bonds took place in UF.**

Series	Placement date	Unidad de fomento	TIR	Due date
SERIE_F2	31.01.2019	3.000.000	1,5%	01.04.2024
SERIE_B2	01.02.2019	620.000	1,5%	01.05.2023
SERIE_F1	19.02.2019	3.000.000	1,6%	01.04.2022
SERIE_G1	22.03.2019	3.000.000	1,5%	01.06.2025
SERIE_G2	04.06.2019	3.000.000	1.1%	01.06.2026
SERIE_I3	27.06.2019	3.000.000	1.2%	01.02.2030

- **During 2019, the following issues of ordinary bonds took place in USD:**

Series	Issue date	USD	TIR	Due date
XS1984711355	23.04.2019	10.000.000	3,47%	23.04.2024
XS2012024696	14.06.2019	50.000.000	3,32%	14.06.2029

- **During 2019, the following issues of ordinary bonds took place in USD:**

Series	Issue date	USD	TIR	Due date
XS1984711355	23.04.2019	10.000.000	3,47%	23.04.2024
XS2012024696	14.06.2019	50.000.000	3,32%	14.06.2029

- **During 2019, the following issues of ordinary bonds took place in Swiss Francs:**

Series	Issue date	CHF	TIR	Due date
CH0471298007	22.05.2019	175.000.000	0,40%	21.11.2024

- **During 2019, the following issues of ordinary bonds took place in Swiss Francs:**

Series	Issue date	CHF	TIR	Due date
CH0471298007	22.05.2019	175.000.000	0,40%	21.11.2024

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

c) Capital increase

At the Extraordinary Shareholders' Meeting held on March 27, 2018, it was agreed to increase the capital of the bank in the amount of Ch$ 340,000,000,000 (MCh$340,000), through the issuance of 8,047,379 common shares, without par value.

In the Extraordinary Shareholders Meeting held on July 12, 2018, it was agreed to annul the capital increase approved at the Extraordinary Shareholders' Meeting held on March 27, 2018 and it was determined to increase the capital stock in the amount of Ch$ 430,000,000,000 (MCh$430,000), through the issuance of 9,657,930 shares, without par value.

In an extraordinary session of the Board of Directors on October 18, 2018, it was agreed to set the beginning of the preferred option period for the subscription of the shares for October 31, 2018.

As of December 31, 2018, 100% of the shares issued for this capital increase were subscribed and paid, raising a total of Ch$401,266,667,250 (MCh$401,267).

d) Dividend distribution and capitalization of profits

The Ordinary Shareholders Meeting, held on April 3, 2019, approved to:

• Distribute the net income for the year 2018, amounting to Ch$ 395,793,906,849 (MCh$ 395,794), as follows:

-Distribute a dividend of Ch$ 1,000 per share among the total of 135,892,980 shares issued and registered in the Shareholder Registry, which involves allocating for this purpose the sum of Ch$ 135,892,980,000 (MCh$ 135,893), that is, 34.33 % of the Bank's profits, and;

- Allocate the remaining balance of profits of the year, to the fund of reserves from profits, that is, the sum of Ch$ 259,900,926,849 (MCh$ 259,901).

The Extraordinary Shareholders Meeting, held on April 3, 2019, approved :

• Capitalize reserves from profits of Ch$ 259,900,926,849 (MCh$ 259,901) as follows:

-The sum of Ch$259,900,910,890 (MCh$ 259,901) through the issuance of 5,723,429 no-payment no par value shares.

-The sum of Ch$15,959 (MCh$ 0), to capitalization, without issuance of shares.

The subscribed and paid-in capital of the Bank would amount to Ch$3,394,798,673,646 (MCh$ 3,394,799) divided into 141,616,409 registered, no par value single series shares.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

This capital increase was approved by the FMC through Resolution No. 1556 of May 28, 2019 and is in the process of being registered in the public registry of securities. After this process is completed, the shares will be part of the share capital.

At this Ordinary Shareholders Meeting, the Board of Directors was also elected for a period of three years.

h) Election of Directors

At the Ordinary Shareholders Meeting on April 3, 2019, and according to the Bank's bylaws, the new Bank Board was elected. The following persons were elected for a period of three years:

Luis Enrique Yarur Rey
Lionel Olavarría Leyton
Mario Gómez Dubravcic
José Pablo Arellano Marin
Claudia Manuela Sánchez Muñoz
Juan Edgardo Goldenberg Peñafiel
Hernán Orellana Hurtado
Klaus Schmidt-Hebbel Dunker
Miguel Angel Nacrur Gazali

In accordance with the provisions of article 50 bis of the Law on Corporations, it was recorded that Mr. Klaus Schmidt-Hebbel Dunker and Miguel Ángel Nacrur Gazali were elected as independent directors.

NOTE 4 – BUSINESS COMBINATION

4.1 Acquistion and Fusion of TotalBank

i. General Operation

On June 15, 2018, Banco de Credito e Inversiones through its subsidiary City National Bank of Florida (hereinafter "CNB") consummated the acquisition of TotalBank through the acquisition of 100% of the shares of TotalBank.

With this transaction, BCI reinforces its strategy of consolidating its presence in the market of the state of Florida, United States, making CNB the third largest bank in the market. The payment made for the acquisition amounted in total to US$528.9 million, and its equivalent in Chilean pesos is MCh$336,817.

ii. Description of the Acquired Subsidiaries

TotalBank, the entity which merged with CNB as a result of the acquisition, has more than 40 years of presence in Miami where its headquarters and 18 branches are located, offering a wide range of financial services both locally and internationally to corporations, small businesses and individuals.

At the time of acquisition, TotalBank had a loan portfolio of MCh$1,353,009, deposits of MCh$1,273,014 and equity of MCh$321,414, equivalent to 4.8%, 9.5% and 11.2% of the consolidated respective balances of such accounts in consolidation.

iii. Primary reasons for the acquisition

This acquisition is part of BCI's decision to consolidate its presence in the Florida market, an attractive market in terms of size and growth, which is why the Bank plans to be able to service its existing clients, to the extent to which they expand their operations outside Chile, through BCI Miami, BCI Securities, City National Bank of Florida and representative offices,

In this way, this operation is another step in BCI's strategic objective of generating new sources of income; have a geographical diversification that allows not only to diversify the risks, but also to have access to new markets and customers; and serve current customers seeking solutions at the regional level, and thus be able to service them during their potential expansion in Latin America.

With this transaction, City National Bank of Florida will have reached the third place in assets with respect to banks in Florida, with consolidated assets in the amount of US$14.7 billions of dollars. This evolution will improve the presence of this institution as a leader in Miami market.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

iv. Details of assets acquired and liabilities assumed

The following is the consolidated statement of the fair values of assets acquired and liabilities assumed of TotalBank at the acquisition date, at fair value measurement as of June 15, 2018:

	Fair value recognized on the date of acquisition	Ref,
	MCh$	MCh$
ASSETS		
Cash and deposits in banks	89,693	a
Items in course of collection	-	
Trading portfolio financial assets	329,059	
Investments under agreements to resell	-	
Derivative financial assets	-	
Loans and receivables to banks, net	-	
Loans and receivables to customers, net	1,353,042	c
Financial investments available for sale	-	
Financial investments held to maturity	-	
Investments in other companies	-	
Intangible assets	38,843	d
Property, plant and equipment, net	8,845	e
Current and deferred income tax	-	
Other assets	19,827	f
TOTAL ASSETS	**1,839,309**	
LIABILITIES		
Current accounts and demand deposits	992,844	
Items in course of collection	-	
Liabilities under agreements to repurchase	10,480	
Term deposits and savings accounts	278,061	g
Derivative financial liabilities	-	
Borrowings from financial institutions	-	
Debt issued	-	
Other financial liabilities	273,816	
Current and deferred income tax	-	
Provisions	-	
Other liabilities	36,252	h
TOTAL LIABILITIES	**1,591,453**	

Total net identifiable assets at fair value	**247,856**
Goodwill arising from acquisition	88,961
Consideration transferred in exchage for the acquiree	**336,817**
Net cash flow **from** investing activities	89,693
Payment in cash	(336,817)
Net cash outflow	**(247,124)**

NOTE 4 – BUSINESS COMBINATION, CONTINUED

The fair value adjustments presented have been determined on a preliminary basis. The valuation process was carried out by qualified professionals independent from BCI Management and their external auditors.

Fair Value is defined as the price that would be received 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.

The fair value of the assets acquired and liabilities assumed at the acquisition date were adjusted as follows to arrive at fair value (provisionally):

a) Adjustment related to cash deposits at the acquisition date amounted to MCh$79,658 and corresponds to the updating of nominal rates to market rates.
b) Adjustment to fair value of trading and available for sale financial assets.
c) Loans and accounts receivable from customers, are presented net of provision, deferred income and discounts. The client portfolio is not impaired in value and the contractual cash flows are expected to be received in full.
d) Adjustments related to intangible assets corresponds to three concepts:

    i) Derecognition of goodwill generated in the previous acquisition or business combination which is present in the TotalBank financial statements,
    ii) Recognition of assets identified in the business combination which will be detailed in the following table, and
    iii) Goodwill generated in this acquisition.

Breakdown of intangible assets identified in the business combination

Detail	Amount (MCh$)	Type	Useful Life
Core deposits	36,800	Amortizable	9 years
Leasehold interest	1,834	Amortizable	30 years
Mortgage Servicing Rights	209	Amortizable	-
Goodwill	88,961	Indefinite Useful Life	-

NOTE 4 – BUSINESS COMBINATION, CONTINUED

Core deposits

TotalBank's term deposits available to finance the placement of loans placed at a rate below the current market placement rates.

Leasehold interest

Lease contracts maintained by TotalBankat a lower carrying amount than market.

Mortgage Servicing Rights

Corresponds to management services on mortgage portfolios of third parties provided by TotalBank.

Goodwill

Corresponds to the goodwill generated in the acquisition of TotalBank and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Generated goodwill is not deductible for tax purposes.

The intangible assets will be subject to impairment assessment in accordance with the definitions and terms established in the accounting standards.

e) Adjustment related to Property, plant and equipment corresponds to revaluation of TotalBank's buildings.
f) Corresponds to fair value adjustment for certain items included in "Other assets" in the balance sheet of TotalBank.
g) Deposits and other term deposits correspond to the adjustment of the market rate to recognizethe deposits at fair value.

h) The adjustment over other liabilities corresponds to recognition by CNB of TotalBank's taxes payable taking into account tax deductions and additions generated by the acquisition.

v. Other considerations

a) In the business combination, no contingent assets and liabilities were identified, nor contingent consideration.

b) Transaction costs related to the acquisition amounted to approximately US$9,023 million, which mainly corresponds to external legal advice and due diligence costs.

c) From the date of acquisition, TotalBank contributed MCh$2,225 to net interest income, MCh$262 to net fee income, MCh$2,421 to net operating income and MCh$1,440 to income for the period before income tax.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

The estimate of net income generated by City National Bank, if the business combination had been made as of January 1, 2018, is MCh$3,835.

The methodology used was to add the profit or loss obtained by TotalBank prior to the date of acquisition to the profit or loss obtained since the date of acquisition.

The initial accounting for acquisitions of the entities disclosed above in this note was determined provisionally, and there are no changes to date.

4.2 Acquisition of Servicios Financieros

i. General aspects of the operation

On December 4, 2018, Banco de Credito e Inversiones consummated the acquisition of Lider Corredores de Seguros y Gestión Financiera Limitada, Card Operator Lider Servicios Financieros Limitada, Services and Commercial Credit Administration Lider S.A. Sociedad de Servicios de Comercio y Apoyo and Gestión Presto Limitada and Servicios y Cobranzas Limitada (formerly, Walmart Chile Servicios Financieros) through the acquisition of 100% of the shares.

With this transaction, BCI reinforces its strategy of consolidating growth opportunities locally and internationally and becoming a leading player in the credit card industry in Chile, The payment made for the acquisition amounted to MCh$105,864 in total.

ii. Description of the Acquired Companies

Walmart Chile Servicios Financieros (hereinafter, "Servicios Financieros" or "SSFF"), is considered a single cash generating unit (CGU) and is composed of the following companies:

- Lider Corredor de Seguros y Gestión Financiera Limitada (SSFF Corredores de Seguros y Gestión Financiera Limitada).
- Operadora de Tarjetas Lider Servicios Financieros Limitada (Administradora de Tarjetas Servicios Financieros Limitada).
- Servicios y Administración de Créditos Comerciales Lider S.A. (Servicios Financieros y Administración de Créditos Comerciales S.A.).
- Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión Presto Limitada (Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada).
- Servicios y Cobranza Limitada (Servicios y Cobranzas SEYCO Limitada).

At the time of acquisition, Servicios Financieros had a credit card loan portfolio of MCh$562,978 and MCh$84,520, equivalent to 1.91% and 2.44% of the total of BCI's respective holdings, considering the Bank's consolidated balances at 31 December 2018.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

Simultaneously with the acquisition, the Bank entered into a commercial agreement with the seller of said entities, which was considered integral to the acquisition and under IFRS 3, determined as part of the acquisition.

iii. Main reasons for the purchase

This acquisition is part of BCI's strategy to continuously search for growth opportunities locally and internationally, which will allow us to become a leading player in the credit card industry in Chile.

With this transaction, BCI will reach almost 1.5 million credit card customers, which represents a substantial business opportunity, since the associated stream of payments will represent a fundamental part of the Bank's success in the coming years.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

vi. Detail of assets acquired and liabilities assumed at fair value

The following is a summary of the identifiable assets and liabilities at fair value of Financial Services as of December 4, 2018, date of purchase:

	Fair value recognized on the date of acquisition MCh$	Ref, MCh$
ASSETS		
Cash and deposits in banks	10,343	
Items in course of collection	-	
Trading portfolio financial assets	-	
Investments under agreements to resell	-	
Derivative financial assets	-	
Loans and receivables to banks, net	-	
Loans and receivables to customers, net	-	
Financial investments available for sale	523,727	a
Financial investments held to maturity	-	
Investments in other companies	-	
Intangible assets	-	
Property, plant and equipment, net	52,972	
Current and deferred income tax	1,930	
Other assets	14,690	
TOTAL ASSETS	63,632	
ASSETS	**667,294**	
LIABILITIES		
Current accounts and demand deposits	-	
Items in course of collection	-	
Liabilities under agreements to repurchase	-	
Term deposits and savings accounts	-	
Derivative financial liabilities	-	
Borrowings from financial institutions	-	
Debt issued	-	
Other financial liabilities	511,219	
Current and deferred income tax	14,957	
Provisions	4,793	
Other liabilities	54,653	
TOTAL LIABILITIES	**585,622**	
Total net identifiable assets at fair value	81,672	
Goodwill arising from acquisition	24,192	
Consideration transferred in exchage for the acquire	**105,864**	
Net cash flow **from** investing activities	10,343	
Payment in cash	(105,864)	
Net cash outflow	**(95,521)**	

NOTE 4 – BUSINESS COMBINATION, CONTINUED

The assets acquired and the liabilities assumed by the acquiree, as a result of the business combination, have been considered at book value due to their short-term realization, so that their value would not differ significantly from their fair value, except for intangible assets originating in this combination. The process of reviewing this assumption is being carried out by qualified professionals independent of the BCI Administration and its external auditors.

Fair value is defined as the price that would be received for selling an asset or that would be paid for transferring a liability in an orderly transaction between market participants at the valuation date, or acquisition in the case of BCI.

In detail, one adjustment required by the Compendium corresponds to:

a) Loans and accounts receivable from customers - the adjustment required when moving from the provision model under Circular 40 of the FMC to the provision model under the Compendium of Accounting Standards of the FMC.

Under IFRS 3 the following is defined as 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 acquire, Acquisition related costs are generally recognized in the consolidated statements of income as incurred.

Additionally, as a result of this business combination, the following intangible assets were recorded:

a. Assets identified through business combination, which will be detailed in the following table, and
b. Goodwill

Summary of intangibles identified in the business combination

Detail	Amount Ch$	Type	Useful life
Relationship with customers	28,169	Amortizable	10 years
Right-of-use-assets (Brand)	5,120	Amortizable	10 years
Right-of-use-assets (Channels)	4,897	Amortizable	10 years
Contracts for the collection of services	8,511	Amortizable	10 years
Non-competition agreement	3,169	Amortizable	10 years
Goodwill	24,192	Indefinite useful life	-

Relationship with customers

Intangible asset generated where current customer relationships present through the portfolio of Financial Services are expected to generate future business.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

Right-of-use-assets (Brand)

According to the Commercial Cooperation Framework Agreement signed on December 19, 2017, Walmart Chile S.A. granted the right to use its trademarks to BCI on certain Financial Services products.

Right-of-use-assets (Channels)

The exclusive access granted by Walmart to BCI to the Walmart Chile distribution channels was granted in order to develop and promote the cross sales of products. This promotion must only be made on the products sold at the Walmart Chile Stores and at the SSFF Branches, Cross-selling products include (i) savings and checking accounts (ii) debit cards, (iii) prepaid cards, excluding gift cards, (iv) mortgages, (v) auto loans, (vi) mutual funds, and (vii) term deposits.

Contracts for the collection of services

Corresponds to Grupo Walmart's commitment to continue providing collection and payment services to customers with respect to SSFF products, including the collection and payment of the credit card account statement and the disbursement or transfer of personal loans.

Non-competition agreement

Agreement of Walmart that it will abstain from holding or maintaining in force contracts or other agreements or understandings with Bci main competitors that:

a) Have a scope similar or identical to that of the Framework Agreement for Commercial Cooperation.
b) Convert the Walmart Group into the owner of any participation in, or in a partner or associate of, any BCI principal competitor.
c) Allow products similar to the SSFF Products to originate in a Walmart Chile Store, except for the excluded stores.
d) Provide benefits to Walmart Chile customers in accordance with the program, when they use program credit cards, which are equivalent or more favorable than the benefits obtained by customers when using other credit cards.
e) Grant access to the Walmart Group information, the Walmart Chile distribution channels or the Walmart Chile Customers, with respect to Servicios Financieros services/products.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

Goodwill

Corresponds to the goodwill generated in the acquisition of Financial Services and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the equity participation previously held by the acquirer (if any) in the acquiree on the net amounts at the date of acquisition of the identifiable assets acquired and the liabilities assumed. If, after a re-evaluation, the net amounts at the acquisition date of the identifiable assets acquired and the liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the participation previously owned by the acquirer in the acquiree (if any), said excess is immediately recognized in profit or loss as a bargain purchase gain. The generated goodwill is not deductible for tax purposes.

Intangible assets will be subject to an impairment test according to the definitions and terms of the financial regulations.

As of December 31, 2018, there is no indication of impairment for intangibles acquired in the business combination and nor impairment testing resulting in impairment adjustments with respect to goodwill or any indefinitely-lived intangible assets.

v. Other considerations

a) As of December 31, 2018, there were no contingent assets and liabilities identified, nor contingent consideration.
b) Transaction costs related to the acquisition amounted to approximately MCh$1,416, which mainly correspond to external legal advice.
c) From the date of acquisition, Servicios Financieros contributed MCh$10,597 to net interest income, MCh$5,528 to net income from fees, MCh$16,531 to net operating income and MCh$773 to income (loss) from the period before income tax.

The estimate of net income generated by Financial Services, if the business combination had been made as of January 1, 2018, is MCh $ 15,452.

The methodology used was to add the results obtained by Financial Services before the date of acquisition plus the results obtained from the date of acquisition.

The initial recording for the acquisitions of the entities previously disclosed in this note was provisionally determined at December 31, 2018.

NOTE 5 - INFORMATION BY SEGMENTS

Segment structure

In accordance with IFRS 8, the Bank has aggregated operating segments with similar economic characteristics based on the aggregation criteria specified in the standard. Thus, a reporting segment comprises clients to whom differentiated products are addressed, which are homogeneous and whose performance is measured in a similar way, thus part of the same reporting segment.

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

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

1. The allocation of the results of asset and liability management of the reporting segments is performed according to the composition of assets of each business.

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

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

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

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

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

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

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

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

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

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

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

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

Financial Services: corresponds to the businesses associated with the issuance and operation of BCI Lider Mastercard and Presto credit cards, the origination of advances and brokerage of personal insurance, among others, which operates as an independent unit, under the supervision of BCI's top management.

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

Income from subsidiaries allocation by client:

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

Investmentmanagement results allocation:

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

Allocation of expenses to reporting segments:

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

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

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

These criteria have been applied for the periods ended June 30, 2019 and 2018, and for the year ended December 31, 2018.

The management of the above-mentioned commercial areas is measured with the concepts presented in this note, which is based on the accounting principles applied to the Bank's Interim Consolidated Statements of Income.

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

a) Statements of operating income for the six-month period ended June 30, 2019:

	For the six-month period ended June 30, 2019								
	Retail Banking		Wholesale Banking						
	Bank Retail	Small & Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCI Financial Group INC, and Subsidiaries	Financial Services	Others	Consolidated
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Net interest income	221,575	81,950	114,755	56,890	(21,142)	133,361	61,305	(6,168)	**642,526**
Net fee and commission income	84,156	17,425	17,521	11,253	4,642	12,078	20,775	(364)	**167,486**
Other operating income	17,308	2,079	2,894	3,864	67,895	7,546	5,951	(184)	**107,353**
Total operating income	**323,039**	**101,454**	**135,170**	**72,007**	**51,395**	**152,985**	**88,031**	**(6,716)**	**917,365**
Provision for loan losses	(99,182)	(37,022)	(10,810)	(644)	881	(2,967)	(44,278)	-	**(194,022)**
Operating income, net of loan losses, interest and commission	**223,857**	**64,432**	**124,360**	**71,363**	**52,276**	**150,018**	**43,753**	**(6,716)**	**723,343**
Total operating expenses	(193,936)	(49,531)	(49,207)	(31,537)	(24,443)	(71,226)	(34,614)	(5,395)	**(459,889)**
TOTAL NET OPERATING INCOME BY SEGMENT	**29,921**	**14,901**	**75,153**	**39,826**	**27,833**	**78,792**	**9,139**	**(12,111)**	**263,454**
Share of profit of investements accounted for using the equity method									**11,006**
Income before income tax									**274,460**
Income tax expense									**(43,010)**
CONSOLIDATED NET INCOME FOR THE PERIOD ENDED									**231,450**

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

b) Reporting segments balances as of June 30, 2019 (with breakdown):

	As of June 30, 2019							
	Retail Banking		Wholesale Banking					
	Retail	Small & Medium Enterprise	Commercial Banking	C&IB Finance Division	División Finanzas C&IB	BCI Financial Group INC, and Subsidiaries	Financial Services	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS	10,479,214	2,301,396	6,222,248	4,750,654	8,414,794	10,220,163	702,112	**43,090,581**
LIABILITIES	4,511,741	1,413,696	3,511,140	8,340,964	12,029,469	9,052,327	653,946	**39,513,283**
EQUITY								**3,577,298**

c) Statement of operating income for the six-month period ended June 30, 2018:

	Retail Banking		Banco Wholesale					
	Retail	Small & Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCI Financial Group INC, and Subsidiaries	Others	Consolidated
	MCh$	MCh $	MCh $	MCh $	MCh $	MCh $	MCh $	MCh $
Net interest income and indexation	203,110	71,582	97,902	48,767	3,198	92,275	(10,783)	**506,051**
Net fee and commission income	85,459	14,662	14,194	12,852	4,424	6,843	173	**138,607**
Other operating income	13,069	5,408	4,076	5,232	65,134	4,809	1,289	**99,017**
Operating income	**301,638**	**91,652**	**116,172**	**66,851**	**72,756**	**103,927**	**(9,321)**	**743,675**
Provision for loan losses	(69,633)	(23,898)	(13,205)	(6,692)	265	(7,326)	-	**(120,489)**
Operating income, net	**232,005**	**67,754**	**102,967**	**60,159**	**73,021**	**96,601**	**(9,321)**	**623,186**
Total operating expenses	(179,893)	(48,387)	(46,038)	(31,173)	(30,051)	(56,605)	(2,975)	**(395,122)**
TOTAL OPERATING	**52,112**	**19,367**	**56,929**	**28,986**	**42,970**	**39,996**	**(12,296)**	**228,064**
Share of profits of investments accounted for using the equity method								**50,344**
INCOME BEFORE INCOME TAX								**278,408**
Income tax expense								**(70,637)**
CONSOLIDATED NET INCOME FOR THE PERIOD ENDED								**207,771**

NOTA 5 - INFORMATION BY SEGMENTS, CONTINUED

d) Reporting segment balances as of June 30, 2019 (with breakdown)

	As of June 30, 2018						
	Retail Banking		Banco Wholesale				
	Retail	Small & Medium Enterprise	Commercial	C&IB Commercial Division	C&IB Finance Division	BCI Financial Group INC, and Subsidiaries	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS	9,442,161	2,106,153	5,747,361	4,618,335	8,318,022	9,143,546	**39,375,578**
LIABILITIES	4,320,122	1,427,350	3,383,049	6,425,804	12,820,198	8,137,776	**36,514,299**
EQUITY							**2,861,279**

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, are as follows:

	As of June 30,		As of December 31
	2019	2018	2018
	MCh$	MCh$	MCh$
Cash and deposits in banks			
Cash	452,142	453,111	500,153
Deposits in Central Bank of Chile (*)	527,142	538,670	495,424
Deposits in domestic banks	9,847	12,731	18,700
Deposits in foreign banks	1,057,943	1,353,446	1,044,480
Subtotal cash and deposits in banks	2,047,074	2,357,958	2,058,757
Items in course of collection, net	55,574	111,346	122,262
Highly liquid financial instruments	34,291	11,696	3,711
Investments under agreements to resell	90,497	169,005	55,129
Total cash and cash equivalents	**2,227,436**	**2,650,005**	**2,239,859**

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

b) Items in the course of collection:

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

	As of June 30,		As of Decemeber 31
	2019	2018	2018
	MCh$	MCh$	MCh$
Assets			
Outstanding notes from other Banks	89,233	122,570	146,087
Funds receivable	270,313	482,863	189,733
Subtotal assets	359,546	605,433	335,820
Liabilities			
Funds payable	303,972	494,087	213,558
Subtotal liabilities	303,972	494,087	213,558
Items in course of collection, net	**55,574**	**111,346**	**122,262**

NOTE 7 - TRADING PORTFOLIO FINANCIAL ASSETS

The following is the detail of trading portfolio financial assets as of June 30, 2019 and December 31, 2018:

	As of June 30, 2019 MCh$	As of December 31, 2018 MCh$
Instruments of the state and Central Bank of Chile(*):		
Bonds of the Central Bank of Chile	547,966	280,505
Promisory notes of the Central Bank of Chile	3,196	2,255
Other instruments of the state and Central Bank of Chile	1,125,226	1,036,612
Instruments of other domestic institutions:		
Bonds	143,150	112,606
Terms deposits	285,483	394,502
Letters of credits	1,551	1,475
Documents issued by other financial institutions	68,336	142,768
Other instruments	68,787	22,692
Instruments of other foreign institutions:		
Other instruments	11,017	2,165
Investments in mutual funds:		
Funds administered by related parties	42,299	19,958
Funds administred by third parties	25,195	22,838
Total	**2,322,206**	**2,038,376**

(*) As of and for June 30, 2019 and December 31,2018, the Bank holds instruments issued by the Central Bank of Chile, classified under "Instruments of the State and Central Bank of Chile" for MCh$140,811 and MCh$149,197, 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 June 30, 2019
		Average Rate		Average Rate		Average Rate	
	MCh$	%	MCh$	%	MCh$	%	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	**-**
Domestic banks	-	-	-	-	-	-	**-**
Securities brokers	34,260	0,29	6,333	0,29	-	-	**40,593**
Other domestic financial institutions	-	-	-	-	-	-	**-**
Foreign financial institutions	-	-	-	-	-	-	**-**
Other individuals or corporations	56,237	0,31	18,151	0,32	-	-	**74,388**
Total	**90,497**		**24,484**		**-**		**114,981**

Type of entity	Maturity of the agreement: Up yo 3 months		Between 3 months and year		Over 1 year		As of December, 2018
		Average rate		Average rate		Average rate	
	MCh$	%	MCh$	%	MCh$	%	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	**-**
Domestic banks	-	-	-	-	-	-	**-**
Securities brokers	1,037	0,30	242	0,31	-	-	**1,279**
Other domestic financial institutions	-	-	-	-	-	-	**-**
Foreign financial institutions	-	-	-	-	-	-	**-**
Other individuals or corporations	54,092	0,29	18,488	0,32	-	-	**72,580**
Total	**55,129**		**18,730**		**-**		**73,859**

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

b) Securities sold under repurchase agreements:

	Maturity of the agreement						
	Up to 3 months		Between 3 months to 1 year		Over 1 year		As of June 30, 2019
Type of entity		Average rate		Average rate		Average rate	
	MCh$	%	MCh$	%	MCh$	%	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	-	-	-	-	-	-	-
Other domestic financial institutions	139,978	0,20	-	-	-	-	**139,978**
Foreign financial institutions	-	-	-	-	-	-	-
Other individuals or corporations	310,047	0,89	65	0,24	-	-	**310,112**
Total	**450,025**		**65**				**450,090**

	Maturity of the agreement						
	Up to 3 months		Between 3 months to 1 year		Over 1 year		As of December 31, 2018
Type of entity		Average rate		Average rate		Average rate	
	MCh$	%	MCh$	%	MCh$	%	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	160,123	0,26	-	-	-	-	**160,123**
Securities brokers	-	-	-	-	-	-	-
Other domestic financial institutions	49,992	0,23	-	-	-	-	**49,992**
Foreign financial institutions	-	-	-	-	-	-	-
Other individuals or corporations	335,350	0,64	644	0,29	-	-	**335,994**
Total	**545,465**		**644**		**-**		**546,109**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING

a) As of June 30, 2019 and as of December 31, 2018, the Bank and its subsidiaries held the following portfolio of derivative instruments:

As of June 30, 2019:

	Notional amount		Fair value	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Trading Derivatives				
Forwards	33,839,059	33,283,894	261,155	189,194
Swaps	118,811,861	117,664,991	1,800,197	1,968,175
Call Options	276,679	287,182	3,011	874
Put Options	222,994	219,303	929	3,244
Futures	33,929	33,929	175	354
Others	-	-	-	-
Subtotal	**153,184,522**	**151,489,299**	**2,065,467**	**2,161,841**
Fair Value Hedge Derivatives				
Forwards	-	-	-	-
Swaps	2,170,334	915,733	243,600	146,955
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	**2,170,334**	**915,733**	**243,600**	**146,955**
Cash Flow Hedge Derivatives:				
Forwards	-	655,728	20,175	13,542
Swaps	1,053,481	2,436,174	93,634	296,025
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	**1,053,481**	**3,091,902**	**113,809**	**309,567**
Total	**15,408,337**	**155,496,934**	**2,422,876**	**2,618,363**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

As of December 31, 2018

	Notional amount		Fair value	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Trading Derivatives:				
Forwards	28,499,140	28,771,826	318,349	273,357
Swaps	116,332,778	115,829,745	1,012,133	1,126,818
Call Options	300,342	293,232	9,653	5,410
Put Options	226,221	208,801	153	1,779
Futures	2,759	2,759	10	162
Others	-	-	-	-
Subtotal	**145,361,240**	**145,106,363**	**1,340,298**	**1,407,526**
Fair Value Hedge Derivatives:				
Forwards	-	-	-	-
Swaps	2,592,470	1,074,695	143,331	54,382
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	2,592,470	1,074,695	143,331	54,382
Cash Flow Hedge Derivatives:				
Forwards	-	647,796	12,314	5,611
Swaps	1,010,826	2,283,430	218,331	336,197
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	1,010,826	**2,931,226**	**230,645**	**341,808**
Total	**148,964,536**	**149,112,284**	**1,714,274**	**1,803,716**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

b) Types of derivatives

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

Fair value hedges:

For hedged items in both foreign currency and local currency, the fair value of the hedged item is hedged to protect against changes in the base interest rate. These hedges reduce the market exposure of the hedged items and reduce the risk related to fair value changes due to changes in the interest rate or foreign exchange rates.

The following tables provide a summary of the hedged items and hedging instruments for fair value hedge accounting as of June 30, 2019 and December 31, 2018:

	As of June 30, 2019		As of December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Hedged item	MCh$	MCh$	MCh$	MCh$
Bonds issued MX/MN	-	1,378,594	-	1,287,299
Loans MX, UF	-	-	-	-
DAP MN	-	425,334	-	930,627
Investment MX	209,780	-	335,932	-
Macro hedge MN, MX	705,953	-	738,763	-
Obligations MN	-	366,406	-	374,544
Total	**915,733**	**2,170,334**	**1,074,695**	**2,592,470**

	As of June 30, 2019		As of December 31,2018	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	MCh$	MCh$	MCh$	MCh$
Cross Currency Swaps	824,514	754,793	832,830	917,456
Interest rate Swap MN	425,334	-	930,627	-
Interest Rate Swap MX	920,486	160,940	829,013	157,239
Total	**2,170,334**	**915,733**	**2,592,470**	**1,074,695**

Note: MX: Foreign currency; MN: Local currency,

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

Cash flow hedges:

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

The following tables provide a summary of the hedged items and hedging instruments for cash flow hedge accounting as of June 30, 2019 and December 31, 2018:

	As of June 30, 2019		As of December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Hedged item	MCh$	MCh$	MCh$	MCh$
Assets UF > 1Y	2,127,069	-	2,101,340	-
Future obligations USD	-	61,068	-	62,424
Term deposits CLP	-	573,692	-	566,753
Assets UF	257,841	-	256,632	-
Credits MX	610,677	-	450,840	-
Bond MN/MX	67,853	418,721	-	381,649
Asset USD	28,462	-	122,414	-
Total	**3,091,902**	**1,053,481**	**2,931,226**	**1,010,826**

	As of June 30, 2019		As of December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	MCh$	MCh$	MCh$	MCh$
Cross Currency Swaps	479,789	1,665,053	444,073	1,673,743
Forward UF	-	655,728	-	647,796
Forward USD	-	-	-	-
Swap rate	573,692	771,121	566,753	609,687
Total	**1,053,481**	**3,091,902**	**1,010,826**	**2,931,226**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

Hedge of a net investment in a foreign operation:

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

The following tables provide a summary of the hedged items and hedging instruments for hedge of a net investment in a foreign operation accounting as of June 30, 2019 and December 31, 2018:

	As of June 30, 2019		As of December 31,2018	
	Assets	Liabilities	Assets	Liabilities
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net investment in a foreign operation	103,081	-	105,370	-
Total	**103,081**	**-**	**105,370**	**-**

	As of June 30, 2019		As of December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Hedge instruments	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Bonds in foreign currency	-	103,081	-	105,370
Total	**-**	**103,081**	**-**	**105,370**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

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

Periods of expected future cash flows

	As of June 30, 2019				
	Within 1Y	**Between 1Y and 5Y**	**Between 5Y and 10Y**	**More than 10Y**	**Total**
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash outflows	1,291,562	2,048,600	941,027	54,986	4,336,175
Cash inflows	(1,213,021)	(1,490,080)	(930,320)	(58,676)	(3,692,097)
Net cash flows	**78,541**	**558,520**	**10,707**	**(3,690)**	**644,078**
Hedged instrument					
Cash outflows	1,213,021	1,490,080	930,320	58,676	3,692,097
Cash inflows	(1,291,562)	(2,048,600)	(941,027)	(54,986)	(4,336,175)
Net cash flows	**(78,541)**	**(558,520)**	**(10,707)**	**3,690**	**(644,078)**

Periods of expected future cash flows

	As of December 31, 2018				
	Within 1Y	**Between 1Y and 5Y**	**Between 5Y and 10Y**	**More than 10Y**	**Total**
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash outflows	656,313	2,193,526	1,193,184	78,721	4,121,744
Cash inflows	(685,225)	(1,818,992)	(1,177,868)	(84,525)	(3,766,610)
Net cash flows	**(28,912)**	**374,534**	**15,316**	**(5,804)**	**355,134**
Hedging instrument					
Cash outflows	685,225	1,818,992	1,177,868	84,525	3,766,610
Cash inflows	(656,313)	(2,193,526)	(1,193,184)	(78,721)	(4,121,744)
Net cash flows	**28,912**	**(374,534)**	**(15,316)**	**5,804**	**(355,134)**

NOTE 10 - LOANS AND RECEIVABLES TO BANKS, NET

a) As of June 30, 2019 and December 31, 2018, balances for this concept are the following:

	As of June 30	As of December 31,
	2019	2018
	MCh$	MCh$
Domestic banks		
Highly liquid interbank loans	-	-
Allowance for loan losses of domestic banks	-	-
Foreign banks		
Highly liquid interbank loans	333,855	333,518
Allowance for loan losses of foreing banks	(673)	(606)
Total	**333,182**	**332,912**

b) The rollforward as of June 30, 2019 and December 31, 2018 of provisions and impairment is as follows:

	As of June 30,2019			As December 31, 2018		
Detail	Domestic Banks	Foreign Banks	Total	Domestic Banks	Foreign Banks	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1,	**-**	**606**	**606**	**-**	**308**	**308**
Write-offs	-	-	**-**	-	-	**-**
Provisions	-	356	**356**	-	550	**550**
Reversal of provisions	-	(289)	**(289)**	-	(252)	**(252)**
Impairment	-	-	**-**	-	-	**-**
Reversal of impairment	-	-	**-**	-	-	**-**
Saldos	**-**	**673**	**673**	**-**	**606**	**606**

NOTE 11 – LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET

a) Loans to and receivables from customers

As of June 30, 2019 and December 31, 2018, the composition of the loan portfolio was as follows:

	Assets before allowances				Allowance established			
As of June 30, 2019	**Normal Portfolio**	**Sub-standar Portfolio**	**Non-compliant Portfolio**	**Total**	**Individual Allowance**	**Collective Allowance**	**Total**	**Net assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:								
Commercial loans (*)	14,808,039	554,857	523,880	15,886,776	(143,119)	(70,470)	(213,589)	15,673,187
Foreign trade loans	879,149	17,370	1,182	897,701	(6,151)	(659)	(6,810)	890,891
Checking accounts	184,583	3,704	11,055	199,342	(1,842)	(6,216)	(8,058)	191,284
Factoring operations	828,452	8,654	5,224	842,330	(4,034)	(1,829)	(5,863)	836,467
Loans to college students	145,944	-	19,162	165,106	-	(5,611)	(5,611)	159,495
Leasing transactions	1,419,756	52,875	48,594	1,521,225	(17,958)	(5,449)	(23,407)	1,497,818
Other loans and receivables	58,673	398	13,399	72,470	(3,412)	(5,082)	(8,494)	63,976
Subtotal	**18,324,596**	**637,858**	**622,496**	**19,584,950**	**(176,516)**	**(95,316)**	**(271,832)**	**19,313,118**
Mortage loans:								
Letters of credit	9,371	-	637	10,008	-	(73)	(73)	9,935
Negotiable mortgage loans	1,480,717	-	10,724	1,491,441	-	(8,772)	(8,772)	1,482,669
Other mortgage loans	5,912,657	-	210,195	6,122,852	-	(28,493)	(28,493)	6,094,359
Leasing transactions	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-
Subtotal	**7,402,745**	**-**	**221,556**	**7,624,301**	**-**	**(37,338)**	**(37,338)**	**7,586,963**
Consumer loans:								
Consumer loans in instalments	2,079,752	-	257,753	2,337,505	-	(126,556)	(126,556)	2,210,949
Checking accounts	108,097	-	11,294	119,391	-	(9,457)	(9,457)	109,934
Credit card borrowers	1,231,267	-	67,303	1,298,570	-	(97,358)	(97,358)	1,201,212
Consumer leasing transactions	1,610	-	56	1,666	-	(56)	(56)	1,610
Other loans and receivables	28,611	-	265	28,876	-	(23,949)	(23,949)	4,927
Subtotal	**3,449,337**	**-**	**336,671**	**3,786,008**	**-**	**(257,376)**	**(257,376)**	**3,528,632**
TOTAL	**29,176,678**	**637,858**	**1,180,723**	**30,995,259**	**(176,516)**	**(390,030)**	**(566,546)**	**30,428,713**

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

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET, CONTINUED

As of December 31, 2018	Assets before allowances: Normal Portfolio	Assets before allowances: Sub-standard Portfolio	Assets before allowances: Non-compliant Portfolio	Total	Allowances established: Individual Allowance	Allowances established: Collective Allowance	Allowances established: Total	Net Assets
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans:								
Commercial loans (*)	14,380,866	438,180	583,819	15,402,865	(144,638)	(67,336)	(211,974)	15,190,891
Foreign trade loans	813,711	23,223	2,299	839,233	(6,315)	(946)	(7,261)	831,972
Checking accounts	162,162	3,086	10,692	175,940	(1,617)	(5,883)	(7,500)	168,440
Factoring operations	956,023	6,668	4,708	967,399	(4,165)	(1,977)	(6,142)	961,257
Loans to college students	151,134	-	17,597	168,731	-	(5,127)	(5,127)	163,604
Leasing transactions	1,308,908	48,809	52,435	1,410,152	(18,793)	(5,090)	(23,883)	1,386,269
Other loans and receivables	55,381	473	19,008	74,862	(8,834)	(4,361)	(13,195)	61,667
Subtotal	**17,828,185**	**520,439**	**690,558**	**19,039,182**	**(184,362)**	**(90,720)**	**(275,082)**	**18,764,100**
Mortgage loans:								
Letters of credit	10,510	-	971	11,481	-	(80)	(80)	11,401
Negotiable mortgage loans	1,490,604	-	36,246	1,526,850	-	(11,130)	(11,130)	1,515,720
Other mortgage loans	5,643,939	-	198,237	5,842,176	-	(26,963)	(26,963)	5,815,213
Leasing transactions	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-
Subtotal	**7,145,053**	**-**	**235,454**	**7,380,507**	**-**	**(38,173)**	**(38,173)**	**7,342,334**
Consumer loans:								
Consumer loans in instalments	2,062,295	-	241,950	2,304,245	-	(139,675)	(139,675)	2,164,570
Checking accounts	113,804	-	10,301	124,105	-	(8,613)	(8,613)	115,492
Credit card borrowers	1,162,203	-	61,068	1,223,271	-	(94,221)	(94,221)	1,129,050
Consumer leasing transactions	2,033	-	109	2,142	-	(79)	(79)	2,063
Other loans and receivables	26,109	-	301	26,410	-	(924)	(924)	25,486
Subtotal	**3,366,444**	**-**	**313,729**	**3,680,173**	**-**	**(243,512)**	**(243,512)**	**3,436,661**
TOTAL	**28,339,682**	**520,439**	**1,239,741**	**30,099,862**	**(184,362)**	**(372,405)**	**(556,767)**	**29,543,095**

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

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET, CONTINUED

The collateral received by the Bank with respect to the mortgage loan portfolio consists of cash, securities, accounts receivable, property and real estate assets, and guarantees, among others.

The Bank uses financial lease agreements for terms from 1 to 10 years, depending on the contract, to finance acquisition of property, both movable and immovable, for its clients. As of June 30, 2019 and December 31, 2018, the Bank held approximately MCh$913,472 and MCh$860,085, respectively, of financial leases on movable assets, and MCh$609,419 and MCh$552,209, respectively, of financial leases on property.

The following table provides a reconciliation between gross investment in lease and present value of minimum lease payments as of June 30, 2019 and December 31 2018:

	As of June 30, 2019 MCh$	As of December 31, 2018 MCh$
Gross investments in lease	1,879,116	1,602,921
Unearned income from financial lease	(356,225)	(190,627)
Net financial leases	**1,522,891**	**1,412,294**

The following table sets forth the amounts to be received by maturity period for the net financial leases, as of June 30, 2019 and December 31 2018:

	As of June 30, 2019 MCh$	As of December 31, 2018 MCh$
Less than 1 year	327,899	294,793
Between 1 and 5 years	697,803	557,968
Over 5 years	497,189	559,533
Total	**1,522,891**	**1,412,294**

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

The Bank has obtained repossessed assets for an amount of MCh$5,055 as of June 30, 2019 and MCh$8,091 for December 31, 2018 through the execution of collateral held on assets.

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET, CONTINUED

b) Portfolio characteristics:

As of June 30, 2019 and December 31, 2018, the loan portfolio, before allowances for loan losses, by type of customer economic activity is as follows:

	Domestic Loans		Foreign Loans		Total			
	As of June 30,	As of December 31,	As of June 30,	As of December 31,	As of June 30,	As of December 31,	As of June 30,	As of December 31,
	2019	2018	2019	2018	2019	2018	2019	2018
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	%	%
Commercial loans:								
Agriculture and livestock except fruits	305,809	332,587	102,682	197,252	408,491	529,839	1,32%	1,76%
Fruits	64,816	65,430	164,530	122,995	229,346	188,425	0,74%	0,63%
Forestry and wood extraction	125,606	137,728	26,214	28,141	151,820	165,869	0,49%	0,55%
Fishing	31,886	34,139	86,967	100,680	118,853	134,819	0,38%	0,45%
Mining	58,271	59,458	171,232	105,893	229,503	165,351	0,74%	0,55%
Crude oil and natural gas production	667	917	111,004	33,332	111,671	34,249	0,36%	0,11%
Food, beverage and tobacco industry	239,705	232,505	152,277	142,795	391,982	375,300	1,26%	1,25%
Textile and leather industry	29,206	35,050	37,269	39,359	66,475	74,409	0,21%	0,25%
Timber and furniture industry	42,940	34,065	19,122	12,348	62,062	46,413	0,20%	0,15%
Print and editorial industry	40,574	41,697	11,125	70,207	51,699	111,904	0,17%	0,37%
Chemical product, derived from oil , coal, rubber and plastic	133,306	144,068	62,352	54,683	195,658	198,751	0,63%	0,66%
Production of metal and non-metal production, machinery and equipment	315,330	345,006	129,270	79,610	444,600	424,616	1,43%	1,41%
Other manufacturing industries	32,783	32,938	212,300	203,278	245,083	236,216	0,79%	0,78%
Electricity, gas and water	222,596	287,505	272,820	248,321	495,416	535,826	1,60%	1,78%
Home construction	160,369	157,470	5,659	47,722	166,028	205,192	0,54%	0,68%
Other construction	1,391,644	1,205,461	205,203	302,453	1,596,847	1,507,914	5,15%	5,01%
Wholesale business	823,464	842,990	582,578	639,843	1,406,042	1,482,833	4,54%	4,93%
Retail, restaurants and hotels	605,680	618,790	977,342	802,362	1,583,022	1,421,152	5,11%	4,72%
Transporting and storage	363,811	345,489	495,088	371,484	858,899	716,973	2,77%	2,38%
Communications	181,523	155,788	153,737	132,199	335,260	287,987	1,08%	0,96%
Financial and insurance companies	1,980,205	2,283,294	385,481	311,597	2,365,686	2,594,891	7,63%	8,62%
Real estate and service providers	1,981,716	1,771,120	2,352,895	2,220,568	4,334,611	3,991,688	13,98%	13,26%
Services	1,860,983	1,546,692	1,874,913	2,061,873	3,735,896	3,608,565	12,07%	11,99%
Subtotal	**10,992,890**	**10,710,187**	**8,592,060**	**8,328,995**	**19,584,950**	**19,039,182**	**63,19%**	**63,25%**
Mortgage loans	6,139,185	5,861,054	1,485,116	1,519,453	7,624,301	7,380,507	24,60%	24,52%
Consumer loans	3,713,974	3,610,638	72,034	69,535	3,786,008	3,680,173	12,21%	12,23%
Total	**20,846,049**	**20,181,879**	**10,149,210**	**9,917,983**	**30,995,259**	**30,099,862**	**100,00%**	**100,00%**

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET, CONTINUED

c) Allowances

The changes in allowances for loan losses as of June 30, 2019 and December 31, 2018 are summarized as follows:

	As of June 30, 2019			As of December 31,2018		
	Individual Allowance MCh$	Collective Allowance MCh$	Total MCh$	Individual Allowance MCh$	Collective Allowance MCh$	Total MCh$
Balances as of January 1,	**184,362**	**372,405**	**556,767**	**162,228**	**238,813**	**401,041**
Portfolio write-offs:						
Commercial loans	(21,017)	(32,676)	(53,693)	(8,186)	(67,360)	(75,546)
Mortgage loans	-	(4,487)	(4,487)	-	(8,249)	(8,249)
Consumer loans	-	(125,827)	(125,827)	-	(163,458)	(163,458)
Total Write-offs	**(21,017)**	**(162,990)**	**(184,007)**	**(8,186)**	**(239,067)**	**(247,253)**
Provisions	32,224	189,382	221,606	32,482	300,604	333,086
Reversal of provisions	(19,053)	(8,767)	(27,820)	(4,189)	(13,105)	(17,294)
Acquisition of TotalBank (*)	-	-	-	2,027	5,779	7,806
Acquisition of Servicios Financieros (*)	-	-	-	-	79,381	79,381
Ending balances	**176,516**	**390,030**	**566,546**	**184,362**	**372,405**	**556,767**

(*) Corresponds to the effect of the purchase updated as of December 31, 2018.

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

	As of June 30, 2019 MCh$	As of December 31, 2018 MCh$
Individual and collective allowance	566,546	556,767
Provisions for contingent credit risk (Note 21)	31,739	29,643
Additional provisions (nota 21)	86,833	67,872
Minimum provision 0.50% (Note 21)	8,740	6,554
Provisions for country risk (Note 21)	10,974	2,547
Allowances on loans and receivables to banks (Note 10)	673	606
Total	**705,505**	**663,989**

During the periods 2019 and 2018, the Bank has not participated in any purchase, sale, substitution or swap of the loan portfolio, except for operations disclosed in the present consolidated financial statements.

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET, CONTINUED

d) Collateral

Impaired loan portfolio, secured and unsecured, before allowances for loan losses, as of June 30, 2019 and December 31, 2018 was as follows:

	As of June 30, 2019				As of December 31, 2018			
	Commercial	Mortage	Consumer	Total	Commercial	Mortage	Consumer	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Secure debt	665,622	218,592	77,177	961,391	683,033	232,025	72,075	**987,133**
Unsecured debt	106,075	2,964	259,494	368,533	114,789	3,429	241,654	**359,872**
Total	**771,697**	**221,556**	**336,671**	**1,329,924**	**797,822**	**235,454**	**313,729**	**1,347,005**

e) Past due portfolio

The past due portfolio (overdue for 90 days or more) as of June 30, 2019 and December 31 2018 was as follows:

	As of June 30, 2019				As of December 31, 2018			
	Commercial	Mortage	Consumer	Total	Commercial	Mortage	Consumer	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Secure debt	256,789	71,136	7,953	335,878	187,489	66,384	4,422	**258,295**
Unsecured debt	66,958	2,463	83,211	152,632	79,950	8,814	66,096	**154,860**
Total	**323,747**	**73,599**	**91,164**	**488,510**	**267,439**	**75,198**	**70,518**	**413,155**

(*) Including all principal and accrued interest on associated loans

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET, CONTINUED

f) Normal, substandard and non-compliant portfolio:

	As of June 30, 2019															
	Normal				Substandar				Non-compliant				Total portfolio			
	Commercial	Mortage	Consumer	Total normal	Comemrcial	Mortage	Consumer	Total substandar	Commercial	Mortage	Consumer	Total Non-compliant	Commercial	Mortage	Consumer	Total portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Current	17,960,261	7,348,270	3,443,115	28,751,646	608,924	-	-	608,924	339,625	204,735	256,706	801,066	18,908,810	7,553,005	3,699,821	30,161,636
Overdue for 1 to 29 days	351,197	49,915	4,275	405,387	20,359	-	-	20,359	13,762	4,059	3,200	21,021	385,318	53,974	7,475	446,767
Overdue for 30 to 89 days	13,138	4,560	1,947	19,645	8,575	-	-	8,575	41,112	2,564	14,363	58,039	62,825	7,124	16,310	86,259
Overdue for 90 días or more	-	-	-	-	-	-	-	-	227,997	10,198	62,402	300,597	227,997	10,198	62,402	300,597
Total portfolio before allowance	**18,324,596**	**7,402,745**	**3,449,337**	**29,176,678**	**637,858**	**-**	**-**	**637,858**	**622,496**	**221,556**	**336,671**	**1,180,723**	**19,584,950**	**7,624,301**	**3,786,008**	**30,995,259**
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	1.99%	0.74%	0.18%	1.46%	4.54%	0.00%	0.00%	4.54%	8.82%	2.99%	5.22%	6.70%	2.29%	0.80%	0.63%	1.72%
Past due loans (more than 90 days in default) as a percentage of the total portfolio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	36.63%	4.60%	18.54%	25.46%	1.16%	0.13%	1.65%	0.97%

NOTE 11 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET, CONTINUED

	As of December 31, 2018															
	Normal				Substandar				Non - compliant				Total portfolio			
	Commercial	Mortage	Consumer	Total normal	Commercial	Mortage	Consumer	Substandar Total	Commercial ,	Mortage	Consumer	Total Non-compliant	Commercial	Mortage	Consumer	Total portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Current	17,346,438	7,086,812	3,353,973	27,787,223	511,885	-	-	511,885	461,769	213,801	251,473	927,043	18,320,092	7,300,613	3,605,446	29,226,151
Overdue for 1 to 29 days	464,016	35,099	10,326	509,441	8,147	-	-	8,147	9,757	1,637	3,033	14,427	481,920	36,736	13,359	532,015
Overdue for 30 to 89 days	17,731	23,142	2,145	43,018	116	-	-	116	22,850	5,679	14,132	42,661	40,697	28,821	16,277	85,795
Overdue for 90 days or more ("past due")	-	-	-	-	291	-	-	291	196,182	14,337	45,091	255,610	196,473	14,337	45,091	255,901
Total portfolio before allowances	**17,828,185**	**7,145,053**	**3,366,444**	**28,339,682**	**520,439**	**-**	**-**	**520,439**	**690,558**	**235,454**	**313,729**	**1,239,741**	**19,039,182**	**7,380,507**	**3,680,173**	**30,099,862**
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	2.70%	0.82%	0.37%	1.95%	1.59%	0.00%	0.00%	1.59%	4.72%	3.11%	5.47%	4.60%	2.74%	0.89%	0.81%	2.05%
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%	0.06%	28.41%	6.09%	14.37%	20.62%	1.03%	0.19%	1.23%	0.85%

NOTE 12 – FINANCIAL INVESTMENTS

As of June 30, 2019 and December 31, 2018, financial investments available for sale and held to maturity are as follows:

	As of June 30, 2019			As of December 31, 2018		
	Available for sale	Held to maturity	Total	Available for sale	Held to maturity	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial investments quoted in active markets:						
Of the state and the Central Bank of Chile (a):						
Instruments of the Central Bank of Chile (b)	27,998	-	27,998	42,507	-	42,507
Bonds or promissory notes of the Treasury	371,025	-	371,025	677,047	-	677,047
Other fiscal instruments	5,674	-	5,674	6,049	-	6,049
Other domestic instruments:						
Financial instruments in instruments issued by other domestic banks	41,469	-	41,469	112,231	-	112,231
Bonds and corporate commercial papers	7,327	-	7,327	11,499	-	11,499
Other domestic instruments (c)	1,899	-	1,899	1,899	-	1,899
Foreign instruments:						
Instruments issued by foreign states and central banks (d)	83,351	679	84,030	82,554	2,780	85,334
Other foreign instruments	2,366,252	-	2,366,252	2,295,669	-	2,295,669
Totals	**2,904,995**	**679**	**2,905,674**	**3,229,455**	**2,780**	**3,232,235**

(a) As of June 30, 2019 and December 31, 2018, the Bank does not maintain zero coupon instruments classified in portfolio available for sale.

(b) As of June 30, 2019 and December 31, 2018, the Bank does not maintain instruments of the Central Bank of Chile, sold with repurchase agreements classified in the caption "State Instruments and Central Bank of Chile."

(c) 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, in Valparaiso Stock Exchange and Bolsa de Productos Agropecuario S.A. These shares are measured at fair value.

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

NOTE 13 - INVESTMENTS IN OTHER COMPANIES

a) As of June 30, 2019 and December 31, 2018, principal investments in associates, joint ventures and other entities are detailed below:

	As of June 30, 2019				As of December 31, 2018			
Company	**Equity**	**Participation**	**Investment carrying value**	**Income/ (Loss)**	**Equity**	**Participation**	**Investment carrying value**	**Income (Loss)**
	MCh$	**%**	**MCh$**	**MCh$**	**MCh$**	**%**	**MCh$**	**MCh$**
Investment accounted for using equity method:								
Redbanc S,A,	8,876	12.71	1,128	62	8,356	12.71	1,062	108
Combanc S,A,	6,257	11.74	735	14	6,106	11.74	717	43
Transbank S,A,	78,273	8.72	6,825	743	69,358	8.72	6,047	1,087
Nexus S,A,	18,896	12.90	2,438	177	16,805	12.90	2,168	368
Servicios de Infraestructura de Mercado OTC S.A.	12,201	13.61	1,661	29	11,952	13.61	1,626	62
AFT S,A,	17,810	20.00	3,562	143	17,978	20.00	3,596	582
Centro de Compensación Automatizado S,A,	6,100	33.33	2,033	159	5,592	33.33	1,864	434
Sociedad Interbancaria de Depósitos de Valores S.A.	4,511	7.03	317	20	4,161	7.03	293	52
Investment measured at cost:								
Acciones SWIFT			56	-			56	-
Acciones FED y FHLB (*)			-	-			-	-
Acciones Bladex			219	169			219	226
Credicorp LTD,			-	8,844			20,180	60,768
Other actions			241	181			200	22
Total			**19,215**	**10,541**			**38,028**	**63,752**
Investment in join ventures								
Investments in joint ventures:								
Servipag Ltda,	11,826	50.00	5,913	214	11,398	50.00	5,699	701
Artikos Chile S,A,	2,026	50.00	1,013	251	2,025	50.00	1,013	583
Total			**6,926**	**465**			**6,712**	**1,284**
Total investments associates, joint ventures and other entities			**26,141**	**11,006**			**44,740**	**65,036**

(*) These are shares that BCI Financial Group, Inc, and subsidiaries holds on its balance sheet, related to equity securities of the Federal Reserve (FED) and Federal Home Bank Loans (FHBL) acquired by CNB in order to participate in the funding program, provided by these governmental agencies to the banks established in the state of Florida. CNB is required to maintain a specific level of holdings based on a formula provided by the respective agency. As of June 30, 2017, these shares were reclassified to other assets as required by the Financial Market Commission.

(**) See Note 3 f) Significant events.

NOTE 13 - INVESTMENTS IN OTHER COMPANIES, CONTINUED

b) The reconciliation of investments in other companies as of June 30, 2019 and December 31,2018, is as follows:

	As of June 30, 2019 MCh$	As of December 31 2018 MCh$
Balance at the beginning of the period	**44,740**	**207,718**
Acquisition of investments in other companies	41	293
Translation differences (*)	(142)	653
Share of profit of investments accounted for using the equity method	11,006	65,036
Sale of investments in other companies (***)	(29,029)	(221,098)
Dividends received	(181)	(7,413)
Adjustment for minimum dividend provision	(169)	109
Minimum dividends provision	(125)	(558)
FEI and FMLB shares (**)	-	-
Ending balance	**26,141**	**44,740**

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

(**) Corresponds to share sales of Credicorp LTD.

As of June 30, 2019 and December 31, 2018, no impairment was recognized on the investments.

NOTE 14 - INTANGIBLE ASSETS

a) The composition of intangible assets as of June 30, 2019 and December 31, 2018 was the following:

Concept	Total useful life years	Remaining average useful life years	As of June 30, 2019 Gross balance MCh$	Accumulated amortization and impairment MCh$	Net balance MCh$
Intangible assets acquired separately (a)	6	5	78,351	(34,395)	**43,956**
Intangible generated internally (b)	6	5	196,609	(118,000)	**78,609**
Intangible assets acquired in business combination – amortizable (c):					
Core deposits	9	6	81,595	(25,620)	**55,975**
Leasehold interest	30	27	4,898	(876)	**4,022**
Relationship with clients	10	10	28,169	(2,070)	**26,099**
Others	10	10	21,698	(1,266)	**20,432**
Intangible assets not amortizable acquired in business combination - indefinite life (c):					
Trademark	-	-	12,214	-	**12,214**
Goodwill	-	-	130,780	-	**130,780**
Total			**554,314**	**(182,227)**	**372,087**

Concept	Total useful life	Remaining average useful life	As of December, 2018 Gross balance MCh$	Accumulated amortization MCh$	Net balance MCh$
Intangible assets acquired separately (a)	6	5	73,700	(49,055)	**24,645**
Intangible generated internally (b)	6	5	183,886	(88,665)	**95,221**
Intangible assets acquired in business combination – amortizable (c):					
Core deposits	9	6	83,434	(20,023)	**63,411**
Leasehold interest	30	27	5,006	(774)	**4,232**
Customer Relationship	10	10	28,169	-	**28,169**
Others	10	10	21,698	(179)	**21,519**
Intangible assets acquired in business combination - indefinite life (c):					
Trademark	-	-	12,485	-	**12,485**
Goodwill	-	-	132,515	-	**132,515**
Total			**540,893**	**(158,696)**	**382,197**

(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) Corresponds to software developed internally for the bank or subsidiaries to generate profits for the bank or subsidiaries.

(c) Correspond to intangible assets acquired in 2015 for the business combinations of BCI Financial Group, INC, and Subsidiaries and the merger between City National Bank of Florida and TotalBank consummated on June 15, 2018. Additionally, on December 2018, the intangibles were incorporated due to the purchase of Servicios Financieros from Walmart.

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

The intangible assets indicated above, are measured according to Note 1, u of the consolidated financial statements.

b) The movements of the intangible assets for the June 30, 2019 and December 31, 2018 are the following:

			Amortizable intangible assets in business combination				Indefinitely-lived intangible assets acquired in business combination		
	Intangible assets acquired separately	**Intangibles generated internally**	**Core deposit**	**Leasehold interest**	**Relatinship with customers**	**Others**	**Trade name**	**Goodwill**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1, 2019	**73,700**	**183,886**	**83,434**	**5,006**	**28,169**	**21,698**	**12,485**	**132,515**	**540,893**
Additions	4,774	30,051	-	-	-	-	-	619	**35,444**
Disposals / transfers	(10)	(17,328)	-	-	-	-	-	-	**(17,338)**
Increase (decrease) from net foreign exchange differences	-	-	(1,839)	(108)	-		(271)	(2,354)	**(4,572)**
	(113)	-	-	-	-	-	-	-	**(113)**
Other changes	-	-	-	-	-	-	-	-	**-**
	78,351	**196,609**	**81,595**	**4,898**	**28,169**	**21,698**	**12,214**	**130,780**	**554,314**
Amortization for the year	(3,249)	(11,860)	(5,988)	(138)	(2,070)	(1,085)	-	-	**(24,390)**
Accumulated amortization from previous periods	(49,055)	(88,665)	(20,023)	(774)	-	(179)	-	-	**(158,696)**
Transfers	16,929	(16,875)	-	-	-		-	-	**54**
Others	980	(600)	391	36	-	(2)	-	-	**805**
Impairment	-	-	-	-	-	-	-	-	**-**
Total accumulated amortization and impairment	**(34,395)**	**(118,000)**	**(25,620)**	**(876)**	**(2,070)**	**(1,266)**	**-**	**-**	**(182,227)**
Balance as of June 30, 2019	**43,956**	**78,609**	**55,975**	**4,022**	**26,099**	**20,432**	**12,214**	**130,780**	**372,087**

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

			Amortizable intangible assets in business combination				Not amortizable intangible assets adquired in business combination		
	Intangible assets acquired separately	Intangibles generated internally	Core Deposit	Leasehold Interest	Relacion con clientes	Otros	Trade Name	Goodwill	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2018	**56,171**	**241,999**	**38,468**	**2,468**	-	-	**11,078**	**9,895**	**360,079**
Additions	28,337	56,937	40,083	2,225	28,169	21,698	-	121,365	**298,814**
Disposals / transfers	(11,155)	(115,050)	-	-	-	-	-	-	**(126,205)**
Increase (decrease) from net foreign exchange differences	-	-	4,883	313	-	-	1,407	1,255	**7,858**
Other changes	456	-	-	-	-	-	-	-	**456**
Impairment	(109)	-	-	-	-	-	-	-	**(109)**
	73,700	**183,886**	**83,434**	**5,006**	**28,169**	**21,698**	**12,485**	**132,515**	**540,893**
Amortization for the year	(7,389)	(20,840)	(7,835)	(244)	-	(179)	-	-	**(36,487)**
Accumulated amortization from previous periods	(37,004)	(136,277)	(10,459)	(442)	-	-	-	-	**(184,182)**
Others	(4,662)	68,452	(1,729)	(88)	-	-	-	-	**61,973**
Impairment	-	-	-	-	-	-	-	-	**-**
Total accumulated amortization and impairment	**(49,055)**	**(88,665)**	**(20,023)**	**(774)**	**-**	**(179)**	**-**	**-**	**(158,696)**
Balance as of December 31, 2018	**24,645**	**95,221**	**63,411**	**4,232**	**28,169**	**21,519**	**12,485**	**132,515**	**382,197**

As of December 31, 2018, the Bank carried out an impairment test in accordance with the indications in chapter A-2 of the Compendium of Accounting Standards of the Financial Market Commission. The reports of the independent consultants did not cause the need to record impairment effects and, likewise, there were no indicators of impairment for neither the intangible assets with defined lives nor results requiring an impairment adjustment for indefinitely lived intangible assets originated in the business combinations.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, NET

a) The composition of property, plant and equipment as of June 30, 2019 and December 31, 2018 is the following:

	As of June 30, 2019				
Concept	**Total useful life years**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	35	30	245,214	(39,829)	**205,385**
Equipos	4	3	161,206	(124,457)	**36,749**
Other Property, plant and equipment	8	6	53,031	(33,961)	**19,070**
Total			**459,451**	**(198,247)**	**261,204**

	As of December 31, 2018				
Concept	**Total useful life years**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	35	30	303,819	(78,582)	**225,237**
Equipment	4	3	154,569	(116,245)	**38,324**
Others	8	6	49,987	(32,312)	**17,675**
Total			**508,375**	**(227,139)**	**281,236**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

b) The movements of property, plant and equipment for the years ended June 30, 2019 and December 31, 2018, respectively, are the following:

	Land and buildings	Equipment	Others	Total
	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2019	**303,819**	**154,569**	**49,987**	**508,375**
Additions	5,344	7,163	5,127	**17,634**
Disposals	(3)	(306)	(47)	**(356)**
Transfers	(62,908)	-	(2,079)	**(64,987)**
Others	(1,038)	(220)	(11)	**(1,269)**
Impairment	-	-	54	**54**
Gross Balance As of June 30,2019	**245,214**	**161,206**	**53,031**	**459,451**
Depreciation for the year	(2,491)	(8,921)	(1,779)	**(13,191)**
Disposals	1,431	709	129	**2,269**
Transfer	39,814	-		**39,814**
Accumulated depreciation from previous years	(78,583)	(116,245)	(32,311)	**(227,139)**
Impairment	-	-	-	**-**
Total Accumulated Depreciation	**(39,829)**	**(124,457)**	**(33,961)**	**(198,247)**
Balance As of June 30,2019	**205,385**	**36,749**	**19,070**	**261,204**

	Land and buildings	Equipment	Others	Total
	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2018	**292,434**	**142,881**	**51,728**	**487,043**
Additions	14,132	26,227	6,958	**47,317**
Disposals	(8,320)	(15,119)	(3,335)	**(26,774)**
Transfers	-	(237)	(5,374)	**(5,611)**
Others	5,573	817	75	**6,465**
Impairment	-	-	(65)	**(65)**
Gross Balance as of December 31, 2018	**303,819**	**154,569**	**49,987**	**508,375**
Depreciation for the year	(8,934)	(18,331)	(3,675)	**(30,940)**
Disposals	1,983	14,971	3,599	**20,553**
Accumulated depreciation from previous years	(71,631)	(112,885)	(32,236)	**(216,752)**
Impairment	-	-	-	**-**
Total Accumulated Depreciation	**(78,582)**	**(116,245)**	**(32,312)**	**(227,139)**
Net Balance as of December 31, 2018	**225,237**	**38,324**	**17,675**	**281,236**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

c) As of June 30, 2019 the net impairment was MCh$54, which impacts property, plant and equipment.

d) The detail of the right-of-use asset as of June 30, 2019 and as of December 31, 2018 is as follows:

	As of June 30, 2019				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
	Years	**Years**	**MCh$**	**MCh$**	**MCh$**
Land and buildings	10	10	223,121	(11,087)	**212,034**
Leasehold improvements	10	7	62,627	(42,522)	**20,105**
Total			**285,748**	**(53,609)**	**232,139**

	As of December 31, 2018				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
	Years	**Years**	**MCh$**	**MCh$**	**MCh$**
Land and buildings	-	-	-	-	**-**
Leasehold improvements	-	-	-	-	**-**
Total			**-**	**-**	**-**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

e) The changes in the right-of-use asset as of June 30, 2019 and as of December 31, 2018 are as follows:

	Land and building	Leasehold improvements	Total
	MCh$	MCh$	MCh$
Balance as of January 1, 2019	**231,693**	**299**	**231,992**
Additions	-	138	**138**
Disposals	(8,572)	(542)	**(9,114)**
Transfers	-	62,908	**62,908**
Others	-	(176)	**(176)**
Impairment	-	-	**-**
Gross Balance as of June 30,2019	**223,121**	**62,627**	**285,748**
Depreciation for the year	(11,720)	(1,792)	**(13,512)**
Disposals	633	(916)	**(283)**
Accumulated depreciation from previous years	-	(39,814)	**(39,814)**
Impairment	-	-	**-**
Total Accumulated Depreciation	**(11,087)**	**(42,522)**	**(53,609)**
Gross Balance as of June 30,2019	**212,034**	**20,105**	**232,139**

	Land and buildings	Leasehold improveme nts	Total
	MCh$	MCh$	MCh$
Balance as of January 1, 2018	**-**	**-**	**-**
Additions	-	-	**-**
Disposals	-	-	**-**
Transfers	-	-	**-**
Others	-	-	**-**
Impairment	-	-	**-**
Gross Balance as of December 31, 2018	**-**	**-**	**-**
Depreciation for the year			
Disposals			
Accumulated depreciation from previous years			
Impairment			
Total Accumulated Depreciation			
Net Balance as of December 31, 2018			

f) As of June 30, 2019 and as of December 31, 2018 the the right-of-use asset has recorded no impairment effect.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

g) Lease liabilities as of June 30, 2019 and as of December 31, 2018:

	Analysis of maturity				
	Up to 1 year	**Of 1 to 3 years**	**Of 3 to 5 years**	**More than 5 years**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**
As of June 30, 2019	20,872	42,580	44,945	104,864	**213,261**

	Analysis of maturity				
	Up to 1 year	**Of 1 to 3 years**	**Of 3 to 5 years**	**More than 5 years**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**
As of December 31,2018	-	-	-	-	-

NOTE 16 - CURRENT AND DEFERRED INCOME TAX

a) Current Income Tax

As of June 30, 2019 and December 31, 2018, the Bank has recognized a provision for the first category (coporate) Income Tax and the provision for the Single Tax of Article No. 21 of the Income Act, which were determined based on the current tax legal provisions. This resulted in an asset amounting to MCh$ 44,985 as of June 30, 2019 (liability of MCh$ 142,245 as of December 31, 2018). This provision is presented net of recoverable taxes, as detailed below:

	As of June 30, 2019	As of December 31, 2018
	MCh$	MCh$
Income tax (tax rate of 27% for 2019 and 2018)	(24,091)	(244,241)
Prior year provision	(15,043)	(16,038)
40% Provision for Income Tax	(177)	(69)
Less:		
Monthly tax provisional payments	73,829	103,436
Credit for training expenses	47	1,902
Credit for acquisition of property, plant and equipment	75	16
Credit for donations	1,226	1,861
Income tax to be recovered	6,621	8,820
Other taxes and withholdings to be recovered	2,498	1,888
Total	**44,985**	**(142,425)**

The net current tax is presented below by economic entity as well as by geographical unit, in accordance with the provisions of IAS 12:

	As of June 30, 2019		
	Chile	Florida, USA	Total
	MCh$	MCh$	MCh$
Current tax asset	45,508	6,744	52,252
Current tax liabilities	(7,267)	-	(7,267)
Total net	**38,241**	**6,744**	**44,985**

	As of December 31, 2018		
	Chile	Florida, USA	Total
	MCh$	MCh$	MCh$
Current tax asset	3,411	11,473	14,884
Current tax liabilities	(157,309)	-	(157,309)
Total net	**(153,898)**	**11,473**	**(142,425)**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

b) Income Tax Expense

The detail of income tax expense as of June 30, 2019 and 2018 is as follows:

	As of June 30,	
	2019	2018
	MCh$	MCh$
Income tax expense:		
Current tax for the year	(24,091)	(94,790)
Surplus/Deficit of prior year	-	-
	(24,091)	**(94,790)**
Credit (charge) for deferred taxes:		
Origination and reversal of temporary differences	(18,774)	24,182
Subtotal	**(42,865)**	**(70,608)**
Income tax (tax rate of 27% for 2019 and 2018)	(145)	(42)
Prior year provision	-	13
40% Provision for Income Tax	**(43,010)**	**(70,637)**

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 June 30, 2019 ands December 31, 2018:

	As of June 30,			
	2019		2018	
	Tax rate	Amount	Tax rate	Amount
	%	MCh$	%	MCh$
Income before income tax		274,460		278,408
Nominal tax rate	27,000	74,104	27,000	75,170
Income tax rate difference-Florida subsidiaries Tax effect of non-deducible expenses in calculation of tacable income:	-	-	-	-
	-	-	-	-
Price-level restatement BCI Financial Group (1)	(4,67)	(12,814)	3,05	8,480
Rate difference USA (2)	(1,67)	(4,571)	(0,58)	(1,607)
Price-level restatement of capital	(4,93)	(13,535)	(3,70)	(10,301)
Art 21 tax (rejected expenses	0,053	145	0,015	42
Others	(0,13)	(319)	(0,41)	(1,147)
Effective income tax rate and income tax expense	**15,65**	**43,010**	**25,38**	**70,637**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

The effective income tax rate for six-month periods ended June 30, 2019 and 2018 was 7.527% and 20.482%, respectively.

At the end of 2017, a tax reform law was published in the United States, which reduced the federal tax rate from 35% to 21% starting in 2018.

(1) BCI's investment in BCI Financial Group (USA) is adjusted, with respect to tax purposes in Chile, for the variation in the exchange rate (between the Chilean peso and the US dollar). This adjustment is levied with the First Category (Chilean corporate) Income Tax. The impact of this adjustment as of June 2019 is a tax-related gain of approximately MCh$12,814 associated with a decrease of $34.77 in the exchange rate, while as of June 2018 this effect was a tax- related expense of MCh$8,480 associated with an increase of $36.46 in the exchange rate.

(2) The statutory tax rate in Chile is 27%, while in the US the tax rate is 25.345%. Therefore, in regards to a portion of BCI's consolidated profit or loss (BCI Financial Group, Miami Branch, and BCI Securities) savings were made in taxes as a result of the tax rate difference between the two separate jurisdictions.

d) Effect of deferred taxes recognized in equity

The deferred tax recognized in shareholder's equity as of June 30, 2019 and December 31, 2018 is composed of the following:

	Accumulated		**Effect for the period ended**	
	As of June 30, 2019	**As of December 31 2018**	**As of June 30, 2019**	**As of December 31 2018**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Financial investments available for sale	(3,504)	(2,473)	(1,031)	200
Cash flow hedges	17,999	3,230	14,769	789
Effect of deferred tax in shareholder's equity	**14,495**	**757**	**13,738**	**989**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

e) Deferred tax breakdown

As of June 30, 2019 ans December 31,2018 the Bank recognized in its interim consolidated financial statements deferred taxes according to IAS 12 as follows:

The effect of deferred tax is presented below: by assets and liabilities:

	As of June 30, 2019			As of December 31, 2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Items:						
Allowance for loan losses	66.937	-	66.937	81.773	-	81.773
Provision for staff vacation & bonuses	34.965	-	34.965	27.917	-	27.917
Leasing operations (net)	-	(991)	(991)	87.241	-	87.241
Others	33.060	-	33.060	16.803	(798)	16.005
Property, plant and equipment	-	(18.750)	(18.750)	-	(17.031)	(17.031)
Trading securities	-	(33.117)	(33.117)	-	(32.451)	(32.451)
Credicorp LTD. (*)	-	-	-	-	(6.554)	(6.554)
Derivative contract operations	-	(26.558)	(26.558)	-	(8.123)	(8.123)
Bonds placed abroad	-	(2.258)	(2.258)	-	-	-
Temporary differences related to Florida	4.539	-	4.539	70.225	(49.510)	20.715
Purchase of financial services	21.835	-	21.835	19.026	-	19.026
Deferred tax assets (liabilities) net	**161.336**	**(81.674)**	**79.662**	**302.985**	**(114.467)**	**188.518**
Effect of deferred tax recognized in equity	14.495	-	14.495	757	-	757
Total deferred tax assets and liabilities	**175.831**	**(81.674)**	**94.157**	**303.742**	**(114.467)**	**189.275**

(*) This deferred tax liability has been calculated based on the difference in tax and accounting basis of the investment in shares that BCI maintains in Credicorp Ltd.

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

The deferred tax is presented below by economic entity as well as by geographical unit, in accordance with the provisions of IAS 12:

	As of June 30,2019		
	Chile	**Florida, USA**	**Total**
	MCh$	**MCh$**	**MCh$**
Deferred tax asset	76,378	5,914	**82,292**
Deferred tax liabilities	(1,253)	(1,377)	**(2,630)**
Total net	**75,125**	**4,537**	**79,662**
Deferred tax recognized in equity	14,495	-	**14,495**
Deffered tax, net	**89,620**	**4,537**	**94,157**

	As of December 31, 2018		
	Chile	**Florida, USA**	**Total**
	MCh$	**MCh$**	**MCh$**
Deferred tax asset	168,643	20,715	189,358
Deferred tax liabilities	(840)	-	(840)
Total net	**167,803**	**20,715**	**188,518**
Deferred tax recognized in equity	757	-	757
Deferred tax, net	**168,560**	**20,715**	**189,275**

NOTE 17 - OTHER ASSETS

a) As of June 30, 2019 and December, 31 2018 the composition of the other assets is as follows:

	As of June 30, 2019 MCh$	As of December 2018 MCh$
Assets acquired to transfer to leasing (a)	83,540	121,767
Repossessed or awarded assets:		
Repossessed assets	2,385	2,099
Assets awarded from judicial auctions	4,548	3,416
Impairment of repossessed or awarded assets (b)	-	(66)
Other assets:		
Cash deposits held as guarantee	438,357	337,738
Investment in gold	4,341	4,017
VAT	10,334	9,280
Prepaid expenses	52,649	71,057
Assets recovered from lease agreements held for sale (c)	24,845	26,351
Account receivables	68,408	76,534
Amounts to be recovered	57,664	109,393
Macro hedge valuation adjustment	22,357	-
Cash surrender value of certain insurance contracts - City National Bank of Florida (CNB) (d)	216,545	239,542
Other assets	55,805	36,675
FED and FHLB shares (e)	73,941	69,414
Total	**1,115,719**	**1,107,217**

(a) Corresponds to property, plant and equipment available to be used in finance leases.

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

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

(d) Corresponds to life insurance contracts for certain senior management of CNB, where CNB is the owner and beneficiary. 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

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

(f) The changes in the impairment of repossessed or awarded assets, as of June 30, 2019 and 2018, are as follows:

	Impairment
	MCh$
Balance as of January 1, 2019	**66**
Impairment	64
Reversal of impairment	(130)
Balance as of June 30,2019	**-**
Balance as of January 1 2018	**1,145**
Impairment	66
Reversal of impairment	(1,145)
Balance as of December 31, 2018	**66**

NOTE 18 – BORROWINGS FROM CUSTOMERS

As of June 30, 2019 and December 31, 2018, the composition of borrowings from customers is the following:

	As of June 30, 2019	As of December 31, 2018
	MCh$	MCh$
Current accounts and demand deposits		
Current accounts	10,910,966	11,065,440
Other deposits and accounts payable on demand	678,281	679,737
Other liabilities payable on demand	467,453	477,362
Total	**12,056,700**	**12,222,539**
Term deposits and savings accounts		
Term deposits	12,693,768	12,280,803
Saving accounts	48,253	47,100
Guarantees	867	873
Total	**12,742,888**	**12,328,776**

NOTE 19 - BORROWINGS FROM FINANCIAL INSTITUTIONS

As of June 30, 2019 and December 31, 2018, the composition of borrowings from financial institutions is as follows:

	As of June 30, 2019	As of December 31, 2018
	MCh$	MCh$
Loans received from financial institutions and Central Bank of Chile:		
Other liabilities to Central Bank of Chile	6,524	10,503
Subtotal	6,524	10,503
Loans received from domestic financial institutions		
Interbank loans	1,208,552	1,286,552
Other liabilities to domestic financial institutions	321,029	305,744
Subtotal	1,529,581	1,592,296
Loans received from foreign financial institutions::		
Foreign trade financing	506,489	515,446
Loans and other liabilities to foreign financial institutions	576,180	639,904
Subtotal	1,082,669	1,155,350
Total	**2,618,774**	**2,758,149**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES

a) As of June 30, 2019 and December 31, 2018, details of the debt issued and other financial liabilities are as follows:

	As of June 30, 2019	As of December 31, 2018
	MCh$	MCh$
Other financial liabilities:		
Public bonds	14,080	14,783
Other domestic bonds	30,079	34,023
Foreign bonds	816,734	706,131
Total	**860,893**	**754,937**
Debt issued:		
letters of credit	11,370	13,232
ordinary bonds	5,666,207	5,043,156
subordinated bonds	927,345	921,560
Total	**6,604,922**	**5,977,948**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

b) As of June 30, 2019 and December 31, 2018, the maturities of the ordinary and subordinated bonds are as follows:

	As of June 30,2019		
	Long term	Short term	Total
	MCh$	MCh$	MCh$
By long and short term			
Ordinary bonds	5,075,491	590,716	5,666,207
Subordinated bonds	927,345	-	927,345
Total	**6,002,836**	**590,716**	**6,593,552**

	As of December 31, 2018		
	Long term	Short term	Total
	MCh$	MCh$	MCh$
By long and short term			
Ordinary Bonds	4,491,448	551,708	5,043,156
Subordinated bonds	921,560	-	921,560
Total	**5,413,008**	**551,708**	**5,964,716**

c) Details of placements of ordinary and subordinated bonds as of June 30, 2019 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	Issued amount Ch$	Placed amount Ch$	Issuance date	Maturity date	Average rate	Carrying amount Ch$	Balance in MCh$
SERIE_AK	500,000,000,000	53,750,000,000	01/11/2014	01/11/2019	5,31%	53,870,009,837	53,870
SERIE_AM	50,000,000,000	50,000,000,000	01/06/2016	01/06/2023	4,90%	48,662,824,575	48,663
SERIE_E	100,000,000,000	100,000,000,000	01/11/2017	01/11/2022	4,27%	99,938,231,664	99,938
SERIE_H	50,000,000,000	-	01/06/2018	01/06/2021	-	-	-
Fair value adjustment						7,303,701,528	7,304
Subtotal	**700,000,000,000**	**203,750,000,000**				**209,774,767,604**	**209,775**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

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

Serie	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Carrying amount UF	Balance in MCh$
SERIE_AE2	10,000,000	10,000,000	01/08/2011	01/08/2021	3,73%	9,886,937	275,878
SERIE_AF2	10,000,000	10,000,000	01/08/2012	01/08/2022	3,43%	9,871,135	275,437
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%	13,228,134	369,109
SERIE_AJ2	20,000,000	20,000,000	01/10/2014	01/10/2024	2,23%	19,862,824	554,238
SERIE_AL1	3,000,000	3,000,000	01/06/2016	01/06/2022	1,89%	3,058,228	85,335
SERIE_AL2	3,000,000	3,000,000	01/06/2016	01/06/2023	2,15%	3,046,205	84,999
SERIE_AL3	3,000,000	3,000,000	01/06/2016	01/06/2024	2,40%	3,021,254	84,303
SERIE_AL4	3,000,000	3,000,000	01/06/2016	01/06/2028	2,36%	3,042,295	84,890
SERIE_AL5	3,000,000	3,000,000	01/06/2016	01/06/2031	2,50%	3,010,133	83,993
SERIE_AN1	3,000,000	3,000,000	01/12/2016	01/12/2021	1,50%	3,038,999	84,798
SERIE_AN2	3,000,000	3,000,000	01/12/2016	01/12/2024	1,95%	3,013,458	84,085
SERIE_AN3	3,000,000	3,000,000	01/12/2016	01/12/2026	2,00%	3,006,547	83,893
SERIE_A1	3,000,000	3,000,000	01/04/2017	01/04/2022	1,72%	3,035,249	84,693
SERIE_A2	3,000,000	3,000,000	01/04/2017	01/04/2027	2,18%	2,978,572	83,112
SERIE_B1	3,000,000	3,000,000	01/05/2017	01/05/2022	1,50%	3,051,018	85,133
SERIE_B2	3,000,000	3,000,000	01/05/2017	01/05/2023	1,67%	3,046,786	85,015
SERIE_C1	3,000,000	3,000,000	01/07/2017	01/01/2022	2,24%	3,012,273	84,052
SERIE_C2	3,000,000	3,000,000	01/07/2017	01/07/2023	2,32%	2,994,732	83,563
SERIE_C3	3,000,000	3,000,000	01/07/2017	01/07/2025	2,28%	2,984,727	83,284
SERIE_C4	3,000,000	3,000,000	01/07/2017	01/07/2026	2,42%	2,951,405	82,354
SERIE_D1	3,000,000	3,000,000	01/11/2017	01/11/2023	1,84%	3,030,293	84,555
SERIE_D2	3,000,000	3,000,000	01/11/2017	01/11/2025	2,04%	3,004,105	83,824
SERIE_D3	3,000,000	3,000,000	01/11/2017	01/11/2028	2,34%	2,927,354	81,683
SERIE_D4	3,000,000	3,000,000	01/11/2017	01/11/2029	2,45%	2,890,334	80,650
SERIE_F1	3,000,000	3,000,000	01/04/2018	01/04/2022	1,46%	3,058,762	85,350
SERIE_F2	3,000,000	3,000,000	01/04/2018	01/04/2024	1,60%	3,070,215	85,669
SERIE_F3	3,000,000	3,000,000	01/04/2018	01/04/2025	2,00%	3,015,951	84,155
SERIE_F4	3,000,000	3,000,000	01/04/2018	01/04/2028	2,17%	2,976,458	83,053
SERIE_F5	3,000,000	3,000,000	01/04/2018	01/04/2029	2,36%	2,924,002	81,589
SERIE_G1	3,000,000	3,000,000	01/06/2018	01/06/2025	1,47%	3,095,186	86,366
SERIE_G2	3,000,000	3,000,000	01/06/2018	01/06/2026	1,09%	3,186,831	88,923
SERIE_G3	3,000,000	3,000,000	01/06/2018	01/06/2029	2,10%	2,980,405	83,163
SERIE_I3	3,000,000	3,000,000	01/02/2019	01/02/2030	1,19%	3,266,410	91,144
Fair Value Adustment						1,137,953	31,753
Subtotal	**167,000,000**	**140,310,000**				**141,705,170**	**3,954,041**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY- AMERICAN DOLLAR

Series	Issued amount USD	Placed amount USD	Issuance date	Maturity date	Average rate	Carrying amount USD	Balance in MCh$
USP32133CG63	500,000,000	500,000,000	11/02/2013	11/02/2023	4,09%	504,915,655	342,600
XS1655597034	50,000,000	50,000,000	01/08/2017	01/08/2022	2,96%	50,223,208	34,078
XS1692845396	50,000,000	50,000,000	06/10/2017	06/10/2022	3,00%	49,986,929	33,918
US05890MAA18	500,000,000	500,000,000	12/10/2017	12/10/2027	3,65%	493,095,648	334,581
XS1703060829	50,000,000	50,000,000	19/10/2017	19/10/2022	3,50%	49,936,359	33,883
XS1702405702	40,000,000	40,000,000	20/10/2017	20/10/2022	3,46%	39,965,523	27,118
XS1879614755	50,000,000	50,000,000	13/09/2018	13/03/2024	3,85%	50,076,552	33,978
XS1888335194	100,000,000	100,000,000	04/10/2018	04/04/2024	4,02%	99,986,562	67,844
XS1895749593	45,000,000	45,000,000	19/10/2018	19/04/2024	4,03%	44,904,427	30,469
XS1919312626	25,000,000	25,000,000	07/12/2018	07/12/2023	3,44%	24,741,027	16,788
XS1984711355	10,000,000	10,000,000	23/04/2019	23/04/2024	3,47%	9,945,223	6,748
XS2012024696	50,000,000	50,000,000	14/06/2019	14/06/2029	3,32%	49,491,960	33,582
Fair Value Adjustment						208,969	142
Subtotal	**1,470,000,000**	**1,470,000,000 (*)**				**1,467,478,042**	**995,729**

(*) Balance due according to the effective interest rate, that is, once all origination costs of the placement of the bond have been included. These costs will be amortized over the expected life of the financial instrument.

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY-EURO

Series	Issued amount EUR	Placed amount EUR	Issuance date	Maturity date	Average rate	Carrying amount EUR	Balance in MCh$
XS1493734971	20,000,000	20,000,000	23/09/2016	23/09/2024	0,89%	19,929,544	15,378
Fair Value Adjustment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,929,544**	**15,378**

ORDINARY BONDS DENIMINATED IN FOREIGN CURRENCY-AUD

Series	Issued amount AUD	Placed amount AUD	Issuance date	Maturity date	Average rate	Carrying amount AUD	Balance in MCh$
XS1717587007	80,000,000	80,000,000	15/11/2017	15/11/2027	4,15%	79,429,320	37,802
XS1859545367	40,000,000	40,000,000	25/07/2018	25/07/2033	4,67%	41,273,881	19,643
XS1879612973	60,000,000	60,000,000	14/09/2018	14/09/2033	4,65%	61,442,099	29,242
XS1897619968	40,000,000	40,000,000	24/10/2018	24/10/2033	4,70%	40,419,386	19,236
Fair Value Adjustment						8,919,961	4,245
Subtotal	**220,000,000**	**220,000,000**				**231,484,647**	**110,168**

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

Series	Issued amount CHF	Placed amount CHF	Issuance date	Maturity date	Average rate	Carrying amount CHF	Balance MCh$
CH0278875965	150,000,000	150,000,000	17/06/2015	17/06/2020	0,150%	149,883,096	104,190
XS1520623627	90,000,000	90,000,000	17/11/2016	17/11/2021	0,000%	89,487,446	62,207
CH0471298007	175,000,000	175,000,000	22/05/2019	22/11/2024	0,320%	173,543,826	120,638
Fair Value Adjustment						(854,107)	(594)
Subtotal	**415,000,000**	**415,000,000**				**412,060,261**	**286,441**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - YEN

Series	Issued amount YEN	Placed amount YEN	Issuance date	Maturity date	Average data	Carrying amount YEN	Balance MCh$
XS1144348841	10,100,000,000	10,100,000,000	04/12/2014	04/12/2019	0,810%	10,098,750,819	63,547
XS1830985781	5,000,000,000	5,000,000,000	01/06/2018	01/12/2028	0,750%	4,946,692,122	31,128
Subtotal	**15,100,000,000**	**15,100,000,000**				15,045,442,941	**94,675**
Total ordinary bonds							**5,666,207**

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

Serie	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average date	Carrying amount UF	Balance in MCh$
SERIE_F	1,200,000	1,200,000	01/05/1999	01/05/2024	7,72%	434,097	12,113
SERIE_G	400,000	400,000	01/05/1999	01/05/2025	7,92%	166,828	4,655
SERIE_L	1,200,000	1,200,000	01/10/2001	01/10/2026	6,39%	602,743	16,819
SERIE_M	1,800,000	1,800,000	01/10/2001	01/10/2027	6,43%	971,522	27,109
SERIE_N	1,500,000	1,500,000	01/06/2004	01/06/2029	5,26%	891,345	24,871
SERIE_O	1,500,000	1,500,000	01/06/2004	01/06/2030	3,95%	884,528	24,681
SERIE_R	1,500,000	1,500,000	01/06/2005	01/06/2038	4,72%	751,390	20,966
SERIE_S	2,000,000	2,000,000	01/12/2005	01/12/2030	4,85%	1,229,243	34,300
SERIE_T	2,000,000	2,000,000	01/12/2005	01/12/2031	4,53%	1,300,184	36,279
SERIE_U	2,000,000	2,000,000	01/06/2007	01/06/2032	4,19%	1,908,933	53,266
SERIE_Y	4,000,000	4,000,000	01/12/2007	01/12/2030	4,25%	2,485,600	69,356
SERIE_W	4,000,000	4,000,000	01/06/2008	01/06/2036	4,05%	2,042,000	56,979
SERIE_AC	6,000,000	6,000,000	01/03/2010	01/03/2040	3,98%	5,502,518	153,538
SERIE_AD 1	4,000,000	4,000,000	01/06/2010	01/06/2040	4,17%	3,551,471	99,098
SERIE_AD 2	3,000,000	3,000,000	01/06/2010	01/06/2042	4,14%	2,646,711	73,852
SERIE_AH	15,000,000	9,000,000	01/09/2013	01/09/2043	3,67%	7,865,118	219,463
Total subordinated bonds	**51,100,000**	**45,100,000**				**33,234,231**	**927,345**

TOTAL BONDS	**6,593,552**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

d) Details of placements of ordinary and subordinated bonds as of December 31, 2018 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Serie	Issued amount Ch$	Placed amount Ch$	Inssuance date	Maturity date	Average rate	Carrying amount CLP	Carrying amount MCh$
SERIE_AK	500,000,000,000	53,750,000,000	01/11/2014	01/11/2019	5,31%	17,862,594,154	17,863
SERIE_AM	50,000,000,000	50,000,000,000	01/06/2016	01/06/2023	4,90%	48,502,565,202	48,503
SERIE_E	100,000,000,000	100,000,000,000	01/11/2017	01/11/2022	4,27%	99,857,709,371	99,858
SERIE_H	50,000,000,000	-	01/06/2018	01/06/2021	-	-	-
Fair Value Adjustment						2,127,202,021	2,127
Subtotal	**700,000,000,000**	**203,750,000,000**				**168,350,070,748**	**168,351**

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

Series	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Carrying amount UF	Balance in MCh$
SERIE_AE2	10,000,000	10,000,000	01/08/2011	01/08/2021	3,73%	9,838,707	271,212
SERIE_AF2	10,000,000	10,000,000	01/08/2012	01/08/2022	3,44%	9,836,841	271,160
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	2,50%	13,211,499	364,185
SERIE_AJ2	20,000,000	20,000,000	01/10/2014	01/10/2024	2,25%	19,844,285	547,023
SERIE_AL1	3,000,000	3,000,000	01/06/2016	01/06/2022	1,89%	3,067,154	84,549
SERIE_AL2	3,000,000	3,000,000	01/06/2016	01/06/2023	2,15%	3,051,523	84,118
SERIE_AL3	3,000,000	3,000,000	01/06/2016	01/06/2024	2,40%	3,023,263	83,339
SERIE_AL4	3,000,000	3,000,000	01/06/2016	01/06/2028	2,36%	3,044,607	83,927
SERIE_AL5	3,000,000	3,000,000	01/06/2016	01/06/2031	2,50%	3,010,638	82,991
SERIE_AN1	3,000,000	3,000,000	01/12/2016	01/12/2021	1,52%	3,046,376	83,976
SERIE_AN2	3,000,000	3,000,000	01/12/2016	01/12/2024	1,95%	3,014,524	83,098
SERIE_AN3	3,000,000	3,000,000	01/12/2016	01/12/2026	2,00%	3,006,711	82,882
SERIE_A1	3,000,000	3,000,000	01/04/2017	01/04/2022	1,75%	3,039,033	83,773
SERIE_A2	3,000,000	3,000,000	01/04/2017	01/04/2027	2,18%	2,976,624	82,053
SERIE_B1	3,000,000	3,000,000	01/05/2017	01/05/2022	1,51%	3,058,365	84,306
SERIE_B2	3,000,000	2,380,000	01/05/2017	01/05/2023	1,72%	2,416,418	66,610
SERIE_C1	3,000,000	3,000,000	01/07/2017	01/01/2022	2,25%	3,009,129	82,949
SERIE_C2	3,000,000	3,000,000	01/07/2017	01/07/2023	2,32%	2,990,677	82,440
SERIE_C3	3,000,000	3,000,000	01/07/2017	01/07/2025	2,28%	2,981,579	82,190
SERIE_C4	3,000,000	3,000,000	01/07/2017	01/07/2026	2,42%	2,946,737	81,229
SERIE_D1	3,000,000	3,000,000	01/11/2017	01/11/2023	1,84%	3,033,001	83,607
SERIE_D2	3,000,000	3,000,000	01/11/2017	01/11/2025	2,04%	3,003,804	82,802
SERIE_D3	3,000,000	3,000,000	01/11/2017	01/11/2028	2,34%	2,923,742	80,595
SERIE_D4	3,000,000	3,000,000	01/11/2017	01/11/2029	2,45%	2,885,518	79,542
SERIE_F1	3,000,000	-	01/04/2018	01/04/2022	-	-	-
SERIE_F2	3,000,000	-	01/04/2018	01/04/2024	-	-	-
SERIE_F3	3,000,000	3,000,000	01/04/2018	01/04/2025	2,00%	3,016,417	83,150
SERIE_F4	3,000,000	3,000,000	01/04/2018	01/04/2028	2,17%	2,974,811	82,003
SERIE_F5	3,000,000	3,000,000	01/04/2018	01/04/2029	2,36%	2,920,242	80,499
SERIE_G1	3,000,000	-	01/06/2018	01/06/2025	-	-	-
SERIE_G2	3,000,000	-	01/06/2018	01/06/2026	-	-	-
SERIE_G3	3,000,000	3,000,000	01/06/2018	01/06/2029	2,10%	2,979,666	82,137
Fair Value Adjustment						397,569	10,957
Subtotal	**164,000,000**	**124,690,000**				**124,549,460**	**3,433,302**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – US DOLLAR

Series	Issued amount USD	Placed amount USD	Issuance date	Maturity date	Average rate	Carrying amount USD	Balance in MCh$
USP32133CG63	500,000,000	500,000,000	11/02/2013	11/02/2023	4,01%	504,215,721	349,724
XS1655597034	50,000,000	50,000,000	01/08/2017	01/08/2022	2,96%	50,171,240	34,799
XS1692845396	50,000,000	50,000,000	06/10/2017	06/10/2022	3,00%	49,942,335	34,640
US05890MAA18	500,000,000	500,000,000	12/10/2017	12/10/2027	3,65%	493,052,003	341,981
XS1703060829	50,000,000	50,000,000	19/10/2017	19/10/2022	3,39%	49,892,588	34,605
XS1702405702	40,000,000	40,000,000	20/10/2017	20/10/2022	3,36%	39,923,288	27,691
XS1879614755	50,000,000	50,000,000	13/09/2018	13/03/2024	3,85%	50,038,152	34,706
XS1888335194	100,000,000	100,000,000	04/10/2018	04/04/2024	4,02%	99,913,246	69,300
XS1895749593	45,000,000	45,000,000	19/10/2018	19/04/2024	4,03%	44,870,352	31,122
XS1919312626	25,000,000	25,000,000	07/12/2018	07/12/2023	3,72%	24,718,357	17,145
Fair Value Adjustment						(34,769,461)	(24,116)
Subtotal	**1,410,000,000**	**1,410,000,000 (*)**				**1,371,967,821**	**951,597**

(*) Balance due according to the effective interest rate, that is, once all origination costs of the placement of the bond have been included.. These costs will be amortized over the expected life of the financial instrument.

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Issued amount EUR	Placed amount EUR	Issuance date	Maturity date	Average rate	Carrying amount EUR	Balance in MCh$	Issued amount EUR
XS1493734971	20,000,000	20,000,000	23/09/2016	23/09/2024	0,89%	19,829,760	15,743
Fair Value adjusment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,829,760**	**15,743**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - AUD

Series	Issued amount AUD	Placed amount AUD	Issuance date	Maturity date	Average rate	Carrying amount AUD	Balance in MCh$
XS1717587007	80,000,000	80,000,000	15/11/2017	15/11/2027	4,15%	79,396,027	38,785
XS1859545367	40,000,000	40,000,000	25/07/2018	25/07/2033	4,67%	40,337,319	19,705
XS1879612973	60,000,000	60,000,000	14/09/2018	14/09/2033	4,65%	60,040,869	29,330
XS1897619968	40,000,000	40,000,000	24/10/2018	24/10/2033	4,70%	39,465,083	19,279
Fair Value Adjustment						(1,142,911)	(558)
Subtotal	**220,000,000**	**220,000,000**				**218,096,387**	**106,541**

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

Series	Issued amount CHF	Placed amount CHF	Issuance date	Maturity date	Average rate	Carrying amount CHF	Balance in MCh$
CH0246788183	150,000,000	150,000,000	26/06/2014	26/06/2019	1,12%	150,739,142	106,253
CH0278875965	150,000,000	150,000,000	17/06/2015	17/06/2020	0,25%	150,007,156	105,737
XS1520623627	90,000,000	90,000,000	17/11/2016	17/11/2021	0,00%	89,385,838	63,006
Fair Value Adjustment						(2,617,517)	(1,845)
Subtotal	**390,000,000**	**390,000,000**				**387,514,619**	**273,151**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – YEN

Series	Issued amount YEN	Placed amount YEN	Issuance date	Maturity date	Average rate	Carrying amount YEN	Balance in MCh$
XS1144348841	10,100,000,000	10,100,000,000	04/12/2014	04/12/2019	0,810%	10,090,628,810	63,407
XS1830985781	5,000,000,000	5,000,000,000	01/06/2018	01/12/2028	0,750%	4,943,572,664	31,064
Subtotal	**15,100,000,000**	**15,100,000,000**				**15,034,201,474**	**94,471**
Total ordinay bonds							**5,043,156**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

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

Series	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Carrying amount UF	Balance in MCh$
SERIE_F	1,200,000	1,200,000	01/05/1999	01/05/2024	7,72%	469,432	12,940
SERIE_G	400,000	400,000	01/05/1999	01/05/2025	7,92%	177,644	4,897
SERIE_L	1,200,000	1,200,000	01/10/2001	01/10/2026	6,39%	633,993	17,477
SERIE_M	1,800,000	1,800,000	01/10/2001	01/10/2027	6,43%	1,014,484	27,965
SERIE_N	1,500,000	1,500,000	01/06/2004	01/06/2029	5,26%	925,251	25,505
SERIE_O	1,500,000	1,500,000	01/06/2004	01/06/2030	3,95%	916,672	25,269
SERIE_R	1,500,000	1,500,000	01/06/2005	01/06/2038	4,72%	734,354	20,243
SERIE_S	2,000,000	2,000,000	01/12/2005	01/12/2030	4,85%	1,269,260	34,988
SERIE_T	2,000,000	2,000,000	01/12/2005	01/12/2031	4,53%	1,338,965	36,910
SERIE_U	2,000,000	2,000,000	01/06/2007	01/06/2032	4,19%	1,904,622	52,502
SERIE_Y	4,000,000	4,000,000	01/12/2007	01/12/2030	4,25%	2,434,800	67,117
SERIE_W	4,000,000	4,000,000	01/06/2008	01/06/2036	4,05%	2,002,400	55,198
SERIE_AC	6,000,000	6,000,000	01/03/2010	01/03/2040	3,98%	5,588,267	154,045
SERIE_AD 1	4,000,000	4,000,000	01/06/2010	01/06/2040	4,17%	3,606,236	99,409
SERIE_AD 2	3,000,000	3,000,000	01/06/2010	01/06/2042	4,14%	2,688,431	74,109
SERIE_AH	15,000,000	9,000,000	01/09/2013	01/09/2043	3,67%	7,726,474	212,986
Total subordinated bonds	**51,100,000**	**45,100,000**				**33,431,285**	**921,560**
TOTAL BONDS							**5,964,716**

NOTE 21 -PROVISIONS

a) As of June 30, 2019 and December 31, 2018, the breakdown of the balance of this item is as follows:

	As of June 30, 2019 MCh$	As of December 31, 2018 MCh$
Provisions for staff benefits and remuneration	67,306	85,483
Provisions for minimum dividends	69,421	118,738
Provisions for credit commitments	31,739	29,643
Provisions for contingencies (*)	107,544	97,882
Provisions for country risk	2,852	2,547
Total	**278,862**	**334,293**

(*) Provisions for contingencies as of June 30, 2019 include additional provisions for MCh$86,833 (MCh$67,872 as of December 31, 2018), recognized according to FMC instructions and approved by the Board of Directors of the Bank (see Note 1, ab, i and Note 11 c).

Additionally provisions for contingencies include a provision to comply with the minimum of 0,50% required by the FMC for the normal portfolio of individuals for the amount of MCh$8,740 as of June 30, 2019 (MCh$6,554 as of December 31, 2018) (see Note 1, ab, ii and Note 11c).

NOTE 21 –PROVISIONS, CONTINUED

b) Provisions for staff benefits and remunerations

	As of June 30, 2019 MCh$	As of December 31, 2018 MCh$
Provisions for staff benefits	56,332	73,014
Provisions for vacations	10,974	12,469
Total	**67,306**	**85,483**

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

c) Provisions for credit commitments

The detail of provisions for credit commitments as of June 30, 2019 and December 31, 2018 is as follows:

	As of June 30, 2019 MCh$	As of December 31, 2018 MCh$
Provisions for credit commitments	888	909
Endorsements and performance bonds	1	1
Confirmed foreign letters of credit	201	265
Issued documentary letters of credit	5,924	6,261
Guarantees	23,427	20,482
Available credit lines	1,298	1,725
Total	**31,739**	**29,643**

d) Movements of provisions for the periods ended June 30, 2019 and December 31, 2018 are as follow:

	PROVISIONS FOR					
	Staff benefits and remuneration MCh$	Minimum dividends MCh$	Credit Commitments MCh$	Contingencies MCh$	Country risk MCh$	Total MCh$
Balance as of January 1, 2019	**85,483**	**118,738**	**29,643**	**97,882**	**2,547**	**334,293**
Provisions established	11,181	35,720	615	9,161	162	56,839
Provisions released	(92,354)	-	(1,770)	(7,630)	(22)	(101,776)
Currency exchange fluctuation	46,903	-	(110)	6,769	(41)	53,521
Balance as of June 30, 2019	**51,213**	**154,458**	**28,378**	**106,182**	**2,646**	**342,877**
Balance as of January 1, 2018	**52,481**	**111,421**	**19,179**	**89,224**	**2,368**	**274,673**
Provisions established	59,432	118,738	7,359	16,996	326	202,851
Provisions released	(29,901)	(111,421)	(1,762)	(6,779)	(144)	(150,007)
Currency exchange fluctuation	3,471	-	691	(1,559)	(3)	2,600
Adquisition subsidiaries of financial Services	-	-	4,176	-	-	**4,176**
Balance as of December 31, 2018	**85,483**	**118,738**	**29,643**	**97,882**	**2,547**	**334,293**

NOTE 22 - OTHER LIABILITIES

As of June 30, 2019 and December 31, 2019, the detail of other liabilities is as follows:

	As of June 30, 2019 MCh$	As of December 31, 2018 MCh$
Account payables and notes payable	306,392	347,111
Unearned income	21,510	22,065
Valuation adjustments - macro-hedging	-	2,009
Sundry creditors	402,318	410,022
Other liabilities	24,441	11,973
Total	**754,661**	**793,180**

NOTE 23 - CONTINGENCIES AND COMMITMENTS

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

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

	As of June 30, 2019	As of December 31, 2018
CONTINGENT RECEIVABLES	**MCh$**	**MCh$**
Collateral and guarantees:		
Collateral and guarantees in foreign currency	169.275	220.765
Confirmed foreign letters of credit	7.045	4.326
Issued documentary letters of credit	266.048	272.299
Performance bonds and credit lines:		
Performance bonds in Chilean currency	1.051.954	1.008.298
Performance bonds in foreign currency	494.675	537.802
Immediately available credit lines	6.597.302	6.694.941
Other credit commitments:		
Higher education loans in accordance with Law No. 20,027	9.932	11.981
Others	385.378	513.245
THIRD PARTY OPERATIONS		
Collections:		
Foreign collections	27.257	46.587
Domestic collections	188.862	181.001
CUSTODY OF SECURITIES		
Securities in custody with the bank	54.531	51.291
Total	**9.252.259**	**9.542.536**

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 line of businesses and, based on facts related to the defences presented , it is the opinion of Management and their internal legal advisers, that no additional liabilities or updated estimates for those already recognized by the Bank and its subsidiaries in its financial statements are required.

c) Operating guarantees granted:

- Direct commitments

  The Bank as of June 30, 2019 and December 31, 2018 has no such types of guarantees.

- Operating guarantees

BCI Corredor de Bolsa S.A.

As of June 30, 2019 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, has made a deposit to guarantee compliance with the commitments for simultaneous operations on the Santiago Stock Exchange for MCh$55,447 (MCh$40,679 as of December 31, 2018).

As of June 30, 2019 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee compliance with the proper performance of operations in the CCLV settlement system of the Santiago Stock Exchange for MCh$6,296 (MCh$4,993 as of December 31, 2018).

As of June 30, 2019 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee compliance with the proper performance of operations in the CCLV settlement system in financial derivatives of the Santiago Stock Exchange for MCh$295 (MCh$295 as of December 31, 2018).

As of June 30, 2019 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a foreign deposit to guarantee compliance with the international market operations for MCh$34 (MCh$71 as of December 31, 2018).

As of June 30, 2019 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee compliance with the lending commitments and short selling of shares on the Electronic Stock Exchange of Chile for MCh$292 (MCh$289 as of December 31, 2018).

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

As of June 30, 2019 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired a UF 20,000 maximum guarantee to ensure compliance with the provisions of Article No. 30 of Law No. 18,045, in order to ensure proper and full compliance with all its obligations as securities intermediary, The beneficiaries of this guarantee are current or future creditors, which it has or will have as a result of stockbroker operations, This warranty applies to a policy taken on August 19, 2017 No. 330-14-00004975 and is valid until August 19, 2018, The insurer is the Company Mapfre Insurance, and Santiago Stock Exchange is the representative of potential beneficiaries.

- Insurance for employee loyalty

BCI Corredor de Bolsa S.A.

As of June 30, 2019, it had contracted insurance policy signed with Orion Seguros Generales, which covers Banco de Credito e Inversiones and its subsidiaries up to UF250,000, whose effective date is from November 30, 2017 to May 31, 2019.

BCI Corredores de Seguros S.A.

As of June 30, 2019, the following insurance policies have been contracted to comply with the provisions of letter d) of Article No. 58 of Decree Law No. 251 of 1931, in order to respond to the correct and full compliance with all obligations arising from its activity:

- Guarantee Policy for Insurance Brokers No. 01-23-010919 for an insured amount of UF500 contracted with FDI Seguros SA, whose term is from April 15, 2019 to April 14, 2020, establishing the right of the insurance company against the broker, all the sums disbursed to pay to third parties affected by the broker's deficient intermediation in excess of the insured amounts.

- Professional Civil Liability Policy for Insurance Brokers No. 1-53-009002 for an insured amount of UF60,000 with deductible of UF500 contracted with HDI Seguros SA, whose term is from April 15, 2019 to April 14, 2020, for the purpose of safeguarding the broker in the event of possible claims by third parties, with the insurance company having the right to ask the broker to reimburse the amount paid to the third party claimant.

BCI Factoring S.A.

As of June 30, 2019 BCI Factoring S.A., the subsidiary of the Bank, has approved guarantee lines for operators with Factor Chain International for MCh$1,360 (MCh$243 as of December 31, 2018), equivalent to US$200,000.00 (US$350,00.00 as of December 31, 2018) of which MCh$871 (MCh$68 as of December 31, 2018) have been used, equivalent to US$128,063.62 (US$91,854.11 as of December 31, 2018).

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

BCI Corredora de Bolsa de Productos S.A.

As of June 30, 2019, it has a Bank guarantee Nº0397860 taken with Banco de Credito e Inversiones, for UF2,000, in favor of Bolsa de Productos Agropecuarios SA, to guarantee the fulfillment of all its obligations as a stock exchange broker. The possibility of payment of this bond is covered by a "contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on October 30, 2020.

As of June 30, 2019, it has a Bank guarantee No. 0397861 taken with Banco de Crédito e Inversiones, for UF6,000, in favor of Bolsa de Productos Agropecuarios S.A., to guarantee compliance with the Company's obligations as an intermediary of products. The possibility of payment of this bond is covered by a "contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on October 30, 2020.

d) Credit commitments

In order to satisfy the needs of its customers, the Bank assumed several irrevocable commitments and contingent liabilities. Although these obligations are not recognized in the interim consolidated financial statements, they are subject to credit risks and, therefore, are part of the Bank's overall risk.

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

	As of June 30, 2019 MCh$	As of December 31, 2018 MCh$
Endorsements and deposits performance bonds	169,275	220,765
Documentary letters of credit	266,048	272,299
Guarantees	1,546,629	1,546,100
Amount available for credit cards users	6,597,302	6,694,941
Provisions (Note 21)	(31,739)	(29,643)
Total	**8,547,515**	**8,704,462**

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 June 30, 2019 MCh$	As of December 31, 2018 MCh$
Documents in collection	216,119	227,588
Custody of assets	54,531	51,291
Total	**270,650**	**278,879**

NOTE 24 – SHAREHOLDER´S EQUITY

a) Issued capital and shares

Movements of common shares during the periods ended June 30, 2019 and December 31, 2018 are the following:

	As of June 30, 2019	As of December 31, 2018
	N°	N°
Issued as of January 1	**135,892,980**	**124,944,872**
Stock dividends	-	1,290,178
Shares subscribed and paid for capital increase	-	9,657,930
Total issued	**135,892,980**	**135,892,980**

a) As of June 30, 2019 and December 31, 2018, the distribution of shareholders is as follows:

As of June 30, 2019	**Shares**	
	No. of shares	**Ownership %**
Empresas Juan Yarur S.P.A.	74,982,882	55.18%
Jorge Yarur Bascuñán	4,491,389	3.31%
Banco de Chile por cuenta de terceros no residentes	4,464,086	3.29%
Banco Itaú Corpbanca por cuenta de Inversionistas Extranjeros	3,719,905	2.74%
Banco Santander por cuenta de Inversionistas Extranjeros	3,455,276	2.54%
AFP Habitat S.A.	3,198,519	2.35%
AFP Provida S.A.	3,312,755	2.44%
BCI Corredor de Bolsa S.A. por cuenta de terceros	2,734,851	2.01%
AFP Cuprum S.A.	2,480,784	1.83%
AFP Capital S.A.	2,312,061	1.70%
Inversiones Cerro Sombrero Financiero S.P.A	2,312,203	1.70%
Imsa Financiera S.P.A.	2,028,297	1.49%
Inversiones Tarascona Corporation Agencia en Chile	1,677,782	1.23%
Larraín Vial S.A. Corredora de Bolsa	1,706,361	1.26%
Inversiones VYR Ltda.	1,549,026	1.14%
Banchile Corredores de Bolsa S.A.	1,478,423	1.09%
Inversiones Nueva Altamira S.P.A	1,356,300	1.00%
Luis Enrique Yarur Rey	1,344,041	0.99%
AFP Modelo S.A.	1,040,034	0.76%
Inversiones Meyar S.A.C.	988,119	0.73%
Empresas JY S.A.	747,482	0.55%
Inversiones Colibrí Financiera Ltda.	634,604	0.47%
Nueva Chosica S.A.	551,375	0.41%
Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A.	536,491	0.39%
AFP Planvital S.A.	490,668	0.36%
Other shareholders	12,299,266	9.05%
Subscribed and paid-in shares	**135,892,980**	**100.00%**

NOTE 24 – SHAREHOLDER´S EQUITY, CONTINUED

As of December 31, 2018	Shares	
	No. of shares	Ownership %
Empresas Juan Yarur S,P,A,	74,982,882	55.18%
Jorge Yarur Bascuñán	4,491,389	3.31%
Banco de Chile por cuenta de terceros no residentes	4,404,435	3.24%
Banco Itaú Corpbanca por cuenta de Inversionistas Extranjeros	3,635,728	2.68%
Banco Santander por cuenta de Inversionistas Extranjeros	3,508,043	2.58%
AFP Provida S,A	3,312,755	2.44%
AFP Habitat S.A.	3,274,765	2.41%
BCI Corredor de Bolsa S.A. por cuenta de terceros	2,673,792	1.97%
AFP Cuprum S.A.	2,534,796	1.87%
AFP Captilal S.A.	2,469,373	1.82%
Inversiones Cerro Sombrero Financiero S,P,A,	2,312,203	1.70 %
Imsa Financiera S,P,A,	2,028,297	1.49%
Inversiones Tarascona Corporation Agencia en Chile	1,677,782	1.23%
Larrain Vial S.A. Corredora de Bolsa	1,654,827	1.22%
Banchile Corredores de Bolsa S.A.	1,565,292	1.15%
Inversiones VYR Ltda,	1,549,026	1.14%
Inversiones Nueva Altamira S,P,A,	1,356,300	1.00%
Luis Enrique Yarur Rey	1,344,041	0.99%
Inversiones Meyar S.A.C,	988,119	0.73%
AFP Modelo S.A.	931,474	0.69%
Empresas JY S.A.	747,482	0.55%
Inversiones Colibrí Financiera Ltda,	634,604	0.47%
Nueva Chosica S.A.	551,375	0.41%
Compañia de Seguros de Vida Consorcio Nacional de Seguros S.A.	523,031	0.38%
BICE inversiones Corredores de Bolsa S.A.	462,829	0.34%
Otros shareholders	12,278,340	9.01%
Subscribed and paid-in shares	**135,892,980**	**100.00%**

b) Dividends

During the six-month periods ended June 30, 2019 and 2018, the following dividends were declared by the Bank:

	As of June 30,	
	2019	2018
	Ch$	Ch$
Ch$ per common share	1,000	1,050

The provision for minimum dividends as of June 30, 2019 amounts to MCh$69,421 (MCh$118,738 as of December 31, 2018).

c) As of June 30, 2019 and 2018 the composition of basic and diluted earnings per share is as follows:

	As of June 30,	
	2019	2018
Net income for the year attributable to the equity holders of the Bank, MCh$	231.402	207.746
Income available for shareholders, MCh$	**231.402**	**207.746**
Weighted average number of shares	135.892.980	124.944.872
Basic and diluted earnings per share (Ch$/Share)	**1.703**	**1.663**

NOTE 24 – SHAREHOLDER´S EQUITY, CONTINUED

d) Cumulative translation adjustment reserve

As of June 30, 2019 and as of December 31, 2018, the reconciliation of the cumulative translation adjustment reserve as a separate component of shareholders' equity is as follows:

	MCh$
Balance as of January 1, 2018	**(23.191)**
Net exchange rate charges for subsidiaries in Florida	97.903
Balance as of December 31, 2018	**74.712**
Balance as of January 1, 2019	**74.712**
Net exchange rate charges for subsidiaries in Florida	(23.302)
Balance as of June 30, 2019	**51.410**

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

	Investment revaluation reserve MCh$	Cash flow hedge reserve MCh$
Accumulated other comprehensive income 2017	**6.795**	**(9.039)**
Transferred to statements of income 2018	825	2.986
Mark to market adjustment	(25.680)	(5.910)
Accumulated comprehensive income 2018	**(18.060)**	**(11.963)**
Transferred to statements of income 2019	(549)	434
Mark to market adjustment	38.876	(55.135)
Accumulated other comprehensive income June 30, 2019	**20.267**	**(66.664)**

e) Nature of valuation reserves

- Cumulative translation adjustment reserve:

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

- Cash flow hedges reserve:

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

- Investments revaluation reserve:

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

NOTE 24 – SHAREHOLDER´S EQUITY, CONTINUED

f) Capital requirements

The regulatory capital as of June 30, 2019 is defined as equivalent to the net amount that should be shown as calculated as explained below. As indicated in the Compendium of Accounting Regulations, according to General Banking Law, the Bank should maintain a minimum ratio of effective stockholders' equity to consolidated risk-weighted assets, net of required loan loss allowances and provisions and deductions, of 8%, and a minimum ratio of basic capital to consolidated total assets, net of required loan loss allowances and provisions and deductions, of 3%. Regulatory capital for these purposes is defined as basic capital (which represents paid-in capital and reserves) adjusted to: a) aggregate subordinated bonds issued by the Bank valued at their placement price for an amount up to 50% of its basic capital commencing nine years prior to their maturity, b) aggregate additional required allowances and provisions as stipulated, c) deductions for all goodwill and share premium, and d) deductions for assets that correspond to investments in non-consolidated subsidiaries.

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

All over the counter ("OTC") derivative securities are considered in the determination of risk assets with a conversion factor over the notional values, thus obtaining the amount of credit risk exposure (or "credit equivalent") that complies with Chapter 12-1 of the Updated Compilation of Standards issued by FMC. Contingent credits, recognized off the Interim Consolidated Statements of Financial Position, are also considered as a "credit equivalent" for purposes of risk exposure.

NOTE 24 – SHAREHOLDER´S EQUITY, CONTINUED

The regulatory and basic capital as of June 30, 2019 and December 31, 2018 are the following:

	Consolidated assets,		Risk-weighted assets	
	As of June 30	As of December 31,	As of June 30,	As of December 31,
	2019	2018	2019	2018
	MCh$	MCh$	MCh$	MCh$
Interim Consolidated Balance sheet assets (net of allowances and provisions)				
Cash and deposits in banks	2,047,074	2,058,757	-	-
Items in course of collection	359,546	335,820	73,541	65,252
Trading portfolio financial assets	2,322,206	2,038,376	337,333	301,551
Investment under agreements to resell	114,981	73,859	114,981	73,859
Derivative financial agreements	2,422,876	1,714,274	818,367	781,648
Adjustment to derivatives to show their credit equivalent amount	(1,139,195)	(510,588)	-	-
Loans and receivables to banks, net	333,182	332,912	333,182	332,912
Loans and receivables to customers, net	30,428,713	29,543,095	27,296,703	26,508,927
Financial investments available for sale	2,904,995	3,229,455	972,631	939,039
Financial investments held to maturity	679	2,780	136	556
Investments in other companies	26,141	44,740	26,140	44,740
Intangible assets	372,087	382,197	241,308	249,682
Property, plant and equipment, net	261,204	281,236	261,205	281,236
Right-of-use assets	232,139	-	232,140	-
Current income tax	52,252	14,884	5,225	1,488
Deferred income taxes	96,787	190,115	9,679	19,012
Other assets	1,115,719	1,107,217	809,171	874,679
Assets off the interim consolidated statements of financial position				
Credit commitments	3,661,392	3,877,769	2,196,835	2,326,661
	45,612,778	**44,716,898**	**33,728,577**	**32,801,242**

	As of June 30,	As of December 31,
	2019	**2018**
	MCh$	**MCh$**
Basic capital	3,576,397	3,457,509
Regulatory capital	4,331,924	4,185,213
Consolidated assets	45,612,778	44,716,898
Risk-weighted assets	33,728,577	32,801,242

Concepts

	As of June 30,	As of December 31,
	2019	**2018**
	%	%
Basic capital /Consolidated assets	7,84	7,73
Basic capital / Risk-weighted assets	10,60	10,54
Regulatory capital / Risk-weighted assets	12,84	12,76

NOTE 25 - INTEREST INCOME AND EXPENSES AND INDEXATION FOR INFLATION

a) For the six – month periods ended June 30, 2019 and 2018, the composition of income from interest and indexation for inflation is the following:

Concept	For the six months ended June 30, 2019 Interest	2019 Indexation for inflation	2019 Total	2018 Interest	2018 Indexation for inflation	2018 Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Repurchase agreements	699	98	797	1,221	15	1,236
Interbank loans	8,379	-	8,379	6,218	-	6,218
Commercial loans	525,801	53,422	579,223	415,613	53,313	468,926
Mortgage loans	108,613	73,171	181,784	100,939	71,595	172,534
Consumer loans	267,472	599	268,071	185,108	484	185,592
Investment instruments	47,250	3,564	50,814	32,681	3,996	36,677
Other income (*)	5,845	558	6,403	4,513	552	5,065
Hedge accounting offset effect	(14,963)	-	(14,963)	(29,289)	-	(29,289)
Total income from interest and indexation for inflation	**949,096**	**131,412**	**1,080,508**	**717,004**	**129,955**	**846,959**

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

For the six-month periods ended June 30, 2019 and 2018 the sum of interest expenses and indexation for inflation is as follows:

Concept	Six months ended June 30, 2019	2018
	MCh$	MCh$
Demand deposits	(40,977)	(19,354)
Repurchase agreements	(5,952)	(6,760)
Term deposits and borrowings	(186,113)	(157,437)
Borrowings from financial institutions	(41,314)	(23,805)
Issued debt instruments	(145,810)	(134,211)
Other financial liabilities	(10,607)	(6,451)
Lease liabilities	(2,599)	-
Other interest expenses and indexation for inflation	(3,450)	(3,228)
Hedge accounting offset effect	(1,160)	10,338
Total interest expenses and-indexation for inflation	**(437,982)**	**(340,908)**

NOTE 25 - INTEREST INCOME AND EXPENSES AND INDEXATION FOR INFLATION, CONTINUED

b) For the six-month periods ended June 30, 2019 and 2018 the detail of income and expenses related to hedge accounting is as follows:

	Six-months ended June 30,					
	2019			2018		
	Income	Expenses	Total	Income	Expenses	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Hedge of Assets						
Fair Value Hedge	41,681	(40,401)	**1,280**	33,288	(29,745)	**3,543**
Cash Flow Hedge	16,988	(33,231)	**(16,243)**	10,860	(43,692)	**(32,832)**
Subtotal	**58,669**	**(73,632)**	**(14,963)**	**44,148**	**(73,437)**	**(29,289)**
Hedge of Liabilities						
Fair Value Hedge	244,296	(245,456)	**(1,160)**	24,724	(14,386)	**10,338**
Subtotal	**244,296**	**(245,456)**	**(1,160)**	**24,724**	**(14,386)**	**10,338**
Total	**302,965**	**(319,088)**	**(16,123)**	**68,872**	**(87,823)**	**(18,951)**

NOTE 26 – FEE AND COMMISSION INCOME AND EXPENSES

For the six-month periods ended June 30, 2019 and 2018, the composition of fee and commission income and expenses is the following:

	Six months ended June 30,	
	2019	2018
	MCh$	MCh$
Fee and comissions income:		
Commissions for credit lines and overdrafts	1,731	1,248
Commissions for guarantees and letters of credit	10,042	9,781
Commissions for credit card services	53,233	49,334
Commissions for administration of accounts	24,645	22,473
Commissions for collection services	45,378	26,452
Commissions for securities brokerage	3,144	3,387
Commissions for management of mutual and investment funds	27,174	26,452
Commissions for insurance brokerage	29,255	27,844
Commissions for other services provided	21,846	12,648
Other commissions	5,165	3,879
Total fee and comission income	**221,613**	**183,498**
Fee and comission expenses:		
Commissions on operations with credit cards	(22,976)	(21,249)
Commissions on securities trading	(9,818)	(8,338)
Other commissions	(21,333)	(15,304)
Total fee and commission expenses	**(54,127)**	**(44,891)**

NOTE 27 - TRADING AND INVESTMENT INCOME, NET

For the six-month periods ended June 30, 2019 and 2018, the detail of trading and investment income is the following:

	Six months ended June 30,	
	2019	**2018**
	MCh$	**MCh$**
Trading instruments	79,009	64,859
Derivative financial agreements (speculative)	4,323	(25,594)
Other instruments at fair value through profit or loss	(182)	103
Gains on financial investments available for sale	12,302	1,503
Others	-	(7)
Total	**95,452**	**40,864**

NOTE 28 - FOREIGN EXCHANGE RESULTS, NET

For the six-momth periods ended June 30, 2019 and 2018, the detail of the foreign exchange results is the following:

	Six monthe ended June 30,	
	2019	**2018**
	MCh$	**MCh$**
Exchange difference		
Gains from exchange differences	9,714,256	9,451,985
Losses from exchange differences	(9,706,505)	(9,468,667)
Subtotal	**7,751**	**(16,682)**
Foreign currency fluctuation		
Effect for assets and liabilities denominated in foreign currency	(4,505)	8,462
Subtotal	**(4,505)**	**8,462**
Hedge Accounting Results		
Assets hedge results	(8,301)	29,247
Liabilities hedge results	(6,967)	20,540
Subtotal	**(15,268)**	**49,787**
Total	**(12,022)**	**41,567**

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

The detail of provisions for loan losses and impairment as of June 30, 2019 and 2018 is as follows:

June 2019	Interbank loans	Loans and receivables to customers: Commercial loans	Mortage loans	Consumer loans	Credit commitments	Additional provisions	Minimum provisions adjustment for the normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisions:								
Individual provisions	364	32.224	-	-	1.006	-	2.186	**35.780**
Collective provisions	-	37.894	1.663	149.825	2.430	28.500	-	**220.312**
Total provisions	**364**	**70.118**	**1.663**	**149.825**	**3.436**	**28.500**	**2.186**	**256.092**
Impairment:								
Individual impairment	-	-	-	-	-	-	-	**-**
Collective impairment	-	-	-	-	-	-	-	**-**
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions:								
Individual provisions	(289)	(19.053)	-	-	(971)	-	-	**(20.313)**
Collective provisions	-	(2.565)	(142)	(6.060)	(241)	(4.474)	-	**(13.482)**
Total reversal of provisions	**(289)**	**(21.618)**	**(142)**	**(6.060)**	**(1.212)**	**(4.474)**	**-**	**(33.795)**
Recovery of assets previously written off	-	(8.333)	(2.028)	(17.914)	-	-	-	(28.275)
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**75**	**40.167**	**(507)**	**125.851**	**2.224**	**24.026**	**2.186**	**194.022**

NOTE 29 - PROVISIONS FOR LOAN LOSSES, CONTINUED

June 2018	Interbank loans	Loans and receivables to customers: Commercial loans	Mortage loans	Consumer loans	Credit commitments	Additional provisions	Minimum provisions adjustment for the normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisions:								
Individual provisions	471	26.800	-	-	1.774	-	2.480	**31.525**
Collective provisions	-	33.020	22	78.677	936	10.000	-	**122.655**
Total provisions	**471**	**59.820**	**22**	**78.677**	**2.710**	**10.000**	**2.480**	**154.180**
Impairment:								
Individual impairment	-	-	-	-	-	-	-	**-**
Collective impairment	-	-	-	-	-	-	-	**-**
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions:								
Individual provisions	(70)	(2.110)	-	-	(1.349)	-	-	**(3.529)**
Collective provisions	-	(3.338)	(526)	(82)	(29)	-	-	**(3.975)**
Total reversal of provisions	**(70)**	**(5.448)**	**(526)**	**(82)**	**(1.378)**	**-**	**-**	**(7.504)**
Recovery of assets previously written off	-	(11.173)	(1.912)	(13.102)	-	-	-	**(26.187)**
Reversal of impairment	-	-	-	-	-	-	-	**-**
Net provisions for loan losses	**401**	**43.199**	**(2.416)**	**65.493**	**1.332**	**10.000**	**2.480**	**120.489**

In Management's opinion, the provisions recorded for credit risk and for impairment cover all possible losses that may result if assets are not recovered, based on the information checked by the Bank.

NOTE 30 - STAFF COSTS

The composition of staff costs for the six months ended June 30, 2019 and 2018 is as follows:

	Six months ended June 30,	
	2019	2018
	MCh$	MCh$
Staff remuneration	130,392	109,545
Bonuses or awards	78,149	78,529
Severance payments	12,279	14,688
Training expenses	896	1,398
Other staff expenses	16,225	9,677
Total	**237,941**	**213,837**

NOTE 31 - ADMINISTRATIVE EXPENSES

For the six-month periods ended June 30, 2019 and 2018 the composition of administrative expenses is as follows:

	Six months ended June 30,	
	2019	2018
	MCh$	MCh$
General administrative expenses		
Maintenance and repairs of the bank's property, plant and equipment	8,299	6,737
Office rent	-	14,210
Equipment rent	-	147
Insurance premiums	5,886	3,596
Office materials	2,731	2,316
Computer and communications expenses	37,002	27,775
Lighting, heating and other services	4,480	4,050
Security and custody transportation services	7,563	7,783
Travel expenses	2,475	2,051
Judicial and notarial expenses	2,614	1,802
Fees for technical reports	2,843	1,980
Audit fees	2,139	1,452
Fines imposed by other agencies	6	-
Low-value lease contract expenses	285	-
Cleaning services	4,344	-
Consulting	2,276	2,185
Postal-related expenses	8,211	8,631
Other general administrative expenses	739	449
Sub-contracted services	21,531	19,866
Data processing		
Sale of products	3,213	3,705
Credit evaluation	291	-
Other	187	142
Board of Directors expenses	5,047	4,510
Board of Directors remuneration		
Other Board of Directors expenses	2,207	1,951
Publicity and advertising	191	102
Taxes, property taxes and contributions	14,828	8,658
Real estate contributions		
Licenses	836	863
Other taxes	1,127	1,078
Contribution to SBIF	6,893	3,131
Total	5,766	4,821
Total	**154,010**	**133,991**

NOTE 32 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) For the six months ended June 30, 2019 and 2018, depreciation and amortization expenses are detailed below:

	Six months ended June 30, 2019	
	2019	**2018**
	MCh$	**MCh$**
Depreciation and amortization		
Depreciation of property, plant and equipment	(13.191)	(14.624)
Amortization of intangible assets	(24.390)	(16.113)
Amortization and depreciation of right-of-use assets	(13.512)	-
Total	**(51.093)**	**(30.737)**

b) For the six months ended June 30, 2019 and 2018, the impairment of property, plant and equipment and intangible assets is detailed as follows:

	Six months ended June 30, 2019	
	2019	**2018**
	MCh$	**MCh$**
Impairment		
Property, plant and equipment	(54)	-
Intangible asset	-	(109)
Total	**(54)**	**(109)**

(1) For the six months ended June 30, 2019 and 2018, the impairment of property, plant and equipment of MCh$54 and MCh$109 corresponds to the gross balance of property, plant and quipment.

NOTE 32 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT, CONTINUED

c) The reconciliation between the amounts as of January 1, 2019 and 2018 and the balances as of June 30, 2019 and 2018 is as follows:

	Depreciation, amortization and impairment			
	2019Rollforward for the six-month period ended June 30, 2019			
	Accumulated depreciation of property Plant and Equipment	**Leased assets**	**Accumulated amortization of intangible assets**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1	**227,139**	**-**	**158,696**	**385,835**
Charges for depreciation and amortization for the year	13,191	13,512	24,390	51,093
Disposals	(2,269)	283	-	(1,986)
Others	(39,814)	39,814	(859)	(859)
As of June 30	**198,247**	**53,609**	**182,227**	**434,083**

	Depreciation, amortization and impairment			
	2018Rollforward for the six-month period ended June 30, 2018			
	Accumulated depreciation of property Plant and Equipment	**Leased assets**	**Accumulated amortization of intangible assets**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1	**216,752**	**-**	**184,182**	**400,934**
Charges for depreciation and amortization for the year	14,624	-	16,113	30,737
Disposals	(13,272)	-	-	(13,272)
Others	-	-	(79,769)	(79,769)
As of June 30	**218,104**	**-**	**120,526**	**338,630**

NOTE 33 - OTHER OPERATING INCOME AND EXPENSES, CONTINUED

a) Other operating income

For the six-month periods ended June 30, 2019 and 2018, the composition of other operating income is as follows:

	Six months ended June 30,	
	2019	**2018**
Concept	**MCh$**	**MCh$**
Income from repossessed assets		
Gain on sale of repossessed assets	2,777	1,989
Other income	145	616
Subtotal	2,922	2,605
Reversal of provisions for credit commitments		
Reversal of provisions for country risk	-	-
Reversal of other provisions for credit commitments	338	2,942
Subtotal	338	2,942
Other income		
Gains on sale of property, plant and equipment		
Insurance claims	712	290
Leasing income	534	123
Other income	1,625	2,324
Subtotal	17,792	8,302
	20,663	11,039
Total	**23,923**	**16,586**

NOTE 33 - OTHER OPERATING INCOME AND EXPENSES, CONTINUED

b) Other operating expenses

For the six-month periods ended June 30, 2019 and 2018, the composition of other operating expenses is as follows:

	Six months ended June 30,	
Concept	**2019 MCh$**	**2018 MCh$**
Impairment and expenses for repossessed assets		
Impairment of repossessed assets	-	-
Write-offs of repossessed assets	2,376	3,361
Maintenance expenses for repossessed assets	448	256
Subtotal	2,824	3,617
Establishment of provisions for credit commitments		
Provisions for country risk	359	338
Other provisions for credit commitments	345	1,109
Subtotal	704	1,447
Other expenses		
Loss on sale of property, plant and equipment	-	5
Contributions and donations	2,056	1,855
Penalties for judicial and notary expenses	1,604	1,608
Leasing expenses	5,571	4,075
Non-operating expenses	4,348	3,336
Agreement expenses	-	-
Other expenses	(316)	505
Subtotal	13,263	11,384
Total	**16,791**	**16,448**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES

a) Loans granted to related parties

Loans granted to related parties are detailed as follows:

	As of June 30,2019			As of December 31, 2018		
	Operating Companies	Investment Companies	Individuals	Operating Companies	Investment companies	Individuals
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and receivables to customers						
Commercial loans	39,521	85,506	16,201	68,421	129,499	15,958
Mortage loans	-	-	38,087	-	-	36,911
Consumer loans	-	-	7,259	-	-	6,605
Loans and receivables to customers, gross	**39,521**	**85,506**	**61,547**	**68,421**	**129,499**	**59,474**
Allowances for loan losses	(341)	(72)	(65)	(216)	(122)	(65)
Loans and receivables to customers, net	**39,180**	**85,434**	**61,482**	**68,205**	**129,377**	**59,409**
Credit commitments	65,657	10,029	15,756	68,465	12,598	17,042
Provisions for credit commitments	(53)	(37)	(15)	(24,550)	(4,860)	(5,965)
Credit commitments, net	**65,604**	**9,992**	**15,741**	**43,915**	**7,738**	**11,077**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

b) Other transactions with related parties

For the six-month periods ended June 30, 2019 and 2018, the Bank has undertaken the following transactions with related parties:

June 2019

Company Name	Relationship with the Group	Description	Balance assets	Effect on Statements of Income: Expense	Effect on Statements of Income: Income
			MCh$	MCh$	MCh$
Artikos Chile S.A.	Joint venture	Acquisition services	537	289	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	74	40	-
BCI Seguros de Vida S.A.	Control	Service revenue and channel usage	751	-	751
		Brand use	1.046	-	1.046
		Messaging	68	-	68
		Channel usage	419	-	419
		Loss management	474	-	474
		Marketing	2.416	-	2.416
		Subordinated bonds	715	13	-
		Premium collection	888	-	888
		Commission of Collection of Servicios Financieros Y Administración de créditos Comerciales	8.352	-	7.018
		Premiums receivable Servicios Financieros y Administración de Créditos Comerciales S.A.	1.481	1.481	-
		Commission of Collection Servicios de Comercialización y Apoyo Financiero y de Gestión Limitada.	711	-	711
		Intermediation fees BCI CCSS	12.312	-	12.312
BCI Seguros Generales S.A.	Control	Service revenue and channel usage	36	-	36
		Brand use	209	-	209
		Losses	304	-	304
		Intermediation fees SSFF Corredores de Seguros y Gestión Financiera Ltda	209	-	175
		Collection commissions Servicios de Comercialización y Apoyo Financiero y de Gestión Ltda	424	-	356
		Intermediation fees BCI CCSS	14.493	-	14.493
Centro de Compensación Automatizado S.A.	Others	Electronic banking transactions	841	437	-
Combanc S.A.	Associate	Compensation and high value payment	150	109	-
Comder Contraparte Central S.A.	Associate	Bank processing	461	227	-
Conexxion Spa	Others	Postal mail service	149	69	-
DCV Registros	Others	Management of register of shareholders	42	20	-
Depósitos Central de Valores S.A.	Others	Financial instruments custody	144	75	-
Digitech Solutions S.A.	Others	Digital documentation	173	90	-
Fernando Vallejos V.	Others	Advice and consultancy	32	25	-
GTD Teleductos S.A.	Others	Rental of data links	241	91	-
Inmobiliaria Anya S.A.	Others	Real estate projects	60	30	-
Jordan (Chile) S.A.	Control	Forms printing	1.109	554	-
Mario Gómez D.	Others	Advice and consultancy	112	56	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	4.177	1.894	-
Redbanc S.A.	Associate	ATMs Operation	3.160	1.617	-
SalcobrandS.A.	Control	Rent of places for ATMs	119	60	-
Servicios de Información avanzada S.A.	Others	Trade information service	353	160	-
Servipag Ltda.	Joint venture	Collection and payment services	3.127	1.572	-
Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Others	Financial information service	258	134	-
Transbank S.A.	Others	Credit card management and credit card use income	6.690	6.690	25.379

Note: Only transactions over UF1,000 are disclosed.

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

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

June 2018

Company Name	Relationship with the Group	Description	Balance assets	Effect on Statement of Income	
				Expense	Income
			MCh$	MCh$	MCh$
Accenture Chile Asesorías y Servicios Ltda,	Others	Sofware development	2,050	2,050	-
Artikos Chile S,A,	Joint venture	Acquisitions services	507	507	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	74	74	-
Bci Seguros de Vida S,A,	Control	Service revenue and cannel usage	2,493	-	2,493
		Intermediation fees Bci CCSS	11,525	-	11,525
Bci Seguros Generales S,A,	Control	Commission for collection and PAC	257	-	257
		Intermediation fees Bci CCSS	12,546	-	12,546
Centro de Compensación Automatizado S,A,	Others	Electronic banking transactions	790	741	-
Combanc S,A,	Associate	Compensation and high value payment	133	133	-
Comder Contraparte Central S,A,	Associate	Bank processing	436	436	-
Conexxion Spa	Others	Postal service	153	153	-
DCV Registros S,A,	Others	Shareholder register management	42	42	-
Depósitos Central de Valores S,A,	Others	Financial instruments custody	144	141	-
Digitech Solutions S,A,	Others	Digital documentation	196	196	-
EMC Chile S,A,	Others	Computer equipment and solutions	29	29	-
Everis Chile S,A,	Others	Tecnologic projects development	3,136	1,500	-
EY Consulting Limitada	Others	Consulting and Avisory	280	280	-
GTD Teleductos S,A,	Others	Rental of data links	293	293	-
IBM Chile S,A,	Others	Computer equipment and solutions	1,222	716	-
Inmobiliaria Anya S,A,	Others	Real Estate projects	59	59	-
Inmobiliaria JY S,P,A	Others	Real Estate projects	105	105	-
Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda,	Others	Legal advisory service	91	91	-
Jordan (Chile) S,A,	Controlador común	Forms printing	1,523	1,304	-
Let´s Talk Spa	Others	Electronic Messaging	76	43	-
Mario Gómez D,	Others	Consulting and Avisory	99	99	-
Operadoras de Tarjetas de Crédito Nexus S,A,	Associate	Card processing	4,064	4,064	-
Redbanc S,A,	Associate	ATMs operation	4,011	3,339	-
Salcobrand S,A,	Common control	Rent of places for ATMs	125	125	-
Servicios de Información Avanzada S,A,	Others	Trade information service	330	328	-
Servipag Ltda,	Joint venture	Collection and payment services	4,557	3,292	-
Sistema Nacional de Com, Financieras S,A, (Sinacofi)	Others	Financial information service	266	238	-
Transbank S,A,	Others	Credit card management	29,397	6,625	22,772

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 June 30, 2019 MCh$	As of December 31, 2018 MCh$
ASSETS		
Derivative financial agreements	-	-
Other assets	-	-
LIABILITIES		
Derivative financial agreements	-	-
Demand deposits	73,412	70,818
Term deposits and saving accounts	138,151	202,336
Other liabilities	-	-

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

		Six months ended June 30,			
		2019		2018	
Type of income or (expense) recognized	**Entity**	**Incom e**	**Expense**	**Income**	**Expense**
		MCh$	**MCh$**	**MCh$**	**MCh$**
Income and (expenses)	Sundry	5,124	(3,118)	7,019	(1,400)
Operational support income (expenses)	Companies supporting the line of business	67,055	(15,733)	49,593	(27,003)
Total		**72,179**	**(18,851)**	**56,612**	**(28,403)**

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

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

	Six months ended June 30, 2019 MCh$	2018 MCh$
Short-term remunerations of key management personnel (*)	21,408	9,415
Severance indemnities for termination of contract	-	163
Total	**21,408**	**9,578**

(*) For the six-month period ended June 30, 2019, total expenses for the corresponding remuneration of the Board of Directors of the Bank and subsidiaries amounted to MCh$2,398 (MCh$2,053 for the periods 2018).

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

f) Composition of key management personnel

As of June 30, 2019, the composition of the key management personnel of the Bank and its subsidiaries is as follows:

Position	**N° of executives**
Director	20
General manager	9
Division and Area Manager	28
Total	**57**

g) Transactions with key management personnel

As of and for the six-month periods ended June 30, 2019 and 2018, the Bank has undertaken the following transactions with key management personnel, as specified below:

	As of and for the six-months ended June 30,					
	2019			**2018**		
	Balance Owed	**Total remuneration**	**Income of key executives**	**Balance owed**	**Total remuneration**	**Income of key executives**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Credit cards and other services	2,493	898,724	4	2,295	674,425	6
Mortgage loans	2,032	181,784	52	1,614	172,534	48
Guarantees provided	1,981	-	-	2,094	-	-
Total	**6,506**	**1,080,508**	**56**	**6,003**	**846,959**	**54**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

As of June 30, 2019, the Bank has the following contracts:

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

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

12	Combanc S.A.	Clearing and settlement of High Amount payments, SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer client funds	Settlement of High Amounts payments	Clearing and settlement of High Amount payments SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer client funds	Indefinite	Automatic renewal
13	Conexxion Spa	Postal mail service (normal and registered letter), Messaging (internal courier service and motorbikes)	Mail and Messaging	Postal mail service (normal and registered letter) messaging (internal courier service and motorbikes)	Indefinite	Annual auto renewal
14	Depósitos Central de Valores S.A.	Service Deposit and Securities Custody	Securities Custody	Service Deposit and Securities Custody	Indefinite	Automatic renewal
15	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	Automatic renewal every two years.
16	Salcobrand S.A.	Lease of ATM's site (affordable)	Lease of ATM's site	Lease of ATM's site (affordable)	Indefinite	Annual auto renewal
17	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	Annual auto renewal
18	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	Automatic renewal
19	ComDer Contraparte Central S.A.	Operating systems clearing and settlement of Financial Instruments	Clearing house of Derivatives	Clearing and Settlement as Central counterparty mode of Financial Instruments	Indefinite	Automatic renewal
20	Cia, Nacional de Telefonos Telefónica del Sur S.A.	Fixed telephony service continuity and Internet service Broadband	Telephone service	Fixed telephony service continuity and Internet service Broadband	Indefinite	Automatic renewal
21	Comunicaciones Capitulo Ltda	Private telephone service	Telephone service	Private telephone service	2 Years from July 2016	Automatic renewal
22	DCV Registros S.A.	Administration of shareholders register	Administration of shareholders register	Comprehensive and personalized attention of the shareholders of BCI and brokers	Indefinite	Automatic renewal
23	Digitech Solutions S.A.	Document digitalization	Document Scanning Service	Digitizing documents Back Office, Comex, document management Mortgage and Corporate Banking	Indefinite	Automatic renewal
24	Galeria de Arte Patricia Ready Ltda	Exhibition Hall Art Gallery	Sponsorship	Ensure BCI brand presence in all invitations printed for each exhibition and in the invitation in digital format, Include the BCI logo in all catalogues	Indefinite	Automatic renewal
25	Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda	Intangible Services Lawyers Presidency	Advisory	Professional Advice in General to the Bank and Subsidiaries	Indefinite	Automatic renewal

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

26	Inmobiliaria Anya S.A.	Rent for BCI branch	Lease	Lo Echevers branch lease	8 years	Automatic renewal for the same period
27	Mario Gómez D.	Advisory and consulting services	Advisory services	Development of bancarization and micro-business plan.Comprehensive advice to commercial bank management	Indefinite	Automatic renewal
28	Telesat Compañía de Teléfonos S.A.	Electronic messaging	Messaging services	Instant Messaging	3 months	Automatic renewal for the same period
29	Tu Ves S.A.	Advertising exhibition	Basic services	Provision of satellite television service and equipment leasing	Definite	Seasonal purchase
30	Mabel Ilabaca Albornoz	Advisory and consulting services	Advisory and consulting services	Consulting services for the review of the business continuity model	Definite	Automatic renewal every year
31	Automotora Aventura Motors S.A.	Vehicle maintenance	Vehicle maintenance	Vehicle maintenance	Definite	Seasonal purchase
32	Viña Morandé S.A.	Wines for gifts to customers and consumption	Wines for gifts to customers	Wines for gifts to customers and consumption	Indefinite	Automatic renewal
33	Corporación Cultural Arte +	Advertising spaces	Advertising spaces	Advertising in magazine La Panera.	Definite	Seasonal purchase
34	Vigamil S.A.C.I.	Making of envelopes	Making of envelopes	Services for making of envelopes	Definite	Seasonal purchase
35	Bolsa Electrónica de Chile Bolsa de Valores	Software maintenance	Basic software	Financial information software maintenance	Indefinite	Automatic renewal
36	Reparaciones Express Ltda.	Vehicle maintenance	Vehicle maintenance	Vehicle maintenance	Indefinite	Automatic renewal
37	Comercializadora AO Ltda.	Funiture	Funiture	Funiture	Seasonal purchase	Seasonal purchase
38	Fernando Vallejos V.	Corporate, management, finance, accounting and tax consulting services	Multiple advisory services	Multiple advisory services	6 months	Definite
39	Inmobiliaria JY S.P.A.	Real estate projects	Real estate projects	Real estate projects	Indefinite	Automatic renewal

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE

a) The following table summarizes the carrying amounts and fair values of the principal financial assets and liabilities in the Bank´s consolidated financial statements:

	As of June 30, 2019		As of December 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	MCh$	MCh$	MCh$	MCh$
Assets				
Cash and deposits in banks	2.047.074	2.047.074	2.058.757	2.058.757
Items in course of collection	359.546	359.546	335.820	335.820
Trading portfolio financial assets	2.322.206	2.322.206	2.038.376	2.038.376
Investments under agreements to resell	114.981	114.981	73.859	73.859
Derivative financial agreements	2.422.876	2.422.876	1.714.274	1.714.274
Loans and receivables to banks, net	333.182	333.182	332.912	332.912
Loans and receivables to customers, net	30.428.713	33.081.626	29.543.095	31.419.537
Commercial loans	19.313.118	19.048.786	18.764.100	18.230.305
Mortgage loans	7.586.963	9.457.162	7.342.334	8.690.286
Consumer loans	3.528.632	4.575.678	3.436.661	4.498.946
Financial investments available for sale	2.904.995	2.904.995	3.229.455	3.229.455
Financial investments held to maturity	679	679	2.780	2.780
Total assets	**40.934.252**	**43.587.165**	**39.329.328**	**41.205.770**
Liabilities				
Current accounts and demand deposits	12.056.700	12.056.700	12.222.539	12.222.539
Items in course of collection	303.972	303.972	213.558	213.558
Liabilities under agreements to repurchase	450.090	450.090	546.109	546.109
Term deposits and savings accounts	12.742.888	12.940.240	12.328.776	12.357.035
Derivative financial agreements	2.618.363	2.618.363	1.803.716	1.803.716
Borrowings from financial institutions	2.618.774	2.618.774	2.758.149	2.758.149
Debt issued	6.604.922	7.529.733	5.977.948	6.701.389
Other financial liabilities	860.893	860.893	754.937	754.937
Total liabilities	**38.256.602**	**39.378.765**	**36.605.732**	**37.357.432**

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.

Borrowings from financial institutions

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,k for further details on the criteria used to determine the fair value.

c) Hierarchy used for determining the fair value

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

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

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

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

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

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 interim consolidated financial statements, classified in their respective levels of hierarchy previously described.

	Level 1		Level 2		Level 3		Total	
	June	December	June	December	June	December	June	December
	2019	2018	2019	2018	2019	2018	2019	2018
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial Assets								
Trading portfolio financial assets								
State and Central Bank of Chile	1.676.388	1.319.433	-	-	-	-	1.676.388	1.319.433
Other domestic institutions	567.307	673.982	-	-	-	-	567.307	673.982
Foreign institutions	11.017	2.165	-	-	-	-	11.017	2.165
Investments in mutual funds	67.494	42.796	-	-	-	-	67.494	42.796
Subtotal	**2.322.206**	**2.038.376**	**-**	**-**	**-**	**-**	**2.322.206**	**2.038.376**
Trading derivative contracts								
Forwards	-	-	261.155	318.349	-	-	261.155	318.349
Swaps	-	-	1.763.954	1.017.907	12.339	13.160	1.776.293	1.031.067
Call option	-	-	3.011	9.653	-	-	3.011	9.653
Put options	-	-	929	153	-	-	929	153
Futures	-	-	175	10	-	-	175	10
Subtotal	**-**	**-**	**2.029.224**	**1.346.072**	**12.339**	**13.160**	**2.041.563**	**1.359.232**
Hedging derivatives								
Forwards	-	-	20.175	12.314	-	-	20.175	12.314
Fair value hedges (swap)	-	-	243.600	143.331	-	-	243.600	143.331
Cash flow hedges (swap)	-	-	93.634	218.331	-	-	93.634	218.331
Subtotal	**-**	**-**	**357.409**	**373.976**	**-**	**-**	**357.409**	**373.976**
Financial investment available for sale					-	-		
State and Central Bank of Chile	404.697	725.603	-	-	-	-	404.697	725.603
Other domestic institutions	50.695	125.629	-	-	-	-	50.695	125.629
Foreign institutions	2.450.282	2.378.223	-	-	-	-	2.450.282	2.378.223
Subtotal	**2.905.674**	**3.229.455**	**-**	**-**	**-**	**-**	**2.905.674**	**3.229.455**
Total financial assets	**5.227.880**	**5.267.831**	**2.386.633**	**1.720.048**	**12.339**	**13.160**	**7.626.852**	**7.001.039**

	Level 1		Level 2		Level 3		Total	
	June	December	June	December	June	December	June	December
	2019	2018	2019	2018	2019	2018	2019	2018
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial Liabilities								
Trading derivative contracts								
Forwards	-	-	189.194	273.357	-	-	189.194	273.357
Swaps	-	-	1.968.175	1.126.818	-	-	1.968.175	1.126.818
Call options	-	-	874	5.410	-	-	874	5.410
Put options	-	-	3.244	1.779	-	-	3.244	1.779
Futures	-	-	354	162	-	-	354	162
Subtotal	**-**	**-**	**2.161.841**	**1.407.526**	**-**	**-**	**2.161.841**	**1.407.526**
Hedging derivatives								
Forwards	-	-	13.542	5.611	-	-	13.542	5.611
Fair value hedges (swap)	-	-	146.955	54.382	-	-	146.955	54.382
Cash flow hedges (swap)	-	-	296.025	336.197	-	-	296.025	336.197
Subtotal	**-**	**-**	**456.522**	**396.190**	**-**	**-**	**456.522**	**396.190**
Total financial liabilities	**-**	**-**	**2.618.363**	**1.803.716**	**-**	**-**	**2.618.363**	**1.803.716**

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

The above amounts do not include adjustments for CVA and BidOffer (Credit Value Adjustment or Adjustment for Credit Risk of Derivatives and the buying end). As of June 30, 2019 both items amount to MCh$ 23,904 (MCh$ 18,934 as of December 31, 2018) .

Transfers between Levels 1 and 2

The Bank and its subsidiaries have not made any transfers of financial assets or liabilities between Levels 1 and 2 during the period 2019.

Level 3 valuation reconciliation

As of June 30, 2019, the interim consolidated statements of financial position has assets classified as Level 3 which relate to Swap TAB contracts for which there are no market observable inputs.

d) Valuation of La Polar Bonds

As of June 30, 2019, the Bank has applied valuation techniques to determine the fair value of the financial instruments “BLAPO-F” and “BLAPO-G”, This enhancement builds on the Internal Rate of Return (IRR) of the last transaction of the existing market between the closing date of the interim consolidated financial statements and the date of redemption of the financial instrument.

NOTE 36 - RISK MANAGEMENT

1. Introduction

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

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

In relation to financial risks, the organizational structure is designed to manage these risks efficiently, transparently and timely. It is formed by strategic units composed by the Board of Directors, the Executive Committee, the Finances and Risk Committee, and the Asset and Liabilities Committee (“ALCO”). These are divided into operative units such as the Corporate Risk Management, 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.

NOTE 36 - RISK MANAGEMENT, CONTINUED

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

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

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

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

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

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

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

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

NOTE 36 - RISK MANAGEMENT, CONTINUED

2. Liquidity and financing

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

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

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

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

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

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

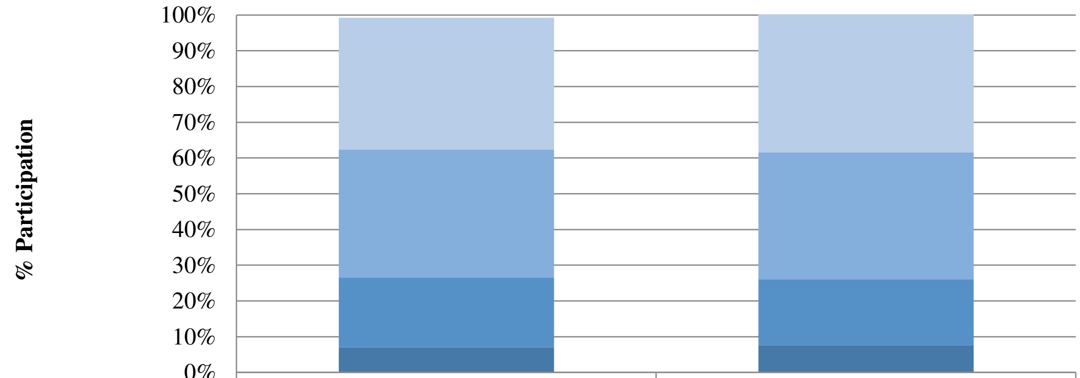
At the regulatory level, liquidity is measured and reported to the FMC through standardized reports. According to bank regulations, the Bank has been authorized to use an adjusted liquidity model, generating procedures and models that allow an evaluation of future income and liabilities that affect the 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 comply with the spirit of the latest recommendations proposed by Basel.

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

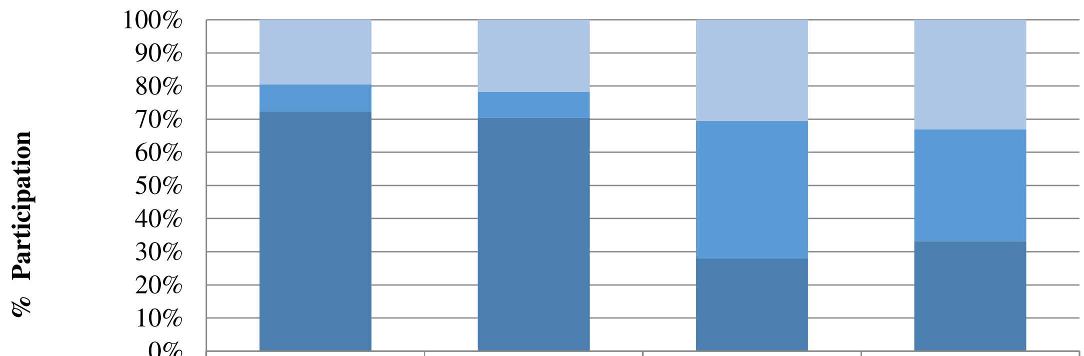
NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 1, Evolution of principal funding sources
As of June 30, 2019 and December 31, 2018
Banco de Crédito e Inversiones and City National Bank (CNB)



	30-06-2019	31-12-2018
VIEWING DEPOSITS	37%	39%
DEPOSIT AND CAPTURES	36%	35%
EMISSIONS OF BONDS	20%	18%
OTHER LIABILITIES	7%	8%

Fig, 2, Diversification of liquidity sources by segment,
As of June 30, 2019 and December 31, 2018
Banco de Crédito e Inversiones and City National Bank of Florida



	jun-19	dic-18	jun-19	dic-18
	VIEWING DEPOSITS		DEPOSIT AND CAPTURES	
OTHER WHOLESALE	20%	22%	30%	33%
FINANCIAL	8%	8%	42%	34%
RETAIL	72%	70%	28%	33%

NOTE 36 - RISK MANAGEMENT, CONTINUED

a. Year 2019 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 June 30, 2019 and December 31, 2018 (maximum = 1)

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

	June 30, 2019				December 31, 2018			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	15.90%	30.15%	(5.55)%	2.34%	34.71%	73.55%	2.54%	18.47%
Mismatch 90 days (*)	31.44%	42.28%	21.64%	39.03%	44.65%	72.77%	25.82%	29.05%

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

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

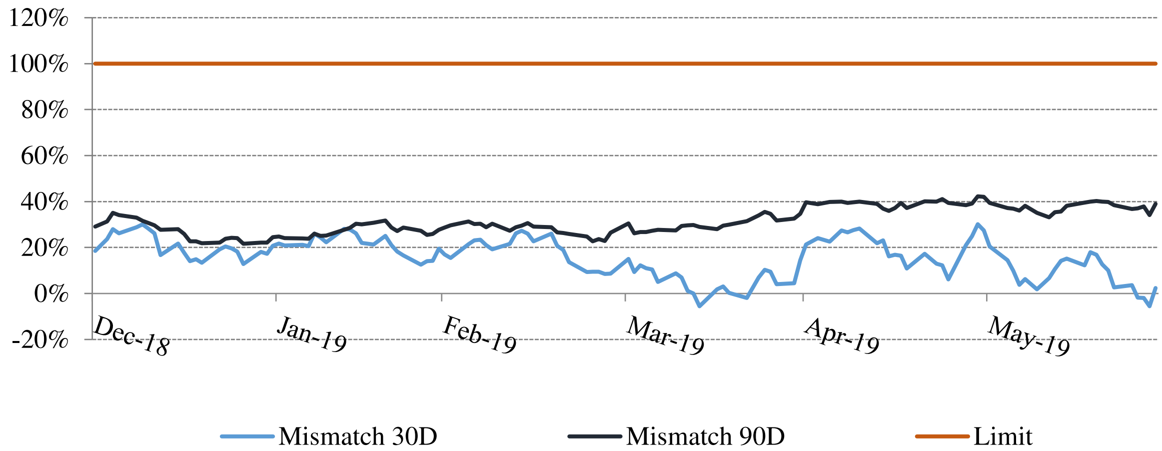
	June 30. 2019				December 31. 2018			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	17.83%	38.76%	(12.19)%	(2.08)%	21.93%	55.40%	(8.46)%	20.12%

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

	June 30. 2019				December 31. 2018			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	(1.92)%	13.28%	(15.76)%	4.42%	12.77%	37.25%	(7.21)%	(1.65)%

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 4, Liquidity Evolution (domestic consolidation) As of June 30, 2019 (maximum = 1)
Liquidity 30 days = Mismatch/Basic Capital
Liquidity 90 days = Mismatch /2x Basic Capital



3. Market Risk

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

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

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

The Financial Risk Management uses a series of tools to monitor the Bank's intrinsic risk and that is acquired through the management of financial instruments. Among the main methodologies are, Value at Risk (VaR), CVaR and Stress VaR as main tools that measure market risk. Additional methodologies are available to simulate the situation of each counterparty dependent upon the portfolio of derivative instruments that they possess, within these methodologies are PFE (Potential Future Exposure) and EPE (Expected Potential Exposure) among others. The Bank uses the algorithmics system to support the measurement of market and counterparty risk.

NOTE 36 - RISK MANAGEMENT, CONTINUED

a. Top holdings

The principal positions of the interim consolidated statements of financial position as of June 30, 2019 are listed by maturity band or repricing and their comparison to the year 2018.

Fig, 5, Carrying amount to maturity range or re-pricing by currency
Positions as of June 30, 2019 (MCh$)

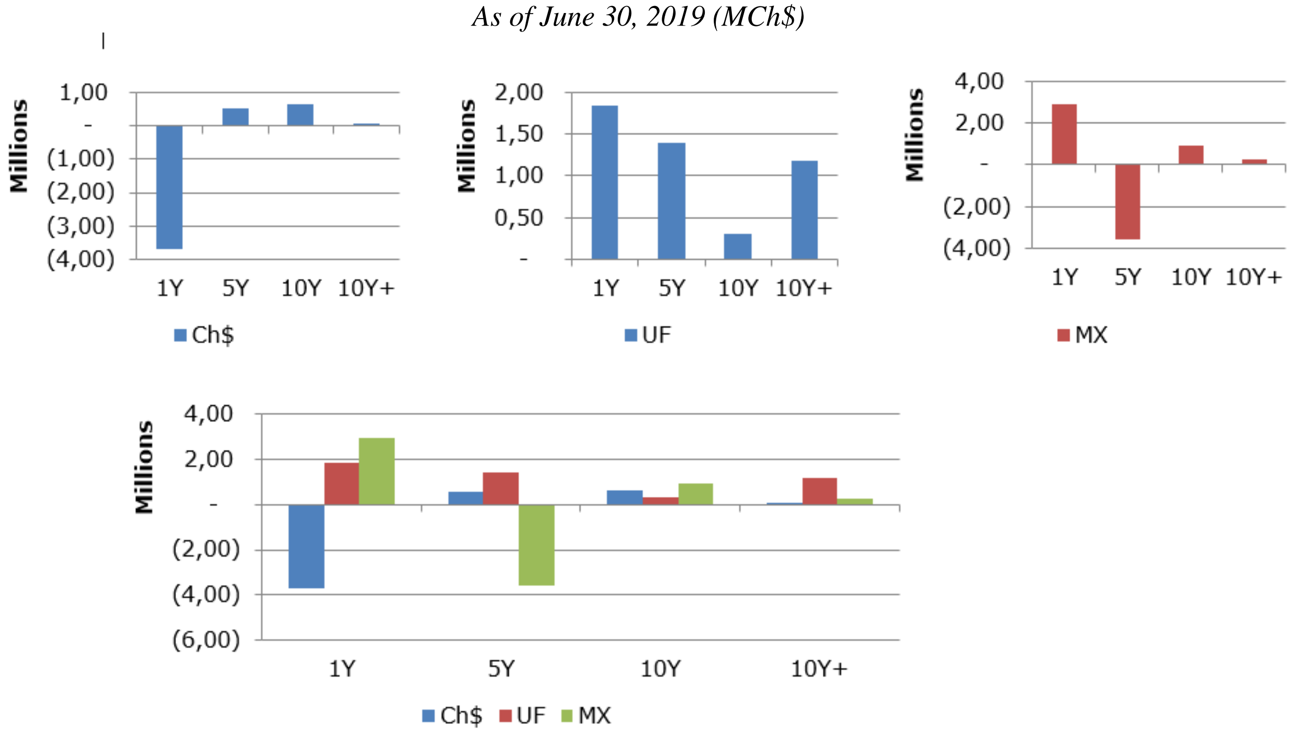
ASSETS	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	9,380,484	4,290,793	651,816	97,732	14,420,825
UF	3,888,539	5,259,184	3,472,443	2,672,133	15,292,299
MX	9,961,511	4,498,985	1,614,412	375,763	16,450,671
TOTAL	**23,230,534**	**14,048,962**	**5,738,671**	**3,145,628**	**46,163,795**

LIABILITIES	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	13,065,242	3,742,509	6,722	35,345	16,849,818
UF	2,038,721	3,865,492	3,166,026	1,492,364	10,562,603
MX	7,016,830	8,079,274	661,545	116,809	15,874,458
TOTAL	**22,120,793**	**15,687,275**	**3,834,293**	**1,644,518**	**43,286,879**

MISMATCH	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	(3,684,758)	548,284	645,094	62,387	(2,428,993)
UF	1,849,818	1,393,692	306,417	1,179,769	4,729,696
MX	2,944,680	(3,580,290)	952,867	258,954	576,211
TOTAL	**1,109,740**	**(1,638,314)**	**1,904,378**	**1,501,110**	**2,876,914**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 6, Carrying amount to maturity range or re-pricing by currency positions
As of June 30, 2019 (MCh$)



Fig, 7, Carrying amount to maturity range or re-pricing by currency
Positions as of December 31, 2018 (MCh$)

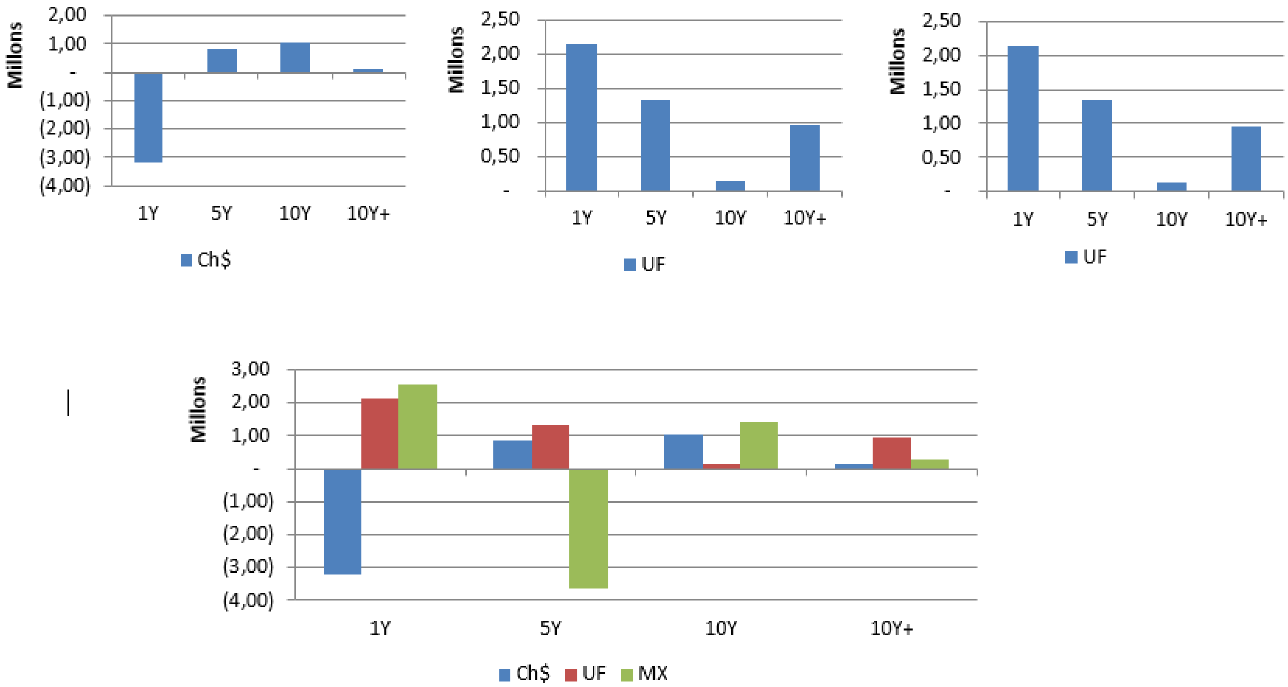
ASSETS	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	9,951,915	4,686,916	1,040,691	131,631	15,811,153
UF	3,769,049	5,148,926	3,262,231	2,552,768	14,732,974
MX	8,728,031	4,548,603	2,241,507	403,383	15,921,524
TOTAL	**22,448,995**	**14,384,445**	**6,544,429**	**3,087,782**	**46,465,651**

LIABILITIES	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	13,137,816	3,848,207	1	-	16,986,024
UF	1,631,647	3,816,016	3,128,685	1,590,408	10,166,756
MX	6,187,219	8,184,453	830,569	116,046	15,318,287
TOTAL	**20,956,682**	**15,848,676**	**3,959,255**	**1,706,454**	**42,471,067**

MISMATCH	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ch$	(3,185,901)	838,709	1,040,690	131,631	(1,174,871)
UF	2,137,402	1,332,910	133,546	962,360	4,566,218
MX	2,540,812	(3,635,850)	1,410,938	287,337	603,237
TOTAL	**1,492,313**	**(1,464,231)**	**2,585,174**	**1,381,328**	**3,994,584**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 8, Carrying amount to maturity range or re-pricing by currency positions
As of December 31, 2018 (MCh$)



NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 9, Carrying amount to maturity range or re-pricing by Account positions
As of June 30, 2019 (MCh$)

Assets	1Y	5Y	10Y	10Y+	TOTAL
Central Bank of Chile	23.668	4.855	-	-	28.523
Domestic banks and financial institutions	566.585	1.092.276	311.048	49.146	2.019.055
Investments under agreements to resell	-	-	-	-	-
Commercial loans	9.733.530	4.468.108	1.568.226	901.999	16.671.863
Consumer loans	1.254.512	1.774.478	136.679	59.737	3.225.406
Negotiable residential mortgage loans	934.613	2.928.045	1.948.699	1.819.027	7.630.384
Residential mortgage loans with funding notes	10.244	9.134	476	-	19.854
Cash	1.437.467	-	-	-	1.437.467
Forwards	670.095	-	-	-	670.095
Chilean State	141.233	259.653	72.608	3.079	476.573
Consumer leasing	5	-	-	-	5
Commercial leasing operation	496.136	676.751	182.858	34.823	1.390.568
Other domestic entities	-	-	-	-	-
Other foreign entities	35.409	198.556	57.258	7.945	299.168
Other assets	3.136.818	251.977	28.296	215	3.417.306
Other residential mortgage loans	703.409	677.540	237.878	153.466	1.772.293
Others, except options	-	-	-	-	-
Swaps	4.086.810	1.707.589	1.194.645	116.191	7.105.235
Total assets	**23.230.534**	**14.048.962**	**5.738.671**	**3.145.628**	**46.163.795**

Liabilities	1Y	5Y	10Y	10Y+	TOTAL
Ordinary bonds	804.385	2.719.329	2.357.643	459.960	6.341.317
Subordinated bonds	45.200	186.372	200.231	1.094.095	1.525.898
Deferred-drawing savings accounts	39.884	-	-	-	39. 884
Unconditional-drawing savings accounts	120.579	-	-	-	120.579
Demand deposits (*)	2.623.981	9.567.997	-	-	12.191.978
Term deposits	11.714.794	183.010	6	133	11.897.943
Forwards	655.466	-	-	-	655.466
Letters of credit	3.385	8.585	502	-	12.472
Other liabilities	1.438.769	-	-	-	1.438.769
Others, except options	-	-	-	-	-
Foreign loans and other obligations	1.463.540	519.693	-	-	1.983.233
Domestic loans and other obligations	29.734	6.068	-	-	35.802
Swaps	3.112.237	2.496.221	1.275.911	90.330	6.974.699
Liabilities under agreements to repurchase	68.839	-	-	-	68.839
Total liabilities	**22.120.793**	**15.687.275**	**3.834.293**	**1.644.518**	**43.286.879**

(*) 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, 2018 (MCh$)

Assets	**1Y**	**5Y**	**10Y**	**10Y+**	**TOTAL**
Central Bank of Chile	26.335	16.969	-	-	43.304
Domestic banks and financial institutions	462.996	991.149	609.085	99.726	2.162.956
Investments under agreements to resell	5.289	-	-	-	5.289
Commercial loans	9.545.462	4.455.032	1.782.172	893.273	16.675.939
Consumer loans	1.200.567	1.771.043	121.692	61.917	3.155.219
Negotiable residential mortgage loans	907.223	2.793.636	1.862.747	1.736.938	7.300.544
Residential mortgage loans with funding notes	10.888	10.766	742	-	22.396
Cash	1.654.025	-	-	-	1.654.025
Forwards	198.062	472.033	-	-	670.095
Chilean State	60.720	447.788	333.681	2.301	844.490
Consumer leasing	18	-	-	-	18
Commercial leasing operation	470.857	616.451	175.436	31.728	1.294.472
Other domestic entities	-	-	-	-	-
Other foreign entities	35.402	197.671	36.165	1.607	270.845
Other assets	2.759.572	246.516	40.973	260	3.047.321
Other residential mortgage loans	662.633	709.285	228.919	144.634	1.745.471
Others, except options	-	-	-	-	-
Swaps	4.448.946	1.656.106	1.352.817	115.398	7.573.267
Total assets	**22.448.995**	**14.384.445**	**6.544.429**	**3.087.782**	**46.465.651**

Liabilities	**1Y**	**5Y**	**10Y**	**10Y+**	**TOTAL**
Ordinary bonds	792.490	2.408.739	2.169.715	457.023	5.827.967
Subordinated bonds	44.032	182.356	209.402	1.096.778	1.532.568
Deferred-drawing savings accounts	38.787	-	-	-	38.787
Unconditional-drawing savings accounts	116.071	-	-	-	116.071
Demand deposits (*)	2.634.247	9.573.656	-	-	12.207.903
Term deposits	11.220.898	278.098	26	151	11.499.173
Forwards	192.961	454.836	-	-	647.797
Letters of credit	3.665	10.064	863	-	14.592
Other liabilities	1.009.584	154.397	-	-	1.163.981
Others, except options	-	-	-	-	-
Foreign loans and other obligations	1.368.591	549.145	-	-	1.917.736
Domestic loans and other obligations	28.676	12.567	481	-	41.724
Swaps	3.382.865	2.224.818	1.578.768	152.502	7.338.953
Liabilities under agreements to repurchase	123.815	-	-	-	123.815
Total liabilities	**20.956.682**	**15.848.676**	**3.959.255**	**1.706.454**	**42.471.067**

(*) Determined in accordance with internal models.

NOTE 36 - RISK MANAGEMENT, CONTINUED

The principal positions of financial investments available for sale by type of issuer and currency and risk classification as of June 30, 2019 and December 31, 2018 are stated below.

Fig, 11,a Fair Value of Financial Investments Available for Sale
As of June 30, 2019 (MCh$)
Banco de Credito e Inversiones and City National Bank of Florida (CNB)

	Ch$	UF	USD	EUR	OTHERS
Sovereign bonds	129.875	216.549	82.463	-	-
Corporate bonds	5.751	1.243	102.751	-	-
Financial institutions bonds	-	196	2.069.299	-	-
Mortgage-funding notes	-	40.715	-	-	-
Term deposits	-	-	-	-	-
Investment funds (*)	-	-	22.964	-	-
Shares (*)	-	-	28.079	-	-
Total	**135.626**	**258.703**	**2.305.556**	**-**	**-**

(*)The investment funds and the shares correspond to the available-for-sale portfolio of City National Bank of Florida (CNB).

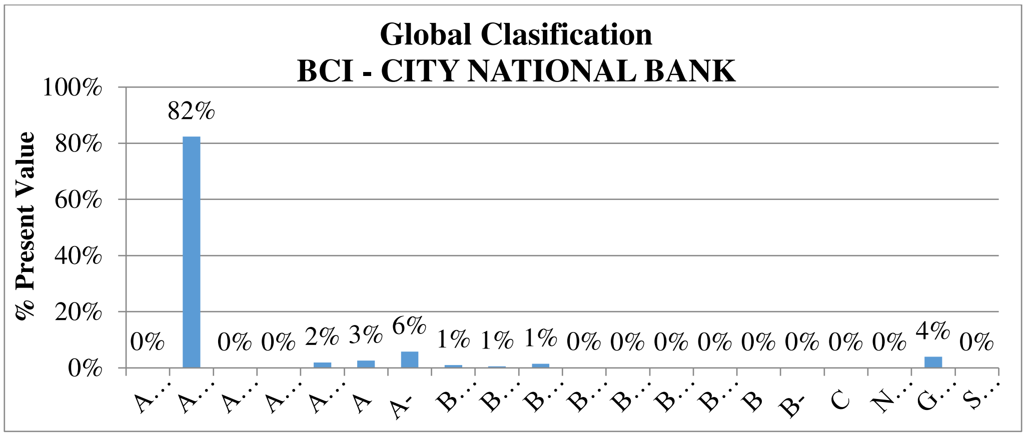
Fig, 11,b Fair Value of Financial Investments Available for Sale
As of December 31, 2018 (MCh$)
Banco de Credito e Inversiones and City National Bank of Florida (CNB)

	Ch$	UF	USD	EUR	OTHERS
Sovereign bonds	194,382	252,117	81,292	-	-
Corporate bonds	8,857	2,317	214,310	116,905	-
Financial institutions bonds	9,243	207	1,856,258	-	-
Mortgage-funding notes	-	44,268	-	-	-
Term deposits	59,241	-	-	-	-
Investment funds (*)	-	-	21,687	-	-
Shares (*)	-	-	56,417	-	-
Total	**271,723**	**298,909**	**2,229,964**	**116,905**	**-**

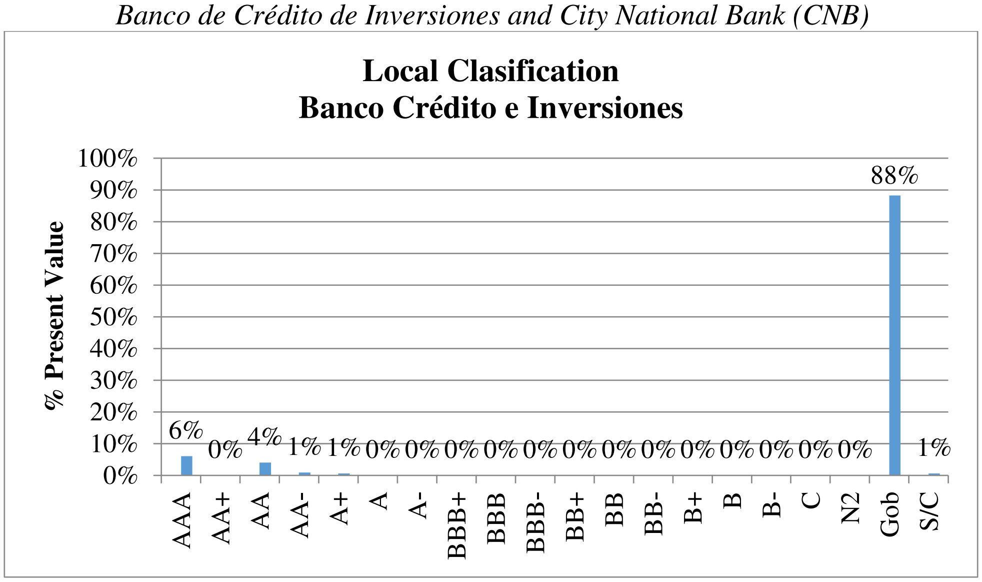
(*) The investment funds and the shares correspond to the available-for-sale portfolio of City National Bank of Florida (CNB).

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 12, Financial Investments Available for Sale
Internationally-Issued Bond Portfolio Credit Rating as of June 30, 2019 (%)
Banco de Crédito de Inversiones and City National Bank of Florida (CNB)



Fig, 13, Financial Investments Available for Sale
Portfolio Risk Classification Bonds and LCH National Emission as of June 30, 2019 (%)
Banco de Crédito de Inversiones and City National Bank (CNB)



NOTE 36 - RISK MANAGEMENT, CONTINUED

b. Sensitivity analysis

Sensitivity analysis is used to monitor the market risk of positions by sensitivity to each of the risk factors, for example, a change in the present value of 100 basis points in the interest rate is a type of risk factor. This type of model is especially useful for measuring the risk of a mismatch between assets and liabilities, i.e., essentially the banking book.

The regulatory sensitivity measurements perform these analyses by applying interest rates, exchange rates, inflation, commodities positions, shares positions, and exposure to derivative instruments, according to predetermined sensitivities.

The Bank also performs measurements for sub-portfolios and different risk factors.

Among the models used is Market Value Sensitivity or MVS, which measures the change in economic value of equity in the event of a parallel movement of 100 basis points in interest rates.

For a short-term horizon, the Spreads at Risk or SAR model is used, which measures the impact on results in 12 months' time of a parallel movement in rates. For both models, there are explicit internal limits measured as a ratio of capital (for MVS) and of financial margin (for SAR).

The Bank structurally generates risk rate exposure, which is mainly explained by maintaining long-term fixed rate assets and obtaining short-term financing, such as deposits. In this regard, the Bank is an active market participant in managing their interest rate risk strategy using hedge accounting.

Some of the hedging strategies are: a) moving short-term risk to the long-term (moving short-term liabilities to the long-term through rate swap) and b) floating long-term borrowings with the use of rate swap.

In the scenario of 100 basis points increase, holding constant other variables, the effects compared at the end of the six-month periods ended June 30, 2019 and Decemmber 31,2018, respectively, for the Bank are the following:

- In the short-term, exposure to interest rates as of June 30, 2019 and December 31, 2018, amounted to MCh$40,140 and MCh$43,281 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 June 30, 2019 and December 31, 2018, are MCh$199,408 and MCh$200,029 respectively.

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.

NOTE 36 - RISK MANAGEMENT, CONTINUED

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 updating* technique is used, which records the existence of volatility *clusters*.

The *forecast* horizon is of 1 day. The square root rule is used to project this value to the regulatory horizon of ten days.

The value-at-risk model is validated by *back-testing* the daily results, both observed and theoretical.

Statistically, excess losses of VaR are expected to be observed on average 1% daily. As of June 30, 2019, *back-test* places the model in the green area of Basel with 5 fails in the last 250 business days.

Objectives and limitations of the VaR methodology

The objective of the VaR is to measure the risk of a portfolio of assets by determining how much you can lose of the portfolio over a period of time and with a given confidence level under normal market conditions.

This method is very easy to apply in portfolios that include information on relevant market variables. Furthermore, calculation does not depend on correlations and volatilities, as these are implicitly calculated using historical information. However, this means obtaining the history of associated variables for performing this calculation, which implies an effort to have such data. In addition, to have a certain degree of confidence in the measurement, in this case with VaR at 99%, this leads to the loss of 1 in every 100 days, which will be the least as predicted by the VaR, without a possible limit for this value.

- **Stress Testing VaR**

There are limitations of the VaR models, particularly in the presence of extreme events that have not been observed in recent historic information or for not capturing the intra-day movements of the portfolio, therefore, stress situations are modelled to evaluate potential impacts on the value of portfolios in the most extreme, although possible, events. The scenarios used are the following:

I. Historic simulation scenarios that incorporate fluctuations observed during historic extreme events.
II. Monte-Carlo simulation scenarios, which generate multiplicity of possible scenarios from the historic data.
III. Scenarios of sensitivity that consider movements in risk factors that are not captured by the recent history.

- **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.

NOTE 36 - RISK MANAGEMENT, CONTINUED

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.

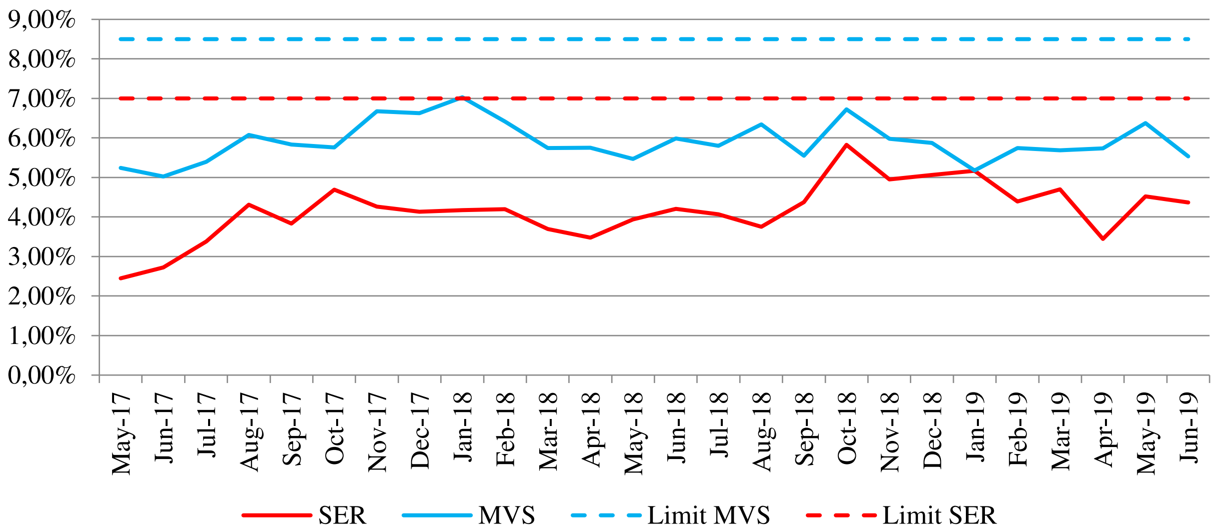
e. Variations

- Sensitivity analysis of the banking book.

Asset and liability management team constantly monitors the use of hedge accounting and the potential advantages of bond, issuances, helping to keep the risk of interest rate limited in the banking book.

Long-term risk MVS averaged during 2018 5.71% (6.06% during 2018) over the capital limit of 8.5%, Aditionally the short term risk (SeR), presented a mean of 4.43% during 2019 versus a mean of 4.24% for December 2018.

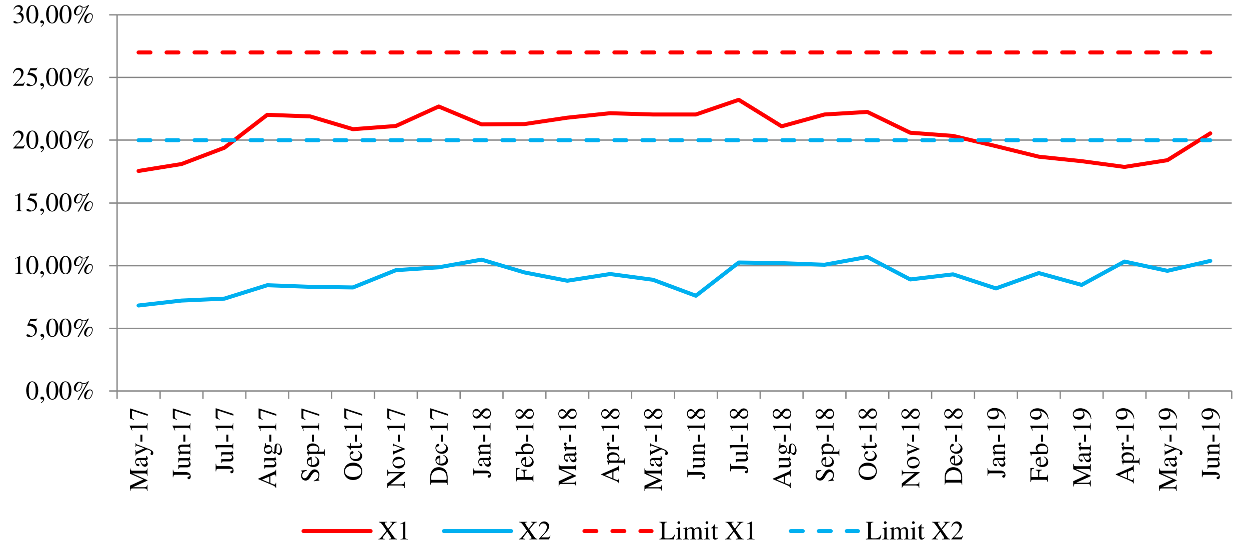
Fig, 14,MVS – SER
As of June 30, 2019



The evolution of regulatory ratios X1 (short term exposure to market risk) and X2 (long term exposure to market risk) were below the limits in 2019, mainly due to the management of the balance sheet through hedge accounting.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 15, Regulatory Market Risk X1 - X2
Banco de Credito e Inversiones and City National Bank of Florida (CNB) (1)
As of June 30, 2019



X1: Limit on financial margin
X2: Limit on effective equity

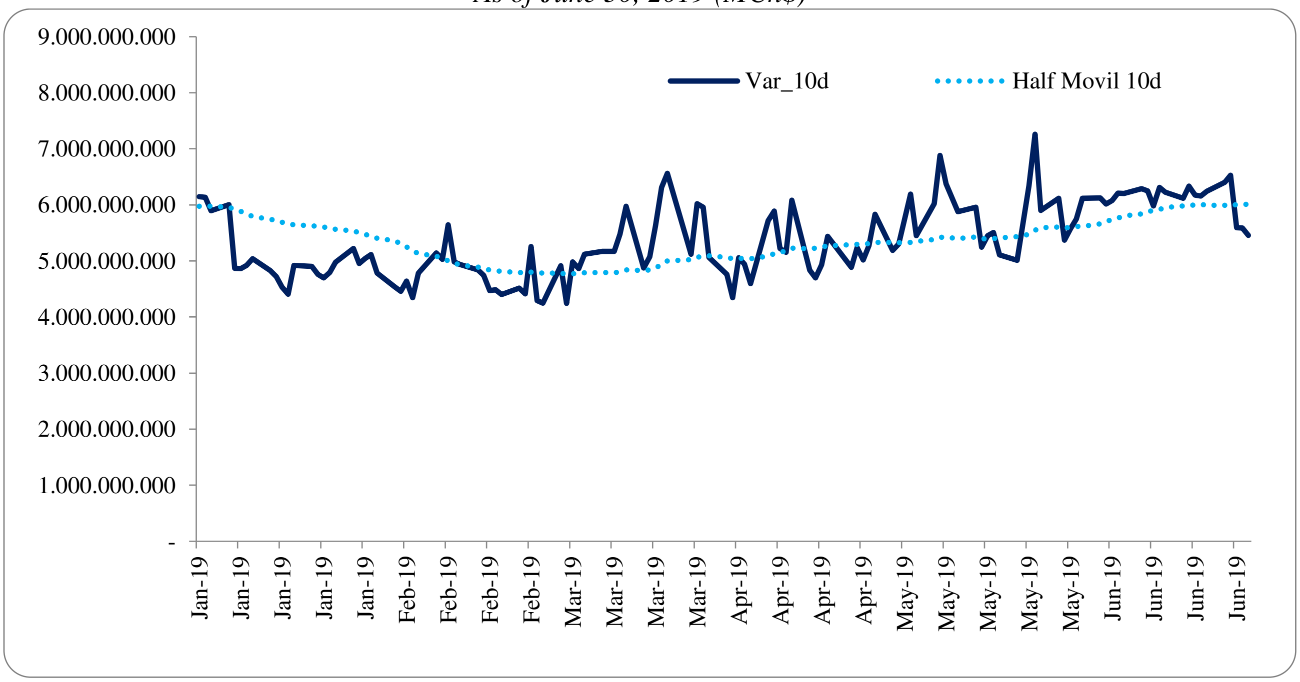
(1) Financial margin values are added for X1 while consolidated equity is used for X2.

NOTE 36 - RISK MANAGEMENT, CONTINUED

- Value at risk

The evolution of the 10-day VaR for the last quarter; data as of June 30, 2019.

Fig, 16, Consolidated Value at Risk
As of June 30, 2019 (MCh$)



NOTE 36 - RISK MANAGEMENT, CONTINUED

During the second quarter of 2019, the total consolidated risk averaged MCh$5,337, measured over the 10-day regulatory horizon, and decreased by 3% compared to December 2018.

On a consolidated basis, the risk of interest rate averages MCh$4,586 while the foreign currency risk averages MCh$3,057 , In trading the aggregate average was MCh$3,975, MCh$3,780 for interest rate risk and MCh$944 for foreign currency risk, Finally, for non-trading portfolios (investments available for sale) the total VaR averaged MCh$793, MCh$151 for interest rate risk and MCh$782 for foreign currency risk.

Fig, 17, Value at risk by portfolio and type of risk
As of June 30, 2019 (MCh$)

a) Consolidated VaR by type of risk (MCh$)

	Six months until June 30, 2019			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	3,057	5,369	1,794	3,315
Interest rate risk	4,586	6,229	3,572	5,429
Diversification (*)	2,270	4,338	1,122	3,287
VaR Total	5,373	7,260	4,244	5,457

b) VaR trading portfolio by type of risk (MCh$)

	Six months until June 30, 2019			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	944	3,295	70	813
Interest rate risk	3,780	4,876	2,962	3,978
Diversification	749	2,529	60	699
VaR Total	3,975	5,642	2,972	4,092

c) VaR non-trading portfolio by type of risk (MCh$)

	Six months until June 30, 2019			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	782	2,326	412	769
Interest rate risk	151	651	76	187
Diversification	140	776	291	146
VaR Total	793	2,201	197	810

(*) 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, 2018 (MCh$)

a) Consolidated VaR by type of risk (MCh$)

	Twelve months until December 31, 2018			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	2,480	9,033	980	3,435
Interest rate risk	4,283	6,510	3,129	5,138
Diversification (*)	1,214	2,499	598	1,963
VaR Total	5,549	13,044	3,511	6,610

b) VaR trading portfolio by type of risk (MCh$)

	Twelve months until December 31, 2018			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	671	2,754	6	1,929
Interest rate risk	3,478	5,933	2,276	4,298
Diversification	612	3,409	-	1,243
VaR Total	3,537	5,278	2,282	4,984

c) VaR non-trading portfolio by type of risk (MCh$)

	Twelve months until December 31, 2018			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	1,154	8,190	493	1,042
Interest rate risk	372	621	75	492
Diversification	319	650	12	471
VaR Total	1,207	8,161	580	1,063

(*) Diversification is defined as the effect of correlation of total VaR.

NOTE 36 - RISK MANAGEMENT, CONTINUED

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.

Sensitivity of interest rate

The following table shows the sensitivity of the fair values of assets to a 100 basis point change in the interest rate:

	Recognition in statements of income		Recognition in statements of other comprehensive income	
	Favourable change	Not favourable change	Favourable change	Not favourable change
As of June 30, 2019	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Securities backed by assets held for trading	(14)	14	-	-
Other non-derivative assets held for trading	(48)	48	-	-
Securities backed by available for sales assets	-	-	(112)	112
As of December 31, 2018				
Securities backed by assets held for trading	(183)	183	-	-
Other non-derivative assets held for trading	(50)	50	-	-
Securities backed by available for sales assets	-	-	(89)	89

Currency Risk

The currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in exchange rates, The Bank is exposed to the effects of fluctuations in prevailing exchange rates regarding its financial position and cash flows.

NOTE 36 - RISK MANAGEMENT, CONTINUED

The Bank's exposure to the risk of exchange rates of foreign currencies is presented in the table below:

As of June 30, 2019 (MCh$)

Assets	USD	EUR	Others
Cash	181.237	40.388	8.223
Commercial loans	1.728.798	29.220	9.814
Investments under agreement to resell	-	-	-
Commercial leasing operations	197.522	-	-
Mortgage loans LC	-	-	-
Mortgage loans MHE	-	-	-
Other mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	25.626	-	-
Consumer leasing	-	-	-
Commercial loans LCS	-	-	-
Consumer loans LCS	-	-	-
Central Bank of Chile	-	-	-
State of Chile	7.006	43.496	-
Domestic banks and financial institutions	1.625	-	-
Other domestic entities	-	569	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	67.582	-	4.341
Forward	10.022.695	207.938	87.712
Futures	4.274	-	-
Swaps	13.754.734	262.223	614.675
Other, excluding options	-	-	-
Other assets	2.538.803	80.361	7.579
Delta options	122.028	-	-
Total Assets	**28.651.930**	**664.195**	**732.344**

Liabilities	USD	EUR	Others
Demand deposits	561.293	37.338	460
Term deposits	848.857	4.415	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	25.007	-	-
Loans and other liabilities contracted MN	881.190	-	-
Loans and other liabilities contracted MX	303.425	-	-
Letters of credit	-	-	-
Ordinary bonds	1.003.167	15.502	491.623
Subordinated bonds	-	-	-
Forward	9.471.153	262.468	102.775
Futures	3.923	-	-
Swaps	13.407.412	297.917	80.234
Other, excluding options	-	-	-
Other liabilities	1.060.990	31.122	2.223
Delta Options	44.948	-	-
Total Liabilities	**27.611.365**	**648.762**	**677.315**
Net	**1.040.565**	**15.433**	**55.029**

NOTE 36 - RISK MANAGEMENT, CONTINUED

As of December 31, 2018 (MCh$)

Assets	USD	EUR	Others
Cash	509,258	44,242	11,419
Commercial loans	1,956,901	40,488	8,138
Investments under agreement to resell	-	-	-
Commercial leasing operations	75,877	-	-
Mortgage loans LC	-	-	-
Mortgage loans MHE	-	-	-
Other mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	22,456	-	-
Consumer leasing	-	-	-
Commercial loans LCS	-	-	-
Consumer loans LCS	-	-	-
Central Bank of Chile	-	-	-
State of Chile	156,324	120,780	-
Domestic banks and financial institutions	1,507	-	-
Other domestic entities	243	1,955	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	31,603	-	4,017
Forward	7,682,304	139,623	63,237
Futures	3,911	-	-
Swaps	13,244,469	183,967	609,014
Other, excluding options	-	-	-
Other assets	1,458,198	21,187	1,953
Delta options	163,866	-	-
Total Assets	**25,306,917**	**552,242**	**697,778**

Liabilities	USD	EUR	Others
Demand deposits	591,811	36,996	393
Term deposits	926,126	4,810	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	-	-	-
Loans and other liabilities contracted MN	7,902	-	-
Loans and other liabilities contracted MX	1,117,122	737	25
Letters of credit	-	-	-
Ordinary bonds	983,216	15,879	479,339
Subordinated bonds	-	-	-
Forward	7,479,956	183,627	76,129
Futures	3,767	-	-
Swaps	12,842,017	295,060	105,069
Other, excluding options	-	-	-
Other liabilities	715,793	20,058	3,340
Delta Options	63,318	-	-
Total Liabilities	**24,731,028**	**557,167**	**664,295**
Net	**575,889**	**(4,925)**	**33,483**

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, where it reports a 10% change in the exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations with the Bank where the loan is denominated in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in earnings and other net equity when the Chilean peso goes up by 10%, compared to the corresponding currency.

In the case of a decrease of 10% of the Chilean peso against the relevant currency, a comparable impact on the earnings and other equity would be produced, and the amounts would be negative, as shown below:

NOTE 36 - RISK MANAGEMENT, CONTINUED

MCh$	As of June 30, 2019			
	Decrease 10%		Increase 10%	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	163.113	36.349	199.360	44.426
Commercial loans	1.555.918	26.298	1.901.678	32.142
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	-	-	217.275	-
Mortgage loans LC	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	23.064	-	28.189	-
Consumer leasing	-	-	-	-
Commercial loans LCS	-	-	-	-
Consumer loans LCS	-	-	-	-
Central Bank of Chile	-	-	-	-
State of Chile	6.305	39.147	7.707	47.846
Domestic banks and financial institutions	1.463	-	1.788	-
Other domestic entities	-	512	-	626
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreing enties	60.824	-	74.341	-
Forward	9.020.426	187.145	11.024.965	228.732
Futures	3.847	-	4.701	-
Swaps	12.379.260	241.400	15.130.207	295.045
Other, excluding options	-	-	-	-
Other assets	2.284.923	72.325	2.792.684	88.397
Delta options	109.826	-	134.231	-
Total Assets	**25.608.969**	**603.176**	**31.517.126**	**737.214**

Liabilities	**USD**	**EUR**	**USD**	**EUR**
Demand deposits	505.163	33.604	617.422	41.072
Term deposits	763.972	3.973	933.743	4.856
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	22.507	-	27.508	-
Loans and other liabilities contracted MN	793.071	-	969.309	-
Loans and other liabilities contracted MX	273.083	-	333.768	-
Letters of credit	-	-	-	-
Ordinary bonds	902.850	13.952	1.103.484	17.053
Subordinated bonds	-	-	-	-
Forward	8.524.038	236.222	10.418.269	288.715
Futures	3.531	-	4.315	-
Swaps	12.066.671	268.125	14.748.153	327.708
Other, excluding options	-	-	-	-
Other liabilities	954.891	28.010	1.167.090	34.234
Delta options	40.453	-	49.442	-
Total Liabilities	**24.850.230**	**583.886**	**30.372.503**	**713.638**
Net	**758.739**	**19.290**	**1.144.623**	**23.576**

NOTE 36 - RISK MANAGEMENT, CONTINUED

	As of December 31, 2018			
MCh$	Decrease 10%		Increase 10%	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	458,332	39,818	560,184	48,666
Commercial loans	1,761,210	36,439	2,152,591	44,537
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	68,289	-	83,465	-
Mortgage loans LC	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	20,210	-	24,702	-
Consumer leasing	-	-	-	-
Commercial loans LCS	-	-	-	-
Consumer loans LCS	-	-	-	-
Central Bank of Chile	-	-	-	-
State of Chile	140,691	108,702	171,956	132,858
Domestic banks and financial institutions	1,356	-	1,658	-
Other domestic entities	219	1,759	268	2,150
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreing enties	28,443	-	34,763	-
Forward	6,914,073	125,661	8,450,534	153,586
Futures	3,520	-	4,302	-
Swaps	11,920,022	165,570	14,568,916	202,363
Other, excluding options	-	-	-	-
Other assets	1,312,379	19,069	1,604,018	23,306
Delta options	147,480	-	180,253	-
Total Assets	**22,776,224**	**497,018**	**27,837,610**	**607,466**

Liabilities	**USD**	**EUR**	**USD**	**EUR**
Demand deposits	532,630	33,297	650,992	40,696
Term deposits	833,513	4,329	1,018,738	5,291
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	-	-	-	-
Loans and other liabilities contracted MN	7,112	-	8,692	-
Loans and other liabilities contracted MX	1,005,410	663	1,228,834	811
Letters of credit	-	-	-	-
Ordinary bonds	884,894	14,291	1,081,538	17,467
Subordinated bonds	-	-	-	-
Forward	6,731,960	165,264	8,227,952	201,989
Futures	3,391	-	4,144	-
Swaps	11,557,815	265,554	14,126,219	324,566
Other, excluding options	-	-	-	-
Other liabilities	644,214	18,052	787,372	22,064
Delta options	56,986	-	69,649	-
Total Liabilities	**22,257,925**	**501,450**	**27,204,130**	**612,884**
Net	**518,299**	**(4,432)**	**633,480**	**(5,418)**

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 when an actual market movement occurs. .For example, the strategy of financial risk management of the Bank seeks to manage the exposure to market fluctuations. As investment markets go through different trigger levels, management actions could include selling investments, changing the allocation of the investment portfolio and taking other protective measures.

Therefore, the actual impact of a change in assumptions may not have any impact on the liabilities, while the assets remain at market value in the Interim Consolidated Financial Statements. In these circumstances, the different measurement bases of assets and liabilities could result in volatility of equity.

Price risk - own products

The Bank is exposed to price risks of its products that are subject to general and specific fluctuations in the market.

The Bank manages price risk through periodic stress tests, which establish various scenarios of adverse market conditions; on the other hand it has contingency plans that address mitigating actions in the corporation in order to face scenarios that expose the corporation to significant loss.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Other Price Risks

The price risk on equity instruments is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to individual value and its issuer or factors affecting all actual market values.

The following sensitivity analysis described below have been determined based on a hypothetical scenario and the exposure of equity prices at the end of the reporting period to reflect its possible effect on the net income of the period as an outcome of the given scenario.

On a scenario where the equity prices had been 1% higher / lower:

The net income of the period as of June 30, 2019, would not have been affected given that all bank´s equity instruments are classified as available for sale, Thus only the bank equity would have been affected , however, no investment was impaired; notwithstanding, the possible negative effect on equity would have amounted to MCh$199,408 for the period ended on June 30, 2019 while the impact for the year ended December 31, 2018 would have been MCh$200,029.

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, ,Not only does the accounting information depend on this assessment, risk indicators such as value-at-risk are also based on these prices, so that the implied volatility on any valuation model is also very relevant.

The following international accounting rules, are used - provided they are available- quotations or observable prices of identical assets or liabilities that are measurable, These are known as Level 1 inputs, Absent identical assets or liabilities, measurement is made based on observable prices, Interpolations are typically performed in this group in the case of derivatives and other instruments or matrix pricing models for fixed income instruments - this class is known as Level 2 inputs.

Finally, when it is not possible to rely on the above inputs, the measurement is performed based on inputs that are not directly observable on the market. These are the Level 3 Inputs. Note 35 presents the classification of financial instruments according to the valuation hierarchy, Below is a brief explanation of that system.

Positions in foreign currency bonds, Central Bank, 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.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Even for liquid instruments, some markets require the existence of brokers to equate 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 derivative instruments are currency forwards and interest rate forwards, interest rate swaps, cross-currency swap and foreign currency options, As usual for those instruments other than those listed, valuation techniques and interpolation curves are used, Debt instruments are less liquid as some sovereign bonds, corporate bonds and mortgage securities of domestic issue, and are valued - unless there is available pricing - based on fair value models based on directly observable prices or market factors. All these instruments are classified in Level 2 valuation.

The base model for the valuation of fixed income securities without much liquidity in the local market is a dynamic model of interest rates using panels of incomplete data and incorporates all the recent price history of the instruments in question and instruments with similar characteristics as to issuer risk rating, duration, etc, The fair value models used (both internal and external) are tested periodically and back tested by independent parties.

Finally, all instruments whose prices or market factors are not directly observable are classified in Level 3.

g. Derivative instruments

As of June 30, 2019 the Bank had a net liability position of MCh$195,488 in derivative instruments measured at fair value, Derivatives are classified into two groups according to their accounting treatment: (1) instruments for trading and (2) instruments with hedge accounting treatment, The trading instruments come from activities of Sales & Trading (S&T), whether from sales to third parties or hedging the risks involved in such sales, The areas responsible for Asset & Liability Management (ALM) also use derivatives to hedge their risks, They can follow the standard treatment for trading or have hedge accounting treatment under the applicable accounting standards. The recording, according to current accounting standards, may reduce fluctuations in the value of assets and liabilities or cash flows.

The market risk associated with derivative instruments is measured by VaR and stress tests.

h. Counterparty risk

The Bank manages its counterparty risk by establishing a limit for transactions (credit line) to enter into with each customer in derivatives and recognizes the Credit Value Adjustment (CVA).

Use of line to operate with derivative intruments

The level of usage of the credit line approved by the Bank for each customer due to an over-the-counter (OTC) derivative transaction must match the credit exposure that this transaction generates to the Bank. The credit risks on these contracts exist when the recovery or mark-to-market (MTM) is positive in favour of the Bank. As these contracts are valued daily, in this there is uncertainty regarding the mark to market adjustment over the life of the operation.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Monte Carlo simulation techniques are used to estimate future peak exposures by counterparty. Specific counterparty limits ensure that the accepted risk levels are not exceeded and proper diversification is achieved. The table below details the level of usage of the credit line approved for use with derivative instruments by segment for the periods ended June 30, 2019 and December 31, 2018.

Segment	**June 30, 2019 MCh$**	**December 31, 2018 MCh$**
Retail Banking	**2,779**	**3,576**
Retail banking	-	-
Small and Medium Enterprises	**2,779**	3,576
Wholesale Banking	**910,791**	**1,049,739**
Commercial banking	188,673	229,154
Corporate & Investment Banking Commercial Division C&IB	722,118	820,585
Corporate & Investment Banking Finance Division	**1,110,541**	**1,299,790**
Total	**2,024.111**	**2,353,105**

Credit Valuation Adjustmentin derivatives (CVA)

The objective of the credit valuation adjustments is to determine the counterparty risk associated with the credit exposure in OTC derivative contracts. The CVA of a derivative is defined as the difference between its market-to-market value determined without the risk of default from the counterparty and its market-to-market value with the probability of default of the counterparty. Thus the CVA of a client can be determined from the expected exposure (EE) to counterparty risk (how much loss is expected) and the probability of default (PD) associated with the risk of default of the counterparty. The table below details the recording of CVA by segment for the year periods ended June 30, 2019 and December 31, 2018.

Credit Value Adjustment			
Segment	**June 30, 2019**	**December 31, 2018**	**Variation**
	MCh$	**MCh$**	**MCh$**
Retail Banking	**69**	**213**	**(144)**
Retail banking	-	-	-
Small and Medium Enterprises	**69**	213	(144)
Wholesale Banking	**22,041**	**17,133**	**4,908**
Commercial	3,825	2,994	831
Corporate & Investment Banking Commercial Division	18,216	14,139	4,077
Corporate & Investment Banking Finance Division	**513**	**350**	**163**
City National Bank	**2,665**	**752**	**1,913**
Total	**25,288**	**18,448**	**6,840**

i. Hedge accounting

The Bank uses hedge accounting to manage the risk of fair value and cash flow to which it is exposed.

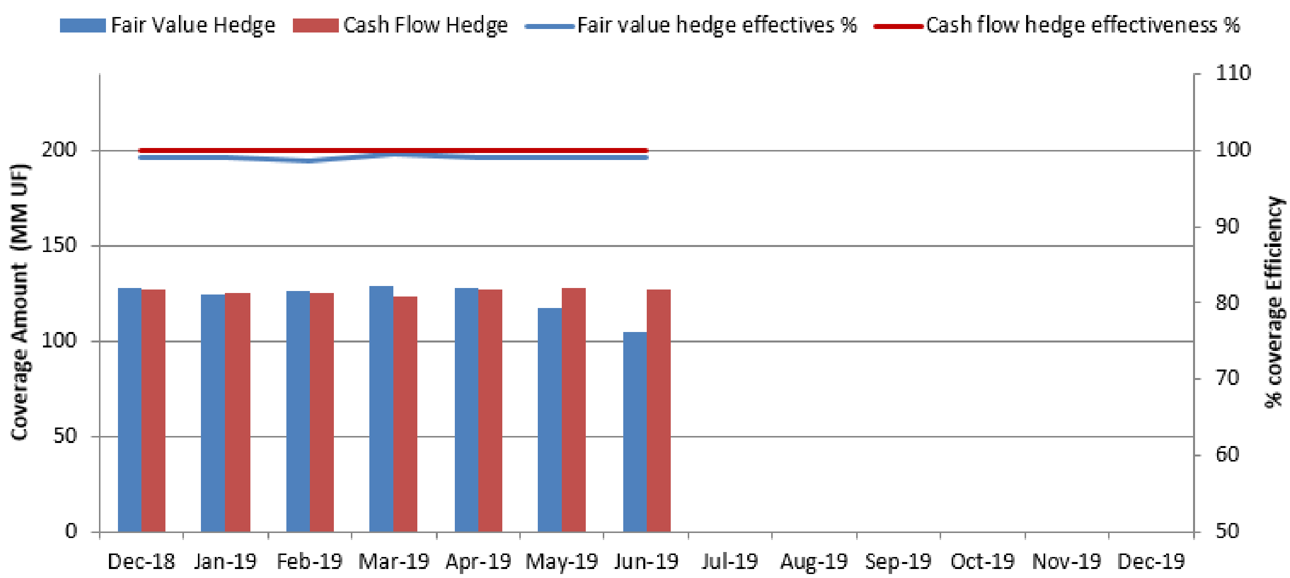
Fair value hedges use derivative instruments to hedge the change in fair value of an asset or liability in the interim consolidated financial statements.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Cash flow hedges effects meanwhile are recognized in equity. Treatment of this type of instrument strictly follows International Accounting Standard ("IAS") 39. Financial Risk Management is responsible for designing and validating the effectiveness of the hedges, generating effectiveness indicators that are monitored and reported to ALCO.

As of June 30, 2019 the total notional amount of cash flow hedges amounted to UF 126,676,967 whereas fair value hedges reach UF 105,148,853.

Fig, 19, Amount, Type and effectiveness of Hedge Accounting
As of June 30, 2019 (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.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Provisions for credit risk

According to the Financial Market Commission (FMC), the Banks should permanently maintain evaluations of their loans and contingent credit portfolios, in order to establish provisions timely and sufficiently, so as to cover possible losses, in accordance with the regulation of said Superintendency, contained in the Compendium of Accounting Standards, chapter B1 referring to provisions for credit risk.

The Bank has a series of models both for the individual and the group portfolios, which are applied depending on the type of portfolio and operations- These models are approved by the Board of Directors, which is informed annually about the adequacy of the provisions.

Models based on the individual analysis of borrowers

These models are applied when the companies involved, given their size, complexity or level of exposure with the entity, are required to be identified and analysed in detail, one by one.

These models consider the analysis of issues such as the financial situation of the borrower, payment behaviour, knowledge and experience of the partners and managers in the business, the degree of commitment of the same with the company and the industry in which it operates and its relative position.

Quality of the loans by type of financial asset

Regarding the quality of the loans, these are described in accordance with the Compendium of Accounting Standards issued by the Financial Market Commission (FMC):

	As of June 30, 2019					
	Balance			Allowance		
Category	Loans and Receivables from banks	Loans and receivables from customers	Total	Loans and receivables from banks	Loans and receivables from customers	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	-	132.686	132.686	-	48	48
A2	25.110	1.130.897	1.156.007	21	568	589
A3	44.005	2.007.620	2.051.625	96	2.601	2.697
A4	-	2.182.940	2.182.940	-	15.518	15.518
A5	-	2.166.758	2.166.758	-	8.868	8.868
A6	-	787.862	787.862	-	5.947	5.947
B1	-	179.635	179.635	-	2.088	2.088
B2	-	155.347	155.347	-	4.046	4.046
B3	-	137.351	137.351	-	25.042	25.042
B4	-	12.507	12.507	-	798	798
C1	-	102.274	102.274	-	2.045	2.045
C2	-	27.322	27.322	-	2.732	2.732
C3	-	46.165	46.165	-	11.541	11.541
C4	-	11.402	11.402	-	4.561	4.561
C5	-	17.298	17.298	-	11.243	11.243
C6	-	48.699	48.699	-	43.829	43.829
Collective assessment	-	12.233.348	12.233.348	-	293.483	293.483
Subsidiaries	264.740	9.615.148	9.879.888	556	131.588	132.144
Total	**333.855**	**30.995.259**	**31.329.114**	**673**	**566.546**	**567.219**

NOTE 36 - RISK MANAGEMENT, CONTINUED

	As of December 31, 2018					
	Balance			Allowance		
Category	Loans and Receivables from banks	Loans and receivables from customers	Total	Loans and receivables from banks	Loans and receivables from customers	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1		49,560	49,560	-	18	18
A2	20,484	1,220,743	1,241,227	17	630	647
A3	117,827	1,921,812	2,039,639	258	2,536	2,794
A4	-	1,990,942	1,990,942	-	15,109	15,109
A5	-	1,984,489	1,984,489	-	8,681	8,681
A6	-	802,970	802,970	-	6,319	6,319
B1	-	184,932	184,932	-	3,024	3,024
B2	-	113,525	113,525	-	380	380
B3	-	85,550	85,550	-	15,412	15,412
B4	-	20,181	20,181	-	1,245	1,245
C1	-	103,172	103,172	-	2,063	2,063
C2	-	57,259	57,259	-	5,726	5,726
C3	-	67,747	67,747	-	16,937	16,937
C4	-	8,127	8,127	-	3,251	3,251
C5	-	14,568	14,568	-	9,469	9,469
C6	-	62,296	62,296	-	56,067	56,067
Collective assessment	-	11,884,752	11,884,752	-	276,049	276,049
Subsidiaries	195,207	9,527,237	9,722,444	331	133,851	134,182
Total	**333,518**	**30,099,862**	**30,433,380**	**606**	**556,767**	**557,373**

The analysis of the age of overdue installments and their accrued interest by type of financial assets is the following:

	Less than 30 days		Between 31 and 89 days		90 days or more		Total	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and receivables from banks	-	-	-	-	-	-	**-**	**-**
Loans and receivables from customers	446.767	532.013	86.259	85.795	300.597	255.901	**833.623**	**873.709**
Total	**446.767**	**532.013**	**86.259**	**85.795**	**300.597**	**255.901**	**833.623**	**873.709**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Maximum exposure to credit risk

The exposure to credit risk varies significantly and depends on both individual risks and general market economy risks.

As of June 30, 2019

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	2.322.206	-	**2.322.206**	-	**2.322.206**
Loans and receivables to banks	333.855	(673)	**333.182**	-	**333.182**
Loans and receivables to customers, and credit commitments (1)	39.976.868	(598.285)	**39.378.583**	(12.248.254)	**27.130.329**
Financial investments available for sale	2.904.995	-	**2.904.995**	-	**2.904.995**
Financial investments held to maturity	679	-	**679**	-	**679**
Derivative financial agreements (2)	2.424.012	(1.136)	**2.422.876**	-	**2.422.876**

(1) In this line loans and receivables are included for an amount of MCh$30,995,259 (see Note 11) and credit commitments of MCh$8,981,609 (see Note 23). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(2) As of June 30, 2019, no collateral was provided in favour of the Bank.

As of December 31, 2018

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	2.038.376	-	**2.038.376**	-	**2.038.376**
Loans and receivables to banks	333.518	(606)	**332.912**	-	**332.912**
Loans and receivables to customers, and credit commitments (3)	39.363.519	(586.410)	**38.777.109**	(12.135.012)	**26.642.097**
Financial investments available for sale	3.229.455	-	**3.229.455**	-	**3.229.455**
Financial investments held to maturity	2.780	-	**2.780**	-	**2.780**
Derivative financial agreements (4)	1.715.511	(1.237)	**1.714.274**	-	**1.714.274**

(3) In this line loans and receivables are included for an amount of MCh$30,099,862 (see Note 11) and credit commitments of MCh$9,263,657 (see Note 23),. Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.

(4) As of December 31, 2018, no collateral was provided in favour of the Bank.

NOTE 36 - RISK MANAGEMENT, CONTINUED

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.

Regarding the management of operational risk in subsidiaries, during 2018 the operational risk teams have been reinforced in the Bank's subsidiaries, who run the risk management program in each subsidiary with an independent corporate governance, coordinated and aligned with the Corporate risk policies and governance.

During 2018, the operational risk management strategy has continued using statistical models to anticipate risks, strengthening risk management in a digital environment and maintaining a robust risk culture, through dissemination and training to the collaborators in these matters, as well as the continuous monitoring of controls.

Information Security and Cybersecurity

The Bank has an information security and cybersecurity strategy based on best industry practices that are based on a comprehensive management program, whose main component is the overall information security policy approved by the Board Executive Committee, and supplemented by a regulatory body of specific controls regulations, a security culture program aimed at employees, customers and suppliers, ongoing programs of vulnerability analysis and ethical hacking, and an organization formed by specialized areas, featuring the creation of a Management dedicated to cybersecurity, which will work together with the existing units focused on the operation of security controls and specialized management of these risks.

The Bank has an Information Security and Technological Risk Committee, made up of representatives from various areas in the Bank, which ensures that the regulatory framework is updated for new risks and threats, and is responsible for the execution and monitoring of the annual security and compliance of specific policies.

This strategy contemplates the execution of various initiatives and investments during 2018 in order to strengthen technological infrastructure and specific procedures of operation and monitoring of cybersecurity, oriented towards preventing, identifying and stopping attacks on the information security of the clients and the Bank.

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.

NOTE 36 - RISK MANAGEMENT, CONTINUED

The Bank is constantly working on strengthening of its business continuity plan, Plan coverage has increased according to the requirements of the Bank, including the processes that are critical.

During 2019, 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.

Prevention of fraud

This function is responsible for implementing a corporate fraud prevention strategy, both internal and external, that safeguards the equity of our clients and the Bank and protects the reputation of BCI. To this end, new processes, technologies, methodologies and models have been implemented to prevent and anticipate fraud risks, as well as activities to strengthen the culture and adherence to the ethical framework for the good work of the Bank's employees.

In this area, the dissemination of the Code of Ethics, Internal Regulation of Order, Hygiene and Safety, Manual for the Prevention of Criminal Risk, and Behavior of Confidence Break has been reinforced.

Management of operational risk in suppliers

Operational Risk Management has a risk management program in outsourced services for the Bank, which aims to identify and timely manage the risks that may exist in a process contracted to a third party during the life cycle of the outsourced service, that is, from the inception of the service until the contractual relationship is extinguished. Depending on the risks identified, decisions are made to keep risks within acceptable levels for BCI.

Capital calculation according to Basel

The Bank has participated in the capital calculation exercises according to the standards of Basel II and Basel III, a calculation integrating the operating risk with credit and market risks, as a global indicator of risk exposure.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES

As of June 30, 2019 and December 31, 2018, the breakdown of maturities of assets and liabilities is as follows:

As of June 30, 2019

	Current	Up to 1 Month	Between 1 and 3 months	Between 3 and 12 months	Subtotal up to 1 year	Between 1 and 5 years	More than 5 years	Subtotal over 1 year	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets									
Cash and deposits in banks	2.047.074	-	-	-	2.047.074	-	-	-	**2.047.074**
Items in course of collection	-	359.546	-	-	359.546	-	-	-	**359.546**
Trading portfolio financial assets	-	2.322.206	-	-	2.322.206	-	-	-	**2.322.206**
Investments under agreement to resell	-	43.749	46.748	24.484	114.981	-	-	-	**114.981**
Derivative financial agreements	-	332.787	63.360	258.999	655.146	897.932	869.798	1.767.730	**2.422.876**
Loans and receivables to banks (*)	-	31.317	43.309	253.394	328.020	5.835	-	5.835	**333.855**
Loans and receivables to customers (**)	-	2.548.074	2.071.704	4.657.964	9.277.742	9.945.505	11.232.854	21.178.359	**30.456.101**
Financial investments available for sale	-	196.447	15.095	307.215	518.757	537.034	1.849.204	2.386.238	**2.904.995**
Investment held to maturity	-	-	-	-	-	-	679	679	**679**
Total assets	**2.047.074**	**5.834.126**	**2.240.216**	**5.502.056**	**15.623.472**	**11.386.306**	**13.952.535**	**25.338.841**	**40.962.313**
Liabilities									
Current accounts and demand deposits									
Items in course of collection	12.056.700	-	-	-	12.056.700	-	-	-	**12.056.700**
Liabilities under agreements to repurchase	-	303.972	-	-	303.972	-	-	-	**303.972**
Term deposits and saving accounts	-	251.764	154.767	19.537	426.068	23.839	183	24.022	**450.090**
Derivative financial agreements	-	5.178.411	4.124.207	2.842.702	12.145.320	597.476	92	597.568	**12.742.888**
Borrowings from financial institutions	-	356.332	63.012	244.853	664.197	1.065.044	889.122	1.954.166	**2.618.363**
Debt issued	-	1.012.564	574.797	575.752	2.163.113	455.661	-	455.661	**2.618.774**
Other financial liabilities	-	88.049	37	604.653	692.739	2.459.667	3.452.516	5.912.183	**6.604.922**
Lease liabilities	-	832.194	14.088	8.862	855.144	5.749	-	5.749	**860.893**
Total liabilities	-	-	-	20.872	20.872	87.525	104.864	192.389	**213.261**
Assets	**12.056.700**	**8.023.286**	**4.930.908**	**4.317.231**	**29.328.125**	**4.694.961**	**4.446.777**	**9.141.738**	**38.469.863**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES, CONTINUED

As of December 31, 2018	Current	Up to 1 Month	Between 1 and 3 months	Between 3 and 12 months	Subtotal up to 1 year	Between 1 and 5 years	More than 5 years	Subtotal over 1 year	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets									
Cash and deposits in banks	2,058,757	-	-	-	2,058,757	-	-	-	**2,058,757**
Items in course of collection	335,820	-	-	-	335,820	-	-	-	**335,820**
Trading portfolio financial assets	-	2,038,376	-	-	2,038,376	-	-	-	**2,038,376**
Investments under agreement to resell	-	19,873	35,256	18,730	73,859	-	-	-	**73,859**
Derivative financial agreements	-	119,932	317,662	211,954	649,548	599,339	465,387	1,064,726	**1,714,274**
Loans and receivables to banks (*)	-	36,152	55,455	221,519	313,126	20,392	-	20,392	**333,518**
Loans and receivables to customers (**)	-	2,942,515	1,853,467	4,634,480	9,430,462	9,637,535	10,818,981	20,456,516	**29,886,978**
Financial investments available for sale	-	343,412	905	63,036	407,353	541,319	2,280,783	2,822,102	**3,229,455**
Investment investments held to maturity	-	-	-	-	-	-	2,780	2,780	**2,780**
Total assets	**2,394,577**	**5,500,260**	**2,262,745**	**5,149,719**	**15,307,301**	**10,798,585**	**13,567,931**	**24,366,516**	**39,673,817**
Liabilities									
Current accounts and demand deposits	12,222,539	-	-	-	12,222,539	-	-	-	**12,222,539**
Items in course of collection	213,558	-	-	-	213,558	-	-	-	**213,558**
Liabilities under agreements to repurchase	-	281,201	4,628	56,129	341,958	204,044	107	204,151	**546,109**
Term deposits and saving accounts	-	4,762,344	2,959,497	4,015,232	11,737,073	591,554	149	591,703	**12,328,776**
Derivative financial agreements	-	81,968	373,125	209,840	664,933	667,905	470,878	1,138,783	**1,803,716**
Borrowings from financial institutions	-	2,244,972	68,392	75,700	2,389,064	369,085	-	369,085	**2,758,149**
Debt issued	-	24,639	171	593,785	618,595	2,108,616	3,250,737	5,359,353	**5,977,948**
Other financial liabilities	-	714,667	16,875	13,363	744,905	9,713	319	10,032	**754,937**
Total liabilities	**12,436,097**	**8,109,791**	**3,422,688**	**4,964,049**	**28,932,625**	**3,950,917**	**3,722,190**	**7,673,107**	**36,605,732**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 38 - FOREIGN CURRENCY

The interim consolidated statement of financial position as of June 30, 2019 and December 31, 2018 include assets and liabilities in foreign currencies or indexed to the variation in the exchange rate disclosed in column "in Chilean Pesos") according to the following detail:

	In foreign currency		In Chilean Pesos		Total	
	As of June 30, 2019	As of December 31, 2018	As of June 30, 2019	As of December 31, 2018	As of June 30, 2019	As of December 31, 2018
ASSETS	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash and deposits in banks	1.198.176	1.186.409	848.898	872.348	**2.047.074**	**2.058.757**
Items in course of collection	218.357	156.714	141.189	179.106	**359.546**	**335.820**
Trading portfolio financial assets	47.363	35.904	2.274.843	2.002.472	**2.322.206**	**2.038.376**
Investments under agreement to resell	-	-	114.981	73.859	**114.981**	**73.859**
Derivative financial agreements	38.794	28.957	2.384.082	1.685.317	**2.422.876**	**1.714.274**
Loans and receivables to banks, net	333.182	332.912	-	-	**333.182**	**332.912**
Loans and receivables to customers, net	10.281.404	9.911.675	20.147.309	19.631.420	**30.428.713**	**29.543.095**
Financial investments available for sale	2.502.846	2.654.621	402.149	574.834	**2.904.995**	**3.229.455**
Financial investments held to the maturity	679	2.780	-	-	**679**	**2.780**
Investments in other companies	-	-	26.141	44.740	**26.141**	**44.740**
Intangible assets	133.723	139.125	238.364	243.072	**372.087**	**382.197**
Property, plant and equipment	56.342	58.718	204.862	222.518	**261.204**	**281.236**
Righ-of-use assets	62.580	-	169.559	-	**232.139**	**-**
Current income tax	6.744	11.473	45.508	3.411	**52.252**	**14.884**
Deferred income taxes	5.914	20.715	90.873	169.400	**96.787**	**190.115**
Other assets	685.292	585.864	430.427	521.353	**1.115.719**	**1.107.217**
TOTAL ASSETS	**15.571.396**	**15.125.867**	**27.519.185**	**26.223.850**	**43.090.581**	**41.349.717**
LIABILITIES						
Current accounts and demand deposits	7.118.761	7.104.640	4.937.939	5.117.899	**12.056.700**	**12.222.539**
Items in course of collection	183.560	130.045	120.412	83.513	**303.972**	**213.558**
Liabilities under agreements to repurchase	103.976	135.890	346.114	410.219	**450.090**	**546.109**
Term deposits and saving accounts	3.608.905	3.243.579	9.133.983	9.085.197	**12.742.888**	**12.328.776**
Derivative financial agreements	51.746	21.109	2.566.617	1.782.607	**2.618.363**	**1.803.716**
Borrowings from financial institutions	2.290.510	2.441.699	328.264	316.450	**2.618.774**	**2.758.149**
Debt issued	1.483.758	1.449.643	5.121.164	4.528.305	**6.604.922**	**5.977.948**
Other financial liabilities	824.233	715.743	36.660	39.194	**860.893**	**754.937**
Leases	56.831	-	156.430	-	**213.261**	**-**
Current income tax	-	-	7.267	157.309	**7.267**	**157.309**
Deferred income taxes	1.376	-	1.254	840	**2.630**	**840**
Provisions	42.415	54.873	236.447	279.420	**278.862**	**334.293**
Other liabilities	112.970	88.724	641.691	704.456	**754.661**	**793.180**
TOTAL LIABILITIES	**15.879.041**	**15.385.945**	**23.634.242**	**22.505.409**	**39.513.283**	**37.891.354**

NOTE 39 - SUBSEQUENT EVENTS

Between July 1, 2019 and the date of issuance of these intermin consolidated financial statements, no subsequent events that may affect the presentation of these interim consolidated financial statements have been recorded.

José Luis Ibaibarriaga Martínez

Corporate Planning and
Financial Control Manager

Eugenio Von Chrismar
Carvajal
Chief Executive Officer