BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES

Consolidated financial statements as of and for the years ended December 31, 2019 and 2018 and independent auditors' report

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Banco de Crédito e Inversiones and subsidiaries (the "Bank"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco de Crédito e Inversiones and its subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting standards and instructions issued by the Financial Market Commission.

Emphasis of Matter

As indicated in Note 4 to the consolidated financial statements and on December 4, 2018, the acquisition of 100% of the shares of Lider Corredores de Seguros y Gestión Financiera Limitada, Operadora de Tarjetas Lider Servicios Financieros Limitada, Servicios y Administración de Créditos Comerciales Lider S.A., Sociedad de Servicios de Comercio y Apoyo y Gestión Presto Limitada and Servicios y Cobranzas Limitada (previously Walmart Chile Servicios Financieros) was consummated. The fair value of the assets acquired and liabilities assumed in the acquisition of the entities mentioned in the previous sentence in these consolidated financial statements had been determined provisionally as indicated in the notes to these consolidated financial statements, which provisional determination is permitted to be recorded on such basis under International Financial Reporting Standard No. 3, "*Business Combinations,*" ("IFRS 3"), for a period up to one year subsequent to such acquisition at which time, at the latest, a final determination (as has been performed as described in Note 4) and recording of any associated effects is required to be made as indicated under IFRS 3. Our opinion is not modified with respect to this matter.

Emphasis of matter

As detailed in Notes 3 and 4 to the consolidated financial statements, during 2015, the Bank acquired 100% of CM Florida Holding INC., for an amount of US$ 946.9 million. The aforementioned entity has been consolidated in these consolidated financial statements since October 31, 2015.

In the ordinary session of the Board of Directors of Banco de Crédito e Inversiones on November 28, 2017, the authorization of the signing of the "Merger Agreement" between City National Bank ("CNB"), a subsidiary of the Bank and TotalBank, a state bank in the state of Florida in the United States of America (the "U.S.") (both such banks being constituted and operating under the laws of the state of Florida in the U.S.) was unanimously approved. Such Merger Agreement was duly signed on November 30, 2017. By virtue of the transaction, CNB acquired all of the shares of TotalBank. CNB is the acquiring and legally continuing entity of TotalBank after the merger which occurred on June 15, 2018 after all the conditions precedent to such merger were complied with as detailed in Note 3 and 4 to these consolidated financial statements. The fair value of the assets acquired and liabilities assumed in the acquisition and merger of TotalBank (with CNB) in these consolidated financial statements had been determined provisionally as indicated in the notes to these consolidated financial statements, which provisional determination is permitted to be recorded on such basis under International Financial Reporting Standard No. 3, "*Business Combinations,*" ("IFRS 3"), for a period up to one year subsequent to the merger at which time, at the latest, a final determination (as has been performed as described in Note 4) and recording of any associated effects is required to be made as indicated under IFRS 3. Our opinion is not modified with respect to this matter.

Other matter

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

Deloitte.

January 28, 2020
Santiago, Chile

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the years ended December 31, 2019 and 2018

CONTENT

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

TABLE OF CONTENTS

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2019 and 2018
(In millions of Chilean pesos - MCh$)

	Note	As of December 31	
		2019	2018
		MCh$	MCh$
ASSETS			
Cash and deposits in banks	6	3,153,760	2,058,757
Items in course of collection	6	310,602	335,820
Trading portfolio financial assets	7	2,212,257	2,038,376
Investments under agreements to resell	8	196,015	73,859
Derivative financial assets	9	4,261,289	1,714,274
Loans and receivables to banks, net	10	457,640	332,912
Loans and receivables to customers, net	11	33,212,457	29,543,095
Financial investments available for sale	12	4,011,029	3,229,455
Financial investments held to maturity	12	7,369	2,780
Investments in other companies	13	27,823	44,740
Intangible assets	14	404,215	382,197
Property, plant and equipment, net	15	250,194	281,236
Right-of-use asset	15	231,344	-
Current income tax	16	89,495	14,884
Deferred income taxes	16	103,329	190,115
Other assets	17	1,407,802	1,107,217
TOTAL ASSETS		**50,336,620**	**41,349,717**
LIABILITIES			
Current accounts and demand deposits	18	14,180,699	12,222,539
Items in course of collection	6	200,976	213,558
Liabilities under agreements to repurchase	8	909,391	546,109
Term deposits and savings accounts	18	13,372,756	12,328,776
Derivative financial liabilities	9	4,412,365	1,803,716
Borrowings from financial institutions	19	3,482,261	2,758,149
Debt issued	20	7,016,742	5,977,948
Other financial liabilities	20	1,450,586	754,937
Lease liabilities	15	206,376	-
Current income tax	16	1,240	157,309
Deferred income taxes	16	23,829	840
Provisions	21	309,040	334,293
Other liabilities	22	977,839	793,180
TOTAL LIABILITIES		**46,544,100**	**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		114,719	45,446
Retained earnings:			
Net income from prior periods	24	-	-
Profit or loss for the year	24	402,645	395,794
Less: Accrual for minimum dividends	24	(120,794)	(118,738)
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK		**3,791,478**	**3,457,509**
Non-controlling interest		1,042	854
TOTAL SHAREHOLDERS' EQUITY		**3,792,520**	**3,458,363**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**50,336,620**	**41,349,717**

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

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the years ended December 31, 2019 and 2018
(In millions of Chilean pesos - MCh$)

	Note	For the year ended December 31 2019 MCh$	2018 MCh$
Interest income	25	2,206,557	1,839,336
Interest expense	25	(885,063)	(759,139)
Net interest and indexation income		**1,321,494**	**1,080,197**
Fee and commission income	26	462,313	398,998
Fee and commission expense	26	(110,553)	(92,795)
Net fee and commission income		**351,760**	**306,203**
Trading and investment income, net	27	183,805	141,527
Foreign exchange results, net	28	(18,334)	12,434
Other operating income	33	53,063	44,842
Operating income		**1,891,788**	**1,585,203**
Provision for loan losses and impairment of repossessed assets	29	(415,519)	(266,313)
OPERATING INCOME, NET OF PROVISION FOR LOAN LOSSES		**1,476,269**	**1,318,890**
Staff costs	30	(483,886)	(464,558)
Administrative expenses	31	(326,149)	(292,170)
Depreciation and amortization	32	(103,649)	(67,427)
Impairment of property, plant and equipment and intangible assets	32	(478)	(174)
Other operating expenses	33	(43,569)	(39,948)
TOTAL OPERATING EXPENSES		**(957,731)**	**(864,277)**
TOTAL NET OPERATING INCOME		**518,538**	**454,613**
Share of profit of investments accounted for using the equity method	13	12,638	65,036
Income before income tax		**531,176**	**519,649**
Income tax expense	16	(128,437)	(123,802)
Net income from continuing operations		**402,739**	**395,847**
Net income from discontinued operations		-	-
CONSOLIDATED NET INCOME FOR THE YEAR		**402,739**	**395,847**
Attributable to:			
Equity holders of the Bank		402,645	395,794
Non-controlling interest		94	53
Total		**402,739**	**395,847**
Earnings per share :			
(stated in Ch$)			
Basic earnings per share		$2,843	$3,104
Diluted earnings per share		$2,843	$3,104

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

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
For the years ended December 31, 2019 and 2018
(In millions of Chilean pesos - MCh$)

	Note	For the year ended December 31 2019 MCh$	2018 MCh$
CONSOLIDATED NET INCOME FOR THE YEAR		**402,739**	**395,847**
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO THE STATEMENT OF INCOME			
Net gain (loss) resulting on revaluation of financial investments available for sale		53,539	(24,855)
Net (loss) on cash flow hedge derivatives		(114,826)	(2,924)
Cumulative translation adjustment		100,778	97,903
Other comprehensive income before income tax		**39,491**	**70,124**
Income tax effect on other comprehensive income-items that may be reclassified to the statement of income	16	29,782	989
Total other comprehensive income that may be reclassified to the statement of income for the year		**69,273**	**71,113**
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO THE STATEMENT OF INCOME		94	-
TOTAL OTHER COMPREHENSIVE INCOME		**69,367**	**71,113**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**472,106**	**466,960**
Attributable to:			
Equity holders of the Bank		471,918	466,837
Non-controlling interest		188	123
Comprehansive income per share attributable to equity holders of the Bank:			
Basic comprehensive income per share		$3,333	$3,661
Diluted comprehensive income per share		$3,333	$3,661

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

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2019 and 2018
(In millions of Chilean pesos - MCh$)

			Accumulated Other Comprehensive Income					Retained Earnings				Total Equity		
	Capital	Reserves	Investment instruments available for sale	Cash flow hedges	Cumulative translation adjustment	Income tax	Total	Retained earnings	Net Income for year	Minimum dividends provision	Total	Total attributable to equity holders of the Bank	Non-controlling interest	Total equity
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
As of January 1, 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)**
Retained earnings	259,901	-	-	-	-	-	-	(259,901)	-	-	**(259,901)**	-	-	-
Other comprehensive income	-	-	53,539	(114,826)	100,778	29,782	**69,273**	-	-	-	-	**69,273**	94	**69,367**
Net income for the year 2019	-	-	-	-	-	-	-	-	402,645	-	**402,645**	**402,645**	94	**402,739**
Provision for minimum dividends	-	-	-	-	-	-	-	-	-	(120,794)	**(120,794)**	**(120,794)**	-	**(120,794)**
As of December 31, 2019	**3,394,799**	**109**	**35,479**	**(126,789)**	**175,490**	**30,539**	**114,719**	**-**	**402,645**	**(120,794)**	**281,851**	**3,791,478**	**1,042**	**3,792,520**
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)**
Capitalization of reserves	**240,211**	-	-	-	-	-	-	(240,211)	-	-	**(240,211)**	-	-	-
Capital increase	**401,267**	-	-	-	-	-	-	-	-	-	-	**401,267**	-	**401,267**
Other comprehensive income	-	-	(24,855)	(2,924)	97,903	989	**71,113**	-	-	-	-	**71,113**	70	**71,183**
Business combination effect	-	-	-	-	-	-	-	-	-	-	-	-	289	**289**
Net income for the year 2018	-	-	-	-	-	-	-	-	395,794	-	**395,794**	**395,794**	53	**395,847**
Provision for minimum dividends	-	-	-	-	-	-	-	-	-	(118,738)	**(118,738)**	**(118,738)**	-	**(118,738)**
As of December 31, 2018	**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**

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

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018
(In millions of Chilean pesos - MCh$)

		For the year ended December 31	
		2019	**2018**
	Note	**MCh$**	**MCh$**
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
INCOME BEFORE INCOME TAX		**531,176**	**519,649**
Charges (credits) to income not representing cash flows:			
Depreciation and amortization	32	103,649	67,427
Impairment of property, plant and equipment and intangible assets	32	478	174
Provision for loan losses and impairment of repossessed assets		480,074	319,866
Adjustment to fair value of financial instruments		(7,654)	6,615
Share of profit on investments accounted for under the equity method	13	(12,638)	(65,036)
Net gain from sale of repossessed assets	33	(4,776)	(8,168)
Gain from sale of property, plant and equipment	33	(5,078)	(1,690)
Loss on sale of property, plant and equipment	33	10	5
Write-off of repossessed assets	33	3,934	6,578
Net interest and indexation income		(1,321,494)	(1,080,197)
Net fee and commission income		(351,760)	(306,203)
Other charges (credits) to income that do not represent cash flows		261,900	(89,711)
Changes in assets and liabilities affecting operating cash flows:			
Net (increase) in loans and receivables to banks		(124,093)	(150,674)
Net (increase) in loans and receivables to customers		(4,059,050)	(5,600,015
Net (increase) in investments		(861,571)	(215,887)
Net increase in current accounts and other demand deposits		1,957,830	3,126,740
Net increase (decrease) in liabilities under agreements to repurchase		261,538	(313,193
Net increase in term deposits and savings accounts		1,036,235	1,378,591
Net increase in borrowing from financial institutions		221,479	693,098
Net increase in other financial liabilities		694,361	136,645
Proceeds from loans from Central Bank of Chile (long-term)		-	151,904
Repayment of loans from Central Bank of Chile (long-term)		(10,503)	(141,401)
Proceeds from foreign borrowings (long-term)		3,029,326	6,304,420
Repayment of foreign borrowings (long term)		(2,516,908)	(5,991,366)
Income tax paid	16	(128,437)	(123,802)
Interest and indexation received		2,103,333	1,693,532
Interest and indexation paid		(501,112)	(733,361)
Fees and commissions received	26	462,313	398,998
Fees and commissions paid	26	(110,553)	(92,795)
Total cash flows provided by (used in) operating activities		**1,132,009**	**(109,257)**
CASH FLOW (USED IN) INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	15	(33,643)	(47,317)
Proceeds from sale of property, plant and equipment		4,098	2,341
TotalBankacquisition	4	-	(247,124)
Acquisition of Servicios Financieros	4	(1,693)	(95,521)
Increase of investments in other companies	13	(98)	(293)
Purchase of intangible assets	14	(80,255)	(85,274)
Sale of investments in other companies	13	29,029	221,098
Dividends received from investments in other companies	13	224	7,413
Sale of repossessed assets		13,560	19,832
Net changes in other assets and liabilities		(215,492)	(196,133)
Total cash flows (used in) investing activities		**(284,270)**	**(420,978)**
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:			
Redemption of letters of credit		(4,397)	(5,919)
Bond issuance		1,273,626	1,045,718
Bond redemption		(789,206)	(425,353
Dividends paid		(135,893)	(131,192)
Capital increase		-	401,267
Total cash flows provided by financing activities		**344,130**	**884,521**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR		**317,222**	**(61,300)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**874,647**	**415,586**
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	**3,431,728**	**2,239,859**

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

(In millions of Chilean pesos - MCh$)

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

	Note	For the year ended December 31 2019 MCh$	2018 MCh$
Provision for loan losses presented in the consolidated statements of cash flows		480,074	319,866
Recovery of loans previously written off		(64,555)	(53,553)
Provision for loan losses	29	**415,519**	**266,313**

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 December 31, 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 12/31/2019
		Received	Paid	Total	Acquisition	Changes in fair value	Interest and Indexation	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letters of credit	13,232	-	(4,397)	(4,397)	-	-	794	9,629
Bonds	5,964,716	1,273,626	(789,206)	484,420	-	246,937	311,040	7,007,113
Dividends	-	-	(135,893)	(135,893)	-	-	-	(135,893)
Total	**5,977,948**	**1,273,626**	**(929,496)**	**344,130**	**-**	**246,937**	**311,834**	**6,880,849**

Liabilities arising from financing activities	Beginning balance 1/1/2018	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 12/31/2018
		Received	Paid	Total	Acquisition	Changes in fair value	Interest and Indexation	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letters of credit	17,785	-	(5,919)	(5,919)	-	-	1,366	13,232
Bonds	5,002,522	1,045,718	(425,353)	620,365	-	(18,158)	359,987	5,964,716
Capital increase	-	401,267	-	401,267	-	-	-	-
Dividends	-	-	(131,192)	(131,192)	-	-	-	-
Total	**5,020,307**	**1,446,985**	**(562,464)**	**884,521**	**-**	**(18,158)**	**361,353**	**5,977,948**

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

	Note	As of June 15, 2018
TotalBank acquisition		**MCh$**
Amount paid with cash and cash equivalenta		(336,817)
Amount of cash and cash equivalent in acquired entity		89,693
Total net cash flow – TotalBank acquisition	**4**	**(247,124)**

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

	Note	As of December 4, 2018
Acquisition of Servicios Financieros		**MCh$**
Amount paid with cash and cash equivalents		(105,864)
Amount of cash and cash equivalent in acquired entity		10,343
Total net cash flow – Acquisition of Servicios Financieros	**4**	**(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"), formerly known as the Superintendency of Banks and Financial Institutions (SBIF), according to the General Banking Act as amended by Act No. 21,130, which establishes the FMC as a regulator effective as of June 1, 2019 (Official Gazette No. 42,343 of May 2, 2019). The registered office of the Bank is located at 125 El Golf Avenue, Las Condes, Santiago. The consolidated financial statements as of and for the years ended December 31, 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 consolidated financial statements have been prepared in accordance with the Compendium of Accounting Standards and Instructions issued by the FMC (the "Compendium"), the regulatory agency set up under Article 16 of the General Banking Law, which stipulates that, pursuant to legal provisions, banks must apply the accounting criteria issued by that regulatory agency 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 the Compendium, the latter should be followed.

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

The consolidated financial statements of the Bank and subsidiaries as of and for the year ended December 31, 2019 have been approved and authorized for issuance by the Board of Directors in a meeting held on January 28, 2020.

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

c) Controlled companies (subsidiaries)

The consolidated financial statements as of and for the years ended December 31, 2019 and 2018 include financial information of the Bank and controlled companies (subsidiaries) (hereinafter the "Group"). Control is achieved when the Bank is exposed, or is entitled, to variable returns from its involvement in the investee and has the ability to influence those returns through its power over it.

Specifically, control is achieved when the following conditions are met:

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

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

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

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

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

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

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

In addition, third party interest in the equity of the Bank is presented as "Non-controlling Interest" in the consolidated statements of financial position. The Bank´s 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.

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

i. Entities controlled by the Bank through controlling interests:

	% 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	99.98	0.02	0.02
Administradora de Tarjetas Servicios Financieros Limitada. (*)	99.99	99.99	0.01	0.01
SSFF Corredores de Seguros y Gestión Financiera Limitada. (*)	99.00	99.00	1.00	1.00
Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada. (*)	99.99	99.99	0.01	0.01
Servicios y Cobranzas SEYCO Limitada. (*)	99.00	99.00	1.00	1.00

(*) 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 the Bank 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.

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

On December 12, 2019, the Council of the Financial Market Commission approved the aforementioned request in ordinary meeting number 161. As of December 31, 2019 the company is in liquidation process.

BCI Asset Management Administradora de Fondos S.A. was incorporated by public deed dated January 7, 1988. Its corporate purpose is management of all types of mutual funds, investment funds and individual portfolios regulated by Law No, 20,712, including the development of voluntary pension savings plans “Voluntary Pension Savings” (“APV” for its acronym in Spanish) and “Collective Voluntary Pension Savings” (“APVC” for its acronym in Spanish), other complementary activities authorized by the Commission for the Financial Market (Former SBIF, 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 SBIF).

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

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

Servicio de 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 background checks of physical persons or legal entities, the delivery of commercial reports and any other business that the stockholders agree to execute.

BCI Securities INC. was established in the state of Florida, United States of America on July 6, 2011. Its corporate purpose is to buy and sell stocks, mutual funds, corporate debt, US government bonds, sovereign debt, and call and put options for its customers, primarily residents of South America. BCI Securities Inc. may establish network agreements with banks, savings banks or credit unions. This investment was authorized by the Financial Market Commission on January 10, 2013, and by the Central Bank of Chile on February 21, 2013. It began operations on March 1, 2016.

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

BCI Financial Group, INC. and Subsidiaries, a parent company of City National Bank (CNB), was acquired in 2015. CNB is a banking financial institution established in 1946 with headquarters in Miami, offering a wide range of financial products (including real estate, commercial and consumer banking) to more than 22,000 customers, with 26 branches in four Florida counties. On March 10, 2017, the FMC issued Letter No, 02751, which granted approval to carry out leasing transactions through a new subsidiary of CNB. The new subsidiary of CNB is a corporation that began operations on June 28, 2017 under the corporate name of City National Capital Finance, Inc. (CNCF). On August 1, 2018, the subsidiary City National Capital Finance, Inc. (CNCF) changed its name to BCI CAPITAL, INC.

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 undergone several changes. According to its current corporate purpose, it issues credit cards and conducts complementary activities authorized by the FMC through the general regulations of credit card issuance; granting of loans as a subsidiary of the Bank on an enhanced basis.

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 undergoneseveral modifications. Its current corporate purpose is service and development of all kinds of activities related to debit, credit and prepaid cards in accordance with Central Bank of Chile's Compendium of Financial Standards and other applicable norms including but not limited to the following: (i) service of supply of physical payments cards; (ii) service, maintenance and management of computer systems for operations and issuance of cards and; (iii) any other activities connected and complementary to the operation and issuance of payment cards, on condition that said services and activities do not involve the payment of benefits owed to subsidiaries for the use of said instruments.

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: a/ service of supply of management and aftermarket and customer support, related to allocation, performance and maintenance of arranged products with banks, subsidiaries and support companies, and b/ promotions and distributions services of banking products, subsidiaries and support companies. The previously-described activities could be performed by the entity or delegated to third parties acting on their behalf. In general, the entity could develop any other commercial activities that members decide to either complement the objective or result in a better performance.

Servicios y Cobranzas SEYCO Limitada, also acquired on December 2018 and established as a limited liability company by public deed on March 31, 2010, has had several amendments. Its current corporate purpose is: a) the provision of pre-judicial and judicial collection services in regards to all types of payment obligations, whatever their cause or origin; b) the provision of collection and payment services in general, including, but not limited to, collection and payments, on behalf of third parties, of all types of accounts and obligations; c) the provision of custody services for all types of documents and administrative procedures in general; d) the provision of marketing, programming or campaign execution services, and database preparation, in all its forms and by all means, whether already existing or that in the future will be created for that purpose, all of this to the extent that it is conducive, necessary or advisable for the adequate provision of loan collection services; e)the provision of collection, storage, custody, administration, processing, study and analysis of data, supporting documentation and/or information of any kind that relates to, comes from, has been provided by, or is necessary for the development of, the loan collection services, regardless of the support element or material thereof; and f) acquire or buy an interest in, other companies, subject to the requirements and limitations established in current regulations. The previously-described activities could be performed by the entity or delegated to third parties acting on their behalf. The entity may execute all necessary contracts with respect thereto.

SSFF Corredores de Seguros y Gestión Financiera Limitada, acquired on December 2018 and established as a limited liability company by public deed on November 17, 2004, has had several alterations. Its current corporate purpose is: (a) supply the intermediation and advisory services between general and life insurance of any national insurance company and natural and legal persons. Notwithstanding the foregoing, the company may conduct operations such as home assistance, road and travel assistance, legal and medical assistance, extended warranty for goods and services sold or provided by third parties; and operations similar in nature;

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

(b) provide social security advisory services, in accordance with the provisions of Decree Law No. 3,500, subject to the provisions of article 70 bis of the General Banking Law, or those of the regulation which may replace them. The entity may execute all necessary contracts for the given purpose or business development or related to the investment of the available funds of the company.

ii. Entities controlled by the Bank through other considerations:

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

	% Interest			
	Direct		Indirect	
Entity	2019	2018	2019	2018
	%	%	%	%
BCI Activos Inmobiliarios Fondo de Inversión Privado (1)	40.00	40.00	-	-
Fondo de Inversión Privado Rentas Comerciales (3)	-	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 General de Fondos S.A. subsidiary, has control.

(2) Structured Entity (“SE”) is responsible for the promotion of credit and debit card products. The Bank does not hold any ownership interest in that company and does not exercise control by way of voting rights, however its revenue depends on the Bank.

(3) The units in Fondo de Inversión Privado Rentas Comerciales were sold on April 30, 2019.

d) Associates and Joint Ventures

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

A joint venture is an entity over which there is joint control, which occurs only when the strategic decisions regarding both financial and operating activities require the unanimous consent of the parties that are sharing control. Investments in joint ventures can be qualified as a business or as a joint operation.

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

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

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

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

If the acquisition cost is lower than the fair value of the net assets of the acquired associate, the difference is recognized directly in profit or loss and is presented in the line "Other Income (Loss)." Investments in associates and joint ventures are presented in the consolidated statements of financial position in the line "Investments accounted for using the equity method." Only if the investor has incurred legal or constructive obligations, or has made payments on behalf of the associate or the joint venture, should they recognize a negative carrying amount. The investment therefore would be recognized at zero until such time as it generates profits that reverse the negative equity previously generated as a result of the generated losses.

The following entities are considered associates:

	Interest	
Company	**2019**	**2018**
	%	%
Centro de Compensación Automatizado S.A.	33.33	33.33
AFT S.A.	20.00	20.00
Nexus S.A.	14.81	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

The following entities are considered associates:

	Interest	
Company	**2019**	**2018**
	%	%
Artikos Chile S.A.	50.00	50.00
Servipag Ltda.	50.00	50.00

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

e) Investments in other companies

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

As of December 31, 2019, the Bank has investments in the following companies: SWIFT, BLADEX and others. As of December 31, 2018, the Bank held the same investments as those reported for 2019.

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

f) Basis of consolidation

The consolidated financial statements comprise financial information of the Bank and its subsidiaries as of December 31, 2019 and 2018, and for the years then ended.

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 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 lossand other comprehensive income (i.e. including comparatives) shall be translated at the average rate for the year.
c. Share capital and other components of equity are translated at the historical exchange rate at the date of acquisition or approval.
d. The exchange differences that arise in the translation of the financial statements are recorded in the caption "Cumulative translation adjustment" within the consolidated statement of other comprehensive income for the period.

g) Non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Bank. Non-controlling interests are presented separately in the consolidated statements of income, the consolidated statements of other 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 year, the differences that arise between the prevailing exchange rate at the date of the transaction and those that arise from such date to the date of collection or payment are recognized in the consolidated statements of income.

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

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 assets and liabilities used in the consolidated statements of financial position are the following:

i. Assets and liabilities measured at amortized cost:

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

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

In the case of financial instruments, the portion systematically charged (credited) to the profit and loss accounts is accounted for under the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

ii. Assets and liabilities measured at fair value:

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

A financial instrument is considered quoted on an active market, if prices are regularly and freely available on a stock exchange or index, by a broker or dealer, through supplier prices or regulatory agencies and those prices represent current and regular market transactions. If the market does not meet that condition, it is considered inactive. The lack of recent transactions or a too 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 financial instruments. The fair value is estimated using models to estimate the present value of the expected cash flows or other valuation techniques, using inputs observable at the date of the consolidated financial statements.

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

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

iii. Assets and liabilities measured at historic cost:

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

The consolidated financial statements have been prepared based on a historic cost basis, except for:

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

NOTE 1 - GENERAL INFORMATION AND 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 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 consolidated statements of financial position and continuously measured under the same criteria which were applied before the transfer, Consequently, it recognizes:

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

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

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

   a) If the Bank does not maintain control of the transferred financial asset: then it derecognizes the asset in the consolidated statements of financial position, and recognizes any financial right or liability resulting from the transfer.
   b) If the Bank maintains control of the transferred financial asset, then it continues recognizing the asset in the the consolidated statements of financial position at an amount equal to its exposure to the changes in value that it may experience and recognizes a financial liability associated with the transferred financial asset. The net amount of the asset and the associated liability will be the amortized cost of the withheld rights and obligations if the asset is measured by its amortized cost or the fair value of the withheld rights and obligations if the asset is measured by its fair value.

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

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

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

l) Investment instruments

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

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

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

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

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 consolidated statements of financial position. The transaction costs are recognized directly in the consolidated statements of income. The mark to market adjustments, as well as the realized income/loss from trading activities, are included under the “Trading and investment income, net” heading in the consolidated statements of income.

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

The interest and indexation for inflation income are recognized in “Trading and investment income (loss), net” line in the 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 consolidated statements of financial position at their fair value (including transaction costs), except for those classified in hierarchy level 3, and subsequently measured at their fair value. The fair value is obtained from corresponding market pricings, discounted cash flow models and pricing valuation models. The derivative instruments are recognized as an asset when their fair value is positive and as a liability when they are negative in “Derivative financial assets” or “Derivative financial liabilities” lines, respectively, of the consolidated statements of financial position.

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

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

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

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

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

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 consolidated statements of income.

If the item hedged in a fair value hedge is a firm commitment, the changes in the fair value of the firm commitment regarding the covered risk are recognized as assets or liabilities. Profits or losses from the fair value measurement of the hedging derivative are recognized in the statement of income for the period. 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 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.

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.

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

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

i. Define market makers or BCI customer condition:

   On an annual basis the Bank condition will be defined as to whether the Bank is a market maker (the Bank must be within the 4 main market operators) or a customer in each of the financial products it operates. This will be done with the information provided by the two main brokers in the national market: TRADITION and ICAP.

ii. 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 consolidated statements of income at the date on which such sale or disposal occurs.

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

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

a) At the inception of the hedge there is formal designation and documentation of the hedging relationship;
b) The hedge is expected to be highly effective;
c) The effectiveness of the hedge can be reliably measured and;
d) The accumulated difference is to be transferred to the consolidated statements of income at the date on which such sale or disposal occurs (of the investment in the foreign operation).

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

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.

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.

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

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

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.

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

- 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

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.

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

a. Group Portfolio Trade Credits:

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

i. Commercial Lease Operations

For these operations, the provisioning factor must be applied to the present value of the commercial lease operations (including the purchase option) and will depend on the delinquency of each operation, the type of leased good and the relationship, at each month-end, between the present value of each operation and the value of the leased asset (PVB), as shown in the following tables:

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

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

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

The determination of PVB will be effected considering the appraised value of the asset, expressed in UF for real estate and in pesos for non-real-estate assets, recorded at the moment of the granting of the respective credit, taking into consideration factors which eventually (factors known at that moment) could originate transitory swings in the prices of the asset.

ii. Student Loans

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

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

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

Probability of Default (PD) applicable according to enforceability of payment, delinquency and type of loan			
Present the exigency of the payment of principal or interest at the end of the month	Days of default of the operation at the end of the month	Type of student loan	
		CAE	CORFO or other
Yes	0	5.2	2.9
	1-29	37.2	15
	30-59	59	43.4
	60-89	72.8	71.9
	Default portfolio	100	100
No	n/a	41.6	16.5

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

iii. Generic Commercial Loans and Factoring

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

Probability of default (PD) applicable according to delinquency and PTVG(%) tranche			
Days of default of the operation at the end of the month	With guarantee		Without guarantee
	PTVG ≤ 100%	PTVG > 100%	
0	1.86	2.68	4.91
1-29	11.6	13.45	22.93
30-59	25.33	26.92	45.3
60-89	41.31	41.31	61.63
Default portfolio	100	100	100

Loss given Default (LgD) applicable according to PTVG (%) tranche			
Guarantees (with/without)	PTVG	PTVG > 100%	Without guarantee
With guarantee	PTVG ≤ 60%	5	3.2
	60% < PTVG ≤ 75%	20.3	12.8
	75% PTVG ≤ 90%	32.2	20.3
	90% < PTVG	43	27.1
Without guarantees		56.9	35.9

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

The guarantees used for the purposes of calculating the PTVG ratio of this method may be specific or general, including those that are simultaneously specific and general. A guarantee can only be considered if, according to the respective coverage clauses, it was furnished in the first degree of preference on behalf of the bank and only guarantees the credits of the debtor in respect of which it is recorded (not shared with other debtors). In the calculation, the invoices assigned in factoring operations will not be considered, nor will the guarantees associated with the housing loans of the mortgage portfolio, regardless of their coverage clause.

The following considerations must be taken into account when calculating PTVG ratio:

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

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

The amounts of the guarantees used in the PTVG ratio in (i) and (ii) must be calculated in accordance with:

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

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

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.

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

iii. Write-off of loans:

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

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

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

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

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

The previously recognized impairment is reversed only if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

iv. Recovery of written off loans:

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

s) Fee and commission income and expense

Fee and commission income and expense are recognized in the consolidated statements of income using different criteria according to their nature.

The revenue recognition criteria depend on the execution of the following steps (under IFRS 15):

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 consolidated statements of income for the year. Any impairment of financial investments available for sale previously accumulated as negative revaluation reserve in equity is transferred to the consolidated statements of income for the year.

The previously recognized impairment is reversed only if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. For the financial assets measured at amortized cost and debt financial investments available for sale, the reversal of impairment loss is recognized in the consolidated statements of income. In respect of equity financial investments available for sale, impairment losses previously recognized in the consolidated statements of income are not reversed through consolidated statements of income.

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

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

i. Impaired portfolio

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

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

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

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

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

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

Exit Conditions

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

- Collective assessment:

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

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

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

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

  c) Collectively renegotiated portfolio written-off: written-off loans that had been renegotiated may be reclassified back to the normal portfolio only upon compliance with the following conditions:

     - Payment of 30% of the originally renegotiated balance or payment of the first nine payments agreed for the renegotiated loan.
     - Principal and interests payments up to date.
     - No other loans of the borrower in the impaired portfolio.
     - No instalments in default in the Chilean financial system in the last 90 days.

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

ii. Interest and indexation for inflation income and expenses:

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

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

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

- Amounts to suspend:

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

- Date of suspension:

Individually assessed loans:

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

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

Collectively assessed loans:

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

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

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

II. Non-financial assets:

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

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

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. All other expenses are recognized in the consolidated statements of income for the year.

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

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.

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

Intangible assets (of definite or indefinite lives), were recognized and 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 units (CGU) (or on a more aggregated basis should the goodwill not be assignable to an individual CGU) which are expected to benefit from the synergies of the business combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units or groups of units.

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

Impairment losses related to goodwill can not be reversed in future periods.

Intangible assets, including goodwill, were subject to the impairment tests indicated by IAS 36. These tests show no indication of impairment and since the test is carried out regardless of the existence of indicators, no impairment was identified or recorded with respect to the above-mentioned acquisitions. (See Notes 3 and 4).

v) Business Combinations

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

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

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

- The deferred tax assets or liabilities, and assets or liabilities related to agreements of employee benefits are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;
- Liabilities or equity instruments related to share-based arrangements of the acquiree or share-based company agreements entered into agreements to replace share-based payments of the acquired payment transactions, are measured in accordance with IFRS 2 "Share-based Payment" at acquisition date; and

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

- 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.

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

The estimated useful lives for the property, plant and equipment, as of December 31, 2019 and 2018, are the following:

	As of December 31	
	2019	**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

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

x) Repossessed assets

Repossessed assets are classified under "Other assets" heading and recognized at the lesser of their adjudicated- in-court value and net realizable value, net of regulatory write-offs required by the FMC.

Repossessed assets are presented net of impairment. Assets not sold within one year from the adjudication date have to be written off.

y) Staff benefits

i. Unused Vacations:

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

ii. Short-term benefits:

The entity provides for its employees an annual incentive plan for meeting certain objectives. The incentive is defined as a determined number or portion of monthly remuneration.

A corresponding provision is recognized on the basis of the estimated amount to be distributed.

iii. Indemnification for years of service:

The Bank and its subsidiaries have no agreements with their employees with respect to severance payments.

z) Leases

On the start date of a lease the bank recognizes a right of use asset and a lease liability in accordance with the provisions of IFRS 16.

(i) Right of use assets

The Bank has lease contracts through which it has offices and branches, which are necessary to carry out its activities. Contract terms are negotiated individually and include a wide range of terms and conditions.

Leases are recognized, measured and disclosed in accordance with IFRS 16 "Leases." This requires that a right of use asset be determined and its corresponding lease liability at the date that the asset is available for use. Each rent payment consists of principal and interest. Financial interest is charged to the interest expense over the term of the lease agreement; right-of-use asset is depreciated on a straight-line basis over the term of the contract.

The term of the lease includes the non-cancelable period established in the lease agreements, and generally has an automatic renewal clause, which is not included in the non-cancelable period because the clause requires mutual agreement. Either party has the ability to terminate the contract before expiration, upon notice. For leases with an indefinite useful life, the Bank has determined to assign a useful life as the lesser of the life of the right-of-use asset or the lease term.

The present value of the lease payments is determined using the discount rate that represents the incremental rate of the Bank at the start date of the contracts, depending on the duration of each contract.

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

The Bank has chosen to apply IFRS 16 initially using the modified retrospective method, and not to restate the comparative information. Therefore, the figures for the prior year were prepared according to IAS 17, "Leases."

In the initial measurement, the Bank measures the right of use asset at cost. The rent of the lease agreements is agreed in UF, and paid in Chilean pesos. According to the provisions of Circular No. 3,649 of the FMC (formerly, SBIF), the monthly variation in the UF that affects the contracts established in said monetary unit results in the indexation for inflation being recognized as a modification to the obligation and at the same time the amount of the right to use asset being adjusted in an equivalent amount.

In accordance with IFRS 16, the Bank opts for the exemption for contracts whose duration is 12 months or less and for those that contain an underlying low value asset (Example : Warehouses, parking lots and photocopiers). In such cases, the lease is accounted for as a short-term lease, and its respective amounts are recognized as IFRS 16 indicates as expenses for short-term leases.

The Bank has not entered into lease agreements with residual value guarantee clauses or variable lease payments.

The Bank applies IAS 36 "Impairment of assets" to determine if the right-of-use asset shows impairment, and recognizes the identified impairment losses, where applicable.

As of December 31, 2019, the Bank has not identified impairment in the value of right-to-use assets.

(ii) Lease liability

The Bank measures the lease liability at the present value of the lease payments that have not been made as of that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be easily determined. If that rate cannot be easily determined, the Bank will use the lessee's incremental rate for loans. The lease payments included in the measurement of the lease liability include payments for the right to use the underlying asset during the term of the lease not made at the measurement date, which include (a) fixed payments, less any collectible lease incentive; (b) variable lease payments, which depend on an index or a rate, initially measured using the index or rate on the start date; (c) amounts expected by the lessee to pay as residual value guarantees; (d) the exercise price of a purchase option if the lessee is reasonably sure to exercise that option; and (e) payments for penalties arising from the termination of the lease, if the term of the lease reflects that the lessee will exercise an option to terminate the lease.

After the initial recognition date, the Bank measures the lease liability in order to recognize (a) the interest on the lease liability; (b) lease payments made; and (c) the new measurements or modifications of the lease, and also to reflect the fixed lease payments that have essentially been modified.

The Bank makes new measurements of the lease liability, discounting the modified lease payments, if (a) there is a change in the expected amounts payable related to a residual value guarantee. (A lessee will determine the lease payments to reflect the change in the amounts expected to be paid under the residual value guarantee.); (b) there is a change in future lease payments from a change in an index or rate used to determine those payments. (The Bank measures the lease liability again to reflect modified lease payments only when there is a change in cash flows. The Bank will determine the revised lease payments, for the remainder of the lease term, based on the revised contractual payments.)

As of January 1, 2019, the Bank measured the lease liability at the present value of the lease payments discounted using the incremental rate of interest that a lessee would have to pay to borrow over a similar term, and with a seimilar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

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.

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

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

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

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

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

ab) Provisions and contingent assets and liabilities

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

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

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

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

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

Provisions are recognized for the following categories:

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

i. Additional provisions:

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

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

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

ii. Minimum provisions required for the normal individual portfolio:

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

ac) Use of estimates and judgments

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

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

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 consolidated financial statements are described in the following notes:

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

ad) Income tax and deferred tax

The Bank calculates first category (Chilean corporate) 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 December 31, 2019 and 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 Official Gazette on September 29, 2014, as amended by Law 20,899 published in the Official Gazette on February 8, 2016, the Bank as of the 2018 business year must apply a permanent rate of 27% for First Category tax. In addition, and temporarily, the Bank applied a rate of 24% for tax profits received or accrued in the 2016 business year and 25.5% was applied for tax profits received or accrued in the 2017 business year. In 2017, the tax reform law was published in the United States, which reduced the federal tax rate from 35% to 21%, as a result of which the subsidiaries domiciled in that country recalculated their deferred tax assets.

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.

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 securitized bond not be issued for any reason (legal, market, etc.), these transactions contract a put option where BCI Securitizadora S.A. may put the asset back under certain circumstances (mainly in the case when an entity cannot issue securitized bonds for the reasons discussed above).

ii) Protected Assets Fund No, 27:

The Bank through the subsidiary BCI Securitizadora S.A., as of December 31, 2019, maintains in its consolidated financial statements a balance of MCh$20,609, corresponding to loan receivables being the underlying of the Protected Assets Fund No. 27.

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

ah) Accounting pronouncements by the International Accounting Standards Board (IASB)

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

New Standards	**Effective date**
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019.
Amendments and Improvements to IFRS	**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).	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 Interpretations	**Effective date**
IFRIC 23 — Uncertainty over Income Tax Treatments.	Annual periods beginning on or after January 1, 2019.

IFRS 16, Leases

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.

The Bank has used the practical expedient available in the transition to IFRS 16 and decided not to re-assess 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.

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

Impact on Accounting for Leases

Operating leases as a lessee

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 (for items such as personal computers and office furniture); therefore, the Bank chose to recognize a lease expense on a straight-linebasis as allowed under the exemptions under IFRS 16. The expense is presented in other expenses in the consolidated statements of income.

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. 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 application of this new standard had no effect on the Bank's 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 to the investment or the impairment assessment in accordance with IAS 28).

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

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 application of this new standard had no effect on the Bank's 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 December 12, 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.

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 consolidated financial statements of the Bank.

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

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 of the 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, by 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 allowed.

As of the date of these financial statements, the application of these amendments has not had any impact on the consolidated financial statements of the Bank.

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.

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

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 has estimated that the application of this new interpretation had no impact on the Bank's consolidated financial statements.

b.- New and revised IFRS issued but not yet effective:

New Standards	**Effective date**
IFRS 17 Insurance contracts.	Annual periods beginning on or after January 1, 2021.
Amendments and Improvements to IFRS	**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).	Annual periods beginning on or after January 1, 2020.
IASB finalises amendments to IAS 1 and IAS 28 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.

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.

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

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 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:

- 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.

- 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.

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 Management of the Bank 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 Standard will have until Management conducts a detailed review.

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB published the document "Definition of a business (amendment to IFRS 3)" to resolve difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

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

- clarify that to be considered a business, an acquired set of activities and assets must include, 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;

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

- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after January 1, 2020 and for asset acquisitions that occur on after the beginning of that period. Earlier application is allowed.

The Management of the Bank believes that the implementation of these amendments will have no effect on the Bank's consolidated financial statements.

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

On October 31, 2018 the International Accounting Standards Board (IASB) issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of ‘material’ and to align the definition used in the Conceptual Framework and the standards themselves.

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

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

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

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

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

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

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

The Management of the Bank believes that the implementation of these amendments will have no effect on the Bank's consolidated financial statements.

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

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.

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 permitted.

The Bank's Management believes that the implementation of these changes to the Conceptual Framework will have no effect on the Bank's consolidated financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments cover the issues that affect the financial reporting in the period prior to the replacement of an existing benchmark interest rate with an alternative interest rate and addresses the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which requires prospective analysis. (IAS 39 was modified, as well as IFRS 9, since entities have an accounting policy choice when they first apply IFRS 9, which allows entities to continue applying the hedge accounting requirements of IAS 39). Amendments were also made to IFRS 7 Financial Instruments: Disclosures related to additional disclosures of the uncertainty caused by the interest rate benchmark reform.

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

Changes in the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7): (i) they modify specific hedge accounting requirements so that entities may apply those hedge accounting requirements assuming that the benchmark interest rate on which the hedged cash flows and the cash flows of the hedging instrument are based will be altered as a result of the reform in the benchmark interest rate; (ii) they are mandatory for all hedging relationships that are directly affected by the benchmark interest rate reform; (iii) they do not intend to provide a solution to any other consequence caused by the benchmark interest rate reform (if a hedging relationship no longer meets the hedge accounting requirements for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and (iv) they require specific disclosures about the extent to which the hedging relationships of the entities are affected by the amendments.

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

The Management of the Bank is evaluating the possible impact that this amendment may generate. However, Management considers that the application of this reform will not have any effect on the Bank's consolidated financial statements.

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

Circular No. 3,638. Establishes a standard method for provisioning allowances for commercial loans of the collective portfolio. On July 6, 2018, the SBIF issued this circular that establishes the standard methods that must be used by banks to estimate the credit risk provisions of the commercial group analysis portfolio, which will be incorporated into Chapter B -1 of the Compendium of Accounting Standards.

• Method for the Commercial Leasing portfolio: it considers the delinquency, the type of leased asset (real estate or non-real estate) and the current value-for-value of the asset (PVB) of the operation.

• Method for the student portfolio: it considers the type of loan granted (whether it is CAE or not), the enforceability of the payment and the late payment, if the loan is due.

• Method for the Generic Commercial portfolio: considers delinquencies and the existence of actual collateral that guarantee placement. In case there is collateral, the relationship between the loan and the value of the actual collateral that secures it is taken into account.

Circular No. 3,647. Standard method for provisioning allowances for commercial loans of the collective portfolio. It complements instructions on factoring operations, Chapter B-1 of the Compendium of Accounting Standards. On January 31, 2019, the SBIF issued this circular with the purpose of recognizing the mitigating effect of credit risk represented by the transferor's responsibility in factoring operations. In this regard, it has been deemed necessary to introduce a particular factor in the component “Loss given Default” (LGD) of the standard method for the commercial portfolio of group analysis, which should be considered for the calculation of provisions of said operations, according to Chapter B-1 of the Compendium of Accounting Standards. The Bank's management has implemented the modifications to the commercial group models as of July 1, 2019, considering their application as a change in an accounting estimate according to IAS 8, and, therefore, it has recorded the effect of the first application in the consolidated income statement. The impact of implementing this standard implied an increase of approximately 4% of the total stock of provisions for loan losses.

The impact of the adoption of the two abovementioned circulars is presented in Note 2, Accounting Changes.

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

Circular No. 3,645 Leases according to IFRS 16. Modifies and supplements Compendium of Accounting Standards. Chapters A-2, B1, C-1 and C-3. On January 11, 2019, the FMC (former SBIF) issued this Circular in order to clarify how banks should apply the criteria defined in International Financial Reporting Standard No. 16 (IFRS 16). The circular details the changes in the statement of financial position and income statement, and notes.

These modifications were applied as of January 1, 2019. The Bank's Management made the necessary adjustments to comply with this requirement, which is presented in Note 2, Accounting Changes.

Circular No. 3,649 Leases, according to IFRS 16. Supplements instructions. Chapters C-3. On May 6, 2019, the FMC (former SBIF) issued this circular to establish the treatment of the lease agreements expressed in Unidades de Fomento (UF, an inflation-linked unit of account used in Chile) and the consequences of indexing the liability, within the framework of the criteria established by IFRS 16, stating that the variation in the UF should be treated as a new measurement, and therefore the indexation that result in changes in lease payments should be recognized as a modification of the amount of the obligation and at the same time, the amount of the right of use asset must be adjusted.

The Bank's Management has implemented this modification in the consolidated financial statements

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 ceasing to exist.

As of the date of these financial statements, the application of this amendment has not had any impact on the consolidated financial statements of the Bank.

Circular No. 2,243. Compendium of Accounting Standards for Banks, dated December 20, 2019; the FMC incorporates the latest changes in the International Financial Reporting Standards (IFRS). As a result, the financial reporting formats are updated, and a greater tranparency is provided. The changes lead to more convergence with IFRS, as well as to an improvement in informational quality, to contribute to financial stability and transparency in the banking system, and to the improvement of the operation of the capital market as well as to international comparability. The standard is scheduled to come into effect in January 2021.

The Bank's Management will implement these changes in the consolidated financial statements as of January 1, 2021.

NOTE 2 - ACCOUNTING CHANGES

a) Adoption of IFRS 16, “Leases”

For the first time, the Bank adopted IFRS 16 Leases and the pronouncements described in Note 1 to the consolidated financial statements, applicable as of 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 and lease liabilities (classified under "Lease liabilities") in the consolidated 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% a year.

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. This replaces the prior requirements of recognizing a provision for onerous lease agreements.

For short-term leases (lease term of 12 months or less) and low-value asset leases (items such as personal computers and office furniture); the Bank chose to recognize a lease expense on a straight-line basis as allowed by the exemptions under IFRS 16.

b) Implementation of the standard method for provisioning allowances for commercial loans of the collective portfolio contemplated in Circulars No. 3,638 and No. 3,647 issued by the FMC.

Effective July 1, 2019, the standard method for provisioning allowances for commercial loans of the collective portfolio was implemented. This change of criteria in the estimation of allowances generated the recognition of a greater allowance with effect on income for MCh$ 75,756, which has been recognized as a change in the estimate with effect on income.

During the year ended December 31, 2019, there have been no other accounting changes nor changes in estimates with respect to the prior year that affect these consolidated 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.

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.

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; Banco Popular Español S.A., a subsidiary of the Santander S.A. in Spain received the amount of US$528.9 million in exchange for its shareholding in TotalBank.

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 BCI Financial Group INC. and subsidiaries 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 Servicios y Administración de Créditos Comerciales Líder S.A.; Operadora de Tarjetas Líder Servicios Financieros Limitada; Sociedad de Servicios de Comercialización y de Apoyo Financiero y de Gestión Presto Limitada; Líder Corredores de Seguros y Gestión Financiera Limitada; y, Servicios y Cobranzas Limitada. The change of control resulted 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 former 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.

As of December 4, 2019, the provisional amounts recognized on the date of the acquisition were reviewed and adjusted, leading to a final payment totaling MCh$ 107,762.

b) Issuance and placement of bonds

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

- There were no issues of ordinary bonds in CLP in 2019.

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

Series	Issuance date	UF	TIR rate	Maturity date
SERIES_H	06-01-2018	50,000,000,000	2.36%	01.06.2021

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

Series	Issuance date	UF	TIR rate	Maturity date
SERIE_I1	02-01-2019	3,000,000	2.00%	01.02.2028
SERIE_I2	02-01-2019	3,000,000	2.00%	01.02.2029
SERIES_I3	02-01-2019	3,000,000	2.00%	01.02.2030
SERIES_K1	05-01-2019	3,000,000	2.00%	01.05.2023
SERIES_K4	05-01-2019	3,000,000	2.00%	01.05.2029

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

Series	Date placed	UF	TIR rate	Maturity date
SERIE_F2	01.31.2019	3,000,000	1.60%	01.04.2024
SERIES_B2	02.01.2019	620,000	1.50%	01.05.2023
SERIES_F1	02.19.2019	3,000,000	1.46%	01.04.2022
SERIES_G1	03.22.2019	3,000,000	1.50%	01.06.2025
SERIES_G2	06.04.2019	3,000,000	1.10%	01.06.2026
SERIE_I3	06.27.2019	3,000,000	1.20%	01.02.2030
SERIES_I1	07.25.2019	3,000,000	0.70%	01.02.2028
SERIES_I2	08.01.2019	1,500,000	0.58%	01.02.2029
SERIES_I2	08.06.2019	50,000	0.48%	01.02.2029
SERIE_I2	08.06.2019	650,000	0,48%	01.02.2029
SERIES_I2	08.27.2019	50,000	0.33%	01.02.2029
SERIE_I2	08.29.2019	60,000	0.30%	01.02.2029
SERIE_I2	08.30.2019	50,000	0,36%	01.02.2029
SERIES_I2	08.30.2019	100,000	0.36%	01.02.2029
SERIES_I2	09.02.2019	70,000	0.36%	01.02.2029
SERIES_I2	09.06.2019	100,000	0.27%	01.02.2029
SERIES_K1	08.29.2019	3,000,000	(0.03%)	01.05.2023
SERIES_K4	08.24.2019	3,000,000	0.45%	01.05.2029

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

- During 2019, the following issues of ordinary bonds took place in US$:

Series	Issuance date	USD	TIR rate	Maturity date
XS1984711355	04.23.2019	10,000,000	3.16%	23.04.2024
XS2012024696	06.14.2019	50,000,000	3.32%	14.06.2029
XS2024766276	07.10.2019	50,000,000	3.21%	10.07.2029
XS2047630970	08.28.2019	10,000,000	3.02%	28.08.2024
XS2085920416	12.02.2019	20,000,000	2.91%	02.06.2025

- During 2019, the following placement of ordinary bonds took place in US$:

Series	Issuance date	USD	TIR rate	Maturity date
XS1984711355	04.23.2019	10,000,000	3.16%	23.04.2024
XS2012024696	06.14.2019	50,000,000	3.32%	14.06.2029
XS2024766276	07.10.2019	50,000,000	3.21%	10.07.2029
XS2047630970	08.28.2019	10,000,000	3.02%	28.08.2024
XS2085920416	12.02.2019	20,000,000	2.91%	02.06.2025

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

Series	Issuance date	CHF	TIR rate	Maturity date
CH0471298007	05.22.2019	175,000,000	0.40%	21.11.2024
CH0494734376	09.24.2019	100,000,000	0.22%	24.09.2029
CH0505011889	10.29.2019	105,000,000	0.24%	29.10.2025

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

Series	Issuance date	CHF	TIR rate	Maturity date
CH0471298007	05.22.2019	175,000,000	0.40%	21.11.2024
CH0494734376	09.24.2019	100,000,000	0.22%	24.09.2029
CH0505011889	10.29.2019	105,000,000	0.24%	29.10.2025

- During 2019, the following issues of ordinary bonds took place in Australian dollars:

Series	Issuance date	AUD	TIR rate	Maturity date
XS2087687435	12.02.2019	30,000,000	2.635%	03.12.2029

- During 2019, the following placement of ordinary bonds took place in Australian dollars:

Series	Issuance date	AUD	TIR rate	Maturity date
XS2087687435	12.02.2019	30,000,000	2.635%	03.12.2029

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, no par value shares.

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 decided to increase the capital by Ch$ 430,000,000,000 (MCh$430,000), through the issuance of 9,657,930 no par value shares.

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 in, 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 Bank’s subscribed and paid-in capital would be Ch$ 3,394,798,673,646 (MCh$ 3,394,799) divided into 141,616,409 single series, nominative, no par value shares.

This capital increase was approved by the FMC through Resolution No. 1556 dated May 28, 2019 and the capital increase was registered in the public registry of securities.

Also, at this Ordinary Shareholders' Meeting, the Board of Directors was elected, for a period of three years.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

e) 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 3-year term:

Don Luis Enrique Yarur Rey
Don Lionel Olavarría Leyton
Don Mario Gómez Dubravcic
Don José Pablo Arellano Marín
Doña Claudia Manuela Sánchez Muñoz
Don Juan Edgardo Goldenberg Peñafiel
Don Hernán Orellana Hurtado
Don Klaus Schmidt-Hebbel Dunker
Don Miguel Ángel 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.

f) Banco BCI Peru Commercial Agreement

The Bank's Board of Directors has authorized BCI's management to incorporate a bank in the city of Lima, Peru, which will become a subsidiary of BCI (hereinafter "Banco BCI Peru") subject to the conditions set forth below. Banco BCI Peru will have the nature of a corporation under the regulations of the Republic of Peru. This corporation will be registered with the National Superintendency of Public Registries of Peru and its shares will be registered with the Public Registry of the Securities Market and the Registry of the Lima Stock Exchange. 99.9% of the shares of Banco BCI Peru will be owned by BCI and the remaining 0.1% will be owned by BCI Asesoría Financiera S.A., a subsidiary of BCI. Banco BCI Peru will be subject to the supervision of the appropriate Chilean and Peruvian regulatory entities. The incorporation and operation of Banco BCI Peru is subject, among other conditions, to approval by the Commission for the Financial Market and the Central Bank of Chile, in accordance with the provisions of Article 76 of the General Banking Law and Chapter 11-7 of the Commission's Updated Compendium of Regulations, as well as to obtaining the regulatory authorizations, and registrations required under Peruvian law.

During the 4th quarter of 2019 the approval requests submitted to the respective authorities, both in Chile and abroad, and at the end of the year (and to this date) are making progress in their authorization processes before the FMC in Chile and SBS in Peru.

g) Adquisición Executive Banking Corporation

On September 24, the "Agreement and Plan of Merger" was entered into by BCI Financial Group, Inc. ("BCI Financial") and City National Bank of Florida ("CNB"), both subsidiaries of BCI, and Executive Banking Corporation ("Executive Corporation") and Executive National Bank ("Executive Bank"), both incorporated and effective under the laws of Florida, USA. Through the Merger Agreement, the parties agreed to merge Executive Corporation into BCI Financial and, simultaneously or immediately after such merger is implemented, Executive Bank into CNB, succeeding and assuming BCI Financial and CNB, respectively, all rights and obligations of Executive Corporation and Executive Bank, and becoming legal successors of the latter (the "Transaction"). As of June 30, 2019, Executive Corporation has total assets for US$ 456 million. This transaction involves an investment of US$ 75 million, which represents 0.84% of BCI's market capitalization and will be financed with BCI Financial and BCI's own resources.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

The closing of the Transaction is subject, among other conditions that are customary in operations of this nature, to obtaining of the authorizations of the competent authorities required pursuant to the laws and regulations of Chile and the United States of America.

During the 4th quarter of 2019, the approval requests submitted to the respective authorities, both in Chile and abroad, and at the end of the year (and to this date) are making progress in their authorization processes before the FMC in Chile and the OCC and FED in USA.

h) Dissolution of the Subsidiary Análisis y Servicios S.A.

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

On December 12, 2019, the Council of the Financial Market Commission approved the aforementioned request in ordinary meeting number 161. As of December 31 the company is in liquidation process.

i) Servicios Financieros y Administración de Créditos Comerciales S.A.

On December 30, 2019, written authorization was received from the FMC to carry out a capital increase of MCh$ 22,500, divided into 37,815,126 nominative, no par value shares.

On December 30, 2019, an Extraordinary Shareholder Meeting was held in which the shareholders approved the capital increase of MCh$ 22,500, divided into 37,815,126 nominative, no par value shares. In the same meeting, 13,447,563 shares are subscribed and paid in, pro rata of the current shareholding. The involved amount is MCh$ 8,001.

NOTE 4 – BUSINESS COMBINATION

4.1 4.1 Acquistion and Merger of TotalBank

i. General aspects of the operation

On June 15, 2018, Banco de Crédito e Inversiones, through its indirect subsidiary City National Bank of Florida (hereinafter "CNB") acquired TotalBank by buying a 100% interest.

With this transaction, BCI reinforces its strategy of consolidating its presence in the market of the State of Florida, in the United States of America, by making CNB the third largest bank in that State. The Bank paid a total of US$528.9 million, equivalent in Chilean pesos to MCh$ 336,817, for this acquisition.

ii. Description of Acquired Bank

TotalBank is the company that merges with CNB, with the latter becoming the absorbing and legal successor to TotalBank. TotalBank is a leading retail and commercial banking financial institution in South Florida, and has more than 40 years of presence in Miami, where its headquarters 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 at June 30, 2018.

iii. Main reasons for the purchase

This operation is another step in BCI's decision of increasing its presence in Florida, an attractive market because of its size and growth; therefore, the Bank plans to become a platform with regional coverage, to accompany its clients as they expand their operations outside of Chile, through BCI Miami, BCI Securities INC., City National Bank of Florida and representation offices.

According to the Management, this transaction will make City National Bank of Florida the third largest bank in Florida, with consolidated assets of US $ 14.7 billion. This growth will improve the position of the Bank as a leading competitor in the 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 date of acquisition (Interim)	Fair value recognized on date of acquisition (Final) (*)	Differences at closing date	Adjustment reference
	MCh$	MCh$	MCh$	MCh$
ASSETS				
Cash and deposits in banks	89,693	89,693	-	a
Items in course of collection				
Trading portfolio financial assets	329,059	327,162	(1,897)	b
Liabilities under agreements to repurchase	-	-	-	
Derivative financial liabilities	-	-	-	
Loans and receivables to banks, net	-	-	-	
Loans and receivables to customers, net	1,353,042	1,354,361	1,319	c
Financial investments available for sale	-	-	-	
Financial investments held to maturity	-	-	-	
Investments in other companies	-	-	-	
Intangible assets	38,843	38,843	-	d
Property, plant and equipment, net	8,845	8,845	-	e
Current and deferred taxes	-	-	-	
Other assets	19,827	19,827	-	f
TOTAL ASSETS	**1,839,309**	**1,838,731**	**(578)**	
LIABILITIES				
Current accounts and demand deposits	992,844	992,844	-	
Items in course of collection	-	-	-	
Liabilities under agreements to repurchase	10,480	10,480	-	
Term deposits and savings accounts	278,061	278,061	-	g
Derivative financial liabilities	-	-	-	
Borrowings from financial institutions	-	-	-	
Debt issued	-	-	-	
Other financial liabilities	273,816	273,816	-	
Current and deferred taxes	-	-	-	
Provisions	-	-	-	
Other liabilities	36,252	36,252	-	h
TOTAL LIABILITIES	**1,591,453**	**1,591,453**	-	

Total net identifiable assets at fair value	**247,856**	**247,278**	**(578)**
Goodwill arising from acquisition	88,961	89,539	578
Consideration transferred in exchage for the acquire	**336,817**	**336,817**	**-**
Net cash received with subsidiary (including cash flow from investing activities)	89,693	89,693	-
Payment in cash	(336,817)	(336,817)	-
Net cash outflow	**(247,124)**	**(247,124)**	**-**

(*) During measurement period, the Bankadjusted theprovisional amounts recognized at the date of acquisition to reflect the new information obtained on facts and circumstances that existed on the date of acquisition and that, if they had been known, would have affected the measurement of the amounts recognized on that date.

a) Cash deposits at the acquisition date amounting to MCh$79,658 and corresponded to the updating of nominal rates to market rates. (effected in the provisional purchase price allocation).

b) Adjustment to the fair value of trading instruments.

c) Adjustment to the fair value of the client portfolio. The client portfolio is not impaired in value and the contractual cash flows are expected to be received in full.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

Adjustments related to intangible assets corresponds to three concepts (effected in the provisional purchase price allocation):

d) As a result of this business combination, the following intangible assets were recorded:

a. assets identified by the business combination and
b. goodwill

Summary of intangibles identified in the business combination

Detail	Interim MCh$	Final MCh$ (*)	Differences at closing date	Type of	Useful life
Core deposits	36,800	36,800	-	Amortizable	9 years
Leasehold interest	1,834	1,834	-	Amortizable	30 years
Mortgage Servicing Rights	209	209	-	Amortizable	quarterly
Goodwill	88,961	89,539	578	Non-Amortizable	-

Core deposit: 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 TotalBank at at lower carrying amount than market.

Mortgage Servicing Rights: Management services on mortgage portfolios of third parties provided by TotalBank.

(*) During measurement period, the Bank adjusted the provisional amounts recognized at the date of acquisition to reflect the new information obtained on facts and circumstances that existed on the date of acquisition and that, if they had been known, would have affected the measurement of the amounts recognized on that date.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

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 equity participation previously held by the acquirer (if any) in the acquiree over the net amounts at the date of acquisition of the fair value of 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.

e) Adjustment related to Property, plant and equipment, corresponds to revaluation of TotalBank's buildings (effected in the provisional price allocation).

f) Corresponds to reclassification of capital and interest on investments included in other assets in the books of TotalBank, as well as the deferred tax asset which was not considered as part of the assets acquired in the merger (effected in the provisional price allocation).

g) Deposits and other term deposits correspond to the adjustment of the market rate to recognize the deposits at fair value (effected in the provisional price allocation).

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, as well as adjustment on the bank owned life insurance account, whose supporting documentation was not sufficient to be considered within the purchase process (effected in the provisional price allocation).

NOTE 4 – BUSINESS COMBINATION, CONTINUED

Acquisition of Servicios Financieros

i. General aspects of the operation

On December 4, 2018, Banco de Crédito e Inversiones consummated the acquisition of Líder Corredores de Seguros y Gestión Financiera Limitada, Operadora de Tarjetas Líder Servicios Financieros Limitada, Servicios y Administración de Créditos Comerciales Líder S.A., Sociedad de Servicios de Comercio y Apoyo y 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. The Bank ultimately paid a total of MCh$107,762 for this purchase.

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 balance sheet at 31 December 2018.

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. Additionally, Walmart is one of the world leaders in its industry and this will allow it to compete with the best international practices in this area.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

iv. Details of assets acquired and liabilities assumed

The following is a summary of the identifiable assets and liabilities at fair value of Servicios Financieros as of December 4, 2018, date of purchase (both interim and final amounts):

	Fair value recognized on date of acquisition (Interim)	Fair value recognized on date of acquisition (Final) (*)	Differences at closing date	Adjustment reference
	MCh$	MCh$	MCh$	MCh$
ASSETS				
Cash and deposits in banks	10,343	10,548	205	
Items in course of collection	-	-	-	
Trading portfolio financial assets	-	-	-	
Liabilities under agreements to repurchase	-	-	-	
Derivative financial liabilities	-	-	-	
Loans and receivables to banks, net	-	-	-	
Loans and receivables to customers, net	523,727	525,306	1,579	**a**
Financial investments available for sale	-	-	-	
Financial investments held to maturity	-	-	-	
Investments in other companies	-	-	-	
Intangible assets	3,106	4,193	1,087	
Property, plant and equipment, net	1,930	1,953	23	
Current and deferred taxes	14,690	9,728	(4,962)	
Other assets	63,632	64,040	409	
TOTAL ASSETS	**617,428**	**615,768**	**(1,659)**	
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	511,302	83	
Current and deferred taxes	1,493	5,210	3,717	
Provisions	4,793	6,706	1,913	
Other liabilities	54,653	54,437	(216)	
TOTAL LIABILITIES	**572,158**	**577,655**	**5,497**	
Total net identifiable assets at fair value	45,270	38,113	(7,157)	
Goodwill arising from acquisition	24,192	26,396	2,204	
Intangibles acquired in a business combination	49,866	59,250	9,384	
Deferred taxes associated with the generated intangible assets	(13,464)	(15,997)	(2,533)	
Consideration transferred in exchange for the acquiree	**105,864**	**107,762**	**1,898**	
Net cash received with subsidiary (including cash flow from investing activities)	10,343	10,548	205	
Payment in cash	(105,864)	(107,762)	(1,898)	
Net cash outflow	**(95,521)**	**(97,214)**	**(1,693)**	

(*) During measurement period, the Bank adjusted the provisional amounts recognized at the date of acquisition to reflect the new information obtained on facts and circumstances that existed on the date of acquisition and that, if they had been known, would have affected the measurement of the amounts recognized on that date.

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 review was carried out by qualified professionals independent of the BCI's Management 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:

b) 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 combination:

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

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

a. assets identified by the business combination and
b. goodwill, which will be detailed in the following table

Summary of intangibles identified in the business combination (both interim and final)

Detail	Interim MCh$	Final (*) MCh$	Differences at closing date	Type	Useful life
Relationship with clients	28,169	37,526	9,357	Amortizable	10 years
Brand use right	5,120	5,118	(2)	Amortizable	10 years
Channels use rights	4,897	4,896	(1)	Amortizable	10 years
Services collection contract	8,511	8,508	(3)	Amortizable	10 years
Non-compete agreement	3,169	3,202	33	Amortizable	10 years
Deferred taxes associated with the generated intangible assets	(13,464)	(15,997)	(2,533)	-	-
Goodwill	24,192	26,396	2,204	Non-Amortizable	-

(*) During measurement period, the Bank adjusted the provisional amounts recognized at the date of acquisition to reflect the new information obtained on facts and circumstances that existed on the date of acquisition and that, if they had been known, would have affected the measurement of the amounts recognized on that date.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

Relationship with clients

Value generated in future businesses with the current Financial Services portfolio.

During the measurement period, the gross portfolio and income from insurance commissions were modified, from MCh$611,491 (provisional balance) to MCh$613,070 (final balance) and from MCh$ 22,641 (provisional balance) to MCh$ 24,412 (final balance), respectively. The valuation model and methodology is the same that was used for measurement with the provisional and final balances, therefore, the variation of this intangible is basically explained by the changes in the accounting bases of the gross portfolio and commissions upon which they were based.

Brand use right

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.

Distribution Channels use rights

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 theServicios Financieros (“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.

Services collection contract

It corresponds to the Walmart Group'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 statement and the disbursement or transfer of personal loans.

Non-compete agreement

Agreement whereby Walmart Group refrains from entering into agreements, contracts or arrangements with any BCI principal competitor that:

a) Has a similar scope to that of the business cooperation framework agreement.
b) Converts the Walmart Group into the owner of any interest in, or in a partner or associate of, any BCI principal competitor.
c) Allows products similar to the SSFF Products to originate in a Walmart Chile Store, except for the excluded stores.
d) Provides 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) Grants 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

The value of the non-compete agreement is the difference between the value of discounted business flows with the “Non Compete” agreement (Business With “) minus the value of discounted flows without the agreement of “Non Compete” (Business "Without"). During the measurement period, both the balance sheet and the income statement were modified with the new information obtained after the takeover, which generates a change in discounted business flows, since the initial values are modified.

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 over 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.

The final amount of goodwill at fair value during the measurement period, increased by MCh$ 2,204.

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

As of December 31, 2019, there is no indication of impairment for intangibles acquired in the business combination 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 corresponds to external legal advice costs.

c) From the date of acquisition, TotalBank contributed MCh$10,597 to net interest income, MCh$5,528 to net fee income, MCh$16,531 to net operating income and MCh$773 to income for the period before income tax.

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

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

   The intangible assets, including the goodwill presented in this note, were subjected to the impairment tests as required under IAS 36. Such tests did not present any impairment loss to be recorded.

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.

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

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

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

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

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

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

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

Individuals, Preferential, Nova and Tbanc. Individuals, Preferential, Nova.

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

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

This segment is composed mainly of companies whose annual sales exceed UF80,000, with the following operating segments: Commercial Banking: This operating segment includes mainly companies whose annual sales exceed UF80,000. The operating units in this operating segment are: Real Estate and Entities.

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: BCI Financial Group Segment, INC. and Subsidiaries: corresponds to the businesses and operations carried out in the United States through the City National Bank of Florida (CNB), 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.

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.

Investment management results allocation: To consider in each segment all the benefits and costs associated with the attention of its customers, the result is distributed by the management of the mismatch of currencies and terms to the segments, in the proportion that corresponds to the total income for the assets of each segment minus the average cost of liabilities for financing them.

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 years ended December 31, 2019 and 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 consolidated statements of income.

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

a) Profit or loss 2019:

	For the year ended December 31, 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	Other	Consolidated balances
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Net interest and indexation income	454,713	162,840	237,970	123,572	(30,329)	277,867	113,523	(18,662)	**1,321,494**
Net fee and commission income	170,554	32,783	24,644	21,130	10,841	27,339	66,688	(2,219)	**351,760**
Other operating income	25,230	5,632	7,174	5,749	137,209	19,034	12,840	5,666	**218,534**
Operating income	**650,497**	**201,255**	**269,788**	**150,451**	**117,721**	**324,240**	**193,051**	**(15,215)**	**1,891,788**
Provision for loan losses and impairment of repossessed assets	(193,600)	(66,556)	(34,795)	(3,120)	(33)	(19,655)	(97,760)	-	**(415,519)**
Operating income, net	**456,897**	**134,699**	**234,993**	**147,331**	**117,688**	**304,585**	**95,291**	**(15,215)**	**1,476,269**
Total operating expenses	(398,775)	(100,975)	(99,784)	(61,745)	(48,777)	(148,756)	(88,009)	(10,910)	**(957,731)**
TOTAL NET OPERATING INCOME	**58,122**	**33,724**	**135,209**	**85,586**	**68,911**	**155,829**	**7,282**	**(26,125)**	**518,538**
Share of profits of investments accounted for using the equity method									**12,638**
Income before income tax									**531,176**
Income tax paid									**(128,437)**
CONSOLIDATED NET INCOME FOR THE YEAR									**402,739**

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

b) Business volume 2019:

	As of December 31, 2019							
	Retail Banking		Wholesale Banking					
	Bank Retail	Bank Small & Medium Enterprise	Bank Commercial	C&IB Commercial Division C&IB	C&IB Finance Division	BCI Financial Group INC. and Subsidiaries	Financial Services	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS	11,027,083	2,387,656	6,604,359	5,547,872	12,146,955	11,927,385	695,310	**50,336,620**
LIABILITIES	4,874,161	1,699,964	3,983,645	9,318,381	15,457,063	10,567,897	642,989	**46,544,100**
SHAREHOLDERS' EQUITY								**3,792,520**

c) Profit or loss 2018:

	For the year ended December 31, 2018								
	Retail Banking		Wholesale Banking						
	Retail Banking	Small & Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCI Financial Group INC. and Subsidiaries	Financial Services	Other	Consolidated balances
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Net interest and indexation income	438,912	151,310	216,104	104,737	(38,178)	223,742	9,199	(25,629)	**1,080,197**
Net fee and commission income	175,944	31,054	45,180	22,673	11,632	16,523	5,528	(2,331)	**306,203**
Other operating income	27,768	9,819	9,792	7,992	121,566	13,310	5,554	3,002	**198,803**
Operating income	**642,624**	**192,183**	**271,076**	**135,402**	**95,020**	**253,575**	**20,281**	**(24,958)**	**1,585,203**
Provision for loan losses and impairment of repossessed assets	(163,189)	(55,874)	(25,435)	(4,555)	3,331	(15,442)	(5,149)	-	**(266,313)**
Operating income, net	**479,435**	**136,309**	**245,641**	**130,847**	**98,351**	**238,133**	**15,132**	**(24,958)**	**1,318,890**
Total operating expenses	(369,886)	(100,780)	(100,164)	(59,355)	(48,368)	(150,442)	(16,847)	(18,435)	**(864,277)**
TOTAL NET OPERATING INCOME	**109,549**	**35,529**	**145,477**	**71,492**	**49,983**	**87,691**	**(1,715)**	**43,393**	**454,613**
Share of profits of investments accounted for using the equity method									**65,036**
Income before income tax									**519,649**
Income tax paid									**(123,802)**
CONSOLIDATED NET INCOME FOR THE YEAR									**395,847**

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

d) Business volume 2018:

	As of December 31, 2018							
	Retail Banking		Wholesale Banking					
	Bank Retail	Bank Small & Medium Enterprise	Bank Commercial	C&IB Commercial Division C&IB	C&IB Finance Division	BCI Financial Group INC. and Subsidiaries	Financial Services	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS	10,004,022	2,243,429	5,898,864	4,590,555	7,921,032	9,871,361	820,454	**41,349,717**
LIABILITIES	4,684,651	1,526,682	3,530,315	6,796,110	11,770,975	8,763,642	818,979	**37,891,354**
SHAREHOLDERS' EQUITY								**3,458,363**

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 December 31	
	2019	2018
	MCh$	MCh$
Cash and deposits in banks		
Cash	530,345	500,153
Deposits in Central Bank of Chile (*)	917,204	495,424
Deposits in domestic banks	23,422	18,700
Deposits in foreign banks	1,682,789	1,044,480
Subtotal cash and deposits in banks	3,153,760	2,058,757
Items in course of collection, net	109,626	122,262
Highly liquid financial instruments	12,035	3,711
Investments under agreements to resell	156,307	55,129
Total cash and cash equivalents	**3,431,728**	**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 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 December 31	
	2019	2018
	MCh$	MCh$
Assets		
Outstanding notes from other Banks	136,326	146,087
Funds receivable	174,276	189,733
Subtotal assets	310,602	335,820
Liabilities		
Funds payable	200,976	213,558
Subtotal liabilities	200,976	213,558
Items in course of collection, net	**109,626**	**122,262**

NOTE 7 - TRADING PORTFOLIO FINANCIAL ASSETS

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

	As of December 31	
	2019	**2018**
	MCh$	**MCh$**
Instruments of the state and Central Bank of Chile (*)		
Bonds of the Central Bank of Chile	518,073	280,505
Promissory notes of the Central Bank of Chile	29	2,255
Other instruments of the State and Central Bank of Chile	876,977	1,036,612
Instruments of other domestic institutions:		
Bonds	230,626	112,606
Term deposits	300,375	394,502
Letters of credit	2,106	1,475
Documents issued by other financial institutions	133,147	142,768
Other instruments	78,107	22,692
Instruments of other foreign institutions:		
Other instruments	1,940	2,165
Investments in mutual funds:		
Funds administered by related parties	34,591	19,958
Funds administred by third parties	36,286	22,838
Total	**2,212,257**	**2,038,376**

(*) As of December 31, 2019 and 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$591,476 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:

	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		
Type of entity		Average rate		Average rate		Average rate	As of 31 December 2019
	MCh$	%	MCh$	%	MCh$	%	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	49,766	0.26	9,332	0.26	-	-	**59,098**
Other domestic financial institutions	-	-	-	-	-	-	-
Foreign financial institutions	-	-	-	-	-	-	-
Other individuals and/or entities	106,541	0.21	30,376	0.25	-	-	**136,917**
Total	**156,307**		**39,708**		**-**		**196,015**

	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		
Type of entity		Average rate		Average rate		Average rate	As of 31 December 2018
	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 and/or entities	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:

Type of entity	Maturity of the agreement: Up to 3 months MCh$	Up to 3 months Average rate %	Between 3 months and 1 year MCh$	Between 3 months and 1 year Average rate %	Over 1 year MCh$	Over 1 year Average rate %	As of 31 December 31, 2019 MCh$
Related party (individuals or entities)	-	-	-	-	-	-	**-**
Domestic banks	9,992	0.21	-	-	-	-	**9,992**
Securities brokers	-	-	-	-	-	-	**-**
Other domestic financial institutions	99,988	0.16	-	-	-	-	**99,988**
Foreign financial institutions	-	-	-	-	-	-	**-**
Other individuals and/or entities	799,411	0.44	-	-	-	-	**799,411**
Total	**909,391**		-		-		**909,391**

Type of entity	Maturity of the agreement: Up to 3 months MCh$	Up to 3 months Average rate %	Between 3 months and 1 year MCh$	Between 3 months and 1 year Average rate %	Over 1 year MCh$	Over 1 year Average rate %	As of December 31, 2018 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 and/or entities	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 December 31, 2019 and 2018, the Bank and its subsidiaries held the following portfolio of derivative instruments:

As of December 31, 2019

	Notional Amount		Fair value	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Trading Derivatives				
Forwards	36,073,995	35,799,440	527,888	474,302
Swaps	129,467,616	127,855,131	3,011,080	3,242,642
Call Options	476,791	471,764	13,353	6,283
Put Options	426,560	396,365	1,599	3,131
Futures	67,672	67,672	53	312
Other	-	-	-	-
Subtotal	**166,512,634**	**164,590,372**	**3,553,973**	**3,726,670**
Fair Value Hedge Derivatives				
Forwards	-	-	-	-
Swaps	1,823,607	991,011	363,648	153,479
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	**1,823,607**	**991,011**	**363,648**	**153,479**
Cash Flow Hedge Derivatives:				
Forwards	-	523,734	19,687	16,496
Swaps	1,614,887	2,161,192	323,981	515,720
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	**1,614,887**	**2,684,926**	**343,668**	**532,216**
Total	**169,951,128**	**168,266,309**	**4,261,289**	**4,412,365**

NOTE 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
Other	-	-	-	-
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	-	-	-	-
Other	-	-	-	-
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	-	-	-	-
Other	-	-	-	-
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 December 31, 2019 and 2018:

	As of December 31, 2019		As of December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Bonds issued MX/MN	-	1,368,186	-	1,287,299
DAP MN	-	87,000	-	930,627
Investment MX	274,770	-	335,932	-
Macro hedge MN, MX	716,241	-	738,763	-
Obligations MN	-	368,421	-	374,544
Total	**991,011**	**1,823,607**	**1,074,695**	**2,592,470**

	As of December 31, 2019		As of December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cross Currency Swaps	913,788	769,721	832,830	917,456
Interest rate Swap MN	87,000	-	930,627	-
Interest Rate Swap MX	822,819	221,290	829,013	157,239
Total	**1,823,607**	**991,011**	**2,592,470**	**1,074,695**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

Cash flow hedges:

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

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

	As of December 31, 2019		As of December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Assets UF > 1Y	1,761,728	-	2,101,340	-
Future obligations USD	-	67,669	-	62,424
Term deposits CLP	-	978,392	-	566,753
Assets UF	330,827	-	256,632	-
Credits MX	75,188	568,826	450,840	-
Bond MN/MX	488,722	-	-	381,649
Asset USD	28,461	-	122,414	-
Total	**2,684,926**	**1,614,887**	**2,931,226**	**1,010,826**

	As of December 31, 2019		As of December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cross currency swaps	636,496	1,510,103	444,073	1,673,743
Forward UF	-	523,734	-	647,796
Forward USD	-	-	-	-
Swap rate	978,391	651,089	566,753	609,687
Total	**1,614,887**	**2,684,926**	**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 eliminate or reduce the foreign exchange rate exposure associated with the net investment in the foreign operation. The following tables provide a summary of the hedged items and the notional amounts of the hedging instruments for hedge of a net investment in a foreign operation accounting as of December 31, 2019 and December 31, 2018:

	As of December 31, 2019		As of December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net investment in a foreign operation	114,224	-	105,370	-
Total	**114,224**	**-**	**105,370**	**-**

	As of December 31, 2019		As of December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Bonds in foreign currency	-	114,224	-	105,370
Total	**-**	**114,224**	**-**	**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 December 31, 2019				
	Within 1Y	Between 1Y 5Y	Between 5Y 10Y	More than 10Y	Total
Hedged item	MCh$	MCh$	MCh$	MCh$	MCh$
Cash inflows	990,675	2,024,860	1,367,582	55,230	4,438,347
Cash ouflows	(753,431)	(1,810,551)	(1,428,555)	(62,456)	(4,054,993)
Net cash flows	**237,244**	**214,309**	**(60,973)**	**(7,226)**	**383,354**
Hedging instrument					
Cash inflows	753,431	1,810,551	1,428,555	62,456	4,054,993
Cash outflows	(990,675)	(2,024,860)	(1,367,582)	(55,230)	(4,438,347)
Net cash flows	**(237,244)**	**(214,309)**	**60,973**	**7,226**	**(383,354)**

Periods of expected future cash flows

	As of December 31, 2018				
	Within 1Y	Between 1Y 5Y	Between 5Y 10Y	More than 10Y	Total
Hedged item	MCh$	MCh$	MCh$	MCh$	MCh$
Cash inflows	656,313	2,193,526	1,193,184	78,721	4,121,744
Cash outflows	(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 inflows	685,225	1,818,992	1,177,868	84,525	3,766,610
Cash outflows	(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 December 31, 2019 and 2018, balances for this concept are the following:

	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	458,145	333,518
Allowance for loan losses of foreign banks	(505)	(606)
Total	**457,640**	**332,912**

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

	As of December 31, 2019			As of 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	-	-	**-**	-	-	**-**
Allowances established	-	1,360	**1,360**	-	550	**550**
Reversal of provisions	-	(1,461)	**(1,461)**	-	(252)	**(252)**
Impairment	-	-	**-**	-	-	**-**
Reversal of impairment	-	-	**-**	-	-	**-**
Ending balance	**-**	**505**	**505**	**-**	**606**	**606**

NOTE 11 – LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET

a) Loans and receivables to customers, net

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

	Assets before allowances				Allowances established			
As of December 31, 2019	**Normal portfolio**	**Substandard portfolio**	**Non-compliant portfolio**	**Total**	**Individual allowance**	**Collective allowance**	**Total**	**Net assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:								
Commercial loans (*)	16,331,627	604,568	512,985	17,449,180	(152,415)	(133,887)	(286,302)	17,162,878
Foreign trade loans	1,070,690	25,063	574	1,096,327	(9,591)	(1,955)	(11,546)	1,084,781
Checking accounts	170,938	3,139	12,851	186,928	(1,582)	(9,157)	(10,739)	176,189
Factoring operations	1,028,924	5,370	3,236	1,037,530	(4,158)	(2,666)	(6,824)	1,030,706
Student Loans	142,155	-	13,357	155,512	-	(4,370)	(4,370)	151,142
Consumer leasing transactions	1,509,647	49,780	52,062	1,611,489	(19,917)	(9,045)	(28,962)	1,582,527
Other loans	61,412	339	11,455	73,206	(1,618)	(6,734)	(8,352)	64,854
Subtotal	**20,315,393**	**688,259**	**606,520**	**21,610,172**	**(189,281)**	**(167,814)**	**(357,095)**	**21,253,077**
Mortage loans:								
Letters of credit	7,653	-	581	8,234	-	(60)	(60)	8,174
Negotiable mortgage loans	1,697,093	-	16,799	1,713,892	-	(10,097)	(10,097)	1,703,795
Other mortgage loans	6,385,596	-	226,251	6,611,847	-	(31,477)	(31,477)	6,580,370
Consumer leasing transactions	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-
Subtotal	**8,090,342**	**-**	**243,631**	**8,333,973**	**-**	**(41,634)**	**(41,634)**	**8,292,339**
Consumer loans:								
Consumer loans in installments	2,151,324	-	265,823	2,417,147	-	(154,773)	(154,773)	2,262,374
Checking accounts	105,790	-	12,320	118,110	-	(9,340)	(9,340)	108,770
Credit card borrowers	1,289,210	-	74,110	1,363,320	-	(105,432)	(105,432)	1,257,888
Consumer leasing transactions	1,247	-	41	1,288	-	(47)	(47)	1,241
Other loans	36,355	-	413	36,768	-	-	-	36,768
Subtotal	**3,583,926**	**-**	**352,707**	**3,936,633**	**-**	**(269,592)**	**(269,592)**	**3,667,041**
TOTAL	**31,989,661**	**688,259**	**1,202,858**	**33,880,778**	**(189,281)**	**(479,040)**	**(668,321)**	**33,212,457**

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

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

	Assets before allowances				Allowances established			
As of December 31, 2018	**Normal portfolio**	**Substandard portfolio**	**Non-compliant portfolio**	**Total**	**Individual allowance**	**Collective allowance**	**Total**	**Net assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:								
Commercial loans (*)	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
Student Loans	151,134	-	17,597	168,731	-	(5,127)	(5,127)	163,604
Consumer leasing transactions	1,308,908	48,809	52,435	1,410,152	(18,793)	(5,090)	(23,883)	1,386,269
Other loans	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
Consumer 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 installments	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	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 December 31, 2019 and 2018, the Bank held approximately MCh$616,757 and MCh$860,085, respectively, of financial leases on movable assets, and MCh$996,020 and MCh$552,209, respectively, of financial leases on real estate property.

The following tables providea reconciliation between gross investment in lease and present value of minimum lease payments as of December 31, 2019 and 2018 as well as future lease payment detail:

	As of December 31	
	2019	**2018**
	MCh$	**MCh$**
Gross investments in lease	1,812,480	1,602,921
Unearned income from financial lease	(199,703)	(190,627
Net financial leases	**1,612,777**	**1,412,294**

	As of December 31	
	2019	**2018**
	MCh$	**MCh$**
Less than 1 year	345,138	294,793
Between 1 and 5 years	755,004	557,968
Over 5 years	512,635	559,533
Total	**1,612,777**	**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$9,509 as of December 31, 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 December 31, 2019 and 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 December 31		As of December 31		As of December 31		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	309,464	332,587	132,164	197,252	441,628	529,839	1.30%	1.76%
Fruits	71,790	65,430	180,790	122,995	252,580	188,425	0.75%	0.63%
Forestry and wood extraction	114,399	137,728	18,534	28,141	132,933	165,869	0.39%	0.55%
Fishing	30,619	34,139	127,668	100,680	158,287	134,819	0.47%	0.45%
Mining	59,896	59,458	189,831	105,893	249,727	165,351	0.74%	0.55%
Crude oil and natural gas production	1,631	917	129,105	33,332	130,736	34,249	0.39%	0.11%
Food, beverage and tobacco industry	252,141	232,505	126,031	142,795	378,172	375,300	1.12%	1.25%
Textile and leather industry	26,777	35,050	35,913	39,359	62,690	74,409	0.19%	0.25%
Timber and furniture industry	42,533	34,065	17,161	12,348	59,694	46,413	0.18%	0.15%
Print and editorial industry	48,332	41,697	13,801	70,207	62,133	111,904	0.18%	0.37%
Chemical product, derived from oil , coal, rubber and plastic	154,026	144,068	86,729	54,683	240,755	198,751	0.71%	0.66%
Production of metal and non-metal production, machinery and equipment	347,951	345,006	205,198	79,610	553,149	424,616	1.63%	1.41%
Other manufacturing industries	32,032	32,938	234,914	203,278	266,946	236,216	0.79%	0.78%
Electricity, gas and water	275,135	287,505	324,339	248,321	599,474	535,826	1.77%	1.78%
Home construction	170,061	157,470	7,098	47,722	177,159	205,192	0.52%	0.68%
Other construction	1,487,819	1,205,461	216,493	302,453	1,704,312	1,507,914	5.03%	5.01%
Wholesale business	851,995	842,990	738,469	639,843	1,590,464	1,482,833	4.69%	4.93%
Retail, restaurants and hotels	672,625	618,790	1,061,651	802,362	1,734,276	1,421,152	5.12%	4.72%
Transporting and storage	418,851	345,489	545,124	371,484	963,975	716,973	2.85%	2.38%
Communications	232,272	155,788	175,235	132,199	407,507	287,987	1.20%	0.96%
Financial and insurance companies	2,313,758	2,283,294	385,265	311,597	2,699,023	2,594,891	7.97%	8.62%
Real estate and service providers	2,019,681	1,771,120	2,659,335	2,220,568	4,679,016	3,991,688	13.81%	13.26%
Services	1,974,996	1,546,692	2,090,540	2,061,873	4,065,536	3,608,565	12.00%	11.99%
Subtotal	**11,908,784**	**10,710,187**	**9,701,388**	**8,328,995**	**21,610,172**	**19,039,182**	**63.78%**	**63.25%**
Mortgage loans	6,625,448	5,861,054	1,708,525	1,519,453	8,333,973	7,380,507	24.60%	24.52%
Consumer loans	3,861,838	3,610,638	74,795	69,535	3,936,633	3,680,173	11.62%	12.23%
Total	**22,396,070**	**20,181,879**	**11,484,708**	**9,917,983**	**33,880,778**	**30,099,862**	**100.00%**	**100.00%**

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

c) Provisions

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

	As of December 31, 2019			As of December 31, 2018		
	Individual allowance	Collective allowance	Total	Individual allowance	Collective allowance	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balances as of January 1,	**184,362**	**372,405**	**556,767**	**162,228**	**238,813**	**401,041**
Portfolio write-offs:						
Commercial loans	(37,978)	(72,802)	(110,780)	(8,186)	(67,360)	(75,546)
Mortgage loans	-	(8,846)	(8,846)	-	(8,249)	(8,249)
Consumer loans	-	(276,651)	(276,651)	-	(163,458)	(163,458)
Total Write-offs	**(37,978)**	**(358,299)**	**(396,277)**	**(8,186)**	**(239,067)**	**(247,253)**
Allowances established	71,249	477,348	548,597	32,482	300,604	333,086
Reversal of provisions	(28,352)	(12,414)	(40,766)	(4,189)	(13,105)	(17,294)
Acquisition of TotalBank (*)	-	-	-	2,027	5,779	7,806
Acquisition of Servicios Financieros (*)	-	-	-	-	79,381	79,381
Ending balance	**189,281**	**479,040**	**668,321**	**184,362**	**372,405**	**556,767**

(*) Corresponds to the effect of the purchase updated as of December 31, 2019 and 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 December 31	
	2019	2018
	MCh$	MCh$
Individual and collective allowance	668,321	556,767
Provisions for contingent credit risk (Note 21)	42,669	29,643
Additional provisions (Note 21)	16,692	67,872
Minimum provision 0.50% (Note 21)	10,708	6,554
Provisions for country risk (Note 21)	3,017	2,547
Allowances on loans and receivables to banks (Note 10)	505	606
Total	**741,912**	**663,989**

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

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

d) Collateral

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

	As of December 31, 2019				As of December 31, 2018			
	Commercial	Mortgage	Consumer	Total	Commercial	Mortgage	Consumer	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Secured debt	683,589	239,842	79,170	**1,002,601**	683,033	232,025	72,075	**987,133**
Unsecured debt	122,506	3,789	273,537	**399,832**	114,789	3,429	241,654	**359,872**
Total	**806,095**	**243,631**	**352,707**	**1,402,433**	**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 December 31 2019 and 2018 was as follows:

	As of December 31, 2019				As of December 31, 2018			
	Commercial	Mortgage	Consumer	Total	Commercial	Mortgage	Consumer	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Secured debt	221,811	84,118	6,393	**312,322**	187,489	66,384	4,422	**258,295**
Unsecured debt	61,775	3,915	83,744	**149,434**	79,950	8,814	66,096	**154,860**
Total	**283,586**	**88,033**	**90,137**	**461,756**	**267,439**	**75,198**	**70,518**	**413,155**

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

f) Normal, substandard and non-compliant portfolio:

	As of December 31, 2019															
	Normal				Substandard				Non-compliant				Total portfolio			
	Commercial	Mortgage	Consumer	Total Normal	Commercial	Mortgage	Consumer	Total substandar	Commercial	Mortgage	Consumer	Total non-compliant	Commercial	Mortgage	Consumer	Total portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Portfolio Current	19,911,460	8,045,189	3,576,261	31,532,910	661,094	-	-	661,094	361,337	221,710	274,341	857,388	20,933,891	8,266,899	3,850,602	33,051,392
Overdue for 1 to 29 days	376,083	19,776	6,119	401,978	23,388	-	-	23,388	5,888	1,413	3,395	10,696	405,359	21,189	9,514	436,062
Overdue for 30 to 89 days	27,850	25,377	1,546	54,773	3,777	-	-	3,777	26,271	4,879	15,808	46,958	57,898	30,256	17,354	105,508
Overdue for 90 days or more ("past due")	-	-	-	-	-	-	-	-	213,024	15,629	59,163	287,816	213,024	15,629	59,163	287,816
Total portfolio before allowances	**20,315,393**	**8,090,342**	**3,583,926**	**31,989,661**	**688,259**	**-**	**-**	**688,259**	**606,520**	**243,631**	**352,707**	**1,202,858**	**21,610,172**	**8,333,973**	**3,936,633**	**33,880,778**
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	1.99%	0.56%	0.21%	1.43%	3.95%	0.00%	0.00%	3.95%	5.30%	2.58%	5.44%	4.79%	2.14%	0.62%	0.68%	1.60%
Overdue, but not 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%	35.12%	6.42%	16.77%	23.93%	0.99%	0.19%	1.50%	0.85%

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

	As of December 31, 2018															
	Normal				Substandar				Non-compliant				Total portfolio			
	Commercial	Mortgage	Consumer	Total Normal	Commercial	Mortgage	Consumer	Total substandar	Commercial	Mortgage	Consumer	Total non-compliant	Commercial	Mortgage	Consumer	Total portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Portfolio Current	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 (more 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 December 31, 2019 and 2018, financial investments available for sale and held to maturity are as follows:

	As of December 31, 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)	182,100	-	182,100	42,507	-	42,507
Bonds or promissory notes of the Treasury	510,742	-	510,742	677,047	-	677,047
Other fiscal instruments	5,424	-	5,424	6,049	-	6,049
Other domestic instruments:						
Financial instruments issued by other domestic banks	140,011	-	140,011	112,231	-	112,231
Bonds and corporate commercial papers	6,044	-	6,044	11,499	-	11,499
Other domestic instruments (c)	2,683	-	2,683	1,899	-	1,899
Foreign instruments:						
Instruments issued by foreign states and central banks (d)	146,361	752	147,113	82,554	2,780	85,334
Other foreign instruments (d)	3,017,664	6,617	3,024,281	2,295,669	-	2,295,669
Total	**4,011,029**	**7,369**	**4,018,398**	**3,229,455**	**2,780**	**3,232,235**

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

(b) As of December 31, 2019 and 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., 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 December 31, 2019 and 2018, principal investments in associates, joint ventures and other entities are detailed below:

	As of December 31, 2019				As of December 31, 2018			
Company	**Equity**	**Interest**	**Investment carrying value**	**Income/(loss)**	**Equity**	**Interest**	**Investment carrying value**	**Income/(loss)**
	MCh$	**%**	**MCh$**	**MCh$**	**MCh$**	**%**	**MCh$**	**MCh$**
Investment accounted for using equity method:								
Redbanc S.A.	9,221	12.71	1,172	110	8,356	12.71	1,062	108
Combanc S.A.	6,290	11.74	738	23	6,106	11.74	717	43
Transbank S.A.	82,667	8.72	7,208	1,168	69,358	8.72	6,047	1,087
Nexus S.A.	17,675	14.81	2,618	2	16,805	12.90	2,168	368
Servicio de Infraestructura de Mercado OTC S.A.	12,470	13.61	1,697	65	11,952	13.61	1,626	62
AFT S.A.	19,174	20.00	3,835	390	17,978	20.00	3,596	582
Centro de Compensación Automatizado S.A.	6,464	33.33	2,155	294	5,592	33.33	1,864	434
Sociedad Interbancaria de Depósitos de Valores S.A.	5,070	7.03	356	61	4,161	7.03	293	52
Investment measured at cost:								
SWIFT shares			56	-			56	-
Bladex shares			219	261			219	226
Credicorp LTD,			-	8,844			20,180	60,768
Other shares			299	224			200	22
Total			**20,353**	**11,442**			**38,028**	**63,752**
Investment in joint ventures								
Investment accounted for using equity method:								
Servipag Ltda.	12,543	50.00	6,271	572	11,398	50.00	5,699	701
Artikos Chile S.A.	2,399	50.00	1,199	624	2,025	50.00	1,013	583
Total			**7,470**	**1,196**			**6,712**	**1,284**
Total investments associates, joint ventures and other entities			**27,823**	**12,638**			**44,740**	**65,036**

NOTE 13 - INVESTMENTS IN OTHER COMPANIES, CONTINUED

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

	As of December 31 2019	As of December 31 2018
	MCh$	MCh$
Balances as of January 1,	**44,740**	**207,718**
Acquisition of investments in other companies	98	293
Translation differences (*)	371	653
Share of profit of investments accounted for using the equity method	12,638	65,036
Sale of investments in other companies (**)	(29,029)	(221,098)
Dividends received	(224)	(7,413)
Adjustment for minimum dividend provision	(261)	109
Minimum dividends provision	(510)	(558)
Ending balance	**27,823**	**44,740**

(*) Corresponds to the exchange difference resulted from investments in foreign companies.
(**) Corresponds to sales of shares in Credicorp LTD. in the 2018 column.

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

c) Summary of Relevant information on associates and joint ventures.

1) The information on investments in associates and joint ventures as of December 31, 2019, is as follows:

Investment in associate or joint venture	Interest	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Income income	Expense expenses	Net profit (loss)
	%	MCh$	MCh$	MCh$	MCh$	MCh$	MCh	MCh$
Redbanc S.A.	12.71	7,047	16,366	7,688	6,504	38,024	(36,693)	866
Combanc S.A.	11.74	6,019	1,353	769	313	3,386	(3,348)	193
Servicio de Infraestructura de Mercado OTC S.A.	13.61	21,585	8,216	16,789	534	6,292	(5,725)	478
Transbank S.A.	8.72	1,118,388	99,060	1,130,800	3,981	222,912	(143,042)	13,402
Nexus S.A.	14.81	9,586	21,561	7,951	5,521	49,944	(49,699)	17
Centro de Compensación Automatizado S.A.	33.33	5,087	3,463	1,947	139	3,384	(2,229)	881
Servipag Ltda.	50.00	74,748	18,005	74,745	5,716	43,259	(41,708)	894
Artikos Chile S.A.	50.00	1,701	1,944	1,083	163	3,643	(2,452)	1,248
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	113	4,961	263	-	15	(57)	861

NOTE 13 - INVESTMENTS IN OTHER COMPANIES, CONTINUED

2) The information on investments in associates and joint ventures as of December 31, 2018, is as follows:

Investment in associate or joint venture	Interest	Current assets	Non-current assets	Non-current liabilities	Non-current liabilities	Operating income	Operating expenses	Net profit (loss)
	%	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Redbanc S.A.	12.71	6,084	14,741	9,907	2,562	35,153	(26,285)	851
Combanc S.A.	11.74	5,871	857	622	-	3,302	(2,435)	384
Servicio de Infraestructura de Mercado OTC S.A.	13.61	18,842	6,430	10,111	3,202	6,254	(3,936)	454
Transbank S.A.	8.72	818,587	85,971	833,788	1,412	185,993	(166,364)	12,470
Nexus S.A.	12.90	12,918	22,221	14,179	4,156	50,320	(46,426)	2,850
AFT S.A.	20.00	55,401	416	36,676	1,164	3,435	-	2,908
Centro de Compensación Automatizado S.A.	33.33	3,088	3,984	1,321	160	9,842	(6,628)	916
Servipag Ltda.	50.00	59,142	15,372	57,847	5,268	42,678	(25,280)	1,401
Artikos Chile S.A.	50.00	1,397	1,503	875	-	4,282	(737)	1,167
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	153	4,239	231	-	1	(35)	762

NOTE 14 - INTANGIBLE ASSETS

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

Concept	Totaal useful life years	Remaining average useful life years	As of December 31, 2019 Gross balance	Accumulated amortization	Net balance
			MCh$	MCh$	MCh$
Intangible assets acquired separately (a)	6	5	84,278	(36,486)	**47,792**
Intangible generated internally (b)	6	5	215,972	(128,546)	**87,426**
Intangible assets acquired in business combination (c):					
Core deposits	9	6	90,444	(35,095)	**55,349**
Leasehold interest	30	27	5,427	(1,214)	**4,213**
Relationship with clients	10	10	37,526	(5,514)	**32,012**
Other	10	10	21,726	(2,345)	**19,381**
Intangible assets not amortizable acquired in business combination (c):					
Trademark	-	-	13,534	-	**13,534**
Goodwill	-	-	144,508	-	**144,508**
Total			**613,415**	**(209,200)**	**404,215**

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

Concept	Total useful life years	Remaining average useful life years	As of December 31, 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 (c):					
Core deposits	9	6	83,434	(20,023)	**63,411**
Leasehold interest	30	27	5,006	(774)	**4,232**
Relationship with clients	10	10	28,169	-	**28,169**
Other	10	10	21,698	(179)	**21,519**
Intangible assets not amortizable acquired in business combination (c):					
Trademark	-	-	12,485	-	**12,485**
Goodwill	-	-	132,515	-	**132,515**
Total			**540,893**	**(158,696)**	**382,197**

a. Corresponds to software purchased from parties other than the Bank or its subsidiaries.

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

c. 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, the intangibles acquired through the acquisition of Servicios Financieros were incorporated on December 4, 2018.

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

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

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

			Amortizable intangible assets in business combination				Not amortizable intangible assets acquired in business combination		
	Intangible assets acquired separately	Intangible generated internally	Core deposits	Leasehold interest	Relationship with clients	Other	Trademark	Goodwill	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2019	**73,700**	**183,886**	**83,434**	**5,006**	**28,169**	**21,698**	**12,485**	**132,515**	**540,893**
Acquisitions	11,266	68,989	-	-	-	-	-	-	**80,255**
Disposals / transfers	(1,121)	(36,903)	-	-	-	-	-	-	**(38,024)**
Exchange differences	-	-	7,010	421	-	1	1,049	9,789	**18,270**
Remeasurement of goodwill and intangible assets	-	-	-	-	9,357	27	-	2,204	**11,588**
Other	433	-	-	-	-	-	-	-	**433**
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-	-
	84,278	**215,972**	**90,444**	**5,427**	**37,526**	**21,726**	**13,534**	**144,508**	**613,415**
Amortization for the year	(6,550)	(24,377)	(12,468)	(302)	(5,514)	(2,172)	-	-	**(51,383)**
Accumulated amortization from previous periods	(49,055)	(88,665)	(20,023)	(774)	-	(179)	-	-	**(158,696)**
Transfers	16,929	(16,929)	-	-	-	-	-	-	-
Other	2,190	1,425	(2,604)	(138)	-	6	-	-	**879**
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated amortization and impairment	(36,486)	(128,546)	(35,095)	(1,214)	(5,514)	(2,345)	-	-	**(209,200)**
Balance as of December 31, 2019	**47,792**	**87,426**	**55,349**	**4,213**	**32,012**	**19,381**	**13,534**	**144,508**	**404,215**

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

			Amortizable intangible assets in business combination				Not amortizable intangible assets acquired in business combination		
	Intangible assets acquired separately	Intangible generated internally	Core deposits	Leasehold interest	Relationship with clients	Other	Trademark	Goodwill	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2018	**56,171**	**241,999**	**38,468**	**2,468**	-	-	**11,078**	**9,895**	**360,079**
Acquisitions	28,337	56,937	40,083	2,225	28,169	21,698	-	121,365	**298,814**
Disposals / transfers	(11,155)	(115,050)	-	-	-	-	-	-	**(126,205)**
Exchange differences	-	-	4,883	313	-	-	1,407	1,255	**7,858**
Other	456	-	-	-	-	-	-	-	**456**
Impairment of property, plant and equipment and intangible assets	(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)**
Other	(4,662)	68,452	(1,729)	(88)	-	-	-	-	**61,973**
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-	**-**
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, 2019, the Bank carried out an impairment test in accordance with the indications in chapter A-2 of the Compendium of Accounting Standards of the Financial Market Commission. The reports of the independent consultants did not cause the need to record impairment effects and, likewise, there were no indicators of impairment for neither the intangible assets with defined lives nor results requiring an impairment adjustment for indefinitely lived intangible assets originated in the business combinations.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, NET

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

	As of December 31, 2019				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	36	30	235,941	(41,241)	194,700
Equipment	4	4	160,457	(128,678)	31,779
Other property, plant and equipment	8	6	57,872	(34,157)	23,715
Total			**454,270**	**(204,076)**	**250,194**

	As of December 31, 2018				
Concept	**Total useful life**	**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**
Other property, plant and equipment	8	6	49,987	(32,312)	**17,675**
Total			**508,375**	**(227,139)**	**281,236**

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

	Buildings and land	**Equipment**	**Other property Plant and equipment**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1, 2019	**303,819**	**154,569**	**49,987**	**508,375**
Additions	8,491	12,417	12,735	**33,643**
Disposals	(17,474)	(7,390)	(1,062)	**(25,926)**
Transfers	(62,908)	-	(4,323)	**(67,231)**
Other	4,013	861	57	**4,931**
Impairment of property, plant and equipment and intangible assets	-	-	478	**478**
Gross Balance as of December 31, 2019	**235,941**	**160,457**	**57,872**	**454,270**
Depreciation for the year	(4,823)	(17,259)	(3,588)	**(25,670)**
Disposals	806	4,922	1,831	**7,559**
Transfer	41,591	-	-	**41,591**
Accumulated depreciation from previous years	(78,583)	(116,245)	(32,311)	**(227,139)**
Other	(232)	(96)	(89)	**(417)**
Impairment of property, plant and equipment and intangible assets	-	-	-	**-**
Total Accumulated Depreciation	**(41,241)**	**(128,678)**	**(34,157)**	**(204,076)**
Balance as of December 31, 2019	**194,700**	**31,779**	**23,715**	**250,194**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

	Buildings and land	Equipment	Other property, Plant and equipment	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)**
Other	5,573	817	75	**6,465**
Impairment of property, plant and equipment and intangible assets	-	-	(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 of property, plant and equipment and intangible assets	-	-	-	-
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**

c) As of December 31, 2019 and 2018 the net impairment was MCh$478 and MCh$65, respectively, impacting property, plant and equipment.

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

	As of December 31, 2019				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation from previous years**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	10	10	223,147	(19,094)	204,053
Leasehold improvements	10	9	70,296	(43,005)	27,291
Total			**293,443**	**(62,099)**	**231,344**

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

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

	Buildings and land	Leasehold improvements	Total
	MCh$	MCh$	MCh$
Balance as of January 1, 2019	**231,992**	**62,908**	**294,900**
Additions	70,190	8,588	**78,778**
Disposals	(85,622)	(1,878)	**(87,500)**
Other	6,587	678	**7,265**
Impairment of property, plant and equipment and intangible assets	-	-	-
Gross balance as of December 31, 2019	**223,147**	**70,296**	**293,443**
Depreciation for the year	(23,089)	(3,507)	**(26,596)**
Disposals	4,421	2,228	**6,649**
Other	(426)	(1,912)	**(2,338)**
Accumulated depreciation from previous years	-	(39,814)	**(39,814)**
Impairment of property, plant and equipment and intangible assets	-	-	-
Total Accumulated Depreciation	**(19,094)**	**(43,005)**	**(62,099)**
Net Balance as of December 31, 2019	**204,053**	**27,291**	**231,344**

f) As of December 31, 2019 the right-of-use asset has recorded no impairment effect.

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

	Analysis of maturity				
	Up to 1 year	Of 1 to 3 years	Of 1 to 5 years	More than 5 years	Total
	MCh$	MCh$	MCh$	MCh$	MCh$
As of December 31, 2019	21,176	43,363	45,648	96,189	**206,376**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX

a) Current Income Tax

As of December 31, 2019 and 2018, the Bank has recognized a provision for the first category (corporate) Income Tax and the provision for the Single Tax of Article No. 21 of the Income Act, which were determined based on the current tax legal provisions. This resulted in an asset amounting to MCh$ 88,255 as of December 31, 2019 (liability of MCh$ 142,245 as of December 31, 2018). This provision is presented net of recoverable taxes, as detailed below:

	As of December 31	
	2019	2018
	MCh$	MCh$
Income tax (tax rate of 27% for 2019 and 2018)	(84,560)	(244,241)
Prior year provision	(4,872)	(16,038)
40% Provision for Income Tax	(268)	(69)
Less:		
Monthly tax provisional payments	163,790	103,436
Credit for training expenses	2,000	1,902
Credit for acquisition of property, plan and equipment	125	16
Credit for donations	2,044	1,861
Income tax to be recovered	6,373	8,820
Other taxes and withholdings to be recovered	3,623	1,888
Total assets (liabilities) net	**88,255**	**(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 December 31, 2019		
	Chile	Florida	Total
	MCh$	MCh$	MCh$
Current tax asset	80,273	9,222	89,495
Current tax liability	(1,240)	-	(1,240)
Total, net	**79,033**	**9,222**	**88,255**

	As of December 31, 2018		
	Chile	Florida	Total
	MCh$	MCh$	MCh$
Current tax asset	3,411	11,473	14,884
Current tax liability	(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 tax expense during the years between January 1 and December 31, 2019 and 2018, consists of the following items:

	For the years ended December 31	
	2019	**2018**
	MCh$	**MCh$**
Income tax expense:		
Current tax for the year, net of tax credits	(84,560)	(244,241)
Surplus/Deficit of prior year	-	7,646
	(84,560)	**(236,595)**
Credit (charge) for deferred taxes:		
Origination and reversal of temporary differences	(43,609)	112,889
Subtotal	**(128,169)**	**(123,706)**
Art 21 tax (disallowed expenses)	(268)	(96)
Other	-	-
Net charge to income from income tax	**(128,437)**	**(123,802)**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

c) Reconciliation of nominal income tax rate with effective income tax rate

The following is the reconciliation of the nominal income tax rate with the effective income tax rate for the years ended December 31, 2019 and December 31, 2018:

	For the year ended December 31			
	2019		2018	
	Tax rate %	Amount MCh$	Tax rate %	Amount MCh$
Income before tax		531,176		519,649
Nominal tax rate	27.000	143,417	27.000	140,305
Effect of non-deducible expenses in calculation of taxable income :	-	-	-	-
Price-level restatement BCI Financial Group (1)	3.74	19,891	4.59	23,892
Rate difference USA (2)	(1.36)	(7,233)	(1.15)	(5,977)
Prive-levek restatement of capital	(5.11)	(27,159)	(3.97)	(20,624)
Income tax (disallowed expenses)	0.05	268	0.02	96
Income tax from previous years	(0.06)	(315)	-	-
Other	(0.08)	(432)	(2.67)	(13,890)
Effective income tax rate and income tax expense	**24.18**	**128,437**	**23.82**	**123,802**

The effective income tax rate for the years ended December 31, 2019 and 2018 was 24.18% and 23.82%, respectively.

(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 December 2019 is a tax-related expense of approximately MCh$19,891 associated with an increase of $53.97 in the exchange rate, while as of December 2018 this effect was a tax- related expense of MCh$23,892 associated with an increase of $80.02 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) reductions were made in taxes as a result of the tax rate difference between the two separate jurisdictions.

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

d) Deferred tax breakdown

The deferred tax recognized in shareholders' equity as of December 2019 and 2018, is composed of the following:

	Accumulated		Effect for the year ended	
	As of December 31		As of December 31	
	2019	2018	2019	2018
	MCh$	MCh$	MCh$	MCh$
Financial Investments Available for Sale	(3,693)	(2,473)	(1,221)	200
Cash flow hedges	34,232	3,230	31,003	789
Effect of deferred tax in shareholders' equity	**30,539**	**757**	**29,782**	**989**

e) Deferred tax breakdown

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

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

	As of December 31, 2019			As of December 31, 2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Item:						
Allowances for loan losses	94,372	-	94,372	81,773	-	81,773
Provision for staff vacation & bonuses	48,486	-	48,486	27,917	-	27,917
Leasing operations (net)	-	(14,701)	(14,701)	87,241	-	87,241
Other	20,989	-	20,989	16,803	(798)	16,005
Property, plant and equipment, net	-	(17,919)	(17,919)	-	(17,031)	(17,031)
Transitory assets	-	(36,246)	(36,246)	-	(32,451)	(32,451)
Credicorp LTD. (*)	-	-	-	-	(6,554)	(6,554)
Derivative contract operation	-	(27,528)	(27,528)	-	(8,123)	(8,123)
Temporary differences related to Florida	-	(18,492)	(18,492)	70,225	(49,510)	20,715
Acquisition of Servicios Financieros	-	-	-	19,026	-	19,026
Total assets (liabilities) net	**163,847**	**(114,886)**	**48,961**	**302,985**	**(114,467)**	**188,518**
Effect of deferred tax recognized in equity	30,539	-	30,539	757	-	757
Total deferred tax assets and liabilities	**194,386**	**(114,886)**	**79,500**	**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

(**) This deferred tax asset corresponds to those originated by the subsidiaries and the Branch of the Bank in the United States; It is mainly caused by the tax loss, some intangible assets and the provision for loan losses of the subsidiary BCI Financial Group, Inc. and subsidiaries. The variation in deferred taxes arising from the conversion adjustment of deferred taxes of subsidiaries whose functional currency is the US dollar for MCh$ 18,493 (MCh$ 20,715 as of December 31, 2018), is part of the account "Cumulative translation adjustment" in equity.

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

	As of December 31, 2019		
	Chile	**Florida**	**Total**
	MCh$	**MCh$**	**MCh$**
Deferred tax asset	68,711	4,079	72,790
Deferred tax liability	(1,262)	(22,567)	(23,829)
Total, net	**67,449**	**(18,488)**	**48,961**
Effect of deferred tax recognized in equity	30,539	-	30,539
Total deferred income taxes, net	**97,988**	**(18,488)**	**79,500**

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

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

f) Supplementary information on current and deferred taxes.

As of December 31, 2019 and 2018, the Bank presents the following tax information related to provisions, write-offs, renegotiations and credit refunds. This information includes the Bank's operations, therefore subsidiaries have been excluded.

a. Loans and receivables to customers, net

		Assets at tax value		
Loans and receivables to customers To customers as of Dec 31, 2019	**Assets at value of Financial statements**	**Total**	**Past-due portfolio secured**	**Past-due portfolio unsecured**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Commercial loans	12,292,266	12,295,906	232,162	112,118
Consumer loans	3,159,531	6,361,445	8,477	55,739
Mortgage loans	6,625,448	6,625,432	301,870	5,295

		Assets at tax value		
Loans and receivables to customers To customers as of Dec 31, 2018	**Assets at value Financial statements**	**Total**	**Past-due portfolio secured**	**Past-due portfolio unsecured**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Commercial loans	10,831,001	10,822,949	213,734	137,538
Consumer loans	3,005,558	3,016,520	6,941	47,291
Mortgage loans	5,861,054	5,861,066	262,584	2,412

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

b. Provisions

Provisons on past-due portfolio	Balance as of 01.01.2019	Write-off against Provisions	Provisions established	Provisions reversed	Balance as of 12.31.2019
	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans	137,538	(61,687)	148,356	(97,535)	**126,672**
Consumer loans	47,291	(180,171)	232,667	(41,833)	**57,954**
Mortgage loans	2,412	-	5,741	(2,855)	**5,298**

Provisions on past-due portfolio	Balance as of 01.01.2018	Write-off against Provisions	Provisions established	Provisions reversed	Balance as of 12.31.2018
	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans	124,986	(51,848)	140,347	(75,947)	**137,538**
Consumer loans	41,169	(148,407)	191,160	(36,631)	**47,291**
Mortgage loans	2,262	-	2,283	(2,133)	**2,412**

c. Write-offs and repossessions

Direct write-offs and repossessions as of December 31, 2019	MCh$
Direct write-off art.31 Nº4 second paragraph	47,922
Condonations that led to the reversal of provisions	-
Recovery or renegotiation of loans previously written off	55,887

Application of article 31 No. 4 first and third paragraphs	MCh$
Write-offs as per first paragraph	-
Condonations according to third paragraph	-

Direct write-offs and repossessions as of December 31, 2018	MCh$
Direct write-off art.31 Nº4 second paragraph	19,782
Condonations that led to the reversal of provisions	-
Recovery or renegotiation of loans previously written off	58,550

Application of article 31 No. 4 first and third paragraphs	MCh$
Write-offs as per first paragraph	-
Condonations according to third paragraph	-

NOTE 17 - OTHER ASSETS

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

	As of December 31	
	2019	**2018**
	MCh$	**MCh$**
Assets acquired to transfer to leasing (a)	101,195	121,767
Repossessed or awarded assets:		
Repossessed assets	721	2,099
Assets awarded from judicial auctions	4,450	3,416
Provisions for repossessed or awarded assets (b)	-	(66)
Other assets:		
Cash deposits held as guarantee	574,302	337,738
Investment in gold	5,165	4,017
VAT	9,654	9,280
Prepaid expenses	45,720	71,057
Assets recovered from lease agreements held for sale (c)	21,522	26,351
Account receivable	113,054	76,534
Amounts to be recovered	58,547	109,393
Macro hedge valuation adjustment	43,935	-
Cash surrender value of certain insurance contracts - National Bank of Florida (CNB) (d)	263,096	239,542
Other assets	63,736	36,675
FED and FHLB shares (e)	102,705	69,414
Total	**1,407,802**	**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.

b) The changes in the impairment of repossessed or awarded assets, as of December 31, 2019 and 2018, are as follows:

	Loss Rate
	MCh$
Balance as of January 1, 2019	**66**
Provisons established	-
Reversal of provisions	(66)
Balance as of December 31, 2019	**-**
Balance as of January 1, 2018	**1,145**
Provisons established	66
Reversal of provisions	(1,145)
Balance as of December 31, 2018	**66**

NOTE 18 – BORROWINGS FROM CUSTOMERS

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

	As of December 31	
	2019	2018
	MCh$	MCh$
Current accounts and demand deposits		
Checking accounts	12,879,341	11,065,440
Other deposits and accounts payable on demand	688,228	679,737
Other liabilities payable on demand	613,130	477,362
Total	**14,180,699**	**12,222,539**
Term deposits and savings accounts		
Term deposits	13,323,286	12,280,803
Savings accounts	48,668	47,100
Other credit term balances	802	873
Total	**13,372,756**	**12,328,776**

NOTE 19 - BORROWINGS FROM FINANCIAL INSTITUTIONS

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

	As of December 31	
	2019	**2018**
	MCh$	**MCh$**
Loans received from financial institutions and Central Bank of Chile:		
Other liabilities to Central Bank of Chile	-	10,503
Subtotal	-	10,503
Loans received from domestic financial institutions:		
Interbank loans	1,507,348	1,286,552
Other liabilities to domestic financial institutions	303,865	305,744
Subtotal	1,811,213	1,592,296
Loans received from foreign financial institutions:		
Foreign trade financing	661,219	515,446
Loans and other liabilities to foreign financial institutions	1,009,829	639,904
Subtotal	1,671,048	1,155,350
Total	**3,482,261**	**2,758,149**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES

a) As of December 31, 2019 and 2018, the composition of debt issued and other financial liabilities is the following:

	As of December 31	
	2019	**2018**
	MCh$	**MCh$**
Other financial liabilities:		
Public bonds	13,781	14,783
Other domestic bonds	40,732	34,023
Foreign bonds	1,396,073	706,131
Total	**1,450,586**	**754,937**
Debt issued:		
Letters of credit	9,629	13,232
Ordinary bonds	6,066,492	5,043,156
Subordinated bonds	940,621	921,560
Total	**7,016,742**	**5,977,948**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

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

	As of December 31, 2019		
	Long-term	Short-term	Total
	MCh$	MCh$	MCh$
By long and short term			
Ordinary bonds	5,949,892	116,600	6,066,492
Subordinated bonds	940,621	-	940,621
Total	**6,890,513**	**116,600**	**7,007,113**

	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 December 31, 2019 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	Issued amount CLP	Placed amount CLP	Issuance Date	Issuance date	Average rate	Balance due CLP	Balance due MCh$
SERIE_AM	50,000,000,000	50,000,000,000	06-01-2016	06-01-2023	4.90%	48,848,689,620	48,849
SERIE_E	100,000,000,000	100,000,000,000	11-01-2017	11-01-2022	4.27%	100,048,949,818	87,253
SERIE_H	50,000,000,000	50,000,000,000	06-01-2018	06-01-2021	2.36%	51,673,482,420	51,673
Fair Value Adjustment						9,039,538,051	9,040
Subtotal	**200,000,000,000**	**200,000,000,000**				**209,610,659,909**	**196,815**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

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

Series	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Balance due UF	Balance due MCh$
SERIES_AE2	10,000,000	10,000,000	08-01-2011	08-01-2021	3.73%	9,939,440	281,385
SERIE_AF2	10,000,000	10,000,000	08-01-2012	08-01-2022	3.43%	9,908,962	280,522
SERIE_AI2	5,000,000	-	03-01-2014	03-01-2024	-	-	-
SERIE_AJ2	20,000,000	20,000,000	10-01-2014	10-01-2024	2.23%	19,884,901	562,940
SERIE_AL1	3,000,000	3,000,000	06-01-2016	06-01-2022	1.89%	3,049,718	86,337
SERIE_AL2	3,000,000	3,000,000	06-01-2016	06-01-2023	2,15%	3,041,602	86,108
SERIE_AL3	3,000,000	3,000,000	06-01-2016	06-01-2024	2.40%	3,020,257	85,503
SERIE_AL4	3,000,000	3,000,000	06-01-2016	06-01-2028	2.36%	3,040,699	86,082
SERIE_AL5	3,000,000	3,000,000	06-01-2016	06-01-2031	2.50%	3,010,338	85,222
SERIE_AN1	3,000,000	3,000,000	12-01-2016	12-01-2021	1.50%	3,032,253	85,843
SERIE_AN2	3,000,000	3,000,000	12-01-2016	12-01-2024	1.95%	3,013,021	85,298
SERIE_AN3	3,000,000	3,000,000	12-01-2016	12-01-2026	2.00%	3,006,411	85,111
SERIE_A1	3,000,000	3,000,000	04-01-2017	04-01-2022	1.72%	3,031,797	85,830
SERIE_A2	3,000,000	3,000,000	04-01-2017	04-01-2027	2.18%	2,980,845	84,388
SERIE_B1	3,000,000	3,000,000	05-01-2017	05-01-2022	1.50%	3,044,084	86,178
SERIE_B2	3,000,000	3,000,000	05-01-2017	05-01-2023	1.67%	3,042,359	86,129
SERIE_C1	3,000,000	3,000,000	07-01-2017	01-01-2022	2.24%	3,015,795	85,377
SERIE_C2	3,000,000	3,000,000	07-01-2017	07-01-2023	2.32%	2,999,161	84,906
SERIE_C3	3,000,000	3,000,000	07-01-2017	07-01-2025	2.28%	2,988,548	84,606
SERIE_C4	3,000,000	3,000,000	07-01-2017	07-01-2026	2.42%	2,957,039	83,714
SERIE_D1	3,000,000	3,000,000	11-01-2017	11-01-2023	1.84%	3,028,186	85,728
SERIE_D2	3,000,000	3,000,000	11-01-2017	11-01-2025	2.04%	3,004,707	85,063
SERIE_D3	3,000,000	3,000,000	11-01-2017	11-01-2028	2.34%	2,931,568	82,993
SERIE_D4	3,000,000	3,000,000	11-01-2017	11-01-2029	2.45%	2,895,751	81,979
SERIE_F1	3,000,000	3,000,000	04-01-2018	04-01-2022	1.46%	3,051,090	86,376
SERIE_F2	3,000,000	3,000,000	04-01-2018	04-01-2024	1.60%	3,064,654	86,760
SERIE_F3	3,000,000	3,000,000	04-01-2018	04-01-2025	2.00%	3,016,116	85,386
SERIE_F4	3,000,000	3,000,000	04-01-2018	04-01-2028	2.17%	2,978,730	84,328
SERIE_F5	3,000,000	3,000,000	04-01-2018	04-01-2029	2.36%	2,928,684	82,911
SERIE_G1	3,000,000	3,000,000	06-01-2018	06-01-2025	1.47%	3,088,143	87,425
SERIE_G2	3,000,000	3,000,000	06-01-2018	06-01-2026	1.09%	3,174,084	89,858
SERIE_G3	3,000,000	3,000,000	06-01-2018	06-01-2029	2.10%	2,981,770	84,414
SERIE_I1	3,000,000	3,000,000	02-01-2019	02-01-2028	0.70%	3,331,076	94,303
SERIE_I2	3,000,000	2,630,000	02-01-2019	02-01-2029	0.34%	2,998,930	84,900
SERIE_I3	3,000,000	3,000,000	02-01-2019	02-01-2030	1.19%	3,256,054	92,179
SERIE_K1	3,000,000	3,000,000	05-01-2019	05-01-2023	-0.03%	3,212,986	90,959
SERIE_K4	3,000,000	3,000,000	05-01-2019	05-01-2029	0.45%	3,434,507	97,231
Fair Value adjustment						1,763,062	49,911
Subtotal	**144,000,000**	**138,630,000**				**142,147,328**	**4,024,183**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – US DOLLAR

Series	Issued amount USD	Place amount USD	Date placed	Maturity date	Average rate	Balance due USD	Balance due in MCh$
USP32133CG63	500,000,000	500,000,000	02-11-2013	02-11-2023	4.09%	505,402,346	**380,002**
XS1655597034	50,000,000	50,000,000	08-01-2017	08-01-2022	2.96%	50,310,986	**37,828**
XS1692845396	50,000,000	50,000,000	10-06-2017	10-06-2022	3.00%	50,067,753	**37,645**
US05890MAA18	500,000,000	500,000,000	10-12-2017	10-12-2027	3.65%	494,418,187	**371,743**
XS1703060829	50,000,000	50,000,000	10-19-2017	10-19-2022	3.50%	49,973,288	**37,574**
XS1702405702	40,000,000	40,000,000	10-20-2017	10-20-2022	3.46%	39,991,727	**30,069**
XS1879614755	50,000,000	50,000,000	09-13-2018	03-13-2024	3.85%	50,165,549	**37,718**
XS1888335194	100,000,000	100,000,000	10-04-2018	04-04-2024	4.02%	100,161,411	**75,309**
XS1895749593	45,000,000	45,000,000	10-19-2018	04-19-2024	4.03%	44,984,945	**33,823**
XS1919312626	25,000,000	25,000,000	12-07-2018	12-07-2023	3.44%	24,786,686	**18,637**
XS1984711355	10,000,000	10,000,000	04-23-2019	04-23-2024	3.47%	9,953,026	**7,483**
XS2012024696	50,000,000	50,000,000	06-14-2019	06-14-2029	3.32%	49,564,040	**37,266**
XS2024766276	50,000,000	50,000,000	07-10-2019	07-10-2029	3.21%	50,240,547	**37,775**
XS2047630970	10,000,000	10,000,000	08-28-2019	08-28-2024	3.02%	9,937,201	**7,472**
XS2085920416	20,000,000	20,000,000	12-02-2019	06-02-2025	2.91%	19,781,629	**14,873**
Fair Value adjustment						16,990,602	**12,775**
Subtotal	**1,550,000,000**	**1,550,000,000 (*)**				**1,566,729,923**	**1,177,992**

(*) Balance due according to the effective interest rate, that is, once all origination costs of the placement of the bond have been 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	Date placed	Maturity date	Average rate	Balance due EU	Balance due in MCh$
XS1493734971	20,000,000	20,000,000	09-23-2016	09-23-2024	0.89%	19,871,818	16,758
Fair Value Adjustment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,871,818**	**16,758**

ORDINARY BONDS DENIMINATED IN FOREIGN CURRENCY-AUD

Series	Issued amount AUD	Placed amount AUD	Date placed	Maturity date	Average rate	Balance due AUD	Balance due in MCh$
XS1717587007	80,000,000	80,000,000	11-15-2017	11-15-2027	4.15%	79,548,667	41,880
XS1859545367	40,000,000	40,000,000	07-25-2018	07-25-2033	4.67%	40,391,009	21,265
XS1879612973	60,000,000	60,000,000	09-14-2018	09-14-2033	4.65%	60,125,863	31,654
XS1897619968	40,000,000	40,000,000	10-24-2018	10-24-2033	4.70%	39,545,722	20,819
XS2087687435	30,000,000	30,000,000	12-02-2019	12-03-2029	2.635%	29,691,341	15,631
Fair Value adjustment						13,784,980	7,257
Subtotal	**250,000,000**	**250,000,000**				**263,087,582**	**138,506**

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

Series	Issued amount CHF	Placed amount CHF	Date placed	Maturity date	Average rate	Balance due CHF	Balance due in MCh$
CH0278875965	150,000,000	150,000,000	06-17-2015	06-17-2020	0.150%	150,146,243	116,600
XS1520623627	90,000,000	90,000,000	11-17-2016	11-17-2021	0.000%	89,623,146	69,599
CH0471298007	175,000,000	175,000,000	05-22-2019	11-22-2024	0.320%	173,821,818	134,986
CH0494734376	100,000,000	100,000,000	09-24-2019	09-24-2029	0.225%	98,873,736	76,783
CH0505011889	105,000,000	105,000,000	10-29-2019	10-29-2025	0.247%	103,591,916	80,447
Fair Value adjustment						(498,555)	(387)
Subtotal	**620,000,000**	**620,000,000**				**615,558,304**	**478,028**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - YEN

Series	Issued amount YEN	Placed amount YEN	Date placed	Maturity date	Average rate	Balance due YEN	Balance due in MCh$
XS1830985781	5,000,000,000	5,000,000,000	06-01-2018	12-01-2028	0.750%	4,952,631,128	34,210
Subtotal	**5,000,000,000**	**5,000,000,000**				**4,952,631,128**	**34,210**
Total ordinay bonds							**6,066,492**

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

Series	Placed amount UF	Carrying amount UF	Issuance date	Maturity date	Average rate	Balance due UF	Balance due in MCh$
SERIE_F	1,200,000	1,200,000	05-01-1999	05-01-2024	7.73%	397,723	11,260
SERIE_G	400,000	400,000	05-01-1999	05-01-2025	7.92%	155,693	4,408
SERIE_L	1,200,000	1,200,000	10-01-2001	10-01-2026	6.39%	570,790	16,159
SERIE_M	1,800,000	1,800,000	10-01-2001	10-01-2027	6.43%	927,715	26,264
SERIE_N	1,500,000	1,500,000	06-01-2004	06-01-2029	5.25%	856,969	24,261
SERIE_O	1,500,000	1,500,000	06-01-2004	06-01-2030	3.93%	852,073	24,122
SERIE_R	1,500,000	1,500,000	06-01-2005	06-01-2038	4.72%	769,041	21,772
SERIE_S	2,000,000	2,000,000	12-01-2005	12-01-2030	4.86%	1,188,785	33,654
SERIE_T	2,000,000	2,000,000	12-01-2005	12-01-2031	4.52%	1,261,031	35,700
SERIE_U	2,000,000	2,000,000	06-01-2007	06-01-2032	4.19%	1,914,008	54,185
SERIE_Y	4,000,000	4,000,000	12-01-2007	12-01-2030	4.25%	2,538,400	71,862
SERIE_W	4,000,000	4,000,000	06-01-2008	06-01-2036	4.05%	2,083,200	58,975
SERIE_AC	6,000,000	6,000,000	03-01-2010	03-01-2040	3.96%	5,611,469	158,860
SERIE_AD 1	4,000,000	4,000,000	06-01-2010	06-01-2040	4.17%	3,625,537	102,639
SERIE_AD 2	3,000,000	3,000,000	06-01-2010	06-01-2042	4.14%	2,701,469	76,478
SERIE_AH	15,000,000	9,000,000	09-01-2013	09-01-2043	3.63%	7,771,909	220,022
Total subordinated bonds	**51,100,000**	**45,100,000**				**33,225,812**	**940,621**
TOTAL BONDS							**7,007,113**

NOTE 20 - 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

Series	Issued amount CLP	Placed amount CLP	Issuance Date	Maturily date	Average rate	Balance due CLP	Balance due MCh$
SERIE_AK	500,000,000,000	53,750,000,000	11-01-2014	11-01-2019	5,31%	17,862,594,154	17,863
SERIE_AM	50,000,000,000	50,000,000,000	06-01-2016	06-01-2023	4.90%	48,502,565,202	48,503
SERIE_E	100,000,000,000	100,000,000,000	11-01-2017	11-01-2022	4.27%	99,857,709,371	99,858
SERIE_H	50,000,000,000	-	06-01-2018	06-01-2021	-	-	-
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	Balance due UF	Balance due MCh$
SERIE_AE2	10,000,000	10,000,000	08-01-2011	08-01-2021	3.73%	9,838,707	271,212
SERIE_AF2	10,000,000	10,000,000	08-01-2012	08-01-2022	3.44%	9,836,841	271,160
SERIE_AI1	15,000,000	-	03-01-2014	03-01-2019	-	-	-
SERIE_AI2	5,000,000	-	03-01-2014	03-01-2024	-	-	-
SERIE_AJ1	20,000,000	13,310,000	10-01-2014	10-01-2019	2.50%	13,211,499	364,185
SERIE_AJ2	20,000,000	20,000,000	10-01-2014	10-01-2024	2.25%	19,844,285	547,023
SERIE_AL1	3,000,000	3,000,000	06-01-2016	06-01-2022	1.89%	3,067,154	84,549
SERIE_AL2	3,000,000	3,000,000	06-01-2016	06-01-2023	2.15%	3,051,523	84,118
SERIE_AL3	3,000,000	3,000,000	06-01-2016	06-01-2024	2.40%	3,023,263	83,339
SERIE_AL4	3,000,000	3,000,000	06-01-2016	06-01-2028	2.36%	3,044,607	83,927
SERIE_AL5	3,000,000	3,000,000	06-01-2016	06-01-2031	2.50%	3,010,638	82,991
SERIE_AN1	3,000,000	3,000,000	12-01-2016	12-01-2021	1.52%	3,046,376	83,976
SERIE_AN2	3,000,000	3,000,000	12-01-2016	12-01-2024	1.95%	3,014,524	83,098
SERIE_AN3	3,000,000	3,000,000	12-01-2016	12-01-2026	2.00%	3,006,711	82,882
SERIE_A1	3,000,000	3,000,000	04-01-2017	04-01-2022	1.75%	3,039,033	83,773
SERIE_A2	3,000,000	3,000,000	04-01-2017	04-01-2027	2.18%	2,976,624	82,053
SERIE_B1	3,000,000	3,000,000	05-01-2017	05-01-2022	1.51%	3,058,365	84,306
SERIE_B2	3,000,000	2,380,000	05-01-2017	05-01-2023	1.72%	2,416,418	66,610
SERIE_C1	3,000,000	3,000,000	07-01-2017	01-01-2022	2.25%	3,009,129	82,949
SERIE_C2	3,000,000	3,000,000	07-01-2017	07-01-2023	2.32%	2,990,677	82,440
SERIE_C3	3,000,000	3,000,000	07-01-2017	07-01-2025	2.28%	2,981,579	82,190
SERIE_C4	3,000,000	3,000,000	07-01-2017	07-01-2026	2.42%	2,946,737	81,229
SERIE_D1	3,000,000	3,000,000	11-01-2017	11-01-2023	1.84%	3,033,001	83,607
SERIE_D2	3,000,000	3,000,000	11-01-2017	11-01-2025	2.04%	3,003,804	82,802
SERIE_D3	3,000,000	3,000,000	11-01-2017	11-01-2028	2.34%	2,923,742	80,595
SERIE_D4	3,000,000	3,000,000	11-01-2017	11-01-2029	2.45%	2,885,518	79,542
SERIE_F1	3,000,000	-	04-01-2018	04-01-2022	-	-	-
SERIE_F2	3,000,000	-	04-01-2018	04-01-2024	-	-	-
SERIE_F3	3,000,000	3,000,000	04-01-2018	04-01-2025	2.00%	3,016,417	83,150
SERIE_F4	3,000,000	3,000,000	04-01-2018	04-01-2028	2.17%	2,974,811	82,003
SERIE_F5	3,000,000	3,000,000	04-01-2018	04-01-2029	2.36%	2,920,242	80,499
SERIE_G1	3,000,000	-	06-01-2018	06-01-2025	-	-	-
SERIE_G2	3,000,000	-	06-01-2018	06-01-2026	-	-	-
SERIE_G3	3,000,000	3,000,000	06-01-2018	06-01-2029	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	Place amount USD	Date placed	Maturity date	Average rate	Balance due USD	Balance due in MCh$
USP32133CG63	500,000,000	500,000,000	02-11-2013	02-11-2023	4,01%	504,215,721	349,724
XS1655597034	50,000,000	50,000,000	08-01-2017	08-01-2022	2.96%	50,171,240	34,799
XS1692845396	50,000,000	50,000,000	10-06-2017	10-06-2022	3.00%	49,942,335	34,640
US05890MAA18	500,000,000	500,000,000	10-12-2017	10-12-2027	3.65%	493,052,003	341,981
XS1703060829	50,000,000	50,000,000	10-19-2017	10-19-2022	3.39%	49,892,588	34,605
XS1702405702	40,000,000	40,000,000	10-20-2017	10-20-2022	3.36%	39,923,288	27,691
XS1879614755	50,000,000	50,000,000	09-13-2018	03-13-2024	3.85%	50,038,152	34,706
XS1888335194	100,000,000	100,000,000	10-04-2018	04-04-2024	4.02%	99,913,246	69,300
XS1895749593	45,000,000	45,000,000	10-19-2018	04-19-2024	4.03%	44,870,352	31,122
XS1919312626	25,000,000	25,000,000	12-07-2018	12-07-2023	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 excluded. These costs will be amortized over the expected life of the financial instrument.

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EUR	Placed amount EUR	Date placed	Maturity date	Average rate	Balance due EU	Balance due in MCh$
XS1493734971	20,000,000	20,000,000	09-23-2016	09-23-2024	0.89%	19,829,760	15,743
Fair Value adjustment						-	-
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	Date placed	Maturity date	Average rate	Balance due AUD	Balance due in MCh$
XS1717587007	80,000,000	80,000,000	11-15-2017	11-15-2027	4.15%	79,396,027	38,785
XS1859545367	40,000,000	40,000,000	07-25-2018	07-25-2033	4.67%	40,337,319	19,705
XS1879612973	60,000,000	60,000,000	09-14-2018	09-14-2033	4.65%	60,040,869	29,330
XS1897619968	40,000,000	40,000,000	10-24-2018	10-24-2033	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	Date placed	Maturity date	Average rate	Balance due CHF	Balance due in MCh$
CH0246788183	150,000,000	150,000,000	06-26-2014	06-26-2019	1.12%	150,739,142	106,253
CH0278875965	150,000,000	150,000,000	06-17-2015	06-17-2020	0.25%	150,007,156	105,737
XS1520623627	90,000,000	90,000,000	11-17-2016	11-17-2021	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	Date placed	Maturity date	Average rate	Balance due YEN	Balance due in MCh$
XS1144348841	10,100,000,000	10,100,000,000	12-04-2014	12-04-2019	0.810%	10,090,628,810	63,407
XS1830985781	5,000,000,000	5,000,000,000	06-01-2018	12-01-2028	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	Placed amount UF	Carrying amount UF	Issuance date	Maturity date	Average rate	Balance due UF	Balance due in MCh$
SERIE_F	1,200,000	1,200,000	05-01-1999	05-01-2024	7.72%	469,432	12,940
SERIE_G	400,000	400,000	05-01-1999	05-01-2025	7.92%	177,644	4,897
SERIE_L	1,200,000	1,200,000	10-01-2001	10-01-2026	6.39%	633,993	17,477
SERIE_M	1,800,000	1,800,000	10-01-2001	10-01-2027	6.43%	1,014,484	27,965
SERIE_N	1,500,000	1,500,000	06-01-2004	06-01-2029	5.26%	925,251	25,505
SERIE_O	1,500,000	1,500,000	06-01-2004	06-01-2030	3.95%	916,672	25,269
SERIE_R	1,500,000	1,500,000	06-01-2005	06-01-2038	4.72%	734,354	20,243
SERIE_S	2,000,000	2,000,000	12-01-2005	12-01-2030	4.85%	1,269,260	34,988
SERIE_T	2,000,000	2,000,000	12-01-2005	12-01-2031	4.53%	1,338,965	36,910
SERIE_U	2,000,000	2,000,000	06-01-2007	06-01-2032	4.19%	1,904,622	52,502
SERIE_Y	4,000,000	4,000,000	12-01-2007	12-01-2030	4.25%	2,434,800	67,117
SERIE_W	4,000,000	4,000,000	06-01-2008	06-01-2036	4.05%	2,002,400	55,198
SERIE_AC	6,000,000	6,000,000	03-01-2010	03-01-2040	3.98%	5,588,267	154,045
SERIE_AD 1	4,000,000	4,000,000	06-01-2010	06-01-2040	4.17%	3,606,236	99,409
SERIE_AD 2	3,000,000	3,000,000	06-01-2010	06-01-2042	4.14%	2,688,431	74,109
SERIE_AH	15,000,000	9,000,000	09-01-2013	09-01-2043	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 December 31, 2019 and 2018, the breakdown of the balance of this item is as follows:

	As of December 31 2019 MCh$	As of December 31 2018 MCh$
Provisions for staff benefits and remuneration	98,100	85,483
Provisions for minimum dividends	120,794	118,738
Provisions for credit commitments	42,669	29,643
Provisions for contingencies (*)	44,460	97,882
Provisions for country risk	3,017	2,547
Total	**309,040**	**334,293**

Provisions for contingencies as of December 31, 2019 include additional provisions for MCh$16,192 (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$10,708 as of December 31, 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 December 31 2019 MCh$	As of December 31 2018 MCh$
Provisions for staff benefits	84,056	73,014
Provisions for vacations	14,044	12,469
Total	**98,100**	**85,483**

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

c) Provisions for credit commitments

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

	As of December 31	
	2019	2018
	MCh$	MCh$
Provisions for credit commitments		
Endorsements and performance bonds	1,436	909
Confirmed foreign letters of credit	1	1
Issued documentary letters of credit	505	265
Guarantees	8,515	6,261
Available credit lines	30,293	20,482
Other credit commitments	1,919	1,725
Total	**42,669**	**29,643**

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

	PROVISIONS FOR					
	Staff benefits and remuneration	Minimum dividends	Risk of Credit Commitments	Contingencies	Country risk	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
As of January 1, 2019	85,483	118,738	29,643	97,882	2,547	334,293
Allowances established	25,373	120,794	13,066	4,162	409	163,804
Provisions released	(54,801)	(118,738)	(595)	(65,241)	(154)	(239,529)
Exchange differences	42,045	-	555	7,657	215	50,472
As of December 31, 2019	**98,100**	**120,794**	**42,669**	**44,460**	**3,017**	**309,040**
As of January 1, 2018	**52,481**	**111,421**	**19,179**	**89,224**	**2,368**	**274,673**
Allowances 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)
Exchange differences	3,471	-	691	(1,559)	(3)	2,600
Adquisition subsidiaries of financial Services	-	-	4,176	-	-	4,176
As of December 31, 2018	**85,483**	**118,738**	**29,643**	**97,882**	**2,547**	**334,293**

NOTE 22 - OTHER LIABILITIES

As of December 31, 2019 and 2018, the detail of other liabilities is as follows:

	As of December 31	
	2019	2018
	MCh$	MCh$
Account payables and notes payable	300,185	347,111
Unearned income	21,249	22,065
Valuation adjustments - macro-hedging	-	2,009
Sundry creditors	625,402	410,022
Other liabilities	31,003	11,973
Total	**977,839**	**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 December 31	
	2019	2018
CONTINGENT RECEIVABLES	**MCh$**	**MCh$**
Collateral and guarantees:		
Collateral and guarantees in foreign currency	197,667	220,765
Confirmed foreign letters of credit	3,814	4,326
Issued documentary letters of credit	257,876	272,299
Performance bonds:		
Performance bonds in Chilean currency	1,117,076	1,008,298
Performance bonds in foreign currency	594,022	537,802
Amount available for credit cards users	7,313,998	6,694,941
Other credit commitments:		
Higher education loans in accordance with Law No. 20,027	7,323	11,981
Other	419,278	513,245
THIRD PARTY OPERATIONS		
Collections:		
Foreign collections	30,865	46,587
Domestic collections	185,723	181,001
CUSTODY OF SECURITIES		
Securities in custody with the bank	55,908	51,291
Total	**10,183,550**	**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 lines of business and, based on facts related to the defenses presented, it is the opinion of Management and their internal legal advisers, that no additional liabilities or updated estimates for those already recognized by the Bank and its subsidiaries in its financial statements are required.

c) Operating guarantees granted:

- Direct commitments

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

- Operating guarantees

BCI Corredor de Bolsa S.A.

As of December 31, 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$73,478 (MCh$40,679 as of December 31, 2018).

As of December 31, 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$12,093 (MCh$4,993 as of December 31, 2018).

As of December 31, 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 December 31, 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$37 (MCh$71 as of December 31, 2018).

As of December 31, 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$297 (MCh$289 as of December 31, 2018).

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

As of December 31, 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, 2019 No. 330-14-00004975 and is valid until August 19, 2020. The insurer is the Compañía de Seguros de Mapfre Garantía y Crédito, and Santiago Stock Exchange is the representative of potential beneficiaries.

- Insurance for employee loyalty

BCI Corredor de Bolsa S.A.

As of December 31, 2019, it had contracted an insurance policy signed with Southbridge Compañía de Seguros Generales SA., which covers Banco de Crédito e Inversiones and its subsidiaries up to UF500,000, whose effective date is from May 31, 2019 to November 30, 2020.

BCI Corredores de Seguros S.A.

As of December 31, 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 Aseguradora Porvenir S.A., whose term is from April 15, 2019 to April 14, 2020, establishing the right of the insurance company to collect from the broker all the sums disbursed by the insurance company to third parties affected by the broker's deficient intermediation in excess of the insured amounts.

- Professional Civil Liability Policy for Insurance Brokers No. 1-53-009002 for an insured amount of UF60,000 contracted with Aseguradora Porvenir S.A., 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 December 31, 2019, BCI Factoring S.A., the subsidiary of the Bank, has approved guarantee lines for operators with Factor Chain International for MCh$491 (MCh$243 as of December 31, 2018), equivalent to US$660,000.00 (US$350,00.00 as of December 31, 2018) of which MCh$29 (MCh$68 as of December 31, 2018) have been used, equivalent to US$39,070.30 (US$97,854.11 as of December 31, 2018).

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

BCI Corredores de Bolsa de Productos S.A.

As of December 31, 2019, it has a Bank guarantee Nº0397860 taken with Banco de Crédito 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 December 31, 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 in accordance with article 11 of Act 19,220. The possibility of payment of this bond is covered by a "contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on October 30, 2020.

BCI Asset Management Administradora General de Fondos S.A

Collateral established in articles 12, 13 and 14 of the Single Act on Funds No. 20.712.

As of December 31, 2019, there are policies securing all funds and portfolio administration, which amount to MCh$ 70,472.

Funds	Type of collateral	Amount MCh$	Amount paid UF
Funds	Guarantees in UF	60,419	2,134,186.77
Portfolio administration	Guarantees in UF	10,053	355,117.05
	Total	**70,472**	**2,489,303.82**

The foregoing is in accordance with the provisions of article 226 of Act No. 18.045 on the Stock Market and the provisions in NCG No. 18.045 of the Stock Market and the provisions in NCG No. 125 of 2001, which stipulate that General Fund Administrators must permanently maintain a guarantee for each managed fund, which should always be equivalent to UF 10,000 or 1% of the average assets of the corresponding calendar year prior to the date of calculation.

Also, in order to comply with the requirements of Title IV of Circular 1790, mutual funds defined as structured and secured must at all times have a collateral provided by a third party other than the administrator company.

To ensure compliance with these standards, BCI Asset Management Administradora General de Fondos S.A. maintains deposits with BCI Bank.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

d) Credit commitments

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

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

	As of December 31	
	2019	**2018**
	MCh$	**MCh$**
Endorsements and performance bonds	197,667	220,765
Documentary letters of credit	257,876	272,299
Guarantees	1,711,098	1,546,100
Amount available for credit cards users	7,313,998	6,694,941
Provisions (Note 21)	(42,669)	(29,643)
Total	**9,437,970**	**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 from the normal course of business:

	As of December 31	
	2019	**2018**
	MCh$	**MCh$**
Documents in collection	216,588	227,588
Custody of assets	55,908	51,291
Total	**272,496**	**278,879**

f) Lawsuits and legal actions and collateral of the companies supporting the line of business.

Companies supporting the line of business: Centro de Compensión Automatizado S.A., and Artikos Chile S.A., as of December 31, 2019, have no commitments or contingencies in force that compromise their assets.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

Servipag Limitada.

a) Guarantees

i. Collateral provided

The Company has provided a bank guarantee for the lease of branches as of December 31, 2019 and 2018 for an amount of MCh$ 286 and MCh$ 274 respectively.

ii. Collateral received

The Company has received bank guarantees to secure the performance of the IT and communications services contract for an amount of MCh$ 359, uniform tender 2020 for MCh$16, tender for the provision of scanners and reading machines for MCh$17 as of December 31, 2019 (MCh$ 347 as of December 31, 2018).

b) Legal contingencies

As reported by the company's legal advisors, as of December 31, 2019, there are no legal contingencies that must be provisioned in addition to those disclosed.

c) Other commitments or contingencies

As of December 31, 2019, the company is in the process of settlement of claims that occurred mainly during the last quarter of 2019 as a result of events in the country that took place beginning on October 18, 2019. The company estimates that the effect on income before tax will amount to MCh$ 344.

	2019	2018
	MCh$	MCh$
Loss from stoppage	338	-
Damage to property	302	-
Deductibles	(296)	-
Total	**344**	**-**

NOTE 24 – SHAREHOLDERS' EQUITY

a) Issued capital and shares

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

	As of December 31	
	2019	2018
	No.	No.
Issued as of January 1	**135,892,980**	**124,944,872**
Through reserve capitalization	5,723,429	1,290,178
Shares subscribed and paid for - capital increase	-	9,657,930
Total issued	**141,616,409**	**135,892,980**

As of December 31, 2019 and 2018, the distribution of shareholders is as follows:

As of December 31, 2019	**Shares**	
	No. of shares	**Ownership %**
Empresas Juan Yarur S.P.A.	78,397,880	55.36%
Jorge Yarur Bascuñán	4,680,554	3.31%
Banco de Chile on behalf of non-resident third parties	4,607,976	3.25%
Banco Santander on behalf of foreign investors	3,745,192	2.64%
Banco Itaú Corpbanca on behalf of investors	3,615,211	2.55%
AFP Habitat S.A.	3,381,940	2.39%
BCI Corredor de Bolsa S.A. on behalf of third parties.	3,320,312	2.34%
AFP Provida S.A	3,077,355	2.17%
AFP Cuprum S.A.	2,765,661	1.95%
Inversiones Cerro Sombrero Financiero S.P.A.	2,409,587	1.70%
AFP Capital S.A.	2,371,780	1.67%
Imsa Financiera S.P.A.	2,113,723	1.49%
Larraín Vial S.A. Corredora de Bolsa	1,871,306	1.32%
Inversiones Tarascona Corporation Agencia en Chile	1,720,445	1.21%
Inversiones VYR S.P.A.	1,614,267	1.14%
Banchile Corredores de Bolsa S.A.	1,497,910	1.06%
Inversiones Nueva Altamira S.P.A	1,413,424	1.00%
Luis Enrique Yarur Rey	1,400,648	0.99%
AFP Modelo S.A.	1,115,399	0.79%
Inversiones Meyar S.A.C.	1,051,766	0.74%
Empresas JY S.A.	778,964	0.55%
Inversiones Colibrí Financiera S.A.	661,332	0.47%
Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A.	610,139	0.43%
Nueva Chosica Uno S.P.A.	574,604	0.41%
AFP Planvital S.A.	571,372	0.40%
Other shareholders	12,247,662	8.67%
Subscribed and paid-in shares	**141,616,409**	**100.00%**

NOTE 24 –SHAREHOLDERS' 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 on behalf of non-resident third parties	4,404,435	3.24%
Banco Itaú Corpbanca on behalf of foreign investors	3,635,728	2.68%
Banco Santander on behalf of foreign investors	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. on behalf of third parties.	2,673,792	1.97%
AFP Cuprum S.A.	2,534,796	1.87%
AFP Capital 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%
Larraín 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%
Compañía 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%
Other shareholders	12,278,340	9.01%
Subscribed and paid-in shares	**135,892,980**	**100.00%**

b) Dividends

During the the period ended December 31, 2019 and 2018, the following dividends were declared by the Bank:

	For the year ended December 31	
	2019	**2018**
	$	**$**
$ per ordinary share	1,000	1,050

The provision for minimum dividends as of December 31, 2019 amounts to MCh$120,794 (MCh$118,738 as of December 31, 2018).

NOTE 24 –SHAREHOLDERS' EQUITY, CONTINUED

c) The composition of basic and diluted earnings per share is as follows:

	For the year ended December 31	
	2019	**2018**
Net income for the year attributable to the equity holders of the Bank	402,739	395,847
Income available for shareholders MCh$	**402,739**	**395,847**
Weighted average number of shares	141,616,409	127,545,128
Basic and diluted earnings per share (Ch$/Share)	**2,843**	**3,104**

d) Cumulative translation adjustment reserve

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

	Net exchange differences
	MCh$
As of January 1, 2018	**(23,191)**
Net Exchange rate charges for subsidiaries in Florida	97,903
As of December 31, 2018	**74,712**
As of January 1, 2019	**74,712**
Net Exchange rate charges for subsidiaries in Florida	100,778
As of December 31, 2019	**175,490**

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

	Investment revaluation reserve	Cash flow hedge reserve
	MCh$	**MCh$**
Accumulated other comprehesive income 2017	**6,795**	**(9.039)**
Transferred to statements of income 2018	825	2,986
Mark to market adjustment	(25,680)	(5,910)
Accumulated other comprehensive income 2018	**(18,060)**	**(11,963)**
Transferred to statements of income 2019	3	873
Mark to market adjustment	53,536	(115,699)
Accumulated other comprehensive income 2019	**35,479**	**(126,789)**

NOTE 24 –SHAREHOLDER´S EQUITY, CONTINUED

e) Nature of valuation reserves

- Cumulative translation adjustment reserve:

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

- Cash flow hedges reserve:

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

- Fair value reserves:

The fair value reserve includes the accumulated net changes in the market value of the investments available for sale. When the investment (all or part) is sold or disposed of, these reserves are recognized in the consolidated income statement as part of the loss or gain related to investments.

f) Capital requirements

The regulatory capital as of December 31, 2019, is defined as equivalent to the net amount that should be shown in the consolidated financial statements as calculated as explained below, as indicated in the Compendium of Accounting Regulations. According to General Banking Law, the Bank should maintain a minimum ratio of effective stockholders' equity to consolidated risk-weighted assets, net of required loan loss allowances and provisions and deductions, of 8%, and a minimum ratio of basic capital to consolidated total assets, net of required loan loss allowances and provisions and deductions, of 3%. Regulatory capital for these purposes is defined as basic capital (which represents paid-in capital and reserves) adjusted to: a) aggregate subordinated bonds issued by the Bank valued at their placement price for an amount up to 50% of its basic capital commencing nine years prior to their maturity, b) aggregate additional required allowances and provisions as stipulated, c) deductions for all goodwill and share premium, and d) deductions for assets that correspond to investments in non-consolidated subsidiaries.

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

NOTE 24 –SHAREHOLDERS' EQUITY, CONTINUED

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

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

	Consolidated assets		Risk- weighted assets	
	As of December 31		As of December 31	
	2019	2018	2019	2018
	MCh$	MCh$	MCh$	MCh$
Consolidated Balance sheet assets (net of allowances and provisions)				
Cash and deposits in banks	3,153,760	2,058,757	-	-
Items in course of collection	310,602	335,820	68,513	65,252
Trading portfolio financial assets	2,212,257	2,038,376	327,394	301,551
Liabilities under agreements to repurchase	196,015	73,859	196,015	73,859
Derivative financial liabilities	4,261,289	1,714,274	1,048,861	781,648
Credit equivalent	(2,742,133)	(510,588)	-	-
Loans and receivables to banks, net	457,640	332,912	457,640	332,912
Loans and receivables to customers, net	33,212,457	29,543,095	29,797,865	26,508,927
Financial investments available for sale	4,011,029	3,229,455	1,241,168	939,039
Financial investments held to maturity	7,369	2,780	6,767	556
Investments in other companies	27,823	44,740	27,823	44,740
Intangible assets	404,215	382,197	259,706	249,682
Property, plant and equipment, net	250,194	281,236	250,194	281,236
Right-of-use asset	231,344	-	231,344	-
Current income tax	89,495	14,884	8,950	1,488
Deferred income taxes	103,329	190,115	10,333	19,012
Other assets	1,407,802	1,107,217	922,871	874,679
Assets off the consolidated statements of financial position				
Credit commitments	4,043,147	3,877,769	2,425,897	2,326,661
Total	**51,637,634**	**44,716,898**	**37,281,341**	**32,801,242**

	As of December 31	
	2019	2018
	MCh$	MCh$
Basic capital	3,791,478	3,457,509
Regulatory capital	4,474,573	4,185,213
Total consolidated assets	51,637,634	44,716,898
Total Risk- weighted assets	37,281,341	32,801,242

Concept	Ratio	
	As of December 31	
	2019	2018
	%	%
Basic capital/Consolidated assets	7.34	7.73
Basic capital/ Risk-weighted assets	10.17	10.54
Regulatory capital/ Risk-weighted assets	12.00	12.76

NOTE 25 - INTEREST INCOME AND EXPENSES AND INDEXATION FOR INFLATION

a) For the years ended December 31, 2019 and 2018, the composition of income from interest and indexation for inflation is the following:

Concept	2019 Interest	2019 Indexation for inflation	2019 Total	2018 Interest	2018 Indexation for inflation	2018 Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Repurchase agreements	1,607	37	1,644	2,317	-	2,317
Interbank loans	17,714	-	17,714	14,432	-	14,432
Commercial loans	1,054,546	111,419	1,165,965	913,484	117,634	1,031,118
Mortgage loans	219,852	173,968	393,820	207,391	154,962	362,353
Consumer loans	535,593	1,360	536,953	388,985	1,124	390,109
Investment instruments	85,559	9,019	94,578	77,238	8,354	85,592
Other income (*)	17,989	2,216	20,205	11,677	1,578	13,255
Hedge accounting offset effect	(24,322)	-	(24,322)	(59,840)	-	(59,840)
Total income from interest and indexation for inflation	**1,908,538**	**298,019**	**2,206,557**	**1,555,684**	**283,652**	**1,839,336**

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

For the years ended December 31, 2019 and 2018 the sum of interest expenses and indexation for inflation is as follows:

Concept	2019 MCh$	2018 MCh$
Demand deposits	(82,237)	(50,473)
Repurchase agreements	(12,467)	(13,434)
Term deposits and borrowings	(356,022)	(341,132)
Borrowings from financial institutions	(88,011)	(60,863)
Debt issued	(311,834)	(280,338)
Other financial liabilities	(19,995)	(15,317)
Lease liabilities	(4,750)	-
Other interest expenses and indexation for inflation	(8,668)	(6,819)
Hedge accounting offset effect	(1,079)	9,237
Total interest expenses and-indexation for inflation	**(885,063)**	**(759,139)**

b) For the the years ended December 31, 2019 and 2018 the detail of income and expenses related to hedge accounting is as follows:

	2019 Income	2019 Expense	2019 Total	2018 Income	2018 Expense	2018 Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Asset hedge margin						
Fair value hedges	61,599	(64,206)	(2,607)	30,061	(42,176)	**(12,115)**
Cash flow hedges	23,042	(44,757)	**(21,715)**	6,723	(54,448)	**(47,725)**
Subtotal	**84,641**	**(108,963)**	**(24,322)**	**36,784**	**(96,624)**	**(59,840)**
Liabilities hedge margin						
Fair value hedges	1,157,468	(1,158,547)	**(1,079)**	593,136	(583,899)	**9,237**
Subtotal	**1,157,468**	**(1,158,547)**	**(1,079)**	**593,136**	**(583,899)**	**9,237**
Total	**1,242,109**	**(1,267,510)**	**(25,401)**	**629,920**	**(680,523)**	**(50,603)**

NOTE 26 – FEE AND COMMISSION INCOME AND EXPENSES

For the years ended December 31, 2019 and 2018, the composition of fee and commission income and expenses is the following:

	For the year ended December 31	
	2019	2018
	MCh$	MCh$
Fee and commission income		
Commissions for credit lines and overdrafts	3,752	2,955
Commissions for guarantees and letters of credit	20,819	19,803
Commissions for credit card services	106,670	100,989
Commissions for administration of accounts	48,994	45,969
Commissions for collection services	72,690	60,576
Commissions for securities brokerage	6,395	6,033
Commissions for management of mutual and investment funds	57,225	53,889
Commissions for insurance brokerage	84,895	70,476
Commissions for other services provided	46,889	27,028
Other commissions	13,984	11,280
Total fee and comission income	**462,313**	**398,998**
Fee and commission expenses:		
Commissions on operations with credit cards:	(46,539)	(43,983)
Commissions on securities trading	(20,581)	(17,204)
Other commissions	(43,433)	(31,608)
Total fee and commission expenses	**(110,553)**	**(92,795)**

NOTE 27 - TRADING AND INVESTMENT INCOME, NET

For the years ended December 31, 2019 and 2018, the detail of trading and investment income is the following:

	For the year ended December 31	
	2019	2018
	MCh$	MCh$
Trading instruments	144,519	111,606
Derivative financial agreements (speculative)	15,752	26,961
Other instruments at fair value through profit or loss	(231)	1,271
Gains on financial investments available for sale	23,765	1,689
Total	**183,805**	**141,527**

NOTE 28 - FOREIGN EXCHANGE RESULTS, NET

For the years ended December 31, 2019 and 2018, the detail of the foreign exchange results is the following:

	For the year ended December 31	
	2019	**2018**
	MCh$	**MCh$**
Exchange difference		
Gains from exchange differences	25,662,622	22,757,911
Losses from exchange differences	(25,861,885)	(22,893,027)
Subtotal	(199,263)	(135,116)
Foreign currency fluctuation		
Effect for assets and liabilities denominated in foreign currency	12,212	19,080
Subtotal	12,212	19,080
Hedge Accounting Results		
Assets hedge results	55,482	(9,549)
Liabilities hedge results	113,235	138,019
Subtotal	168,717	128,470
Total	**(18,334)**	**12,434**

This item includes income accrued in the period, related to holding of assets and liabilities in foreign currency or indexed to the exchange rate, 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 December 31, 2019 and 2018 is as follows:

December 2019	Interbank loans	Commercial loans	Mortgage loans	Consumer loans	Credit Commitments	Additionals	Minimum Provision adjustment for the normal portfolio	Total
		Loans and receivables to customers, net						
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisions:								
Individual provisions	1,360	71,249	-	-	2,757	-	4,162	**79,528**
Collective provisions	-	155,410	4,681	317,257	10,309	-	-	**487,657**
Total provisions	**1,360**	**226,659**	**4,681**	**317,257**	**13,066**	**-**	**4,162**	**567,185**
Impairment								
Individual impairment	-	-	-	-	-	-	-	-
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	-	-	-	-	-	-	-	-
Reversal of provisions								
Individual provisions	(1,578)	(28,352)	-	-	(318)	-	(8)	**(30,256)**
Collective provisions	-	(5,407)	(137)	(6,870)	(277)	(44,164)	-	**(56,855)**
Total reversal of provisions	**(1,578)**	**(33,759)**	**(137)**	**(6,870)**	**(595)**	**(44,164)**	**(8)**	**(87,111)**
Recovery of assets previously written off	-	(23,984)	(3,867)	(36,704)	-	-	-	(64,555)
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**(218)**	**168,916**	**677**	**273,683**	**12,471**	**(44,164)**	**4,154**	**415,519**

NOTE 29 - PROVISIONS FOR LOAN LOSSES, CONTINUED

December 2018	Interbank loans	Commercial loans (Loans and receivables to customers, net)	Mortgage loans (Loans and receivables to customers, net)	Consumer loans (Loans and receivables to customers, net)	Credit Commitments	Additionals	Minimum Provision adjustment for the normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisons:								
Individual provisions	589	32,482	-	-	1,919	-	-	**34,990**
Collective provisions	-	100,610	5,272	194,722	5,440	8,500	-	**314,544**
Total provisions	**589**	**133,092**	**5,272**	**194,722**	**7,359**	**8,500**	**-**	**349,534**
Impairment								
Individual impairment	-	-	-	-	-	-	-	-
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions								
Individual provisions	(293)	(4,189)	-	-	(1,623)	-	(1,134)	**(7,239)**
Collective provisions	-	(4,886)	(4,514)	(3,705)	(139)	(9,185)	-	**(22,429)**
Total reversal of provisions	**(293)**	**(9,075)**	**(4,514)**	**(3,705)**	**(1,762)**	**(9,185)**	**(1,134)**	**(29,668)**
Recovery of assets previously written off	-	(20,589)	(4,199)	(28,765)	-	-	-	**(53,553)**
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**296**	**103,428**	**(3,441)**	**162,252**	**5,597**	**(685)**	**(1,134)**	**266,313**

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 years ended December 31, 2019 and 2018 is as follows:

	For the year ended December 31	
	2019	**2018**
	MCh$	**MCh$**
Staff remuneration	267,172	230,041
Bonuses or awards	156,063	177,551
Severance payments	20,039	25,980
Training expenses	3,544	3,803
Other staff expenses	37,068	27,183
Total	**483,886**	**464,558**

NOTE 31 - ADMINISTRATIVE EXPENSES

For the years ended December 31, 2019 and 2018, the composition of administrative expenses is as follows:

	For the year ended December 31	
	2019	**2018**
	MCh$	**MCh$**
General administrative expenses		
Maintenance and repair of the bank's property, plant and equipment	16,061	14,200
Office rent	-	31,485
Equipment rent	-	559
Insurance premiums	9,885	8,967
Office supplies	4,576	4,983
Computer and comunication expenses	81,944	67,538
Lighting, heating and other services	9,412	8,595
Securities custody and transportation services	14,571	14,933
Travel expenses	5,341	4,296
Judicial and notarial expenses	5,512	4,331
Fees for technical reports	5,780	4,084
Audit fees	4,341	3,468
Fines imposed by the FMC	6	-
Fines imposed by other agencies	270	-
Low-value lease contract expenses	8,651	-
Cleaning services	4,560	4,480
Advisory services	15,675	17,672
Postal-related expenses	1,526	999
Other general administrative expenses	50,953	38,656
Sub- contracted services		
Data processing	7,470	7,140
Sale of products	641	66
Credit evaluation	542	441
Other	9,554	9,040
Board of Director expenses		
Board of Directors remuneration	4,568	3,971
Other Board of Directors expenses	363	214
Publicity and advertising	34,692	21,324
Taxes, real estate taxes and contributions		
Real estate taxes	2,838	1,674
Licenses	2,457	1,879
Other taxes	12,190	6,947
Contribution to FMC	11,770	10,228
Total	**326,149**	**292,170**

NOTE 32 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) For the years ended December 31, 2019 and 2018, depreciation and amortization expenses are detailed below:

	For the year ended December 31	
	2019	**2018**
	MCh$	**MCh$**
Depreciation and amortization		
Depreciation of property, plant and equipment	(25,670)	(30,940)
Amortization of intangible assets	(51,383)	(36,487)
Amortization and depreciation of right-to- use assets	(26,596)	-
Total	**(103,649)**	**(67,427)**

b) For the years ended December 31, 2019 and 2018, the impairment of property, plant and equipment and intangible assets is detailed as follows:

	For the year ended December 31	
	2019	**2018**
	MCh$	**MCh$**
Impairment of property, plant and equipment and intangible assets		
Property, plant and equipment (1)	(478)	(65)
Intangible assets	-	(109)
Total	**(478)**	**(174)**

(1) For the years ended December 31, 2019 and 2018, the impairment of property, plant and equipment of MCh$478 and MCh$65 corresponds to the gross balance of property, plant and equipment.

c) The reconciliation between the amounts as of January 1, 2019 and 2018 and the balances as of December 31, 2019 and 2018, is as follows:

	Depreciation, amortization and impairment 2019			
	Property, plant and equipment	**Leased assets**	**Intangible assets**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balances as of January 1	**227,139**	**39,814**	**158,696**	**425,649**
Charges for depreciation and amortization for the year	25,670	26,596	51,383	**103,649**
Disposals	(7,559)	(3,870)	-	**(11,429)**
Others	(41,174)	(441)	(879)	**(42,494)**
Balance as of December 31	**204,076**	**62,099**	**209,200**	**475,375**

	Depreciation, amortization and impairment 2018			
	Property, plant and equipment	**Leased assets**	**Intangible assets**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balances as of January 1	**216,752**	-	**184,182**	**400,934**
Charges for depreciation and amortization for the year	30,940	-	36,487	**67,427**
Disposals	(20,553)	-	-	**(20,553)**
Others	-	-	(61,973)	**(61,973)**
Balance as of December 31	**227,139**	-	**158,696**	**385,835**

NOTE 33 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

For the years ended December 31, 2019 and 2018, the composition of other operating income is as follows:

	For the year ended December 31	
	2019	2018
Concept	**MCh$**	**MCh$**
Income from repossessed assets		
Gain on sale of repossessed assets	4,776	8,168
Other income	190	879
Subtotal	4,966	9,047
Reversal of provisions for credit commitments		
Reversal of provisions for country risk	154	144
Reversal of other provisions for credit commitments	-	-
Subtotal	154	144
Other income		
Gains on sale of property, plant and equipment	5,078	1,690
Insurance claims	629	1,272
Leasing income	5,914	3,027
Other income	36,322	29,662
Subtotal	47,943	35,651
Total	**53,063**	**44,842**

b) Other operating expenses

For the years ended December 31, 2019 and 2018, the composition of other operating expenses is as follows:

	For the year ended December 31	
	2019	2018
Concept	**MCh$**	**MCh$**
Impairment and expenses for repossessed assets		
Provisions for repossessed assets	-	-
Write-off of repossessed assets	3,934	6,578
Maintenance expenses for repossessed assets	1,034	844
Subtotal	4,968	7,422
Establishment of provisions for credit commitments		
Provisions for country risk	409	37
Other provisions for credit commitments	4,637	7,752
Subtotal	5,046	7,789
Other expenses		
Loss on sale of property, plant and equipment	10	5
Contributions and donations	3,240	2,918
Penalties for judicial and notary expenses	3,731	3,344
Leasing expenses	11,251	8,790
Non-operating expenses	9,852	9,235
Agreement expenses	-	-
Other expenses	5,471	445
Subtotal	33,555	24,737
Total	**43,569**	**39,948**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES

a) Loans granted to related parties

Loans granted to related parties are detailed as follows:

	As of December 31, 2019			As of December 31, 2018		
	Operating companies MCh$	Investment companies MCh$	Individuals MCh$	Operating companies MCh$	Investment companies MCh$	Individuals MCh$
Loans and receivables to customers						
Commercial loans	95,963	81,051	16,903	68,421	129,499	15,958
Mortgage loans	-	-	45,275	-	-	36,911
Consumer loans	-	-	7,308	-	-	6,605
Loans and receivables to customers, gross	**95,963**	**81,051**	**69,486**	**68,421**	**129,499**	**59,474**
Allowances for loan losses	(244)	(54)	(294)	(216)	(122)	(65)
Loans and receivables to customers, net	**95,719**	**80,997**	**69,192**	**68,205**	**129,377**	**59,409**
Credit commitments	39,195	4,797	19,146	68,465	12,598	17,042
Provisions for credit commitments	(36)	(5)	(30)	(24,550)	(4,860)	(5,965)
Credit commitments, net	**39,159**	**4,792**	**19,116**	**43,915**	**7,738**	**11,077**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

b) Other transactions with related parties

For the years ended December 31, 2019 and 2018, the Bank conducted the following transactions with related parties:

December 2019

Company name	Relationship with the Group	Description	Amount of transaction	Effect on income Expense	Effect on income Income
			MCh$	MCh$	MCh$
Artikos Chile S.A.	Joint venture	Acquisition services	1,026	1,026	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	148	148	-
BCI Seguros de Vida S.A.	Common parent	Revenue and channel usage service	2,316	-	2,316
		Brand use	2,123	-	2,123
		Messaging	143	-	143
		Channel usage	849	-	849
		Loss management	963	-	963
		Marketing	4,265	-	4,265
		Subordinated bonds	678	69	-
		Premium collection	50	50	-
		Financial bond	724	3	-
		Terms deposits	999	39	-
		Forward operation	72	72	-
		Fees for collection of financial services y management of commercial loans	15,025	-	12,626
		Intermediation fees BCI CCSS	24,596	-	24,596
BCI Seguros Generales S.A.	Common parent	Revenue and channel usage service	78	-	78
		Brand use	425	-	425
		Messaging	29	-	29
		Losses	559	-	559
		Forward operation	126	-	126
		Intermediation fees SSFF Corredores de Seguros y Gestión Financiera Ltda	1,020	-	1,020
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Limitada.	4,682	-	4,682
		Intermediation fees BCI CCSS	31,421	-	31,421
Centro de Compensación Automatizado S.A.	Others	Electronic banking transactions	1,693	1,693	-
Compañía Nacional de Telefonos Telefónica del Sur S.A.	Others	Rental of data links	50	50	-
Combanc S.A.	Associate	Compensation and high value payment	438	438	-
Comder Contraparte Central S.A.	Associate	Bank processing	930	930	-
Conexxion Spa	Others	Postal mail service	295	295	-
DCV Registros S.A.	Others	Management of register of shareholders	97	97	-
Depósitos Central de Valores S.A.	Others	Financial instruments custody	291	291	-
Digitech Solutions S.A.	Others	Digital documentation	353	353	-
Fernando Vallejos V	Others	Advice and consultancy	78	78	-
GTD Teleductos S.A.	Others	Rental of data links	241	241	-
Inmobiliaria Anya S.A.	Others	Real estate projects	115	115	-
Inmobiliaria JY S.A.	Others	Real estate projects	217	217	-
Jordan (Chile) S.A.	Common parent	Forms printing	2,224	2,224	-
Mario Gómez D.	Others	Advice and consultancy	215	215	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	8,776	8,776	-
Redbanc S.A.	Associate	ATMs Operation	6,292	6,292	-
Salcobrand S.A.	Common parent	Rent of places for ATMs	255	255	-
Servicios de Información avanzada S.A.	Others	Trade information service	716	716	-
Servipag Ltda.	Joint venture	Collection and payment services	6,423	6,423	-
Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Others	Financial information service	531	531	-
Transbank S.A.	Others	Credit card management and credit card use income	64,106	13,584	50,522

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

December 2018 **Company name**	**Relationship with the Group**	**Description**	**Amount of transaction**	**Effect on income**	
				Expense	**Income**
			MCh$	**MCh$**	**MCh$**
Accenture Chile Asesorías y Servicios Ltda.	Others	Software development	3,094	3,094	-
Artikos Chile S.A.	Joint venture	Acquisition services	1,049	1,049	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	147	147	-
Bolsa Electrónica de Chile Bolsa de Valores	Others	Financial information software maintenance	1	-	-
BCI Seguros de Vida S.A.	Common parent	Revenue and channel usage service	2,067	-	2,067
		Brand use	1,117	-	1,117
		Messaging	147	-	147
		Channel usage	827	-	827
		Loss management	937	-	937
		Marketing	1,799	-	1,799
		Contracted insurance	30	30	-
		Subordinated bonds	752	40	-
		Premium collection	3,935	-	-
		Collection fees Servicios Financieros y Administración de Créditos Comerciales S.A.	660	-	660
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Limitada.	103	-	103
		Intermediation fees BCI CCSS	23,727	-	23,727
BCI Seguros Generales S.A.	Common parent	Collection and pac fees	991	-	991
		Brand use	805	-	805
		Losses	1,045	-	1,045
		Intermediation fees SSFF Corredores de Seguros y Gestión Financiera Ltda	2	-	2
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Limitada.	20	-	20
		Intermediation fees BCI CCSS	30,304	-	30,304
		Intermediation prizes BCI CCSS	419	-	419
Zenit Seguros Generales S.A.	Common parent	Terms deposits	385	-	-
Centro de Compensación Automatizado S.A.	Others	Electronic banking transactions	1,604	1,591	-
Compañía Nacional de Telefonos Telefónica del Sur S.A.	Others	Rental of data links	49	49	-
Combanc S.A.	Associate	Compensation and high value payment	409	409	-
Comder Contraparte Central S.A.	Associate	Bank processing	894	866	-
Comunicaciones Capítulo Ltda.	Others	Rental of data links	45	44	-
Conexxion Spa	Others	Postal mail service	319	318	-
DCV Registros S.A.	Others	Management of register of shareholders	116	116	-
Depósitos Central de Valores S.A.	Others	Financial instruments custody	287	283	-
Digitech Solutions S.A.	Others	Digital documentation	409	408	-
EMC Chile S.A.	Others	Computing solutions	321	321	-
Everis Chile S.A.	Others	Technological projects development	8,984	2,925	-
EY Consulting Limitada	Others	Advice and consultancy	1,450	1,450	-
GTD Teleductos S.A.	Others	Rental of data links	536	536	-
IBM Chile S.A.	Others	Computing equipment and solutions	5,186	4,203	-
Inmobiliaria Anya S.A.	Others	Real estate projects	120	120	-
Inmobiliaria JY S.P.A	Others	Real estate projects	212	212	-
Irarrázaval Ruiz-Tagle Goldemberg Lagos & Silva Abogados Ltda.	Others	Legal actions advisory services	114	114	-
Jordan (Chile) S.A.	Common parent	Forms printing	2,793	2,420	-
Let´s Talk Spa	Others	Electronic messaging	142	109	-
Mario Gómez D.	Others	Advice and consultancy	190	190	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	8,458	8,422	-
Redbanc S.A.	Associate	ATMs Operation	7,870	6,555	-
Salcobrand S.A.	Common parent	Rent of places for ATMs	295	269	-
Santo Producciones Ltda.	Others	Production of events	181	181	-
Servicios de Información avanzada S.A.	Others	Trade information service	734	725	-
Servipag Ltda.	Joint venture	Services collection and payment	8,615	6,687	-
Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Others	Financial information service	559	502	-
Transbank S.A.	Others	Credit card management and credit card use income	59,067	12,994	46,073

NOTE: Only transactions over UF1,000 are disclosed.
All of these transactions were undertaken under prevailing market conditions at the date on which they were entered into.

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

c) Other assets and liabilities with related parties

	As of December 31	
	2019	**2018**
	MCh$	**MCh$**
ASSETS		
Derivative financial liabilities	-	-
Other assets	-	-
LIABILITIES		
Derivative financial liabilities	-	-
Demand deposits	87,283	70,818
Deposits and other term loans	191,703	202,336
Other liabilities	-	-

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

		For the year ended December 31			
		2019		2018	
Type of income or (expense) recognized	**Entity**	**Income**	**Expense**	**Income**	**Expense**
		MCh$	**MCh$**	**MCh$**	**MCh$**
Income and expenses	Sundry	10,331	(5,182)	14,436	(3,529)
Operational support expenses	Companies supporting the line of business	136,743	(45,256)	111,043	(57,379)
Total		**147,074**	**(50,438)**	**125,479**	**(60,908)**

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

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

	For the year ended December 31	
	2019	**2018**
	MCh$	**MCh$**
Short- term remunerations of key management personnel (*)	29,303	15,994
Severance indemnities for termination of contract	-	163
Total	**29,303**	**16,157**

(*) For the year ended December 31, 2019, total expenses for the corresponding remuneration of the Board of Directors of the Bank and subsidiaries amounted to MCh$4,931 (MCh$4,185 for the period 2018).

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

f) Composition of key management personnel

As of December 31, 2019, the composition of the key management personnel of the Bank and its subsidiaries is as follows:

Position	No. of executives
Director	20
General manager	9
Division and Area Manager	28
Total	**57**

g) Transactions with key management personnel

As of and for the the years ended December 31, 2019 and 2018, the Bank has undertaken the following transactions with key management personnel, as specified below:

	As of and for the year ended December 31					
	2019			2018		
	Balance owed	Interest income	Income of key executives	Balance owed	Interest income	Income of key executives
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Credit cards and other services	2,309	1,812,737	8	2,386	1,476,983	12
Mortage loans	2,812	393,820	125	2,061	362,352	99
Collateral	3,138	-	-	1,525	-	-
Total	**8,259**	**2,206,557**	**133**	**5,972**	**1,839,335**	**111**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

As of December 31, 2019, the Bank has the following contracts:

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
1	Bolsa de Comercio de Santiago	Processing the stock exchange management system, through which BCI Corredor de Bolsa S.A.	Lease of terminals	Contract to use the stock exchange management software.	Indefinite	Automatic renewal every year
2	Centro de Automatizado S.A.(CCA)	Electronic transactions adjustment centre.	Centre adjustment Services	Participation in and incorporation into the electronic transfer centre to expedite the completion of fund transfer operations, The Bank operates in the CET as an IFO (Originating Banking Institution) and as an IFR (Receiving Banking Institution).	Indefinite	Annual auto renewal
3	Compañía de Formularios Continuos Jordan (Chile) S.A.	Printing and making checkbooks.	Forms printing	Printing services are contracted for basic lists, special forms, and revenue stamped forms, such as checks and at sight promissory notes.	Indefinite	Annual auto renewal
4	Operadoras de Tarjetas de Crédito Nexus S.A.	Processing credit card operations (issuer list).	Card Processing	Operations of Mastercard, Visa credit cards and debit card with regard to processing the issuer list.	Indefinite	Automatic renewal every three years.
5	Redbanc S.A.	Administration of the operations of ATMs, Redcompra and RBI.	ATMs Operation	In fulfilling its corporate purpose, the company will offer the participant, for the use of its customers or users, the electronic data transfer service via automatic tellers or other actual or virtual electronic means.	Indefinite	Automatic renewal every three years.
6	Servipag Ltda.	Collection and payment of services, payment of checks and receipt of deposits and administration of our teller service.	Collection and payment of services	The service is contracted for resolution of collection transactions captured by BCI tellers for processing and rendition to customers.	Indefinite	Automatic renewal every year
7	Transbank S.A.	Processing credit card operations (user list).	Administration of credit cards	Provision of Visa, Mastercard credit card services with regard to the user list.	Indefinite	Automatic renewal every two years.

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
8	Artikos Chile S.A.	Purchases and logistics services portal.	Purchase of supplies	Electronic purchase service for assets and/or logistics services.	Indefinite	Annual auto renewal
9	BCI Seguros de Vida S.A.	Insurance.	Insurance premiums	Individual life insurance policy for executives and guards.	Annual	Annual Hiring
10	BCI Seguros Generales S.A.	Insurance.	Insurance premiums	Individual policies for the Bank's physical assets, leased assets and comprehensive banking policy.	Annual	Annual Hiring
11	Archivos Credenciales e Impresos Archivert Ltda	Production of credit and debit plastic cards.	Credit and Debit Card Production	Production of credit and debit plastic cards.	Indefinite	Automatic renewal every two years.
12	Combanc S.A.	Clearing and settlement of High Amount payments, SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer client funds).	Settlement of High Amounts payments	Clearing and settlement of High Amount payments, SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer client funds.	Indefinite	Automatic renewal every year
13	Conexxion Spa	Postal mail service (normal and registered letter), Messaging (internal courier service and motorbikes).	Mail and Messaging	Postal mail service (normal and registered letter), Messaging (internal courier service and motorbikes).	Indefinite	Annual auto renewal
14	Depósitos Central de Valores S.A.	Service Custody Deposit and Securities.	Securities Custody	Service Custody Deposit and Securities.	Indefinite	Automatic renewal every year
15	GTD Teleductos S.A.	Telephone Services & Data Communications, Rent of links, continuity links, Fixed and mobile, mainly in Metropolitan Region.	Telephone service	Telephone Services & Data Communications, Rent of links, continuity links, Fixed and mobile, mainly in Metropolitan Region.	Indefinite	Automatic renewal every two years.

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
16	Salcobrand S.A.	Lease of ATM's site (affordable).	Lease of ATM's site	Lease of ATM's site (affordable).	Indefinite	Annual auto renewal
17	Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Electronic Messaging Service: secure information exchange, Clearing Service: Corresponds to the electronic exchange.	Financial and business Information	Electronic Messaging Service: secure information exchange, Clearing Service: Corresponds to the electronic exchange.	Indefinite	Automatic renewal every year
18	ComDer Contraparte Central S.A.	Operating systems clearing and settlement of Financial Instruments.	Clearing house of Derivatives	Clearing and Settlement as Central counterparty mode of Financial Instruments.	Indefinite	Automatic renewal every year
19	Cia. Nacional de Teléfonos Telefónica del Sur S.A.	Fixed telephony service continuity and Internet service Broadband.	Telephone service	Fixed telephony service continuity and Internet service Broadband.	Indefinite	Automatic renewal every year
20	DCV Registros S.A.	Administration of shareholders register.	Management of register of shareholders	Comprehensive and personalized attention of the shareholders of BCI and brokers.	Indefinite	Automatic renewal every year
21	Digitech Solutions S.A.	Document digitalization.	Document Scanning Service	Digitizing documents Back Office, Comex, document management Mortgage and Corporate Banking.	Indefinite	Automatic renewal every year
22	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 every year
23	Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda	Intangible Services Lawyers Presidency.	Advisory services	Professional Advice in General to the Bank and Subsidiaries.	Indefinite	Automatic renewal every year
24	Inmobiliaria Anya S.A.	Rent for BCI branch.	Lease	Lo Echevers branch lease.	8 years	Automatic renewal for the same period

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
25	Mario Gómez D.	Advisory and consulting services.	Advisory services	Development of bancarization and micro-business plan.Comprehensive advice to commercial bank management Commercial.	Indefinite	Definite, subject to renewal every 30 days
26	Tu Ves S.A.	Advertising exhibition.	Basic services	Provision of satellite television service and equipment leasing.	Indefinite	Seasonal purchase
27	Mabel Ilabaca Albornoz	Advisory and consulting services.	Advice and consultancy	Consulting services for the review of the business continuity model.	Indefinite	Automatic renewal for the same period
28	Automotora Aventura Motors S.A.	Vehicle maintenance.	Vehicle maintenance	Vehicle maintenance.	Indefinite	Seasonal purchase
29	Viña Morandé S.A.	Wines for gifts to customers and consumption.	Wines for gifts to customers	Wines for gifts to customers and consumption.	Indefinite	Automatic renewal every year
30	Corporación Cultural Arte +	Advertising spaces.	Advertising spaces	Advertising in magazine La Panera.	Indefinite	Seasonal purchase
31	Vigamil S.A.C.I.	Making of envelopes.	Making of envelopes	Services for making of envelopes.	Indefinite	Seasonal purchase
32	Bolsa Electrónica de Chile Bolsa de Valores	Software maintenance.	Basic software	Financial information software maintenance.	Indefinite	Automatic renewal every year
33	Reparaciones Express Ltda.	Vehicle maintenance.	Vehicle maintenance	Vehicle maintenance.	Indefinite	Automatic renewal every year

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
34	Comercializadora AO Ltda.	Funiture.	Funiture	Funiture.	Seasonal purchase	Seasonal purchase
35	Fernando Vallejos V.	Corporate, management, finance, accounting and tax consulting services.	Multiple advisory services	Multiple advisory services.	6 months	Definite
36	Inmobiliaria JY S.P.A.	Real estate projects.	Real estate projects	Real estate projects.	Indefinite	Automatic renewal every year
37	Alton Bridge Gropun SPA	Provision of information and transaction services to the money desk through telephone link and software for transactions.	Information and transaction services	Provision of information and transaction services to the money desk through telephone link and software for transactions.	Indefinite	Automatic renewal every year

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 December 31, 2019		As of December 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	MCh$	MCh$	MCh$	MCh$
Assets				
Cash and deposits in banks	3,153,760	3,153,760	2,058,757	2,058,757
Items in course of collection	310,602	310,602	335,820	335,820
Trading portfolio financial assets	2,212,257	2,212,257	2,038,376	2,038,376
Liabilities under agreements to repurchase	196,015	196,015	73,859	73,859
Derivative financial liabilities	4,261,289	4,261,289	1,714,274	1,714,274
Loans and receivables to banks, net	457,640	457,640	332,912	332,912
Loans and receivables to customers, net	33,212,457	37,189,315	29,543,095	31,419,537
Commercial loans	21,253,077	21,792,430	18,764,100	18,230,305
Mortgage loans	8,292,339	10,409,717	7,342,334	8,690,286
Consumer loans	3,667,041	4,987,168	3,436,661	4,498,946
Financial investments available for sale	4,011,029	4,011,029	3,229,455	3,229,455
Financial investments held to maturity	7,369	7,369	2,780	2,780
Total assets	**47,822,418**	**51,799,276**	**39,329,328**	**41,205,770**
Liabilities				
Current accounts and demand deposits	14,180,699	14,180,699	12,222,539	12,222,539
Items in course of collection	200,976	200,976	213,558	213,558
Liabilities under agreements to repurchase	909,391	909,391	546,109	546,109
Term deposits and savings accounts	13,372,756	13,422,456	12,328,776	12,357,035
Derivative financial liabilities	4,412,365	4,412,365	1,803,716	1,803,716
Borrowings from financial institutions	3,482,261	3,482,261	2,758,149	2,758,149
Debt issued	7,016,742	8,210,106	5,977,948	6,701,389
Other financial liabilities	1,450,586	1,450,586	754,937	754,937
Total liabilities	**45,025,776**	**46,268,840**	**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.

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

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

Loans and receivables to customers

Loans and receivables to customers are presented net of their allowance for loan losses and impairment. The estimated fair value represents the discounted future cash flows expected to be received.

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

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

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

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

3. The resulting amount when applying the '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.

Deposits and other borrowings

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

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

Borrowings from banks

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

Issued debt instruments

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

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

Fixed Income Securities and Derivatives

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

Other balance sheet accounts

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

b) Financial instruments measured at fair value

Please refer to Note 1, letter 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 and depending on term b (e,g,, derivative instruments belong to this level), and same occurs with bonds assessed using a valuation technique like interpolation or matrix pricing, based on observable inputs.

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

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

Financial assets and liabilities classified by valuation levels

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

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

	Level 1		Level 2		Level 3		Total	
	December 2019	December 2018	December 2019	December 2018	December 2019	December 2018	December 2019	December 2018
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial Assets								
Trading portfolio financial assets								
State and Central Bank of Chile	1,395,079	1,319,433	-	-	-	-	1,395,079	1,319,433
Other domestic institutions	744,361	673,982	-	-	-	-	744,361	673,982
Foreign institutions	1,940	2,165	-	-	-	-	1,940	2,165
Investments in mutual funds	70,877	42,796	-	-	-	-	70,877	42,796
Subtotal	**2,212,257**	**2,038,376**	-	-	-	-	**2,212,257**	**2,038,376**
Trading Derivative contracts								
Forwards	-	-	527,888	318,349	-	-	527,888	318,349
Swaps	-	-	3,025,756	1,017,907	11,636	13,160	3,037,392	1,031,067
Call Options	-	-	13,353	9,653	-	-	13,353	9,653
Put Options	-	-	1,599	153	-	-	1,599	153
Futures	-	-	53	10	-	-	53	10
Subtotal	-	-	**3,568,649**	**1,346,072**	**11,636**	**13,160**	**3,580,285**	**1,359,232**
Hedging derivatives								
Forwards	-	-	19,687	12,314	-	-	19,687	12,314
Fair value hedges:(swap)	-	-	363,648	143,331	-	-	363,648	143,331
Cash flow hedges (swap)	-	-	323,981	218,331	-	-	323,981	218,331
Subtotal	-	-	**707,316**	**373,976**	-	-	**707,316**	**373,976**
Financial investments available for sale					-	-		
State and Central Bank of Chile	698,266	725,603	-	-	-	-	698,266	725,603
Other domestic institutions	148,738	125,629	-	-	-	-	148,738	125,629
Foreign institutions	3,164,025	2,378,223	-	-	-	-	3,164,025	2,378,223
Subtotal	**4,011,029**	**3,229,455**	-	-	-	-	**4,011,029**	**3,229,455**
Total financial assets	**6,223,286**	**5,267,831**	**4,275,965**	**1,720,048**	**11,636**	**13,160**	**10,510,887**	**7,001,039**

	Level 1		Level 2		Level 3		Total	
	December 2019	December 2018	December 2019	December 2018	December 2019	December 2018	December 2019	December 2018
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial liabilities								
Trading Derivative contracts								
Forwards	-	-	474,302	273,357	-	-	474,302	273,357
Swaps	-	-	3,242,642	1,126,818	-	-	3,242,642	1,126,818
Call Options	-	-	6,283	5,410	-	-	6,283	5,410
Put Options	-	-	3,131	1,779	-	-	3,131	1,779
Futures	-	-	312	162	-	-	312	162
Subtotal	-	-	**3,726,670**	**1,407,526**	-	-	**3,726,670**	**1,407,526**
Hedging derivatives								
Forwards	-	-	16,496	5,611	-	-	16,496	5,611
Fair value hedges:(swap)	-	-	153,479	54,382	-	-	153,479	54,382
Cash flow hedges (swap)	-	-	515,720	336,197	-	-	515,720	336,197
Subtotal	-	-	**685,695**	**396,190**	-	-	**685,695**	**396,190**
Total financial liabilities	-	-	**4,412,365**	**1,803,716**	-	-	**4,412,365**	**1,803,716**

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 December 31, 2019 both items amount to MCh$ 26,312 (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 year 2019.

Level 3 valuation reconciliation

As of December 31, 2019, the consolidated statements of financial position has assets classified as Level 3 which relate to Swap TAB contracts for which there are no market observable inputs.

d) Valuation of La Polar Bonds

As of December 31, 2019, the Bank has applied valuation techniques to determine the fair value of the financial instruments “BLAPO-F” and “BLAPO-G”. This enhancement builds on the Internal Rate of Return (IRR) of the last transaction of the existing market between the closing date of the 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 and the Balance Sheet, Trading and Institutional, and Distribution and Corporate areas, parts of the Investment and Finance Banking division. All this information flow is processed and analyzed by supporting units, such as Accounting, *Middle and Back Office* (Supporting Areas and Operational Departments), Management and Processes Control and Information Technology and Systems.

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

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

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

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

NOTE 36 - RISK MANAGEMENT, CONTINUED

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

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

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

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

2. Liquidity and financing

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

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

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

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

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

NOTE 36 - RISK MANAGEMENT, CONTINUED

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

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

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

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

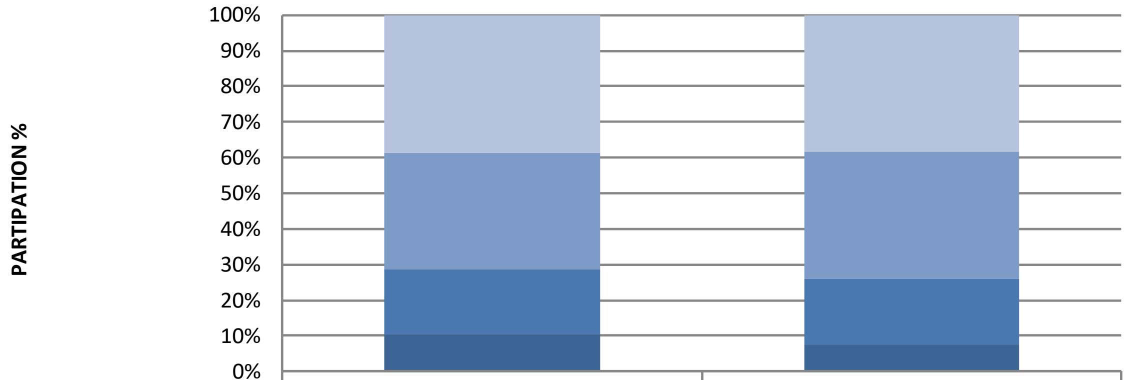
BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

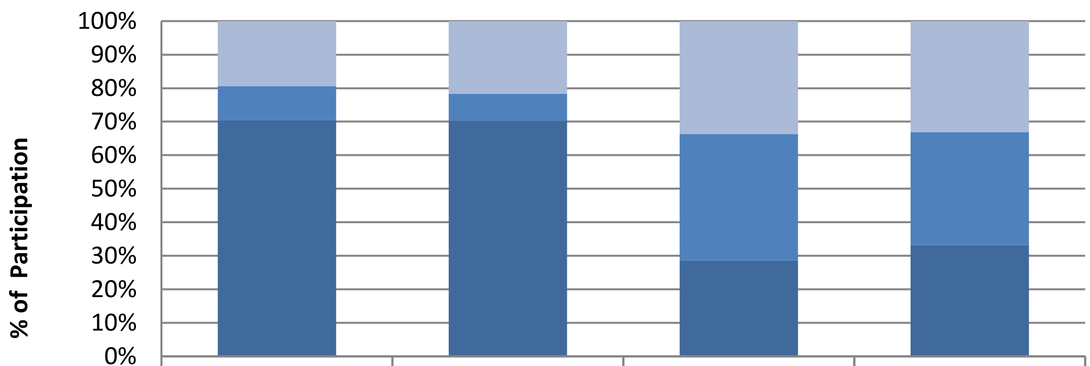
NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 1. Evolution of principal funding sources
as of December 31, 2019 and 2018
Banco de Credito e Inversiones and City National Bank (CNB)



	12-31-19	12-31-18
DEMAND DEPOSITS	39%	38%
DEPOSITS & LONG TERM SAVING ACCOUNTS	33%	35%
BOND ISSUANCES	18%	18%
OTHER LIABILITIES	10%	8%

Fig. 2. Diversification of liquidity sources by segment
as of December 31, 2019 and 2018
Banco de Credito e Inversiones and City National Bank (CNB)



	VIEWING DEPOSITS		DEPOSITS AND CAPTURES	
	dec - 19	dec - 18	dec - 19	dec - 18
OTHER WHOLESALE	19%	22%	34%	33%
FINANCIAL	10%	8%	38%	34%
RETAIL	70%	70%	29%	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 (domestic consolidation)
As of December 31, 2019 and 2018 (maximum = 1)

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

	As of December 31, 2019				As of December 31, 2018			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	12.91%	35.77%	(13.98)%	35.77%	34.71%	73.55%	2.54%	18.47%
Mismatch 90 days (*))	32.03%	52.62%	14.25%	43.51%	44.65%	72.77%	25.82%	29.05%

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

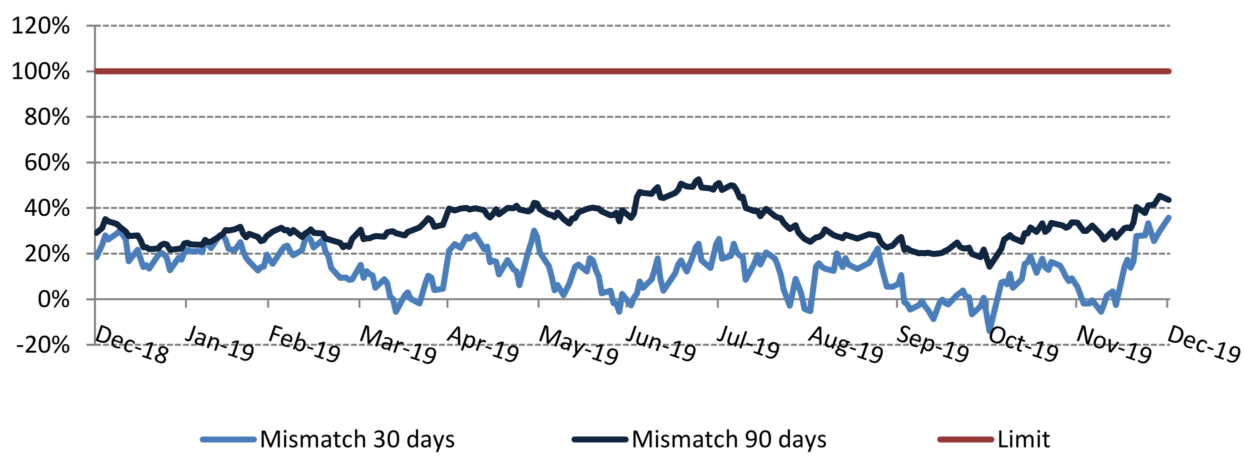
(b) Short-term mismatch Ch$-UF (% on basic capital)

	As of December 31, 2019				As of December 31, 2018			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	11.86%	38.76%	(21.12)%	37.00%	21.93%	55.40%	(8.46)%	20.12%

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

As of December 31, 2019				As of December 31, 2018			
Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
1.11%	16.35%	(15.76)%	(1.22)%	12.77%	37.25%	(7.21)%	(1.65)%

Fig. 4. Liquidity Evolution (domestic consolidation) As of December 31, 2019 (maximum = 1)
Liquidity 30 days = Mismatch /Basic Capital
Liquidity 90 days = Mismatch /2x Basic Capital



NOTE 36 - RISK MANAGEMENT, CONTINUED

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 consolidated statements of income or the consolidated statements of financial position depending on the type of financial instrument and its respective accounting treatment.

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

The Financial Risk Management uses a series of tools to monitor the Bank's intrinsic risk and that is acquired through the management of financial instruments. Among the main methodologies are, Value at Risk (VaR), CVaR and Stress VaR as main tools that measure market risk. Additional methodologies are available to simulate the situation of each counterparty dependent upon the portfolio of derivative instruments that they possess, within these methodologies are PFE (Potential Future Exposure) and EPE (Expected Potential Exposure) among others. The Bank uses the Algorithmics system to support the measurement of market and counterparty risk.

NOTE 36 - RISK MANAGEMENT, CONTINUED

a. Top holdings

The principal positions of the consolidated statements of financial position as of December 31, 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 December 31, 2019 (MCh$)

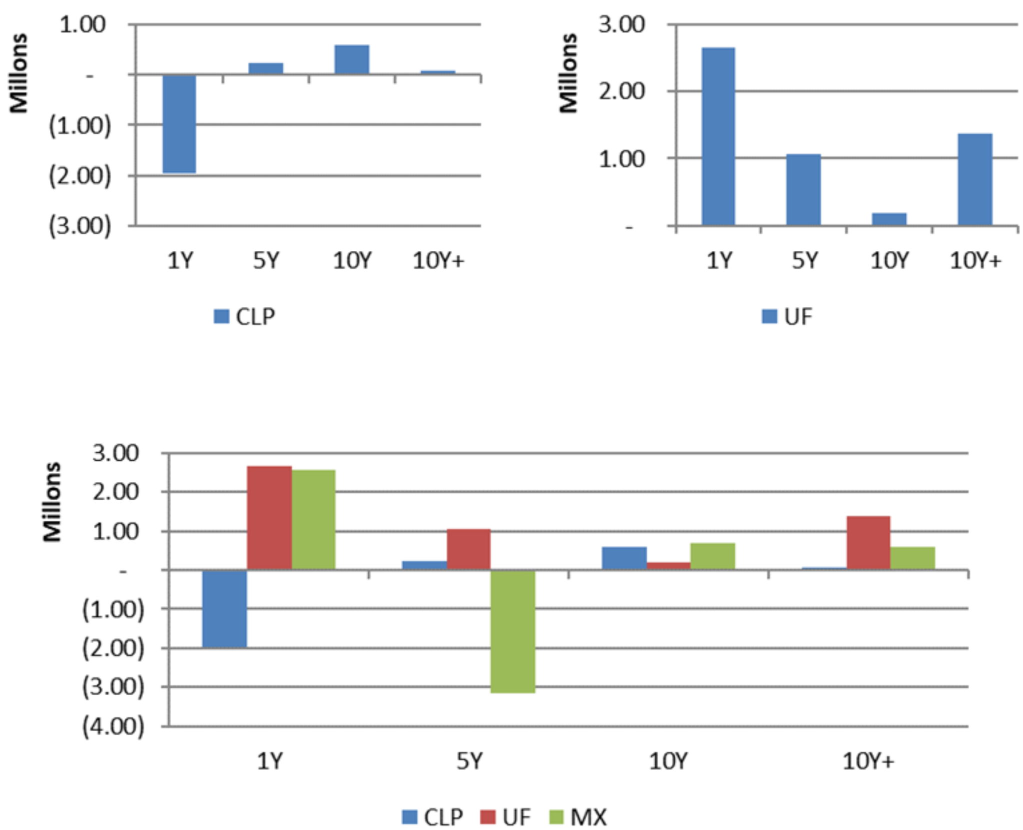
ASSETS	1Y	5Y	10Y	10Y+	Total
CLP	10,745,050	4,645,590	621,753	75,328	16,087,721
UF	3,951,509	5,790,349	3,534,605	2,700,284	15,976,747
MX	11,524,220	5,438,677	2,170,959	682,842	19,816,698
TOTAL	**26,220,779**	**15,874,616**	**6,327,317**	**3,458,454**	**51,881,166**

LIABILITIES	1Y	5Y	10Y	10Y+	Total
CLP	12,702,877	4,419,158	41,394	-	17,163,429
UF	1,292,474	4,733,007	3,352,536	1,332,838	10,710,855
MX	8,958,395	8,610,249	1,479,152	87,615	19,135,411
TOTAL	**22,953,746**	**17,762,414**	**4,873,082**	**1,420,453**	**47,009,695**

MISMATCH	1Y	5Y	10Y	10Y+	Total
CLP	(1,957,827)	226,432	580,359	75,328	(1,075,708)
UF	2,659,035	1,057,342	182,069	1,367,446	5,265,892
MX	2,565,825	(3,171,572)	691,807	595,227	681,287
TOTAL	**3,267,033**	**(1,887,798)**	**1,454,235**	**2,038,001**	**4,871,471**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 6. Carrying amount to maturity range or re-pricing by currency positions As of December 31, 2019 (MCh$)



NOTE 36 - RISK MANAGEMENT, CONTINUED

NOTE 36 - RISK MANAGEMENT, CONTINUED 7. Carrying amount to maturity range or re-pricing by currency
Positions As of December 31, 2018 (MCh$)

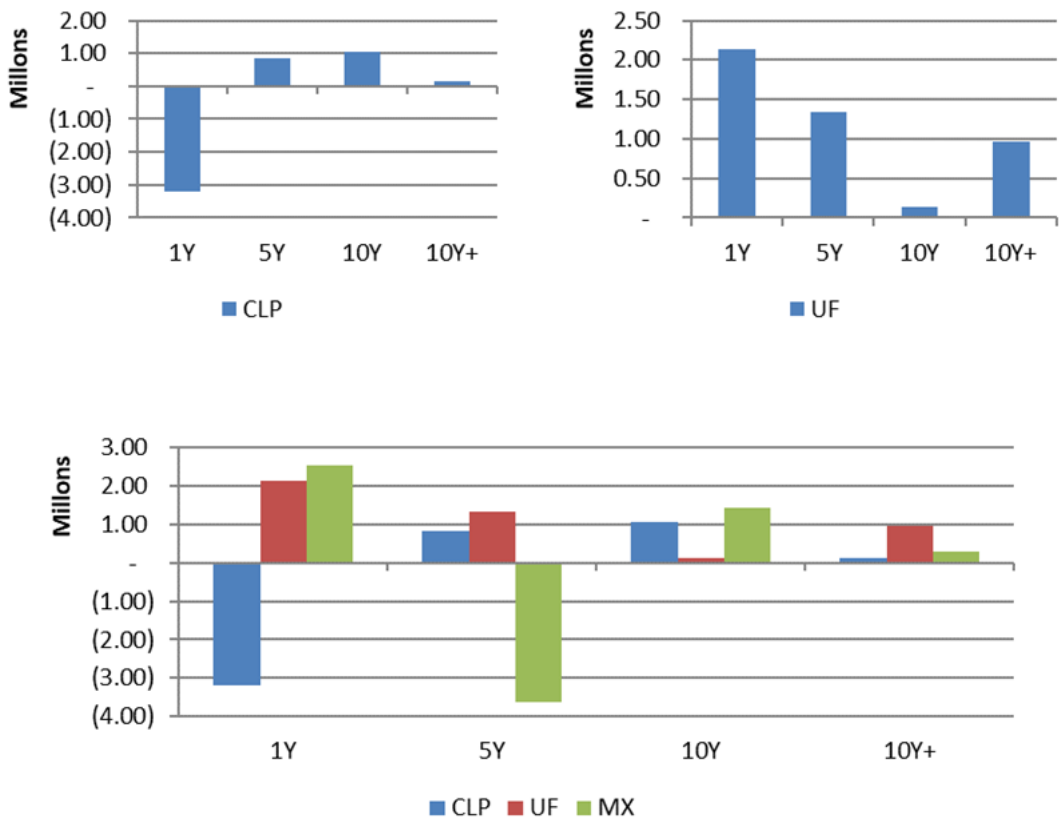
ASSETS	1Y	5Y	10Y	10Y+	Total
CLP	9,951,915	4,686,916	1,040,691	131,631	15,811,153
UF	3,769,049	5,148,926	3,262,231	2,552,768	14,732,974
MX	8,728,031	4,548,603	2,241,507	403,383	15,921,524
TOTAL	**22,448,995**	**14,384,445**	**6,544,429**	**3,087,782**	**46,465,651**

LIABILITIES	1Y	5Y	10Y	10Y+	Total
CLP	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
CLP	(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, 2019 (MCh$)



NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 9. Carrying amount to maturity range or re-pricing by Account Positions as of December 31, 2019 (MCh$)

Assets	**1Y**	**5Y**	**10Y**	**10Y+**	**TOTAL**
Central Bank of Chile	16,853	243,547	-	-	260,401
Domestic banks and financial institutions	675,370	1,240,627	427,613	313,024	2,656,634
Investments under agreements to resell	65,123	-	-	-	65,123
Commercial loans	10,530,098	5,153,080	1,791,531	850,607	18,325,316
Consumer loans	1,301,987	1,834,921	148,157	55,834	3,340,899
Negotiable residential mortgage loans	971,550	3,073,763	2,023,085	1,879,719	7,948,117
Residential mortgage loans with funding notes	10,159	7,220	247	-	17,626
Cash	2,492,652	-	-	-	2,492,652
Forwards	472,033	58,448	-	-	530,481
Chilean State	195,278	386,567	110,416	9,300	701,561
Consumer leasing	13	-	-	-	13
Commercial leasing operations	513,665	666,196	189,376	40,939	1,410,176
Other domestic entities	-	-	-	-	-
Other foreign entities	49,893	215,392	115,628	23,134	404,047
Other assets	4,451,261	278,330	18,111	158	4,747,860
Other residential mortgage loans	785,351	786,556	243,964	198,695	2,014,566
Other, excluding options	-	-	-	-	-
Swaps	3,689,493	1,929,969	1,259,189	87,044	6,965,695
Total assets	**26,220,779**	**15,874,616**	**6,327,317**	**3,458,454**	**51,881,166**

Liabilities	**1Y**	**5Y**	**10Y**	**10Y+**	**TOTAL**
Ordinary bonds	386,731	3,764,574	2,297,651	262,423	6,711,379
Subordinated bonds	45,876	190,218	206,219	1,086,357	1,528,670
Saving accounts with deferred withdrawal	39,925	-	-	-	39,925
Savings accounts with unconditional withdrawal	127,803	-	-	-	127,803
Demand deposits (*)	3,193,976	10,957,035	-	-	14,151,011
Term deposits	12,054,015	174,859	6	142	12,229,022
Forwards	467,099	56,618	-	-	523,717
Letters of credit	3,162	6,964	332	-	10,458
Other liabilities	1,676,191	-	-	-	1,676,191
Other, excluding options	-	-	-	-	-
Foreign loans and other obligations	1,116,008	23,172	665,809	-	1,804,989
Domestic loans and other obligations	1,016,333	444,299	-	-	1,460,632
Swaps	2,765,017	2,144,675	1,703,065	71,531	6,684,288
Liabilities under agreements to repurchase	61,610	-	-	-	61,610
Total liabilities	**22,953,746**	**17,762,414**	**4,873,082**	**1,420,453**	**47,009,695**

(*) Determined in accordance with internal models.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig. 10. Carrying amount to maturity range 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 operations	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
Other, excluding 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
Saving accounts with deferred withdrawal	38,787	-	-	-	38,787
Savings accounts with unconditional withdrawal	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
Other, excluding 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 December 31, 2019 and 2018 are stated below. The risk classification of these positions at the end of the last fiscal year is also reported.

Fig. 11.a Fair Value of Financial Investments Available for Sale
As of December 31, 2019 (MCh$)
Banco de Credito e Inversiones and City National Bank (CNB)

	CLP	UF	USD	EUR	OTHERS
Sovereign bonds	153,490	481,999	143,257	-	-
Corporate bonds	4,561	1,155	160,060	-	-
Financial institutions bonds	-	37,779	2,140,604	-	-
Mortgage-funding notes	-	38,837	-	-	-
Term deposits	63,620	-	-	-	-
Investment funds (*)	-	-	38,699	-	-
Shares (*)	-	-	81,861	-	-
Total	**221,671**	**559,770**	**2,564,481**	**-**	**-**

(*) The investment funds and the shares correspond to the available-for-sale portfolio of City National Bank of Florida (CNB).

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 (CNB)

	CLP	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 December 31, 2019 (%)
Banco de Credito e Inversiones and City National Bank (CNB)

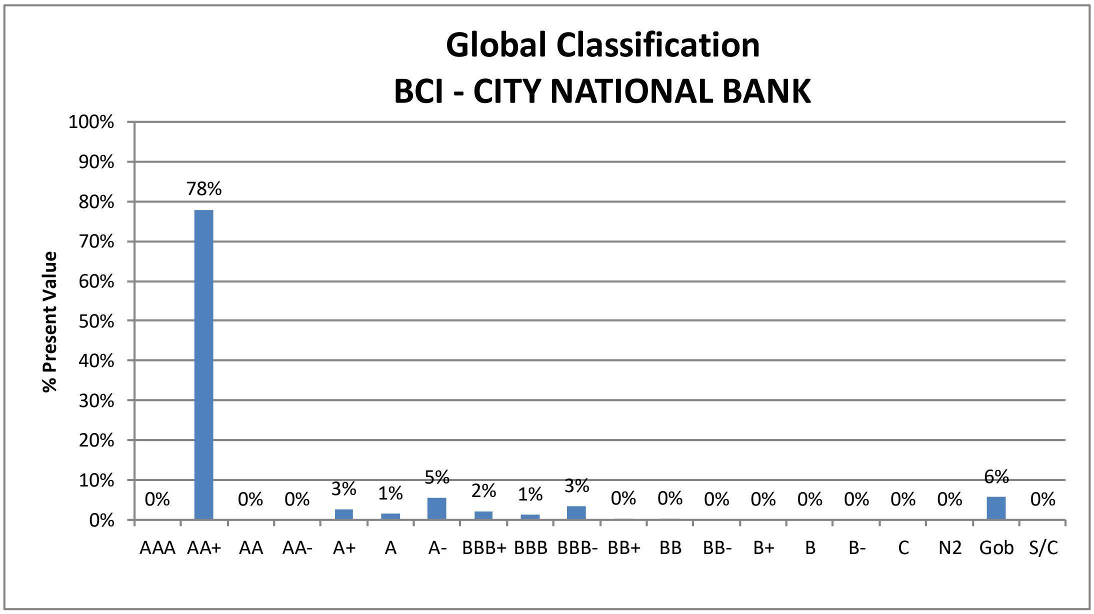
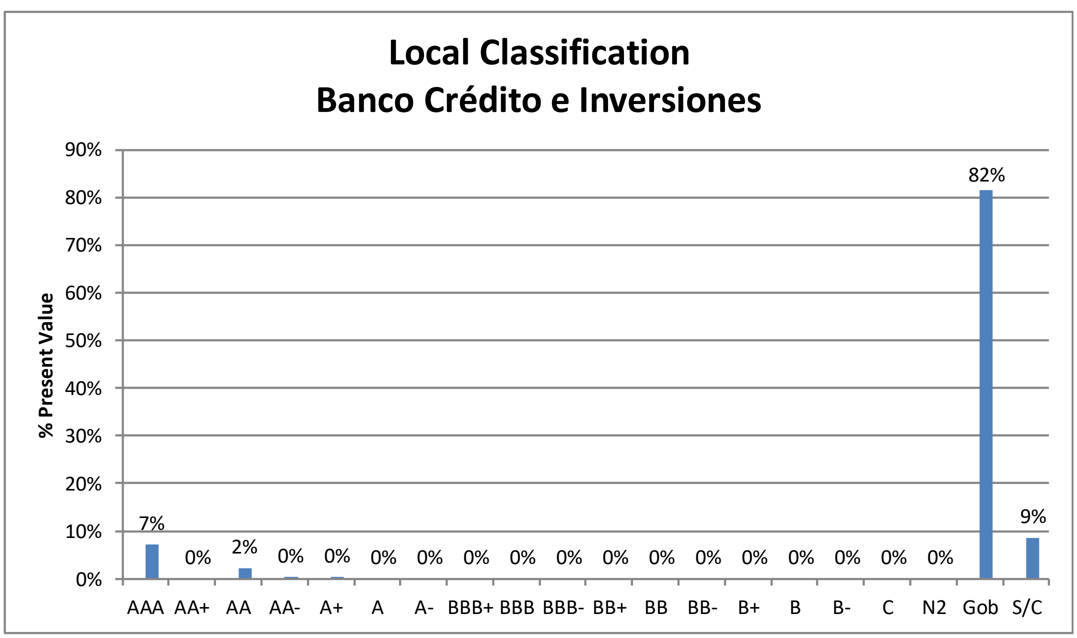


Fig. 13. Financial Investments Available for Sale
Portfolio Risk Classification Bonds and LCH National Issue as of December 31, 2018 (%)
Banco de Credito e Inversiones and City National Bank (CNB)



NOTE 36 - RISK MANAGEMENT, CONTINUED

b. Sensitivity analysis

Sensitivity analysis is used to monitor the market risk of positions by sensitivity to each of the risk factors. For example, a change in the present value of 100 basis points in the interest rate is a type of risk factor. This type of model is especially useful for measuring the risk of a mismatch between assets and liabilities, i.e., essentially the banking book.

The regulatory sensitivity measurements perform these analyses by applying interest rates, exchange rates, inflation, commodities positions, shares positions, and exposure to derivative instruments, according to predetermined sensitivities.

Among the models used is Market Value Sensitivity or MVS, which measures the change in economic value of equity in the event of a parallel movement of 100 basis points in interest rates.

For a short-term horizon, the Spreads at Risk or SAR model is used, which measures the impact on results in 12 months' time of a parallel movement in rates. For both models, there are explicit internal limits measured as a ratio of capital (for MVS) and of financial margin (for SAR).

The Bank structurally generates risk rate exposure, which is mainly explained by maintaining long-term fixed rate assets and obtaining short-term financing, such as deposits. In this regard, the Bank is an active market participant in managing their interest rate risk strategy using hedge accounting.

Some of the hedging strategies are: a) moving short-term risk to the long-term (moving short-term liabilities to the long-term through rate swap) and b) floating long-term borrowings with the use of rate swap.

In the scenario of 100 basis points increase, holding constant other variables, the effects compared at the end of the yearsb ended December 31, 2019 and 2018, respectively, for the Bank are the following:

- In the short-term, exposure to interest rates as of December 31, 2019 and 2018, amounted to MCh$29,946 and MCh$43,281 respectively, equivalent to expecting an adverse effect on the financial margin over a 12-month horizon.

- The sensitivity rate risk applied to all items in the banking book and all deadlines, measured by MVS, as of December 31, 2019 and 2018, are MCh$168,531 and MCh$200,029 respectively.

NOTE 36 - RISK MANAGEMENT, CONTINUED

c. Value at Risk

Value-at-Risk (VaR) is a methodology that estimates potential losses that might affect a portfolio as a result of adverse interest-rate movements and/or market-price changes over a period of time and for a certain level of confidence.

The VaR methodology used is a historic simulation that records the fat-tails property of the financial income; it uses a window of nine years of daily data, and it is measured at the first percentile of the P&L distribution or VaR at 99% of confidence, which is the same. The volatility updating technique is used, which records the existence of volatility clusters.

The forecast horizon is of 1 day. The square root rule is used to project this value to the regulatory horizon of ten days.

The value-at-risk model is validated by back-testing the daily results, both observed and theoretical.

Statistically, excess losses of VaR are expected to be observed on average 1% daily. As of December 31, 2019, back-test places the model in the yellow area of Basel with 5 fails in the last 250 business days.

Objectives and limitations of the VaR methodology

The objective of the VaR is to measure the risk of a portfolio of assets by determining how much you can lose of the portfolio over a period of time and with a given confidence level under normal market conditions.

This method is very easy to apply in portfolios that include information on relevant market variables. Furthermore, calculation does not depend on correlations and volatilities, as these are implicitly calculated using historical information. However, this means obtaining the history of associated variables for performing this calculation, which implies an effort to have such data. In addition, to have a certain degree of confidence in the measurement, in this case with VaR at 99%, this leads to the loss of 1 in every 100 days, which will be the least as predicted by the VaR, without a possible limit for this value.

- Stress Testing VaR

There are limitations of the VaR models, particularly in the presence of extreme events that have not been observed in recent historic information or for not capturing the intra-day movements of the portfolio; therefore, stress situations are modelled to evaluate potential impacts on the value of portfolios in the most extreme, although possible, events. The scenarios used are the following:

I. I. Historic simulation scenarios that incorporate fluctuations observed during historic extreme events.
II. Monte-Carlo simulation scenarios, which generate multiplicity of possible scenarios from the historic data.

NOTE 36 - RISK MANAGEMENT, CONTINUED

III. Scenarios of sensitivity that consider movements in risk factors that are not captured by the recent history.

- VaR limits

The Bank has set specific limits to the corporate VaR, as well as sub-limits to the trading, balance and available for sale investments portfolios.

d. Position Limit

In addition to the measurement of the VaR metric and to reinforce the structure of financial risk limits, measurements have been made of the sensitivities to the different risk factors of BCI, which limits the various positions that BCI could take in market risk factors.

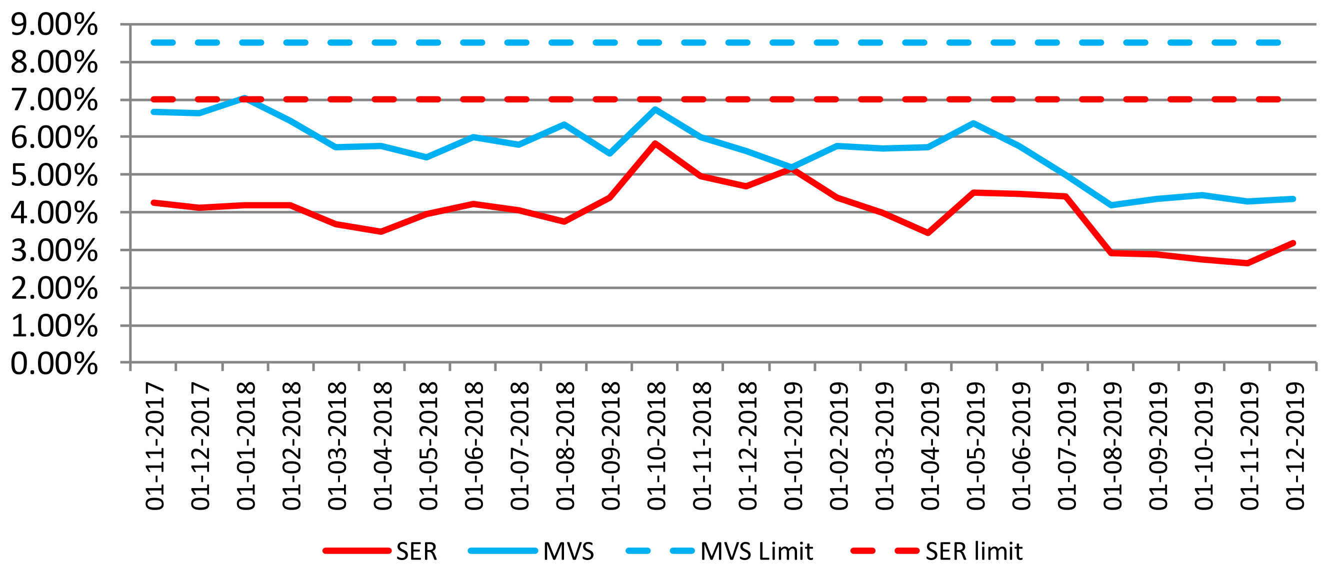
e. Variations

- 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 2019 5.09% (6.03% during 2018) over the capital limit of 8.5%. Additionally the short term risk (SeR), presented a mean of 3.74% until December 2019 versus a mean of 4.28% for December 2018.

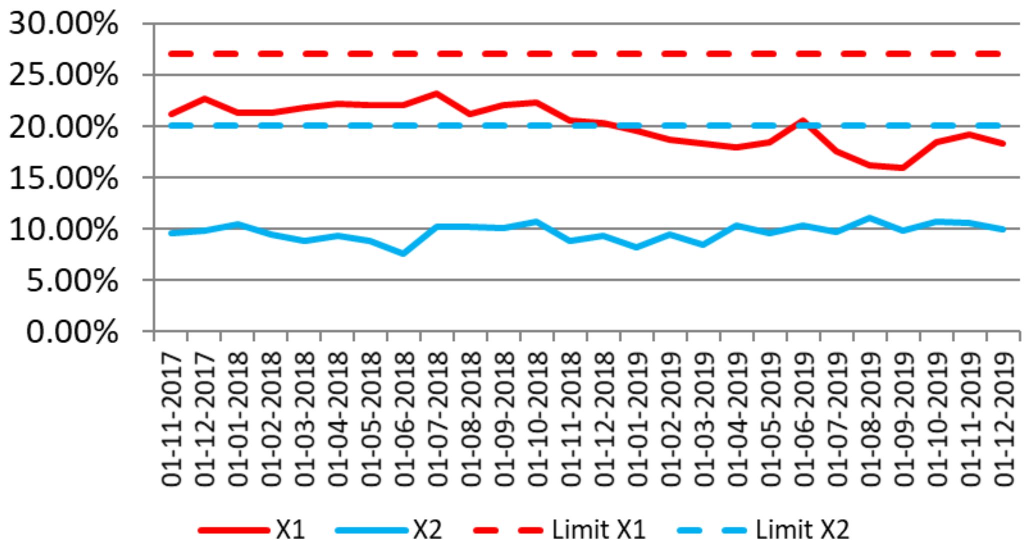
Fig. 14. MVS - SeR
As of December 31, 2019



NOTE 36 - RISK MANAGEMENT, CONTINUED

The evolution of regulatory ratios X1 (short term exposure to market risk) and X2 (long term exposure to market risk) were below the limits as of December 31, 2019, mainly due to the management of the balance sheet through hedge accounting.

Fig. 15. Regulatory Market Risk X1 - X2
Banco Crédito e Inversiones and City National Bank [1]
As of December 31, 2019



X1: Limit on financial margin
X2: Limit on effective equity

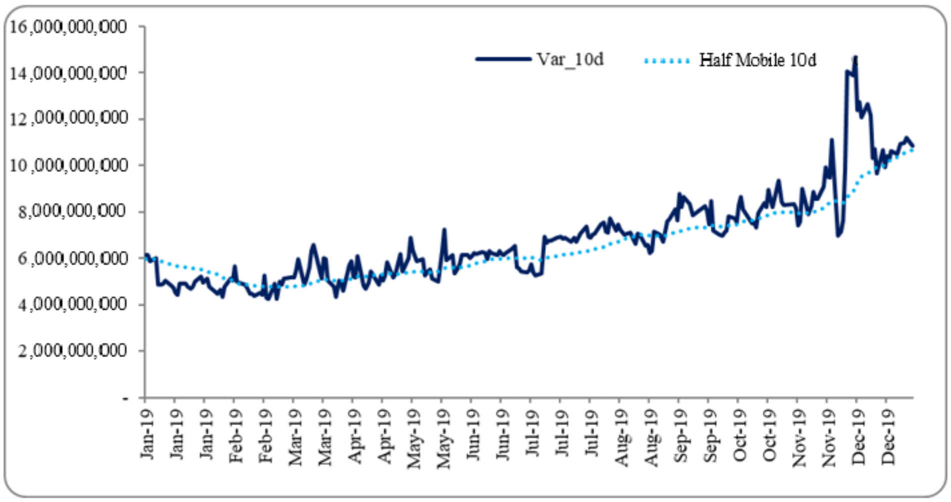
[1] Financial margin values are added for X1 while consolidated equity is used for X2.

NOTE 36 - RISK MANAGEMENT, CONTINUED

- Value at Risk

The evolution of the 10-day VaR for the last quarter; Data as of December 31, 2019.

Fig. 16. Consolidated Value at Risk
As of December 31, 2019 (MCh$)



NOTE 36 - RISK MANAGEMENT, CONTINUED

During 2019, the total consolidated risk averaged MCh$6,799, measured over the 10- day regulatory horizon, and increased by 23% compared to December 2018.

On a consolidated basis, the risk of interest rate averages MCh$5,824 while the foreign currency risk averages MCh$5,030. In trading the aggregate average was MCh$4,314, MCh$4,047 for interest rate risk and MCh$1,045 for foreign currency risk. Finally, for non-trading portfolios (investments available for sale) the total VaR averaged MCh$1,673; MCh$449 for interest rate risk and MCh$1,636 for foreign currency risk.

Fig. 17. Value at risk by portfolio and type of risk
As of December 31, 2019 (MCh$)

(A) Consolidated VaR by type of risk (MCh$)

	12 months until December 31, 2019			
	Average	Maximum	Minimum	Close
FX risk	5,030	18,955	1,794	11,239
Interest rate risk	5,825	10,909	3,572	7,212
Diversification (*)	4,056	15,184	1,123	7,587
Total VaR	6,799	14,681	4,244	10,864

(b) VaR trading portfolio by type of risk (MCh$)

	12 months until December 31, 2019			
	Average	Maximum	Minimum	Close
FX risk	1,045	8,646	8	156
Interest rate risk	4,047	6,470	2,628	4,330
Diversification	778	4,267	287	224
Total VaR	4,314	10,849	2,349	4,262

(C) VaR portfolio of investments available for sale by type of risk (MCh$)

	12 months until December 31, 2019			
	Average	Maximum	Minimum	Close
FX risk	1,636	6,470	378	5,513
Interest rate risk	449	2,657	76	184
Diversification	412	2,705	257	269
Total VaR	1,673	6,422	197	5,428

(*) Diversification is defined as the effect of correlation of total VaR.

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$)

	12 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
Total VaR	5,549	13,044	3,511	6,610

(b) VaR trading portfolio by type of risk (MCh$)

	12 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
Total VaR	3,537	5,278	2,282	4,984

(c) VaR portfolio of investments available for sale by type of risk (MCh$)

	12 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
Total VaR	1,207	8,161	580	1,063

(*) Diversification is defined as the effect of correlation of total VaR.

While VaR captures the Bank's daily exposure to the risks of currency and interest rate sensitivity analysis, it also evaluates the impact of a reasonably possible change in interest rates and exchange rates over one year. The longer time frame of sensitivity analysis complements VaR and helps the Bank to assess their exposure to market risk. The details of the sensitivity analysis for the risk of exchange rate and interest rate risk are set out below.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Sensitivity of interest rate

The table below shows the sensitivity of fair values to reasonably possible alternative assumptions:

	Recognition in statements of income		Recognition in statements of other comprehensive income	
	Favourable	Not favourable	Favourable	Not favourable
	MCh$	MCh$	MCh$	MCh$
As of December 31, 2019				
Securities backed by assets held for trading	(54)	54	-	-
Other non-derivative assets held for trading	(33)	33	-	-
Securities backed by available for sales assets	-	-	(48)	48
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 December 31, 2019

Amounts in MCh$

Assets	**USD**	**EUR**	**Others**
Cash	1,092,128	55,846	11,182
Commercial loans	2,166,463	31,012	12,582
Investments under agreement to resell	-	-	-
Commercial Lease Operations	104,155	-	-
Mortgage loans - letters of credit	-	-	-
Mortgage loans MHE	-	-	-
Other residential mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	23,670	-	-
Consumer leasing	-	-	-
Commercial loans - credit lines and overdrafts	-	-	-
Consumer loans - credit lines and overdrafts	-	-	-
Central Bank of Chile	-	-	-
Chilean State	9,033	47,855	-
Domestic banks and financial institutions	15,322	-	-
Other domestic entities	-	639	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	93,560	-	5,164
Forward	10,452,905	343,925	89,741
Futures	5,402	-	-
Swaps	15,764,916	330,866	802,727
Other, excluding options	-	-	-
Other assets	2,554,889	43,509	15,567
Delta opciones	246,261	-	-
Total assets	**32,528,704**	**853,652**	**936,963**
Liabilities	**USD**	**EUR**	**Others**
Demand deposits	799,496	53,926	1,036
Term deposits	1,641,527	5,158	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	37,561	-	-
Loans and other liabiities contracted - National currency	1,289,624	-	-
Loans and other liabiities contracted - Foreign currency	350,230	2,389	4,666
Letters of credit	-	-	-
Ordinary bonds	1,172,764	16,874	650,027
Subordinated bonds	-	-	-
Forward	9,739,616	397,875	122,246
Futures	5,240	-	-
Swaps	14,950,506	363,173	100,157
Other, excluding options	-	-	-
Other liabilities	1,257,129	14,197	325
Delta opciones	114,274	-	-
Total liabilities	**31,357,967**	**853,592**	**878,457**
Net	**1,170,737**	**60**	**58,506**

NOTE 36 - RISK MANAGEMENT, CONTINUED

As of December 31, 2018

Amounts in 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 Lease Operations	75,877	-	-
Mortgage loans LC- Credit line	-	-	-
Mortgage loans MHE	-	-	-
Other residential mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	22,456	-	-
Consumer leasing	-	-	-
Commercial loans - credit lines and overdrafts	-	-	-
Consumer loans - credit lines and overdrafts	-	-	-
Central Bank of Chile	-	-	-
Chilean State	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 (National Currency)	7,902	-	-
Loans and other liabilities contracted MX (Foreign Currency)	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. The 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of reasonable possible changes in exchange rates.

The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and it adjusts its conversion at the end of the period, where it reports a 10% change in the exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations with the Bank where the loan is denominated in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in earnings and other net equity when the Chilean peso goes up by 10%, compared to the corresponding currency.

In the case of a decrease of 10% of the Chilean peso against the relevant currency, a comparable impact on the earnings and other equity would be produced, and the amounts would be negative, as shown below:

NOTE 36 - RISK MANAGEMENT, CONTINUED

Amounts in MCh$	As of December 31, 2019			
	Decrease 10%		Increase 10%	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	982,915	50,262	1,201,341	61,431
Commercial loans	1,949,816	27,911	2,383,109	34,113
Investments under agreement to resell	-	-	-	-
Commercial Lease Operations	93,739	-	114,570	-
Mortgage loans LC- Credit line	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other residential mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	21,303	-	26,037	-
Consumer leasing	-	-	-	-
Commercial loans LCS- Credit Line and overdraft	-	-	-	-
Consumer loans LCS- Credit line and overdraft	-	-	-	-
Central Bank of Chile	-	-	-	-
Chilean State	8,130	43,070	9,937	52,641
Domestic banks and financial institutions	13,790	-	16,854	-
Other domestic entities	-	575	-	703
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreign entities	84,204	-	102,916	-
Forward	9,407,615	309,532	11,498,196	378,917
Futures	5,310	-	5,942	-
Swaps	14,188,424	297,779	17,341,408	363,953
Other, excluding options	-	-	-	-
Other assets	2,299,400	39,158	2,810,378	47,860
Delta Options	222,635	-	270,888	-
Total assets	**29,277,281**	**768,287**	**35,781,576**	**939,618**
Liabilities	**USD**	**EUR**	**USD**	**EUR**
Demand deposits	719,546	48,534	879,446	59,319
Term deposits	1,477,375	4,642	1,805,680	5,674
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	33,805	-	41,317	-
Loans and other liabilities contracted MN (National Currency)	1,160,659	-	1,418,584	-
Loans and other liabilities contracted MX (Foreign Currency)	315,207	2,150	385,253	2,628
Letters of credit	-	-	-	-
Ordinary bonds	1,055,488	15,187	1,290,040	18,562
Subordinated bonds	-	-	-	-
Forward	8,765,655	358,087	10,713,578	437,663
Futures	4,716	-	5,764	-
Swaps	13,455,456	326,856	16,445,557	399,491
Other, excluding options	-	-	-	-
Other liabilities	1,131,416	12,778	1,382,842	15,617
Delta Options	102,847	-	125,702	-
Total liabilities	**28,222,170**	**768,234**	**34,493,763**	**938,954**
Net	**1,055,111**	**53**	**1,287,813**	**664**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Amounts in MCh$	As of December 31, 2018			
	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 Lease Operations	68,289	-	83,465	-
Mortgage loans LC- Credit line	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other residential mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	20,210	-	24,702	-
Consumer leasing	-	-	-	-
Commercial loans LCS- Credit Line and overdraft	-	-	-	-
Consumer loans LCS- Credit line and overdraft	-	-	-	-
Central Bank of Chile	-	-	-	-
Chilean State	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 foreign entities	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 (National Currency)	7,112	-	8,692	-
Loans and other liabilities contracted MX (Foreign Currency)	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 consolidated statements of financial position. In these circumstances, the different measurement bases of assets and liabilities could result in volatility of equity.

Price risk - own products

The Bank is exposed to price risks of its products that are subject to general and specific fluctuations in the market.

The Bank manages price risk through periodic stress tests, which establish various scenarios of adverse market conditions; on the other hand it has contingency plans that address mitigating actions in the corporation in order to face scenarios that expose the corporation to significant loss.

Other Price Risks

The price risk on equity instruments is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to individual value and its issuer or factors affecting all actual market values.

The following sensitivity analysis described below have been determined based on the exposure of equity prices at the end of the reporting period.

On a scenario where the equity prices had been 1% higher / lower:

The net income of the year as of December 31, 2019, would not have been affected given that all bank´s equity instruments are classified as available for sale, and no investment was impaired; notwithstanding, the possible negative effect on equity would have amounted to MCh$168,531 while the impact for the year ended December 31, 2018 would have been MCh$200,029.

NOTE 36 - RISK MANAGEMENT, CONTINUED

f. Fair value

The area of Market Risk is responsible for defining the methodologies of valuation of assets and liabilities measured at fair value, while operations are responsible for the implementation thereof. The fundamental principle of the task of fair value measurement is to determine the starting price of an asset or liability in an ordinary transaction in a representative market. 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.

Even for liquid instruments, some markets require the existence of brokers to equate supply with demand and allow transactions to be carried out. Normally deposits and derivatives traded over- the-counter are in this segment. These have quotes from different broker, which guarantees the existence of market prices or inputs needed for valuation. Among derivative instruments are currency forwards and interest rate forwards, interest rate swaps, cross-currency swap and foreign currency options. As usual for those instruments under terms other than those quoted, valuation techniques and interpolation curves are used. Debt instruments less liquid, some sovereign bonds, corporate bonds and mortgage securities of domestic issue, are valued - unless there is available pricing - based on fair value models based on directly observable prices or market factors. All these instruments are classified in Level 2 valuation.

NOTE 36 - RISK MANAGEMENT, CONTINUED

The base model for the valuation of fixed income securities without much liquidity in the local market is a dynamic model of interest rates using panels of incomplete data and incorporates all the recent price history of the instruments in question and instruments with similar characteristics as to issuer risk rating, duration, etc. The fair value models used (both internal and external) are tested periodically and back tested by independent parties.

Finally, all instruments whose prices or market factors are not directly observable are classified in Level 3.

g. Derivative instruments

As of December 31, 2019 the Bank had a net asset position of MCh$151,076 in derivative instruments measured at fair value. Derivatives are classified into two groups according to their accounting treatment: (1) instruments for trading and (2) instruments with hedge accounting treatment. The trading instruments come from activities of Sales & Trading (S&T), whether from sales to third parties or hedging the risks involved in such sales. The areas responsible for Asset & Liability Management (ALM) also use derivatives to hedge their risks. They can follow the standard treatment for trading or have hedge accounting treatment under the applicable accounting standards. The recording, according to current accounting standards, may reduce fluctuations in the value of assets and liabilities or cash flows.

The market risk associated with derivative instruments is measured by VaR and stress tests.

h. Counterparty risk

The Bank manages its counterparty risk by establishing a limit for transactions (credit line) to enter into with each customer in derivatives and recognizes the Credit Value Adjustment (CVA).

Use of line to operate with derivative instruments

The level of usage of the credit line approved by the Bank for each customer due to an over-the-counter (OTC) derivative transaction must match the credit exposure that this transaction generates to the Bank. The credit risks on these contracts exist when the recovery or mark-to-market (MTM) is positive in favour of the Bank. As these contracts are valued daily, in this there is uncertainty regarding the mark to market adjustment over the life of the operation.

MonteCarlo simulation techniques are used to estimate future peak exposures by counterparty. Specific counterparty limits ensure that the accepted risk levels are not exceeded and proper diversification is achieved. The table below details the level of usage of the credit line approved for use with derivative instruments by segment for the years ended December 31, 2019 and 2018.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Segment	Use of line to operate with derivative instruments 12.31.2019	Use of line to operate with derivative instrument 12.31.2018
	MCh$	MCh$
Retail Banking	**2,650**	**3,576**
Retail Banking	-	-
Small and Medium Enterprises	2,650	3,576
Wholesale Banking	**902,860**	**1,049,739**
Commercial Banking	172,229	229,154
C&IB Commercial Division	730,631	820,585
Finance division	**1,118,381**	**1,299,790**
Total	**2,023,891**	**2,353,105**

Credit Valuation Adjustment in derivatives (CVA)

The objective of the credit valuation adjustments is to determine the counterparty risk associated with the credit exposure in OTC derivative contracts. The CVA of a derivative is defined as the difference between its market-to-market value determined without the risk of default from the counterparty and its market-to-market value with the probability of default of the counterparty. Thus the CVA of a client can be determined from the expected exposure (EE) to counterparty risk (how much loss is expected) and the probability of default (PD) associated with the risk of default of the counterparty. The table below details the CVA:

Credit Value Adjustment			
Segment	**12.31.2019**	**12.31.2018**	**Variation**
	MCh$	MCh$	MCh$
Retail Banking	**70**	**213**	**(143)**
Retail Banking	-	-	-
Small and Medium Enterprises	70	213	(143)
Wholesale Banking	**25,052**	**17,133**	**7,919**
Commercial Banking	4,608	2,994	1,614
C&IB Commercial Division	20,444	14,139	6,305
Finance division	**546**	**350**	**196**
City National Bank	**2,790**	**752**	**2,038**
Total	**28,458**	**18,448**	**10,010**

NOTE 36 - RISK MANAGEMENT, CONTINUED

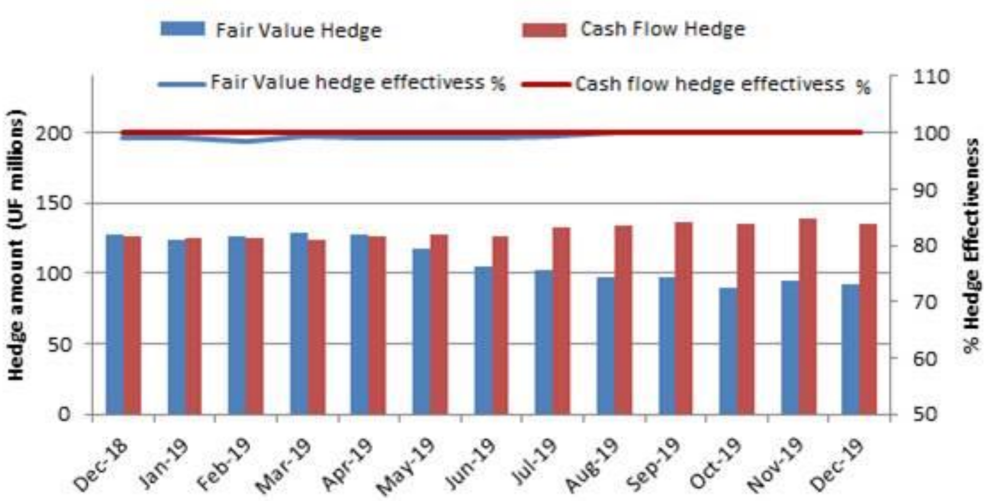
i. Hedge accounting

The Bank uses hedge accounting to manage the risk of fair value and cash flow to which it is exposed. Fair value hedges use derivative instruments to hedge the change in fair value of an asset or liability in the consolidated statementsof financial position.

Cash flow hedges effects meanwhile are recognized in equity. Treatment of this type of instrument strictly follows International Accounting Standard ("IAS 39"). Financial Risk Management is responsible for designing and validating the effectiveness of the hedges, generating effectiveness indicators that are monitored and reported to ALCO.

As of December 31, 2019 the total notional amount of cash flow hedges amounted to UF 134,620,247 whereas fair value hedges reach UF 91,952,174.

Fig. 19. Amount, Type and effectiveness of Hedge Accounting
As of December 31, 2019 (UF Millions)



NOTE 36 - RISK MANAGEMENT, CONTINUED

Credit Risk

Risk Management structure

The Bank has structured its credit approval process on the basis of personal and non-delegable discretionary limits authorized by the Board of Directors. Based on these credit faculties, the operations are approved at the different levels of Management, always requiring the concurrence of two executives with discretionary limits.

As the amount of the operation increases, pairs of senior executives both from the commercial and risk areas and from the senior management committees must approve the operation, until reaching the highest level represented by approval from the Board of Director's Executive Committee.

Provision for credit risk

According to the Financial Market Commission (FMC), the Banks should permanently maintain evaluations of their loans and contingent credit portfolios, in order to establish provisions timely and sufficiently, so as to cover possible losses, in accordance with the regulation of said Commission, contained in the Compendium of Accounting Standards, chapter B1 referring to provisions for credit risk.

The Bank has a series of models both for the individual and the group portfolios, which are applied depending on the type of portfolio and operations. These models are approved by the Board of Directors, which is informed annually about the adequacy of the provisions.

Models based on the individual analysis of borrowers

These models are applied when the companies involved, given their size, complexity or level of exposure with the entity, are required to be identified and analysed in detail, one by one.

These models consider the analysis of issues such as the financial situation of the borrower, payment behaviour, knowledge and experience of the partners and managers in the business, the degree of commitment of the same with the company and the industry in which it operates and its relative position.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Quality of the loans by type of financial asset

Regarding the quality of the loans, these are described in accordance with the Compendium of Accounting Standards issued by the Financial Market Commission (FMC):

	As of December 31, 2019					
	DEBT			ALLOWANCE		
Category	Loans and Receivables from Banks	Loans and receivables to customers, net	Total	Loans and Receivables from Banks	Loans and receivables to customers, net	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	-	193,155	193,155	-	70	70
A2	83,442	1,416,715	1,500,157	69	811	880
A3	42,485	2,391,456	2,433,941	93	3,368	3,461
A4	-	2,417,035	2,417,035	-	16,311	16,311
A5	-	2,318,233	2,318,233	-	9,649	9,649
A6	-	799,300	799,300	-	7,228	7,228
B1	-	170,241	170,241	-	2,237	2,237
B2	-	131,480	131,480	-	4,173	4,173
B3	-	144,394	144,394	-	16,232	16,232
B4	-	55,179	55,179	-	15,360	15,360
C1	-	100,422	100,422	-	2,008	2,008
C2	-	20,310	20,310	-	2,031	2,031
C3	-	25,467	25,467	-	6,367	6,367
C4	-	41,853	41,853	-	16,741	16,741
C5	-	6,530	6,530	-	4,244	4,244
C6	-	37,521	37,521	-	33,769	33,769
Collective assessment	-	12,792,831	12,792,831	-	367,144	367,144
Subsidiaries	332,218	10,818,656	11,150,874	343	160,578	160,921
Total	**458,145**	**33,880,778**	**34,338,923**	**505**	**668,321**	**668,826**

NOTE 36 - RISK MANAGEMENT, CONTINUED

	As of December 31, 2018					
	DEBT			ALLOWANCE		
Category	Loans and Receivables from Banks	Loans and receivables to customers, net	Total	Loans and Receivables from Banks	Loans and receivables to customers, net	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	
	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and receivables to banks, net	-	-	-	-	-	-	-	-
Loans and receivables to customers, net	436,062	532,013	105,508	85,795	287,816	255,901	829,386	**873,709**
Total	**436,062**	**532,013**	**105,508**	**85,795**	**287,816**	**255,901**	**829,386**	**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 December 31, 2019

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	2,212,257	-	**2,212,257**	-	**2,212,257**
Loans and receivables to banks, net	458,145	(505)	**457,640**	-	**457,640**
Loans and receivables to customers, and credit commitments (1)	43,791,832	(710,990)	**43,080,842**	(12,248,254)	**30,832,588**
Financial investments available for sale	4,011,029	-	**4,011,029**	-	**4,011,029**
Financial investments held to maturity	7,369	-	**7,369**	-	**7,369**
Derivative financial agreements (2)	4,260,655	634	**4,261,289**	-	**4,261,289**

(1) In this line loans and receivables are included for an amount of MCh$33,880,778 (see Note 11) and credit commitments of MCh$9,911,054 (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 December 31, 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, net	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: committee for operational risks, security of information and technological risk, business continuity risk and 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 2019 the operational risk work methodologies have been reinforced with the teams from the Bank's subsidiaries, who run the risk management program in each subsidiary with an independent corporate governance, coordinated and aligned with the Corporate risk policies and governance.

During 2019, the operational risk management strategy has been intensified, of using statistical models to detect and anticipate emerging risks, strengthening risk management in a digital environment and maintaining a robust risk culture, through dissemination and training to the collaborators in these matters, as well as the continuous monitoring of controls.

Information Security and Cybersecurity

The Bank has an information security and cybersecurity strategy based on best industry practices that are based on a comprehensive management program, whose main component is the overall information security policy approved by the Board Executive Committee, reviewed on an annual basis, and supplemented by a regulatory body of specific controls regulations, a security culture program aimed at employees, customers and suppliers, ongoing programs of vulnerability analysis and ethical hacking, and an organization formed by areas specialyzing in the Bank’s three lines of defense, focused on the operation of security controls and specialized management of these risks.

The Bank has an Information Security and Technological Risk Committee, made up of representatives from various areas in the Bank, which ensures that the regulatory framework is updated for new risks and threats, and is responsible for the execution and monitoring of the annual security and compliance of specific policies.

The information Security and cybersecurity strategy contemplates the execution of various initiatives and investments to strengthen technological infrastructure, team training and specific procedures of operation and monitoring of cybersecurity, oriented towards preventing, identifying and stopping attacks on the information security of the clients and the Bank.

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, on training contingency team members and on crisis management. Plan coverage has increased according to the requirements of the Bank, including the processes that are critical.

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, processes, technologies, methodologies and data models have been reinforced to prevent and anticipate fraud risks, as well as activities to strengthen the culture and adherence to the ethical framework for the good work of the employees of the Bank and its subsidiaries.

In this area, technological solutions have been implemented that boost the Bank's ability to detect attempts at digital fraud against customers.

Management of operational risk in outsourced services

Operational Risk Management has a risk management program in outsourced services for the Bank, which aims to identify and timely manage the risks that may exist in a process contracted to a third party during the life cycle of the outsourced service, that is, from the inception of the service until the contractual relationship is extinguished. Depending on the risks identified, decisions are made to keep risks within acceptable levels for BCI.

Capital calculation according to Basel

The Bank has participated in the capital calculation exercises according to the standards of Basel II and Basel III, a calculation integrating the operating risk with credit and market risks, as a global indicator of risk exposure.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES

As of December 31, 2019 and 2018, the breakdown of maturities of assets and liabilities, is as follows:

December 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	3,153,760	-	-	-	3,153,760	-	-	-	3,153,760
Items in course of collection	-	310,602	-	-	310,602	-	-	-	310,602
Trading portfolio financial assets	-	2,212,257	-	-	2,212,257	-	-	-	2,212,257
Liabilities under agreements to repurchase	-	73,834	82,473	39,708	196,015	-	-	-	196,015
Derivative financial liabilities	-	615,215	205,467	403,828	1,224,510	1,572,806	1,463,973	3,036,779	4,261,289
Loans and receivables to banks (*)	-	9,453	107,625	321,217	438,295	19,850	-	19,850	458,145
Loans and receivables to customers (**)	-	3,229,341	2,351,798	5,379,838	10,960,977	10,804,335	11,872,937	22,677,272	33,638,249
Financial investments available for sale	-	478,938	51	262,504	741,493	889,079	2,380,457	3,269,536	4,011,029
Financial investments held to maturity	-	-	-	-	-	-	7,369	7,369	7,369
Total assets	**3,153,760**	**6,929,640**	**2,747,414**	**6,407,095**	**19,237,909**	**13,286,070**	**15,724,736**	**29,010,806**	**48,248,715**
Liabilities									
Current accounts and demand deposits	14,180,699	-	-	-	14,180,699	-	-	-	14,180,699
Items in course of collection	-	200,976	-	-	200,976	-	-	-	200,976
Liabilities under agreements to repurchase	-	573,387	7,880	42,485	623,752	277,071	8,568	285,639	909,391
Term deposits and savings accounts	-	5,928,757	3,513,034	3,656,734	13,098,525	274,105	126	274,231	13,372,756
Derivative financial liabilities	-	642,742	204,037	454,693	1,301,472	1,668,533	1,442,360	3,110,893	4,412,365
Borrowings from financial institutions	-	1,217,662	1,194,647	645,140	3,057,449	424,812	-	424,812	3,482,261
Debt issued	-	40,818	94	130,936	171,848	3,559,143	3,285,751	6,844,894	7,016,742
Other financial liabilities	-	1,429,531	2,970	15,265	1,447,766	2,820		2,820	1,450,586
Lease liabilities	-	-	-	21,176	21,176	89,011	96,189	185,200	206,376
Total liabilities	**14,180,699**	**10,033,873**	**4,922,662**	**4,966,429**	**34,103,663**	**6,295,495**	**4,832,994**	**11,128,489**	**45,232,152**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES, CONTINUED

December 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**
Liabilities under agreements to repurchase	-	19,873	35,256	18,730	73,859	-	-	-	**73,859**
Derivative financial liabilities	-	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**
Financial 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 savings accounts	-	4,762,344	2,959,497	4,015,232	11,737,073	591,554	149	591,703	**12,328,776**
Derivative financial liabilities	-	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 consolidated financial statements as of December 31, 2019 and 2018, include assets and liabilities in foreign currencies or in Chilean Pesos according to the following detail:

	In foreign currency		In Chilean pesos		Total	
	As of December 31		As of December 31		As of December 31	
	2019	2018	2019	2018	2019	2018
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS						
Cash and deposits in banks	2,064,211	1,186,409	1,089,549	872,348	**3,153,760**	**2,058,757**
Items in course of collection	137,562	156,714	173,040	179,106	**310,602**	**335,820**
Trading portfolio financial assets	70,126	35,904	2,142,131	2,002,472	**2,212,257**	**2,038,376**
Liabilities under agreements to repurchase	-	-	196,015	73,859	**196,015**	**73,859**
Derivative financial liabilities	132,104	28,957	4,129,185	1,685,317	**4,261,289**	**1,714,274**
Loans and receivables to banks, net	457,640	332,912	-	-	**457,640**	**332,912**
Loans and receivables to customers, net	11,679,038	9,911,675	21,533,419	19,631,420	**33,212,457**	**29,543,095**
Financial investments available for sale	3,222,190	2,654,621	788,839	574,834	**4,011,029**	**3,229,455**
Financial investments held to maturity	7,369	2,780	-	-	**7,369**	**2,780**
Investments in other companies	16	-	27,807	44,740	**27,823**	**44,740**
Intangible assets	148,261	139,125	255,954	243,072	**404,215**	**382,197**
Property, plant and equipment, net	46,607	58,718	203,587	222,518	**250,194**	**281,236**
Right-of-use asset	73,889	-	157,455	-	**231,344**	**-**
Current income tax	9,222	11,473	80,273	3,411	**89,495**	**14,884**
Deferred taxes	4,074	20,715	99,255	169,400	**103,329**	**190,115**
Other assets	988,968	585,864	418,834	521,353	**1,407,802**	**1,107,217**
TOTAL ASSETS	**19,041,277**	**15,125,867**	**31,295,343**	**26,223,850**	**50,336,620**	**41,349,717**
LIABILITIES						
Current accounts and demand deposits	8,433,542	7,104,640	5,747,157	5,117,899	**14,180,699**	**12,222,539**
Items in course of collection	115,142	130,045	85,834	83,513	**200,976**	**213,558**
Liabilities under agreements to repurchase	128,110	135,890	781,281	410,219	**909,391**	**546,109**
Term deposits and savings accounts	4,311,173	3,243,579	9,061,583	9,085,197	**13,372,756**	**12,328,776**
Derivative financial liabilities	143,963	21,109	4,268,402	1,782,607	**4,412,365**	**1,803,716**
Borrowings from financial institutions	3,177,441	2,441,699	304,820	316,450	**3,482,261**	**2,758,149**
Debt issued	1,811,585	1,449,643	5,205,157	4,528,305	**7,016,742**	**5,977,948**
Other financial liabilities	1,406,963	715,743	43,623	39,194	**1,450,586**	**754,937**
Lease liabilities	60,007	-	146,369	-	**206,376**	**-**
Current income tax	-	-	1,240	157,309	**1,240**	**157,309**
Deferred income taxes	22,567	-	1,262	840	**23,829**	**840**
Provisions	59,802	54,873	249,238	279,420	**309,040**	**334,293**
Other liabilities	237,231	88,724	740,608	704,456	**977,839**	**793,180**
TOTAL LIABILITIES	**19,907,526**	**15,385,945**	**26,636,574**	**22,505,409**	**46,544,100**	**37,891,354**

NOTE 39 - SUBSEQUENT EVENTS

Between January 1, 2020 and the date of issuance of these consolidated financial statements, no subsequent events that may affect the presentation of these consolidated financial statements have been recorded or have occurred.