Interim Consolidated Financial Statements

As of and for September 30, 2020 and December 31, 2019 and for the periods ended September 30, 2020 and 2019

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BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED SEPTEMBER 30, 2020 AND DECEMBER 31, 2019

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As of September 30, 2020 and December 31, 2019
(In millions of Chilean pesos - MCh$)

	Note	As of September 30, 2020	As of December 31, 2019
		MCh$	MCh$
ASSETS			
Cash and deposits in banks	5	3,849,105	3,153,760
Items in course of collection	5	359,156	310,602
Trading portfolio financial assets	6	1,074,764	2,212,257
Investments under agreements to resell	7	196,540	196,015
Derivative financial agreements and hedge accounting	8	5,881,527	4,261,289
Loans and receivables to banks, net	9	346,403	457,640
Loans and receivables to customers, net	10	36,051,572	33,212,457
Financial investments available for sale	11	6,758,971	4,011,029
Financial investments held to maturity	11	27,599	7,369
Investments in other companies	12	27,845	27,823
Intangible assets	13	395,499	404,215
Property, plant and equipment, net	14	249,817	250,194
Right-of-use asset	14	217,321	231,344
Current income tax	15	28,953	89,495
Deferred income taxes	15	165,321	103,329
Other assets	16	1,433,937	1,407,802
TOTAL ASSETS		**57,064,330**	**50,336,620**
LIABILITIES			
Current accounts and demand deposits	17	18,834,044	14,180,699
Items in course of collection	5	503,138	200,976
Liabilities under agreements to repurchase	7	206,471	909,391
Deposits and other term loans	17	10,533,798	13,372,756
Derivative financial agreements and hedge accounting	8	6,008,387	4,412,365
Borrowings from financial institutions	18	6,515,698	3,482,261
Debt issued	19	7,530,661	7,016,742
Other financial liabilities	19	1,349,199	1,450,586
Lease liabilities	14	195,124	206,376
Current income tax	15	5,872	1,240
Deferred income taxes	15	32,028	23,829
Provisions	20	368,511	309,040
Other liabilities	21	1,026,628	977,839
TOTAL LIABILITIES		**53,109,559**	**46,544,100**
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the Bank:			
Capital		3,655,828	3,394,799
Reserves		109	109
Accumulated other comprehensive income		140,897	114,719
Retained earnings:			
Net income from prior periods	23	-	-
Profit or loss for the period	23	224,099	402,645
Less: Accrual for minimum dividends	23	(67,230)	(120,794)
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK		**3,953,703**	**3,791,478**
Non-controlling interest		1,068	1,042
TOTAL SHAREHOLDERS' EQUITY		**3,954,771**	**3,792,520**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**57,064,330**	**50,336,620**

Notes No. 1 to No. 38 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
For the periods ended September 30, 2020 and 2019
(In millions of Chilean pesos - MCh$)

	Note	For the period ended September 30, 2020 MCh$	2019 MCh$
Interest income	24	1,535,108	1,626,362
Interest expense	24	(467,901)	(654,252)
Net interest and indexation income		**1,067,207**	**972,110**
Fee and commission income	25	331,856	346,074
Fee and commission expense	25	(72,048)	(81,975)
Net fee and commission income		**259,808**	**264,099**
Trading and investment income, net	26	172,494	135,225
Foreign exchange loss, net	27	(4,578)	(12,535)
Other operating income	32	34,084	37,989
Operating income		**1,529,015**	**1,396,888**
Provision for loan losses and impairment of repossessed assets	28	(492,833)	(296,900)
OPERATING INCOME, NET OF PROVISION FOR LOAN LOSSES		**1,036,182**	**1,099,988**
Staff costs	29	(373,344)	(358,829)
Administrative expenses	30	(238,061)	(239,638)
Depreciation and amortization	31	(81,828)	(76,769)
Impairment of property, plant and equipment and intangible assets	31	(142)	(54)
Other operating expenses	32	(41,852)	(25,328)
TOTAL OPERATING EXPENSES		**(735,227)**	**(700,618)**
TOTAL NET OPERATING INCOME		**300,955**	**399,370**
Share of profit of investments accounted for using the equity method	12	873	11,785
Income before income tax		**301,828**	**411,155**
Income tax expense	15	(77,671)	(88,859)
Net income from continuing operations1.		**224,157**	**322,296**
Net income from discontinued operations		-	-
CONSOLIDATED NET INCOME FOR THE YEAR		**224,157**	**322,296**
Attributable to:			
Equity holders of the Bank		224,099	322,226
Non-controlling interest		58	70
Total		**224,157**	**322,296**
Earnings per share:			
(stated in Ch$)			
Basic earnings per share		$ 1,506	$ 2,275
Diluted earnings per share		$ 1,506	$ 2,275

Notes No. 1 to No. 38 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
For the periods ended September 30, 2020 and 2019
(In millions of Chilean pesos - MCh$)

	Note	For the period ended September 30, 2020	2019
		MCh$	MCh$
CONSOLIDATED NET INCOME FOR THE YEAR		**224,157**	**322,296**
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO THE STATEMENT OF INCOME			
Net gain resulting on revaluation of financial investments available for sale		3,154	49,800
Net (loss) on cash flow hedge derivatives		(41,525)	(152,451)
Cumulative translation adjustment		52,840	60,981
Other comprehensive income (loss) before income tax		**14,469**	**(41,670)**
Income tax effect on other comprehensive income-items that may be reclassified to the statements of income	15	11,709	39,182
Total other comprehensive income (loss) that may be reclassified to the statements of income for the period		**26,178**	**(2,488)**
OTHER COMPREHENSIVE (LOSS) THAT WILL NOT BE RECLASSIFIED TO THE STATEMENT OF INCOME		(32)	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**26,146**	**(2,488)**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**250,303**	**319,808**
Attributable to:			
Equity holders of the Bank		250,277	319,676
Non-controlling interest		26	132
Comprehansive income per share attributable to equity holders of the Bank:			
Basic comprehensive income per share		$1,682	$2,257
Diluted comprehensive income per share		$1,682	$2,257

Notes No. 1 to No. 38 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the periods ended September 30, 2020 and 2019
(In millions of Chilean pesos - MCh$)

			Accumulated Other Comprehensive Income					Retained earnings				Total Equity		
	Capital	Reserves	Investment instruments available for sale	Cash flows hedges	Cumulative translation adjustment	Income tax	Total	Retained earnings	Net Income for the period	Minimum dividends provision	Total	Total attributable to equity holders of the Bank	Non-controlling interest	Total equity
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
As of January 1, 2020	**3,394,799**	**109**	**35,479**	**(126,789)**	**175,490**	**30,539**	**114,719**	**-**	**402,645**	**(120,794)**	**281,851**	**3,791,478**	**1,042**	**3,792,520**
Transfer to retained earnings	-	-	-		-	-	-	402,645	(402,645)	-	-	-	-	
Dividends paid	-	-	-	-	-	-	-	(141,616)	-	120,794	**(20,822)**	**(20,822)**	-	**(20,822)**
Retained earnings	**261,029**	-	-	-	-	-	-	(261,029)	-	-	**(261,029)**	-	-	-
Other comprehensive income	-	-	**3,154**	**(41,525)**	**52,840**	**11,709**	**26,178**	-	-	-	-	**26,178**	(32)	**26,146**
Net income for the period 2020	-	-	-	-	-	-	-	-	224,099	-	**224,099**	**224,099**	58	**224,157**
Provision for minimum dividends 2020	-	-	-	-	-	-	-	-	-	(67,230)	**(67,230)**	**(67,230)**	-	**(67,230)**
As of September 30, 2020	**3,655,828**	**109**	**38,633**	**(168,314)**	**228,330**	**42,248**	**140,897**	**-**	**224,099**	**(67,230)**	**156,869**	**3,953,703**	**1,068**	**3,954,771**
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)**
Other changes	-	**(85)**	-	-	-	-	-	-	-	-	-	**(85)**	-	**(85)**
Capitalization of reserves	259,901	-	-	-	-	-	-	(259,901)	-	-	**(259,901)**	-	-	-
Other comprehensive income	-	-	49,800	(152,451)	60,981	39,182	**(2,488)**	-	-	-	-	**(2,488)**	62	**(2,426)**
Net income for the period 2019	-	-	-	-	-	-	-	-	322,226	-	**322,226**	**322,226**	70	**322,296**
Provision for minimum dividends 2019	-	-	-	-	-	-	-	-	-	(96,668)	**(96,668)**	**(96,668)**	-	**(96,668)**
As of September 30, 2019	**3,394,799**	**24**	**31,740**	**(164,414)**	**135,693**	**39,939**	**42,958**	**-**	**322,226**	**(96,668)**	**225,558**	**3,663,339**	**986**	**3,664,325**

Notes No. 1 to No. 38 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods ended September 30, 2020 and 2019
(In millions of Chilean pesos - MCh$)

	Note	For the period ended September 30, 2020 MCh$	2019 MCh$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
INCOME BEFORE INCOME TAX		**301,828**	**411,155**
Charges (credits) to income not representing cash flows:			
Depreciation and amortization	31	81,828	76,769
Impairment of property, plant and equipment and intangible assets	31	142	54
Provision for loan losses and impairment of repossessed assets		540,078	343,931
Adjustment to fair value of financial instruments		9,854	(24,774)
Share of profit on investments accounted for under the equity method	12	(873)	(11,785)
Net gain from sale of repossessed assets	32	(1,066)	(4,583)
Gain from sale of property, plant and equipment	32	(2,044)	(1,756)
Loss on sale of property, plant and equipment		-	3
Write-off of repossessed assets	32	878	2,682
Net interest and indexation income		(1,067,207)	(972,110)
Net fee and commission income		(259,808)	(264,099)
Other charges (credits) to income that do not represent cash flows		42,760	(59,765)
Changes in assets and liabilities affecting operating cash flows:			
Net decrease (increase) in loans and receivables to banks		109,216	(11,274)
Net (increase) in loans and receivables to customers		(3,352,701)	(2,493,809)
Net decrease (increase) in investments		98,992	(224,536)
Net increase in current accounts and other demand deposits		4,653,400	713,877
Net (decrease) in liabilities under agreements to repurchase		(795,976)	(146,848)
Net (decrease) in term deposits and savings accounts		(2,766,868)	(121,950)
Net (decrease) increase in borrowing from financial institutions		(709,071)	460,709
Net (decrease) increase in other financial liabilities		(100,519)	391,109
Proceeds from loans from (paid to) Central Paid Bank of Chile (long-term)		3,907,280	(10,503)
Proceeds from foreign borrowings (long-term)		109,216	2,731,058
Repayment of foreign borrowings (long term)		(3,352,701)	(2,516,908)
Income tax (paid)		73,513	(88,859)
Interest and indexation received		1,574,039	1,569,312
Interest and indexation paid		(317,533)	(285,816)
Fees and commissions received	25	331,856	346,074
Fees and commissions paid	25	(72,048)	(81,975)
Total cash flows provided by (used in) operating activities		**2,131,718**	**(274,617)**
CASH FLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	14	(31,371)	(30,743)
Proceeds from sale of property, plant and equipment		9,677	4,098
Increase of investments in other companies	12	-	(40)
Purchase of intangible assets	13	(60,179)	(46,946)
Sale of investments in other companies	12	-	29,029
Dividends received from investments in other companies	12	10	183
Sale of repossessed assets		9,756	9,111
Net increase (decrease) in other assets and liabilities		113,854	(212,920)
Total cash flows provided by (used in) investing activities		**41,747**	**(248,228)**
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:			
Redemption of letters of credit		(2,674)	(3,259)
Bond issuance		405,992	1,162,674
Bond redemption		(249,421)	(227,897)
Lease interest and indexation		(3,222)	3,731
Lease liability		-	210,047
Dividends paid		(141,616)	(135,893)
Total cash flows provided by financing activities		**9,059**	**1,009,403**
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR		**2,321,915**	**30,789**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(139,391)**	**455,769**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**3,431,728**	**2,239,859**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**5,614,252**	**2,726,417**

Notes No. 1 to No. 38 are an integral part of the interim consolidated financial statements.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods ended September 30, 2020 and 2019
(In millions of Chilean pesos - MCh$)

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

	Note	For the period ended September 30 2020 MCh$	2019 MCh$
Provision for loan losses presented in the consolidated interim statements of cash flows		540,078	343,931
Recovery of loans previously written off		**(47,245)**	(47,031)
Provision for loan losses	28	**492,833**	**296,900**

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 September 30, 2020 and 2019.

Liabilities arising from financing activities	Beginning balance 1-1-2020	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 09-30-2020
		Received	Paid	Total	Acquisition	Changes in fair value	Interest and Indexation	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letters of credit	9,629	-	(2,674)	(2,674)	-	-	410	**7,365**
Bonds	7,007,113	405,992	(249,421)	156,571	-	148,741	210,871	**7,523,296**
Lease interest	-	-	(3,222)	(3,222)	-	-	-	**(3,222)**
Dividends	-	-	(141,616)	(141,616)	-	-	-	**(141,616)**
Total	**7,016,742**	**405,992**	**(396,933)**	**9,059**	**-**	**148,741**	**211,281**	**7,385,823**

Liabilities arising from financing activities	Beginning balance 1-1-2019	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 09-30-2019
		Received	Paid	Total	Acquisition	Changes in fair value	Interest and Indexation	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letters of credit	13,232	-	(3,259)	(3,259)	-	-	603	**10,576**
Bonds	5,964,716	1,162,674	(227,897)	934,777	-	155,856	219,026	**7,274,375**
Capital increase	-	213,778	-	213,778	-	-	-	**213,778**
Dividends	-	-	(135,893)	(135,893)	-	-	-	**(135,893)**
Total	**5,977,948**	**1,376,452**	**(367,049)**	**1,009,403**	**-**	**155,859**	**219,629**	**7,362,836**

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 "CMF"), according to the General Banking Act as amended by Act No. 21,130, which establishes the CMF as a regulator effective as of June 1, 2019 (Official Gazette No. 42,343 of May 2, 2019). The registered office of the Bank is located at 125 El Golf Avenue, Las Condes, Santiago. The interim consolidated financial statements as of September 30, 2020 and as of December 31, 2019, and for the periods ended September 30, 2020 and 2019 include financial information of the Bank and its subsidiaries listed below, as well as its Miami branch. The Bank's business consists of all of the businesses and transactions permitted by the General Banking Law, including retail, corporate and real estate banking, large and medium size companies' services, private banking and asset management services.

b) Basis of preparation of the consolidated financial statements

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

Notes to the interim consolidated financial statements contain additional information to that presented in the interim consolidated statements of financial position, interim consolidated statements of income, interim consolidated statements of other comprehensive income e, interim consolidated statements of changes in equity and interim consolidated statements of cash flows.

c) Controlled companies (subsidiaries)

The interim consolidated financial statements as of September 30, 2020 and December 31, 2019 and for the periods ended September 30, 2020 and 2019 include financial information of the Bank and controlled companies (subsidiaries) (hereinafter the "Group"). Control is achieved when the Bank is exposed, or is entitled, to variable returns from its involvement in the investee and has the ability to influence those returns through its power over it.

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

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

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

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

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

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

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

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

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

In addition, third party interest in the equity of the Bank is presented as “Non-controlling Interest” in the interim consolidated statements of financial position. The Bank’s share in profit or loss is presented as “Consolidated net income for the period attributable to non-controlling interest” in the interim consolidated statements of income.

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

i. Entities controlled by the Bank through controlling interests:

	% Interest			
	Direct		Indirect	
Entity	2020	2019	2020	2019
	%	%	%	%
Análisis y Servicios S.A.(in liquidation)	99.00	99.00	1.00	1.00
BCI Asset Management Administradora General de Fondos S.A.	99.90	99.90	0.10	0.10
BCI Asesoría Financiera S.A.	99.00	99.00	1.00	1.00
BCI Corredor de Bolsa S.A.	99.95	99.95	0.05	0.05
BCI Corredores de Seguros S.A.	99.00	99.00	1.00	1.00
BCI Factoring S.A.	99.97	99.97	0.03	0.03
BCI Securitizadora S.A.	99.90	99.90	-	-
Banco de Crédito e Inversiones Sucursal Miami	100.00	100.00	-	-
Servicio de Normalización y Cobranza, Normaliza S.A.	99.90	99.90	0.10	0.10
BCI Securities INC.	99.90	99.90	0.10	0.10
BCI Corredores de Bolsa de Productos S.A.	99.00	99.00	1.00	1.00
BCI Financial Group, INC. and Subsidiaries	100.00	100.00	-	-
Servicios Financieros y Administración de Créditos Comerciales S.A.	99.98	99.98	0.02	0.02
Administradora de Tarjetas Servicios Financieros Limitada.	99.99	99.99	0.01	0.01
SSFF Corredores de Seguros y GestiónFinanciera Limitada.	99.00	99.00	1.00	1.00
Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada.	99.99	99.99	0.01	0.01
Servicios y Cobranzas SEYCO Limitada.	99.00	99.00	1.00	1.00

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

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

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

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

On December 12, 2019, the Council of the Financial Market Commission approved the aforementioned request in ordinary meeting number 161. As of September 30, 2020 the company is in a liquidation process.

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

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

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

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

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

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

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

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

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

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

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

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

On March 10, 2017, the CMF issued Letter No. 02751, which granted approval to carry out leasing transactions through a new subsidiary of CNB. The new subsidiary of CNB is a corporation that began operations on June 28, 2017 under the corporate name of City National Capital Finance, Inc. (CNCF). On August 1, 2018, the subsidiary City National Capital Finance, Inc. (CNCF) changed its name to BCI CAPITAL, INC.

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

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

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

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

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

ii. Entities controlled by the Bank through other considerations:

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

	% Interest			
	Direct		**Indirect**	
Entity	**2020**	**2019**	**2020**	**2019**
	%	%	%	%
BCI Activos Inmobiliarios Fondo de Inversión Privado (1)	40.00	40.00	-	-
Fondo de Inversión Privado BCI LMV II (2)	100.00	100.00	-	-
Incentivos y Promociones Limitada (3)	SE	SE	SE	SE

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

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

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

d) Associates and Joint Ventures

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

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

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

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

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

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

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

The following entities are considered associates:

	Interest	
Company	**2020**	**2019**
	%	%
Centro de Compensación Automatizado S.A.	33.33	33.33
AFT S.A.	20.00	20.00
Nexus S.A.	14.81	14.81
Redbanc S.A.	12.71	12.71
Servicio de Infraestructura de Mercado OTC S.A.	13.61	13.61
Combanc S.A.	11.74	11.74
Transbank S.A.	8.72	8.72
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	7.03

The following entities are considered joint ventures:

	Interest	
Company	**2020**	**2019**
	%	%
Artikos Chile S.A.	50.00	50.00
Servipag Ltda.	50.00	50.00

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

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

e) Investments in other companies

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

As of September 30, 2020 and December 31, 2019, the Bank has investments in the following companies: SWIFT, BLADEX and others.

f) Basis of consolidation

The interim consolidated financial statements comprise financial information of the Bank and its subsidiaries as of September 30, 2020 and December 31, 2019 and for the periods ended September 30, 2020 and 2019.

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

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

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

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

g) Non-controlling interest

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

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

consolidated statements of income, the interim consolidated statements of comprehensive income and interim consolidated statements of financial position.

h) Functional currency

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

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

i) Transactions in foreign currency

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

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

As of September 30, 2020, the Bank's assets and liabilities in foreign currency are shown at their equivalent value in Chilean pesos, calculated using the exchange rate of Ch$784.33 (Ch$728.61 per US$ 1 in 2019).

j) Operating segments

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

(i) That engage in business activities from which the Bank may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank);

(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.

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

k) Measurement of assets and liabilities

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

i. Assets and liabilities measured at amortized cost:

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

ii. Assets and liabilities measured at fair value:

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

As of the dates of the interim consolidated financial statements, the Bank has instruments whose fair value had been determined based on significant unobservable data. For this type of instruments, the Bank has models developed internally. When the data used in the models is unobservable, the Bank must develop assumptions in order to estimate the fair values. These valuations are known as Level 3 valuations: Instruments classified according to their valuation level are detailed in Note 34 to the interim consolidated financial statements.

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

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

iii. Assets and liabilities measured at historic cost:

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

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

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

iv. Derecognition of financial assets and liabilities:

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

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

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

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

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

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

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

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

    b) If the Bank maintains control of the transferred financial asset, then it continues recognizing the asset in the the consolidated statements of financial position at an amount equal to its exposure to the changes in value that it may experience and recognizes a financial liability associated with the transferred financial asset. The net amount of the asset and the associated liability will be the amortized cost of the withheld rights and obligations if the asset is measured by its amortized cost or the fair value of the withheld rights and obligations if the asset is measured by its fair value.

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

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

l) Investment instruments

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

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.

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

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

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

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

m) Trading investments

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

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

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

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

n) Transactions with repurchase agreements and securities lending

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

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.

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

o) Financial derivative instruments

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

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related with those of the host contract and when such host contracts are not measured at fair value through profit or loss.
At the moment of subscribing to a derivative agreement, the Bank must designate it either as a derivative instrument for trading or for hedge accounting purposes.

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

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

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

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

If the item hedged in a fair value hedge is a firm commitment, the changes in the fair value of the firm commitment regarding the covered risk are recognized as assets or liabilities. Profits or losses from the fair value measurement of the hedging derivative are recognized in the statement of income for the period. When a new asset or liability is acquired as a result of the firm commitment, the initial recognition of the acquired asset or liability is adjusted to incorporate the accumulated effect of the fair value valuation of the firm commitment recognized in the interim consolidated statements of financial position.

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

When a derivative hedges exposure to changes in the cash flows of existing assets or liabilities, or forecast transactions, the effective portion of changes in fair value related to the hedged risk is recognized in other comprehensive income and accumulated in equity.

Any ineffective portion is recognized directly in the interim consolidated statements of income for the period.

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

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

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

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

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

i. Define market makers or BCI customer condition:

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

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

iii. Customer status

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

p) Hedge of a net investment in a foreign operation

According to current applicable standards, the requirements to recognize hedge accounting are the following:

IAS 21 requires that an entity should determine the functional currency of each of its foreign operations as the currency of the primary economic environment in which it operates. When a hedge of a net investment in a foreign operation qualifies for hedge accounting, the statement of financial position and results of a foreign operation are translated from a currency different from the reporting currency of the parent, the entity will recognize the exchange differences through other comprehensive income in equity as well as the effects of hedging such net investment, under cumulative translation adjustment reserve, until the sale or disposal by other means of the foreign operation. The accumulated difference is to be transferred to the interim consolidated statements of income at the date on which such sale or disposal occurs.

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).

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).

q) Loans and receivables from customers

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

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

i. Financial lease contracts

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

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

ii. Factoring Operations:

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

r) Allowances for loan losses and others

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

The assets are presented net of such allowances, or at a new cost basis in the case of investments. The allowance for credit commitments is presented as a liability under “Provisions” in the statement of financial position.

The Bank and subsidiaries 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 CMF.

i. Individual assessment:

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

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

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

- Normal and substandard portfolios:

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

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

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

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

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

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

Collective assessment of normal and substandard portfolios:

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

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

- Non-compliant portfolio:

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

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

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

That loss rate must be classified into one of the six categories defined according to the range of losses effectively expected by the Bank for all the operations of an individual borrower.

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

Type of portfolio	Risk Scale	Expected Loss Range	Loss Rate (%)
Non-compliant 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.

a. Group Portfolio Trade Credits:

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

i. Commercial Lease Operations

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

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

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

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

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

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.

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

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

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

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

iii. Generic Commercial Loans and Factoring

For factoring operations and other commercial loans, the provisioning factor applicable to the amount of the placement and the contingent credit exposure will depend on the delinquency of each operation and the relationship that exists at each month-end between the debtor's obligations to the bank and the value of the collateral that protects 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 division 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 division between the sum of the amounts of the loans and exposures of contingent credits and the general guarantees, or general and specific guarantees that, according to the scope of the remaining coverage clauses, safeguard the credits considered in the numerator of the aforementioned ratio.

The amounts of the guarantees used in the PTVG ratio in (i) and (ii) must be calculated in accordance with:
- The last valuation of the collateral, whether appraised or fair value, depending on the type of collateral in question.
For the calculation of fair value, the criteria stated in Chapter 7-12 of the Revised Updated Compendium of Regulations should be considered.
- Possible situations that could be resulting in temporary increases in the values of the guarantees.
- Limitations on the amount of coverage set forth in their respective clauses.

b. Consumer Loans:

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

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

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

iv. Provisions for deductible of FOGAPE Covid-19 guarantee

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

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

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

a. Expected losses less than the deductible

When the expected losses from the operations of a group to which the same deductible percentage should be applied, determined according to the procedure indicated in number 1 above, are less than or equal to the aggregate amount of the deductible, the provisions are determined without considering the coverage of FOGAPE Covid-19, that is, without replacing the credit rating of the direct debtor with that of the guarantor.

b. Expected losses greater than the deductible

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

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

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

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

c. Mortgage Loans:

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

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

Provisioning Factor according to delinquency status and LtV						
		Days in default as of the end of the month				
LtV (loan-to-value)	Concept	Current	1-29	30-59	60-89	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 CMF.

The write-offs in question refer to the write-offs of the assets previously recognized in the interim consolidated statements of financial position corresponding to the respective transaction, including, therefore, the portion that may be not overdue if a loan is to be repaid in installments, 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 interim consolidated statements of income, as recoveries of loans written-off.

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

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

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

iv. Recovery of written off loans:

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

s) Fee and commission income and expense

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

The revenue recognition criteria depend on the execution of the following steps(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 interim consolidated statements of income for the period. Any impairment of financial investments available for sale previously accumulated as negative revaluation reserve in equity is transferred to the interim consolidated statements of income for the period.

The previously recognized impairment is reversed only if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. The reversal of an impairment loss cannot exceed an asset's carrying amount that could have been obtained if an impairment loss had not been recognized for that asset in previous periods. The reversal is recognized in profit or loss for the period, except for investment instruments available for sale, which are recorded in Other comprehensive income.

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

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

i. Impaired Portfolio:

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

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

- Loans in default more than or equal to 90 days.
- Renegotiated loans.

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

- 100% of the loans associated with the client, when any of its loans is classified as impaired, are reclassified to the impaired portfolio.

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

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

<u>Exit Conditions</u>

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

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

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

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

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

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

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

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

ii. Interest and indexation for inflation income and expenses:

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

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

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

- Amounts to suspend:

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

- Date of suspension:

Individually assessed loans:

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

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

Collectively assessed loans:

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

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

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

II. Non-financial assets:

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

According to IAS 36 "Impairment of Assets", the entity must evaluate at the end of each reporting period, if there is any sign of value impairment of its intangible assets with indefinite useful lives, as well as of the goodwill generated in a business combination. On the other hand, the Financial Market Commission (CMF in spanish) requires that "the valuations of goodwill and other intangible non-amortizable assets must be supported by two reports issued by independent professionals of the bank and its external auditors (in our case, Deloitte). These reports support the initial value of intangible assets and valuations as of December 31 of each year.

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

The Bank carries out quarterly monitoring of intangible assets and goodwill generated in the business combination of its subsidiaries BCI Servicios Financieros in Chile and City National Bank in the United States. Given the current global macroeconomic conditions as a result of Covid-19, and as required by law, as of September 30, 2020, the Bank carried out an assessment of whether there are signs of its assets impairment, concluding that there are no signs to record potential impairments in intangibles and goodwill on said investments.

u) Intangible assets

Software

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

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

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

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

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

Intangibles acquired in a business combination

The acquisition of TotalBank by City National Bank of Florida was consummated (simultaneously merging with CNB) on June 15, 2018 and the acquisition of the credit card business from Walmart (Servicios Financieros) was consummated on 4 December 2018. Intangible assets were recognized. The Bank is constantly evaluating for impairment its intangible assets with indefinite useful lives. In accordance with the CMF regulations of the Compendium of Accounting Standards, Chapter A-2 number 7, two independent consultants opine upon the purchase price allocation.

For the acquisition of TotalBank the value of the assets acquired and liabilities assumed was provisionally determined, and the Bank adjusted the provisionally determined values to their final values within the term established in IFRS 3, “Business Combinations” on December 4, 2019.

For the acquisition of Servicios Financieros, the value of the assets acquired and liabilities assumed was provisionally determined, and the Bank adjusted the provisionally determined values to their final values within the term established in IFRS 3, “Business Combinations” on December 4, 2019.

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

Goodwill

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

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

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

Intangible assets, including goodwill, were subject to the impairment tests indicated by IAS 36.

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

v) Business Combinations

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

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

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

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

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

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

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

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

w) Property, Plant and Equipment

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

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

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

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

The estimated useful lives for the property, plant and equipment, as of September 30, 2020 and December 31, 2019, are the following:

	As of September 30	As of December 31
	2020	2019
Buildings	50 years	50 years
Machinery and equipment	3 - 10 years	3 - 10 years
Facilities	7 - 10 years	7 - 10 years
Furniture and fixtures	7 years	7 years
Computing equipment	3 - 6 years	3 - 6 years
Real estate improvements	10 years	10 years
Other property, plant and equipment	3 - 6 years	3 - 6 years

x) Repossessed assets

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

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.

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

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. Severance indemnities:

The Bank and its subsidiaries have no agreements with their employees with respect to severance payments, except for the subsidiaries Servicios Financieros y Administración de Créditos Comerciales S.A. and Administradora de Tarjetas Servicios Financieros Limitada, which have certain severance plans defined in a collective agreement with a portion of their employees; these plans provide severance payments regardless of the reason for terminating the employment, and the obligation is accounted for at actuarial value.

These companies recognize a provision (see note 20) to reflect the obligation to pay severance indemnities to employees who are entitled to receive this payments regardless of the reason for terminating the employment. This provision has been calculated using an actuarial methodology that considers estimates of staff turnover, discount rate, salary increase rate and mortality. The employee benefits liability is recognized at present value using the projected unit credit method, in accordance with the provisions of “IAS 19 – Employee Benefits”. Actuarial gains or losses related to experience adjustments and changes in variables are recognized as Other comprehensive income and form part of the balance of Other Equity Reserves.

The cost of services for the current period is the increase in the present value of the defined benefit obligations, which occurs as a consequence of the services provided by employees in the current period.

The financial cost is the increase during a period in the present value of the defined benefit obligations as a consequence of the fact that such benefits are in a period closer to their due date.

There is a present obligation when, and only when, the Entity has no other more realistic alternative than to make the corresponding payments.

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

The following are the assumptions used:

Detail	Source
Mortality	"RV-2014" Mortality tables established by the Commission for the Financial Market (CMF) were used.
Worker turnover	The historical turnover for executives, considering the collective bargaining agreement, voluntary resignation or termination of employment due to company needs, is 0% for key executives and 15% for non-key executives.
Discount rate	The discount rate used to discount the benefit payment flows for severance indemnities was an actual 0.58% a year. This rate corresponds to the 20-year BCU as of December 27, 2020. (Source: Banco Central de Chile).
Salary Growth Rate	The salary growth used for the projections, both for base salary growth and for total salaries, is an actual 2.0% a year.
Retirement	The retirement ages used to make the payment projections are the minimum statutory ages for retirement in Chile (according to Decree Law 3500). These ages are widely used in the market, except when the reality of the company indicates otherwise. These ages are 65 years for men and 60 years for women.

As of September 30, 2020 and December 31, 2019, there are no experience adjustments or changes in variables. Therefore, no adjustments have been made against other reserves.

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.

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

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

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

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

In the initial measurement, the Bank measures the right of use asset at cost. The rent of the lease agreements is agreed in UF, and paid in Chilean pesos. According to the provisions of Circular No. 3,649 of the CMF, 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.

Contracts whose non-cancellable period is equal or less than 12 months are treated as short-term leases. Therefore the associated payments are recorded as a linear expense. Any modification in the terms or rental fee is treated as a new measurement of the lease.

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

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

As of September 30, 2020, the Bank has not identified impairment in the value of right-to-use assets.

(ii) Lease liability

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

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

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

The Bank makes new measurements of the lease liability, discounting the modified lease payments, if, among other things, (a) there is a change in the expected amounts payable related to a residual value guarantee. A lessee will determine the lease payments to reflect the change in the amounts expected to be paid under the residual value guarantee; (b) there is a change in future lease payments from a change in an index or rate used to determine those payments.

The Bank measures the lease liability again to reflect modified lease payments only when there is a change in cash flows. The Bank will determine the revised lease payments, for the remainder of the lease term, based on the revised contractual payments.

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

aa) Cash flow statement

The indirect method was applied for presentation of the consolidated statements of cash flows. In accordance with this method, non-cash transactions are excluded.

Revenues and expenses associated with cash flows from investing or financing activities are presented in such categories.

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

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

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

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

- <u>Financing activities:</u> 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.

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

ab) Provisions and contingent assets and liabilities

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

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

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

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

Provisions are recognized for the following categories:

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

i. Additional provisions:

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

The Bank has formal criteria and procedures for the use and constitution for the determination of additional provisions, which 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 CMF, have to be recognized as liabilities.

ii. Minimum provisions required for the normal individual portfolio:

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

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

ac) Use of estimates and judgments

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

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

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

- Allowances for loan losses (Notes 9, 10, and 28).
- Impairment of certain assets (Note 31).
- Valuation of financial instruments (Notes 6, 8 and 11).
- Useful life of property, plant and equipment and intangible assets (Notes 13 and 14).
- Use of tax loss carry-forward (Note 15).
- Contingencies and commitments (Note 22).
- Impairment test and intangible assets of PPA (Note 13).

ad) Income tax and deferred tax

The corporate income tax expense is calculated in accordance with IAS 12 and the Chilean income tax Act, which has a statutory rate of 27% for the default tax system under article 14 section A, which is the rate applied to both Banco BCI and its subsidiaries in Chile.

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 September 30, 2020 and December 31, 2019, the Bank recognized deferred tax assets for which Management has assessed that it is probable that taxable profits will be available against which tax loss carryforwards can be utilised.

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

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

In accordance with the Law 20,780 published in the Official Gazette on September 29, 2014, as amended by Law 20,899 published in the Official Gazette on February 8, 2016, the Bank as of the 2018 business year must apply a permanent rate of 27% for First Category tax. In addition, and temporarily, the Bank applied a rate of 24% for tax profits received or accrued in the 2016 business year and 25.5% was applied for tax profits received or accrued in the 2017 business year. In 2017, the tax reform law was published in the United States, which reduced the federal tax rate from 35% to 21%, as a result of which the subsidiaries domiciled in that country recalculated their deferred tax assets.

ae) Dividends on common shares

Dividends on ordinary shares are recognized in equity in the year in which they were approved by the Shareholders' Meeting of the Bank.

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

af) Earnings per share

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

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

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.

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

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

ii) Protected Assets Fund No. 27:

The Bank through the subsidiary BCI Securitizadora S.A. maintains in its interim consolidated financial statements a balance of MCh$17,742 as of September 30, 2020, and a balance of MCh$20,609 as of December 31, 2019, corresponding to loan receivables being the underlying of the Protected Assets Fund No. 27.

ah) Reclassifications

As of September 30, 2020 and December 31, 2019, no significant reclassifications have been made.

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

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

Amendments and Improvements to IFRS	**Effective date**
Definition of a Business (Amendments to IFRS 3)	Annual periods beginning on or after January 1, 2020
IASB finalises amendments to IAS 1 and IAS 8 regarding the definition of materiality	Annual periods beginning on or after January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	Annual periods beginning on or after January 1, 2020
Average Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	Annual periods beginning on or after January 1, 2020
Covid-19-Related Rent Concessions (amendments to IFRS 16)	Annual periods beginning on or after June 1, 2020

Definition of a Business (Amendments to IFRS 3)

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

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

- clarify that to be considered a business, an acquired set of activities and assets must include, ata minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;

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

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

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

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

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

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.

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

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

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

The Management of the Bank believes that the implementation of these amendments does not have significant effects on the Bank's Interim Consolidated Financial Statements.

Revised Conceptual Framework for Financial Reporting

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

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

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

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

The amendments cover the issues that affect the financial reporting in the period prior to the replacement of an existing benchmark interest rate with an alternative interest rate and addresses the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39

Financial Instruments: Recognition and Measurement, which requires prospective analysis. (IAS 39 was modified, as well as IFRS 9, since entities have an accounting policy choice when they first apply IFRS 9, which allows entities to continue applying the hedge accounting requirements of IAS 39). Amendments were also made to IFRS 7 Financial Instruments: Disclosures related to additional disclosures of the uncertainty caused by the interest rate benchmark reform.

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

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

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

Lease concessions related to COVID-19 (amendments to IFRS 16)

The COVID-19 pandemic has led some lessors to provide relief to lessees by deferring, or releasing them from, amounts they would otherwise have to pay. In some cases, this is accomplished through negotiation between the parties, but it may be the consequence of measures taken by a government that encourage or require that such relief be provided. This relief is taking place in many jurisdictions in which entities that apply IFRS operate.

When there is a change in lease payments, the accounting consequences will depend on whether that change meets the definition of a lease modification, which IFRS 16 defines as “a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. (For example, a lease modification includes adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)”.

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

The amendments to IFRS 16:

1. Provide an exception for lessees to assess whether the COVID 19-related lease concession is a lease modification;
2. Require lessees to apply the exception to account for the COVID 19-related lease concession as if it were not a modification to the lease.
3. Require lessees applying the exception to disclose that fact; and
4. Require lessees to apply the exception retrospectively in accordance with IAS 8, but do not require that figures from prior periods be restated.

The amendments do not provide additional relief to lessors since the current situation is not as challenging for them, and the required accounting is not as complex.

The amendments are effective for annual periods beginning on or after June 1, 2020. Early application is allowed, including financial statements that have not yet been authorized for issuance as of May 28, 2020. The amendment is also available for interim periods.

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

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

New Standards	**Effective date**
IFRS 17 Insurance contracts	Annual periods beginning on or after January 1, 2023
Amendments and Improvements to IFRS	
Classification of liabilities as current or non-current (amendments to IAS 1).	Annual periods beginning on or after January 1, 2023
References to the Conceptual Framework (amendments to IFRS 3)	Annual periods beginning on or after January 1, 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)	Annual periods beginning on or after January 1, 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	Annual periods beginning on or after January 1, 2022
Annual improvements to IFRS, cycle 2018-2020 (Amendments to IFRS 1 Business Combinations, IFRS 9 Joint Arrangements, IAS 16 Income Taxes)	Annual periods beginning on or after January 1, 2022
Extension of temporary exemption from the application of IFRS 9 (Amendments to IFRS 4).	Annual periods beginning on or after January 1, 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Annual periods beginning on or after January 1, 2021

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

IFRS 17 Insurance contracts

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

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

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

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

IFRS 17 is effective for periods beginning on or after January 1, 2023. Earlier application is permitted, An entity shall apply IFRS 17 retrospectively unless impracticable, in which case the entity shall apply the modified retrospective approach or the fair value approach.

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

IAS 1 (amendments), classification of liabilities as current or non-current.

On January 23, 2020, amendments were published in regards to the classification of liabilities as current or non-current (amendments to IAS 1) which will affect only the presentation of liabilities in the statement of financial position, not the amount nor the timing for recognition of any asset, income or liability expense, or information that entities disclose about these items. The purpose of the amendment is:

- clarify that the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period and align the wording in all amended paragraphs so that they refer to the "right" to defer the settlement by at least twelve months; and make it explicit that only the rights in force "at the end of the reporting period" should affect the classification of a liability;
- clarify that the classification is not affected by expectations about whether an entity will exercise its right to defer the settlement of a liability; and
- clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

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

Therefore, the amendment aims to promote consistency in the application of the requirements, helping companies to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (past due or potentially to be settled in one year) or non-current.

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

References to the Conceptual Framework (amendments to IFRS 3)

Changes to the References to the Conceptual Framework (amendments to IFRS 3) update IFRS 3 for the reference to the 2018 Conceptual Framework instead of 1989 Conceptual Framework. Additionally, this adds to IFRS 3 a requirement for transactions or other events within the scope of IAS 37 or IFRIC 21 an acquirer applies IAS 37 or IFRIC 1 (instead of the Conceptual Framework) to identify liabilities assumed in a business combination. Finally, it adds an explicit statement in IFRS 3 that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted, if an entity also applies all other updated references (published in conjunction with the updated Conceptual Framework) on or before the same date.

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

Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit the deduction of the cost of an item of property, plant and equipment from proceeds derived from the sale of items produced while the asset is placed on the location and in the necessary condition to operate in the manner intended by management. Instead, an entity recognizes the income from the sale of such items, and the cost of producing those items, in the statements of income.

The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is allowed. An entity applies the amendments retrospectively only to items of property, plant and equipment that were placed on the location and in the necessary condition for it to operate in the manner intended by management on or after the beginning of the most recent period in the financial statements in which the entity applies the modifications for the first time.

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

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

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the "cost of fulfilling" a contract includes the "costs that are directly related to the contract." The costs directly related to the contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that are directly related to fulfilling the contracts (an example would be the allocation of the depreciation expense for an item of property, plant and equipment used to fulfill the contract).

The amendments are effective for annual periods beginning on or after January 1, 2022. Earlier application is allowed.

Entities apply the amendments to contracts for which the entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which the entity applies the amendments for the first time. Comparative periods are not restated.

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

Annual improvements to IFRS, cycle 2018-2020 (Amendments to IFRS 1 Business Combinations, IFRS 9 Joint Arrangements, IAS 16 Income Taxes, and IAS 41)

The annual improvements contain amendments to the following standards:

IFRS 1 First Time Adoption of IFRS

The amendment allows a subsidiary that applies paragraph D16 (a) of IFRS 1 to measure accumulated translation differences using the amounts reported by its parent, based on the date of transition to IFRS of its parent.

IFRS 9 Financial Instruments

The amendment clarifies what fees an entity includes when it applies the "10 percent" test under paragraph B3.3.6 of IFRS 9 when evaluating whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid by the entity or the lender on behalf of one another.

IFRS 16, Leases

The amendment to illustrative Example 13 attached in IFRS 16 removes from the example the illustration of the reimbursement of improvements to the leased asset made by the lessor to resolve any potential confusion in the treatment of lease incentives that could arise due to how lease incentives are illustrated in that example.

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

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

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

On June 25, 2020, the IASB issued amendments to IFRS 17 to address the concerns and implementation challenges that were identified after IFRS 17 'Insurance contracts' was published in 2017. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The IASB has also issued 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to postpone the set expiration date of the amendment also to annual periods beginning on or after January 1, 2023.

The main changes resulting from the *Amendments to IFRS 17 and the Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)* are:

- Postponement of the initial application date of IFRS 17 by two years to annual periods beginning on or after January 1, 2023 and changing the set expiration date for the temporary exemption in *IFRS 4 Insurance Contracts* to apply IFRS 9 Financial instruments, so that entities are required to apply IFRS 9 for annual periods beginning on or after January 1, 2023.
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage, as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
- Recognition of cash flows from insurance acquisition related to expected contract renewals, including transition and guidance provisions for cash flows from insurance acquisition recognized in a business acquired in a business combination.
- Clarification of the application of IFRS 17 in interim financial statements that allows a choice of accounting policy at the reporting entity level.
- Clarification of the application of the contractual service margin (CSM) attributable to the return on investment service and the investment-related service and changes in the corresponding disclosure requirements.
- Expansion of the risk mitigation option to include held reinsurance contracts and non-financial derivatives.
- Amendments to require that an entity that on initial recognition recognizes losses on onerous insurance contracts issued, also recognizes a gain on held reinsurance contracts.
- Simplified presentation of insurance contracts in the statement of financial position so that entities present the insurance contracts' assets and liabilities in the statement of financial position calculated using portfolios of insurance contracts instead of groups of insurance contracts.
- Additional transition relief for business combinations and additional transition relief for the application date of the risk mitigation option and the use of the fair value transition approach.
- Several small amendments related to minor implementation issues.

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

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

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

On August 27, 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) with modifications that address issues that could affect the financial information after the reform. Of an interest rate benchmark, including its replacement with alternative interest rate benchmarks. These modifications are effective for annual periods beginning on January 1, 2021. Earlier implementation is permitted.

The IASB addressed the issues in a project divided into two phases: Phase 1 addressed the issues arising prior to replacement (issues that affect financial reporting in the period prior to the replacement of an existing interest rate benchmark). This part of the project concluded on September 26, 2019 with the issuance of the Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

Phase 2 of the project addressed replacement issues; therefore the amendments issued today address issues that could affect financial reporting when an existing interest rate benchmark is replaced. This part of the project has concluded with the issuance of today's modifications.

The changes in the Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) are as follows:

- Modification of financial assets, financial liabilities and lease liabilities: the IASB introduces a practical expedient for the modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other amendments are accounted for using current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.

- Hedge Accounting Requirements: As amended, hedge accounting is not discontinued solely due to the IBOR reform. Hedging relationships (and related documentation) should be modified to reflect changes to the hedged item, the hedging instrument, and the hedged risk. Amended hedge relationships must meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.

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

- Disclosures: in order to enable users to understand the nature and scope of the risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks, as well as the entity's progress in the transition from IBORs to alternative interest rate benchmarks, and how the entity is managing this transition, the amendments require an entity to disclose information about: alternative interest rate benchmarks, and how the entity is managing this transition; the amendments require an entity to disclose information about:

  - ✓ how the transition from interest rate benchmarks to alternative interest rate benchmarks is managed, the progress made as of the reporting date, and the risks arising from the transition;

  - ✓ quantitative information on non-derivative financial assets, non-derivative financial liabilities, and derivatives that continue to refer to interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmarks;

  - ✓ to the extent that the IBOR reform has resulted in changes to an entity's risk management strategy, a description of these changes and how the entity manages those risks.

The IASB also amended IFRS 4 to require insurers applying the temporary exemption from IFRS 9 to apply the amendments in accounting for the amendments directly required by the IBOR reform.

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

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

aj) Standards and instructions issued by the Financial Market Commission (CMF).

Circular No. 2,247: On March 25, 2020, this Circular updates the RAN (Updated Compilation of Standards) chapter 10-1, concerning repossessed assets or assets awarded in payment, exceptionally authorizing an 18-month extension in the term that banks have for selling repossessed assets.

The Bank's Management implemented these changes in the Interim Consolidated Financial Statements as of March 31, 2020.

Circular No. 2,249: Compendium of Accounting Standards for Banks. On April 20, 2020, the CMF amended Chapter E "Transitional Provisions" and postponed the period of first application of the new provisions of the Compendium of Accounting Standards, with the purpose that banks have more leeway to reallocate their technical and human resources during the duration of the Covid-19 pandemic. Therefore, the wording of Chapter E of the aforementioned compendium is replaced with the following wording: "The first application of this updated version of the Compendium of Accounting Standards for Banks will be effective as of January 1, 2022; the transition date will be January 1, 2021 for purposes of the comparative financial statements to be published beginning in March 2022 ".

The Bank's Management will implement these changes in the Interim Consolidated Financial Statements as of January 1, 2022.

CMF statement: On March 23, 2020, the CMF reported that its Council approved new measures aimed at granting greater flexibility to the financial system in the context of the global pandemic caused by Covid-19. These measures are as follows:

- Regulatory treatment that makes it possible to postpone up to three mortgage payments.
- Measures have been implemented allowing banks to give SME debtors up to 6 months to repay their loans, without this being considered a renegotiation.
- Possibility of using excess mortgage guarantee as collateral for loans to SMEs.
- Extension of terms for the sale of repossessed assets.
- Treatment of the variation margin of derivatives.

The Bank's Management implemented these measures gradually in the Interim Consolidated Financial Statements beginning on April 1, 2020.

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

CMF statement: On March 30, 2020, CMF reports flexibility in the implementation deadlines for Basel III. In coordination with the Central Bank of Chile, the CMF resolved to postpone by one year the implementation of the capital requirements required by the regulation and to maintain the general regulatory framework in force for bank capital requirements until December 2021.

The Bank's Management will implement these changes in the Consolidated Financial Statements as of December 31, 2021.

CMF statement: On April 2, 2020, the CMF reported flexibility in the treatment of provisions required from banks in rescheduling payments of mortgage, consumer and commercial loans, within the context of the Covid-19 pandemic. These measures will be temporary and are intended to avoid the recognition of an increase number of provisions due to the fact that payments of the installments corresponding to the flexibilities granted are not made.

The exceptional period for the treatment of provisions for collective portfolios takes effect on March 18, 2020 and ends on July 31, 2020, including both dates. As a necessary requirement to apply flexibility regarding provisions, banks must assess thoroughly the financial and credit conditions of the borrowers who will be eligible for the flexibility. In no case may the treatment include borrowers in default in accordance with the regulations applicable to provisions. In addition, borrowers eligible for the special treatment regarding provisions will be those who are up to date or are in default for no more than 30 days in the month in which the rescheduling takes place, during the period the flexibility measures are in force.

The Bank's Management implemented these changes in the Interim Consolidated Financial Statements effective as of the close of April 2020.

Circular No. 2,250: On April 20, 2020, this Circular updates the RAN (Updated Compilation of Standards), chapter 12-1 concerning Equity, for statutory and regulatory purposes; as a result, it incorporated an extraordinary clause that will allow to treat as part of the voluntary provisions recognized in effective equity a proportion of the collateral given by the Chilean Treasury, CORFO and FOGAPE to secure loans provided by banks.

The Bank's Management implemented these changes in its Basel regulatory report beginning on April 30, 2020.

Circular No. 2,253: On May 4, 2020, it provides guidance on aspects related to the COVID-19 guarantee lines of the Guarantee Fund for Small and Medium-sized Entrepreneurs (FOGAPE in Spanish), as regards provisions and other regulatory matters.

The Bank's Management implemented these measures in the Interim Consolidated Financial Statements beginning on May 31, 2020.

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

Letter from Management N°92020036: On July 17, 2020, the CMF issued instructions for recording provisions related to financing with FOGAPE Covid-19 guarantee. The letter provides instructions on how banking institutions should consider the effect of the deductible in the calculation of provisions, as well as instructions on how the conditions under which the direct borrower's credit risk can be replaced with FOGAPE credit quality. On July 29, 2020, the CMF, through the Association of Banks, decided to extend the application until September 2020, allowing financial institutions to recognize the largest provisions on a monthly basis, and these provisions must be completely established by the end of 2020 at the latest.

The Bank's Management implemented these changes in the Interim Consolidated Financial Statements beginning on September 30, 2020.

Circular 2,272: dated September 25, 2020, through the provisions contained in article 66 bis and 66 ter of the Chilean General Banking Act, Act 21,130, which modernizes banking legislation, introduced additional capital requirements to banking regulation, in accordance with the principles of the latest Agreement of the Basel Committee on Banking Supervision (hereinafter Basel III). These requirements, commonly known as "buffers", constitute an additional capital requirement above the statutory minimum set in the Chilean General Banking Act and are divided into 2 types: a capital conservation buffer (CCoB) and a countercyclical capital buffer (CCyB). The capital conservation buffer, according to article 66 bis of the Chilean General Banking Act, corresponds to an additional basic capital equivalent to 2.5% of the risk-weighted assets, net of required provisions, above the minimum effective equity required as per Article 66 of the aforementioned Act. For its part, the calculation of the countercyclical capital buffer, referred to in article 66 ter, is made by the Central Bank of Chile (BCCh), provided it receives a favorable report from this Commission for the Financial Market, and may vary between 0% and 2.5% of the risk-weighted assets, net of required provisions.

The Bank's Management will implemented these changes in its regulatory reports beginning on December 31, 2021.

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

ak) Standards and instructions issued by Central Bank of Chile (BCCh)

Statement BCCh: On March 23, 2020, the Central Bank announced the creation of a Credit Facility Conditional on the Increase of Loans program (FCIC in its Spanish acronym) and the Liquidity Credit Line (LCL) was activated in local currency. These are lines for banks, with funds and incentives for them to continue financing and refinancing loans to households and companies, especially those that do not have access to the capital market. The initial amount is equivalent to US$4.8 billion and may increase, as loans increase. In turn, the additional line has a growth margin four times the initial line, equivalent to US$19.2 billion, which would bring the total closer to US$24 billion. This measure at the same time considers the expansion of the collateral in order to allow borrowers to access this facility, and includes a portfolio of commercial loans individually evaluated for high credit quality, categories A1 to A3.

The Bank's Management implemented these measures beginning on April 1, 2020.

a) Instructions issued by the Ministry of Finance

Act 21,234: On May 29, 2020, the Ministry of Finance published Act 21,234 that limits the liability of holders or users of payment cards and electronic transactions in the event of loss, theft, or fraud, establishing a new liability regime in cases of loss, theft, or fraud associated with credit cards, debit cards, payment with provision of funds or any other similar system ("Payment Cards"), as well as in connection with fraudulent operations that are generated in electronic transactions carried out by electronic means that originate charges and payments or money transfers involving checking accounts, demand deposit accounts, fund provision accounts, payment cards or any other similar system. The new liability regime establishes the responsibility of issuers of payment systems, exempting users from the burden of proving operations and/or transactions unknown to them, both for those operations carried out before (up to 120 consecutive previous days) and after a notice concerning such unknown operations is submitted to the Bank, with the Bank having the burden of proving that said operations were authorized by the user and that they are recorded in the users' name. The new liability regime also establishes strict deadlines to annul charges and make refunds, as appropriate, in regards to operations regarding which users are unaware of having granted their authorization or consent.

The Bank's Management implemented these measures effective May 2020.

NOTE 2 - ACCOUNTING CHANGES

During the six-month period ended September 30, 2020, there have been no accounting changes with respect to the prior period that affect these interim consolidated financial statements.

NOTE 3 - SIGNIFICANT EVENTS

a) Agreement for the distribution of 2019 profits

A Board meeting held on February 25, 2020 agreed to distribute the net profits of the Bank in 2019, which was approved at the Ordinary Shareholders' Meeting held on April 8, 2020. The Board approved the following matters:

• Distribute the net income for the year 2019, amounting to Ch$ 402,645,431,356 (MCh$ 402,645), as follows:

-Distribute a dividend of Ch$ 1,000 per share among the total of 141,616,409 shares issued and registered in the Shareholder Registry, which involves allocating for this purpose the sum of Ch$ 141,616,409,000 (MCh$ 141,616), that is, 35.17% of the Bank's profits, and;

-Allocate the remaining balance of profits of the year, to the fund of reserves from profits, that is, the sum of Ch$ 261,029,022,356 (MCh$ 261,029).

The Extraordinary Shareholders Meeting, held on April 8, 2020, approved :

• Capitalize reserves from profits of Ch$ 261,029,022,356 (MCh$ 261,029) as follows:

-The sum of Ch$261,028,993,054 (MCh$ 261,029) through the issuance of 7,151,531 no-payment no par value shares.

-The sum of Ch$29,302 (MCh$ 0), to capitalization, without issuance of shares.

The Bank's subscribed and paid-in capital would be Ch$ 3,655,827,696,002 (MCh$3,655,828) divided into 148,767,940 single series, nominative, no par value shares.

The by-law amendment related to this capital increase was approved by the CMF through Resolution No. 3058 dated June 10, 2020 and the capita increase was registered in the public registry of securities on July 20, 2020.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

b) Issuance and placement of bonds

During 2020, the following issue of ordinary bonds took place in Swiss Francs:

Series	Issuance date	CHF	TIR rate	Maturity date
CH0506071239	03.18.2020	125,000,000	0.10%	09.18.2026

During 2020, the following placement of ordinary bonds took place in Swiss Francs:

Series	Issuance date	CHF	TIR rate	Maturity date
CH00506071239	03.18.2020	125,000,000	0.10%	09.18.2026

During 2020, the following issue of subordinated bonds took place in UF:

Series	Issuance date	UF	TIR rate	Maturity date
UBCIB11219	06.11.2020	3,000,000	1.32%	12.01.2039
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28 %	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049

During 2020, the following issue of subordinated bonds took place in UF:

Series	Issuance date	UF	TIR rate	Maturity date
UBCIB11219	06.11.2020	3,000,000	1.32%	12.01.2039
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB21219	06.22.2020	1,000,000	1.30%	12.01.2044
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28 %	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049
UBCIB31219	06.24.2020	500,000	1.28%	12.01.2049

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

c) Incorporation of Banco BCI Peru

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

As of September 30, 2020 (and as of the date of presentation of these interim consolidated financial statements) progress is being made in regards to the authorization by the CMF in Chile and the SBS in Peru.

d) Acquisition of Executive Banking Corporation

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

A subsequent December 18, 2019 amendment to the "Agreement and Plan of Merger" established that Executive Corporation would collapse its ownership structure, and that the Executive Bank would be the surviving entity; then BCI Financial would acquire all the shares in Executive Bank, and finally Executive Bank merges with CNB, with the latter becoming the surviving entity (the "Transaction").

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

As of June 30, 2020, Executive Bank had assets worth US$ 524 million, the Transaction had already been approved by the FDIC and the OCC in the United States and the remaining authorization processes continued to advance.

On July 30, 2020, a second amendment to the "Agreement and Plan of Merger" was signed that, among other matters, adjusted the investment to US$62 million (previously, it was US$ 75 million as indicated in note 3, d) and, on August 6, 2020, this received the authorization from the CMF. In this regard, in order to conclude

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

the Transaction, the approvals of the Transaction by the Central Bank of Chile and the FED are required (the latter would ultimately be conditional upon the necessary approvals in Chile).

As of September 30, 2020, all the necessary authorizations, both from the authorities in Chile and in the United States of America, have been obtained to complete the acquisition. Therefore the closing of the transaction and the taking of control are anticipated to occur in October 2020.

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

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

On December 12, 2019, the Council of the Financial Market Commission approved the aforementioned request in ordinary meeting number 161. As of September 30, 2020 the company is in a liquidation process.

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

On December 30, 2019, written authorization was received from the CMF 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.

On September 16, 2020, a total of 24,367,563 shares were subscribed and paid in, pro rata of the current shareholding. The involved amount is MCh$ 14,499.

g) Election of Directors

At a Board Meeting on June 23, 2020, the Director Lionel Olavarria Leyton resigned from his position as Director and Vice Chairman of the Board. As a result, the Board appointed Mr. Jorge Becerra Urbano as his replacement until the next Ordinary Shareholders' Meeting, which must make the final appointment of the person who will take up the position of Director.

In the same Board meeting, the Director Mr. Juan Edgardo Goldenberg Peñafiel was appointed as Vice Chairman of the Board.

h) Covid-19

On March 23, 2020, the Central Bank of Chile announced the creation of the Conditional Credit Facility to Increase Bank Loans (FCIC for its acronym in Spanish). This is a special financial facility for banking entities, and provides funds and incentives so that they continue to finance and refinance loans for households

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

and companies, especially for those companies that do not have access to the capital market. In addition, the Liquidity Credit Line (LCL) in local currency was created, which provides funds under the same conditions

as the FCIC line. As of September 30, 2020, the Bank has requested MCh$ 3,122,400 from FCIC line and MCh$ 784,880 from the LCL.

- On March 23, 2020, as indicated in Note 1, section ag), the CMF published a package of measures aimed at giving greater flexibility to the financial system: chief among them is the postponement of 3 mortgage payments (the Bank granted a 6-month delay on mortgage payments) and measures for banks to postpone by up to 6 months the repayment of loans owed by SMEs. As of September 30, 2020, the Bank has agreed that the payments of 64,800 mortgage loans, amounting to MCh$ 197,555, be postponed; and has agreed to the postponements of 4,347 repayments of loans, amounting to MCh$ 95,864, by SMEs, as a result of the Covid funding for working capital.

- On April 8, 2020, the State of Chile, promoted by the Ministry of Finance, proposed to expand significantly the Guarantee Fund for Small Entrepreneurs (FOGAPE for its acronym in Spanish). The State guarantees were increased up to US$ 3 billion, allowing the financing of companies with up to UF 1 million in annual sales. This measure consists in providing partial collateral to banks so that they can make working capital available to customers. This measure will be in force for 6 months until September 30, 2020. The loans have a term of up to 48 months and there is a 6-month grace period. As of September 30, 2020, the Bank has granted 21,476 loans under a FOGAPE guarantee to the SME and Companies segment, totaling MCh$ 1,864,258.

On the other hand, in the United States the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress with overwhelming, bipartisan support and signed into law by President Trump on March 27th, 2020. This is the largest single economic relief package signed into law in the history of the United States and will provide relief to almost every person in that country. This economic relief package amounts to over US $2 trillion. The CARES Act will allocate US$ 376 billion to help workers and small businesses through the Federal Small Business Administration (SBA). This financing package has been implemented by BCI Financial Group, INC and Subsidiaries, and as of September 30, 2020, a total of 9,412 operations, worth US$ 1,857 million, have been conducted.

Additionally, on July 21, 2020, another program called Main Street Lending Program (MSLP) was implemented, which is part of the CARES Act. This program is a new offering created by the Federal Reserve to assist businesses during the current COVID-19 crisis and associated economic recession. This program is aimed at companies with fewer than 15,000 employees or with annual revenue less than US$ 5 billion. This particular program is designed to help banks give money more freely to companies that need a loan by purchasing a large portion of the bank loan, thus relieving banks of most of the risk. In other words, once a company obtains the loan, the Federal Reserve buys 95% of the loan from the bank, leaving only 5% with the bank that provided the loan. As of September 30, 2020, 89 operations amounting to 26 million dollars have been processed.

The Bank is in the process of determining additional effects going forward. Given the current level of uncertainty, it is not possible to have an estimate of such effects as of the date of these financial statements.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

On the other hand, in the United States the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress with overwhelming, bipartisan support and signed into law by President Trump on March 27th, 2020. This is the largest single economic relief package signed into law in the history of the United States and will provide relief to almost every person in that country. This economic relief package amounts to over US $2 trillion.

The CARES Act will allocate US$ 376 billion to help workers and small businesses through the Federal Small Business Administration (SBA). This financing package has been implemented by BCI Financial Group, INC and Subsidiaries, and as of June 30, 2020, a total of 9,021 operations, worth US$ 1.8 billion, have been conducted.

The Bank is in the process of determining additional effects going forward. Given the current level of uncertainty, it is not possible to have an estimate of such effects as of the date of these financial statements.

I) Pagos y Servicios S.A.

On March 25, 2020, through resolution No. 2450, the Financial Market Commission authorized Banco de Crédito e Inversiones to make an investment, as a minority interest, in the special stock company called Pagos y Servicios S.A., which operates under the commercial name “BCI Pagos”, and which will have as single line of business to act as a payment card operator. The Bank has contributed the amount of Ch$ 356,064,943 to this entity, divided into 499 shares, which is equivalent to a 49.9% interest.

Currently, BCI Pagos is in the process of obtaining authorization from the CMF to start operations.

NOTE 4 - INFORMATION BY SEGMENTS

Segment structure

In accordance with IFRS 8, the Bank has aggregated operating segments with similar economic characteristics based on the aggregation criteria specified in the standard. Thus, a reporting segment comprises clients to whom differentiated products are addressed, which are homogeneous and whose performance is measured in a similar way, thus part of the same reporting segment. In general, this aggregation does not have any significant impact for understanding the nature and effects of the Bank’s business activities and the economic environment in which it operates.

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

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

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

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

NOTE 4 - INFORMATION BY SEGMENTS, CONTINUED

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

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

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

Retail Banking: Individuals. Individuals, Preferential, and Nova.

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

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

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

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

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

BCI Financial Group, INC. and Subsidiaries Segment:corresponds to the businesses and operations carried out in the United States through the City National Bank of Florida (CNB), which operates as an separate unit, under the supervision of senior management in Chile.

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

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:

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

NOTE 4 - INFORMATION BY SEGMENTS, CONTINUED

Allocation of expenses to reporting segments:

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

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

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

These criteria have been applied for the periods ended September 30, 2020 and 2019.

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

NOTE 4 - INFORMATION BY SEGMENTS, CONTINUED

a) Profit or loss 2020:

	For the 9 months ended September 30, 2020								
	Retail Banking		Wholesale Banking						
	Bank Retail	Small & Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCI Financial Group, INC, and Subsidiaries (BCIFG):	Financial Services	Other	Consolidated balances
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Net interest and indexation income	323,342	115,784	179,444	106,413	(1,886)	268,950	95,443	(20,283)	**1,067,207**
Net fee and commission income	120,466	27,249	25,700	22,597	(2,539)	34,555	32,267	(487)	**259,808**
Other operating income	20,451	7,678	6,788	9,645	142,462	3,433	7,120	4,423	**202,000**
Operating income	**464,259**	**150,711**	**211,932**	**138,655**	**138,037**	**306,938**	**134,830**	**(16,347)**	**1,529,015**
Provision for loan losses and impairment of repossessed assets	(138,918)	(69,190)	(50,168)	(18,361)	(1,356)	(63,498)	(67,342)	(84,000)	**(492,833)**
Operating income, net	**325,341**	**81,521**	**161,764**	**120,294**	**136,681**	**243,440**	**67,488**	**(100,347)**	**1,036,182**
Total operating expenses	**(292,763)**	**(72,914)**	**(73,250)**	**(51,435)**	**(31,041)**	**(137,921)**	**(59,137)**	**(16,766)**	**(735,227)**
TOTAL NET OPERATING INCOME	**32,578**	**8,607**	**88,514**	**68,859**	**105,640**	**105,519**	**8,351**	**(117,113)**	**300,955**
Share of profits of investments accounted for using the equity method									**873**
Income before income tax									**301,828**
Income tax paid									**(77,671)**
CONSOLIDATED NET INCOME FOR THE PERIOD									**224,157**

NOTE 4 - INFORMATION BY SEGMENTS, CONTINUED

b) Business volume 2020:

	As of September 30, 2020							
	Retail Banking		Wholesale Banking					
	Bank Retail	Bank Small & Medium Enterprise	Bank Commercial	C&IB Commercial Division C&IB	C&IB Finance Division	BCI Financial Group, INC, and Subsidiaries (BCIFG):	Financial Services	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS	11,182,931	3,103,252	7,287,440	5,981,648	15,143,386	13,722,508	643,165	**57,064,330**
LIABILITIES	6,194,807	2,166,182	4,560,189	8,185,594	19,235,307	12,198,030	569,450	**53,109,559**
SHAREHOLDERS' EQUITY								**3,954,771**

c) Profit or loss 2019:

	For the 9 months ended September 30, 2019								
	Retail Banking		Wholesale Banking						
	Retail Banking	Small & Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCI Financial Group, INC, and Subsidiaries (BCIFG):	Financial Services	Other	Consolidated balances
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Net interest and indexation income	337,631	120,520	175,848	84,631	(30,898)	203,311	93,689	(12,622)	**972,110**
Net fee and commission income	133,007	26,947	31,304	14,239	3,705	20,907	35,107	(1,117)	**264,099**
Other operating income	25,504	6,271	6,629	7,637	91,260	10,071	10,187	3,120	**160,679**
Operating income	**496,142**	**153,738**	**213,781**	**106,507**	**64,067**	**234,289**	**138,983**	**(10,619)**	**1,396,888**
Provision for loan losses Impairment of repossessed assets	(141,663)	(50,529)	(22,984)	(4,588)	(33)	(10,582)	(66,521)	-	**(296,900)**
Operating income, net	**354,479**	**103,209**	**190,797**	**101,919**	**64,034**	**223,707**	**72,462**	**(10,619)**	**1,099,988**
Total operating expenses	(296,227)	(76,588)	(79,622)	(46,893)	(30,713)	(108,500)	(56,233)	(5,842)	**(700,618)**
									-
TOTAL NET OPERATING INCOME	**58,252**	**26,621**	**111,175**	**55,026**	**33,321**	**115,207**	**16,229**	**(16,461)**	**399,370**
Share of profits of investments accounted for using the equity method									**11,785**
Income before income tax									**411,155**
Income tax paid									**(88,859)**
CONSOLIDATED NET INCOME FOR THE PERIOD									**322,296**

NOTE 4 - INFORMATION BY SEGMENTS, CONTINUED

d) Business volume 2019:

	As of September 30, 2019							
	Retail Banking		Wholesale Banking					
	Bank Retail	Bank Small & Medium Enterprise	Bank Commercial	C&IB Commercial Division C&IB	C&IB Finance Division	BCI Financial Group, INC, and Subsidiaries (BCIFG):	Financial Services	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS	10,753,234	2,342,042	6,367,453	4,986,115	10,752,020	11,107,092	727,606	**47,035,562**
LIABILITIES	4,530,153	1,493,855	3,718,351	8,719,771	14,411,884	9,823,184	674,039	**43,371,237**
SHAREHOLDERS' EQUITY								**3,664,325**

NOTE 5 - CASH AND CASH EQUIVALENTS

a) Details of balances included within cash and cash equivalents, and their reconciliation with the interim consolidated statements of cash flows, are as follows:

	As of September 30,		As of December 31
	2020	2019	2019
	MCh$	MCh$	MCh$
Cash and deposits in banks			
Cash	523,745	534,167	530,345
Deposits in Central Bank of Chile (*)	1,641,183	334,751	917,204
Deposits in domestic banks	12,260	10,749	23,422
Deposits in foreign banks	1,671,917	1,537,199	1,682,789
Subtotal cash and deposits in banks	3,849,105	2,416,866	3,153,760
Items in course of collection, net	(143,982)	103,704	109,626
Highly liquid financial instruments	1,775,413	103,565	12,035
Repurchase agreements	133,716	102,282	156,307
Total cash and cash equivalents	**5,614,252**	**2,726,417**	**3,431,728**

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

b) Items in course of collection

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

	As of September 30,		As of December 31
	2020	2019	2019
	MCh$	MCh$	MCh$
Assets			
Outstanding notes from other Banks	55,101	122,437	136,326
Funds receivable	304,055	205,280	174,276
Subtotal assets	359,156	327,717	310,602
Liabilities			
Funds payable	503,138	224,013	200,976
Subtotal liabilities	503,138	224,013	200,976
Items in course of collection, net	**(143,982)**	**103,704**	**109,626**

NOTE 6 - TRADING PORTFOLIO FINANCIAL ASSETS

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

	As of September 30	As of December 31
	2020	2019
	MCh$	MCh$
Instruments of the state and Central Bank of Chile (*)		
Bonds of the Central Bank of Chile	5,193	518,073
Promissory notes of the Central Bank of Chile	84,020	29
Other instruments of the State and Central Bank of Chile	250,418	876,977
Instruments of other domestic institutions:		
Bonds	459,502	230,626
Term deposits	50,829	300,375
Letters of credit	4,985	2,106
Documents issued by other financial institutions	69,052	133,147
Other instruments	46,316	78,107
Instruments of other foreign institutions:		
Other instruments	9,320	1,940
Investments in mutual funds:		
Funds administered by related parties	39,682	34,591
Funds administred by third parties	55,447	36,286
Total	**1,074,764**	**2,212,257**

(*) As of September 30, 2020 and as of December 31 2019, the Bank holds instruments issued by the Central Bank of Chile, classified under "Instruments of the State and Central Bank of Chile" for MCh$414,355 and MCh$591,476, respectively.

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

a) Securities purchased under agreements to resell:

	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		
Type of entity		**Average rate**		**Average rate**		**Average rate**	**As of 30 September 2020**
	MCh$	**%**	**MCh$**	**%**	**MCh$**	**%**	**MCh$**
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	19,412	0.12	2,336	0.11	-	-	**21,748**
Other domestic financial institutions	-	-	-	-	-	-	-
Foreign financial institutions	-	-	-	-	-	-	-
Related party (individuals or entities)	114,304	0.11	60,488	0.12	-	-	174,792
Total	**133,716**		**62,824**		**-**		**196,540**

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

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

b) Securities sold under repurchase agreements:

	Maturity of the agreement						
	Up to 3 months		Between 3 months and 1 year		Over 1 year		
Type of entity		Average rate		Average rate		Average rate	As of 30 September 2020
	MCh$	%	MCh$	%	MCh$	%	MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	-	-	-	-	-	-	-
Other domestic financial institutions	457	0.02	-	-	-	-	**457**
Foreign financial institutions	-	-	-	-	-	-	-
Related party (individuals or entities)	206,014	0.09	-	-	-	-	**206,014**
Total	**206,471**				**-**		**206,471**

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

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING

a) As of September 30, 2020 and as of December 31, 2019, the Bank and its subsidiaries held the following portfolio of derivative instruments:

As of September 30, 2020

	Notional Amount		Fair value	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Trading Derivatives				
Forwards	28,887,366	28,583,102	324,980	280,916
Swaps	129,802,352	127,756,835	4,404,677	4,516,651
Call Options	195,867	195,944	4,289	2,685
Put Options	230,770	215,308	1,133	1,967
Futures	39,220	39,220	403	-
Other	-	-	-	-
Subtotal	**159,155,575**	**156,790,409**	**4,735,482**	**4,802,219**
Fair Value Hedge Derivatives				
Forwards	-	-	-	-
Swaps	1,517,812	1,074,486	236,089	88,584
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	1,517,812	1,074,486	236,089	88,584
Cash Flow Hedge Derivatives				
Forwards	-	241,146	4,810	2,438
Swaps	2,113,187	2,704,548	905,146	1,115,146
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Other	-	-	-	-
Subtotal	**2,113,187**	**2,945,694**	**909,956**	**1,117,584**
Total	**162,786,574**	**160,810,589**	**5,881,527**	**6,008,387**

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

As of December 31, 2019

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

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

b) Types of derivatives

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

Fair value hedges:

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

The following tables provide a summary of the hedged items and hedging instruments for fair value hedge accounting as of September 30, 2020 and as of December 31, 2019 in notional amounts:

	As of September 30, 2020		As of December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Hedged item	MCh$	MCh$	MCh$	MCh$
Bonds issued MX/MN	-	977,471	-	1,368,186
Term deposits	-	254,061	-	87,000
Investment MX	365,402	-	274,770	-
Macro hedge MN, MX	709,084	-	716,241	-
Obligations MN	-	286,280	-	368,421
Total	**1,074,486**	**1,517,812**	**991,011**	**1,823,607**

	As of September 30, 2020		As of December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	MCh$	MCh$	MCh$	MCh$
Cross Currency Swaps	432,178	759,169	913,788	769,721
Interest rate Swap MN	254,061	-	87,000	-
Interest rate Swap MX	831,573	315,317	822,819	221,290
Total	**1,517,812**	**1,074,486**	**1,823,607**	**991,011**

MX: Foreign currency
MN: Domestic currency

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

Cash flow hedges:

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

The following tables provide a summary of the hedged items and hedging instruments for fair value hedge accounting as of September 30, 2020 and December 31, 2019:

	As of September 30, 2020		As of December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Hedged item	MCh$	MCh$	MCh$	MCh$
Assets UF > 1Y	1,748,581	-	1,761,728	-
Future obligations USD	-	70,590	-	67,669
Term deposits Ch$	-	1,830,413	-	978,392
Assets UF	345,105	-	330,827	-
Credits MX	745,114	-	488,722	-
Bond MN/MX	78,433	212,184	75,188	568,826
Assets USD	28,461	-	28,461	-
Total	**2,945,694**	**2,113,187**	**2,684,926**	**1,614,887**

	As of September 30, 2020		As of December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	MCh$	MCh$	MCh$	MCh$
Cross Currency Swaps	282,774	1,757,592	636,496	1,510,103
Forward UF	-	241,146	-	523,734
Swap MX	-	745,114	-	-
Forward USD	-	-	-	-
Swap rate	1,830,413	201,842	978,391	651,089
Total	**2,113,187**	**2,945,694**	**1,614,887**	**2,684,926**

MX: Foreign currency
MN: Domestic currency

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

Hedge of a net investment in a foreign operation:

The hedge of a net investment in a foreign operation seeks to 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 September 30, 2020 and December 31, 2019:

	As of September 30, 2020		As of December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net investment in a foreign operation	-	-	114,224	-
Total	**-**	**-**	**114,224**	**-**

	As of September 30, 2020		As of December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Hedging instrument	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Bonds in foreign currency	-	-	-	114,224
Total	**-**	**-**	**-**	**114,224**

MX: Foreign currency

NOTE 8 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

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

Periods of expected future cash flows

	As of September 30, 2020				
	Within 1Y	**Between 1Y 5Y**	**Between 5Y 10Y**	**More than 10Y**	**Total**
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash inflows	585,641	3,319,697	2,215,222	63,152	6,183,712
Cash outflows	(597,708)	(2,804,704)	(2,103,904)	(76,346)	(5,582,662)
Net cash flows	**(12,067)**	**514,993**	**111,318**	**(13,194)**	**601,050**
Hedging instrument					
Cash inflows	597,708	2,804,704	2,103,904	76,346	5,582,662
Cash outflows	(585,641)	(3,319,697)	(2,215,222)	(63,152)	(6,183,712)
Net cash flows	**12,067**	**(514,993)**	**(111,318)**	**13,194**	**(601,050)**

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 outflows	(753,431)	(1,810,551)	(1,428,555)	(62,456)	(4,054,993)
Net cash flows	**237,244**	**214,309**	**(60,973)**	**(7,226)**	**383,354**
Hedging instrument					
Cash 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)**

NOTE 9 - LOANS AND RECEIVABLES FROM BANKS, NET

a) As of September 30, 2020 and December 31, 2019, balances related to this item are the following:

	As of September 30 2020 MCh$	As of December 31 2019 MCh$
Domestic banks		
Highly liquid interbank loans	-	-
Allowance for loan losses of domestic banks	-	-
Foreign banks		
Highly liquid interbank loans	346,809	458,145
Allowance for loan losses of foreign banks	(406)	(505)
Total	**346,403**	**457,640**

b) The rollforward as of September 30, 2020 and December 31, 2019 of provisions and impairment is as follows:

Detail	As of September 30, 2020 Domestic banks MCh$	As of September 30, 2020 Foreign banks MCh$	As of September 30, 2020 Total MCh$	As of December 31, 2019 Domestic banks MCh$	As of December 31, 2019 Foreign banks MCh$	As of December 31, 2019 Total MCh$
Balance as of January 1,	**-**	**505**	**505**	**-**	**606**	**606**
Write-offs	-	-	**-**	-	-	**-**
Allowances established	-	208	**208**	-	1,360	**1,360**
Reversal of provisions	-	(307)	**(307)**	-	(1,461)	**(1,461)**
Impairment of property, plant and equipment and intangible assets	-	-	**-**	-	-	**-**
Reversal of impairment	-	-	**-**	-	-	**-**
Ending balance	**-**	**406**	**406**	**-**	**505**	**505**

NOTE 10 - LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET

a) Loans and receivables from customers, net

As of September 30, 2020 and December 31, 2019, the composition of the loan portfolio was as follows:

	Assets before allowances				Allowances established			
As of September 30, 2020	**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 (*)	19,303,823	1,073,336	615,184	20,992,343	(200,718)	(175,876)	(376,594)	20,615,749
Foreign trade loans	914,873	42,960	228	958,061	(17,054)	(619)	(17,673)	940,388
Checking accounts	96,873	1,483	12,012	110,368	(1,386)	(7,312)	(8,698)	101,670
Factoring operations	720,072	9,245	4,335	733,652	(6,392)	(1,689)	(8,081)	725,571
Student Loans	128,682	-	19,071	147,753	-	(5,355)	(5,355)	142,398
Consumer leasing transactions	1,440,941	58,259	50,167	1,549,367	(21,139)	(8,295)	(29,434)	1,519,933
Other loans	47,852	353	11,176	59,381	(1,658)	(6,238)	(7,896)	51,485
Subtotal	**22,653,116**	**1,185,636**	**712,173**	**24,550,925**	**(248,347)**	**(205,384)**	**(453,731)**	**24,097,194**
Mortgage loans:								
Letters of credit	5,742	-	444	6,186	-	(48)	(48)	6,138
Negotiable mortgage loans	1,636,599	-	14,342	1,650,941	-	(61)	(61)	1,650,880
Other mortgage loans	6,764,051	-	227,778	6,991,829	-	(47,607)	(47,607)	6,944,222
Consumer leasing transactions	-	-	-	-	-	-	-	-
Other loans	132,072	-	3,988	136,060	-	(637)	(637)	135,423
Subtotal	**8,538,464**	**-**	**246,552**	**8,785,016**	**-**	**(48,353)**	**(48,353)**	**8,736,663**
Consumer loans:								
Consumer loans in installments	1,890,570	-	293,805	2,184,375	-	(151,280)	(151,280)	2,033,095
Checking accounts	54,316	-	13,248	67,564	-	(9,218)	(9,218)	58,346
Credit card borrowers	1,122,767	-	80,866	1,203,633	-	(97,332)	(97,332)	1,106,301
Consumer leasing transactions	813	-	12	825	-	(14)	(14)	811
Other loans	22,550	-	171	22,721	-	(3,559)	(3,559)	19,162
Subtotal	**3,091,016**	**-**	**388,102**	**3,479,118**	**-**	**(261,403)**	**(261,403)**	**3,217,715**
		-						
TOTAL	**34,282,596**	**1,185,636**	**1,346,827**	**36,815,059**	**(248,347)**	**(515,140)**	**(763,487)**	**36,051,572**

(*) Includes loans corresponding to Protected Assets Fund No. 27 as stated in Note 1, ag.
As of September 30, 2020, the Bank has established provisions totaling MCh$ 36,898 to cover the FOGAPE Covid-19 guarantees deductible.

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

	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**
Mortgage loans:								
Letters of credit	7,653	-	581	8,234	-	(60)	(60)	8,174
Negotiable mortgage loans	1,697,093	-	16,799	1,713,892	-	(10,097)	(10,097)	1,703,795
Other mortgage loans	6,385,596	-	226,251	6,611,847	-	(31,477)	(31,477)	6,580,370
Consumer leasing transactions	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-
Subtotal	**8,090,342**	**-**	**243,631**	**8,333,973**	**-**	**(41,634)**	**(41,634)**	**8,292,339**
Consumer loans:								
Consumer loans in installments	2,151,324	-	265,823	2,417,147	-	(154,773)	(154,773)	2,262,374
Checking accounts	105,790	-	12,320	118,110	-	(9,340)	(9,340)	108,770
Credit card borrowers	1,289,210	-	74,110	1,363,320	-	(105,432)	(105,432)	1,257,888
Consumer leasing transactions	1,247	-	41	1,288	-	(47)	(47)	1,241
Other loans	36,355	-	413	36,768	-	-	-	36,768
Subtotal	**3,583,926**	**-**	**352,707**	**3,936,633**	**-**	**(269,592)**	**(269,592)**	**3,667,041**
Total	**31,989,661**	**688,259**	**1,202,858**	**33,880,778**	**(189,281)**	**(479,040)**	**(668,321)**	**33,212,457**

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

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

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

The Bank uses finance lease agreements for terms from 1 to 10 years, depending on the contract, to finance acquisition of property, both movable and immovable, for its clients. As of September 30, 2020 and December 31, 2019, the Bank held approximately MCh$604,146 and MCh$616,757, respectively, of financial leases on movable assets, and MCh$946,046 and MCh$996,020, respectively, of financial leases on real estate property.

The following table provides a reconciliation between gross investment in lease and present value of minimum lease payments as of September 30, 2020 and December 31 2019:

	As of September 30	As of December 31
	2020	2019
	MCh$	MCh$
Gross investments in lease	1,728,703	1,812,480
Unearned income from financial lease	(178,511)	(199,703)
Net financial leases	**1,550,192**	**1,612,777**

	As of September 30	As of December 31
	2020	2019
	MCh$	MCh$
Less than 1 year	415,216	345,138
Between 1 and 5 years	523,784	755,004
Over 5 years	611,192	512,635
Total	**1,550,192**	**1,612,777**

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

The Bank has obtained repossessed assets for an amount of MCh$5,828 as of September 30, 2020 and MCh$9,509 for December 31, 2019 through the execution of collateral held on assets.

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

b) Portfolio characteristics:

As of September 30, 2020 and December 31, 2019, the loan portfolio, before allowances for loan losses, by type of customer economic activity is as follows:

	Domestic loans		Foreign loans		Total			
	As of September 30	As of December 31	As of September 30	As of December 31	As of September 30	As of December 31	As of September 30 31	As of December
	2020	2019	2020	2019	2020	2019	2020	2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	%	%
Commercial loans:								
Agriculture and livestock except fruits	427,683	309,464	85,862	132,164	513,545	441,628	1.39%	1.30%
Fruits	267,989	71,790	23,743	180,790	291,732	252,580	0.79%	0.75%
Forestry and wood extraction	125,397	114,399	17,695	18,534	143,092	132,933	0.39%	0.39%
Fishing	154,814	30,619	4,581	127,668	159,395	158,287	0.43%	0.47%
Mining	215,638	59,896	12,931	189,831	228,569	249,727	0.62%	0.74%
Crude oil and natural gas production	3,414	1,631	82,383	129,105	85,797	130,736	0.23%	0.39%
Food, beverage and tobacco industry	366,972	252,141	68,679	126,031	435,651	378,172	1.18%	1.12%
Textile and leather industry	57,653	26,777	18,683	35,913	76,336	62,690	0.21%	0.19%
Timber and furniture industry	69,399	42,533	7,241	17,161	76,640	59,694	0.21%	0.18%
Print and editorial industry	59,022	48,332	37,930	13,801	96,952	62,133	0.26%	0.18%
Chemical product, derived from oil , coal, rubber and plastic	203,545	154,026	50,951	86,729	254,496	240,755	0.69%	0.71%
Production of metal and non-metal production, machinery and equipment	569,250	347,951	181,401	205,198	750,651	553,149	2.04%	1.63%
Other manufacturing industries	46,987	32,032	263,160	234,914	310,147	266,946	0.84%	0.79%
Electricity, gas and water	530,426	275,135	124,600	324,339	655,026	599,474	1.78%	1.77%
Home construction	84,652	170,061	12,094	7,098	96,746	177,159	0.26%	0.52%
Other construction	998,758	1,487,819	961,103	216,493	1,959,861	1,704,312	5.32%	5.03%
Wholesale business	1,467,004	851,995	153,427	738,469	1,620,431	1,590,464	4.40%	4.69%
Retail, restaurants and hotels	865,770	672,625	1,680,030	1,061,651	2,545,800	1,734,276	6.92%	5.12%
Transporting and storage	737,088	418,851	388,503	545,124	1,125,591	963,975	3.06%	2.85%
Communications	245,476	232,272	214,225	175,235	459,701	407,507	1.25%	1.20%
Financial and insurance companies	1,797,739	2,313,758	817,261	385,265	2,615,000	2,699,023	7.10%	7.97%
Real estate and service providers	1,264,102	2,019,681	3,894,876	2,659,335	5,158,978	4,679,016	14.01%	13.79%
Services	857,086	1,974,996	4,033,702	2,090,540	4,890,788	4,065,536	13.28%	12.00%
Subtotal	**11,415,864**	**11,908,784**	**13,135,061**	**9,701,388**	**24,550,925**	**21,610,172**	**66.69%**	**63.78%**
Mortgage loans	7,138,125	6,625,448	1,646,891	1,708,525	8,785,016	8,333,973	23.86%	24.60%
Consumer loans	3,420,378	3,861,838	58,740	74,795	3,479,118	3,936,633	9.45%	11.62%
Total	**21,974,367**	**22,396,070**	**14,840,692**	**11,484,708**	**36,815,059**	**33,880,778**	**100.00%**	**100.00%**

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

c) Provisions

The changes in allowances for loan losses as of September 30, 2020 and December 31, 2019 are summarized as follows:

	As of September 30, 2020			As of December 31, 2019		
	Individual allowance	Collective allowance	Total	Individual allowance	Collective allowance	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balances as of January 1,	**189,281**	**479,040**	**668,321**	**184,362**	**372,405**	**556,767**
Portfolio write-offs:						
Commercial loans	(22,263)	(47,165)	(69,428)	(37,978)	(72,802)	(110,780)
Mortgage loans	-	(5,937)	(5,937)	-	(8,846)	(8,846)
Consumer loans	-	(253,812)	(253,812)	-	(276,651)	(276,651)
Total Write-offs	**(22,263)**	**(306,914)**	**(329,177)**	**(37,978)**	**(358,299)**	**(396,277)**
Allowances established	88,776	401,993	490,769	71,249	477,348	548,597
Reversal of provisions	(7,447)	(58,979)	(66,426)	(28,352)	(12,414)	(40,766)
Ending balance	**248,347**	**515,140**	**763,487**	**189,281**	**479,040**	**668,321**

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

	As of September 30 2020	As of December 31 2019
	MCh$	MCh$
Individual and collective allowance	763,487	668,321
Provisions for contingent credit risk (Note 20)	49,701	42,669
Additional provisions (Note 20)	134,043	16,692
Minimum provision 0.50% (Note 20)	-	10,708
Provisions for country risk (Note 20)	3,341	3,017
Allowances on loans and receivables from banks (Note 9)	406	505
Total	**950,978**	**741,912**

As of September 30, 2020, the Bank has established provisions totaling MCh$ 36,898 to cover the FOGAPE Covid-19 guarantees deductible.

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

During the period 2020 and the year 2019, the Bank has not participated in purchase, sale, substitutions or credit swap transactions of the loan portfolio with financial institutions other than those reported in these interim consolidated financial statements.

d) Collateral

Impaired loan portfolio, secured and unsecured, before allowances for loan losses, as of September 30, 2020 and as of December 31, 2019 was as follows:

	As of September 30, 2020				As of December 31, 2019			
	Commercial	**Mortgage**	**Consumer**	**Total**	**Commercial**	**Mortgage**	**Consumer**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Secured debt	796,687	241,470	83,695	**1,121,852**	683,589	239,842	79,170	**1,002,601**
Unsecured debt	167,370	5,082	304,407	**476,859**	122,506	3,789	273,537	**399,832**
Total	**964,057**	**246,552**	**388,102**	**1,598,711**	**806,095**	**243,631**	**352,707**	**1,402,433**

e) Past due portfolio

The past due portfolio (overdue for 90 days or more) as of September 30, 2020 and as of December 31 2019 was as follows:

	As of September 30, 2020				As of December 31, 2019			
	Commercial	**Mortgage**	**Consumer**	**Total**	**Commercial**	**Mortgage**	**Consumer**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Secured debt	247,121	69,843	8,295	**325,259**	221,811	84,118	6,393	**312,322**
Unsecured debt	84,233	4,021	88,441	**176,695**	61,775	3,915	83,744	**149,434**
Total	**331,354**	**73,864**	**96,736**	**501,954**	**283,586**	**88,033**	**90,137**	**461,756**

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

f) Normal, substandard and non-compliant portfolio:

	As of September 30, 2020															
	Normal				Substandar				Non-compliant				Total portfolio			
	Commercial	Mortgage	Consumer	Total Normal	Commercial	Mortgage	Consumer	Total substandar	Commercial	Mortgage	Consumer	Total non-compliant	Commercial	Mortgage	Consumer	Total portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Portfolio Current	22,146,021	8,490,942	3,085,107	33,722,070	1,089,852	-	-	1,089,852	452,791	224,458	298,291	975,540	23,688,664	8,715,400	3,383,398	35,787,462
Overdue for 1 to 29 days	465,624	30,639	4,892	501,155	60,660	-	-	60,660	3,964	748	2,622	7,334	530,248	31,387	7,514	569,149
Overdue for 30 to 89 days	41,471	16,883	1,017	59,371	33,677	-	-	33,677	15,261	4,099	16,982	36,342	90,409	20,982	17,999	129,390
Overdue for 90 days or more ("past due")	-	-	-	-	1,447	-	-	1,447	240,157	17,247	70,207	327,611	241,604	17,247	70,207	329,058
Total portfolio before allowances	**22,653,116**	**8,538,464**	**3,091,016**	**34,282,596**	**1,185,636**	**-**	**-**	**1,185,636**	**712,173**	**246,552**	**388,102**	**1,346,827**	**24,550,925**	**8,785,016**	**3,479,118**	**36,815,059**
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	2.24%	0.56%	0.19%	1.64%	7.96%	0,00%	0,00%	7.96%	2.70%	1.97%	5.05%	3.24%	2.53%	0.60%	0.73%	1.90%
Past due loans (more than 90 days in default) as a percentage of the total	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	33.72%	7.00%	18.09%	24.32%	0.98%	0.20%	2.02%	0.89%

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

	As of December 31, 2019															
	Normal				Substandar				Non-compliant				Total portfolio			
	Commercial	Mortgage	Consumer	Total Normal	Commercial	Mortgage	Consumer	Total substandar	Commercial	Mortgage	Consumer	Total non-compliant	Commercial	Mortgage	Consumer	Total portfolio
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Portfolio Current	19,911,460	8,045,189	3,576,261	31,532,910	661,094	-	-	661,094	361,337	221,710	274,341	857,388	20,933,891	8,266,899	3,850,602	33,051,392
Overdue for 1 to 29 days	376,083	19,776	6,119	401,978	23,388	-	-	23,388	5,888	1,413	3,395	10,696	405,359	21,189	9,514	436,062
Overdue for 30 to 89 days	27,850	25,377	1,546	54,773	3,777	-	-	3,777	26,271	4,879	15,808	46,958	57,898	30,256	17,354	105,508
Overdue for 90 days or more (“past due”)	-	-	-	-	-	-	-	-	213,024	15,629	59,163	287,816	213,024	15,629	59,163	287,816
Total portfolio before allowances	**20,315,393**	**8,090,342**	**3,583,926**	**31,989,661**	**688,259**	**-**	**-**	**688,259**	**606,520**	**243,631**	**352,707**	**1,202,858**	**21,610,172**	**8,333,973**	**3,936,633**	**33,880,778**
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	1.99%	0.56%	0.21%	1.43%	3.95%	0,00%	0,00%	3.95%	5.30%	2.58%	5.44%	4.79%	2.14%	0.62%	0.68%	1.60%
Past due loans (more than 90 days in default) as a percentage of the total	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	35.12%	6.42%	16.77%	23.93%	0.99%	0.19%	1.50%	0.85%

NOTE 11 - FINANCIAL INVESTMENTS

As of September 30, 2020 and December 31, 2019, financial investments available for sale and held to maturity are as follows:

	As of September 30, 2020			As of December 31, 2019		
	Available for sale	Held to maturity	Total	Available for sale	Held to maturity	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial investments quoted in active markets						
Of the state and the Central Bank of Chile (a):						
Instruments of the Central Bank of Chile (b)	1,687,376	-	1,687,376	182,100	-	182,100
Bonds or promissory notes of the Treasury	930,725	-	930,725	510,742	-	510,742
Other government instruments	5,027	-	5,027	5,424	-	5,424
Other domestic instruments:						
Financial instruments issued by other domestic banks	772,452	-	772,452	140,011	-	140,011
Bonds and corporate commercial papers	11,490	-	11,490	6,044	-	6,044
Other domestic instruments:	2,480	-	2,480	2,683	-	2,683
Foreign instruments:						
Instruments issued by foreign states and central banks (c)	300,109	20,416	320,525	146,361	752	147,113
Other foreign instruments	3,049,312	7,183	3,056,495	3,017,664	6,617	3,024,281
Total	**6,758,971**	**27,599**	**6,786,570**	**4,011,029**	**7,369**	**4,018,398**

(a) As of September 30, 2020 and December 31, 2019, the Bank does not maintain zero coupon instruments classified in portfolio available for sale.

(b) As of September 30, 2019 and December 31, 2019, 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) Financial investments held to maturity correspond to the portfolio of the Bank subsidiary, BCI Financial Group, INC. and subsidiaries, that holds investments in state bonds on the balance sheet of CNB, and the intent is to hold them to maturity.

As of September 30, 2020 and December 31, 2019, there is no evidence of impairment in the investment instruments available for sale.

NOTE 12 - INVESTMENTS IN OTHER COMPANIES

a) As of September 30, 2020 and December 31, 2019, principal investments in associates, joint ventures and other entities are detailed below:

	As of September 30, 2020				As of December 31, 2019			
Company	Equity	Interest	Investment carrying value	Income/(loss)	Equity	Interest	Investment carrying value	Income/(loss)
	MCh$	%	MCh$	MCh$	MCh$	%	MCh$	MCh$
Investment accounted for using equity method:								
Redbanc S.A.	8,201	12.71	1,042	(141)	9,221	12.71	1,172	110
Combanc S.A.	6,419	11.74	754	19	6,290	11.74	738	23
Transbank S.A.	77,000	8.72	6,714	(611)	82,667	8.72	7,208	1,168
Nexus S.A.	18,367	14.81	2,720	114	17,675	14.81	2,618	2
Servicio de Infraestructura de Mercado OTC S.A.	12,231	13.61	1,665	(31)	12,470	13.61	1,697	65
AFT S.A.	18,722	20.00	3,744	261	19,174	20.00	3,835	390
Centro de Compensación Automatizado S.A.	7,443	33.33	2,481	348	6,464	33.33	2,155	294
Sociedad Interbancaria de Depósitos de Valores S.A.	5,537	7.03	389	51	5,070	7.03	356	61
Investment measured at cost:								
SWIFT shares			56	-			56	-
Bladex shares			219	162			219	261
Credicorp LTD,			-	-			-	8,844
Other shares			434	107			299	224
Total			**20,218**	**279**			**20,353**	**11,442**
Investment in join ventures								
Investment accounted for using equity method:								
Servipag Ltda.	12,299	50.00	6,364	218	12,543	50.00	6,271	572
Artikos Chile S.A.	2,256	50.00	1,263	376	2,399	50.00	1,199	624
Total			**7,627**	**594**			**7,470**	**1,196**
Total investments associates, joint ventures and other entities			**27,845**	**873**			**27,823**	**12,638**

NOTE 12 - INVESTMENTS IN OTHER COMPANIES, CONTINUED

b) The reconciliation of investments in other companies as of September 30, 2020 and December 31, 2019, is as follows:

	As of September 30, 2020 MCh$	As of December 31, 2019 MCh$
Balances as of January 1,	**27,823**	**44,740**
Acquisition of investments in other companies	-	98
Translation differences (*)	(544)	371
Share of profit of investments accounted for using the equity method	873	12,638
Sale of investments in other companies (**)	-	(29,029)
Dividends received	(10)	(224)
Adjustment for minimum dividend provision	(162)	(261)
Minimum dividends provision	(135)	(510)
Ending balance	**27,845**	**27,823**

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

As of September 30, 2020, the Bank made an assessment about whether there are indications of impairment in the value of its investments, concluding that there is not enough information to record potential impairments. As of December 31, 2019, no impairment was recognized in the investments.

NOTE 13 - INTANGIBLE ASSETS

a) The composition of intangible assets as of September 30, 2020 and December 31, 2019 was the following:

			As of September 30, 2020		
Concept	**Totaal useful life years**	**Remaining average useful life years**	**Gross balance** **MCh$**	**Accumulated amortization from previous periods** **MCh$**	**Net balance** **MCh$**
Intangible assets acquired separately (a)	6	5	97,583	(42,951)	**54,632**
Intangible generated internally (b)	6	5	226,661	(148,153)	**78,508**
Intangible assets acquired in business combination (c):					
Core deposit	9	6	94,347	(47,082)	**47,265**
Leasehold interest	30	27	6,763	(1,625)	**5,138**
Relationship with clients	10	10	37,526	(9,042)	**28,484**
Other	10	10	21,723	(3,974)	**17,749**
Intangible assets not amortizable acquired in business combination (c):					
Tradename			14,118	-	**14,118**
Goodwill			149,605	-	**149,605**
Total			**648,326**	**(252,827)**	**395,499**

NOTE 13 - INTANGIBLE ASSETS, CONTINUED

			As of December 31, 2019		
Concept	**Totaal useful life years**	**Remaining average useful life years**	**Gross balance**	**Accumulated amortization from previous periods**	**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 deposit	9	6	90,444	(35,095)	**55,349**
Leasehold interest	30	27	5,427	(1,214)	**4,213**
Relationship with clients	10	10	37,526	(5,514)	**32,012**
Other	10	10	21,726	(2,345)	**19,381**
Intangible assets not amortizable acquired in business combination (c):					
Tradename	-	-	13,534	-	**13,534**
Goodwill	-	-	144,508	-	**144,508**
Total			**613,415**	**(209,200)**	**404,215**

a. Corresponds to software purchased from parties not related to the Bank or its subsidiaries.

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

c. Corresponds to intangible assets generated by the business combinations of BCI Financial Group, INC. and Subsidiaries and the merger between City National Bank of Florida and TotalBank, and Servicios Financieros.

NOTE 13 - INTANGIBLE ASSETS, CONTINUED

b) The movements of intangible assets as of September 30, 2020 and December 31, 2019 are as follows:

			Amortizable intangible assets in business combination				Not amortizable intangible assets acquired in business combination		
	Intangible assets acquired separately	Intangible generated internally	Core deposits	Leasehold interest	Relationship with clients	Other	Trademark	Goodwill	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2020	**84,278**	**215,972**	**90,444**	**5,427**	**37,526**	**21,726**	**13,534**	**144,508**	**613,415**
Acquisitions	13,014	46,063	-	1,102	-	-	-	-	**60,179**
Disposals/transfers	(178)	(233)	-	-	-	-	-	-	**(411)**
Exchange differences	12	(35,141)	3,903	234	-	-	584	5,097	**(25,311)**
Remeasurement of goodwill and intangible assets	-	-	-	-	-	-	-	-	
Other	457	-	-	-	-	(3)	-	-	**454**
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-	-
Gross balance as of September 30, 2020	**97,583**	**226,661**	**94,347**	**6,763**	**37,526**	**21,723**	**14,118**	**149,605**	**648,326**
Amortization for the period	(6,140)	(19,891)	(10,683)	(326)	(3,528)	(1,629)	-	-	**(42,197)**
Accumulated amortization from previous periods	(36,486)	(128,546)	(35,095)	(1,214)	(5,514)	(2,345)	-	-	**(209,200)**
Transfers	(325)	284	(1,304)	(85)	-	-	-	-	**(1,430)**
Other	-	-	-	-	-	-	-	-	-
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated amortization and impairment	(42,951)	(148,153)	(47,082)	(1,625)	(9,042)	(3,974)	-	-	**(252,827)**
Balance as of September 30, 2020	**54,632**	**78,508**	**47,265**	**5,138**	**28,484**	**17,749**	**14,118**	**149,605**	**395,499**

NOTE 13 - INTANGIBLE ASSETS, CONTINUED

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

As of December 31, 2019, the Bank carried out an impairment test in accordance with the indications in chapter A-2 of the Compendium of Accounting Standards of the Financial Market Commission. The reports of the independent consultants did not cause the need to record impairment effects and, likewise, there were no indicators of impairment for neither the intangible assets with defined lives nor results requiring an impairment adjustment for indefinitely lived intangible assets originated in the business combinations.
As of September 30, 2020, the Bank evaluated for impairment its non-amortizable intangible assets given the current conditions as a result of Covid-19, concluding that there are no impairment indicators as of that date.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, NET

a) The composition of property, plant and equipment as of September 30, 2020 and December 31,2019 was as follows:

	As of September 30, 2020				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation from previous years**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	36	30	236,818	(42,751)	194,067
Equipment	4	3	124,830	(90,668)	34,162
Other property, plant and equipment	8	6	57,214	(35,626)	21,588
Total			**418,862**	**(169,045)**	**249,817**

	As of December 31, 2019				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation from previous years**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	36	30	235,941	(41,241)	194,700
Equipment	4	4	160,457	(128,678)	31,779
Other property, plant and equipment	8	6	57,394	(33,679)	23,715
Total			**453,792**	**(203,598)**	**250,194**

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

b) The movements of property, plant and equipment as of September 30, 2020 and December 31 2019 are the following:

	Buildings and land	Equipment	Other property, plant and equipment	Total
	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2020	**235,941**	**160,457**	**57,394**	**453,792**
Additions	3,511	14,925	12,935	**31,371**
Disposals	(4,345)	(50,952)	(1,454)	**(56,751)**
Transfers	-	(204)	(11,551)	**(11,755)**
Other	1,711	604	32	**2,347**
Impairment of property, plant and equipment and intangible assets	-	-	(142)	**(142)**
Gross balance as of September 30, 2020	**236,818**	**124,830**	**57,214**	**418,862**
Depreciation	(3,628)	(13,018)	(2,444)	**(19,090)**
Disposals	2,197	51,252	529	**53,978**
Transfer	-	-	-	**-**
Accumulated depreciation from previous periods	(41,241)	(128,678)	(33,679)	**(203,598)**
Other	(79)	(224)	(32)	**(335)**
Impairment of property, plant and equipment and intangible assets	-	-	-	**-**
Total Accumulated Depreciation	**(42,751)**	**(90,668)**	**(35,626)**	**(169,045)**
Balance as of September 30, 2020	**194,067**	**34,162**	**21,588**	**249,817**

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

	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)	(584)	**(25,448)**
Transfers	(62,908)	-	(4,323)	**(67,231)**
Other	4,013	861	57	**4,931**
Impairment of property, plant and equipment and intangible assets	-	-	(478)	**(478)**
Gross Balance as of December 31, 2019	**235,941**	**160,457**	**57,394**	**453,792**
Depreciation for the year	(4,823)	(17,259)	(3,588)	**(25,670)**
Disposals	806	4,922	1,831	**7,559**
Transfer	41,591	-	-	**41,591**
Accumulated depreciation from previous periods	(78,583)	(116,245)	(32,311)	**(227,139)**
Other	(232)	(96)	389	**61**
Impairment of property, plant and equipment and intangible assets	-	-	-	-
Total Accumulated Depreciation	**(41,241)**	**(128,678)**	**(33,679)**	**(203,598)**
Balance as of December 31, 2019	**194,700**	**31,779**	**23,715**	**250,194**

c) As of September 30, 2020 and december 31,2019 the net impairment was MCh$142 and MCh$478, respectively, which impacts property, plant and equipment.

d) The detail of the right-of-use asset as of September 30, 2020 and December 31, 2019 is as follows:

	As of September 30, 2020				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation from previous years**	**Net balance**
			MCh$	**MCh$**	**MCh$**
Land and buildings	10	9	225,410	(33,995)	191,415
Leasehold improvements	10	7	72,335	(46,429)	25,906
Total			**297,745**	**(80,424)**	**217,321**

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

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

e) The changes in the right-of-use asset as of September 30, 2020 and as of December 31 2019 are as follows:

	Buildings and land	**Leasehold improvements**	**Total**
	MCh$	**MCh$**	**MCh$**
Balance as of January 1, 2020	**223,147**	**70,296**	**293,443**
Additions	34,227	3,844	**38,071**
Disposals	(34,805)	(2,509)	**(37,314)**
Other	2,841	704	**3,545**
Impairment of property, plant and equipment and intangible assets	-	-	-
Gross balance as of September 30, 2020	**225,410**	**72,335**	**297,745**
Depreciation	**(18,092)**	**(2,449)**	**(20,541)**
Disposals	3,384	312	**3,696**
Other	(193)	(1,287)	**(1,480)**
Accumulated depreciation from previous periods	(19,094)	(43,005)	**(62,099)**
Impairment of property, plant and equipment and intangible assets	-	-	-
Total Accumulated Depreciation	**(33,995)**	**(46,429)**	**(80,424)**
Balance as of September 30, 2020	**191,415**	**25,906**	**217,321**

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, CONTINUED

	Buildings and land	Leasehold improvements	Total
	MCh$	MCh$	MCh$
Balance as of January 1, 2019	**231,992**	**62,908**	**294,900**
Additions	70,190	8,588	**78,778**
Disposals	(85,622)	(1,878)	**(87,500)**
Other	6,587	678	**7,265**
Impairment of property, plant and equipment and intangible assets	-	-	-
Gross balance as of December 31, 2019	**223,147**	**70,296**	**293,443**
Depreciation for the year	(23,089)	(3,507)	**(26,596)**
Disposals	4,421	2,228	**6,649**
Other	(426)	(1,912)	**(2,338)**
Accumulated depreciation from previous periods	-	(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 September 30, 2020 and December 31, 2019, there is no evidence of impairment in right-of-use assets..

g) Lease liabilities as of September 30, 2020 and as of December 31, 2019:

	Analysis of maturity				
	Up to 1 year	Of 1 to 3 years	Of 1 to 5 years	More than 5 years	Total
	MCh$	MCh$	MCh$	MCh$	MCh$
As of September 30, 2020	21,093	44,945	46,999	82,087	**195,124**

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

NOTE 15 - CURRENT AND DEFERRED INCOME TAX

a) Current Income Tax

As of September 30, 2020 and December 31, 2019, the Bank has recognized a provision for the first category (corporate) Income Tax and the provision for the Single Tax of Article No. 21 of the Income Act, which were determined based on the current tax legal provisions. This resulted in an asset amounting to MCh$ 23,081 as of September 30, 2020 (asset of MCh$ 88,255 as of December 31, 2019). This provision is presented net of recoverable taxes, as detailed below:

	As of September 30 2020	As of December 31 2019
	MCh$	**MCh$**
Income tax (tax rate of 27% for 2020 and 2019)	(84,591)	(84,560)
Prior year provision	-	(4,872)
40% Provision for Income Tax	(277)	(268)
Less:		
Monthly tax provisional payments	90,703	163,790
Credit for training expenses	101	2,000
Credit for acquisition of property, plan and equipment	125	125
Credit for donations	1,434	2,044
Income tax to be recovered	13,654	6,373
Other taxes and withholdings to be recovered	1,932	3,623
Total assets	**23,081**	**88,255**

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

	As of September 30, 2020		
	Chile	**Florida**	**Total**
	MCh$	**MCh$**	**MCh$**
Current tax asset	5,378	23,575	28,953
Current tax liability	(5,872)	-	(5,872)
Total, net	**(494)**	**23,575**	**23,081**

	As of December 31, 2019		
	Chile	**Florida**	**Total**
	MCh$	**MCh$**	**MCh$**
Current tax asset	80,273	9,222	89,495
Current tax liability	(1,240)	-	(1,240)
Total, net	**79,033**	**9,222**	**88,255**

NOTE 15 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

b) Income Tax Expense

The effect of the tax expense during the periods between January 1 and September 30, 2020 and 2019, consists of the following items:

	As of September 30,	
	2020	**2019**
	MCh$	**MCh$**
Income tax expense:		
Current tax for the year, net of tax credits	(117,251)	(67,870)
Surplus/Deficit of prior year	3,448	-
	(113,803)	**(67,870)**
Credit (charge) for deferred taxes:		
Origination and reversal of temporary differences	36,409	(20,794)
Subtotal	**(77,394)**	**(88,664)**
Art 21 tax (disallowed expenses)	(277)	(195)
Net charge to income from income tax	**(77,671)**	**(88,859)**

NOTE 15 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

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

The following is the reconciliation of the nominal income tax rate with the effective income tax rate for the periods ended September 30, 2020 and 2019:

	As of September 30,			
	2020		2019	
	Tax rate	Amount	Tax rate	Amount
	%	MCh$	%	MCh$
Income berfore tax		301,828		411,155
Nominal tax rate	27.00	81,494	27.00	111,012
Effect of non-deducible expenses in calculation of taxable income :				
Price-level restatement BCI Financial Group (1)	8.40	25,359	0.02	85
Rate difference USA (2)	(3.74)	(11,298)	(2.05)	(8,426)
Price-level restatement of capital	(5.43)	(16,394)	(4.53)	(18,614)
Income tax (disallowed expenses)	0.09	277	0.05	195
Income tax from previous years	(0.98)	(3,448)	-	-
Other	0.40	1,681	1.12	4,607
Effective income tax rate and income tax expense	**25.74**	**77,671**	**21.61**	**88,859**

The effective income tax rate for the periods ended December 31, 2020 and 2019 was 25.74% and 21.61%, respectively.

(1) BCI's investment in the US, which is BCI Financial Group INC, is adjusted, with respect to tax purposes in Chile, for the variation in the exchange rate (between the Chilean peso and the US dollar), which subject to the first category (Chilean corporate) income tax. The impact of this adjustment as of September 2020 is a higher tax expense of MCh$25,359, while as of September 2019, this effect was a tax expense of MCh$85.

(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 15 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

d) Effect of deferred tax recognized in equity

The deferred tax recognized in shareholder's equity as of September 30, 2020 and December 31, 2019 is composed of the following:

	Accumulated		Effect for the period ended	
	As of September 30 2020	As of December 31 2019	As of September 30 2020	As of December 31 2019
	MCh$	MCh$	MCh$	MCh$
Financial Investments Available for Sale	(3,196)	(3,693)	497	(1,221)
Cash flow hedges	45,444	34,232	11,212	31,003
Effect of deferred tax in shareholder´s equity	**42,248**	**30,539**	**11,709**	**29,782**

e) Deferred tax breakdown

As of September 30, 2020 and as of December 31 2019, the Bank recognized in its consolidated financial statements deferred taxes according to IAS 12 as follows:

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

	As of September 30, 2020			As of December 31, 2019		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Item:						
Allowances for loan losses	122,480	-	122,480	94,372	-	94,372
Provision for staff vacation & bonuses	52,475	-	52,475	48,486	-	48,486
Leasing operations (net)	9,381	-	9,381	-	(14,701)	(14,701)
Other	7,935	-	7,935	20,989	-	20,989
Subordinated bonds	16,189	-	16,189	-	-	-
Property, plant and equipment, net	-	(18,666)	(18,666)	-	(17,919)	(17,919)
Transitory assets	-	(27,614)	(27,614)	-	(36,246)	(36,246)
Derivative contract operation	-	(43,043)	(43,043)	-	(27,528)	(27,528)
Temporary differences related to Florida (*)	-	(28,092)	(28,092)	-	(18,492)	(18,492)
Total assets (liabilities) net	**208,460**	**(117,415)**	**91,045**	**163,847**	**(114,886)**	**48,961**
Effect of deferred tax recognized in equity	42,248	-	42,248	30,539	-	30,539
Total deferred tax assets and liabilities	**250,708**	**(117,415)**	**133,293**	**194,386**	**(114,886)**	**79,500**

NOTE 15 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

(*) This deferred tax asset corresponds to those originated by the subsidiaries and the Branch of the Bank in the United States; It is mainly caused by the tax loss, some intangible assets and the provision for loan losses of the subsidiary BCI Financial Group, Inc. and Subsidiaries. The variation in deferred taxes arising from the conversion adjustment of deferred taxes of subsidiaries whose functional currency is the US dollar for MCh$ 28,092 (MCh$ 18,492 as of December 31, 2019), is part of the account "Cumulative translation adjustment" in equity.

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

	As of September 30, 2020		
	Chile	**Florida**	**Total**
	MCh$	**MCh$**	**MCh$**
Deferred tax asset	119,881	3,192	123,073
Deferred tax liability	(746)	(31,282)	(32,028)
Total, net	119,135	(28,090)	91,045
Effect of deferred tax recognized in equity	42,248	-	42,248
Total deferred income taxes, net	**161,383**	**(28,090)**	**133,293**

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

NOTE 16 - OTHER ASSETS

a) As of September 30, 2020 and December 31, 2019, the composition of other assets is the following:

	As of September 30 2020 MCh$	As of December 31 2019 MCh$
Assets acquired to transfer to leasing (a)	80,473	101,195
Repossessed or awarded assets:		
Repossessed assets	609	721
Assets awarded from judicial auctions	3,876	4,450
Provisions for repossessed or awarded assets (b)	(95)	-
Other assets:		
Cash deposits held as guarantee	622,488	574,302
Investment in gold	6,737	5,165
VAT	7,471	9,654
Prepaid expenses	51,127	45,720
Assets recovered from lease agreements held for sale (c)	24,847	21,522
Account receivable	137,288	113,054
Amounts to be recovered	35,844	58,547
Valuation adjustment for macro hedges	53,660	43,935
Cash surrender value of certain insurance contracts - National Bank of Florida (CNB) (d)	274,699	263,096
Other assets	31,839	63,736
FED and FHLB shares (e)	103,074	102,705
Total	**1,433,937**	**1,407,802**

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

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

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

(d) Corresponds to life insurance contracts for certain senior management of CNB, where CNB is the owner and beneficiary. These policies are known by their acronym in English, as BOLI (Bank Owned Life Insurance).

NOTE 16 - OTHER ASSETS, CONTINUED

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

b) The changes in the impairment of repossessed or awarded assets, as of September 30, 2020 and 2019, are as follows:

	Allowance
	MCh$
Balance as of January 1, 2020	**-**
Provisons established	657
Reversal of provisions	(752)
Balance as of September 30, 2020	**(95)**
Balance as of January 1, 2019	**66**
Provisons established	-
Reversal of provisions	(66)
Balance as of December 31, 2019	**-**

NOTE 17 - BORROWINGS FROM CUSTOMERS

As of September 30, 2020 and December 31 2019, the composition of borrowings from customers is as follows:

	As of September 30	As of December 31
	2020	2019
	MCh$	MCh$
Current accounts and demand deposits		
Checking accounts	16,536,606	12,879,341
Other deposits and accounts payable on demand	1,095,722	688,228
Other liabilities payable on demand	1,201,716	613,130
Total	**18,834,044**	**14,180,699**
Deposits and other term loans		
Terms deposits	10,479,051	13,323,286
Savings accounts	53,861	48,668
Other credit term balances	886	802
Total	**10,533,798**	**13,372,756**

NOTE 18 - BORROWINGS FROM FINANCIAL INSTITUTIONS

As of September 30, 2020 and December 31, 2019, the composition of borrowings from financial institutions is as follows:

	As of September 30 2020 MCh$	As of December 31 2019 MCh$
Loans received from financial institutions and Central Bank of Chile:		
Other liabilities to Central Bank of Chile	3,907,540	-
Subtotal	3,907,540	-
Loans received from domestic financial institutions:		
Interbank loans	935,308	1,507,348
Other liabilities to domestic financial institutions	166,785	303,865
Subtotal	1,102,093	1,811,213
Loans received from foreign financial institutions:		
Foreign trade financing	454,767	661,219
Loans and other liabilities to foreign financial institutions	1,051,298	1,009,829
Subtotal	1,506,065	1,671,048
Total	**6,515,698**	**3,482,261**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES

a) As of September 30, 2020 and December 31, 2019, the composition of Debt issued and Other financial liabilities is as follows:

	As of September 30 2020 MCh$	As of December 31 2019 MCh$
Debt issued:		
Letters of credit	7,365	9,629
Ordinary bonds	6,274,997	6,066,492
Subordinated bonds	1,248,299	940,621
Total	**7,530,661**	**7,016,742**
Other financial liabilities:		
Public bonds	3,979	13,781
Other domestic bonds	28,925	40,732
Foreign bonds	1,316,295	1,396,073
Total	**1,349,199**	**1,450,586**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

b) As of September 30, 2020 and December 31, 2019, the maturities of the ordinary and subordinated bonds are as follows:

	As of September 30, 2020		
	Long-term	**Short-term**	**Total**
	MCh$	**MCh$**	**MCh$**
By long and short term			
Ordinary bonds	5,937,824	337,173	6,274,997
Subordinated bonds	1,248,299	-	1,248,299
Total	**7,186,123**	**337,173**	**7,523,296**

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

c) Details of placements of ordinary and subordinated bonds as of September 30, 2020 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	**Issued amount Ch$**	**Placed amount Ch$**	**Issuance date**	**Issuance date**	**Average rate**	**Balance due Ch$**	**Balance due MCh$**
SERIES_AM	50,000,000,000	50,000,000,000	06-01-2016	06-01-2023	4.90%	49,616,917,891	49,617
SERIES_E	100,000,000,000	100,000,000,000	11-01-2017	11-01-2022	4.27%	95,131,785,759	95,132
SERIES_H	50,000,000,000	50,000,000,000	06-01-2018	06-01-2021	2.36%	51,452,788,302	51,453
Fair Value Adjustment						11,559,531,316	11,560
Subtotal	**200,000,000,000**	**200,000,000,000**				**207,761,023,268**	**207,762**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

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

Series	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Balance due UF	Balance due MCh$
SERIES_AE2	10,000,000	10,000,000	08-01-2011	08-01-2021	3.73%	9,952,681	285,720
SERIES_AF2	10,000,000	10,000,000	08-01-2012	08-01-2022	3.43%	9,899,875	284,204
SERIES_AI2	5,000,000	-	03-01-2014	03-01-2024	-	-	-
SERIES_AJ2	20,000,000	20,000,000	10-01-2014	10-01-2024	2.23%	19,742,129	566,754
SERIES_AL1	3,000,000	3,000,000	06-01-2016	06-01-2022	1.89%	3,055,047	87,704
SERIES_AL2	3,000,000	3,000,000	06-01-2016	06-01-2023	2.15%	3,052,932	87,643
SERIES_AL3	3,000,000	3,000,000	06-01-2016	06-01-2024	2.40%	3,036,591	87,174
SERIES_AL4	3,000,000	3,000,000	06-01-2016	06-01-2028	2.36%	3,056,554	87,747
SERIES_AL5	3,000,000	3,000,000	06-01-2016	06-01-2031	2.50%	3,028,729	86,948
SERIES_AN1	3,000,000	3,000,000	12-01-2016	12-01-2021	1.50%	3,036,757	87,179
SERIES_AN2	3,000,000	3,000,000	12-01-2016	12-01-2024	1.95%	3,026,790	86,893
SERIE_AN3	3,000,000	3,000,000	12-01-2016	12-01-2026	2.00%	3,021,356	86,737
SERIES_A1	3,000,000	3,000,000	04-01-2017	04-01-2022	1.72%	3,041,415	87,312
SERIES_A2	3,000,000	3,000,000	04-01-2017	04-01-2027	2.18%	2,999,299	86,103
SERIES_B1	3,000,000	3,000,000	05-01-2017	05-01-2022	1.50%	3,048,320	87,511
SERIES_B2	3,000,000	3,000,000	05-01-2017	05-01-2023	1.67%	3,050,157	87,563
SERIES_C1	3,000,000	3,000,000	07-01-2017	01-01-2022	2.24%	3,005,854	86,292
SERIES_C2	3,000,000	3,000,000	07-01-2017	07-01-2023	2.32%	2,990,493	85,851
SERIES_C3	3,000,000	3,000,000	07-01-2017	07-01-2025	2.28%	2,978,732	85,513
SERIES_C4	3,000,000	3,000,000	07-01-2017	07-01-2026	2.42%	2,949,790	84,682
SERIES_D1	3,000,000	3,000,000	11-01-2017	11-01-2023	1.84%	3,039,777	87,265
SERIES_D2	3,000,000	3,000,000	11-01-2017	11-01-2025	2.04%	3,020,412	86,710
SERIES_D3	3,000,000	3,000,000	11-01-2017	11-01-2028	2.34%	2,952,652	84,764
SERIES_D4	3,000,000	3,000,000	11-01-2017	11-01-2029	2.45%	2,918,471	83,783
SERIES_F1	3,000,000	3,000,000	04-01-2018	04-01-2022	1.46%	3,054,136	87,678
SERIES_F2	3,000,000	3,000,000	04-01-2018	04-01-2024	1.60%	3,071,096	88,165
SERIES_F3	3,000,000	3,000,000	04-01-2018	04-01-2025	2.00%	3,031,106	87,017
SERIES_F4	3,000,000	3,000,000	04-01-2018	04-01-2028	2.17%	2,996,866	86,034
SERIES_F5	3,000,000	3,000,000	04-01-2018	04-01-2029	2.36%	2,949,906	84,685
SERIES_G1	3,000,000	3,000,000	06-01-2018	06-01-2025	1.47%	3,092,016	88,765
SERIES_G2	3,000,000	3,000,000	06-01-2018	06-01-2026	1.09%	3,169,930	91,002
SERIES_G3	3,000,000	3,000,000	06-01-2018	06-01-2029	2.10%	2,998,401	86,078
SERIES_I1	3,000,000	3,000,000	02-01-2019	02-01-2028	0.70%	3,288,233	94,398
SERIES_I2	3,000,000	2,630,000	02-01-2019	02-01-2029	0.51%	2,957,648	84,908
SERIES_I3	3,000,000	3,000,000	02-01-2019	02-01-2030	1.19%	3,224,725	92,575
SERIES_K1	3,000,000	3,000,000	05-01-2019	05-01-2023	(0.03)%	3,182,547	91,364
SERIES_K4	3,000,000	3,000,000	05-01-2019	05-01-2029	0.45%	3,416,068	98,068
Fair Value Adjustment						2,067,712	59,360
Subtotal	**144,000,000**	**138,630,000**				**142,405,203**	**4,088,149**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - US DOLLAR

Series	Issued amount USD	Placed amount USD	Date placed	Maturity date	Average rate	Balance due USD	Balance due in MCh$
USP32133CG63	500,000,000	500,000,000	02-11-2013	02-11-2023	4.09%	500,919,882	392,886
XS1655597034	50,000,000	50,000,000	08-01-2017	08-01-2022	2.96%	50,031,377	39,241
XS1692845396	50,000,000	50,000,000	10-06-2017	10-06-2022	3.00%	50,522,062	39,626
US05890MAA18	500,000,000	500,000,000	10-12-2017	10-12-2027	3.65%	499,702,763	391,932
XS1703060829	50,000,000	50,000,000	10-19-2017	10-19-2022	2.34%	49,900,960	39,139
XS1702405702	40,000,000	40,000,000	10-20-2017	10-20-2022	2.29%	39,929,169	31,318
XS1879614755	50,000,000	50,000,000	09-13-2018	03-13-2024	3.85%	49,762,354	39,030
XS1888335194	100,000,000	100,000,000	10-04-2018	04-04-2024	4.02%	101,315,915	79,465
XS1895749593	45,000,000	45,000,000	10-19-2018	04-19-2024	4.03%	45,508,497	35,694
XS1919312626	25,000,000	25,000,000	12-07-2018	12-07-2023	1.79%	24,815,406	19,463
XS1984711355	10,000,000	10,000,000	04-23-2019	04-23-2024	1.57%	9,940,577	7,797
XS2012024696	50,000,000	50,000,000	06-14-2019	06-14-2029	3.32%	50,028,895	39,239
XS2024766276	50,000,000	50,000,000	07-10-2019	07-10-2029	3.21%	49,889,572	39,130
XS2047630970	10,000,000	10,000,000	08-28-2019	08-28-2024	1.39%	9,939,363	7,796
XS2085920416	20,000,000	20,000,000	12-02-2019	06-02-2025	1.39%	19,796,845	15,527
Fair Value Adjustment						65,374,436	51,267
Subtotal	**1,550,000,000**	**1,550,000,000 (*)**				**1,617,378,073**	**1,268,550**

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

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EU	Placed amount EU	Issuance date	Maturity date	Average rate	Balance due EUR	Balance due in MCh$
XS1493734971	20,000,000	20,000,000	09-23-2016	09-23-2024	0.89%	19,863,776	18,255
Fair Value Adjustment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,863,776**	**18,255**

ORDINARY BONDS DENIMINATED IN FOREIGN CURRENCY-AUD

Series	Issued amount AUD	Placed amount AUD	Issuance date	Maturity date	Average rate	Balance due AUD	Balance due in MCh$
XS1717587007	80,000,000	80,000,000	11-15-2017	11-15-2027	4.150%	80,482,161	45,248
XS1859545367	40,000,000	40,000,000	07-25-2018	07-25-2033	4.670%	39,959,298	22,465
XS1879612973	60,000,000	60,000,000	09-14-2018	09-14-2033	4.650%	59,486,040	33,444
XS1897619968	40,000,000	40,000,000	10-24-2018	10-24-2033	4.700%	41,018,983	23,061
XS2087687435	30,000,000	30,000,000	12-02-2019	12-03-2029	1.875%	29,714,296	16,706
Fair Value Adjustment						20,500,472	11,526
Subtotal	**250,000,000**	**250,000,000**				**271,161,250**	**152,450**

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

Series	Issued amount CHF	Placed amount CHF	Date placed	Maturity date	Average rate	Balance due CHF	Balance due in MCh$
XS1520623627	90,000,000	90,000,000	11-17-2016	11-17-2021	0.000%	89,786,900	76,422
CH0471298007	175,000,000	175,000,000	05-22-2019	11-22-2024	0.320%	174,630,003	148,635
CH0494734376	100,000,000	100,000,000	09-24-2019	09-24-2029	0.225%	98,975,432	84,242
CH0505011889	105,000,000	105,000,000	10-29-2019	10-29-2025	0.247%	104,047,344	88,559
CH0506071239	125,000,000	125,000,000	03-18-2020	09-18-2026	0.099%	123,431,479	105,058
Fair Value Adjustment						1	-
Subtotal	**595,000,000**	**595,000,000**				**590,871,159**	**502,916**

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%	4,968,284,039	36,915
Subtotal	**5,000,000,000**	**5,000,000,000**				**4,968,284,039**	**36,915**
Total ordinay bonds							**6,274,997**

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

Series	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Balance due UF	Balance due in MCh$
SERIES_F	1,200,000	1,200,000	05-01-1999	05-01-2024	7.73%	366,547	10,523
SERIES_G	400,000	400,000	05-01-1999	05-01-2025	7.92%	146,857	4,216
SERIES_L	1,200,000	1,200,000	10-01-2001	10-01-2026	6.39%	546,127	15,678
SERIES_M	1,800,000	1,800,000	10-01-2001	10-01-2027	6.43%	896,159	25,727
SERIES_N	1,500,000	1,500,000	06-01-2004	06-01-2029	5.25%	832,108	23,888
SERIES_O	1,500,000	1,500,000	06-01-2004	06-01-2030	3.93%	826,789	23,735
SERIES_R	1,500,000	1,500,000	06-01-2005	06-01-2038	4.72%	772,709	22,183
SERIES_S	2,000,000	2,000,000	12-01-2005	12-01-2030	4.86%	1,160,813	33,324
SERIES_T	2,000,000	2,000,000	12-01-2005	12-01-2031	4.52%	1,234,353	35,436
SERIES_U	2,000,000	2,000,000	06-01-2007	06-01-2032	4.19%	1,938,684	55,655
SERIES_Y	4,000,000	4,000,000	12-01-2007	12-01-2030	4.25%	2,618,800	75,180
SERIES_W	4,000,000	4,000,000	06-01-2008	06-01-2036	4.05%	2,146,400	61,619
SERIES_AC	6,000,000	6,000,000	03-01-2010	03-01-2040	3.96%	5,581,181	160,224
SERIES_AD 1	4,000,000	4,000,000	06-01-2010	06-01-2040	4.17%	3,608,659	103,597
SERIES_AD 2	3,000,000	3,000,000	06-01-2010	06-01-2042	4.14%	2,687,598	77,155
SERIES_AH	15,000,000	9,000,000	09-01-2013	09-01-2043	3.63%	7,749,528	222,471
SERIE_B1S	3,000,000	3,000,000	06-11-2020	12-01-2039	1.32%	3,366,219	96,636
SERIE_B2S	3,000,000	3,000,000	06-22-2020	12-01-2044	1.30%	3,456,512	99,228
SERIE_B3S	3,000,000	3,000,000	06-24-2020	12-01-2049	1.28%	3,546,805	101,824
Total subordinated bonds	**60,100,000**	**54,100,000**				**43,482,848**	**1,248,299**
TOTAL BONDS							**7,523,296**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

d) Details of placements of ordinary and subordinated bonds as of December 31, 2019 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

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

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

Series	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Balance due UF	Balance due MCh$
SERIE_AE2	10,000,000	10,000,000	08-01-2011	08-01-2021	3.73%	9,939,440	281,385
SERIES_AF2	10,000,000	10,000,000	08-01-2012	08-01-2022	3.43%	9,908,962	280,522
SERIES_AI2	5,000,000	-	03-01-2014	03-01-2024	-	-	-
SERIES_AJ2	20,000,000	20,000,000	10-01-2014	10-01-2024	2.23%	19,884,901	562,940
SERIES_AL1	3,000,000	3,000,000	06-01-2016	06-01-2022	1.89%	3,049,718	86,337
SERIES_AL2	3,000,000	3,000,000	06-01-2016	06-01-2023	2.15%	3,041,602	86,108
SERIES_AL3	3,000,000	3,000,000	06-01-2016	06-01-2024	2.40%	3,020,257	85,503
SERIES_AL4	3,000,000	3,000,000	06-01-2016	06-01-2028	2.36%	3,040,699	86,082
SERIES_AL5	3,000,000	3,000,000	06-01-2016	06-01-2031	2.50%	3,010,338	85,222
SERIES_AN1	3,000,000	3,000,000	12-01-2016	12-01-2021	1.50%	3,032,253	85,843
SERIES_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
SERIES_A1	3,000,000	3,000,000	04-01-2017	04-01-2022	1.72%	3,031,797	85,830
SERIES_A2	3,000,000	3,000,000	04-01-2017	04-01-2027	2.18%	2,980,845	84,388
SERIES_B1	3,000,000	3,000,000	05-01-2017	05-01-2022	1.50%	3,044,084	86,178
SERIES_B2	3,000,000	3,000,000	05-01-2017	05-01-2023	1.67%	3,042,359	86,129
SERIES_C1	3,000,000	3,000,000	07-01-2017	01-01-2022	2.24%	3,015,795	85,377
SERIES_C2	3,000,000	3,000,000	07-01-2017	07-01-2023	2.32%	2,999,161	84,906
SERIES_C3	3,000,000	3,000,000	07-01-2017	07-01-2025	2.28%	2,988,548	84,606
SERIES_C4	3,000,000	3,000,000	07-01-2017	07-01-2026	2.42%	2,957,039	83,714
SERIES_D1	3,000,000	3,000,000	11-01-2017	11-01-2023	1.84%	3,028,186	85,728
SERIES_D2	3,000,000	3,000,000	11-01-2017	11-01-2025	2.04%	3,004,707	85,063
SERIES_D3	3,000,000	3,000,000	11-01-2017	11-01-2028	2.34%	2,931,568	82,993
SERIES_D4	3,000,000	3,000,000	11-01-2017	11-01-2029	2.45%	2,895,751	81,979
SERIES_F1	3,000,000	3,000,000	04-01-2018	04-01-2022	1.46%	3,051,090	86,376
SERIES_F2	3,000,000	3,000,000	04-01-2018	04-01-2024	1.60%	3,064,654	86,760
SERIES_F3	3,000,000	3,000,000	04-01-2018	04-01-2025	2.00%	3,016,116	85,386
SERIES_F4	3,000,000	3,000,000	04-01-2018	04-01-2028	2.17%	2,978,730	84,328
SERIES_F5	3,000,000	3,000,000	04-01-2018	04-01-2029	2.36%	2,928,684	82,911
SERIES_G1	3,000,000	3,000,000	06-01-2018	06-01-2025	1.47%	3,088,143	87,425
SERIES_G2	3,000,000	3,000,000	06-01-2018	06-01-2026	1.09%	3,174,084	89,858
SERIES_G3	3,000,000	3,000,000	06-01-2018	06-01-2029	2.10%	2,981,770	84,414
SERIES_I1	3,000,000	3,000,000	02-01-2019	02-01-2028	0.70%	3,331,076	94,303
SERIES_I2	3,000,000	2,630,000	02-01-2019	02-01-2029	0.34%	2,998,930	84,900
SERIES_I3	3,000,000	3,000,000	02-01-2019	02-01-2030	1.19%	3,256,054	92,179
SERIES_K1	3,000,000	3,000,000	05-01-2019	05-01-2023	-0.03%	3,212,986	90,959
SERIES_K4	3,000,000	3,000,000	05-01-2019	05-01-2029	0.45%	3,434,507	97,231
Fair Value Adjustment						1,763,062	49,911
Subtotal	**144,000,000**	**138,630,000**				**142,147,328**	**4,024,183**

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - US DOLLAR

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

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

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EU	Placed amount EU	Date placed	Maturity date	Average rate	Balance due EUR	Balance due in MCh$
XS1493734971	20,000,000	20,000,000	09-23-2016	09-23-2024	0.89%	19,871,818	16,758
Fair Value Adjustment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,871,818**	**16,758**

ORDINARY BONDS DENIMINATED IN FOREIGN CURRENCY-AUD

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

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

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

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - YEN

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

NOTE 19 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

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

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

NOTE 20 -PROVISIONS

a) As of September 30, 2020 and as of December 31, 2019, the breakdown of the balance of this item is as follows:

	As of September 30 2020 MCh$	As of December 31 2019 MCh$
Provisions for staff benefits and remuneration (**)	85,028	98,100
Provisions for minimum dividends	67,230	120,794
Provisions for credit commitments	49,701	42,669
Provisions for contingencies (*)	163,211	44,460
Provisions for country risk	3,341	3,017
Total	**368,511**	**309,040**

(*) Provisions for contingencies as of September 30, 2020 include additional provisions for MCh$134,043 (MCh$16,692 as of December 31, 2019), recognized according to CMF instructions and approved by the Board of Directors of the Bank (see Note 1, ab, i and Note 11 c).

Additionally provisions for contingencies include a provision to comply with the minimum of 0,50% required by the CMF for the normal portfolio of individuals for the amount of MCh$0 as of September 30, 2020 (MCh$10,708 as of December 31, 2019) (see Note 1, ab, ii and Note 11c).

(**) As of September 30, 2020 and December 31, 2019, Servicios Financieros y Administración de Creditos Comerciales S.A, has recorded provisions for severance indemnities amounting to MCh$ 721 and MCh$ 671, respectively.

As of September 30, 2020 and December 31, 2019, Administradora de Tarjetas Servicios Financieros Limitada, has recorded provisions for severance indemnities amounting to MCh$ 146 and MCh$ 146, respectively.

NOTE 20 –PROVISIONS, CONTINUED

b) Provisions for staff benefits and remunerations

	As of September 30 2020 MCh$	As of December 31 2019 MCh$
Provisions for staff benefits	69,947	84,056
Provisions for vacations	15,081	14,044
Total	**85,028**	**98,100**

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

c) Provisions for credit commitments

The detail of provisions for credit commitments as of September 30, 2020 and as of December 31 2019 is as follows:

	As of September 30 2020 MCh$	As of December 31 2019 MCh$
Provisions for credit commitments		
Endorsements and performance bonds	4,997	1,436
Confirmed foreign letters of credit	2	1
Issued documentary letters of credit	689	505
Guarantees	10,315	8,515
Available credit lines	31,503	30,293
Other credit commitments	2,195	1,919
Total	**49,701**	**42,669**

d) Movements of provisions for the period ended September 30, 2020 and the year 2019 are as follow:

	Provisions for					
	Staff benefits and remuneration MCh$	Minimum dividends MCh$	Risk of Credit Commitments MCh$	Contingencies MCh$	Country risk MCh$	Total MCh$
As of January 1, 2020	**98,100**	**120,794**	**42,669**	**44,460**	**3,017**	**309,040**
Allowances established	3,498	67,230	11,126	129,459	254	**211,567**
Provisions released	(10,286)	(120,794)	(2,973)	(18,049)	-	**(152,102)**
Exchange differences	(6,284)	-	(1,121)	7,341	70	**6**
As of September 30, 2020	**85,028**	**67,230**	**49,701**	**163,211**	**254**	**368,511**
As of January 1, 2019	**85,483**	**118,738**	**29,643**	**97,882**	**2,547**	**334,293**
Allowances established	25,373	120,794	13,066	4,162	409	**163,804**
Provisions released	(54,801)	(118,738)	(595)	(65,241)	(154)	**(239,529)**
Exchange differences	42,045	-	555	7,657	215	**50,472**
As of December 31, 2019	**98,100**	**120,794**	**42,669**	**44,460**	**3,017**	**309,040**

NOTE 21 - OTHER LIABILITIES

As of September 30, 2020 and December 31, 2019, the composition of other liabilities is the following:

	As of September 30	As of December 31
	2020	2019
	MCh$	MCh$
Account payables and notes payable	291,760	300,185
Unearned income	19,022	21,249
Sundry creditors	665,576	625,402
Other liabilities	50,270	31,003
Total	**1,026,628**	**977,839**

NOTE 22 - CONTINGENCIES AND COMMITMENTS

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

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

	As of September 30	As of December 31
	2020	2019
CREDIT COMMITMENTS	MCh$	MCh$
Collateral and guarantees:		
Collateral and guarantees in foreign currency	224,335	197,667
Confirmed foreign letters of credit	5,474	3,814
Issued documentary letters of credit	328,424	257,876
Performance bonds:		
Performance bonds in Chilean currency	1,263,309	1,117,076
Performance bonds in foreign currency	604,328	594,022
Immediately available credit lines	7,568,583	7,313,998
Other credit commitments:		
Higher education loans in accordance with Law No. 20,027	5,660	7,323
Other	340,760	419,278
THIRD PARTY OPERATIONS		
Collections:		
Foreign collections	33,235	30,865
Domestic collections	186,301	185,723
CUSTODY OF SECURITIES		
Securities in custody with the bank	67,851	55,908
Total	**10,628,260**	**10,183,550**

NOTE 22 - CONTINGENCIES AND COMMITMENTS, CONTINUED

b) Lawsuits and legal proceedings:

BCI Bank

The Bank and its subsidiaries are involved in various pending legal lawsuits related to their line of 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

  As of September 30, 2020 and December 31, 2019 the Bank has no such types of guarantees.

- Operating guarantees

BCI Corredor de Bolsa S.A.

As of September 30, 2020 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, has made a deposit to guarantee compliance with the commitments for simultaneous operations on the Santiago Stock Exchange for MCh$93,428 (MCh$73,478 as of December 31, 2019).

As of September 30, 2020 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee compliance with the proper performance of operations in the CCLV settlement system of the Santiago Stock Exchange for MCh$7,400 (MCh$12,093 as of December 31, 2019).

As of September 30, 2020, BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee compliance with the proper performance of operations in the CCLV settlement system in financial derivatives of the Santiago Stock Exchange for MCh$295 (MCh$295 as of December 31, 2019).

As of September 30, 2020, BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a foreign deposit to guarantee compliance with the international market operations for MCh$39 (MCh$37 as of December 31, 2019).

As of September 30, 2020, BCI Corredor de Bolsa S.A., the subsidiary of the Bank, has not made any deposit to guarantee compliance with the lending commitments and short selling of shares on the Electronic Stock Exchange of Chile (MCh$297 as of December 31, 2019).

NOTE 22 - CONTINGENCIES AND COMMITMENTS, CONTINUED

As of September 30, 2020, BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired a UF 20,000 maximum guarantee to ensure compliance with the provisions of Article No. 30 of Law No. 18,045, in order to ensure proper and full compliance with all its obligations as securities intermediary. The beneficiaries of this guarantee are current or future creditors, which it has or will have as a result of stockbroker operations, This warranty applies to a policy taken on August 19, 2020 No. 330-19-00026838 and is valid until August 19, 2021. The insurer is the Compañía de Seguros de Mapfre Garantía y Crédito, and Santiago Stock Exchange is the representative of potential beneficiaries.

- Insurance for employee loyalty

BCI Corredor de Bolsa S.A.

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

BCI Corredores de Seguros S.A.

As of September 30, 2020, the following insurance policies have been contracted to comply with the provisions of letter d) of Article No. 58 of Decree Law No. 251 of 1931, in order to respond to the correct and full compliance with all obligations arising from its activity:

- Guarantee Policy for Insurance Brokers No. 01-23-15196 for an insured amount of UF500 contracted with Aseguradora Porvenir S.A., whose term is from April 15, 2020 to April 14, 2021, establishing the right of the insurance company to collect from the broker all the sums disbursed by the insurance company to third parties affected by the broker's deficient intermediation in excess of the insured amounts.

- Professional Civil Liability Policy for Insurance Brokers No. 01-53-14278 for an insured amount of UF60,000 contracted with Aseguradora Porvenir S.A., whose term is from April 15, 2020 to April 14, 2021, for the purpose of safeguarding the broker in the event of possible claims by third parties, with the insurance company having the right to ask the broker to reimburse the amount paid to the third party claimant.

BCI Factoring S.A.

As of September 30, 2020, BCI Factoring S.A., the subsidiary of the Bank, has approved guarantee lines for operators with Factor Chain International for MCh$353 (MCh$491 as of December 31, 2019), equivalent to US$450,000.00 (US$660,000.00 as of December 31, 2019) of which MCh$247 (MCh$29 as of December 31, 2019) have been used, equivalent to US$315,212.01 (US$39,070.30 as of December 31, 2019).

NOTE 22 - CONTINGENCIES AND COMMITMENTS, CONTINUED

BCI Corredores de Bolsa de Productos S.A.

As of September 30, 2020, it has a Bank guarantee No. 529972 taken with Banco de Crédito e Inversiones, for UF6,000, in favor of Bolsa de Productos Agropecuarios S.A., to guarantee compliance with the Company's obligations as an intermediary of products in accordance with article 11 of Act 19,220. The possibility of payment of this bond is covered by a "contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on May 3, 2022.

As of September 30, 2020, it has a Bank guarantee Nº529973 taken with Banco de Credito e Inversiones, for UF2,000, in favor of Bolsa de Productos Agropecuarios SA, to guarantee the fulfillment of all its obligations as a stock exchange broker in connection with operations invoiced to the Company. The possibility of payment of this bond is covered by a "contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on May 3, 2022.

BCI Asset Management Administradora General de Fondos S.A

Collaterals established in articles 12, 13 and 14 of the Single Act on Funds No. 20,712.

As of September 30, 2020, there are policies securing all funds and portfolio administration, which amount to MCh$ 78,743.

Funds	Type of collateral	Amount MCh$	Amount paid UF
Funds	Gurantees in UF	68,597	2,389,488.06
Portfolio administration	Gurantees in UF	10,146	353,426.67
	Total	**78,743**	**2,742,914.73**

The foregoing is in accordance with the provisions of article 125 of Act No. 18,045 on the Stock Market and the provisions in NCG No. 125 of 2001, which stipulate that General Fund Administrators must permanently maintain a guarantee for each managed fund, which should always be equivalent to UF 10,000 or 1% of the average assets of the corresponding calendar year prior to the date of calculation.

Also, in order to comply with the requirements of Title IV of Circular 1,790, mutual funds defined as structured and secured must at all times have a collateral provided by a third party other than the administrator company.

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

NOTE 22 - CONTINGENCIES AND COMMITMENTS, CONTINUED

d) Credit commitments

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

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

	As of September 30	As of December 31
	2020	2019
	MCh$	MCh$
Endorsements and performance bonds	224,335	197,667
Documentary letters of credit	328,424	257,876
Guarantees	1,867,637	1,711,098
Immediately available credit lines	7,568,583	7,313,998
Provisions (Note 20)	(49,701)	(42,669)
Total	**9,939,278**	**9,437,970**

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

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

	As of September 30	As of December 31
	2020	2019
	MCh$	MCh$
Documents in collection	219,536	216,588
Custody of assets	67,851	55,908
Total	**287,387**	**272,496**

NOTE 23 - SHAREHOLDERS' EQUITY

a) Issued capital and shares

Movements of common shares during the periods ended September 30, 2020 and December 31,2019 are as follows:

	As of September 30	As of December 31
	2020	2019
	No.	No.
Issued as of January 1	**141,616,409**	**135,892,980**
Stock dividends	7,151,531	5,723,429
Shares subscribed and paid for capital increase	-	-
Total issued	**148,767,940**	**141,616,409**

NOTE 23 –SHAREHOLDERS' EQUITY, CONTINUED

As of September 30, 2020 and December 31, 2019, the distribution of shareholders is as follows:

As of September 30, 2020	**Shares**	
	No. of shares	**Ownership %**
Empresas Juan Yarur S.P.A.	82,356,919	55.36%
Jorge Yarur Bascuñán	4,916,919	3.31%
Banco de Chile on behalf of non-resident third parties	4,436,517	2.98%
Banco Santander on behalf of foreign investors	3,876,998	2.61%
BCI Corredor de Bolsa S.A. on behalf of third parties.	3,716,576	2.50%
AFP Habitat S.A	3,532,781	2.37%
Banco Itaú Corpbanca on behalf of investors	3,411,251	2.29%
AFP Provida S.A	2,880,845	1.94%
AFP Capital S.A.	2,607,007	1.75%
Inversiones Cerro Sombrero Financiero S.P.A.	2,531,269	1.70%
Larraín Vial S.A. Corredora de Bolsa	2,455,639	1.65%
Banchile Corredores de Bolsa S.A.	2,248,674	1.51%
Imsa Financiera S.P.A.	2,220,465	1.49%
AFP Cuprum S.A.	2,036,970	1.37%
Inversiones Tarascona Corporation Agencia en Chile	1,807,326	1.21%
Inversiones VYR S.P.A.	1,695,786	1.14%
Inversiones Nueva Altamira S.P.A	1,484,801	1.00%
Luis Enrique Yarur Rey	1,471,380	0.99%
Inversiones Meyar S.A.C.	1,104,880	0.74%
AFP Modelo S.A	1,032,098	0.69%
BTG Pactual Chile S.A. Corredores de Bolsa	825,630	0.55%
Empresas JY S.A.	818,301	0.55%
Bolsa de comercio de Santiago Bolsa de Valores	813,619	0.55%
Inversiones Colibrí Financiera S.A.	694,729	0.47%
AFP Plan Vital S.A.	670,295	0.45%
Other shareholders	13,120,265	8.82%
Subscribed and paid-in shares	**148,767,940**	**100.00%**

NOTE 23 –SHAREHOLDERS' EQUITY, CONTINUED

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

b) Dividends

During the the period ended September 30, 2020 and 2019, the following dividends were declared by the Bank:

	As of September 30,	
	2020	**2019**
	Ch$	**Ch$**
$ per ordinary share	1,000	1,000

The provision for minimum dividends as of September 30, 2020 amounts to MCh$67,230 (MCh$120,794 as of December 31, 2019).

NOTE 23 –SHAREHOLDERS' EQUITY, CONTINUED

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

	As of September 30,	
	2020	**2019**
Net income for the year attributable to the equity holders of the Bank	224,099	322,226
Income available for shareholders MCh$	**224,099**	**322,226**
Weighted average number of shares	148,767,940	141,616,409
Basic and diluted earnings per share (Ch$-Share)	**1,506**	**2,275**

d) Net exchange differences

As of September 30, 2020 and December 31 2019, the reconciliation of the cumulative translation adjustment reserve as a separate component of shareholders' equity is as follows:

	Net exchange differences
	MCh$
As of January 1, 2019	**74,712**
Net Exchange rate charges for subsidiaries in Florida	100,778
As of December 31, 2019	**175,490**
As of January 1, 2020	**175,490**
Net Exchange rate charges for subsidiaries in Florida	52,840
As of September 30, 2020	**228,330**

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

	Investment revaluation reserve	**Cash flow hedge reserve**
	MCh$	**MCh$**
Accumulated other comprehensive income 2018	**(18,060)**	**(11,963)**
Transferred to statements of income 2019	3	873
Mark to market adjustment	53,536	(115,699)
Accumulated other comprehensive income 2019	**35,479**	**(126,789)**
Transferred to statements of income 2020	7,928	626
Mark to market adjustment	(4,774)	(42,151)
Accumulated other comprehensive income 2020	**38,633**	**(168,314)**

NOTE 23 –SHAREHOLDERS' EQUITY, CONTINUED

e) Nature of valuation reserves

- Cumulative translation adjustment reserve:

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

- Cash flow hedges reserve:

Originated by the valuation at fair value of the derivative contracts designated as hedging instruments in cash flow hedges.

- Fair value reserves:

The fair value reserve includes the accumulated net changes in the market value of the investments available for sale. When the investment (all or part) is sold or disposed of, these reserves are recognized in the Interim Consolidated Income Statement as part of the loss or gain related to investments (Note 1, section t, indicates the accounting treatment in case of impairment).

f) Capital requirements

The regulatory capital as of September 30, 2020 is defined as equivalent to the net amount that should be shown in the interim consolidated financial statements as calculated as explained below, as indicated in the Compendium of Accounting Regulations. According to General Banking Law, the Bank should maintain a minimum ratio of effective stockholders' equity to consolidated risk-weighted assets, net of required loan loss allowances and provisions and deductions, of 8%, and a minimum ratio of basic capital to consolidated total assets, net of required loan loss allowances and provisions and deductions, of 3%. Regulatory capital for these purposes is defined as basic capital (which represents paid-in capital and reserves) adjusted to: a) aggregate subordinated bonds issued by the Bank valued at their placement price for an amount up to 50% of its basic capital commencing nine years prior to their maturity, b) aggregate additional required allowances and provisions as stipulated, c) deductions for all goodwill and share premium, and d) deductions for assets that correspond to investments in non-consolidated subsidiaries.

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

NOTE 23 –SHAREHOLDERS' EQUITY, CONTINUED

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

The regulatory and basic capital for the period ended September 30, 2020 and year 2019 are the following:

	Consolidated assets		Risk- weighted assets	
	As of September 30	As of December 31	As of September 30	As of December 31
	2020	2019	2020	2019
	MCh$	MCh$	MCh$	MCh$
Assets of Interim Consolidated Statements of Financial Position (net of provisions)				
Cash and deposits in banks	3,849,105	3,153,760		-
Items in course of collection	359,156	310,602	118,627	68,513
Trading portfolio financial assets	1,074,764	2,212,257	255,842	327,394
Liabilities under agreements to repurchase	196,540	196,015	196,540	196,015
Derivative financial liabilities	5,881,527	4,261,289	963,211	1,048,861
Credit equivalent	(4,701,339)	(2,742,133)		-
Loans and receivables from banks, net	346,403	457,640	346,403	457,640
Loans and receivables to customers, net	36,051,572	33,212,457	31,204,811	29,797,865
Financial investments available for sale	6,758,971	4,011,029	1,464,827	1,241,168
Financial investments held to maturity	27,599	7,369	11,266	6,767
Investments in other companies	27,845	27,823	27,845	27,823
Intangible assets	395,499	404,215	245,896	259,706
Property, plant and equipment, net	249,817	250,194	249,817	250,194
Right-of-use asset	217,321	231,344	217,321	231,344
Current income tax	28,953	89,495	2,895	8,950
Deferred income taxes	165,321	103,329	16,532	10,333
Other assets	1,433,937	1,407,802	917,065	922,871
Assets recorded off the Interim Consolidated statements of financial position				
Credit commitments	4,165,846	4,043,147	2,499,507	2,425,897
Total	**56,528,837**	**51,637,634**	**38,738,405**	**37,281,341**

	As of September 30	As of December 31
	2020	2019
	MCh$	MCh$
Basic capital	3,953,703	3,791,478
Regulatory capital	5,005,297	4,474,573
Total consolidated assets	56,528,837	51,637,634
Total Risk- weighted assets	38,738,405	37,281,341

Concept	Ratio	
	As of September 30, 2020	As of December 31
	2020	2019
	%	%
Basic capital-Consolidated assets	6.99	7.34
Basic capital- Risk-weighted assets	10.21	10.17
Regulatory capital- Risk-weighted assets	12.92	12.00

NOTE 24 - INTEREST INCOME AND EXPENSES AND INDEXATION FOR INFLATION

a) For the 9-month period ended September 30, 2020 and 2019, the composition of income from interest and indexation for inflation is the following:

	For the 9 months ended September 30					
	2020			2019		
Concept	Interest	Indexation for inflation	Total	Interest	Indexation for inflation	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Repurchase agreements	1,164	688	1,852	1,000	57	1,057
Interbank loans	9,961	-	9,961	13,564	-	13,564
Commercial loans	781,939	65,777	847,716	790,513	67,711	858,224
Mortgage loans	144,413	94,388	238,801	165,903	114,647	280,550
Consumer loans	383,744	660	384,404	402,331	877	403,208
Investment instruments	63,616	7,123	70,739	65,152	4,957	70,109
Other income (*)	9,852	1,874	11,726	11,799	1,164	12,963
Hedge accounting offset effect	(30,091)	-	(30,091)	(13,313)	-	(13,313)
Total income from interest and indexation for inflation	**1,364,598**	**170,510**	**1,535,108**	**1,436,949**	**189,413**	**1,626,362**

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

For the 9-month period ended September 30, 2020 and 2019, the composition of expense for interest and indexation for inflation is the following:

	For the 9 months ended September 30	
	2020	2019
Concept	**MCh$**	**MCh$**
Demand deposits	(39,077)	(61,878)
Repurchase agreements	(4,275)	(9,453)
Term deposits and savings accounts	(154,507)	(273,876)
Borrowings from financial institutions	(49,292)	(64,699)
Debt issued	(211,282)	(219,629)
Other financial liabilities	(9,099)	(15,309)
Lease liabilities	(3,221)	(3,731)
Other interest expenses and indexation for inflation	(7,115)	(5,382)
Hedge Accounting Results	9,967	(295)
Total interest expenses and-indexation for inflation	**(467,901)**	**(654,252)**

b) For the nine-month periods ended September 30, 2020 and 2019, the detail of income and expenses related to hedge accounting is as follows:

	For the 9 months ended September 30					
	2020			2019		
	Income	Expense	Total	Income	Expense	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Asset hedge margin						
Fair value hedges	31,666	(36,989)	**(5,323)**	65,705	(64,821)	**884**
Cash flow hedges	26,553	(51,321)	**(24,768)**	20,007	(34,204)	**(14,197)**
Subtotal	**58,219**	**(88,310)**	**(30,091)**	**85,712**	**(99,025)**	**(13,313)**
Liabilities hedge margin						
Fair value hedges	562,280	(552,313)	**9,967**	926,551	(926,846)	**(295)**
Subtotal	**562,280**	**(552,313)**	**9,967**	**926,551**	**(926,846)**	**(295)**
Total	**620,499**	**(640,623)**	**(20,124)**	**1,012,263**	**(1,025,871)**	**(13,608)**

NOTE 25 - FEE AND COMMISSION INCOME AND EXPENSES

For the 9-month periods ended September 30, 2020 and 2019, the detail of commission income and expenses is the following:

	For the 9 months ended As of September 30,	
	2020	**2019**
	MCh$	**MCh$**
Fee and commission income:		
Commissions for credit lines and overdrafts	2,440	2,687
Commissions for guarantees and letters of credit	18,127	15,225
Commissions for credit card services	61,109	79,810
Commissions for administration of accounts	36,875	36,756
Commissions for collection services	59,206	56,495
Commissions for securities brokerage	5,335	4,402
Commissions for management of mutual and investment funds	41,080	42,314
Commissions for insurance brokerage	56,859	65,521
Commissions for other services provided	42,673	34,771
Other commissions	8,152	8,093
Total fee and commission income	**331,856**	**346,074**
Fee and commission expenses:		
Commissions on operations with credit cards:	(37,302)	(34,837)
Commissions on securities trading	(18,321)	(15,150)
Other commissions	(16,425)	(31,988)
Total fee and commission expenses	**(72,048)**	**(81,975)**

NOTE 26 - TRADING AND INVESTMENT INCOME, NET

For the nine-month periods ended September 30, 2020 and 2019, the detail of trading and investment income is the following:

	For the 9 months ended As of September 30,	
	2020	**2019**
	MCh$	**MCh$**
Trading instruments	89,566	127,000
Derivative financial agreements (speculative)	28,820	(19,712)
Other instruments at fair value through profit or loss	(459)	(195)
Gains on financial investments available for sale	54,567	28,132
Total	**172,494**	**135,225**

NOTE 27 - FOREIGN EXCHANGE RESULTS, NET

For the nine-month periods ended September 30, 2020 and 2019, the detail of foreign exchange results, net, is the following:

	For the 9 months ended As of September 30,	
	2020	**2019**
	MCh$	**MCh$**
Exchange difference		
Gains from exchange differences	30,393,673	15,259,240
Losses from exchange differences	(30,541,956)	(15,376,350)
Subtotal	**(148,283)**	**(117,110)**
Foreign currency fluctuation		
Effect for assets and liabilities denominated in foreign currency	15,617	10,701
Subtotal	**15,617**	**10,701**
Hedge Accounting Results		
Assets hedge results	40,127	31,655
Liabilities hedge results	87,961	62,219
Subtotal	128,088	93,874
Total	**(4,578)**	**(12,535)**

This item includes income accrued in the period, related to holding of assets and liabilities in foreign currency or indexed to the exchange rate, for ex trading and results of derivatives used to hedge foreign currency.

NOTE 28 - PROVISIONS FOR LOAN LOSSES

The detail of provisions for loan losses and impairment for the 9 months ended September 30, 2020 and 2019 is as follows:

September 2020	Interbank loans	Loans and receivables from customers, net: Consumer loans	-- Mortgage loans	Consumer loans	Credit Commitments	Additionals	Adjustment to minimum provision for normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisons:								
Individual provisions	208	88,776	-	-	6,399	-	-	**95,383**
Collective provisions	-	120,821	6,972	274,200	4,727	118,402	-	**525,122**
Total provisions	**208**	**209,597**	**6,972**	**274,200**	**11,126**	**118,402**	**-**	**620,505**
Impairment								
Individual impairment	-	-	-	-	-	-	-	-
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	-	-	-	-	-	-	-	-
Reversal of provisions								
Individual provisions	(320)	(7,447)	-	-	(1,905)	-	(10,708)	**(20,380)**
Collective provisions	-	(20,526)	(6,695)	(31,758)	(1,068)	-	-	**(60,047)**
Total reversal of provisions	**(320)**	**(27,973)**	**(6,695)**	**(31,758)**	**(2,973)**	**-**	**(10,708)**	**(80,427)**
Recovery of loans previously written off	-	(14,373)	(1,647)	(31,225)	-	-	-	(47,245)
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**(112)**	**167,251**	**(1,370)**	**211,217**	**8,153**	**118,402**	**(10,708)**	**492,833**

NOTE 28 - PROVISIONS FOR LOAN LOSSES, CONTINUED

September 2019	Interbank loans	Consumer loans (Loans and receivables from customers, net)	-- Mortgage loans (Loans and receivables from customers, net)	Consumer loans (Loans and receivables from customers, net)	Credit Commitments	Additionals	Adjustment to minimum provision for normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisons:								
Individual provisions	360	46,044	-	-	1,094	-	5,795	**53,293**
Collective provisions	-	126,232	3,147	230,421	7,908	-	-	**367,708**
Total provisions	**360**	**172,276**	**3,147**	**230,421**	**9,002**	**-**	**5,795**	**421,001**
Impairment								
Individual impairment	-	-	-	-	-	-	-	-
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions								
Individual provisions	(521)	(16,317)	-	-	(847)	-	-	**(17,685)**
Collective provisions	-	(3,865)	(158)	(9,879)	(248)	(45,235)	-	**(59,385)**
Total reversal of provisions	**(521)**	**(20,182)**	**(158)**	**(9,879)**	**(1,095)**	**(45,235)**	**-**	**(77,070)**
Recovery of loans previously written off	-	(16,629)	(3,029)	(27,373)	-	-	-	**(47,031)**
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**(161)**	**135,465**	**(40)**	**193,169**	**7,907**	**(45,235)**	**5,795**	**296,900**

In Management’s opinion, the provisions recorded for credit risk and for impairment cover all possible losses that may result if assets are not recovered, based on the information checked by the Bank.

NOTE 29 - STAFF COSTS

The composition of staff costs for the nine months ended September 30, 2020 and 2019 is as follows:

	For the 9 months ended As of September 30,	
	2020	2019
	MCh$	MCh$
Staff remuneration	219,661	198,327
Bonuses or awards	118,549	116,382
Severance payments	6,820	16,052
Training expenses	1,681	2,147
Other staff expenses	26,633	25,921
Total	**373,344**	**358,829**

NOTE 30 - ADMINISTRATIVE EXPENSES

For the 9 months ended September 30, 2020 and 2019 the composition of administrative expenses is as follows:

	For the 9 months ended As of September 30,	
	2020	2019
	MCh$	MCh$
General administrative expenses		
Maintenance and repair of the bank's property, plant and equipment	10,659	11,323
Insurance premiums	6,581	9,111
Office supplies	3,256	3,754
Computer and comunication expenses	70,708	57,951
Lighting, heating and other services	6,527	6,608
Securities custody and transportation services	9,432	11,206
Travel expenses	2,482	3,826
Judicial and notarial expenses	3,770	2,730
Fees for technical reports	5,418	4,318
Audit fees	3,393	3,180
Fines imposed by the CMF	-	6
Fines imposed by other agencies	486	259
Low-value lease contract expenses	6,443	6,308
Cleaning services	3,417	3,413
Advisory services	11,144	11,860
Postal-related expenses	972	1,114
Other general administrative expenses	32,516	41,487
Sub- contracted services		
Data processing	5,041	4,960
Sale of products	1,323	452
Credit evaluation	343	312
Other	6,648	7,013
Board of Director expenses		
Board of Directors remuneration	3,553	3,447
Other Board of Directors expenses	313	272
Publicity and advertising	19,804	22,943
Taxes, real estate taxes and contributions		
Real estate taxes	2,260	1,254
Licenses	1,819	1,845
Other taxes	9,470	9,906
Contribution to CMF	10,283	8,780
Total	**238,061**	**239,638**

NOTE 31 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) For the 9 months ended September 30, 2020 and 2019, depreciation and amortization expenses are detailed below:

	For the 9 months ended As of September 30,	
	2020	2019
	MCh$	MCh$
Depreciation and amortization		
Depreciation of property, plant and equipment	(19,090)	(19,479)
Amortization of intangible assets	(42,197)	(37,029)
Amortization and depreciation of right-to- use assets	(20,541)	(20,261)
Total	**(81,828)**	**(76,769)**

b) For the 9 months ended September 30, 2020 and 2019, the impairment of property, plant and equipment and intangible assets is detailed as follows:

	For the 9 months ended As of September 30,	
	2020	2019
	MCh$	MCh$
Impairment of property, plant and equipment and intangible assets		
Property, plant and equipment (1)	(142)	(54)
Intangible assets	-	-
Total	**(142)**	**(54)**

(1) For the the period ended September 30, 2020 and 2019, the impairment of property, plant and equipment of MCh$142 and MCh$54 corresponds to the gross balance of property, plant and equipment.

NOTE 31 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT, CONTINUED

c) The reconciliation between the amounts as of January 1, 2020 and 2019 and the balances as of September 30, 2020 and 2019 is as follows:

	Depreciation, amortization and impairment 2020			
	Property, plant and equipment, net	**Leased assets**	**Intangible assets**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balances as of January 1	**203,598**	**62,099**	**209,200**	**474,897**
Charges for depreciation and amortization for the year	19,090	20,541	42,197	81,828
Disposals	(53,978)	(3,696)	-	(57,674)
Other adjustments	335	1,480	1,430	3,245
Balance as of September 30,	**169,045**	**80,424**	**252,827**	**502,296**

	Depreciation, amortization and impairment 2019			
	Property, plant and equipment, net	**Leased assets**	**Intangible assets**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balances as of January 1	**227,139**	**-**	**158,696**	**385,835**
Charges for depreciation and amortization	19,479	20,261	37,029	**76,769**
Disposals	(3,351)	(2,606)	-	**(5,957)**
Other adjustments	(39,430)	39,814	1,410	**1,794**
Balance as of September 30,	**203,837**	**57,469**	**197,135**	**458,441**

NOTE 32 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

For the 9 months ended September 30, 2020 and 2019, the composition of other operating income is as follows:

	For the 9 months ended As of September 30,	
	2020	2019
Concept	**MCh$**	**MCh$**
Income from repossessed assets		
Gain on sale of repossessed assets	1,161	4,583
Other income	159	175
Subtotal	1,320	4,758
Reversal of provisions for credit commitments		
Reversal of provisions for country risk	-	46
Other provisions for credit commitments	-	-
Subtotal	-	46
Other income		
Gains on sale of property, plant and equipment	2,044	1,756
Insurance claims	1,249	577
Leasing income	3,718	4,238
Other income	25,753	26,614
Subtotal	32,764	33,185
Total	**34,084**	**37,989**

b) Other operating expenses

For the 9 months ended September 30, 2020 and 2019, the composition of other operating expenses is as follows:

	For the 9 months ended As of September 30,	
	2020	2019
Concept	**MCh$**	**MCh$**
Impairment and expenses for repossessed assets		
Provisions for repossessed assets	95	-
Write-off of repossessed assets	878	2,682
Maintenance expenses for repossessed assets	615	776
Subtotal	1,588	3,458
Establishment of provisions for credit commitments		
Provisions for country risk	254	518
Other provisions for credit commitments	3,185	1,851
Subtotal	3,439	2,369
Other expenses		
Loss on sale of property, plant and equipment		3
Contributions and donations	4,470	2,595
Penalties for judicial and notary expenses	3,289	2,668
Leasing expenses	13,875	8,098
Non-operating expenses	10,882	7,304
Other expenses	4,309	(1,167)
Subtotal	36,825	19,501
Total	**41,852**	**25,328**

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES

a) Loans granted to related parties

Loans granted to related parties are detailed as follows:

	As of September 30, 2020			As of December 31, 2019		
	Operating companies MCh$	**Investment companies MCh$**	**Individuals MCh$**	**Operating companies MCh$**	**Investment companies MCh$**	**Individuals MCh$**
Loans and receivables to customers						
Commercial loans	119,346	86,783	21,459	95,963	81,051	16,903
Mortgage loans	-	-	46,198	-	-	45,275
Consumer loans	-	-	7,776	-	-	7,308
Loans and receivables from customers, gross	**119,346**	**86,783**	**75,433**	**95,963**	**81,051**	**69,486**
Allowances for loan losses	(339)	(88)	(291)	(244)	(54)	(294)
Loans and receivables from customers, net	**119,007**	**86,695**	**75,142**	**95,719**	**80,997**	**69,192**
Credit commitments	68,105	10,329	18,164	39,195	4,797	19,146
Provisions for credit commitments	(99)	(12)	(39)	(36)	(5)	(30)
Credit commitments, net	**68,006**	**10,317**	**18,125**	**39,159**	**4,792**	**19,116**

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

b) Other transactions with related parties

For the nine-month periods ended September 30, 2020 and 2019, the Bank conducted the following transactions with related parties:

September 2020 Company name	Relationship with the Group	Description	Amount of transaction	Effect on income Position	 Income
			MCh$	MCh$	MCh$
Artikos Chile S.A.	Joint venture	Acquisition services	792	792	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	128	128	-
BCI Seguros de Vida S.A.	Common parent	Revenue and channel usage service	1,185	-	1,185
		Brand use	6,056	-	6,056
		Messaging	136	-	136
		Channel usage	646	-	646
		Loss management	732	-	732
		Digital transformation	1,077	-	1,077
		Contracted insurance	50	50	
		Subordinated bonds	648	44	-
		Financial bond	726	20	-
		Forward operation	57	57	-
		Channel use commissions	5,893	-	5,893
		Bank expenses	157	-	157
		Fees for collection of financial services y management of commercial loans	6,851	-	6,851
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Ltda	1,019	-	1,019
		Intermediation fees BCI CCSS	7,923	-	7,923
BCI Seguros Generales S.A.	Common parent	Revenue and channel usage service	49	-	49
		Brand use	1,211	-	1,211
		Messaging	44	-	44
		Channel usage	646	-	646
		Digital transformation	1,077	-	1,077
		Channel use commissions	3,426	-	3,426
		Forward operation	10	-	69
		Intermediation fees SSFF Corredores de Seguros y Gestión Financiera Ltda	1,046	-	1,046
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Limitada.	4,716	-	4,716
		Intermediation fees BCI CCSS	18,525	-	18,525
		Prizes	420	-	420
		Marketing contribution	310	-	310
Centro de Compensación Automatizado S.A.	Others	Electronic banking transactions	1,342	1,342	-
Compañía Nacional de Teléfonos Telefónica de Sur S.A.	Other	Rental of data links	38	38	-
Combanc S.A.	Associate	Compensation and high value payment	370	370	-
Comder Contraparte Central S.A.	Associate	Bank processing	636	636	-
Conexxion Spa	Others	Postal mail service	203	203	-
DCV Registros S.A.	Others	Management of register of shareholders	77	77	-
Depósitos Central de Valores S.A.	Others	Financial instruments custody	324	324	-
Digitech Solutions S.A.	Others	Digital documentation	224	224	-
Fernando Vallejos V	Others	Advice and consultancy	59	59	-
Inmobiliaria Anya S.A.	Others	Real estate projects	85	85	-
Inmobiliaria JY S.A.	Others	Real estate projects	167	167	-
Jordan (Chile) S.A.	Common parent	Forms printing	1,511	1,511	-
Mario Gómez D.	Others	Advice and consultancy	144	144	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	6,662	6,662	-
Redbanc S.A.	Associate	ATMs Operation	4,491	4,491	-
SalcobrandS.A.	Common parent	Rent of places for ATMs	169	169	-
Servicios de Información avanzada S.A.	Others	Trade information service	585	585	-
Servipag Ltda.	Joint venture	Services collection and payment	3,680	3,680	-
Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Others	Financial information service	407	407	-
Transbank S.A.	Other	Credit card management and credit card use income	19,689	4,560	15,128

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

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

September 2019 Company name	Relationship with the Group	Description	Amount of transaction	Effect on income Position	Effect on income Income
			MCh$	MCh$	MCh$
Artikos Chile S.A.	Joint venture	Acquisition services	756	756	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	113	113	-
BCI Seguros de Vida S.A.	Common parent	Revenue and channel usage service	1,527	-	1,527
		Brand use	1,578	-	1,578
		Messaging	105	-	105
		Channel usage	631	-	631
		Loss management	715	-	715
		Marketing	3,571	-	3,571
		Subordinated bonds	732	51	-
		Contracted insurance	39	39	-
		Term deposits	4,238	23	-
		Forward operation	254	254	-
		Fees for collection of financial services y management of commercial loans	11,658	-	9,797
		Intermediation fees BCI CCSS	19,564	-	19,564
BCI Seguros Generales S.A.	Common parent	Revenue and channel usage service	58	-	58
		Brand use	316	-	316
		Messaging	21	-	21
		Losses	358	-	358
		Forward operation	97	97	-
		Intermediation fees SSFF Corredores de Seguros y Gestión Financiera Ltda	357	-	300
		Collection fees Servicios de Comercialización y Apoyo Financiero y de Gestión Ltda	1,006	-	845
		Intermediation fees BCI CCSS	25,991	-	25,991
Centro de Compensación Automatizado S.A.	Others	Electronic banking transactions	1,265	1,265	-
Compañía Nacional de Telefonos Telefónica de Sur S.A.	Other	Rental of data links	37	37	
Combanc S.A.	Associate	Compensation and high value payment	345	345	-
Comder Contraparte Central S.A.	Associate	Bank processing	725	725	-
Comunicaciones Capítulo Ltda.	Other	Rental of data links	24	24	
Conexxion Spa	Others	Postal mail service	224	224	-
DCV Registros S.A.	Others	Management of register of shareholders	79	79	-
Depósitos Central de Valores S.A.	Others	Financial instruments custody	219	219	-
Digitech Solutions S.A.	Others	Digital documentation	265	265	-
Fernando Vallejos V	Others	Advice and consultancy	58	58	-
GTD Teleductos S.A.	Others	Rental of data links	241	241	-
Inmobiliaria Anya S.A.	Others	Real estate projects	87	87	
Inmobiliaria JY S.A.	Others	Real estate projects	162	162	
Jordan (Chile) S.A.	Common parent	Forms printing	1,651	1,651	-
Mario Gómez D.	Others	Advice and consultancy	164	164	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	6,494	6,494	-
Redbanc S.A.	Associate	ATMs Operation	4,703	4,703	-
SalcobrandS.A.	Common parent	Rent of places for ATMs	159	159	
Servicios de Información avanzada S.A.	Others	Trade information service	518	518	-
Servipag Ltda.	Joint venture	Services collection and payment	4,845	4,845	-
Sistema Nacional de Com. Financieras S.A. (Sinacofi)	Others	Financial information service	411	411	-
Transbank S.A.	Other	Credit card management and credit card use income	39,102	10,110	37,992

NOTE: Only transactions over UF1,000 are disclosed.

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

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

c) Other assets and liabilities with related parties

	As of September 30	As of December 31
	2020	**2019**
	MCh$	**MCh$**
ASSETS		
Derivative financial assets	-	-
Other assets	-	-
LIABILITIES		
Derivative financial liabilities	-	-
Demand deposits	103,947	87,283
Deposits and other term loans	308,611	191,703
Other liabilities	-	-

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

		For the 9 months ended September 30			
		2020		2019	
Type of income or (expense) recognized	**Entity**	**Income**	**Expense**	**Income**	**Expense**
		MCh$	**MCh$**	**MCh$**	**MCh$**
Income and expenses	Sundry	8,107	(2,982)	7,450	(3,929)
Operational support expenses	Companies supporting the line of business	78,342	(26,825)	103,369	(34,119)
Total		**86,449**	**(29,807)**	**110,819**	**(38,048)**

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

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

	For the 9 months ended As of September 30,	
	2020	**2019**
	MCh$	**MCh$**
Short- term remunerations of key management personnel (*)	13,422	25,466
Severance indemnities for termination of contract	-	-
Total	**13,422**	**25,466**

(*) For the period ended September 30, 2020, total expenses for the corresponding remuneration of the Board of Directors of the Bank and subsidiaries amounted to MCh$3,866 (MCh$3,719 for the period 2019).

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

f) Composition of key management personnel

As of September 30, 2020, the composition of the key management personnel of the Bank and its subsidiaries is as follows:

Position	No. of executives
Director	20
General manager	9
Division and Area Manager	26
Total	**55**

g) Transactions with key management personnel

For the 9 months ended September 30, 2020 and 2019, the Bank has undertaken the following transactions with key management personnel, as specified below:

	For the 9 months ended September 30					
	2020			2019		
	Balance owed	Interest income	Income of key executives	Balance owed	Interest income	Income of key executives
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Credit cards and other services	2,313	1,296,307	5	2,023	1,345,812	6
Mortage loans	2,276	238,801	61	2,284	280,550	92
Collateral	2,881	-	-	1,990	-	-
Total	**7,470**	**1,535,108**	**66**	**6,297**	**1,626,362**	**98**

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

As of September 30, 2020, the Bank has the following contracts:

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

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

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

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

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

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

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

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

N°	Related company	The service involved	Concept	Description of the Contract	Period	Condition
34	Comercializadora AO Ltda.	Funiture	Funiture	Funiture	Seasonal purchase	Seasonal purchase
35	Inmobiliaria JY S.P.A.	Real estate projects	Real estate projects	Real estate projects	Indefinite	Automatic renewal every year
36	Alton Bridge Gropun SPA	Provision of information and transaction services to the money desk through telephone link and software for transactions.	Information and transaction services	Provision of information and transaction services to the money desk through telephone link and software for transactions.	Indefinite	Automatic renewal every year
37	Inmobiliaria SB SPA	Real estate services	Lease	Sub-lease of stores in Building Centro Santa María de Manquehue.	Indefinite	Automatic renewal every year
38	Corporación de Crédito al Menor o Demos una Oportunidad al Menor	Donation for social purposes	Donation for social purposes	Donations for social purposes to fund the Continuous Improvement Program for the comprehensive development of the Villa Jorge Yarur Banna Protection Residence for Girls and Adolescents seriously violated in their rights.	52 months (4 years and 4 months)	Definite
39	Boston Consulting Group	Advisory and consulting services	Advisory and consulting services	Advisory and consulting services	Definite	Definite
40	Inversiones Edelweiss Chile Limitada	Sale of supplies	Sale of supplies	Purchase of supplies	Definite	Seasonal purchase

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE

a) The following table summarizes the carrying amounts and fair values of the principal financial assets and liabilities in the Bank´s interim consolidated financial statements:

	As of September 30, 2020		As of December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	MCh$	MCh$	MCh$	MCh$
Assets				
Cash and deposits in banks	3,849,105	3,849,105	3,153,760	3,153,760
Items in course of collection	359,156	359,156	310,602	310,602
Trading portfolio financial assets	1,074,764	1,074,764	2,212,257	2,212,257
Liabilities under agreements to repurchase	196,540	196,540	196,015	196,015
Derivative financial liabilities	5,881,527	5,881,527	4,261,289	4,261,289
Loans and receivables to banks, net	346,403	346,403	457,640	457,640
Loans and receivables to customers, net	36,051,572	40,268,468	33,212,457	37,189,315
Commercial loans	24,097,194	24,586,684	21,253,077	21,792,430
Mortgage loans	8,736,663	11,251,362	8,292,339	10,409,717
Consumer loans	3,217,715	4,430,422	3,667,041	4,987,168
Financial investments available for sale	6,758,971	6,758,971	4,011,029	4,011,029
Financial investments held to maturity	27,599	27,599	7,369	7,369
Total assets	**54,545,637**	**58,762,533**	**47,822,418**	**51,799,276**
Liabilities				
Current accounts and demand deposits	18,834,044	18,834,044	14,180,699	14,180,699
Items in course of collection	503,138	503,138	200,976	200,976
Liabilities under agreements to repurchase	206,471	206,471	909,391	909,391
Term deposits and savings accounts	10,533,798	10,555,319	13,372,756	13,422,456
Derivative financial liabilities	6,008,387	6,008,387	4,412,365	4,412,365
Borrowings from financial institutions	6,515,698	6,515,698	3,482,261	3,482,261
Debt issued	7,530,661	8,999,546	7,016,742	8,210,106
Other financial liabilities	1,349,199	1,349,199	1,450,586	1,450,586
Total liabilities	**51,481,396**	**52,971,802**	**45,025,776**	**46,268,840**

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

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

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

Loans and receivables to customers

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

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

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

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

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

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

Deposits and other borrowings

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

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

Borrowings from banks

For the items in the previous table whose calculation has not varied significantly, their fair value will be allocated to their carrying amount, because it reflects the corresponding market price.

Debt issued

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

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

Fixed Income Securities and Derivatives

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

Other balance sheet accounts

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

b) Financial instruments measured at fair value.

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

c) Hierarchy used for determining the fair value

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

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities or similar assets and liabilities , either directly (i.e. as prices) or indirectly (i.e. derived from prices). Prices may require interpolation within a price structure 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 interim consolidated financial statements, classified in their respective levels of hierarchy previously described.

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

	Level 1		Level 2		Level 3		Total	
	September	December	September	December	September	December	September	December
	2020	2019	2020	2019	2020	2019	2020	2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial Assets								
Trading portfolio financial assets								
State and Central Bank of Chile	339,631	1,395,079	-	-	-	-	339,631	1,395,079
Other domestic institutions	630,684	744,361	-	-	-	-	630,684	744,361
Foreign institutions	9,320	1,940	-	-	-	-	9,320	1,940
Investments in mutual funds	95,129	70,877	-	-	-	-	95,129	70,877
Subtotal	**1,074,764**	**2,212,257**	**-**	**-**	**-**	**-**	**1,074,764**	**2,212,257**
Trading Derivative contracts								
Forwards	-	-	324,980	527,888		-	324,980	527,888
Swaps	-	-	4,428,189	3,025,756	9,698	11,636	4,437,887	3,037,392
Call Options	-	-	4,289	13,353		-	4,289	13,353
Put Options	-	-	1,133	1,599	-	-	1,133	1,599
Futures	-	-	403	53	-	-	403	53
Subtotal	**-**	**-**	**4,758,994**	**3,568,649**	**9,698**	**11,636**	**4,768,692**	**3,580,285**
Hedging derivatives								
Forwards	-	-	4,810	19,687	-	-	4,810	19,687
Fair value hedges:(swap)	-	-	236,089	363,648	-	-	236,089	363,648
Cash flow hedges (swap)	-	-	905,146	323,981	-	-	905,146	323,981
Subtotal	**-**	**-**	**1,146,045**	**707,316**	**-**	**-**	**1,146,045**	**707,316**
Financial investments available for sale					-	-		
State and Central Bank of Chile	2,623,128	698,266	-	-	-	-	2,623,128	698,266
Other domestic institutions	786,422	148,738	-	-	-	-	786,422	148,738
Foreign institutions	3,349,420	3,164,025	-	-	-	-	3,349,420	3,164,025
Subtotal	**6,758,970**	**4,011,029**	**-**	**-**	**-**	**-**	**6,758,970**	**4,011,029**
Total financial assets	**7,833,734**	**6,223,286**	**5,905,039**	**4,275,965**	**9,698**	**11,636**	**13,748,471**	**10,510,887**

	Level 1		Level 2		Level 3		Total	
	September	December	September	December	September	December	September	December
	2020	2019	2020	2019	2020	2019	2020	2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial liabilities								
Trading Derivative contracts								
Forwards	-	-	280,916	474,302	-	-	280,916	474,302
Swaps	-	-	4,516,651	3,242,642	-	-	4,516,651	3,242,642
Call Options	-	-	2,685	6,283	-	-	2,685	6,283
Put Options	-	-	1,967	3,131	-	-	1,967	3,131
Futures	-	-	-	312	-	-	-	312
Subtotal	**-**	**-**	**4,802,219**	**3,726,670**	**-**	**-**	**4,802,219**	**3,726,670**
Hedging derivatives								
Forwards	-	-	2,438	16,496	-	-	2,438	16,496
Fair value hedges:(swap)	-	-	88,584	153,479	-	-	88,584	153,479
Cash flow hedges (swap)	-	-	1,115,146	515,720	-	-	1,115,146	515,720
Subtotal	**-**	**-**	**1,206,168**	**685,695**	**-**	**-**	**1,206,168**	**685,695**
Total financial liabilities	**-**	**-**	**6,008,387**	**4,412,365**	**-**	**-**	**6,008,387**	**4,412,365**

The above amounts do not include adjustments for CVA and BidOffer (Credit Value Adjustment or Adjustment for Credit Risk of Derivatives and the buying end). As of September 30, 2020 both items amount to MCh$ 33,210 (MCh$ 26,312 as of December 31, 2019).

Transfers between Levels 1 and 2

The Bank and its subsidiaries have not made any transfers of financial assets or liabilities between Levels 1 and 2 during the period 2020 and the year 2019.

Level 3 valuation reconciliation

As September 30, 2020 and December 31, 2019, the interim consolidated statements of financial position have assets classified as Level 3 which relate to Swap TAB contracts for which there are no market observable inputs.

NOTE 34 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

d) Valuation of La Polar Bonds

As September 30, 2020 and December 31, 2019, the Bank has applied valuation techniques to determine the fair value of the financial instruments "BLAPO-F" and "BLAPO-G". This enhancement builds on the Internal Rate of Return (IRR) of the last transaction of the existing market between the closing date of the interim consolidated financial statements and the date of redemption of the financial instrument.

NOTE 35 - RISK MANAGEMENT

1. Introduction

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

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

In relation to financial risks, the organizational structure is designed to manage these risks efficiently, transparently and timely. It is formed by strategic units composed by the Board of Directors, the Executive Committee, the Finances and Risk Committee, and the Asset and Liabilities Committee ("ALCO"). These are divided into operative units such as the Corporate Risk Management and the Balance Sheet, Trading and Institutional, and Distribution and Corporate areas, parts of the Investment and Finance Banking division. All this information flow is processed and analyzed by supporting units, such as Accounting, Middle and Back Office (Supporting Areas and Operational Departments), Management and Processes Control and Information Technology and Systems.

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

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

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

NOTE 35 - RISK MANAGEMENT, CONTINUED

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

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

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

i. Investment and Finance Banking division (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.

NOTE 35 - RISK MANAGEMENT, CONTINUED

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

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

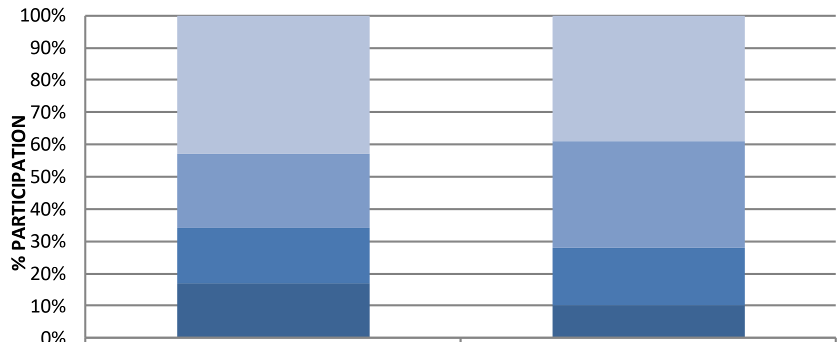
At the regulatory level, liquidity is measured and reported to the CMF through standardized reports of liquidity position. According to bank regulations, the Bank has been authorized to use an adjusted liquidity model, generating procedures and models that allow an evaluation of future income and liabilities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

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

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

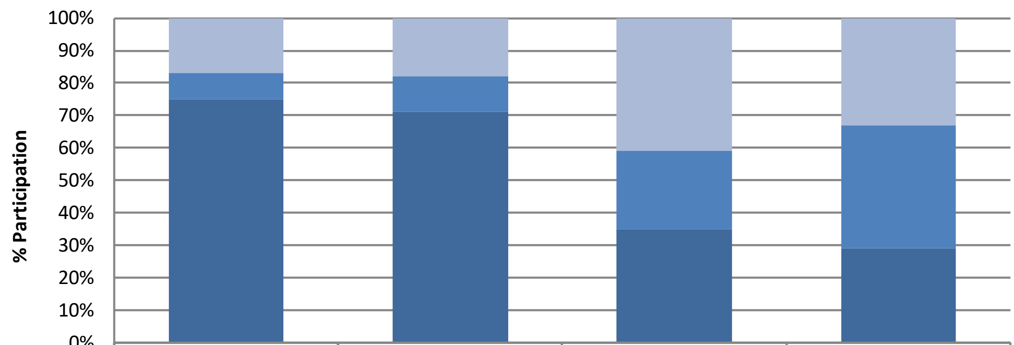
NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 1. Evolution of principal funding sources
As of September 30, 2020 and December 31, 2019
Banco de Credito e Inversiones and City National Bank (CNB)



	09.30.2019	12.31.2019
DEMAND DEPOSITS	43%	39%
DEPOSITS AND LONG-TERM SAVING ACCOUNTS	23%	33%
BONDS	17%	18%
OTHER LIABILITIES	17%	10%

Fig. 2. Diversification of liquidity sources by segment
As of September 30, 2020 and December 31, 2019
Banco de Credito e Inversiones and City National Bank (CNB)



	DEMAND DEPOSITS		DEPOSITS AND LONG-TERM SAVING ACCOUNTS	
	09-30-2020	12-31-19	09-30-2020	12-31-2019
OTHER WHOLESALE	17%	18%	41%	33%
FINANCIAL	8%	11%	24%	38%
RETAIL	75%	71%	35%	29%

NOTE 35 - RISK MANAGEMENT, CONTINUED

a. Year 2020 Variations (domestic consolidation)

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

Fig. 3. Liquidity Ratios (domestic consolidation)
As of September 30, 2020 and December 31, 2019 (maximum = 1)

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

	As of September 30, 2020				As of December 31, 2019			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	14.56%	50.91%	(19.40)%	21.73%	12.96%	35.77%	(13.98)%	35.77%
Total mismatch 90 days (*)	35.67%	50.90%	10.11%	25.71%	32.16%	52.62%	14.25%	43.51%

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

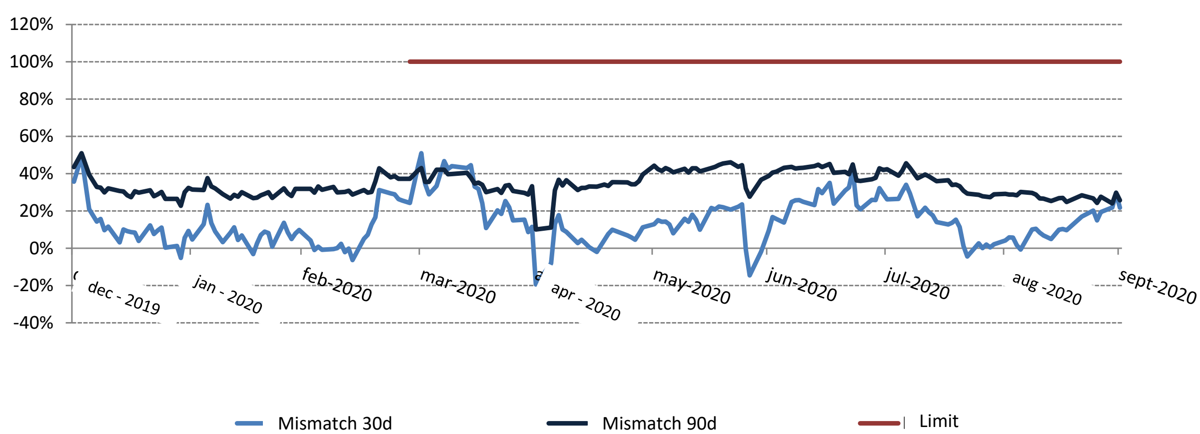
(b) Short- term mismatch CLP-UF (% on basic capital)

	As of September 30, 2020				As of December 31, 2019			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	7.78%	37.90%	(31.26)%	18.73%	11.86%	38.76%	(21.12)%	37.00%

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

	As of September 30, 2020				As of December 31, 2019			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
	6.78%	22.28%	(12.48)%	3.00%	1.11%	16.35%	(15.76)%	(1.22)%

Fig. 4. Liquidity Evolution (domestic consolidation) As of September 30, 2020 (maximum = 1)
Liquidity 30 days = Mismatch /Basic Capital
Liquidity 90 days = Mismatch /2x Basic Capital



NOTE 35 - RISK MANAGEMENT, CONTINUED

In regards to the impact of the pandemic on liquidity, prior to the spread of the Covid-19 virus, the Bank was in a favorable position due to the monitoring of early warnings after the social unrest that occurred in October 2019 in Chile. The foregoing, plus the good renewal of deposits and the taking of liquidity facilities from the Central Bank and the Fed, made it possible to maintain high levels of liquidity during the period spanning from the beginning of the pandemic to date. As a follow-up measure to the Bank’s action plan, a Liquidity Contingency Committee was set up. This Committee gathers all the players that have an impact on the Bank’s liquidity management at the highest executive level, and monitors the different measures taken by the Bank and their effect on the related metrics. In particular, the levels of the short-term liquidity ratio (LCR) remain on average over 150%, which is above the regulatory limit (70%).

3. Market Risk

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

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

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

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

NOTE 35 - RISK MANAGEMENT, CONTINUED

a. Top holdings

The principal positions of the consolidated statements of financial position as of September 30, 2020 are listed by maturity band or repricing and their comparison to the year 2019.

Fig. 5. Carrying amount to maturity range or re-pricing by currency
Positions As of September 30, 2020 (MCh$)

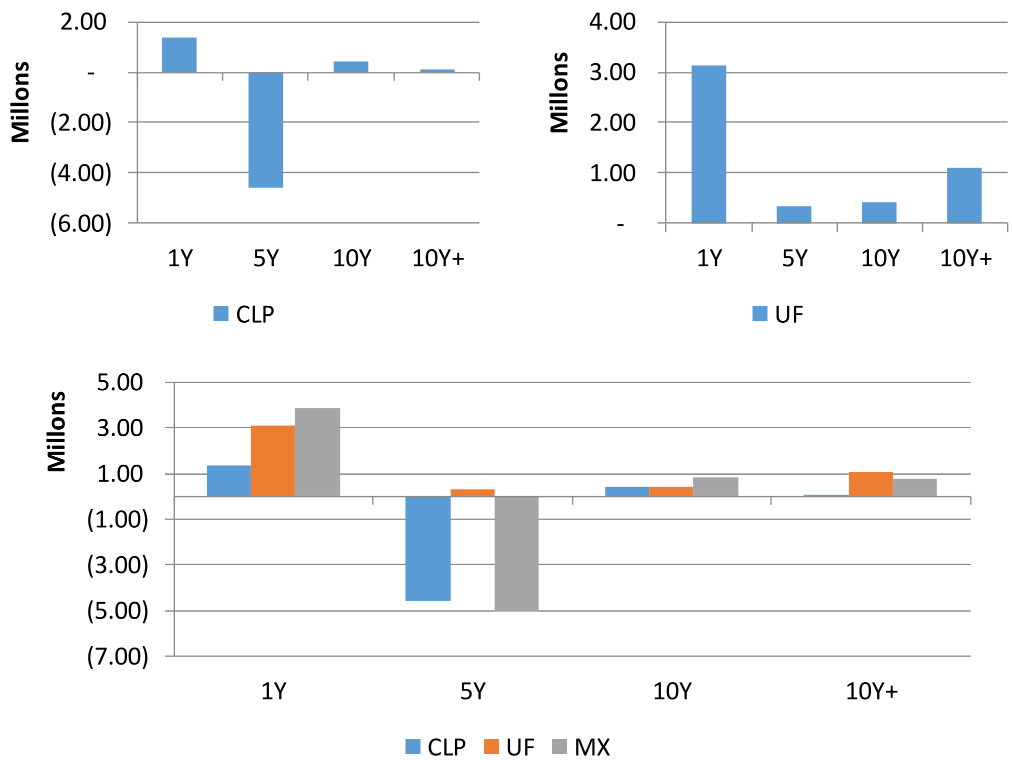
ASSETS	1Y	5Y	10Y	10Y+	Total
Ch$	12,926,933	4,859,663	483,608	106,708	18,376,912
UF	4,746,625	5,584,425	3,821,513	2,660,419	16,812,982
MX	12,680,131	5,620,708	1,778,850	847,807	20,927,496
Total	**30,353,689**	**16,064,796**	**6,083,971**	**3,614,934**	**56,117,390**

LIABILITIES	1Y	5Y	10Y	10Y+	Total
Ch$	11,552,211	9,472,988	40,044	-	21,065,243
UF	1,601,966	5,247,601	3,402,864	1,557,464	11,809,895
MX	8,822,398	10,655,170	916,652	92,477	20,486,697
Total	**21,976,575**	**25,375,759**	**3,459,560**	**1,649,941**	**53,361,835**

MISMATCH	1Y	5Y	10Y	10Y+	Total
Ch$	1,374,722	(4,613,325)	443,564	106,708	(2,688,331)
UF	3,144,659	336,824	418,649	1,102,955	5,003,087
MX	3,857,733	(5,034,462)	862,198	755,330	440,799
Total	**8,377,114**	**(9,310,963)**	**1,724,411**	**1,964,993**	**2,755,555**

NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 6. Carrying amount to maturity range or re-pricing by currency
Positions as of September 30, 2020 (MCh$)



NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 7. Carrying amount to maturity range or re-pricing by currency
Positions As of December 31, 2019 (MCh$)

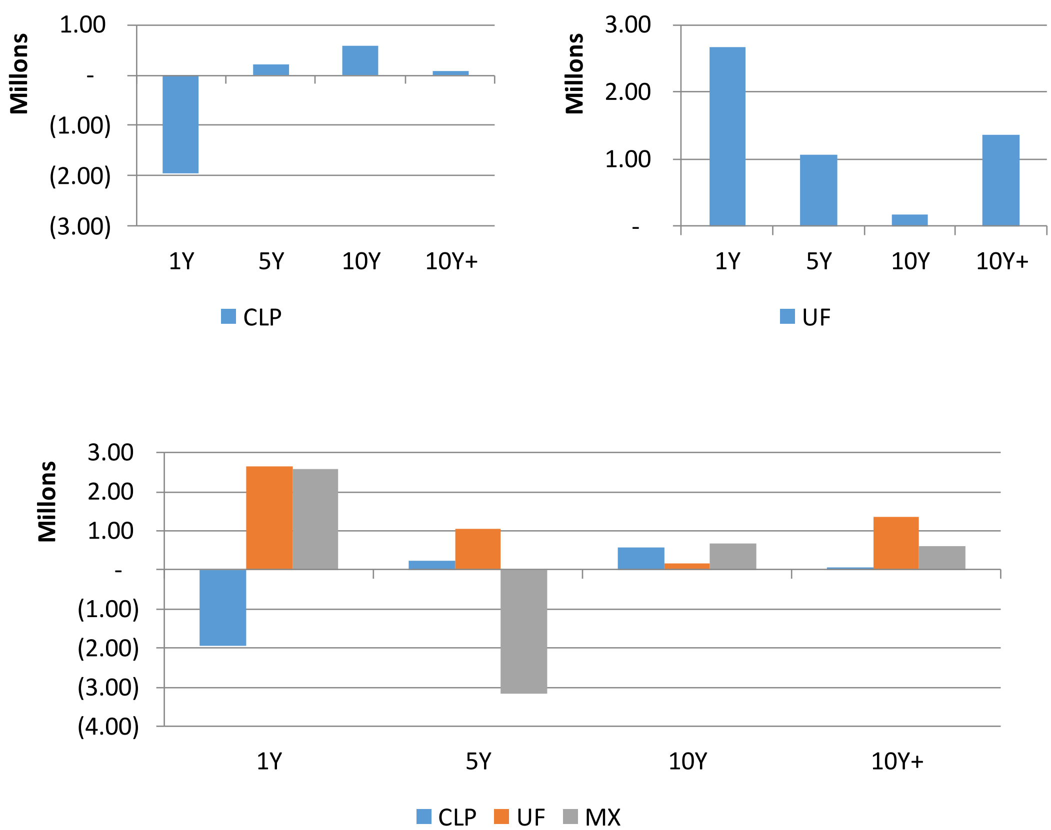
ASSETS	1Y	5Y	10Y	10Y+	Total
Ch$	10,745,050	4,645,590	621,753	75,328	16,087,721
UF	3,951,509	5,790,349	3,534,605	2,700,284	15,976,747
MX	11,524,220	5,438,677	2,170,959	682,842	19,816,698
Total	**26,220,779**	**15,874,616**	**6,327,317**	**3,458,454**	**51,881,166**

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

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

NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 8. Carrying amount to maturity range or re-pricing by currency
Positions As of December 31, 2019 (MCh$)



NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 9. Carrying amount to maturity range or re-pricing by Account Positions As of September 30, 2020 (MCh$)

Assets	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Central Bank of Chile	1,682,280	4,972	-	-	1,687,252
Domestic banks and financial institutions	915,644	1,381,515	274,497	405,868	2,977,524
Investments under agreements to resell	39,410	-	-	-	39,410
Commercial loans	11,639,657	5,590,587	1,630,637	890,822	19,751,703
Consumer loans	1,176,843	1,647,308	146,326	48,698	3,019,175
Negotiable residential mortgage loans	1,072,884	3,006,465	2,333,548	1,793,746	8,206,643
Residential mortgage loans with funding notes	8,701	4,969	70	-	13,740
Cash	3,288,540	-	-	-	3,288,540
Forwards	245,148	-	-	-	245,148
Chilean State	300,826	196,086	113,562	138,435	748,909
Consumer leasing	2	-	-	-	2
Commercial leasing operations	509,711	654,422	185,202	37,120	1,386,455
Other domestic entities	-	-	-	-	-
Other foreign entities	39,336	343,570	77,911	19,989	480,806
Other assets	3,824,238	213,842	11,146	120	4,049,346
Other residential mortgage loans	840,550	723,155	228,081	187,624	1,979,410
Other, excluding options	-	-	-	-	-
Swaps	4,769,919	2,297,905	1,082,991	92,512	8,243,327
Total assets	**30,353,689**	**16,064,796**	**6,083,971**	**3,614,934**	**56,117,390**

Liabilities	**1Y**	**5Y**	**10Y**	**10Y+**	**Total**
Ordinary bonds	616,544	3,715,129	2,269,433	180,638	6,781,744
Subordinated bonds	51,024	214,642	231,501	1,405,088	1,902,255
Saving accounts with deferred withdrawal	42,661	-	-	-	42,661
Savings accounts with unconditional withdrawal	154,033	-	-	-	154,033
Demand deposits (*)	4,238,164	14,109,984	-	-	18,348,148
Term deposits	9,417,299	220,125	6	117	9,637,547
Forwards	241,146	-	-	-	241,146
Letters of credit	2,859	4,912	137	-	7,908
Other liabilities	1,466,047	-	-	-	1,466,047
Other, excluding options	-	-	-	-	-
Foreign loans and other obligations	1,581,092	-	-	-	1,581,092
Domestic loans and other obligations	1,151,482	2,424,606	-	-	3,576,088
Swaps	2,922,525	3,178,150	1,858,483	64,098	8,023,256
Liabilities under agreements to repurchase	91,699	1,508,211	-	-	1,599,910
Total liabilities	**21,976,575**	**25,375,759**	**4,359,560**	**1,649,941**	**53,361,835**

(*) Determined in accordance with internal models.

NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 10. Carrying amount to maturity range or re-pricing by Account Positions as of December 31, 2019 (MCh$)

Assets	1Y	5Y	10Y	10Y+	Total
Central Bank of Chile	16,853	243,547	-	-	260,400
Domestic banks and financial institutions	675,370	1,240,627	427,613	313,024	2,656,634
Investments under agreements to resell	65,123	-	-	-	65,123
Commercial loans	10,530,098	5,153,080	1,791,531	850,607	18,325,316
Consumer loans	1,301,987	1,834,921	148,157	55,834	3,340,899
Negotiable residential mortgage loans	971,550	3,073,763	2,023,085	1,879,719	7,948,117
Residential mortgage loans with funding notes	10,159	7,220	247	-	17,626
Cash	2,492,652	-	-	-	2,492,652
Forwards	472,033	58,448	-	-	530,481
Chilean State	195,278	386,567	110,416	9,300	701,561
Consumer leasing	13	-	-	-	13
Commercial leasing operations	513,665	666,196	189,376	40,939	1,410,176
Other domestic entities	-	-	-	-	-
Other foreign entities	49,893	215,392	115,628	23,134	404,047
Other assets	4,451,261	278,330	18,111	158	4,747,860
Other residential mortgage loans	785,351	786,556	243,964	198,695	2,014,566
Other, excluding options	-	-	-	-	-
Swaps	3,689,493	1,929,969	1,259,189	87,044	6,965,695
Total assets	**26,220,779**	**15,874,616**	**6,327,317**	**3,458,454**	**51,881,166**

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

(*) Determined in accordance with internal models.

NOTE 35 - RISK MANAGEMENT, CONTINUED

The principal positions of financial investments available for sale by type of issuer and currency and risk classification as of December 31, 2019 and 2018 are stated below. The risk classification of these positions at the end of the last period is also reported.

Fig. 11.a Fair Value of Financial Investments Available for Sale
As of September 30, 2020 (MCh$)
Banco de Credito e Inversiones and City National Bank (CNB)

	Ch$	UF	USD	EUR	Other
Sovereign bonds	569,000	313,648	145,783	-	-
Corporate bonds	-	9,021	133,369	51,373	-
Financial institutions bonds	12,950	397,443	2,244,718	-	-
Mortgage-funding notes	-	35,639	-	-	-
Term deposits	324,120	-	-	-	-
Investment funds (*)	-	-	47,359	-	-
Shares (*)	-	-	116,756	-	-
Total	**906,070**	**753,751**	**2,687,985**	**51,373**	**-**

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

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

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

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

NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 12. Financial Investments Available for Sale
Internationally-Issued Bond Portfolio Credit Rating as of September 30, 2020 (%)
Banco de Credito e Inversiones and City National Bank (CNB)

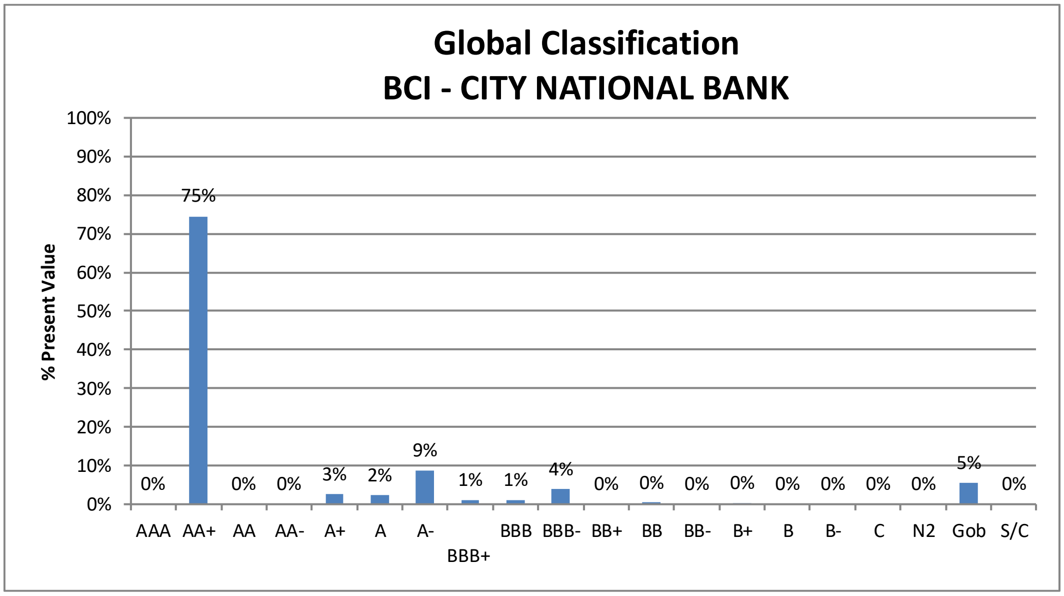
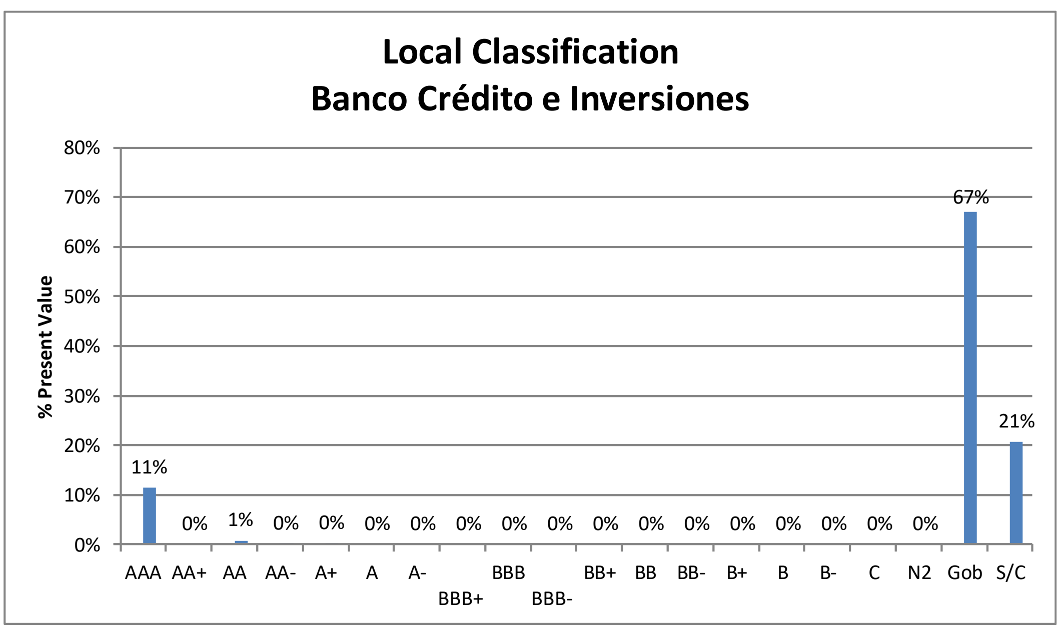


Fig. 13. Financial Investments Available for Sale
Portfolio Risk Classification Bonds and LCH National Issue as of September 30, 2020 (%)
Banco de Credito e Inversiones and City National Bank (CNB)



NOTE 35 - RISK MANAGEMENT, CONTINUED

b. Sensitivity analysis

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

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

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

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

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

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

In the scenario of 100 basis points increase, holding constant other variables, the effects compared at the end of the period ended September 30, 2020 and December 2019, respectively, for the Bank are the following:

- In the short-term, exposure to interest rates as of September 30, 2020 and December 2019, amounted to MCh$18,284 and MCh$29,946 respectively, equivalent to expecting an adverse effect on the financial margin over a 3-month horizon.

- The sensitivity rate risk applied to all items in the banking book and all deadlines, measured by MVS, as of September 30, 2020 and December 2019, are MCh$13,039 and MCh$168,531 respectively.

NOTE 35 - RISK MANAGEMENT, CONTINUED

c. Value at Risk

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

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

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

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

Statistically, excess losses of VaR are expected to be observed on average 1% daily. As of September 30, 2020, back-test places the model in the yellow area of Basel with 5 fails in the last 250 business days.

Objectives and limitations of the VaR methodology

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

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

- Stress Testing VaR

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

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

NOTE 35 - RISK MANAGEMENT, CONTINUED

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

- VaR limits

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

d. Position Limit

In addition to the limits of predictive risk models such as VaR and sensitivity analyzes, there are accounting limits for maximum positions.

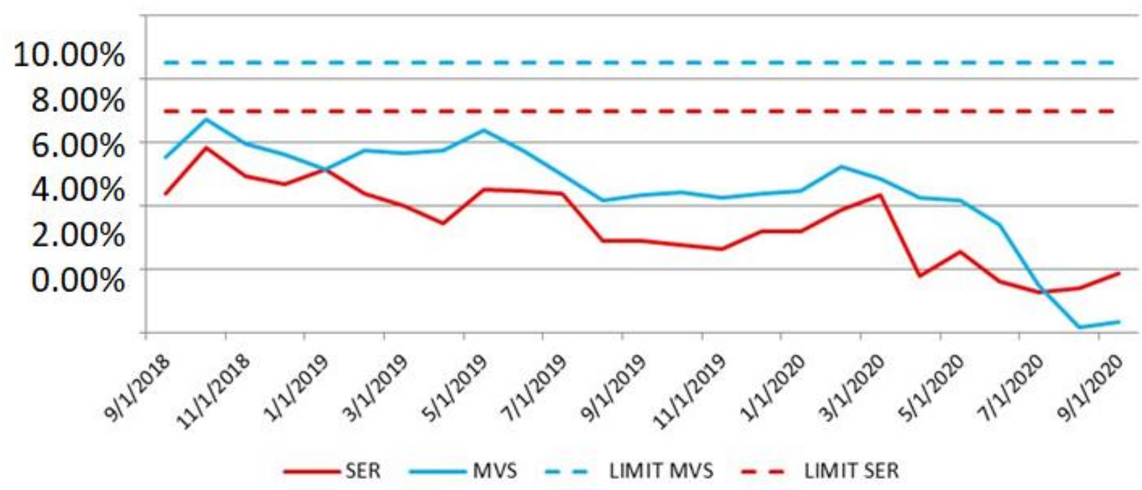
e. Variations

- Sensitivity analysis of the banking book.

Asset and liability management team constantly monitors the use of hedge accounting and the potential advantages of bond issuances, helping to keep the risk of interest rate limited in the banking book.

Long-term risk MVS averaged during 2020 3.16% (5.09% during 2019) over the capital limit of 8.5%. Additionally the short term risk (SeR), presented a mean of 2.44% until September 2020 versus a mean of 3.74% for December 2019.

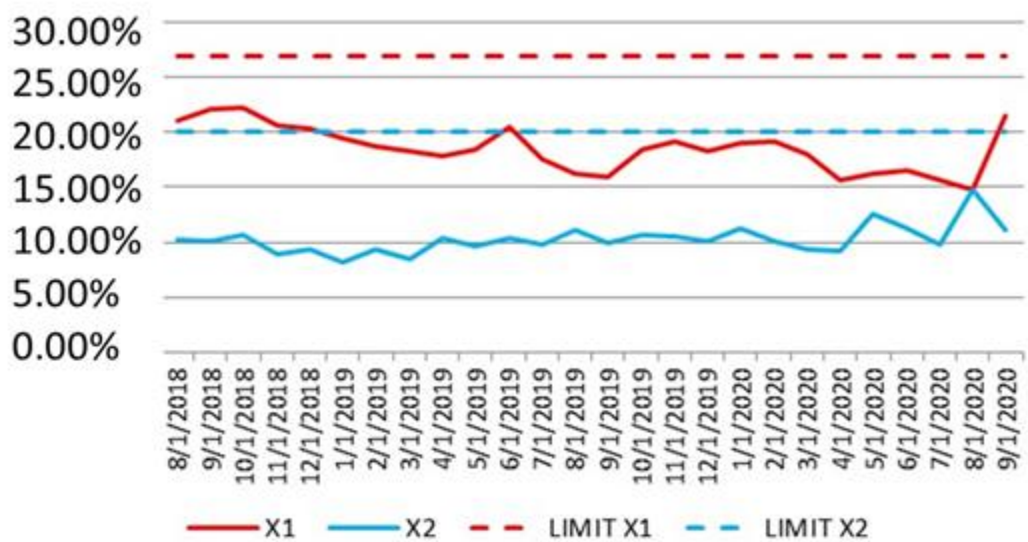
Fig. 14. MVS - SeR
As of September 30, 2020



NOTE 35 - RISK MANAGEMENT, CONTINUED

The evolution of regulatory ratios X1 (short term exposure to market risk) and X2 (long term exposure to market risk) were below the limits as of September 30, 2020, mainly due to the management of the balance sheet through hedge accounting.

Fig. 15. Regulatory Market Risk X1 - X2
Banco Crédito e Inversiones and City National Bank [1]
As of September 30, 2020



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

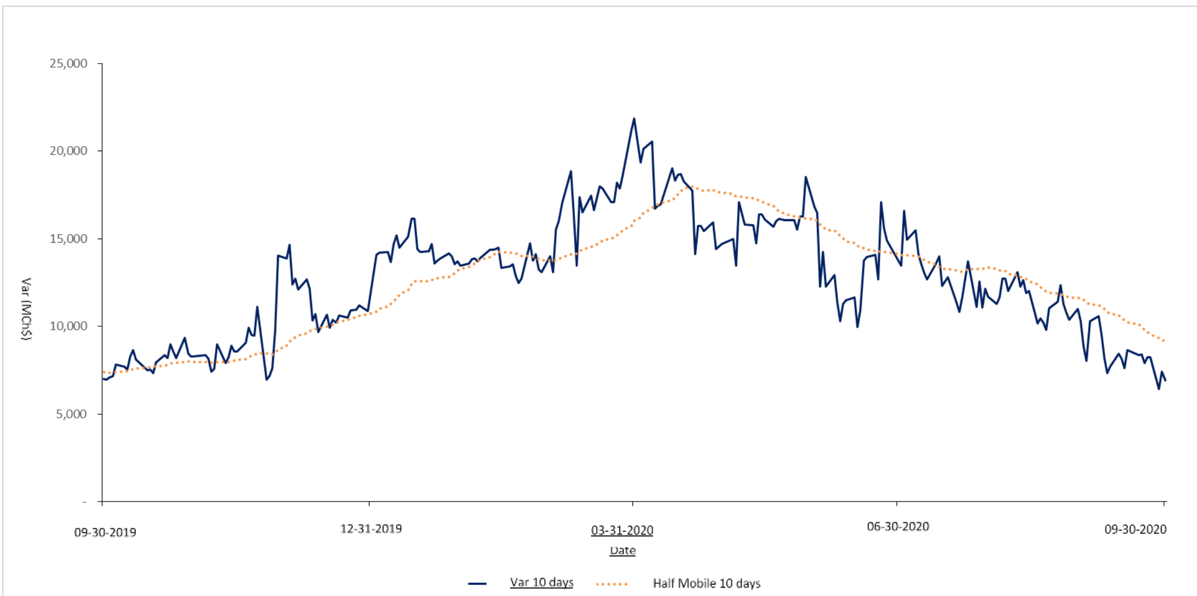
[1] Financial margin values are added for X1 while consolidated equity is used for X2.

NOTE 35 - RISK MANAGEMENT, CONTINUED

- Value at Risk

The evolution of the 10-day VaR for the last quarter; data as of September 30, 2020.

Fig. 16. Consolidated Value at Risk
As of September 30, 2020 (MCh$)



NOTE 35 - RISK MANAGEMENT, CONTINUED

During the third quarter of 2020, the total consolidated risk averaged MCh$13,760, measured over the 10-day regulatory horizon, and increased by 62% compared to December 2019. In the period between January and September, the exchange rate volatility increased dramatically as a result of both the social crisis in Chile and the impact of COVID-19 on world markets, which also has an impact on the levels of bond rates. In this period the senior management approved excesses over the limits.

On a consolidated basis, the risk of interest rate averages MCh$7,805 while the foreign currency risk averages MCh$9,128. In trading the aggregate average was MCh$3,799, MCh$3,063 for interest rate risk and MCh$1,232 for foreign currency risk. Finally, for non-trading portfolios (investments available for sale) the total VaR averaged MCh$2,755; MCh$899 for interest rate risk and MCh$2,297 for foreign currency risk.

Fig. 17. Value at risk by portfolio and type of risk
As of September 30, 2020 (MCh$)

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

	9 months until September 30, 2020			
	Average	Maximum	Minimum	Close
FX risk	9,128	15,820	1,445	4,839
Interest rate risk	7,805	11,931	1,965	4,777
Diversification (*)	3,173	5,894	3,037	2,682
Total VaR	13,760	21,857	6,447	6,933

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

	9 months until September 30, 2020			
	Average	Maximum	Minimum	Close
FX risk	1,232	5,784	3	358
Interest rate risk	3,063	5,165	481	1,073
Diversification	495	3,291	115	143
Total VaR	3,799	7,658	599	1,288

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

	9 months until September 30, 2020			
	Average	Maximum	Minimum	Close
FX risk	2,297	5,176	101	1,510
Interest rate risk	899	2,902	5	273
Diversification	441	3,034	313	255
Total VaR	2,755	5,045	419	1,528

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

NOTE 35 - RISK MANAGEMENT, CONTINUED

Fig. 18. Value at risk by portfolio and type of risk
As of December 31, 2019 (MCh$)(**)

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

	12 months until December 31, 2019			
	Average	Maximum	Minimum	Close
FX risk	4,976	17,208	1,794	11,455
Interest rate risk	5,798	10,595	3,572	7,333
Diversification (*)	2,279	8,360	515	3,406
Total VaR	8,495	19,443	4,851	15,382

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

	12 months until December 31, 2019			
	Average	Maximum	Minimum	Close
FX risk	1,045	8,646	8	156
Interest rate risk	4,047	6,470	2,628	4,330
Diversification	778	4,267	287	224
Total VaR	4,314	10,849	2,923	4,262

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

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

(*) Diversification is defined as the effect of correlation of total VaR.
(**) Summary updated at consolidated level with respect to the previous December 2019 report.

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

NOTE 35 - RISK MANAGEMENT, CONTINUED

Sensitivity of interest rate

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

	Recognition in statements of income		Recognition in statements of other comprehensive income	
	Favorable	Not favourable	Favorable	Not favourable
	MCh$	MCh$	MCh$	MCh$
As of September 30, 2020				
Securities backed by assets held for trading	(100)	100	-	-
Other non-derivative assets held for trading	(9)	9	-	-
Securities backed by available for sales assets	-	-	(199)	199
As of December 31, 2019				
Securities backed by assets held for trading	(54)	54	-	-
Other non-derivative assets held for trading	(33)	33	-	-
Securities backed by available for sales assets	-	-	(48)	48

Currency risk

The currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in exchange rates. The Bank is exposed to the effects of fluctuations in prevailing exchange rates regarding its financial position and cash flows.

NOTE 35 - RISK MANAGEMENT, CONTINUED

The Bank's exposure to the risk of exchange rates of foreign currencies is presented in the table below:

As of September 30, 2020

Amounts in MCh$

Assets	**USD**	**EUR**	**Other**
Cash	871,048	65,802	16,558
Commercial loans	2,143,503	29,655	1,859
Investments under agreement to resell	-	-	-
Commercial leasing operations	114,610	-	-
Mortgage loans	-	-	-
Mortgage loans MHE	-	-	-
Other residential mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	19,286	-	-
Consumer leasing	-	-	-
Commercial loans - credit lines and overdrafts	-	-	-
Consumer loans - credit lines and overdrafts	-	-	-
Central Bank of Chile	-	-	-
Chilean State	-	51,834	-
Domestic banks and financial institutions	16,236	-	-
Other domestic entities	41	-	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	84,729	-	6,737
Forward	9,035,190	175,511	88,033
Futures	6,536	-	-
Swaps	17,993,618	410,341	835,603
Other, excluding options	-	-	-
Other assets	2,776,399	77,644	6,691
Delta Options	88,435	-	-
Total assets	**33,149,631**	**810,787**	**955,481**
Liabilities			
Demand deposits	1,081,653	74,695	292
Term deposits	1,827,272	6,035	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	-	-	-
Loans and other liabilities contracted MN (National Currency)	1,224,487	-	-
Loans and other liabilities contracted MX (Foreign Currency)	159,490	4,483	-
Letters of credit	-	-	-
Ordinary bonds	1,223,809	18,355	687,609
Subordinated bonds	-	-	-
Forward	8,340,462	190,002	108,850
Futures	6,728	-	-
Swaps	16,873,336	453,287	73,896
Other, excluding options	-	-	-
Other liabilities	802,631	58,033	911
Delta Options	69,132	-	-
Total liabilities	**31,609,000**	**804,890**	**871,558**
Net	**1,540,631**	**5,897**	**83,923**

NOTE 35 - RISK MANAGEMENT, CONTINUED

As of December 31, 2019

Amounts in MCh$

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

NOTE 35 - RISK MANAGEMENT, CONTINUED

Sensitivity of currency risk

The following tables detail the Bank's sensitivity against an increase and decrease of 10% in the Chilean peso against the relevant foreign currencies. The 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of reasonable possible changes in exchange rates.

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

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

NOTE 35 - RISK MANAGEMENT, CONTINUED

Amounts in MCh$	**As of September 30, 2020**			
	Decrease of 10%		**Increase of 10%**	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	783,943	59,222	958,153	72,382
Commercial loans	1,929,153	26,690	2,357,853	32,621
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	103,149	-	126,071	-
Mortgage loans LC- Credit line	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other residential mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	17,357	-	21,215	-
Consumer leasing	-	-	-	-
Commercial loans LCS- Credit Line and overdraft	-	-	-	-
Consumer loans LCS- Credit line and overdraft	-	-	-	-
Central Bank of Chile	-	-	-	-
Chilean State	-	46,650	-	57,017
Domestic banks and financial institutions	14,612	-	17,859	-
Other domestic entities	37	-	45	-
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreign entities	76,256	-	93,202	-
Forward	8,131,671	157,960	9,938,709	193,062
Futures	5,882	-	7,189	-
Swaps	16,194,256	369,307	19,792,980	451,375
Other, excluding options	-	-	-	-
Other assets	2,498,759	69,880	3,054,040	85,409
Delta Options	79,591	-	97,278	-
Total assets	**29,834,666**	**729,709**	**36,464,594**	**891,866**
Liabilities				
Demand deposits	973,488	67,226	1,189,818	82,165
Term deposits	1,644,545	5,431	2,009,999	6,638
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	-	-	-	-
Loans and other liabilities contracted MN (National Currency)	1,102,038	-	1,346,936	-
Loans and other liabilities contracted MX (Foreign Currency)	143,541	4,035	175,439	4,931
Letters of credit	-	-	-	-
Ordinary bonds	1,101,428	16,520	1,346,190	20,191
Subordinated bonds	-	-	-	-
Forward	7,506,416	171,002	9,174,508	209,002
Futures	6,055	-	7,401	-
Swaps	15,186,002	407,958	18,560,669	498,615
Other, excluding options	-	-	-	-
Other liabilities	722,368	52,230	882,894	63,836
Delta Options	62,218	-	76,045	-
Total liabilities	**28,448,099**	**724,402**	**34,769,899**	**885,378**
Net	**1,386,567**	**5,307**	**1,694,695**	**6,488**

NOTE 35 - RISK MANAGEMENT, CONTINUED

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

NOTE 35 - RISK MANAGEMENT, CONTINUED

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain the same. In fact, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger and smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into account that the Bank's assets and liabilities are actively managed. Moreover, the financial position of the Bank may vary at the time when an actual market movement occurs. For example, the strategy of financial risk management of the Bank seeks to manage the exposure to market fluctuations. As investment markets go through different trigger levels, management actions could include selling investments, changing the allocation of the investment portfolio and taking other protective measures.

Therefore, the actual impact of a change in assumptions may not have any impact on the liabilities, while the assets remain at market value in the Interim Consolidated of Financial Position. In these circumstances, the different measurement bases of assets and liabilities could result in volatility of equity.

Price risk - own products

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

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

Other Price Risks

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

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

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

The net income of the period as of September 30, 2020, would not have been affected given that all bank´s equity instruments are classified as available for sale, and no investment was impaired; notwithstanding, the possible negative effect on equity would have amounted to MCh$13,099 while the impact for the year ended December 31, 2019 would have been MCh$168,531.

NOTE 35 - RISK MANAGEMENT, CONTINUED

f. Fair value

The area of Market Risk is responsible for defining the methodologies of valuation of assets and liabilities measured at fair value, while operations are responsible for their implementation. The fundamental principle of the task of fair value measurement is to determine the starting price of an asset or liability in an ordinary transaction in a representative market. Not only does the accounting information depend on this assessment, risk indicators such as value-at-risk are also based on these prices, so that the implied volatility on any valuation model is also very relevant.

The following international accounting rules are used, provided they are available: quotations or observable prices of identical assets or liabilities that are measurable. These are known as Level 1 inputs,. Absent identical assets or liabilities, measurement is made based on observable prices. Interpolations are typically performed in this group in the case of derivatives and other instruments or matrix pricing models for fixed income instruments. This class is known as Level 2 inputs.

Finally, when it is not possible to rely on the above inputs, the measurement is performed based on inputs that are not directly observable on the market. These are the Level 3 Inputs. Note 34 presents the classification of financial instruments according to the valuation hierarchy, Below is a brief explanation of that system.

Positions in foreign currency bonds, Central Bank, 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 35 - RISK MANAGEMENT, CONTINUED

The base model for the valuation of fixed income securities without much liquidity in the local market is a dynamic model of interest rates using panels of incomplete data and incorporates all the recent price history of the instruments in question and instruments with similar characteristics as to issuer risk rating, duration, etc. The fair value models used (both internal and external) are tested periodically and back tested by independent parties.

Finally, all instruments whose prices or market factors are not directly observable are classified in Level 3.

g. Derivative instruments

As of September 30, 2020 the Bank had a net liability position of MCh$126,071 in derivative instruments measured at fair value. Derivatives are classified into two groups according to their accounting treatment: (1) instruments for trading and (2) instruments with hedge accounting treatment. The trading instruments come from activities of Sales & Trading (S&T), whether from sales to third parties or hedging the risks involved in such sales. The areas responsible for Asset & Liability Management (ALM) also use derivatives to hedge their risks. They can follow the standard treatment for trading or have hedge accounting treatment under the applicable accounting standards. The recording, according to current accounting standards, may reduce fluctuations in the value of assets and liabilities or cash flows.

The market risk associated with derivative instruments is measured by VaR and stress tests.

h. Counterparty risk

The Bank manages its counterparty risk by establishing a limit for transactions (credit line) to enter into with each customer in derivatives and recognizes the Credit Value Adjustment (CVA).

Use of line to operate with derivative instruments

The level of usage of the credit line approved by the Bank for each customer due to an over-the-counter (OTC) derivative transaction must match the credit exposure that this transaction generates to the Bank. The credit risks on these contracts exist when the recovery or mark-to-market (MTM) is positive in favour of the Bank. As these contracts are valued daily, in this there is uncertainty regarding the mark to market adjustment over the life of the operation.

MonteCarlo simulation techniques are used to estimate future peak exposures by counterparty. Specific counterparty limits ensure that the accepted risk levels are not exceeded and proper diversification is achieved. The table below details the level of usage of the credit line approved for use with derivative instruments by segment for the periods ended September 30, 2020 and 2019.

NOTE 35 - RISK MANAGEMENT, CONTINUED

Segment	Use of line to operate with derivative instruments 09.30.2020	Use of line to operate with derivative instruments 12.31.2019
	MCh$	MCh$
Retail Banking	**2,022**	**2,650**
Retail Banking	-	-
Small and Medium Enterprises	2,022	2,650
Wholesale Banking	**967,788**	**902,860**
Commercial Banking	239,145	172,229
C&IB Commercial Division	728,643	730,631
Finance division	**808,724**	**1,118,381**
Total	**1,778,534**	**2,023,891**

Credit Valuation Adjustment in derivatives (CVA)

The objective of the credit valuation adjustments is to determine the counterparty risk associated with the credit exposure in OTC derivative contracts. The CVA of a derivative is defined as the difference between its market-to-market value determined without the risk of default from the counterparty and its market-to-market value with the probability of default of the counterparty. In this way, a customer CVA can be obtained from the expected exposure (EE) to counterparty risk and the expected loss rate ("PE" for its acronym in Spanish) associated with the potential default of the counterparty. The table below details the CVA.

Credit Value Adjustment			
Segment	**09.30.2020**	**12.31.2019**	**Variation**
	MCh$	**MCh$**	**MCh$**
Retail Banking	**54**	**70**	**(16)**
Retail Banking	-	-	-
Small & Medium Enterprise	54	70	(16)
Wholesale Banking	**31,750**	**25,052**	**6,698**
Commercial Banking	4,523	4,608	(85)
C&IB Commercial Division	27,227	20,444	6,783
Finance division	**527**	**546**	**(19)**
City National Bank	**3,416**	**2,790**	**626**
Total	**35,747**	**28,458**	**7,289**

NOTE 35 - RISK MANAGEMENT, CONTINUED

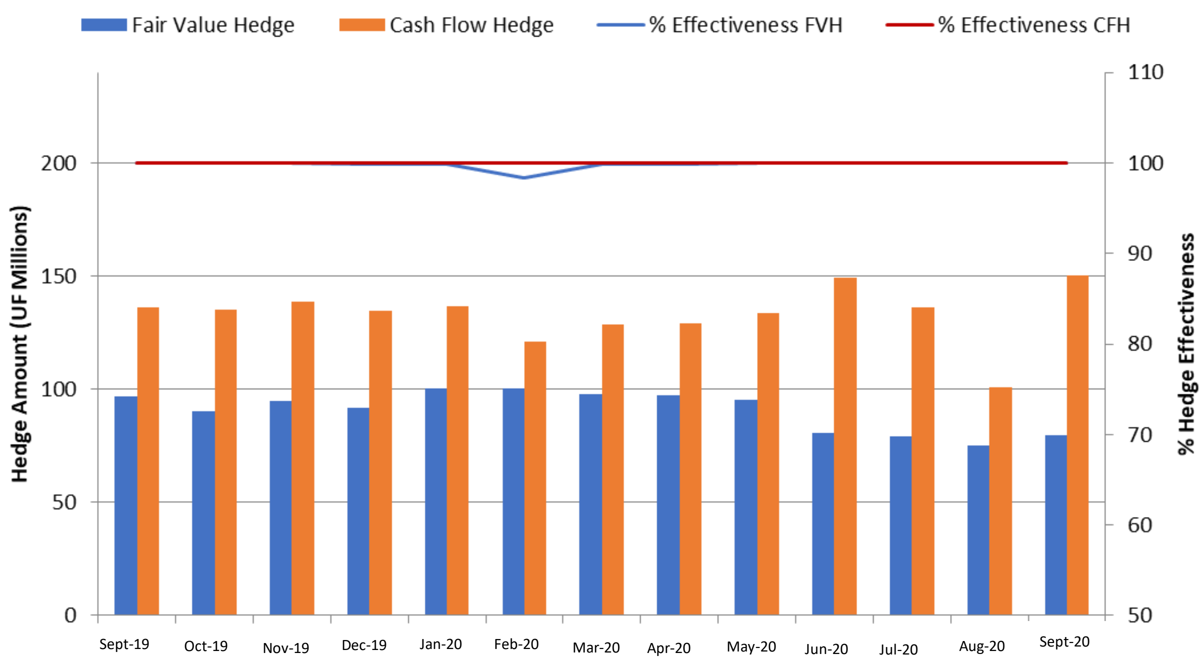
i. Hedge accounting

The Bank uses hedge accounting to manage the risk of fair value and cash flow to which it is exposed. Fair value hedges use derivative instruments to hedge the change in fair value of an asset or liability in the interim consolidated statements of financial position.

Cash flow hedges effects meanwhile are recognized in equity. Treatment of this type of instrument strictly follows International Accounting Standard ("IAS") 39. Financial Risk Management is responsible for designing and validating the effectiveness of the hedges, generating effectiveness indicators that are monitored and reported to ALCO.

As of September 30, 2020 the total notional amount of cash flow hedges amounted to UF 150,246,360 whereas fair value hedges reach UF 79,672,930. 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 September 30, 2020 (UF Millions)



NOTE 35 - RISK MANAGEMENT, CONTINUED

4. Credit Risk

Risk Management structure

The Bank has structured its credit approval process on the basis of personal and non-delegable discretionary limits authorized by the Board of Directors. Based on these credit faculties, the operations are approved at the different levels of Management, always requiring the concurrence of two executives with discretionary limits.

As the amount of the operation increases, pairs of senior executives both from the commercial and risk areas and from the senior management committees must approve the operation, until reaching the highest level represented by approval from the Board of Director's Executive Committee.

Provision for credit risk

According to the Financial Market Commission (CMF), the Banks should permanently maintain evaluations of their loans and contingent credit portfolios, in order to establish provisions timely and sufficiently, so as to cover possible losses, in accordance with the regulation of said Superintendency, contained in the Compendium of Accounting Standards, chapter B1 referring to provisions for credit risk.

The Bank has a series of models both for the individual and the group portfolios, which are applied depending on the type of portfolio and operations. These models are approved by the Board of Directors, which is informed annually about the adequacy of the provisions.

Models based on the individual analysis of borrowers

These models are applied when the companies involved, given their size, complexity or level of exposure with the entity, are required to be identified and analysed in detail, one by one.

These models consider the analysis of issues such as the financial situation of the borrower, payment behaviour, knowledge and experience of the partners and managers in the business, the degree of commitment of the same with the company and the industry in which it operates and its relative position.

NOTE 35 - RISK MANAGEMENT, CONTINUED

Quality of the loans by type of financial asset

Regarding the quality of the loans, these are described in accordance with the Compendium of Accounting Standards issued by the Financial Market Commission (CMF):

	As of September 30, 2020					
	DEBT			ALLOWANCE		
Debt	Loans and Receivables from Banks	Loans and receivables from customers, net	Total	Loans and Receivables from Banks	Loans and receivables from customers, net	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	-	111,254	111,254	-	37	37
A2	99,993	1,360,358	1,460,351	82	802	884
A3	38,061	2,277,737	2,315,798	83	2,867	2,950
A4	-	2,631,742	2,631,742	-	17,899	17,899
A5	-	2,626,882	2,626,882	-	20,114	20,114
A6	-	1,077,580	1,077,580	-	12,036	12,036
B1	-	435,195	435,195	-	9,923	9,923
B2	-	145,043	145,043	-	5,030	5,030
B3	-	175,932	175,932	-	17,206	17,206
B4	-	70,461	70,461	-	20,674	20,674
C1	-	113,876	113,876	-	2,278	2,278
C2	-	36,594	36,594	-	3,659	3,659
C3	-	24,573	24,573	-	6,143	6,143
C4	-	51,607	51,607	-	20,643	20,643
C5	-	16,075	16,075	-	10,449	10,449
C6	-	30,436	30,436	-	27,392	27,392
Collective assessment	-	13,640,512	13,640,512	-	376,635	376,635
Subsidiaries	208,755	11,989,202	12,197,957	241	209,700	209,941
Total	**346,809**	**36,815,059**	**37,161,868**	**406**	**763,487**	**763,893**

NOTE 35 - RISK MANAGEMENT, CONTINUED

	As of December 31, 2019					
	DEBT			ALLOWANCE		
Debt	Loans and Receivables from Banks	Loans and receivables from customers, net	Total	Loans and Receivables from Banks	Loans and receivables from customers, net	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	-	193,155	193,155	-	70	70
A2	83,442	1,416,715	1,500,157	69	811	880
A3	42,485	2,391,456	2,433,941	93	3,368	3,461
A4	-	2,417,035	2,417,035	-	16,311	16,311
A5	-	2,318,233	2,318,233	-	9,649	9,649
A6	-	799,300	799,300	-	7,228	7,228
B1	-	170,241	170,241	-	2,237	2,237
B2	-	131,480	131,480	-	4,173	4,173
B3	-	144,394	144,394	-	16,232	16,232
B4	-	55,179	55,179	-	15,360	15,360
C1	-	100,422	100,422	-	2,008	2,008
C2	-	20,310	20,310	-	2,031	2,031
C3	-	25,467	25,467	-	6,367	6,367
C4	-	41,853	41,853	-	16,741	16,741
C5	-	6,530	6,530	-	4,244	4,244
C6	-	37,521	37,521	-	33,769	33,769
Collective assessment	-	12,792,831	12,792,831	-	367,144	367,144
Subsidiaries	332,218	10,818,656	11,150,874	343	160,578	160,921
Total	**458,145**	**33,880,778**	**34,338,923**	**505**	**668,321**	**668,826**

The analysis of the age of overdue installments and their accrued interest by type of financial assets is the following:

	Less than 30 días		Between 31 and 89 days		90 days or more		Total	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019	09.30.2020	12.31.2019	09.30.2020	12.31.2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and receivables from banks, net	-	-	-	-	-	-	-	-
Loans and receivables from customers, net	569,149	436,062	129,390	105,508	329,058	287,816	1,027,597	829,386
Total	**569,149**	**436,062**	**129,390**	**105,508**	**329,058**	**287,816**	**1,027,597**	**829,386**

NOTE 35 - RISK MANAGEMENT, CONTINUED

Maximum exposure to credit risk

The exposure to credit risk varies significantly and depends on both individual risks and general market and economy risks.

As of September 30, 2020

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Trading portfolio financial assets	1,074,764	-	**1,074,764**	-	**1,074,764**
Loans and receivables to banks, net	346,809	(406)	**346,403**	-	**346,403**
Loans and receivables from customers, and credit commitments (1)	47,155,932	(813,188)	**46,342,744**	(15,247,171)	**31,095,573**
Financial investments available for sale	6,758,971	-	**6,758,971**	-	**6,758,971**
Financial investments held to maturity	27,599	-	**27,599**	-	**27,599**
Derivative financial agreements (2)	5,914,743	(33,226)	**5,881,517**	-	**5,881,527**

(1) In this line loans and receivables are included for an amount of MCh$36,815,059 (see Note 10) and credit commitments of MCh$10,340,873 (see Note 22). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(2) As of September 30, 2020, no collateral was provided in favour of the Bank.

As of December 31, 2019

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Trading portfolio financial assets	2,212,257	-	**2,212,257**	-	**2,212,257**
Loans and receivables to banks, net	458,145	(505)	**457,640**	-	**457,640**
Loans and receivables from customers, and credit commitments (3)	43,791,832	(710,990)	**43,080,842**	(12,248,254)	**30,832,588**
Financial investments available for sale	4,011,029	-	**4,011,029**	-	**4,011,029**
Financial investments held to maturity	7,369	-	**7,369**	-	**7,369**
Derivative financial agreements (4)	4,260,655	634	**4,261,289**	-	**4,261,289**

(3) In this line loans and receivables are included for an amount of MCh$33,880,778 (see Note 10) and credit commitments of MCh$9,911,054 (see Note 22). Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.
(4) As of December 31, 2019, no collateral was provided in favour of the Bank.

NOTE 35 - RISK MANAGEMENT, CONTINUED

5. Operational Risk

The Bank manages its operational risks through specific committees with the active participation of those responsible for the areas and processes. These committees are: committee for operational risks, security of information and technological risk, business continuity risk, externalized services, and MACH operating risk. These committees meet periodically and their objective is overseeing the proper execution of programs for the identification and evaluation of risks, as well as managing the identification of causes in order to mitigate such risks.

Regarding the management of operational risk in subsidiaries, during 2019 the operational risk work methodologies have been reinforced with the teams from the Bank's subsidiaries, who run the risk management program in each subsidiary with an independent corporate governance, coordinated and aligned with the Corporate risk policies and governance.

During 2019 and in the third quarter of 2020, the operational risk management strategy has been intensified, of using statistical models to detect and anticipate emerging risks, strengthening risk management in a digital environment and maintaining a robust risk culture, through dissemination and training to the collaborators in these matters, as well as the continuous monitoring of controls.

Information Security and Cybersecurity

The Bank has an information security and cybersecurity strategy based on best industry practices that are based on a comprehensive management program, whose main component is the overall information security policy approved by the Board Executive Committee, reviewed on an annual basis, and supplemented by a regulatory body of specific controls regulations, a security culture program aimed at employees, customers and suppliers, ongoing programs of vulnerability analysis and 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.

NOTE 35 - RISK MANAGEMENT, CONTINUED

Business continuity

The continuity strategies developed during the last several years have been consolidated, adding new risk scenarios and increasing the coverage plan to the different units that need to continue operating in situations of contingency.

The Bank is constantly working on strengthening of its business continuity plan, on training contingency team members and on crisis management. Plan coverage has increased according to the requirements of the Bank, including the processes that are critical.

Currently and as a result of the COVID-19 pandemic that is affecting the world economy, the Bank has taken a series of measures to face the health crisis in order to (i) protect the health of customers and employees, including temporarily suspending the operation of some branches; (ii) ensuring the operational continuity of services and mitigating potential operational risks; and, (iii) strengthening remote channels and implementation of telework for a large part of the Bank's employees.

Prevention of fraud

This function is responsible for implementing a corporate fraud prevention strategy, both internal and external, that safeguards the equity of our clients, the Bank and Mach and protects in addition the reputation and image of BCI. To this end, processes, technologies, methodologies and data models have been reinforced to prevent and anticipate fraud risks, as well as activities to strengthen the culture and adherence to the ethical framework for the good work of the employees of the Bank and its subsidiaries.

In addition, the Fraud Prevention area’s strategy is focused on establishing an adequate balance between the operational risk variables, in conjunction with Customer Experience, ensuring that our customers have memorable experiences in times of fraud risk, and also in conjunction with the Business area, which is responsible for permanently supporting the strategy of each of BCI's business lines.

In this regard, to support the strategy, technological solutions have been implemented that strengthen the Bank and Mach's capacity to prevent and detect attempts at digital fraud in detriment of clients, resulting in the best client experience, and ensuring continuity of service and timely attention.

NOTE 35 - RISK MANAGEMENT, CONTINUED

Management of operational risk in outsourced services

Operational Risk Management has a risk management program in outsourced services for the Bank, which aims to identify and timely manage the risks that may exist in a process contracted to a third party during the life cycle of the outsourced service, that is, from the inception of the service until the contractual relationship is extinguished. Depending on the risks identified, decisions are made to keep risks within acceptable levels for BCI.

Capital calculation according to Basel

The Bank has participated in the capital calculation exercises according to the standards of Basel II and Basel III, a calculation integrating the operating risk with credit and market risks, as a global indicator of risk exposure.

NOTE 36 - MATURITIES OF ASSETS AND LIABILITIES

As of September 30, 2020 and December 31, 2019, the breakdown of maturities of assets and liabilities is as follows:

September 2020

	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	3,849,105	-	-	-	3,849,105	-	-	-	**3,849,105**
Items in course of collection	-	359,156	-	-	359,156	-	-	-	**359,156**
Trading portfolio financial assets	-	1,074,764	-	-	1,074,764	-	-	-	**1,074,764**
Liabilities under agreements to repurchase	-	89,494	44,221	62,825	196,540	-	-	-	**196,540**
Derivative financial liabilities	-	99,036	145,589	454,343	698,968	2,191,529	2,991,030	5,182,559	**5,881,527**
Loans and receivables to banks (*)	-	45,917	72,093	208,519	326,529	19,873	-	19,873	**346,402**
Loans and receivables to customers (**)	-	2,277,172	2,406,902	5,623,926	10,308,000	13,638,535	12,592,619	26,231,154	**36,539,154**
Financial investments available for sale	-	2,983,566	67	514,473	3,498,106	744,562	2,516,303	3,260,865	**6,758,971**
Financial investments held to maturity	-	-	-	-	-	-	27,599	27,599	**27,599**
Total assets	**3,849,105**	**6,929,105**	**2,668,872**	**6,864,086**	**20,311,168**	**16,594,499**	**18,127,551**	**34,722,050**	**55,033,218**
Liabilities									
Current accounts and demand deposits	18,834,044	-	-	-	18,834,044	-	-	-	**18,834,044**
Items in course of collection	-	503,138	-	-	503,138	-	-	-	**503,138**
Liabilities under agreements to repurchase	-	131,798	12,054	40,956	184,808	12,394	9,269	21,663	**206,471**
Term deposits and savings accounts	-	5,421,880	2,527,163	2,368,992	10,318,035	215,659	104	215,763	**10,533,798**
Derivative financial liabilities	-	111,349	147,027	469,045	727,421	2,280,977	2,999,989	5,280,966	**6,008,387**
Borrowings from financial institutions	-	587,004	824,679	804,570	2,216,253	4,299,445	-	4,299,445	**6,515,698**
Debt issued	-	29,234	5,417	368,315	402,966	3,645,185	3,482,510	7,127,695	**7,530,661**
Other financial liabilities	-	1,280,668	490	65,590	1,346,748	2,451	-	2,451	**1,349,199**
Lease liabilities	-	-	-	66,038	66,038	46,999	82,087	129,086	**195,124**
Total liabilities	**18,834,044**	**8,065,071**	**3,516,830**	**4,183,506**	**34,599,451**	**10,503,110**	**6,573,959**	**17,077,069**	**51,676,520**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

FOR THE PERIODS ENDED SEPTEMBER 30, 2020 AND DECEMBER 31, 2019

NOTE 36 - MATURITIES OF ASSETS AND LIABILITIES, CONTINUED

December 2019

	Current Current MCh$	Up to 1 month MCh$	Between 1 and 3 months MCh$	Between 3 and 12 months MCh$	Subtotal Up to 1 year MCh$	Between 1 and 5 years MCh$	More than 5 years MCh$	Subtotal Over 1 year MCh$	Total MCh$
Assets									
Cash and deposits in banks	3,153,760	-	-	-	3,153,760	-	-	-	**3,153,760**
Items in course of collection	-	310,602	-	-	310,602	-	-	-	**310,602**
Trading portfolio financial assets	-	2,212,257		-	2,212,257	-	-	-	**2,212,257**
Liabilities under agreements to repurchase	-	73,834	82,473	39,708	196,015	-	-	-	**196,015**
Derivative financial liabilities	-	615,215	205,467	403,828	1,224,510	1,572,806	1,463,973	3,036,779	**4,261,289**
Loans and receivables to banks (*)	-	9,453	107,625	321,217	438,295	19,850	-	19,850	**458,145**
Loans and receivables to customers (**)	-	3,229,341	2,351,798	5,379,838	10,960,977	10,804,335	11,872,937	22,677,272	**33,638,249**
Financial investments available for sale	-	478,938	51	262,504	741,493	889,079	2,380,457	3,269,536	**4,011,029**
Financial investments held to maturity	-	-	-	-	-	-	7,369	7,369	**7,369**
Total assets	**3,153,760**	**6,929,640**	**2,747,414**	**6,407,095**	**19,237,909**	**13,286,070**	**15,724,736**	**29,010,806**	**48,248,715**
Liabilities									
Current accounts and demand deposits	14,180,699	-	-	-	14,180,699	-	-	-	**14,180,699**
Items in course of collection	-	200,976	-	-	200,976	-	-	-	**200,976**
Liabilities under agreements to repurchase	-	573,387	7,880	42,485	623,752	277,071	8,568	285,639	**909,391**
Term deposits and savings accounts	-	5,928,757	3,513,034	3,656,734	13,098,525	274,105	126	274,231	**13,372,756**
Derivative financial liabilities	-	642,742	204,037	454,693	1,301,472	1,668,533	1,442,360	3,110,893	**4,412,365**
Borrowings from financial institutions	-	1,217,662	1,194,647	645,140	3,057,449	424,812	-	424,812	**3,482,261**
Debt issued	-	40,818	94	130,936	171,848	3,559,143	3,285,751	6,844,894	**7,016,742**
Other financial liabilities	-	1,429,531	2,970	15,265	1,447,766	2,820		2,820	**1,450,586**
Lease liabilities	-	-	-	21,176	21,176	89,011	96,189	185,200	**206,376**
Total liabilities	**14,180,699**	**10,033,873**	**4,922,662**	**4,966,429**	**34,103,663**	**6,295,495**	**4,832,994**	**11,128,489**	**45,232,152**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 37 - FOREIGN CURRENCY

The interim consolidated financial statements as of September 30, 2020 and as of December 31, 2019 include assets and liabilities in foreign currencies or in Chilean Pesos according to the following detail:

	In foreign Currency		In Chilean Pesos		Total	
	As of September 30	As of December 31	As of September 30	As of December 31	As of September 30	As of December 31
	2020	2019	2020	2019	2020	2019
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
ASSETS						
Cash and deposits in banks	1,938,132	2,064,211	1,910,973	1,089,549	**3,849,105**	**3,153,760**
Items in course of collection	223,373	137,562	135,783	173,040	**359,156**	**310,602**
Trading portfolio financial assets	67,385	70,126	1,007,379	2,142,131	**1,074,764**	**2,212,257**
Liabilities under agreements to repurchase	-	-	196,540	196,015	**196,540**	**196,015**
Derivative financial liabilities	206,103	132,104	5,675,424	4,129,185	**5,881,527**	**4,261,289**
Loans and receivables to banks, net	346,403	457,640	-	-	**346,403**	**457,640**
Loans and receivables to customers, net	12,915,690	11,679,038	23,135,882	21,533,419	**36,051,572**	**33,212,457**
Financial investments available for sale	3,403,703	3,222,190	3,355,268	788,839	**6,758,971**	**4,011,029**
Financial investments held to maturity	27,599	7,369	-	-	**27,599**	**7,369**
Investments in other companies	-	16	27,845	27,807	**27,845**	**27,823**
Intangible assets	153,029	148,261	242,470	255,954	**395,499**	**404,215**
Property, plant and equipment, net	53,169	46,607	196,648	203,587	**249,817**	**250,194**
Right-of-use asset	68,903	73,889	148,418	157,455	**217,321**	**231,344**
Current income tax	23,577	9,222	5,376	80,273	**28,953**	**89,495**
Deferred income taxes	3,191	4,074	162,130	99,255	**165,321**	**103,329**
Other assets	1,037,451	988,968	396,486	418,834	**1,433,937**	**1,407,802**
TOTAL ASSETS	**20,467,708**	**19,041,277**	**36,596,622**	**31,295,343**	**57,064,330**	**50,336,620**
LIABILITIES						
Current accounts and demand deposits	10,993,937	8,433,542	7,840,107	5,747,157	**18,834,044**	**14,180,699**
Items in course of collection	212,632	115,142	290,506	85,834	**503,138**	**200,976**
Liabilities under agreements to repurchase	108,117	128,110	98,354	781,281	**206,471**	**909,391**
Term deposits and savings accounts	3,679,303	4,311,173	6,854,495	9,061,583	**10,533,798**	**13,372,756**
Derivative financial liabilities	249,688	143,963	5,758,699	4,268,402	**6,008,387**	**4,412,365**
Borrowings from financial institutions	2,441,373	3,177,441	4,074,325	304,820	**6,515,698**	**3,482,261**
Debt issued	1,904,860	1,811,585	5,625,801	5,205,157	**7,530,661**	**7,016,742**
Other financial liabilities	1,322,132	1,406,963	27,067	43,623	**1,349,199**	**1,450,586**
Lease liabilities	57,874	60,007	137,250	146,369	**195,124**	**206,376**
Current income tax	-	-	5,872	1,240	**5,872**	**1,240**
Deferred income taxes	31,282	22,567	746	1,262	**32,028**	**23,829**
Provisions	85,277	59,802	283,234	249,238	**368,511**	**309,040**
Other liabilities	286,714	237,231	739,914	740,608	**1,026,628**	**977,839**
TOTAL LIABILITIES	**21,373,189**	**19,907,526**	**31,736,370**	**26,636,574**	**53,109,559**	**46,544,100**

NOTE 38 - SUBSEQUENT EVENTS

Investment in companies - Executive Banking Corporation

On October 9, 2020, and after having complied with all the requirements and approvals in both Chile and the United States, BCI concluded the acquisition of Executive National Bank through its subsidiary City National Bank of Florida (CNB). Later that same day, the two latter companies merged, and CNB became the surviving entity. This acquisition immediately increased the assets by more than US$ 500 million and enabled the combined entity to reach approximately US$ 18 billion in assets. The transaction price amounted to US$62 million and it was financed with CNB's own funds.

Between October 1, 2020 and the date of issuance of these interim consolidated financial statements, no other subsequent events that may affect the presentation of these interim consolidated financial statements have been recorded or have occurred.