BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES

Consolidated financial statements as of and for the years ended December 31, 2018 and 2017 and independent auditors' report

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Banco de Crédito e Inversiones and subsidiaries (the "Bank"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco de Crédito e Inversiones and its subsidiaries as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting standards and instructions issued by the Superintendency of Banks and Financial Institutions.

Emphasis of Matter

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

Emphasis of matter

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

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

Other matter

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

Deloitte.

January 29, 2019
Santiago, Chile

Consolidated Financial Statements

As of and for the years ended December 31, 2018 and 2017

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Consolidated Financial Statements
As of and for the years ended December 31, 2018 and 2017

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BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2018 and 2017
(In millions of Chilean pesos - MCh$)

	Note	As of December 31, 2018 MCh$	As of December 31, 2017 MCh$
ASSETS			
Cash and deposits in banks	6	2,058,757	1,495,732
Items in course of collection	6	335,820	259,977
Trading portfolio financial assets	7	2,038,376	2,197,716
Investments under agreements to resell	8	73,859	252,599
Derivative financial assets	9	1,714,274	1,365,738
Loans and receivables to banks, net	10	332,912	179,065
Loans and receivables to customers, net	11	29,543,095	24,130,419
Financial investments available for sale	12	3,229,455	2,531,682
Financial investments held to maturity	12	2,780	800
Investments in other companies	13	44,740	207,718
Intangible assets	14	382,197	175,897
Property, plant and equipment, net	15	281,236	270,291
Current income tax	16	14,884	14,312
Deferred income taxes	16	190,115	48,160
Other assets	17	1,107,217	753,290
TOTAL ASSETS		**41,349,717**	**33,883,396**
LIABILITIES			
Current accounts and demand deposits	18	12,222,539	9,534,124
Items in course of collection	6	213,558	109,341
Liabilities under agreements to repurchase	8	546,109	869,438
Term deposits and savings accounts	18	12,328,776	10,692,346
Derivative financial liabilities	9	1,803,716	1,479,602
Borrowings from financial institutions	19	2,758,149	1,754,356
Debt issued	20	5,977,948	5,020,307
Other financial liabilities	20	754,937	679,379
Current income tax	16	157,309	7,480
Deferred income taxes	16	840	980
Provisions	21	334,293	274,673
Other liabilities	22	793,180	733,084
TOTAL LIABILITIES		**37,891,354**	**31,155,110**
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the Bank:			
Capital		3,134,898	2,493,420
Reserves		109	109
Accumulated other comprehensive income		45,446	(25,667)
Retained earnings:			
Net income from prior periods	24	-	-
Net income for the period	24	395,794	371,403
Less: Accrual for minimum dividends	24	(118,738)	(111,421)
TOTAL EQUITY OF EQUITY HOLDERS OF THE BANK		**3,457,509**	**2,727,844**
Non-controlling interest		854	442
TOTAL SHAREHOLDERS' EQUITY		**3,458,363**	**2,728,286**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**41,349,717**	**33,883,396**

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

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the years ended December 31, 2018 and 2017
(In millions of Chilean pesos - MCh$)

	Note	For the years ended December 31, 2018 MCh$	2017 MCh$
Interest income	25	1,839,336	1,503,920
Interest expense	25	(759,139)	(569,092)
Net interest income		**1,080,197**	**934,828**
Fee and commission income	26	398,998	348,953
Fee and commission expense	26	(92,795)	(80,247)
Net fee and commission income		**306,203**	**268,706**
Trading and investment income, net	27	141,527	91,349
Foreign exchange results, net	28	12,434	44,215
Other operating income	33	44,842	41,604
Operating income		**1,585,203**	**1,380,702**
Provision for loan losses	29	(266,313)	(212,653)
OPERATING INCOME, NET OF PROVISION FOR LOAN LOSSES		**1,318,890**	**1,168,049**
Staff costs	30	(464,558)	(398,903)
Administrative expenses	31	(292,170)	(246,880)
Depreciation and amortization	32	(67,427)	(60,276)
Impairment of property, plant and equipment and intangible assets	32	(174)	(1,563)
Other operating expenses	33	(39,948)	(33,990)
TOTAL OPERATING EXPENSES		**(864,277)**	**(741,612)**
TOTAL NET OPERATING INCOME		**454,613**	**426,437**
Share of profit of investments accounted for using the equity method	13	65,036	112,542
Income before income tax		**519,649**	**538,979**
Income tax expense	16	(123,802)	(167,554)
Net income from continuing operations		**395,847**	**371,425**
Net income from discontinued operations		-	-
CONSOLIDATED NET INCOME FOR THE YEAR		**395,847**	**371,425**
Attributable to:			
Equity holders of the Bank		395,794	371,403
Non-controlling interest		53	22
Total		**395,847**	**371,425**
Earnings per share attributable to equity holders of the Bank: (stated in Ch$)			
Basic earnings per share		$3,104	$2,989
Diluted earnings per share		$3,104	$2,989

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

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2018 and 2017
(In millions of Chilean pesos - MCh$)

	Note	For the years ended December 31, 2018 MCh$	2017 MCh$
CONSOLIDATED NET INCOME FOR THE YEAR		**395,847**	**371,425**
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO THE STATEMENT OF INCOME			
Net (loss) gain resulting on revaluation of financial investments available for sale		(24,855)	6,625
Net (loss) gain on cash flow hedge derivatives		(2,924)	7,639
Cumulative translation adjustment		97,903	(41,641)
Other comprehensive income (loss) before income tax		**70,124**	**(27,377)**
Income tax effect on other comprehensive income	16	989	(1,546)
Total other comprehensive income (loss) that may be reclassified to the statements of income in subsequent periods		**71,113**	**(28,923)**
OTHER COMPREHENSIVE INCOME (LOSS) THAT WILL NOT BE RECLASSIFIED TO THE STATEMENTS OF INCOME IN SUBSEQUENT PERIODS		-	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**71,113**	**(28,923)**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**466,960**	**342,502**
Attributable to:			
Equity holders of the Bank		466,837	342,480
Non-controlling interest		123	22
Earnings per share attributable to equity holders of the Bank:			
Basic comprehensive income per share		$3,661	$2,756
Diluted comprehensive income per share		$3,661	$2,756

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

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2018 and 2017
(In millions of Chilean pesos - MCh$)

			Accumulated other comprehensive income					Retained earnings				Total Equity		
	Capital	Reserves	Available for sale investments	Cash flow hedges reserve	Cumulative translation adjustment	Income Tax	Total	Retained earnings	Net Income for the period	Minimum dividends provision	Total	Total attributable to equity holders of the Bank	Non-Controlling interest	Total equity
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
As of January 1, 2018	**2,493,420**	**109**	**6,795**	**(9,039)**	**(23,191)**	**(232)**	**(25,667)**	**-**	**371,403**	**(111,421)**	**259,982**	**2,727,844**	**442**	**2,728,286**
Transfer to retained earnings	-	-	-	-	-	-	-	371,403	(371,403)	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(131,192)	-	111,421	**(19,771)**	**(19,771)**	-	**(19,771)**
Capitalization of reserves	240,211	-	-	-	-	-	-	(240,211)	-	-	**(240,211)**	-	-	-
Capital increase	401,267	-	-	-	-	-	-	-	-	-	- -	**401,267**	-	**401,267**
Other comprehensive income		-	(24,855)	(2,924)	97,903	989	**71,113**	-	-	-	-	**71,113**	70	**71,183**
Non-controlling interest effect of business combination	-	-	-	-	-	-	-	-	-	-	-	-	289	**289**
Net income for the period	-	-	-	-	-	-	-	-	395,794	-	**395,794**	**395,794**	53	**395,847**
Provision for minimum dividends	-	-	-	-	-	-	-	-	-	(118,738)	**(118,738)**	**(118,738)**	-	**(118,738)**
As of December 31, 2018	**3,134,898**	**109**	**(18,060)**	**(11,963)**	**74,712**	**757**	**45,446**	**-**	**395,794**	**(118,738)**	**277,056**	**3,457,509**	**854**	**3,458,363**
As of January 1, 2017	**2,276,820**	**109**	**170**	**(16,678)**	**18,450**	**1,314**	**3,256**	**-**	**340,165**	**(102,049)**	**238,116**	**2,518,301**	**420**	**2,518,721**
Transfer to retained earnings	-	-	-	-	-	-	-	340,165	(340,165)	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(123,565)	-	102,049	**(21,516)**	**(21,516)**	-	**(21,516)**
Capitalization of reserves	216,600	-	-	-	-	-	-	(216,600)	-	-	**(216,600)**	-	-	-
Other comprehensive income	-	-	6,625	7,639	(41,641)	(1,546)	**(28,923)**	-	-	-	-	**(28,923)**	-	**(28,923)**
Net income for the period	-	-	-	-	-	-	-	-	371,403	-	**371,403**	**371,403**	22	**371,425**
Provision for minimum dividends	-	-	-	-	-	-	-	-	-	(111,421)	**(111,421)**	**(111,421)**	-	**(111,421)**
As of December 31, 2017	**2,493,420**	**109**	**6,795**	**(9,039)**	**(23,191)**	**(232)**	**(25,667)**	**-**	**371,403**	**(111,421)**	**259,982**	**2,727,844**	**442**	**2,728,286**

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

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(In millions of Chilean pesos - MCh$)

		For the year ended December 31,	
		2018	2017
	Note	MCh$	MCh$
CASH FLOWS USED IN OPERATING ACTIVITIES:			
INCOME BEFORE INCOME TAX		**519,649**	**538,979**
Charges (credits) to income not representing cash flows:			
Depreciation and amortization	32	67,427	60,276
Impairment of property, plant and equipment and intangible assets	32	174	1,563
Provision for loan losses		319,866	260,992
Impairment of repossessed assets		-	1,069
Adjustment to fair value of financial instruments		6,615	(12,440)
Share (profit) on investments accounted using equity method	13	(65,036)	(112,542)
Net gain from sale of repossessed assets	33	(8,168)	(6,752)
Gain from sale of property, plant and equipment	33	(1,690)	(7,969)
Loss on sale of property, plant and equipment	33	5	22
Write-off of repossessed assets	33	6,578	4,570
Net interest and indexation income		(1,080,197)	(934,828)
Net fee and commission income		(306,203)	(268,706)
Other (credits) charges to income that do not represent cash flows		(89,711)	244,640
Changes in assets and liabilities affecting operating cash flows:			
Net (increase) decrease in loans and receivables to banks		(150,674)	43,871
Net (increase) in loans and receivables to customers		(5,600,015)	(2,454,184)
Net (increase) in investments		(215,887)	(914,935)
Net increase in current accounts and other demand deposits		3,126,740	1,313,689
Net increase (decrease) in liabilities under agreements to repurchase		(313,193)	59,377
Net increase in term deposits and savings accounts		1,378,591	771,218
Net increase in borrowing from financial institutions		693,098	275,646
Net increase (decrease) in other financial liabilities		136,645	(247,241)
Proceeds from loans from Central Bank of Chile (long-term)		151,904	-
Repayment of loans from Central Bank of Chile (long-term)		(141,401)	(1,959)
Proceeds from foreign borrowings (long-term)		6,304,420	5,833,298
Repayment of foreign borrowings (long term)		(5,991,366)	(6,032,174)
Income tax paid	16	(123,802)	(167,554)
Interest and indexation received		1,693,532	1,533,247
Interest and indexation paid		(733,361)	(529,088)
Fees and commissions received	26	398,998	348,953
Fees and commissions paid	26	(92,795)	(80,247)
Total cash flows (used in) operating activities		**(109,257)**	**(479,209)**
CASH FLOW (USED IN) INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	15	(47,317)	(41,700)
Proceeds from sale of property, plant and equipment		2,341	15,772
Purchase of Total Bank	4	(247,124)	-
Purchase of Servicios Fiancieros	4	(95,521)	-
Increase of investments in other companies	13	(293)	(40,410)
Purchase of intangible assets	14	(85,274)	(66,635)
Sale of investments in other companies	13	221,098	61,673
Dividends received from investments in other companies	13	7,413	5,367
Sale of repossessed assets		19,832	9,630
Net changes in other assets and liabilities		(196,133)	338,452
Total cash flows (used in) provided by investing activities		**(420,978)**	**282,149**
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:			
Redemption of letters of credit		(5,919)	(4,537)
Bond issuance		1,045,718	1,336,728
Bond redemption		(425,353)	(934,168)
Paid-in capital	24	401,267	-
Dividends paid	24	(131,192)	(123,565)
Total cash flows provided by financing activities		**884,521**	**274,458**
NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR		**(61,300)**	**59,997**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**415,586**	**17,401**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1,885,573**	**1,808,175**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**2,239,859**	**1,885,573**

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

BANCO DE CREDITO E INVERSIONES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(In millions of Chilean pesos - MCh$)

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

	Note	For the year ended December 31, 2018 MCh$	2017 MCh$
Provision for loan losses presented in the consolidated statements of cash flows		319,866	260,992
Recovery of loans previously written off		(53,553)	(48,339)
Provision for loan losses	29	**266,313**	**212,653**

The following table details the changes in liabilities originated from financing activities, including those changes that represent and do not represent cash flows as of and for the years ended December 31, 2018 and 2017. Liabilities arising from activities of financing are those for which cash flows were, or cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

Liabilities arising from financing activities	Beginning balance 1/1/2018	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 12/31/2018
		Received	Paid	Total	Acquisition	Changes in fair value	Interests and indexation	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letter of credit	17,785	-	(5,919)	(5,919)	-	-	1,366	13,232
Bonds	5,002,522	1,045,718	(425,353)	620,365	-	(18,159)	359,987	5,964,715
Capital increase	-	401,267	-	401,267	-	-	-	-
Dividends	-	-	(131,192)	(131,192)	-	-	-	-
Total	**5,020,307**	**1,446,985**	**(562,464)**	**884,521**	**-**	**(18,159)**	**361,353**	**5,977,947**

Liabilities arising from financing activities	Beginning balance 1/1/2018	Cash flow from financing activities			Changes that do not represent cash flows			Ending balance 12/31/2018 Paid
		Received	Paid	Total	Acquisition	Changes in fair value	Intereses and Indexation Received	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Letter of credit	24,996	-	(4,537)	(4,537)	-	-	(2,674)	17,785
Bonds	4,373,434	1,336,728	(934,168)	402,560	-	(13,164)	239,692	5,002,522
Dividends	-	-	(123,565)	(123,565)	-	-	-	-
Total	**4,398,430**	**1,336,728**	**(1,062,270)**	**274,458**	**-**	**(13,164)**	**237,018**	**5,020,307**

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

TotalBank's acquisition	**At June 15, 2018 MCh$**
Amount per acquisition paid with cash and cash equivalent	(336,817)
Amount of cash and cash equivalent in acquired entity	89,693
Total net cash flow acquisition	**(247,124)**

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

Acquisition of Servicios Financieros	**At December 4, 2018 MCh$**
Amount per acquisition paid with cash and cash equivalent	(105,864)
Amount of cash and cash equivalent in acquired entity	10,343
Total net cash flow acquisition	**(95,521)**

NOTE 1 - GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

a) The Bank

Banco de Credito e Inversiones or Banco BCI (hereinafter the "Bank") is a bank incorporated in Chile and regulated by the Superintendency of Banks and Financial Institutions (hereinafter the "SBIF"). The registered office of the Bank is located at 125 El Golf Avenue, Las Condes, Santiago. The consolidated financial statements as of and for the years ended December 31, 2018 and 2017, include financial information of the Bank and its subsidiaries listed below, as well as its Miami branch. The Bank's business consists of all of the businesses and transactions permitted by the General Banking Law, including retail, corporate and real estate banking, large and medium size companies' services, private banking and asset management services.

b) Basis of preparation of the consolidated financial statements

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

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

The Bank's consolidated financial statements as of and for the year ended December 31, 2018 have been approved and authorized for issuance by the Board of Directors at the meeting held on January 29, 2019.

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

c) Controlled companies (subsidiaries)

The consolidated financial statements as of and for the years ended December 31, 2018 and 2017 include financial information of the Bank and controlled companies (subsidiaries) (hereinafter the “Group”). Control is achieved when the following conditions are met:

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

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

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

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

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

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

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

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

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

i. Entities controlled by the Bank through interest ownership:

	Ownership			
	Direct		Indirect	
Entity	**2018**	**2017**	**2018**	**2017**
	%	%	%	%
Análisis y Servicios S.A.	99.00	99.00	1.00	1.00
BCI Asset Management Administradora General de Fondos S.A.	99.90	99.90	0.10	0.10
BCI Asesoría Financiera S.A.	99.00	99.00	1.00	1.00
BCI Corredor de Bolsa S.A.	99.95	99.95	0.05	0.05
BCI Corredores de Seguros S.A.	99.00	99.00	1.00	1.00
BCI Factoring S.A.	99.97	99.97	0.03	0.03
BCI Securitizadora S.A.	99.90	99.90	-	-
Banco de Crédito e Inversiones Sucursal Miami	100.00	100.00	-	-
Servicio de Normalización y Cobranza, Normaliza S.A.	99.90	99.90	0.10	0.10
BCI Securities INC.	99.90	99.90	0.10	0.10
BCI Corredores de Bolsa de Productos S.A.	99.00	99.00	1.00	1.00
BCI Financial Group, INC. and Subsidiaries	100.00	100.00	-	-
Servicios Financieros y Administración de Créditos Comerciales S.A. (*)	99.98	-	0.02	-
Administradora de Tarjetas Servicios Financieros Limitada (*)	99.99	-	0.01	-
SSFF Corredores de Seguros y Gestión Financiera Limitada (*)	99.00	-	1.00	-
Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada (*)	99.99	-	0.01	-
Servicios y Cobranzas SEYCO Limitada (*)	99.00	-	1.00	-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BCI Financial Group, INC, and Subsidiaries a parent company of City National Bank (CNB), was acquired in 2015. CNB is a banking financial institution established in 1946 with headquarters in Miami, offering a wide range of financial products (including real estate, commercial and consumer banking) to more than 22,000 customers, with 26 branches in four Florida counties. On March 10, 2017, the SBIF issued Letter No. 02751, which granted approval to carry out leasing transactions through a new subsidiary of CNB. The new subsidiary of CNB is a corporation that began operations on June 28, 2017 under the corporate name of City National Capital Finance, Inc, (CNCF). As noted in note 3 a) and note 4, CNB acquired all of the shares of Totalbank, resulting in its merger by incorporation on June 15, 2018.

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

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

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

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

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

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

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

ii. Entities controlled by the Bank through other considerations:

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

	Ownership interest			
	Direct		Indirect	
Entity	2018	2017	2018	2017
	%	%	%	%
BCI Activos Inmobiliarios Fondo de Inversión Privado (1)	40.00	40.00	-	-
Fondo de Inversión Privado Rentas Comerciales (1)	97.67	13.83	-	-
Fondo de Inversión Privado BCI LMV II (1)	100.00	-	-	-
Incentivos y Promociones Limitada (2)	SE	SE	SE	SE

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

d) Associates

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

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

These investments are accounted for using the equity method. The investment in an associate is originally recognized at cost. Subsequently, the investment is recognized in the statements of financial position for the proportion of its total equity, which represents the participation of the Bank in its results.

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

The following entities are considered associates:

Company	Ownership interest	
	2018	**2017**
	%	%
Artikos Chile S.A.	50.00	50.00
Servipag Ltda,	50.00	50.00
Centro de Compensación Automatizado S.A.	33.33	33.33
AFT S.A.	20.00	20.00
Nexus S.A.	12.90	12.90
Redbanc S.A.	12.71	12.71
Servicio de Infraestructura de Mercado OTC S.A.	13.61	13.61
Combanc S.A.	11.74	10.33
Transbank S.A.	8.72	8.72
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	7.03

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

e) Investments in other companies

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

As of and for the years ended December 31, 2018 and 2017, the Bank has investments in the following companies: SWIFT, BLADEX, Credicorp Ltd,, and others.

The Bank has a 020% stake in Credicorp Ltd. As previously indicated in letter d) above, for this investment, the Bank discontinued using the equity method, See Note 3, Significant events, for additional information.

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

f) Basis of consolidation

The consolidated financial statements comprise financial information of the Bank and its subsidiaries as of and for the years ended December 31, 2018 and 2017.

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 SBIF.

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. Equity are translated at the historical exchange rate at the date of acquisition or approval.
d. The exchange differences that arise in the translation of the financial statements are recorded in the caption "Cumulative translation adjustment" within the consolidated statement of comprehensive income for the year.

g) Non-controlling interest

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

h) Functional currency

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

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

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

i) Transactions in foreign currency

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

j) Operating segments

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

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

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

k) Measurement of assets and liabilities

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

i. Assets and liabilities measured at amortized cost:

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

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

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

ii. Assets and liabilities measured at fair value:

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

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

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

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

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

iii. Assets and liabilities measured at historic cost:

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

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

- Derivative financial assets/liabilities, measured at their fair value.
- Repossessed assets, measured at the lower of carrying amount or fair value less costs to sell.
- Trading portfolio financial assets, measured at their fair value.
- Financial investments available for sale, measured at their fair value.
- Capital assets, measured at fair value when the Administration has considered assessing said assets and considering said value as the deemed cost upon first-time adoption of IFRS.

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

iv, Derecognition of financial assets and liabilities:

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

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

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

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

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

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

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

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

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

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

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

l) Investment instruments

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

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

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

The interest and indexation for inflation of held to maturity and available for sale investments are included in the "Interest income" line in the 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 consolidated financial statements. The transaction costs are recognized directly in the consolidated statements of income. The mark to market adjustments, as well as the realized income/loss from trading activities, are included under the "Trading and investment income, net" heading in the consolidated statements of income.

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

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

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

n) Transactions with repurchase agreements and securities lending

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

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

o) Financial derivative instruments

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

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

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

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

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

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

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

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

If the item hedged in a fair value hedge is a firm commitment, the changes in the fair value of the firm commitment regarding the covered risk are recognized as assets or liabilities recorded against the consolidated statements of income for the year. When a new asset or liability is acquired as a result of the firm commitment, the initial recognition of the acquired asset or liability is adjusted to incorporate the accumulated effect of the fair value valuation of the firm commitment recognized in the consolidated statements of financial position.

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

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

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

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

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

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

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

i. Define market makers or BCI customer condition:

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

ii. Condition of Market Makers:

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

iii. Customer status:

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

p) Hedge of a net investment in a foreign operation

According to IAS 21 and IAS 39, the requirements to recognize hedge accounting are the following: IAS 21 requires that an entity should determine the functional currency of each of its foreign operations as the currency of the primary economic environment in which it operates. When a hedge of a net investment in a foreign operation qualifies for hedge accounting, the statement of financial position and results of a foreign operation are translated from a currency different from the reporting currency of the parent, the entity will recognize the exchange differences through other comprehensive income in equity as well as the effects of hedging such net investment, under cumulative translation adjustment reserve, until the sale or disposal by other means of the foreign operation. The accumulated difference is to be transferred to the consolidated statements of income at the date on which such sale or disposal occurs.

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

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

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

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

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

q) Loans and receivables to customers

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

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

i. Financial lease contracts

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

ii. Factoring Operations

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

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 SBIF. The assets are presented net of such allowances, or at a new cost basis in the case of investments.

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

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

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

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.

ii. Normal and substandard portfolios:

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

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

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

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

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

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

iii. 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.

iv. Non-compliant portfolio:

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

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

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

Type of portfolio	Risk Scale	Expected Loss Range	Loss Rate (%)
Non-Compliant portfolio	C1	Up to 3 %	2
	C2	More than 3% up to 20%	10
	C3	More than 20% up to 30%	25
	C4	More than 30 % up to 50%	40
	C5	More than 50% up to 80%	65
	C6	More than 80%	90

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

v. Collective assessment:

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

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

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

a. Commercial Loans:

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

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

b. Consumer Loans:

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

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

c. Mortgage Loans:

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

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

Beginning January 1, 2016 the Bank adopted the "Standard Method for Provisioning the Residential Mortgage Loan" established by SBIF 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						
LtV (loan-to-value)		**Days in default as of the end of the month**				**More than 90 days overdue**
	Concept	**Current**	**1-29**	**30-59**	**60-89**	
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.

vi. 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 SBIF.

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

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

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

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

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

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

d. 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 most significant are:

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

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

t) Impairment

I. Financial Assets:

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

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

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

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

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

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

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

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

i. Impaired Portfolio:

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

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

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

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

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

Exit Conditions

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

- Collective assessment:

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

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

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

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

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

- In any case, there must not be any instalments in default with other banks in the Chilean financial system in the last 90 days (last three periods informed to the SBIF at the date of inquiry).

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

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

ii. Interest and indexation for inflation income and expenses:

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

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

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

• Amounts to suspend:

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

• Date of suspension:

Individually assessed loans:

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

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

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

Collectively assessed loans:

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

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

II. Non-financial assets:

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

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

u) Intangible assets

Software

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

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

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

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

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

Intangibles acquired in a business combination

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

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

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

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

Goodwill

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

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

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

Intangible assets, including goodwill, were subject to the impairment tests indicated by IAS 36. These tests show no indication of impairment or where the test is carried out regardless of the existence of indicators, no impairment, with respect to the above-mentioned acquisitions.

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

v) Business Combinations

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

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

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

- The deferred tax assets or liabilities, and assets or liabilities related to agreements of employee benefits are recognized and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”, respectively.

- Liabilities or equity instruments related to share-based arrangements of the acquiree or share-based company agreements entered into agreements to replace share-based payments of the acquired payment transactions, are measured in accordance with IFRS 2 “Share-based Payment” at acquisition date; and

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

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

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

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

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

w) Property, Plant and Equipment

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

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

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

Depreciation is recognized in the 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 and for the years ended December 31, 2018 and 2017 are the following:

	As of December 31, 2018	As of December 31, 2017
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 SBIF. Repossessed assets are presented net of impairment. Assets not sold within one year from the adjudication date have to be written off.

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

y) Staff benefits

i. Unused Vacations:

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

ii. Short-term benefits:

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

iii. Indemnification for years of service:

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

z) Leases

i. Operating lease:

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

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

ii. Financial lease:

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

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

aa) Cash flow statement

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

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

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

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

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

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

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

ab) Provisions and contingent assets and liabilities

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

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

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

A contingent liability is:

a. an obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
b. a present obligation that arises from past events is not necessarily recognised under the following conditions:

   - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   - the amount of the obligation cannot be measured with sufficient reliability.

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

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

Provisions are recognized for the following categories:

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

i. Additional provisions:

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

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

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

ii. Minimum provisions required for the normal individual portfolio:

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

ac) Use of estimates and judgments

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

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

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

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

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

ad) Income tax and deferred tax

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

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

As of and for the years ended December 31, 2018 and 2017, the Bank recognized deferred tax assets , for which Management has assessed that it is probable that taxable profits will be available against which tax loss carryforwards can be utilised.

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

In accordance with the Law 20,780 published in the *Diario Oficial* on September 29, 2014, as amended by Law 20,899 published in the *Diario Oficial* on February 8, 2016, the Bank as of the 2018 business year must apply a permanent rate of 27% for First Category tax. In addition, and temporarily, the Bank applied a rate of 24% for tax profits received or accrued in the 2016 business year and 25.5% was applied for tax profits received or accrued in the 2017 business year.

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

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

ae) Dividends on common shares

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

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

af) Earnings per share

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

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

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

i. Collection Operations:

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

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

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

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

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

ii. Protected Assets Fund No. 27:

The Bank through the direct subsidiary BCI Securitizadora S.A., as of December 31, 2018, maintains in its consolidated financial statements a balance of MCh$23,820, corresponding to loan receivables being the underlying of the Protected Assets Fund No. 27.

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

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

a) New and revised IFRS effective in the current year

The following new and revised IFRS are mandataroty and effective as of January 1, 2018 when publishing full compliance IFRS financial statements:

Amendments and Improvements to IFRS	**Effective date**
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Annual periods beginning on or after January 1, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	Annual periods beginning on or after January 1, 2018
Transfers of Investment Property (Amendments to IAS 40)	Annual periods beginning on or after January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle (Amendments to IFRS 1 and IAS 28)	Annual periods beginning on or after January 1, 2018
New Standards	**Effective date**
IFRS 9: Financial instruments	Annual periods beginning on or after January 1, 2018
IFRS 15: Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2018
New Interpretation	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	Annual periods beginning on or after January 1, 2018

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

Amendment to IFRS 2: Classification and Measurement of Share-based Payment Transactions

On June 20, 2016, the IASB has published amendments to IFRS 2 Share-based Payment to clarify the standard in relation to:

(i) the accounting for cash-settled share-based payment transactions that include a performance condition, (ii) the classification of share-based payment transactions with net settlement features, and; (iii) the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

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

The Bank's Management has determined that the application of this amendment has had no effect on the Bank's consolidated financial statements.

Application IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts" (amendments to IFRS 4)

On September 12, 2016, the IASB published the application of IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts". The amendments are intended to address concerns about the different effective dates for IFRS 9 and the new standard on insurance contracts.

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021 therefore can no longer be aligned with the effective date of IFRS 9 Financial Instruments. The following issue arises from the differences in alignment (i) The different effective dates would lead to accounting mismatches and volatility in profit or loss that users of financial statements might find difficult to understand,; (ii) Making decisions about applying the new classification and measurement requirements in IFRS 9 before the new insurance contracts standard is finalised would be difficult as the decisions might differ from those companies would have made had all details of the new standard been known and; (iii) Having to cope with two major accounting changes in a relatively short time would bear the potential of significantly increased costs and efforts.

The amendments in applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4:
Deferral approach, Under the amendments that make up the deferral approach, an entity is permitted to apply IAS 39 rather than IFRS 9 for annual reporting periods beginning before 1 January 2021 if it has not previously applied any version of IFRS 9 and if its predominant activity is issuing contracts within the scope of IFRS 4.

Overlay approach, The amendments that form the overlay approach permit an entity to exclude from profit or loss and recognise in other comprehensive income the difference between the amounts that would be recognised in profit or loss in accordance with IFRS 9 and the amounts recognised in profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement provided that the entity issues contracts accounted for under IFRS 4, applies IFRS 9 in conjunction with IFRS 4, and classifies financial assets as fair value through

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

profit or loss in accordance with IFRS 9 when those assets were previously classified at amortised cost or as available-for-sale in accordance with IAS 39.

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

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

The Bank's Administration, in accordance with the instructions of the Superintendency of Banks and Financial Institutions, has not applied this Standard as the Superintendency of Banks and Financial Institutions has not yet approved its incorporation into its regulations.

Transfers of Investment Property (Amendments to IAS 40)

On December 8, 2016, the IASB issued "Transfers of Investment Property” (amendments to IAS 40) to clarify property transfers to, or from, investment properties.

The amendments to IAS 40 Investment Property are:

• Amendment to paragraph 57 to indicate that an entity will transfer property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs if the property complies, or fails to meet, the definition of investment property. A change in management's intentions for the use of a property alone does not constitute evidence of a change in use.

• The list of examples of evidence in paragraph 57 a) - d) is presented as a non-exhaustive list of examples instead of a detailed list.

The amendments are effective for periods beginning on or after January 1, 2018.

The Bank's Management has determined that the application of this amendment has had no effect on the Bank's consolidated financial statements.

Annual Improvements to IFRS (Cycles 2014-2016)

On December 8, 2016, the IASB issued "Annual Improvements to IFRS Standards, Cycle 2014-2016,” The annual improvements include amendments to IFRS 1 and IAS 28. Annual improvements also include amendments to IFRS 12.

IFRS 1 First-time Adoption of International Financial Reporting Standards, deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

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

IFRS 12 Disclosure of Interests in Other Entities, clarified the scope of the standard by specifying the disclosure requirements in the standard.

IAS 28 Investments in Associates and Joint Ventures, clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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

The Bank's Management assessed that the application of these amendments has had no effect on the Bank's consolidated financial statements.

New Standards

IFRS 9, *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain equity instruments.

The key requirements of IFRS 9 are as follows:

Classification and measurement:

Financial assets - There are three classifications for financial assets in IFRS 9

- Amortised cost - Financial assets with terms that give rise to interest and principal cash flows only and which are held in a business model whose objective is to hold financial assets to collect their cash flow.

- Fair value through other comprehensive income - Financial assets with terms that give rise to interest and principal cash flows only and which are held in a business model whose objective is achieved by holding financial assets to collect their cash flow and selling them.

- Fair value through profit and loss - Financial assets recognized as fair value through profit and loss instruments.

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

At initial recognition, any financial asset may be irrevocably designated as measured at fair value through profit or loss if such designation eliminates an accoounting mismatch.

Financial liabilities - IFRS 9's requirements on the classification and measurement of financial liabilities are largely unchanged from those in IAS 39. However, there is a change to the treatment of changes in the fair value attributable to own credit risk of financial liabilities designated as at fair value through profit or loss which are recognised in other comprehensive income and not in profit or loss as required by IAS 39.

Impairment*:* In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to record expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk. In other words, it is no longer necessary for a objective evidence of an impairment event to have occurred before credit losses are recognized.

Hedge accounting*:* The new general requirements retains the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting.

In addition, the effectiveness test have been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required, Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Bank's Administration, in accordance with the instructions of the Superintendency of Banks and Financial Institutions, has not applied this Standard as the Superintendency of Banks and Financial Institutions has not yet approved its incorporation into its regulations.

IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014, the IASB published IFRS 15 *Revenue from Contracts with Customers*, IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 superseded the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations.

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

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in satisfying its obligations for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i,e,, when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios, Furthermore, extensive disclosures are required.

In April 2016, the IASB issued *Clarifications to IFRS 15* in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

IFRS 15, together with the clarifications thereto issued in April 2016, is effective for annual periods beginning on or after January 1, 2018. Entities can choose to apply IFRS 15 retrospectively or to use a modified approach, which applies the cumulative effect of transition to opening retained earnings as of the date of initial application. Certain practical expedients are available under both approaches.

The Bank's Management carried out an evaluation for the application of this regulation and concluded that it has no effect on the consolidated financial statements. Likewise, on December 27, 2017, a letter was sent to the SBIF with these conclusions. The Bank chose to apply the above-mentioned standard using the modified approach.

New Interpretation

IFRIC 22: Foreign Currency Transactions and Advance Consideration

On December 8, 2016, the International Accounting Standards Board (IASB) published IFRIC 22 'Foreign Currency Transactions and Advance Consideration' developed by the IFRS Interpretations Committee to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The interpretation specifies that the date of the transaction is the date on which the entity initially recognizes the non-monetary asset or the non-monetary liability that originates from the payment or receipt in advance of the consideration. If there are multiple payments or receipts in advance, the interpretation requires an entity to determine the date of the transaction for each payment or receipt in advance of consideration.

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

IFRIC 22 is effective for annual periods beginning on or after January 1, 2018, Entities can apply the interpretation, either prospectively or retrospectively. Specific transitional considerations are established for prospective application.

The Bank's Management estimates that the application of this new interpretation has had no effect on the Bank's consolidated financial statements.

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

New Standards	**Effective date**
IFRS 16 *Leases*	Annual periods beginning on or after January 1, 2019
IFRS 17 *Insurance contracts*	Annual periods beginning on or after January 1, 2021
Amendments to the Standards	**Effective date**
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
Prepayment features with negative compensation (Amendments to IFRS 9)	Annual periods beginning on or after January 1, 2019,
Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)	Annual periods beginning on or after January 1, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	Annual periods beginning on or after January 1, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	Annual periods beginning on or after January 1, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	Annual periods beginning on or after January 1, 2020
New Interpretations	**Effective date**
IFRIC 23 Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 1, 2019

IFRS 16 Leases

On January 13, 2016, the IASB published IFRS 16 *Leases*, IFRS 16 introduces a comprehensive model for the identification of lease agreements and accounting treatments for both lessors and lessees, IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether the identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low value assets where such options are taken.

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

For leases originating after the effective date, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability not heretofore mentioned. The lease liability is initially measured at the present value of the lease payments, Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows, respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. Entities can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, an entity is not required to restate the comparative information and the cumulative effect of initially applying IFRS 16 must be presented as an adjustment to opening retained earnings (or other component of equity as appropriate).

Management estimates the first time adoption to be MCH$231,992 to be recorded in "Obligations under leasing" and "Right of use assets" in the Financial Statements starting January 1st, 2019. As well, it has been defined that the Bank will implement the modified retrospective approach.

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.

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

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

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

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

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

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

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

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

On December 17, 2015 IASB has published final amendments to "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture". The amendments postpone the effective date until the research project on the participation method has been completed.

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

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

Prepayment features with negative compensation (Amendments to IFRS 9)

On October 12, 2017, the IASB published 'Prepayment Features with Negative Compensation (Amendments to IFRS 9)' to address the concerns about how IFRS 9 'Financial Instruments' classifies particular prepayable financial assets. In addition, the IASB clarifies an aspect of the accounting for financial liabilities following a modification.

The amendments in Prepayment Features with Negative Compensation (Amendments to IFRS 9) are:

Changes regarding symmetric prepayment options, amend the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Clarification regarding the modification of financial liabilities. The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

The amendments are to be applied retrospectively for fiscal years beginning on or after 1 January 2019. Early application is permitted so entities can apply the amendments together with IFRS 9.

The Bank's Administration, in accordance with the instructions of the Superintendency of Banks and Financial Institutions, has not applied this Standard.

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

On October 12, 2017, the IASB published 'Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)' to clarify that an entity applies IFRS 9 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The Bank's management believes that future application of these amendments will have no effect on the Bank's consolidated financial statements.

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

Annual Improvements to IFRS Standards 2015-2017 Cycle

On December 12, 2017, the IASB issued “Annual Improvements to IFRS Standards 2015-2017 Cycle”. The annual improvements makes amendments to the following standards:

- **IFRS 3** and **IFRS 11** – The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interest in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12** – The amendments clarify that all income tax consequences of dividends (i,e, distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
- **IAS 23** – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrow *generally* when calculating the capitalization rate on general borrowings.

The amendments to IFRS 3 and IFRS 11, IAS 12, and IAS 23 are all effective for annual periods beginning on or after January 1, 2019.

The Bank's management believes that the future application of these amendments will have no effect on the Bank's consolidated financial statements.

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

This amendment (published by IASB on February 7, 2019), specifies that when a modification, reduction or liquidation of a plan occurs during the annual reporting period, the entity must: (i) determine the current cost of services for the remainder of the period subsequent to the modification, reduction or liquidation of the plan, by using the same actuarial assumptions to measure again the liability (asset) for defined benefits, net, reflecting the benefits offered under the plan and plan assets after that event; (ii) determine the net interest for the rest of the period after the modification, reduction or liquidation of the plan using the liability (asset), net for defined benefits that reflects the benefits offered under the plan and the assets of the plan after that event and the discount rate used to measure again the net liability (asset) for defined benefits.

This amendment to IAS 19 clarifies that an entity first determines any past service cost, or a gain or loss in the settlement, without considering the effect of the asset ceiling. This amount is recognized in results, and then an entity determines the effect of the asset ceiling after the modification, reduction or liquidation of the plan. Any change in this effect, excluding the amounts included in the net interest, is recognized in other comprehensive income. This establishes that entities may have to recognize a past service cost or a result in the settlement that reduces a surplus that was not recognized before. Changes in the effect of the asset ceiling, are not offset by these amounts.

The Bank's management believes that the future application of these amendments will have no effect on the Bank's or annual consolidated financial statements.

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

Amendments to References to the Conceptual Framework in IFRS Standards

On March 29, 2018 the IASB published its revised “Conceptual Framework for Financial Reporting”, which included revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation and disclosure. The new Conceptual Framework does not constitute a substantial revision of the document as was originally intended when the project was first taken up in 2004. Instead, the IASB focused on topics that were not yet covered or that showed obvious shortcomings that needed to be dealt with. The 2018 Conceptual Framework is structured into an introductory explanation on the status and purpose of the Conceptual Framework.

Changes to the Conceptual Framework may affect the application of IFRS when no standard applies to a particular transaction or event. The revised Conceptual Framework is effective for periods beginning on or after January 1, 2020.

The Bank's management believes that the future application of these amendments is not expected to have a significant effect on the consolidated financial statements.

New Interpretations

IFRIC 23 Uncertainty over Income Tax Treatments

On June 7, 2017 the IASB issued IFRIC 23 “Uncertainty over Income Tax Treatments,” This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments.

IFRIC 23 requires an entity to:

(i) to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together.
(ii) assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.
(iii) consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing:

    a. If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.
    b. If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, The decision should be based on which method provides better predictions of the resolution of the uncertainty.

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

(iv) An entity has to reassess its judgements and estimates if facts and circumstances change.

An entity applies IFRIC 23 for annual reporting periods beginning on or after 1 January 2019; earlier application is permitted.

The requirements are applied by recognising the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight.

Management does not anticipate that future application of this interpretation will have not have a significant effect on the interim or annual consolidated financial statements of the Bank.

ai) Standards and instructions issued by the Superintendency of Banks and Financial Institutions (SBIF)

i) Circular No. 3,621, the SBIF issued on March 15, 2017 a Circular related to Chapters B1 and C3 of the Compendium of Accounting Standards, It supplements instructions for the accounting and determination of provisions for credits guaranteed by the school infrastructure Guarantee Fund, established in Law No. 20,845.

ii) Circular No. 3,627, dated November 28, 2017, the SBIF updated Chapters 1-7 and 11-6 of the Updated Compilation of Standards in relation to electronic transfers of information and funds and with investments in companies in the country.

iii) Circular No. 3,628, dated November 28, 2017, the SBIF updated the regulations regarding the issuance of payment cards by implementing the new Chapter 8-41 of the Updated Compilation of Standards.

iv) Circular No. 3,629, dated December 27, 2017, the SBIF supplemented instructions regarding the outsourcing of services and contracting of services in the cloud by updating Chapter 20-7 of the Updated Compilation of Standards.

v) Circular No. 3,630, dated December 27, 2017, the SBIF reported the application of re-adjustments to credits acquired from the National Association of Savings and Loans by updating Chapter 7-1 of the Updated Compilation of Standards.

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

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

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

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

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

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

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

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

xiii) Circular No. 3.639, date August 7, 2018 the SBIF issue instructions for banks that hold a securities title in the name of a third party account, remit such information to the Superintendency so that it can identify both the latter and the shares themselves.

xiv) Corcular Letter No. 03/2018 Information System Manual, dated August 29, 2018, the SBIF informs the second table update “Regions” given the foundation of XVI Region of Ñuble, which validity starts from October 1, 2018.

xv) Circular No. 3.640 date August 31, 2018, the SBIF issued instructions related with Chapters 1-13 and 20-8 of Updated Compilation of Standards related to Cybersecurity and reporting of operational incidents. With these instructions, guidelines in these matters were updated.

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

xvii) Circular No. 3.641, date October 8, 2018 the SBIF issued instructions updating the term for client response. From November 1, 2018, this term was reduce by a ten-day top for response from claim day.

xviii) Circular No. 3.642, dated October 9, 2019 the SBIF issued complementary instructions on cybersecurity matters. This instructions have validity from this Circular release.

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

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

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

xxi) Circular No. 3.643, dated December 21, 2018, the SBIF issued instructions updating norms regarding editorial correction to Chapters 2-1, 5-1 and 6-1, authorizing the dissolution of BBVA Bank and the new appellation for MUFG Bank, Ltd.

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

xxiii) Circular No. 3.644, dated December 21, 2018, the SBIF issued instructions updating norms concerning management and measurement of liquidity position.

The Bank's Administration has implemented this norms to the extent required without effect on its consolidated financial statements as of December 31, 2018.

NOTE 2 - ACCOUNTING CHANGES

The Bank adopted, for the first time, IFRS 15 Revenue from Contracts with Customers (See note 1 to the Consolidated Financial Statements), which application, has had no effect on retained earnings as of the beginning of the period nor for the year ended December 31, 2018.

During the year ended December 31, 2018, no other accounting changes compared with the previous year that affect these consolidated financial statements have occurred.

NOTE 3 - SIGNIFICANT EVENTS

a) Acquisitions

- Merger agreement between City National Bank and TotalBank

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

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

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

By virtue of the transaction, CNB will acquire, for a total of US$528,075,000, all of the shares issued by TotalBank, thus becoming the absorbing and continuing legal entity of said bank; receiving the Banco Popular Español S.A., a subsidiary of the Santander S.A. in Spain, the amount of US$528,9 million in exchange for its shareholding in TotalBank. As usual in this type of transaction, the price payable to the Banco Popular Español S.A. is subject to possible minor adjustments between the date of signing and the closing date of the transaction.

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

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

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

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

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

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

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

b) Tax reform approved in the Congress of the United States of America

In an extraordinary session of the Board of Directors held on December 26, 2017, it was learned that, in accordance with the tax reform approved in the Congress of the United States of America, which became effective as of January 1, 2018, - among other aspects- a decrease from 35% to 21% in the income tax rate was approved.

This standard would have a favorable long-term effect on the Bank's results, given the consolidated importance of the subsidiaries and branches in the United States of America. As of December 2018, City National Bank of Florida and BCI Miami Branch represented 30.27% of the assets.

In accordance with the accounting standards and regulations and instructions of the Superintendency of Banks and Financial Institutions, the aforementioned income tax rate change was immediately reflected in the financial statements of the subsidiaries and the branch with operations in the United States of America.

The aforementioned tax reform has the following effects:

a) A negative effect on results of US$ 40 million in the financial statements of 2017, originated by the recalculation of the deferred tax asset based on the new rate of 21%.

b) During the first semester of 2018, the effect of greater net income was verified as a result of the lower tax established by the reform in the United States of America. Given the drop in the rate, subsidiaries showed a higher net profit of approximately 18% due to the effect of the rate reduction.

This effect is not comparative since the new rate only became effective as of January 1, 2018.

c) Issuance and bonds placements

During the year 2018, no subordinated bonds have been issued nor placed.

During the year 2018, the following bonds denominated in UF were aproved by the Superintendency of Banks and Financial Institutions:

Bonds Series	Issuance Date	Notional amount UF	Nominal Interest rate	Maturity Date
SERIE_D1	01.11.2017	3,000,000	1.84%	01.11.2023
SERIE_D2	01.11.2017	3,000,000	2.04%	01.11.2025
SERIE_D3	01.11.2017	3,000,000	2.34%	01.11.2028
SERIE_D4	01.11.2017	3,000,000	2.45%	01.11.2029
SERIE_F1	01.04.2018	3,000,000	0.00%	01.04.2022
SERIE_F2	01.04.2018	3,000,000	0.00%	01.04.2024
SERIE_F3	01.04.2018	3,000,000	2.00%	01.04.2025
SERIE_F4	01.04.2018	3,000,000	2.17%	01.04.2028
SERIE_F5	01.04.2018	3,000,000	2.36%	01.04.2029
SERIE_G1	01.06.2018	3,000,000	0.00%	01.06.2025
SERIE_G2	01.06.2018	3,000,000	0.00%	01.06.2026
SERIE_G3	01.06.2018	3,000,000	2.10%	01.06.2029

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

During the year 2018, the following bonds denominated in UF were placed and are outstanding:

Bonds Series	Placement date	Notional amount UF	Annual IRR	Maturity Date
SERIE_C3	03.01.2018	3,000,000	2.28%	01.07.2025
SERIE_B1	24.01.2018	300,000	1.51%	01.05.2022
SERIE_D2	13.02.2018	1,000,000	2.04%	01.11.2025
SERIE_D4	20.02.2018	3,000,000	2.45%	01.11.2029
SERIE_D3	21.02.2018	3,000,000	2.34%	01.11.2028
SERIE_D1	27.03.2018	3,000,000	1.84%	01.11.2023
SERIE_F3	22.05.2018	3,000,000	2.00%	01.04.2025
SERIE_F5	22.05.2018	3,000,000	2.36%	01.04.2029
SERIE_B1	05.07.2018	400,000	1.51%	01.05.2022
SERIE_B1	09.07.2018	50,000	1.51%	01.05.2022
SERIE_B1	09.07.2018	50,000	1.51%	01.05.2022
SERIE_B1	31.07.2018	870,000	1.51%	01.05.2022
SERIE_B2	31.07.2018	400,000	1.72%	01.05.2023
SERIE_F4	22.11.2018	2,900,000	2.17%	01.04.2028
SERIE_F4	22.11.2018	100,000	2.17%	01.04.2028
SERIE_G3	27.12.2018	3,000,000	2.10%	01.06.2029

During the year 2018, the following bonds denominated in Chilean pesos were issued:

Bonds Series	Issued date	Chilean Pesos $	Annual IRR	Maturity Date
SERIE_E	01.11.2017	100,000,000,000	4.00%	01.11.2022
SERIE_H	01.06.2018	50,000,000,000	0.00%	01.06.2021

During the year 2018, the following bonds denominated in Chilean pesos were placed:

Bonds Series	Placement date	Chilean Pesos $	Annual IRR	Maturity Date
SERIE_E	18.04.2018	100,000,000,000	4.27%	01.11.2022

During the year 2018, the following bonds denominated in Yen were issued:

Bonds Series	Issued date	Yen $	Annual IRR	Maturity Date
XS1830985781	25.05.2018	5,000,000,000	0.75%	01.12.2028

During the year ended December 31, 2018, the following bonds denominated in Yen were placed:

Bonds Series	Placement date	Yen $	Annual IRR	Maturity Date
XS1830985781	01.06.2018	5,000,000,000	0.75%	01.12.2028

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

During the year 2018, the following bonds denominated in American Dollars were issued:

Bonds Series	Issuance date	USD	Annual IRR	Maturity Date
XS1879614755	07.09.2018	50,000,000	3.85%	13.03.2024
XS1888335194	25.09.2018	100,000,000	4.02%	04.04.2024
XS1895749593	12.10.2018	45,000,000	4.03%	19.04.2024
XS1919312626	31.11.2018	25,000,000	3.72%	07.12.2023

During the year 2018, the following bonds denominated in American Dollars were placed:

Bonds Series	Placement date	USD	Annual IRR	Maturity Date
XS1879614755	13.09.2018	50,000,000	3.85%	13.03.2024
XS1888335194	04.10.2018	100,000,000	4.02%	04.04.2024
XS1895749593	19.10.2018	45,000,000	4.03%	19.04.2024
XS1919312626	07.12.2018	25,000,000	3.72%	07.12.2023

During the year 2018, the following bonds denominated in Australian Dollars were issued:

Bonds Series	Issuance date	AUD	Annual IRR	Maturity Date
XS1859545367	18.08.2018	40,000,000	4.67%	25.07.2033
XS1879612973	07.09.2018	60,000,000	4.65%	14.09.2033
XS1897619968	17.10.2018	40,000,000	4.70%	24.10.2033

During the year 2018, the following bonds denominated in Australian Dollars were placed:

Bonds Series	Placement date	AUD	Annual IRR	Maturity Date
XS1859545367	25.07.2018	40,000,000	4.67%	25.07.2033
XS1879612973	14.09.2018	60,000,000	4.65%	14.09.2033
XS1897619968	24.10.2018	40,000,000	4.70%	24.10.2033

d) Distribution of dividends and earnings capitalization

At the Annual Shareholder’s Meeting held on March 27, 2018, the distribution of net income for the year ended December 31, 2017 was approved, for a total amount of MCh$371,403, according to the following detail:

- Distribution of a dividend of Ch$1,050 per share among the total 124,944,872 shares issued and registered in the Register of Shareholders, which amounts to MCh$131,192, that is, 35.32% of the Bank's net income.

- Allocation of the remaining balance of the income for the year MCh$240,211 to retained earnings.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

At the Extraordinary Shareholders' Meeting held on March 27, 2018, the following agreements were reached:

- Capitalization of retained earnings MCh$240,211 in the following way:
    - MCh$54,510 through the issuance of 1,290,178 stock dividends
    - MCh$185,701 without issuance of shares

The subscribed and paid in capital of the Bank would amount to MCh$2,733,631 divided into 126,235,050 registered shares, of a single series and without par value. This capital increase was approved by the Superintendency of Banks and Financial Institutions through Resolution No. 264 of June 4, 2018 and is in the process of being registered in the public registry of securities, once this process has been completed, the shares will be part of the capital of the Bank.

On July 9, 2018, the Superintendency of Banks and Financial Institutions issued a certificate of registration in the Public Registry of Securities with respect to the registration of 1,290,178 shares issued without payment and par value. These shares were issued with a charge to the capital increase, from the capitalization of part of the reserve funds of profits, agreed at the Extraordinary Shareholders' Meeting of March 27, 2018.

e) Capital increase

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

In the Extraordinary Shareholders Meeting held on July 12, 2018, it was agreed to annul the capital increase approved at the Extraordinary Shareholders' Meeting held on March 27, 2018 and it was determined to increase the capital stock in the amount of $ 430,000.000,000 (MCh$430,000), through the issuance of 9,657,930 shares, without par value.

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

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

f) Discontinuance of the equity method for the investment in associates, due to changes in circumstances

As of December 31, 2016, the Bank held an investment equivalent to 1.93% ownership interest in Credicorp LTD, which was recogzined in accordance with the equity method. The recognition of this investment under the equity method is based on the fact that the Bank had a director at Credicorp LTD, at the end of 2016, therefore, exercised significant influence given its power to participate in the financial and operating policy decisions.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

On January 25, 2017, the Bank no longer has a director in this company, thereby losing its significant influence, In accordance with paragraph 22 of IAS 28, the Bank must discontinue the use of the equity method, and measure the retained interest at fair value thus recognizing a gain of MCh$87,060 for the difference between the fair value of the retained interest and the carrying amount of the investment at the date the equity method was discontinued.

Additionally, in accordance with paragraph 23 of IAS 28, the Bank reclassified to profit and loss the gain generated from the cumulative translation adjustment relating to the foreign operation previously recorded in other comprehensive income for Ch$14,846 million.

Finally, a deferred tax liability for Ch$38,612 million was recognized, determined as the difference between the new carrying amount of the investment (fair value at the date of the discontinuance of the equity method) and the taxable base.

In accordance with the Compendium of Accounting Standards issued by the SBIF (Chapter C-3), once the adjustments indicated in the previous paragraphs have been made, this investment should be classified as a "Investment in other companies" and measured at historical cost, corresponding to the fair value at the time of discontinuing the equity method. From that moment, the Bank should recognize income from this investment only for the dividends that are received. Additionally, this investment should be subject to impairment tests, in accordance with paragraph 38 of IAS 36, "the value of an asset deteriorates when its book value exceeds its recoverable amount", that is, impairment is understood to be when the recoverable value is less than the book value of the asset.

g) Shares exchange related to BCI Corredor de Bolsa S.A. (subsidiary)

On June 12, 2017, BCI Corredor de Bolsa S.A. received 1,000,000 shares in exchange for the one share held by this entity which represents its investment in Bolsa de Comercio de Santiago S.A., Bolsa de Valores (Santiago Stock Exchange S.A., hereinafter referred to as "Stock Exchange"). This share exchange corresponds to the process of demutualization of the Stock Exchange, which was agreed through a modification to the bylaws of this company approved by the shareholders in a meeting held on March 17, 2016 and supplemented by public document dated January 30, 2017. The effects arising from this amendment to the bylaws took place as of April 21, 2017 and the exchange process was made through the issuance of shares with no payment. This amendment to the bylaws was effective as of April 21, 2017 and the exchange process was made with the issuance of stock dividends. Another of the amendments to the bylaws of the Stock Exchange considers that it will no longer be necessary to be a shareholder of the Exchange in order to operate in said stock market.

The company chose to value the shares it holds on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange initially at their fair value, reflecting any changes in the fair value in "Other comprehensive income." These shares are valued according to their last transaction price at July 8, 2016 in the Santiago Stock Exchange and July 20, 2016 in the Chilean Electronic Stock Exchange.

NOTE 3 - SIGNIFICANT EVENTS, CONTINUED

h) Board member appointment

At the Board of Directors Committee, held on January 30, 2018, the resignation presented by Mr. Juan Ignacio Lagos Contardo from his position as Director of the Bank was accepted, and as his replacement, Mr. Juan Edgardo Goldenberg Peñafiel was appointed, who assumed his duties as of January 31, 2018.

NOTE 4 – BUSINESS COMBINATION

4.1 Acquistion y Fusion de TotalBank

i. General Operation

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

With this transaction, BCI reinforces its strategy of consolidating its presence in the market of the state of Florida, United States, making CNB the third largest bank in the market. The payment made for the acquisition amounted in total to US$528,9 million, and its equivalent in Chilean pesos is MCh$336,817.

ii. Description of the Acquired Subsidiaries

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

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

iii. Primary reasons for the acquisition

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

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

With this transaction, City National Bank of Florida will have reached the third place in assets with respect to banks in Florida, with consolidated assets in the amount of US$14,7 billions of dollars. This evolution will improve the presence of this institution as a leader in Miami market.

NOTE 4 – BUSINESS COMBINATION, CONTINUED

iv. Details of assets acquired and liabilities assumed

The following is the consolidated statement of financial position of TotalBank at the acquisition date, at fair value measurement as of June 15, 2018:

	Fair value recognized on the date of acquisition	Ref.
	MCH$	MCH$
ASSETS		
Cash and deposits in banks		
Items in course of collection	89,693	a
Trading portfolio financial assets	329,059	
Investments under agreements to resell		
Derivative financial assets	-	
Loans and receivables to banks, net	-	
Loans and receivables to customers, net	1,353,042	c
Financial investments available for sale		
Financial investments held to maturity	-	
Investments in other companies	-	
Intangible assets	38,843	d
Property, plant and equipment, net	8,845	e
Current and deferred income tax	-	
Other assets	19,827	f
TOTAL ASSETS	**1,839,309**	
LIABILITIES		
Current accounts and demand deposits	992,844	
Items in course of collection	-	
Liabilities under agreements to repurchase	10,480	
Term deposits and savings accounts	278,061	g
Derivative financial liabilities	-	
Borrowings from financial institutions	-	
Debt issued	-	
Other financial liabilities	273,816	
Current and deferred income tax	-	
Provisions	-	
Other liabilities	36,252	h
TOTAL LIABILITIES	**1,591,453**	
Total net identifiable assets at fair value	**247,856**	
Goodwill arising from acquisition	88,961	
Consideration transferred in exchage for the acquiree	**336,817**	
Net cash flow **from** investing activities	89,693	
Payment in cash	(336,817)	
Net cash outflow	**(247,124)**	

NOTE 4 – BUSINESS COMBINATION, CONTINUED

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

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

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

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

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

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

Breakdown of intangible assets identified in the business combination

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

Core deposits

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

Leasehold interest

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

Mortgage Servicing Rights

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

NOTE 4 – BUSINESS COMBINATION, CONTINUED

Goodwill

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

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

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

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

v. Other considerations

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

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

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

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

NOTE 4 – BUSINESS COMBINATION, CONTINUED

4.2 Acquisition of Servicios Financieros

i. General aspects of the operation

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

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

ii. Description of the Acquired Companies

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

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

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

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

iii. Main reasons for the purchase

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

NOTE 4 – BUSINESS COMBINATION, CONTINUED

With this transaction, BCI will reach almost 1,5 million credit card customers, which represents a substantial business opportunity, since the associated stream of payments will represent a fundamental part of the Bank's success in the coming years.

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

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

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

NOTE 4 – BUSINESS COMBINATION, CONTINUED

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

Fair value is defined as the price that would be received for selling an asset or that would be paid for transferring a liability in an orderly transaction between market participants at the valuation date, or acquisition in the case of BCI.
In detail, one adjustment required by the Compendium corresponds to:

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

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

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

Summary of intangibles identified in the business combination

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

Relationship with customers

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

NOTE 4 – BUSINESS COMBINATION, CONTINUED

Right-of-use-assets (Brand)

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

Right-of-use-assets (Channels)

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

Contracts for the collection of services

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

Non-competition agreement

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

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

NOTE 4 – BUSINESS COMBINATION, CONTINUED

Goodwill

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

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

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

v. Other considerations

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

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

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

The initial recording for the acquisitions of the entities previously disclosed in this note was provisionally determined at year-end.

NOTE 5 - INFORMATION BY SEGMENTS

Segment structure

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

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

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

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

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

Income from subsidiaries allocation by client:

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

Balance management results allocation:

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

Allocation of expenses to reporting segments:

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

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

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

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

a) Statements of operating income for the year ended December 31, 2018:

	Retail Banking		Wholesale Banking						
	Retail	**Small & Medium Enterprise**	**Commercial Banking**	**C&IB Commercial Division**	**C&IB Finance Division**	**BCI FG**	**Financial Services**	**Others**	**Consolidated**
	MCH$	**MCH$**	**MCH$**	**MCH$**	**MCH$**	**MCH$**	**MCH$**	**MCH$**	**MCH$**
Net interest income	514,273	169,662	180,775	120,667	(133,385)	223,742	9,199	(4,736)	**1,080,197**
Net fee and commission income	172,057	36,083	38,166	25,548	7,934	16,523	5,528	4,364	**306,203**
Other operating income	(27,270)	4,342	17,918	27,421	160,982	13,310	5,554	(3,454)	**198,803**
Operating income	**659,060**	**210,087**	**236,859**	**173,636**	**35,531**	**253,575**	**20,281**	**(3,826)**	**1,585,203**
Provision for loan losses	(157,583)	(61,079)	(15,008)	5,627	188	(15,442)	(5,149)	(17,867)	**(266,313)**
Operating income, net of loan losses, interest and commission	**501,477**	**149,008**	**221,851**	**179,263**	**35,719**	**238,133**	**15,132**	**(21,693)**	**1,318,890**
Total operating expenses	(368,744)	(104,820)	(87,180)	(57,752)	(24,050)	(150,439)	(15,906)	(55,386)	**(864,277)**
TOTAL NET OPERATING INCOME BY SEGMENT	**132,733**	**44,188**	**134,671**	**121,511**	**11,669**	**87,694**	**(774)**	**(77,079)**	**454,613**
Share of profit of investments accounted for using the equity method									**65,036**
Income before income tax									**519,649**
Income tax expense									**(123,802)**
CONSOLIDATED NET INCOME FOR THE YEARS ENDED DECEMBER 31, 2018									**395,847**

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

b) Reporting segments balances as of December 31, 2018 (with breakdown):

	As of December 31, 2018							
	Retail Banking		Wholesale Banking					
	Retail	Small & Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCI FG	Financial Services	Total Segments
	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$
TOTAL ASSETS	10,240,489	2,902,489	5,872,585	5,705,194	5,882,556	9,927,109	819,295	**41,349,717**
TOTAL LIABILITIES	9,091,502	2,573,473	5,183,758	5,040,764	6,364,645	8,819,390	817,822	**37,891,354**
EQUITY								**3,458,363**

c) Statements of operating income for the year ended December 31, 2017:

	Retail Banking		Wholesale Banking					
	Retail	Small & Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	BCI FG	Others	Consolidated
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Net interest income	395,695	146,814	165,892	109,415	(9,106)	161,922	(35,804)	**934,828**
Net fee and commission income	157,645	35,282	34,211	21,957	9,029	12,284	(1,702)	**268,706**
Other operating income	34,004	7,149	30,669	40,636	40,698	12,815	11,197	**177,168**
Operating income	**587,344**	**189,245**	**230,772**	**172,008**	**40,621**	**187,021**	**(26,309)**	**1,380,702**
Provision for loan losses	(142,774)	(37,390)	(7,591)	(7,739)	(1,939)	(15,312)	92	**(212,653)**
Operating income, net of loan losses, interest and commission	**444,570**	**151,855**	**223,181**	**164,269**	**38,682**	**171,709**	**(26,217)**	**1,168,049**
Total operating expenses	(353,277)	(92,033)	(93,225)	(62,445)	(28,981)	(88,499)	(23,152)	**(741,612)**
TOTAL NET OPERATING INCOME BY SEGMENT	**91,293**	**59,822**	**129,956**	**101,824**	**9,701**	**83,210**	**(49,369)**	**426,437**
Share of profit of investments accounted for using the equity method								**112,542**
Income before income tax								**538,979**
Income tax expense (*)								**(167,554)**
CONSOLIDATED NET INCOME FOR THE YEARS ENDED DECEMBER 31, 2017								**371,425**

NOTE 5 – INFORMATION BY SEGMENTS, CONTINUED

d) Reporting segments balances as of December 31, 2017 (with breakdown):

	As of December 31, 2017						
	Retail Banking		Wholesale Banking				
	Retail	Small & Medium Enterprise	Commercial	C&IB Commercial Division	C&IB Finance Division	BCI FG	Total Segments
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
TOTAL ASSETS	9,464,879	2,685,815	5,274,142	4,902,125	5,337,481	6,218,954	**33,883,396**
TOTAL LIABILITIES	8,553,884	2,409,619	4,725,264	4,401,851	5,417,445	5,647,047	**31,155,110**
EQUITY							**2,728,286**

NOTE 6 - CASH AND CASH EQUIVALENTS

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

	As of December 31,	
	2018	**2017**
	MCh$	**MCh$**
Cash and deposits in banks		
Cash	500,153	505,056
Deposits in Central Bank of Chile (*)	495,424	314,516
Deposits in domestic banks	18,700	4,587
Deposits in foreign banks	1,044,480	671,573
Subtotal cash and deposits in banks	2,058,757	1,495,732
Items in course of collection, net		
Highly liquid financial instruments	122,262	150,636
Investments under agreements to resell	3,711	15,347
Total cash and cash equivalents	55,129	223,858
	2,239,859	**1,885,573**

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

b) Items in the course of collection:

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

	As of December 31,	
	2018	**2017**
	MCh$	**MCh$**
Assets		
Outstanding notes from other banks	146,087	159,852
Funds receivable	189,733	100,125
Subtotal assets	335,820	259,977
Liabilities		
Funds payable	213,558	109,341
Subtotal liabilities	213,558	109,341
Items in course of collection, net	**122,262**	**150,636**

NOTE 7 - TRADING PORTFOLIO FINANCIAL ASSETS

The following is the detail of trading portfolio financial assets as of December 31, 2018 and 2017:

	As of December 31,	
	2018	**2017**
	MCh$	**MCh$**
Instruments of the state and Central Bank of Chile (*):		
Bonds of the Central Bank of Chile	280,505	694,020
Promissory notes of the Central Bank of Chile	2,255	78
Other instruments of the state and Central Bank of Chile	1,036,612	633,078
Instruments of other domestic institutions:		
Bonds	112,606	246,310
Term deposits	394,502	271,617
Letters of credit	1,475	900
Documents issued by other financial institutions	142,768	115,194
Other instruments	22,692	75,386
Instruments of other foreign institutions:		
Other instruments	2,165	95,961
Investments in mutual funds:		
Funds administered by related parties	19,958	50,646
Funds administered by third parties	22,838	14,526
Total	**2,038,376**	**2,197,716**

(*) As of and for the years ended December 31, 2018 and 2017, the Bank holds instruments issued by the Central Bank of Chile, classified under “Instruments of the state and Central Bank of Chile” for MCh$149,197 and MCh$421,100, respectively.

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

a) Securities purchased under agreements to resell:

Type of entity	Maturity of the agreement: Up to 3 months MCh$	Up to 3 months Average Rate %	Between 3 months and 1 year MCh$	Between 3 months and 1 year Average Rate %	Over 1 year MCh$	Over 1 year Average Rate %	Balance as of December 31, 2018 MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	1,037	0.30	242	0.31	-	-	**1,279**
Other domestic financial institutions	-	-	-	-	-	-	-
Foreign financial institutions	-	-	-	-	-	-	-
Other individuals or corporations	54,092	0.29	18,488	0.32	-	-	**72,580**
Total	**55,129**		**18,730**		**-**		**73,859**

Type of entity	Maturity of the agreement: Up to 3 months MCh$	Up to 3 months Average Rate %	Between 3 months and 1 year MCh$	Between 3 months and 1 year Average Rate %	Over 1 year MCh$	Over 1 year Average Rate %	Balance as of December 31, 2017 MCh$
Related party (individuals or entities)	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-
Securities brokers	95,424	0.28	11,304	0.32	-	-	**106,728**
Other domestic financial institutions	-	-	-	-	-	-	-
Foreign financial institutions	-	-	-	-	-	-	-
Other individuals or corporations	128,434	0.27	17,437	0.29	-	-	**145,871**
Total	**223,858**		**28,741**		**-**		**252,529**

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

b) Securities sold under repurchase agreements:

Type of entity	Maturity of the agreement: Up to 3 months MCh$	Up to 3 months Average Rate %	Between 3 months to 1 year MCh$	Between 3 months to 1 year Average Rate %	Over 1 year MCh$	Over 1 year Average Rate %	Balance as of December 31, 2018 MCh$
Related party (individuals or entities)	-	-	-	-	-	-	**-**
Domestic banks	160,123	0.26	-	-	-	-	**160,123**
Securities brokers	-	-	-	-	-	-	**-**
Other domestic financial institutions	49,992	0.23	-	-	-	-	**49,992**
Foreign financial institutions	-	-	-	-	-	-	**-**
Other individuals or corporations	335,350	0.64	644	0.29	-	-	**335,994**
Total	**545,465**		**644**		**-**		**546,109**

Type of entity	Maturity of the agreement: Up to 3 months MCh$	Up to 3 months Average Rate %	Between 3 months to 1 year MCh$	Between 3 months to 1 year Average Rate %	Over 1 year MCh$	Over 1 year Average Rate %	Balance as of December 31, 2017 MCh$
Related party (individuals or entities)	-	-	-	-	-	-	**-**
Domestic banks	183,642	0.23	-	-	-	-	**183,642**
Securities brokers	213,936	0.22	-	-	-	-	**213,936**
Other domestic financial institutions	240,269	2.75	-	-	-	-	**240,269**
Foreign financial institutions	-	-	-	-	-	-	**-**
Other individuals or corporations	231,591	0.41	-	-	-	-	**231,591**
Total	**869,438**		**-**		**-**		**869,438**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING

a) As of December 31, 2018 and 2017, the Bank and its subsidiaries held the following portfolio of derivative instruments:

As of December 31, 2018:

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

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

As of December 31, 2017

	Notional amount		Fair value	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Trading Derivatives:				
Forwards	24,270,902	23,715,845	227,110	205,843
Swaps	75,816,958	75,470,708	884,267	924,659
Call Options	526,295	580,199	1,915	1,074
Put Options	464,377	478,567	7,514	13,226
Futures	2	2	-	23
Others	-	-	-	-
Subtotal	**101,078,534**	**100,245,321**	**1,120,806**	**1,144,825**
Fair Value Hedge Derivatives:				
Forwards	-	-	-	-
Swaps	1,739,195	1,504,164	64,867	53,484
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	**1,739,195**	**1,504,164**	**64,867**	**53,484**
Cash Flow Hedge Derivatives:				
Forwards	-	109,986	6,711	4,757
Swaps	482,331	2,099,161	173,354	276,536
Call Options	-	-	-	-
Put Options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	**482,331**	**2,209,147**	**180,065**	**281,293**
Total	**103,300,060**	**103,958,632**	**1,365,738**	**1,479,602**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

b) Types of derivatives

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

Fair value hedges:

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

The following tables provide a summary of the hedged items and hedging instruments for fair value hedge accounting as of December 31, 2018 and 2017:

	As of December 31, 2018		As of December 31, 2017	
Hedged item	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Bonds issued MX/MN	-	1,287,299	-	891,258
Loans MX, UF	-	-	288	-
DAP MN	-	930,627		
Investment MX	335,932	-	-	847,937
Macro hedge MN, MX	738,763	-	253,607	-
Obligations MN	-	374,544	1,250,269	-
Total	**1,074,695**	**2,592,470**	**1,504,164**	**1,739,195**

			As of December 31, 2017	
Hedging instrument	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Cross Currency Swaps	832,830	917,456	341,327	1,478,047
Interest Rate Swap MN	930,627	-	847,937	-
Interest Rate Swap MX	829,013	157,239	549,931	26,117
Total	**2,592,470**	**1,074,695**	**1,739,195**	**1,504,164**

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

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.

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

The following tables provide a summary of the hedged items and hedging instruments for cash flow hedge accounting as of December 31, 2018 and 2017:

	As of December 31, 2018		As of December 31, 2017	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Assets UF > 1Y	2,101,340	-	1,504,886	-
Future obligations USD	-	62,424	-	56,836
Term deposits CLP	-	566,753	-	93,488
Assets UF	256,632	-	157,878	-
Credits MX	450,840	-		
Bond MN/MX	-	381,649	-	332,007
Asset USD	122,414		546,383	
Total	**2,931,226**	**1,010,826**	**2,209,147**	**482,331**

	As of December 31, 2018		As of December 31, 2017	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Hedging instrument				
Cross Currency Swaps	444,073	1,673,743	388,843	1,511,627
Forward UF	-	647,796	-	109,986
Forward USD	-	-	-	-
Swap rate	566,753	609,687	93,488	587,534
Total	**1,010,826**	**2,931,226**	**482,331**	**2,209,147**

Hedge of a net investment in a foreign operation:

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

The following tables provide a summary of the hedged items and hedging instruments for hedge of a net investment in a foreign operation accounting as of December 31, 2018 and 2017:

	As of December 31, 2018		As of December 31, 2017	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Hedged item	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net investment in a foreign operation	105,370	-	216,595	-
Total	**105,370**	**-**	**216,595**	**-**

NOTE 9 - DERIVATIVE FINANCIAL AGREEMENTS AND HEDGE ACCOUNTING, CONTINUED

	As of December 31, 2018		As of December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Hedge instrument	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Bonds in foreign currency	-	105,370	-	216,595
Total	**-**	**105,370**	**-**	**216,595**

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

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

	As of December 31, 2017				
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years	Total
Hedged item					
Cash outflows	269,296	1,295,007	714,628	138,210	2,417,141
Cash inflows	(296,364)	(1,330,603)	(709,687)	(139,910)	(2,476,564)
Net cash flows	**(27,068)**	**(35,596)**	**4,941**	**(1,700)**	**(59,423)**
Hedging instrument					
Cash outflows	296,364	1,330,603	709,687	139,910	2,476,564
Cash inflows	(269,296)	(1,295,007)	(714,628)	(138,210)	(2,417,141)
Net cash flows	**27,068**	**35,596**	**(4,941)**	**1,700**	**59,423**

NOTE 10 - LOANS AND RECEIVABLES TO BANKS, NET

a) As of December 31, 2018 and 2017, balances for this concept are the following:

	As of December 31, 2018	As of December 31, 2017
	MCh$	MCh$
Domestic banks		
Highly liquid interbank loans	-	-
Allowance for loan losses of domestic banks	-	-
Foreign banks		
Highly liquid interbank loans	333,518	179,373
Allowance for loan losses of foreing banks	(606)	(308)
Total	**332,912**	**179,065**

b) The rollforward as of December 31, 2018 and 2017 of provisions and impairment is as follows:

	As of December 31, 2018			As of December 31, 2017		
	Domestic Banks	Foreign Banks	Total	Domestic Banks	Foreign Banks	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1,	**-**	**308**	**308**	**-**	**432**	**432**
Write-offs	-	-	**-**	-	-	**-**
Provisions	-	550	**550**	-	177	**177**
Reversal of provisions	-	(252)	**(252)**	-	(301)	**(301)**
Impairment	-	-	**-**	-	-	**-**
Reversal of impairment	-	-	**-**	-	-	**-**
Total	**-**	**606**	**606**	**-**	**308**	**308**

NOTE 11 – LOANS TO AND RECEIVABLES FROM CUSTOMERS, NET

a) Loans to and receivables from customers

As of December 31, 2018 and 2017, the composition of the loan portfolio was as follows:

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

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

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

	Assets before allowances				Allowances established			
As of December 31, 2017	**Normal Portfolio**	**Sub-standard Portfolio**	**Non-compliant Portfolio**	**Total**	**Individual Allowance**	**Collective Allowance**	**Total**	**Net Assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:								
Commercial loans (*)	11,719,816	427,746	549,991	12,697,553	(119,980)	(51,548)	(171,528)	12,526,025
Foreign trade loans	581,045	29,786	1,077	611,908	(7,492)	(16)	(7,508)	604,400
Checking accounts	149,160	3,745	10,576	163,481	(1,518)	(4,560)	(6,078)	157,403
Factoring operations	857,256	13,845	6,104	877,205	(4,179)	(2,159)	(6,338)	870,867
Loans to college students	157,375	-	21,417	178,792	-	(5,095)	(5,095)	173,697
Leasing transactions	1,059,998	61,746	75,718	1,197,462	(19,803)	(2,074)	(21,877)	1,175,585
Other loans and receivables	41,194	350	15,754	57,298	(9,256)	(2,789)	(12,045)	45,253
Subtotal	**14,565,844**	**537,218**	**680,637**	**15,783,699**	**(162,228)**	**(68,241)**	**(230,469)**	**15,553,230**
Mortgage loans:								
Letters of credit	14,415	-	1,098	15,513	-	(31)	(31)	15,482
Negotiable mortgage loans	581,552	-	11,258	592,810	-	(4,949)	(4,949)	587,861
Other mortgage loans	5,087,013	-	160,055	5,247,068	-	(26,214)	(26,214)	5,220,854
Leasing transactions	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-
Subtotal	**5,682,980**	**-**	**172,411**	**5,855,391**	**-**	**(31,194)**	**(31,194)**	**5,824,197**
Consumer loans:								
Consumer loans in instalments	1,942,065	-	270,138	2,212,203	-	(121,316)	(121,316)	2,090,887
Checking accounts	104,994	-	7,480	112,474	-	(6,084)	(6,084)	106,390
Credit card borrowers	517,492	-	8,113	525,605	-	(11,246)	(11,246)	514,359
Consumer leasing transactions	2,916	-	35	2,951	-	(27)	(27)	2,924
Other loans and receivables	39,118	-	19	39,137	-	(705)	(705)	38,432
Subtotal	**2,606,585**	**-**	**285,785**	**2,892,370**	**-**	**(139,378)**	**(139,378)**	**2,752,992**
TOTAL	**22,855,409**	**537,218**	**1,138,833**	**24,531,460**	**(162,228)**	**(238,813)**	**(401,041)**	**24,130,419**

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

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

The Bank uses financial lease agreements for terms from 1 to 10 years, depending on the contract, to finance acquisition of property, both movable and immovable, for its clients, As of December 31, 2018 and 2017, the Bank held approximately MCh$860,085 and MCh$724,983, respectively, of financial leases on movable assets, and MCh$552,209 and MCh$475,430, respectively, of financial leases on property.

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

The following table provides a reconciliation between gross investment in lease and present value of minimum lease payments as of December 31, 2018 and 2017:

	As of December 31, 2018 MCh$	As of December 31, 2017 MCh$
Gross investments in lease	1,602,921	1,376,112
Unearned income from financial lease	(190,627)	(175,699)
Net financial leases	**1,412,294**	**1,200,413**

The following table sets forth the amounts to be received by maturity period for the net financial leases, as of ended December 31, 2018 and 2017:

	As of December 31, 2018 MCh$	As of December 31, 2017 MCh$
Less than 1 year	294,793	276,481
Between 1 and 5 years	557,968	461,141
Over 5 years	559,533	462,791
Total	**1,412,294**	**1,200,413**

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$8,091 as of December 31, 2018 and MCh$18,715 for December 31, 2017 through the execution of collateral held on assets.

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

b) Portfolio characteristics:

As of December 31, 2018 and 2017, the loan portfolio, before allowances for loan losses, by type of customer economic activity is as follows:

	Domestic Loans		Foreign Loans		Total		Percentages of total	
	As of December 31, 2018	As of December 31, 2017	As of December 31, 2018	As of December 31, 2017	As of December 31, 2018	As of December 31, 2017	As of December 31, 2018	As of December 31, 2017
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans:								
Agriculture and livestock except fruits	332,587	299,866	197,252	128,059	529,839	427,925	1.76%	1.74%
Fruits	65,430	59,345	122,995	64,193	188,425	123,538	0.63%	0.50%
Forestry and wood extraction	137,728	145,294	28,141	19,088	165,869	164,382	0.55%	0.67%
Fishing	34,139	34,499	100,680	44,292	134,819	78,791	0.45%	0.32%
Mining	59,458	48,697	105,893	107,073	165,351	155,770	0.55%	0.63%
Crude oil and natural gas production	917	3,001	33,332	134,121	34,249	137,122	0.11%	0.56%
Food, beverage and tobacco industry	232,505	207,203	142,795	157,476	375,300	364,679	1.25%	1.49%
Textile and leather industry	35,050	33,224	39,359	37,701	74,409	70,925	0.25%	0.29%
Timber and furniture industry	34,065	31,006	12,348	9,201	46,413	40,207	0.15%	0.16%
Print and editorial industry	41,697	38,371	70,207	11,052	111,904	49,423	0.37%	0.20%
Chemical product, derived from oil , coal, rubber and plastic	144,068	134,167	54,683	88,341	198,751	222,508	0.66%	0.91%
Production of metal and non-metal production, machinery and equipment	345,006	316,346	79,610	62,134	424,616	378,480	1.41%	1.54%
Other manufacturing industries	32,938	23,582	203,278	147,900	236,216	171,482	0.78%	0.70%
Electricity, gas and water	287,505	415,141	248,321	218,906	535,826	634,047	1.78%	2.58%
Home construction	157,470	145,383	47,722	13,072	205,192	158,455	0.68%	0.65%
Other construction	1,205,461	989,766	302,453	197,452	1,507,914	1,187,218	5.01%	4.84%
Wholesale business	842,990	706,452	639,843	634,480	1,482,833	1,340,932	4.93%	5.47%
Retail, restaurants and hotels	618,790	518,329	802,362	390,200	1,421,152	908,529	4.72%	3.70%
Transporting and storage	345,489	352,807	371,484	329,937	716,973	682,744	2.38%	2.78%
Communications	155,788	119,104	132,199	99,032	287,987	218,136	0.96%	0.89%
Financial and insurance companies	2,283,294	2,029,920	311,597	300,210	2,594,891	2,330,130	8.62%	9.50%
Real estate and service providers	1,771,120	1,559,611	2,220,568	1,552,994	3,991,688	3,112,605	13.26%	12.69%
Services	1,546,692	1,374,553	2,061,873	1,451,118	3,608,565	2,825,671	11.99%	11.53%
Subtotal	**10,710,187**	**9,585,667**	**8,328,995**	**6,198,032**	**19,039,182**	**15,783,699**	**63.25%**	**64.34%**
Mortgage loans	5,861,054	5,272,527	1,519,453	582,864	7,380,507	5,855,391	24.52%	23.87%
Consumer loans	3,610,638	2,746,350	69,535	146,020	3,680,173	2,892,370	12.23%	11.79%
Total	**20,181,879**	**17,604,544**	**9,917,983**	**6,926,916**	**30,099,862**	**24,531,460**	**100.00%**	**100.00%**

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

c) Allowances

The changes in allowances for loan losses as of December 31, 2018 and December 31, 2017 are summarized as follows:

	As of December 31, 2018			As of December 31, 2017		
	Individual Allowance	**Collective Allowance**	**Total**	**Individual Allowance**	**Collective Allowance**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Balances as of January 1,	**162,228**	**238,813**	**401,041**	**150,396**	**219,270**	**369,666**
Portfolio write-offs:						
Commercial loans	(8,186)	(67,360)	(75,546)	(28,212)	(60,063)	**(88,275)**
Mortgage loans	-	(8,249)	(8,249)	-	(7,326)	**(7,326)**
Consumer loans	-	(163,458)	(163,458)	-	(134,148)	**(134,148)**
Total Write-offs	**(8,186)**	**(239,067)**	**(247,253)**	**(28,212)**	**(201,537)**	**(229,749)**
Provisions	32,482	300,604	333,086	59,876	227,369	**287,245**
Reversal of provisions	(4,189)	(13,105)	(17,294)	(19,832)	(6,289)	**(26,121)**
Acquisition of TotalBank (*)	2,027	5,779	7,806	-	-	-
Acquisition of Servicios Financieros (*)	-	79,381	79,381	-	-	-
Ending balances	**184,362**	**372,405**	**556,767**	**162,228**	**238,813**	**401,041**

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

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

	As of December 31, 2018	**As of December 31, 2017**
	MCh$	**MCh$**
Individual and collective allowance	556,767	401,041
Provisions for contingent credit risk (Note 21)	29,643	19,179
Additional provisions	67,872	67,296
Minimum provision 0,50% (Note 21)	6,554	6,353
Provisions for country risk (Note 21)	2,547	2,368
Allowances on loans and receivables to banks (Note 10)	606	308
Total	**663,989**	**496,545**

During the periods 2018 and 2017, the Bank has not participated in any purchase, sale, substitution or swap of the loan portfolio, except for operations disclosed in the present consolidated financial statements.

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

d) Collateral

Impaired loan portfolio, secured and unsecured, before allowances for loan losses, as of December 31, 2018 and 2017 was as follows:

	As of December 31, 2018				As of December 31, 2017			
	Commercial	Mortgage	Consumer	Total	Commercial	Mortgage	Consumer	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Secured debt	683,033	232,025	72,075	**987,133**	622,173	161,601	83,334	867,108
Unsecured debt	114,789	3,429	241,654	**359,872**	150,017	10,810	202,451	363,278
Total	**797,822**	**235,454**	**313,729**	**1,347,005**	**772,190**	**172,411**	**285,785**	**1,230,386**

e) Past due portfolio

The past due portfolio (overdue for 90 days or more) as of December 31, 2018 and 2017 was as follows:

	As of December 31, 2018				As of December 31, 2017			
	Commercial	Mortgage	Consumer	Total	Commercial	Mortgage	Consumer	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Secured debt	187,489	66,384	4,422	**258,295**	155,963	65,812	4,510	226,285
Unsecured debt	79,950	8,814	66,096	**154,860**	79,799	2,491	37,770	120,060
Total (*)	**267,439**	**75,198**	**70,518**	**413,155**	**235,762**	**68,303**	**42,280**	**346,345**

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

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

f) Normal, substandard and non-compliant portfolio:

As of December 31, 2018

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

As of December 31, 2017

	Normal				Substandard				Non-compliant				Total portfolio			
	Commercial	Mortgage	Consumer	Total normal	Commercial	Mortgage	Consumer	Total subestándar	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$
Current	14,542,277	5,681,017	2,602,951	22,826,245	533,907	-	-	533,907	487,965	160,592	249,968	898,525	15,564,149	5,841,609	2,852,919	24,258,677
Overdue for 1 to 29 days	15,264	1,421	2,583	19,268	3,143	-	-	3,143	4,175	1,068	2,407	7,650	22,582	2,489	4,990	30,061
Overdue for 30 to 89 days	8,303	542	1,051	9,896	168	-	-	168	30,359	1,800	11,433	43,592	38,830	2,342	12,484	53,656
Overdue for 90 days or more ("past due")	-	-	-	-	-	-	-	-	158,138	8,951	21,977	189,066	158,138	8,951	21,977	189,066
Total portfolio before allowances	14,565,844	5,682,980	2,606,585	22,855,409	537,218	-	-	537,218	680,637	172,411	285,785	1,138,833	15,783,699	5,855,391	2,892,370	24,531,460
Overdue, but not past due loans (less than 90 days in default) as a percentage of the total portfolio	0.16%	0.03%	0.14%	0.13%	0.62%	0.00%	0.00%	0.62%	5.07%	1.66%	4.84%	4.50%	0.39%	0.08%	0.60%	0.34%
Past due loans (more than 90 days in default) as a percentage of the total portfolio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	23.23%	5.19%	7.69%	16.60%	1.00%	0.15%	0.76%	0.77%

NOTE 12 – FINANCIAL INVESTMENTS

As of December 31, 2018 and 2017, financial investments available for sale and held to maturity are as follows:

	As of December 31, 2018			As of December 31, 2017		
	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)	42,507	-	**42,507**	91,781	-	**91,781**
Bonds or promissory notes of the Treasury	677,047	-	**677,047**	680,164	-	**680,164**
Other fiscal instruments	6,049	-	**6,049**	8,315	-	**8,315**
Other domestic instruments						
Financial instruments in instruments issued by other domestic banks	112,231	-	**112,231**	119,753	-	**119,753**
Bonds and corporate commercial papers	11,499	-	**11,499**	22,172	-	**22,172**
Other domestic instruments (c)	1,899	-	**1,899**	1,901	-	**1,901**
Foreign instruments:						
Instruments issued by foreign states and central banks (d)	82,554	2,780	**85,334**	76,487	800	**77,287**
Other foreign instruments	2,295,669	-	**2,295,669**	1,531,109	-	**1,531,109**
Total	**3,229,455**	**2,780**	**3,232,235**	**2,531,682**	**800**	**2,532,482**

(a) As of December 31, 2018 and 2017, the Bank does not maintain zero coupon instruments classified in portfolio available for sale.

(b) As of December 31, 2018, the Bank does not maintain instruments of the Central Bank of Chile, sold with repurchase agreements classified in the caption "State Instruments and Central Bank of Chile.” As of December 31, 2017 the Bank held such instruments in the amount of MCh$41,244.

(c) Other domestic instruments include shares that the BCI Corredor de Bolsa S.A., Bank subsidiary, has in Santiago Stock Exchange, in Chilean Electronic Stock Exchange, in Valparaiso Stock Exchange and Bolsa de Productos Agropecuario S.A., These shares are measured at fair value.

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

NOTE 13 - INVESTMENTS IN OTHER COMPANIES

a) As of and for the years ended December 31, 2018 and 2017, principal investments in associates, joint ventures and other entities are detailed below:

	As of and for the year ended December 31, 2018				As of and for the year ended December 31, 2017			
Company	**Equity**	**Participation**	**Investment value**	**Income / (Loss)**	**Equity**	**Participation**	**Investment value**	**Income / (Loss)**
	MCh$	**%**	**MCh$**	**MCh$**	**MCh$**	**%**	**MCh$**	**MCh$**
Investment accounted for using equity method:								
Redbanc S.A.	8,356	12.71	1,062	108	7,484	12.71	951	134
Combanc S.A.	6,106	11.74	717	43	5,838	10.33	603	45
Transbank S.A.	69,358	8.72	6,047	1,087	56,804	8.72	4,953	706
Nexus S.A.	16,805	12.90	2,168	368	13,781	12.90	1,778	442
Servicios de Infraestructura de mercado OTC S.A.	11,952	13.61	1,626	62	11,490	13.61	1,564	73
AFT S.A.	17,978	20.00	3,596	582	15,490	20.00	3,098	316
Centro de Compensacion Automatizado S.A.	5,592	33.33	1,864	434	4,696	33.33	1,565	399
Sociedad Interbancaria de Depositos de Valores S.A.	4,161	7.03	293	52	3,667	7.03	258	56
Credicorp Ltd,								
Investment measured at cost:								
SWIFT Shares			56	-			34	-
FED and FHLB shares (*)			-	-			-	2,720
Bladex Shares			219	226			219	125
Credicorp Ltd,(**)			20,180	60,768			186,851	106,232
Other Shares			200	22			18	87
Total			**38,028**	**63,752**			**201,892**	**111,335**
Investments in joint ventures								
Servipag Ltda	11,398	50.00	5,699	701	9,997	50.00	4,998	700
Artikos Chile S.A.	2,025	50.00	1,013	583	1,654	50.00	828	507
Total			**6,712**	**1,284**			**5,826**	**1,207**
Total investments associates, joint ventures and other entities			**44,740**	**65,036**			**207,718**	**112,542**

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

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

NOTE 13 - INVESTMENTS IN OTHER COMPANIES, CONTINUED

b) The reconciliation of investments in other companies as of December 31, 2018 and 2017, is as follows:

	As of December 31, 2018 MCh$	As of December 31, 2017 MCh$
Balance at the beginning of the period	**207,718**	**187,958**
Acquisition of investments in other companies	293	40,410
Translation differences (*)	653	(601)
Share of profit of investments accounted for using the equity method	65,036	112,542
Sale of investments in other companies (***)	(221,098)	(61,673)
Dividends received	(7,413)	(5,367)
Adjustment for minimum dividend provision	109	(16,939)
Minimum dividends provision	(558)	(418)
FEI and FMLB shares (**)	-	(48,194)
Ending balance	**44,740**	**207,718**

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

(**) Corresponds to shares of the Federal Reserve and Federal Home Bank Loans, which have been reclassified to “other assets” as of December 31, 2017.

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

For the years ended December 31, 2018 and 2017, no impairment was recognized on the investments.

c) Summary relevant information the investment in associates and joint ventures.

1) Detail on investments in associates and joint ventures as of and for the year ended December 31, 2018 is as follows:

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

NOTE 13 - INVESTMENTS IN OTHER COMPANIES, CONTINUED

2) Detail on investments in associates and joint ventures as of and for the year ended December 31, 2017 is as follows:

Investment in associate or joint business	Ownership Interest	Current Assets	Non-Current Assets	Current Liabilites	Non-Current Liabilities	Operational Income	Operational Expenses	Net Gain (loss)
	%	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Redbanc S.A.	12.71	6,371	14,864	8,701	5,049	34,044	(26,592)	1,056
Combanc S.A.	10.33	5,114	1,224	500	-	3,086	(2,173)	439
Servicio de Infraestructura de Mercado OTC S.A.	13.61	11,271	6,643	3,303	3,112	6,314	(3,793)	536
Transbank S.A.	8.72	744,681	76,097	763,236	738	172,291	(158,125)	8,095
Nexus S.A.	12.90	11,114	21,556	13,735	5,153	49,403	(44,664)	3,427
AFT S.A.	20.00	52,201	849	36,642	918	3,358	-	1,583
Centro de Compensación Automatizado S.A.	33.33	2,350	4,520	1,826	349	8,826	(6,102)	708
Servipag Ltda,	50.00	56,102	16,669	56,311	6,463	40,578	(24,797)	1,401
Artikos Chile S.A.	50.00	1,231	1,246	823	-	4,001	(806)	1,013
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	51	3,669	60	-	1	(33)	802

NOTE 14 - INTANGIBLE ASSETS

a) The composition of intangible assets as of December 31, 2018 and 2017 was the following:

Concept	Total useful life	Remaining average useful life	As of December 31, 2018 Gross balance	Accumulated amortization and impairment	Net balance
	Years	Years	MCh$	MCh$	MCh$
Intangible assets acquired separately (a)	6	5	73,700	(49,055)	**24,645**
Intangible generated internally (b)	6	5	183,886	(88,665)	**95,221**
Intangible assets acquired in business combination – amortizable (c):					
Core deposits	6	6	83,434	(20,023)	**63,411**
Leasehold interest	30	27	5,006	(774)	**4,232**
Relationship with clients	10	10	28,169	-	**28,169**
Others	10	10	21,698	(179)	**21,519**
Intangible assets not amortizable acquired in business combination - indefinite life (c):					
Trademark	-	-	12,485	-	**12,485**
Goodwill	-	-	132,515	-	**132,515**
Total			**540,893**	**(158,696)**	**382,197**

			As of December 31, 2017		
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated amortization and impairment**	**Net balance**
	Years	Years	MCh$	MCh$	MCh$
Intangible assets acquired separately (a)	6	5	56,171	(37,004)	**19,167**
Intangible generated internally (b)	6	5	241,999	(136,277)	**105,722**
Intangible assets acquired in business combination – amortizable (c):					
Core deposits	9	7	38,468	(10,459)	**28,009**
Leasehold interest	30	28	2,468	(442)	**2,026**
Others	-	-	-	-	**-**
Intangible assets acquired in business combination - indefinite life (c):					
Trademark	-	-	11,078	-	**11,078**
Goodwill	-	-	9,895	-	**9,895**
Total			**360,079**	**(184,182)**	**175,897**

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

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

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

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

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

b) The movements of the intangible assets for the years ended December 31, 2018 and 2017 are the following:

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

NOTE 14 - INTANGIBLE ASSETS, CONTINUED

As of December 31, 2018, the Bank carried out an impairment test in accordance with the indications in chapter A-2 of the Compendium of Accounting Standards of the Superintendency of Banks and Financial Institutions. The reports of the independent consultants did not cause the need to record impairment effects and, likewise, there were no indicators of impairment for both the intangible assets with defined lives nor results requiring an impairment adjustment for indefinitely lived intangible assets originated in the business combinations.

			Amortizable intangible assets in business combination		Not amortizable intangible assets acquired in business combination		
	Intangible assets acquired separately	Intangibles generated internally	Core Deposit	Leasehold Interest	Trade Name	Goodwill	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2017	**51,650**	**213,724**	**41,917**	**2,689**	**12,072**	**10,782**	**332,834**
Additions	7,058	59,577	-	-	-	-	**66,635**
Disposals / transfers	(2,537)	(31,302)	-	-	-	-	**(33,839)**
Increase (decrease) from net foreign exchange differences	-	-	(3,449)	(221)	(994)	(887)	**(5,551)**
Other changes	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Gross balance as of December 31, 2017	**56,171**	**241,999**	**38,468**	**2,468**	**11,078**	**9,895**	**360,079**
Amortization for the year	(5,887)	(21,035)	(4,992)	(211)	-	-	**(32,125)**
Accumulated amortization from previous periods	(33,577)	(115,242)	(6,236)	(263)	-	-	**(155,318)**
Others	2,460	-	769	32	-	-	**3,261**
Impairment	-	-	-	-	-	-	-
Total accumulated amortization and impairment	(37,004)	(136,277)	(10,459)	(442)	-	-	**(184,182)**
Balance as of December 31, 2017	**19,167**	**105,722**	**28,009**	**2,026**	**11,078**	**9,895**	**175,897**

As of December 31, 2017 the Bank performed impairment tests for the goodwill and the trade name which was the only intangible asset with an indefinite useful life accounted for by the bank, both generated from the acquisition of CNB. In accordance with the instructions of Chapter A-2 of the Compendium of Accounting Rules of the SBIF, two reports were issued each by an independent consultants and both concluded that there was no impairment of goodwill nor for the intangibles with an indefinite useful life .

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT, NET

a) The composition of property, plant and equipment as of December 31, 2018 and 2017 is the following:

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

	As of December 31, 2017				
Concept	**Total useful life**	**Remaining average useful life**	**Gross balance**	**Accumulated depreciation**	**Net balance**
	Years	**Years**	**MCh$**	**MCh$**	**MCh$**
Land and buildings	34	30	292,434	(71,631)	**220,803**
Equipment	4	4	142,881	(112,885)	**29,996**
Others	8	6	51,728	(32,236)	**19,492**
Total			**487,043**	**(216,752)**	**270,291**

b) The movements of property, plant and equipment for the years ended December 31, 2018 and 2017, respectively, are the following:

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

	Land and buildings	**Equipment**	**Others**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Balance as of January 1, 2017	**290,898**	**131,519**	**52,768**	**475,185**
Additions	13,904	17,391	10,405	**41,700**
Disposals	(9,134)	(5,581)	(386)	**(15,101)**
Transfers	571	-	(9,444)	**(8,873)**
Others	(3,805)	(448)	(52)	**(4,305)**
Impairment	-	-	(1,563)	**(1,563)**
Gross Balance as of December 31, 2017	**292,434**	**142,881**	**51,728**	**487,043**
Depreciation for the year	(8,646)	(15,748)	(3,757)	**(28,151)**
Other Adjustments	259	6,065	764	**7,088**
Accumulated depreciation for previous periods	(63,244)	(103,202)	(29,243)	**(195,689)**
Impairment	-	-	-	-
Total Accumulated Depreciation	**(71,631)**	**(112,885)**	**(32,236)**	**(216,752)**
Net Property, plant and equipment Balance as of December 31, 2017	**220,803**	**29,996**	**19,492**	**270,291**

c) As of December 31, 2018 and 2017, the net impairment was MCh$65 and MCh$1,563 respectively, which impacts property, plant and equipment.

NOTE 16 - CURRENT AND DEFERRED INCOME TAX

a) Current Income Tax

As of December 31, 2018 and 2017, the Bank has recognized a first-category income tax and Unique Tax under Article No. 21 of the Income Tax Law, which was determined based on the current tax legislation, and recognized a net current tax liability amounting to MCh$142,425 as of December 31, 2018 (net current tax asset amounting to MCh$6,832 as of December 31, 2017). The detail of current tax assets net of current tax liabilities is as follows:

	As of December 31, 2018 MCh$	As of December 31, 2017 MCh$
Income tax (tax rate of 27% for 2018 and 25.5% by 2017)	(244,241)	(87,722)
Prior year provision	(16,038)	880
40% Provision for Income Tax	(69)	(343)
Less:		
Monthly tax provisional payments	103,436	83,265
Credit for training expenses	1,902	1,800
Credit for acquisition of property, plant and equipment	16	3
Credit for donations	1,861	1,505
Income tax to be recovered	8,820	5,625
Other taxes and withholdings to be recovered	1,888	1,819
Total	**(142,425)**	**6,832**

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

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

	As of December 31, 2017		
	Chile	**Florida, USA**	**Total**
	MCh$	**MCh$**	**MCh$**
Current tax asset	2,061	12,251	14,312
Current tax liabilities	(7,480)	-	(7,480)
Total net	**(5,419)**	**12,251**	**6,832**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

b) Income Tax Expense

The detail of income tax expense for the years ended December 31, 2018 and 2017, is as follows:

	For the year ended December 31,	
	2018	**2017**
	MCh$	**MCh$**
Income tax expense:		
Current tax for the year	(244,241)	(87,722)
Surplus/ Deficit of prior year provisions	7,646	-
Credit (charge) for deferred taxes:		
Origination and reversal of temporary differences	112,889	(79,685)
Subtotal	(123,706)	(167,407)
Tax for non-deductible expenses in accordance with Article No. 21	(96)	(153)
Other	-	6
Income tax expense	**(123,802)**	**(167,554)**

c) Reconciliation of the effective income tax rate

The following is the reconciliation of the nominal income tax rate with the effective income tax rate for the years ended December 31,2018 and 2017:

	For the year ended December 31,			
	2018		**2017**	
	Tax rate	**Amount**	**Tax rate**	**Amount**
	%	**MCh$**	**%**	**MCh$**
Income before income tax		519,649		538,979
Nominal tax rate	27.000	140,305	25.500	137,440
Income tax rate difference – Florida subsidiaries			1.664	8,968
Tax effect of non-deductible expenses in calculation of taxable income:				
Permanent differences	(1.723)	(8,952)	(0.655)	(3,528)
Unique tax (rejected expenses)			5.663	30,524
	0.018	96	0.028	153
Others	(1.471)	(7,647)	(1.114)	(6,003)
Effective income tax rate and income tax expense	**23.824**	**123,802**	**31.086**	**167,554**

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

The effective income tax rate for periods 2018 and 2017 was 23.824% and 31.086%, respectively.
At the end of 2017, a tax reform law was published in the United States, which reduced the federal tax rate from 35% to 21% starting in 2018.

d) Effect of deferred taxes recognized in equity

The deferred tax recognized in shareholder's equity as of and for the years ended December 31, 2018 and 2017 is composed of the following:

	Accumulated		Effect for the year ended	
	As of December 31, 2018	As of December 31, 2017	December 31, 2018	December 31, 2017
	MCh$	MCh$	MCh$	MCh$
Financial investments available for sale	(2,473)	(2,673)	200	525
Cash flow hedges	3,230	2,441	789	(2,071)
Effect of deferred tax in shareholder's equity	**757**	**(232)**	**989**	**(1,546)**

e) Deferred tax breakdown

As of December 31, 2018 and 2017, 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, liabilities and statement of income recognize in temporaly diference.

	As of December 31, 2018			As of December 31, 2017		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Concepts:						
Allowance for loan losses	81,773	-	81,773	69,187	-	69,187
Provision for staff vacation & bonuses	27,917	-	27,917	29,139	-	29,139
Leasing operations (net)	87,241	-	87,241	17,776	-	17,776
Others	16,803	(798)	16,005	168	(2,107)	(1,939)
Property, plant and equipment	-	(17,031)	(17,031)	-	(17,906)	(17,906)
Trading securities	-	(32,451)	(32,451)	-	(35,825)	(35,825)
Credicorp Ltd. (*)	-	(6,554)	(6,554)	-	(41,593)	(41,593)
Derivative contract operations	-	(8,123)	(8,123)	-	(2,441)	(2,441)
Temporary differences related to Florida	70,225	(49,510)	20,715	54,267	(23,253)	31,014
Purchase of Servicios Financieros	19,026	-	19,026	-	-	-
Deferred tax assets (liabilities) net	**302,985**	**(114,467)**	**188,518**	**170,537**	**(123,125)**	**47,412**
Effect of deferred tax recognized in equity	757	-	757	-	(232)	(232)
Total deferred tax assets and liabilities	**303,742**	**(114,467)**	**189,275**	**170,537**	**(123,357)**	**47,180**

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

NOTE 16 - CURRENT AND DEFERRED INCOME TAX, CONTINUED

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

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

	As of December 31, 2017		
	Chile	**Florida,USA**	**Total**
	MCh$	**MCh$**	**MCh$**
Deferred tax asset	17,146	31,014	48,160
Deferred tax liabilities	(748)	-	(748)
Total net	**16,398**	**31,014**	**47,412**
Deferred tax recognized in equity	(232)	-	(232)
Deferred tax, net	**16,166**	**31,014**	**47,180**

(f) Current and Deferred tax complementary information

As of December 31, 2018 and 2017, the Bank has the following tax effects related to provisions, penalties, loans renegotiations and re-issuance. Provided information includes the operations of the Bank and subsidiaries, which have been excluded therefore.

a. Loans and receivables to customers

		Tax value assets		
Loans and receivable to customers As of December 31, 2018	**Financial Statements Value Assets**	**Total**	**Secured Past-due portfolio**	**Unsecured Past-due portfolio**
	MCh$	MCh$	MCh$	MCh$
Commercial Loans	10,831,001	10,822,949	213,734	137,538
Consumer Loans	3,005,558	3,016,520	6,941	47,291
Mortgage Loans	5,861,054	5,861,066	262,584	2,412

		Tax value assets		
Loans and receivable to customers As of December 31, 2017	**Financial Statements Value Assets**	**Total**	**Secured Past-due portfolio**	**Unsecured Past-due portfolio**
	MCh$	MCh$	MCh$	MCh$
Commercial Loans	9,793,906	9,790,736	191,201	124,986
Consumer Loans	2,761,706	2,769,814	6,744	41,169
Mortgage Loans	5,272,527	5,272,746	239,016	2,262

NOTE 16 - CURRENT AND DEFERRED TAX, CONTINUED

b. Provisions

Past-due portfolio provisions	Balance at beginning of the period 1.01.2018	Write-offs	Constituted provision	Released provision	Balance at the end of the period 12.31.2018
	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial placements	124,986	(51,848)	140,347	(75,947)	**137,538**
Consumer placements	41,169	(148,407)	191,160	(36,631)	**47,291**
Mortgage placements	2,262	-	2,283	(2,133)	**2,412**

Past-due portfolio provisions	Balance at beginning of the period 1.01.2017	Write-offs	Constituted provision	Released provision	Balance at the end of the period 12.31.2017
	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial placements	99,394	(71,549)	160,879	(63,738)	**124,986**
Consumer placements	37,240	(130,168)	166,743	(32,646)	**41,169**
Mortgage placements	2,951	-	3,080	(3,769)	**2,262**

c. Write-offs and recoveries

Write-offs and recoveries at year ended December 31, 2018	MCh$	Art.31 Nº4 paragraphs first and third implementation	MCh$
Direct write-offs art.31 Nº4 second paragraph	19,782	Write-offs according to first paragraph	-
Forgiveness of debt that originated liberation of provisions	-	Write-offs according to third paragraph	-
Recoveries or renegotiations of written off credits	58,550		

Written-off and recoveries at year ended December 31, 2018	MCh$	Art.31 Nº4 paragraphs first and third implementation	MCh$
Direct write-offs art.31 Nº4 second paragraph	-	Write-offs according to first paragraph	-
Forgiveness of debt that originated liberation of provisions	-	Write-offs according to third paragraph	-
Recoveries or renegotiations of written off credits	54,511		

NOTE 17 - OTHER ASSETS

a) As of December 31, 2018 and 2017, the composition of the other assets is as follows:

	As of December 31, 2018 MCh$	As of December 31, 2017 MCh$
Assets acquired to transfer to leasing (a)	121,767	109,899
Repossessed or awarded assets:		
Repossessed assets	2,099	1,844
Assets awarded from judicial auctions	3,416	14,376
Impairment of repossessed or awarded assets (b)	(66)	(1,145)
Other assets:		
Cash deposits held as guarantee	337,738	225,716
Investment in gold	4,017	3,636
VAT	9,280	7,394
Prepaid expenses	71,057	56,783
Assets recovered from lease agreements held for sale (c)	26,351	21,035
Account receivables	76,534	49,297
Amounts to be recovered	109,393	28,516
Macro hedge valuation adjustment	-	-
Cash surrender value of certain insurance contracts - City National Bank of Florida (CNB) (d)	239,542	173,744
Other assets	36,675	14,246
FED and FHLB shares (e)	69,414	47,949
Total	**1,107,217**	**753,290**

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

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

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

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

NOTE 17 - OTHER ASSETS, CONTINUED

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

f) The changes in the impairment of repossessed or awarded assets, for the years ended December 31, 2018 and 2017, are as follows:

	Impairment
	MCh$
Balance as of January 1, 2018	**1,145**
Impairment	66
Reversal of impairment	(1,145)
Balance as of December 31, 2018	**66**
Balance as of January 1, 2017	**76**
Impairment	1,198
Reversal of impairment	(129)
Balance as of December 31, 2017	**1,145**

NOTE 18 – BORROWINGS FROM CUSTOMERS

As of December 31, 2018 and 2017, the composition of borrowings from customers is the following:

	As of December 31, 2018	As of December 31, 2017
	MCh$	MCh$
Current accounts and demand deposits		
Current accounts	11,065,440	8,451,948
Other deposits and accounts payable on demand	679,737	664,243
Other liabilities payable on demand	477,362	417,933
Total current accounts and demand deposits	**12,222,539**	**9,534,124**
Term deposits and savings accounts		
Term deposits	12,280,803	10,643,337
Saving accounts	47,100	47,921
Guarantees	873	1,088
Total term deposits and savings accounts	**12,328,776**	**10,692,346**

NOTE 19 - BORROWINGS FROM FINANCIAL INSTITUTIONS

As of December 31, 2018 and 2017, the composition of borrowings from financial institutions is as follows:

	As of December 31, 2018	As of December 31, 2017
Loans received from financial institutions and Central Bank of Chile:	**MCh$**	**MCh$**
Other liabilities to Central Bank of Chile	10,503	-
Subtotal	10,503	-
Loans received from domestic financial institutions:		
Interbank loans	1,286,552	655,833
Other liabilities to domestic financial institutions	305,744	240,803
Subtotal	1,592,296	896,636
Loans received from foreign financial institutions:		
Foreign trade financing	515,446	387,908
Loans and other liabilities to foreign financial institutions	639,904	469,812
Subtotal	1,155,350	857,720
Total	**2,758,149**	**1,754,356**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES

a) As of December 31, 2018 and 2017, details of the debt issued and other financial liabilities are as follows:

	As of December 31, 2018	As of December 31, 2017
	MCh$	**MCh$**
Other financial liabilities:		
Public bonds	14,783	31,836
Other domestic bonds	34,023	31,052
Foreign bonds	706,131	616,491
Total	**754,937**	**679,379**
Debt issued:		
Mortgage finance bonds	13,232	17,785
Ordinary bonds	5,043,156	4,097,719
Subordinated bonds	921,560	904,803
Total	**5,977,948**	**5,020,307**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

b) As of December 31, 2018 and 2017, the maturities of the ordinary and subordinated bonds are as follows:

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

	As of December 31, 2017		
	Long term	**Short term**	**Total**
	MCh$	**MCh$**	**MCh$**
By long and short term:			
Ordinary bonds	3,739,894	357,825	4,097,719
Subordinated bonds	900,917	3,886	904,803
Total	**4,640,811**	**361,711**	**5,002,522**

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

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	**Issued amount Ch$**	**Placed amount Ch$**	**Issuance date**	**Maturity date**	**Average rate**	**Carrying amount Ch$**	**Balance in MCh$**
SERIE_AK	500,000,000,000	53,750,000,000	01/11/2014	01/11/2019	5.31%	17,862,594,154	17,863
SERIE_AM	50,000,000,000	50,000,000,000	01/06/2016	01/06/2023	4.90%	48,502,565,202	48,503
SERIE_E	100,000,000,000	100,000,000,000	01/11/2017	01/11/2022	4.27%	99,857,709,371	99,858
SERIE_H	50,000,000,000	-	01/06/2018	01/06/2021	-	-	-
Fair Value Adjustment						2,127,202,021	2,127
Subtotal	**700,000,000,000**	**203,750,000,000**				**168,350,070,748**	**168,351**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

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

Serie	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Carrying amount UF	Balance in MCh$
SERIE_AE2	10,000,000	10,000,000	01/08/2011	01/08/2021	3.73%	9,838,707	271,212
SERIE_AF2	10,000,000	10,000,000	01/08/2012	01/08/2022	3.44%	9,836,841	271,160
SERIE_AI1	15,000,000	-	01/03/2014	01/03/2019	-	-	-
SERIE_AI2	5,000,000	-	01/03/2014	01/03/2024	-	-	-
SERIE_AJ1	20,000,000	13,310,000	01/10/2014	01/10/2019	2.50%	13,211,499	364,185
SERIE_AJ2	20,000,000	20,000,000	01/10/2014	01/10/2024	2.25%	19,844,285	547,023
SERIE_AL1	3,000,000	3,000,000	01/06/2016	01/06/2022	1.89%	3,067,154	84,549
SERIE_AL2	3,000,000	3,000,000	01/06/2016	01/06/2023	2.15%	3,051,523	84,118
SERIE_AL3	3,000,000	3,000,000	01/06/2016	01/06/2024	2.40%	3,023,263	83,339
SERIE_AL4	3,000,000	3,000,000	01/06/2016	01/06/2028	2.36%	3,044,607	83,927
SERIE_AL5	3,000,000	3,000,000	01/06/2016	01/06/2031	2.50%	3,010,638	82,991
SERIE_AN1	3,000,000	3,000,000	01/12/2016	01/12/2021	1.52%	3,046,376	83,976
SERIE_AN2	3,000,000	3,000,000	01/12/2016	01/12/2024	1.95%	3,014,524	83,098
SERIE_AN3	3,000,000	3,000,000	01/12/2016	01/12/2026	2.00%	3,006,711	82,882
SERIE_A1	3,000,000	3,000,000	01/04/2017	01/04/2022	1.75%	3,039,033	83,773
SERIE_A2	3,000,000	3,000,000	01/04/2017	01/04/2027	2.18%	2,976,624	82,053
SERIE_B1	3,000,000	3,000,000	01/05/2017	01/05/2022	1.51%	3,058,365	84,306
SERIE_B2	3,000,000	2,380,000	01/05/2017	01/05/2023	1.72%	2,416,418	66,610
SERIE_C1	3,000,000	3,000,000	01/07/2017	01/01/2022	2.25%	3,009,129	82,949
SERIE_C2	3,000,000	3,000,000	01/07/2017	01/07/2023	2.32%	2,990,677	82,440
SERIE_C3	3,000,000	3,000,000	01/07/2017	01/07/2025	2.28%	2,981,579	82,190
SERIE_C4	3,000,000	3,000,000	01/07/2017	01/07/2026	2.42%	2,946,737	81,229
SERIE_D1	3,000,000	3,000,000	01/11/2017	01/11/2023	1.84%	3,033,001	83,607
SERIE_D2	3,000,000	3,000,000	01/11/2017	01/11/2025	2.04%	3,003,804	82,802
SERIE_D3	3,000,000	3,000,000	01/11/2017	01/11/2028	2.34%	2,923,742	80,595
SERIE_D4	3,000,000	3,000,000	01/11/2017	01/11/2029	2.45%	2,885,518	79,542
SERIE_F1	3,000,000	-	01/04/2018	01/04/2022	-	-	-
SERIE_F2	3,000,000	-	01/04/2018	01/04/2024	-	-	-
SERIE_F3	3,000,000	3,000,000	01/04/2018	01/04/2025	2.00%	3,016,417	83,150
SERIE_F4	3,000,000	3,000,000	01/04/2018	01/04/2028	2.17%	2,974,811	82,003
SERIE_F5	3,000,000	3,000,000	01/04/2018	01/04/2029	2.36%	2,920,242	80,499
SERIE_G1	3,000,000	-	01/06/2018	01/06/2025	-	-	-
SERIE_G2	3,000,000	-	01/06/2018	01/06/2026	-	-	-
SERIE_G3	3,000,000	3,000,000	01/06/2018	01/06/2029	2.10%	2,979,666	82,137
Fair Value Adjustment						397,569	10,957
Subtotal	**164,000,000**	**124,690,000**				**124,549,460**	**3,433,302**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - AMERICAN DOLLAR

Series	Issued amount USD	Placed amount USD	Issuance date	Maturity date	Average rate	Carrying amount USD	Balance in MCh$
USP32133CG63	500,000,000	500,000,000	11/02/2013	11/02/2023	4.01%	504,215,721	349,724
XS1655597034	50,000,000	50,000,000	01/08/2017	01/08/2022	2.96%	50,171,240	34,799
XS1692845396	50,000,000	50,000,000	06/10/2017	06/10/2022	3,00%	49,942,335	34,640
US05890MAA18	500,000,000	500,000,000	12/10/2017	12/10/2027	3.65%	493,052,003	341,981
XS1703060829	50,000,000	50,000,000	19/10/2017	19/10/2022	3.39%	49,892,588	34,605
XS1702405702	40,000,000	40,000,000	20/10/2017	20/10/2022	3.36%	39,923,288	27,691
XS1879614755	50,000,000	50,000,000	13/09/2018	13/03/2024	3.85%	50,038,152	34,706
XS1888335194	100,000,000	100,000,000	04/10/2018	04/04/2024	4.02%	99,913,246	69,300
XS1895749593	45,000,000	45,000,000	19/10/2018	19/04/2024	4.03%	44,870,352	31,122
XS1919312626	25,000,000	25,000,000	07/12/2018	07/12/2023	3.72%	24,718,357	17,145
Fair Value Adjustment						(34,769,461)	(24,116)
Subtotal	**1,410,000,000**	**1,410,000,000 (*)**				**1,371,967,821**	**951,597**

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

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EUR	Placed amount EUR	Issuance date	Maturity date	Average rate	Carrying amount EUR	Balance in MCh$
XS1493734971	20,000,000	20,000,000	23/09/2016	23/09/2024	0.89%	19,829,760	15,743
Fair Value Adjustment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,829,760**	**15,743**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - AUD

Series	Issued amount AUD	Placed amount AUD	Issuance date	Maturity date	Average rate	Carrying amount AUD	Balance in MCh$
XS1717587007	80,000,000	80,000,000	15/11/2017	15/11/2027	4.15%	79,396,027	38,785
XS1859545367	40,000,000	40,000,000	25/07/2018	25/07/2033	4.67%	40,337,319	19,705
XS1879612973	60,000,000	60,000,000	14/09/2018	14/09/2033	4.65%	60,040,869	29,330
XS1897619968	40,000,000	40,000,000	24/10/2018	24/10/2033	4.70%	39,465,083	19,279
Fair Value Adjustment						(1,142,911)	(558)
Subtotal	**220,000,000**	**220,000,000**				**218,096,387**	**106,541**

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

Series	Issued amount CHF	Placed amount CHF	Issuance date	Maturity date	Average rate	Carrying amount CHF	Balance MCh$
CH0246788183	150,000,000	150,000,000	26/06/2014	26/06/2019	1.12%	150,739,142	106,253
CH0278875965	150,000,000	150,000,000	17/06/2015	17/06/2020	0.25%	150,007,156	105,737
XS1520623627	90,000,000	90,000,000	17/11/2016	17/11/2021	0.00%	89,385,838	63,006
Fair Value adjustment						(2,617,517)	(1,845)
Subtotal	**390,000,000**	**390,000,000**				**387,514,619**	**273,151**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - YEN

Series	Issued amount YEN	Placed amount YEN	Issuance date	Maturity date	Average data	Carrying amount YEN	Balance MCh$
XS1144348841	10,100,000,000	10,100,000,000	04/12/2014	04/12/2019	0.810%	10,090,628,810	63,407
XS1830985781	5,000,000,000	5,000,000,000	01/06/2018	01/12/2028	0.750%	4,943,572,664	31,064
Subtotal	**15,100,000,000**	**15,100,000,000**				**15,034,201,474**	**94,471**
Total ordinary bonds							**5,043,156**

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

Serie	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average date	Carrying amount UF	Balance in MCh$
SERIE_F	1,200,000	1,200,000	01/05/1999	01/05/2024	7.72%	469,432	12,940
SERIE_G	400,000	400,000	01/05/1999	01/05/2025	7.92%	177,644	4,897
SERIE_L	1,200,000	1,200,000	01/10/2001	01/10/2026	6.39%	633,993	17,477
SERIE_M	1,800,000	1,800,000	01/10/2001	01/10/2027	6.43%	1,014,484	27,965
SERIE_N	1,500,000	1,500,000	01/06/2004	01/06/2029	5.26%	925,251	25,505
SERIE_O	1,500,000	1,500,000	01/06/2004	01/06/2030	3.95%	916,672	25,269
SERIE_R	1,500,000	1,500,000	01/06/2005	01/06/2038	4.72%	734,354	20,243
SERIE_S	2,000,000	2,000,000	01/12/2005	01/12/2030	4.85%	1,269,260	34,988
SERIE_T	2,000,000	2,000,000	01/12/2005	01/12/2031	4.53%	1,338,965	36,910
SERIE_U	2,000,000	2,000,000	01/06/2007	01/06/2032	4.19%	1,904,622	52,502
SERIE_Y	4,000,000	4,000,000	01/12/2007	01/12/2030	4.25%	2,434,800	67,117
SERIE_W	4,000,000	4,000,000	01/06/2008	01/06/2036	4.05%	2,002,400	55,198
SERIE_AC	6,000,000	6,000,000	01/03/2010	01/03/2040	3.98%	5,588,267	154,045
SERIE_AD 1	4,000,000	4,000,000	01/06/2010	01/06/2040	4.17%	3,606,236	99,409
SERIE_AD 2	3,000,000	3,000,000	01/06/2010	01/06/2042	4.14%	2,688,431	74,109
SERIE_AH	15,000,000	9,000,000	01/09/2013	01/09/2043	3.67%	7,726,474	212,986
Total subordinated bonds	**51,100,000**	**45,100,000**				**33,431,285**	**921,560**
TOTAL BONDS							**5,964,716**

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

d) Details of placements of ordinary and subordinated bonds as of December 31, 2017 are as follows:

ORDINARY BONDS DENOMINATED IN CHILEAN PESOS

Series	Issued amount Ch$	Placed amount Ch$	Issuance date	Maturity date	Average rate	Carrying amount Ch$	Balance in MCh$
SERIE_AK	500,000,000,000	53,750,000,000	01/11/2014	01/11/2019	5.31%	51,690,558,554	51,691
SERIE_AM	50,000,000,000	50,000,000,000	01/06/2016	01/06/2023	4.90%	48,176,505,967	48,177
Fair Value Adjustment						1,026,226,891	1,026
Subtotal	**550,000,000,000**	**103,750,000,000**				**100,893,291,412**	**100,894**

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

Series	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Carrying amount UF	Balance in MCh$
SERIE_AB	10,000,000	10,000,000	01/07/2008	01/07/2018	3.67%	9,873,378	263,193
SERIE_AE2	10,000,000	10,000,000	01/08/2011	01/08/2021	3.73%	9,792,675	261,041
SERIE_AF2	10,000,000	10,000,000	01/08/2012	01/08/2022	3.43%	9,818,885	261,740
SERIE_AI1	15,000,000	-	01/03/2014	01/03/2019	-	-	-
SERIE_AI2	5,000,000	-	01/03/2014	01/03/2024	-	-	-
SERIE_AJ1	20,000,000	13,310,000	01/10/2014	01/10/2019	2.04%	13,438,389	356,865
SERIE_AJ2	20,000,000	20,000,000	01/10/2014	01/10/2024	2.23%	19,909,693	530,729
SERIE_AL1	3,000,000	3,000,000	01/06/2016	01/06/2022	1.89%	3,100,644	82,653
SERIE_AL2	3,000,000	3,000,000	01/06/2016	01/06/2023	2.15%	3,077,374	82,033
SERIE_AL3	3,000,000	3,000,000	01/06/2016	01/06/2024	2.40%	3,042,316	81,098
SERIE_AL4	3,000,000	3,000,000	01/06/2016	01/06/2028	2.36%	3,064,377	81,686
SERIE_AL5	3,000,000	3,000,000	01/06/2016	01/06/2031	2.50%	3,026,905	80,688
SERIE_AN1	3,000,000	3,000,000	01/12/2016	01/12/2021	1.50%	3,076,124	82,000
SERIE_AN2	3,000,000	3,000,000	01/12/2016	01/12/2024	1.95%	3,032,019	80,824
SERIE_AN3	3,000,000	3,000,000	01/12/2016	01/12/2026	2.00%	3,022,957	80,582
SERIE_A1	3,000,000	3,000,000	01/04/2017	01/04/2022	1.72%	3,062,422	81,634
SERIE_A2	3,000,000	3,000,000	01/04/2017	01/04/2027	2.18%	2,988,468	79,663
SERIE_B1	3,000,000	1,330,000	01/05/2017	01/05/2022	1.54%	1,360,885	36,469
SERIE_B2	3,000,000	1,980,000	01/05/2017	01/05/2023	1.87%	2,011,539	53,906
SERIE_C1	3,000,000	3,000,000	01/07/2017	01/01/2022	2.24%	3,002,404	80,459
SERIE_C2	3,000,000	3,000,000	01/07/2017	01/07/2023	2.32%	2,982,591	79,928
SERIE_C3	3,000,000	-	01/07/2017	01/07/2025	-	-	-
SERIE_C4	3,000,000	3,000,000	01/07/2017	01/07/2026	2.42%	2,936,672	78,697
Fair Value Adjustment							10,555
Subtotal	**138,000,000**	**105,620,000**				**105,620,717**	**2,826,443**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – US DOLLAR

Series	Issued amount USD	Placed amount USD	Issuance date	Maturity date	Average rate	Carrying amount USD	Balance in MCh$
USP32133CG63	500,000,000	500,000,000	11/02/2013	11/02/2023	4.35%	503,476,322	309,875
XS1655597034	50,000,000	50,000,000	01/08/2017	01/08/2022	2.96%	50,024,683	30,789
XS1692845396	50,000,000	50,000,000	06/10/2017	06/10/2022	3.00%	49,798,425	30,649
US05890MAA18	500,000,000	500,000,000	12/10/2017	12/10/2027	3.65%	491,512,953	302,511
XS1703060829	50,000,000	50,000,000	19/10/2017	19/10/2022	2.41%	49,620,208	30,540
XS1702405702	40,000,000	40,000,000	20/10/2017	20/10/2022	2.36%	39,721,488	24,447
Fair Value Adjustment						(6,611,008)	(4,068)
Subtotal	**1,190,000,000**	**1,190,000,000(*)**				**1,177,543,071**	**724,743**

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

NOTE 20 - DEBT ISSUED AND OTHER FINANCIAL LIABILITIES, CONTINUED

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - EURO

Series	Issued amount EUR	Placed amount EUR	Issuance date	Maturity date	Average rate	Carrying amount EUR	Balance in MCh$
XS1493734971	20,000,000	20,000,000	23/09/2016	23/09/2024	0.89%	19,781,537	14,618
Fair Value adjustment						-	-
Subtotal	**20,000,000**	**20,000,000**				**19,781,537**	**14,618**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY - AUD

Series	Issued amount AUD	Placed amount AUD	Issuance date	Maturity date	Average rate	Carrying amount AUD	Balance in MCh$
XS1717587007	80,000,000	80,000,000	15/11/2017	15/11/2027	4.150%	79,462,349	38,206
Fair Value adjustment						229,031	110
Subtotal	**80,000,000**	**80,000,000**				**79,691,380**	**38,316**

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

Series	Issued amount CHF	Placed amount CHF	Issuance date	Maturity date	Average rate	Carrying amount CHF	Balance MCh$
CH0246788183	150,000,000	150,000,000	26/06/2014	26/06/2019	1.12%	150,455,833	95,014
CH0260296618	150,000,000	150,000,000	25/11/2014	23/11/2018	0.87%	149,850,950	94,632
CH0278875965	150,000,000	150,000,000	17/06/2015	17/06/2020	0.25%	149,870,707	94,645
XS1520623627	90,000,000	90,000,000	17/11/2016	17/11/2021	0.00%	89,145,048	56,296
Fair Value adjustment						(4,591,020)	(2,899)
Subtotal	**540,000,000**	**540,000,000**				**534,731,518**	**337,688**

ORDINARY BONDS DENOMINATED IN FOREIGN CURRENCY – YEN

Series	Issued amount YEN	Placed amount YEN	Issuance date	Maturity date	Average rate	Carrying amount YEN	Balance in MCh$
XS1144348841	10,100,000,000	10,100,000,000	04/12/2014	04/12/2019	0.810%	10,069,849,653	55,017
Subtotal	**10,100,000,000**	**10,100,000,000**				**10,069,849,653**	**55,017**
Total ordinary bonds							**4,097,719**

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

Series	Issued amount UF	Placed amount UF	Issuance date	Maturity date	Average rate	Carrying amount UF	Balance in MCh$
SERIE_E	1,500,000	1,500,000	01/11/1997	01/11/2018	7.37%	145,793	3,886
SERIE_F	1,200,000	1,200,000	01/05/1999	01/05/2024	7.73%	538,919	14,366
SERIE_G	400,000	400,000	01/05/1999	01/05/2025	7.92%	199,043	5,306
SERIE_L	1,200,000	1,200,000	01/10/2001	01/10/2026	6.39%	697,059	18,581
SERIE_M	1,800,000	1,800,000	01/10/2001	01/10/2027	6.43%	1,101,807	29,371
SERIE_N	1,500,000	1,500,000	01/06/2004	01/06/2029	5.25%	995,414	26,535
SERIE_O	1,500,000	1,500,000	01/06/2004	01/06/2030	3.93%	984,023	26,231
SERIE_R	1,500,000	1,500,000	01/06/2005	01/06/2038	4.72%	704,932	18,791
SERIE_S	2,000,000	2,000,000	01/12/2005	01/12/2030	4.86%	1,353,113	36,070
SERIE_T	2,000,000	2,000,000	01/12/2005	01/12/2031	4.52%	1,421,129	37,883
SERIE_U	2,000,000	2,000,000	01/06/2007	01/06/2032	4.19%	1,905,658	50,799
SERIE_Y	4,000,000	4,000,000	01/12/2007	01/12/2030	4.25%	2,347,985	62,590
SERIE_W	4,000,000	4,000,000	01/06/2008	01/06/2036	4.05%	1,934,604	51,570
SERIE_AC	6,000,000	6,000,000	01/03/2010	01/03/2040	3.96%	5,595,193	149,150
SERIE_AD 1	4,000,000	4,000,000	01/06/2010	01/06/2040	4.17%	3,606,569	96,140
SERIE_AD 2	3,000,000	3,000,000	01/06/2010	01/06/2042	4.14%	2,690,195	71,712
SERIE_AH	15,000,000	9,000,000	01/09/2013	01/09/2043	3.63%	7,721,262	205,822
Total subordinated bonds	**52,600,000**	**46,600,000**				**33,942,698**	**904,803**
TOTAL BONDS							**5,002,522**

NOTE 21 -PROVISIONS

a) The provisions established as of December 31, 2018 and 2017 are as follows:

	As of December 31, 2018	As of December 31, 2017
	MCh$	**MCh$**
Provisions for staff benefits and remuneration	85,483	52,481
Provisions for minimum dividends	118,738	111,421
Provisions for credit commitments	29,643	19,179
Provisions for contingencies (*)	97,882	89,224
Provisions for country risk	2,547	2,368
Total	**334,293**	**274,673**

(*) Provisions for contingencies as of December 31, 2018 include additional provisions for MCh$67,872 (MCh$67,296 as of December 31, 2017), recognized according to SBIF 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 SBIF for the normal portfolio of individuals for the amount of MCh$6,554 as of December 31, 2018 (MCh$6,353 as of December 31, 2017) (see Note 1, ab, ii and Note 11c).

b) Provisions for staff benefits and remunerations

	As of December 31, 2018	As of December 31, 2017
	MCh$	**MCh$**
Provisions for staff benefits	73,014	41,426
Provisions for vacations	12,469	11,055
Total	**85,483**	**52,481**

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

NOTE 21 –PROVISIONS, CONTINUED

c) Provisions for credit commitments

The detail of provisions for credit commitments as of December 31, 2018 and 2017 is as follows:

	As of December 31, 2018	As of December 31, 2017
Provisions for credit commitments	**MCh$**	**MCh$**
Endorsements and performance bonds	909	499
Confirmed foreign letters of credit	1	4
Issued documentary letters of credit	265	255
Guarantees	6,261	5,655
Available credit lines	20,482	10,650
Other credit commitments	1,725	2,116
Total	**29,643**	**19,179**

d) Movements of provisions for the years ended December 31, 2018 and for the year ended December 31, 2017 are as follow:

	PROVISIONS FOR					
	Staff benefits and remuneration	Minimum dividends	Credit Commitments	Contingencies	Country risk	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2018	**52,481**	**111,421**	**19,179**	**89,224**	**2,368**	**274,673**
Provisions established	59,432	118,738	7,359	16,996	326	202,851
Provisions released	(29,901)	(111,421)	(1,762)	(6,779)	(144)	(150,007)
Currency exchange fluctuation	3,471	-	691	(1,559)	(3)	2,600
Adquisition subsidiaries of financial Services	-	-	4.176	-	-	4.176
Balance as of December 31, 2018	**85,483**	**118,738**	**29,643**	**97,882**	**2,547**	**334,293**
Balance as of January 1, 2017	**48,906**	**102,049**	**20,179**	**90,435**	**1,926**	**263,495**
Provisions established	32,068	111,391	4,111	6,899	632	**155,101**
Provisions released	(26,665)	(102,019)	(5,023)	(7,690)	(12)	**(141,409)**
Currency exchange fluctuation	(1,828)	-	(88)	(420)	(178)	**(2,514)**
Balance as of December 31, 2017	**52,481**	**111,421**	**19,179**	**89,224**	**2,368**	**274,673**

NOTE 22 - OTHER LIABILITIES

As of December 31, 2018 and 2017, the detail of other liabilities is as follows:

	As of December 31, 2018	As of December 31, 2017
	MCh$	**MCh$**
Account payables and notes payable	347,111	263,564
Unearned income	22,065	19,792
Valuation adjustments - macro-hedging	2,009	3,407
Sundry creditors	410,022	437,544
Other liabilities	11,973	8,777
Total	**793,180**	**733,084**

NOTE 23 - CONTINGENCIES AND COMMITMENTS

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

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

	As of December 31, 2018	As of December 31, 2017
CONTINGENT RECEIVABLES	**MCh$**	**MCh$**
Collateral and guarantees:		
Collateral and guarantees in foreign currency	220,765	86,585
Confirmed foreign letters of credit	4,326	8,459
Issued documentary letters of credit	272,299	140,514
Performance bonds and credit lines:		
Performance bonds in Chilean currency	1,008,298	1,036,913
Performance bonds in foreign currency	537,802	335,977
Immediately available credit lines	6,694,941	4,958,958
Other credit commitments:		
Higher education loans in accordance with Law No. 20,027	11,981	19,012
Others	513,245	455,542
THIRD PARTY OPERATIONS		
Collections:		
Foreign collections	46,587	32,626
Domestic collections	181,001	176,227
CUSTODY OF SECURITIES		
Securities in custody with the bank	51,291	57,039
Total	**9,542,536**	**7,307,852**

b) Lawsuits and legal proceedings:

BCI Bank

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

c) Operating guarantees granted:

- Direct commitments

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

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

- Operating guarantees

BCI Corredor de Bolsa S.A.

As of December 31, 2018 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$40,679 (MCh$150,571 as of December 31, 2017).

As of of December 31, 2018 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$4,993 (MCh$3,997 as of December 31, 2017).

As of December 31, 2018 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$246 as of December 31, 2017).

As of December 31, 2018 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$71 (MCh$62 as of December 31, 2017).

As of December 31, 2018 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, made a deposit to guarantee compliance with the lending commitments and short selling of shares on the Electronic Stock Exchange of Chile for MCh$855 (MCh$5,831 as of December 31, 2017).

As of December 31, 2018 BCI Corredor de Bolsa S.A., the subsidiary of the Bank, acquired a UF 20,000 maximum guarantee to ensure compliance with the provisions of Article No. 30 of Law No. 18,045, in order to ensure proper and full compliance with all its obligations as securities intermediary, The beneficiaries of this guarantee are current or future creditors, which it has or will have as a result of stockbroker operations, This warranty applies to a policy taken on August 19, 2017 No. 330-14-00004975 and is valid until August 19, 2018, The insurer is the Company Mapfre Insurance, and Santiago Stock Exchange is the representative of potential beneficiaries.

- Insurance for employee loyalty

BCI Corredor de Bolsa S.A.

As of December 31, 2018, it had contracted insurance policy signed with Orion Seguros Generales, which covers Banco de Credito e Inversiones and its subsidiaries up to UF250,000, whose effective date is from November 30, 2017 to May 31, 2019.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

BCI Corredores de Seguros S.A.

As of December 31, 2018, 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 your activity:

- Guarantee Policy for Insurance Brokers N ° 149506 for an insured amount of UF500 contracted with FDI Seguros SA, whose term is from April 15, 2018 to April 14, 2019, establishing the right of the insurance company against the broker, all the sums disbursed to pay to third parties affected by the broker's deficient intermediation in excess of the insured amounts.

- Professional Civil Liability Policy for Insurance Brokers No. 61534 for an insured amount of UF60,000 with deductible of UF500 contracted with HDI Seguros SA, whose term is from April 15, 2018 to April 14, 2019, for the purpose of safeguarding the broker in the event of possible claims by third parties, with the insurance company having the right to ask the broker to reimburse the amount paid to the third party claimant.

BCI Factoring S.A.

As of December 31, 2018 BCI Factoring S.A., the subsidiary of the Bank, has approved guarantee lines for operators with Factor Chain International for MCh$243 (MCh$154 as of December 31, 2017), equivalent to US$350,000,00 (US$4,630,000,00 as of December 31, 2017) of which MCh$68 (MCh$27 as of December 31, 2017) have been used, equivalent to US$91,854,11 (US$43,786,27 as of December 31, 2017).

BCI Corredora de Productos S.A.

As of December 31, 2018, it has a Bank guarantee Nº0397860 taken with Banco de Credito e Inversiones, for UF2,000, in favor of Bolsa de Productos Agropecuarios SA, to guarantee the fulfillment of all its obligations as a stock exchange broker. The possibility of payment of this bond is covered by a "contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on October 30, 2020.

As of December 31, 2018, it has a Bank guarantee No. 0397861 taken with Banco de Crédito e Inversiones, for UF6,000, in favor of Bolsa de Productos Agropecuarios S.A., to guarantee compliance with the Company's obligations as an intermediary of products. The possibility of payment of this bond is covered by a "contract to open a line of credit to cover possible guarantee payments issued in Chilean pesos or foreign currency," which is held by the financial institution with due date on October 30, 2020.

d) Credit commitments

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

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

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

	As of December 31, 2018	As of December 31, 2017
	MCh$	MCh$
Endorsements and deposits performance bonds	220,765	86,585
Documentary letters of credit	272,299	140,514
Guarantees	1,546,100	1,372,890
Amount available for credit cards users	6,694,941	4,958,958
Provisions (Note 21)	(29,643)	(19,179)
Total	**8,704,462**	**6,539,768**

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

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

	As of December 31, 2018	As of December 31, 2017
	MCh$	MCh$
Documents in collection	227,588	208,853
Custody of assets	51,291	57,039
Total	**278,879**	**265,892**

f) Lawsuits and legal proceedings and guarantees of the companies that support the business.

The companies that support the business Sociedad Interbancaria de Depósito de Valores S.A., Automated Compensation Center S.A., Combanc S.A., Artikos Chile S.A., and Market Infrastructure Service OTC S.A. As of December 31, 2018, they have no current commitments or contingencies that result in a collateralization of their assets. .

Servipag Limitada

a) Guarantee vouchers

i. Guarantee vouchers

The Bank has delivered guarantee vouchers for the lease of branches as of December 31, 2018 and 2017 for an amount of MCh$274 and MCh$267 respectively.

ii. Received tickets

The Bank has received guarantees over the faithful fulfillment of the IT services and communications contract for MCh$347 y MCh$347 as of December 31, 2018 and 2017.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

b) Legal contingencies

According to the information provided by the Bank's legal advisors, as of December 31, 2018, there are 253 legal cases in force.

Redbanc S.A.

a) Litigations

Roll C-1572-2018 of the 1st Civil Court of Valdivia procedure for compensation of damages for alleged infraction of the duty of supervision and ATM control for MCh$43. .

b) Guarantee

The following guarantees have been received by Redbanc S.A. at the closing of these financial statements:

Contractor or supplier	Currency	Amount	Expiration date	Detail
Banco Consorcio	MCH$	1,700	03/31/2019	Guarantee what is stated in the third paragraph of clause VII of the interlicensed agreement
Banco Ripley	MCH$	1,000	04/01/2019	Guarantee what is stated in the third paragraph of clause VII of the interlicensed agreement
CAR S.A.	MCH$	400	04/30/2019	Guarantee what is stated in the third paragraph of clause VII of the interlicensed agreement
COOPEUCH	MCH$	900	01/14/2019	Guarantee what is stated in the third paragraph of clause VII of the interlicensed agreement
NCR Chile Ind, Y Comercial Ltda,	US$	107,116	01/31/2019	Guarantee the right supply of the service and compliance with the levels defined for the operation stage under the ATM application contract regime
Claro Chile S.A.	UF	1,332	01/31/2023	Guarantee of compliance with the contract for the supply of telecomunications services
GTD Teleductos S.A.	UF	8,603	08/31/2022	Guarantee of compliance with the contract for the supply of telecomunications services
Telefónica Empresas Chile S.A.	MCH$	230	12/31/2022	Guarantee of compliance with the contract for the supply of telecomunications services
Centurylink Chile S.A.	UF	1,000	10/10/2019	Guarantee of compliance with the contract for the supply of telecomunications services
CAT administradora de tarjetas S.A.	MCH$	500	03/08/2019	Guarantee of compliance with the contract for the supply of telecomunications services
Alfapeople Chile Spa,	UF	956,50	06/30/2019	Ensure the correct configuration, implementation and start-up of Microsoft Dynamics 365

The following guarantees have been issued by Redbanc S.A. at the closing of these financial statements:

Contractor or supplier	Currency	Amount	Expiration date	Detail
Servicio de Impuestos Internos	UF	96	03/03/2020	Guarantee the faithful fulfillment of network services according to contract n ° 2829

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

Nexus S.A.

The Bank as of December 31, 2018 has the following contingencies and restrictions:

As of December 31, 2018, the bank has centrally managed the contracting of civil liability insurance for Directors and administrators approved by the Commission for the Financial Market (Former SVS, current CMF) under the code POL 09-0012364, with US coverage:$ 10,000,000. In addition, professional civil liability insurance (official fidelity) is maintained for financial institutions under policy POL09-0013493 with coverage of US $ 10,000,000 and excess over stop loss coverage for US $ 35,000,000, under policy 0020080424.

The Bank as of December 31, 2018 has the following guarantees:

Operational guarantees

	2018 MCH$	2017 MCH$
Guarantees received:		
Received in favor of Nexus	428	186
Guarantees delivered:	68	
Taken in cash by Nexus to guarantee contractual service	-	-

Administrador Financiero del Transantiago S.A.

Contingent liabilities

With respect to the contingent assets and liabilities of the AFT, at the date of the financial statements, the amounts indicated below correspond to the amounts demanded and there are no reliable estimates of the disbursements to be made for these items at this date, nor with respect to the tining. .

(a) Guarantees

As of December 31, 2018, there are 4 guarantees vouchers taken by the Bank for a total of UF 48,000, in order to guarantee the faithful fulfillment of the contract signed with the Ministry of Transport and Telecommunications of Chile and one guarantee voucherstaken by the Bank, for a total of UF 2,000, to ensure compliance with labor and social security obligations of the AFT . (Financial Administrator of Transantiago).

Transbank S.A.

a) Trials

There are no current lawsuits that could significantly affect the interpretation of the Bank's Financial statements.

NOTE 23 - CONTINGENCIES AND COMMITMENTS, CONTINUED

b) Guarantee vouchers

(i) Submitted guarantees

The Bank has delivered guarantee vouchers, as a requirement of customers in the operation of the business, for an amount of MCh$293 at December 31, 2018. (MCh$317 at December 31, 2017).

(ii) Received guarantees

The Bank has received guarantee vouchers, for a total amount of MCh$122,986 at December 31, 2018 (MCh$90,701 at December 31, 2017). These documents have been granted by issuers, commercial establishments and suppliers to secure contractual obligations.

NOTE 24 – SHAREHOLDER´S EQUITY

a) Issued capital andshares

Movements of common shares during the periods ended December 31, 2018 and 2017 are the following:

	As of December 31,	
	2018	**2017**
	N°	**N°**
Issued as of January 1	**124,944,872**	**123,564,219**
Stock dividends	1,290,178	1,380,653
Shares subscribed and paid for capital increase	9,657,930	-
Total issued	**135,892,980**	**123,564,219**

NOTE 24 – SHAREHOLDERS´ EQUITY, CONTINUED

At the Ordinary Shareholder’s Meeting held on March 27, 2018:

- The distribution of net income for the year ended December 31, 2017 was approved, for a total amount of $371.403.139.300 (MCh$371,403), according to the following detail:
  - Distribution of a dividend of Ch$1,050 per share among the total 124,944,872 shares issued and registered in the Register of Shareholders, which amounts to $131.192.115.600 (MCh$131,192), that is, 35.32% of the Bank's net income.

  - **-** Allocation of the remaining balance of the income for the year MCh$240,211 to retained earnings.

At the Extraordinary Shareholders’ Meeting held on March 27, 2018, the following agreements were reached:

- Capitalization of retained earnings $ 240,211,023,700 (MCh$240,211) in the following way:

  - MCh$54,510 through the issuance of 1,290,178 stock dividends.
  - MCh$185,701 without issuance of shares.

The subscribed and paid in capital of the Bank amounts to $ 2,733,631,079,547 (MCh $ 2,733,631) divided into 126,235,050 registered shares, of a single series and without par value. The capital increase was approved by the Superintendency of Banks and Financial Institutions through Resolution No. 264 of June 4, 2018 and is in the process of being registered in the public registry of securities. Once this process is completed, the shares will be part of the capital stock.

On July 9, 2018, the Superintendencyof Banks and Financial Institutions issued a certificate of registration in the public register of securities with respect to the registration of 1,290,178 paid-inshares with no par value, issued crediting a capital increase, from the capitalization of part of the reserve funds of profits, agreed at the Extraordinary Shareholders Meeting of March 27, 2018.

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

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

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

NOTE 24 – SHAREHOLDERS EQUITY, CONTINUED

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

a) As of December 31, 2018 and 2017, the distribution of shareholders is as follows:

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

NOTE 24 – SHAREHOLDERS EQUITY, CONTINUED

As of December 31, 2017	**Shares**	
	No. of shares	**Ownership, %**
Empresas Juan Yarur S,P,A,	68,889,392	55.14%
Jorge Yarur Bascuñán	4,813,775	3.85%
Banco de Chile por cuenta de terceros no residentes	4,387,844	3.51%
Banco Itaú Corpbanca por cuenta de Inversionistas Extranjeros	3,724,137	2.98%
AFP Habitat S.A.	3,077,766	2.46%
AFP Provida S.A.	2,960,283	2.37%
AFP Capital S.A.	2,620,477	2.10%
Inversiones Cerro Sombrero Financiero S,P,A,	2,231,658	1.79%
BCI Corredor de Bolsa S.A. por cuenta de terceros	2,225,323	1.78%
Banco Santander por cuenta de Inversionistas Extranjeros	2,218,420	1.78%
AFP Cuprum S.A.	2,180,589	1.75%
Imsa Financiera S,P,A,	1,931,286	1.55%
Inversiones Tarascona Corporation Agencia en Chile	1,678,219	1.34%
Inversiones VYR Ltda,	1,533,194	1.23%
Banchile Corredores de Bolsa S.A.	1,500,083	1.20%
Luis Enrique Yarur Rey	1,330,304	1.06%
Inversiones Nueva Altamira S,P,A,	1,152,486	0.92%
Larraín Vial S.A. Corredora de Bolsa	1,112,093	0.89%
Inversiones Meyar S.A.C,	868,240	0.69%
AFP Modelo S.A.	743,895	0.60%
Empresas JY S.A.	739,842	0.59%
Nueva Chosica S.A.	545,740	0.44%
Credicorp Capital S.A. Corredores de Bolsa	522,685	0.42%
Inversiones Colibrí Financiera Ltda,	517,081	0.41%
Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A.	490,162	0.39%
Other shareholders	10,949,898	8.76%
Subscribed and paid shares	**124,944,872**	**100.00%**

b) Dividends

The following dividends were declared by the Bank for the years ended December 31, 2018 and 2017:

	As of December 31,	
	2018	**2017**
	Ch$	**Ch$**
Ch$ per common share	1,050	1,000

The provision for mandatory dividends as of December 31, 2018 was MCh$118,738 (MCh$111,421 as of December 31, 2017).

NOTE 24 – SHAREHOLDERS´ EQUITY, CONTINUED

c) For the years ended December 31, 2018 and 2017, the composition of basic and diluted earnings per share is as follows:

	For the years ended December 31,	
	2018	**2017**
Net income for the year attributable to the equity holders of the Bank, MCh$	395,847	371,403
Income available for shareholders, MCh$	**395,847**	**371,403**
Weighted average number of shares	127,545,128	124,264,002
Basic and diluted earnings per share (Ch$/Share)	**3,104**	**2989**

d) Cumulative translation adjustment reserve

As of December 31, 2018 and 2017, the reconciliation of the cumulative translation adjustment reserve as a separate component of shareholders' equity is as follows:

	MCh$
Balance as of January 1, 2017	**18,450**
Reclassification to results of the year due to discontinuation of the equity method in Credicorp Ltd,	(14,846)
Net exchange rate charges for subsidiaries in Florida	(26,795)
Balance as of December 31, 2017	**(23,191)**
Balance as of January 1, 2018	**(23,191)**
Net exchange rate charges for subsidiaries in Florida	97,903
Balance as of December 31, 2018	**74,712**

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 2016	**170**	**(16,678)**
Transferred to statements of income 2017	1,668	6,095
Mark to market adjustment	4,957	1,544
Accumulated comprehensive income 2017	**6,795**	**(9,039)**
Transferred to statements of income 2018	825	2,986
Mark to market adjustment	(25,680)	(5,910)
Accumulated other comprehensive income 2018	**(18,060)**	**(11,963)**

NOTE 24 - SHAREHOLDERS´ EQUITY, CONTINUED

e) Nature of valuation reserves

- Cumulative translation adjustment reserve:

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

- Cash flow hedges reserve:

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

- Investments revaluation reserve:

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

f) Capital requirements

The regulatory capital as of December 31, 2018 is defined as equivalent to the net amount that should be shown as calculated as explained below. . As indicated in the Compendium of Accounting Regulations, according to General Banking Law, the Bank should maintain a minimum ratio of effective stockholders' equity to consolidated risk-weighted assets, net of required loan loss allowances and provisions and deductions, of 8%, and a minimum ratio of basic capital to consolidated total assets, net of required loan loss allowances and provisions and deductions, of 3%. Regulatory capital for these purposes is defined as basic capital (which represents paid-in capital and reserves) adjusted to: a) aggregate subordinated bonds issued by the Bank valued at their placement price for an amount up to 50% of its basic capital commencing nine years prior to their maturity, b) aggregate additional required allowances and provisions as stipulated, c) deductions for all goodwill and share premium, and d) deductions for assets that correspond to investments in non-consolidated subsidiaries.

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

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

NOTE 24 - SHAREHOLDERS´ EQUITY, CONTINUED

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

The regulatory and basic capital as of December 31, 2018 and 2017 are the following:

	Consolidated assets, off-balance sheet items and adjustments to derivatives		Risk-weighted assets	
	As of December 31, 2018	As of December 31, 2017	As of December 31, 2018	As of December 31, 2017
Consolidated Balance sheet assets	MCh$	MCh$	MCh$	MCh$
(net of allowances and provisions)				
Cash and deposits in banks	2,058,757	1,495,732	-	-
Items in course of collection	335,820	259,977	65,252	35,823
Trading portfolio financial assets	2,038,376	2,197,716	301,551	292,977
Investment under agreements to resell	73,859	252,599	73,859	252,599
Derivative financial agreements	1,714,274	1,365,738	781,648	497,895
Adjustment to derivatives to show their credit equivalent amount	(510,588)	(751,365)	-	(50,730)
Loans and receivables to banks, net	332,912	179,065	332,912	139,126
Loans and receivables to customers, net	29,543,095	24,130,419	26,508,927	21,705,871
Financial investments available for sale	3,229,455	2,531,682	939,039	697,476
Financial investments held to maturity	2,780	800	556	160
Investments in other companies	44,740	207,718	44,740	207,718
Intangible assets	382,197	175,897	249,682	166,002
Property, plant and equipment, net	281,236	270,291	281,236	270,291
Current income tax	14,884	14,312	1,488	1,431
Deferred income taxes	190,115	48,160	19,012	4,816
Other assets	1,107,217	753,290	874,679	597,140
Off-balance sheets items				
Credit commitments	3,877,769	2,977,675	2,326,661	1,786,605
Total assets	**44,716,898**	**36,109,706**	**32,801,242**	**26,605,200**

	As of December 31,	
	As of December 31, 2018	As of December 31, 2017
	MCh$	MCh$
Basic capital	3,457,509	2,727,844
Regulatory capital	4,185,213	3,511,567
Consolidated assets	44,716,898	36,109,706
Risk-weighted assets	32,801,242	26,605,200

NOTE 24 - SHAREHOLDERS´ EQUITY, CONTINUED

	As of December 31, 2018	As of December 31, 2017
	%	%
Basic capital /Consolidated assets	7.73	7.55
Basic capital / Risk-weighted assets	10.54	10.25
Regulatory capital / Risk-weighted assets	12.76	13.20

NOTE 25 - INTEREST INCOME AND EXPENSES AND INDEXATION FOR INFLATION

a) For the years ended December 31, 2018 and 2017, the composition of income from interest and indexation for inflation is the following:

	For the years ended December 31,					
	2018			2017		
Concept	**Interest**	**Indexation for inflation**	**Total**	**Interest**	**Indexation for inflation**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Repurchase agreements	2,317	-	2,317	2,111	601	2,712
Interbank loans	14,432	-	14,432	7,501	-	7,501
Commercial loans	913,484	117,634	1,031,118	758,949	62,387	821,336
Mortgage loans	207,391	154,962	362,353	181,916	80,456	262,372
Consumer loans	388,985	1,124	390,109	359,178	542	359,720
Investment instruments	77,238	8,354	85,592	59,330	3,047	62,377
Other income (*)	11,677	1,578	13,255	7,108	1,587	8,695
Hedge accounting offset effect	(59,840)	-	(59,840)	(20,793)	-	(20,793)
Total income from interest and indexation for inflation	**1,555,684**	**283,652**	**1,839,336**	**1,355,300**	**148,620**	**1,503,920**

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

For the years ended December 31, 2018 and 2017, the sum of interest expenses and indexation for inflation is as follows:

	For the years ended December 31,	
Concept	**2018**	**2017**
	MCh$	**MCh$**
Demand deposits	(50,473)	(23,447)
Repurchase agreements	(13,434)	(14,622)
Term deposits and borrowings	(341,132)	(289,175)
Borrowings from financial institutions	(60,863)	(33,943)
Issued debt instruments	(280,338)	(205,734)
Other financial liabilities	(15,317)	(8,612)
Other interest expenses and indexation for inflation	(6,819)	(4,331)
Hedge accounting offset effect	9,237	10,772
Total interest expenses and –indexation for inflation	**(759,139)**	**(569,092)**

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

b) For the years ended December 31, 2018 and 2017, the detail of income and expenses related to hedge accounting is as follows:

	For the years ended December 31,					
	2018			2017		
	Income MCh$	Expenses MCh$	Total MCh$	Income MCh$	Expenses MCh$	Total MCh$
Hedge of Assets						
Fair Value Hedge	30,061	(42,176)	**(12,115)**	21,434	(12,122)	**9,312**
Cash Flow Hedge	6,723	(54,448)	**(47,725)**	21,895	(52,000)	**(30,105)**
Subtotal	**36,784**	**(96,624)**	**(59,840)**	**43,329**	**(64,122)**	**(20,793)**
Hedge of Liabilities						
Fair Value Hedge	593,136	(583,899)	**9,237**	18,356	(7,584)	**10,772**
Subtotal	**593,136**	**(583,899)**	**9,237**	**18,356**	**(7,584)**	**10,772**
Total	**629,920**	**(680,523)**	**(50,603)**	**61,685**	**(71,706)**	**(10,021)**

NOTE 26 – FEE AND COMMISSION INCOME AND EXPENSES

For the years ended December 31, 2018 and 2017, the composition of fee and commission income and expenses is the following:

	For the years ended December 31,	
	2018 MCh$	2017 MCh$
Fee and commission income:		
Commissions for credit lines and overdrafts	2,955	5,029
Commissions for guarantees and letters of credit	19,803	20,350
Commissions for credit card services	100,989	84,705
Commissions for administration of accounts	45,969	44,133
Commissions for collection services	60,576	53,990
Commissions for securities brokerage	6,033	6,061
Commissions for management of mutual and investment funds	53,889	52,591
Commissions for insurance brokerage	70,476	54,620
Commissions for other services provided	27,028	21,953
Other commissions	11,280	5,521
Total fee and commission income	**398,998**	**348,953**
Fee and commission expenses:		
Commissions on operations with credit cards	(43,983)	(40,672)
Commissions on securities trading	(17,204)	(13,805)
Other commissions	(31,608)	(25,770)
Total fee and commission expenses	**(92,795)**	**(80,247)**

NOTE 27 - TRADING AND INVESTMENT INCOME, NET

For the years ended December 31, 2018 and 2017, the detail of trading and investment income is the following:

	For the years ended December 31,	
	2018	2017
	MCh$	MCh$
Trading instruments	111,606	111,498
Derivative financial agreements (speculative)	26,961	(28,804)
Other instruments at fair value through profit or loss	1,271	1,616
Gains on financial investments available for sale	1,689	7,053
Others	-	(14)
Total	**141,527**	**91,349**

NOTE 28 - FOREIGN EXCHANGE RESULTS, NET

For the years ended December 31, 2018 and 2017, the detail of the foreign exchange results is the following:

	For the years ended December 31,	
	2018	2017
	MCh$	MCh$
Exchange difference		
Gains from exchange differences	22,757,911	17,262,813
Losses from exchange differences	(22,893,027)	(17,181,293)
Subtotal	**(135,116)**	81,520
Foreign currency fluctuation effect for assets and liabilities denominated in foreign currency		
Net results for assets and liabilities in foreign currency	19,080	(10,548)
Subtotal	19,080	(10,548)
Hedge Accounting Result		
Assets hedge results	(9,549)	(24,909)
Liabilities hedge results	138,019	(1,848)
Subtotal	128,470	(26,757)
Total	**12,434**	**44,215**

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

NOTE 29 - PROVISIONS FOR LOAN LOSSES

The detail of provisions for loan losses and impairment for the years ended December 31, 2018 and 2017 is as follows:

For the year ended December 31, 2018	Interbank loans	Loans and receivables to customers: Commercial loans	Mortgage loans	Consumer Loans	Credit commitments	Additional provisions	Minimum provisions adjustment for the normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisions:								
Individual provisions	589	32,482	-	-	1,919	-	-	**34,990**
Collective provisions	-	100,610	5,272	194,722	5,440	8,500	-	**314,544**
Total provisions	**589**	**133,092**	**5,272**	**194,722**	**7,359**	**8,500**	**-**	**349,534**
Impairment:								
Individual impairment	-	-	-	-	-	-	-	-
Collective impairment	-	-	-	-	-	-	-	-
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions:								
Individual provisions	(293)	(4,189)	-	-	(1,623)	-	(1,134)	**(7,239)**
Collective provisions	-	(4,886)	(4,514)	(3,705)	(139)	(9,185)	-	**(22,429)**
Total reversal of provisions	**(293)**	**(9,075)**	**(4,514)**	**(3,705)**	**(1,762)**	**(9,185)**	**(1,134)**	**(29,668)**
Recovery of assets previously written off	-	(20,589)	(4,199)	(28,765)	-	-	-	**(53,553)**
Reversal of impairment	-	-	-	-	-	-	-	-
Net provisions for loan losses	**296**	**103,428**	**(3,441)**	**162,252**	**5,597**	**(685)**	**(1,134)**	**266,313**

NOTE 29 - PROVISIONS FOR LOAN LOSSES, CONTINUED

For the year ended December 31, 2017	Interbank loans	Loans and receivables to customers: Commercial loans	Mortgage loans	Consumer loans	Contingent loans	Additional provisions	Minimum provisions adjustment for the normal portfolio	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Provisions:								
Individual provisions	177	59,876	-	-	1,952	-	982	**62,987**
Collective provisions	-	62,067	1,864	163,438	2,159	5,000	-	**234,528**
Total provisions	**177**	**121,943**	**1,864**	**163,438**	**4,111**	**5,000**	**982**	**297,515**
Impairment:								
Individual impairment	-	-	-	-	-	-	-	**-**
Collective impairment	-	-	-	-	-	-	-	**-**
Total impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of provisions:								
Individual provisions	(347)	(19,832)	-	-	(4,788)	-	(32)	**(24,999)**
Collective provisions	-	(2,976)	(2,263)	(1,050)	(235)	(5,000)	-	**(11,524)**
Total reversal of provisions	**(347)**	**(22,808)**	**(2,263)**	**(1,050)**	**(5,023)**	**(5,000)**	**(32)**	**(36,523)**
Recovery of assets previously written off	-	(20,909)	(3,022)	(24,408)	-	-	-	**(48,339)**
Reversal of impairment	-	-	-	-	-	-	-	**-**
Net provisions for loan losses	**(170)**	**78,226**	**(3,421)**	**137,980**	**(912)**	**-**	**950**	**212,653**

In Management's opinion, the provisions for loan losses required to cover the expected losses of certain financial assets have been recognized in accordance with the accounting policies describes in note 1.r).

NOTE 30 - STAFF COSTS

The composition of staff costs for the years ended December 31, 2018 and 2017 is as follows:

	For the years ended December 31	
	2018	2017
	MCh$	MCh$
Staff remuneration	230,041	218,351
Bonuses or awards	177,551	135,868
Severance payments	25,980	16,662
Training expenses	3,803	3,873
Other staff expenses	27,183	24,149
Total	**464,558**	**398,903**

NOTE 31 - ADMINISTRATIVE EXPENSES

For the years ended December 31, 2018 and 2017 the composition of administrative expenses is as follows:

	For the years ended December 31,	
	2018	2017
	MCh$	MCh$
General administrative expenses		
Maintenance and repairs of the bank's property, plant and equipment	14,200	11,959
Office rent	31,485	27,207
Equipment rent	559	376
Insurance premiums	8,967	5,513
Office materials	4,983	4,380
Computer and communications expenses	67,538	51,053
Lighting, heating and other services	8,595	8,334
Security and custody transportation services	14,933	13,066
Travel expenses	4,296	5,053
Judicial and notarial expenses	4,331	4,125
Fees for technical reports	4,084	2,808
Audit fees	3,468	3,536
Cleaning services	4,480	4,584
Consulting	17,672	15,473
Postal-related expenses	999	1,547
Other general administrative expenses	38,656	32,544
Sub-contracted services		
Data processing	7,140	5,908
Sale of products	66	-
Credit evaluation	441	495
Other	9,040	8,070
Board of Directors expenses		
Board of Directors remuneration	3,971	3,945
Other Board of Directors expenses	214	163
Publicity and advertising	21,324	20,194
Taxes, property taxes and contributions		
Real estate contributions	1,674	1,510
Licenses	1,879	1,605
Other taxes	6,947	4,639
Contribution to SBIF	10,228	8,793
Total	**292,170**	**246,880**

NOTE 32 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) For the years ended December 31, 2018 and 2017, depreciation and amortization expenses are detailed below:

	For the years ended December 31,	
	2018	2017
	MCh$	MCh$
Depreciation and amortization		
Depreciation of property, plant and equipment	(30,940)	(28,151)
Amortization of intangible assets	(36,487)	(32,125)
Total	**(67,427)**	**(60,276)**

b) For the years ended December 31, 2018 and 2017, the impairment of property, plant and equipment and intangible assets is detailed as follows:

	For the years ended December 31,	
	2018	2017
	MCh$	MCh$
Impairment		
Property, plant and equipment	(65)	(1,563)
Intangible asset	(109)	-
Total	**(174)**	**(1,563)**

(1) For the years ended December 31, 2018 and 2017, the impairment of property, plant and equipment of MCh$65 y MCh$1.563 corresponds to the gross balance of property, plant and quipment.

(2) For the years ended December 31, 2018, the impairment of MCh$109 corresponds to the gross intangible asset balance.

c) The reconciliation of accumulated depreciation and amortization for the years ended December 31, 2018 and 2017 is as follows:

	Depreciation, amortization and impairment					
	For the years ended December 31, 2018			For the years ended December 31, 2017		
	Accumulated depreciation of property Plant and Equipment	Accumulated amortization of intangible assets	Total	Accumulated depreciation of property Plant and Equipment	Accumulated amortization of intangible assets	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1	**216,752**	**184,182**	**400,934**	**195,689**	**155,318**	**351,007**
Charges for depreciation and amortization for the year	30,940	36,487	67,427	28,151	32,125	60,276
Disposals	(20,553)	-	(20,553)	-	-	-
Others	-	(61,973)	(61,973)	(7,088)	(3,261)	(10,349)
Balance as of December 31	**227,139**	**158,696**	**385,835**	**216,752**	**184,182**	**400,934**

NOTE 33 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

For the years ended December 31, 2018 and 2017, the composition of other operating income is as follows:

Concept	**For the years ended December 31,**	
	2018	**2017**
Income from repossessed assets	**MCh$**	**MCh$**
Gain on sale of repossessed assets	8,168	6,752
Other income	879	734
Subtotal	9,047	7,486
Reversal of provisions for credit commitments		
Reversal of provisions for country risk	144	12
Reversal of other provisions for credit commitments	-	6,529
Subtotal	144	6,541
Other income		
Gains on sale of property, plant and equipment	1,690	7,969
Insurance claims	1,272	921
Leasing income	3,027	4,385
Other income	29,662	14,302
Subtotal	35,651	27,577
Total	**44,842**	**41,604**

b) Other operating expenses

For the years ended December 31, 2018 and 2017, the composition of other operating expenses is as follows:

Concept	**For the years ended December 31,**	
	2018	**2017**
	MCh$	**MCh$**
Impairment and expenses for repossessed assets		
Impairment of repossessed assets	-	1,069
Write-offs of repossessed assets	6,578	4,570
Maintenance expenses for repossessed assets	844	417
Subtotal	7,422	6,056
Establishment of provisions for credit commitments		
Provisions for country risk	37	632
Other provisions for credit commitments	7,752	1,564
Subtotal	7,789	2,196
Other expenses		
Loss on sale of property, plant and equipment	5	22
Contributions and donations	2,918	2,583
Penalties for judicial and notary expenses	3,344	3,304
Leasing expenses	8,790	7,606
Non-operating expenses	9,235	6,067
Agreement expenses	-	390
Other expenses	445	5,766
Subtotal	24,737	25,738
Total	**39,948**	**33,990**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES

a) Loans granted to related parties

Loans granted to related parties are detailed as follows:

	As of December 31, 2018			As of December 31, 2017		
	Operating Companies	**Investment Companies**	**Individuals**	**Operating Companies**	**Investment companies**	**Individuals**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Loans and receivables to customers						
Commercial loans	68,421	129,499	15,958	84,970	96,944	13,612
Mortgage loans	-	-	36,911	-	-	29,026
Consumer loans	-	-	6,605	-	-	4,932
Loans and receivables to customers, gross	**68,421**	**129,499**	**59,474**	**84,970**	**96,944**	**47,570**
Allowances for loan losses	(216)	(122)	(65)	(193)	(112)	(80)
Loans and receivables to customers, net	**68,205**	**129,377**	**59,409**	**84,777**	**96,832**	**47,490**
Credit commitments	68,465	12,598	17,042	72,750	17,302	14,733
Provisions for credit commitments	(24,550)	(4,860)	(5,965)	(78)	(37)	(16)
Credit commitments, net	**43,915**	**7,738**	**11,077**	**72,672**	**17,265**	**14,717**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

b) Other transactions with related parties

For the years ended December 31, 2018 and 2017, the Bank has undertaken the following transactions with related parties:

Year ended December 31, 2018 Company Name	Relationship with the Group	Description	Balance assets	Effect on Statements of Income Expense	 Income
			MCh$	MCh$	MCh$
Accenture Chile Asesorías y Servicios Ltda,	Others	Software development	3,094	3,094	-
Artikos Chile S.A.	Joint venture	Adquisition services	1,049	1,049	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	147	147	-
Bolsa Electrónica de Chile Bolsa de Valores	Others	Financial mantainance software	1	-	-
BCI Seguros de Vida S.A.	Control	Service revenue and channel usage	2,067	-	2,067
		Brand use	1,117	-	1,117
		Messaging	147	-	147
		Channel usage	827	-	827
		Loss management	937	-	937
		Marketing	1,799	-	1,799
		Insurance	30	30	-
		Subordinated bonds	752	40	-
		Premium collection	3,935	-	-
		Commission of Collection of Servicios Financieros Adminitración de Créditos Comerciales S.A.	660	-	660
		Commissions for collection Servicios de Comercialización y Apoyo Financiero y de Gestion Ltda	103	-	103
		Comisiones de intermediación BCI CCSS	23,727	-	23,727
BCI Seguros Generales S.A.	Control	Comisiones por recaudación y pac	991	-	991
		Uso de marca	805	-	805
		Siniestros	1,045	-	1,045
		Comisiones por intermediación SSFF Corredores de Seguros y Gestión Financiera Ltda,	2	-	2
		Comisiones por recaudación Servicios de Comercialización y Apoyo Financiero y de Gestion Ltda	20	-	20
		Intermediation fees BCI CCSS	30,304	-	30,304
		Brokerage Awards BCI CCSS	419	-	419
Zenit Seguros Generales S.A.	Control	Term deposits	385	-	-
Centro de Compensación Automatizado S.A.	Others	Electronic banking transactions	1,604	1,591	-
Compañía Nacional de Teléfonos Telefónica de Sur S.A.	Others	Lease of link conexions	49	49	-
Combanc S.A.	Associate	Compensation and high value payment	409	409	-
Comder Contraparte Central S.A.	Associate	Bank processing	894	866	-
Comunicaciones Capítulo Ltda,	Others	Link rent	45	44	-
Conexxion Spa	Others	Service	319	318	-
DCV Registros S.A.	Others	Shareholder registry administration	116	116	-
Depósitos Central de Valores S.A.	Others	Financial instruments custody	287	283	-
Digitech Solutions S.A.	Others	Digital documentation	409	408	-
EMC Chile S.A.	Others	Computational solutions	321	321	-
Everis Chile S.A.	Others	Development of application and solution	8,984	2,925	-
EY Consulting Limitada	Others	Advice and consultancy	1,450	1,450	-
GTD Teleductos S.A.	Others	Rental of data links	536	536	-
IBM Chile S.A.	Others	Computer equipment and solutions	5,186	4,203	-
Inmobiliaria Anya S.A.	Others	Real estate projects	120	120	-
Inmobiliaria JY S,P,A	Others	Real estate projects	212	212	-
Irarrazaval Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda,	Others	Legal advisory	114	114	-
Jordan (Chile) S.A.	Control	Forms printing	2,793	2,420	-
Let´s Talk Spa	Others	Messaging services	142	109	-
Mario Gómez D,	Others	Advice and consultancy	190	190	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card Processing	8,458	8,422	-
Redbanc S.A.	Associate	ATMs Operation	7,870	6,555	-
Salcobrand S.A.	Control	Rent of places for ATMs	295	269	-
Santo Producciones Ltda,	Others	Event production	181	181	-
Servicios de Información avanzada S.A.	Others	Trade information service	734	725	-
Servipag Ltda,	Joint venture	Collection and payment services	8,615	6,687	-
Sistema Nacional de Com, Financieras S.A. (Sinacofi)	Others	Financial information service	559	502	-
Transbank S.A.	Others	Credit card management	59,067	12,994	46,073

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

Year ended December 31, 2017

Company Name	Relationship with the Group	Description	Balance assets	Effect on Statements of Income	
				Expense	Income
			MCh$	MCh$	MCh$
Accenture Chile Asesorías y Servicios Ltda,	Others	Software development	1,528	1,528	-
Artikos Chile S.A.	Joint venture	Acquisitions services	1,131	1,122	-
Bolsa de Comercio de Santiago	Others	Rent of terminals	141	141	-
Bci Seguros de Vida S.A.	Control	Service revenue and channel usage	5,342	-	5,342
		Financial Instrument Term Deposits	1,123	10	
		Loss Management	1,075	-	1,075
		Marketing	734	-	734
		Subordinate bond	841	176	-
		Secure braided policies	33	33	-
		Expenses and income Premium rejection credits	3	-	-
		Intermediation fees Bci CCSS	20,246	-	20,246
		Cost recovery Bci CCSS	65	-	65
Bci Seguros Generales S.A.	Control	Commission for collection and PAC	500	-	500
		Brand usage	629	-	629
		Intermediation fees Bci CCSS	23,574	-	23,574
		Brokerage Awards Bci CCSS	3,723	-	3,723
		Marketing	1,068	-	1,068
		Cost recovery Bci CCSS	411	-	411
Carlos Spoerer U,	Others	Advisory	112	112	-
Centro de Compensación Automatizado S.A.	Others	Electronic banking transactions	1,464	1,340	-
Compañía Nacional de Teléfonos Telefónica del Sur S.A.	Others	Link rent	49	49	-
Combanc S.A.	Associate	Compensation and high value payment	412	388	-
Comder Contraparte Central S.A.	Associate	Bank processing	892	892	-
Comunicaciones Capitulo Ltda,	Others	Link rent	50	49	-
Conexxion Spa	Others	Service	372	354	-
DCV Registros S.A.	Others	Shareholder registry administration	97	97	-
Depositos Central de Valores S.A.	Others	Financial instruments custody	258	258	-
Digitech Solutions S.A.	Others	Digital documentation	383	383	-
Diseño y Desarrollo Computacional Ltda,	Others	Development and maintenance of applications)	412	101	-
EMC Chile S.A.	Others	Computational solutions	1,585	1,216	-
Everis Chile S.A.	Others	Tecnologic projects development	3,181	1,299	-
GTD Teleductos S.A.	Others	Rental of data links	521	521	-
IBM Chile S.A.	Others	Computer equipment and solutions	2,728	1,396	-
Imagemaker S.A.	Others	Development of application and solution	477	477	-
Inmobiliaria Anya S.A.	Others	Real estate projects	113	113	-
Inmobiliaria JY S,P,A	Others	Real estate projects	35	35	-
Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda,	Others	Legal advisory	363	363	-
Jordan (Chile) S.A.	Common control	Forms printing	2,991	2,563	-
Let´s Talk Spa	Others	Electronic Messaging	102	102	-
Mario Gómez D,	Others	Consulting and Avisory	221	218	-
Oliver Wyman	Others	Advisory	235	160	-
Operadoras de Tarjetas de Crédito Nexus S.A.	Associate	Card processing	8,698	8,511	-
PB Soluciones Ltda,	Others	ATMs installation and cleaning service	58	48	-
Redbanc S.A.	Associate	ATMs operation	7,259	6,151	-
Salcobrand S.A.	Common control	Rent of places for ATMs	301	232	-
Santo Producciones Ltda,	Others	Event production	201	201	-
Servicios de Información avanzada S.A.	Others	Trade information service	798	790	-
Servipag Ltda,	Joint venture	Collection and payment services	8,201	7,018	-
Sistema Nacional de Com, Financieras S.A. (Sinacofi)	Others	Financial information service	594	535	-
Telesat Compañía de Telefonos S.A.	Others	Rental of data links	36	36	-
Transbank S.A.	Others	Credit card management	52,965	12,271	40,695

Note: Only transactions over UF1,000 are disclose.

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

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

c) Other assets and liabilities with related parties

	As of December 31, 2018 MCh$	As of December 31, 2017 MCh$
ASSETS		
Derivative financial agreements	-	-
Other assets	-	-
LIABILITIES		
Derivative financial agreements	-	-
Demand deposits	70,818	72,590
Term deposits and saving accounts	202,336	101,273
Other liabilities	-	-

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

Type of income or (expense) recognized	Entity	2018 Income MCh$	2018 Expense MCh$	2017 Income MCh$	2017 Expense MCh$
Income and (expenses)	Sundry	14,436	(3,529)	11,658	(1,739)
Operational support income (expenses)	Companies supporting the line of business	111,043	(57,379)	98,062	(51,289)
Total		**125,479**	**(60,908)**	**109,720**	**(53,028)**

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

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

	For the years ended December 31, 2018 MCh$	2017 MCh$
Short-term remunerations of key management personnel (*)	15,994	15,406
Severance indemnities for termination of contract	163	-
Total	**16,157**	**15,406**

(*) For the year ended December 31, 2018, total expenses for the corresponding remuneration of the Board of Directors of the Bank and subsidiaries amounted to MCh$4,185 (MCh$4,108 for the year ended December 31, 2017).

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

f) Composition of key management personnel

As of December 31, 2018, the composition of the key management personnel of the Bank and its subsidiaries is as follows:

Position	N° of executives
Director	20
General manager	2
Division and Area Manager	27
Total	**49**

g) Transactions with key management personnel

For the years ended December 31, 2018 and 2017, the Bank has undertaken the following transactions with key management personnel, as specified below:

	For the years ended December 31,					
	2018			2017		
	Balance Owed	Total remuneration	Income of key executives	Balance owed	Total remuneration	Income of key executives
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Credit cards and other services	2,386	1,476,983	12	1,655	1,241,548	8
Mortgage loans	2,061	362,352	99	1,329	262,372	67
Guarantees provided	1,525	-	-	1,986	-	-
Total	**5,972**	**1,839,335**	**111**	**4,970**	**1,503,920**	**75**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

As of December 31, 2018, the Bank has the following contracts:

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

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

12	Combanc S.A.	Clearing and settlement of High Amount payments, SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer client funds	Settlement of High Amounts payments	Clearing and settlement of High Amount payments SWIFT Messaging (Order and / or receive balance information from Central Bank of Chile, for daily transfer client funds	Indefinite	Automatic renewal
13	Conexxion Spa	Postal mail service (normal and registered letter), Messaging (internal courier service and motorbikes)	Mail and Messaging	Postal mail service (normal and registered letter) messaging (internal courier service and motorbikes)	Indefinite	Annual auto renewal
14	Depósitos Central de Valores S.A.	Service Deposit and Securities Custody	Securities Custody	Service Deposit and Securities Custody	Indefinite	Automatic renewal
15	GTD Teleductos S.A.	Telephone Services & Data Communications, Rent of links, continuity links, Fixed and mobile, mainly in Metropolitana Region	Telephone Service	Telephone Services & Data Communications, Rent of links, continuity links, fixed and mobile, mainly in Metropolitana Region	Indefinite	Automatic renewal every two years.
16	Salcobrand S.A.	Lease of ATM's site (affordable)	Lease of ATM's site	Lease of ATM's site (affordable)	Indefinite	Annual auto renewal
17	Santo Producciones Ltda	Events Production	Events	Events Production	Indefinite	Automatic renewal
18	Servicios de Información avanzada S.A.	Bureau Service: financial and business people information	Financial and business Information	Bureau Service: financial and business people information	Indefinite	Annual auto renewal
19	Sistema Nacional de Compensación Financieras S.A. (Sinacofi)	Electronic Messaging Service: secure information exchange, Clearing Service: Corresponds to the electronic exchange,	Financial and business Information	Electronic Messaging Service: secure information exchange Clearing Service: Corresponds to the electronic exchange	Indefinite	Automatic renewal

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

20	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
21	Cia, Nacional de Telefonos Telefónica del Sur S.A.	Fixed telephony service continuity and Internet service Broadband	Telephone service	Fixed telephony service continuity and Internet service Broadband	Indefinite	Automatic renewal
22	Comunicaciones Capitulo Ltda	Private telephone service	Telephone service	Private telephone service	2 Years from July 2016	Automatic renewal
23	DCV Registros S.A.	Administration of shareholders register	Administration of shareholders register	Comprehensive and personalized attention of the shareholders of BCI and brokers	Indefinite	Automatic renewal
24	Digitech Solutions S.A.	Document digitalization	Document Scanning Service	Digitizing documents Back Office, Comex, document management Mortgage and Corporate Banking	Indefinite	Automatic renewal
25	EMC Chile S.A.	Government and Migration	Data	Government of Migration and Data Centre Moving	Indefinite	Automatic renewal
26	Galeria de Arte Patricia Ready Ltda	Exhibition Hall Art Gallery	Auspice	Ensure BCI brand presence in all invitations printed for each exhibition and in the invitation in digital format, Include the BCI logo in all catalogues	Indefinite	Automatic renewal
27	IBM Chile S.A.	Computer Equipment and Solutions	Technology support service	Computer Equipment and Solutions and support staff (specialists)	Indefinite	Automatic renewal
28	Irarrazabal Ruiz-Tagle Goldenberg Lagos & Silva Abogados Ltda	Intangible Services Lawyers Presidency	Advisory	Professional Advice in General to the Bank and Subsidiaries	Indefinite	Automatic renewal
29	Inmobiliaria Anya S.A.	Rent for BCI branch	Lease	Lo Echevers branch lease	8 years	Automatic renewal for the same period
30	Let's Talk Spa	Electronic messaging	Messaging services	Instant Messaging	3 months	Automatic renewal for the same period
31	Mario Gómez D,	Advisory and consultancy	Advisory	Development of Banking Plan, Integral Consulting to the Bank Management	Indefinite	Automatic renewal
32	Telesat Compañia de Telefonos S.A.	Lease of data links	Telephone service	Local Service Measured traffic	Indefinite	Automatic renewal
33	Tu Ves S.A.	Advertising Exhibition	Basic services	Rendering satellite TV services and lease of equipment	Definite	Stationary purchase
34	Mabel Ilabaca Albornoz	Advice and consultancy	Advice and consultancy	Advisory sevices to review the business continuity model	Definite	Annual Auto renewal
35	Openprevia	Event production	Event production	Open cinema event	Definite	Stationary purchase
36	Automotora Aventura Motors S.A.	Maintenance of vehicles	Maintenance of vehicles	Maintenance of vehicles	Definite	Stationary purchase

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES, CONTINUED

37	Casa de la Paz	Advice on issues of Social Responsibility and Environmental Strategy	Advice on issues of Social Responsibility and Environmental Strategy	Advice on issues of Social Responsibility and Environmental Strategy	Definite	Stationary purchase
38	Inversiones Tripan S.A.	Rent of warehouses	Rent of warehouses	Rent of warehouse located in Metropolis Building	Definite	Stationary purchase
39	Mas Consultores S.A.	Consulting for organizational development	Consulting for organizational development	Development of training programs for Bci leaders in the development of people management skills	Definite	until July 31, 2020
40	Viña Morandé S.A.	Wines for gifts to customers and consumption,	Wines for gifts to customers and consumption	Wines for gifts to customers and consumption	Indefinite	Automatic renewal
41	Corporación Cultural Arte +	Advertising space	Advertising space	Advertising in La Panera magazine	Definite	Stationary purchase
42	Vigamil S.A.C,I,	Making envelopes	Making envelopes	Making envelopes service	Definite	Stationary purchase
43	Cia, de Teléfonos de Coyhaique S.A.	Fixed telephony - continuity	Fixed telephony – continuity	Telephone line services	Indefinite	Automatic renewal
44	Manquehue Net S.A.	Fixed telephony - continuity	Fixed telephony – continuity	ADSL services and analog lines, frames	Indefinite	Automatic renewal
45	Accenture Chile Asesoría y Servicios Ltda,	Consulting, development and operation of Software for the Transformation towards digital operative models	Software development	Consulting, development and operation of software for the transformation towards digital operative models	Indefinite	It can be finish at any time
46	Everis Chile S.A.	Software factory for digital transformation for program channels,	Software development	Software factory for digital transformation for program channels	Defined for 3 years	Annual auto renewal
47	Bolsa Electrónica de Chile Bolsa de Valores	Software maintenance	Basic software	Maintenance of financial information software	Undefined	Automatic renewal
48	Reparaciones Express Ltda,	Maintenance of vehicles,	Maintenance of vehicles,	Maintenance of vehicles	Undefined	Automatic renewal
49	Comercializadora AO Ltda,	Furniture,	Furniture	Furniture	Seasonal purchase	Stationary purchase
50	Asesorías, Servicios e inversiones Alamabrands S.A.	Advice and consultancy	Advice and consultancy	Advice and consultancy	Undefined	Automatic renewal
51	Alta Voz S.A.	Marketing	Digital marketing	Digital marketing strategy	Seasonal purchase	Stationary purchase
52	Fernando Vallejos V,	Consulting companies, management, finance, accounting and tax	Advisory	Advisory	Defined	Defined
53	Inmobiliaria JY S,P,A,	Real estate projects	Real estate projects	Real estate projects	Undefined	Automatic renewal
54	EY Consulting Limitada	Consulting	Consulting	Purchase integration process	Undefined	Automatic renewal

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE

The following table summarizes the carrying amounts and fair values of the principal financial assets and liabilities in the Bank´s consolidated financial statements:

	As of December 31, 2018		As of December 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	MCh$	MCh$	MCh$	MCh$
Assets				
Cash and deposits in banks	2,058,757	2,058,757	1,495,732	1,495,732
Items in course of collection	335,820	335,820	259,977	259,977
Trading portfolio financial assets	2,038,376	2,038,376	2,197,716	2,197,716
Investments under agreements to resell	73,859	73,859	252,599	252,599
Derivative financial agreements	1,714,274	1,714,274	1,365,738	1,365,738
Loans and receivables to banks, net	332,912	332,912	179,065	179,065
Loans and receivables to customers, net	29,543,095	31,419,537	24,130,419	25,174,011
Commercial loans	18,764,100	18,230,305	15,553,230	14,702,780
Mortgage loans	7,342,334	8,690,286	5,824,197	6,967,332
Consumer loans	3,436,661	4,498,946	2,752,992	3,503,899
Financial investments available for sale	3,229,455	3,229,455	2,531,682	2,531,682
Financial investments held to maturity	2,780	2,780	800	800
TOTAL ASSETS	**39,329,328**	**41,205,770**	**32,413,728**	**33,457,320**
Liabilities				
Current accounts and demand deposits	12,222,539	12,222,539	9,534,124	9,534,124
Items in course of collection	213,558	213,558	109,341	109,341
Liabilities under agreements to repurchase	546,109	546,109	869,438	869,438
Term deposits and savings accounts	12,328,776	12,357,035	10,692,346	10,749,605
Derivative financial agreements	1,803,716	1,803,716	1,479,602	1,479,602
Borrowings from financial institutions	2,758,149	2,758,149	1,754,356	1,754,356
Debt issued	5,977,948	6,701,389	5,020,307	5,656,595
Other financial liabilities	754,937	754,937	679,379	679,379
TOTAL LIABILITIES	**36,605,732**	**37,357,432**	**30,138,893**	**30,832,440**

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

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

Loans and receivable to customers

Loans and receivables to customers are presented net of their allowance for loan losses and impairment. The estimated fair value represents the discounted future cash flows expected to be received. Cash flows are discounted at market interest rate, using an interbank rate that considers the relevant term and currency.

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

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

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

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

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

Deposits and other borrowings

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

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

Borrowings from financial institutions

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

Issued debt instruments

The aggregated fair value of the bonds has been calculated based on the effective market rates at the closing of each period.

Fixed Income Securities and Derivatives

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

Other balance sheet accounts

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

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

b) Financial instruments measured at fair value

Please refer to Note 1,k for further details on the criteria used to determine the fair value.

c) Hierarchy used for determining the fair value

The regulation distinguishes among different types of inputs used for the valuation techniques, differentiating between ‘‘observable’’ or ‘‘unobservable’’ inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the assumptions of the Bank and subsidiaries in relation to market behaviour. The following hierarchy has been established based on these types of inputs:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes the debt instruments (whether fixed or variable income), equity instruments, and financial derivative instruments traded on domestic or international stock markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities or similar assets and liabilities , either directly (i,e, as prices) or indirectly (i,e, derived from prices). Prices may require interpolation within a price structure (e,g,, derivative instruments belong to this level) and same occurs with bonds assessed using a valuation technique like interpolation or matrix pricing, based on observable inputs.

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

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

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

Financial assets and liabilities classified by valuation levels

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

	Level 1		Level 2		Level 3		Total	
	December 31, 2018 MCh$	December 31, 2017 MCh$	December 31, 2018 MCh$	December 31, 2017 MCh$	December 31, 2018 MCh$	December 31, 2017 MCh$	December 31, 2018 MCh$	December 31, 2017 MCh$
Financial Assets								
Trading portfolio financial assets								
State and Central Bank of Chile	1,319,433	1,581,308	-	-	-	-	1,319,433	1,581,308
Other domestic institutions	673,982	455,575	-	-	-	-	673,982	455,575
Foreign institutions	2,165	95,661	-	-	-	-	2,165	95,661
Investments in mutual funds	42,796	65,172	-	-	-	-	42,796	65,172
Subtotal	**2,038,376**	**2,197,716**	**-**	**-**	**-**	**-**	**2,038,376**	**2,197,716**
Trading derivative contracts								
Forwards	-	-	318,349	227,110	-	-	318,349	227,110
Swaps	-	-	1,017,907	884,944	13,160	19,553	1,031,067	904,497
Call option	-	-	9,653	1,915	-	-	9,653	1,915
Put options	-	-	153	7,514	-	-	153	7,514
Futures	-	-	10	-	-	-	10	-
Subtotal	**-**	**-**	**1,346,072**	**1,121,483**	**13,160**	**19,553**	**1,359,232**	**1,141,036**
Hedging derivatives								
Forwards	-		12,314	6,711	-	-	12,314	6,711
Fair value hedges (Swap)	-	-	143,331	64,867	-	-	143,331	64,867
Cash flow hedges (Swap)	-	-	218,331	173,354	-	-	218,331	173,354
Subtotal	**-**	**-**	**373,976**	**244,932**	**-**	**-**	**373,976**	**244,932**
Financial investment available for sale		-			-			
State and Central Bank of Chile	725,603	780,260	-	-	-	-	725,603	780,260
Other domestic institutions	125,629	143,826	-	-	-	-	125,629	143,826
Foreign institutions	2,378,223	1,607,596	-	-	-	-	2,378,223	1,607,596
Subtotal	**3,229,455**	**2,531,682**	**-**	**-**	**-**	**-**	**3,229,455**	**2,531,682**
Total financial assets	**5,267,831**	**4,729,398**	**1,720,048**	**1,366,415**	**13,160**	**19,553**	**7,001,039**	**6,115,366**

	Level 1		Level 2		Level 3		Total	
	December 31, 2018 MCh$	December 31, 2017 MCh$	December 31, 2018 MCh$	December 31, 2017 MCh$	December 31, 2018 MCh$	December 31, 2017 MCh$	December 31, 2018 MCh$	December 31, 2017 MCh$
Financial Liabilities								
Trading derivative contracts								
Forwards	-	-	273,357	205,843	-	-	273,357	205,843
Swaps	-	-	1,126,818	924,659	-	-	1,126,818	924,659
Call options	-	-	5,410	1,074	-	-	5,410	1,074
Put options	-	-	1,779	13,226	-	-	1,779	13,226
Futures	-	-	162	23	-	-	162	23
Subtotal	**-**	**-**	**1,407,526**	**1,144,825**	**-**	**-**	**1,407,526**	**1,144,825**
Hedging derivatives								
Forwards	-	-	5,611	4,757	-	-	5,611	4,757
Fair value hedges (Swap)	-	-	54,382	53,484	-	-	54,382	53,484
Cash flow hedges (Swap)	-	-	336,197	276,536	-	-	336,197	276,536
Subtotal	**-**	**-**	**396,190**	**334,777**	**-**	**-**	**396,190**	**334,777**
Total financial liabilities	**-**	**-**	**1,803,716**	**1,479,602**	**-**	**-**	**1,803,716**	**1,479,602**

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE, CONTINUED

The above values do not include adjustments for CVA and Bid Offer, which amount to MCh$18,934 as of December 31, 2018 (MCh$20,230 as of December 31, 2017).

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 2018.

Level 3 valuation reconciliation

As of December 31, 2018, the consolidated statements of financial position has assets classified as Level 3 which relate to Swap TAB contracts for which there are no market observable inputs.

d) Valuation of La Polar Bonds

As of December 31, 2018, the Bank has applied valuation techniques to determine the fair value of the financial instruments “BLAPO-F” and “BLAPO-G”, This enhancement builds on the Internal Rate of Return (IRR) of the last transaction of the existing market between the closing date of the consolidated financial statements and the date of redemption of the financial instrument.

NOTE 36 - RISK MANAGEMENT

1. Introduction

The Bank business activities involve identifying, evaluating, accepting and managing different kinds of risk or combinations of such. The main categories of risk to which the corporation is exposed are credit, liquidity, market, operations, and legal and reputation risks.

The Bank policies are designed to identify and analyse these risks, to establish adequate limits and controls, and to monitor the risks and compliance of established limits through the use of reliable and updated information systems. The Bank periodically reviews its risk management policies and systems to incorporate changes in the markets, regulations, products and new best practices.

In relation to financial risks, the organizational structure is designed to manage these risks efficiently, transparently and timely. It is formed by strategic units composed by the Board of Directors, the Executive Committee, the Finances and Risk Committee, and the Asset and Liabilities Committee (“ALCO”). These are divided into operative units such as the Corporate Risk Management, Trading and Institutional, and Distribution and Corporate areas, parts of the Investment and Finance Banking division. The flow of this information is processed and analysed by various support units such as Accounting, Middle and Back Office, Management and Process Control and Computers and Systems.

NOTE 36 - RISK MANAGEMENT, CONTINUED

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

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

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

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

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

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

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

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

NOTE 36 - RISK MANAGEMENT, CONTINUED

2. Liquidity and financing

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

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

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

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

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

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

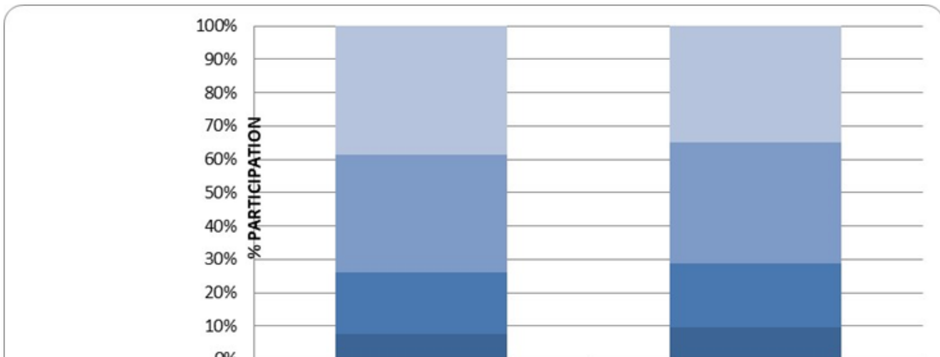
At the regulatory level, liquidity is measured and reported to the SBIF through standardized reports. According to bank regulations, the Bank has been authorized to use an adjusted liquidity model, generating procedures and models that allow an evaluation of future income and liabilities that affect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

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

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

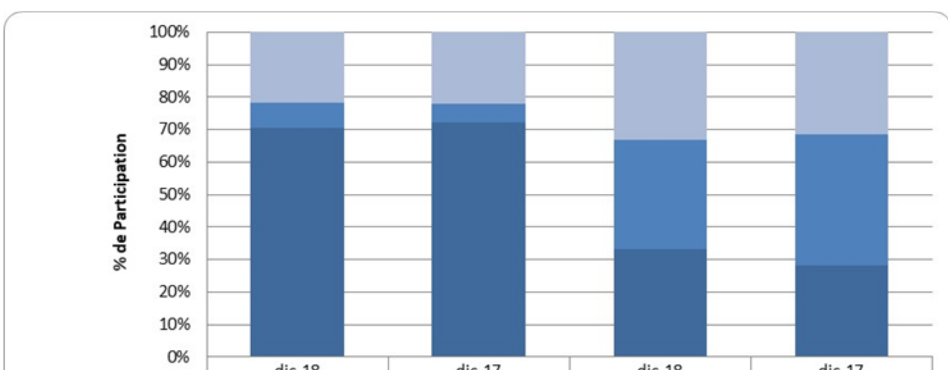
NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 1, Evolution of principal funding sources
As of December 31, 2018 and 2017,
Banco de Crédito e Inversiones and City National Bank (CNB)



	31-12-2018	31-12-2017
VIEWING DEPOSITS	38%	35%
DEPOSIT AND CAPTURES	35%	36%
EMISS IONS OF BONDS	18%	19%
OTHER LIABILITIES	8%	10%

Fig, 2, Diversification of liquidity sources by segment,
As of December 31, 2018 and 2017 (%),
Banco de Crédito e Inversiones and City National Bank of Florida (CNB)



	VIEWING DEPOSITS		DEPOSIT AND CAPTURES	
	dic-18	dic-17	dic-18	dic-17
OTHER WHOLESALE	22%	22%	33%	31%
FINANCIAL	8%	6%	34%	40%
RETAIL	70%	72%	33%	28%

NOTE 36 - RISK MANAGEMENT, CONTINUED

a. Year 2018 Variations (domestic consolidation)

The rates of short-term mismatch remained bounded, keeping a certain amount of slack with respect to regulatory limits given the capital base measured at 30 days and two times capital (for measurement at 90 days).

Fig, 3, Liquidity Ratios
As of December 31, 2018 and 2017 (maximum = 1)

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

	December 31, 2018				December 31, 2017			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	34.71%	73.55%	2.54%	18.47%	47.25%	76.88%	4.05%	50.81%
Mismatch 90 days (*)	44.65%	72.77%	25.82%	29.05%	48.68%	66.46%	29.43%	66.46%

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

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

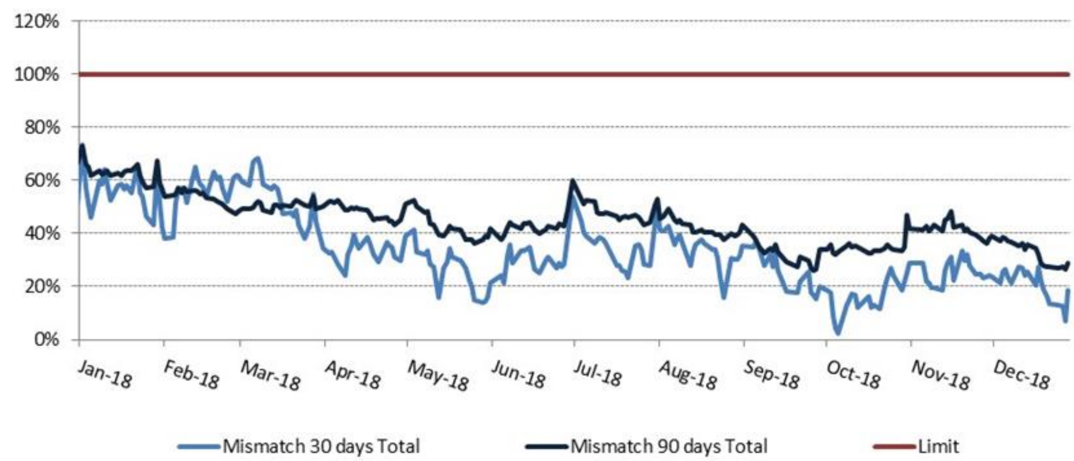
	December 31, 2018				December 31, 2017			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	21.93%	55.40%	(8.46)%	20.12%	29.17%	58.00%	(6.30%)	38.77%

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

	December 31, 2018				December 31, 2017			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
Mismatch 30 days	12.77%	37.25%	(7.21)%	(1.65)%	18.08%	30.11%	(0.64%)	12.04%

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 4, Liquidity Evolution (domestic consolidation) during 2018 (maximum = 1)
Liquidity 30 days = Mismatch/Basic Capital
Liquidity 90 days = Mismatch /2x Basic Capital



3. Market Risk

Market risk is the risk inherent in the price variations of financial assets.

Variations in interest rates, the exchange rate, commodities and shares prices, credit spreads, volatility, etc, constitute a risk known as market risk. This is expressed in the possibility of incurring losses that will be translated to the statements of income or the balance sheet depending on the type of financial instrument and its respective accounting treatment.

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

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

NOTE 36 - RISK MANAGEMENT, CONTINUED

a, Top holdings

The principal positions of the consolidated statements of financial position as of December 31, 2018 are listed by maturity band or repricing and their comparison to the year 2017.
It is important to highlight the addition of TotalBank's cash flows to the balance resulting from the merger carried out in June 2018.

Fig, 5, Carrying amount to maturity range or re-pricing by currency
Positions as of December 31, 2018 (MCh$)

2018:

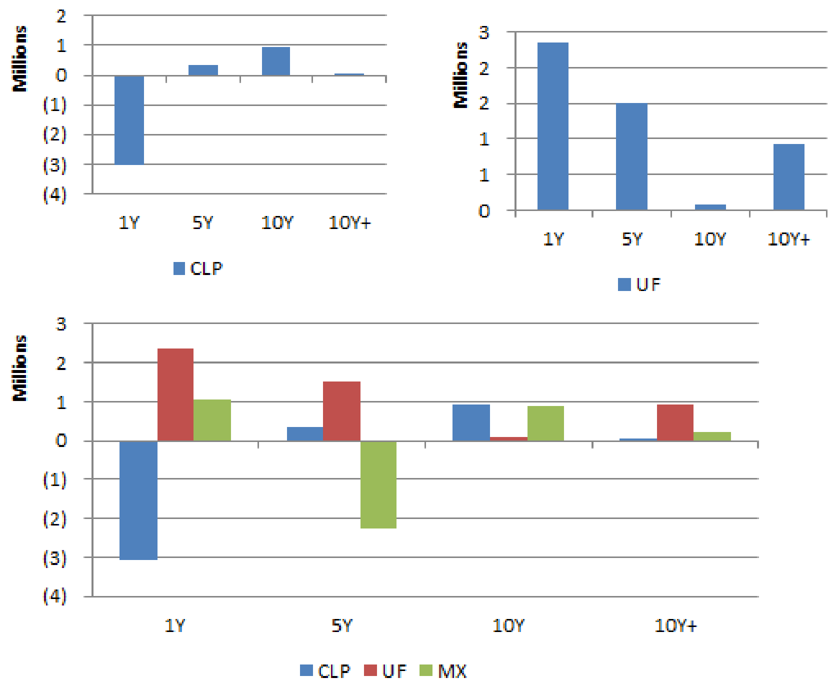
ASSETS	1Y	5Y	10Y	10Y+	Total
Ch$	9,951,915	4,686,916	1,040,691	131,631	15,811,153
UF	3,769,049	5,148,926	3,262,231	2,552,768	14,732,974
MX	8,728,031	4,548,603	2,241,507	403,383	15,921,524
TOTAL	**22,448,995**	**14,384,445**	**6,544,429**	**3,087,782**	**46,465,651**

LIABILITIES	1Y	5Y	10Y	10Y+	Total
Ch$	13,137,816	3,848,207	1	-	16,986,024
UF	1,631,647	3,816,016	3,128,685	1,590,408	10,166,756
MX	6,187,219	8,184,453	830,569	116,046	15,318,287
TOTAL	**20,956,682**	**15,848,676**	**3,959,255**	**1,706,454**	**42,471,067**

MISMATCH	1Y	5Y	10Y	10Y+	Total
Ch$	(3,185,901)	838,709	1,040,690	131,631	(1,174,871)
UF	2,137,402	1,332,910	133,546	962,360	4,566,218
MX	2,540,812	(3,635,850)	1,410,938	287,337	603,237
TOTAL	**1,492,313**	**(1,464,231)**	**2,585,174**	**1,381,328**	**3,994,584**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 6, Carrying amount to maturity range or re-pricing by currency positions
As of December 31, 2018 (MCh$)



Fig, 7, Carrying amount to maturity range or re-pricing by currency positions
As of December 31, 2017 (MCh$)

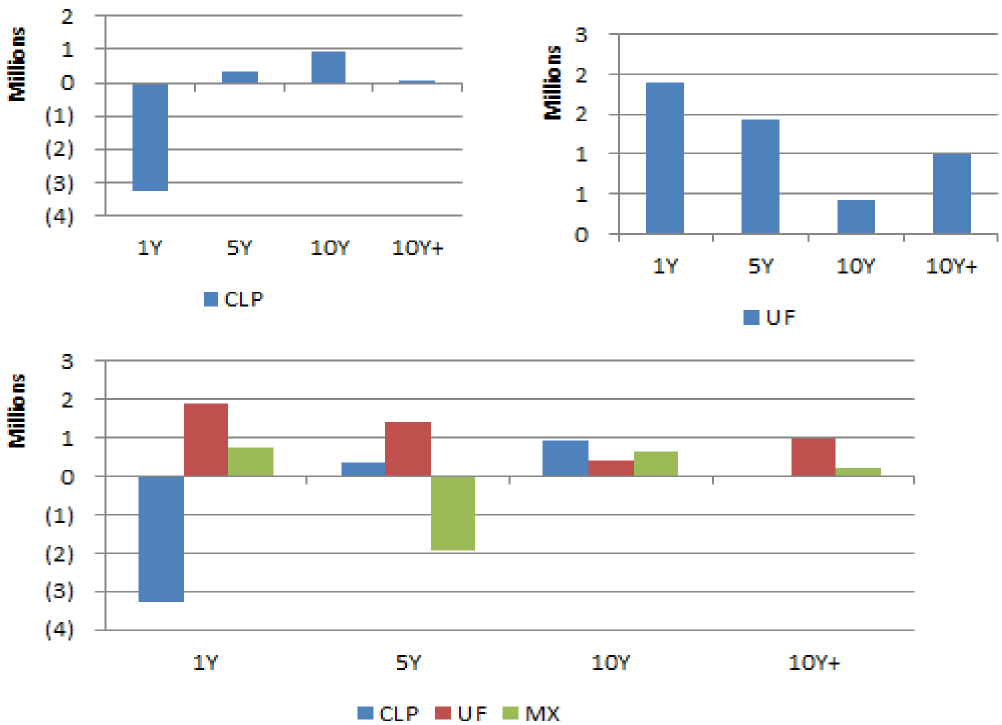
ASSETS	1Y	5Y	10Y	10Y+	Total
Ch$	8,035,664	4,035,943	1,000,207	23,376	13,095,190
UF	3,605,456	4,804,022	2,954,221	2,277,548	13,641,247
MX	5,969,915	2,755,257	1,537,329	251,408	10,513,909
TOTAL	**17,611,035**	**11,595,222**	**5,491,757**	**2,552,332**	**37,250,346**

LIABILITIES	1Y	5Y	10Y	10Y+	Total
Ch$	11,289,824	3,696,484	51,000	-	15,037,308
UF	1,698,478	3,372,526	2,530,101	1,274,310	8,875,415
MX	5,244,404	4,709,347	901,542	39,263	10,894,556
TOTAL	**18,232,706**	**11,778,357**	**3,482,643**	**1,313,573**	**34,807,279**

MISMATCH	1Y	5Y	10Y	10Y+	Total
Ch$	(3,254,160)	339,459	949,207	23,376	(1,942,118)
UF	1,906,978	1,431,496	424,120	1,003,238	4,765,832
MX	725,511	(1,954,090)	635,787	212,145	(380,647)
TOTAL	**(621,671)**	**(183,135)**	**2,009,114**	**1,238,759**	**2,443,067**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 8, Carrying amount to maturity range or re-pricing by currency positions
As of December 31, 2017 (MCh$)



NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 9, Carrying amount to maturity range or re-pricing by Account positions
As of December 31, 2018 (MCh$)

ASSETS	1Y	5Y	10Y	10Y+	TOTAL
Central Bank of Chile	26,335	16,969	-	-	43,304
Domestic banks and financial institutions	462,996	991,149	609,085	99,726	2,162,956
Investments under agreements to resell	5,289	-	-	-	5,289
Commercial loans	9,545,462	4,455,032	1,782,172	893,273	16,675,939
Consumer loans	1,200,567	1,771,043	121,692	61,917	3,155,219
Negotiable residential mortgage loans	907,223	2,793,636	1,862,747	1,736,938	7,300,544
Residential mortgage loans with funding notes	10,888	10,766	742	-	22,396
Cash	1,654,025	-	-	-	1,654,025
Forwards	198,062	472,033	-	-	670,095
Chilean State	60,720	447,788	333,681	2,301	844,490
Consumer leasing	18	-	-	-	18
Commercial leasing operation	470,857	616,451	175,436	31,728	1,294,472
Other domestic entities	-	-	-	-	-
Other foreign entities	35,402	197,671	36,165	1,607	270,845
Other assets	2,759,572	246,516	40,973	260	3,047,321
Other residential mortgage loans	662,633	709,285	228,919	144,634	1,745,471
Others	-	-	-	-	-
Swaps	4,448,946	1,656,106	1,352,817	115,398	7,573,267
Total Assets	**22,448,995**	**14,384,445**	**6,544,429**	**3,087,782**	**46,465,651**

LIABILITIES	1Y	5Y	10Y	10Y+	TOTAL
Ordinary bonds	792,490	2,408,739	2,169,715	457,023	5,827,967
Subordinated bonds	44,032	182,356	209,402	1,096,778	1,532,568
Deferred-drawing savings accounts	38,787	-	-	-	38,787
Unconditional-drawing savings accounts	116,071	-	-	-	116,071
Demand deposits (*)	2,634,247	9,573,656	-	-	12,207,903
Term deposits	11,220,898	278,098	26	151	11,499,173
Forwards	192,961	454,836	-	-	647,797
Letters of credit	3,665	10,064	863	-	14,592
Other liabilities	1,009,584	154,397	-	-	1,163,981
Others, except options	-	-	-	-	-
Foreign loans and other obligations	1,368,591	549,145	-	-	1,917,736
Domestic loans and other obligations	28,676	12,567	481	-	41,724
Swaps	3,382,865	2,224,818	1,578,768	152,502	7,338,953
Liabilities under agreements to repurchase	123,815	-	-	-	123,815
Total Liabilities	**20,956,682**	**15,848,676**	**3,959,255**	**1,706,454**	**42,471,067**

(*) Determined in accordance with internal models.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 10, Carrying amount to maturity or re-pricing by account positions
As of December 31, 2017 (MCh$)

ASSETS	1Y	5Y	10Y	10Y+	TOTAL
Central Bank of Chile	89,474	26,314	-	-	115,788
Domestic banks and financial institutions	304,263	704,672	348,896	100,122	1,457,953
Investments under agreements to resell	99,569	-	-	-	99,569
Commercial loans	7,662,988	3,259,542	1,393,281	672,605	12,988,416
Consumer loans	1,150,343	1,656,212	114,128	65,870	2,986,553
Negotiable residential mortgage loans	842,280	2,495,965	1,685,758	1,558,796	6,582,799
Residential mortgage loans with funding notes	15,056	14,399	1,796	-	31,251
Cash	1,366,803	-	-	-	1,366,803
Forwards	109,320	-	-	-	109,320
Chilean State	35,268	510,650	295,402	1,402	842,722
Consumer leasing	23	-	-	-	23
Commercial leasing operation	424,675	572,559	181,694	31,455	1,210,383
Other domestic entities	-	-	-	-	-
Other foreign entities	23,010	112,692	47,115	1,763	184,580
Other assets	1,850,876	82,947	38,091	387	1,972,301
Other residential mortgage loans	365,435	348,237	117,540	80,681	911,893
Others	-	-	-	-	-
Swaps	3,271,652	1,811,033	1,268,056	39,251	6,389,992
Total Assets	**17,611,035**	**11,595,222**	**5,491,757**	**2,552,332**	**37,250,346**

LIABILITIES	1Y	5Y	10Y	10Y+	TOTAL
Ordinary bonds	507,938	1,978,261	1,969,477	210,101	4,665,777
Subordinated bonds	46,857	171,845	214,572	1,103,472	1,536,746
Deferred-drawing savings accounts	39,772	-	-	-	39,772
Unconditional-drawing savings accounts	82,134	-	-	-	82,134
Demand deposits (*)	2,461,735	6,963,908	-	-	9,425,643
Term deposits	9,787,715	260,493	14	-	10,048,222
Forwards	107,186	-	-	-	107,186
Letters of credit	4,842	12,973	2,325	-	20,140
Other liabilities	680,963	3,231	-	-	684,194
Others, except options	-	-	-	-	-
Foreign loans and other obligations	1,308,777	150,106	-	-	1,458,883
Domestic loans and other obligations	329,161	12,247	1,305	-	342,713
Swaps	2,740,297	2,225,293	1,294,950	-	6,260,540
Liabilities under agreements to repurchase	135,329	-	-	-	135,329
Total Liabilities	**18,232,706**	**11,778,357**	**3,482,643**	**1,313,572**	**34,807,279**

(*) Determined in accordance with internal models.

NOTE 36 - RISK MANAGEMENT, CONTINUED

The principal positions of financial investments available for sale by type of issuer and currency and risk classification as of December 31, 2018 and 2017 are stated below.

Fig, 11,a Fair Value of Financial Investments Available for Sale
As of December 31, 2018 (MCh$)

Banco de Credito e Inversiones and City National Bank of Florida (CNB)

	Ch$	**UF**	**USD**	**EUR**	**OTHERS**
Sovereign bonds	194,382	252,117	81,292	-	-
Corporate bonds	8,857	2,317	214,310	116,905	-
Financial institutions bonds	9,243	207	1,856,258	-	-
Mortgage-funding notes	-	44,268	-	-	-
Term deposits	59,241	-	-	-	-
Investment funds (*)	-	-	21,687	-	-
Shares (*)	-	-	56,417	-	-
Total	**271,723**	**298,909**	**2,229,964**	**116,905**	**-**

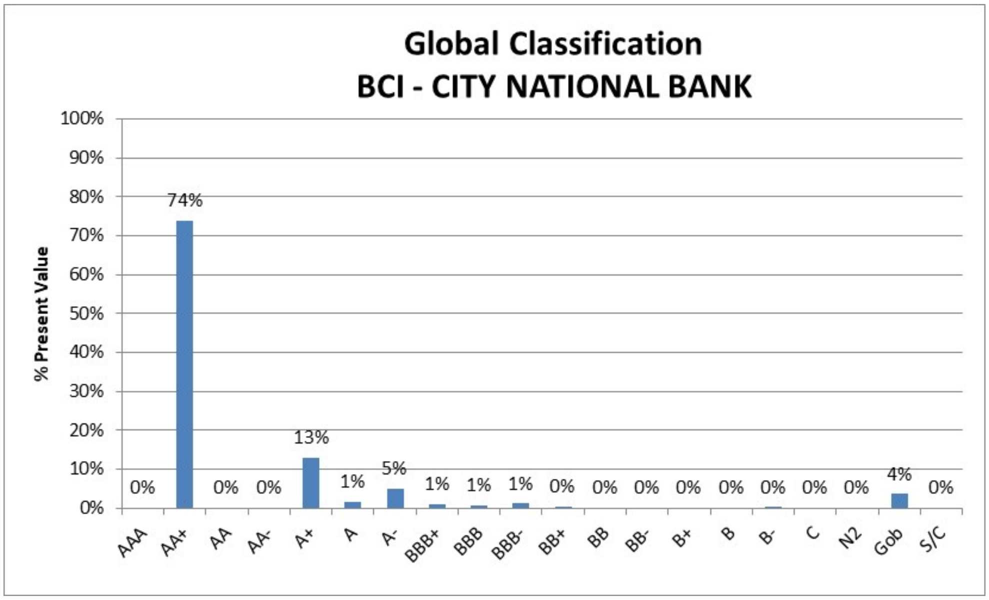
Fig, 11,b Fair Value of Financial Investments Available for Sale
As of December 31, 2017 (MCh$)
Banco de Credito e Inversiones and City National Bank of Florida (CNB)

	Ch$	**UF**	**USD**	**EUR**	**OTHERS**
Sovereign bonds	304,846	214,409	203,488	108,821	-
Corporate bonds	15,911	6,942	45,405	-	-
Financial institutions bonds	39,668	418	1,190,317	-	-
Mortgage-funding notes	-	52,982	-	-	-
Term deposits	27,652	-	-	-	-
Investment funds (*)	-	-	16,576	-	-
Shares (*)	-	-	47,949	-	-
Total	**388,077**	**274,751**	**1,503,735**	**108,821**	**-**

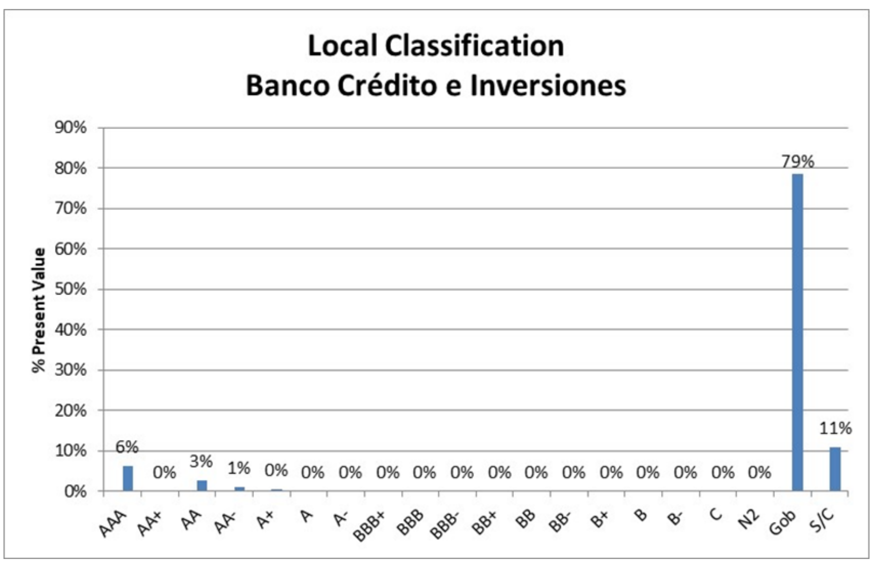
(*) Investment funds and shares correspond to the CNB's available for sale portfolio.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 12, Financial Investments Available for Sale
Internationally-Issued Bond Portfolio Credit Rating as of December 31, 2018 (%)
Banco de Crédito de Inversiones and City National Bank of Florida (CNB)



Fig, 13, Financial Investments Available for Sale
Portfolio Risk Classification Bonds and LCH National Emission as of December 31, 2018 *(%)*
Banco de Crédito de Inversiones y City National Bank (CNB)



NOTE 36 - RISK MANAGEMENT, CONTINUED

b. Sensitivity analysis

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

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

The Bank also performs measurements for sub-portfolios and different risk factors.

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

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

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

In the scenario of 100 basis points increase, holding constant other variables, the effects compared at the end of the years ended December 31, 2018 and 2017, respectively, for the Bank are the following:

- In the short-term, exposure to interest rates as of December 31, 2018 and 2017, amounted to MCh$43,281 and MCh$31,904 respectively, equivalent to expect an adverse effect on the financial margin over a 12 months horizon.

- The sensitivity rate risk applied to all items in the banking book and all deadlines, measured by MVS, as of December 2018 and 2017, are MCh$191,321 and MCh$182,216 respectively. The risk maintained its upward trend as in previous periods.

c. Value at Risk

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

NOTE 36 - RISK MANAGEMENT, CONTINUED

The VaR methodology used is a historic simulation that records the *fat-tails* property of the financial income; it uses a window of 4 years of daily data, and it is measured at the first percentile of the P&L distribution or VaR at 99% of confidence, which is the same. The *volatility updating* technique is used, which records the existence of volatility *clusters*.

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

The value-at-risk model is validated by *back-testing* the daily results, both observed and theoretical, Statistically, excess losses of VaR are expected to be observed on average 1% daily. As of December 31, 2018, *back-test* places the model in the green area of Basel with 5 fails in the last 250 business days.

Objectives and limitations of the VaR methodology

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

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

- **Stress Testing VaR**

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

I. Historic simulation scenarios that incorporate fluctuations observed during historic extreme events.
II. Monte-Carlo simulation scenarios, which generate multiplicity of possible scenarios from the historic data.
III. Scenarios of sensitivity that consider movements in risk factors that are not captured by the recent history.

- **VaR limits**

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

NOTE 36 - RISK MANAGEMENT, CONTINUED

d. Position Limit

In addition to the limits of risk models predictive character as VaR and sensitivity analysis, there are accounting limits by maximum positions.

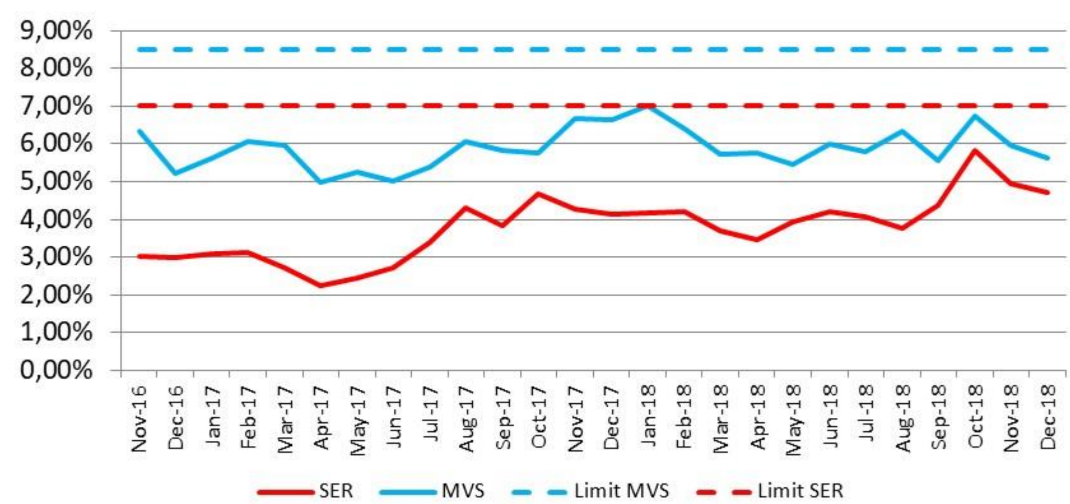
e. Variations

- Sensitivity analysis of the banking book.

Asset and liability management team constantly monitors the use of hedge accounting and the potential advantages of bond, issuances, helping to keep the risk of interest rate limited in the banking book.

Long-term risk MVS averaged during 2018 6.03% (5.77% during 2017) over the capital limit of 8.5%, Aditionally the short term risk (SeR), presented a mean of 4.28% during 2018 versus a mean of 3.41% for December 2017.

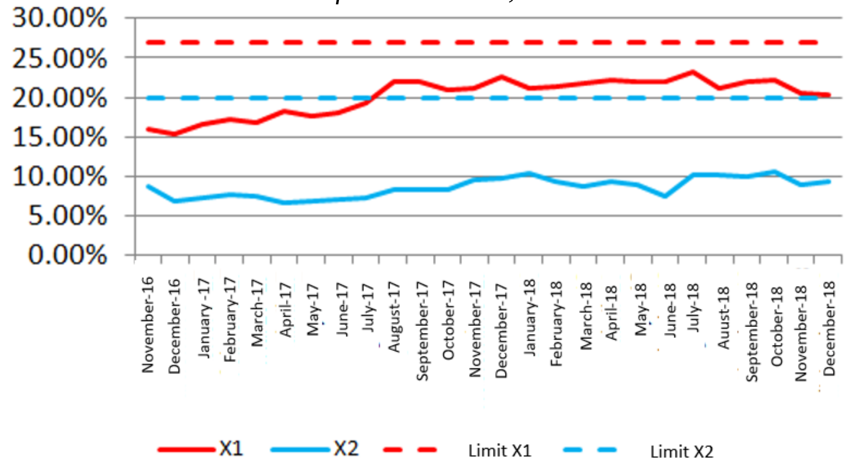
Fig, 14,MVS – SER
As of December 31, 2018



The evolution of regulatory ratios X1 (short term exposure to market risk) and X2 (long term exposure to market risk) were below the limits in 2018, mainly due to the management of the balance sheet through hedge accounting.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 15, Regulatory Market Risk X1 - X2
Banco de Credito e Inversiones and City National Bank of Florida (CNB)
As of December 31, 2018

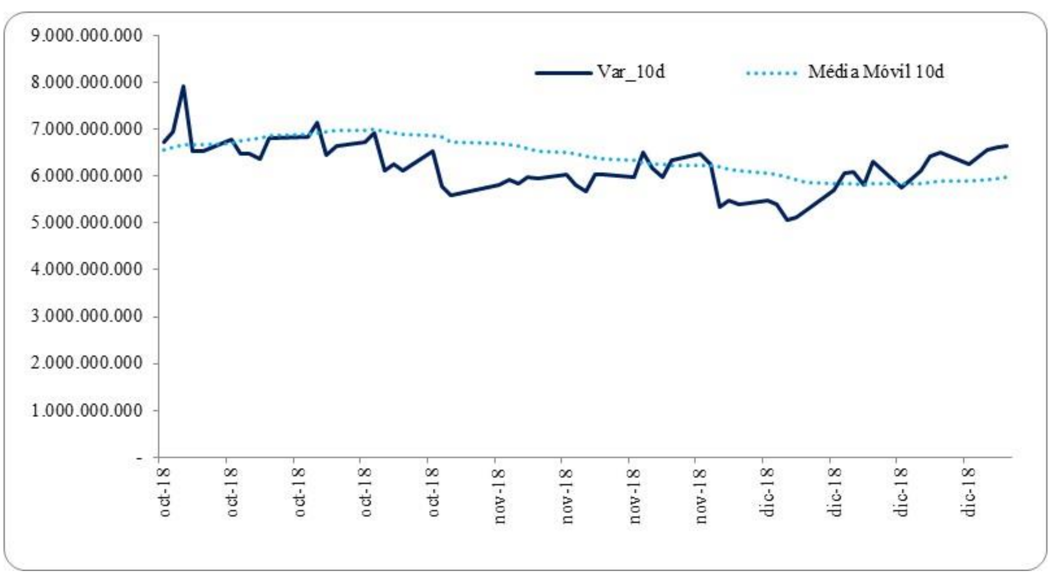


X1: Limit on financial margin
X2: Limit on effective equity

Value at risk

The evolution of the 10-day VaR for the last quarter; data as of December 31, 2018.

Fig, 16, Consolidated Value at Risk
As of December 31, 2018 (MCh$)



NOTE 36 - RISK MANAGEMENT, CONTINUED

During 2018, the average consolidated total risk MCh$5,549 measured over the regulatory horizon of 10 days experienced a decrease of 11% over the December 31, 2017 average.

On a consolidated basis, the risk of interest rate averages MCh$4,283 while the foreign currency risk averages MCh$2,480 , In trading the aggregate average was MCh$3,538, MCh$3,056 for interest rate risk and MCh$671 for foreign currency risk, Finally, for non-trading portfolios (investments available for sale) the total VaR averaged MCh$1,207, MCh$372 for interest rate risk and MCh$1,154 for foreign currency risk.

Fig, 17, Value at risk by portfolio and type of risk
As of December 31, 2018 (MCh$)

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

	Twelve months until December 31, 2018			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	2,480	9,033	980	3,435
Interest rate risk	4,283	6,510	3,129	5,138
Diversification (*)	1,214	2,499	598	1,963
VaR Total	5,549	13,044	3,511	6,610

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

	Twelve months until December 31, 2018			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	671	2,754	6	1,929
Interest rate risk	3,478	5,933	2,276	4,298
Diversification	612	3,409	-	1,243
VaR Total	3,537	5,278	2,282	4,984

c) VaR non-trading portfolio by type of risk (MCh$)

	Twelve months until December 31, 2018			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	1,154	8,190	493	1,042
Interest rate risk	372	621	75	492
Diversification	319	650	12	471
VaR Total	1,207	8,161	580	1,063

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

NOTE 36 - RISK MANAGEMENT, CONTINUED

Fig, 18, Value at Risk by portfolio and type of risk
As of December 31, 2017 (MCh$)

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

	Twelve months ended December 31, 2017			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	2,115	6,467	442	2,455
Interest rate risk	4,962	7,310	3,924	4,066
Diversification (*)	1,452	4,318	42	1,115
VaR Total	5,625	9,459	4,324	5,406

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

	Twelve months ended December 31, 2017			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	650	3,593	18	690
Interest rate risk	3,591	4,846	2,575	3,073
Diversification (*)	588	2,971	35	500
VaR Total	3,653	5,468	2,628	3,263

c) VaR non-trading portfolio by type of risk (MCh$)

	Twelve months ended December 31, 2017			
	Average	**Maximum**	**Minimum**	**Close**
FX Risk	905	2,573	92	1,425
Interest rate risk	829	1,944	338	445
Diversification	540	1,872	78	376
VaR Total	1,194	2,645	508	1,494

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

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

NOTE 36 - RISK MANAGEMENT, CONTINUED

Sensitivity of interest rate

The following table shows the sensitivity of the fair values of assets to a 100 basis point change in the interest rate:

	Recognition in statements of income		Recognition in statements of other comprehensive income	
	Favourable change	Not favourable change	Favourable change	Not favourable change
As of December 31, 2018	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Securities backed by assets held for trading	(183)	183	-	-
Other non-derivative assets held for trading	(50)	50	-	-
Securities backed by available for sales assets	-	-	(89)	89
As of December 31, 2017				
Securities backed by assets held for trading	(58)	58	-	-
Other non-derivative assets held for trading	(26)	26	-	-
Securities backed by available for sales assets	-	-	(80)	80

Currency Risk

The currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in exchange rates, The Bank is exposed to the effects of fluctuations in prevailing exchange rates regarding its financial position and cash flows.

NOTE 36 - RISK MANAGEMENT, CONTINUED

The Bank's exposure to the risk of exchange rates of foreign currencies is presented in the table below:

As of December 31, 2018 (MCh$)

Assets	**USD**	**EUR**	**Others**
Cash	509,258	44,242	11,419
Commercial loans	1,956,901	40,488	8,138
Investments under agreement to resell	-	-	-
Commercial leasing operations	75,877	-	-
Mortgage loans LC	-	-	-
Mortgage loans MHE	-	-	-
Other mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	22,456	-	-
Consumer leasing	-	-	-
Commercial loans LCS	-	-	-
Consumer loans LCS	-	-	-
Central Bank of Chile	-	-	-
State of Chile	156,324	120,780	-
Domestic banks and financial institutions	1,507	-	-
Other domestic entities	243	1,955	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	31,603	-	4,017
Forward	7,682,304	139,623	63,237
Futures	3,911	-	-
Swaps	13,244,469	183,967	609,014
Other, excluding options	-	-	-
Other assets	1,458,198	21,187	1,953
Delta options	163,866	-	-
Total Assets	**25,306,917**	**552,242**	**697,778**

Liabilities	**USD**	**EUR**	**Others**
Demand deposits	591,811	36,996	393
Term deposits	926,126	4,810	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	-	-	-
Loans and other liabilities contracted MN	7,902	-	-
Loans and other liabilities contracted MX	1,117,122	737	25
Letters of credit	-	-	-
Ordinary bonds	983,216	15,879	479,339
Subordinated bonds	-	-	-
Forward	7,479,956	183,627	76,129
Futures	3,767	-	-
Swaps	12,842,017	295,060	105,069
Other, excluding options	-	-	-
Other liabilities	715,793	20,058	3,340
Delta Options	63,318	-	-
Total Liabilities	**24,731,028**	**557,167**	**664,295**
Net	**575,889**	**(4,925)**	**33,483**

NOTE 36 - RISK MANAGEMENT, CONTINUED

As of December 31, 2017 (MCh$)

Assets	USD	EUR	Others
Cash	543,409	29,000	6,470
Commercial loans	1,810,182	30,877	1,099
Investments under agreement to resell	-	-	-
Commercial leasing operations	60,639	-	-
Mortgage loans LC	-	-	-
Mortgage loans MHE	-	-	-
Other mortgage loans	-	-	-
Residential leasing	-	-	-
Consumer loans	18,305	-	-
Consumer leasing	-	-	-
Commercial loans LCS	-	-	-
Consumer loans LCS	-	-	-
Central Bank of Chile	-	-	-
State of Chile	138,971	112,412	-
Domestic banks and financial institutions	-	-	-
Other domestic entities	1,482	14	-
State and governments bodies MX	-	-	-
Foreign banks	-	-	-
Other foreign entities	22,971	-	3,636
Forward	4,787,175	96,716	169,975
Futures	3,188	-	-
Swaps	9,843,901	133,771	460,614
Other, excluding options	-	-	-
Other assets	897,469	15,040	3,225
Delta options	236,064	7,666	-
Total Assets	**18,363,756**	**425,496**	**645,019**

Liabilities	USD	EUR	Others
Demand deposits	569,036	37,239	280
Term deposits	933,255	5,168	-
Saving accounts with deferred withdrawal	-	-	-
Savings accounts with unconditional withdrawal	-	-	-
Liabilities under agreements to repurchase	-	-	-
Loans and other liabilities contracted MN	5,077	-	-
Loans and other liabilities contracted MX	815,961	1,756	250
Letters of credit	-	-	-
Ordinary bonds	735,303	14,776	435,869
Subordinated bonds	-	-	-
Forward	4,759,571	130,857	176,165
Futures	3,197	-	-
Swaps	9,746,092	236,606	11,659
Other, excluding options	-	-	-
Other liabilities	395,570	10,230	676
Delta Options	136,722	-	-
Total Liabilities	**18,099,784**	**436,632**	**624,899**
Net	**263,972**	**(11,136)**	**20,120**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Sensitivity of currency risk

The following tables detail the Bank’s sensitivity against an increase and decrease of 10% in the Chilean peso against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents Management's assessment of reasonable possible changes in exchange rates.

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

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

	As of December 31, 2018			
MCh$	**Decrease 10%**		**Increase 10%**	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	458,332	39,818	560,184	48,666
Commercial loans	1,761,210	36,439	2,152,591	44,537
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	68,289	-	83,465	-
Mortgage loans LC	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	20,210	-	24,702	-
Consumer leasing	-	-	-	-
Commercial loans LCS	-	-	-	-
Consumer loans LCS	-	-	-	-
Central Bank of Chile	-	-	-	-
State of Chile	140,691	108,702	171,956	132,858
Domestic banks and financial institutions	1,356	-	1,658	-
Other domestic entities	219	1,759	268	2,150
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreing enties	28,443	-	34,763	-
Forward	6,914,073	125,661	8,450,534	153,586
Futures	3,520	-	4,302	-
Swaps	11,920,022	165,570	14,568,916	202,363
Other, excluding options	-	-	-	-
Other assets	1,312,379	19,069	1,604,018	23,306
Delta options	147,480	-	180,253	-
Total Assets	**22,776,224**	**497,018**	**27,837,610**	**607,466**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Liabilities	**USD**	**EUR**	**USD**	**EUR**
Demand deposits	532,630	33,297	650,992	40,696
Term deposits	833,513	4,329	1,018,738	5,291
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	-	-	-	-
Loans and other liabilities contracted MN	7,112	-	8,692	-
Loans and other liabilities contracted MX	1,005,410	663	1,228,834	811
Letters of credit	-	-	-	-
Ordinary bonds	884,894	14,291	1,081,538	17,467
Subordinated bonds	-	-	-	-
Forward	6,731,960	165,264	8,227,952	201,989
Futures	3,391	-	4,144	-
Swaps	11,557,815	265,554	14,126,219	324,566
Other, excluding options	-	-	-	-
Other liabilities	644,214	18,052	787,372	22,064
Delta options	56,986	-	69,649	-
Total Liabilities	**22,257,925**	**501,450**	**27,204,130**	**612,884**
Net	**518,299**	**(4,432)**	**633,480**	**(5,418)**

	As of December 31, 2017			
MCh$	**Decrease 10%**		**Increase 10%**	
Assets	**USD**	**EUR**	**USD**	**EUR**
Cash	489,068	26,100	597,750	31,900
Commercial loans	1,629,164	27,789	1,991,200	33,965
Investments under agreement to resell	-	-	-	-
Commercial leasing operations	54,575	-	66,703	-
Mortgage loans LC	-	-	-	-
Mortgage loans MHE	-	-	-	-
Other mortgage loans	-	-	-	-
Residential leasing	-	-	-	-
Consumer loans	16,474	-	20,135	-
Consumer leasing	-	-	-	-
Commercial loans LCS	-	-	-	-
Consumer loans LCS	-	-	-	-
Central Bank of Chile	-	-	-	-
State of Chile	125,074	101,171	152,868	123,653
Domestic banks and financial institutions	-	-	-	-
Other domestic entities	1,334	13	1,630	16
State and governments bodies MX	-	-	-	-
Foreign banks	-	-	-	-
Other foreing enties	20,674	-	25,269	
Forward	4,308,458	87,044	5,265,893	106,388
Futures	2,869	-	3,507	-
Swaps	8,859,511	120,394	10,828,291	147,149
Other, excluding options	-	-	-	-
Other assets	807,722	13,536	987,216	16,544
Delta options	212,458	6,899	259,671	8,432
Total Assets	**16,527,381**	**382,946**	**20,200,133**	**468,047**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Liabilities	**USD**	**EUR**	**USD**	**EUR**
Demand deposits	512,132	33,515	625,939	40,963
Term deposits	839,929	4,652	1,026,580	5,685
Saving accounts with deferred withdrawal	-	-	-	-
Savings accounts with unconditional withdrawal	-	-	-	-
Liabilities under agreements to repurchase	-	-	-	-
Loans and other liabilities contracted MN	4,569	-	5,585	-
Loans and other liabilities contracted MX	734,365	1,581	897,558	1,932
Letters of credit	-	-	-	-
Ordinary bonds	661,773	13,298	808,833	16,253
Subordinated bonds	-	-	-	-
Forward	4,283,614	117,771	5,235,528	143,943
Futures	2,878	-	3,517	-
Swaps	8,771,483	212,945	10,720,702	260,267
Other, excluding options	-	-	-	-
Other liabilities	356,013	9,207	435,127	11,253
Delta options	123,050	-	150,395	-
Total Liabilities	**16,289,806**	**392,969**	**19,909,764**	**480,296**
Net	**237,575**	**(10,023)**	**290,369**	**(12,249)**

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.

In these circumstances, the different measurement bases of assets and liabilities could result in volatility of equity.

Price risk - own products

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

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

NOTE 36 - RISK MANAGEMENT, CONTINUED

Other Price Risks

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

The following sensitivity analyzsis described below have been determined based on a hypothetical scenario and the exposure of equity prices at the end of the reporting period to reflect its possible effect on the net income of the period as an outcome of the given scenario.

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

The net income of the period as of December 31, 2018, would not have been affected given that all bank´s equity instruments are classified as available for sale, Thus only the bank equity would have been affected , however, no investment was impaired; notwithstanding, the possible negative effect on equity would have amounted to MCh$191,321 for the year ended on December 31, 2018 while the impact for the year ended December 31, 2017 would have been MCh$182,216.

f . Fair Value

The area of Market Risk is responsible for defining the methodologies of valuation of assets and liabilities measured at fair value, while operations are responsible for the implementation thereof, The fundamental principle of the task of fair value measurement is to determine the starting price of an asset or liability in an ordinary transaction in a representative market, ,Not only does the accounting information depend on this assessment, risk indicators such as value-at-risk are also based on these prices, so that the implied volatility on any valuation model is also very relevant.

The following international accounting rules, are used - provided they are available- quotations or observable prices of identical assets or liabilities that are measurable, These are known as Level 1 inputs, Absent identical assets or liabilities, measurement is made based on observable prices, Interpolations are typically performed in this group in the case of derivatives and other instruments or matrix pricing models for fixed income instruments - this class is known as Level 2 inputs.

Finally, when it is not possible to rely on the above inputs, the measurement is performed based on inputs that are not directly observable on the market. These are the Level 3 Inputs. Note 35 presents the classification of financial instruments according to the valuation hierarchy, Below is a brief explanation of that system.

Positions in foreign currency bonds, Central Bank, futures contracts and other instruments traded on exchanges have very liquid markets where prices or prices for identical instruments are usually observable.These instruments are included in Level 1.

NOTE 36 - RISK MANAGEMENT, CONTINUED

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

The base model for the valuation of fixed income securities without much liquidity in the local market is a dynamic model of interest rates using panels of incomplete data and incorporates all the recent price history of the instruments in question and instruments with similar characteristics as to issuer risk rating, duration, etc, The fair value models used (both internal and external) are tested periodically and back tested by independent parties.

Finally, all instruments whose prices or market factors are not directly observable are classified in Level 3.

g. Derivative instruments

As of December 31, 2018 the Bank had a net liability position of MCh$70,504 in derivative instruments measured at fair value, Derivatives are classified into two groups according to their accounting treatment: (1) instruments for trading and (2) instruments with hedge accounting treatment, The trading instruments come from activities of Sales & Trading (S&T), whether from sales to third parties or hedging the risks involved in such sales, The areas responsible for Asset & Liability Management (ALM) also use derivatives to hedge their risks, They can follow the standard treatment for trading or have hedge accounting treatment under the applicable accounting standards. The recording, according to current accounting standards, may reduce fluctuations in the value of assets and liabilities or cash flows.

The market risk associated with derivative instruments is measured by VaR and stress tests.

h. Counterparty risk

The Bank manages its counterparty risk by establishing a limit for transactions (credit line) to enter into with each customer in derivatives and recognizes the Credit Value Adjustment (CVA).

Use of line to operate with derivative intruments

The level of usage of the credit line approved by the Bank for each customer due to an over-the-counter (OTC) derivative transaction must match the credit exposure that this transaction generates to the Bank. The credit risks on these contracts exist when the recovery or mark-to-market (MTM) is positive in favour of the Bank. As these contracts are valued daily, in this there is uncertainty regarding the mark to market adjustment over the life of the operation.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Monte Carlo simulation techniques are used to estimate future peak exposures by counterparty. Specific counterparty limits ensure that the accepted risk levels are not exceeded and proper diversification is achieved. The table below details the level of usage of the credit line approved for use with derivative instruments by segment for the years ended December 31, 2018 and 2017.

Segment	December 31, 2018 MCh$	December 31, 2017 MCh$
Retail Banking	**3,576**	**3,918**
Retail banking	-	-
Small and Medium Enterprises	3,576	3,918
Wholesale Banking	**1,049,739**	**881,987**
Commercial banking	229,154	**212,207**
Corporate & Investment Banking Commercial Division		-
C&IB	820,585	669,780
Corporate & Investment Banking Finance Division	**1,299,790**	**833,424**
Total	**2,353,105**	**1,719,329**

Credit Valuation Adjustmentin derivatives (CVA)

The objective of the credit valuation adjustments is to determine the counterparty risk associated with the credit exposure in OTC derivative contracts. The CVA of a derivative is defined as the difference between its market-to-market value determined without the risk of default from the counterparty and its market-to-market value with the probability of default of the counterparty. Thus the CVA of a client can be determined from the expected exposure (EE) to counterparty risk (how much loss is expected) and the probability of default (PD) associated with the risk of default of the counterparty. The table below details the recording of CVA by segment for the year ended December 31, 2018 and December 31, 2017.

Credit Value Adjustment			
Segment	**December 31, 2018**	**December 31, 2017**	**Variation**
	MCh$	**MCh$**	**MCh$**
Retail Banking	**213**	**224**	**(11)**
Retail banking	-	-	-
Small and Medium Enterprises	213	224	(11)
Wholesale Banking	**17,133**	**19,191**	**(2,058)**
Commercial	2,994	3,906	(912)
Corporate & Investment Banking Commercial Division	14,139	15,285	(1,146)
Corporate & Investment Banking Finance Division	**350**	**221**	**129**
City National Bank	**752**	**-**	**752**
Total	**18,448**	**19,636**	**(1,188)**

i. Hedge accounting

The Bank uses hedge accounting to manage the risk of fair value and cash flow to which it is exposed.

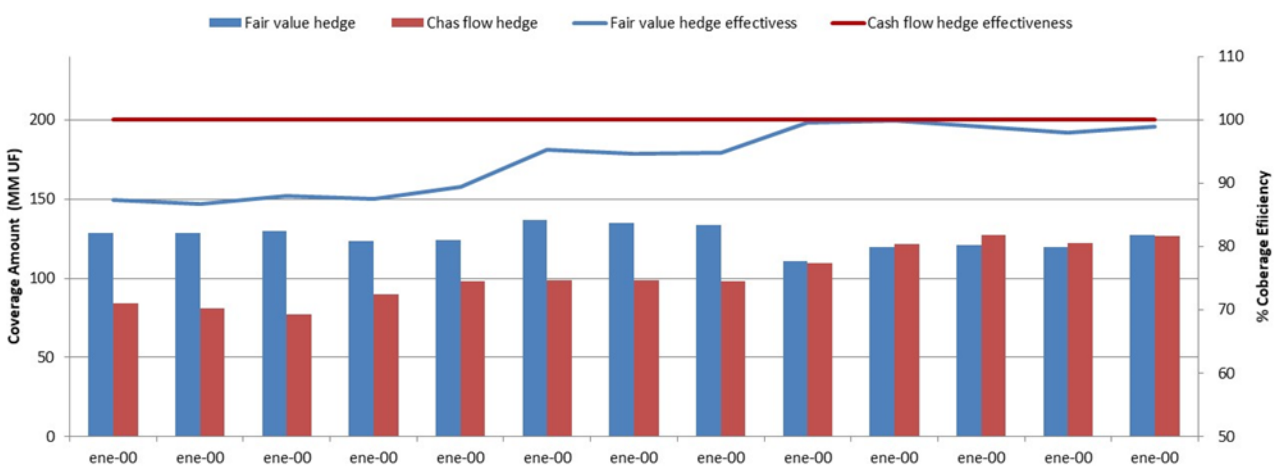
Fair value hedges use derivative instruments to hedge the change in fair value of an asset or liability in the consolidated financial statements.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Cash flow hedges effects meanwhile are recognized in equity. Treatment of this type of instrument strictly follows International Accounting Standard ("IAS") 39. Financial Risk Management is responsible for designing and validating the effectiveness of the hedges, generating effectiveness indicators that are monitored and reported to ALCO.

As of December 31, 2018 the total notional amount of cash flow hedges amounted to UF 126,650,182 whereas fair value hedges reach UF 126,650,182 (including macro hedge).

Fig, 19, Amount, Type and effectiveness of Hedge Accounting
As of December 31, 2018 (UF Millions)



CREDIT RISK

Risk Management structure

The Bank has structured its credit approval process on the basis of personal and non-delegable discretionary limits authorized by the Board of Directors. Based on these credit faculties, the operations are approved at the different levels of Management, always requiring the concurrence of two executives with discretionary limits.

As the amount of the operation increases, pairs of senior executives both from the commercial and risk areas and from the senior management committees must approve the operation, until reaching the highest level represented by approval from the Board of Director's Executive Committee.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Provisions for credit risk

According to the Superintendency of Banks and Financial Institutions (SBIF), the Banks should permanently maintain evaluations of their loans and contingent credit portfolios, in order to establish provisions timely and sufficiently, so as to cover possible losses, in accordance with the regulation of said Superintendency, contained in the Compendium of Accounting Standards, chapter B1 referring to provisions for credit risk.

The Bank has a series of models both for the individual and the group portfolios, which are applied depending on the type of portfolio and operations, These models are approved by the Board of Directors, which is informed annually about the adequacy of the provisions.

Models based on the individual analysis of borrowers

These models are applied when the companies involved, given their size, complexity or level of exposure with the entity, are required to be identified and analysed in detail, one by one.

These models consider the analysis of issues such as the financial situation of the borrower, payment behaviour, knowledge and experience of the partners and managers in the business, the degree of commitment of the same with the company and the industry in which it operates and its relative position.

Quality of the loans by type of financial asset

Regarding the quality of the loans, these are described in accordance with the Compendium of Accounting Standards issued by the Superintendency of Banks and Financial Institutions (SBIF):

	As of December 31, 2018					
	Balance			Allowance		
Category	Loans and Receivables from banks	Loans and receivables from customers	Total	Loans and receivables from banks	Loans and receivables from customers	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1		49,560	49,560	-	18	18
A2	20,484	1,220,743	1,241,227	17	630	647
A3	117,827	1,921,812	2,039,639	258	2,536	2,794
A4	-	1,990,942	1,990,942	-	15,109	15,109
A5	-	1,984,489	1,984,489	-	8,681	8,681
A6	-	802,970	802,970	-	6,319	6,319
B1	-	184,932	184,932	-	3,024	3,024
B2	-	113,525	113,525	-	380	380
B3	-	85,550	85,550	-	15,412	15,412
B4	-	20,181	20,181	-	1,245	1,245
C1	-	103,172	103,172	-	2,063	2,063
C2	-	57,259	57,259	-	5,726	5,726
C3	-	67,747	67,747	-	16,937	16,937
C4	-	8,127	8,127	-	3,251	3,251
C5	-	14,568	14,568	-	9,469	9,469
C6	-	62,296	62,296	-	56,067	56,067
Collective assessment	-	11,884,752	11,884,752	-	276,049	276,049
Subsidiaries	195,207	9,527,237	9,722,444	331	133,851	134,182
Total	**333,518**	**30,099,862**	**30,433,380**	**606**	**556,767**	**557,373**

NOTE 36 - RISK MANAGEMENT, CONTINUED

	As of December 31, 2017					
	Balance			Allowance		
Category	**Loans and receivables from banks MCh$**	**Loans and receivables from customers MCh$**	**Total MCh$**	**Loans and receivables from banks MCh$**	**Loans and receivables from customers MCh$**	**Total MCh$**
A1	-	158,733	158,733	-	56	56
A2	37,309	895,625	932,934	31	633	664
A3	91,968	2,086,727	2,178,695	201	2,447	2,648
A4	170	1,669,209	1,669,379	3	12,206	12,209
A5	-	1,533,827	1,533,827	-	7,867	7,867
A6	-	795,898	795,898	-	4,813	4,813
B1	-	201,757	201,757	-	5,616	5,616
B2	-	140,793	140,793	-	1,584	1,584
B3	-	65,796	65,796	-	9,935	9,935
B4	-	24,339	24,339	-	4,070	4,070
C1	-	96,570	96,570	-	1,931	1,931
C2	-	38,610	38,610	-	3,861	3,861
C3	-	121,219	121,219	-	30,305	30,305
C4	-	20,946	20,946	-	8,379	8,379
C5	-	11,133	11,133	-	7,236	7,236
C6	-	35,507	35,507	-	31,956	31,956
Collective assessment	-	10,744,269	10,744,269	-	228,927	228,927
Subsidiaries	49,926	5,890,502	5,940,428	73	39,219	39,292
Total	**179,373**	**24,531,460**	**24,710,833**	**308**	**401,041**	**401,349**

The analysis of the age of overdue installments and their accrued interest by type of financial assets is the following:

	Less than 30 days		Between 31 and 89 days		90 days or more		Total	
	December 31, 2018 MCh$	**December 31, 2017 MCh$**	**December 31, 2018 MCh$**	**December 31, 2017 MCh$**	**December 31, 2018 MCh$**	**December 31, 2017 MCh$**	**December 31, 2018 MCh$**	**December 31, 2017 MCh$**
Loans and receivables from banks	-	-	-	-	-	-	-	-
Loans and receivables from customers	532,013	30,061	85,795	53,656	255,901	189,066	873,709	**272,783**
Total	**532,013**	**30,061**	**85,795**	**53,656**	**255,901**	**189,066**	**873,709**	**272,783**

NOTE 36 - RISK MANAGEMENT, CONTINUED

Maximum exposure to credit risk

The exposure to credit risk varies significantly and depends on both individual risks and general market economy risks.

As of December 31, 2018

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	2,038,376	-	**2,038,376**	-	**2,038,376**
Loans and receivables to banks	333,518	(606)	**332,912**	-	**332,912**
Loans and receivables to customers, and credit commitments (1)	39,363,519	(586,410)	**38,777,109**	(12,135,012)	**26,642,097**
Financial investments available for sale	3,229,455	-	**3,229,455**	-	**3,229,455**
Financial investments held to maturity	2,780	-	**2,780**	-	**2,780**
Derivative financial agreements (2)	1,715,511	(1,237)	**1,714,274**	-	**1,714,274**

(1) In this line loans and receivables are included for an amount of MCh$30,099,862 (see Note 11) and credit commitments of MCh$9,263,657 (see Note 23),. Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.

(2) As of December 31, 2018, no collateral was provided in favour of the Bank.

As of December 31, 2017

	Maximum exposure	Allowance	Net exposure after allowances	Associated collateral	Net exposure
	MCh$	MCh$	MCh$	MCh$	MCh$
Trading portfolio financial assets	2,197,716	-	**2,197,716**	-	**2,197,716**
Loans and receivables to banks	179,373	(308)	**179,065**	-	**179,065**
Loans and receivables to customers, and credit commitments (3)	31,573,420	(420,220)	**31,153,200**	(10,555,918)	**20,597,282**
Financial investments available for sale	2,531,682	-	**2,531,682**	-	**2,531,682**
Financial investments held to maturity	800	-	**800**	-	**800**
Derivative financial agreements (4)	1,385,971	(20,233)	**1,365,738**	-	**1,365,738**

(3) In this line loans and receivables are included for an amount of MCh$24,531,460 (see Note 11) and credit commitments of MCh$7,041,960 (see Note 23),. Reported collateral is legally pledged to the Bank and there is no uncertainty regarding its possible execution or settlement.

(4) As of December 31, 2017, no collateral was provided in favour of the Bank.

NOTE 36 - RISK MANAGEMENT, CONTINUED

Operational Risk

The Bank manages its operational risks through specific committees with the active participation of those responsible for the areas and processes. These committees are: a) committee for operational risks b) security of information and technological risk, c) continuity of business and d) externalized services. These committees meet periodically and their objective is overseeing the proper execution of programs for the identification and evaluation of risks, as well as managing the identification of causes in order to mitigate such risks.

Information Security

The Bank has a security strategy based on the best practices of the industry which is sustained in the regulatory frame and whose main component is the General Policy for Information Security, approved by the Board of Directors Committee; an organization consisting of specialized areas, where the recent creation of a dedicated unit to manage cybersecurity risks is highlighted; adding to the existing units oriented to the administration and operation of security and focused on the administration and operation of security and the management of technological risks; and an Information Security Committee consisting of representatives of several areas of the Bank that monitor compliance with the annual plan of security and the approval of specific policies for security.

This strategy was implemented during 2017 in order to strengthen technological infrastructure and specific procedures of operation and monitoring of cybersecurity, oriented towards preventing, identifying and stopping attacks on the information security of the clients and the Bank.

Business continuity

The continuity strategies developed during the last several years have been consolidated, adding new risk scenarios and increasing the coverage plan to the different units that need to continue operating in situations of contingency.

The Bank is constantly working on strengthening of its business continuity plan, Plan coverage has increased according to the requirements of the Bank, including the processes that are critical.

NOTE 36 - RISK MANAGEMENT, CONTINUED

During 2017, significant investments have been made in order to strengthen information and communication technologies and improve the Bank's capacity to maintain the continuity of its services to clients and the community, in the face of contingency scenarios that may occur. At the same time, activities has been carried out for maintaining and improving business continuity including updating, testing and training of employees. The tests were carried out during working hours, with customer service in order to validate the effectiveness of the procedures and continuity strategies that were established, giving a constant and satisfactory customer service. Tests carried out involve the implementation of operational procedures, technological tests and drills.

Prevention of fraud

This function is responsible for implementing a corporate fraud prevention strategy, both internal and external, that safeguards the equity of our clients and the Bank and protects the reputation of BCI. To this end, new processes, technologies, methodologies and models have been implemented to prevent and anticipate fraud risks, as well as activities to strengthen the culture and adherence to the ethical framework for the good work of the Bank's employees.

In this area, the dissemination of the Code of Ethics, Internal Regulation of Order, Hygiene and Safety, Manual for the Prevention of Criminal Risk, and Behavior of Confidence Break has been reinforced.

Management of operational risk in suppliers

Operational Risk Management has a risk management program in outsourced services for the Bank, which aims to identify and timely manage the risks that may exist in a process contracted to a third party during the life cycle of the outsourced service, that is, from the inception of the service until the contractual relationship is extinguished. Depending on the risks identified, decisions are made to keep risks within acceptable levels for BCI.

Capital calculation according to Basel

The Bank has participated in the capital calculation exercises according to the standards of Basel II (QIS), a calculation integrating the operating risk with credit and market risks, as a global indicator of risk exposure.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES

As of December 31, 2018 and 2017, the breakdown of maturities of assets and liabilities is as follows:

As of December 31, 2018	Current	Up to 1 Month	Between 1 and 3 months	Between 3 and 12 months	Subtotal up to 1 year	Between 1 and 5 years	More than 5 years	Subtotal over 1 year	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets									
Cash and deposits in banks	2,058,757	-	-	-	2,058,757	-	-	-	**2,058,757**
Items in course of collection	335,820	-	-	-	335,820	-	-	-	**335,820**
Trading portfolio financial assets	-	2,038,376	-	-	2,038,376	-	-	-	**2,038,376**
Investments under agreement to resell	-	19,873	35,256	18,730	73,859	-	-	-	**73,859**
Derivative financial agreements	-	119,932	317,662	211,954	649,548	599,339	465,387	1,064,726	**1,714,274**
Loans and receivables to banks (*)	-	36,152	55,455	221,519	313,126	20,392	-	20,392	**333,518**
Loans and receivables to customers (**)	-	2,942,515	1,853,467	4,634,480	9,430,462	9,637,535	10,818,981	20,456,516	**29,886,978**
Financial investments available for sale	-	343,412	905	63,036	407,353	541,319	2,280,783	2,822,102	**3,229,455**
Investment investments held to maturity	-	-	-	-	-	-	2,780	2,780	**2,780**
Total assets	**2,394,577**	**5,500,260**	**2,262,745**	**5,149,719**	**15,307,301**	**10,798,585**	**13,567,931**	**24,366,516**	**39,673,817**
Liabilities									
Current accounts and demand deposits	12,222,539	-	-	-	12,222,539	-	-	-	**12,222,539**
Items in course of collection	213,558	-	-	-	213,558	-	-	-	**213,558**
Liabilities under agreements to repurchase	-	281,201	4,628	56,129	341,958	204,044	107	204,151	**546,109**
Term deposits and saving accounts	-	4,762,344	2,959,497	4,015,232	11,737,073	591,554	149	591,703	**12,328,776**
Derivative financial agreements	-	81,968	373,125	209,840	664,933	667,905	470,878	1,138,783	**1,803,716**
Borrowings from financial institutions	-	2,244,972	68,392	75,700	2,389,064	369,085	-	369,085	**2,758,149**
Debt issued	-	24,639	171	593,785	618,595	2,108,616	3,250,737	5,359,353	**5,977,948**
Other financial liabilities	-	714,667	16,875	13,363	744,905	9,713	319	10,032	**754,937**
Total liabilities	**12,436,097**	**8,109,791**	**3,422,688**	**4,964,049**	**28,932,625**	**3,950,917**	**3,722,190**	**7,673,107**	**36,605,732**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES, CONTINUED

As of December 31, 2017	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	1,495,732	-	-	-	1,495,732	-	-	-	**1,495,732**
Items in course of collection	259,977	-	-	-	259,977	-	-	-	**259,977**
Trading portfolio financial assets	-	2,197,716	-	-	2,197,716	-	-	-	**2,197,716**
Investments under agreement to resell	-	152,587	69,244	28,742	250,573	2,026	-	2,026	**252,599**
Derivative financial agreements	-	225,699	80,994	195,236	501,929	434,474	429,335	863,809	**1,365,738**
Loans and receivables to banks (*)	-	10,640	26,332	137,016	173,988	5,385	-	5,385	**179,373**
Loans and receivables to customers (**)	-	2,446,925	1,416,462	3,930,624	7,794,011	10,074,416	6,463,808	16,538,224	**24,332,235**
Financial investments available for sale	-	115,281	60,461	31,570	207,312	668,892	1,655,478	2,324,370	**2,531,682**
Investment investments held to maturity	-	-	-	-	-	-	800	800	**800**
Total assets	**1,755,709**	**5,148,848**	**1,653,493**	**4,323,188**	**12,881,238**	**11,185,193**	**8,549,421**	**19,734,614**	**32,615,852**
Liabilities									
Current accounts and demand deposits	9,534,124	-	-	-	9,534,124	-	-	-	**9,534,124**
Items in course of collection	109,341	-	-	-	109,341	-	-	-	**109,341**
Liabilities under agreements to repurchase	-	500,486	106,120	156,802	763,408	106,003	27	106,030	**869,438**
Term deposits and saving accounts	-	4,712,600	3,254,235	2,414,673	10,381,508	310,795	43	310,838	**10,692,346**
Derivative financial agreements	-	239,755	65,274	270,119	575,148	495,657	408,797	904,454	**1,479,602**
Borrowings from financial institutions	-	943,166	406,204	334,207	1,683,577	70,779	-	70,779	**1,754,356**
Debt issued	-	53,226	106	379,037	432,369	1,762,920	2,825,018	4,587,938	**5,020,307**
Other financial liabilities	-	643,954	408	21,969	666,331	11,894	1,154	13,048	**679,379**
Total liabilities	**9,643,465**	**7,093,187**	**3,832,347**	**3,576,807**	**24,145,806**	**2,758,048**	**3,235,039**	**5,993,087**	**30,138,893**

(*) Gross values.
(**) Excludes provisions and amounts whose maturity date has already passed.

NOTE 38 - FOREIGN CURRENCY

The consolidated statement of financial position as of December 31, 2018 and 2017 include assets and liabilities in foreign currencies or indexed to the variation in the exchange rate disclosed in column "in Chilean Pesos") according to the following detail:

	In foreign currency		In Chilean Pesos		Total	
	As of December 31, 2018	As of December 31, 2017	As of December 31, 2018	As of December 31, 2017	As of December 31, 2018	As of December 31, 2017
ASSETS	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash and deposits in banks	1,186,409	809,472	872,348	686,260	**2,058,757**	**1,495,732**
Items in course of collection	156,714	74,627	179,106	185,350	**335,820**	**259,977**
Trading portfolio financial assets	35,904	117,393	2,002,472	2,080,323	**2,038,376**	**2,197,716**
Investments under agreement to resell	-	-	73,859	252,599	**73,859**	**252,599**
Derivative financial agreements	28,957	15,262	1,685,317	1,350,476	**1,714,274**	**1,365,738**
Loans and receivables to banks, net	332,912	179,065	-	-	**332,912**	**179,065**
Loans and receivables to customers, net	9,911,675	6,921,596	19,631,420	17,208,823	**29,543,095**	**24,130,419**
Financial investments available for sale	2,654,621	1,866,409	574,834	665,273	**3,229,455**	**2,531,682**
Financial investments held to the maturity	2,780	800	-	-	**2,780**	**800**
Investments in other companies	-	-	44,740	207,718	**44,740**	**207,718**
Intangible assets	139,125	2,367	243,072	173,530	**382,197**	**175,897**
Property, plant and equipment	58,718	46,494	222,518	223,797	**281,236**	**270,291**
Current income tax	11,473	12,251	3,411	2,061	**14,884**	**14,312**
Deferred income taxes	20,715	31,014	169,400	17,146	**190,115**	**48,160**
Other assets	585,864	422,957	521,353	330,333	**1,107,217**	**753,290**
TOTAL ASSETS	**15,125,867**	**10,499,707**	**26,223,850**	**23,383,689**	**41,349,717**	**33,883,396**
LIABILITIES						
Current accounts and demand deposits	7,104,640	4,607,427	5,117,899	4,926,697	**12,222,539**	**9,534,124**
Items in course of collection	130,045	85,689	83,513	23,652	**213,558**	**109,341**
Liabilities under agreements to repurchase	135,890	142,795	410,219	726,643	**546,109**	**869,438**
Term deposits and saving accounts	3,243,579	2,637,417	9,085,197	8,054,929	**12,328,776**	**10,692,346**
Derivative financial agreements	21,109	10,357	1,782,607	1,469,245	**1,803,716**	**1,479,602**
Borrowings from financial institutions	2,441,699	1,296,523	316,450	457,833	**2,758,149**	**1,754,356**
Debt issued	1,449,643	1,175,869	4,528,305	3,844,438	**5,977,948**	**5,020,307**
Other financial liabilities	715,743	623,006	39,194	56,373	**754,937**	**679,379**
Current income tax	-	-	157,309	7,480	**157,309**	**7,480**
Deferred income taxes	-	-	840	980	**840**	**980**
Provisions	54,873	33,489	279,420	241,184	**334,293**	**274,673**
Other liabilities	88,724	124,824	704,456	608,260	**793,180**	**733,084**
TOTAL LIABILITIES	**15,385,945**	**10,737,396**	**22,505,409**	**20,417,714**	**37,891,354**	**31,155,110**

NOTE 39 - SUBSEQUENT EVENTS

Between January 1, 2019 and the date of issuance of these consolidated financial statements, no subsequent events that may affect the presentation of these consolidated financial statements have been recorded.

Juan Gerter Calderón
Corporate Accounting Manager

Eugenio Von Chrismar Carvajal
Chief Executive Officer