

BANK OF CHILE
Form 6-K
April 27, 2018
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FORM 6-K
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of April, 2018

Commission File Number 001-15266

BANK OF CHILE

(Translation of registrant's name into English)

Paseo Ahumada 251
Santiago, Chile
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

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Form 20-F x Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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BANCO DE CHILE
REPORT ON FORM 6-K

Attached Banco de Chile's Consolidated Financial Statements with notes as of March 31, 2018.

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BANCO DE CHILE AND SUBSIDIARIES

INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

**For the periods ended as of
March 31, 2018 and 2017 and
December 31, 2017.**

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BANCO DE CHILE AND SUBSIDIARIES

(Free translation of interim consolidated financial statements originally issued in Spanish)

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- VI. Notes to the Interim Consolidated Financial Statements

| | | |
|-------------|---|---|
| MCh\$ | = | Millions of Chilean pesos |
| ThUS\$ | = | Thousands of U.S. dollars |
| UF or CLF | = | Unidad de Fomento (The UF is an inflation-indexed, Chilean peso denominated monetary unit set daily in advance on the basis of the previous month's inflation rate). |
| Ch\$ or CLP | = | Chilean pesos |
| US\$ or USD | = | U.S. dollar |
| JPY | = | Japanese yen |
| EUR | = | Euro |
| HKD | = | Hong Kong dollar |
| CHF | = | Swiss Franc |
| IFRS | = | International Financial Reporting Standards |
| IAS | = | International Accounting Standards |
| RAN | = | Compilation of Standards of the Chilean Superintendency of Banks (SBIF) |
| IFRIC | = | International Financial Reporting Interpretations Committee |
| SIC | = | Standards Interpretation Committee |

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BANCO DE CHILE AND SUBSIDIARIES

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For the periods ended March 31, 2018 and December 31, 2017

(Free translation of interim financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

| | Notes | March 2018 MCh\$ | December 2017 MCh\$ |
|--|-------|------------------------|---------------------------|
| ASSETS | | | |
| Cash and due from banks | 7 | 920,445 | 1,057,393 |
| Transactions in the course of collection | 7 | 741,774 | 521,809 |
| Financial assets held-for-trading | 8 | 1,586,858 | 1,616,647 |
| Cash collateral on securities borrowed and reverse repurchase agreements | 9 | 119,114 | 91,641 |
| Derivative instruments | 10 | 1,229,401 | 1,247,829 |
| Loans and advances to banks | 11 | 788,477 | 759,702 |
| Loans to customers, net | 12 | 25,295,029 | 24,881,353 |
| Financial assets available-for-sale | 13 | 1,420,340 | 1,516,063 |
| Financial assets held-to-maturity | 13 | | |
| Investments in other companies | 14 | 38,974 | 38,041 |
| Intangible assets | 15 | 41,766 | 39,045 |
| Property and equipment | 16 | 212,159 | 216,259 |
| Current tax assets | 17 | 37,907 | 23,032 |
| Deferred tax assets | 17 | 265,571 | 267,400 |
| Other assets | 18 | 545,926 | 547,974 |
| TOTAL ASSETS | | 33,243,741 | 32,824,188 |
| LIABILITIES | | | |
| Current accounts and other demand deposits | 19 | 8,800,358 | 8,915,706 |
| Transactions in the course of payment | 7 | 467,064 | 295,712 |
| Cash collateral on securities lent and repurchase agreements | 9 | 260,162 | 195,392 |
| Savings accounts and time deposits | 20 | 10,371,047 | 10,067,778 |
| Derivative instruments | 10 | 1,389,117 | 1,414,237 |
| Borrowings from financial institutions | 21 | 1,012,954 | 1,195,028 |
| Debt issued | 22 | 6,911,859 | 6,488,975 |
| Other financial obligations | 23 | 150,676 | 137,163 |
| Current tax liabilities | 17 | 4,002 | 3,453 |
| Deferred tax liabilities | 17 | 44 | |
| Provisions | 24 | 430,793 | 695,868 |
| Other liabilities | 25 | 342,650 | 309,161 |
| TOTAL LIABILITIES | | 30,140,726 | 29,718,473 |
| EQUITY | | | |
| | 27 | | |
| Attributable to Bank's Owners: | | | |
| Capital | | 2,418,833 | 2,271,401 |
| Reserves | | 617,689 | 563,188 |
| Other comprehensive income | | (19,706) | (8,040) |
| Retained earnings: | | | |
| Retained earnings from previous years | | 16,060 | 16,060 |

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| | | |
|-------------------------------------|-------------------|-------------------|
| Income for the period | 142,651 | 576,012 |
| Less: | | |
| Provision for minimum dividends | (72,513) | (312,907) |
| Subtotal | 3,103,014 | 3,105,714 |
| Non-controlling interests | 1 | 1 |
| TOTAL EQUITY | 3,103,015 | 3,105,715 |
| TOTAL LIABILITIES AND EQUITY | 33,243,741 | 32,824,188 |

The accompanying notes 1 to 41 are an integral part of these interim consolidated financial statements

Table of Contents**BANCO DE CHILE AND SUBSIDIARIES****INTERIM CONSOLIDATED STATEMENTS OF INCOME**

For the three-month ended March 31, 2018 and 2017

(Free translation of interim financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

| | Notes | March 2018 MCh\$ | March 2017 MCh\$ |
|--|-------|------------------------|------------------------|
| Interest revenue | 28 | 469,878 | 456,767 |
| Interest expense | 28 | (153,361) | (153,227) |
| Net interest income | | 316,517 | 303,540 |
| Income from fees and commissions | 29 | 122,505 | 113,812 |
| Expenses from fees and commissions | 29 | (33,344) | (26,591) |
| Net fees and commission income | | 89,161 | 87,221 |
| Net financial operating income | 30 | 2,106 | 11,734 |
| Foreign exchange transactions, net | 31 | 25,483 | 13,888 |
| Other operating income | 36 | 11,652 | 6,336 |
| Total operating revenues | | 444,919 | 422,719 |
| Provisions for loan losses | 32 | (70,945) | (63,115) |
| OPERATING REVENUES, NET OF PROVISIONS FOR LOAN LOSSES | | 373,974 | 359,604 |
| Personnel expenses | 33 | (107,766) | (100,918) |
| Administrative expenses | 34 | (79,348) | (79,206) |
| Depreciation and amortization | 35 | (9,171) | (8,559) |
| Impairment | 35 | (11) | (1) |
| Other operating expenses | 37 | (7,951) | (3,509) |
| TOTAL OPERATING EXPENSES | | (204,247) | (192,193) |
| NET OPERATING INCOME | | 169,727 | 167,411 |
| Income attributable to associates | 14 | 1,157 | 991 |
| Income before income tax | | 170,884 | 168,402 |
| Income tax | 17 | (28,233) | (28,409) |
| NET INCOME FOR THE PERIOD | | 142,651 | 139,993 |
| Attributable to: | | | |
| Bank's Owners | 27 | 142,651 | 139,993 |
| Non-controlling interests | | | |
| | | Ch\$ | Ch\$ |
| Net income per share attributable to Bank's Owners: | | | |
| Basic net income per share | 27 | 1.43 | 1.41 |

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| | | | |
|------------------------------|----|------|------|
| Diluted net income per share | 27 | 1.43 | 1.41 |
|------------------------------|----|------|------|

The accompanying notes 1 to 41 are an integral part of these interim consolidated financial statements

Table of Contents**BANCO DE CHILE AND SUBSIDIARIES****INTERIM CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**

For the three-month ended March 31, 2018 and 2017

(Free translation of interim financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

| | Notes | March 2018 MCh\$ | March 2017 MCh\$ |
|--|-------|------------------------|------------------------|
| NET INCOME FOR THE PERIOD | | 142,651 | 139,993 |
| OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS | | | |
| Net gains (losses) on available-for-sale instruments valuation | 13 | (1,206) | 3,768 |
| Net gains (losses) on derivatives held as cash flow hedges | 10 | (15,249) | (4,855) |
| Subtotal Other comprehensive income before income taxes | | (16,455) | (1,087) |
| Income tax relating to the components of other comprehensive income that are reclassified in income for the period | | 4,789 | 279 |
| Total other comprehensive income items that will be reclassified subsequently to profit or loss | | (11,666) | (808) |
| OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS | | | |
| Adjustment for defined benefit plans | | | |
| Subtotal other comprehensive income before income taxes | | | |
| Income tax relating to the components of other comprehensive income that will not be reclassified to income for the period | | | |
| Total other comprehensive income items that will not be reclassified subsequently to profit or loss | | | |
| CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD | | 130,985 | 139,185 |
| Attributable to: | | | |
| Bank's Owners | | 130,985 | 139,185 |
| Non-controlling interests | | | |

The accompanying notes 1 to 41 are an integral part of these interim consolidated financial statements

Table of Contents**BANCO DE CHILE AND SUBSIDIARIES****INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the three-month ended March 31, 2018 and 2017

(Free translation of interim financial statements originally issued in Spanish)

(Expressed in millions of Chilean pesos)

| Notes | Reserves | | | Other comprehensive income | | | Retained earnings | | | Attributable to equity holders of the parent MCh\$ | Non-controlling interest MCh\$ |
|--|-----------------------|----------------------|------------------------------|---|-----------------------------------|--------------|---|--------------------------------------|---------------------------------------|--|--------------------------------|
| | Paid-in Capital MCh\$ | Other reserves MCh\$ | Reserves from earnings MCh\$ | Unrealized gains (losses) on available-for-sale MCh\$ | Derivatives cash flow hedge MCh\$ | Income Tax | Retained earnings from previous periods MCh\$ | Income (losses) for the period MCh\$ | Provision for minimum dividends MCh\$ | | |
| Balances as of December 31, 2016 | 2,138,047 | 31,934 | 454,274 | 847 | (27,530) | 6,762 | 16,060 | 552,249 | (285,233) | 2,887,410 | |
| Capitalization of retained earnings | 133,354 | | | | | | | (133,354) | | | |
| Retention (release) of profits according to bylaws | 27 | | 76,861 | | | | | (76,861) | | | |
| Dividends distributions and paid | 27 | | | | | | | (342,034) | 285,233 | (56,801) | |
| Other comprehensive income: | | | | | | | | | | | |
| Derivatives cash flow hedge, net | 27 | | | | (4,855) | 1,238 | | | | (3,617) | |
| Valuation adjustment on available-for-sale instruments (net) | 27 | | | 3,768 | | (959) | | | | 2,809 | |
| Income for the period 2017 | | | | | | | | 139,993 | | 139,993 | |
| Provision for minimum dividends | | | | | | | | | (73,529) | (73,529) | |
| Balances as of March 31, 2017 | 2,271,401 | 31,934 | 531,135 | 4,615 | (32,385) | 7,041 | 16,060 | 139,993 | (73,529) | 2,896,265 | |
| Defined benefit plans adjustment | | 119 | | | | | | | | 119 | |
| Other comprehensive income: | | | | | | | | | | | |
| Derivatives cash flow hedge, net | | | | | 19,834 | (5,058) | | | | 14,776 | |

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| | | | | | | | | | | | |
|--|------------------|---------------|----------------|--------------|-----------------|--------------|---------------|----------------|------------------|--|------------------|
| Valuation adjustment on available-for-sale instruments (net) | | | | (2,764) | | 677 | | | | | (2,087) |
| Income for the period 2017 | | | | | | | | 436,019 | | | 436,019 |
| Provision for minimum dividends | | | | | | | | | (239,378) | | (239,378) |
| Balances as of December 31, 2017 | 2,271,401 | 32,053 | 531,135 | 1,851 | (12,551) | 2,660 | 16,060 | 576,012 | (312,907) | | 3,105,714 |
| Capitalization of retained earnings | 147,432 | | | | | | | (147,432) | | | |
| Retention (release) of profits according to bylaws | 27 | | 54,501 | | | | | (54,501) | | | |
| Dividends distributions and paid | 27 | | | | | | | (374,079) | 312,907 | | (61,172) |
| Other comprehensive income: | | | | | | | | | | | |
| Derivatives cash flow hedge, net | 27 | | | | (15,249) | 4,117 | | | | | (11,132) |
| Valuation adjustment on available-for-sale instruments (net) | 27 | | | (1,206) | | 672 | | | | | (534) |
| Income for the period 2018 | | | | | | | | 142,651 | | | 142,651 |
| Provision for minimum dividends | 27 | | | | | | | | (72,513) | | (72,513) |
| Balances as of March 31, 2018 | 2,418,833 | 32,053 | 585,636 | 645 | (27,800) | 7,449 | 16,060 | 142,651 | (72,513) | | 3,103,014 |

The accompanying notes 1 to 41 are an integral part of these interim consolidated financial statements

Table of Contents**BANCO DE CHILE AND SUBSIDIARIES****INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three-month ended March 31, 2018 and 2017

(Free translation of interim financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

| | Notes | March 2018 MCh\$ | March 2017 MCh\$ |
|--|-------|------------------------|------------------------|
| OPERATING ACTIVITIES: | | | |
| Net income for the period | | 142,651 | 139,993 |
| Items that do not represent cash flows: | | | |
| Depreciation and amortization | 35 | 9,171 | 8,559 |
| Impairment | 35 | 11 | 1 |
| Provision for loans and accounts receivable from customers and owed by banks | 32 | 82,902 | 70,947 |
| Provision of contingent loans | 32 | 630 | 2,803 |
| Fair value adjustment of financial assets held-for-trading | | (1,289) | (2,758) |
| Changes in assets and liabilities by deferred taxes | 17 | 2,545 | 12,063 |
| (Gain) loss attributable to investments in companies with significant influence, net | 14 | (1,144) | (977) |
| (Gain) loss from sales of assets received in lieu of payment, net | 36 | (1,537) | (475) |
| (Gain) loss on sales of property and equipment, net | 36 | (3,536) | (76) |
| Charge-offs of assets received in lieu of payment | 37 | 776 | 664 |
| Other charges (credits) to income that do not represent cash flows | | 2,275 | 247 |
| Change in the exchange rate of assets and liabilities | | 8,065 | 13,071 |
| Net interest variation, readjustment and accrued fees on assets and liabilities | | 24,575 | 21,970 |
| Changes in assets and liabilities that affect operating cash flows: | | | |
| (Increase) decrease in loans and advances to banks, net | | (28,609) | 161,270 |
| (Increase) decrease in loans to customers | | (484,553) | (107,899) |
| (Increase) decrease in financial assets held-for-trading, net | | 129,256 | (74,248) |
| (Increase) decrease in other assets and liabilities | | (18,549) | (5,590) |
| Increase (decrease) in current account and other demand deposits | | (115,279) | 1,068 |
| Increase (decrease) in payables from repurchase agreements and security lending | | 55,324 | 18,769 |
| Increase (decrease) in savings accounts and time deposits | | 297,479 | (139,178) |
| Sale of assets received in lieu of payment or adjudicated | | 5,103 | 1,554 |
| Total cash flows from operating activities | | 106,267 | 121,778 |
| INVESTING ACTIVITIES: | | | |
| (Increase) decrease in financial assets available-for-sale, net | | 94,170 | (105,582) |
| Purchases of property and equipment | 16 | (2,522) | (4,566) |
| Sales of property and equipment | | 67 | 76 |
| Acquisition of intangible assets | 15 | (5,187) | (2,816) |
| Acquisition of investments in companies | 14 | | |
| Dividends received from investments in companies | | 13 | 14 |
| Total cash flows from investing activities | | 86,541 | (112,874) |

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| FINANCING ACTIVITIES: | | | |
|---|----|-------------------|-------------------|
| Redemption of letters of credit | | (1,255) | (1,303) |
| Issuance of bonds | 22 | 557,947 | 603,451 |
| Redemption of bonds | | (169,570) | (150,579) |
| Dividends paid | 27 | (374,079) | (342,034) |
| Increase (decrease) in borrowings from foreign financial institutions | | (182,188) | (10,286) |
| Increase (decrease) in other financial obligations | | 14,372 | (35,636) |
| Increase (decrease) in other obligations with Central Bank of Chile | | (1) | (1) |
| Other long-term borrowings | | 15 | 35,916 |
| Payment of other long-term borrowings | | (847) | (36,746) |
| Total cash flows from financing activities | | (155,606) | 62,782 |
| TOTAL NET POSITIVE (NEGATIVE) CASH FLOWS FOR THE PERIOD | | | |
| | | 37,202 | 71,686 |
| Effect of exchange rate changes | | (8,065) | (13,071) |
| Cash and cash equivalents at beginning of period | | 2,079,398 | 2,096,980 |
| Cash and cash equivalents at end of period | 7 | 2,108,535 | 2,155,595 |
| | | March 2018 | March 2017 |
| | | MCh\$ | MCh\$ |
| Operational Cash flow interest: | | | |
| Interest received | | 452,877 | 455,383 |
| Interest paid | | (111,785) | (129,873) |

The accompanying notes 1 to 41 are an integral part of these interim consolidated financial statements

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BANCO DE CHILE AND SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Free translation of interim financial statements originally issued in Spanish)

1. Company information:

Banco de Chile is authorized to operate as a commercial bank since September 17, 1996, being, in conformity with the stipulations of article 25 of Law No. 19,396, the legal continuation of Banco de Chile resulting from the merger of the Banco Nacional de Chile, Banco Agrícola and Banco de Valparaiso, which was constituted by public deed dated October 28, 1893, granted before the Notary Public of Santiago, Mr. Eduardo Reyes Lavalle, authorized by Supreme Decree of November 28, 1893.

Banco de Chile (or the Bank) is a Corporation organized under the laws of the Republic of Chile, regulated by the Superintendency of Banks and Financial Institutions (SBIF or Superintendency). Since 2001, it is subject to the supervision of the Securities and Exchange Commission of the United States of America (SEC), in consideration of the fact that the Bank is registered on the New York Stock Exchange (NYSE), through a program of American Depositary Receipt (ADR).

Banco de Chile offers a broad range of banking services to its customers, ranging from individuals to large corporations. The services are managed in the areas of corporations and large companies, medium and small companies and personal and consumer banking. Additionally, the Bank offers international as well as treasury banking services, in addition to those offered by subsidiaries that include securities brokerage, mutual fund and investment management, insurance brokerage, financial advisory services and securitization.

Banco de Chile's legal address is Paseo Ahumada 251, Santiago, Chile and its website is www.bancochile.cl.

The Interim Consolidated Financial Statements of Banco de Chile, for the period ended March 31, 2018 were approved by the Directors on April 26, 2018.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

2. Legal regulations, basis of preparation and other information:**(a) Legal regulations:**

The General Banking Law in its Article No. 15 empowers the Chilean Superintendency of Banks and Financial Institutions (SBIF) to issue accounting standards of general application for entities it supervises. The Corporations Law, in turn, requires following the generally accepted accounting principles.

Based on the aforementioned laws, banks should use the criteria provided by the Superintendency in accordance with the Compendium of Accounting Standards (Compendium), and any matter not addressed therein, as long as it does not contradict its instructions, should adhere to generally accepted accounting principles in technical standards issued by the Chilean Association of Accountants, that coincide with international accounting standards and international financial reporting standards agreed upon by the International Accounting Standards Board (IASB). Should there be discrepancies between these generally accepted accounting principles and the accounting criteria issued by the SBIF, the latter shall prevail.

(b) Basis of preparation:

(b.1) These Interim Consolidated Financial Statements are presented according to Chapter C-2 of the Compendium of Accounting Standards, issued by the Superintendency of Banks and Financial Institutions (SBIF).

(b.2) The following table details the entities in which the Bank has control and are part of this consolidated financial statements:

| RUT | Subsidiaries | Country | Functional Currency | Direct | | Interest Owned Indirect | | Total | |
|--------------|--------------|---------|------------------------|--------|----------|----------------------------|----------|--------|----------|
| | | | | March | December | March | December | March | December |
| | | | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | % | % | % | % | % | % |
| 96,767,630-6 | | Chile | Ch\$ | 99.98 | 99.98 | 0.02 | 0.02 | 100.00 | 100.00 |

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| | | | | | | | | | |
|--------------|--|-------|------|-------|-------|------|------|--------|--------|
| | Banchile Administradora General de Fondos S.A. | | | | | | | | |
| 96,543,250-7 | Banchile Asesoría Financiera S.A. | Chile | Ch\$ | 99.96 | 99.96 | | | 99.96 | 99.96 |
| 77,191,070-K | Banchile Corredores de Seguros Ltda. | Chile | Ch\$ | 99.83 | 99.83 | 0.17 | 0.17 | 100.00 | 100.00 |
| 96,571,220-8 | Banchile Corredores de Bolsa S.A. | Chile | Ch\$ | 99.70 | 99.70 | 0.30 | 0.30 | 100.00 | 100.00 |
| 96,932,010-K | Banchile Securitizadora S.A. | Chile | Ch\$ | 99.01 | 99.01 | 0.99 | 0.99 | 100.00 | 100.00 |
| 96,645,790-2 | Socofin S.A. | Chile | Ch\$ | 99.00 | 99.00 | 1.00 | 1.00 | 100.00 | 100.00 |

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

2. Legal regulations, basis of preparation and other information, continued:

(c) Use of estimates and judgments:

Preparing the Interim Consolidated Financial Statements requires the Bank's Management to make judgments, estimations and assumptions that affect the application of accounting policies and the valuation of assets, liabilities, income and expenses presented. Actual results could differ from these estimated amounts. These estimates refer to:

1. Useful life of intangible and property and equipment (Notes No.15 and No.16);
2. Income taxes and deferred taxes (Note No. 17);
3. Provisions (Note No. 24);
4. Contingencies and Commitments (Note No. 26);
5. Provision for loan losses (Notes No. 11. No. 12 and No. 32);
6. Fair value of financial assets and liabilities (Note No. 39).

Estimates and relevant assumptions are regularly reviewed by the management of the Bank, according to quantify certain assets, liabilities, gains, loss and commitments. Estimates reviewed are registered in income in the period that the estimate is reviewed.

During the period ended March 31, 2018 there have been no significant changes in the estimates made.

(d) Seasonality or Cyclical Character of the Transactions of the Intermediate Period:

Given the activities to which the Bank and its subsidiaries are engaged, the transactions of the Bank do not have a cyclical or seasonal nature. For this reason, specific breakdowns in these notes to the Interim Consolidated Financial Statements for the three-month period ended March 31, 2018 are not included.

(e) **Relative Importance:**

In determining the information to be disclosed on the different items of the financial statements or other matters, the relative importance in relation to the financial statements of the period has been taken into account.

(f) **Reclassifications:**

There have not been significant reclassifications at the end of this period 2018.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

3. New Accounting Pronouncements:

3.1 Standards approved and/or modified by the International Accounting Standards Board (IASB) and by the Superintendency of Banks and Financial Institutions (SBIF):

3.1.1 Standards and interpretations that have been adopted in these Consolidated Financial Statements.

As of the date of issuance of these Consolidated Financial Statements, the new accounting pronouncements issued by both the International Accounting Standards Board and the Superintendency of Bank and Financial Institutions, which have been adopted by the Bank, are detailed below:

1. Accounting standards issued by IASB.

IFRS 9 Financial Instruments.

On July 24, 2014, the IASB concluded its improvement project on the accounting for financial instruments with the publication of IFRS 9 Financial Instruments.

This standard includes new requirements based on principles for the classification and measurement, introduces a prospective model of expected credit losses on impairment accounting and changes in hedge accounting.

The designation of the classification, determining how financial assets and liabilities are accounted for in the financial statements and, in particular, how they are measured. IFRS 9 introduces a new approach to the classification of financial assets, based on the entity's business model for the management of financial assets and the characteristics of contractual flows.

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In terms of impairment, the standard establishes a single model that will be applied to all financial instruments, thus eliminating a source of complexity associated with previous accounting requirements, which will require a timely recognition of expected credit losses.

IFRS 9 introduces flexibility to the regulatory requirements for hedge accounting, and also new alternatives of strategies to be used; the new amendments represent a substantial overhaul of hedge accounting, which will allow aligning the accounting treatment with the risk management activities, enabling entities to better reflect these activities in their financial statements.

In addition, as a result of these changes, users of the financial statements will be provided with better information on risk management and the effect of hedge accounting in the financial statements.

This standard also establishes that the change in fair value that corresponds to own credit risk will be recorded in Other Comprehensive Income, thus reducing any eventual volatility that could arise from entity's income as a result of its recognition. Earlier application of this improvement is permitted, prior to any other requirement of IFRS 9.

The mandatory date of application is from **January 1, 2018**. However, for the purposes of these financial statements, this regulation has not yet been approved by the Superintendency of Banks and Financial Institutions, an event that is required for its local application.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

3. New Accounting Pronouncements, continued:

IFRS 9 Financial Instruments, continued:

Banco de Chile as securities issuer of Equity Securities listed on the New York Stock Exchange (NYSE), and in order to comply with the new standards required for the preparation and presentation of the Annual Report 20F to the Securities and Exchange Commission (SEC), during the year 2017 the Bank and its subsidiaries initiated technological developments and other solutions to address the needs generated by the application of the new accounting pronouncement IFRS 9, such as the implementation of models and procedures related to the Expected Credit Loss Model (ECL), the SPPI Test (Only Payment of Principal and Interest) and the evaluation of the Business Model.

As of December 31, 2017 the Bank and subsidiaries have been able to estimate the transitioning impact on ECL for certain portfolios of financial assets and contingent commitments affected by the standard. These portfolios are comprised of wholesale and retail financial assets which represent 71.5% of the whole portfolio of financial assets to be impacted by the ECL model as of December 31, 2017.

With relation to the portfolios mentioned above, the partial estimate of the impact of the transition from IAS 39 to IFRS 9 regarding ECL as of January 1, 2018, is disclosed in Note No. 43 of the Financial Statement included in the Report 20-F of the year 2017.

IFRS 15 Revenue from Contracts with Customers.

In May 2014 was issued IFRS 15, which it has like purpose established the principles that will apply an entity to present useful information to users of financial statements about the nature, amount, opportunity and uncertainty of the income for ordinary activities and cash flows that it is related to a contract with a client.

This new standard replace the following current standard and interpretations: IAS 18 Revenue, IAS 11 Construction contracts, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real State, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue: Barter Transactions involving.

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The new model will apply to all contracts with customers, except those that are inside to the scope of the others IFRS, such as leases, insurance contracts and financial instruments.

On April 12, 2016, IASB issued amendments to IFRS 15, clarifying requirements and providing a temporary relief to companies that are implementing the new standard. In short the amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or service to a customer) in a contract;

- Determining whether a company is the principal (the provider of a good or service) or an agent (the organization responsible for the good or service provided); and

- Determine whether the product of a license must be recognized at a point in time or over time.

The date of application of this standard is from *January 1, 2018*, which did not generate equity effects in the Bank and its subsidiaries.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

3. New Accounting Pronouncements, continued:

IAS 28 Investments in associates and joint ventures.

In December 2016, the IASB issued the Annual Improvements to IFRS Cycle 2014-2016, which included the amendment to IAS 28. This amended to clarify that a venture capital organization or a mutual fund, investment trust and similar entities may choose to account for their investments in joint ventures and associates at fair value or using the equity method. The amendment also makes it clear that the method chosen for each investment should be made at the initial time.

This modification had no impact on the Banco de Chile and its subsidiaries.

IAS 40 Investment Property.

IAS 40 requires that an asset be transferred to (or from), investment property only when there is a change in its use.

The amendment, issued in December 2016, clarifies that a change in management's intentions for the use of a property does not provide, in isolation, evidence of a change in its use. An entity must, therefore, have taken observable actions to support such a change.

This modification had no impact on the Banco de Chile and its subsidiaries.

IFRIC 22 Foreign Currency Transactions and Advance Consideration.

In December 2016, the IASB issued Interpretation IFRIC 22 Foreign Currency Transactions and Advance Consideration .

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This interpretation applies to a foreign currency transaction when an entity recognizes a non-financial asset or non-financial liability arising from the payment or collection of an early consideration before the entity recognizes the related asset, expense or income.

The IFRIC specifies that at the date of the transaction for the purpose of determining the exchange rate to be used in the initial recognition of the related asset, expense or income, it is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability that Arising from the payment or collection of the anticipated consideration. That is, the related income, expenses or assets should not be re-evaluated with changes in the exchange rates between the date of the initial recognition of the early consideration and the date of recognition of the transaction to which said consideration relates.

This interpretation had no impact on the Banco de Chile and its subsidiaries.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

3. New Accounting Pronouncements, continued:

3.1.2 New standards and interpretations that have been issued but its date of application have not yet come into force:

The following is a summary of new standards, interpretations and improvements to the International Financial Reporting Standards issued by the International Accounting Standards Board and Superintendency of Banks and Financial Institutions that are not yet effective as of March 31, 2018, are detailed below:

1. Accounting standards issued by International Accounting Standards Board.

IFRS 16 Leases.

On January 2016 was issued IFRS 16, which has as purpose to establish principles to recognize, measurement, presentation and disclosure of leases contracts, for both lessee and lessor.

This new rule does not differ significantly from IAS 17 Leases that precedes it, related to the accounting treatment for the lessor. However, related to the lessee, the new rule requires the recognition of assets and liabilities for most lease contracts.

The date of application of this new standard is from *January 1, 2019*. Early adoption permitted but only if IFRS 15 - Revenue from contracts with customers is also applied.

This standard will not have a material impact on the Banco de Chile and its subsidiaries.

IAS 28 Investments in Associates and Join Venture and IFRS 10 - Consolidated Financial Statements.

In September 2014, the IASB issued this amendment, which clarifies the scope of recognized gains and losses in a transaction involving an associate or joint venture, and this depends on whether the asset sold or contribution is a business. Therefore, IASB concluded that all of the profit or loss should be recognized against loss of control of a business. Likewise, gains or losses resulting from the sale or contribution of a subsidiary that is not a business (definition of IFRS 3) to an associate or joint venture should be recognized only to the extent of unrelated interests in the associate or joint venture.

During December 2015 the IASB agreed that the amendments should apply in the future, allowing its immediate application.

This amendment will not impact on the consolidated financial statements of Banco de Chile and its subsidiaries.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

3. New Accounting Pronouncements, continued:

IFRIC 23 Uncertainty over Income Tax Treatments.

In June 2017, the IASB published IFRIC 23, which clarifies the application of the recognition and measurement criteria required by IAS 12 Income Taxes when there is uncertainty about tax treatments.

The date of application of this interpretation is from *January 1, 2019*.

The Bank and its subsidiaries are evaluating the impact of this amendment.

IAS 28 Investments in associates and joint ventures and IFRS 9 Financial instruments.

In October 2017, the IASB published the amendments to IFRS 9 Financial Instruments and IAS 28 Investments in Associated Entities and Joint Ventures.

The amendments to IFRS 9 allow entities to measure financial assets, prepaid with negative compensation at amortized cost or fair value, through other comprehensive income if a specific condition is met, instead of at fair value with effect on results.

Regarding IAS 28, the amendments clarify that entities must account for long-term results in an associate or joint venture, to which the equity method is not applied, using IFRS 9.

The IASB also released an example that illustrates how companies should apply the requirements of IFRS 9 and IAS 28 to long-term interests in an associated entity or joint venture.

The date of application of these amendments is *January 1, 2019*.

This modification has no impact on the Consolidated Financial Statements of Banco de Chile and its subsidiaries.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

3. New Accounting Pronouncements, continued:

Annual improvements IFRS

In December 2017, the IASB issued the Annual Improvements to IFRS Cycle 2015-2017, which includes amendments to the following regulations:

- IFRS 3 Business Combinations. Interests previously held in a joint operation.

The amendment provides additional guidance for applying the procurement method to particular types of business combinations.

The amendment states that when a party to a joint arrangement obtains control of a business, which is a joint arrangement and had rights over the assets and liabilities for the liabilities related to this joint arrangement, immediately before the acquisition date, the transaction it is a business combination achieved in stages.

Therefore, the acquirer will apply the requirements for a business combination achieved in stages, including re-measuring its previously held interest in the joint operation. By doing so, the acquirer will re-measure its total value that it previously had in the joint operation.

The date of application of these amendments is *January 1, 2019*. Early adoption is permitted.

The Bank and its subsidiaries have no impact on the consolidated financial statement as a result from this amendment.

- IFRS 11 Joint Agreements.

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The amendments to IFRS 11 relate to the accounting for acquisitions of interests in Joint Agreements.

The amendment establishes that a party that participates, but does not have control, in a joint agreement, can obtain control of the joint agreement. Given the above, the activity of the joint agreement would constitute a Business Combination as defined in IFRS 3, in such cases, the interests previously held in the joint agreement are not remeasured.

The date of application of these amendments is *January 1, 2019*. Early adoption is permitted.

The Bank and its subsidiaries have no impact on the consolidated financial statement as a result from this amendment.

- IAS 23 Costs for loans. Costs for loans that can be capitalized.

The amendment to the standard is intended to clarify that, when an asset is available for use or sale, an entity will treat any outstanding loan taken specifically to obtain that asset, as part of the funds it has taken as current loans.

The date of application of these amendments is *January 1, 2019*. Early adoption is permitted.

This modification has no impact on the Consolidated Financial Statements of Banco de Chile and its subsidiaries.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

3. New Accounting Pronouncements, continued:

- Conceptual Framework.

On March 29, 2018, the IASB issued a Reviewed Conceptual Framework. Changes to the Conceptual Framework may affect the application of IFRS when no rule applies to a particular transaction or event.

The Conceptual Framework introduces mainly the following improvements:

- It incorporates some new concepts of measurement, presentation and disclosure and derecognition of assets and liabilities in the Financial Statements.

- Provides updated definitions of assets, liabilities and includes criteria for the recognition of assets and liabilities in the financial statements.

- Clarifies some important concepts such as background on form, prudential criteria and measurement of uncertainty.

The Conceptual Framework enters into force for periods beginning on *January 1, 2020*.

The Bank and its subsidiaries are evaluating the impact of this amendment.

2. Accounting standards issued by the Superintendency of Banks and Financial Institutions

- **Standards in consultation on Provisions for Credit Risk**

On January 11, 2018, the SBIF published for consultation, amendments to the regulations contained in Chapter B-1 Provisions for Credit Risk of the Compendium of Accounting Standards. These modifications are related to the use of standard methods for calculating provisions of the commercial portfolio evaluated as of January 1, 2019. To date, the provisions for this type of portfolio are calculated using internal methods.

Without limiting the foregoing, banks must recognize minimum provisions in accordance with standard methodologies. The use of this minimum basis for provisions, in no case exempt financial institutions from their responsibility to have their own methodologies to determine provisions that are sufficient to protect the credit risk of each of their portfolios, and therefore must have both methods. The constitution of provisions will be made considering the higher value obtained between the respective standard method and the internal method.

Notwithstanding the foregoing, the Superintendency may allow the establishment of provisions of the commercial group analysis portfolio based on the results of the application of internal models, provided that these have been duly approved within the normal process of reviewing the SBIF.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

3. New Accounting Pronouncements, continued:

- Circular No. 3,634

The SBIF through circular No. 3,634 dated March 9, 2018, introduces modifications to the weighted assets by risk, credit equivalent and credit limits applicable to derivative instruments cleared and settled by a Central Counterparty Entity (ECC).

The main modifications are:

- An intermediate category is introduced to classify the credit equivalent of the derivative instruments settled and liquidated in a CCP, when these types of entities are irrevocably constituted in creditors and debtors of the rights and obligations arising from such operations, being legally binding for the parties the obligations resulting from such acts. The risk weight for these assets will be equal to 2%.

- For purposes of determining the credit equivalent, which is defined in chapter 12-1 of the RAN of the SBIF, which corresponds to the fair value of the derivative instrument, plus an additional amount that is obtained by applying an additional factor to the additional conversion amount that depends on the underlying and the additional term of the derivative. The SBIF reclassified from the category Contracts on foreign currencies to the category interest rate contracts to derivative instruments whose underlying is the Development Unit.

- Modifications to Chapter 12-3 are introduced, given that the SBIF considers that operations on derivative instruments negotiated between banks incorporated in Chile, including branches of foreign banks, are subject to the interbank credit limit, even though such transactions are subsequently compensate and settle in a CCP.

The new dispositions must be implemented no later than June 30, 2018.

4. Changes in Accounting policies and Disclosures:

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those used in the preparation of the Bank's consolidated annual financial statements for the year ended December 31, 2017, except for the adoption of new regulations in force at 1 January 2018. The Bank has not adopted in advance any standard, interpretation or amendment that has been issued but is not yet effective.

The Bank adopted, for the first time, IFRS 15 Revenue from ordinary contracts with customers (See Note No. 3), there being no capital effects resulting from its application, therefore, the information disclosed as of December 31, 2017 it has not been restated in these financial statements.

During the period ended March 31, 2018, there have been no others accounting changes that may significantly affect these interim consolidated financial statements.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

5. Relevant Events:

(a) On January 22, 2018, the Board of the subsidiary Banchile Securitizadora S.A., agreed to appoint Claudia Marcela Herrera García as the new Director of the company, until the next Ordinary Shareholders Meeting.

(b) On January 25, 2018 in the Ordinary Session No. BCH 2,874, the Board of Directors of Banco de Chile agreed to convene an Ordinary Meeting of Shareholders for March 22, 2018, with the purpose of proposing, among other matters, the distribution of dividend No. 206 of Ch\$3.14655951692 to each of the 99,444,132,192 shares, payable with charge to the distributable net income for the year ended December 31, 2017, corresponding to 60% of such net profits.

In addition, the Board of Directors agreed to convene an Extraordinary Shareholders Meeting to be held on the same date, in order to propose, among other matters, the capitalization of 40% of the Bank's net distributable income pertaining to the 2017 financial year, through the issuance of fully paid-in shares, without nominal value, determined at a value of Ch\$93.73 per share, which will be distributed among the shareholders at the rate of 0.02238030880 shares per share and adopting the necessary agreements subject to the exercise of the options provided under Article 31 of Law No. 19,396.

(c) On January 25, 2018, Banco de Chile informed that in the Ordinary Session, the Board of Directors accepted the resignation presented by the Principal and Vice-Chairman, Mrs. Jane Fraser. Likewise, the Board of Directors appointed Mr. Álvaro Jaramillo Escallon as its Regular Director until his next Ordinary Shareholders Meeting. Additionally, in the same session, Mr. Jaramillo was appointed Vice Chairman of the Board.

(d) At the Ordinary Shareholders Meeting, held on March 22, 2018, our shareholders agreed to the dividend No 206, and its distribution in the amount of Ch\$3.14655951692 per Banco de Chile share, to be charged to net distributable income of Banco de Chile for 2017. Moreover, at the Extraordinary Shareholders Meeting held on the same date, our shareholders agreed to a stock dividend in connection with the capitalization of 40% of our distributable net income obtained during the fiscal year 2017, through the issuance of fully paid-in shares, of no par value, with a value of Ch\$93.73 per share.

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Additionally, the shareholders appointed of Mr. Álvaro Jaramillo Escallon as its Director until the next renewal of the Board of Directors.

(e) The Central Bank of Chile communicated to Banco de Chile that the Board of such institution (Consejo), in Special Session No 2140E, held on March 26, 2018, considered the resolutions adopted by the shareholders meetings of Banco de Chile on March 22, 2018, regarding distribution of dividends and the increase of capital through the issuance of fully paid-in shares corresponding to the 40% of the net income obtained during the fiscal year ending on December 31, 2017, the Council of the Central Bank of Chile resolved to take the option that the entirety of its corresponding surplus, including the part of the profits proportional to the agreed capitalization, be paid to the Central Bank of Chile in cash currency, according to letter b) of article 31 of law No 19.396, regarding a modification of the way of payment of the subordinated obligation and other applicable legislation.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

6. Business Segments:

For management purposes, the Bank is organized into four segments, which are defined based on the types of products and services offered, and the type of client in which focuses as described below:

Retail: This segment focuses on individuals and small and medium-sized companies (SMEs) with annual sales up to UF 70,000, where the product offering focuses primarily on consumer loans, commercial loans, checking accounts, credit cards, credit lines and mortgage loans.

Wholesale: This segment focused on corporate clients and large companies, whose annual revenue exceed UF 70,000, where the product offering focuses primarily on commercial loans, checking accounts and liquidity management services, debt instruments, foreign trade, derivative contracts and leases.

Treasury: This segment includes the associated revenues to the management of the investment portfolio and the business of financial transactions and currency trading.

Transactions with customers carried out by the Treasury are reflected in the respective aforementioned segments. These products are highly transaction-focused and include foreign exchange transactions, derivatives and financial instruments in general.

Subsidiaries: Corresponds to companies and corporations controlled by the Bank, though its management is related to the segments mentioned previously, the income is obtained individually by the respective subsidiary. The companies that comprise this segment are:

Entity

- Banchile Administradora General de Fondos S.A.
- Banchile Asesoría Financiera S.A.
- Banchile Corredores de Seguros Ltda.
- Banchile Corredores de Bolsa S.A.
- Banchile Securitizadora S.A.
- Socofin S.A.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

6. Business Segments, continued:

The financial information used to measure the performance of the Bank's business segments is not comparable with similar information from other financial institutions because each institution relies on its own definitions. The accounting policies applied to the segments is the same as those described in the summary of accounting principles. The Bank obtains the majority of the results for: interest, indexation and commissions, provisions for loan losses and operating expenses. Management is mainly based on these concepts to evaluate the performance of the segments and make decisions about the goals and allocations of resources of each unit. Although the results of the segments reconcile with those of the Bank at the total level, this is not necessarily the case in terms of the different concepts, given that management is measured and controlled individually and not on a consolidated basis, applying the following criteria:

- The net interest margin of loans and deposits is obtained aggregating the net financial margins of each individual operation of credit and uptake made by the bank. For these purposes, the volume of each operation and its contribution margin are considered, which in turn corresponds to the difference between the effective rate of the customer and the internal transfer price established according to the term and currency of each operation.
- The capital and its financial impacts on outcome have been assigned to each segment based on the risk-weighted assets.
- Operational expenses are reflected at the level of the different functional areas of the Bank. The allocation of expenses from functional areas to business segments is done using different allocation criteria, at the level of the different concepts and expense items.

Taxes are managed at a corporate level and are not allocated to business segments.

For the periods ended March 31, 2018 and 2017, there was no income from transactions with a customer or counterparty that accounted for 10% or more of the Bank's total revenues.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

6. Business Segments, continued:

The following table presents the income by segment for the periods ended March, 2018 and 2017 for each of the segments defined above:

| | Retail | | Wholesale | | Treasury | | Subsidiaries | | Subtotal | | Consolidation adjustment | | Total | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|--------------|------------|------------|------------|--------------------------|------------|------------|------------|
| | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 |
| | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ |
| Net interest income | 231,013 | 225,994 | 83,722 | 80,407 | 2,405 | (2,019) | (1,329) | (1,425) | 315,811 | 302,957 | 706 | 583 | 316,517 | 303,540 |
| Net commissions income (loss) | 46,918 | 48,475 | 11,183 | 10,852 | (1,028) | (532) | 35,306 | 31,504 | 92,379 | 90,299 | (3,218) | (3,078) | 89,161 | 87,221 |
| Other operating income | 12,745 | 8,119 | 10,014 | 7,199 | 10,316 | 10,472 | 7,563 | 7,502 | 40,638 | 33,292 | (1,397) | (1,334) | 39,241 | 31,958 |
| Total operating revenue | 290,676 | 282,588 | 104,919 | 98,458 | 11,693 | 7,921 | 41,540 | 37,581 | 448,828 | 426,548 | (3,909) | (3,829) | 444,919 | 422,719 |
| Provision for loan losses | (65,903) | (67,658) | (5,127) | 4,540 | | | 85 | 3 | (70,945) | (63,115) | | | (70,945) | (63,115) |
| Depreciation and amortization | (7,201) | (6,721) | (1,202) | (1,088) | (23) | (37) | (745) | (713) | (9,171) | (8,559) | | | (9,171) | (8,559) |
| Other operating expenses | (134,096) | (125,081) | (37,913) | (36,053) | (1,308) | (1,286) | (25,668) | (25,043) | (198,985) | (187,463) | 3,909 | 3,829 | (195,076) | (183,634) |
| Income attributable to associates | 943 | 798 | 180 | 168 | 15 | 14 | 19 | 11 | 1,157 | 991 | | | 1,157 | 991 |
| Income before income taxes | 84,419 | 83,926 | 60,857 | 66,025 | 10,377 | 6,612 | 15,231 | 11,839 | 170,884 | 168,402 | | | 170,884 | 168,402 |
| Income taxes | | | | | | | | | | | | | (28,233) | (28,409) |
| Income after income taxes | | | | | | | | | | | | | 142,651 | 139,993 |

The following table presents assets and liabilities of the periods ended March 31, 2018 and December 31, 2017 by each segment defined above

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| | Retail | | Wholesale | | Treasury | | Subsidiaries | | Subtotal | | Consolidation adjustment | | Ma |
|----------------------------|------------|------------|------------|------------|-----------|-----------|--------------|----------|------------|------------|--------------------------|-----------|-------|
| | March | December | March | December | March | December | March | December | March | December | March | December | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MO |
| Assets | 16,538,096 | 16,099,926 | 10,834,453 | 10,558,278 | 4,977,907 | 5,469,829 | 867,986 | 637,860 | 33,218,442 | 32,765,893 | (278,179) | (232,137) | 32,94 |
| Current and deferred taxes | | | | | | | | | | | | | 30 |
| Total assets | | | | | | | | | | | | | 33,24 |
| Liabilities | 10,466,873 | 10,380,250 | 10,187,620 | 10,272,607 | 9,033,181 | 8,815,056 | 727,185 | 479,244 | 30,414,859 | 29,947,157 | (278,179) | (232,137) | 30,13 |
| Current and deferred taxes | | | | | | | | | | | | | |
| Total liabilities | | | | | | | | | | | | | 30,14 |

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(Free translation of interim financial statements originally issued in Spanish)

7. Cash and Cash Equivalents:

(a) The detail of the balances included under cash and cash equivalents and their reconciliation with the statement of cash flows at the end of each period are detailed as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|--|---------------------------------|------------------------------------|
| Cash and due from banks: | | |
| Cash (*) | 546,531 | 522,869 |
| Deposit in Chilean Central Bank (*) | 139,164 | 162,421 |
| Deposits in other domestic banks | 9,306 | 9,922 |
| Deposits abroad | 225,444 | 362,181 |
| Subtotal - Cash and due from banks | 920,445 | 1,057,393 |
| Net transactions in the course of collection | 274,710 | 226,097 |
| Highly liquid financial instruments (**) | 818,512 | 719,069 |
| Repurchase agreements | 94,868 | 76,839 |
| Total cash and cash equivalents | 2,108,535 | 2,079,398 |

(*) Amounts in cash funds and in Central Bank are regulatory reserve deposits that the Bank must maintain as a monthly average.

(**) It corresponds to negotiation instruments and available-for-sale and investment instruments, whose term does not exceed three months from the date of acquisition.

| | March 2018 MCh\$ | December 2017 MCh\$ |
|--------------------------------------|---------------------------------|------------------------------------|
| Highly liquid financial instruments: | | |
| Financial Assets Held-for-trading | 818,512 | 710,162 |
| Available-for-sale Instruments | | 8,907 |
| Total | 818,512 | 719,069 |

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(b) Transactions in course of settlement:

Transactions in course of settlement are transactions for which the only remaining step is settlement, which will increase or decrease the funds in the Central Bank or in foreign banks, normally occurring within 24 to 48 business hours, and are detailed as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|---|---------------------------------|------------------------------------|
| Assets | | |
| Documents drawn on other banks (clearing) | 187,667 | 204,624 |
| Funds receivable | 554,107 | 317,185 |
| Subtotal transactions in the course of collection | 741,774 | 521,809 |
| Liabilities | | |
| Funds payable | (467,064) | (295,712) |
| Subtotal transactions in the course of payment | (467,064) | (295,712) |
| Net transactions in the course of settlement | 274,710 | 226,097 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

8. Financial Assets Held-for-trading:

The detail of financial instruments classified as held-for-trading is as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|--|---------------------------------|------------------------------------|
| Instruments issued by the Chilean Government and Central Bank of Chile: | | |
| Central Bank of Chile bonds | 320,619 | 400,368 |
| Central Bank of Chile promissory notes | 886,686 | 662,190 |
| Other instruments issued by the Chilean Government and Central Bank | 87,454 | 254,606 |
| Other instruments issued in Chile | | |
| Bonds from other domestic companies | | |
| Bonds from domestic banks | 2,044 | 2,070 |
| Deposits in domestic banks | 208,198 | 218,307 |
| Other instruments issued in Chile | 3,067 | 715 |
| Instruments issued by foreign institutions | | |
| Instruments from foreign governments or central banks | | |
| Other instruments issued abroad | | 322 |
| Mutual fund investments | | |
| Funds managed by related companies | 78,790 | 78,069 |
| Funds managed by third-party | | |
| Total | 1,586,858 | 1,616,647 |

Under Instruments issued by the Chilean Government and Central Bank of Chile are classified instruments sold under repurchase agreements to customers and financial instruments, by an amount of Ch\$60,161 million as of March 31, 2018 (Ch\$5,096 million as of December 31, 2017). Repurchase agreements had a 3 days average expiration as of period-end (7 days in December 2017). Moreover, under this same item, other financial instruments are maintained as collateral guaranteeing the derivative transactions executed through Comder Contraparte Central S.A. for an amount of Ch\$34,585 million as of December 31, 2017. As of March 31, 2018, there are no guarantee instruments for this concept.

Other instruments issued in Chile include instruments sold under repurchase agreements with customers and financial instruments amounting to Ch\$159,869 million as of March 31, 2018 (Ch\$158,731 million as of December 31, 2017). The repurchase agreements have an average expiration of 9 days as of period-end (7 days in December 2017).

Additionally, the Bank holds financial investments in mortgage finance bonds issued by itself in the amount of Ch\$14,085 million as of March 31, 2018 (Ch\$15,032 million as of December 31, 2017), which are presented as a reduction of the liability line item Debt issued .

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

9. Cash collateral on securities borrowed and reverse repurchase agreements:

(a) Receivables for repurchase agreements: The Bank provides financing to its customers through repurchase agreements and security borrowings, in which the financial instrument serves as collateral. As of March 31, 2018 and December 31, 2017, the detail is as follows:

| | Up to 1 month | | Over 1 month and to 3 months | | Over 3 months and to 12 months | | Over 1 year and up to 3 years | | Over 3 years and up to 5 years | | Over 5 years | | Total | |
|--|---------------|---------------|------------------------------|---------------|--------------------------------|---------------|-------------------------------|---------------|--------------------------------|---------------|--------------|---------------|------------|---------------|
| | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 |
| Instruments issued by the Chilean Governments and Central Bank of Chile | | | | | | | | | | | | | | |
| Central Bank bonds | | 4,114 | | | | | | | | | | | | 4,114 |
| Central Bank promissory notes | | | | | | | | | | | | | | |
| Other instruments issued by the Chilean Government and Central Bank | | 2,576 | | | | | | | | | | | | 2,576 |
| Other Instruments issued in Chile | | | | | | | | | | | | | | |
| Deposit promissory notes from domestic banks | | | | | | | | | | | | | | |
| Mortgage bonds from domestic | | | | | | | | | | | | | | |

| | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|--------------|--------------|--|----------------|---------------|
| banks | | | | | | | | | |
| Bonds from domestic banks | | | | | | | | | |
| Deposits in domestic banks | 29,868 | 13,297 | | | | | | 29,868 | 13,297 |
| Bonds from other Chilean companies | | | | | | | | | |
| Other instruments issued in Chile | 47,425 | 47,357 | 34,358 | 19,207 | 7,463 | 5,090 | | 89,246 | 71,654 |
| Instruments issued by foreign institutions | | | | | | | | | |
| Instruments from foreign governments or Central Bank | | | | | | | | | |
| Other instruments | | | | | | | | | |
| Mutual fund investments | | | | | | | | | |
| Funds managed by related companies | | | | | | | | | |
| Funds managed by third-party | | | | | | | | | |
| Total | 77,293 | 67,344 | 34,358 | 19,207 | 7,463 | 5,090 | | 119,114 | 91,641 |

Securities received:

The Bank and its subsidiaries have received financial instruments that they can sell or give as collateral in case the owner of these instruments enters into default or in bankruptcy. As of March 31, 2018, the fair value of the instruments received amounts to Ch\$117,129 million (Ch\$95,665 million as of December, 2017).

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

9. Cash collateral on securities lent and repurchase agreements, continued:

(b) Liabilities for repurchase contracts: The Bank obtains financing by selling financial instruments and committing to purchase them at future dates, plus interest at a prefixed rate. As of March 31, 2018 and December 31, 2017, the repurchase agreements are the following:

| | Up to 1 month | | Over 1 month and to 3 months | | Over 3 months and to 12 months | | Over 1 year and up to 3 years | | Over 3 years and up to 5 years | | Over 5 years | | Total | |
|--|---------------|---------------|------------------------------|---------------|--------------------------------|---------------|-------------------------------|---------------|--------------------------------|---------------|--------------|---------------|------------|---------------|
| | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 |
| Instruments issued by the Chilean Governments and Central Bank of Chile | | | | | | | | | | | | | | |
| Central Bank bonds | 10,091 | 5,169 | | | | | | | | | | | 10,091 | 5,169 |
| Central Bank promissory notes | 16,519 | 5,095 | | | | | | | | | | | 16,519 | 5,095 |
| Other instruments issued by the Chilean Government and Central Bank | 17,790 | | | | | | | | | | | | | 17,790 |
| Other Instruments Issued in Chile | | | | | | | | | | | | | | |
| Deposit promissory notes from domestic banks | | | | | | | | | | | | | | |
| Mortgage bonds from domestic | | | | | | | | | | | | | | |

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| | | | | | | | | |
|--|----------------|----------------|--------------|---------------|---------------|--|----------------|----------------|
| banks | | | | | | | | |
| Bonds from domestic banks | 2,044 | 2,013 | | | | | 2,044 | 2,013 |
| Deposits in domestic banks | 164,410 | 114,359 | 1,761 | 38,067 | 56,762 | | 204,238 | 171,121 |
| Bonds from other Chilean companies | | | | | | | | |
| Other instruments issued in Chile | 9,480 | 11,994 | | | | | 9,480 | 11,994 |
| Instruments issued by foreign institutions | | | | | | | | |
| Instruments from foreign governments or central bank | | | | | | | | |
| Other instruments | | | | | | | | |
| Mutual fund investments | | | | | | | | |
| Funds managed by related companies | | | | | | | | |
| Funds managed by third-party | | | | | | | | |
| Total | 220,334 | 138,630 | 1,761 | 38,067 | 56,762 | | 260,162 | 195,392 |

Securities sold:

The fair value of the financial instruments delivered as collateral by the Bank and its subsidiaries, in sales transactions with repurchase agreement and securities loans as of March 31, 2018 amounts to Ch\$260,115 million (Ch\$195,437 million in December 2017). In the event that the Bank and its subsidiaries enter into default or bankruptcy, the counterparty is authorized to sell or deliver these investments as collateral.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

10. Derivative Instruments and Accounting Hedges:

(a) As of March 31, 2018 and December 31, 2017, the Bank's portfolio of derivative instruments is detailed as follows:

| As of March 31, 2018 | Notional amount of contract with final expiration date in | | | | | | Fair Value | | |
|--|---|--|--|---|---|--------------------------------|-------------------------|--------------------------|-------------------------------|
| | Up to 1 month March MCh\$ | Over 1 month and up to 3 months March MCh\$ | Over 3 months and up to 12 months March MCh\$ | Over 1 year and up to 3 years March MCh\$ | Over 3 year and up to 5 years March MCh\$ | Over 5 years March MCh\$ | Total March MCh\$ | Assets March MCh\$ | Liabilities March MCh\$ |
| Derivatives held for hedging purposes | | | | | | | | | |
| Interest rate swap and cross currency swap | | | | | 14,002 | | 14,002 | | 3,686 |
| Interest rate swap | | | | 24,791 | 22,732 | 69,452 | 116,975 | 1,372 | 1,536 |
| Total derivatives held for hedging purposes | | | | 24,791 | 36,734 | 69,452 | 130,977 | 1,372 | 5,222 |
| Derivatives held as cash flow hedges | | | | | | | | | |
| Interest rate swap and cross currency swap | | 147,115 | 235,332 | 253,327 | 31,069 | 488,951 | 1,155,794 | 12,707 | 92,954 |
| Total derivatives held as cash flow hedges | | 147,115 | 235,332 | 253,327 | 31,069 | 488,951 | 1,155,794 | 12,707 | 92,954 |
| Trading derivatives | | | | | | | | | |
| Currency forward | 7,322,365 | 6,959,940 | 15,845,776 | 1,365,042 | 145,357 | 27,229 | 31,665,709 | 427,197 | 487,643 |
| Interest rate forward | | | | | | | | | |
| Interest rate swap | 3,128,696 | 6,661,343 | 16,548,029 | 12,546,108 | 5,681,324 | 7,521,161 | 52,086,661 | 265,834 | 257,319 |
| Interest rate swap and cross currency swap | 183,096 | 397,758 | 2,027,733 | 3,491,246 | 2,476,908 | 2,971,677 | 11,548,418 | 520,085 | 541,808 |
| Call currency options | 10,441 | 41,593 | 77,716 | 3,432 | | | 133,182 | 419 | 656 |
| Put currency options | 7,799 | 46,435 | 89,753 | 2,797 | | | 146,784 | 1,787 | 3,515 |
| Total trading derivatives | 10,652,397 | 14,107,069 | 34,589,007 | 17,408,625 | 8,303,589 | 10,520,067 | 95,580,754 | 1,215,322 | 1,290,941 |
| Total | 10,652,397 | 14,254,184 | 34,824,339 | 17,686,743 | 8,371,392 | 11,078,470 | 96,867,525 | 1,229,401 | 1,389,117 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

10. Derivative Instruments and Accounting Hedges, continued:

(b) Portfolio of derivative instruments, continued:

| As of December 31, 2017 | Notional amount of contract with final expiration date in | | | | | | Fair Value | | |
|--|---|--|--|--|--|-----------------------------------|----------------------------|-----------------------------|----------------------------------|
| | Up to 1 month December MCh\$ | Over 1 month and up to 3 months December MCh\$ | Over 3 months and up to 12 months December MCh\$ | Over 1 year and up to 3 years December MCh\$ | Over 3 year and up to 5 years December MCh\$ | Over 5 years December MCh\$ | Total December MCh\$ | Assets December MCh\$ | Liabilities December MCh\$ |
| Derivatives held for hedging purposes | | | | | | | | | |
| Interest rate swap and cross currency swap | | | | | 13,914 | | 13,914 | | 3,652 |
| Interest rate swap | | | | 25,233 | 12,593 | 41,144 | 78,970 | 277 | 1,678 |
| Total derivatives held for hedging purposes | | | | 25,233 | 26,507 | 41,144 | 92,884 | 277 | 5,330 |
| Derivatives held as cash flow hedges | | | | | | | | | |
| Interest rate swap and cross currency swap | | | 254,724 | 377,072 | 30,874 | 485,891 | 1,148,561 | 27,572 | 80,888 |
| Total derivatives held as cash flow hedges | | | 254,724 | 377,072 | 30,874 | 485,891 | 1,148,561 | 27,572 | 80,888 |
| Trading derivatives | | | | | | | | | |
| Currency forward | 6,217,692 | 6,739,730 | 14,706,493 | 1,630,627 | 138,946 | 6,154 | 29,439,642 | 506,502 | 578,083 |
| Interest rate forward | 14,000 | | | | | | 14,000 | | 206 |
| Interest rate swap | 3,450,543 | 8,494,249 | 17,762,447 | 13,242,961 | 5,287,261 | 7,379,643 | 55,617,104 | 243,931 | 241,613 |
| Interest rate swap and cross currency swap | 156,414 | 458,006 | 1,934,358 | 3,126,560 | 2,440,814 | 3,165,088 | 11,281,240 | 466,192 | 504,209 |
| Call currency options | 23,191 | 32,444 | 94,359 | 3,782 | | | 153,776 | 514 | 475 |
| Put currency options | 19,140 | 25,163 | 97,634 | 3,936 | | | 145,873 | 2,841 | 3,433 |
| Total trading derivatives | 9,880,980 | 15,749,592 | 34,595,291 | 18,007,866 | 7,867,021 | 10,550,885 | 96,651,635 | 1,219,980 | 1,328,019 |
| Total | 9,880,980 | 15,749,592 | 34,850,015 | 18,410,171 | 7,924,402 | 11,077,920 | 97,893,080 | 1,247,829 | 1,414,237 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

10. Derivative Instruments and Accounting Hedges, continued:**(b) Fair value Hedges:**

The Bank uses cross-currency swaps and interest rate swaps to hedge its exposure to changes in the fair value of the hedged elements attributable to interest rates in financial instruments. The aforementioned hedge instruments change the effective cost of long-term issuances from a fixed interest rate to a floating rate, decreasing the duration and modifying the sensitivity to the shortest segments of the curve.

Below is a detail of the hedged elements and instruments under fair value hedges as of March 31 2018 and December 31, 2017:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|-------------------------|---------------------------------|------------------------------------|
| Hedge element | | |
| Commercial loans | 14,002 | 13,914 |
| Corporate bonds | 116,975 | 78,970 |
| Hedge instrument | | |
| Cross currency swap | 14,002 | 13,914 |
| Interest rate swap | 116,975 | 78,970 |

(c) Cash flow Hedges:

(c.1) The Bank uses cross currency swaps to hedge the risk from variability of cash flows attributable to changes in the interest rates and foreign exchange of foreign banks obligations and bonds issued abroad in US Dollars, Hong Kong dollars, Swiss Franc, Japanese Yens and Euros. The cash flows of the cross currency swaps equal the cash flows of the hedged items, which modify uncertain cash flows to known cash flows derived from a fixed interest rate.

Additionally, these cross currency swap contracts used to hedge the risk from variability of the Unidad de Fomento (CLF) in assets flows denominated in CLF until a nominal amount equal to the portion notional of the hedging instrument CLF, whose readjustment daily impact the

item Interest Revenue of the Income Financial Statements.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

10. Derivative Instruments and Accounting Hedges, continued:

(c) Cash flow Hedges, continued:

(c.2) Below are the cash flows from bonds issued abroad objects of this hedge and the cash flows of the asset part of the derivative instrument:

| Hedge element | Up to 1 month | | Over 1 month and up to 3 months | | Over 3 months and up to 12 months | | Over 1 year and up to 3 years | | Over 3 years and up to 5 years | | Over 5 years | | Total | |
|-------------------------|---------------|---------------|---------------------------------|---------------|-----------------------------------|---------------|-------------------------------|---------------|--------------------------------|---------------|--------------|---------------|------------|---------------|
| | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 |
| | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ |
| Outflows: | | | | | | | | | | | | | | |
| Corporate Bond EUR | (672) | | | | (580) | (1,246) | (2,505) | (2,491) | (2,505) | (2,491) | (82,787) | (82,348) | (89,049) | (88,571) |
| Corporate Bond HKD | (1,742) | | (1,435) | | (7,634) | (11,052) | (67,136) | (68,634) | (18,783) | (19,202) | (292,254) | (298,776) | (388,984) | (397,660) |
| Corporate Bond CHF | | | (159,761) | (986) | (81,863) | (161,529) | (112,704) | (192,519) | (474) | (474) | (95,250) | (95,174) | (450,052) | (450,680) |
| Obligation USD | (204) | (212) | (72) | (235) | (91,343) | (93,173) | (42,552) | (43,385) | | | | | (134,171) | (137,000) |
| Corporate Bond JPY | | | (446) | (292) | (33,946) | (1,150) | (41,761) | (72,098) | (30,032) | (28,886) | (65,500) | (63,002) | (171,685) | (165,420) |
| Hedge instrument | | | | | | | | | | | | | | |
| Inflows: | | | | | | | | | | | | | | |
| Cross Currency Swap EUR | 672 | | | | 580 | 1,246 | 2,505 | 2,491 | 2,505 | 2,491 | 82,787 | 82,348 | 89,049 | 88,571 |
| Cross Currency Swap HKD | 1,742 | | 1,435 | | 7,634 | 11,052 | 67,136 | 68,634 | 18,783 | 19,202 | 292,254 | 298,776 | 388,984 | 397,660 |
| Cross Currency Swap CHF | | | 159,761 | 986 | 81,863 | 161,529 | 112,704 | 192,519 | 474 | 474 | 95,250 | 95,174 | 450,052 | 450,680 |
| | 204 | 212 | 72 | 235 | 91,343 | 93,173 | 42,552 | 43,385 | | | | | 134,171 | 137,000 |

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Cross
Currency
Swap USD
Cross
Currency
Swap JPY

| | | | | | | | | | | | |
|-----|-----|--------|-------|--------|--------|--------|--------|--------|--------|---------|-------|
| 446 | 292 | 33,946 | 1,150 | 41,761 | 72,098 | 30,032 | 28,886 | 65,500 | 63,002 | 171,685 | 165,4 |
|-----|-----|--------|-------|--------|--------|--------|--------|--------|--------|---------|-------|

Net cash
flows

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

10. Derivative Instruments and Accounting Hedges, continued:**(c) Cash flow Hedges, continued:**

(c.2) Below are the cash flows from underlying assets and the cash flows of the liability part of the derivative instrument:

| Hedge element | Up to 1 month | | Over 1 month and up to 3 months | | Over 3 months and up to 12 months | | Over 1 year and up to 3 years | | Over 3 years and up to 5 years | | Over 5 years | | Total | |
|-------------------------|---------------|---------------|---------------------------------|---------------|-----------------------------------|---------------|-------------------------------|---------------|--------------------------------|---------------|--------------|---------------|------------|---------------|
| | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 |
| | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ |
| Inflows: | | | | | | | | | | | | | | |
| Cash flows in CLF | 3,053 | | 155,021 | 2,344 | 266,394 | 281,377 | 276,056 | 414,764 | 60,113 | 59,737 | 558,959 | 555,461 | 1,319,596 | 1,313,313 |
| Outflows: | | | | | | | | | | | | | | |
| Cross Currency Swap HKD | (1,690) | | (630) | | (7,143) | (9,404) | (66,605) | (66,188) | (16,468) | (16,365) | (286,862) | (285,066) | (379,398) | (377,398) |
| Cross Currency Swap JPY | | | (1,150) | (1,061) | (51,399) | (3,372) | (36,981) | (85,598) | (35,283) | (35,063) | (78,386) | (77,895) | (203,199) | (202,199) |
| Cross Currency Swap USD | (1,013) | | (262) | | (110,501) | (111,077) | (45,122) | (44,840) | | | | | (156,898) | (155,898) |
| Cross Currency Swap CHF | | | (152,447) | (1,283) | (96,465) | (155,767) | (123,807) | (214,620) | (4,823) | (4,793) | (108,549) | (107,870) | (486,091) | (484,091) |
| Cross Currency Swap EUR | (350) | | (532) | | (886) | (1,757) | (3,541) | (3,518) | (3,539) | (3,516) | (85,162) | (84,630) | (94,010) | (93,010) |
| Net cash flows | | | | | | | | | | | | | | |

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

10. Derivative Instruments and Accounting Hedges, continued:

(c) Cash flow Hedges, continued:

With respect to CLF assets hedged; these are revalued monthly according to the variation of the UF, which is equivalent to monthly reinvest the assets until maturity of the relationship hedging.

(c.3) The unrealized results generated during the period 2018 by those derivative contracts that conform the hedging instruments in this cash flow hedging strategy, have been recorded with charge to equity amounting to Ch\$15,249 million (charge to equity of Ch\$4,855 million in March 31, 2017). The net effect of taxes charge to equity amounts to Ch\$11,132 million (net charged to equity of Ch\$3,617 million credit to equity during the period March 2017).

The accumulated balance for this concept as of March 31, 2018 corresponds to a charge in equity amounted to Ch\$27,800 million (charge to equity of Ch\$12,551 million as of December 31, 2017).

(c.4) The net effect in income of derivatives cash flow hedges amount to Ch\$11,982 million charged to income during the period 2018 (Ch\$14,061 million charge to income during the period March 2017).

(c.5) As of March 31, 2018 and 2017, it not exist inefficiency in cash flow hedge, because both, hedge item and hedge instruments, are mirrors of each other, it means that all variation of value attributable to rate and revaluation components are netted totally.

(c.6) As of March 31, 2018 and 2017, the Bank does not have hedges of net investments in foreign business.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

11. Loans and advances to Banks:

(a) At the end of each reporting period, the balances presented in the item Loans and advances to Banks are as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|--|---------------------------------|------------------------------------|
| Domestic Banks | | |
| Interbank loans of liquidity | 120,017 | 120,017 |
| Provisions for loans to domestic banks | (43) | (43) |
| Subtotal | 119,974 | 119,974 |
| Foreign Banks | | |
| Interbank loans commercial | 224,423 | 187,006 |
| Credits with third countries | 50,099 | 61,091 |
| Chilean exports trade loans | 33,922 | 41,255 |
| Provisions for loans to foreign banks | (617) | (540) |
| Subtotal | 307,827 | 288,812 |
| Central Bank of Chile | | |
| Non-available Central Bank deposits | 360,045 | 350,000 |
| Other Central Bank credits | 631 | 916 |
| Subtotal | 360,676 | 350,916 |
| Total | 788,477 | 759,702 |

(b) The changes in provisions of the credits owed by the banks, during the periods 2018 and 2017, are summarized as follows:

| Detail | Bank s Location | | Total MCh\$ |
|-------------------------------|-----------------|-----------------|----------------|
| | Chile MCh\$ | Abroad MCh\$ | |
| Balance as of January 1, 2017 | 100 | 429 | 529 |
| Provisions established | | 107 | 107 |
| Provisions released | (79) | | (79) |
| Balance as of March 31, 2017 | 21 | 536 | 557 |
| Provisions established | 22 | 4 | 26 |

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| | | | |
|---------------------------------|----|-----|-----|
| Provisions released | | | |
| Balance as of December 31, 2017 | 43 | 540 | 583 |
| Provisions established | | 77 | 77 |
| Provisions released | | | |
| Balance as of March 31, 2018 | 43 | 617 | 660 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

12. Loans to Customers, net:

(a.i) Loans to Customers:

As of March 31, 2018 and December 31, 2017, the portfolio of loans is composed as follows:

| | As of March 31, 2018 | | | | | | | Net assets MCh\$ |
|-------------------------------------|---------------------------|---|-------------------------------------|----------------|-----------------------------------|--|----------------|---------------------|
| | Normal Portfolio MCh\$ | Assets before allowances Substandard Portfolio MCh\$ | Non-Complying Portfolio MCh\$ | Total MCh\$ | Individual Provisions MCh\$ | Allowances established Group Provisions MCh\$ | Total MCh\$ | |
| Commercial loans | | | | | | | | |
| Commercial loans | 10,466,204 | 76,222 | 297,704 | 10,840,130 | (120,650) | (83,020) | (203,670) | 10,636,460 |
| Foreign trade loans | 1,032,852 | 13,886 | 23,864 | 1,070,602 | (42,424) | (1,859) | (44,283) | 1,026,319 |
| Current account debtors | 210,925 | 2,906 | 2,502 | 216,333 | (3,512) | (6,606) | (10,118) | 206,215 |
| Factoring transactions | 585,605 | 1,681 | 1,362 | 588,648 | (10,221) | (1,935) | (12,156) | 576,492 |
| Student loans | 47,288 | | 1,368 | 48,656 | | (1,291) | (1,291) | 47,365 |
| Commercial lease transactions (1) | 1,369,462 | 16,133 | 25,852 | 1,411,447 | (2,462) | (8,765) | (11,227) | 1,400,220 |
| Other loans and accounts receivable | 80,620 | 265 | 7,422 | 88,307 | (936) | (6,020) | (6,956) | 81,351 |
| Subtotal | 13,792,956 | 111,093 | 360,074 | 14,264,123 | (180,205) | (109,496) | (289,701) | 13,974,422 |
| Mortgage loans | | | | | | | | |
| Letters of credit | 25,531 | | 1,957 | 27,488 | | (10) | (10) | 27,478 |
| Endorsable mortgage loans | 48,822 | | 1,624 | 50,446 | | (35) | (35) | 50,411 |
| Other residential lending | 7,273,669 | | 154,790 | 7,428,459 | | (29,736) | (29,736) | 7,398,723 |
| Credit from ANAP | 7 | | | 7 | | | | 7 |
| Residential lease transactions | | | | | | | | |
| Other loans and accounts receivable | 8,525 | | 124 | 8,649 | | (199) | (199) | 8,450 |
| Subtotal | 7,356,554 | | 158,495 | 7,515,049 | | (29,980) | (29,980) | 7,485,069 |
| Consumer loans | | | | | | | | |
| Consumer loans in installments | 2,407,844 | | 224,797 | 2,632,641 | | (178,727) | (178,727) | 2,453,914 |

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| | | | | | | | | |
|-------------------------------------|------------|---------|---------|------------|-----------|-----------|-----------|------------|
| Current account debtors | 305,818 | | 2,267 | 308,085 | | (10,727) | (10,727) | 297,358 |
| Credit card debtors | 1,117,803 | | 21,293 | 1,139,096 | | (55,360) | (55,360) | 1,083,736 |
| Consumer lease transactions | | | | | | | | |
| Other loans and accounts receivable | 12 | | 753 | 765 | | (235) | (235) | 530 |
| Subtotal | 3,831,477 | | 249,110 | 4,080,587 | | (245,049) | (245,049) | 3,835,538 |
| Total | 24,980,987 | 111,093 | 767,679 | 25,859,759 | (180,205) | (384,525) | (564,730) | 25,295,029 |

(1) In this item, the Bank finances its customers purchases of assets, including real estate and other personal property, through finance lease agreements. As of March 31, 2018 Ch\$663,461 million correspond to finance leases for real estate and Ch\$747,986 million correspond to finance leases for movable assets.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

12. Loans to Customers net, continued:

(a.i) Loans to Customers, continued:

| | As of December 31, 2017 | | | | | | | Net assets MCh\$ |
|-------------------------------------|---------------------------|---|-------------------------------------|----------------|-----------------------------------|--|----------------|---------------------|
| | Normal Portfolio MCh\$ | Assets before allowances Substandard Portfolio MCh\$ | Non-Complying Portfolio MCh\$ | Total MCh\$ | Individual Provisions MCh\$ | Allowances established Group Provisions MCh\$ | Total MCh\$ | |
| Commercial loans | | | | | | | | |
| Commercial loans | 10,199,048 | 67,602 | 294,976 | 10,561,626 | (118,710) | (81,377) | (200,087) | 10,361,539 |
| Foreign trade loans | 948,547 | 10,627 | 24,364 | 983,538 | (38,752) | (2,311) | (41,063) | 942,475 |
| Current account debtors | 265,842 | 2,706 | 2,392 | 270,940 | (3,509) | (6,350) | (9,859) | 261,081 |
| Factoring transactions | 643,352 | 2,552 | 931 | 646,835 | (9,349) | (2,037) | (11,386) | 635,449 |
| Student loans | 44,407 | | 1,617 | 46,024 | | (1,319) | (1,319) | 44,705 |
| Commercial lease transactions (1) | 1,337,411 | 17,468 | 26,637 | 1,381,516 | (4,946) | (8,215) | (13,161) | 1,368,355 |
| Other loans and accounts receivable | 55,521 | 298 | 6,815 | 62,634 | (912) | (5,688) | (6,600) | 56,034 |
| Subtotal | 13,494,128 | 101,253 | 357,732 | 13,953,113 | (176,178) | (107,297) | (283,475) | 13,669,638 |
| Mortgage loans | | | | | | | | |
| Letters of credit | 27,568 | | 2,105 | 29,673 | | (11) | (11) | 29,662 |
| Endorsable mortgage loans | 52,229 | | 1,800 | 54,029 | | (58) | (58) | 53,971 |
| Other residential lending | 7,229,037 | | 151,691 | 7,380,728 | | (31,478) | (31,478) | 7,349,250 |
| Credit from ANAP | 8 | | | 8 | | | | 8 |
| Residential lease transactions | | | | | | | | |
| Other loans and accounts receivable | 8,127 | | 441 | 8,568 | | (217) | (217) | 8,351 |
| Subtotal | 7,316,969 | | 156,037 | 7,473,006 | | (31,764) | (31,764) | 7,441,242 |
| Consumer loans | | | | | | | | |
| Consumer loans in installments | 2,311,482 | | 227,239 | 2,538,721 | | (175,659) | (175,659) | 2,363,062 |
| Current account debtors | 314,506 | | 2,149 | 316,655 | | (10,446) | (10,446) | 306,209 |
| Subtotal | 1,134,476 | | 22,654 | 1,157,130 | | (56,525) | (56,525) | 1,100,605 |

| | | | | | | | | |
|-------------------------------------|------------|---------|-----------|------------|-----------|-----------|-----------|------------|
| Credit card debtors | | | | | | | | |
| Consumer lease transactions | | | | | | | | |
| Other loans and accounts receivable | 8 | 902 | 910 | (313) | (313) | 597 | | |
| Subtotal | 3,760,472 | 252,944 | 4,013,416 | (242,943) | (242,943) | 3,770,473 | | |
| Total | 24,571,569 | 101,253 | 766,713 | 25,439,535 | (176,178) | (382,004) | (558,182) | 24,881,353 |

(1) In this item, the Bank finances its customers purchases of assets, including real estate and other personal property, through finance lease agreements. As of December 31, 2017 Ch\$653,575 million correspond to finance leases for real estate and Ch\$727,941 million correspond to finance leases for movable assets.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

12. Loans to Customers, net, continued:

(a.ii) Impaired Portfolio:

As of March 31, 2018 and December 31, 2017, the Bank presents the following details of normal and impaired portfolio:

| | Assets before Allowances | | | | Total | | Allowances established | | | | Total | | March 2018 MCh\$ |
|---------------------|--------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|
| | Normal Portfolio | | Impaired Portfolio | | March 2018 MCh\$ | December 2017 MCh\$ | Individual Provisions | | Group Provisions | | March 2018 MCh\$ | December 2017 MCh\$ | |
| | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ | | | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ | | | |
| Commercial loans | 13,900,868 | 13,593,249 | 363,255 | 359,864 | 14,264,123 | 13,953,113 | (180,205) | (176,178) | (109,496) | (107,297) | (289,701) | (283,475) | 13,974,416 |
| Mortgage loans | 7,356,554 | 7,316,969 | 158,495 | 156,037 | 7,515,049 | 7,473,006 | | | (29,980) | (31,764) | (29,980) | (31,764) | 7,485,242 |
| Consumer loans | 3,831,477 | 3,760,472 | 249,110 | 252,944 | 4,080,587 | 4,013,416 | | | (245,049) | (242,943) | (245,049) | (242,943) | 3,835,367 |
| Total | 25,088,899 | 24,670,690 | 770,860 | 768,845 | 25,859,759 | 25,439,535 | (180,205) | (176,178) | (384,525) | (382,004) | (564,730) | (558,182) | 25,295,365 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

12. Loans to Customers, continued:

(b) Credit risk provisions:

The changes in credits risk provisions, during the periods 2018 and 2017, are summarized as follows:

| | Individual MCh\$ | Commercial Group MCh\$ | Mortgage Group MCh\$ | Consumer Group MCh\$ | Total MCh\$ |
|---------------------------------|---------------------|------------------------------|----------------------------|----------------------------|----------------|
| Balance as of December 31, 2016 | 221,085 | 105,174 | 33,866 | 249,866 | 609,991 |
| Charge-offs | (3,761) | (10,339) | (1,051) | (61,272) | (76,423) |
| Sales or transfers of credits | (553) | | | | (553) |
| Allowances established | | 5,652 | 1,486 | 64,815 | 71,953 |
| Allowances released | (1,034) | | | | (1,034) |
| Balance as of March 31, 2017 | 215,737 | 100,487 | 34,301 | 253,409 | 603,934 |
| Charge-offs | (10,013) | (34,603) | (4,042) | (193,709) | (242,367) |
| Sales or transfers of credits | (12,521) | | | | (12,521) |
| Allowances established | | 41,413 | 1,505 | 183,243 | 226,161 |
| Allowances released | (17,025) | | | | (17,025) |
| Balance as of December 31, 2017 | 176,178 | 107,297 | 31,764 | 242,943 | 558,182 |
| Charge-offs | (2,589) | (12,960) | (1,580) | (59,148) | (76,277) |
| Sales or transfers of credits | | | | | |
| Allowances established | 6,616 | 15,159 | | 61,254 | 83,029 |
| Allowances released | | | (204) | | (204) |
| Balance as of March 31, 2018 | 180,205 | 109,496 | 29,980 | 245,049 | 564,730 |

In addition to these credit risk provisions, also provisions are maintained for country risk to cover foreign operations and additional loan provisions agreed upon by the Board of Directors, which are presented in liabilities under the item Provisions (Note No. 24).

Other disclosures:

1. As of March 31, 2018 and December 31, 2017, the Bank and its subsidiaries have made purchases and sales of loan portfolios. The effect in income is no more than 5% of net income before taxes, as described in Note No. 12

(d) and (e).

2. As of March 31, 2018 and December 31, 2017 the Bank and its subsidiaries have derecognized 100% of its sold loan portfolio and all risks and benefits related to these financial assets have been transferred all or substantially to it. (See Note No. 12 (e)).

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

12. Loans to Customers, continued:

(c) Finance lease contracts:

The cash flows to be received by the Bank from finance lease contracts have the following maturities:

| | Total receivable | | Unearned income | | Net balance receivable (*) | |
|-------------------|------------------------|---------------------------|------------------------|---------------------------|----------------------------|---------------------------|
| | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ |
| Within one year | 472,171 | 461,354 | (54,514) | (54,216) | 417,657 | 407,138 |
| From 1 to 2 years | 349,641 | 338,305 | (40,225) | (39,946) | 309,416 | 298,359 |
| From 2 to 3 years | 235,696 | 230,920 | (26,117) | (26,136) | 209,579 | 204,784 |
| From 3 to 4 years | 150,756 | 146,921 | (17,519) | (17,680) | 133,237 | 129,241 |
| From 4 to 5 years | 98,135 | 99,268 | (12,519) | (12,564) | 85,616 | 86,704 |
| After 5 years | 276,536 | 278,607 | (26,855) | (27,315) | 249,681 | 251,292 |
| Total | 1,582,935 | 1,555,375 | (177,749) | (177,857) | 1,405,186 | 1,377,518 |

(*) The net balance receivable does not include past-due portfolio totaling Ch\$6,261 million as of March 31, 2018 (Ch\$3,998 million as of December 31, 2017).

The Bank maintains financial lease operations associated with real estate, industrial machinery, vehicles and transportation equipment. These leases contracts have an average term between 2 and 15 years.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

12. Loans to Customers, continued:

(d) Purchase of loan portfolio:

During the period ended March 31, 2018 the Bank has not acquired portfolio loans.

During 2017, the Bank acquired loan portfolios, whose nominal value amounted to Ch\$1,495 million.

(e) Sale or transfer of loans from the loan portfolio:

During the periods 2018 and 2017 sale operations or assignments of receivables have been carried out from the loan portfolio according to the following:

| | Carrying amount MCh\$ | As of March 31, 2018 | | Effect on income (loss) gain MCh\$ |
|---------------------------|-----------------------------|----------------------|---------------------|--|
| | | Allowances MCh\$ | Sale price MCh\$ | |
| Sale of current loans | | | | |
| Sale of written off loans | | | | |
| Total | | | | |

| | Carrying amount MCh\$ | As of March 31, 2017 | | Effect on income (loss) gain MCh\$ |
|---------------------------|-----------------------------|----------------------|---------------------|--|
| | | Allowances MCh\$ | Sale price MCh\$ | |
| Sale of current loans | 807 | (553) | 807 | 553 |
| Sale of written off loans | | | 3 | 3 |
| Total | 807 | (553) | 810 | 556 |

(f) Securitization of own assets:

During the period as of March 31, 2018 and the year 2017, there is no securitization transactions executed involving its own assets.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

13. Investment Securities:

As of March 31, 2018 and December 31, 2017, investment securities classified as available-for-sale and held-to-maturity are detailed as follows:

| | Available- for-sale MCh\$ | March 2018 Held-to- maturity MCh\$ | Total MCh\$ | Available- for -sale MCh\$ | December 2017 Held-to- maturity MCh\$ | Total MCh\$ |
|---|---------------------------------|---|------------------|----------------------------------|---|------------------|
| Instruments issued by the Chilean Government and Central Bank of Chile | | | | | | |
| Bonds issued by the Central Bank of Chile | 165,896 | | 165,896 | 204,128 | | 204,128 |
| Promissory notes issued by the Central Bank of Chile | | | | 3,346 | | 3,346 |
| Other instruments of the Chilean Government and the Central Bank of Chile | 146,804 | | 146,804 | 148,894 | | 148,894 |
| Other instruments issued in Chile | | | | | | |
| Deposit promissory notes from domestic banks | | | | | | |
| Mortgage bonds from domestic banks | 96,614 | | 96,614 | 99,572 | | 99,572 |
| Bonds from domestic banks | 5,418 | | 5,418 | 5,415 | | 5,415 |
| Deposits from domestic banks | 879,676 | | 879,676 | 956,733 | | 956,733 |
| Bonds from other Chilean companies | 8,043 | | 8,043 | 14,969 | | 14,969 |
| Promissory notes issued by other Chilean companies | | | | | | |
| Other instruments issued in Chile | 117,889 | | 117,889 | 83,006 | | 83,006 |
| Instruments issued abroad | | | | | | |
| Instruments from foreign governments or Central Banks | | | | | | |
| Other instruments | | | | | | |
| Total | 1,420,340 | | 1,420,340 | 1,516,063 | | 1,516,063 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

13. Investment Securities, continued:

Instruments issued by the Chilean Government and Central Bank include instruments with repurchase agreements sold to clients and financial institutions, totaling Ch\$4,324 million as of March 31, 2018 (Ch\$5,177 million as of December 31, 2017). The repurchase agreements have an average maturity of 3 days as of March 31, 2018 (3 days in December 2017). Additionally, under the same item, other financial instruments are maintained as collateral guaranteeing the derivative transactions executed through Comder Contraparte Central S.A. for an amount of Ch\$40,957 million as of March 31, 2018 (Ch\$31,415 million as of December 2017).

In instruments of Foreign Institutions include mainly bank bonds.

As of March 31, 2018, the portfolio of financial assets available-for-sale includes an accumulated unrealized gain of Ch\$645 million (accumulated unrealized gain of Ch\$1,851 million in December 2017), recorded as an equity valuation adjustment.

During the period 2018 and 2017, there is no evidence of impairment of financial assets available-for-sale.

Gross profits and losses realized on the sale of available-for-sale investments as of March 31, 2018 and 2017 are shown in Note No. 30 Net Financial Operating Income . The changes on results at the end of each period are as fallow:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|--|---------------------------------|---------------------------------|
| Unrealized (losses) gains | (677) | 4,590 |
| Realized losses (gains) reclassified to income | (529) | (822) |
| Subtotal | (1,206) | 3,768 |
| Income tax on other comprehensive income | 672 | (959) |
| Net effect in equity | (534) | 2,809 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

14. Investments in Other Companies:

(a) Investments in other companies include investments of Ch\$38,974 million as of March 31, 2018 (Ch\$38,041 million as of December 31, 2017), as follows:

| Company | Shareholder | Ownership Interest | | Equity | | Book Value | | Investment Income (Loss) (**) | |
|---|------------------------------|--------------------|---------------|------------|---------------|------------|---------------|-------------------------------|------------|
| | | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | March 2017 |
| | | % | % | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ |
| Associates | | | | | | | | | |
| Transbank S.A. | Banco de Chile | 26.16 | 26.16 | 58,442 | 56,804 | 15,286 | 15,070 | 428 | 345 |
| Soc. Operadora de Tarjetas de Crédito Nexus S.A. | Banco de Chile | 25.81 | 25.81 | 15,681 | 13,781 | 4,047 | 3,822 | 225 | 193 |
| Administrador Financiero del Transantiago S.A. | Banco de Chile | 20.00 | 20.00 | 15,729 | 15,490 | 3,146 | 3,098 | 47 | 56 |
| Redbanc S.A. | Banco de Chile | 38.13 | 38.13 | 7,976 | 7,484 | 3,041 | 2,894 | 147 | 121 |
| Centro de Compensación Automatizado S.A. | Banco de Chile | 33.33 | 33.33 | 4,953 | 4,696 | 1,651 | 1,589 | 62 | 55 |
| Sociedad Imerc OTC S.A. | Banco de Chile | 12.33 | 12.33 | 11,641 | 11,490 | 1,435 | 1,417 | 18 | 14 |
| Sociedad Interbancaria de Depósitos de Valores S.A. | Banco de Chile | 26.81 | 26.81 | 3,812 | 3,659 | 1,022 | 995 | 27 | 38 |
| Soc. Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A. | Banco de Chile | 15.00 | 15.00 | 6,139 | 5,838 | 921 | 908 | 12 | 15 |
| Subtotal Associates | | | | 124,373 | 119,242 | 30,549 | 29,793 | 966 | 837 |
| Joint Ventures | | | | | | | | | |
| Servipag Ltda. | Banco de Chile | 50.00 | 50.00 | 10,195 | 9,997 | 5,097 | 4,999 | 99 | 66 |
| Artikos Chile S.A. | Banco de Chile | 50.00 | 50.00 | 2,117 | 1,654 | 1,059 | 979 | 79 | 74 |
| Subtotal Joint Ventures | | | | 12,312 | 11,651 | 6,156 | 5,978 | 178 | 140 |
| Subtotal | | | | 136,685 | 130,893 | 36,705 | 35,771 | 1,144 | 977 |
| Investments valued at cost (1) | | | | | | | | | |
| Bolsa de Comercio de Santiago S.A. (*) | Banchile Corredores de Bolsa | | | | | 1,646 | 1,646 | | |
| Banco Latinoamericano de Comercio Exterior S.A. (Bladex) | Banco de Chile | | | | | 309 | 309 | 13 | 14 |
| Bolsa Electrónica de Chile S.A. (**) | Banchile Corredores de | | | | | 257 | 257 | | |

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| | | Bolsa | | | |
|--------------------------------|----------------|--------|--------|-------|-----|
| Sociedad de Telecomunicaciones | | | | | |
| Financieras Interbancarias | | | | | |
| Mundiales (Swift) | Banco de Chile | 49 | 50 | | |
| CCLV Contraparte Central S.A. | Banchile | | | | |
| | Corredores de | | | | |
| | Bolsa | 8 | 8 | | |
| Subtotal | | 2,269 | 2,270 | 13 | 14 |
| Total | | 38,974 | 38,041 | 1,157 | 991 |

(1) Income from investments valorized at cost, corresponds to income recognized on cash basis (dividends).

(*) The exchange of shares informed as essential event dated May 30, 2017, each shareholder of the Stock Exchange received 1,000,000 shares for each share held as of April 20, 2017. At that date, the subsidiary Banchile Corredores de Bolsa S.A. held the ownership of 3 shares, obtaining 3,000,000 shares due to the exchange.

(**) In the extraordinary shareholders meeting held on May 13, 2017, the exchange of 100,000 shares for each share of the company was agreed. Product of the above Banchile Corredores de Bolsa S.A. obtained 300,000 shares by owning 3 shares as of September 30, 2017.

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(Free translation of interim financial statements originally issued in Spanish)

14. Investments in Other Companies, continued:

(b) The change of investments in companies registered under the equity method in the periods of March 31, 2018 and 2017, are as follows:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|---|---------------------------------|---------------------------------|
| Initial book value | 38,041 | 32,588 |
| Acquisition of investments in companies | | |
| Participation on income in companies with significant influence and joint control | 1,144 | 977 |
| Dividends receivable | (212) | |
| Dividends Minimum | | 560 |
| Dividends received | | |
| Others | 1 | 8 |
| Total | 38,974 | 34,133 |

(c) During the period ended as of March 31, 2018 and December 31, 2017 no impairment has incurred in these investments.

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(Free translation of interim financial statements originally issued in Spanish)

15. Intangible Assets:

(a) As of March 31, 2018 and December 31, 2017 intangible assets are detailed as follows:

| | Average Useful Life | | Years Average remaining amortization | | Gross balance | | Accumulated Amortization | | Net balance | |
|---------------------------------|---------------------|----------|--|----------|---------------|----------|--------------------------|----------|-------------|----------|
| | March | December | March | December | March | December | March | December | March | December |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ |
| Other Intangible Assets: | | | | | | | | | | |
| Software or computer programs | 6 | 6 | 5 | 5 | 126,918 | 122,480 | (85,152) | (83,435) | 41,766 | 39,045 |
| Total | | | | | 126,918 | 122,480 | (85,152) | (83,435) | 41,766 | 39,045 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

15. Intangible Assets, continued:

(b) The change of intangible assets as of March 31, 2018 and December 31, 2017 are as follows:

| | March 2018 Software or computer programs MCh\$ |
|--|---|
| <u>Gross Balance</u> | |
| Balance as of January 1, 2018 | 122,480 |
| Acquisition | 5,187 |
| Disposals/ write-downs | (749) |
| Impairment loss (*) | |
| Total | 126,918 |
| <u>Accumulated Amortization</u> | |
| Balance as of January 1, 2018 | (83,435) |
| Amortization for the period (*) | (2,466) |
| Disposals/ write-downs | 749 |
| Total | (85,152) |
| Balance as of March 31, 2018 | 41,766 |

| | December 2017 Software or computer programs MCh\$ |
|--|--|
| <u>Gross Balance</u> | |
| Balance as of January 1, 2017 | 109,491 |
| Acquisition | 18,779 |
| Disposals/ write-downs | (5,790) |
| Impairment loss | |
| Total | 122,480 |
| <u>Accumulated Amortization</u> | |
| Balance as of January 1, 2017 | (80,150) |
| Amortization for the period | (9,075) |
| Disposals/ write-downs | 5,790 |
| Total | (83,435) |
| Balance as of December 31, 2017 | 39,045 |

(*) See Note No. 35 Depreciation, amortization and impairment.

(c) As of March 31, 2018 and December 31, 2017, the Bank maintains the following commitments for technological developments:

| Detail | Amount of Commitment | |
|-----------------------|----------------------|----------|
| | March | December |
| | 2018 | 2017 |
| | MCh\$ | MCh\$ |
| Software and licenses | 5,366 | 5,129 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

16. Property and equipment:

(a) The properties and equipment as of March 31, 2018 and December 31, 2017 are composed as follows:

| Type of property and equipment: | Average Useful Life | | Years | | Average remaining depreciation | | Gross balance | | Accumulated Depreciation | | Net balance | |
|---------------------------------|---------------------|---------------|------------|---------------|--------------------------------|---------------|---------------|---------------|--------------------------|---------------|-------------|---------------|
| | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 |
| | | | | | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ |
| Land and Buildings | 26 | 27 | 21 | 21 | 312,748 | 311,428 | (144,755) | (142,768) | 167,993 | 168,660 | | |
| Equipment | 5 | 5 | 3 | 3 | 175,508 | 184,369 | (142,304) | (148,006) | 33,204 | 36,363 | | |
| Others | 6 | 6 | 4 | 4 | 52,711 | 52,552 | (41,749) | (41,316) | 10,962 | 11,236 | | |
| Total | | | | | 540,967 | 548,349 | (328,808) | (332,090) | 212,159 | 216,259 | | |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

16. Property and equipment, continued:

(b) The changes in properties and equipment as of March 31, 2018 and December 31, 2017 are as follows:

| | March 2018 | | | |
|---|-----------------------------|--------------------|-----------------|----------------|
| | Land and Buildings MCh\$ | Equipment MCh\$ | Others MCh\$ | Total MCh\$ |
| <u>Gross Balance</u> | | | | |
| Balance as of January 1, 2018 | 311,428 | 184,369 | 52,552 | 548,349 |
| Additions | 1,615 | 382 | 525 | 2,522 |
| Disposals/write-downs/Sales | (295) | (9,240) | (358) | (9,893) |
| Impairment losses (*) | | (3) | (8) | (11) |
| Total | 312,748 | 175,508 | 52,711 | 540,967 |
| <u>Accumulated Depreciation</u> | | | | |
| Balance as of January 1, 2018 | (142,768) | (148,006) | (41,316) | (332,090) |
| Reclassification | | | 1 | 1 |
| Depreciation charges of the period (**) | (2,282) | (3,538) | (793) | (6,613) |
| Sales and disposals of the period | 295 | 9,240 | 359 | 9,894 |
| Transfers | | | | |
| Total | (144,755) | (142,304) | (41,749) | (328,808) |
| Balance as of March 31, 2018 | 167,993 | 33,204 | 10,962 | 212,159 |

| | December 2017 | | | |
|--|-----------------------------|--------------------|-----------------|----------------|
| | Land and Buildings MCh\$ | Equipment MCh\$ | Others MCh\$ | Total MCh\$ |
| <u>Gross Balance</u> | | | | |
| Balance as of January 1, 2017 | 302,187 | 180,322 | 50,404 | 532,913 |
| Additions | 10,606 | 8,898 | 3,720 | 23,224 |
| Disposals/write-downs/Sales | (1,365) | (4,851) | (1,569) | (7,785) |
| Impairment losses (***) | | | (3) | (3) |
| Total | 311,428 | 184,369 | 52,552 | 548,349 |
| <u>Accumulated Depreciation</u> | | | | |
| Balance as of January 1, 2017 | (134,900) | (139,277) | (39,654) | (313,831) |
| Depreciation charges of the year (**) | (9,040) | (13,723) | (3,045) | (25,808) |
| Sales and disposals of the year | 1,172 | 4,851 | 1,526 | 7,549 |
| Transfers | | 143 | (143) | |
| Total | (142,768) | (148,006) | (41,316) | (332,090) |

| | | | | |
|--|---------|--------|--------|---------|
| Balance as of December 31, 2017 | 168,660 | 36,363 | 11,236 | 216,259 |
|--|---------|--------|--------|---------|

(*) See Note No.35 Depreciation, Amortization and Impairment.

(**) This amount does not include the depreciation of the year of the Investment Properties, amount is included in Other Assets for Ch\$92 million (Ch\$368 million as of December 31, 2017).

(***) This amount does not include charge-offs provision of Property and Equipment of Ch\$163 million as of December 31, 2017.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

16. Property and equipment, continued:

(c) As of March 31, 2018 and 2017, the Bank has operating lease contracts that cannot be terminated unilaterally. The information on future payments is detailed as follows:

| | Lease Contracts | | | | | | | |
|------------|---------------------------------------|---------------------------|---|---|--|--|--------------------------|----------------|
| | Expense for the period MCh\$ | Up to 1 month MCh\$ | Over 1 month and up to 3 months MCh\$ | Over 3 months and up to 12 months MCh\$ | Over 1 year and up to 3 years MCh\$ | Over 3 years and up to 5 years MCh\$ | Over 5 years MCh\$ | Total MCh\$ |
| March 2018 | 8,647 | 2,847 | 5,684 | 22,816 | 48,918 | 34,736 | 31,274 | 146,275 |
| March 2017 | 8,386 | 2,786 | 6,544 | 21,636 | 49,494 | 36,307 | 44,278 | 161,045 |

As these lease agreements are operating leases under IAS 17 the leased assets are not presented in the Bank's statement of financial position.

The Bank has commercial leases of investment properties. These leases have an average life of 5 years.

(d) As of March 31, 2018 and December 31, 2017, the Bank does not have any financial lease contracts and, therefore, there are no property and equipment balances that are in financial lease at the end of both periods.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

17. Current Taxes and Deferred Taxes:

(a) Current Taxes:

The Bank and its subsidiaries at the end of each period, have constituted a First Category Income Tax Provision, which was determined based on current tax regulations, and has been reflected in the statement of financial position net of taxes to be recovered or payable, as applicable, as of March 31, 2018 and December 31, 2017, according to the following detail:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|------------------------------|---------------------------------|------------------------------------|
| Income tax | 22,144 | 108,844 |
| Less: | | |
| Tax Previous year | (20,711) | |
| Monthly prepaid taxes | (31,891) | (123,717) |
| Credit for training expenses | (1,700) | (2,036) |
| Others | (1,747) | (2,670) |
| Total | (33,905) | (19,579) |
| Tax rate | 27.0% | 25.5% |

| | March 2018 MCh\$ | December 2017 MCh\$ |
|-------------------------|---------------------------------|------------------------------------|
| Current tax assets | 37,907 | 23,032 |
| Current tax liabilities | (4,002) | (3,453) |
| Total tax receivable | 33,905 | 19,579 |

(b) Income Tax:

The effect of the tax expense during the periods between January 1 and March 31, 2018 and 2017, broken down as follows:

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| | March 2018 MCh\$ | March 2017 MCh\$ |
|--|------------------------|------------------------|
| Income tax expense: | | |
| Current year tax | 26,261 | 15,736 |
| Subtotal | 26,261 | 15,736 |
| Charge (credit) for deferred taxes: | | |
| Origin and reversal of temporary differences | 2,545 | 13,144 |
| Effect of exchange rates on deferred tax | | (1,081) |
| Subtotal | 2,545 | 12,063 |
| Others | (573) | 610 |
| Net charge to income for income taxes | 28,233 | 28,409 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

17. Current and Deferred Taxes, continued:

(c) Reconciliation of effective tax rate:

The following is a reconciliation of the income tax rate to the effective rate applied to determine the Bank's income tax expense as of March 31, 2018 and 2017:

| | Tax rate % | March 2018 MCh\$ | Tax rate % | March 2017 MCh\$ |
|--|---------------|------------------------|---------------|------------------------|
| Income tax calculated on net income before tax | 27.00 | 46,139 | 25.50 | 42,943 |
| Additions or deductions | (0.51) | (875) | (0.33) | (562) |
| Subordinated debt (*) | (5.60) | (9,572) | (5.54) | (9,334) |
| Price-level restatement | (4.57) | (7,813) | (3.60) | (6,065) |
| Effect in deferred taxes (changes in tax rate) | | | (0.64) | (1,081) |
| Other | 0.21 | 354 | 1.49 | 2,508 |
| Effective rate and income tax expense | 16.53 | 28,233 | 16.88 | 28,409 |

(*) The tax expense related to the subordinated debt held by SAOS, will end in the year in which sufficient resources are generated to pay off the total debt.

The effective rate for income tax for 2018 is 16.53% (16.88% in March 2017).

On September 29, 2014, Law 20,780 was published in the Diario Oficial of Chile (equivalent to the Federal Register), amended the System of Income Taxation and introduces various adjustments in the tax system.

In the same line, on February 8, 2016 Law 20,899 was published, which establishes that open corporations must apply the tax regime of first category with partial deduction of the credit in the final taxes, a regime characterized by the fact that shareholders will only be entitled to allocate against personal taxes (Global Supplementary or Additional), 65% of the first category tax paid by the company.

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For this tax regime, the law establishes a gradual increase of first category tax rates according to the following periodicity:

| Year | Rate |
|-------------|-------------|
| 2014 | 21.0% |
| 2015 | 22.5% |
| 2016 | 24.0% |
| 2017 | 25.5% |
| 2018 | 27.0% |

Additionally, according to No. 11 of Article 1 of Law 20,780, as from January 1, 2017, the rate of sole tax has been increased to rejected expenses of article 21 from 35% to 40%.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

17. Current and Deferred Taxes, continued:

(d) Effect of deferred taxes on income and equity:

The Bank and its subsidiaries have recorded the effects of deferred taxes in their financial statements. The effects of deferred taxes on assets, liabilities and income accounts are detailed as follows:

| | Balances as of December 31, 2017 MCh\$ | Income MCh\$ | Effect on Equity MCh\$ | Balances as of March 31, 2018 MCh\$ |
|--|--|-----------------|------------------------------|---|
| Debit Differences: | | | | |
| Allowances for loan losses | 195,192 | 2,623 | | 197,815 |
| Personnel provisions | 12,238 | (5,875) | | 6,363 |
| Staff vacations | 6,908 | (188) | | 6,720 |
| Accrued interests adjustments from impaired loans | 3,414 | (34) | | 3,380 |
| Staff severance indemnities provision | 573 | (15) | | 558 |
| Provision of credit cards expenses | 8,955 | 132 | | 9,087 |
| Provision of accrued expenses | 16,358 | 355 | | 16,713 |
| Leasing | 32,549 | 120 | | 32,669 |
| Other adjustments | 17,372 | 857 | | 18,229 |
| Total Debit Differences | 293,559 | (2,025) | | 291,534 |
| Credit Differences: | | | | |
| Depreciation and price-level restatement of property and equipment | 14,281 | 174 | | 14,455 |
| Adjustment for valuation of financial assets available-for-sale | 499 | | (672) | (173) |
| Transitory assets | 4,331 | 577 | | 4,908 |
| Loans accrued to effective rate | 1,608 | (36) | | 1,572 |
| Other adjustments | 5,440 | (195) | | 5,245 |
| Total Credit Differences | 26,159 | 520 | (672) | 26,007 |
| Deferred, Net | 267,400 | (2,545) | 672 | 265,527 |

March
2018December
2017

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| | MM\$ | MM\$ |
|--------------------------|---------|---------|
| Deferred tax assets | 265,571 | 267,400 |
| Deferred tax liabilities | (44) | |
| Total Deferred tax | 265,527 | 267,400 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

17. Current and Deferred Taxes, continued:

(e) Effect of deferred taxes on income and equity, continued:

The effects of deferred taxes on assets, liabilities and income as of March 31, 2017 and December 31, 2017, are as follows:

| | Balance as of December 31, 2016 MCh\$ | Effect on Income MCh\$ | Effect on Equity MCh\$ | Balance as of March 31, 2017 MCh\$ | Effect on Income MCh\$ | Effect on Equity MCh\$ | Balance as of December 31, 2017 MCh\$ |
|---|---|------------------------------|------------------------------|--|------------------------------|------------------------------|---|
| Debit differences: | | | | | | | |
| Allowances for loan losses | 204,056 | (1,353) | | 202,703 | (7,511) | | 195,192 |
| Personnel provisions | 10,948 | (6,450) | | 4,498 | 7,740 | | 12,238 |
| Staff vacations | 6,674 | (79) | | 6,595 | 313 | | 6,908 |
| Accrued interest adjustments from impaired loans | 3,355 | 197 | | 3,552 | (138) | | 3,414 |
| Staff severance indemnities provision | 970 | (217) | | 753 | (135) | (45) | 573 |
| Provisions of credit card expenses | 12,459 | (2,177) | | 10,282 | (1,327) | | 8,955 |
| Provisions of accrued expenses | 14,489 | 715 | | 15,204 | 1,154 | | 16,358 |
| Leasing | 37,119 | 1,648 | | 38,767 | (6,218) | | 32,549 |
| Other adjustments | 15,960 | (3,379) | | 12,581 | 4,790 | 1 | 17,372 |
| Total debit differences | 306,030 | (11,095) | | 294,935 | (1,332) | (44) | 293,559 |
| Credit differences: | | | | | | | |
| Depreciation of property and equipment and investment properties | 11,815 | (516) | | 11,299 | 2,982 | | 14,281 |
| Adjustment for valuation financial assets available-for-sale | 216 | | 959 | 1,175 | 1 | (677) | 499 |
| Transitory assets | 3,617 | 1,096 | | 4,713 | (382) | | 4,331 |
| Accrued interest to effective rate | 2,252 | (210) | | 2,042 | (434) | | 1,608 |
| Other adjustments | 6,417 | 598 | | 7,015 | (1,575) | | 5,440 |
| Total credit differences | 24,317 | 968 | 959 | 26,244 | 592 | (677) | 26,159 |
| Total Assets (Liabilities) net | 281,713 | (12,063) | (959) | 268,691 | (1,924) | 633 | 267,400 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

18. Other Assets:

(a) Item composition:

At the end of each period, the item is composed as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|--|---------------------------------|------------------------------------|
| Assets held for leasing (*) | 116,672 | 127,979 |
| Assets received or awarded as payment (**) | | |
| Assets awarded at judicial sale | 11,992 | 11,433 |
| Assets received in lieu of payment | 3,847 | 2,730 |
| Provision for assets received in lieu of payment or awarded | (1,076) | (818) |
| Subtotal | 14,763 | 13,345 |
| Other Assets | | |
| Deposits by derivatives margin | 149,097 | 174,254 |
| Other accounts and notes receivable | 126,265 | 99,201 |
| Trading and brokerage (***) | 38,409 | 32,593 |
| Recoverable income taxes | 20,581 | 20,437 |
| Prepaid expenses | 14,554 | 12,180 |
| Investment properties | 14,214 | 14,306 |
| Servipag available funds | 10,051 | 12,626 |
| VAT receivable | 9,282 | 11,965 |
| Commissions receivable | 7,799 | 6,387 |
| Recovered leased assets for sale | 2,713 | 3,053 |
| Pending transactions | 2,301 | 2,151 |
| Rental guarantees | 1,886 | 1,849 |
| Accounts receivable for sale of assets received in lieu of payment | 1,823 | 3,353 |
| Materials and supplies | 659 | 662 |
| Others | 14,857 | 11,633 |
| Subtotal | 414,491 | 406,650 |
| Total | 545,926 | 547,974 |

(*) These correspond to property and equipment to be given under finance lease.

(**) Assets received in lieu of payment are assets received as payment of customers' past-due debts. The assets acquired must not exceed the aggregate 20% of the Bank's effective equity. These assets currently represent 0.0982% (0.0694% as of December 31, 2017) of the Bank's effective equity.

The assets awarded at judicial sale are not subject to the aforementioned margin. These properties are assets available for sale and is expected to be completed the sale within one year from the date the asset is received or acquired. In the event that said assets are not sold within one year, it must be written off.

The provision for assets received in lieu of payment or awarded is recorded as indicated in the Compendium of Accounting Standards, Chapter B-5 No.3, which indicates to recognize a provision for the difference between the initial value plus any additions and its realizable value, when the initial is greater.

(***) This item mainly includes simultaneous operations carried out by the subsidiary Banchile Corredores de Bolsa S.A.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

18. Other Assets, continued:

(b) The changes of the provision for assets received in lieu of payment during the three-month period ended as of March 31, 2018 and 2017 are as follows:

| Provision for assets received in lieu of payment | MCh\$ |
|--|---------|
| Balance as of January 1, 2017 | 2,104 |
| Provisions used | (193) |
| Provisions established | 272 |
| Provisions released | |
| Balance as of March 31, 2017 | 2,183 |
| Provisions used | (2,754) |
| Provisions established | 1,389 |
| Provisions released | |
| Balance as of December 31, 2017 | 818 |
| Provisions used | (487) |
| Provisions established | 745 |
| Provisions released | |
| Balance as of March 31, 2018 | 1,076 |

19. Current accounts and Other Demand Deposits:

At the end of each period, this item is composed as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|--|------------------------|---------------------------|
| Current accounts | 7,039,719 | 7,200,050 |
| Other demand deposits | 1,123,807 | 1,081,223 |
| Other demand deposits and sight accounts | 636,832 | 634,433 |
| Total | 8,800,358 | 8,915,706 |

20. Savings accounts and Time Deposits:

At the end of each period, this item is composed as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|-----------------------------|---------------------------------|------------------------------------|
| Time deposits | 10,025,299 | 9,743,968 |
| Term savings accounts | 217,173 | 214,120 |
| Other term balances payable | 128,575 | 109,690 |
| Total | 10,371,047 | 10,067,778 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

21. Borrowings from Financial Institutions:

(a) At the end of each period, borrowings from financial institutions are detailed as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|---|---------------------------------|------------------------------------|
| Domestic banks | | |
| Banco Ripley | 5,381 | |
| Banco do Brasil | | 1,100 |
| Foreign banks | | |
| Foreign trade financing | | |
| Citibank N.A. | 260,355 | 246,937 |
| Wells Fargo Bank | 133,569 | 185,255 |
| Bank of New York Mellon | 121,134 | 43,143 |
| Sumitomo Mitsui Banking | 118,017 | 120,107 |
| The Bank of Nova Scotia | 97,134 | 73,905 |
| Bank of America | 93,120 | 166,651 |
| ING Bank | 56,584 | 57,331 |
| Commerzbank AG | 14,524 | 71,602 |
| Standard Chartered Bank | 2,750 | 76,268 |
| HSBC Bank USA | | 46,179 |
| Others | 142 | 121 |
| Borrowings and other obligations | | |
| Wells Fargo Bank | 91,107 | 92,684 |
| Citibank N.A. | 10,025 | 4,618 |
| Banco Santander Euro | 3,159 | 3,575 |
| Deutsche Bank AG | 2,660 | 5,551 |
| Bank of America | 2,623 | |
| Standard Chartered Bank | 670 | |
| Subtotal foreign banks | 1,007,573 | 1,193,927 |
| Chilean Central Bank | | 1 |
| Total | 1,012,954 | 1,195,028 |

(b) Chilean Central Bank Obligations:

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Debts with the Central Bank of Chile include credit lines for the renegotiation of loans and other Central Bank borrowings.

The total amounts of the debt to the Central Bank of Chile are as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|---|---------------------------------|------------------------------------|
| Borrowings and other obligations | | |
| Credit lines for the renegotiation of loans with the Central Bank | | 1 |
| Total | | 1 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

22. Debt Issued:

At the end of each period, this item is composed as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|--------------------|---------------------------------|------------------------------------|
| Mortgage bonds | 21,392 | 23,424 |
| Bonds | 6,192,158 | 5,769,334 |
| Subordinated bonds | 698,309 | 696,217 |
| Total | 6,911,859 | 6,488,975 |

During the period ended as of March 31, 2018, Banco de Chile issued bonds by an amount of Ch\$555,947 million, from which corresponds to current bonds and short-term bonds by an amount of Ch\$462,311 million and Ch\$95,636 million respectively, according to the following details:

Current Bonds

| Serie | Amount MCh\$ | Terms Years | Annual issue rate % | Currency | Issue date | Maturity date |
|-----------------------------------|-----------------|----------------|------------------------|----------|------------|---------------|
| BCHIEA0617 | 106,001 | 6 | 1.60 | UF | 03/01/2018 | 03/01/2024 |
| BCHIBN1015 | 114,212 | 12 | 2.90 | UF | 24/01/2018 | 24/01/2030 |
| BCHIEF1117 | 79,612 | 6 | 1.80 | UF | 09/02/2018 | 09/02/2024 |
| BCHIEP0717 | 104,550 | 11 | 2.00 | UF | 13/02/2018 | 13/02/2029 |
| BCHIBT1215 | 57,936 | 14 | 3.00 | UF | 13/03/2018 | 13/03/2032 |
| Total as of March 31, 2018 | 462,311 | | | | | |

Short-term Bonds

| Counterparty | Amount | Annual interest rate | Currency | Issued date | Maturity date |
|--------------|--------|-------------------------|----------|-------------|------------------|
|--------------|--------|-------------------------|----------|-------------|------------------|

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| | MCh\$ | % | | | |
|-----------------------------------|---------------|------|-----|------------|------------|
| Wells Fargo Bank | 2,998 | 1.85 | USD | 06/02/2018 | 08/05/2018 |
| Wells Fargo Bank | 2,998 | 1.93 | USD | 06/02/2018 | 08/06/2018 |
| Wells Fargo Bank | 2,998 | 1.98 | USD | 06/02/2018 | 09/07/2018 |
| Wells Fargo Bank | 2,998 | 2.05 | USD | 06/02/2018 | 06/08/2018 |
| Wells Fargo Bank | 2,998 | 2.05 | USD | 06/02/2018 | 08/08/2018 |
| Wells Fargo Bank | 29,716 | 2.25 | USD | 28/02/2018 | 28/06/2018 |
| Wells Fargo Bank | 1,723 | 2.40 | USD | 28/02/2018 | 29/08/2018 |
| Citibank N.A. | 6,894 | 2.60 | USD | 28/02/2018 | 25/02/2019 |
| Wells Fargo Bank | 13,780 | 2.30 | USD | 02/03/2018 | 02/07/2018 |
| Wells Fargo Bank | 4,489 | 2.30 | USD | 05/03/2018 | 06/07/2018 |
| Citibank N.A. | 18,080 | 2.22 | USD | 07/03/2018 | 05/06/2018 |
| Wells Fargo Bank | 1,747 | 2.25 | USD | 13/03/2018 | 11/06/2018 |
| Wells Fargo Bank | 3,006 | 2.45 | USD | 14/03/2018 | 11/09/2018 |
| Wells Fargo Bank | 606 | 2.60 | USD | 15/03/2018 | 14/12/2018 |
| Wells Fargo Bank | 605 | 2.60 | USD | 29/03/2018 | 28/09/2018 |
| Total as of March 31, 2018 | 95,636 | | | | |

During the period ended March 31, 2018, there were no issues subordinated bonds.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

22. Debt Issued, continued:

During the year ended as of December 31, 2017, Banco de Chile issued bonds by an amount of Ch\$1,399,001 million, from which corresponds to current bonds and short-term bonds by an amount of Ch\$590,052 million and Ch\$808,949 million respectively, according to the following details:

Current Bonds

| Serie | Amount MCh\$ | Terms Years | Annual issue rate % | Currency | Issue date | Maturity date |
|--------------------------------------|-----------------|----------------|------------------------|----------|------------|---------------|
| BCHIBQ0915 | 58,643 | 13 | 3.00 | UF | 20/01/2017 | 20/01/2030 |
| BCHIBH0915 | 56,338 | 9 | 2.70 | UF | 01/02/2017 | 01/02/2026 |
| BCHIBP1215 | 58,157 | 13 | 3.00 | UF | 06/03/2017 | 06/03/2030 |
| BCHIBC1215 | 30,544 | 6 | 2.50 | UF | 06/03/2017 | 06/03/2023 |
| BCHIBC1215 | 5,554 | 6 | 2.50 | UF | 07/03/2017 | 07/03/2023 |
| BCHIBC1215 | 19,600 | 6 | 2.50 | UF | 12/04/2017 | 12/04/2023 |
| BONO EUR | 36,782 | 15 | 1.71 | EUR | 26/04/2017 | 26/04/2032 |
| BCHIBG1115 | 85,115 | 9 | 2.70 | UF | 09/05/2017 | 09/05/2026 |
| BCHIBE1115 | 55,097 | 7 | 2.70 | UF | 16/10/2017 | 16/10/2024 |
| BONO JPY | 55,506 | 20 | 1.02 | JPY | 17/10/2017 | 17/10/2037 |
| BCHIBR1215 | 57,350 | 13 | 3.00 | UF | 17/11/2017 | 17/11/2030 |
| BONO USD | 71,366 | 20 | 2.49 | USD | 20/12/2017 | 20/12/2037 |
| Total as of December 31, 2017 | 590,052 | | | | | |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

22. Debt Issued, continued:**Short-term Bonds**

| Counterparty | Amount MCh\$ | Annual interest rate % | Currency | Issued date | Maturity date |
|--------------------|-----------------|---------------------------|----------|-------------|---------------|
| Citibank N.A. | 13,223 | 1.37 | USD | 05/01/2017 | 05/06/2017 |
| Wells Fargo Bank | 16,702 | 1.50 | USD | 06/01/2017 | 03/07/2017 |
| Wells Fargo Bank | 6,681 | 1.48 | USD | 06/01/2017 | 05/07/2017 |
| Wells Fargo Bank | 3,340 | 1.38 | USD | 06/01/2017 | 05/06/2017 |
| Wells Fargo Bank | 3,340 | 1.27 | USD | 06/01/2017 | 08/05/2017 |
| Wells Fargo Bank | 3,340 | 1.17 | USD | 06/01/2017 | 06/04/2017 |
| Wells Fargo Bank | 24,906 | 1.20 | USD | 09/01/2017 | 10/04/2017 |
| Wells Fargo Bank | 671 | 1.47 | USD | 09/01/2017 | 10/07/2017 |
| Citibank N.A. | 2,685 | 1.47 | USD | 09/01/2017 | 28/07/2017 |
| Citibank N.A. | 67,131 | 1.27 | USD | 09/01/2017 | 12/05/2017 |
| Wells Fargo Bank | 20,105 | 1.36 | USD | 10/01/2017 | 09/06/2017 |
| Bofa Merrill Lynch | 16,754 | 1.35 | USD | 10/01/2017 | 09/06/2017 |
| Wells Fargo Bank | 1,318 | 1.23 | USD | 13/01/2017 | 12/05/2017 |
| Wells Fargo Bank | 3,295 | 1.43 | USD | 13/01/2017 | 12/07/2017 |
| Bofa Merrill Lynch | 3,884 | 1.70 | USD | 07/02/2017 | 06/02/2018 |
| Bofa Merrill Lynch | 4,531 | 1.70 | USD | 07/02/2017 | 06/02/2018 |
| Bofa Merrill Lynch | 11,017 | 1.70 | USD | 08/02/2017 | 07/02/2018 |
| Wells Fargo Bank | 12,797 | 1.40 | USD | 10/02/2017 | 01/09/2017 |
| Wells Fargo Bank | 19,196 | 1.40 | USD | 10/02/2017 | 11/09/2017 |
| Wells Fargo Bank | 19,284 | 1.70 | USD | 13/02/2017 | 12/02/2018 |
| Wells Fargo Bank | 1,607 | 1.32 | USD | 13/02/2017 | 14/08/2017 |
| Citibank N.A. | 10,992 | 1.04 | USD | 15/02/2017 | 15/05/2017 |
| Citibank N.A. | 15,977 | 1.34 | USD | 15/02/2017 | 15/08/2017 |
| Citibank N.A. | 4,474 | 1.34 | USD | 15/02/2017 | 15/08/2017 |
| Citibank N.A. | 4,471 | 1.35 | USD | 16/02/2017 | 08/09/2017 |
| Wells Fargo Bank | 9,885 | 1.40 | USD | 21/03/2017 | 29/09/2017 |
| Bofa Merrill Lynch | 33,024 | 1.16 | USD | 24/03/2017 | 23/06/2017 |
| Bofa Merrill Lynch | 26,419 | 1.16 | USD | 24/03/2017 | 23/06/2017 |
| Bofa Merrill Lynch | 33,165 | 1.42 | USD | 30/03/2017 | 27/09/2017 |
| Wells Fargo Bank | 16,651 | 1.30 | USD | 10/04/2017 | 08/08/2017 |
| Wells Fargo Bank | 13,351 | 1.45 | USD | 11/04/2017 | 10/10/2017 |
| Citibank N.A. | 33,061 | 1.30 | USD | 12/06/2017 | 12/09/2017 |
| Wells Fargo Bank | 2,645 | 1.48 | USD | 12/06/2017 | 11/12/2017 |
| Bofa Merrill Lynch | 7,972 | 1.30 | USD | 16/06/2017 | 15/09/2017 |
| Wells Fargo Bank | 6,643 | 1.75 | USD | 16/06/2017 | 15/06/2018 |

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| | | | | | |
|--|---------|------|-----|------------|------------|
| Wells Fargo Bank | 6,786 | 1.81 | USD | 21/06/2017 | 20/06/2018 |
| Citibank N.A. | 10,418 | 1.48 | USD | 23/06/2017 | 19/12/2017 |
| Citibank N.A. | 5,960 | 1.46 | USD | 27/06/2017 | 19/12/2017 |
| Citibank N.A. | 26,487 | 1.35 | USD | 27/06/2017 | 23/10/2017 |
| Jp.Morgan Chase | 33,322 | 1.48 | USD | 11/07/2017 | 08/11/2017 |
| Citibank N.A. | 32,871 | 1.52 | USD | 14/07/2017 | 12/01/2018 |
| Wells Fargo Bank | 16,284 | 1.55 | USD | 31/07/2017 | 31/01/2018 |
| Wells Fargo Bank | 3,257 | 1.55 | USD | 31/07/2017 | 31/01/2018 |
| Wells Fargo Bank | 6,513 | 1.42 | USD | 31/07/2017 | 31/10/2017 |
| Wells Fargo Bank | 6,513 | 1.42 | USD | 31/07/2017 | 31/10/2017 |
| Wells Fargo Bank | 10,952 | 1.52 | USD | 14/08/2017 | 09/02/2018 |
| Wells Fargo Bank | 12,852 | 1.52 | USD | 21/08/2017 | 16/02/2018 |
| Wells Fargo Bank | 19,047 | 1.47 | USD | 25/08/2017 | 22/12/2017 |
| Wells Fargo Bank | 18,708 | 1.63 | USD | 13/10/2017 | 11/04/2018 |
| Wells Fargo Bank | 12,472 | 1.63 | USD | 13/10/2017 | 09/04/2018 |
| Wells Fargo Bank | 24,944 | 1.77 | USD | 13/10/2017 | 10/07/2018 |
| Wells Fargo Bank | 6,236 | 1.91 | USD | 13/10/2017 | 12/10/2018 |
| Bofa Merrill Lynch | 12,472 | 1.63 | USD | 13/10/2017 | 12/04/2018 |
| Jp.Morgan Chase | 8,215 | 1.83 | USD | 14/11/2017 | 13/08/2018 |
| Wells Fargo Bank | 15,883 | 1.65 | USD | 21/11/2017 | 21/03/2018 |
| Wells Fargo Bank | 42,624 | 1.75 | USD | 07/12/2017 | 05/03/2018 |
| Wells Fargo Bank | 1,596 | 2.25 | USD | 14/12/2017 | 13/12/2018 |
| Total as of December 31, 2017 | 808,949 | | | | |

During the year ended December 31, 2017, there were no issues subordinated bonds.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

22. Debt Issued, continued:

During the periods of March 31, 2018 and December 31, 2017, the Bank has not been in default of principal and interest on its debt instruments. Likewise, there have been no breaches of covenants and other commitments associated with the debt instruments issued.

23. Other Financial Obligations:

At the end of each period, this item is composed as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|---------------------------|---------------------------------|------------------------------------|
| Other Chilean obligations | 119,037 | 104,665 |
| Public sector obligations | 31,639 | 32,498 |
| Total | 150,676 | 137,163 |

24. Provisions:

(a) At the end of each period, this item is composed as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|--|---------------------------------|------------------------------------|
| Provisions for minimum dividends (*) | 72,513 | 312,907 |
| Provisions for personnel benefits and payroll expenses | 58,839 | 86,628 |
| Provisions for contingent loan risks | 58,661 | 58,031 |
| Provisions for contingencies: | | |
| Additional loan provisions | 213,252 | 213,252 |
| Country risk provisions | 5,794 | 3,317 |

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| | | |
|------------------------------------|---------|---------|
| Other provisions for contingencies | 21,734 | 21,733 |
| Total | 430,793 | 695,868 |

(*) See Note No. 27 (d).

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

24. Provisions, continued:

(b) The following table shows the changes in provisions and accrued expenses during the periods 2018 and 2017:

| | Minimum dividends MCh\$ | Personnel benefits and payroll MCh\$ | Contingent loan Risks MCh\$ | Additional loan provisions MCh\$ | Country risk provisions and other contingencies MCh\$ | Total MCh\$ |
|----------------------------------|-------------------------------|---|-----------------------------------|---|---|----------------|
| Balances as of January 1, 2017 | 285,233 | 83,345 | 53,681 | 213,252 | 26,513 | 662,024 |
| Provisions established | 73,529 | 14,537 | 2,803 | | 334 | 91,203 |
| Provisions used | (285,233) | (44,405) | | | | (329,638) |
| Provisions released | | | | | (48) | (48) |
| Balances as of March 31, 2017 | 73,529 | 53,477 | 56,484 | 213,252 | 26,799 | 423,541 |
| Provisions established | 239,378 | 53,954 | 1,547 | | | 294,879 |
| Provisions used | | (20,803) | | | | (20,803) |
| Provisions released | | | | | (1,749) | (1,749) |
| Balances as of December 31, 2017 | 312,907 | 86,628 | 58,031 | 213,252 | 25,050 | 695,868 |
| Provisions established | 72,513 | 16,932 | 630 | | 2,478 | 92,553 |
| Provisions used | (312,907) | (44,721) | | | | (357,628) |
| Provisions released | | | | | | |
| Balances as of March 31, 2018 | 72,513 | 58,839 | 58,661 | 213,252 | 27,528 | 430,793 |

(c) Provisions for personnel benefits and payroll:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|------------------------------------|------------------------|---------------------------|
| Provisions for performance bonuses | 17,653 | 43,372 |
| Staff accrued vacation provision | 24,921 | 25,159 |
| Staff severance indemnities | 7,596 | 7,676 |
| Other personnel benefits provision | 8,669 | 10,421 |
| Total | 58,839 | 86,628 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

24. Provisions, continued:

(d) Staff severance indemnities:

(i) Changes in the staff severance indemnities:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|---|---------------------------------|---------------------------------|
| Present value of the obligations at the beginning of the year | 7,676 | 8,851 |
| Increase (Decrease) in provision | 17 | (41) |
| Benefit paid | (97) | (267) |
| Effect of change in actuarial factors | | |
| Total | 7,596 | 8,543 |

(ii) Net benefits expenses:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|---------------------------------------|---------------------------------|---------------------------------|
| (Decrease) Increase in provisions | (326) | (409) |
| Interest cost of benefits obligations | 343 | 368 |
| Effect of change in actuarial factors | | |
| Net benefit expenses | 17 | (41) |

(iii) Factors used in the calculation of the provision:

The main assumptions used in the determination of severance indemnity obligations for the Bank's plan are shown below:

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| | March 31, 2018 | December 31, 2017 |
|----------------------|---------------------------|------------------------------|
| | <i>%</i> | <i>%</i> |
| Discount rate | 4.53 | 4.53 |
| Salary increase rate | 4.14 | 4.14 |
| Payment probability | 99.99 | 99.99 |

The most recent actuarial valuation of the staff severance indemnities provision was carried out during the year ended December 31, 2017

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

24. Provisions, continued:

(e) Changes in compliance bonuses provision:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|--------------------------|---------------------------------|---------------------------------|
| Balances as of January 1 | 43,372 | 37,868 |
| Provisions established | 9,252 | 7,509 |
| Provisions used | (34,971) | (31,137) |
| Provisions release | | |
| Total | 17,653 | 14,240 |

(f) Changes in staff accrued vacation provision:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|--------------------------|---------------------------------|---------------------------------|
| Balances as of January 1 | 25,159 | 25,539 |
| Provisions established | 1,611 | 1,917 |
| Provisions used | (1,849) | (2,455) |
| Provisions release | | |
| Total | 24,921 | 25,001 |

(g) Employee benefits share-based provision:

As of March 31, 2018 and 2017, the Bank and its subsidiaries do not have a stock-based compensation plan.

(h) Contingent loan provisions:

As of March 31, 2018 and December 31, 2017, the Bank and its subsidiaries maintain contingent loan provisions by an amount of Ch\$58,661 million (Ch\$58,031 million in December 2017). See Note No. 26 (d).

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

25. Other Liabilities:

At the end of each period, this item is composed as follows:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|--------------------------------|---------------------------------|------------------------------------|
| Accounts and notes payable (*) | 184,773 | 190,158 |
| Income received in advance | 5,307 | 5,576 |
| Dividends payable | 1,239 | 1,186 |
| Other liabilities | | |
| Documents intermediated (**) | 85,031 | 49,672 |
| Cobranding | 33,394 | 32,905 |
| VAT debit | 13,093 | 12,883 |
| Insurance payments | 570 | 478 |
| Outstanding transactions | 328 | 675 |
| Securities unliquidated | 157 | 2,618 |
| Others | 18,758 | 13,010 |
| Total | 342,650 | 309,161 |

(*) It comprises obligations that do not correspond to transactions inside the ordinary course of business, such as withholding tax, social security contributions, balances of prices for the purchase of materials and provisions for expenses pending payment.

(**) This item mainly includes financing of simultaneous operations performed by subsidiary Banchile Corredores de Bolsa S.A.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

26. Contingencies and Commitments:**(a) Commitments and responsibilities accounted for in off-balance-sheet accounts:**

In order to satisfy its customers' needs, the Bank entered into several irrevocable commitments and contingent obligations. Although these obligations are not recognized in the Statement of Financial Position, they entail credit risks and, therefore, form part of the Bank's overall risk.

The Bank and its subsidiaries keep recorded in off-balance sheet accounts the main balances related to commitments or with responsibilities inherent to the course of its normal business:

| | March 2018 MCh\$ | December 2017 MCh\$ |
|--|---------------------------------|------------------------------------|
| Contingent loans | | |
| Guarantees and sureties | 297,351 | 285,035 |
| Confirmed foreign letters of credit | 33,454 | 64,970 |
| Issued letters of credit | 178,887 | 94,313 |
| Bank guarantees | 2,185,558 | 2,220,828 |
| Freely disposition credit lines | 7,294,485 | 7,240,406 |
| Other credit commitments | 46,162 | 60,609 |
| Transactions on behalf of third parties | | |
| Documents in collections | 200,380 | 168,353 |
| Third-party resources managed by the Bank: | | |
| Financial assets managed on behalf of third parties | 26,229 | 7,121 |
| Other assets managed on behalf of third parties | | |
| Financial assets acquired on its own behalf | 98,380 | 133,794 |
| Other assets acquired on its own behalf | | |
| Custody of securities | | |
| Securities held in safe custody in the Bank and subsidiaries | 12,649,564 | 13,623,725 |
| Securities held in safe custody in other entities | 7,373,113 | 7,105,587 |
| Total | 30,383,563 | 31,004,741 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

26. Contingencies and Commitments, continued:

(b) Lawsuits and legal proceedings:

(b.1) Normal judicial contingencies in the industry:

At the date of issuance of these interim consolidated financial statements, there are legal actions filed against the Bank and its subsidiaries related with the ordinary course operations. As of March 31, 2018 the Bank and its subsidiaries maintain provisions for judicial contingencies amounting to Ch\$21,471 million (Ch\$21,470 million as of December 31, 2017), which are part of the item Provisions in the Statement of Financial Position.

The most significant lawsuit corresponds to the collective lawsuit filed by the National Consumer Service (Servicio Nacional del Consumidor) in accordance with Law No. 19,496 before the 12th Civil Court of Santiago. This legal action seeks to challenge certain clauses of the Person Products Unified Agreement (Contrato Unificado de Productos de Personas) regarding overdraft fees on credit lines and validity of the tacit consent to changes in rates, charges and other conditions in consumer contracts. To date, the probationary period has been concluded.

The estimated end dates of the respective legal contingencies are as follows:

| | 2018 | 2019 | As of March 31, 2018 | | Total |
|---------------------|--------------|--------------|-----------------------------|--------------|--------------|
| | MCh\$ | MCh\$ | 2020 | 2021 | MCh\$ |
| | | | MCh\$ | MCh\$ | |
| Legal contingencies | 21,269 | 202 | | | 21,471 |

(b.2) Contingencies for significant lawsuits in courts:

As of March 31, 2018 and December 31, 2017 there are not significant lawsuits in court that affect or may affect these interim consolidated financial statements.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

26. Contingencies and Commitments, continued:

(c) Guarantees granted by operations:

i. In subsidiary Banchile Administradora General de Fondos S.A.:

In compliance with Article No. 12 of Law No. 20,712, Banchile Administradora General de Fondos S.A., has designated Banco de Chile as the representative of the beneficiaries of the guarantees it has established, and in such role the Bank has issued bank guarantees totaling UF 2,938,400, maturing January 10, 2019 (UF 2,588,500, maturing on January 10, 2018 as of December 31, 2017). The subsidiary took a policy with Mapfre Seguros Generales S.A. for the Real State Funds by a guaranteed amount of UF 516,200.

As of March 31, 2018 and December 31, 2017 the Bank has not guaranteed mutual funds.

In compliance with the rules established by the Superintendency of Securities and Insurance (SVS) (now the Chilean Commission for the Financial Market (CMF)) in letter f) of Circular No. 1,894 of September 24, 2008, the entity has constituted guarantees, by management portfolio, in benefit of investors. Such guarantee corresponds to a bank guarantee for UF 449,800, with maturity on January 10, 2019.

ii. In subsidiary Banchile Corredores de Bolsa S.A.:

For the purposes of ensuring correct and complete compliance with all of its obligations as broker-dealer entity, in conformity with the provisions from Article No. 30 and subsequent of Law 18,045 on Securities Markets, the subsidiary established a guarantee in an insurance policy for UF 20,000, insured by HDI Seguros de Garantía y Créditos S.A., that matures April 22, 2018, whereby the Securities Exchange of the Santiago Stock Exchange was appointed as the subsidiary's creditor representative.

| | March | December |
|--------------------|--------------|-----------------|
| | 2018 | 2017 |
| | MCh\$ | MCh\$ |
| Guarantees: | | |

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| | | |
|---|--------|--------|
| Shares delivered to cover simultaneous forward sales transactions: | | |
| Santiago Securities Exchange, Stock Exchange | 25,325 | 20,249 |
| Electronic Chilean Securities Exchange, Stock Exchange | 17,279 | 29,926 |
| Fixed income securities to guarantee CCLV system, Santiago Securities | | |
| Exchange, Stock Exchange | 5,987 | 3,995 |
| Shares delivered to guarantee equity lending, Electronic Chilean | | |
| Securities Exchange, Stock Exchange | | 3,864 |
| Total | 48,591 | 58,034 |

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

26. Contingencies and Commitments, continued:

(c) Guarantees granted, continued:

ii. In subsidiary Banchile Corredores de Bolsa S.A., continued:

In conformity with the internal regulation of the stock exchange in which this subsidiary participates, and for the purpose of securing the broker's correct performance, the Company established a pledge over 1,000,000 shares of the Santiago Stock Exchange, in favor of that institution, as stated in the Public Deed dated September 13, 1990 before the notary of Santiago Mr. Raul Perry Pefaur, and over 100,000 shares of the Electronic Chilean Stock Exchange, in favor of that Institution, as stated in a contract signed between both entities dated May 16, 1990.

Banchile Corredores de Bolsa S.A. keeps an insurance policy current with Southbridge Compañía de Seguros Generales S.A. that expires January 2, 2019, this considers matters of employee fidelity, physical losses, falsification or adulteration, and currency fraud with a coverage amount equivalent to US\$10,000,000.

According to disposition of Chilean Central Bank, it provided a bank guarantee corresponding to UF 10,500, with purposes to comply with the requirements of the SOMA contract (Contract for Service of System Open Market Operations) of the Chilean Central Bank. This bank guarantee is readjustable in UF to fixed term, non-endorsable and has a maturity date of July 20, 2018.

It also provided a bank guarantee No. 359886-6 in the amount of UF 242,000 for the benefits of investors in portfolio management contracts. This bank guarantee is revaluated in UF to fixed term, non-endorsable and has a maturity date of January 10, 2019.

It also provided a cash guarantee in the amount of US\$122,494.32 for the purpose of complying with the obligations to Pershing, for any operations conducted through that broker.

iii. In subsidiary Banchile Corredores de Seguros Ltda.:

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According to established in article No. 58, letter D of D.F.L. 251, as of March 31, 2018 the entity maintains two insurance policies which protect it against of potential damages caused by infractions of the law, regulations and complementary rules that regulate insurance brokers, especially when the non-compliance comes from acts, errors or omissions of the broker, representatives, agents or dependents that participate in the intermediation.

The policies contracted are:

| Matter insured | Amount Insured (UF) |
|---------------------------------------|----------------------------|
| Errors and omissions liability policy | 60,000 |
| Civil liability policy | 500 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

26. Contingencies and Commitments, continued:

(d) Provisions for contingencies loans:

Established provisions for credit risk from contingencies operations are the followings:

| | March 2017 MCh\$ | December 2017 MCh\$ |
|-----------------------------------|---------------------------------|------------------------------------|
| Freely disposition credit lines | 34,157 | 34,031 |
| Bank guarantees provision | 21,119 | 20,509 |
| Guarantees and sureties provision | 2,730 | 2,871 |
| Letters of credit provision | 479 | 360 |
| Other credit commitments | 176 | 260 |
| Total | 58,661 | 58,031 |

(e) On January 30, 2014, the SVS (now the CMF) brought administrative charges against Banchile Corredores de Bolsa S.A. for the alleged infringement of the second paragraph of Article 53 of Security Market Law in relation to certain specific transactions performed during the years 2009, 2010 and 2011 related to Sociedad Química y Minera de Chile S.A.'s shares (SQM). In relation with the preceding, the second paragraph of Article 53 of Security Market Law states that no person may engage in transactions or induce or attempt to induce the purchase or sale of securities, whether or not governed by this Act, by means of any misleading or deceptive act, practice, mechanism or artifice.

On October 30, 2014, the SVS (now the CMF) imposed a fine of UF 50,000 on Banchile Corredores de Bolsa S.A., for violation to de second paragraph of Article 53 of the Securities Market Law in relation to certain transaction of SQM-A's shares intermediated by the Company in 2011.

Banchile Corredores de Bolsa S.A., filed a claim in the Eleventh Civil Court of Santiago against Exempt Resolution No. 270 of October 30, 2014 of the SVS (now the CMF), requesting the annulment of the fine. This claim was consolidated with the trial due

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No. 25,795-2014, of the 22nd Civil Court of Santiago. To date the evidence stage has expired and is pending the personal inspection of the court to the Electronic Stock Exchange of Chile, Stock Exchange.

According to the provisions policy, the company has not made provisions because there has not yet been a judgment, and the the legal advisor in charge of the case believe that there are solid grounds for dismissal.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

27. Equity:

(a) Capital:

(i) Authorized, subscribed and paid shares:

As of March 31, 2018, the paid-in capital of Banco de Chile is represented by 99,444,132,192 registered shares (99,444,132,192 shares as of December 31, 2017), with no par value, subscribed and fully paid.

(ii) Shares:

(ii.1) On March 22, 2018 the Extraordinary Shareholders approved the capitalization of 40% of the distributable net income obtained during the fiscal year ending as of

December 31, 2017. At the end of this present financial statement it has not issued fully-paid in shares.

(ii.2) The following table shows the changes in share from December 31, 2016 to March 31, 2018:

| | Total Ordinary Shares |
|--------------------------------------|--------------------------------------|
| Total shares as of December 31, 2016 | 97,624,347,430 |
| Total shares as of March 31, 2017 | 97,624,347,430 |

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| | | |
|--------------------------------------|----------------------------|----------------|
| Capitalization of earning | Issue fully paid-in shares | 1,819,784,762 |
| Total shares as of December 31, 2017 | | 99,444,132,192 |
| Total shares as March 31, 2018 | | 99,444,132,192 |

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

27. Equity, continued:

(b) Distributable income:

In accordance with the Bank of Chile's bylaws in which establish that for the purposes of articles 24, 25 and 28 of Law No. 19,396 and the agreement of November 8, 1996, concluded between the Central Bank of Chile and the Parent Company of Banco de Chile S.A., the net distributable profit of Banco de Chile, shall be that which results from lowering or adding to net income for the year, price-Level restatement of the value of paid-in capital and reserves by effects of the variation of the Consumer Price Index between November of the previous year and November of the current year. This transitional article, which was approved at an Extraordinary Shareholders Meeting held on March 25, 2010, will remain in force until the obligation referred in Law 19,396 maintained by the Parent Company of Banco de Chile S.A. is completely paid off directly or indirectly through its subsidiary SAOS S.A. The above described agreement was submitted under consideration to the Council of the Central Bank of Chile, institution which, in an ordinary session held on December 3, 2009, decided to resolve favorably the proposal.

The distributable income for the period ended as of March 31, 2018 ascend to Ch\$120,855 million (Ch\$521,511 million as of December 31, 2017).

As stated, the retention of earnings for the year ended December 31, 2017, made in March of 2018 amounted to Ch\$54,501 million (the retention of earnings for the year ended December 31, 2016, made in March of 2017 amounted to Ch\$76,861 million).

(c) Approval and payment of dividends:

At the Bank Ordinary Shareholders Meeting held on March 22, 2018 it was approved the distribution and payment of dividend No. 206 de Ch\$3.14655951692 per share of the Banco de Chile, with charged to the net distributable income for the year ended as of December 31, 2017. The amount of the dividend paid in year 2018 amounts to Ch\$374,079 million.

At the Bank Ordinary Shareholders Meeting held on March 23, 2017 it was approved the distribution and payment of dividend No. 205 of Ch\$2.92173783704 per share of the Banco de Chile, with charged to the net distributable income for the year ended as of December 31, 2016. The amount of the dividend paid in year 2017 amounts to Ch\$342,034 million.

(d) Provision for minimum dividends:

As of January 2016, the Board of Directors established, for minimum dividend purpose, a 60% provision on net distributable income. Accordingly, the Bank recorded in the liability under the item Provisions an amount of Ch\$72,513 million (Ch\$312,907 million in December 2017), reflecting as a counterpart an equity reduction for the same amount in the item Retained earnings .

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

27. Equity, continued:

(e) Earnings per share:

(i) Basic earnings per share:

Basic earnings per share are determined by dividing the net income attributable to the Bank ordinary equity holders in a period between the weighted average number of shares outstanding during that period, excluding the average number of own shares held throughout the period.

(ii) Diluted earnings per share:

In order to calculate the diluted earnings per share, both the amount of income attributable to common shareholders and the weighted average number of shares outstanding, net of own shares, must be adjusted for all the inherent dilutive effects to the potential common shares (stock options, warrants and convertible debt).

Accordingly, the basic and diluted earnings per share as of March 31, 2018 and 2017 were determined as follows:

| | March 2018 | March 2017 |
|--|-----------------------|-----------------------|
| Basic earnings per share: | | |
| Net profits attributable to ordinary equity holders of the bank (in million Chilean pesos) | 142,651 | 139,993 |
| Weighted average number of ordinary shares (*) | 99,444,132,192 | 99,444,132,192 |
| Earning per shares (in Chilean pesos) | 1.43 | 1.41 |
| Diluted earnings per share: | | |
| Net profits attributable to ordinary equity holders of the bank (in million Chilean pesos) | 142,651 | 139,993 |
| Weighted average number of ordinary shares (*) | 99,444,132,192 | 99,444,132,192 |
| Assumed conversion of convertible debt | | |
| Adjusted number of shares | 99,444,132,192 | 99,444,132,192 |

| | | |
|---|------|------|
| Diluted earnings per share (in Chilean pesos) | 1.43 | 1.41 |
|---|------|------|

(*) March 2017 considers the number of fully paid-in shares issued on July 27, 2017.

As of March 31, 2018 and 2017, the Bank does not have instruments that generate dilutive effects.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

27. Equity, continued:

(f) Other comprehensive income:

This item includes the following concepts:

The adjustment of cash flow hedge derivatives comprises the portion of income recorded in hedge instruments equity in a cash flow hedge. During the period 2018 it was made a charge to equity for Ch\$15,249 million (debit to equity of Ch\$4,855 million during the period 2017). The income tax effect presented a credit to equity of Ch\$4,117 million (credit of Ch\$1,238 million in March 2017).

The valuation adjustment of investments available for sale originates from fluctuations in the fair value of such portfolio, with a charge or credit to equity. During the period 2018, it was made a charge to equity for Ch\$1,206 million (credit of Ch\$3,768 million during the period 2017). The deferred tax effect meant a credit to equity of Ch\$672 million (debit for Ch\$959 million in March 2017).

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

28. Interest Revenue and Expenses:

(a) On the closing date of the Financial Statement, the interest and indexation income, excluding hedge results, are composed as follows:

| | March 2018 | | | | March 2017 | | | |
|---|-------------------|---------------------------|-----------------------|----------------|-------------------|---------------------------|--------------------------|----------------|
| | Interest MCh\$ | UF Indexation MCh\$ | Prepaid fees MCh\$ | Total MCh\$ | Interest MCh\$ | UF Indexation MCh\$ | Prepaid fees MCh\$ | Total MCh\$ |
| Commercial loans | 165,039 | 33,083 | 793 | 198,915 | 176,895 | 23,824 | 898 | 201,617 |
| Consumer loans | 147,048 | 426 | 2,187 | 149,661 | 152,387 | 328 | 2,331 | 155,046 |
| Residential mortgage loans | 69,833 | 45,992 | 1,347 | 117,172 | 68,043 | 32,655 | 934 | 101,632 |
| Financial investment | 9,908 | 2,904 | | 12,812 | 4,283 | 778 | | 5,061 |
| Repurchase agreements | 574 | | | 574 | 442 | | | 442 |
| Loans to banks | 3,990 | | | 3,990 | 6,151 | | | 6,151 |
| Other interest and indexation revenue | 1,523 | 455 | | 1,978 | 708 | 569 | | 1,277 |
| Total | 397,915 | 82,860 | 4,327 | 485,102 | 408,909 | 58,154 | 4,163 | 471,226 |

The amount of interest recognized on a received basis for impaired portfolio in the period 2018 amounts to Ch\$884 million (Ch\$1,073 million in March 2017).

(b) At the each period end, the stock of interest and UF indexation not recognized in income is the following:

| Interest MCh\$ | March 2018 | | Interest MCh\$ | March 2017 | |
|-------------------|---------------------------|----------------|-------------------|---------------------------|----------------|
| | UF Indexation MCh\$ | Total MCh\$ | | UF Indexation MCh\$ | Total MCh\$ |
| | | | | | |

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| | | | | | | |
|----------------------------|--------|-------|--------|--------|-------|--------|
| Commercial loans | 7,035 | 869 | 7,904 | 7,398 | 1,351 | 8,749 |
| Residential mortgage loans | 3,047 | 1,501 | 4,548 | 2,758 | 1,912 | 4,670 |
| Consumer loans | 40 | 18 | 58 | 71 | 15 | 86 |
| Total | 10,122 | 2,388 | 12,510 | 10,227 | 3,278 | 13,505 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

28. Interest Revenue and Expenses, continued:

(c) At each period end, interest and UF indexation expenses excluding hedge results, are detailed as follows:

| | Interest MCh\$ | March 2018 UF Indexation MCh\$ | Total MCh\$ | Interest MCh\$ | March 2017 UF Indexation MCh\$ | Total MCh\$ |
|--|-------------------|---|----------------|-------------------|---|----------------|
| Savings accounts and time deposits | 59,093 | 10,350 | 69,443 | 75,493 | 8,053 | 83,546 |
| Debt securities issued | 46,725 | 33,437 | 80,162 | 45,236 | 23,081 | 68,317 |
| Other financial obligations | 357 | 33 | 390 | 382 | 38 | 420 |
| Repurchase agreements | 1,753 | | 1,753 | 1,578 | | 1,578 |
| Obligations with banks | 4,913 | 1 | 4,914 | 3,669 | | 3,669 |
| Demand deposits | 60 | 1,782 | 1,842 | 48 | 1,441 | 1,489 |
| Other interest and indexation expenses | 2 | 148 | 150 | 1 | 109 | 110 |
| Total | 112,903 | 45,751 | 158,654 | 126,407 | 32,722 | 159,129 |

(d) As of March 31, 2018 and 2017, the Bank uses cross currency and interest rate swaps to hedge its position on movements on the fair value of corporate bonds and commercial loans and cross currency swaps to hedge the risk of variability of obligations flows with foreign banks and bonds issued in foreign currency.

| | Income MCh\$ | March 2018 Expense MCh\$ | Total MCh\$ | Income MCh\$ | March 2017 Expense MCh\$ | Total MCh\$ |
|--|-----------------|--------------------------------|----------------|-----------------|--------------------------------|----------------|
| Gain from fair value accounting hedges | 1,195 | | 1,195 | 750 | | 750 |
| Loss from fair value accounting hedges | (304) | | (304) | (1,036) | | (1,036) |
| Gain from cash flow accounting hedges | 1,983 | 6,946 | 8,929 | 4,232 | 7,727 | 11,959 |
| Loss from cash flow accounting hedges | (16,984) | (1,653) | (18,637) | (18,098) | (1,825) | (19,923) |
| Net gain on hedge items | (1,114) | | (1,114) | (307) | | (307) |
| Total | (15,224) | 5,293 | (9,931) | (14,459) | 5,902 | (8,557) |

(e) At each period end, the summary of interest is as follows:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|--|---------------------------------|---------------------------------|
| Interest revenue | 485,102 | 471,226 |
| Interest expense | (158,654) | (159,129) |
| Subtotal interest income | 326,448 | 312,097 |
| Net gain (loss) from accounting hedges | (9,931) | (8,557) |
| Total net interest income | 316,517 | 303,540 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

29. Income and Expenses from Fees and Commissions:

The income and expenses for commissions that are shown in the Interim Consolidated Statements of Income for the period refers to the following items:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|--|---------------------------------|---------------------------------|
| Commission income | | |
| Card services | 41,316 | 38,990 |
| Investments in mutual funds and others | 22,075 | 19,848 |
| Collections and payments | 12,599 | 11,995 |
| Portfolio management | 11,190 | 10,454 |
| Fees for insurance transactions | 8,032 | 7,282 |
| Guarantees and letters of credit | 6,001 | 5,979 |
| Trading and securities management | 5,637 | 3,505 |
| Use of distribution channel | 5,162 | 4,155 |
| Brand use agreement | 3,673 | 3,603 |
| Lines of credit and overdrafts | 1,179 | 1,287 |
| Financial advisory services | 663 | 1,325 |
| Other commission earned | 4,978 | 5,389 |
| Total commissions income | 122,505 | 113,812 |
| Commission expenses | | |
| Credit card transactions | (26,617) | (21,046) |
| Interbank transactions | (3,556) | (2,941) |
| Collections and payments | (1,585) | (1,514) |
| Securities transactions | (1,345) | (859) |
| Sales force | (14) | (46) |
| Other commission | (227) | (185) |
| Total commissions expenses | (33,344) | (26,591) |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

30. Net Financial Operating Income:

The gains (losses) from trading and brokerage activities are detailed as follows:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|--|---------------------------------|---------------------------------|
| Financial assets held-for-trading | 15,808 | 20,715 |
| Sale of available-for-sale instruments | 711 | 788 |
| Sale of loan portfolios | | 556 |
| Net income on other transactions | (161) | 131 |
| Trading derivative | (14,252) | (10,456) |
| Total | 2,106 | 11,734 |

31. Foreign Exchange Transactions, Net:

Net foreign exchange transactions are detailed as follows:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|-----------------------------|---------------------------------|---------------------------------|
| Indexed foreign currency | 29,004 | 20,785 |
| Exchange difference, net | (1,247) | (800) |
| Gain from accounting hedges | (2,274) | (6,097) |
| Total | 25,483 | 13,888 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

32. Provisions for Loan Losses:

The change registered in income during the periods ended 2018 and 2017 due to provisions, are summarized as follows:

| | Loans to customers | | | | | | | | | | | | | |
|---------------------------------------|----------------------------|-------------|------------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|------------------|----------------|-----------------|-----------------|
| | Loans and advance to banks | | Commercial Loans | | Mortgage Loans | | Consumer Loans | | Subtotal | | Contingent Loans | | Total | |
| | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 |
| | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ |
| Provisions established: | | | | | | | | | | | | | | |
| - Individual provisions | (77) | (28) | (6,616) | | | | | | (6,616) | | (517) | | (7,210) | (28) |
| - Group provisions | | | (15,159) | (5,652) | | (1,486) | (61,254) | (64,815) | (76,413) | (71,953) | (113) | (3,021) | (76,526) | (74,974) |
| Provisions established, net | (77) | (28) | (21,775) | (5,652) | | (1,486) | (61,254) | (64,815) | (83,029) | (71,953) | (630) | (3,021) | (83,736) | (75,002) |
| Provisions released: | | | | | | | | | | | | | | |
| - Individual provisions | | | | 1,034 | | | | | | 1,034 | | 218 | | 1,252 |
| - Group provisions | | | | | 204 | | | | 204 | | | | 204 | |
| Provisions released, net | | | | 1,034 | 204 | | | | 204 | 1,034 | | 218 | 204 | 1,252 |
| Provision, net | (77) | (28) | (21,775) | (4,618) | 204 | (1,486) | (61,254) | (64,815) | (82,825) | (70,919) | (630) | (2,803) | (83,532) | (73,750) |
| Additional provision | | | | | | | | | | | | | | |
| Recovery of written-off assets | | | 3,401 | 2,820 | 687 | 545 | 8,499 | 7,270 | 12,587 | 10,635 | | | 12,587 | 10,635 |
| Provision for loan losses, net | (77) | (28) | (18,374) | (1,798) | 891 | (941) | (52,755) | (57,545) | (70,238) | (60,284) | (630) | (2,803) | (70,945) | (63,115) |

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In the opinion of the Administration, provisions constituting for credit risk cover all possible losses that may arise from the non-recovery of assets, according to the records examined by the Bank.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

33. Personnel Expenses:

Salaries and personnel expenses during the periods ended 2018 and 2017 are as follows:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|-----------------------------|---------------------------------|---------------------------------|
| Remunerations | 59,947 | 58,592 |
| Bonuses and incentives | 16,098 | 9,972 |
| Variable compensation | 7,971 | 8,993 |
| Lunch and health benefits | 6,794 | 6,812 |
| Gratifications | 6,707 | 6,673 |
| Staff severance indemnities | 4,707 | 4,336 |
| Training expenses | 1,079 | 958 |
| Other personnel expenses | 4,463 | 4,582 |
| Total | 107,766 | 100,918 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

34. Administrative Expenses:

This item is composed as follows:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|---|---------------------------------|---------------------------------|
| General administrative expenses | | |
| Information technology and communications | 18,502 | 17,825 |
| Maintenance and repair of property and equipment | 8,368 | 8,813 |
| Office rental and equipment | 6,726 | 6,553 |
| Surveillance and securities transport services | 2,956 | 3,184 |
| Office supplies | 2,210 | 2,343 |
| Rent ATM area | 1,921 | 1,833 |
| External advisory services and professional services fees | 1,827 | 1,691 |
| Energy, heating and other utilities | 1,608 | 1,512 |
| Insurance premiums | 1,405 | 1,178 |
| External service of financial information | 1,324 | 1,279 |
| Postal box, mail , postage and home delivery services | 1,254 | 1,310 |
| Representation and travel expenses | 868 | 900 |
| Legal and notary expenses | 849 | 987 |
| External service of custody of documentation | 702 | 747 |
| Donations | 589 | 534 |
| Other general administrative expenses | 4,979 | 3,914 |
| Subtotal | 56,088 | 54,603 |
| Outsource services | | |
| Credit pre-evaluation | 4,922 | 4,602 |
| Data processing | 2,987 | 3,410 |
| External technological developments expenses | 2,490 | 2,295 |
| Certification and technology testing | 1,431 | 1,751 |
| Other | 944 | 855 |
| Subtotal | 12,774 | 12,913 |
| Board expenses | | |
| Board of Directors Compensation | 581 | 611 |
| Other Board expenses | 89 | 153 |
| Subtotal | 670 | 764 |
| Marketing expenses | | |
| Advertising | 6,157 | 7,343 |

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| | | |
|---|--------|--------|
| Subtotal | 6,157 | 7,343 |
| Taxes, payroll taxes and contributions | | |
| Contribution to the Superintendency of Banks | 2,355 | 2,250 |
| Real estate contributions | 706 | 747 |
| Patents | 306 | 322 |
| Other taxes | 292 | 264 |
| Subtotal | 3,659 | 3,583 |
| Total | 79,348 | 79,206 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

35. Depreciation, Amortization and Impairment:

(a) The amounts corresponding to charges to results for depreciation and amortization during the periods 2018 and 2017, are detailed as follows:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|--|---------------------------------|---------------------------------|
| Depreciation and amortization | | |
| Depreciation of property and equipment (Note No. 16 (b)) | 6,705 | 6,372 |
| Amortization of intangibles assets (Note No. 15 (b)) | 2,466 | 2,187 |
| Total | 9,171 | 8,559 |

(b) As of March 31, 2018 and 2017 the impairment expenses is composed as follows:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|--|---------------------------------|---------------------------------|
| Impairment | | |
| Impairment of financial instruments | | |
| Impairment of properties and equipment (Note No. 16 (b)) | 11 | 1 |
| Impairment of intangible assets (Note No. 15 (b)) | | |
| Total | 11 | 1 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

36. Other Operating Income:

During the periods 2018 and 2017, the Bank and its subsidiaries present other operating income, according to the following:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|--|---------------------------------|---------------------------------|
| Income for assets received in lieu of payment | | |
| Income from sale of assets received in lieu of payment | 1,537 | 475 |
| Other income | 6 | 24 |
| Subtotal | 1,543 | 499 |
| Release of provisions for contingencies | | |
| Country risk provisions | | |
| Other provisions for contingencies | | 48 |
| Subtotal | | 48 |
| Other income | | |
| Gain on sale of property and equipment | 3,536 | 76 |
| Rental income | 2,246 | 2,026 |
| Expense recovery | 1,056 | 1,052 |
| Credit card income | 1,001 | 1,161 |
| Income from differences sale leased assets | 744 | 120 |
| Recovery from correspondent banks | 593 | 683 |
| Fiduciary and trustee commissions | 54 | 68 |
| Revaluation of prepaid monthly payments | 1 | 23 |
| Others | 878 | 580 |
| Subtotal | 10,109 | 5,789 |
| Total | 11,652 | 6,336 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

37. Other Operating Expenses:

During the periods 2018 and 2017, the Bank and its subsidiaries present other operating expenses, according to the following:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|---|---------------------------------|---------------------------------|
| Provisions and expenses for assets received in lieu of payment | | |
| Charge-off assets received in lieu of payment | 776 | 664 |
| Provisions for assets received in lieu of payment | 877 | 276 |
| Expenses to maintain assets received in lieu of payment | 199 | 135 |
| Subtotal | 1,852 | 1,075 |
| Provisions for contingencies | | |
| Country risk provisions | 2,477 | 334 |
| Other provisions for contingencies | 1 | |
| Subtotal | 2,478 | 334 |
| Other expenses | | |
| Leasings operational expenses | 1,012 | 436 |
| Write-offs for operating risks | 797 | 1,025 |
| Expenses for charge-off leased assets recoveries | 440 | 257 |
| Correspondent bank | 196 | 196 |
| Credit life insurance | 66 | 61 |
| Contribution to other organisms | 58 | 79 |
| Others | 1,052 | 46 |
| Subtotal | 3,621 | 2,100 |
| Total | 7,951 | 3,509 |

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

38. Related Party Transactions:

Related parties are considered to be those natural or legal persons who are in positions to directly or indirectly have significant influence through their ownership or management of the Bank and its subsidiaries, as set out in the Compendium of Accounting Standards and Chapter 12-4 of the current Compilation of Standards issued by the Chilean Superintendency of Banks and Financial Institutions (SBIF).

According to the above, the Bank has considered as related parties those natural or legal persons who have a direct participation or through third parties on bank ownership, where such participation exceeds 5% of the shares, and also people who, regardless of ownership, have authority and responsibility for planning, management and control of the activities of the entity or its subsidiaries. There also are considered as related the companies in which the parties related by ownership or management of the bank have a share which reaches or exceeds 5%, or has the position of director, general manager or equivalent.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

38. Related Party Transactions, continued:

(a) Loans to related parties:

The following are the loans and accounts receivable and contingent loans, corresponding to related entities.

| | Production and Services Companies (*) | | Investment Companies (**) | | Individuals (***) | | Total | |
|---------------------------------------|--|---------------------------|------------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|
| | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ |
| Loans and accounts receivable: | | | | | | | | |
| Commercial loans | 230,188 | 243,989 | 204,119 | 169,403 | 9,137 | 8,871 | 443,444 | 422,263 |
| Residential mortgage loans | | | | | 34,202 | 33,695 | 34,202 | 33,695 |
| Consumer loans | | | | | 6,888 | 7,265 | 6,888 | 7,265 |
| Gross loans | 230,188 | 243,989 | 204,119 | 169,403 | 50,227 | 49,831 | 484,534 | 463,223 |
| Allowance for loan losses | (859) | (988) | (396) | (394) | (210) | (241) | (1,465) | (1,623) |
| Net loans | 229,329 | 243,001 | 203,723 | 169,009 | 50,017 | 49,590 | 483,069 | 461,600 |
| Contingent loans: | | | | | | | | |
| Guarantees and sureties | 4,448 | 4,527 | 20,776 | 21,146 | | | 25,224 | 25,673 |
| Letters of credits | 1,298 | 294 | 1,344 | 1,170 | | | 2,642 | 1,464 |
| Foreign letters of credits | | | | | | | | |
| Banks guarantees | 35,610 | 34,457 | 22,945 | 23,071 | | | 58,555 | 57,528 |
| Freely disposition credit lines | 50,945 | 53,151 | 14,486 | 13,907 | 14,985 | 15,179 | 80,416 | 82,237 |
| Other contingencies loans | | | | | | | | |
| Total contingent loans | 92,301 | 92,429 | 59,551 | 59,294 | 14,985 | 15,179 | 166,837 | 166,902 |
| Provision for contingencies loans | (221) | (217) | (77) | (81) | (50) | (48) | (348) | (346) |
| Contingent loans, net | 92,080 | 92,212 | 59,474 | 59,213 | 14,935 | 15,131 | 166,489 | 166,556 |
| Amount covered by guarantee: | | | | | | | | |
| Mortgage | 27,756 | 27,928 | 52,301 | 53,835 | 53,761 | 53,181 | 133,818 | 134,944 |
| Warrant | | | | | | | | |
| Pledge | 810 | 1,417 | | | | | 810 | 1,417 |
| Others (****) | 48,592 | 39,022 | 14,577 | 14,186 | 2,127 | 2,175 | 65,296 | 55,383 |

| | | | | | | | | |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Total collateral | 77,158 | 68,367 | 66,878 | 68,021 | 55,888 | 55,356 | 199,924 | 191,744 |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

38. Related Party Transactions, continued:

(a) Loans with related parties, continued:

(*) For these effects are considered productive companies, those that meet the following conditions:

i) They engage in production activities and generate a separate flow of income.

ii) Less than 50% of their assets are financial assets held-for-trading or investments.

Service companies are considered entities whose main purpose is oriented to rendering services to third parties.

(**) Investment companies include those legal entities that do not meet the conditions for productive companies or services providers and are profit-oriented.

(***) Individuals include key members of the management and correspond to those who directly or indirectly have authority and responsibility for planning, administrating and controlling the activities of the organization, including directors. This category also includes their family members who influence or are influenced by such individuals in their interactions with the organization.

(****) These guarantees mainly correspond to shares and other financial guarantees.

(b) Other assets and liabilities with related parties:

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| | March 2016 MCh\$ | December 2017 MCh\$ |
|--|------------------------|---------------------------|
| Assets | | |
| Cash and due from banks | 73,955 | 57,563 |
| Transactions in the course of collection | 94,029 | 13,249 |
| Derivative instruments | 257,829 | 323,186 |
| Financial assets | 6,290 | |
| Other assets | 140,825 | 114,536 |
| Total | 572,928 | 508,534 |
| Liabilities | | |
| Demand deposits | 171,810 | 173,715 |
| Transactions in the course of payment | 72,478 | 16,116 |
| Repurchase agreements | 73,878 | 25,227 |
| Savings accounts and time deposits | 317,913 | 169,322 |
| Derivative instruments | 330,223 | 370,356 |
| Borrowings with banks | 270,380 | 251,555 |
| Other liabilities | 68,701 | 51,814 |
| Total | 1,305,383 | 1,058,105 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

38. Related Party Transactions, continued:

(c) Income and expenses from related party transactions (*):

| Type of income or expense recognized | March 2018 | | March 2017 | |
|--|--------------|---------------|--------------|---------------|
| | Income MCh\$ | Expense MCh\$ | Income MCh\$ | Expense MCh\$ |
| Profit/loss for commission and services | 4,808 | 1,658 | 4,500 | 2,999 |
| Profit/loss for financial operation | 16,379 | 17,640 | 15,370 | 17,776 |
| Net Financial Operating Income | | | | |
| Derivative instruments (**) | 30,967 | 37,674 | 7,092 | 14,108 |
| Released or established of provision for credit risk | 105 | | | 121 |
| Operating expenses | | 39,343 | | 38,057 |
| Other income and expenses | 110 | 12 | 49 | 11 |

(*) This detail does not constitute a Statement of Comprehensive Income for related party transactions since the assets with these parties are not necessarily equal to liabilities and each item reflects total income and expense and not those corresponding to exact transactions.

(**) The outcome of derivative operations is presented net at each related counterparty level. Additionally, this line includes operations with local counterpart banks (unrelated) which have been novated by Comder Contraparte Central S.A. (Related entity) for centralized clearing purposes, which generated a net loss of Ch\$37,555 million as of March 31, 2018 (net loss of Ch\$10,680 million as of March 31, 2017).

(d) Contracts with related parties:

During the period ended March 31, 2018, the Bank has signed, renewed or amended the contractual terms and conditions of the following contracts with related parties that do not correspond to the ordinary transactions with clients in general, for above UF 1.000:

Company name

Concept or service description

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| | |
|-----------------------------------|--|
| Artikos Chile S.A. | Electronic billing and administration services |
| Canal 13 | Advertising service |
| Fundación Educacional Oportunidad | Donation |
| Servipag S.A. | Development of collection and payment system |

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

38. Related Party Transactions, continued:

(e) Payments to key management personnel:

| | March 2018 MCh\$ | March 2017 MCh\$ |
|----------------------|---------------------------------|---------------------------------|
| Remunerations | 1,162 | 1,032 |
| Short-term benefits | 3,230 | 3,302 |
| Severance pay | 692 | |
| Paid based on shares | | |
| Total | 5,084 | 4,334 |

Composition of key personnel:

| | No. of executives | |
|----------------------|--------------------------|-----------------------|
| Position | March 2018 | March 2017 |
| CEO | 1 | 1 |
| CEOs of subsidiaries | 6 | 6 |
| Division Managers | 12 | 14 |
| Total | 19 | 21 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

38. Related Party Transactions, continued:

(f) Directors' expenses and remunerations:

| Name of Directors | Remunerations | | Fees for attending Board meetings | | Fees for attending Committees and Subsidiary Board meetings (1) | | Consulting | | Total | |
|---------------------------------|---------------|------------|-----------------------------------|------------|---|------------|------------|------------|------------|------------|
| | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 | March 2018 | March 2017 |
| | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ |
| Pablo Granifo Lavín | 142(*) | 137(*) | 12 | 12 | 86 | 94 | | | 240 | 243 |
| Andrónico Luksic Craig | 44 | 43 | 1 | 2 | | | | | 45 | 45 |
| Gonzalo Menéndez Duque | 15 | 14 | 6 | 6 | 31 | 33 | 5 | | 52 | 58 |
| Jaime Estévez Valencia | 15 | 14 | 6 | 6 | 31 | 33 | | | 52 | 53 |
| Rodrigo Manubens Moltedo | 15 | 14 | 6 | 6 | 10 | 11 | | | 31 | 31 |
| Francisco Pérez Mackenna | 15 | 14 | 4 | 6 | 8 | 20 | | | 27 | 40 |
| Thomas Fürst Freiwirth | 15 | 14 | 4 | 5 | 6 | 7 | | | 25 | 26 |
| Jean-Paul Luksic Fontbona | 15 | 14 | 1 | 1 | | | | | 16 | 15 |
| Alfredo Ergas Segal | 15 | | 5 | | 20 | | | | 40 | |
| Andrés Ergas Heymann | 15 | | 5 | | 10 | | | | 30 | |
| Jorge Awad Mehech | | 14 | | 6 | | 21 | | | | 41 |
| Jorge Ergas Heymann | | 14 | | 6 | | 12 | | | | 32 |
| Other directors of subsidiaries | | | | | 22 | 32 | | | 22 | 32 |
| Total | 306 | 292 | 50 | 56 | 224 | 263 | | 5 | 580 | 616 |

(1) It includes fees paid to members of the Advisory Committee of Banchile Corredores de Seguros Ltda, of Ch\$3 million (Ch\$5 million in March 2017).

(*) It includes a provision of Ch\$96 million (Ch\$93 million in March 2017) for an incentive subject to achieving the Bank's forecasted earnings.

Fees paid to the advisors of the Board of Directors amount to Ch\$72 million (Ch\$121 million in March 2017).

Travel and other related expenses amount to Ch\$17 million (Ch\$27 million in March 2017).

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities:

Banco de Chile and its subsidiaries have defined a corporate framework for valuation and control related with the process to the fair value measurement.

Within the established framework includes the Product Control Unit, which is independent of the business areas and reports to the Financial Management and Control Division Manager. The Financial Risk Management Area is responsible for independent verification of the results of trading and investment operations and all fair value measurements.

To achieve the appropriate measurements and controls, the Bank and its subsidiaries, take into account at least the following aspects:

(i) **Industry standard valuation.**

To value financial instruments, Banco de Chile uses industry standard modeling; quota value, share price, discounted cash flows and valuation of options through Black-Scholes-Merton, in the case of options. The input parameters for the valuation correspond to rates, prices and levels of volatility for different terms and market factors that are traded in the national and international market.

(ii) **Quoted prices in active markets.**

The fair value for instruments with quoted prices in active markets is determined using daily quotes from electronic systems information (such as Bolsa de Comercio de Santiago, Bloomberg, LVA and Risk America, etc). This quote represents the price at which these instruments are regularly traded in the financial markets.

(iii) **Valuation techniques.**

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If no quotes are available for the instrument to be valued, valuation techniques will be used to determine the fair value.

Due to, in general, the valuation models require a set of market parameters as inputs, the aim is to maximize information based on observable or price-related quotations for similar instruments in active markets. To the extent there is no information in active markets, data from external suppliers of market information, prices of similar transactions and historical information are used to validate the valuation parameters.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

(iv) Fair value adjustments.

Part of the fair value process considers two adjustments to the market value of each instrument calculated based on the market parameters; a liquidity adjustment and a Bid/Offer adjustment. The latter represents the impact on the valuation of an instrument depending on whether corresponds to a long or purchased position or if the position corresponds to a short or sold position. To calculate this adjustment is used the active market prices or indicative prices depending on the instrument, considering the Bid, Mid and Offer, respectively.

On the other hand, the liquidity adjustment calculation considers the size of the position in each factor, the particular liquidity of each factor, the relative size of Banco de Chile in relation to the market and the liquidity observed in recent operations in the market.

(v) Fair value control.

A process of independent verification of prices and rates is executed daily, in order to control that the market parameters used by Banco de Chile in the valuation of the financial instruments relating to the current state of the market and the best estimate of the fair value. The objective of this process is to control that the official market parameters provided by the respective business area, before being entered into the valuation, are within acceptable ranges of differences when compared to the same set of parameters prepared independently by the Financial Risk Control and Management Area. As a result, value differences are obtained at the level of currency, product and portfolio, which are compared against specific ranges for each grouping level.

In the event significant differences exist, these differences are scaled according to the amount of individual materiality of each market factor and aggregated at the portfolio level, according to the grouping levels within previously defined ranges. These ranges are approved by the Finance, International and Financial Risk Committee.

Complementary and in parallel, the Financial Risk Control and Management Area generates and reports on a daily basis Profit and Loss (P&L) and Exposure to Market Risks, which allow for proper control and consistency of the parameters used in the valuation.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

(vi) Judgmental analysis and information to Management.

In particular cases, where there are no market quotations for the instrument to be valued and there are no prices for similar transactions or indicative parameters, a specific control and a reasoned analysis must be carried out in order to estimate the fair value of the operation. Within the valuation framework described in the Reasonable Value Policy approved by the Board of Directors of Banco de Chile, a required level of approval is set in order to carry out transactions where market information is not available or it is not possible to infer prices or rates from it.

(a) Hierarchy of instrument valued at Fair value:

Banco de Chile and its subsidiaries, classify all the financial instruments among the following levels:

Level 1: These are financial instruments whose fair value is realized at quoted prices (unadjusted) in active markets for identical assets or liabilities. For these instruments there are observable market prices (return internal rates, quote value, price), so that assumptions are not required to determine the value.

In this level, the following instruments are considered: currency futures, Chilean Central Bank and Treasury securities, mutual fund investments and equity shares.

For the instruments of the Central Bank of Chile and the General Treasury of the Republic, all those mnemonics belonging to a Benchmark, in other words corresponding to one of the following categories published by the Santiago Stock Exchange, will be considered as Level 1: Pesos-02, Pesos-03, Pesos-04, Pesos-05, Pesos-07, Pesos-10, UF-02, UF-04, UF-05, UF-07, UF-10, UF-20, UF-30. A Benchmark corresponds to a group of mnemonics that are similar in duration and are traded in an equivalent way, i.e., the price obtained is the same for all the instruments that make up a Benchmark. This feature defines a greater depth of market, with daily quotations that allow classifying these instruments as Level 1.

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In the case of debt issued by the Government, the internal rate of return of the market is used to discount all flows to present value. In the case of mutual funds and equity shares, the current market price multiplied by the number of instruments results in the fair value.

The preceding described valuation methodology is equivalent to the one used by the Bolsa de Comercio de Santiago (Santiago Stock Exchange) and correspond to the standard methodology used in the market.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

Level 2: There are financial instruments whose fair value is obtained with variables other than the prices quoted in Level 1 that are observable for the asset or liability, directly (that is, as prices) or indirectly (that is, derived from prices). These categories include:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Inputs data other than quoted prices that are observable for the asset or liability.
- d) Inputs data corroborated by the market.

At this level there are mainly derivatives instruments, debt issued by banks, debt issues of Chilean and foreign companies, issued in Chile or abroad, mortgage claims, financial brokerage instruments and some issuances by the Central Bank of Chile and the General Treasury of the Republic.

To value derivatives, depends on whether they are impacted by volatility as a relevant market factor in standard valuation methodologies; for options the Black-Scholes-Merton formula is used; for the rest of the derivatives, forwards and swaps, net present value through discounted cash flows is used.

For the remaining instruments at this level, as for debt issues of level 1, the valuation is done through cash flows model by using an internal rate of return that can be derived or estimated from similar securities as mentioned above.

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In the event that there is no observable price for an instrument in a specific term, the price will be inferred from the interpolation between periods that have observable quoted price in active markets. These models incorporate various market variables, including the credit quality of counterparties, exchange rates and interest rate curves.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

Valuation Techniques and Inputs:

| Type of Financial Instrument | Valuation Method | Description: Inputs and Sources |
|---------------------------------------|-----------------------------|--|
| Local Bank and Corporate Bonds | Discounted cash flows model | Prices are provided by third party price providers that are widely used in the Chilean market. Model is based on a Base Yield (Central Bank Bonds) and issuer spread. The model is based on daily prices and risk/maturity similarities between Instruments. |
| Offshore Bank and Corporate Bonds | | Prices are provided by third party price providers that are widely used in the Chilean market. |
| Local Central Bank and Treasury Bonds | | Model is based on daily prices. Prices are provided by third party price providers that are widely used in the Chilean market. |
| Mortgage Notes | | Model is based on daily prices. Prices are provided by third party price providers that are widely used in the Chilean market. |
| | | Model is based on a Base Yield (Central Bank Bonds) and issuer spread. |

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| | | |
|--|---|--|
| Time Deposits | <p>The model takes into consideration daily prices and risk/maturity similarities between instruments.</p> <p>Prices are provided by third party price providers that are widely used in the Chilean market.</p> | |
| Cross Currency Swaps, Interest Rate Swaps, FX Forwards, Inflation Forwards | <p>Model is based on daily prices and considers risk/maturity similarities between instruments.</p> <p>Forward Points, Inflation forecast and local swap rates are provided by market brokers that are widely used in the Chilean market.</p> <p>Offshore rates and spreads are obtained from third party price providers that are widely used in the Chilean market.</p> | |
| FX Options | Black-Scholes Model | <p>Zero Coupon rates are calculated by using the bootstrapping method over swap rates.</p> <p>Prices for volatility surface estimates are obtained from market brokers that are widely used in the Chilean market.</p> |

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

Level 3: These are financial instruments whose fair value is determined using non-observable inputs data. An adjustment to an input that is significant to the entire measurement can result in a fair value measurement classified within Level 3 of the fair value hierarchy, if the adjustment uses significant non-observable data entry.

The instruments likely to be classified as level 3 are mainly Corporate Debt by Chilean and foreign companies, issued both in Chile and abroad.

Valuation Techniques and Inputs:

| Type of Financial Instrument | Valuation Method | Description: Inputs and Sources |
|-----------------------------------|-----------------------------|--|
| Local Bank and Corporate Bonds | Discounted cash flows model | Since inputs for these types of securities are not observable by the market, we model interest rate of returns for them based on a Base Yield (Central Bank Bonds) and issuer spread. These inputs (base yield and issuer spread) are provided on a daily basis by third party price providers that are widely used in the Chilean market. |
| Offshore Bank and Corporate Bonds | Discounted cash flows model | Since inputs for these types of securities are not observable by the market, we model interest rate of returns for them based on a Base Yield (US-LIBOR) and issuer spread. These inputs (base yield and issuer spread) are provided on a weekly basis by third party price providers that are widely used in the Chilean market. |

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(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

(b) Level chart:

The following table shows the classification by levels, for financial instruments registered at fair value.

| | Level 1 | | Level 2 | | Level 3 | | Total | |
|--|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|
| | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ |
| Financial Assets | | | | | | | | |
| Financial assets held-for-trading | | | | | | | | |
| From the Chilean Government and Central Bank | 432,234 | 623,276 | 862,525 | 693,888 | | | 1,294,759 | 1,317,164 |
| Other instruments issued in Chile | 3,067 | 714 | 193,380 | 212,366 | 16,862 | 8,012 | 213,309 | 221,092 |
| Instruments issued abroad | | 322 | | | | | | 322 |
| Mutual fund investments | 78,790 | 78,069 | | | | | 78,790 | 78,069 |
| Subtotal | 514,091 | 702,381 | 1,055,905 | 906,254 | 16,862 | 8,012 | 1,586,858 | 1,616,647 |
| Derivative contracts for trading purposes | | | | | | | | |
| Forwards | | | 427,197 | 506,502 | | | 427,197 | 506,502 |
| Swaps | | | 785,919 | 710,123 | | | 785,919 | 710,123 |
| Call Options | | | 419 | 514 | | | 419 | 514 |
| Put Options | | | 1,787 | 2,841 | | | 1,787 | 2,841 |
| Futures | | | | | | | | |
| Subtotal | | | 1,215,322 | 1,219,980 | | | 1,215,322 | 1,219,980 |
| Hedge derivative contracts | | | | | | | | |
| Fair value hedge (Swap) | | | 1,372 | 277 | | | 1,372 | 277 |
| Cash flow hedge (Swap) | | | 12,707 | 27,572 | | | 12,707 | 27,572 |
| Subtotal | | | 14,079 | 27,849 | | | 14,079 | 27,849 |
| Financial assets available-for-sale (1) | | | | | | | | |

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| | | | | | | | | |
|--|---------|---------|-----------|-----------|--------|--------|-----------|-----------|
| From the Chilean Government and Central Bank | 211,620 | 229,296 | 101,080 | 127,072 | | | 312,700 | 356,368 |
| Other instruments issued in Chile | | | 1,070,274 | 1,113,430 | 37,366 | 46,265 | 1,107,640 | 1,159,695 |
| Instruments issued abroad | | | | | | | | |
| Subtotal | 211,620 | 229,296 | 1,171,354 | 1,240,502 | 37,366 | 46,265 | 1,420,340 | 1,516,063 |
| Total | 725,711 | 931,677 | 3,456,660 | 3,394,585 | 54,228 | 54,277 | 4,236,599 | 4,380,539 |
| Financial Liabilities | | | | | | | | |
| Derivative contracts for trading purposes | | | | | | | | |
| Forwards | | | 487,643 | 578,289 | | | 487,643 | 578,289 |
| Swaps | | | 799,127 | 745,822 | | | 799,127 | 745,822 |
| Call Options | | | 656 | 475 | | | 656 | 475 |
| Put Options | | | 3,515 | 3,433 | | | 3,515 | 3,433 |
| Futures | | | | | | | | |
| Subtotal | | | 1,290,941 | 1,328,019 | | | 1,290,941 | 1,328,019 |
| Hedge derivative contracts | | | | | | | | |
| Fair value hedge (Swap) | | | 5,222 | 5,330 | | | 5,222 | 5,330 |
| Cash flow hedge (Swap) | | | 92,954 | 80,888 | | | 92,954 | 80,888 |
| Subtotal | | | 98,176 | 86,218 | | | 98,176 | 86,218 |
| Total | | | 1,389,117 | 1,414,237 | | | 1,389,117 | 1,414,237 |

(1) As of March 31, 2018, 86% of instruments of level 3 have denomination Investment Grade . Also, 100% of total of these financial instruments correspond to domestic issuers.

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(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

(c) Level 3 reconciliation:

The following table shows the reconciliation between the balances at the beginning and at the end of period for those instruments classified in Level 3, whose fair value is reflected in the financial statements:

| | Balance as of January 1, 2018 MCh\$ | Gain (Loss) Recognized in Income (1) MCh\$ | Gain (Loss) Recognized in Equity (2) MCh\$ | As of March, 2018 | | Transfer from Level 1 and 2 MCh\$ | Transfer to Level 1 and 2 MCh\$ | Balance as of March 31, 2018 MCh\$ |
|---------------------------------------|---|---|---|--------------------|----------------|---|---------------------------------------|---|
| | | | | Purchases MCh\$ | Sales MCh\$ | | | |
| Financial Assets | | | | | | | | |
| Financial assets held-for-trading: | | | | | | | | |
| Other instruments issued in Chile | 8,012 | 121 | | 8,729 | | | | 16,862 |
| Subtotal | 8,012 | 121 | | 8,729 | | | | 16,862 |
| Available-for-Sale Instruments: | | | | | | | | |
| Other instruments issued in Chile | 46,265 | (910) | (173) | | (2,845) | | (4,971) | 37,366 |
| Instruments issued abroad | | | | | | | | |
| Subtotal | 46,265 | (910) | (173) | | (2,845) | | (4,971) | 37,366 |
| Total | 54,277 | (789) | (173) | 8,729 | (2,845) | | (4,971) | 54,228 |

| | Balance as of January 1, 2017 MCh\$ | Gain (Loss) Recognized in Income (1) MCh\$ | Gain (Loss) Recognized in Equity (2) MCh\$ | As of December, 2017 | | Transfer from Level 1 and 2 MCh\$ | Transfer to Level 1 and 2 MCh\$ | Balance as of December 31, 2017 MCh\$ |
|---------------------------------------|---|---|---|----------------------|----------------|---|---------------------------------------|--|
| | | | | Purchases MCh\$ | Sales MCh\$ | | | |
| Financial Assets | | | | | | | | |
| Financial assets held-for-trading: | | | | | | | | |
| Other instruments issued in Chile | 8,960 | (7) | | 7,446 | (10,772) | 2,385 | | 8,012 |
| Subtotal | 8,960 | (7) | | 7,446 | (10,772) | 2,385 | | 8,012 |

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| | | | | | | | | |
|-----------------------------------|--------|---------|-------|--------|----------|-------|---------|--------|
| Available-for-Sale Instruments: | | | | | | | | |
| Other instruments issued in Chile | 76,005 | (4,186) | 1,137 | 4,922 | (28,604) | 2,672 | (5,681) | 46,265 |
| Instruments issued abroad | | | | | | | | |
| Subtotal | 76,005 | (4,186) | 1,137 | 4,922 | (28,604) | 2,672 | (5,681) | 46,265 |
| Total | 84,965 | (4,193) | 1,137 | 12,368 | (39,376) | 5,057 | (5,681) | 54,277 |

(1) Recorded in income under item Net financial operating income .

(2) Recorded in equity under item Other Comprehensive Income .

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(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

(d) Sensitivity of instruments classified in level 3 to changes in key assumptions of models:

The following table shows the sensitivity, by type of instrument, of those instruments classified in Level 3 using alternative in key valuation assumptions:

| | As of March, 2018 | | As of December, 2017 | |
|-----------------------------------|-------------------|---------------------------|----------------------|---------------------------|
| | Level 3 | Sensitivity to changes in | Level 3 | Sensitivity to changes in |
| | MCh\$ | key assumptions of | MCh\$ | key assumptions of |
| | | models | | models |
| | | MCh\$ | | MCh\$ |
| Financial Assets | | | | |
| Financial assets held-for-trading | | | | |
| Other instruments issued in Chile | 16,862 | (94) | 8,012 | (26) |
| Subtotal | 16,862 | (94) | 8,012 | (26) |
| Available-for- Sale Instruments | | | | |
| Other instruments issued in Chile | 37,366 | (345) | 46,265 | (417) |
| Instruments issued abroad | | | | |
| Subtotal | 37,366 | (345) | 46,265 | (417) |
| Total | 54,228 | (439) | 54,277 | (443) |

With the purpose to determine the sensitivity of the financial investments to changes in significant market factors, the Bank has made alternative calculations at fair value, changing those key parameters for the valuation and which are not directly observable in screens. In the case of the financial assets listed in the table above, which correspond to Bank Bonds and Corporate Bonds, it was considered that, since there are no current observables prices, the input prices will be based on brokers quotes. The prices are usually calculated as a base rate plus a spread. For Local Bonds it was determined to apply a 10% impact on the price, while for the Off Shore Bonds it was determined to apply a 10% impact only on the spread, since the base rate is covered by interest rate swaps instruments in the so-called accounting hedges. The 10% impact is considered a reasonable move taking into account the market performance of these instruments and comparing it against the bid / offer adjustment that is provisioned by these instruments.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

(e) Other assets and liabilities:

The following table summarizes the fair values of the Bank's main financial assets and liabilities that are not recorded at fair value in the Statement of Financial Position. The values shown in this note are not attempt to estimate the value of the Bank's income-generating assets, nor forecast their future behavior. The estimated fair value is as follows:

| | Book Value | | Estimated Fair Value | |
|--|------------------------|---------------------------|------------------------|---------------------------|
| | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ |
| Assets | | | | |
| Cash and due from banks | 920,445 | 1,057,393 | 920,445 | 1,057,393 |
| Transactions in the course of collection | 741,774 | 521,809 | 741,774 | 521,809 |
| Repurchase agreements and securities lending | 119,114 | 91,641 | 119,114 | 91,641 |
| Subtotal | 1,781,333 | 1,670,843 | 1,781,333 | 1,670,843 |
| Loans and advances to banks | | | | |
| Domestic banks | 119,974 | 119,974 | 119,974 | 119,974 |
| Central Bank of Chile | 360,676 | 350,916 | 360,676 | 350,916 |
| Foreign banks | 307,827 | 288,812 | 307,827 | 288,812 |
| Subtotal | 788,477 | 759,702 | 788,477 | 759,702 |
| Loans to customers, net | | | | |
| Commercial loans | 13,974,422 | 13,669,638 | 13,744,057 | 13,477,466 |
| Residential mortgage loans | 7,485,069 | 7,441,242 | 7,852,466 | 7,769,694 |
| Consumer loans | 3,835,538 | 3,770,473 | 3,836,559 | 3,773,005 |
| Subtotal | 25,295,029 | 24,881,353 | 25,433,082 | 25,020,165 |
| Total | 27,864,839 | 27,311,898 | 28,002,892 | 27,450,710 |
| Liabilities | | | | |
| Current accounts and other demand deposits | 8,800,358 | 8,915,706 | 8,800,358 | 8,915,706 |
| Transactions in the course of payment | 467,064 | 295,712 | 467,064 | 295,712 |
| Repurchase agreements and securities lending | 260,162 | 195,392 | 260,162 | 195,392 |
| Savings accounts and time deposits | 10,371,047 | 10,067,778 | 10,373,815 | 10,073,030 |
| Borrowings from banks | 1,012,954 | 1,195,028 | 1,006,079 | 1,188,943 |
| Other financial obligations | 150,676 | 137,163 | 150,676 | 137,163 |
| Subtotal | 21,062,261 | 20,806,779 | 21,058,154 | 20,805,946 |
| Debt Issued | | | | |
| Letters of credit for residential purposes | 19,329 | 21,059 | 20,681 | 22,542 |
| Letters of credit for general purposes | 2,063 | 2,365 | 2,207 | 2,532 |

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| | | | | |
|-------------------|------------|------------|------------|------------|
| Bonds | 6,192,158 | 5,769,334 | 6,338,858 | 5,896,424 |
| Subordinate bonds | 698,309 | 696,217 | 697,693 | 699,926 |
| Subtotal | 6,911,859 | 6,488,975 | 7,059,439 | 6,621,424 |
| Total | 27,974,120 | 27,295,754 | 28,117,593 | 27,427,370 |

Other financial assets and liabilities not measured at their fair value, but for which a fair value is estimated, even if not managed based on such value, include assets and liabilities such as placements, deposits and other time deposits, debt issued, and other financial assets and obligations with different maturities and characteristics. The fair value of these assets and liabilities is calculated using the Discounted Cash Flow model and the use of various data sources such as yield curves, credit risk spreads, etc. In addition, due to some of these assets and liabilities are not traded on the market, periodic reviews and analyzes are required to determine the suitability of the inputs and determined fair values.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial assets and liabilities, continued:

(f) Levels of other assets and liabilities:

The following table shows the estimated fair value of financial assets and liabilities not valued at their fair value, as of March 31, 2018 and December 31, 2017:

| | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|
| | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ | March 2018 MCh\$ | December 2017 MCh\$ |
| Assets | | | | | | | | |
| Cash and due from banks | 920,445 | 1,057,393 | | | | | 920,445 | 1,057,393 |
| Transactions in the course of collection | 741,774 | 521,809 | | | | | 741,774 | 521,809 |
| Repurchase agreements and security lending | 119,114 | 91,641 | | | | | 119,114 | 91,641 |
| Subtotal | 1,781,333 | 1,670,843 | | | | | 1,781,333 | 1,670,843 |
| Loans and advances to banks | | | | | | | | |
| Domestic banks | 119,974 | 119,974 | | | | | 119,974 | 119,974 |
| Central Bank | 360,676 | 350,916 | | | | | 360,676 | 350,916 |
| Foreign banks | 307,827 | 288,812 | | | | | 307,827 | 288,812 |
| Subtotal | 788,477 | 759,702 | | | | | 788,477 | 759,702 |
| Loans to customers, net | | | | | | | | |
| Commercial loans | | | | | 13,744,057 | 13,477,466 | 13,744,057 | 13,477,466 |
| Residential mortgage loans | | | | | 7,852,466 | 7,769,694 | 7,852,466 | 7,769,694 |
| Consumer loans | | | | | 3,836,559 | 3,773,005 | 3,836,559 | 3,773,005 |
| Subtotal | | | | | 25,433,082 | 25,020,165 | 25,433,082 | 25,020,165 |
| Total | 2,569,810 | 2,430,545 | | | 25,433,082 | 25,020,165 | 28,002,892 | 27,450,710 |
| Liabilities | | | | | | | | |
| Current accounts and other demand deposits | 8,800,358 | 8,915,706 | | | | | 8,800,358 | 8,915,706 |
| Transactions in the course of payment | 467,064 | 295,712 | | | | | 467,064 | 295,712 |
| Repurchase agreements and security lending | 260,162 | 195,392 | | | | | 260,162 | 195,392 |
| | | | | | 10,373,815 | 10,073,030 | 10,373,815 | 10,073,030 |

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Savings accounts and time deposits

| | | | | | | | |
|-----------------------------|-----------|-----------|--|------------|------------|------------|------------|
| Borrowings from banks | | | | 1,006,079 | 1,188,943 | 1,006,079 | 1,188,943 |
| Other financial obligations | 150,676 | 137,163 | | | | 150,676 | 137,163 |
| Subtotal | 9,678,260 | 9,543,973 | | 11,379,894 | 11,261,973 | 21,058,154 | 20,805,946 |

Debt Issued

| | | | | | | | | |
|--|-----------|-----------|-----------|-----------|------------|------------|------------|------------|
| Letters of credit for residential purposes | | | 20,681 | 22,542 | | | 20,681 | 22,542 |
| Letters of credit for general purposes | | | 2,207 | 2,532 | | | 2,207 | 2,532 |
| Bonds | | | 6,338,858 | 5,896,424 | | | 6,338,858 | 5,896,424 |
| Subordinated bonds | | | | | 697,693 | 699,926 | 697,693 | 699,926 |
| Subtotal | | | 6,361,746 | 5,921,498 | 697,693 | 699,926 | 7,059,439 | 6,621,424 |
| Total | 9,678,260 | 9,543,973 | 6,361,746 | 5,921,498 | 12,077,587 | 11,961,899 | 28,117,593 | 27,427,370 |

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

(f) Levels of other assets and liabilities, continued:

The Bank determines the fair value of these assets and liabilities according to the following:

- **Short-term assets and liabilities:** For assets and liabilities with short-term maturity, it is assumed that the book values approximate to their fair value. This assumption is applied to the following assets and liabilities:

| Assets | - | Liabilities |
|--|----------|--|
| - Cash and deposits in banks | - | Current accounts and other demand deposits |
| - Transactions in the course of collection | - | Transactions in the course of payments |
| - Repurchase agreements and security lending | - | Repurchase agreements and security lending |
| - Loans and advance to banks | - | Other financial obligations |

- **Loans to Customers:** Fair value is determined by using the discounted cash flow model and internally generated discount rates, based on internal transfer rates derived from our internal transfer price policy. Once the present value is determined, we deduct the related loan loss allowances in order to incorporate the credit risk associated with each contract or loan. As we use internally generated parameters for valuation purposes, we categorize these instruments in Level 3.

- **Letters of Credit and Bonds:** In order to determine the present value of contractual cash flows, we apply the discounted cash flow model by using market interest rates that are available in the market, either for the instruments under valuation or instruments with similar features that fit valuation needs in terms of currency, maturities and liquidity. The market interest rates are obtained from third party price providers widely used by the market. As a result

of the valuation technique and the quality of inputs (observable) used for valuation, we categorize these financial liabilities in Level 2.

- Saving Accounts, Time Deposits, Borrowings from Financial Institutions and Subordinated Bonds: The discounted cash flow model is used to obtain the present value of committed cash flows by applying a bucket approach and average adjusted discount rates that derived from both market rates for instruments with similar features and our internal transfer price policy. As we use internally generated parameters and/or apply significant judgmental analysis for valuation purposes, we categorize these financial liabilities in Level 3.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

39. Fair Value of Financial Assets and Liabilities, continued:

(g) Offsetting of financial assets and liabilities:

The Bank trades financial derivatives with foreign counterparties using ISDA Master Agreement (International Swaps and Derivatives Association, Inc.), under legal jurisdiction of the City of New York USA or London United Kingdom. Legal framework in these jurisdictions, along with documentation mentioned, it allows Banco de Chile the right to anticipate the maturity of the transaction and then, offset the net value of those transactions in case of default of counterparty. Additionally, the Bank has negotiated with these counterparties an additional annex (CSA Credit Support Annex), that includes other credit mitigating, such as entering margins on a certain amount of net value of transactions, early termination (optional or mandatory) of transactions at certain dates in the future, coupon adjustment of transaction in exchange for payment of the debtor counterpart over a certain threshold amount, etc.

Below are detail the contracts susceptible to offset:

| | Fair Value | | Negative Fair Value of contracts with right to offset | | Positive Fair Value of contracts with right to offset | | Financial Collateral | | Net Fair Value | |
|----------------------------------|------------|---------------|---|---------------|---|---------------|----------------------|---------------|----------------|---------------|
| | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 | March 2018 | December 2017 |
| | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ | MCh\$ |
| Derivative financial assets | 1,229,401 | 1,247,829 | (390,336) | (155,595) | (449,900) | (444,844) | (39,282) | (34,212) | 349,883 | 613,178 |
| Derivative financial liabilities | 1,389,117 | 1,414,237 | (390,336) | (155,595) | (449,900) | (444,844) | (72,621) | (83,523) | 476,260 | 730,275 |

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

40. Maturity of Assets and Liabilities:

The table below details the main financial assets and liabilities grouped in accordance with their remaining maturity, including accrued interest as of March 31, 2018 and December 31, 2017, respectively. As these are for trading and available-for-sale instruments are included at their fair value:

| | As of March 31, 2018 | | | | | | | | |
|--|------------------------|--|---|--------------------------------|--|--|-----------------------|-------------------------------|-------------------|
| | Up to 1 month MCh\$ | Over 1 month and up to 3 months MCh\$ | Over 3 month and up to 12 months MCh\$ | Subtotal up to 1 year MCh\$ | Over 1 year and up to 3 years MCh\$ | Over 3 year and up to 5 years MCh\$ | Over 5 years MCh\$ | Subtotal over 1 year MCh\$ | Total MCh\$ |
| Assets | | | | | | | | | |
| Cash and due from banks | 920,445 | | | 920,445 | | | | | 920,445 |
| Transactions in the course of collection | 741,774 | | | 741,774 | | | | | 741,774 |
| Financial Assets held-for-trading | 1,586,858 | | | 1,586,858 | | | | | 1,586,858 |
| Repurchase agreements and security lending | 77,293 | 34,358 | 7,463 | 119,114 | | | | | 119,114 |
| Derivative instruments | 89,272 | 187,592 | 272,773 | 549,637 | 258,892 | 169,174 | 251,698 | 679,764 | 1,229,401 |
| Loans and advances to banks (*) | 536,568 | 125,160 | 109,248 | 770,976 | 18,161 | | | 18,161 | 789,137 |
| Loans to customers (*) | 3,646,483 | 2,091,526 | 4,202,332 | 9,940,341 | 5,556,366 | 2,945,807 | 7,417,245 | 15,919,418 | 25,859,759 |
| Financial assets available-for-sale | 27,238 | 68,480 | 807,923 | 903,641 | 215,110 | 140,446 | 161,143 | 516,699 | 1,420,340 |
| Financial assets held-to-maturity | | | | | | | | | |
| Total assets | 7,625,931 | 2,507,116 | 5,399,739 | 15,532,786 | 6,048,529 | 3,255,427 | 7,830,086 | 17,134,042 | 32,666,828 |

| | As of December 31, 2017 | | | | | | | | |
|---------------|-------------------------|--|---|--------------------------------|--|--|-----------------------|-------------------------------|----------------|
| | Up to 1 month MCh\$ | Over 1 month and up to 3 months MCh\$ | Over 3 month and up to 12 months MCh\$ | Subtotal up to 1 year MCh\$ | Over 1 year and up to 3 years MCh\$ | Over 3 year and up to 5 years MCh\$ | Over 5 years MCh\$ | Subtotal over 1 year MCh\$ | Total MCh\$ |
| Assets | | | | | | | | | |
| | 1,057,393 | | | 1,057,393 | | | | | 1,057,393 |

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| | | | | | | | | | |
|--|-----------|-----------|-----------|------------|-----------|-----------|-----------|------------|------------|
| Cash and due from banks | | | | | | | | | |
| Transactions in the course of collection | 521,809 | | | 521,809 | | | | | 521,809 |
| Financial Assets held-for-trading | 1,616,647 | | | 1,616,647 | | | | | 1,616,647 |
| Repurchase agreements and security lending | 67,344 | 19,207 | 5,090 | 91,641 | | | | | 91,641 |
| Derivative instruments | 127,849 | 133,111 | 364,957 | 625,917 | 248,066 | 125,303 | 248,543 | 621,912 | 1,247,829 |
| Loans and advances to banks (*) | 531,959 | 48,717 | 148,758 | 729,434 | 30,851 | | | 30,851 | 760,285 |
| Loans to customers (*) | 3,734,931 | 1,851,564 | 4,224,817 | 9,811,312 | 5,326,979 | 2,941,239 | 7,360,005 | 15,628,223 | 25,439,535 |
| Financial assets available-for-sale | 5,084 | 29,770 | 917,627 | 952,481 | 166,626 | 188,535 | 208,421 | 563,582 | 1,516,063 |
| Financial assets held-to-maturity | | | | | | | | | |
| Total assets | 7,663,016 | 2,082,369 | 5,661,249 | 15,406,634 | 5,772,522 | 3,255,077 | 7,816,969 | 16,844,568 | 32,251,202 |

(*) These balances are presented without deduction of their respective provisions, which amount to Ch\$564,730 million (Ch\$558,182 million in December 2017) for loans to customers and Ch\$660 million (Ch\$583 million in December 2017) for borrowings from financial institutions.

Table of Contents**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

(Free translation of interim financial statements originally issued in Spanish)

40. Maturity of Assets and Liabilities, continued:

| | As of March 31, 2018 | | | | | | | | |
|--|------------------------|--|---|--------------------------------|--|--|-----------------------|-------------------------------|-------------------|
| | Up to 1 month MCh\$ | Over 1 month and up to 3 months MCh\$ | Over 3 month and up to 12 months MCh\$ | Subtotal up to 1 year MCh\$ | Over 1 year and up to 3 years MCh\$ | Over 3 year and up to 5 years MCh\$ | Over 5 years MCh\$ | Subtotal over 1 year MCh\$ | Total MCh\$ |
| Liabilities | | | | | | | | | |
| Current accounts and other demand deposits | 8,800,358 | | | 8,800,358 | | | | | 8,800,358 |
| Transactions in the course of payment | 467,064 | | | 467,064 | | | | | 467,064 |
| Repurchase agreements and security lending | 220,334 | 1,761 | 38,067 | 260,162 | | | | | 260,162 |
| Savings accounts and time deposits (**) | 4,915,219 | 2,608,284 | 2,569,142 | 10,092,645 | 60,640 | 421 | 168 | 61,229 | 10,153,874 |
| Derivative instruments | 86,196 | 192,249 | 321,244 | 599,689 | 262,850 | 199,446 | 327,132 | 789,428 | 1,389,117 |
| Borrowings from financial institutions | 131,631 | 226,966 | 563,475 | 922,072 | 90,882 | | | 90,882 | 1,012,954 |
| Debt issued: | | | | | | | | | |
| Mortgage bonds | 1,494 | 2,029 | 4,122 | 7,645 | 7,824 | 3,878 | 2,045 | 13,747 | 21,392 |
| Bonds | 47,603 | 591,494 | 434,431 | 1,073,528 | 773,069 | 1,081,776 | 3,263,785 | 5,118,630 | 6,192,158 |
| Subordinate bonds | 9,067 | 23,289 | 20,400 | 52,756 | 46,600 | 33,227 | 565,726 | 645,553 | 698,309 |
| Other financial obligations | 120,376 | 2,223 | 12,572 | 135,171 | 13,348 | 1,787 | 370 | 15,505 | 150,676 |
| Total liabilities | 14,799,342 | 3,648,295 | 3,963,453 | 22,411,090 | 1,255,213 | 1,320,535 | 4,159,226 | 6,734,974 | 29,146,064 |

| | As of December 31, 2017 | | | | | | | | |
|--|-------------------------|--|---|--------------------------------|--|--|-----------------------|-------------------------------|----------------|
| | Up to 1 month MCh\$ | Over 1 month and up to 3 months MCh\$ | Over 3 month and up to 12 months MCh\$ | Subtotal up to 1 year MCh\$ | Over 1 year and up to 3 years MCh\$ | Over 3 year and up to 5 years MCh\$ | Over 5 years MCh\$ | Subtotal over 1 year MCh\$ | Total MCh\$ |
| Liabilities | | | | | | | | | |
| Current accounts and other demand deposits | 8,915,706 | | | 8,915,706 | | | | | 8,915,706 |
| Transactions in the course of payment | 295,712 | | | 295,712 | | | | | 295,712 |

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| | | | | | | | | | |
|--|------------|-----------|-----------|------------|-----------|-----------|-----------|-----------|------------|
| Repurchase agreements and security lending | 138,630 | | 56,762 | 195,392 | | | | | 195,392 |
| Savings accounts and time deposits (**) | 4,946,212 | 2,280,011 | 2,604,864 | 9,831,087 | 22,041 | 311 | 219 | 22,571 | 9,853,658 |
| Derivative instruments | 117,443 | 146,602 | 410,270 | 674,315 | 269,651 | 173,964 | 296,307 | 739,922 | 1,414,237 |
| Borrowings from financial institutions | 267,183 | 240,048 | 613,795 | 1,121,026 | 74,002 | | | 74,002 | 1,195,028 |
| Debt issued: | | | | | | | | | |
| Mortgage bonds | 1,875 | 1,997 | 4,537 | 8,409 | 8,572 | 4,159 | 2,284 | 15,015 | 23,424 |
| Bonds | 147,029 | 274,119 | 595,599 | 1,016,747 | 836,725 | 1,043,853 | 2,872,009 | 4,752,587 | 5,769,334 |
| Subordinate bonds | 3,627 | 2,063 | 45,843 | 51,533 | 48,183 | 36,565 | 559,936 | 644,684 | 696,217 |
| Other financial obligations | 105,870 | 3,331 | 10,298 | 119,499 | 15,474 | 1,797 | 393 | 17,664 | 137,163 |
| Total liabilities | 14,939,287 | 2,948,171 | 4,341,968 | 22,229,426 | 1,274,648 | 1,260,649 | 3,731,148 | 6,266,445 | 28,495,871 |

(**) Excludes term saving accounts, which amount to Ch\$217,173 million (Ch\$214,120 million in December 2017)

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim financial statements originally issued in Spanish)

41. Subsequent Events:

In Management's opinion, there are no significant subsequent events that affect or could affect the Interim Consolidated Financial Statements of Banco de Chile and its subsidiaries between March 31, 2018 and the date of issuance of these Interim Consolidated Financial Statements.

Héctor Hernández G.
General Accounting Manager

Eduardo Ebensperger O.
Chief Executive Officer

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 27, 2018

By: Banco de Chile
/S/ Eduardo Ebensperger O.
Eduardo Ebensperger O.
CEO
