

BANK OF CHILE  
Form 6-K  
April 29, 2019  
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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, 2019**

**Commission File Number 001-15266**

**BANK OF CHILE**

(Translation of registrant's name into English)

**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.

Form 20-F  Form 40-F

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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, 2019.

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**BANCO DE CHILE AND SUBSIDIARIES**

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

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|             |   |   |
|-------------|---|---|
| MCh\$       | = | Millions of Chilean pesos   |
| ThUS\$      | = | Thousands of U.S. dollars   |
| UF or CLF   | = | Unidad de Fomento<br>(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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For the periods ended March 31, 2019 and December 31, 2018

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

(Expressed in million of Chilean pesos)

|  | Notes | March<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ |
|--|-------|------------------------|---------------------------|
| <b>ASSETS</b>  |       |                        |                           |
| Cash and due from banks  | 7     | 993,892                | 880,081                   |
| Transactions in the course of collection                                 | 7     | 824,271                | 580,333                   |
| Financial assets held-for-trading  | 8     | 1,913,981              | 1,745,366                 |
| Cash collateral on securities borrowed and reverse repurchase agreements | 9     | 90,259                 | 97,289                    |
| Derivative instruments   | 10    | 1,168,896              | 1,513,947                 |
| Loans and advances to banks  | 11    | 914,911                | 1,494,307                 |
| Loans to customers, net  | 12    | 27,556,290             | 27,307,223                |
| Financial assets available-for-sale                                      | 13    | 1,312,347              | 1,043,440                 |
| Financial assets held-to-maturity  | 13    |                        |                           |
| Investments in other companies   | 14    | 45,714                 | 44,561                    |
| Intangible assets  | 15    | 53,025                 | 52,061                    |
| Property and equipment   | 16    | 220,372                | 215,872                   |
| Leased assets  | 16    | 155,502                |                           |
| Current tax assets   | 17    | 524                    | 677                       |
| Deferred tax assets  | 17    | 276,563                | 277,922                   |
| Other assets   | 18    | 565,812                | 673,380                   |
| <b>TOTAL ASSETS</b>  |       | <b>36,092,359</b>      | <b>35,926,459</b>         |
| <b>LIABILITIES</b>   |       |                        |                           |
| Current accounts and other demand deposits                               | 19    | 9,600,304              | 9,584,488                 |
| Transactions in the course of payment                                    | 7     | 578,260                | 335,575                   |
| Cash collateral on securities lent and repurchase agreements             | 9     | 281,042                | 303,820                   |
| Savings accounts and time deposits                                       | 20    | 11,263,020             | 10,656,174                |
| Derivative instruments   | 10    | 1,259,524              | 1,528,357                 |
| Borrowings from financial institutions                                   | 21    | 1,375,919              | 1,516,759                 |
| Debt issued  | 22    | 7,405,294              | 7,475,552                 |
| Other financial obligations  | 23    | 110,793                | 118,014                   |
| Lease liabilities  | 16    | 153,896                |                           |
| Current tax liabilities  | 17    | 30,670                 | 20,924                    |
| Deferred tax liabilities   | 17    | 25                     |                           |
| Provisions   | 24    | 399,679                | 670,119                   |
| Other liabilities  | 25    | 332,983                | 412,524                   |
| <b>TOTAL LIABILITIES</b>   |       | <b>32,791,409</b>      | <b>32,622,306</b>         |
| <b>EQUITY</b>  |       |                        |                           |
|  | 27    |                        |                           |
| <b>Attributable to Bank's Owners:</b>                                    |       |                        |                           |
| Capital  |       | 2,418,833              | 2,418,833                 |
| Reserves   |       | 703,453                | 617,597                   |
| Other comprehensive income   |       | (32,140)               | (39,222)                  |
| Retained earnings:   |       |                        |                           |

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|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Retained earnings from previous years | 170,188           | 17,481            |
| Income for the period                 | 101,537           | 594,872           |
| Less:                                 |                   |                   |
| Provision for minimum dividends       | (60,922)          | (305,409)         |
| Subtotal                              | <b>3,300,949</b>  | <b>3,304,152</b>  |
| <b>Non-controlling interests</b>      | <b>1</b>          | <b>1</b>          |
| <b>TOTAL EQUITY</b>                   | <b>3,300,950</b>  | <b>3,304,153</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>   | <b>36,092,359</b> | <b>35,926,459</b> |

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, 2019 and 2018

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

(Expressed in million of Chilean pesos)

|  | Notes | March<br>2019<br>MCh\$ | March<br>2018<br>MCh\$ |
|--|-------|------------------------|------------------------|
| Interest revenue   | 28    | 430,654                | 469,878                |
| Interest expense   | 28    | (129,684)              | (153,361)              |
| <b>Net interest income</b>                                   |       | <b>300,970</b>         | <b>316,517</b>         |
| Income from fees and commissions                             | 29    | 134,223                | 122,505                |
| Expenses from fees and commissions                           | 29    | (30,813)               | (33,344)               |
| <b>Net fees and commission income</b>                        |       | <b>103,410</b>         | <b>89,161</b>          |
| Net financial operating income                               | 30    | 8,566                  | 2,106                  |
| Foreign exchange transactions, net                           | 31    | 16,117                 | 25,483                 |
| Other operating income                                       | 36    | 15,533                 | 11,652                 |
| <b>Total operating revenues</b>                              |       | <b>444,596</b>         | <b>444,919</b>         |
| Provisions for loan losses                                   | 32    | (89,156)               | (70,945)               |
| <b>OPERATING REVENUES, NET OF PROVISIONS FOR LOAN LOSSES</b> |       | <b>355,440</b>         | <b>373,974</b>         |
| Personnel expenses   | 33    | (113,555)              | (107,766)              |
| Administrative expenses                                      | 34    | (78,994)               | (79,348)               |
| Depreciation and amortization                                | 35    | (17,203)               | (9,171)                |
| Impairment   | 35    | (6)                    | (11)                   |
| Other operating expenses                                     | 37    | (11,066)               | (7,951)                |
| <b>TOTAL OPERATING EXPENSES</b>                              |       | <b>(220,824)</b>       | <b>(204,247)</b>       |
| <b>NET OPERATING INCOME</b>                                  |       | <b>134,616</b>         | <b>169,727</b>         |
| Income attributable to associates                            | 14    | 1,110                  | 1,157                  |
| <b>Income before income tax</b>                              |       | <b>135,726</b>         | <b>170,884</b>         |
| Income tax   | 17    | (34,189)               | (28,233)               |
| <b>NET INCOME FOR THE PERIOD</b>                             |       | <b>101,537</b>         | <b>142,651</b>         |
| Attributable to:   |       |                        |                        |
| Bank's Owners  | 27    | 101,537                | 142,651                |
| Non-controlling interests                                    |       |                        |                        |
|  |       | <b>Ch\$</b>            | <b>Ch\$</b>            |
| Net income per share attributable to Bank's Owners:          |       |                        |                        |
| Basic net income per share                                   | 27    | 1.01                   | 1.41                   |

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|                              |    |      |      |
|------------------------------|----|------|------|
| Diluted net income per share | 27 | 1.01 | 1.41 |
|------------------------------|----|------|------|

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

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For the three-month ended March 31, 2019 and 2018

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

(Expressed in million of Chilean pesos)

|  | Notes | March<br>2019<br>MCh\$ | March<br>2018<br>MCh\$ |
|--|-------|------------------------|------------------------|
| <b>NET INCOME FOR THE PERIOD</b>   |       | <b>101,537</b>         | <b>142,651</b>         |
| <b>OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>                                 |       |                        |                        |
| Net gains (losses) on available-for-sale instruments valuation   | 13    | 8,836                  | (1,206)                |
| Net gains (losses) on derivatives held as cash flow hedges   | 10    | 889                    | (15,249)               |
| <b>Subtotal Other comprehensive income before income taxes</b>   |       | <b>9,725</b>           | <b>(16,455)</b>        |
| Income tax relating to the components of other comprehensive income that are reclassified in income for the period         |       | (2,643)                | 4,789                  |
| <b>Total other comprehensive income items that will be reclassified subsequently to profit or loss</b>                     |       | <b>7,082</b>           | <b>(11,666)</b>        |
| <b>OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>                             |       |                        |                        |
| Adjustment for defined benefit plans   | 24    |                        |                        |
| <b>Subtotal other comprehensive income before income taxes</b>   |       |                        |                        |
| Income tax relating to the components of other comprehensive income that will not be reclassified to income for the period |       |                        |                        |
| <b>Total other comprehensive income items that will not be reclassified subsequently to profit or loss</b>                 |       |                        |                        |
| <b>CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD</b>  |       | <b>108,619</b>         | <b>130,985</b>         |
| Attributable to:   |       |                        |                        |
| Bank's Owners  |       | 108,619                | 130,985                |
| Non-controlling interests  |       |                        |                        |

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



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For the three-month ended March 31, 2019 and 2018

(Free translation of interim consolidated 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\$ |  |                                |
| <b>Balances as of December 31, 2017</b>                      | <b>2,271,401</b>      | <b>32,053</b>        | <b>531,135</b>               | <b>1,851</b>  | <b>(12,551)</b>                   | <b>2,660</b> | <b>16,060</b>                                 | <b>576,012</b>                       | <b>(312,907)</b>                      | <b>3,105,714</b>                                   |                                |
| Capitalization of retained earnings                          | 147,432               |                      |                              |   |                                   |              |   | (147,432)                            |                                       |  |                                |
| Retention (release) of profits according to bylaws           |                       |                      | 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                              |                       |                      |                              |   |                                   |              |   |                                      | (72,513)                              | (72,513)   |                                |
| <b>Balances as of March 31, 2018</b>                         | <b>2,418,833</b>      | <b>32,053</b>        | <b>585,636</b>               | <b>645</b>  | <b>(27,800)</b>                   | <b>7,449</b> | <b>16,060</b>                                 | <b>142,651</b>                       | <b>(72,513)</b>                       | <b>3,103,014</b>                                   |                                |
| Defined benefit plans adjustment                             |                       | (92)                 |                              |   |                                   |              |   |                                      |                                       | (92)   |                                |
| Equity effect change in accounting policy                    |                       |                      |                              |   |                                   |              | 1,421   |                                      |                                       | 1,421  |                                |
| Other comprehensive income:                                  |                       |                      |                              |   |                                   |              |   |                                      |                                       |  |                                |
|  |                       |                      |                              |   | (15,694)                          | 4,237        |   |                                      |                                       | (11,457)   |                                |



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|  |                  |               |                |                |                 |               |                |                |                  |                  |
|--|------------------|---------------|----------------|----------------|-----------------|---------------|----------------|----------------|------------------|------------------|
| Derivatives cash flow hedge, net                       |                  |               |                |                |                 |               |                |                |                  |                  |
| Valuation adjustment on available-for-sale instruments |                  |               |                | (10,581)       | 2,522           |               |                |                |                  | (8,059)          |
| Income for the period 2018                             |                  |               |                |                |                 |               |                | 452,221        |                  | 452,221          |
| Provision for minimum dividends                        |                  |               |                |                |                 |               |                |                | (232,896)        | (232,896)        |
| <b>Balances as of December 31, 2018</b>                | <b>2,418,833</b> | <b>31,961</b> | <b>585,636</b> | <b>(9,936)</b> | <b>(43,494)</b> | <b>14,208</b> | <b>17,481</b>  | <b>594,872</b> | <b>(305,409)</b> | <b>3,304,152</b> |
| Retention of profits                                   |                  |               |                |                |                 |               | 152,705        | (152,705)      |                  |                  |
| Retention (release) of profits according to bylaws     |                  |               | 85,856         |                |                 |               |                | (85,856)       |                  |                  |
| Dividends distributions and paid                       | 27               |               |                |                |                 |               |                | (356,311)      | 305,409          | (50,902)         |
| Other comprehensive income:                            |                  |               |                |                |                 |               |                |                |                  |                  |
| Derivatives cash flow hedge, net                       | 27               |               |                |                | 889             | (240)         |                |                |                  | 649              |
| Valuation adjustment on available-for-sale instruments | 27               |               |                | 8,836          |                 | (2,403)       |                |                |                  | 6,433            |
| Equity effect change in accounting policy              |                  |               |                |                |                 |               | 2              |                |                  | 2                |
| Income for the period 2019                             |                  |               |                |                |                 |               |                | 101,537        |                  | 101,537          |
| Provision for minimum dividends                        | 27               |               |                |                |                 |               |                |                | (60,922)         | (60,922)         |
| <b>Balances as of March 31, 2019</b>                   | <b>2,418,833</b> | <b>31,961</b> | <b>671,492</b> | <b>(1,100)</b> | <b>(42,605)</b> | <b>11,565</b> | <b>170,188</b> | <b>101,537</b> | <b>(60,922)</b>  | <b>3,300,949</b> |

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, 2019 and 2018

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

(Expressed in million of Chilean pesos)

|  | Notes | March<br>2019<br>MCh\$ | March<br>2018<br>MCh\$ |
|--|-------|------------------------|------------------------|
| <b>OPERATING ACTIVITIES:</b>   |       |                        |                        |
| Net income for the period  |       | 101,537                | 142,651                |
| Items that do not represent cash flows:  |       |                        |                        |
| Depreciation and amortization  | 35    | 17,203                 | 9,171                  |
| Impairment   | 35    | 6                      | 11                     |
| Provision for loans and accounts receivable from customers and owed by banks         | 32    | 100,412                | 82,902                 |
| Provision of contingent loans  | 32    | 884                    | 630                    |
| Fair value adjustment of financial assets held-for-trading                           |       | (1,029)                | (1,289)                |
| Changes in assets and liabilities by deferred taxes                                  | 17    | (1,019)                | 2,545                  |
| (Gain) loss attributable to investments in companies with significant influence, net | 14    | (1,110)                | (1,144)                |
| (Gain) loss from sales of assets received in lieu of payment, net                    | 36    | (4,503)                | (1,537)                |
| (Gain) loss on sales of property and equipment, net                                  | 36    | (31)                   | (3,536)                |
| Charge-offs of assets received in lieu of payment                                    | 37    | 2,623                  | 776                    |
| Other charges (credits) to income that do not represent cash flows                   |       | 2,669                  | 2,275                  |
| Change in the exchange rate of assets and liabilities                                |       | (8,673)                | 8,065                  |
| Net interest variation, readjustment and accrued fees on assets and liabilities      |       | 27,035                 | 24,575                 |
| Changes in assets and liabilities that affect operating cash flows:                  |       |                        |                        |
| (Increase) decrease in loans and advances to banks, net                              |       | 578,924                | (28,609)               |
| (Increase) decrease in loans to customers  |       | (413,306)              | (484,553)              |
| (Increase) decrease in financial assets held-for-trading, net                        |       | (78,625)               | 129,256                |
| (Increase) decrease in other assets and liabilities                                  |       | 85,193                 | (18,549)               |
| Increase (decrease) in current account and other demand deposits                     |       | 16,786                 | (115,279)              |
| Increase (decrease) in payables from repurchase agreements and security lending      |       | (11,677)               | 55,324                 |
| Increase (decrease) in savings accounts and time deposits                            |       | 602,676                | 297,479                |
| Sale of assets received in lieu of payment or adjudicated                            |       | 9,115                  | 5,103                  |
| <b>Total cash flows from operating activities</b>                                    |       | <b>1,025,090</b>       | <b>106,267</b>         |
| <b>INVESTING ACTIVITIES:</b>   |       |                        |                        |
| (Increase) decrease in financial assets available-for-sale, net                      |       | (264,952)              | 94,170                 |
| Payments for lease agreements  | 16    | (6,116)                |                        |
| Purchases of property and equipment  | 16    | (12,950)               | (2,522)                |
| Sales of property and equipment  |       | 31                     | 67                     |
| Acquisition of intangible assets   | 15    | (3,799)                | (5,187)                |
| Dividends received from investments in companies                                     |       |                        | 13                     |
| <b>Total cash flows from investing activities</b>                                    |       | <b>(287,786)</b>       | <b>86,541</b>          |
| <b>FINANCING ACTIVITIES:</b>   |       |                        |                        |
| Redemption of letters of credit  |       | (981)                  | (1,255)                |

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|   |    |                  |                  |
|---|----|------------------|------------------|
| Issuance of bonds   | 22 | 281,884          | 557,947          |
| Redemption of bonds   |    | (316,050)        | (169,570)        |
| Dividends paid  | 27 | (356,311)        | (374,079)        |
| Increase (decrease) in borrowings from foreign financial institutions |    | (141,254)        | (182,188)        |
| Increase (decrease) in other financial obligations                    |    | (6,596)          | 14,372           |
| Increase (decrease) in other obligations with Central Bank of Chile   |    |                  | (1)              |
| Other long-term borrowings  |    |                  | 15               |
| Payment of other long-term borrowings                                 |    | (532)            | (847)            |
| <b>Total cash flows from financing activities</b>                     |    | <b>(539,840)</b> | <b>(155,606)</b> |
| <b>TOTAL NET (NEGATIVE) POSITIVE CASH FLOWS FOR THE PERIOD</b>        |    | <b>197,464</b>   | <b>37,202</b>    |
| Effect of exchange rate changes                                       |    | <b>8,673</b>     | <b>(8,065)</b>   |
| Cash and cash equivalents at beginning of period                      |    | <b>2,256,375</b> | <b>2,079,398</b> |
| Cash and cash equivalents at end of period                            | 7  | <b>2,462,512</b> | <b>2,108,535</b> |
|   |    | <b>March</b>     | <b>March</b>     |
|   |    | <b>2019</b>      | <b>2018</b>      |
|   |    | <b>MCh\$</b>     | <b>MCh\$</b>     |
| <b>Operational Cash flow interest:</b>                                |    |                  |                  |
| Interest received   |    | 489,275          | 452,877          |
| Interest paid   |    | (161,270)        | (111,785)        |

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 consolidated financial statements originally issued in Spanish)

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**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 Ahumada 251, Santiago, Chile and its website is [www.bancochile.cl](http://www.bancochile.cl).

The Interim Consolidated Financial Statements of Banco de Chile, for the period ended March 31, 2019 were approved by the Directors on April 25, 2019.

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

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

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

The General Banking Law 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<br>Currency | Direct             |                       | Interest Owned<br>Indirect |                       | Total              |                       |
|--------------|---|---------|------------------------|--------------------|-----------------------|----------------------------|-----------------------|--------------------|-----------------------|
|              |   |         |                        | March<br>2019<br>% | December<br>2018<br>% | March<br>2019<br>%         | December<br>2018<br>% | March<br>2019<br>% | December<br>2018<br>% |
| 96,767,630-6 | Banchile<br>Administradora<br>General de Fondos<br>S.A. | Chile   | Ch\$                   | 99.98              | 99.98                 | 0.02                       | 0.02                  | 100.00             | 100.00                |

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|              |   |       |      |       |       |      |      |        |        |
|--------------|---|-------|------|-------|-------|------|------|--------|--------|
| 96,543,250-7 | Banchile Asesoría<br>Financiera S.A.    | Chile | Ch\$ | 99.96 | 99.96 |      |      | 99.96  | 99.96  |
| 77,191,070-K | Banchile Corredores de<br>Seguros Ltda. | Chile | Ch\$ | 99.83 | 99.83 | 0.17 | 0.17 | 100.00 | 100.00 |
| 96,571,220-8 | Banchile Corredores de<br>Bolsa S.A.    | Chile | Ch\$ | 99.70 | 99.70 | 0.30 | 0.30 | 100.00 | 100.00 |
| 96,932,010-K | Banchile<br>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 consolidated financial statements originally issued in Spanish)

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**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. Provision for loan losses (Notes No. 11, No. 12 and No. 32);
2. Useful life of intangible and property and equipment (Notes No.15 and No.16);
3. Income taxes and deferred taxes (Note No. 17);
4. Provisions (Note No. 24);
5. Contingencies and Commitments (Note No. 26);
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.

As of March 31, 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, 2019 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) **Leases:**

The Bank acts as a lessor

Assets that are leased to clients under contracts that substantially transfer all risks and property recognition, with or without legal title, are classified as a financial lease. When the retained assets are subject to a financial lease, the leased assets are no longer recognized in the financials instead an account receivable is recorded, which is equal to the minimum value of the lease payment, discounted at the interest rate of the lease. The initial negotiation expenses in a financial lease are incorporated into the account receivable through the discount rate applied to the lease. Lease income is recognized on lease terms based on a model that consistently reflects a periodic rate of return on the net investment of the lease.



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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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

Assets that are leased to customers under contracts that do not transfer substantially all the risks and benefits of the property are classified as an operating lease.

The leased investment properties, under the operating lease modality, are included in Other assets in the statement of financial position and depreciation is determined on the book value of these assets, applying a proportion of the value in a systematic way on the economic use of the estimated useful life. Lease income is recognized on a straight-line basis over the lease period.

The Bank acts as a lessee

A contract is or contains a lease if it has the right to control the use of an identified asset for a period of time in exchange for a consideration.

At the start date of a lease, an asset is determined by right of use of the leased asset at cost, which comprises the amount of the initial measurement of the lease liability plus other disbursements made, except lease payments in the short term and those in which the underlying asset is of low value, which are recognized directly in results.

The amount of the lease liability is measured at the present value of future lease payments that have not been paid on that date, which are discounted using the incremental interest rate for loans received.

The right-of-use asset is measured using the cost model less accumulated depreciation and accumulated impairment losses. The depreciation of the right-of-use asset is recognized in the Income Statement based on the straight-line method of depreciation from the start date and until the end of the term of the lease.

After the start date, the lease liability is measured by reducing the carrying amount to reflect the lease payments made and the lease contract modifications.

(g) **Reclassifications:**

There have not been significant reclassifications at the end of this period 2019.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**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 Interim Consolidated Financial Statements, the new accounting pronouncements issued by both the International Accounting Standards Board and the Superintendency of Banks and Financial Institutions, which have been adopted by the Bank and its subsidiaries, are detailed below:

**Accounting standards issued by IASB.**

**IFRS 16 Leases.**

On January 2016 was issued IFRS 16, which has as purpose to establish principles to the recognition, measurement, presentation and disclosure of lease contracts from the point of view of the 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 Bank and its subsidiaries, for purposes of the initial application of the standard, took the option to recognize the cumulative effect on the initial adoption date (January 1, 2019), not expressing comparative information, recording an asset for right of use for an amount equal to the lease liability for an amount of Ch\$144,529 million, this amount was determined according to the present value of the remaining lease payments, discounted using the financing rate.

**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.

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

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

On 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.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**3. New Accounting Pronouncements, continued:**

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.

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

**Annual improvements to IFRS.**

On 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.

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

• **IFRS 11 Joint Arrangements.**

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.

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

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**3. New Accounting Pronouncements, continued:**

**• 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 said asset, as part of the funds it has taken as current loans, from that moment on the interest will not be included as part of the cost of the asset.

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

**• IAS 19 Employee Benefits.**

On February 2018 the IASB issued amendments to IAS 19 Employee Benefits , which relate to:

- If there is a modification, reduction or liquidation of a plan, it is now mandatory that the current service cost and net interest for the period after the new measurement be determined using the assumptions used for the new measurement.
- In addition, amendments have been included to clarify the effect of a modification, reduction or liquidation of a plan on the requirements with respect to the asset roof.

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

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

• **Circular No.3,645.**

On January 31, 2019, the SBIF published this circular, which introduces changes to the Compendium of Accounting Standards in order to apply the criteria defined in IFRS 16.

The main changes are for the valuation for the right to use of assets under lease being applied as a measurement after initial recognition, the cost methodology less accumulated depreciation / amortization and accumulated impairment.

In the statement of financial position are introduced the items Leased assets and lease liabilities , which also modify the Notes Fixed assets and Leased assets and lease liabilities .

Additionally, banks and their subsidiaries must record any effect due to the first application of this standard in the equity item Retained earnings from previous periods .

Banco de Chile and its subsidiaries have incorporated the amendments established in these Consolidated Interim Financial Statements.



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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**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, 2019, are detailed below:

**IAS 28 Investments in Associates and Joint 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 Interim Consolidated Financial Statements of Banco de Chile and its subsidiaries.

**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.

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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*. Early adoption is permitted.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**3. New Accounting Pronouncements, continued:**

**• IFRS 3 Business Combinations. Definition of a Business.**

The amendments clarify the definition of business, with the objective of helping entities determine whether a transaction should be accounted for as a business combination or as the acquisition of an asset.

- (a) clarify that, to be considered a business, an acquired set of activities and assets must include, as a minimum, an input and a substantive process that together contribute significantly to the ability to produce outputs;
- (b) eliminate the assessment of whether market participants can substitute missing processes or inputs and continue to produce outputs;
- (c) add guides and illustrative examples to help entities assess whether a substantial process has been acquired;
- (d) restrict definitions of a business or products by focusing on goods and services provided to clients and eliminate reference to the ability of reducing costs; and
- (e) add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and businesses acquired are not business.

Companies are required to apply the modified definition of a business to acquisitions made from *January 1, 2020*. Early application is allowed.

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

• **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Definition of Materiality or relative importance.**

The IASB issued changes to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to clarify the definition of materiality and align these standards with the Revised Conceptual Framework issued in March 2018, to facilitate companies to make materiality judgments.

Under the old definition omissions or misrepresentations of elements are important if they could, individually or collectively, influence the economic decisions that users make on the basis of financial statements (IAS 1 Presentation of Financial Statements).

The new definition states that information is material if the omission, distortion or concealment of the information can reasonably be expected to influence decisions that primary users of financial statements of general purpose make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The date of application of these amendments is *January 1, 2020*. Early application is allowed.

This amendment has no impact on the Interim 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 consolidated financial statements originally issued in Spanish)

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**3. New Accounting Pronouncements, continued:**

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

**• Circular N°3,638.**

On July 6, 2018, the SBIF published amendments to the standards contained in Chapter B-1 Provisions for Credit Risk of the Compendium of Accounting Standards, which incorporates a standard model for the estimation of provisions for credit risk of the commercial portfolio of group analysis.

The proposed methods and risk factors considered are the following:

- **Commercial Leasing Portfolio:** considers default, the type of asset in leasing (real estate or non-real estate) and the current value over value of the asset of the operation.
- **Student Portfolio:** considers the type of loan granted, the enforceability of the payment and the default that it presents, in case the loan is required.
- **Generic Commercial Portfolio:** considers default and the existence of real guarantees that guarantee the placement. In the case of guarantees, the relationship between the placement and the value of the security right that covers it is considered.

According to the SBIF, the three standardized methods included in the model will constitute a prudential floor for internal methods currently used by the industry.

On January 31, 2019, the SBIF supplemented said instructions with the publication of Circular No. 3,647, with the purpose of recognizing the mitigating effect of the credit risk represented by the assignor's responsibility in the factoring operations, a particular factor is introduced for the component Loss Given Default (hereinafter LGD) of the standard method for the commercial portfolio of group analysis, for factoring provisions.

The new standards will come into force in *July 2019*.

The adoption of this standard will not have material impacts on the Consolidated Financial Statements of Banco de Chile and its subsidiaries.

**4. Changes in Accounting policies and Disclosures:**

The accounting policies adopted in the preparation of this Consolidated Interim Financial Statements are consistent with those used in the preparation of the annual Consolidated Financial Statements for the year ended December 31, 2018, except for the adoption of new regulations in force at 1 January 2019. See Note No. 3 Recent Accounting Pronouncements .

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**5. Relevant Events:**

(a) On January 18, 2019, the subsidiary Banchile Corredores de Bolsa S.A. informed that in the Ordinary Session held that day, the Board became aware and accepted the resignation presented by Mr. Roberto Serwaczak Slowinski to his position as Director of the company.

(b) On January 24, 2019 in the Ordinary Session No. BCH 2,895, the Board of Directors of Banco de Chile agreed to convene an Ordinary Meeting of Shareholders for March 28, 2019, with the purpose of proposing, among other matters, the distribution of the dividend No. 207 of \$ 3.52723589646 for each share, corresponding to 70% of the distributable liquid profit, retaining the remaining 30%.

(c) On January 28, 2019, Banco de Chile (the Bank ) and its subsidiary Banchile Corredores de Seguros Ltda. ( Banchile ) informed that they have entered into a strategic alliance with the insurance companies Chubb Seguros Chile S.A. and Chubb Seguros de Vida Chile S.A. (together the Companies ). The framework of the strategic alliance establishes the general terms and conditions pursuant to which the Bank will grant, for a period of 15 years, exclusive access to the Companies to provide insurances to clients via face-to-face and digital channels of the Bank, through Banchile (the Agreement ), subject to the exceptions agreed upon by the parties.

The amounts involved include a payment to the Bank of UF 5,367,057 on the date of the signing of the contracts listed below, in accordance with the terms and conditions thereof, and annual payments subject to compliance with insurance sales objectives during the agreement lifetime.

The subscription of the contracts referred in the Agreement is subject to the condition that the National Economic Prosecutor's Office approve the execution of all of them, for which purpose the parties have proceeded to notify the operation in accordance with Chapter IV of the Decree Law No. 211.

(d) On March 14, 2019 in the Ordinary session No. 2,897, the Board of Directors of Banco de Chile agreed to establish a provision for minimum dividends of 60% of the net distributable profit that will be generated during the course of the year. For these purposes, the net distributable profit is defined as net income for the corresponding period minus the value effect of the monetary unit of paid capital and reserves, as a result of any change in the Consumer Price Index (CPI) between to the month prior to the current month and the month of November of the

previous year.

(e) On March 28, 2019 at the Ordinary Shareholder s Meeting, our shareholders approved the distribution of the dividend No. 207 of \$3.52723589646 per share, to be charged to the net distributable income obtained during the fiscal year 2018. Additionally, the shareholders agreed to withhold of 30% of the distributable net profit for the year 2018.

Additionally, the shareholders approved the definite appointment of Mr. Julio Santiago Figueroa as Director of Banco de Chile, a position which he will hold until the next renewal of the Board of Directors.



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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**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, among others.

**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 consolidated financial statements originally issued in Spanish)

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**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 and financial operations and changes, discounting provisions for credit risk 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. Additionally, the net margin includes the result of interest and indexation from the accounting hedges.
- 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, 2019 and 2018, 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 consolidated financial statements originally issued in Spanish)

**6. Business Segments, continued:**

The following table presents the income by segment for the periods ended March, 2019 and 2018 for each of the segments defined above:

|                                   | Retail     |            | Wholesale  |            | Treasury   |            | Subsidiaries |            | Subtotal   |            | Consolidation adjustment |            | Total      |            |
|-----------------------------------|------------|------------|------------|------------|------------|------------|--------------|------------|------------|------------|--------------------------|------------|------------|------------|
|                                   | March 2019 | March 2018 | March 2019 | March 2018 | March 2019 | March 2018 | March 2019   | March 2018 | March 2019 | March 2018 | March 2019               | March 2018 | March 2019 | March 2018 |
|                                   | MCh\$      | MCh\$      | MCh\$      | MCh\$      | MCh\$      | MCh\$      | MCh\$        | MCh\$      | MCh\$      | MCh\$      | MCh\$                    | MCh\$      | MCh\$      | MCh\$      |
| Net interest income               | 231,023    | 235,594    | 77,737     | 83,722     | (6,827)    | (2,176)    | (1,698)      | (1,329)    | 300,235    | 315,811    | 735                      | 706        | 300,970    | 316,517    |
| Net commissions income (loss)     | 57,408     | 46,918     | 12,632     | 11,183     | (720)      | (1,028)    | 36,628       | 35,306     | 105,948    | 92,379     | (2,538)                  | (3,218)    | 103,410    | 89,161     |
| Other operating income            | 9,877      | 8,165      | 11,659     | 10,014     | 9,890      | 14,896     | 10,218       | 7,563      | 41,644     | 40,638     | (1,428)                  | (1,397)    | 40,216     | 39,241     |
| Total operating revenue           | 298,308    | 290,677    | 102,028    | 104,919    | 2,343      | 11,692     | 45,148       | 41,540     | 447,827    | 448,828    | (3,231)                  | (3,909)    | 444,596    | 444,919    |
| Provision for loan losses         | (84,567)   | (65,964)   | (4,559)    | (5,066)    |            |            | (30)         | 85         | (89,156)   | (70,945)   |                          |            | (89,156)   | (70,945)   |
| Depreciation and amortization     | (14,236)   | (7,201)    | (1,453)    | (1,202)    | (26)       | (23)       | (1,488)      | (745)      | (17,203)   | (9,171)    |                          |            | (17,203)   | (9,171)    |
| Other operating expenses          | (142,455)  | (134,096)  | (38,214)   | (37,913)   | (1,236)    | (1,308)    | (24,947)     | (25,668)   | (206,852)  | (198,985)  | 3,231                    | 3,909      | (203,621)  | (195,076)  |
| Income attributable to associates | 949        | 993        | 88         | 92         | 51         | 53         | 22           | 19         | 1,110      | 1,157      |                          |            | 1,110      | 1,157      |
| Income before income taxes        | 57,999     | 84,409     | 57,890     | 60,830     | 1,132      | 10,414     | 18,705       | 15,231     | 135,726    | 170,884    |                          |            | 135,726    | 170,884    |
| Income taxes                      |            |            |            |            |            |            |              |            |            |            |                          |            | (34,189)   | (28,233)   |
| Income after income taxes         |            |            |            |            |            |            |              |            |            |            |                          |            | 101,537    | 142,651    |

The following table presents assets and liabilities of the periods ended March 31, 2019 and December 31, 2018 by each segment defined above:

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|                            | Retail     |               | Wholesale  |               | Treasury   |               | Subsidiaries |               | Subtotal   |               | Consolidation adjustment |               |
|----------------------------|------------|---------------|------------|---------------|------------|---------------|--------------|---------------|------------|---------------|--------------------------|---------------|
|                            | March 2019 | December 2018 | March 2019 | December 2018 | March 2019 | December 2018 | March 2019   | December 2018 | March 2019 | December 2018 | March 2019               | December 2018 |
|                            | MCh\$      | MCh\$         | MCh\$      | MCh\$         | MCh\$      | MCh\$         | MCh\$        | MCh\$         | MCh\$      | MCh\$         | MCh\$                    | MCh\$         |
| <b>Assets</b>              |            |               |            |               |            |               |              |               |            |               |                          |               |
| Current and deferred taxes | 18,524,067 | 16,425,068    | 10,735,490 | 10,592,117    | 6,203,601  | 8,093,850     | 832,395      | 925,440       | 36,295,553 | 36,036,475    | (480,281)                | (388,615)     |
| <b>Total assets</b>        |            |               |            |               |            |               |              |               |            |               |                          | 36,           |
| <b>Liabilities</b>         |            |               |            |               |            |               |              |               |            |               |                          |               |
| Current and deferred taxes | 12,061,472 | 10,369,534    | 10,157,072 | 9,873,018     | 10,332,374 | 11,982,709    | 690,077      | 764,736       | 33,240,995 | 32,989,997    | (480,281)                | (388,615)     |
| <b>Total liabilities</b>   |            |               |            |               |            |               |              |               |            |               |                          | 32,           |

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(Free translation of interim consolidated 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:

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|------------------------------------|
| Cash and due from banks:                     |                                 |                                    |
| Cash (*)                                     | 745,703                         | 624,862                            |
| Deposit in Chilean Central Bank (*)          | 92,552                          | 121,807                            |
| Deposits in other domestic banks             | 8,339                           | 26,698                             |
| Deposits abroad                              | 147,298                         | 106,714                            |
| Subtotal - Cash and due from banks           | 993,892                         | 880,081                            |
| Net transactions in the course of collection | 246,011                         | 244,758                            |
| Highly liquid financial instruments (**)     | 1,145,910                       | 1,058,904                          |
| Repurchase agreements (**)                   | 76,699                          | 72,632                             |
| Total cash and cash equivalents              | 2,462,512                       | 2,256,375                          |

(\*) 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 repurchase contracts that meet the definition of cash and cash equivalents.

**(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:

| <b>March</b> | <b>December</b> |
|--------------|-----------------|
|--------------|-----------------|

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|   | 2019<br>MCh\$ | 2018<br>MCh\$ |
|---|---------------|---------------|
| <b>Assets</b>                                     |               |               |
| Documents drawn on other banks (clearing)         | 172,771       | 210,743       |
| Funds receivable                                  | 651,500       | 369,590       |
| Subtotal transactions in the course of collection | 824,271       | 580,333       |
| <b>Liabilities</b>                                |               |               |
| Funds payable                                     | (578,260)     | (335,575)     |
| Subtotal transactions in the course of payment    | (578,260)     | (335,575)     |
| Net transactions in the course of settlement      | 246,011       | 244,758       |



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(Free translation of interim consolidated 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:

|   | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|---|---------------------------------|------------------------------------|
| <b>Instruments issued by the Chilean Government and Central Bank of Chile</b> |                                 |                                    |
| Central Bank of Chile bonds   | 17,814                          | 24,906                             |
| Central Bank of Chile promissory notes  | 1,500,676                       | 1,410,080                          |
| Other instruments issued by the Chilean Government and Central Bank           | 214,458                         | 88,486                             |
| <b>Other instruments issued in Chile</b>                                      |                                 |                                    |
| Bonds from other domestic companies   |                                 | 7,532                              |
| Bonds from domestic banks   | 32,869                          | 20,186                             |
| Deposits in domestic banks  | 107,542                         | 100,225                            |
| Other instruments issued in Chile   | 2,458                           | 1,664                              |
| <b>Instruments issued Abroad</b>  |                                 |                                    |
| Instruments from foreign governments or central banks                         |                                 |                                    |
| Other instruments issued abroad   |                                 | 4,446                              |
| <b>Mutual fund investments</b>  |                                 |                                    |
| Funds managed by related companies  | 38,164                          | 87,841                             |
| Funds managed by third-party  |                                 |                                    |
| <b>Total</b>  | <b>1,913,981</b>                | <b>1,745,366</b>                   |

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\$68,250 million as of March 31, 2019 (Ch\$115,749 million as of December 31, 2018). Repurchase agreements had a 1 day average expiration as of period-end 2019 (2 days in December 2018).

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\$64,263 as of March 31, 2019 (Ch\$34,456 million as of December 31, 2018).

Other instruments issued in Chile include instruments sold under repurchase agreements with customers and financial instruments amounting to Ch\$99,849 million as of March 31, 2019 (Ch\$99,268 million as of December 31, 2018). The repurchase agreements have an average expiration of 7 days as of period-end 2019 (10 days in December 2018).

Additionally, the Bank holds financial investments in mortgage finance bonds issued by itself in the amount of Ch\$10,557 million as of March 31, 2019 (Ch\$11,397 million as of December 31, 2018), which are presented as a reduction of the liability line item Debt issued .

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(Free translation of interim consolidated 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, 2019 and December 31, 2018, 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 2019    | December 2018 | March 2019                   | December 2018 | March 2019                     | December 2018 | March 2019                    | December 2018 | March 2019                     | December 2018 | March 2019   | December 2018 | March 2019    | December 2018 |
|  | MCh\$         | MCh\$         | MCh\$                        | MCh\$         | MCh\$                          | MCh\$         | MCh\$                         | MCh\$         | MCh\$                          | MCh\$         | MCh\$        | MCh\$         | MCh\$         | MCh\$         |
| <b>Instruments issued by the Chilean Governments and Central Bank of Chile</b> |               |               |                              |               |                                |               |                               |               |                                |               |              |               |               |               |
| Central Bank bonds   | 5,771         |               |                              |               |                                |               |                               |               |                                |               |              |               | 5,771         |               |
| Central Bank promissory notes  |               | 742           |                              |               |                                |               |                               |               |                                |               |              |               |               | 742           |
| Other instruments issued by the Chilean Government and Central Bank            | 11,207        |               |                              |               |                                |               |                               |               |                                |               |              |               |               | 11,207        |
| <b>Subtotal</b>  | <b>16,978</b> | <b>742</b>    |                              |               |                                |               |                               |               |                                |               |              |               | <b>16,978</b> | <b>742</b>    |
| <b>Other Instruments issued in Chile</b>                                       |               |               |                              |               |                                |               |                               |               |                                |               |              |               |               |               |
| Deposit promissory notes from domestic banks                                   |               |               |                              |               |                                |               |                               |               |                                |               |              |               |               |               |
| Mortgage bonds from domestic banks   |               |               |                              |               |                                |               |                               |               |                                |               |              |               |               |               |

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|  |        |        |       |        |       |       |  |  |               |
|--|--------|--------|-------|--------|-------|-------|--|--|---------------|
| Bonds from domestic banks                            |        |        |       |        |       |       |  |  | 367           |
| Deposits in domestic banks                           | 3,028  | 2,053  |       |        |       |       |  |  | 3,028 2,053   |
| Bonds from other Chilean companies                   |        |        |       |        |       |       |  |  |               |
| Other instruments issued in Chile                    | 54,045 | 70,334 | 8,966 | 16,918 | 7,242 | 6,875 |  |  | 70,253 94,127 |
| Subtotal   | 57,073 | 72,754 | 8,966 | 16,918 | 7,242 | 6,875 |  |  | 73,281 96,547 |
| <b>Instruments issued by foreign institutions</b>    |        |        |       |        |       |       |  |  |               |
| Instruments from foreign governments or Central Bank |        |        |       |        |       |       |  |  |               |
| Other instruments                                    |        |        |       |        |       |       |  |  |               |
| Subtotal   |        |        |       |        |       |       |  |  |               |
| <b>Mutual fund investments</b>                       |        |        |       |        |       |       |  |  |               |
| Funds managed by related companies                   |        |        |       |        |       |       |  |  |               |
| Funds managed by third-party                         |        |        |       |        |       |       |  |  |               |
| Subtotal   |        |        |       |        |       |       |  |  |               |
| Total  | 74,051 | 73,496 | 8,966 | 16,918 | 7,242 | 6,875 |  |  | 90,259 97,289 |

**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, 2019, the fair value of the instruments received amounts to Ch\$90,411 million (Ch\$95,316 million as of December, 2018).

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(Free translation of interim consolidated 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, 2019 and December 31, 2018, 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 2019    | December 2018  | March 2019                   | December 2018 | March 2019                     | December 2018 | March 2019                    | December 2018 | March 2019                     | December 2018 | March 2019   | December 2018 | March 2019    | December 2018  |
|  | MCh\$         | MCh\$          | MCh\$                        | MCh\$         | MCh\$                          | MCh\$         | MCh\$                         | MCh\$         | MCh\$                          | MCh\$         | MCh\$        | MCh\$         | MCh\$         | MCh\$          |
| <b>Instruments issued by the Chilean Governments and Central Bank of Chile</b> |               |                |                              |               |                                |               |                               |               |                                |               |              |               |               |                |
| Central Bank bonds   | 8,665         | 130,197        |                              |               |                                |               |                               |               |                                |               |              |               | 8,665         | 130,197        |
| Central Bank promissory notes  | 2,249         |                |                              |               |                                |               |                               |               |                                |               |              |               | 2,249         |                |
| Other instruments issued by the Chilean Government and Central Bank            | 66,072        |                |                              |               |                                |               |                               |               |                                |               |              |               | 66,072        |                |
| <b>Subtotal</b>  | <b>76,986</b> | <b>130,197</b> |                              |               |                                |               |                               |               |                                |               |              |               | <b>76,986</b> | <b>130,197</b> |
| <b>Other Instruments issued in Chile</b>                                       |               |                |                              |               |                                |               |                               |               |                                |               |              |               |               |                |
| Deposit promissory notes from domestic banks                                   |               |                |                              |               |                                |               |                               |               |                                |               |              |               |               |                |
| Mortgage bonds from domestic banks   |               |                |                              |               |                                |               |                               |               |                                |               |              |               |               |                |

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|  |         |         |       |       |       |       |  |         |         |
|--|---------|---------|-------|-------|-------|-------|--|---------|---------|
| Bonds from domestic banks                            |         |         |       |       |       |       |  |         |         |
| Deposits in domestic banks                           | 189,792 | 162,167 | 2,319 | 1,448 | 5,164 | 5,210 |  | 197,275 | 168,825 |
| Bonds from other Chilean companies                   | 1,995   |         |       |       |       |       |  | 1,995   |         |
| Other instruments issued in Chile                    | 4,786   | 4,798   |       |       |       |       |  | 4,786   | 4,798   |
| Subtotal   | 196,573 | 166,965 | 2,319 | 1,448 | 5,164 | 5,210 |  | 204,056 | 173,623 |
| <b>Instruments issued by foreign institutions</b>    |         |         |       |       |       |       |  |         |         |
| Instruments from foreign governments or central bank |         |         |       |       |       |       |  |         |         |
| Other instruments issued by foreign                  |         |         |       |       |       |       |  |         |         |
| Subtotal   |         |         |       |       |       |       |  |         |         |
| <b>Mutual fund investments</b>                       |         |         |       |       |       |       |  |         |         |
| Funds managed by related companies                   |         |         |       |       |       |       |  |         |         |
| Funds managed by third-party                         |         |         |       |       |       |       |  |         |         |
| Subtotal   |         |         |       |       |       |       |  |         |         |
| Total  | 273,559 | 297,162 | 2,319 | 1,448 | 5,164 | 5,210 |  | 281,042 | 303,820 |

**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, 2019 amounts to Ch\$279,513 million (Ch\$298,708 million in December 2018). 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.

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

**10. Derivative Instruments and Accounting Hedges:**

(a) As of March 31, 2019 and December 31, 2018, the Bank's portfolio of derivative instruments is detailed as follows:

| As of March 31, 2019                               | Notional amount of contract with final expiration date in |   |   |  |  |                       | Fair Value     |                 |                      |
|--|---|---|---|--|--|-----------------------|----------------|-----------------|----------------------|
|  | Up to 1 month<br>MCh\$                                    | Over 1<br>month and<br>up to 3<br>months<br>MCh\$ | Over 3<br>months and<br>up to 12<br>months<br>MCh\$ | Over 1 year<br>and up to 3<br>years<br>MCh\$ | Over 3 year<br>and up to 5<br>years<br>MCh\$ | Over 5 years<br>MCh\$ | Total<br>MCh\$ | Assets<br>MCh\$ | Liabilities<br>MCh\$ |
| <b>Derivatives held for hedging purposes</b>       |   |   |   |  |  |                       |                |                 |                      |
| Interest rate swap and cross currency swap         |   |   |   |  | 11,132                                       |                       | 11,132         |                 | 3,054                |
| Interest rate swap                                 |   |   | 10,344  | 4,653  | 9,551  | 192,234               | 216,782        | 168             | 7,539                |
| <b>Total derivatives held for hedging purposes</b> |   |   | 10,344  | 4,653  | 20,683                                       | 192,234               | 227,914        | 168             | 10,593               |
| <b>Derivatives held as cash flow hedges</b>        |   |   |   |  |  |                       |                |                 |                      |
| Interest rate swap and cross currency swap         |   |   | 245,828   | 104,542                                      | 163,027                                      | 482,014               | 995,411        | 23,263          | 43,441               |
| <b>Total derivatives held as cash flow hedges</b>  |   |   | 245,828   | 104,542                                      | 163,027                                      | 482,014               | 995,411        | 23,263          | 43,441               |
| <b>Trading derivatives</b>                         |   |   |   |  |  |                       |                |                 |                      |
| Currency forward                                   | 9,760,547   | 7,138,599   | 13,573,416  | 3,565,785                                    | 105,485                                      | 34,666                | 34,178,498     | 387,512         | 333,420              |
| Interest rate swap                                 | 8,537,429   | 7,979,615   | 15,624,604  | 18,196,746                                   | 7,172,088                                    | 9,354,550             | 66,865,032     | 346,146         | 360,185              |
| Interest rate swap and cross currency swap         | 161,005   | 594,577   | 2,477,134   | 4,946,318                                    | 3,344,549                                    | 3,719,337             | 15,242,920     | 409,004         | 508,445              |
| Call currency options                              | 63,487  | 77,979  | 93,094  | 7,353  |  |                       | 241,913        | 2,512           | 2,242                |
| Put currency options                               | 42,831  | 62,509  | 81,452  | 7,353  |  |                       | 194,145        | 291             | 1,198                |
| <b>Total trading derivatives</b>                   | 18,565,299  | 15,853,279  | 31,849,700  | 26,723,555                                   | 10,622,122                                   | 13,108,553            | 116,722,508    | 1,145,465       | 1,205,490            |
| <b>Total</b>                                       | 18,565,299  | 15,853,279  | 32,105,872  | 26,832,750                                   | 10,805,832                                   | 13,782,801            | 117,945,833    | 1,168,896       | 1,259,524            |

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## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

## 10. Derivative Instruments and Accounting Hedges, continued:

## (a) Portfolio of derivative instruments, continued:

| As of December 31, 2018                            | Notional amount of contract with final expiration date in |   |   |  |  |                       | Fair Value     |                 |                      |
|--|---|---|---|--|--|-----------------------|----------------|-----------------|----------------------|
|  | Up to 1 month<br>MCh\$                                    | Over 1<br>month and<br>up to 3<br>months<br>MCh\$ | Over 3<br>months and<br>up to 12<br>months<br>MCh\$ | Over 1 year<br>and up to 3<br>years<br>MCh\$ | Over 3 year<br>and up to 5<br>years<br>MCh\$ | Over 5 years<br>MCh\$ | Total<br>MCh\$ | Assets<br>MCh\$ | Liabilities<br>MCh\$ |
| <b>Derivatives held for hedging purposes</b>       |   |   |   |  |  |                       |                |                 |                      |
| Interest rate swap and cross currency swap         |   |   |   |  | 11,132                                       |                       | 11,132         |                 | 3,012                |
| Interest rate swap                                 |   |   | 10,555  |  | 16,078                                       | 200,321               | 226,954        | 1,116           | 3,152                |
| <b>Total derivatives held for hedging purposes</b> |   |   | 10,555  |  | 27,210                                       | 200,321               | 238,086        | 1,116           | 6,164                |
| <b>Derivatives held as cash flow hedges</b>        |   |   |   |  |  |                       |                |                 |                      |
| Interest rate swap and cross currency swap         |   | 142,045   | 213,518   | 136,852                                      | 163,027                                      | 482,015               | 1,137,457      | 34,298          | 31,818               |
| <b>Total derivatives held as cash flow hedges</b>  |   | 142,045   | 213,518   | 136,852                                      | 163,027                                      | 482,015               | 1,137,457      | 34,298          | 31,818               |
| <b>Trading derivatives</b>                         |   |   |   |  |  |                       |                |                 |                      |
| Currency forward                                   | 8,414,296   | 9,941,108   | 13,350,051  | 3,843,703                                    | 92,395                                       | 35,374                | 35,676,927     | 735,444         | 631,047              |
| Interest rate swap                                 | 3,977,068   | 9,065,335   | 25,723,239  | 17,216,272                                   | 7,219,269                                    | 9,129,644             | 72,330,827     | 287,611         | 284,840              |
| Interest rate swap and cross currency swap         | 227,185   | 369,509   | 1,983,836   | 4,366,801                                    | 3,339,946                                    | 3,695,613             | 13,982,890     | 450,519         | 570,033              |
| Call currency options                              | 16,988  | 71,243  | 131,175   | 9,769  |  |                       | 229,175        | 4,839           | 2,921                |
| Put currency options                               | 16,141  | 62,809  | 103,834   | 9,769  |  |                       | 192,553        | 120             | 1,534                |
| <b>Total trading derivatives</b>                   | 12,651,678  | 19,510,004  | 41,292,135  | 25,446,314                                   | 10,651,610                                   | 12,860,631            | 122,412,372    | 1,478,533       | 1,490,375            |
| <b>Total</b>                                       | 12,651,678  | 19,652,049  | 41,516,208  | 25,583,166                                   | 10,841,847                                   | 13,542,967            | 123,787,915    | 1,513,947       | 1,528,357            |



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(Free translation of interim consolidated 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 assets 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, 2019 and 2018:

|                         | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|-------------------------|---------------------------------|------------------------------------|
| <b>Hedge element</b>    |                                 |                                    |
| Commercial loans        | 11,132                          | 11,132                             |
| Corporate bonds         | 216,782                         | 226,954                            |
| <b>Hedge instrument</b> |                                 |                                    |
| Cross currency swap     | 11,132                          | 11,132                             |
| Interest rate swap      | 216,782                         | 226,954                            |

**(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 consolidated 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 5 years |               | Over 3 years and up to 5 years |               | Over 5 years |               | Total      |               |
|-------------------------|---------------|---------------|---------------------------------|---------------|-----------------------------------|---------------|-------------------------------|---------------|--------------------------------|---------------|--------------|---------------|------------|---------------|
|                         | March 2019    | December 2018 | March 2019                      | December 2018 | March 2019                        | December 2018 | March 2019                    | December 2018 | March 2019                     | December 2018 | March 2019   | December 2018 | March 2019 | December 2018 |
|                         | MCh\$         | MCh\$         | MCh\$                           | MCh\$         | MCh\$                             | MCh\$         | MCh\$                         | MCh\$         | MCh\$                          | MCh\$         | MCh\$        | MCh\$         | MCh\$      | MCh\$         |
| <b>Outflows:</b>        |               |               |                                 |               |                                   |               |                               |               |                                |               |              |               |            |               |
| Corporate Bond EUR      | (690)         |               |                                 |               | (595)                             | (1,338)       | (2,570)                       | (2,675)       | (2,570)                        | (2,675)       | (83,654)     | (87,097)      | (90,079)   | (93,785)      |
| Corporate Bond HKD      | (1,958)       |               | (1,596)                         |               | (61,334)                          | (66,378)      | (21,116)                      | (21,601)      | (81,731)                       | (83,608)      | (257,295)    | (263,206)     | (425,030)  | (434,793)     |
| Corporate Bond CHF      |               |               |                                 | (89,256)      | (121,910)                         | (125,993)     | (1,403)                       | (1,450)       | (79,877)                       | (82,552)      | (102,613)    | (106,050)     | (305,803)  | (405,301)     |
| Corporate Bond USD      | (723)         |               |                                 |               | (723)                             | (1,476)       | (2,893)                       | (2,952)       | (2,893)                        | (2,952)       | (41,218)     | (42,060)      | (48,450)   | (49,440)      |
| Obligation USD          | (191)         | (870)         | (81)                            | (86)          | (48,336)                          | (49,401)      | (103,313)                     | (105,622)     |                                |               |              |               | (151,921)  | (155,979)     |
| Corporate Bond JPY      |               |               | (481)                           | (49,362)      | (31,316)                          | (1,072)       | (1,926)                       | (33,487)      | (32,088)                       | (32,882)      | (70,094)     | (71,830)      | (135,905)  | (188,633)     |
| <b>Inflows:</b>         |               |               |                                 |               |                                   |               |                               |               |                                |               |              |               |            |               |
| Cross Currency Swap EUR | 690           |               |                                 |               | 595                               | 1,338         | 2,570                         | 2,675         | 2,570                          | 2,675         | 83,654       | 87,097        | 90,079     | 93,785        |
| Cross Currency Swap HKD | 1,958         |               | 1,596                           |               | 61,334                            | 66,378        | 21,116                        | 21,601        | 81,731                         | 83,608        | 257,295      | 263,206       | 425,030    | 434,793       |
| Cross Currency Swap CHF |               |               |                                 | 89,256        | 121,910                           | 125,993       | 1,403                         | 1,450         | 79,877                         | 82,552        | 102,613      | 106,050       | 305,803    | 405,301       |
| Cross Currency Swap USD | 723           |               |                                 |               | 723                               | 1,476         | 2,893                         | 2,952         | 2,893                          | 2,952         | 41,218       | 42,060        | 48,450     | 49,440        |

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Cross  
Currency  
Swap USD

|                               |     |     |    |    |        |        |         |         |  |  |  |  |         |         |
|-------------------------------|-----|-----|----|----|--------|--------|---------|---------|--|--|--|--|---------|---------|
| Cross<br>Currency<br>Swap USD | 191 | 870 | 81 | 86 | 48,336 | 49,401 | 103,313 | 105,622 |  |  |  |  | 151,921 | 155,979 |
|-------------------------------|-----|-----|----|----|--------|--------|---------|---------|--|--|--|--|---------|---------|

|                               |  |  |     |        |        |       |       |        |        |        |        |        |         |         |
|-------------------------------|--|--|-----|--------|--------|-------|-------|--------|--------|--------|--------|--------|---------|---------|
| Cross<br>Currency<br>Swap JPY |  |  | 481 | 49,362 | 31,316 | 1,072 | 1,926 | 33,487 | 32,088 | 32,882 | 70,094 | 71,830 | 135,905 | 188,633 |
|-------------------------------|--|--|-----|--------|--------|-------|-------|--------|--------|--------|--------|--------|---------|---------|

Net cash  
flows

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

(Free translation of interim consolidated 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 |               | 3 months   |               | to 12 months |               | Over 1 year and up to 3 years |               | Over 3 years and up to 5 years |               | Over 5 years |               | Total      |               |
|-------------------------|---------------|---------------|------------|---------------|--------------|---------------|-------------------------------|---------------|--------------------------------|---------------|--------------|---------------|------------|---------------|
|                         | March 2019    | December 2018 | March 2019 | December 2018 | March 2019   | December 2018 | March 2019                    | December 2018 | March 2019                     | December 2018 | March 2019   | December 2018 | March 2019 | December 2018 |
|                         | MCh\$         | MCh\$         | MCh\$      | MCh\$         | MCh\$        | MCh\$         | MCh\$                         | MCh\$         | MCh\$                          | MCh\$         | MCh\$        | MCh\$         | MCh\$      | MCh\$         |
| <b>Inflows:</b>         |               |               |            |               |              |               |                               |               |                                |               |              |               |            |               |
| Cash flows in CLF       | 2,919         |               | 6,301      | 144,458       | 260,807      | 237,340       | 140,576                       | 173,263       | 195,590                        | 195,590       | 542,523      | 542,523       | 1,148,716  | 1,293,116     |
| <b>Outflows:</b>        |               |               |            |               |              |               |                               |               |                                |               |              |               |            |               |
| Cross Currency Swap HKD | (1,728)       |               | (644)      |               | (57,295)     | (59,667)      | (16,835)                      | (16,835)      | (68,363)                       | (68,362)      | (233,285)    | (233,286)     | (378,150)  | (378,150)     |
| Cross Currency Swap JPY |               |               | (1,175)    | (50,247)      | (34,252)     | (2,740)       | (4,745)                       | (37,432)      | (35,212)                       | (35,213)      | (78,612)     | (78,611)      | (153,996)  | (204,207)     |
| Cross Currency Swap USD | (834)         |               | (265)      |               | (46,698)     | (47,797)      | (107,893)                     | (107,893)     | (1,243)                        | (1,243)       | (36,888)     | (36,888)      | (193,821)  | (193,821)     |
| Cross Currency Swap CHF |               |               | (3,673)    | (94,211)      | (121,652)    | (125,325)     | (7,482)                       | (7,482)       | (87,164)                       | (87,164)      | (108,488)    | (108,488)     | (328,459)  | (422,600)     |
| Cross Currency Swap EUR | (357)         |               | (544)      |               | (910)        | (1,811)       | (3,621)                       | (3,621)       | (3,608)                        | (3,608)       | (85,250)     | (85,250)      | (94,290)   | (94,290)      |
| Net cash flows          |               |               |            |               |              |               |                               |               |                                |               |              |               |            |               |



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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**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 2019 by those derivative contracts that conform the hedging instruments in this cash flow hedging strategy, have been recorded with credit to equity amounting to Ch\$889 million (charge to equity of Ch\$15,249 million in March 31, 2018). The net effect of taxes credit to equity amounts to Ch\$649 million (net charge to equity of Ch\$11,132 million credit to equity during the period March 2018).

The accumulated balance for this concept as of March 31, 2019 corresponds to a charge in equity amounted to Ch\$42,605 million (charge to equity of Ch\$43,494 million as of December 31, 2018).

(c.4) The net effect in income of derivatives cash flow hedges amount to Ch\$34,714 million charge to income during the period 2019 (Ch\$11,982 million charge to income during the period March 2018).

(c.5) As of March 31, 2019 and 2018, 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, 2019 and 2018, 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 consolidated 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:

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|------------------------------------|
| <b>Domestic Banks</b>                  |                                 |                                    |
| Interbank loans of liquidity           |                                 | 100,023                            |
| Provisions for loans to domestic banks |                                 | (83)                               |
| Subtotal                               |                                 | 99,940                             |
| <b>Foreign Banks</b>                   |                                 |                                    |
| Interbank loans commercial             | 248,297                         | 239,797                            |
| Credits with third countries           | 44,011                          | 41,872                             |
| Chilean exports trade loans            | 23,492                          | 12,873                             |
| Provisions for loans to foreign banks  | (981)                           | (1,006)                            |
| Subtotal                               | 314,819                         | 293,536                            |
| <b>Central Bank of Chile</b>           |                                 |                                    |
| Non-available Central Bank deposits    | 600,092                         | 1,100,306                          |
| Other Central Bank credits             |                                 | 525                                |
| Subtotal                               | 600,092                         | 1,100,831                          |
| Total                                  | 914,911                         | 1,494,307                          |

(b) The changes in provisions of the credits owed by the banks, during the periods 2019 and 2018, are summarized as follows:

| <b>Detail</b>                   | <b>Bank's Location</b> |                         | <b>Total<br/>MCh\$</b> |
|---------------------------------|------------------------|-------------------------|------------------------|
|                                 | <b>Chile<br/>MCh\$</b> | <b>Abroad<br/>MCh\$</b> |                        |
| Balance as of January 1, 2018   | 43                     | 540                     | 583                    |
| Provisions established          |                        | 77                      | 77                     |
| Provisions released             |                        |                         |                        |
| Balance as of March 31, 2018    | 43                     | 617                     | 660                    |
| Provisions established          | 40                     | 389                     | 429                    |
| Provisions released             |                        |                         |                        |
| Balance as of December 31, 2018 | 83                     | 1,006                   | 1,089                  |
| Provisions established          |                        |                         |                        |
| Provisions released             | (83)                   | (25)                    | (108)                  |



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Balance as of March 31, 2019

981

981

30

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

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

**12. Loans to Customers, net:**

## (a.i) Loans to Customers:

As of March 31, 2019 and December 31, 2018, the portfolio of loans is composed as follows:

|                                     | As of March 31, 2019      |   |                                     |                |                                   |                              |                | Net assets<br>MCh\$ |
|-------------------------------------|---------------------------|---|-------------------------------------|----------------|-----------------------------------|------------------------------|----------------|---------------------|
|                                     | Normal Portfolio<br>MCh\$ | Assets before allowances<br>Substandard<br>Portfolio<br>MCh\$ | Non-Complying<br>Portfolio<br>MCh\$ | Total<br>MCh\$ | Individual<br>Provisions<br>MCh\$ | Group<br>Provisions<br>MCh\$ | Total<br>MCh\$ |                     |
| <b>Commercial loans</b>             |                           |   |                                     |                |                                   |                              |                |                     |
| Commercial loans                    | 11,139,499                | 52,569  | 307,459                             | 11,499,527     | (105,278)                         | (105,520)                    | (210,798)      | 11,288,729          |
| Foreign trade loans                 | 1,394,334                 | 9,518   | 14,002                              | 1,417,854      | (39,035)                          | (3,280)                      | (42,315)       | 1,375,539           |
| Current account debtors             | 212,336                   | 3,290   | 3,387                               | 219,013        | (3,673)                           | (9,705)                      | (13,378)       | 205,635             |
| Factoring transactions              | 600,945                   | 4,052   | 2,027                               | 607,024        | (10,756)                          | (1,599)                      | (12,355)       | 594,669             |
| Student loans                       | 52,071                    |   | 1,495                               | 53,566         |                                   | (1,434)                      | (1,434)        | 52,132              |
| Commercial lease transactions (1)   | 1,565,794                 | 18,300  | 25,951                              | 1,610,045      | (6,127)                           | (4,078)                      | (10,205)       | 1,599,840           |
| Other loans and accounts receivable | 76,285                    | 359   | 8,555                               | 85,199         | (1,701)                           | (6,749)                      | (8,450)        | 76,749              |
| Subtotal                            | 15,041,264                | 88,088  | 362,876                             | 15,492,228     | (166,570)                         | (132,365)                    | (298,935)      | 15,193,293          |
| <b>Mortgage loans</b>               |                           |   |                                     |                |                                   |                              |                |                     |
| Letters of credit                   | 18,225                    |   | 1,377                               | 19,602         |                                   | (11)                         | (11)           | 19,591              |
| Endorsable mortgage loans           | 38,158                    |   | 1,406                               | 39,564         |                                   | (36)                         | (36)           | 39,528              |
| Other residential lending           | 7,992,648                 |   | 161,983                             | 8,154,631      |                                   | (26,309)                     | (26,309)       | 8,128,322           |
| Credit from ANAP                    | 5                         |   |                                     | 5              |                                   |                              |                | 5                   |
| Residential lease transactions      |                           |   |                                     |                |                                   |                              |                |                     |
| Other loans and accounts receivable | 10,748                    |   | 176                                 | 10,924         |                                   | (223)                        | (223)          | 10,701              |
| Subtotal                            | 8,059,784                 |   | 164,942                             | 8,224,726      |                                   | (26,579)                     | (26,579)       | 8,198,147           |

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**Consumer loans**

|                                     |            |         |            |           |           |            |
|-------------------------------------|------------|---------|------------|-----------|-----------|------------|
| Consumer loans in installments      | 2,753,212  | 241,634 | 2,994,846  | (240,338) | (240,338) | 2,754,508  |
| Current account debtors             | 307,227    | 2,103   | 309,330    | (14,886)  | (14,886)  | 294,444    |
| Credit card debtors                 | 1,143,873  | 20,180  | 1,164,053  | (48,386)  | (48,386)  | 1,115,667  |
| Consumer lease transactions (1)     | 9          |         | 9          |           |           | 9          |
| Other loans and accounts receivable | 10         | 562     | 572        | (350)     | (350)     | 222        |
| Subtotal                            | 4,204,331  | 264,479 | 4,468,810  | (303,960) | (303,960) | 4,164,850  |
| Total                               | 27,305,379 | 88,088  | 28,185,764 | (166,570) | (462,904) | 27,556,290 |

(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, 2019 Ch\$768,570 million correspond to finance leases for real estate and Ch\$841,484 million correspond to finance leases for movable assets.

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

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

**12. Loans to Customers net, continued:**

(a.i) Loans to Customers, continued:

|                                     | As of December 31, 2018   |   |                                     |                |                                   |                              |                | Net assets<br>MCh\$ |
|-------------------------------------|---------------------------|---|-------------------------------------|----------------|-----------------------------------|------------------------------|----------------|---------------------|
|                                     | Normal Portfolio<br>MCh\$ | Assets before allowances<br>Substandard<br>Portfolio<br>MCh\$ | Non-Complying<br>Portfolio<br>MCh\$ | Total<br>MCh\$ | Individual<br>Provisions<br>MCh\$ | Group<br>Provisions<br>MCh\$ | Total<br>MCh\$ |                     |
| <b>Commercial loans</b>             |                           |   |                                     |                |                                   |                              |                |                     |
| Commercial loans                    | 11,135,653                | 56,275  | 298,916                             | 11,490,844     | (104,382)                         | (100,310)                    | (204,692)      | 11,286,152          |
| Foreign trade loans                 | 1,290,718                 | 7,619   | 14,012                              | 1,312,349      | (36,984)                          | (3,449)                      | (40,433)       | 1,271,916           |
| Current account debtors             | 215,228                   | 3,500   | 3,443                               | 222,171        | (3,723)                           | (9,067)                      | (12,790)       | 209,381             |
| Factoring transactions              | 694,367                   | 3,847   | 2,517                               | 700,731        | (11,289)                          | (1,901)                      | (13,190)       | 687,541             |
| Student loans                       | 50,230                    |   | 1,667                               | 51,897         |                                   | (1,502)                      | (1,502)        | 50,395              |
| Commercial lease transactions (1)   | 1,524,226                 | 23,270  | 24,092                              | 1,571,588      | (5,283)                           | (3,947)                      | (9,230)        | 1,562,358           |
| Other loans and accounts receivable | 72,163                    | 382   | 8,367                               | 80,912         | (1,543)                           | (6,579)                      | (8,122)        | 72,790              |
| Subtotal                            | 14,982,585                | 94,893  | 353,014                             | 15,430,492     | (163,204)                         | (126,755)                    | (289,959)      | 15,140,533          |
| <b>Mortgage loans</b>               |                           |   |                                     |                |                                   |                              |                |                     |
| Letters of credit                   | 19,820                    |   | 1,552                               | 21,372         |                                   | (5)                          | (5)            | 21,367              |
| Endorsable mortgage loans           | 40,790                    |   | 1,474                               | 42,264         |                                   | (29)                         | (29)           | 42,235              |
| Other residential lending           | 7,816,433                 |   | 157,416                             | 7,973,849      |                                   | (26,245)                     | (26,245)       | 7,947,604           |
| Credit from ANAP                    | 6                         |   |                                     | 6              |                                   |                              |                | 6                   |
| Residential lease transactions      |                           |   |                                     |                |                                   |                              |                |                     |
| Other loans and accounts receivable | 9,949                     |   | 268                                 | 10,217         |                                   | (167)                        | (167)          | 10,050              |
| Subtotal                            | 7,886,998                 |   | 160,710                             | 8,047,708      |                                   | (26,446)                     | (26,446)       | 8,021,262           |
| <b>Consumer loans</b>               |                           |   |                                     |                |                                   |                              |                |                     |
| Consumer loans in installments      | 2,711,285                 |   | 246,207                             | 2,957,492      |                                   | (231,753)                    | (231,753)      | 2,725,739           |
| Current account debtors             | 310,344                   |   | 2,401                               | 312,745        |                                   | (13,870)                     | (13,870)       | 298,875             |

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|                                     |            |        |         |            |           |           |           |            |
|-------------------------------------|------------|--------|---------|------------|-----------|-----------|-----------|------------|
| Credit card debtors                 | 1,145,106  |        | 19,958  | 1,165,064  |           | (44,579)  | (44,579)  | 1,120,485  |
| Consumer lease transactions (1)     | 9          |        |         | 9          |           |           |           | 9          |
| Other loans and accounts receivable | 8          |        | 804     | 812        |           | (492)     | (492)     | 320        |
| Subtotal                            | 4,166,752  |        | 269,370 | 4,436,122  |           | (290,694) | (290,694) | 4,145,428  |
| Total                               | 27,036,335 | 94,893 | 783,094 | 27,914,322 | (163,204) | (443,895) | (607,099) | 27,307,223 |

(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, 2018 Ch\$758,772 million correspond to finance leases for real estate and Ch\$812,825 million correspond to finance leases for movable assets.

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

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

**12. Loans to Customers, net, continued:**

(a.ii) Impaired Portfolio:

As of March 31, 2019 and December 31, 2018, the Bank presents the following details of normal and impaired portfolio:

|                  | Assets before Allowances |                   |                    |                |                   |                   | Allowances established |                  |                  |                  |                  |                  | Net assets        |                   |           |
|------------------|--------------------------|-------------------|--------------------|----------------|-------------------|-------------------|------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-----------|
|                  | Normal Portfolio         |                   | Impaired Portfolio |                | Total             |                   | Individual Provisions  |                  | Group Provisions |                  | Total            |                  | March             | December          |           |
|                  | March 2019               | December 2018     | March 2019         | December 2018  | March 2019        | December 2018     | March 2019             | December 2018    | March 2019       | December 2018    | March 2019       | December 2018    | March 2019        | December 2018     |           |
|                  | MCh\$                    | MCh\$             | MCh\$              | MCh\$          | MCh\$             | MCh\$             | MCh\$                  | MCh\$            | MCh\$            | MCh\$            | MCh\$            | MCh\$            | MCh\$             | MCh\$             |           |
| Commercial loans | 15,127,190               | 15,075,493        | 365,038            | 354,999        | 15,492,228        | 15,430,492        | (166,570)              | (163,204)        | (132,365)        | (126,755)        | (298,935)        | (289,959)        | 15,193,293        | 15,140,512        |           |
| Mortgage loans   | 8,059,784                | 7,886,998         | 164,942            | 160,710        | 8,224,726         | 8,047,708         |                        |                  |                  | (26,579)         | (26,446)         | (26,579)         | (26,446)          | 8,198,147         | 8,021,262 |
| Consumer loans   | 4,204,331                | 4,166,752         | 264,479            | 269,370        | 4,468,810         | 4,436,122         |                        |                  | (303,960)        | (290,694)        | (303,960)        | (290,694)        | 4,164,850         | 4,145,418         |           |
| <b>Total</b>     | <b>27,391,305</b>        | <b>27,129,243</b> | <b>794,459</b>     | <b>785,079</b> | <b>28,185,764</b> | <b>27,914,322</b> | <b>(166,570)</b>       | <b>(163,204)</b> | <b>(462,904)</b> | <b>(443,895)</b> | <b>(629,474)</b> | <b>(607,099)</b> | <b>27,556,290</b> | <b>27,307,292</b> |           |

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

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

**12. Loans to Customers, continued:**

## (b) Credit risk provisions:

The changes in credits risk provisions, during the periods 2019 and 2018, are summarized as follows:

|                                 | <b>Individual<br/>MCh\$</b> | <b>Commercial<br/>Group<br/>MCh\$</b> | <b>Mortgage<br/>Group<br/>MCh\$</b> | <b>Consumer<br/>Group<br/>MCh\$</b> | <b>Total<br/>MCh\$</b> |
|---------------------------------|-----------------------------|---------------------------------------|-------------------------------------|-------------------------------------|------------------------|
| 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)               |
| 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                |
| Charge-offs                     | (3,161)                     | (33,709)                              | (5,413)                             | (174,363)                           | (216,646)              |
| Sales or transfers of credits   | (2,144)                     |                                       |                                     |                                     | (2,144)                |
| Allowances established          |                             | 50,968                                | 1,879                               | 220,008                             | 272,855                |
| Allowances released             | (11,696)                    |                                       |                                     |                                     | (11,696)               |
| Balance as of December 31, 2018 | 163,204                     | 126,755                               | 26,446                              | 290,694                             | 607,099                |
| Charge-offs                     | (2,781)                     | (11,396)                              | (1,862)                             | (62,106)                            | (78,145)               |
| Allowances established          | 6,147                       | 17,006                                | 1,995                               | 75,372                              | 100,520                |
| Allowances released             |                             |                                       |                                     |                                     |                        |
| Balance as of March 31, 2019    | 166,570                     | 132,365                               | 26,579                              | 303,960                             | 629,474                |

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:**

As of March 31, 2019 and December 31, 2018, 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).





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

(Free translation of interim consolidated 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<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ | March<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ | March<br>2019<br>MCh\$     | December<br>2018<br>MCh\$ |
| Within one year   | 538,958                | 519,186                   | (60,959)               | (60,216)                  | 477,999                    | 458,970                   |
| From 1 to 2 years | 390,664                | 383,164                   | (45,024)               | (44,066)                  | 345,640                    | 339,098                   |
| From 2 to 3 years | 260,560                | 255,997                   | (29,331)               | (28,740)                  | 231,229                    | 227,257                   |
| From 3 to 4 years | 165,528                | 162,310                   | (19,817)               | (19,471)                  | 145,711                    | 142,839                   |
| From 4 to 5 years | 111,481                | 108,453                   | (14,089)               | (13,992)                  | 97,392                     | 94,461                    |
| After 5 years     | 339,221                | 336,705                   | (33,202)               | (33,666)                  | 306,019                    | 303,039                   |
| Total             | 1,806,412              | 1,765,815                 | (202,422)              | (200,151)                 | 1,603,990                  | 1,565,664                 |

(\*) The net balance receivable does not include past-due portfolio totaling Ch\$6,064 million as of March 31, 2019 (Ch\$5,933 million as of December 31, 2018).

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.

## (d) Purchase of loan portfolio:

During the period ended March 31, 2019 the Bank has not acquired portfolio loans.

During the year 2018, the Bank acquired portfolio loans, whose nominal value amounted to Ch\$36,919 million.

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

During the period as of March 2019 and 2018, there is no sale or transfer of loans from the loan portfolio.

(f) Securitization of own assets:

During the period as of March 2019 and the year 2018, 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 consolidated financial statements originally issued in Spanish)

**13. Investment Securities:**

As of March 31, 2019 and December 31, 2018, investment securities classified as available-for-sale and held-to-maturity are detailed as follows:

|   | Available-<br>for-sale<br>MCh\$ | March 2019<br>Held-to-<br>maturity<br>MCh\$ | Total<br>MCh\$ | Available-<br>for -sale<br>MCh\$ | December 2018<br>Held-to-<br>maturity<br>MCh\$ | Total<br>MCh\$ |
|---|---------------------------------|---|----------------|----------------------------------|--|----------------|
| <b>Instruments issued by the Chilean Government and Central Bank of Chile</b> |                                 |   |                |                                  |  |                |
| Bonds issued by the Central Bank of Chile                                     | 107,715                         |   | 107,715        | 135,145                          |  | 135,145        |
| Promissory notes issued by the Central Bank of Chile                          | 16,035                          |   | 16,035         |                                  |  |                |
| Other instruments of the Chilean Government and the Central Bank of Chile     | 25,773                          |   | 25,773         | 29,077                           |  | 29,077         |
| <b>Other instruments issued in Chile</b>                                      |                                 |   |                |                                  |  |                |
| Deposit promissory notes from domestic banks                                  |                                 |   |                |                                  |  |                |
| Mortgage bonds from domestic banks  | 99,674                          |   | 99,674         | 92,491                           |  | 92,491         |
| Bonds from domestic banks   | 6,640                           |   | 6,640          | 5,351                            |  | 5,351          |
| Deposits from domestic banks  | 832,138                         |   | 832,138        | 559,108                          |  | 559,108        |
| Bonds from other Chilean companies  | 6,633                           |   | 6,633          | 6,599                            |  | 6,599          |
| Promissory notes issued by other Chilean companies                            |                                 |   |                |                                  |  |                |
| Other instruments issued in Chile   | 105,125                         |   | 105,125        | 107,125                          |  | 107,125        |
| <b>Instruments issued Abroad</b>  |                                 |   |                |                                  |  |                |
| Instruments from foreign governments or Central Banks                         |                                 |   |                |                                  |  |                |
| Other instruments   | 112,614                         |   | 112,614        | 108,544                          |  | 108,544        |
| <b>Total</b>  | 1,312,347                       |   | 1,312,347      | 1,043,440                        |  | 1,043,440      |

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

(Free translation of interim consolidated 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\$8,662 million as of March 31, 2019 (Ch\$6,965 million as of December 31, 2018). The repurchase agreements have an average maturity of 2 days as of March 31, 2019 (3 days in December 2018).

Under the instruments issued abroad mainly include bonds of local companies issued abroad.

As of March 31, 2019, the portfolio of financial assets available-for-sale includes an accumulated unrealized gain of Ch\$1,100 million (accumulated unrealized losses of Ch\$9,936 million in December 2018), recorded as an equity valuation adjustment.

During the period 2019 and 2018, 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, 2019 and 2018 are shown in Note No. 30 Net Financial Operating Income . The changes on results at the end of each period are as fallow:

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|---------------------------------|
| Unrealized (losses) gains                      | 8,561                           | (677)                           |
| Realized losses (gains) reclassified to income | 275                             | (529)                           |
| Subtotal                                       | 8,836                           | (1,206)                         |
| Income tax on other comprehensive income       | (2,403)                         | 672                             |
| Net effect in equity                           | 6,433                           | (534)                           |

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

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

**14. Investments in Other Companies:**

(a) Investments in other companies include investments of Ch\$45,714 million as of March 31, 2019 (Ch\$44,561 million as of December 31, 2018), as follows:

| Company   | Shareholder                  | Ownership Interest |                 | Equity           |                     | Book Value       |                     | Income (Loss)    |                     |
|---|------------------------------|--------------------|-----------------|------------------|---------------------|------------------|---------------------|------------------|---------------------|
|   |                              | March 2019 %       | December 2018 % | March 2019 MCh\$ | December 2018 MCh\$ | March 2019 MCh\$ | December 2018 MCh\$ | March 2019 MCh\$ | December 2018 MCh\$ |
| <b>Associates</b>   |                              |                    |                 |                  |                     |                  |                     |                  |                     |
| Transbank S.A.  | Banco de Chile               | 26.16              | 26.16           | 73,140           | 69,358              | 19,131           | 18,468              | 663              | 428                 |
| Soc. Operadora de Tarjetas de Crédito Nexus S.A.                            | Banco de Chile               | 25.81              | 25.81           | 18,160           | 16,805              | 4,686            | 4,557               | 129              | 225                 |
| Administrador Financiero del Transantiago S.A.                              | Banco de Chile               | 20.00              | 20.00           | 18,641           | 17,978              | 3,728            | 3,680               | 48               | 47                  |
| Redbanc S.A.  | Banco de Chile               | 38.13              | 38.13           | 8,664            | 8,356               | 3,304            | 3,219               | 85               | 147                 |
| Centro de Compensación Automatizado S.A.                                    | Banco de Chile               | 33.33              | 33.33           | 5,847            | 5,592               | 1,949            | 1,894               | 59               | 62                  |
| Sociedad Imerc OTC S.A.   | Banco de Chile               | 12.33              | 12.33           | 12,036           | 11,952              | 1,484            | 1,474               | 10               | 18                  |
| Sociedad Interbancaria de Depósitos de Valores S.A.                         | Banco de Chile               | 26.81              | 26.81           | 4,468            | 4,161               | 1,198            | 1,129               | 21               | 27                  |
| Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A. | Banco de Chile               | 15.00              | 15.00           | 6,328            | 6,106               | 949              | 944                 | 4                | 12                  |
| <b>Subtotal Associates</b>  |                              |                    |                 | 147,284          | 140,308             | 36,429           | 35,365              | 1,019            | 966                 |
| <b>Joint Ventures</b>   |                              |                    |                 |                  |                     |                  |                     |                  |                     |
| Servipag Ltda.  | Banco de Chile               | 50.00              | 50.00           | 11,387           | 11,398              | 5,693            | 5,699               | (6)              | 99                  |
| Artikos Chile S.A.  | Banco de Chile               | 50.00              | 50.00           | 2,569            | 2,025               | 1,285            | 1,188               | 97               | 79                  |
| <b>Subtotal Joint Ventures</b>  |                              |                    |                 | 13,956           | 13,423              | 6,978            | 6,887               | 91               | 178                 |
| <b>Subtotal</b>   |                              |                    |                 | 161,240          | 153,731             | 43,407           | 42,252              | 1,110            | 1,144               |
| <b>Investments valued at cost(1)</b>  |                              |                    |                 |                  |                     |                  |                     |                  |                     |
| 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                  |
| Bolsa Electrónica de Chile S.A.   | Banchile Corredores de Bolsa |                    |                 |                  |                     | 257              | 257                 |                  |                     |
| Sociedad de Telecomunicaciones Financieras Interbancarias                   | Banco de Chile               |                    |                 |                  |                     | 87               | 89                  |                  |                     |

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|                               |               |        |        |       |       |
|-------------------------------|---------------|--------|--------|-------|-------|
| Mundiales (Swift)             |               |        |        |       |       |
| CCLV Contraparte Central S.A. | Banchile      |        |        |       |       |
|                               | Corredores de |        |        |       |       |
|                               | Bolsa         | 8      | 8      |       |       |
| <b>Subtotal</b>               |               | 2,307  | 2,309  |       | 13    |
| <b>Total</b>                  |               | 45,714 | 44,561 | 1,110 | 1,157 |

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

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

(Free translation of interim consolidated 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 2019 and 2018, are as follows:

|   | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|---|---------------------------------|---------------------------------|
| Initial book value  | 42,252                          | 35,771                          |
| Acquisition of investments in companies   |                                 |                                 |
| Participation on income in companies with significant influence and joint control | 1,110                           | 1,144                           |
| Dividends receivable  |                                 | (212)                           |
| Dividends Minimum   |                                 |                                 |
| Dividends received  |                                 |                                 |
| Others  | 45                              | 2                               |
| Total   | 43,407                          | 36,705                          |

(c) During the period ended as of March 31, 2019 and December 31, 2018 no impairment has incurred in these investments.

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

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

**15. Intangible Assets:**

(a) As of March 31, 2019 and December 31, 2018 intangible assets are detailed as follows:

|                                 | Useful Life   |                  | Years<br>Average remaining<br>amortization |                  | Gross balance  |                  | Accumulated Amortization |                  | Net balance   |                  |
|---------------------------------|---------------|------------------|--|------------------|----------------|------------------|--------------------------|------------------|---------------|------------------|
|                                 | March<br>2019 | December<br>2018 | March<br>2019                              | December<br>2018 | March<br>2019  | December<br>2018 | March<br>2019            | December<br>2018 | March<br>2019 | December<br>2018 |
|                                 |               |                  |  |                  | MCh\$          | MCh\$            | MCh\$                    | MCh\$            | MCh\$         | MCh\$            |
| <b>Other Intangible Assets:</b> |               |                  |  |                  |                |                  |                          |                  |               |                  |
| Software or computer programs   | 6             | 6                | 5  | 5                | 148,163        | 144,942          | (95,138)                 | (92,881)         | 53,025        | 52,061           |
| <b>Total</b>                    |               |                  |  |                  | <b>148,163</b> | <b>144,942</b>   | <b>(95,138)</b>          | <b>(92,881)</b>  | <b>53,025</b> | <b>52,061</b>    |



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

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

**15. Intangible Assets, continued:**

(b) The change of intangible assets as of March 31, 2019 and December 31, 2018 are as follows:

|  | <b>March 2019</b><br><b>Software or computer</b><br><b>programs</b><br><b>MCh\$</b> |
|--|---|
| <b><u>Gross Balance</u></b>            |   |
| Balance as of January 1, 2019          | 144,942   |
| Acquisition                            | 3,799   |
| Disposals/ write-downs                 | (316)   |
| Reclassification                       | (262)   |
| Total                                  | 148,163   |
| <b><u>Accumulated Amortization</u></b> |   |
| Balance as of January 1, 2019          | (92,881)  |
| Amortization for the period (*)        | (2,835)   |
| Disposals/ write-downs                 | 316   |
| Reclassification                       | 262   |
| Total                                  | (95,138)  |
| Balance as of March 31, 2019           | 53,025  |

|  | <b>December 2018</b><br><b>Software or computer</b><br><b>programs</b><br><b>MCh\$</b> |
|--|--|
| <b><u>Gross Balance</u></b>            |  |
| Balance as of January 1, 2018          | 122,454  |
| Acquisition                            | 23,512   |
| Disposals/ write-downs                 | (1,024)  |
| Total                                  | 144,942  |
| <b><u>Accumulated Amortization</u></b> |  |
| Balance as of January 1, 2018          | (83,409)   |
| Amortization for the year              | (10,496)   |
| Disposals/ write-downs                 | 1,024  |
| Total                                  | (92,881)   |
| Balance as of December 31, 2018        | 52,061   |

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

(c) As of March 31, 2019 and December 31, 2018, the Bank maintains the following amounts with technological developments:

| Detail                | Commitment Amount |          |
|-----------------------|-------------------|----------|
|                       | March             | December |
|                       | 2019              | 2018     |
|                       | MCh\$             | MCh\$    |
| Software and licenses | 12,551            | 11,806   |

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

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

**16. Fixed assets, leased assets and lease liabilities:**

(a) The properties and equipment as of March 31, 2019 and December 31, 2018 are composed as follows:

| Type of property and equipment: | Useful Life |               | Years<br>Average remaining depreciation |               | Gross balance  |                | Accumulated Depreciation |                  | Net balance    |                |
|---------------------------------|-------------|---------------|---|---------------|----------------|----------------|--------------------------|------------------|----------------|----------------|
|                                 | March 2019  | December 2018 | March 2019                              | December 2018 | March 2019     | December 2018  | March 2019               | December 2018    | March 2019     | December 2018  |
|                                 |             |               |   |               | MCh\$          | MCh\$          | MCh\$                    | MCh\$            | MCh\$          | MCh\$          |
| Land and Buildings              | 26          | 26            | 21                                      | 21            | 319,464        | 320,585        | (151,204)                | (150,099)        | 168,260        | 170,486        |
| Equipment                       | 5           | 5             | 4                                       | 3             | 193,916        | 183,220        | (151,764)                | (148,455)        | 42,152         | 34,765         |
| Others                          | 7           | 7             | 4                                       | 4             | 53,577         | 53,500         | (43,617)                 | (42,879)         | 9,960          | 10,621         |
| <b>Total</b>                    |             |               |   |               | <b>566,957</b> | <b>557,305</b> | <b>(346,585)</b>         | <b>(341,433)</b> | <b>220,372</b> | <b>215,872</b> |

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

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

**16. Fixed assets, leased assets and lease liabilities, continued:**

(b) The changes in properties and equipment as of March 31, 2019 and December 31, 2018 are as follows:

|   | March 2019                  |                    |                 |                  |
|---|-----------------------------|--------------------|-----------------|------------------|
|   | Land and Buildings<br>MCh\$ | Equipment<br>MCh\$ | Others<br>MCh\$ | Total<br>MCh\$   |
| <b><u>Gross Balance</u></b>                 |                             |                    |                 |                  |
| Balance as of January 1, 2019               | 320,585                     | 183,220            | 53,500          | 557,305          |
| Reclassification                            | (2,555)                     | (37)               |                 | (2,592)          |
| Additions                                   | 1,434                       | 11,324             | 192             | 12,950           |
| Disposals/write-downs/Sales                 |                             | (591)              | (109)           | (700)            |
| Impairment losses (*)                       |                             |                    | (6)             | (6)              |
| <b>Total</b>                                | <b>319,464</b>              | <b>193,916</b>     | <b>53,577</b>   | <b>566,957</b>   |
| <b><u>Accumulated Depreciation</u></b>      |                             |                    |                 |                  |
| Balance as of January 1, 2019               | (150,099)                   | (148,455)          | (42,879)        | (341,433)        |
| Reclassification                            | 1,108                       | 66                 |                 | 1,174            |
| Depreciation charges of the period (*) (**) | (2,213)                     | (3,966)            | (847)           | (7,026)          |
| Sales and disposals of the period           |                             | 591                | 109             | 700              |
| <b>Total</b>                                | <b>(151,204)</b>            | <b>(151,764)</b>   | <b>(43,617)</b> | <b>(346,585)</b> |
| Balance as of March 31, 2019                | 168,260                     | 42,152             | 9,960           | 220,372          |
|   |                             |                    |                 |                  |
|   | December 2018               |                    |                 |                  |
|   | Land and Buildings<br>MCh\$ | Equipment<br>MCh\$ | Others<br>MCh\$ | Total<br>MCh\$   |
| <b><u>Gross Balance</u></b>                 |                             |                    |                 |                  |
| Balance as of January 1, 2018               | 311,428                     | 184,369            | 52,552          | 548,349          |
| Reclassification                            |                             |                    |                 |                  |
| Additions                                   | 12,589                      | 12,702             | 2,774           | 28,065           |
| Disposals/write-downs/Sales                 | (3,145)                     | (13,845)           | (1,785)         | (18,775)         |
| Impairment losses                           | (287)                       | (6)                | (41)            | (334)            |
| <b>Total</b>                                | <b>320,585</b>              | <b>183,220</b>     | <b>53,500</b>   | <b>557,305</b>   |
| <b><u>Accumulated Depreciation</u></b>      |                             |                    |                 |                  |
| Balance as of January 1, 2018               | (142,768)                   | (148,006)          | (41,316)        | (332,090)        |
| Depreciation charges of the year            | (9,193)                     | (14,291)           | (3,333)         | (26,817)         |
| Sales and disposals of the year             | 1,862                       | 13,842             | 1,770           | 17,474           |
| <b>Total</b>                                | <b>(150,099)</b>            | <b>(148,455)</b>   | <b>(42,879)</b> | <b>(341,433)</b> |
| Balance as of December 31, 2018             | 170,486                     | 34,765             | 10,621          | 215,872          |

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(\*) 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\$91 million (Ch\$368 million as of December 31, 2018).

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

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

**16. Fixed assets, leased assets and lease liabilities, continued:**

(c) The composition of the rights over leased assets as of March 31, 2019, is as follows:

| Categories                        | Gross<br>Balance<br>March<br>2019<br>MCh\$ | Accumulated<br>Depreciation<br>March<br>2019<br>MCh\$ | Net<br>Balance<br>March<br>2019<br>MCh\$ |
|-----------------------------------|--|---|--|
| Buildings                         | 119,316                                    | (4,925)   | 114,391                                  |
| ATMs                              | 41,484                                     | (2,242)   | 39,242                                   |
| Improvements to leased properties | 2,970                                      | (1,101)   | 1,869                                    |
| Total                             | 163,770                                    | (8,268)   | 155,502                                  |

(d) The changes of the rights over leased assets as of March 31, 2019, is as follows

|                                 | March 2019         |               |   | Total<br>MCh\$ |
|---------------------------------|--------------------|---------------|---|----------------|
|                                 | Buildings<br>MCh\$ | ATMs<br>MCh\$ | Improvements to<br>leased properties<br>MCh\$ |                |
| <b>Gross Balance</b>            |                    |               |   |                |
| Balance as of January 1, 2019   | 116,609            | 27,920        |   | 144,529        |
| Reclassification                |                    |               | 3,071   | 3,071          |
| Additions                       | 2,708              | 13,564        | 116   | 16,388         |
| Write-downs                     |                    |               | (217)   | (217)          |
| Impairment losses (*)           |                    |               |   |                |
| Others                          | (1)                |               |   | (1)            |
| Total                           | 119,316            | 41,484        | 2,970   | 163,770        |
| <b>Accumulated Depreciation</b> |                    |               |   |                |
| Balance as of January 1, 2019   |                    |               |   |                |
| Reclassification                |                    |               | (1,234)                                       | (1,234)        |
| Depreciation of the period (*)  | (4,925)            | (2,242)       | (84)  | (7,251)        |
| Write-downs                     |                    |               | 217   | 217            |
| Total                           | (4,925)            | (2,242)       | (1,101)                                       | (8,268)        |
| Balance as of March 31, 2019    | 114,391            | 39,242        | 1,869   | 155,502        |

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

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

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

**16. Fixed assets, leased assets and lease liabilities, continued:**

(e) The following are the future maturities of the lease liabilities as of March 31, 2019:

| Lease associated with: | Up to 1 month<br>MCh\$ | Over 1 month and up to 3 months<br>MCh\$ | Over 3 months and up to 12 months<br>MCh\$ | Over 1 year and up to 3 years<br>MCh\$ | Over 3 years and up to 5 years<br>MCh\$ | Over 5 years<br>MCh\$ | Total<br>MCh\$ |
|------------------------|------------------------|--|--|--|---|-----------------------|----------------|
| Buildings              | 1,890                  | 3,895                                    | 15,993                                     | 41,013                                 | 26,825                                  | 39,922                | 129,538        |
| ATMs                   | 1,011                  | 1,946                                    | 8,322                                      | 20,212                                 | 13,121                                  | 1,279                 | 45,891         |
| Total                  | 2,901                  | 5,841                                    | 24,315                                     | 61,225                                 | 39,946                                  | 41,201                | 175,429        |

The Bank and its subsidiaries maintain contracts with certain renewal options and for which there is reasonable certainty that said option shall be carried out. In such cases, the lease period used to measure the liability and assets corresponds to an estimate of future renewals.

The changes of the period of obligations under capitalized leases and period flows as of March 31, 2019, are as follows:

| Lease liability                      | Total cash flow for the period<br>MCh\$ |
|--------------------------------------|---|
| Balances as of January 1, 2019       | 144,529                                 |
| Liabilities for new lease agreements | 14,946                                  |
| Interest expenses                    | 447                                     |
| UF Indexation                        | 90                                      |
| Payments of capital and interests    | (6,116)                                 |
| Balances as of March 31, 2019        | 153,896                                 |

(f) The future cash flows related to short-term lease agreements in effect as of March 31, 2019 correspond to Ch\$13,573 million.





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

(Free translation of interim consolidated 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, 2019 and December 31, 2018, according to the following detail:

|                              | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|------------------------------|---------------------------------|------------------------------------|
| Income tax                   | 37,449                          | 150,798                            |
| Tax Previous year            | 23,638                          |                                    |
| Less:                        |                                 |                                    |
| Monthly prepaid taxes        | (30,883)                        | (126,917)                          |
| Credit for training expenses |                                 | (2,224)                            |
| Others                       | (58)                            | (1,410)                            |
| Total                        | 30,146                          | 20,247                             |
| Tax rate                     | 27.0%                           | 27.0%                              |

|                         | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|-------------------------|---------------------------------|------------------------------------|
| Current tax assets      | 524                             | 677                                |
| Current tax liabilities | (30,670)                        | (20,924)                           |
| Total tax (payable)     | (30,146)                        | (20,247)                           |

**(b) Income Tax:**

The effect of the tax expense during the periods between January 1 and March 31, 2019 and 2018, broken down as follows:

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|  | March<br>2019<br>MCh\$ | March<br>2018<br>MCh\$ |
|--|------------------------|------------------------|
| <b>Income tax expense:</b>                   |                        |                        |
| Current year tax                             | 37,209                 | 26,261                 |
| Subtotal                                     | 37,209                 | 26,261                 |
| <b>(Credit) Charge for deferred taxes:</b>   |                        |                        |
| Origin and reversal of temporary differences | (1,019)                | 2,545                  |
| Subtotal                                     | (1,019)                | 2,545                  |
| Others                                       | (2,001)                | (573)                  |
| Net charge to income for income taxes        | 34,189                 | 28,233                 |

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

(Free translation of interim consolidated 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, 2019 and 2018:

|  | Tax rate<br>% | March<br>2019<br>MCh\$ | Tax rate<br>% | March<br>2018<br>MCh\$ |
|--|---------------|------------------------|---------------|------------------------|
| Income tax calculated on net income before tax | 27.00         | 36,646                 | 27.00         | 46,139                 |
| Additions or deductions                        | (0.64)        | (872)                  | (0.51)        | (875)                  |
| Subordinated debt (*)                          |               |                        | (5.60)        | (9,572)                |
| Price-level restatement                        |               |                        | (4.57)        | (7,813)                |
| Other  | (1.17)        | (1,585)                | 0.21          | 354                    |
| Effective rate and income tax expense          | 25.19         | 34,189                 | 16.53         | 28,233                 |

(\*) The tax expense related to the subordinated debt held by SAOS S.A, it ended during the current fiscal year, as a result of the generation of sufficient resources to pay off the total debt.

The effective rate for income tax for the period 2019 is 25.19% (16.53% in March 2018).

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

(Free translation of interim consolidated 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<br>of<br>December<br>31, 2018<br>MCh\$ | Income<br>MCh\$ | Effect on<br>Equity<br>MCh\$ | Balances<br>as of<br>March<br>31, 2019<br>MCh\$ |
|---|--|-----------------|------------------------------|---|
| <b>Debit Differences:</b>   |  |                 |                              |   |
| Allowances for loan losses  | 206,197  | 6,574           |                              | 212,771   |
| Personnel provisions  | 12,994   | (6,515)         |                              | 6,479   |
| Staff vacations   | 7,241  | (30)            |                              | 7,211   |
| Accrued interests adjustments from impaired loans                     | 3,232  | 111             |                              | 3,343   |
| Staff severance indemnities provision                                 | 600  | 1               |                              | 601   |
| Provision of credit cards expenses                                    | 9,813  | (750)           |                              | 9,063   |
| Provision of accrued expenses   | 13,155   | 1,033           |                              | 14,188  |
| Adjustment for valuation of financial assets<br>available-for-sale    | 2,695  |                 | (2,403)                      | 292   |
| Leasing   | 42,988   | 434             |                              | 43,422  |
| Other adjustments   | 12,392   | 2,245           |                              | 14,637  |
| <b>Total Debit Differences</b>  | <b>311,307</b>                                     | <b>3,103</b>    | <b>(2,403)</b>               | <b>312,007</b>                                  |
| <b>Credit Differences:</b>  |  |                 |                              |   |
| Depreciation and price-level restatement of property<br>and equipment | 14,990   | 736             |                              | 15,726  |
| Transitory assets   | 4,359  | 2,063           |                              | 6,422   |
| Loans accrued to effective rate                                       | 1,569  | (1)             |                              | 1,568   |
| Advance payment of lump-sum under union contracts                     | 6,699  | (914)           |                              | 5,785   |
| Other adjustments   | 5,768  | 200             |                              | 5,968   |
| <b>Total Credit Differences</b>                                       | <b>33,385</b>                                      | <b>2,084</b>    |                              | <b>35,469</b>                                   |
| <b>Deferred, Net</b>  | <b>277,922</b>                                     | <b>1,019</b>    | <b>(2,403)</b>               | <b>276,538</b>                                  |

March  
2019

December  
2018

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|                          | MCh\$   | MCh\$   |
|--------------------------|---------|---------|
| Deferred tax assets      | 276,563 | 277,922 |
| Deferred tax liabilities | (25)    |         |
| Total Deferred tax       | 276,538 | 277,922 |

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

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

**17. Current and Deferred Taxes, continued:**

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

The effects of deferred taxes on assets, liabilities and income as of March 31, 2018 and December 31, 2018, are as follows:

|   | Balance as<br>of<br>December<br>31, 2017<br>MCh\$ | Effect on<br>Income<br>MCh\$ | Equity<br>MCh\$ | Balance as<br>of<br>March<br>31, 2018<br>MCh\$ | Effect on<br>Income<br>MCh\$ | Equity<br>MCh\$ | Balance as<br>of<br>December<br>31, 2018<br>MCh\$ |
|---|---|------------------------------|-----------------|--|------------------------------|-----------------|---|
| <b>Debit differences:</b>   |   |                              |                 |  |                              |                 |   |
| Allowances for loan losses  | 195,192   | 2,623                        |                 | 197,815  | 8,382                        |                 | 206,197   |
| Personnel provisions  | 12,238  | (5,875)                      |                 | 6,363  | 6,631                        |                 | 12,994  |
| Staff vacations   | 6,908   | (188)                        |                 | 6,720  | 521                          |                 | 7,241   |
| Accrued interest adjustments from<br>impaired loans                 | 3,414   | (34)                         |                 | 3,380  | (148)                        |                 | 3,232   |
| Staff severance indemnities provision                               | 573   | (15)                         |                 | 558  | 7                            | 35              | 600   |
| Provisions of credit card expenses                                  | 8,955   | 132                          |                 | 9,087  | 726                          |                 | 9,813   |
| Provisions of accrued expenses                                      | 16,358  | 355                          |                 | 16,713   | (3,558)                      |                 | 13,155  |
| Adjustment for valuation financial assets<br>available-for-sale     |   |                              |                 |  |                              | 2,695           | 2,695   |
| Leasing   | 32,549  | 120                          |                 | 32,669   | 10,319                       |                 | 42,988  |
| Other adjustments   | 17,372  | 857                          |                 | 18,229   | (5,837)                      |                 | 12,392  |
| Total debit differences   | 293,559   | (2,025)                      |                 | 291,534  | 17,043                       | 2,730           | 311,307   |
| <b>Credit differences:</b>  |   |                              |                 |  |                              |                 |   |
| Depreciation of property and equipment<br>and investment properties | 14,281  | 174                          |                 | 14,455   | 535                          |                 | 14,990  |
| Adjustment for valuation financial assets<br>available-for-sale     | 499   |                              | (672)           | (173)  |                              | 173             |   |
| Transitory assets   | 4,331   | 577                          |                 | 4,908  | (549)                        |                 | 4,359   |
| Loans accrued to effective rate                                     | 1,608   | (36)                         |                 | 1,572  | (3)                          |                 | 1,569   |
| Advance payment of lump-sum under<br>union contracts                |   |                              |                 |  | 6,173                        | 526             | 6,699   |
| Other adjustments   | 5,440   | (195)                        |                 | 5,245  | 523                          |                 | 5,768   |
| Total credit differences  | 26,159  | 520                          | (672)           | 26,007   | 6,679                        | 699             | 33,385  |
| Total Assets (Liabilities) net                                      | 267,400   | (2,545)                      | 672             | 265,527  | 10,364                       | 2,031           | 277,922   |





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

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

**18. Other Assets:**

(a) Item composition:

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

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|------------------------------------|
| <b>Assets held for leasing (*)</b>                                 | 95,259                          | 101,848                            |
| <b>Assets received or awarded as payment (**)</b>                  |                                 |                                    |
| Assets awarded at judicial sale                                    | 13,343                          | 14,171                             |
| Assets received in lieu of payment                                 | 3,097                           | 3,623                              |
| Provision for assets received in lieu of payment or awarded        | (478)                           | (806)                              |
| Subtotal   | 15,962                          | 16,988                             |
| <b>Other Assets</b>  |                                 |                                    |
| Deposits by derivatives margin                                     | 248,036                         | 336,548                            |
| Recoverable income taxes   | 44,717                          | 44,665                             |
| Prepaid expenses   | 42,433                          | 37,394                             |
| Other accounts and notes receivable                                | 32,090                          | 29,080                             |
| Trading and brokerage (***)  | 17,920                          | 28,478                             |
| Commissions receivable   | 14,511                          | 12,155                             |
| Investment properties  | 13,457                          | 13,938                             |
| VAT receivable   | 12,402                          | 15,021                             |
| Servipag available funds   | 10,020                          | 13,991                             |
| Pending transactions   | 1,988                           | 2,070                              |
| Rental guarantees  | 1,888                           | 1,895                              |
| Accounts receivable for sale of assets received in lieu of payment | 907                             | 4,816                              |
| Assets recovered from leasing for sale                             | 845                             | 1,064                              |
| Materials and supplies   | 725                             | 745                                |
| Others   | 12,652                          | 12,684                             |
| Subtotal   | 454,591                         | 554,544                            |
| Total  | 565,812                         | 673,380                            |

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(\*) 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 0.0753% (0.0877% as of December 31, 2018) 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 consolidated 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, 2019 and 2018 are as follows:

| Provision for assets received in lieu of payment | MCh\$   |
|--|---------|
| Balance as of January 1, 2018                    | 818     |
| Provisions used                                  | (487)   |
| Net provisions established                       | 745     |
| Balance as of March 31, 2018                     | 1,076   |
| Provisions used                                  | (2,294) |
| Net provisions established                       | 2,024   |
| Balance as of December 31, 2018                  | 806     |
| Provisions used                                  | (568)   |
| Net provisions established                       | 240     |
| Balance as of March 31, 2019                     | 478     |

**19. Current accounts and Other Demand Deposits:**

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

|                                   | March<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ |
|-----------------------------------|------------------------|---------------------------|
| Current accounts                  | 7,623,907              | 7,725,465                 |
| Other demand deposits             | 1,279,284              | 1,143,414                 |
| Other deposits and sight accounts | 697,113                | 715,609                   |
| Total                             | 9,600,304              | 9,584,488                 |

**20. Savings accounts and Time Deposits:**

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

|                             | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|-----------------------------|---------------------------------|------------------------------------|
| Time deposits               | 10,950,175                      | 10,343,922                         |
| Term savings accounts       | 224,546                         | 224,303                            |
| Other term balances payable | 88,299                          | 87,949                             |
| Total                       | 11,263,020                      | 10,656,174                         |

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

(Free translation of interim consolidated 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:

|   | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|---|---------------------------------|------------------------------------|
| <b>Domestic banks</b>                   |                                 |                                    |
| Banco do Brasil                         | 2,100                           | 7,001                              |
| Banco Security                          |                                 | 374                                |
| Subtotal domestic banks                 | 2,100                           | 7,375                              |
| <b>Foreign banks</b>                    |                                 |                                    |
| <b>Foreign trade financing</b>          |                                 |                                    |
| Citibank N.A.                           | 255,178                         | 212,329                            |
| Bank of America                         | 209,466                         | 210,279                            |
| Bank of New York Mellon                 | 170,168                         | 152,828                            |
| Wells Fargo Bank                        | 138,939                         | 225,087                            |
| Toronto Dominion Bank                   | 102,784                         | 84,056                             |
| The Bank of Nova Scotia                 | 92,313                          | 122,080                            |
| Mizuho Bank Ltd.                        | 62,370                          | 63,651                             |
| Standard Chartered Bank                 | 62,022                          | 296                                |
| JP Morgan Chase Bank                    | 61,305                          | 62,557                             |
| Zuercher Kantonalbank                   | 54,516                          | 55,621                             |
| DZ Bank Frankfurt                       | 22,595                          |                                    |
| Sumitomo Mitsui Banking                 | 20,400                          | 196,571                            |
| Commerzbank AG                          | 2,217                           | 1,084                              |
| Australia and New Zealand Banking       | 403                             |                                    |
| Others                                  | 991                             | 24                                 |
| <b>Borrowings and other obligations</b> |                                 |                                    |
| Wells Fargo Bank                        | 102,563                         | 104,637                            |
| Standard Chartered Bank                 | 14,859                          | 1,612                              |
| Bank of America                         | 651                             | 486                                |
| Citibank N.A.                           |                                 | 15,940                             |
| Deutsche Bank AG                        |                                 | 161                                |
| Others                                  | 79                              | 85                                 |
| Subtotal foreign banks                  | 1,373,819                       | 1,509,384                          |
| <b>Chilean Central Bank</b>             |                                 |                                    |
| <b>Total</b>                            | <b>1,375,919</b>                | <b>1,516,759</b>                   |



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

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

**22. Debt Issued:**

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

|                    | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|--------------------|---------------------------------|------------------------------------|
| Mortgage bonds     | 14,640                          | 16,368                             |
| Bonds              | 6,707,222                       | 6,772,990                          |
| Subordinated bonds | 683,432                         | 686,194                            |
| Total              | 7,405,294                       | 7,475,552                          |

During the period ended as of March 31, 2019, Banco de Chile issued bonds by an amount of Ch\$281,884 million, from which corresponds to Current Bonds and Short-Term Bonds by an amount of Ch\$167,085 million and Ch\$114,799 million respectively, according to the following details:

**Current Bonds Long-Term**

| Serie                      | Currency | Amount<br>MCh\$ | Terms<br>Years | Annual<br>issue rate<br>% | Issue date | Maturity<br>date |
|----------------------------|----------|-----------------|----------------|---------------------------|------------|------------------|
| BCHIEC0817                 | UF       | 83,470          | 5              | 1.55                      | 30/01/2019 | 30/01/2024       |
| BCHIED1117                 | UF       | 41,711          | 5              | 1.54                      | 14/03/2019 | 14/03/2024       |
| BCHIED1117                 | UF       | 5,587           | 5              | 1.45                      | 19/03/2019 | 19/03/2024       |
| BCHIED1117                 | UF       | 36,317          | 5              | 1.45                      | 20/03/2019 | 20/03/2024       |
| Total as of March 31, 2019 |          | 167,085         |                |                           |            |                  |

**Short-term Bonds**

| Counterparty | Currency | Amount<br>MCh\$ | Annual<br>interest rate<br>% | Issued date | Maturity<br>date |
|--------------|----------|-----------------|------------------------------|-------------|------------------|
|--------------|----------|-----------------|------------------------------|-------------|------------------|

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|                            |     |         |      |            |            |
|----------------------------|-----|---------|------|------------|------------|
| Citibank N.A.              | USD | 40,937  | 2.91 | 04/01/2019 | 04/04/2019 |
| Wells Fargo Bank           | USD | 40,264  | 2.85 | 17/01/2019 | 24/04/2019 |
| Citibank N.A.              | USD | 33,598  | 2.80 | 22/01/2019 | 22/04/2019 |
| Total as of March 31, 2019 |     | 114,799 |      |            |            |

During the period ended March 31, 2019, there were no subordinated bonds, issued.



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

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**22. Debt Issued, continued:**

During the year ended as of December 31, 2018, Banco de Chile issued bonds by an amount of Ch\$2,157,587 million, from which corresponds to Current Bonds and Short-Term Bonds by an amount of Ch\$1,216,867 million and Ch\$940,720 million respectively, according to the following details:

**Current Bonds Long-Term**

| Serie                         | Currency | Amount<br>MCh\$ | Terms<br>Years | Annual issue<br>rate % | Issue date | Maturity date |
|-------------------------------|----------|-----------------|----------------|------------------------|------------|---------------|
| BCHIEA0617                    | UF       | 106,001         | 6              | 1.60                   | 03/01/2018 | 03/01/2024    |
| BCHIBN1015                    | UF       | 114,212         | 12             | 2.90                   | 24/01/2018 | 24/01/2030    |
| BCHIEF1117                    | UF       | 79,612          | 8              | 1.80                   | 09/02/2018 | 09/02/2026    |
| BCHIEP0717                    | UF       | 104,550         | 11             | 2.00                   | 13/02/2018 | 13/02/2029    |
| BCHIBT1215                    | UF       | 57,936          | 14             | 3.00                   | 13/03/2018 | 13/03/2032    |
| BCHIBW1215                    | UF       | 59,081          | 14             | 2.20                   | 14/08/2018 | 14/08/2032    |
| BCHIDY0917                    | UF       | 55,619          | 5              | 1.24                   | 16/08/2018 | 16/08/2023    |
| BCHIEN1117                    | UF       | 109,543         | 10             | 2.08                   | 25/09/2018 | 25/09/2028    |
| BCHIDX0817                    | UF       | 109,311         | 5              | 1.70                   | 22/10/2018 | 22/10/2023    |
| BCHIDY0917                    | UF       | 12,025          | 5              | 1.74                   | 22/10/2018 | 22/10/2023    |
| BCHIDY0917                    | UF       | 15,299          | 5              | 1.75                   | 22/10/2018 | 22/10/2023    |
| BCHIBY1215                    | UF       | 59,374          | 15             | 2.29                   | 24/10/2018 | 24/10/2033    |
| BCHIBX0815                    | UF       | 58,998          | 15             | 2.29                   | 24/10/2018 | 24/10/2033    |
| BCHIBZ0815                    | UF       | 59,987          | 15             | 2.23                   | 07/12/2018 | 07/12/2033    |
| BCHIEJ0717                    | UF       | 82,878          | 9              | 1.99                   | 12/12/2018 | 12/12/2027    |
| Subtotal UF                   |          | 1,084,426       |                |                        |            |               |
| BCHIDH0916                    | CLP      | 20,370          | 4              | 3.80                   | 11/06/2018 | 11/06/2022    |
| BONO USD                      | USD      | 32,842          | 10             | 4.26                   | 28/09/2018 | 28/09/2028    |
| BONO CHF                      | CHF      | 79,229          | 5              | 0.57                   | 26/10/2018 | 26/10/2023    |
| Subtotal others currency      |          | 132,441         |                |                        |            |               |
| Total as of December 31, 2018 |          | 1,216,867       |                |                        |            |               |

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

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

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

| Counterparty     | Currency | Amount MCh\$ | Annual interest rate % | Issued date | Maturity date |
|------------------|----------|--------------|------------------------|-------------|---------------|
| Wells Fargo Bank | USD      | 2,998        | 1.85                   | 06/02/2018  | 08/05/2018    |
| Wells Fargo Bank | USD      | 2,998        | 1.93                   | 06/02/2018  | 08/06/2018    |
| Wells Fargo Bank | USD      | 2,998        | 1.98                   | 06/02/2018  | 09/07/2018    |
| Wells Fargo Bank | USD      | 2,998        | 2.05                   | 06/02/2018  | 06/08/2018    |
| Wells Fargo Bank | USD      | 2,998        | 2.05                   | 06/02/2018  | 08/08/2018    |
| Wells Fargo Bank | USD      | 29,716       | 2.25                   | 28/02/2018  | 28/06/2018    |
| Wells Fargo Bank | USD      | 1,723        | 2.40                   | 28/02/2018  | 29/08/2018    |
| Citibank N.A.    | USD      | 6,894        | 2.60                   | 28/02/2018  | 25/02/2019    |
| Wells Fargo Bank | USD      | 13,780       | 2.30                   | 02/03/2018  | 02/07/2018    |
| Wells Fargo Bank | USD      | 4,489        | 2.30                   | 05/03/2018  | 06/07/2018    |
| Citibank N.A.    | USD      | 18,080       | 2.22                   | 07/03/2018  | 05/06/2018    |
| Wells Fargo Bank | USD      | 1,747        | 2.25                   | 13/03/2018  | 11/06/2018    |
| Wells Fargo Bank | USD      | 3,006        | 2.45                   | 14/03/2018  | 11/09/2018    |
| Wells Fargo Bank | USD      | 606          | 2.60                   | 15/03/2018  | 14/12/2018    |
| Wells Fargo Bank | USD      | 605          | 2.60                   | 29/03/2018  | 28/09/2018    |
| Wells Fargo Bank | USD      | 60,343       | 2.60                   | 05/04/2018  | 04/09/2018    |
| Wells Fargo Bank | USD      | 30,254       | 2.50                   | 06/04/2018  | 01/08/2018    |
| Wells Fargo Bank | USD      | 1,743        | 2.40                   | 10/04/2018  | 09/08/2018    |
| Wells Fargo Bank | USD      | 8,918        | 2.75                   | 13/04/2018  | 12/04/2019    |
| Wells Fargo Bank | USD      | 8,946        | 2.75                   | 17/04/2018  | 16/04/2019    |
| Citibank N.A.    | USD      | 19,046       | 2.36                   | 08/05/2018  | 08/08/2018    |
| Citibank N.A.    | USD      | 31,665       | 2.38                   | 09/05/2018  | 07/08/2018    |
| Citibank N.A.    | USD      | 1,873        | 2.37                   | 10/05/2018  | 08/08/2018    |
| Citibank N.A.    | USD      | 12,250       | 2.36                   | 14/05/2018  | 15/08/2018    |
| Wells Fargo Bank | USD      | 18,968       | 2.70                   | 11/06/2018  | 01/04/2019    |
| Wells Fargo Bank | USD      | 28,973       | 2.42                   | 13/06/2018  | 24/07/2018    |
| Wells Fargo Bank | USD      | 15,991       | 2.45                   | 19/06/2018  | 20/09/2018    |
| Citibank N.A.    | USD      | 12,778       | 2.41                   | 20/06/2018  | 20/09/2018    |
| Citibank N.A.    | USD      | 31,944       | 2.45                   | 20/06/2018  | 03/10/2018    |
| Wells Fargo Bank | USD      | 3,194        | 2.65                   | 20/06/2018  | 13/02/2019    |
| Citibank N.A.    | USD      | 3,885        | 2.50                   | 22/06/2018  | 23/11/2018    |
| Wells Fargo Bank | USD      | 19,495       | 2.20                   | 28/06/2018  | 27/07/2018    |
| Wells Fargo Bank | USD      | 4,875        | 2.30                   | 03/07/2018  | 11/09/2018    |
| Wells Fargo Bank | USD      | 29,556       | 2.30                   | 06/07/2018  | 10/09/2018    |
| Wells Fargo Bank | USD      | 62,079       | 2.45                   | 17/07/2018  | 17/10/2018    |
| Wells Fargo Bank | USD      | 32,729       | 2.45                   | 24/07/2018  | 22/10/2018    |
| Wells Fargo Bank | USD      | 19,283       | 2.45                   | 27/07/2018  | 29/10/2018    |

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|                               |     |         |      |            |            |
|-------------------------------|-----|---------|------|------------|------------|
| Wells Fargo Bank              | USD | 31,919  | 2.50 | 30/07/2018 | 29/11/2018 |
| Wells Fargo Bank              | USD | 16,039  | 2.52 | 01/08/2018 | 06/12/2018 |
| Citibank N.A.                 | USD | 25,787  | 2.50 | 02/08/2018 | 06/12/2018 |
| Wells Fargo Bank              | USD | 10,859  | 2.47 | 07/08/2018 | 14/12/2018 |
| Wells Fargo Bank              | USD | 3,238   | 2.46 | 09/08/2018 | 14/12/2018 |
| Wells Fargo Bank              | USD | 17,070  | 2.53 | 31/08/2018 | 28/12/2018 |
| Wells Fargo Bank              | USD | 6,929   | 2.58 | 04/09/2018 | 06/02/2019 |
| Citibank N.A.                 | USD | 34,646  | 2.57 | 04/09/2018 | 04/01/2019 |
| Citibank N.A.                 | USD | 4,902   | 2.24 | 07/09/2018 | 09/10/2018 |
| Citibank N.A.                 | USD | 34,525  | 2.25 | 07/09/2018 | 09/10/2018 |
| Citibank N.A.                 | USD | 1,742   | 2.23 | 10/09/2018 | 09/10/2018 |
| Wells Fargo Bank              | USD | 3,484   | 2.65 | 10/09/2018 | 11/03/2019 |
| Wells Fargo Bank              | USD | 6,026   | 2.45 | 11/09/2018 | 06/12/2018 |
| Bofa Merrill Lynch            | USD | 18,421  | 2.62 | 14/09/2018 | 01/03/2019 |
| Wells Fargo Bank              | USD | 33,464  | 2.48 | 20/09/2018 | 20/12/2018 |
| Wells Fargo Bank              | USD | 1,322   | 2.70 | 03/10/2018 | 05/04/2019 |
| Wells Fargo Bank              | USD | 13,591  | 2.78 | 12/10/2018 | 25/04/2019 |
| Wells Fargo Bank              | USD | 6,694   | 2.55 | 16/10/2018 | 16/01/2019 |
| Citibank N.A.                 | USD | 6,713   | 2.50 | 17/10/2018 | 04/01/2019 |
| Citibank N.A.                 | USD | 34,208  | 2.65 | 23/10/2018 | 22/01/2019 |
| Citibank N.A.                 | USD | 20,483  | 2.84 | 11/12/2018 | 11/03/2019 |
| Wells Fargo Bank              | USD | 2,236   | 2.90 | 12/12/2018 | 12/04/2019 |
| Wells Fargo Bank              | USD | 34,555  | 2.67 | 20/12/2018 | 19/02/2019 |
| Wells Fargo Bank              | USD | 10,466  | 2.97 | 27/12/2018 | 02/05/2019 |
| Wells Fargo Bank              | USD | 6,977   | 2.97 | 27/12/2018 | 29/04/2019 |
| Total as of December 31, 2018 |     | 940,720 |      |            |            |

During the year ended December 31, 2018, there were no subordinated bonds, issued.

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

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

**22. Debt Issued, continued:**

During the period of March 31, 2019 and December 31, 2018, 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:

|                           | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|---------------------------|---------------------------------|------------------------------------|
| Other Chilean obligations | 89,316                          | 95,912                             |
| Public sector obligations | 21,477                          | 22,102                             |
| Total                     | 110,793                         | 118,014                            |

**24. Provisions:**

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

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|------------------------------------|
| Provisions for minimum dividends (*)                   | 60,922                          | 305,409                            |
| Provisions for personnel benefits and payroll expenses | 61,408                          | 92,579                             |
| Provisions for contingent loan risks                   | 56,414                          | 55,530                             |
| Provisions for contingencies:                          |                                 |                                    |
| Additional loan provisions                             | 213,252                         | 213,252                            |
| Country risk provisions                                | 7,187                           | 2,881                              |
| Other provisions for contingencies                     | 496                             | 468                                |

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|       |         |         |
|-------|---------|---------|
| Total | 399,679 | 670,119 |
|-------|---------|---------|

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(\*) See Note No. 27 (c).

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

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

**24. Provisions, continued:**

(b) The following table shows the changes in provisions and accrued expenses during the periods 2019 and 2018:

|                                  | Minimum<br>dividends<br>MCh\$ | Personnel<br>benefits and<br>payroll<br>MCh\$ | Contingent<br>loan Risks<br>MCh\$ | Additional<br>loan<br>provisions<br>MCh\$ | Country risk<br>provisions and<br>other<br>contingencies<br>MCh\$ | Total<br>MCh\$ |
|----------------------------------|-------------------------------|---|-----------------------------------|---|---|----------------|
| Balances as of January 1, 2018   | 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        |
| Provisions established           | 232,896                       | 56,014  |                                   |   |   | 288,910        |
| Provisions used                  |                               | (22,274)                                      |                                   |   | (19,347)  | (41,621)       |
| Provisions released              |                               |   | (3,131)                           |   | (4,832)   | (7,963)        |
| Balances as of December 31, 2018 | 305,409                       | 92,579  | 55,530                            | 213,252                                   | 3,349   | 670,119        |
| Provisions established           | 60,922                        | 15,632  | 884                               |   | 4,334   | 81,772         |
| Provisions used                  | (305,409)                     | (46,803)                                      |                                   |   |   | (352,212)      |
| Provisions released              |                               |   |                                   |   |   |                |
| Balances as of March 31, 2019    | 60,922                        | 61,408  | 56,414                            | 213,252                                   | 7,683   | 399,679        |

(c) Provisions for personnel benefits and payroll:

|                                    | March<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ |
|------------------------------------|------------------------|---------------------------|
| Provisions for performance bonuses | 16,013                 | 47,797                    |
| Staff accrued vacation provision   | 26,741                 | 26,855                    |
| Staff severance indemnities        | 7,624                  | 7,754                     |
| Other personnel benefits provision | 11,030                 | 10,173                    |
| Total                              | 61,408                 | 92,579                    |



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

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

**24. Provisions, continued:**

(d) Staff severance indemnities:

(i) Changes in the staff severance indemnities:

|   | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|---|---------------------------------|---------------------------------|
| Present value of the obligations at the beginning of the period | 7,754                           | 7,676                           |
| Increase (Decrease) in provision                                | 13                              | 17                              |
| Benefit paid  | (143)                           | (97)                            |
| Effect of change in actuarial factors                           |                                 |                                 |
| Total   | 7,624                           | 7,596                           |

(ii) Net benefits expenses:

|                                       | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|---------------------------------------|---------------------------------|---------------------------------|
| (Decrease) Increase in provisions     | (310)                           | (326)                           |
| Interest cost of benefits obligations | 323                             | 343                             |
| Effect of change in actuarial factors |                                 |                                 |
| Net benefit expenses                  | 13                              | 17                              |

(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,<br>2019<br>% | December<br>31, 2018<br>% |
|----------------------|------------------------|---------------------------|
| Discount rate        | 4.25                   | 4.25                      |
| Salary increase rate | 4.42                   | 4.42                      |
| 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, 2018.

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

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

**24. Provisions, continued:**

(e) Changes in compliance bonuses provision:

|                            | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|----------------------------|---------------------------------|---------------------------------|
| Balances as of January 1   | 47,797                          | 43,372                          |
| Net provisions established | 5,665                           | 9,252                           |
| Provisions used            | (37,449)                        | (34,971)                        |
| Total                      | 16,013                          | 17,653                          |

(f) Changes in staff accrued vacation provision:

|                            | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|----------------------------|---------------------------------|---------------------------------|
| Balances as of January 1   | 26,855                          | 25,159                          |
| Net provisions established | 1,733                           | 1,611                           |
| Provisions used            | (1,847)                         | (1,849)                         |
| Total                      | 26,741                          | 24,921                          |

(g) Employee benefits share-based provision:

As of March 31, 2019 and 2018, the Bank and its subsidiaries do not have a stock-based compensation plan.

(h) Contingent loan provisions:

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As of March 31, 2019 and December 31, 2018, the Bank and its subsidiaries maintain contingent loan provisions by an amount of Ch\$56,414 million (Ch\$55,530 million in December 2018). See Note No. 26 (d).

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

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

**25. Other Liabilities:**

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

|                             | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|-----------------------------|---------------------------------|------------------------------------|
| Accounts and notes payable  | 202,004                         | 176,826                            |
| Income received in advance  | 5,602                           | 5,743                              |
| Dividends payable           | 1,308                           | 1,079                              |
| <b>Other liabilities</b>    |                                 |                                    |
| Documents intermediated (*) | 36,648                          | 53,492                             |
| Cobranding                  | 33,302                          | 36,081                             |
| Securities unliquidated     | 20,582                          | 106,071                            |
| VAT debit                   | 14,165                          | 13,719                             |
| Insurance payments          | 1,449                           | 992                                |
| Outstanding transactions    | 554                             | 616                                |
| Others                      | 17,369                          | 17,905                             |
| <b>Total</b>                | <b>332,983</b>                  | <b>412,524</b>                     |

(\*) 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 consolidated 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:

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|------------------------------------|
| <b>Contingent loans</b>                                      |                                 |                                    |
| Guarantees and sureties                                      | 312,438                         | 341,676                            |
| Confirmed foreign letters of credit                          | 57,670                          | 56,764                             |
| Issued letters of credit                                     | 363,057                         | 388,396                            |
| Bank guarantees  | 2,233,552                       | 2,232,682                          |
| Undrawn credit lines   | 7,744,121                       | 7,769,325                          |
| Other credit commitments                                     | 43,621                          | 46,561                             |
| <b>Transactions on behalf of third parties</b>               |                                 |                                    |
| Documents in collections                                     | 167,308                         | 160,367                            |
| Third-party resources managed by the Bank:                   |                                 |                                    |
| Financial assets managed on behalf of third parties          | 27,158                          | 27,334                             |
| Other assets managed on behalf of third parties              |                                 |                                    |
| Financial assets acquired on its own behalf                  | 73,264                          | 103,319                            |
| Other assets acquired on its own behalf                      |                                 |                                    |
| <b>Custody of securities</b>                                 |                                 |                                    |
| Securities held in safe custody in the Bank and subsidiaries | 6,028,607                       | 6,930,293                          |
| Securities held in safe custody in other entities            | 14,174,482                      | 13,783,748                         |
| Total  | 31,225,278                      | 31,840,465                         |

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**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 related with the ordinary course operations. As of March 31, 2018 the Bank maintain provisions for judicial contingencies amounting to Ch\$233 million (Ch\$204 million as of December 31, 2018) (\*)), which are part of the item Provisions in the Statement of Financial Position.

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

|                     | 2019<br>MCh\$ | 2020<br>MCh\$ | As of March 31, 2019<br>2021<br>MCh\$ | 2022<br>MCh\$ | Total<br>MCh\$ |
|---------------------|---------------|---------------|---------------------------------------|---------------|----------------|
| Legal contingencies |               | 139           | 94                                    |               | 233            |

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

As of March 31, 2019 and December 31, 2018 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 consolidated financial statements originally issued in Spanish)

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**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 2,958,700, maturing January 10, 2020 (UF 2,977,300, maturing on January 10, 2019 as of December 31, 2018). The subsidiary took a policy with Mapfre Seguros Generales S.A. for the Real State Funds by a guaranteed amount of UF 695,800.

As of March 31, 2019 and December 31, 2018 the Bank has not guaranteed mutual funds.

In compliance with the rules established by 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 401,800, with maturity on January 10, 2020.

**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 No. 18,045 on Securities Markets, the subsidiary established a guarantee in an insurance policy for UF 20,000, insured by Mapfre Seguros, that matures April 22, 2020, whereby the Securities Exchange of the Santiago Stock Exchange was appointed as the subsidiary s creditor representative.

|  | <b>March<br/>2019</b> | <b>December<br/>2018</b> |
|--|-----------------------|--------------------------|
| <b>Guarantees:</b>   | <b>MCh\$</b>          | <b>MCh\$</b>             |
| Shares delivered to cover simultaneous forward sales transactions: |                       |                          |

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|  |        |        |
|--|--------|--------|
| Santiago Securities Exchange, Stock Exchange   | 50,332 | 59,074 |
| Electronic Chilean Securities Exchange, Stock Exchange   | 10,317 | 17,223 |
| Fixed income securities to guarantee CCLV system, Santiago Securities Exchange, Stock Exchange       | 5,991  | 5,976  |
| Shares delivered to guarantee equity lending, Electronic Chilean Securities Exchange, Stock Exchange |        |        |
| Total  | 66,640 | 82,273 |



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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**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, 2020, 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 22, 2019.

It also provided a bank guarantee No. 350329-3 in the amount of UF 251,400 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, 2020.

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, 2019 the entity maintains two insurance policies with effect from April 15, 2018 to April 14, 2019 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, its representatives, agents or dependents that participate in the intermediation.

The policies contracted are:

| <b>Matter insured</b>                 | <b>Amount Insured (UF)</b> |
|---------------------------------------|----------------------------|
| 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 consolidated 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:

|                                   | <b>March<br/>2019<br/>MCh\$</b> | <b>December<br/>2018<br/>MCh\$</b> |
|-----------------------------------|---------------------------------|------------------------------------|
| Undrawn credit lines              | 30,103                          | 29,255                             |
| Bank guarantees provision         | 22,698                          | 22,806                             |
| Guarantees and sureties provision | 3,050                           | 2,891                              |
| Letters of credit provision       | 484                             | 494                                |
| Other credit commitments          | 79                              | 84                                 |
| Total                             | 56,414                          | 55,530                             |

(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 Chilean Commission for the Financial Market) imposed a fine of UF 50,000 on Banchile Corredores de Bolsa S.A., for violation to the 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 11th Civil Court of Santiago against Exempt Resolution N°270 of October 30, 2014 of the SVS (now the Chilean Commission for the Financial Market), requesting the annulment of the fine. This claim was consolidated with the trial due No. 25,795-2014, of the 22nd Civil Court of Santiago. On December 10, 2018, the

aforementioned Court summoned the parties to hear the sentence, which to date has not yet been dictated.

On January 16, 2019, Banchile Corredores de Bolsa S.A. filed before the Constitutional Court an appeal of inapplicability for unconstitutionality for the purpose of declaring that subsection 1 of article 29 of Decree Law No. 3,538, Organic Law of the Superintendency of Securities and Insurance, prior to its amendment by Law No. 21,000 of February 23, 2017, is inapplicable in this process for violating the rules of the Republic Political Constitution. On March 28, 2019, said Court declared admissible the requirement of inapplicability, suspending the proceedings before the 22nd Civil Court of Santiago.

According to the provisions policy of Banchile Corredores de Bolsa S.A., the company has not made provisions because in this judicial proceeding no judgment has yet been issued, as well as considering that the legal advisors estimate that there are solid grounds for dismissal.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

**27. Equity:**

(a) Capital:

(i) Authorized, subscribed and paid shares:

As of March 31, 2019, the paid-in capital of Banco de Chile is represented by 101,017,081,114 registered shares (101,017,081,114 shares as of December 31, 2018), with no par value, subscribed and fully paid.

(ii) Shares:

The following table shows the changes in share from December 31, 2017 to March 31, 2019:

|  | <b>Total<br/>Ordinary<br/>Shares</b> |
|--|--------------------------------------|
| Total shares as of December 31, 2017                 | 99,444,132,192                       |
| Capitalization of earning Issue fully paid-in shares | 1,572,948,922                        |
| Total shares as of December 31, 2018                 | 101,017,081,114                      |
| Total shares as March 31, 2019                       | 101,017,081,114                      |

(b) Approval and payment of dividends:

At the Bank Ordinary Shareholders Meeting held on March 28, 2019 it was approved the distribution and payment of dividend No. 207 of Ch\$3.52723589646 per share of the Banco de Chile, with charged to the net distributable income for the year ended as of December 31, 2018.

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The amount of the dividend paid in year 2019 amounts to Ch\$356,311 million.

At the Bank Ordinary Shareholders Meeting held on March 22, 2018 it was approved the distribution and payment of dividend No. 206 of 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.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**27. Equity, continued:**

(c) **Provision for minimum dividends:**

In 2019, the Board of Directors of Banco de Chile agreed to establish a provision for minimum dividends of 60% of the net distributable profit that will be generated during the course of the year, being understood as net distributable profit as net income for the corresponding period minus the value effect of the monetary unit of paid capital and reserves, as a result of any change in the Consumer Price Index (CPI) between to the month prior to the current month and the month of November of the previous year. This, maintains the criteria adopted at the Extraordinary Shareholders Meeting held on March 25, 2010, which agreed the withholding of the equivalent to change in the CPI of the paid-in capital and reserves, which was materialized with a transitory article of the bylaws which is in force until the termination of the subordinated debt that will occur on April 30, 2019.

As indicated above, the retained earnings for the year ended December 31, 2018 in March 2019 amounted to Ch\$85,856 million (the retained earnings for the year ended December 31, 2017 in March 2018 amounted to Ch\$54,501 million).

The amount of net distributable profit as of March 31, 2019 amounts to Ch\$101,537 million (Ch\$509,015 million as of December 31, 2018). In accordance with the foregoing, the Bank recorded a provision for minimum dividends under Provisions as of March 31 for an amount of Ch\$60,922 million (Ch\$305,409 million in December 2018), reflecting as a counterpart a capital 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 consolidated financial statements originally issued in Spanish)

**27. Equity, continued:**

(d) 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, 2019 and 2018 were determined as follows:

|  | March<br>2019   | March<br>2018   |
|--|-----------------|-----------------|
| <b>Basic earnings per share:</b>   |                 |                 |
| Net profits attributable to ordinary equity holders of the bank (in million Chilean pesos) | 101,537         | 142,651         |
| Weighted average number of ordinary shares (*)   | 101,017,081,114 | 101,017,081,114 |
| Earning per shares (in Chilean pesos)  | 1.01            | 1.41            |
| <b>Diluted earnings per share:</b>   |                 |                 |
| Net profits attributable to ordinary equity holders of the bank (in million Chilean pesos) | 101,537         | 142,651         |
| Weighted average number of ordinary shares (*)   | 101,017,081,114 | 101,017,081,114 |
| Assumed conversion of convertible debt   |                 |                 |
| Adjusted number of shares  | 101,017,081,114 | 101,017,081,114 |
| Diluted earnings per share (in Chilean pesos)  | 1.01            | 1.41            |



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(\*) March 2018 considers the number of fully paid-in shares issued on July 26, 2018.

As of March 31, 2019 and 2018, the Bank does not have instruments that generate dilutive effects.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**27. Equity, continued:**

(e) **Other comprehensive income:**

This item includes the following concepts:

The adjustment of cash flow hedge derivatives comprises the portion of income recorded in equity resulting from changes in fair value due to changes in market factors. During the period 2019 it was made a credit to equity for Ch\$889 million (charge to equity of Ch\$15,249 million in 2018). The income tax effect presented a charge to equity of Ch\$240 million (credit of Ch\$4,117 million in March 2018).

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 2019, it was made a credit to equity for Ch\$8,836 million (charge of Ch\$1,206 million during the year 2018). The deferred tax effect meant a charge to equity of Ch\$2,403 million (credit to equity of Ch\$672 million in March 2018).

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

(Free translation of interim consolidated 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 2019        |                           |                          | March 2018     |                   |                           |                          |                |
|---------------------------------------|-------------------|---------------------------|--------------------------|----------------|-------------------|---------------------------|--------------------------|----------------|
|                                       | Interest<br>MCh\$ | UF<br>Indexation<br>MCh\$ | Prepaid<br>fees<br>MCh\$ | Total<br>MCh\$ | Interest<br>MCh\$ | UF<br>Indexation<br>MCh\$ | Prepaid<br>fees<br>MCh\$ | Total<br>MCh\$ |
| Commercial loans                      | 184,133           | (18)                      | 1,413                    | 185,528        | 165,039           | 33,083                    | 793                      | 198,915        |
| Consumer loans                        | 155,865           |                           | 2,306                    | 158,171        | 147,048           | 426                       | 2,187                    | 149,661        |
| Residential mortgage loans            | 72,594            | 249                       | 1,095                    | 73,938         | 69,833            | 45,992                    | 1,347                    | 117,172        |
| Financial investment                  | 8,672             | (30)                      |                          | 8,642          | 9,908             | 2,904                     |                          | 12,812         |
| Repurchase agreements                 | 632               |                           |                          | 632            | 574               |                           |                          | 574            |
| Loans to banks                        | 8,551             |                           |                          | 8,551          | 3,990             |                           |                          | 3,990          |
| Other interest and indexation revenue | 3,444             | (86)                      |                          | 3,358          | 1,523             | 455                       |                          | 1,978          |
| Total                                 | 433,891           | 115                       | 4,814                    | 438,820        | 397,915           | 82,860                    | 4,327                    | 485,102        |

The amount of interest recognized on a received basis for impaired portfolio in the period 2019 amounts to Ch\$1,048 million (Ch\$884 million in March 2018).

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

|                  | March 2019        |                           |                | March 2018        |                           |                |
|------------------|-------------------|---------------------------|----------------|-------------------|---------------------------|----------------|
|                  | Interest<br>MCh\$ | UF<br>Indexation<br>MCh\$ | Total<br>MCh\$ | Interest<br>MCh\$ | UF<br>Indexation<br>MCh\$ | Total<br>MCh\$ |
| Commercial loans | 7,509             | 860                       | 8,369          | 7,035             | 869                       | 7,904          |

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|                            |        |       |        |        |       |        |
|----------------------------|--------|-------|--------|--------|-------|--------|
| Residential mortgage loans | 2,677  | 1,286 | 3,963  | 3,047  | 1,501 | 4,548  |
| Consumer loans             | 37     |       | 37     | 40     | 18    | 58     |
| Total                      | 10,223 | 2,146 | 12,369 | 10,122 | 2,388 | 12,510 |

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

(Free translation of interim consolidated 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<br>MCh\$ | March 2019<br>UF<br>Indexation<br>MCh\$ | Total<br>MCh\$ | Interest<br>MCh\$ | March 2018<br>UF<br>Indexation<br>MCh\$ | Total<br>MCh\$ |
|--|-------------------|---|----------------|-------------------|---|----------------|
| Savings accounts and time deposits     | 72,259            | (22)                                    | 72,237         | 59,093            | 10,350                                  | 69,443         |
| Debt securities issued                 | 51,070            | 44                                      | 51,114         | 46,725            | 33,437                                  | 80,162         |
| Other financial obligations            | 226               |   | 226            | 357               | 33                                      | 390            |
| Repurchase agreements                  | 1,615             |   | 1,615          | 1,753             |   | 1,753          |
| Obligations with banks                 | 10,826            |   | 10,826         | 4,913             | 1                                       | 4,914          |
| Demand deposits                        | 82                | (10)                                    | 72             | 60                | 1,782                                   | 1,842          |
| Lease liabilities                      | 447               |   | 447            |                   |   |                |
| Other interest and indexation expenses | 17                | (66)                                    | (49)           | 2                 | 148                                     | 150            |
| Total                                  | 136,542           | (54)                                    | 136,488        | 112,903           | 45,751                                  | 158,654        |

(d) As of March 31, 2019 and 2018, 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<br>MCh\$ | March 2019<br>Expense<br>MCh\$ | Total<br>MCh\$ | Income<br>MCh\$ | March 2018<br>Expense<br>MCh\$ | Total<br>MCh\$ |
|--|-----------------|--------------------------------|----------------|-----------------|--------------------------------|----------------|
| Gain from fair value accounting hedges | 119             |                                | 119            | 1,195           |                                | 1,195          |
| Loss from fair value accounting hedges | (5,581)         |                                | (5,581)        | (304)           |                                | (304)          |
| Gain from cash flow accounting hedges  | 145,127         | 140,047                        | 285,174        | 1,983           | 6,946                          | 8,929          |
| Loss from cash flow accounting hedges  | (152,956)       | (133,243)                      | (286,199)      | (16,984)        | (1,653)                        | (18,637)       |
| Net gain on hedge items                | 5,125           |                                | 5,125          | (1,114)         |                                | (1,114)        |
| Total                                  | (8,166)         | 6,804                          | (1,362)        | (15,224)        | 5,293                          | (9,931)        |

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

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|---------------------------------|
| Interest revenue                       | 438,820                         | 485,102                         |
| Interest expense                       | (136,488)                       | (158,654)                       |
| Subtotal interest income               | 302,332                         | 326,448                         |
| Net gain (loss) from accounting hedges | (1,362)                         | (9,931)                         |
| Total net interest income              | 300,970                         | 316,517                         |

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

(Free translation of interim consolidated 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:

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|---------------------------------|
| <b>Commission income</b>               |                                 |                                 |
| Card services                          | 45,602                          | 41,316                          |
| Investments in mutual funds and others | 24,229                          | 22,075                          |
| Collections and payments               | 13,466                          | 12,599                          |
| Portfolio management                   | 11,559                          | 11,190                          |
| Fees for insurance transactions        | 9,213                           | 8,032                           |
| Use of distribution channel            | 6,434                           | 5,162                           |
| Guarantees and letters of credit       | 6,346                           | 6,001                           |
| Trading and securities management      | 5,384                           | 5,637                           |
| Brand use agreement                    | 3,763                           | 3,673                           |
| Lines of credit and overdrafts         | 1,190                           | 1,179                           |
| Financial advisory services            | 318                             | 663                             |
| Other commission earned                | 6,719                           | 4,978                           |
| Total commissions income               | 134,223                         | 122,505                         |
| <b>Commission expenses</b>             |                                 |                                 |
| Credit card transactions               | (22,529)                        | (26,617)                        |
| Interbank transactions                 | (4,624)                         | (3,556)                         |
| Collections and payments               | (1,729)                         | (1,585)                         |
| Sales force                            | (1,680)                         | (1,345)                         |
| Securities transactions                | (66)                            | (14)                            |
| Other commission                       | (185)                           | (227)                           |
| Total commissions expenses             | (30,813)                        | (33,344)                        |

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

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

**30. Net Financial Operating Income:**

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

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|---------------------------------|
| Financial assets held-for-trading        | 16,446                          | 15,808                          |
| Sale of loan portfolios (Note No.12 (e)) |                                 |                                 |
| Trading derivative                       | (7,378)                         | (14,252)                        |
| Sale of available-for-sale instruments   | (315)                           | 711                             |
| Net income on other transactions         | (187)                           | (161)                           |
| Total                                    | 8,566                           | 2,106                           |

**31. Foreign Exchange Transactions, Net:**

Net foreign exchange transactions are detailed as follows:

|                             | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|-----------------------------|---------------------------------|---------------------------------|
| Indexed foreign currency    | 51,459                          | 29,004                          |
| Gain from accounting hedges | (33,689)                        | (2,274)                         |
| Exchange difference, net    | (1,653)                         | (1,247)                         |
| Total                       | 16,117                          | 25,483                          |



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

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

**32. Provisions for Loan Losses:**

The change registered in income during the periods 2019 and 2018 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 2019                 | March 2018 | March 2019       | March 2018 | March 2019     | March 2018 | March 2019     | March 2018 | March 2019 | March 2018 | March 2019       | March 2018 | March 2019 | March 2018 |
|                                       | MCh\$                      | MCh\$      | MCh\$            | MCh\$      | MCh\$          | MCh\$      | MCh\$          | MCh\$      | MCh\$      | MCh\$      | MCh\$            | MCh\$      | MCh\$      | MCh\$      |
| Provisions established:               |                            |            |                  |            |                |            |                |            |            |            |                  |            |            |            |
| - Individual provisions               |                            | (77)       | (6,147)          | (6,616)    |                |            |                |            | (6,147)    | (6,616)    |                  | (517)      | (6,147)    | (7,210)    |
| - Group provisions                    |                            |            | (17,006)         | (15,159)   | (1,995)        |            | (75,372)       | (61,254)   | (94,373)   | (76,413)   | (923)            | (113)      | (95,296)   | (76,526)   |
| Provisions established, net           |                            | (77)       | (23,153)         | (21,775)   | (1,995)        |            | (75,372)       | (61,254)   | (100,520)  | (83,029)   | (923)            | (630)      | (101,443)  | (83,736)   |
| Provisions released:                  |                            |            |                  |            |                |            |                |            |            |            |                  |            |            |            |
| - Individual provisions               | 108                        |            |                  |            |                |            |                |            |            |            | 39               |            | 147        |            |
| - Group provisions                    |                            |            |                  |            |                | 204        |                |            |            | 204        |                  |            |            | 204        |
| Provisions released, net              | 108                        |            |                  |            |                | 204        |                |            |            | 204        | 39               |            | 147        | 204        |
| <b>Provision, net</b>                 | 108                        | (77)       | (23,153)         | (21,775)   | (1,995)        | 204        | (75,372)       | (61,254)   | (100,520)  | (82,825)   | (884)            | (630)      | (101,296)  | (83,532)   |
| <b>Additional provision</b>           |                            |            |                  |            |                |            |                |            |            |            |                  |            |            |            |
| <b>Recovery of written-off assets</b> |                            |            | 2,857            | 3,401      | 1,191          | 687        | 8,092          | 8,499      | 12,140     | 12,587     |                  |            | 12,140     | 12,587     |
| <b>Provision for loan losses, net</b> | 108                        | (77)       | (20,296)         | (18,374)   | (804)          | 891        | (67,280)       | (52,755)   | (88,380)   | (70,238)   | (884)            | (630)      | (89,156)   | (70,945)   |

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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.

The detail of the amounts presented in the Interim Consolidated Statement of Cash Flow is as follows:

|   | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|---|---------------------------------|---------------------------------|
| Allowances established of loans to customer and loans and advances to banks | (100,520)                       | (83,106)                        |
| Allowances released of loans to customer and loans and advances to banks    | 108                             | 204                             |
| Total allowances of loans to customer and loans and advances to banks       | (100,412)                       | (82,902)                        |

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

**33. Personnel Expenses:**

Salaries and personnel expenses during the periods 2019 and 2018 are as follows:

|                             | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|-----------------------------|---------------------------------|---------------------------------|
| Remunerations               | 63,328                          | 59,947                          |
| Bonuses and incentives      | 14,825                          | 16,098                          |
| Variable compensation       | 10,087                          | 7,971                           |
| Gratifications              | 6,949                           | 6,707                           |
| Lunch and health benefits   | 6,926                           | 6,794                           |
| Staff severance indemnities | 5,921                           | 4,707                           |
| Training expenses           | 862                             | 1,079                           |
| Other personnel expenses    | 4,657                           | 4,463                           |
| <b>Total</b>                | <b>113,555</b>                  | <b>107,766</b>                  |

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

**34. Administrative Expenses:**

This item is composed as follows:

|   | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|---|---------------------------------|---------------------------------|
| <b>General administrative expenses</b>                    |                                 |                                 |
| Information technology and communications                 | 22,516                          | 18,502                          |
| Maintenance and repair of property and equipment          | 10,187                          | 8,368                           |
| Surveillance and securities transport services            | 2,990                           | 2,956                           |
| External advisory services and professional services fees | 2,735                           | 1,901                           |
| Office supplies   | 2,622                           | 2,210                           |
| Postal box, mail , postage and home delivery services     | 1,502                           | 1,254                           |
| Energy, heating and other utilities                       | 1,496                           | 1,608                           |
| External service of financial information                 | 1,413                           | 1,324                           |
| Insurance premiums  | 1,304                           | 1,405                           |
| Legal and notary expenses                                 | 872                             | 849                             |
| Representation and travel expenses                        | 813                             | 868                             |
| Expenses for short-term leases (*)                        | 790                             |                                 |
| Other expenses of obligations for lease agreements (*)    | 681                             |                                 |
| Expenses for low value leases (*)                         | 114                             |                                 |
| External service of custody of documentation              | 785                             | 702                             |
| Donations   | 499                             | 589                             |
| Office rental and equipment (*)                           |                                 | 6,726                           |
| Rent ATM area (*)   |                                 | 1,921                           |
| Other general administrative expenses                     | 4,244                           | 4,906                           |
| Subtotal  | 55,563                          | 56,089                          |
| <b>Outsource services</b>                                 |                                 |                                 |
| Credit pre-evaluation                                     | 4,797                           | 4,922                           |
| External technological developments expenses              | 2,234                           | 2,490                           |
| Data processing   | 2,212                           | 2,987                           |
| Certification and technology testing                      | 1,911                           | 1,431                           |
| Other   | 1,117                           | 944                             |
| Subtotal  | 12,271                          | 12,774                          |
| <b>Board expenses</b>                                     |                                 |                                 |
| Board of Directors Compensation                           | 603                             | 580                             |
| Other Board expenses                                      | 61                              | 89                              |
| Subtotal  | 664                             | 669                             |
| <b>Marketing expenses</b>                                 |                                 |                                 |
| Advertising   | 6,628                           | 6,157                           |

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|   |        |        |
|---|--------|--------|
| Subtotal                                      | 6,628  | 6,157  |
| <b>Taxes, payroll taxes and contributions</b> |        |        |
| Contribution to the Superintendency of Banks  | 2,520  | 2,355  |
| Real estate contributions                     | 700    | 706    |
| Patents                                       | 313    | 306    |
| Other taxes                                   | 335    | 292    |
| Subtotal                                      | 3,868  | 3,659  |
| Total   | 78,994 | 79,348 |

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(\*) See Note No. 3 Adoption of IFRS 16 Leases .

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(Free translation of interim consolidated 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 2019 and 2018, are detailed as follows:

|   | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|---|---------------------------------|---------------------------------|
| <b>Depreciation and amortization</b>                                  |                                 |                                 |
| Amortization of intangibles assets (Note No. 15 (b))                  | 2,835                           | 2,466                           |
| Depreciation of property and equipment (Note No. 16 (b))              | 7,117                           | 6,705                           |
| Depreciation of rights over leased assets (Note No. 16 letter (d))(*) | 7,251                           |                                 |
| <b>Total</b>  | <b>17,203</b>                   | <b>9,171</b>                    |

(\*) See Note No. 3 Adoption of IFRS 16 Leases .

(b) As of March 31, 2019 and 2018 the impairment expenses is composed as follows:

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|---------------------------------|
| <b>Impairment</b>  |                                 |                                 |
| Impairment of intangible assets (Note No. 15 (b))                |                                 |                                 |
| Impairment of properties and equipment (Note No. 16 (b))         | 6                               | 11                              |
| Impairment of rights over leased assets (Note No. 16 letter (d)) |                                 |                                 |
| <b>Total</b>   | <b>6</b>                        | <b>11</b>                       |

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

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

**36. Other Operating Income:**

During the periods 2019 and 2018, the Bank and its subsidiaries present other operating income, according to the following:

|  | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|--|---------------------------------|---------------------------------|
| <b>Income for assets received in lieu of payment</b>   |                                 |                                 |
| Income from sale of assets received in lieu of payment | 4,503                           | 1,537                           |
| Other income   | 6                               | 6                               |
| Subtotal   | 4,509                           | 1,543                           |
| <b>Release of provisions for contingencies</b>         |                                 |                                 |
| Country risk provisions                                |                                 |                                 |
| Other provisions for contingencies                     |                                 |                                 |
| Subtotal   |                                 |                                 |
| <b>Other income</b>                                    |                                 |                                 |
| Provision released from operating expenses             | 4,000                           |                                 |
| Rental income  | 2,132                           | 2,246                           |
| Expense recovery                                       | 1,513                           | 1,056                           |
| Credit card income                                     | 1,386                           | 1,001                           |
| Recovery from correspondent banks                      | 667                             | 593                             |
| Income from differences sale leased assets             | 438                             | 744                             |
| Fiduciary and trustee commissions                      | 62                              | 54                              |
| Gain on sale of property and equipment                 | 31                              | 3,536                           |
| Others   | 795                             | 879                             |
| Subtotal   | 11,024                          | 10,109                          |
| Total  | 15,533                          | 11,652                          |

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

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

**37. Other Operating Expenses:**

During the periods 2019 and 2018, the Bank and its subsidiaries present other operating expenses, according to the following:

|   | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|---|---------------------------------|---------------------------------|
| <b>Provisions and expenses for assets received in lieu of payment</b> |                                 |                                 |
| Charge-off assets received in lieu of payment                         | 2,623                           | 776                             |
| Provisions for assets received in lieu of payment                     | 363                             | 877                             |
| Expenses to maintain assets received in lieu of payment               | 170                             | 199                             |
| Subtotal  | 3,156                           | 1,852                           |
| <b>Provisions for contingencies</b>                                   |                                 |                                 |
| Country risk provisions   | 4,306                           | 2,477                           |
| Other provisions  | 28                              | 1                               |
| Subtotal  | 4,334                           | 2,478                           |
| <b>Other expenses</b>   |                                 |                                 |
| Leasings operational expenses   | 1,106                           | 1,012                           |
| Write-offs for operating risks  | 956                             | 797                             |
| Correspondent banks   | 371                             | 196                             |
| Card administration   | 283                             | 601                             |
| Credit life insurance   | 81                              | 66                              |
| Contribution to other organisms                                       | 65                              | 58                              |
| Expenses for charge-off leased assets recoveries                      | 58                              | 440                             |
| Civil lawsuits  | 36                              | 29                              |
| Others  | 620                             | 422                             |
| Subtotal  | 3,576                           | 3,621                           |
| Total   | 11,066                          | 7,951                           |



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**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.

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(Free translation of interim consolidated 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<br>Companies (*) |                           | Investment and<br>Commercial<br>Companies (**) |                           | Individuals (***)      |                           | Total                  |                           |
|---|--|---------------------------|--|---------------------------|------------------------|---------------------------|------------------------|---------------------------|
|   | March<br>2019<br>MCh\$                   | December<br>2018<br>MCh\$ | March<br>2019<br>MCh\$                         | December<br>2018<br>MCh\$ | March<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ | March<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ |
| <b>Loans and accounts<br/>receivable:</b> |  |                           |  |                           |                        |                           |                        |                           |
| Commercial loans                          | 225,358                                  | 221,351                   | 125,262  | 132,366                   | 13,652                 | 13,183                    | 364,272                | 366,900                   |
| Residential mortgage<br>loans             |  |                           |  |                           | 44,063                 | 44,756                    | 44,063                 | 44,756                    |
| Consumer loans                            |  |                           |  |                           | 9,495                  | 10,074                    | 9,495                  | 10,074                    |
| Gross loans                               | 225,358                                  | 221,351                   | 125,262  | 132,366                   | 67,210                 | 68,013                    | 417,830                | 421,730                   |
| Allowance for loan<br>losses              | (920)                                    | (962)                     | (255)  | (242)                     | (338)                  | (379)                     | (1,513)                | (1,583)                   |
| Net loans                                 | 224,438                                  | 220,389                   | 125,007  | 132,124                   | 66,872                 | 67,634                    | 416,317                | 420,147                   |
| <b>Contingent loans:</b>                  |  |                           |  |                           |                        |                           |                        |                           |
| Guarantees and<br>sureties                | 5,000                                    | 5,102                     | 14,045   | 14,963                    |                        |                           | 19,045                 | 20,065                    |
| Letters of credits                        | 175                                      | 5,310                     | 361  | 2,776                     |                        |                           | 536                    | 8,086                     |
| Foreign letters of<br>credits             |  |                           |  |                           |                        |                           |                        |                           |
| Banks guarantees                          | 36,272                                   | 45,842                    | 29,390   | 30,122                    |                        |                           | 65,662                 | 75,964                    |
| Freely disposition<br>credit lines        | 58,502                                   | 58,041                    | 14,060   | 14,674                    | 19,324                 | 19,160                    | 91,886                 | 91,875                    |
| Other contingencies<br>loans              |  |                           |  |                           |                        |                           |                        |                           |
| Total contingent loans                    | 99,949                                   | 114,295                   | 57,856   | 62,535                    | 19,324                 | 19,160                    | 177,129                | 195,990                   |
| Provision for<br>contingencies loans      | (257)                                    | (258)                     | (60)   | (99)                      | (34)                   | (30)                      | (351)                  | (387)                     |
| Contingent loans, net                     | 99,692                                   | 114,037                   | 57,796   | 62,436                    | 19,290                 | 19,130                    | 176,778                | 195,603                   |

**Amount covered by  
guarantee:**

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|                  |        |        |        |        |        |        |         |         |
|------------------|--------|--------|--------|--------|--------|--------|---------|---------|
| Mortgage         | 30,111 | 28,208 | 50,748 | 52,108 | 70,613 | 69,292 | 151,472 | 149,608 |
| Warrant          |        |        |        |        |        |        |         |         |
| Pledge           |        |        |        |        |        |        |         |         |
| Others (***)     | 41,313 | 47,135 | 13,252 | 13,219 | 3,794  | 3,694  | 58,359  | 64,048  |
| Total collateral | 71,424 | 75,343 | 64,000 | 65,327 | 74,407 | 72,986 | 209,831 | 213,656 |

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

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**38. Related Party Transactions, continued:**

(a) Loans with related parties, continued:

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(\*) 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 and commercial 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<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ |
|--|------------------------|---------------------------|
| <b>Assets</b>                            |                        |                           |
| Cash and due from banks                  | 20,779                 | 23,086                    |
| Transactions in the course of collection | 23,554                 | 35,469                    |
| Financial assets held-for-trading        | 732                    | 205                       |
| Derivative instruments                   | 231,093                | 415,683                   |
| Financial assets                         | 15,469                 | 14,690                    |
| Other assets                             | 65,579                 | 80,569                    |
| Total                                    | 357,206                | 569,702                   |
| <b>Liabilities</b>                       |                        |                           |
| Demand deposits                          | 180,782                | 169,607                   |
| Transactions in the course of payment    | 18,186                 | 58,987                    |
| Repurchase agreements                    | 41,365                 | 84,465                    |
| Savings accounts and time deposits       | 186,333                | 124,362                   |
| Derivative instruments                   | 221,674                | 337,299                   |
| Borrowings with banks                    | 255,178                | 228,269                   |
| Other liabilities                        | 32,749                 | 115,145                   |
| Total                                    | 936,267                | 1,118,134                 |

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(Free translation of interim consolidated 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 2019      |                  | March 2018      |                  |
|--|-----------------|------------------|-----------------|------------------|
|  | Income<br>MCh\$ | Expense<br>MCh\$ | Income<br>MCh\$ | Expense<br>MCh\$ |
| Profit/loss for commission and services              | 4,089           | 1,607            | 4,808           | 1,658            |
| Profit/loss for financial operation                  | 18,645          | 16,235           | 16,379          | 17,640           |
| Net Financial Operating Income                       |                 |                  |                 |                  |
| Derivative instruments (**)                          | 25,370          | 5,759            | 30,967          | 37,674           |
| Other financial operations                           |                 |                  |                 |                  |
| Released or established of provision for credit risk | 109             |                  | 105             |                  |
| Operating expenses                                   |                 | 44,968           |                 | 39,343           |
| Other income and expenses                            | 113             | 16               | 110             | 12               |

(\*) 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\$3,614 million as of March 31, 2019 (net loss of Ch\$37,555 million as of March 31, 2018).

## (d) Contracts with related parties:

During the period ended March 31, 2019, 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                             |
|----------------|--|
| Servipag Ltda. | Development of systems and collection and payment services |
| Canal 13 S.A.  | Advertising service  |

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|                    |   |
|--------------------|---|
| Redbanc S.A.       | ATM configuration services              |
| DCV Registros S.A. | Shareholders Meeting Management Service |

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

**38. Related Party Transactions, continued:**

(e) Payments to key management personnel:

|                      | <b>March<br/>2019<br/>MCh\$</b> | <b>March<br/>2018<br/>MCh\$</b> |
|----------------------|---------------------------------|---------------------------------|
| Remunerations        | 979                             | 1,162                           |
| Short-term benefits  | 3,037                           | 3,230                           |
| Severance pay        |                                 | 692                             |
| Paid based on shares |                                 |                                 |
| <b>Total</b>         | <b>4,016</b>                    | <b>5,084</b>                    |

Composition of key personnel:

|                      | <b>No. of executives</b> |                       |
|----------------------|--------------------------|-----------------------|
| <b>Position</b>      | <b>March<br/>2019</b>    | <b>March<br/>2018</b> |
| CEO                  | 1                        | 1                     |
| CEOs of subsidiaries | 6                        | 6                     |
| Division Managers    | 13                       | 12                    |
| <b>Total</b>         | <b>20</b>                | <b>19</b>             |



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(Free translation of interim consolidated 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 2019    | March 2018 | March 2019                        | March 2018 | March 2019  | March 2018 | March 2019 | March 2018 | March 2019 | March 2018 |
|                                 | MCh\$         | MCh\$      | MCh\$                             | MCh\$      | MCh\$   | MCh\$      | MCh\$      | MCh\$      | MCh\$      | MCh\$      |
| Pablo Granifo Lavín             | 142(*)        | 142(*)     | 12                                | 12         | 93  | 86         |            |            | 247        | 240        |
| Andrónico Luksic Craig          | 45            | 44         |                                   | 1          |   |            |            |            | 45         | 45         |
| Jaime Estévez Valencia          | 15            | 15         | 5                                 | 6          | 26  | 31         |            |            | 46         | 52         |
| Gonzalo Menéndez Duque          | 15            | 15         | 5                                 | 6          | 24  | 31         |            |            | 44         | 52         |
| Francisco Pérez Mackenna        | 15            | 15         | 5                                 | 4          | 15  | 8          |            |            | 35         | 27         |
| Rodrigo Manubens Moltedo        | 15            | 15         | 6                                 | 6          | 11  | 10         |            |            | 32         | 31         |
| Thomas Fürst Freiwirth          | 15            | 15         | 6                                 | 4          | 11  | 6          |            |            | 32         | 25         |
| Jean-Paul Luksic Fontbona       | 15            | 15         | 2                                 | 1          |   |            |            |            | 17         | 16         |
| Andrés Ergas Heymann            | 15            | 15         | 6                                 | 5          | 14  | 10         |            |            | 35         | 30         |
| Alfredo Ergas Segal             | 15            | 15         | 6                                 | 5          | 19  | 20         |            |            | 40         | 40         |
| Other directors of subsidiaries |               |            |                                   |            | 30  | 22         |            |            | 30         | 22         |
| <b>Total</b>                    | <b>307</b>    | <b>306</b> | <b>53</b>                         | <b>50</b>  | <b>243</b>  | <b>224</b> |            |            | <b>603</b> | <b>580</b> |

(1) It includes fees paid to members of the Advisory Committee of Banchile Corredores de Seguros Ltda, of Ch\$3 million (Ch\$3 million in March 2018).

(\*) It includes a provision of Ch\$98 million (Ch\$96 million in 2018) for an incentive subject to achieving the Bank's forecasted earnings.

Fees paid to the advisors of the Board of Directors amount to Ch\$37 million (Ch\$72 million in March 2018).

Travel and other related expenses amount to Ch\$24 million (Ch\$17 million in March 2018).



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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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**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 Control and Treasury Area, through the Financial Risk Information and Control Section, is responsible for independent verification of price and results of trading (including derivatives) 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, according to the case. 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 and that are provided by the main sources of the 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 specific 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 direct from the markets, data from external suppliers of information, prices of similar instruments and historical information are used to validate the valuation parameters.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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

(iv) Fair value adjustments.

Part of the fair value process considers three adjustments to the market value of each instrument calculated based on the market parameters, including; a liquidity adjustment, a Bid/Offer adjustment and an adjustment is made for credit risk of derivatives (CVA and DVA). The calculation of the liquidity adjustment considers the size of the position in each factor, the particular liquidity of each factor, the relative size of Banco de Chile with respect to the market, and the liquidity observed in transactions recently carried out in the market. In turn, the Bid/Offer adjustment, represents the impact on the valuation of an instrument depending on whether the position corresponds to a long (bought) or a short (sold). To calculate this adjustment is used the direct quotes from active markets or indicative prices or derivatives of similar assets depending on the instrument, considering the Bid, Mid and Offer, respectively. Finally, the adjustment made for CVA and DVA for derivatives corresponds to the credit risk recognition of the issuer, either of the counterparty (CVA) or of Banco de Chile (DVA).

Liquidity value adjustments are made to trading instruments (including derivatives) only, while Bid / Offer adjustments are made for trading instruments and available for sale. Adjustments for CVA / DVA are carried out only for derivatives.

(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 from them the best estimate derived 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 Information and Control Section. As a result, value differences are obtained at the level of currency, product and portfolio. 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 Information and Control Section 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**

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**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 instruments 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 calculated at quoted prices (unadjusted) in extracted from active markets for identical assets or liabilities. For these instruments there are quotes or prices (return internal rates, quote value, price) the observable market, so that assumptions are not required to determine the value.

In this level, the following instruments are considered: currency futures, debt instruments issued Chilean Central Bank and Treasury, 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 (return internal rates in this case) 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 per share, which 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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**39. Fair Value of Financial Assets and Liabilities, continued:**

**Level 2:** They are financial instruments whose fair value is calculated based on variables other than prices quoted in Level 1 that are observable for the asset or liability, directly (that is, as prices or internal rates of return) or indirectly (that is, derived from prices or internal rates of return from similar instruments). 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 internal rates of return of similar securities as mentioned above.

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

Valuation Techniques and Inputs for Level 2 Instrument:

| <b>Type of Financial Instrument</b>  | <b>Valuation Method</b>     | <b>Description: Inputs and Sources</b>  |
|--|-----------------------------|---|
| Local Bank and Corporate Bonds   | Discounted cash flows model | <p>Prices (internal rates of return) are provided by third party price providers that are widely used in the Chilean market.</p> <p>Model is based on a Base Yield (Central Bank Bonds) and issuer spread.</p> <p>The model is based on daily prices and risk/maturity similarities between Instruments.</p>              |
| Offshore Bank and Corporate Bonds  |                             | <p>Prices are provided by third party price providers that are widely used in the Chilean market.</p> <p>Model is based on daily prices.</p>  |
| Local Central Bank and Treasury Bonds                                      |                             | <p>Prices (internal rates of return) are provided by third party price providers that are widely used in the Chilean market.</p> <p>Model is based on daily prices.</p>   |
| Mortgage Notes   |                             | <p>Prices (internal rates of return) are provided by third party price providers that are widely used in the Chilean market.</p> <p>Model is based on a Base Yield (Central Bank Bonds) and issuer spread.</p> <p>The model takes into consideration daily prices and risk/maturity similarities between instruments.</p> |
| Time Deposits  |                             | <p>Prices (internal rates of return) are provided by third party price providers that are widely used in the Chilean market.</p> <p>Model is based on daily prices and considers risk/maturity similarities between instruments.</p>  |
| Cross Currency Swaps, Interest Rate Swaps, FX Forwards, Inflation Forwards |                             | <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>   |

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Zero Coupon rates are calculated by using the bootstrapping method over swap rates.

|            |                     |  |
|------------|---------------------|--|
| FX Options | Black-Scholes Model | Prices for volatility surface estimates are obtained from market brokers that are widely used in the Chilean market. |
|------------|---------------------|--|

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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**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 neither for the assets or liabilities under analysis nor for similar instruments. 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 for Level 3 Instrument:

| 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.          |

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

(Free translation of interim consolidated 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<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ | March<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ | March<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ | March<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ |
| <b>Financial Assets</b>           |                        |                           |                        |                           |                        |                           |                        |                           |
| <u>Financial assets</u>           |                        |                           |                        |                           |                        |                           |                        |                           |
| <u>held-for-trading</u>           |                        |                           |                        |                           |                        |                           |                        |                           |
| From the Chilean                  |                        |                           |                        |                           |                        |                           |                        |                           |
| Government and Central            |                        |                           |                        |                           |                        |                           |                        |                           |
| Bank                              | 208,455                | 178,692                   | 1,524,493              | 1,344,780                 |                        |                           | 1,732,948              | 1,523,472                 |
| Other instruments issued in       |                        |                           |                        |                           |                        |                           |                        |                           |
| Chile                             | 2,459                  | 1,663                     | 120,319                | 107,078                   | 20,091                 | 20,866                    | 142,869                | 129,607                   |
| Instruments issued abroad         |                        | 4,446                     |                        |                           |                        |                           |                        | 4,446                     |
| Mutual fund investments           | 38,164                 | 87,841                    |                        |                           |                        |                           | 38,164                 | 87,841                    |
| Subtotal                          | 249,078                | 272,642                   | 1,644,812              | 1,451,858                 | 20,091                 | 20,866                    | 1,913,981              | 1,745,366                 |
| <u>Derivative contracts for</u>   |                        |                           |                        |                           |                        |                           |                        |                           |
| <u>trading purposes</u>           |                        |                           |                        |                           |                        |                           |                        |                           |
| Forwards                          |                        |                           | 387,512                | 735,444                   |                        |                           | 387,512                | 735,444                   |
| Swaps                             |                        |                           | 755,150                | 738,130                   |                        |                           | 755,150                | 738,130                   |
| Call Options                      |                        |                           | 2,512                  | 4,839                     |                        |                           | 2,512                  | 4,839                     |
| Put Options                       |                        |                           | 291                    | 120                       |                        |                           | 291                    | 120                       |
| Futures                           |                        |                           |                        |                           |                        |                           |                        |                           |
| Subtotal                          |                        |                           | 1,145,465              | 1,478,533                 |                        |                           | 1,145,465              | 1,478,533                 |
| <u>Hedge derivative contracts</u> |                        |                           |                        |                           |                        |                           |                        |                           |
| Fair value hedge (Swap)           |                        |                           | 168                    | 1,116                     |                        |                           | 168                    | 1,116                     |
| Cash flow hedge (Swap)            |                        |                           | 23,263                 | 34,298                    |                        |                           | 23,263                 | 34,298                    |
| Subtotal                          |                        |                           | 23,431                 | 35,414                    |                        |                           | 23,431                 | 35,414                    |
| <u>Financial assets</u>           |                        |                           |                        |                           |                        |                           |                        |                           |
| <u>available-for-sale (1)</u>     |                        |                           |                        |                           |                        |                           |                        |                           |
| From the Chilean                  |                        |                           |                        |                           |                        |                           |                        |                           |
| Government and Central            |                        |                           |                        |                           |                        |                           |                        |                           |
| Bank                              | 98,177                 | 99,132                    | 51,346                 | 65,090                    |                        |                           | 149,523                | 164,222                   |
|                                   |                        |                           | 1,029,265              | 747,653                   | 20,945                 | 23,021                    | 1,050,210              | 770,674                   |

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Other instruments issued in Chile

|                           |         |         |           |           |        |        |           |           |
|---------------------------|---------|---------|-----------|-----------|--------|--------|-----------|-----------|
| Instruments issued abroad |         |         | 112,614   | 108,544   |        |        | 112,614   | 108,544   |
| Subtotal                  | 98,177  | 99,132  | 1,193,225 | 921,287   | 20,945 | 23,021 | 1,312,347 | 1,043,440 |
| Total                     | 347,255 | 371,774 | 4,006,933 | 3,887,092 | 41,036 | 43,887 | 4,395,224 | 4,302,753 |

**Financial Liabilities**

Derivative contracts for trading purposes

|              |  |  |           |           |  |  |           |           |
|--------------|--|--|-----------|-----------|--|--|-----------|-----------|
| Forwards     |  |  | 333,420   | 631,047   |  |  | 333,420   | 631,047   |
| Swaps        |  |  | 868,630   | 854,873   |  |  | 868,630   | 854,873   |
| Call Options |  |  | 2,242     | 2,921     |  |  | 2,242     | 2,921     |
| Put Options  |  |  | 1,198     | 1,534     |  |  | 1,198     | 1,534     |
| Futures      |  |  |           |           |  |  |           |           |
| Subtotal     |  |  | 1,205,490 | 1,490,375 |  |  | 1,205,490 | 1,490,375 |

Hedge derivative contracts

|                         |  |  |           |           |  |  |           |           |
|-------------------------|--|--|-----------|-----------|--|--|-----------|-----------|
| Fair value hedge (Swap) |  |  | 10,593    | 6,164     |  |  | 10,593    | 6,164     |
| Cash flow hedge (Swap)  |  |  | 43,441    | 31,818    |  |  | 43,441    | 31,818    |
| Subtotal                |  |  | 54,034    | 37,982    |  |  | 54,034    | 37,982    |
| Total                   |  |  | 1,259,524 | 1,528,357 |  |  | 1,259,524 | 1,528,357 |

(1) As of March 31, 2019, 84% 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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## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

(Free translation of interim consolidated 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<br>January 1, 2019<br>MCh\$ | Gain (Loss)<br>Recognized in<br>Income (1)<br>MCh\$ | Gain (Loss)<br>Recognized in<br>Equity (2)<br>MCh\$ | As of March 31, 2019 |                | Transfer from<br>Level 1 and 2<br>MCh\$ | Transfer to<br>Level 1 and 2<br>MCh\$ | Balance as of<br>March<br>31, 2019<br>MCh\$ |
|------------------------------------|---|---|---|----------------------|----------------|---|---------------------------------------|---|
|                                    |   |   |   | Purchases<br>MCh\$   | Sales<br>MCh\$ |   |                                       |   |
| <b>Financial Assets</b>            |   |   |   |                      |                |   |                                       |   |
| Financial assets held-for-trading: |   |   |   |                      |                |   |                                       |   |
| Other instruments                  |   |   |   |                      |                |   |                                       |   |
| issued in Chile                    | 20,866                                    | (160)   |   |                      |                |   | (615)                                 | 20,091                                      |
| Subtotal                           | 20,866                                    | (160)   |   |                      |                |   | (615)                                 | 20,091                                      |
| Available-for-Sale Instruments:    |   |   |   |                      |                |   |                                       |   |
| Other instruments                  |   |   |   |                      |                |   |                                       |   |
| issued in Chile                    | 23,021                                    | (422)   | (151)   |                      | (1,503)        |   |                                       | 20,945                                      |
| Subtotal                           | 23,021                                    | (422)   | (151)   |                      | (1,503)        |   |                                       | 20,945                                      |
| Total                              | 43,887                                    | (582)   | (151)   |                      | (1,503)        |   | (615)                                 | 41,036                                      |

|                                    | Balance as of<br>January 1, 2018<br>MCh\$ | Gain (Loss)<br>Recognized in<br>Income (1)<br>MCh\$ | Gain (Loss)<br>Recognized in<br>Equity (2)<br>MCh\$ | As of December 31, 2018 |                | Transfer from<br>Level 1 and 2<br>MCh\$ | Transfer to<br>Level 1 and 2<br>MCh\$ | Balance as of<br>December<br>31, 2018<br>MCh\$ |
|------------------------------------|---|---|---|-------------------------|----------------|---|---------------------------------------|--|
|                                    |   |   |   | Purchases<br>MCh\$      | Sales<br>MCh\$ |   |                                       |  |
| <b>Financial Assets</b>            |   |   |   |                         |                |   |                                       |  |
| Financial assets held-for-trading: |   |   |   |                         |                |   |                                       |  |
| Other instruments                  |   |   |   |                         |                |   |                                       |  |
| issued in Chile                    | 8,012                                     | 176   |   | 48,740                  | (36,062)       |   |                                       | 20,866   |
| Subtotal                           | 8,012                                     | 176   |   | 48,740                  | (36,062)       |   |                                       | 20,866   |
| Available-for-Sale Instruments:    |   |   |   |                         |                |   |                                       |  |



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|                                   |        |       |       |          |          |        |
|-----------------------------------|--------|-------|-------|----------|----------|--------|
| Other instruments issued in Chile | 46,265 | 2,539 | (292) | (20,520) | (4,971)  | 23,021 |
| Subtotal                          | 46,265 | 2,539 | (292) | (20,520) | (4,971)  | 23,021 |
| Total                             | 54,277 | 2,715 | (292) | 48,740   | (56,582) | 43,887 |

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

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

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

(Free translation of interim consolidated 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 31, 2019 |  | As of December 31, 2018 |  |
|-----------------------------------|----------------------|--|-------------------------|--|
|                                   | Level 3<br>MCh\$     | Sensitivity to changes in<br>key assumptions of<br>models<br>MCh\$ | Level 3<br>MCh\$        | Sensitivity to changes in<br>key assumptions of<br>models<br>MCh\$ |
| <b>Financial Assets</b>           |                      |  |                         |  |
| Financial assets held-for-trading |                      |  |                         |  |
| Other instruments issued in       |                      |  |                         |  |
| Chile                             | 20,091               | (4)  | 20,866                  | (26)   |
| Subtotal                          | 20,091               | (4)  | 20,866                  | (26)   |
| Available-for- Sale Instruments   |                      |  |                         |  |
| Other instruments issued in       |                      |  |                         |  |
| Chile                             | 20,945               | (172)  | 23,021                  | (195)  |
| Subtotal                          | 20,945               | (172)  | 23,021                  | (195)  |
| Total                             | 41,036               | (176)  | 43,887                  | (221)  |

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.

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(Free translation of interim consolidated 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<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ | March<br>2019<br>MCh\$ | December<br>2018<br>MCh\$ |
| <b>Assets</b>                                |                        |                           |                        |                           |
| Cash and due from banks                      | 993,892                | 880,081                   | 993,892                | 880,081                   |
| Transactions in the course of collection     | 824,271                | 580,333                   | 824,271                | 580,333                   |
| Repurchase agreements and securities lending | 90,259                 | 97,289                    | 90,259                 | 97,289                    |
| Subtotal                                     | 1,908,422              | 1,557,703                 | 1,908,422              | 1,557,703                 |
| Loans and advances to banks                  |                        |                           |                        |                           |
| Domestic banks                               |                        | 99,940                    |                        | 99,940                    |
| Central Bank of Chile                        | 600,092                | 1,100,831                 | 600,092                | 1,100,831                 |
| Foreign banks                                | 314,819                | 293,536                   | 305,519                | 286,063                   |
| Subtotal                                     | 914,911                | 1,494,307                 | 905,611                | 1,486,834                 |
| Loans to customers, net                      |                        |                           |                        |                           |
| Commercial loans                             | 15,193,293             | 15,140,533                | 15,004,472             | 14,949,852                |
| Residential mortgage loans                   | 8,198,147              | 8,021,262                 | 8,741,343              | 8,451,099                 |
| Consumer loans                               | 4,164,850              | 4,145,428                 | 4,141,447              | 4,116,261                 |
| Subtotal                                     | 27,556,290             | 27,307,223                | 27,887,262             | 27,517,212                |
| Total  | 30,379,623             | 30,359,233                | 30,701,295             | 30,561,749                |
| <b>Liabilities</b>                           |                        |                           |                        |                           |
| Current accounts and other demand deposits   | 9,600,304              | 9,584,488                 | 9,600,304              | 9,584,488                 |
| Transactions in the course of payment        | 578,260                | 335,575                   | 578,260                | 335,575                   |
| Repurchase agreements and securities lending | 281,042                | 303,820                   | 281,042                | 303,820                   |
| Savings accounts and time deposits           | 11,263,020             | 10,656,174                | 11,250,596             | 10,632,350                |
| Borrowings from banks                        | 1,375,919              | 1,516,759                 | 1,381,669              | 1,506,940                 |
| Other financial obligations                  | 110,793                | 118,014                   | 111,697                | 119,024                   |
| Subtotal                                     | 23,209,338             | 22,514,830                | 23,203,568             | 22,482,197                |
| Debt Issued                                  |                        |                           |                        |                           |
| Letters of credit for residential purposes   | 13,489                 | 15,040                    | 14,421                 | 15,982                    |
| Letters of credit for general purposes       | 1,151                  | 1,328                     | 1,231                  | 1,411                     |
| Bonds  | 6,707,222              | 6,772,990                 | 6,959,835              | 6,897,317                 |

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|                   |            |            |            |            |
|-------------------|------------|------------|------------|------------|
| Subordinate bonds | 683,432    | 686,194    | 742,780    | 732,611    |
| Subtotal          | 7,405,294  | 7,475,552  | 7,718,267  | 7,647,321  |
| Total             | 30,614,632 | 29,990,382 | 30,921,835 | 30,129,518 |

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 consolidated 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, 2019 and December 31, 2018:

|  | Level 1  |   | Level 2  |   | Level 3  |   | Total  |   |
|--|--|---|--|---|--|---|--|---|
|  | Estimated Fair Value<br>March<br>2019<br>MCh\$ | Estimated Fair Value<br>December<br>2018<br>MCh\$ | Estimated Fair Value<br>March<br>2019<br>MCh\$ | Estimated Fair Value<br>December<br>2018<br>MCh\$ | Estimated Fair Value<br>March<br>2019<br>MCh\$ | Estimated Fair Value<br>December<br>2018<br>MCh\$ | Estimated Fair Value<br>March<br>2019<br>MCh\$ | Estimated Fair Value<br>December<br>2018<br>MCh\$ |
| <b>Assets</b>                              |  |   |  |   |  |   |  |   |
| Cash and due from banks                    | 993,892  | 880,081   |  |   |  |   | 993,892  | 880,081   |
| Transactions in the course of collection   | 824,271  | 580,333   |  |   |  |   | 824,271  | 580,333   |
| Repurchase agreements and security lending | 90,259   | 97,289  |  |   |  |   | 90,259   | 97,289  |
| Subtotal                                   | 1,908,422                                      | 1,557,703   |  |   |  |   | 1,908,422                                      | 1,557,703   |
| Loans and advances to banks                |  |   |  |   |  |   |  |   |
| Domestic banks                             |  | 99,940  |  |   |  |   |  | 99,940  |
| Central Bank                               | 600,092  | 1,100,831   |  |   |  |   | 600,092  | 1,100,831   |
| Foreign banks                              |  |   |  |   | 305,519  | 286,063   | 305,519  | 286,063   |
| Subtotal                                   | 600,092  | 1,200,771   |  |   | 305,519  | 286,063   | 905,611  | 1,486,834   |
| Loans to customers, net                    |  |   |  |   |  |   |  |   |
| Commercial loans                           |  |   |  |   | 15,004,472                                     | 14,949,852  | 15,004,472                                     | 14,949,852  |
| Residential mortgage loans                 |  |   |  |   | 8,741,343                                      | 8,451,099   | 8,741,343                                      | 8,451,099   |
| Consumer loans                             |  |   |  |   | 4,141,447                                      | 4,116,261   | 4,141,447                                      | 4,116,261   |
| Subtotal                                   |  |   |  |   | 27,887,262                                     | 27,517,212  | 27,887,262                                     | 27,517,212  |
| Total                                      | 2,508,514                                      | 2,758,474   |  |   | 28,192,781                                     | 27,803,275  | 30,701,295                                     | 30,561,749  |
| <b>Liabilities</b>                         |  |   |  |   |  |   |  |   |
| Current accounts and other demand deposits | 9,600,304                                      | 9,584,488   |  |   |  |   | 9,600,304                                      | 9,584,488   |
|  | 578,260  | 335,575   |  |   |  |   | 578,260  | 335,575   |

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|  |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|
| Transactions in the course of payment      |            |            |            |            |            |            |            |
| Repurchase agreements and security lending | 281,042    | 303,820    |            |            |            | 281,042    | 303,820    |
| Savings accounts and time deposits         |            |            | 11,250,596 | 10,632,350 | 11,250,596 | 10,632,350 |            |
| Borrowings from banks                      |            |            | 1,381,669  | 1,506,940  | 1,381,669  | 1,506,940  |            |
| Other financial obligations                |            |            | 111,697    | 119,024    | 111,697    | 119,024    |            |
| Subtotal                                   | 10,459,606 | 10,223,883 | 12,743,962 | 12,258,314 | 23,203,568 | 22,482,197 |            |
| Debt Issued                                |            |            |            |            |            |            |            |
| Letters of credit for residential purposes |            |            | 14,421     | 15,982     |            | 14,421     | 15,982     |
| Letters of credit for general purposes     |            |            | 1,231      | 1,411      |            | 1,231      | 1,411      |
| Bonds                                      |            |            | 6,959,835  | 6,897,317  |            | 6,959,835  | 6,897,317  |
| Subordinated bonds                         |            |            |            | 742,780    | 732,611    | 742,780    | 732,611    |
| Subtotal                                   |            |            | 6,975,487  | 6,914,710  | 742,780    | 732,611    | 7,718,267  |
| Total                                      | 10,459,606 | 10,223,883 | 6,975,487  | 6,914,710  | 13,486,742 | 12,990,925 | 30,921,835 |

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued**

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**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:

| <b>Assets:</b>                               | <b>Liabilities:</b>                          |
|--|--|
| • 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 domestic banks        |  |

- **Loans to Customers and Advance to foreign banks:** 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, Subordinated Bonds and Other borrowings financial: 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 consolidated 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 2019 | December 2018 | March 2019  | December 2018 | March 2019  | December 2018 | March 2019           | December 2018 | March 2019     | December 2018 |
|                                  | MCh\$      | MCh\$         | MCh\$   | MCh\$         | MCh\$   | MCh\$         | MCh\$                | MCh\$         | MCh\$          | MCh\$         |
| Derivative financial assets      | 1,168,896  | 1,513,947     | (408,512)   | (582,210)     | (423,549)   | (424,920)     | (28,811)             | (30,036)      | 308,024        | 476,781       |
| Derivative financial liabilities | 1,259,524  | 1,528,357     | (408,512)   | (582,210)     | (423,549)   | (424,920)     | (170,811)            | (233,450)     | 256,652        | 287,777       |

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

(Free translation of interim consolidated 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, 2019 and December 31, 2018, respectively. As these are for trading and available-for-sale instruments are included at their fair value:

|  | As of March 31, 2019   |  |   |                                |  |  |                       |                               |                |
|--|------------------------|--|---|--------------------------------|--|--|-----------------------|-------------------------------|----------------|
|  | Up to 1 month<br>MCh\$ | Over 1 month and up to 3 months<br>MCh\$ | Over 3 month and up to 12 months<br>MCh\$ | Subtotal up to 1 year<br>MCh\$ | Over 1 year and up to 3 years<br>MCh\$ | Over 3 year and up to 5 years<br>MCh\$ | Over 5 years<br>MCh\$ | Subtotal over 1 year<br>MCh\$ | Total<br>MCh\$ |
| <b>Assets</b>                              |                        |  |   |                                |  |  |                       |                               |                |
| Cash and due from banks                    | 993,892                |  |   | 993,892                        |  |  |                       |                               | 993,892        |
| Transactions in the course of collection   | 824,271                |  |   | 824,271                        |  |  |                       |                               | 824,271        |
| Financial Assets held-for-trading          | 1,913,981              |  |   | 1,913,981                      |  |  |                       |                               | 1,913,981      |
| Repurchase agreements and security lending | 74,051                 | 8,966                                    | 7,242                                     | 90,259                         |  |  |                       |                               | 90,259         |
| Derivative instruments                     | 118,120                | 125,888                                  | 244,649                                   | 488,657                        | 200,930                                | 211,335                                | 267,974               | 680,239                       | 1,168,896      |
| Loans and advances to banks (*)            | 662,490                | 36,076                                   | 167,129                                   | 865,695                        | 50,197                                 |  |                       | 50,197                        | 915,892        |
| Loans to customers (*)                     | 3,980,329              | 2,205,126                                | 5,007,708                                 | 11,193,163                     | 5,767,431                              | 3,087,639                              | 8,137,531             | 16,992,601                    | 28,185,764     |
| Financial assets available-for-sale        | 98,655                 | 86,753                                   | 597,489                                   | 782,897                        | 176,539                                | 75,365                                 | 277,546               | 529,450                       | 1,312,347      |
| Financial assets held-to-maturity          |                        |  |   |                                |  |  |                       |                               |                |
| Total assets                               | 8,665,789              | 2,462,809                                | 6,024,217                                 | 17,152,815                     | 6,195,097                              | 3,374,339                              | 8,683,051             | 18,252,487                    | 35,405,302     |

|                         | As of December 31, 2018 |  |   |                                |  |  |                       |                               |                |
|-------------------------|-------------------------|--|---|--------------------------------|--|--|-----------------------|-------------------------------|----------------|
|                         | Up to 1 month<br>MCh\$  | Over 1 month and up to 3 months<br>MCh\$ | Over 3 month and up to 12 months<br>MCh\$ | Subtotal up to 1 year<br>MCh\$ | Over 1 year and up to 3 years<br>MCh\$ | Over 3 year and up to 5 years<br>MCh\$ | Over 5 years<br>MCh\$ | Subtotal over 1 year<br>MCh\$ | Total<br>MCh\$ |
| <b>Assets</b>           |                         |  |   |                                |  |  |                       |                               |                |
| Cash and due from banks | 880,081                 |  |   | 880,081                        |  |  |                       |                               | 880,081        |

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|  |           |           |           |            |           |           |           |            |            |
|--|-----------|-----------|-----------|------------|-----------|-----------|-----------|------------|------------|
| Transactions in the course of collection   | 580,333   |           |           | 580,333    |           |           |           | 580,333    |            |
| Financial Assets held-for-trading          | 1,745,366 |           |           | 1,745,366  |           |           |           | 1,745,366  |            |
| Repurchase agreements and security lending | 73,496    | 16,918    | 6,875     | 97,289     |           |           |           | 97,289     |            |
| Derivative instruments                     | 157,417   | 241,305   | 378,093   | 776,815    | 274,200   | 214,863   | 248,069   | 737,132    | 1,513,947  |
| Loans and advances to banks (*)            | 1,262,428 | 77,268    | 132,259   | 1,471,955  | 23,441    |           |           | 23,441     | 1,495,396  |
| Loans to customers (*)                     | 3,941,756 | 2,143,023 | 4,973,622 | 11,058,401 | 5,726,668 | 3,133,606 | 7,995,647 | 16,855,921 | 27,914,322 |
| Financial assets available-for-sale        | 38,691    | 137,420   | 383,200   | 559,311    | 74,940    | 136,342   | 272,847   | 484,129    | 1,043,440  |
| Financial assets held-to-maturity          |           |           |           |            |           |           |           |            |            |
| Total assets                               | 8,679,568 | 2,615,934 | 5,874,049 | 17,169,551 | 6,099,249 | 3,484,811 | 8,516,563 | 18,100,623 | 35,270,174 |

(\*) These balances are presented without deduction of their respective provisions, which amount to Ch\$629,474 million (Ch\$607,099 million in December 2018) for loans to customers and Ch\$981 million (Ch\$1,089 million in December 2018) for borrowings from financial institutions.

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

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

**40. Maturity of Assets and Liabilities, continued:**

|  | As of March 31, 2019      |   |  |                                   |  |  |                          |                                  | Total<br>MCh\$ |
|--|---------------------------|---|--|-----------------------------------|--|--|--------------------------|----------------------------------|----------------|
|  | Up to 1<br>month<br>MCh\$ | Over 1<br>month and<br>up to 3<br>months<br>MCh\$ | Over 3<br>month and<br>up to 12<br>months<br>MCh\$ | Subtotal up<br>to 1 year<br>MCh\$ | Over 1 year<br>and up to 3<br>years<br>MCh\$ | Over 3 year<br>and up to 5<br>years<br>MCh\$ | Over<br>5 years<br>MCh\$ | Subtotal<br>over 1 year<br>MCh\$ |                |
| <b>Liabilities</b>                               |                           |   |  |                                   |  |  |                          |                                  |                |
| Current accounts<br>and other demand<br>deposits | 9,600,304                 |   |  | 9,600,304                         |  |  |                          |                                  | 9,600,304      |
| Transactions in the<br>course of payment         | 578,260                   |   |  | 578,260                           |  |  |                          |                                  | 578,260        |
| Repurchase<br>agreements and<br>security lending | 273,559                   | 2,319   | 5,164  | 281,042                           |  |  |                          |                                  | 281,042        |
| Savings accounts<br>and time deposits<br>(**)    | 5,418,141                 | 2,387,220   |  |                                   |  |  |                          |                                  |                |