Banco de Chile

1Q22

Quarterly and YTD Financial Report

MANAGEMENT FINANCIAL REVIEW

Banco de Chile, founded in 1893, is a universal bank that offers comprehensive solutions to satisfy the financial needs of individuals and companies. Since the beginning, we have been a fundamental pillar for the development of the country and a financial and business reference, maintaining a leading position in the Chilean banking industry for more than 125 years.

We are present in all Chilean regions through our nationwide branch network and we have one of the best digital and mobile banking platforms in Chile, which allow us to meet the needs of more than 2 million customers in timely and safe manner. From the international perspective, our alliance with Citigroup provides our customers with access to a wide network of products and services abroad.

We have outstanding competitive strengths, such as excellent brand recognition, a comprehensive remote and non-remote distribution network, a distinctive and large customer base, a competitive funding structure, a solid equity base and a high credit quality loan portfolio. This is reflected in outstanding credit risk ratings by international agencies, which position us as one of the most solid private banks in Latin America. Banco de Chile is listed in the Santiago and Electronic Stock Exchanges in Chile, and in the New York Stock Exchange under an ADR program.

We offer a wide range of products and services, including –among others– credit and debit cards, commercial, consumer and residential mortgage loans, trade finance loans, factoring and leasing loans, checking accounts, demand and time deposits, savings accounts, investment banking services, payments and collection services, as well as sophisticated financial products provided by our Treasury. This offering is complemented by the products and services provided by our subsidiaries of: Securities Brokerage, Mutual Funds Management, Insurance Brokerage, Financial Advisory and Socofin.

Moody's
A1

S&P Global
A

LISTED
NYSE

Business Strategy

Our business model pursues to contribute to the development of the country and the Chilean population by means of our aspiration to be the best bank for our customers, the best place to work, and the best investment for our shareholders.

Our strategy is based on: (i) Customer at the center of all decisions, (ii) Efficiency and Productivity, and (iii) Sustainability and Commitment to Chile.

In the medium–term, we have defined six strategic scopes that will guide our efforts and priorities: (i) accelerating digital solutions, (ii) enhancing commercial activity, (iii) increasing efficiency levels, (iv) boosting technological evolution, (v) developing new capabilities and skills, and (vi) deepening sustainability of our corporation.

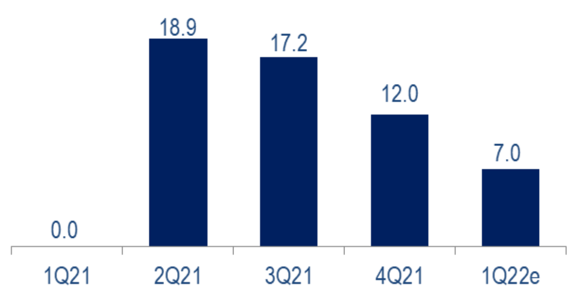
1Q22: Key Takeaways on Strategic Initiatives

- Enhancement of our digital offering on the grounds of both renewed remote channels and innovation in payment channels.
- Development of new customer acquisition capabilities through digital on–boarding.
- Increased origination of consumer loans through both new management methodologies and digital tools.
- Progress in upgrading IT architecture through a multi–cloud strategy.
- Deployment of the new purchase model that introduces electronic auction and tender processes.
- First steps of a new comprehensive program that pursues to accelerate cultural transformation by incorporating new work methodologies, digital adopting, talent management and collaboration.
- Reinforcement of our sustainability background by embracing new initiatives on environmental, entrepreneurship and inclusion.

Economic Outlook

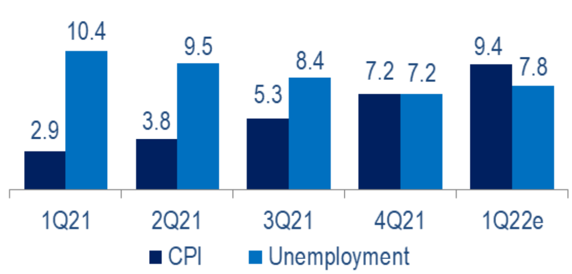
The Chilean economy posted an expansion of 11.7% in 2021, one of the most solid growth rate in Latin America and the world. This dynamism was the consequence of several drivers: (i) an expansionary fiscal policy that translated into both direct money transfers to individuals and fiscal spending, (ii) the temporary impact of three pension funds withdrawals, and (iii) greater mobility levels due to the improvement in sanitary conditions. As a result, Chile achieved pre-pandemic level of GDP in the early 2021.

GDP Growth
(Annual growth, %)



Nevertheless, the economy has begun to slowdown in the last months. Even though the monthly GDP index remains to post high YoY growth rates by expanding 9.6% in Jan-22 and 6.8% in Feb-22, activity has contracted on a sequential basis (-0.7% monthly in Feb-22). The breakdown by sector shows that weaker growth has been explained by lower expansion in private consumption, after soared rates in 2021, partly offset by a recovery in services. It is worth mentioning that this slowdown was expected, as the government has reduced the fiscal stimulus since the 4Q21.

CPI 12m Variation & Unemployment Rate (1)
(In Percentage)



(1) End of period CPI 12m variation and average unemployment rate for the quarter.

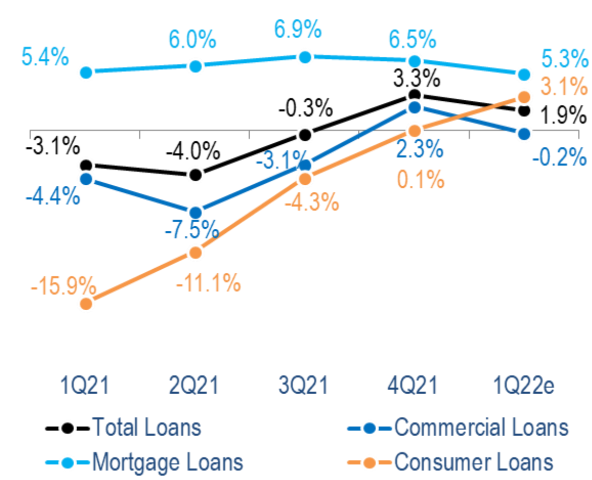
The labor market has gradually been improving, in line with the positive growth rates seen since the last year. The unemployment rate was 7.8% in Mar-22, well below the 10.4% seen a year earlier, and the peak of 13.1% posted in Jul-20 in the middle of the strictest mobility restrictions. This trend has been produced by the partial recovery in total employment (though remaining below pre-pandemic levels) and a tempered increase in the labor force.

In this environment, inflation has continued rising. In Mar-22, the headline CPI went up to 9.4% in twelve months, reaching the highest level since 2008. Likewise, the core measure (CPI excluding food and energy prices) rose 7.4% on an annual basis. This evolution has been attributable to domestic and external factors, such as the expansionary fiscal policy and pension funds withdrawals that have boosted household spending and the impact of geopolitical conflicts like the invasion to Ukraine that has resulted in a new rally for commodities and disruptions in the international supply chain. Since inflation stands above the Central Bank's target range, it tightened the monetary policy even more in Mar-22 by increasing the monetary policy interest rate 150 bp. from 5.5% to 7.0%, completing a total adjustment of 650 bp. since Jul-21 after sixteen months with the monetary policy rate at 0.5%.

Local Banking Industry

Total loans managed by the local banking industry amounted to Ch$205,549,432 million as of Feb-22, which represents a 9.8% annual increase in relation to Feb-21 or 1.9% in real terms (adjusted by inflation). In comparison with Dec-21, total loans posted a slight increase of 0.4% in nominal terms.

Loan Growth (1)(2)
(12m% change as of Feb22, in real terms)



(1) Figures do not include operations of subsidiaries abroad.
(2) 1Q22e considers 12-month real growth for February 2022.

These figures, which depict the deceleration in lending activity as exposed by the Central Bank, have been produced by a slowdown in commercial loans related to both the end of the government–guaranteed support programs for SMEs and constrained capital expenditures by large companies due to increased local uncertainty. Consumer loans, in turn, have consolidated the growth trend of last quarters, although demand for credits has weakened in the 1Q22, similar path followed by the residential mortgage loans in light of higher interest rate scenario and increased requirements in credit approval processes.

As of Feb-22 the local banking industry posted a net income of Ch$870,075 million, representing an annual increase of 37.9% in relation to the Ch$631,122 million recorded as of Feb-21. Amid a scenario of tempered growth in the commercial banking business, the banks have benefited from temporary shifts in market factors, such as inflation, given the structural net position of the industry in UF-denominated assets. Based on this, operating revenues posted an annual increase of Ch$471,436 million or 23.5%, which more than offset higher expected credit losses by Ch$235,219 million, mainly explained by growth in consumer loans and by Ch$57,835 million associated with impairments of financial assets appearing under the new Compendium of Accounting Standards (which is not possible to determine for 2021 based on past information).

Drivers & Trends

As revealed by the Chilean Central Bank in the las Monetary Policy Report (IPOM), the Chilean economy will likely experience an important slowdown this year, explained by: (i) the expected reduction of fiscal stimulus in 2022 with total spending falling at least 20% as outlined by the fiscal budget, (ii) the lagged effects of successive hikes in the monetary policy interest rate that should discourage borrowing while promoting saving, (iii) lower dynamism in the global economy as consequence of geopolitical conflicts, and (iv) uncertainty regarding the political and economic local landscape. As a result, the economy is expected to grow 1.5% in 2022, according to the Central Bank's Economic Expectations Survey (EEE). Aligned with this, the April IPOM revealed a baseline scenario that incorporates a sharp decrease in GDP growth as denoted by ranges centered at 1.5% and -0.25% for 2022 and 2023, respectively.

In regards to inflation, according to the IPOM, the CPI variation will likely remain above the monetary policy target until next year, although the EEE reveals forecasts of lower CPI variation rates in the future, which would be a consequence of the joint effect of weaker GDP growth and the easing in foreign pressures. On the whole, market analysts expect 12-month inflation rates of 7.8% and 4.2% in Dec-22 and Dec-23.

Based on this expectation for inflation, further adjustments in the monetary policy interest rate are likely this year, as depicted by the EEE, toward levels of 8.0% this year, which should begin to converge to neutral figures in 2023.

These forecasts, however, are subject to different risks, particularly in the short-term, including: (i) the evolution of political discussions, primarily associated with the ongoing constitutional process, (ii) the implementation of diverse reforms compromised by the recently appointed government administration in matters including taxation, the pension system, the health system, among others, (iii) the outcome of the geopolitical conflict in Eastern Europe, given the integration of Chile into the global economy, (iv) the evolution of the pandemic worldwide, and (v) the effects of contractionary policies aimed at reducing inflation in developed economies.

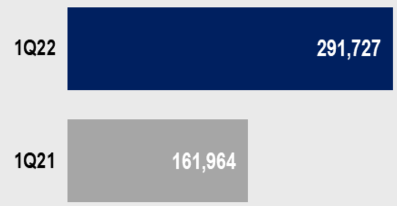
The banking activity is expected to be affected by this economic trends in diverse extents:

- Loan growth should decelerate based on: (i) subdued economic activity, (ii) stricter requirements for lending, and (iii) lower demand for credits in an environment of high interest rates and uncertainty. Thus, we expect the loan portfolio of the industry to remain almost flat in real terms in 2022, growing in line with inflation in nominal terms.
- From the funding perspective, given the current and expected levels for interest rates in the short-term and liquidity levels converging to normality, demand deposits held by the industry are expected to sharply decrease by 30%-35% in nominal terms in 2022.
- Aligned with this, the banking industry is expected to replace this funding source with both time deposits and long-term debt issued in Chile and abroad.
- In terms of results, the industry's NIM should be positively impacted in the short-term by inflation above mid-term levels, given the overall net exposure held by the industry in inflation-indexed assets.
- As for credit risk, based on the macroeconomic backdrop and the end of extraordinary support measures to individuals and SMEs, past-due loans are expected to gradually return to mid-term levels in the range of 1.8%-2.0%. Likewise, expected credit losses as a percentage of average loans should also begin to gradually increase to average levels of 1.5%-1.6%, excluding the effect of additional provisions.

Financial Snapshot on Banco de Chile
(In Millions of Ch$)

Net Income

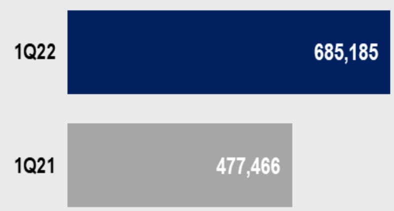
$291,727



Annual Var.
+80.1%

Operating Revenues

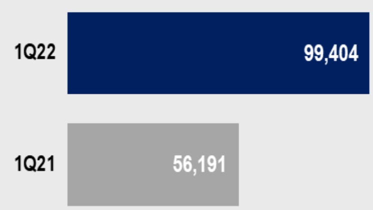
$685,185



Annual Var.
+43.5%

Expected Credit Losses

$99,404



Annual Var.
+76.9%

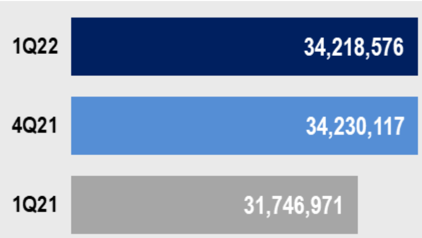
Operating Expenses

$234,407

Annual Var.
+7.1%

Total Loans

$34,218,576



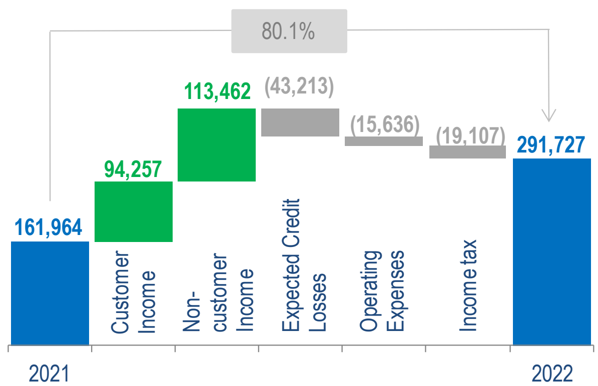
Annual Var.
+7.8%
Quarterly Var.
0.0%

1. Income Statement

Net Income

Net income amounted to Ch$291,727 million in the 1Q22, a historical record quarterly bottom line that favorably compares to the Ch$161,964 million achieved in the 1Q21 by representing an annual advance of 80.1% or Ch$129,763 million. This increase was the consequence of both significant shifts in market factors and our solid competitive strengths.

Net Income – As of Mar-22
(In millions of Ch$)



As depicted by the chart above, the main explanatory factors for the annual change in net income were, as follows:

- An annual increase of Ch$207,719 million or 43.5% in total operating revenues, primarily as a consequence of higher non–customer income (financial income), and an annual recovery in customer incomer. Annual growth in non–customer income relied on non-recurrent effects associated with both the sharp increase in inflation that benefited our structural net asset exposure to UF and, to a lesser extent, greater revenues from the management of our Trading and Investment portfolios, primarily due to the effect of higher inflation expectations on mid– and long–term real interest rates, which benefited our fixed-income portfolio. Likewise, customer income also showed an annual improvement principally on the grounds of higher contribution of demand deposits to our cost of funds, amid an environment of significantly higher local interest rates, and also the positive effect of lower mobility restrictions coming from the pandemic that resulted in an annual recovery in net fee income, particularly linked to transactional services. Unlike, income from loans posted a slight increase.

These factors were partly offset by:

- An annual increase of expected credit losses (ECLs) from Ch$56,191 million in the 1Q21 to Ch$99,404 million in the 1Q22, which was mostly explained by higher additional provisions set this quarter in comparison with the 1Q21 and, to a lesser extent, an increase in ECLs from the retail banking segment. This behavior, however, was marked by a comparison base effect, as the 1Q21 was a very positive quarter in terms of ECLs, given the trend followed by delinquency in a context of pension fund withdrawals and government support measures for both individuals and SMEs.
- Higher income tax associated with increased pre-tax income, which was to some extent offset by a lower effective tax rate as a consequence of higher inflation.
- An annual increase of Ch$15,636 million or 7.1% in operating expenses, from Ch$218,771 million in the 1Q21 to Ch$234,407 million in the 1Q22. This increase is mainly attributable to the effect of inflation on salaries and other inflation-indexed expenses. These effects coupled with higher IT-related expenses linked to our digital strategy and higher severance payments.

Key Business Metrics

Ratios	1Q21	1Q22
Return on Average Equity (ROAE)	17.2%	27.1%
Net Interest Margin (NIM)	3.4%	4.9%
Net Financial Margin	3.7%	5.1%
Expected Credit Losses / Avg. Loans	0.7%	1.2%
Efficiency Ratio	45.8%	34.2%
CET1 Ratio	12.3%	13.2%
Tier 1 Ratio	13.8%	14.2%
Basel Ratio (Total Capital)	16.1%	17.8%

Based on the above, we managed to record a 27.1% ROAE in the 1Q22, which was influenced by an improved NIM that went up from 3.4% in the 1Q21 to 4.9% in the 1Q22, mainly due to inflation. Likewise, and based on the above, our efficiency ratio remained well below mid-term average levels by posting 34.2% in the 1Q22.

For the rest of the year we expect NIM to decline to the extent inflation declines toward the Central Bank target range. Likewise, we expect ECLs to remain in levels of 1.0%-1.1% this year while our aim is to achieve an efficiency ratio in the range of 38%-40% this year. These drivers are consistent with a ROAE in the range of 18%-20% for 2022.

Operating Revenues Breakdown
(In millions of Ch$)

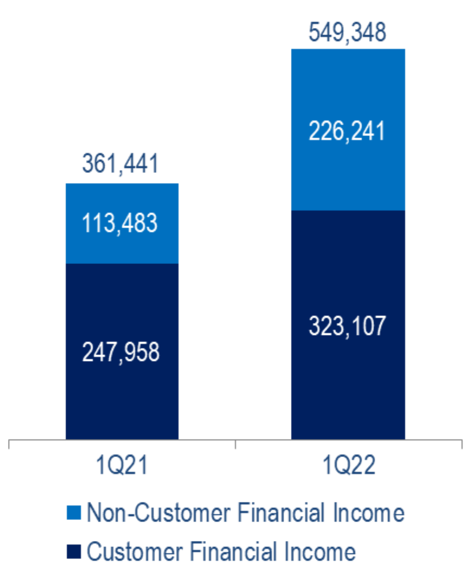
In Millions of Ch$	Quarter		Change 1Q22/1Q21		YTD Performance		Change Mar-22/Mar-21	
	1Q21	1Q22	Ch$	%	Mar-21	Mar-22	Ch$	%
Net Interest Income (Interest and Inflation)	331,243	493,369	162,126	+48.9 %	331,243	493,369	162,126	+48.9 %
Financial Results [(1)]	30,198	55,979	25,781	+85.4 %	30,198	55,979	25,781	+85.4 %
Net Financial Income	**361,441**	**549,348**	**187,907**	**+52.0 %**	**361,441**	**549,348**	**187,907**	**+52.0 %**
Net Fees and Commisions	**111,132**	**130,240**	**19,108**	**+17.2 %**	**111,132**	**130,240**	**19,108**	**+17.2 %**
Other Operating Income	**3,970**	**3,086**	**-884**	**(22.3)%**	**3,970**	**3,086**	**-884**	**(22.3)%**
Income attributable to affiliates	**-657**	**1,534**	**2,191**	**(333.5)%**	**-657**	**1,534**	**2,191**	**(333.5)%**
Income from Non-Current Assets Held for Sale	**1,580**	**977**	**-603**	**(38.2)%**	**1,580**	**977**	**-603**	**(38.2)%**
Total Operating Revenues	**477,466**	**685,185**	**207,719**	**+43.5 %**	**477,466**	**685,185**	**207,719**	**+43.5 %**
Key Ratios	**1Q21**	**1Q22**		**bp.**	**Mar-21**	**Mar-22**		**bp.**
Net Interest Margin	3.40%	4.91%		151	3.40%	4.91%		151
Net Financial Margin	3.68%	5.10%		142	3.68%	5.10%		142
Fees to Average Loans	1.42%	1.53%		11	1.42%	1.53%		11

(1) Includes results from: financial assets held for trading measured at fair value in P&L, financial assets measured at fair value through other comprehensive income, financial liabilities measured at fair value, trading derivatives, hedge accounting derivatives, foreign exchange transactions.

Net Financial Income

Nearly 80% of the operating revenues reached in the 1Q22 corresponded to net financial income, which totaled Ch$549,348 million this quarter, equivalent to an annual advance of Ch$187,907 million or 52.0% when compared to the 1Q21.

Net Financial Income Breakdown
(In Millions of Ch$)



The main driver explaining this performance was the non-customer net financial income that increased Ch$112,758 million on an annual basis in the 1Q22 (99.4%). Customer net financial income also contributed to this result by growing Ch$75,149 million on an annual basis in the 1Q22 (30.3%). The annual growth in net financial income was composed of:

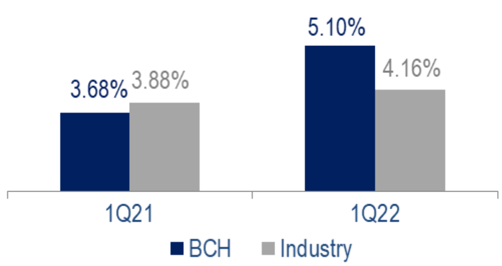
- An annual increment of Ch$76,511 million in the contribution of our structural UF net asset exposure explained by inflation –measured as UF variation– passing from 1.12% in the 1Q21 to 2.37% in the 1Q22.
- A YoY increase of Ch$71,370 million in the contribution of demand deposits (DDA) to our funding cost. This figure was influenced by both greater average balances and higher interest rates. Average DDA balances rose 13.1% YoY from Ch$14,645,479 million in the 1Q21 to Ch$16,570,587 million this quarter. This was prompted by the increase in liquidity levels, as mentioned earlier, which has nevertheless decreased over the last quarters. This effect coupled with the sharp increase in local interest rates over the last quarters as the Central Bank started a tightening monetary cycle in order to control inflation, leading the reference rate from 0.5% in Jul–21 to 7.0% in Mar–22.
- Revenues from treasury management advancing Ch$35,016 million on a YoY basis. This result was the consequence of: (i) higher results from ALM by Ch$25,029 million, which was influenced by the proactive management of our financial gaps that benefited from higher inflation, (ii) an annual increase of Ch$7,545 million in results from the management of our Trading and Investment portfolios as a result the aforesaid trend in local interest rates, inflation above market expectations and lower Counterparty Value

Adjustment for derivatives owing mainly to improved probabilities of default, and (iii) a YoY growth of Ch$2,385 million in our Sales & Structuring unit, due to a higher volume of FX transactions carried out this quarter that coupled with increased volatility in the exchange rate when compared to the 1Q21.

- Income from loans going up by Ch$5,761 million on an annual basis in the 1Q22, mostly based on increasing average balances that were partly offset by lower overall lending spreads. The decrease in lending spreads is the result of a change in the portfolio mix, given the decrease in consumer loan origination and growth in lower margin segments and products. Also, average balances of residential mortgage loans increased 9.3% YoY in the 1Q22, followed by commercial loans advancing 8.0% YoY. Average balances of consumer loans, on the other hand, increased 11.2% on an annual basis.
- A YoY increase of Ch$2,459 million in net financial income from subsidiaries, mostly explained by the effect of favourable changes in market factors on the fixed-income portfolio of our securities brokerage subsidiary.

These effects were to some extent counterbalanced by an annual decrease of Ch$3,818 million from our USD asset position that hedges USD-denominated expenses (ECLs on cross-border loans and provisions associated with loyalty program), explained by an 8.0% appreciation of the Chilean peso in the 1Q22 as compared to the 1.0% depreciation observed in the 1Q21.

Net Financial Margin [1]
(Net Financial Income / Avg. Interest Earning Assets)



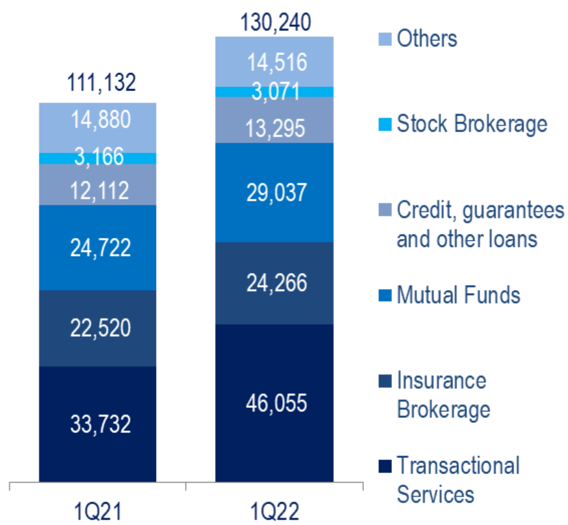
(1) Industry´s ratios for the 1Q21 on proforma basis for the new local Compendium of Accounting Standards and ratios for the 1Q22 as of Feb-22.

Based on these trends, particularly due to higher inflation and the positive impact of increased interest rates on the contribution of the DDA to our funding cost, the net financial margin posted a significant annual increase from 3.68% in the 1Q21 to 5.10% in the 1Q22, comparing very positively with the industry.

Net Fee Income

Income from Fees and Commissions went up to Ch$130,240 million in the 1Q22 from the Ch$111,132 million reached in the 1Q21, representing an advance of Ch$19,108 million or 17.2% YoY.

Net Fee Income
(In Millions of Ch$)



This result was the consequence of:

- Fee income from transactional services increasing Ch$12,323 million on an annual basis in the 1Q22 as a result a higher amount of transactions made during the quarter prompted by the economic rebound seen in the period when compared to the 1Q21 as many industries have reopened on the grounds of the successful vaccination process that led to a decrease in contagion of COVID19 and lessened mobility restrictions. Thus, the main explanatory factors were: (i) an annual growth of Ch$8,827 million in fees from credit cards in the 1Q22, mostly explained by annual increases of 33% and 34% in the number and amount of transactions, (ii) fees from sight accounts and ATMs increasing Ch$2,203 million, and (iii) an annual increase in fees from checking accounts and overdrafts by Ch$1,293 million.
- A YoY increase of Ch$4,315 million in mutual funds, influenced by: (i) a change in the portfolio mix from fixed-income funds to local and international equity funds that bear higher margins based on the investors' preference for riskier investments as a result of the effects of the upward trend in local long-term interest rates for most of 2021 and the first quarter of 2022, which negatively affected fixed-income securities, and (ii) the market-leading position as reflected by a 24.0% market share in assets under

management as of Feb-22 (latest available data) according to the Chilean Mutual Funds Association.

- An annual growth of Ch$1,746 million in fees coming from insurance brokerage, mostly due to the recovery in commercial activity, particularly driven by increased origination of consumer loans that increased 17.9% in the 1Q22 in relation to the 1Q21. This, together with higher commercial activity translated into a 16.4% annual advance in written premiums.

Other Operating Income

Other operating income, including income from investments in affiliates, income from non-current assets held for sale and other operating income went up from Ch$4,893 million in the 1Q21 to Ch$5,597 million in the 1Q22, representing an annual rise of Ch$704 million. This increase was primarily attributable to investment in affiliates that grew Ch$2,191 million on an annual basis mainly due to improved results from Transbank as it was permitted to revise fees later in 2021, posting positive earnings in the 1Q22 as compared to losses in the 1Q21. This effect was to some extent offset by greater income from non-current assets held for sale by Ch$603 million, mostly explained by assets received in lieu of payment.

Expected Credit Losses (ECLs)

Expected Credit Losses
(In Millions of Ch$)

In Millions of Ch$	Quarter 1Q21	Quarter 1Q22	Change 1Q22/1Q21 Ch$	Change 1Q22/1Q21 %
Loan Loss Allowances				
Initial Allowances	**746,431**	**718,249**	**(28,182)**	**(3.8)%**
Charge-offs	(59,727)	(44,601)	15,126	(25.3)%
Sales of Loans	-	-	-	-
Allowances FX effect	1,028	(6,926)	(7,954)	(773.7)%
Provisions established, net	31,615	43,108	11,493	+36.4 %
Final Allowances	**719,347**	**709,830**	**(9,517)**	**(1.3)%**
Expected Credit Losses				
Provisions Established Loans	31,615	43,108	11,493	+36.4 %
Provisions Established Banks	(190)	(53)	137	(72.1)%
Provisions Contingent Loans	(3,336)	(763)	2,573	(77.1)%
Prov. Cross Border Loans	2,121	547	(1,574)	(74.2)%
Financial Assets Impairments	724	206	(518)	(71.5)%
Additional Provisions	40,000	70,000	30,000	+75.0 %
Recoveries	(14,743)	(13,641)	1,102	(7.5)%
Expected Credit Losses	**56,191**	**99,404**	**43,213**	**+76.9 %**

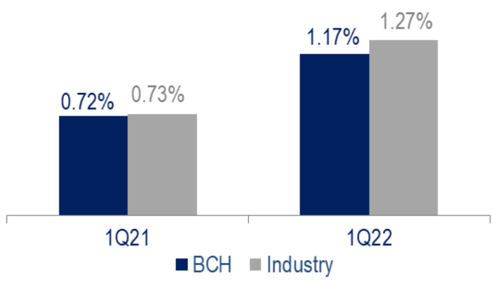
In the 1Q22, our ECLs amounted to Ch$99,404 million, representing an annual increase of Ch$43,213 million when compared to the Ch$56,191 million recorded in the 1Q21.

When isolating the amount established as additional allowances, approximately 82% of the increase in ECLs coming from provisioning models were attributable to the retail banking segment, while 18% was associated with the wholesale segment, mainly as a result of trends that took place in the 1Q21, related to favorable temporary effects of higher liquidity on delinquency levels.

Overall, the main drivers behind the annual change in ECLs were:

- A net increase of Ch$30,000 million in additional provisions established, from Ch$40,000 million in the 1Q21 to Ch$70,000 million set in the 1Q22, as we continued to improve our coverage to cope with both the potential deterioration coming from lagged effects of the COVID19 pandemic on individuals and companies, in addition to the local economic uncertainty going forward.
- An annual increase of Ch$11,091 million in ECLs not related to additional provisions, mostly associated with a low comparison base represented by above-average performance in risk expenses in the 1Q21, when ECLs reached the lowest level since the 2Q18, as a result of both the already mentioned excess of liquidity in the local economy and loan rescheduling programs to alleviate financial burden of individuals. These measures coupled with the government-guaranteed loan programs for SMEs. However, the effect of these measures seem to be lessening over the last quarters, as reflected by a 0.88% NLPs ratio (past-due over 90 days to total loans) in Mar-22 after bottoming out at 0.85% in Dec-21. Thus, even though recurrent ECLs has remained at low levels there has been a moderate increase when compared to a year earlier. This behavior has been particularly concentrated in the retail banking segment, which contributed with Ch$9,104 million of such YoY increment.
- An annual advance of Ch$2,126 million in ECLs explained by the 8.8% annual growth in overall average loan balances. This increase was primarily associated with the performance the retail banking segment, explaining a ECLs pickup of Ch$1,577 million in the 1Q22 on an annual basis due to loan growth, in line with increases in both average balances of consumer loans (+11.2% YoY) and residential mortgage loans (+9.3% YoY). To a lesser degree, the wholesale banking segment posted an annual rise of 12.0% in average balances of commercial loan balances, explaining Ch$549 million.

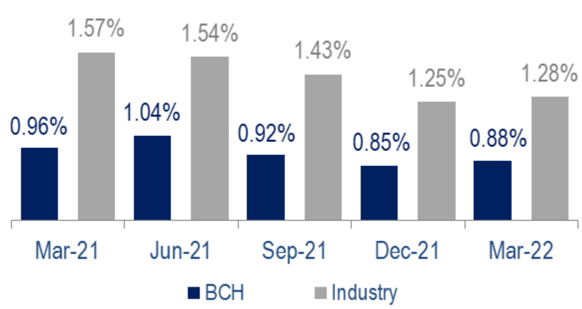
Expected Credit Losses Ratio[1]
(Expected Credit Losses / Average Loans)



(1) Industry´s ratios for the 1Q21 on proforma basis for the new local Compendium of Accounting Standards and ratios for the 1Q22 as of Feb-22.

Based on these effects, our ECLs to average loans ratio reached 1.17% in the 1Q22, which denotes an annual increase of 45 bp. when compared to the 0.72% posted in the 1Q21. This increment is primarily explained by the previously mentioned rise in additional provisions (Ch$30,000 million on an annual basis representing approximately 31 bp. increase in the ratio) and, as analyzed, an extremely low comparison base for recurrent ECLs in the 1Q21. When compared to the industry, however, our ratio continued to be below the average, reflecting our diversified customer base and strict credit risk policies, in spite of higher additional provisions aimed at covering us from unexpected changes in asset quality. We expect our ECLs ratio to converge to our average levels of 1.0%-1.2% in the medium term, excluding additional provisions, to the extent delinquency returns to normalized levels.

Past Due Ratio
(>90d Past-Due Loans / Total Loans)



(1) Industry´s ratios for Mar-22 as of Feb-22, latest available information.

As for delinquency, our diversified and healthy loan portfolio, in conjunction with our effective credit risk policies result in a better-than-industry performance. As mentioned, our NPLs ratio was 0.88% in Mar-22, which positively compares to the 0.96% ratio reached in Mar-21 and the 1.28% posted by the industry in the 1Q22 (as of Feb-22). As highlighted earlier, delinquency levels continue to be subsided due to non-recurrent liquidity in the economy, so we expect them to converge to our historical average levels as long as this temporary effect disappear.

Operating Expenses

Our operating expenses increased Ch$15,636 million on an annual basis, from Ch$218,771 million in the 1Q21 to Ch$234,407 million in the 1Q22.

Operating Expenses
(In Millions of Ch$)

In Millions of Ch$	Quarter		Change 1Q22/1Q21	
	1Q21	1Q22	Ch$ Mn.	%
Personnel expenses	113,698	122,067	8,369	+7.4 %
Administrative expenses	82,889	86,834	3,945	+4.8 %
Depreciation and Amort.	18,619	19,925	1,306	+7.0 %
Impairments	-421	-98	323	(76.7)%
Other Oper. Expenses	3,986	5,679	1,693	+42.5 %
Total Operating Expenses	**218,771**	**234,407**	**15,636**	**+7.1 %**
Additional Information	**1Q21**	**1Q22**		**bp. / %**
Op. Exp. / Op. Rev.	45.8%	34.2%		(1161)bp
Op. Exp. / Avg. Assets	2.0%	1.9%		(9)bp
Headcount (#) - EOP	12,693	12,296		(3.1)%
Branches (#) - EOP	312	272		(12.8)%

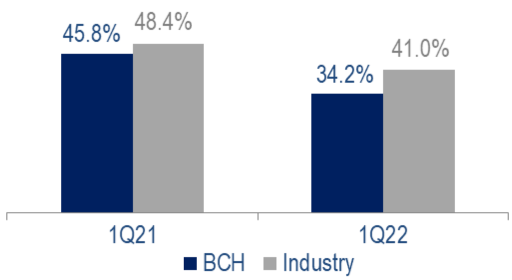
The annual increment in the cost base was mostly explained by:

- Personnel expenses increasing Ch$8,369 million on a YoY basis, from Ch$113,698 million in the 1Q21 to Ch$122,067 million, influenced by: (i) an annual advance of Ch$4,239 million in severance payments due to the gradual organizational changes as reflected by the progressive decrease in headcount, and (ii) salaries growing Ch$3,730 million (or 5.8%) in the 1Q22 when compared to the 1Q21, mostly attributable to the recognition of the inflation effect on salaries (as agreed under collective bargaining agreements) that more than offset the decrease in headcount.
- An annual increase of Ch$3,359 million in IT and Communication expenses in the 1Q22, which was influenced by additional software licensing expenses linked to upgrades we have made to our digital capabilities in order to boost our technological evolution and to improve our internal procedures by making them more efficient in line with our strategic initiatives.
- An annual expansion of Ch$1,693 million in other operating expenses as a result of diverse minor expense items.
- Depreciation and amortization increasing Ch$1,306 million in 1Q22 when compared to the 1Q21 as a result of: (i) higher amortization of intangible assets due to software purchases, and (ii) higher depreciation of computer equipment.
- Higher advertising expenses by Ch$1,121 million related to both new campaigns deployed to reinforce value recognition and marketing campaigns of products and services.

These effects were partly counterbalanced by:

- An annual decline of Ch$1,362 million in maintenance of fixed assets when compared to the 1Q21, which was mostly explained by lower expenses in sanitization services as a result of non-recurrent disbursements made in 2021 due to the COVID19 pandemic.
- An annual decrease of Ch$1,101 million in outsourced services linked to the internalization of salesforce services that we have been implementing since 2020 in order to improve our efficiency.

Efficiency Ratio(1)
(Operating Expenses / Operating Revenues)



(1) Industry´s ratios for the 1Q21 on proforma basis for the new local Compendium of Accounting Standards and ratios for the 1Q22 as of Feb-22.

As a result of the positive trend seen in operating revenues, effect that more than offset the 7.1% YoY increase in OpEx, our efficiency ratio improved from 45.8% in the 1Q21 to 34.2% in the 1Q22, representing a 1,161 bp. annual drop. In addition, we held a ratio of 1.9% in the 1Q22 in operating expenses to average assets ratio, which improved 9 bp. when compared to the ratio posted in the 1Q21. All in all, despite the nominal increase in operating expenses during this quarter, we have managed to improve our key operating and productivity ratios during the last quarters as a result of cost control policies that have leveraged on our efficiency program.

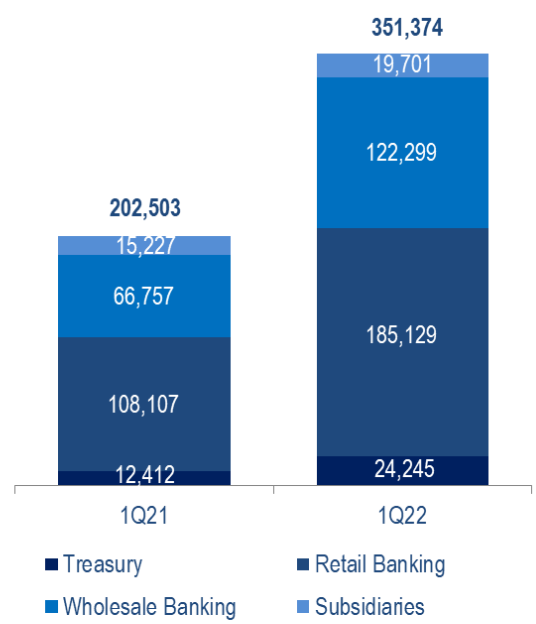
Income Tax

Our income tax totaled Ch$59,647 million in the 1Q22, representing an annual increment of Ch$19,107 million when compared to the Ch$40,540 million posted in the 1Q21. This figure was mostly the consequence of an annual advance of Ch$148,870 million in income before income taxes in the 1Q22, which was influenced by increased operating revenues as mentioned earlier. The increase in income before income tax explained an annual increase of nearly Ch$40,194 million in income tax when considering the statutory corporate tax rate of 27.0%. However, this effect was offset by the impact of higher inflation on our taxable income (or the effect of inflation on our shareholders' equity), as it is deducted from our income before income taxes for tax purposes. The effect of higher inflation translated into lower income tax by Ch$21,088 million in the 1Q22 in relation to the 1Q21. As a result of these joint effects, but mostly due to the increased inflation, our effective tax rate decreased from 20.0% in the 1Q21 to 17.0% in the 1Q22.

Business Segments Performance

Our income before income tax reached Ch$351,374 million in the 1Q22, equivalent to an annual rise of Ch$148,871 million or 73.5% when compared to the 1Q21. Nearly 52.7% of our consolidated pre-tax income was attributable to the Retail Banking segment, followed by the Wholesale Banking segment that explained 34.8%, both of them positively influenced by the effect of higher inflation in the 1Q22. Lastly, Treasury and Subsidiaries represented 6.9% and 5.6%, respectively.

Pre-Tax Income by Business Segment
(In Millions of Ch$)



The main explanatory factors explaining these results were:

- The Retail Banking segment totalled Ch$185,129 million during this quarter, which represents an annual expansion of Ch$77,022 million or 71.2% when compared to the Ch$108,107 million posted in the 1Q21. The main driver behind this figure was the YoY increment of Ch$117,417 million or 39.2% in operating revenues, from Ch$299,306 million in the 1Q21 to Ch$416,724 in the 1Q22. This was the result of: (i) the positive contribution of higher inflation (as explained earlier) on the UF net asset exposure allocated to this segment, resulting from a UF variation of 2.37% in the 1Q22 when compared to the 1.12% in the 1Q21, (ii) an annual growth of approximately Ch$43,000 million in the contribution of demand deposits as a result of increasing local interest rates as well as a YoY rise of 10.3% in average DDA balances managed by this segment when compared to a year earlier, in spite of the decrease that DDA commenced to display this quarter (-5.4% on a sequential basis), and (iii) a YoY expansion of Ch$14,804 million in fee income, in line with increased transactionality as a result of improved overall business conditions based on the successful vaccination process in Chile that led to greater mobility. These effects were to some extent counterbalanced by: (i) a YoY rise of Ch$12,969 million or 8.5% in operating expenses as a result of increases in both severance payments due to gradual organizational changes and the recognition of higher inflation on salaries, and (ii) an increment of Ch$27,426 million in expected credit losses driven by higher additional provisions (partly allocated to this segment) when compared to the 1Q21, in conjunction with credit quality indicators that are gradually converging to normal levels and a very low comparison base in the 1Q21 as a result of the excess of liquidity observed in the local economy.

- The Wholesale Banking segment posted a pre-tax bottom line of Ch$122,299 million in the 1Q22, which denotes a YoY increment of Ch$55,542 million when compared to the 1Q21. This behavior was primarily the consequence of an annual increase of Ch$71,894 million in operating revenues, totaling Ch$199,236 million this quarter from the Ch$127,342 posted in the 1Q21. This performance was backed by: (i) the positive contribution of the UF net asset exposure partly allocated to by this segment, which benefited from a higher UF variation (as explained earlier), (ii) improved contribution to our funding by nearly Ch$23,600 million from DDA managed by this segment, mostly backed by an annual increase of 17.5% in average balances and higher interest rates, (iii) a YoY increase of Ch$5,200 million in income from loans (net of funding) managed by this segment due to an annual expansion of 12.0% in average commercial loan balances, and (iv) higher revenues from FX transactions carried out by corporate clients. These effects were partly offset by an increase of Ch$14,858 million in ECLs due to the higher additional provisions allocated to this segment in order to be better prepared for lagged effects in delinquency.

- Pre-tax income from our Treasury amounted to Ch$24,245 million in the 1Q22, which represented an annual advance of Ch$11,832 million when compared to the Ch$12,412 million of the 1Q21. This was mostly explained by better results from the management of our Trading and Investment portfolios in the 1Q22, as a result of increased gains from financial assets held for trading produced by favorable shifts in short-term local interest rates given the positions held in bonds and derivatives, which coupled with the positive effect of higher inflation on both the accrual of fixed-income securities and the portion of our UF net asset structural exposure that is partly allocated to this segment.

- Our subsidiaries posted an annual increase of Ch$4,474 million or 29.4% in income before income tax in the 1Q22 from the Ch$15,227 million reached in the 1Q21. This improvement was explained by: (i) an annual increase of Ch$1,973 million in pre-tax income generated by our Mutual Funds subsidiary, based on an annual increment of Ch$2,192 million in fee income fostered by a change in the portfolio mix by investors from fixed-income to equity funds, resulting in higher commissions, (ii) higher bottom line before taxes reported by our Securities Brokerage subsidiary by Ch$1,634 million on an annual basis, primarily explained by a surge of Ch$2,507 million in operating revenues given improved results from the subsidiary's investment portfolio as a consequence of favorable shifts in markets factors, which was partly offset by higher operating expenses due to enhanced dynamism commercial activity, and (iii) an annual rise of Ch$588 million in the income before income tax of our Insurance Brokerage subsidiary, due to higher fee income that came from the recovery of business activity and, particularly, from the reactivation of consumer loans.

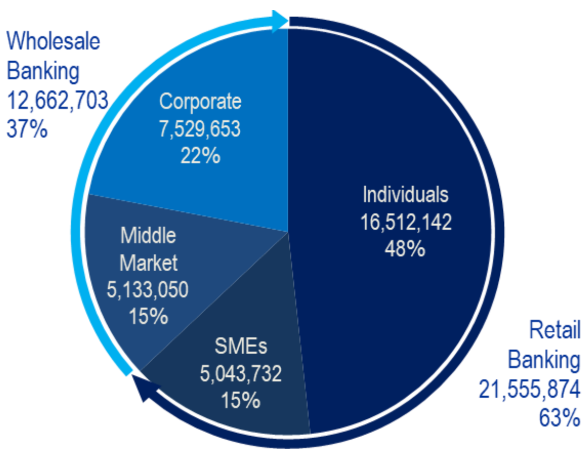
2. Balance Sheet

Loan Portfolio

The evolution of our loan book is aligned with findings recently revealed by the Central Bank in the Quarterly Credit Survey for the 1Q22, which outlined a slowdown in the demand for commercial loans from both SMEs and wholesale customers during the quarter and constrained demand for both residential mortgage loans and consumer loans.

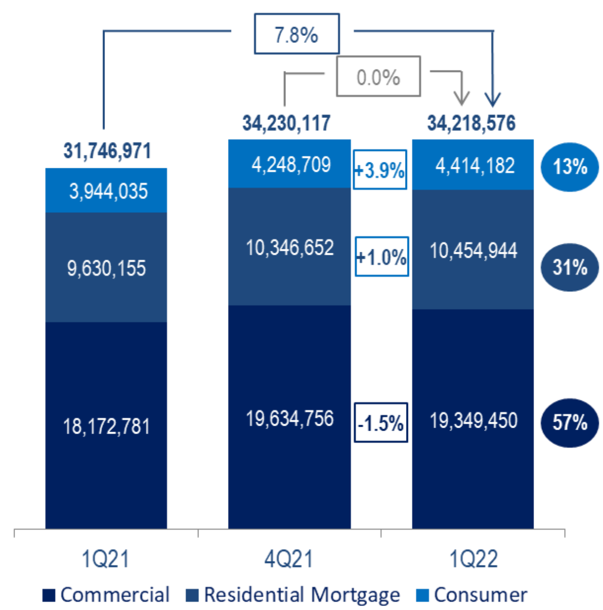
As of March 31, 2022 our loan portfolio totaled Ch$34,218,576 million, which was composed of: (i) retail banking loans amounting to Ch$21,555,874 million granted to individuals and SMEs concentrating a 63% share of total loans, and (ii) wholesale banking loans of Ch$12,662,703 million, which represented 37% of total loans.

Loans by Segment
(In Millions of Ch$ and %)



On an annual basis our total loans denoted a 7.8% growth from the Ch$31,746,971 million recorded in Mar-21. This increase was explained by increments of 6.5%, 8.6% and 11.9% in commercial, residential mortgage and consumer loans, respectively. Commercial loans increased from Ch$18,172,781 million in Mar-21 to Ch$19,349,450 million in Mar-22, are evidencing the effects of the economic slowdown witnessed in the 1Q22 that has resulted in a decrease in capital expenditures by companies, given increased uncertainty on the local economic and political environment, which has translated into negative real growth in twelve months. Likewise, residential mortgage loans grew slightly above inflation, from Ch$9,630,155 million in Mar-21 to Ch$10,454,944 million in Mar-22, which is mainly explained by the sharp increase experienced by long-term interest rates and stricter credit granting requirements. In the case of consumer loans, this lending product has grown above inflation on an annual basis, from Ch$3,944,035 million in Mar-21 to Ch$4,414,182 million in Mar-22, which has been mostly related to the reactivation of these type of loans after a period of strong growth in household spending sustained by non-recurrent dynamics that replaced borrowing from banks. Instead of the findings unveiled by the Central Bank, we have grown more than the industry, based on renewed strategies that pursue to bolster the demand for consumer loans among our high credit quality customer base while promoting the use of our credit cards based on improved benefits.

Loan Portfolio Evolution
(In Millions of Ch$ and %)



On a quarterly basis, our total loan portfolio remained almost flat by recording a decrease of Ch$11,541 million from the Ch$34,230,117 million posted in Dec-21. This decline was primarily concentrated in commercial loans that slid 1.5% QoQ from Ch$19,634,756 million in Dec-21 to Ch$19,349,450 million in Mar-22, due to a decrease of 1.7% in the wholesale banking segment, as a result of specific short-term credits granted in the 4Q21 and weakened demand, and a 1.2% reduction in loans to SMEs, given the end of the *Fogape-Reactiva* Program. The trend in commercial loans was, to some extent offset by a QoQ increase of 3.9% in consumer loans from Ch$4,248,709 million in Dec-21 to Ch$4,414,182 million in Mar-22, in line with our commercial efforts in pursuit of maintaining the momentum gained in this product in the 4Q21, as reflected by loan origination of Ch$483,093 million in the 1Q22, while taking advantage of excess of liquidity that appears to be decreasing. To a lesser extent, residential mortgage loans also grew 1.0% on a quarterly basis from Ch$10,346,652 in Dec-21 to Ch$10,454,944 million in Mar-22, which was primarily attributable to inflation, in line with lowered demand for this lending product given the higher long-term interest rates.

At a segment level, loans managed by the Retail Banking segment amounted Ch$21,555,874 million in Mar-22, which denoted a 12-month expansion of 7.2% when compared to the Ch$20,111,539 million recorded in Mar-21 and an increase of 0.9% in relation to the Ch$21,364,799 million recorded in Dec-21.

These trends were mainly the result of:

- Personal Banking loans increasing 8.8% on an annual basis from Ch$15,178,875 million in Mar-21 to Ch$16,512,142 million in Mar-22. On a quarterly basis, loans to individuals posted a 0.5% increase from the Ch$16,273,035 million reported in Dec-21. The annual increase was led by growths of 11.9% in consumer loans and 8.6% in residential mortgage loans. Whereas the former has relied on the reactivation of this lending product by the end of 2021 and particularly in Mar–22, given our dedicated commercial efforts through sophisticated value offerings and an abnormal liquidity that has begun to decrease among middle income segment individuals, the increase in residential mortgage loans had mainly to do with the effect of inflation on loan balances that has combined with constrained demand in a context characterized by high interest rates. When compared to Dec-21, residential mortgage loans have begun to display a significant slowdown by posting a 1.0% quarterly increased, once again mainly influenced by inflation (2.4% in the three-month period) and the other same factors mentioned for the annual change. Consumer loans, instead, have reaffirmed the momentum gained in the 4Q21 by posting a quarterly increase of 3.9% based on the initiatives we have deployed to satisfy our customers' needs and seasonality effects associated with first quarter spending patterns including holidays, tuition fees, taxes and other. This is aligned with Central Bank's findings revealing a slowdown in the demand for residential mortgage loans in light of stricter requirements, interest rates that have remained high and expectations on higher inflation. In the case of consumer loans, however, we have managed to deal with smoothing demand –as noted by the Central Bank, as a consequence of the economic slowdown and high interest rates that have discouraged borrowing– by reinforcing commercial strategies.
- Loans granted to SMEs reached Ch$5,043,732 million as of Mar-22, which represents an annual increase of 2.3% when compared to the Ch$4,932,664 million posted in Mar-21 and a decline of 0.9% in comparison with the Ch$5,091,761 million registered in Dec-21. The deceleration evidenced by this segment had mainly to do with: (i) the slowdown that is taking place in the economy as a whole as reflected by the evolution of the Monthly Economic Activity Index (IMACEC) in the 1Q22, and (ii) a comparison base effect associated with a period of strong growth in this segment that was primarily fostered by the deployment of the *Fogape Reactiva* program in 2021.

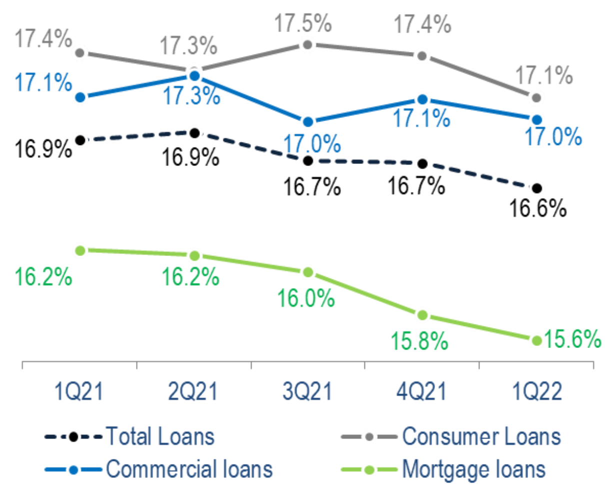
The loan portfolio managed by the wholesale banking segment amounted to Ch$12,662,703 million in Mar-22, which represented an 8.8% increase when compared to the Ch$11,635,432 million recorded in Mar-21, but instead a 1.6% decrease in relation to the Ch$12,865,318 million posted in Dec-21. The main underlying causes for these changes were:

- Loans managed by our Corporate units totalled Ch$7,529,653 million in Mar-22, which represents a 14.1% annual increase in relations to the Ch$6,596,465 million posted in Mar-21, which has been primarily fostered by loan growth among customers belonging to the concessions, natural resources and real estate industries, in light of specific projects retaken after the pandemic. On a quarterly basis, loans managed by these units went down by 2.4% from the Ch$7,716,216 million reached in Dec-21. This decrease had to do with: (i) the effect of the 8.0% Chilean peso appreciation against the US-dollar, affecting the translation of USD-denominated loans and trade finance loans, (ii) specific transactions carried out by our family offices unit in 2021, and (iii) the slowdown observed in the demand for loans in the 1Q22, owing to both the interest rate scenario and increased uncertainty related to the economic and political environment leading to postpone investment decisions, as revealed by the Central Bank.
- Loans to Middle Market companies that amounted to Ch$5,133,050 million in Mar-22, which denotes a 1.9% annual increase when compared to the Ch$5,038,967 million reached in Mar-21. However, on a quarterly basis, loans managed by this unit posted a slight decrease of 0.3% when compared to the Ch$5,149,102 million reached in Dec-21. Once again, the behavior shown by this segment had to do with: (i) the slowdown in overall economic activity in the 1Q22, as reflected by the IMACEC, which has reduced demand for credits, and (ii) a comparison base effect as this unit also benefited from *Fogape-Covid* and *Fogape-Reactiva* loans in 2021, which have begun to be gradually amortized.

Going forward, we expect that in 2022 loan growth real multiplier over GDP expansion will remain well below the long-term average.

For 2022, this would signify a change in market positioning, based on our view on specific lending product, such as residential mortgage loans, as we pursue to preserve a favorable risk return relationship. Thus, our aim is to maintain or gain market share in commercial and consumer loans while keeping our current market share in total loans.

Market Share in Loans[(1)(2)]
(% as of the end of each period)



(1) Excluding operations of subsidiaries abroad.
(2) Market share for 1Q22 based on the latest available information (Feb-22).

As of Feb22, we achieved a 16.6% market share in total loans, which compares to the 16.7% reached in Dec-21 and the 16.9% stake attained in Mar-21. On an annual basis, the decrease in overall market share was mainly caused lower market share in residential mortgage loans, which passed from 16.2% in Mar-21 to 15.6% in Feb-22. This market share is in line with our strategic goals for 2022 and our consistent focus on SMEs and consumer loans over other lending products.

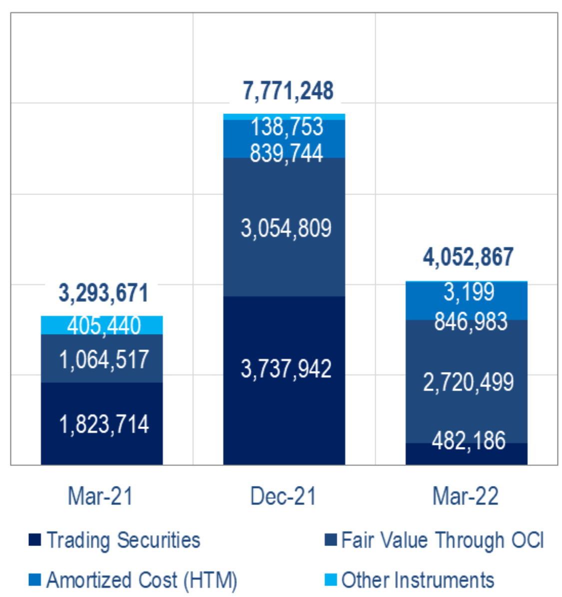
Securities Portfolio

Securities Portfolio by Type of Instrument
(In Millions of Ch$ and %)

As of March 31, 2022 our securities portfolio (including positions in mutual funds) amounted to Ch$4,052,867 million and was mainly composed of Central Bank's and Government's bonds, representing 78% of the total amount.

To a la lesser extent we hold bonds and time deposits issued by local banks that concentrate 22% of the exposure, while local corporate bonds and other financial instruments, such as mutual funds that represent less than 1%. As of March 31, 2022 we did not have any exposure to foreign issuers or offshore bonds issued by local companies or banks.

Securities Portfolio by Purpose
(In Millions of Ch$ and %)



As of Mar-22 our securities portfolio was primarily comprised of instruments measured at fair value through other comprehensive income or FVTOCI (67.1%) and instruments measured at amortized cost (20.9%). To a lesser extent, we also held trading securities (11.9%) and mutual funds and other instruments (0.1%), the latter mainly for liquidity management purposes.

The total balance of our securities portfolio as of Mar-22 represented a Ch$759,196 million increase when compared to Mar-21.

The annual increase when compared to Mar-21 was due to:

- An increase of Ch$1,655,982 million in FVTOCI securities, from Ch$1,064,517 million in Mar-21 to Ch$2,720,499 million in Mar-22, which was mainly the consequence of our aim to benefit from an attractive accrual owing to the prevailing environment of high interest rates and inflation. To a lesser extent, greater positions had also to do with our view on a more normalized scenario for interest rates in the future, as long as inflation expectations converge to the

Central Bank's target range. The increase in FVTOCI was largely focused on Central Bank's and Government's securities posting an increase of Ch$1,868,047 million, which was partly offset by lower positions in local banks´ deposits.

- Positions taken in Government's securities as part of our securities at amortized cost (formerly Held-to-Maturity portfolio) by Ch$846,983 million, a decision made by mid-2021 that mainly pursued to take advantage of higher accrual in an environment of increasing long-term interest rates and low cost of funds, as an alternative to lower growth perspectives for the loan portfolio.

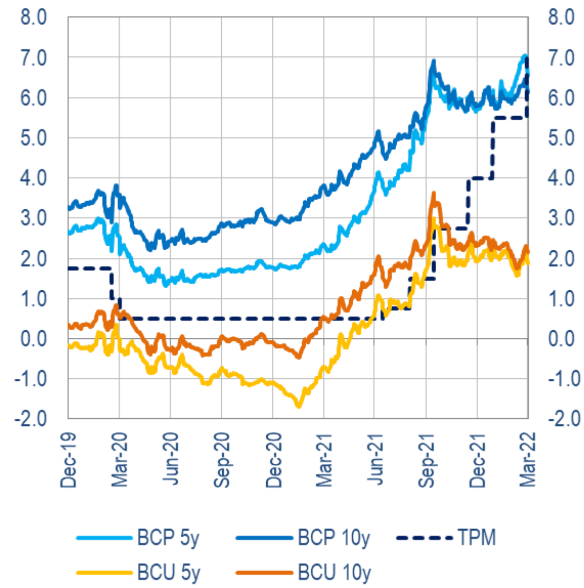
These factors were partly counterbalanced by reduced positions in trading securities by Ch$1,341,528 million, from Ch$1,823,714 million in Mar-21 to Ch$482,186 million in Mar-22, mainly due to lower exposures to Central Bank's short-term notes. This was to some extent explained by lower amounts of demand deposits held by our customers in Mar-22 when compared to Mar-21, which means lower requirements for "technical reserve" (equivalent to the excess of demand deposit balances over 2.5 times the regulatory capital as defined by Basel III) that we meet with Central Bank's notes. Although this is one of the underlying causes for the annual decrease in Central Bank's notes in Mar-22, it had also to do with market expectations on the increase in the monetary policy interest rate before Central Bank's meeting held in March 2022.

On a quarterly basis, our securities portfolio decreased by Ch$3,718,381 million from the Ch$7,771,248 million posted as of Dec-21. This reduction mostly relied on:

- A decrease of Ch$3,255,756 million in trading securities from Ch$3,737,942 million in Dec-21 to Ch$482,186 million in Mar-22, primarily caused by a decrease in demand deposits in Mar-22 in comparison with Dec-21 that resulted in lower "technical reserve" requirements, leading us to reduce exposures to Central Bank's notes and also due to the same effect associated with expected changes in the monetary policy interest rate mentioned earlier.
- Lower exposure to FVTOCI securities by Ch$334,310 million, from Ch$3,054,809 million in Dec-21 to Ch$2,720,499 million in Mar-22, primarily concentrated in Central Bank & Government's bonds, that was to some extent offset by greater positions in local banks' deposits.
- Lower positions in mutual funds by Ch$135,554 million, from Ch$138,753 million in Dec-21 to Ch$3,199 million in Mar-22, principally associated with changes in liquidity needs.

These factors were to some degree offset by an increase of Ch$7,239 million in instruments at amortized cost, explained by the effect of higher inflation on UF-denominated Central Bank's bonds.

Local Interest Rates
(Nominal and Real Rates in %)



Source: Risk America and Chilean Central Bank

Over the last months, interest short-term interest rates have continued to increase, which has come on the heels of the effort deployed by the Central Bank to control inflation. As such, the monetary policy interest rate has increased from 0.5% in Mar-21 to 4.0% in Dec-21 and to 7.0% in Mar-22. Unlike, after experiencing a significant increase in 2021 due to the long-term macroeconomic effects of pension fund withdrawals, nominal long-term interest rates have stabilized in levels of 6.0% to 7.0%, while real long-term interest rates have decreased at the beginning of 2022 driven by expectations on higher inflation.

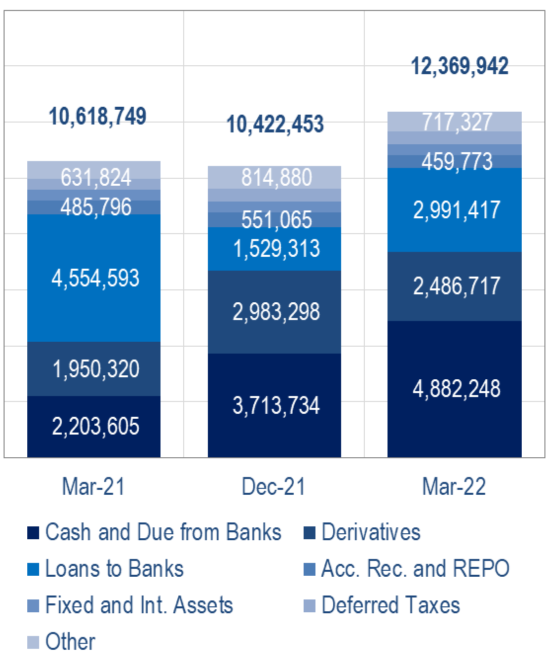
Within this environment, the yield curve has inverted in the last months, by turning the term spread into negative. Nonetheless, volatility is expected to characterize next quarters, based on political uncertainty and attempts promoting new pension fund withdrawals. We expect to benefit from volatility in the short-term in our trading portfolio. However, if long-term rates continue to increase, this could have an adverse effect on our investments measured at fair value through other comprehensive income.

Other Assets

The other assets increased from Ch$10,618,749 million in Mar-21 to Ch$12,369,942 million in Mar-22, which was mainly associated with: (i) an increase in cash and due from banks by Ch$2,678,643 million, which is basically the opposite of the evolution of trading securities held to meet "technical reserve" requirements as explained earlier, and (ii) derivatives increasing Ch$536,397 million on an annual basis, primarily given the sharp depreciation of 9.1% of the Chilean peso against the US-dollar between Mar-21 and Mar-22. These effects were to some extent offset by an annual decrease of Ch$1,563,176 million in loans to banks, which had mainly to do with lower deposits in the Central Bank for liquidity management purposes.

When compared to Dec-21, our other assets posted an increase of Ch$1,947,489 million, from Ch$10,422,453 million in Dec-21 to Ch$12,369,942 million in Mar-22. This evolution had mainly to do with a joint increase of Ch$2,630,618 million in month-end balances of loans to banks and cash and due from banks for liquidity management purposes as opposed to the decrease in Central Bank's notes held as trading securities. This effect was partly offset by lower balances of derivatives by Ch$496,581 million due to the Chilean peso appreciation of 8.0% against the US-dollar in the 1Q22.

Other Assets
(In Millions of Ch$)

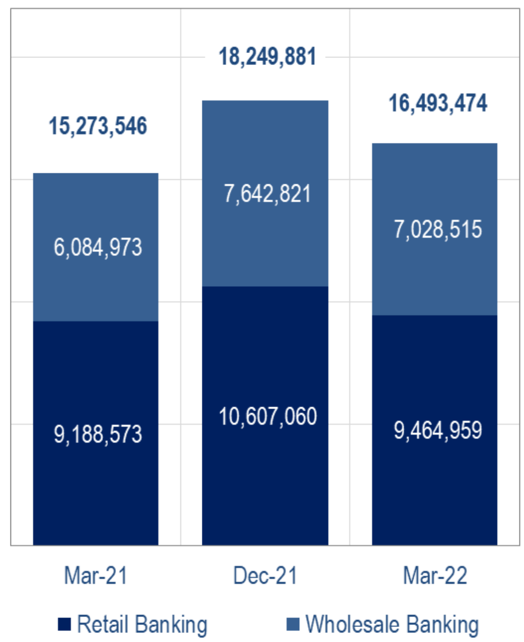


Current Accounts & Demand Deposits

After various quarters characterized by increasing demand deposits (DDA), this source of funding has begun to slowdown, in line with our expectations. In fact, although our DDA balances went up Ch$1,219,928 million or 8.0% on an annual basis from Ch$15,273,546 million in Mar-21 to Ch$16,493,474 million in Mar-22, DDA recorded a decrease of Ch$1,756,407 million on a quarterly basis from the Ch$18,249,881 million recorded in Dec-21, denoting a decline 9.6%.

This trend has been evidenced in both, the retail and the wholesale banking segment. When compared to Mar-21, retail banking and wholesale banking demand deposits increased by Ch$276,386 million or 3.0% and Ch$943,542 million or 15.5%, respectively, whereas on a quarterly basis retail banking segment DDA went down by Ch$1,142,101 million or 10.8% and the wholesale banking segment posted a quarterly decline of Ch$614,306 million or 8.0%

Total Demand Deposits
(In Millions of Ch$)

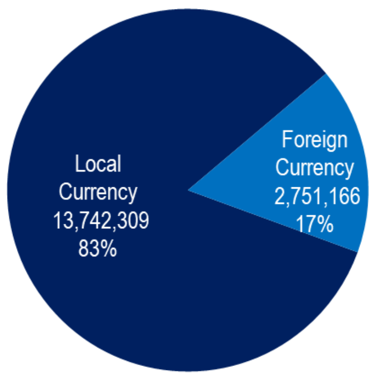


The main underlying factors that explain this behavior, were:

- The sharp increase in short-term interest rates following the path of the monetary policy rate that has risen from 0.5% in Jul-21 to 7.0% in Mar-22, as part of the monetary tightening cycle undertaken by the Central Bank in pursuit of controlling inflation, which has encouraged DDA holders to move to more profitable investment choices including time deposits and mutual funds.
- The recent increase in inflation, which has surpassed the upper boundary of the Central Bank's mid-term target range from 2.0% to 4.0%, and the expectation that it will remain at high levels over the next quarters, from which the cost of opportunity of holding savings in current accounts has substantially increased.
- A decrease in the excess of liquidity seen in the local economy over the last year, particularly among individuals, after three pension fund withdrawals that basically went to household consumption.

Notwithstanding the above, DDA continued to be our main funding source by representing 33.0% of our total assets as of March 31, 2022. Even though trends in DDA have changed the funding structure of the whole banking industry, in times of uncertainty –such as the pandemic– we continued to be the preferred bank to save DDA for our customers, particularly among personal banking holders. As of Feb-22 (latest available data) we maintained a market-leading position in total DDA by holding a 21.4% market share.

Total Demand Deposits by Currency
(In Millions of Ch$ and %, as of March 31, 2022)



Other trend we have seen in demand deposits is the increase in the share of foreign currency balances, which has passed from representing 12.8% in Mar-21 to 18.5% in Dec-21. Although this portion declined to 16.7% in Mar-22, foreign currency demand deposits are expected to behave above long-term shares of total DDA as long as uncertainty regarding the local economic and political environment lingers and, to a lesser extent, inflations stays above the Central Bank target range. Worth noting is this trend has been present in both the retail and the wholesale banking segment, where current accounts in foreign currency held by individuals have evolved from representing 2.4% of total DDA in Mar-21 to 3.2% in Dec-21 and Mar-22 while foreign currency current accounts held by wholesale customers have passed from representing 9.7% in Mar-21 to 14.3% in Dec-21 and to 12.6% in Mar-22.

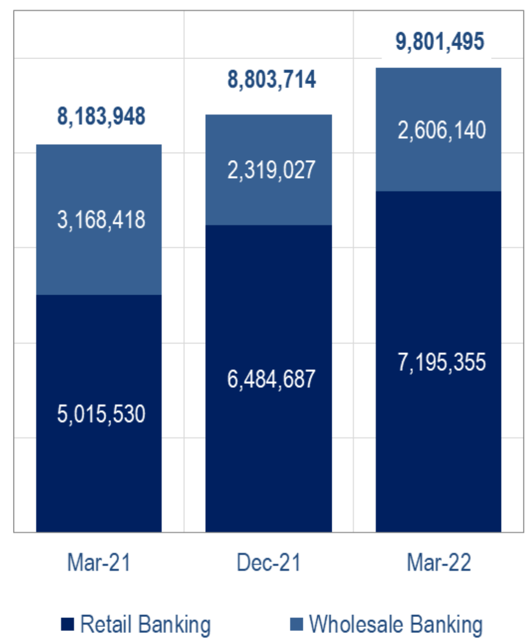
We expect trends observed in DDA to consolidate over the next quarters, based on which we forecast an annual decline of total balances in 2022 aligned with the trend expected for the industry. In other words, we foresee the relationship between DDA and total loans to decline from 48% in Mar-22 to around 28%, which is more aligned with a long-term average "reciprocity" ratio. Likewise, we cannot rule out that the portion of foreign currency DDA will continue to increase depending on the evolution of the economic and political landscape.

Time Deposits & Saving Accounts

Aligned with the trend evidenced by DDA, time deposits have retaken positive growth based on both higher short-term interest rates –based on the path followed by the monetary policy rate– and increased inflation, all modifying investors' preferences towards profitability rather than liquidity.

As such, time deposits balances increased from Ch$8,183,948 million in Mar-21 to Ch$8,803,714 million in Dec-21 and to Ch$9,801,495 million in Mar-22, representing an annual increment of 19.8% and a quarterly rise of 11.3%. Growth in time deposits has mostly been steered by the retail banking segment, in which total balances of time deposits have shown annual and quarterly increases of 43.5% and 11.0% from Ch$5,015,530 million in Mar-21 to Ch$6,484,687 million in Dec-21 and to Ch$7,195,355 million in Mar22. Certainly, time deposits have become the main tool for individuals to protect their savings from the impact of inflation.

Time Deposits by Segment
(In Millions of Ch$)



Unlike, wholesale banking customers, who managed their liquidity in a more professional way have reduced their time deposits balances from Ch$3,168,418 million in Mar-21 to Ch$2,606,140 million in Mar-22, which translated into an annual slide of 17.7%. Driven by currently negative real interest rates on short-term time deposits, wholesale customers have moved to riskier investments such as mutual funds or equity in search for higher profitability.

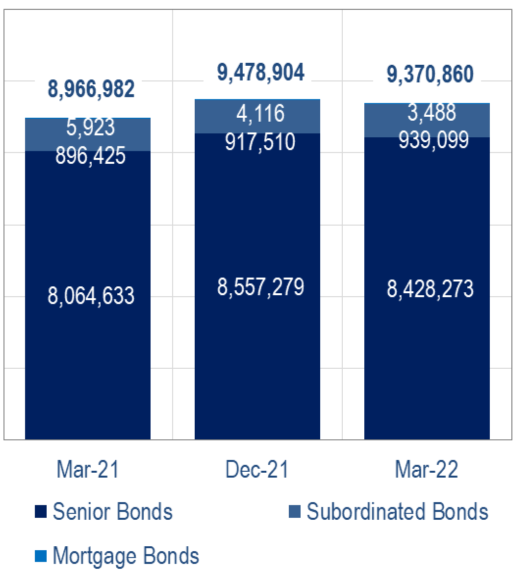
We expect the upward trend in time deposits and saving accounts to continue in the next quarters.

Long-Term Debt

Due to the expected evolution of DDA in a context of increasing interest rates that could affect the whole banking industry, we reactivated our long-term debt program by the end of 2021. Hence, our debt issued increased from Ch$8,966,982 million in Mar-21 to Ch$9,478,904 million in Dec-21 and to Ch$9,370,860 million in Mar-22, representing a 4.5% annual increase and an 1.1% quarterly decline.

These changes have been explained by placements amounting to Ch$473,538 million in Chile and Ch$736,341 million abroad between Mar-21 and Mar-22, which has been partly offset by scheduled bond amortizations. On a quarterly basis, the change in debt issued is mostly explained by the effect of an 8.0% appreciation of the Chilean peso against the US-dollar (and other currencies) in the 1Q22, affecting the translation of foreign currency bonds.

Debt Issued
(In Millions of Ch$)



In the 1Q22 we continued to take advantage of market opportunities by issuing:

- Ch$195,628 million in UF-denominated bonds in the local market with tenors between 14 and 19 years.
- Ch$51,670 million in foreign countries with tenor of 20 years.

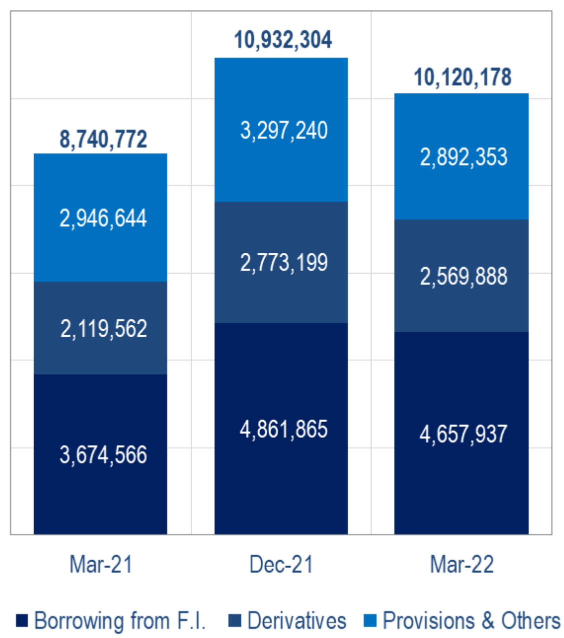
We expect to continue issuing long-term debt in both UF and foreign currency swapped to UF in order to manage both our term gaps with respect to assets but also our net asset UF gap based on the forecasts and our risk appetite for inflation.

Other Liabilities

As of Mar-22 other liabilities amounted to Ch$10,120,178 million, which represents an annual increase of Ch$1,379,406 million or 15.8% when compared to the Ch$8,740,772 million in Mar-21 and decrease of Ch$812,126 million or 2.4% in relation to the Ch$10,932,304 million in Dec-21.

The annual change has been primarily explained by borrowings from financial institutions, which passed from Ch$3,674,566 million in Mar-21 to Ch$4,657,937 million in Mar-22, based on further funds raised from the Central Bank as part of the Facility Program Conditional on Loan Origination (FCIC) by Ch$1,237,860 million in the 2Q21 after raising Ch$3,110,600 million in the 2Q20 under the same program. Derivatives also rose Ch$450,326 supported by a 9.1% annual depreciation of the Chilean peso.

Other Liabilities
(In Millions of Ch$)



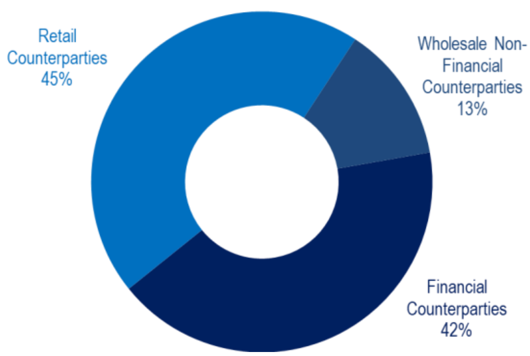
When compared to Dec-21 the decrease in other liabilities was supported by: (i) a decrease of Ch$404,887 million in provisions and others principally due to lower provisions for minimum dividends that were partly counterbalanced by higher additional provisions, (ii) the lower borrowings from foreign financial institutions by Ch$203,928 million, and (iii) a decrease of Ch$203,311 million in derivatives due to the 8.0% appreciation of the Chilean peso in the 1Q22.

Funding Concentration & Liquidity

From the concentration perspective, our liabilities structure continued to be balanced as reflected by a 45% share of retail counterparties, 42% share of financial counterparties and a 13% composed of wholesale non-financial counterparties.

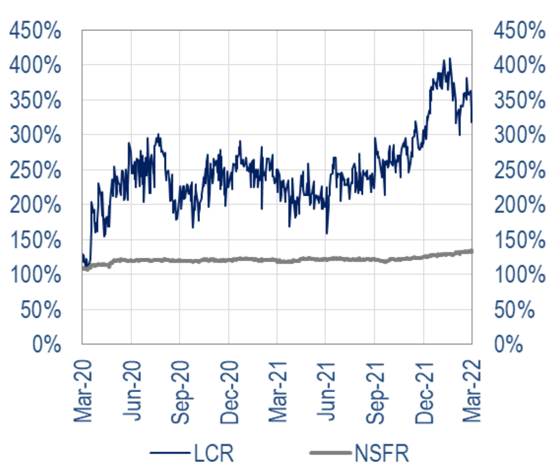
Given the recent trends in interest rates and as long as the excess of liquidity in the economy disappears, we expect this composition to change moderately. This should also be amplified by the effect of long-term debt placements in Chile and abroad, all leading to increased concentration of non-retail counterparties. The important thing is that two thirds of the financial counterparties are today explained by long-term bonds (18.1% of total liabilities) and borrowings from the Central Bank (9.2% of total liabilities).

Liability Concentration by Counterparty
(As percentage of Total Liabilities)



As for liquidity, we maintained a solid position as reflected by a Liquidity Coverage Ratio (LCR) and a Net Stable Funding Ratio (NSFR) averaging 358% and 130%, respectively in the 1Q22, well above the prevailing regulatory limits of 90% (for LCR only as of the date of this report).

Liquidity Ratios: LCR and NSFR
(In percentage as of each date, based on CMF C49 report)



Since the outbreak of COVID19, we have been very cautious in terms of liquidity, which led us to bolster our internal liquidity buffer that, in turn, resulted in an improved LCR. As of March 31, 2022 we maintain significant amounts of high quality liquid assets that enabled us to close the quarter with LCR a 318% and NSFR at 132%.

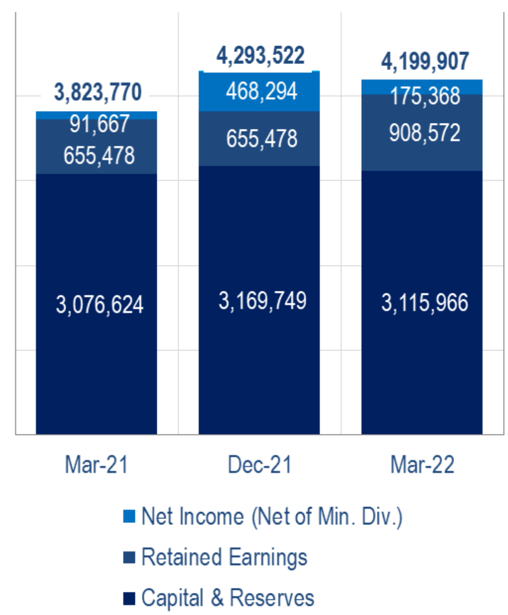
It is important to note the Central Bank has recently introduced changes to the treatment of the "technical reserve" arisen from DDA on the calculation of both the LCR and NSFR. Even though our LCR is expected to decrease due to this methodological change, we will suitably keep on complying with regulatory requirements by far. Likewise, the former phase-in process for LCR regulatory limits, which should be 90% for 2022 and 100% in 2023, was anticipated. Therefore, banks will have to comply with a 100% threshold starting June 2022 (90% until May 2022).

Furthermore, the new regulation established a new regulatory limit for the NSFR, which will be 60% starting June 2022 and will increase 10% per year reaching 100% in January 2026.

Equity Base & Capital Adequacy

Our equity base amounted to Ch$4,199,907 million in Mar-22, which represented a 9.8% or Ch$376,137 million annual increase when compared to Ch$3,823,770 million posted in Mar-21.

Equity Base – Banco de Chile
(In Millions of Ch$)



The annual change in equity relied on:

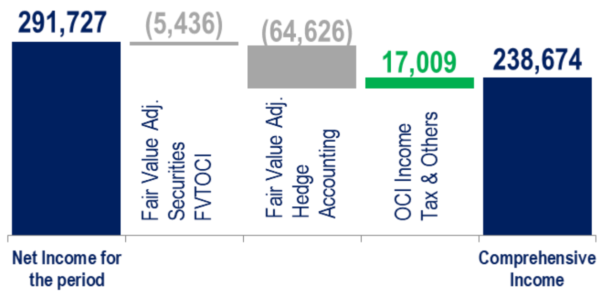
- Retention of Ch$253,094 million associated with the capitalization of the effect of inflation on our shareholders' equity for the year ended December 31, 2021.
- An annual increase of Ch$83,701 million in net income recorded in the 1Q22 when compared to the 1Q21, once deducted provisions for minimum dividends, based on pay-out ratio of 60% over net distributable income.
- An annual rise of Ch$29,400 million in equity accounts related to the marking-to-market of both financial instruments measured at fair value through OCI and derivatives held for cash flows hedge accounting. The previously discussed increase in local interest rates in 2021, and no major changes in foreign interest rates yet, have resulted in positive marking-to-market of cash flow hedge accounting derivatives that passed from a negative result of Ch$50,704 million in Mar-21 to a positive result of Ch$34,130 million in Mar-22. This effect more than offset the impact of increasing interest rates on fixed-income securities that led marking-to-market of these instruments from a net gain of Ch$972 million in Mar-21 to a net loss of Ch$50,934 million in Mar-22.

On a quarterly basis, our equity recorded a moderate 2.2% or Ch$93,615 million decrease when compared to the Ch$4,293,522 million reached in Dec-21. This quarterly change was primarily the consequence of:

- The decision made by our shareholders –in the annual ordinary meeting held on March 17, 2022– of distributing 100% of the net distributable earnings generated in 2021, once deducted the effect of inflation on our shareholders' equity, instead of the 60% provisioned during 2021 for that purpose. This translated into Ch$539,097 million paid in dividends in Mar-22 and, therefore, lower retained earnings by Ch$215,200 million, based on actual dividends that were above the amount provisioned as of Dec-21.
- A decrease of Ch$53,053 million in equity accounts related to the marking-to-market of both FVTOCI instruments and derivatives held for cash flows hedge accounting, mainly due to a decrease in the marking-to-market of derivatives, as a result of a decrease in UF-denominated long-term interest rates, driven by expectations on higher inflation, amounting to Ch$47,177 million and, to a lesser extent, negative fair value adjustment of FVTOCI peso denominated instruments.

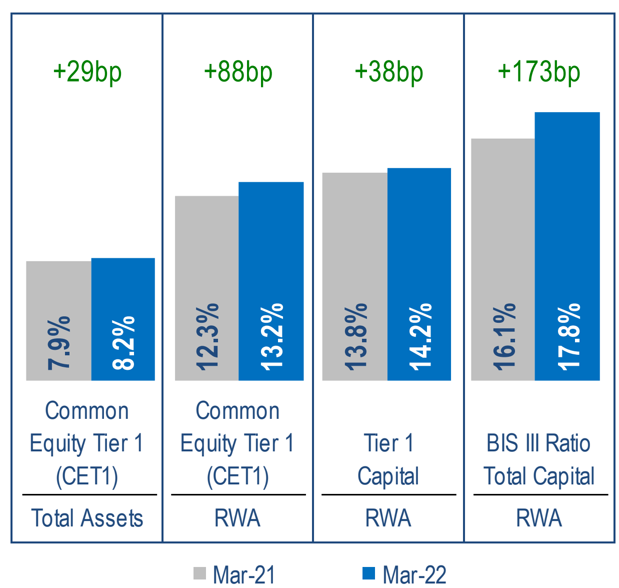
The above effects were to some extent offset by the net income earned in the 1Q22, once deducted provisions for minimum dividends, amounting to Ch$175,378 million.

Comprehensive Income Breakdown
(In Millions of Ch$ as of Mar-22)



In regards to the Other Comprehensive Income, as of March 31, 2022 we accounted for a negative fair value adjustment of Ch$53,053 million, which was mostly due to both: (i) a negative fair value adjustment of Ch$64,626 million in cash flow hedge accounting derivatives, owing to the downward trend in UF-denominated interest rates during the first months of 2022 as recently discussed, based on the expectation of higher than normal inflation in the mid-term, (ii) a negative effect on the fair value of fixed-income securities measured at FVTOCI by Ch$5,436 million, and (iii) lower income tax on OCI and other effects by Ch$17,009 million.

BCH Capital Adequacy Ratios (1,2)
(As percentage as of each date)



(1) Figures for Mar–21 under Basel I (credit RWA only) and figures for Mar–22 under Basel III (credit, market and operational RWA).
(2) Tier1 ratio on a pro-forma basis for Mar–21.

As for capital adequacy, as of Mar-22 we continued to be the local bank, among major banks, with the most solid capital base as reflected by all capital adequacy ratios. As a matter of fact, our CET1 ratio was 13.2% in Mar-22, which coupled with a Total Capital ratio of 17.8% as of the same date.

These ratios signified annual increases of 88 bp. and 173 bp., respectively, when compared to Mar-21 and 19 bp. and 54 bp. improvements in comparison with Dec-21. Likewise, our leverage ratio was enhanced from 7.9% in Mar-21 to 8.0% in Dec-21 and to 8.2% in Mar-22.

Whereas CET1 ratio has bolstered on the grounds of both the capitalization of the effect of inflation on our shareholders' equity and the increase posted in net income, the Total Capital ratio has also been reinforced by additional allowances that passed from Ch360,252 million in Mar-21 to Ch$540,252 million in Dec-21 and Ch$610,252 million in Mar-22.

Based on these figures, as of March 31, 2022 we fully complied with regulatory limits of 3.0% for the leverage ratio, 6.625% for the CET1 ratio, 8.125% for the Tier1 ratio and 10.125% for the Total Capital ratio.

It is worth noting that on March 30, 2022 we received notification from the CMF about the systemic buffer related to our characteristic of domestic systemically-important bank, which was defined at 1.25%. This buffer will be introduced at an annual rate of 25% starting December 1, 2022, which will combine with the withdraw of former buffer of 2.0% imposed on us under Basel I, which started to be reduced at a 25% rate starting December 1, 2021. The newer buffer is completely in line with our expectations and, therefore, it does not generate any change in our view regarding capital adequacy.

Consolidated Statement of Income

Chilean GAAP- In millions of Chilean pesos (MCh$) and US dollars (MUS$)

	Quarters				Year Ended			
	1Q21 MCh$	1Q22 MCh$	1Q22 MUS$	% Change 1Q22/1Q21	Mar-21 MCh$	Mar-22 MCh$	Mar-22 MUS$	% Change Mar-22/Mar-21
Interest revenue	321,170	449,518	573.1	40.0 %	321,170	449,518	573.1	40.0 %
Interest expense	(58,789)	(143,303)	(182.7)	143.8 %	(58,789)	(143,303)	(182.7)	143.8 %
Net Interest Income	**262,381**	**306,215**	**390.4**	**16.7 %**	**262,381**	**306,215**	**390.4**	**16.7 %**
Indexation revenue from UF	162,960	386,218	492.4	137.0 %	162,960	386,218	492.4	137.0 %
Indexation expenses from UF	(94,098)	(199,064)	(253.8)	111.5 %	(94,098)	(199,064)	(253.8)	111.5 %
Net Income from UF Indexation	**68,862**	**187,154**	**238.6**	**171.8 %**	**68,862**	**187,154**	**238.6**	**171.8 %**
Income from fees and commissions	140,118	160,709	204.9	14.7 %	140,118	160,709	204.9	14.7 %
Expenses from fees and commissions	(28,986)	(30,469)	(38.8)	5.1 %	(28,986)	(30,469)	(38.8)	5.1 %
Net Fee Income	**111,132**	**130,240**	**166.1**	**17.2 %**	**111,132**	**130,240**	**166.1**	**17.2 %**
Results from Assets/Liabilities held for Trading	**1,122**	**27,371**	**34.9**	**2,339.5 %**	**1,122**	**27,371**	**34.9**	**2,339.5 %**
Results from FVTOCI Assets and Asset/Liabilties at Amortized Cost	**3,803**	**508**	**0.6**	**(86.6) %**	**3,803**	**508**	**0.6**	**(86.6) %**
Results form Foreign Exchange Transactions	**25,273**	**28,100**	**35.8**	**11.2 %**	**25,273**	**28,100**	**35.8**	**11.2 %**
Financial Results	**30,198**	**55,979**	**71.4**	**85.4 %**	**30,198**	**55,979**	**71.4**	**85.4 %**
Income attributable to affiliates	**(657)**	**1,534**	**2.0**	**-**	**(657)**	**1,534**	**2.0**	**-**
Income from Non-Current Assets Held for Sale	**1,580**	**977**	**1.2**	**(38.2) %**	**1,580**	**977**	**1.2**	**(38.2) %**
Other operating income	**3,970**	**3,086**	**3.9**	**(22.3) %**	**3,970**	**3,086**	**3.9**	**(22.3) %**
Total Operating Revenues	**477,466**	**685,185**	**873.6**	**43.5 %**	**477,466**	**685,185**	**874**	**43.5 %**
Personnel expenses	(113,698)	(122,067)	(155.6)	7.4 %	(113,698)	(122,067)	(155.6)	7.4 %
Administrative expenses	(82,889)	(86,834)	(110.7)	4.8 %	(82,889)	(86,834)	(110.7)	4.8 %
Depreciation and amortization	(18,619)	(19,925)	(25.4)	7.0 %	(18,619)	(19,925)	(25.4)	7.0 %
Impairments	421	98	0.1	(76.7) %	421	98	0.1	(76.7) %
Other operating expenses	(3,986)	(5,679)	(7.2)	42.5 %	(3,986)	(5,679)	(7.2)	42.5 %
Total Operating Expenses	**(218,771)**	**(234,407)**	**(298.9)**	**7.1 %**	**(218,771)**	**(234,407)**	**(298.9)**	**7.1 %**
Provisions for Loans at Amortized Cost	(31,425)	(43,055)	(54.9)	37.0 %	(31,425)	(43,055)	(54.9)	37.0 %
Special Provisions for Credit Risk	(38,785)	(69,784)	(89.0)	79.9 %	(38,785)	(69,784)	(89.0)	79.9 %
Recovery of written-off loans	14,743	13,641	17.4	(7.5) %	14,743	13,641	17.4	(7.5) %
Financial Assets Impairments	(724)	(206)	(0.3)	(71.5) %	(724)	(206)	(0.3)	(71.5) %
Expected Credit Losses (ECLs)	**(56,191)**	**(99,404)**	**(126.7)**	**76.9 %**	**(56,191)**	**(99,404)**	**(126.7)**	**76.9 %**
Operating Result	**202,504**	**351,374**	**448**	**73.5 %**	**202,504**	**351,374**	**448**	**73.5 %**
Income tax	(40,540)	(59,647)	(76.1)	47.1 %	(40,540)	(59,647)	(76.1)	47.1 %
Net Income for the Period	**161,964**	**291,727**	**372.0**	**80.1 %**	**161,964**	**291,727**	**372.0**	**80.1 %**
Non-Controlling interest	-	-	0.0	-	-	-	0.0	-
Net Income for the Period attributable to Equity Holders	**161,964**	**291,727**	**372.0**	**80.1 %**	**161,964**	**291,727**	**372.0**	**80.1 %**
Fair Value Adj. Securities FTVOCI	1,232	(5,436)	(6.9)	-	1,232	(5,436)	(6.9)	-
Failr Value Adj. Hedge Accounting	1,539	(64,626)	(82.4)	-	1,539	(64,626)	(82.4)	(4,299.2) %
Income Tax & Other effects	(557)	17,009	21.7	-	(557)	17,009	21.7	(3,153.7) %
Comprehensive Income	**164,178**	**238,674**	**304.3**	**45.4 %**	**164,178**	**238,674**	**304.3**	**45.4 %**

These results have been prepared in accordance with Chilean GAAP on an unaudited, consolidated basis.
All figures are expressed in nominal Chilean pesos (historical pesos), unless otherwise stated. All figures expressed in US dollars (except earnings per ADR) were converted using the exchange rate of Ch$ 784.3 per US$1.00 as of March 31, 2022. Earnings per ADR were calculated considering the nominal net income, the exchange rate and the number of shares outstanding at the end of each period.
Banco de Chile files its consolidated financial statements, together with those of its subsidiaries, with the Financial Market Commission, on a monthly basis. In addition, Banco de Chile files its quarterly financial statements (notes included) with the SEC in form 6K, simultaneously or previously to file this quarterly earnings report. Such documentation is equally available at Banco de Chile's website both in Spanish and English.

Consolidated Balance Sheet

Chilean GAAP- In millions of Chilean pesos (MCh$) and US dollars (MUS$)

ASSETS	Mar-21 MCh$	Dec-21 MCh$	Mar-22 MCh$	Mar-22 MUS$	% Change Mar-22/Mar-21	% Change Mar-22/Dec-21
Cash and due from banks	**2,203,605**	**3,713,734**	**4,882,248**	**6,225.0**	**121.6 %**	**31.5 %**
Transactions in the course of collection	**423,373**	**486,700**	**433,912**	**553.2**	**2.5 %**	**(10.8) %**
Financial Assets for Trading at Fair Value through P&L	**4,145,088**	**6,582,190**	**2,879,846**	**3,672**	**(30.5) %**	**(56.2) %**
Financial Assets at Fair Value Through OCI	**1,064,517**	**3,054,809**	**2,720,499**	**3,469**	**155.6 %**	**(10.9) %**
Derivative Intruments for Hedge Accounting	**34,386**	**277,803**	**92,256**	**96,208**	**168.3 %**	**(66.8) %**
Financial Asstes at Amortized Cost	**35,644,640**	**35,945,290**	**37,373,007**	**47,651**	**4.8 %**	**4.0 %**
Receivables from repurchase agreements and security borrowing	*62,423*	*64,365*	*25,861*	*33.0*	*(58.6) %*	*(59.8) %*
Debt Securities	*-*	*839,744*	*846,983*	*1,079.9*	*-*	*0.9 %*
Loans and advances to Banks	*4,554,593*	*1,529,313*	*2,991,417*	*3,814.1*	*(34.3) %*	*95.6 %*
Commercial loans	*18,172,781*	*19,634,756*	*19,349,450*	*24,671.0*	*6.5 %*	*(1.5) %*
Residential mortgage loans	*9,630,155*	*10,346,652*	*10,454,944*	*13,330.3*	*8.6 %*	*1.0 %*
Consumer loans	*3,944,035*	*4,248,709*	*4,414,182*	*5,628.2*	*11.9 %*	*3.9 %*
Allowances for loan losses	*(719,347)*	*(718,249)*	*(709,830)*	*(905.0)*	*(1.3) %*	*(1.2) %*
Investments in other companies	**48,973**	**52,757**	**54,359**	**69.3**	**11.0 %**	**3.0 %**
Intangible assets	**62,531**	**72,532**	**72,665**	**92.6**	**16.2 %**	**0.2 %**
Property and Equipment	**222,587**	**222,320**	**217,760**	**277.6**	**(2.2) %**	**(2.1) %**
Leased assets	**118,042**	**100,188**	**96,046**	**122.5**	**(18.6) %**	**(4.1) %**
Current tax assets	**37,132**	**846**	**956**	**1.2**	**(97.4) %**	**13.0 %**
Deferred tax assets	**352,319**	**434,277**	**445,033**	**567.4**	**26.3 %**	**2.5 %**
Others	**631,824**	**814,880**	**717,327**	**914.6**	**13.5 %**	**(12.0) %**
Total Assets	**44,989,017**	**51,758,326**	**49,985,914**	**63,733.2**	**11.1 %**	**(3.4) %**

LIABILITIES & EQUITY	Mar-21 MCh$	Dec-21 MCh$	Mar-22 MCh$	Mar-22 MUS$	% Change Mar-22/Mar-21	% Change Mar-22/Dec-21
Liabilities						
Transactions in the course of payment	**731,625**	**369,980**	**433,362**	**552.5**	**(40.8) %**	**17.1 %**
Financial Liabilities for Trading at Fair Value through P&L	**2,036,690**	**2,782,113**	**2,522,584**	**3,216.4**	**23.9 %**	**(9.3) %**
Derivative Intruments for Hedge Accounting	**85,293**	**696**	**49,029**	**62.5**	**(42.5) %**	**6,944.4 %**
Financial Liabilities at Amortized Cost	**35,542,165**	**40,812,258**	**39,685,498**	**50,599.9**	**11.7 %**	**(2.8) %**
Current accounts and other demand deposits	*15,273,546*	*18,249,881*	*16,493,474*	*21,029.5*	*8.0 %*	*(9.6) %*
Saving accounts and time deposits	*8,183,948*	*8,803,714*	*9,801,495*	*12,497.1*	*19.8 %*	*11.3 %*
Payables from repurchase agreements and security lending	*101,756*	*85,399*	*99,268*	*126.6*	*(2.4) %*	*16.2 %*
Borrowings from financial institutions	*3,674,566*	*4,861,865*	*4,657,937*	*5,939.0*	*26.8 %*	*(4.2) %*
Debt Issued	*8,070,556*	*8,561,395*	*8,431,761*	*10,750.7*	*4.5 %*	*(1.5) %*
Other financial obligations	*237,793*	*250,004*	*201,563*	*257.0*	*(15.2) %*	*(19.4) %*
Lease liabilities	**114,059**	**95,670**	**91,311**	**116.4**	**(19.9) %**	**(4.6) %**
Instruments Issued for Regulatory Capital	**896,425**	**917,510**	**939,099**	**1,197.4**	**4.8 %**	**2.4 %**
Provisions	**626,074**	**1,069,329**	**899,161**	**1,146.5**	**43.6 %**	**(15.9) %**
Current tax liabilities	**189**	**113,129**	**106,257**	**135.5**	**56,120.6 %**	**(6.1) %**
Deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Other liabilities	**1,132,727**	**1,304,119**	**1,059,706**	**1,351.1**	**(6.4) %**	**(18.7) %**
Total liabilities	**41,165,247**	**47,464,804**	**45,786,007**	**58,378.2**	**11.2 %**	**(3.5) %**
Equity of the Bank's owners						
Capital	2,420,538	2,420,537	2,420,538	3,086.2	0.0 %	0.0 %
Reserves	699,800	710,473	709,742	904.9	1.4 %	(0.1) %
Other comprehensive income	(43,714)	38,739	(14,314)	(18.3)	(67.3) %	(136.9) %
Retained earnings from previous periods	655,478	655,478	908,572	1,158.4	38.6 %	38.6 %
Income for the period	161,964	792,191	291,727	372.0	80.1 %	(63.2) %
Provisions for minimum dividends	(70,297)	(323,897)	(116,359)	(148.4)	65.5 %	(64.1) %
Non-Controlling Interest	1	1	1	0	0.0 %	0.0 %
Total equity	**3,823,770**	**4,293,522**	**4,199,907**	**5,355.0**	**9.8 %**	**(2.2) %**
Total Liabilities & Equity	**44,989,017**	**51,758,326**	**49,985,914**	**63,733.2**	**11.1 %**	**(3.4) %**

These results have been prepared in accordance with Chilean GAAP on an unaudited, consolidated basis.
All figures are expressed in nominal Chilean pesos (historical pesos), unless otherwise stated. All figures expressed in US dollars (except earnings per ADR) were converted using the exchange rate of Ch$ 784.3 per US$1.00 as of March 31, 2022. Earnings per ADR were calculated considering the nominal net income, the exchange rate and the number of shares outstanding at the end of each period.
Banco de Chile files its consolidated financial statements, together with those of its subsidiaries, with the Financial Market Commission, on a monthly basis. In addition, Banco de Chile files its quarterly financial statements (notes included) with the SEC in form 6K, simultaneously or previously to file this quarterly earnings report. Such documentation is equally available at Banco de Chile's website both in Spanish and English.

Selected Financial Information

Chilean GAAP- In millions of Chilean pesos (MCh$) and US dollars (MUS$)

Key Performance Ratios	Quarter		Year Ended	
	1Q21	1Q22	Mar-21	Mar-22
Earnings per Share (1) (2)				
Net income per Share (Ch$)	1.60	2.89	1.60	2.89
Net income per ADS (Ch$)	320.67	577.58	320.67	577.58
Net income per ADS (US$)	0.45	0.74	0.45	0.74
Book value per Share (Ch$)	37.85	41.58	37.85	41.58
Shares outstanding (Millions)	101,017	101,017	101,017	101,017
Profitability Ratios (3) (4)				
Net Interest Margin	3.40%	4.91%	3.40%	4.91%
Net Financial Margin	3.68%	5.10%	3.68%	5.10%
Fees & Comm. / Avg. Interest Earnings Assets	1.13%	1.21%	1.13%	1.21%
Operating Revs. / Avg. Interest Earnings Assets	4.87%	6.35%	4.87%	6.35%
Return on Average Total Assets	1.44%	2.31%	1.44%	2.31%
Return on Average Equity	17.20%	27.08%	17.20%	27.08%
Capital Ratios (6) (7)				
Common Equity Tier 1 (CET1) / Total Assets	7.91%	8.20%	7.91%	8.20%
Common Equity Tier 1 (CET1) / Risk Weighted Assets (RWA)	12.28%	13.16%	12.28%	13.16%
Tier1 Capital / Risk Weighted Assets (RWA)	13.78%	14.16%	13.78%	14.16%
Total Capital / Risk Weighted Assets (RWA)	16.11%	17.84%	16.11%	17.84%
Credit Quality Ratios				
Total Past Due / Total Loans to Customers	0.96%	0.88%	0.96%	0.88%
Allowance for Loan Losses / Total Past Due	235.97%	236.35%	235.97%	236.35%
Total Allowance for Loan Losses / Total Past Due (5)	354.14%	439.55%	354.14%	439.55%
Impaired Loans / Total Loans to Customers	3.47%	2.61%	3.47%	2.61%
Loan Loss Allowances / Impaired Loans	65.39%	79.62%	65.39%	79.62%
Loan Loss Allowances / Total Loans to Customers	2.27%	2.07%	2.27%	2.07%
Loan Loss Provisions / Avg. Loans to Customers (4)	0.72%	1.17%	0.72%	1.17%
Operating and Productivity Ratios				
Operating Expenses / Operating Revenues	45.82%	34.21%	45.82%	34.21%
Operating Expenses / Average Total Assets (3) (4)	1.95%	1.86%	1.95%	1.86%
Balance Sheet Data (1) (3)				
Avg. Interest Earnings Assets (million Ch$)	39,237,869	43,093,633	39,237,869	43,093,633
Avg. Assets (million Ch$)	44,940,597	50,431,426	44,940,597	50,431,426
Avg. Equity (million Ch$)	3,767,562	4,309,186	3,767,562	4,309,186
Avg. Loans to Customers (million Ch$)	31,260,389	34,087,086	31,260,389	34,087,086
Avg. Interest Bearing Liabilities (million Ch$)	21,189,806	23,477,780	21,189,806	23,477,780
Risk-Weighted Assets (Million Ch$)	31,102,274	31,918,588	31,102,274	31,918,588
Additional Data				
Exchange rate (Ch$/US$) - EOP	719.00	784.30	719.00	784.30
Employees (#) - EOP	12,693	12,296	12,693	12,296
Branches (#) - EOP	312	272	312	272

Notes

(1) Figures are expressed in nominal Chilean pesos.
(2) Figures are calculated considering nominal net income, the shares outstanding and the exchange rate existing at the end of each period.
(3) Ratios consider daily average balances.
(4) Annualized data.
(5) Including additional allowances.
(6) Figures before Dec21 or the 4Q21 under Basel I (credit RWA only) and figures for Dec21 or after Dec21 under Basel III (credit, market and operational RWA).
(7) Tier1 on a proforma basis before Dec21 or the 4Q21.

These results have been prepared in accordance with Chilean GAAP on an unaudited, consolidated basis.
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Basis for Presentation

This financial report, which accompanies our quarterly financial statements, has been prepared as requested by the Chilean Financial Market Commission (CMF) in the Compendium of Accounting Standards for Banks while being elaborated in accordance with the IFRS Practice Statement 1 – Management Commentary as issued by the International Accounting Standards Board (IASB).

Forward - Looking Information

The information contained herein incorporates by reference statements which constitute ‘‘forward-looking statements,’’ in that they include statements regarding the intent, belief or current expectations of our directors and officers with respect to our future operating performance. Such statements include any forecasts, projections and descriptions of anticipated cost savings or other synergies. You should be aware that any such forward-looking statements are not guarantees of future performance and may involve risks and uncertainties, and that actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, without limitations, the actions of competitors, future global economic conditions, market conditions, foreign exchange rates, and operating and financial risks related to managing growth and integrating acquired businesses), many of which are beyond our control. The occurrence of any such factors not currently expected by us would significantly alter the results set forth in these statements.

Factors that could cause actual results to differ materially and adversely include, but are not limited to:

- changes in general economic, business or political or other conditions in Chile or changes in general economic or business conditions in Latin America;
- changes in capital markets in general that may affect policies or attitudes toward lending to Chile or Chilean companies;
- unexpected developments in certain existing litigation;
- increased costs;
- unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms;
- natural disasters or pandemics, such as the coronavirus known as COVID19;
- the effect of tax laws or other kind of regulation on our business;
- other risk factors as reported in our form 20F filed with the U.S. SEC.

Undue reliance should not be placed on such statements, which speak only as of the date that they were made. Our independent public accountants have not examined or compiled the forward-looking statements and, accordingly, do not provide any assurance with respect to such statements. These cautionary statements should be considered in connection with any written or oral forward-looking statements that we may issue in the future. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

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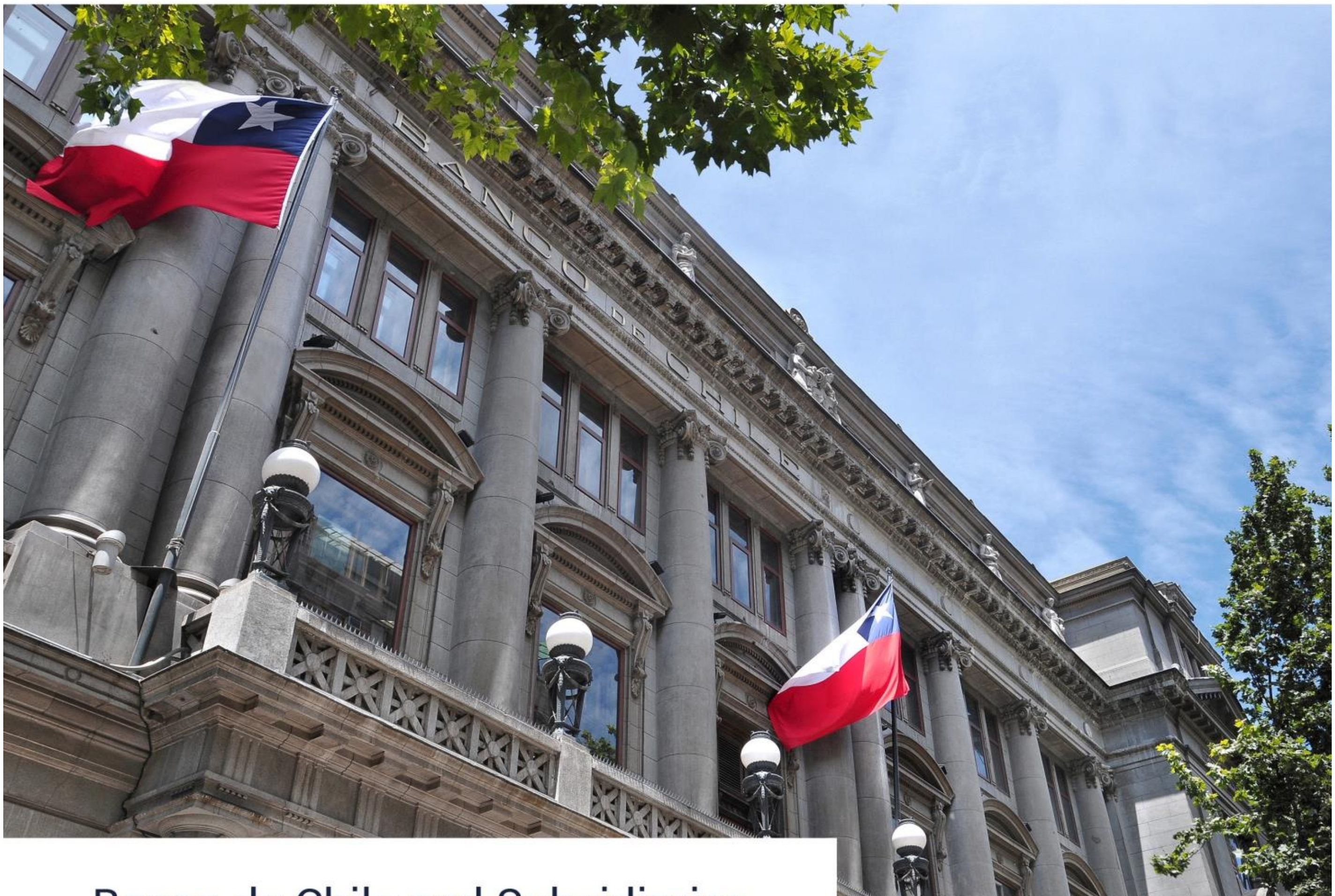
Banco de Chile
El banco de Chile



Banco de Chile and Subsidiaries

Interim Consolidated Financial Statements

For the periods ended as of March 31, 2022 and 2021
and December 31, 2021

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 (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
PEN	=	Peruvian sol
AUD	=	Australian dollar
NOK	=	Norwegian krone

IFRS	=	International Financial Reporting Standards
IAS	=	International Accounting Standards
RAN	=	Actualized Standards Compilation of the Chilean Commission for Financial Market ("CMF")
IFRIC	=	International Financial Reporting Interpretations Committee
SIC	=	Standards Interpretation Committee

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Banco de Chile

BANCO DE CHILE AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the periods ended March 31, 2022 and December 31, 2021
(Free translation of Interim Consolidated Financial Statements originally issued in Spanish)
(Expressed in million of Chilean pesos)

	Notes	March 2022 MCh$	December 2021 MCh$
ASSETS			
Cash and due from banks	7	4,882,248	3,713,734
Transactions in the course of collection	7	433,912	486,700
Financial assets held for trading at fair value through profit or loss			
Derivative financial instruments	8	2,394,461	2,705,496
Debt financial instruments	8	482,186	3,737,942
Others	8	3,199	138,753
Non-trading financial assets mandatorily measured at fair value through profit or loss	9	—	—
Financial assets at fair value through profit or loss	10	—	—
Financial assets at fair value through other comprehensive income			
Debt financial instruments	11	2,720,499	3,054,809
Others	11	—	—
Derivative financial instruments for hedging purposes	12	92,256	277,802
Financial assets at amortized cost			
Rights by resale agreements and securities lending	13	25,861	64,365
Debt financial instruments	13	846,983	839,744
Loans and advances to Banks	13	2,991,417	1,529,313
Loans to customers - Commercial loans	13	18,938,101	19,217,868
Loans to customers - Residential mortgage loans	13	10,426,250	10,315,921
Loans to customers - Consumer loans	13	4,144,395	3,978,079
Investments in other companies	14	54,359	52,757
Intangible assets	15	72,665	72,532
Property and equipment	16	217,760	222,320
Right-of-use assets	17	96,046	100,188
Current tax assets	18	956	846
Deferred tax assets	18	445,033	434,277
Other assets	19	697,666	795,461
Non-current assets and disposal groups held for sale	20	19,661	19,419
TOTAL ASSETS		**49,985,914**	**51,758,326**

Banco de Chile

BANCO DE CHILE AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the periods ended March 31, 2022 and December 31, 2021
(Free translation of Interim Consolidated Financial Statements originally issued in Spanish)
(Expressed in million of Chilean pesos)

	Notes	March 2022 MCh$	December 2021 MCh$
LIABILITIES			
Transactions in the course of payment	7	433,362	369,980
Financial liabilities held for trading at fair value through profit or loss			
Derivative financial instruments	21	2,520,859	2,772,503
Others	21	1,725	9,610
Financial liabilities designated as at fair value through profit or loss	10	—	—
Derivative Financial Instruments for hedging purposes	12	49,029	696
Financial liabilities at amortized cost			
Current accounts and other demand deposits	22	16,493,474	18,249,881
Saving accounts and time deposits	22	9,801,495	8,803,713
Obligations by repurchase agreements and securities lending	22	99,268	85,399
Borrowings from financial institutions	22	4,657,937	4,861,865
Debt financial instruments issued	22	8,431,761	8,561,395
Other financial obligations	22	201,563	250,005
Lease liabilities	17	91,311	95,670
Financial instruments of regulatory capital issued	23	939,099	917,510
Provisions for contingencies	24	113,213	143,858
Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued	25	116,359	323,897
Special provisions for credit risk	26	669,589	601,574
Currents tax liabilities	18	106,257	113,129
Deferred tax liabilities	18	—	—
Other liabilities	27	1,059,706	1,304,119
Liabilities included in disposal groups held for sale	20	—	—
TOTAL LIABILITIES		**45,786,007**	**47,464,804**
EQUITY			
Capital	28	2,420,538	2,420,538
Reserves	28	709,742	710,472
Accumulated other comprehensive income			
Elements that are not reclassified in profit and loss	28	2,517	2,469
Elements that can be reclassified in profit and loss	28	(16,831)	36,270
Retained earnings from previous periods	28	908,572	655,478
Income for the period	28	291,727	792,191
Less: Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued	28	(116,359)	(323,897)
Shareholders of the Bank	28	**4,199,906**	**4,293,521**
Non-controlling interests	28	**1**	**1**
TOTAL EQUITY		**4,199,907**	**4,293,522**
TOTAL LIABILITIES AND EQUITY		**49,985,914**	**51,758,326**

The accompanying notes 1 to 49 are an integral part of these interim consolidated financial statements

BANCO DE CHILE AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
for the period between January 1, and March, 31
(Free translation of Interim Consolidated Financial Statements originally issued in Spanish)
(Expressed in million of Chilean pesos

	Notes	March 2022 MCh$	March 2021 MCh$
Interest revenue	30	449,518	321,170
Interest expense	30	(143,303)	(58,789)
Net interest income		**306,215**	**262,381**
UF indexation revenue	31	386,218	162,960
UF indexation expenses	31	(199,064)	(94,098)
Net income from UF indexation		**187,154**	**68,862**
Income from commissions	32	160,709	140,118
Expenses from commissions	32	(30,469)	(28,986)
Net income from commissions		**130,240**	**111,132**
Financial income (expense) for:			
Financial assets and liabilities held for trading	33	27,371	1,122
Non-trading financial assets mandatorily measured at fair value through profit or loss	33	—	—
Financial assets and liabilities designated as at fair value through profit or loss	33	—	—
Result from derecognition of financial assets and liabilities at amortized cost and financial assets at fair value through other comprehensive income	33	508	3,803
Exchange, indexation and accounting hedging of foreign currency	33	28,100	25,273
Reclassification of financial assets for changes in the business model	33	—	—
Other financial result	33	—	—
Net Financial income (expense)	33	**55,979**	**30,198**
Income attributable to investments in other companies	34	1,534	(657)
Result from non-current assets and disposal groups held for sale not admissible as discontinued operations	35	977	1,580
Other operating income	36	3,086	3,970
TOTAL OPERATING INCOME		**685,185**	**477,466**
Expenses from salaries and employee benefits	37	(122,067)	(113,698)
Administrative expenses	38	(86,834)	(82,889)
Depreciation and amortization	39	(19,925)	(18,619)
Impairment of non-financial assets	40	98	421
Other operating expenses	36	(5,679)	(3,986)
TOTAL OPERATING EXPENSES		**(234,407)**	**(218,771)**
OPERATING RESULT BEFORE CREDIT LOSSES		**450,778**	**258,695**

Banco de Chile

BANCO DE CHILE AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
for the period between January 1, and March, 31
(Free translation of Interim Consolidated Financial Statements originally issued in Spanish)
(Expressed in million of Chilean pesos

	Notes	**March 2022 MCh$**	**March 2021 MCh$**
Credit loss expense for:			
Provisions for credit risk of loans and advances to banks and loans to customers	41	(43,055)	(31,425)
Special provisions for credit risk	41	(69,784)	(38,785)
Recovery of written-off credits	41	13,641	14,743
Impairments for credit risk from other financial assets at amortized cost and financial assets at fair value through other comprehensive income	41	(206)	(724)
Credit loss expense	41	**(99,404)**	**(56,191)**
NET OPERATING INCOME		**351,374**	**202,504**
Income from continuing operations before tax			
Income tax	18	(59,647)	(40,540)
Income from continuing operations after tax		**291,727**	**161,964**
Income from discontinued operations before tax			
Discontinued operations income tax	18	—	—
Income from discontinued operations after tax	42	—	—
NET INCOME FOR THE PERIOD	28	**291,727**	**161,964**
Attributable to:			
Shareholders of the Bank	28	291,727	161,964
Non-controlling interests		—	—
Earnings per share:		$	$
Basic earnings	28	2,89	1,60
Diluted earnings	28	2,89	1,60

BANCO DE CHILE AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF
OTHER COMPREHENSIVE INCOME
for the period between January 1, and March 31,
(Free translation of Interim Consolidated Financial Statements originally issued in Spanish)
(Expressed in million of Chilean pesos)

Banco de Chile

	Notes	March 2022 MCh$	March 2021 MCh$
NET INCOME FOR THE PERIOD	28	**291,727**	**161,964**
ITEMS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS			
Re-measurement of the liability (asset) for net defined benefits and actuarial results for other employee benefit plans	28	(8)	229
Fair value changes of equity instruments designated as at fair value through other comprehensive income	28	75	36
Fair value changes of financial liabilities designated as at fair value through profit or loss attributable to changes in the credit risk of the financial liability	28	—	—
Others	28	—	—
TOTAL ELEMENTS THAT WILL NOT BE RECLASSIFIED IN PROFIT OR LOSS		**67**	**265**
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS BEFORE TAX			
Income tax on other comprehensive income that will not be reclassified to profit or loss	18	(18)	(72)
TOTAL OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO INCOME AFTER TAXES	28	**49**	**193**
ELEMENTS THAT CAN BE RECLASSIFIED TO PROFIT OR LOSS			
Fair value changes of financial assets at fair value through other comprehensive income	28	(5,436)	1,232
Cash flow hedges	28	(64,626)	1,539
Participation in other comprehensive income of entities registered under the equity method	28	(7)	(2)
OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO INCOME BEFORE TAXES	28	**(70,069)**	**2,769**
Income tax on other comprehensive income that can be reclassified in profit or loss	28	16,967	(748)
TOTAL OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS AFTER TAX	28	**(53,102)**	**2,021**
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD	28	**(53,053)**	**2,214**
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	28	**238,674**	**164,178**
Attributable to:			
Shareholders of the Bank	28	238,674	164,178
Non-controlling interests	28	—	—

BANCO DE CHILE AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the period between January 1, 2021 and March 31, 2022 and 2021

(Free translation of Interim Consolidated Financial Statements originally issued in Spanish)
(Expressed in millions of Chilean pesos)

		Attributable to shareholders of the Bank						
		Capital	**Reserves**	**Accumulated other comprehensive income**	**Retained earnings from previous periods and income (loss) for the period**	**Total**	**Non-controlling interests**	**Total Equity**
	Note	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Closing balances as of December 31, 2020 before restatement as of January 1, 2021		2,418,833	703,206	(51,250)	655,478	3,726,267	1	3,726,268
Accounting Policies Changes Effects		1,705	(3,406)	5,321	—	3,620	—	3,620
Opening balances as of January 1, 2021		**2,420,538**	**699,800**	**(45,929)**	**655,478**	**3,729,887**	**1**	**3,729,888**
Common shares subscribed and paid	28	—	—	—	(220,271)	(220,271)	—	(220,271)
Payment of common stock dividends		—	—	—	220,271	220,271	—	220,271
Provision for payment of common stock dividends		—	—	—	(70,297)	(70,297)	—	(70,297)
Subtotal: transactions with owners during the year (period)		—	—	—	(70,297)	(70,297)	—	(70,297)
Income for the period 2021		—	—	—	161,964	161,964	—	161,964
Other comprehensive income for the period	28	—	—	2,214	—	2,214	—	2,214
Subtotal: Comprehensive income for the period		—	—	2,214	161,964	164,178	—	164,178
Closing balance as of 31.03.2021		**2,420,538**	**699,800**	**(43,715)**	**747,145**	**3,823,768**	**1**	**3,823,769**
Common shares subscribed and paid		—	—	—	—	—	—	—
Provision for payment of common stock dividends		—	—	—	(253,600)	(253,600)	—	(253,600)
Subtotal: transactions with owners during the period		—	—	—	(253,600)	(253,600)	—	(253,600)
Income for the period 2021		—	—	—	630,227	630,227	—	630,227
Other comprehensive income for the period		—	—	82,454	—	82,454	—	82,454
Subtotal: Comprehensive income for the period		—	—	82,454	630,227	712,681	—	712,681
Closing balances as of December 31, 2021 before restatement		**2,420,538**	**699,800**	**38,739**	**1,123,772**	**4,282,849**	**1**	**4,282,850**
Accounting Policies Changes Effects		—	**10,672**	—	—	**10,672**	**—**	**10,672**
Balances as of December 31, 2021		**2,420,538**	**710,472**	**38,739**	**1,123,772**	**4,293,521**	**1**	**4,293,522**
Closing balances as of December 31, 2021 before restatement as of January 1, 2022		2,418,833	703,604	(23,927)	1,124,503	4,223,013	1	4,223,014
Accounting Policies Changes Effects		1,705	6,138	62,666	—	70,509	—	70,509
Opening balance as of al 01.01.2022		2,420,538	709,742	38,739	1,124,503	4,293,522	1	4,293,523
Common stocks subscribed and paid	28	—	—	—	(539,828)	(539,828)	—	(539,828)
Dividend payment os common stocks		—	—	—	323,897	323,897	—	323,897
Provision for payment of common stock dividends	28	—	—	—	(116,359)	(116,359)	—	(116,359)
Subtotal: transactions with owners during the year (period)		—	—	—	(332,290)	(332,290)	—	(332,290)
Income for the period 2022		—	—	—	291,727	291,727	—	291,727
Other comprehensive income for the period		—	—	(53,053)	—	(53,053)	—	(53,053)
Subtotal: Comprehensive income for the period		—	—	(53,053)	291,727	238,674	—	238,674
Balances as of March 31, 2022		**2,420,538**	**709,742**	**(14,314)**	**1,083,940**	**4,199,906**	**1**	**4,199,907**

The accompanying notes 1 to 49 are an integral part of these interim consolidated financial statements

BANCO DE CHILE AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the periods between January 1 and March 31, 2022 and 2021

(Free translation of Consolidated Financial Statements originally issued in Spanish)
(Expressed in million of Chilean pesos)

	Notes	March 2022 MCh$	March 2021 MCh$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before taxes		351,374	202,504
Income tax		(59,647)	(40,540)
Profit for the period after taxes		291,727	161,964
Charges (credits) to income (loss) that do not represent cash flows			
Depreciation and amortization	39	19,925	18,619
Impairment of non-financial assets	40	(98)	(421)
Provisiones constituted by credit risk		43,808	34,271
Provisions for contingencies		(763)	(3,337)
Additional provisions	41	70,000	40,000
Fair value of debt financial instruments held for trading at fair value through in profit or loss		(4,140)	1,922
Change in deferred tax assets and liabilities	18	(11,256)	5,232
Net (income) loss from investments in companies with significant influence	14	(1,522)	668
Net (income) loss on sale of assets received in payments		(921)	(648)
Net (income) loss on sale of sale of fixed assets		(21)	(3)
Write-offs of assets received in payment		736	472
Other charges (credits) that do not represent cash flows		600,430	5,470
Net change in exchange rates, interest, readjustments and commissions accrued on assets and liabilities		11,851	1,600
Changes due to (increase) decrease in assets and liabilities affecting the operating flow:			
Net (increase) decrease in accounts receivable from banks		(1,461,944)	(1,615,282)
Net (increase) decrease in loans and accounts receivables from customers		258,504	(816,058)
Net (increase) decrease of debt financial instruments held for trading at fair value through profit or loss		107,496	128,074
Net (increase) decrease in other assets and liabilities		(543,312)	43,193
Increase (decrease) in deposits and other demand obligations		(1,754,648)	408,767
Increase (decrease) in repurchase agreements and securities loans		(78,235)	(175,531)
Increase (decrease) in deposits and other time deposits		979,781	(610,591)
Sale of assets received in lieu of payment		3,374	2,362
Increase (decrease) in obligations with foreign banks		(204,235)	4,833
Increase (decrease) in other financial obligations		(48,404)	71,280
Increase (decrease) in obligations with the Central Bank of Chile		(14)	—
Payment of other long-term loans		(34)	(68)
Net increase (decrease) of debt financial instruments at fair value through other comprehensive income		360,810	(6,803)
Net increase (decrease) of investment instruments held-to-maturity		3,174	—
Total net cash flows provided by (used in) operating activities		**(1,357,931)**	**(2,300,015)**
TOTAL NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Leasedhold improvements		(352)	(382)
Fixed assets purchase	16	(3,066)	(11,878)
Fixed assets sale		21	301
Acquisition of intangibles	15	(6,140)	(6,018)
Acquisition of investments in companies	14	—	—
Dividend received of investments in companies	34	12	11
Total net cash flows from (used in) investing activities		**(9,525)**	**(17,966)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Attributable to the interest of the owners :			
Redemption and payment of interest of letters of credit		(708)	(505)
Redemption and payment of interest on current bonds		(360,525)	(133,783)
Redemption and payment of interest on subordinated bonds		(7,534)	(7,056)
Current bonds issuance	22	247,298	415,543
Subordinated bonds issuance		—	—
Capital increase by issuance of common shares		—	—
Payment of common stock dividends	28	(539,828)	(220,271)
Principal and interest payments for obligations under lease contracts	17	(7,709)	(7,401)
Attributable to non-controlling interest:			
Dividend payment and/or withdrawals of paid-in capital in respect of the subsidiaries corresponding to the non-controlling interest		—	—
Total net cash flows from (used in) financing activities		**(669,006)**	**46,527**
VARIATION IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		**(2,036,462)**	**(2,271,454)**
Exchange variations effect		**(215,951)**	**14,337**
Opening balance of cash and cash equivalent	**7**	**7,288,827**	**6,088,462**
Final balance of cash and cash equivalent		**5,036,414**	**3,831,345**

Interest operating cash flow:	March 2022 MCh$	March 2021 MCh$
Interest and readjustments received	512,335	409,083
Interest and readjustments paid	(223,396)	(61,903)

The accompanying notes 1 to 49 are an integral part of these interim consolidated financial statements

Reconciliation of liabilities arising from financing activities:

			Changes other than Cash			
	31.12.2021 MCh$	Net Cash Flow MCh$	Acquisition / (Disposals) MCh$	Foreign currency MCh$	UF Movement MCh$	31.03.2022 MCh$
Letters of credit	4,116	(708)	—	—	80	3,488
Bonds	9,474,788	(120,761)	—	(204,891)	218,237	9,367,373
Dividends paid	—	(539,828)	—	—	—	(539,828)
Payments for lease agreements	95,670	(7,709)	986	—	2,362	91,309
Total liabilities from financing activities	9,574,574	(669,006)	986	(204,891)	220,679	8,922,342

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.

The Bank is a Corporation organized under the laws of the Republic of Chile, regulated by the Chilean Commission for the Financial Market (“CMF”). 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. 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 and financial advisory services.

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

2. Summary of Significant Accounting Principles:

(a) Legal Dispositions:

Decree Law No. 3,538 of 1980, according to the text replaced by the first article of Law No. 21,000 that “Creates the Commission for the Financial Market”, provides in numeral 6 of its article 5 that the Commission for the Market Financial (CMF) may "set the standards for the preparation and presentation of reports, balance sheets, statements of situation and other financial statements of the audited entities and determine the principles under which they must keep their accounting".

According to the current legal framework, banks must use the accounting principles provided by the CMF and in everything that is not dealt with by it or in contravention of its instructions, they must adhere to the generally accepted accounting principles, which correspond to the technical standards issued by the College of Accountants of Chile AG, coinciding with the International Financial Reporting Standards ("IFRS") agreed by the International Accounting Standards Board ("IASB"). If there are discrepancies between these accounting principles of general acceptance and the accounting criteria issued by the CMF, the latter shall prevail.

The notes to the Interim Consolidated Financial Statements contain additional information to that presented in the Consolidated Statement of Financial Position, in the Interim Consolidated Statement of Income, Interim Consolidated Statement of Other Comprehensive Income, Interim Consolidated Statement of Changes in Equity and Interim Consolidated Statement of Cash Flows. They provide narrative descriptions or disaggregation of such statements in a clear, relevant, reliable and comparable way.

(b) Basis of Consolidation:

The Interim Financial Statements of Banco de Chile as of March 31, 2022 and 2021 have been consolidated with its Chilean subsidiaries and foreign subsidiary, using the global integration method (line-by-line). They include preparation of individual financial statements of the Bank and companies that participate in the consolidation and it include adjustments and reclassifications necessary to homologue accounting policies and valuation criteria applied by the Bank. The Interim Consolidated Financial Statements have been prepared using the same accounting policies for similar transactions and other events, in equivalent circumstances.

Significant intercompany transactions and balances (assets and liabilities, equity, income, expenses and cash flows) originated in operations performed between the Bank and its subsidiaries and between subsidiaries have been eliminated in the consolidation process. The non-controlling interest corresponding to the participation percentage of third parties in subsidiaries, which the Bank does not own directly or indirectly, has been recognized and is shown separately in the consolidated shareholders’ equity of Banco de Chile.

2. Summary of Significant Accounting Principles, continued:

(b) Basis of Consolidation, continued:

(i) Controlled companies (Subsidiaries)

Interim Consolidated Financial Statements as of March 31, 2022 and 2021 incorporate Financial Statements of the Bank and the controlled companies (subsidiaries) in accordance with IFRS 10 "Consolidated Financial Statements". Control is obtained when the Bank has exposure or rights to variable returns and has the ability to affect those returns through power over an investee. Specifically the Bank have power over the investee when has existing rights that give it the ability to direct the relevant activities of the investee.

When the Bank has less than a majority of the voting rights of an investee, but these voting rights are enough to have the ability to direct the relevant activities unilaterally, then conclude the Bank has control. The Bank considers all factors and relevant circumstances to evaluate if their voting rights are enough to obtain the control, which it includes:

• The amount of voting rights that the Bank has, related to the amount of voting rights of the others stakeholders;

• Potential voting rights maintained by the Bank, other holders of voting rights or other parties;

• Rights emanated from other contractual arrangements;

• Any additional circumstance that indicate that the Bank have or have not the ability to manage the relevant activities when that decisions need to be taken, including behavior patterns of vote in previous shareholders meetings.

The Bank reevaluates if it has or has not the control over an investee when the circumstances indicates that exists changes in one or more elements of control listed above.

The entities controlled by the Bank and which form parts of the consolidation are detailed as follows:

				Interest Owned					
				Directa		Indirect		Total	
Rut	Entity	Country	Functional Currency	March 2022 %	December 2021 %	March 2022 %	December 2021 %	March 2022 %	December 2021 %
96,767,630-6	Banchile Administradora General de Fondos S.A.	Chile	$	99.98	99.98	0.02	0.02	100.00	100.00
96,543,250-7	Banchile Asesoría Financiera S.A.	Chile	$	99.96	99.96	—	—	99.96	99.96
77,191,070-K	Banchile Corredores de Seguros Ltda.	Chile	$	99.83	99.83	0.17	0.17	100.00	100.00
96,571,220-8	Banchile Corredores de Bolsa S.A.	Chile	$	99.70	99.70	0.30	0.30	100.00	100.00
96,932,010-K	Banchile Securitizadora S.A. en Liquidación (*)	Chile	$	99.01	99.01	0.99	0.99	100.00	100.00
96,645,790-2	Socofin S.A.	Chile	$	99.00	99.00	1.00	1.00	100.00	100.00

(*) Company in the process of early dissolution.

2. Summary of Significant Accounting Principles, continued:

(b) Basis of Consolidation, continued:

(ii) Investments in companies as a joint venture

Associates

An associate is an entity over which the Bank has significant influence on its operating and financial management policy decisions, without having control over the associate. Significant influence is generally presumed when the Bank holds between 20% and 50% of the voting rights. Other factors considered when determining whether the Bank has significant influence over another entity are the representation on the Board of Directors and the existence of material intercompany transactions. The existence of these factors could determine the existence of significant influence over an entity despite the Bank holding a participation of less than 20% of the entity's voting rights.

Investments in associates where exists significant influence, are accounted for using the equity method. In accordance with the equity method, the Bank's investments are initially recorded at cost, and subsequently increased or decreased to reflect the proportional participation of the Bank in the net income or loss of the associate and other movements recognized in its shareholders' equity. Goodwill arising from the acquisition of an associate is included in the net book value, net of any accumulated impairment loss.

Joint Ventures

Joint Ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

According to IFRS 11 "Joint Arrangements", an entity will determine the type of joint arrangement in which it is involved, and may classify the agreement as a "Joint operation" or a "Joint venture".

For investments defined as a "Joint Operation", the assets, liabilities, income and expenses are recognized by the participation in the joint operation.

Investments defined as a "Joint Venture" will be registered according to the equity method.

Investments in other companies that, for their characteristics, are defined as "Joint Ventures" are as follows:

- Artikos Chile S.A.
- Servipag Ltda.

2. Summary of Significant Accounting Principles, continued:

(b) Basis of Consolidation, continued:

(iii) Minority investments in other companies

On initial recognition, the Bank may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading and is not contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

(iv) Special purpose entities

According to current regulation, the Bank must be analyzing periodically its consolidation area, considering that the principal criteria are the control that the Bank has in an entity and not its percentage of equity participation.

As of March 31, 2022 and 2021, the Bank does not control and has not created any SPEs.

(v) Fund administration

The Bank and its subsidiaries manage and administer assets held in mutual funds and other investment products on behalf of investors, perceiving a paid according to the service provided and according to market conditions. Managed resources are owned by third parties and, therefore, not included in the Consolidated Statements of Financial Position.

According to established in IFRS 10, for consolidation purposes is necessary to assess the role of the Bank and its subsidiaries with respect to the funds they manage, must determine whether that role is Agent or Principal. This assessment should consider the following:

- The scope of their authority to make decisions about the investee.
- The rights held by third parties.
- The remuneration to which it is entitled in accordance with the remuneration arrangements.
- Exposure, decision maker, the variability of returns from other interests that keeps the investee.

The Bank and its subsidiaries manage on behalf and for the benefit of investors, acting in that relationship only as Agent. Under this category, and as provided in the aforementioned regulation, it does not control such funds when exercise its authority to make decisions. Therefore, as of March 31, 2022 and 2021 act as agent, and therefore do not consolidate any fund, no funds are part of the consolidation.

2. Summary of Significant Accounting Principles, continued:

(c) Non-controlling interest:

Non-controlling interest represents the share of losses, income and net assets of which, directly or indirectly, the Bank does not own. It is presented separately from the equity of the owners of the Bank in the Interim Consolidated Statements of Income and the Consolidated Statements of Financial Position.

(d) Use of Estimates and Judgment:

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

1. Impairment of debt instruments (Note No. 10 and No. 41)
2. Provision for credit risk (Notes No 13, No. 16 and No. 41);
3. Useful life of intangible assets, property and equipment and leased assets and lease liabilities (Notes No. 15, No. 16 and No. 17);
4. Income taxes and deferred taxes (Note No. 18);
5. Provisions (Note No. 24);
6. Contingencies and Commitments (Note No. 29);
7. Fair value of financial assets and liabilities (Note No. 44).

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

During the period ended March 31, 2022 there have been no significant changes in the estimates made.

(e) Financial Assets and Liabilities:

The classification, measurement and presentation of financial assets and liabilities has been carried out based on the standards issued by the CMF in the Compendium of Accounting Standards, considering the criteria described below.

Financial Assets:

Classification of financial assets:

On initial recognition, a financial asset is classified within the following categories: Financial assets held for trading at fair value through profit or loss; Financial assets not held for trading mandatorily valued at fair value through profit or loss; Financial assets designated as at fair value through profit or loss; Financial assets at fair value through other comprehensive income and Financial assets at amortized cost.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Classification of financial assets, continued:

The criteria for classifying financial assets, which incorporates the standards defined in IFRS 9, depends on the business model with which the entity manages the assets and the contractual characteristics of the cash flows, commonly known as "solely payments of principal and interest" (SPPI) criterion.

The valuation of these assets should reflect how the Bank manages groups of financial assets and does not depend on the intent for an individual instrument.

A financial assets should be valued at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

A debt financial instrument must be valued at fair value with changes in "Other comprehensive income" if the following two conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt financial instrument will be classified at fair value through profit or loss whenever, due to the business model or the characteristics of its contractual cash flows, it is not appropriate to classify it in any of the other categories described.

In general, equity financial instruments are valued at fair value through profit or loss.

However, the Bank may make an irrevocable election at initial recognition to present subsequent changes in fair value in "Other Comprehensive Income".

Financial assets will only be reclassified when the Bank decides to change the business model. In this case, all the financial assets of said business model will be reclassified. The change in the objective of the business model must be prior to the date of reclassification.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Valuation of financial assets:

Initial recognition:

Financial assets are initially recognized at fair value plus, in the case of a financial asset that is not carried at fair value through profit or loss, the transaction costs that are directly attributable to its purchase or issuance, using the Effective Interest Rate method (EIT). The calculation of the EIT includes all fees and other items paid or received that are part of the EIT. Transaction costs include incremental costs that are directly attributable to the acquisition or issuance of a financial asset.

Post measurement:

All variations in the value of financial assets due to the accrual of interest and items assimilated to interest are recorded in "Interest income" or "Interest expense" of the Consolidated Income Statement for the year in which the accrual occurred, except for trading derivatives that are not part of accounting hedges.

The changes in the valuations that occur after the initial registration for reasons other than those mentioned in the previous paragraph, are treated as described below, based on the categories in which the financial assets are classified.

Financial assets held for trading at fair value through profit or loss, Financial assets not held for trading mandatorily valued at fair value through profit or loss and Financial assets designated as at fair value through profit or loss:

In “Financial assets held for trading at fair value through profit or loss” will record financial assets whose business model aims to generate profits through purchases and sales or to generate results in the short term.

The financial assets recorded under " Financial assets not held for trading mandatorily valued at fair value through profit or loss" are assigned to a business model whose objective is achieved by obtaining contractual cash flows and/or selling financial assets but where the cash flows contracts have not met the conditions of the SPPI test.

In "Financial assets designated as at fair value through profit or loss" financial assets will be classified only when such designation eliminates or significantly reduces the inconsistency in the valuation or in the recognition that would arise from valuing or recognizing the assets on a different basis.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets held for trading at fair value through profit or loss, Financial assets not held for trading mandatorily valued at fair value through profit or loss and Financial assets designated as at fair value through profit or loss, continued:

The assets recorded in these items of the Consolidated Statement of Financial Position are valued after their acquisition at their fair value and changes in their value are recorded, at their net amount, under "Financial assets and liabilities held for trading", "Financial assets and liabilities financial assets not held for trading mandatorily valued at fair value through profit or loss" and "Financial assets and liabilities designated as at fair value through profit or loss" of the Consolidated Income Statement. Variations originated from exchange differences are recorded under “Foreign currency changes, UF indexation and accounting hedge” in the Consolidated Income Statement.

Financial assets at fair value through other comprehensive income

Debt financial instruments:

The assets recorded in this item of the Consolidated Statement of Financial Position are valued at their fair value, interest income and UF indexation of these instruments, as well as exchange differences and impairment arising, are recorded in the Consolidated Statement of Income, while subsequent variations in their valuation are temporarily recorded (for its amount net of taxes) in "Changes in the fair value of financial assets at fair value through other comprehensive income" of the Consolidated Statements of Other Comprehensive Income.

The amounts recorded in "Changes in the fair value of financial assets at fair value through other comprehensive income" continue to form part of the Bank's consolidated equity until the asset is derecognized in the consolidated balance. In the case of selling these assets, the result is recognized in "Financial result for derecognizing financial assets and liabilities at amortized cost and financial assets at fair value with changes in others comprehensive income" of the Consolidated Income Statement.

Net losses due to impairment of financial assets at fair value through other comprehensive income produced in the year are recorded in "Impairment due to credit risk of other financial assets at amortized cost and financial assets at fair value through other comprehensive income” of the Consolidated Income Statement of the period.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at fair value through other comprehensive income, continued:

Equity financial instruments:

At the time of initial recognition of investments in equity instruments, the Bank may make the irrevocable decision to present subsequent changes in fair value in other comprehensive income. Subsequent variations in this valuation will be recognized in "Changes in the fair value of equity instruments designated as at fair value through other comprehensive income". The dividends received from these investments are recorded in “Income from investments in companies” of the Consolidated Income Statement. These instruments are not subject to the impairment model of IFRS 9.

Financial assets at amortized cost:

The assets recorded in this item of the Consolidated Statement of Financial Position are valued after their acquisition at their "amortized cost", in accordance with the "effective interest rate" method.

The financial assets that are included in this item, for presentation purposes, in the Statement of Financial Position are subdivided according to the following:

- Investment under resale agreements and securities loans
- Debt financial instruments
- Due from banks
- Loans and accounts receivable from customers (Commercial, Mortgage and Consumer)

Losses due to impairment of assets at amortized cost generated in each year are recorded in "Provisions for credit risk and loans and accounts receivable from customers" and "Impairment due to credit risk of other financial assets at amortized cost and financial assets at fair value through other comprehensive income” of the Consolidated Income Statement.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Investment under resale agreements, obligations under repurchase agreements and securities loans:

Resale agreement operations are carried out as a form of investment. Under these agreements, financial instruments are purchased, which are included as assets in "Investment under resale agreements and securities loans", which are valued according to the interest rate of the agreement through the amortized cost method. In accordance with current regulations, the Bank does not record as its own portfolio those papers purchased under resale agreements.

Repurchase agreement operations are also carried out as a form of financing, which are included as liabilities in "Obligations for repurchase agreements and securities loans". In this regard, the investments that are sold subject to a repurchase obligation and that serve as collateral for the loan correspond to debt financial instruments. The obligation to repurchase the investment is classified in liabilities as "Obligations under repurchase agreements and securities loans" and is valued according to the interest rate of the agreement.

Debt financial instruments

Debt financial instruments at amortized cost are recorded at their cost value plus interest and accrued UF indexation, less provisions for impairment constituted when their recorded amount is greater than the estimated amount of recovery.

Interest and UF indexation of debt financial instrument at amortized cost are included in “Interest income and UF indexation”.

The investment instruments that are subject to accounting hedges are adjusted according to the accounting hedge rules as described in Note No. 2 letter (k).

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and Advances to Banks:

This item shows the balances of operations with local and abroad banks, including the Central Bank of Chile and foreign Central Banks. See detail in Note No. 13 (c) Financial Assets at Amortized Cost.

Loans and accounts receivable from customers:

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

(i) Valuation method

Loans and accounts receivable from customers are initially measured at cost plus incremental transaction costs and income, and subsequently measured at amortized cost, using the effective interest rate method minus, less any impairment loss, except when the Bank defined some loans as hedged items, measured at fair value through profit or loss as described in letter (k) of this note.

(ii) Lease contracts

Accounts receivable for leasing contracts, included under the caption "Loans to customers" correspond to periodic rent installments of contracts which meet the definition to be classified as financial leases and are presented at their nominal value net of unearned interest as of each year-end.

(iii) Factoring transactions

They are valued for the amounts disbursed by the Bank in exchange for invoices or other commercial instruments representative of credit, with or without responsibility of the grantor, received in discount. Price differences between the amounts disbursed and the nominal value of the credits are recorded in the result as interest income, through the effective interest method, during the financing period.

In those cases where the transfer of these instruments it was made without responsibility of the grantor, it is the Bank who assumes the insolvency risks of those required to pay.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(iv) Impairment of loans

The impaired loans include the following assets, according to Chapter B-1 of Accounting Standards Compendium of the CMF:

a) In case of debtors subject to individual assessment, includes credits from “Non-complying loans” those that must be classified in categories B3 and B4 of “Substandar loans”.
b) Debtors subject to assessment group evaluation, the impaired portfolio includes all credits of the “Non-complying loans”.

(v) Credit risk allowance

The Bank permanently evaluates the entire portfolio of loans and contingent loans, with the aim of establishing the necessary and sufficient provisions in a timely manner to cover the expected losses associated with the characteristics of the debtors and their credits, based on the payment and subsequent recovery.

Allowances are required to cover the risk of loan losses have been established in accordance with the instructions issued by the CMF. The loans are presented net of those allowances and, in the case of contingent loans are shown in liabilities under the item “Special provisions for credit risk”.

In accordance with what is stipulated by the CMF, models or methods are used based on an individual and group analysis of debtors, to establish allowance for loan losses. Said models, as well as modifications to their design and application, are approved by the Bank's Board of Directors.

(v.i) Allowance for individual evaluations:

An individual analysis of debtors is applied to companies that are of such significance with respect to size, complexity or level of exposure to the bank, that they must be analyzed in detail.

Likewise, the analysis of borrowers focuses on its credit quality related to the capacity and willingness to meet their credit obligations, through sufficient and reliable information, and should also be analyzed in terms of guarantees, terms, interest rates, currency and revaluation, etc.

For purposes of establish the allowances, the banks must assess the credit quality, then classify to one of three categories of loans portfolio: Normal, Substandard and Non-complying Loans, it must classify the debtors and their operations related to loans and contingent loans in the categories that apply.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(v.i) Allowance for individual evaluations, continued:

v.i.1 Normal Loans and Substandard Loans:

Normal loans: includes those debtors whose payment capacity allows them to meet their obligations and commitments, and according to the evaluation of their economic-financial situation no change in this condition are displayed. Loans classified in categories A1 through A6.

Substandard loans: includes all borrowers with insufficient payment capacity or significant deterioration of payment capacity that may be reasonably expected not to comply with all principal and interest payments obligations set forth in the credit agreement, showing a low flexibility to meet its financial obligations in the short term.

This category also includes all loans that have been non-performing for more than 30 days. Loans classified in this category are B1 through B4.

As a result of individual analysis of the debtors, the Bank must classify them in the following categories, assigning, subsequently, the percentage of probability of default and loss given default resulting in the following percentage of expected loss:

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

Allowances for Normal and Substandard Loans:

To determine the amount of allowances to be constitute for normal and substandard portfolio, previously should be estimated the exposure to subject to the allowances, which will be applied to respective expected loss (expressed in decimals), which consist of probability of default (PD) and loss given default (LGD) established for the category in which the debtor and/or guarantor belong, as appropriate.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(v.i) Allowance for individual evaluations, continued:

v.i.1 Normal Loans and Substandard Loans, continued:

The exposure affects to allowances applicable to loans plus contingent loans minus the amounts to be recovered by way of the foreclosure of financial or real guarantees of the operations. Loans mean the book value of credit of the respective debtor, while for contingent loans, the value resulting from to apply the indicated in No. 3 of Chapter B-3 of Banking Accounting Standards Compendium.

In the case of real guarantees, the Bank must demonstrate that the value assigned to this deduction reasonably reflects the value that it would obtain in the sale of the assets or capital instruments. Also, in qualified cases, the direct debtor's credit risk may be substituted for the credit quality of the guarantor. In no case may the guaranteed securities be discounted from the amount of the exposure, since this procedure is only applicable when it comes to financial or real guarantees.

For calculation purposes, the following must be considered:

Provision debtor = (ESA-GE) x (PDdebtor /100)x(LGDdebtor /100)+GE x(PDguarantor/100)x(LGDguarantor/100)

Where:
ESA = Exposure subject to allowances, (Loans + Contingent Loans) – Financial Guarantees
GE = Guaranteed exposure

However, the Bank must maintain a minimum provision level of 0.50% over normal portfolio and contingents loans.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(v.i) Allowance for individual evaluations, continued:

v.i.2 Non-complying Loans:

The non-complying portfolio includes the debtors and their credits for which their recovery is considered remote, as they show an impaired or no payment capacity. This category comprises all debtors who have stopped paying their creditors or with visible evidence that they will stop doing so, as well as those for which a forced restructuring of their debts is necessary, reducing the obligation or postponing the payment of the principal or interest and, in addition, any debtor that has 90 days overdue or more in the payment of interest or principal of any credit. This portfolio is composed of the debtors belonging to categories C1 to C6 of the rating scale and all credits, including 100% of the amount of contingent loans, held by those same debtors.

For purposes to establish the allowances on the non-complying loans, the Bank disposes the use of percentage of allowances to be applied on the amount of exposure, which corresponds to the amount of loans and contingent loans that maintain the same debtor. To apply that percentage, must be estimated a expected loss rate, less the amount of the exposure the recoveries by way of foreclosure of financial or real guarantees that to support the operation and, if there are available specific background, also must be deducting present value of recoveries obtainable exerting collection actions, net of expenses associated with them. This loss percentage must be categorized in one of the six levels defined by the range of expected actual losses by the Bank for all transactions of the same debtor.

These categories, their range of loss as estimated by the Bank and the percentages of allowance that must be applied on the amount of exposures, are listed in the following table:

Type of Loan	Classification	Expected loss	Allowance (%)
Non-complying loans	C1	Up to 3 %	2
	C2	More than 3% up to 20%	10
	C3	More than 20% up to 30%	25
	C4	More than 30 % up to 50%	40
	C5	More than 50% up to 80%	65
	C6	More than 80%	90

For calculation purposes, the following must be considered:

Expected loss = (TE – R) / TE
Allowance = TE x (AP/100)

Where:
TE = Total Exposure
R = Recoverable amount
AP = Allowance Percentage (based on the category in which the expected credit loss should be classified).

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(v.i) Allowance for individual evaluations, continued:

v.i.2 Non-complying Loans, continued:

All credits of the debtor must be kept in the Default Portfolio until there is a normalization of their ability or payment behavior, without prejudice to punishment of each particular credit that meets the condition indicated in Title II of Chapter B-2 of the Compendium of Accounting Standards. To remove a debtor from the Default Portfolio, once the circumstances that lead to classification in this portfolio according to these regulations have been overcome, at least the following copulative conditions must be met:

- No obligation of the debtor with the bank with more than 30 calendar days overdue.
- No new refinances granted to pay its obligations.
- At least one of the payments includes amortization of capital.
- If the debtor has a credit with partial payment periods less than six months, has already made two payments.
- If the debtor must pay monthly fees for one or more credits, has paid four consecutive dues.
- The debtor does not have direct debts unpaid in the CMF recast information, except in the case of insignificant amounts.

(v.ii) Allowances for group evaluations

Group evaluations are relevant for residential mortgage and consumer loan exposures, in addition to commercial exposures related to student loans and exposures with debtors that simultaneously meet the following conditions:

i) The Bank has an aggregate exposure to the same counterparty of less than 20,000 UF. The aggregate exposure should require gross provisions or other mitigators. In addition, for its computation, mortgage loans must be excluded. In the case of off-balance sheet items, the gross amount is calculated by applying the credit conversion factors, defined in chapter B-3 of the CNC.

ii) Each aggregate exposure to the same counterparty does not exceed 0.2% of the total commercial group portfolio. To avoid circular computation, the criterion will be checked only once.

For the remaining commercial credit exposures, the individual analysis model of the debtors must be applied.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(v.ii) Allowances for group evaluations, continued:

The determination of the type of analysis (group or individual) must be carried out at the global consolidated level, once a year, or after significant adjustments in the Bank's portfolio, such as mergers, acquisitions, purchases or significant portfolio sales.

To determine the allowances, the group evaluations require the formation of groups of loans with similar characteristics in terms of type of debtors and conditions agreed, to establish technically based estimates by prudential criteria and following both the payment behavior of the group that concerned as recoveries of defaulted loans and consequently provide the necessary provisions to cover the risk of the portfolio.

Banks may use two alternative methods for determining provisions for retail loans that are evaluated as a group.

Under first method, it will be used the experience to explain the payment behavior of each homogeneous group of debtors and recoveries through collateral and of collection process, when it correspond, with objective of to estimate directly a percentage of expected losses that will be apply to the amount of the loans of respective group.

Under second method, the banks will segment to debtors in homogeneous groups, according described above, associating to each group a determined probability of default and a percentage of recovery based in a historic analysis. The amount of provisions to register it will be obtained multiplied the total loans of respective group by the percentages of estimated default and of loss given the default.

In both methods, estimated loss must be related with type of portfolio and terms of operations.

The Bank to determine its provisions has opted for using second method.

In the case of consumer loans, collateral are not considered for the purpose of estimating the expected loss.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(v.ii) Allowances for group evaluations, continued:

The Bank must discriminate between provisions on the normal portfolio and on the portfolio in default, and those that protect the risks of contingent credits associated with those portfolios.

(v.ii.1) Standard method of provisions for group portfolio

The standard methodologies presented below establish the variables and parameters that determine the provision factor for each type of portfolio that the CMF has defined as representative, according to the common characteristics shared by the operations that comprise them.

- Residential mortgage portfolio

The provision factor applicable, represented by expected loss over the mortgage loans, it will depend to the past due of each credit and the relation, at the end of month, between outstanding capital and the value of the mortgage guarantees (CMG), according the following table:

Factor de provisión aplicable según morosidad y PVG						
		Past due days at the end-month				
CMG section	Concept	0	1-29	30-59	60-89	Non-Complying Loans
CMG ≤ 40%	PD (%)	1.0916	21.3407	46.0536	75.1614	100.0000
	LGD (%)	0.0225	0.0441	0.0482	0.0482	0.0537
	EAD (%)	0.0002	0.0094	0.0222	0.0362	0.0537
40% < CMG ≤ 80%	PD (%)	1.9158	27.4332	52.0824	78.9511	100.0000
	LGD (%)	2.1955	2.8233	2.9192	2.9192	3.0413
	EAD (%)	0.0421	0.7745	1.5204	2.3047	3.0413
80% < CMG ≤ 90%	PD (%)	2.5150	27.9300	52.5800	79.6952	100.0000
	LGD (%)	21.5527	21.6600	21.9200	22.1331	22.2310
	EAD (%)	0.5421	6.0496	11.5255	17.6390	22.2310
CMG > 90%	PD (%)	2.7400	28.4300	53.0800	80.3677	100.0000
	LGD (%)	27.2000	29.0300	29.5900	30.1558	30.2436
	EAD (%)	0.7453	8.2532	15.7064	24.2355	30.2436

Where:
PD : Probability of default
LGD : Loss given default
EAD : Exposure at default
CMG : Outstanding loan capital /Mortgage Guarantee value

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

- Commercial portfolio

To determine the allowances of the commercial portfolio, the Bank must consider the standard methods presented below, as applicable to commercial leasing operations or other types of commercial loans. Then, the applicable provision factor will be assigned considering the parameters defined for each method.

a) Commercial Leasing Operations

The provision factor must be applied to the current value of commercial leasing operations (including the purchase option) and will depend on the default of each operation, the type of leased asset and the relationship between the current value of each operation and the leased asset value (PVB) at each month-end, as indicated in the following tables:

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

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

The determination of the PVB relationship will be made considering the appraisal value expressed in UF for real estate and in Chilean pesos for non-real estate, recorded at the time of the respective loan granting, taking into account possible situations that may be causing temporary increases in the assets prices at that time.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

b) Generic commercial placements and factoring

In the case of factoring operations and other commercial placements, other than those indicated above, the provision factor, applicable to the amount of the placement and the exposure of the contingent loan risk (as indicated in paragraph 3 of Chapter B-3 of the CNC), will depend on the default of each operation and the relationship that exists at the end of each month, between the obligations that the debtor has with the bank and the value of the collateral that protect them (PTVG), as indicated in the following tables:

Probability of default (PD) applicable according to default and PTVG section (%)			
Days of default at the month-end	With collateral		Without collateral
	PTVG≤100%	PTVG>100%	
0	1.86	2.68	4.91
1-29	11.60	13.45	22.93
30-59	25.33	26.92	45.30
60-89	41.31	41.31	61.63
Portfolio in default	100.00	100.00	100.00

Loss given the default (LGD) applicable according to PTVG section (%)			
Collateral (with / without)	PTVG section	Generic commercial operations or factoring without the responsibility of the transferor	Factoring with the responsibility of the transferor
With collateral	PTVG ≤ 60%	5.0	3,2
	60% < PTVG≤ 75%	20.3	12,8
	75% < PTVG ≤ 90%	32.2	20,3
	90% < PTVG	43.0	27,1
Without collateral		56.9	35.9

The collaterals used for the purposes of calculating the PTVG relationship of this method may be specific or general, including those that are simultaneously specific and general. Collateral can only be considered if, according to the respective coverage clauses, it was constituted in the first degree of preference in favor of the Bank and only guarantees the debtor's credits with respect to which it is imputed (not shared with other debtors).

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

b) Generic commercial placements and factoring, continued:

The invoices assigned in the factoring operations will not be considered for purposes of calculating the PTVG. The excess of collateral associated with mortgage loans referred to in numeral 3.1.1 Residential mortgage portfolio in Chapter B-1 of CNC may be considered, computed as the difference between 80% of the property' commercial value, according to with the conditions set out in that framework, and the mortgage loan that guarantees.

For the calculation of the PTVG ratio, the following considerations must be taken:

i. Transactions with specific collaterals: when the debtor granted specific collateral for generic commercial loans and factoring, the PTVG ratio is calculated independently for each covered transaction, such as the division between the amount of the loans and the contingent loans exposure and the collateral's value of the covered product.

ii. Transactions with general collaterals: when the debtor granted general or general and specific collaterals, the Bank calculates the respective PTVG, jointly for all generic commercial loans and factoring and not contemplated in the preceding paragraph i), as the quotient between the sum of the amounts of the loans and exposures of contingent loans and the general, or general and specific collateral that, according to the scope of the remaining coverage clauses, safeguard the loans considered in the numerator aforementioned coverage ratio.

The amounts of the guarantees used in the PTVG ratio of numerals i) and ii), different from those associated with excess guarantees from mortgage loans to which the residential mortgage portfolio refers, must be determined according to:

- The last valuation of the collateral, be it appraisal or fair value, according to the type of real guarantee in question. For the determination of fair value, the criteria indicated in Chapter 7-12 (Fair Value of Financial Instruments) of the Actualized Standards Compilation should be considered.
- Possible situations that could be causing temporary increases in the values of the collaterals.
- Limitations on the amount of coverage established in their respective clauses.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(v.ii.2) Portfolio in default.

The portfolio in default includes all placements and 100% of the amount of the contingent loans, of the debtors that the closing of a month presents a delay equal to or greater than 90 days in the payment of the interest of the capital of any credit. It will also include debtors who are granted a credit to leave an operation that has more than 60 days of delay in their payment, as well as those debtors who were subject to forced restructuring or partial forgiveness of a debt.

They may exclude from the portfolio in default: a) mortgage loans for housing, which delinquent less than 90 days, unless the debtor has another loan of the same type with greater delinquency; and, b) credits for financing higher studies of Law No. 20,027, which do not yet present the non-compliance conditions indicated in Circular No. 3,454 of December 10, 2008.

All credits of the debtor must be kept in the Default Portfolio until there is a normalization of their ability or payment behavior, without prejudice to punishment of each particular credit that meets the condition indicated in Title II of Chapter B-2 of the Compendium of Accounting Standards. To remove a debtor from the Default Portfolio, once the circumstances that lead to classification in this portfolio according to the present rules have been overcome, at least the following copulative conditions must be met:

- No obligation of the debtor with the bank with more than 30 calendar days overdue.
- No new refinances granted to pay its obligations.
- At least one of the payments includes amortization of capital. This condition does not apply in the case of debtors who only have credits for financing higher education in accordance with Law No. 20,027.
- If the debtor has a credit with partial payment periods less than six months, has already made two payments.
- If the debtor must pay monthly fees for one or more credits, has paid four consecutive dues.
- The debtor does not appear with unpaid debts direct according to the information recast by CMF, except for insignificant amounts.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(v.iii) Provisions related to financing with FOGAPE COVID-19 guarantee.

On July 17, 2020, the CMF requested to determine specific provisions of the credits guaranteed by the FOGAPE COVID-19 guarantee, for which the expected losses were determined estimating the risk of each operation, without considering the substitution of credit quality of the guarantee, according to the corresponding individual or group analysis method, in accordance with the provisions of Chapter B-1 of the CNC. This procedure must be carried out in an aggregate manner, grouping all those operations to which the same deductible percentage is applicable.

The deductible is applied by the Fund Administrator, which must be borne by each financial institution and does not depend on each particular operation, but is determined based on the total of the balances guaranteed by the Fund, for each group of companies that have the same coverage, according to their net sales size.

(v.iv) Provisions related to financing with FOGAPE Reactivation guarantee.

To determine the provisions of the amounts guaranteed by the FOGAPE Reactivation, the Bank considers the substitution of the credit quality of the debtors for that of the FOGAPE, for all the types of financing indicated, up to the amount covered by the aforementioned guarantee. Naturally, the option to consider the risk attributable to FOGAPE may be made while said guarantee remains in force, without considering the capitalized interest, in accordance with the provisions of article 17 of the Fund Regulations.

Likewise, for the computation of the provisions of the amount not covered by the guarantee, corresponding to the debtors, the treatment must be differentiated according to the level of default of the refinanced credit and the grace period, which must consider the cumulative consecutive months grace period between the refinanced loan and other prior measures. For this purpose, the following situations should be considered:

- Refinancing with less than 60 days past due and less than 180 days of grace.

When the Bank grants the refinancing and is the current creditor, depending on the methodology used in accounting for provisions (standard or internal method) for the group portfolio, the computation of default and the expected loss parameters remain constant at the time to carry out the refinancing, as long as no payment is due.

In the case of debtors evaluated on an individual basis, their risk category is maintained at the time of rescheduling, which does not prevent them from being reclassified to the category that corresponds to them, in the event of a worsening of their payment capacity.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(v.iv) Provisions related to financing with FOGAPE COVID-19 guarantee, continued:

- Refinancing with greater than 60 days and less than 89 days past due or grace periods greater than 180 days and less than 360 days.

The provisions established in the previous point apply, and at least one of the following conditions must also be met:

i. In its credit granting policies, the Bank considers at least the following aspects:

a. A robust procedure for the categorization of viable debtors, which considers at least the sector and its solvency and liquidity situation.
b. Efficient mechanisms for monitoring the debtor's situation, with formally defined internal governance.

ii. Interest is charged in the months of grace, in accordance with the guidelines established in article 15 letter a) of the Regulation, or there is a demand for payment in another credit with the bank. In the latter case, if noncompliance is observed, the carry forward rules contained in numerals 2.2 and 3.2 of Chapter B-1 of the CNC must be considered, depending on whether it is a credit subject to individual or group evaluation, respectively.

- Refinancing with grace periods greater than 360 days.

The Bank must apply the provisions established in Chapter B-1 of the CNC, considering the operation as a forced renegotiation and, therefore, apply the provisions that correspond to the portfolio in default.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(vi) Charge-offs

As a general rule, the charge-offs are produced when the contractual rights on cash flows end. In case of loans, even if the above does not happen, it will proceed to charge-offs the respective asset balances.

The charge-off refers to derecognition of the assets in the Consolidated Statement of Financial Position, related to the respective transaction and, therefore, the part that could not be past-due if a loan is payable in installments, or a lease.

(vi.i) Charge-offs of loans to customers

The charge-off must be to make using credit risk provisions constituted, whatever the cause for which the charge-off was produced.

Charge-off loans to customers, other than leasing operations, shall be made in accordance to the following circumstances occurs:

a) The Bank, based on all available information, concludes that will not obtain any cash flow of the credit recorded as an asset.
b) When the debt without executive title expires 90 days after it was recorded in asset.
c) At the time the term set by the statute of limitations runs out and as result legal actions are precluded in order to request payment through executive trial or upon rejection or abandonment of title execution issued by judicial and non-recourse resolution.
d) When past-due term of a transaction complies with the following:

Type of Loan	**Term**
Consumer loans - secured and unsecured	6 months
Other transactions - unsecured	24 months
Commercial loans - secured	36 months
Residential mortgage loans	48 months

The term represents the time elapsed since the date on which payment of all or part of the obligation in default became due.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(vi) Charge-offs, continued:

(vi.ii) Charge-offs of lease operations

Assets for leasing operations must be charge-offs against the following circumstances, whichever occurs first:

a) The Bank concludes that there is no possibility of the rent recoveries and the value of the property cannot be considered for purposes of recovery of the contract, either because the lessee have not the asset, for the property's conditions, for expenses that involve its recovery, transfer and maintenance, due to technological obsolescence or absence of a history of your location and current situation.

b) When it complies the prescription term of actions to demand the payment through executory or upon rejection or abandonment of executory by court.

c) When past-due term of a transaction complies with the following:

Type of Loan	Term
Consumer leases	6 months
Other non-real estate lease transactions	12 months
Real estate leases (commercial or residential)	36 months

The term represents the time elapsed since the date on which payment of all or part of the obligation in default became due.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial assets at amortized cost, continued:

Loans and accounts receivable from customers, continued:

(vi.iii) Written-off loans recoveries

Cash recoveries on charge-off loans including loans that were reacquired from the Central Bank of Chile are recorded directly in income in the Consolidated Statement of Income, as a reduction of the "Recoveries of written-off loans" item.

In the event that there are recovery in assets, is recognized in income the revenues for the amount they are incorporated in the asset. The same criteria will be followed if the leased assets are recovered after the charge-off of a lease operation, to incorporate those to the asset.

Any renegotiation of a credit already written off does not give rise to income, as long as the operation remains to have an impaired quality; the actual payments received must be treated as recoveries of credits written off, as indicated above.

Therefore, renegotiated credit can be recorded as an asset only if it has not deteriorated quality; also recognizing revenue from activation must be recorded like recovery of loans.

The same criteria should apply in the case that was give credit to pay a charge-off loan.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Impairment due to credit risk of Financial assets at amortized cost and Financial assets at fair value through other comprehensive income (FVOCI):

In accordance with the established in Chapter A-2 of the CNC of the CMF, the impairment model of IFRS 9 will not be applied to loans in the category "Financial assets at amortized cost" ("Due from banks" and "Loans and accounts receivable from customers"), nor on "Contingent loans", since the criteria for these instruments are defined in Chapters B-1 to B-3 of the CNC.

For the rest of the financial assets measured at Amortized Cost or FVOCI, the model on which impairment losses must be calculated corresponds to one of Expected Credit Loss (ECL) as established in IFRS 9.
Debt financial instruments whose subsequent valuation is at amortized cost or at FVOCI will be subject to impairment due to credit risk. On the contrary, those instruments at fair value through profit or loss do not require this measurement.

The measurement of impairment is carried out in accordance with a general impairment model that is based on the existence of 3 possible phases of the financial asset, the existence or not of a significant increase in credit risk and the condition of impairment. The 3 phases determine the amount of impairment that will be recognized as an expected credit loss, as well as the interest income that will be recorded at each reporting date. Each phase is listed below:

1. Phase 1:

a. Incorporates financial assets whose credit risk has not increased significantly since initial recognition.
b. Expected credit losses are recognized to 12-month.
c. Interest is recognized based on the gross amount on the balance sheet.

2. Phase 2:

a. Incorporates financial assets whose credit risk has increased significantly since initial recognition.
b. Expected credit losses are recognized throughout the life of the financial asset.
c. Interest is recognized based on the gross amount on the balance sheet.

3. Phase 3:

a. Incorporates impaired financial assets.
b. Expected credit losses are recognized throughout the life of the financial asset.
c. Interest is recognized based on the net amount (gross amount on the balance sheet less allowance for credit risk).

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Impairment of debt financial instruments measured at fair value through other comprehensive income

The Bank applies the value impairment requirements for the recognition and measurement of a value correction for losses to financial assets that are measured at fair value through other comprehensive income in accordance with IFRS 9. This value adjustment for losses is recognized in Other Comprehensive Income (OCI) and does not reduce the carrying amount of the financial asset in the Consolidated Statement of Financial Position. The accumulated loss recognized in OCI is recycled in results when derecognizing the financial assets.

Financial liabilities:

Classification of financial liabilities

Financial liabilities are classified in the following categories:

- Financial liabilities at amortized cost;

- Financial liabilities held for trading at fair value through profit or loss: Financial instruments are recorded in this item when the Bank's objective is to generate profits through purchases and sales with these instruments. This item includes financial derivative trading contracts that are liabilities, which will be measured subsequently at fair value.

- Financial liabilities designated as at fair value through profit or loss: The Bank has the option to irrevocably designate, at the time of initial recognition, a financial liability as measured at fair value through profit or loss if the application of this criterion eliminates or significantly reduces inconsistencies in the measurement or recognition, or if it is a group of financial liabilities, or a group of financial assets and liabilities, that is managed, and its performance evaluated, based on fair value in line with a risk management or investment strategy.

Valuation of financial liabilities:

Initial valuation:

Financial liabilities are initially recorded at fair value, less transaction costs that are directly attributable to the issuance of the instruments, except for financial instruments that are classified at fair value through profit or loss.

Variations in the value of financial liabilities due to the accrual of interest, UF indexation and similar concepts are recorded under the headings "Interest expenses" of the Consolidated Income Statement for the period in which the accrual occurred (see Note No. 30).

Subsequent valuation:

The changes in the valuations that will occur after the initial registration for reasons other than those mentioned in the previous paragraph, are treated as described below, based on the categories in which the financial liabilities are classified.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Financial liabilities at amortized cost:

The liabilities recorded in this item are valued after their acquisition at their amortized cost, which is determined in accordance with the EIR method.

Financial liabilities held for trading and Financial liabilities designated as at fair value through profit or loss:

The liabilities recorded in these items are valued after their initial recognition at fair value and changes are recorded, at their net amount, under the items "Financial assets and liabilities for trading" and "Designated financial assets and liabilities at fair value through profit or loss" of the Consolidated Income Statement. However, the change in the credit risk of the liabilities designated under the fair value option is presented in "Other comprehensive income". Nevertheless, the variations originating from exchange differences are recorded in the caption "Foreign currency changes, UF indexation and accounting hedge" of the Consolidated Income Statement.

Derecognition of financial assets and liabilities

The Bank and its subsidiaries derecognize a financial asset from its Statement of Financial Position, when the contractual rights to the cash flows of the financial asset have expired or when the contractual rights to receive the cash flows of the financial asset are transferred during a transaction in which all ownership risks and rewards of the financial asset are transferred. Any portion of transferred financial assets that is created or retained by the Bank is recognized as a separate asset or liability.

When the Bank transfers a financial asset, it assesses to what extent it has retained the risks and rewards of ownership. In this case:

(a) If substantially all risks and rewards of ownership of the financial asset have been transferred, it is derecognized, and any rights or obligations created or retained upon transfer are recognized separately as assets or liabilities.

(b) If substantially all risks and rewards of ownership of the financial asset have been retained, the Bank continues to recognize it.

2. Summary of Significant Accounting Principles, continued:

(e) Financial Assets and Liabilities, continued:

Derecognition of financial assets and liabilities, continued:

(c) If substantially all risks and rewards of ownership of the financial asset are neither transferred nor retained, the Bank will determine if it has retained control of the financial asset. In this case:

(i) If the Bank has not retained control, the financial asset will be derecognized, and any rights or obligations created or retained upon transfer will be recognized separately as assets or liabilities.

(ii) If the Bank has retained control, it will continue to recognize the financial asset in the Consolidated Financial Statement by an amount equal to its exposure to changes in value that can experience and recognize a financial liability associated to the transferred financial asset.

The Bank derecognizes a financial liability (or a portion thereof) from its Consolidated Statement of Financial Position if, and only if, it has extinguished or, in other words, when the obligation specified in the corresponding contract has been paid or settled or has expired.

Compensation

Financial assets and liabilities are subject to compensation, so that their net amount is presented in the Consolidated Statement of Financial Position, when and only when the Bank has the right, legally enforceable, to offset the recognized amounts and intends to settle the net amount, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented net only when permitted by accounting standards, or in the case of gains and losses arising from a group of similar transactions such as the Bank's trading and foreign exchange activity.

2. Summary of Significant Accounting Principles, continued:

(f) Functional currency:

The items included in the Financial Statements of Banco de Chile and its subsidiaries are valued using the currency of the primary economic environment in which it operates (functional currency). The functional currency of Banco de Chile is the Chilean peso, which is also the currency used to present the entity’s Consolidated Financial Statements, that is the currency of the primary economic environment in which the Bank operates, as well as obeying to the currency that influences in the costs and income structure.

(g) Transactions in foreign currency:

Transactions in currencies other than the functional currency are considered to be in foreign currency and are initially recorded at the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted using the exchange rate of the functional currency as of the date of the Consolidated Statement of Financial Position. All differences are recorded as a debit or credit to income.

As of March 31, 2022, the Bank and its subsidiaries applied the exchange rate of accounting representation according to the standards issued by the CMF, where assets expressed in dollars are shown to their equivalent value in Chilean pesos calculated using the following exchange rate of Ch$784.30 US$1 (Ch$852.63 US$1 as of March 31, 2021).

The amount of Ch$55,979 million for net foreign exchange transactions, net (Ch$30,198 million as of March 31, 2021) shown in the Consolidated Statements of Income, includes recognition of the effects of exchange rate variations on assets and liabilities in foreign currency or indexed to exchange rates, and the result of foreign exchange transactions conducted by the Bank and its subsidiaries.

(h) Operating Segments:

The Bank discloses information by segment in accordance with IFRS 8. The Bank’s operating segments are determined based on its different business units, considering the following:

(i) That it conducts business activities from which income is obtained and expenses are incurred (including income and expenses relating to transactions with other components of the same entity).

(ii) That its operating results are reviewed regularly by the entity’s highest decision-making authority for operating decisions, to decide about resource allocation for the segment and evaluate its performance; and

(iii) That separate financial information is available.

2. Summary of Significant Accounting Principles, continued:

(i) Statement of cash flows:

The Consolidated Statement of Cash Flows shows the changes in cash and cash equivalents derived from operating activities, investment and financing activities during the year. The indirect method has been used in the preparation of this statement of cash flows.

For the preparation of Consolidated Financial Statements of Cash Flow it is considered the following concepts:

(i) Cash and cash equivalents: corresponds to the item "Cash and deposits in banks", plus (minus) the net balance corresponding to operations with liquidation in progress that are shown in the Consolidated Statement of Financial Position, plus other cash equivalents such as investments in short-term debt financial instruments that meet the criteria to be considered "cash equivalents", for which they must have an original maturity of 90 days or less from the date of acquisition, be highly liquid, easily convertible into amounts known amounts of cash as of the date of the initial investment, and that the financial instruments are exposed to an insignificant risk of changes in value.

(ii) Operating activities: corresponds to normal activities of the Bank, as well as other activities that cannot classify like investing or financing activities.

(iii) Investing activities: correspond to the acquisition, sale or disposition other forms, of long-term assets and other investments that not include in cash and cash equivalent.

(iv) Financing activities: corresponds to the activities that produce changes in the amount and composition of the equity and the liabilities that are not included in the operating or investing activities.

2. Summary of Significant Accounting Principles, continued:

(j) Financial derivative contracts:

A “Financial Derivative” is a financial instrument whose value changes in response to changes in an observable market variable (such as an interest rate, exchange rate, the price of a financial instrument or a market index, including credit ratings), whose initial investment is very small in relation to other financial instruments with a similar response to changes in market conditions and which is generally settled at a future date.

The Bank maintains contracts of Derivative financial instruments, for cover the exposition of risk of foreign currency and interest rate. These contracts are recorded in the Consolidated Statement of Financial Position at their cost (included transactions costs) and subsequently measured at fair value. Derivative instruments are reported as an asset when their fair value is positive and as a liability when negative under the item “Derivative Instruments”.

Changes in fair value of derivative contracts held for trading purpose are included under “Profit (loss) net of financial operations”, in the Consolidated Statement of Income.

In addition, the Bank includes in the valorization of derivatives the “Credit valuation adjustment” (CVA), to reflect the counterparty risk in the determination of fair value and the Bank's own credit risk, known as "Debit valuation adjustment" (DVA).

Certain embedded derivatives in other financial instruments are treated as separate derivatives when their risk and characteristics are not closely related to those of the main contract and if the contract in its entirety is not recorded at its fair value with its unrealized gains and losses included in income.

(k) Financial derivative contracts for accounting hedges:

At the moment of subscription of a derivative contract must be designated by the Bank as a derivative instrument for trading or hedging purposes.

If a derivative instrument is classified as a hedging instrument, it can be:

(1) A hedge of the fair value of existing assets or liabilities or firm commitments, or;
(2) A hedge of cash flows related to existing assets or liabilities or forecasted transactions.

2. Summary of Significant Accounting Principles, continued:

(k) Financial derivative contracts for accounting hedges, continued:

A hedge relationship for accounting hedges purposes must comply with all of the following conditions:

(a) at its inception, the hedge relationship has been formally documented;
(b) it is expected that the hedge will be highly effective;
(c) the effectiveness of the hedge can be measured in a reasonable manner; and
(d) the hedge is highly effective with respect to the hedged risk on an ongoing basis and throughout the entire hedge relationship.

The Bank presents and measures individual hedges (where there is a specific identification of hedged item and hedged instruments) by classification, according to the following criteria:

Fair value hedges: Changes in the fair value of a derivative hedging instrument, designated as a fair value hedge, are recognized in income under the lines "Net interest income" and "Net indexation income" and/or "Foreign currency changes, UF indexation and accounting hedge", depending on the type of risk covered. The hedged item is also presented at fair value in relation to the risk being hedged; gains or losses attributable to the hedged risk are recognized in income under the lines "Net interest income" and "Net income from UF indexation" and adjust the book value of the item subject to the hedge.

Cash flow hedge: Changes in the fair value of financial instruments derivative designated like "cash flow hedge" are recognised in "Cash flow accounting hedge" included in the Consolidated Other Comprehensive Income, to the extent that hedge is effective and hedge is reclassified to income in the item "Net interest income" and "Net income from UF indexation" and/or "Foreign currency changes, UF indexation and accounting hedge", when hedged item affects the income of the Bank produced for the "interest rate risk" or "foreign exchange risk", respectively. If the hedge is not effective, the changes in the fair value are recognized directly in the results of the year under the caption "Other financial result".

If the hedged instruments does not comply with criteria of cash flow accounting hedges, it expires or is sold, it suspend or executed, this hedge must be discontinued prospectively. Accumulated gains or losses recognised previously in the equity are maintained there until projected transactions occur, in that moment will be registered in Consolidated Statement of Income (in the item "Net interest income" and "Net income from UF indexation" and/or "Foreign currency changes, UF indexation and accounting hedge", depend of the hedge), lesser than it foresees that the transaction will not execute, in this case it will be registered immediately in Consolidated Statement of Income (in the item "Net interest income" and "Net income from UF indexation" and/or "Foreign currency changes, UF indexation and accounting hedge", depend of the hedge).

2. Summary of Significant Accounting Principles, continued:

(l) Intangible Assets:

Intangible assets are identified as non-monetary assets (separately identifiable from other assets) without physical substance which arise as a result of a legal transaction or are developed internally by the consolidated entities. They are assets whose cost can be estimated reliably and from which the consolidated entities have control and consider it probable that future economic benefits will be generated. Intangible assets are recorded initially at acquisition cost and are subsequently measured at cost less any accumulated amortization or any accumulated impairment losses.

Software or computer programs purchased by the Bank and its subsidiaries are accounted for at cost less accumulated amortization and impairment losses.

The subsequent expense in software assets is capitalized only when it increases the future economic benefit for the specific asset. All other expenses are recorded as an expense as incurred.

Amortization is recorded in income using the straight-line amortization method based on the estimated useful life of the software, from the date on which it is available for use. The estimated useful life of software is a maximum of 6 years.

(m) Property and equipment:

Property and equipment includes the amount of land, real estate, furniture, computer equipment and other installations owned by the consolidated entities and which are for own use. These assets are stated at historical cost less depreciation and accumulated impairment. This cost includes expenses than have been directly attributed to the asset's acquisition.

Depreciation is recognized in the Consolidated Statements of Income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated average useful lives for the years 2022 and 2021 are as follows:

-	Buildings	50 years
-	Installations	10 years
-	Equipment	5 years
-	Supplies and accessories	5 years

Maintenance expenses relating to those assets held for own uses are recorded as expenses in the year in which they are incurred.

2. Summary of Significant Accounting Principles, continued:

(n) Deferred taxes and income taxes:

The income tax provision of the Bank and its subsidiaries has been determined in conformity with current legal regulations.

The Bank and its subsidiaries recognize, when appropriate, deferred tax assets and liabilities for future estimates of tax effects attributable to temporary differences between the book and tax values of assets and liabilities. Deferred tax assets and liabilities are measured based on the tax rate expected to be applied, in accordance with current tax law, in the year that deferred tax assets are realized or liabilities are settled. The effects of future changes in tax legislation or tax rates are recognized in deferred taxes starting on the date of publication of the law approving such changes.

Deferred tax assets are recognized only when it is likely that future tax profits will be sufficient to recover deductions for temporary differences. According to instructions from the CMF, deferred taxes are presented in the Consolidated Statement of Financial Position according with IAS 12 "Income Tax".

(o) Assets received in lieu of payment:

Assets received or awarded in lieu of payment of loans and accounts receivable from customers are recorded, in the case of assets received in lieu of payment, at the price agreed by the parties, or otherwise, when the parties do not reach an agreement, at the amount at which the Bank is awarded those assets at a judicial auction.

Assets received in lieu of payment are classified under “Non-current assets and disposal groups held for sale” and they are recorded at the lower of its carrying amount or net realizable value, less charge-off and presented net of a portfolio valuation allowance. The CMF requires regulatory charge-offs if the asset is not sold within a one year of foreclosure.

(p) Investment properties:

Investments properties are real estate assets held to earn rental income or for capital appreciation or both, but are not held-for-sale in the ordinary course of business or used for administrative purposes. Investment properties are measured at cost, less accumulated depreciation and impairments and are presented under “Other Assets”.

2. Summary of Significant Accounting Principles, continued:

(q) Provisions, contingent assets and liabilities:

Provisions are liabilities involving uncertainty about their amount or maturity. They are recorded in the Consolidated Statement of Financial Position when the following requirements are jointly met:

(i) a present obligation has arisen from a past event;

(ii) as of the date of the Financial Statements it is probable that the Bank or its subsidiaries have to disburse resources to settle the obligation; and

(iii) the amount of these resources can be reliably measured.

A contingent asset or liability is any right or obligation arising from past events whose existence will be confirmed by one or more uncertain future events which are not within the control of the Bank.

Contingent credits are understood as operations or commitments in which the Bank assumes a credit risk by committing itself to third parties, in the event of a future event, to make a payment or disbursement that must be recovered from its clients.

The following are classified as contingent credits in off-balance sheet information:

i. Undrawn credit lines: Considers the unused amounts of lines of credit that allow customers to make use of credit without prior decisions by the bank.

ii. Undrawn credit lines with immediate termination: Considers those undrawn credit lines, defined in the previous numeral, that the bank can unconditionally cancel at any time and without prior notice, or for which its automatic cancellation is contemplated in case of deterioration of the debtor's solvency, as permitted by the current legal framework and the contractual conditions established between the parties.

iii. Contingent credits linked to the CAE: Correspond to credit commitments granted in accordance with Law No. 20,027 (“CAE”).

iv. Letters of credit for goods circulation operations: Considers the commitments that arise, both to the issuing bank and to the confirming bank, from self-settled commercial letters of credit with a maturity period of less than 1 year, arising from merchandise circulation operations (for example, confirmed foreign or documentary letters of credit). Includes documentary letters of credit issued by the Bank, which have not yet been negotiated.

v. Debt purchase commitments in local currency abroad: Note issuance facility (NIF) and revolving underwriting facility (RUF) are considered.

2. Summary of Significant Accounting Principles, continued:

(q) Provisions, contingent assets and liabilities, continued:

vi. Transactions related to contingent events: Guarantee bonds with promissory notes referred to in Chapter 8-11 of the Actualized Standards Compilation are considered.

vii. Warranty by endorsement and sureties: Includes warranty by endorsement, sureties and standby letters of credit referred to in Chapter 8-10 of the Actualized Standards Compilation. In addition, it includes the payment guarantees of buyers in factoring operations, as indicated in Chapter 8-38 of that Compilation.

viii. Other credit commitments: It includes the unplaced amounts of committed credits, which must be disbursed on an agreed future date or processed when the contractually foreseen events occur with the client, as occurs in the case of irrevocable credit lines linked to the progress status of projects (in which for provisions purposes, both the gross exposure referred to in No. 3 and future increases in the amount of guarantees associated with committed disbursements must be considered).

Exposure to credit risk on contingent loans:

Until December 31, 2021, to calculate provisions on contingent loans, as indicated in Chapter B-3 of the Accounting Standards Compendium of the CMF, the amount of exposure was determined considering the percentage of the amounts of the contingent credits indicated below:

Type of contingent loan	**Exposure**
a) Warranty by endorsement and sureties	100%
b) Confirmed foreign letters of credit	20%
c) Issued letters of credit	20%
d) Guarantee deposits	50%
e) Undrawn credit lines	35%
f) Other loan commitments:	
- College education loans Law No. 20,027	15%
- Others	100%
g) Other contingent loans	100%

2. Summary of Significant Accounting Principles, continued:

(q) Provisions, contingent assets and liabilities, continued:

Beginning January 1, 2022, to calculate contingent provisions, the exposure amount that must be equal to the percentage of contingent amounts indicated below:

Type of contingent credit	Credit Conversion Factor
Undrawn credit lines with immediate termination	10%
Contingent credits linked to the CAE	15%
Letters of credit for goods circulation operations	20%
Other undrawn credit lines	40%
Debt purchase commitments in local currency abroad	50%
Transactions related to contingent events	50%
Warranty by endorsement and sureties	100%
Other credit commitments	100%
Other contingent loans	100%

Notwithstanding, when dealing with transactions performed with customers with overdue loans as indicated in Chapter B-1 of the Compendium of Accounting Standards of the CMF, that exposure shall be equivalent to 100% of its contingent loans.

(r) Provisions for minimum dividends:

According with the Accounting Standards Compendium of the CMF, the Bank records within liabilities the portion of net income for the year that should be distributed to comply with the Corporations Law or its dividend policy. For these purposes, the Bank establishes a provision in a complementary equity account within retained earnings.

For purposes of calculating the provision of minimum dividends, the distributable net income is considered, which is defined as that which results from reducing or adding to the net income for the year, the correction of the value of the paid-in capital and reserves, due to the effects of the variation of the Consumer Price Index.

2. Summary of Significant Accounting Principles, continued:

(s) Employee benefits:

Employee benefits are all forms of consideration granted by an entity in exchange for services provided by employees or severance pay.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled in full before twelve months after the end of the annual reporting period in which the employees have rendered the related services.

i) Staff vacations

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

(ii) Other short-term benefits

The entity contemplates for its employees an annual incentive plan for meeting objectives and individual contribution to the company's results, which are eventually delivered, consisting of a certain number or portion of monthly salaries and are provisioned based on the estimated amount to be distributed.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits, and termination benefits.

(iii) Employee benefits for termination of employment contract

The Bank has agreed with part of the staff the payment of compensation to those who have completed 30 or 35 years of permanence, in the event that they retired from the Institution. The proportional part accrued by those employees who will have access to exercise the right to this benefit and who at the end of the year have not yet acquired it has been incorporated into this obligation.

The obligations of this benefit plan are valued according to the projected credit unit method, including as variables the staff turnover rate, the expected salary growth and the probability of using this benefit, discounted at the current rate for long-term operations (6.49% as of March 31, 2022 and 5.70% as of December 31, 2021).

The discount rate used corresponds to the rate of 10-year Bonds in pesos of the Central Bank of Chile (BCP).

Gains and losses arising from changes in actuarial variables are recognized in Other Comprehensive Income. There are no other additional costs that should be recognized by the Bank.

2. Summary of Significant Accounting Principles, continued:

(t) Earnings per share:

The basic earnings per share is determined by dividing the net income attributed to the Bank's owners in a period and the weighted average number of shares outstanding during that period.

Diluted earnings per share are determined similarly to basic earnings, but the weighted average number of outstanding shares is adjusted to take into account the potential dilutive effect of the options on shares, warrants and convertible debt. At the end of the periods ended March 31, 2022 and 2021 there are no concepts to adjust.

(u) Interest revenue and expense and UF indexation:

Interest income and expenses and UF indexation are recognized in the Consolidated Statement of Income using the effective interest rate method. The effective interest rate is the rate which exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or a shorter period) where appropriate, to the carrying amount of the financial asset or financial liability. To calculate the effective interest rate, the Bank determines cash flows by taking into account all contractual conditions of the financial instrument, excluding future credit losses.

The effective interest rate calculation includes all fees and other amounts paid or received that form part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the purchase or issuance of a financial asset or liability.

In the case of the impaired portfolio and current loans with a high risk of irrecoverability of loans and accounts receivable from customers, the Bank has applied a conservative position of discontinuing the accrual of interest and UF indexation on an accrual basis in the Consolidated Statement of Income, when the credit or one of its installments has been 90 days default in its payment.

(v) Commission income and expenses:

Revenue and expenses from fees are recognized in the Consolidated Income Statement using the criteria established in IFRS 15 "Revenue from contracts with customers".

Under IFRS 15, revenues are recognized considering the terms of the contract with customers. Revenue is recognized when or as the performance obligation is satisfied by transferring the goods or services committed to the customer.

2. Summary of Significant Accounting Principles, continued:

(v) Commission income and expenses, continued:

Under IFRS 15, revenues are recognized using different criteria depending on their nature. The most significant are:

- Those that correspond to a singular act, when the act that originates them takes place.
- Those that originate in transactions or services that are extended over time, during the life of such transactions or services.
- Commissions on loan commitments and other fees related to credit operations are deferred (together with the incremental costs directly related to the placement) and recognized as an adjustment to the effective interest rate of the placement. In the case of loan commitments, when there is no certainty of the date of effective placement, the commissions are recognized in the period of the commitment that originates it on a linear basis.

The fees registered by the Bank correspond mainly to:

- Commissions for credit prepayment: These commissions are accrued at the time the credits are prepaid.
- Commissions for lines of credit and overdrafts: These commissions are accrued in the period related to the granting of lines of credit and overdrafts in checking accounts.
- Commissions for warranty by endorsement and letters of credit: These commissions are accrued in the period related to the granting by the bank of payment guarantees for real or contingent obligations of third parties.
- Commissions for card services: Correspond to commissions accrued for the period, related to the use of credit cards, debit cards and other.
- Commissions for account management: Includes commissions for the maintenance of current accounts and other deposit accounts.
- Commissions for collections and payments: Includes commissions generated by the collection and payment services provided by the Bank.
- Commissions for intermediation and management of securities: correspond to income from brokerage service, placements, administration and custody of securities.
- Remuneration for administration of mutual funds, investment funds or others: corresponds to the commissions from the General Fund Administrator for the administration of third-party funds.
- Remuneration for brokerage and insurance consulting services: Income from brokerage and insurance advice by the Bank or its subsidiaries is included.
- Commissions for factoring operations services: Commissions for factoring operations services performed by the Bank are included.
- Commissions for services of financial leasing operations: Commissions for services of financial leasing operations carried out by the Bank as lessor are included.
- Commissions for financial consulting services: commissions for financial advisory services performed by the Bank and its subsidiary are included.

2. Summary of Significant Accounting Principles, continued:

(v) Commission income and expenses, continued:

- Other commissions earned: includes income generated from foreign currency exchange, issuance bank guarantees, issuance of bank check, use of distribution channels, agreement on the use of a brand and placement of financial products and cash transfers, and recognition of payments associated with commercial alliances, among others.

Commission expenses include:

- Commissions for card operations: commissions paid for credit and debit card operations are included.
- Commissions for licensing the use of card brands
- Expenses for obligations of loyalty and merits programs for card customers.
- Commissions for operations with securities: commissions for deposit and custody of securities and brokerage of securities are included.
- Other commissions for services received: Commissions are included for guarantees and endorsements of Bank obligations, for foreign trade operations, for correspondent banks in the country and abroad, for ATMs and electronic fund transfer services.
- Commissions for compensation of large value payments: corresponds to commissions paid to entities such as ComBanc, CCLV Contraparte Central, etc.

(w) Impairment of non-financial assets

The carrying amounts of the non-financial assets of the Bank and its subsidiaries, are reviewed throughout the year and especially at each reporting date, to determine if any indication of impairment exists. If such indication exists, the recoverable amount of the asset is then estimated.

Impairment losses recognized in prior years are assessed at each reporting date in search of any indication that the loss has decreased or disappeared. An impairment loss is reversed if there has been a change in the estimations used to determine the recoverable amount. An impairment loss is reverted only to the extent that the book value of the asset does not exceed the carrying. Impairment losses related to goodwill cannot be reversed in future years.

The Bank assesses at each reporting date and on an ongoing basis whether there is an indication that an asset may be impaired. If any indication exists, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the major value between fair value (less costs to sell) and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, share prices and other available fair value indicators.

2. Summary of Significant Accounting Principles, continued:

(x) Financial and operating leases:

(i) The Bank acting as lessor

Assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership, with or without ultimate legal title, are classified as finance leases. When assets held are subject to a finance lease, the leased assets are derecognized and a receivable is recognized which is equal to the present value of the minimum lease payments, discounted at the interest rate implicit in the lease. Initial direct costs incurred in negotiating, and arranging a finance lease are incorporated into the receivable through the discount rate applied to the lease. Finance lease income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

Assets leased to customers under agreements, which do not transfer substantially all the risks, and rewards of ownership are classified as operating leases.

The leased investment properties, under the operating lease modality, are included in the Consolidated Statement of Financial Position as "Other assets" 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 term.

(ii) The Bank acting as lessee

A contract is, or contains a lease, if one party has the right to control the use of an identified asset for a period of time in exchange for a regular payment.

On the start date of a lease, a right-to-use assets leased is determined at cost, which includes the amount of the initial measurement of the lease liability plus other disbursements made.

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 Bank's incremental financing interest rate.

The right-of-use asset is measured using the cost model, less accumulated depreciation and accumulated losses due to impairment of value, depreciation of the right-of-use asset, is recognized in the Consolidated Statements of Income based on the linear depreciation method from the start date and until the end of the lease term.

The monthly variation of the UF for the contracts established in said monetary unit should be treated as a new measurement, therefore the UF readjustment modifies the value of the lease liability, and in parallel, the amount of the right-of-use asset must be adjusted by this effect.

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

According to IFRS 16 "Leases" the Bank does not apply this rule to contracts whose duration is 12 months or less and those that contain an underlying asset of low value. In these cases, payments are recognized as a lease expense.

2. Summary of Significant Accounting Principles, continued:

(y) Fiduciary activities:

The Bank provides trust and other fiduciary services that result in the holding or investing of assets on behalf of the clients. Assets held in a fiduciary capacity are not reported in the Consolidated Financial Statements, as they are not the assets of the Bank. Contingencies and commitments arising from this activity are disclosed in Note No. 29.

(z) Customer loyalty program:

The Bank maintains a loyalty program to provide incentives to its customers, which allows to acquire goods and/or services, based on the exchange of prize points ("Dolares-Premio"), which are granted based on the purchases made with Bank's credit cards and the compliance of certain conditions established in said program. A third party makes the consideration for the prizes. In accordance with IFRS 15, these associated benefit plans have the necessary provisions to meet the delivery of committed future performance obligations.

(aa) Additional provisions:

In accordance to the CMF regulations, the banks have recorded additional allowances for its individually evaluated loan portfolio, taking into consideration the expected impairment of this portfolio. The calculation of this allowance is performed based on the Bank’s historical experience and considering possible future adverse macroeconomic conditions or circumstances that could affect a specific sector.

The provisions made in order to forestall the risk of macroeconomic fluctuations should anticipate situations reversal of expansionary economic cycles in the future, could translate into a worsening in the conditions of the economic environment and thus, function as a countercyclical mechanism accumulation of additional provisions when the scenario is favorable and release or assignment to specific provisions when environmental conditions deteriorate.

According to the above, additional provisions must always correspond to general provisions on commercial, consumer or mortgage loans, or segments identified, and in no case may be used to offset weaknesses of the models used by the Bank.

As of March 31, 2022, the balance of additional provisions amounts to Ch$610,252 million (Ch$540,252 million in December 2021), which are presented in the caption "Provisions for dividends" of liabilities in the Consolidated Statement of Financial Position.

2. Summary of Significant Accounting Principles, continued:

(ac) Fair value measurement

"Fair value" is understood as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants in a principal (or more advantageous) market at the measurement date under current market conditions, independent whether that price is directly observable or estimated using another valuation technique. The most objective and usual reference of fair value is the price that would be paid in an active, transparent and deep market ("quoted price" or "market price").

When available, the Bank estimates the fair value of an instrument using quoted prices in an active market for that instrument. A market is considered active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. These valuation techniques include the use of recent market transactions between knowledgeable, willing parties in an arm's length transaction, if available, as well as references to the fair value of other instruments that are substantially the same, discounted cash flows and options pricing models.

The chosen valuation technique makes maximum use of information obtained in the market, using the least possible amount of data estimated by the Bank, incorporates all the factors that market participants would consider to establish the price, and will be consistent with generally accepted economic methodologies for calculating the price of financial instruments. The variables used by the valuation technique reasonably represent market expectations and reflect the return-risk factors inherent to the financial instrument. Periodically, the Bank calibrates the valuation techniques and tests it for validity using prices from observable current market transaction in the same instrument or based on available observable market information.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. However, when transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in incomes.

On the other hand, it should be noted that the Bank has financial assets and liabilities offset each other's market risks, based on which average market prices are used as a basis for determining their fair value.

Then, the fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Bank believes that a third-party market participant would take them into account in pricing a transaction.

The Bank's fair value disclosures are included in Note No. 44.

(ac) Reclassifications:

As of March 31, 2022, there have been no significant reclassifications.

3. New Accounting Pronouncements Issued and Adopted, or Issued that have not yet been Adopted:

Standards approved and/or modified by the International Accounting Standards Board (IASB) and by the Commission for the Financial Market (CMF):

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

As of the date of issuance of these Consolidated Financial Statements, the new accounting pronouncements issued by both the IASB and the CMF, which have been adopted by the Bank and its subsidiaries, are detailed below:

Accounting standards issued by IASB.

Limited Scope Amendments and Annual Improvements 2018-2020.

In May 2020, the IASB published a package of amendments of limited scope, as well as the 2018-2020 Annual Improvements, whose changes clarify the wording or correct minor consequences, omissions or conflicts between the requirements of the Standards.

Among other modifications, it contains amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, which specify the costs that an entity must include when evaluating whether a contract will cause losses, these costs include those that are directly related to the contract and may be incremental costs of fulfilling that contract (for example, direct labor and materials), or an allocation of other costs that relate directly to the fulfillment of contracts (for example, the allocation of the depreciation charge for an item of property, plant and equipment used to perform the contract).

These amendments are effective as of January 1, 2022. Banco de Chile and its subsidiaries had no impact on the Interim Consolidated Statements of Position as a result of the application of these amendments.

Accounting standards issued by CMF.

Circulars No. 2,243, No. 2,249 and N° 2,295 - Amends Compendium of Accounting Standards for Banks.

On December 20, 2019, the CMF published Circular No. 2,243, which updates the instructions of the Accounting Standards Compendium (CNC) for Banks.

The changes seek achieve greater convergence with IFRS, as well as an improvement in the quality of financial information, to contribute to the financial stability and transparency of the banking system.

In April 2020, the CMF issued Circular No. 2,249, which postponed the entry into force of the new CNCB to January 1, 2022, with a transition date of January 1, 2021.

3. New Accounting Pronouncements Issued and Adopted, or Issued that have not yet been Adopted, continued:

Notwithstanding the foregoing, the change of criteria for the suspension of the recognition of interest income and UF indexation on an accrual basis according to the Chapter B-2, had to be adopted no later than January 1, 2022. By virtue of this standard, the Bank's Management implemented in advance during 2021 the suspension of the recognition of interest and readjustments on an accrual basis after 90 days of delinquency, which did not have a significant impact on the Consolidated Financial Statements, it should be noted that Before the change, the suspension of the recognition of interest income and UF indexation occurred after 6 months of default.

On October 7, 2021, the CMF issued Circular No. 2,295, which updates the Compendium of Accounting Standards for Banks (CNCB) that is in force from 2022 and introduces various adjustments to the files of the Information System Manual. In this way, the accounting information necessary to agree the Financial Statements with the full implementation of Basel III is incorporated, in addition to making some clarifications in its instructions, arising both from the internal analysis and from inquiries received from actors of the banking system. Likewise, this Circular adds a term to implement the criterion for grouping debtors whose aggregate exposure must be measured jointly, established in literal i) of No. 3 of Chapter B-1, which must be considered as of July 1, 2022.

As a result of the application of the new CNC instructions, the main equity effects measured as of January 1, 2022 correspond to the valuation of financial assets due to the adoption of IFRS 9 in replacement of IAS 39, in provisions for contingent credits as a result of the modification of the Credit Conversion Factor (CCF) and in the deferred taxes associated with these modifications. The foregoing had an impact of an increase in equity for a net amount of approximately Ch$70,508 million (see note No. 4 Accounting Changes).

Circular No. 2,297. On the control of the limit that banks must observe when granting financing to business groups.

On November 3, 2021, the new Chapter 12-16 "Limit of credits granted to business groups" is incorporated into the Updated Compilation of Regulations for banks (RAN by its Spanish initials), which establishes the scope and exceptions for the control of the credit limit granted to business groups referred to in the seventh subparagraph of article 84 No. 1 of the General Banking Law, together with the manner of making up the payrolls of the business groups and the entities that compose them for that purpose; as well as, the way of computing the credits granted to entities belonging to the same business group is defined, in order to determine their degree of credit concentration and compliance with the aforementioned limit. The new file D60 "Operations with entities belonging to the same business group" is incorporated into the Information System Manual (ISM), the purpose of which is for banks to report monthly the information referring to the daily operations carried out with entities belonging to a same business group, in addition to identifying the groups to which they belong and the amounts owed.

The adoption of this circular does not have significant impacts for the Bank.

3. New Accounting Pronouncements Issued and Adopted, or Issued that have not yet been Adopted, continued:

Circular No. 2,305. Amendment to the annex for the disclosure of Capital Adequacy Ratios of chapter C-1 of the CNC.

On February 16, 2022, the CMF published this circular that modifies Table No. 2 of Annex No. 6 of Chapter C-1 of the CNC, in which it is required to disclose in the quarterly and annual Consolidated Financial Statements a summary of capital adequacy ratios and regulatory compliance ratios according to Basel III.

The modification is due to the fact that the CMF considers that the current version of this table is not broad enough to collect information to assess whether the bank's capital adequacy level meets the regulatory requirements at all levels of capital, as it is, for example, to determine the deficit of the capital buffers that defines the percentage of dividends that the bank can distribute by virtue of what is stated in Chapter 21-12 of the Updated Compilation of Regulations for banks. Additionally, the table asks to disclose the level of compliance of the buffers in the Tier 1 Capital.

The adoption of these disclosures is included in these Interim Consolidated Financial Statements (see note No. 48).

Circular No. 2,307. Updates and modifies the administration regulations of the guarantee fund for small and medium-sized entrepreneurs.

On February 24, 2022, this circular was issued that relaxes the requirements and conditions for the delivery of financing with a FOGAPE guarantee and, at the same time, safeguards an adequate management of the credit risk of the institutions that avail themselves of said guarantees.

The new dispositions apply to future bids carried out by the Administrator of the Fund (Banco Estado).

The adoption of this circular has no impact on these Interim Consolidated Financial Statements.

Circulars issued in the process of implementing the Basel III standards.

As of the date of issuance of these Consolidated Statements of Financial Position, the CMF has issued the following circulars related to the regulatory framework of Basel III:

Circular 2,270. Issued on September 11, 2020, sets the general criteria and guidelines for the determination of additional equity requirements as a result of the supervision process, called Pillar 2.

This standard updates Chapter 1-13 “Management and solvency classification” and introduces the new Chapter 21-13 “Evaluation of the adequacy of effective equity of banks” to the RAN.

3. New Accounting Pronouncements Issued and Adopted, or Issued that have not yet been Adopted, continued:

This standard also establishes that the effective equity self-assessment report to be submitted by banks during 2021 will be based only on credit risk, and the one for 2022 will additionally incorporate market and operational risks. As of 2023, the report with all its sections will be required, considering all the material risks of the institution.

Circular No. 2,272. September 25, 2020, the CMF published the regulations that define the operating procedures for the calculation, implementation and supervision of additional capital charges, known as capital buffers (Conservation Buffer and a Countercyclical Buffer).

This rule incorporates Chapter 21-12 "Additional basic capital, articles 66 bis and 66 ter of the General Banking Act (LGB, for its Spanish initials)" into the RAN. This rule establishes that, as of December 1, 2021, the requirement of the Conservation Buffer will be 0.625%, increasing by the same percentage each year, until reaching the regime on December 1, 2024. The same transitory requirement will apply to the maximum value of the Countercyclical Buffer that can be defined by the Chile Central Bank.

Circular No. 2,273. On October 5, 2020, the CMF issued the norm that regulates the calculation of the relationship between Common Equity Tier 1 and total assets (leverage ratio). Incorporates Chapter 21-30 "Relationship between Common Equity Tier 1 and total assets" into the RAN. The standard introduces improvements both in the measurement of Common Equity Tier 1 and of the bank's total assets.

This standard is effective as of December 1, 2020, without prejudice to the transitory measures for the calculation of regulatory capital, contemplated in Title V of Chapter 21-1 "Equity for legal and regulatory purposes" of the RAN.

Circular No. 2,274. On October 8, 2020, the CMF established the guidelines for calculating equity for legal and regulatory purposes, debugging low quality items or whose value is uncertain in a settlement scenario and sets prudential concentration rules, in accordance with the current legal framework. Incorporates Chapter 21-1 “Equity for legal and regulatory purposes” replacing Chapter 12-1 “Equity for legal and regulatory purposes” into the RAN.

The first adjustment must be made on December 1, 2022, corresponding to 15% of the discounts. This amount will increase to 30% on December 1, 2023 and 65% on December 1, 2024, until reaching full implementation as of December 1, 2025.

Circular No. 2,276. On November 2, 2020, the CMF, with the prior favorable agreement of the Central Bank of Chile, established the dispositions that have as a reference framework the evaluation methodology established by the Basel Committee on Banking Supervision and international practice, considered for the identification and treatment of banks classified as systemically important at the local level. It incorporates into the RAN Chapter 21-11 "Factors and methodology for banks or group of banks rated as systemically important and requirements that may be imposed as a result of this rating".

The requirements derived from the first application may be gradually established. The initial charge in December 2021 will be 0% and will increase by 25% each year until reaching the regime in December 2025.

3. New Accounting Pronouncements Issued and Adopted, or Issued that have not yet been Adopted, continued:

Circular No. 2,279. On November 24, 2020, the CMF incorporated Chapter 21-2 into the RAN, which contains the minimum requirements and conditions that preference shares and bonds with no fixed maturity term must satisfy in article 55 bis of the LGB and Chapter 21-3 of the RAN which contains the minimum requirements and conditions that subordinate bonds must satisfy in article 55 of the LGB, this chapter repeals and replaces chapter 9-6 of the RAN. These regulations came into effect on December 1, 2020, the date on which banks determined the level of capital AT1 and T2 that is applicable, in accordance with the regulations.

During the first year of application, subordinated bonds and voluntary provisions may be computed as equivalent to AT1 instruments, with a limit of 1.5% of the RWA net of required provisions. From December 1, 2021, the substitution limit will progressively decrease (by 0.5%) to reach 0% in 4 years.

Circular No. 2,280. On December 1, 2020, the CMF issued the definitive norm related to the standardized methodology for computing ORWAs, incorporating chapter 21-8 to the RAN. The dispositions of this new Chapter consider the methodology established by the Basel Committee on Banking Supervision as a reference framework.

For the computation of operational risk, a single standard method is established, in accordance with the recommendations of the aforementioned Committee, not allowing the use of own methodologies for this type of risk.

The regulations entered into force on December 1, 2020. Also, it was established that until December 1, 2021, Operational Risk-Weighted Assets are equal to zero.

Circular No. 2,281. Issued on December 1, 2020, it corresponds to the definitive regulations related to the determination of the Credit Risk-Weighted Assets, incorporating chapter 21-6 to the RAN.

As set out in the Article 67 of the LGB, it is up to the CMF to establish standardized methodologies to cover the relevant risks of banking companies, among which is credit risk, with a prior favorable agreement from the Central Bank of Chile.

This new standard includes a transitory disposition, which establishes that the computation of Credit Risk-Weighted Assets is carried out in accordance with the current dispositions of Title II of Chapter 12-1 of the RAN, until November 30, 2021, and the new methodology must be applied from December 1, 2021.

Circular No. 2,282. Issued on December 1, 2020, this standard incorporated the new Chapter 21-7 on the determination of Market Risk-Weighted Assets (MRWA) into the RAN.

For the application of the provisions of this new Chapter, which will be in force as of December 1, 2020, a transitional disposition is contemplated that considers a market risk weight equal to zero until December 1, 2021.

3. New Accounting Pronouncements Issued and Adopted, or Issued that have not yet been Adopted, continued:

Circular No. 2,283. On December 1, 2020, the CMF published the definitive regulation related to the promotion of market discipline and transparency through the disclosure of information requirements from banking entities (Pillar 3), incorporating Chapter 21-20 into the Updated Compilation of Standards (RAN).

The information referred to in this new Chapter is effective as of December 1, 2022 and must be published for the first time in April 2023 with information regarding the January-March quarter of said year.

Circular No. 2,284. On December 31, 2020, the CMF creates the file "Rating of systemically important banks" (R11), related to the measurement of the systemic importance index and dated January 26, 2021, through Circular No. 2,286, the instructions for the preparation of the new R11 file are supplemented.

On March 30, 2022, the CMF reported that its Board approved Resolution No. 2,044 on the rating of systemically important banks and the additional requirements for them, assigning the Bank an additional CET 1 Capital charge with respect to the risk-weighted assets of 1.25%.

Circular No. 2,288. On April 27, 2021, the CMF creates the files "Capital adequacy limits and effective equity" (R01), "Regulatory capital instruments" (R02), "Credit risk-weighted assets" (R06), “Market risk-weighted assets” (R07) and “Operational risk-weighted assets” (R08).

Circular Letter No. 1,207. On April 28, 2021, the CMF specified that the subordinated bonds and additional provisions that are accounted for as equivalent to preferred shares or bonds without a fixed maturity term according to the third transitory article of Law No. 21,130, must be adapted to the limits established in literals c) and d) of article 66 of the General Banking Act.

Circular No. 2,290. On May 28, 2021, the CMF specifies the implementation calendar of the new Risk System files incorporated into the Information Systems Manual (ISM).

Circular No. 2,292. On August 19, 2021, the CMF incorporates modifications to the RAN, Chapter B-1 “Provisions for credit risk” of the CNC, which governs from the year 2022, incorporates more precise conditions to determine the debtors that must be evaluated using models based on group analysis and modifications to file R08 on operational risk-weighted assets of the Information System Manual (ISM).

Circular Letter No. 1,226. On October 7, 2021, the CMF clarifies aspects of the procedure that banks must follow for the registration of bonds without a fixed maturity or perpetual term referred to in article 55 bis of the General Banking Act, in those cases in which the issuance and placement is intended to be carried out entirely abroad.

Circular No. 2,296. On November 2, 2021, the CMF incorporates modifications to Chapter 1-13 "Classification of management and capital adequacy" of the Updated Compilation of Standards (RAN). In order to specify the criteria used to classify banks by capital adequacy.

3. New Accounting Pronouncements Issued and Adopted, or Issued that have not yet been Adopted, continued:

Circular No. 2,300. On November 25, 2021, the CMF establishes clarifications to the definition of subfactors of the index of systemic importance, contained in Table 106 of the Bank Information System Manual (ISM).

Circular No. 2,303. On December 24, 2021, the CMF incorporated adjustments to Chapter 21-2 " Additional Tier 1 Capital Instruments for the constitution of effective equity: preferred shares and bonds without a fixed maturity term of article 55 bis of the General Law of Banks" and Chapter 21-6 "Determination of credit risk-weighted assets" of the Updated Compilation of Standards (RAN).

New Standards and interpretations that have been issued but their application date is not yet in 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 (IASB) that are not yet effective as of March 31, 2022.

Accounting standards issued by IASB.

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

In September 2014, the IASB published this modification, which clarifies the scope of the profits and losses recognized in a transaction that involves an associate or joint venture, and that this depends on whether the asset sold or contribution constitutes a business. Therefore, the IASB concluded that all gains or losses should be recognized against loss of control of a business.

Likewise, the gains or losses that result from the sale or contribution of a subsidiary that does not constitute 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 to set the effective date of this modification in the future, allowing its immediate application.

Banco de Chile and its subsidiaries will have no impact on the Consolidated Financial Statements as a result of the application of this amendment.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement No. 2 Accounting Policy Disclosures.

In February 2021, the IASB published amendments to IAS 1 to require companies to disclose material information on accounting policies, the foregoing in order to improve the disclosures of their accounting policies and provide useful information to investors and other users of financial statements.

3. New Accounting Pronouncements Issued and Adopted, or Issued that have not yet been Adopted, continued:

To help entities apply the amendments to IAS 1, the Board also amended IFRS Practice Statement No. 2 to illustrate how an entity can judge whether accounting policy information is material to its financial statements.

The amendments to IAS 1 will be effective for Financial Statement presentation periods beginning on or after January 1, 2023. Early application is permitted. If an entity applies those amendments to prior periods, it must disclose that fact.

The application of this amendment will not generate material impacts on the disclosure of accounting policies in the Consolidated Financial Statements of Banco de Chile and its subsidiaries.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Definition of Accounting Estimate.

In February 2021, the IASB incorporated changes to the definition of accounting estimates contained in IAS 8, the amendments to IAS are intended to help entities distinguish changes in accounting estimates from changes in accounting policies.

The amendments to IAS 8 will be effective for Financial Statement presentation periods beginning on or after January 1, 2023. Early application is permitted.

The application of this amendment will not have an impact on the Consolidated Financial Statements of Banco de Chile and its subsidiaries.

IAS 12 Income Tax.

In May 2021 the IASB published amendments to IAS 12, to specify how companies should account for deferred taxes on transactions such as leases and decommissioning obligations.

IAS 12 Income Tax specifies how a company accounts for income tax, including deferred tax, which represents tax to be paid or recovered in the future. In certain circumstances, companies are exempt from recognizing deferred taxes when they first recognize assets or liabilities. Prior to the amendment, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which companies recognize both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognize deferred taxes on such transactions. The purpose of the amendments is to reduce the differences in reporting deferred tax on leases and decommissioning obligations.

The amendments are effective for the presentation periods of the Financial Statements beginning on January 1, 2023, and early application is permitted.

The implementation of this amendment will not have a material impact on Banco de Chile and its subsidiaries.

4. Accounting Changes:

The CMF through its Circular No. 2,243 dated December 20, 2019, subsequently supplemented by Circular No. 2,295 dated October 7, 2021, released the rules that update the instructions of the Compendium of Accounting Standards for Banks (CNC) effective as of January 1, 2022.

These modifications seek to achieve greater convergence with IFRS, as well as an improvement in the quality of financial information, to contribute to the financial stability and transparency of the banking system.

The main changes introduced to the CNC correspond to:

1) Incorporation of new presentation formats for the Statements of Financial Position, Statements of Income, Statements of Changes in Equity and Statements of Cash Flows, as well as the incorporation and modification of some disclosures, among which stand out: note on financial assets at amortized cost and note on risk management and reporting, in order to better comply with the disclosure criteria contained in IFRS 7. In addition, the disclosures on related parties are aligned according to IAS 24.

2) Incorporation of a Financial Report, which must be prepared in accordance with IASB practice document No. 1, which will complement the information provided by the interim and annual financial statements.

3) Changes in the accounting plan of Chapter C-3 of the CNC, both in the coding of accounts, as well as in their description. The foregoing corresponds to the detailed information of the formats for the Statement of Financial Position, Statement of Income and the Statement of Other Comprehensive Income.

4) Changes in the presentation of financial instruments in the Statement of Financial Position and Statement of Income, when adopting IFRS 9 to replace IAS 39.

5) Incorporation of IFRS 9 with the exception of Chapter 5.5 on impairment of loans classified as "financial assets at amortized cost". This exception is mainly due to prudential criteria set by the CMF. These criteria have given rise, over time, to the establishment of standard models that banking institutions must apply to determine the impairment of the credit portfolio.

6) Modification of the criteria for the suspension of the recognition of interest income and UF indexation on an accrual basis, for any credit that presents a delinquency equal to or greater than 90 days.

4. Accounting Changes, continued:

In accordance with the instructions of the CMF defined in Chapter E of the CNC, the implementation adjustments made in the transition financial statements must be treated as adjustments to a pro forma financial statement.

The reconciliations presented below show the quantification of the impacts of the transition to the new standards, according to the following:

4.1 Reconciliation of transition effects in the Consolidated Statement of Financial Position as of January 1, 2021.

4.2 Reconciliation of transition effects in the Consolidated Statement of Financial Position as of December 31, 2021.

4.3 Reconciliation of the Summarized Interim Consolidated Income Statement for the period ended March 31, 2021.

4.4 Reconciliation of the Consolidated Interim Statement of Comprehensive Income summarized for the period ended March 31, 2021.

4.5 Reconciliation of the Summarized Interim Consolidated Cash Flow Statement for the period ended March 31, 2021.

4. Accounting Changes, continued:

4.1 Reconciliation of transition effects in the Consolidated Statement of Financial Position as of January 1, 2021.

Concept	01.01.2021 Previous CNC MCh$	Reclassification MCh$	Ref.	Adjust ment MCh$	Ref.	01.01.2021 Current CNC MCh$
ASSETS						
Cash and due from banks	2,560,216	—		—		2,560,216
Transactions in the course of collection	582,308	(49,541)	a)	—		532,767
Financial assets held-for-trading	4,666,156	(4,666,156)	b)	—		—
Investment under resale agreements	76,407	(76,407)	c)	—		—
Financial assets held for trading at fair value through profit or loss:						
Derivative financial instruments	2,618,004	(51,062)	d)	—		2,566,942
Debt financial instruments	—	4,264,251	b)	—		4,264,251
Others	—	401,905	b)	—		401,905
Financial assets available-for-sale	1,060,523	(1,060,523)	e)	—		—
Non-trading financial assets mandatorily measured at fair value through profit or loss	—	—		—		—
Financial assets at fair value through profit or loss	—	—		—		—
Financial assets at fair value through other comprehensive income:						
Debt financial instruments	—	1,060,523	e)	—		1,060,523
Other financial instruments	—	—		—		—
Derivative financial instruments for hedging purposes	—	51,062	d)	—		51,062
Financial assets held-to-maturity	—	—		—		—
Financial assets at amortized cost:						
Rights by resale agreements and securities lending	—	76,407	c)	—		76,407
Debt financial instruments	—	—		—		—
Loans and advances to Banks	2,938,991	—		—		2,938,991
Loans to customers - Commercial loans	17,169,744	(20,705)	g)	—		17,149,039
Loans to customers - Residential mortgage loans	9,354,890	—		—		9,354,890
Loans to customers - Consumer loans	3,665,424	—		—		3,665,424
Investments in other companies	44,649	—		4,958	d)	49,607
Intangible assets	60,701	—		—		60,701
Property and equipment	217,928	—		—		217,928
Right-of-use assets	118,829	—		—		118,829
Current tax assets	22,949	—		—		22,949
Deferred tax assets	357,945	—		(1,339)	d)	356,606
Other assets	579,467	63,913	a); g); h)	—		643,380
Non-current assets and disposal groups held for sale	—	6,333	h)	—		6,333
TOTAL ASSETS	46,095,131	—		3,619		46,098,750

4. Accounting Changes, continued:

Concept	01.01.2021 Previous CNC MCh$	Reclassification MCh$	Ref.	Adjustment MCh$	Ref.	01.01.2021 Current CNC MCh$
LIABILITIES						
Transactions in the course of payment	1,302,000	(49,888)	a)	—		1,252,112
Financial liabilities held for trading at fair value through profit or loss:						
Derivative financial instruments	2,841,756	(71,690)	d)	—		2,770,066
Other financial instruments	—	379	i)	—		379
Financial liabilities designated at fair value designated as at fair value through profit or loss	—	—		—		—
Derivative Financial Instruments for hedging purposes	—	71,690	d)	—		71,690
Obligations under repurchase agreements	288,917	(288,917)	i)	—		—
Financial liabilities at amortized cost:						
Current accounts and other demand deposits	15,167,229	(303,668)	j)	—		14,863,561
Saving accounts and time deposits	8,899,541	(95,073)	k)	—		8,804,468
Obligations by repurchase agreements and securities lending	—	288,538	i)	—		288,538
Borrowings from financial institutions	3,669,753	—		—		3,669,753
Debt financial instruments issued	8,593,595	(886,407)	l)	—		7,707,188
Other financial obligations	191,713	(25,122)	m)	—		166,591
Lease liabilities	115,017	—		—		115,017
Financial instruments of regulatory capital issued	—	886,407	l)	—		886,407
Provisions	733,911	(733,911)	n)	—		—
Provisions for contingencies	—	141,938	n); o)	—		141,938
Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued	—	220,271	n)	—		220,271
Special provisions for credit risk	—	401,890	n)			401,890
Currents tax liabilities	311	—		—		311
Deferred tax liabilities	—	—		—		—
Other liabilities	565,120	443,563	a); j); k); m); o)	—		1,008,683
Liabilities included in disposal groups held for sale	—	—		—		—
TOTAL LIABILITIES	42,368,863	—		—		42,368,863
EQUITY						
Capital	2,418,833	1,705	p)	—		2,420,538
Reserves	703,206	(1,155)	p); q)	(2,251)	a)	699,800
Accumulated other comprehensive income						
Elements that are not reclassified in profit and loss	—	(550)	q)	3,619	d)	3,069
Elements that can be reclassified in profit and loss	(51,250)	—		2,251	a)	(48,999)
Retained earnings from previous periods	412,641	—		—		412,641
Income for the year	463,108	—		—		463,108
Less: Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued	(220,271)	—		—		(220,271)
Shareholders of the Bank:	3,726,267	—		3,619		3,729,886
Non-controlling interests	1	—		—		1
TOTAL EQUITY	3,726,268	—		3,619		3,729,887
TOTAL LIABILITIES AND EQUITY	46,095,131	—		3,619		46,098,750

4. Accounting Changes, continued:

4.2 Reconciliation of transition effects in the Consolidated Statement of Financial Position as of December 31, 2021.

Concept	31.12.2021 Previous CNC MCh$	Reclassification MCh$	Ref.	Adjustment MCh$	Ref.	31.12.2021 Current CNC MCh$
ASSETS						
Cash and due from banks	3,713,734	—		—		3,713,734
Transactions in the course of collection	576,457	(89,757)	a)	—		486,700
Financial assets held-for-trading	3,876,695	(3,876,695)	b)	—		—
Investment under resale agreements	64,365	(64,365)	c)	—		—
Financial assets held for trading at fair value through profit or loss:						
Derivative financial instruments	2,983,298	(277,802)	d)	—		2,705,496
Debt financial instruments	—	3,737,942	b)	—		3,737,942
Others	—	138,753	b)	—		138,753
Financial assets available-for-sale	3,054,809	(3,054,809)	e)	—		—
Non-trading financial assets mandatorily measured at fair value through profit or loss	—	—		—		—
Financial assets at fair value through profit or loss	—	—		—		—
Financial assets at fair value through other comprehensive income:						
Debt financial instruments	—	3,054,809	e)	—		3,054,809
Other financial instruments	—	—		—		—
Derivative financial instruments for hedging purposes	—	277,802	d)	—		277,802
Financial assets held-to-maturity	782,529	(782,529)	f)	—		—
Financial assets at amortized cost:						
Rights by resale agreements and securities lending	—	64,365	c)	—		64,365
Debt financial instruments	—	782,529	f)	57,215	c)	839,744
Loans and advances to Banks	1,529,313	—		—		1,529,313
Loans to customers - Commercial loans	19,243,758	(25,890)	g)	—		19,217,868
Loans to customers - Residential mortgage loans	10,315,921	—		—		10,315,921
Loans to customers - Consumer loans	3,978,079	—		—		3,978,079
Investments in other companies	49,168	—		3,589	d)	52,757
Intangible assets	72,532	—		—		72,532
Property and equipment	222,320	—		—		222,320
Right-of-use assets	100,188	—		—		100,188
Current tax assets	846	—		—		846
Deferred tax assets	439,194	—		(4,917)	a);b);d)	434,277
Other assets	699,233	96,228	a); g); h)	—		795,461
Non-current assets and disposal groups held for sale	—	19,419	h)	—		19,419
TOTAL ASSETS	51,702,439	—		55,887		51,758,326

4. Accounting Changes, continued:

Concept	31.12.2021 Previous CNC MCh$	Reclassification MCh$	Ref.	Adjustment MCh$	Ref.	31.12.2021 Current CNC MCh$
LIABILITIES						
Transactions in the course of payment	460,490	(90,510)	a)	—		369,980
Financial liabilities held for trading at fair value through profit or loss:						
Derivative financial instruments	2,773,199	(696)	d)	—		2,772,503
Other financial instruments	—	9,610	i)	—		9,610
Financial liabilities designated as at fair value through profit or loss	—	—		—		—
Derivative Financial Instruments for hedging purposes	—	696	d)	—		696
Obligations under repurchase agreements	95,009	(95,009)	i)	—		—
Financial liabilities at amortized cost:						
Current accounts and other demand deposits	18,542,791	(292,910)	j)	—		18,249,881
Saving accounts and time deposits	9,140,006	(336,293)	k)	—		8,803,713
Obligations by repurchase agreements and securities lending	—	85,399	i)	—		85,399
Borrowings from financial institutions	4,861,865	—		—		4,861,865
Debt financial instruments issued	9,478,905	(917,510)	l)	—		8,561,395
Other financial obligations	274,618	(24,613)	m)	—		250,005
Lease liabilities	95,670	—		—		95,670
Financial instruments of regulatory capital issued	—	917,510	l)	—		917,510
Provisions	1,048,013	(1,048,013)	n)			—
Provisions for contingencies	—	143,858	n); o)	—		143,858
Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued	—	323,897	n)	—		323,897
Special provisions for credit risk	—	616,195	n)	(14,621)	b)	601,574
Currents tax liabilities	113,129	—		—		113,129
Deferred tax liabilities	—	—		—		—
Other liabilities	595,730	708,389	a); j); k); m); o)	—		1,304,119
Liabilities included in disposal groups held for sale	—	—		—		—
TOTAL LIABILITIES	47,479,425	—		(14,621)		47,464,804
EQUITY						
Capital	2,418,833	1,705	p)	—		2,420,538
Reserves	703,604	(1,554)	p); q)	8,422	a); b)	710,472
Accumulated other comprehensive income						
Elements that are not reclassified in profit and loss	—	(151)	q)	2,620	d)	2,469
Elements that can be reclassified in profit and loss	(23,927)	—		60,197	c)	36,270
Retained earnings from previous periods	655,478	—		—		655,478
Income for the year	792,922	—		(731)	a)	792,191
Less: Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued	(323,897)	—		—		(323,897)
Shareholders of the Bank:	4,223,013	—		70,508		4,293,521
Non-controlling interests	1	—		—		1
TOTAL EQUITY	4,223,014	—		70,508		4,293,522
TOTAL LIABILITIES AND EQUITY	51,702,439	—		55,887		51,758,326

4. Accounting Changes, continued:

Reclassifications:

a) From “Transactions in the course of collection” (asset) and “Transactions in the course of payment” (liability) to “Other Assets and Other Liabilities for intermediation of financial instruments”.
b) From “Trading instruments” to “Financial assets to be traded at fair value through profit or loss”.
c) From “Investment under resale agreements” to “Rights by resale agreements and securities lending”.
d) The assets and liabilities “Derivative instruments” are separated into “Derivative financial instruments” and “Derivative Financial Instruments for hedging purposes”.
e) From “Financial assets available-for-sale” to “Financial assets at fair value through other comprehensive income”.
f) From “Financial assets held-to-maturity” to “Financial assets at amortized cost - Debt financial instruments”.
g) Accounts receivable from customers under IFRS 15 were reclassified from “Loans to customers - Commercial loans” to “Other Assets”.
h) Investment in Nexus S.A and assets received in lieu of payment were reclassified from “Other assets” to “Non-current assets and disposal groups held for sale”.
i) Short sales of shares were reclassified from “Obligations under repurchase agreements” to “Obligations by repurchase agreements and securities lending” and to “Financial liabilities held for trading at fair value through profit or loss”.
j) The payments received on loans to be settled were reclassified from “Current accounts and other demand deposits” to “Other liabilities”.
k) Cash guarantees received for derivative financial operations were reclassified from “Saving accounts and time deposits” to “Other Liabilities”.
l) Subordinated bonds were reclassified from “Debt financial instruments issued” to “Financial instruments of regulatory capital issued”.
m) Suppliers of goods for leasing were reclassified from “Other financial obligations” to “Other liabilities”.
n) “Provisions” were opened in “Provisions for contingencies”, “Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued” and “Special provisions for credit risk”.
o) Loyalty program provision were reclassified from “Other Liabilities” to “Provisions for contingencies”.
p) Share premium account were reclassified from “Reserves” to “Capital”.
q) “Accumulated other comprehensive income” were opened in “Elements that are not reclassified in profit and loss” for employee benefits and “Elements that can be reclassified in profit and loss”.

4. Accounting Changes, continued:

Adjustment:

a) Net charge in equity for impairment of financial instruments at Fair Value through Other Comprehensive Income (FVOCI) for Ch$2,251 million net of taxes as of January 1, 2021 (Ch$2,982 million as of December 31, 2021), therefore, the impact on income for the year 2021 is Ch$731 million.

b) Credit in equity for modification of the Credit Conversion Factor (FCC) for Ch$10,673 million net of taxes.

c) Credit to equity for Ch$57,215 million due to the application of IFRS 9 when reclassifying financial instruments from "Financial assets at fair value through other comprehensive income" to "Financial assets at amortized cost", carried out during 2021.

d) Net credit in equity for $3,619 million as of January 1, 2021 ($2,620 million as of December 31, 2021) for adjustment to fair value of investments of the subsidiary Banchile Corredores de Bolsa S.A. in Bolsa de Comercio de Santiago S.A.

4. Accounting Changes, continued:

4.3 Reconciliation of the Summarized Interim Consolidated Income Statement for the period ended March 31, 2021.

	31/03/2021 Previous CNC MCh$	Reclassification MCh$	Ref.	Adjustment MCh$	Ref.	31/03/2021 Current CNC MCh$
Interest and UF indexation revenue	334,577	(3,334)	a)	—		331,243
Income from commissions	108,270	2,862	a)	—		111,132
Other operating income	39,578	(4,487)	b) c) e)	—		35,091
Total operating income	482,425	(4,959)		—		477,466
Provisions for loan losses	(54,067)	54,067	c)	—		—
Credit loss expense	—	(55,468)	c) d)	(723)	a)	(56,191)
Operating expenses	(224,474)	5,703	b) d)	—		(218,771)
Operating income	203,884	(657)		(723)		202,504
Income attributable to associates	(657)	657	e)	—		—
Income before income tax	203,227	—		(723)		202,504
Income tax	(40,735)	—		195	a)	(40,540)
Net Income for the period	162,492	—		(528)		161,964

4.4 Reconciliation of the Consolidated Interim Statement of Comprehensive Income (summarized) for the period ended March 31, 2021.

	31/03/2021 Previous CNC MCh$	Reclassification MCh$	Ref.	Adjustment MCh$	Ref.	31/03/2021 Current CNC MCh$
Net Income for the period	162,492	—		(528)	a)	161,964
Other comprehensive income that will not be reclassified to income for the period	167	—		25	b)	192
Other comprehensive income that will be reclassified to profit for the period	1,494	—		528	a)	2,022
Consolidated comprehensive income for the period	164,153	—		25		164,178

4. Accounting Changes, continued:

The summary of the main reclassifications and accounting adjustments that were applied to the Interim Consolidated Income Statement and the Interim Statement of Other Comprehensive Income, consider the following:

Reclassifications:

a) Commissions for prepayment of credits were reclassified from "Net income from interest and UF indexation" to "Net income from commissions".
b) Expenses for assets received in lieu of payment were reclassified from "Operating expenses" to "Other operating income".
c) From "Provisions for loan losses" to "Credit loss expense" and the foreign currency impact to "Other operating income".
d) Country risk provisions were reclassified from "Operating expenses" to "Credit loss expenses".
e) From "Income attributable to associates" to "Other operating income".

Adjustment:

a) Net charge to income and credit to OCI for impairment of financial instruments measured at fair value through other comprehensive income (FVOCI).
b) Net credit in OCI for adjustment to fair value of investments of the subsidiary Banchile Corredores de Bolsa S.A. in Bolsa de Comercio de Santiago S.A.

4. Accounting Changes, continued:

4.5 Reconciliation of the Summarized Interim Consolidated Cash Flow Statement for the period ended March 31, 2021.

	31/03/2021 Previous CNC MCh$	Reclassification MCh$	Ref.	Adjustment MCh$	Ref.	31/03/2021 Current CNC MCh$
Cash flows from operating activities :						
Profit for the period	162,492	—		(528)		161,964
Charges (credits) to income (loss) that do not represent cash flows :	54,737	45,619		528		100,884
Changes due to (increase) decrease in assets and liabilities affecting the operating flow :	(2,639,398)	76,535		—		(2,562,863)
Total net cash flows provided by (used in) operating activities	(2,422,169)	122,154		—		(2,300,015)
Cash flows from (used in) investing activities :	(32,170)	14,204		—		(17,966)
Cash flows from (used in) financing activities :	165,727	(119,200)		—		46,527
Variation in cash and cash equivalents during the period	(2,288,612)	17,158		—		(2,271,454)
Exchange variations effect	14,337	—		—		14,337
Opening balance of cash and cash equivalent	6,088,115	347		—		6,088,462
Final balance of cash and cash equivalent	3,813,840	17,505		—		3,831,345

Reclassifications:

a) From other debits (credits) that do not imply cash movements to net flows originated by financing activities.
b) Reclassification from net flows originated by investment activities to net flows originated by financing activities for lease payments and to flows originated by operating activities for the net increase of debt financial instruments at fair value through OCI (previously classified as net increase in investment instruments available-for-sale).
c) Reclassifications mainly of other financial obligations from flows originated by financing activities to flows originated by operating activities.

Adjustment:

a) Net charge to income for impairment of financial instruments measured at fair value through other comprehensive income (FVOCI).

During the period ended March 31, 2022, there have been no other significant accounting changes that affect the presentation these Interim Consolidated Financial Statements.

5. Relevant Events:

(a) On January 27, 2022, the Board of Directors of Banco de Chile agreed to convene an Ordinary Shareholders Meeting on March 17, 2022 in order to propose, among other matters, the following:

1. The following distribution of profits for the year ended on December 31, 2021:

   i. Deduct and withhold from the net income of the year, an amount equivalent to the effect of inflation of the paid capital and reserves according to the variation of the Consumer Price Index that occurred between November 2020 and November 2021, amounting to Ch$253,093,655,744 which will be added to retained earnings from previous periods.

   ii. Distribute in the form of a dividend the remaining liquid profit, corresponding to a dividend of Ch$5.34393608948 to each of the 101,017,081,114 shares of the Bank.

Consequently, the distribution as dividend of 68.1% of the profits for the year ending December 31, 2021, was proposed.

2. The shareholders who choose to, may at their option apply all or part of their dividend to the optional and transitory taxation regime that contemplates a substitute tax payment for the final taxes, called ISFUT (for its Spanish initials), in accordance with the transitory article 25 of Law No. 21,210.

3. The dividend, if approved by the Meeting, would be paid on March 31, 2022.

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 Residential 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 the businesses generated by the companies controlled by the Bank, which carry out activities complementary to the bank business. 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. en Liquidación (*)
- Socofin S.A.

(*) Company in the process of dissolution.

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.

- Provisions for credit risk are determined at the customer and counterparty level based on the characteristics of each of their operations. In the case of additional provisions, these are assigned to the different business segments based on the credit risk weighted assets that each segment has.

- 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, 2022 and 2021 there was no income from transactions with a customer or counterparty that accounted for 10% or more of the Bank's total revenues.

6. Business Segments, continued:

The following table presents the income by segment for the periods ended between January 1, and March 31, 2022 and 2021 for each of the segments defined above:

	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustment		Total	
	March 2022 MCh$	March 2021 MCh$	March 2022 MCh$	March 2021 MCh$	March 2022 MCh$	March 2021 MCh$	March 2022 MCh$	March 2021 MCh$	March 2022 MCh$	March 2021 MCh$	March 2022 MCh$	March 2021 MCh$	March 2022 MCh$	March 2021 MCh$
Net interest income and UF indexation	335,630	231,389	167,227	97,842	(8,135)	2,009	(1,355)	(28)	493,367	331,212	2	31	493,369	331,243
Net commissions income	78,434	63,632	16,818	15,687	(456)	(441)	38,969	35,303	133,765	114,181	(3,525)	(3,049)	130,240	111,132
Net financial income	138	103	5,311	5,258	18,758	(2,399)	3,674	1,994	27,881	4,956	(2)	(31)	27,879	4,925
Exchange position	(1,567)	1,647	7,769	5,923	15,338	13,494	6,560	4,209	28,100	25,273	—	—	28,100	25,273
Other income	2,902	3,501	1,812	2,335	—	—	825	977	5,539	6,813	(1,476)	(1,263)	4,063	5,550
Income attributable to investments in other companies	1,184	(963)	299	295	29	1	22	10	1,534	(657)	—	—	1,534	(657)
Total operating revenue	416,721	299,309	199,236	127,340	25,534	12,664	48,695	42,465	690,186	481,778	(5,001)	(4,312)	685,185	477,466
Expenses from salaries and employee benefits	(80,320)	(72,388)	(22,113)	(22,507)	(601)	(568)	(19,037)	(18,239)	(122,071)	(113,702)	4	4	(122,067)	(113,698)
Administrative expenses	(65,751)	(63,640)	(17,021)	(15,134)	(379)	(317)	(8,395)	(8,062)	(91,546)	(87,153)	4,712	4,264	(86,834)	(82,889)
Depreciation and amortization	(16,363)	(15,198)	(2,088)	(1,923)	(103)	(81)	(1,371)	(1,417)	(19,925)	(18,619)	—	—	(19,925)	(18,619)
Impairment of non-financial assets	—	(1)	—	—	—	—	98	422	98	421	—	—	98	421
Other operating expenses	(3,923)	(2,164)	(1,753)	(1,916)	—	(9)	(288)	59	(5,964)	(4,030)	285	44	(5,679)	(3,986)
Total operating expenses	(166,357)	(153,391)	(42,975)	(41,480)	(1,083)	(975)	(28,993)	(27,237)	(239,408)	(223,083)	5,001	4,312	(234,407)	(218,771)
Expenses for credit losses (*)	(65,236)	(37,811)	(33,962)	(19,104)	(206)	724	—	—	(99,404)	(56,191)	—	—	(99,404)	(56,191)
Income from operations	185,128	108,107	122,299	66,756	24,245	12,413	19,702	15,228	351,374	202,504	—	—	351,374	202,504
Income taxes													(59,647)	(40,540)
Income after income taxes													291,727	161,964

(*) As of December 31, 2021 and 2020, the Retail and Wholesale segments include additional provisions allocated based on their risk-weighted assets.

The following table presents assets and liabilities of the periods ended March 31, 2022 and December 31, 2021 by each segment defined above:

	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustment		Total	
	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Assets	20,651,690	20,519,142	12,427,780	12,806,598	15,788,677	17,412,053	871,480	954,858	49,739,627	51,692,651	(199,702)	(369,448)	49,539,925	51,323,203
Current and deferred taxes													445,989	435,123
Total assets													49,985,914	51,758,326
Liabilities	16,377,742	16,779,925	10,041,420	10,530,749	18,741,464	19,640,221	718,826	770,228	45,879,452	47,721,123	(199,702)	(369,448)	45,679,750	47,351,675
Current and deferred taxes													106,257	113,129
Total liabilities													45,786,007	47,464,804

7. Cash and Cash Equivalents:

The detail of the balances included under cash and cash equivalents as follows:

	March 2022 MCh$	December 2021 MCh$
Cash and due from banks:		
Cash	1,127,320	1,073,601
Deposit in Chilean Central Bank (*)	2,536,416	1,545,472
Deposit in abroad Central Bank	—	—
Deposits in domestic banks	45,062	129,858
Deposits in abroad banks	1,173,450	964,803
Subtotal – Cash and due from banks	4,882,248	3,713,734
Net transactions in the course of collection (**)	550	116,720
Others cash equivalents (***)	153,616	3,458,373
Total cash and cash equivalents	5,036,414	7,288,827

The detail of the balances included under net ongoing clearance operations is as follows:

	March 2022 MCh$	December 2021 MCh$
Assets		
Documents drawn on other banks (clearing)	106,159	123,051
Funds receivable	327,753	363,649
Subtotal - assets	433,912	486,700
Liabilities		
Funds payable	(433,362)	(369,980)
Subtotal - liabilities	(433,362)	(369,980)
Net transactions in the course of settlement	550	116,720

(*) The level of funds in cash and in the Central Bank of Chile responds to regulations on reserve requirements that the bank must maintain on average in monthly periods.

(**) Ongoing clearance operations correspond to transactions in which only the settlement remains that will increase or decrease the funds in the Central Bank of Chile or in foreign banks, normally within 12 or 24 business hours.

(***) Refers to financial instruments that meet the criteria to be considered as "cash equivalents" as defined by IAS 7, i.e., to qualify as "cash equivalents" investments in debt financial instruments must be: short-term with an original maturity of 90 days or less from the date of acquisition, highly liquid, readily convertible to known amounts of cash from the date of initial investment, and that the financial instruments are exposed to an insignificant risk of changes in their value.

8. Financial Assets Held for Trading at Fair Value through Profit or Loss:

(a) The Bank as of March 31, 2022 and December 31, 2021, maintains the following portfolio of derivative instruments:

	Notional amount of contract with final expiration date in																Fair Value	
	Demand		Up to 1 month		Over 1 month and up to 3 months		Over 3 months and up to 12 months		Over 1 year and up to 3 years		Over 3 year and up to 5 years		Over 5 years		Total		Assets	
	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Currency forward	—	—	8,711,981	6,289,327	4,673,031	5,532,323	8,772,742	8,429,176	1,139,706	1,320,406	62,548	74,865	17,255	18,758	23,377,263	21,664,855	439,501	742,545
Interest rate swap	—	—	2,945,723	1,255,464	3,793,719	4,110,203	9,789,478	10,616,344	11,237,742	11,611,771	6,606,714	6,939,951	9,693,078	10,277,577	44,066,454	44,811,310	1,055,103	825,525
Interest rate swap and cross currency swap	—	—	357,760	288,582	675,974	771,916	3,827,773	3,659,286	4,723,652	5,055,449	3,557,721	3,769,369	5,269,458	5,253,837	18,412,338	18,798,439	896,299	1,132,718
Call currency options	—	—	31,342	19,681	44,627	41,274	79,096	53,074	2,510	2,972	—	—	—	—	157,575	117,001	1,931	4,509
Put currency options	—	—	22,946	11,952	31,580	34,859	49,394	43,991	2,353	2,631	—	—	—	—	106,273	93,433	1,627	199
Total	—	—	12,069,752	7,865,006	9,218,931	10,490,575	22,518,483	22,801,871	17,105,963	17,993,229	10,226,983	10,784,185	14,979,791	15,550,172	86,119,903	85,485,038	2,394,461	2,705,496

8. Financial Assets Held for Trading at Fair Value through Profit or Loss, continued:

b) The detail of the instruments designated as Debt Financial Instruments is the following:

	March 2022 MCh$	December 2021 MCh$
Instruments issued by the Chilean Government and Central Bank of Chile		
Debt financial instruments from the Central Bank of Chile	219,705	3,297,100
Bonds and Promissory notes from the Chilean Government	51,105	175,022
Other fiscal debt financial instruments	—	—
Other Instruments Issued in Chile		
Debt financial instruments from other domestic banks	211,376	265,820
Bonds and trade effects from domestic companies	—	—
Other debt financial instruments issued in the country	—	—
Instruments Issued Abroad		
Financial instruments from foreign governments or Central Banks	—	—
Financial debt instruments from foreign goverments and fiscal entities	—	—
Debt financial instruments from other foreign banks	—	—
Bonds and trade effects from foreign companies	—	—
Total	482,186	3,737,942

Instruments sold under repurchase agreements to clients and financial institutions are classified under instruments of the State and Central Bank of Chile by an amount of Ch$16,998 million as of March 31, 2022. As of December 31, 2021, there are no documents sold with a repurchase agreement. Repurchase agreements have an average expiration of 1 day at closure March 2022. Additionally, instruments are maintained under this item to comply with the technical reserve constitution requirements for an amount equivalent to Ch$83,002 million as of March 31, 2022 (Ch$3,288,800 million in December 2021).

Instruments sold under repurchase agreements to clients and financial institutions include other debt financial instruments issued in the country, by an amount of Ch$60,492 million as of March 31, 2022 (Ch$84,969 million in December 2021). The repurchase agreements have an average maturity of 10 days at the end of the 2022 period (12 days in December 2021).

Additionally, the Bank has investments in own-issued letters of credit for an amount equivalent to Ch$3,511 million as of March 31, 2022 (Ch$3,832 million in December 2021), which are presented as a reduction of the liability item "Debt Financial Instruments Issued".

8. Financial Assets Held for Trading at Fair Value through Profit or Loss, continued:

c) The detail of other financial instruments is as follows:

	March 2022 MCh$	December 2021 MCh$
Mutual fund investments		
Funds managed by related companies	27	125,145
Funds managed by third-party	—	—
Equity instruments		
Domestic equity instruments	2,032	3,062
Foreign equity instruments	—	—
Loans originated and acquired by the entity		
Loans and advances to banks	—	—
Commercial loans	—	—
Residential mortgage loans	—	—
Consumer loans	—	—
Others	1,140	10,546
Total	3,199	138,753

9. Non-trading Financial Assets mandatorily measured at Fair Value through Profit or Loss:

As of March 31, 2022 and December 31, 2021, the Bank does not hold any non-trading financial assets mandatorily measured at fair value through profit or loss.

10. Financial Assets and Liabilities designated as at Fair Value through Profit or Loss:

As of March 31, 2022 and December 31, 2021, the Bank does not hold financial assets and liabilities designated as at fair value through profit or loss.

11. Financial Assets at Fair Value through Other Comprehensive Income:

(a) As of March 31, 2022 and December 31, 2021, the detail of debt financial instruments is as follows:

	March 2022 MCh$	December 2021 MCh$
Instruments issued by the Chilean Government and Central Bank of Chile		
Debt financial instruments from the Central Bank of Chile	—	102
Bonds and Promissory notes from the Chilean Government	2,046,031	2,480,423
Other fiscal debt financial instruments	7,220	8,325
Other Instruments Issued in Chile		
Debt financial instruments from other domestic banks	648,516	538,486
Bonds and trade effects from domestic companies	18,732	27,473
Other debt financial instruments issued in the country	—	—
Instruments Issued Abroad		
Financial instruments from foreign Central Banks	—	—
Financial instruments from foreign governments and fiscal entities	—	—
Debt financial instruments from other foreing banks	—	—
Bonds and trade effects from foreign companies	—	—
Other debt financial instruments issued abroad	—	—
Total	2,720,499	3,054,809

Instruments of the Government and the Central Bank of Chile include instruments sold under repurchase agreements to clients and financial institutions for an amount of Ch$21,772 million in March, 2022 (Ch$351 million in December 2021). The repurchase agreements have an average maturity of 4 days in March 2022 (4 days in December 2021). As part of the FCIC program, instruments delivered as collateral are included for an approximate amount of Ch$457,794 million as of March 31, 2022 (Ch$456,057 million as of December 31, 2021. Additionally, under this item, instruments are maintained to comply with the requirements for the constitution of a technical reserve for an amount equivalent to Ch$1,515,110 million as of March 31, 2022 (Ch$2,336,780 million as of December 31, 2021).

Under the same item, instruments that guarantee margins for cleared derivatives transactions are classified through Comder Contraparte Central S.A. for an amount of Ch$49,057 million as of March, 2022 (Ch$33,599 million as of December 31, 2021).

Under Instruments of Other National Institutions are classified instruments delivered as collateral as part of FCIC program for an approximate amount of Ch$345,791 as of March 31, 2022 (Ch$185,417 million as of December 31, 2021).

As of March 31, 2022 the impairment for debt instruments at fair value through other comprehensive income was Ch$4,244 million (Ch$4,085 million as of December 31, 2021).

11. Financial Assets at Fair Value through Other Comprehensive Income, continued:

a.1) The credit rating of the issuers of debt instruments as of March 31, 2022 and December 31, 2021 is as follows:

	March 2022				December 2021			
	Phase 1 Individual MCh$	Phase 2 Individual MCh$	Phase 3 Individual MCh$	Total Individual MCh$	Phase 1 Individual MCh$	Phase 2 Individual MCh$	Phase 3 Individual MCh$	Total Individual MCh$
Debt instruments								
Investment grade	2,720,499	—	—	2,720,499	3,054,795	14	—	3,054,809
No investment grade	—	—	—	—	—	—	—	—
No rating	—	—	—	—	—	—	—	—
Total	2,720,499	—	—	2,720,499	3,054,795	14	—	3,054,809

a.2) The analysis of changes in fair value and the provision for credit risk of debt instruments measured at fair value is as follows:

	Phase 1 Individual		Phase 2 Individual		Phase 3 Individual		Total	
	Fair value MCh$	Impairment MCh$	Fair value MCh$	Impairment MCh$	Fair value MCh$	Impairment MCh$	Fair value MCh$	Impairment MCh$
Balance as of January 1, 2021	1,060,307	3,078	216	6	—	—	1,060,523	3,084
Net change in balance	2,045,246	1,005	(276)	(10)	—	—	2,044,970	995
Change in fair value	(51,656)	—	(60)	—	—	—	(51,716)	—
Transfer to Phase 1	—		—	—	—	—	—	—
Transfer to Phase 2	(134)	(4)	134	4	—	—	—	—
Transfer to Phase 3	—	—	—	—	—	—	—	—
Impact due to transfer between phases	—	—	—	—	—	—	—	—
Net impact due to impairment	—	—	—	—	—	—	—	—
Foreign Exchange adjustments	1,032	6	—	—	—	—	1,032	6
Balance as of December 31, 2021	3,054,795	4,085	14	—	—	—	3,054,809	4,085

	Phase 1 Individual		Phase 2 Individual		Phase 3 Individual		Total	
	Fair value MCh$	Impairment MCh$	Fair value MCh$	Impairment MCh$	Fair value MCh$	Impairment MCh$	Fair value MCh$	Impairment MCh$
Balance as of December 31, 2021	3,054,795	4,085	14	—	—	—	3,054,809	4,085
Net change in balance	(328,363)	159	(14)	—	—	—	(328,377)	159
Change in fair value	(5,436)	—	—	—	—	—	(5,436)	—
Transfer to Phase 1	—	—	—	—	—	—	—	—
Transfer to Phase 2	—	—	—	—	—	—	—	—
Transfer to Phase 3	—	—	—	—	—	—	—	—
Impact due to transfer between phases	—	—	—	—	—	—	—	—
Net impact due to impairment	—	—	—	—	—	—	—	—
Foreign Exchange adjustments	(497)	—	—	—	—	—	(497)	—
Balance as of March 31, 2022	2,720,499	4,244	—	—	—	—	2,720,499	4,244

11. Financial Assets at Fair Value through Other Comprehensive Income, continued:

(b) Realized and unrealized gains and losses:

As of March 31, 2022, the portfolio of debt financial instruments includes an accumulated unrealized loss of Ch$53,244 millones (accumulated unrealized loss of Ch$47,808 million in December 2021), recorded as an equity valuation adjustment.

During the periods 2022 and 2021, there is no evidence of impairment of financial assets.

Gross realized gains and losses on the sale of debt financial instruments, as of March 31, 2022 and 2021 are reported under "Net Financial income (expense)" (See Note No. 33). The changes in realized gains and losses at the end of both periods are the following:

	March 2022 MCh$	**March 2021 MCh$**
Unrealized (losses) gains	(4,928)	4,211
Realized gains reclassified to income	(508)	(2,979)
Subtotal	(5,436)	1,232
Income tax on other comprehensive income	482	(332)
Net effect in equity	(4,954)	900

12. Derivative Financial Instruments for hedging purposes:

(a) As of March 31, 2022 and December 31, 2021, the Bank has the following portfolio of financial derivative instruments for accounting hedging purposes:

	Notional amount of contract with final expiration date in															
	Demand		Up to 1 month		Over 1 month and up to 3 months		Over 3 months and up to 12 months		Over 1 year and up to 3 years		Over 3 year and up to 5 years		Over 5 years		Total	
	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Currency forward	—	—	—	—	—	3,099	—	—	—	—	—	—	—	—	—	3,099
Interest rate swap and cross currency swap	—	—	—	—	38,384	—	—	37,494	330,562	322,894	228,061	108,759	1,169,296	895,312	1,766,303	1,364,459
Call currency options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Put currency options	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—
Total	—	—	—	—	38,384	3,099	—	37,494	330,562	322,894	228,061	108,759	1,169,296	895,312	1,766,303	1,367,558

	ASSETS		LIABILITIES	
	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Currency forward	—	—	—	88
Interest rate swap	—	—	—	—
Interest rate swap and cross currency swap	92,256	277,802	49,029	608
Call currency options	—	—	—	—
Put currency options	—	—	—	—
Total	92,256	277,802	49,029	696

12. Derivative Financial Instruments for hedging purposes, continued:

(b) Fair value Hedges:

The Bank uses cross-currency swaps to hedge its exposure to changes in the fair value of the hedged elements of loans. 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, 2022 and December 31, 2021:

	March 2022 MCh$	December 2021 MCh$
Hedge element		
Commercial loans	1,830	1,788
Corporate bonds	—	—
Hedge instrument		
Cross currency swap	1,830	1,788
Interest rate swap	—	—

(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, Peruvian Sol, Australian Dollars, Euros and Norwegian kroner. 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 impact the item "Interest Revenue" of the Income Financial Statements.

12. Derivative Financial Instruments for hedging purposes, 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:

	Demand		Up to 1 month		Over 1 month and up to 3 months		Over 3 months and up to 12 months		Over 1 year and up to 3 years		Over 3 years and up to 5 years		Over 5 years		Total	
	March	December	March	December	March	December	March	December	March	December	March	December	March	December	March	December
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Hedge element																
Outflows:																
Corporate Bond EUR	—	—	(786)	—	—	—	(679)	(1,626)	(2,930)	(3,252)	(43,113)	(47,854)	(50,794)	(56,380)	(98,302)	(109,112)
Corporate Bond HKD	—	—	(2,264)	—	—	—	(12,297)	(15,897)	(96,933)	(105,828)	(83,600)	(91,271)	(283,849)	(309,896)	(478,943)	(522,892)
Corporate Bond PEN	—	—	—	—	—	(841)	(6,068)	(841)	(9,942)	(3,366)	(11,297)	(3,366)	(162,063)	(43,383)	(189,370)	(51,797)
Corporate Bond CHF	—	—	—	(64)	—	—	(1,223)	(958)	(227,314)	(249,008)	(111,282)	(764)	—	(121,521)	(339,819)	(372,315)
Corporate Bond USD	—	—	(834)	—	(4,690)	—	(5,525)	(1,814)	(22,098)	(3,629)	(22,098)	(3,629)	(403,175)	(46,260)	(458,420)	(55,332)
Obligation USD	—	—	—	—	—	—	(393)	(427)	(55,235)	(60,047)	—	—	—	—	(55,628)	(60,474)
Corporate Bond JPY	—	—	—	—	(33,242)	(130)	(1,039)	(39,208)	(3,703)	(4,249)	(3,703)	(4,249)	(210,793)	(242,020)	(252,480)	(289,856)
Corporate Bond AUD	—	—	—	—	(105)	(1,220)	(5,607)	(4,794)	(10,953)	(12,024)	(10,859)	(12,023)	(251,653)	(264,901)	(279,177)	(294,962)
Corporate Bond NOK	—	—	—	—	—	—	(2,447)	(2,646)	(4,893)	(5,292)	(4,893)	(5,292)	(74,444)	(80,515)	(86,677)	(93,745)
Hedge instrument																
Inflows:																
Cross Currency Swap EUR	—	—	786	—	—	—	679	1,626	2,930	3,252	43,113	47,854	50,794	56,380	98,302	109,112
Cross Currency Swap HKD	—	—	2,264	—	—	—	12,297	15,897	96,933	105,828	83,600	91,271	283,849	309,896	478,943	522,892
Cross Currency Swap PEN	—	—	—	—	—	841	6,068	841	9,942	3,366	11,297	3,366	162,063	43,383	189,370	51,797
Cross Currency Swap CHF	—	—	—	64	—	—	1,223	958	227,314	249,008	111,282	764	—	121,521	339,819	372,315
Cross Currency Swap USD	—	—	834	—	4,690	—	5,525	1,814	22,098	3,629	22,098	3,629	403,175	46,260	458,420	55,332
Cross Currency Swap USD	—	—	—	—	—	—	393	427	55,235	60,047	—	—	—	—	55,628	60,474
Cross Currency Swap JPY	—	—	—	—	33,242	130	1,039	39,208	3,703	4,249	3,703	4,249	210,793	242,020	252,480	289,856
Cross Currency Swap AUD	—	—	—	—	105	1,220	5,607	4,794	10,953	12,024	10,859	12,023	251,653	264,901	279,177	294,962
Cross Currency Swap NOK	—	—	—	—	—	—	2,447	2,646	4,893	5,292	4,893	5,292	74,444	80,515	86,677	93,745
Net cash flows	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

12. Derivative Financial Instruments for hedging purposes, 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:

	Demand		Up to 1 month		Over 1 month and up to 3 months		Over 3 months and up to 12 months		Over 1 year and up to 3 years		Over 3 years and up to 5 years		Over 5 years		Total	
	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Hedge element																
Inflows:																
Cash flows in CLF	—	—	2,752	537	46,089	4,031	23,582	59,853	397,520	370,886	282,356	144,432	1,299,721	968,900	2,052,020	1,548,639
Hedge instrument																
Outflows:																
Cross Currency Swap HKD	—	—	(1,983)	(171)	—	—	(8,050)	(9,630)	(77,370)	(75,575)	(81,242)	(79,358)	(218,976)	(214,067)	(387,621)	(378,801)
Cross Currency Swap PEN	—	—	—	—	—	(51)	(1,387)	(52)	(2,778)	(207)	(2,774)	(206)	(105,548)	(33,974)	(112,487)	(34,490)
Cross Currency Swap JPY	—	—	—	—	(38,828)	(341)	(2,501)	(40,029)	(8,587)	(8,388)	(8,575)	(8,376)	(258,006)	(252,362)	(316,497)	(309,496)
Cross Currency Swap USD	—	—	(358)	—	(4,003)	—	(4,385)	(1,104)	(74,563)	(57,936)	(16,667)	(1,402)	(396,256)	(39,368)	(496,232)	(99,810)
Cross Currency Swap CHF	—	—	—	(366)	(2,146)	—	(4,385)	(5,281)	(225,407)	(220,166)	(121,192)	(4,387)	—	(115,104)	(353,130)	(345,304)
Cross Currency Swap EUR	—	—	(411)	—	(626)	—	(1,039)	(2,028)	(4,167)	(4,070)	(47,261)	(46,165)	(48,770)	(47,638)	(102,274)	(99,901)
Cross Currency Swap AUD	—	—	—	—	(148)	(540)	(1,492)	(1,064)	(3,285)	(3,212)	(3,284)	(3,208)	(201,259)	(197,125)	(209,468)	(205,149)
Cross Currency Swap NOK	—	—	—	—	(338)	—	(343)	(665)	(1,363)	(1,332)	(1,361)	(1,330)	(70,906)	(69,262)	(74,311)	(72,589)
Forward UF	—	—	—	—	—	(3,099)	—	—	—	—	—	—	—	—	—	(3,099)
Net cash flows	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

12. Derivative Financial Instruments for hedging purposes, 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 2022 by those derivative contracts that conform the hedging instruments in this cash flow hedging strategy, have been recorded with charge to equity amounting to Ch$64,626 million (credit to equity of Ch$1,539 million in March 2021). The net effect of taxes charge to equity amounts to Ch$47,177 million (credit to equity of Ch$1,123 million during the period March 2021).

The accumulated balance for this concept as of March 31, 2022 corresponds to a credit in equity amounted to Ch$47,068 million (credit to equity of Ch$111,694 million as of December 2021).

(c.4) The effect of the cash flow hedging derivatives that offset the result of the hedged instruments corresponds to a charge to income of Ch$168,632 million during the period 2022 (charge to results for Ch$33,472 million during the period March 2021).

(c.5) As of March 30, 2022 and 2021, 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 30, 2022 and 2021, the Bank does not have hedges of net investments in foreign business.

13. Financial assets at amortized cost:

(a) Rights arising from resale repurchase agreements:

The Bank provides financing to its customers through repurchase agreements and securities lending, in which the financial instrument serves as collateral. As of March 31, 2022 and December 31, 2021, the detail is as follows:

	Demand		Up to 1 month		Over 1 month and up to 3 months		Over 3 months and up to 12 months		Over 1 year and up to 3 years		Over 3 years and up to 5 years		Over 5 years		Total	
	March 2022	December 2021	March 2022	December 2021	March 2022	December 2021	March 2022	December 2021	March 2022	December 2021	March 2022	December 2021	March 2022	December 2021	March 2022	December 2021
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Instruments issued by the Chilean Governments and Central Bank of Chile																
Central Bank bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Central Bank promissory notes	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments issued by the Chilean Government and Central Bank of Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Financial Instruments issued in Chile																
Deposit promissory notes from domestic banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage bonds from domestic banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bonds from domestic banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Deposits in domestic banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bonds from other Chilean companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments issued in Chile	—	—	13,398	37,763	3,668	14,013	8,795	12,589	—	—	—	—	—	—	25,861	64,365
Subtotal	—	—	13,398	37,763	3,668	14,013	8,795	12,589	—	—	—	—	—	—	25,861	64,365
Financial Instruments issued by foreign institutions																
Instruments from foreign governments or Central Bank	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments from foreign	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	—	13,398	37,763	3,668	14,013	8,795	12,589	—	—	—	—	—	—	25,861	64,365

Purchased Instruments:

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, 2022, the fair value of the instruments received amounts to Ch$25,945 million (Ch$65,531 million in December 2021).

13. Financial assets at amortized cost, continued:

(b) Debt financial instruments:

At the end of each period, the balances presented under this item are as follows:

	March 2022 MCh$	December 2021 MCh$
Instruments issued by the Chilean Government and Central Bank of Chile		
Debt financial instruments from the Central Bank of Chile	—	—
Bonds and promissory notes from the Chilean Government	846,983	839,744
Other fiscal debt financial instruments	—	—
Other Finacial Instruments issued in Chile		
Debt financial instruments from other domestic banks	—	—
Bonds and trade effects from domestic companies	—	—
Other debt financial instruments issued in the country	—	—
Financial Instruments issued Abroad		
Debt financial instruments from foreign Central Banks	—	—
Debt financial instruments from foreign governments and fiscal entities	—	—
Debt financial instruments from other foreing banks	—	—
Bonds and trade effects from foreign companies	—	—
Other debt financial instruments issued abroad	—	—
Accumulated Impairment Value of Financial Assets at Amortized Cost Debt Financial Instruments		
Financial assets with no significant increase in credit risk since initial recognition (phase 1)	—	—
Financial assets with a significant increase in credit risk since initial recognition, but without credit impairment (phase 2)	—	—
Financial assets with credit impairment (phase 3)	—	—
Total	846,983	839,744

Under Instruments of the Government and the Central Bank of Chile, instruments are classified to comply with the requirements for the constitution of a technical reserve for an amount equivalent to Ch$100,399 million as of March 31, 2022. Additionally, instruments pledged as collateral as part of the FCIC program are included for an approximate amount of Ch$641,788 million as of March 31, 2022.

13. Financial assets at amortized cost, continued:

(c) Loans and advances to Banks: At the end of each period, the balances presented under this item are as follows:

As of March 31, 2022	Assets before allowances				Allowances established				
	Normal Portfolio Individual Evaluation	Substandard Portfolio Individual Evaluation	Non-Complying Portfolio Individual Evaluation	Total	Normal Portfolio Individual Evaluation	Substandard Portfolio Individual Evaluation	Non-Complying Portfolio Individual Evaluation	Total	Financial Asset Net
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Domestic Banks									
Interbank loans of liquidity	—	—	—	—	—	—	—	—	—
Interbank loans commercial	—	—	—	—	—	—	—	—	—
Current accounts overdrafts	—	—	—	—	—	—	—	—	—
Chilean exports foreign trade loans	—	—	—	—	—	—	—	—	—
Chilean imports foreign trade loans	—	—	—	—	—	—	—	—	—
Credits with third countries	—	—	—	—	—	—	—	—	—
Non-transferable deposits in domestic banks	—	—	—	—	—	—	—	—	—
Other debts with domestic banks	—	—	—	—	—	—	—	—	—
Foreign Banks									
Interbank loans of liquidity	—	—	—	—	—	—	—	—	—
Interbank loans commercial	122,260	—	—	122,260	(267)	—	—	(267)	121,993
Current accounts overdrafts	—	—	—	—	—	—	—	—	—
Chilean exports foreign trade loans	67,318	—	—	67,318	(79)	—	—	(79)	67,239
Chilean imports foreign trade loans	—	—	—	—	—	—	—	—	—
Credits with third countries	2,187	—	—	2,187	(2)	—	—	(2)	2,185
Current account deposits with foreign banks for derivatives transactions	—	—	—	—	—	—	—	—	—
Other non-transferable deposits with foreign banks	—	—	—	—	—	—	—	—	—
Other debts with foreign banks	—	—	—	—	—	—	—	—	—
Subtotal Domestic Bank and Foreign	191,765	—	—	191,765	(348)	—	—	(348)	191,417
Central Bank of Chile									
Current account deposits for derivative transactions with a counterparty	—	—	—	—	—	—	—	—	—
Other deposits not available	2,800,000	—	—	2,800,000	—	—	—	—	2,800,000
Other receivables	—	—	—	—	—	—	—	—	—
Foreign Central Banks	—	—	—	—	—	—	—	—	—
Current account deposits for derivatives transactions	—	—	—	—	—	—	—	—	—
Other deposits not available	—	—	—	—	—	—	—	—	—
Other receivables	—	—	—	—	—	—	—	—	—
Subtotal Central Bank of Chile and Foreign Central Banks	2,800,000	—	—	2,800,000	—	—	—	—	2,800,000
Total	2,991,765	—	—	2,991,765	(348)	—	—	(348)	2,991,417

13. Financial assets at amortized cost, continued:

(c) Loans and advances to Banks, continued:

	Assets before allowances				Allowances established				
As of December 31, 2021	Normal Portfolio Individual Evaluation MCh$	Substandard Portfolio Individual Evaluation MCh$	Non-Complying Portfolio Individual Evaluation MCh$	Total MCh$	Normal Portfolio Individual Evaluation MCh$	Substandard Portfolio Individual Evaluation MCh$	Non-Complying Portfolio Individual Evaluation MCh$	Total MCh$	Financial Asset Net MCh$
Domestic Banks									
Interbank loans of liquidity	160,018	—	—	160,018	(58)	—	—	(58)	159,960
Interbank loans commercial	—	—	—	—	—	—	—	—	—
Current accounts overdrafts	—	—	—	—	—	—	—	—	—
Chilean exports foreign trade loans	—	—	—	—	—	—	—	—	—
Chilean imports foreign trade loans	—	—	—	—	—	—	—	—	—
Credits with third countries	—	—	—	—	—	—	—	—	—
Non-transferable deposits in domestic banks	—	—	—	—	—	—	—	—	—
Other debts with foreign banks	—	—	—	—	—	—	—	—	—
Foreign Banks									
Interbank loans of liquidity	—	—	—	—	—	—	—	—	—
Interbank loans commercial	158,308	—	—	158,308	(347)	—	—	(347)	157,961
Current accounts overdrafts	—	—	—	—	—	—	—	—	—
Chilean exports foreign trade loans	121,008	—	—	121,008	(114)	—	—	(114)	120,894
Chilean imports foreign trade loans	—	—	—	—	—	—	—	—	—
Credits with third countries	498	—	—	498	—	—	—	—	498
Current account deposits with foreign banks for derivatives transactions	—	—	—	—	—	—	—	—	—
Other non-transferable deposits with foreign banks	—	—	—	—	—	—	—	—	—
Other debts with foreign banks	—	—	—	—	—	—	—	—	—
Subtotal Domestic Bank and Foreign	439,832	—	—	439,832	(519)	—	—	(519)	439,313
Central Bank of Chile									
Current account deposits for derivative transactions with a counterparty	—	—	—	—	—	—	—	—	—
Other deposits not available	1,090,000	—	—	1,090,000	—	—	—	—	1,090,000
Other receivables	—	—	—	—	—	—	—	—	—
Foreign Central Banks	—	—	—	—	—	—	—	—	—
Current account deposits for derivatives transactions	—	—	—	—	—	—	—	—	—
Other deposits not available	—	—	—	—	—	—	—	—	—
Other receivables	—	—	—	—	—	—	—	—	—
Subtotal Central Bank of Chile and Foreign Central Banks	1,090,000	—	—	1,090,000	—	—	—	—	1,090,000
Total	1,529,832	—	—	1,529,832	(519)	—	—	(519)	1,529,313

13. Financial assets at amortized cost, continued:

(d) Loans to Customers: At the end of each period, the balances presented under this item are as follows:

Loans to Customers As of March 31, 2022	Assets before allowances						Allowances established								
	Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation					
	Individual	Group	Individual	Individual	Group	Total	Individual	Group	Individual	Individual	Group	Sub Total	Deductible Warranties Fogape Covid-19	Total	Net Financial Asset
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans															
Commercial loans	11,123,454	4,132,638	144,561	127,092	237,179	15,764,924	(99,094)	(46,402)	(4,726)	(56,323)	(70,422)	(276,967)	(43,296)	(320,263)	15,444,661
Chilean exports foreign trade loans	621,848	4,900	3,684	10,905	937	642,274	(17,278)	(185)	(106)	(5,465)	(299)	(23,333)	—	(23,333)	618,941
Chilean imports foreign trade loans	471,053	42,690	5,789	3,368	1,291	524,191	(17,310)	(1,160)	(188)	(1,607)	(633)	(20,898)	—	(20,898)	503,293
Foreign trade loans between third countries	3,001	—	—	—	—	3,001	(133)	—	—	—	—	(133)	—	(133)	2,868
Current account debtors	82,226	77,913	3,828	925	858	165,750	(2,183)	(4,432)	(302)	(454)	(415)	(7,786)	—	(7,786)	157,964
Credit card debtors	14,271	49,997	552	365	3,149	68,334	(586)	(2,211)	(74)	(243)	(1,779)	(4,893)	—	(4,893)	63,441
Factoring transactions	397,900	33,080	2,908	545	58	434,491	(7,982)	(876)	(185)	(348)	(21)	(9,412)	—	(9,412)	425,079
Commercial lease transactions (1)	1,323,661	279,569	42,540	10,207	7,412	1,663,389	(2,822)	(3,374)	(81)	(2,451)	(1,240)	(9,968)	(1,294)	(11,262)	1,652,127
Student loans	—	55,987	—	—	2,411	58,398	—	(2,527)	—	—	(1,644)	(4,171)	—	(4,171)	54,227
Other loans and accounts receivable	5,564	7,291	228	10,189	1,426	24,698	(181)	(3)	(48)	(8,386)	(580)	(9,198)	—	(9,198)	15,500
Subtotal	14,042,978	4,684,065	204,090	163,596	254,721	19,349,450	(147,569)	(61,170)	(5,710)	(75,277)	(77,033)	(366,759)	(44,590)	(411,349)	18,938,101
Residential mortgage loans															
Letters of credit	—	5,182	—	—	288	5,470	—	(3)	—	—	(14)	(17)	—	(17)	5,453
Endorsable mortgage loans	—	16,089	—	—	660	16,749	—	(8)	—	—	(40)	(48)	—	(48)	16,701
Loans with mutual funds financed by mortgage bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other residential lending	—	10,042,874	—	—	235,876	10,278,750	—	(9,501)	—	—	(17,149)	(26,650)	—	(26,650)	10,252,100
Residential lease transactions (1)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other loans and accounts receivable	—	145,356	—	—	8,619	153,975	—	(487)	—	—	(1,492)	(1,979)	—	(1,979)	151,996
Subtotal	—	10,209,501	—	—	245,443	10,454,944	—	(9,999)	—	—	(18,695)	(28,694)	—	(28,694)	10,426,250
Consumer loans															
Consumer loans in installments	—	2,792,328	—	—	160,607	2,952,935	—	(119,197)	—	—	(103,664)	(222,861)	—	(222,861)	2,730,074
Current account debtors	—	189,504	—	—	3,236	192,740	—	(6,235)	—	—	(1,542)	(7,777)	—	(7,777)	184,963
Credit card debtors	—	1,247,772	—	—	19,277	1,267,049	—	(26,490)	—	—	(11,750)	(38,240)	—	(38,240)	1,228,809
Operaciones de leasing financiero de consumo (1)	—	520	—	—	—	520	—	(5)	—	—	—	(5)	—	(5)	515
Other loans and accounts receivable	—	6	—	—	932	938	—	(1)	—	—	(903)	(904)	—	(904)	34
Subtotal	—	4,230,130	—	—	184,052	4,414,182	—	(151,928)	—	—	(117,859)	(269,787)	—	(269,787)	4,144,395
Total	14,042,978	19,123,696	204,090	163,596	684,216	34,218,576	(147,569)	(223,097)	(5,710)	(75,277)	(213,587)	(665,240)	(44,590)	(709,830)	33,508,746

(1) In this item, the Bank finances its clients the acquisition of movable and immovable property through financial lease agreements. As of March 31, 2022 Ch$855,234 million correspond to finance leases on immovable property and Ch$808,675 million correspond to finance leases on movable property.

13. Financial assets at amortized cost, continued:

(d) Loans to Customers, continued:

Loans to Customers As of December 31, 2021	Assets before allowances						Allowances established								
	Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			Deductible Warranties		
	Individual	Group	Individual	Individual	Group	Total	Individual	Group	Individual	Individual	Group	Sub Total	Fogape Covid-19	Total	Net Financial Asset
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans															
Commercial loans	11,228,744	4,230,007	140,134	126,750	252,100	15,977,735	(99,681)	(42,951)	(4,994)	(55,238)	(78,173)	(281,037)	(47,196)	(328,233)	15,649,502
Chilean exports foreign trade loans	696,471	5,622	3,991	11,890	1,035	719,009	(16,382)	(149)	(96)	(5,799)	(528)	(22,954)	—	(22,954)	696,055
Chilean imports foreign trade loans	494,706	45,839	3,264	3,750	1,728	549,287	(18,219)	(1,146)	(230)	(1,808)	(958)	(22,361)	—	(22,361)	526,926
Foreign trade loans between third countries	2,950	—	—	—	—	2,950	(128)	—	—	—	—	(128)	—	(128)	2,822
Current account debtors	69,300	69,301	3,521	832	1,056	144,010	(1,638)	(1,653)	(231)	(418)	(444)	(4,384)	—	(4,384)	139,626
Credit card debtors	12,443	45,972	498	417	3,262	62,592	(510)	(1,283)	(84)	(259)	(1,773)	(3,909)	—	(3,909)	58,683
Factoring transactions	446,556	36,272	2,924	411	93	486,256	(9,051)	(924)	(415)	(265)	(33)	(10,688)	—	(10,688)	475,568
Commercial lease transactions (1)	1,275,806	275,147	43,174	10,124	7,812	1,612,063	(2,917)	(1,842)	(53)	(2,439)	(2,977)	(10,228)	(1,338)	(11,566)	1,600,497
Student loans	—	55,346	—	—	2,602	57,948	—	(2,555)	—	—	(1,754)	(4,309)	—	(4,309)	53,639
Other loans and accounts receivable	5,569	6,808	159	8,788	1,582	22,906	(178)	(9)	(18)	(7,451)	(700)	(8,356)	—	(8,356)	14,550
Subtotal	14,232,545	4,770,314	197,665	162,962	271,270	19,634,756	(148,704)	(52,512)	(6,121)	(73,677)	(87,340)	(368,354)	(48,534)	(416,888)	19,217,868
Residential mortgage loans															
Letters of credit	—	5,722	—	—	334	6,056	—	(4)	—	—	(15)	(19)	—	(19)	6,037
Endorsable mortgage loans	—	16,941	—	—	842	17,783	—	(9)	—	—	(48)	(57)	—	(57)	17,726
Loans with mutual funds financed by mortgage bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other residential lending	—	9,896,877	—	—	273,164	10,170,041	—	(9,049)	—	—	(19,591)	(28,640)	—	(28,640)	10,141,401
Residential lease transactions (1)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other loans and accounts receivable	—	142,754	—	—	10,018	152,772	—	(450)	—	—	(1,565)	(2,015)	—	(2,015)	150,757
Subtotal	—	10,062,294	—	—	284,358	10,346,652	—	(9,512)	—	—	(21,219	(30,731)	—	(30,731)	10,315,921
Consumer loans															
Consumer loans in installments	—	2,684,317	—	—	190,964	2,875,281	—	(112,005)	—	—	(115,100)	(227,105)	—	(227,105)	2,648,176
Current account debtors	—	168,993	—	—	3,630	172,623	—	(5,422)	—	—	(1,324)	(6,746)	—	(6,746)	165,877
Credit card debtors	—	1,179,592	—	—	19,534	1,199,126	—	(25,195)	—	—	(10,443)	(35,638)	—	(35,638)	1,163,488
Operaciones de leasing financiero de consumo (1)	—	510	—	—	—	510	—	(10)	—	—	—	(10)	—	(10)	500
Other loans and accounts receivable	—	6	—	—	1,163	1,169	—	(2)	—	—	(1,129)	(1,131)	—	(1,131)	38
Subtotal	—	4,033,418	—	—	215,291	4,248,709	—	(142,634)	—	—	(127,996)	(270,630)	—	(270,630)	3,978,079
Total	14,232,545	18,866,026	197,665	162,962	770,919	34,230,117	(148,704)	(204,658)	(6,121)	(73,677)	(236,555)	(669,715)	(48,534)	(718,249)	33,511,868

(2) In this item, the Bank finances its clients the acquisition of movable and immovable property through financial lease agreements. As of December 31, 2021 Ch$810,611 million correspond to finance leases on movable property and Ch$801,962 million correspond to finance leases on movable property.

13. Financial assets at amortized cost, continued:

(e) Contingent loan: At the close of each reporting period, the contingent credit risk exposure is as follows;

As of March 31, 2022	Outstanding exposure before provisions						Provisions established						Net exposure for credit risk of contingent loans
	Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			
	Individual	Group	Individual	Individual	Group	Total	Individual	Group	Individual	Individual	Group	Total	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Warranty by endorsement and sureties	417,203	501	6,595	—	—	424,299	(3,770)	(37)	(2,771)	—	—	(6,578)	417,721
Letters of credit for goods circulation operations	529,142	611	1	—	—	529,754	(1,263)	(3)	—	—	—	(1,266)	528,488
Commitments to purchase local currency debt abroad	—	—	—	—	—	—	—	—	—	—	—	—	—
Contingent event transactions	2,177,840	45,758	30,572	2,199	350	2,256,719	(27,260)	(606)	(1,233)	(1,051)	(171)	(30,321)	2,226,398
Undrawn credit lines with immediate termination	1,200,902	7,333,860	4,459	685	16,308	8,556,214	(1,815)	(3,058)	(48)	(428)	(7,912)	(13,261)	8,542,953
Undrawn credit lines	—	—	—	—	—	—	—	—	—	—	—	—	—
Credits for Higher Education Law No. 20,027 (CAE)	—	—	—	—	—	—	—	—	—	—	—	—	—
Other irrevocable loan commitments	—	—	—	—	—	—	—	—	—	—	—	—	—
Other contingent loans	78,355	—	—	—	—	78,355	(28)	—	—	—	—	(28)	78,327
Total	4,403,442	7,380,730	41,627	2,884	16,658	11,845,341	(34,136)	(3,704)	(4,052)	(1,479)	(8,083)	(51,454)	11,793,887

As of December 31, 2021	Outstanding exposure before provisions						Provisions established						Net exposure for credit risk of contingent loans
	Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			
	Individual	Group	Individual	Individual		Total	Individual	Group	Individual	Individual	Group	Total	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Warranty by endorsement and sureties	431,932	567	7,170	—	—	439,669	(3,720)	(8)	(3,015)			(6,743)	432,926
Letters of credit for goods circulation operations	448,300	1,604	120	—	—	450,024	(1,577)	(6)	(2)	—	—	(1,585)	448,439
Commitments to purchase local currency debt abroad	—	—	—	—	—	—	—	—	—	—	—	—	—
Contingent event transactions	2,290,721	45,447	28,697	1,728	361	2,366,954	(27,541)	(470)	(1,223)	(871)	(198)	(30,303)	2,336,651
Undrawn credit lines with immediate termination	1,311,852	7,310,486	4,421	719	23,715	8,651,193	(1,921)	(3,887)	(57)	(409)	(9,055)	(15,329)	8,635,864
Undrawn credit lines	—	—	—	—	—	—	—	—	—	—	—	—	—
Credits for Higher Education Law No. 20,027 (CAE)	—	—	—	—	—	—	—	—	—	—	—	—	—
Other irrevocable loan commitments	—	—	—	—	—	—	—	—	—	—	—	—	—
Other contingent loans	78,951	—	—	—	—	78,951	(26)	—	—	—	—	(26)	78,925
Total	4,561,756	7,358,104	40,408	2,447	24,076	11,986,791	(34,785)	(4,371)	(4,297)	(1,280)	(9,253)	(53,986)	11,932,805

13. Financial assets at amortized cost, continued:

(f) Provisions:

Summary of changes in due from banks provisions constituted by credit risk portfolio in the period:

	Changes in provisions constituted by portfolio in the period			
	Individual Evaluation			
	Normal Portfolio MCh$	Substandard Portfolio MCh$	Non-Complying Portfolio MCh$	Total MCh$
Loans and advances to Banks				
Balance as of January 1, 2022	519	—	—	519
Allowances established/ released:	—	—	—	—
Change in measurement without portfolio reclassification during the period:	—	—	—	—
Change in measurement without portfolio reclassification from the beginning to the end of the period (portfolio from (-) until (+)):	—	—	—	—
Transfer from Normal individual to Substandard	—	—	—	—
Transfer from Normal individual to Non-Complying individual	—	—	—	—
Transfer from Substandard to Non-Complying individual	—	—	—	—
Transfer from Substandard to Normal individual	—	—	—	—
Transfer from Non-Complying individual to Substandard	—	—	—	—
Transfer from Non-Complying individual to Normal individual	—	—	—	—
New assets originated	209	—	—	209
New credits for conversion of contingent to loan	—	—	—	—
New assets purchased	—	—	—	—
Sales or transfers of credits	—	—	—	—
Payment of credit	(345)	—	—	(345)
Provisions for write-offs	—	—	—	—
Recovery of written-off loans	—	—	—	—
Foreign exchange adjustments	(35)	—	—	(35)
Other changes in allowances (if applicable)	—	—	—	—
Balance as of March 31, 2022	348	—	—	348

13. Financial assets at amortized cost, continued:

(f) Provisions, continued:

	Changes in provisions constituted by portfolio in the period			
	Individual Evaluation			
	Normal Portfolio	Substandard Portfolio	Non-Complying Portfolio	Total
	MCh$	MCh$	MCh$	MCh$
Loans and advances to Banks				
Balance as of January 1, 2021	665	—	—	665
Allowances established/ released:	—	—	—	—
Change in measurement without portfolio reclassification during the period:	11	—	—	11
Change in measurement without portfolio reclassification from the beginning to the end of the period (portfolio from (-) until (+)):	—	—	—	—
Transfer from Normal individual to Substandard	—	—	—	—
Transfer from Normal individual to Non-Complying individual	—	—	—	—
Transfer from Substandard to Non-Complying individual	—	—	—	—
Transfer from Substandard to Normal individual	—	—	—	—
Transfer from Non-Complying individual to Substandard	—	—	—	—
Transfer from Non-Complying individual to Normal individual	—	—	—	—
New assets originated	335	—	—	335
New credits for conversion of contingent to loan	—	—	—	—
New assets purchased	—	—	—	—
Sales or transfers of credits	—	—	—	—
Payment of credit	(536)	—	—	(536)
Provisions for write-offs	—	—	—	—
Recovery of written-off loans	—	—	—	—
Foreign exchange adjustments	7	—	—	7
Other changes in allowances (if applicable)	—	—	—	—
Balance as of March 31, 2021	482	—	—	482
Balance as of December 31, 2021	519	—	—	519

13. Financial assets at amortized cost, continued:

(f) Provisions, continued:

Summary of changes in commercial loan provisions constituted by credit risk portfolio in the period;

Commercial loans	Changes in provisions constituted by portfolio in the period								
	Normal Portfolio Evaluation			Substandard Portfolio Evaluation		Sub total		Deductible Warranties FOGAPE Covid-19	
	Group MCh$	Individual MCh$	Substandard Portfolio MCh$	Group MCh$	Individual MCh$	Group MCh$	Individual MCh$	MCh$	Total MCh$
Balance as of January 1, 2022	52,512	148,704	6,121	87,340	73,677	139,852	228,502	48,534	416,888
Provisions established/ released:									
Change in measurement without portfolio reclassification during the period:	31,807	4,325	161	1,723	2,816	16,936	4,818	—	21,754
Change in measurement without portfolio reclassification from the beginning to the end of the period (portfolio from (-) until (+)):									
Transfer from Normal individual to Substandard	15,213	1,841	448	—	—	—	224	—	224
Transfer from Normal individual to Non-Complying individual			—	—	878	—	745	—	745
Transfer from Substandard to Non-Complying individual	—	(224)	(303)	—	1,384	—	1,081	—	1,081
Transfer from Substandard to Normal individual	—	(133)	(112)	—	—	—	(50)	—	(50)
Transfer from Non-Complying individual to Substandard	—	—	19	—	(26)	—	(7)	—	(7)
Transfer from Non-Complying individual to Normal individual	—	62	—	—	—	—	—	—	—
Transfer from Normal group to Non-Complying group	—	—	—	7,756	—	4,032	—	—	4,032
Transfer from Non-Complying group to Normal group	—	—	—	(4,959)	—	(3,939)	—	—	(3,939)
Transfer from Individual (normal, substandard, non-complying) to Group (normal, non-complying)	(3,724)	—	—	—	—	—	—	—	—
Transfer from Group (normal, non-complying) to Individual (normal, substandard, non-complying)	1,020	—	6	(58)	—	(233)	223	—	(10)
New assets originated	—	—	601	3,948	7,086	10,247	57,250	20	67,517
New credits for conversion of contingent to loan	(175)	217	104	107	99	1,713	1,886	—	3,599
New assets purchased	6,299	49,563	—	—	—	—	—	—	—
Sales or transfers of credits	1,606	1,683	—	—	—	—	—	—	—
Payment of credit	—	—	(1,275)	(7,533)	(6,193)	(18,853)	(57,074)	(3,964)	(79,891)
Provisions for write-offs	—	—	(5)	(11,144)	(2,058)	(11,339)	(2,065)	—	(13,404)
Recovery of written-off loans	(11,320)	(49,606)	—	—	—	63	—	—	63
Changes to models and assumptions	(195)	(2)	—	—	—	—	—	—	—
Foreign exchange adjustments	63	—	(55)	(147)	(2,386)	(276)	(6,977)	—	(7,253)
Other changes in allowances (if applicable)	—	—	—	—	—	—	—	—	—
Balance as of March 31, 2022	(129)	(4,536)	5,710	77,033	75,277	138,203	228,556	44,590	411,349
	—	—							
	61,170	147,569							

13. Financial assets at amortized cost, continued:

(f) Provisions, continued:

Commercial loans	Normal Portfolio Evaluation Group MCh$	Normal Portfolio Evaluation Individual MCh$	Substandard Portfolio MM$	Substandard Portfolio Evaluation Group MCh$	Substandard Portfolio Evaluation Individual MCh$	Sub total Group MCh$	Sub total Individual MCh$	Deductible Warranties FOGAPE Covid-19 MCh$	Total MCh$
	Changes in provisions constituted by portfolio in the period								
Balance as of January 1, 2021	62,256	143,912	6,579	95,229	90,731	157,485	241,222	24,109	422,816
Allowances established/ released:									
Change in measurement without portfolio reclassification during the period:	5,911	5,378	310	9,854	1,973	15,765	7,661	—	23,426
Change in measurement without portfolio reclassification from the beginning to the end of the period (portfolio from (-) until (+)):									
Transfer from Normal individual to Substandard	—	(80)	129	—	—	—	49	—	49
Transfer from Normal individual to Non-Complying individual	—	(22)	—	—	249	—	227	—	227
Transfer from Substandard to Non-Complying individual	—	—	(311)	—	542	—	231	—	231
Transfer from Substandard to Normal individual	—	3	(6)	—	—	—	(3)	—	(3)
Transfer from Non-Complying individual to Substandard	—	—	8	—	(59)	—	(51)	—	(51)
Transfer from Non-Complying individual to Normal individual	—	—	—	—	—	—	—	—	—
Transfer from Normal group to Non-Complying group	(3,022)	—	—	6,950	—	3,928	—	—	3,928
Transfer from Non-Complying group to Normal group	2,386	—	—	(7,272)	—	(4,886)	—	—	(4,886)
Transfer from Individual (normal, substandard, non-complying) up to Group (normal, non-complying)	141	(259)	(39)	119	(42)	260	(340)	—	(80)
Transfer from Group (normal, non-complying) to Individual (normal, substandard, non-complying)	(614)	859	45	(1,225)	662	(1,839)	1,566	—	(273)
New assets originated	26,528	60,489	1,552	15,050	9,043	41,578	71,084	3,697	116,359
New credits for conversion of contingent to loan	1,410	1,712	83	168	80	1,578	1,875	—	3,453
New assets purchased	—	—	—	—	—	—	—	—	—
Sales or transfers of credits	—	—	—	—	—	—	—	—	—
Payment of credit	(29,741)	(66,058)	(2,752)	(14,153)	(11,024)	(43,894)	(79,834)	(270)	(123,998)
Provisions for write-offs	(9)	—	—	(15,044)	(3,306)	(15,053)	(3,306)	—	(18,359)
Recovery of written-off loans	9	—	—	—	—	9	—	—	9
Changes to models and assumptions	—	—	—	—	—	—	—	—	—
Foreign exchange adjustments	14	386	9	47	439	61	834	—	895
Other changes in allowances (if applicable)	—	—	—	—	—	—	—	—	—
Balance as of March 31, 2021	65,269	146,320	5,607	89,723	89,288	154,992	241,215	27,536	423,743
Balance as of December 31, 2021	52,512	148,704	6,121	87,340	73,677	139,852	228,502	48,534	416,888

13. Financial assets at amortized cost, continued:

(f) Provisions, continued:

Summary of changes in residential mortgage loan provisions constituted by credit risk portfolio in the period;

	Changes in provisions constituted by portfolio in the period Group Evaluation		
Residential mortgage loans	**Normal Portfolio MCh$**	**Non-Complying Portfolio MCh$**	**Total MCh$**
Balance as of January 1, 2022	9,512	21,219	30,731
Allowances established/ released:			
Change in measurement without portfolio reclassification during the period:	1,005	2,725	3,730
Change in measurement without portfolio reclassification from the beginning to the end of the period (portfolio from (-) until (+)):			
Transfer from Normal group to Non-Complying group	(457)	1,523	1,066
Transfer from Non-Complying group to Normal group	308	(3,278)	(2,970)
New assets originated	298	17	315
New assets purchased	—	—	—
Sales or transfers of credits	—	—	—
Payment of credit	(667)	(818)	(1,485)
Provisions for write-offs	—	(2,693)	(2,693)
Recovery of written-off loans	—	—	—
Changes to models and assumptions	—	—	—
Foreign exchange adjustments	—	—	—
Other changes in allowances (if applicable)	—	—	—
Balance as of March 31, 2022	9,999	18,695	28,694

13. Financial assets at amortized cost, continued:

(f) Provisions, continued:

	Changes in provisions constituted by portfolio in the period Group Evaluation		
Residential mortgage loans	**Normal Portfolio MCh$**	**Non-Complying Portfolio MCh$**	**Total MCh$**
Balance as of January 1, 2021	13,600	20,164	33,764
Allowances established/ released:			
Change in measurement without portfolio reclassification during the period:	792	2,050	2,842
Change in measurement without portfolio reclassification from the beginning to the end of the period (portfolio from (-) until (+)):			
Transfer from Normal group to Non-Complying group	(391)	642	251
Transfer from Non-Complying group to Normal group	350	(1,131)	(781)
New assets originated	5,378	1,155	6,533
New assets purchased	—	—	—
Sales or transfers of credits	—	—	—
Payment of credit	(6,235)	(628)	(6,863)
Provisions for write-offs	—	(2,956)	(2,956)
Recovery of written-off loans	—	—	—
Changes to models and assumptions	—	—	—
Foreign exchange adjustments	—	—	—
Other changes in allowances (if applicable)	—	—	—
Balance as of March 31, 2021	13,494	19,296	32,790
Balance as of December 31, 2021	9,512	21,219	30,731

13. Financial assets at amortized cost, continued:

(f) Provisions, continued:

Summary of changes in consumer loan provisions constituted by credit risk portfolio in the period;

	Changes in provisions constituted by portfolio in the period Group Evaluation		
Consumer loans	**Normal Portfolio MCh$**	**Non-Complying Portfolio MCh$**	**Total MCh$**
Balance as of January 1, 2022	142,634	127,996	270,630
Allowances established/ released:			
Change in measurement without portfolio reclassification during the period:	24,835	26,694	51,529
Change in measurement without portfolio reclassification from the beginning to the end of the period (portfolio from (-) until (+)):			
Transfer from Normal group to Non-Complying group	(13,829)	22,552	8,723
Transfer from Non-Complying group to Normal group	4,574	(20,878)	(16,304)
New assets originated	21,276	8,016	29,292
New credits for conversion of contingent to loan	8,705	1,374	10,079
New assets purchased	—	—	—
Sales or transfers of credits	—	—	—
Payment of credit	(35,966)	(19,943)	(55,909)
Provisions for write-offs	(565)	(27,941)	(28,506)
Recovery of written-off loans	326	—	326
Changes to models and assumptions	—	—	—
Foreign exchange adjustments	(62)	(11)	(73)
Other changes in allowances (if applicable)	—	—	—
Balance as of March 31, 2022	151,928	117,859	269,787

13. Financial assets at amortized cost, continued:

(f) Provisions, continued:

Consumer loans	Changes in provisions constituted by portfolio in the period Group Evaluation Normal Portfolio MCh$	Non-Complying Portfolio MCh$	Total MCh$
Balance as of January 1, 2021	145,683	144,168	289,851
Allowances established/ released:			
Change in measurement without portfolio reclassification during the period:	14,225	18,154	32,379
Change in measurement without portfolio reclassification from the beginning to the end of the period (portfolio from (-) until (+)):			
Transfer from Normal group to Non-Complying group	(8,427)	16,203	7,776
Transfer from Non-Complying group to Normal group	4,484	(12,383)	(7,899)
New assets originated	58,446	26,540	84,986
New credits for conversion of contingent to loan	7,504	1,196	8,700
New assets purchased	—	—	—
Sales or transfers of credits	—	—	—
Payment of credit	(85,238)	(30,023)	(115,261)
Provisions for write-offs	(114)	(38,298)	(38,412)
Recovery of written-off loans	558	—	558
Changes to models and assumptions	—	—	—
Foreign exchange adjustments	105	29	134
Other changes in allowances (if applicable)	—	—	—
Balance as of March 31, 2021	137,226	125,586	262,812
Balance as of December 31, 2021	142,634	127,996	270,630

13. Financial assets at amortized cost, continued:

(f) Provisions, continued:

Summary of changes in contingent credit risk provisions constituted by credit risk portfolio in the period;

	Changes in provisions constituted by portfolio in the period							
	Normal Portfolio Evaluation		Substandard	Non-Complying Portfolio Evaluation		Subtotal		
Contingent loan exposure	**Group MCh$**	**Individual MCh$**	**Portfolio MCh$**	**Group MCh$**	**Individual MCh$**	**Group MCh$**	**Individual MCh$**	**Total MCh$**
Balance as of January 1, 2022	4,371	34,785	4,297	9,253	1,280	13,624	40,362	53,986
Provisions established/ released:								
Change in measurement without portfolio reclassification during the period:	458	796	41	1,835	252	2,293	1,089	3,382
Change in measurement without portfolio reclassification from the beginning to the end of the period (portfolio from (-) until (+)):								
Transfer from Normal individual to Substandard	—	(31)	57	—	—	—	26	26
Transfer from Normal individual to Non-Complying individual	—	(65)	—	—	982	—	917	917
Transfer from Substandard to Non-Complying individual	—	—	(15)	—	65	—	50	50
Transfer from Substandard to Normal individual	—	—	(2)	—	—	—	(2)	(2)
Transfer from Non-Complying individual to Substandard	—	—	—	—	—	—	—	—
Transfer from Non-Complying individual to Normal individual	—	—	—	—	(21)	—	(21)	(21)
Transfer from Normal group to Non-Complying group	(44)	—	—	387	—	343	—	343
Transfer from Non-Complying group to Normal group	18	—	—	(2,289)	—	(2,271)	—	(2,271)
Transfer from ndividual (normal, substandard, non-complying) to Group (normal, non-complying)	—	—	—	—	—	—	—	—
Transfer from Group (normal, non-complying) to Individual (normal, substandard, non-complying)	(17)	14	—	—	—	(17)	14	(3)
New contingent loan granted	577	9,324	98	388	59	965	9,481	10,446
Contingent credits for conversion	(4,466)	(1,173)	(66)	(828)	(118)	(5,294)	(1,357)	(6,651)
Changes to models and assumptions	—	—	—	—	—	—	—	—
Foreign exchange adjustments	(308)	(684)	(245)	(301)	(4)	(609)	(933)	(1,542)
Other changes in provisions (if applicable)	3,115	(8,830)	(113)	(362)	(1,016)	2,753	(9,959)	(7,206)
Balance as of March 31, 2022	3,704	34,136	4,052	8,083	1,479	11,787	39,667	51,454

13. Financial assets at amortized cost, continued:

(f) Provisions, continued:

Contingent loan exposure	Changes in provisions constituted by portfolio in the period							
	Normal Portfolio Evaluation		Substandard Portfolio	Non-Complying Portfolio Evaluation		Subtotal		Total
	Group MCh$	Individual MCh$	MCh$	Group MCh$	Individual MCh$	Group MCh$	Individual MCh$	MCh$
Balance as of January 1, 2021	25,257	35,157	761	9,112	5,903	34,369	41,821	76,190
Provisions established/ released:								
Change in measurement without portfolio reclassification during the period:	2,078	1,006	89	1,887	267	3,965	1,362	5,327
Change in measurement without portfolio reclassification from the beginning to the end of the period (portfolio from (-) until (+)):								
Transfer from Normal individual to Substandard	—	(18)	28	—	—	—	10	10
Transfer from Normal individual to Non-Complying individual	—	—	—	—	10	—	10	10
Transfer from Substandard to Non-Complying individual	—	—	(4)	—	14	—	10	10
Transfer from Substandard to Normal individual	—	4	(6)	—	—	—	(2)	(2)
Transfer from Non-Complying individual to Substandard	—	—	1	—	(26)	—	(25)	(25)
Transfer from Non-Complying individual to Normal individual	—	—	—	—	—	—	—	—
Transfer from Normal group to Non-Complying group	(91)	—	—	356	—	265	—	265
Transfer from Non-Complying group to Normal group	49	—	—	(943)	—	(894)	—	(894)
Transfer from ndividual (normal, substandard, non-complying) to Group (normal, non-complying)	126	(151)	—	39	(7)	165	(158)	7
Transfer from Group (normal, non-complying) to Individual (normal, substandard, non-complying)	(28)	40	—	—	—	(28)	40	12
New contingent loan granted	1	9	—	—	1	1	10	11
Contingent credits for conversion	(2,875)	(742)	(52)	(1,463)	(111)	(4,338)	(905)	(5,243)
Changes to models and assumptions	—	—	—	—	—	—	—	—
Foreign exchange adjustments	2	64	—	—	37	2	101	103
Other changes in provisions (if applicable)	(757)	(644)	(68)	(543)	(811)	(1,300)	(1,523)	(2,823)
Balance as of March 31, 2021	23,762	34,725	749	8,445	5,277	32,207	40,751	72,958
Balance as of December 31, 2021	4,371	34,785	4,297	9,253	1,280	13,624	40,362	53,986

13. Financial assets at amortized cost, continued:

In addition to these provisions for credit risk, country risk provisions are maintained to cover foreign operations and additional provisions agreed by the Board of Directors, which are presented in liabilities under the item Special provisions for credit risk (See Note No. 26).

Other disclosures:

1. As of March 31, 2022, the Bank and its subsidiaries have made sales of loan portfolios. The effect in income of these sales,net before taxes, is described in Note No. 13 letter (m).

2. As of March 31, 2022, the Bank and its subsidiaries derecognized 100% of its portfolio of loans sold and on which all or substantially all of the risks and benefits associated to these financial assets have been transferred (see Note No. 13 letter (m)).

3. As of March 31, 2022, under the Commercial Loans item, operations are maintained that guarantee obligations maintained with the Central Bank of Chile as part of the Loan Increase Conditional Credit Facility (FCIC by its Spanish initials) program for an approximate amount of Ch$3,304,338 million (Ch$3,024,118 million in December 2021).

13. Financial assets at amortized cost, continued:

g) Industry sector:

At the closing of each reporting period, the composition of economic activity for loans, contingent loans exposure and provisions constituted are as follows:

	Credit and Contingent loans Exposure in						Allowances Established in					
	Domestic		Foreign		Total	Total	Domestic		Foreign		Total	Total
	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Loans and advances to Banks	2,800,000	1,250,018	191,765	279,814	2,991,765	1,529,832	—	(58)	(348)	(461)	(348)	(519)
Commercial loans												
Agriculture and livestock	800,944	811,014	—	—	800,944	811,014	(23,747)	(18,772)	—	—	(23,747)	(18,772)
Fruit	605,541	636,015	—	—	605,541	636,015	(13,925)	(12,678)	—	—	(13,925)	(12,678)
Forestry	290,693	315,375	—	—	290,693	315,375	(2,575)	(2,548)	—	—	(2,575)	(2,548)
Fishing	31,566	33,984	—	—	31,566	33,984	(3,200)	(3,365)	—	—	(3,200)	(3,365)
Mining	164,464	162,823	—	—	164,464	162,823	(2,380)	(2,512)	—	—	(2,380)	(2,512)
Oil and natural gas	587	783	—	—	587	783	(23)	(22)	—	—	(23)	(22)
Product manufacturing industries;												
Foods, beverages and tobacco	520,375	505,171	—	—	520,375	505,171	(12,833)	(12,648)	—	—	(12,833)	(12,648)
Textiles, leather goods and footwear	28,857	33,862	—	—	28,857	33,862	(1,169)	(1,192)	—	—	(1,169)	(1,192)
Woods and furnitures	170,177	152,548	—	—	170,177	152,548	(3,187)	(2,780)	—	—	(3,187)	(2,780)
Cellulose, Paper and printing	21,668	22,820	—	—	21,668	22,820	(1,149)	(1,285)	—	—	(1,149)	(1,285)
Chemicals and petroleum products	394,985	388,778	—	—	394,985	388,778	(6,062)	(5,894)	—	—	(6,062)	(5,894)
Metal, non-metal, machine or others	436,554	498,520	—	—	436,554	498,520	(11,440)	(11,535)	—	—	(11,440)	(11,535)
Electricity, gas and water	459,717	464,080	—	—	459,717	464,080	(4,268)	(4,201)	—	—	(4,268)	(4,201)
Residential construction	266,456	260,234	—	—	266,456	260,234	(11,840)	(10,182)	—	—	(11,840)	(10,182)
Non-residential construction (office, civil engineering)	546,032	540,999	—	—	546,032	540,999	(8,576)	(6,820)	—	—	(8,576)	(6,820)
Wholesale	1,632,422	1,760,313	—	—	1,632,422	1,760,313	(58,813)	(59,808)	—	—	(58,813)	(59,808)
Retail, restaurants and hotels	1,079,651	1,131,523	6,688	7,793	1,086,339	1,139,316	(48,540)	(46,177)	(546)	(641)	(49,086)	(46,818)
Transport and storage	1,171,326	1,179,301	—	—	1,171,326	1,179,301	(31,788)	(31,083)	—	—	(31,788)	(31,083)
Communications	282,506	290,936	—	—	282,506	290,936	(3,310)	(3,462)	—	—	(3,310)	(3,462)
Financial services	3,010,251	3,043,255	1,591	1,723	3,011,842	3,044,978	(38,820)	(41,132)	(28)	(30)	(38,848)	(41,162)
Business services	1,763,553	1,775,689	—	—	1,763,553	1,775,689	(48,766)	(44,738)	—	—	(48,766)	(44,738)
Real estate services	3,092,796	3,034,750	23,270	4,202	3,116,066	3,038,952	(28,732)	(26,637)	(995)	(180)	(29,727)	(26,817)
Student loans	58,398	57,947	—	—	58,398	57,947	(4,170)	(4,308)	—	—	(4,170)	(4,308)
Government administration, defence and police force	31,065	33,803	—	—	31,065	33,803	(476)	(490)	—	—	(476)	(490)
Social services and other community services	765,623	770,529	—	—	765,623	770,529	(18,039)	(17,275)	—	—	(18,039)	(17,275)
Personal services	1,691,694	1,715,986	—	—	1,691,694	1,715,986	(21,952)	(44,493)	—	—	(21,952)	(44,493)
Subtotal	**19,317,901**	**19,621,038**	**31,549**	**13,718**	**19,349,450**	**19,634,756**	**(409,780)**	**(416,037)**	**(1,569)**	**(851)**	**(411,349)**	**(416,888)**
Residential mortgage loans	**10,454,944**	**10,346,652**	**—**	**—**	**10,454,944**	**10,346,652**	**(28,694)**	**(30,731)**	**—**	**—**	**(28,694)**	**(30,731)**
Consumer loans	**4,414,182**	**4,248,709**	**—**	**—**	**4,414,182**	**4,248,709**	**(269,787)**	**(270,630)**	**—**	**—**	**(269,787)**	**(270,630)**
Contingent loan exposure	**11,845,341**	**11,986,791**	**—**	**—**	**11,845,341**	**11,986,791**	**(51,454)**	**(53,986)**	**—**	**—**	**(51,454)**	**(53,986)**

13. Financial assets at amortized cost, continued:

(h) Residential mortgage loans and its provisions established by insolvent tranche of the loan on the value of the mortgage guarantee (PVG) and days of default respectively:

As of March 31, 2022

Loan Tranche / Guarantee Value (%)	Residential mortgage loans (MCh$) Days in default at the end of the period 0	1 to 29	30 to 59	60 to 89	> = 90	Total	Allowances established of Residential mortgage loans (MCh$) Days in default at the end of the period 0	1 to 29	30 to 59	60 to 89	> = 90	Total
PVG <=40%	1,306,784	13,291	5,541	2,280	6,787	1,334,683	(1,126)	(212)	(167)	(94)	(361)	(1,960)
40% < PVG <= 80%	7,638,784	110,060	34,744	17,622	48,016	7,849,226	(10,306)	(2,337)	(1,382)	(844)	(2,890)	(17,759)
80% < PVG <= 90%	686,169	6,780	1,704	983	9,782	705,418	(2,018)	(301)	(135)	(127)	(2,088)	(4,669)
PVG > 90%	556,681	2,234	737	931	5,034	565,617	(2,911)	(103)	(34)	(83)	(1,175)	(4,306)
Total	10,188,418	132,365	42,726	21,816	69,619	10,454,944	(16,361)	(2,953)	(1,718)	(1,148)	(6,514)	(28,694)

As of December 31, 2021

Loan Tranche / Guarantee Value (%)	Residential mortgage loans (MCh$) Days in default at the end of the period 0	1 to 29	30 to 59	60 to 89	> = 90	Total	Allowances established of Residential mortgage loans (MCh$) Days in default at the end of the period 0	1 to 29	30 to 59	60 to 89	> = 90	Total
PVG <=40%	1,253,226	12,079	4,214	2,274	6,063	1,277,856	(1,212)	(233)	(120)	(76)	(331)	(1,972)
40% < PVG <= 80%	7,413,470	93,651	29,636	15,132	47,030	7,598,919	(11,539)	(2,237)	(1,107)	(704)	(2,847)	(18,434)
80% < PVG <= 90%	712,433	5,415	1,363	1,446	10,884	731,541	(2,215)	(267)	(116)	(149)	(2,336)	(5,083)
PVG > 90%	728,402	1,895	474	243	7,322	738,336	(3,323)	(93)	(46)	(27)	(1,753)	(5,242)
Total	10,107,531	113,040	35,687	19,095	71,299	10,346,652	(18,289)	(2,830)	(1,389)	(956)	(7,267)	(30,731)

13. Financial assets at amortized cost, continued:

(i) Loans and advances to Banks and Commercial loans and their allowances established by classification category:

Below is the concentration of loans and advances to banks and commercial loans and their provisions constituted by classification category:

As of March 31, 2022	Individual																				Group			Total	Provisions of deductible warranties Fogape Covid 19
	Normal Portfolio							Substandard Portfolio					Non-Complying Portfolio							Total	Portfolio	Portfolio	Total		
	A1	A2	A3	A4	A5	A6	Subtotal	B1	B2	B3	B4	Subtotal	C1	C2	C3	C4	C5	C6	Subtotal		Normal	Non-Complying			
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and advances to Banks																									
Interbank loans for liquidity	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interbank commercial loans	—	—	122,260	—	—	—	122,260	—	—	—	—	—	—	—	—	—	—	—	—	122,260	—	—	—	122,260	—
Current accounts overdrafts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Chilean imports foreign trade loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Chilean exports foreign trade loans	615	49,420	17,283	—	—	—	67,318	—	—	—	—	—	—	—	—	—	—	—	—	67,318	—	—	—	67,318	—
Foreign trade loans between third countries	—	2,187	—	—	—	—	2,187	—	—	—	—	—	—	—	—	—	—	—	—	2,187	—	—	—	2,187	—
Non-transferable deposits in banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other debts with banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	615	51,607	139,543	—	—	—	191,765	—	—	—	—	—	—	—	—	—	—	—	—	191,765	—	—	—	191,765	—
Allowances established	—	43	305	—	—	—	348	—	—	—	—	—	—	—	—	—	—	—	—	348	—	—	—	348	—
% Allowances established	0.00%	0.08%	0.22%	—	—	—	0.18%	—	—	—	—	—	—	—	—	—	—	—	—	0.18%	—	—	—	0.18%	—
Commercial loans																									
Commercial loans	—	1,108,298	2,427,963	2,355,201	3,390,094	1,841,898	11,123,454	104,985	24,175	10,123	5,278	144,561	28,332	10,860	16,619	10,388	33,772	27,121	127,092	11,395,107	4,132,638	237,179	4,369,817	15,764,924	43,296
Chilean imports foreign trade loans	—	121,732	31,446	95,874	229,294	143,502	621,848	3,684	—	—	—	3,684	1,594	215	1,589	1,149	4,671	1,687	10,905	636,437	4,900	937	5,837	642,274	—
Chilean exports foreign trade loans	—	9,310	102,242	70,152	164,567	124,782	471,053	4,533	1,256	—	—	5,789	1,550	—	—	33	174	1,611	3,368	480,210	42,690	1,291	43,981	524,191	—
Foreign trade loans between third countries	—	—	—	—	2,896	105	3,001	—	—	—	—	—	—	—	—	—	—	—	—	3,001	—	—	—	3,001	—
Current account debtors	—	13,943	15,399	19,931	12,616	20,337	82,226	1,422	591	1,723	92	3,828	304	30	14	66	180	331	925	86,979	77,913	858	78,771	165,750	—
Credit card debtors	9	414	1,096	2,392	5,394	4,966	14,271	321	155	52	24	552	20	3	23	68	69	182	365	15,188	49,997	3,149	53,146	68,334	—
Factoring transactions	3,654	98,751	63,800	59,781	97,685	74,229	397,900	2,833	75	—	—	2,908	85	—	—	—	270	190	545	401,353	33,080	58	33,138	434,491	—
Commercial lease transactions	—	61,241	41,694	333,321	419,902	467,503	1,323,661	13,610	2,615	24,347	1,968	42,540	1,204	4,235	1,938	1,873	369	588	10,207	1,376,408	279,569	7,412	286,981	1,663,389	1,294
Student loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	55,987	2,411	58,398	58,398	—
Other loans and accounts receivable	—	283	1,025	937	1,783	1,536	5,564	55	32	57	84	228	431	2	94	15	1,342	8,305	10,189	15,981	7,291	1,426	8,717	24,698	—
Subtotal	3,663	1,413,972	2,684,665	2,937,589	4,324,231	2,678,858	14,042,978	131,443	28,899	36,302	7,446	204,090	33,520	15,345	20,277	13,592	40,847	40,015	163,596	14,410,664	4,684,065	254,721	4,938,786	19,349,450	—
Allowances established	1	926	4,690	24,792	49,689	67,471	147,569	2,504	1,037	412	1,757	5,710	672	1,534	5,069	5,437	26,551	36,014	75,277	228,556	61,170	77,033	138,203	366,759	44,590
% Allowances established	0.03%	0.07%	0.17%	0.84%	1.15%	2.52%	1.05%	1.91%	3.59%	1.13%	23.60%	2.80%	2.00%	10.00%	25.00%	40.00%	65.00%	90.00%	46.01%	1.59%	1.31%	30.24%	2.80%	1.90%	

13. Financial assets at amortized cost, continued:

(i) Loans and advances to Banks and Commercial loans and their allowances established by classification category, continued:

	Individual																				Group			Total	Provisions of deductible warranties Fogape Covid 19
	Normal Portfolio							Substandard Portfolio					Non-Complying Portfolio							Total	Portfolio	Portfolio	Total		
As of December 31, 2021	A1	A2	A3	A4	A5	A6	Subtotal	B1	B2	B3	B4	Subtotal	C1	C2	C3	C4	C5	C6	Subtotal		Normal	Non-Complying			
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and advances to Banks																									
Interbank loans for liquidity	160,018	—	—	—	—	—	160,018	—	—	—	—	—	—	—	—	—	—	—	—	160,018	—	—	—	160,018	—
Interbank commercial loans	—	—	158,308	—	—	—	158,308	—	—	—	—	—	—	—	—	—	—	—	—	158,308	—	—	—	158,308	—
Current accounts overdrafts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Chilean imports foreign trade loans	771	109,595	10,642	—	—	—	121,008	—	—	—	—	—	—	—	—	—	—	—	—	121,008	—	—	—	121,008	—
Chilean exports foreign trade loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign trade loans between third countries	—	498	—	—	—	—	498	—	—	—	—	—	—	—	—	—	—	—	—	498	—	—	—	498	—
Non-transferable deposits in banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other debts with banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	160,789	110,093	168,950	—	—	—	439,832	—	—	—	—	—	—	—	—	—	—	—	—	439,832	—	—	—	439,832	—
Allowances established	58	91	370	—	—	—	519	—	—	—	—	—	—	—	—	—	—	—	—	519	—	—	—	519	—
% Allowances established	0.04%	0.08%	0.22%	—	—	—	0.12%	—	—	—	—	—	—	—	—	—	—	—	—	0.12%	—	—	—	0.12%	—
Commercial loans																									
Commercial loans	—	1,060,723	2,549,327	2,359,408	3,374,839	1,884,447	11,228,744	100,251	24,528	9,949	5,406	140,134	30,420	11,562	14,239	9,459	35,335	25,735	126,750	11,495,628	4,230,007	252,100	4,482,107	15,977,735	47,196
Chilean imports foreign trade loans	—	154,895	105,806	104,617	200,161	130,992	696,471	3,991	—	—	—	3,991	1,779	234	2,056	1,237	4,777	1,807	11,890	712,352	5,622	1,035	6,657	719,009	—
Chilean exports foreign trade loans	—	11,784	103,769	80,476	156,175	142,502	494,706	1,938	1,326	—	—	3,264	1,684	—	—	85	170	1,811	3,750	501,720	45,839	1,728	47,567	549,287	—
Foreign trade loans between third countries	—	—	—	—	2,903	47	2,950	—	—	—	—	—	—	—	—	—	—	—	—	2,950	—	—	—	2,950	—
Current account debtors	—	2,941	24,469	17,598	8,464	15,828	69,300	1,291	444	1,707	79	3,521	285	25	48	22	71	381	832	73,653	69,301	1,056	70,357	144,010	—
Credit card debtors	18	331	1,077	2,106	4,486	4,425	12,443	288	121	44	45	498	54	7	32	52	67	205	417	13,358	45,972	3,262	49,234	62,592	—
Factoring transactions	6,586	94,772	80,973	83,096	99,865	81,264	446,556	2,347	13	564	—	2,924	82	—	—	—	130	199	411	449,891	36,272	93	36,365	486,256	—
Commercial lease transactions	—	61,693	35,053	310,203	407,440	461,417	1,275,806	13,266	2,723	25,171	2,014	43,174	1,294	4,169	1,888	1,748	393	632	10,124	1,329,104	275,147	7,812	282,959	1,612,063	1,338
Student loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	55,346	2,602	57,948	57,948	—
Other loans and accounts receivable	—	346	1,248	972	1,620	1,383	5,569	37	18	80	24	159	405	1	21	11	324	8,026	8,788	14,516	6,808	1,582	8,390	22,906	—
Subtotal	6,604	1,387,485	2,901,722	2,958,476	4,255,953	2,722,305	14,232,545	123,409	29,173	37,515	7,568	197,665	36,003	15,998	18,284	12,614	41,267	38,796	162,962	14,593,172	4,770,314	271,270	5,041,584	19,634,756	—
Allowances established	2	1,025	4,929	26,264	47,212	69,272	148,704	2,712	1,057	611	1,741	6,121	719	1,600	4,571	5,046	26,824	34,917	73,677	228,502	52,512	87,340	139,852	368,354	48,534
% Allowances established	0.03%	0.07%	0.17%	0.89%	1.11%	2.54%	1.04%	2.20%	3.62%	1.63%	23.00%	3.10%	2.00%	10.00%	25.00%	40.00%	65.00%	90.00%	45.21%	1.57%	1.10%	32.30%	2.77%	1.88%	

13. Financial assets at amortized cost, continued:

(j) Loans and their provisions for loan losses by tranches of days past-due:

The concentration of credit risk by days past due is as follows;

	Financial assets before allowances						Allowances established								
	Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			Deductible Warranties		Net
	Individual	Group	Individual	Individual	Group	Total	Individual	Group	Individual	Individual	Group	Sub Total	FOGAPE Covid-19	Total	Financial Assets
As of March 31, 2022	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Loans and advances to Banks															
0 days	137,421	—	—	—	—	137,421	(282)	—	—	—	—	(282)	—	(282)	—
1 to 29 days	54,344	—	—	—	—	54,344	(66)	—	—	—	—	(66)	—	(66)	—
30 to 59 days	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
60 to 89 days	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
> = 90 days	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	191,765	—	—	—	—	191,765	(348)	—	—	—	—	(348)	—	(348)	191,417
Commercial loans															
0 days	13,930,280	4,568,177	202,390	72,000	80,464	18,853,311	(145,607)	(54,823)	(5,657)	(31,641)	(21,404)	(259,132)	(43,354)	(302,486)	—
1 to 29 days	94,765	85,274	790	18,300	22,856	221,985	(1,694)	(4,077)	(21)	(4,552)	(6,704)	(17,048)	(671)	(17,719)	—
30 to 59 days	17,515	24,587	910	6,529	17,152	66,693	(266)	(1,661)	(32)	(2,737)	(4,799)	(9,495)	(240)	(9,735)	—
60 to 89 days	418	6,027	—	2,935	11,864	21,244	(2)	(609)	—	(1,581)	(2,798)	(4,990)	(71)	(5,061)	—
> = 90 days	—	—	—	63,832	122,385	186,217	—	—	—	(34,766)	(41,328)	(76,094)	(254)	(76,348)	—
Subtotal	14,042,978	4,684,065	204,090	163,596	254,721	19,349,450	(147,569)	(61,170)	(5,710)	(75,277)	(77,033)	(366,759)	(44,590)	(411,349)	18,938,101
Residential mortgage loans															
0 days	—	10,076,682	—	—	111,736	10,188,418	—	(8,243)	—	—	(8,118)	(16,361)	—	(16,361)	—
1 to 29 days	—	103,794	—	—	28,571	132,365	—	(1,092)	—	—	(1,861)	(2,953)	—	(2,953)	—
30 to 59 days	—	22,484	—	—	20,242	42,726	—	(479)	—	—	(1,239)	(1,718)	—	(1,718)	—
60 to 89 days	—	6,541	—	—	15,276	21,817	—	(185)	—	—	(963)	(1,148)	—	(1,148)	—
> = 90 days	—	—	—	—	69,618	69,618	—	—	—	—	(6,514)	(6,514)	—	(6,514)	—
Subtotal	—	10,209,501	—	—	245,443	10,454,944	—	(9,999)	—	—	(18,695)	(28,694)	—	(28,694)	10,426,250
Consumer loans															
0 days	—	4,073,683	—	—	81,818	4,155,501	—	(120,539)	—	—	(52,738)	(173,277)	—	(173,277)	—
1 to 29 days	—	108,068	—	—	20,153	128,221	—	(17,122)	—	—	(13,119)	(30,241)	—	(30,241)	—
30 to 59 days	—	35,422	—	—	24,127	59,549	—	(9,681)	—	—	(16,531)	(26,212)	—	(26,212)	—
60 a 89 days	—	12,957	—	—	13,548	26,505	—	(4,586)	—	—	(8,787)	(13,373)	—	(13,373)	—
> = 90 days	—	—	—	—	44,406	44,406	—	—	—	—	(26,684)	(26,684)	—	(26,684)	—
Subtotal	—	4,230,130	—	—	184,052	4,414,182	—	(151,928)	—	—	(117,859)	(269,787)	—	(269,787)	4,144,395
Total Loans	14,234,743	19,123,696	204,090	163,596	684,216	34,410,341	(147,917)	(223,097)	(5,710)	(75,277)	(213,587)	(665,588)	(44,590)	(710,178)	33,700,163

13. Financial assets at amortized cost, continued:

(j) Loans and their provisions for loan losses by number of days past-due, continued:

	Financial assets before allowances						Allowances established								
	Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation					
	Individual	Group	Individual	Individual	Group	Total	Individual	Group	Individual	Individual	Group	Sub Total	Deductible Warranties FOGAPE Covid-19	Total	Net Financial Assets
As of December 31, 2021	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Loans and advances to Banks															
0 days	323,525	—	—	—	—	323,525	(409)	—	—	—	—	(409)	—	(409)	—
1 to 29 days	116,307	—	—	—	—	116,307	(110)	—	—	—	—	(110)	—	(110)	—
30 to 59 days	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
60 to 89 days	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
> = 90 days	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	439,832	—	—	—	—	439,832	(519)	—	—	—	—	(519)	—	(519)	439,313
Commercial loans															
0 days	14,119,750	4,685,181	185,345	55,345	108,631	19,154,252	(145,669)	(46,334)	(5,524)	(20,058)	(29,675)	(247,260)	(47,587)	(294,847)	—
1 to 29 days	106,131	64,441	9,710	7,540	21,049	208,871	(2,902)	(3,377)	(304)	(3,693)	(5,774)	(16,050)	(583)	(16,633)	—
30 to 59 days	6,609	15,521	1,806	27,924	17,009	68,869	(131)	(1,833)	(218)	(15,256)	(5,073)	(22,511)	(103)	(22,614)	—
60 to 89 days	55	5,171	804	5,073	8,598	19,701	(2)	(968)	(75)	(1,147)	(2,768)	(4,960)	(67)	(5,027)	—
> = 90 days	—	—	—	67,080	115,983	183,063	—	—	—	(33,523)	(44,050)	(77,573)	(194)	(77,767)	—
Subtotal	14,232,545	4,770,314	197,665	162,962	271,270	19,634,756	(148,704)	(52,512)	(6,121)	(73,677)	(87,340)	(368,354)	(48,534)	(416,888)	19,217,868
Residential mortgage loans															
0 days	—	9,954,536	—	—	152,995	10,107,531	—	(8,022)	—	—	(10,267)	(18,289)	—	(18,289)	—
1 to 29 days	—	82,007	—	—	31,033	113,040	—	(941)	—	—	(1,889)	(2,830)	—	(2,830)	—
30 to 59 days	—	19,188	—	—	16,499	35,687	—	(384)	—	—	(1,005)	(1,389)	—	(1,389)	—
60 to 89 days	—	6,563	—	—	12,532	19,095	—	(166)	—	—	(790)	(956)	—	(956)	—
> = 90 days	—	—	—	—	71,299	71,299	—	—	—	—	(7,267)	(7,267)	—	(7,267)	—
Subtotal	—	10,062,294	—	—	284,358	10,346,652	—	(9,512)	—	—	(21,219)	(30,731)	—	(30,731)	10,315,921
Consumer loans															
0 days	—	3,899,346	—	—	116,450	4,015,796	—	(116,186)	—	—	(66,084)	(182,270)	—	(182,270)	—
1 to 29 days	—	96,823	—	—	27,599	124,422	—	(15,670)	—	—	(16,838)	(32,508)	—	(32,508)	—
30 to 59 days	—	27,558	—	—	24,547	52,105	—	(7,646)	—	—	(16,270)	(23,916)	—	(23,916)	—
60 a 89 days	—	9,691	—	—	11,670	21,361	—	(3,132)	—	—	(7,602)	(10,734)	—	(10,734)	—
> = 90 days	—	—	—	—	35,025	35,025	—	—	—	—	(21,202)	(21,202)	—	(21,202)	—
Subtotal	—	4,033,418	—	—	215,291	4,248,709	—	(142,634)	—	—	(127,996)	(270,630)	—	(270,630)	3,978,079
Total Loans	14,672,377	18,866,026	197,665	162,962	770,919	34,669,949	(149,223)	(204,658)	(6,121)	(73,677)	(236,555)	(670,234)	(48,534)	(718,768)	33,951,181

13. Financial assets at amortized cost, continued:

(k) 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 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Within one year	535,622	525,720	(57,271)	(53,312)	478,351	472,408
From 1 to 2 years	398,347	385,118	(42,523)	(38,653)	355,824	346,465
From 2 to 3 years	267,674	260,002	(27,774)	(25,228)	239,900	234,774
From 3 to 4 years	174,358	166,416	(18,688)	(17,015)	155,670	149,401
From 4 to 5 years	122,478	116,650	(13,218)	(12,038)	109,260	104,612
After 5 years	350,174	327,071	(29,036)	(25,624)	321,138	301,447
Total	1,848,653	1,780,977	(188,510)	(171,870)	1,660,143	1,609,107

(*) The net balance receivable does not include past-due portfolio totaling Ch$3,766 million as of March 31, 2022 (Ch$3,466 million in December 2021).

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.

(l) Purchase of loan portfolio:

During the period ended March 31, 2022 and the year ended 2021 no portfolio purchases were made.

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

During the period, 2022 and 2021 there have not been operations of sale or transfer of the loan portfolio.

(n) Securitization of own assets:

During the period 2022 and the year 2021, there is no securitization transactions executed involving its own assets.

14. Investments in other companies:

(a) In the item "Investments in other companies" include investments of Ch$54,359 million as of March 31, 2022 (Ch$49,168 million as of December 31, 2021), as follows:

Company	Shareholder	% Ownership Interest March 2022 %	% Ownership Interest December 2021 %	Equity March 2022 MCh$	Equity December 2021 MCh$	Assets March 2022 MCh$	Assets December 2021 MCh$
Associates							
Transbank S.A.	Banco de Chile	26.16	26.16	88,621	84,898	23,180	22,207
Administrador Financiero del Transantiago S.A.	Banco de Chile	20.00	20.00	19,446	19,158	4,029	3,947
Redbanc S.A.	Banco de Chile	38.13	38.13	10,107	9,935	3,916	3,842
Centro de Compensación Automatizado S.A.	Banco de Chile	33.33	33.33	11,236	10,728	3,852	3,663
Sociedad Interbancaria de Depósitos de Valores S.A.	Banco de Chile	26.81	26.81	6,447	6,317	1,823	1,788
Sociedad Imerc OTC S.A.	Banco de Chile	12.33	12.33	12,831	12,609	1,582	1,541
Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A.	Banco de Chile	15.00	15.00	6,691	6,638	1,041	1,025
Subtotal Associates				155,379	150,283	39,423	38,013
Joint Ventures							
Servipag Ltda.	Banco de Chile	50.00	50.00	14,950	14,930	7,475	7,465
Artikos Chile S.A.	Banco de Chile	50.00	50.00	2,747	2,527	1,555	1,445
Subtotal Negocios Conjuntos				17,697	17,457	9,030	8,910
Subtotal				173,076	167,740	48,453	46,923
Minority Investments							
Bolsa de Comercio de Santiago S.A. (*)	Banchile Corredores de Bolsa					5,420	5,282
Banco Latinoamericano de Comercio Exterior S.A. (Bladex)	Banco de Chile					309	309
Bolsa Electrónica de Chile S.A. (*)	Banchile Corredores de Bolsa					146	210
Sociedad de Telecomunicaciones Financieras Interbancarias Mundiales (Swift)	Banco de Chile					23	25
CCLV Contraparte Central S.A.	Banchile Corredores de Bolsa					8	8
Subtotal Minority Investments						5,906	5,834
Total						54,359	52,757

(*) Investments valued at fair value, with effects on Other Comprehensive Income. See Note No. 28 "Equity".

14. Investments in other companies, continued:

(b) Associates:

	March 2022							
	Centro de Compensación Automatizado S.A. MM$	Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A. MM$	Sociedad Interbancaria de Depósitos de Valores S.A. MM$	Redbanc S.A. MM$	Transbank S.A. MM$	Administrador Financiero del Transantiago S.A. MM$	Sociedad Imerc OTC S.A. MM$	Total MM$
Current assets	10,684	5,287	102	12,104	1,509,593	70,075	29,892	1,637,737
Non-current assets	2,532	2,264	6,699	16,504	118,620	687	7,984	155,290
Total Assets	**13,216**	**7,551**	**6,801**	**28,608**	**1,628,213**	**70,762**	**37,876**	**1,793,027**
Current liabilities	1,601	784	354	13,496	1,537,184	51,302	23,194	1,627,915
Non-current liabilities	379	76	—	5,005	2,408	14	1,843	9,725
Total Liabilities	**1,980**	**860**	**354**	**18,501**	**1,539,592**	**51,316**	**25,037**	**1,637,640**
Equity	11,236	6,691	6,447	10,107	88,621	19,446	12,831	155,379
Minority interest	—	—	—	—	—	—	8	8
Total Liabilities and Equity	**13,216**	**7,551**	**6,801**	**28,608**	**1,628,213**	**70,762**	**37,876**	**1,793,027**
Operating income	2,315	693	1	8,135	156,174	702	1,311	169,331
Operating expenses	(1,627)	(642)	(3)	(7,800)	(138,013)	(360)	(1,129)	(149,574)
Other expenses or income	(4)	67	148	(118)	(13,805)	221	43	(13,448)
Gain (loss) before tax	**684**	**118**	**146**	**217**	**4,356**	**563**	**225**	**6,309**
Income tax	(119)	(7)	—	(25)	(632)	(152)	13	(922)
Gain (loss) for the year	**565**	**111**	**146**	**192**	**3,724**	**411**	**238**	**5,387**

	December 2021							
	Centro de Compensación Automatizado S.A. MM$	Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A. MM$	Sociedad Interbancaria de Depósitos de Valores S.A. MM$	Redbanc S.A. MM$	Transbank S.A. MM$	Administrador Financiero del Transantiago S.A. MM$	Sociedad Imerc OTC S.A. MM$	Total MM$
Current assets	10,501	5,259	108	12,006	1,197,305	53,741	27,628	1,306,548
Non-current assets	2,746	2,310	6,567	16,404	120,282	696	8,013	157,018
Total Assets	**13,247**	**7,569**	**6,675**	**28,410**	**1,317,587**	**54,437**	**35,641**	**1,463,566**
Current liabilities	2,126	836	358	9,490	1,230,002	35,189	21,179	1,299,180
Non-current liabilities	393	95	—	8,985	2,687	90	1,844	14,094
Total Liabilities	**2,519**	**931**	**358**	18,475	**1,232,689**	**35,279**	**23,023**	**1,313,274**
Equity	10,728	6,638	6,317	9,935	84,898	19,158	12,609	150,283
Minority interest	—	—	—	—	—	—	9	9
Total Liabilities and Equity	**13,247**	**7,569**	**6,675**	28,410	**1,317,587**	**54,437**	**35,641**	**1,463,566**
Operating income	5,675	3,898	10	43,192	821,362	4,033	7,210	885,380
Operating expenses	(2,377)	(3,653)	(43)	(41,066)	(757,773)	(2,182)	(6,864)	(813,958)
Other expenses or income	87	134	1,208	(338)	(83,001)	296	(5)	(81,619)
Gain (loss) before tax	**3,385**	**379**	**1,175**	1,788	**(19,412)**	**2,147**	**341**	**(10,197)**
Income tax	(757)	13	—	(375)	6,973	(222)	31	5,663
Gain (loss) for the year	**2,628**	**392**	**1,175**	**1,413**	**(12,439)**	**1,925**	**372**	**(4,534)**

14. Inversiones en Sociedades, continuación:

(c) Joint Ventures:

The Bank owns a 50% interest in the companies Servipag Ltda. and Artikos Chile S.A., wich it controls jointly. The Bank's interest in both entities is accounted for using the equity method in the Interim Consolidated Financial Statements.

The table below presents summarized financial information of the entities the Bank controls jointly:

	Artikos S.A.		**Servipag Ltda.**	
	March 2022 MCh$	**December 2021 MCh$**	**March 2022 MCh$**	**December 2021 MCh$**
Current assets	2,302	2,067	95,660	65,128
Non-current assets	2,155	2,278	15,047	15,721
Total Assets	**4,457**	**4,345**	**110,707**	**80,849**
Current liabilities	1,060	1,167	90,981	61,079
Non-current liabilities	650	651	4,776	4,840
Total Liabilities	**1,710**	**1,818**	**95,757**	**65,919**
Equity	2,747	2,527	14,950	14,930
Total Liabilities and Equity	**4,457**	**4,345**	**110,707**	**80,849**
Operating income	897	3,977	6,571	39,309
Operating expenses	(607)	(2,631)	(6,576)	(37,047)
Other expenses or income	11	7	34	(231)
Profit before tax	**301**	**1,353**	**29**	**2,031**
Income tax	(81)	(142)	(9)	(369)
Profit for the year	**220**	**1,211**	**20**	**1,662**

(d) The change of investments in companies registered under the equity method in the periods of 2022 and 2021, are as follows:

	March 2022 MCh$	**March 2021 MCh$**
Balance as of January 1,	46,923	42,338
Acquisition of investments in companies	—	—
Participation on income in companies with significant influence and joint control	1,522	(668)
Dividends received	—	—
Others	8	(1)
Total	48,453	41,669

(e) During the period ended as of March 31, 2022 and 2021 no impairment has incurred in these investments.

15. Intangible Assets:

(a) The composition of intangible assets as of March 31, 2022 and December 31, 2021, are as follows:

	Useful Life		Average remaining amortization		Gross balance		Accumulated Amortization		Net balance	
	March 2022 Years	December 2021 Years	March 2022 Years	December 2021 Years	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Other independently originated intangible assets	6	6	4	4	212,657	209,432	(139,992)	(136,900)	72,665	72,532
Total					212,657	209,432	(139,992)	(136,900)	72,665	72,532

15. Intangible Assets, continued:

(b) The change of intangible assets during the periods ended as of March 31, 2022 and y December 31, 2021, are as follows:

	March 2022 MCh$	December 2021 MCh$
Gross Balance		
Balance as of January 1,	209,432	180,669
Acquisition	6,140	30,222
Disposals/ write-downs	(2,896)	(352)
Reclassification	(19)	(89)
Impairment	—	(1,018)
Total	212,657	209,432
Accumulated Amortization		
Balance as of January 1,	(136,900)	(119,968)
Amortization for the period (*)	(4,829)	(17,831)
Disposals/ write-downs	1,718	352
Reclassification	19	(2)
Impairment	—	549
Total	(139,992)	(136,900)
Balance Net	72,665	72,532

(*) See Note No. 39 Depreciation, amortization.

(c) As of March 31, 2022 and December 31, 2021, the Bank maintains the following amounts with technological developments:

Detail	**Commitment Amount**	
	March 2022 MCh$	**December 2021 MCh$**
Software and licenses	5,510	7,097

16. Property and equipment:

(a) The properties and equipment as of March 31, 2022 and December 31, 2021 are composed as follows:

	Useful Life		Average remaining depreciation		Gross balance		Accumulated Depreciation		Net balance	
	March 2022 Años	**December 2021 Años**	**March 2022 Años**	**December 2021 Años**	**March 2022 MM$**	**December 2021 MM$**	**March 2022 MM$**	**December 2021 MM$**	**March 2022 MM$**	**December 2021 MM$**
Type of property and equipment:										
Land and Buildings	26	26	19	19	312,737	311,279	(150,954)	(148,645)	161,783	162,634
Equipment	5	5	3	3	239,383	243,757	(190,249)	(191,334)	49,134	52,423
Others	7	7	4	4	56,735	56,582	(49,892)	(49,319)	6,843	7,263
Total					608,855	611,618	(391,095)	(389,298)	217,760	222,320

16. Property and equipment, continued:

(b) The changes in properties and equipment as of March 31, 2022 and December 31, 2021, are as follows:

	March 2022			
	Land and Buildings MCh$	Equipment MCh$	Others MCh$	Total MCh$
Gross Balance				
Balance as of January 1, 2022	311,279	243,757	56,582	611,618
Additions	1,460	1,350	256	3,066
Write-downs and sales of the period	(2)	(5,760)	(67)	(5,829)
Transfers	—	36	(36)	—
Impairment (*)	—	—	—	—
Total	312,737	239,383	56,735	608,855
Accumulated Depreciation				
Balance as of January 1, 2022	(148,645)	(191,334)	(49,319)	(389,298)
Depreciation charges of the period (*) (**)	(2,311)	(4,639)	(676)	(7,626)
Write-downs and sales of the period	2	5,760	67	5,829
Transfers	—	(36)	36	—
Impairment (*)	—	—	—	—
Total	(150,954)	(190,249)	(49,892)	(391,095)
Balance as of March 31, 2022	161,783	49,134	6,843	217,760

	December 2021			
	Land and Buildings MCh$	Equipment MCh$	Others MCh$	Total MCh$
Gross Balance				
Balance as of January 1, 2021	304,951	222,624	55,898	583,473
Additions	9,477	22,367	2,349	34,193
Write-downs and sales of the year	(3,132)	(1,232)	(1,628)	(5,992)
Impairment (***)	(17)	(2)	(37)	(56)
Total	311,279	243,757	56,582	611,618
Accumulated Depreciation				
Balance as of January 1, 2021	(142,543)	(175,141)	(47,861)	(365,545)
Reclassification	—	—	16	16
Depreciation charges of the year (**)	(8,895)	(17,409)	(3,107)	(29,411)
Write-downs and sales of the year	2,793	1,216	1,620	5,629
Impairment (***)	—	—	13	13
Total	(148,645)	(191,334)	(49,319)	(389,298)
Balance as of December 31, 2021	162,634	52,423	7,263	222,320

(*) See Note No. 39 Depreciation, Amortization.

(**) This amount does not include the depreciation of the year of the Investment Properties, amount is included in "Other Assets" for Ch$89 million (Ch$357 millon in December 2021).

(***) As of December 31, 2021 does not include charge-offs of Property and Equipment of Ch$916 million.

17. Right-of-use assets and Lease liabilities:

(a) The composition of the rights over leased assets as of March 31, 2022 and December 31, 2021, is as follows:

	Gross Balance		Accumulated Depreciation		Net Balance	
	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Categories						
Buildings	127,042	124,978	(51,012)	(46,743)	76,030	78,235
Floor space for ATMs	42,628	42,051	(28,215)	(25,566)	14,413	16,485
Improvements to leased properties	26,415	26,066	(20,812)	(20,598)	5,603	5,468
Total	196,085	193,095	(100,039)	(92,907)	96,046	100,188

(b) The changes of the rights over leased assets as of March, 2022 and December 31, 2021, is as follows:

	March 2022			
	Buildings MCh$	Floor space for ATMs MCh$	Improvements to leased properties MCh$	Total MCh$
Gross Balance				
Balance as of January 1, 2022	124,978	42,051	26,066	193,095
Additions	3,337	648	349	4,334
Write-downs	(1,273)	(71)	—	(1,344)
Total	127,042	42,628	26,415	196,085
Accumulated Depreciation				
Balance as of January 1, 2022	(46,743)	(25,566)	(20,598)	(92,907)
Depreciation of the period (*)	(4,447)	(2,720)	(214)	(7,381)
Write-downs	178	71	—	249
Others	—	—	—	—
Total	(51,012)	(28,215)	(20,812)	(100,039)
Balance as of March 31, 2022	76,030	14,413	5,603	96,046

(*) See Note No. 39 Depreciation, Amortization and Impairment.

17. Right-of-use assets and Lease liabilities, continued:

	December 2021			
	Buildings MCh$	Floor space for ATMs MCh$	Improvements to leased properties MCh$	Total MCh$
Gross Balance				
Balance as of January 1, 2021	123,215	40,445	26,579	190,239
Additions	12,123	2,867	1,386	16,376
Write-downs	(10,468)	(1,055)	(1,899)	(13,422)
Remeasurement	—	(206)	—	(206)
Others	108	—	—	108
Total	124,978	42,051	26,066	193,095
Accumulated Depreciation				
Balance as of January 1, 2021	(33,560)	(16,496)	(21,354)	(71,410)
Depreciation of the year	(18,244)	(10,095)	(860)	(29,199)
Write-downs	5,064	1,025	1,616	7,705
Others	(3)	—	—	(3)
Total	(46,743)	(25,566)	(20,598)	(92,907)
Balance as of December 31, 2021	78,235	16,485	5,468	100,188

(c) The future maturities (including unearned interest) of the lease liabilities as of March 31, 2022 and December 31, 2021:

	March 2022							
	Demand	Up to 1 month	Over 1 month and up to 3 months	Over 3 months and up to 12 months	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Lease associated to:	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Buildings	—	1,667	3,323	11,769	26,878	19,402	25,205	88,244
ATMs	—	983	1,965	8,293	3,772	211	112	15,336
Total	—	2,650	5,288	20,062	30,650	19,613	25,317	103,580

	December 2021							
	Demand	Up to 1 month	Over 1 month and up to 3 months	Over 3 months and up to 12 months	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Lease associated to:	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Buildings	—	1,785	3,555	13,516	28,025	21,530	27,733	96,144
ATMs	—	962	1,921	8,221	6,114	116	108	17,442
Total	—	2,747	5,476	21,737	34,139	21,646	27,841	113,586

17. Right-of-use assets and Lease liabilities, continued:

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 obligations for lease liabilities and the flows for the periods 2022 and 2021 are as follows:

Lease liability	**Total cash flow for the period MCh$**
Balances as of January 1, 2021	115,017
Liabilities for new lease agreements	4,838
Interest expenses	530
Payments of capital and interests	(7,401)
Remeasurement	(179)
Derecognized contracts	—
Others	1,254
Balances as of March 31, 2021	114,059
Liabilities for new lease agreements	3,445
Interest expenses	1,448
Payments of capital and interests	(23,184)
Remeasurement	(27)
Derecognized contracts	(5,524)
Others	5,453
Balances as of December 31, 2021	95,670
Liabilities for new lease agreements	2,077
Interest expenses	457
Payments of capital and interests	(7,709)
Remeasurement	—
Derecognized contracts	(1,092)
Others	1,908
Balances as of March 31, 2022	91,311

(d) The future cash flows related to short-term lease agreements in effect as of March 31, 2022 correspond to Ch$4,525 million (Ch$5,569 million as of December 31,).

18. 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, 2022 and December 31, 2021 according to the following detail:

	March 2022 MCh$	December 2021 MCh$
Income tax	50,190	299,396
Tax Previous year	112,246	—
Less:		
Monthly prepaid taxes	(56,450)	(182,903)
Credit for training expenses	—	(2,000)
Others	(685)	(2,210)
Total	105,301	112,283
Tax rate	27%	27%

	March 2022 MCh$	December 2021 MCh$
Current tax assets	956	846
Current tax liabilities	(106,257)	(113,129)
Total tax receivable (payable), net	(105,301)	(112,283)

(b) Income Tax:

The effect of the tax expense during the periods between January 1 and March 31, 2022 and 2021, are broken down as follows:

	March 2022 MCh$	March 2021 MCh$
Income tax expense:		
Current year tax	67,639	35,156
Tax Previous year	—	—
Subtotal	67,639	35,156
(Credit) Debit for deferred taxes:		
Origin and reversal of temporary differences	(11,256)	3,884
Subtotal	(11,256)	3,884
Others	3,264	1,500
Net charge to income for income taxes	59,647	40,540

18. 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, 2022 and 2021:

	March 2022		March 2021	
	Tax rate %	MCh$	Tax rate %	MCh$
Income tax calculated on net income before tax	27.00	94,871	27.00	54,676
Additions or deductions	(0.05)	(187)	0.28	570
Price-level restatement	(10.81)	(37,976)	(8.09)	(16,381)
Others	0.84	2,939	0.83	1,675
Effective rate and income tax expense	16.98	59,647	20.02	40,540

The effective rate for income tax for the period 2022 is 16.98% (20.02% in March 2021).

18. 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 Interim Consolidated Financial Statements. The effects of deferred taxes on assets, liabilities and income accounts as of March 31, 2022:

	Balances as of December 31, 2021 MCh$	Effect on Income MCh$	Effect on Equity MCh$	Balances as of March 31, 2022 MCh$
Debit Differences:				
Allowances for loan losses	317,295	17,299	—	334,594
Personnel provisions	14,304	(5,804)	—	8,500
Provision of undrawn credit lines	4,139	(558)	—	3,581
Staff vacations provisions	9,993	46	—	10,039
Accrued interests adjustments from impaired loans	5,073	910	—	5,983
Staff severance indemnities provision	345	10	2	357
Provision of credit cards expenses	9,774	(1,060)	—	8,714
Provision of accrued expenses	12,315	(1,766)	—	10,549
Adjustment for valuation of financial assets at fair value through other comprehensive income	2,792	—	(482)	2,310
Leasing	52,019	10,399	—	62,418
Incomes received in advance	12,368	(845)	—	11,523
Other adjustments	36,871	(4,607)	—	32,264
Total Debit Differences	477,288	14,024	(480)	490,832
Credit Differences:				
Depreciation and price-level restatement of property and equipment	16,446	(1,080)	—	15,366
Transitory assets	6,958	3,004	—	9,962
Loans accrued to effective rate	2,437	(42)	—	2,395
Prepaid expenses	5,668	(819)	—	4,849
Other adjustments	11,502	1,705	20	13,227
Total Credit Differences	43,011	2,768	20	45,799
Total, Net	434,277	11,256	(500)	445,033

18. Taxes, continued:

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

The effects of deferred taxes on assets, liabilities and income accounts as of al March 31, 2021 and December 31, 2021:

	Balance as of December 31, 2020 MCh$	Effect on Income MCh$	Effect on Equity MCh$	Balances as of March 31, 2021 MCh$	Effect on Income MCh$	Effect on Equity MCh$	Balances as of December 31, 2021 MCh$
Debit differences:							
Allowances for loan losses	268,482	3,402	—	271,884	45,411	—	317,295
Personnel provisions	16,233	(8,227)	—	8,006	6,298	—	14,304
Staff vacations provisions	9,164	41	—	9,205	788	—	9,993
Accrued interest adjustments from impaired loans	4,570	383	—	4,953	120	—	5,073
Staff severance indemnities provision	537	2,484	(62)	2,959	(2,551)	(63)	345
Provisions of credit card expenses	7,959	507	—	8,466	1,308	—	9,774
Provisions of accrued expenses	14,083	(633)	—	13,450	(1,135)	—	12,315
Adjustment for valuation of financial assets at fair value through other comprehensive income	—	—	—	—	—	2,792	2,792
Leasing	28,835	8,654	—	37,489	14,530	—	52,019
Incomes received in advance	16,088	(941)	—	15,147	(2,779)	—	12,368
Other adjustments	27,738	743	—	28,481	16,476	(3,947)	41,010
Total Debit Differences	393,689	6,413	(62)	400,040	78,466	(1,218)	477,288
Credit differences:							
Depreciation of property and equipment and investment properties	17,256	227	—	17,483	(1,037)	—	16,446
Adjustment for valuation of financial assets at fair value through other comprehensive income	1,056	—	332	1,388	—	(1,388)	—
Transitory assets	5,378	2,420	—	7,798	(840)	—	6,958
Loans accrued to effective rate	2,779	(126)	—	2,653	(216)	—	2,437
Prepaid expenses	2,234	6,273	—	8,507	(2,839)	—	5,668
Other adjustments	8,380	1,503	10	9,893	1,988	(379)	11,502
Total Credit Differences	37,083	10,297	342	47,722	(2,944)	(1,767)	43,011
Total, Net	356,606	(3,884)	(404)	352,318	81,410	549	434,277

18. Taxes, continued:

(e) For the purpose of complying with the Circular No. 47 issued by the Chilean Internal Revenue Service (SII) and No. 3,478 issued by the CMF, dated August 18, 2009 the changes and effects generated by the application of Article 31, No. 4 of the Income Tax Law are detailed below.

As the circular requires, the information corresponds only to the Bank's credit operations and does not consider operations of subsidiary entities that are consolidated in these Interim Consolidated Financial Statements.

(e.1) Loans and advance to banks and Loans to customers as of March 31, 2022			**Tax value assets**		
	Book value assets (*) MCh$	**Tax value assets MCh$**	**Past-due loans with guarantees MCh$**	**Past-due loans without guarantees MCh$**	**Total Past-due loans MCh$**
Loans and advance to banks	2,991,417	2,991,417	—	—	—
Commercial loans	16,840,219	17,699,239	27,047	61,762	88,809
Consumer loans	4,143,875	5,248,446	542	13,229	13,771
Residential mortgage loans	10,426,250	10,454,962	8,407	455	8,862
Total	34,401,761	36,394,064	35,996	75,446	111,442

(e.1) Loans and advance to banks and Loans to customers as of December 31, 2021			**Tax value assets**		
	Book value assets (*) MCh$	**Tax value assets MCh$**	**Past-due loans with guarantees MCh$**	**Past-due loans without guarantees MCh$**	**Total Past-due loans MCh$**
Loans and advance to banks	1,529,313	1,529,831	—	—	—
Commercial loans	17,262,707	18,124,405	33,450	63,603	97,053
Consumer loans	3,977,569	5,098,856	503	10,156	10,659
Residential mortgage loans	10,315,921	10,345,098	8,878	363	9,241
Total	33,085,510	35,098,190	42,831	74,122	116,953

(*) In accordance with the mentioned Circular and instructions from the SII, the value of financial statement assets, are presented on an individual basis (only Banco de Chile) net of allowance for loan losses and do not include lease and factoring operations.

18. Taxes, continued:

(e.2) Provisions on past-due loans	Balance as of January 1, 2022 MCh$	Charge-offs against provisions MCh$	Provisions established MCh$	Provisions released MCh$	Balance as of March 31, 2022 MCh$
Commercial loans	63,603	(9,938)	48,548	(40,451)	61,762
Consumer loans	10,156	(27,762)	33,060	(2,225)	13,229
Residential mortgage loans	363	(1,341)	9,943	(8,510)	455
Total	74,122	(39,041)	91,551	(51,186)	75,446

(e.2) Provisions on past-due loans	Balance as of January 1, 2021 MCh$	Charge-offs against provisions MCh$	Provisions established MCh$	Provisions released MCh$	Balance as of December 31, 2021 MCh$
Commercial loans	72,440	(59,081)	215,638	(165,394)	63,603
Consumer loans	12,626	(144,810)	150,834	(8,494)	10,156
Residential mortgage loans	122	(4,870)	34,589	(29,478)	363
Total	85,188	(208,761)	401,061	(203,366)	74,122

(e.3) Charge-offs and recoveries	March 2022 MCh$	December 2021 MCh$
Charge-offs Art. 31 No. 4 second subparagraph	4,527	26,712
Write-offs resulting in provisions released	17	1,738
Recovery or renegotiation of written-off loans	13,641	66,227

(e.4) Application of Art. 31 No. 4 first & third subsections of the income tax law	March 2022 MCh$	December 2021 MCh$
Charge-offs in accordance with first subsection	—	—
Write-offs in accordance with third subsection	17	1,738

19. Other Assets:

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

	March 2022 MCh$	December 2021 MCh$
Debtors from brokerage of financial instruments	215,974	172,769
Cash collateral provided for derivative financial transactions	162,243	293,378
Accounts receivable from third parties	130,917	117,130
Assets to be leased out as lessor (*)	64,457	94,462
Prepaid expenses	54,418	45,731
Investment properties	12,388	12,477
Income from regular activities from contracts with customers	13,188	11,132
VAT receivable	11,511	12,703
Pending transactions	3,193	2,292
Other provided cash collateral	1,949	1,921
Accounts receivable from bank subsidiaries by services rendered	6	6
Accumulated impairment in respect of other assets receivable	(2,270)	(2,050)
Other Assets	29,692	33,510
Total	697,666	795,461

(*) Correspond to fixed assets to be delivered under the financial lease modality.

20. Non-current assets and disposal groups held for sale and Liabilities included in disposal groups for sale:

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

	March 2022 MCh$	December 2021 MCh$
Assets received in lieu of payment or awarded at judicial sale (*)		
Assets awarded at judicial sale	13,010	11,629
Assets received in lieu of payment	303	954
Provision for assets received in lieu of payment or awarded	(30)	(79)
Non-current assets for sale		
Investments in other companies (**)	3,961	3,961
Assets for recovery of assets transferred in financial leasing operations	2,417	2,954
Disposal groups held for sale	—	—
Total	19,661	19,419

(*) 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 0.0053% (0.0169% as of December 31, 2021) of the Bank's effective equity.

(**) Corresponds to the participation in Sociedad Operadora de Tarjetas de Crédito Nexus S.A., which has been reclassified as a non-current asset.

(b) The changes of the provision for assets received in lieu of payment during the periods 2022 and 2021 are as follows:

Provision for assets received in lieu of payment	**MCh$**
Balance as of January 1, 2021	52
Provisions used	(18)
Provisions established	6
Provisions released	—
Balance as of March 31, 2021	40
Provisions used	(120)
Provisions established	159
Provisions released	—
Balance as of December 31, 2021	79
Provisions used	(65)
Provisions established	16
Provisions released	—
Balance as of March 31, 2022	30

21. Financial liabilities held for trading at fair value through profit or loss:

a) Notionals financial derivative contracts: The notional amounts of contracts with fair value assets and liabilities are disclosed in Note No. 8 letter (a).

b) Financial derivative contracts:

	March 2022 MCh$	December 2021 MCh$
Currency forward	379,681	505,179
Interest rate swap	1,025,759	831,338
Interest rate swap and cross currency swap	1,112,138	1,432,801
Call currency options	1,514	2,726
Put currency options	1,767	459
Total	2,520,859	2,772,503

c) Other instruments or financial liabilities:

	March 2022 MCh$	December 2021 MCh$
Current accounts and other demand deposits	—	—
Savings accounts and other time deposits	—	—
Debt instruments issued	—	—
Others	1,725	9,610
Total	1,725	9,610

22. Financial liabilities at amortized cost:

(a) Current accounts and other demand deposits:

At the end of each period, the composition of current accounts and other demand deposits is as follows:

	March 2022 MCh$	December 2021 MCh$
Current accounts	13,677,760	15,349,225
Other demand obligations	1,454,813	1,259,367
Demand deposits accounts	830,987	952,621
Other demand deposits	529,914	688,668
Total	16,493,474	18,249,881

(b) Saving accounts and time deposits:

At the end of each period, the composition of saving accounts and time deposits is as follows:

	March 2022 MCh$	December 2021 MCh$
Time deposits	9,321,668	8,319,166
Term savings accounts	448,263	448,257
Other term balances payable	31,564	36,290
Total	9,801,495	8,803,713

22. Financial liabilities at amortized cost, continued:

(c) Obligations by repurchase agreements and securities lending:

The Bank obtains financing by selling financial instruments and agreeing to repurchase them in the future, plus interest at a prefixed rate. As of March 31, 2022 and December 31, 2021, the repurchase agreements are the following:

	Demand		Up to 1 month		Over 1 month and up to 3 months		Over 3 months and up to 12 months		Over 1 year and up to 3 years		Over 3 years and up to 5 years		Over 5 years		Total	
	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Instruments issued by the Chilean Governments and Central Bank of Chile																
Central Bank bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Central Bank promissory notes	—	—	16,994	—	—	—	—	—	—	—	—	—	—	—	16,994	—
Other instruments issued by the Chilean Government and Central Bank of Chile	—	—	21,771	351	—	—	—	—	—	—	—	—	—	—	21,771	351
Subtotal	—	—	38,765	351	—	—	—	—	—	—	—	—	—	—	38,765	351
Other Financial Instruments issued in Chile																
Deposit promissory notes from domestic banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Mortgage bonds from domestic banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bonds from domestic banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Deposits in domestic banks	—	—	60,414	84,996	41	—	48	52	—	—	—	—	—	—	60,503	85,048
Bonds from other Chilean companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments issued in Chile	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	60,414	84,996	41	—	48	52	—	—	—	—	—	—	60,503	85,048
Financial Instruments issued by Foreign Institutions																
Instruments from foreign governments or central bank	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other instruments issued by foreing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	—	99,179	85,347	41	—	48	52	—	—	—	—	—	—	99,268	85,399

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 lending as of March 31, 2022 amounts to Ch$99,315 million (Ch$85,322 million in December 2021). 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.

22. Financial liabilities at amortized cost, continued:

(d) Borrowings from Financial Institutions:

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

	March 2022 MCh$	December 2021 MCh$
Domestic banks		
Banco Santander	1,087	—
Subtotal domestic banks	1,087	—
Foreign banks		
Foreign banks		
Wells Fargo Bank	55,008	145,070
Citibank N.A. United State	49,577	70,590
Bank of America	34,257	43,925
Standard Chartered Bank	3,615	4,990
Commerzbank AG	2,294	1,782
Industrial and Commercial Bank of China	586	—
Bank of Tokyo	88	412
Sumitomo Mitsui Banking	—	42,641
Bank of New York Mellon	—	17,055
Others	40	—
Borrowings and other obligations		
Wells Fargo Bank	133,840	133,692
Citibank N.A. United Kingdom	20,174	48,120
Commerzbank AG	8,400	568
Bank of America	518	—
Citibank N.A. United State	—	4,173
Standard Chartered Bank	—	211
Others	53	176
Subtotal foreign banks	308,450	513,405
Chilean Central Bank (*)	4,348,400	4,348,460
Total	4,657,937	4,861,865

(*) Financing provided by the Chilean Central Bank to deliver liquidity to the economy and support the flow of credit to households and companies, among which are the Conditional Credit Facility to Increase Placements (FCIC by its Spanish initials) and the Liquidity Credit Line (LCL).

22. Financial liabilities at amortized cost, continued:

(e) Debt financial instruments issued:

At the end of each period, the composition of debt financial instruments issued as follows:

	March 2022 MCh$	December 2021 MCh$
Letters of credit		
Letters of credit for housing	3,398	4,005
Letters of credit for general purposes	90	109
Bonds		
Current Bonds	8,428,273	8,557,281
Mortgage bonds	—	—
Total	8,431,761	8,561,395

During the period ended March 31, 2022 Banco de Chile has placed bonds for Ch$247,298 million, which corresponds to Long-Term Bonds, according to the following details:

Long-Term Bonds

Serie	Currency	Amount MCh$	Terms Years	Annual interest rate %	Issued date	Maturity date
BCHIBS0815	UF	15,706	14	3.00	05/01/2022	05/01/2036
BCHIBS0815	UF	15,719	14	3.06	20/01/2022	20/01/2036
BCHICF0815	UF	65,738	17	2.65	01/03/2022	01/03/2039
BCHICP0815	UF	65,882	19	2.80	01/03/2022	01/03/2041
BCHIBS0815	UF	32,583	14	2.60	17/03/2022	17/03/2036
Subtotal UF		195,628				
BONO PEN	PEN	51,670	20	8.65	09/03/2022	09/03/2042
Subtotal others currency		51,670				
Total as of March 31, 2022		247,298				

Short-term Current Bonds

During the period ended March 31, 2022, there were no short-term current bonds, issued.

22. Financial liabilities at amortized cost, continued:

(e) Debt financial instruments issued, continued:

During the year 2021, Banco de Chile has placed bonds for Ch$1,032,016 million, which corresponds to Short-Term Bonds and Current Bonds for amount of Ch$698,435 million and Ch$962,581 million respectively, according to the following details:

Short-term Bonds

Counterparty	Currency	Amount MCh$	Annual interest rate %	Issued date	Maturity date
Wells Fargo Bank	USD	72,240	0.23	20/01/2021	20/04/2021
Wells Fargo Bank	USD	36,736	0.38	09/02/2021	04/02/2022
Citibank N.A.	USD	36,736	0.28	09/02/2021	02/08/2021
Wells Fargo Bank	USD	35,700	0.26	25/02/2021	24/08/2021
Citibank N.A.	USD	71,400	0.23	25/02/2021	01/06/2021
Wells Fargo Bank	USD	35,700	0.26	25/02/2021	26/08/2021
Citibank N.A.	USD	36,295	0.34	04/03/2021	03/09/2021
Citibank N.A.	USD	72,589	0.34	04/03/2021	07/09/2021
Wells Fargo Bank	USD	18,147	0.25	04/03/2021	01/06/2021
Wells Fargo Bank	USD	78,814	0.25	08/09/2021	01/06/2022
Citibank N.A.	USD	78,873	0.23	10/09/2021	10/03/2022
Wells Fargo Bank	USD	39,436	0.25	10/09/2021	08/06/2022
Citibank N.A.	USD	78,413	0.23	13/09/2021	17/03/2022
Wells Fargo Bank	USD	4,283	0.28	15/09/2021	14/09/2022
Citibank N.A.	USD	3,073	0.28	22/09/2021	16/09/2022
Total as of December 31, 2021		698,435			

Long-Term Current Bonds

Serie	Currency	Amount MCh$	Terms Years	Annual issue rate %	Issue date	Maturity date
BCHIER1117	UF	109,889	6	3.68	22/10/2021	22/10/2027
BCHICD0815	UF	58,658	9	3.59	25/10/2021	25/10/2030
BCHIEU0917	UF	109,363	7	3.70	25/10/2021	25/10/2028
Subtotal UF		277,910				
BONO JPY	JPY	36,097	10	0.70	17/08/2021	17/08/2031
BONO AUD	AUD	31,203	10	Rate BBSW+1.38	12/08/2021	12/08/2031
BONO CHF	CHF	115,483	5	0.32	14/10/2021	14/10/2026
BONO USD	USD	82,543	5	2.22	17/11/2021	17/11/2026
BONO USD	USD	419,345	10	2.99	07/12/2021	07/12/2031
Subtotal Others currency		684,671				
Total as of December 31, 2021		962,581				

As of March 31, 2022 and December 31, 2021, the Bank has not presented defaults in the payment 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.

22. Financial liabilities at amortized cost, continued:

(f) Other Financial Obligations:

At the end of each period, the composition of other financial obligations as follows:

	March 2022 MCh$	December 2021 MCh$
Other Chilean financial obligations	201,378	249,782
Other financial obligations with the Public sector	185	223
Total	201,563	250,005

23. Financial instruments of regulatory capital issued:

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

	March 2022 MCh$	December 2021 MCh$
Subordinated bonds with transitory recognition	—	—
Subordinated bonds	939,099	917,510
Bonds with no fixed term of maturity	—	—
Preferred stock	—	—
Total	939,099	917,510

b) Issuances of Subordinated Bonds for the period:

During the period ended December 31, 2021 and March 31, 2022, there were no subordinated bonds, issued.

23. Financial instruments of regulatory capital issued, continued:

c) Changes for subordinated bonds:

	Subordinated bonds MM$
Balance as of January 1, 2021	886,407
Emissions made	—
Accrued interest	29,577
Interest and UF indexation payments to the holder	(39,895)
Principal payments to the holder	(16,277)
Accrued UF indexation	57,698
Balance as of December 31, 2021	917,510
Balance as of January 1, 2022	917,510
Emissions made	—
Accrued interest	7,417
Interest and UF indexation payments to the holder	(4,358)
Principal payments to the holder	(3,176)
Accrued UF indexation	21,706
Balance as of March 31, 2022	939,099

23. Financial instruments of regulatory capital issued, continued:

d) Below is the detail of the subordinated bonds due as of March 31, 2022 and December 31, 2021:

March 2022

Serie	Currency	Issuance currency amount	Interest rate %	Registration date	Maturity date	Balance due MCh$
C1	UF	300,000	7.5	06/12/1999	01/01/2030	5,171
C1	UF	200,000	7.4	06/12/1999	01/01/2030	3,453
C1	UF	530,000	7.1	06/12/1999	01/01/2030	9,238
C1	UF	300,000	7.1	06/12/1999	01/01/2030	5,232
C1	UF	50,000	6.5	06/12/1999	01/01/2030	889
C1	UF	450,000	6.6	06/12/1999	01/01/2030	7,998
A7	UF	40,000	6.9	16/07/1999	01/08/2022	59
A7	UF	50,000	6.9	16/07/1999	01/08/2022	74
A7	UF	200,000	6.9	16/07/1999	01/08/2022	295
A7	UF	50,000	6.9	16/07/1999	01/08/2022	74
A7	UF	50,000	6.9	16/07/1999	01/08/2022	74
A7	UF	160,000	6.9	16/07/1999	01/08/2022	236
A7	UF	450,000	6.9	16/07/1999	01/08/2022	664
D2	UF	1,600,000	4.3	20/06/2002	01/04/2023	7,564
D2	UF	400,000	4.3	20/06/2002	01/04/2023	1,891
D1	UF	2,000,000	3.6	20/06/2002	01/04/2026	24,512
F	UF	1,000,000	5.0	28/11/2008	01/11/2033	30,943
F	UF	1,500,000	5.0	28/11/2008	01/11/2033	46,415
F	UF	759,000	4.5	28/11/2008	01/11/2033	24,513
F	UF	241,000	4.5	28/11/2008	01/11/2033	7,784
F	UF	4,130,000	4.2	28/11/2008	01/11/2033	136,321
F	UF	1,000,000	4.3	28/11/2008	01/11/2033	33,004
F	UF	70,000	4.2	28/11/2008	01/11/2033	2,318
F	UF	4,000,000	3.9	28/11/2008	01/11/2033	136,708
F	UF	2,300,000	3.8	28/11/2008	01/11/2033	78,957
G	UF	600,000	4.0	29/11/2011	01/11/2036	18,849
G	UF	50,000	4.0	29/11/2011	01/11/2036	1,571
G	UF	80,000	3.9	29/11/2011	01/11/2036	2,532
G	UF	450,000	3.9	29/11/2011	01/11/2036	14,259
G	UF	160,000	3.9	29/11/2011	01/11/2036	5,070
G	UF	1,000,000	2.7	29/11/2011	01/11/2036	36,263
G	UF	300,000	2.7	29/11/2011	01/11/2036	10,879
G	UF	1,360,000	2.6	29/11/2011	01/11/2036	49,480
J	UF	1,400,000	1.0	29/11/2011	01/11/2042	67,409
J	UF	1,500,000	1.0	29/11/2011	01/11/2042	72,330
J	UF	1,100,000	1.0	29/11/2011	01/11/2042	53,456
I	UF	900,000	1.0	29/11/2011	01/11/2040	42,614
				Total subordinated bonds due		939,099

23. Financial instruments of regulatory capital issued, continued:

Diciembre 2021

Serie	Currency	Issuance currency amount	Interest rate %	Registration date	Maturity date	Balance due MCh$
C1	UF	300,000	7.5	06/12/1999	01/01/2030	5,377
C1	UF	200,000	7.4	06/12/1999	01/01/2030	3,591
C1	UF	530,000	7.1	06/12/1999	01/01/2030	9,605
C1	UF	300,000	7.1	06/12/1999	01/01/2030	5,441
C1	UF	50,000	6.5	06/12/1999	01/01/2030	924
C1	UF	450,000	6.6	06/12/1999	01/01/2030	8,313
C2	UF	250,000	7.5	06/12/1999	01/01/2022	390
C2	UF	350,000	6.6	06/12/1999	01/01/2022	546
C2	UF	1,000,000	6.5	06/12/1999	01/01/2022	1,561
A7	UF	40,000	6.9	16/07/1999	01/08/2022	115
A7	UF	50,000	6.9	16/07/1999	01/08/2022	144
A7	UF	200,000	6.9	16/07/1999	01/08/2022	577
A7	UF	50,000	6.9	16/07/1999	01/08/2022	144
A7	UF	50,000	6.9	16/07/1999	01/08/2022	144
A7	UF	160,000	6.9	16/07/1999	01/08/2022	461
A7	UF	450,000	6.9	16/07/1999	01/08/2022	1,297
C2	UF	60,000	6.7	06/12/1999	01/01/2022	94
C2	UF	280,000	6.7	06/12/1999	01/01/2022	437
C2	UF	170,000	6.7	06/12/1999	01/01/2022	265
C2	UF	110,000	6.6	06/12/1999	01/01/2022	172
C2	UF	30,000	6.7	06/12/1999	01/01/2022	47
D2	UF	1,600,000	4.3	20/06/2002	01/04/2023	7,311
D2	UF	400,000	4.3	20/06/2002	01/04/2023	1,828
D1	UF	2,000,000	3.6	20/06/2002	01/04/2026	23,734
F	UF	1,000,000	5.0	28/11/2008	01/11/2033	29,865
F	UF	1,500,000	5.0	28/11/2008	01/11/2033	44,797
F	UF	759,000	4.5	28/11/2008	01/11/2033	23,686
F	UF	241,000	4.5	28/11/2008	01/11/2033	7,521
F	UF	4,130,000	4.2	28/11/2008	01/11/2033	131,800
F	UF	1,000,000	4.3	28/11/2008	01/11/2033	31,910
F	UF	70,000	4.2	28/11/2008	01/11/2033	2,242
F	UF	4,000,000	3.9	28/11/2008	01/11/2033	132,309
F	UF	2,300,000	3.8	28/11/2008	01/11/2033	76,415
G	UF	600,000	4.0	29/11/2011	01/11/2036	18,235
G	UF	50,000	4.0	29/11/2011	01/11/2036	1,520
G	UF	80,000	3.9	29/11/2011	01/11/2036	2,450
G	UF	450,000	3.9	29/11/2011	01/11/2036	13,797
G	UF	160,000	3.9	29/11/2011	01/11/2036	4,905
G	UF	1,000,000	2.7	29/11/2011	01/11/2036	35,193
G	UF	300,000	2.7	29/11/2011	01/11/2036	10,558
G	UF	1,360,000	2.6	29/11/2011	01/11/2036	48,023
J	UF	1,400,000	1.0	29/11/2011	01/11/2042	65,675
J	UF	1,500,000	1.0	29/11/2011	01/11/2042	70,473
J	UF	1,100,000	1.0	29/11/2011	01/11/2042	52,089
I	UF	900,000	1.0	29/11/2011	01/11/2040	41,529
				Total subordinated bonds due		917,510

24. Provisions for contingencies:

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

	March 2022 MCh$	December 2021 MCh$
Provisions for employee benefit obligations	79,835	106,964
Provisions for obligations of customer loyalty and merit programs	32,011	35,937
Provisions for operational risk	1,103	693
Provisions of a bank branch abroad for profit remittances to its parent company	—	—
Provisions for reestructuring plans	—	—
Provisions for lawsuits and litigation	—	—
Other provisions for contingencies	264	264
Total	113,213	143,858

24. Provisions for contingencies, continued;

(b) The following table shows the changes in provisions during the period 2022 and 2021:

	Provisions for employee benefit obligations MCh$	Provisions of a bank branch abroad for profit remittances to its parent company MCh$	Provisions for reestructuring plans MCh$	Provisions for lawsuits and litigation MCh$	Provisions for obligations of customer loyalty and merit programs MCh$	Provisions for operational risk MCh$	Other provisions for contingencies MCh$	Total MCh$
Balances as of January 1, 2021	111,243	—	—	244	30,187	—	264	141,938
Provisions established	17,664	—	—	—	906	—	—	18,570
Provisions used	(45,442)	—	—	—	—	—	—	(45,442)
Provisions released	—	—	—	(67)	—	—	—	(67)
Balances as of March 31, 2021	83,465	—	—	177	31,093	—	264	114,999
Provisions established	90,513	—	—	—	4,844	693	—	96,050
Provisions used	(67,014)	—	—	—	—	—	—	(67,014)
Provisions released	—	—	—	(177)	—	—	—	(177)
Balances as of December 31, 2021	106,964	—	—	—	35,937	693	264	143,858
Provisions established	29,466	—	—	—	—	410	—	29,876
Provisions used	(56,595)	—	—	—	—	—	—	(56,595)
Provisions released	—	—	—	—	(3,926)	—	—	(3,926)
Balances as of March 31, 2022	79,835	—	—	—	32,011	1,103	264	113,213

24. Provisions for contingencies, continued;

(c) Provisions for employee benefit obligations:

	March 2022 MCh$	December 2021 MCh$
Provision of short-term employee benefits	73,323	100,518
Provision of benefits to employees for contract termination	6,512	6,446
Provisión of benefits to post-employment employees	—	—
Provision of long-term employee benefits	—	—
Provision of share-based employee benefits	—	—
Provisión for obligations for defined contribution post-employment plans	—	—
Provisión for obligations for post-employment defined benefit plans	—	—
Provision for other employee obligations	—	—
Total	79,835	106,964

(d) Provision of short-term employee benefits:

(i) Compliance bonuses provision:

	March 2022 MCh$	March 2021 MCh$
Balances as of January 1	53,070	43,941
Net provisions established	15,344	13,206
Provisions used	(46,465)	(34,283)
Total	21,949	22,864

(ii) Vacation provision:

	March 2022 MCh$	March 2021 MCh$
Balances as of January 1	37,010	33,993
Net provisions established	2,359	2,760
Provisions used	(2,188)	(2,606)
Total	37,181	34,147

24. Provisions for contingencies, continued;

(d) Provision of short-term employee benefits, continued:

(iii) Provision of other benefits to personnel:

	March 2022 MCh$	March 2021 MCh$
Balances as of January 1	10,438	25,728
Net provisions established	11,498	13,739
Provisions used	(7,743)	(29,119)
Total	14,193	10,348

(e) Provision of benefits to employees for contract termination:

(i) Changes of the provision for employee benefits due to the termination of the employment contract:

	March 2022 MCh$	March 2021 MCh$
Present value of the obligations at the beginning of the period	6,446	7,581
Increase in provision	257	54
Benefit paid	(199)	(232)
Effect of change in actuarial factors	8	(229)
Total	6,512	7,174

24. Provisions for contingencies, continued;

(e) Provision of benefits to employees for contract termination, continued:

(ii) Net benefits expenses:

	March 2022 MCh$	**March 2021 MCh$**
Increase (decrease) in provisions	(148)	(204)
Interest cost of benefits obligations	405	258
Effect of change in actuarial factors	8	(229)
Net benefit expenses	265	(175)

(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:

	March 31, 2022 %	**December 31, 2021 %**
Discount rate	6.49	5.70
Salary increase rate	4.80	3.94
Payment probability	99.99	99.99

The most recent actuarial valuation of the staff severance indemnities provision was carried out during the first quarter of 2022.

(f) Employee benefits share-based provision:

As of December 31 de 2021 and March 2022, the Bank and its subsidiaries do not have a stock-based compensation plan.

25. Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued:

The changes at the end of each period are as follows:

	Provisions for dividends MCh$	Provisions for payment of interest on bonds with no fixed maturity date MCh$	Provision for revaluation of bonds without a fixed term of maturity MCh$	Total MCh$
Balances as of January 1, 2021	220,271	—	—	220,271
Provisions established	70,297	—	—	70,297
Provisions used	(220,271)	—	—	(220,271)
Provisions released	—	—	—	—
Balances as of March 31, 2021	70,297	—	—	70,297
Provisions used	253,600	—	—	253,600
Provisions released	—	—	—	—
Provisions used	—	—	—	—
Balances as of December 31, 2021	323,897	—	—	323,897
Provisions used	116,359	—	—	116,359
Provisions released	(323,897)	—	—	(323,897)
Provisions used	—	—	—	—
Balances as of March 31, 2022	116,359	—	—	116,359

26. Special provisions for credit risk:

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

	March 2022 MCh$	December 2021 MCh$
Additional loan provisions	610,252	540,252
Provisions for credit risk for contingent loans (*)	51,454	53,986
Provisions for country risk for transactions with debtors with residence abroad	7,883	7,336
Special provisions for loans abroad	—	—
Provisions for adjustments to the minimum provision required for normal portfolio with individual evaluation	—	—
Provisions constituted by credit risk as a result of additional prudential requirements	—	—
Total	669,589	601,574

(*) The changes of provisions for credit risk for contingent loans is disclosed in Note No. 13 letter f).

b) The changes of provisions for special credit risk is as follows:

	Additional loan provisions MCh$	Provisions for credit risk for contingent loans MCh$	Provisions for country risk for transactions with debtors with residence abroad MCh$	Total MCh$
Balances as of January 1, 2021	320.252	76.191	5.447	401.890
Provisions established	40,000	—	2,121	42,121
Provisions used	—	—	—	—
Provisions released	—	(3,336)	—	(3,336)
Foreign exchange adjustments	—	103	—	103
Balances as of March 31, 2021	360,252	72,958	7,568	440,778
Provisions established	180,000	—	—	180,000
Provisions used	—	—	—	—
Provisions released	—	(6,289)	(232)	(6,521)
Foreign exchange adjustments	—	(12,683)	—	(12,683)
Balances as of December 31, 2021	540,252	53,986	7,336	601,574
Provisions established	70,000	—	547	70,547
Provisions used	—	—	—	—
Provisions released	—	(763)	—	(763)
Foreign exchange adjustments	—	(1,769)	—	(1,769)
Balances as of March 31, 2022	610,252	51,454	7,883	669,589

27. Other Liabilities:

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

	March 2022 MCh$	December 2021 MCh$
Accounts payable to third parties	349,101	328,126
Creditors for intermediation of financial instruments	203,969	174,485
Obligations for mortgage loans granted to be remit to other banks and/or real estate companies	181,909	285,325
Cash guarantees received for derivative financial transactions	144,968	336,292
Liability for income from usual activities from contracts with customers	60,060	63,517
Securities to be settled	55,391	54,715
VAT debit	16,931	18,144
Agreed dividends payable	8,004	5,140
Outstanding transactions	1,341	4,789
Other cash guarantees received	533	535
Other liabilities	37,499	33,051
Total	1,059,706	1,304,119

28. Equity:

(a) Capital:

(i) Authorized, subscribed and paid shares:

As of March 31, 2022, 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, 2021), with no par value, subscribed and fully paid.

	As of March 31, 2022	
Corporate Name or Shareholders's name	**Number of Shares**	**% of Equity Holding**
LQ Inversiones Financieras S.A.	46,815,289,329	46.344%
Banchile Corredores de Bolsa S.A.	5,486,129,079	5.431%
Banco Santander on behalf foreign investors	5,050,212,545	4.999%
Inversiones LQ-SM Limitada	4,854,988,014	4.806%
Banco de Chile on behalf of non-resident third parties	3,957,653,465	3.918%
Banco de Chile on behalf State Street	3,786,210,319	3.748%
Ever Chile SPA	2,201,574,554	2.179%
Ever 1 BAE SPA	2,104,584,950	2.083%
Banco de Chile on behalf Citibank New York	2,102,028,161	2.081%
Inversiones Aspen Ltda.	1,594,040,870	1.578%
Inversiones Avenida Borgoño SPA	1,190,565,316	1.179%
J P Morgan Chase Bank	1,093,061,708	1.082%
Larraín Vial S.A. Corredora de Bolsa	1,050,679,883	1.040%
Valores Security S.A. Corredores de Bolsa	579,750,046	0.574%
BCI Corredores de Bolsa S.A.	565,194,784	0.560%
Santander S.A. Corredores de Bolsa Limitada	543,665,385	0.538%
A.F.P Habitat S.A. for A Fund	498,995,448	0.494%
Inversiones CDP SPA	487,744,912	0.483%
BICE Inversiones Corredores de Bolsa S.A.	432,785,791	0.428%
A.F.P Cuprum S.A. for A Fund	361,874,025	0.358%
Subtotal	84,757,028,584	83.904%
Others shareholders	16,260,052,530	16.096%
Total	101,017,081,114	100.000%

28. Equity, continued:

(a) Capital, continued:

(i) Authorized, subscribed and paid shares, continued:

	As of December 31, 2021	
Corporate Name or Shareholders's name	Number of Shares	% of Equity Holding
LQ Inversiones Financieras S.A.	46,815,289,329	46.344%
Banchile Corredores de Bolsa S.A.	5,745,082,033	5.687%
Inversiones LQ-SM Limitada	4,854,988,014	4.806%
Banco Santander on behalf foreign investors	4,562,248,706	4.516%
Banco de Chile on behalf State Street	3,654,038,675	3.617%
Banco de Chile on behalf of non-resident third parties	3,528,713,024	3.493%
Ever Chile SPA	2,201,574,554	2.179%
Ever 1 BAE SPA	2,104,584,950	2.083%
Banco de Chile on behalf Citibank New York	2,053,637,155	2.033%
Inversiones Aspen Ltda.	1,594,040,870	1.578%
Inversiones Avenida Borgoño SPA	1,190,565,316	1.179%
Larraín Vial S.A. Corredora de Bolsa	1,085,751,023	1.075%
J P Morgan Chase Bank	1,063,239,108	1.053%
A.F.P Habitat S.A. for A Fund	611,001,048	0.605%
Santander S.A. Corredores de Bolsa Limitada	586,905,632	0.581%
BCI Corredores de Bolsa S.A.	540,263,012	0.535%
Inversiones CDP SPA	487,744,912	0.483%
Valores Security S.A. Corredores de Bolsa	473,695,265	0.469%
BICE Inversiones Corredores de Bolsa S.A.	462,020,571	0.457%
A.F.P Cuprum S.A. for A Fund	457,880,375	0.453%
Subtotal	84,073,263,572	83.227%
Others shareholders	16,943,817,542	16.773%
Total	101,017,081,114	100.000%

28. Equity, continued:

(a) Capital, continued:

(ii) Shares:

The following table shows the changes in share from December 31, 2021 to March 31, 2022:

	Total Acciones Ordinarias
Total shares as of December 31, 2021	101,017,081,114
Total shares as of March 31, 2022	101,017,081,114

(b) Approval and payment of dividends:

At the Bank Ordinary Shareholders' Meeting held on March 17, 2022 it was approved the distribution and payment of dividend No. 210 of Ch$5.34393608948 per share of the Banco de Chile, with charge to the net distributable income for the year 2021. The dividends paid in the in the period 2022 amounted to $539,828 million.

At the Bank Ordinary Shareholders' Meeting held on March 25, 2021 it was approved the distribution and payment of dividend No. 209 of Ch$2.18053623438 per share of the Banco de Chile, with charge to the net distributable income for the year 2020. The dividends paid in the year 2021 amounted to Ch$220,271 million.

(c) Provision for minimum dividends:

The Board of Directors of Banco de Chile agreed for the purposes of minimum dividends, to establish a provision of 60% of the net income resulting from reducing or adding to the net income for the corresponding period, 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 the month prior to the current month and the month of November of the previous year. The amount to be reduced of the liquid income for the period ended as of March 31, 2022 amounted to Ch$97,795 million.

As indicated, as of March 31, 2022, the amount of the net income determined in accordance with the preceding paragraph is equivalent to Ch$193,932 million (Ch$539,828 million as of December 31, 2021). Consequently, the Bank recorded a provision for minimum dividends under "Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued" as of March 31, for an amount of Ch$116,359 million (Ch$323,897 million in December 2021), which reflects as a counterpart an equity reduction for the same amount in the item "Retained earnings".

28. 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, 2022 and 2021 were determined as follows:

	March 2022	March 2021
Basic earnings per share:		
Net profits attributable to ordinary equity holders of the bank (in million Chilean pesos)	291,727	161,964
Weighted average number of ordinary shares	101,017,081,114	101,017,081,114
Earning per shares (in Chilean pesos)	2.89	1.60
Diluted earnings per share:		
Net profits attributable to ordinary equity holders of the bank (in million Chilean pesos)	291,727	161,964
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)	2.89	1.60

As of March 31, 2022 and 2021, the Bank does not have instruments that generate dilutive effects.

28. Equity, continued:

(e) Other comprehensive income, continued

Below is the composition and changes of accumulated other comprehensive income as of March 31, 2022 and 2021:

	Elements that will not be reclassified in profit or loss				Elements that can be reclassified in profit or loss					
	New measurements of net defined benefit liability and actuarial results for other employee benefit plans MCh$	Fair value changes of equity instruments designated as at fair value through other comprehensive income MCh$	Income tax MCh$	Subtotal MCh$	Fair value changes of financial assets at fair value through other comprehensive income MCh$	Cash flow accounting hedge MCh$	Participation in other comprehensive income of entities registered under the equity method MCh$	Income tax MCh$	Subtotal MCh$	Total MCh$
Balances as of December 31, 2020 before re-expression as of January 1, 2021	—	—	—	—	801	(70,682)	—	18,631	(51,250)	(51,250)
Effects of changes in accounting policies	(753)	4,958	(1,134)	3,071	3,106	—	(23)	(833)	2,250	5,321
Opening balances as of January 1, 2021	(753)	4,958	(1,134)	3,071	3,907	(70,682)	(23)	17,798	(49,000)	(45,929)
Other comprehensive income for the period	229	36	(72)	193	1,232	1,539	(2)	(748)	2,021	2,214
Balances as of March 31, 2021	(524)	4,994	(1,206)	3,264	5,139	(69,143)	(25)	17,050	(46,979)	(43,715)
Balances as of December 31, 2021 before re-expression as of January 1, 2022	—	—	—	—	(109,129)	111,694	—	(26,492)	(23,927)	(23,927)
Effects of changes in accounting policies	(208)	3,589	(913)	2,468	61,321	—	(20)	(1,103)	60,198	62,666
Opening balances as of January 1, 2022	(208)	3,589	(913)	2,468	(47,808)	111,694	(20)	(27,595)	36,271	38,739
Other comprehensive income for the period	(8)	75	(18)	49	(5,436)	(64,626)	(7)	16,967	(53,102)	(53,053)
Balances as of March 31, 2022	(216)	3,664	(931)	2,517	(53,244)	47,068	(27)	(10,628)	(16,831)	(14,314)

28. Equity, continued:

(f) Retained earnings from previous years:

During the year 2022, the Ordinary Shareholders Meeting of Banco de Chile agreed to deduct and withhold from the year 2021 liquid income, an amount equivalent to the value effect of the monetary unit of paid capital and reserves according to the variation in the Consumer Price Index, which occurred between November 2020 and November 2021, amounting to Ch$253,094 million.

29. 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:

	Contingent loans	
	March 2022 MCh$	**December 2021 MCh$**
Guarantees and sureties		
Guarantees and sureties in chilean currency	—	—
Guarantees and sureties in foreing currency	424,299	439,669
Letters of credit for goods circulation operations	529,754	450,024
Debt purchase commitments in local currency abroad	—	—
Transactions related to contingent events		
Transactions related to contingent events in chilean currency	1,926,781	1,952,980
Transactions related to contingent events in foreing currency	329,938	413,974
Undrawn credit lines with immediate termination		
Balance of lines of credit and agreed overdraft in current account – commercial loans	1,366,739	1,483,884
Balance of lines of credit on credit card – commercial loans	255,224	261,642
Balance of lines of credit and agreed overdraft in current account – consumer loans	1,397,152	1,350,157
Balance of lines of credit on credit card – consumer loans	5,537,099	5,555,510
Balance of lines of credit and agreed overdraft in current account – due from banks loans	—	—
Undrawn credit lines		
Balance of lines of credit and agreed overdraft in current account – commercial loans	—	—
Balance of lines of credit on credit card – commercial loans	—	—
Balance of lines of credit and agreed overdraft in current account – consumer loans	—	—
Balance of lines of credit on credit card – consumer loans	—	—
Balance of lines of credit and agreed overdraft in current account – due from banks loans	—	—
Other commitments	—	—
Credits for higher studies Law No. 20,027 (CAE)	—	—
Other irrevocable credit commitments	78,355	78,951
Other credit commitments	—	—
Total	11,845,341	11,986,791

29. 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, 2022, the Bank maintain provisions for judicial contingencies amounting to Ch$597 million (Ch$474 million as of December 2021), which are part of the item "Provisions for contingencies" in the Statement of Financial Position.

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

	As of March 31, 2022					
	2022 MCh$	**2023 MCh$**	**2024 MCh$**	**2025 MCh$**	**2026 MCh$**	**Total MCh$**
Legal contingencies	28	296	273	—	—	597

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

As of March 31, 2022 and December 31, 2021, there are not significant lawsuits in court that affect or may affect these Interim Consolidated Financial Statements.

29. 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 4,143,500 maturing January 6, 2023 (UF 4,149,200, maturing on January 7, 2022). The subsidiary took a policy with Mapfre Seguros Generales S.A. for the Real State Funds by a guaranteed amount of UF 928,300.

As of March 31, 2022 and December 31, 2021, the Bank has not guaranteed mutual funds.

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 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 Generales S.A., that matures April 22, 2022, whereby the Securities Exchange of the Santiago Stock Exchange was appointed as the subsidiary's creditor representative.

29. Contingencies and Commitments, continued:

(c) Guarantees granted by operations, continued:

	March 2022	December 2021
Guarantees:	**MCh$**	**MCh$**
Shares delivered to guarantee forward sales transactions covered simultaneously:		
Santiago Securities Exchange, Stock Exchange	2,353	38,279
Electronic Chilean Securities Exchange, Stock Exchange	9,995	12,839
Fixed income securities to guarantee CCLV system:		
Santiago Securities Exchange, Stock Exchange	9,990	9,990
Fixed Income securities to guarantee equity short sale and Hedging Loan:		
Santiago Securities Exchange, Stock Exchange	—	2,344
Shares delivered to guarantee equity lending and short-selling:		
Santiago Securities Exchange, Stock Exchange	3,819	—
Cash guarantees received for operations with derivatives	—	1,723
Equity securities received for operations with derivatives		
Electronic Chilean Securities Exchange, Stock Exchange	362	342
Depósito Central de Valores S.A.	1,516	1,726
Financial intermediation securities received for operations with derivatives		
Internal custody	219	—
Total	28,254	67,243

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 Chubb Seguros Chile S.A. that expires May 2, 2022, this considers matters of employee fidelity, physical losses, falsification or adulteration, and currency fraud with a coverage amount equivalent to US$20,000,000.

It also provided a bank guarantee in the amount of UF 309,200 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 6, 2023.

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.

29. Contingencies and Commitments, continued:

(c) Guarantees granted by operations, continued:

A guarantee corresponding to Ch$5,000,000 has been constituted, to guarantee the seriousness of the offer presented in the ADC bidding process. Beneficiary: Empresa de Ferrocarriles del Estado Rut. 61,216,000-7, valid until July 4, 2022.

iii. In subsidiary Banchile Corredores de Seguros Ltda.:

According to established in article 58, letter D of D.F.L. 251, as of March 31, 2022 the entity maintains two insurance policies with effect from April 15, 2021 to April 14, 2022 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:

Matter insured	Amount Insured (UF)
Errors and omissions liability policy	500
Civil liability policy	60.000

(d) Exempt Resolution No. 270 dated October 30, 2014, the Superintendency of Securities and Insurance (current Commission for the Financial Market) imposed a fine of UF 50,000 to Banchile Corredores de Bolsa S.A. for violations of the second paragraph of article 53 of the Securities Market Law, said company filed a claim with the competent Civil Court requesting the annulment of the fine. On December 10, 2019, a judgement in the case was issued reducing the fine to the amount of UF 7,500. The judgment indicated has been subject to cassation appeals filed by both parties, which are pending before the Illustrious Court of Appeals of Santiago.

The company has not made provisions considering that the Bank’s legal advisors in charge of the procedure estimate that there are solid grounds that the claim filed by Banchile Corredores de Bolsa S.A. can be accepted.

30. Interest Revenue and Expenses:

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

	March 2022 MCh$	March 2021 MCh$
Interest revenue	449,518	321,170
Interest expenses	(143,303)	(58,789)
Total net interest income	306,215	262,381

(b) The composition of interest revenue is as follows:

	March 2022 MCh$	March 2021 MCh$
Financial assets at amortized cost		
Rights by resale agreements and securities lending	707	258
Debt financial instruments	3,273	—
Loans and advances to Banks	26,262	3,044
Commercial loans	200,392	146,981
Residential mortgage loans	74,427	68,370
Consumer Loans	127,794	107,496
Other financial instruments	98	—
Financial assets at fair value through other comprehensive income		
Debt financial instruments	23,030	2,583
Other financial instruments	228	245
Income of accounting hedges of interest rate risk	(6,693)	(7,807)
Total	449,518	321,170

(b.1) At the end of the period, the stock of interest not recognized in income is as follows:

	March 2022 MCh$	March 2021 MCh$
Commercial loans	12,607	13,044
Residential mortgage loans	2,042	1,986
Consumer Loans	1,215	25
Total	15,864	15,055

30. Interest Revenue and Expenses, continued:

(b.2) The amount of interest recognized on a received basis for impaired portfolio in the period 2022 amounts to:

	March 2022 MCh$	March 2021 MCh$
Commercial loans	128	241
Residential mortgage loans	228	186
Consumer Loans	(10)	88
Total	346	515

(c) The composition of interest expenses is as follows:

	March 2022 MCh$	March 2021 MCh$
Financial liabilities at amortized cost		
Current accounts and other demand deposits	892	85
Saving accounts and time deposits	86,455	9,994
Obligations by repurchase agreements and securities lending	1,415	59
Borrowings from financial institutions	6,162	4,885
Debt financial instruments issued	48,316	43,111
Other financial obligations	—	—
Lease liabilities	457	530
Financial instruments of regulatory capital issued	7,417	7,214
Income of accounting hedges of interest rate risk	(7,811)	(7,089)
Total	143,303	58,789

(d) As of March 31, 2022 and 2021, the Bank uses cross currency and interest rate swaps to hedge its position on changes 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.

	March 2022			March 2021		
	Income MCh$	Expense MCh$	Total MCh$	Income MCh$	Expense MCh$	Total MCh$
Gain from fair value accounting hedges	—	—	—	3,481	—	3,481
Loss from fair value accounting hedges	(29)	—	(29)	(2,719)	—	(2,719)
Gain from cash flow accounting hedges	4,508	9,883	14,391	481	8,800	9,281
Loss from cash flow accounting hedges	(11,201)	(2,072)	(13,273)	(5,976)	(1,711)	(7,687)
Net gain on hedge items	29	—	29	(3,074)	—	(3,074)
Total	(6,693)	7,811	1,118	(7,807)	7,089	(718)

31. UF indexation revenue and expesenses:

(a) At the end of the period, the summary of reajustes is as follows:

	March 2022 MCh$	March 2021 MCh$
UF indexation revenue	386,218	162,960
UF indexation expenses	(199,064)	(94,098)
Total net income from UF indexation	187,154	68,862

(b) The composition of UF indexation revenue is as follows

	March 2022 MCh$	March 2021 MCh$
Financial assets at amortized cost		
Rights by resale agreements and securities lending	—	—
Debt financial instruments	12,222	—
Loans and advances to Banks	—	—
Commercial loans	151,548	68,755
Residential mortgage loans	241,286	104,532
Consumer Loans	1,375	804
Other financial instruments	1,063	359
Financial assets at fair value through other comprehensive income	—	—
Debt financial instruments	11,505	2,097
Other financial instruments	—	—
Income of accounting hedges of UF, IVP, IPC indexation risk	(32,781)	(13,587)
Total	386,218	162,960

(b.1) At the end of the period, the stock of UF indexation not recognized in results is as follows:

	March 2022 MCh$	March 2021 MCh$
Commercial loans	2,927	1,592
Residential mortgage loans	3,322	1,684
Consumer Loans	40	—
Total	6,289	3,276

31. UF indexation revenue and expesenses, continued:

(b.2) The amount of indexation recognized on the basis received by the impaired portfolio in the period 2022 amounted to:

	March 2022 MCh$	March 2021 MCh$
Commercial loans	253	72
Residential mortgage loans	565	121
Consumer Loans	1	—
Total	819	193

(c) The composition of UF indexation expenses is as follows:

	March 2022 MCh$	March 2021 MCh$
Financial liabilities at amortized cost		
Current accounts and other demand deposits	7,682	4,834
Saving accounts and time deposits	24,587	10,432
Obligations by repurchase agreements and securities lending	—	—
Borrowings from financial institutions	—	—
Debt financial instruments issued	145,089	68,972
Other financial obligations	—	—
Financial instruments of regulatory capital issued	21,706	9,860
Income of accounting hedges of UF, IVP, IPC indexation risk	—	—
Total	199,064	94,098

(d) As of March 31, 2022 and 2021, the Bank uses cross currency and interest rate swaps to hedge its position on Changes 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

	March 2022			March 2021		
	Income MCh$	Expense MCh$	Total MCh$	Income MCh$	Expense MCh$	Total MCh$
Gain from fair value accounting hedges	—	—	—	—	—	—
Loss from fair value accounting hedges	—	—	—	—	—	—
Gain from cash flow accounting hedges	—	—	—	—	—	—
Loss from cash flow accounting hedges	(32,781)	—	(32,781)	(13,587)	—	(13,587)
Net gain on hedge items	—	—	—	—	—	—
Total	(32,781)	—	(32,781)	(13,587)	—	(13,587)

32. Income and Expeses from commissions:

The income and expenses for commissions that are shown in the Interim Consolidated Statement of Income for the period is as following:

	March 2022 MCh$	March 2021 MCh$
Income from commissions and services rendered		
Comissions from debit and credit card services	53,485	42,926
Remuneration from administration of mutual funds, investment funds or others	29,037	24,722
Comissions from collections and payments	19,939	17,233
Comissions from portfolio management	13,435	13,006
Remuneration from brokerage and insurance advisory	8,450	7,008
Comissions from guarantees and letters of credit	7,872	7,088
Use of distribution channel	6,773	7,232
Brand use agreement	6,573	5,653
Comissions from trading and securities management	4,668	4,944
Comissions from credit prepayments	2,422	3,242
Comissions from lines of credit and current account overdrafts	1,112	1,105
Insurance not related to the granting of credits to legal entities	881	1,303
Insurance related to the granting of credits to legal entities	398	319
Comissions from factoring operations services	327	293
Loan commissions with letters of credit	43	103
Financial advisory services	266	509
Other commission earned	5,028	3,432
Total	160,709	140,118
Expenses from commissions and services received		
Commissions from card transactions	12,840	11,423
Interbank transactions	8,408	6,882
Expenses from obligations of loyalty and merit card customers programs	3,481	6,193
Commissions from use of card brands license	2,581	1,421
Comissions from securities transaction	1,418	1,576
Collections and payments	1,158	1,129
Sales force	63	44
Other commissions from services received	520	318
Total	30,469	28,986

33. Net Financial income (expense):

(a) The amount of net financial income (expense) shown in the Consolidated Income Statement for the period corresponds to the following concepts :

Financial result from:	March 2022 MCh$	March 2021 MCh$
Financial assets held for trading at fair value through profit or loss	548,179	14,892
Financial liabilities held for trading at fair value through profit or loss	(520,808)	(13,770)
Non-trading financial assets mandatorily measured at fair value through profit or loss	—	—
Financial assets designated as at fair value through profit or loss	—	—
Financial liabilities designated as at fair value through profit or loss	—	—
Derecognition of financial assets and liabilities at amortized cost and financial assets at fair value through other comprehensive income	508	3,803
Exchange, indexation and accounting hedging of foreign currency	28,100	25,273
Reclassification of financial assets for changes to business models	—	—
Modifications of financial assets and liabilities	—	—
Ineffective accounting hedges	—	—
Other type of accounting hedges	—	—
Total	55,979	30,198

(b) Below is a detail of the income (expense) associated with the changes of provisions constituted for credit risk related to loans and contingent loans denominated in foreign currency, which is reflected in “Exchange, indexation and accounting hedging of foreign currency”.

	March 2022 MCh$	March 2021 MCh$
Loans and advances to Banks	35	(7)
Commercial loans	7,253	(895)
Residential mortgage loans	—	—
Consumer loans	73	(134)
Contingent loans	1,542	(103)
Total	8,903	(1,139)

34. Income attributable to investments in other companies:

The amount of income from investments in companies shown in the Interim Consolidated Statements of Income corresponds to the following:

Company	Shareholder	Income March 2022 MCh$	Income March 2021 MCh$
Associates			
Transbank S.A.	Banco de Chile	974	(1,528)
Centro de Compensación Automatizado S.A.	Banco de Chile	188	146
Administrador Financiero del Transantiago S.A.	Banco de Chile	82	48
Redbanc S.A.	Banco de Chile	73	71
Sociedad Interbancaria de Depósitos de Valores S.A.	Banco de Chile	39	49
Sociedad Imerc OTC S.A.	Banco de Chile	29	(4)
Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A.	Banco de Chile	17	9
Sociedad Operadora de Tarjetas de Crédito Nexus S.A.		—	334
Subtotal Associates		1,402	(875)
Joint Ventures			
Artikos Chile S.A.	Banco de Chile	110	115
Servipag Ltda.	Banco de Chile	10	92
Subtotal Joint Ventures		120	207
Minority Investments			
Banco Latinoamericano de Comercio Exterior S.A. (Bladex)	Banco de Chile	12	11
Subtotal Minority Investments		12	11
Total		1,534	(657)

35. Result from non-current assets and disposal groups held for sale not admissible as discontinued operations:

	March 2022 MCh$	March 2021 MCh$
Net income from assets received in payment or adjudicated in judicial auction		
Gain (loss) on sale of assets received in lieu of payment or foreclosed at judicial auction	1,291	1,989
Other income from assets received in payment or foreclosed at judicial auction	117	36
Provisions for adjustments to net realizable value of assets received in lieu of payment or foreclosed at judicial auction	(42)	(16)
Charge-off assets received in lieu of payment or foreclosed at judicial auction	(736)	(472)
Expenses to maintain assets received in lieu of payment or foreclosed at judicial auction	(123)	(98)
Non-current assets held for sale		
Investments in other companies	—	—
Intangible assets	—	—
Property and equipment	21	3
Assets for recovery of assets transferred in financial leasing operations	449	138
Other assets	—	—
Total	977	1,580

36. Other operating Income and Expenses:

a) During the periods 2022 and 2021, the Bank and its subsidiaries present other operating income, according to the following:

	March 2022 MCh$	March 2021 MCh$
Income from investment properties	1,680	1,623
Income from correspondent banks	753	646
Expense recovery	313	756
Income from sale leased assets	85	21
Revaluation of prepaid monthly payments	63	29
Fiduciary and trustee commissions	22	72
Tax management income	22	73
Foreign trade income	18	11
Provision for fixed income instruments	13	285
Expense recovery income	1	20
Income from card brands issued (VISA, MC)	—	346
Others income	116	88
Total	3,086	3,970

b) During the periods 2022 and 2021, the Bank and its subsidiaries present other operating expenses, according to the following:

	March 2022 MCh$	March 2021 MCh$
Write-offs for operating risks	2,993	2,790
Card administration	1,219	744
Correspondent banks	821	549
Provision for pending operations (90 days)	559	584
Expenses for charge-off leased assets recoveries	509	61
Tax fines	308	—
Operational risk judgments	286	—
Expenses for credit operations of financial leasing	128	63
Renegotiated loan insurance premium	95	103
Life ensurance	77	115
Provisions for judicial contingencies	13	25
Insurance premium expense to cover operational risk events	(20)	—
Other provisions for contingencies	(120)	(158)
Expense recovery from operational risk events	(1,371)	(1,243)
Recoverable tax expenses	—	88
Contribution to other organisms	—	66
Others expenses	182	199
Total	5,679	3,986

37. Expenses from salaries and employee benefits:

The composition of the expense for employee benefit obligations during the period 2022 and 2021 is as follows:

	March 2022 MCh$	March 2021 MCh$
Expenses for short-term employee benefit	112,557	107,583
Expenses for employee benefits due to termination of employment contract	6,892	2,653
Training expenses	665	510
Expenses for nursery and kindergarten	360	360
Other personnel expenses	1,593	2,592
Total	122,067	113,698

38. Administrative expenses:

This item is composed as follows:

	March 2022 MCh$	March 2021 MCh$
General administrative expenses		
Information technology and communications	28,963	25,604
Maintenance and repair of property and equipment	10,473	11,245
External advisory services and professional services fees	4,298	3,470
Surveillance and securities transport services	2,880	3,228
Insurance premiums except to cover operational risk events	2,059	1,827
Office supplies	2,011	1,844
Energy, heating and other utilities	1,208	1,266
Expenses for short-term leases	1,119	813
External service of financial information	1,107	1,261
Other expenses of obligations for lease contracts	1,015	1,222
Postal box, mail, postage and home delivery services	876	1,096
Legal and notary expenses	865	1,005
External service of custody of documentation	813	710
Donations	538	446
Representation and travel expenses	370	678
Fines applied by other agencies	178	73
Fees for review and audit of the financial statements by the external auditor	174	194
Fees for technical reports	172	160
Expenses for leases low value	129	333
Fees for advisory services carried out by the external auditor	12	10
Fees for advisory services carried out by other auditing companies	5	4
Other general administrative expenses	5,296	4,936
Outsource services		
Technological developments expenses, certification and technology testing	4,594	5,641
Data processing	1,973	2,217
External credit evaluation service	1,129	973
External human resources administration services and supply of external personnel	398	332
External cleaning service, casino, custody of files and documents, storage of furniture and equipment	84	100
Call Center service for sales, marketing, quality control customer service	22	—
External collection service	—	5
Other outsource services	—	35
Board expenses		
Board of Directors Compensation	705	707
Other Board expenses	2	—
Marketing	7,863	6,747
Taxes, contributions and other legal charges		
Contribution to the banking regulator	3,389	2,965
Real estate contributions	1,215	972
Taxes other than income tax	510	391
Municipal patents	377	370
Other legal charges	12	9
Total	86,834	82,889

39. Depreciation and Amortization:

The amounts corresponding to charges to results for depreciation and amortization during the periods 2022 and 2021, are detailed as follows:

	March 2022 MCh$	March 2021 MCh$
Amortization of intangibles assets		
Other intangible assets arising from business combinations	—	—
Other independently originated intangible assets	4,829	4,110
Depreciation of property and equipment		
Buildings and land	559	560
Other property and equipment	7,156	6,747
Depreciation and impairment of leased assets		
Buildings and land	7,167	7,041
Other property and equipment	—	—
Depreciation for improvements in leased real estate as leased of right-to-use assets	214	161
Amortization for the right-to-use other intangible assets under lease	—	—
Depreciation of other assets for investment properties	—	—
Amortization of other assets per activity income asset	—	—
Total	19,925	18,619

40. Impairment of non-financial assets:

As of March 31, 2022 and 2021, the composition of the item for impairment of non-financial assets is composed as follows:

	March 2022 MCh$	March 2021 MCh$
Impairment of property and equipment	—	(1)
Impairment of assets from income from ordinary activities from contracts with customers	98	422
Total	98	421

41. Operating expenses credit losses:

(a) The composition is as follows:

	March 2022 MCh$	March 2021 MCh$
Expense of provisions established for loan credit risk	43,055	31,425
Expense of special provisions for credit risk	69,784	38,785
Recovery of written-off credits	(13,641)	(14,743)
Impairments for credit risk from financial assets at fair value through other comprehensive income	206	724
Total	99,404	56,191

(b) Summary of the expense of provisions constituted for credit risk and expense for credit losses:

As of March 31, 2022	Expense of loans provisions constituted in the period						Deductible warranty Fogape Covid-19	Total
	Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation				
	Individual	Group	Individual	Individual	Group	Subtotal		
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and advances to Banks								
Provisions established	—	—	—	—	—	—		
Provisions released	53	—	—	—	—	53		
Subtotal	53	—	—	—	—	53		
Commercial loans								
Provisions established	(3,178)	(8,864)	—	(5,606)	(2,706)	(20,354)	—	(20,354)
Provisions released	—	—	405	—	—	405	3,944	4,349
Subtotal	(3,178)	(8,864)	405	(5,606)	(2,706)	(19,949)	3,944	(16,005)
Residential mortgage loans								
Provisions established	—	(486)	—	—	(170)	(656)		
Provisions released	—	—	—	—	—	—		
Subtotal	—	(486)	—	—	(170)	(656)		
Consumer loans								
Provisions established	—	(9,311)	—	—	(17,136)	(26,447)		
Provisions released	—	—	—	—	—	—		
Subtotal	—	(9,311)	—	—	(17,136)	(26,447)		
Expense of provisions established for credit risk	(3,125)	(18,661)	405	(5,606)	(20,012)	(46,999)	3,944	(43,055)
Recovery of written-off credits								
Loans and advances to Banks								—
Commercial loans								3,674
Residential mortgage loans								2,470
Consumer loans								—
Subtotal								13,641
Loan credit loss expenses								(29,414)

41. Operating expenses credit losses, continued:

(b) Summary of the expense of provisions constituted for credit risk and expense for credit losses, continued;

As of March 31, 2021	Expense of loans provisions constituted in the period							
	Normal Portfolio Evaluation		Substandard Portfolio Evaluation	Non-Complying Portfolio Evaluation			Deductible warranty Fogape Covid-19	
	Individual	Group	Individual	Individual	Group	Subtotal		Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and advances to Banks								
Provisions established	—	—	—	—	—	—		
Provisions released	190	—	—	—	—	190		
Subtotal	190	—	—	—	—	190		
Commercial loans								
Provisions established	(2,407)	(2,119)	—	(1,861)	(9,550)	(15,937)	(3,427)	(19,364)
Provisions released	—	—	972	—	—	972	—	972
Subtotal	(2,407)	(2,119)	972	(1,861)	(9,550)	(14,965)	(3,427)	(18,392)
Residential mortgage loans								
Provisions established	—	—	—	—	(2,088)	(2,088)		
Provisions released	—	105	—	—	—	105		
Subtotal	—	105	—	—	(2,088)	(1,983)		
Consumer loans								
Provisions established	—	—	—	—	(19,830)	(19,830)		
Provisions released	—	8,590	—	—	—	8,590		
Subtotal	—	8,590	—	—	(19,830)	(11,240)		
Expense of provisions established for credit risk	(2,217)	6,576	972	(1,861)	(31,468)	(27,998)	(3,427)	(31,425)
Recovery of written-off credits								
Loans and advances to Banks								—
Commercial loans								2,151
Residential mortgage loans								948
Consumer loans								11,644
Subtotal								14,743
Loan credit loss expenses								(16,682)

41. Operating expenses credit losses, continued:

(c) Summary of expense for special provisions for credit risk:

	March 2022 MCh$	March 2021 MCh$
Expenses of provisions for contingent loans		
Loans and advances to Banks	—	—
Commercial loans	(96)	(1,499)
Consumer loans	(667)	(1,837)
Expenses form provisions for country risk for transactions with debtors with residence abroad	547	2,121
Expense of special provisions for loans abroad	—	—
Expenses of additional loan provisions		
Loans and advances to Banks	70,000	40,000
Commercial loans	—	—
Consumer loans	—	—
Expense of other special provisions established for credit risk	69,784	38,785

42. Income from discontinued operations:

As of March 31, 2022 and December 31, 2021, the Bank does not maintain income from discontinued operations.

43. Related Party Disclosures:

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 CMF.

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.

43. Related Party Disclosures, continued:

(a) Assets and liabilities with related parties:

Type of current assets and liabilities with related parties As of March 31, 2022	Related Party Type				
	Parent Entity MCh$	Other Legal Entity MCh$	Key Personnel of the Consolidated Bank MCh$	Othe Related Party MCh$	Total MCh$
ASSETS					
Financial assets held for trading at fair value through profit or loss					
Derivative Financial Instruments	—	300,215	—	—	300,215
Debt financial instruments	—	—	—	—	—
Non-trading financial assets mandatorily measured at fair value through profit or loss	—	—	—	—	—
Financial assets designated as at fair value through profit or loss	—	114	—	—	114
Financial assets at fair value through other comprehensive income	—	5,662	—	—	5,662
Derivative Financial Instruments for hedging purposes	—	—	—	—	—
Financial assets at amortized cost	—	—	—	—	—
Rights by resale agreements and securities lending	—	—	—	—	—
Debt financial instruments	—	—	—	—	—
Commercial loans	—	531,771	1,058	12,042	544,871
Residential mortgage loans	—	—	15,101	50,942	66,043
Consumer Loans	—	—	1,937	8,737	10,674
Allowances established – Loans	—	(3,850)	(14)	(272)	(4,136)
Other assets	—	48,612	—	190	48,802
Contingent loans	—	164,163	3,931	17,320	185,414
LIABILITIES					
Financial liabilities held for trading at fair value through profit or loss					
Derivative Financial Instruments	—	274,286	—	—	274,286
Financial liabilities designated as at fair value through profit or loss	—	—	—	—	—
Derivative Financial Instruments for hedging purposes	—	1,005	—	—	1,005
Financial liabilities at amortized cost	—	—	—	—	—
Current accounts and other demand deposits	340	180,734	7,445	7,960	196,479
Saving accounts and time deposits	131,726	141,796	3,150	21,030	297,705
Obligations by repurchase agreements and securities lending	—	1,505	—	—	1,505
Borrowings from financial institutions	—	69,751	—	—	69,751
Debt financial instruments issued	—	—	—	—	—
Other financial obligations	—	—	—	—	—
Lease liabilities	—	11,687	—	—	11,687
Other liabilities	—	100,854	124	10	100,988

43. Related Party Disclosures, continued:

(a) Assets and liabilities with related parties, continued:

Type of current assets and liabilities with related parties As of December 31, 2021	Related Party Type				
	Parent Entity MCh$	Other Legal Entity MCh$	Key Personnel of the Consolidated Bank MCh$	Othe Related Party MCh$	Total MCh$
ASSETS					
Financial assets held for trading at fair value through profit or loss					
Derivative Financial Instruments	—	319,120	—	—	319,120
Debt financial instruments	—	—	—	—	—
Non-trading financial assets mandatorily measured at fair value through profit or loss	—	—	—	—	—
Financial assets designated as at fair value through profit or loss	—	—	—	—	—
Financial assets at fair value through other comprehensive income	—	15,045	—	—	15,045
Derivative Financial Instruments for hedging purposes	—	—	—	—	—
Financial assets at amortized cost	—	—	—	—	—
Rights by resale agreements and securities lending	—	—	—	—	—
Debt financial instruments	—	—	—	—	—
Commercial loans	8	470,581	853	12,718	484,160
Residential mortgage loans	—	—	14,612	51,025	65,637
Consumer Loans	—	—	1,862	8,798	10,660
Allowances established – Loans	—	(3,795)	(15)	(416)	(4,226)
Other assets	10,689	18,559	—	—	29,248
Contingent loans	—	162,046	4,119	17,713	183,878
LIABILITIES					
Financial liabilities held for trading at fair value through profit or loss					
Derivative Financial Instruments	—	312,746	—	—	312,746
Financial liabilities designated as at fair value through profit or loss	—	—	—	—	—
Derivative Financial Instruments for hedging purposes	—	608	—	—	608
Financial liabilities at amortized cost	—	—	—	—	—
Current accounts and other demand deposits	254	209,799	7,403	7,219	224,675
Saving accounts and time deposits	19,836	196,913	2,310	19,347	238,406
Obligations by repurchase agreements and securities lending	—	531	—	—	531
Borrowings from financial institutions	—	122,883	—	—	122,883
Debt financial instruments issued	—	—	—	—	—
Other financial obligations	—	—	—	—	—
Lease liabilities	—	10,256	—	—	10,256
Other liabilities	55,067	685	444	—	56,196

43. Related Party Disclosures, continued:

(b) Income and expenses from related party transactions:

As of March 31, 2022	Parent Entity MCh$	Other Legal Entity MCh$	Key personnel of the consolidated Bank MCh$	Othe Related party MCh$	Total MCh$
Interest revenue	—	3,767	91	409	4,267
UF indexation revenue	—	5,488	264	1,068	6,820
Income from commissions	22	28,095	6	8	28,131
Net Financial income (expense)	—	57,310	—	—	57,310
Other income	—	39	—	—	39
Total Income	22	94,699	361	1,485	96,567
Interest expense	9	645	9	61	724
UF indexation expenses	—	—	—	18	18
Expenses from commissions	—	8,312	—	—	8,312
Expenses credit losses	—	(142)	(14)	(142)	(298)
Expenses from salaries and employee benefits	—	—	17,237	27,365	44,602
Administrative expenses	—	5,269	808	17	6,094
Other expenses	—	—	—	2	2
Total Expenses	9	14,084	18,040	27,321	59,454

As of March 31, 2021	Parent Entity MCh$	Other Legal Entity MCh$	Key personnel of the consolidated Bank MCh$	Othe Related party MCh$	Total MCh$
Interest revenue	—	2,079	72	418	2,569
UF indexation revenue	—	975	116	227	1,318
Income from commissions	24	24,061	4	19	24,108
Net Financial income (expense)	—	10,900	—	—	10,900
Other income	—	118	—	—	118
Total Income	24	38,133	192	664	39,013
Interest expense	—	87	1	6	94
UF indexation expenses	—	5	—	2	7
Expenses from commissions	—	8,029	—	—	8,029
Expenses credit losses	—	(497)	(3)	(4)	(504)
Expenses from salaries and employee benefits	—	—	12,960	24,823	37,783
Administrative expenses	—	5,166	805	16	5,987
Other expenses	—	—	—	—	—
Total Expenses	—	12,790	13,763	24,843	51,396

43. Related Party Disclosures, continued:

(c) Transactions with related parties:

As of March 31, 2022

		Description of the transaction					Effect on Income		Effect on Financial position	
Company name	**Nature of the relationship with the Bank**	**Type of service**	**Term**	**Renewal conditions**	**Transactions under equivalence conditions to those transactions with mutual independence between the parties**	**Amount**	**Income**	**Expenses**	**Accounts receivable**	**Accounts payable**
						MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Ionix SPA	Other related parties	IT support services	30 days	Contract	Yes	148	—	148	—	24
Canal 13	Other related parties	Advertising service	30 days	Monthly	Yes	159	—	159	—	158
Servipag Ltda.	Joint venture	Software development service	30 days	Contract	Yes	186	—	186	—	—
Bolsa de Comercio de Santiago	Other related parties	IT support services	30 days	Contract	Yes	141	—	141	—	—
Enex S.A.	Other related parties	Rent floor space for ATMs	30 days	Contract	Yes	154	—	154	—	154
Redbanc S.A.	Associates	Software development	30 days	Contract	Yes	61	—	61	—	—
		Equipment maintenance	30 days	Contract	Yes	28	—	28	—	—
Sistemas Oracle de Chile Ltda.	Other related parties	Software services	30 days	Contract	Yes	2,008	—	2,008	—	813
		IT support services	30 days	Contract	Yes	308	—	308	—	—
Depósito Central de Valores	Associates	Custodial services	30 days	Contract	Yes	503	—	503	—	44
Nexus S.A.	Associates	Customer product delivery services	30 days	Contract	Yes	271	—	271	—	466
		Card processing	30 days	Contract	Yes	2,364	—	2,364	—	—
		IT development services	30 days	Contract	Yes	266	—	266	—	—
		Embossing services	30 days	Contract	Yes	139	—	139	—	—
		Fraud prevention services	30 days	Contract	Yes	262	—	262	—	—
Artikos Chile S.A.	Joint venture	IT support services	30 days	Contract	Yes	154	—	154	—	15
Comder Contraparte Central S.A.	Associates	Securities clearing services	30 days	Contract	Yes	215	—	215	—	—
Servipag Ltda.	Joint venture	Collection services	30 days	Contract	Yes	1,137	—	1,137	—	—
Redbanc S.A.	Associates	Electronic transaction management services	30 days	Contract	Yes	3,149	—	3,149	—	—
Transbank S.A.	Associates	Processing fees	30 days	Contract	Yes	324	—	324	—	225
		Exchange commission	30 days	Contract	Yes	25,084	25,084	—	—	—
Centro de Compensación Automatizado S.A.	Associates	Transfer services	30 days	Contract	Yes	488	—	488	—	—
Citibank	Other related parties	Connectivity business commissions	Quarterly	Contract	Yes	1,955	1,955	—	2,770	—

43. Related Party Disclosures, continued:

(d) Payments to the Board of Directors and to key personnel of the management of the Bank and its subsidiaries:

	March 2022 MCh$	March 2021 MCh$
Directory:		
Payment of remuneration and attendance fees of the Board of Directors - Bank and its subsidiaries	703	706
Key Personnel of the Management of the Bank and its Subsidiaries:		
Payment for benefits to short-term employees	16,751	13,355
Payment for benefits to post-employment employees	—	—
Payment for benefits to long-term employees	—	—
Payment for benefits to employees for termination of employment contract	460	—
Payment to employees based on shares or equity instruments	—	—
Payment for obligations for defined contribution post-employment plans	—	—
Payment for obligations for post-employment defined benefit plans	—	—
Payment for other staff obligations	—	—
Subtotal	17,237	12,961
Total	17,940	13,667

(e) Composition of the Board of Directors and key personnel of the Management of the Bank and its subsidiaries:

	March 2022	March 2021
	No. Executives	
Directory:		
Directors – Bank and its subsidiaries	19	18
Key Personnel of the Management of the Bank and its Subsidiaries:		
CEO – Bank	1	1
CEOs – Subsidiaries	5	6
Division Managers / Area – Bank	97	93
Division Managers / Area – Subsidiaries	31	29
Subtotal	134	129
Total	153	147

44. 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. This function befall to the Financial Control, Treasury and Capital Manager, 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.

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.

44. 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, 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 Financial instrument at fair value through Other Comprehensive Income. Adjustments for CVA / DVA are carried out only for derivatives.

(v) Fair value control.

A process of independent verification of prices and interest 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 areas, 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.

44. 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 (and its procedure) 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 liquid and deep markets. 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 by the Treasury and the Central Bank of Chile, which belong to benchmarks, 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.

In the case of debt issued by the Chilean 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.

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

Level 2: They are financial instruments whose fair value is calculated based on prices other than in 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, which do not belong to benchmarks.

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, discounted cash flows method 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.

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

Valuation Techniques and Inputs for Level 2 Instrument:

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

44. 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.

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

(a) 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 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Financial Assets								
Financial Assets held for trading at fair value through profit or loss								
Derivative contracts financial:								
Forwards	—	—	439,501	742,545	—	—	439,501	742,545
Swaps	—	—	1,951,402	1,958,243	—	—	1,951,402	1,958,243
Call Options	—	—	1,931	4,509	—	—	1,931	4,509
Put Options	—	—	1,627	199	—	—	1,627	199
Futures	—	—	—	—	—	—	—	—
Subtotal	—	—	2,394,461	2,705,496	—	—	2,394,461	2,705,496
Debt Financial Instruments:								
From the Chilean Government and Central Bank	50,615	169,067	220,195	3,303,055	—	—	270,810	3,472,122
Other debt financial instruments issued in Chile	—	—	186,971	214,336	24,405	51,484	211,376	265,820
Financial debt instruments issued Abroad	—	—	—	—	—	—	—	—
Subtotal	50,615	169,067	407,166	3,517,391	24,405	51,484	482,186	3,737,942
Others	3,199	138,753	—	—	—	—	3,199	138,753
Financial Assets at fair value through Other Comprehensive Income								
Debt Financial Instruments: (1)								
From the Chilean Government and Central Bank	515,625	507,368	1,537,626	1,981,482	—	—	2,053,251	2,488,850
Other debt financial instruments issued in Chile	—	—	650,737	540,756	16,511	25,203	667,248	565,959
Financial debt instruments issued Abroad	—	—	—	—	—	—	—	—
Subtotal	515,625	507,368	2,188,363	2,522,238	16,511	25,203	2,720,499	3,054,809
Derivative contracts financial for hedging purposes								
Forwards	—	—	—	—	—	—	—	—
Swaps	—	—	92,256	277,802	—	—	92,256	277,802
Call Options	—	—	—	—	—	—	—	—
Put Options	—	—	—	—	—	—	—	—
Futures	—	—	—	—	—	—	—	—
Subtotal	—	—	92,256	277,802	—	—	92,256	277,802
Total	566,240	676,435	5,082,246	9,022,927	40,916	76,687	5,692,601	9,914,802
Financial Liabilities								
Financial liabilities held for trading at fair value through profit or loss								
Derivative contracts financial:								
Forwards	—	—	379,681	505,179	—	—	379,681	505,179
Swaps	—	—	2,137,897	2,264,139	—	—	2,137,897	2,264,139
Call Options	—	—	1,514	2,726	—	—	1,514	2,726
Put Options	—	—	1,767	459	—	—	1,767	459
Futures	—	—	—	—	—	—	—	—
Subtotal	—	—	2,520,859	2,772,503	—	—	2,520,859	2,772,503
Others	—	—	1,725	9,610	—	—	1,725	9,610
Derivative contracts financial for hedging purposes								
Forwards	—	—	—	88	—	—	—	88
Swaps	—	—	49,029	608	—	—	49,029	608
Call Options	—	—	—	—	—	—	—	—
Put Options	—	—	—	—	—	—	—	—
Futures	—	—	—	—	—	—	—	—
Subtotal	—	—	49,029	696	—	—	49,029	696
Total	—	—	2,571,613	2,782,809	—	—	2,571,613	2,782,809

(1) As of March 31, 2022, 100% of instruments of Level 3 have denomination “Investment Grade”. Also, 100% of total of these financial instruments correspond to domestic issuers.

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

(b) Level 3 reconciliation:

The following table shows the reconciliation between the balances at the beginning and at the end of year for those instruments classified in Level 3, whose fair value is reflected in the Interim Consolidated Financial Statements:

	March 2022							
	Balance as of January 1, 2022 MCh$	Gain (Loss) Recognized in Income (1) MCh$	Gain (Loss) Recognized in Equity (2) MCh$	Purchases MCh$	Sales MCh$	Transfer from Level 1 and 2 MCh$	Transfer to Level 1 and 2 MCh$	Balance as of March 31, 2022 MCh$
Financial Assets held for trading at fair value through profit or loss								
Debt Financial Instruments:								
Other debt financial instruments issued in Chile	51,484	727	—	—	(27,806)	—	—	24,405
Subtotal	51,484	727	—	—	(27,806)	—	—	24,405
Financial Assets at fair value through Other Comprehensive Income								
Debt Financial Instruments:								
Other debt financial instruments issued in Chile	25,203	(483)	1,757	—	(9,966)	—	—	16,511
Subtotal	25,203	(483)	1,757	—	(9,966)	—	—	16,511
Total	76,687	244	1,757	—	(37,772)	—	—	40,916

	December 2021							
	Balance as of January 1, 2021 MCh$	Gain (Loss) Recognized in Income (1) MCh$	Gain (Loss) Recognized in Equity (2) MCh$	Purchases MCh$	Sales MCh$	Transfer from Level 1 and 2 MCh$	Transfer to Level 1 and 2 MCh$	Balance as of December 31, 2021 MCh$
Financial Assets held for trading at fair value through profit or loss								
Debt Financial Instruments:								
Other debt financial instruments issued in Chile	5,494	(503)	—	42,484	(3,160)	7,169	—	51,484
Subtotal	5,494	(503)	—	42,484	(3,160)	7,169	—	51,484
Financial Assets at fair value through Other Comprehensive Income								
Debt Financial Instruments:								
Other debt financial instruments issued in Chile	36,596	1,084	(3,168)	10,212	(20,453)	6,399	(5,467)	25,203
Subtotal	36,596	1,084	(3,168)	10,212	(20,453)	6,399	(5,467)	25,203
Total	42,090	581	(3,168)	52,696	(23,613)	13,568	(5,467)	76,687

(1) Recorded in income under item "Net Financial income (expense)".
(2) Recorded in equity under item "Accumulated other comprehensive income".

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

(c) 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, 2022		As of December 31, 2021	
	Level 3 MCh$	**Sensitivity to changes in key assumptions of models MCh$**	**Level 3 MCh$**	**Sensitivity to changes in key assumptions of models MCh$**
Financial Assets held for trading at fair value through profit or loss				
Debt Financial Instruments:				
Other debt financial instruments issued in Chile	24,405	(131)	51,484	(506)
Subtotal	24,405	(131)	51,484	(506)
Financial Assets at fair value through Other Comprehensive Income				
Debt Financial Instruments:				
Other debt financial instruments issued in Chile	16,511	(410)	25,203	(782)
Subtotal	16,511	(410)	25,203	(782)
Total	40,916	(541)	76,687	(1,288)

With the purpose of determining 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 reasonable, taking into account the market performance of these instruments and comparing it against the bid / offer adjustment that is provisioned by these instruments.

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

(d) 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 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Assets				
Cash and due from banks	4,882,248	3,713,734	4,882,248	3,713,734
Transactions in the course of collection	433,912	486,700	433,912	486,700
Subtotal	5,316,160	4,200,434	5,316,160	4,200,434
Financial assets at amortized cost				
Rights by resale agreements and securities lending	25,861	64,365	25,861	64,365
Debt financial instruments	846,983	839,744	769,843	764,528
Loans and advances to Banks				
Domestic banks	—	159,960	—	159,960
Central Bank of Chile	2,800,000	1,090,000	2,800,000	1,090,000
Foreign banks	191,417	279,353	191,557	278,813
Subtotal	3,864,261	2,433,422	3,787,261	2,357,666
Loans to customers, net				
Commercial loans	18,938,101	19,217,868	17,949,007	18,423,126
Residential mortgage loans	10,426,250	10,315,921	9,951,579	9,753,455
Consumer loans	4,144,395	3,978,079	4,053,142	3,899,940
Subtotal	33,508,746	33,511,868	31,953,728	32,076,521
Total	42,689,167	40,145,724	41,057,149	38,634,621
Liabilities				
Transactions in the course of payment	433,362	369,980	433,362	369,980
Financial liabilities at amortized cost				
Current accounts and other demand deposits	16,493,474	18,249,881	16,493,474	18,249,881
Saving accounts and time deposits	9,801,495	8,803,713	9,798,573	8,808,900
Obligations by repurchase agreements and securities lending	99,268	85,399	99,268	85,399
Borrowings from financial institutions	4,657,937	4,861,865	4,139,435	4,325,869
Debt financial instruments issued				
Letters of credit for residential purposes	3,398	4,005	3,561	4,209
Letters of credit for general purposes	90	109	94	116
Bonds	8,428,273	8,557,281	8,319,287	8,397,835
Other financial obligations	201,563	250,005	220,537	274,838
Subtotal	39,685,498	40,812,258	39,074,229	40,147,047
Financial instruments of regulatory capital issued				
Subordinate bonds	939,099	917,510	917,013	869,364
Total	41,057,959	42,099,748	40,424,604	41,386,391

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.

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

(e) 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, 2022 and December 31, 2021:

	Level 1 Estimated Fair Value		Level 1 Estimated Fair Value		Level 3 Estimated Fair Value		Total Estimated Fair Value	
	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Assets								
Cash and due from banks	4,882,248	3,713,734	—	—	—	—	4,882,248	3,713,734
Transactions in the course of collection	433,912	486,700	—	—	—	—	433,912	486,700
Subtotal	5,316,160	4,200,434	—	—	—	—	5,316,160	4,200,434
Financial assets at amortized cost								
Rights by resale agreements and securities lending	25,861	64,365	—	—	—	—	25,861	64,365
Debt financial instruments	769,843	764,528	—	—	—	—	769,843	764,528
Loans and advances to Banks								
Domestic banks	—	159,960	—	—	—	—	—	159,960
Central Bank of Chile	2,800,000	1,090,000	—	—	—	—	2,800,000	1,090,000
Foreign banks	—	—	—	—	191,557	278,813	191,557	278,813
Subtotal	3,595,704	2,078,853	—	—	191,557	278,813	3,787,261	2,357,666
Loans to customers, net								
Commercial loans	—	—	—	—	17,949,007	18,423,126	17,949,007	18,423,126
Residential mortgage loans	—	—	—	—	9,951,579	9,753,455	9,951,579	9,753,455
Consumer loans	—	—	—	—	4,053,142	3,899,940	4,053,142	3,899,940
Subtotal	—	—	—	—	31,953,728	32,076,521	31,953,728	32,076,521
Total	8,911,864	6,279,287	—	—	32,145,285	32,355,334	41,057,149	38,634,621
Liabilities								
Transactions in the course of payment	433,362	369,980	—	—	—	—	433,362	369,980
Financial liabilities at amortized cost			—	—	—	—	—	—
Current accounts and other demand deposits	16,493,474	18,249,881	—	—	—	—	16,493,474	18,249,881
Saving accounts and time deposits	—	—	—	—	9,798,573	8,808,900	9,798,573	8,808,900
Obligations by repurchase agreements and securities lending	99,268	85,399	—	—	—	—	99,268	85,399
Borrowings from financial institutions	—	—	—	—	4,139,435	4,325,869	4,139,435	4,325,869
Debt financial instruments issued	—	—	—	—	—	—	—	—
Letters of credit for residential purposes	—	—	3,561	4,209	—	—	3,561	4,209
Letters of credit for general purposes	—	—	94	116	—	—	94	116
Bonds	—	—	8,319,287	8,397,835	—	—	8,319,287	8,397,835
Other financial obligations	—	—	—	—	220,537	274,838	220,537	274,838
Subtotal	16,592,742	18,335,280	8,322,942	8,402,160	14,158,545	13,409,607	39,074,229	40,147,047
Financial instruments of regulatory capital issued								
Subordinate bonds	—	—	—	—	917,013	869,364	917,013	869,364
Total	17,026,104	18,705,260	8,322,942	8,402,160	15,075,558	14,278,971	40,424,604	41,386,391

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

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

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

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

Assets:	**Liabilities:**
- Cash and deposits in banks	- Current accounts and other demand deposits
- Transactions in the course of collection	- Transactions in the course of payments
- Investment under resale agreements and securities loans	- Obligations under repurchase agreements and securities loans
- 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 process. 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.

- Debt financial instruments at amortized cost: The fair value is calculated with the methodology of the Stock Exchange, using the IRR observed in the market. Because the instruments that are in this category correspond to Treasury Bonds that are Benchmark, they are classified in Level 1.

- 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 process. As we use internally generated parameters and/or apply significant judgmental analysis for valuation purposes, we categorize these financial liabilities in Level 3.

45. Maturity according to their remaining Terms of Financial Assets and Liabilities:

The table below details the main financial assets and liabilities grouped in accordance with their remaining maturity, including capitals and accrued interest as of March 31, 2022 and December 31, 2021. As these are for trading and Financial instrument at fair value through other comprehensive income are included at their fair value:

	March 2022									
	Demand	Up to 1 month	Over 1 month and up to 3 months	Over 3 month and up to 12 months	Subtotal up to 1 year	Over 1 year and up to 3 years	Over 3 year and up to 5 years	Over 5 years	Subtotal over 1 year	Total
Assets	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Cash and due from banks	4,882,248	—	—	—	4,882,248	—	—	—	—	4,882,248
Transactions in the course of collection	—	433,912	—	—	—	—	—	—	—	433,912
Financial assets held for trading at fair value through profit or loss										
Derivative contracts financial	—	123,427	160,238	470,185	753,850	525,239	367,743	747,629	1,640,611	2,394,461
Debt financial instruments	—	482,186	—	—	482,186	—	—	—	—	482,186
Others	—	3,199	—	—	3,199	—	—	—	—	3,199
Financial assets at fair value through other comprehensive income	—	129,682	435,795	688,996	1,254,473	869,232	78,181	518,613	1,466,026	2,720,499
Derivative contracts financial for hedging purposes	—	—	—	—	—	17,768	—	74,488	92,256	92,256
Financial assets at amortized cost										
Rights by resale agreements and securities lending	—	13,398	3,668	8,795	25,861	—	—	—	—	25,861
Debt financial instruments	—	—	—	—	—	15,667	404,771	426,545	846,983	846,983
Loans and advances to Banks	—	2,980,882	2,148	8,735	2,991,765	—	—	—	—	2,991,765
Loans to customers, net	—	3,757,793	2,862,695	5,898,562	12,519,050	7,509,345	3,996,868	10,193,313	21,699,526	34,218,576
Total financial assets	4,882,248	7,924,479	3,464,544	7,075,273	23,346,544	8,937,251	4,847,563	11,960,588	25,745,402	49,091,946

	March 2022									
	Demand	Up to 1 month	Over 1 month and up to 3 months	Over 3 month and up to 12 months	Subtotal up to 1 year	Over 1 year and up to 3 years	Over 3 year and up to 5 years	Over 5 years	Subtotal over 1 year	Total
Liabilities	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Transactions in the course of payment	—	433,362	—	—	433,362	—	—	—	—	433,362
Financial liabilities held for trading at fair value through profit or loss										
Derivative contracts financial	—	98,825	170,587	535,777	805,189	528,063	411,473	776,134	1,715,670	2,520,859
Others	—	1,381	240	104	1,725	—	—	—	—	1,725
Derivative contracts financial for hedging purposes	—	—	5,406	—	5,406	1,748	19,782	22,093	43,623	49,029
Financial liabilities at amortized cost										
Current accounts and other demand deposits	16,493,474	—	—	—	16,493,474	—	—	—	—	16,493,474
Saving accounts and time deposits (**)	—	6,609,282	1,820,858	805,886	9,236,026	115,609	1,122	475	117,206	9,353,232
Obligations by repurchase agreements and securities lending	—	99,179	41	48	99,268	—	—	—	—	99,268
Borrowings from financial institutions	—	182,780	12,475	53,311	248,566	4,409,371	—	—	4,409,371	4,657,937
Debt financial instruments issued										
Letters of credit	—	352	537	884	1,773	1,198	156	361	1,715	3,488
Bonds	—	144,546	338,340	632,314	1,115,200	1,947,800	2,003,060	3,362,213	7,313,073	8,428,273
Other financial obligations	—	201,382	32	80	201,494	69	—	—	69	201,563
Lease liabilities	—	2,348	4,686	17,687	24,721	26,766	17,188	22,636	66,590	91,311
Financial instruments of regulatory capital issued	—	6,072	101,588	9,643	117,303	20,809	16,588	784,399	821,796	939,099
Total financial liabilities	16,493,474	7,779,509	2,454,790	2,055,734	28,783,507	7,051,433	2,469,369	4,968,311	14,489,113	43,272,620
Mismatch	(11,611,226)	144,970	1,009,754	5,019,539	(5,436,963)	1,885,818	2,378,194	6,992,277	11,256,289	5,819,326

(*) These balances are presented without deduction of their respective provisions, which amount to Ch$709,830 million for loans to customers and Ch$348 million for borrowings from financial institutions.
(**) Excludes term saving accounts, which amount to Ch$448,263 million.

45. Maturity according to their remaining Terms of Financial Assets and Liabilities, continued:

	December 2021									
	Demand	Up to 1 month	Over 1 month and up to 3 months	Over 3 month and up to 12 months	Subtotal up to 1 year	Over 1 year and up to 3 years	Over 3 year and up to 5 years	Over 5 years	Subtotal over 1 year	Total
Assets	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Cash and due from banks	3,713,734	—	—	—	3,713,734	—	—	—	—	3,713,734
Transactions in the course of collection	—	486,700	—	—	486,700	—	—	—	—	486,700
Financial assets held for trading at fair value through profit or loss										
Derivative contracts financial	—	81,338	235,071	702,581	1,018,990	590,575	394,785	701,146	1,686,506	2,705,496
Debt financial instruments	—	3,737,942	—	—	3,737,942	—	—	—	—	3,737,942
Others	—	138,753	—	—	138,753	—	—	—	—	138,753
Financial assets at fair value through other comprehensive income	—	92,654	475,406	1,008,858	1,576,918	836,880	124,380	516,631	1,477,891	3,054,809
Derivative contracts financial for hedging purposes	—	—	—	960	960	61,035	5,681	210,126	276,842	277,802
Financial assets at amortized cost										
Rights by resale agreements and securities lending	—	37,763	14,013	12,589	64,365	—	—	—	—	64,365
Debt financial instruments	—	—	—	—	—	—	413,599	426,145	839,744	839,744
Loans and advances to Banks	—	1,366,332	81,053	81,457	1,528,842	990	—	—	990	1,529,832
Loans to customers, net	—	3,566,966	2,492,113	6,415,681	12,474,760	7,627,207	4,002,539	10,125,611	21,755,357	34,230,117
Total fnancial assets	3,713,734	9,508,448	3,297,656	8,222,126	24,741,964	9,116,687	4,940,984	11,979,659	26,037,330	50,779,294

	December 2021									
	Demand	Up to 1 month	Over 1 month and up to 3 months	Over 3 month and up to 12 months	Subtotal up to 1 year	Over 1 year and up to 3 years	Over 3 year and up to 5 years	Over 5 years	Subtotal over 1 year	Total
Liabilities	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Transactions in the course of payment	—	369,980	—	—	369,980	—	—	—	—	369,980
Financial liabilities held for trading at fair value through profit or loss										
Derivative contracts financial	—	34,654	226,057	712,583	973,294	644,452	399,499	755,258	1,799,209	2,772,503
Others	—	2,320	4	7,286	9,610	—	——	—	—	9,610
Derivative contracts financial for hedging purposes	—	—	—	696	696	—	—	—	—	696
Financial liabilities at amortized cost										
Current accounts and other demand deposits	18,249,881	—	—	—	18,249,881	—	—	—	—	18,249,881
Saving accounts and time deposits (**)	—	6,304,693	1,748,178	234,675	8,287,546	65,552	1,906	452	67,910	8,355,456
Obligations by repurchase agreements and securities lending	—	85,347		52	85,399					85,399
Borrowings from financial institutions	—	196,093	1,259,282	18,344	1,473,719	3,388,146	—	—	3,388,146	4,861,865
Debt financial instruments issued										
Letters of credit	—	526	544	1,066	2,136	1,425	185	368	1,978	4,114
Bonds	—	139,876	374,532	848,924	1,363,332	1,933,284	1,784,606	3,476,059	7,193,949	8,557,281
Other financial obligations	—	249,800	25	90	249,915	90	—	—	90	250,005
Lease liabilities	—	2,312	6,586	17,502	26,400	29,056	16,449	23,765	69,270	95,670
Financial instruments of regulatory capital issued	—	4,227	1,390	112,859	118,476	19,979	15,854	763,201	799,034	917,510
Total fnancial liabilities	18,249,881	7,389,828	3,616,598	1,954,077	31,210,384	6,081,984	2,218,499	5,019,103	13,319,586	44,529,970
Mismatch	(14,536,147)	2,118,620	(318,942)	6,268,049	(6,468,420)	3,034,703	2,722,485	6,960,556	12,717,744	6,249,324

(*) These balances are presented without deduction of their respective provisions, which amount to Ch$718,249 million for loans to customers and Ch$519 million for borrowings from financial institutions.
(**) Excludes term saving accounts, which amount to Ch$448,257 million.

46. Financial and Non-Financial Assets and Liabilities by Currency:

As of March 31, 2022	CLP MCh$	CLF MCh$	FX Indexation MCh$	USD MCh$	COP MCh$	GBP MCh$	EUR MCh$	CHF MCh$	JPY MCh$	CNY MCh$	Others MCh$	TOTAL MCh$
ASSETS												
Cash and due from banks	2,570,725	—	—	2,190,687	—	8,750	40,416	30,004	13,127	18,773	9,766	4,882,248
Transactions in the course of collection	189,374	—	—	182,544	—	14,120	43,357	—	—	—	4,517	433,912
Financial assets held for trading at fair value through profit or loss												
Derivative financial instruments	2,210,340	—	—	166,973	—	303	16,843	—	—	—	2	2,394,461
Debt financial instruments	360,104	122,035	—	47	—	—	—	—	—	—	—	482,186
Others	3,199	—	—	—	—	—	—	—	—	—	—	3,199
Non-trading financial assets mandatorily measured at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—	—	—
Financial assets designated at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—	—	—
Financial assets at fair value through other comprehensive income												
Debt financial instruments	2,217,107	500,493	—	2,899	—	—	—	—	—	—	—	2,720,499
Others	—	—	—	—	—	—	—	—	—	—	—	—
Derivative contracts financial for hedging purposes	92,256	—	—	—	—	—	—	—	—	—	—	92,256
Financial assets at amortized cost												
Rights by resale agreements and securities lending	25,861	—	—	—	—	—	—	—	—	—	—	25,861
Debt financial instruments	322,528	524,455	—	—	—	—	—	—	—	—	—	846,983
Loans and advances to Banks	2,800,000	—	—	190,515	—	—	902	—	—	—	—	2,991,417
Loans to customers - Commercial	9,633,685	6,677,257	84,488	2,495,634	—	855	39,129	13	4,135	2,905	—	18,938,101
Loans to customers - Residential mortgage	7,625	10,418,625	—	—	—	—	—	—	—	—	—	10,426,250
Loans to customers - Consumer	4,035,344	60,738	—	48,313	—	—	—	—	—	—	—	4,144,395
Investments in other companies	54,337	—	—	20	—	—	2	—	—	—	—	54,359
Intangible assets	72,665	—	—	—	—	—	—	—	—	—	—	72,665
Property and equipment	217,760	—	—	—	—	—	—	—	—	—	—	217,760
Right-of-use assets	95,935	111	—	—	—	—	—	—	—	—	—	96,046
Current tax assets	956	—	—	—	—	—	—	—	—	—	—	956
Deferred tax assets	445,033	—	—	—	—	—	—	—	—	—	—	445,033
Other assets	486,497	8,319	7,291	194,450	—	—	1,089	—	—	—	20	697,666
Non-current assets and disposal groups held for sale	19,661	—	—	—	—	—	—	—	—	—	—	19,661
TOTAL ASSETS	**25,860,992**	**18,312,033**	**91,779**	**5,472,082**	—	**24,028**	**141,738**	**30,017**	**17,262**	**21,678**	**14,305**	**49,985,914**

46. Financial and Non-Financial Assets and Liabilities by Currency, continued:

As of March 31, 2022	CLP MCh$	CLF MCh$	FX Indexation MCh$	USD MCh$	COP MCh$	GBP MCh$	EUR MCh$	CHF MCh$	JPY MCh$	CNY MCh$	Others MCh$	TOTAL MCh$
LIABILITIES												
Transactions in the course of payment	225,257	—	—	161,287	—	11,274	31,383	305	2,385	1,189	282	433,362
Financial liabilities held for trading at fair value through profit or loss												
Derivative financial instruments	2,355,867	—	—	152,726	—	137	12,054	—	—	—	75	2,520,859
Others	1,621	—	—	104	—	—	—	—	—	—	—	1,725
Financial liabilities designated as at fair value through profit or loss												
Derivative contracts financial for hedging purposes	49,029	—	—	—	—	—	—	—	—	—	—	49,029
Financial liabilities at amortized cost												
Current accounts and other demand deposits	13,681,063	61,246	—	2,706,279	—	40	44,755	39	1	1	50	16,493,474
Saving accounts and time deposits	7,289,188	1,338,929	—	1,172,956	—	—	422	—	—	—	—	9,801,495
Obligations by repurchase agreements and securities lending	86,376	—	—	12,892	—	—	—	—	—	—	—	99,268
Borrowings from financial institutions	4,349,487	—	24	294,841	—	—	10,694	—	88	2,747	56	4,657,937
Debt financial instruments issued		6,346,296	—	719,356	—	—	87,900	336,394	226,518	—	715,297	8,431,761
Other financial obligations	132,952	185	—	68,426	—	—	—	—	—	—	—	201,563
Lease liabilities	91,311	—	—	—	—	—	—	—	—	—	—	91,311
Financial instruments of regulatory capital issued	—	939,099	—	—	—	—	—	—	—	—	—	939,099
Provisions for contingencies	113,213	—	—	—	—	—	—	—	—	—	—	113,213
Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued	116,359	—	—	—	—	—	—	—	—	—	—	116,359
Special provisions for credit risk	654,818	—	2	14,034	—	13	564	—	12	146	—	669,589
Currents tax liabilities	106,257	—	—	—	—	—	—	—	—	—	—	106,257
Deferred tax liabilities		—	—	—	—	—	—	—	—	—	—	—
Other liabilities	651,537	183,234	51	222,532	—	13	2,250	10	35	—	44	1,059,706
Liabilities included in disposal groups held for sale	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITIES	**29,904,335**	**8,868,989**	**77**	**5,525,433**	**—**	**11,477**	**190,022**	**336,748**	**229,039**	**4,083**	**715,804**	**45,786,007**
Mismatch of Financial Assets and Liabilities (*)	**(3,794,003)**	**9,617,848**	**84,464**	**(11,256)**	**—**	**12,577**	**(46,561)**	**(306,721)**	**(211,730)**	**17,741**	**(701,475)**	**4,660,885**

(*)This value does not consider non-financial assets and liabilities and the notional values of derivative instruments, which are disclosed at fair value.

46. Financial and Non-Financial Assets and Liabilities by Currency, continued:

As of December 31, 2021	CLP MCh$	CLF MCh$	FX Indexation MCh$	USD MCh$	COP MCh$	GBP MCh$	EUR MCh$	CHF MCh$	JPY MCh$	CNY MCh$	Others MCh$	TOTAL MCh$
ASSETS												
Cash and due from banks	1,134,433	—	—	2,473,380	—	10,837	32,929	26,764	5,068	17,683	12,640	3,713,734
Transactions in the course of collection	156,381	—	—	253,326	—	9,781	57,887	77	9,238		10	486,700
Financial assets held for trading at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—	—	—
Derivative financial instruments	2,529,244	—	—	161,547	—	294	14,391	—			20	2,705,496
Debt financial instruments	3,474,307	263,584	—	51	—	—	—	—	—	—	—	3,737,942
Others	138,740	—	—	13	—	—	—	—	—	—	—	138,753
Non-trading financial assets mandatorily measured at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—	—	—
Financial assets designated at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—	—	—
Financial assets at fair value through other comprehensive income												
Debt financial instruments	2,590,509	460,038	—	4,262	—	—	—	—	—	—	—	3,054,809
Others	—	—	—	—	—	—	—	—	—	—	—	—
Derivative contracts financial for hedging purposes	277,802	—	—	—	—	—	—	—	—	—	—	277,802
Financial assets at amortized cost												
Rights by resale agreements and securities lending	64,365	—	—	—	—	—	—	—	—	—	—	64,365
Debt financial instruments	324,555	515,189	—	—	—	—	—	—	—	—	—	839,744
Loans and advances to Banks	1,249,500	—	—	278,816	—	—	997	—	—	—	—	1,529,313
Loans to customers - Commercial	9,867,211	6,434,765	87,677	2,782,272	—	753	39,413	13	2,564	3,136	64	19,217,868
Loans to customers - Residential mortgage	6,476	10,309,445	—	—	—	—	—	—	—	—	—	10,315,921
Loans to customers - Consumer	3,863,597	62,839	—	51,643	—	—	—	—	—	—	—	3,978,079
Investments in other companies	52,732	—	—	22	—	—	3	—	—	—	—	52,757
Intangible assets	72,532	—	—	—	—	—		—	—	—	—	72,532
Property and equipment	222,320	—	—	—	—	—		—	—	—	—	222,320
Right-of-use assets	100,080	108	—	—	—	—	—	—	—	—	—	100,188
Current tax assets	846	—	—	—	—	—	—	—	—	—	—	846
Deferred tax assets	434,277	—	—	—	—	—	—	—	—	—	—	434,277
Other assets	472,425	14,763	1,113	306,456	—	30	672	—	—	—	2	795,461
Non-current assets and disposal groups held for sale	19,419	—	—	—	—	—	—	—	—	—	—	19,419
TOTAL ASSETS	**27,051,751**	**18,060,731**	**88,790**	**6,311,788**	—	**21,695**	**146,292**	**26,854**	**16,870**	**20,819**	**12,736**	**51,758,326**

46. Financial and Non-Financial Assets and Liabilities by Currency, continued:

As of December 31, 2021	CLP MCh$	CLF MCh$	FX Indexation MCh$	USD MCh$	COP MCh$	GBP MCh$	EUR MCh$	CHF MCh$	JPY MCh$	CNY MCh$	Others MCh$	TOTAL MCh$
LIABILITIES												
Transactions in the course of payment	193,286	—	—	101,085	—	9,874	58,186	13	5,807	—	1,729	369,980
Financial liabilities held for trading at fair value through profit or loss												
Derivative financial instruments	2,578,512	—	—	182,762	—	545	10,684	—	—	—	—	2,772,503
Others	2,324	—	—	7,286	—	—	—	—	—	—	—	9,610
Financial liabilities designated as at fair value through profit or loss	—	—	—	—	—	—	—	—	—	—	—	—
Derivative contracts financial for hedging purposes	696	—	—	—	—	—	—	—	—	—	—	696
Financial liabilities at amortized cost												
Current accounts and other demand deposits	14,824,044	57,181	—	3,317,788	—	54	50,755	42	1	1	15	18,249,881
Saving accounts and time deposits	6,709,197	906,019	—	1,188,028	—	—	469	—	—	—	—	8,803,713
Obligations by repurchase agreements and securities lending	85,347	—	—	52	—	—	—	—	—	—	—	85,399
Borrowings from financial institutions	4,348,460	—	11	507,081	—	11	2,677	—	412	3,136	77	4,861,865
Debt financial instruments issued	—	6,135,153	—	991,217	—	—	97,161	368,229	259,431	—	710,204	8,561,395
Other financial obligations	129,274	223	—	120,508	—	—	—	—	—	—	—	250,005
Lease liabilities	95,670	—	—	—	—	—	—	—	—	—	—	95,670
Financial instruments of regulatory capital issued	—	917,510	—	—	—	—	—	—	—	—	—	917,510
Provisions for contingencies	143,858	—	—	—	—	—	—	—	—	—	—	143,858
Provision for dividends, interests and reappraisal of financial instruments of regulatory capital issued	323,897	—	—	—	—	—	—	—	—	—	—	323,897
Special provisions for credit risk	601,574	—	—	—	—	—	—	—	—	—	—	601,574
Currents tax liabilities	113,129	—	—	—	—	—	—	—	—	—	—	113,129
Deferred tax liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Other liabilities	620,108	285,683	—	393,737	—	1	2,944	1	1	1,601	43	1,304,119
Liabilities included in disposal groups held for sale	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITIES	**30,769,376**	**8,301,769**	**11**	**6,809,544**	**—**	**10,485**	**222,876**	**368,285**	**265,652**	**4,738**	**712,068**	**47,464,804**
Mismatch of Financial Assets and Liabilities (*)	**(3,289,690)**	**10,029,774**	**87,666**	**(410,497)**	—	**11,181**	**(74,315)**	**(341,430)**	**(248,781)**	**17,682**	**(699,291)**	**5,082,299**

(*)This value does not consider non-financial assets and liabilities and the notional values of derivative instruments, which are disclosed at fair value.

47. Risk Management and Report:

(1) Introduction:

Banco de Chile seeks to maintain a risk profile that ensures the sustainable growth of its activity and that is aligned with its strategic objectives, in order to maximize value creation and guarantee its long-term solvency.

Our risk management policies are established in order to identify and analyze the risks faced by the Bank, set appropriate risk limits, alerts and controls, monitor risks and compliance with limits and alerts in order to carry out the necessary action plans. Through its administration policies and procedures, the Bank develops a disciplined and constructive control environment. Policies as well as risk management standards, procedures and systems are regularly reviewed.

For this, the Bank has teams with extensive experience and knowledge in each area associated with risks, ensuring comprehensive and consolidated management of the same, including the Bank and its subsidiaries.

(a) Risk Management Structure

Credit, Market and Operational Risk Management are at the all levels of the Organization, with a Corporate Governance structure that recognizes the relevance of the different risk areas that exist.

The Board of Directors of Banco de Chile is responsible for establishing the policies, the risk appetite framework, the guidelines for the development, validation and monitoring of models. In like manner, it approves the provision models and pronounces annually on the sufficient provisions. For its part, the Administration is responsible both for the establishment of standards and associated procedures as well as for the control and compliance with the disposed by the Board of Directors.

The Bank's Corporate Governance considers the active participation of the Board, either directly or through different committees made up of Directors and Senior Management. It is permanently informed of the evolution of the different risk areas, participating through its Finance, International and Financial Risk, Credit, Portfolio Risk Committee and Higher Operational Risk Committee, in which the status of credit, market and operational risks are reviewed. These committees are described in the next paragraphs.

Risk Management is developed jointly by the Wholesale Credit Risk Division, the Retail Credit Risk and Global Risk Control Division and the Cybersecurity Division, which constitute the corporate risk governance structure, who, by having highly experienced and specialized teams, together with a robust regulatory framework, allow optimal and effective management of the matters they address.

47. Risk Management and Report, continued:

(1) Introduction, continued:

(a) Risk Management Structure, continued:

The Wholesale Credit Risk Division and the Retail Credit Risk and Global Risk Control Division are responsible for credit risk in the admission, monitoring and recovery phases for the different business segments. Additionally, the Wholesale Credit Risk Division has the Market Risk Management that performs the function of measuring, limiting, controlling and reporting said risk together with the definition of valuation and management standards for the Bank's assets and liabilities.

In turn, in the Retail Credit Risk and Global Risk Control Division, the Admissions Area, among its functions, develops the regulatory framework in matters of credit risk, and the Risk Models Area, which develops the different methodologies related to credit risk. Likewise, in this Division, the monitoring and validation of models are carried out by the respective Areas that deal with these matters, ensuring the independence of the function and across the organization.

This Division also has the Operational Risk and Business Continuity Management, in charge of managing and supervising the application of the policies, rules and procedures in each of these areas within the Bank and Subsidiaries. For purposes, the Operational Risk Management is in charge of guaranteeing the identification and efficient management of operational risks and promoting a culture in terms of risks to prevent financial losses and improve the quality of our processes, as well as proposing continuous improvements to risk management, aligned with business objectives. In addition to the above, the Business Continuity Management aims to manage the strategy and control of business continuity in the operational and technological field for the Bank, maintaining alternative operation plans and controlled tests to reduce the impact of disruptive events that may affect the organization. Both in Operational Risk and in Business Continuity, its methodologies, controls and scope are applied at the Banco de Chile level and are replicated in the subsidiaries, guaranteeing their homologation to the Bank's global management model.

For its part, the Cybersecurity Division is responsible for defining, implementing and reporting the progress of the Strategic Cybersecurity Plan in line with the Bank's business strategy, one of its main focuses being to protect internal information, that of its customers and collaborators.

This Division is comprises by the Cybersecurity, Cyberdefense and Technological Risk Engineering Managements, as well as the Strategic Management and Assurance Deputy Managers. Numeral 4 of this Note describes the responsibilities of the indicated managers and Deputy Managers.

47. Risk Management and Report, continued:

(1) Introduction, continued:

(a) Risk Management Structure, continued:

(i) Finance, International and Financial Risk Committee

This committee functions are to design policies and procedures related to price and liquidity risk; design a structure of limits and alerts of financial exposures, review the proposal to the Board of Directors of the Risk Appetite Framework, and ensure a correct and timely measurement, control and reporting thereof; track exposures and financial risks; analyze impacts on the valuation of operations and / or results due to potential adverse movements in the values of market variables or liquidity narrowness; review the stress test assumptions and establish action plans where appropriate ; ensure the existence of independent units that value financial positions, and analyze the results of financial positions; review and approve the Comprehensive Risk Measurement in the area of market and liquidity risk; track the international financial exposure of liabilities; review the main credit exposures of Treasury products (derivatives, bonds); ensure that the management guidelines for price and liquidity risks in subsidiaries are consistent with those of the Bank, and be aware of the evolution of their main financial risks.

The Finance, International and Financial Risk Committee, session monthly and is comprises by the Chairman of the Board, four Directors or Advisors to the Board, General Manager, Financial Management and Control Division Manager, Wholesale Credit Risk Division Manager, Treasury Division Manager and Market Risk Area Manager. If deemed appropriate, the Committee may invite certain persons to participate, on a permanent or occasional basis, in one or more sessions.

(ii) Credit Committees

The credit approval process is done mainly through various credit committees, which are composed of qualified professionals and with the sufficient attributions to take decisions required.

Each committee is responsible for defining the terms and conditions under which the Bank accepts counterparty risks and the Wholesale Credit Risk and Retail Credit Risk Divisions and Global Risk Control participate independently and autonomously of the commercial areas. They are constituted according to the commercial segments and the amounts to approve and have different meeting periodicities.

Within the risk management structure of the Bank, the maximum approval instance is the Credit Committee of Directors. Sessions weekly and is comprises by the Chairman of the Board, regular and alternate directors, General Manager and the Wholesale Credit Risk Division Manager. This Committee is responsible for knowing, analyzing and resolving all credit operations associated with clients and / or economic groups whose total amount subject for approval is equal to or greater than UF 750,000. It also has to know, analyze and resolve all those credit operations that, in accordance with the established in the Bank's internal rules, must be approved by this Committee, with the exception of the special powers delegated by the Board to the Administration.

47. Risk Management and Report, continued:

(1) Introduction, continued:

(a) Risk Management Structure, continued:

(iii) Portfolio Risk Committee

The main function is to know the evolution of the composition, concentration and risk of the loan portfolio of the different banks and segments, covering the complete cycle of credit risk management with the processes of admission, monitoring and recovery of the credits granted. Review the main debtors and the different risk indicators of the portfolio, proposing differentiated management strategies. Approves and proposes to the Board the different credit risk policies. It is responsible for reviewing, approving and recommending to the Board of Directors, for its final approval, the different portfolio evaluation methodologies and provision models. It is also responsible for reviewing and analyzing the adequacy of provisions for the different banks and segments. Also to review the guidelines and methodological advances for the development of internal models of credit risk, together with monitoring the concentration by sectors and segments according to the sectoral limits policy. Reviews and approves both the Comprehensive Risk Measurement (CRM) and the Credit Risk Appetite Framework (RAF) in the area of credit risk, ensuring their due approval by the Board of Directors. Defines the metrics that are part of the Risk Appetite Framework and their acceptable levels. Verifies the consistency of the credit risk policies of the subsidiaries in relation to those of the Bank, controls them globally and becomes aware of the credit risk management carried out by the subsidiaries. In general, know and analyze any relevant aspect in matters of Credit Risk in the portfolio of Banco de Chile.

The Portfolio Risk Committee meets monthly and is comprises by the Chairman of the Board, two regular and alternate Directors, General Manager, Wholesale Credit Risk Division Manager, Retail Credit Risk Division Manager and Global Risk Control, Commercial Division Manager, Risk Management and Information Control Manager.

(iv) Technical Committee for the Supervision of Internal Models

The main function of the Committee is to provide a framework of methodological guidelines for the Development, Follow-up and Documentation of the mathematical models that are used in the massive segments for credit risk management, such as Management Models (Admission, Follow-up, Collection and Rating, among others) and the regulatory models (Capital and Provisions, specific for credit risk or additional, under local or international regulations), among others. The Committee may exceptionally evaluate alternative methodologies, other than those related to credit risk, at the request of its Chairman.

The Committee has the functions of defining the main criteria and guidelines to be used for the construction of new models; Review and approve methodologies associated with non-regulatory models (eg admission, collection), which must be submitted for the consideration of the Portfolio Risk Committee, so that it can rule on their ratification; In the case of regulatory models, the Technical Committee is limited to their review, leaving approval in the hands of the Portfolio Risk Committee and the Board of Directors. Establish minimum standards to monitor the quality of internal models. Establish the minimum standards to document the different areas related to the development, construction, monitoring, and operation of the models.

47. Risk Management and Report, continued:

(1) Introduction, continued:

(a) Risk Management Structure, continued:

(iv) Technical Committee for the Supervision of Internal Models, continued:

In terms of its composition, it is comprises by the manager of the Retail Credit Risk and Global Risk Control Division, the managers of the Risk Monitoring, Studies and Management, People Business Development, Risk Models Areas, by the Deputy Managers of Retail Monitoring and Models, of Big Data and Regulatory Systems, of Validation of Risk Models, of Pre-approved Admission, of Regulatory Models, of Management and Infrastructure Models and of the Head of the Personnel Risk Department. The Committee meets monthly.

(v) Operational Risk Higher Committee

It is enforceable and is empowered to sanction the necessary changes in the processes, procedures, controls and computer systems that support the operation of the Bank, in order to mitigate its operational risks, ensuring that the different areas properly manage and control these risks. Additionally, it must be aware of the operational risk management carried out by the subsidiary companies and reported in their respective Operational Risk Committee, including the issues of Information Security and Business Continuity. Likewise, know the corrective measures adopted in the event of deviations or contingency scenarios that could affect the subsidiaries and/or the Bank in this type of risk.

The Operational Risk Higher Committee is comprises by the Chairman of the Board, three Directors, regular or alternate, appointed by the Bank's Board of Directors, General Manager, Retail Credit Risk Divisions and Global Risk Control Manager, Operations and Technology Division Manager, Commercial Division Manager, Cybersecurity Division Manager, Marketing and Digital Banking Division Manager and Operational Risk Manager. The Committee meets monthly and can be summoned in an extraordinary manner.

(vi) Operational Risk Committee

It is empowered to trigger the necessary changes in the processes, procedures, controls and information systems that support the operation of Banco de Chile, in order to mitigate its operational risks, ensuring that the different areas properly manage and control these risks.

The Operational Risk Committee is comprises by the Retail Credit Risk Divisions and Global Risk Control Manager, Financial Management and Control Division Manager, Cybersecurity Division Manager, Operational Risk Manager, Technological Risk Manager, Business Continuity Manager, Operations Area Manager, Planning and PMO Manager, Customer Area Manager, GG.EE. Group Manager, Customer Service Manager, Chief Attorney and Operational Risk Management Deputy Manager. The Committee session monthly and can be summoned extraordinarily.

47. Risk Management and Report, continued:

(1) Introduction, continued:

(vii) Capital Management Committee

This committee meets quarterly and is comprised by two members of the Board of Directors; the General Manager; the Financial Management and Control Division Manager; the Wholesale Credit Risk Division Manager; the Retail Credit Risk and Global Risk Control Division Manager; and the Treasury and Capital Financial Control Area Manager. The Presidency of the Committee is in charge of a member of the board of directors. In case of absence of the Chairman, he is subrogated by the other member of the board of directors.

The Capital Management Committee's main function is to monitor and supervise the capital management of the Bank and its subsidiaries, and ensure its compliance in accordance with the Corporate Capital Management Policy and related regulations, being responsible for: (i) review and update the Corporate Capital Management Policy, at least annually, (ii) review and update the complementary documentation associated with capital management, at least annually, (iii) ensure that the Bank has sufficient capital to meet both its current needs and those arising from stress scenarios, over a three-year horizon, (iv) review and validate, on an annual basis, the Capital Plan and propose an Internal Total or Regulatory Capital Objective for approval by the Board of Directors, (v) review the results of the Stress Tests, the Comprehensive Risk Measurement (MIR), the Risk Appetite Framework ("MAR") and the Self-Assessment Report of the Total or Regulatory Capital, (vi) periodically monitor the different metrics defined for the Bank's capital management, as well as the variables that affect those parameters, (vii) keep the Board of Directors informed of compliance with the capital plan, the Business and Capital MAR, as well as the evolution of the variables that affect capital management, (viii) propose the activation and supervise the execution of the Contingency Plans associated with possible breaches of the Business and Capital MAR, prior to its approval by the Board of Directors, as well as annually review updates to them, (ix) review the results of the validation of the models associated with capital management and quarterly monitor the status of the observations generated from the validations, (x) be aware of the results of the internal control evaluation of the Capital Self-Assessment Process, prior to the issuance of the Total or Regulatory Capital Self-Assessment Report.

(b) Internal Audit

The risk management processes of the entire Bank are permanently audited by the Internal Audit Area, which examines the sufficiency of the procedures and their compliance. Internal Audit discusses the results of all evaluations with the administration and reports its findings and recommendations to the Board of Directors through the Audit Committee.

47. Risk Management and Report, continued:

(1) Introduction, continued:

(c) Measurement Methodology

Regarding to Credit Risk, provision levels and portfolio expenses are the basic measures for determining the credit quality of our portfolio.

Banco de Chile permanently evaluates its loan portfolio, timely recognizing the associated level of risk of the loan portfolio. For this, there are specific guidelines for the development of provision models under local regulations in accordance with the instructions issued by the CMF, as well as under IFRS 9 and stress tests; these guidelines and the models developed are approved by the Board of Directors.

As a result of this evaluation, on both individual and group portfolios, the level of provisions that the bank should constitute is determined, in the event of customers payment default.

The individual evaluation mainly applies to the Bank's portfolio of legal persons that, due to their size, complexity or indebtedness, requires a more detailed level of knowledge and a case-by-case analysis. Each debtor is assigned one of the 16 risk categories defined by the CMF, in order to establish the provisions in a timely and appropriate manner. The review of the portfolio risk classifications is carried out permanently considering the financial situation, payment behavior and the environment of each client.

The group evaluation mainly applies to the portfolio of natural persons and smaller companies. These assessments are carried out monthly through statistical models that allow estimating the level of provisions necessary to cover the portfolio risk. The consistency analysis of the models is carried out through an independent validation of the unit that develops them and, subsequently, through the analysis of retrospective tests that allow to compare the real losses with the expected ones.

During the year 2021, the Bank maintained prudential adjustments to the provisioning models made in the previous year, in particular to its Probability of Default (PD) parameters, following a conservative and prospective approach in this regard. Also, in December 2021 a new update of the parameters of the internal models of provisions was carried out.

In order to validate the quality and robustness of the risk assessment processes, the Bank annually performs a test of the sufficiency of provisions for the total loan portfolio, thus verifying that the provisions established are sufficient to cover the losses that could derive from the credit operations granted. The result of this analysis is presented to the Board of Directors, who manifests itself on the sufficiency of the provisions in each fiscal year.

47. Risk Management and Report, continued:

(1) Introduction, continued:

(c) Measurement Methodology, continued:

Banco de Chile has additional provisions with the objective of protecting itself from the risk of unpredictable economic fluctuations that may affect the macroeconomic environment or the situation of a specific economic sector. At least once a year, the amount of additional provisions to be constituted or released is annually proposed to the Portfolio Risk Committee and subsequently to the Board of Directors for approval.

In this context, during 2021 and 2022 the Bank has constituted additional provisions taking into account various prospective analyzes regarding the impacts derived from the pandemic, among them: effects of the measures adopted by local and global health authorities for its mitigation, expectations of deterioration of the cycle and local macroeconomic projections of variables such as unemployment and economic growth.

The monitoring and control of risks are carried out mainly based on limits established by the Board of Directors. These limits reflect the Bank's business and market strategy, as well as the level of risk that it is willing to accept, with additional emphasis on the selected industries.

The Bank develops its capital planning process in an integrated manner with its strategic planning, in line with the risks inherent to its activity, the economic and competitive environment, its business strategy, corporate values, as well as its governance, management and risk control. As part of the capital planning process and, in line with what is required by the regulator, it has incorporated the new calculations of Risk-Weighted Assets and stress tests in the dimensions of credit, market and operational risk, as well as the Comprehensive Measurement of financial and non-financial risks.

Along with the above, during 2021, the Bank updated its Risk Appetite Framework, through which it is possible to identify, evaluate, measure, mitigate and control proactively and in advance all relevant risks that could materialize in the normal course of their business. To this end, the Bank uses different management tools and defines an adequate structure of alerts and limits, which are part of said Framework, which allow it to constantly monitor the performance of different indicators and implement timely corrective actions, in the event that are required. The result of these activities is part of the annual self-assessment report of effective equity that is reported to the CMF.

47. Risk Management and Report, continued:

(2) Credit Risk:

Credit risk considers the likelihood that the counterparty in the credit operation will not be able to fulfill its contractual obligation due to incapacity or financial insolvency, and this leads to a potential credit loss.

The Bank seeks an adequate risk-return relation and an appropriate balance of the risks assumed, through a permanent credit risk management considering the processes of admission, monitoring and recovery of the loans granted. Likewise, it continuously manages risk knowledge, from a comprehensive approach, in order to contribute to the business and anticipate threats that could damage the solvency, quality of the portfolio, permeating a unique risk culture towards the Corporation.

The foregoing has the permanent challenge of establishing a risk management framework for the different business segments served by the Bank, responding to regulatory requirements and commercial dynamism, being part of the digital transformation, and contributing from the perspective of risks to the various businesses addressed, through a vision of the portfolio that allows managing, resolving and controlling the business approval process efficiently and proactively.

In the business segments, the application of additional management processes is taken into consideration, to the extent required, for those financing requests that that will have a greater exposure to environmental and/or social risks.

In this respect, the Bank integrates the socio-environmental criteria in its evaluations for the granting of financing destined to the development of projects, whether national or regional and that can generate an impact of this type, where they are executed. For the financing of projects, they must have the corresponding permits, authorizations, patents and studies, according to the impact they generate. In addition, the Bank has specialized units for serving large clients, through which the financing of project development is concentrated, including those of Public Works concessions that contemplate the construction of infrastructure, mining, electrical, real estate developments that can generate an environmental impact.

Credit policies and processes materialize in the following management principles, which are addressed with a specialized approach according to the characteristics of the different markets and segments served, recognizing the singularities of each one of them:

1. Apply a rigorous evaluation in the admission process, based on established credit policies, standards and procedures, together with the availability of sufficient and accurate information. Thus, it corresponds to analyze the generation of flows and solvency of the client to meet their payment commitments and, when the characteristics of the operation merit it, must constitute adequate collateral that allow mitigating the risk incurred with the client.

2. Have permanent and robust portfolio tracking processes, through systems that alert both the potential signs of impairment of clients, with respect to the conditions of origin. That they also alert possible business opportunities with those that present a better payments quality and behavior.

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

3. To develop credit risk modeling guidelines, both in regulatory aspects (provisions, capital, stress tests) and management (admission, management, collection), for efficient decision-making at different stages of the credit process.

4. Have a collection structure with timely, agile and effective processes that allow management to be carried out in accordance with the different types of clients and the types of breaches that arise, always in strict adherence to the regulatory framework and the Bank's reputational definitions.

5. Maintain an efficient administration in work teams organization, tools and availability of information that allow an optimal credit risk management.

Based on these management principles, the credit risk divisions contribute to the business and anticipate threats that may affect the solvency and quality of the portfolio. In particular, during the years 2021 and 2022 the solidity of these principles and the role of credit risk have made it possible to respond adequately to the challenges derived from the pandemic, providing timely responses to clients while maintaining the solid fundamentals that characterize the Bank's portfolio in its different segments and products.

Within the framework of risk management, during 2022, a permanent and focused monitoring of the portfolios and the results of the temporary measures implemented in the context of the pandemic, such as rescheduling, Fogape Covid, Fogape Reactivation and deferment of mortgage loan payments.

For the development and strengthening of a risk culture in the Bank, during 2021 the training and education of executives was promoted, diffusing risk knowledge from a comprehensive perspective. It is with this in matters of environmental and social risks, training has been carried out for commercial and risk company executives to further ensure that these factors and their impacts are taken into account in the credit analysis and evaluation processes. Specifically, employees from various areas were trained in the Socio-environmental Risk Analysis course taught by the United Nations Environment Programme Finance Initiative (UNEP FI).

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

(a) Retail Segments:

In these segments, admission management is carried out mainly through a risk evaluation that uses scoring tools and an adequate credit attribution model to approve each operation. These evaluations take into consideration the level of indebtedness, payment capacity and the maximum acceptable exposure for the client.

For these segments, the Bank's risk functions are segregated and distributed in the following areas:

- Retail Admission and Regulatory Area, performs the evaluation of operations and clients, with specialization by products and segments. Maintains a framework of policies and standards that ensure the quality of the portfolio according to the desired risk, defining guidelines for the admission of clients and their respective parameterization in the evaluation systems. These definitions are released to commercial and risk areas through programs and continuous training, and their application is monitored through credit review processes.

- Model Area, is responsible for developing, maintaining and updating credit risk models, whether for regulatory or management uses, in accordance with local and international regulations, determining the most appropriate functional specifications and statistical techniques for the development of the required models. These models are validated by the Model Validation Area and presented to the corresponding government bodies, such as the "Technical Committee for the Supervision and Development of Internal Models", the Portfolio Risk Committee or the Board of Directors, as appropriate.

- Retail Tracking and Models Area, is in charge of measuring the behavior of portfolios especially through the monitoring of the main indicators of the aggregate portfolio and the analysis of layers, reported in management reports, generating relevant information for decision-making in different instances defined. Also, special follow-ups are generated according to relevant events in the environment.

  This Area also ensures that the different strategies executed meet the risk quality objectives that determined their implementation. Additionally, through the model monitoring function, they monitor the risk models, ensuring compliance with the defined standards to ensure their predictive and discriminating power, identifying the possible associated risks.

- Models Validation Area, is responsible for performs an independent review of the credit and treasury risk models, both in the construction and implementation stages. It considers the validation of compliance with the guidelines established by the Board of Directors, addressing aspects such as governance, data quality, modeling and implementation techniques, and documentation. The results of the review are presented and placed in consideration of the respective Committees, as appropriate.

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

(a) Retail Segments, continued:

- Collection Area performs a cross-collection management in the Bank and centralizes recovery management in retail segments through Socofin, Bank's subsidiary. Define refinancing criteria and payment agreements with customers, maintaining an adequate risk-return ratio, together with the incorporation of robust tools for a differentiated collection management according to the institutional policies.

(b) Wholesale Segments:

In these segments, admission management is carried out through an individual evaluation of the client and the relationship of the rest of the group with the Bank is also considered if it belongs to a group of companies. This individual evaluation - and group if applicable - considers, among others, generation capacity, financial capacity with emphasis on equity solvency, exposure levels, industry variables, evaluation of partners and management, and aspects of the operation such as financing structure, term, products and possible collaterals.

The indicated evaluation is supported by a rating model that allows greater homogeneity in the evaluation of the client and his group. This evaluation also includes specialized areas in some segments that by their nature require expert knowledge, such as real estate, construction, agriculture, financial, international, among others.

In a centralized manner, a permanent monitoring of the portfolio is carried at the individual level off business segments and economic sectors, based on periodically updated information from both the client and the industry. Through this process, alerts are generated that ensure the correct and timely recognition of the risk of the individual portfolio and the special conditions established in the admission stage are monitored, such as controls of financial covenants, coverage of certain collaterals and conditions imposed at the time of approval.

Additionally, within the Admission areas, joint monitoring tasks are carried out that allow monitoring the development of operations from their gestation to their recovery, with the aim of ensuring the correct and timely identification of portfolio risks, and to manage in advance those cases with higher risk levels.

Upon detection of clients that show signs of impairment or default with any condition, the commercial area to which the client belongs, together with the Wholesale Credit Risk Division, establish action plans for their regularization. In those more complex cases where specialized management is required, the Special Assets Management area, belonging to the Wholesale Credit Risk Division, is directly in charge of collection management, establishing action plans and negotiations based on the particular characteristics of each client.

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

(c) Portfolio Concentration:

The maximum exposure to credit risk, by client or counterparty, without taking into account guarantees or other credit enhancements as of March 31, 2022 and December 31, 2021, does not exceed 10% of the Bank's effective equity.

The following tables show credit risk exposure per balance sheet item, including derivatives, detailed by both geographic region and industry sector as of March 31, 2022:

	Chile MCh$	United States MCh$	Brazil MCh$	Others MCh$	Total MCh$
Financial Assets					
Cash and Due from Banks	3,708,799	1,125,418	—	48,031	4,882,248
Financial assets held for trading at fair value through profit or loss					
Derivative contracts Financial					
Forwards	280,693	21,619	—	137,189	439,501
Swaps	807,058	143,068	—	1,001,276	1,951,402
Call Options	1,931	—	—	—	1,931
Put Options	1,592	—	—	35	1,627
Futures	—	—	—	—	
Subtotal	1,091,274	164,687	—	1,138,500	2,394,461
Debt Financial Instruments					
From the Chilean Government and Central Bank	270,810	—	—	—	270,810
Other debt financial instruments issued in Chile	211,376	—	—	—	211,376
Financial debt instruments issued Abroad	—	—	—	—	—
Subtotal	482,186	—	—	—	482,186
Others Financial Instruments	3,199	—	—	—	3,199
Subtotal	3,199	—	—	—	3,199
Financial Assets at fair value through other comprehensive income					
Debt Financial Instruments					
From the Chilean Government and Central Bank	2,053,251	—	—	—	2,053,251
Other debt financial instruments issued in Chile	667,248	—	—	—	667,248
Financial debt instruments issued Abroad	—	—	—	—	—
Subtotal	2,720,499	—	—	—	2,720,499
Derivative contracts financial for hedging purposes					
Forwards	—	—	—	—	—
Swaps	4,921	36,569	—	50,766	92,256
Call Options	—	—	—	—	—
Put Options	—	—	—	—	—
Futures	—	—	—	—	—
Subtotal	4,921	36,569	—	50,766	92,256
Financial assets at amortized cost					
Rights by resale agreements and securities lending	25,861	—	—	—	25,861
Debt Financial Instruments					
From the Chilean Government and Central Bank	846,983	—	—	—	846,983
Subtotal	846,983	—	—	—	846,983
Loans and advances to Banks					
Central Bank of Chile	2,800,000	—	—	—	2,800,000
Domestic banks	—	—	—	—	—
Foreign banks	—	—	122,259	69,506	191,765
Subtotal	2,800,000	—	122,259	69,506	2,991,765
Loans to Customers, Net					
Commercial loans	19,317,902	—	—	31,548	19,349,450
Residential mortgage loans	10,454,944	—	—	—	10,454,944
Consumer loans	4,414,182	—	—	—	4,414,182
Subtotal	34,187,028	—	—	31,548	34,218,576

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

	Central Bank of Chile MCh$	Government MCh$	Retail (Individuals MCh$	Financial Services MCh$	Trade MCh$	Manufacturing MCh$	Mining MCh$	Electricity, Gas and Water MCh$	Agriculture and Livestock MCh$	Fishing MCh$	Transportation and Telecom MCh$	Construction MCh$	Services MCh$	Others MCh$	Total MCh$
Cash and Due from Banks	2,536,416	—	—-	2,345,832	—	—	—	—	—	—	—	—	—	—	4,882,248
Financial Assets held for trading at fair value through profit or loss															
Derivative contracts Financial															
Forwards	—	—	—	269,051	8,917	11,903	3,070	7,229	1,560	7	67	186	134,069	3,442	439,501
Swaps	—	—	—	1,846,267	83	483	—	1,600	8,720	2,597	7,384	2,478	13,218	68,572	1,951,402
Call Options	—	—	—	494	316	4	—	—	20	21	—	954	122	—	1,931
Put Options	—	—	—	380	859	90	—	—	—	—	—	293	5	—	1,627
Futures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	2,116,192	10,175	12,480	3,070	8,829	10,300	2,625	7,451	3,911	147,414	72,014	2,394,461
Debt Financial Instruments															
From the Chilean Government and Central Bank	222,114	48,696	—	—	—	—	—	—	—	—	—	—	—	—	270,810
Other debt financial instruments issued in Chile	—	—	—	211,376	—	—	—	—	—	—	—	—	—	—	211,376
Financial debt instruments issued Abroad	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	222,114	48,696	—	211,376	—	—	—	—	—	—	—	—	—	—	482,186
Others Financial Instruments	—	—	—	3,199	—	—	—	—	—	—	—	—	—	—	3,199
Subtotal	—	—	—	3,199	—	—	—	—	—	—	—	—	—	—	3,199
Financial Assets at fair value through Other Comprehensive Income															
Debt Financial Instruments															
From the Chilean Government and Central Bank	—	2,053,251	—	—	—	—	—	—	—	—	—	—	—	—	2,053,251
Other debt financial instruments issued in Chile	—	—	—	653,219	—	—	—	5,384	—	—	5,363	—	—	3,282	667,248
Financial debt instruments issued Abroad	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	2,053,251	—	653,219	—	—	—	5,384	—	—	5,363	—	—	3,282	2,720,499
Derivative contracts financial for hedging purposes															
Forwards	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Swaps	—	—	—	92,256	—	—	—	—	—	—	—	—	—	—	92,256
Call Options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Put Options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Futures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	92,256	—	—	—	—	—	—	—	—	—	—	92,256
Financial assets at amortized cost (*)															
Rights by resale agreements	—	—	82	18,045	62	—	—	—	—	—	—	15	—	7,657	25,861
Debt financial instruments															
From the Chilean Government and Central Bank	—	846,983	—	—	—	—	—	—	—	—	—	—	—	—	846,983
Subtotal	—	846,983	—	—	—	—	—	—	—	—	—	—	—	—	846,983
Loans and advances to Banks															
Central Bank of Chile	2,800,000	—	—	—	—	—	—	—	—	—	—	—	—	—	2,800,000
Domestic banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign banks	—	—	—	191,765	—	—	—	—	—	—	—	—	—	—	191,765
Subtotal	2,800,000	—	—	191,765	—	—	—	—	—	—	—	—	—	—	2,991,765

(*) Economic activity of Loans and accounts receivable from customers disclosed in Note No. 13 g).

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

The following tables show credit risk exposure per balance sheet item, including derivatives, detailed by both geographic region and industry sector as of December 31, 2021:

Financial Assets	Chile MCh$	United States MCh$	Brazil MCh$	Others MCh$	Total MCh$
Cash and Due from Banks	2,748,930	897,881	8	66,915	3,713,734
Financial assets held for trading at fair value through profit or loss					
Derivative contracts Financial					
Forwards	585,463	90,461	—	66,621	742,545
Swaps	1,113,136	256,829	—	588,278	1,958,243
Call Options	4,509	—	—	—	4,509
Put Options	199	—	—	—	199
Futures	—	—	—	—	—
Subtotal	1,703,307	347,290	—	654,899	2,705,496
Debt Financial Instruments					
From the Chilean Government and Central Bank	3,472,122	—	—	—	3,472,122
Other debt financial instruments issued in Chile	265,820	—	—	—	265,820
Financial debt instruments issued Abroad	—	—	—	—	—
Subtotal	3,737,942	—	—	—	3,737,942
Others Financial Instruments	138,753	—	—	—	138,753
Subtotal	138,753	—	—	—	138,753
Financial Assets at fair value through Other Comprehensive Income					
Debt Financial Instruments					
From the Chilean Government and Central Bank	2,488,850	—	—	—	2,488,850
Other debt financial instruments issued in Chile	565,959	—	—	—	565,959
Financial debt instruments issued Abroad	—	—	—	—	—
Subtotal	3,054,809	—	—	—	3,054,809
Derivative contracts financial for hedging purposes					
Forwards	—	—	—	—	—
Swaps	16,374	79,904	—	181,524	277,802
Call Options	—	—	—	—	—
Put Options	—	—	—	—	—
Futures	—	—	—	—	—
Subtotal	16,374	79,904	—	181,524	277,802
Financial assets at amortized cost					
Rights by resale agreements and securities lending	64,365	—	—	—	64,365
Debt Financial Instruments					
From the Chilean Government and Central Bank	839,744	—	—	—	839,744
Subtotal	839,744	—	—	—	839,744
Loans and advances to Banks					
Central Bank of Chile	1,090,000	—	—	—	1,090,000
Domestic banks	160,018	—	—	—	160,018
Foreign banks	—	—	141,249	138,565	279,814
Subtotal	1,250,018	—	141,249	138,565	1,529,832
Loans to Customers, Net					
Commercial loans	19,621,038	—	—	13,718	19,634,756
Residential mortgage loans	10,346,652	—	—	—	10,346,652
Consumer loans	4,248,709	—	—	—	4,248,709
Subtotal	34,216,399	—	—	13,718	34,230,117

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

	Central Bank of Chile MCh$	Government MCh$	Retail (Individuals MCh$	Financial Services MCh$	Trade MCh$	Manufacturing MCh$	Mining MCh$	Electricity, Gas and Water MCh$	Agriculture and Livestock MCh$	Fishing MCh$	Transportation and Telecom MCh$	Construction MCh$	Services MCh$	Others MCh$	Total MCh$
Cash and Due from Banks	1,545,472	—	—	2,168,262	—	—	—	—	—	—	—	—	—	—	3,713,734
Financial Assets held for trading at fair value through profit or loss															
Derivative contracts Financial															
Forwards	—	—	—	521,735	3,685	18,806	1,343	12,623	4,873	—	—	247	—	179,233	742,545
Swaps	—	—	—	1,870,975	342	3,444	2	8,129	17,815	5,409	11,516	3,098	—	37,513	1,958,243
Call Options	—	—	—	251	3,595	474	—	—	80	109	—	—	—	—	4,509
Put Options	—	—	—	21	178	—	—	—	—	—	—	—	—	—	199
Futures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	2,392,982	7,800	22,724	1,345	20,752	22,768	5,518	11,516	3,345	—	216,746	2,705,496
Debt Financial Instruments															
From the Chilean Government and Central Bank	3,287,111	162,433	—	22,578	—	—	—	—	—	—	—	—	—	—	3,472,122
Other debt financial instruments issued in Chile	—	—	—	265,820	—	—	—	—	—	—	—	—	—	—	265,820
Financial debt instruments issued Abroad	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	3,287,111	162,433	—	288,398	—	—	—	—	—	—	—	—	—	—	3,737,942
Others Financial Instruments	—	—	—	138,753	—	—	—	—	—	—	—	—	—	—	138,753
Subtotal	—	—	—	138,753	—	—	—	—	—	—	—	—	—	—	138,753
Financial Assets at fair value through Other Comprehensive Income															
Debt Financial Instruments															
From the Chilean Government and Central Bank	102	2,488,748	—	—	—	—	—	—	—	—	—	—	—	—	2,488,850
Other debt financial instruments issued in Chile	—	—	—	537,036	—	—	—	5,254	—	—	5,321	4,609	—	13,739	565,959
Financial debt instruments issued Abroad	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	102	2,488,748	—	537,036	—	—	—	5,254	—	—	5,321	4,609	—	13,739	3,054,809
Derivative contracts financial for hedging purposes															
Forwards	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Swaps	—	—	—	277,802	—	—	—	—	—	—	—	—	—	—	277,802
Call Options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Put Options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Futures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	—	—	277,802	—	—	—	—	—	—	—	—	—	—	277,802
Financial assets at amortized cost (*)															
Rights by resale agreements	—	—	232	62,030	1,327	—	—	—	—	—	—	13	—	763	64,365
Debt financial instruments															
From the Chilean Government and Central Bank	—	839,744	—	—	—	—	—	—	—	—	—	—	—	—	839,744
Subtotal	—	839,744	—	—	—	—	—	—	—	—	—	—	—	—	839,744
Loans and advances to Banks															
Central Bank of Chile	1,090,000	—	—	—	—	—	—	—	—	—	—	—	—	—	1,090,000
Domestic banks	—	—	—	160,018	—	—	—	—	—	—	—	—	—	—	160,018
Foreign banks	—	—	—	279,814	—	—	—	—	—	—	—	—	—	—	279,814
Subtotal	1,090,000	—	—	439,832	—	—	—	—	—	—	—	—	—	—	1,529,832

(*) Economic activity of Loans and accounts receivable from customers disclosed in Note No. 13 g).

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

(d) Collaterals and Other Credit Enhancements:

The amount and type of collateral required depends on the counterparty's credit risk assessment.

The Bank has guidelines regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are:

- For commercial loans: Residential and non-residential real estate, liens and inventory.
- For retail loans: Mortgages loans on residential property.

The Bank also obtains collateral from parent companies for loans granted to their subsidiaries.

Management makes sure its collateral is acceptable according to both external standards and internal policies guidelines and parameters. The Bank has approximately 242,860 collateral assets as of March 31, 2022 (240,870 in December 2021), the majority of which consist of real estate. The following table contains guarantees value:

		Guarantee				
March 2022	**Loans MCh$**	**Mortgages MCh$**	**Pledges MCh$**	**Securities MCh$**	**Warrants MCh$**	**Total MCh$**
Corporate Lending	14,417,442	3,564,953	150,539	595,098	10,334	4,320,924
Small Business Lending	4,932,008	3,287,794	26,885	15,485	—	3,330,164
Consumer Lending	4,414,182	349,706	653	2,877	—	353,236
Mortgage Lending	10,454,944	9,258,504	109	181	—	9,258,794
Total	**34,218,576**	**16,460,957**	**178,186**	**613,641**	**10,334**	**17,263,118**

		Guarantee				
December 2022	**Loans MCh$**	**Mortgages MCh$**	**Pledges MCh$**	**Securities MCh$**	**Warrants MCh$**	**Total MCh$**
Corporate Lending	14,599,427	3,392,760	149,892	508,711	4,451	4,055,814
Small Business Lending	5,035,329	3,124,172	26,310	12,898	—	3,163,380
Consumer Lending	4,248,709	317,215	622	2,498	—	320,335
Mortgage Lending	10,346,652	8,730,747	96	196	—	8,731,039
Total	**34,230,117**	**15,564,894**	**176,920**	**524,303**	**4,451**	**16,270,568**

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

(d) Collaterals and Other Credit Enhancements, continued:

The Bank also uses mitigating tactics for credit risk on derivative transactions. To date, the following mitigating tactics are used:

- Accelerating transactions and net payment using market values at the date of default of one of the parties.
- Option for both parties to terminate early any transactions with a counterparty at a given date, using market values as of the respective date.
- Margins established with time deposits by customers who have FX forwards with subsidiary Banchile Corredores de Bolsa S.A.

The value of the guarantees that the Bank maintains related to the loans individually classified as impaired as of March 31, 2021 and December 31, 2021 amounted Ch$93,195 million and Ch$28,189 million, respectively.

The value guarantees related to past due loans but no impaired as of March 31, 2021 and December 31, 2021 amounted Ch$221,128 million and Ch$177,169 million respectively.

(e) Credit Quality by Asset Class:

The Bank determines the credit quality of financial assets using internal credit ratings. The rating process is linked to the Bank's approval and monitoring processes and is carried out in accordance with risk categories established by current standards. Credit quality is continuously updated based on any favorable or unfavorable developments to customers or their environments, considering aspects such as commercial and payment behavior as well as financial information.

The Bank also carries out reviews focused on companies that participate in specific economic sectors, which are affected either by macroeconomic variables or variables of the sector. De esa forma es factible constituir oportunamente el nivel de provisiones necesarias y suficientes para cubrir las pérdidas por la eventual no recuperabilidad de los créditos concedidos.

The following tables shows credit quality by asset class for Consolidated Statements of Financial Position sheet items, based on the Bank's credit rating system.

As of March 31, 2022:

	Individual Portfolio			Group Portfolio		
	Normal MCh$	Substandard MCh$	Non-complying MCh$	Normal MCh$	Non-complying MCh$	Total MCh$
Financial Assets						
Loans and advances to banks						
Central Bank of Chile	2,800,000	—	—	—	—	2,800,000
Domestic banks	—	—	—	—	—	—
Foreign banks	191,765	—	—	—	—	191,765
Subtotal	2,991,765	—	—	—	—	2,991,765
Loans to customers (does not include allowances for loan losses)						
Commercial loans	14,042,978	204,090	163,596	4,684,065	254,721	19,349,450
Residential mortgage loans	—	—	—	10,209,501	245,443	10,454,944
Consumer loans	—	—	—	4,230,130	184,052	4,414,182
Subtotal	14,042,978	204,090	163,596	19,123,696	684,216	34,218,576

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

(e) Credit Quality by Asset Class, continued:

As of December 31, 2021:

	Individual Portfolio			Group Portfolio		
	Normal MCh$	Substandard MCh$	Non-complying MCh$	Normal MCh$	Non-complying MCh$	Total MCh$
Loans and advances to banks						
Central Bank of Chile	1,090,000	—	—	—	—	1,090,000
Domestic banks	160,018	—	—	—	—	160,018
Foreign banks	279,814	—	—	—	—	279,814
Subtotal	1,529,832	—	—	—	—	1,529,832
Loans to customers (before allowances for loan losses)						
Commercial loans	14,232,545	197,665	162,962	4,770,314	271,270	19,634,756
Residential mortgage loans	—	—	—	10,062,294	284,358	10,346,652
Consumer loans	—	—	—	4,033,418	215,291	4,248,709
Subtotal	14,232,545	197,665	162,962	18,866,026	770,919	34,230,117

Below is the detail of the default but not impaired portfolio:

	Past due but no impaired (*)			
	1 a 29 days MCh$	30 a 59 days MCh$	60 a 89 days MCh$	over de 90 days MCh$
March 2022	472,572	100,767	25,876	—
December 2021	474,092	70,188	21,965	—

(*) These amounts include the overdue portion and the remaining balance of loans in default.

(f) Assets Received in Lieu of Payment:

The Bank has received assets in lieu of payment totaling Ch$13.313 million and Ch$12.583 million as of March 31, 2022 and December 31, 2021, respectively, the m,ajority of which are properties. All of these assets are managed for sale.

47. Risk Management and Report, continued:

(2) Credit Risk, continued:

(g) Renegotiated Assets:

The loans are considered to be renegotiated when the corresponding financial commitments are restructured and the Bank assesses the probability of recovery as sufficiently high.

The following table details the book value of loans with renegotiated terms per financial asset class:

Financial Assets	**March 2022 MCh$**	**December 2021 MCh$**
Loans and advances to banks		
Central Bank of Chile	—	—
Domestic banks	—	—
Foreign banks	—	—
Subtotal	—	—
Loans to customers, net		
Commercial loans	348,115	331,127
Residential mortgage loans	243,380	243,684
Consumer loans	323,588	361,015
Subtotal	915,083	935,826
Total renegotiated financial assets	915,083	935,826

(h) Compliance with credit limit granted to related debtors:

Below are detailed the figures for compliance with the credit limit granted to debtors related to the ownership or management of the Bank and subsidiaries, in accordance with the Article 84 No. 2 of the General Banking Law, which establishes that in no case the total of these credits may exceed the amount of its Total or Regulatory Capital:

	March 2022 MCh$	**December 2021 MCh$**
Total related debt	853,856	798,419
Consolidated Total or Regulatory Capital	5,694,018	5,634,345
Limit used %	15.00%	14.17%

47. Risk Management and Report, continued:

(3) Market Risk:

Market Risk refers to the loss that the Bank could face due to a liquidity shortage to honor the payments, or to close financial transactions in a timely manner (Liquidity Risk), or due to adverse movements in the values of market variables (Risk Price). For its correct management, the guidelines of the Liquidity Risk Management Policy and the Market Risk Management Policy are considered, both are subject to review, at least annually, by the Market Risk Manager and approval by the Bank's Board of Directors, at least annually.

(a) Liquidity Risk:

Liquidity Risk Measurement and Limits

The Bank manages the Liquidity Risk in accordance with the established on the Liquidity Risk Management Policy, managing separately for each sub-category thereof; this is for Trading Liquidity Risk and Funding Liquidity Risk.

Trading Liquidity Risk is the inability to close, at current market prices, the financial positions opened mainly from the Trading Book (which is daily valued at market prices and the value differences instantly reflected in the Income Statement). This risk is controlled by establishing limits on the positions amounts of the Trading Book in accordance with what is estimated to be closed in a short time period. Additionally, the Bank incorporates a negative impact on the Income Statement whenever it considers that the size of a certain position in the Trading Book exceeds the reasonable amount, negotiated in the secondary markets, which would allow the exposure to be offset without altering market prices.

Funding Liquidity Risk refers to the Bank's inability to obtain sufficient cash to meet its immediate obligations. This risk is managed by a minimum amount of highly liquid assets called liquidity buffer, and establishing limits and controls of internal metrics, among which the Market Access Report ("MAR") stands out, which estimates the amount of funding that the Bank would need from wholesale financial counterparties, for the next 30 and 90 days in each of the relevant currencies of the balance sheet, to face a cash need as a result of the operation under business as usual conditions.

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(a) Liquidity Risk, continued:

The use of MAR within 2022 is illustrated below (LCCY = local currency; FCCY = foreign currency):

	MAR LCCY + FCCY MMM$		MAR FCCY MMUS$	
	1 - 30 days	1 - 90 days	1 - 30 days	1 - 90 days
Maximum	1,027	3,081	8	1,068
Minimum	-964	2,240	-896	27
Average	-80	2,734	-403	586

The Bank also monitors the amount of assets denominated in local currency that is funded by liabilities denominated in foreign currency, including all tenors and the cash flows generated by full delivery derivatives payments. This metric is referred to as Cross Currency Funding. The bank oversees and limits this amount in order to take precautions against not only Banco de Chile's event but also against a systemic adverse environment generated by a country risk event that might trigger lack of foreign currency funding.

The use of Cross Currency Funding within the year 2022 is illustrated below:

	Cross Currency Funding MMUS$
Maximum	3,378
Minimum	2,254
Average	2,696

The Bank establishes thresholds that alert behaviors outside the expected ranges at a normal or prudent level of operation, in order to protect other dimensions of liquidity risk such as, for example, maturities concentration of fund providers, the diversification of sources of funds either by type of counterparty or type of product, among others.

The evolution over time of the statement of financial ratios of the Bank is monitored in order to detect structural changes in the characteristics of the balance sheet, such as those presented in the following table and whose relevant values of use during the year 2022 are shown below:

	Liquid Assets/ Net Funding <30 days	Liabilities>1 year/ Assets >1 year	Deposits/ Loans
Maximum	214%	101%	68%
Minimum	174%	100%	65%
Average	188%	101%	67%

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(a) Liquidity Risk, continued:

Additionally, some market index, prices and monetary decisions taken by the Central Bank of Chile are monitored to detect structural changes in market conditions that can trigger a liquidity shortage or even a financial crisis.

Furthermore, the Liquidity Risk Management Policy enforces to perform stress tests periodically which are controlled against potentially accessible action plans in each modeled scenario, according with the guidelines established in the Liquidity Contingency Plan. This process is essential in determining the liquidity risk appetite framework of the institution.

The Bank measures and controls the mismatch of cash flows under regulatory standards with the C46 index report, which represents the net cash flows expected over time as a result of the contractual maturity of almost all assets and liabilities. Additionally, the Commission for the Financial Market (hereinafter, “CMF”) authorized Banco de Chile, among others, to report the adjusted C46 index. This allows the Bank to report, in addition to the regular C46 index, outflow behavior assumptions of certain specific elements of the liability, such as demand deposits and time deposits. In addition, the regulator also requires some rollover assumptions for the loan portfolio.

The CMF establish the following limits for the C46:

Foreign Currency balance sheet items:	1-30 days C46 index < 1 x Tier-1 Capital
All Currencies balance sheet items:	1-30 days C46 index < 1 x Tier-1 Capital
All Currencies balance sheet items:	1-90 days C46 index < 2 x Tier-1 Capital

The use of this index in the period 2022 is illustrated below:

	Adjusted C46 All CCYs as part of Basic Capital		**Adjusted C46 FCCY as part of Basic Capital**
	1 - 30 days	**1 - 90 days**	**1 - 30 days**
Maximum	0.13	(0.03)	0.22
Minimum	(0.26)	(0.29)	0.07
Average	(0.07)	(0.14)	0.13
Regulatory Limit	1.0	2.0	1.0

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(a) Liquidity Risk, continued:

The individual and consolidated term mismatches are presented below:

QUARTERLY STATEMENT OF INDIVIDUAL LIQUIDITY SITUATION
AS OF MARCH 31, 2022 CONTRACTUAL BASIS
Values in MCh$

CONSOLIDATED CURRENCY	From 0 to 7 days	From 0 to 15 days	From 0 to 30 days	From 0 to 90 days
Cash flow receivable (assets) and income	10,993,191	11,988,284	12,822,355	16,050,314
Cash flow payable (liabilities) and expenses	20,638,481	22,235,832	25,085,480	27,341,191
Mismatch	**9,645,290**	**10,247,547**	**12,263,125**	**11,290,876**
Limits:				
One time capital			4,199,906	
Two times capital				8,399,811
AVAILABLE MARGIN			**(8,063,219)**	**(2,891,065)**

* In the limit up to 30 days, in consolidated currency, the Bank has a liquidity situation of Ch$(8,063,219,741,979)
* In the limit up to 90 days, in consolidated currency, the Bank has a liquidity situation of Ch$(2,891,065,143,629)

FOREIGN CURRENCY	From 0 to 7 days	From 0 to 15 days	From 0 to 30 days	From 0 to 90 days
Cash flow receivable (assets) and income	2,500,824	2,585,623	2,562,739	3,046,930
Cash flow payable (liabilities) and expenses	3,494,230	3,648,394	3,982,123	4,406,610
Mismatch	**993,406,0**	**1,062,771**	**1,419,384**	**1,359,680**
Limits:				
One time capital			4,199,906	
AVAILABLE MARGIN			**2,780,522**	**—**

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(a) Liquidity Risk, continued:

QUARTERLY STATEMENT OF INDIVIDUAL LIQUIDITY SITUATION
AS OF MARCH 31, 2022 ADJUSTED BASIS
Values in MCh$

CONSOLIDATED CURRENCY	From 0 to 7 days	From 0 to 15 days	From 0 to 30 days	From 0 to 90 days
Cash flow receivable (assets) and income	10,729,115	11,499,064	11,892,322	13,884,805
Cash flow payable (liabilities) and expenses	9,704,190	10,352,164	11,552,971	12,673,589
Mismatch	**(1,024,925)**	**(1,146,900)**	**(339,351)**	**(1,211,216)**
Limits:				
One time capital			4,199,906	
Two times capital				8,399,811
AVAILABLE MARGIN			**4,539,256**	**9,611,028**

* In the limit up to 30 days, in consolidated currency, the Bank has a liquidity float of Ch$4,539,256,153,412
* In the limit up to 90 days, in consolidated currency, the Bank has a liquidity float of Ch$9,611,027,779,612

FOREIGN CURRENCY	From 0 to 7 days	From 0 to 15 days	From 0 to 30 days	From 0 to 90 days
Cash flow receivable (assets) and income	2,429,378	2,460,578	2,292,323	2,443,097
Cash flow payable (liabilities) and expenses	2,263,545	2,370,157	2,611,327	2,978,644
Mismatch	**(165,832)**	**(90,421)**	**319,004**	**535,547**
Limits:				
One time capital			4,199,906	
AVAILABLE MARGIN			**3,880,902**	**—**

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(a) Liquidity Risk, continued:

QUARTERLY STATEMENT OF CONSOLIDATED LIQUIDITY SITUATION
AS OF MARCH 31, 2022 CONTRACTUAL BASIS
Values in MCh$

CONSOLIDATED CURRENCY	From 0 to 7 days	From 0 to 15 days	From 0 to 30 days	From 0 to 90 days
Cash flow receivable (assets) and income	11,554,840	12,550,078	13,397,732	16,629,411
Cash flow payable (liabilities) and expenses	21,175,294	22,775,017	25,624,998	27,880,749
Mismatch	**9,620,454**	**10,224,939**	**12,227,266**	**11,251,338**
Limits:				
One time capital			4,199,906	
Two times capital				8,399,811
AVAILABLE MARGIN			**(8,027,360)**	**(2,851,527)**

* In the limit up to 30 days, in consolidated currency, the Bank has a liquidity situation of Ch$(8,027,360,135,868)
* In the limit up to 90 days, in consolidated currency, the Bank has a liquidity situation of Ch$(2,851,526,534,916)

FOREIGN CURRENCY	From 0 to 7 days	From 0 to 15 days	From 0 to 30 days	From 0 to 90 days
Cash flow receivable (assets) and income	2,495,902	2,580,702	2,557,818	3,042,009
Cash flow payable (liabilities) and expenses	3,494,230	3,648,394	3,982,123	4,406,610
Mismatch	**998,328**	**1,067,693**	**1,424,305**	**1,364,602**
Limits:				
One time capital			4,199,906	
AVAILABLE MARGIN			**2,775,601**	**—**

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(a) Liquidity Risk, continued:

QUARTERLY STATEMENT OF CONSOLIDATED LIQUIDITY SITUATION
AS OF MARCH 31, 2022 ADJUSTED BASIS
Values in MCh$

CONSOLIDATED CURRENCY	From 0 to 7 days	From 0 to 15 days	From 0 to 30 days	From 0 to 90 days
Cash flow receivable (assets) and income	11,290,763	12,060,858	12,467,699	14,463,902
Cash flow payable (liabilities) and expenses	10,241,002	10,891,350	12,092,489	13,213,147
Mismatch	**(1,049,761)**	**(1,169,508)**	**(375,210)**	**(1,250,755)**
Limits:				
One time capital			4,199,906	
Two times capital				8,399,811
AVAILABLE MARGIN			**4,575,116**	**9,650,566**

* In the limit up to 30 days, in consolidated currency, the Bank has a liquidity float of Ch$4,575,115,759,508
* In the limit up to 90 days, in consolidated currency, the Bank has a liquidity float of Ch$9,650,566,388,308

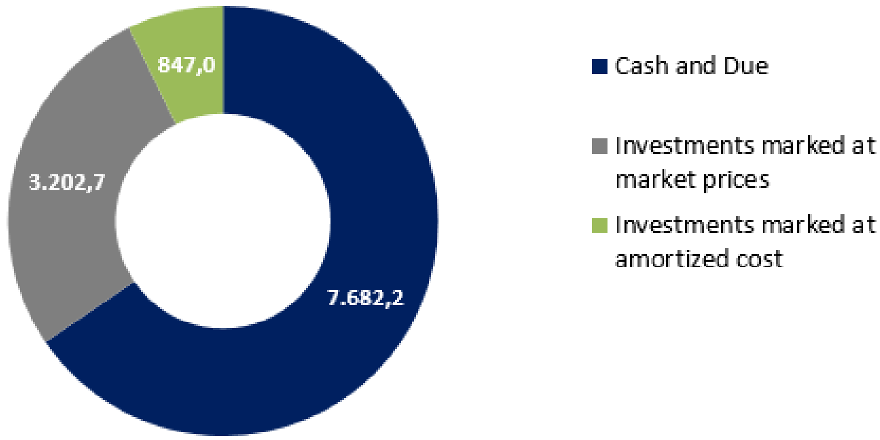
FOREIGN CURRENCY	From 0 to 7 days	From 0 to 15 days	From 0 to 30 days	From 0 to 90 days
Cash flow receivable (assets) and income	2,424,456	2,455,656	2,287,402	2,438,175
Cash flow payable (liabilities) and expenses	2,263,545	2,370,157	2,611,327	2,978,644
Mismatch	**(160,911)**	**(85,500)**	**323,925**	**540,469**
Limits:				
One time capital			4,199,906	
AVAILABLE MARGIN			**3,875,980**	**—**

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(a) Liquidity Risk, continued:

Liquid Assets Consolidated Balance Statement as of March 31, 2022, values in MMM$



Source: Financial Statements Banco de Chile as of March 31, 2022

Additionally, the regulatory entities have introduced other metrics that the Bank uses in its management, such as the Liquidity Coverage Ratio ("LCR") and Net Stable Financing Ratio ("NSFR"), using assumptions similar to those used in the international banking. Only for the first one, a limit implementation calendar has been established and that during the year 2022 was with a minimum level of 90%. The evolution of the LCR and NSFR metrics during the year 2022 are shown below:

	LCR	NSFR
Maximum	3.30	1.19
Minimum	2.56	1.15
Average	2.98	1.17
Regulatory Limit	0.9 (*)	N/A

(*) This is the current minimum value for the year 2022 and that increases 0.1 annually until reaching 1.0 en el año 2023.

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(a) Liquidity Risk, continued:

The contractual maturity profile of the financial liabilities of Banco de Chile and its subsidiaries (consolidated basis), to March 2022 and 2021, is as follows:

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Liabilities as of March 31, 2022							
Transactions in the course of payment	433,362	—	—	—	—	—	433,362
Full delivery derivative transactions	486,138	564,791	2,765,569	1,480,524	870,690	1,936,443	8,104,155
Financial liabilities at amortized cost							
Current accounts and other demand deposits	16,493,474	—	—	—	—	—	16,493,474
Saving accounts and time deposits	7,062,514	1,850,111	831,507	120,841	1,122	475	9,866,570
Obligations by repurchase agreements and securities lending	101,641	40	47	—	—	—	101,728
Borrowings from financial institutions	67,288	12,490	59,081	4,520,946	—	—	4,659,805
Debt financial instruments issued (all currencies)	18,866	319,535	834,158	2,292,775	2,244,470	3,748,953	9,458,757
Other financial obligations	200,410	64	163	140	—	—	200,777
Financial instruments of regulatory capital issued (subordinated bonds)	6,141	15,874	28,710	88,775	82,634	1,060,759	1,282,893
Total (excluding non-delivery derivative transactions)	24,869,834	2,762,905	4,519,235	8,504,001	3,198,916	6,746,630	50,601,521
Non-delivery derivative transactions	628,702	661,909	2,453,751	1,071,267	867,052	2,093,021	7,775,701

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Liabilities as of December 31, 2021							
Transactions in the course of payment	460,490	—	—	—	—	—	460,490
Full delivery derivative transactions	434,113	469,349	2,603,467	1,645,489	968,078	1,761,581	7,882,077
Financial liabilities at amortized cost							
Current accounts and other demand deposits	18,542,791	—	—	—	—	—	18,542,791
Saving accounts and time deposits	7,103,640	1,774,627	240,912	66,492	1,619	—	9,187,290
Obligations by repurchase agreements and securities lending	88,433	—	52	—	—	—	88,485
Borrowings from financial institutions	67,813	1,259,167	18,344	3,515,979	—	—	4,861,303
Debt financial instruments issued (all currencies)	17,154	369,988	1,083,540	2,358,966	2,104,219	4,839,310	10,773,177
Other financial obligations	273,394	50	183	183	—	—	273,810
Total (excluding non-delivery derivative transactions)	26,987,828	3,873,181	3,946,498	7,587,109	3,073,916	6,600,891	52,069,423
Non-delivery derivative transactions	271,193	586,231	2,602,915	1,030,628	669,796	2,145,008	7,305,771

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(b) Price Risk:

Price Risk Measurement and Limits

The Price Risk measurement and management processes are carried out in accordance with the established on the Market Risk Management Policy, by using internal metrics developed by the Bank, both for the Trading Book and for the Accrual Book (the Accrual Book includes all balance sheet items, including those in the Trading Book but in such case these are reported at an interest rate adjustment term of one day, thus not generating accrual interest rate risk) , in addition, the Fair Value Through Other Comprehensive Income (hereinafter FVOCI) portfolio is considered, which is a sub-set of the Accrual Book, which given its nature is relevant to measure it independently. In addition, the Bank reports metrics to regulatory entities according to the models defined by them.

The Bank has established internal limits for the exposures of the Trading Book. In fact, FX positions (FX delta), interest rate sensitivities generated by the derivatives and debt securities portfolios (DV01 or also referred as to rho) and the FX options volatility sensitivity (vega) are measured, reported and controlled against their limits. Limits are established on an aggregate basis but also for some specific tenor points. The use of these limits is daily monitored, controlled and reported by independent control functions to the senior management of the bank. The internal governance framework also establishes that these limits must be approved by the board and reviewed at least annually.

The Bank measures and controls the risk for the Trading Book portfolios using the Value-at-Risk (VaR). The model uses a 99% confidence level and the most recent one-year observed rates, prices and yields data.

The use of VaR within the year 2022 is illustrated below:

	Value-at-Risk 99% one-day confidence level **MCh$**
Maximum	1,451
Minimum	640
Average	1,018

Additionally, the Bank performs measuring, limiting, controlling and reporting interest rate exposures and risks for the Accrual Book using internally developed methodologies based on the differences in the amounts of assets and liabilities considering the interest rate repricing dates. Exposures are measured according to the Interest Rate Exposure or IRE metric and their corresponding risks using the Earnings-at-Risk or EaR metric. Within these metrics, Prepayment Risk is considered, which corresponds to the customer's ability to pay, totally or partially, their debt before maturity. For this, a loan flow allocation model is generated with exposure to interest rate fluctuations, according to their prepayment behavior, finally reflecting a decrease in the average maturity of the loans, which allows determining the possible impacts on the Bank's Balance Sheet.

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(b) Price Risk, continued:

The use of EaR within the year 2022 is illustrated below::

	12- months Earnings-at-Risk 99% confidence level 3 months closing period **MCh$**
Maximum	229,044
Minimum	179,379
Average	199,725

The regulatory risk measurement for the Trading Book (APRM report, from the spanish Activos Ponderados por Riesgo Mercado) is produced by utilizing guidelines provided by the Central Bank of Chile (hereinafter, “BCCh”) and the CMF, which are adopted based on standardized BIS methodologies. The referred methodologies estimate the potential loss that the bank may incur considering standardized fluctuations of the value of market factors such as FX rates, interest rates and volatilities that may adversely impact the value of FX spot positions, interest rate exposures, and volatility exposures, respectively. In addition, correlation factors are included to represent non-parallel changes in the yield curve.

The risk measurement for the Banking Book, according to regulatory guidelines (C40 report), as a result of interest rate fluctuations is carried out through the use of standardized methodologies provided by regulatory entities (BCCh and CMF). The report includes models for reporting interest rate gaps and standardized adverse interest rate fluctuations. In addition to this, the regulatory entity has requested banks to establish internal limits, separately for short-term and long-term balances, for these regulatory measurements.

The results effectively realized during the month for trading activities are controlled against defined loss levels and if these levels are exceeded, senior management is notified in order to evaluate potential corrective actions.

In addition to the above, the Market Risk Policy of Banco de Chile enforces to perform daily stress tests for the Trading Book and monthly for the Accrual Book, additionally a stress test for the FVOCI portfolio is included, which is reported daily. The output of the stress testing process is monitored against corresponding trigger levels: in the case those triggers are breached, the senior management is notified in order to implement further actions, if necessary. In addition, the results during the month for the trading activities are controlled against defined loss levels and in case such levels are exceeded, senior management is also notified.

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(b) Price Risk, continued:

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Assets as of March 31, 2022							
Cash and due from banks	4,827,029	—	—	—	—	—	4,827,029
Transactions in the course of collection	413,482	—	—	—	—	—	413,482
Financial assets at fair value through other comprehensive income							
Debt financial instruments	251,947	578,100	893,431	622,557	158,227	221,702	2,725,964
Derivative financial instruments for hedging purposes	3,891	34,735	30,511	476,118	335,288	1,407,952	2,288,495
Financial assets at amortized cost							
Rights by resale agreements and securities lending	—	—	—	—	—	—	—
Debt financial instruments	1,203	—	18,045	54,171	421,731	447,819	942,969
Loans and advances to Banks	2,858,611	77,393	56,795	—	—	—	2,992,799
Loans to customers, net	4,028,955	3,073,254	6,739,169	8,963,312	4,822,255	12,068,456	39,695,401
Total Assets	12,385,118	3,763,482	7,737,951	10,116,158	5,737,501	14,145,929	53,886,139

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Assets as of December 31, 2021							
Cash and due from banks	3,579,634	—	—	—	—	—	3,579,634
Transactions in the course of collection	446,603	—	—	—	—	—	446,603
Financial assets at fair value through other comprehensive income							
Debt financial instruments	95,585	488,919	1,479,321	619,044	169,289	208,507	3,060,665
Derivative financial instruments for hedging purposes	64	2,163	69,192	500,218	198,926	1,669,980	2,440,543
Financial assets at amortized cost							
Rights by resale agreements and securities lending	—	—	—	—	—	—	—
Debt financial instruments	—	8,334	10,740	38,148	431,285	450,200	938,707
Loans and advances to Banks	1,366,378	81,164	81,800	—	—	—	1,529,342
Loans to customers, net	2,529,601	2,676,130	7,226,224	9,018,799	4,798,188	11,955,962	38,204,904
Total Assets	8,017,865	3,256,710	8,867,277	10,176,209	5,597,688	14,284,649	50,200,398

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(b) Price Risk, continued:

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Liabilities as of March 31, 2022							
Transactions in the course of payment	323,671	—	—	—	—	—	323,671
Derivative Financial Instruments for hedging purposes	2,769	43,522	19,297	429,959	320,492	1,496,931	2,312,969
Financial liabilities at amortized cost							
Current accounts and other demand deposits	16,543,322	—	—	—	—	—	16,543,322
Saving accounts and time deposits	7,062,514	1,850,111	831,507	120,841	1,122	475	9,866,570
Obligations by repurchase agreements and securities lending	21,777	—	—	—	—	—	21,777
Borrowings from financial institutions	63,086	12,490	59,081	4,520,947	—	—	4,655,604
Debt financial instruments issued (*)	18,866	319,535	834,158	2,292,775	2,244,469	3,748,953	9,458,756
Financial instruments of regulatory capital issued (subordinated bonds)	6,141	15,874	28,710	88,775	82,634	1,060,759	1,282,893
Other liabilities	200,410	64	163	140	—	—	200,777
Total liabilities	24,242,556	2,241,595	1,772,916	7,453,437	2,648,717	6,307,118	44,666,339

	Up to 1 month MCh$	1 to 3 months MCh$	3 to 12 months MCh$	1 to 3 years MCh$	3 to 5 years MCh$	Over 5 years MCh$	Total MCh$
Liabilities as of December 31, 2021							
Transactions in the course of payment	333,431	—	—	—	—	—	333,431
Derivative Financial Instruments for hedging purposes	538	979	62,220	407,960	167,805	1,401,836	2,041,338
Financial liabilities at amortized cost							
Current accounts and other demand deposits	18,611,880	—	—	—	—	—	18,611,880
Saving accounts and time deposits	7,103,640	1,774,627	240,912	66,492	1,619	—	9,187,290
Obligations by repurchase agreements and securities lending	351	—	—	—	—	—	351
Borrowings from financial institutions	63,611	1,259,167	18,344	3,515,979	—	—	4,857,101
Debt financial instruments issued (*)	17,154	369,988	1,083,540	2,358,966	2,104,219	4,839,310	10,773,177
Other liabilities	273,394	50	183	183	—	—	273,810
Total liabilities	26,403,999	3,404,811	1,405,199	6,349,580	2,273,643	6,241,146	46,078,378

(*) Amounts shown here are different from those reported in the liabilities report which is part of the liquidity analysis, due to differences in the treatment of mortgage bonds issued by the Bank in both reports.

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(b) Price Risk, continued:

Price Risk Sensitivity Analysis

The Bank uses stress tests as the main sensitivity analysis tool for Price Risk. The analysis is implemented for the Trading Book, Accrual Book and the FVOCI portfolio separately. The Bank has adopted this tool as it is considered more useful than fluctuations in business as usual scenario, such as VaR or EaR, given that:

(i) The financial crisis show market factors fluctuations that are materially larger than those used in the VaR with 99% of confidence level or EaR with 99% of confidence level.

(ii) The financial crisis also show that correlations between these fluctuations are materially different from those used in the VaR computation, since a crisis precisely indicates severe disconnections between the behaviors of market factors fluctuations respect to the patterns observed under normal conditions.

(iii) Trading liquidity dramatically diminishes during financial distress and especially in emerging markets. Therefore, the overnight VaR number might not be representative of the loss for trading portfolios in such environment since closing exposures period may exceed one business day. This may also happen when calculating EaR, even considering three months as the closing period.

The impacts are determined by mathematical simulations of fluctuations in the values of market factors, and also, estimating the changes of the economic and /or accounting value of the financial positions.

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(c) Price Risk, continued:

In order to comply with IFRS 7.40, the following exercise was included illustrating an estimation of the impact of extreme but reasonable fluctuations of interest rates, swaps yields, FX rates and exchange volatility, which are used for valuing Trading Book, Accrual Book and the FVOCI portfolio. Given that the Bank's portfolio includes positions denominated in nominal and real interest rates, these fluctuations must be aligned with extreme but realistic Chilean inflation changes forecasts.

The exercise is implemented by multiplying the sensitivities by the fluctuations obtained as the results of mathematical simulations over a two-week time horizon and using the maximum historical volatility, within a significant period of time, in each of the market factor present in the Trading Book, in the case of the FVOCI portfolio a four-week time horizon is used due to liquidity constrains; Accrual Book impacts are estimated by multiplying cumulative gaps by forward interest rates fluctuations modeled over a three-month time horizon and using the maximum historical volatility of interest fluctuations but limited by maximum fluctuations and / or levels observed within a significant period of time. It is relevant to note that the methodology might ignore some portion of the interest rates convexity, since it is not captured properly when large fluctuations are modeled. In any case, given the magnitude of the changes, the methodology may be reasonable enough for the purposes and scope of the analysis.

The following table illustrates the fluctuations resulting from the main market factors in the maximum stress test exercise, or more adverse, for the Trading Book.

The directions or signs of these fluctuations are those that correspond to those that generate the most adverse impact at the aggregate level.

Average Fluctuations of Market Factors for Maximum Stress Scenario
Trading Book

	CLP Derivatives (bps)	CLP Bonds (bps)	CLF Derivatives (bps)	CLF Bonds (bps)	USD Offshore Libor Derivatives (bps)	Spread USD On/Off Derivatives (bps)
Less than 1 year	(11)	30	30	(559)	10	33
Greater than 1 year	(6)	30	(121)	(86)	8	14

bps = basis points

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(b) Price Risk, continued:

The worst impact on the Bank's Trading Book as of March 31, 2022, as a result of the simulation process described above, is as follows:

Most Adverse Stress Scenario P&L Impact
Trading Book
(MCh$)

CLP Interest Rate		(188)
Derivatives	109	
Debt instruments	(297)	
CLF Interest Rate		(6,019)
Derivatives	(6,769)	
Debt instruments	750	
Interest rate USD offshore		(119)
Domestic/offshore interest rate spread USD		(96)
Banking spread		(72)
Total Interest rates		**(6,494)**
Total FX and FX Options		**(48)**
Total		**(6,542)**

The modeled scenario would generate losses in the Trading Book for approximately Ch$6,542 million. In any case, such fluctuations would not result in material losses compared to Basic Capital or to the P&L estimate for the next 12-months.

The impact on the Accrual Book as of March 31, 2022, which does not necessarily mean a net loss(gain) but a greater(lower) net income from funds generation (resulting net interest rate generation), is illustrated below:

Most Adverse Stress Scenario 12-Month Revenue
Accrual Book
(MCh$)

Impact by Base Interest Rate shocks	(540,657)
Impact due to Spreads Shocks	(37,530)
Higher / (Lower) Net revenues	**(578,187)**

The impact on the FVOCI portfolio it is show in the followings tables. First are the main fluctuation in the market factors, due to the scenarios provided for the stress test meltdown (more adverse), for this portfolio.

47. Risk Management and Report, continued:

(3) Market Risk, continued:

(b) Price Risk, continued:

The sign of the fluctuation below, correspond to the ones that generate the most adverse impact.

Average Fluctuations of Market Factors for Maximum Stress Scenario
FVOCI Portfolio

	CLP Bonds (bps)	CLF Bonds (bps)	USD Offshore Libor Derivatives (bps)	Spread USD On/Off Derivatives (bps)
Less than 1 year	365	239	(2)	21
Greater than 1 year	365	355	(26)	9

bps = basis points

The worst impact on the Bank's FVOCI portfolio as of March 31, 2022, as a result of the simulation process described above, is as follows:

Most Adverse Stress Scenario P&L Impact
FVOCI portfolio
(MCh$)

CLP Debt Instrument	(76,821)
CLF Debt Instrument	(98,879)
Interest rate USD offshore	—
Domestic/offshore interest rate spread USD	—
Banking spread	(93)
Corporative spread	398
Total	**(175,395)**

The modeled scenario would generate losses in the FVOCI portfolio for approximately Ch$175,395 million.

The main negative impact on the Trading Book would occur as a result of an increase in interest rates, especially CLF Derivatives rates, in the case of the FVOCI portfolio, the main impact would be due to Debt Instruments. For its part, the lowest potential income in the next 12 months in the Accrual Book would occur in a scenario of a sharp decline in inflation and nominal rates. Although the impacts would be greater than the Bank's budgeted annual profits, the probability of occurrence given market conditions is very low.

47. Risk Management and Report, continued:

(4) Other Information related to Financial Risks:

a) Libor transition project:

As a consequence of the decisions made by the Financial Conduct Authority (FCA) of the United Kingdom and the recommendations of the Alternative Reference Rates Committee (ARRC) made up of the Federal Reserve Board and the New York FED, since 12-31-2021 Libor rates in currencies other than US$ are no longer published, as of 06-30-2023 Libor in US$ is no longer published and as of 01-01-2022 new Libor-based operations are no longer processed. Only US$ Libor may be used in contracts in force as of 12-31-2021 and until the last date of publication of this.

Because of this, since 2020, we have been working on enabling and implementing, in its different dimensions, the new risk-free reference rates (“RFR”) for carrying out operations in foreign currency as of 01-01-2022.

To this end, work has been done in coordination with the different areas of the Bank involved, which include Treasury, Prosecution, Operations, IT, Business Development for SMEs and Companies, Studies and Planning, Accounting, Foreign Trade, Market Risk and the International Area.
The process has been structured in 5 phases:

- **1st phase**
- Identification of the risks associated with the Libor transition process through the collection of information regarding the number of operations, amounts involved, remaining terms, types of products and course coins.
- Periodic exchange of information with the main global banks regarding the RFRs that were being defined as a replacement for Libor rates.
- Review of the documents published by the ARRC with its recommendations.

- **2nd phase**
- Preparation and presentation to the CMF in 2021 of the situational analysis of Banco de Chile regarding the end of Libor. This included reporting on the information research carried out in the 1st stage and the impact that the end of the libor rate had both at the level of Products and at the level of Bank Areas.

- **3rd phase**
- Definition of the new RFRs to be used in the different currencies (daily SOFR, term SOFR, TONAR, SONIA, etc.)
- Implementation of the RFR in the Bank's systems

- **4th phase**
- Carrying out tests of course of financial operations to review the correct accrual of the new RFR.
- Preparation of documentation with the RFR.

47. Risk Management and Report, continued:

a) Libor transition project, continued:

These phases were successfully completed at the end of 2021 and since the beginning of 2022 the Bank is already operating with the new RFRs.

- **5th phase, currently in process:**
- Renegotiation of contracts with impacted clients

Current portfolio affected by the transition process of the libor rate:

- Credit operations in US$ of Foreign Trade, Commercial Credits and Leasing contracts:
    - USD 697 million equivalent to 1.5% of the total portfolio of direct loans of Banco de Chile.

- Derivative contracts portfolio
    - Assets USD 11,843 million
    - Liabilities USD 11,633 million

b) 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 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$	March 2022 MCh$	December 2021 MCh$
Derivative financial assets	2,486,717	2,983,298	(1,092,343)	(1,259,233)	(933,956)	(782,776)	(130,065)	(327,840)	330,353	613,449
Derivative financial liabilities	2,569,888	2,773,199	(1,092,343)	(1,259,233)	(933,956)	(782,776)	(145,701)	(275,191)	397,888	455,999

47. Risk Management and Report, continued:

(5) Operational risk:

One of the Bank's objectives is to monitor, control and maintain at adequate levels, the risk of losses resulting from a lack of adequacy or a failure of processes, personnel and/or internal systems, or due to external events. This definition includes legal risk and excludes strategic and reputational risk.

Operational risk is inherent in all activities, products and systems, and cuts across the entire organization in its strategic, business and support processes. It is the responsibility of all the Bank's collaborators to manage and control the risks generated within their scope of action, since their materialization may lead to direct or indirect financial losses.

To face this risk, the Bank has defined a Regulatory Framework and a governance structure according to the volume and complexity of its activities. The Retail Credit Risk and Global Risk Control Division administer the management of this risk, through the establishment of an Operational Risk Management. Likewise, the “Superior Committee for Operational Risk” and the “Committee for Operational Risk” supervise it.

The Operational Risk Policy defines a comprehensive management framework that considers the identification, evaluation, control, mitigation, monitoring and reporting of these risks. This comprehensive management considers the execution of a series of structured activities in the following fields of action:

- Process Evaluation: Its objective is to identify, evaluate and monitor the risks and controls associated with the Bank's processes, together with analyzing and determining the acceptable risk levels and mitigation actions to be applied in the event of deviation from these levels, allowing the maintenance of an adequate control environment over the operational risks.

- Management of Events and Operational Losses: consists of identifying, analyzing, controlling and reporting the operational losses generated by the different areas, maintaining a consolidated base that allows comprehensive management of the different areas of Operational Risk. On the other hand, those significant Operational Risk events, whether or not they constitute losses, are analyzed, controlled and reported to the defined government instances, with the aim of preventing their recurrence, ensuring the correct execution of the processes and promoting measures mitigants that ensure an adequate control environment.

- Fraud Management: this field considers the permanent analysis of information (both internal and external), in order to identify sources of risk and analyze their different behaviors, which allows defining and promoting various mitigation actions, seeking to improve security for our clients and reduce the economic losses associated with this concept. To ensure adequate mitigation of these risks, the Bank has established a fraud management and prevention model, which includes: a governance structure, roles and responsibilities of the different areas involved and a definition of the processes that are part of the management of these risks.

47. Risk Management and Report, continued:

(5) Operational risk, continued:

- Operational risk assessment for projects: the Bank is constantly working on the development of projects, including from the creation of new products and services, large technological implementations to operational changes in its processes. The implementation of these projects may lead to the appearance of new risks that must be correctly mitigated prior to their implementation, through the design of robust controls. For this, there is a methodological framework and specific tools that allow carrying out an evaluation of the different risks and controls, establishing a general level of exposure to operational risk, and determining mitigation actions in cases where it is necessary.

- Supplier management: its objective is to identify, manage and monitor the risks that may arise from the outsourcing of services. For this, the Bank has a governance framework, a regulatory framework and a supplier management model that considers an analysis of the criticality and risk associated with the contracted services and an evaluation and monitoring scheme with a special focus on those considered relevant or critical to the entity.

- Operational risk culture: with the aim of building a solid culture of operational risk management throughout the corporation and promoting the importance and responsibility of each of the employees in this area, the Bank has established an annual training process and dissemination that considers the different areas of Operational Risk management.

- Internal Control: Through the evaluation of the design and operational effectiveness of the internal control environment, the aim is to ensure the reliability and transparency of the financial information generated by the Bank. For this, a periodic evaluation process is carried out, based on the materiality of the risks in relation to their impact on the financial statements. The evaluation of the design of the controls allows to identify if the associated risks are covered by adequate controls. On the other hand, the evaluation of operational effectiveness, which considers the testing of controls, makes it possible to verify that they are correctly executed.

- Risk appetite: considers the periodic control and monitoring of the level of risk appetite for Operational Risk, based on the defined metrics and thresholds.

The combination of all the areas previously indicated, together with the regulatory framework and the corresponding governance structure, constitute the comprehensive management of Operational Risk. This management focuses on the identification of the root cause of the risks to prevent their occurrence and the mitigation of their possible consequences.

Each of the areas can give rise to the definition of action plans or indicators that allow adequate monitoring of each risk.

47. Risk Management and Report, continued:

(5) Operational risk, continued:

Below is the exposure to net loss, gross loss and recoveries due to operational risk events as of March 31, 2022 and 2021:

Category	March 2022 Lost Gross MCh$	March 2022 Recoveries MCh$	March 2022 Lost Net MCh$	March 2021 Lost Gross MCh$	March 2021 Recoveries MCh$	March 2021 Lost Net MCh$
Internal fraud	—	—	—	9	—	9
External fraud	2,311	(1,124)	1,187	2,745	(1,312)	1,433
Work practices and safety in the business position	120	—	120	371	—	371
Customers, products and business practices	41	—	41	107	—	107
Damage to physical assets	171	(126)	45	60	—	60
Business interruption and system failures	57	—	57	27	—	27
Execution, delivery and process management	484	(3)	481	617	(64)	553
Total	3,184	(1,253)	1,931	3,936	(1,376)	2,560

Business Continuity

The Bank has a Business Continuity Management (BCM), which is in charge of the Business Continuity Management, responsible for managing and supervising the application of the policies, rules and procedures of each of these areas within the Bank and Subsidiaries.

In addition to the above, the Business Continuity Management aims to manage the strategy and control of business continuity in the operational and technological field for the Bank, maintaining alternative operation plans and controlled tests to reduce the impact of disruptive events that may affect the organization, in addition to establishing general guidelines to ensure the safety of employees, protect the organization's assets against catastrophic scenarios, maintain and update the necessary documentation and carry out training associated with this matter.

That is why Business Continuity has methodologies and controls that contribute to the application of the management model within the corporation, mainly represented in the following management areas:

- Document management: consists of submitting the documentation that supports Business Continuity to methodological updating processes, with the aim of keeping the strategy implemented in the Bank current under the BCM (Business Continuity Management) guidelines. The documents managed are, Business Continuity Policy, Business Continuity Standards, Business Continuity Testing Standard, Crisis Management Manual, Continuity Plans and Technological Recovery Procedures.

47. Risk Management and Report, continued:

(5) Operational risk, continued:

- Business continuity tests: refers to simulations of contingencies scheduled annually and that address the different risk scenarios defined for the Bank in the operational and technological fields (Failure in the Technological Infrastructure, Failure in the Physical Infrastructure, Mass Absence of Personnel, Critical Provider Service Failure and Cybersecurity). These tests allow us to keep the critical staff that operates the payment chain trained, verify and maintain the effectiveness of the Business Continuity model, under the defined procedures that support the Bank's critical products and services.

- Crisis management: internal Bank process that maintains and trains the main executive roles associated with the Crisis Groups in conjunction with the main strategic recovery processes and the structures defined in the BCM model. In such a way to maintain validity and constantly strengthen the different areas necessary for the preparation, execution and monitoring, which will allow facing crisis events in the Bank.

- Management with critical suppliers: constitutes the management, control and testing of the Business Continuity Plans implemented by the suppliers involved in the processing of critical products and services for the Bank, associated with the established risk scenarios and with the direct relation to the contracted service. Likewise, there is an integration and participation of the Suppliers Operating Committee.

- Alternate sites: contemplates the management and control of secondary physical locations for the critical units of the Bank, to continue the operation in case of failure in the main work location. The objective is to protect and maintain the validity of the technological and operational functionalities of the alternative sites, to reduce recovery times in the event of a crisis and that the activation be effective when their use is required.

- Relationship with subsidiaries: consists of the permanent control, management and leveling of the compliance of subsidiaries under the methodology and strategic lines established by the Bank in crisis environments and Business Continuity management. Safeguarding the homologation of Policies, Continuity Plans, Procedures and Standards established in the Bank.

- Complements to internal and management processes: considers the application of continuous improvement, automation and adaptation of the resources used in the internal processes of the business continuity model, with the aim of improving response times before the delivery and analysis of information in contingencies, complementing the processes managed by the BCM.

47. Risk Management and Report, continued:

(5) Operational risk, continued:

- Internal control activities: Includes the performance of activities of the global and comprehensive management of BCM, in the field of compliance with both internal and external regulators. In the same way, the permanent participation and presence in the different Boards/Committees established within the government and management of the Bank.

The global integration of all the areas previously mentioned, together with the regulatory framework and the corresponding governance structure, constitute the integral management of the business continuity model or BCM of Banco de Chile.

Cybersecurity

The Cyber Defense Management is responsible for safeguarding information assets through the detection, response and containment of threats. Likewise, this department is responsible for managing cybersecurity incidents in an assertive and timely manner, minimizing the impact and improving response times, with the aim of protecting the bank's operations. The Engineering Department is in charge of defining, implementing and maximizing existing protection technologies against cyber threats, and defining and maintaining the security architecture. The Technological Risk Management is responsible for identifying, evaluating, treating and reporting information security, technological and cybersecurity risks, this includes the management of technological risks in the Bank's projects. The Strategic Management Deputy Manager is responsible for defining and managing the Cybersecurity Project Plan in line with the Bank's Strategic Plan, guaranteeing the effective and efficient use of resources, and imparting and controlling the Cybersecurity guidelines to suppliers. Finally, the Assurance Deputy Manager is responsible for reviewing compliance with the Strategic Plan, the policies, procedures and the regulatory framework regarding cybersecurity. Also to develop and implement the Cybersecurity Awareness Program.

48. Information on Regulatory Capital and Capital Adequacy Ratios:

Requirements and Capital Management:

The main objectives of the Bank's capital management are to ensure the adequacy and quality of its capital, at a consolidated level, based on managing the risks it faces in its operations, establishing sufficient capital levels, through the definition of an internal objective, which supports both the business strategy and stress scenarios in the short and medium terms, thus ensuring compliance with regulatory requirements, a solid credit rating and adequate capital clearances. During 2021, the Bank has comfortably met the required capital requirements.

As part of its Capital Management Policy, the Bank has established capital adequacy alerts and limits, which are monitored by the governance structures that the Bank has established for these purposes, including the Capital Management Committee. During 2021, none of the internal alerts defined by the Bank were activated as part of the Capital Risk Appetite Framework.

The Bank manages capital based on its strategic objectives, its risk profile and its ability to generate cash flows, as well as the economic and business context in which it operates. Consequently, the Bank may modify the amount of payment of dividends to its shareholders or issue basic capital, additional tier 1 capital or tier 2 capital instruments. The adequacy of the Bank's capital is monitored using, among other measures, the indices and rules established by the CMF, as well as the alerts and internal limits that the Capital Management Committee and board of directors have defined for such purposes.

Capital Requirements

In accordance with the General Banking Law, the effective equity of a bank may not be less than 8% of its risk-weighted assets (RWA), net of required provisions. Additionally, it establishes that the Basic Capital may not be less than 4.5% of its APR or 3% of its total assets. Regarding Tier 1 capital, corresponding to the sum of Basic Capital, bonds with no maturity date and preferred shares, it is established that it may not be less than 6% of their RWAs, net of required provisions. Likewise, banking entities must comply, as established by current regulations or regulators, with capital buffers, such as the conservation buffer, the systemically important buffer, the countercyclical buffer and/or capital charges by pillar 2.

Adoption of the Basel III standard

In 2019, the CMF began the regulatory process for the implementation of Basel III standards in Chile, as established in Law No. 21,130 that modernizes banking legislation. During the years 2020 and 2021, the CMF promulgated the different regulations for the adequacy of the Basel III standard for local banking, which are applicable as of December 1, 2021. The regulation includes the standard methodologies to determine, among others, Credit, Operational and Market Risk-Weighted Assets, regulatory capital, leverage ratio and systemically important banks. Additionally, the regulations describe requirements and conditions applicable to: (i) the application of internal models for the calculation of certain risk-weighted assets, (ii) the issuance of hybrid capital instruments, (iii) market disclosure requirements (Pillar 3), (iv) the principles for determining capital buffers (countercyclical and conservation), (v) additional requirements to which banks defined as systemically important and (vi) the criteria to determine additional capital requirements for banks with deficiencies identified in the supervision process (Pillar 2), among others.

48. Information on Regulatory Capital and Capital Adequacy Ratios, continued:

The aforementioned Basel III banking solvency standards consider a series of transitory regulations. These measures include: i) the gradual adoption of the conservation buffer and requirements for systemic banks, ii) the gradual application of adjustments to regulatory capital, iii) the temporary substitution of additional tier 1 capital (AT1) for tier 2 capital instruments, that is, subordinated bonds and additional provisions and iv) gradualness to continue recognizing subordinated bonds issued by banking subsidiaries as effective equity.

Below are indicators and indices applicable as of December 1, 2021:

Item No.	Total assets, risk-weighted assets and components of the effective equity according to Basel III Item description	Overall consolidated Mar-2022 MCh$	Local and Overall consolidated Dec-2021 MCh$
1	Total assets according to the statement of financial position	49,985,914	51,702,439
2	Non-consolidated investment in subsidiaries	—	—
3	Assets discounted from regulatory capital, other than item 2	109,800	61,953
4	Derivative credit equivalents	1,218,729	1,782,784
4.1	Financial derivative contracts	2,486,717	2,983,299
5	Contingent loans	2,595,988	2,612,170
6	Assets generated by the intermediation of financial instruments	—	—
7	**= (1-2-3+4-4.1+5-6) Total assets for regulatory purposes**	51,204,114	53,052,141
8.a	Credit risk weighted assets, estimated according to the standard methodology (CRWA)	27,458,583	28,280,605
8.b	Credit risk weighted assets, estimated according to internal methodologies (CRWA)	—	—
9	Market risk weighted assets (MRWA)	1,343,355	1,342,767
10	Operational risk weighted assets (ORWA)	3,116,651	2,946,980
11.a	**= (8.a/8.b+9+10) Risk-weighted assets (RWA)**	31,918,589	32,570,352
11.b	**= (8.a/8.b+9+10) Risk-weighted assets, after application of the output floor (RWA)**	31,918,589	32,570,352
12	Owner's equity	4,199,906	4,223,013
13	Non-controlling interest	1	1
14	Goodwill	—	—
15	Excess minority investments	—	—
16	**= (12+13-14-15) Core Tier 1 Capital (CET1)**	4,199,907	4,223,014
17	Additional deductions to core tier 1 capital, other than item 2	—	—
18	**= (16-17-2) Core Tier 1 Capital (CET1)**	4,199,907	4,223,014
19	Voluntary provisions (additional) imputed as additional Tier 1 capital (AT1)	319,186	325,704
20	Subordinated bonds imputed as additional tier 1 capital (AT1)	—	—
21	Preferred shares allocated to additional tier 1 capital (AT1)	—	—
22	Bonds without a fixed term of maturity imputed to additional tier 1 capital (AT1)	—	—
23	Discounts applied to AT1	—	—
24	**= (19+20+21+22-23) Additional Tier 1 Capital (AT1)**	319,186	325,704
25	**= (18+24) Tier 1 Capital**	4,519,093	4,548,718
26	Voluntary provisions (additional) imputed as Tier 2 capital (T2)	291,066	214,548
27	Subordinated bonds imputed as Tier 2 capital (T2)	883,859	871,079
28	**= (26+27) Equivalent tier 2 capital (T2)**	1,174,925	1,085,627
29	Discounts applied to T2		
30	**= (28-29) Tier 2 capital (T2)**	1,174,925	1,085,627
31	**= (25+30) Effective equity**	5,694,018	5,634,345
32	**Additional basic capital required for the constitution of the conservation buffer**	—	—
33	**Additional basic capital required to set up the countercyclical buffer**	—	—
34	**Additional basic capital required for banks qualified as systemic**	—	—
35	**Additional capital required for the evaluation of the adequacy of effective equity (Pillar 2)**	—	—

48. Information on Regulatory Capital and Capital Adequacy Ratios, continued:

Capital Adequacy Ratios and Regulatory Compliance according to Basel III	Local and Overall consolidated March-2022 %
Leverage Ratio	8.20%
Leverage Ratio that the bank must meet, considering the minimum requirements	3%
CET 1 Capital Ratio	13.16%
CET 1 Capital Ratio that the bank must meet, considering the minimum requirements	4.50%
Capital buffer shortfall	—
Tier 1 Capital Ratio	14.16%
Tier 1 Capital Ratio that the bank must meet, considering the minimum requirements	6.00%
Total or Regulatory Capital Ratio	17.84%
Total or Regulatory Capital Ratio that the bank must meet, considering the minimum requirements	8.00%
Total or Regulatory Capital Ratio that the bank must meet, considering the charge for article 35 bis	9.5%
Total or Regulatory Capital Ratio that the bank must meet, considering the minimum requirements, conservation buffer and countercyclical buffer	8.625%
Credit rating	A
Regulatory compliance for Capital Adequacy	
Additional provisions computed in Tier 2 capital (T2) in relation to CRWA	1.06%
Subordinated bonds computed as Tier 2 capital (T2) in relation to CET 1 Capital	21.04%
Additional Tier 1 Capital (AT1) in relation to CET 1 Capital	7.60%
Voluntary (additional) provisions and subordinated bonds computed as AT1 in relation to RWAs	1.00%

Below, for comparative purposes, the amounts and ratios determined using the dispositions in effect up to November 30, 2021 are presented:

	March 2022 (*) MCh$	December 2021 (*) MCh$
Basic capital	4,199,906	4,223,013
Effective equity	5,501,094	5,522,703
Consolidated assets Total	53,402,715	55,261,371
Consolidated credit risk weighted assets Total	33,386,369	34,288,733

	Ratio	
	March 2022 (*) %	December 2021 (*) %
Basic capital / consolidated assets	7.86	7.64
Effective equity/ Consolidated risk weighted assets	16.48	16.11

(*) Information for comparative purposes based on dispositions contained in Chapter 12-1 of the RAN.

49. Subsequent Events:

The Interim Consolidated Financial Statements of Banco de Chile for the the period ended March 31, 2022 were approved by the Directors on April 28, 2022.

In Management's opinion, there are no significant subsequent events that affect or could affect the Interim Consolidated Financial Statements of Banco de Chile and its subsidiaries between March 31, 2022 and the date of issuance of these Interim Consolidated Financial Statements.

Héctor Hernández G.	**Eduardo Ebensperger O.**
General Accounting Manager	**Chief Executive Officer**