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Responsibility Statement

The Issuer with its registered office in Santiago, Chile is solely responsible for the information given in this Prospectus and in any Final Terms for each Series or Tranche of Notes issued under the Program. The Issuer hereby declares that to the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus and in any Final Terms for each Series or Tranche of Notes issued under the Program is in accordance with the facts and contains no omission likely to affect its import.

IMPORTANT NOTICES

Copies of Final Terms (as defined below) will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below) (save that a Final Terms relating to a Not which is neither admitted to trading on a regulated market in the EEA or in the UK nor offered in the EEA or in the UK in circumstances where a prospectus is required to be published under the Prospectus Regulation, including as it forms part of UK domestic law by virtue of the EUWA, will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer and the relevant Paying Agent as to its holding of Notes an identity).

This Prospectus should be read and understood in conjunction with any supplement hereto. Full information on the Issuer and any Notes issued under the Program is only available on the basis of the combination of this Prospect (including any supplement) and the relevant Final Terms.

No person is or has been authorized to give any information or to make any representations, other than thos contained in this Prospectus, in connection with the Program or the issue and sale of the Notes and, if given or made, su information or representations must not be relied upon as having been authorized by Bci. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information her is correct as of any time subsequent to the date hereof.

Neither this Prospectus nor any other information supplied in connection with the Program or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by th Issuer or any of the Dealers that any recipient of this Prospectus or any recipient of any other information supplied in connection with the Program or any Notes should purchase any Notes. Each investor contemplating purchasing any Not should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Prograr or the issue of any Notes constitutes an offer or invitation by or on behalf of either Issuer or any of the Dealers to subscribe for or to purchase any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

This Prospectus is valid for twelve months upon its date of approval. This Prospectus has been approved on June 9, 2021 and will expire on June 9, 2022. This Prospectus and any supplement thereto as well as any Final Terms reflect the status as of their respective dates of issue. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in the related documents is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial condition of the Issuer since such date or that any other information supplied in connection with the Program is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

For so long as any Notes remain outstanding, the Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus that is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes. The obligation to supplement this Prospectus in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus shall expire when this Prospectus is no longer valid.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by United State Treasury Regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Co and the regulations promulgated thereunder.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in complianc with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has be taken by the Issuer or the Dealers which would permit a public offering of any Notes in any jurisdiction other than

Member State of the EEA or the UK or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA (and, in particular, without limitation, in Luxembourg, France, Italy and the Netherlands), the UK, Australia, Brazil, Chile, Dubai, Hong Kong, Japan, Peru, Singapore and Switzerland (see ³Transfer and Selling Restrictions´ ,Q PDNLQJ DQ LQYHVWPHQW GHFLVLRQ LQYHVW the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been DSSURYHG RU GLVDSSURYHG E\ WKH 8QLWHG 6WDWHV 6HFXULWLHV DQG ([FKDQJH &RPPLVVLRQ RU DQ\ RWKHU VWDWH commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

In particular, Notes have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons unless the Notes are registered under the 6HFXULWLHV $FW RU DQ H[HPSWLRQ IURP WKH UHJLVWUDWLRQ UHTXLU ³Description of the Notes² Forms of Notes´ IRU D GHVFULSWLRQ RI WKH PDQQHU LQ ZKLFK 1RWHV Z FHUWDLQ UHVWULFWLRQV RQ WUDQVIHU ³Transfer and Selling Restrictions´ 5HJLVWHUHG 1RWHV PD\ EH RI United States only WR 4,%V LQ WUDQVDFWLRQV H[HPSW IURP UHJLVWUDWLRQ ³U.S. Information´ below).

Neither this Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

Neither this Prospectus nor any Final Terms should be considered as a recommendation or a statement of an opinion (or a report of either of those things) by Bci, the Dealers or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own appraisal of the condition (financial or otherwise) of the Issuer.

None of the Dealers or the Issuer makes any representation to any purchaser of the Notes regarding the legality of its investment under any applicable laws. Any purchaser of the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer. The Dealers do not accept any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Program.

U.S. Information

This Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs (as GHILQHG XQGHU ³Description of the Notes² Forms of Notes´ IRU LQIRUPDWLRQDO XVH VROHO\ consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

(DFK SXUFKDVHU RU 1RWHKROGHU UHSUHVHQWHG E\ D 5XOH $ Registered Notes below) or any Notes issued in registered form in exchange or substitution therefor WRJHWKHU ³Legended Notes´ ZLOO EH deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements LQWHQGHG WR UHVWULFW WKH UHVDOH RU RWKHU WUDQVIHU RI VXFK otherwise stated, terms XVHG LQ WKLV SDUDJUDSK KDYH WKH PHDQLQJ JLYHQ W Forms of 1RWHV ´

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rat Any such reference rate may constitute a EHQFKPDUN IRU WKH SXUSRVHV RI 5HJXODWLRQ BMR , such reference rate does constitute such a benchmark, the relevant Final Terms will indicate whether or not the benchma is provided by an administrator included in the register of administrators and benchmarks established and maintained by the (XURSHDQ 6HFXULWLHV DQG 0DUNHWV $XWKRULW\ ESMA ´ SXUVXDQW WR $UWLFOH Register of administrators and benchmarks) of the BMR. Transitional provisions in the BMR may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms. The registrati status of any administrator under the BMR is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms to reflect any change in the registration status of the administrat

Amounts payable under the Notes may be calculated by reference to the London Interbank Offered Rate LIBOR ´, WKH (XUR ,QWHUEDQN 2IIHUHG 5DWH EURIBOR ´ SURYLGHG E\ ,&(%HQF Limited and the European Money Markets Institute, respectively, or other reference rates described in this Prospectus. As of the date of this Prospectus, the European Money Markets Institute does not appear on the register of administrators an benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of th BMR.

As far as the Bank is aware, the transitional provisions in Article 51 of the BMR apply, such that ICE Benchmark Administration Limited and the European Money Markets Institute are not currently required to obtain authorization or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Any websites hyperlinks included in this Prospectus are for information purposes only and do not form part of this Prospectus.

NOTICE TO PROSPECTIVE INVESTORS IN CHILE

The Notes will not be registered in the securities registry (registro de valores) of the Financial Market Commission (Comisión para el Mercado Financiero CMF ´ DQG WKH 1RWHV Notes are not subject to the supervision of the CMF as unregistered securities, we are not required to disclose public information about the Notes in Chile. Accordingly, the Notes cannot and will not be publicly offered to persons in Chile. The Notes may only be offered in Chile LQ FLUFXPVWDQFHV WKDW GR QRW FRQVWLWXWH D SXEOLF RIIHULQJ XQGHU /DZ No. 18,045 on securities market law Chilean securities market law´ 7KH 1RWHV PD\ EH SULYDWHO\ RIIHUHG LQ &KLOH WR (such as banks, pension funds and insurance companies) which are required to comply with specific terms relating to the purchase of the Notes.

NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE

Unless otherwise stated in the Final Terms, in connection with Section 309B of the Securities and Futures Act (Chapter RI 6LQJDSRUH DV PRGLILHG IURP WLPH WR WLPH SFA ´ DQG WKH 6HFXULWLHV DQG)XWXUHV & 0DUNHWV 3URGXFWV 5HJXODWLRQV CMP Regulations 2018 ´ LQ, the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PROHIBITION OF SALES TO RETAIL INVESTORS IN THE UNITED KINGDOM

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwi made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professiona client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of GRPHVWLF ODZ E\ YLUWXH RI WKH (8:$ UK PRIIPs Regulation ´ IRU RIIHULQJ RU VHOOLQJ WKH 1 or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwis making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

ADDITIONAL NOTICE TO INVESTORS IN THE UNITED KINGDOM

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LQYHVWRUV´ ZLWKLQ WKH PHDQLQJ 5HJXODWLRQ (8 DV DPHQ
EUWA DQG WKDW DOVR L DUH ³LQYHVWPHQW SURIHVVLRQDOV´ DV GHIL
$FW)LQDQFLDO 3URPRWLRQ Order 2UGHU LL DUH DPHQGHG WKH ³QJ ZL
G ³KLJK QHW ZRUWK FRPSDQLHV XQLQFRUSRUDWHG DVVRFLDWLRQV HWF ´
or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons
WRJHWKHU EHLQJ relevant persons UHIHUUHG WR DV ,Q WKH ³8. WKLV 3URVSHFWXV LV GLUHFW
not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available in the UK only to relevant persons and will be engaged in only with relevant persons.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as
DPHQGHG WKH ³PRIIPs Regulation´ IRU RIIHULQJ RU VHOOLQJ WKH 1RWHV RU RWKHUZ
in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend entitled ³0L),' ,, 3URGXFW *RYHUQDQ
outline the target market assessment in respect of the Notes and which channels for distribution of the Notes ar appropriate. Any person subject to MiFID II subsequently offering, selling or recommending the Notes (a ³Distributor´) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product
*RYHUQDQFH UXOHV XQGHU (8 'HOHJDWHG 'LUHFWLYH the ³MiFID Product Governance Rules´ DQ\ 'HDOHU
subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers n any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE/TARGET MARKET

7KH)LQDO 7HUPV LQ UHVSHFW RI DQ\ 1RWHV PD\ LQFOXGH D OHJHQG
outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention a
PURGXFW *RYHUQDQFH 6RXUFHERRN WKH ³UK MiFIR Product Governance Rules´ LV UHVSRQVLEOH IRU XQ
target market assessment in respect of the Notes (by either adopting or refining the target market assessment) a determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neith the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

RATINGS

$V RI WKH GDWH RI WKLV 3URVSHFWXV 0RRG\¶V KDV assigned an A2 senior 6H XQVHFXUHG GHEW UDWLQJ WR WKH %DQN DQG 6WDQGDUG DQG 3RRU¶V KDV DVVLJQHG long-term foreign issuer credit rating to the Bank.

0RRG\¶V DQG 6WDQGDUG 3RRU¶V DUH QRW LQFRUSRUDWHG LQ W registered in accordance with the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on cred rating agencies, amended by Regulation (EC) No. 513/2011, Directive 2011/61/EU and Regulation (EU) No. 462/2013 (th "CRA Regulation´ QRU KDYH WKH UDWLQJV JLYHQ E\ WKHVH DJHQFLHV EHH the European Union and registered under the CRA Regulation. The European Securities and Markets Authority publishe on its website (www.esma.europa.eu) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 of the CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

The rating of a certain Series or Tranche of Notes to be issued under the Program may be specified in th applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series or Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will b disclosed clearly and prominently in the Final Terms.

A rating is not a recommendation to buy, sell or hold Notes issued under the Program and may be subject t suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal o the rating assigned to the Bank may adversely affect the market price of the Notes issued under the Program.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities´ ZLWKLQ WKH meaning of the Securities Act, the Issuer has undertaken in the Dealer Agreement dated -XO\ WKH "Dealer Agreement´ WR IXUQLVK XSRQ WKH UHTXHVW RI D KROGHU therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 1 or 15(d) of the U.S. Securities Exchange Act of 1934 DV DPHQGHG WKH "Exchange Act´ QRU H[HPSW IURP pursuant to Rule 12g3-2(b) thereunder.

CERTAIN TERMS AND CONVENTIONS

General

8QOHVV RWKHUZLVH LQGLFDWHG RU WKH FRQWH[W RWKHUZLVH UH ³RXU´ ³RXUV´ ³XV´ RU VLPLODU WHUPV UHIHU WR %DQFR GH &UpGLW consolidated subsidiaries. We conduct our Chilean commercial banking activities through Bci and various non-banking activities through subsidiaries. 6HH ³%XVLQHVV´ ³&LW\ 1DWLRQDO %DQN RI) National Bank of Florida and its subsidiaries, unless the context otherwise requires.

Currency Presentation

,Q WKLV 3URVSHFWXV UHIHUHQFHV WR ³86 GROODUV´ ³86´ RU ³86´ DUH WR 8QLWHG ³&KLOHDQ SHVRV´ ³SHVRV´ RU ³&K´ DUH WR &KLOHDQ SHVRV UHIHUH are to the Japanese Yen.

5HIHUHQFHV WR ³8)´ DUH WR Unidades de Fomento. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the official consumer price index of the Instituto Nacional de Estadísticas WKH Chilean National Institute of Statistics´ 7he UF is revalued in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month. As of December 31, 2018, 2019 and 2020, the value of the UF was Ch$27,546.22, Ch$28,309.94 and Ch$29,070.33, respectively.

This Prospectus contains translations of certain Chilean peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Chilean peso amo actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated, at any particular rate or at all.

Unless otherwise indicated, the exchange rate used in converting Chilean pesos into U.S. dollars for amount presented as of and for the years ended December 31, 2018, 2019 and 2020, as the case may be, were based on the observed exchange rate (dólar observado) reported by the Central Bank of Chile (Banco Central de Chile) for December 31, 2018, which was Ch$694.77 per US$1.00, December 31, 2019, which was Ch$748.74 per US$1.00 and December 31, 2020, which was Ch$710.95 per US$1.00, respectively.

The rates reported by the Central Bank of Chile for December 31, 2018, 2019 and 2020 are based upon the observed exchange rate which it publishes on the first business day following the respective date. The Federal Reserve Bank of New York WKH ³FRBNY´ GRHV QRW UHSRUW D QRRQ EX\LQJ UDWH IRU SHV information regarding rates of exchange.

ENFORCEMENT OF CIVIL LIABILITIES

We are an open stock corporation (*sociedad anónima abierta*) organized under the laws of Chile and are licensed as a commercial bank by the CMF. Substantially all of our directors and officers and certain experts named herein resid outside the United States (principally in Chile). A substantial portion of our assets and the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within th United States upon us or such persons or to enforce against us or them in U.S. courts judgments predicated upon the civil liability provisions of the laws of jurisdictions other than Chile, including any judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

We have been advised by our external Chilean counsel that no treaty exists between the United States and Ch for the reciprocal enforcement of foreign judgments. Chilean courts would enforce judgments rendered by U.S. courts by virtue of the legal principles of reciprocity and comity, subject to review in Chile of any such U.S. judgment in order to ascertain whether certain basic principles of due process and public policy have been respected, without retrial or review the merits of the subject matter. If a U.S. court grants a final judgment, enforceability of this judgment in Chile will be subject to obtaining the relevant *exequatur* (i.e., recognition and enforcement of the foreign judgment) according to Chilean civil procedure law in force at that time and satisfying certain legal requirements. Currently, the most important of these requirements are:

- the existence of reciprocity, absent which the foreign judgment may not be enforced in Chile;
- the absence of any conflict between the foreign judgment and Chilean law (excluding for this purpose the laws of civil procedure) and public policy;
- the absence of a conflicting judgment by a Chilean court relating to the same parties and arising from the same facts and circumstances;
- WKH REVHUYDQFH RI DOO DSSOLFDEOH ODZV WR VHUYH SURFH defense; and
- the absence of any further means for appeal or review of the judgment in the jurisdiction where judgment was rendered.

We have been advised by our external Chilean counsel that there is doubt as to the enforceability, in original actions in Chilean courts, of liabilities predicated solely on the U.S. federal securities laws and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

CAUTIONARY DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements in this Prospectus that constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements appear throughout this Prospectus. Examples of such forward-looking statements include:

- statements of our plans, objectives or goals, including those related to anticipated trends, competition or regulation;
- statements about our future economic performance and that of Chile or other countries in which we operate;
- statements about our exposure to market risks, including interest rate risks, foreign exchange risk and equity price risk; and
- statements of assumptions underlying such statements.

The sections of this Prospectus that contain forward-looking statements include "Risk Factors," "Overview of the Bank" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Words such as "believes," "expects," "anticipates," "aim," "combined," "estimates," "probability," "risk," ... intended to identify forward-looking statements but are not the exclusive means of identifying such statements. These statements may relate to (i) our asset growth and financing plans, (ii) trends affecting financial condition or results of operations, and (iii) the impact of competition and regulations, but are not limited to such topics. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially and adversely from those described in such forward-looking statements included in this Prospectus as a result of various factors (including, without limitation, the actions of competitors, future global economic conditions, market conditions, foreign exchange rates and operating and financial risks), 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.

You should understand that the following important factors, in addition to those discussed elsewhere in this Prospectus, could affect our future results and could cause those results or other outcomes to differ materially and adversely from those expressed in our forward-looking statements:

- the pandemic of the coronavirus disease 2019 (COVID-19) caused by the 2019 novel coronavirus (SARS-CoV-2) has had and is currently having an indeterminable adverse impact on the world economy;
- changes in capital market conditions in general that may affect policies or attitudes towards lending to Chile or Chilean companies;
- changes in general economic, legal, business, political or other conditions in Chile or elsewhere in Latin America or in the United States;
- the monetary and interest rate policies of the Central Bank of Chile;
- unanticipated movements or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- changes in, or our failure to comply with, Chilean and foreign laws and regulations, including banking regulations and capital requirements;
- changes in taxes;
- changes in competition and pricing environments;
- credit and other lending risks, including an increase in defaults on our loan portfolio;

- acquisitions, and our ability to successfully integrate the operations of the businesses or assets that we acquire;
- our inability to hedge certain risks economically;
- the adequacy of allowances for loan losses;
- extraneous events, such as terrorist attacks, organized crime activities, geopolitical events, war or natural disasters, such as earthquakes, tsunamis, pandemics, including COVID-19, and wildfires;
- public health emergencies;
- changes in technology or failure of or interruptions to our technology systems, including those caused by cyberattacks;
- inability to timely and duly enforce our claims on collateral provided by borrowers;
- changes in consumer spending and saving habits;
- unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms;
- loss of reputation for our brands or services and maintenance of our relationships with customers;
- any loss of significant customers;
- our ability to retain our key personnel and to hire additional key personnel;
- changes in labor relations, including any increases in labor costs or any labor strikes; and
- WKH IDFWRUV GHVFULEHG XQGHU ³5LVN)DFWRUV´ EHJLQQLQJ R

The forward-looking statements contained in this document speak only as of the date of this Prospectus, and we do not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

GENERAL DESCRIPTION OF THE PROGRAM

General

Under this Program, the Issuer may from time to time issue Notes to one or more of the following Dealers: BofA Securities, Inc., BNP Paribas Securities Corp., Citigroup Global Markets Inc., Citigroup Global Markets Limited, Daiwa Capital Markets America Inc., Goldman Sachs & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Mizuho Securities USA LLC, MUFG Securities Americas Inc., Standard Chartered Bank, and any other Dealer appointed from time to time in accordance with the Dealer Agreement which appointment may be for a specific issue or on an on JRLQJ EDVLV Dealer HDFK D “Dealer” DQG WRJHWKHU Dealers WKH “Dealers”. 5HIHUHQFHV LQ WKLV 3URVSHFWXV shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Each Series of Notes is issued either in bearer form or in registered form and Notes comprising each such Series ZLOO EH LVVXHG LQ HDFK FDVH LQ WKH QRPLQDO DPRXQW Specified Denomination RI WKH WKH applicable final terms WKH Final Terms. 7KH PD[LPXP DJJUHJDWH SULQFLSDO DPRXQW outstanding under the Program will not exceed US$4,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement), subject to increase in accordance with the terms of the Dealer Agreement.

Notes will be issued by the Issuer, indistinctly, through its head office in Santiago, Chile, or its branch office in Miami, Florida, United States, as it will be specified in the applicable Final Terms.

Notes may be distributed by way of public offer (in jurisdictions in which a public offer of the Notes is permitted) or private placement and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be stated in the applicable Final Terms.

1RWHV ZLOO EH LVVXHG RQ D FRQWLQXRXV EDVLV LQ Tranche WUDQFKHV HDFK D which are identical in all respects (including as to admission to trading and listing). One or more Tranches which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (except for different issue dates, interest commencement dates LVVXH SULFHV DQG GDWHV IRU ILUVW LQWHUHVW SD\PHQWV Series IRUP D. Further Notes may be issued as part of existing Series. The specific terms of each Tranche will be set forth in the applicable Final Terms.

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms. If the Notes are admitted to trading on a regulated market or other trading platform in the EEA or UK or offered to the public in a Member State of the EEA or in the UK in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation, the minimum Specified Denomination of the Notes will be Euro 100,000 (or, if the Notes are denominated in a currency other than the Euro, the equivalent amount in such currency) or such higher amount as may be allowed or required from time to time by the relevant Central Bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Notes having a maturity of less than 12 months will not be offered to the public or admitted to trading on a regulated market.

Notes may be issued at an issue price which is at par or at a discount to, or premium over par, as specified in the applicable final terms.

The offering of the Notes by the Dealers is subject to receipt and acceptance R... right to reject any order in whole or in part.

References in this Prospectus to Notes which are intended to be listed (and all related references) shall mean that an application will be made for such Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for purposes of MiFID II. The Program provides that the Notes (other than Indexed Notes) may be listed or admitted to trading on other or further stock exchanges including, but not limited to, the Frankfurt Stock Exchange and the SIX Swiss Exchange, as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Prospective purchasers of Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own financial situation. Certain issues of Notes involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and DUH QRW UHO\LQJ RQ WKH DGYLFH RI WKH ,VVXHU RU DQ\ 'HDOHU LQ W

Bearer Notes will be accepted for clearing through one or more Clearing Systems as specified in the applicable)LQDO 7HUPV 7KHVH &OHDULQJ 6\VWHPV ZLOO LQFOXGH WKRVH RSI Clearstream Banking, société anonyme /X[HPERXUJ "Clearstream, Luxembourg" DQG Euroclear Bank S.A./N.V. "Euroclear"

Registered Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of The 'HSRVLWRU\ 7UXVW DTC" &RPSDQ\ GHSRVLWHG ZLWK D FRPPRQ GHSRVLWD name of a common nominee of, Euroclear and Clearstream, Luxembourg, or (iii) be deposited with a custodian or depositary for, an registered in the name of, a nominee of any other clearing system specified for a particular Tranche or Series of Notes, each case, as specified in the applicable Final Terms. No beneficial owner of an interest in a Registered Note will be abl to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstrear Luxembourg, in each case to the extent applicable.

%DQN RI $PHULFD 1DWLRQDO $VVRFLDWLRQ RSHUDWLQJ Fiscal Agent" XQOHVV RWKHUZLVH VWDWHG LQ WKH DSSOLFDEOH acting through LWV /RQGRQ EUDQFK Non-U.S. Transfer Agent" DQG %DQN RI $PHULFD 1DWLRQDO U.S. Transfer Agent" ZLOO DFW DV Transfer Agents %DQN RI $PHULFD 1DWLRQDO $VVR its London EUDQFK Non-U.S. Paying Agent" %DQN RI $PHULFD U.S. Paying Agent" DQG RWKHU LQVWLWXWLRQV DOO DV LQGLFDWHG Paying Agents" America Merrill Lynch International '$& ZLOO DFW DV Luxembourg Listing Agent" %DQN RI $PHULFD 1DWLRQDO $VVRFLDWLRQ U.S. Registrar" Lynch International DAC will act as the Luxembourg registrar Luxembourg Registrar" DQG WRJHWKHU ZL Registrars" %DQN RI $PHULFD 1DWLRQDO $VVRFLDWLRQ RSHU Exchange Agent" 7KH)LVFDO $JHQW the Paying Agents, the Luxembourg Listing $JHQW WKH 5HJLVWUDUV DQG WKH ([FKDQJH Agents" DUH KHUHLQDIWHU

The Issuer reserves the right to vary such appointments and will publish notice of such change of appointment in newspaper having a general circulation in Luxembourg (which is currently expected to be Luxemburger Wort) or on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

RISK FACTORS

An investment in the Notes is subject to risks and uncertainties. You should carefully consider the risks described below, in addition to the other information contained in this Prospectus, before deciding whether to purchase the Notes. Realization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations or could materially and adversely affect the value or liquidity of the Notes and result in the loss of all or part of your investment in the Notes. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect us, which could also result in the loss of all or part of your investment in the Notes.

Risks Relating to our Business

Fluctuations in inflation may affect our results of operations.

Chile experienced inflation of 2.7%, 2.3%, 2.6%, 3.0% and 3.0% during 2016, 2017, 2018, 2019 and 2020, respectively. During the last four years, inflation was within the target inflation range of 2% to 4% defined by the Central Bank of Chile. High and extended levels of inflation in Chile could adversely affect the Chilean economy and have an adverse effect on our business, financial condition and results of operations. The possibility of a deflationary environment could also have an adverse effect on our business, financial condition and results of operations.

Our assets and liabilities are denominated in Chilean pesos, UF and foreign currencies. The UF is revalued in monthly cycles. On each day in the period beginning on the tenth day of any given month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the variation in the Chilean consumer price index during the prior calendar month. There can be no assurance that our business, financial condition and result of operations in the future will not be adversely affected by changing levels of inflation, including from extended periods of inflation that adversely affect economic growth or periods of deflation.

Our results of operations are affected by interest rate volatility.

Our results of operations depend to a great extent on our net interest income. Net interest income represented 68.1% of our operating income in 2018, 68.1%, 69.9% in 2019, and 71.8% in 2020. Changes in market interest rates could affect the interest rates earned on our interest-earning assets differently from the interest rates paid on our interest-bearing liabilities, leading to a reduction in our net interest income. In addition, increases in interest rates could increase the debt service obligations of our customers and result in higher levels of impaired loans.

Interest rates are highly sensitive to many factors beyond our control, including the reserve policies of the Central Bank of Chile, deregulation of the financial sector in Chile, domestic and international economic and political conditions, among other factors. In the current economic climate, there is a greater degree of uncertainty and unpredictability in the policy decisions and the setting of interest rates by the Central Bank of Chile.

Global macroeconomic conditions have deteriorated as a result of the expansion of the coronavirus (COVID-19) pandemic and the associated financial turmoil, which has negatively affected and continues to negatively affect households, businesses and the economy. In response to these developments, central banks have adopted significant monetary stim aimed to facilitating the provision of liquidity and the normal functioning of credit markets. On March 16, 2020, the Central Bank of Chile announced a reduction of 75 basis points in the monetary policy interest rate bringing it down to 1%, and on March 31, 2020, the Central Bank of Chile announced a further reduction in the monetary policy interest rate to the current level of 0.5%, a technical minimum. Any changes in interest rates could adversely affect our business, our future financial performance and the price of our securities. The following table shows the monetary policy interest rate as reported by the Central Bank of Chile at the dates indicated.

Date	Average Monetary Policy Interest Rate (%)
December 31, 2011	4.7
December 31, 2012	5.0
December 31, 2013	4.9
December 31, 2014	3.7
December 31, 2015	3.1
December 31, 2016	3.5
December 31, 2017	2.7
December 31, 2018	2.6
December 31, 2019	2.4
December 31, 2020	0.79

Source: Central Bank of Chile.

Increased competition and industry consolidation may adversely affect our results of operations.

The Chilean market for financial services is highly competitive. We compete with other private sector Chilean and non-Chilean banks, with Banco del Estado de Chile (the only public sector bank) and with department stores and larger supermarket chains that make consumer loans and sell other financial products to a large portion of the Chilean populatio The lower middle- to middle-income segments of the Chilean population and the small- and medium-sized corporate segments have become the target markets of numerous other banks, and competition in these segments is likely to increas As a result, net interest margins in these segments are likely to decline generally, and we cannot assure you that our r interest margins will be maintained at their current levels. In addition, there has been a trend towards consolidation in the Chilean banking industry in recent years, which has created larger and stronger banks with which we must now compet There can be no assurance that this increased competition will not adversely affect our growth prospects and operations by decreasing the net interest margins we are able to generate. We also face competition from non-bank and non-finance competitors (principally department stores and large supermarket chains) with respect to some of our credit products, such as credit cards, consumer loans and insurance brokerage. In addition, we face competition from non-bank finance competitors, such as leasing, factoring and automobile finance companies as well as saving associations, with respect to credit products, and from mutual funds, pension funds and insurance companies with respect to savings products.

Non-traditional providers of banking services, such as internet based commerce providers, mobile telephone companies and internet search engines may offer and/or increase their offerings of financial products and services direct to customers. These non-traditional providers of banking services currently have an advantage over traditional providers because they are not subject to banking regulation. Several of these competitors may have long operating histories, lar customer bases, strong brand recognition and significant financial, marketing and other resources. They may adopt mo aggressive pricing and rates and devote more resources to technology, infrastructure and marketing.

The persistence or acceleration of this shift in demand towards internet and mobile banking may necessitat changes to our retail distribution strategy, which may include closing and/or selling certain branches and restructuring our remaining branches and work force. These actions could lead to losses on these assets and may lead to increa expenditures to renovate, reconfigure or close a number of our remaining branches or to otherwise reform our retail distribution channel. Furthermore, our failure to swiftly and effectively implement such changes to our distribution strateg could have an adverse effect our competitive position.

Our ability to maintain our competitive position depends, in part, on the success of new products and services we offer our clients and our ability to continue offering products and services from third parties, and we may not be able to manage the various risks we face as we expand our range of products and services, which could have a material adverse effect on us.

The success of our operations and our profitability depends, in part, on the success of new products and servic we offer our clients. However, we cannot guarantee that our new products and services will be responsive to client demands, or that they will be successful.

,Q DGGLWLRQ RXU FOLHQWV¶ QHHGV RU GHVLUHV PD\ FKDQJH RY services obsolete, outdated or unattracWLYH DQG ZH PD\ QRW EH DEOH WR GHYHORS QHZ S needs. Our success is also dependent on our ability to anticipate and leverage new and existing technologies that may h an impact on products and services in the banking industry and our failure to effectively anticipate or adapt to emerging technologies or changes in customer behavior, including among younger customers, could delay or prevent our access t new digital-based markets, which would in turn have an adverse effect on our competitive position and business. Technological changes, including cryptocurrencies and payment systems, may further intensify and complicate the competitive landscape and influence client behavior and could require substantial expenditures to modify or adapt our existing products and services as we continue to grow our internet and mobile banking capabilities. Our customers may choose to conduct business or offer products in areas that may be considered speculative or risky. Such new technolo could negatively impact our investments in bank, premises, equipment and personnel for our branch network. If we cann respond in a timely fashion to the changing needs of our clients or our competitors are better able to anticipate mark trends, we may lose clients and market share, which could in turn materially and adversely affect us.

We are vulnerable to disruptions and volatility in the global financial markets.

Since the beginning of the financial crisis in 2008, the global financial system has experienced changing financial conditions. Initially, the negative effects of the crisis meant tighter financial conditions that led to greater volatility, widening of interest rates spreads, tighter liquidity conditions and, in some cases, lack of price transparency in interbank lending. As a result, the world economy deteriorated significantly from the second half of 2008 and many countries, including the United States fell into recession. Many major financial institutions, including some RI WKH ZRUOG¶V commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies have experien significant difficulties. In many parts of the world, there were runs on deposits, and a number of institutions had to be capitalized, while many savers and institutional investors reduced or ceased providing funding (including other financia institutions). Although many countries have recovered, this recovery may not be sustainable.

A contraction of the global financial system or a rapid reversal of favorable financial conditions could adversely affect our ability to access capital and liquidity on financial terms acceptable to us. If capital market financing ceases t become available, or becomes excessively expensive, we may be forced to raise the rates we pay on deposits to attract customers. Any such increase in capital market funding costs or in deposit rates could have a material adverse effect on o interest margins.

In Chile, the global economic recession of 2008 caused an increase in unemployment, a decline in consumption, housing market and economic activity in general. However, helped by a significant increase in investment in mining, the economy was able to grow about 5.5% between 2010 and 2013. Thereafter, as the mining investing boom started to come to an end and international financial conditions started to normalize, the rate of growth decreased towards levels that a FORVHU WR &KLOH¶V FXUUHQW 1.7% in 2016, 1.2% in 2017, 3.9% in 2018, and 1.1% in 2019. In 2020, GDP contracted 5.8%, mainly due to the consequences of the COVID-19 pandemic.

The global economy remains fragile and the consequences for the Chilean economy from a slowdown in the world economy, and especially China, are a source of risk. In addition, the global pandemic of coronavirus (COVID-19) caused by the 2019 novel coronavirus (SARS-CoV-2) has had and continues to have a significant adverse impact on the world economy of a magnitude that is not yet determinable over the long term. Similar to other emerging countries, the Chilean economy suffered from a significant economic slowdown during 2020 (Chile GDP decreased 5.8% with respect to 2019), which is expected to continue in 2021. Any consequent disruptions in the Chilean economy, as a consequence of global disruptions, may lead to a decrease in demand for individual and corporate borrowing, a decrease in demand for financi services, a decrease in credit card spending and an increase in past due delinquent loans which may in turn materially and adversely affect our financial condition and results of operation.

Our allowances for loan losses may not be adequate to cover the future actual losses on our loan portfolio.

As of December 31, 2020, our total amount recorded to cover loan losses was Ch$950,308 million which consists of our allowance for loan losses (contra-asset account) plus an additional voluntary provision recorded in liabilities. The ratio of this total amount to our total loan portfolio as of such date was 2.74%. The amount of allowances is based on our current assessment of, and expectations relating to, various factors affecting the quality and the expected losses of our lo portfolio. These factors are beyond our control and inOXGH DPRQJ RWKHU WKLQJV RXU ERU repayment abilities and repayment intentions, the realizable value of any collateral, the prospects for support from an JXDUDQWRU &KLOH¶V HFRQRPLF VLWXDWLRQ interest rates and the legal and regulatory environment.

In addition, as these factors evolve, we may from time to time change our level of allowance for loan losses which can lead to increased provision expense. If our assessment of, and expectations relating to, the above mentioned factors differ from actual developments, or if the quality of our loan portfolio deteriorates or the future actual losses exceed our estimates, our allowances for loan losses may not be adequate to cover actual losses and we may need to make additional provisions which may materially and adversely affect our results of operations and financial condition.

Our exposure to individuals and small businesses could lead to higher levels of past due loans, allowances for loan losses and charge-offs.

A substantial number of our corporate customers consists of small- and mid-sized companies (those with annual revenues of between approximately UF2,400 and UF80,000) and individual customers in the lower- to middle-income range (those with monthly income between approximately Ch$150,000 and Ch$2,500,000) of the Chilean population. A substantial portion of our loan portfolio consists of residential mortgage and consumer loans to lower- to middle income customers and commercial loans to small- and medium-sized companies. As of December 31, 2020, loans to retail and to small- and medium-sized companies represented together approximately 38.6% of our loan portfolio at such date. In addition, important features of our strategy are to increase lending and the provision of other services to, and gain new customers in, these customer segments. The quality of our portfolio of loans to retail and small and medium-sized companies is dependent to a significant extent on economic conditions prevailing from time to time in Chile. See ³0DQDJHPHQW¶V 'LVFXVVLRQ DQG $QDO\VLV RI)LQDQFLDO &RQGLWLRQ—Overview—Impact of (FRQRPLF &RQGLWLRQV LQ &KLOH´ Small- and mid-sized companies and lower- to middle-income individuals are more likely to be more severely affected by adverse developments in the Chilean economy than large corporations an high-income individuals. As a result, lending to these segments represents a relatively higher degree of risk than lending t such other market segments. Consequently, we may experience higher levels of past due amounts, which could result higher provision for loan losses. In addition, large scale consumer and mortgage lending is a relatively new busines segment in the Chilean banking system, having existed for only 20 years. Therefore, there can be no assurance that th levels of past due amounts and subsequent charge-offs will not be materially higher in the future.

The growth of our loan portfolio may expose us to increased loan losses.

During the period from December 31, 2019 to December 31, 2020, even though our aggregate consumer loa portfolio decreased 13.9% to Ch$3,389,285 million, our commercial loan portfolio grew 7.2% to Ch$23,173,727 million. The further expansion of our loan portfolio (particularly in the consumer, small- and medium-sized companies and real estate segments) can be expected to expose us to a higher level of loan losses and require us to establish higher level provision for loan losses, particularly if our loans to borrowers in certain riskier industries do not perform as we expect.

Our loan portfolio may not continue to grow at the same or similar rates as it has grown in the past.

Our acquisitions of TotalBank in June 2018, the five entities forming part of Walmart Chile Servicios Financieros (specifically, Servicios Financieros y Administración de Créditos Comerciales S.A., Administradora de Tarjetas Servicios Financieros Limitada, Sociedad de Servicios de Comercialización y Apoyo Financiero Gestión SSFF LTDA, SSFF Corredores de Seguros y Gestión Financiera LTDA, and Servicios y Cobranzas SEYCO LTDA, which we refer to FROOHFWLYHO\ DV ³6HUYLFLRV)LQDQFLHURV´ Executive National Bank by City National Bank of Florida DQG in October 2020 led to growth of our loan portfolio.

Past performance of our loan portfolio may not be indicative of future performance. Our loan portfolio may not continue to grow at the same or similar rates as the growth rate that we historically experienced, particularly in light of the ongoing COVID-19 pandemic. Additionally, changes in the Chilean economy, a slowdown in the growth of customer demand, an increase in market competition or changes in governmental regulations could also adversely affect the rate of growth of our loan portfolio and our risk index.

The value of the collateral securing our loans may not be sufficient or may be less than initially estimated, and we may be unable to realize the full value of the collateral securing our loan portfolio.

The value of the collateral securing our loan portfolio may significantly fluctuate or decline due to factors beyond RXU FRQWURO LQFOXGLQJ PDFURHFRQRPLF IDFWRUV DIIHFWLQJ &KLO in the context of negative economic conditions. Decreased real estate prices may adversely affect us because real esta represents a significant portion of the collateral securing our residential mortgages loan portfolio. We may also not hav sufficient information on the value of collateral, which may result in an inaccurate assessment for impairment losses of our loans secured by this collateral. If this were to occur, we may need to make additional provisions to cover actual losses our loans, which may materially and adversely affect our results of operations and financial condition.

In addition, there are certain provisions under Chilean Law No. 19,335 that may limit our ability to foreclose upon and dispose of mortgaged residential property if the real esWDWH LQ TXHVWLRQ KDV EHHQ GHFODU There can also be no assurance that the assumptions relied on to assess the value of such collateral are accurate mea and thus the value of such collateral may be evaluated inaccurately. Consequently, the price at which we are able to sell any collateral in the event of an attachment or foreclosure may be lower than the valuation of such collateral. All of this may have an adverse effect on our results of operations and financial condition.

A sudden shortage of deposits could cause an increase in costs of funding and an adverse effect on our revenues.

Deposits (current accounts and demand deposits plus term deposits and saving accounts as shown in o consolidated financial statements) are our primary source of funding, representing 59.1% of our total liabilities as of December 31, 2020. As of the same date, 70.3% of our deposits had remaining maturities of one year or less or we payable on demand. A significant portion of our assets have longer maturities, resulting in a mismatch between the maturities of liabilities and the maturities of assets. If a substantial number of our depositors withdraw their demand deposits or do not roll over their deposits upon maturity, our liquidity position, results of operations and financial condition may be materially and adversely affected. For example, large-denominations in deposits from institutional investors may be a less stable source of funding than savings and bonds under some circumstances, such as during periods of significant changes in market interest rates for these types of deposits and any resulting increased competition for these funds. In event of a sudden or unexpected shortage of funds in the banking system, the money markets in which we operate may not be able to maintain the levels of funding and we may not have access to funding without incurring higher costs or the liquidation of certain assets. If this were to happen, our results of operations and financial condition may be materially and adversely affected.

Liquidity risk may impair our ability to fund our operations and adversely affect our financial condition.

Ready access to funds is essential to any banking business, including ours. We rely on access to financial markets for short- and long-term financing. An inability on our part to access funds or to access the markets from which we raise funds may put our positions in assets at risk and lead us to be unable to finance our operations adequately. These and o factors also could lead creditors to form a negative view of our liquidity, which could result in less favorable credit ratings, higher borrowing costs and less accessible funds. We may be unable to secure additional funding in the capital markets conditions in these markets, or our credit ratings, were to deteriorate. As an integral part of our liquidity management strategy involves accessing capital markets in order to ensure that a significant portion of our funding matures at predictable rate, an inability to secure funding at favorable rates in the capital markets could affect the soundness of our liquidity position and have a material adverse effect on our business, financial condition and results of operations.

In addition, our ability to raise or access funds may be impaired by factors that are not specific to our operations, such as general market conditions, severe disruption of the financial markets or negative views about the prospects of t industries to which we provide a large proportion of our loans. Strains on our liquidity caused by any of these factors or otherwise could adversely affect our business, financial condition and results of operations.

We have exposure to certain clients and groups of related companies.

We have loan exposure to certain groups of companies that are related to each other and/or under common control As of December 31, 2018, 2019 and 2020 our loans to borrowers in each of the related companies with respect to which w had our highest levels of loan exposure accounted for approximately 4.2%, 3.7% and 4.9%, respectively, of our total loan portfolio. The deterioration of the financial condition of one or more of these related companies and/or their principal shareholders could materially and adversely affect the group of related companies which in turn could adversely affect our asset quality, results of operations and financial condition.

If we are unable to maintain the quality of our loan portfolio, our financial condition and results of operations may be materially and adversely affected.

As of December 31, 2018, 2019 and 2020, our impaired loans were Ch$1,347,005 million, Ch$1,402,433 million and Ch$1,507,897 million, respectively, and the ratio of our impaired loans to total loans was 4.5%, 4.1% and 4.3%, respectively. Although we seek to continue to improve our credit risk management policies and procedures, our credit ris management policies, procedures and systems may have deficiencies. Failure of credit risk management policies is like to resultin an increase in the level of impaired loans and adversely affect the quality of our loan portfolio. In addition, the quality of our loan portfolio may also deteriorate due to various other reasons, including factors beyond our control, such a the macroHFRQRPLF IDFWRUV DIIHFWLQJ &KLOH¶V HFRQRP\ $Q\ VXFK GHW financial condition and results of operations.

The effectiveness of our credit risk management is affected by the quality and scope of information available in Chile.

,Q DVVHVVLQJ FXVWRPHUV¶ FUHGLWZRUWKLQHVV ZH UHO\ ODUJHO databases, the CMF, Dicom (a Chilean nationwide credit bureau) and other sources. Due to limitations in the availability of information and the developing information infrastructure in Chile, our assessment of the credit risks associated with a particular customer may not be based on complete, accurate or reliable information. In addition, our credit scoring system may QRW EH DEOH WR FROOHFW FRPSOHWH RU DFFXUDWH LQIRUPDWLR credit risk may be assessed incorrectly. Without complete, accurate and reliable information, we have to rely on othe publicly available resources and our internal resources, which may not be accurate and effective. As a result, our ability to effectively manage our credit risk may be materially and adversely affected.

We may generate less income from fee- and other commission-based transactions.

Market downturns as well as below-market performance of the assets we manage usually result in a decrease in the number of transactions carried out by us on behalf of our clients and, consequently, a decrease in our fee incom Furthermore, as the portfolio management fees charged by us to our clients are often based on the value or performance o these portfolios, below-market performance which reduces the value of our client portfolios or which increases the number of fund withdrawals may reduce our income derived from portfolio management, private banking and securities deposits. Below-market performance of our investment funds may also cause client investments to be withdrawn or reduced, thereb reducing our asset management income.

The legal restrictions on the exposure of Chilean pension funds may affect our access to funding.

Chilean regulations impose restrictions on the share of assets that a Chilean pension fund management compa (Administradora de Fondos de Pensión RU ³$)3V´ DQG HDFK ³$)3´ FDQ DOORFDWH WR D VLQJOH 7.0% per fund managed by an AFP (including any securities issued by the issuer and any bank deposits with the issuer the securities). If the exposure of an AFP to a single issuer exceeds the 7.0% limit, the AFP is required to reduce its exposure below the limit within three years. If the exposure of any AFP to us exceeds the regulatory limit or the regulatory limit is reduced, we would need to seek alternative sources of funding, which could be more expensive and, as a consequence, may have a material adverse effect on our financial condition and results of operations.

As of December 31, 2020, no AFP that had term deposits with us had exceeded the regulatory limit.

Pension funds must also comply with other investment limits. In 2007, approved legislation in Chile (Reformas al Mercado de Capitales II DOVR NQRZQ DV MK2 ORRVHQHG WKH OLPLWV RQ PDNLQJ LQYH pension funds to further diversify their investment portfolios. As of December 31, 2020, the limit on investments abroad was within a range of 30% to 80%, depending on the nature of the fund. If the AFPs significantly change the composition of their portfolios and withdraw a considerable part of their term deposits with us, we may not be able to substitute these institutional funds with retail deposits, which would have a material adverse impact on our business, financial condition and results of operations.

In January 2020, the Chilean government sent a bill to the Chilean Congress (Congreso Nacional de Chile) to UHIRUP WKH FRXQWU\¶V SHQVLRQ V\VWHP 7KH SRWHQWLDO DGYHUV

UHVXOWV RI RSHUDWLRQV FDQQRW &KLOH¶V regulatory and capital markets environment 6HH EHORZ LV FRQWLQXDOO\ HYROYLQJ ´

In the context of the COVID-19 pandemic, two laws were enacted in 2020 (Law No. 21,248 and Law No. 21,295) which exceptionally allowed contributors, including retirees, to withdraw up to 10% of the funds accumulated in the individual capitalization account of each contributor with a cap of 150 UF (US$5,600 approximately) and with a minimum of 35 UF (US$1,300 approximately). It has been estimated that around 10 million contributors made a pension fund withdrawal, which is HTXLYDOHQW WR SRLQWV RI &KLOH¶V *'3 as of 2019.

We may be unable to meet requirements relating to capital adequacy.

Chilean banks are required by the Chilean General Banking Law (Ley General de Bancos) to maintain regulatory capital of at least 8% of consolidated risk-weighted assets, net of required loan loss allowance and deductions, and paid-in FDSLWDO DQG UHVHUYHV ³EDVLF FDSLWDO´ RI DW OHDVW 3.0% of their total consolidated weighted assets and 3% of their total consolidated assets, both net of required loan loss allowances. As of December 31, 2020, the ratio of our regulatory capital to consolidated risk-weighted assets, net of loan loss allowance and deductions, was 13.39%. As of the same date, we had a basic capital to consolidated risk-weighted assets ratio of 10.08%. Certain developments could affect our ability to continue to satisfy the current capital adequacy requirements applicable to us, including:

- the increase of risk-weighted assets as a result of the expansion of our business;
- the failure to increase our capital correspondingly;
- losses resulting from a deterioration in our asset quality;
- declines in the value of our investment instrument portfolio;
- changes in accounting rules;
- changes in the guidelines regarding the calculation of the capital adequacy ratios of banks in Chile; and
- changes in the guidelines regarding required additional allowances for loan losses.

On January 12, 2019, the Chilean government passed the Law No. 21,130 that amends, among others, the General %DQNLQJ /DZ ³WKH Amendment to the General Banking Law´ DQG HVWDEOLVKHV QHZ FDSLWDO in line with Basel III standards. Pursuant to the Amendment to the General Banking Law, the CMF assumed the Superintendency of Banks DQG)LQDQFLDO ,QVWLWXWLRQV¶ (the former Chilean regulator for banks and financial institutions) powers as of June 1, 2019 and it (or other regulators, as applicable) must enact all applicable regulations implementing the changes provided for in the Amendment to the General Banking Law. The deadline for implementation of the Basel III standards has been postponed until December 31, 2021, in light of the COVID-19 pandemic.

Further, pursuant to the Amendment to article 66 of the General Banking Law, we will also be required to maintain basic capital requirements at or above 4.5% of our risk-weighted assets and not lower than 3% of our total assets net of required allowances for loan losses, and additional basic capital equivalent to 2.5% of our risk-weighted assets, net of UHTXLUHG DOORZDQFHV IRU ORDQ ORVVHV RYHU WKH UHTXLUHG HIIH The Banking System² &DSLWDO $GHTXDF\ 5HTXLUHPHQWV´

We may be required to raise additional capital in the future in order to maintain our capital adequacy ratios above the minimum required levels. Our ability to raise additional capital may be limited by numerous factors, including: our future financial condition, results of operations and cash flows; any necessary government regulatory approvals; our credit ratings; general market conditions for capital raising activities by commercial banks and other financial institutions; and domestic and international economic, political and other conditions.

If we require additional capital in the future, we may not be able to obtain such capital on favorable terms, in a timely manner or at all. Furthermore, the CMF may increase the minimum capital adequacy requirements applicable to us and we may face difficulties in meeting these requirements in the future. If we fail to meet the capital adequacy requirements, we may be required to take corrective actions. These measures could materially and adversely affect our business reputation, financial condition and results of operations. In addition, if we are unable to raise sufficient capital in a timely manner, the growth of our loan portfolio and other risk-weighted assets may be restricted, and we may face significant challenges in implementing our business strategy. As a result, our financial condition and results of operations could be materially and adversely affected.

We may also be required to raise additional capital in the future in order to maintain our capital adequacy ratios above the minimum required levels.

Our trading activities expose us to volatility in market prices, declines in market liquidity or fluctuations in foreign currency exchange rates, which may result in losses that could have a material adverse effect on our business, financial condition and results of operations

As part of our treasury operations, we trade various financial instruments and other assets, including debt, fixe income, currency and related derivatives both as agent and as principal, and we derive a portion of our interest income from trading revenues. Our Assets and Liabilities Committee sets position limits for Chilean pesos, UF and foreign currency-denominated securities in accordance with our overall risk management policy as well as the requirements of th CMF. In addition, a major part of our trading activity is related to customer transactions and we may still be exposed to a number of risks related to the variation of market prices in the underlying instruments, including the risk of unfavorable market price movements relative to our long or short positions, a decline in the market liquidity of the related instruments, volatility in market prices, interest rates or foreign currency exchange rates relating to these positions and the risk that instruments that we use to hedge certain positions do not provide an effective hedge to the risk of those positions. If we incur any losses from these exposures, it would reduce our trading activity revenues or cause us to suffer losses fro trading activities, either of which could have a material adverse effect on our business, financial condition and results of operations.

Our business is highly dependent on proper functioning and improvement of information technology systems.

Our business is highly dependent on the ability of our information technology systems to accurately process a large number of transactions across numerous and diverse markets and products in a timely manner. The proper function of our financial control, risk management, accounting, customer service and other data processing systems is critical to our business and our ability to compete effectively. A partial or a complete failure of any of these primary systems coul materially and adversely affect our decision-making process, our risk management and internal control systems, as well as our ability to respond on a timely basis to changing market conditions. In addition, we may experience difficulties in upgrading, developing and expanding our information technology systems quickly enough to accommodate our growin customer base.

We have an architecture that operates based on two data centers that cover all our critical systems ar multichannel services that are used on an ongoing basis 24 hours a day, seven days per week, which allows us to run the business and also covers the event of a catastrophe or a failure of our primary systems. However, we do not operate all of our backup systems on a real-time basis and our business activities may be materially disrupted if there were a partial or complete failure of any of these primary information technology systems or communication networks. System failures may occur as a result of a variety of causes including software bugs, computer virus or other cyberattacks or conversion erro due to system upgrading. The corporate cybersecurity strategy is based on the FFIEC and the risks mentioned before are permanently monitored by three defense lines (Cybersecurity, Information Security and Risk Compliance). In addition, an security breach caused by unauthorized access to information systems, or intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment could have a material adverse effect on our business. If we cannot maintain an effective data collection and management system or if there is any substantial failure to improve or upgrade our information technology systems effectively or on a timely basis to meet the changing circumstances of our business, our business, our ability to compete, our financial condition and our results of operations could be materially and adversely affected

In 2020 we faced a very hostile cyber threat scenario in the industry, where we witnessed significant cybersecurity incidents that affected other Chilean and foreign banks, customers and suppliers, with an increase in malware threats, DDOS (Distributed Denial-of-Service) attacks and attacks aimed at cybersecurity companies. Even though no customer data was lost and no information or infrastructure compromise points were identified, we cannot assure you that we will be able to contain or fend off those threats in the future.

Failure to protect personal information could materially and adversely affect our business, financial condition and results of operations.

We manage and hold confidential personal information of customers in the conduct of our banking operations, and offer various internet-based services to our clients, including online banking services. We could be liable for breaches of security in our online banking services, including cybersecurity breaches. The secure transmission of confidential LQIRUPDWLRQ RYHU WKH ,QWHUQHW LV HVVHQWLDO WR PDLQWDLQ RXU SURWHFWLQJ FXVWRPHUV¶ SURSULHWDU\ LQIRUPDWLRQ. We have a cybersecurity strategy based on WKH)HGHUDO)LQDQFLDO ,QVWLWXWLRQV ([DPLQDWLRQ &RXQFLO ³)), defend against these cybersecurity risks but we are aware these attacks are rapidly evolving (including computer viruses, malicious code, phishing or other information security threats), and we may not be able to anticipate or prevent all such attacks, which could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our or our FXVWRPHUV¶ FRQILGHQWLDO SURSULHWDU\ DQG RWKHU LQIRUPDWLRQ attempted cyberattacks. In 2020, other Chilean banks, customers and suppliers, were subject to malware threats, DDOS attacks and attacks directed at cybersecurity companies. Due to our security measures and processes, our systems were not breached. However, failure to protect against or mitigate breaches of security or other unauthorized disclosures could constitute a breach of privacy or other laws, subject us to legal actions and administrative sanctions as well as damages, adversely affect our ability to offer and grow our online services, result in the loss of customer relationships, negatively impact our reputation, and have an adverse effect on our business, results of operations and financial condition.

Operational problems or errors can have a material adverse impact on our business, financial condition and results of operations.

Like all large financial institutions, we are exposed to many types of operational risks, including the risk of fraud by employees and outsiders, failure to obtain proper internal authorizations, failure to properly document transactions, equipment failures and errors by employees. Fraud or other misconduct by our employees or third parties may be difficult to detect and prevent and subject us to financial losses and sanctions imposed by governmental authorities. Furthermore, potential or actual fraud or other misconduct by our employees may seriously harm our reputation. Although we maintain a system of operational controls, operational problems or errors may occur and their occurrence may have a material adverse impact on our business, financial condition and results of operations.

Changes in accounting standards could impact reported earnings.

The accounting standard setters and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of our consolidated financial statements. For example, IFRS 9 established a new impairment model of expected loss and made changes to the classification and measurement requirements for financial assets, effective for Chilean banks for annual periods beginning on or after January 1, 2019, with certain exceptions, such as the recording and calculation of the provision for credit losses. The application of this new standard had no effect on the %DQN¶V FRQVROLGDWHG DQQXDO VWDWHPHQWV ,)56 with the exception of ZLOO EH DSSO Chapter 5.5 indicated in the Accounting Standards Compendium issued by the Financial Market Commission or LPSDLUPHQW RI ORDQV FODVVLILHG DV IL Banking regulations may restrict our DPF operations and WKHUHE\ DGYHUVHO\ DIIHFW RXU ILQDQFLDO FRQGLWLRQ DQG

In addition, IFRS 15, which became effective on January 1, 2018, establishes a new model for the recognition of recurrent revenue, which could have differed to some extent from the previous criteria. Further, we adopted IFRS 16 as of January 1, 2019, which implemented new standards for recognition, measurement, presentation and disclosure of leases. On the same date, we also adopted a new standard method for provisioning for commercial loans evaluated on a group basis. Changes made to accounting standards can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements. For further information about developments in financial accounting and reporting standards, see Note 1 to our Audited Consolidated Financial Statements.

Our insurance coverage may not adequately cover losses resulting from the risks for which we are insured.

We maintain insurance policies for our operations, including insurance for property, our money transport and GLUHFWRUV¶ DQG RIILFHUV¶ OLDELOLW\ computer crimes and employee dishonesty and mistakes, theft and fraudulent use of credit cards, central processing and automatic teller errors and our vehicles. Due to the nature of our operations and the nature of the risks that we face, there can be no assurance that the coverage that we maintain is adequate to cover the losses for which we believe we are insured.

Banking regulations may restrict our operations and thereby adversely affect our financial condition and results of operations.

We are subject to regulation by the CMF, which absorbed the former SBIF on June 1, 2019. In addition, we are subject to regulation by the Central Bank of Chile with regard to certain matters, including reserve requirements, interes rates, foreign exchange mismatches and market risks.

During the Chilean financial crisis of 1982 and 1983, the Central Bank of Chile and the former SBIF strictly controlled the funding, lending and general business matters of the banking industry in Chile. Since June 1, 2002, th Central Bank of Chile has allowed banks to pay interest on checking accounts. If new regulations, or other factors such a competition, amendment of interest rates to be paid on checking accounts, expansion of the conditions under which intere can be paid or increase in the number of checking accounts on which interest can be paid are enacted, such changes could have a material adverse effect on our financial condition or results of operations.

As a result of the global financial crisis, there has been an increase in government regulation of the financial services industry in many countries. Such regulation will also be increased in Chile, including the imposition of higher capital requirements, as mentioned above, heightened disclosure standards and restrict certain types of transaction structures, including limitations on the distribution of dividends to bank shareholders when new capital requirements ar not met.

In addition, numerous regulatory proposals have been and will continue to be discussed or proposed in Chile. New regulations could require us to inject further capital into our business as well as in businesses we acquire, restrict th type or volume of transactions we enter into, or set limits on or require the modification of rates or fees we charge on certain loans or other products, any of which could lower the return on our investments, assets and equity. We may als face increased compliance costs and limitations on our ability to pursue certain business opportunities. In December 2013, the Chilean Congress passed Law No. 20,715 (Ley de Protección a Deudores de Créditos en Dinero) modifying the maximum interest rate a bank may charge. For example, the product of the respective principal and the greater of (i) 1.5 times the current interest rate governing at the time of the transaction, as determined by the CMF for each type of credit transaction, and (ii) the current interest rate governing at the time of the transaction, increased by two annual percenta points.

For credit transactions denominated in local currency (not subject to indexation), amounting to 200 UF or less, for periods greater than or equal to ninety days, and except for transactions (a) entered into with foreign or international ban or financial entities; (b) agreed in foreign currency to finance foreign trade, (c) entered between the Central Bank of Chile and financial entities; and (d) where the borrower is a bank, it is legally prohibited to stipulate an interest rate exceeding the market interest rate existing at the time of the transaction with respect to which the increased value will be: (i) 14 percentage points, on an annual basis, for transactions exceeding 50 UF, and (ii) 21 percentage points, on an annual ba for transactions equal to or under 50 UF. Other limits apply to special cases and credit card transactions. Other ceilings apply to small loans and consumer loans. Due to these changes, we may face a decrease in our income as a result decrease in the interest rate we may be able to charge clients.

In January 2019, the Amendment to the General Banking Law was passed by the Chilean government. Amon other things, the Amendment to the General Banking Law provides new minimum capital requirements in line with Basel III regulations, new reg XODWLRQV UHJDUGLQJ WKH IRUPHU 6%,)¶V FRUSRUDWH JR rules regarding bank liquidation. The rules governing the functioning of banks and the regulatory oversight of banks passed from the former SBIF to the CMF und H U WKH UXOHV RI WKH $PHQGPHQW WR WKH * and Supervision ³ % DQNLQJ /HJLVODWLRQ ´

In addition, the Consumer Protection Act was amended in March 2012 by Law No. 20,555 and in March 2019 by Law No. 21,081 (Ley sobre Protección de los Derechos de Consumidores), which introduced additional provisions relating WR FRQVXPHU¶V ULJKWV DQG WKH REOLJDWLRQV RI SURYLGHUV RI I oversight powers to the Bureau of Consumer Protection (Servicio Nacional del Consumidor R U SERNAC´ LQ FRQQHFW with financial services and products.

Law No. 20,555 introduced, among others, the provisions providing for (1) QHZ ILQDQFLDO FRQVXPH as the right to request information from the provider regarding the total cost of a product or service (including prices, taxes, charges, commissions and fees, among others), the right to know the terms and conditions required by the provider render the service or deliver the product, such as minimum income thresholds, the right to request updated information about the financial products and services and the right to receive with each financial contract a one-page summary including its key provisions; (2) prohibitions for the providers of financial products and services such as the prohibition to modify prices, fees, commissions, costs and charges of certain products or services under certain circumstances, t prohibition to mail unsolicited offers of financial products or agreements to consumers or include offers to sell products or services attached to a different product or service; (3) the creation of a voluntary certification of financial products a services by the Bureau of Consumer Protection, which certifies that the relevant financial contract fulfills the applicable legal and regulatory requirements; and (4) special dispute resolution mechanisms such as mediation and arbitration f certain cases. Pursuant to this amendment of the Consumer Protection Act, providers of financial products and services had until June 5, 2012 to conform their contracts for the provision of financial services and products to meet the new requirements set forth by the amended Consumer Protection Act and comply with the new voluntary certification of the Bureau of Consumer Protection.

In addition, Law No. 21,081 aims to strengthen SERNAC by providing it with the authority to: (i) enact rules and guidelines, (ii) interpret legal or administrative regulations, (iii) preside over proceedings against financial institutions and (iv) impose fines, exercise class actions, and carry out collective mediations, among other functions. In addition, this lav increases fines for non-compliance up to the maximum amount of UTA 45,000 (Unidades Tributarias Anuales) that represented approximately Ch$22,330.4 million (or US$29.8 million) as of December 31, 2019.

On May 29, 2020, Law No. 21,234 established that transactions that customers of payment services, including those made by electronic means, do not recognize must be returned to the holder of the credit or debit card that was used in the transaction. This law does not allow payment service providers, such as banks, to offer fraud insurance for the use credit or debit cards and holds payment service providers liable for damages caused as a result of security and protection deficiencies in their technological systems through which payment services are provided.

In June 2020, the President of the Republic enacted Law No. 21,236 which sets forth an inalienable right to financial portability for clients, i.e. all individuals or legal entities that are either considered consumers pursuant to the Law No. 19,496, or micro or small enterprises, pursuant to the Law No. 20,416, and that have any valid financial product o service with a financial provider. Better credit conditions offered by competing banks may result in the loss of our clients and a negative impact on our results of operations.

In January 2021, Law No. 21,307 was enacted in order to amend Law Decree No. 3,472 of 1980 that created the &ROODWHUDO)XQG IRU 6PDOO %XVLQHVVHV FOGAPE´ %XVLQHVV2ZQHUV\ HWK ³DQ H[WUDRUGLQDU\ year through Supreme Decree No. 130 of 2020, to deal with the pandemic impact. This amendment allows deferring mortgage loan installments under certain circumstances, WDNLQJ LQWR DFFRXQW WKH &29,'´ and extends the coverage of the state security granted by the FOGAPE for a maximum of five years to secure the deferred installments (until April 30, 2026); provided an agreement is reached between the lender and the borrower. This law also allowed the Chilean Government to introduce a new credit facility guaranteed by FOGAPE through Supreme Decree No. 32 of 2021, FDOOHG ³Reactiva´ This 7-year term credit facility (which matures on 2028) is available for disbursement until December 31, 2021, and seeks to stimulate the reactivation and recovery of the national economy. Eligible under this program are those companies and entrepreneurships whose annual sales do not exceed UF 1,000,000; however, the coverage of this loan is higher for negatively affected economic sectors such as hotels, restaurants and tourism.

In addition, several bills have been recently introduced by members of the Chilean Congress to regulate matte related to loans and credit products, such as interest rate ceilings, prepayment fees and the possibility of capitalizin interest. The Chilean Congress is currently discussing bills aiming to ease the financial burden on certain borrowers, suc as micro or small enterprises, and individuals. There is no certainty as to whether any or all of these bills will be passed by the Chilean Congress, and as to when or how these bills could change the current regulatory framework. Therefore, w cannot determine or assure you whether they will materially affect our results of operations in the future.

Furthermore, CMF (former SBIF) regulations may also impose restrictions that may adversely affect our business. Circular No. 3,573 of the former SBIF, dated December 30, 2014, amended the Compendium of Accounting Standards (Compendio de Normas Contables WKH ³Compendium´ LQ RUGHU WR HVWDEOLVK D VWDQGDU for residential loans applicable from 2016 on and incorporate new instructions on provisions and allowances on impaired portfolio. Circular No. 3,585 of the former SBIF, dated July 31, 2015, amended several rules related to the manageme and measurement of liquidity positions of banks. Circular No. 3,638 of the former SBIF, dated July 6, 2018, introduced changes to provisioning rules for commercial loans evaluated on a group basis.

Circular No. 3,645 of the former SBIF, dated January 11, 2019, amended the Compendium to clarify the application of IFRS 16 with respect to commercial leases. Circular No. 3,647 of the former SBIF, dated January 31, 2019, amended Chapter B-1 of the Compendium to introduce changes to provisioning rules for commercial loans evaluated on a group basis. We have implemented such changes as of January 1, 2019, considering its application as a change in accounting estimates pursuant to IAS 8. The effect of such changes in accounting estimates has been recognis prospectively by including it in our consolidated income statement, resulting in an increase of approximately 4% of the total stock of provisions for loan losses when compared to the previous year.

Circular No. 2,243 of CMF, dated December 20, 2019, fully updated the instructions of the Compendium, effective on January 1, 2021.

Through Circular No. 2,249, GDWHG $SULO WKH &0) PRGLILHG Disposiciones Transitorias FKDSWHU postpones the first application period of the new provisions of the Compendium, so banks may have flexibility to reallocate their technical and human resources during the contingency period. Therefore, the text of Chapter E of the referred &RPSHQGLXP ZDV UHSODFHG E\ WKH IROORZLQJ ³7KH HIIHFWLYH GDW January 1, 2022, with a transition on January 1, 2021 for the purposes of comparative financial statements that will be SXEOLVKHG RQ 0DUFK ´

With regard to our business in the United States, comprehensive financial regulatory reform legislation was enacted on July 21, 2010. Known as the Dodd-Frank Wall Street Reform and &RQVXPHU 3URWHFWLRQ $FW WKH 'RGG-Frank $FW´ WKH ODZ KDV VLJQLILFDQWO\ FKDQJHG WKH UHJXODWLRQ RI IL general. The Dodd-Frank Act includes provisions affecting large and small financial institutions alike, including provisions that affect the lending, deposit, investment, trading and operating activities of banks and their holding companies.

The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the financial services LQGXVWU\ JHQHUDOO\ DQG RU RQ %FL¶V 8 6 RSHUDWLRQV VSHFLILF may be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act. For exDPSOH RQ 0D\ WKH (FRQRPLF *URZWK 5HJXODWRU\ 5HOLHI DQ signed into law. Among other regulatory changes, the Reform Act amends various sections of the Dodd-Frank Act, including by, in some ways, reducing the regulatory burden on smaller financial institutions. In October 2019, the Federal 5HVHUYH %RDUG LVVXHG D ILQDO UXOH WR LPSOHPHQW WKH 5HIRUP standards with respect to U.S. bank holding companies and the U.S. operations of non-U.S. banking organizations, including capital, liquidity, and risk management requirements. The ultimate consequences of the Reform Act and othe legislative and regulatory developments on Bci and our activities (particularly of our U.S. banking operations) remain uncertain. There can be no assurance that regulators will not in the future impose more restrictive limitations on the activities of banks, including us, or that we will not in the future be subject to further enhanced governmental scrutiny and/or increased regulation, including resulting from changes in U.S. executive administration or Congressional leadershi Any such change could have a material adverse effect on our financial condition or results of operations.

)RU PRUH LQIRUPDWLRQ DERXW WKH FXUUHQW 8 6 DQG &KLOH 6XSHUYLVLRQ ´

We are subject to regulatory inspections and examinations.

We are subject to various inspections, examinations, inquiries, audits and other regulatory requirements by Chilean regulatory authorities. With respect to our U.S. operations, we are subject to supervision, regulation and examination b WKH %RDUG RI *RYHUQRUV RI WKH Federal Reserve 5HVHUYH 6\VWHP WKH ³ our ownership and control of CNB, a U.S. national bank subsidiary that is subject to regulatory oversight by the Office of the Comptroller of the &XUUHQF\ WKH ³OCC´ ,Q DGGLWLRQ RXU 0LDPL EUDQFK LV VXEMHFW WR H[D Florida Office of Financial Regulation. CNB is subject to examination by the OCC. We may not be able to meet all of the applicable regulatory requirements and guidelines, and we may be subject to sanctions, fines and restrictions on o business or other penalties in the future as a result of our noncompliance. If sanctions, fines, restrictions on our business o other penalties are imposed on us for failure to comply with applicable requirements, guidelines or regulations, ou financial condition and results of operations, and our reputation and ability to engage in business, may be materially and adversely affected.

Our loan and investment portfolios are subject to risk of prepayment, which may result in reinvestment of assets on less profitable terms.

Our loan and investment portfolios are subject to prepayment risk, which results from the ability of a borrower or issuer to pay a debt obligation prior to maturity. Generally, in a declining interest rate environment, prepayment activity increases, which reduces the weighted average lives of our earning assets and adversely affects our operating result

Prepayment risk also has an adverse impact on our residential mortgage portfolio, since prepayments could shorten t
weighted average life of this portfolio, which may result in a mismatch in funding or in reinvestment at lower yields. Prepayment risk is inherent to our commercial activity and an increase in prepayments could have a material adverse effe
on our business, financial condition and results of operations.

Exposure to government debt could have an adverse effect on our business, financial condition and results of operations.

We invest in debt securities issued by the Chilean government, and other government debt securities that, for th
most part, are short-term and highly liquid instruments. If these governments default on the timely payment of such securities, our business, financial condition and results of operations may be adversely affected.

Our anti-money laundering and anti-terrorist financing measures may not prevent third parties from using us as a conduit for those activities, which could damage our reputation and expose us to fines, sanctions or legal enforcement, which, in turn, could have a material adverse effect on our business, financial condition and results of operation.

We believe that we are in compliance with applicable anti-money laundering and anti-terrorist financing laws and regulations and we have adopted various policies and procedures, including internal controlV DQG -³\RX U FXVWRP procedures, aimed at preventing money laundering and terrorist financing. We believe that our anti-money laundering policies and procedures are based upon, and are in material compliance with, the applicable provisions of Chilean law and, as applicable, with the provisions of laws of the other countries in which Bci operates. In addition, because we also rely o
our correspondent banks having their own appropriate anti-money laundering and anti-terrorist financing procedures, we use what we believe are commercially reasonable procedures for monitoring our correspondent banks. Despite these measures, procedures and compliance, third parties may use us (and our correspondent banks) as a conduit for money laundering (including illegDO FDVK RSHUDWLRQV RU WHUURULVW ILQDQFLQJ ZLWK
If we were to be associated with money laundering (including illegal cash operations) or terrorist financing, our reputation could be harmed and we could become subject to fines, sanctions or legal enforcement (including being added to any ³EODFNOLVWV´ WKDW ZRXOG SURKLELW FHUWDLQ SDUWLHV IURP HQJDJ
effect on our business, financial condition and results of operation.

Any loss of key personnel may materially and adversely affect our business.

Our success depends, in large measure, on the skills, experience and efforts of our senior management team a
other key personnel. While we believe that we have depth throughout our management team and in all key skill levels of our employees, the loss of the services of key members of our senior management or of employees with critical skills cou
have a negative effect on our business, financial condition and results of operations. If we are not able to attract or retain highly skilled, talented and committed senior managers or other key personnel, our ability to fully implement our business objectives may be materially and adversely affected.

A worsening of labor relations in Chile could impact our business.

As of December 31, 2020, on a consolidated basis we had 11,675 employees, of whom 5.7% were unionized in Chile. We have traditionally enjoyed good relations with our employees and their unions. Our current collective bargaining agreements are scheduled to expire in 2022. In May 2016, our employees affiliated with the Telecanal Union, who represented approximately 2.7% of our total number of employees at that date, initiated a strike that ended on July 27, 2016. We cannot assure you that further strikes will not occur in the future. Any strike or work stoppage by our unionized or other employees could materially and adversely affect our business, financial condition or results of operations.

We engage in transactions with related parties that could result in conflicts of interest.

Certain parties related to us have been involved, directly or indirectly, in credit transactions with us. In accordance with the General Banking Law, related parties include directors, certain principal executive officers and holders that own, directly or indirectly, more than 5% of our shares, and companies controlled (for purposes of the General Banking Law) by any of them. The CMF regulates related-party transactions and establishes a limit on aggregate related-party transactions HTXLYDOHQW WR RI D EDQN¶V UHJXODWRU\ FDSLWDO DQG XS WR
the 5.0% is secured by collateral) (on an unconsolidated basis, which includes subsidiaries as related parties). Our loans to related parties (excluding loans receivables from Banks), on a consolidated basis, represented 6.2%, 5.5% and 5.5% of o
regulatory capital as of December 31, 2018, 2019 and 2020, respectively.

As of December 31, 2020, our outstanding loans to related parties were Ch$273,854 million in the aggregate, representing 0.8% of our total loan portfolio.

We believe we are in compliance with all related-party transaction requirements imposed by the General Banking Law and the CMF. Although we intend to enter into transactions with related parties only on terms similar to those tha would be offered by or to an unaffiliated third party, such transactions create the potential for, or could result in, conflicts of LQWHUHVW 6HH ³5HODWHG 3DUW\ 7UDQVDFWLRQV´

Our principal shareholders have substantial influence over our management, and the interests of our principal shareholders may differ from those of the holders of the Notes.

As of the date of this Prospectus, approximately 63.56% of our outstanding common shares were beneficially owned, directly or indirectly, by members of the Yarur family. Common shares are our only class of capital stock and the holders are entitled to elect our board of directors. As controlling shareholder group, the Yarur family controls our business through its power to elect a majority of our board of directors and to determine the outcome of almost all actio WKDW UHTXLUH VKDUHKROGHU DSSURYDO 6HH ³3ULQFLSDO 6KDUHKROGHUV´ involving a conflict of interest between the controlling shareholders and other shareholders or the holders of the Notes, th controlling shareholders may exercise their ability to control us in a manner that would benefit the controlling shareholders to the detriment of other shareholders or the holders of the Notes. If members of our controlling shareholder grou purchase Notes of any Series, there is no restriction on their ability to vote the notes in the event of a modification, amendment or acceleration of the Notes of such Series.

Damage to our reputation connected to various proceedings could cause harm to our business prospects.

We are exposed to risk of loss from legal and regulatory proceedings, including tax proceedings, which could subject us to monetary judgments, regulatory enforcement actions, fines and penalties. The current regulatory environme in which we operate, which reflects an increased supervisory focus on enforcement, may lead to additional operational and compliance costs. The impact of any or multiple unfavorable outcomes related to the aforementioned proceedings cou cause reputational damage which may harm our business prospects.

Risks Relating to our Recent Acquisitions

The value of our investment in TotalBank, Servicios Financieros and Executive National Bank may be adversely affected by unforeseen liabilities for which we will not be indemnified.

In connection with our acquisitions of TotalBank, Servicios Financieros and Executive National Bank, we had only limited access to information related to the target companies, including their respective books and records. As general matter and subject to certain exceptions, our right to be indemnified by the sellers for breaches of their obligations and/or representations in the relevant stock purchase agreement is subject to expiration and an overall limit. We cann DVVXUH \RX WKDW WKLV OLPLW ZLOO EH VXIILFLHQW WR FRPSHQVDWH our representations, or that we will not be subject to legal, administrative, and/or arbitration claims relating to liabilities o TotalBank, Servicios Financieros and Executive National Bank, as applicable, and be required to pay damages for whic we may be not entitled to indemnification from the relevant sellers. Moreover, we may be the successor to potentia contingencies that are unknown and not identified in our due diligence investigation, or whose impact is underestimated a the time of the acquisition with respect to which we may not have a successful defense. If our business judgments FRQFHUQLQJ HDFK UHVSHFWLYH DFTXLVLWLRQ WDUJHW¶V YDOXH VW TotalBank, Servicios Financieros and Executive National Bank may adversely affect our consolidated financial condition.

We may not be able to realize the anticipated benefits of our acquisition of Servicios Financieros and Executive National Bank.

The success of our acquisition of Servicios Financieros and Executive National Bank will depend in part on our ability to execute our strategic plan successfully and achieve certain operating synergies. We expect that it will support o strategy of international expansion and diversification. However, we may not be able to realize the benefits of our integration in the time or manner that we seek. Challenges we face in the integration process include, among others, t following:

- integrating different commercial and operational practices as well as company cultures in order to provide a unified and superior client experience in both markets;

· maintaining client loyalty;

· retaining key employees of Servicios Financieros and Executive National Bank to drive business forward;

· integrating different accounting, information technology and management systems; and

· encountering unforeseen expenses, delays or liabilities that could exceed the savings that we seek to achie from the elimination of duplicative expenses and cost savings.

Our integration plan for Servicios Financieros and Executive National Bank has presented and continues to present significant management challenges and has been and continues to be time-consuming. As a result, implementation of this SODQ PD\ GLYHUW RXU PDQDJHPHQW¶V to-day operation of our core business. Any such diversion could adversely affect our ability to maintain good relations with our customers, employees, regulators and other constituencies o otherwise adversely affect our business, financial condition, results of operations and our business prospects. If we fail to implement our integration plan with Servicios Financieros and Executive National Bank effectively and within the contemplated timeline, our business, financial condition, results of operations and business prospects could be materially and adversely affected.

Furthermore, even if we are able to implement our integration plan for Servicios Financieros and Executive National Bank, we may not be able to realize the potential synergies and revenue enhancements that were anticipated from the strategic plan, either in the amount or within the timeframe that we expect, and the costs of achieving these benefits m be higher than, and the timing may differ from, what we expect. If we fail to realize anticipated synergies or revenue enhancements, our financial results and results of operations may be adversely affected.

Political uncertainty and monetary policy normalization in the United States may adversely affect the results of operations of City National Bank of Florida.

&LW\ 1DWLRQDO %DQN RI)ORULGD¶V EXVLQHVV DQG ILQDQFLDO PRYHPHQWV LQ WKRVH UDWHV 6LQFH D KLJK SHUFHQWDJH RI &LW\ 1 bearing or otherwise sensitive in value to changes in interest rates, such changes in rates, in the shape of the yield curve in spreads between different types of rates can have a material impact on its results of operations and the values of its as and liabilities.

Interest rates are highly sensitive to many factors over which City National Bank of Florida has no control and which we may not be able to anticipate adequately, including general economic conditions and the monetary and ta policies of various governmental bodies, particularly the Federal Reserve. In response to the recession in 2008 and th following uneven recovery, the Federal Reserve implemented a series of domestic monetary initiatives. Several of thes have emphasized so-called quantitative easing strategies, which ended during 2014. Between 2015 and 2019, the Federal Reserve raised rates nine times and decreased rates three times, in each case by a modest 25 basis points. However, in the Federal Reserved reversed course, lowering rates in a sign that growth was beginning to slow. On March 15, 2020, in response to the escalating outbreak of the COVID-19 pandemic, the Federal Reserve reduced short-term rates to zero, which have been maintained since then, announced a policy change in August 2020 to the way it sets interest rates that will likely keep interest rates in the U.S. relatively low until it is confident that the economy is on track to achieve its maximum employment and price stability goals, and launched a new round of quantitative easing to purchase US$700 billion worth of asset purchases including U.S. Treasury securities and mortgage-backed securities. On June 10, 2020, the Federal Reserve extended its quantitative easing program, committing to buy at least US$80 billion in Treasury Securities and US$40 billion in mortgage-backed securities, until further notice. Further rate changes reportedly are dependent on the Federa 5HVHUYH¶V DVVHVVPHQW RI HFRQRPLF GDWD DV LW EHFRPHV DYDLODE

&LW\ 1DWLRQDO %DQN RI)ORULGD¶V earnings and cash flows depend upon the level of its net interest income. The current persistent low level of market interest rates limits our ability to add higher yielding assets to the balance sheet. If this prolonged period of low rates continues beyond current forecasts, it may exacerbate downward pressure on City 1DWLRQDO %DQN RI)ORULGD¶V LQWHUHVW PDUJLQ DQG KDYH D QHJDW or inversion of the yield curve or a negative interest rate environment in the United States could create downward pressure RQ &LW\ 1DWLRQDO %DQN RI)ORULGD¶V LQWHUHVW PDUJLQ

6HH D ´Risks Relating to Our Business—Banking regulations may restrict our operations and thereby adversely affect our financial condition and UHVXOWV RI RSHUDWLRQV ´

7KH JHRJUDSKLF FRQFHQWUDWLRQ RI &LW\ 1DWLRQDO %DQN RI)ORU
susceptible to local economic conditions.

Unlike some larger financial institutions that are more geographically diversified, &LW\ 1DWLRQDO %DQN RSHUDWLRQV DUH FRQFHQWUDWHG LQ)ORULGD. $GGLWLRQDOO\ D VL by real estate are secured by commercial and residential properties in this geographic region. Accordingly, the ability of borrowers to repay their loans, and the value of the collateral securing such loans, may be significantly affected by economic conditions in this region or by changes in the local real estate markets.

The business and earnings of City National Bank of Florida are directly affected by general conditions in the U.S. economy and, in particular, economic conditions in Florida. These conditions include legislative and regulatory changes, inflation, and changes in government and monetary and fiscal policies, increases in unemployment rates, and declines in real estate values, all of which are beyond our control. Florida has historically experienced deeper recessions and mo dramatic slowdowns in economic activity than other states. 7KH)ORULGD HFRQRP\ DQG &LW\ 1DWL markets in particular were affected by the most recent downturn in commercial and residential property values, and th decline in real estate values in Florida during the downturn was higher than the national average. Additionally, the Florida economy relies heavily on tourism and seasonal residents. Disruption or deterioration in economic conditions in the Florid markets we serve, including declines in home prices and the volume of home sales in Florida, could result in one or more of the following:

- an increase in loan delinquencies;
- an increase in problem assets and foreclosures;
- a decrease in the demand for our products and services; or
- a decrease in the value of collateral for loans, espe FLDOO\ UHDO HVWDWH LQ WXUQ UH power, the value of assets associated with problem loans and collateral coverage.

In addition, declines in home prices coupled with high or increased unemployment levels and increased interes rates can cause losses which adversely affect our earnings and financial condition, including our capital and liquidity. %HFDXVH RI &LW\ 1DWLRQDO %DQN RI)ORULGD¶V FRQFHQWUDWLRQ LQ multiple markets. These factors could result in an increase in the provision for loan losses, thus reducing net income.

Risks Relating to Chile

The spread of the novel coronavirus disease, or COVID-19, is currently having a significant adverse impact on the world economy of a magnitude that is not yet determinable, and the rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact to us of COVID-19.

The novel strain of the SARS-CoV-2 virus, which causes the disease known DV ³&29,' ZDV ILUVW LG in Wuhan, China in December 2019 and has spread around the world, including in Chile, the rest of the countries in Lati America, and the United States. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020 the United States declared a national emergency with respect to COVID-19. In an effort to prevent the virus from spreading, governments around the world have implemented strategies that restrict social gatherings and prom social distancing, such as quarantines, travel restrictions, and closing of schools, workplaces, stadiums, theaters a shopping centers, among others. These measures have had dramatic adverse consequences for the global econ including demand, operations, supply chains and financial markets. The magnitude and scope of the effects of the pandemic have been significant, though they continue to be difficult to evaluate and predict. The disruption of the global economy, which is expected to continue at least in the near term, the global economic recession, including its effects in Latin America and Chile, the potential interruptions to our operations and the significant volatility and negative pressure in the financia markets as a result of the COVID-19 pandemic may have a significant adverse impact on our business, including affecting the timing of our collections as well as the value of our investment portfolio. Furthermore, if the impact of the COVID-19 pandemic continues for an extended period of time, it could adversely affect our ability to operate our business and may have a negative impact on our revenues.

Governmental and non-governmental organizations may not effectively combat the spread and severity of COVID-19. On March 18, 2020, the Chilean government decreed a constitutional state of emergency, providing for restrictions in meetings and ensuring the distribution of food and services. Additionally, the government launched a

US$11.7 billion economic rescue package as a response to the general shutdown. The aid package provides for protection WR ZRUNHUV¶ LQFRPH DQG WD[sized enterprises. On March 16, 2020, the Central Bank of Chile announced a reduction of 75 basis points in the monetary policy interest rate bringing it down to 1%, and on March 31, 2020, the Central Bank of Chile announced a further reduction in the monetary policy interest rate to the current level o 0.5%. The Central Bank also announced loan facilities to banks, and a buyback program for bonds issued by financial institutions. On May 29, 2020 the International Monetary Fund approved a two-year Flexible Credit Line Arrangement for Chile in an amount equivalent to SDR 17.443 billion (about US$23.93 billion). On June 24, 2020 the Central Bank of Ch announced that it obtained access to the Temporary Foreign and International Monetary Authorities (FIMA) Repo Facility Fiscal and monetary authorities in Chile have continued to deliver several economic packages aid to households ar companies, according to the pandemic evolution and its subsequent impact over economic activity. In January 2021, the Central Bank announced a complementary line for liquidity to banks with the remains amounts of the 2020 programs equivalent to US$10,000 million. On March 27, 2020, the United States Congress passed, and the President of the United 6WDWHV VLJQHG LQWR ODZ WKH &RURQDYLUXV CARES Act´G 5HOLHI SURYLG over $2.0 trillion stimulus package to certain businesses and individuals affected by the novel COVID-19 emergency. The CARES Act enables direct payments to individuals and companies whose livelihoods and businesses have been affected the pandemic, extends jobless benefits and offers loans and tax breaks to companies. On December 27, 2020, the Consolidated Appropriations Act of "CAA´ ZDV HQDFWHG to provide further relief measures in response to the COVID-19 pandemic. The CAA, among other things, temporarily extends through December 31, 2025, certain expiring tax provisions, including look-through treatment of payments of dividends, interest, rents and royalties received or accrued from related controlled foreign corporations, and further extends certain provisions originated within the CARES Act, including an extenVLRQ RI WLPH IRU UHSD\PHQW RI WKH GHIHUUHG SRUWLRQ R Additionally, on June 14, 2020 the Chilean government announced a US$12.0 billion program in social aid, which seeks t mitigate the social and economic impact of the pandemic over the next two years. On July 23, 2020 the Chilean Congress approved legislation that allowed the first withdrawal of pension funds, with a second withdrawal approved on December 3 2020.

The magnitude and duration of the pandemic and its impact on our business, results of operations, financial position, and cash flows is uncertain as this continues to evolve globally. The eventual length of the COVID-19 pandemic and the efficacy of the measures being put in place to address it is unknown. However, even after the outbreak of COVID-19 is controlled, the Chilean economy may continue to experience a recession, which would have a material and adverse effect on our business and results of operations, financial position, and cash flows.

Our growth and profitability depend on the level of economic activity in Chile and elsewhere.

A substantial amount of our loans are to borrowers doing business in Chile. Accordingly, the recoverability of these loans in particular, our ability to increase the amount of loans outstanding and our results of operations and financial condition in general, are dependent to a significant extent on the level of economic activity in Chile. The Chilean economy has been influenced, to varying degrees, by economic conditions in other countries, especially the United States and China. Changes in Chilean economic growth in the future or developments affecting the Chilean economy, including consequence from a monetary policy normalization in the United States or deceleration of economic growth in China or other developed nations to which Chile exports a majority of its goods, could materially and adversely affect our business financial condition or results of operations.

According to data published by the Central Bank of Chile, the Chilean economy grew at a rate of 3.9% and 1.1% in 2018, 2019, respectively, and contracted at a rate of 5.8% in 2020. Historically, lower economic growth has adversely affected the overall asset quality of the Chilean banking system and our loan portfolio. The table below shows the risk index of the banks comprising the Chilean financial system according to information published by the former SBIF and the CMF:

Year Ended	Risk Index[1]
December 31, 2016	2.5%
December 31, 2017	2.5%
December 31, 2018	2.4%
December 31, 2019	2.6%
December 31, 2020	2.7%

(1) Provisions divided by total loans.

Although economic conditions are different in each country, investors' reactions to economic and political developments in one country may affect the prices of the securities of issuers in other countries, including Chile. For example, the devaluation of the Mexican peso in December 1994 set off an economic crisis in Mexico that negatively affected the market value of securities in many countries throughout Latin America. The crisis in the Asian markets, beginning in July 1997, resulted in sharp devaluations of other Asian currencies and negatively affected markets througho Asia, as well as many markets in Latin America, including Chile. Similar adverse consequences resulted from the 1998 crisis in Russia and the devaluation of the Brazilian real in 1999. In part due to the Asian and Russian crises, the Chilea stock market declined significantly in 1998 to levels equivalent to 1994. September 2008, the housing crisis in the United States sparked a series of financial institution failures throughout the globe. All this resulted in a liquidity cris a reduction in growth of the global economy as financial institutions tightened policies and reduced lending to banks, corporations and individuals. Chile was adversely affected by lower economic activity during the fourth quarter of 2008 and 2009 as its trading partners entered into recession, which affected local sales, employment levels, plans for investment and the price of exports. In 2010 and 2011, there were signs of recovery in the global economy, and the Chilean econon recovered with high levels of growth, low unemployment, low inflation in 2010 but higher in 2011, low interest rates in both periods, that contributed to the positive trends of the banking industry during 2010 and 2011. Growing concerns ove the sovereign debt obligations of several European countries (including Greece, Portugal, Spain, Ireland, to a lesser extent, Italy) in the second half of 2011 and 2012 and the consequent impact on the solvency of European banks increas the possibility of another worldwide recession. In 2014, there was heterogeneous growth among developing countries gradual recovery in the United States and a lack of economic dynamism in the Eurozone. The Chilean economy wa affected by the slowdown in world economic growth and a significant fall in copper prices which, together with significant tax and social reforms, diminished both investment and consumption. At the end of 2013, the Central Bank of Chile implemented an expansionary monetary policy in an effort to overcome this economic slowdown. Higher exchange rat pressure began to generate an inflationary pass-through at the beginning of 2014. During 2015, the decrease in mining output because of the lower copper price, along with a weaker manufacturing industry, in a context in which business ar consumer confidence was still low leading to depressed domestic demand, led to GDP growth of 2.3% in 2015, with an even weaker growth of 1.6% in 2016, due to economic uncertainty internationally and a local reform agenda that cause and continues to cause, lingering uncertainty in the economy. In 2017, the GDP grew 1.5% due to low growth during the first and second quarters of the year, while the fourth quarter showed growth in the mining industry and robus consumption. In 2018, GDP growth was 4.0% due to an increase in household consumption and fixed investment, together with an increase in investment in mining and improved performance in the services section. In 2019, GDP growth wa 1.1% due to consumption of services and investment in construction, partially offset by a decrease in activity levels as result of social unrest during the second half of 2019. In 2020, GDP fell 5.8% largely due to the COVID-19 pandemic. The second quarter of 2020 showed the most severe contraction in modern history of Chile. Mobility restrictions and a subsequent lower economic activity led to a sharp recession in the following quarters, but the economy started to gradually recover in the last quarter of 2020, boosted by private consumption and exports.

Beginning on October 18, 2019, widespread protests have taken place in Chile. The protests began over the JRYHUQPHQW¶V DQQRXQFHPHQW RI DQ LQFUHDVH LQ VXEZD\ IDUHV L economic inequality, including claims about transportation costs, funding for education, health care costs and pensio amounts, among others. Demonstrations spread across the country and resulted in violent, and sometimes deadly a causing significant damage to subway stations in Santiago, shops, houses and other public and private property. response, the Chilean government announced a reshuffling of the cabinet and a series of social and economic reforms to tackle issues at the heart of the unrest, including cancellation of the increased subway fares, increases in governme subsidized pension, a guaranteed minimum monthly income, affordable medical insurance, lowering the price of medicine and a cancellation of energy price hikes. The majority of the political parties also reached an agreement to reform th FRXQWU\¶V FRQVWLWXWLRQ $ nationwide referendum was initially to be held in March 2020, which was rescheduled to October 25, 2020 due to the COVID-19 outbreak, and the Chilean constituents to the nationwide referendum voted to amend the Chilean Constitution. The new Chilean Constitution will be drafted by a political body whose members will be elected on April 11, 2021. As a result, a new plebiscite to approve or reject the new Chilean Constitutional text is expected to be held in June 2022. This process may result in further volatility, social unrest and protest and could also result in substantial structural changes in Chile that could adversely impact the priva sector, including our operations in the country. We cannot predict the extent to which the Chilean economy will be affected by the civil unrest, nor can we predict if it will continue in coming years and whether the government policies will have a negative impact on the Chilean economy over the long term. Changes in government policies may include higher tax and other changes in laws and policies that could result in a less favorable environment for private businesses.

Furthermore, the Chilean economy could face several risk scenarios in the coming years, in addition to the pandemic crisis and sanitary conditions. On the internal side, the biggest risks are associated with the evolution of business sentiment and private direct investment, in the context of a volatile political and social situation. Additionally, the central region of Chile has experienced low rainfall for the tenth consecutive year. The central region of Chile concentrates most

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SHUVLVW &KLOH¶V HFRQRP\ PD\ EH DGversely affected.

In the foreign markets, one of our greatest concerns has been the continuance of the trade war between the United States and China, with important consequences over international trade, as well as the evolution of the Chinese economy and the impact that a slowdown would have on the price of copper. Moreover, we cannot predict the international trade policies of the newly-elected Government in the US. Copper exports to China account for approximately 40% of the total Chilean exports and about 6% of tax revenues are related to the value of this commodity in 2020. Persistent declines in the price of copper would be a problem for the country because they would require an adjustment of public spending and would adversely affect investment in the Chilean mining sector, which has been a major source of growth in recent years. A second external risk is related to a faster-than-expected increase in international interest rates and the subsequent adjustment of investment portfolios and capital flows, which would adversely affect the Chilean economy. This situation would negatively affect the Chilean economy because of the reduced availability of external funds as well as the effects that a large depreciation of the peso would have on inflation; a phenomena that would hamper the work of the Central Bank of Chile.

7KH 8QLWHG .LQJGRP OHIW WKH (XURSHDQ 8QLRQ WKH ³(8´ ³%UH period which ended December 31, 2020, during which the United Kingdom and the EU were to negotiate the terms of their future trading relationship during the transitional period. On December 24, 2020, negotiators representing the United Kingdom and the EU came to a preliminary trade agreement, which was subsequently ratified by the UK Parliament and must also be ratified by the European Parliament. The impact of Brexit on our results of operations is unclear. Brexit may adversely affect the economic conditions in the United Kingdom, the EU and global markets by reduced growth and increasing volatility. Such volatility and negative economic impact could, in turn, adversely affect the value and trading of our securities.

In addition, the COVID-19 outbreak caused by the novel coronavirus (SARS-CoV-2) continues to have significant adverse imSDFW RQ WKH ZRUOG HFRQRP\ RI D PDJQLWXGH The spread of the novel coronavirus disease, or COVID-19, is currently having a significant adverse impact on the world economy of a magnitude that is not yet determinable, and the rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact to us of COVID ´

A deterioration in global business and economic conditions, which may erode consumer and investor confidence levels or increased volatility of global financial markets, also could adversely affect financial results for our fee-based businesses, including our financial planning products and services.

In addition, we also have material loan exposure to borrowers doing business in certain foreign countries. As a result, adverse political or economic developments in one or more of such countries where we have material credit exposure could have a material adverse effect on the quality of our loan portfolio. Furthermore, economic or political uncertainty in RWKHU /DWLQ $PHULFDQ FRXQWULHV PD\ KDYH DQ DGYHUVH HIIHFW RQ EXVLQHVV 6HH ³The Chilean economy is influenced by developments in other Latin American and emerging market countries.´

The COVID-19 pandemic resulted in recognition of credit losses in our loan portfolios and increase in our additional provisions for credit losses.

The COVID-19 pandemic could influence the recognition of credit losses in our loan portfolios and increase our additional provisions for credit losses, particularly as businesses remain closed and as more customers are expected to draw on their lines of credit or seek additional loans to help finance their businesses. For the year ended December 31, 2020, we added U.S.$209 million to our additional provisions for loan losses generated from our commercial real estate loan portfolio, primarily as a result of the COVID-19 pandemic.

In response to the pandemic, we have implemented loan programs to allow borrowers to defer loan principal and interest payments. The extent to which the COVID-19 pandemic continues to negatively impact our business, results of operations, and financial condition, as well as our regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic

The COVID-19 pandemic has affected and will continue to affect our capacity to provide services to our customers.

The spread of COVID-19, or actions taken to mitigate this spread, could have material and adverse effects on our ability to operate effectively, including as a result of the complete or partial closure of facilities or labor shortages. Disruptions in public and private infrastructure, including communications, financial services and supply chains, could materially and adversely disrupt our normal business operations and those of our customers and borrowers. Although as of March 2021, 80% of our branches remain open to the public as required by applicable regulations, the mandatory shelter-in-place order has significantly disrupted and will continue to disrupt our regular operations, affecting our capacity to VHUYLFH RXU FXVWRPHUV¶ QHHGV We have transitioned a significant subset of our employee population to a remote work environment in an effort to mitigate the spread of COVID-19, as have a number of our third-party service providers, which may exacerbate certain risks to our business, including an increased demand for information technology resource increased risk of phishing and other cybersecurity attacks, and increased risk of unauthorized dissemination of sensitive personal information or proprietary or confidential information about us or our members or other parties.

Furthermore, as a result of the mandatory shelter-in-place order and restrictions on the movement of people, our customers have migrated and will continue to migrate from physical service channels to telephone or digital channels. Such an increase in traffic in telephone and digital channels over a short period of time has caused and may continue to cau network congestion and result in longer customer waiting times for our clients, thereby affecting our capacity to service their needs, which could have a material and adverse effect on our business and results of operations. We may also take further actions that alter our business operations, as may be required by federal, state or local authorities, or that we determine are in the best interests of our employees, suppliers and clients.

Currency fluctuations could adversely affect our financial condition and results of operations and the value of our securities.

Any future changes in the value of the Chilean peso against the U.S. dollar will affect the U.S. dollar value of our securities. The Chilean peso has been subject to large devaluations and appreciations in the past and could be subject to significant fluctuations in the future. The Central Bank of Chile has the ability to intervene in the foreign exchange market, which could affect the economy. Following the widespread protests and social unrest that began in Chile in October 2019, the value of the Chilean peso has experienced increased volatility. As a result, the Central Bank of Chile has unveiled a US$20 billion foreign exchange intervention program to mitigate exchange rate volatility until January 2021, through spot and forward operations. The Central Bank of Chile successfully intervened pursuant to this program in December 2019 7KLV ZDV WKH &HQWUDO %DQN RI &KLOH¶V ILUVW LQWHUYHQWLRQ LQ history. The Chilean peso is now subject to renewed volatility as a result of the economic impact of the 2020 novel coronavirus outbreak. Our results of operations may be affected by fluctuations in the exchange rates between the peso a the dollar despite our policy and Chilean regulations relating to the general avoidance of material exchange rate exposure. In order to avoid material exchange rate exposure, we enter into forward currency exchange transactions. The followin table shows the value of the Chilean peso relative to the U.S. dollar, as reported by the Central Bank of Chile as of the last day of the years indicated and the appreciation/depreciation of the Chilean peso relative to the U.S. dollar during yea periods.

Year Ended	Exchange rate (Ch$) Year-end	Appreciation (Depreciation) (%)
December 31, 2016	667.29	6.0
December 31, 2017	615.22	8.5
December 31, 2018	695.69	(11,6)
December 31, 2019	744.62	(6.6)
December 31, 2020	711.24	4.5

Source: Central Bank of Chile.

We may decide to change our policy regarding exchange rate exposure. Regulations that limit such exposures may also be amended or eliminated. Greater exchange rate risk will increase our exposure to the devaluation of the pe and any such devaluation may impair our capacity to service foreign currency obligations and may, therefore, materially and adversely affect our financial condition and results of operations. Notwithstanding the existence of general policies an regulations that limit material exchange rate exposures, the economic policies of the Chilean government and any future fluctuations of the peso against the dollar could affect our financial condition and results of operations.

The Central Bank of Chile has recently extended until January 9, 2021 the window for possible option of FX sales and Non-Deliverable)RUZDUG RSHUDWLRQV WKDW ZDV RSHQHG LQ 1RYHPEH

Factors— Civil unrest in Chile could have a material adverse effect on general economic conditions in Chile and on our business UHVXOWV RI RSHUDWLRQV DQG ILQDQFLDO FRQGLWLRQ´

Civil unrest in Chile could have a material adverse effect on general economic conditions in Chile and on our business, results of operations and financial condition.

Beginning on October 18, 2019, widespread protests have taken place in Chile. The protests began over the JRYHUQPHQW¶V DQQRXQFHPHQW RI DQ LQFUHDVH LQ VXEZD\ IDUHV I economic inequality, including claims about transportation costs, funding of education, health care costs and pension amounts, among others. Demonstrations spread across the country and resulted in violent, and sometimes deadly a causing significant damage to subway stations in Santiago, shops, houses and other public and private property. The government imposed a state of emergency and nighttime curfews in Santiago and other cities; however, protests a violence have continued.

In response, the Chilean government announced a reshuffling of the cabinet and a series of social and economic reforms to tackle issues at the heart of the unrest, including cancellation of the increased subway fares, increases government-subsidized pension, a guaranteed minimum monthly income, affordable medical insurance, lowering the price of medicine and a cancellation of energy price hikes. The Chilean Congress also reached an agreement to reform t FRXQWU\¶V FRQVWLWXWLRQ)ROORZLQJ DQ the Chilean Congress convened a & K L nationwide referendum to vote for a new Chilean Constitution initially to be held in March 2020, which was rescheduled to October 25, 2020 due to the COVID-19 outbreak and the Chilean constituents to the nationwide referendum voted to amend the Chilean Constitution. The new Chilean Constitution will be drafted by a political body whose members will be elected on April 11, 2021. This political body shall deliberate about the new Chilean Constitution for a term of 9 months, which may be extended for an additional 3 month period. Each new article of the new Chilean Constitution shall be approved by two thirds of the assembly and the President shall call for a new referendum (the confirming referendum) which is expected to be held in June 2022, whereby the citizens will be asked to approve or reject the draft of the new Chilean Constitution. If approved, the new Chilean Constitution would be ratified in the second half of 2022. Otherwise, the current Chilean Constitution shall remain in effect. Notwithstanding the foregoing, Law No. 21,200 enacted on December 23, 2019, which regulated the process to draft a new constitution and authorized the President to call for referendums, did not consider the scenario that the deliberating political body does not reach an agreement, other than such political body would be dissolved ipso jure, in which case no draft of the Chilean Constitution may be submitted to the President to call for the confirming referendum. This process may result in further social unrest and protest and could also result in substantial structural changes in Chile that could adversely impact the private sector, including our operations in the country.

We cannot predict the extent to which the Chilean economy will be affected by the civil unrest or the political discussion regarding the new constitution, nor can we predict if government policies enacted as a response to the civil unrest will have a negative impact on the Chilean economy. Changes in government policies may include higher tax rate and other changes in laws and policies that could result in a less favorable environment for private businesses. If the protests continue or worsen, future government policies to preempt, or in response to, unrest may materially affect th Chilean economy, and thereby our business, financial condition and results of operation.

&KLOH¶V EDQNLQJ UHJXODWRU\ DQG FDSLWDO PDUNHWV HQYLURQPHQW services industry in Chile could increase our costs and result in lower profits.

Changes in banking regulations may materially and adversely affect our business, financial condition and results of operations. Chilean laws, regulations, policies and interpretations of laws relating to the banking sector and financia institutions are continually evolving and changing.

In 2007, new regulations governing the Chilean capital markets were approved (Reformas al Mercado de Capitales II DOVR NQRZQ DV ³0.´ 7KHVH UHJXODWLRQV DPRQJ RWKHU WKLQJV P General Banking Law. Under Reformas al Mercado de Capitales II, the limit on the amount that a bank is allowed to grant as an unsecured loan to a single individual or entity was increased to 10% of our regulatory capital (and up to 30% of ou regulatory capital if any loans granted in excess of the 10% is secured by collateral). Previously, these limits were set at 5% and 25%, respectively. Although any such increase may increase our lending activity, it may also increase the risk associated with the growth of our loan portfolio and increase competition as the number of banks that can compete in the corporate segment increases.

The Chilean Congress passed a bill on June 1, 2010 that aims to increase securities trading in Chile, Lati $PHULFD¶V biggest securities market, by allowing trading of new instruments such as exchange-traded funds and guaranteed bonds. The bill also seeks to improve access to credit for consumers and small companies. For example, bill makes it easier for foreign banks to offer loans in Chile, reduces securitization costs, allows banks to sell bonds backed by mortgages, offers tax breaks to foreign investors in Chilean mutual funds and strikes down a law that prevented foreig banks from advertising loans. The bill also aims to reduce the cost of setting up mutual funds, in part by removing limits on employing non-Chileans, and creates an exchange-traded funds industry by modifying mutual fund rules to allow secondary trading and enable pension funds to invest in such mutual funds. The new class of bonds that would be DXWKRUL]HG E\ WKH ODZ NQRZQ DV ³PRUWJDJH ERQGV´ ZLOO EH EDF a pool of mortgages, as is the case with European covered bonds. Unlike guaranteed bonds, these may be issued by banks and non-banks. In addition, Law No. 20,448, enacted in August 2010, allows non-Chilean banks with representative offices in Chile to offer their credit products to customers directly. This change further increased competition by increas the number of banks that can compete directly in Chile.

In 2010, the government promoted another package of reforms, the Financial Market Reforms Bicentennial, also NQRZQ DV ³0.%´ ZKLFK KDYH EHHQ LPSOHPHQWHG its active changes and new 7KH 0.% UHIRUPV L regulations, which includes among others, the improvement of the financial consumer protection agency.

The following laws were passed under the auspices of the MKB: (i) Law No. 20,555, which has the objective of enhancing the protection of financial services consumer rights by establishing that any entity that extends credit to consumers must provide them with complete information about the total cost of financing, such as fees and commission default rates, prepayment costs and applicable taxes; (ii) Law No. 20,950 that governs the issuance and operation by non-banking entities of pre-funded payment methods or any similar system, when these systems involve the issuer or the operator regularly engaging in monetary obligations with the public in general or specific sectors or groups thereof; (iii) Law No. 20,956, known as the Law to Boost Productivity, which introduced several amendments to existing laws and UHJXODWLRQV LQ RUGHU WR HQKDQFH of the financial system and the promotion of the exportation of services; (iv) Law No. 21,000 that created the CMF, a technical commission that replaced the Chilean Securities and Insurances Commission (Superintendencia de Valores y Seguros, ³SVS´) in December 2017; and (v) Law No. 20,945 that establishes enhancements of competition regulations.

On January 19, 2019, the Chilean government passed a law that amends, among others, the Amendment to t General Banking Law and establishes new capital regulation for banks in Chile in line with Basel III standards. See ³5HJXODWLRQ DQG 6XSHUYLVLRQ²%DVHO ,,, 5HJXODWLRQ´ ,Q DGGLWLRQ WKH $PHQGP amendments to other provisions of the General Banking Law that are independent of these recommendations. Banks are required to comply with these basic capital requirements within a four- to five-year period, as per the applicable requirement, from the date of the issuance of CMF regulation establishing the methods to weigh assets. The increase in capital requirements may lead to a decrease in our available credit for granting loans, restricting our operatio and thereby adversely affecting our financial condition and results of operations.

In December 2019, the President submitted to the Congress a bill of law that seeks to amend the consumer protection law and set forth sanctions for abusive practices in the market. Among other amendments, the bill incorporate the following: (i) the mandatory solvency appraisal of new consumers; and (ii) the right of the consumer to block certain payment cards permanently, without paying maintenance and/or operational costs.

In February, 2020, the Chilean government enacted Law No. 21,210 containing the Tax Modernization Project. Among its changes, this law provides for (i) the elimination of the partially integrated regime; (ii) a 27% rate of corporate income tax for large companies; (iii) a simplified tax regime for small and medium-sized companies with yearly gross income below UF75,000 and that comply with certain requirements regarding their activities; (iv) a new 40% rate bracket of personal income tax for those earning more than approximately Ch$15 million a month and a new surtax to properties worth more than approximately Ch$400 million, (v) application of the 19% value-added tax to digital services provided by persons not domiciled or resident in Chile, and modification to the exemption of value-added tax to imports of certain capital goods, and (vi) reforms to tax proceedings, among others.

In September 2020, Law No. 21,256 was enacted by the Chilean government, which established new tax measures and modifies some existing ones, as part of the emergency plan for the reactivation of the economy and employment due the COVID-19 related crisis. Among its changes, this law provides for (i) the reduction to 10% of the rate of the corporate income tax for small and medium-sized companies; (ii) the possibility of claiming reimbursement of remaining VAT tax credit for small and medium-sized companies under certain circumstances for the months of July, August or September 2020; (iii) the release under certain circumstances of payment of the contribution for regional development, established b means of Law No. 21,210; and (iv) the temporary extension of the VAT deferral period from 2 to 3 months, until December 31, 2021.

Changes in Chilean tax laws may increase our tax burden and adversely affect our profitability.

7KH VWDWXWRU\ First Category Income Tax UDWH LQ &KLOH ZDV ... from 2011 to 2013. Under Law No. 20,780, published in the Official Gazette of Chile (Diario Oficial) on September 29, 2014, as amended by Law No. 20,899, with the purpose of generating additional financial resources to improve the quality of education, the First Category Income Tax rate was gradually increased to 25% or 27%, depending on the system chosen by t taxpayer. In February 2020, the Chilean government enacted Law No. 21,210 that modernizes the tax legislation. Th current regulations provide for (i) the elimiDWLRQ RI WKH ³D... (ii) a 27% rate of corporate income tax for large companies, (iii) a simplified tax regime for small and medium-sized companies with yearly gross income below UF75,000 and that comply with certain requirements regarding their activities, (iv) a new 40% rate bracket of personal income tax for those earning more than approximately Ch$15 million a month and a new additional surtax to properties worth more than approximately Ch$400 million, (v) application of the 19% value-added tax (VAT) to digital services provided by persons not domiciled or resident in Chile, and modification to the exemption of value-added tax to imports of certain capital goods, and (vi) reforms to tax proceedings, among others.

Under current regulations we are subject to a 27% corporate income tax rate and only 65% of the First Categor Income Tax paid will be allowed to be a credit against final taxes, unless there is an enforceable tax treaty to avoid doub taxation bHWZHHQ WKH ILQDO WD[SD\HU¶V ... for, until 2026, a signed tax treaty even if it has not yet ... entered into force, in which case the final taxpayer will be allowed to use 100% of the First Category Income Tax paid as credit against final taxes.

In response to the global economic, political and social unrest as a result of the COVID-19 pandemic, the Chilean government, through the Ministry of Finance, called a commission, which is formed by a group of expert economists, to analyze potential tax exemptions in Chile. Likewise, the International Monetary Fund and the OECD have made recommendations to the Chilean government to analyze the Chilean tax system with the aim of reducing inequality i Chile. Consequently, the Chilean tax system may be modified in the upcoming years.

Future natural phenomena such as earthquakes, tsunamis, wildfires, the climactic phenomenon El Niño or floods may adversely affect lending volume and the quality of our loan portfolio.

Chile lies on the Nazca tectoOLF SODWH PDNLQJ LW RQH RI WKH ZRUOG¶V PR been adversely affected by powerful earthquakes in the past, including an 8.0 magnitude earthquake that struck Santiago 1985 and a 9.5 magnitude earthquake in 1960 which was the strongest earthquake ever recorded.

On February 27, 2010, an 8.8 magnitude earthquake struck central Chile. The earthquake and its aftershocks, ZHOO DV WVXQDPLV IURP DGMDFHQW FRDVWDO ZDWHUV... including roads, bridges, ... VHYH SRUWV DQG 6DQWLDJR¶V LQWHUQDWLRQDO DLUSRUW $V D UHVXOW R Major earthquakes also struck in April 2014 near Iquique (8.0 magnitude), 1092 miles north of Santiago and in September QHDU &RTXLPER PDJQLWXGH PLOHV QRUWKZHVW RI 6DQW infrastructure had an adverse impact on the Chilean economy, and in particular on export businesses that operate in t affected areas. During 2010, we allocated additional allowances to prevent deterioration of asset quality and an increase i provision expenses. As of the end of that year the direct impact on charge-offs due to the earthquake was not material; however, we cannot assure you that such would be the case in the event of future earthquakes.

El Niño is an oceanic and atmospheric phenomenon that causes a warming of temperatures in the Pacific Ocea resulting in heavy rains off the coast of Chile, Peru and Ecuador and various other effects in other parts of the world. The effects of El Niño, which typically occurs every two to seven years, include (among other things) flooding and the negative effects on fish populations and agriculture, and accordingly, can have a negative HIIHFW RQ &KLOH¶V HFRQR Niño has negatively affected our agricultural and fishing loan portfolio.

The year 2020 was marked by the COVID-19 pandemic, which confronted us with greater technological and emerging risks due to the massive enabling of remote work and the greater use of remote channels by our clients. We were faced with a very hostile cyber threat scenario for the industry, where we witnessed important cybersecurity incidents tha affected other Chilean and foreign banks, customers and suppliers, with an increase in malware threats, DDOS attacks and attacks aimed at cybersecurity companies. These threats were contained by our multidisciplinary teams and no information or infrastructure compromise points were identified.

If these and other natural phenomena occur in the future, we may suffer damage to, or destruction of, propertie and equipment, which may negatively affect our business, particularly if those problems affect our computer-based data processing, transmission, storage and retrieval systems and destroy valuable data. In addition, if a significant number of our local employees and managers were unavailable in the event of a disaster, our ability to effectively conduct business cou be severely compromised. A natural disaster could damage some of our branches, force us to close damaged facilities or locations, increase recovery costs as well as cause economic damage to our clients. Furthermore, these events may af customers and industries to which we have exposure through our loan portfolio, which in turn may have a material adverse effect on our business.

With regard to our business in the United States, our market areas in Florida are susceptible to hurricanes, tropic storms and related flooding and wind damage. Such weather events can disrupt operations, result in damage to properties and negatively affect the local economies in the markets where we operate. Our business and results of operations may adversely affected by these and other negative effects of future hurricanes, tropical storms, related flooding and wind damage and other similar weather events. As a result of the potential for such weather events, many of our customers ha incurred significantly higher property and casualty insurance premiums on their properties located in our markets, which may adversely affect real estate sales and values in our markets.

$Q\ GRZQJUDGLQJ RI &KLOH¶V GHEW FUHGLW UDWLQJ IRU GRPHVWLF D may also affect RXU UDWLQJV RXU EXVLQHVV RXU IXWXUH ILQDQFLDO SHUIR securities, and any downgrading of our credit ratings could increase our cost of funding and adversely affect our interest margins and results of operations.

On March 24, 2021 6WDQGDUG 3RRU¶V GRZQJUDGHG WKH term international debt from FUHGLW UDWL A+ to A with stable outlook. On October 15, 2020)LWFK 5DWLQJV GRZQJUDGHG WKH term FUH international debt from A to A-, DQG XSJUDGHG outlook to stable. &KLOH¶V On August 25, 2020 0RRG\¶V FRQILUPHG UDWLQJ RI term international &KLOH¶V ORQJ debt of A1 and GRZQJUDGHG outlook to negative &KLOH¶V. As of the date of this Prospectus, our foreign currency deposit VLW UDWLQJV DUH $ DQG $ DFFRUGLQJ WR 0RRG and are one notch below the Chilean sovereign ratings given by such rating agencies, which are A1 and A, respectively.

$Q\ DGGLWLRQDO DGYHUVH UHYLVLRQV WR ratings for domestic and international debt &KLOH¶V FUHGLW by international UD UDWLQJ DJHQFLHV PD\ DGYHUVHO\ DIIHFW RXU UDWLQJV RXU EXVLQH value of our securities.

In addition, credit ratings affect the cost and other terms upon which we are able to obtain funding. Rating agencies regularly evaluate us and their ratings of our debt are based on a number of factors, including our financia strength and conditions affecting the financial services industry generally. There can be no assurance that the rating agencies will maintain the current ratings or outlooks, and any downgrading in our debt credit ratings would likely increase our borrowing costs and could limit our access to capital markets and adversely affect our operating results and financial condition.

Chile has different corporate disclosure and accounting standards than those you may be familiar with in the United States.

Accounting, financial reporting and securities disclosure requirements in Chile differ in certain significant respects from those required in the United States. Accordingly, the information about us available to you will not be the same as th information available to holders of notes issued by a U.S. financial institution. See a description of certain significant differences between Chilean GAAP and IFRS (equivalent to the differences between Chilean GAAP and IFRS as adopte SXUVXDQW WR WKH SURFHGXUH RI $UWLFOH RI 5HJXODWLRQ (Significant & 1F 'LIIHUHQFHV %HWZHHQ &KLOHDQ *$$3 DQG ,)56 ´

As a regulated financial institution, we are required to submit unaudited stand-alone balance sheets and income statements prepared in accordance with Chilean GAAP to the CMF on a monthly basis and audited consolidated and stand-alone balance sheets and income statements prepared in accordance with Chilean GAAP on an annual basis. We required to publish our income statements for the periods ended March 31, June 30 and September 30 of each calendar y in a newspaper of national circulation. Such publication must be made no later than the last day of the month following the date of the income statement. Such unaudited financial information is prepared in summary form, is not sent directly to ou security-holders and differs in other significant respects from information generally available in the United States with respect to U.S. financial institutions. The CMF also has discretionary power to require a bank to publish its income statements for periods in addition to those specified above.

The Chilean Securities Market Law which governs open or publicly listed companies, such as us, impose disclosure requirements that are more limited than those in the United States in certain important respects. In additio although Chilean law imposes restrictions on insider trading and price manipulation, applicable Chilean laws are differen from those in the United States, and the Chilean securities markets are not as highly regulated and supervised as the U securites markets.

We cannot assure you of the accuracy or comparability of facts, forecasts and statistics contained in this Prospectus with respect to Chile, its economy and banking industry.

Facts, forecasts and statistics in this document relating to Chile, &KLOH¶V HFRQRP\ DQG WKH industry, including market share information, are derived from various official and other publicly available sources that we generally believe to be reliable. However, we cannot vouch for the quality and reliability of such official and other sources of materials. In addition, these facts, forecasts and statistics have not been independently verified by us and, therefore, make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of Chile and may not be complete or up to date. We have taken reasonable care i reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and marke practice and other problems, these facts, forecasts or statistics may be inaccurate and may not be comparable from perio period or to facts, forecasts or statistics produced for other economies, and you should not unduly rely upon them.

A change in the law governing the judicial recovery of overdue loans or in the organization of our courts could adversely affect our overall rate of recovery of overdue loans.

The Chilean judicial system is constantly evolving to suit the needs of the population and is gradually incorporating the use of new technological tools as these facilitate the intervention of the court. On October 10, 2014, th Chilean Congress enacted Law No. 20,720, which amends the procedural and substantive regulation of the judicia reorganization or settlement for individuals and businesses declared insolvent or bankrupt. The main purposes of th aforementioned law are: (a W R IDFLOLWDWH WKH QHJRWLDWLRQ DQG DSSURYDO improve the repayments of creditors in insolvency proceedings, creating a more effective and efficient process; and (c) t regulate the effects of cross-border insolvency proceedings. Although changes in this area could increase the rate of legal recovery of overdue loans and improve our operating results, it could also adversely affect them.

Changes in labor laws, may adversely affect our profitability.

On July 9, 2014, Law No. 20,760 was enacted, setting forth a new kind of legal entity concept, preventing companies from hiding their identity by using multiple taxpayer numbers. This law deems as the same employer for labo and social security purposes, two or more companies that have a common labor management and comply with some conditions like having a common controller among them, or having similar or supplementary products or services.

On September 8, 2016, Law No. 20,940 was published in the Official Gazette of Chile and became effective on April 1, 2017. The purpose of such law is to promote and empower the collective negotiation procedure betwee employers and employees, providing that the labor unions shall be the most favored party in such negotiations as well as WKH ³RZQHU´ RI WKH ULJKWV DFKLHYHG WKURXJK WKHP &RQV-HTXHQ unionized employees, which was previously allowed (provided that the non-unionized employees paid the 75% of the labor union fee). Some of the main measures are the following: (i) to forbid the replacement of employees when work stoppage or strikes are ongoing, regardless if they are replaced through external or internal personnel; (ii) to give employees access to the financial and tax information of their employers, as well as to their investment plans, and to payroll information regarding both unionized and non-unionized employees; (iii) recognize the benefits achieved in the past collective negotiation as a minimum for the upcoming negotiation; (iv) possibility for inter-company unions to engage in collective bargaining procedures, which will be binding to the employer subject to the fulfillment of certain legal requirements; and (v) extension of the right to collective bargaining to employees formerly not entitled to do so, and also in respect of matters that were not previously subject to collective bargaining. On May 2019, the President of Chile sent to the Chilean Congress a new bill of law on labor modernization to improve balance between work and family, and inclusion (Bulletin 12618-13). The main changes proposed in the bill are to: (i) amend the working schedule from fixed 45 hour per week to the possibilit of agreeing on a monthly working schedule of 180 hours per month; (ii) allow the distribution of the workweek from a minimum of 4 to a maximum of 6 days (allowing 4x3 shifts with no prior request to the Labor Board); (iii) introduce a new regulation on services provided through technological platforms; (iv) introduce a regulation for free-lance or informal employments; and (v) introduce amendments to the regulation of services provided by teenagers and under aged employe Simultaneously, a group of congresswomen from opposition parties proposed a bill of law aimed to reduce the weekly working schedule from 45 to a 40 hours per week. According to the current text of the bill, the reduction should become effective after 12 months of its publication in the Official Gazette, considering a gradual implementation for smalle companies. Both the government sponsored and the opposition draft are currently being discussed at the Chilean Congre $Q\ DVVHVVPHQW UHJDUGLQJ WKH LPSDFWV RI WKHVH OHJLVODWLYH F of the legislative process. These potential changes in labor laws may increase our labor costs or prevent us from increasi operational efficiency which in turn could also significantly affect our results of operations and ability to pay the Notes.

Due to the global contingency caused by COVID-19 and its impact on forms of employment and labor relations, some laws that were being discussed in Congress have lost their urgency and are currently on standby, such as aforementioned reforms of labor flexibility and reduction of working hours. On the other hand, the government has promoted new laws that directly impact the operation of companies in the context of the health crisis.

On April 1, 2020, and in connection with the COVID-19 related crisis, Law 21,220 was enacted, introducing certain amendments to the Labor Code in order to regulate teleworking or home office mode.

This new law establishes a series of special regulations for employees who provide services remotely and creates number of obligations for the employer when agreeing on teleworking, a matter that until then was almost entirely unregulated. 7KH PDLQ HOHPHQWV RI WKH WHOHZRUNLQJ ODZ DUH L WKH additional minimum content in employment contracts for the work services; (iii) requirement on certain tools, elements and costs associated to the performance of services by the employee assumed by the employer; (iv) a prohibition for employers to force their employees to use their own tools or to incur non-reimbursable expenses to render services out of the regular work place; and (v) specific regulation of working schedules. The teleworking law may generate new labor costs that shall be assumed by the employer, especially in companies where teleworking exists as a permanent practice.

On April 6, 2020, a special law was enacted (No. 21,227) in order to establish extraordinary and transitory measures to protect the stability of income and labor sources for a significant group of workers who, having formal jobs, (i) cannot provide services due to mandatory measures adopted by Chilean authorities in the context of the pandemic; or (have agreed with their employers to suspend their employment contract. This law allows the suspension of the employment contracts or reduction of hours and wages under various specific scenarios and conditions, making available to affecte employees a subsidy from unemployment insurance. On February 2021, Law No. 21,312 was published in the Official Gazette, which extends until December 2021 the enforcement of the benefits and entitlements established in law No. 21,227 and in law No. 21,263 (that temporarily amends the requirements to access and increases the amounts of the benefits of the unemployment insurance), and grants new provisions with charge to the unemployment mutual aid fund. In the event that is necessary to invoke this law for the suspension of employment contracts or reduction of working hours, the company would be subject several restrictions, including, but not limited to: (i) hiring personnel; (ii) termination of employment contracts; (iii) prohibition on corporations to distribute dividends during certain poeriod and upon fulfillment of certain conditions, and (iv) prohibition for directors of open stock companies to receive fees for said position that are higher than the percentages corresponding to the unemployment insurance, during the suspension period agreed with employees.

The changes in legislation could have an adverse effect on our business, results of operation or financial conditio in the future.

Changes in social security legislation may adversely affect our profitability.

In January 2020, the Chilean JRYHUQPHQW VHQW D QHZ ELOO WR WKH &KLOHDQ system. Amongst other measures, the bill is expected to include a gradual increase of up to 6% in employer contributions to employee pension schemes. As of January 2021, WKH ELOO ZDV LQ WKH 6HQDWH¶V VHFRQ discussion delayed due to the COVID-19 pandemic and the extraordinary withdrawals of pension funds. On March 2, 2021, the Senate authorized the Labor and Social Security Commission to discuss the project in general and in particular. On March 3, 2021 the Labor Commission of the Senate approved the bill in general. Also on March 3, 2021, the President announced that the government was introducing modifications to the bill for social security reform, although maintaining the gradual increase of up to 6% in employer contributions to employee pension schemes.

Considering that this is currently being discussed in the Chilean Congress, we are unable to predict the final content of the law. The potential adverse effect of the proposed law on our financial condition and results of operations cannot yet be ascertained.

Changes in insurance supervision may adversely affect our profitability.

One of our related companies, Bci Seguros, is an insurance company subject to the supervision of the CMF. A bill of law being discussed by the Chilean Congress contemplates the implementation of a risk-based supervision model in the Chilean insurance market which would eventually establish supervisory capital requirements. These requirements are risk based, and as the risk levels within the insurer increases, the capital level must increase as well.

Risks Relating to the Notes

Notes issued under the Program may not be a suitable investment for all investors. Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in such Notes and the information contained in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more Specified Currencies, or where the Specified &XUUHQF\ IRU SULQFLSDO RU LQWHUHVW SD\PHQWV LV GLIIHU holding investments;
- understand thoroughly the terms of the relevant Notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment in the relevant Notes and its ability to bear the applicable risks.

Risks Relating to the Notes Generally

Set out below is a brief description of certain risks relating to the Notes generally:

There is no trading market for the Notes; you may be unable to sell your Notes if a trading market for the Notes does not develop or is not developed and maintained.

Each Series of Notes will constitute a new issue of securities with no established trading market. Application may be made to the Luxembourg Stock Exchange for Notes (other than Indexed Notes) issued under the Program to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange. In addition, Notes (other than Indexed Notes) may be listed or admitted to trading on other or further stock exchanges including, but not limited to, the Frankfurt Stock Exchange and the SIX Swiss Exchange, as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. The Issuer cannot assure you, however, that the application will be accepted or an active trading market for the Notes will develop or, if developed, be maintained. If a trading market does not develop or is not maintained, holders of the Notes may experience difficulty in reselling the Notes or may be unable to sell them at all. Even if a market develops, the liquidity of any market for the Notes will depend on many factors, including the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and other factors. The price of each Series of Notes will depend on many factors, including prevailing interest rates, general economic conditions, our operating results and the market for similar securities. Accordingly, there can be no assurance as to the development or liquidity of any market for the Notes, the ability of holders to sell the Notes or the prices at which the Notes could be sold. Because the market for any Series of Notes may not be liquid, you may have to bear the economic risk of an investment in the Notes for an indefinite period of time. If an active trading market does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes (other than Indexed Notes) are traded, they may trade at a discount from their initial offering price depending upon prevailing interest rates, the market for similar VHFXULWLHV JHQHUDO HFRQRPLF FRQGLWLRQV WKH ,VVXHU¶V SHUIRU

Market price risk.

The market price of each Series of Notes depends on various factors, such as the spread and impact of the COVI 19 pandemic, including government actions taken to control the spread of the virus, changes of interest rate levels, the policy of central banks, overall economic developments, inflation rates or the supply and demand for the relevant type o 1RWH 7KH PDUNHW SULFH RI HDFK 6HULHV RI 1RWHV PD\ DOVR EH QH (i.e., the difIHUHQFH EHWZHHQ \LHOGV RQ WKH ,VVXHU¶V GHEW DQG WKH PDWXULW\ 7KH ,VVXHU¶V FUHGLW VSUHDGV DUH PDLQO\ EDVHG RQ factors such as general market trends as well as supply and demand for such Series of Notes.

Exchange rate risk and exchange controls.

An investment in Notes that are denominated in, or the payment of which is to be or may be made in or related t the value of, a currency or composite currency other than the currency of the country in which the purchaser is a resident or WKH FXUUHQF\ LQ ZKLFK WKH SXUFKDVHU FRQGXFWV LWV EXVLQHVV R are not associated with a similar investment in a security denominated in the home currency. Such risks include the possibility of significant changes in rates of exchange between the home currency and the various foreign currencies (composite currencies) after the issuance of such Note and the possibility of the imposition or modification of foreign exchange controls by either the U.S. or foreign governments. Such risks generally depend on economic and political even over which each Issuer has no control. In recent years, rates of exchange between certain currencies have been highly volatile and such volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that ha occurred in the past are not necessarily indicative, however, of fluctuations in such rate that may occur during the term of any Note. Depreciation of the currency in which a Note is denominated against the relevant home currency would result i a decrease in the effective yield of such Note below its coupon rate and, in certain circumstances, could result in a loss to the investor on a home currency basis. In addition, depending on the specific terms of a currency linked Indexed Note changes in exchange rates relating to any of the currencies involved may result in a decrease in the effective yield of such currency linked Indexed Note and, in certain circumstances, could result in a loss of all or a substantial portion of the principal of a currency linked Indexed Note to the investor.

Foreign exchange rates can either be fixed by sovereign governments or float. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the U.S. Dollar. National governments however, rarely voluntarily allow their currencies to float freely in response to economic forces. Governments in fact use a YDULHW\ RI WHFKQLTXHV VXFK DV LQWHUYHQWLRQ E\ D FRXQWU\¶V affect the exchange rate of their currencies. Governments may also issue a new currency to replace an existing currency, or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special r in purchasing non-home currency denominated Notes or currency linked Indexed Notes is that their home currency equivalent yields could be affected by governmental actions, which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces, and the movement of currencies acro borders. There will be no adjustment or change in the terms of such Notes in the event that exchange rates should becom fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the U.S. Dollar or any applicable Specified Currency.

Governments have imposed from time to time, and may in the future impose, exchange controls which could affec exchange rates as well as the availability of a specified foreign currency at the time of payment of principal and of premium, if any, or interest, if any, on a Note. Even if there are no actual exchange controls, it is possible that the Spec Currency for any particular Note not denominated in U.S. Dollars would QRW EH DYDLODEOH DW VXFK 1R event, the Issuer would make required payments in U.S. Dollars on the basis of the market exchange rate on the date such payment, or if such rate of exchange is not then available, on the basis of the exchange rate as of the most UHFHQW SUDFWLFDEOH GDWH 6HH ³6SHFLDO 3URYLVLRQV 5HODWLQJ "Payments in Foreign Currency 1RWHV ´

Interest rate risk.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

The Issuer may not effectively manage risks associated with the replacement of benchmark indices.

Interest rate, equity, foreign exchange rate and other types of indices which are HHPHG WR EH ³EHQF
including those in widespread and long-standing use, have been the subject of ongoing international, national and other
regulatory scrutiny and initiatives and proposals for reform. Some of these reforms are already effective while others are
still to be implemented or are under consideration. These reforms may cause benchmarks to perform differently than in th
past, or to disappear entirely, or have other consequences, which cannot be fully anticipated.

Any of the benchmark reforms which have been proposed or implemented, or the general increased regulatory scrutiny of benchmarks, could also increase the costs and risks of administering or otherwise participating in the setting o benchmarks and complying with regulations or requirements relating to benchmarks. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in th rules or methodologies used in certain benchmarks or lead to the elimination, discontinuance or obsolescence of certain ³EHQFKPDUNV ´ RU UHVXOW LQ RWKHU FRQVHTXHQFHV WKDW FDQQRW uncertainty as to the nature of potential alternative reference rates and as to the nature and effect of potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, as well as the value of, t UHWXUQ RQ DQG RU WUDGLQJ PDUNHW IRU 1RWHV Risks Relating to the Notes VXFK Generally² Changes or uncertainty about the future of EURIBOR and the potential discontinuance of EURIBOR could adversely affect the market value of any EURIBOR Notes, limit your ability to resell them and/or the payment of interes XQGHU VXFK (85,%25 1RWHV´ Changes or uncertainty about the future of LIBOR and the potential discontinuance of LIBOR could adversely affect the market value of the Notes denominated in U.S. dollars and/or limit your ability to resell WKHP ´

Any of these developments, and any future initiatives to regulate, reform or change the administration of benchmarks, could result in material adverse consequences to the return on, value of and market for loans, mortgag securities, derivatives and other financial instruments whose returns are linked to any such benchmark, including those issued, funded or held by the Issuer.

The benchmark reform could have a material impact on Notes linked to such benchmark, including the discontinuance in use of a benchmark if its administrator does not obtain the requisite authorization or satisfy other applicable requirements. In such event, depending on the particular benchmark and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted. Furthermore, the benchmark reform could also result in a change in the methodology or terms of the benchmark in order to comply with the requirements of the benchmark reform and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including, in certain circumstances, the selection of a substitute or successor reference rate.

Various regulators, industry bodies and other market participants in the U.S. and other countries are engaged in initiatives to develop, introduce and encourage the use of alternative rates to replace certain benchmarks. There is assurance that these new rates will be accepted or widely used by market participants, or that the characteristics of any of these new rates will be similar to, or produce the economic equivalent of, the benchmarks that they seek to replace. If particular benchmark were to be discontinued and an alternative rate has not been successfully introduced to replace that benchmark, this could result in widespread dislocation in the financial markets, engender volatility in the pricing of securities, derivatives and other instruments, and suppress capital markets activities, all of which could have adverse effects RQ WKH ,VVXHU¶V UHVXOWV RI RSHUDWLRQV ,Q DGGLWLRQ WKH WUDG hedge accounting relationships between financial instruments linked to that benchmark and any related derivatives, which FRXOG DGYHUVHO\ DIIHFW WKH ,VVXHU¶V UHVXOWV

Changes or uncertainty about the future of EURIBOR and the potential discontinuance of EURIBOR could adversely affect the market value of any EURIBOR Notes, limit your ability to resell them and/or the payment of interest under such EURIBOR Notes.

Various interest rate benchmarks (including Euro Interbank Offered Rate (EURIBOR)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective, including the Benchmark Regulation, while others are still to be implemented.

Under the Benchmark Regulation, which applies from January 1, 2018, new requirements apply with respect to the provision of a wide range of benchmarks (including EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmark Regulation, among other things, (i) requires benchmark administrators to be authorized or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognized or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorized or registered (or, if non-EU-based, deemed equivalent or recognized or endorsed). It is not possible to predict the effect of these changes, other reforms, or the establishment of alternative reference rates in the European Union or elsewhere. The resulting uncertainty could adversely affect the market value of any EURIBOR Notes and/or limit your ability to resell them.

If EURIBOR rate is not published, the rate of interest on the Notes limited to EURIBOR will be determined using D O W H U Q D W L Y H P H W K R G V "Description of the Notes—Interest and Interest Rates—EURIBOR Notes." 7 K H V H D O W H U methods may result in lower interest payments than would have been made if EURIBOR were published in its current form. The alternative methods may also be subject to factors that make the EURIBOR impossible or impracticable to determine. If a published EURIBOR is unavailable and banks are unwilling to provide quotations, the rate of interest on EURIBOR Notes for an interest period will be the same as the immediately preceding interest period, and could remain the rate of interest for the remaining life of such EURIBOR Notes.

Changes or uncertainty in respect of LIBOR may affect the value of and return on any LIBOR Notes, including where LIBOR may not be available.

2 Q - X O \ WKH &KLHI ([HFXWLYH RI WKH FCA ´) LQDQFLDO &RQGXFW / R Q G R Q L Q W H U E D Q N R I I H U H G U D W H LIBOR. The FCA will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. On March 5, 2021, the FCA confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative: (i) immediately after December 31, 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and (ii) immediately after June 30, 2023, in the case of the remaining US dollar settings. These announcements indicate that the continuation of LIBOR on the current basis cannot be guaranteed after 2021, and a Benchmark Transition Event may be deemed to have occurred. Therefore, after 2021 LIBOR may cease to be calculated. 6HH ³'HVFULSWLRQ RI the Notes—Interest and Interest Rates—Floating Rate Notes—Types of Floating Rate Notes—/,%25 1RWHV´ The Bank of England and the FCA are working with market participants to catalyze a transition to using the Sterling Overnight Index Average (Sonia). In addition, the European Money Market Institute (EMMI) announced the discontinuation of the EONIA D I W H U - D Q X D U \ D Q G W K D W I U R P 2 F W R E H U X Q W L O L W V W R W spread of 8.5 basis points.

At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR, and it is impossible to predict the effect of any such alternatives on the value of LIBOR-based securities. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely affect LIBOR rates during the term of any LIBOR-Based Notes, your return on such Notes and the trading market for LIBOR-based Notes. In the event that a published LIBOR rate is unavailable, the rate on any LIBOR Notes will be determined as set I R U W K K H U H L Q X Q G H U ³'HVFULSWLRQ RI WKH 1RWHV—Interest and Interest Rates—Floating Rate Notes—Types of Floating Rate Notes—/,%25 1RWHV´ 6XFK SURYLVLRQV PD\ QRW market circumstances and the availability of rates information at the relevant time. This may result, to the extent that other fallback provisions under such caption are not applicable, in the effective application of a fixed rate based on the LIBOR applied in the last period for which LIBOR was available.

More generally, any significant change to the setting or existence of LIBOR could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. No assurance may be provided that relevant changes will not be made to LIBOR and/or that LIBOR will continue to exist. Investors should consider these matters when making their investment decision with respect to LIBOR Notes.

Any failure of the Secured Overnight FinaQFLQJ 5DWH ³SOFR´ to gain market acceptance could adversely affect Holders of LIBOR Notes.

If LIBOR is no longer quoted or is discontinued, the Issuer may determine that the interest rate on LIBOR Notes for which the Designated LIBOR Currency is U.S. dollars could be determined by reference to SOFR. See ³'HVFULSWLRQ RI the Notes—Interest and Interest Rates—Floating Rate Notes—Types of Floating Rate Notes—/,%25 1RWHV´ In June WKH $OWHUQDWLYH 5HIHUHQFH 5DWHV &RPPLWWHH ³ARRC´ convened by the Board of Governors of the FRBNY D Q Q R X Q F H G W K H 6 2) 5 D V L W V U H F R P P H Q G H G D O W H U Q D W L Y H W R W K H / U.S. dollar LIBOR´ 6 2) 5 Z D V G H Y H O R S H G I R U X V H L Q F H U W D L Q 8 6 G R O O D U acts as an alternative to U.S. dollar LIBOR in part because it is considered to be a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks.

In addition, on September 10, 2020, the ARRC released a Request for Proposals seeking a potential administrator to publish forward-looking SOFR term rates, which followed the publication of the $ 5 5 & ¶ V 2 E M H F W L Y H V to publish forward-looking term SOFR rates in the first half 2021 if liquidity in SOFR derivatives markets had developed sufficiently. On March 23, 2021, the ARRC announced that the ARRC will not be in a position to recommend a forward-looking SOFR term rate by mid-2021 and that the ARRC believed that it is not yet in a position to recommend a term rate with confidence based on the current level of liquidity in SOFR derivatives markets.

This may mean that market participants would not consider SOFR, including Term SOFR, to be a suitable substitute, replacement or successor for all of the purposes for which U.S. dollar LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen its market acceptance of SOFR. Any failure of SOFR to gain market acceptance could adversely affect the return on and value of any Floating Rate Notes based on SOFR and the price at which investors can sell such Floating Rate Notes the secondary market.

SOFR differs fundamentally from U.S. dollar LIBOR and there is no guarantee that SOFR is a comparable substitute, successor or replacement for U.S. dollar LIBOR.

Although the ARRC announced SOFR as its recommended alternative to the U.S. dollar LIBOR, because SOFR i a broad treasury repo financing rate that represents overnight secured funding transactions, SOFR differs fundamentally from U.S. dollar LIBOR. While SOFR is a secured overnight rate, U.S. dollar LIBOR is an unsecured rate that represent interbank funding over different maturities. In addition, because SOFR is a transaction-based rate, it is backward-looking, whereas U.S. dollar LIBOR is forward-looking. Because of these and other differences, there can be no assurance that SOFR will perform the same way as U.S. dollar LIBOR, including, without limitation, as a result of changes in interest and yield rates in the market, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events. As a result, there is no guarantee that SOFR is a comparable substitute, successor or replacement for U.S. dollar LIBOR.

The secondary trading market for floating rate securities with rates based on SOFR may be limited or unpredictable.

If SOFR does not prove to be widely used as a benchmark in securities that are similar or comparable to Floating Rate Notes based on SOFR, the trading price of such Floating Rate Notes may be lower than those of debt securities w interest rates that are based on rates that are more widely used. Similarly, market terms for debt securities with rates that based on SOFR, including, but not limited to, the spread over the reference rate reflected in the interest rate provisions manner of compounding the reference rate (if applicable), may evolve over time, and as a result, trading prices of an Floating Rate Notes based on SOFR may be lower than those of later-issued debt securities that are based on SOFR. Investors in any such Floating Rate Notes may not be able to sell such Notes at all or may not be able to sell them at pric that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

The manner of adoption or application of reference rates based on SOFR in the bond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Investo should carefully consider how any potential inconsistencies between the adoption of reference rates based on SOFR across these markets may impact any hedging or other financial arrangements which they may put in place in connection with ar acquisition, holding or disposal of such Floating Rates Notes.

Investors should not rely on indicative or historical data concerning the SOFR.

The FRBNY started publishing the SOFR in April 2018. FRBNY has also published historical indicative Secured Overnight Financing Rates dating back to 2014, although such historical indicative data inherently involves assumptions estimates and approximations. The SOFR over time may bear little or no relation to the historical actual or historical indicative data and investors should not rely on such historical indicative data or on any historical changes or trends in th SOFR as an indicator of the future performance of the SOFR. Prior observed patterns, if any, in the behavior of market variables and their relation to SOFR, such as correlations, may change in the future. Therefore, no future performance SOFR may be inferred from any of the historical actual or historical indicative SOFR data. Hypothetical or historical performance data are not indicative of, and have no bearing on, the potential performance of SOFR.

The interest rate on the Floating Rate Notes may be based on a Compounded SOFR rate and the SOFR Index, which are relatively new in the marketplace

For each Determination Period, the interest rate on the Floating Rate Notes may be based on Compounded SOF or SOFR Index, as specified in the Final Terms. Very limited market precedent exists for securities that use Compounded SOFR or SOFR Index as the interest rate and the method for calculating an interest rate based upon SOFR in tho precedents varies. In addition, the FRBNY only began publishing the SOFR Index on 2 March 2020. Accordingly, the use of the SOFR Index or the Compounded SOFR rate used in the Floating Rate Notes may not be widely adopted by oth market participants, if at all. If the market adopts a different calculation method, that would likely adversely affect the market value of the Notes.

SOFR may be more volatile than other benchmark or market rates.

Since the initial publication, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or market rates, such as U.S. dollar LIBOR, during corresponding periods. In addition, although changes in Term SOFR, Compounded SOFR and weighted average daily SOFR generally are not expected to be as volat as changes in SOFR on a daily basis, the return on, value of or market for the SOFR notes may fluctuate more than floating-rate debt securities with rates of interest based on less volatile rates. The Federal Reserve Bank of New York has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the Federal Reserve Bank of New York will continue to conduct suc operations in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in the floating rate notes.

Compounded SOFR with respect to a particular interest period will only be capable of being determined near the end of the relevant interest period.

The level of Compounded SOFR applicable to a particular interest period and, therefore, the amount of interest payable with respect to such interest period will be determined on the Interest Determination Date (as determined in the Final Terms) for such interest period. Because each such date is near the end of such interest period, you will not know the amount of interest payable with respect to a particular interest period until shortly prior to the related Interest Payment Date (as defined below) and it may be difficult for you to reliably estimate the amount of interest that will be payable on each such Interest Payment Date (as defined below). In addition, some investors may be unwilling or unable to trade the floating rate notes without changes to their information technology systems, both of which could adversely impact the liquidity and trading price of the floating rate notes.

SOFR may be modified or discontinued, and changes in the SOFR could adversely affect holders of Floating Rate Notes

Because the Secured Overnight Financing Rate is published by FRBNY based on data received from othe sources, we have no control over its determination, calculation or publication. The FRBNY, or any successor thereof, as the administrator of the SOFR, may make methodological or other changes that could change the value of SOFR, includin changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR. If the manner in which SOFR is calculated is changed, tha change may result in a reduction of the amount of interest payable on Floating Rate Notes based on SOFR, which may adversely affect the trading prices of such Floating Rate Notes. FRBNYM, or any successor thereof, may withdraw modify, amend, suspend or discontinue the calculation or dissemination of SOFR in its sole discretion and without notic and has no obligation to consider the interests of holders of such Floating Rate Notes in calculating, withdrawing, modifying, amending, suspending or discontinuing SOFR. There can be no assurance that the Secured Overnight Financi Rate will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of holders of such Floating Rate Notes. For purposes of the formula used to calculate the rate of interest during the Interest Reset Peri SOFR in respect of a particular date will not be adjusted for any modifications or amendments to SOFR data that the administrator of SOFR may publish after the rate of interest for that day has been determined in accordance with the terr and provisions set forth in this Base Prospectus and any Benchmark Replacement Conforming Changes. Further, if the interest rate on such Floating Rate Notes during the applicable floating rate period on any day or for any interest perio declines to zero or becomes negative, it will have a negative effect on the rate for the period, although the rate for that period may still be positive and interest may still accrue for that day

The selection of a Benchmark Replacement could adversely affect the return on, value of or market for Floating Rate Notesbased on SOFR during the Interest Reset Period

At any time when the Benchmark with respect to Floating Rate Notes during the Interest Reset Period is Term SOFR or Compounded SOFR, if the Issuer or its designee, after consulting with the Issuer, determine that a Benchmark Transition Event and related Benchmark Replacement Date have occurred with respect to Term SOFR or Compounded SOFR, as applicable, the applicable Benchmark Replacement will replace the then current Benchmark for all purposes relating to such Floating Rate Notes. If a particular Benchmark Replacement or Benchmark Replacement Adjustment cannot be determined, then the next-available Benchmark Replacement or Benchmark Replacement Adjustment will apply. See ³'HVFULSWLRQ RI WKH 1RWHV² Types of Floating Rate Notes² /,%25 1RWHV´

The application of a Benchmark Replacement and Benchmark Replacement Adjustment, and any implementation of Benchmark Replacement Conforming Changes, could result in adverse consequences to the amount of interest payable on any Floating Rate Notes based on U.S. dollar LIBOR or, subsequently, Term SOFR or Compounded SOFR, which could adversely affect the return on, value of and market for such Floating Rate Notes.

Further, (i) the composition and characteristics of any Benchmark Replacement in respect of Term SOFR or Compounded SOFR, as applicable, will not be the same as those of the Term SOFR or Compounded SOFR, as applicable, (ii) the Benchmark Replacement will not be the economic equivalent of Term SOFR or Compounded SOFR, as applicable, (iii) there can be no assurance that the Benchmark Replacement will perform in the same way as Term SOFR or Compounded SOFR, as applicable, would have at any time, (iv) there is no guarantee that the Benchmark Replacement will be a comparable substitute for Term SOFR or Compounded SOFR, as applicable (each of which means that a Benchmark Transition Event could adversely affect the return on, value of and market for the applicable Floating Rate Notes), (v) any failure of the Benchmark Replacement to gain market acceptance could adversely affect such Floating Rate Notes, (vi) the Benchmark Replacement may have a very limited history and the future performance of the Benchmark Replacement may not be able to be predicted based on historical performance, (vii) the secondary trading market for debt securities linked to the Benchmark Replacement may be limited and (viii) the administrator of the Benchmark Replacement may make changes that could change the value of the Benchmark Replacement or discontinue the Benchmark Replacement and would not have any obligation to consider the interests of holders of any Floating Rate Notes in doing so.

Credit ratings may not reflect all risks, and the Issuer cannot assure you that such ratings will not be lowered, suspended or withdrawn by the rating agencies.

One or more independent credit rating agencies may assign credit ratings to the Notes. Where a Series of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Notes to be issued under the Program. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. The credit ratings of the Notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. The Issuer cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any ratings assigned to the 1RWHV DV DW WKH GDWH RI WKLV 3URVSHFWXV DUH QRW LQGLFDWLY creditworthiness.

Changes in tax laws could lead to the Issuer redeeming the Notes

Payments of interest in respect of the Notes made by the Issuer to foreign holders will be subject to Chilean interest withholding tax currently assessed at a rate of 4.0%. Subject to certain exemptions, the Issuer will pay Additional $PRXQWV DV GHILQHG LQ ³'HVFULSWLRQ RI WKH 1RWHV² 3D\PHQW RI $GGLWLRQDO $PRXQWV´ VR W holder after Chilean withholding tax will equal the amount that would have been received if no such taxes had been DSSOLFDEOH 7KH 1RWHV FDQ EH UHGHHPDEOH DW WKH ,VVXHU¶V RSW at any time, at the principal amount thereof plus accrued and unpaid interest and any Additional Amounts due thereon if, as D UHVXOW RI FKDQJHV LQ WKH ODZV RU UHJXODWLRQV DIIHFWLQJ WD[D of the Notes² 3D\PHQW RI $GGLWLRQDO $PRXQWV´ WKH ,VVXHU LV REOLJDWHG WR SD\ $GGLWLRQDO $PRXQWV RQ the Notes based on a rate of withholding or deduction in excess of 4.0%. The Issuer cannot assure you that an increase in withholding tax rate will not be presented to or enacted by the Chilean Congress; however, if such an increase were enacted, the Notes ZRXOG EH UHGHHPDEOH DW WKH RSWLRQ RI WKH ,VVXHU 6HH ³'HVFULSWLRQ RI WKH 1RWHV² Redemption Prior to Maturity Solely for 7D[5HDVRQV´ DQG ³7D[DWLRQ² &KLOHDQ 7D[DWLRQ´

The Notes are subject to certain transfer restrictions.

The Notes have not been registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Notes may be transferred or resold only in a transaction registered under or exempt from the registration requirements of the Securities Act and in compliance with any other DSSOLFDEOH VHFXULWLHV ODZ 6HH ³7UDQVIHU DQG 6HOOLQJ 5HVWUL

Holders of Notes may find it difficult to enforce civil liabilities against the Issuer or its directors, executive officers and controlling persons.

The Issuer is organized under the laws of Chile and its principal place of business (*domicilio social*) is in Santiago, Chile. None of its directors are residents of the United States, and most of its executive officers and controlling persons reside outside of the United States.

In addition, a substantial portion of the assets of the Issuer and its directors, executive officers and controlling persons are located outside of the United States. As a result, it may be difficult for holders of Notes to effect service of process within the United States on such persons or to enforce judgments against them, including in any action based civil liabilities under the U.S. federal securities laws. Based on the opinion of the Issuer¶V &KLOHDQ FRXQVHO as to the enforceability against such persons in Chile, whether in original actions or in actions to enforce judgments of U.S. FRXUWV RI OLDELOLWLHV EDVHG VROHO\ RQ WKH 8 6 IHGHUDO VHFX ces and Enforcement of Civil /LDELOLWLHV ´

7KH ,VVXHU¶V REOLJDWLRQV XQGHU WKH 1RWHV ZLOO EH VXERUGLQD subsidiaries.

8QGHU &KLOHDQ EDQNUXSWF\ ODZ WKH ,VVXHU¶V REOLJDWLRQV subordinated to certain statutory preferences.,Q WKH HYHQW RI WKH ,VVXHU¶V OLTXLGDWLRQ VXFK VWDWXWRU wages, secured obligations, social security, taxes and court fees and expenses related thereto, will have preference over any other claims, including claims by any investor in respect of the Notes. The aforementioned statutory preferences have not been included in a legal order. In addition, the liabilities of our subsidiaries are structurally senior to the Notes.

,Q DGGLWLRQ WKH ,VVXHU¶V FUHGLWRUV PD\ KROG QHJRWLDEOH grant rights to attach the assets of the Issuer at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the Notes.

The Notes contain provisions which may permit their modification without the consent of all investors.

The Notes contain provisions for calling meetings of holders of Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Notes of a Series, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

We may commit to allocate the net proceeds from the sale of the Notes to the financing or refinancing of eligible green and/or social projects and, in such event, the market price of the Notes may be adversely affected by our failure to allocate an amount equal to the net proceeds from the Notes to such eligible projects or to satisfy related reporting requirements and other undertakings.

We may commit to allocate the net proceeds from the sale of the Notes to the financing or refinancing of new and existing projects DQG DFWLYLWLHV WKDW SURPRWH Green Projects´ DQG RU ³Social Projects´ DQG WRJHWKHU ZLWK Eligible Projects 3URVSHFWLYH information set out in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary.

In this event, the market price of the Notes may be impacted by any failure by us to allocate the net proceeds from the sale of the Notes to such Eligible Projects or to meet or continue to meet, whether in whole or in part, the investment expectations, guidelines, criteria or requirements (whether by any present or future applicable law or regulations or by other governing rules or investment portfolio mandates or otherwise) of certain environmentally or socially focused investors with respect to the Notes, particularly with regard to any direct or indirect environmental, sustainability or social impact of the Eligible Projects. There can be no assurances that any Eligible Projects will deliver environmental or social benefits, that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and operation of any Eligible Projects or that the Eligible Projects will be capable of being implemented in accordance with any timing schedule.

)XUWKHUPRUH DQ\ RSLQLRQ RU FHU Second Party Opinion´ RI ZKLFK WKH\ UHVSHFWLYH Eligible Projects and the sale of the Notes may not reflect the potential impact of all risks related to the Eligible Projects and other factors that may affect the value of the Notes. Such Second Party Opinion will be expected to provide an opinion on certain environmental, social or related considerations and is not intended to address any credit, market or other aspects of an investment in Notes including without limitation market price, marketability, investor preference or suitability of any security. No assurance can be provided as to the suitability of any Second Party Opinion, and, if there were to be one, it is not nor it should be deemed to be, a recommendation by us or any other person to purchase, sell or hold Notes. Any Second Party Opinion would only be current as of the date that opinion was initially issued and may be updated, suspended or withdrawn by the relevant provider(s) at any time. For the avoidance of doubt, any Second Party Opinion is not, nor shall be deemed to be, incorporated in and/or form part of these Final Terms.

There can be no assurance that the use of net proceeds from the sale of the Notes to finance or refinance Eligible Projects will be suitable for the investment criteria of any investor.

There is currently no market consensus on what precise attributes are required for a particular project to be defined or classified as ³JUHHQ´ ³VRFLDO´ or an equivalently labelled project. In addition, it is an area which has been, and continues to be, the subject of many and wide-ranging voluntary and regulatory initiatives to develop rules, guidelines, standards, taxonomies and objectives. Therefore, no assurance can be provided to investors that the Eligible Projects will meet, whether in whole or in part, all investor expectations with regard to environmental impact and sustainability performance.

Furthermore, we have significant flexibility in allocating the net proceeds from the Notes, including reallocating the net proceeds in the event we determine in our discretion that projects receiving allocation no longer meet the criteria for Eligible Projects. In such event, there can be no assurance that the use of the proceeds for any Eligible Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements, taxonomies or standards or other investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own bylaws or other governing rules or investment portfolio mandates, ratings criteria, taxonomies or standards or other independent expectations, in particular with regard to any direct or indirect environmental, sustainability or social impact of any Eligible Projects. Accordingly, each prospective purchaser of the Notes should seek advice from their independent financial advisor or other professional advisor and consider the factors described herein to determine for itself the relevance of the information contained in the Base Prospectus, any Second Party Opinion and the applicable Final Terms regarding the use of proceeds and its purchase of any Notes, based upon such investigation as it deems necessary.

The examples of Eligible Green Projects and Eligible Social Projects referred to in any Final Terms are for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by the Issuer during the term of any Notes. Any failure to use the net proceeds from any Notes on Eligible Projects or to meet or continue to meet the investment requirements of certain environmentally focused investors with respect to any Notes may affect the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in green investments.

In the event that any Notes are listed or DGPLWWHG WR WUDGLQJ RQ DQ\ GHGLFDWHG ³VXVWDLQDEOH´ RU RWKHU HTXLYDOHQWO\ labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under any governing rules or investment portfolio mandates. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

Interests in global Bearer Notes and Specified Denominations – investors who purchase interests in global Bearer Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Bearer Notes are subsequently required to be issued.

In relation to any issue of Notes in global bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that interests in such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples o such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amou which is less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time ma not receive a definitive Note in bearer form in respect of such holding (should definitive Notes replace the applicable global Bearer Notes) and would need to purchase or sell a principal amount of Notes such that its holding amounts to a Specifi Denomination.

If definitive Notes in bearer form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures.

Unless issued in definitive form, Notes issued under the Program will be represented on issue by one or mor global Notes that may be deposited with or registered in the name of a nominee for a common depositary or a commo safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or may be deposited with or registered in the name of a nominee for DTC. Except in the circumstances described in the applicable global Note, investors in a globa Note will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each global Note hel through it. While the Notes are represented by a global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

Except in the case of a Registered Global Note denominated in a specified currency other than U.S. Dollars and registered in the name of DTC or its nominee and in respect of which a participant in DTC has elected to receive any part such payment in that specified currency, for so long as the Notes are represented by Registered Global Notes, the Iss will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A hold of a beneficial interest in a global Note must rely on the procedures of the relevant clearing system and its participants receive payment under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any global Note.

Holders of beneficial interests in a global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant cleari system and its participants to appoint appropriate proxies.

Risks Relating to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Program. Some Notes are complex financial instruments and su instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addi of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the relevant Notes will perform unde changing conditions, the resulting effects on the value of such Notes and the impact such investment will have on the SRWHQWLDO LQYHVWRU¶V RYHUDOO LQYHVWPHQW SRUWIROLR &HUW potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer.

Notes with an optional redemption are likely to have a limited market value. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective intere rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variable rate notes with a multiplier or other leverage factor.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market val ues may be even more volatile than those for securities that do not include those features.

Inverse floating rate notes.

Inverse floating rate notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate su as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse floating rate notes more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed Rate Notes.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adverse affect the value of the Fixed Rate Notes.

Fixed/Floating rate notes.

Fixed/Floating rate notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to IORDWLQJ UDWH RU IURP D IORDWLQJ ability to convert the interest rate will affect the secondary 7KH , V market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produ a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating rate notes may be less favorable than then prevailing spreads on comparable floating rate notes tied to t same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Indexed notes.

An investment in Indexed notes entails significant risks that are not associated with similar investments in a conventional fixed-rate debt security. If the interest rate of a Note is indexed, it may result in an interest rate that is less than that payable on a conventional fixed-rate debt security issued by the Issuer at the same time, including the possibility that no interest will be paid, and, if the principal amount of a Note is indexed, the principal amount payable at maturity ma be less than the original purchase price of such indexed note, including the possibility that no principal will be paid (but in no event shall the amount of interest and principal paid with respect to an indexed note be less than zero). The seconda market for indexed notes will be affected by a number of factors, independent of the creditworthiness of the Issuer and the value of the applicable currency, commodity, interest rate or other index, including, but not limited to, the volatility of t applicable currency, commodity, interest rate or other index, the time remaining to the maturity of such indexed notes, the amount outstanding of such indexed notes and market interest rates. The value of the applicable currency, commodit interest rate or other index depends on a number of interrelated factors, including economic, financial and political event over which the Issuer has no control.

Additionally, if the formula used to determine the principal amount or interest payable with respect to such indexed notes contains a multiple or leverage factor, the effect of any change in the applicable currency, commodity, interest rate or other index may be increased. The historical experience of the relevant currencies, commodities, intere rate or other indices should not be taken as an indication of future performance of such currencies, commodities, intere rate or other indices during the term of any indexed note. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in indexed notes and the suitability of indexed notes in light of their particular circumstances.

Notes issued at a substantial discount.

The market values of securities issued at a substantial discount from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing Notes with comparable maturities.

Particular tax consequences of holding Bearer Notes.

Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of Bearer Notes in its particular circumstances. Bearer Notes genera may not be offered or sold in the United States or to United States persons. Unless an exemption applies, a United States person holding a Bearer Note or coupon will not be entitled to deduct any loss on the Bearer Note or coupon and must tre as ordinary income any gain realized on the sale or other taxable disposition of the Bearer Note or coupon.

Risks Relating to Renminbi-Denominated Notes

Set forth below is a brief description of certain risks related to the Notes by reason of being denominated in &KLQHVH <XDQ 5HQPLQEL Renminbi ´ ³RMB ´ ³CNY ´ 7KH 1RWHV ZLOO EH GHQRPLQDWHG GHOLYHUDEOH LQ WKH +RQJ .RQJ 6SHFLDO $GPLQLVWUDWLYH Hong Kong ´ 5HJLRQ represents a different market from that of Renminbi deliverable in WKH 3HRSOH¶V 5HSXEOLF RI &KLQ 0DFDX DQG 7DLZDQ PRC ´ WKH ³

Renminbi is not a freely convertible currency; and there are significant restrictions on remittance of Renminbi into and outside the PRC which may affect the liquidity of the Notes.

Renminbi is not a freely convertible currency at present. The government of the PRC continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong Dollar. However, there has been significant reduction in control by the PRC government in recent years, particularly over the trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transacti are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into and out of the PRC for the purposes of capita account items, such as capital contributions, debt financing and securities investment, is generally only permitted upo obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and o of the PRC for settlement of capital account items are developing gradually.

Although starting from October 2016 Renminbi has been added to the Special Drawing Rights basket created b the International Monetary Fund , there is no assurance that the PRC Government will continue to liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Notwithstanding the Renminbi internationalisation efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose inter or long term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC, which may negatively impact on the liquidity of the Notes and the value of the Notes. In addition, if Renminbi outside the PRC is unavailable, this will impact on the availability of the Issuer to source Renminbi to perform its obligations under Notes denominated in Renminbi.

Investment in the Notes is subject to exchange rate risks.

The value of Renminbi against the New Taiwan dollar, Hong Kong dollar, the U.S. dollar and other currencies fluctuates and is affected by developments in or affecting the PRC, international political and economic conditions and many other factors. All payments of interest on and principal of the Notes will be made in Renminbi, except in the case o inconvertibility, non-transferability or illiquidity, in which case the Issuer shall be entitled to settle any such payments in U.S. dollars at the U.S. Dollar Equivalent. As a result, the value of Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the relevant currency, the value of t investment in relevant currency will have declined.

Investment in the Notes is subject to currency risk.

Investors cannot be assured that payments in respect of the Notes will be made in Renminbi. If the Issuer is no able, or it is impracticable for the Issuer, to satisfy its obligation to pay interest or principal on the Notes as a result of inconvertibility, non-transferability or illiquidity, the Issuer shall be entitled to settle any such payment in U.S. dollars at the U.S. Dollar Equivalent of any such interest or principal, as the case may be.

Investment in the Notes is subject to interest rate risk.

The PRC government has gradually liberalized the regulation of interest rates over the past years. Furthe liberalization may increase interest rate volatility. The Notes offered hereunder may carry a fixed or floating interest rate. Consequently, the trading price of the Notes will vary with the fluctuations in the Renminbi interest rates. If a holder of the Notes tries to sell the Notes before their maturity, that holder may receive an offer that is less than its original investment.

Payments in respect of the Notes will be made solely by transfer to a Renminbi bank account maintained in Hong Kong, except in limited circumstances.

Except as provided below, so long as the Notes are represented by a global note certificate held with the common depositary for Clearstream, Luxembourg and Euroclear, all payments in respect of the Notes will be made solely by transfe to a Renminbi bank account maintained in Hong Kong by the holder of such global note certificate. Any further credit of such amounts will be made in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures. the case of inconvertibility, non-transferability or illiquidity, the Issuer may make payments on the Notes in U.S. dollars. If the Notes are issued in definitive form, all payments in respect of any such Note will be made by transfer to a Renminb bank account maintained by the holder of such the Note in Hong Kong in accordance with prevailing rules and regulations. The Issuer will not be required to make payment by any other means, including, for example, in any other currency or b transfer to a bank account in the PRC.

Gains on the transfer of the Notes may become subject to income taxes under the PRC tax laws.

Under the PRC Enterprise Income Tax Law and its implementation rules which took effect on January 1, 2008, any gain realized on the transfer of Notes by non-resident enterprise holders may be subject to enterprise income tax if such gain is regarded as income derived from sources within the PRC. However, there remains uncertainty as to whether t gain realized from the transfer of Notes denominated in Renminbi would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PR Enterprise Income Tax Law and its implementation rules. According to the arrangement between the PRC and Hong Kon residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Notes.

If non-resident enterprise holders are required to pay PRC income tax on gains on the transfer of the Notes (such enterprise income tax is currently levied at the rate of 10% of the gross proceeds, unless there is an applicable tax trea between PRC and the jurisdiction in which such non-resident enterprise holders of the Notes reside that reduces or exempts the relevant tax), the value of their investment in the Notes may be materially and adversely affected.

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In the event that the Issuer decides to remit some or all of the proceeds of the offering into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and registration with, the relevant PRC government authorities. However, the Issuer cannot assure you that the necessary approvals from and registration with the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

The Issuer cannot assure you that the PRC government will continue to gradually liberalize the control over cross border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or tha new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds of the offering int the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds outside the PRC in Renminbi, the Issuer would need to source Renminbi outside the PRC to finance its obligations under the Notes, and its ability to do so will b subject to the overall availability of Renminbi outside the PRC.

ROC taxation.

The following overview of certain taxation U R Y L V L R Q V X Q G H U 5 2 & ´ O D Z L V E D V H G R Q F X U U H Q W law and practice and that the Notes will be issued, offered, sold and re-sold only to professional institutional investors as defined under Paragraph 2, Article 19-7 of the Regulations Governing Securities Firms of the ROC. It does not purport to be comprehensive and does not constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the Notes.

Interest on the Notes.

Bci is not a ROC statutory tax withholder, and consequently, there is no ROC withholding tax on the interest paid on the Notes.

ROC corporate holders must include the interest receivable under the Notes as part of their taxable income and pay income tax at a flat rate of 17% (unless the total taxable income for a fiscal year is under NT$120,000), as they are subject to income tax on their J Z R U O G Z L G H L Q F R P H R Q D Q D F F U X D O E D V L V . 7 K H $ 0 7 L V Q R W D S S O L F D E O H .

Sale of the Notes.

, Q J H Q H U D O   W K H V D O H R I F R U S R U D W H E R Q G V R U I L Q D Q F L D O E R Q G V L V V X E M H F W W R STT at 0.1% of the transaction price. Any sale of the Notes will be subject to STT at 0.1% of the transaction price, unless otherwise provided by the tax laws that may be in effect at that time.

Capital gains generated from the sale of bonds are exempt from income tax. Accordingly, ROC corporate holders are not subject to income tax on any capital gains generated from the sale of the Notes. However, ROC corporate holders should include the capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the annual income tax calculated pursuant to the Income Tax Act of the ROC, the excess becomes the 5 2 & F R U S R U D W H K R O G H U V ¶ $ 0 7 S D \ D E O H . & D S L W D O O R V V H V   L I D Q \   L Q F X U U H G F D Q E H offset capital gains of the same category of income for the purposes of calculating their AMT.

Non-ROC corporate holders with a fixed place of business (e.g., a branch) or a business agent in the ROC are not subject to income tax on any capital gains generated from the sale of the Notes. However, their fixed place of business or business agent should include any such capital gains in calculating their basic income for the purpose of calculating AMT.

As to non-ROC corporate holders without a fixed place of business or a business agent in the ROC, they are not subject to income tax or AMT on any capital gains generated from the sale of the Notes.

ROC settlement and trading

% F L K D V Q R W H Q W H U H G L Q W R D Q \ V H W W O H P H Q W D J U H H P H Q W Z L W K TDCC and does not have no intention to do so.

In the future, if Bci enters into a settlement agreement with TDCC, an investor, if it has a securities book-entry account with a Taiwan securities broker and a foreign currency deposit account with a Taiwanese bank, may settle the Notes through the account of TDCC with Euroclear or Clearstream if it applies to TDCC (by filing in a prescribed form) to transfer the Notes in its own account with Euroclear or Clearstream to such TDCC account with Euroclear or Clearstream for trading in the domestic market or vice versa for trading in overseas markets. For settlement through TDCC, TDCC will allocate the respective Notes position to the securities book-entry account designated by such investor in the ROC. The Notes will be traded and settled pursuant to the applicable rules and operating procedures of TDCC and the GTSM as domestic bonds. For such investors who hold their interest in the Notes through an account opened and held by TDCC with Euroclear or Clearstream, distributions of principal and/or interest for the Notes to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese E X V L Q H V V G D \ I R O O R Z L Q J 7 ' & & ¶ V U H F H L time difference, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date. However, when the holders actually receive such distributions may vary depending upon the daily operations of the Taiwanese banks with which the holder has the foreign currency deposit account.

OVERVIEW OF THE PROGRAM

This overview must be read as an introduction to this Prospectus and is provided as an aid to investors when considering whether to invest in the Notes, but is not a substitute for the Prospectus. Any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any Final Terms.

Conditions for determining price to be included in the Prospectus

The price and amount of Notes to be issued under the Program will be determined by the Issuer and each relevant Dealer at the time of issuance in accordance with prevailing market conditions.

Risk Factors

There are certain factors that may affect the ability of the Issuer to fulfill its obligations under Notes issued under the Program. Such factors include liquidity, credit and event risks. In addition, there are certain factors that are material for the purpose of assessing the market risks associated with the Notes issued under the Program, including the structure of a SDUWLFXODU LVVXH RI 1RWHV DQG ULVNV Risk Factors UHODWLQJ WR PDUNHW J

The Notes and the Program

Issuer:..	Banco de Crédito e Inversiones
LEI (Legal Entity Identifier):.........................	549300E9E5Y3PKW24142
Dealers:..	BofA Securities, Inc. Standard Chartered Bank BNP Paribas Securities Corp. Citigroup Global Markets Inc. Citigroup Global Markets Limited Daiwa Capital Markets America Inc Goldman Sachs & Co. LLC HSBC Securities (USA) Inc. J.P. Morgan Securities LLC Mizuho Securities USA LLC MUFG Securities Americas Inc. Notes may also be issued to other dealers and to third parties other th dealers.
Fiscal Agent, Non-U.S. Paying Agent, Transfer Agent and Exchange Agent:......	Bank of America, National Association (operating through its Lon branch).
Luxembourg Listing Agent and Registrar:..	Bank of America Merrill Lynch International DAC
U.S. Paying Agent, U.S. Registrar and U.S Transfer Agent:..	Bank of America, National Association.
Distribution:...	Notes may be distributed (i) to qualified institutional buyers (as define Rule 144A under the Securities Act) and (ii) outside the United State persons other than U.S. persons (as such terms are defined in Regulation under the Securities Act), in each case on a syndicated or non-syndicated EDVLV VXEMHFW WR WKH VHOOLQJ Transfer and Selling Restrictions´

Specified Currencies:......................................	Subject to any applicable legal or regulatory restrictions, such currencies may be agreed between the Issuer and the relevant Dealer(s) (as in in the applicable Final Terms).
Maximum Amount:..	The aggregate principal amount of Notes outstanding at any time sha exceed US$4,000,000,000 or the approximate equivalent thereof in ar currency calculated as at the issue date of the relevant Notes.
Maturities:...	Notes may be issued in such maturities as may be agreed betwe Issuer and the relevant Dealer (as indicated in the applicable Final Term as the stated maturity), subject to such minimum or maximum term as be allowed or required from time to time by the relevant central banl equivalent body) or any laws or regulations applicable to the Issuer c relevant Specified Currency (as defined below).
Issue Price:..	Notes may be issued at an issue price which is equal to, less than o than their principal amount, as provided in the applicable Final Terms.
Form of Notes:...	Notes will be issued in either registered or bearer form as specified in applicable Final Terms.

Each Bearer Note will be represented initially by a temporary global N without interest coupons, or a permanent global Note, to be deposited either a Common Safekeeper (if the global Note is intended to be issued QHZ JOREDO NGN´ QRWH IRUP ³ RU D &RPPRQ 'HSR Note is not intended to be issued in NGN form) for Euroclear Clearstream, Luxembourg, for credit to the account designated by behalf of the purchaser thereof. The interests of the beneficial own owners in a temporary global Note will be exchangeable after ([FKDQJH 'DWH DV Description of the Notes Forms of Notes´ IRU DQ LQWHUHVW LQ D be held by either a Common Safekeeper (if the permanent global Note is intended to be i in NGN form) or a Common Depositary (if the permanent global Not not intended to be issued in NGN form) for Euroclear and Clearstr Luxembourg, for credit to the account designated by or on behalf of beneficial owner thereof, or for definitive Bearer Notes or for definit Registered Notes (as defined below), as provided in the applicable Terms. The interests of the beneficial owner or owners in a permanent global Note will be exchangeable for definitive Bearer Notes or definitive Registered Notes, as provided in the applicable Final Terms

If specified in the applicable Final Terms, Notes of each Tranche will b IXOO\ UHJLVWHUHG IRUP Registered Notes 7KH 5HJLVWHU Tranche offered and sold in reliance on Regulation S, which will be so non-U.S. persons outside the United States, will initially be represente D JOREDO QRWH LQ Regulation S Global Note 1RU SU expiry of the distribution compliance period (as defined in Regulation applicable to each Tranche of Notes, beneficial interests in a Regulat Global Note may not be offered or sold to, or for the account or benef a U.S. person save as otherwise provided in the Supplement for Regis Notes and such Regulation S Global Note will bear a legend rega such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold United States or to 8 6 SHUVRQV LQ SULYDWH LQVWLWXWLRQDO EX\HUV´ ZLWKLQ WKH $FW QIBs´ 7KH 5HJLVWHUHG 1RWHV RI HD UHSUHVHQWHG E\ D JOREDO QRWH Rule 144A Global Note´ DQG WRJHWKHU ZLWK D 5HJ Registered

Global Notes´

Registered Global Notes exchangeable for definitive Notes shal tradeable only in principal amounts of at least the Specified Denomin (or if more than one Specified Denomination, the lowest Specif Denomination).

Fixed Rate Notes:.. The Issuer will pay interest on Fixed Rate Notes on the dates specif the applicable Final Terms. Fixed interest on Notes will be calculate the basis of such Fixed 'D\ &RXQW)UDFWLRQ DV of the Notes ,QWHUHVW DQG ,QWHUHVW 5DW applicable Final Terms.

Floating Rate Notes:....................................... The Issuer will pay interest on Floating Rate Notes on the dates spe in the applicable Final Terms. Each Series of Floating Rate Notes have one or more interest rate bases as indicated in the applicable Terms. Interest on Floating Rate Notes will be calculated on the ba such Floating Day Count Fraction (as defined in 'HVFUL Notes ,QWHUHVW DQG ,QWHUHVW 5DWHV´ Final Terms.

Interest Period(s) or Interest Payment Date for Floating Rate Notes:.............................. Such period(s) or date(s) as may be indicated in the applicable Terms.

Indexed Notes:... Notes may be issued with the principal amount payable at maturit interest to be paid thereon, or both, to be determined with reference price or prices of specified commodities or stocks, indices, formula other assets or bases of reference as may be specified in such Note ar applicable Final Terms. A separate prospectus comprising the rel Note and an overview document (as the case may be) will be used f documentation of an issuance of Indexed Notes.

Redemption:.. The Final Terms relating to each Tranche of Notes will indicate (i) tha Notes of that Series can be redeemed prior to their stated maturi taxation reasons, and (ii) whether the Notes of that Series can be red prior to their stated maturity at the option of the Issuer and/or Noteholders, in each case upon giving not more than 60 nor less th days irrevocable notice to the Noteholders or the Issuer, as the cas be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as are indicated in the applicable Terms; provided, however, that Notes denominated in currencies than U.S. Dollars may be subject to different restrictions on redemptio GHVFULEHG Description of the Notes Special Provisions Relating t Foreign Currency Notes Minimum Denominations, Restrictions o 0DWXULWLHV 5HSD\PHQW DQG 5HGHPSW

Denomination of Notes:................................. Notes may be issued in such denominations as may be agreed betwe Issuer and the relevant Dealer(s) and as indicated in the applicable Terms. If the Notes are admitted to trading on or offered to the public in a market in the EEA or in the UK in circumstances which require th publication of a prospectus under the Prospectus Regulation or the UK Prospectus Regulation, the minimum Specified Denomination of the Not will be Euro 100,000 (or, if the Notes are denominated in a currency than the Euro, the equivalent amount in such currency) or such h amount as may be allowed or required from time to time by the relev central bank (or equivalent body) or any laws or regulations applicab the relevant Specified Currency.

Taxation: All payments with respect to the Notes will be made without withholc or deduction for or on account of taxes imposed by any Relevant Ta -XULVGLFWLRQ DV GHVFULEHG ² Payment ³ HW $GGLWLRQDO $PRXQWV´ XQOHVV VXFK which case, subject to certain exceptions, the Issuer will generally pay $GGLWLRQDO $PRXQWV DV GHVFULEHG Payment RI $GGLWLRQDO $PRXQWV´ 6HH DOVR ³7

Status of the Notes: Each Note will be unsecured and will be either a senior or a subordi debt obligation of the Issuer. Notes which are senior debt obligations rank equally in right of payment with all other unsecured unsubordinated debt obligations of the Issuer (except as othe provided by applicable law). Notes which are subordinated obligations will rank junior in right of payment to all senior indebtedn of the Issuer (except as otherwise provided by applicable law) as spe in the applicable Final Terms, which will set forth the precise term VXFK VXERUGLQDWLRQ the Notes 6HH ³'HVFULSWL

Rating: The Notes of each Tranche issued under the Program may be ra unrated. Where the Notes of a Tranche are rated, such rating (i) will out in the Final Terms and (ii) will not necessarily be the same as rating(s) assigned to the Program. Moreover, the Final Terms will se whether the rating agency has been registered within the European A security rating is not a recommendation to buy, sell or hold secu and may be subject to suspension, reduction or withdrawal at any time b the assigning rating agency.

Modification and amendment of the Notes: Except for certain matters that require unanimous consent of the hold each Note of any Series directly and adversely affected thereby, the Agency Agreement and the terms and conditions of the Notes of a Series may be modified or amended (and future compliance therewith or Events of Default may be waived) by holders of a majority in aggre principal amount of the Notes of such Series, or in each case, such less amount as shall have acted at a meeting of holders of such Notes ³'HVFULSWLRQ² Modification of the Fiscal Agency Agreement ar 1RWHV´

Notes owned by the Issuer or any of its subsidiaries shall not be deer be outstanding for purposes of making any modification or amendme the Notes of such Series.

Listing and admission to trading: Except for the Indexed Notes which will not be listed on the Official of the Luxembourg Stock Exchange or admitted to trading on the /X[HPERXUJ 6WRFN ([FKDQJH¶V UHJXODW may be listed on the Official List of the Luxembourg Stock Exchange admitted to trading on the regulated market of the Luxembourg S Exchange and/or listed or admitted to trading on or by such other additional stock exchange(s), competent authority(ies) and/or market may be unlisted, in each case as specified in the applicable Final T 6HH ³7UDQVIHU DQG 6HOOLQJ 5HVWULFW

Clearing System: As specified in the applicable Final Terms.

Governing Law: New York law.

Selling Restrictions: The Notes have not been and will not be registered under the Sec Act and may not be offered or sold within the United States to, or fo account or benefit of, U.S. persons except in accordance with Rule 14 or outside the United States to non-U.S. persons in reliance on Regulati

S under the Securities Act or pursuant to another exemption from registration requirements of the Securities Act. In addition, Notes issued in bearer form are subject to U.S. tax law requirements. For a descr of certain restrictions on offers, sales and deliveries of Notes in the U States, the EEA, Australia, Canada, UK and certain other jurisdictions, see ³7UDQVGH6H0OLQJ 5HVWULFWLRQV´

Risk Factors:.. Prospective purchasers of the Notes should consider carefully all c information set forth in this Prospectus or any supplement hereto ar particular, the information set forth under Risk Factors beginning on page 1.

USE OF PROCEEDS

We intend to use the net proceeds from the sale of each issue of our Notes for general corporate purposes or as otherwise set forth in the Final Terms applicable to a particular issue of the Notes, which may include funding, in whole or in part, the financing or refinancing of Eligible Projects (which will be described in the relevant Final Terms for any such issue).

The use and allocation of the net proceeds is influenced by a number of factors outside of our control, including market conditions, and is based on our analysis, estimates and current views on future events and trends. Changes to th and other factors may require us to revise, at our discretion, our intended use of the net proceeds of the offering. See "Risk Factors—Risks Relating to our Business" and "Risks Relating to Chile."

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

This Prospectus includes (i) our audited consolidated financial statements as of and for the fiscal years ended December 31, 2018 and 2019, and as of and for the fiscal years ended December 31, 2019 and 2020 together with the notes thereto, and (ii) our unaudited interim consolidated financial statements as of and for the three months ended March 31, 2020 and 2021 together with the notes thereto, in each case prepared in accordance with Chilean GAAP. Our audited consolidated financial statements have been audited by Deloitte Auditores y Consultores Limitada, independent audito ³Deloitte´ 7KH UHSRUWV of Deloitte on our audited consolidated financial statements appear elsewhere in this Prospectus. 6HH ³,QGHSHQGHQW $XGLWRUV´ Our unaudited interim consolidated financial statements as of and for the three months ended March 31, 2020 and 2021 have not been audited or reviewed by any independent auditors.

Chilean GAAP

We are a Chilean bank, and we maintain our financial books and records in Chilean pesos. We prepare ou audited consolidated financial statements and our unaudited interim consolidated financial statements in accordance with the Compendium issued by the CMF (former SBIF), which came into effect on January 1, 2009 and differs in certain VLJQLILFDQW DVSHFWV IURP ,QWHUQDWLRQDO 6HH ³$QQH[$ Significant Differences %HWZHHQ &KLOHDQ *$$3 DQG ,)56´ :H UHIHU WR DFFRXQWLQJ VWDQG DV ³&KLOHDQ *$$3´

Chilean GAAS

Deloitte conducted its audits under auditing standards generally accepted in Chile, which differ in certain significant aspects from International Standards on Auditing. 6HH ³$QQH[% Significant Departures from International Standards on Auditing´

Loans

Unless otherwise specified, all references herein to loans are to loans and receivables to customers before deductions for loan loss allowances.

2XU SDVW GXH ³SDVW GXH´ ORDQV LQFOXGH RQO\ WKH SRUWLRQ for 90 or more days and do not include the installments of such loans that are not overdue or that are overdue for less than 90 days, unless (i) any portion of the loan is overdue for 180 days or more, in which case the entire loan is considered pa due, or (ii) legal proceedings have been commenced for the entire outstanding balance according to the terms of the loan, in which case the entire loan is considered past due within 90 days after initiation of such proceedings. This practice differ from the practice normally followed in the United States, under which the amount classified as past due would include the HQWLUH DPRXQW RI SULQFLSDO DQG LQWHUHVW RQ DQ\ DQG DOO ORD includes only the portion of principal and interest that is overdue for one day or more. Once an overdue loan becomes b RYHUGXH IRU GD\V RU PRUH LW GRHV QRW FRQWLQXH WR EH FRQV impaired loans include the entire amount of principal and interest on any and all loans that have any portion overdue Restructured loans for which no payments are overdue are not ordinarily classified as past due loans or impaired loans.

:H SUHVHQW LQIRUPDWLRQ RQ ³LPSDLUHG´ ORDQV LQ DFFRUGDQF portfolios that were issued by the former SBIF and became mandatory as of January 1, 2011. Impaired loans are loans with respect to which we have evidence indicating that the borrower will not perform its payment obligations in accordance with the terms and conditions of the loan. For purposes of assessing our loan portfolio, we assess certain loans on an ³LQGLYLGXDO´ EDVLV DQG RWKHU ORDQV RQ D ³FROOHFWLYH´ EDVLV significant relative to our loan portfolio, based on the amount of the loan and its size, complexity and the credit profile of the borrower. Generally, we perform individual assessments of loans equal to or greater than UF 18,000 and collectiv assessments of loans of less than UF 18,000. We assess on a collective basis all of our loans that we do not assess LQGLYLGXDOO\ JURXSLQJ WKHP DFFRUGLQJ WR FHUWDLQ FRPPRQ FKD credit profile.

Under the guidelines issued by the CMF (former SBIF), our individually assessed loans are considered impaired when they are classified as B3, B4, C1, C2, C3, C4, C5 or C6. Our collectively assessed loans are considered no

performing when (i) they are 90 days or more in default or (ii) they are restructured past due loans or we reclassify them
DV SHUIRUPLQJ ORDQV EDVHG RQ RXU SHULRGLF UHDVVHVVPHQW ²Classification of RI VX
Loan Portfolio² *XLGHOLQHV RI WKH)RUPHU 6%,) ´

Effect of Rounding

Certain figures included in this Prospectus have been rounded for ease of presentation. Percentage figures included in this Prospectus have not in all cases been calculated on the basis of such rounded figures but on the basis such amounts prior to rounding. For this reason, certain percentage amounts in this Prospectus may vary from those obtained by performing the same calculations using the figures in our consolidated financial statements. Certain othe amounts that appear in this Prospectus may not sum due to rounding.

Economic and Market Data

In this Prospectus, unless otherwise indicated, macroeconomic data related to the Chilean economy is based information published by the Central Bank of Chile, and all market share and other data related to the Chilean financia system is based on information published by the CMF.

Information Published by the CMF

In this Prospectus, we present certain financial information as published and calculated by the CMF. Certai information published and calculated by the CMF differs from such information presented in our financial statements. As published and calculated by the CMF (but not in our consolidated financial statements), our total assets include gross t receivables and our total loans include inter-bank loans. For this reason, certain financial information in this Prospectus may vary from information presented in our consolidated financial statements. In addition, certain information published by the CMF is not always published on a quarterly basis.

OVERVIEW OF THE BANK

The following overview highlights selected information about us and the rights to subscribe for our Notes that are offered hereby. This overview does not contain all of the information that an investor should consider before subscribing to rights to acquire our Notes. Before making an investment decision, you should read this entire Prospectus carefully for a more complete understanding of our business and this offering, including our financial statements and respective notes thereto and the notes to those financial WDWHPHQWV DQG WKH VHFWLRQV QDPHG ³5LVN) DQG $QDO\VLV RI)LQDQFLDO &RQGLWLRQ DQG 5HVXOWV RI 2SHUDWLRQ

This overview is qualified in its entirety by the detailed information and financial statements appearing elsewhere LQ WKLV 3URVSHFWXV $V XVHG LQ WKLV RYHUYLHZ XQOHVV WKH FR &UpGLWR H ,QYHUVLRQHV WKH XQFRQVROLGDWHG HQWLW\ DQG UHIHU and its MiDPL EUDQFK 6HH ³%XVLQHVV ´

Overview

We are the largest commercial bank in Chile in terms of total net loans and deposits and the second largest in terms of assets, according to information published and calculated by the CMF. Our market share of net total loans, deposits and total assets, in the Chilean banking system was 17.9%, 18.7% and 17.7%, respectively, as of December 31, 2020, in each case according to the CMF DQG WDNLQJ LQWR FRQVLGHUDWLRQ ,WD~ &RUS acquisition of City National Bank of Florida and the subsequent mergers effected in connection therewith. Our risk index, calculated as allowances for loan losses as a percentage of our total loans (excluding loans and receivables from bank was 2.2%, as of December 31, 2020, compared to a weighted average of 2.7% for the Chilean banking system as a whole on such date, according to the CMF.

We combine what we believe are a full service banking platform and a solid franchise with a growing international presence, particularly in the U.S., where we acquired City National Bank of Florida in October, 2015, TotalBank in June 2018 and Executive National Bank in 2020, as discussed below.

In addition to traditional banking products such as lending and deposit taking, our banking services for our approximately 126,148 active commercial checking account customers (not including individual clients in the retail segment) include working capital financing, lines of credit, foreign trade financing, mortgage loans, foreign exchange and non-credit services such as cash management, payroll and payment services, and a wide range of treasury and r management products.

We provide our approximately 544,000 active retail checking account customers with deposit services such as checking and savings accounts and also offer residential mortgage and consumer loans, lines of credit, credit cards an diversified products such as mutual funds, stock brokerage services, financial advisory services, insurance brokerage, a private and public investment fund management services. We serve our retail customers through a nationwide network of points of contact, which include 274 multiservice branches, cash agencies, point of sale branches, private bankin commercial platforms and automated branches, and 1,095 ATMs. We have made significant investments in alternate distribution channels, including online banking, telephonic banking and other electronic financial services, to facilitate implementation of our market segmentation strategy and strengthen our competitive position in electronic payment transfers.

We offer international banking services through our branch in Miami, our representative offices in Lima, São Paulo, Mexico City, Bogotá and Shanghai, and a worldwide network of correspondent banks. As part of our international expansion strategy, in October 2015 we acquired 100% of CM Florida Holdings Inc., a registered U.S. bank holding company that owns 99.9% of City National Bank of Florida, for a purchase price of US$947 million. Established in 1946 and headquartered in Miami, City National Bank of Florida is a local commercial bank focused on mid-sized (middle market) and small companies, real estate business and high net worth and affluent clients, particularly professionals an company owners. City National Bank of Florida offers a range of financial products, including real estate, commercial and consumer banking, to approximately 63,000 clients. With 33 branches and almost 867 employees located in four counties Florida, City National Bank of Florida has historically emphasized a target market segment of small to medium-sized FRPSDQLHV 6HH ³&LW\ 1DWLRQDO %DQN RI)ORULGD

In June 2018, our subsidiary City National Bank of Florida acquired (and absorbed by way of merger) TotalBank, an integrated retail-commercial bank in South Florida, which offered a comprehensive range of traditional banking products and services for businesses and individuals. TotalBank (a Florida-chartered state non-member bank supervised by the FDIC) focused on relationship-driven business model organized in several business segments including Banking Centers, Corporate Lending and International Personal Banking. $V RI 'HFHPEHU &LW\ 1DWLRQDO assets grew by US$2 billion, or 17.5%, compared to December 31, 2019, reaching US$18 billion. Most of this growth ZDV SULPDULO\ GXH WR WKH FRQVROLGDWLRQ RI 7RWDO%DQN¶V DVVHWV The City National Bank acquisition positioned City National Bank of Florida as the third largest Florida-based bank based on in terms of term deposits, according to the FDIC. Lastly, in October 2020 City National Bank acquired Executive National Bank.

In December 2018, we acquired Walmart Chile Servicios Financieros, which became our fifth reporting segment. This reporting segment includes the results of operations of the five entities forming Walmart Chile Servicios Financieros. These five entities that constituted the financial services division of Walmart Chile provide financing for customers with the Líder MasterCard and Presto credit cards, along with other products. The Servicios Financieros reporting segment operates as an independent unit under the supervision of our senior management in Chile.

Servicios Financieros, the name under which the five entities operate, continues to market the financial products and services offered before by Walmart Chile, which include the issue and operation of the new Líder Bci MasterCard, along with the origination of cash advances, super cash advances and personal insurance, among others. This business is undertaken as a ten-year commercial cooperation agreement between Bci and Walmart, a leading global company in the retail sector. We believe Servicios Financieros enables Bci to bolster its position among the credit card market leaders, enhance the development of products and services and generate value with the complementary capacities of two partners that are leaders in their respective industries. This acquisition is part of our strategy to continuously seek growth opportunities in Chile and abroad and consistent with our goal of becoming a major player in the credit card industry in Chile. This acquisition helped us grow our credit card market share 1.5 times as of December 2018, compared to the 9.6% as of November, right before the acquisition (both figures exclude City National Bank of Florida and Executive National Bank, which City National Bank acquired last year), as Servicios Financieros allows us to reach approximately 1.5 million credit card customers through digital channels.

We intend to venture into the Peruvian market with a new subsidiary Banco BciPerú. With an initial capital of US$60 million, we expect this subsidiary to operate in Peru focusing on corporate clients and large companies for Peruvian and Chilean customers. We have been present in Peru for 20 years through a representative office. This operation will allow Bci to offer a three-country platform - along with Chile and the United States - that will act as a single bank in the region.

The incorporation and operation of Banco Bci Perú are subject, among other conditions, to the approval of the CMF and the Central Bank of Chile, along with securing the regulatory authorization, filings and registrations required under Peruvian legislation.

On December 31, 2020, shareholders related to the Yarur family held approximately 62.56% of our issued and outstanding shares. 6XFK VKDUHKROGHUV DUH SDUWLHV WR D VKDUHKROGHUV¶ of March 10, 2020, pursuant to which they agree to vote their shares as a group. In addition, they reiterated their intention to preserve the principles upon which the management of the institution has been based.

%FL¶V VXEVLGLDULHV LQFOXGH BCI Financial Group, Inc., BCI Asesoría Financiera S.A., BCI Asset Management Administradora General de Fondos S.A., BCI Corredor de Bolsa S.A., BCI Corredores de Seguros S.A., BCI Factoring S.A., BCI Securitizadora S.A., BCI Securities Inc., BCI Corredores de Bolsa de Productos S.A, Servicio de Normalización y Cobranza Normaliza S.A. and the five entities that comprise Servicios Financieros (as defined in this Prospectus).

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

	Participation			
	Direct		Indirect	
	2020	2019	2020	2019
	%	%	%	%
Análisis y Servicios S.A.(en liquidación)	99.00	99.00	1.00	1.00
BCI Asset Management Administradora General de Fondos S.A.	99.90	99.90	0.10	0.10
BCI Asesoría Financiera S.A.	99.00	99.00	1.00	1.00
BCI Corredor de Bolsa S.A.	99.95	99.95	0.05	0.05

BCI Corredores de Seguros S.A.	99.00	99.00	1.00	1.00
BCI Factoring S.A.	99.97	99.97	0.03	0.03
BCI Securitizadora S.A.	99.90	99.90	-	-
Banco de Crédito e Inversiones Sucursal Miami	100.00	100.00	-	-
Servicio de Normalización y Cobranza, Normaliza S.A.	99.90	99.90	0.10	0.10
BCI Securities INC.	99.90	99.90	0.10	0.10
BCI Corredores de Bolsa de Productos S.A.	99.00	99.00	1.00	1.00
BCI Financial Group, INC. and Subsidiaries	100.00	100.00	-	-
Servicios Financieros y Administración de Créditos Comerciales S	99.98	99.98	0.02	0.02
Administradora de Tarjetas Servicios Financieros Limitada	99.99	99.99	0.01	0.01
SSFF Corredores de Seguros y Gestión Financiera Limitada.	99.00	99.00	1.00	1.00
Sociedad de Servicios de Comercialización y Apoyo Financiero y Gestión SSFF Limitada.	99.99	99.99	0.01	0.01
Servicios y Cobranzas SEYCO Limitada.	99.00	99.00	1.00	1.00

On December 31, 2020 we had a WRWDO VKDUHKROGHU¶V HTXLW\ RI &K the year ended December 31, 2020, we had a consolidated net income of Ch$317,533 million.

On December 31, 2020, we had regulatory capital ratio of 13.4% (including Tier 1 and Tier 2 capital), computed in accordance with guidelines of the CMF.

We are registered and headquartered in Santiago, Chile and had 11,675 employees worldwide as of December 31, 2020. We are a public company in Chile whose common shares are listed on the Santiago Stock Exchange (Bolsa de Comercio de Santiago).

Corporate Strategy

2XU XOWLPDWH JRDO LV WR EH WKH EHVW EDQN IRU LWV FXVWRPHUV´ :H VWULYH pursue this goal through the following strategic pillars:

- Our commitment to enhance customer experience, including through digital innovation. We believe that we differentiate ourselves from our principal competitors because of our customer-driven, rather than product-driven, focus, combined with a world class customer experience. We value loyal customers that are a source of stable, recurring revenues, and we seek to establish long-term relationships by providing banking and financial products tailored to our cuVWRPHUV¶ VSHFLILF QHHGV high quality service. We seek to ZLWK IXUWKHU HQKDQFH RXU FXVWRPHUV¶ H[SHULHQFH E\ L IRFXV driven decision-making, particularly in our retail and small- to medium-size eQWHUSULVHV ³60(V´ segments, using new technologies and data-analytics (such as software for credit scoring and fraud detection) WR DFKLHYH EHWWHU LQVLJKWV DQG H[SDQG WKH PXOWL-channel experience that we strive to make as seamless as possible, (ii) combining our diversified, full service model with our capacity to adapt to customer needs and our local experience, to provide superior service and deepen our relationship wi our corporate and investment banking clients, (iii) expanding our client coverage and enhancing our payments and cash management services through state-of-the-art technology by offering new services such as payments to suppliers and employees, (iv) implementing our strong commitment to mobile banking, focusing on the development of mobile services to improve our customer experience, and (v) responding to the evolving needs of our customers. In addition, we believe that our focus on digital innovation will also continue to help us improve our operating efficiency. Examples of our pioneering efforts in digital innovation include our online checking accounts, our 100% digital approval process for mortgage loans for new properties (the first bank in Chile to offer such service), and our person-to-perVRQ SD\PHQWV ³0$&+´ PRELOH DSS million users, which provides seamless payments in less than 15 seconds, as well as more than 2 million MACH prepaid cards. 6HH ³2XU 'LJLWDO 7UDQVIRUPDWLRQ 3ODQ´

  2020 was a year of digital transformation and omnichannel experience due to the development of new capabilities and the growth of those that were already enabled. For example, the increase in our app downloads, which reached 500,000 downloads as of December 2020, the launch of new app functionality (e.g., for the sale/origination of consumer loans/insurance and invoice payment), and the implementation of our new private website, which is more user-friendly and offers new functionalities.

The different initiatives in the digital world and remote channels achieved promising figures as of December 2020. Over 30% of invoice payments were made through digital channels, 50% of the sale of Super Avance (Super Advance) was made through remote channels, and 38% of all card openings were requested through our website.

- Pursuing growth and profitability while maintaining our focus on conservative risk management. We intend to continue pursuing growth and profitability by (i) expanding penetration of our market segments and increasing cross-selling of our products and services with a particular focus on customer-targeted offerings, (ii) continuing to strengthen our capital position to support growth, with the goal of achieving and maintaining a tier 1 capital ratio of at least 10%, and (iii) seeking to optimize our technology infrastructure to reduce costs and create value for our customers through simpler and more flexible processes and develop greater in capabilities. Furthermore, we intend to pursue growth and profitability while maintaining our focus on conservative risk management. We have a dedicated risk management team that focuses on monitoring risks across all areas of our business, and we have implemented an algorithmic model to monitor and manage our exposure to market risk. In 2012, we hired a top-tier consulting firm to review our risk tolerance levels and help us find ways to improve on maximizing our risk-reward approach in furtherance of our strategy of achieving growth while maintaining a solid risk management.

- Pursuing our international strategy. We expect to continue to evaluate and selectively pursue growth opportunities outside Chile that complement our existing operations. This strategy is focused on (i) generating new sources of revenue, (ii) geographic diversification allowing us to diversify risk as well as providing existing clients with regional solutions and access to new markets, and (iii) enhancing our pre-existing regional platform. After acquiring TotalBank in 2018 and Executive National Bank through City National Bank of Florida in 2020, we are now close to our goal of having a third of our assets outside of Chile. With the acquisition of Executive National Bank through City National Bank of Florida, we expect CNB to continue to consolidate itself in order to become the first largest Florida-based bank and one of the 100 largest commercial banks in the United States, a country whose industry is made up of more than 4,890 commercial banks. We believe that the Florida market offers attractive prospects for growth outside of Chile as it is the fourth largest state in the United States in terms of GDP (according to the U.S. Bureau of Economic Activity) and financial assets (deposits) (according to the FDIC), as well as the third largest in terms of population, according to the U.S. Census Bureau. We believe that the state of Florida has favorable demographics with strong population and personal income growth. In addition, it has an attractive and fragmented banking system, which we believe offers organic and inorganic growth opportunities. Florida has a deep-rooted cultural and economic connection with Latin America, as evidenced by the high levels of trade and investment flow to and from the region.

  We have benefited from City National Bank of Florida's platform to drive growth in this strategic market and to continue its focus primarily on its core segments, which include mid-sized (middle market) and small companies, real estate business and high net worth individuals, by offering a wide range of credit and non-credit products and services to our corporate and retail customers. In addition, we have integrated non-banking financial products, such as factoring, financial leasing, insurance brokerage, securitization, investment funds management and securities brokerage services, to maximize the value represented by our branch network and other distribution channels.

- Culture that seeks to promote and enhance leadership, collaboration and innovation. We seek to promote a culture of leadership and collaboration through a set of best practices with a particular focus on customers and disciplined execution. In addition, we focus on creating an environment that fosters innovation over marginal improvement through our award-based innovation framework. Last year, we were ranked first in the Great Place to Work ranking for Chile, prepared by the Great Place to Work Institute. This is the first time we have attained the highest score among companies with more than 1,000 employees. This recognition fills us with pride and is aligned with our strategic pillar of having a culture that places employees and their families at its core. We also obtained again in 2020 the Most Innovative Companies (Financial Sector) award given by ESE business school. Furthermore, because we believe that employee talent, motivation and satisfaction are key to our business and success, we strive to attract the best talent, promote their embrace of our core culture values and keep our high employee satisfaction levels. We were also recognized as one of the best employers for young professionals by Employers for Youth. We intend to continue to concentrate on the development of talented and motivated employees who are committed to our mission and institutional values of leadership, collaboration and innovation.

- Commitment to progress on sustainability-related initiatives. Bci is truly committed to environmentally responsible financing and financial inclusion, where we continue to carry out programs and initiatives, such as the following:

  - Bci was included in the Dow Jones Sustainability Index in the MILA and Chile categories for the fourth and sixth consecutive years, respectively.
  - In addition we started working in the implementation of the Task Force on Climate-Related Financial Disclosures
  - Bci was recognized with the First Place in Companies with the Best Reputation 2020 by MERCO.

  We have a strong commitment to play a relevant role in the society of which we are part to promote inclusion and diversity, by promoting accessible financial solutions and responsible investment.

Corporate Information

We are a corporation incorporated on May 7, 1937 under the law of Chile and listed with the Santiago Stock Exchange. Our principal executive offices are located at Avenida El Golf 125, Las Condes, Santiago, Chile, and our telephone number is +5622 692 7000. Our website is www.bci.cl. Any information contained or accessible through our website is not part of this Prospectus

Selected Consolidated Financial Information

The following table presents selected consolidated financial information as of and for the years indicated, in each case in accordance with Chilean GAAP. This information should be read in conjunction with, and is qualified in its entirety by refereQFH WR RXU DXGLWHG FRQVROLGDWHG ILQDQFLDO VWDWHPHQW $QDO\VLV RI)LQDQFLDO &RQGLWLRQ DQG 5HVXOWV RI 2SHUDWLRQV ´ D

The selected consolidated financial information as of and for the years ended December 31, 2018, 2019 and 2020 has been derived from our audited consolidated financial statements included elsewhere in this Prospectus. The reports Deloitte Auditores y Consultores Limitada on our audited consolidated financial statements as of and for the years ended December 31, 2019 and 2020, and as of and for the years ended December 31, 2018 and 2019 appear elsewhere in Prospectus.

&KLOHDQ *$$3 GLIIHUV LQ FHUWDLQ VLJQ Limitation of Financial and Other IU ,QIRUPDWLRQ ´ :H KDYH LQFOXGHG D GHVFULSWLRQ RI FHUWDLQ VLJ DSSOLHG WR XV LQ ³6LJQLILFDQW 'LIIHUHQFHV %HWZHHQ &KLOHDQ *$$3 DQG

	As of and for the year ended December 31,					
	2016	2017	2018	2019	2020	2020
	(in millions of Ch$)[1]					(in millions of US$)[2]
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION						
Assets						
Cash and deposits in banks	1,577,565	1,495,732	2,058,757	3,153,760	4,597,867	6,467
Items in course of collection[3]	264,265	259,977	335,820	310,602	236,710	333
Trading portfolio financial assets	1,267,979	2,197,716	2,038,376	2,212,257	1,147,279	1,614
Investments under agreements to resell	116,461	252,599	73,859	196,015	190,248	268
Derivative financial assets	1,360,247	1,365,738	1,714,274	4,261,289	5,451,897	7,668
Loans and receivables to banks, net[4]	223,228	179,065	332,912	457,640	356,669	502
Commercial loans	14,459,695	15,553,230	18,764,100	21,253,077	22,707,117	31,939
Mortgage loans	4,967,162	5,824,197	7,342,334	8,292,339	8,897,471	12,515
Consumer loans	2,527,489	2,752,992	3,436,661	3,667,041	3,114,093	4,380
Total loans	21,954,346	24,130,419	29,543,095	33,212,457	34,718,681	48,834
Financial investments available for sale	2,524,500	2,531,682	3,229,455	4,011,029	7,996,040	11,247
Financial investments held to maturity	872	800	2,780	7,369	25,144	35
Investments in other companies	187,958	207,718	44,740	27,823	26,625	37
Intangible assets	177,516	175,897	382,197	404,215	395,276	556
Property, plant and equipment, net	279,496	270,291	281,236	250,194	251,217	353
Right-of-use asset	±	±	±	231,344	204,807	288
Current income tax	34,689	14,312	14,884	89,495	36,270	51
Deferred income taxes	142,922	48,160	190,115	103,329	211,224	297
Other assets	686,174	753,290	1,107,217	1,407,802	1,310,345	1,843
Total assets	30,798,218	33,883,396	41,349,717	50,336,620	57,156,299	80,394
Liabilities						
Current accounts and demand deposits	8,194,263	9,534,124	12,222,539	14,180,699	19,726,574	27,747
Items in course of collection[3]	132,507	109,341	213,558	200,976	201,438	283
Liabilities under agreements to repurchase	799,844	869,438	546,109	909,391	350,314	493
Term deposits and savings accounts	9,957,688	10,692,346	12,328,776	13,372,756	10,839,611	15,247
Derivative financial liabilities	1,420,086	1,479,602	1,803,716	4,412,365	5,793,354	8,149
Borrowings from financial institutions	1,648,764	1,754,356	2,758,149	3,482261	6,270,699	8,820
Debt issued	4,398,430	5,020,307	5,977,948	7,016,742	7,431,624	10,453
Other financial liabilities	953,246	679,379	754,937	1,450,586	911,044	1,281
Lease liabilities	±	±	±	206,376	186,293	262
Current income tax	3,442	7,480	157,309	1,240	9,072	13
Deferred income taxes	483	980	840	23,829	22,188	31
Provisions	263,495	274,673	334,293	309,040	441,577	621
Other liabilities	507,249	733,084	793,180	977,839	1,077,806	1,516
Total liabilities	28,279,497	31,155,110	37,891,354	46,544,100	53,261,594	74,916
6KDUHKROGHUV¶ (TXLW\						
Attributable to equity holders of the Bank:						
Capital	2,276,820	2,493,420	3,134,898	3,394,799	3,655,828	5,142
Reserves	109	109	109	109	109	0
Accumulated other comprehensive income	3,256	(25,667)	(25,667)	114,719	22,223	31
Retained earnings:						
Net income for prior periods	±	±	±	±	(6,758)	(10)
Net income for the period	340,165	371,403	395,794	402,645	317,454	447
Less: Accrual for minimum dividends	(102,049)	(111,421)	(118,738)	(120,794)	(95,236)	(134)
Non-controlling interest	420	442	854	1,042	1,085	2
7RWDO VKDUHKROGHUV¶ HT	2,518,721	2,728,286	3,458,363	3,792,520	3,894,705	5,478
7RWDO OLDELOLWLHV DQG V	30,798,218	33,883,396	41,349,717	50,336,620	57,156,299	80,394
CONSOLIDATED STATEMENT OF INCOME						
Interest income	1,513,339	1,503,920	1,839,336	2,206,557	2,088,604	2,938
Interest expense	(608,286)	(569,092)	(759,139)	(885,063)	(630,063)	(886)
Net interest income	905,053	934,828	1,080,197	1,321,494	1,458,541	2,052
Fee and commission income	344,507	348,953	398,998	462,313	433,887	610
Fee and commission expense	(72,878)	(80,247)	(92,795)	(110,553)	(98,303)	(138)
Net fee and commission income	271,629	268,706	306,203	351,760	335,584	472
Trading and investment income, net	145,873	91,349	141,527	183,805	148,799	209
Foreign exchange results, net	(65,609)	44,215	12,434	(18,334)	44,765	63
Other operating income	28,420	41,604	44,842	53,063	44,639	63
Provisions for loan losses	(183,412)	(212,653)	(266,313)	(415,519)	(653,911)	(920)
Operating income, net of provisions for loan losses	1,101,954	1,168,049	1,318,890	1,476,269	1,378,417	1,939
Staff costs	(372,631)	(398,903)	(464,558)	(483,886)	(522,080)	(734)
Administrative expenses	(225,489)	(246,880)	(292,170)	(326,149)	(319,202)	(449)

	As of and for the year ended December 31,					
	2016	2017	2018	2019	2020	2020
	(in millions of Ch$)[1]					(in millions of US$)[2]
Depreciation and amortization	(55,108)	(60,276)	(67,427)	(103,649)	(109,010)	(153)
Other operating expenses	(42,837)	(33,990)	(39,948)	(43,569)	(80,496)	(113)
Impairment of property, plant and equipment and intangible assets	(92)	(1,563)	(174)	(478)	(5,073)	(7)
Total operating expenses	(696,157)	(741,612)	(864,277)	(957,731)	(1,035,861)	(1,457)
Total net operating income	405,797	426,437	454,613	518,538	342,556	482
Share of profit/loss on investments accounted for using the equity method	19,136	112,542	65,036	12,638	(358)	(1)
Income before income tax	424,933	538,979	519,649	531,176	342,198	481
Income tax expense	(84,724)	(167,554)	(123,802)	(128,437)	(24,665)	35
Consolidated net income from the period	340,209	371,425	395,847	402,739	317,533	447
CONSOLIDATED STATEMENTS OF CASH FLOW						
Total cash flows used in operating activities	(645,100)	(479,209)	(109,257)	1,132,009	1,809,572	2,545
Total cash flows provided by investing activities	146,571	282,149	(420,978)	(284,270)	283,256	398
Total cash flows provided by financing activities	660,620	274,458	884,521	344,130	(109,578)	(154)
Change in cash and cash equivalents after the effect of exchange rate changes on cash and cash equivalents	162,091	77,398	354,286	1,191,869	1,983,250	2,790

	As of and for the year ended December 31,				
	2016	2017	2018	2019	2020
	(in millions of Ch$)[1]				
CONSOLIDATED RATIOS					
Profitability and performance					
Net interest margin[5]	3.80%	3.70%	3.4%	3.6%	3.1%
Fee and commission income as a % of average interest earning assets	1.40%	1.40%	1.3%	1.2%	0.9%
Fee and commission income as a % of administrative expense	152.80%	141.30%	136.6%	141.7%	135.9%
Return on average total assets[6]	1.10%	1.10%	1.0%	3.6%	2.2%
5HWXUQ RQ DYHUDJH[7] VKDUHKROC	14.50%	14.00%	13.5%	42.9%	30.6%
Dividend payment ratio[8]	32.60%	35.32%	31.22%	33.7%	35.2%
Capital					
$YHUDJH VKDUHKROGHUV¶ HTXL total assets	7.80%	8.20%	7.8%	8.3%	7.2%
Regulatory capital as a % of risk-weighted assets	13.40%	13.20%	12.76%	12.00%	13.39%
Regulatory capital as a % of minimum regulatory capital required	167.60%	165.00%	159.5%	150.0%	167.4%
Liabilities as a multiple of regulatory capital	847.20%	887.20%	905.4%	1,040.2%	1,071.3%
Asset Quality[*]					
Loans overdue less than 90 days as a % of total loans[9]	0.30%	0.30%	2.1%	1.6%	4.0%
Past due loans as a % of total loans[10]	0.70%	0.80%	0.9%	0.8%	0.8%
Impaired loans as a % of total loans[11]	4.50%	5.00%	4.5%	4.1%	4.2%
Allowance for loan losses as a % of loans overdue less than 90 days[9]	582.50%	479.00%	90.1%	123.4%	55.6%
Allowance for loan losses as a % of past due loans[10]	233.00%	212.10%	217.6%	232.2%	279.6%
Allowance for loan losses as a % of impaired loans[11]	36.70%	32.60%	41.3%	47.7%	52.4%
Allowance for loan losses as a % of total loans[12]	1.70%	1.60%	1.8%	2.0%	2.2%
Consolidated risk index[13]	1.70%	1.70%	1.9%	2.0%	2.3%
Efficiency					
Operating expenses as a % of operating income, plus provision for loan losses	54.20%	53.70%	54.5%	50.6%	51.0%
Operating expenses as a % of average total assets[14]	2.30%	2.30%	2.3%	2.1%	2.3%
Liquidity					
Loans as a % of total deposits[15]	120.90%	119.30%	120.3%	120.5%	113.6%
Liquid assets as a % of total deposits[16]	10.10%	8.70%	9.8%	12.6%	15.8%
OTHER DATA					
Inflation rate[17]	2.70%	2.30%	2.6%	3.0%	3.0%
Number of branches and offices	356	339	296	271	271
Number of employees	11,007	10,009	9,451	10,405	11,675

(*) Excluding loans and receivables from banks.
(1) Except percentages and ratios.

(2))RU WKH UHDGHU¶V FRQYHQLHQFH ZH KDYH FRQ S dollars at the observed exchange rate as published by the Central Bank of Chile on the first business day following the respective period. The exchange rate used for purposes of this conversion was Ch$710.95 per US$1.00, as of December 31, 2020. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rate indicated, at any particular rate or at all.
(3) Transactions pending settlement which will increase or decrease our funds deposited with the Central Bank of Chile or with foreign banks within 24 business hours of the execution of such transactions.
(4) Net of allowances for loan losses.
(5) Net interest income as a percentage of monthly average interest earning assets.
(6) Net income as a percentage of monthly average total assets.
(7) 1HW LQFRPH DV D SHUFHQWDJH RI PRQWKO\ DYHUDJH VKDUHKROGHU¶V HTXLW\ IRU W
(8) Dividends paid divided by net income.
(9) Loans overdue less than 90 days consist of loans overdue for one to 89 days.
(10) Past due loans consist of loans for which either principal or interest are overdue for at least 90 days and which do not accrue interest. Past due loans include, with respect to any loan, only the portion of principal and interest that is overdue for 90 or more days, and do not include the installments of such loan that are not overdue or that are overdue for less than 90 days, unless (i) any portion of the loan is overdue for 180 days or more, in which case the entire loan is considered past due, or (ii) legal proceedings have been commenced for the entire outstanding balance according to the terms of the loan, in which case the entire loan is considered past due within 90 days after initiation of such proceedings. This practice differs from that normally followed in the United States where the amount classified as past due would include the entire amount of principal and interest on any and all loans which have any portion overdue.
(11) ,PSDLUHG ORDQV FRQVLVW RI RXU L ³LQGLYLGXDOO\´ DVVHVVHG ORDQV according to the FDWHJRULHV VHW IRUWK E\ WKH &0)´ and ... until we reclassify them as performing loans based on our periodic reassessment of such loans. See ³5HJXODWLRQ´ Classification of ... /RDQ 3RUWIROLR´
(12) Allowance for loan losses as a percentage of total loans before allowances for loan losses.
(13) The risk index is calculated as allowances for loan losses as a percentage of total loans net of allowances for loan losses.
(14) Average total assets are calculated on the basis of average monthly balances of our consolidated assets.
(15) Total deposits consist of current accounts and demand deposits plus term deposits and saving accounts.
(16) Liquid assets consist of cash and deposits in banks and items in course of collection.
(17) Based on the Chilean consumer price index, as reported by the Chilean National Institute of Statistics.

CAPITALIZATION

The following table sets forth our capitalization defined as our financial obligations on an accrued basis determined in accordance with Chilean GAAP and which represent our main sources of funding as of December 31, 2020. For additional information, see our consolidated financial statements included in this Prospectus.

	As of December 31, 2020	
	Historical	Historical(1)
	(in millions of Ch$)	(in millions of US$)
Liabilities		
Borrowings from customers	30,566,185	42,993
Liabilities under agreements to repurchase	350,314	493
Borrowings from financial institutions	6,270,699	8,820
Bonds:		
Letters of credit	6,510	9
Ordinary bonds	6,166,461	8,674
Mortgage finance bonds	1,258,653	1,770
Other financial liabilities	911,044	1,281
Derivative financial liabilities	5,793,354	8,149
Subtotal	51,323,220	72,190
6KDUHKROGHUV¶ HTXLW\		
ShareKROGHUV¶ HTXLW\ DQG RWKHU IXQGV		
Paid-in capital and reserves	3,655,937	5,142
Other equity accounts	(79,771)	(112)
Net income for the period	317,454	447
Total equity of equity holders of the Bank	3,893,620	5,477
Total capitalization(2)	55,216,840	77,666

(1) Amounts in the table stated in pesos have been translated into U.S. dollars at the Observed Exchange Rate as published by the Central Bank of Chile on the first business day following the respective period. The exchange rate used for purposes of this conversion were Ch$710.95 per US$1.00 as of December 31, 2020.

(2) Excludes non-controlling interest of Ch$1,085 million.

EXCHANGE RATES

Chile has a floating exchange rate system in which the Central Bank of Chile has the authority to intervene, if necessary. Chile has two currency markets, the Formal Exchange Market (*Mercado Cambiario Formal*) and the Informal Exchange Market (*Mercado Cambiario Informal*). The Formal Exchange Market is comprised of banks and other entities authorized by the Central Bank of Chile. The Informal Exchange Market is comprised of entities that are not expressly authorized to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, am others, but that can trade under current laws and regulations. The Central Bank of Chile is empowered to require that certain purchases and sales of foreign currencies be carried out on or through the Formal Exchange Market. The ma difference between both markets is that regulation requires the participants in the formal market to inform the Central Bank of Chile about the transactions they carry out. In case that the Central Bank of Chile decides to intervene, it does so b buying or selling foreign currency on the Formal Exchange Market.

The *dólar observado* WKH Observed Exchange Rate ZKLFK LV UHSRUWHG E\ WKH &H published daily in the Official Gazette of Chile, is the weighted average exchange rate of the U.S. dollar of the previous EXVLQHVV GD\¶V transactions in the Formal Exchange Market. On September 2, 1999, the Central Bank of Chile eliminated the band within which the Observed Exchange Rate could fluctuate, in order to provide greater flexibility to the exchange market Even though the Central Bank of Chile is authorized to carry out its transactions at the Observed Exchange Rate, it generally uses spot rates for its transactions. Other banks generally carry out authorized transactions at spot rates as wel

The Informal Exchange Market reflects WUDQVDFWLRQV FDUULHG RXW DW DQ LQI ([FKDQJH 5DWH. There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the Observed Exchange Rate. In recent years, the variation between the Observed Exchange Rate and the Informal Exchange Rate has not been significant.

The following table sets forth the annual low, high, average and period-end Observed Exchange Rate for U.S. dollars in Chilean pesos for the years indicated, as reported by the Central Bank of Chile.

Year	Low[1]	High[1]	Average[2]	Period End[3]
2016	645.22	730.31	669.29	669.47
2017	615.22	679.05	649.33	649.33
2018	588.28	698.56	640.29	694.77
2019	649.22	828.25	702.63	744.62
2020	710.26	867.83	792.22	711.24

Source: Central Bank of Chile.
(1) Exchange rates are the actual low and high, on a daily basis for each period.
(2) The yearly or monthly average rate is calculated as the average of the exchange rates on the first business day of each month during the period.
(3) Each year period ends on December 31, and the respective period-end exchange rate is published by the Central Bank of Chile on the first business day of the following year. Each month period ends on the last calendar day of such month, and the respective period end exchange rate is published by the Central Bank of Chile on the first business day of the following month.

We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted in U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at particular rate or at all. The Federal Reserve Bank of New York does not report a noon buying rate for pesos.

EXCHANGE CONTROLS

The Central Bank of Chile is the entity responsible for monetary policies and exchange controls in Chile. Chilean issuers are authorized to offer securities internationally provided they comply with, among other things, the provisions o Chapter ;,,, RI WKH &RPSHQGLXP RI)RUHLJQ ([FKDQJH 5HJXODWLRQV RI W Central Bank Compendium´

Pursuant to the provisions of Chapter XIII of the Central Bank Compendium, it is not necessary to seek the Centra %DQN RI &KLOH¶V SULRU approval in order to purchase and pay the Notes. The Central Bank of Chile only requires that (i) the remittance of funds obtained from the purchase of the Notes into Chile be made through the Formal Exchange Market a disclosed to the Central Bank of Chile as described below; and (ii) all remittances of funds to make the payment of principal and of premium, if any, or interest, if any, on a Note made from Chile be made through the Formal Exchange Market and disclosed to the Central Bank of Chile as described below.

The proceeds of the sale of the Notes may be brought into Chile or held abroad. If we remit the funds obtained from the sale of the Notes into Chile, such remittance must be made through the Formal Exchange Market and we mu deliver to the Central Bank of Chile directly or through an entity of the Formal Exchange Market a report, through a form contained in Chapter XIV of the Central Bank Compendium, providing information about the transaction, together with a letter instructing such entity to deliver us the foreign currency or the peso equivalent thereof. If we do not remit the funds obtained from the sale of the Notes into Chile, we have to provide the same information to the Central Bank of Chile directly or through an entity of the Formal Exchange Market within the first 10 days of the month following the date on which we received the funds. The regulations require that the information provided describe the financial terms and conditions of the securities offered, related guarantees and the schedule of payments.

All payments in connection with the Notes made from Chile must be made through the Formal Exchange Market. Pursuant to Chapter XIII of the Central Bank Compendium, no prior authorization from the Central Bank of Chile is required for such payments in U.S. dollars. The participant of the Formal Exchange Market involved in the transfer must provide certain information to the Central Bank of Chile on the banking business day following the day of payment. In the event payments are made outside Chile using foreign currency held abroad, we must provide the relevant information to the Central Bank of Chile directly or through an entity of the Formal Exchange Market within the first 10 days of the month following the date on which the payment was made.

Under Chapter XIII of the Central Bank Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean la and regulations after the date hereof will affect foreign investors who have acquired the Notes. We cannot assure you that further Central Bank of Chile regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars or that further restrictions applicable to us will not affect our ability to remit U.S. dollars for payment of interest or principal on the Notes.

7KH DERYH LV DQ RYHUYLHZ RI WKH &HQWUDO %DQN RI &KLOH¶V U to the issuance of debt securities, including the Notes, as in force and effect as of the date of this Prospectus. We cannot assure you that restrictions will n be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed. This overview does not purport to be complete and is qualified in its entirety by reference to the provisions of Chapter XIII and XIV of the Central Bank Compendium, a copy of which is available from us upon request.

CITY NATIONAL BANK OF FLORIDA

Overview

As part of our international expansion strategy, in October 2015 we acquired 100% of Bci Financial Group, Inc., formerly known as CM Florida Holdings, Inc., a U.S. bank holding company which owns 99.9% of City National Bank of Florida, for a purchase price of US$947 million. Established in 1946 and headquartered in Miami, Florida, City National Bank of Florida is a local commercial bank focused on mid-sized (middle market) and small companies, real estate business and high net worth and affluent clients, particularly professionals and company owners. City National Bank of Florida offers financial products, including real estate, commercial and consumer banking, to approximately 75,000 clients through 31 banking centers strategically located in four counties in Florida. City National Bank of Florida has approximately 900 employees as of December 31, 2020. As part of the portfolio of related financial products and services offered, we also began to provide lease financing services in 2016. In order to provide a comprehensive service to our clients, in July 2017 ZH LQYHVWHG LQ D OHDVH VXEVLGLDU\ ³&LW\ 1DWLRQDO &DSLWDO´ ZKLFK LV D &1% VXEVLGLDU\ &1% «L... equipment loans and leasing services.

To further diversify our income stream and businesses, in June 2018, City National Bank of Florida acquired and absorbed (by way of merger by incorporation) TotalBank, an integrated retail-commercial bank in South Florida, which offered a comprehensive range of traditional banking products and services for businesses and individuals. TotalBank focused on relationship-driven business model organized in several business segments including Banking Centers, Corporate Lending and International Personal Banking.

On October 9, 2020, City National Bank acquired 100% of the outstanding shares of Executive National Bank, a Florida commercial bank, for approximately US$62 million. The primary objective of the purchase was to increase the Bank´s market share in its core market and achieve synergies through the operating expenses of the combined operations.

In June, August and September 2020, City National Bank of Florida conducted large-scale layoffs as a result of restructuring processes in its ordinary course of business.

City National Bank of Florida, the main Bci Financial Group, Inc. subsidiary, reached US$18.6 billion in assets by the end of 2020, becoming one of the largest financial institutions based in the state of Florida.

On December 31, 2020, 63.4% of City National Bank of)ORULGD¶V ORDQV KDG PRUWJDJH... commercial and industrial, 3.4% were financial leases and 0.5% were consumer loans. On December 31, 2020, City National Bank of Florida had deposits and borrowings of US$16.1 billion (US$14.9 billion in GHSRVLWV VKDU... equity of US$2 billion and a risk based Tier 1 regulatory capital ratio of 9.8%, computed in accordance with guidelines promulgated by the FDIC, the OCC and the Federal Reserve. For the years ended December 31, 2018, 2019 and 2020, City National Bank of Florida had consolidated net income of US$95.8 million (primarily due to one-time effect of an additional US$66.8 million of expenses incurred as the result of the acquisition of TotalBank, which includes legal fees and the resultant tax expense of US$16.7 million, among other items), US$162.5 million, and US $110.4 million, respectively. The 32% decrease in net income in 2020 compared to 2019 was primarily due to the Ch$17,738 million increase in allowances for loan losses and the Ch$47,263 million increase in additional voluntary provisions, all which were made in the commercial portfolio. As of December 31, 2020, assets in this operating segment represented approximately 20.2% of our total assets and Bci Financial Group, Inc. and subsidiaries accounted for 20.7% of our consolidated net interest revenue and 13.7% of our consolidated net fee income. 5HJDUGLQJ ULVN UDWLRV, QRQ-SHUIRUPLQJ... low levels as of December 31, 2020, comprising approximately 0.41% of total loans.

The U.S. tax reform included a reduction of the federal tax rate in the U.S. from 35% to 21%. This tax rate change had two effects on CNB: (i) a negative one-time effect on income of approximately US$38.0 million in the financial statements for the year ended on December 31, 2017, resulting from the effect of such rate reduction on tax loss carryforwards and deferred taxes recorded on intangibles at the time of purchase of CNB, and (ii) a positive effect, on net income from 2018 onwards due to a lower current tax expense. We estimate that, in the current scenario and maintaining pre-tax net income of 2017, we have realized the benefit through current tax expense of an amount equivalent to the negative effect of the debit to deferred taxes recorded in 2017.

We believe that the market for banking services in Florida offers attractive prospects for growth due to its favorable characteristics, such as a large depositary base. Through City National Bank of Florida, we increased our international revenues by combining our experience and capabilities in Chile with an established and scalable banking platform that is managed by an experienced management team in the strategic Florida market, where we have operated international bracnh for over 19 yearsHowever, we cannot assure you that we will be able to realize all of the anticipated benefits that we seek.

Selected Consolidated Financial Information of City National Bank of Florida

The following table presents selected condensed consolidated financial information of City National Bank of Florida (including TotalBank) as of and for the years indicated, in accordance with U.S. GAAP. This information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and the VHFWLRQ HQWLWOHG ³0DQDJHPHQW¶V 'LVFXVVLRQ DQG $QDO\VLV RI) elsewhere in this Prospectus.

Our acquisition of City National Bank of Florida in October 2015 has been accounted for under the acquisition method of accounting by Bci Financial Group, Inc., which elected to push down such transaction to City National Bank of Florida. The acquisition method of accounting also required that all assets and liabilities purchased be recorded at fair market value at the date of acquisition.

	As of and for the year ended December 31,		
	2018	2019	2020
		(in thousands of US$)	
CONSOLIDATED BALANCE SHEET DATA			
Assets			
Interest-earning assets:			
Real estate loans	7,434,040	7,989,302	7,901,680
Commercial and other business loans and leases	2,675,449	2,906,780	4,506,935
Consumer loans	67,027	66,991	56,946
Total loans	10,176,516	10,963,073	12,465,561
Net loan discount	(26,734)	(17,150)	(21,613)
Deferred loan fees	(5,851)	2,392	(32,130)
Allowance for loan losses	(33,930)	(49,046)	(137,189)
Loans ± net	10,110,001	10,899,269	12,274,629
Loans held for sale		24,387	45,374
Securities available-for-sale	2,803,493	3,330,030	3,923,472
Securities held-to-maturity	1,000	10,158	35,158
Equity securities		30,653	31,409
Investments under agreements to resell	±	±	±
Interest-bearing balances with financial institutions	287,462	306,468	829,379
Total interest-earning assets	13,201,956	14,600,965	17,139,421
Cash and due from banks	99,698	120,894	197,530
Accrued interest receivable	40,007	42,424	79,041
Bank premises and equipment ± net	87,153	86,259	97,177
Operating lease equipment ± net	161,512	195,546	179,417
Other real estate owned	432	209	796
Intangible assets ± net	115,365	94,590	82,363
Goodwill	134,392	120,926	124,791
Federal Home Loan Bank and Federal Reserve Bank Stock(1)	100,078	136,597	111,067
Other assets ± net(2)	385,233	442,593	603,918
Total	14,325,826	15,841,003	18,615,521
Liabilities DQG 6WRFNKROGHUV¶ (TXLW\			
Deposits	11,287,627	11,854,263	14,961,528
Other borrowings(3)	1,015,000	1,850,000	1,210,973
Federal funds purchased and liabilities under agreements to repurchase	177,526	82,039	115,193
Total deposits and borrowings	12,480,153	13,786,302	16,287,694
Other liabilities	143,929	163,263	280,766
Total liabilities	12,624,082	13,949,565	16,568,460
6WRFNKROGHUV¶ HTXLW\(4):			
Common stock	14,211	14,211	14,211
Capital surplus	1,488,415	1,488,415	1,488,415
(Accumulated deficit) retained earnings	228,781	390,230	500,586
Accumulated other comprehensive (loss) income net of tax	(29,663)	(1,418)	43,849
7RWDO VWRFNKROGHUV¶ HTXLW\	1,701,744	1,891,438	2,047,061
7RWDO OLDELOLWLHV DQG VWRFNKR	14,325,826	15,841,003	18,615,521
CONSOLIDATED INCOME STATEMENT DATA			
Total interest income	470,975	577,154	556,632

	As of and for the year ended December 31,		
	2018	2019	2020
		(in thousands of US$)	
Total interest expense	115,838	171,859	95,479
Net interest income after provision for loan losses	336,004	388,967	359,553
Service charges, commissions, and fees	31,429	37,334	43,269
Gain on sale of loans	±	5,761	11,071
Gain on sale of premises and equipment	±	5,232	(1,300)
Gain on sale of investment securities, net	±	2,316	10,052
Unrealized gains recognized on equity securities	±	900	756
Other	12,491	16,413	20,211
Total other operating income	43,920	67,956	84,059
Total other operating expenses	255,429	245,710	295,465
Net income[5]	95,837	162,513	110,356
CONSOLIDATED CASH FLOW DATA			
Net cash provided by operating activities	168,192	224,147	228,418
Net cash used in investing activities[6]	(1,612,982)	(1,490,094)	(1,604,398)
Net cash provided by financing activities	1,542,645	1,306,149	1,975,527
Net (decrease) increase in cash and cash equivalents	97,855	40,202	599,547
CONSOLIDATED RATIOS			
Capital			
$YHUDJH VKDUHKROGHUV¶ HTXLW\ DV	11.9%	12.0%	11.09%
Regulatory capital as a % of risk-weighted assets[7]	10.4%	10.9%	14.5%
Regulatory capital as a % of minimum regulatory capital required[7]	260.0%	271.7%	244.5%
Liabilities as a multiple of regulatory capital[7]	8.7	8.4	9.3
Asset quality			
Impaired loans as a % of total loans[8]	0.4%	0.4%	0.6%
Special mentioned loans as a % of total loans[9]	0.3%	0.4%	4.2%
Substandard loans as a % total loans[10]	1.1%	0.7%	1.2%
Substandard and special mentioned loans as a % of total loans[9][10]	1.4%	1.1%	5.4%
Allowance for loan losses as a % of impaired loans[8]	81.6%	103.6%	189.5%
Allowance for loan losses as a % of sub standard loans[10]	31.0%	66.0%	90.8%
Allowance for loan losses as a % of sub standard and special mentioned loans[9][10]	24.5%	40.0%	20.3%
Allowance for loan losses as a % of total loans	0.3%	0.4%	1.1%

(1) $V PHPEHU EDQNV RI WKH)HGHUDO +RPH /RDQ %DQN WKH ³)+/%´ DV WKH\ LQFUHDVH their borrowings, they also must increase their equity share in the FHLB. The FHLB stock yields an annual dividend of approximately 6.2%. In 2018 and 2019 the borrowings increased 182% and the FHLB stock increased 66%. In 2020, the borrowings decreased 34%, but the FHLB stock increased 19%.

(2) Other assets, net in 2019 includes US$10 million in deferred tax assets and US$347 million in bank owned life insurance. Other assets, net in 2020 includes US$26 million in deferred tax assets and US$378 million bank owned life insurance

(3) In 2018, borrowings from FHLB, included in Other Borrowings, increased by US$115 million. In 2019, borrowings from the FHLB, included in Other Borrowings, increased by US$835 million. In 2020, borrowings from FHLB, included in Other Borrowings, decreased by US$639 million.

(4) In June 2018 (at closing of our acquisition of TotalBank), all of the assets and liabilities of TotalBank were adjusted to fair market value and the equity of TotalBank was adjusted to the purchase price. During 2019, VWRFNKROGHUV¶ HTXLW\ LQFUHDVHG E\ 86 P 2019. During 2020, VWRFNKROGHUV¶ HTXLW\ LQFUHDVHG 86 PLOOLRQ GXH WR WKH QHW LQ of our acquisition of ENB), all of the assets and liabilities of ENB were adjusted to fair market value and the equity of ENB was adjusted to the purchase price.

(5) Net income in 2020 included Executive National Bank from October (acquisition) to December 2020. In 2020, DOO RI &LW\ 1DWLRQDO % net income was attributable to us. Net income in 2018 included TotalBank from June (acquisition) to December 2018.

(6) During 2019, investment activity decreased by 7% due to a reduction in acquisitions as compared to the previous year. During 2020, investment activity increased 7% as a result of increased liquidity from the Paycheck Protection Program established by the U.S. Small Business Administration and Main Street Lending programs established by the Federal Reserve

(7) Regulatory Capital is defined in US 12 CFR, Sections 3.20 through 3.22. City National Bank of Florida calculates Common Equity Tier 1 Capital (CET 1 capital) as the sum of the following CET 1: any common stock instruments (plus any related surplus) plus retained earnings, minus the following regulatory adjustments and deductions: goodwill, intangible assets, deferred tax assets (DTAs) that arise from net operating losses, accumulated net gains and losses on cash flow hedges related to items that are not fair-valued on the balance sheet, accumulated losses on available-for-sale equity exposures, and DTAs related to temporary difference exceeding 10% of CET1 capital deduction threshold. City National Bank of Florida does not have Additional Tier 1 Capital as defined in US 12 CFR section 3.20(c). Therefore, Tier 1 capital equals CET 1 capital. Tier 2 capital includes allowance for loan losses up to 1.25% of standardized total risk-weighted assets, calculated as indicated in US 12 CFR section 3.20(d)(3). Tier 1 capital is used in the calculation of regulatory capital as a % of minimum regulatory capital required and liabilities as a multiple of regulatory capital.

(8) We place loans on impaired status when we believe the borrower may be unable to meet payment obligations as they become due, which is typically 90 days, as well as when required by regulatory provisions. The increase in this ratio is a direct result of additional provision due to impact of COVID-19.

(9) Special mentioned loans are loans not individually analyzed but nevertheless identified for monitoring.

(10) Substandard loans include performing and impaired loans. For performing loans, which are loans which we determine to have a characteristic requiring increased scrutiny to determine that the loans are not impaired, or require an additional reserve. The characteristics we have identified to be relevant to substandard loans are (a) indication that the borrower(s) financial condition is deteriorating due to other debt PDWXULQJ WKH ERU

OLTXLGLW\ ZHDNQHVV LQ WKH ERUURZHU¶V EXVLQHVV -specified indicators, (b) if the borrower has other outstanding loans DQG RWKHU IHDWXUHV RU E
with us which are non-performing, or if we have a significant concentration of the HERUURZHU¶V GHEW (c) ZHDNQHVV LQ X
land, condominiums, and commercial real estate, (d) if the loan is beginning to show signs of nonperformance (loans overdue 30-60 days), (e) the
loan to value has increased to a level that requires additional scrutiny, (f) the appraised value of the collateral is less than the loan balance or (g) the
loan is considered non-performing.

Loan Portfolio

7KH IROORZLQJ WDEOH VHWV IRUWK &LW\ 1DWLRQDO %DQN RI)OR

	As of December 31,		
	2018	2019	2020
	(in thousands of US$)		
Commercial and other business loans and leases	2,254,698	2,400,733	4,082,220
Residential real estate	2,124,567	2,195,438	2,062,432
Commercial real estate	4,512,619	5,069,512	5,279,584
Commercial leases	420,751	506,047	424,715
Consumer	67,027	66,991	56,946
Construction and land real estate	796,854	724,352	559,664
Total	10,176,516	10,963,073	12,465,561

(1) In 2018, the loan portfolio of TotalBank was included under commercial loans and consumer, commercial real estate, residential real estate and Construction and land real estate loans.

The loan categories are as follows:

Commercial and other business loans and leases are comprised of long-term and short-term loans and leases granted to corporations and individuals in U.S. dollars on an adjustable or fixed rate basis, primarily to finance working capital or investments. Interest accrues daily on actual/365 basis, in most of the cases. Loan payments are scheduled monthly, quarterly, semi-annually or yearly, depending on the terms of the loan.

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Residential real estate loans are comprised of the following:

Mortgage loans Mortgage loans are fixed, variable, or adjustable rate long-term loans with monthly payments of principal and interest secured by a mortgage over one to four family residential properties. At the time of approval, the principal amount of this type of mortgage loan depends on the occupancy status, number of units, and loan amount, but cannot be higher than 80.0% of the appraised value of the mortgaged property.

Home Equity Lines (HELOC) HELOCs are revolving, open-end lines of credit extended to a homeowner secured by, typically, a junior lien over one to four family residential property.

As of December 31, 2020, residential real estate loans FRQVWLWXWHG RI &LW\ 1DWLRQ portfolio.

Commercial real estate loans are comprised of the following:

Owner and non-owner occupied commercial real estate loans are adjustable or fixed rate loans used to purchase o refinance owner occupied or investment commercial real estate property. The owner occupancy should be greater or equ to 51% of the leasable space. Loan to value cannot be higher than 75%. The bank has a first lien position over the rea estate property. Underwriting parameters include mandatory escrow for taxes and insurances, maximum vacancy, in ca of nonowner occupied loans, minimum management fees and debt service coverages.

$V RI 'HFHPEHU FRPPHUFLDO UHDO HVWDWH ORDQV FRQVW portfolio.

Commercial leases are comprised of the following:

Commercial leasing operations equipment finance services provided by City National Capital Finance, a wholly-owned subsidiary of City National Bank of Florida.

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Consumer loans are comprised of the following:

Personal line of credit: revolving variable rate line of credit targeted for personal use. Payback generally occurs within 24 months. These lines can be unsecured or secured by a CD.

Unsecured term loans: Personal purpose fixed rate loan with relatively short time periods, with payback generally occurring within 60 months.

Automobile, boat, and airplane loans: Loans used to purchase or refinance these types of assets, secured by a first lien position on those assets.

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Construction and land real estate loans are comprised of the following:

Construction loans: Fixed or variable rate loans made to construct commercial real estate or one to four family residences.

Land loans: Fixed or variable rate loans made for the purpose of acquiring land for the future construction of commercial real estate or one to four family residences.

As of December 31, 2020, construction and land real estate loans constituted 4.5% of City National Bank of)ORULGD¶V ORDQ SRUWIROLR

$W 'HFHPEHU RI &LW\ 1DWLRQDO %DQN RI)ORULGD¶ mortgages.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following discussion should be read in conjunction with our Audited Consolidated Financial Statements, included elsewhere in this Prospectus and Other Information included elsewhere in this Prospectus. Certain amounts (including percentage amounts) that appear herein have been rounded for ease presentation. Percentage figures included herein have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, certain percentage amounts may vary from tho obtained by performing the same calculations using the figures in our Audited Consolidated Financial Statements. Certa other amounts may not sum due to rounding.

The financial data presented herein as of and for the years ended December 31, 2018, 2019 and 2020 is stated in nominal Chilean pesos.

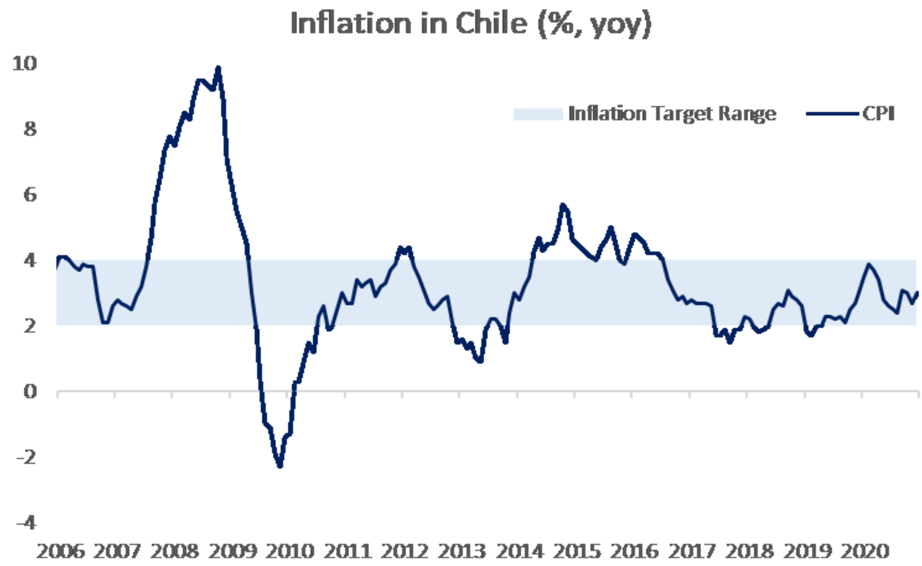
Impact of Economic Conditions in Chile

Substantially all of our operations and our customers (other than those of CNB) are located in Chile. Accordingly, our financial condition and results of operations are substantially dependent upon economic conditions prevailing in Chile.

Chile experienced profound economic reforms during the second half of the 1980s and the second half of the 1990s that led to economic growth rates averaging more than 7% per annum from 1985 until the onset of the Asia economic crisis in 1997. Afterwards, the average rate of growth from 1998 to 2007 stood at 4.4% per annum. The Chilean economy suffered the effects of the international financial crisis in 2008 that originated in the U.S. real estate sector, and in 2009 economic activity in Chile decreased 1.6%. In December 2009, the Organization for Economic Co-operation and Development (OECD) invited Chile to become a full member af organizational mandates, and in May 2010 Chile signed the OECD Convention, becoming the first South American countr to join the OECD. Beginning in 2010, the Chilean economy experienced a boom in investment, which was particularly associated with mining activities during the commodities super cycle between 2010 and 2013, and boosted econom activity led to an average GDP growth of 5.3% during that three-year period. In 2014, the price of copper started to decline rapidly and the Chilean government launched a series of political and economic reforms which led to a significant decreas in economic confidence. Investment across all economic sectors declined and household consumption stalled. GDP growth was 1.8%, 2.3%, 1.3% and 1.2% in 2014, 2015, 2016 and 2017, respectively. During 2018, the new administratio took office and business and consumer confidence surged, resulting in an improvement in private consumption and a significant impulse to investment, which grew for the first time in two years. Chilean GDP rose 4.0% in 2018. In 2019, the Chilean GDP grew 1.1%, explained by an increase in consumption of services and investment in construction, partially offset by a decrease in activity levels as a result of social unrest during the second half of 2019. In October 2019, widespread protests began in Chile over the government's quickly grew into broader unrest over economic inequality, including claims about transportation costs, funding for education, health care costs and pension amounts, among others. Following an agreement between Chilean politic parties, a nationwide referendum took place in October 2020, in which the Chilean people decided to start a legislative process to vote on a new constitution obtained a large majority. If the protests and social crisis continue or worsen, future government policies to preempt, or in response to, unrest may materially affect the Chilean economy, and thereby our business, financial condition and results of operations. See "Risks Relating to Chile—Our growth and profitability depend on the level of economic activity in Chile and elsewhere." In a pandemic with significant worldwide impact over health conditions and economic activity. A novel coronavirus (SARS-CoV-2) has had and continues to have a significant adverse impact on the world economy of a magnitude that is not yet fully determinable. The strategies that restrict social gathering and promote social distancing, such as quarantines and travel restrictions, and other measu implemented by governments around the world to prevent the virus from spreading, have had a dramatic adverse consequences for the global economy, including demand, operations, supply chains and financial markets. See "Risk Factors—Risks Relating to Chile—The spread of the novel coronavirus disease, or COVID-19, is currently having a significant adverse impact on the world economy of a magnitude that is not yet determinable, and the rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact to us of COVID-19" and "Risk Factors—Risks Relating to Chile—The COVID-19 pandemic has affected and will continue to affect our capacity to provide services to our customers." In 2020, Chilean GDP decreased 5.8% mainly due to the lower activity in the economy related to the pandemic. To face the pandemic crisis, the Chilean Government implemented several mobility restrictions, such as curfews, quarantines, among others, together with the strengthening of the health network. In the second quarter 2020, Chilean GDP plummeted 14% year-on-year, due to health measures to avoid infections, compared to the same quarter in 2020. A large negative impact over the labor market, household income and company business operations have taken place since March 2020 and the unemployment rate soared to 13.1% in mid-2020. Economic authorities unveiled massive economic measures to face the crisis. The Chilean Government delivered a plan to protect incomes for formal and informal jobs, deferred tax payments and fiscal backed loans to SMEs, wage subsidy for new jobs, among others. The Central Bank of Chile lowered the monetary policy rate to 0.5%, unveiled a Conditional Financing Facility Fund (FCIC) to ease bank loans to the private sector and purchased bank bonds, among other measures to provide liquidity into financial markets. The financial regulator allowed transitory flexibility over bank capital requirements. In August 2020, the Chilean Congress approved a partial pension fund withdrawal, imposing a one-time liquidity injection to household income, but with a negative long-term effect over private pension fund and macroeconomic balance. Private consumption showed a faster recovery starting in the third quarter of 2020 and economic activity gradually started to recover. Job gains started to recover in the second half of 2020. A second pension fund withdrawal was approved in November 2020. The pandemic crisis is still under way and vaccinations started gradually at the end of December 2020. The impact of the second wave of COVID-19 and vaccinations on the economic activity is not yet determinable. In January 2021, the Central Bank announced a complementary line to provide liquidity to banks with the remaining amounts of the 2020 government program related to liquidity equivalent to US$10,000 million.

With respect to inflation, the Central Bank of Chile started using a partial inflation targeting framework for its monetary policy in 1990, moving to its full adoption in September 1999, in combination with a flexible foreign exchange regime. Since 2001, the annual inflation target range has been between 2% and 4% and the average inflation has been 3.15%, except during the global economic crisis in 2007 and 2008, with an inflation rate of 7.1% in 2008. In 2014 and 2015, the consumer price index (CPI) ended at [illegible]% and 4.4%[3], respectively, exceeding the upper end of the inflation rate (primarily due to a bigger exchange rate pass-through to imported goods from the Chilean peso depreciation). In 2016, the CPI went back to the target range, ending at 3.78%. In 2017, 2018 and 2019, the ending CPI was 2.18%, 2.43% and 2.55%, respectively. In 2020, the inflation lowered in the first half, but ended at 3.0% for the year.

:LWK UHVSHFW WR FUH-term international debt credit rating has been recently downgraded by the PDLQ UDWLQJ DJHQFLHV 2Q 0DUFK 6WDQGDUG 3RRU¶V GRZ Fitch Ratings downgraded the credit rating to ADQG RQ $XJXVW 0RRG\¶V FRQILUPHG GRZQJUDGHG &KLOH¶V outlook to negative. Credit ratings affect the cost and other terms upon which we are able to obtain IXQGLQJ 6HH ³5LVN)DFWRUV Risks Relating to Chile $Q\ GRZQJUDGLQJ RI &KLOH¶V GHEW FU international debt by international credit rating agencies may also affect our ratings, our business, our future financial SHUIRUPDQFH VWRFNKROGHUV¶ HTXLW\ DQG WKH YDOXH RI RXU VHFXU our cost of funding and adversely affect our interest PDUJLQV DQG UHVXOWV The following graph shows the inflation rate in Chile from 2006 to 2020:



Source: Central Bank of Chile

The following graph shows GDP increase/decrease from 2006 to 2019 and includes IMF projections for 2020:

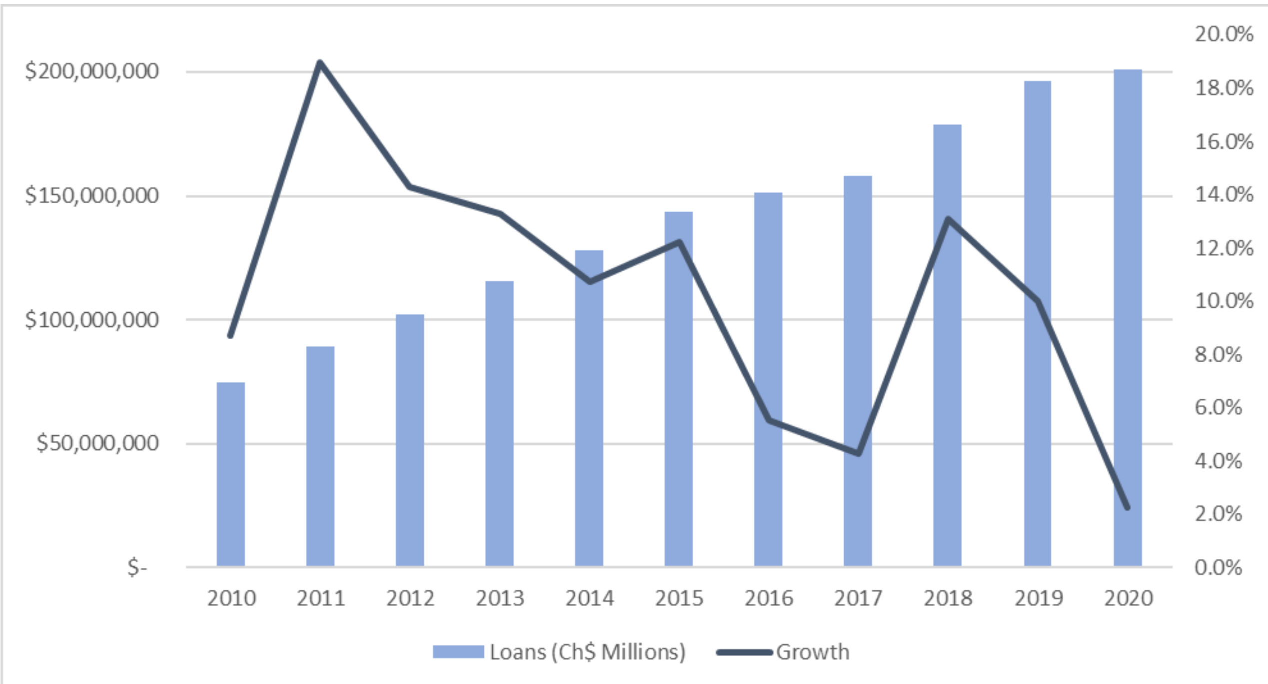
Source: Central Bank of Chile, IMF

The Chilean Banking Industry

During the last twenty years, the Chilean banking industry experienced increased consolidation and had many new players enter the market. In 1998, 32 financial institutions operated in Chile and the five largest banks had a combined market share of approximately 7.5%. That year, CorpBanca acquired Financiera Condell and the assets of Corfinsa and Citibank Chile acquired Corporación Financiera Atlas. The market experienced two mergers in 2002: Banco de Chile with Banco Edwards and Banco Santander with Banco Santiago. During that same year, Banco Ripley began operating. 2003, Banco del Desarrollo merged with Sudameris and in 2004 Banco Penta and Banco Paris commenced operatio Then in 2005, we acquired Financiera Conosur. In 2008, Banco de Chile merged with Citibank and Scotiabank acquired Banco del Desarrollo. Thus, by the end of 2008, only 25 financial institutions were operating in Chile. In December 2013 Ripley consolidated its retail and banking credit cards, with the consolidated results reported under Banco Ripley since January 31, 2014. In January 2015, Banco BTG Pactual started operating in Chile, in May 2015, Scotiabank bega operating Banco Paris credit cards and consumer loans and in October 2015, we completed the purchase of City National Bank of Florida. In April 2016, the merger between Itaú and CorpBanca was completed, with the new bank operating under the name of Itaú CorpBanca. In June 2016, China Construction Bank began operating in Chile, in September 2016, Deutsche Bank exited the market and in December 2016, Scotiabank purchased the remaining portion of Banco Paris. T merger between Itaú and CorpBanca in 2016 and our acquisition of CNB in October 2015 affected the comparability of industry data between 2015 and 2016. The Chilean banking system continued to experience changes during 2017. Bar Penta ceased its operations in February 2017, as did Rabobank in April 2017.

In June 2018, we closed the acquisition of TotalBank through our subsidiary, CNB, for which we paid US$528,939 million. After closing this acquisition, Bci became the second largest bank in Chile in terms of consolidated total loans. In July 2018, Scotiabank closed the purchase of a majority stake in BBVA Chile. Both banks merged in September 2018, under the name of Scotiabank Chile, consolidating the Canadian bank as one of the largest players in industry. In addition, Bank of China started its operations in the Chilean financial system. In December 2018, we also closed the acquisition of the five entities that composed Walmart Chile Servicios Financieros, while Banco Falabella incorporated Promotora CMR Falabella data to its loan portfolio, resulting in a 20.2% year-over-year increase in consumer loans for the whole industry. During October 2020, CNB closed the acquisition of Executive National Bank in Florida (United States) for which we paid US$62 million. As of December 31, 2020, the Chilean banking system is composed of one public-sector bank and 17 private-sector banks (of which 13 were Chilean banks and four were Chilean branches of foreign banks). As of the same date, private-sector Chilean banks and the Chilean branches of foreign banks accounted for 86.23% and 0.16% of all outstanding loans in the Chilean financial system, respectively, according to information published by the CMF.

Between 2005 and 2008, the Chilean banking sector grew at annual nominal rates over 17%. Due to the changes in accounting standards, data for the Chilean banking industry from 2009 to date is not comparable to that for 2008 and prior years. Starting in 2010, the banking industry has experienced a decrease in the loans growth rate. The following graph shows the nominal increase or decrease in loans from 2010 to 2020 for the Chilean banking industry:



Source: CMF

Since the last quarter of 2007, loan approval conditions became more restrictive for both large corporations and real estate companies as well as small and medium enterprises or SMEs. According to Bank Loan Survey Results, a quarterly publication of the Central Bank of Chile, by March 2009, 60% of financial institutions displayed more restrictive loan approval standards for large companies, compared to December of 2008, attributed principally to deteriorating economic conditions and prospects and a less favorable perception of client risk. However, this scenario changed during 2009, and in December of 2009, the percentage of lenders that continued to tighten the lending standards dropped to only 4.8%, compared to 8.6% in December 2008. Through 2010, this percentage dropped to zero. In 2011, the percentage of lenders that tightened their lending standards increased each quarter to reach 33.3% in December 2011. During 2012, favorable economic conditions brought an ease in lending to large corporations and SMEs, with 11.1% and 14.3% of the financial institutions reporting less restrictive approval conditions, respectively, in December 2012. Since then, the lending standards tightened each quarter, with a brief easing during December 2013. The tightening of lending standards was mainly attributed to a perception of increased risk given the deterioration of the prospects of the economy. During 2014, 29% of financial institutions displayed more restrictive loan approval standards for large companies, compared to 2013. This scenario continued during 2015, but in 2016 to 2017, this percentage dropped to zero. During 2018, favorable economic conditions brought an ease in lending to large corporations and SMEs, with the percentage of financial institutions displaying more restrictive loan approval standards for large companies constant at zero. In 2019, the conditions for extending loans to households became more restrictive in the fourth quarter of the year. The proportion of banks that reported more restrictive conditions increased from zero to 50% for consumer loans and from 9% to 18% for mortgage loans in 2019. In 2020, mainly due to the Chilean government funding and liquidity programs, the proportion of banks that reported an increase in less restrictive conditions increased 33.3% for consumer loans and from zero to 27.3% for mortgage loans in the last quarter of the year.

During the last decade, restrictive loan approval standards prevailed and peaked in June 2016, with 63.6% of lenders reporting a restriction in their credit standards. As of December 31, 2017, 9% of lenders reported more restrictive approval conditions compared to 2016, while in December 2018 that percentage dropped to zero. Although these conditions generally remained unchanged during 2019, a material increase in restrictive conditions was observed towards the end of the year, when 45.5% of lenders reported stricter loan approval conditions for real estate companies, primarily a function of the uncertainty resulting from the social unrest that began in October 2019. In 2020, due to the pandemic and the economic conditions, partially offset by the government programs, the percentage of lenders that reported more restrictive loan approval conditions decreased to 27.3%.

The slowdown of the Chilean economy had an impact on commercial loans, with low rates of lending in 2016, and growth in loans of only 1.9% in 2017. In 2018, commercial loans grew 12% as a reflection of a better macroeconomic outlook. In 2019, commercial loans decreased 10.4% as compared to 2018, mainly due to the deterioration in macroeconomic conditions during the last quarter. In 2020, commercial loans increased 3.64%, mainly due to government support to this segment.

The retail segment has also experienced increased loan approval restrictions. Despite the slowdown of the economy in 2016, the unemployment rate remained low, at 6.1% and 6.4% as of December 31, 2016 and 2017, respectively, and consumer loans grew 8.5% as of December 31, 2017 compared to December 31, 2016. In 2018, consumer loans grew 20.21% in the domestic market, which is mainly explained by the incorporation of Promotora CMR Falabella into the portfolio of Banco Falabella and the acquisition of Walmart Servicios Financieros by Bci in December 2018. In 2019, consumer loans growth reached 6.74% and decreased 13.80% in 2020.

Mortgage loans have been very active since 2013, though usually lagging behind in growth rates when compared to other loans. Mortgage loans grew 11.4%, 11.2% and 7.39% in 2018, 2019 and 2020, respectively. The growth in the portfolio of consumer and mortgage loans since 2010 was due, in part, to the decline in the unemployment rate and the growth of the economy in Chile.

Net interest income in the Chilean banking industry grew only 3.65% in 2011 as compared to 2010, and 5.15% in 2012 compared to 2011. The competitiveness of the Chilean financial system, as well as inflation and the US$/Ch$ exchange rate, had a negative impact on the growth of net interest income, which did not increase to the same extent as the volume of loans. 2013 saw an increase in inflation and a better US$/Ch$ exchange, allowing interest income to grow 10.78% when compared to 2012 and 18.34% in 2014 when compared to 2013. The lower value of the UF (currency indexed to inflation) during the first months of 2015 had a negative impact on interest income, with a decrease of 3.0% in 2015 when compared to 2014. Net interest income decreased 6.8% in 2017 when compared to 2016. However, due to the merger between Itaú and CorpBanca in 2016, 2016 data is not directly comparable to 2017. In 2018, net interest income increased 8.64% as compared to 2017. In 2019, net interest income increased 15.54% as compared to 2018, mainly due to increased inflation in Chile. In 2020 the net interest income increased 3.23% despite the macroeconomic adversity due to the pandemic.

The risk index for the Chilean banking industry, calculated as allowances for loan losses as a percentage of total loans, decreased to 2.38% in 2015, due to a reduction in consumer loans risk index. Regulatory changes in allowances ORDQ ORVVHV LQ PRUWJDJH ORDQV DQG to lower the risk exposure in the merged bank caused the risk index of the banking industry to increase to 2.49% as of December 31, 2017, decreasing slightly to 2.40% as of December 2018. The risk index of the banking industry increased again to 2.56% in 2019, partly explained by the fact that in July 2019 the CMF (former SBIF) started the implementation of new regulatory requirements for standard models (group lending), which led to an increase in industry allowances for loan losses. During 2020 the risk index reached 2.64% due to the deterioration of the employment rates that affected the retail business as well as the effect of the pandemic related lockdown over companies and businesses.

Because of the tax reform passed in Chile during 2015, the industry as a whole recorded a one-off positive effect on deferred taxes which, coupled with a rise in the inflation, resulted in an increase in net income. The almost nil variation of the UF during the first quarter of 2015, compared to December 31, 2014, coupled with an increase in expenses had negative impact on the net income of the Chilean banking industry, which translated into a return on equity of 14.71% as of December 31, 2015. The return on equity decreased to 11.63% as of December 31, 2016 but increased to 12.39% in 2017, in part explained by Banco Paris, Penta and Rabobank leaving the Chilean banking system, all of them with a negative return on equity as of December 31, 2016. Also, due to the merger between Itaú and CorpBanca consummated in 2016, data of 2016 is not directly comparable to 2017. In 2019, the return on equity decreased to 12.29%, from 12.52% in 2018, mainly due to lower interest rates. In 2020, it reached 5.56% due to lower margins and more allowances for loan losses. 6HH ³7KH &KLOHDQ %DQNLQJ ,QGXVWU\´

City National Bank of Florida and the Impact of Economic Conditions in the Florida Real Estate Market

City National Bank of Florida operates in the strategic Florida market, with a primary focus on mid-sized and small companies, real estate business and high net worth and affluent clients. On December 31, 2020, 63.4% of City 1DWLRQDO %DQN RI)ORULGD¶V ORDQV KDG real estate collateral, 32.7% were commercial and industrial, 3.4% were financial leases and 0.5 ZHUH FRQVXPHU ORDQV 6HH ³&LW\ 1DWLRQDO %DQN RI)ORULGD´ According to the Bureau of Economic Analysis,)ORULGD¶V UHDO *'3 decreased 2.9% year over year in 2020. During the third quarter of 2020 Florida represented 5.3% of total U.S. GDP, the fourth most important U.S. state in terms of GDP. According to estimates from the United States Census Bureau, in December 2019, Florida had a total population of 21.7 million and a median household annual income of US$55,660. The Florida unemployment rate increased to 6.1% at December 31, 2020 (based on preliminary figures), below the U.S. national unemployment rate of 6.7%. The Case-Shiller home price index for Florida (Miami) reflected a year over year increase of 7.92% at November 1, 2020. Conditions affecting the real estate loan market LQ)ORULGD KDYH D GLUHFW LPSDFW RQ &LW\ 1DWLRQDO %DQN RI)ORULGD¶V and results of operations.

Our acquisition of Executive National Bank through City National Bank of Florida in October 2020 had a direct impact on the comparability of our results of operations in 2021 relative to 2020, as our consolidated results of operations for 2020 reflect three months of results of their operations merged with Executive National Bank.

Effects of Inflation

Because we are a bank, substantially all of our assets and liabilities are monetary. Substantially all monetary assets and liabilities in Chile are denominated in (i) UFs, a unit of account developed during the 1960s whose value in pesos is indexed to Chilean inflation, (ii) nominal pesos or (iii) foreign currencies (primarily the U.S. dollar). A significant portion of the loans made by us with a maturity greater than 90 days are denominated in UFs, as are savings accounts and certain term deposits (generally those having maturities in excess of 90 days). The nominal peso value of UF-denominated loans and deposits will increase or decrease in tandem with changes in the Chilean consumer price index. The effect of any changes in the nominal peso value of the UF or UF-denominated assets or liabilities is reflected in our statement of income as an increase or decrease in interest income or expense.

Our net interest income will be positively affected by an inflationary environment to the extent that our average assets denominated in UFs exceed our average liabilities denominated in UFs. Our net interest income will be negatively affected by inflation in any period in which our average liabilities denominated in UFs exceed our average assets denominated in UFs. In addition, we have peso-denominated, non-interest earning assets and non-interest bearing liabilities, the value of which is particularly susceptible to inflation, which decreases their value in real terms.

Interest Rates

Interest rates earned and paid on our assets and liabilities reflect to a certain degree inflation and expectation regarding inflation as well as shifts in short-WHUP UDWHV UHODWHG WR WKH &HQWUDO % Central Bank of Chile manages short-term interest rates based on its objectives of balancing low inflation and economic growth. Because our liabilities generally re-price to reflect interest rate changes faster than our assets, changes in the rate of inflation or short-term rates in the economy are reflected in the rates of interest we pay on our liabilities before such changes are reflected in the rates of interest we earn on our assets. Accordingly, our net interest margin on assets and liabilities tends to be adversely affected in the short term by increases in inflation or short-term rates and to benefit in the short term from decreases in inflation or short-term rates.

In addition, because our peso-denominated liabilities have relatively short repricing periods, they are generally more responsive to changes in inflation or short-term rates than our UF-denominated liabilities. As a result, during periods when current inflation RU H[SHFWHG LQIODWLRQ H[FHHGV WKH SUHYLRXV PRQWK¶ denominated deposits to more expensive peso-denominated deposits, thereby adversely affecting our net interest margin.

Foreign Exchange Rates

A portion of our assets and liabilities is denominated in foreign currencies, principally the U.S. dollar, and we historically have maintained gaps between the balances of such assets and liabilities. At December 31, 2018, 2019 and 2020 the gaps between our average foreign currency-denominated assets and our average foreign currency-denominated liabilities (where such assets exceeded the liabilities in 2018 and where the liabilities exceeded such assets in 2019 and 2020) were Ch$1,170,693 million, Ch$1,884,111 million and Ch$4,883,886 million, respectively. Because such assets and liabilities, as well as interest earned or paid on such assets and liabilities, and gains (losses) realized upon the sale of such assets, are translated to pesos in preparing our financial statements, our reported income is affected by changes in the value RI WKH SHVR ZLWK UHVSHFW WR IRUHLJQ FXUUHQFLHV 6HH ³([FKDQJ Results of Operations and Financial Condition—Financial Condition—Asset and Liability Management—Exchange Rate 6HQVLWLYLW\´

We enter into derivative financial instruments to reduce our exposure to exchange rates volatility. See ³4XDQWLWDWLYH DQG 4XDOLWDWLYH 'LVFORVXUHV Regarding Derivative Financial Instruments

Critical Accounting Policies

We have identified certain key accounting policies on which our financial position and results of operations are dependent. These key accounting policies generally involve complex quantitative analyses or are based on subjective judgments or decisions which are evaluated on an ongoing basis. Management bases its estimates and assumptions historical experience and on various other factors that it believes to be reasonable under the circumstances. Actual results in future periods could differ from those estimates and assumptions.

Our most critical accounting policies under the Compendium are those related to the establishment of allowance for loan losses, fair value of financial assets and liabilities and impairment of investment securities. For a description of our significant accounting policies, see Note 2 to our Audited Consolidated Financial Statements included elsewhere in thi Prospectus.

(a) Allowance for loan losses

The allowances required to cover expected losses on outstanding loans have been recognized in accordance with the regulations of the CMF (former SBIF). The allowance for loan losses for our loan portfolio is calculated primarily based on the classification and rating of loan portfolios set forth under the regulations issued by the CMF (former SBIF) LQWR SUHVFULEHG FDWHJRULHV 7KHUH DUH WZR FRPSRQHQWV RI D E loans which exceed a certain threshold are individually assessed for impairment. Impairment allowances for portfolios of smaller balance and homogeneous loans that are below the individual assessment thresholds are determined on a collec EDVLV 6HH ³3UHVHQWDWLRQ RI)LQDQFLDO DQG 2WKHU ,QIRUPDWLRQ

To calculate our allowance for loan losses, the Compendium requires that we follow a methodology to classify ORDQV FRQVLGHULQJ WKH ERUURZHU¶V LQGXVWU\ RU VHFWRU RZQHU EHKDYLRU DPRQJ RWKHUV LQ RUGHU to conduct an analysis to estimate a probable loss and define the percentage of necessary reserves.

Our allowance for loan losses is presented net from the account of loans and receivable of each customer and a write-offs of uncollectible loans are charged against this account if certain conditions established by the CMF (former SBIF) are met. In addition, Chilean banks are required to inform the CMF (former SBIF) after such write-offs have been recorded. The allowance for loan losses is an estimate and differences between the estimate and the actual loss will be reflected in our financial statements at the time of write-off.

(b) Fair value measurements

Financial assets and liabilities designated at fair value and derivative instruments are recorded at fair value on the balance sheet. Fair values are obtained from quoted market prices and by using valuation techniques. These include XVH RI UHFHQW DUP¶V OHQJWK WUDQVDFWLRQV UHIHUHQFH WR wR WKH analysis, option pricing models and other valuation techniques commonly used by market participants. If market information is limited or in some instances not available, we use our own judgment, which adds a degree of subjectivity to such determinations of fair value.

(c) Impairment of Financial Assets

We assess at each reporting date whether there is objective evidence that a financial asset is impaired. A financ asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the reporting date and that tho loss events that have had an impact over the estimated cash flows of the financial asset or loan portfolio can be reliably estimated.

The amount of impairment loss is measured as the difference between the carrying value and the present value the estimated cash flows of the asset.

Management judgment is required in determining whether factors exist that indicate that an impairment loss has been incurred at the balance sheet date. Our assessment of impairment involves risks and uncertainties depending market conditions.

Segment Reporting

(a) Overview

In accordance with IFRS 8, we aggregate operating segments with similar economic characteristics based on the aggregation criteria specified in such standard. Thus, a reporting segment comprises clients (within aggregated operati segments) to whom differentiated products are addressed, which are homogeneous and whose performance is measured in a similar way. We present our reporting segments based on a defined business structure, which is focused on optimizi assistance to clients with products and services according to relevant commercial characteristics.

The following are our five reporting segments:

- Retail Banking Segment: This reporting segment includes individuals and entities with sales of less than UF80,000 with the following operating segments:
  - Retail: The operating units in this segment are: Individuals, Preferential, Nova and Tbanc.
  - Small and Medium Enterprises: This operating segment includes entrepreneurs and entities (with sales of between UF2,400 and UF80,000) and microenterprises (with sales of less than UF2,400).
- Wholesale Banking Segment: This reporting segment mainly includes companies whose annual sales exceed UF80,000, with the following operating segments:
  - Commercial Banking: This operating segment mainly includes companies whose annual sales exceed UF80,000. The operating units in this segment are: Real Estate and Entities.
  - Corporate & Investment Banking Commercial Division: This operating segment includes large corporations, financial institutions and high net worth investors with financial needs of high value added financial services. The operating units in this operating segment are: Wholesale Banks, Corporate and

Private.

- Corporate & Investment Banking Finance Division Segment. This reporting segment includes our investment portfolio.

- Bci Financial Group, Inc., and Subsidiaries (BCIFG) Segment. This reporting segment includes the businesses and operations we carry out in the United States through City National Bank of Florida, which operates as an independent unit, under the supervision of our senior management in Chile.

- Financial Services. This reporting segment includes businesses associated with the five entities forming Servicios Financieros, which we acquired in December 2018, and mainly includes the issuance and operatio of Bci Lider Mastercard and Presto credit cards, the origination of advances and brokerage of personal insurance, among others. This business operates as an independent unit, under the supervision of our sen management in Chile.

- Others. In this category, we include those expenses and/or income, which by their nature are not directly identifiable within the reportable segments and therefore are not assigned.

Consistent with our client-focused strategy, each segment includes the income and expenses of our subsidiaries based on segment to which the customer of such subsidiary is assigned. For more information on our reporting segments, see Note 5 to our consolidated financial statements included in this Prospectus.

(b) Allocation of Expenses

:H DOORFDWH DGPLQLVWUDWLYH H[SHQVHV methodology that takes into account the business activities of our subsidiaries and assigns these expenses to our differ reporting segments regardless of which of our subsidiaries incurred the expense. We assign expenses to our different reporting segments in three ways:

- first, we assign the cost directly attributable to each cost center of each segment which are clearly recognizable and assignable, such as personnel expenses, materials and equipment and depreciation, among others;

- VHFRQG ZH DVVLJQ WR HDFK VHJPHQW¶V FRVW FHQWHU WKH F centers. For example, the telephone expenses that are booked in our collective cost centers are allocated each segment according to the number of employees of each segment, among other factors; and

- third, we assign to each segment the expenses that are incurred by such segment to support our managem according to the time and resources spent by each segment in connection with these management support activities.

(c) Results of Operations by Segment

The following tables set forth certain income statement data for the years indicated:

	Year ended December 31, 2020								
	Retail Banking		Wholesale Banking						
	Retail	Small and Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	Bci Financial Group, Inc. and Subsidiaries	Financial Services	Other[2]	Total Consolidated
	(in millions of Ch$)								
Net interest income	430,551	162,292	245,139	144,278	1,212	369,743	125,392	(20,066)	1,458,541
Net fee and commission income	154,713	35,944	38,174	24,666	3,458	45,908	27,892	4,829	335,584
Other operating income[1]	36,310	6,214	4,240	6,261	159,303	4,965	25,444	(4,534)	238,203
Operating income	621,574	204,450	287,553	175,205	163,973	420,616	178,728	(19,771)	2,032,328
Provision for loan losses	(215,311)	(77,562)	(82,622)	(23,438)	9,213	(84,065)	(76,127)	(103,999)	(653,911)
Operating income, net of loan losses, interest and commission	406,263	126,888	204,931	151,767	173,186	336,551	102,601	(123,770)	1,378,417
Total operating expenses	(403,765)	(100,248)	(96,766)	(64,742)	(38,007)	(204,433)	(84,245)	(43,655)	(1,035,861)
Total net operating income by Segment	2,498	26,640	108,165	87,025	135,179	132,118	18,356	(167,425)	342,556

	Year ended December 31, 2020								
	Retail Banking		Wholesale Banking						

	Year ended December 31, 2019								
	Retail Banking		Wholesale Banking						
	Retail	Small and Medium Enterprise	Commercial Banking	C&IB Commercial Division	C&IB Finance Division	Bci Financial Group, Inc. and Subsidiaries	Financial Services	Other[(2)]	Total Consolidated
	(in millions of Ch$)								
Net interest income	454,713	162,840	237,970	123,572	(30,329)	277,867	113,523	(18,662)	1,321,494
Net fee and commission income	170,554	32,783	24,644	21,130	10,841	27,339	66,688	(2,219)	351,760
Other operating income[(1)]	25,230	5,632	7,174	5,749	137,209	19,034	12,840	5,666	218,534
Operating income	650,497	201,255	269,788	150,451	117,721	324,240	193,051	(15,215)	1,891,788
Provision for loan losses	(193,600)	(66,556)	(34,795)	(3,120)	(33)	(19,655)	(97,760)	±	(415,519)
Operating income, net of loan losses, interest and commissic	456,897	134,699	234,993	147,331	117,688	304,585	95,291	(15,215)	1,476,269
Total operating expenses	(398,775)	(100,975)	(99,784)	(61,745)	(48,777)	(148,756)	(88,009)	(10,910)	(957,731)
Total net operating income by Segment	58,122	33,724	135,209	85,586	68,911	155,829	7,282	(26,125)	518,538

(1) Includes trading and investment income, net and foreign exchange results, net.
(2) Income and expenses that, due to their nature, are not directly identified with or allocated to one of our specific segments.

Results of Operations for the Years Ended December 31, 2019 and 2020

This section presents consolidated and other financial and operating information for the years ended December 31, 2019 and 2020. This information should be read in conjunction with, and is qualified in its entirety by reference to, our Audited Consolidated Financial Statements appearing elsewhere in this Prospectus

The following table sets forth the principal components of our net income for the years ended December 31, 2019 and 2020:

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of nominal Ch$)		% Change
Interest income	2,206,557	2,088,604	(5.3%)
Interest expense	(885,063)	(630,063)	(28.8%)
Net interest income	1,321,494	1,458,541	10.4%
Fee and commission income	462,313	433,887	(6.1%)
Fee and commission expense	(110,553)	(98,303)	(11.1%)
Net fee and commission income	351,760	335,584	(4.6%)
Trading and investment income, net	183,805	148,799	(19.0%)
Foreign exchange results, net	(18,334)	44,765	(344.2%)
Other operating income	53,063	44,639	(15.9%)
Provision for loan losses and impairment of repossessed assets	(415,519)	(653,911)	57.4%
Operating income, net of provisions for loan losses	1,476,269	1,378,417	(6.6%)
Staff costs	(483,886)	(522,080)	7.9%
Administrative expenses	(326,149)	(319,202)	(2.1%)
Depreciation and amortization	(103,649)	(109,010)	5.2%
Impairment of property, plant and equipment and intangible assets	(478)	(5,073)	961.3%
Other operating expenses	(43,569)	(80,496)	84.8%
Total operating expenses	(957,731)	(1,035,861)	8.2%
Total net operating income	518,538	342,556	(33.9%)
Share of profit of investment accounted for using the equity method	12,638	(358)	(102.8%)
Income before income tax	531,176	342,198	(35.6%)
Income tax expense	(128,437)	(24,665)	(80.8%)
Consolidated Net Income for the year	402,739	317,533	(21.2%)

Net Interest Income

The following table sets forth information with respect to our net interest income and net interest margin for the years ended December 31, 2019 and 2020.

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Total income from interest and indexation for inflation	2,206,557	2,088,604	(5.3%)
Total interest expenses and indexation for inflation	(885,063)	(630,063)	(28.8%)
Net interest income	1,321,494	1,458,541	10.4%
Net interest margin(1)	3.6%	3.1%	(12.9%)

(1) Net interest margin is net interest income divided by monthly average interest-earning assets.

The following table sets forth the effects of the changes in monthly average volume of interest-earning assets and interest-bearing liabilities and average nominal interest rates on our net interest income between December 31, 2019 and 2020.

	2019/2020
	(in million of Ch$)
Due to changes in average volume of interest-earning assets and interest-bearing liabilities	357,128
Due to changes in average nominal interest rate	(220,081)
Net change	137,047

Our net interest income increased Ch$137,047 million, or 10.4%, from Ch$1,321,494 million for the year ended December 31, 2019 to Ch$1,458,541 million for the year ended December 31, 2020, primarily as a result of a 28.8% decrease in our interest expenses, which was partially offset by a 5.3% decrease in our interest income. Our interest income for 2020 decreased at a lower pace than our interest expense. Ch$357,128 of the increase in our net interest income was attributable to the changes in average volume of interest-earning assets and interest-bearing liabilities (primarily growth in our loan and investment portfolios in 2020, due to the governmental support during the pandemic to clients and the collateral required for the liquidity programs, respectively), and Ch$220,081 of the decrease in our net interest income was attributable to changes in average nominal interest rate. The average nominal interest rate we paid (primarily on term deposits) in 2020 had a higher impact on our net interest income than the average nominal interest rate we earned (primarily on commercial loans and investments), as explained below. As a result, net interest margin decreased from 3.6% in 2019 to 3.1% in 2020.

Ch$72,794 million of our Ch$137,057 million increase in net interest income for the year ended December 31, 2020 was attributable to CNB, due to an increase in interest income related to higher volumes in commercial loans and leasing and a decrease in average nominal rates paid in term deposits in 2020 compared to 2019.

Interest Income

The following table sets forth information regarding our interest income and average interest-earning assets for the year ended December 31, 2019 and 2020:

	As of and for the year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Interest income	2,206,557	2,088,604	(5.3%)
Average interest earning assets(1)			
Commercial loans	20,085,057	24,181,043	20.4%
Mortgage loans	7,773,266	8,766,863	12.8%
Consumer loans	3,825,999	3,686,827	(3.6%)
Loans and receivables to banks	355,037	443,441	24.9%
Total loans	32,039,359	37,078,174	15.7%
Investments	3,472,270	6,807,545	96.1%
Other assets	1,490,524	2,517,816	68.9%
Total average interest-earning assets	37,002,153	46,403,535	25.4%
Average nominal rates earned(1)			
Loans(2)	6.5%	5.5%	(16.4%)
Investments	4.5%	1.7%	(62.2%)
Other assets	(4.4)%	(2.6%)	(40.9%)

	As of and for the year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Average nominal rates earned	6.0%	4.5%	(25.0%)
Annual inflation rates	3.0%	3.0%	-

(1) Average interest-earning and average nominal rates earned are determined on a monthly average basis for the corresponding twelve-month period.
(2) Includes loans and receivables to banks.

The following table sets forth the effects of the changes in average volume of interest-earning assets and average nominal interest rates on our interest income between the years ended December 31, 2019 and 2020.

	Year Ended December 31,
	2019/2020
	(in millions of Ch$)
Due to changes in average volume of interest-earning assets	435,019
Due to changes in average nominal interest rate	(552,972)
Net change	(117,953)

Our interest income decreased Ch$117,953 million, or 5.3% for the year ended December 31, 2020, from Ch$2,206,557 million for the year ended December 31, 2019 to Ch$2,088,600 million for the year ended December 31, 2020, primarily as a result of a decrease of 25% in our average nominal rates earned in 2020 compared to 2019, which was partially offset by an increase in average interest earning assets of 25.4% for the same period.

The decrease in our average nominal rates earned was mainly attributable to (i) a 62.2% decrease in our nominal average rate earned on investments, which decreased from 4.5% in 2019 to 1.7% in 2020, (ii) a 16.4% decrease in the nominal average rate earned on our loans, which decreased from 6.5% in 2019 to 5.5% in 2020, and (iii) a 40.9% decrease in the nominal average rate earned on other assets, which decreased from 4.4% in 2019 to 2.6% in 2020. The primary drivers of this decrease in average nominal rates earned were (i) the 20.4% increase in commercial loans in 2020 compared to 2019, due to the support programs extended by the government during the pandemic in 2020, which in turn led to lower rates for customers, and (ii) the 96.1% increase in average investments which were part of the collateral required by the Central Bank of Chile in order to get access to the liquidity programs in place, which were kept under a low rate environment by the same regulator.

Ch$19,161 million of our Ch$117,953 million decrease in interest income for the year ended December 31, 2020 was attributable to CNB, whose interest income increased 5% in 2020 compared to 2019, from Ch$360,601 million in 2019 to Ch$379,762 million in 2020.

Interest Expense

The following table sets forth certain information concerning our interest expense and average interest bearing liabilities for the years ended December 31, 2019 and 2020:

	As of and for the year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Interest expense	(885,063)	(630,063)	(28.8%)
Average interest bearing liabilities[1]			
Term deposits	17,687,168	19,830,221	12.1%
Savings accounts	47,406	52,249	10.2%
Liabilities under agreements to repurchase	496,841	402,255	(19.0%)
Debt issued	6,682,848	7,431,917	11.2%
Other interest-bearing liabilities	4,823,774	8,032,594	66.5%
Total average interest bearing liabilities	29,738,037	35,749,236	20.2%
Average nominal rates paid[1]			
Term deposits	2.5%	1.1%	(56.0%)
Debt issued	4.7%	4.4%	(6.4%)

	As of and for the year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Other interest bearing liabilities...	2.6%	1.0%	(61.5%)
Average nominal rates paid(1)...	3.0%	1.8%	(40.0%)
Average real rates paid(2)...	2.0%	2.5%	(225.0%)

(1) Average interest-bearing liabilities are determined on a monthly average basis for the corresponding year.
(2) Calculated taking into account average interest-bearing liabilities determined on a monthly average basis.

The following table sets forth the effects of the changes in average volume of interest-bearing liabilities and average nominal interest rates on our interest expense between the years ended December 31, 2019 and 2020

	Year Ended December 31, 2019/2020
	(in millions of Ch$)
Due to changes in average volume of interest-bearing liabilities..	77,891
Due to changes in average nominal interest rate..	(332,838)
Net change..	(254,947)

Our interest expense decreased 28.8% for the year ended December 31, 2020, from Ch$885,063 million for th year ended December 31, 2019 to Ch$630,063 million for the year ended December 31, 2020, primarily due to:

- the decrease in average nominal rates paid for term deposits, from 2.5% in 2019 to 1.1% in 2020, which was influenced by the monetary policy implemented by the Central Bank of Chile. This decrease was partially offset by a 12.1% increase in volume of term deposits, from Ch$17,687,168 million in 2019 to Ch$19,830,221 million in 2020, primarily driven by our commercial and marketing actions to grow the volume of our term deposits and also influenced by the need of customers to keep liquidity due to the pandemic.

- a 6.4% decrease in average nominal rates paid on debt issued in 2020, from 4.7% in 2019 to 4.4% in 2020 partially offset by a 11.2% increase in debt issued, from Ch$6,682,848 million in 2019 to Ch$7,431,917 million in 2020. The decrease in interest rates paid was mainly attributable to a lower financing cost for local debt in Chile, due to a decrease in market rates, partly driven by a reduction in interest rates by the Centra Bank of Chile.

- a 61.5% decrease in average nominal rates paid on other interest-bearing liabilities in 2020, from 2.6% in 2019 to 1.0% to 2020, partially offset by a 66.5% increase in other interest-bearing liabilities, from Ch$4,823,774 million in 2019 to Ch$8,032,594 million in 2020. The decrease in other interest-bearing liabilities was primarily attributable to a decrease in the volume of interbank loans.

- Ch$53,633 million of the decrease in our interest expense in 2020 was attributable to CNB, whose average term deposits decreased from Ch$1,374,140 million in 2019 to Ch$1,114,805 million in 2020, due to the low rate environment, which was partially offset by an increase in our average other interest bearing liabilities from Ch$1,060,388 million in 2019 to Ch$1,445,939 million in 2020.

Net Fee and Commission Income

The following table sets forth information with respect to our net fee and commission income for the years ended December 31, 2019 and 2020:

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Fee and commission income..	462,313	433,887	(6.1%)
Fee and commission expense..	(110,553)	(98,303)	(11.1%)
Net fee and commission income...	351,760	335,584	(4.6%)

Our net fee and commission income decreased Ch$16,181 million, or 4.6%, in the year ended December 31, 2020, from Ch$351,760 million in the year ended December 31, 2019 to Ch$335,584 million in the year ended December 31, 2020, primarily as a result of a 16% decrease in fee and commission income, only partially offset by a 11.1% decrease in fee and commission expenses.

The decrease in fee and commission income was primarily attributable to decreases in commissions from operations with credit cards and collection services. Those decreases were partially offset by increases in commissions for operations with guarantees and letter of credit, and other commissions.

The decrease in fee and commission expense was primarily attributable to decreases in commissions for operatio with securities trading.

Net fee and commission income represented 16.5% of our total operating income for the year ended December 31, 2020, compared to 18.6% in the year ended December 31, 2019.

Fee and Commission Income

The following table sets forth the principal components of our fee and commission income for the years ended December 31, 2019 and 2020:

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Commissions for credit lines and overdrafts	3,752	3,284	(12.5%)
Commissions for guarantees and letters of credit	20,819	24,457	17.5%
Commissions for administration of accounts	48,994	48,567	(0.9%)
Commissions for collection services	72,690	62,496	(14.0%)
Commissions for management of mutual and investment funds	57,225	54,226	(5.2%)
Commissions for credit card services	106,670	87,069	(18.4%)
Commissions for securities brokerage	6,395	6,972	9.0%
Commissions for insurance brokerage	84,895	72,188	(15.0%)
Commissions for other services provided and other commissions	60,873	74,628	22.6%
Total fee and commission income	462,313	433,887	(6.1%)

Our fee and commission income decreased 6.1% for the year ended December 31, 2020, from Ch$462,313 millio for the year ended December 31, 2019 to Ch$433,886 million for the year ended December 31, 2020, primarily as a result of:

- a 18.4% decrease in commissions for credit card services from Ch$106,670 million for the year ended December 31, 2019 to Ch$87,068 million for the year ended December 31, 2020. An important component of this decrease was caused by the new four-party scheme, which we started to progressively implement in 2020. Under this four-party scheme, where the acquirer and the issuer play different roles as opposed to the three party model where the issuer is out of the chain, we receive net commission income, in contrast with the prior model (three party model), where the commissions received and paid were split and accounted for separately. These two models coexisted from June to December 2020, from January 2021 there is only one model outstanding the four-party scheme. Another factor driving the decrease was lower commissions coming from the debit card business, due to customer behavioural changes due to the pandemic that partially redirected payments to their credit cards.

- a 15.0% decrease in commissions for insurance brokerage from Ch$84,895 million for the year ended December 31, 2019 to Ch$72,188 million for the year ended December 31, 2020;

- a 14.0% decrease in commissions for collection services, from Ch$72,690 million for the year ended December 31, 2019 to Ch$62,496 million for the year ended December 31, 2020, due to higher established commission rates for credit cards and holders commission rates for debit cards, which was partially offset by

- a 22.6% increase in commissions for other services provided and other commissions, from Ch$60,873 million for the year ended December 31, 2019 to Ch$74,628 million for the year ended December 31, 2020, due to an increase in commissions for financial advisory and other remuneration for services rendered; and

- a 17.5% increase in commissions for guarantees and letters of credit, from Ch$20,819 million for the year ended December 31, 2019 to Ch$24,456 million for the year ended December 31, 2020.

In addition, from the Ch$28,429 million total decrease in fee and commission income in the year ended December 31, 2020, CNB had an increase of Ch$18,088 million, which was mainly attributable to the increase in debit card services and administration of corporate accounts.

Fee and Commission Expenses

The following table sets forth the principal components of our fee and commission expense for the years ended December 31, 2019 and 2020:

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Commissions on operations with credit cards	(46,539)	(48,989)	5.3%
Commissions on securities trading	(20,581)	(25,194)	22.4%
Other commissions	(43,433)	(24,120)	(44.5%)
Total fee and commissions expenses	(110,553)	(98,303)	(11.1%)

Our fee and commission expenses decreased 11.1% for the year ended December 31, 2020, from Ch$110,553 million for the year ended December 31, 2019 to Ch$98,303 million for the year ended December 31, 2020, primarily as a result of:

- a 44.5% decrease in other commissions in 2020, attributable mainly to commercial and marketing actions taken to grow the volume of our term deposits in 2020 compared to 2019, partially offset by

- a 5.3% increase in commissions for operations with cards, from Ch$46,539 million in the year ended December 31, 2019 to Ch$48,990 million in the year ended December 31, 2020, due to a change in the FOLHQWV¶ EHKDYLRU LQ UHODWLRQ WR FUHGLW DQG GHELW commissions from credit cards increased 80.4%, which was partially offset by a decrease of 43.5% in the debit card business. This increase occurred despite the effect of the new four-party scheme referred to above;

- a 22.4% increase in commissions and securities trading mainly related to the custody of securities services in 2020 and

- Ch$483 million of the decrease in fee and commission expenses is attributable to CNB, from Ch$2,576 million in the year ended December 31, 2019 to Ch$2,093 million in the year ended December 31, 2020.

Trading and Investment Income, Net

The following table sets forth information with respect to our net trading and investment income for the years ended December 31, 2019 and 2020.

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Trading instruments	144,519	114,243	(20.9)%
Derivative financial agreements	15,752	(20,094)	(227.6)%
Gain on sale of financial investments available for sale	23,765	55,051	131.6%
Others instruments at fair value through profit or loss	(231)	(401)	73.6%
Total	183,805	148,799	(19.0)%

Net trading and investment income consists of net gains from trading and related fair value adjustments. Our net trading and investment income decreased 19.0% in 2020 compared to 2019, from Ch$183,805 million in 2019 to Ch$148,799 million in 2020. This decrease was primarily attributable to a 20.9% decrease in net profit from trading instruments in 2020, from Ch$144,519 million in 2019 to Ch$114,243 million in 2020, and a 227.6% decrease in fair value adjustments from derivative financial agreements in 2020 compared to 2019. These decreases were partially offset by a 131.6% increase in gain on sale of financial investments available for sale in 2020, from Ch$23,765 million in 2019 to Ch$55,051 million in 2020.

The decrease in gains from trading instruments in 2020 was primarily attributable to a dynamic management of our Central Bank of Chile, General Treasury of the Republic (Tesorería General de la República) and corporate trading ERQGV¶ SRUWIROLR in an environment of low interest rates in 2020 compared to 2019 due to the macroeconomic conditions. The Ch$31,286 million, or 131.6%, increase in realized gain from sale of available-for-sale investments was primarily attributable to sales of foreign currency bonds from our portfolio in a scenario of low interest rates.

Foreign Exchange Results, Net

The following table sets forth information with respect to our net foreign exchange results for the years ended December 31, 2019 and 2020.

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Gain/(Loss) from exchange differences	(199,263)	61,487	(130.9%)
Foreign currency indexation(1)	180,929	(16,722)	(109.2%)
Total	(18,334)	44,765	344.2%

(1) Foreign currency indexation includes the sum of net results for assets and liabilities denominated in foreign currency and hedge accounting results (related to the foreign currency effects hedged).

Our net foreign exchange result increased Ch$63,100 million, or 344.2%, during 2020 as compared to 2019. This increase was primarily attributable to a Ch$260,751 million increase in gains from exchange differences in 2020 compared to a loss in 2019, which was partially offset by a Ch$164,207 million decrease in foreign currency indexation.

Ch$260,751 million of the increase in gains from exchange differences for 2020 was primarily attributable to an increase in the volume of transactions in different financial products (FX Spot, FX Forwards and another financial solutions offered by Sales & Trading Management) and our hedging of certain trade derivative financial products and the management of the related foreign currency position.

Additionally, the Ch$197,651 million decrease in foreign currency indexation in 2020 compared to 2019 was due to a decrease of Ch$74,940 million in 2020 due to our hedging results, Ch$19,390 million of which decrease was the result of fair value hedging strategies and Ch$55,550 million of which decrease was the result of our cash flow hedging strategies.

Other Operating Income

The following table sets forth the components of our other operating income for the years ended December 31, 2019 and 2020:

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Income from repossessed assets	4,966	2,595	(47.7%)
Reversal of provisions for credit commitments	154	323	109.7%
Other income	47,943	41,721	(13.0%)
Total	53,063	44,639	(15.9%)

Our other operating income decreased 15.9% in the year ended December 31, 2020 from Ch$53,063 million in the year ended December 31, 2019 to Ch$44,639 million in the year ended December 31, 2020, primarily due to:

- a 13.0% decrease in other income, from Ch$47,943 million in 2019 to Ch$41,721 million in 2020, mainly explained by CNB due to a decrease of 110.4% in gain from sale of fixed asset due to the sale of a corporate building office during 2019; and

- a 47.7% decrease in income from repossessed assets, from Ch$4,966 million in 2019 to Ch$2,595 million in 2020, partially offset by

- a 109.7% increase in reversals of provisions for credit commitments, from Ch$154 million in 2019 to Ch$323 million in 2020 mainly due to a decrease in risk provision for country risk

Provision for Loan Losses and Impairment of Repossessed Assets

Chilean banks are required to maintain allowances to cover possible credit losses in an amount at least equal to their loans to customers multiplied by their risk index. The allowances for loan losses as a percentage of total loans are derived from our classification of our portfolio according to objective criteria relating to the performance of the loans and in accordance with the regulations of the CMF (former SBIF). The amount of provision charged to income in any period consists of adjustments to the loan loss reserve including direct write-offs against income (equal to the portion of loans written off that is not covered by a reserve at the time of write-off).

The following table sets forth information for our allowances for loan losses and their principal components, provision for loan losses and write-offs, for the years ended December 31, 2019 and 2020

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Provisions:			
Allowances for loan losses at beginning of period	556,767	668,321	20.0%
Provisions established for loan losses, net of reversal of provision	507,831	570,945	12.4%
Write-offs	(396,277)	(449,234)	13.4%
Allowances for loan losses at end of the period	668,321	790,032	18.2%
Other asset quality data:			
Total loans and receivables from customers	33,880,778	35,508,713	4.8%
Consolidated risk index (%)(1)	1.97%	2.22%	12.8%
Additional voluntary provision	16,692	160,176	859.6%
Allowances for loan losses including additional voluntary provision (presented as a liability)	685,013	950,208	38.7%
Allowances for loan losses including additional voluntary provision (presented as a liability) as a percentage of total loans and receivables from customers	2.02%	2.68%	32.4%

(1) The risk index of our loan portfolio is calculated as allowances for loan losses as a percentage of total loans.

Our allowances for loan losses including additional voluntary provisions increased 38.7% as of December 31, 2020, from Ch$685,013 million as of December 31, 2019 to Ch$950,208 million as of December 31, 2020, an increase that was relatively high compared to the 4.8% increase in total loans and receivables from customers in 2020 compared to 2019, which resulted in a 32.4% increase in the percentage of allowances for loan losses including additional voluntary provision as a percentage of total loans and receivables from customers in **2020**.

In addition, the provisions established for loan losses, net of reversal of provisions increased 12.4% from Ch$507,831 million in 2019 to Ch$570,945 million in 2020, mainly due to Ch$30,303 million of provisions in the consumer loan portfolio which was affected by the implementation of the standard provision model for consumer loans. Furthermore, Ch$29,276 million of the increase in provisions established for loan losses, net of reversal of provisions was due to a regulatory requirement to record the deductible part of the FOGAPE loan as provisions for loan losses.

Our additional voluntary provisions increased 859.6% as of December 31, **2020**, from Ch$16,692 million as of December 31, 2019 to Ch$160,176 million as of December 31, 2020, primarily as a result of our proactive management to anticipate future risks related to consequences of the pandemic and a possible deterioration of the macroeconomic conditions. As of December 2020, the risk of the portfolio is not reflecting any significant impairment mainly due to the government measures to support clients and the financial system.

Our write-offs increased 13.4% as of December 31, 2020, from Ch$396,277 million as of December 31, 2019 to Ch$449,234 million as of December 31, 2020, primarily attributable to Ch$52,099 million in write-offs in our consumer loans due to more conservative criteria in our credit renegotiation policy and, in the case of Servicios Financieros portfolio, this was partially offset by the pension fund withdrawal effect, which resulted in part of these funds withdrawn from pension funds being used by customers to repay loans

CNB allowances for loan losses increased Ch$17,738 million in 2020, from Ch$19,728 million in 2019 to Ch$37,466 million in 2020, mainly due to the effects on the commercial portfolio which increased Ch$17,819 million in 2020. Our CNB additional voluntary provisions increased Ch$47,263 million as of December 31, 2020, from zero additional provisions as of December 31, 2019, all of these provisions relate to the commercial portfolio.

As a result, our allowance for loan losses as a percentage of total loans increased from 2.02% as of December 31, 2019 to 2.68% as of December 31, 2020. Our total loans as of December 31, 2020 increased 4.8% compared to December 31, 2019.

Operating Expenses

The following table sets forth the principal components of our operating expenses for the years ended December 31, 2019 and 2020

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		Change
Staff costs	(483,886)	(522,080)	7.9%
Administrative expenses	(326,149)	(319,202)	(2.1%)
Depreciation and amortization	(103,649)	(109,010)	5.2%
Impairment of property, plant and equipment and intangible assets	(43,569)	(80,496)	84.8%
Other operating expenses	(478)	(5,073)	961.3%
Total operating expenses	(957,731)	(1,035,861)	8.2%
Efficiency ratio(1)	50.6%	51.0%	0.7%

(1) Operating expenses as a percentage of operating income.

Our total operating expenses increased 8.2% in the year ended December 31, 2020, from Ch$957,731 million for the year ended December 31, 2019 to Ch$1,035,843 million for the year ended December 31, 2020, primarily as a result of:

(i) a 961.3% increase in intangible asset depreciation/impairment from Ch$478 million to Ch$5,073 million due to an update in the valuation models of the goodwill related to Servicios Financieros
(ii) an increase of 84.7% in other operating expenses due to one-time effect on CNB of an unwind position (in FHLB funding and its swap) in order to take advantage of a lower interest rate, and also the release of contingency provisions related to leasing contracts
(iii) a 7.9% increase in personnel expenses due mainly to the integration of Executive National Bank with City National Bank and the lower use of the vacations provisions due to the pandemic.

Our efficiency index (operating expenses as a percentage of operating income) increased from 50.6% in the year ended December 31, 2019 to 75.2% in the year ended December 31, 2020.

Share of Profit of Investment Accounted for Using the Equity Method

The 102.8% or Ch$12,996 million decrease in our share of profit of investment accounted for using the equity method for the year ended December 31, 2020 as compared to the year ended December 31, 2019 was due to a one time event in 2019 consisting of the sale of our remaining investment in Credicorp Ltd.

Income Tax

Law No. 20,780, enacted and published in the Official Gazette of Chile in September 2014, as amended by Law No. 20,899, introduced certain amendments to the Chilean income tax law that impact the calculation of our income tax.

Article 14 of the Income Tax Law (Law Decree No. 824), as amended by Law No. 20,780 and Law No. 20,899, establishe two alternative systems of taxation for taxpayers obliged to declare actual income determined under full accounting records: the Attributed System and the Partially Integrated System. Law No. 21,210 of 2020 eliminated the Attributed System and established the Partially Integrated System as the general regime for large companies. 6HH ³5LVN²)DFWR Risks Relating to Chile² &KDQJHV LQ &KLOHDQ WD[ODZV PD\ LQFUHDVH RXU WD[for a description of such taxation systems. Since Bci is a stock corporation (*sociedad anónima*), we are subject to the general regime for large companies.

The following table sets forth our income before income tax and effective tax rate for the years ended December 31, 2019 and 2020:

	Year ended December 31,		
	2019	2020	2019/2020
	(in millions of Ch$)		% Change
Income before income tax	531,176	342,198	(35.6)%
Income tax expense	(128,437)	(24,665)	(80.8)%
Effective income tax rate[1]	(24.2%)	7.2%	(70.2)%

(1) Effective income tax rate is equal to income tax expense divided by income before income tax.

The 80.8% or Ch$103,772 million decrease in income tax expense, from Ch$128,437 million in 2019 to Ch$24,665 million in 2020, was primarily attributable to (i) lower income before taxes in 2020 compared to 2019, from Ch$531,176 million in 2019 to Ch$342,198 million in 2020, which constitutes a lower tax base upon which to calculate tax payable, and (ii) a decrease in income tax expense resulting from lower tax effects generated on the requirement to appl monetary correction to foreign investments (under which tax law the investment in CNB falls).

Net Income

As a result of the foregoing factors, our net income decreased 21.2% for the year ended December 31, 2019, from Ch$402,739 million for the year ended December 31, 2019 to Ch$317,533 million for the year ended December 31, 2020.

Results of Operations for the Years Ended December 31, 2018 and 2019

This section presents consolidated and other financial and operating information for the years ended December 3 2018 and 2019. This information should be read in conjunction with, and is qualified in its entirety by reference to, our Audited Consolidated Financial Statements appearing elsewhere in this Prospectus.

The following table sets forth the principal components of our net income for the years ended December 31, 2018 and 2019:

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of nominal Ch$)		% Change
Interest income	1,839,336	2,206,557	20.0%
Interest expense	(759,139)	(885,063)	16.6%
Net interest income	1,080,197	1,321,494	22.3%
Fee and commission income	398,998	462,313	15.9%
Fee and commission expense	(92,795)	(110,553)	19.1%
Net fee and commission income	306,203	351,760	14.9%
Trading and investment income, net	141,527	183,805	29.9%
Foreign exchange results, net	12,434	(18,334)	(247.5)%
Other operating income	44,842	53,063	18.3%
Provision for loan losses and impairment of repossessed assets	(266,313)	(415,519)	56.0%
Operating income, net of provisions for loan losses	1,318,890	1,476,269	11.9%
Staff costs	(464,558)	(483,886)	4.2%
Administrative expenses	(292,170)	(326,149)	11.6%
Depreciation and amortization	(67,427)	(103,649)	53.7%
Impairment of property, plant and equipment and intangible assets	(174)	(478)	174.7%
Other operating expenses	(39,948)	(43,569)	9.1%
Total operating expenses	(864,277)	(957,731)	10.8%
Total net operating income	454,613	518,538	14.1%
Share of profit of investment accounted for using the equity method	65,036	12,638	(80.6)%

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of nominal Ch$)		% Change
Income before income tax	519,649	531,176	2.2%
Income tax expense	(123,802)	(128,437)	3.7%
Consolidated Net Income for the year	395,847	402,739	1.7%

Net Interest Income

The following table sets forth information with respect to our net interest income and net interest margin for the years ended December 31, 2018 and 2019.

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Total income from interest and indexation for inflation	1,839,336	2,206,557	20.0%
Total interest expenses and indexation for inflation	(759,139)	(885,063)	16.6%
Net interest income	1,080,197	1,321,494	22.3%
Net interest margin[1]	3.4%	3.6%	4.3%

(1) Net interest margin is net interest income divided by monthly average interest-earning assets.

The following table sets forth the effects of the changes in the monthly average volume of interest-earning assets and interest-bearing liabilities and average nominal interest rates on our net interest income between December 31, 2018 ar 2019.

	2018/2019
	(in millions of Ch$)
Due to changes in average volume of interest-earning assets and interest-bearing liabilities	200,268
Due to changes in average nominal interest rate	41,028
Net change	241,296

Our net interest income increased Ch$241,296 million, or 22.3%, from Ch$1,080,197 million for the year ended December 31, 2018 to Ch$1,321,494 million for the year ended December 31, 2019, primarily as a result of a 20.0% increase in our interest income, which was partially offset by a relatively lower 16.6% increase in our interest expense. Ou interest income for 2019 increased at a higher percentage than our interest expense. Ch$200,268 million, or 83%, of the increase in our net interest income was attributable to the changes in average volume of interest-earning assets and interest-bearing liabilities (primarily the growth in our loan portfolio in 2019), and 17%, or Ch$41,028 million, of such increase was due to changes in the average nominal interest rate (primarily the increase in average nominal rates earned on loan 2019). As a result, net interest margin increased from 3.4% in 2018 to 3.6% in 2019.

Ch$54,124 million of our Ch$241,296 million increase in net interest income for the year ended December 31, 2019 was attributable to CNB, due to an increase in interest income related to higher volumes in commercial loans and leasing that represented an 8.6% increase in 2019 compared to 2018.

Interest Income

The following table sets forth information regarding our interest income and average interest-earning assets for the year ended December 31, 2018 and 2019:

	As of and for the year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Interest income	1,839,336	2,206,557	20.0%
Average interest earning assets[1]:			
Commercial loans	17,772,554	20,085,057	13.0%
Mortgage loans	6,663,313	7,773,266	16.7%
Consumer loans	3,029,870	3,825,999	26.3%

	As of and for the year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Loans and receivables to banks	319,325	355,037	11.2%
Total loans	27,785,062	32,039,359	15.3%
Investments	2,951,880	3,472,270	17.6%
Other assets	822,220	1,490,524	81.3%
Total average interest-earning assets	31,559,162	37,002,153	17.2%
Average nominal rates earned(1)			
Loans(2)	6.5%	6.6%	0.8%
Investments	3.1%	4.5%	47.7%
Other assets	(6.0)%	(4.4)%	(27.7)%
Average nominal rates earned	5.8%	6.0%	2.3%
Annual inflation rates	2.6%	3.0%	15.4%

(1) Average interest-earning and average nominal rates earned are determined on a monthly average basis for the corresponding twelve-month period.
(2) Includes loans and receivables to banks.

The following table sets forth the effects of the changes in average volume of interest-earning assets and average nominal interest rates on our interest income between the years ended December 31, 2018 and 2019.

	Year Ended December 31,
	2018/2019
	(in millions of Ch$)
Due to changes in average volume of interest-earning assets	302,578
Due to changes in average nominal interest rate	64,643
Net change	367,221

Our interest income increased Ch$367,221 million, or 20.0% for the year ended December 31, 2018, from Ch$1,839,336 million for the year ended December 31, 2018 to Ch$2,206,557 million for the year ended December 31, 2019, primarily as a result of a 17.2% increase in our total average interest-earning assets in 2019 compared to 2018. This increase in total average interest-earning assets was primarily attributable to (i) a 13.0% increase in commercial loans, which grew from Ch$17,772,554 million in 2018 to Ch$20,085,057 million in 2019, (ii) a 16.7% increase in mortgage loans, which grew from Ch$6,663,313 million in 2018 to Ch$7,773,266 million in 2019, and (iii) a 26.3% increase in consumer loans, which grew from Ch$3,029,870 million in 2018 to Ch$3,825,999 million in 2019. The primary drivers of this increase in our loan portfolio were the increase in commercial loans, our commercial and marketing actions to grow the volume of consumer credit products, our acquisition of Servicios Financieros in December 2018 which had a full yea impact in 2019, and the growth in mortgage loans, primarily as a result of our acquisition of TotalBank in June 2018 whi had a full year impact in 2019. Our average nominal rates earned increased from 5.8% in 2018 to 6.0% in 2019, and o average nominal rates earned on loans increased 1.9% in 2019, from 6.5% in 2018 to 6.6% in 2019, which increases ha positive impact on our interest income for 2019.

Ch$101,460 million of our Ch$367,221 million increase in interest income for the year ended December 31, 2019 was attributable to CNB, whose interest income increased 34% in 2019 compared to 2018, from Ch$299,441 million in 2018 to Ch$400,901 million in 2019.

Interest Expense

The following table sets forth certain information concerning our interest expense and average interest-bearing liabilities for the years ended December 31, 2018 and 2019:

	As of and for the year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Interest expense	(759,139)	(885,063)	16.6%
Average interest bearing liabilities(1)			
Term deposits	16,725,878	17,687,168	5.7%
Savings accounts	47,579	47,406	(0.4%)

	As of and for the year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Liabilities under agreements to repurchase	620,790	496,841	(20.0%)
Debt issued	5,640,274	6,682,848	18.5%
Other interest-bearing liabilities	3,448,884	4,823,774	39.9%
Total average interest bearing liabilities	26,483,405	29,738,037	12.3%
Average nominal rates paid[(1)]:			
Term deposits	2.3%	2.7%	15.6%
Debt issued	5.0%	4.7%	(6.0%)
Other interest bearing liabilities	2.2%	2.6%	18.9%
Average nominal rates paid[(1)]	2.9%	3.0%	3.9%
Average real rates paid[(2)]	3.2%	2.0%	(37.6%)

(1) Average interest-bearing liabilities are determined on a monthly average basis for the corresponding year.
(2) Calculated taking into account average interest-bearing liabilities determined on a monthly average basis.

The following table sets forth the effects of the changes in average volume of interest-bearing liabilities and average nominal interest rates on our interest expense between the years ended December 31, 2018 and 2019:

	Year Ended December 31, 2018/2019
	(in millions of Ch$)
Due to changes in average volume of interest-bearing liabilities	102,309
Due to changes in average nominal interest rate	23,615
Net change	125,924

Our interest expense increased 16.6% for the year ended December 31, 2019, from Ch$759,139 million for the year ended December 31, 2018 to Ch$885,063 million for the year ended December 31, 2019, primarily due to:

- a 5.7% increase in volume of term deposits, from Ch$16,725,878 million in 2018 to Ch$17,687,168 million in 2019, which represented 29.5% of the increase in our total average interest-bearing liabilities in 2019. This increase was primarily driven by our commercial and marketing actions to grow the volume of our term deposits. This increase in volume of term deposits in 2019 was complemented by a 5.9% increase in average nominal rates paid on our term deposits in 2019, from 2.3% in 2018 to 2.5% to 2019, primarily due to market conditions.

- an 18.5% increase in debt issued, from Ch$5,640,274 million in 2018 to Ch$6,682,848 million in 2019, partially offset by a 3.9% decrease in average nominal rates paid on debt issued in 2019, from 5.0% in 2018 to 4.7% in 2019. The decrease in interest rates paid was mainly attributable to a lower financing cost for local and international debt, due to a decrease in market rates, partly driven by a reduction in interest rates by the Central Bank of Chile.

- a 39.9% increase in other interest-bearing liabilities, from Ch$3,448,884 million in 2018 to Ch$4,823,774 million in 2019, and a 3.9% increase in average nominal rates paid on other interest-bearing liabilities in 2019, from 2.2% in 2018 to 2.6% to 2019. The increase in other interest-bearing liabilities was primarily attributable to an increase in the volume of interbank loans.

- Ch$47,745 million of the increase in our average term deposits in 2019 was attributable to CNB, whose average term deposits increased from Ch$75,290 million in 2018 to Ch$123,035 million in 2019, which represented a 62.5% increase in 2019 compared to 2018.

Net Fee and Commission Income

The following table sets forth information with respect to our net fee and commission income for the years ended December 31, 2018 and 2019:

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Fee and commission income	398,998	462,313	15.9%
Fee and commission expense	(92,795)	(110,553)	19.1%
Net fee and commission income	306,203	351,760	14.9%

Our net fee and commission income increased by Ch$45,557 million, or 14.9%, in the year ended December 31, 2019, from Ch$306,203 million in the year ended December 31, 2018 to Ch$351,760 million in the year ended December 31, 2019, primarily as a result of a 15.9% increase in fee and commission income, which more than offset the 19.1% increase in fee and commission expenses. The increase in fee and commission income was primarily attributable to increases in commissions for operations with credits cards, security trading, insurance and others.

Net fee and commission income represented 18.6% of our total operating income for the year ended December 31, 2019, compared to 19.3% in the year ended December 31, 2018.

Fee and Commission Income

The following table sets forth the principal components of our fee and commission income for the years ended December 31, 2018 and 2019:

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Commissions for credit lines and overdrafts	2,955	3,752	27.0%
Commissions for guarantees and letters of credit	19,803	20,819	5.1%
Commissions for administration of accounts	45,969	48,994	6.6%
Commissions for collection services	60,576	72,690	20.0%
Commissions for management of mutual and investment funds	53,889	57,225	6.2%
Commissions for credit card services	100,989	106,670	5.6%
Commissions for securities brokerage	6,033	6,395	6.0%
Commissions for insurance brokerage	70,476	84,895	20.5%
Commissions for other services provided and other commissions	38,308	60,873	58.9%
Total fee and commission income	398,998	462,313	15.9%

Our fee and commission income increased 15.9% for the year ended December 31, 2019, from Ch$398,998 million for the year ended December 31, 2018 to Ch$462,313 million for the year ended December 31, 2019, primarily as a result of:

- a 20.5% increase in commissions for insurance brokerage from Ch$70,476 million for the year ended December 31, 2018 to Ch$84,895 million for the year ended December 31, 2019;
- a 5.6% increase in commissions for credit card services, from Ch$100,989 million for the year ended December 31, 2018 to Ch$106,670 million for the year ended December 31, 2019, due to higher established commission rates for credit cards and holders commission rates for debit cards;
- a 58.9% increase in commissions for other services provided and other commissions, from Ch$38,308 million for the year ended December 31, 2018 to Ch$60,873 million for the year ended December 31, 2019, due to an increase in commissions for financial advisory and other remuneration for services rendered; and
- a 6.2% increase in commissions for management of mutual and investment funds, from Ch$53,889 million for the year ended December 31, 2018 to Ch$57,225 million for the year ended December 31, 2019.

In addition, Ch$11,103 million of the Ch$63,315 million increase in fee and commission income is attributable to CNB, which increased from Ch$18,811 million in the year ended December 31, 2019 to Ch$29,914 million in the year ended December 31, 2019.

Fee and Commission Expenses

The following table sets forth the principal components of our fee and commission expense for the years ende December 31, 2018 and 2019:

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Commissions on operations with credit cards	(43,983)	(46,539)	5.8%
Commissions on securities trading	(17,204)	(20,581)	19.6%
Other commissions	(31,608)	(43,433)	37.4%
Total fee and commissions expenses	(92,795)	(110,553)	19.1%

Our fee and commission expenses increased 19.1% for the year ended December 31, 2019, from Ch$92,79 million for the year ended December 31, 2018 to Ch$110,553 million for the year ended December 31, 2019, primarily as a result of:

- a 5.8% increase in commissions for operations with cards, from Ch$43,983 million in the year ended December 31, 2018 to Ch$46,539 million in the year ended December 31, 2019, due to increased credit an debit card use;
- a 37.4% increase in other commissions in 2019, attributable mainly to commissions in respect of our commercial and marketing actions to grow the volume of our term deposits;
- a 19.6% increase in commissions and securities trading related to custody of securities and brokerage in 2019; and
- Ch$289 million of the increase in fee and commission expenses is attributable to CNB, from Ch$2,287 million in the year ended December 31, 2018 to Ch$2,576 million in the year ended December 31, 2019.

Trading and Investment Income, Net

The following table sets forth information with respect to our net trading and investment income for the years ended December 31, 2018 and 2019:

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Trading instruments	111,606	144,519	29.5%
Derivative financial agreements	26,961	15,752	(41.6)%
Gain on sale of financial investments available for sale	1,689	23,765	1,307.0%
Others instruments at fair value through profit or loss	1,271	(231)	(118.2)%
Total	141,527	183,805	29.9%

Net trading and investment income consists of net gains from trading and related fair value adjustments. Our ne trading and investment income increased 29.9% in 2019 compared to 2018, from Ch$141,527 million in 2018 to Ch$183,805 million in 2019. This increase was primarily attributable to a 29.5% increase in net profit from trading instruments in 2019, from Ch$111,606 million in 2018 to Ch$144,519 million in 2019, and a 1,307.0% increase in gain or sale of financial investments available for sale in 2019, from Ch$1,689 million in 2018 to Ch$23,765 million in 2019. These increases were partially offset by a 41.6% decrease in favorable fair value adjustments from derivative financia agreements in 2019 compared to 2018.

The increase in gains from trading instruments in 2019 was primarily attributable to a dynamic management of our &HQWUDO %DQN RI &KLOH *HQHUDO 7UHDVXU\ RI WKH 5HSXEOLF 7HVR portfolio and an economic environment of low interest rates in 2019 compared to 2018. The Ch$22,076 million, or 1,307.0%, increase in realized gain from sale of available-for-sale investments was primarily attributable to sales of foreign currency bonds from our portfolio in a scenario of low interest rates.

Foreign Exchange Results, Net

The following table sets forth information with respect to our net foreign exchange results for the years ended December 31, 2018 and 2019:

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Losses from exchange differences	(135,116)	(199,263)	(47.5)%
Foreign currency indexation (1)	147,550	180,929	22.6%
Total	12,434	(18,334)	(247.5)%

(1) Foreign currency indexation includes the sum of net results for assets and liabilities denominated in foreign currency and hedge accounting results (related to the foreign currency effects hedged).

Our net foreign exchange result decreased Ch$30,768 million, or 247.5%, during 2019 as compared to 2018. Thi decrease was primarily attributable to a Ch$64,147 million increase in losses from exchange differences in 2019 compared to 2018, which was partially offset by a Ch$33,379 million increase in foreign currency indexation.

Ch$64,147 million of the increase in losses from exchange differences for 2019 was primarily attributable to transactions in different financial products (FX Spot, FX Forwards and another financial solutions offered by Sales & Trading Management) and our hedging of certain trade derivative financial products and the management of the relate foreign currency position.

Additionally, the Ch$33,379 million increase in foreign currency indexation in 2019 compared to 2018 was due to an increase of Ch$40,247 million in 2019 due to our hedging results, Ch$29,143 million of which increase was the result of our fair value hedging strategies and Ch$9,651 million of which increase was the result of our cash flow hedging strategies.

Other Operating Income

The following table sets forth the components of our other operating income for the years ended December 31, 2018 and 2019:

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Income from repossessed assets	9,047	4,966	(45.1)%
Reversal of provisions for credit commitments	144	154	6.9%
Other income	35,651	47,943	34.5%
Total	44,842	53,063	18.3%

Our other operating income increased 18.3% in the year ended December 31, 2019, from Ch$44,842 million in the year ended December 31, 2018 to Ch$53,063 million in the year ended December 31, 2019, primarily due to:

- a 34.5% increase in other income, from Ch$35,651 million in 2018 to Ch$47,943 million in 2019, mainly due to a reversal of provisions relating to our merchant discount rate (resulting in a lower provision for such rate);

- a 6.9% increase in reversals of provisions for credit commitments, from Ch$144 million in 2018 to Ch$154 million in 2019; partially offset by

- a 45.1% decrease in income from repossessed assets, from Ch$9,047 million in 2018 to Ch$4,966 million in 2019.

Provision for Loan Losses and Impairment of Repossessed Assets

Chilean banks are required to maintain allowances to cover possible credit losses in an amount at least equal their loans to customers multiplied by their risk index. The allowances for loan losses as a percentage of total loans a derived from our classification of our portfolio according to objective criteria relating to the performance of the loans and in accordance with the regulations of the CMF (former SBIF). The amount of provision charged to income in any period consists of adjustments to the loan loss reserve including direct write-offs against income (equal to the portion of loans written off that is not covered by a reserve at the time of write-off).

The following table sets forth information for our allowances for loan losses and principal components, provision for loan losses and write-offs, for the years ended December 31, 2018 and 2019:

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Provisions:			
Allowances for loan losses at beginning of period	401,041	556,767	38.8%
Provisions established for loan losses, net of reversal of provisions	402,979	507,831	26.0%
Write-offs	(247,253)	(396,277)	60.3%
Allowances for loan losses at end of the period	556,767	668,321	20.0%
Other asset quality data:			
Total loans and receivables from customers	30,099,862	33,880,778	12.6%
Consolidated risk index (%)(1)	1.85%	1.97%	6.6%
Additional voluntary provision	67,872	16,692	(75.4)%
Allowances for loan losses including additional voluntary provision (presented as a liability)	624,639	685,013	9.7%
Allowances for loan losses including additional voluntary provision (presented as a liability) as a percentage of total loans and receivables from customers	2.08%	2.02%	(2.6)%

(1) The risk index of our loan portfolio is calculated as allowances for loan losses as a percentage of total loans.

Our allowances for loan losses including additional voluntary provisions increased 9.7% as of December 31, 2019 from Ch$624,639 million as of December 31, 2018 to Ch$685,013 million as of December 31, 2019, an increase that was relatively lower compared to the 12.6% increase in total loans and receivables from customers in 2019 compared to 201 which resulted in a 2.6% decrease in the percentage of allowance for loan losses including additional voluntary provision as a percentage of total loans and receivables from customers in 2019.

In addition, the provisions established for loan losses, net of reversal of provisions increased 26.0% in 2019 a compared to 2018, mainly due to the implementation of the standard provision model for commercial loans classified locally as a group portfolio, which implied a more conservative criteria. This change in model mainly explains the increase of the allowance for loan losses from Ch$401,041 million in 2018 to Ch$556,767 million in 2019.

Our additional voluntary provisions decreased 75.4% as of December 31, 2019, from Ch$67,872 million as of December 31, 2018 to Ch$16,692 million as of December 31, 2019, mainly as a result of the release of voluntary provisions to mitigate the impacts associated with the implementation of the new standard methodology for calculating provisions.

Our write-offs increased 60.3% as of December 31, 2019, from Ch$247,253 million as of December 31, 2018, to Ch$396,277 million as of December 31, 2019. This increase is mainly explained by the integration of the Servicios Financieros portfolio into Bci, in addition to the implementation of more conservative criteria in the credit renegotiation policy during the first half of the year.

As a result, our allowance for loan losses as a percentage of total loans, decreased from 2.08% as of December 3 2018 to 2.02% as of December 31, 2019. Our total loans as of December 31, 2019 increased 12.6% compared to December 31, 2018.

Operating Expenses

The following table sets forth the principal components of our operating expenses for the years ended Decembe 31, 2018 and 2019:

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		Change
Staff costs	(464,558)	(483,886)	4.2%

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		Change
Administrative expenses	(292,170)	(326,149)	11.6%
Depreciation and amortization	(67,427)	(103,649)	53.7%
Impairment of property, plant and equipment and intangible assets	(39,948)	(43,569)	9.1%
Other operating expense	(174)	(478)	174.7%
Total operating expenses	(864,277)	(957,731)	10.8%
Efficiency ratio[1]	54.5%	50.6%	(7.1)%

(1) Operating expenses as a percentage of operating income.

Our operating expenses increased 10.8% in the year ended December 31, 2019, from Ch$864,277 million for the year ended December 31, 2018 to Ch$957,731 million for the year ended December 31, 2019, primarily as a result of (i) a 11.6% increase in administrative expenses for the year ended December 31, 2019 compared to the previous year, which was mainly attributable to the increase in expenses principally associated with our digital transformation plan (described in ³%XVLQHVV´ LQ WKLV 3URVSHFWXV DQG LL D LQFUHDVH LQ SHUV

Our efficiency index (operating expenses as a percentage of operating income) decrease from 54.5% in the year ended December 31, 2018 to 50.6% in the year ended December 31, 2019.

Share of Profit of Investment Accounted for Using the Equity Method

The 80.6% or Ch$53,398 million decrease in our share of profit of investment accounted for using the equity method for the year ended December 31, 2019 as compared to the year ended December 31, 2018 was primarily attributa to the sale of our remaining investment in Credicorp Ltd. in 2019.

Income Tax

Law No. 20,780, enacted and published in the Official Gazette of Chile in September 2014, as amended by Law No. 20,899, introduced certain amendments to Chilean income tax law that impact the calculation of our income tax. Article 14 of the Income Tax Law (Law Decree No. 824), as amended by Law No. 20,780 and Law No. 20,899, establishes two alternative systems of taxation for taxpayers obliged to declare their actual income determined under full accounting records: the Attributed System and the Partially Integrated System. Law No. 21,210 of 2020 eliminated the Attributed System and established the Partially Integrated System as the general regime for large companies. 6HH ³5LVN²)DFW Risks Relating to Chile—Changes in Chilean tax laws may increase our D[EXUGHQ DQG DGYHUVHO\ DII for a description of such taxation systems. Since Bci is a stock corporation (*sociedad anónima*), we are subject to the general regime for large companies.

The following table sets forth our income before income tax and effective tax rate for the years ended December 31, 2018 and 2019:

	Year ended December 31,		
	2018	2019	2018/2019
	(in millions of Ch$)		% Change
Income before income tax	519,649	531,176	2.2%
Income tax expense	(123,802)	(128,437)	3.7%
Effective income tax rate[1]	23.8%	24.2%	1.5%

(1) Effective income tax rate is equal to income tax expense divided by income before income tax.

The 3.7% or Ch$4,635 million increase in income tax expense for the year ended December 31, 2019 as compared to the year ended December 31, 2018 was mainly due to (i) a Ch$6,535 million increase in price-level restatements to equity, partially offset by (ii) Ch$4,001 million decrease in price-level restatements of income tax expenses related to CNB.

Net Income

As a result of the foregoing factors, our net income increased 1.7% for the year ended December 31, 2019, from Ch$395,847 million for the year ended December 31, 2018 to Ch$402,739 million for the year ended December 31, 2019.

Liquidity and Capital Resources

Sources of Liquidity

Our liquidity depends upon our capital, reserves and financial investments, including investments in government securities. To cover any liquidity shortfalls and to augment our liquidity position, we have established lines of credit with foreign and domestic banks and we also have access to Central Bank of Chile borrowings.

The following table sets forth our financial obligations by time remaining to maturity. On December 31, 2020, the scheduled maturities of our financial obligations on an accrued basis, were as follows:

	As of December 31, 2020			
	up to 1 year	1 to 5 years	Over 5 years	Total
	(in millions of Ch$)			
Current accounts and demand deposit	19,726,574	-	-	19,726,574
Items in course of collection	201,438	-	-	201,438
Liabilities under agreements to purchase	292,499	55,429	2,386	350,314
Time deposit and saving accounts	10,638,612	200,862	137	10,839,611
Derivative financial agreements	1,833.949	2,128,715	1,830.690	5,793,354
Borrowings from financial institutions	2,115,867	4,154,832	-	6,270,699
Debt issued	566,456	3,600,069	3,265,099	7,431,624
Other financial liabilities	909,265	1,779	-	911,044
Lease Liabilities	64,977	46,365	74,951	186,293
Total	36,349,637	10,188,051	5,173,263	51,710,951

Capital and Reserves

We currently have regulatory capital in excess of the minimum requirement under the current Chilean regulations. According to the General Banking Law, a bank must have regulatory capital of at least 8.0% of its risk-weighted assets, net of required loan loss allowances, and total equity of equity holders of the Bank (the basic capital) of at least 3.0% of its total assets, net of required loan loss allowances. For these purposes, the regulatory capital of a bank is the sum of (1) its E D Q N ¶ V E D V L F F D S L W D O, (2) subordinated bonds issued by the bank valued at their placement price for an amount up to 50% of its basic capital; provided that the value of the bonds shall decrease by 20% for each year that elapses during the peri commencing six years prior to their maturity, and (3) its contingency allowances for loan losses, for an amount of up to 1.25% of its risk-weighted assets. When calculating risk-weighted assets, we also include off-balance sheet contingent loans. For purposes of weighing the risk of a E D Q N ¶ V D V V H W V W K H * H Q H U D O % D Q N L Q J / D Z assets, based on the nature of the issuer, the availability of funds, and the nature of the assets and the existence of colla securing such assets.

The following table sets forth our regulatory capital at the dates indicated. See Note 24 g) to our audited consolidated financial statements appearing elsewhere in this Prospectus for a description of the minimum capita requirements.

	As of December 31,		
	2018	2019	2020
	(in millions of Ch$, except percentages)		
Basic capital	3,457,509	3,791,478	3,893,620
3% of total assets	(1,341,507)	(1,549,129)	(1,705,597)
Excess over minimum required basic capital	2,116,002	2,242,349	2,188,023
Basic capital to consolidated assets	7.73%	7.34%	6.85%
Regulatory capital	4,185,213	4,474,573	4,971,521
Risk-weighted assets	32,801,242	37,281,341	37,125,566
8% of risk-weighted assets	(2,624,099)	(2,982,507)	(2,970,045)
Excess over minimum required regulatory capital	1,561,114	1,492,066	2,001,476
Regulatory capital as a % of 8% of risk-weighted assets	159.49%	105.03%	167.39%
Regulatory capital as a % of risk-weighted assets	12.76%	12.00%	13.39%

We must calculate the credit risk involved on all derivatives contracted over-the-counter with a net asset position and this is included as a risk-weighted asset. Since April 2009, if we have a net liability in a derivative position and if this derivative, under certain stress and volatility measures, becomes a net asset position, then we must also include this derivative as a risk-weighted asset.

Liquidity Management

Liquidity management seeks to ensure that, even under adverse conditions, we have access to the funds necess to cover client needs, maturing liabilities and capital requirements. Liquidity risk arises in the general funding for our financing, trading and investment activities. It includes the risk of unexpected increases in the cost of funding the portfo of assets at appropriate maturities and rates, the risk of being unable to liquidate a position in a timely manner at a reasonable price and the risk that we will be required to repay liabilities earlier than anticipated.

Our general policy is to maintain liquidity adequate to ensure our ability to honor withdrawals of deposits, make repayments of other liabilities at maturity, extend loans and meet our own working capital needs. Our minimum amount o liquidity is determined by the statutory reserve requirements of the Central Bank of Chile. Deposits are subject to a statutory reserve requirement of 9.0% for demand deposits and 3.6% for Chilean peso-, UF-denominated and foreign currency-GHQRPLQDWHG WHUP GHSRVLWV ZLWK D WHUP RI OHVV WKDQ D "The Banking System" Reserve Requirements" 7KH &HQWUDO %DQN RI &KLOH KDV VWDWXWRU\ DX 40.0% for demand deposits and up to 20.0% for term deposits. In addition, a 100% special reserve (reserva técnica) applies to demand deposits, deposits in checking accounts, other demand deposits received or obligations payable on sight and incurred in the ordinary course of business, other than deposits unconditionally payable immediately or within a term of less than 30 days and other term deposits payable within 10 days. This special reserve requirement applies to the amount E\ ZKLFK WKH WRWDO RI VXFK GHSRVLWV H[FHHGV WLPHV WKH DPR banks are deemed to have a maturity of more than 30 days, even if payable within the following 10 days.

The Central Bank of Chile also requires us to comply with the following liquidity limits:

- Our total liabilities with maturities of less than 30 days cannot exceed our total assets with maturities of less than 30 days by an amount greater than our capital. This limit must be calculated in local currency and foreign currencies together as one measurement.

- Our total liabilities with maturities of less than 90 days cannot exceed our total assets with maturities of less than 90 days by more than twice of our capital. This limit must be calculated in local currency and foreign currencies together as one measurement.

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Cash Flow Information

No legal or economic restrictions exist on the ability of subsidiaries to transfer funds to us in the form of loans or cash dividends as long as these subsidiaries abide by the regulations of the Chilean Corporations Law (Ley de Sociedades Anónimas) regarding loans to related parties and minimum dividend payments. U.S. federal banking law imposes restrictions on Bci and certain of its affiliates from borrowing from CNB, unless certain requirements are satisfied. U.S. federal banking law also imposes limitations on the payment of dividends by CNB. In addition to dividend restrictions set IRUWK LQ VWDWXWHV DQG UHJXODWLRQV WKH 2&& PD\ SURKLELW RU payment of a dividend would constitute an unsafe or unsound practice. See the consolidated statements of cash flows our Audited Consolidated Financial Statements for a detailed breakdown of our cash flow.

Year ended December 31, 2019 and 2020

Cash flows provided by operating activities increased in 2020, from Ch$1,132,009 million in 2019 to Ch$1,809,572 million in December 2020, primarily due to the increase in the proceeds from loans from Ch$(10,503) million in 2019 to Ch$3,904,285 million in 2020 due to the government programs to support the financial system during the pandemic.

Cash flow from investing activities varied from Ch$284,270 million used in investing activities in 2019 to Ch$283,256 million provided by investing activities in 2020 mainly due to the acquisition of Executive National Bank of

Ch$57,852 million.

Cash flow provided by financing activities decreased from Ch$344,130 million in 2019 to Ch$109,578 million in December 2020, mainly due to a decrease in bond issuance from Ch$273,626 million to Ch$405,992 million due to the economic conditions during the pandemic and the offset of the government programs in terms of liquidity in 2020.

Year ended December 31, 2018 and 2019

Cash flow from operating activities varied from Ch$109,257 million used in operating activities in 2018 to Ch$1,132,009 million provided by operating activities in 2019, primarily due to an increase in interest and indexation received from Ch$1,693,532 million in 2018 to Ch$2,103,333 million in 2019, as well as a decrease in interest and indexation paid from Ch$733,361 million in 2018 to Ch$501,112 million in 2019. This variation is mainly due to an increase in our loan portfolio due to the acquisitions of TotalBank and Servicios Financieros, in June and December 2018, respectively.

Cash flow used in investing activities varied from Ch$420,978 million in 2018 to Ch$284,270 million in 2019, with this difference being primarily attributable to the absence of acquisitions during 2019, whereas in 2018 we made cas pay-outs for the acquisitions of TotalBank and Servicios Financieros.

Cash flow provided by financing activities decreased from Ch$884,521 million in 2018 to Ch$344,130 million in 2019, mainly due to an increase in bond redemptions.

Deposits and Other Borrowings

The following tables set forth our average monthly balance of deposits upon which we disburse interest for the years indicated, in each case together with the related average nominal interest rates paid thereon.

	Year ended December 31,					
	2018		2019		2020	
	Average balance	Average Nominal Rate	Average balance	Average Nominal Rate	Average balance	Average Nominal Rate
Term deposits..............	16,725,878	2.3%	17,687,168	2.5%	19,830,221	1.1%
Savings accounts.........	47,579	2.8%	47,406	2.7%	52,249	2.7%
Total..........................	16,773,457		17,734,574		19,882,470	

Our most important source of funding is term deposits. Average term deposits represented 84.5% of our average WRWDO OLDELOLWLHV DQG VKDUHKROGHUV¶ HTXLW\ DV RI 'HFHPEHU 2020. Our current funding strategy is to continue to utilize all sources of funding in accordance with their cost, their availability and our general asset and liability management strategy. Special emphasis is being placed on lengthening the maturities of term deposits with institutional clients and increasing our deposits from retail customers. We also intend to continue to broaden our customer deposit base and to emphasize c deposit funding.

Maturity of Deposits

The following tables set forth information regarding the currency and maturity of our deposits at December 31, 2018, 2019 and 2020. UF-denominated deposits are similar to peso-denominated deposits in all respects, except that the principal is readjusted periodically based on variations in the Chilean consumer price index.

	As of December 31, 2020				
	Ch$	UF	Foreign Currency (other than US$)	US$	Total
	(in millions of Ch$, except percentages)				
Current accounts and demand deposits....	8,409,014	56,420	35,275	11,225,865	19,726,574
Savings accounts..	-	55,176	-	-	55,176
Term deposits:					
Maturity within 3 months............................	6,482,395	63,813	5,836	2,720,315	9,272,359
Maturity after 3 but within 6 months.........	828,708	4,403	58	228,373	1,061,542
Maturity after 6 but within 12 months.......	430,984	128	-	5,105	436,217
Maturity after 12 months............................	81	0	-	14,236	14,317

	As of December 31, 2020				
	Ch$	UF	Foreign Currency (other than US$)	US$	Total
	(in millions of Ch$, except percentages)				
Total term deposits................................	7,742,168	68,344	5,894	2,968,029	10,784,435
Total deposits....................................	16,151,182	179,940	41,169	14,193,894	30,566,185

	As of December 31, 2019				
	Ch$	UF	Foreign Currency (other than US$)	US$	Total
	(in millions of Ch$, except percentages)				
Current accounts and demand deposits..	5,696,464	50,693	35,275	8,398,267	14,180,699
Savings accounts....................................	±	48,668	±	±	48,668
Term deposits:					
Maturity within 3 months............................	6,288,861	72,131	5,490	3,014,559	9,381,041
Maturity after 3 but within 6 months.........	1,300,026	12,213	28	187,614	1,499,881
Maturity after 6 but within 12 months.......	1,336,815	2,528	±	829,592	2,168,935
Maturity after 12 months............................	101	239	±	273,891	274,231
Total term deposits................................	8,925,803	87,111	5,518	4,305,656	13,324,088
Total deposits....................................	14,622,267	186,472	40,793	12,703,923	27,553,455

	As of December 31, 2018				
	Ch$	UF	Foreign Currency (other than US$)	US$	Total
	(in millions of Ch$, except percentages)				
Current accounts and demand deposits...........	5,074,816	43,082	37,875	7,066,766	12,222,539
Savings accounts..	±	47,100	±	±	47,100
Term deposits:					
Maturity within 3 months..............................	5,671,443	246,049	4,781	1,752,469	7,674,742
Maturity after 3 but within 6 months............	2,040,000	47,861	29	832,700	2,920,590
Maturity after 6 but within 12 months............	1,011,891	17,088	±	65,662	1,094,641
Maturity after 12 months..............................	3,499	267	±	587,937	591,703
Total term deposits......................................	8,726,833	311,265	4,810	3,238,768	12,281,676
Total deposits..	13,801,649	401,447	42,685	10,305,534	24,551,315

The following tables set forth information regarding the maturity of our outstanding term deposits in excess of US$100,000 at December 31, 2018, 2019 and 2020

	As of December 31, 2020				
	Ch$	UF	Foreign Currency	US$	Total
	(in millions of Ch$, except percentages)				
Time deposits					
Maturity within 3 months..............................	5,557,833	22,870	1,323	2,656,066	8,238,092
Maturity after 3 but within 6 months..............	814,082	1,775	-	226,274	1,042,131
Maturity after 6 but within 12 months.............	427,507	79	-	4,912	432,498
Maturity after 12 months..............................	-	-	-	14,236	14,236
Total deposits in excess of US$100,000..	6,799,422	24,724	1,323	2.901,488	9,726,957

	As of December 31, 2019				
	Ch$	UF	Foreign Currency	US$	Total
	(in millions of Ch$, except percentages)				
Time deposits					
Maturity within 3 months	5,420,614	21,667	1,601	2,952,419	8,396,301
Maturity after 3 but within 6 months	1,277,464	8,931	±	±	1,470,842
Maturity after 6 but within 12 months	1,330,796	2,227	±	±	2,162,047
Maturity after 12 months	±	±	±	273,686	273,686
Total deposits in excess of US$100,000	8,028,874	32,825	1,601	4,239,576	12,302,876

	As of December 31, 2018				
	Ch$	UF	Foreign Currency	US$	Total
	(in millions of Ch$, except percentages)				
Time deposits					
Maturity within 3 months	1,699,231	884	178,517	4,861,080	6,739,712
Maturity after 3 but within 6 months	829,957	±	40,279	2,017,752	2,887,988
Maturity after 6 but within 12 months	65,080	±	16,090	1,003,960	1,085,130
Maturity after 12 months	587,403	±	78	3,397	590,878
Total deposits in excess of US$100,000	3,181,671	884	234,964	7,886,189	11,303,708

Total borrowings

Our long-term and short-term borrowings are summarized below. Borrowings are generally classified as short term when they have original maturities of less than one year or are due on demand. All other borrowings are classified as long-term, as long as their remaining maturity is longer than one year; otherwise, they are considered short-term borrowing. The following table sets forth, at the dates indicated, the components of borrowings.

	As of December 31, 2020		
	Long-term	Short-term	Total
	(in millions of Ch$)		
Other liabilities to Central Bank of Chile	3,904,339	-	3,904,339
Credit loans for renegotiation of loans	-	-	-
Loans received from foreign financial institutions	238,447	872,934	1,111,381
Loans received from domestic financial institutions	12,101	1,242,878	1,254,979
Subtotal	4,154,887	2,115,812	6,270,699
Liabilities under agreements to repurchase	57,814	292,500	350,314
Subtotal	57,814	292,500	350,314
Mortgage finance bonds	4,028	2,482	6,510
Subordinated bonds	1,242,948	15,705	1,258,653
Ordinary bonds	5,618,192	548,269	6,166,461
Subtotal	6,865,168	566,456	7,431,624
Other financial liabilities	1,779	909,265	911,044
Subtotal	1,779	909,265	911,044

	As of December 31, 2019		
	Long-term	Short-term	Total
	(in millions of Ch$)		
Other liabilities to Central Bank of Chile	±	±	±
Credit loans for renegotiation of loans	±	±	±
Loans received from foreign financial institutions	424,812	1,246,236	1,671,048
Loans received from domestic financial institutions	±	1,811,213	1,811,213

Subtotal	424,812	3,057,449	3,482,261
Liabilities under agreements to repurchase	285,639	623,752	909,391
Subtotal	285,639	623,752	909,391
Mortgage finance bonds	6,824	2,805	9,629
Subordinated bonds	927,122	13,499	940,621
Ordinary bonds	5,910,948	155,544	6,066,492
Subtotal	6,844,894	171,848	7,016,742
Other financial liabilities	2,820	1,447,766	1,450,586
Subtotal	2,820	1,447,766	1,450,586

	As of December 31, 2018		
	Long-term	Short-term	Total
		(in millions of Ch$)	
Other liabilities to Central Bank of Chile	±	10,503	10,503
Credit loans for renegotiation of loans	±	±	±
Loans received from foreign financial institutions	369,086	786,264	1,155,350
Loans received from domestic financial institutions	±	1,592,296	1,592,296
Subtotal	369,086	2,389,063	2,758,149
Liabilities under agreements to repurchase	204,152	341,957	546,109
Subtotal	204,152	341,957	546,109
Mortgage finance bonds	9,828	3,404	13,232
Subordinated bonds	909,178	12,382	921,560
Ordinary bonds	4,440,077	603,079	5,043,156
Subtotal	5,359,083	618,865	5,977,948
Other financial liabilities	9,713	745,224	754,937
Subtotal	9,713	745,224	754,937

Central Bank of Chile borrowings

The maturities of the outstanding amounts due under these Central Bank of Chile borrowings are as follows:

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Due within 1 year	10,503	±	-
Due after 1 year but within 2 years	±	±	781,885
Due after 2 years but within 3 years	±	±	-
Due after 3 years but within 4 years	±	±	3,122,454
Due after 4 years but within 5 years	±	±	-
Due after 5 years	±	±	-
Total other liabilities to Central Bank of Chile	10,503	±	3,904,339

Liabilities under agreements to repurchase

The maturities of the outstanding amounts due under these obligations under agreements to repurchase are follows:

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Due within 1 year	341,958	623,752	292,500
Due after 1 year but within 2 years	131,797	208,493	13,908
Due after 2 years but within 3 years	8,105	42,017	103
Due after 3 years but within 4 years	240	26,560	31,994
Due after 4 years but within 5 years	107	±	9,424
Due after 5 years	63,902	8,569	2,386
Total liabilities under agreements to repurchase	546,109	909,391	350,315

Mortgage finance bonds

These bonds were used to finance the granting of mortgage loans. The outstanding principal amounts of the bonds are amortized on a quarterly basis. The range of maturities of these bonds is between five and twenty years. The bonds are linked to the UF index and in 2020 bore a real weighted average annual interest rate of 2.3%. The following table sets forth the remaining maturities of our mortgage finance bonds at the dates indicated.

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Due within 1 year	3,403	2,805	2,482
Due after 1 year but within 2 years	2,778	2,597	2,150
Due after 2 years but within 3 years	2,508	2,232	1,198
Due after 3 years but within 4 years	2,235	1,247	379
Due afer 4 years but within 5 years	1,333	423	229
Due after 5 years	975	325	73
Total mortgage finance bonds	13,232	9,629	6,511

Bonds

The following table sets forth, at the dates indicated, our outstanding bonds. The bonds are denominated principally in UF and are principally used to fund our general activities. The UF-denominated bonds bore annual average interest rate of 2.9%, 2.1% and 1.9% as of the respective dates indicated.

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Bonds denominated in UF	3,433,302	4,024,183	4,130,793
Bonds denominated in foreign currencies	1,609,854	2,042,309	2,035,668

The maturities of these bonds are as follows:

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Due within 1 year	603,079	155,544	548,269
Due after 1 year but within 2 years	103,812	494,184	1,004,552
Due after 2 years but within 3 years	414,135	962,383	880,681
Due after 3 years but within 4 years	823,011	873,832	1,173,421
Due after 4 years but within 5 years	697,597	1,153,091	455,690
Due after 5 years	2,401,522	2,427,458	2,103,848
Total ordinary bonds	5,043,156	6,066,492	6,166,461

The following table sets forth, at the dates indicated, our outstanding subordinated bonds. The bonds are denominated principally in UF and are principally used to fund our general activities and are considered in our regulatory capital. The UF-denominated subordinated bonds bore an annual average interest rate of 4.4% as of December 31, 2018, 2019 and 2020.

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Subordinated bonds denominated in UF	921,560	940,621	1,258,653

The maturities of these bonds are as follows:

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Due within 1 year	12,381	13,499	15,705
Due after 1 year but within 2 years	13,048	14,225	16,551
Due after 2 years but within 3 years	13,750	14,992	22,175
Due after 3 years but within 4 years	14,491	20,086	21,916

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Due after 4 years but within 5 years	19,415	19,851	21,127
Due after 5 years	848,475	857,968	1,161,179
Total subordinated bonds	921,560	940,621	1,258,653

Borrowings from domestic institutions

The following table sets forth, at the dates indicated, our borrowings from domestic institutions. These borrowings are denominated principally in UF, are all due within one year of the date hereof and are principally used to fund our general activities. The UF-denominated borrowings bore an annual average interest rate of 9%, 2.1% and 1.9% at December 31, 2018, 2019 and 2020, respectively. The maturities of these borrowings are as follows.

	As of December 31,		
	2017	2018	2020
		(in millions of Ch$)	
Due within 1 year	1,592,296	1,811,213	1,242,879
Due after 1 year but within 2 years	±	±	12,100
Due after 2 years but within 3 years	±	±	±
Due after 3 years but within 4 years	±	±	±
Due after 4 years but within 5 years	±	±	±
Due after 5 years	±	±	±
Total loans received from domestic financial institutions	1,592,296	1,811,213	1,254,979

Borrowings from foreign institutions

These are short-term and long-term borrowings from foreign banks used to fund our foreign trade business. The maturities of these borrowings are as follows.

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Due within 1 year	786,265	1,246,234	872,934
Due after 1 year but within 2 years	173,470	349,624	71,178
Due after 2 years but within 3 years	195,615	75,190	167,269
Due after 3 years but within 4 years	±	±	±
Due after 4 years but within 5 years	±	±	±
Due after 5 years	±	±	±
Total loans received from foreign financial institutions	1,155,350	1,671,048	1,111,381

The foreign borrowings are denominated principally in U.S. dollars, are principally used to fund our foreign trade loans, and bore an annual average nominal interest rate of 4.7%, 5.8% and 3.5% at December 31, 2018, 2019 and 2020, respectively.

Commercial paper program

On August 3, 2012, we established a U.S. commercial paper program for up to an aggregate maximum amount of US$2,000,000,000. As of December 31, 2020, the outstanding balance of the issued notes under this program was US$1,411,054,680.

International Bond Offerings

On February 11, 2013, we placed notes pursuant to Rule 144A and Regulation S of the Securities Act of 1933 for up to an aggregate maximum amount of US$500,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$506,129,212.

On September 23, 2016, we issued notes under the Program in an aggregate principal amount of EUR$20,000,000. As of December 31, 2020, the outstanding balance of the issued notes was EUR$19,353,502.

On November 17, 2016, we placed notes in the Swiss market for up to an aggregate maximum amount of CHF 90,000,000. As of December 31, 2020, the outstanding balance of the issued notes was CHF 89,825,000.

On August 1, 2017, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$50,272,702.

On October 6, 2017, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$50,164,661.

On October 12, 2017, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$49,527,297.

On October 19, 2017, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$49,313,246.

On October 20, 2017, we issued notes under the Program in an aggregate principal amount of US$40,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$39,961,113.

On November 15, 2017, we issued notes under the Program in an aggregate principal amount of AUD$80,000,000. As of December 31, 2020, the outstanding balance of the issued notes was AUD$79,681,938.

On June 1, 2018, we issued notes under the Program in an aggregate principal amount of JPY5,000,000,000. As of December 31, 2020, the outstanding balance of the issued notes was JPY4,958,600,000.

On July 25, 2018, we issued notes under the Program in an aggregate principal amount of AUD$40,000,000. As of December 31, 2020, the outstanding balance of the issued notes was AUD$40,434,211.

On September 13, 2018, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$50,251,621.

On September 14, 2018, we issued notes under the Program in an aggregate principal amount of AUD$60,000,000. As of December 31, 2020, the outstanding balance of the issued notes was AUD$60,199,719.

On October 4, 2018, we issued notes under the Program in an aggregate principal amount of US$100,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$100,527,490.

On October 19, 2018, we issued notes under the Program in an aggregate principal amount of US$45,000,000. As of December, 2020, the outstanding balance of the issued notes was US$45,061,875.

On October 24, 2018, we issued notes under the Program in an aggregate principal amount of AUD$40,000,000. As of December 31, 2020, the outstanding balance of the issued notes was AUD$39,641,015.

On December 07, 2018, we issued notes under the Program in an aggregate principal amount of US$25,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$24,822,338.

On April 23, 2019, we issued notes under the Program in an aggregate principal amount of US$10,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$9,940,673.

On May 22, 2019, we issued notes under the Program in an aggregate principal amount of CHF$175,000,000. As of December 31, 2020, the outstanding balance of the issued notes was CHF$174,127,345.

On June 14, 2019, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$49,500,844.

On July 10, 2019, we issued notes under the Program in an aggregate principal amount of US$50,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$50,287,527.

On August 28, 2019, we issued notes under the Program in an aggregate principal amount of US$10,000,000. As of December 31, 2020, the outstanding balance of the issued notes was US$9,937,567.

On September 24, 2019, we issued notes under the Program in an aggregate principal amount of CHF$100,000,000. As of December 31, 2020, the outstanding balance of the issued notes was CHF$99,396,402.

On October 29, 2019, we issued notes under the Program in an aggregate principal amount of CHF$105,000,00
As of December 31, 2020, the outstanding balance of the issued notes was CHF$101,881,088.

On December 2, 2019, we issued notes under the Program in an aggregate principal amount of US$20,000,00
As of December 31, 2020, the outstanding balance of the issued notes was US$19,795,808.

On December 2, 2019, we issued notes under the Program in an aggregate principal amount of AUD$30,000,00
As of December 31, 2020, the outstanding balance of the issued notes was AUD$29,179,188.

On March 2020, we issued notes under the Program in an aggregate principal amount of CHF$125,000,000. As of December 31, 2020, the outstanding balance of the issued notes was CHF$123,486,271.

Outstanding balances referred to above include principal plus accrued interest.

Off-Balance Sheet Arrangements and Commitments

We are party to transactions with off-balance sheet risk in the normal course of our business. These transactions expose us to credit risk in addition to amounts recognized in the consolidated financial statements.

Contingent loans and commitments consist of guarantees granted by us in Chilean pesos, UF and foreign currencies (principally U.S. dollars), as well as open and unused letters of credit, among others. The total amount held off balance sheet as of December 31, 2018, 2019 and 2020 were Ch$9,542,536 million, Ch$10,183,550 million and Ch$10,303,770 million, respectively. Contingent loans are considered in the calculation of risk-weighted assets and capital requirements as well as for provisions for contingent loan requirements.

Other off-balance sheet arrangements include commitments to extend credit such as overdraft protection and cred card lines of credit. Such commitments are agreements to lend to a customer at a future date, subject to the custon compliance with the contractual terms. The aggregate amount of these commitments was Ch$10,018,723 million as of December 31, 2020, which will be financed with our deposit base. Since a substantial portion of these commitments is expected to expire without being drawn upon, the total amount of commitments does not necessarily represent our actual future cash requirements. We use the same credit policies in making commitments to extend credit as we do for grantir loans. In the opinion of our management, our outstanding commitments do not represent an unusual credit risk.

From time to time, we enter into agreements to securitize certain assets by selling those assets to unconsolidat and unaffiliated entities, which then sell debt securities secured by those assets. These sales are non-recourse to us. However, in the past, we have occasionally purchased a subordinated bond issued by one of these unconsolidated entit At December 31, 2020, we did not hold any of these subordinated bonds in our investment portfolio.

Asset and Liability Management

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our policies with respect to asset and liability management.

Dividends

Under the current General Banking Law, a Chilean bank may only pay a single dividend per year and interim dividends are not permitted. Our annual dividend is proposed by our board of directors and is approved by ou
VKDUHKROGHUV DW WKH DQQXDO RUGLQDU\ VKDUHKROGHUV¶ PHHWLQJ in the year following the year in which the dividend is generated.
For example, our 2015 dividend was proposed and approved during the first four months of 2016. Following shareholde approval, the proposed dividend is declared and paid. Historically, the dividend for a particular year has been declared and
SDLG QR ODWHU WKDQ WZR PRQWKV IROORZLQJ WKH VKDUHKROGHUV¶
fifth day preceding the date set for payment of the dividend.

Under the General Banking Law, a bank must distribute cash dividends in respect of any fiscal year in an amount equal to at least 30% of its net income for that year, provided the dividend may not result in the infringement of minimum capital requirements. The balance of our distributable net income is generally retained for use in our business (including for the maintenance of any required legal reserves). Although our board of directors currently intends to pay regular annu dividends, the amount of dividend payments will depend upon, among other factors, our current level of earnings, capital and legal reserve requirements, and market conditions, and there can be no assurance as to the amount or timin future dividends.

The following table presents dividends declared and paid by us in nominal terms in the years indicated:

Year Paid	Outstanding common shares	Dividend (in millions of Ch$)	Per share Ch$/share	% of Earnings[1]
2016	110,806,999	110,807	1,000	33.5%
2017	123,564,219	123,565	1,000	36.3%
2018	135,892,980	131,192	1,050	35.3%
2019	141,616,409	135,893	1,000	34.3%
2020	148,767,940	141,616	1,000	35.2%

(1) Calculated by dividing dividend paid in the year by net income for the previous year.

Capital Additions

The following table reflects capital additions in each of the years indicated:

	Year ended December 31,		
	2018	2019	2020
Land and buildings	14,132	8,491	4,871
Machinery and equipment	26,227	12,417	7,527
Other	6,958	12,735	11,392
Subtotal	47,317	33,643	23,790
Intangible Assets	298,814	80,255	75,517
Total	346,131	113,898	99,307

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

General

This section describes the market risks to which we are exposed in our business activities. Additionally, an explanation is included of the internal tools and regulatory methods used to control these risks, portfolios over which these tools and methods are applied, and quantitative disclosures that demonstrate the level of exposure to financial risk we ha assumed.

The principal types of risk inherent in our business are market, liquidity, operational and credit risk. The effectiveness with which we are able to manage the balance between risk and reward is a significant factor in our ability t generate long-term stable earnings growth. Our senior management places great emphasis on risk management.

Market Risk

Market risk is the risk of losses due to unexpected changes in interest rates, inflation, foreign exchange rates an prices in general, including risk premiums associated with credit, counterparty and liquidity risks inherent in different financial instruments.

Our market risk analysis focuses on managing risk exposure relating to (i) the interest rate risk inherent in our IL[HG LQFRPH SRUWIROLR FRPSULVHG RI [illegible] Chilean government bonds, corporate bonds, mortgage finance bonds issued by third parties and interest rate derivativ and U.S. treasury bonds as part of the CNB portfolio; (ii) the interest rate risk relating to asset and liability positions; (iii) liquidity risk; and (iv) our net foreign currency position, which includes all of our assets and liabilities in foreign currencies (mainly U.S. dollars), including derivatives that hedge certain foreign currency mismatches that arise between investments and the funding thereof.

We are exposed to market risk mainly as a result of the following activities:

- trading in financial instruments, which exposes us to interest rate risk and foreign exchange rate risk;
- engaging in banking activities, which subjects us to interest rate risk, since a change in interest rates affecting gross interest income, gross interest expense and customer behavior;
- engaging in banking activities, which exposes us to inflation rate risk, since a variation in the Chilean consumer price index or expected inflation affects gross interest income, gross interest expense and custom behavior;
- trading in the local equity market, which subjects us to potential losses caused by fluctuation of the stock market; and
- investing in assets or funding with liabilities whose returns or accounts are denominated in currencies other than the peso, which subjects us to foreign exchange risk between the peso and such other currencies.

Interest Rate Sensitivity

A key component of our asset and liability risk management policy is the management of interest rate sensitivity. Interest rate sensitivity is the relationship between market interest rates and net interest revenue due to the maturity reprice characteristics of interest earning assets and interest bearing liabilities. For any given period, the pricing structure i matched when an equal amount of such assets or liabilities mature or reprice in that period. Any mismatch of interes earning assets and interest bearing liabilities is known as a gap position. A positive gap denotes asset sensitivity and normally means that an increase in interest rates would have a positive effect on net interest revenue, while a decrease interest rates would have a negative effect on net interest revenue.

Our interest rate sensitivity strategy takes into account not only the rates of return and the underlying degree of risk, but also liquidity requirements, including minimum regulatory cash reserves, mandatory liquidity ratios, withdrawal and maturity of deposits, capital costs and additional demand for funds. We monitor our maturity mismatches and position and we manage them within established limits.

Exchange Rate Sensitivity

Our operating income is affected from fluctuations in the exchange rate of the Chilean peso with foreign currencies, mainly the U.S. dollar, and with the UF, the local inflation-linked unit. Although we may record foreign currency-related gain or losses, our current policy is to attempt to avoid significant impact on our results from fluctuations in the exchange rates between the Chilean peso and the U.S. dollar or any other foreign currency. Chilean bankin regulation limits the maximum net foreign currency exposure that a bank is allowed to hold to 20% of its regulatory capital plus reserves. As of December 31, 2020, our net exposure was Ch$504,502 million (US$709 million), or 10.01% of our UHJXODWRU\ FDSLWDO SOXV UHVHUYHV UHSUHVHQW 6HH G$VVHW DQG /LDELOLW\ 0

The rate of devaluation or revaluation of the peso against the U.S. dollar can be expected to have the followin principal effects:

- if we maintain a net asset position in U.S. dollars and a devaluation of the peso against the U.S. dollar occurs we would record a related gain, and if an appreciation of the peso occurs, we would record a related loss;

- if we maintain a net liability position in U.S. dollars and a devaluation of the peso against the dollar occurs, we would record a related loss, and if an appreciation of the peso occurs, we would record a related gain;

- if the inflation rate for a period exceeded the devaluation of the peso against the U.S. dollar during the same period, we would record a related gain if we had a net asset position in UFs that exceeded a net liability position in U.S. dollars, and we would record a related loss if we had a net liability position in U.S. dollars that exceeded a net asset position in UFs. The same effect would occur if there were an appreciation of th peso against the U.S. dollar; and

- if the inflation rate for a period is lower than the rate of devaluation of the peso against the U.S. dollar during the same period, we would record a related gain if we maintained a net asset position in U.S. that exceeds net liability position in UFs and would record a related loss if we had a net liability position in U.S. dollars that exceeds a net asset position in UFs. The same effect would occur if there were an appreciation of th peso against the U.S. dollar.

Policies

Our asset and liability management policies are developed by our Assets and Liabilities Committee, following guidelines established by our Board of Directors. The Assets and Liabilities Committee includes the Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, the Treasurer, and the Heads of Financial Risk Management, Sales and Trading Desks, Control & Planning and Retail and Commercial Banking Divisions. The role of the Assets an Liabilities Committee is to ensure that our treasury DQG LQWHUQDWLRQDO GLYLVLRQV¶ RSHU with our internal risk policies as well as applicable regulatory supervision and limits. The Assets and Liabilities Committe typically meets on a monthly basis. Senior members of our Risk and Treasury departments meet regularly in a Finance and Risk Committee to address specific topics of these areas such as market risk limits or counterparty exposure.

Our Treasury and International divisions manage the banking book and the trading portfolios following the guidelines set by the Assets and Liabilities Committee and the Market Risk and Credit Risk departments. The Market Ris GHSDUWPHQW¶V PDLQ DFWLYLWLHV FRQVLVW L GHYHORSPHQW RI methodologies SR and controls to quantify risk; (iii) definition of limits that allow mitigating and restricting risk levels; (iv) setting the guidelines for the pricing of financial instruments such as derivatives instruments and fixed income instruments according to valuation data provided by the market; and (v) methodological support for the creation of new products.

Our policy on asset and liability management is to maximize net interest income and return on assets and equity i light of interest rate, liquidity and foreign exchange risks and within the limits of Chilean banking regulation. See ³5HJXODWLRQ DQG 6XSHUYLVLRQ´

As of December 31, 2020, maturity and currency analysis of our assets and liabilities were as follows:

	As of December 31, 2020				
Assets	1Y	5Y	10Y	10Y+	Total

	As of December 31, 2020				
Assets	1Y	5Y	10Y	10Y+	Total
Ch$	13,533,950	5,204,403	494,497	127,425	19,360,275
UF	4,654,863	5,778,857	3,967,524	2,754,589	17,155,833
MX	10,690,627	6,225,117	2,007,756	996,069	20,539,569
Total	28,879,440	17,208,377	6,469,777	3,878,083	56,435,677
Liabilities	1Y	5Y	10Y	10Y+	Total
Ch$	12,758,055	9,027,988	143,481	170,521	22,100,045
UF	1,535,748	5,620,822	3,273,878	1,614,803	12,045,251
MX	7,083,368	10,688,360	764,002	87,390	18,623,120
Total	21,377,171	25,337,170	4,181,361	1,872,714	52,768,416
Mismatch	1Y	5Y	10Y	10Y+	Total
Ch$	775,895	(3,823,585)	351,016	(43,096)	(2,739,770)
UF	3,119,115	158,035	693,646	1,139,786	5,110,582
MX	3,607,259	(4,463,243)	1,243,754	908,679	1,296,449
Total	7,502,269	(8,128,793)	2,288,416	2,005,369	3,667,261

Regulatory Method to Control Market Risk

On a stand alone basis, we must divide our balance sheet into two separate categories: (i) a trading portfolio (*Libro de Negociación*) and (ii) a stand alone non-trading, or structural, portfolio (*Libro de Banca*). The trading portfolio, as defined by the CMF (former SBIF), includes all instruments valued at market prices, free of any restrictions for their immediate sale, frequently traded by us and kept with the intention to be sold in the short-term in order to profit from short-term price variations. The non-trading portfolio is defined as all instruments in the balance sheet not considered in the trading portfolio.

We must also report the following absolute risk levels:

Trading Portfolio:

- Exposure to interest rate risk: the interest rate risk is calculated using sensitivity analysis to measure potential losses assuming an increase in nominal rate yield curves, real rates and foreign currency rates of 75 to 35 basis points.

- Exposure to foreign currency risk: the foreign currency risk is calculated using sensitivity factors linked to the credit risk rating of the issuing country.

- Market risk exposure of options: options risk is calculated using sensitivity factors called delta, gamma and vega that basically measure the sensitivity of the value of the options to changes in price of the underlying security and its volatility.

Non-trading Portfolio:

- Exposure to short-term interest rate risk: sensitivity analysis that is calculated for assets and liabilities with maturities of less than one year, assuming a 200 basis point parallel shift of the nominal yield curve, a 400 basis point parallel shift for real rates and a 200 basis point parallel shift for foreign interest rates.

- Exposure to inflation risk: sensitivity analysis that is calculated for our net position in assets and liabilities, comprised of UF-denominated instruments, assuming a 200 basis point adverse impact on the related yield curve.

- Exposure to long-term interest rate risk: sensitivity analysis that is calculated for assets and liabilities with maturities over one year, assuming a 200 basis point parallel shift of the nominal yield curve, a 400 basis point parallel shift for real rates and a 200 basis point parallel shift for foreign interest rates

The CMF (former SBIF) has defined various limits for these risks:

1. Limit on exposure to market risk of our trading portfolio. Our regulatory capital must be greater or equal to the sum of the exposure to market risk multiplied by the minimum capital adequacy ratio defined in the General Banking Law, as shown in the following formula:

$$RC \pm ((k * RWA) + EMR) \bullet$$

Where:

RC: Regulatory capital as defined by the General Banking Law.
k: Minimum capital adequacy ratio. We are required to use a 8.0% minimum capital adequacy ratio.
RWA: Consolidated risk-weighted assets as defined by the General Banking Law.
EMR: Exposure to market risk. Our exposure to market risk is equal to the total market risk of our unconsolidated trading portfolio.

2. Limit on exposure to short-term interest rate and inflation risk of our non-trading portfolio. Our exposure to short term interest rate and inflation risk of the non-trading portfolio cannot exceed 25% of our stand alone net interest income plus fees sensitive to interest rate volatility.

3. Limit on exposure to long-term interest rate risk of our non-trading portfolio. Our exposure to long-term interest rate risk of the stand alone non-trading portfolio cannot exceed 20% of our regulatory capital.

The following is a description of the models adopted by local regulators for measuring each component of market risk.

Interest Rate Risk of Trading Portfolio (1)

The interest rate risk of the trading portfolio as defined by the Central Bank of Chile is equal to the sum of:

- Sensitivity analysis of the trading portfolio;
- Vertical adjustment factor; and
- Horizontal adjustment factor.

The sensitivity factor of the trading portfolio is calculated using the following formula:

$$\sum_{m}^{M} \left| \sum_{i=1}^{14} (a_{mt} \times A_{mt} - a_{mt} \times P_{mt}) \right|$$

Where:
Amt = Trading assets (pesos, inflation-linked and foreign currency)
Pmt = Liabilities funding trading positions (pesos, inflation-linked and foreign currency)
amt = Sensitivity factor to increase in interest rate
M = Highest currency value
m = Currency (pesos, inflation-linked and foreign currency)
t = Time period
$\sum$ = Summation
| | = Absolute value

The vertical adjustment factor is calculated as follows:

$$\sum_{m}^{M} \sum_{i=1}^{14} \beta \times Min(a_{mt} \times A_{mt} - a_{mt} \times P_{mt})$$

Where:
ß = Vertical adjustment factor, equal to 10%
Min = Compensated net position

A horizontal adjustment must be made following the vertical adjustment. To determine the horizontal adjustment the horizontal adjustment factor must be multiplied by the compensated net position for Zone 1, Zone 2, Zone 3; Zones 1 and 2; Zones 2 and 3; and Zones 1 through 3.

Horizontal adjustment = Adjusted net position

Compensated net position Zone 1, 2 or 3:.........	Min (adjusted net asset position; absolute value of adjustec liability position in Zone 1, 2 or 3).
Compensated net position Zones 1 and 2:.....	Min (adjusted net asset position in Zones 1 and 2, absolute val adjusted net liability position in Zones 1 and 2).
Compensated net position Zones 2 and 3:.....	Min (adjusted net asset position in Zone 3 and Zone 2 (dedu adjusted net asset position that have been compensated for wi liability positions in Zone 1), absolute value of adjusted net liability position in Zone 3 and Zone 2 (deducting adjusted net liab positions that have been compensated for with net liability posit in Zone 1).
Compensated net position Zones 31................	Min (Adjusted net asset position in Zone 3 and Zone 1 (deductin adjusted net asset position that have been compensated for wi liability positions in Zone 2), absolute value of adjusted net liab position in Zone 3 and Zone 1 (deducting adjusted net liab positions that have been compensated for with net liability positior in Zone 2).

(1) In compliance with current regulations of the Central Bank of Chile and the CMF.

The following table illustrates the value of the different factors used for calculating the interest rate risk of the trading portfolio:

			Change in interest rate (bp)			Sensitivity factor				Horizontal adjustment factor		
Zone		Period	Ch$	UF	FX	Ch$	UF	FX	Vertical adjustment factor	Within the zones	Between adjacent zones	Between zones 1 and 3
Zone 1.	1	Up to 30 days	125	350	125	0.0005	0.0014	0.0005	ß = 10%			
	2	31 days to 3 months	125	300	125	0.0019	0.0047	0.0020	ß = 10%			
	3	3 - 6 months	125	250	125	0.0042	0.0088	0.0044	ß = 10%			
	4	6 - 9 months	125	200	125	0.0069	0.0116	0.0072	ß = 10%			
	5	9 months ±1 year	125	175	125	0.0095	0.0140	0.0100	ß = 10%			
Zone 2.	6	1 - 2 years	100	125	100	0.0124	0.0166	0.0133	ß = 10%			%
	7	2 -3 years	100	100	100	0.0191	0.0211	0.0211	ß = 10%			
	8	3 - 4 years	100	100	100	0.0248	0.0281	0.0281	ß = 10%			
Zone 3.	9	4 - 5 years	75	75	75	0.0221	0.0258	0.0258	ß = 10%	= 30%		
	10	5 - 7 years	75	75	75	0.0263	0.0320	0.0320	ß = 10%			
	11	7 - 10 years	75	75	75	0.0307	0.0401	0.0401	ß = 10%			
	12	10 - 15 years	75	75	75	0.0332	0.0486	0.0486	ß = 10%			
	13	15-20 years	75	75	75	0.0317	0.0534	0.0534	ß = 10%			
	14	> 20 years	75	75	75	0.0278	0.0539	0.0539	ß = 10%			

Foreign Currency Risk

The foreign currency risk as defined by the Central Bank of Chile is equal to:

$$Max\left[\left\{\sum_{i} NAP_{i} \times \sigma_{i} - \sum_{j} NAP_{j} \times \sigma_{j}\right\}\left\{\left|\sum_{i} NLP_{i} \times \sigma_{i} - \sum_{j} NLP_{j} \times \sigma_{j}\right|\right\}\right] + \left|NP_{gold} \times \sigma_{i}\right|$$

Where:
NAP = Net asset position.
NLP = Net liabilities position.
NPgold = Net gold position.
i = Foreign currency of countries with AAA sovereign rating.
j = Foreign currency of countries with sovereign rating lower that AAA.
1 L = Sensitivity factor for i (8)%.
1 M = Sensitivity factor for j (35)%.

™ = Summation.

| | = Absolute value.

Max = Maximum value.

Interest Rate and Inflation Risk of Non-trading Portfolio

The short-term interest rate risk and inflation risk of non-trading portfolio as defined by the Central Bank is equal to:

$$\sum_{m}^{M}\left|\sum_{i=1}^{5}(A_{m} \times P_{m}) \times U_{i}\right| + \left|PN_{UR} \times \tau\right| + \left|\Delta Ø\right|$$

The long-term interest rate risk of the non-trading portfolio is calculated according to the following formula:

$$\sum_{m}^{M}\left|\sum_{i=1}^{14}(A_{m} \times P_{m}) \times \rho_{m}\right|$$

Where:
Amt = Non-trading assets (Ch$, inflation linked and foreign currency).
Pmt = Non-trading liabilities (Ch$, inflation linked and foreign currency).
µt = Sensitivity factor associated with interest rate movement.
NPur = Net position in inflation linked instruments, including those subject to price level restatement.
t = Inflation index sensitivity factor. This factor is equal to 2%.
¨ J = Effect on fees from shifts in interest rate and assumes a 200 basis point movement.
! = Sensitive factor to increase in interest rates.
t = Time period.
m = Currency (pesos, inflation linked and foreign currency).
™ = Summation.
| | = Absolute value.

The following table illustrates the value of the different factors used for calculating the interest rate risk and inflation risk of the non-trading portfolio:

Period		Change in interest rate (bp)			Sensitivity factor short-term	Sensitivity factor long-term (mt)[1]		
		Ch$	UF	FX	(t)	Ch$	UF	FX
1	Up to 30 days..................	200	400	200	0.0192	0.0008	0.0016	0.0008
2	31 days to 3 months.......	200	400	200	0.0167	0.0030	0.0063	0.0031
3	3 - 6 months.....................	200	400	200	0.0125	0.0067	0.0140	0.0070
4	6 - 9 months.....................	200	400	200	0.0075	0.0110	0.0231	0.0116
5	9 months - 1 year.............	200	400	200	0.0025	0.0152	0.0320	0.0160
6	1 - 2 years........................	200	300	200	±	0.0248	0.0399	0.0266
7	2 - 3 years........................	200	200	200	±	0.0382	0.0422	0.0422
8	3 ±years...........................	200	200	200	±	0.0496	0.0563	0.0563
9	4 - 5 years........................	200	200	200	±	0.0591	0.0690	0.0690
10	5 - 7 years........................	200	200	200	±	0.0702	0.0856	0.0856
11	7 -10 years.......................	200	200	200	±	0.0823	0.1076	0.1076
12	10 - 15 years....................	200	200	200	±	0.0894	0.1309	0.1309
13	15 - 20 years.....................	200	200	200	±	0.0860	0.1450	0.1450
14	> 20 years........................	200	200	200	±	0.0762	0.1480	0.1480

(1) Currency positions over time.

As of December 31, 2020, our interest rate risk gap for short-term assets and liabilities of the non-trading portfolio, measured according to the methodology described above, was 15.31% of our gross margin. Our interest rate risk gap for long-term assets and liabilities was 10.01% of our regulatory capital. In each case, the interest rate risk gaps were in compliance with current Chilean regulations.

Options Risk

The exposure to market risk of options is calculated using sensitivity factors delta, gamma and vega.

Delta

Delta of a derivative financial instrument is the rate of change of its price relative to the price of the underlyi asset. It is the first derivation of the curve that relates the price of such derivative to the price of the underlying secu When delta is high, the price of the derivative financial instrument is sensitive to small changes in the price of the underlying security.

Gamma

Gamma of a derivative financial instrument is the rate of change of delta relative to the price of the underlying asset. It is the second derivation of the option price relative to the security price. When gamma is low, the change in delta is low. The gamma impact is calculated using the following formula:

Gamma impact = Gamma * (Variation of underlying security)^2 / 2

Vega

Vega is one of the factor sensitivities used to measure sensitivity to the implied volatilities of the underlying security. Vega is the rate of change in the price of a derivative financial instrument relative to the volatility of the underlying security. When vega is high, the derivative financial instrument is sensitive to small changes in volatility. In general, a long option position will benefit from rising implied volatilities and suffer from declining implied volatilities. Short option positions display opposite behavior. As defined by the Central Bank of Chile, the Vega Risk is the sum in absolute value of the vega impacts for each option held by a bank. These impacts will be calculated assuming a change o 25% in the volatility rate.

Assumptions and Limitations of Scenario Simulations / Sensitivity Analysis

Our scenario simulation methodology should be interpreted in light of the limitations of our models, which include:

- The scenario simulation assumes that the volumes remain on balance sheet and that they are always renew at maturity, omitting the fact that credit risk considerations and prepayments may affect the maturity of certain positions.

- This model assumes set shifts in interest rates (*movimientos paralelos de tasa*) and sensitivity factors for different time periods and does not take into consideration any other scenario for each time period or other sensitivity factors.

- The model does not take into consideration the sensitivity of volumes to these shifts in interest rates.

- The model does not take into consideration our subsidiaries which are subject to market risks.

Quantitative Disclosures about Market Risk

The following table illustrates our market risk exposure as of December 31, 2018, 2019 and 2020, calculated according to the Chilean regulatory method. Our maximum exposure to long-term interest rate fluctuations is set at 20% of regulatory capital and is approved by our board of directors.

	As of December 31,		
	2018	2019	2020
	(in millions of Ch$)		
Market risk of trading portfolio	255,385	311,108	285,162
8% x risk-weighted assets	2,624,099	2,984,712	3,075,244
Subtotal	2,879,484	3,295,820	3,360,406
Limit = regulatory capital	4,185,213	4,474,573	5,041,621
Available margin	1,305,729	1,178,753	1,681,215
Market risk of short-term non-trading portfolio	189,076	169,886	141,336
Limit = 27% of (net interest revenue + net interest income sensitive to interest rates)	248,696	252,994	249,221
Available margin	59,619	83,108	107,886
Market risk of long-term non-trading portfolio	311,273	313,863	504,502
Limit = 20% of regulatory capital	829,038	910,388	1,008,324
Available margin	517,765	596,525	503,822

Internal Methods to Control Market Risk

Below is a quantitative and qualitative description of our markets risks tools according to our internal guidelines. Our policies establish a set of tools to monitor market risks using statistical and non-parametric approaches. The main tools are Value-at-Risk (VaR) for the trading portfolios and sensitivity analysis for the loan portfolio. We complement both tools with a series of stress tests using historical, parametric and non-parametric scenarios.

VaR Methodology

General

We use value-at-risk methodology to measure and control the price risk of our trading portfolio. We also use this tool for other securities and portfolios subject to mark to market valuation, mainly bond holdings available for sale. Variation in VaR is generally a result of interest rate and foreign exchange rates fluctuations, portfolio rebalancing, or bo

VaR is an estimate of the expected loss in the market value of a portfolio over a 10-day horizon at one-tailed 99% confidence interval. Given our accounting currency, VaR is measured in Chilean pesos. VaR is calculated daily, after the end of the trading session. We perform one day profits and losses forecasts relying on historical simulation of relevant risk factors. We use almost four years of daily data and perform volatility updating to account for volatility clusters. We scale our forecast to a 10-day regulatory window with the square root rule.

VaR Limits

VaR limits are revaluated periodically at the Asset Liability Committee or other senior committee. Although there is not an explicit rule for its calculation, we use 1% of equity as a benchmark.

Assumptions and Limitations of VaR Model

Whereas value-at-risk provides a valuable tool for managing market risk, our management recognizes its limitations. The pros and cons of the different VaR approaches had been widely documented in the risk manageme literature. But regardless of the methodology chosen, it is dangerous to rely in the VaR as the sole market risk barometer. Amongst the main limitations of our historic simulation model, we can name the following:

- Historic simulation methodology assumes the past is the best forecast for future VaR.
- Risk factors dependencies not realized in history remain as model risk.
- Fat tails may be only partially captured. Fat tail is a cumulative density distribution in which extreme events are more likely to occur than, for example, a standard normal distribution.
- Our portfolio value-at-risk changes during the trading session are not accounted for.

Stress Tests and Scenario Analysis

Given the limitations of these models, we perform different stress analysis as a complement to VaR calculations:

- Normative (internal) variations in risk factors (i.e. shifts to the IR (interest rates) term structure; foreign exchange shocks).
- Stress Test (Expected Shortfall, Worst Case, Stressed VaR, VaR without volatility scaling).
- Model sensibilities (variations to the historical data window and/or to model parameters).

Other Limits

We have also set position limits for certain portfolios like foreign exchange exposure and options portfolio. Profit and Loss (PnL) limits are also in place to preserve capital from unexpected losses.

We also include descriptive statistics for both trading and non-trading portfolios during 2019 and 2020. The following chart shows the evolution of our 10-day VaR measure during 2020:

The following table shows descriptive statistics for our trading and non-trading portfolios as of December 31, 2018, 2019 and 2020.

	As of December 31, 2020			
	Average	Maximum	Minimum	Close
	(in millions of Ch$)			
VaR trading portfolio by type of risk				
Fx risk	1,058	5,784	3	106
Interest rate risk	2,830	5,165	481	1,853
Diversification[1]	423	3,291	116	96
VaR total	3,465	7,658	600	1,863
VaR Non-trading portfolio by type of risk	1,884	5,176	101	908
Fx risk	779	2,902	5	531
Interest rate risk	394	3,034	292	409
Diversification[1]	2,269	5,045	398	1,030
VaR total				

	As of December 31, 2019			
	Average	Maximum	Minimum	Close
	(in millions of Ch$)			
VaR trading portfolio by type of risk				
Fx risk	1,045	8,646	8	156
Interest rate risk	4,047	6,470	2,628	4,330
Diversification[1]	778	4,267	287	224
VaR total	4,314	10,849	2,923	4,262
VaR Non-trading portfolio by type of risk				
Fx risk	1,636	6,470	378	5,513
Interest rate risk	449	2,657	76	184
Diversification[1]	412	2,705	257	269
VaR total	1,673	6,422	197	5,428

	As of December 31, 2018			
	Average	Maximum	Minimum	Close
	(in millions of Ch$)			
VaR trading portfolio by type of risk				
Fx risk	671	2,754	6	1,929
Interest rate risk	3,478	5,933	2,276	4,298
Diversification[1]	612	3,409	±	1,243
VaR total	3,537	5,278	2,282	4,984
VaR Non-trading portfolio by type of risk				
Fx risk	1,154	8,190	493	1,042
Interest rate risk	372	621	75	492
Diversification[1]	(319)	(650)	(12)	(471)
VaR total	1,207	8,161	580	1,063

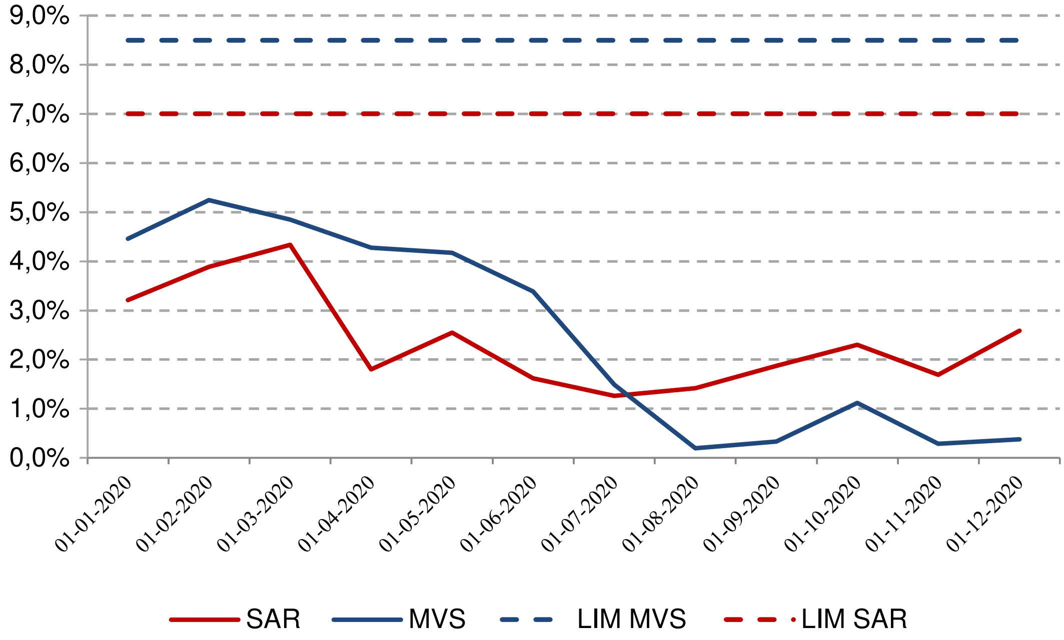
(1) Diversification is defined as the effect of correlation of Total VaR.

Asset and Liability Management

Sensitivty Analysis

We perform sensitivity analysis by monitoring the changes in the present value of our assets and liabilities associated with changes in the reference yield of 100 basis points. We perform this analysis for the whole banking book through our Market Value Sensitivity (MVS) model, and for the short-term portion of our balance sheet through our Spreads-at-Risk (SaR) Model. As of December 31, 2020 our overall MVS limit was set at 8.5% of our regulatory capital, whereas the overall SaR limit was set at 7% of our net interest income. We perform these analyses for pesos, UF and foreign currency denominated assets and liabilities.

The following chart compares our actual MVS and SaR indicators for the year ended December 31, 2020, against their respective limits.



The table below sets forth our detailed MVS analysis as of December 31, 2020:

	Up to 3 months	3 months ± 1 year	1 year to 5 years	5 years to 10 years	Over 10 years	Total
			(in millions of Ch$)			
Cash and due from banks	3,584,889	0	0	0	0	3,584,889
Commercial loans	5,807,355	4,050,935	7,012,072	1,902,040	962,529	19,734,931
Consumer loans	478,483	655,308	1,557,837	135,763	46,566	2,873,957
Mortgages	609,395	1,223,256	3,806,680	2,618,224	2,089,052	10,346,607
Securities purchased under resale agreements	39,402	0	0	0	0	39,402
Investments instruments	2,291,216	740,528	2,340,790	777,200	660,727	6,810,460
Financial derivative instruments	4,785,539	433,360	2,303,563	1,026,788	117,437	8,666,687
Other assets	4,366,686	433,088	187,436	9,763	1,773	4,998,745
Total assets	21,962,965	7,536,475	17,208,377	6,469,777	3,878,083	57,055,677
Total (%)	38%	13%	30%	11%	7%	100%
Deposits and other liabilities payable on demand	4,446,087	94,843	14,658,823	0	0	19,199,753
Savings account and time deposits	8,294,103	1,753,025	187,152	48	105	10,234,433
Securities sold under repurchase agreements	80,932	0	1,106,422	0	0	1,187,354
Liabilities with domestic creditors	543,024	259,999	2,031,716	0	0	2,834,739
Liabilities with foreign creditors	1,012,471	1,833	0	7,924	0	1,022,229
Bonds	155,555	662,941	3,876,427	2,253,173	1,592,754	8,540,849
Financial derivative instruments	2,509,185	472,574	3,476,629	1,920,217	279,856	8,658,461
Other liabilities	1,043,746	46,852	0	0	0	1,090,598
Total liabilities	18,085,104	3,292,067	25,337,170	4,181,362	1,872,714	52,768,416
Total (%)	34%	6%	48%	8%	4%	100%
Total	3,877,861	4,244,408	(8,128,792)	2,288,,415	2,005,369	4,287,261
Total (%)	90%	99%	(190)%	53%	47%	100%

Stress Test and Scenario Analysis

In addition to the sensitivity analysis described above, we perform stress testing of our balance sheet to account fo extreme scenarios. We develop historic scenarios for interest rate risk, currency risk and inflation risk of our loan portfo The results of the stress tests are presented quarterly to the Asset Liability Committee.

Disclosures Regarding Derivative Financial Instruments

We enter into transactions involving derivative financial instruments, particularly foreign exchange forward contracts and interest rates swaps, as part of our asset and liability management and as part of our dealer activities UHVSRQVH WR RXU FOLHQWV¶ needs.

Derivative financial instruments are carried at fair value at market price on the balance sheet and the unrealized gain (loss) on them is classified as a separate line item on the income statement. Banks operating in Chile generally mu mark to market their derivative financial instruments. Derivative financial instruments that are classified as being held for trading purposes must be marked to market and the unrealized gain or loss must then be recognized in the incom statement. With respect to our derivative financial instruments held for hedging purposes, changes in book value of hedge items are inclded in the mark-to-market and trading line items, except to the extent set forth below.

The CMF (former SBIF) recognizes three kinds of hedge accounting: (i) cash flow hedges, (ii) fair value hedges and (iii) hedging of foreign investments:

- When a cash flow hedge exists, the fair value movements on the part of the hedging instrument that is effective are recognized in equity. The loss or gain is transferred to the consolidated statement of income to the extent that the hedged item impacts the income statement because of the hedged risk, offsetting the effect in the same line of the consolidated statement of income. Any ineffective portion of the fair value movement on the hedging instrument is recognized in the income statement.

- When a fair value hedge exists, the fair value movements on the hedging instrument and the corresponding fair value movements on the hedged item are recognized in the income statement. Hedged items in the balance sheet are presented at their market value.

- When a hedge of foreign investment exposure exists (i.e. investment in a foreign branch), the fair value movements on the part of the hedging instrument that is effective are recognized in equity. The accumulated difference is to be transferred to the consolidated statement of income at the date at which the sale on disposal occurs. Any ineffective portion of the fair value movement on the hedging instrument is recognized in the income statement.

Although we classify some of our derivative financial instruments as being held for trading, in accordance with the guidelines set forth by the CMF, only a minor portion of our derivative financial instruments are actually used for speculative purposes or trading.

Foreign exchange forward contracts involve an agreement to exchange payments denominated in a certain currency for payments denominated in another currency at an agreed price and settlement date. These contracts are generally standardized contracts, normally for periods between one and 180 days and are not traded in a market; however, in the normal course of business and with the agreement of the original counterparty, they may be terminated assigned to other counterparties.

When we enter into a foreign exchange forward contract, we analyze and approve the risk (the credit risk that the counterparty might default on its obligations). Subsequently, on an ongoing basis, we monitor the possible losses involve in each contract. To manage the level of credit risk, we deal with counterparties of good credit standing, enter into master netting agreements whenever possible and, when appropriate, obtain collateral.

The Central Bank of Chile requires that foreign exchange forward contracts be made only in U.S. dollars and othe major foreign currencies. Most of our forward contracts are made in U.S. dollars and pesos or UFs. In September 1997, the Central Bank of Chile changed its regulations with respect to foreign currency forward contracts, allowing Chilean companies to enter into foreign currency forward contracts with companies organized and located outside of Chile, including foreign subsidiaries of Chilean companies.

Interest rate swaps allow our treasury to manage our loan portfolio risk adjusting gaps along the interest rate curv by swapping fixed rate for floating rate payments or vice versa. Conversely, cross currency swaps are used when either funding or loans are denominated in a foreign currency.

In addition, our trading desk routinely enters into derivative financial instruments for purposes of both covering sales desk transactions and proprietary trading.

The following table summarizes our derivative financial instruments portfolio as of December 31, 2019 and 2020:

Type of derivative	Fair value amounts as of December 31, 2020		
	Up to 3 months	From 3 to 12 months	More than 12 months
		(in millions of Ch$)	
Foreign currency forwards (includes U.F.).......................	(7,601)	13,361	(40,239)
Cross currency swaps..	(12,007)	(28,363)	(279,110)
Interest rate forwards / futures..	(0.3)	-	-
Interest rate swaps..	(7,564)	(12,932)	(59,652)

Type of derivative	Fair value amounts as of December 31, 2019		
	Up to 3 months	From 3 to 12 months	More than 12 months
		(in millions of Ch$)	
Foreign currency forwards (includes U.F.).......................	59,483	9,098	12,607
Cross currency swaps..	86,971	(47,291)	(236,272)
Interest rate forwards / futures..	±	±	±
Interest rate swaps..	10,720	7,476	15,798

Liquidity Risk

Liquidity risk arises in connection with the funding of our financing, trading and investment activities. It includes the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates, the risk of being unable to liquidate a position in a timely manner at a reasonable price and the risk that we will be required to repa liabilities earlier than anticipated. Our general policy is to maintain sufficient liquidity to ensure our ability to honor withdrawals of deposits, make repayments of other liabilities at maturity, extend loans and meet our working capital needs

Since the early stages of the global financial crisis initiated in 2007, our board of directors has resolved to maintain a countercyclical liquidity policy, in line with the amendment proposals to Basel II. We implement this policy by owning a certain amount of liquid assets, like Chilean treasury bonds or short-term commercial paper. As of December 31, 2020, this maintenance of a certain amount of liquid assets which we define as our liquidity buffer is over Ch$1.1 billion.

Regulatory Compliance

Our minimum liquidity position is determined by the reserve requirements set by the Central Bank of Chile. These reserve requirements are currently 9.0% of demand deposits and 3.6% of time deposits. We are currently in complian with these requirements. In addition, we are subject to a technical requirement applicable to Chilean banks, pursuant to which we must hold certain amount of assets in cash or in highly liquid instruments if the aggregate amount of the following liabilities exceeds 2.5 times the amount of our net capital base:

- deposits in checking accounts;
- other demand deposits or obligations payable on demand and incurred in the ordinary course of business;
- other deposits unconditionally payable immediately or within a term of less than 30 days; and
- term deposits payable within ten days.

)XUWKHUPRUH XQGHU &KLOHDQ UHJXODWLRQV D EDQN¶V JDSV EH not exceed the EDQN¶V QHW FDSLWDO EDVH DQG D EDQN¶V JDSV EHWZHHQ D H[FHHG WZLFH WKH EDQN¶V net capital base.

The following table sets forth an overview of our regulatory liquidity indicators, presented as the ratio of the respective gap between assets and liabilities to our net capital base, as of December 31, 2019 and 2020, all of which com with a limit of 100%:

	December 31, 2020			
	Average	Maximum	Minimum	Month End
Short-term mismatch Ch$UF (% on basic capital)				
Mismatch 30 days	4.32%	37.90%	(33.93%)	15.65%
Short-term mismatch Fx (% on basic capital)				
Mismatch 30 days	5.55%	22.28%	(17.77%)	(15.27%)
Short-term mismatch (% on basic capital)				
Mismatch 30 days	9.86%	50.91%	(24.98%)	0.39%
Mismatch 90 days	30.09%	50.90%	8.29%	35.07%

	December 31, 2019			
	Average	Maximum	Minimum	Month End
Short-term mismatch Ch$UF (% onbasic capital)				
Mismatch 30 days	11.86%	38.76%	(21.12)%	37.00%
Short-term mismatch Fx (% on basic capital)				
Mismatch 30 days	11.1%	16.35%	(15.76)%	(1.22)%
Short-term mismatch (% on basic capital)				
Mismatch 30 days	12.91%	35.77%	(13.98)%	35.77%
Mismatch 90 days	32.17%	52.62%	14.25%	43.51%

Overview

As of December 31, 2020, the Chilean banking system was comprised of one public-sector bank and 17 private sector banks (of which 13 were Chilean banks and four were Chilean branches of foreign banks). The seven largest banks (in terms of total net loans outstanding), of which we are the largest with 17.85% market share, together accounted for 91.29% of all outstanding loans by Chilean financial institutions as of December 31, 2019. As of the same date, Chilean banks and the Chilean branches of foreign banks accounted for 86.23% and 0.16% of all outstanding loans (including interbank loans) in the Chilean financial system, respectively, according to information published by the CMF. Unless otherwise indicated, we obtained the statistical information included in this section from the CMF. The Chilean financial services market consists of a variety of distinct sectors. The most important, the commercial banking sector, includes private-sector banks and one public-sector bank, Banco del Estado de Chile (which operates within the same legal and regulatory framework as the private-sector banks).

The Chilean banking industry has experienced increased competition in recent years which has led to, among other things, consolidation in the industry, reduction of the net interest margin and some banks leaving the market. Further consolidation may occur, and it is possible that the Chilean regulatory authorities may be more open to allowing new market entrants. In addition, increased competition may result from non-banking industries entry to the credit and debit card market under the recently amended General Banking Law and changes due to new capital requirements. See ³5LVN Factors² 5LVNV 5HODWLQJ WR RXU %XVLQHVV´

Competition

As a major commercial bank, offering a full range of services to all types of businesses and individual customers, we face a variety of competitors as to different aspects of its business, ranging from the other large private-sector FRPPHUFLDO EDQNV WR PRUH VSHFLDOL]HG HQWLWLHV´ -sector commercial banks in Chile, other than us, include Banco Santander Chile, Banco de Chile, Itaú Corpbanca and Scotiabank. Commercial banks also face increasing competition from other financial intermediaries that can provide larger companies with access to the international and domestic capital markets as an alternative to bank loans. To the extent permitted by the General Banking Law, we seek to maintain a competitive position in domestic capital markets through the investment banking activities of our subsidiaries.

In the retail banking business, we compete with other private-sector Chilean banks and Banco del Estado de Chile. As of November 31, 2020, the most recent date for which such data is available, we had 12.66% of the total number of checking accounts in the Chilean banking system. Among private-sector Chilean banks, we believe that our strongest competitors in the consumer retail market are Banco Santander Chile, Banco de Chile, BBVA Chile (owned by Scotiabank) and Itaú Corpbanca, as each of these banks has also developed business strategies that focus on the middle- to high-income segments of the Chilean population and small- and medium-sized corporate segment. Due primarily to general economic growth in Chile, consumer lending in the Chilean banking system increased 21.21% in 2018 (includes Financial Services and CMR Falabella), 6.74% in 2019 and 13.8% in 2020, according to information published by the CMF. Our consumer lending increased approximately 27.24% in 2018, 6.97% in 2019 and 13.9% in 2020. Commercial banks in Chile compete in the retail market with retail companies such as supermarkets and department stores that offer limited financial services like credit cards and consumer loans. The financial services provided by retail companies are regulated and overseen by the CMF.

The following table sets forth certain statistics on the Chilean commercial banking system as of December 31, 2020:

	As of December 31, 2020							
	Assets		Net Loans(1)		Deposits(2)		6KDUHKROGHUV	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
	(in millions of Ch$, except percentages)							
Domestic private-sector bank..........................	268,724,128	83.16%	173,385,636	86.29%	130,526,498	79.63%	19,701,087	88.86%
Foreign-owned banks...	1,283,523	0.40%	202,221	0.10%	234,812	0.14%	450,162	2.03%
Private-sector total........	270,007,651	83.56%	173,587,857	86.39%	130,761,310	79.77%	20,151,249	90.89%
Banco del Estado.........	53,119,292	16.44%	27,344,432	13.61%	33,157,313	20.23%	2,019,095	9.11%
Chilean banking system	323,126,943	100%	200,932,289	100%	163,918,623	100%	22,170,344	100%

Source: CMF.

(1) Includes loans and receivables to banks and provisions

(2) Excludes the investment of CorpBanca in Colombia and includes our subsidiary City National Bank of Florida.

Net Loans

The following table sets forth the market shares in terms of net loans in the Chilean financial system (comprising all commercial banks) for the seven banks in Chile which are the largest in terms of total assets as of the dates indicated:

	As of December 31,					
	2018		2019		2020	
	Amount	Share	Amount	Share	Amount	Share
	(in millions of Ch$, except percentages)					
Bci[(1)]...	30,433,380	17.04%	34,338,923	17.48%	35,865,745	17.85%
Banco Santander Chile.....................	29,470,370	17.07%	32,731,735	16.66%	34,409,170	17.12%
Banco de Chile..................................	27,307,223	15.81%	30,529,608	15.54%	31,496,591	15.68%
Banco del Estado..............................	23,240,012	13.46%	26,273,621	13.37%	27,344,432	13.61%
Scotiabank[(2)]......................................	22,330,415	12.93%	25,349,436	12.90%	25,430,916	12.66%
Itaú CorpBanca.................................	20,880,186	12.09%	23,255,995	11.84%	22,642,691	11.27%
Banco Bice...	5,443,369	3.15%	6,228,650	3.17%	6,235,961	3.10%
Total for seven banks........................	158,214,670	91.62%	178,707,968	90.97%	183,425,506	91.29%
Chilean banking system.....................	172,679,424	100.00%	196,453,788	100%	200,932,289	100%

Source: CMF.
(1) The information includes City National Bank of Florida. Starting from December 5, 2018, the information includes Servicios Financieros.
(2) Includes BBVA Chile.

Total Assets

The following table sets forth the total asset amounts and market shares for the seven banks in Chile which are th largest in terms of total assets as of the dates indicated:

	As of December 31,					
	2018		2019		2020	
	Amount	Share	Amount	Share	Amount	Share
	(in millions of Ch$, except percentages)					
Bci[(1)] « « « « « « « « « « « « « «	41,349,717	16.79%	50,336,620	17.33%	57,156,299	17.69%
%DQFR 6DQWDQGHU &	39,197,356	15.92%	50,578,246	17.41%	55,776,077	17.26%
%DQFR GHO (VWDGR «	40,221,529	16.33%	43,354,976	14.92%	53,119,292	16.44%
%DQFR GH &KLOH « « «	35,926,459	14.59%	41,273,333	14.21%	46,095,131	14.27%
Scotiabank[(2)] « « « « « « « « « « « «	30,078,702	12.21%	34,653,490	11.93%	36,795,961	11.39%
,WD~ &RUS%DQFD « « «	29,501,905	11.98%	33,785,687	11.63%	35,687,490	11.04%
%DQFR %LFH « « « « « « « «	7,404,573	3.01%	8,593,893	2.96%	9,140,598	2.83%
7RWDO IRU VHYHQ ED	223,680,241	90.82%	262,576,245	90.39%	293,770,848	90.91%
&KLOHDQ EDQNLQJ V\	246,278,780	100.00%	290,500,257	100.00%	323,126,943	100%

Source: CMF.
(1) The information includes City National Bank of Florida. Starting from December 5, 2018, the information includes Servicios Financieros.
(2) Includes BBVA Chile.

Risk Index

The following table sets forth the risk index, calculated as allowances for loan losses as a percentage of total loans, for the seven banks in Chile which are the largest in terms of total assets and the financial system as a whole as of the da indicated:

	As of December 31,		
	2018	2019	2020
Banco Bice...	1.22	1.29	1.60
Scotiabank...	2.16	2.11	1.99
Bci[(1)]	1.83	1.95	2.20
Banco de Chile...	2.15	2.25	2.37
Chilean banking system...	2.44	2.56	2.71
Banco Santander Chile..	2.63	2.73	2.84

	As of December 31,		
	2018	2019	2020
Banco del Estado	2.84	3.13	3.30
Itaú CorpBanca	3.09	3.36	3.99

Source: CMF.
(1) The information includes City National Bank of Florida. Starting from December 5, 2018, the information includes Servicios Financieros.

Asset Quality

The following table sets forth the ratio of past due loans to total loans for the seven banks in Chile which are the largest in terms of total assets as of the dates indicated:

	As of December 31,(1)		
	2018	2019	2020
Banco Bice	0.26	0.34	0.40
Banco de Chile	1.08	1.37	0.95
Bci[(2)]	1.36	1.34	1.16
Banco Santander Chile	2.09	2.05	1.41
Scotiabank	1.66	1.9	1.47
Itaú CorpBanca	2.09	2.81	2.23
Banco del Estado	3.54	3.66	2.73
Chilean banking system	1.9	2.07	1.58

Source: CMF.
(1) According to the CMF, the asset quality ratio equals to past due loans divided by total loans.
(2) The information includes City National Bank of Florida. Starting from December 5, 2018, the information includes Servicios Financieros.

Deposits

We had deposits (which is defined as current account and demand deposit plus term deposits and saving accounts in our financial statements) of Ch$30,566,185 million (US$42,993 million) as of December 31, 2020. We were the second largest bank in terms of deposits, with 18.65% of the market for deposits. The following table sets forth the deposits market share for the seven banks in Chile which are the largest in terms of total assets as of the dates indicated:

	As of December 31,					
	2018		2019		2020	
	(in millions of Ch$, except percentages)					
	Amount	Share	Amount	Share	Amount	Share
Banco del Estado	26,687,785	19.21%	27,047,435	17.77%	33,157,313	20.23%
Bci[(1)]	24,551,315	17.67%	27,553,455	18.10%	30,566,185	18.65%
Banco Santander Chile	21,809,236	15.70%	23,490,249	15.43%	25,142,684	15.34%
Banco de Chile	20,240,662	14.57%	22,182,751	14.57%	24,066,770	14.68%
Itaú CorpBanca	14,421,586	10.38%	16,493,635	10.84%	17,630,470	10.76%
Scotiabank[(2)]	14,927,861	10.75%	15,989,560	10.50%	15,645,249	9.54%
Banco Bice	4,460,757	3.21%	5,433,374	3.57%	5,155,027	3.14%
Total for seven banks	127,099,202	91.49%	138,190,459	90.78%	151,363,698	92.34%
Chilean banking system	138,925,651	100.00%	152,220,783	100.00%	163,918,623	100.00%

Source: CMF.
(1) The information includes City National Bank of Florida. Starting from December 5, 2018, the information includes Servicios Financieros.
(2) Includes BBVA Chile.

Checking Accounts

As of December 31, 2020, the most recent date for which such data is available, we had the third highest number of current accounts (checking accounts) among Chilean banks. The following table sets forth the number of checking accounts for the seven banks in Chile which are the largest in terms of total assets as of the dates indicated:

	As of December 31,		
	2018	2019	2020

	Amount	Share	Amount	Share	Amount	Share
Banco Santander Chile...........................	1,014,817	21.32%	1,108,284	21.70%	1,441,110	25.91%
Banco de Chile..	983,596	20.67%	1,033,343	20.23%	1,071,044	19.25%
Bci(1)..	673,957	14.16%	718,044	14.06%	723,999	13.02%
Banco del Estado......................................	666,825	14.01%	691,175	13.53%	705,522	12.68%
Scotiabank(2)...	471,122	9.90%	486,167	9.52%	494,710	8.89%
Itaú CorpBanca(3)	318,348	6.69%	354,191	6.93%	387,687	6.97%
Banco Bice...	100,520	2.11%	106,900	2.09%	113,605	2.04%
Total for seven banks.............................	4,229,185	88.86%	4,498,104	88.05%	4,937,677	88.76%
Chilean banking system...........................	4,759,371	100.00%	5,108,324	100%	5,562,748	100%

Source CMF.
(1) Information excludes City National Bank of Florida.
(2) Includes BBVA Chile.
(3) ,QIRUPDWLRQ H[FOXGHV ,WD~ &RUS%DQFD¶V EXVLQHVV LQ &RORPELD

Capital and Reserves

As of December 31, 2020 we had Ch$3,655.852 million (US$5,142 million) in capital and reserves. The following table sets forth the level of capital and reserves for the seven banks in Chile which are the largest in terms of total assets as of the dates indicated:

	As of December 31,					
	2018		2019		2020	
	Amount	Share	Amount	Share	Amount	Share
	(in millions of Ch$, except percentages)					
Bci(1)..	3,135,007	18.15%	3,394,823	18.88%	3,655,852	19.15%
Banco Santander Chile....................	2,814,325	16.30%	3,012,451	16.75%	3,233,289	16.94%
Banco de Chile................................	3,036,430	17.58%	3,122,105	17.36%	3,122,039	16.36%
Itaú CorpBanca...............................	3,152,957	18.26%	3,058,675	17.01%	3,058,675	16.03%
Banco del Estado............................	1,650,517	9.56%	1,847,642	10.28%	2,039,859	10.69%
Scotiabank(2)...................................	1,492,402	8.64%	1,493,103	8.30%	1,743,103	9.13%
Banco Bice......................................	38,183	0.22%	38,183	0.21%	38,183	0.20%
Total for seven banks......................	15,319,821	88.72%	15,966,982	88.81%	16,891,000	88.50%
Chilean banking system..................	17,268,543	100.00%	17,979,746	100.00%	19,086,193	100%

Source CMF.
(1) The information includes City National Bank of Florida. As of December 31, 2018, the information includes Servicios Financieros.
(2) Includes BBVA Chile.

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As of December 31, 2020 ZH ZHUH WKH ODUJHVW FRPPHUFLDO EDQN LQ &KLO Equity. As of December 31, 2020 we had Ch$3,394,705 million (US$5,478 PLOOLRQ LQ VKDUHKROGHUV¶ HTXL IRUWK WKH OHYHO RI VKDUHKROGHUV¶ HTXLW\ IRU WKH VHYHQ EDQNV dates indicated:

	As of December 31,					
	2018		2019		2020	
	Amount	Share	Amount	Share	Amount	Share
	(in millions of Ch$, except percentages)					
Bci[1]	3,458,363	16.68%	3,792,520	17.37%	3,894,705	17.57%
Banco de Chile	3,304,153	15.93%	3,528,223	16.16%	3,726,268	16.81%
Banco Santander Chile	3,285,709	15.85%	3,470,317	15.89%	3,652,599	16.48%
Itaú CorpBanca	3,547,612	17.11%	3,440,385	15.76%	2,388,326	10.77%
Scotiabank[2]	2,109,953	10.18%	2,143,917	9.82%	2,505,546	11.30%
Banco del Estado	1,713,584	8.26%	1,811,808	8.30%	2,019,095	9.11%
Banco Bice	552,533	2.66%	601,111	2.75%	656,582	2.96%
Total for seven banks	17,971,907	86.67%	18,788,281	86.05%	18,843,121	84.99%
Chilean banking system	20,735,519	100.00%	21,833,823	100.00%	22,170,344	100.00%

Source CMF.
(1) The information includes City National Bank of Florida. As of December 31, 2018, the information includes Servicios Financieros.
(2) Includes BBVA Chile.

Return on Capital and Reserves

The following table sets forth the return on capital and reserves for the seven banks in Chile in terms of total assets for the dates indicated:

	For the year ended December 31,		
	2018	2019	2020
Banco Bice	175.58%	181.09%	195.48%
Scotiabank[3]	7.74%	18.31%	16.43%
Banco Santander Chile	21.19%	18.40%	16.16%
Banco de Chile	19.59%	18.99%	14.83%
Bci[1]	12.63%	11.86%	8.69%
Banco del Estado[2]	10.87%	9.87%	7.61%
Chilean banking system	13.83%	14.68%	6.51%
Itaú CorpBanca	5.61%	4.33%	(30.69%)

Source CMF.
(1) The information includes City National Bank of Florida. Starting from December 5, 2018, the information includes Servicios Financieros.
(2) This bank is subject to a different tax regime.
(3) Includes BBVA Chile

Efficiency

The table below sets forth the efficiency ratios (operating expenses to gross operating income) of the seven banks in Chile which are the largest in terms of total assets for the years indicated:

	For the year ended December 31,		
	2018	2019	2020
ItaúCorpBanca	55.30%	54.89%	360,25%
Banco del Estado	55.63%	53.00%	53.27%
Banco Bice	49.86%	46.69%	49.35%
Chilean banking system	47.57%	45.04%	48.98%
Bci[1]	51.55%	47.78%	47.20%
Banco de Chile	42.77%	43.20%	43.61%
Scotiabank[2]	47.95%	46.49%	41.98%
Banco Santander Chile	38.15%	38.30%	38.30%
Average of seven banks	47.74%	47.19%	88.11%
Chilean banking system	47.57%	45.04%	48.94%

Source CMF.
(1) The information includes City National Bank of Florida. Starting from December 5, 2018, the information includes Servicios Financieros.
(2) Starting from September 1, 2018, the information includes BBVA Chile.

Branch Networks

As of December 31, 2020, the most recent date for which such data is available, we had the fourth largest branch network among Chilean banks with 238 branches. The following table sets forth the number of full service branch offices for the seven banks in Chile which are the largest in terms of total assets as of the dates indicated:

	As of December 31,					
	2018		2019		2020	
	Amount	Share	Amount	Share	Amount	Share
Banco del Estado	413	19.68%	413	20.74%	410	21.58%
Banco Santander Chile	380	18.10%	377	18.94%	307	18.84%
Banco de Chile	390	18.58%	359	18.03%	331	17.58%
Bci[(1)]	276	13.15%	239	12.00%	233	12.53%
ItaúCorpBanca[(3)]	184	8.77%	164	8.24%	154	8.11%
Scotiabank[(2)]	176	8.38%	162	8.14%	143	7.53%
Banco Bice	26	1.24%	26	1.31%	24	1.26%
Chilean banking system	2,099	100.00%	1,991	100.00%	1,786	100.00%

Source CMF.

(1) 7KH LQIRUPDWLRQ SUHVHQWHG E\ WKH &0) GRHV QRW LQFOXGH DOO es by the RXU ³SF CMF. Points of contact include multiservice branches, cash agencies, point of sale branches, premier branches, private banking commercial platforms and automated branches. Information as of December 31, 2020 does not include City National Bank of Florida or Servicios Financieros.
(2) Starting from September 1, 2018, the information includes BBVA Chile.
(3) ,QIRUPDWLRQ H[FOXGHV ,WD~ &RUS%DQFD¶V EUDQFKHV LQ &RORPELD

Credit Cards

As of December 31, 2020, the most recent date for which such data is available, we had the second highest number of credit cards outstanding among Chilean banks, representing 14.42% of the Chilean banking system. The following table sets forth the number of credit cards for the seven banks in Chile which are the largest in terms of total assets as of the d indicated:

	As of December 31,				As of November 30	
	2018		2019		2020	
	Amount	Share	Amount	Share	Amount	Share
Scotiabank[(2)]	3,038,993	16.98%	3,073,046	17.90%	2,837,034	20.18%
Bci[(1)]	2,427,197	13.56%	2,310,208	13.45%	2,027,781	14.42%
Banco Santander Chile	1,812,805	10.13%	1,804,910	10.51%	1,725,633	12.27%
Banco de Chile	1,574,994	8.80%	1,566,042	9.12%	1,447,703	10.30%
Banco del Estado	1,105,949	6.18%	1,092,652	6.36%	757,848	5.39%
ItaúCorpBanca[(3)]	330,094	1.84%	334,517	1.95%	304,983	2.17%
Banco Bice	53,050	0.30%	54,909	0.32%	55,844	0.40%
Total for seven banks	10,343,082	57.80%	10,236,284	59.61%	9,156,826	65.12%
Chilean banking system	17,894,707	100.00%	17,171,047	100.00%	14,060,659	100.00%

Source CMF.
(1) Information excludes City National Bank of Florida.
(2) Starting from September 1, 2018, the information includes BBVA Chile.
(3) ,QIRUPDWLRQ H[FOXGHV &RUS%DQFD¶V EXVLQHVV LQ &RORPELD

Net Income

We have the third highest net income for the year ended December 31, 2020 among Chilean banks. For the year ended December 31, 2020, our net income was Ch$7,533 million (US$447 million). The following table sets forth the amounts of net income and the corresponding market shares for the seven Chilean banks which are the largest in terms of total assets for the years indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Amount	Share	Amount	Share	Amount	Share
Banco de Chile	594,873	24.83%	593,009	22.47%	463,109	37.27%
Banco Santander	596,262	24.89%	554,176	21.00%	522,563	42.05%
Bci[(1)]	395,847	16.53%	402,739	15.26%	317,533	25.55%
Scotiabank[(2)]	127,075	5.31%	273,414	10.36%	286,369	23.05%
Banco del Estado	179,337	7.49%	182,335	6.91%	155,159	12.49%
Banco Bice	67,040	2.80%	69,144	2.62%	74,642	6.01%
Itaú Corpbanca	176,846	7.38%	132,464	5.02%	(938,617)	(75.54)%
Total for seven banks	2,137,280	89.23%	2,207,281	83.63%	880,758	70.88%
Chilean banking system	2,395,359	100.00%	2,639,390	100.00%	1,242,602	100.00%

Source: CMF.

(1) Information includes City National Bank of Florida and Servicios Financieros.

(2) Starting from September 1, 2018, the information includes BBVA Chile.

Overview

We are the largest commercial bank in Chile in terms of total net loans and deposits and the second largest in terms of assets, according to information published and calculated by the CMF. Our market share of total loans, deposits and total assets, in the Chilean banking system was 18.9%, 17.7% and 17.7% respectively, as of December 31, 2020, in each case according to the CMF FQG WDNLQJ LQWR FRQVLGHUDWLRQ ,WD~ &RUS acquisition of City National Bank of Florida. Our risk index, calculated as allowances for loan losses as a percentage of ou total loans (excluding loans and receivables from banks) was 2.2%, as of December 31, 2020, compared to a weighted average of 2.7% for the Chilean banking system as a whole on such date, according to the CMF.

We combine what we believe are a full service banking platform and a solid franchise with a growing international presence, particularly in the U.S., where we acquired City National Bank of Florida in October 2015, TotalBank in June 2018 and Executive National Bank in 2020, as discussed below.

In addition to traditional banking products such as lending and deposit taking, our banking services for our approximately 126,148 active commercial checking account customers (not including individual clients in the retail segment) include working capital financing, lines of credit, foreign trade financing, mortgage loans, foreign exchange and non-credit services such as cash management, payroll and payment services, and a wide range of treasury and r management products.

We provide our approximately 544,000 active retail checking account customers with deposit services such as checking and savings accounts and also offer residential mortgage and consumer loans, lines of credit, credit cards a diversified products such as mutual funds, stock brokerage services, financial advisory services, insurance brokerage, and private and public investment fund management services. We serve our retail customers through a nationwide network o points of contact, which include 274 multiservice branches, cash agencies, point of sale branches, private banking commercial platforms and automated branches, and 1,095 ATMs. We have made significant investments in alternate distribution channels, including online banking, telephonic banking and other electronic financial services, to facilitate implementation of our market segmentation strategy and strengthen our competitive position in electronic paymen transfers.

We offer international banking services through our branch in Miami, our representative offices in Lima, São Paulo, Mexico City, Bogotá and Shanghai, and a worldwide network of correspondent banks. As part of our international expansion strategy, in October 2015 we acquired 100% of CM Florida Holdings Inc., a registered U.S. bank holding company that owns 99.9% of City National Bank of Florida, for a purchase price of US$947 million. Established in 1946 and headquartered in Miami, City National Bank of Florida is a local commercial bank focused on mid-sized (middle market) and small companies, real estate business and high net worth and affluent clients, particularly professionals and company owners. City National Bank of Florida offers a range of financial products, including real estate, commercial and consumer banking, to approximately 63,000 clients. With 33 branches and almost 687 employees located in four counties in Florida, City National Bank of Florida has historically emphasized a target market segment of small to medium-sized FRPSDQLHV 6HH ³&LW\ 1DWLRQDO %DQN RI)ORULGD

In June 2018, our subsidiary City National Bank of Florida acquired (and absorbed by way of merger) TotalBank, an integrated retail commercial bank in South Florida, which offered a comprehensive range of traditional banking products and services for businesses and individuals. TotalBank (a Florida-chartered state non-member bank supervised by the FDIC) focused on relationship-driven business model organized in several business segments including Banking Centers, Corporate Lending and International Personal Banking. As of December 31, 2020, City 1DWLRQDO %DQN RI)O assets grew by US$2 billion, or 17.5%, compared to December 31, 2019, reaching US$13 billion. Most of this growth ZDV SULPDULO\ GXH WR WKH FRQVROLGDWLRQ RI 7RWDO%DQN¶V DVVH. The TotalBank acquisition positioned City National Bank of Florida as the third largest Florida-based bank based on term deposits, according to the FDIC. Lastly, in October 2020 City National Bank acquired Executive National Bank. The transaction contributed US$448 million of low cost deposits and over US$341 million of loans.

In December 2018, we acquired Walmart Chile Servicios Financieros, which became our fifth reporting segment. This reporting segment includes the results of operations of the five entities forming Walmart Chile Servicios Financieros. These five entities that constituted the financial services division of Walmart Chile provide financing for its customers with the Líder MasterCard and Presto credit cards, along with other products. The Servicios Financieros reporting segment operates as an independent unit under the supervision of our senior management in Chile.

Servicios Financieros, the name under which the five entities operate, continues to market the financial product and services offered before by Walmart Chile, which include the issue and operation of the new Líder Bci MasterCard, along with the origination of cash advances, super cash advances and personal insurance, among others. This busines undertaken as a ten-year commercial cooperation agreement between Bci and Walmart, a leading global company in the retail sector. We believe Servicios Financieros enables Bci to bolster its position among the credit card market leader enhance the development of products and services and generate value with the complementary capacities of two partners that are leaders in their respective industries. This acquisition is part of our strategy to continuously seek growth opportunities in Chile and abroad and consistent with our goal of becoming a major player in the credit card industry in Chile. This acquisition helped us grow our credit card market share 1.5 times as of December 2018, compared to the 9.6% as of November, right before the acquisition (both figures exclude City National Bank of Florida), as Servicios Financieros allows us to reach approximately 1.5 million credit card customers through digital channels.

We intend to venture into the Peruvian market with a new subsidiary - Banco Bci Peru. With an initial capital of US$60 million, we expect this subsidiary to operate in Peru focusing on corporate clients and large companies for Peruvian and Chilean customers. We have been present in Peru for 20 years through a representative office. This operation will allow Bci to offer a three-country platform - along with Chile and the United States - that will act as a single bank in the region.

The incorporation and operation of Banco Bci Perú are subject, among other conditions, to the approval of the CMF and the Central Bank of Chile, along with securing the regulatory authorization, filings and registrations required under Peruvian legislation.

On December 31, 2020, shareholders related to the Yarur family held approximately 65.56% of our issued and outstanding shares. Such sha UHKROGHUV DUH SDUWLHV WR D VKDUHKROGHUV¶ DJUH of March 10, 2020, pursuant to which they agree to vote their shares as a group. In addition, they reiterated their intention to preserve the principles upon which the management of the institution has been based.

%FL¶V VXEVLGLDU\ JURXS LQFOXGHV Bci Asesoría Financiera S.A., Bci Asset Management Administradora General de Fondos S.A., Bci Corredor de Bolsa S.A., Bci Corredores de Seguros S.A., Bci Factoring S.A., Bci Securitizadora S.A., Bci Securities Inc., Bci Corredores de Bolsa de Productos S.A, Servicio de Normalización y Cobranza Normaliza S.A. and the five entities that comprise Servicios Financieros (as defined in this Prospectus).

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

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

Gestión SSFF Limitada.				
Servicios y Cobranzas SEYCO Limitada.	99.00	99.00	1.00	1.00

As of December ZH KDG WRWDO VKDUHKROGHU¶V HTXLW\ RI &K December 31, 20120, we had consolidated net income of Ch$317,533 million.

As of December 31, 2020, we had a regulatory capital ratio of 13.4% (including Tier 1 and Tier 2 capital), computed in accordance with guidelines of the CMF.

We are registered and headquartered in Santiago, Chile and have 11,675 employees worldwide as of December 31, 2020. We are a public company in Chile whose common shares are listed on the Santiago Stock Exchange (Bolsa d Comercio de Santiago).

Corporate Strategy

Our ultimate goal is WR EH WKH EHVW EDQN IRU RXU FXVWRPHUV DQG EHFR pursue that goal through the following strategic pillars:

x Our commitment to enhance customer experience, including through digital innovation. We believe that we differentiate ourselves from our principal competitors because of our customer-driven, rather than product-driven, focus, combined with a world class customer experience. We value loyal customers that are a source of stable, recurring revenues, and we seek to establish long-term relationships by providing banking and ILQDQFLDO SURGXFWV WDLORUHG WR RXU FXVWRPHUV¶ VSHFLI -quality service. We seek to IXUWKHU HQKDQFH RXU FXVWRPHUV¶ H[SHULHQFH E\ i) innovation and data-RFXVL driven decision-making, particularly in our retail and small-to medium-VL]H HQWHUSULVHV ³60(segments, using new technologies and data-analytics (such as software for credit scoring and fraud detection) to achieve better insights and expand the omni-channel experience that we strive to make as seamless as possible, (ii) combining our diversified, full service model with our capacity to adapt to customer needs and our local experience to provide superior service and deepen our relationship with our corporate and investment banking clients, (iii) expanding our client coverage and enhancing our payments and cash management services through state-of-the-art technology by offering new services such as payments to suppliers and employees, (iv) implementing our strong commitment to mobile banking, focusing on the development of mobile services to improve our customer experience, and (v) responding to the evolving needs of our customers. In addition, we believe that our focus on digital innovation will also continue to help us improve our operating efficiency. Examples of our pioneering efforts in digital innovation include our online checking accounts, our 100% digital approval process for mortgage loans for new properties (the first bank in Chile to offer such service), and our person-to-SHUVRQ SD\PHQWV ³0$&+´ PRELOH DS million users, which provides seamless payments in less than 15 seconds, as well as more than 2 millio MACH prepaid cards. 6HH ³2XU 'LJLWDO 7UDQVIRUPDWLRQ 3ODQ´

2020 was a year of digital transformation and omnichannel experience due to the development of new capabilities and the growth of those that were already enabled. For example, the increase in our app downloads, which reached 500,000 downloads for the year ended December 31, 2020, the launch of new app functionality (e.g., for the sale of consumer loans/insurance and invoice payment), and the implementation of our new private website, which is more user-friendly and offers new functionalities.

The different initiatives in the digital world and remote channels achieved promising figures for the year ended December 31, 2020. Over 30% of invoice payments were made through digital channels, 50% of the sale of Super Avance (Super Advance) was made through remote channels, and 38% of all card openings were requested through our website.

x Pursuing growth and profitability while maintaining our focus on conservative risk management. We intend to continue pursuing growth and profitability by (i) expanding penetration of our market segments and increasing cross-selling of our products and services with a particular focus on customer-targeted offerings, (ii) continuing to strengthen our capital position to support growth, with the goal of achieving and maintaining a tier 1 capital ratio of at least 10%, and (iii) seeking to optimize our technology infrastructure to reduce costs and create value for our customers through simpler and more flexible processes and develop greater in-source capabilities. Furthermore, we intend to pursue growth and profitability while maintaining our focus on conservative risk management. We have a dedicated risk management team that focuses on monitoring risks across all areas of our business, and we have implemented an algorithmic model to monitor and manage our exposure to market risk. In 2012, we hired a top-tier consulting firm to review our risk tolerance levels and help us find ways to improve on maximizing our risk-reward approach in furtherance of our strategy of achieving growth while maintaining a solid risk management.

- Pursuing our international strategy. We expect to continue to evaluate and selectively pursue growth opportunities outside Chile that complement our existing operations. This strategy is focused on (i) generating new sources of revenue, (ii) geographic diversification allowing us to diversify risk as well as providing existing clients with regional solutions and access to new markets, and (iii) enhancing our existing regional platform. After acquiring TotalBank in 2018 and Executive National Bank through City National Bank of Florida in 2020, we are now close to our goal of having a third of our assets outside of Chile. With the acquisition of Executive National Bank through City National Bank of Florida, we expect CNB to continue to consolidate itself in order to become the first largest Florida-based bank and one of the 100 largest commercial banks in the United States, a country whose industry is made up of more than 4,400 commercial banks. We believe that the Florida market offers attractive prospects for growth outside of Chile as it is the fourth largest state in the United States in terms of GDP (according to the U.S. Bureau of Economic Activity) and financial assets (deposits) (according to the FDIC), as well as the third largest in terms of population, according to the U.S. Census Bureau. We believe that the state of Florida has favorable demographics with strong population and personal income growth. In addition, it has an attractive and fragmented banking system, which we believe offers organic and inorganic growth opportunities. Florida has a deep-rooted cultural and economic connection with Latin America, as evidenced by the high levels of trade and investment flow to and from the region.

  :H KDYH EHQHILWHG IURP &LW\ 1DWLRQDO %DQN RI)ORULGD¶V strategic market and to continue its focus primarily on its core segments, which include mid-sized (middle market) and small companies, real estate business and high net worth individuals, by offering a wide range of credit and non-credit products and services to our corporate and retail customers. In addition, we have integrated non-banking financial products, such as factoring, financial leasing, insurance brokerage, securitization, investment funds management and securities brokerage services, to maximize the value represented by our branch network and other distribution channels.

- Culture that seeks to promote and enhance leadership, collaboration and innovation. We seek to promote a culture of leadership and collaboration through a set of best practices with a particular focus on our customers and disciplined execution. In addition, we focus on creating an environment that fosters innovation over marginal improvement through our award-based innovation framework. Last year, we were ranked first in the Great Place to Work ranking for Chile, prepared by the Great Place to Work Institute. This is the first time we have attained the highest score among companies with more than 1,000 employees. This recognition fills us with pride and is aligned with our strategic pillar of having a culture that places employees and their families at its core. We also obtained again in 2020 the Most Innovative Companies (Financial Sector) award given by ESE business school. Furthermore, because we believe that employee talent, motivation and satisfaction are key to our business and success, we strive to attract the best talent, promote their embrace of our core cultural values and keep our high employee satisfaction levels. We were also recognized as one of the best employers for young professionals by Employers for youth. We intend to continue to concentrate on the development of talented and motivated employees who are committed to our mission and institutional values of leadership, collaboration and innovation.

- Commitment to progress on sustainability-related initiatives. Bci is truly committed to environmentally responsible financing and financial inclusion, where we continue to carry out programs and initiatives, such as the following:

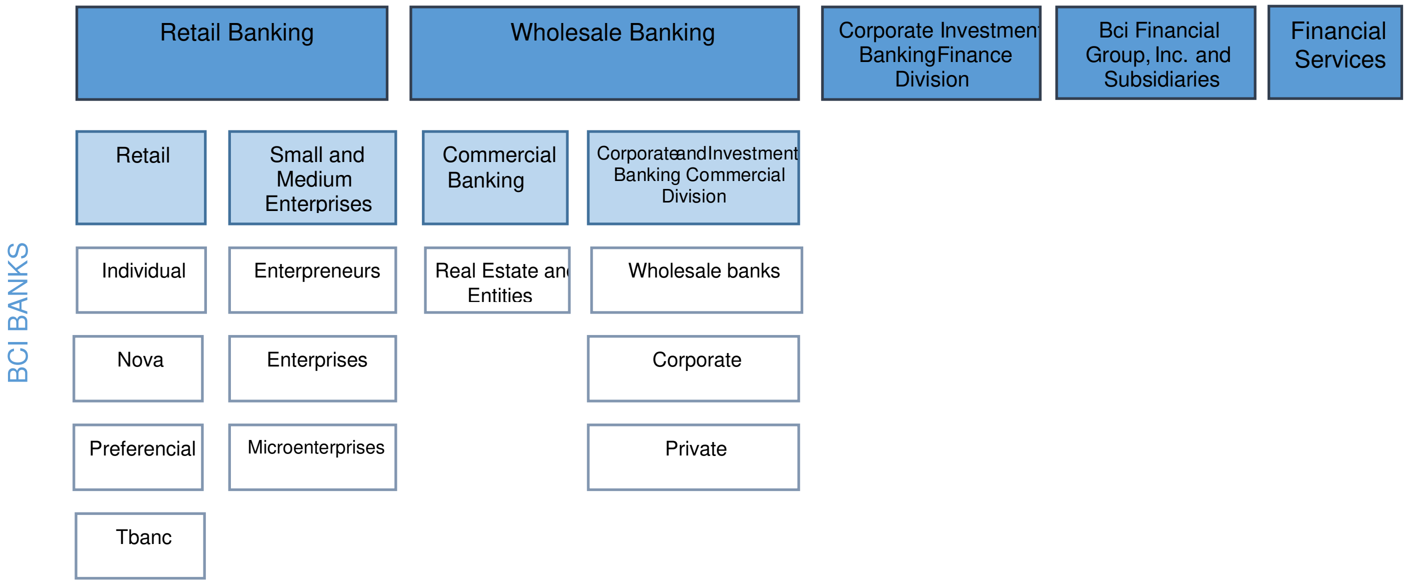
  - Bci was included in the Dow Jones Sustainability Index in the MILA and Chile categories for the fourth and sixth consecutive years, respectively.
  - In addition we started working in the implementation of the Task Force on Climate-Related Financial Disclosures.
  - Bci was recognized with the First Place in Companies with the Best Reputation 2020 by MERCO.

  We have a strong commitment to play a relevant role in the society of which we are part, to promote inclusion and diversity, by promoting accessible financial solutions and responsible investment.

Our Segments

We offer a wide range of credit and non-credit products and services to our corporate and retail customers. In addition, we have integrated non-banking financial products, such as factoring, financial leasing, insurance brokerage, securitization, investment funds management and securities brokerage services, to maximize the value created by our branch network and other distribution channels.

The following chart sets forth our principal reporting segments:



In accordance with IFRS 8, the Bank has aggregated operating segments with similar economic characteristic based on the aggregation criteria specified in the standard. Thus, a reporting segment comprises clients to whom differentiated products are addressed, which are homogeneous and whose performance is measured in a similar way, t part of the same reporting segment. Segment reporting is presented by the Bank based on a defined business structure, which is focused on optimizing assistance to clients with products and service, according to relevant commercia characteristics.

Retail Banking Segment

This segment includes individuals and entities with sales of less than UF80,000. Although our traditional focus has been on the commercial banking market, we have expanded our strategic focus to grow our retail banking business well and we intend to continue to do so. As of December 31, 2020, we had approximately 588,807 checking account customers in our Individuals, Preferential, Nova and Tbanc banking operating segments and 81,356 in the small and medium enterprise operating segment.

At and for the year ended December 31, 2020, loans in this operating segment represented approximately 30.8% of our total loans, and our retail banking segment accounted for 29% of our consolidated net interest income and 48.5% of our consolidated fee income.

At December 31, 2020, the risk index calculated as allowances for loan losses as a percentage of our total loans to retail banking customers was 2.2%.

The following table sets forth, as of each of the dates indicated, the number of accounts in retail banking segment:

	As of December 31,		
	2018	2019	2020
Checking accounts	561,145	580,120	670,163

We offer our retail banking customers a broad range of products and services, including consumer loans cred cards, auto loans, commercial loans, residential mortgage loans, checking accounts, savings products, broker-dealer services, mutual funds and insurance brokerage.

We divide our retail banking operating segment into the following operating segments:

Individuals, Preferential, Nova and Tbanc

We have historically targeted the middle-income segment of the Chilean population, which has been rapidly growing both in terms of size and purchasing power. The individual banking line of business includes those middle-income individuals who have monthly income between Ch$480,000 (approximately US$680) and Ch$3 million (approximately US$4,200) and upper-income individuals who have monthly income higher than Ch$3 million. As of December 31, 2020, we had 79.5 RI RXU RXWVWDQGLQJ UHWDLO LQGLYLGXDO EDQNLQJ ORDQ in middle-income individuals, representing 30.8% of our individual total loans as of such date. As of the same date, around 22.4% of our RXWVWDQGLQJ UHWDLO LQGLYLGXDO EDQNLQJ ORDQV ZHUH FODVVLILH in upper-income individuals.

We have launched a new service model for former Bci Nova customers to become part of the Bci client portfolio. We are evolving from one service model per segment to one per person, which allows through data analytics to offer solutions tailored to the needs of each client)RUPHU %FL 1RYD FXVWRPHUV ZLOO KDYH DF products and services, together with new and better digital solutions, among other benefits. In total, approximately 420,000 former Bci Nova customers will have the opportunity to become part of Bci.

Small and Medium Enterprises

This operating segment includes entrepreneurs and entities with sales between UF2,400 and UF80,000 and microenterprises with sales of less than UF2,400. As of December 31, 2019, we had approximately 83,338 checking account customers in our small and medium enterprises operating segment. As of and for the year ended December 31, 2020, assets in this operating segment represented approximately 5.3% of our total assets, and our customers accountec 11.1% of our consolidated net interest income and 6.0% of our consolidated fee income. As of December 31, 2020, the risk index for our loans to small and medium-sized enterprises customers was 2.63%.

Microenterprises

This line of business includes businesses with annual net sales up to UF2,400 (approximately Ch$64.32 million or US$104,621) and we offer our products and services to both the small businesses and their owners individually. Th segment represents approximately 14% of our outstanding loans in our Small and Medium Enterprises operating segment.

Entrepreneurs

This line of business includes businesses with annual net sales between UF2,400 (approximately Ch$64.32 millio or US$104,621) and UF12,000 (approximately Ch$322 million or US$523,103), and we offer our products and services to both the small businesses and their owners individually. This segment represents approximately 28% of our outstanding loans in our Small and Medium Enterprises operating segment.

Enterprises

This line of business includes businesses with annual net sales between UF12,000 (approximately Ch$322 million or US$523,103) and UF80,000 (approximately Ch$2,144 million or US$3.49 million), and we offer our products and services to both the small businesses and their owners individually. This segment represents approximately 57% of our outstanding loans in our Small and Medium Enterprises operating segment.

We have two programs specifically designed for customers in the small businesses line of business, whos characteristics are unique in the Chilean market: (i) the "Nace" program, which is designed for assisting and supporting entrepreneurial projects from a financing and business perspective, with no maximum limit in funding and an exposure limited to Ch$50 million per customer; and (ii) the "Renace" program, tailored to provide financing and business support to entrepreneurs who need a second chance after experiencing failures with prior entrepreneurial projects, consists of Ch$10,000 million fund, with no maximum limit of exposure per customer.

Products

We offer the following products and services, among others, to our retail and small and medium enterprise customers:

- Checking Accounts and Other Deposit Products. We offer checking accounts denominated in Chilean pesos and U.S. dollars. In Chile, checking accounts have been historically non-interest bearing accounts and therefore have provided us with an important source of low-cost funding. Since June 1, 2002 the Central Bank of Chile has allowed banks to pay interest on checking accounts and currently there are no applicable restrictions on the interest paid on checking accounts. However, we currently pay interest on only a small portion of our checking accounts.

- We offer our customers interest bearing deposits, including term deposits and savings accounts. Term deposits are offered in Chilean pesos, UF and U.S. dollars, bear interest at a fixed rate and have terms of seve to 360 days. Savings accounts are generally denominated in UF and bear interest at a fixed rate.

- Mortgage Loans. As of December 31, 2020, we had outstanding mortgage loans of Ch$8,945,701 million, representing 25.2% of our total loans at such date. Our residential mortgage loans are denominated in UF, bear interest at a fixed rate (which is at a fixed spread above the mortgage finance bonds referred to below) and have maturities between five and 30 years.

- As of December 31, 2020, the average life of our residential mortgage loans was approximately 7 years, reflecting an expansion of available maturities in recent years in the Chilean market. Although from time to time we use other sources of financing to fund our residential mortgage loans, we generally fund these loans through the issuance of mortgage finance bonds, which are recourse obligations with payment terms generally matched to the related mortgage loans and bearing interest at a rate below such loans.

- Consumer Loans. As of December 31, 2020, we had outstanding consumer loans, lines of credit outstanding (including overdraft lines) of Ch$3,389,285 million, representing 9.5% of our consolidated loans at such date, around 200 basis points below 2019 as a consequence of the pandemic and the worsening of macroeconomic conditions. Lines of credit are generally provided on a revolving basis up to an approved credit limit. Consumer loans are generally repayable in installments over terms of up to 36 months. Consumer loans include loans for purchases of automobiles, home furnishings and other durable consumer items. For such items (particularly automobiles), we generally obtain a lien on the purchased item to securer payment

- Credit Cards. As December 31, 2020, we had Ch$1,224,927, credit cards outstanding under our logo according to the CMF, which includes Servicios Financieros and City National Bank of Florida. As of December 31, 2020, this represented 3.4% of our total loans at such date. We have non-exclusive agreements with Visa International Inc. and MasterCard Inc. under which we issue Visa and MasterCard credit cards under the Bci brand. We earn interest revenue on outstanding credit card balances, transaction commissions from merchants, late fees on overdue payments and annual fees from cardholders. Interest on credit card balances is charged at variable nominal rates which for the year ended December 31, 2020 averaged approximately 11.97% annual, calculated as interest over average loans.

- Other Products. In addition, we market mutual funds, insurance products and other financial services offered through subsidiaries (see "Non-Banking Financial Services").

Wholesale Banking Segment

As of and for the year ended December 31, 2020, assets in the wholesale banking reporting segment represented approximately 22.0% of our total assets and our commercial banking customers accounted for 26.7% of consolidated net interest revenue and 18.7% of our consolidated fee income.

As of December 31, 2020, the risk index, calculated as our allowances for loan losses as a percentage of our total loans, for our loans to commercial banking customers was 2.1%.

This segment includes companies with annual sales exceeding UF80,000, with the following operating segments:

Commercial Banking

This operating segment mainly includes companies with annual sales exceeding UF80,000. The operating units in this operating segment are: real estate and entities. As of and for the year ended December 31, 2020, assets in this operating segment represented approximately 12.3% of our total assets, and our commercial banking customers accoun for 16.8% of our consolidated net interest revenue and 11.37% of our consolidated net fee income

Corporate and Investment Banking Commercial Division

This operating segment includes large corporations, financial institutions and high net worth investors with financial needs of high value added financial services. The operating units in this operating segment are: Wholesale Banks, Corporate and Private. As of and for the year ended December 31, 2020, assets in this operating segment represented approximately 9.6% of our total assets and our commercial banking customers accounted for 9.9% of our consolidated net interest revenue and 7.3% of our consolidated net fee income.

We offer our corporate customers a broad menu of banking products and services, including short- and long-term commercial loans, state-guaranteed loans, working capital financing, lines of credit, foreign trade financing, mortgage loans, savings accounts, time-deposits and checking accounts in domestic and foreign currency, and transactional banking (cash management including electronic payroll payment and payment services for accounts payable). In addition, we cross-sell to them our non-banking financial products and services, such as broker-dealer services, insurance, factoring, fund and asset management, and financial advisory services.

Corporate and Investment Banking Finance Division Segment

This segment includes our investment portfolio. For the year ended December 31, 2020, our corporate and investment banking financial division segment accounted for 39.5% of our net operating income. This segment covers our money market, investments and trading. Our activities are subject to guidelines set out by our board of directors, the Central Bank of Chile and the CMF. We enter into transactions involving fixed-income instruments and related repurchase agreements, foreign currencies (in the spot and forward markets), negotiable mortgage instruments, derivative financi agreements and other securities traded in secondary markets.

Bci Financial Group, Inc. and Subsidiaries Segment

As part of our international expansion strategy, in October 2015 we acquired 100% of Bci Financial Group, Inc., formerly known as CM Florida Holdings, Inc., a U.S. bank holding company which owns 99.9% of City National Bank of Florida, for a purchase price of US$947 million. Established in 1946 and headquartered in Miami, Florida, City National Bank of Florida is a local commercial bank focused on mid-sized (middle market) and small companies, real estate business and high net worth and affluent clients, particularly professionals and company owners. City National Bank of Florida offers financial products, including real estate, commercial and consumer banking, to around 63,000 clients through 3 banking centers strategically located in four counties in Florida. City National Bank of Florida had approximately 867 employees and more than US$18.6 billion in assets by the end of 2020, becoming one of the largest financial institution based in the state of Florida.

As of December 31, 2020, 63.4% of City NatL R Q D O % D Q N R I) O R U L G D ¶ V O 32.7% were K D G F commercial and industrial, 3.4% were financial leases and 0.5% were consumer loans. As of December 31, 2020, City National Bank of Florida had deposits and borrowings of US$16.2 billion (US E L O O L R Q L Q G H S R V L W equity of US$2.0 billion and a risk based Tier 1 regulatory capital ratio of 8.9%, computed in accordance with guidelines promulgated by the FDIC, the OCC and the Federal Reserve. For the years ended December 31, 2018, 2019 and 2020, City National Bank of Florida had consolidated net income of US$95.5 million (primarily due to a one-time effect of an additional US$66.8 million of expenses incurred as the result of the acquisition of TotalBank, which includes legal fees and the resultant tax expense of US$16.7 million, among other items), US$162.5 million, and US$110.4 million, respectively. As of and for the year ended December 31, 2020, assets in this operating segment represented approximately 23.2% of our total assets and Bci Financial Group, Inc. and subsidiaries accounted for 25.3% of our consolidated net interest revenue a 13.7% of our consolidated net fee income. Regarding risk ratios, NPLs remain under control despite the current crisis, comprising approximately 0.8% of total loans.

Through City National Bank of Florida, we expect to continue increasing our international revenues based on combining our experience and capabilities in Chile with an established and scalable banking platform that is managed b

experienced management team in the strategic Florida market, where we have operated an international branch for over
years. However, we cannot assure you that we will be able to realize all of the anticipated benefits that we seek.

& 1 % ¶ V priorities for 2021 are to continue focusing on regulatory excellence and asset quality; to enhance focus on sales effectiveness while continuing to execute the digital transformation plan, and to successfully integrat Executive National Bank in order to maximize the transaction value.

Financial Services Segment

On December 5, 2018 the former SBIF approved our acquisition of the five entities forming Walmart Chile Servicios Financieros, the financial services division of Walmart Chile, which provides financing for its customers with the Líder MasterCard and Presto credit cards, along with other products. The Financial Services reporting segment operates an independent unit under the supervision of our senior management in Chile.

Servicios Financieros, the name under which the five entities will operate, will continue to market the financial products and services offered before by Walmart Chile, which include the issue and operation of the new Líder Bc MasterCard, along with the origination of cash advances, super cash advances and personal insurance, among others. This business will be undertaken as a-year commercial cooperation agreement between Bci and Walmart, a leading global company in the retail sector. Such agreement aims to assure the collaboration of both companies with the goal of providing the best benefits and conditions for customers.

The five entities that comprise Servicios Financieros are Servicios Financieros y Administración de Créditos Comerciales S.A. (f/k/a Servicios y Administración de Créditos Comerciales Lider S.A.), Administradora de Tarjetas Servicios Financieros Limitada (f/k/a Operadora de Tarjetas Lider Servicios Financieros Limitada), Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF LTDA (f/k/a Sociedad de Servicios de Comercio y Apoyo y Gestión Presto Limitada), SSFF Corredores de Seguros y Gestión Financiera LTDA (f/k/a Lider Corredores de Seguros y Gestión Financiera Limitada), and Servicios y Cobranzas SEYCO LTDA (f/k/a Servicios y Cobranzas Limitada).

Such entities have different roles in the business. Servicios Financieros y Administración de Creditos Comerciales Líder S.A. issues credit cards and grants loans to the customers. Sociedad de Servicios de Comercialización y Apoy Financiero y de Gestión SSFF LTDA sells and advertises the financial products of Servicios Financieros. Administradora de Tarjetas Servicios Financieros Limitada supports the credit card operations of the business. Servicios y Cobranza SEYCO LTDA collects on the overdue loans and credit cards. Finally, SSFF Corredores de Seguros y Gestión Financiera LTDA brokers insurance.

In December 2020, Servicios Financieros completed its second year of operation as our subsidiary. Although its portfolio decreased by 14% in 2020 compared to 2019, following the trend of the industry which was marked by the growth of unemployment, the ratio of past due loans to total loans ended the year close to 3%. The improvements of risk were to a large extent the result of effective communications to clients focused on reinforcing the diversity of payment channels and means available to pay invoices or collecting recovery of loans previously written off.

In January 2021, Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF Limitada, after its transformation to Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión SSFF S.A. merge with Servicios Financieros y Administración de Créditos Comerciales, pursuant to which Servicios Financieros y Administración de Créditos Comerciales absorbs Servicios de Comercialización y de Apoyo Financiero y de Gestión SSFF, which would be dissolved without liquidation, incorporating all the assets, liabilities, equity and shareholders of the Absorbed Company into the Absorbing Company, which facilitated the supervision and inspection of support companies, and allowed achieving greater organizational alignment, integrating the administration of the credit card business and simplifying the administration of the business.

Others

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reportable segments and therefore are not assigned.

Distribution Channels and Electronic Banking

Chile

Our distribution network provides integrated financial services and products to our customers through a wide range of channels. This network includes ATMs, branches, online banking and phone-banking devices. Our 1,659 ATMs (which as of November 2020 represented 13.4% of the ATM network in Chile, according to the CMF, versus 14.4% same month in 2019) allow our customers to conduct self-service banking transactions during banking and non-banking hours.

As of December 31, 2020, we had a network of points of contact throughout Chile, which serve as a distribution network for all of the products and services we offer to our customers. Our 238 full-service branches accept deposits, disburse cash, offer the full range of our retail banking products such as consumer loans, automobile financing, credit cards, mortgage loans and checking accounts and provide information to current and potential customers.

We offer electronic banking services to our commercial customers 24 hours a day through our internet website which have homepages that are segmented by market. Our corporate homepage offers services including our office banking service which enables our corporate customers to perform most of their banking transactions from their offices. Our retail website offers a broad range of services, including the payment of bills, electronic fund transfers, stop payment and non-charge orders, as well as a wide variety of account inquiries. Both websites offer our customers the sale of third-party products with exclusive benefits. We also have a website designed for our investor customers through which they can perform transactions such as stock trading, time deposit taking and opening savings accounts.

Our foreign trade customers can rely on our international business website which enables them to inquire about the status of their foreign trade transactions and perform transactions such as opening letters of credit, recording import collection and hedging on instructions and letters of credit.

In 2020, more than 7 million of clients operated through the website and the mobile application reaching an amount of Ch$7,044,770 million in transactions

International

We have historically maintained a network of international banking relationships, including alliances and commercial relationships with more than 1,000 correspondent banks in North America, Europe, Asia and South America, a foreign branch and several representation offices in strategic cities abroad. We have formalized commercial alliances with several banks, including Wells Fargo (USA), Intesa Sanpaolo (Italy), Banco de Crédito del Perú (Perú), Bicsa (Costa Rica), Banco Credicoop (Argentina) and Export Import Bank of China (China). We have representative offices in Lima, São Paulo, México City, Bogotá and Shanghai.

Our international relationships provide an additional source of interbank funding and offer opportunities for short-term loans. More importantly, our international network facilitates the offer of products and services to our clients pursuing cross-border business activities. These products include foreign trade financing, letters of credit and foreign exchange transactions.

Our Miami branch was established in 1999 and offers a range of general banking products and services in the United States to our clients. As of December 31, 2020, our Miami branch had total assets of US$4,183 million, including a loan portfolio of US$2,124 million, representing 2.13% of our total assets at such date. Of our Miami branch US$1,210 million were commercial loans, mostly to large Chilean corporations. The remaining US$390 million were primarily foreign trade loans and off-balance contingent loans (letters of credit and stand-by letters of credit). In December 31, 2020, our Miami branch had a net profit of US$4.7 million.

Investments in bonds and foreign securities by our Miami branch aggregated US$592 million at December 31, 2020, most of which consisted of private sector bonds. As of December 31, 2020, our Miami branch had US$25 million in allowances for loan losses. Although our Miami branch manages its assets and liabilities locally, it follows the same credit processes that we follow in Santiago, and all credit decisions are made by our account officers and credit committees in Santiago.

Funding sources for our Miami branch include demand deposit accounts, money market accounts and other deposits of US$374.9 million, term deposits of US$1,361.9 million, and foreign borrowings of US$1,436 million. Following the outbreak of social unrest in Chile in the second half of 2019, many of our Chile-based customers have migrated their accounts to our Miami branch. The following table sets forth, as of December 31, 2020, the composition of our portfolio of loans originated through our Miami branch:

	As of December 31, 2020
	(in US$)
Foreign trade loans	290,926,760
Commercial loans	1,209,832,955
Loans and receivables to banks	206,600,000
Consumer loans	-
Contingent loans	410,757,719
Past due loans	5,648,437
Total	2,123,765,871

The following table sets forth, as of December 31, 2020, the sources of funding for our Miami branch:

	As of December 31, 2020	
	(in US$, except for percentages)	
Current accounts	374,911,348	10.22%
Certificates of deposits and time deposits	1,361,988,415	37.12%
Other demand deposits	41,643	0.00%
Contingent liabilities	410,757,719	11.20%
Foreign borrowings	1,436,054,680	39.14%
Other liabilities	85,142,262	2.32%
Total	3,668,896,067	100.00%

Our Digital Transformation Plan

We collaborate closely with leaders in global technology like Google and Microsoft, among others, to attain major scale and speed of execution and innovation. Regarding technological architecture, we have made significant progress terms of optimization through the development of application programming interfaces (APIs) and microservices architecture to support our new business model.

In Chile, we were the first bank to offer a fully digitized mortgage loan application, in close partnership with real estate companies. As a result, 56% of the new mortgage loans, 60% of consumer loans and more than 79% of time deposits transactions are now carried out through digital channels.

In addition, the new Bci mobile application is used by 70% of our checking account customers. Data analytics and artificial intelligence have allowed the development of My Finance, a dedicated tab in our mobile application allowing users to visualize their income and expenses, as well as the projection of their cash flows. We have also pioneered in t market with our person-to-person payments MACH mobile app, with more than 2 million users, which provides seamless payments in less than 15 seconds, as well as more than 2 million MACH prepaid cards. In addition, we recently deployed a new payment solution for businesses called MACH Pay, for both e-commerce and physical stores.

We have also recently announced a joint venture with EVO Payments, a leading global provider of payment technology integration and acquirer solutions. This joint venture takes place in an environment where governmen authorities and mDUNHW SOD\HUV DUH ZRUNLQJ WRJHWKHU IRU &KLOH¶V QDWL model to one with multiple acquirers with increased capabilities and competition. With this initiative, along with MACH, Google, Visa and Garmin Pay, we aim to become a significant player in the acquisition and payment solutions market in Chile.

Competition

Chile

The Chilean market for financial services is highly competitive. In the commercial banking segments, we face competition from larger Chilean banks in terms of assets, some of which have substantially greater resources, and major international banking institutions. Our principal private-sector competitors include Banco Santander-Chile, Banco de Chile, Itaú-CorpBanca, and Scotiabank, as well as Banco del Estado de Chile, which is government owned. In addition, we are subject to competition in other segments of our business from market participants such as broker-dealers, insurance companies and other specialized providers of non-banking financial services, including department stores and larger VXSHUPDUNHW FKDLQV 6HH ³7KH &KLOHDQ %DQNLQJ ,QGXVWU\ Competition

We believe that the consolidation experienced in the Chilean banking system during the last 17 years is likely to continue and result in a further reduction in the number of private VHFWRU EDQNV FXUUHQWO\ DFW Factors² ,QFUHDVHG FRPSHWLWLRQ DQG LQGXVWU\ FRQVROLGDWLRQ PD\ &KLOHDQ %DQNLQJ ,QGXVWU\ for an extensive discussion of the competitive environment and comparative financial and operating information for the principal banking institutions.

United States

Our markets are highly competitive. Our markets contain not only a large number of community and regional bDQNV EXW DOVR D VLJQLILFDQW SUHVHQFH RI WKH FRXQWU\¶V ODUJH international financial institutions located in our market areas as well as savings associations, savings banks and cred unions for deposits and loans. In addition, we compete with financial intermediaries such as consumer finance companies mortgage banking companies, insurance companies, securities firms, mutual funds and several government agencies as w as major retailers, all actively engaged in providing various types of loans and other financial services. Our largest banking competitors in the Florida market include Bank of America, JPMorgan Chase, Sabadell, SunTrust Banks, Bank United Stonegate Bank, TD Bank and Wells Fargo among others.

Employees

As of December 31, 2020, we had 11,675 employees. For 2020, we invested approximately Ch$2,326 million in employee training for approximately 55.3 training hours per employee during the year and for 2020 we expect to maintain this level of investment. We also have a scholarship program that promotes the completion of basic and specialized studie During the year ended December 31, 2020, we had a 0.8% monthly turnover rate. Our current employees have been with us for 9.3 years on average in Chile. As of December 31, 2020, 53% of our employees were affiliated with four unions. Bci has three collective bargaining agreements: (1) with National Union of Workers Banco de Crédito y Inversiones (North), which expired in August 2018 and is being reviewed by the Ministry of Labor, (2) with Telecanal, which is scheduled to expire in April 2022 and (3) with Union of Financial Services Corporation Bci (Santiago), which is scheduled to expire in November 2022.

Properties

Our headquarters are located in Chile in a building we own at El Golf 125, Las Condes, Santiago. As of December 31, 2020, we owned 34% of the locations on which our full-service branches were located and leased the remaining branch locations. Our branches are located in all of the RI &KLOH¶V UHJLRQV ,Q GHWHU into a new location, we conduct extensive analysis and market studies, prepare business plans and consult with existing clients in the proposed new location to determine the appropriateness of opening such branch. Although we believe that our existing physical facilities are adequate for our current needs, we regularly evaluate the profitability of each of our branc to make decisions concerning the expansion, relocation or closing of branches.

City 1DWLRQDO %DQN RI)ORULGD¶V KHDGTXDUWHUV DUH ORFDWHG Florida, with 32 branches located in four counties in Florida

Legal Proceedings

We are a party to certain legal proceedings in Chile and the United States arising in the normal course of ou business. We do not believe that these proceedings are likely to have a material adverse effect on our financial condition or results of operations.

Capital Stock

As of December 31, 2020, our paid-in capital is represented by 148,767,940 ordinary shares, fully paid and distributed. Our ordinary shares have no par value and full voting rights. There are no legal restrictions on the payment of dividends from our net income, except that we may pay only a single dividend per year (i.e., interim dividends are not permitted). Under the Chilean Corporations Law and regulations issued thereunder, Chilean public corporations ar generally required to distribute at least 30% of their consolidated annual earnings as dividends, except to the extent th have accumulated losses. Previously, a bank was permitted to distribute less than such minimum amount in any given yea with approval of the holders of at least two-WKLUGV RI WKH EDQN¶V RXWVWDQGLQJ VWRFN eliminated by law. Under the General Banking Law, a Chilean bank may pay dividends upon approval of its shareholders from (i) net earnings of previous fiscal years (i.e., interim dividends are not permitted), (ii) the reserve kept for that purpose or (iii) other funds permitted under Chilean law. Banks cannot pay dividends if part of their capital has been lost and such loss has not been recovered, additionally, banks cannot pay dividends from net earnings or reserves kept for that purpose as a consequence of such payment, the bank is in contravention of the financial ratios established under article 66 of the General Banking Law.

SELECTED STATISTICAL INFORMATION

The following information presents our selected statistical information as of and for the years ended December 31, 2018, 2019 and 2020 in accordance with Chilean GAAP, and is included for analytical purposes. This information should be read in connection with, and is qualified in its entirety by reference to, our Audited Consolidated Financial Statements and the sHFWLRQ HQWLWOHG ³0DQDJHPHQW¶V 'LVFXVVLRQ DQG $QDO\VLV appearing elsewhere in this Prospectus. The financial data in the following tables have been stated in nominal Chilean pesos.

Average Balance Sheets and Interest Rate Data

Average balances for interest earning assets, interest bearing liabilities, non-interest earning assets and non-interest bearing liabilities for the years ended December 31, 2018, 2019 and 2020 have been calculated on the basis of monthly balances of Bci and our subsidiaries and derived from our financial information presented under Chilean GAAP. Data computed using more frequent balances could be significantly different. In each case, such average balances are presented in Chilean pesos, UF and foreign currencies (principally U.S. dollars). The UF is a unit of account which is linked to, and which changes daily to reflect changes in, the Chilean consumer price index published by the Chilean National Institute of Statistics over the close of the previous month.

The nominal interest rate has been calculated by dividing the amount of interest and principal readjustment gain or loss during the period by the related average balance. The nominal rates calculated for each period have been converted into real rates using the following formulas:

$$Rp = \frac{1+Np}{1+I} - 1 \qquad\qquad Rd = \frac{(1+Nd)\,(1+D)}{1+I} - 1$$

Where:

Rp = real average rate for peso-denominated assets and liabilities (in Ch$ and UF) for the period;

Rd = real average rate for foreign currency-denominated assets and liabilities for the period;

Np = nominal average rate for peso-denominated assets and liabilities for the period;

Nd = nominal average rate for foreign currency-denominated assets and liabilities for the period;

D = devaluation rate of the Chilean peso to the dollar for the period; and

I = inflation rate in Chile for the period (based on the variation of the Chilean consumer price index).

The real interest rate can be negative for a portfolio of peso-denominated loans when the inflation rate for the period is higher than the average nominal rate of the loan portfolio for the same period. A similar effect could occur for a portfolio of foreign currency-denominated loans when the inflation rate for the period is higher than the sum of the devaluation rate for the period and the corresponding average nominal rate of the portfolio.

The formula for the average real rate for foreign currency-denominated assets and liabilities (Rd) reflects a gain or loss in purchasing power caused by the difference between the devaluation rate of the peso and the inflation rate in Chile during the period.

The following example illustrates the calculation of the real interest rate for a U.S. dollar-denominated asset earning a nominal annual interest rate of 10% (Nd = 0.10), assuming a 5% annual devaluation rate (D = 0.05) and a 12% annual inflation rate (I = 0.12):

$$Rd = \frac{(1+0.10)\,(1+0.05)}{1+0.12} - 1 = 3.125\% \text{ per year}$$

In the example, since the inflation rate was higher than the devaluation rate, the real rate is lower than the nominal rate in dollars. For example, if the annual devaluation rate were 15%, provided the rest of the numbers used in the example above remain the same, the real rate in Chilean pesos would be 12.9%, which is higher than the nominal rate in dollars. In the same example, if the annual inflation rate were greater than 15.5%, the real rate would be negative.

Average balances (assets or liabilities) do not include contingent loans, because they are off-balance sheet. The foreign exchange gains or losses on foreign currency-denominated assets and liabilities have not been included in interest income or expense. Similarly, interest on investments does not include trading gains or losses on these investments.

Loans that are not yet 90 days or more overdue, as well as restructured loans, have been included in each of the various categories of loans and therefore affect the various averages. Past due loans consist of loans for which eith principal or interest are overdue for at least 90 days and which do not accrue interest and include, with respect to any loan, only the portion of principal and interest that is overdue for 90 or more days, and do not include the installments of such loan that are not overdue or that are overdue for less than 90 days, unless (i) any portion of the loan is overdue for 180 days or more, in which case the entire loan is considered past due, or (ii) legal proceedings have been commenced for the ent outstanding balance according to the terms of the loan, in which case the entire loan is considered past due within 90 days DIWHU LQLWLDWLRQ RI VXFK SURFHHGLQJV ³SDVW GXH ORDQV´ 2QFH QRW FRQWLQXH WR EH FRQVLGHUHG ³SDVW GXH´ RU ³QRQ-SHUIRUPLQJ´ ,QWHUHVW received on all loans during the periods are included as interest income. Loans with respect to which we have certa evidence indicating that the borrower will not perform its payment obligation in accordance with the terms and conditions RI WKH ORDQ DUH SUHVHQWHG DV D GLIIHUHQW ³&DWHJRU\ RI /RDQV´ Information² /RDQV ´

Included in interbank deposits are current accounts maintained in the Central Bank of Chile and overseas banks. Such assets have a distorting effect on the average interest rate earned on total interest earning assets because (i) bala maintained in the Central Bank of Chile only receive interest on the amounts which are legally required to be held for liquidity purposes, and (ii) balances maintained in overseas banks earn interest only for certain accounts in certai countries. Consequently, the average interest income on such assets is comparatively low. We maintain deposits in these accounts to comply with statutory requirements and to facilitate international business, rather than to earn income.

The following tables show, by currency of denomination, average balances and, where applicable, interest amounts earned and paid, and average nominal rates for our interest earning assets and interest bearing liabilities for the years ended December 31, 2018, 2019 and 2020. Except where otherwise specified, all amounts stated in this section are before deduction of allowaQFH IRU ORDQ² $QRVVHDWLRQ RI $OORZDQFH IRU /RDQ /RV

	As of and for the year ended December 31,											
	2018				2019				2020			
INTEREST EARNING ASSETS	Average balance	Interest income	Average nominal rate	Average real rate	Average balance	Interest income	Average nominal rate	Average real rate	Average balance	Interest income	Average nominal rate	Average real rate
	(in millions of Ch$, except for rate data)											
Commercial loans												
Commercial loans.......												
Ch$..........................	4,729,875	268,572	5.7%	3.0%	4,964,577	280,109	5.6%	2.6%	6,456,494	278,513	4.3%	1.3%
UF............................	3,449,127	209,243	6.1%	3.4%	3,766,639	207,965	5.5%	2.4%	4,137,946	213,152	5.2%	2.1%
Foreign currency........	1,558,610	69,266	4.4%	15.0%	1,958,826	104,910	5.4%	10.2%	2,455,036	89,396	3.6%	(4.3%)
CNB commercial loans.......................	4,725,504	248,903	5.3%	2.6%	5,634,689	306,041	5.4%	2.4%	7,241,822	331,508	4.6%	1.5%
Total....................	14,463,116	795,984	5.5%	4.3%	16,324,731	899,025	5.5%	3.4%	20.291.298	912.569	4.5%	0.9%
Foreign trade loans												
Ch$..........................	43,406	2,062	4.8%	2.1%	37,932	2,031	5.4%	2.3%	52,512	2,023	3.9%	0.8%
UF............................	740	187	25.3%	22.1%	±	±	0.0%	0.0%	-	-	-	-
Foreign currency........	720,054	28,561	4.0%	14.5%	912,083	39,083	4.3%	9.1%	1,049,356	39,208	3.7%	(4.3%)
Total....................	764,200	30,810	4.0%	13.8%	950,015	41,114	4.3%	8.8%	1,101,868	41,231	3.7%	(4.0%)
Checking accounts												
Ch$..........................	172,894	30,576	17.7%	14.7%	187,606	31,649	16.9%	13.5%	164,651	20,759	12.6%	9.3%
UF............................	±	±	0.0%	0.0%	-	-	0.0%	0.0%		-	-	-
Foreign currency........	±	±	0.0%	0.0%	-	-	0.0%	0.0%	1,619	-	-	-
Total....................	172,894	30,576	17.7%	14.7%	187,606	31,649	16.9%	13.5%	166,270	20,759	12.5%	9.2%
Loans to college students												
Ch$..........................	6,560	626	9.5%	6.8%	5,791	538	9.3%	6.1%	4,868	437	9.0%	5.8%
UF............................	3,024	165	5.5%	2.8%	1,869	96	5.1%	2.1%	1,631	52	3.2%	0.2%
Foreign currency........	±	±	0.0%	0.0%	-	-	0.0%	0.0%	-	-	-	-
Total....................	9,584	791	8.3%	5.5%	7,660	634	8.3%	5.1%	6,499	489	7.5%	4.4%
Factoring operations												
Ch$..........................	542,815	50,142	9.2%	6.5%	658,785	52,460	8.0%	4.8%	621,435	35,037	5.6%	2.6%
UF............................	65,283	3,029	4.6%	2.0%	35,819	3,360	9.4%	6.2%	23,084	(158)	(0.7%)	(3.6%)
Foreign currency........	233,859	3,679	1.6%	11.9%	181,294	2,153	1.2%	5.9%	178,855	1,016	0.6%	(7.2%)
Total....................	841,957	56,850	6.8%	7.6%	875,898	57,973	6.6%	5.1%			4.4%	0.3%

INTEREST EARNING ASSETS	As of and for the year ended December 31,											
	2018				2019				2020			
	Average balance	Interest income	Average nominal rate	Average real rate	Average balance	Interest income	Average nominal rate	Average real rate	Average balance	Interest income	Average nominal rate	Average real rate
	(in millions of Ch$, except for rate data)											
									823,374	35,895		
Leasing transactions												
Ch$	465,830	33,934	7.3%	4.6%	556,242	40,523	7.3%	4.2%	593,131	39,270	6.6%	3.5%
UF	532,883	39,495	7.4%	4.7%	532,286	37,674	7.1%	4.0%	513,433	34,438	6.7%	3.6%
Foreign currency	305,991	21,029	6.9%	17.7%	433,602	34,770	8.0%	13.0%	483,693	39,478	8.2%	(0.2%)
Total	1,304,704	94,458	7.2%	7.7%	1,522,130	112,967	7.4%	6.6%	1,590,257	113,186	7.1%	2.4%
Other loans and receivables												
Ch$	53,289	8,442	15.8%	12.9%	63,327	9,623	15.2%	11.8%	58,531	8,092	13.8%	10.5%
UF	162,810	13,185	8.1%	5.4%	153,690	12,706	8.3%	5.1%	142,946	11,972	8.4%	5.2%
Foreign currency	±	±	0.0%	0.0%	±	±	0.0%	0.0%	-	-	-	-
Total	216,099	21,627	10.0%	7.2%	217,017	22,329	10.3%	7.1%	201,477	20,064	10.0%	6.8%
Mortgage loans												
Mortgage loans												
Ch$	14,453	1,022	7.1%	4.4%	12,803	912	7.1%	4.0%	11,205	748	6.7%	3.6%
UF	5,561,215	359,859	6.5%	3.8%	6,216,706	392,345	6.3%	3.2%	7,024,914	376,766	5.4%	2.3%
Foreign currency	±	±	0.0%	0.0%	7,235	±	0.0%	0.0%	63,725	-	0.0%	0.0%
CNB mortgage loans	1,087,645	1,472	0.1%	(2.4)%	1,536,522	562	0.0%	(2.9)%	1,667,019	776	0.0%	(2.9%)
Total	6,663,313	362,353	5.4%	2.8%	7,773,266	393,819	5.1%	2.0%	8,766,863	378,290	4.3%	1.3%
Consumer loans												
Consumer loans in installment												
Ch$	2,150,480	261,096	12.1%	9.3%	2,278,788	276,515	12.1%	8.9%	2,219,499	255,242	11.5%	8.3%
UF	44,724	3,239	7.2%	4.5%	55,974	3,934	7.0%	3.9%	45,452	3,052	6.7%	3.6%
Foreign currency	±	±	0.0%	0.0%	26,599	668	2.5%	7.3%	21,529	1,533	7.1%	(1.1%)
CNB consumer loans	101,265	4,735	4.7%	2.0%	27,178	830	3.1%	0.1%	18,216	694	3.8%	0.8%
Total	2,296,469	269,070	11.7%	8.8%	2,388,539	281,947	11.8%	8.6%	2.304.696	260.521	11.3%	8.0%
Checking accounts												
Ch$	119,411	36,278	30.4%	27.1%	121,814	36,244	29.8%	26.0%	81,522	24,921	30.6%	26.8%
UF	±	±	0.0%	0.0%	-	-	-	-	-	-	-	-
Foreign currency	±	±	0.0%	0.0%	-	-	-	-	-	-	-	-
Total	119,411	36,278	30.4%	27.1%	121,814	36,244	29.8%	26.0%	81,522	24,921	30.6%	26.8%
Credit card borrowers												
Ch$	581,602	79,852	13.7%	10.8%	1,284,165	213,118	16.6%	13.2%	1,274,676	200,746	15.7%	12.4%
UF	±	±	0.0%	0.0%	-	-	0.0%	0.0%	-	-	-	-
Foreign currency	±	±	0.0%	0.0%	-	-	0.0%	0.0%	-	-	-	-
Total	581,602	79,852	13.7%	10.8%	1,284,165	213,118	16.6%	13.2%	1,274,676	200,746	15.7%	12.4%
Consumer leasing transactions												
Ch$	1,385	99	7.1%	4.4%	866	62	7.2%	4.0%	561	41	7.3%	4.2%
UF	1,126	76	6.7%	4.0%	780	53	6.8%	3.7%	423	30	7.1%	4.0%
Foreign currency	±	±	0.0%	0.0%	-	-	0.0%	0.0%	-	-	-	-
Total	2,511	175	7.0%	4.3%	1,646	115	7.0%	3.9%	984	71	7.2%	4.1%
Other loans and receivables												
Ch$	±	±	0.0%	0.0%	-	-	0.0%	0.0%	-	-	-	-
UF	±	±	0.0%	0.0%	-	-	0.0%	0.0%	-	-	-	-
Foreign currency	29,877	4,735	15.8%	0.0%	29,835	5,529	18.5%	24.0%	24,949	19,907	79.8%	65.9%
Total	29,877	4,735	15.8%	27.6%	29,835	5,529	18.5%	24.0%	24,949	19,907	79.8%	65.9%
Loans and Receivables to banks												
Ch$	2,500	66	2.6%	0.0%			0.0%	0.0%	-	-	-	-
UF	±	±	0.0%	0.0%			0.0%	0.0%	-	-	-	-
Foreign currency	316,825	14,279	4.5%	15.1%	355,037	17,556	4.9%	9.8%	443,441	11,385	2.6%	(5.3%)
Total	319,325	14,345	4.5%	15.0%	355,037	17,556	4.9%	9.8%	443,441	11,385	2.6%	(5.3%)
Investments												
Ch$	478,626	15,145	3.2%	0.5%	292,631	65,420	22.4%	18.8%	2,591,493	26,163	1.0%	(1.9%)
UF	304,652	13,450	4.4%	1.8%	336,609	13,296	3.9%	0.9%	681,327	18,587	2.7%	(0.3%)
Foreign currency	625,117	23,228	3.7%	14.2%	709,005	25,542	3.6%	8.4%	990,203	22,178	2.2%	(5.6%)
CNB investments	1,543,485	38,815	2.5%	(0.1)%	2,134,025	53,168	2.5%	(0.5)%	2,544,522	46,784	1.8%	(1.1%)
Total	2,951,880	90,638	3.1%	3.2%	3,472,270	157,426	4.5%	3.1%	6,807,545	113,712	1.7%	(2.0%)
Other assets												
Ch$	459,569	11,603	2.5%	(0.1)%	737,882	(33,957)	(4.6)%	(7.4)%	1,279,423	1,087	0.1%	(2.8%)
UF	6,724	(64,828)	(964.1)%	(942.2)%	21,059	(41,125)	(195.3)%	(192.5)%	6,311	(68,796)	(1090.1%)	(1061.3%)
Foreign currency	355,927	4,019	1.1%	11.4%	731,583	10,155	1.4%	6.1%	1,232,082	2,567	0.2%	(7.5%)

INTEREST EARNING ASSETS	2018 Average balance	2018 Interest income	2018 Average nominal rate	2018 Average real rate	2019 Average balance	2019 Interest income	2019 Average nominal rate	2019 Average real rate	2020 Average balance	2020 Interest income	2020 Average nominal rate	2020 Average real rate
						(in millions of Ch$, except for rate data)						
CNB	±	±	0.0%	0.0%	±	±	0.0%	0.0%	-	-	-	-
Total	822,220	(49,206)	(6.0)%	(2.8)%	1,490,524	(64,888)	±4.4%	(3.4)%	2,517,816	(65,142)	(2.6%)	(7.8%)
Total interest earning assets												
Ch$	9,822,695	799,515	8.1%	5.4%	11.203.209	975.286	8,7%	5,5%	15,410,001	893,079	5.8%	2.7%
UF	10,132,308	577,100	5.7%	3.0%	11.121.431	630.304	5,7%	2,6%	12,577,467	589,095	4.7%	1.6%
Foreign currency	4,146,260	168,796	4.1%	14.6%	5.345.099	240.366	4,5%	3,8%	6,944,488	226,668	3.3%	(4.7%)
CNB	7,457,899	293,925	3.9%	1.3%	9.332.414	360.601	3,9%	0,8%	11,471,579	379,762	3.3%	0.3%
Total	31,559,162	1,839,336	5.8%	4.9%	37.002.153	2.206.557	6,0%	3,2%	46,403,535	2,088,604	4.5%	0.7%

As of and for the year ended December 2019

NON-INTEREST EARNING ASSETS	2018 Average balance	2018 Interest income	2018 Average nominal rate	2018 Average real rate	2019 Average balance	2019 Interest income	2019 Average nominal rate	2019 Average real rate	2020 Average balance	2020 Interest income	2020 Average nominal rate	2020 Average real rate
						(in millions of Ch$, except for rate data)						
Cash and due from banks												
Ch$	643,664	±	±	±	636,929	:	±	±	617,310	±	±	±
UF	±	±	±	±	±	:	±	±	105,000	±	±	±
Foreign currency	997,369	±	±	±	1,156,958	:	±	±	1,358,931	±	±	±
CNB	304,692	±	±	±	317,932	:	±	±	498,053	±	±	±
Total	1,945,725	±	±	±	2,111,819	:	±	±	2,579,294	±	±	±
Allowance for loan losses												
Ch$	(401,046)	±	±	±	(563,218)	:	±	±	(663,616)	±	±	±
UF	±	±	±	±	±	:	±	±		±	±	±
Foreign currency	(9,040)	±	±	±	(7,013)	:	±	±	(14,834)	±	±	±
CNB	(38,116)	±	±	±	(44,566)	:	±	±	(69,983)	±	±	±
Total	±448,202	±	±	±	(614,797)	:	±	±	(748,433)	±	±	±
Derivative Financial Assets												
Ch$	1,282,977	±	±	±	2,617,321	:	±	±	5,409,635	±	±	±
UF	118,848	±	±	±	3,996	:	±	±	10,344	±	±	±
Foreign currency	4,836	±	±	±	25,073	:	±	±	97,971	±	±	±
CNB	24,134	±	±	±	35,839	:	±	±	98,829	±	±	±
Total	1,430,795	±	±	±	2,682,229	:	±	±	5,616,779	±	±	±
Property, plant and equipment												
Ch$	220,603	±	±	±	261,668	:	±	±	223,972	±	±	±
UF	±	±	±	±	110,973	:	±	±	127,004	±	±	±
Foreign currency	768	±	±	±	1,902	:	±	±	8,102	±	±	±
CNB	52,879	±	±	±	121,766	:	±	±	119,281	±	±	±
Total	274,250	±	±	±	496,309	:	±	±	478,359	±	±	±
Investments												
Ch$	619,693	±	±	±	762,517	:	±	±	480,455	±	±	±
UF	1,407,843	±	±	±	1,449,956	:	±	±	1,106,409	±	±	±
Foreign currency	62,152	±	±	±	25,623	:	±	±	58,731	±	±	±
CNB	70,536	±	±	±	21,591	:	±	±	23,923	±	±	±
Total	2,160,224	±	±	±	2,259,687	:	±	±	1,669,518	±	±	±
Other assets												
Ch$	651,462	±	±	±	771,446	:	±	±	739,961	±	±	±
UF	±	±	±	±	±	:	±	±	-	±	±	±
Foreign currency	31,187	±	±	±	57,575	:	±	±	45,607	±	±	±
CNB	317,979	±	±	±	479,384	:	±	±	633,337	±	±	±
Total	1,000,628	±	±	±	1,308,405	:	±	±	1,418,905	±	±	±
Total noninterest earning assets												
Ch$	3,017,353	±	±	±	4,486,663	:	±	±	6,807,717	±	±	±
UF	1,526,691	±	±	±	1,564,925	:	±	±		±	±	±

NON-INTEREST EARNING ASSETS	2018 Average balance	2018 Interest income	2018 Average nominal rate	2018 Average real rate	2019 Average balance	2019 Interest income	2019 Average nominal rate	2019 Average real rate	2020 Average balance	2020 Interest income	2020 Average nominal rate	2020 Average real rate
	As of and for the year ended December 2019											
					(in millions of Ch$, except for rate data)							
									1,348,757			
Foreign currency	1,087,272	±	±	±	1,260,118	:	±	±	1,554,508	±	±	±
CNB	732,104	±	±	±	931,946	:	±	±	1,303,440	±	±	±
Total	6,363,420	±	±	±	8,243,652	:	±	±	11,014,422	±	±	±
Total assets(1)												
Ch$	12,840,048	799,515	6.2%	±	15,689,870	975,287	6.2%	±	22,217,718	893,079	4.0%	±
UF	11,658999	577,100	4.9%	±	12,686,356	630,304	5.0%	±	13,926,224	589,095	4.2%	±
Foreign currency	5,233,532	168,796	3.2%	±	6,605,219	240,366	3.6%	±	8,498,996	226,668	2.7%	±
CNB	8,190,003	293,925	3.6%	±	10,264,360	360,607	3.5%	±	12,775,019	379,762	3.0%	±
Total	37,922,582	1,839,336	4.9%	±	45,245,805	2,206,558	4.9%	±	57,417,957	2,088,604	3.6%	±

INTEREST BEARING LIABILITIES	2018 Average balance	2018 Interest paid and accrued	2018 Average nominal rate	2018 Average real rate	2019 Average balance	2019 Interest paid and accrued	2019 Average nominal rate	2019 Average real rate	2020 Average balance	2020 Interest paid and accrued	2020 Average nominal rate	2020 Average real rate
	As of and for the year ended December 31,											
					(in millions of Ch$, except for rate data)							
Time deposits and other borrowings												
Time deposits												
Ch$	12,461,226	270,698	2.2%	(0.4)%	12,824,937	266,596	2.1%	(0.9%)	14,084,331	125,813	0.9%	(2.0%)
UF	334,947	12,113	3.6%	1.0%	204,337	6,976	3.4%	0.4%	59,955	2,173	3.6%	0.6%
Foreign currency	2,712,117	44,857	1.7%	12.0%	3,283,754	60,426	1.8%	6.6%	4,571,130	34,195	0.7%	(7.0%)
CNB	1,217,588	61,454	5.0%	2.4%	1,374,140	101,734	7.4%	4.3%	1,114,805	57,138	5.1%	2.1%
Total	16,725,878	389,122	2.3%	1.8%	17,687,168	435,732	2.5%	0.9%	19,830,221	219,319	1.1%	(3.0%)
Savings accounts			±	±								
Ch$	±	±										
UF	47,579	1,352	2.8%	0.2%	47,406	1,275	2.7%	(0.3)%	52,249	1,436	2.7%	(0.2%)
			±	±								
Foreign currency	±	±										
CNB	±	±	±	±	±	-	0.0%	0.0%	±	±	0.0%	0.0%
Total	47,579	1,352	2.8%	0.2%	47,406	1,275	2.7%	(0.3)%	52,249	1,436	2.7%	(0.2%)
Central Bank of Chile borrowings												
			±	±	±		0.0%	0.0%				
Ch$	±	±				-			±	±	0.0%	0.0%
			±	±	±		0.0%	0.0%				
UF	±	±				-			±	±	0.0%	0.0%
Foreign currency	±	±	±	±	±	-	0.0%	0.0%	±	±	0.0%	0.0%
			±	±	±		0.0%	0.0%				
Total	±	±				-			±	±	0.0%	0.0%
Liabilities under agreements to repurchase												
Ch$	452,089	11,138	2.5%	(0.1)%	372,319	9,505	2.6%	(0.4)%	275,191	3,269	1.2%	(1.8%)
UF	8,721	1,116	12.8%	9.9%	4,989	604	12.1%	8.8%	2,546	38	1.5%	(1.5%)
Foreign currency	32,360	969	0.6%	10.8%	30,720	782	2.5%	7.3%	38,409	490	1.3%	(6.5%)
CNB	127,620	409	0.3%	(2.2)%	88,813	481	0.5%	(2.4)%	86,109	325	0.4%	(2.5%)
Total	620,790	13,223	2.1%	0.28%	496,841	11,372	2.3%	(0.2)%	402,255	4,122	1.0%	(2.4%)
Bond												
			±	±								
Mortgage finance	±	±										
			±	±								
Ch$	±	±										
UF	14,806	1,366	9.2%	6.5%	10,928	794	7.3%	4.1%	7,712	561	7.3%	4.1%
			±	±	±		0.0%	0.0%				
Foreign currency	±	±				-			±	±	0.0%	0.0%
CNB	±	±	±	±	±	-	0.0%	0.0%	±	±	0.0%	0.0%
Total	14,806	1,366	9.2%	6.5%	10,928	794	7.3%	4.1%	7,712	561	7.3%	4.1%
Other bonds												
Ch$	161,012	10,474	6.5%	3.8%	220,488	12,535	5.7%	2.6%	269,058	11,729	4.4%	1.3%
UF	4,185,771	232,358	5.6%	2.9%	4,856,747	251,476	5.2%	2.1%	5,209,444	260,671	5.0%	1.9%
Foreign currency	1,278,685	36,140	2.8%	13.2%	1,594,685	47,029	2.9%	7.7%	1,945,703	52,441	2.7%	(5.2%)
CNB	±	±	±	±	±	-	±	±	±	±	±	±
Total	5,625,468	278,972	5.0%	5.3%	6,671,920	311,040	4.7%	3.5%	7,424,205	324,841	4.4%	0.0%
Other interest bearing liabilities												
Ch$	391,309	13,536	3.5%	0.8%	530,843	16,688	3.1%	0.1%	2,988,260	12,840	0.4%	(2.5%)

INTEREST BEARING LIABILITIES	2018 Average balance	2018 Interest paid and accrued	2018 Average nominal rate	2018 Average real rate	2019 Average balance	2019 Interest paid and accrued	2019 Average nominal rate	2019 Average real rate	2020 Average balance	2020 Interest paid and accrued	2020 Average nominal rate	2020 Average real rate
					(in millions of Ch$, except for rate data)							
UF	407,343	5,708	1.4%	(1.2)%	474,436	11,306	2.4%	(0.6)%	643,280	11,998	1.9%	(1.1%)
Foreign currency	1,907,537	42,024	2.2%	12.6%	2,758,109	76,036	2.8%	7.5%	2,955,115	43,007	1.5%	(6.4%)
CNB	742,695	13,836	1.9%	(0.7)%	1,060,388	20,820	2.0%	(1.0)%	1,445,939	11,939	0.8%	(2.1%)
Total	3,448,884	75,104	2.2%	6.8%	4,823,776	124,850	2.6%	4.0%	8,032,594	79,784	1.0%	(3.7%)
Total interest bearing liabilities												
Ch$	13,465,636	305,846	2.3%	(0.3)%	13,948,587	305,324	2.2%	(0.8)%	17,616,840	153,651	0.9%	(2.1%)
UF	4,999,167	254,013	5.1%	2.4%	5,598,843	272,437	4.9%	1.8%	5,975,186	276,877	4.6%	1.6%
Foreign currency	6,058,319	123,990	2.0%	12.4%	7,667,268	184,273	2.4%	7.1%	9,510,357	130,133	1.4%	(6.4%)
CNB	1,960,283	75,290	3.8%	1.2%	2,523,341	123,035	4.9%	1.8%	2,646,853	69,402	2.6%	(0.4%)
Total	26,483,405	759,139	2.9%	3.2%	29,738,039	885,063	3.0%	2.0%	35,749,236	630,063	1.8%	(2.5%)

NON-INTEREST BEARING LIABILITIES	2018 Average balance	2018 Interest paid and accrued	2018 Average nominal rate	2018 Average real rate	2019 Average balance	2019 Interest paid and accrued	2019 Average nominal rate	2019 Average real rate	2020 Average balance	2020 Interest paid and accrued	2020 Average nominal rate	2020 Average real rate
					(in millions of Ch$, except for rate data)							
Current accounts and demand deposits Non interest bearing demand deposits												
Ch$	685,962	±	±	±	753,345	:	±	±	1,043,873	±	±	±
UF	±	±	±	±	8	:	±	±	50	±	±	±
Foreign currency	318,258	±	±	±	285,987	:	±	±	334,184	±	±	±
CNB	195,635	±	±	±	276,785	:	±	±	603,825	±	±	±
Total	1,199,855	±	±	±	1,316,125	:	±	±	1,981,932	±	±	±
Checking accounts												
Ch$	164,043	±	±	±	128,404	:	±	±	293,970	±	±	±
UF	±	±	±	±		:	±	±	-	±	±	±
Foreign currency	±	±	±	±		:	±	±	186,471	±	±	±
CNB	4,937,206	±	±	±	6,533,176	:	±	±	8,276,154	±	±	±
Total	5,101,249	±	±	±	6,661,580	:	±	±	8,756,595	±	±	±
Derivative financial liabilities												
Ch$	1,279,230	±	±	±	2,611,052	:	±	±	5,333,180	±	±	±
UF	196,759	±	±	±	169,436	:	±	±	241,515	±	±	±
Foreign currency	2,095	±	±	±	22,568	:	±	±	123,086	±	±	±
CNB	13,016	±	±	±	38,067	:	±	±	113,167	±	±	±
Total	1,491,100	±	±	±	2,841,123	:	±	±	5,810,948	±	±	±
Other non-interest bearing liabilities												
Ch$	565,525	±	±	±	577,655	:	±	±	592,683	±	±	±
UF	9,328	±	±	±	175,939	:	±	±	146,754	±	±	±
Foreign currency	25,553	±	±	±	50,071	:	±	±	65,674	±	±	±
CNB	105,046	±	±	±	132,658	:	±	±	169,581	±	±	±
Total	705,452	±	±	±	936,323	:	±	±	974,692	±	±	±
			±	±			±	±			±	±
Total non-interest bearing liabilities												
Ch$	2,694,760	±	±	±	4,070,456	:	±	±	7,263,706	±	±	±
UF	206,087	±	±	±	345,383	:	±	±	388,319	±	±	±
Foreign currency	345,906	±	±	±	358,626	:	±	±	709,415	±	±	±
CNB	5,250,903	±	±	±	6,980,686	:	±	±	9,162,727	±	±	±
Total	8,497,656	±	±	±	11,755,151	:	±	±	17,524,167	±	±	±
Shareholders equity												
Ch$	2,090,325	±	±	±	2,528,847	:	±	±	2,687,482	±	±	±
UF	±	±	±	±		:	±	±	-	±	±	±
Foreign currency	±	±	±	±		:	±	±		±	±	±

NON-INTEREST BEARING LIABILITIES	2018 Average balance	2018 Interest paid and accrued	2018 Average nominal rate	2018 Average real rate	2019 Average balance	2019 Interest paid and accrued	2019 Average nominal rate	2019 Average real rate	2020 Average balance	2020 Interest paid and accrued	2020 Average nominal rate	2020 Average real rate
					(in millions of Ch$, except for rate data)							
CNB	851,197	±	±	±	1,223,769	:	±	±	1,457,072	±	±	±
Total	2,941,522	±	±	±	3,752,616	:	±	±	4,144,554	±	±	±
Total liabilities and VKDUHKROG equity												
Ch$	18,250,721	305,846	1.7%	±	20,547,889	305,324	1.5%	±	27,568,028	153,651	0.6%	±
UF	5,205,254	254,013	4.9%	±	5,944,226	272,431	4.6%	±	6,636,505	276,877	4.2%	±
Foreign currency	6,404,225	123,581	1.9%	±	8,025,894	184,273	2.3%	±	10,219,722	130,133	1.3%	±
CNB	8,062,383	75,699	0.9%	±	10,727,796	123,035	1.1%	±	13,266,652	69,402	0.5%	±
Total	37,922,583	759,139	2.0%	±	45,245,805	885,063	2.0%	±	57,417,957	630,063	1.1%	±

(1) Total assets represent total interest earning assets and non-interest earning assets.

Interest Earning Assets - Net Interest Margin

The following table analyzes, by currency of denomination, our levels of average interest earning assets and net interest, and illustrates the comparative margins realized, for each of the years indicated:

	As of and for the year ended December 31,		
	2018	2019	2020
Total average interest earning assets			
Ch$	9,822,695	11,203,209	15,410,001
UF	10,132,308	11,121,431	12,577,467
Foreign currency	4,146,260	5,345,099	6,944,488
CNB	7,457,899	9,332,414	11,471,579
Total	31,559,162	37,002,153	46,403,535
Net interest income (1)			
Ch$	493,669	669,962	739,428
UF	323,087	357,873	312,218
Foreign currency	44,806	56,093	96,535
CNB	218,635	237,566	310,360
Total	1,080,197	1,321,494	1,458,541
Net interest margin (2), nominal basis			
Ch$	5.0%	6.0%	4.8%
UF	3.2%	3.2%	2.5%
Foreign currency	1.1%	1.0%	1.4%
CNB	2.9%	2.5%	2.7%
Total	3.4%	3.6%	3.1%

(1) Interest income less interest expense.
(2) Net interest income as a percentage of average interest earning assets.

Changes in Net Interest Income and Interest Expense—Volume and Rate Analysis

For the years 2019 and 2020

The following tables allocate, by currency of denomination, changes in our net interest income and interest expense between changes in the average volume of interest earning assets and interest bearing liabilities and changes in their respective nominal interest rates for 2021 compared to 2020. Volume and rate variances have been calculated based on movements in average balances over the period and changes in nominal interest rates on average interest earning assets and average interest bearing liabilities.

	Increase (decrease) from 2019 to 2020		Net change from 2019 to 2020
	Volume	Rate	Change
		(in millions of Ch$)	
INTEREST EARNING ASSETS			
Commercial loans			
Ch$	64,357	(65,953)	(1,596)
UF	19,127	(13,940)	5,187
Foreign currency	18,069	(33,583)	(15,514)
CNB commercial loans	73,570	(48,103)	25,467
Total	175,121	(161,577)	13,544
Foreign trade loans			
Ch$	562	(570)	(8)
UF	-	-	-
Foreign currency	5,129	(5,004)	125
Total	5,691	(5,574)	117
Checking accounts			
Ch$	(2,894)	(7,996)	(10,890)
UF	-	-	-
Foreign currency	-	-	-
Total	(2,894)	(7,996)	(10,890)
Loans to college students			
Ch$	(83)	(18)	(101)
UF	(8)	(36)	(44)
Foreign currency	-	-	-
Total	(90)	(55)	(145)
Factoring operations			
Ch$	(2,106)	(15,317)	(17,423)
UF	87	(3,605)	(3,518)
Foreign currency	(14)	(1,123)	(1,137)

	Increase (decrease) from 2019 to 2020		Net change from 2019 to 2020
	Volume	Rate	Change
		(in millions of Ch$)	
Total	(2,033)	(20,045)	(22,078)
Leasing transactions			
Ch$	2,442	(3,695)	(1,253)
UF	(1,265)	(1,971)	(3,236)
Foreign currency	4,088	620	4,708
Total	5,266	(5,047)	219
Other loans and receivables			
Ch$	(663)	(868)	(1,531)
UF	(900)	166	(734)
Foreign currency	-	-	-
Total	(1,563)	(702)	(2,265)
Mortgage loans			
Ch$	(107)	(57)	(164)
UF	43,346	(58,925)	(15,579)
Foreign currency	-	-	-
CNB mortgage loans	61	153	214
Total	43,301	(58,830)	(15,529)
Consumer loans Consumer loans in installment			
Ch$	(6,818)	(14,455)	(21,273)
UF	(707)	(175)	(882)
Foreign currency	(361)	1,226	865
CNB consumer loans	(341)	205	(136)
Total	(8,227)	(13,199)	(21,426)
Checking accounts			
Ch$	(12,317)	994	(11,323)
UF	-	-	-
Foreign currency	-	-	-
Total	(12,317)	994	(11,323)
Credit card borrowers			
Ch$	(1,494)	(10,878)	(12,372)
UF			

	Increase (decrease) from 2019 to 2020		Net change from 2019 to 2020
	Volume	Rate	Change
		(in millions of Ch$)	
	-	-	-
Foreign currency	-	-	-
Total	(1,494)	(10,878)	(12,372)
Consumer leasing transactions			
Ch$	(22)	1	(21)
UF	(25)	2	(23)
Foreign currency	-	-	-
Total	(48)	4	(44)
Other loans and receivables			
Ch$	-	-	-
UF	-	-	-
Foreign currency	(3,899)	18,277	14,378
Total	(3,899)	18,277	14,378
Inter bank loans			
Ch$	-	-	-
UF		-	-
Foreign currency	2,270	-	(6,171)
Total	2,270	9,115	(6,171)
Investments			
Ch$	23,209	(62,466)	(39,257)
UF	9,404	(4,113)	5,291
Foreign currency	6,298	(9,662)	(3,364)
CNB investments	7,547	(13,931)	(6,384)
Total	46,458	(90,172)	(43,714)
Other assets			
Ch$	460	34,545	35,005
UF	160,767	(188,438)	(27,671)
Foreign currency	1,043	(8,631)	(7,588)
CNB	-	-	-
Total	162,270	(162,524)	(254)
Total interest earning assets			
Ch$			

	Increase (decrease) from 2019 to 2020		Net change from 2019 to 2020
	Volume	Rate	Change
		(in millions of Ch$)	
	243,802	(326,010)	(82,208)
UF	68,197	(109,406)	(41,209)
Foreign currency	52,204	(65,902)	(13,698)
CNB	70,816	(51,654)	19,162
Total	435,019	(552,972)	(117,953)

	Increase (decrease) from 2019 to 2020		Net change from 2019 to 2020
	Volume	Rate	Change
INTEREST BEARING LIABILITIES			
Time deposits			
Ch$	11,250	(152,033)	(140,783)
UF	(5,233)	430	(4,803)
Foreign currency	9,630	(35,861)	(26,231)
CNB	(13,292)	(31,304)	(44,596)
Total	2,355	(218,768)	(216,413)
Savings accounts			
Ch$			
UF	133	28	161
Foreign currency	-	-	-
Total	133	28	161
Central Bank of Chile borrowings			
Ch$	±	±	±
UF	±	±	±
Foreign currency	±	±	±
Total	±	±	±
Securities sold under repurchase			
Ch$	(1,154)	(5,082)	(6,236)
UF	(36)	(530)	(566)
Foreign currency	98	(390)	(292)
CNB	(10)	(146)	(156)
Total	(1,102)	(6,148)	(7,250)
Bond			
Mortgage finance			
Ch$			
UF	(234)	1	(233)
Foreign currency	-	-	-
Total	(234)	1	(233)
Other bonds			
Ch$	2,117	(2,923)	(806)
UF	17,648	(8,453)	9,195
Foreign currency	9,461	(4,049)	5,412
Total	29,226	(15,425)	13,801
Other interest bearing liabilities			
Ch$	10,559	(14,407)	(3,848)
UF	3,149	(2,457)	692
Foreign currency	2,867	(35,896)	(33,029)
CNB			

	3,183	(12,064)	(8,881)
Total	19,759	(64,825)	(45,066)
Total interest bearing liabilities			
Ch$	31,994	(183,667)	(151,673)
UF	17,439	(12,993)	4,446
Foreign currency	25,220	(79,360)	(54,140)
CNB	3,239	(56,872)	(53,633)
Total	77,891	(332,891)	(255,000)

For the years 2018 and 2019

The following tables allocate, by currency of denomination, changes in our net interest income and interest expense between changes in the average volume of interest earning assets and interest bearing liabilities and change their respective nominal interest rates for 2018 compared to 2019. Volume and rate variances have been calculated based on movements in average balances over the period and changes in nominal interest rates on average interest earning as and average interest bearing liabilities.

	Increase (decrease) from 2018 to 2019		Net change from 2018 to 2019
	Volume	Rate	Change
		(in millions of Ch$)	
INTEREST EARNING ASSETS			
Commercial loans			
Ch$	13,242	(1,705)	11,537
UF	17,531	(18,809)	(1,278)
Foreign currency	21,435	14,209	35,644
CNB commercial loans	49,381	7,757	57,138
Total	101,589	1,452	103,041
Foreign trade loans			
Ch$	(293)	262	(31)
UF	0	(187)	(187)
Foreign currency	8,228	2,294	10,522
Total	7,935	2,369	10,304
Checking accounts			
Ch$	2,482	(1,409)	1,073
UF	0	0	0
Foreign currency	0	0	0
Total	2,482	(1,409)	1,073
Loans to college students			
Ch$	(71)	(17)	(88)
UF	(59)	(10)	(69)
Foreign currency	0	0	0
Total	(131)	(26)	(157)
Factoring operations			
Ch$	9,235	(6,917)	2,318
UF	(2,764)	3,095	331
Foreign currency	(624)	(902)	(1,526)
Total	5,847	(4,724)	1,123
Leasing transactions			
Ch$	6,587	2	6,589
UF	(42)	(1,779)	(1,821)
Foreign currency	10,233	3,508	13,741
Total	16,777	1,732	18,509
Other loans and receivables			
Ch$	1,525	(344)	1,181
UF	(754)	275	(479)
Foreign currency	0	0	0
Total	771	(69)	702
Mortgage loans			
Ch$	(118)	8	(110)
UF	41,369	(8,883)	32,486
Foreign currency		0	0
CNB mortgage loans	164	(1,074)	(910)
Total	41,416	(9,950)	31,466

	Increase (decrease) from 2018 to 2019		Net change from 2018 to 2019
	Volume	Rate	Change
		(in millions of Ch$)	
Consumer loans			
Consumer loans in installment			
Ch$	15,569	(150)	15,419
UF	791	(96)	695
Foreign currency	668	±	668
CNB consumer loans	(2,263)	(1,642)	(3,905)
Total	14,765	(1,888)	12,877
Checking accounts			
Ch$	715	(749)	(34)
UF	±	±	±
Foreign currency	±	±	±
Total	715	(749)	(34)
Credit card borrowers			
Ch$	116,596	16,670	133,266
UF	±	±	±
Foreign currency	±	±	±
Total	116,596	16,670	133,266
Consumer leasing transactions			
Ch$	(37)	±	(37)
UF	(24)	1	(23)
Foreign currency	±	±	±
Total	(61)	1	(60)
Other loans and receivables			
Ch$	±	±	±
UF	±	±	±
Foreign currency	(8)	802	794
Total	(8)	802	794
Interbank loans			
Ch$	±	±	±
UF	±	±	±
Foreign currency	1,890	1,245	3,277
Total	1,890	1,245	3,277
Investments			
Ch$	(41,581)	91,856	50,275
UF	1,262	(1,416)	(154)
Foreign currency	3,022	(708)	2,314
CNB investments	14,713	(360)	14,353
Total	22,583	89,371	66,788
Other assets			
Ch$	(12,793)	(32,728)	(45,521)
UF	(27,994)	51,697	23,703
Foreign currency	5,214	922	6,136
CNB	±	±	±
Total	(35,573)	19,891	(15,682)
Total interest earning assets			
Ch$	120,178	55,592	175,771
UF	56,058	(2,854)	53,204
Foreign currency	53,911	17,659	71,570
CNB	72,431	(5,754)	66,677
Total	302,578	64,643	367,222

	Increase (decrease) from 2018 to 2019		Net change from 2018 to 2019
	Volume	Rate	Change
INTEREST BEARING LIABILITIES			
Time deposits			
Ch$	7,561	(11,663)	(4,102)
UF	(4,459)	(678)	(5,137)
Foreign currency	10,519	5,050	15,569
CNB	11,590	28,690	40,280
Total	25,211	21,399	46,610
Savings accounts			
Ch$			
UF	(5)	(72)	(77)
Foreign currency	±	0	0
Total	(5)	(72)	(77)
Central Bank of Chile borrowings			
Ch$	±	±	±
UF	±	±	±
Foreign currency	±	±	±
Total	±	±	±
Securities sold under repurchase			
Ch$	(2,036)	403	(1,633)
UF	(452)	(60)	(512)
Foreign currency	(42)	264	222
CNB	(210)	282	72
Total	(2,740)	889	(1,851)
Bond			
Mortgage finance			
Ch$			
UF	(282)	(290)	(572)
Foreign currency	±	0	0
Total	(282)	(290)	(572)
Other bonds			
Ch$	3,381	(1,320)	2,061
UF	34,742	(15,624)	19,118
Foreign currency	9,319	1,570	10,889
Total	47,443	(15,375)	32,068
Other interest bearing liabilities			
Ch$	4,386	(1,234)	3,152
UF	1,599	3,999	5,598
Foreign currency	23,449	10,563	34,012
CNB	6,238	746	6,984
Total	35,672	14,074	49,746
Total interest bearing liabilities			
Ch$	10,571	(11,093)	(522)
UF	29,179	(10,761)	18,418
Foreign currency	41,327	18,956	60,283
CNB	21,231	26,514	47,745
Total	102,309	23,615	125,924

Return on Equity and Assets

The following table presents our selected financial ratios for the years indicated:

	As of and for the year ended December 31,		
	2018	2019	2020
	(in millions of Ch$, except percentages)		
Average total assets	37,922,588	45,245,805	57,417,957
$YHUDJH VKDUHKROGHU¶V HTX	2,941,522	3,752,616	4,144,554
Net income as a percentage of:			
Average total assets	4.2%	3.6%	2.2%
$YHUDJH VKDUHKROGHU¶V HT	53.8%	42.9%	30.6%
$YHUDJH VKDUHKROGHU¶V HT average total assets	7.8%	8.3%	7.2%

Investment Portfolio

The following table sets forth our investments in Chilean government and corporate securities and certain other financial investments as of the dates indicated. Investment instruments are classified in three categories: held for trading, available for sale and held to maturity. The trading investments correspond to securities acquired with the intention to generate profits from the price fluctuation in the short-WHUP RU WKURXJK margins, or that are included in a portfolio in which there is a short-term profit taking strategy. The category of financial assets held to maturity includes only those instruments which we have the capacity and intention of holding until their maturity. The rest of the investment instruments are considered as available for sale.

	As of December 31,		
	2018	2019	2020
	(in millions of Ch$)		
Held-for-Trading			
Instrument of the state and Central Bank of Chile:			
Bonds of the Central Bank of Chile	280,505	518,073	5,239
Promissory notes of the Central Bank of Chile	2,255	29	189,001
Other instruments of the state and Central Bank of Chile	1,036,612	876,977	242,844
Subtotal	1,319,372	1,395,079	437,084
Instruments of other domestic institutions:			
Bonds	112,606	230,626	397,541
Other instruments	561,437	513,735	211,760
Subtotal	674,043	744,361	609,301
Instruments of other foreign institutions:			
Instruments issued by foreign states and central ba	±	±	-
Other instruments	2,165	1,940	3,463
Subtotal	2,165	1,940	3,463
Investments in mutual funds:			
Funds administered by related parties	19,958	34,591	13,634
Funds administered by third parties	22,838	13,239	61,441
Subtotal	42,796	47,830	75,075
CNB Investments in mutual funds:			
Funds administered by third parties	±	23,047	22,356
Subtotal	±	23,047	22,356
Total	2,038,376	2,212,257	1,147,278
Available-for-Sale			
Financial investments quoted in active markets of the State and Central Bank of Chile:			
Instruments of the Central Bank of Chile[(1)]	42,507	182,100	1,840,936
Bonds of promissory notes of the Treasury	677,047	510,742	1,578,684
Other fiscal instruments	6,049	5,424	5,110
Subtotal	725,603	698,266	3,424,730
Other domestic instruments:			

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Financial instruments in instruments issued by other domestic banks[2]	112,231	140,011	913,288
Bonds and corporate commercial papers	11,499	6,044	11,792
Other domestic instruments	1,899	2,683	2,443
Subtotal	125,629	148,738	927,523
Foreign instruments:			
Instruments issued by foreign states and central banks[3]	±	±	-
Other foreign instruments	447,694	651,873	845,996
Subtotal	447,694	651,873	845,996
CNB foreign instruments:			
Instruments issued by foreign states and central banks[3]	82,554	146,361	486,068
Other foreign instruments	1,847,975	2,365,152	2,311,723
Subtotal	1,930,529	2,512,152	2,797,791
Total	3,229,455	4,011,029	7,996,040
Held-to-Maturity			
Foreign Instruments:			
Instruments issued by foreign states and central ba	2,086	±	±
Other foreign instruments	±	±	±
Subtotal	2,086	±	±
CNB Foreign Instruments:			
Instruments issued by foreign states and central ba	694	752	18,626
Other foreign instruments	±	6,617	6,518
Subtotal	694	7,369	25,144
Total	2,780	7,369	25,144
Total financial investments	5,270,611	6,230,655	9,168,463

(1) Includes primarily bonds.
(2) Includes primarily mortgage notes in other banks.
(3) Includes primarily bonds issued by private entities.

The following table sets forth an analysis of our investments, by time remaining to maturity and the weighted average nominal rates of such investments, as of December 31, 2020

	As of and for the year ended December 31, 2020								
	Within 1 year	Weighted average yield rate$^{(1)(2)}$	After 1 year but within 5 years	Weighted average yield rate$^{(1)(2)}$	After 5 years but within 10 years	Weighted average yield rate$^{(1)(2)}$	After 10 years	Weighted average yield rate$^{(1)(2)}$	Total
					(in millions of Ch$, except percentages)				
Held-for-Trading Instruments of the State and Central Bank of Chile:									
Bonds of the Central Bank of Chile	164	-	4,862	-	-	-	213	-	5,239
Promissory notes of the Central Bank of Chile	189,001	-	-	-	-	-	-	-	189,001
Other instruments of the State and Central Bank of Chile	28,716	-	112,421	-	100,733	-	974	-	242,844
Subtotal	217,881		117,283		100,733		1,187		437,083
Instruments of other domestic institutions:									
Bonds	61,298	-	24,290	-	311,938	-	17	-	397,543
Other instruments	151,973	-	55,950	-	3,836	-	-	-	211,759
Subtotal	213,271		80,240		315,774		17		609,302
Instruments of other foreign institutions:									
Instruments issued by foreign states and central baQ N V « « «	-	-	-	-	-	-	-	-	-

	As of and for the year ended December 31, 2020								
	Within 1 year	Weighted average yield rate(1)(2)	After 1 year but within 5 years	Weighted average yield rate(1)(2)	After 5 years but within 10 years	Weighted average yield rate(1)(2)	After 10 years	Weighted average yield rate(1)(2)	Total
	(in millions of Ch$, except percentages)								
Other instruments	3,441	-	-	-	-	-	22	-	3,463
Subtotal	3,441		-		-		22		3,463
Investments in mutual funds:									
Funds administered by related parties	61,441	-	-	-	-	-	-	-	61,441
Funds administered by third parties	13,634	-	-	-	-	-	-	-	13,634
Subtotal	75,075		-		-		-		75,075
CNB Investments in mutual funds:									
Funds administered by related parties	-	-	-	-	-	-	-	-	-
Funds administered by third parties	-	-	-	-	-	-	22,356	-	22,356
Subtotal	-		-		-		22,356		22,356
Total	509,667		197,523		416,507		23,582		1,147,279
Available-for-Sale Financial investments quoted in active markets:									
Of the State and the Central Bank of Chile (a):									
Instruments of the Central Bank of Chile (b)	1,836,021	0.0%	4,915	(1.1)%	-	0.0%	-	0.0%	1,840,936
Bonds or promissory notes of the Treasury	129,904	1.4%	1,033,396	0.8%	218,632	0.5%	196,752	2.8%	1,578,684
Other fiscal instruments	3	3.8%	406	3.7%	4,125	4.0%	577	3.9%	5,111
Subtotal	1,965,927		1,038,717		222,757		197,329		3,424,730
Other domestic instruments									
Financial instruments in instruments issued by other domestic banks	328,481	0.2%	559,865	(0.2)%	14,196	4.0%	10,746	4.2%	913,288
Bonds and corporate commercial papers	-	0.0%	11,307	1.6%	485	4.0%	-	0.0%	11,792
Other domestic instruments (c)	2,443	0.0%	-	0.0%	-	0.0%	-	0.0%	2,443
Subtotal	328,481		571,172		14,681		10,746		927,523
Foreign instruments:									
Instruments issued by foreign states and central banks (d)	-	0.0%	-	0.0%	-	1.4%	-	0.0%	-
Other foreign instruments	1,258	1.9%	289,515	1.6%	368,182	2.1%	187,042	0.2%	845,997
Subtotal	1,258		289,515		368,182		187,042		845,997
CNB Foreign instruments:									
Instruments issued by foreign states and central banks (d)	-	0.0%	-	0.0%	222,569	1.4%	263,499	2.1%	486,068
Other foreign instruments	(1)	0.0%	133,770	0.7%	188,452	0.9%	1,989,501	1.8%	2,311,722
Subtotal	(1)		133,770		411,021		2,253,000		2,797,790
Total	2,295,663		2,033,173		1,016,641		2,648,117		7,996,040
Held-to-Maturity									
Foreign instruments:									
Instruments issued by foreign states and central banks	-	0.0%	-	3.1%	-	0.0%	-	2.2%	-
Other foreign instruments	-	0.0%	-	0.0%	-	2.8%	-	0.0%	-
Subtotal	-		-		-		-		-
CNB Foreign instruments:									
Instruments issued by foreign states and central banks	-	0.0%	711	3.1%	-	0.0%	17,915	2.2%	18,626
Other foreign instruments	-	0.0%	-	0.0%	6,518	2.8%	-	0.0%	6,518
Subtotal	-		711		6,518		17,915		25,144
Total	-		711		6,518		17,915		25,144
Total Financial Investments	2,805,331		2,231,408		1,439,666		2,689,614		9,168,464

(1) No rates have been included for the trading portfolio due to the fact that the classification of this portfolio as trading is as acquired principally for sale in the near term regardless of maturity date.
(2) The rates noted above for the available for sale portfolio are based on the weighted average yield for the times remaining to maturity on the existing portfolio as of December 31, 2020. Due to our management of our exposure to liquidity risk as described in Note 36 to our audited consolidated financial statements included herein, actual rates may vary.

Loan Portfolio

The following table analyzes our loans by type of loan net of allowances for loan lVHV 6HH ³$OORF $OORZDQFH /RDQ /RVVHV ´ 7RWDO ORDQV UHIOHFW RXU ORDQ SRUWIRO because they are off-balance sheet).

	As of December 31,		
	2018	2019	2020
		(in millions of Ch$)	
Commercial loans			
Commercial loans	9,596,187	10,573,588	11,873,985
CNB commercial loans	5,594,704	6,589,290	7,489,539
Foreign trade loans	831,972	1,084,781	688,405
Checking accounts	168,440	176,189	125,599
Factoring operations	163,604	151,142	140,891
Loans to college students	961,257	1,030,706	914,954
Leasing transactions	1,386,269	1,582,527	1,422,912
Other loans and receivables	61,667	64,854	50,832
Subtotal	18,764,100	21,253,007	22,707,117
Mortgage loans			
Letters of credit	11,401	8,174	5,560
Negotiable mortgage loans	1,515,720	1,703,795	1,533,080
Other mortgage loans	4,306,788	4,881,862	5,810,235
CNB mortgage loans	1,508,425	1,698,508	1,548,596
Subtotal	7,342,334	8,292,339	8,897,471
Consumer loans			
Consumer loans in installments	2,118,117	2,211,735	1,867,259
CNB consumer loans	46,453	50,639	46,593
Checking accounts	1,129,050	1,257,888	56,036
Credit card borrowers	115,492	108,770	1,135,917
Consumer leasing transactions	2,063	1,241	741
Other loans and receivable	25,486	36,768	7,547
Subtotal	3,436,661	3,667,041	3,114,093
Total loans	29,543,095	33,212,457	34,718,681

The loan categories are as follows:

Commercial loans are comprised of the following:

General commercial loans. General commercial loans are long-term and short-term loans granted to Chilean corporations and individuals in pesos, UF or U.S. dollars on an adjustable or fixed rate basis, primarily to finance working capital or investments. Commercial loans represent the largest portion of our loan portfolio. Interest accrues daily on a 30, 90, 180 or 360 day basis. Loan payments are scheduled monthly, quarterly, semi-annually or yearly, depending on the terms of the loan. Although we have certain flexibility to determine the interest rates of loans, it cannot exceed the maximum rate for commercial loans established by the CMF in accordance with Chilean law. General commercial loans d QRW LQFOXGH FRPPHUFLDO ORDQV PDGH E\ &1% ZKLFK ZH VHSDUDWHO

CNB commercial loans. CNB commercial loans are loans to businesses or corporations without mortgage-backed collateral.

Foreign trade loans. Foreign trade loans are short-term loans made in foreign currencies (principally US$) to finance imports and exports.

Checking accounts. Lines of credit and overdrafts are short-term operating commercial loans under which our customers can draw down loaned funds up to certain credit limits.

Loans to college students. Includes university financing loans, which are loans granted in accordance with Law No. 20,027, CORFO guaranteed or others.

Factoring operations. Factored receivables are derived from our factoring operations which consist of purchasing outstanding debt portfolios such as bills, notes, or contracts, advancing a payment representing the future cash flows from such assets, and then performing the related collection function. The receivables are sold with and without recourse in th event accounts prove uncollectible.

Leasing transactions. Leasing contracts are contracts whereby a lessor grants to a lessee a purchase option on certain leased assets.

Other loans and receivables. Other outstanding loans include other commercial loans that are not classified under any of the above categories, which are financed by our general borrowings.

Mortgage loans are comprised of the following:

Mortgage loans. Mortgage loans are inflation-indexed, fixed or variable rate, long-term loans with monthly payments of principal and interest secured by a mortgage over real property. These mortgage loans are generally financed with mortgage finance bonds, which are general obligations of us. At the time of approval, the principal amount of this type of mortgage loan cannot be higher than 90.0% of the lower of the purchase price and the appraised value of the PRUWJDJHG SURSHUW\ RWKHUZLVH VXFK ORDQ ZLOO EH FODVVLILHG liquidation procedures, if the issuer of a mortgage finance bond becomes insolvent, these mortgage loans and the related mortgage finance bonds shall be auctioned in block and the acquirer will continue to make payments under the mortga finance bonds pursuant to the same terms and conditions as the original issuer.

Other loans and receivables. Other outstanding loans include other residential mortgage loans not included under any of the above categories above, which are financed by our general borrowings.

Consumer loans are comprised of the following:

Consumer loans in installments. Consumer loans in installments are loans to individuals, denominated in pesos, generally on a fixed rate basis, to finance the purchase of consumer goods or the payment of services. Interest accrues d on a 30 or 360 day basis. Loan payments are scheduled monthly. Although we have certain flexibility to determine the interest rate of these loans, it cannot exceed the maximum rate for consumer loans established by the CMF in accordan with Chilean law.

CNB consumer loans. CNB consumer loans are loans to individuals.

Checking Accounts. Lines of credit and overdrafts are short-term consumer loans under which our customers can draw down loaned funds up to certain credit limits.

Credit card loans. Credit card loans are credit card balances subject to interest charges. Interest accrues daily on a 30- or 360-day basis. Loan payments are scheduled monthly. Although we have certain flexibility to determine the interest rate of these credit card loans, this rate cannot exceed the maximum rate for consumer loans established by CMF in accordance with Chilean law.

Consumer leasing transactions. Leasing transactions are contracts whereby a lessor grants to a lessee a purchase option on certain leased assets.

Other loans and receivables. Other loans and receivables include other loans not classified under any of the above categories, which are financed by our general borrowings.

City National Bank of Florida loans are comprised of the following:

General commercial loans. Long-term and short-term loans granted to corporations and individuals in U.S. dollars on an adjustable or fixed rate basis, primarily to finance working capital or investments. Interest accrues daily o actual/365 basis, in most of the cases. Loan payments are scheduled monthly, quarterly, semi-annually or yearly, depending on the terms of the loan.

Residential mortgage loans. These loans include:

- Mortgage loans. Mortgage loans are fixed, variable, or adjustable rate long-term loans with monthly payments of principal and interest secured by a mortgage over one to four family residential properties. At the time of approval, the principal amount of this type of mortgage loan depends on the occupancy status, number of units, and loan amount, but cannot be higher than 80.0% of the appraised value of the mortgage property.

- Home Equity Lines (HELOC). HELOCs are revolving, open-end lines of credit extended to a homeowner secured by, typically, a junior lien over one to four family residential property.

Commercial real estate loans. These loans include owner and non-owner occupied commercial real estate loans, which are adjustable or fixed rate loans used to purchase or refinance owner occupied or investment commercial real est property. The owner occupancy should be greater or equal to 51% of the leasable space, loan-to-value should not be higher than 75%, and we should have a first lien over the real estate property. Underwriting parameters include mandatory escro for taxes and insurances, maximum vacancy, in case of non-owner occupied loans, minimum management fees and debt service coverages.

Consumer loans. These loans include:

- Personal line of credit: revolving variable rate line of credit targeted for personal use. Payback generally occurs within 24 months. These lines can be unsecured or secured by a CD.

- Unsecured term loans: Personal purpose fixed rate loan with relatively short time periods, with pay back generally occurring within 60 months.

- Automobile, boat, and airplane loans: Loans used to purchase or refinance these types of assets, secured by first lien position on those assets.

Construction and land loans. These loans include the following:

- Construction loans: Fixed or variable rate loans made to construct commercial real estate or one to four family residences.

- Land loans: Fixed or variable rate loans made for the purpose of acquiring land for the future construction of commercial real estate or one to four family residences.

For a more detailed GHVFULSWLRQ RI &LW\ 1DWLRQDO %DQN RI)ORULGD OR

Risks of the Loan Portfolio

The risk index of our loan portfolio is calculated as allowances for loan losses as a percentage of total loans. Our risk index was 1.85%, 1.97% and 2.22% as of December 31, 2018, 2019 and 2020, respectively. Our risk index for our main loan categories is as follows:

Commercial loans.

Bci loans

The risk index of our commercial loans as of December 31, 2018, 2019 and 2020 was 1.4%, 1.7% and 2.0%, respectively. Our risk index in 2018, 2019 and 2020 reflects, in part, the results of our risk management transformation plan, but mainly the quality of our commercial loans depends on Chilean GDP growth, interest rates, regulatory changes, the general level of indebtedness and other economic conditions such as the conditions of each industry sector in which our borrowers are involved. In 2020, due to the effects the pandemic had on macroeconomics, these variables were deteriorated, but it was partially offset by the government programs to support the SME. As a measure to confront this risk, Bci made additional provisions.

City National Bank of Florida loans

The risk index of our CNB commercial loans as of December 31, 2018, 2019 and 2020 was 0.52%, 0.70% and 0.70% respectively.

Mortgage loans

Bci loans

The risk index of our mortgage loans as of December 31, 2018, 2019 and 2020 was 0.50%, 0.57% and 0.54%, respectively. The risk index of our mortgage loans has remained stable and low relative to the risk index of the Chilean financial system.

City National Bank of Florida loans

The risk index of our CNB mortgage loans as of December 31, 2018, 2019 and 2020 was 0.73%, 0.59% and 1.25%, respectively.

Consumer loans

Bci loans

The risk index of our consumer loans as of December 31, 2018, 2019 and 2020 was 6.62%, 6.85% and 8.12%, respectively. Most of the increased risk index of consumer loans in 2020 can be attributed to (1) the portfolio of Walmart Financial Services, even if in the last quarters it showed an improvement, (2) the economic disruption in 2020 following the pandemic, and (3) the increase of provisions mainly in CNB.

City National Bank of Florida loans

The risk index of our CNB consumer loans as of December 31, 2018, 2019 and 2020 was 1.33%, 0.95% and 9.49%, respectively.

Maturity and Interest Rate Sensitivity of Loans

The following table sets forth an analysis of our loans (before allowances; exclusive of interbank loans) as of December 31, 2020 by type of loan and time remaining to maturity:

	Due within 1 month	Due after 1 month but within 6 months	Due after 6 months but within 12 months	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years	Balance as of December 31, 2020
				(in millions of Ch$)			
Commercial loans							
General commercial loans..............	1,049,502	2,654,550	1,568,498	3,028,392	1,588,350	2,841,821	12,731,113
CNB commercial loans....................	1,694	38,962	612,948	1,991,200	1,719,742	2,671,862	7,036,408
Foreign trade loans..........................	141,422	342,640	95,156	67,075	34,506	20,174	700,973
Checking accounts..........................	32,574	27,599	72,692	946	-	-	133,811
Loans to college students...............	13,747	2,713	6,707	15,866	18,223	88,974	146,230
Factoring operations........................	708,585	157,466	49,790	7,775	-	-	923,616
Leasing transactions........................	28,227	144,931	190,371	488,681	249,446	342,373	1,444,029
Other loans and receivables...........	47,246	7,742	1,625	920	14	-	57,547
Subtotal..	2,022,997	3,376,603	2,597,787	5,600,855	3,610,281	5,965,204	23,173,727
Mortgage loans							
Mortgage loans................................	182,719	151,495	184,376	742,824	744,180	5,410,692	7,416,286
CNB residential mortgage loans....	103	4,883	148,283	395,577	352,641	627,928	1,529,415
Subtotal..	182,822	156,378	332,659	1,138,401	1,096,821	6,038,620	8,945,701
Consumer loans							
Consumer loans in installments.....	97,870	274,944	305,424	901,986	384,074	90,644	2,054,942

	Due within 1 month	Due after 1 month but within 6 months	Due after 6 months but within 12 months	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years	Balance as of December 31, 2020
				(in millions of Ch$)			
CNB consumer loans......................	5	365	1,599	6,432	7,749	19,086	35,236
Checking accounts.........................	9,212	23,892	31,448	833	-	-	65,385
Credit card borrowers......................	790,263	277,221	87,050	66,241	4,152	-	1,224,927
Consumer leasing transactions......	48	213	179	206	53	63	762
Other loans and receivables...........	714	76	332	1,336	1,610	3,965	8,033
Subtotal..	898,112	576,711	426,032	977,034	397,638	113,758	3,389,285
Total loans..	3,103,931	4,109,692	3,356,478	7,716,290	5,104,740	12,117,582	35,508,713

The following table sets forth an analysis of our loans (before allowances for loan losses; exclusive of interba loans) as of December 31, 2019 by type of loan and time remaining to maturity:

	Due within 1 month	Due after 1 month but within 6 months	Due after 6 months but within 12 months	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years	Balance as of December 31, 2019
				(in millions of Ch$)			
Commercial loans							
General commercial loans...............	4,859,091	1,186,009	1,053,855	833,044	685,815	2,697,667	11,315,481
CNB commercial loans.....................	115,564	134,828	444,312	1,131,487	975,887	3,331,621	6,133,699
Foreign trade loans.........................	996,811	29,502	23,865	15,392	12,160	18,597	1,096,327
Checking accounts..........................	186,857	71		±	±	±	186,928
Loans to college students................	24,581	7,260	7,608	9,609	9,413	97,041	155,512
Factoring operations........................	1,028,727	8,304	499	±	±	±	1,037,530
Leasing transactions........................	345,284	260,202	192,712	185,284	139,792	488,215	1,611,489
Other loans and receivables...........	71,906	1,203	69	28	±	±	73,206
Subtotal..	7,628,821	1,627,379	1,722,920	2,174,844	1,823,067	6,633,141	21,610,172
Mortgage loans							
Mortgage loans.................................	348,033	334,151	340,020	341,449	322,590	4,939,205	6,625,448
CNB residential mortgage loans....	8,963	21,654	137,747	288,065	256,444	995,652	1,708,525
Subtotal..	356,996	355,805	477,767	629,514	579,034	5,934,857	8,333,973
Consumer loans							
Consumer loans in installments.....	768,277	593,428	454,286	309,124	164,441	112,230	2,401,786
CNB consumer loans......................	166	631	579	1,828	2,199	9,958	15,361
Checking accounts.........................	118,057	53					118,110
Credit card borrowers......................	1,293,015	53,331	10,909	5,319	744	2	1,363,320
Consumer leasing transactions......	658	415	95	18	19	83	1,288
Other loans and receivables...........	1,390	1,470	1,349	4,256	5,120	23,183	36,768
Subtotal..	2,181,563	649,328	467,218	320,545	172,523	145,456	3,936,633
Total loans..	10,167,380	2,632,512	2,667,905	3,124,903	2,574,624	12,713,454	33,880,778

The following table sets forth an analysis of our loans (before allowances; exclusive of interbank loans) as of December 31, 2018 by type of loan and time remaining to maturity:

	Due within 1 month	Due after 1 month but within 6 months	Due after 6 months but within 12 months	Due after 1 year but within 3 years	Due after 3 years but within 5 years	Due after 5 years	Balance as of December 31, 2018
				(in millions of Ch$)			
Commercial loans							
Commercial loans............................	908,032	950,599	963,955	2,031,040	1,520,744	3,802,657	10,177,027

CNB commercial loans	115,738	134,533	441,654	1,126,405	971,157	2,436,351	5,225,838
Foreign trade loans	99,821	70,600	110,925	161,897	109,421	286,569	839,233
Checking accounts	11,666	11,254	25,459	38,390	22,066	67,105	175,940
Loans to college students	18,587	17,760	18,350	35,695	26,869	51,470	168,731
Factoring operations	913,715	20,504	10,907	13,142	6,720	2,411	967,399
Leasing transactions	27,647	110,330	104,623	326,087	205,132	636,333	1,410,152
Other loans and receivables	18,707	881	4,359	8,576	6,636	35,703	74,862
Subtotal	2,113,913	1,316,461	1,680,232	3,741,232	2,868,745	7,318,599	19,039,182
Mortgage loans							
Mortgage loans	41,193	91,306	215,159	656,496	669,978	4,186,922	5,861,054
CNB residential mortgage loans	9,370	22,554	142,926	299,342	266,388	778,873	1,519,453
Subtotal	50,563	113,860	358,085	955,838	936,366	4,965,795	7,380,507
Consumer loans							
Consumer loans in installments	56,532	203,327	338,030	809,992	528,676	346,228	2,282,785
CNB consumer loans	273	1,033	945	2,984	3,588	12,637	21,460
Checking accounts	25,243	49,308	136,578	275,808	300,010	436,324	1,223,271
Credit card borrowers	6,511	11,161	17,155	58,444	19,373	11,461	124,105
Consumer leasing transactions	92	244	244	700	609	253	2,142
Other loans and receivables	996	1,234	1,207	3,587	4,298	15,087	26,410
Subtotal	89,647	266,307	494,159	1,151,515	856,554	821,990	3,680,173
Total loans	2,254,123	1,696,628	2,532,476	5,848,585	4,661,665	13,106,384	30,099,861

The following tables present, as of December 31, 2019 and 2020, the amount of outstanding loans (exclusive of contingent loans) due after one year exposed to interest rate:

	As of December 31, 2019	As of December 31, 2020
Variable Rate:		
Ch$	3,280,718	2,600,698
UF	593,463	581,397
Ch$ indexed to US$	15,409	15,384
Foreign currency	70,445	22,952
US$	6,808,256	6,161,460
Subtotal	10,768,291	9,381,891
Fixed Rate:		
Ch$	7,420,082	8,880,833
UF	10,737,958	11,638,294
Ch$ indexed to US$	88,795	86,581
Foreign currency	8,507	6,511
US$	4,857,145	5,514,602
Subtotal	23,112,487	26,126,821
Total	33,880,778	35,508,712

Loans by Economic Activity

The following table sets forth an analysis of our loan portfolio (before allowances for loan losses) based on the ERUURZHU¶V SULQFLSDO DFWLYLW\ as of each of the indicated dates. Loans to individuals for business purposes are allocated to their economic activity. The table does not reflect outstanding contingent loans.

	As of December 31,					
	2018		2019		2020	
	Loan portfolio	Percentage of loan portfolio	Loan portfolio	Percentage of loan portfolio	Loan portfolio	Percentage of loan portfolio
	(in millions of ch$, except percentages)					
Agricultural, livestock, forestry and fishing						
Agriculture and livestock	529,839	1.76%	441,628	1.30%	498,865	1.40%
Fruit	188,425	0.63%	252,580	0.75%	271,384	0.76%
Forestry	165,869	0.55%	132,933	0.39%	145,969	0.41%
Fishing	134,819	0.45%	158,287	0.47%	147,429	0.42%
Subtotal	1,018,952	3.39%	985,428	2.91%	1,063,647	3.00%

	As of December 31,					
	2018		2019		2020	
	Loan portfolio	Percentage of loan portfolio	Loan portfolio	Percentage of loan portfolio	Loan portfolio	Percentage of loan portfolio
	(in millions of ch$, except percentages)					
Manufacturing						
Tobacco, food and beverages	375,300	1.25%	378,172	1.12%	395,906	1.11%
Textiles, clothing and leather goods	74,409	0.25%	62,690	0.19%	75,596	0.21%
Wood and wood products	46,413	0.15%	59,694	0.18%	65,289	0.18%
Paper, printing and publishing	111,904	0.37%	62,133	0.18%	94,158	0.27%
Chemical products derived from oil, coal, rubber and plastic	198,751	0.66%	240,755	0.71%	215,030	0.61%
Production of basic metal, non-minerals, machines and equipments	424,616	1.41%	553,149	1.63%	620,572	1.75%
Other manufacturing industries	236,216	0.78%	266,946	0.79%	250,589	0.71%
Subtotal	1,467,609	4.88%	1,623,539	4.79%	1,717,140	4.84%
Transport, storage and communications						
Transport and storage	716,973	2.38%	963,975	2.85%	1,097,087	3.09%
Communications	287,987	0.96%	407,507	1.20%	453,300	1.28%
Subtotal	1,004,960	3.34%	1,371,482	4.05%	1,550,387	4.37%
Construction	1,713,106	5.69%	1,881,471	5.55%	1,940,932	5.47%
Community, social and personal services	3,608,565	11.99%	4,065,536	12.00%	4,857,707	13.68%
Consumer credit	3,680,173	12.23%	3,936,633	11.62%	3,389,285	9.54%
Commerce	2,903,985	9.65%	3,324,740	9.81%	3,922,156	11.05%
Electricity, gas and water	535,826	1.78%	599,474	1.77%	579,916	1.63%
Residential mortgage loans	7,380,507	24.52%	8,333,973	24.60%	8,945,701	25.19%
Mining and petroleum	199,600	0.66%	380,463	1.12%	228,875	0.64%
Services	6,586,579	21.88%	7,378,039	21.78%	7,312,967	20.59%
	26,608,341	88.40%	29,900,329	88.25%	31,177,539	87.80%
Total	30,099,862	100.00%	33,880,778	100.00%	35,508,713	100.00%

Foreign Country Outstanding Loans

Our cross-border loans are principally trade-related. These include loans to foreign financial institutions. The table below lists our total amount of outstanding loans to borrowers in foreign countries as of December 31, 2018, 2019 and 2020. This table does not include foreign trade-related loans to Chilean borrowers.

	As of December 31,		
	2018	2019	2020
	(in millions of Ch$)		
Country			
Afghanistan	2	2	2
Andorra	2	2	2
Argentina	15,615	15,732	12,126
Australia	3,915	8,251	2,237
Austria	4,126	11,766	25,493
Bahamas	2	2	2
Belgium	417	1,097	2,571
Bolivia	207	2	2
Brazil	114,243	150,686	119,345
Bulgaria	2	2	485
Canada	94,510	106,227	22,939
Cayman Islands	19,960	30,116	23,670
China	4,753	23,855	22,971
Colombia	101,017	184,797	48,492
Costa Rica	1,367	14,543	2
Denmark	389	817	44
Dominican Republic	10,422	20,000	14,219
Ecuador	2,084	1,466	2
El Salvador	2	2	2
Finland	2	2	4,362

	As of December 31,		
	2018	2019	2020
	(in millions of Ch$)		
France	77,753	112,636	82,603
Germany	33,240	37,644	24,111
Greece	[2]	[2]	
Guatemala	15,806	19,846	17,562
Hong Kong	25	[2]	36
India	464	326	[2]
Israel	1,390	2,000	[2]
Italy	36,047	50,561	36,168
Japan	8,475	23,014	25,796
Mexico	36,214	38,293	42,273
Monaco	[2]	[2]	
Netherlands	8,982	7	124
New Zealand	[2]	[2]	[2]
Norway	[2]	[2]	[2]
Panama	83,668	71,062	35,325
Paraguay	14,078	13,260	14,603
Peru	127,161	163,637	85,607
Poland	[2]	90	314
Portugal	[2]	2,326	466
Puerto Rico	[2]	[2]	
Qatar	[2]	[2]	10,536
Russia	[2]	[2]	[2]
Luxembourg	[2]	[2]	[2]
Senegal	[2]	[2]	[2]
Singapore	[2]	[2]	[2]
South Africa	[2]	[2]	[2]
South Korea	91	35	[2]
Spain	54,330	106,668	107,665
Sweden	396	589	458
Switzerland	18,359	26,840	25,824
Taiwan	[2]	[2]	[2]
Thailand	[2]	[2]	[2]
Turkey	11,147	12,905	1,837
United Kingdom	187,957	271,555	190,057
United States	511,435	602,285	307,596
Uruguay	165	31	[2]
Venezuela	[2]	[2]	[2]
Other	33,373	[2]	[2]
Total	1,633,581	1,186,429	1,307,915

We also maintain deposits abroad (primarily demand deposits) as needed to conduct our foreign trade transactio
The table below lists the amounts of foreign deposits by country as of December 31, 2018, 2019 and 2020

Country	As of December 31,		
	2018	2019	2020
	(in millions of Ch$)		
Australia		3,954	2,178
Belgium	2,960	2,981	[2]
Canada	250	978	463
China	[2]	353	278
Denmark	21	763	36
Finland	69	[2]	[2]
France	[2]	[2]	[2]
Germany	21,239	23,172	32,977
Italy	3,661	3,757	1,132
Japan	5,426	845,859	5,153
Mexico	125	1,601	107
New Zealand			71
Netherlands	[2]	[2]	[2]

Country	As of December 31, 2018	2019	2020
	(in millions of Ch$)		
Norway	236	5,647	263
Peru	²	324	57
Spain	6,142	1,914	9,003
Sweden	56	²	78
Switzerland	1,612	1,219	733
UK	11,936	9,201	1,680
United States	414,034	1,019,458	690,007
Total	467,768	1,911,980	744,216

Credit Approval Process

We manage our credit risk by requiring loans to be approved in accordance with certain pre-determined procedures. Under our credit approval system, the approval of a transaction with a customer requires the participation two or more executives, with at least one of them having the credit approval authority that would be necessary to cover our total risk exposure with respect to that customer.

&UHGLW DSSURYDO HYDOXDWLRQ LV PDGH RQ WKH EDVLV RI WKH proposed transaction. $ ERUURZHU¶V WRWDO GHEW LQFOXGHV RXWVWDQGLQJ G exposure to any customer takes into account not only our direct exposure to this customer, but also any credit support security and extensions of credit undrawn lines of credit to related or affiliated borrowers.

Credit approval authority is established by our Board of Directors and/or the Chairman of our Board of Directors upon the recommendation of our management. Transactions in which the total customer credit risk is more than Ch$12,000 million require the approval of the Executive Committee, which consists of our Board of Directors and the Chief Executive 2IILFHU ZLWK D TXRUXP RI WKUHH PHPEHUV 7UDQVDFWLRQV ZKLFK is less than Ch$12,000 million may be approved by our other executives, depending on the amount involved, as follows:

Board of Directors and Executive Committee	Unsecured Ch$ (in millions of Ch$) Legal limit	Unsecured US$ (in millions of US$) Legal limit	Secured[1] Ch$ (in millions of Ch$) Legal limit	Secured[1] US$ (in millions of US$) Legal limit
General Manager	1,500	1.77	5,000	5.92
Credit Committee[2]	5,000	5.92	5,000	5.92
Manager of Corporate Risk Area	900	0.89	3,000	2.96
Manager of Commercial Area and Finance	900	0.89	3,000	2.96
Managers of Banking	900	0.89	1,500	2.96
³%´ ([HFXWLYHV	150	0.47	750	1.58
³&´ ([HFXWLYHV	100	0.24	500	0.99
³'´ ([HFXWLYHV	46	0.09	230	0.45
³(´ ([HFXWLYHV	24	0.05	120	0.24
³)´ ([HFXWLYHV	12	0.02	60	0.12

(1) These limits include the respective unsecured limit.
(2) The Credit Committee is made up of at least three of the following officers: the General Manager, Manager of Corporate Risk Area, Manager of Loan Administration, Manager of Commercial Banking, and Manager of Business Banking.

We have a Corporate Risk Area which is independent of the Commercial Area, reporting directly to the Chief ([HFXWLYH 2IILFHU /RDQV LQ ZKLFK D FXVWRPHU¶V WRWDO ULVN unsecured) may EH DSSURYHG E\ ³&´ ([HFXWLYHV HLWKHU 5HJLRQDO 0DQDJH Credit Risk). If transactions are approved by Regional Manager of Business Banking and also by Regional Manager &UHGLW 5LVN WKH total risk exposure that can be approved by both of them is increased to Ch$800 million (Ch$240 million secured or unsecured). If the transactions of Business Banking are not approved by a Manager of Cred Risk, they are not presented to a higher level of approval.

7R HYDOXDWH D FXVWRPHU¶V FUHGLW ULVN DFFRXQW H[HFXWLY LQIRUPDWLRQ VXFK DV WKH FXVWRPHU¶V LQGHEWHGQHVV WR XV, ILQD

debt to other banks and finance companies in the Chilean financial system and payment history with other creditors. Fo
WKLV SXUSRVH LQIRUPDWLRQ UHJDUGLQJ D FXVWRPHU¶V LQGHEWHGQ
CMF.

We have also developed specific lending policies and practices with respect to corporate, real estate and individual sectors of the banking market. Our corporate lending practices include analyzing and evaluating the strengths an weaknesses of a given industry as a wRO H LQ DGGLWLRQ WR DQDO\]LQJ VSHFLILF FRUS 1995, we created a specialized construction finance department which has developed its own policies to evaluate an minimize credit risk in the real estate sector. We monitor the risks associated with construction loans through evaluation of technical studies of each proposed project as well as by conditioning loan advances upon our continuing review of th SURMHFW¶V SURJUHVV)RU LQGLYLGXDO FXVWRPHUV ZH FRQGXFW FUHGLW scoring systems that involve data in terms of income, education, family obligations, other financial obligations and other factors.

Our credit process is regulated by policies and standards established by our Risk Corporate Area and approved by our board of directors. The Risk Corporate Area performs various functions, including individual financial analysis of major clients. We have professional analysts who perform a report analysis for all the loans designated by the credit committee, and long-term credits of more than Ch$1,500 million or a 36-month period. These reports include the analysis RI WKH DPRXQW RI D ORDQ LWV SXUSRVH WHUPV FXVWRPHU¶V ILQDQ

Our Risk Corporate Area, through its sub-area of Portfolio Control and Monitoring, is responsible for the risk classification analysis and monitoring of our entire commercial, leasing and factoring loan portfolio, as well as the determination of reserves for each type of loan.

Classification of Banks by the CMF

7KH &0) UHJXODUO\ H[DPLQHV DQG HYDOXDWHV HDFK ILQDQFLD including its compliance with the loan classification guidelines of the CMF, and on that basis classifies banks and other financial institutions into one of five categories, I, II, III, IV and V, as follows:

- Category I is reserved for financial institutions that have been rated level A in terms of solvency and management.
- Category II is reserved for financial institutions that have been rated (i) level A in terms of solvency and level B in terms of management, (ii) level B in terms of solvency and level A in terms of management, or (iii) level B in terms of solvency and level B in terms of management.
- Category III is reserved for financial institutions that have been rated (i) level B in terms of solvency and level B in terms of management for two or more consecutive review periods, (ii) level A in terms of solvency and level C in terms of management, or (iii) level B in terms of solvency and level C in terms of management.
- Category IV is reserved for financial institutions that are rated level A or B in terms of solvency and have been rated level C in terms of management for two or more consecutive review periods.
- Category V is reserved for financial institutions that have been rated level C in terms of solvency, irrespective of their rating level of management.

The solvency rating of a bank is determined by its ratio of regulatory capital (after deducting accumulated losses during the financial year) to risk-weighted assets. This ratio is equal to or greater than 10% for level A banks, equal to or greater than 8% and less than 10% for level B banks and less than 8% for level C banks.

The management rating of a bank is as follows: (i) level A banks are those that are not rated as level B or C, (ii level B banks display some weakness in internal controls, information systems, response to risk, private risk rating o ability to manage contingency scenarios, and (iii) level C banks display significant deficiencies in internal controls, information systems, response to risk, private risk rating or ability to manage contingency scenarios.

Classification of Loan Portfolio

Chilean banks are required to classify their outstanding exposures on an ongoing basis for the purpose of determining the amount of allowances for loan losses. The guidelines used by Chilean banks for such classifications a established by the CMF, although banks are given some latitude in devising more stringent classification systems within such guidelines. For purposes of classification of our loan portfolio, loans are divided into consumer loans, residentia mortgage loans and commercial loans.

Consumer Loans These loans include financing arising from the use of credit cards, overdrafts on current accounts and loans granted to individuals. Their purpose is to finance the acquisition of consumer goods and payment services, in an amount that generally does not exceed UF 550. Their repayment is generally made in equal and consecutive LQVWDOOPHQWV ²/RDQ 3RUWIROLR´

With respect to consumer loans, allowances for loan losses are determined by mathematical models of expecte loss applied to our loan portfolio as a whole. These models have been based on our data and delinquency and behavio classification which is determined by the extent to which payments are overdue.

Residential Mortgage Loans These include loans for residential purposes that are fully or partly funded through the issuance by us of mortgage finance bonds. Generally, the purpose of these loans is to finance the acquisition, improveme restoration or construction of a residential home. They are granted to the final user of the property and are entirely collateralized. All the remaining mortgages loans, in particular those granted for general purposes, are considered a FRPPHUFLDO ²/RDQV 3RUWIROLR´

With respect to residential mortgage loans, allowances for loan losses are determined by a standard classification given by the CMF (former SBIF) in the Compendium, Chapter B-1.

Commercial Loans ,QFOXGH DOO ORDQV RWKHU WKDQ FRQVXPHU ORDQV ²Loan ORDQ 3RUWIROLR´

For a description of City National Bank of Florida loans, see ³)ORULGD ²/RDQV 3RUWIROLR´

)RU SXUSRVHV RI DVVHVVLQJ RXU ORDQ SRUWIROLR ZH DVVHVV F ³FROOHFWLYH´ EDVLV :H SHUIRUP LQGLYLGXDO DVVHVVPHQWV RI ORD based on the amount of the loan and its size, complexity and the credit profile of the borrower. Generally, we perform individual assessments of loans equal to or greater than UF18,000. We assess on a collective basis all other loans that we do not assess individually, grouping them according to certain common characteristics such as the amount of the loan a WKH ERUURZHU¶V FUHGLW SURILOH *HQHUDOO\ ZH SHUIRUP FROOHF PDWKHPDWLFDO PRGHO GHYHORSHG LQWHUQDOO\ IRU RXU FROOHFWLY Information²/RDQV´

2010 Guidelines of the Former SBIF

On August 12, 2010, the former SBIF published new guidelines for classifying and provisioning of loan portfolios WKDW EHFDPH PDQGDWRU\ DV RI -DQXDU\ D UHVXOW WKH ³New Guidelines´ WKH PRGHOV classify our loan portfolio and establish allowances for loan losses follow the guiding principles set forth below by the regulatory authority.

For large commercial loans, leasing and factoring, we assign a risk category to each borrower and its respectiv loans. We consider the following risk factors: the industry or sector of the borrower, the owners or managers of the ERUURZHU WKH ERUURZHU¶V ILQDQFLDO VLWXDWLRQ LWV SD\PHQW pursuant to the Guidelines, we expect to assign one of the following risk categories to each borrower and loan that w evaluate on an individual basis:

L ³1RUPDO /RDQV´ RU ORDQV FODVVLILHG LQ FDWHJRULHV $ WK on their payment obligations and show no sign of deterioration in their credit quality.

LL ³6XEVWDQGDUG /RDQV´ RU ORDQV classified in categories B1 through B4 will correspond to borrowers with some financial difficulties or an important deterioration of payment capacity. Substandard loans also include all loans that have non-performance levels greater than 30 days.

iii. "Non-compliant Portfolio" which includes loans classified under categories C1 through C6, will correspond to borrowers whose payment capacity is at serious risk and are renegotiating credit terms to avoid bankruptcy or there is a high likelihood that they will file for bankruptcy. These loans also include all loans, including contingent operations, with at least one installment overdue more than 90 days.

Allowances for Normal and Substandard Loans

For normal and substandard loans, expected loss is to be calculated in accordance with the following CMF (former SBIF) standards:

Borrower Category	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

Banks individually assign a specific classification and therefore provision level to each borrower. Accordingly, the amount of loan loss allowance is determined on a case-by-case basis. In determining provisions on an individual basis for normal and substandard loans pursuant to the recently published guidelines, banks are required to use the following equation established by the regulatory authority:

Provision = (ESA-GE) * (PD debtor/100) * (LGD debtor/100) + GE * (PD guarantor/100) * (LGD guarantor/100)

ESA = Exposure subject to allowances
PD = Probability of default
GE = Guaranteed exposure
LGD = Loss Given Default

Definition of Categories

A1: Debtor has the highest credit quality. This category is assigned only to borrowers with an extremely strong capacity to meet its financial obligations.

The debtor in this category has very solid financial foundations and competitive advantages in the markets in which it participates, so its ability to pay has remained permanently immune to cyclical fluctuations in the economy or sector. Therefore, it has a proven ability to generate cash flows to comfortably cover all of its financial commitments, even under restrictive conditions in the macroeconomic environments sector.

This category may be allocated only to debtors who have at least AA rating on the scale of the Chilean Securities Market Law granted by a national rating company recognized by the CMF, or its equivalent in case the debtor has an international rating by an external rating company, which also must be recognized by the CMF.

A2: Debtor has a very high credit quality. The ability to pay its financial obligations is very strong. Predictable events do not affect this capability significantly.

The debtor in this category provides a solid financial foundation and competitive position in the markets where it participates, so their ability to pay hasbeen permanently immune and is not vulnerable to cyclical fluctuations in the economy or markets in which it participates. Presents proven ability to generate cash flows to cover timely and properly all financial commitments.

A3: Debtor has a high credit quality. The ability to pay its financial commitments is strong. Predictable events do not affect this capacity significantly.

The debtor in this category provides a solid foundation and competitive financial ability to pay and shows resistance to cyclical fluctuations in the economy or the markets in which it participates.

Under tight financial-economic scenarios, the power would not vary significantly.

A4 Debtor has a good credit quality. The ability to pay their financial obligations is sufficient. However, this capability is slightly susceptible to changing circumstances or economic conditions.

The debtor in this category provides a solid foundation and competitive financial ability to pay, shows resistance to cyclical fluctuations in the economy or markets in which it participates; however, it may have slight vulnerability to restrictive conditions at macroeconomic and sector levels.

A5: Debtor has a good credit quality. The ability to pay their financial commitments is adequate or sufficient, but is susceptible to change in circumstances or economic conditions.

The debtor in this category presents reasonable competitive and financial foundations, so their ability to pay is less vulnerable to cyclical fluctuations in the economy or markets in which it participates, but although it presents good ability to generate cash flows to meet promptly all its financial commitments under adverse conditions, could be vulnerable to restrictive environmental conditions at macroeconomic and sector levels.

A6: Debtor has a sufficient credit quality. Its ability to pay could deteriorate in adverse economic conditions. The debtor currently has certain challenges with his ability to fulfill his financial obligations, but this is temporary.

The debtor in this category has reasonable competitive and financial foundations, but his payment capacity presents vulnerabilities to cyclical fluctuations of the economy or of the markets in which it participates. Although it has demonstrated the capacity to generate sufficient cash flow to meet its financial commitments under adverse conditions, there is evidence of weakness before restrictive conditions of the macroeconomic and sector environment.

B1: Debtor has a low credit quality. His capacity of payment is vulnerable, affecting his ability to fulfill his financial obligations. The debtor in this category presents deficient financial and competitive foundations, and has presented irregularities in the fulfillment of his commitments.

B2: Debtor has a low credit quality. The debtor presents a worsening in his capacity of payment, generating doubts on the recovery of his credits. The debtor in this category presents deficient financial and competitive foundations, and his ability to generate cash flows is insufficient, which is translated into unsatisfactory fulfillments of his commitments. Also part of this category are those debtors who have registered some precedents of negative behavior in the last 12 months, which are not of recurring nature, and which reclassification as performing loans has taken place at least three months ago.

B3: Debtor has a very low credit quality. His capacity of payment is weak and has shown delinquencies in payments, which may under this scenario, require a financial restructuring to meet obligations or, in case of having had it, obligations thereunder have not been complied with regularly. The debtors who are classified in this category do not exceed 90 days default.

B4: Debtor has a minimum credit rating. This type of borrower has history of disruptive behavior in the last 12 months, which, however, currently does not exceed 90 days default, nor meets certain conditions to be considered as held in default.

Allowances for Loan Losses

Our loan portfolio includes loans for which the likelihood of recovery is low, as the borrowers show impaired payment capacity or no payment capacity at all. This portfolio includes (i) loans of borrowers with evident signs of possible bankruptcy, (ii) loans for which restructuring is necessary in order to avoid impairment and (iii) loans of borrowers that are at least 90 days in default in the payment of interests or principal on any of their loans. Debtors classified unde categories C1 to C6 and all their loans are included in our non-compliant loan portfolio (a subpopulation of our impaired loans portfolio as defined under CMF (former SBIF) criteria), including 100% of the amount of their undrawn committed credit lines and contingent loans.

We determine the allowance for loan losses taking into account our total exposure to each borrower, which is the VXP RI VXFK ERUURZHU¶V WRWDO ORDQV LQFOXGLQJ FRQWLQJHQW O percentage of our allowance with respect to these borrowers, we estimate the expected loss rate, the amounts that a recoverable by executing guarantees and the present value of the amounts that can be recovered through collection actio net of expenses. The expected loss rate is classified under one of the six categories defined below, considering the range of losses that we expect from all the loans of the same debtor.

For loans classified under Categories C1 through C6, we will need to have the following levels of allowance required by the regulatory authority:

Borrower category	Expected loss range	Loss rate% (1)
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

(1) Represents percentages of the aggregate amount of principal and accrued but unpaid interest of the loan.

For these loans the expected loss must be calculated as follows:

Expected loss = (TE–Rec) / TE

Allowance (Ch$) = TE * Allowance %

TE = Total exposure.
REC = Recoverable amount based on estimates of collateral value and collection efforts.

2014 Guidelines of the Former SBIF

2Q 'HFHPEHU WKH IRUPHU 6%,) SXEOLVKHG QHZ JXLGHOLQ mortgage loan portfolio. The 2014 Guidelines include:

- an expected loss model to calculate allowances for housing mortgage loans that explicitly considers loan delinquency and loan / collateral (LTV) ratios, in order to promote active management of credit risk; and

- proposal for a new manner of evaluating collateral in the context of determining provisions, which would specify certain required conditions that would need to be met by an asset in order for it to be eligible to be used as collateral for mitigating credit risk, as well as more specific requirements of how collateral would be valued for purposes of setting loan loss levels.

These changes were implemented in January 2016.

Modifications to Provisions on Credit Risk for Banks

On December 30, 2014, the former SBIF issued Circular No. 3573, which established amendments to the norms regulating the interpretation of the Provisions for Credit Risk, in Chapters B-1, B-2 and E in the Compendium. According to Chapter E, Chapter B-1 became effective as of January 2016. The amendments seek to ensure the adequacy of the provisions requiring banks to present credit risk in their loan portfolios, and guidelines encouraging best practices in evaluation and risk management.

The most relevant amendments introduced under the circular discussed above are the following:

- Standard method for mortgage loans provisions. A standardized method for calculating minimum provisions for mortgage loans for housing was introduced, clarifying both the procedure for overdue payments and the loan guarantee relationship (loan-to-value) for creditors. Such method establishes a special treatment for loans subject to state auction;

- Non-compliant portfolios. Certain conditions were introduced to supplement the guidelines relating to non compliant portfolios for loans subject to individual assessment, including those which must be performed to remove a specific debtor from said portfolio. In addition, similar provisions were introduced to group portfolios; and

- 6XEVWLWXWLRQ credit Rating for the credit rating of its guarantor. Modifications were made to the JXLGHOLQHV WR GHWHUPLQH SURYLVLRQV UHODWLQJ WR IDFW credit rating for the credit rating of its guarantor, subject to certain conditions being met.

Further to the aforementioned amendments, the CMF (former SBIF) has developed standardized provisions for the remaining group portfolios (smaller size portfolios of consumer and commercial credits), together with the establishment of minimum conditions that must be met by the internal provisions for credit risk developed by each bank.

Analysis of our Loan Classifications

:H SHUIRUP ³LQGLYLGXDO´ DVVHVVPHQWV RI ORDQV WKDW ZH FRQ based on the amount of the loan and its size, complexity and the credit profile of the borrower. Generally, we perform individual assessments of loans equal to or greater than UF18,000.

:H FRQVLGHU LQGLYLGXDO ORDQV in the categories A1, ... C1, C2, C3, C4, C5 or C6 FDWHJRULHV DFFRUGLQJ WR WKH ³*XLGHOLQHV´ VHW IRUWK E\ WKH 6%,)

:H DVVHVV RQ D ³FROOHFWLYH´ EDVLV DOO RI RXU ORDQV WKDW FHUWDLQ FRPPRQ FKDUDFWHULVWLFV VXFK DV WKH DPRXQW RI WKH C collective assessment of loans of less than UF18,000.

The following tables provide statistical data regarding the classification of commercial loans at December 31, 2018, 2019 and 2020 (excluding loans and receivables from banks). The CMF (former SBIF) requires that we prepare a risk analysis evaluating, for classification purposes only, a portion of our total commercial loans including overdue and contingent loans.

Category	At December 31, 2018	2019	2020
	(in millions of Ch$)		
A1	49,560	193,155	110,073
A2	1,220,743	1,416,715	1,109,838
A3	1,921,812	2,391,456	2,132,819
A4	1,990,942	2,417,035	2,155,577
A5	1,984,489	2,318,233	2,583,798
A6	802,970	799,300	1,090,902
B1	184,932	170,241	600,028
B2	113,525	131,480	251,341
B3	85,550	144,394	57,518
B4	20,181	55,179	126,968
C1	103,172	100,422	98,965
C2	57,259	20,310	44,544
C3	67,747	25,467	28,059
C4	8,127	41,853	26,719
C5	14,568	6,530	30,929
C6	62,296	37,521	63,025
Collective assessment	11,884,752	12,792,831	13,810,496
Non-Banking Financial Services	9,527,237	10,818,656	11,187,114
Total	30,099,862	33,880,778	35,508,713

Under the guidelines issued by the CMF, our individually assessed loans are considered impaired when they ar classified as B3, B4, C1, C2, C3, C4, C5 or C6. Our collectively assessed loans are considered impaired when (i) they a 90 days or more in default or (ii) they are restructured past due loans until we re-classify them as performing loans based on our periodic reassessment of such loans.

The following tables provide information regarding our loans as of December 31, 2018, 2019 and 2020 under the guidelines as described above:

As of December 31, 2020	Normal Portfolio	Substandard Portfolio	Impaired Portfolio	Total loans before allowances	Individually assessed allowances	Collectively assessed allowances	Total allowances	Total loans net of allowances	Impaired loans as a % of total loans by category	Individually assessed loan allowances as a % of total loans	Collectively assessed loan allowances as a% of total loans
					(In millions of Ch$, except percentages)						
Commercial loans:											
Commercial loans	10,760,902	940,295	629,018	12,330,215	(196,481)	(155,283)	(351,764)	11,978,451	5.10%	1.59%	1.26%
CNB commercial loans	6,743,380	641,984	51,942	7,437,306	(37,486)	(14,747)	(52,233)	7,385,073	0.70%	0.50%	0.20%
Foreign trade loans	666,961	33,733	279	700,973	(11,935)	(633)	(12,568)	688,405	0.04%	1.70%	0,09%
Checking accounts	121,036	1,969	10,806	133,811	(1,560)	(6,652)	(8,212)	125,599	8.08%	1.17%	4.97%
Loans to college students	125,148	-	21,082	146,230		(5,339)	(5,339)	140,891	14.42%	0.00%	3.65%
Factoring Operations	907,285	14,026	2,305	923,616	(6,832)	(1,830)	(8,662)	914,954	0.25%	0.74%	0.20%
Leasing transactions	1,337,162	79,192	27,675	1,444,029	(14,089)	(7,028)	(21,117)	1,422,912	1.92%	0.98%	0.49%
Other loans and receivables	47,615	366	9,566	57,547	(1,115)	(5,600)	(6,715)	50,832	16.62%	1.94%	9.73%
Subtotal	20,709,489	1,711,565	752,673	23,173,727	(269,498)	(197,112)	(466,610)	22,707,117	3.25%	1.16%	0.85%
Mortgage loans:											
Mortgage loans financed by letters of credit	5,190	-	379	5,569	-	(9)	(9)	5,560	6.81%		0.16%
Negotiable mortgage loans	1,509,776	-	23,314	1,533,090	-	(10)	(10)	1,533,080	1.52%		0.00%
Other mortgage loans	5,681,543	-	196,083	5,877,626	-	(29,031)	(29,031)	5,848,595	3.34%		0.49%
CNB mortgage loans	1,506,581	-	22,835	1,529,416	-	(19,180)	(19,180)	1,510,236	1.49%		1.25%
Subtotal	8,703,090	-	242,611	8,945,701	-	(48,230)	(48,230)	8,897,471	2.71%		0.54%
Consumer loans:											
Consumer loans in installments	1,800,087	-	247,535	2,047,622	-	(172,289)	(172,289)	2,047,622	12.09%		8.41%
CNB consumer loans	39,035	-	3,521	42,556	-	(4,037)	(4,037)	38,519	8.27%		9.49%
Checking accounts	56,790	-	8,595	65,385	-	(9,349)	(9,349)	56,036	13.15%		14.30%
Credit card borrowers	1,161,662	-	63,265	1,224,927	-	(89,010)	(89,010)	1,135,917	5.16%		7.27%

As of December 31, 2020	Normal Portfolio	Substandard Portfolio	Impaired Portfolio	Total loans before allowances	Individually assessed allowances	Collectively assessed allowances	Total allowances	Total loans net of allowances	Impaired loans as a % of total loans by category	Individually assessed loan allowances as a % of total loans	Collectively assessed loan allowances as a% of total loans
					(In millions of Ch$, except percentages)						
Consumer leasing transactions	728	-	34	762	-	(21)	(21)	741	4.46%		2.76%
Other loans and receivables	7,866	-	167	8,033	-	(486)	(486)	7,547	2.08%		6.05%
Subtotal	3,066,168	-	323,117	3,389,285	-	(275,192)	(275,192)	3,114,093	9.53%		8.12%
Total loans	32,478,747	1,711,565	1,318,401	35,508,713	(269,498)	(520,534)	(790,032)	34,718,681	3.71%	0.76%	1.47%

As of December 31, 2019	Normal Portfolio	Substandard Portfolio	Impaired Portfolio	Total loans before allowances	Individually assessed allowances	Collectively assessed allowances	Total allowances	Total loans net of allowances	Impaired loans as a % of total loans by category	Individually assessed loan allowances as a % of total loans	Collectively assessed loan allowances as a% of total loans
					(In millions of Ch$, except percentages)						
Commercial loans:											
Commercial loans	9,896,486	426,456	490,271	10,813,213	(116,027)	(123,597)	(239,624)	10,573,589	4.53%	1.07%	1.14%
CNB commercial loans	6,435,141	178,112	22,714	6,635,967	(36,388)	(10,290)	(46,678)	6,589,289	0.34%	0.55%	0.16%
Foreign trade loans	1,070,690	25,063	574	1,096,327	(9,591)	(1,955)	(11,546)	1,084,781	0.05%	0.87%	0.18%
Checking accounts	170,938	3,139	12,851	186,928	(1,582)	(9,157)	(10,739)	176,189	6.87%	0.85%	4.90%
Loans to college students	142,155	±	13,357	155,512	±	(4,370)	(4,370)	151,142	8.59%	0.00%	2.81%
Factoring Operations	1,028,924	5,370	3,236	1,037,530	(4,158)	(2,666)	(6,824)	1,030,706	0.31%	0.40%	0.26%
Leasing transactions	1,509,647	49,780	52,062	1,611,489	(19,917)	(9,045)	(28,962)	1,582,527	3.23%	1.24%	0.56%
Other loans and receivables	61,412	339	11,455	73,206	(1,618)	(6,734)	(8,352)	64,854	15.65%	2.21%	9.20%
Subtotal	20,315,393	688,259	606,520	21,610,172	(189,281)	(167,814)	(357,095)	21,253,077	2.81%	0.88%	0.78%
Mortgage loans:											
Mortgage loans financed by letters of credit	7,653	±	581	8,234	±	(60)	(60)	8,174	7.06%		0.73%
Negotiable mortgage loans	4,618	±	749	5,367	±	(80)	(80)	5,287	13.96%		1.49%
Other mortgage loans	6,385,596	±	226,251	6,611,847	±	(31,477)	(31,477)	6,580,370	3.42%		0.48%
CNB mortgage loans	1,692,475	±	16,050	1,708,525	±	(10,017)	(10,017)	1,698,508	0.94%		0.59%
Subtotal	8,090,342	±	243,631	8,333,973	±	(41,634)	(41,634)	8,292,339	2.92%		0.50%
Consumer loans:											
Consumer loans in installments	2,100,202	±	265,823	2,366,025	±	(154,290)	(154,290)	2,211,735	11.24%		6.52%
CNB consumer loans	51,122	±	±	51,122	±	(483)	(483)	50,639	0.00%		0.94%
Checking accounts	105,790	±	12,320	118,110	±	(9,340)	(9,340)	108,770	10.43%		7.91%
Credit card borrowers	1,289,210	±	74,110	1,363,320	±	(105,432)	(105,432)	1,257,888	5.44%		7.73%
Consumer leasing transactions	1,247	±	41	1,288	±	(47)	(47)	1,241	3.18%		3.65%
Other loans and receivables	36,355	±	413	36,768	±	±	±	36,768	1.12%		0.00%
Subtotal	3,583,926	±	352,707	3,936,633	±	(269,592)	(269,592)	3,667,041	8.96%		6.85%
Total loans	31,989,661	688,259	1,202,858	33,880,778	(189,281)	(479,040)	(668,321)	33,212,457	3.55%	0.56%	1.41%

As of December 31, 2018	Normal Portfolio	Substandard Portfolio	Impaired Portfolio	Total loans before allowances	Individually assessed allowances	Collectively assessed allowances	Total allowances	Total loans net of allowances	Impaired loans as a % of total loans by category	Individually assessed loan allowances as a % of total loans	Collectively assessed loan allowances as a% of total loans
					(In millions of Ch$, except percentages)						
Commercial loans:											
Commercial loans	8,886,341	333,572	558,140	9,778,053	(117,876)	(63,990)	(181,866)	9,596,187	5.7%	1.2%	0.7%
CNB commercial loans	5,494,525	104,608	25,679	5,624,812	(26,762)	(3,346)	(30,108)	5,594,704	0.5%	0.5%	0.1%
Foreign trade loans	813,711	23,223	2,299	839,233	(6,315)	(946)	(7,261)	831,972	0.3%	0.8%	0.1%
Checking accounts	162,162	3,086	10,692	175,940	(1,617)	(5,883)	(7,500)	168,440	6.1%	0.9%	3.3%
Loans to college students	151,134	±	17,597	168,731	±	(5,127)	(5,127)	163,604	10.4%	0.0%	3.0%
Factoring Operations	956,023	6,668	4,708	967,399	(4,165)	(1,977)	(6,142)	961,257	0.5%	0.4%	0.2%
Leasing transactions	1,308,908	48,809	52,435	1,410,152	(18,793)	(5,090)	(23,883)	1,386,269	3.7%	1.3%	0.4%
Other loans and receivables	55,381	473	19,008	74,862	(8,834)	(4,361)	(13,195)	61,667	25.4%	11.8%	5.8%
Subtotal	17,828,185	520,439	690,558	19,039,182	(184,362)	(90,720)	(275,082)	18,764,100	3.6%	1.0%	0.5%
Mortgage loans:											
Mortgage loans financed by letters of credit	10,510	±	971	11,481	±	(80)	(80)	11,401	8.5%	0.0%	0.7%
Negotiable mortgage loans	1,490,604	±	36,246	1,526,850	±	(11,130)	(11,130)	1,515,720	2.4%	0.0%	0.7%
Other mortgage loans	4,159,734	±	162,989	4,322,723	±	(15,935)	(15,935)	4,306,788	3.8%	0.0%	0.4%
CNB mortgage loans	1,484,205	±	35,248	1,519,453	±	(11,028)	(11,028)	1,508,425	2.3%	0.0%	0.7%
Subtotal	7,145,053	±	235,454	7,380,507	±	(38,173)	(38,173)	7,342,334	3.2%	0.0%	0.5%
Consumer loans:											
Consumer loans in installments	2,017,318	±	239,850	2,257,168	±	(139,051)	(139,051)	2,118,117	10.6%	0.0%	6.2%
CNB consumer loans	44,977	±	2,100	47,077	±	(624)	(624)	46,453	4.5%	0.0%	1.3%
Checking accounts	113,804	±	10,301	124,105	±	(8,613)	(8,613)	115,492	8.3%	0.0%	6.9%
Credit card borrowers	1,162,203	±	61,068	1,223,271	±	(94,221)	(94,221)	1,129,050	5.0%	0.0%	7.7%

Consumer leasing transactions..........	2,033	±	109	2,142	±	(79)	(79)	2,063	5.1%	0.0%	3.7%
Other loans and receivables...............	26,109	±	301	26,410	±	(924)	(924)	25,486	1.1%	0.0%	3.5%
Subtotal..	3,366,444	±	313,729	3,680,173	±	(243,512)	(243,512)	3,436,661	8.5%	0.0%	6.6%
Total loans..	28,339,682	520,439	1,239,741	30,099,862	(184,362)	(372,405)	(556,767)	29,543,095	4.1%	0.6%	1.2%

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Accrued interest and inflation indexation from overdue loans are only recognized when and to the extent effectively received. Overdue loans are classified in groups of 1 to 29 days overdue, 30 to 89 days overdue, and 90 or mo GD\V RYHUGXH WKH ODVW JURXS EHLQJ U are include, with respect to any loan, the ³SDVW GXH amount of any principal or interest that is 90 or more days overdue. Past due loans are required to be covered by individu allowances for loan losses equivalent to 100% of any unsecured portion thereof, if and to the extent that the aggregate of all individual allowances for loan losses exceed the global allowance for loan losses.

The tables below set forth the outstanding principal amount of loans that is current, overdue (less than 90 days and past due (overdue 90 or more days) as to payment of principal and interest, as of the dates indicated. Loan amounts the table are presented before deduction for allowances for loan losses.

Category	At December 31, 2018	2019	2020
Current	29,226,153	33,051,392	33,805,262
Overdue 1-29 days...	532,013	436,062	1,265,643
Overdue 30-89 days...	85,795	105,508	155,225
3DVW GXH GD\V RU PRUH ³SDVW GX[1]	255,901	287,816	282,583
Total overdue loans and past due..	873,709	829,386	1,703,451
Total loans[2]	30,099,862	33,880,778	35,508,713
Impaired loans(3)[3]	1,347,005	1,402,433	1,507,897
Overdue and past due loans as a percentage of total loans...........	2.90%	2.45%	4.80%
Past due loans as a percentage of total loans..................................	0.85%	0.85%	0.80%
Impaired loans as a percentage of total loans	4.48%	4.14%	4.25%

(1) 2XU ³SDVW GXH´ LQFOXGH RQO\ WKH SRUWLRQ RI SULQFLSDO DQ due. The installments of such loan that are not overdue or that are overdue for less than 90 days, unless (i) any portion of the loan is overdue for 180 days, in which case the entire loan is considered past due, or (ii) legal proceedings have been commenced for the entire balance according to the terms of the loan, in which case the entire loan is considered past due within 90 days after initiation of such proceedings.
(2) Total loans do not include interbank loans.
(3) 2XU ³LPSDLUHG´ ORDQV LQF of loan of a customer that has at least one loan overdue more than 90 days or present a deteriorated credit assessment (loans overdue less than 90 days but a borrower classification of B3 or B4).

Under our loan classification system, we suspend the accrual of interest, subject to certain exceptions, on (i) individually assessed C5 and C6 loans automatically, (ii) individually assessed C3 and C4 loans that remain classified a such for three or more months, and (iii) collectively assessed secured loans that are six months overdue and for which less than 80% of the loan is collateralized.

The following table sets forth, as of the dates indicated, the amounts of loans over certain of which the accrual o interest income had been discontinued.

Category	At December 31, 2018	2019	2020
		(in millions of Ch$)	
Overdue loans (excluding past due)..	617,808	541,570	1,420,868
Past due loans..	255,901	287,816	282,583
Impaired loans..	1,347,005	1,402,433	1,507,897

Risk Index

The risk index of our loan portfolio is calculated as allowances for loan losses as a percentage of total loans.

Our risk index was 1.85%, 1.97% and 2.2% as of December 31, 2018, 2019 and 2020, respectively.

Analysis of Allowances for Loan Losses

The following tables analyze our allowances for loan losses and changes in the allowances attributable to charge-offs, provisions established, provisions released over the allowances for loan losses:

	As of December 31,		
	2018	2019	2020
	(in millions of Ch$, except for percentages)		
Allowances for loan losses at beginning of period	401,041	556,767	668,321
Write-offs	(247,253)	(396,277)	(449,234)
Provisions established[1]	402,979	507,831	570,945
Provisions released[2]			
Bci Financial Group (net changes)			
Allowances for loan losses at end of the period	556,767	668,321	790,032
Ratio of charge-offs to average loans	1.84%	1.97%	2.22%
Allowance for loan losses at end of the period as a percentage of total loans	1.85%	1.97%	2.22%

(1) Represents the net of provisions established and provisions released and includes the provisions for TotalBank and Servicios Financieros as a result of such acquisition.
(2) Represents the aggregate amount of the allowance for loan losses released during each year or period as a result of a decrease of income on assets previously written off, recoveries or a determination by management that the level of risk existing in the loan portfolio has been reduced.

Our policy with respect to write-offs follows the regulations established by the CMF. Under these regulations, (i) an unsecured loan (or a part of it) must be written off no more than 24 months after being classified as overdue and secured loans must be written off within 36 months after being classified as overdue, (ii) a loan must be charged-off when we do not have any right to exercise an action for collection in the courts, and (iii) in the case of loans payable in installments, the aggregate amount of the loan must be charged-off when one installment is overdue six months in the case of consumer loans and for 48 months in the case of mortgage loans, respectively.

Based on information available regarding our debtors, we believe that our allowances for loan losses are sufficient to cover known potential losses and losses inherent in a loan portfolio such as ours.

Allocation of Allowance for Loan Losses

The following tables set forth, as of the dates indicated, the amounts of allowance for loan losses attributable to commercial, consumer and residential mortgage loans, and the allowance amount as a percentage of loans in the corresponding category and as a percentage of total loans:

	As of December 31,							
	2019				2020			
	Allowance amount	Allowance amount as a percentage of loans in category	Allowance amount as a percentage of total loans	Loans in a category as a percentage of total loans	Allowance amount	Allowance amount as a percentage of loans in category	Allowance amount as a percentage of total loans	Loans in a category as a percentage of total loans
	(in millions of Ch$, except percentages)							
Commercial loans:								
Commercial loans	(239,624)	2.2%	0.7%	31.9%	(351,764)	2.9%	1.0%	34.7%
CNB commercial loans	(46,678)	0.7%	0.1%	19.6%	(52,233)	0.7%	0.1%	20.9%
Foreign trade loans	(11,546)	1.1%	0.0%	3.2%	(12,568)	1.8%	0.0%	2.0%
Checking accounts	(10,739)	6.0%	0.0%	0.6%	(8,212)	6.1%	0.0%	0.4%
Loans to college students	(4,370)	2.8%	0.0%	0.5%	(5,339)	3.7%	0.0%	0.4%
Factoring operations	(6,824)	0.7%	0.0%	3.1%	(8,662)	0.9%	0.0%	2.6%
Leasing transactions	(28,962)	1.8%	0.1%	4.8%	(21,117)	1.5%	0.1%	4.1%
Other loans and receivables	(8,352)	12.9%	0.0%	0.2%	(6,715)	11.7%	0.0%	0.2%
Subtotal	(375,095)	1.7%	1.1%	63.8%	(466,610)	2.0%	1.3%	65.3%

	As of December 31,							
	2019				2020			
	Allowance amount	Allowance amount as a percentage of loans in category	Allowance amount as a percentage of total loans	Loans in a category as a percentage of total loans	Allowance amount	Allowance amount as a percentage of loans in category	Allowance amount as a percentage of total loans	Loans in a category as a percentage of total loans
	(in millions of Ch$, except percentages)							
Mortgage loans:								
Mortgage loans financed by letters of Credit	(60)	0.7%	0.0%	0.0%	(9)	0.2%	0.0%	0.0%
Negotiable mortgage loans	(80)	0.0%	0.0%	5.1%	(10)	0.0%	0.0%	4.3%
Other mortgage loan	(31,477)	0.6%	0.1%	14.7%	(29,031)	0.5%	0.1%	16.6%
CNB mortgage loans	(10,017)	0.6%	0.0%	5.0%	(19,180)	1.3%	0.1%	4.3%
Subtotal	(41,634)	0.5%	0.1%	25.0%	(48,230)	0.5%	0.1%	25.2%
Consumer Loans:								
Consumer loans in installments	(154,290)	7.0%	0.5%	6.7%	(172,289)	8.4%	0.5%	5.8%
CNB consumer loans	(483)	1.0%	0.0%	0.2%	(4,037)	9.5%	0.0%	0.1%
Credit card borrowers	(105,432)	96.9%	0.3%	0.3%	(89,010)	7.3%	0.3%	3.4%
Checking accounts	(9,340)	0.7%	0.0%	3.8%	(9,349)	14.3%	0.0%	0.2%
Consumer leasing transactions	(47)	3.8%	0.0%	0.0%	(21)	2.8%	0.0%	0.0%
Other bans and receivables	±	0.0%	0.0%	0.0%	(486)	6.1%	0.0%	0.0%
Subtotal	(269,592)	7.4%	0.8%	11.0%	(275,192)	8.12%	0.8%	9.5%
Total	(668,321)	2.0%	2.0%	100.0%	(790,032)	2.22%	2.2%	100%

Note: Based on our loan classification, as required by the CMF (former SBIF) for the purpose of determining loan loss allowances.

During the last three years, all of our ten largest (per year) loan charge-offs were related to commercial loans. These loans were outstanding loans to borrowers engaged in a wide variety of activities. Our management is not otherwise aware of any concentration of loan charge-offs or allowance for loan losses in any particular area of economic activity.

Composition of Deposits and Other Commitments

The following table sets forth the average balances of our deposits and other commitments over which we disburse interest for the years ended December 31, 2018, 2019 and 2020

	For the year ended December 31,					
	2018		2019		2020	
	Average balance	Average Nominal Rate	Average balance	Average Nominal Rate	Average balance	Average Nominal Rate
	(in millions of Ch$, except percentages)					
Term deposits	16,725,878	2.33%	17,687,168	2.5%	19,830,221	1.11%
Saving accounts	47,579	2.84%	47,406	2.7%	52,249	2.75%
Total	16,773,457		17,734,574		19,882,470	

Maturity of Deposits

The following tables sets forth information regarding the currency and maturity of our deposits at December 31, 2018, 2019 and 2020. UF-denominated deposits are similar to peso-denominated deposits in all respects, except that the principal is readjusted periodically based on variations in the Chilean consumer price index.

	As of December 31, 2020				
	Ch$	UF	Foreign Currency (other than US$)	USD	Total
			(in millions of Ch$)		
Current accounts and demand deposits	8,409,014	56,420	35,275	11,225,865	19,726,574
Savings accounts	-	55,176	-	-	55,176
Term deposits:					
Maturity within 3 months	6,482,395	63,813	5,836	2,720,315	9,272,359
Maturity after 3 but within 6 months	828,708	4,403	58	228,373	1,061,542
Maturity after 6 but within 12 months	430,984	128	-	5,105	436,217
Maturity after 12 months	81	-	-	14,236	14,317
Total term deposits	7,742,168	68,344	5,894	2,968,029	10,784,435
Total deposits	16,151,182	179,940	41,169	14,193,894	30,566,185

	As of December 31, 2019				
	Ch$	UF	Foreign Currency (other than US$)	USD	Total
			(in millions of Ch$)		
Current accounts and demand deposits	5,696,464	50,693	35,275	8,398,267	14,180,699
Savings accounts	±	48,668	±	±	48,668
Term deposits:					
Maturity within 3 months	6,288,861	72,131	5,490	3,014,559	9,381,041
Maturity after 3 but within 6 months	1,300,026	12,213	28	187,614	1,499,881
Maturity after 6 but within 12 months	1,336,815	2,528	±	829,592	2,168,935
Maturity after 12 months	101	239	±	273,891	274,231
Total term deposits	8,925,803	87,111	5,518	4,305,656	13,324,088
Total deposits	14,622,267	186,472	40,793	12,703,923	27,553,455

	As of December 31, 2018				
	Ch$	UF	Foreign Currency (other than US$)	USD	Total
			(in millions of Ch$)		
Current accounts and demand deposits	5,074,816	43,082	37,875	7,066,766	12,222,539
Savings accounts	0	47,100	0	0	47,100
Term deposits:					
Maturity within 3 months	5,671,443	246,049	4,781	1,752,469	7,674,742
Maturity after 3 but within 6 months	2,040,000	47,861	29	832,700	2,920,590
Maturity after 6 but within 12 months	1,011,891	17,088	0	65,662	1,094,641
Maturity after 12 months	3,499	267	0	587,937	591,703
Total term deposits	8,726,833	311,265	4,810	3,238,768	12,281,676
Total deposits	13,801,649	401,447	42,685	10,305,534	24,551,315

The following tables set forth information regarding the maturity of our outstanding term deposits in excess of US$100,000 at December 31, 2018, 2019 and 2020.

	As of December 31, 2020				
	Ch$	UF	Foreign Currency	USD	Total
	(in millions of Ch$)				
Time deposits					
Maturity within 3 months	5,557,833	22,870	1,323	2,656,066	8,238,092
Maturity after 3 but within 6 months	814,082	1,775	-	226,274	1,042,131
Maturity after 6 but within 12 months	427,507	79	-	4,912	432,498
Maturity after 12 months	-	-	-	14,236	14,236
Total deposits in excess of US$100,000	6,799,422	24,724	1,323	2,901,488	9,726,957

	As of December 31, 2019				
	Ch$	UF	Foreign Currency	USD	Total
	(in millions of Ch$)				
Time deposits					
Maturity within 3 months	5,420,614	21,667	1,601	2,952,419	8,396,301
Maturity after 3 but within 6 months	1,277,464	8,931	±	184,447	1,470,842
Maturity after 6 but within 12 months	1,330,796	2,227	±	829,024	2,162,047
Maturity after 12 months	±	±	±	273,686	273,686
Total deposits in excess of US$100,000	8,028,874	32,825	1,601	4,239,576	12,302,876

	As of December 31, 2018				
	Ch$	UF	Foreign Currency	USD	Total
	(in millions of Ch$)				
Time deposits					
Maturity within 3 months	1,699,231	884	178,517	4,861,080	6,739,712
Maturity after 3 but within 6 months	829,957	±	40,279	2,017,752	2,887,988
Maturity after 6 but within 12 months	65,080	±	16,090	1,003,960	1,085,130
Maturity after 12 months	587,403	±	78	3,397	590,878
Total deposits in excess of US$100,000	3,181,671	884	234,964	7,886,189	11,303,708

Minimum Capital Requirements

The following table sets forth our minimum capital requirements set by the CMF as of the dates indicated.

	As of December 31,		
	2018	2019	2020
	(in millions of Ch$)		
Basic capital	3,457,509	3,791,478	3,893,620
3% of total assets	(1,341,507)	(1,549,129)	(1,705,597)
Excess over minimum required basic capital	2,116,002	2,242,349	2,188,023
Basic capital to consolidated assets	7.73%	7.34%	6.85%
Regulatory capital	4,185,213	4,474,573	4,971,521
Risk-weighted assets	32,801,242	37,281,341	37,125,566
8% of risk-weighted assets	(2,624,099)	(2,982,507)	(2,970,045)
Excess over minimum required regulatory capital	1,561,114	1,492,066	2,001,476
Regulatory capital as a % of 8% of risk-weighted assets	159.49%	150.03%	167.39%
Regulatory capital as a % of risk-weighted assets	12.76%	12.00%	13,39%

(1) Basic capital is the sum of paid-in capital and reserves, excluding capital attributable to subsidiaries and foreign branches.
(2) Regulatory capital is basic capital adjusted to: (i) aggregate subordinated bonds issued by Bci valued at their placement price for an amount up to 50% of its basic capital commencing six years prior to their maturity, (ii) aggregate additional required allowances and provisions as stipulated, (iii) deduct all goodwill and share premium, and (iv) deduct assets that correspond to investments in non-consolidated subsidiaries.

Short-Term Borrowings

The principal categories of our short-term borrowings are Central Bank of Chile borrowing, borrowings under foreign trade credit lines, liabilities under agreements to repurchase and domestic interbank loans. The following tabl presents the amounts outstanding and the weighted average nominal interest rates as of and for years ended for each type of short-term borrowing as detailed below:

	As of December 31,					
	2018		2019		2020	
	Year-end Balance	Weighted average yield interest rate	Year-end Balance	Weighted average yield interest rate	Year-end Balance	Weighted average yield interest rate
	(in millions of Ch$, except percentages)					
Other liabilities to Central Bank of Chile......	10,503	2.84%	±	±	3,904,339	0.50%
Loans received from foreign financial institutions...	1,155,350	2.91%	1,671,048	2.39%	1,111,380	0.81%
Liabilities under agreements to repurchase	546,109	2.03%	909,391	1.56%	350,314	1.79%
Loans received from domestic financial institutions...	1,592,296	3.24%	1,811,213	2.34%	1,254,979	0.41%
Total short-term borrowings....................	3,304,256	2.93%	4,391,652	2.20%	6,621,012	0.60%

The following table shows the average balance and the average nominal rate for each short-term borrowing category as of and for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	Average balance	Average nominal rate	Average balance	Average nominal rate	Average balance	Average nominal rate
	(in millions of Ch$, except percentages)					
Liabilities under agreements to repurchase	620,790	2.13%	496,841	2.3%	402,255	1.00%
Other liabilities to Central Bank of Chile....	1,399	11.19%	836	0.00%	3,904,338	0.00%
Loans received from domestic financial institutions...	1,163,986	1.13%	1,401,821	(0.07)%	1,319,426	0.33%
Subtotal...	1,786,175	1.49%	1,899,498	(0.49)%	5,626,019	0.13%
Borrowings under foreign trade credit lines	989,247	4.72%	1,255,419	(5.83)%	1,526,087	2.71%
Total short-term borrowings..................	2,775,422	2.64%	3,154,917	2.27%	7,152,106	0.62%

The following table presents the maximum month-end balances of our principal sources of short-term borrowings for the years indicated:

	Maximum 2018 month-end balance	Maximum 2019 month-end balance	Maximum 2020 month-end balance
		(in millions of Ch$)	
Liabilities under agreements to repurchase...............	761,339	909,391	350,314
Loans received from domestic financial institutions....	1,592,296	1,811,213	1,254,978
Loans received from foreign financial institutions......	1,155,350	1,671,046	1,111,380
Other liabilities to Central Bank of Chile.....................	10,503	±	3,904,339

Banking Legislation

7KH *HQHUDO %DQNLQJ /DZ ZDV DPHQGHG E\ /DZ 1R 1997 HQD Amendment´ 3ULRU WR WKH $PHQGPHQW WKH *HQHUDO %DQNLQJ /DZ The Amendment liberalized the General Banking Law by allowing banks to engage, either through subsidiaries or directly, in other types of activities according to generally applicable regulations issued by the CMF, based on the risk of the activity and the financial strength of the respective bank. The General Banking Law specifically allows banks to provide direct leasing, financial services (portfolio management), direct financial advisory services and offer factoring, underwriting and pass-through of securities services, and also allows bank subsidiaries to provide investment advisory services outside of Chile, offer factoring and securitization products and provide loan collection and insurance brokerage services (excluding social security insurance). Chilean banks are allowed to make loans to foreign companies or Chilean companies operating abroad and to open subsidiaries outside Chile. Formerly, the General Banking Law permitted the CMF to deny new banking licenses on a discretionary basis. After the 1997 Amendment, the General Banking Law permits the CMF to reject new banking licenses only if the applicant does not comply with generally applicable requirements.

In 2004, new amendments to the General Banking Law granted additional powers to banks, including the ability to underwrite new issues of certain debt and equity securities and create subsidiaries to engage in activities related to banking such as brokerage, investment advisory, mutual fund services, management of investment funds, factoring, securitization products and financial leasing services.

,Q WKH *HQHUDO %DQNLQJ /DZ ZDV DPHQGHG WR HOLPLQDWH earnings as dividends in any given year, subject to the approval of the holders of at least two-thirds of sXFK EDQN¶V FRP shares.

Furthermore, in 2009, Law No. 20,382 was passed in order to fulfill previous agreements by the Chilean government and the Organization for Economic Co-operation and Development, or OECD, to improve Chilean corporate governance practices. Among its various provisions, it requires publicly held corporations to designate independent GLUHFWRUV DQG FRQWDLQV LPSURYHPHQWV UHJDUGLQJ GLUHFWRUV¶ Law No. 20,393 regulates the crimes of money laundering, terrorism financing and bribery, establishing the requirement of having specific internal control systems and procedures to prevent them.

Additionally, on December 5, 2009, Law No. 20,406 was passed, authorizing the Chilean Internal Revenue Service to gather information related to banking operations from commercial banks. Previously, those records were considered confidential and could only be investigated pursuant to a court order.

In May 2010, the Chilean government announced a new capital markets reform entitled Reformas al Mercado Financiero Bicentenario DOVR NQRZQ DV ³0.%´ ZKLFK WKH &KLOHDQ JRYHUQPHQW KDV legislative initiatives and administrative reforms. The reforms seek to further enhance the international integration of &KLOH¶V ILQDQFLDO PDUNHW FUHDWH D UHJXODWRU\ IUDPHZRUN WKDW of the best international practices on competition, supervision and transparency, increase the depth and liquidity of the financial system and widen the access to it.

The main features of this agenda included:

- the regulation and reform of the tax treatment of the fixed income, derivatives and the administration of funds (already in place);
- the creation of a national financial consumer agency to protect customers of financial services (already in place);
- legislative measures to reduce cyclical variations in the credit supply and render the system more secure, solvent and liquid;
- incentives to encourage transparency and proper price formation by allowing the integration of local stock exchanges with others in Latin America, increasing price information in the foreign exchange market, certifying financial professionals and limiting use of market-sensitive information (already in place);

- strengthening the governance of the CMF and increasing the autonomy of the CMF;
- reform the Bankruptcy Law;
- improve access of individuals and small- and medium-size business to the capital markets, increase bank penetration, reduce the costs associated with initial public offerings and create new incentives for innovation and venture capital; and
- develop new markets and financial products that result in lower-cost financing alternatives.

Several administrative measures, such as the creation of the Financial Stability Council, were adopted.

On August 13, 2010, Law No. 20,448 (Reformas al Mercado de Capitales II, also known as MK3) was passed to (i) permit non-Chilean banks with representative offices in Chile to offer their credit products to customers directly and (ii) permit banks to issue unsecured bonds in order to use the proceeds thereof to grant mortgage loans for the acquisiti construction, repair or extension of housing.

In December 2011, the Consumer Protection Act was amended to include provisions applicable to financial services and products. As a result, any agreement for financial services or products that a bank enters into with a consum shall, among others, (1) include a detailed breakdown of all the charges, fees, costs and tariffs that form part of the price, including those associated thereto although not directly part of the price, or that are part of other products simultaneous contracted; (2) expressly provide for the events of early termination, and the cure period and the manner in which the termination will be informed to the consumer; and (3) allow for the early termination of the agreement in the sole and absolute discretion of the customer; provided it has paid in full all the obligations, including any cost for the early termination. In addition, consumers are entitled to (1) receive information about the total cost of the product or service (2) be informed on the reasons why they have been rejected; and (3) know the objective conditions provided to have access to a financial product, among other things.

In February 2012, Law No. 20,575 (known as Ley Dicom) was enacted in order to restrict the use of private and personal economic, financial, banking and commercial information of customers set forth in Law No. 19,628 on Protection of Privacy, which is supplemented by Ley Dicom. This new law (i) provides that such information can only be shared with established businesses and companies that engage in risk assessment in order to assess business risk and credit process review; (ii) prohibits the request of this data in connection with recruitment for employment, admission to preschool, schoo or higher education, medical attention or nomination for a public position; (iii) allows the owners of the data to request distributors of personal information certifications for purposes other than credit process review, in which case the distributor must issue a certificate containing the overdue obligations of the applicant; (iv) prohibits the sharing or reporting of information related to obligations renegotiated, novated or pending in certain forms as well as debts incurred by users o the toll road concessions; (v) requires the distributors of economic, financial, banking and business information to have a system that records the access and delivery of background information contained in them, identifies the name of the pers who has requested such information and the reason, date and time of the request; (vi) allows the owners of the informati contained in such record to access the registry, free of charge, every four months, to check the information for the last 1 months; (vii) introduces mechanisms to facilitate the exercise of the rights of the holders of the information by imposing or the distributor or responsible party of the data bank the obligation to evidence compliance with Ley Dicom; and (viii) obligates the deletion of unpaid obligations reported through December 31, 2011, provided that the total debts registered b such debtor are for an amount less than Ch$2,500,000, for capital, excluding interest, adjustments or any other item.

In March 2012, the Consumer Protection Act was amended by Law No 20,555, which introduced additional SURYLVLRQV UHODWLQJ WR FRQV providers of financial products and services and granted supervision and oversight powers to the Bureau of Consumer Protection in connection with financial services and product Law No 20,555 introduced, among others, provisions providing for: (1) new ILQDQFLDO FRQVXPHU¶V ULJKW request information from the provider regarding the total cost of a product or service (including prices, taxes, charges commissions and fees, among others), the right to know the terms and conditions required by the provider to render the service or deliver the product, such as minimum income thresholds, the right to request updated information of the financia products and services and the right to receive with each financial contract a one-page summary including its key provisions; (2) prohibitions for the providers of financial products and services such as the prohibition to modify prices, fees, commissions, costs and charges of certain products or services under certain circumstances, the prohibition to mail unsolicited offers of financial products or agreements to consumers or to include offers to sell products or services attache to a different product or service; (3) the creation of a voluntary certification of financial products and services by the Bureau of Consumer Protection, which certifies that the relevant financial contract fulfills the applicable legal and regulatory requirements; and (4) special dispute resolution mechanisms such as mediation and arbitration for certain cas Pursuant to this amendment of the Consumer Protection Act, providers of financial products and services had until June 5 2012 to conform their contracts for the provision of financial services and products to meet the new requirements set fort by the amended Consumer Protection Act and comply with the new voluntary certification of the Bureau of Consumer Protection.

During December 2013, the Chilean Congress passed Law No. 20,715 modifying the maximum interest rate a bank may charge. According to the new law, it is not possible to set an interest that exceeds the product of the respective capital and the greater of (i) 1.5 times the current interest rate governing at the time of the transaction, as determined by the CMF for each type of credit transaction; and (ii) the current interest rate governing at the time of the transaction, increased in two annual percentage points. Other ceilings apply to small size loans and consumer loans.

In October 2016, the Chilean Congress passed Law No. 20,950 amending the General Banking Act setting forth rules applicable to the issuance and operation by non-banking entities of pre-funded payment methods or any similar system, when these systems involve that the issuer or the operator regularly engages in monetary obligations with t public in general or to specific sectors or groups thereof.

In February 2017, the Chilean Congress passed Law No. 21,000. This law creates the CMF, which will operate a a decentralized and technical public service. Its purpose will be to ensure the proper functioning, development and stability of the financial market, facilitating the participation of market agents and promoting the care of public trust. This law gi this commission the status of legal successor of the Superintendency of Securities and Insurance. This law became effective on December 14, 2017. Its main functions are the oversight of issuers and intermediaries of publicly offered securities; commodity exchange, transferable securities exchange and stocks transactions; the associations of securities brokerage and the transactions performed by them; companies engaged in the business of insuring and reinsuring, as well as persons who broker insurance, among others. The commission is led by the Financial Market Council, consisting of five members, who are appointed by the President and confirmed by the Senate, with the exception of the President of th Council. In the first stage, this Commission cannot exercise its authority on entities subject to the supervision of the CMF until an amendment to the General Banking Act is passed.

On January 19, 2019, the Chilean government passed the Amendment to the General Banking Law, pursuant which the CMF assumed the former 6%,)¶V SRZHUV DV RI -XQH DQG LW must enact WKH all applicable regulations implementing the changes provided for in the Amendment to the General Banking Law. The deadline for implementation of the Basel III standards has been postponed until December 31, 2021, in light of the COVID-19 pandemic.

Also, there was an Amendment to the General Banking Law to implement Basel III recommendations, increasing capital requirements of the banking industry, and contains amendments to other provisions of the General Banking Law that are independent from these recommendations. The most significant amendments introduced are:

- a strengthening of banking supervision by the replacement of the former SBIF with the CMF, which will gradually assume all the powers currently held by the former SBIF during a one-year transition period from the date the Amendment to the General Banking Law is published in the Official Gazette of Chile;

- a strengthening of risk-based capital requirements in accordance with Basel III that takes into account risks relating to counterparties as well as market and operational risks. In particular, the Amendment to the General Banking Law establishes obligations on banks to enhance their provisions on capital to protect themselves from future shocks, such as (1) increasing basic capital UHTXLUHPHQWV WR DW OHDVW ZHLJKWHG DVVHWV DQG % RI D EDQN¶V WRWDO DVVHWV L and (2) the obligation to maintain an additional basic capital (capital básico adicional) equivalent to 2.5% of its risk-weighted assets (net of required allowances for loan losses) over the required effective equity (patrimonio efectivo);

- Banks shall gradually comply with these new basic capital requirements within a four-year period from the date of the issuance of CMF regulation establishing the methods to weigh EDQNV¶ DVVHWV VHH. This regulation was published by the CMF on December 1, 2020;

- a reclassification of banks based on their solvency rating. Those banks that meet the minimum basic FDSLWDO HIIHFWLYH HTXLW\ DQG DGGLWLRQDO EDVLF FDSLW requirements on basic capital and effective equity, but not the additional basic capital requirements, will be

FODVVLILHG DV ³%´ EDQNV and those that do not meet effective equity and basic capital requirements will be FODVVLILHG DV ³&´ EDQNV

- the granting of new discretionary powers to the CMF, such as the authority to (a) determine new rules to ZHLJK D EDQN¶V DVVHWV ... DVVHWV LQ &HQWUDO %DQN RI &KLOH¶V DSSURYDO E GHWHUPLQH UHTXLU capital of Tier 1 additional instruments, such as preferred shares and perpetual bonds; (c) impose further capital requirements in accordance with Basel III (in addition to those described above); and (d) require banks to prepare balance sheets as of certain dates, which shall be prepared by external auditors if so required by t CMF;

- incorporation of the concept of banks of systemic importance (too big to fail), granting powers to the CMF to require more capital (up to an additional 1-3.5% of common equity over risk weighed assets, net of required allowances for loan losses, and up to additional 2% of common equity over total assets, net of required allowances for loan losses), as well as reserves requirements to guarantee liquidity and restrictions on certai operations, among other requirements. Further, banks will be required to obtain authorization from the CMF prior to a merger or acquisition that would lead to the acquiring bank (or the resulting group of banks), becoming systemically important;

- new rules on bDQNV¶ UHFRYHU\ DQG OLTXLGDWLRQ. Upon liquidity or solvency problems, the bank shall immediately notify the CMF and submit a regularization plan if the deficit remains during a 5-day period. In case such plan is not submitted or is rejected by the CMF, an inspector or ad hoc manager (administrador provisional) may be appointed by the CMF. While the first of these officers can only block certain actions by D EDQN¶V PDQDJHPHQW WKH ODWWHU FRPSOHWHO\ UHSODFHV Further, the Amendment to the General Banking Law eliminates the possibility to reach a reorganization agreement with creditors (convenios) in insolvency scenarios; therefore, if the regularization plan and/or the DG KRF PDQDJHU¶V UHFRYHU\ HIIRUWV IDLO WKH &0) ZLOO ZL WKH UHOHYDQW EDQN¶V DXWKRUL]DWLRQ WR H[LVW (revocación de la autorización de existencia), declare the relevant bank in forced liquidation and appoint a liquidator;

- an extension on the maximum tenure of interbank loans granted to banks that had to undertake measures f early regularization (medidas para la regularización temprana), from two to three years; provided, however, that the terms and conditions of such loans are approved by the CMF and that interbank loans, in the DJJUHJDWH GR QRW H[FHHG RI WKH FUHGLWRU EDQN¶V effective equity. This requirement will be in addition to the general requirement provided for in SBIF Circular No. 3,634, which establishes that interbank loans JXDUDQWHHG RU QRW FDQQRW H[FHHG RI WKH FUHGLWRU Pursuant to the Amendment to the General Banking Law, the CMF may limit interbank loans granted by a bank that is considered as systemically important to 20% of its effective equity. Interbank loans will be considered part of WKH FUHGLWRU EDQN¶V EDVLF FDSLWDO;

- OLPLWV WR RI D EDQN¶V HIIHFWLYH HTXLW\ WKH DPRXQWV %DQNV¶ KDYH RQH \HDU IURP WKH GDWH WKDW WKH $PHQGPH comply with this limit;

- strengthening of the corporate governance of the supervisory body;

- FKDQJHV LQ &KLOHDQ JRYHUQPHQW JXDUDQWHHV RQ WLPH GHS up to 90% of the aggregate amount of certain time deposits and increasing from 120UF to 200UF their maximum coverage per person for each calendar year;

- the imposition of additional rules relating to bank secrecy to facilitate the access to certain information by the Chilean Financial Analysis Unit and the Internal Revenue Service; and

- an increase in deposit guarantees by Chile.

In March 2019, the Chilean Congress passed Law No. 21,081, which seeks, among other things, to strengthen th existing Consumer Protection Agency (SERNAC) by providing SERNAC with the authority to: (i) enact rules and guidelines, (ii) interpret legal or administrative regulations, (iii) preside over proceedings against financial institutions; and (iv) impose fines, exercise class actions, and carry out collective mediations among other functions. In addition, this law imposes fines for non-compliance up to the maximum amount of UTA 45,000 (Unidades Tributarias Anuales) that represented approximately Ch$26,110.6 million or US$38.4 million) as of March 2019.

On June 1, 2019 the CMF assumed all the powers formerly held by the former SBIF. The CMF (or other regulators, as applicable) enacted applicable regulation implementing the changes provided for in the Amendment to the General Banking Law on December 2020, which will be gradually implemented during a period ending in December 2024. Nonetheless, given the current circumstances surrounding COVID-19, the CMF has decided to introduce certain changes to the original schedule for the implementation of Basel III. The phase-in period for the systemic and conservation buffers will be delayed one year, starting in December 2021 instead of December 2020, as originally scheduled. In the case of the systemic buffer, however, in December 2021 the capital charge will be set at zero, which could gradually increase over time. Furthermore, adjustments to regulatory capital will begin in 2022, instead of 2021, as originally scheduled. Basel III requirements in relation to risk-weighted assets were also postponed twelve months, starting in December 2021 instead of December 2020, as originally scheduled.

On May 29, 2020, Law No. 21,234, which amended Law No. 20,009, was passed by the Chilean Congress. This law modifies the current framework regarding liabilities for payment service providers (such as banks) and for customers of such services, in cases of fraudulent transactions carried out with credit or debit cards, including those by electronic means. It establishes that funds charged to credit or debit cards for transactions that are not recognized by the customer must returned to the cardholder's account. Further, this proposed legislation states that, if such unrecognized charges are up to an amount of UF the payment service provider must mandatorily within five business days. In case of unrecognized charges of amounts over the limit of UF35, the payment service provider will have an additional term of seven days to return the amounts in excess of UF35. However, in this case, the payment service provider may retain such excess if it considers to have sufficient evidence to determine that the customer acted fraudulently or with gross negligence, which the payment service provider must prove. Also, this new legislation does not allow payment service providers to offer fraud insurance for such risks. It further establishes obligations for the payment service provider to take adequate measures to protect the payment services in case of unlawful acts and holds payment service providers liable for damages caused by security and protection deficiencies in their technological systems through which such services are provided. According to this law, certain fraudulent transactions with credit or debit cards and electronic payments (such as forgery of credit or debit cards, sale of forged or stolen cards or its data, or impersonation of a card/accountholder) are crimes that may be sanctioned with imprisonment and fines up to threefold the amount of the fraudulent transaction. The Chilean Public Ministry, which act as public prosecutors, is granted broad powers to investigate these crimes when they are suspected to be related to organized crime.

As an aid for Micro/Small Eligible Entrepreneurs, Exporters, Organizations of Small Entrepreneurs, i.e., those whose yearly sales are below UF25,000, and Medium-sized Companies, i.e., those whose yearly sales are between UF25,000 and UF100,000, the Chilean Government allocated US$24 million to a state fund called the Collateral Fund for Small Business Owners (“FOGAPE”), which aims to secure a certain percentage of credit capital, leasing operations and other financing mechanisms that financial institutions, both public and private, grant to eligible companies and organizations. This fund is incorporated permanently to Micro/Small Eligible Entrepreneurs, Exporters, Sustainers and Organizations of Small Entrepreneurs, Medium-sized Companies, and temporarily to Large Companies that do not have securities or, if any, these are insufficient. Companies can provide 10-year-term securities under FOGAPE to banks and financial institutions. FOGAPE is administered by Banco Estado and overseen by CMF. One of the requirements that every company must meet when requesting this type of security is that the profits they generated in 2019 are not distributed as dividends to their shareholders. The resources of the loans secured under FOGAPE must be used only to fund investment projects (such as assets capital) and working capital. The financings that can be secured under FOGAPE comprises loa credit facilities, letter of credits, factoring and leasing. The conditions that these financings must meet are the following: (i) 3.5% interest nominal rate (not considering inflation, which eventually means 0% real interest rate); (ii) financing funds may not exceed the equivalent of 3 months sales, considering the averages in the last 2 years; (iii) 6 months grace period; and (iv) 24 to 48 months of repayment. The coverage of these securities depends on the category of each borrower, follows:

Beneficiary	Proceeds Amount	Coverage
Micro/Small Entities	Up to UF5,000	80% under financings amounting up to UF5,000
Exporters	Up to UF5,000	80% under financings amounting up to UF5,000
Medium-sized companies	Up to UF15,000	50% under financings amounting up to UF15,000
Large companies	Up to UF50,000	30% under financings amounting up to UF50,000

The Chilean Government estimated that this program will benefit between 806,000 and 1.3 million companies. These are the equivalent to 99.8% of Chilean companies, which employ 84% of the formal workforce.

In January 2021, Law No. 21,307 was enacted, which allows the deferral of mortgage loan installments under certain circumstances and creates a State security to secure the deferred installments. The deferral is made by means deferral loan, which is a loan agreement entered into by a creditor to the borrower of a mortgage loan, for the exclusive purpose of paying certain installments of such loan. The deferral loan is secured by FOGAPE for a maximum duration of five years, provided an agreement is reached between the lender and the borrower. Likewise, this law allowed the Chilean Government to introduce a new credit facility guaranteed by FOGAPE through Supreme Decree No. 32 of 2021, called "Reactiva". This 7-year term credit facility (maturity in 2028) is available for disbursement until December 31, 2021, and seeks to stimulate the reactivation and recovery of the national economy. Eligible under this program are those companies and entrepreneurships whose annual sales do not exceed UF 1,000,000; however, the coverage of this loan is higher for negatively affected economic sectors such as hotels, restaurants and tourism.

In addition, there are several bills modifying matters related to loans and credit products, such as interest rate ceilings, prepayment fees and the possibility of capitalizing interest. These bills have been recently introduced by members of the Chilean Congress and include an array of amendments from different perspectives, including aiming to ease the financial burden on certain borrowers, certain micro or small enterprises, and individuals. Since all of these bills are currently under discussion in the Chilean Congress, there is no certainty as to whether any or all of them will be further passed, and as to when or how these bills could change the current Chilean regulatory framework. Therefore, we cannot determine or assure you whether they will materially affect our results of operations in the future.

The Banking System

In Chile, only banks may maintain checking accounts for their customers, conduct foreign trade operations and, together with certain non-banking financial institutions, accept term deposits. Chilean banks are primarily subject to the General Banking Law and secondarily, to the extent not inconsistent with that law, the provisions of the Chilean Corporations Law governing public corporations, except for certain provisions that are expressly excluded.

The modern Chilean banking system dates back to 1925 and has been characterized by periods of substantial regulation and state intervention, as well as periods of deregulation. The most recent period of deregulation commenced in 1997 and culminated in the adoption of a series of amendments to the Chilean General Banking Law, most recently amended in January 2019.

Following the Chilean banking crisis of 1982 and 1983, the former SBIF assumed control of banks representing approximately 51% of the total loans in the banking system. As part of the assistance that the Chilean government provided to Chilean banks, these were permitted to sell a certain portion of their non-performing or doubtful loan portfolios to the Central Bank of Chile at the book value of the loan portfolios. Each bank then repurchased such loans at their economic value (which, in most cases, was substantially lower than the book value at which the Central Bank of Chile had acquired the loans), with the difference to be repaid to the Central Bank of Chile out of future income. Pursuant to Law No. 18,818, which was passed in 1989, this difference was converted into subordinated debt.

As of December 31, 2020, the Chilean banking system was comprised of one public-sector bank and 17 private-sector banks (of which 13 were Chilean banks and four were Chilean branches of foreign banks).

The Central Bank of Chile

The Central Bank of Chile is an autonomous legal entity created by the Chilean Constitution. It is subject to the Chilean Constitution and to its own organic constitutional law (ley orgánica constitucional). To the extent not inconsistent with the Chilean Constitution or its organic constitutional law, the Central Bank of Chile is also subject to private-sector laws, but is not subject to the laws applicable to the public sector. It is directed and administered by a board of directors composed of five members designated by the President of Chile, subject to approval by the Senate.

The legal purpose of the Central Bank of Chile is to maintain the stability of the Chilean peso and the orderly functioning of Chile's internal and external payments. The Central Bank of Chile's powers include setting reserve requirements, regulating the amount of money and credit in circulation, establishing regulations and guidelines regarding finance companies, foreign exchange (including the Formal Exchange Market) and banks' deposit-taking activities.

The CMF

On February 23, 2017, Law. No. 21,000 introduced significant changes to the Chilean financial regulation system by replacing the regulator for securities and insurances headed by the SVS with the CMF. The SVS was dissolved on January 15, 2018. The CMF is constituted as a collegiate entity governed by a five-member board and has stronger supervisory powers than the SVS. Further, pursuant to the Amendment to the General Banking Law, the CMF assumed all the powers formerly held by the former SBIF, including the oversight of banks and financial institutions, during a one-year transition period from the date the Amendment to the General Banking Law was published in the Official Gazette of Chile on January 12 6HH ³5HJXODWLRQ DQG 6XSHUYLVLRQ´

Among the most significant features and authorities assumed by the CMF when replacing the SVS are the following:

- an investigation unit, led by prosecutors, with similar powers to modern administrative prosecution systems;

- the power to authorize the above-referenced prosecutors in the context of an investigation or a punitive procedure, to request information regarding banking operations, including all operations subject to banking secrecy or reserve, certain parties, provided that such information is considered indispensable for identifying violations of the rules that govern individuals or companies monitored by the CMF, criminal offences under the relevant legislation. Furthermore, the CMF may authorize the prosecutor to comply with requests made pursuant to an international enforcement agencies, provided that this has been established on an international information exchange convention subscribed by the CMF;

- the power to appoint a credit WLQJ DJHQF\ WR FRQGXFW ULVN DVVHVVPHQW regulation;

- the power to authorize the prosecutor, in qualified and severe circumstances, to request law enforcement institutions to take intrusive measures, such intercepting communications, search and seizure, among others;

- a self-regulation committee for the purpose of creating rules in accordance with good corporate government practices, ensure their compliance and resolve differences among the members or between a member and its clients, among other functions;

- an administrative procedure between the CMF and those individuals investigated for infractions to the regulations overseen by the CMF, contemplating a simplified procedure for minor breaches; and

- a leniency system, promoting self-denouncement.

- For a description of the powers the CMF will gradually assume when replacing the former 6%,) V HH ³ &0)´ DQG ³5HJXODWLRQ DQG 6XSHUYLVLRQ´

Pursuant to the Amendment to the General Banking Law, and the complementary rules, on June 1, 2019 the CMF assumed all the powers formerly held by the former SBIF. Since then, banks are supervised and controlled by the CMF, a Chilean governmental agency. The CMF authorizes the creation of new banks and has broad powers to interpret and enforce legal and regulatory requirements applicable to banks and financial companies. Furthermore, in cases of noncompliance with its legal and regulatory requirements, the CMF has the ability to impose sanctions. In extreme cases, it can appoint, with the prior approval of the board of directors of the Central Bank of Chile, a provisional administrator to manage a bank. It must also approve any amendment to a EDQN¶V E\ODZV RU DQ\ LQFUHDVH RI its capital.

The CMF examines all banks from time to time, generally at least once a year. Banks are also required to submit WKHLU ILQDQFLDO VWDWHPHQWV PRQWKO\ WR WKH &0) DQG D EDQN¶V newspaper with countrywide coverage. In addition, banks are required to provide extensive information regarding their RSHUDWLRQV DW YDULRXV SHULRGLF LQWHUYDOV WR WKH &0) $ E independent auditors must also be submitted for review by the CMF.

Any person wishing to acquire, directly or indirectly, 10.0% or more of the share capital of a bank must obtain the prior approval of the CMF. Without such approval, the holder will not have the right to vote such shares. The CMF may only refuse to grant its approval based on specific grounds set forth in the General Banking Law.

According to Article 35 bis of the General Banking Law, as amended, the prior authorization of the CMF, as applicable, is required for:

- the merger of two or more banks;
- the acquisLWLRQ RI DOO RU D VXEVWDQWLDO SRUWLRQ RI D EDQN¶V
- the control by the same person, or controlling group, of two or more banks; or
- a substantial increase in the share ownership of a bank by a controlling shareholder of that bank.

Such prior authorization is required only when the acquiring bank or the resulting group of banks would own a market share in loans determined by the CMF to be more than 15.0% of all loans in the Chilean banking system. Th intended purchase, merger or expansion may be denied by the CMF, as applicable, or, if the acquiring bank or resulting group would own a market share in loans determined to be more than 20.0% of all loans in the Chilean banking system, t purchase, merger, or expansion may be conditioned on one or more of the following:

- WKDW WKH EDQN RU EDQNV PDLQWDLQ² DQ HIIHFWLYH HTXLW\ 5H below) higher than 8.0% and up to 14.0% of their risk-weighted assets;
- that the technical reserve established in article 65 of the General Banking Law be applicable when deposits H[FHHG RQH DQG D KDOI WLPHV WKH UHVXOWLQJ EDQN¶V SDLG-in capital and reserves; or
- WKDW WKH PDUJLQ IRU LQWHUEDQN ORDQV EH UHGXFHG WR

If the acquiring bank or resulting group would own a market share in loans determined by the CMF to be more than 15% but less than 20%, the authorization will be conditioned on the bank or banks maintaining an effective equity no lower than 10% of their risk-weighted assets for a period set by the CMF, which may not be less than one year. The calculation of risk-weighted assets is based on a five-FDWHJRU\ ULVN FODVVLILFDWLRQ V\VWHP based on the Basel Committee recommendations.

Pursuant to the regulations of the CMF, the following ownership disclosures are required:

- banks must disclose to the CMF the identity of any person owning, directly or indirectly, 5.0% or more of its shares; and
- bank shareholders who individually hold RU PRUH RI D EDQN¶V FDSLWDO VW shareholders must periodically inform the CMF of their financial condition.

Limitations on Types of Activities

Chilean banks can only conduct those activities allowed by the General Banking Law, which, as of the date of this Prospectus, include: making loans, accepting deposits and, subject to limitations, making investments and performin ILQDQFLDO VHUYLFHV ,QYHVWPHQWV DUH UHVWULFWHG WR UHDO H range and debt securities. Through subsidiaries, banks may also engage in other specific financial service activities such as securiti brokerage services, equity investments, securities, mutual fund management, investment fund management, financ advisory and leasing activities. Subject to specific limitations and the prior approval of the CMF, as applicable, and the Central Bank of Chile, Chilean banks may own majority or minority interests in foreign banks.

As of June 1, 2002, Chilean banks were allowed to offer interest bearing checking accounts. The former SBIF also stated that these accounts may be subject to minimum balance limits and different interest rates depending on avera balances held in the account and that banks may also charge fees for the use of this new product. For banks with a solvency score of less than A, the Central Bank of Chile also imposed additional caps to the interest rate that can be paid.

On June 5, 2007, pursuant to Law No. 20,190, new regulations became effective allowing banks to enter into transactions involving a wider range of derivatives such as, futures, options, swaps, forwards and other derivativ instruments or contracts subject to specific limitations established by the Central Bank of Chile. Previously, banks were able to enter into transactions involving derivatives, but were subject to more restrictive guidelines.

Deposit Insurance

In Chile, the government guarantees the principal amount of certain time and demand deposits held by individuals in the Chilean banking system. The government guarantee covers those obligations with a maximum value of UF200 (Ch$5,814,066 or US$8,178 as of December 31, 2020) per person and calendar year in a single bank, and UF400 (Ch$11,628,132 or US$16,356 as of December 31, 2020) per person in the Chilean banking system.

Reserve Requirements

Deposits are subject to a reserve requirement of 9.0% for demand deposits and 3.6% for term deposits of up to one year. Deposits maturing over one year are not subject reserve requirements. Banks are authorized to deduct daily from their foreign currency-denominated liabilities subject to the reserve requirement, the balance in foreign currency of certain loans and financial investments held outside of Chile. Deductions are to be made as follows:

- first, term liabilities denominated in foreign currency and subject to reserve requirements;
- second, if there is any positive difference, demand liabilities denominated in foreign currency and subject to reserve requirements; and
- finally, foreign loans subject to reserve requirements. The total amount deductible cannot exceed 70.0% of a EDQN¶V HIIHFWLYH HTXLW\

The Central Bank of Chile has statutory authority to require banks to maintain reserves of up to an average of 40.0% for demand deposits and up to 20.0% for term deposits (irrespective, in each case, of the currency in which they are GHQRPLQDWHG WR LPSOHPHQW PRQHWDU\ SROLF\ ,Q DGGLWLRQ D E deposits, deposits in checking accounts, or obligations payable on sight incurred in the ordinary course of business, and in general all deposits unconditionally payable immediately to the extent that the aggregate amount of such liabilities exceed WLPHV WKH DPRXQW RI D EDQN¶V UHJXODWR ry capital.

Chilean regulations also require that gaps between assets and liabilities maturing within less than 30 days not H[FHHG D EDQN¶V QHW FDSLWDO EDVH DQG between assets and liabilities maturing within less than 90 days not H[FHHG WZLFH D EDQN¶V HTXLW\

In accordance with the Amendment of the General Banking Law, if a Chilean bank or a foreign bank operating in Chile is defined to be a domestic 6\VWHPLFDOO\ ,PSRUWDQW %DQN (SIB) by the new regulation, it may be subject to one or a combination of restrictions, including but not limited to, more restrictive reserve requirements. In this regard, the new banking framework establishes that, under certain conditions, a SIB may be required to hold assets in cash or highly liquid instruments for the amount by which the daily balance of deposits payable on demand, net of clearing, exceeds 1.5 times WKH DPRXQW RI WKH EDQN¶V 5HJXODWRU\ &DSLWDO &0) LVVXHG SIBs in UHJX Chile under the Basel III framework. Nonetheless, based on the situation caused by the outbreak of COVID-19, on March 30, 2020 the CMF decided to postpone the requirements for SIB until March 2021.

Minimum Capital; Legal Reserves

Under the General Banking Law, a bank must have a minimum paid-in capital and reserves of UF 800,000 (Ch$23,256 million or US$32.7 million as of December 31, **20**20). However, a bank may begin its operations with 50.0% of such amount, provided that it has a total capital ratio (defined as effective equity as a percentage of risk-weighted assets) of not less than 12.0%. When such a EDQN¶V capital reaches UF600,000 (Ch$17,442 million or US$24.53 million as of December 31, 2020), the total capital ratio required is reduced to 10.0%.

Capital Adequacy Requirements

Pursuant to the Amendment to the General Banking Law, minimum capital requirements have increased in terms of amount and quality. Total Regulatory Capital remains at 8% of risk-weighted assets which includes credit, market and operational risk. Minimum Tier 1 capital increased from 4.5% to 6% of risk-weighted assets, of which up to 1.5% may be Additional Tier 1 (AT1), either in the form of preferred shares or perpetual bonds, both of which may be convertible to common equity. The CMF establishes the conditions and requirements for the issuance of perpetual bonds and preferred equity. Tier 2 capital is now set at 2% of risk-weighted assets. Additional capital demands are incorporated through a Conservation Buffer of 2.5% of risk-weighted assets, setting a Total Equity Requirement of 10.5% of risk-weighted assets.

The Central Bank of Chile may set an additional Counter Cyclical Buffer of up to 2.5% of risk-weighted assets with agreement from the CMF. Both buffers must be comprised of core capital.

The CMF, with agreement from the Central Bank of Chile, may impose additional capital requirements for SIBs of between 1-3.5% of risk-weighted assets. Notably, the Central Bank of Chile may require: (1) the addition of up to 2% to the core capital to total assets ratios; (2) a reduction in the technical reserve requirement trigger from 2.5 times regulatory capital to 1.5 times regulatory capital; and/or (3) a reduction in the interbank loan limit to 20% of regulatory capital of a SIB. While the CMF has not yet established the criteria to assess which banks will be considered SIBs, it is probable tha we will be classified an SIB.

The CMF establish weightings for risk-weighted assets as a separate regulation based on the implementation of standard models, subject to agreement from the Central Bank of Chile. Until the new weightings for risk-weighted assets are effective, banks must maintain regulatory capital of at least 8% of risk-weighted assets, net of required loan loss allowance and deductions, and paid-LQ FDSLWDO DQG UHVHUYHV ³EDVLF FDSLWDO´ RI and 3% of total assets, both net of required loan loss allowances.

Lending Limits

Under the General Banking Law, as amended, Chilean banks are subject to lending limits, including the following material limits:

- A bank cannot extend to any entity or individual (or any one group of related entities), directly or indirectly, unsecured credit in an amount that exceeds 10.0% (previously 5.0%) of the bank¶V HIIHFWLYH HTXL amount that exceeds 30.0% (previously 25.0%) of its effective equity if the excess over 10.0% (previously 5.0%) is secured by certain assets with a value equal to or higher than such excess. In the case of foreig export trade financing, the ceiling for unsecured credits is also 10.0% (previously 5.0%) and the ceiling for secured credits is also established at 30.0%. In the case of financing infrastructure projects built through th concession mechanism, the 10.0% (previously 5.0%) ceiling for unsecured credits is 15.0% if secured by a pledge over the concession, or if granted by two or more banks or finance companies which have executed credit agreement with the builder or holder of the concession, while the ceiling for secured credits remains at 30% (previously 25.0%);

- a bank cannot extend loans to another financial institution subject to the General Banking Law in an aggregat amount exceeding 30.0% of its effective equity;

- a bank cannot directly or indirectly grant a loan whose purpose is to allow an individual or entity to acquire shares of the lender bank;

- a bank cannot lend, directly or indirectly, to a director or any other person who has the power to act on behal of the bank; and

- a bank cannot grant loans to related parties (including holders of more than 1.0% of its shares, except in the case of companies which are actively traded on the Santiago Stock Exchange, in which case the limit is 5.0% on more favorable terms than those generally offered to non-related parties. In addition, the aggregate amount RI ORDQV WR UHODWHG SDUWLHV FDQQRW H[FHHG D EDQN¶V HI

Among the Amendments to the General Banking Law published in January 12, 2019, another limitation states tha a bank may not extend loans in an aggregate of 30% of its effective equity to a group of persons or entities belonging to the same holding group (grupo empresarial) as defined in the Chilean securities market law

Classification of Banks and Loans; Allowances for Loan Losses

The CMF regularly H[DPLQHV DQG HYDOXDWHV HDFK ILQDQFLDO LQVWLW including its compliance with the loan classification guidelines defined by the regulatory authority, and on that basis classifies banks and other financial institutions into one of five categories, I, II, III, IV and V.

Category I applies to financial institutions that have been rated level A in terms of solvency and management.

Category II applies to financial institutions that have been rated (i) level A in terms of solvency and level B in terms of management, (ii) level B in terms of solvency and level A in terms of management, or (iii) level B in terms of solvency and level B in terms of management.

Category III applies to financial institutions that have been rated (i) level B in terms of solvency and level B in terms of management for two or more consecutive review periods, (ii) level A in terms of solvency and level C in terms of management, or (iii) level B in terms of solvency and level C in terms of management.

Category IV applies to financial institutions that are rated level A or B in terms of solvency and have been rated level C in terms of management for two or more consecutive review periods.

Category V applies to institutions that have been rated level C in terms of solvency, irrespective of their rating level of management.

The solvency rating of a bank is determined by its ratio of regulatory capital (after deducting accumulated losses during the financial year) to risk-weighted assets. This ratio is equal to or greater than 10% for level A banks, equal to or greater than 8% and less than 10% for level B banks and less than 8% for level C banks.

The management rating of a bank is as follows: (i) level A banks are those that are not rated as level B or C, (ii) level B banks display some weakness in internal controls, information systems, response to risk, private risk rating or ability to manage contingency scenarios, and (iii) level C banks display significant deficiencies in internal controls, information systems, response to risk, private risk rating or ability to manage contingency scenarios. However, this criteria is expected to be revised by the CMF once new capital requirements set forth in the recent modifications to the General Banking Law are implemented.

Classification of Loan Portfolio

Classification of loans. For purposes of the current classifications, loans are divided into: (i) consumer loans (including loans granted to individuals for the purpose of financing the acquisition of consumer goods or payment of services), (ii) residential mortgage loans (including loans granted to individuals for the acquisition, construction or repair of residential real estate, in which the value of the property covers at least 100% of the amount of the loan), (iii) leasing operations (including consumer leasing, commercial leasing and residential leasing), (iv) factoring operations and (v) commercial loans (including all loans other than consumer loans and residential mortgage loans).

In accordance with current regulations, the models and methods used to classify our loan portfolio must conform to the principles summarized below, which were established by the CMF (and before its absorption by the CMF, by the former SBIF).

Allowances Based on the Analysis of Commercial Borrowers of Ch$200 Million or More. Before August 2010 regulations required that all commercial loans of Ch$200 million or more be assigned to a risk category level, determined by considering the following risk factors: (i) industry or sector, (ii) owners or managers, (iii) the borrower's access to credit, (iv) payment capacity, (v) payment behavior, and (vi) net worth. Based upon the analysis of these risk factors, the loan was assigned a risk classification. If the borrower had no apparent credit risk, the loan was classified as either A1, A2 or A3. The loan was classified as B if the borrower had some credit risk but no apparent deterioration of payment capacity. Finally, if the borrower had diminished capacity to repay its loans, it was classified as either C1, C2, C3, C4, C5 or C6.

For loans classified as A1, A2, A3 or B, the board of directors of a bank was authorized to determine the levels of required allowances. For loans classified as C1, C2, C3, C4, C5 or C6, the bank must have the following levels of allowances:

Classification	Estimated range of loss	Allowance
C1..	Up to 3%	2%
C2..	3%-20%	10%
C3..	20%-30%	25%
C4..	30%-50%	40%
C5..	50%-80%	65%
C6..	More than 80%	90%

Allowances Based on Group Analysis. Under current regulations, the levels of required allowances for commercial loans less than Ch$200 million and all consumer loans and mortgage loans are to be determined by the bank. This determination is made according to the estimated loss that may result from the loans, by classifying the loan portfolio using one or both of the following models: (i) a model based on the characteristics of the borrower and its outstanding loans, and/or (ii) a model based on the behavior of a group of loans. For the first model, the borrowers and their loans with similar characteristics will be placed into groups and each group will be assigned a risk level. For the second model, loans with analogous past payment histories and similar characteristics will be placed into groups and each group will be assigned a risk level.

Additional Voluntary Provisions and Allowances. Historically, a bank could voluntarily maintain additional allowances for loan losses in excess of the minimum amounts required as global and individual allowances. However, current regulations in effect as of January 1, 2004 no longer permit this. Banks are now able to create provisions and allowances above the previously described limits only to cover specific risks that had been authorized by their board of directors. We began provisioning in accordance with current regulations as of January 1, 2004.

2010 Guidelines of the Former SBIF

On August 12, 2010, the former SBIF published new guidelines for classifying and provisioning of loan portfolios that became mandatory as of January 1, 2011. As a result, the models and methods used to classify our loan portfolio and establish allowances for loan losses follow the guiding principles set forth below, which were established by the regulatory authority.

For large commercial loans, leasing and factoring, we assign a risk category to each borrower and its respective loans. We consider the following risk factors: the industry or sector of the borrower, the owners or managers of the borrower, the borrower's financial situation, its payment capacity and its payment history. Based on these factors and pursuant to the Guidelines, we expect to assign one of the following risk categories to each borrower and loan that we evaluate on an individual basis:

(i) “Normal” loans, classified in categories A1 through A6, will correspond to borrowers who are current on their payment obligations and show no sign of deterioration in their credit quality.

(ii) “Substandard” loans, classified in categories B1 through B4, will correspond to borrowers with some financial difficulties or an important deterioration of payment capacity. Substandard loans also include all loans that have non-performance levels greater than 30 days.

(iii) “Non-compliant loans” or loans classified in categories C1 through C6, which include borrowers whose payment capacity is at serious risk and are renegotiating credit terms to avoid bankruptcy or there is a high likelihood that they will file for bankruptcy. These loans also include all loans, including contingent operations, with at least one installment overdue more than 90 days.

Allowances for Normal and Substandard loans

For normal and substandard loans, expected loss is to be calculated in accordance with the following CMF (former SBIF) standards:

Classification	Probability of default (PD) (%)	Loss given default (LGD) (%)	Expected loss (EL) (%)
Normal loans			
A1	0.04	90.0	0.03600
A2	0.10		