

BANK OF CHILE  
Form 6-K  
April 29, 2015  
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**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Report of Foreign Private Issuer**

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

**For the month of April, 2015**

**Commission File Number 001-15266**

**BANK OF CHILE**

(Translation of registrant's name into English)

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

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

Form 20-F  Form 40-F

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

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

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

Yes  No

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

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BANCO DE CHILE  
REPORT ON FORM 6-K

Attached Banco de Chile's Consolidated Financial Statements with notes as of March 31, 2015.

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

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For the periods ended March 31, 2015 and December 31, 2014

(Translation of financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

	Notes	March 2015 MCh\$	December 2014 MCh\$
<b>ASSETS</b>			
Cash and due from banks	7	836,428	915,133
Transactions in the course of collection	7	558,183	400,081
Financial assets held-for-trading	8	513,743	548,471
Cash collateral on securities borrowed and reverse repurchase agreements	9	30,992	27,661
Derivative instruments	10	959,203	832,193
Loans and advances to banks	11	1,471,506	1,155,365
Loans to customers, net	12	21,343,909	21,348,033
Financial assets available-for-sale	13	1,566,813	1,600,189
Financial assets held-to-maturity	13		
Investments in other companies	14	25,917	25,312
Intangible assets	15	26,815	26,593
Property and equipment	16	204,941	205,403
Current tax assets	17	3,931	3,468
Deferred tax assets	17	199,808	202,869
Other assets	18	414,363	355,057
<b>TOTAL ASSETS</b>		<b>28,156,552</b>	<b>27,645,828</b>
<b>LIABILITIES</b>			
Current accounts and other demand deposits	19	7,048,174	6,934,373
Transactions in the course of payment	7	308,261	96,945
Cash collateral on securities lent and repurchase agreements	9	249,784	249,482
Savings accounts and time deposits	20	9,736,875	9,721,246
Derivative instruments	10	980,639	859,752
Borrowings from financial institutions	21	1,193,195	1,098,716
Debt issued	22	5,305,301	5,057,956
Other financial obligations	23	165,620	186,573
Current tax liabilities	17	18,728	22,498
Deferred tax liabilities	17	37,686	35,029
Provisions	24	329,229	601,714
Other liabilities	25	254,497	246,388
<b>TOTAL LIABILITIES</b>		<b>25,627,989</b>	<b>25,110,672</b>
<b>EQUITY</b>			
	27		
<b>Attributable to Bank's Owners:</b>			
Capital		2,041,173	1,944,920
Reserves		390,640	263,258
Other comprehensive income		45,675	44,105
Retained earnings:			
Retained earnings from previous periods		16,060	16,379
Income for the period		116,715	591,080

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Less:		
Provision for minimum dividends	(81,701)	(324,588)
Subtotal	<b>2,528,562</b>	<b>2,535,154</b>
<b>Non-controlling interests</b>	<b>1</b>	<b>2</b>
<b>TOTAL EQUITY</b>	<b>2,528,563</b>	<b>2,535,156</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>28,156,552</b>	<b>27,645,828</b>

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



Table of Contents**BANCO DE CHILE AND SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD**

For the three-month ended March 31, 2015 and 2014

(Translation of financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

**A, CONSOLIDATED STATEMENT OF INCOME**

	Notes	March 2015 MCh\$	March 2014 MCh\$
Interest revenue	28	365,618	507,366
Interest expense	28	(101,895)	(205,893)
<b>Net interest income</b>		<b>263,723</b>	<b>301,473</b>
Income from fees and commissions	29	102,372	95,403
Expenses from fees and commissions	29	(30,271)	(29,119)
<b>Net fees and commission income</b>		<b>72,101</b>	<b>66,284</b>
Net financial operating income	30	22,005	11,895
Foreign exchange transactions, net	31	15,503	22,578
Other operating income	36	8,147	5,723
<b>Total operating revenues</b>		<b>381,479</b>	<b>407,953</b>
Provisions for loan losses	32	(65,432)	(76,354)
<b>OPERATING REVENUES, NET OF PROVISIONS FOR LOAN LOSSES</b>		<b>316,047</b>	<b>331,599</b>
Personnel expenses	33	(93,557)	(82,276)
Administrative expenses	34	(68,389)	(66,231)
Depreciation and amortization	35	(7,386)	(6,505)
Impairment	35	(203)	(203)
Other operating expenses	37	(9,686)	(4,765)
<b>TOTAL OPERATING EXPENSES</b>		<b>(179,018)</b>	<b>(159,980)</b>
<b>NET OPERATING INCOME</b>		<b>137,029</b>	<b>171,619</b>
Income attributable to associates	14	691	207
<b>Income before income tax</b>		<b>137,720</b>	<b>171,826</b>
Income tax	17	(21,005)	(21,075)
<b>NET INCOME FOR THE PERIOD</b>		<b>116,715</b>	<b>150,751</b>
Attributable to:			

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Bank s Owners		116,715	150,750
Non-controlling interests			1
		\$	\$
Net income per share attributable to Bank s Owners:			
Basic net income per share	27	1.23	1.59
Diluted net income per share	27	1.23	1.59

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

Table of Contents**BANCO DE CHILE AND SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD**

For the three-month ended March 31, 2015 and 2014

(Translation of financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

	Notes	March 2015 MCh\$	March 2014 MCh\$
<b>NET INCOME FOR THE YEAR</b>		<b>116,715</b>	<b>150,751</b>
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>			
Net unrealized gains (losses):			
Net change in unrealized gains (losses) on available for sale instruments	13	7,317	2,339
Gains and losses on derivatives held as cash flow hedges	10	(5,374)	(20,383)
Cumulative translation adjustment			39
<b>Subtotal Other comprehensive income before income taxes</b>		<b>1,943</b>	<b>(18,005)</b>
Income tax		(373)	3,609
<b>Total other comprehensive income items that will be reclassified subsequently to profit or loss</b>		<b>1,570</b>	<b>(14,396)</b>
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss</b>			
Loss in defined benefit plans			
<b>Subtotal other comprehensive income before income taxes</b>			
Income taxes			
<b>Total other comprehensive income items that will not be reclassified subsequently to profit or loss</b>			
<b>TOTAL CONSOLIDATED COMPREHENSIVE INCOME</b>		<b>118,285</b>	<b>136,355</b>
Attributable to:			
Equity holders of the parent		118,285	136,354
Non-controlling interest			1
<b>Comprehensive net income per share from continued operations attributable to equity holders of the parent:</b>			
Basic net income per share		1.25	1.44

Diluted net income per share	1.25	1.44
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The accompanying notes 1 to 41 are an integral part of these interim condensed consolidated financial statements

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For the three-month ended March 31, 2015 and 2014

(Translation of financial statements originally issued in Spanish)

(Expressed in millions of Chilean pesos)

Notes	Paid-in Capital MCh\$	Reserves		Other comprehensive income			Retained earnings		Provision for minimum dividends MCh\$	Attributable to equity holders of the parent MCh\$
		Other reserves MCh\$	Reserves from earnings MCh\$	Unrealized gains (losses) on available-for- sale MCh\$	Derivatives cash flow hedge MCh\$	Cumulative translation adjustment MCh\$	Retained earnings from previous periods MCh\$	Income for the year MCh\$		
<b>Balances as of December 31, 2013</b>	1,849,351	32,125	181,511	29,372	(13,421)	(23)	16,379	513,602	(324,582)	2,284,314
Capitalization of retained earnings	27	95,569						(95,569)		
Income retention (released) according to law			49,913					(49,913)		
Dividends distributions and paid	27							(368,120)	324,582	(43,538)
Other comprehensive income:	27									
Cumulative translation adjustment						39				39
Derivatives cash flow hedge, net					(16,306)					(16,306)
Valuation adjustment on available-for-sale instruments (net)				1,871						1,871
Income for the period 2014								150,750		150,750
Provision for minimum dividends	27								(84,883)	(84,883)
<b>Balances as of March 31, 2014</b>	<b>1,944,920</b>	<b>32,125</b>	<b>231,424</b>	<b>31,243</b>	<b>(29,727)</b>	<b>16</b>	<b>16,379</b>	<b>150,750</b>	<b>(84,883)</b>	<b>2,292,247</b>
Defined benefit plans adjustment		(296)								(296)
Equity adjustment associates		5								5
Other comprehensive										

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income:											
Cumulative translation adjustment						41				41	
Cash flow hedge adjustment, net					39,813					39,813	
Valuation adjustment on available-for-sale instruments, net			2,719							2,719	
Income for the period 2014								440,330		440,330	
Provision for minimum dividends									(239,705)	(239,705)	
<b>Balances as of December 31, 2014</b>		<b>1,944,920</b>	<b>31,834</b>	<b>231,424</b>	<b>33,962</b>	<b>10,086</b>	<b>57</b>	<b>16,379</b>	<b>591,080</b>	<b>(324,588)</b>	<b>2,535,154</b>
Capitalization of retained earnings	27	96,253							(96,253)		
Retention (released) earnings			127,383						(127,383)		
Dividends distributions and paid	27								(367,444)	324,588	(42,856)
Other comprehensive income:	27										
Cumulative translation adjustment											
Cash flow hedge adjustment, net						(4,165)					(4,165)
Valuation adjustment on available-for-sale instruments (net)				5,735							5,735
Income for the period 2015									116,715		116,715
Equity adjustment investment in other companies			(1)						(319)		(320)
Provision for minimum dividends	27									(81,701)	(81,701)
<b>Balances As of March 31, 2015</b>		<b>2,041,173</b>	<b>31,833</b>	<b>358,807</b>	<b>39,697</b>	<b>5,921</b>	<b>57</b>	<b>16,060</b>	<b>116,715</b>	<b>(81,701)</b>	<b>2,528,562</b>

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

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## BANCO DE CHILE AND SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three-month ended March 31, 2015 and 2014

(Translation of financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

	Notes	March 2015 MCh\$	March 2014 MCh\$
<b>OPERATING ACTIVITIES:</b>			
Net income for the period		116,715	150,751
Items that do not represent cash flows:			
Depreciation and amortization	35	7,386	6,505
Impairment of intangible assets and property and equipment	35		203
Provision for loan losses	32	76,781	84,446
Provision of contingent loans	32	1,120	1,831
Fair value adjustment of financial assets held-for-trading		156	84
Income attributable to investments in other companies	14	(677)	(207)
Income from sales of assets received in lieu of payment	36	(764)	(856)
Net gain on sales of property and equipment	36-37	(28)	(37)
(Increase) decrease in other assets and liabilities		(95,057)	(88,796)
Charge-offs of assets received in lieu of payment	37	437	333
Other charges (credits) to income that do not represent cash flows		1,226	381
(Gain) loss from foreign exchange transactions of other assets and other liabilities		(211,654)	(154,459)
Net changes in interest and fee accruals		116,786	19,441
Changes in assets and liabilities that affect operating cash flows:			
(Increase) decrease in loans and advances to banks, net		(316,477)	(494,939)
(Increase) decrease in loans to customers		(135,222)	(73,988)
(Increase) decrease in financial assets held-for-trading, net		26,137	(122,348)
(Increase) decrease in deferred taxes, net	17	4,237	(2,393)
(Increase) decrease in current account and other demand deposits		114,755	611,675
(Increase) decrease in payables from repurchase agreements and security lending		5,094	124,615
(Increase) decrease in savings accounts and time deposits		35,566	(428,102)
Proceeds from sale of assets received in lieu of payment		1,311	1,450
<b>Total cash flows from operating activities</b>		<b>(252,172)</b>	<b>(364,410)</b>
<b>INVESTING ACTIVITIES:</b>			
(Increase) decrease in financial assets available-for-sale, net		198,129	415,789
Purchases of property and equipment	16	(4,658)	(4,587)
Proceeds from sales of property and equipment		40	40
Purchases of intangible assets	15	(2,405)	(821)
Investments in other companies	14		
Dividends received from investments in other companies	14	(72)	
<b>Total cash flows from investing activities</b>		<b>191,034</b>	<b>410,421</b>
<b>FINANCING ACTIVITIES:</b>			
Proceeds of mortgage finance bonds			
Repayment of mortgage finance bonds		(4,451)	(4,219)

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Proceeds from bond issuances	22	480,406	555,108
Redemption of bond issuances		(97,292)	(124,865)
Proceeds from subscription and payment of shares			
Dividends paid	27	(367,444)	(368,120)
(Increase) decrease in borrowings from financial institutions		(3,856)	(97,911)
(Increase) decrease in other financial obligations		(20,296)	(11,170)
(Increase) decrease in borrowings from Central Bank of Chile			
Borrowings from Central Bank of Chile (long-term)		20	7
Payment of borrowings from Central Bank of Chile (long-term)		(21)	(8)
Long-term foreign borrowings		899,293	110,627
Payment of long-term foreign borrowings		(801,065)	(408,355)
Proceeds from other long-term borrowings		13,705	6,373
Payment of other long-term borrowings		(14,470)	(8,491)
<b>Total cash flows from financing activities</b>		<b>84,529</b>	<b>(351,024)</b>
<b>TOTAL NET POSITIVE CASH FLOWS FOR THE PERIOD</b>		<b>23,391</b>	<b>(305,013)</b>
Net effect of exchange rate changes on cash and cash equivalents		<b>11,816</b>	<b>15,375</b>
Cash and cash equivalents at beginning of year		<b>1,825,578</b>	<b>1,538,618</b>
Cash and cash equivalents at end of period	7	<b>1,860,785</b>	<b>1,248,980</b>

**Supplemental disclosure of cash flow information:**

**Cash paid during the year for:**

Interest received		434,556	434,806
Interest paid		(54,047)	(113,892)

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



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

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**1. Corporate information:**

Banco de Chile is authorized to operate like a commercial bank since March 17, 1996, in conformity with the Article 25 of Law No, 19,396. Banco de Chile, resulting from the merger of Banco Nacional de Chile, Banco Agrícola and Banco de Valparaíso, was formed on October 28, 1893 in the city of Santiago, in the presence of the Notary Eduardo Reyes Lavalle.

Banco de Chile ( Banco de Chile or the Bank ) is a Corporation organized under the laws of the Republic of Chile, regulated by the Superintendency of Banks and Financial Institutions ( SBIF or Superintendency ). Since 2001, - when the bank was first listed on the New York Stock Exchange ( NYSE ), in the course of its American Depository Receipt (ADR) program, which is also registered at the London Stock Exchange Banco de Chile additionally follows the regulations published by the United States Securities and Exchange Commission ( SEC ).

Banco de Chile offers a broad range of banking services to its customers, ranging from individuals to large corporations. The services are managed in large corporate banking, middle and small corporate banking, personal banking services and retail. Additionally, the Bank offers international as well as treasury banking services. The Bank's subsidiaries provide other services including securities brokerage, mutual fund and investment management, insurance brokerage, financial advisory and securitization.

Banco de Chile's legal address is Paseo Ahumada 251, Santiago, Chile and its website is [www.bancochile.cl](http://www.bancochile.cl).

The Interim Condensed Consolidated Financial Statements of Banco de Chile, for the period ended March 31, 2015 were approved for issuance in accordance with the directors on April 23, 2015.

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

**(a) Legal provisions:**

The General Banking Law in its Article No.15 authorizes the Chilean Superintendency of Banks (SBIF) to issue generally applicable accounting standards for entities it supervises. The Corporations Law, in turn, requires generally accepted accounting principles to be followed.

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

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

## (b) Basis of preparation:

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

(b.2) The following table details the entities in which the Bank has controlling interest and that are therefore consolidated in these financial statements:

RUT	Subsidiaries	Country	Functional Currency	Direct		Interest Owned Indirect		Total	
				2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
44,000,213-7	Banchile Trade Services Limited	Hong Kong	US\$	100.00	100.00			100.00	100.00
96,767,630-6	Banchile Administradora General de Fondos S.A.	Chile	Ch\$	99.98	99.98	0.02	0.02	100.00	100.00
96,543,250-7	Banchile Asesoría Financiera S.A.	Chile	Ch\$	99.96	99.96			99.96	99.96
77,191,070-K	Banchile Corredores de Seguros Ltda,	Chile	Ch\$	99.83	99.83	0.17	0.17	100.00	100.00
96,571,220-8	Banchile Corredores de Bolsa S.A.	Chile	Ch\$	99.70	99.70	0.30	0.30	100.00	100.00
96,932,010-K	Banchile Securitizadora S.A.	Chile	Ch\$	99.01	99.00	0.99	1.00	100.00	100.00
96,645,790-2	Socofin S.A.	Chile	Ch\$	99.00	99.00	1.00	1.00	100.00	100.00
96,510,950-1	Promarket S.A.	Chile	Ch\$	99.00	99.00	1.00	1.00	100.00	100.00

## (c) Use of estimates and judgment:

Preparing financial statements requires management to make judgments, estimations and assumptions that affect the application of accounting policies and the valuation of assets, liabilities, income and expenses presented. Real results could differ from these estimated amounts. Details on the use of estimates and judgment and their effect on the amounts recognized in the Interim Condensed Consolidated Financial Statement are included in the following notes:

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1. Goodwill valuation (Note No. 15);
2. Useful lives of property and equipment and intangible assets (Notes No.15 and No.16);
3. Income taxes and deferred taxes (Note No. 17);
4. Provisions (Note No. 24);
5. Contingencies and Commitments (Note No. 26);
6. Provision for loan losses (Note No. 11, No. 12 and No. 32);
7. Impairment of other financial assets (Note No. 35);
8. Fair value of financial assets and liabilities (Note No. 39).

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

During the period of March 31, 2015, there have not been significant changes in the estimates.

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

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

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

Due to the nature of its business, the Bank and its subsidiaries' activities do not have a cyclical or seasonal character. Accordingly, no specific details have been included on the notes to this Interim Condensed Consolidated Financial Statements with the information regarding the period of three-month ended March 31, 2015.

**(e) Relative Importance:**

When determining the information to present on the different items from the financial statements or other subjects, the Bank has considered the relative importance in relation to the Interim Condensed Consolidated financial statements of the period.

**(f) Reclassifications:**

There have not been significant reclassifications at the end of this period 2015.

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

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**3. New Accounting Pronouncements:**

The following is a summary of new standards, interpretations and improvements to the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that it is not effective as of March 31, 2015:

**IFRS 9 Financial Instruments.**

The July 24, 2014, IASB completed its upgrade project about accounting for financial instruments with the publication of IFRS 9 Financial Instruments.

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

Classification and measurement

The classification determines how financial assets and liabilities are accounted in financial statements and, in particular, how they are measured. IFRS 9 introduces a new approach for classification of financial assets, based in the business model of the entity for the management of financial assets and the characteristic of its contractual flows. The new model also results in a single impairment model being applied to all financial instruments, removing a source of complexity associated with previous accounting requirements.

Impairment

The IASB has introduced a new impairment model that will require a timely recognition of expected credit losses.

Hedge Accounting

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IFRS 9 introduces a new model for hedge accounting with enhanced disclosures about risk management activity. The new model represents a substantial overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

### Entity's Own Credit Risk

IFRS 9 removes the volatility in profit or loss originated by changes in the credit risk of designated liabilities at fair value. This change means that the change in the fair value that corresponds to credit risk will be registered in other comprehensive income. IFRS 9 permits early application of this improvement, before any other requirement of IFRS 9.

Adoption date mandatory January 1, 2018. Early application is permitted.

Banco de Chile and its subsidiaries are assessing the possible impact of adoption of these changes on the consolidated financial statements.

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

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

**IFRS 11 Joint Arrangements**

In May of 2014 the IASB modified IFRS 11, providing guides about the accounting of acquisitions of participations in joint operations, whose activity constitute a business. This standard requires the acquirer of a participation in a joint operation, whose activities constitute a business, to apply all the principles on accounting for business combinations of the IFRS 3.

The effective date is beginning on January 1, 2016 and its early application is permitted.

Banco de Chile and its subsidiaries are assessing the impact of this rule in its consolidated financial statements.

**IAS 16 Property, plant and equipment and IAS 38 Intangible assets**

In May of 2014 the IASB modified IAS 16 and 38 with purpose of clarifying accepted methods of depreciation and amortization.

The amendment of IAS 16 prohibits property, plant and equipment, depreciation based on ordinary income.

The amendment of IAS 38 introduces the presumption that ordinary income is not an appropriate base for the amortization of intangible assets. This presumption only is refuted in two circumstances: (a) intangible asset is expressed like a unit of ordinary income; and (b) ordinary income and consumption of intangible assets are highly correlated.

The effective date is beginning on January 1, 2016 and its early application is permitted.



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This modification does not impact the consolidated financial statements of Banco de Chile and its subsidiaries, because it is not used as a basis of depreciation and amortization.

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 was issued in May 2014. The objective is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

IFRS 15 replaces the following standards and interpretations: IAS 18 Revenue, IAS 11 Construction contracts, IFRIC 13 Customer loyalty programmes, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC 31 Revenue Barter transactions involving advertising services.

The new model will be applied to all contracts with customers except those contracts are within the scope of another standard.

Application of the standard is mandatory for annual reporting periods starting from January 1, 2017 onward, early application is permitted.

Banco de Chile and its subsidiaries are assessing the impact of this rule on its consolidated financial statements.

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

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

**IAS 27 Consolidated and Separated Financial Statements**

In August 2014, the IASB published the amendment that will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The effective date is beginning on January 1, 2016 and its early application is permitted.

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

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

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

The effective date is beginning on January 1, 2016 and its early application is permitted.

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

**Annual improvements IFRS**

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In September 2014, the IASB issued Annual improvements to IFRS: 2012 - 2014 Cycle, which include changes to the following standards.

- **IFRS 5 Non-current assets held for sale and discontinued operations.**

Add specific guidelines in cases in which an entity reclassifies an asset from held for sale to held for distribution, or viceversa and cases in which assets held for distribution are accounting like discontinued operations. The effective date is beginning on January 1, 2016 and its early application is permitted.

Banco de Chile and its subsidiaries do not register non-current assets held for sale and discontinued operations. Therefore, this modification does not impact the consolidated financial statements of Banco de Chile and its subsidiaries.

- **IFRS 7 Financial Instruments: Disclosures.**

Add guidelines to clarify if a service contract corresponds to a continuing involvement in an asset transfer with the purpose to determine the required disclosures. The effective date is beginning on January 1, 2016 and its early application is permitted.

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

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

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

**Annual improvements IFRS, continued:**

- **IAS 19 Employee Benefits. Discount rate: topic of the regional market.**

Clarifies that corporate bonds with high quality credit used in the estimation of the discount rate for post-employment benefits must be denominated in the same currency as the benefit paid. The effective date is beginning on January 1, 2016 and its early application is permitted.

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

- **IAS 34 Interim Financial Reporting**

Clarifies the meaning of disclose information in some other part of interim financial information and the need for a cross-reference. The effective date is beginning on January 1, 2016 and its early application is permitted.

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

- **IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investments in Associates and Joint Ventures.**

In December 2014, the IASB has modified IFRS 10, IFRS 12 and IAS 28 related with the application of the exceptions in the consolidation in investment entities.

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The amendments clarify the requirement for the accounting of investment entities. In addition, these amendments in certain circumstances reduce the cost in the application of these standards.

The effective date is mandatory on January 1, 2016 and its early application is permitted.

Banco de Chile and its subsidiaries are assessing the impact of this rule in its consolidated financial statements.

- **IAS 1 Presentation of Financial Statements.**

In December, 2014, the IASB published Disclosure Initiative (Amendments to IAS 1) . The amendments aim at clarifying IAS 1 to improve the presentation and disclosure of information in the financial reports.

These amendments answer requests about presentation and disclosure and have been designed with the finality to allow the entities to apply their professional opinion to determine what information must be disclosed in the financial statements.

They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

Banco de Chile and its subsidiaries are assessing the impact of this rule in its consolidated financial statements.

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

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

During the period ended March 31, 2015, there have been no accounting changes that may significantly affect these interim consolidated financial statements.

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

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**5. Relevant Events:**

a) On January 9, 2015 through Resolución Exenta No. 7 the Superintendency of Securities and Insurance approved the reform to the by-laws of Banchile Securitizadora S.A. related to a capital increase of Ch\$240,000,000 by means of the issuance of 1,550 shares, as agreed in the fourth Extraordinary Shareholders Meeting of the company held on December 1, 2014. The capital increase was carried out on January 20, 2015.

b) On January 26, 2015 the board of Banchile Administradora General de Fondos SA accepted the resignation of the director of the company Mr. Jorge Tagle Ovalle.

It was also agreed to appoint new director of the company, from the day January 26, 2015 until the next Annual Meeting, Don Eduardo Ebensperger Orrego.

c) On January 29, 2015 and Ordinary Meeting No. BCH 2,811 the Board of Banco de Chile agreed to call an Ordinary Shareholders for the day March 26, 2015 for the purpose of proposing, among other things, the distribution Dividend No. 203 on \$ 3.42915880220, to each of the 94,655,367,544 shares Banco de Chile, payable out of distributable net income for the year ended December 31, 2014, corresponding to 70% of such profits.

The Board also agreed to call an Extraordinary Shareholders for the same date in order to propose among other matters the capitalization of 30% of the distributable net profit of the Bank for the year 2014, by issuing bonus shares without nominal value, determined at a value of \$ 65.31 per share Banco de Chile, distributed among the shareholders at the rate of 0.02250251855 shares for each share Banco de Chile and adopt the necessary arrangements subject to the exercise of the options provided Article 31 of Law No. 19,396.

d) On March 23, 2015 the subsidiary Banchile Securitizadora S.A. informed that in ordinary meeting held on March 23, 2015 the Board of Directors accepted the resignation of the Director José Vial Cruz.

e) On March 24, 2015 the subsidiary Banchile Securitizadora S.A. informed as an Essential Information that in the Tenth Ordinary Shareholders meeting proceeded to the total renovation of the Board of Directors of the society.

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According to established in seventh and eighth articles of the bylaws, were elected as Directors for a period of three years, the following persons: Pablo Granifo Lavín, Arturo Tagle Quiroz, Eduardo Ebensperger Orrego, Alain Rochette García y José Miguel Quintana Malfanti.

f) On March 30, 2015 it was reported that the Central Bank of Chile has informed the Bank of Chile that the Council of the Institution, Special Session No. 1894E on the same day, considering the resolutions adopted by the Shareholders Banco de Chile, held dated March 26, 2015, regarding the distribution of dividends and capital increase by issuing bonus shares by the share of 30% of profits for the year ended December 31 2014, decided to opt for the entire surplus that apply, including the part proportional to the agreed cap utility, will be paid in cash, in accordance with the provisions of subparagraph b) of Article 31 of Law 19,396, on modification of the payment of the subordinated obligation, and other applicable standards.



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

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**6. Segment Reporting:**

For management purposes, the Bank has organized its operations and commercial strategies into four business segments, which are defined in accordance with the type of products and services offered to target customers. These business segments are currently defined as follows:

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

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

**Treasury and money market operations:**

This segment includes revenue associated with managing the Bank's balance sheet (currencies, maturities and interest rates) and liquidity, including financial instrument and currency trading on behalf of the Bank itself.

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

**Subsidiaries:** Corresponds to companies and corporations controlled by the Bank, where income is obtained individually by the respective subsidiary. The companies that comprise this segment are:

**Entity**

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

- Banchile Corredores de Bolsa S.A.
- Banchile Securitizadora S.A.
- Banchile Trade Services Limited
- Socofin S.A.
- Promarket S.A.

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

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**6. Segment Reporting, continued:**

The financial information used to measure the performance of the Bank's business segments is not necessarily comparable with similar information from other financial institutions because it is based on internal reporting policies. The accounting policies used to prepare the Bank's operating segment information are similar as those described in Summary of Significant Accounting Principles. The Bank obtains the majority of its income from: interest, revaluations and fees, discounted the credit cost and expenses. Management is mainly based on these concepts in its evaluation of segment performance and decision-making regarding goals, allocation of resources for each unit individually. Although the results of the segments reconcile with those of the Bank at total level, it is not thus necessarily concerning the different concepts, since the management is measured and controls in individual form and applying the following criteria:

- The net interest margin of loans and deposits is obtained aggregating the net financial margins of each individual operation of credit and uptake made by the bank. For these purposes is considered the volume of each operation and its contribution margin, stemming from the difference between the effective customer rate and the related Bank's fund transfer price in terms of maturity and currency.
- The internal performance profitability system considers capital allocation in each segment in accordance to the Basel guidelines.
- Operating expenses are distributed at each area level. The Bank allocates all of its indirect operating costs to each business segment by utilizing a different cost driver in order to allocate such costs to the specific segment.

The Bank did not enter into transactions with a particular customer or third parties that exceed 10% or more of its total income during the three-month period ended March 31, 2015 and 2014.

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

**6. Segment Reporting, continued:**

The following table presents the income by segment for the periods ended March 2015 and 2014 for each of the segments defined above:

	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustment		Total	
	March 2015 MCh\$	March 2014 MCh\$	March 2015 MCh\$	March 2014 MCh\$	March 2015 MCh\$	March 2014 MCh\$	March 2015 MCh\$	March 2014 MCh\$	March 2015 MCh\$	March 2014 MCh\$	March 2015 MCh\$	March 2014 MCh\$	March 2015 MCh\$	March 2014 MCh\$
Net interest income	190,270	204,863	70,521	93,418	3,857	5,071	(1,395)	(2,660)	263,253	300,692	470	781	263,723	301,473
Net fees and commissions income (loss)	34,954	32,905	11,341	9,324	(451)	(548)	30,421	28,038	76,265	69,719	(4,164)	(3,435)	72,101	66,284
Other operating income	6,835	6,752	13,989	16,427	19,366	8,911	6,615	9,523	46,805	41,613	(1,150)	(1,417)	45,655	40,196
Total operating revenue	232,059	244,520	95,851	119,169	22,772	13,434	35,641	34,901	386,323	412,024	(4,844)	(4,071)	381,479	407,953
Provisions for loan losses	(60,526)	(60,797)	(5,006)	(15,683)			100	126	(65,432)	(76,354)			(65,432)	(76,354)
Depreciation and amortization	(5,275)	(4,708)	(1,311)	(1,184)	(160)	(125)	(640)	(488)	(7,386)	(6,505)			(7,386)	(6,505)
Other operating expenses	(112,553)	(102,221)	(37,080)	(30,735)	(1,778)	(1,158)	(25,065)	(23,432)	(176,476)	(157,546)	4,844	4,071	(171,632)	(153,475)
Income attributable to associates	635	176	50	16		5	6	10	691	207			691	207
Income before income taxes	54,340	76,970	52,504	71,583	20,834	12,156	10,042	11,117	137,720	171,826			137,720	171,826
Income taxes													(21,005)	(21,075)
Income after income taxes													116,715	150,751

The following table presents assets and liabilities of the period ended March 31, 2015 and December 31, 2014 by each segment defined above:

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	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustment		M
	March	December	March	December	March	December	March	December	March	December	March	December	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
Assets	12,863,858	11,789,339	10,974,823	10,307,291	3,780,198	4,981,302	559,704	538,445	28,178,583	27,616,377	(255,770)	(1176,886)	27,9
Current and deferred taxes													2
Total assets													28,1
Liabilities	8,436,917	8,419,469	9,694,720	9,664,423	7,209,819	6,754,592	455,889	391,547	25,797,345	25,230,031	(255,770)	(176,886)	25,5
Current and deferred taxes													.
Total liabilities													25,6

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

**7. Cash and Cash Equivalents:**

(a) Cash and cash equivalents and their reconciliation to the statement of cash flows at each period-end are detailed as follows:

	<b>March</b>	<b>December</b>
	<b>2015</b>	<b>2014</b>
	<b>MCh\$</b>	<b>MCh\$</b>
Cash and due from banks:		
Cash	454,523	476,429
Current account with the Chilean Central Bank(*)	215,066	147,215
Deposits in other domestic banks	10,960	12,778
Deposits abroad	155,879	278,711
Subtotal - Cash and due from banks	836,428	915,133
Net transactions in the course of collection	249,922	303,136
Highly liquid financial instruments	749,419	590,417
Repurchase agreements	25,016	16,892
Total cash and cash equivalents	1,860,785	1,825,578

(\*) Amounts in cash and Central Bank deposits are regulatory reserve deposits for which the Bank must maintain a certain monthly average.

(b) Transactions in the course of collection:

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

	<b>March</b>	<b>December</b>
	<b>2015</b>	<b>2014</b>
	<b>MCh\$</b>	<b>MCh\$</b>
<b>Assets</b>		
Documents drawn on other banks (clearing)	164,090	290,866
Funds receivable	394,093	109,215
Subtotal transactions in the course of collection	558,183	400,081
<b>Liabilities</b>		

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Funds payable	(308,261)	(96,945)
Subtotal transactions in the course of payment	(308,261)	(96,945)
Net transactions in the course of collection	249,922	303,136

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

**8. Financial Assets Held-for-trading:**

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

	<b>March</b>	<b>December</b>
	<b>2015</b>	<b>2014</b>
	<b>MCh\$</b>	<b>MCh\$</b>
<b>Instruments issued by the Chilean Government and Central Bank of Chile:</b>		
Central Bank bonds	220	13,906
Central Bank promissory notes	2,998	2,996
Other instruments issued by the Chilean Government and Central Bank	5,159	71,968
<b>Other instruments issued in Chile</b>		
Promissory notes from deposits in domestic banks		
Mortgage bonds from domestic banks	7	9
Bonds from domestic banks	3,236	3,197
Deposits in domestic banks	222,294	199,665
Bonds issued in Chile	1,148	1,351
Other instruments issued in Chile	1,566	366
<b>Instruments issued by foreign institutions</b>		
Instruments from foreign governments or central banks		
Other instruments issued abroad		
<b>Mutual fund investments:</b>		
Funds managed by related companies	277,115	255,013
Funds managed by thirds		
Total	513,743	548,471

Other instruments issued in Chile include instruments sold under agreements to repurchase to customers and financial instruments, amounting to MCh\$211,718 As of March 31, 2015 (MCh\$194,074 as of December 31, 2014).

Agreements to repurchase have an average expiration of 12 days as of period-end (13 days in December 2014).

Additionally, the Bank holds financial investments in mortgage finance bonds issued by itself in the amount of MCh\$30,191 As of March 31, 2015 (MCh\$32,956 as of December 31, 2014), which are presented as a reduction of the liability line item Debt issued .





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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

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

(a) The Bank provides financing to its customers through Receivables from Repurchase Agreements and Security Borrowing, in which the financial instrument serves as collateral. As of March 31, 2015 and December 31, 2014, the Bank has the following receivables resulting from such transactions:

	Up to 1 month		Over 1 month and up to 3 months		Over 3 months and up to 12 months		Over 1 year and up to 3 years		Over 3 years and up to 5 years		Over 5 years		Total	
	March 2015	December 2014	March 2015	December 2014	March 2015	December 2014	March 2015	December 2014	March 2015	December 2014	March 2015	December 2014	March 2015	December 2014
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Instruments issued by the Chilean Governments and Central Bank of Chile</b>														
Central Bank bonds		820												820
Central Bank promissory notes														
Other instruments issued by the Chilean Government and Central Bank														
<b>Other Instruments issued in Chile</b>														
Deposit promissory notes from domestic banks														
Mortgage bonds from domestic banks														
Bonds from domestic														

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banks									
Deposits in domestic banks									
Bonds from other Chilean companies									
Other instruments issued in Chile	18,021	11,043	12,181	6,291	790	9,507		30,992	26,841
<b>Instruments issued by foreign institutions</b>									
Instruments from foreign governments or central bank									
Other instruments									
<b>Total</b>	<b>18,021</b>	<b>11,863</b>	<b>12,181</b>	<b>6,291</b>	<b>790</b>	<b>9,507</b>		<b>30,992</b>	<b>27,661</b>

**Securities received:**

The Bank has received securities that it is allowed to sell or repledge in the absence of default by the owner. As of March 31, 2015 the Bank and its subsidiaries held securities on resell agreements with a fair value of Ch\$29,741 million (Ch\$27,549 million as of December, 2014).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

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

(b) The Bank obtains financing by selling financial instruments and committing to purchase them at future dates, plus interest at a prefixed rate. As of March 31, 2015 and December 31, 2014, the Bank has the following payables resulting from such transactions:

	Up to 1 month		Over 1 month and up to 3 months		Over 3 months and up to 12 months		Over 1 year and up to 3 years		Over 3 years and up to 5 years		Over 5 years		Total	
	March 2015	December 2014	March 2015	December 2014	March 2015	December 2014	March 2015	December 2014	March 2015	December 2014	March 2015	December 2014	March 2015	December 2014
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Instruments issued by the Chilean Governments and Central Bank of Chile</b>														
Central Bank bonds														
Central Bank promissory notes	16,363	25,643											16,363	25,643
Other instruments issued by the Chilean Government and Central Bank														