

BANK OF CHILE
Form 6-K
July 30, 2018
[Table of Contents](#)

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 July, 2018

Commission File Number 001-15266

BANK OF CHILE

(Translation of registrant's name into English)

Paseo Ahumada 251

Santiago, Chile

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

Yes No

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

Table of Contents

BANCO DE CHILE
REPORT ON FORM 6-K

Attached Banco de Chile's Consolidated Financial Statements with notes as of June 30, 2018.

Table of Contents

BANCO DE CHILE AND SUBSIDIARIES

INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

For the periods ended as of

June 30, 2018 and 2017 and

December 31, 2017.

Table of Contents

BANCO DE CHILE AND SUBSIDIARIES

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

INDEX

I.	Interim Consolidated Statements of Financial Position
II.	Interim Consolidated Statements of Income
III.	Interim Consolidated Statements of Other Comprehensive Income
IV.	Interim Consolidated Statements of Changes in Equity
V.	Interim Consolidated Statements of Cash Flows
VI.	Notes to the Interim Consolidated Financial Statements

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

Table of Contents

BANCO DE CHILE AND SUBSIDIARIES

INDEX

	Page
<u>Interim Consolidated Statements of Income</u>	2
<u>Interim Consolidated Statements of Other Comprehensive Income</u>	3
<u>Interim Consolidated Statement of Changes in Equity</u>	4
<u>Interim Consolidated Statements of Cash Flows</u>	5
<u>1. Company information:</u>	6
<u>2. Legal regulations, basis of preparation and other information:</u>	7
<u>3. New Accounting Pronouncements:</u>	9
<u>4. Changes in Accounting policies and Disclosures:</u>	16
<u>5. Relevant Events:</u>	17
<u>6. Business Segments:</u>	18
<u>7. Cash and Cash Equivalents:</u>	21
<u>8. Financial Assets Held-for-trading:</u>	22
<u>9. Cash collateral on securities borrowed and reverse repurchase agreements:</u>	23
<u>10. Derivative Instruments and Accounting Hedges:</u>	25
<u>11. Loans and advances to Banks:</u>	31
<u>12. Loans to Customers, net:</u>	32
<u>13. Investment Securities:</u>	38
<u>14. Investments in Other Companies:</u>	40
<u>15. Intangible Assets:</u>	42
<u>16. Property and equipment:</u>	44
<u>17. Current Taxes and Deferred Taxes:</u>	47
<u>18. Other Assets:</u>	51
<u>19. Current accounts and Other Demand Deposits:</u>	52
<u>20. Savings accounts and Time Deposits:</u>	52
<u>21. Borrowings from Financial Institutions:</u>	53
<u>22. Debt Issued:</u>	54
<u>23. Other Financial Obligations:</u>	58
<u>24. Provisions:</u>	58
<u>25. Other Liabilities:</u>	62
<u>26. Contingencies and Commitments:</u>	63
<u>27. Equity:</u>	68
<u>28. Interest Revenue and Expenses:</u>	72
<u>29. Income and Expenses from Fees and Commissions:</u>	74
<u>30. Net Financial Operating Income:</u>	75
<u>31. Foreign Exchange Transactions, Net:</u>	75
<u>32. Provisions for Loan Losses:</u>	76
<u>33. Personnel Expenses:</u>	77
<u>34. Administrative Expenses:</u>	78
<u>35. Depreciation, Amortization and Impairment:</u>	79
<u>36. Other Operating Income:</u>	80
<u>37. Other Operating Expenses:</u>	81
<u>38. Related Party Transactions:</u>	82
<u>39. Fair Value of Financial Assets and Liabilities:</u>	88
<u>40. Maturity of Assets and Liabilities:</u>	101
<u>41. Subsequent Events:</u>	103

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

For the periods ended June 30, 2018 and December 31, 2017

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

(Expressed in million of Chilean pesos)

	Notes	June 2018 MCh\$	December 2017 MCh\$
ASSETS			
Cash and due from banks	7	1,011,646	1,057,393
Transactions in the course of collection	7	604,874	521,809
Financial assets held-for-trading	8	1,299,202	1,616,647
Cash collateral on securities borrowed and reverse repurchase agreements	9	94,300	91,641
Derivative instruments	10	1,368,981	1,247,829
Loans and advances to banks	11	1,301,776	759,702
Loans to customers, net	12	25,956,985	24,881,353
Financial assets available-for-sale	13	1,437,807	1,516,063
Financial assets held-to-maturity	13		
Investments in other companies	14	41,588	38,041
Intangible assets	15	45,542	39,045
Property and equipment	16	212,743	216,259
Current tax assets	17	19,074	23,032
Deferred tax assets	17	260,356	267,400
Other assets	18	705,971	547,974
TOTAL ASSETS		34,360,845	32,824,188
LIABILITIES			
Current accounts and other demand deposits	19	9,290,377	8,915,706
Transactions in the course of payment	7	384,199	295,712
Cash collateral on securities lent and repurchase agreements	9	304,543	195,392
Savings accounts and time deposits	20	10,482,294	10,067,778
Derivative instruments	10	1,465,975	1,414,237
Borrowings from financial institutions	21	1,177,292	1,195,028
Debt issued	22	6,963,467	6,488,975
Other financial obligations	23	144,150	137,163
Current tax liabilities	17	1,706	3,453
Deferred tax liabilities	17		
Provisions	24	510,201	695,868
Other liabilities	25	468,947	309,161
TOTAL LIABILITIES		31,193,151	29,718,473
EQUITY			
	27		
Attributable to Bank's Owners:			
Capital		2,418,833	2,271,401
Reserves		617,689	563,188
Other comprehensive income		(34,705)	(8,040)
Retained earnings:			
Retained earnings from previous years		16,060	16,060

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Income for the period	305,214	576,012
Less:		
Provision for minimum dividends	(155,398)	(312,907)
Subtotal	3,167,693	3,105,714
Non-controlling interests	1	1
TOTAL EQUITY	3,167,694	3,105,715
TOTAL LIABILITIES AND EQUITY	34,360,845	32,824,188

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

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

For the six-month ended June 30, 2018 and 2017

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

(Expressed in million of Chilean pesos)

	Notes	June 2018 MCh\$	June 2017 MCh\$
Interest revenue	28	965,831	1,007,676
Interest expense	28	(318,301)	(380,655)
Net interest income		647,530	627,021
Income from fees and commissions	29	249,198	232,369
Expenses from fees and commissions	29	(69,974)	(56,949)
Net fees and commission income		179,224	175,420
Net financial operating income	30	52,141	26,707
Foreign exchange transactions, net	31	7,273	25,519
Other operating income	36	16,064	16,228
Total operating revenues		902,232	870,895
Provisions for loan losses	32	(124,755)	(125,218)
OPERATING REVENUES, NET OF PROVISIONS FOR LOAN LOSSES		777,477	745,677
Personnel expenses	33	(209,898)	(203,076)
Administrative expenses	34	(162,173)	(158,089)
Depreciation and amortization	35	(18,471)	(17,207)
Impairment	35	(11)	(1)
Other operating expenses	37	(25,326)	(11,222)
TOTAL OPERATING EXPENSES		(415,879)	(389,595)
NET OPERATING INCOME		361,598	356,082
Income attributable to associates	14	4,148	2,523
Income before income tax		365,746	358,605
Income tax	17	(60,532)	(58,794)
NET INCOME FOR THE PERIOD		305,214	299,811
Attributable to:			
Bank s Owners	27	305,214	299,811
Non-controlling interests			
		Ch\$	Ch\$
Net income per share attributable to Bank s Owners:			

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Basic net income per share	27	3.07	3.01
Diluted net income per share	27	3.07	3.01

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

Table of Contents

BANCO DE CHILE AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF
OTHER COMPREHENSIVE INCOME

For the six-month ended June 30, 2018 and 2017

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

(Expressed in million of Chilean pesos)

	Notes	June 2018 MCh\$	June 2017 MCh\$
NET INCOME FOR THE PERIOD		305,214	299,811
OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Net gains (losses) on available-for-sale instruments valuation	13	(6,182)	3,821
Net gains (losses) on derivatives held as cash flow hedges	10	(30,342)	10,800
Subtotal Other comprehensive income before income taxes		(36,524)	14,621
Income tax relating to the components of other comprehensive income that are reclassified in income for the period		9,859	(3,728)
Total other comprehensive income items that will be reclassified subsequently to profit or loss		(26,665)	10,893
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Adjustment for defined benefit plans			
Subtotal other comprehensive income before income taxes			
Income tax relating to the components of other comprehensive income that will not be reclassified to income for the period			
Total other comprehensive income items that will not be reclassified subsequently to profit or loss			
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD		278,549	310,704
Attributable to:			
Bank's Owners		278,549	310,704
Non-controlling interests			

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

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

For the six-month ended June 30, 2018 and 2017

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

(Expressed in millions of Chilean pesos)

Notes	Reserves			Other comprehensive income			Retained earnings			Attributable to equity holders of the parent MCh\$	Non-controlling interest MCh\$
	Paid-in Capital MCh\$	Other reserves MCh\$	Reserves from earnings MCh\$	Unrealized gains (losses) on available-for-sale MCh\$	Derivatives cash flow hedge MCh\$	Income Tax	Retained earnings from previous periods MCh\$	Income (losses) for the period MCh\$	Provision for minimum dividends MCh\$		
Balances as of December 31, 2016	2,138,047	31,934	454,274	847	(27,530)	6,762	16,060	552,249	(285,233)	2,887,410	
Capitalization of retained earnings	133,354							(133,354)			
Retention (release) of profits according to bylaws	27		76,861					(76,861)			
Dividends distributions and paid	27							(342,034)	285,233	(56,801)	
Other comprehensive income:											
Derivatives cash flow hedge, net	27				10,800	(2,754)				8,046	
Valuation adjustment on available-for-sale instruments (net)	27			3,821		(974)				2,847	
Income for the period 2017								299,811		299,811	
Provision for minimum dividends									(157,482)	(157,482)	
Balances as of June 30, 2017	2,271,401	31,934	531,135	4,668	(16,730)	3,034	16,060	299,811	(157,482)	2,983,831	
Defined benefit plans adjustment		119								119	
Other comprehensive income:											
Derivatives cash flow hedge, net					4,179	(1,066)				3,113	

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Valuation adjustment on available-for-sale instruments (net)				(2,817)		692				(2,125)	
Income for the period 2017								276,201		276,201	
Provision for minimum dividends									(155,425)	(155,425)	
Balances as of December 31, 2017	2,271,401	32,053	531,135	1,851	(12,551)	2,660	16,060	576,012	(312,907)	3,105,714	
Capitalization of retained earnings	147,432							(147,432)			
Retention (release) of profits according to bylaws	27		54,501					(54,501)			
Dividends distributions and paid	27							(374,079)	312,907	(61,172)	
Other comprehensive income:											
Derivatives cash flow hedge, net	27				(30,342)	8,192				(22,150)	
Valuation adjustment on available-for-sale instruments (net)	27			(6,182)		1,667				(4,515)	
Income for the period 2018								305,214		305,214	
Provision for minimum dividends	27								(155,398)	(155,398)	
Balances as of June 30, 2018	2,418,833	32,053	585,636	(4,331)	(42,893)	12,519	16,060	305,214	(155,398)	3,167,693	

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

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

For the six-month ended June 30, 2018 and 2017

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

(Expressed in million of Chilean pesos)

	Notes	June 2018 MCh\$	June 2017 MCh\$
OPERATING ACTIVITIES:			
Net income for the period		305,214	299,811
Items that do not represent cash flows:			
Depreciation and amortization	35	18,471	17,207
Impairment	35	11	1
Provision for loans and accounts receivable from customers and owed by banks	32	147,747	143,970
Provision of contingent loans	32	3,159	2,424
Fair value adjustment of financial assets held-for-trading		(1,039)	(416)
Changes in assets and liabilities by deferred taxes	17	8,711	12,314
(Gain) loss attributable to investments in companies with significant influence, net	14	(3,816)	(2,096)
(Gain) loss from sales of assets received in lieu of payment, net	36	(2,723)	(2,189)
(Gain) loss on sales of property and equipment, net	36	(3,580)	(146)
Charge-offs of assets received in lieu of payment	37	1,842	1,634
Other charges (credits) to income that do not represent cash flows		(1,297)	178
Change in the exchange rate of assets and liabilities		(59,409)	6,089
Net interest variation, readjustment and accrued fees on assets and liabilities		79,252	21,947
Changes in assets and liabilities that affect operating cash flows:			
(Increase) decrease in loans and advances to banks, net		(542,754)	792,492
(Increase) decrease in loans to customers		(1,186,313)	(394,647)
(Increase) decrease in financial assets held-for-trading, net		343,151	(352,199)
(Increase) decrease in other assets and liabilities		(114,419)	10,096
Increase (decrease) in current account and other demand deposits		374,646	(109,071)
Increase (decrease) in payables from repurchase agreements and security lending		108,121	(34,415)
Increase (decrease) in savings accounts and time deposits		411,375	(641)
Sale of assets received in lieu of payment or adjudicated		11,927	5,726
Total cash flows from operating activities		(101,723)	418,069
INVESTING ACTIVITIES:			
(Increase) decrease in financial assets available-for-sale, net		76,061	(563,533)
Purchases of property and equipment	16	(10,959)	(9,102)
Sales of property and equipment		3,581	147
Acquisition of intangible assets	15	(11,518)	(5,641)
Acquisition of investments in companies	14		
Dividends received from investments in companies		743	861
Total cash flows from investing activities		57,908	(577,268)

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FINANCING ACTIVITIES:			
Redemption of letters of credit		(2,334)	(2,938)
Issuance of bonds	22	888,585	874,921
Redemption of bonds		(538,225)	(503,737)
Dividends paid	27	(374,079)	(342,034)
Increase (decrease) in borrowings from foreign financial institutions		(17,833)	81,979
Increase (decrease) in other financial obligations		8,545	(32,055)
Increase (decrease) in other obligations with Central Bank of Chile		(1)	(2)
Other long-term borrowings		15	35,921
Payment of other long-term borrowings		(1,301)	(37,263)
Total cash flows from financing activities		(36,628)	74,792
TOTAL NET POSITIVE (NEGATIVE) CASH FLOWS FOR THE PERIOD			
		(80,443)	(84,407)
Effect of exchange rate changes		59,409	(6,089)
Cash and cash equivalents at beginning of period		2,079,398	2,096,980
Cash and cash equivalents at end of period	7	2,058,364	2,006,484
		June 2018	June 2017
		MCh\$	MCh\$
Operational Cash flow interest:			
Interest received		915,615	973,653
Interest paid		(188,833)	(324,685)

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

Table of Contents

BANCO DE CHILE AND SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. Company information:

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

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

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

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

The Interim Consolidated Financial Statements of Banco de Chile, for the period ended June 30, 2018 were approved by the Directors on July 26, 2018.

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

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

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

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

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

(b) Basis of preparation:

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

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

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

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

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

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

(c) Use of estimates and judgments:

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

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

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

During the period ended June 30, 2018 there have been no significant changes in the estimates made.

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

Given the activities to which the Bank and its subsidiaries are engaged, the transactions of the Bank do not have a cyclical or seasonal nature. For this reason, specific breakdowns in these notes to the Interim Consolidated Financial Statements for the six-month period ended June 30, 2018 are not included.

(e) **Relative Importance:**

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

(f) **Reclassifications:**

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

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

3. New Accounting Pronouncements:

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

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

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

Accounting standards issued by IASB.

IFRS 9 Financial Instruments.

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

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

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

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

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

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

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

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

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

3. New Accounting Pronouncements, continued:

IFRS 9 Financial Instruments, continued:

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

For the American regulator purposes, the partial estimate of the impact of the transition from IAS 39 to IFRS 9 regarding ECL as of January 1, 2018, is disclosed in Note No. 43 of the Financial Statement included in the Report 20-F of the year 2017.

IFRS 15 Revenue from Contracts with Customers.

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

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

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

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

- Identify a performance obligation (the promise to transfer a good or service to a customer) in a contract;
- Determining whether a company is the principal (the provider of a good or service) or an agent (the organization responsible for the good or service provided); and
- Determine whether the product of a license must be recognized at a point in time or over time.

The application of this standard did not generate equity effects in the Bank and its subsidiaries.

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

3. New Accounting Pronouncements, continued:

IAS 28 Investments in associates and joint ventures.

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

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

IAS 40 Investment Property.

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

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

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration.

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

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

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

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

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

3. New Accounting Pronouncements, continued:

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

The following is a summary of new standards, interpretations and improvements to the International Financial Reporting Standards issued by the International Accounting Standards Board and Superintendency of Banks and Financial Institutions that are not yet effective as of June 30, 2018, are detailed below:

Accounting standards issued by International Accounting Standards Board.

IFRS 16 Leases.

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

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

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

The Bank estimates that this standard will not have a material impact on the Banco de Chile and its subsidiaries.

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

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

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

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

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

3. New Accounting Pronouncements, continued:

IFRIC 23 Uncertainty over Income Tax Treatments.

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

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

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

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

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

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

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

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

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

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

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

3. New Accounting Pronouncements, continued:

Annual improvements IFRS

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

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

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

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

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

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

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

• IFRS 11 Joint Agreements.

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

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

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

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

• **IAS 23 Costs for loans. Costs for loans that can be capitalized.**

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

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

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

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

3. New Accounting Pronouncements, continued:

• Conceptual Framework.

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

The Conceptual Framework introduces mainly the following improvements:

- It incorporates some new concepts of measurement, presentation and disclosure and derecognition of assets and liabilities in the Financial Statements.
- Provides updated definitions of assets, liabilities and includes criteria for the recognition of assets and liabilities in the financial statements.
- Clarifies some important concepts such as background on form, prudential criteria and measurement of uncertainty.

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

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

Accounting standards issued by the Superintendency of Banks and Financial Institutions

• **Circular No. 3,634**

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

The main modifications are:

- An intermediate category is introduced to classify the credit equivalent of the derivative instruments settled and liquidated in a CCP, when these types of entities are irrevocably constituted in creditors and debtors of the rights and obligations arising from such operations, being legally binding for the parties the obligations resulting from such acts. The risk weight for these assets will be equal to 2%.
- For purposes of determining the credit equivalent, which is defined in chapter 12-1 of the RAN of the SBIF, which corresponds to the fair value of the derivative instrument, plus an additional amount that depends on the underlying and the additional term of the derivative. The SBIF reclassified from the category Contracts on foreign currencies to the category interest rate contracts to derivative instruments whose underlying is the Development Unit.
- Modifications to Chapter 12-3 are introduced, given that the SBIF considers that operations on derivative instruments negotiated between banks incorporated in Chile, including branches of foreign banks, are subject to the interbank credit limit, even though such transactions are subsequently compensate and settle in a CCP.

The new dispositions were implemented as of June 30, 2018 and reported in the regulatory files defined by the SBIF, based on the information referred to the month of July 2018.

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

3. New Accounting Pronouncements, continued:

Accounting standards issued by the Superintendency of Banks and Financial Institutions, continued:

• **Circular N°3,638**

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

The proposed methods and risk factors considered are the following:

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

With the changes introduced in the standard, the three standardized methods included in the model will constitute a prudential floor for internal methods currently used by the industry.

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

4. Changes in Accounting policies and Disclosures:

The accounting policies adopted in the preparation of the Interim Consolidated Financial Statements are consistent with those used in the preparation of the Bank's consolidated annual financial statements for the year ended December 31, 2017, except for the adoption of new regulations in force at 1 January 2018.

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

Additionally, as of fiscal year 2018, the bonus that the Bank negotiated with its employees in collective bargaining in 2018 was recorded in the Other assets account in the item Prepaid expenses and is amortized with a charge to results within the term of the collective bargaining agreement and according to the permanence of the employees at the date of issuance of the financial statements. Before the change, the payment of this benefit directly affected the result of the year.

This modification was made because it is observed that this disbursement complies with the definition to be considered a right that has the potential to produce economic benefits considering the Conceptual Framework (modified) of the IFRS.

During the period ended June 30, 2018, there have been no others accounting changes that may significantly affect these Interim Consolidated Financial Statements.

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

5. Relevant Events:

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

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

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

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

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

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

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

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

6. Business Segments:

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

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

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

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

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

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

Entity

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

Table of Contents

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS, continued

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

6. Business Segments, continued:

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

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

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

For the periods ended June 30, 2018 and 2017, there was no income from transactions with a customer or counterparty that accounted for 10% or more of the Bank's total revenues.

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

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

6. Business Segments, continued:

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

	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustment		Total	
	June 2018 MCh\$	June 2017 MCh\$	June 2018 MCh\$	June 2017 MCh\$	June 2018 MCh\$	June 2017 MCh\$	June 2018 MCh\$	June 2017 MCh\$	June 2018 MCh\$	June 2017 MCh\$	June 2018 MCh\$	June 2017 MCh\$	June 2018 MCh\$	June 2017 MCh\$
Net interest income	477,251	472,140	173,157	168,347	(1,057)	(11,945)	(3,287)	(2,662)	646,064	625,880	1,466	1,141	647,530	627,021
Net commissions income (loss)	92,859	94,185	22,576	22,176	(2,087)	(1,234)	71,947	66,059	185,295	181,186	(6,071)	(5,766)	179,224	175,420
Other operating income	13,325	10,559	28,504	18,201	20,724	28,071	15,775	14,189	78,328	71,020	(2,850)	(2,566)	75,478	68,454
Total operating revenue	583,435	576,884	224,237	208,724	17,580	14,892	84,435	77,586	909,687	878,086	(7,455)	(7,191)	902,232	870,895
Provision for loan losses	(122,637)	(133,683)	(2,230)	8,485			112	(20)	(124,755)	(125,218)			(124,755)	(125,218)
Depreciation and amortization	(14,542)	(13,560)	(2,439)	(2,208)	(46)	(73)	(1,444)	(1,366)	(18,471)	(17,207)			(18,471)	(17,207)
Other operating expenses	(272,778)	(253,912)	(77,463)	(73,031)	(3,064)	(2,654)	(51,558)	(49,982)	(404,863)	(379,579)	7,455	7,191	(397,408)	(372,388)
Income attributable to associates	3,196	1,465	545	571	60	59	347	428	4,148	2,523			4,148	2,523
Income before income taxes	176,674	177,194	142,650	142,541	14,530	12,224	31,892	26,646	365,746	358,605			365,746	358,605
Income taxes													(60,532)	(58,794)
Income after income taxes													305,214	299,811

The following table presents assets and liabilities of the periods ended June 30, 2018 and December 31, 2017 by each segment defined above

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	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustment		Total
	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017	
Assets	17,171,422	16,099,926	11,484,141	10,558,278	4,951,063	5,469,829	808,722	637,860	34,415,348	32,765,893	(333,933)	(232,137)	34,081,201
Current and deferred taxes													27,000
Total assets													34,368,201
Liabilities	10,903,336	10,380,250	10,672,832	10,272,607	9,290,305	8,815,056	658,905	479,244	31,525,378	29,947,157	(333,933)	(232,137)	31,192,240
Current and deferred taxes													27,000
Total liabilities													31,192,240

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

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

7. Cash and Cash Equivalents:

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

	June 2018 MCh\$	December 2017 MCh\$
Cash and due from banks:		
Cash (*)	558,952	522,869
Deposit in Chilean Central Bank (*)	298,923	162,421
Deposits in other domestic banks	9,371	9,922
Deposits abroad	144,400	362,181
Subtotal - Cash and due from banks	1,011,646	1,057,393
Net transactions in the course of collection	220,675	226,097
Highly liquid financial instruments (**)	747,573	719,069
Repurchase agreements	78,470	76,839
Total cash and cash equivalents	2,058,364	2,079,398

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

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

	June 2018 MCh\$	December 2017 MCh\$
Highly liquid financial instruments:		
Financial Assets Held-for-trading	739,180	710,162
Available-for-sale Instruments	8,393	8,907
Total	747,573	719,069

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(b) Transactions in course of settlement:

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

	June 2018 MCh\$	December 2017 MCh\$
Assets		
Documents drawn on other banks (clearing)	207,362	204,624
Funds receivable	397,512	317,185
Subtotal transactions in the course of collection	604,874	521,809
Liabilities		
Funds payable	(384,199)	(295,712)
Subtotal transactions in the course of payment	(384,199)	(295,712)
Net transactions in the course of settlement	220,675	226,097

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

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

8. Financial Assets Held-for-trading:

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

	June 2018 MCh\$	December 2017 MCh\$
Instruments issued by the Chilean Government and Central Bank of Chile:		
Central Bank of Chile bonds	113,552	400,368
Central Bank of Chile promissory notes	849,838	662,190
Other instruments issued by the Chilean Government and Central Bank	35,098	254,606
Other instruments issued in Chile		
Bonds from other domestic companies		
Bonds from domestic banks	22,430	2,070
Deposits in domestic banks	218,748	218,307
Other instruments issued in Chile	699	715
Instruments issued by foreign institutions		
Instruments from foreign governments or central banks		
Other instruments issued abroad		322
Mutual fund investments		
Funds managed by related companies	58,837	78,069
Funds managed by third-party		
Total	1,299,202	1,616,647

Under Instruments issued by the Chilean Government and Central Bank of Chile are classified instruments sold under repurchase agreements to customers and financial instruments, by an amount of Ch\$5,096 million as of December 31, 2017. Repurchase agreements had a 7 days average expiration in December 2017. As of June 30, 2018, there are no guarantee instruments for this concept.

Moreover, under this same item, other financial instruments are maintained as collateral guaranteeing the derivative transactions executed through Comder Contraparte Central S.A. for an amount of Ch\$63,516 as of June 30, 2018 (Ch\$34,585 million as of December 31, 2017).

Other instruments issued in Chile include instruments sold under repurchase agreements with customers and financial instruments amounting to Ch\$199,103 million as of June 30, 2018 (Ch\$158,731 million as of December 31, 2017). The repurchase agreements have an average expiration of 11 days as of period-end 2018 (7 days in December 2017).

Additionally, the Bank holds financial investments in mortgage finance bonds issued by itself in the amount of Ch\$13,122 million as of June 30, 2018 (Ch\$15,032 million as of December 31, 2017), which are presented as a reduction of the liability line item Debt issued .

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

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

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

(a) Receivables for repurchase agreements: The Bank provides financing to its customers through repurchase agreements and security borrowings, in which the financial instrument serves as collateral. As of June 30, 2018 and December 31, 2017, the detail is as follows:

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

banks									
Bonds from domestic banks									
Deposits in domestic banks		13,297							13,297
Bonds from other Chilean companies									
Other instruments issued in Chile	67,822	47,357	22,271	19,207	4,207	5,090		94,300	71,654
Instruments issued by foreign institutions									
Instruments from foreign governments or Central Bank									
Other instruments									
Mutual fund investments									
Funds managed by related companies									
Funds managed by third-party									
Total	67,822	67,344	22,271	19,207	4,207	5,090		94,300	91,641

Securities received:

The Bank and its subsidiaries have received financial instruments that they can sell or give as collateral in case the owner of these instruments enters into default or in bankruptcy. As of June 30, 2018, the fair value of the instruments received amounts to Ch\$90,534 million (Ch\$95,665 million as of December, 2017).

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

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

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

(b) Liabilities for repurchase contracts: The Bank obtains financing by selling financial instruments and committing to purchase them at future dates, plus interest at a prefixed rate. As of June 30, 2018 and December 31, 2017, the repurchase agreements are the following:

	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	
	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Instruments issued by the Chilean Governments and Central Bank of Chile														
Central Bank bonds	18,451	5,169											18,451	5,169
Central Bank promissory notes		5,095												5,095
Other instruments issued by the Chilean Government and Central Bank														
Other Instruments Issued in Chile														
Deposit promissory notes from domestic banks														
Mortgage bonds from domestic														

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banks								
Bonds from domestic banks	2,013			9,086			9,086	2,013
Deposits in domestic banks	201,503	114,359	26,227	43,416	56,762		271,146	171,121
Bonds from other Chilean companies								
Other instruments issued in Chile	5,860	11,994					5,860	11,994
Instruments issued by foreign institutions								
Instruments from foreign governments or central bank								
Other instruments								
Mutual fund investments								
Funds managed by related companies								
Funds managed by third-party								
Total	225,814	138,630	26,227	52,502	56,762		304,543	195,392

Securities sold:

The fair value of the financial instruments delivered as collateral by the Bank and its subsidiaries, in sales transactions with repurchase agreement and securities loans as of June 30, 2018 amounts to Ch\$304,473 million (Ch\$195,437 million in December 2017). In the event that the Bank and its subsidiaries enter into default or bankruptcy, the counterparty is authorized to sell or deliver these investments as collateral.

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

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

10. Derivative Instruments and Accounting Hedges:

(a) As of June 30, 2018 and December 31, 2017, the Bank's portfolio of derivative instruments is detailed as follows:

As of June 30, 2018	Notional amount of contract with final expiration date in						Fair Value		
	Up to 1 month June MCh\$	Over 1 month and up to 3 months June MCh\$	Over 3 months and up to 12 months June MCh\$	Over 1 year and up to 3 years June MCh\$	Over 3 year and up to 5 years June MCh\$	Over 5 years June MCh\$	Total June MCh\$	Assets June MCh\$	Liabilities June MCh\$
Derivatives held for hedging purposes									
Interest rate swap and cross currency swap					12,535		12,535		3,403
Interest rate swap				26,810	24,583	188,659	240,052	2,097	1,172
Total derivatives held for hedging purposes				26,810	37,118	188,659	252,587	2,097	4,575
Derivatives held as cash flow hedges									
Interest rate swap and cross currency swap			249,937	242,199	82,091	441,629	1,015,856	9,008	63,537
Total derivatives held as cash flow hedges			249,937	242,199	82,091	441,629	1,015,856	9,008	63,537
Trading derivatives									
Currency forward	8,408,002	8,776,778	15,278,595	2,214,962					