

BANK OF CHILE
Form 6-K
July 30, 2015
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, 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.

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Form 20-F Form 40-F

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, 2015.

Table of Contents

BANCO DE CHILE AND SUBSIDIARIES

Index

<u>I.</u>	<u>Interim Condensed Consolidated Statements of Financial Position</u>
<u>II.</u>	<u>Interim Condensed Consolidated Statements of Comprehensive Income for the Period</u>
<u>III.</u>	<u>Interim Condensed Consolidated Statements of Other Comprehensive Income for the Period</u>
<u>IV.</u>	<u>Interim Condensed Consolidated Statements of Changes in Equity</u>
<u>V.</u>	<u>Interim Condensed Consolidated Statements of Cash Flows</u>
<u>VI.</u>	<u>Notes to the Interim Condensed Consolidated Financial Statements</u>

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

Table of Contents

BANCO DE CHILE AND SUBSIDIARIES

INDEX

	Page
<u>Interim Condensed Consolidated Statement of Financial Position</u>	3
<u>Interim Condensed Consolidated Statements of Comprehensive Income</u>	4
<u>Interim Condensed Consolidated Statement of Changes in Equity</u>	6
<u>Interim Condensed Consolidated Statements of Cash Flows</u>	7
<u>1. Corporate information:</u>	8
<u>2. Legal provisions, basis of preparation and other information:</u>	8
<u>3. New Accounting Pronouncements:</u>	11
<u>4. Changes in Accounting Policies and Disclosures:</u>	15
<u>5. Relevant Events:</u>	16
<u>6. Segment Reporting:</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>	30
<u>12. Loans to Customers, net:</u>	31
<u>13. Investment Securities:</u>	37
<u>14. Investments in Other Companies:</u>	39
<u>15. Intangible Assets:</u>	41
<u>16. Property and equipment:</u>	44
<u>17. Current Taxes and Deferred Taxes:</u>	47
<u>18. Other Assets:</u>	52
<u>19. Current accounts and Other Demand Deposits:</u>	53
<u>20. Savings accounts and Time Deposits:</u>	53
<u>21. Borrowings from Financial Institutions:</u>	54
<u>22. Debt Issued:</u>	55
<u>23. Other Financial Obligations:</u>	60
<u>24. Provisions:</u>	60
<u>25. Other Liabilities:</u>	64
<u>26. Contingencies and Commitments:</u>	65
<u>27. Equity:</u>	71
<u>28. Interest Revenue and Expenses:</u>	75
<u>29. Income and Expenses from Fees and Commissions:</u>	77
<u>30. Net Financial Operating Income:</u>	77
<u>31. Foreign Exchange Transactions, net:</u>	78
<u>32. Provisions for Loan Losses:</u>	79
<u>33. Personnel Expenses:</u>	80
<u>34. Administrative Expenses:</u>	81
<u>35. Depreciation, Amortization and Impairment:</u>	82
<u>36. Other Operating Income:</u>	83
<u>37. Other Operating Expenses:</u>	84
<u>38. Related Party Transactions:</u>	85
<u>39. Fair Value of Financial Assets and Liabilities:</u>	91
<u>40. Maturity of Assets and Liabilities:</u>	105
<u>41. Subsequent Events:</u>	107

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

For the periods ended June 30, 2015 and December 31, 2014

(Translation of financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

	Notes	June 2015 MCh\$	December 2014 MCh\$
ASSETS			
Cash and due from banks	7	1,127,203	915,133
Transactions in the course of collection	7	637,500	400,081
Financial assets held-for-trading	8	561,169	548,471
Cash collateral on securities borrowed and reverse repurchase agreements	9	45,947	27,661
Derivative instruments	10	995,002	832,193
Loans and advances to banks	11	1,470,569	1,155,365
Loans to customers, net	12	22,107,270	21,348,033
Financial assets available-for-sale	13	1,304,422	1,600,189
Financial assets held-to-maturity	13		
Investments in other companies	14	26,425	25,312
Intangible assets	15	26,824	26,593
Property and equipment	16	206,328	205,403
Current tax assets	17	3,137	3,468
Deferred tax assets	17	206,270	202,869
Other assets	18	455,402	355,057
TOTAL ASSETS		29,173,468	27,645,828
LIABILITIES			
Current accounts and other demand deposits	19	7,212,708	6,933,679
Transactions in the course of payment	7	402,939	96,945
Cash collateral on securities lent and repurchase agreements	9	239,066	249,482
Savings accounts and time deposits	20	9,890,101	9,721,246
Derivative instruments	10	952,322	859,752
Borrowings from financial institutions	21	1,314,762	1,098,716
Debt issued	22	5,607,828	5,057,956
Other financial obligations	23	177,797	186,573
Current tax liabilities	17	11,967	22,498
Deferred tax liabilities	17	33,029	35,029
Provisions	24	430,682	601,714
Other liabilities	25	290,764	247,082
TOTAL LIABILITIES		26,563,965	25,110,672
EQUITY			
	27		
Attributable to Bank's Owners:			
Capital		2,041,173	1,944,920
Reserves		390,640	263,258
Other comprehensive income		52,110	44,105
Retained earnings:			
Retained earnings from previous periods		16,060	16,379
Income for the period		285,097	591,080
Less:			

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Provision for minimum dividends	(175,579)	(324,588)
Subtotal	2,609,501	2,535,154
Non-controlling interests	2	2
TOTAL EQUITY	2,609,503	2,535,156
TOTAL LIABILITIES AND EQUITY	29,173,468	27,645,828

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 six-month ended June 30, 2015 and 2014

(Translation of financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

	Notes	June 2015 MCh\$	June 2014 MCh\$
A, CONSOLIDATED STATEMENT OF INCOME			
Interest revenue	28	873,961	1,042,883
Interest expense	28	(286,217)	(425,529)
Net interest income		587,744	617,354
Income from fees and commissions	29	205,618	190,598
Expenses from fees and commissions	29	(59,824)	(56,236)
Net fees and commission income		145,794	134,362
Net financial operating income	30	31,573	27,168
Foreign exchange transactions, net	31	20,899	30,554
Other operating income	36	14,128	10,466
Total operating revenues		800,138	819,904
Provisions for loan losses	32	(124,809)	(148,707)
OPERATING REVENUES, NET OF PROVISIONS FOR LOAN LOSSES		675,329	671,197
Personnel expenses	33	(184,066)	(169,680)
Administrative expenses	34	(139,385)	(131,978)
Depreciation and amortization	35	(14,692)	(12,962)
Impairment	35	(58)	(208)
Other operating expenses	37	(13,657)	(15,310)
TOTAL OPERATING EXPENSES		(351,858)	(330,138)
NET OPERATING INCOME		323,471	341,059
Income attributable to associates	14	1,745	1,180
Income before income tax		325,216	342,239
Income tax	17	(40,118)	(38,009)
NET INCOME FOR THE PERIOD		285,098	304,230
Attributable to:			
Bank's Owners		285,097	304,229
Non-controlling interests		1	1

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		Ch\$	Ch\$
Net income per share attributable to Bank's Owners:			
Basic net income per share	27	3.01	3.21
Diluted net income per share	27	3.01	3.21

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 six-month ended June 30, 2015 and 2014

(Translation of financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

	Notes	June 2015 MCh\$	June 2014 MCh\$
NET INCOME FOR THE YEAR		285,098	304,230
Other comprehensive income that will be reclassified subsequently to profit or loss			
Net unrealized gains (losses):			
Net change in unrealized gains (losses) on available for sale instruments	13	6,703	4,587
Gains and losses on derivatives held as cash flow hedges	10	3,556	(4,672)
Cumulative translation adjustment			44
Subtotal Other comprehensive income before income taxes		10,259	(41)
Income tax		(2,254)	18
Total other comprehensive income items that will be reclassified subsequently to profit or loss		8,005	23
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Loss in defined benefit plans			
Subtotal other comprehensive income before income taxes			
Income taxes			
Total other comprehensive income items that will not be reclassified subsequently to profit or loss			
TOTAL CONSOLIDATED COMPREHENSIVE INCOME		293,103	304,207
Attributable to:			
Equity holders of the parent		293,102	304,206
Non-controlling interest		1	1
		Ch\$	Ch\$
Comprehensive net income per share from continued operations attributable to equity holders of the parent:			
Basic net income per share		3.10	3.21
Diluted net income per share		3.10	3.21

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 CHANGES IN EQUITY**

For the six-month ended June 30, 2015 and 2014

(Translation of financial statements originally issued in Spanish)

(Expressed in millions of Chilean pesos)

	Notes	Reserves		Other comprehensive income			Retained earnings		Provision for minimum dividends	Attributable to equity holders of the parent	
		Paid-in Capital	Other reserves	Reserves from earnings	Unrealized gains (losses) on available-for-sale	Derivatives cash flow hedge	Cumulative translation adjustment	Retained earnings from previous periods			Income for the year
		MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
Balances as of December 31, 2013		1,849,351	32,125	181,511	29,372	(13,421)	(23)	16,379	513,602	(324,582)	2,284,3
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	(43,5
Equity adjustment investment in other companies			4								
Other comprehensive income:	27										
Cumulative translation adjustment							44				4
Derivatives cash flow hedge, net						(3,737)					(3,7
Valuation adjustment on available-for-sale instruments (net)					3,670						3,6
Income for the period 2014									304,229		304,2
Provision for minimum dividends	27									(164,285)	(164,2
Balances as of June 30, 2014		1,944,920	32,129	231,424	33,042	(17,158)	21	16,379	304,229	(164,285)	2,380,7
Defined benefit plans adjustment			(296)								(29

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Equity adjustment associates			1								
Other comprehensive income:											
Cumulative translation adjustment								36			
Cash flow hedge adjustment, net						27,244					27,244
Valuation adjustment on available-for-sale instruments, net				920							920
Income for the period 2014									286,851		286,851
Provision for minimum dividends										(160,303)	(160,303)
Balances as of December 31, 2014		1,944,920	31,834	231,424	33,962	10,086	57	16,379	591,080	(324,588)	2,535,111
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
Defined benefit plans adjustment				(1)							
Other comprehensive income:	27										
Cumulative translation adjustment											
Cash flow hedge adjustment, net						2,756					2,756
Valuation adjustment on available-for-sale instruments (net)					5,249						5,249
Income for the period 2015										285,097	285,097
Equity adjustment investment in other companies										(319)	(319)
Provision for minimum dividends	27										(175,579)
Balances As of June 30, 2015		2,041,173	31,833	358,807	39,211	12,842	57	16,060	285,097	(175,579)	2,609,501

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 CASH FLOWS

For the six-month ended June 30, 2015 and 2014

(Translation of financial statements originally issued in Spanish)

(Expressed in million of Chilean pesos)

	Notes	June 2015 MCh\$	June 2014 MCh\$
OPERATING ACTIVITIES:			
Net income for the period		285,098	304,230
Items that do not represent cash flows:			
Depreciation and amortization	35	14,692	12,962
Impairment of intangible assets and property and equipment	35	58	208
Provision for loan losses	32	150,141	156,655
Provision of contingent loans	32	664	2,292
Fair value adjustment of financial assets held-for-trading		140	982
Income attributable to investments in other companies	14	(1,448)	(928)
Income from sales of assets received in lieu of payment	36	(1,394)	(1,852)
Net gain on sales of property and equipment	36-37	(59)	(60)
(Increase) decrease in other assets and liabilities		(151,837)	(78,913)
Charge-offs of assets received in lieu of payment	37	865	857
Other charges (credits) to income that do not represent cash flows		370	10,563
(Gain) loss from foreign exchange transactions of other assets and other liabilities		(346,331)	(154,275)
Net changes in interest and fee accruals		119,941	(73,132)
Changes in assets and liabilities that affect operating cash flows:			
(Increase) decrease in loans and advances to banks, net		(314,307)	310,252
(Increase) decrease in loans to customers		(894,736)	26,913
(Increase) decrease in financial assets held-for-trading, net		(20,933)	(73,038)
(Increase) decrease in deferred taxes, net	17	(6,755)	(11,643)
(Increase) decrease in current account and other demand deposits		278,255	156,002
(Increase) decrease in payables from repurchase agreements and security lending		(4,142)	(11,389)
(Increase) decrease in savings accounts and time deposits		190,927	(880,149)
Proceeds from sale of assets received in lieu of payment		3,580	2,918
Total cash flows from operating activities		(697,211)	(300,545)
INVESTING ACTIVITIES:			
(Increase) decrease in financial assets available-for-sale, net		260,997	258,276
Purchases of property and equipment	16	(11,296)	(13,568)
Proceeds from sales of property and equipment		217	79
Purchases of intangible assets	15	(4,529)	(2,378)
Investments in other companies	14		(6,608)
Dividends received from investments in other companies	14	632	195
Total cash flows from investing activities		246,021	235,996
FINANCING ACTIVITIES:			
Repayment of mortgage finance bonds		(7,531)	(8,972)
Proceeds from bond issuances	22	1,125,714	954,709
Redemption of bond issuances		(400,676)	(427,093)
Proceeds from subscription and payment of shares			
Dividends paid	27	(367,444)	(368,120)

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(Increase) decrease in borrowings from financial institutions	(25,306)	(77,823)
(Increase) decrease in other financial obligations	(7,332)	(14,134)
(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)	(9)
Long-term foreign borrowings	1,287,612	370,588
Payment of long-term foreign borrowings	(1,046,523)	(553,326)
Proceeds from other long-term borrowings	13,748	6,540
Payment of other long-term borrowings	(15,247)	(9,574)
Total cash flows from financing activities	557,014	(127,207)
TOTAL NET POSITIVE CASH FLOWS FOR THE PERIOD	105,824	(191,756)
Net effect of exchange rate changes on cash and cash equivalents	23,578	4,213
Cash and cash equivalents at beginning of year	1,825,578	1,538,618
Cash and cash equivalents at end of period	7	1,954,980
		1,351,075
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest received	860,457	855,402
Interest paid	(152,772)	(311,180)

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

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

1. Corporate information:

Banco de Chile is authorized to operate like a commercial bank since June 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.

The Interim Condensed Consolidated Financial Statements of Banco de Chile, for the period ended June 30, 2015 were approved for issuance in accordance with the directors on July 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.

Table of Contents

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:

1. Goodwill valuation (Note No. 15);

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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 June 30, 2015, there have not been significant changes in the estimates.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

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 six-month ended June 30, 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.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

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 June 30, 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.

The effective date is beginning on January 1, 2018 and its 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.

At the date, this rule has not been approved by the Superintendency of Banks and Financial Institutions, event required for its application.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

3. New Accounting Pronouncements, continued:

IFRS 11 Joint Arrangements

In May 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 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 programs, 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.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

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 vice versa 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.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, *continued*

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 Join 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.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

4. Changes in Accounting policies and Disclosures:

During the period ended June 30, 2015, there have been no accounting changes that may significantly affect these interim consolidated financial statements.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, *continued*

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.

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.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

5. Relevant Events, continued:

(g) The Board of Director s meeting held on April 9, 2015, it was resolved to accept the resignation of the Director Mr. Juan José Bruchou.

Also, the Board of Directors appointed Mr. Samuel Libnic as new Director until the next Ordinary Shareholder s Meeting.

(h) On April 10, 2015 Mr. Samuel Libnic, Acting Director of subsidiary Banchile Corredores de Bolsa S.A. presented its resignation to the Board of Director s.

(i) On June 25, 2015 it was informed as Essential Information that, at the Board of Director s meeting was resolved to accept the resignation of the Director and Vice President of the Board Mr. Francisco Aristeguieta Silva.

Also, in the same meeting, the Board of Directors appointed Mrs. Jane Fraser as new Director and new Vice President of the Board, until the next Ordinary Shareholder s Meeting.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

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.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

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 six-month period ended June 30, 2015 and 2014.

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

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

6. Segment Reporting, continued:

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

	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustment		Total	
	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Net interest income	409,176	415,536	169,358	187,354	11,343	18,198	(3,210)	(5,172)	586,667	615,916	1,077	1,438	587,744	617,354
Net fees and commissions income (loss)	70,177	66,719	23,175	20,608	(908)	(813)	61,677	54,492	154,121	141,006	(8,327)	(6,644)	145,794	134,362
Other operating income	10,340	12,249	24,704	25,604	21,176	16,055	12,682	16,984	68,902	70,892	(2,302)	(2,704)	66,600	68,188
Total operating revenue	489,693	494,504	217,237	233,566	31,611	33,440	71,149	66,304	809,690	827,814	(9,552)	(7,910)	800,138	819,904
Provisions for loan losses	(114,709)	(118,669)	(10,164)	(30,192)			64	154	(124,809)	(148,707)			(124,809)	(148,707)
Depreciation and amortization	(10,547)	(9,422)	(2,673)	(2,432)	(194)	(106)	(1,278)	(1,002)	(14,692)	(12,962)			(14,692)	(12,962)
Other operating expenses	(223,532)	(213,328)	(69,410)	(60,862)	(2,981)	(3,087)	(50,795)	(47,809)	(346,718)	(325,086)	9,552	7,910	(337,166)	(317,176)
Income attributable to associates	1,206	749	233	174	18	12	288	245	1,745	1,180			1,745	1,180
Income before income taxes	142,111	153,834	135,223	140,254	28,454	30,259	19,428	17,892	325,216	342,239			325,216	342,239
Income taxes													(40,118)	(38,009)
Income after income taxes													285,098	304,230

The following table presents assets and liabilities of the period ended June 30, 2015 and December 31, 2014 by each segment defined above:

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	Retail		Wholesale		Treasury		Subsidiaries		Subtotal		Consolidation adjustment		Total
	June	December	June	December	June	December	June	December	June	December	June	December	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
Assets	13,241,606	11,789,339	11,431,713	10,307,291	3,912,086	4,981,302	619,192	538,445	29,204,597	27,616,377	(240,536)	(176,886)	28,960,000
Current and deferred taxes													20,000
Total assets													29,170,000
Liabilities	8,889,808	8,419,469	9,712,625	9,664,423	7,676,017	6,754,592	481,055	391,547	26,759,505	25,230,031	(240,536)	(176,886)	26,510,000
Current and deferred taxes													4,000
Total liabilities													26,510,000

Table of Contents

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:

	June 2015 MCh\$	December 2014 MCh\$
Cash and due from banks:		
Cash(*)	549,259	476,429
Current account with the Chilean Central Bank(*)	151,339	147,215
Deposits in other domestic banks	7,478	12,778
Deposits abroad	419,127	278,711
Subtotal - Cash and due from banks	1,127,203	915,133
Net transactions in the course of collection	234,561	303,136
Highly liquid financial instruments	551,764	590,417
Repurchase agreements	41,452	16,892
Total cash and cash equivalents	1,954,980	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:

	June 2015 MCh\$	December 2014 MCh\$
Assets		
Documents drawn on other banks (clearing)	232,838	290,866
Funds receivable	404,662	109,215
Subtotal transactions in the course of collection	637,500	400,081

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Liabilities

Funds payable	(402,939)	(96,945)
Subtotal transactions in the course of payment	(402,939)	(96,945)
Net transactions in the course of collection	234,561	303,136

Table of Contents

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:

	June 2015 MCh\$	December 2014 MCh\$
Instruments issued by the Chilean Government and Central Bank of Chile:		
Central Bank bonds	27,604	13,906
Central Bank promissory notes	2,998	2,996
Other instruments issued by the Chilean Government and Central Bank	23,323	71,968
Other instruments issued in Chile		
Promissory notes from deposits in domestic banks		
Mortgage bonds from domestic banks	6	9
Bonds from domestic banks	52	3,197
Deposits in domestic banks	245,092	199,665
Bonds issued in Chile	1,174	1,351
Other instruments issued in Chile	60	366
Instruments issued by foreign institutions		
Instruments from foreign governments or central banks		
Other instruments issued abroad		
Mutual fund investments:		
Funds managed by related companies	260,860	255,013
Funds managed by thirds		
Total	561,169	548,471

Other instruments issued in Chile include instruments sold under agreements to repurchase to customers and financial instruments, amounting to MCh\$223,195 as of June 30, 2015 (MCh\$194,109 as of December 31, 2014).

Agreements to repurchase have an average expiration of 20 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\$28,545 as of June 30, 2015 (MCh\$32,956 as of December 31, 2014), which are presented as a reduction of the liability line item Debt issued .

Table of Contents

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 June 30, 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	
	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014
Instruments issued by the Chilean Governments and Central Bank of Chile	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Central Bank bonds			820											820
Central Bank promissory notes														
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 banks														
	6,862												6,862	

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Bonds from domestic banks									
Deposits in domestic banks	7,141							7,141	
Bonds from other Chilean companies									
Other instruments issued in Chile	21,665	11,043	6,964	6,291	3,315	9,507		31,944	26,841
Instruments issued by foreign institutions									
Instruments from foreign governments or central bank									
Other instruments									
Total	35,668	11,863	6,964	6,291	3,315	9,507		45,947	27,661

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 June 30, 2015 the Bank and its subsidiaries held securities on resell agreements with a fair value of Ch\$44,430 million (Ch\$27,549 million as of December, 2014).

Table of Contents

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 June 30, 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	
	June	December	June	December	June	December	June	December	June	December	June	December	June	December
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Instruments issued by the Chilean Governments and Central Bank of Chile														
Central Bank bonds														
Central Bank promissory notes	15,721	25,643											15,721	25,643
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 banks														
		3,152												3,152

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Bonds from domestic banks								
Deposits in domestic banks	180,103	220,528	3,807	159	39,435		223,345	220,687
Bonds from other Chilean companies								
Other instruments issued in Chile								
Instruments issued by foreign institutions								
Instruments from foreign governments or central bank								
Other instruments								
Total	195,824	249,323	3,807	159	39,435		239,066	249,482

Securities given:

The carrying amount of securities lent and of Payables from Repurchase Agreements and Security Lending as of June 30, 2015 is Ch\$221,797 million (Ch\$252,465 million in 2014). The counterparty is allowed to sell or repledge those securities in the absence of default by the Bank.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

10. Derivative Instruments and Accounting Hedges:

(a) As of June 30, 2015 and 2014, the Bank's portfolio of derivative instruments is detailed as follows:

	Notional amount of contract with final expiration date in												Assets		
	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			June 2015	December 2014
	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014			
MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
Derivatives held for hedging purposes															
Cross currency swap							9,160	15,565		11,734	20,179	21,312			
Interest rate swap			10,993			16,486	23,714	22,488	65,126	59,942	48,349	47,669	104		
Total derivatives held for hedging purposes			10,993			16,486	32,874	38,053	65,126	71,676	68,528	68,981	104		
Derivatives held as cash flow hedges															
Interest rate swap and cross currency swap					240,141	137,134	479,164	437,575	310,217	411,283	211,180	237,038	168,433		
Total Derivatives held as cash flow hedges					240,141	137,134	479,164	437,575	310,217	411,283	211,180	237,038	168,433		
Derivatives held-for-trading purposes															
Currency forward	5,041,247	4,813,454	4,174,667	4,114,955	7,680,947	6,702,632	707,174	589,179	40,964	38,389		1,802	188,164		
Interest rate swap	1,292,877	1,330,696	1,948,683	1,395,103	6,768,302	6,728,804	8,325,075	7,376,807	4,234,947	4,249,358	4,361,947	3,809,968	186,051		
Cross currency swap	158,693	109,701	293,589	260,261	1,567,094	1,229,651	1,848,004	2,003,936	1,441,775	1,174,052	2,066,004	2,039,353	450,069		
Call currency options	41,660	41,715	19,710	47,586	108,378	69,218	320	182					1,785		
Put currency options	18,729	34,116	11,124	42,051	72,006	40,897	320	182					396		
Total derivatives of negotiation	6,553,206	6,329,682	6,447,773	5,859,956	16,196,727	14,771,202	10,880,893	9,970,286	5,717,686	5,461,799	6,427,951	5,851,123	826,465		
Total	6,553,206	6,329,682	6,458,766	5,859,956	16,436,868	14,924,822	11,392,931	10,445,914	6,093,029	5,944,758	6,707,659	6,157,142	995,002		

Table of ContentsNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, *continued***10. Derivative Instruments and Accounting Hedges, continued:**

(b) Fair value Hedges:

The Bank uses cross-currency swaps and interest rate swaps to hedge its exposure to changes in the fair value of the hedged elements attributable to interest rates in financial instruments. The aforementioned hedge instruments change the effective cost of long-term issuances from a fixed interest rate to a floating rate, decreasing the duration and modifying the sensitivity to the shortest segments of the curve.

Below is a detail of the hedged elements and hedge instruments under fair value hedges as of June 30, 2015 and December 31, 2014:

	June 2015 MCh\$	December 2014 MCh\$
Hedged element		
Commercial loans	29,339	48,611
Corporate bonds	148,182	146,585
Hedge instrument		
Cross currency swap	29,339	48,611
Interest rate swap	148,182	146,585

(c) Cash flow Hedges:

(c.1) The Bank uses cross currency swaps to hedge the risk from variability of cash flows attributable to changes in the interest rates and foreign exchange of obligations with foreign banks, bonds issued abroad, Hong Kong dollars, Peruvian nuevo sol, Swiss franc and Japanese yens. The cash flows of the cross currency swaps equal the cash flows of the hedged items, which modify uncertain cash flows to known cash flows derived from a fixed interest rate.

Additionally, these cross currency swap contracts used to hedge the risk from variability of the Unidad de Fomento (CLF) in assets flows denominated in CLF until a nominal amount equal to the portion notional of the hedging instrument CLF, whose readjustment daily impact the item interest revenue of the financial statements.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

10. Derivative Instruments and Accounting Hedges, continued:

(c.2) Below are the cash flows from bonds issued abroad objects of this hedge and the cash flows of the asset part of the derivative instrument:

Hedge item	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 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Outflows:														
Corporate Bond HKD			(4,197)		(5,846)	(9,508)	(20,128)	(19,070)	(68,771)	(66,617)	(281,769)	(268,771)	(380,711)	(363,960)
Corporate Bond PEN						(622)	(16,005)	(16,442)	(618)				(16,623)	(17,000)
Corporate Bond CHF	(1,216)	(219)	(198)	(1,135)	(108,479)	(5,413)	(421,989)	(317,811)	(209,744)	(344,146)			(741,626)	(668,720)
Obligation USD	(525)	(498)	(101)	(95)	(164,002)	(156,333)	(64,715)	(61,751)					(229,343)	(218,670)
Corporate Bond JPY			(280)	(271)	(996)	(968)	(59,947)	(58,445)	(68,205)	(41,062)	(26,719)	(51,563)	(156,147)	(152,300)
Inflows:														
Cross Currency Swap HKD			4,197		5,846	9,508	20,128	19,070	68,771	66,617	281,769	268,771	380,711	363,960
Cross Currency Swap PEN						622	16,005	16,442	618				16,623	17,000
Cross Currency Swap CHF	1,216	219	198	1,135	108,479	5,413	421,989	317,811	209,744	344,146			741,626	668,720
Cross Currency Swap USD	525	498	101	95	164,002	156,333	64,715	61,751					229,343	218,670
Cross Currency Swap JPY			280	271	996	968	59,947	58,445	68,205	41,062	26,719	51,563	156,147	152,300

Net cash
flows

27

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

10. Derivative Instruments and Accounting Hedges, continued:

(c.2) Below are the cash flows from underlying assets and the cash flows of the liability part of the derivative instrument:

Hedge item	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 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Inflows														
Cash flows in CLF	2,886	2,892	6,280	490,949	264,380	3,230	527,575	165,707	335,953	442,808	256,234	283,714	1,393,308	1,389,308
Outflows														
Cross Currency Swap HKD			(2,998)	(14,578)	(4,388)		(14,784)	(7,273)	(59,464)	(59,188)	(225,902)	(224,232)	(307,536)	(305,236)
Cross Currency Swap PEN				(15,978)	(482)		(15,969)	(475)					(16,451)	(16,451)
Cross Currency Swap JPY			(996)	(69,059)	(3,530)	(976)	(69,172)	(3,471)	(78,045)	(48,703)	(30,332)	(59,482)	(182,075)	(181,075)
Cross Currency Swap USD				(58,945)	(142,083)		(59,201)	(141,795)					(201,284)	(200,284)
Cross Currency Swap CHF	(2,886)	(2,892)	(2,286)	(332,389)	(113,897)	(2,254)	(368,449)	(12,693)	(198,444)	(334,917)			(685,962)	(685,962)
Net cash flows														

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

10. Derivative Instruments and Accounting Hedges, continued:

(c) Cash flow Hedges, continued:

Respect to CLF assets hedged, these are revalued monthly according to the variation of the UF, which is equivalent to realize monthly reinvestment of the assets until maturity of the relationship hedging.

(c.3) Unrealized gain of fair value adjustment for the period 2015 was Ch\$3,556 million (Ch\$4,672 charge to equity as of June 30, 2014) generated from hedging instruments, which has been recorded in equity. The accumulated net effect for deferred taxes As of June 30, 2015 was a charge to equity of Ch\$2,756 million (Ch\$3,737 charge to equity as of June 30, 2014).

The accumulated amount for this concept (net of deferred taxes) As of June 30, 2015 correspond to a debit to equity amounted Ch\$12,842 million (debit to equity of Ch\$10,086 million as of December 31, 2014).

(c.4) The net effect in income of derivatives cash flow hedges amount to Ch\$78,973 million in 2015 (Ch\$8,529 debit to income as of June 30, 2014).

(c.5) As of June 30, 2015 and 2014, it not exist inefficiency in cash flow hedge, because both, hedge item and hedge instruments are mirror one of other, it means that all variation of value attributable to rate and revaluation components are netted totally.

(c.6) As of June 30, 2015 and 2014, the Bank has not hedges of net investments in foreign business.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

11. Loans and advances to Banks:

(a) Amounts are detailed as follows:

	June 2015 MCh\$	December 2014 MCh\$
Domestic Banks		
Interbank loans	115,313	170,014
Provisions for loans to domestic banks	(97)	(61)
Subtotal	115,216	169,953
Foreign Banks		
Interbank loans	246,790	216,632
Chilean exports trade loans	63,275	93,366
Credits with third countries	145,138	125,061
Provisions for loans to foreign banks	(762)	(755)
Subtotal	454,441	434,304
Central Bank of Chile		
Non-available Central Bank deposits	900,000	550,000
Other Central Bank credits	912	1,108
Subtotal	900,912	551,108
Total	1,470,569	1,155,365

(b) Provisions for loans to banks are detailed below:

Detail	Bank's Location		Total MCh\$
	Chile MCh\$	Abroad MCh\$	
Balance as of January 1, 2014	36	1,256	1,292
Charge-offs			
Provisions established			
Provisions released	(6)	(569)	(575)
Balance as of June 30, 2014	30	687	717
Charge-offs			
Provisions established	31	68	99
Provisions released			
Balance as of December 31, 2014	61	755	816
Charge-offs			
Provisions established	36	7	43
Provisions released			

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Balance As of June 30, 2015	97	762	859
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30

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

12. Loans to Customers, net:

(a.i) Loans to Customers:

As of June 30, 2015 and December 31, 2014, the composition of the portfolio of loans is the following:

	As of June 30, 2015							Net assets MCh\$
	Normal Portfolio MCh\$	Substandard Portfolio MCh\$	Non- Complying Portfolio MCh\$	Total MCh\$	Individual Provisions MCh\$	Group Provisions MCh\$	Total MCh\$	
Commercial loans								
Commercial loans	9,300,805	88,953	332,724	9,722,482	(112,543)	(88,134)	(200,677)	9,521,805
Foreign trade loans	1,399,915	58,401	62,011	1,520,327	(78,289)	(2,597)	(80,886)	1,439,441
Current account debtors	333,985	3,134	3,583	340,702	(4,232)	(4,233)	(8,465)	332,237
Factoring transactions	409,021	1,110	831	410,962	(7,823)	(1,532)	(9,355)	401,607
Commercial lease transactions (1)	1,339,441	17,716	29,489	1,386,646	(6,735)	(12,077)	(18,812)	1,367,834
Other loans and accounts receivable	43,577	284	7,592	51,453	(2,275)	(3,379)	(5,654)	45,799
Subtotal	12,826,744	169,598	436,230	13,432,572	(211,897)	(111,952)	(323,849)	13,108,723
Mortgage loans								
Mortgage bonds	57,204		4,234	61,438		(48)	(48)	61,390
Transferable mortgage loans	91,706		2,252	93,958		(89)	(89)	93,869
Other residential real estate mortgage loans	5,539,758		100,431	5,640,189		(27,030)	(27,030)	5,613,159
Credits from ANAP	19			19				19
Residential lease transactions								
Other loans and accounts receivable	7,857		180	8,037		(102)	(102)	7,935
Subtotal	5,696,544		107,097	5,803,641		(27,269)	(27,269)	5,776,372
Consumer loans								

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Consumer loans in installments	2,008,870		228,048	2,236,918		(148,628)	(148,628)	2,088,290
Current account debtors	263,102		5,382	268,484		(7,691)	(7,691)	260,793
Credit card debtors	879,614		27,329	906,943		(34,327)	(34,327)	872,616
Consumer lease transactions								
Other loans and accounts receivable	91		718	809		(333)	(333)	476
Subtotal	3,151,677		261,477	3,413,154		(190,979)	(190,979)	3,222,175
Total	21,674,965	169,598	804,804	22,649,367	(211,897)	(330,200)	(542,097)	22,107,270

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

12. Loans to Customers net, continued:

(a.i) Loans to Customers, continued:

	As of December 31, 2014							
	Normal Portfolio MCh\$	Assets before Allowances Substandard Portfolio MCh\$	Non-Complying Portfolio MCh\$	Total MCh\$	Individual Provision MCh\$	Group Provision MCh\$	Allowances established Total MCh\$	Net assets MCh\$
Commercial loans								
Commercial loans	9,239,021	76,365	308,808	9,624,194	(106,518)	(89,392)	(195,910)	9,428,284
Foreign trade loans	1,131,926	72,208	62,665	1,266,799	(78,619)	(1,480)	(80,099)	1,186,700
Current account debtors	303,906	2,697	3,532	310,135	(3,141)	(4,189)	(7,330)	302,805
Factoring transactions	474,046	3,164	1,525	478,735	(9,283)	(1,361)	(10,644)	468,091
Commercial lease transactions (1)	1,330,752	22,191	28,579	1,381,522	(6,163)	(11,898)	(18,061)	1,363,461
Other loans and accounts receivable	39,274	257	7,320	46,851	(2,298)	(3,426)	(5,724)	41,127
Subtotal	12,518,925	176,882	412,429	13,108,236	(206,022)	(111,746)	(317,768)	12,790,468
Mortgage loans								
Mortgage bonds	65,211		4,893	70,104		(58)	(58)	70,046
Transferable mortgage loans	101,957		2,218	104,175		(72)	(72)	104,103
Other residential real estate mortgage loans	5,151,358		86,273	5,237,631		(23,857)	(23,857)	5,213,774
Credits from ANAP	21			21				21
Other loans and accounts receivable	6,482		210	6,692		(34)	(34)	6,658
Subtotal	5,325,029		93,594	5,418,623		(24,021)	(24,021)	5,394,602
Consumer loans								
Consumer loans in installments	2,003,452		190,697	2,194,149		(145,439)	(145,439)	2,048,710
Current account debtors	264,473		7,347	271,820		(7,331)	(7,331)	264,489
Credit card debtors	856,555		26,455	883,010		(33,713)	(33,713)	849,297
	106		704	810		(343)	(343)	467

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Other loans and
accounts
receivable

Subtotal	3,124,586		225,203	3,349,789		(186,826)	(186,826)	3,162,963
Total	20,968,540	176,882	731,226	21,876,648	(206,022)	(322,593)	(528,615)	21,348,033

(1) In this item, the Bank finances its customers purchases of assets, including real estate and other personal property, through finance lease agreements. As of June 30, 2015 MCh\$622,190 (MCh\$615,723 as of December 31, 2014) correspond to finance leases for real estate and MCh\$764,456 (MCh\$765,799 as of December 31, 2014), correspond to finance leases for other assets.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

12. Loans to Customers, net:

(a.ii) Impaired Portfolio

As of June 30, 2015 and December 31, 2014, the Bank presents the following details of normal and impaired portfolio:

	Assets before Allowances						Allowances established						Net assets	
	Normal Portfolio		Impaired Portfolio		Total		Individual Provisions		Group Provisions		Total		June	December
	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	December 2014
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	12,938,784	12,612,620	493,788	495,616	13,432,572	13,108,236	(211,897)	(206,022)	(111,952)	(111,746)	(323,849)	(317,768)	13,108,723	12,790,400
Mortgage loans	5,696,544	5,325,029	107,097	93,594	5,803,641	5,418,623			(27,269)	(24,021)	(27,269)	(24,021)	5,776,372	5,394,600
Consumer loans	3,151,677	3,124,586	261,477	225,203	3,413,154	3,349,789			(190,979)	(186,826)	(190,979)	(186,826)	3,222,175	3,162,900
Total	21,787,005	21,062,235	862,362	814,413	22,649,367	21,876,648	(211,897)	(206,022)	(330,200)	(322,593)	(542,097)	(528,615)	22,107,270	21,348,000

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

12. Loans to Customers, continued:

(b) Allowances for loan losses:

Movements in allowances for loan losses during periods 2015 and 2014 are as follows:

	Individual MCh\$	Allowances Group MCh\$	Total MCh\$
Balance as of January 1, 2014	182,862	297,616	480,478
Charge-offs:			
Commercial loans	(7,678)	(16,833)	(24,511)
Mortgage loans		(1,790)	(1,790)
Consumer loans		(88,862)	(88,862)
Total charge-offs	(7,678)	(107,485)	(115,163)
Allowances established	30,687	126,543	157,230
Balance as of June 30, 2014	205,871	316,674	522,545
Charge-offs:			
Commercial loans	(20,888)	(22,318)	(43,206)
Mortgage loans		(1,188)	(1,188)
Consumer loans		(95,785)	(95,785)
Total charge-offs	(20,888)	(119,291)	(140,179)
Allowances established			
Sales or transfers of credit	21,039	125,210	146,249
Balance as of December 31, 2014	206,022	322,593	528,615
Charge-offs:			
Commercial loans	(8,596)	(21,348)	(29,944)
Mortgage loans		(1,360)	(1,360)
Consumer loans		(105,041)	(105,041)
Total charge-offs	(8,596)	(127,749)	(136,345)
Sales or transfers of credit	14,742	135,356	150,098
Allowances established	(271)		(271)
Balance As of June 30, 2015	211,897	330,200	542,097

In addition to these allowances for loan losses, the Bank also establishes a country risk provisions to hedge foreign transactions and additional provisions agreed upon by the Board of Directors, which are presented within liabilities in Provisions (Note 24).

Other Disclosures:

1. As of June 30, 2015 and December 31, 2014, the Bank and its subsidiaries have made purchases and sales of loan portfolios. The effect in income is no more than 5% of net income before taxes, as described in Note 12 (d) and (e).

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

12. Loans to Customers, continued:

(b) Allowances for loan losses, continued:

2. As of June 30, 2015 and December 31, 2014 the Bank and its subsidiaries have derecognized 100% of its sold loan portfolio and it has been transferred all or substantially all risks and benefits related to these financial assets. (See Note No. 12 letter (e)).

(c) Finance lease contracts:

The Bank's scheduled cash flows to be received from finance leasing contracts have the following maturities:

	Total receivable		Unearned income		Net lease receivable(*)	
	June 2015 MCh\$	December 2014 MCh\$	June 2015 MCh\$	December 2014 MCh\$	June 2015 MCh\$	December 2014 MCh\$
Due within one year	462,036	465,397	(55,833)	(55,663)	406,203	409,734
Due after 1 year but within 2 years	331,196	328,815	(40,697)	(40,553)	290,499	288,262
Due after 2 years but within 3 years	222,444	220,128	(28,222)	(27,233)	194,222	192,895
Due after 3 years but within 4 years	147,959	144,099	(19,991)	(19,753)	127,968	124,346
Due after 4 years but within 5 years	112,016	107,651	(14,623)	(14,375)	97,393	93,276
Due after 5 years	288,815	296,482	(32,409)	(32,370)	256,406	264,112
Total	1,564,466	1,562,572	(191,775)	(189,947)	1,372,691	1,372,625

(*) The net balance receivable does not include past-due portfolio totaling MCh\$13,955 as of June 30, 2015 (MCh\$8,897 as of December 31, 2014).

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The leasing contracts are related to industrial machinery, vehicles and computer equipment. The leasing contracts have an average life of between 3 and 8 years.

(d) Purchase of credits:

During 2015 the Bank acquired loans portfolio whose nominal value amounted to Ch\$47,934 million. There are not purchases of credit in 2014.

(e) Sale or transfer of credits from the loans to customers:

During the period 2015 and 2014 Banco de Chile has carried out transactions of sale or transfer of the loan portfolio, according the following:

Carrying amount MCh\$	As of June 30, 2015		Effect on income (loss) gain MCh\$
	Allowances MCh\$	Sale price MCh\$	
310	(271)	310	271

Carrying amount MCh\$	As of June 30, 2014		Effect on income (loss) gain MCh\$
	Allowances MCh\$	Sale price MCh\$	
426,701	(14)	426,701	14

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

12. Loans to Customers, continued:

(f) Securitization of own assets

During the period 2014 and June 2015, there is no transactions of securitization of own assets.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

13. Investment Securities:

As of June 30, 2015 and December 31, 2014, investment securities classified as available-for-sale and held-to-maturity are detailed as follows:

	Available- for-sale MCh\$	June 2015 Held to maturity MCh\$	Total MCh\$	Available- for -sale MCh\$	December 2014 Held to maturity MCh\$	Total MCh\$
Instruments issued by the Chilean Government and Central Bank of Chile						
Bonds issued by the Chilean Government and Central Bank	15,661		15,661	28,795		28,795
Promissory notes issued by the Chilean Government and Central Bank	191,476		191,476	149,755		149,755
Other instruments	43,540		43,540	160,774		160,774
Other instruments issued in Chile						
Deposit promissory notes from domestic banks						
Mortgage bonds from domestic banks	91,941		91,941	96,294		96,294
Bonds from domestic banks	75,794		75,794	251,231		251,231
Deposits from domestic banks	633,378		633,378	657,467		657,467
Bonds from other Chilean companies	19,488		19,488	29,519		29,519
Promissory notes issued by other Chilean companies						
Other instruments	164,889		164,889	162,829		162,829
Instruments issued abroad						
Instruments from foreign governments or Central Banks						
Other instruments	68,255		68,255	63,525		63,525
Total	1,304,422		1,304,422	1,600,189		1,600,189

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, *continued*

13. Investment Securities, continued:

Instruments issued by the Chilean Government and Central Bank include instruments with agreements to repurchase sold to clients and financial institutions; totaling MCh\$15,688, as of June 30, 2015 (MCh\$25,673 as of December 31, 2014). The agreements to repurchase have an average maturity of 4 days as of June 30, 2015 (average maturity of 4 days as of December 31, 2014).

In instruments issued by other Chilean institutions are included instruments sold by repurchase agreements to clients and financial institutions, totaling MCh\$15 million as of June 30, 2015 (Ch\$14 million as of December 31, 2014). The agreements to repurchase have an average maturity of 4 days as of June 30, 2015 (average maturity of 5 days as of December 31, 2014).

In instruments issued abroad are included mainly bank bonds and shares and equity investments instruments.

As of June 30, 2015, the portfolio of financial assets available-for-sale includes a net unrealized gain of MCh\$39,211, net of tax (net unrealized gain of MCh\$33,962 as of December 31, 2014), recorded in other comprehensive income within equity.

During 2015 and 2014, there is no evidence of impairment of financial assets available-for-sale.

Realized gains and losses are calculated as the proceeds from sales less the cost (specific identification method) of the investments identified as available-for-sale. In addition, any unrealized gain or loss previously recognized in equity for these investments is reversed and recorded in the Consolidated Statements of Comprehensive Income.

Gross profits and losses realized on the sale of available-for-sale investments as of June 30, 2015 and 2014 are shown in Note 30 Net Financial Operating Income .

Gross profits and losses realized and unrealized on the sale of available-for-sale investments for the six-month period ended as of June 30, 2015 and 2014 are as follows:

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	June 2015 MCh\$	June 2014 MCh\$
Unrealized (losses)/profits during the period	15,911	15,237
Realized losses/(profits) (reclassified)	(9,208)	(10,650)
Subtotal unrealized during the period	6,703	4,587
Income tax	(1,454)	(917)
Total unrealized during the period	5,249	3,670

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

14. Investments in Other Companies:

(a) This item includes investments in other companies for an amount of MCh\$26,425 as of June 30, 2015 (MCh\$25,312 as of December 31, 2014), which is detailed as follows:

Company	Shareholder	Ownership Interest		Equity		Investment Book Value		Income (Loss)	
		June 2015	December 2014	June 2015	December 2014	June 2015	December 2014	June 2015	June 2014
		%	%	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Associates									
Transbank S.A.	Banco de Chile	26.16	26.16	37,458	34,177	9,797	8,939	752	99
Administrador Financiero del Transantiago S.A.	Banco de Chile	20.00	20.00	11,828	11,145	2,366	2,229	137	121
Soc.Operadora de Tarjetas de Crédito Nexus S.A.	Banco de Chile	25.81	25.81	8,815	8,253	2,275	2,130	207	302
Redbanc S.A.	Banco de Chile	38.13	38.13	5,320	4,969	2,029	1,895	180	293
Sociedad Imerc OTC S.A.	Banco de Chile	11.48	11.48	9,768	10,899	1,122	1,252	(130)	(64)
Centro de Compensación Automatizado S.A.	Banco de Chile	33.33	33.33	2,817	2,615	939	871	74	86
Soc.Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A.	Banco de Chile	15.00	15.00	4,679	4,643	702	696	49	46
Sociedad Interbancaria de Depósitos de Valores S.A.	Banco de Chile	26.81	26.81	2,319	2,401	622	644	(11)	56
Subtotal Associates				83,004	79,102	19,852	18,656	1,258	939
Joint Ventures									
Servipag Ltda.	Banco de Chile	50.00	50.00	7,455	7,281	3,726	3,641	87	(65)
Artikos Chile S.A.	Banco de Chile	50.00	50.00	1,149	1,491	575	746	103	54
Subtotal Joint Ventures				8,604	8,772	4,301	4,387	190	(11)
Subtotal				91,608	87,874	24,153	23,043	1,448	928
Investments valued at cost(1)									
Bolsa de Comercio de Santiago S.A.						1,646	1,646	270	230
Banco Latinoamericano de Comercio Exterior S.A. (Bladex)						309	309	27	22

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Bolsa Electrónica de Chile S.A.	257	257		
Sociedad de Telecomunicaciones Financieras Interbancarias				
Mundiales (Swift)	52	49		
CCLV Contraparte Central S.A.	8	8		
Subtotal	2,272	2,269	297	252
Total	26,425	25,312	1,745	1,180

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

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

14. Investments in Other Companies, continued:

(b) The reconciliation between opening and ending balance of investments in other companies that are not consolidated in 2015 and 2014 are detailed as follows:

	June 2015 MCh\$	June 2014 MCh\$
Balance as of January 1,	25,312	16,670
Acquisition of investments		6,608
Participation in net income	1,448	928
Dividends receivable	(137)	(162)
Dividends received	(632)	(195)
Payment of dividends	434	147
Balance as of June 30,	26,425	23,996

(c) During the six-month period ended as of June 30, 2015 and December 31, 2014 no impairment has incurred in these investments.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

15. Intangible Assets:

(a) As of June 30, 2015 and December 31, 2014 intangible assets are detailed as follows:

	Years				Gross balance		Accumulated Amortization and Impairment		Net balance	
	Useful Life		Remaining amortization		June	December	June	December	June	December
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
				MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Type of intangible asset:										
Goodwill:										
Investments in other companies					4,138	4,138	(4,138)	(4,138)		
Other Intangible Assets:										
Software or computer programs	6	6	4	4	96,073	92,225	(69,249)	(65,632)	26,824	26,593
Intangible assets arising from business combinations					1,740	1,740	(1,740)	(1,740)		
Total					101,951	98,103	(75,127)	(71,510)	26,824	26,593

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

15. Intangible Assets, continued:

(b) Movements in intangible assets during the six-month period ended as of June 30, 2015 and December 31, 2014 are as follows:

	Goodwill: Investments in other companies MCh\$	Software or computer programs MCh\$	June 2015 Intangible assets arising from business combinations MCh\$	Other intangible MCh\$	Total MCh\$
Gross Balance					
Balance as of January 1, 2015	4,138	92,225	1,740		98,103
Acquisition		4,529			4,529
Disposals/ write-downs		(681)			(681)
Reclassifications					
Impairment loss(*)					
Total	4,138	96,073	1,740		101,951
Accumulated Amortization					
Balance as of January 1, 2015	(4,138)	(65,632)	(1,740)		(71,510)
Amortization for the period(*)		(4,298)			(4,298)
Disposals/ write-downs		681			681
Reclassifications					
Total	(4,138)	(69,249)	(1,740)		(75,127)
Balance as of June 30, 2015		26,824			26,824

	Goodwill: Investments in other companies MCh\$	Software or computer programs MCh\$	December 2014 Intangible assets arising from business combinations MCh\$	Other intangible MCh\$	Total MCh\$
Gross Balance					
Balance as of January 1, 2014	4,138	86,986	1,740	501	93,365
Acquisition		5,382			5,382
Disposals/ write-downs		(504)			(504)
Reclassifications		481		(501)	(20)
Impairment loss(*)		(120)			(120)
Total	4,138	92,225	1,740		98,103
Accumulated Amortization					
Balance as of January 1, 2014	(4,138)	(57,767)	(1,740)	(49)	(63,694)
Amortization for the period(*)		(8,352)			(8,352)
Disposals/ write-downs		498			498
Reclassifications		(11)		49	38

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Total	(4,138)	(65,632)	(1,740)	(71,510)
Balance as of December 31, 2014		26,593		26,593

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

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

15. **Intangible Assets, continued:**

(c) As of June 30, 2015 and December 31, 2014, the Bank has the following technological developments:

Detail	Amount of Commitment	
	June 2015 MCh\$	December 2014 MCh\$
Software and licenses	5,913	3,508

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

16. **Property and equipment:**

(a) The detail of this item as of June 30, 2015 and December 31, 2014, is as follow:

	Gross balance		Accumulated depreciation		Net balance	
	June 2015 MCh\$	December 2014 MCh\$	June 2015 MCh\$	December 2014 MCh\$	June 2015 MCh\$	December 2014 MCh\$
Type Property and equipment:						
Land and Buildings	175,490	175,333	(41,273)	(40,395)	134,217	134,938
Equipment	158,194	151,911	(124,771)	(119,842)	33,423	32,069
Others	158,052	154,195	(119,364)	(115,799)	38,688	38,396
Total	491,736	481,439	(285,408)	(276,036)	206,328	205,403

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

16. **Property and equipment, continued:**

(b) As of June 30, 2015 and December 31, 2014, this account and its movements are detailed as follows:

	June 2015			
	Land and Buildings MCh\$	Equipment MCh\$	Others MCh\$	Total MCh\$
<u>Gross Balance</u>				
Balance as of January 1, 2015	175,333	151,911	154,195	481,439
Additions	383	6,442	4,471	11,296
Disposals/write-downs	(226)	(147)	(625)	(998)
Transfers		(11)	11	
Impairment loss (*) (***)		(1)		(1)
Total	175,490	158,194	158,052	491,736
<u>Accumulated Depreciation</u>				
Balance as of January 1, 2015	(40,395)	(119,842)	(115,799)	(276,036)
Depreciation charges in the period (*)(**)	(1,103)	(5,072)	(4,029)	(10,204)
Sales and disposals in the period	225	142	465	832
Transfers		1	(1)	
Total	(41,273)	(124,771)	(119,364)	(285,408)
Balance as of June 30, 2015	134,217	33,423	38,688	206,328

	December 2014			
	Land and Buildings MCh\$	Equipment MCh\$	Other MCh\$	Total MCh\$
<u>Gross Balance</u>				
Balance as of January 1, 2014	175,849	137,827	147,397	461,073
Reclasification			(200)	(200)
Acquisitions		22,776	8,737	31,513
Disposals	(516)	(7,807)	(971)	(9,294)
Transfers		485	(485)	
Impairment loss (*) (***)		(1,370)	(283)	(1,653)
Total	175,333	151,911	154,195	481,439
<u>Accumulated Depreciation</u>				
Balance as of January 1, 2014	(38,717)	(116,081)	(108,697)	(263,495)
Transfers		(286)	286	
Depreciation of period (*) (**)	(2,195)	(11,283)	(8,290)	(21,768)
Disposals and sales of period	517	7,808	902	9,227
Total	(40,395)	(119,842)	(115,799)	(276,036)
Balance as of December 31, 2014	134,938	32,069	38,396	205,403

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

(**) This amount does not include depreciation charges of the period for investments properties. This amount is included in item Other Assets for MCh\$190 (MCh\$381 as of December 31, 2014).

(***) This amount does not include charge-offs provision of Property and Equipment of MCh\$57 million (Ch\$312 million as of December 31, 2014)

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

16. Property and equipment, continued:

(c) As of June 30, 2015 and 2014, the Bank has operating lease agreements in which it acts as lessee that cannot be terminated unilaterally; information on future payments is detailed as follows:

	Expense for the period MCh\$	Up to 1 month MCh\$	Over 1 month and up to 3 months MCh\$	Over 3 months and up to 12 months MCh\$	June 2015 Over 1 year and up to 3 years MCh\$	Over 3 years and up to 5 years MCh\$	Over 5 years MCh\$	Total MCh\$
Lease Agreements	15,122	2,552	5,098	20,185	39,248	28,185	43,336	138,604

	Expense for the period MCh\$	Up to 1 month MCh\$	Over 1 month and up to 3 months MCh\$	Over 3 months and up to 12 months MCh\$	June 2014 Over 1 year and up to 3 years MCh\$	Over 3 years and up to 5 years MCh\$	Over 5 years MCh\$	Total MCh\$
Lease Agreements	14,710	2,338	4,660	18,504	38,086	27,563	45,544	136,695

As these lease agreements are operating leases under IAS 17 the leased assets are not presented in the Bank's Interim Condensed Consolidated Statement of Financial Position.

The Bank has entered into commercial leases of real estate. These leases have an average life of 10 years. There are no restrictions placed upon the lessee by entering into the lease.

(d) As of June 30, 2015 and 2014, the Bank does not have any finance lease agreements as lessee and, therefore, there are no property and equipment balances to be reported from such transactions as of June 30, 2015 and as of December 31, 2014.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

17. Current Taxes and Deferred Taxes:

(a) Current Taxes:

As of each period end, the Bank and its subsidiaries have established a First Category Income Tax Provision determined in accordance with current tax laws. This provision is presented net of recoverable taxes, detailed as follows:

	June 2015 MCh\$	December 2014 MCh\$
Income taxes	48,702	106,550
Tax Previous year		
Tax on non-deductible expenses (35%)	1,610	1,802
Less:		
Monthly prepaid taxes (PPM)	(38,534)	(83,050)
Credit for training expenses	(66)	(1,818)
Contributions Real Estate		(1,597)
Others	(2,882)	(2,857)
Total	8,830	19,030
Tax rate	22.50%	21.00%

	June 2015 MCh\$	December 2014 MCh\$
Current tax assets	3,137	3,468
Current tax liabilities	(11,967)	(22,498)
Total tax receivable (payable)	(8,830)	(19,030)

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

17. **Current Taxes and Deferred Taxes, continued:**(b) **Income Tax:**

The Bank's tax expense recorded for the six-month period ended as of June 30, 2015 and 2014 as follows:

	June 2015 MCh\$	June 2014 MCh\$
Income tax expense:		
Current year taxes	47,902	48,111
Tax from previous period	(1,851)	1,050
Subtotal	46,051	49,161
Credit (charge) for deferred taxes:		
Origin and reversal of temporary differences	(3,129)	(11,643)
Effect of exchange rates on deferred tax	(3,626)	
Subtotal	(6,755)	(11,643)
Non deductible expenses (Art. 21 Income Tax Law)	1,610	665
Others	(788)	(174)
Net charge to income for income taxes	40,118	38,009

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

17. **Current and Deferred Taxes, continued:**(c) **Reconciliation of effective tax rate:**

The following is a reconciliation of the income tax rate to the effective rate applied to determine the Bank's income tax expense as of June 30, 2015 and 2014:

	Tax rate %	June 2015 MCh\$	Tax rate %	June 2014 MCh\$
Income tax calculated on net income before tax	22.50	73,174	20.00	68,448
Additions or deductions	(5.42)	(17,614)	(4.37)	(14,963)
Price-level restatement	(2.97)	(9,674)	(5.17)	(17,696)
Non-deductible expenses tax	0.50	1,610	0.19	665
Tax from previous periods	(0.57)	(1,851)	0.31	1,050
Effect of changes in tax rate	(1.12)	(3,626)		
Other	(0.58)	(1,901)	0.15	505
Effective rate and income tax expense	12.34	40,118	11.11	38,009

The effective rate for income tax for the period ended as of June 30, 2015 is 12.34% (11.11% in June 2014).

On September 29, 2014, Law 20,780 was issued and published in the Diario Oficial amending the Taxation System of Income and introducing various adjustments in the tax system. In the third paragraph of Article 14 of the new law indicates that companies that do not exercise the option of regime change that by default corresponds to the semi-integrated, must modify transiently the first category tax rate according to the following:

Year	Rate
2014	21.00%
2015	22.50%
2016	24.00%
2017	25.50%
2018	27.00%

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The effect on income by deferred taxes produced by the tax rate change was a credit in income for an amount of Ch\$3,626 million.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

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

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

The Bank and its subsidiaries have recorded the effects of deferred taxes in their financial statements.

The effects of deferred taxes on assets, liabilities and income accounts are detailed as follows:

	Balances as of December 31, 2014 MCh\$	Income MCh\$	Effect	Equity MCh\$	Balances as of June 31, 2015 MCh\$
Debit Differences:					
Allowances for loan losses	146,562	5,861			152,423
Repurchase agreements		105			105
Personnel provisions	9,314	(5,022)			4,292
Staff vacation	5,489	287			5,776
Accrued interests and indexation adjustments from impaired loans	3,738	47			3,785
Staff severance indemnities provisions	1,460	(166)			1,294
Provision of credit cards expenses	10,637	856			11,493
Provision of accrued expenses	11,466	1,086		99	12,651
Other adjustments	14,203	248			14,451
Total debit differences	202,869	3,302		99	206,270
Credit Differences:					
Depreciation and price-level restatement of property and equipment	14,304	(669)			13,635
Adjustment for valuation of financial assets available-for-sale	9,860			1,454	11,314
Leasing equipment	2,992	(2,992)			
Transitory assets	2,478	2,060			4,538
Adjustment for derivative instruments	13	(13)			
Loans accrued effective rate	2,308	(138)			2,170
Other adjustments	3,074	(1,701)		(1)	1,372
Total credit differences	35,029	(3,453)		1,453	33,029
Deferred tax assets (liabilities), net	167,840	6,755		(1,354)	173,241

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

17. **Current Taxes and Deferred Taxes, continued:**(d) **Effect of deferred taxes on income and equity:**

The effects of deferred taxes on assets, liabilities and income accounts are detailed as follows:

	Balance as of December 31, 2013 MCh\$	Income MCh\$	Effect Equity MCh\$	Balance as of June 30, 2014 MCh\$	Income MCh\$	Effect Equity MCh\$	Balance as of December 31, 2014 MCh\$
Debit differences:							
Allowances for loan losses	108,102	6,641		114,743	31,819		146,562
Obligations with agreements to repurchase	205	(205)					
Personnel provisions	5,747	(1,574)		4,173	5,141		9,314
Staff vacations	4,379	140		4,519	970		5,489
Accrued interest and indexation adjustments impaired due loans	2,413	545		2,958	780		3,738
Staff severance indemnities provision	971	15		986	371	103	1,460
Provisions of credit card expenses	6,493	1,226		7,719	2,918		10,637
Provisions of accrued expenses	7,731	2,238		9,969	1,497		11,466
Other adjustments	9,863	1,729		11,592	2,611		14,203
Total debit differences	145,904	10,755		156,659	46,107	103	202,869
Credit differences:							
Depreciation of property and equipment and investment properties	14,436	(1,848)		12,588	1,716		14,304
Adjustment for valuation financial assets available-for-sale	7,343		917	8,260		1,600	9,860
Leasing equipment	8,500	(161)		8,339	(5,347)		2,992
Transitory assets	2,739	938		3,677	(1,199)		2,478
Derivatives instruments adjustment	138	(138)			13		13
Accrued interest to effective rate	1,046			1,046	1,262		2,308
Other adjustments	2,367	321		2,688	386		3,074
Total credit differences	36,569	(888)	917	36,598	(3,169)	1,600	35,029
Total Assets (Liabilities) net	109,335	11,643	(917)	120,061	49,276	(1,497)	167,840

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

18. Other Assets:

(a) Item detail:

At the end of each period, other assets are detailed as follows:

	June 2015 MCh\$	December 2014 MCh\$
Assets held for leasing(*)	99,978	87,100
Assets received or awarded as payment(**)		
Assets awarded in judicial sale	3,404	3,014
Assets received in lieu of payment	68	934
Provision for assets received in lieu of payment	(118)	(207)
Subtotal	3,354	3,741
Other Assets		
Deposits by derivatives margin	152,170	143,379
Other accounts and notes receivable	75,363	16,124
Servipag available funds	17,888	14,621
Investment properties	15,746	15,937
Documents intermediated(***)	14,524	23,049
Prepaid expenses	12,157	6,240
Recoverable income taxes	8,318	8,356
VAT receivable	8,237	9,731
Commissions receivable	6,643	4,931
Transaction in progress	3,243	2,733
Rental guarantees	1,643	1,617
Recovered leased assets for sale	1,218	692
Materials and supplies	632	607
Accounts receivable for sale of assets received in lieu of payment	388	769
Others	33,900	15,430
Subtotal	352,070	264,216
Total	455,402	355,057

(*) These correspond to property and equipment to be given under a finance lease.

(**) Assets received in lieu of payment are assets received as payment of customers' past-due debts. The assets acquired must at no time exceed, in the aggregate, 20% of the Bank's effective equity. These assets represent 0.0021% (0.0287% as of December 31, 2014) of the Bank's effective equity.

The assets awarded at judicial sale are assets that have been acquired as payment of debts previously owed towards the Bank. The assets awarded at judicial sales are not subject to the aforementioned requirement. These properties are non-current assets available-for-sale. For most assets, the sale is expected to be completed within one year from the date on which the asset was received or acquired. If the asset in question is not sold within the year, it must be written off.

The provision for assets received in lieu of payment is recorded as indicated in the Compendium of Accounting Standards, which indicate to recognize a provision for the difference between the initial value plus any additions and its realizable value when the former is greater.

(***) This item mainly includes simultaneous operations carried out by the subsidiary Banchile Corredores de Bolsa S.A.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

18. Other Assets, continued:

(b) Movements in the provision for assets received in lieu of payment during the six-month period ended as of June 30, 2015 and 2014 are detailed as follows:

	MCh\$
Balance as of January 1, 2014	46
Provisions used	(38)
Provisions established	52
Provisions released	
Balance as of June 30, 2014	60
Provisions used	(61)
Provisions established	208
Provisions released	
Balance as of December 31, 2014	207
Provisions used	(166)
Provisions established	77
Provisions released	
Balance as of June 30, 2015	118

19. Current accounts and Other Demand Deposits:

At the end of each period, current accounts and other demand deposits are detailed as follows:

	June 2015 MCh\$	December 2014 MCh\$
Current accounts	5,940,798	5,786,805
Other demand deposits	844,927	680,097
Other demand deposits and accounts	426,983	466,777
Total	7,212,708	6,933,679

20. Savings accounts and Time Deposits:

At the end of each period, savings accounts and time deposits are detailed as follows:

	June 2015 MCh\$	December 2014 MCh\$
Time deposits	9,553,852	9,450,224
Term savings accounts	200,901	188,311
Other term balances payable	135,348	82,711
Total	9,890,101	9,721,246

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

21. Borrowings from Financial Institutions:

(a) At the end of each period, borrowings from financial institutions are detailed as follows:

	June 2015 MCh\$	December 2014 MCh\$
Domestic banks		
Foreign banks		
Foreign trade financing		
Citibank N.A.	265,731	141,633
Wells Fargo Bank	165,672	83,015
HSBC Bank	163,529	155,135
Bank of Montreal	147,152	139,548
Bank of America	130,928	126,004
The Bank of New York Mellon	118,665	57,581
Canadian Imperial Bank Of Commerce	105,656	69,750
ING Bank	54,423	30,309
Standard Chartered Bank	51,492	106,659
Toronto Dominion Bank	47,969	45,489
Bank of Nova Scotia	31,976	38,804
Zuercher Kantonalbank	6,421	6,088
Commerzbank A.G.	978	1,631
Royal Bank of Scotland		10,924
Mercantil Commercebank		6,070
Deutsche Bank Trust Company		48,037
Others	1,868	1,526
Borrowings and other obligations		
China Development Bank	7,995	15,165
Citibank N.A.	5,492	12,389
Deutsche Bank	4,515	
Wells Fargo Bank	1,100	
Banco Nacional de México	1,084	
Others	2,109	2,950
Subtotal	1,314,755	1,098,707
Chilean Central Bank	7	9
Total	1,314,762	1,098,716

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

21. Borrowings from Financial Institutions, continued:

(b) Chilean Central Bank Obligations

Debts to the Central Bank of Chile include credit lines for the renegotiation of loans and other Central Bank borrowings.

The outstanding amounts owed to the Central Bank of Chile under these credit lines are as follows:

	June 2015 MCh\$	December 2014 MCh\$
Borrowings and other obligations		
Total credit lines for the renegotiation of loans	7	9
Total	7	9

22. Debt Issued:

At the end of each period, debt issued is detailed as follows:

	June 2015 MCh\$	December 2014 MCh\$
Mortgage bonds	53,773	64,314
Bonds	4,782,881	4,223,047
Subordinated bonds	771,174	770,595
Total	5,607,828	5,057,956

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

22. Debt Issued, continued:

During the period ended as of June 30, 2015, Banco de Chile issued bonds by an amount of MCh\$1,125,714, of which corresponds to Unsubordinated bonds and commercial papers by an amount of MCh\$459,765 million and MCh\$665,949 respectively, according to the following details:

Bonds

Serie	Amount MCh\$	Terms Years	Rate %	Currency	Issue date	Maturity date
BCHIAI0213	17,132	6	3.40	UF	02/17/2015	02/17/2021
BCHIAM0413	40,425	8	3.60	UF	02/20/2015	02/20/2023
BCHIAB1211	80,282	15	3.50	UF	27/02/2015	02/27/2030
BCHIAM0413	4,881	8	3.60	UF	03/13/2015	03/13/2023
BCHIAM0413	5,972	8	3.60	UF	03/19/2015	03/19/2023
BCHIAM0413	11,225	8	3.60	UF	04/06/2015	04/06/2023
BCHIAM0413	2,673	8	3.60	UF	04/07/2015	04/07/2023
BCHIAZ0613	53,874	14	3.60	UF	04/17/2015	04/17/2029
BONO USD	30,596	6	LIBOR 3 M + 0.69	USD	04/30/2015	04/30/2021
BCHIAM0413	15,242	8	3.60	UF	05/08/2015	05/08/2023
BCHIAP0213	29,715	9	3.60	UF	05/15/2015	05/15/2024
BCHIAP0213	7,435	9	3.60	UF	05/18/2015	05/18/2024
BCHIAP0213	2,658	9	3.60	UF	05/22/2015	05/22/2024
BCHIAP0213	13,308	9	3.60	UF	05/27/2015	05/27/2024
BCHIAO0713	14,072	8	3.40	UF	06/09/2015	06/09/2023
BCHIAO0713	21,146	8	3.40	UF	06/10/2015	06/10/2023
BCHIAO0713	4,518	8	3.40	UF	06/15/2015	06/15/2023
BCHIAO0713	4,653	8	3.40	UF	06/16/2015	06/16/2023
BCHIAO0713	10,639	8	3.40	UF	06/18/2015	06/18/2023
BCHIAO0713	9,315	8	3.40	UF	06/23/2015	06/23/2023
BCHIAW0213	80,004	13	3.60	UF	06/25/2015	06/25/2028
Total as of June 30, 2015	459,765					

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

22. Debt Issued, continued:

Commercial Papers

Series	MCh\$	Interest rate	Currency	Issued date	Maturity date
MERRILL LYNCH	15,425	0.32	USD	01/05/2015	04/06/2015
GOLDMAN SACHS	15,380	0.33	USD	01/07/2015	04/09/2015
GOLDMAN SACHS	30,638	0.33	USD	01/08/2015	04/08/2015
WELLS FARGO BANK	12,255	0.32	USD	01/08/2015	04/08/2015
WELLS FARGO BANK	3,077	0.43	USD	01/12/2015	07/13/2015
MERRILL LYNCH	9,421	0.46	USD	01/21/2015	07/21/2015
MERRILL LYNCH	9,421	0.60	USD	01/21/2015	10/16/2015
JP.MORGAN CHASE	49,944	0.37	USD	01/22/2015	04/22/2015
WELLS FARGO BANK	16,262	0.32	USD	02/10/2015	05/11/2015
WELLS FARGO BANK	2,502	0.47	USD	02/10/2015	08/10/2015
JP.MORGAN CHASE	48,215	0.35	USD	03/03/2015	06/02/2015
WELLS FARGO BANK	4,393	0.82	USD	03/06/2015	03/04/2016
MERRILL LYNCH	15,690	0.42	USD	03/06/2015	08/06/2015
JP.MORGAN CHASE	31,395	0.35	USD	03/09/2015	06/08/2015
WELLS FARGO BANK	2,569	0.48	USD	03/17/2015	09/14/2015
MERRILL LYNCH	4,975	0.42	USD	03/20/2015	08/06/2015
MERRILL LYNCH	3,122	0.48	USD	03/23/2015	09/17/2015
JP.MORGAN CHASE	31,951	0.38	USD	03/23/2015	06/22/2015
WELLS FARGO BANK	25,079	0.35	USD	03/30/2015	06/30/2015
JP.MORGAN CHASE	37,467	0.48	USD	04/06/2015	10/02/2015
JP.MORGAN CHASE	14,519	0.38	USD	04/06/2015	07/06/2015
GOLDMAN SACHS	42,858	0.35	USD	04/08/2015	07/08/2015
CITIBANK N.A.	15,506	0.35	USD	04/10/2015	07/06/2015
JP.MORGAN CHASE	16,524	0.40	USD	04/17/2015	08/17/2015
JP.MORGAN CHASE	49,536	0.40	USD	04/22/2015	08/03/2015
WELLS FARGO BANK	15,856	0.34	USD	05/11/2015	08/10/2015
JP.MORGAN CHASE	48,721	0.40	USD	06/02/2015	09/02/2015
JP.MORGAN CHASE	31,567	0.40	USD	06/08/2015	09/08/2015
WELLS FARGO BANK	3,796	0.52	USD	06/19/2015	12/16/2015
JP.MORGAN CHASE	32,321	0.36	USD	06/22/2015	09/17/2015
WELLS FARGO BANK	2,620	0.27	USD	06/30/2015	09/17/2015
WELLS FARGO BANK	10,162	0.37	USD	06/30/2015	10/02/2015
WELLS FARGO BANK	12,782	0.59	USD	06/30/2015	01/05/2016
Total as of June 30, 2015	665,949				

As of June 30, 2015 the Bank has no issued subordinated bonds.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

22. Debt Issued, continued:

During the period ended as of December 31, 2014, Banco de Chile issued bonds by an amount of MCh\$1,826,552, of which corresponds to Unsubordinated bonds and commercial papers by an amount of MCh\$736,212 and MCh\$1,090,340 respectively, according to the following details:

Bonds

Series	MCh\$	Term (years)	Interest rate	Currency	Issued date	Maturity date
BCHIAJ0413	72,444	7	3.40	UF	01/27/2014	01/27/2021
BCHIAH0513	47,861	5	3.40	UF	01/27/2014	01/27/2019
BCHIAL0213	96,796	8	3.60	UF	02/10/2014	02/10/2022
BONO CHF	95,198	2	3M Libor + 0.75	CHF	02/28/2014	02/28/2016
BONO CHF	79,332	5	1.25	CHF	02/28/2014	02/28/2019
BONO JPY	11,226	5	0.98	JPY	03/18/2014	03/18/2019
BCHIUN1011	7,314	7	3.20	UF	04/16/2014	04/16/2021
BONO HKD	43,044	6	3.08	HKD	04/16/2014	04/16/2020
BCHIUN1011	12,224	7	3.20	UF	04/22/2014	04/22/2021
BCHIAA0212	49,986	14	3.50	UF	04/29/2014	04/29/2028
BONO JPY	27,383	8	1.01	JPY	04/29/2014	04/29/2022
BCHIAA0212	26,110	14	3.50	UF	07/22/2014	07/22/2028
BCHIA Y0213	79,979	14	3.60	UF	07/31/2014	07/31/2028
BONO JPY	28,133	6	0.55	JPY	08/06/2014	08/06/2020
BCHIAI0213	50,481	6	3.40	UF	08/12/2014	08/12/2020
BCHIAI0213	2,813	6	3.40	UF	09/15/2014	09/15/2020
BCHIAI0213	1,022	6	3.40	UF	09/16/2014	09/16/2020
BCHIAI0213	1,664	6	3.40	UF	09/24/2014	09/24/2020
BCHIAI0213	3,202	6	3.40	UF	10/02/2014	10/02/2020
Total as of December 31, 2014	736,212					

As of December 31, 2014 the Bank has no issued subordinated bonds.

The Bank has not had breaches of capital and interest with respect to its debts instruments and has complied with its debt covenants and other compromises related to debt issued during periods 2015 and 2014.

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

22. Debt Issued, continued:

Commercial Papers

Counterparty	MCh\$	Interest rate	Currency	Issued date	Maturity date
Citibank N.A,	10,888	0.30	USD	01/21/2014	04/22/2014
Goldman Sachs	27,220	0.30	USD	01/21/2014	04/22/2014
Merrill Lynch	10,888	0.30	USD	01/21/2014	04/22/2014
Citibank N.A,	2,712	0.30	USD	01/22/2014	05/14/2014
Wells Fargo Bank	13,558	0.30	USD	01/22/2014	05/14/2014
Wells Fargo Bank	27,117	0.30	USD	01/22/2014	05/14/2014
JP Morgan Chase	22,384	0.30	USD	02/05/2014	05/06/2014
Citibank N.A,	11,192	0.30	USD	02/05/2014	05/06/2014
Merrill Lynch	11,192	0.30	USD	02/05/2014	05/06/2014
Goldman Sachs	11,192	0.30	USD	02/05/2014	05/06/2014
Wells Fargo Bank	3,910	0.50	USD	03/06/2014	03/06/2015
Wells Fargo Bank	55,121	0.25	USD	05/14/2014	08/12/2014
Goldman Sachs	11,024	0.23	USD	05/28/2014	09/02/2014
Merrill Lynch	11,024	0.23	USD	05/28/2014	09/02/2014
Wells Fargo Bank	27,453	0.27	USD	05/29/2014	09/03/2014
JP Morgan Chase	54,984	0.30	USD	05/30/2014	09/03/2014
Wells Fargo Bank	21,994	0.38	USD	05/30/2014	09/26/2014
JP Morgan Chase	27,658	0.29	USD	06/04/2014	09/10/2014
Merrill Lynch	13,829	0.50	USD	06/04/2014	03/06/2015
JP Morgan Chase	27,710	0.31	USD	06/10/2014	09/15/2014
JP Morgan Chase	3,329	0.65	USD	06/11/2014	06/10/2015
Merrill Lynch	5,526	0.50	USD	06/23/2014	03/20/2015
Wells Fargo Bank	11,067	0.30	USD	07/08/2014	10/08/2014
Goldman Sachs	27,669	0.30	USD	07/08/2014	10/08/2014
JP Morgan Chase	55,337	0.30	USD	07/08/2014	09/26/2014
JP Morgan Chase	33,263	0.52	USD	07/11/2014	04/06/2015
Wells Fargo Bank	17,284	0.28	USD	08/12/2014	11/12/2014
Wells Fargo Bank	15,556	0.64	USD	08/12/2014	08/06/2015
Wells Fargo Bank	20,155	0.30	USD	08/13/2014	12/11/2014
JP Morgan Chase	58,860	0.31	USD	09/03/2014	12/03/2014
Wells Fargo Bank	52,974	0.35	USD	09/03/2014	01/12/2015
JP Morgan Chase	29,529	0.31	USD	09/10/2014	12/09/2014
JP Morgan Chase	29,812	0.31	USD	09/15/2014	12/15/2014
JP Morgan Chase	59,860	0.31	USD	09/26/2014	12/23/2014
Wells Fargo Bank	23,944	0.31	USD	09/26/2014	12/29/2014
Goldman Sachs	29,650	0.31	USD	10/08/2014	01/09/2015
Wells Fargo Bank	11,860	0.31	USD	10/08/2014	01/09/2015
Wells Fargo Bank	17,815	0.32	USD	11/12/2014	02/10/2015

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JP Morgan Chase	47,664	0.35	USD	12/03/2014	03/03/2015
JP Morgan Chase	13,366	0.58	USD	12/03/2014	08/28/2015
JP Morgan Chase	30,690	0.35	USD	12/09/2014	03/09/2015
JP Morgan Chase	35,928	0.35	USD	12/15/2014	03/16/2015
Wells Fargo Bank	16,693	0.40	USD	12/15/2014	04/13/2015
Wells Fargo Bank	15,177	0.58	USD	12/29/2014	08/26/2016
Wells Fargo Bank	24,282	0.33	USD	12/29/2014	03/30/2015
Total as of December 31, 2014	1,090,340				

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

23. Other Financial Obligations:

At the end of each period, other financial obligations are detailed as follows:

	June 2015 MCh\$	December 2014 MCh\$
Other chilean obligations	134,398	141,729
Public sector obligations	43,399	44,844
Other abroad obligations		
Total	177,797	186,573

24. Provisions:

(a) At the end of each period, provisions and accrued expenses are detailed as follows:

	June 2015 MCh\$	December 2014 MCh\$
Provision for minimum dividends	175,579	324,588
Provisions for personnel benefits and payroll expenses	56,331	81,515
Provisions for contingent loan risks	54,741	54,077
Provisions for contingencies:		
Additional loan provisions(*)	130,256	130,256
Country risk provisions	5,691	2,959
Other provisions for contingencies	8,084	8,319
Total	430,682	601,714

(*) As of June 30, 2015 there have been no additional provisions (Ch\$22,499 during period 2014). See Note No. 24 (b).

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

24. Provisions, continued:

(b) The following table details the movements in provisions and accrued expenses during the six-month period ended as of June 30, 2015 and December 31, 2014:

	Minimum dividends MCh\$	Personnel benefits and payroll MCh\$	Contingent loan Risks MCh\$	Additional loan provisions MCh\$	Country risk provisions and other contingencies MCh\$	Total MCh\$
Balances as of January 1, 2014	324,582	67,943	49,277	107,757	2,339	551,898
Provisions established	164,285	22,452	2,292	10,069	7,701	206,799
Provisions used	(324,582)	(32,951)			(230)	(357,763)
Provisions released						
Balances as of June 30, 2014	164,285	57,444	51,569	117,826	9,810	400,934
Provisions established	160,303	37,931	2,508	12,430	1,468	214,640
Provisions used		(13,860)				(13,860)
Provisions released						
Balances as of December 31, 2014	324,588	81,515	54,077	130,256	11,278	601,714
Provisions established	175,579	27,875	664		2,744	206,862
Provisions used	(324,588)	(53,059)			(247)	(377,894)
Provisions released						
Balances As of June 30, 2015	175,579	56,331	54,741	130,256	13,775	430,682

(c) Provisions for personnel benefits and payroll:

	June 2015 MCh\$	December 2014 MCh\$
Vacation accrual	24,142	23,727
Short-term personnel benefits	16,004	29,678
Pension plan- defined benefit plan	10,635	11,471
Other benefits	5,550	16,639
Total	56,331	81,515

Table of Contents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, continued

24. Provisions, continued:

(d) Pension plan Defined benefit plan:

(i) Movement in the defined benefit obligations are as follow:

	June 2015 MCh\$	June 2014 MCh\$
Opening defined benefit obligation	11,471	10,696
Increase in provisions	306	487
Benefit paid	(1,142)	(254)
Actuarial gains		