COOPEUCH

Interim financial statements

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

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Figures expressed in millions of Chilean pesos.

MCh$	=	Millions of Chilean pesos
US$ or USD	=	United States dollars
UF or CLF	=	Unidad de Fomento (a Chilean peso based inflation indexed currency unit)
Ch$ or CLP	=	Chilean pesos
CHF	=	Swiss francs

REPORT OF INDEPENDENT AUDITORS
(Free translation from the original in Spanish)

Santiago, August 21, 2018

Chairman and Members of the Board of Directors
Coopeuch (formerly, Cooperativa del Personal de la Universidad de Chile)

We have reviewed the accompanying financial information of Coopeuch which comprise the interim statement of financial position as of June 30, 2018, and the related interim statements of comprehensive income, changes in equity and cash flows for the six-month periods ended June 30, 2018 and 2017.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial information of Coopeuch in accordance with the accounting standards issued by the Superintendence of Banks and Financial Institutions that apply to Savings and Loans Cooperatives. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements in accordance with the applicable framework for the preparation and presentation of financial information.

Auditor's responsibilities

Our responsibility is to conduct our reviews in accordance with generally accepted auditing standards in Chile applicable for the review of interim financial information. A review of interim financial information includes primarily applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Chile, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial information in order for them to be in accordance with accounting standards issued by the Superintendence of Banks and Financial Institutions that apply to Savings and Loans Cooperatives.

Other matters – Statement of financial position as of December 31, 2017

On March 21, 2018, we issued an unqualified opinion on the financial statements as of December 31, 2017 and 2016 of Coopeuch, which include the statement of financial position as of December 31, 2017, and that is presented in the accompanying interim financial information.

PricewaterhouseCoopers

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COOPEUCH
INTERIM STATEMENTS OF FINANCIAL POSITION
As of June 30, 2018 (unaudited) and December 31, 2017
(Figures in millions of Chilean pesos)

		June 2018 MCh$	December 2017 MCh$
ASSETS			
Cash and bank balances	6	35,526	35,113
Traded instruments	7	2,971	5,000
Customer loans and receivables	8	1,365,006	1,306,487
Investment instruments available for sale	9	117,644	114,858
Investments in companies	10	28	28
Intangible assets	11	4,868	5,402
Property, plant and equipment	12	10,449	9,084
Current tax assets	13	159	121
Other assets	14	27,638	15,375
TOTAL ASSETS		**1,564,289**	**1,491,468**
LIABILITIES			
Current accounts and other demand deposits	15	22,934	19,799
Savings accounts and other term deposits	16	650,747	608,891
Borrowings received	17	9,821	9,784
Debt instruments issued	18	358,400	328,458
Current tax liabilities	13	736	1,161
Provisions	19	50,888	71,662
Other liabilities	20	31,148	26,766
TOTAL LIABILITIES		**1,124,674**	**1,066,521**
EQUITY			
Share capital		326,654	313,008
Retained earnings		112,609	112,911
Revaluation accounts		352	(972)
Net income for the period		39,477	60,915
Less:			
Share indexation		(4,298)	(5,179)
Interest provision on share capital and earnings		(35,179)	(55,736)
TOTAL EQUITY	21	**439,615**	**424,947**
TOTAL LIABILITIES AND EQUITY		**1,564,289**	**1,491,468**

COOPEUCH
INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the periods from January 1, to June 30, 2018 and 2017 (unaudited)
(Figures in millions of Chilean pesos)

	Note	June 2018 MCh$	June 2017 MCh$
Interest and indexation income		121,418	107,209
Interest and indexation expense		(28,211)	(18,929)
Net interest and indexation income	23	**93,207**	**88,280**
Commission income		10,907	9,381
Commission expenses		(2,096)	(1,164)
Net commission income	24	**8,811**	**8,217**
Net financial operating income	25	(349)	146
Other operating income	30	814	239
Total operating income		**102,483**	**96,882**
Credit risk provisions	26	(8,104)	(15,387)
OPERATING INCOME, NET OF CREDIT RISK PROVISIONS		**94,379**	**81,495**
Staff remuneration and expenses	27	(27,597)	(24,931)
Administrative expenses	28	(21,219)	(19,720)
Depreciation, amortization and impairment	29	(3,607)	(2,614)
Other operating expenses	30	(1,783)	(1,225)
TOTAL OPERATING EXPENSES		**(54,206)**	**(48,490)**
NET OPERATING INCOME		**40,173**	**33,005**
Income from investments in companies	10	-	-
Net income before tax		**40,173**	**33,005**
Income tax expense	13	(696)	(509)
NET INCOME FOR THE PERIOD		**39,477**	**32,496**
Items that may subsequently be reclassified to net income			
Other comprehensive income			
Revaluation of instruments available for sale		498	465
Other		(146)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**39,829**	**32,961**

COOPEUCH

INTERIM STATEMENTS OF CHANGES IN EQUITY
For the periods from January 1 to June 30, 2018 and 2017 (unaudited)
(Figures in millions of Chilean pesos)

		Reserves							Interest provision on share capital and earnings	
	Share capital	Legal reserves	Voluntary reserves	Prior year net income	Revaluation accounts	Net income for the period	Share indexation	Net income provision for the period	Net income provision for the prior period	Equity attributable to owners of the Cooperative
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balances as of January 1, 2017	**292,333**	**112,609**	**302**	**42,690**	**564**	**-**	**-**	**-**	**(42,690)**	**405,808**
Prior year net income paid	-	-	-	(42,690)	-	-	-	-	42,690	**-**
Subscribed and paid shares	18,166	-	-	-	-	-	-	-	-	**18,166**
Redeemed shares	(10,394)	-	-	-	-	-	-	-	-	**(10,394)**
Share indexation	3,381	-	-	-	-	-	-	-	-	**3,381**
Revaluation of investments available for sale	-	-	-	-	(99)	-	-	-	-	(99)
Revaluation of other comprehensive income	-	-	-	-	-	-	-	-	-	**-**
Net income for the period	-	-	-	-	-	32,496	(3,579)	(28,917)	-	**-**
Balances as of June 30, 2017	**303,486**	**112,609**	**302**	**-**	**465**	**32,496**	**(3,579)**	**(28,917)**	**-**	**416,862**
Prior year net income paid	-	-	-	-	-	-	-	-	-	**-**
Subscribed and paid shares	17,015	-	-	-	-	-	-	-	-	**17,015**
Redeemed shares	(8,983)	-	-	-	-	-	-	-	-	**(8,983)**
Share indexation	1,490	-	-	-	-	-	-	-	-	**1,490**
Revaluation of investments available for sale	-	-	-	-	(993)	-	-	-	-	**(993)**
Revaluation of other comprehensive income	-	-	-	-	(444)	-	-	-	-	**(444)**
Net income for the period	-	-	-	-	-	28,419	(1,600)	(26,819)	-	**-**
Balances as of December 31, 2017	**313,008**	**112,609**	**302**	**-**	**(972)**	**60,915**	**(5,179)**	**(55,736)**	**-**	**424,947**
Prior year net income provision	-	-	-	55,736	-	(60,915)	5,179	55,736	(55,736)	**-**
Prior year net income paid	-	-	(302)	(55,736)	-	-	-	-	55,736	**(302)**
Subscribed and paid shares	20,358	-	-	-	-	-	-	-	-	**20,358**
Redeemed shares	(10,910)	-	-	-	-	-	-	-	-	**(10,910)**
Share indexation	4,198	-	-	-	-	-	-	-	-	**4,198**
Revaluation of investments available for sale	-	-	-	-	1,026	-	-	-	-	**1,026**
Revaluation of other comprehensive income	-	-	-	-	298	-	-	-	-	**298**
Net income for the period	-	-	-	-	-	39,477	(4,298)	(35,179)	-	**-**
Balances as of June 30, 2018	**326,654**	**112,609**	**-**	**-**	**352**	**39,477**	**(4,298)**	**(35,179)**	**-**	**439,615**

COOPEUCH
INTERIM STATEMENTS OF CASH FLOWS
For the periods from January 1, to June 30, 2018 and 2017 (unaudited)
(Figures in millions of Chilean pesos)

	Note	June 2018 MCh$	June 2017 MCh$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income for the period		**39,477**	**32,496**
Charges (credits) not affecting cash flows			
Depreciation and amortization	29	3,607	2,614
Provisions for assets at risk	26	16,538	23,125
Income tax provision	13	696	509
Fair value of traded investments		623	(2)
Net increase in other assets and liabilities		(5,106)	(4,356)
Net changes in accrued interest, indexation and commission on assets and liabilities		(4,588)	(5,601)
Changes in assets and liabilities that affect operating cash flows:			
Net increase in customer loans and receivables		(71,023)	(68,746)
Increase in deposits		43,339	70,522
Increase in other demand and term deposits		470	3,302
Net cash flows from operating activities		**24,033**	**53,863**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net increase in investments available for sale		(1,330)	(2,311)
Net decrease in trading instruments		2,030	-
Purchase of property, plant and equipment and others		(2,410)	(972)
Purchase of intangible assets and construction in progress		(2,029)	(1,879)
Net cash flows from (used in) investing activities		**(3,739)**	**(5,162)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in bank loans		1,814	-
Decrease in bank loans		(1,697)	(12,000)
Increase in bonds		27,097	-
Decrease in bonds		(425)	(3,909)
Increase (decrease) in other obligations		(80)	(21)
Shares subscription and payment		20,358	11,153
Redeemed shares		(10,910)	-
Net income paid		(56,038)	(42,690)
Net cash flows (used in) financing activities		**(19,881)**	**(47,467)**
TOTAL NET CASH FLOW FOR THE PERIOD		**413**	**1,234**
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		**413**	**1,234**
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		**35,113**	**32,995**
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	6	**35,526**	**34,229**

INTEREST OPERATING CASH FLOW	June 2018 MCh$	June 2017 MCh$
Interest and indexation received	110,923	100,059
Interest and indexation paid	(25,275)	(17,381)

NOTE 1 – COMPANY DESCRIPTION

Coopeuch is a legal entity formed by Constitution Law 1 dated October 31, 1967, which was recorded in a public deed dated December 6, 1967. The Ministry of Economic Affairs, Development and Tourism authorized its formation and approved its bylaws in Decree 122 dated January 29, 1968, published in the Official Gazette 26,970 dated February 16, 1968. Its legal address is 1141, Agustinas Street, Santiago, Chile.

Coopeuch is a savings and loans cooperative with an indefinite legal duration. It has its own variable capital and an unlimited number of members. The Cooperative's equity belongs to the members and is divided into capital shares expressed in Chilean pesos.

Its purpose is to perform any transaction permitted by General Cooperative Law and the Regulations applicable to Savings and Loans Cooperatives, together with its members and third parties. To promote cooperative principles and values among its associates and promote their personal and financial well-being.

The Cooperative is subject to supervision and control by the Division of Associativity and Social Economy (hereinafter "DAES") of the Ministry of Economic Affairs, Development and Tourism, and according to Article 87 of General Cooperative Law, those Savings and Loans Cooperatives whose equity exceeds UF 400,000 are also subject to supervision and control by the Superintendency of Banks and Financial Institutions (hereinafter "SBIF") with respect to the financial transactions that fulfill its purpose

The Interim Financial Statements as of and for the period ended June 30, 2018 were approved by its Board of Directors on July 11, 2018.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The SBIF is regulatory body that is empowered to provide accounting standards generally applicable to entities subject to its supervision, in accordance with Article 15 of the General Banking Act. In accordance with its Compendium of Accounting Standards, Savings and Credit Cooperatives must use the accounting criteria provided by that Superintendent and anything that is outside its scope and does not conflict with its instructions, should comply with Generally Accepted Accounting Policies (GAAP), which correspond to the International Financial Reporting Standards agreed by the International Accounting Standards Board (IASB) and adopted by the Chilean Accountants Association A.G. Should any discrepancies arise between these general accepted accounting policies and the criteria issued by the SBIF, the latter shall take precedence.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the following.

- Financial instruments classified as trading are valued at fair value through profit and loss.
- Financial assets available for sale are measured at fair value through equity.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Operating segments

The Cooperative's operating segments are based on the business units that deliver products and services. These are subject to risks and returns that are different from other operating segments. Management has defined that the Person segment is the relevant segment and will separately present it in Consumer, Mortgage and Other products.

(d) Functional and presentation currency

The Cooperative has defined the Chilean peso as its functional currency, as:

- It is the currency of the main economic environment whose competitive forces and regulations fundamentally determine the prices of its financial services.

- It is the currency that fundamentally influences the remuneration and other costs required to provide the Cooperative's services to its members and third parties.

(e) Foreign currency transactions

All balances and transactions denominated in currencies other than the functional currency, are considered "foreign currencies".

Monetary assets and liabilities denominated in foreign currencies, mainly Swiss francs and US dollars, are converted into Chilean pesos at the exchange rates prevailing as of the reporting date. The resulting exchange differences are recognized in the statement of income.

As of June 30, 2018 and December 31, 2017 the Cooperative had balances in Swiss francs converted into Chilean pesos at an exchange rate of Ch$660.23 and Ch$631.21, respectively.

As of June 30, 2018 and 2017 and December 31, 2017 the Cooperative had balances in US dollars converted into Chilean pesos at an exchange rate of Ch$654.35, Ch$663.21 and Ch$615.43 for every US dollar, respectively.

(f) Asset and liability valuation criteria

The criteria for valuing assets and liabilities in the statement of financial position are the following:

<u>(i) Assets and liabilities valued at amortized cost</u>

Amortized cost is the acquisition cost of a financial asset less incremental costs, being the portion systematically recognized in net income on the difference between the initial value and the repayment value at maturity. In the case of financial assets, amortized cost also includes corrections for any impairment that may have occurred.

In the case of financial liabilities, amortization is calculated using the effective interest rate method. The effective interest rate is the discount rate that sets the value of a financial instrument equal to the sum of its estimated cash flows over its remaining useful life.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Assets valued at fair value

Fair value is understood to be the price of a financial instrument at a particular time in a free and voluntary transaction between interested parties, duly informed and independent of each other. Fair value must reflect what the Cooperative would receive or pay to settle the instrument in the market, excluding the costs of sale or transfer.

Fair value is obtained from market prices provided there is a liquid market, and updated price quotes from brokers, stock exchanges or information agencies. If there are no market prices for these instruments, they shall be valued using independently validated and approved models that are regularly reviewed.

Assessment techniques include using market transactions, as well as references to fair value from other financial instruments and discounted cash flows. Therefore, the Cooperative has all of its financial instruments valued at market prices, according to current regulations, and they are correctly presented in the financial statements.

In order to strengthen the consistency and comparability of fair value measurements, the cooperative uses three level of fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1 inputs) and lowest priority to unobservable inputs (Level 3 inputs). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for similar assets or liabilities, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability, for this financial instruments, the fair value is estimated using valuation techniques based on mathematical and statistical valuations models.

(iii) Assets valued at acquisition cost

Acquisition cost is defined as the cost of the transaction to acquire the asset, modified for any impairment losses.

(g) Investment instruments

Investment instruments are classified into two categories: investments held to maturity and instruments available for sale. Investments classified as held to maturity only include those instruments which the Cooperative has the ability and intention to hold until maturity. All other investment instruments are classified as available for sale.

Investments held to maturity are recorded at amortized cost plus accrued interest and indexation, less provisions for impairment when it is greater than the estimated recoverable value.

Investment instruments available for sale are initially recognized at their acquisition cost plus directly attributable transaction costs, and subsequently at their fair value according to market prices or valuations obtained from using models. Unrealized gains or losses arising from changes in fair value are recognized with a charge or credit to equity. When these investments are sold or impaired, the fair value adjustments accumulated in equity are transferred to the statement of income and reported within "Net financial operating income".

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

The interest and indexation on investments held to maturity and instruments available for sale are included under the heading “Interest and indexation income”.

Purchases and sales of investment instruments that must be delivered within time limits defined by the regulations or conventions of that market are recognized on the date the deal is struck, being the date on which the purchase or sale of that asset becomes a commitment.

(h) Trading instruments

Trading instruments are recorded at fair value based on market prices as of each reporting date. Gains or losses that have resulted from adjustments in fair value as well as gains or losses from trading are included in “Net financial operating income” within the statement of income.

Accrued interest and indexation is included under “Net financial operating income” within the statement of income.

All purchases and sales of trading instruments that must be delivered within a period of time established by regulations or market conventions are recognized on the trading date, which is the date on which the purchase or sale of the asset is committed.

(i) Derivative instruments

Derivative instruments are initially recognized at cost including transaction costs in the statement of financial position and subsequently valued at fair value. Fair value is obtained from market quotes, discounted cash flow models and options valuation models, as appropriate. The fair value of derivatives also includes the Credit Valuation Adjustment, so that the fair value of each instrument includes counterparty credit risk.

A derivative contract must be classified by the Cooperative at inception as a derivative instrument for trading or for hedging purposes.

The Cooperative uses cross currency swaps, inflation and currency forwards and UF interest rate swaps as cash flow hedges to protect future cash flows from assets and liabilities exposed to changes in interest, exchange or inflation rates.

Derivative instruments are reported as an asset when their fair value is positive and as a liability when negative under the headings “Other assets” and “Other liabilities”, respectively.

When a derivative hedges the risk of changes in the cash flows of existing assets or liabilities or forecast transactions, the effective portion of changes in the fair value related to the hedged risk is recorded in equity. Any ineffective portion is directly recorded in the statement of income.

If the hedging instrument no longer meets the criteria for cash flow hedge accounting, or it has expired, or been sold, suspended or executed, the hedge is discontinued prospectively. Accumulated gains or losses previously recognized in equity remain there until the forecast transactions occur, at which time they shall be recognized in the statement of income, unless the transaction is not expected to take place, in which case they are recorded immediately in the statement of income.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Customer loans and receivables

Loans are non-derivative financial assets with fixed or defined charges that are not quoted on an active market and that the Cooperative has no intention of selling immediately or in the short term.

They are initially valued at cost plus direct transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Impairment is recognized by creating credit risk provisions. Customer loans and receivables are presented net of any credit risk provisions.

(k) Contingent loans

Contingent loans are all transactions or commitments where the Cooperative assumes a third party credit risk against a future event occurring that requires a payment, which would subsequently be recovered from its customers. This applies to granting guarantees, issuing or confirming letters of credit, issuing performance guarantees, immediately available lines of credit, etc.

Contingent loans are not recorded as assets. However, a provision is recognized for any potential losses, in order to hedge the credit risk. The net gain or loss on creating and releasing this provision is included in "Credit risk provisions" in the statement of income.

Provisions are calculated for contingent loans, as indicated in Chapter G-3 of the Compendium of International Accounting Standards issued by the SBIF. The provision will be a percentage of contingent loans as follows:

Contingent Loan	Provision
Unrestricted lines of credit	35%
Higher education loans (Law 20,027)	15%
Other loan commitments	100%
Other contingent loans	100%

However, if transactions take place with customers with overdue loans, the provision on unrestricted lines of credit shall be 100%.

(l) Credit risk provisions

The provisions to cover the risk of loan losses including contingent loans are calculated and recorded every month, in accordance with the standards issued by the SBIF. Models or methods based on individual and group debtor analysis are used to calculate provisions.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Individual Assessment

An individual debtor assessment is used when the size, complexity or exposure to the Cooperative means that a comprehensive understanding is required.

Naturally, the analysis of such debtors must focus on their ability to meet their credit obligations based on sufficient and reliable information, and must also analyze their loans in terms of collateral, maturity, interest rate, currency, indexation, etc. Models designed on the basis of individual analysis shall use risk categories for debtors and their loans.

Debtors must be classified into normal risk and higher than normal risk categories, when creating provisions.

Debtor Portfolio with Normal Risk

These categories shall include debtors whose payment ability is sufficient to cover their obligations under the agreed conditions. Therefore, this category can only include those debtors whose strength makes it unnecessary to consider loan recovery using guarantees.

This category reflects the payment ability of the debtor, so cannot include members with poor payment performance to Coopeuch or to third parties, or for example are classified in overdue loan portfolios, are regularly overdue, or subject to renegotiation with capitalized interest, even when the loans are fully covered by guarantees.

Debtors will form part of the normal risk portfolio if they had no negative credit information when classified and have not been overdue recently by more than 30 days. They will be classified in categories A and B.

Categories A1 to A3: Debtors with no significant risks are classified in this category when their payment ability would remain sound in the face of unfavorable business, economic or financial circumstances. Classification shall be carried out according to the debtor's relative strength, in accordance with the methods used by the Cooperative.

Category B: Debtors will be classified in this category if their credit rating is sufficient, but their payment ability could deteriorate in the face of adverse economic conditions. The debtor has some flexibility when paying its financial obligations, but this flexibility is variable. This means that its payment ability depends on cyclical fluctuations in the economy or its markets. It must not have significant payment problems in other systems and good payment performance, in particular overdue payments, bounced checks, social security debts, employment violations or taxation fines.

The debtors classified in these categories are subject to the following provision percentages, which will apply to the sum of all their loans and contingent loans:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Category	% Provision
A1	0.0500
A2	0.1952
A3	2.6514
B	7.3645

Debtor Portfolio with Higher Than Normal Risk

This segment contains debtors with insufficient payment ability in the future. The categories in this portfolio are classified by the customer's expected loss on commercial loans and leasing transactions as a whole, quantified according to the methodology used by the financial institution.

Provisions on these loans are calculated using the following percentages associated with the estimated percentage loss range of each debtor:

Classification	Estimated Percentage Loss Range	Provision
C1	Up to 3%	2%
C2	3% to 19%	10%
C3	19% to 29%	25%
C4	29% to 49%	40%
D1	49% to 79%	65%
D2	Over 79%	90%

(ii) Group Assessment

Group loan assessment applies when a large number of small individual transactions are examined. This assessment covers consumer loans, mortgage loans and commercial loans with small companies. Group assessments and the criteria for applying them must be consistent with loan approval policies. Coopeuch uses internal evaluation methods appropriate for each portfolio, to evaluate its loan portfolios. These internal assessment methods use expected loss models that were approved by the Board of Directors.

Portfolios were segmented into homogeneous groups and the default probability (PI) and the loss factor given default (PDI) was determined for each group using technically substantiated estimates, in order to calculate sufficient provisions using the expected loss models to cover the losses associated with member payment behavior. Parameters were estimated by reference to five years' history, to cover any recessive periods and to strengthen parameter estimation, as established in the best regulatory practices on regarding model development. New information and analysis of new parameters relevant to the nature of the product group were incorporated.

Six product groupings were selected:

- Public payroll deduction
- Private payroll deduction
- Direct payment
- Renegotiated loans
- Credit cards
- Commercial loans

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Standard Method for Provisions on Residential Mortgage Loans

The standard provision matrix applies to this segment, as established by the SBIF for financial institutions. This method calculates expected losses using the LTV factor that corresponds to the ratio at the end of each month of the principal amount outstanding on each loan to the value of the corresponding mortgage collateral, as well as the overdue days at the end of the month and the default indicator, as shown in table below:

Provision factor applicable according to overdue and LTV						
LTV = Outstanding Loan/ Collateral Value						
LTV Range	**Overdue Days at Close**	**0**	**1 - 29**	**30 - 59**	**60 - 89**	**Default Portfolio**
LTV ≤ 40%	(PI)%	1.0916	21.3407	46.0536	75.1641	100.0000
	(PDI)%	0.0225	0.0441	0.0482	0.0482	0.0540
	(PE)%	0.0002	0.0094	0.0220	0.0362	0.0540
40% < LTV ≤ 80%	(PI)%	1.9158	27.4332	52.0824	78.9511	100.0000
	(PDI)%	2.1955	2.8233	2.9192	2.9192	3.0410
	(PE)%	0.0421	0.7745	1.5204	2.3047	3.0410
80% < LTV ≤ 90%	(PI)%	2.5150	27.9300	52.5800	79.6952	100.0000
	(PDI)%	21.5527	21.6600	21.9200	22.1331	22.2310
	(PE)%	0.5421	6.0496	11.5255	17.6390	22.2310
LTV > 90%	(PI)%	2.7400	28.4300	58.0800	80.3677	100.0000
	(PDI)%	27.2000	29.0300	29.5900	30.1558	30.2440
	(PE)%	0.7453	8.2532	15.7064	24.2355	30.2440

If a debtor has more than one mortgage loan and one loan is more than 90 days overdue, all of their loans will be assigned to the default portfolio and provisions will be calculated for each loan based on their respective LTV percentages. Loans shall remain in that portfolio until the debtor complies with the conditions to leave, established in the Compendium of International Accounting Standards for cooperatives.

Residential mortgage loans for Chilean State housing programs and subsidies are subject to the same matrix, in the absence of relevant evidence and data regarding the mitigating effect that these may have on the portfolio.

(m) Additional provisions

In accordance with regulations issued by the SBIF, Cooperatives may create additional provisions to those resulting from their portfolio assessment models, in order to safeguard against the risk of unpredictable economic fluctuations that may affect the macroeconomic environment or a specific economic sector.

Provisions created to safeguard the risk of macroeconomic fluctuations should anticipate the reversal of expansionary economic cycles that may translate into deteriorating economic conditions in the future. Thereby functioning as an anti-cyclical mechanism to accumulate additional provisions when the scenario is favorable and to release or allocate specific provisions when conditions deteriorate.

Therefore, additional provisions must always be general provisions on commercial, mortgage or consumer loans, or on identified segments, and they must never be used to offset deficiencies in the models used by the Cooperative.

As of June 30, 2018 and December 31, 2017 the balance of additional provisions amounts to Ch$5,500 million, which are presented in the heading "Provisions" in the statement of financial position.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment

(i) Financial assets

A financial asset is evaluated at each reporting date to determine if there is objective evidence of events that might cause a negative effect on the future value of the asset.

Impairment losses on financial assets valued at amortized cost are calculated as the difference between the book value of the asset and the present value of estimated future cash flows discounted at the effective interest rate.

Impairment losses on financial assets available for sale are calculated by reference to their fair value.

Individually significant financial assets are examined individually to determine their impairment. Remaining financial assets are evaluated collectively in groups that share similar credit risk characteristics.

All impairment losses are taken to net income and any accumulated loss on a financial asset available for sale previously recognized in equity is transferred to the statement of comprehensive income.

An impairment loss can only be reversed if it can be related objectively to an event occurring after the impairment loss was recognized. Any reversals on financial assets recorded at amortized cost or available for sale that are securities are recognized in the statement of comprehensive income. Any reversal on financial assets that are variable income securities is recognized directly in equity.

Coopeuch has not recognized any such losses as of the reporting date.

(ii) Non-financial assets

The book values of the Cooperative`s non-financial assets are reviewed as of each reporting date to check for indications of impairment. If such indications are found, the recoverable amount of the asset is then estimated.

(o) Loan write-offs

Generally, write-offs occur when the contractual rights to cash flows end. Even when this is not the case for a loan, the respective asset balances will be written-off. Write-offs refer to removing the related asset from the statement of financial position, which includes any portion that is not yet due, even if a loan is payable in installments.

Balances are always written-off against credit risk provisions, whatever their cause.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables must be written-off under the following circumstances, based on which happens first:

a) When the Cooperative concludes that it will not obtain any cash flows from the loan recorded in its assets, based on all available information.

b) When debt without an enforceable title reaches 90 days from the day it was recorded in assets.

c) When the statute of limitations has lapsed for suing to collect through summary proceedings or when enforcement is rejected or withdrawn in a final court judgment.

d) When the overdue days reach the write-off term in the table below:

Loan	Term
Consumer loans with or without collateral	6 months
Other transactions without collateral	24 months
Commercial loans with collateral	36 months
Residential mortgage loans	48 months

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

(p) Loan and customer receivables recovered

The recoveries of customer loans and receivables previously written-off are recorded directly in the statement of income and presented as a reduction in credit risk provisions.

(q) Provisions and contingent liabilities

Provisions are liabilities involving uncertainty about their amount or maturity. Provisions are recognized in the statement of financial position when all the following requirements are met:

- A current obligation exists as a result of past events, and at the date of the financial statements it is likely that the Cooperative will disburse resources to settle the obligation, and whose value can be measured in a reliable manner.

- A contingent asset or liability is any right or obligation arisen from past events whose existence will be confirmed only if one or more uncertain future event occurs that are not within the control of the Cooperative.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Interest and indexation income and expenses

Interest and indexation income and expenses are recognized for accounting purposes based on their accrual period and effective rate, which is the discount rate that exactly matches the estimated cash flows receivable, including all commissions and interest paid or received by the parties to the contract as well as transaction costs and any other premium or discount.

The Cooperative suspends the accrual of interest and indexation income on loans if they are included in the impaired portfolio under the circumstances indicated below, in relation to individual or group assessments carried out to create credit risk provisions:

Loans subject to suspension	**Suspended:**
Individual assessment: Loans classified in categories D1 and D2	For simply being in the impaired portfolio.
Individual assessment: Loans classified in categories C1 to C4	For having been in the impaired portfolio for three months.
Group assessment: Any loan, except those with guarantees for at least 80%.	For the loan or one of its installments being six months overdue.

Suspending recognition on an accrual basis means that while loans are in the impaired portfolio, the respective assets included in the statement of financial position will not accrue interest, indexation or commission, and no such income will be recorded unless it is actually received.

Indexation relates primarily to changes to the value of the Unidad de Fomento (UF), whose value is Ch$27,158.77, Ch$26,665.09 and Ch$26,798.14 as of June 30, 2018 and 2017 and December 31, 2017, respectively.

(s) Commission income and expenses

Commission income and expenses are recognized in the statement of comprehensive income under various policies depending on their nature. The most significant criteria are:

- Commission earned from an individual event are recognized once the event has taken place.
- Commission earned from transactions or services provided over a longer period of time are recognized over the life of the transactions or services.
- Commission related to financial assets and liabilities are recognized when collected.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Intangible assets and software

The development costs that are directly attributable to the unique and identifiable software design and testing controlled by Coopech are recognized as intangible assets when the following criteria are met:

- It is technically possible to complete the software so that it is available for use.
- The Administration intends to terminate the software and use or sell it.
- You have the ability to use or sell the software.
- It is demonstrable how the software will generate future economic benefits.
- It has the technical, financial and other resources necessary to complete the development of the software that allows its use or sale.
- The expense related to software development can be measured reliably.

The direct costs that are capitalized as part of the cost of the computer programs include the costs of the employees who make the computer programs and a portion of the corresponding indirect costs.

Capitalized development costs are recorded as intangible assets and are amortized from the moment the asset is ready for use.

The Cooperative's intangible assets as of the reporting date are presented at cost, less accumulated amortization according to their remaining useful lives, less any accumulated impairment losses.

Subsequent disbursements are capitalized when they increase the future economic rewards captured by the corresponding specific asset. All other disbursements, including goodwill and internally generated trademarks, are recognized in the statement of comprehensive income when they occur.

(u) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and any impairment losses. Cost includes expenses attributed directly to the acquisition of the asset.

If part of an item of property, plant and equipment has a different useful life, they are recorded as separate items (important components of property, plant and equipment).

Depreciation is recognized in the statement of comprehensive income based on the straight-line depreciation method over the useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for property, plant and equipment are:

Owned buildings and offices	10 years
Computer equipment	3 years
Furniture	3 years
Machinery and equipment	2 years
Leased office improvements	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Cash flow statement

The cash flow statement indicates changes in cash and cash equivalents arising from operating activities, investing activities and financing activities during the period.

The statement of cash flows has been prepared using the indirect method. This method begins with the Cooperative's net income for the period and incorporates non-monetary transactions, as well as income and expenses associated with cash flows classified as investing or financing activities.

The following definitions have been used to prepare the statement of cash flows:

(i) Cash flows: Receipts and payments of cash and cash equivalents.

(ii) Operating activities: Normal activities, and other activities that are not classified as investing or financing.

(iii) Investing activities: Activities that involve acquiring, selling or otherwise disposing of long-term assets and other investments not included in cash and cash equivalents.

(iv) Financing activities: Activities that bring about changes in the size and composition of equity and liabilities that are not classified as operating or investing.

(w) Leases

The Cooperative is a tenant under operating leases as of each reporting date, where the lease is recognized as an expense on a straight-line basis over the contract duration, which begins when the tenant take physical control of the property.

(x) Tax regime

Article 17 of Decree Law 824 states that cooperatives are exempt from corporation tax, except for the part of net income that corresponds to transactions carried out with natural persons or legal entities who are not members. As a result, the Cooperative does not recognize deferred tax.

Current taxes have been based on the new corporate income tax rates contained in Law 20,780, published on September 29, 2014.

(y) Equity

In accordance with the Compendium of Accounting Standards for Cooperatives (CNC) issued by the SBIF and General Cooperatives Law:

(i) Members contributions are regarded as equity from the time they are received, provided their refund is not enforceable, as in that case they must be recognized as a liability.

(ii) Cooperatives must index the accounts that are used to calculate the value of their shares, in accordance with changes in the value of the Unidad de Fomento and record this indexation in an equity account, whose balance is added to net income for the period to determine the net income or deficit for a period.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Cooperatives must never refund shares unless this is legally, regulatory or statutorily enforceable, and the Cooperative has received capital contributions of at least the value of the refund. Such payments shall be due and payable strictly on the basis of the date on which the circumstance giving rise to them occurs, with preference for collection being given to the dissenting member. The Cooperative shall not directly or indirectly distribute net income or surpluses, or refund member's contributions when subscribing for shares or pay interest on capital, if the effect of such distributions, refunds or payments violates the relevant provisions established by the Board of the Central Bank of Chile.

(z) Estimates in the financial statements

Preparing financial statements in accordance with accounting standards issued by the SBIF requires management to make certain estimates and assumptions that affect assets and liabilities, income and expenses during the reporting periods. Reality may differ from these estimates.

Relevant estimates and assumptions are reviewed regularly by management in order to quantify certain assets, liabilities, income and expenses. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period that is affected.

In particular, information regarding significant estimates and critical judgments in applying accounting policies with a significant effect on the financial statements are described as follows:

1. Useful lives of property, plant and equipment and intangible assets (Notes 11 and 12).
2. Provisions (Note 19).
3. Credit risk provisions (Notes 8, 26 and 33).
4. Fair value of financial assets and liabilities (Note 32).
5. Derivative contracts and accounting hedges (Note 34).

(aa) Seasonal or cyclical nature of transactions in the interim period

Transactions at Coopeuch do not have cyclical or seasonal features, due to the nature of its business. Therefore, no specific disclosures have been included in the notes to the interim financial statements for the period ended June 30, 2018.

(ab) Relative importance

The relative importance of items in the interim financial statements for the period has determined the corresponding disclosed information.

(ac) Reclassifications

There have been no significant reclassifications as of the reporting date.

(ad) New Accounting Pronouncements (IFRS)

A summary of the new standards, interpretations, and improvements to the international accounting standards issued by the International Accounting Standards Board (IASB) is as follows:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Standards, interpretations and amendments that are mandatory for the first time for financial periods beginning on January 1, 2018.

Standard	Description	Mandatory for years starting on:
IFRS 9 "Financial Instruments"	Replaces IAS 39. This includes classification and measurement requirements for financial assets and liabilities and the expected credit losses model that replaces the current impairment loss model. This standard has not yet been approved by the SBIF, which is required for it to apply to these financial statements.	1/1/2018
IFRS 15 "Revenue from Contracts with Customers"	It establishes the principles applicable to information disclosures in financial statements in relation to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Coopeuch has conducted a detailed review of contracts that generate commission income, at the request of the SBIF, in order to determine the impact of adopting IFRS 15 as of September 30, 2017. Such review indicated that this standard has no effect on the financial statements of Coopeuch.	1/1/2018
IFRIC 22 "Transactions in Foreign Currency and Advance Payments"	This Interpretation applies to a foreign currency transaction (or part of it) when an entity recognizes a non-financial asset or liability that arises from the payment or collection of an advance payment before the entity recognizes the related asset, expense or income (or part of it). The adoption of this interpretation does not impact the financial statements of Coopeuch.	1/1/2018
Amendment to IFRS 2 "Share-based Payments"	Clarifies the measurement of share-based payments settled in cash and the accounting of changes to such payments when they are settled with equity instruments. Requires accounting for these awards as if they were fully settled as equity instruments, when the employer is obliged to withhold tax related to share-based payments. This standard does not impact the financial statements of Coopeuch.	1/1/2018
Amendment to IFRS 15 "Revenue from Contracts with Customers"	Introduces clarifications to the guide that identifies performance obligations in contracts with customers, accounting for intellectual property licenses and the evaluation of principal versus agent (gross versus net income presentation). The adoption of this standard does not impact the financial statements of Coopeuch.	1/1/2018
Amendment to IFRS 4 Insurance Contracts", with regard to applying IFRS 9 "Financial Instruments".	Introduces two approaches: (1) Overlay approach, which gives companies that emit insurance contracts the option to recognize in other comprehensive income the volatility that could arise when IFRS 9 is applied under the new insurance contracts standard; and (2) Temporary waiver of IFRS 9, that enables companies whose business is predominantly related to insurance, to optionally waive IFRS 9 until 2021, and continue applying IAS 39. This standard does not impact the financial statements of Coopeuch.	1/1/2018

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Standard	Description	Mandatory for years starting on:
Amendment to IAS 40 “Investment Property”	Clarifies that to transfer a property to or from investment properties, there must be a change in use, for which there must be an assessment (supported by evidence) of whether the property meets the definition. This standard does not impact the financial statements of Coopeuch.	1/1/2018
Amendment to IFRS 1 “First-time Adoption of IFRS”	Suspending short-term exceptions for first time adopters with respect to IFRS 7, IAS 19 and IFRS 10. The adoption of this standard does not impact the financial statements of Coopeuch.	1/1/2018
Amendment to IAS 28 “Investments in Associates and Joint Ventures”	Related to the measurement of the associate or joint venture at fair value. This standard does not impact the financial statements of Coopeuch.	1/1/2018

iii. Standards, interpretations and amendments issued, but not yet mandatory and which have not been adopted early.

Standard	Description	Mandatory for years starting on:
IFRS 16 "Leases"	This standard establishes principles for the recognition, measurement, presentation and disclosure of leases. Coopeuch has conducted a detailed review of rights contracts, at the request of the SBIF, in order to determine the impact of adopting IFRS 16 as of September 30, 2017. The effect of applying this standard is to recognize an asset and a liability amounting MCh$ 34,975, equivalent to 2.25% of the Cooperative’s total assets.	1/1/2019
IFRS 17 “Insurance Contracts"	This standard will change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features. This standard does not impact the financial statements of Coopeuch.	1/1/2021
IFRIC 23 "Uncertainty over Income Tax Treatments".	This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding income tax treatment. The adoption of this interpretation does not impact the financial statements of Coopeuch.	1/1/2019
Amendment to IFRS 9 "Financial Instruments”.	The amendment allows more assets to be valued at amortized cost than the previous version of IFRS 9. This standard has not yet been approved by the SBIF, which is required for it to apply to these financial statements.	1/1/2019
Amendment to IAS 28 “Investments in Associates and Joint Ventures”.	This amendment clarifies that companies that account for long-term interests in an associate or joint venture, where the equity method is not applied - should use IFRS 9. This standard does not significantly impact the financial statements of Coopeuch.	1/1/2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Standard	Description	Mandatory for years starting on:
IFRS 3 "Business Combinations"	The acquirer should revalue its previous interest in the joint operation at fair value on the acquisition date. This standard does not significantly impact the financial statements of Coopeuch.	1/1/2019
Amendment to IFRS 11 "Joint Arrangements"	The entity that gains joint control of a joint operation company must not revalue its previous interest in the joint operation. This standard does not significantly impact the financial statements of Coopeuch.	1/1/2019
Amendment to IAS 12 "Income Tax"	The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity must be recognized according to where the transactions or past events that generated those distributable profits were recognized. This amendment does not significantly impact the financial statements of Coopeuch.	1/1/2019
Amendment to IAS 23 "Borrowing Costs"	The amendment clarifies that if a specific loan remains outstanding after the qualifying asset is ready for its intended use or sale, that loan becomes part of general loans. This amendment does not significantly impact the financial statements of Coopeuch.	1/1/2019
Amendment to IAS 19 "Benefits to employees"	Published in February 2018. The amendment requires entities to use updated assumptions to determine the current service cost and net interest for the remainder of the period after a modification, reduction or liquidation of the plan; and recognize in profit or loss as part of the cost of the past service, or a profit or loss in the settlement, any reduction in a surplus, even if that surplus was not previously recognized because it did not exceed the upper limit of the asset.	1/1/2019
IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures".	The following was issued by the IASB and although this was scheduled for obligatory application in 2016, it changed its position and the application date is still undefined. The amendment recognizes a full gain or a loss when the transaction involves a business (whether or not in a subsidiary) and a partial gain or loss when the transaction involves assets that do not constitute a business, even if these assets are in a subsidiary. This amendment does not impact the financial statements of Coopeuch.	Undetermined

Except for the impact relating to IFRS 16, Management believes that adopting these standards, amendments and interpretations in the future will have no significant impact on the Cooperative's financial statements when they are first applied.

NOTE 3 – ACCOUNTING CHANGES

During the six month period ended June 30, 2018, no significant accounting changes have occurred that affect the presentation of these interim financial statements.

NOTE 4 - MATERIAL EVENTS

a) Board of Directors

The fifty-second Coopeuch General Members Meeting was held on April 28, 2018, and in accordance with the Cooperative's bylaws, Miss Siria Jeldes Chang and Mr. Pedro del Campo Toledo were elected as Directors.

An Extraordinary Board Meeting was held on May 9, 2018, which appointed the Board of Directors for 2018-2019, as follows:

President	: Siria Jeldes Chang
Vice President	: Andrés Reinstein Alvarez
Secretary	: Edith Sanchez Meza
Counselor	: Carlos González Cáceres
Counselor	: Erik Haindl Rondanelli
Counselor	: Sergio Zúñiga Astudillo
Counselor	: Pedro del Campo Toledo

b) Bond placement:

A bond was placed in the local market on March 28, 2018 of UF 1,000,000, with a five-year term, at an annual emission rate of 2.0%, in line with the Cooperative's financial plan.

c) Change in the credit risk model:

In January 2018 a new model of expected loss was implemented, which affected all the operations belonging to an agreement and ex-agreement of a non-renegotiated public scope. The implementation of this new model generated a release in provisions of MCh $ 3,783 with an effect on the Results for the 2018 fiscal year.

NOTE 5 - SEGMENT REPORTING

The Cooperative will disclose information about segments in the extent that specific quantitative parameters defined in IFRS 8 are met, for example:

- That income for each segment represents 10% or more of total annual income.
- That net income for each segment is 10% or more of either total net income for all operating segments that did not report a net loss, or total net loss for all the operating segments that reported a loss, whichever is greater.
- That total segment assets represent 10% or more of all assets.

The **"persons"** segment is the only operating segment of the entity, according to the definitions and criteria listed in Note 2 (c), the current composition of products offered by the Cooperative, and the management information that is regularly presented to the Board of Directors.

Assets for the persons segment as of June 30, 2018 and December 31, 2017, and broken down by consumer, mortgage and other loan products are as follows.

The criteria for distributing assets, liabilities and net income between each product is the percentage share of consumer, mortgage and other loans over total loans. These percentages correspond to 70.62% and 27.62% respectively for June 2018, and for December 2017 69.79% and 28.30% respectively.

NOTE 5 - SEGMENT REPORTING (continued)

Statement of financial position, Persons Segment, as of June 30, 2018

	Consumer Loans MCh$	Mortgage Loans MCh$	Other Loans MCh$	Total MCh$
ASSETS				
Cash and bank balances	25,090	9,811	625	35,526
Traded instruments	2,098	820	53	2,971
Customer loans and receivables	964,028	376,968	24,010	1,365,006
Investment instruments held for sale	83,085	32,489	2,068	117,642
Investments in companies	-	-	28	28
Intangible assets	3,437	1,344	87	4,868
Property, plant and equipment	7,380	2,886	185	10,451
Current tax liabilities	112	44	3	159
Other assets	19,519	7,633	486	27,638
TOTAL ASSETS	**1,104,749**	**431,995**	**27,545**	**1,564,289**
LIABILITIES				
Current accounts and other demand deposits	16,197	6,334	403	22,934
Savings accounts and other term deposits	459,586	179,714	11,447	650,747
Loans received	6,936	2,712	173	9,821
Debt instruments issued	253,118	98,978	6,304	358,400
Current tax liabilities	520	203	13	736
Provisions	35,939	14,054	895	50,888
Other liabilities	21,998	8,602	548	31,148
TOTAL LIABILITIES	**794,294**	**310,597**	**19,783**	**1,124,674**
EQUITY				
Capital and reserves	-	-	-	479,092
Less:				
Share indexation	-	-	-	(4,298)
Interest provision on share capital and earnings	-	-	-	(35,179)
TOTAL EQUITY	**-**	**-**	**-**	**439,615**
TOTAL LIABILITIES AND EQUITY	**794,294**	**310,597**	**19,783**	**1,564,289**

NOTE 5 - SEGMENT REPORTING (continued)

Statement of income, Persons Segment, for the period ended June 30, 2018

NET INCOME	Consumer Loans MCh$	Mortgage Loans MCh$	Other Loans MCh$	Total MCh$
Interest and indexation income	85,752	33,532	2,134	121,418
Interest and indexation expense	(19,924)	(7,791)	(496)	(28,211)
Net commission income	7,703	3,012	192	10,907
Commission expenses	(1,480)	(579)	(37)	(2,096)
Net financial operating income	(247)	(96)	(6)	(349)
Other operating income	575	225	14	814
Total Operating Income	**72,379**	**28,303**	**1,801**	**102,483**
Credit risk provisions	(5,723)	(2,238)	(143)	(8,104)
OPERATING INCOME, NET OF CREDIT RISK PROVISIONS	**66,656**	**26,065**	**1,658**	**94,379**
Staff remuneration and expenses	-	-	-	(27,597)
Administrative expenses	-	-	-	(21,219)
Depreciation, amortization and impairment				(3,607)
Other operating expenses	-	-	-	(1,783)
Total operating expenses	**-**	**-**	**-**	**(54,206)**
Net income before tax	**66,656**	**26,065**	**1,658**	**40,173**
Income tax expense	-	-	-	(696)
Net income for the period	**66,656**	**26,065**	**1,658**	**39,477**

NOTE 5 - SEGMENT REPORTING (continued)

Statement of financial position, Persons Segment, as of December 31, 2017

	Consumer Loans MCh$	Mortgage Loans MCh$	Other Loans MCh$	Total MCh$
ASSETS				
Cash and bank balances	24,505	9,937	671	35,113
Traded instruments	3,489	1,415	96	5,000
Customer loans and receivables	911,804	369,718	24,965	1,306,487
Investment instruments held for sale	80,161	32,503	2,194	114,858
Investments in companies	-	-	28	28
Intangible assets	3,769	1,529	104	5,402
Property, plant and equipment	6,340	2,571	173	9,084
Current tax liabilities	84	34	3	121
Other assets	10,730	4,351	294	15,375
TOTAL ASSETS	**1,040,882**	**422,058**	**28,528**	**1,491,468**
LIABILITIES				
Current accounts and other demand deposits	13,818	5,603	378	19,799
Savings accounts and other term deposits	424,948	172,308	11,635	608,891
Loans received	6,828	2,769	187	9,784
Debt instruments issued	229,233	92,949	6,276	328,458
Current tax liabilities	810	329	22	1,161
Provisions	50,014	20,279	1,369	71,662
Other liabilities	18,680	7,575	511	26,766
TOTAL LIABILITIES	**744,331**	**301,812**	**20,378**	**1,066,521**
EQUITY				
Capital and reserves	-	-	-	485,862
Less:				
Share indexation	-	-	-	(5,179)
Interest provision on share capital and earnings	-	-	-	(55,736)
TOTAL EQUITY	-	-	-	**424,947**
TOTAL LIABILITIES AND EQUITY	**743,159**	**301,336**	**22,026**	**1,491,468**

NOTE 5 - SEGMENT REPORTING (continued)

Statement of income, Persons Segment, for the period ended June 30, 2017

NET INCOME	Consumer Loans MCh$	Mortgage Loans MCh$	Other Loans MCh$	Total MCh$
Interest and indexation income	74,827	30,341	2,041	107,209
Interest and indexation expense	(13,211)	(5,357)	(361)	(18,929)
Net commission income	6,547	2,655	179	9,381
Commission expenses	(812)	(329)	(23)	(1,164)
Net financial operating income	101	41	4	146
Other operating income	161	65	13	239
Total Operating Income	**67,613**	**27,416**	**1,853**	**96,882**
Credit risk provisions	(10,739)	(4,354)	(294)	(15,387)
OPERATING INCOME, NET OF CREDIT RISK PROVISIONS	**56,874**	**23,062**	**1,559**	**81,495**
Staff remuneration and expenses	-	-	-	(24,931)
Administrative expenses	-	-	-	(19,720)
Depreciation, amortization and impairment				(2,614)
Other operating expenses	-	-	-	(1,225)
Total operating expenses	**-**	**-**	**-**	**(48,490)**
Net income before tax	**56,874**	**23,062**	**1,559**	**33,005**
Income tax expense	-	-	-	(509)
Net income for the period	**56,874**	**23,062**	**1,559**	**32,496**

NOTE 6 - CASH AND BANK BALANCES

Cash and bank balances as of the reporting dates are the following:

Cash and bank balances	Jun-18 MCh$	Dec-17 MCh$
Bank balances (*)	30,155	30,917
Deposits in process (**)	3,415	2,685
Bank deposits	33,570	33,602
Cash	1,956	1,511
Total	**35,526**	**35,113**

(*) These are checking accounts in US dollars as of June 30, 2018 and December 31, 2017.

(**) These are documents deposited with banks, but subject to retention.

NOTE 7 - TRADING INSTRUMENTS

Investments designated as traded financial instruments as of the reporting dates are the following:

	Jun-18	Dec-17
	MCh$	MCh$
Term deposits from financial institutions	2,971	-
Mutual fund investments (*)		
Banchile capital P series	-	5,000
Total	**2,971**	**5,000**

(*) These mutual funds fall under the category of "Short-term debt with a duration is less than or equal to 90 days".

NOTE 8 - CUSTOMER LOANS AND RECEIVABLES

a) The portfolio of customer loans and receivables as of June 30, 2018 and December 31, 2017 is as follows:

	ASSETS BEFORE PROVISIONS			PROVISIONS			
As of June 30, 2018	**Normal Portfolio**	**Impaired Portfolio**	**Total**	**Individual provisions**	**Group provisions**	**Total**	**Net assets**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Commercial loans:							
Commercial loans	15,295	4,596	19,891	1,798	314	2,112	17,779
Loans with CORFO financing or guarantee	5,433	1,201	6,634	312	502	814	5,820
Student loans with CORFO guarantee	76	4	80	-	4	4	76
Other loans for higher education	342	2	344	-	9	9	335
Subtotal	**21,146**	**5,803**	**26,949**	**2,110**	**829**	**2,939**	**24,010**
Mortgage loans:							
Other mortgage loans	339,120	43,863	382,983	-	6,014	6,014	376,969
Subtotal	**339,120**	**43,863**	**382,983**	**-**	**6,014**	**6,014**	**376,969**
Consumer loans:							
Repayable in installments by direct payment	86,243	31,847	118,090	-	27,619	27,619	90,471
Repayable in installments through payroll deductions	860,810	21,542	882,352	-	25,036	25,036	857,316
Credit card loans	16,511	981	17,492	-	1,252	1,252	16,240
Subtotal	**963,564**	**54,370**	**1,017,934**	**-**	**53,907**	**53,907**	**964,027**
Total	**1,323,830**	**104,036**	**1,427,866**	**2,110**	**60,750**	**62,860**	**1,365,006**

NOTE 8 - CUSTOMER LOANS AND RECEIVABLES (continued)

As of December 31, 2017	ASSETS BEFORE PROVISIONS			PROVISIONS			
	Normal Portfolio	Impaired Portfolio	Total	Individual provisions	Group provisions	Total	Net assets
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans:							
Commercial loans	16,093	4,805	20,898	1,966	454	2,420	18,478
Loans with CORFO financing or guarantee	5,816	1,001	6,817	235	562	797	6,020
Student loans with CORFO guarantee	91	3	94	-	4	4	90
Other loans for higher education	390	-	390	-	13	13	377
Subtotal	**22,390**	**5,809**	**28,199**	**2,201**	**1,033**	**3,234**	**24,965**
Mortgage loans:							
Other mortgage loans	331,825	44,272	376,097	-	6,379	6,379	369,718
Subtotal	**331,825**	**44,272**	**376,097**	**-**	**6,379**	**6,379**	**369,718**
Consumer loans:							
Repayable in installments by direct payment	90,569	34,608	125,177	-	29,678	29,678	95,499
Repayable in installments through payroll deductions	807,032	22,841	829,873	-	28,381	28,381	801,492
Credit card loans	15,115	874	15,989	-	1,176	1,176	14,813
Subtotal	**912,716**	**58,323**	**971,039**	**-**	**59,235**	**59,235**	**911,804**
Total	**1,266,931**	**108,404**	**1,375,335**	**2,201**	**66,647**	**68,848**	**1,306,487**

NOTE 8 - CUSTOMER LOANS AND RECEIVABLES (continued)

b) Credit risk provisions.

Movements in credit risk provisions for the six months ended June 30, 2018 and the year ended December 31, 2017 periods are as follows:

	Individual provisions MCh$	Group provisions MCh$	TOTAL MCh$
Balances as of January 1, 2018	**2,201**	**66,647**	**68,848**
Portfolio write-offs			
Commercial loans	(100)	(211)	(311)
Mortgage loans	-	(340)	(340)
Consumer loans	-	(21,801)	(21,801)
Total write-offs	**(100)**	**(22,352)**	**(22,452)**
New provisions	158	18,834	18,992
Provisions released	(149)	(2,379)	(2,528)
Balances as of June 30, 2018	**2,110**	**60,750**	**62,860**

	Individual provisions MCh$	Group provisions MCh$	TOTAL MCh$
Balances as of January 1, 2017	**1,014**	**67,477**	**68,491**
Portfolio write-offs			
Commercial loans	(21)	(431)	(452)
Mortgage loans	-	(229)	(229)
Consumer loans	-	(49,904)	(49,904)
Total write-offs	**(21)**	**(50,564)**	**(50,585)**
New provisions	1,494	53,740	55,234
Provisions released	(286)	(4,006)	(4,292)
Balances as of December 31, 2017	**2,201**	**66,647**	**68,848**

In addition to these credit risk provisions, the Board have established additional provisions, which are presented within liabilities under the heading “Provisions” (Note 19).

NOTE 9 - INVESTMENT INSTRUMENTS AVAILABLE FOR SALE

Investments instruments designated as available for sale as of June 30, 2018 and December 31, 2017 are as follows:

	Jun-18 MCh$	Dec-17 MCh$
Investments quoted on active State and Central Bank markets:		
Chilean Central Bank instruments	42,425	41,164
Chilean Treasury instruments	75,219	76,694
Total	**117,644**	**114,858**

As of June 30, 2018, the portfolio of instruments available for sale includes an accumulated unrealized loss of MCh$ 498 (accumulated unrealized gain of MCh$ (528) as of December 31, 2017) recorded as a revaluation adjustment in equity.

During 2018 and 2017, there was no evidence that instruments available for sale were impaired.

Realized gains and losses are calculated using the sales minus the costs procedure (specific identification method) for investments identified as for sale. Any unrealized gains or losses previously recognized in the equity value of these investments are reversed through the statement of income.

As of June 30, 2018 and December 31, 2017, the Cooperative does not have any investment instruments held to maturity.

NOTE 10 - INVESTMENTS IN COMPANIES

As of June 30, 2018 and December 31, 2017, the Cooperative holds shares in Empresas de Servicios Enel and CTC. There acquisition is associated with contracted services valued at market value of MCh$28.

NOTE 11 – INTANGIBLE ASSETS

(a) As of June 30, 2018 and December 31, 2017, intangible assets are as follows:

	Useful life in months	Remaining amortization in months	Gross balance MCh$	Accumulated amortization MCh$	Net balance MCh$
Internal technology projects	48	27	7,697	(4,717)	2,980
Acquired technology licenses	24	6	10,477	(8,589)	1,888
Balances as of June 30, 2018			18,174	(13,306)	4,868

	Useful life in months	Remaining amortization in months	Gross balance MCh$	Accumulated amortization MCh$	Net balance MCh$
Internal technology projects	48	30	7,176	(4,156)	3,020
Acquired technology licenses	24	9	8,922	(6,540)	2,382
Balances as of December 31, 2017			16,098	(10,696)	5,402

NOTE 11 – INTANGIBLE ASSETS (continued)

(b) Movements between January and June 2018 and between January and December 2017 were as follows:

	2018		
	Projects	Licenses	Total
Gross Balance	MCh$	MCh$	MCh$
Balance as of January 1, 2018	7,176	8,922	16,098
Acquisition	521	1,555	2,076
Disposals / write-offs	-	-	-
Total	7,697	10,477	18,174
Accumulated Amortization			
Balances as of January 1, 2018	(4,156)	(6,540)	(10,696)
Amortization for the period	(561)	(2,049)	(2,610)
Disposals / write-offs	-	-	-
Total	(4,717)	(8,589)	(13,306)
Balances as of June 30, 2018	**2,980**	**1,888**	**4,868**

	2017		
	Projects	Licenses	Total
Gross Balance	MCh$	MCh$	MCh$
Balance as of January 1, 2017	6,230	6,407	12,637
Acquisition	946	2,515	3,461
Disposals / write-offs	-	-	-
Total	7,176	8,922	16,098
Accumulated Amortization			
Balances as of January 1, 2017	(3,074)	(3,698)	(6,772)
Amortization for the period	(1,082)	(2,842)	(3,924)
Disposals / write-offs	-	-	-
Total	(4,156)	(6,540)	(10,696)
Balances as of December 31, 2017	**3,020**	**2,382**	**5,402**

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

a) As of June 30, 2018 and December 31, 2017, property, plant and equipment is as follows:

	Gross Balance		Accumulated Amortization		Net Assets	
	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Leasehold remodeling	8,250	6,446	(2,032)	(1,478)	6,218	4,968
Furniture	2,966	2,873	(2,030)	(1,931)	936	942
Machinery and equipment	1,377	1,242	(1,067)	(1,014)	310	228
Facilities	745	706	(641)	(618)	104	88
Computer equipment	4,990	4,656	(3,184)	(2,907)	1,806	1,749
Buildings	1,234	1,235	(645)	(611)	590	624
Land	485	485	-	-	485	485
Total	**20,047**	**17,643**	**(9,599)**	**(8,559)**	**10,449**	**9,084**

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (continued)

b) Movements in property, plant and equipment between January 1 and June 30, 2018, and between January 1 and December 31, 2017 are as follows:

For the period ended June 30, 2018	Leasehold remodeling	Furniture	Machinery and equipment	Facilities	Computer equipment	Buildings	Land	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balances as of January 1, 2018	6,446	2,872	1,241	706	4,655	1,234	485	17,638
Additions	1,804	94	136	39	335	-	-	2,409
Disposals	-	-	-	-	-	-	-	-
Subtotal	**8,250**	**2,966**	**1,377**	**745**	**4,990**	**1,234**	**485**	**20,047**
Accumulated depreciation as of January 1, 2018	(1,478)	(1,930)	(1,011)	(618)	(2,907)	(611)	-	(8,554)
Disposals	-	-	-	-	-	-	-	-
Depreciation	(554)	(100)	(56)	(22)	(277)	(34)	-	(1,044)
Subtotal	**(2,032)**	**(2,030)**	**(1,067)**	**(640)**	**(3,184)**	**(645)**	**-**	**(9,599)**
TOTAL	**6,218**	**936**	**310**	**105**	**1,806**	**589**	**485**	**10,449**

For the period ended December 31, 2017	Leasehold remodeling	Furniture	Machinery and equipment	Facilities	Computer equipment	Buildings	Land	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balances as of January 1, 2017	5,140	2,368	1,133	687	4,291	1,419	631	15,669
Additions	1,306	505	109	19	749	-	-	2,688
Disposals	-	-	-	-	(384)	(184)	(146)	(714)
Subtotal	**6,446**	**2,873**	**1,242**	**706**	**4,656**	**1,235**	**485**	**17,643**
Accumulated depreciation as of January 1, 2017	(816)	(1,778)	(930)	(587)	(2,468)	(620)	-	(7,199)
Disposals	-	-	-	-	186	90	-	276
Depreciation for the period	(662)	(153)	(84)	(31)	(625)	(81)	-	(1,636)
Subtotal	**(1,478)**	**(1,931)**	**(1,014)**	**(618)**	**(2,907)**	**(611)**	**-**	**(8,559)**
TOTAL	**4,968**	**942**	**228**	**88**	**1,749**	**624**	**485**	**9,084**

c) As of June 30, 2018 and December 31, 2017, the Cooperative has operating lease contracts that cannot be terminated unilaterally. Information on future payments is as follows:

Period	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	MCh$	MCh$	MCh$	MCh$	MCh$
2018	5,510	9,385	5,963	15,870	**36,728**
2017	5,512	9,844	6,884	16,755	**38,995**

These are operating lease contracts, the leased assets are not presented in the statement of financial position in accordance with IAS 17. They have an average term of 5 years and there are no restrictions on the tenant.

NOTE 13 - TAX ASSETS, LIABILITIES AND EXPENSE

As of June 30, 2018 and December 31, 2017, the Cooperative has recognized tax credit assets and corporate income tax provisions as follows.

	Jun-18	Dec-17
Assets	**MCh$**	**MCh$**
Tax credits	159	121
Liabilities		
Income tax provision	(736)	(1,161)
Net total	**(577)**	**(1,040)**

Income tax expense

	Jun-18	Jun-17
Expense	**MCh$**	**MCh$**
Income tax expense	(696)	(509)
Income tax expense	**(696)**	**(509)**

NOTE 14 - OTHER ASSETS

As of June 30, 2018 and December 31, 2017, other assets are as follows:

	Jun-18	Dec-17
Other Assets	**MCh$**	**MCh$**
Prepaid expenses and payments (*)	11,165	549
Guarantee for revaluing derivatives (**)	4,431	4,674
Insurance brokerage receivables	4,245	4,830
Accounting hedges and derivatives (***)	4,038	1,040
Supplier invoices for processing	741	732
Pending receivable transactions	673	549
MINVU Benefits (****)	661	411
Assets received in lieu of payment	595	459
Prepayments on property, plant and equipment	374	1,320
Lease guarantees	350	343
Others	179	113
Agreed receivables	186	355
Total	**27,638**	**15,375**

(*) Payment of MCh$10,400 in term deposits due on July 3, which by contractual provision must be available to the Central Securities Depository of Chile (DCV for its acronym in Spanish) one business day before.

(**) USD 6,760,000 provided as collateral as of June 30, 2018 (USD 7,590,000 as of December 31, 2017), to comply with the conditions in the cash flow accounting hedge contract for the bond issued in Switzerland of CHF 125,000,000.

(***) The positive effects of derivative revaluations. The net effect of MCh$(2,012) as of June 30, 2018 presented in Note 34 "Derivative Instruments and Accounting Hedges" (MCh$(4,032) as of December 31, 2017), involves MCh$(6,050) as of June 30, 2018 (MCh$(5,072) as of December 31, 2017) for the negative effects recorded in other liabilities, as described in Note 20.

(****) MINVU: Ministry of Housing and Urbanism of Chile.

NOTE 15 - CURRENT ACCOUNTS AND OTHER DEMAND DEPOSITS

As of June 30, 2018 and December 31, 2017, these are as follows:

	Jun-18 MCh$	Dec-17 MCh$
Member's demand deposits	3,451	2,308
Expired term deposits	817	781
Other demand obligations	18,666	16,710
Total	**22,934**	**19,799**

NOTE 16 - SAVINGS ACCOUNTS AND OTHER TERM DEPOSITS

As of June 30, 2018 and December 31, 2017, these are as follows:

	Jun-18 MCh$	Dec-17 MCh$
Member's term deposits	154,915	129,753
Third party term deposits	142,021	148,683
Member's term savings accounts	177,152	161,563
Third party term savings accounts	176,659	168,892
Total	**650,747**	**608,891**

NOTE 17 - BORROWINGS RECEIVED

a) As of June 30, 2018 and December 31, 2017, borrowings received are as follows:

	Jun-18 MCh$	Dec-17 MCh$
Chilean Banks		
Banco Estado	9,030	8,913
Subtotal	**9,030**	**8,913**
Other obligations		
Credit card obligations	723	794
CORFO loan	68	77
Subtotal	**791**	**871**
Total	**9,821**	**9,784**

NOTE 17 - BORROWINGS RECEIVED (continued)

b) The obligations to Chilean banks are as follows:

As of June 30, 2018

Financial Entity	Start Date	End Date	Currency	Annual Rate	Term	Amount MCh$
Banco Estado	10/29/2015	10/29/2020	CLP	5.63%	5 years	7,065
Banco Estado	06/21/2018	12/18/2018	USD	2.78%	6 months	1,965
					Total	**9,030**

For the period ended December 31, 2017

Financial Entity	Start Date	End Date	Currency	Annual Rate	Years	Amount MCh$
Banco Estado	10/29/2015	10/29/2020	CLP	5.63%	5 years	7,066
Banco Estado	12/29/2017	6/27/2018	USD	2.23%	6 months	1,847
					Total	**8,913**

NOTE 18 - DEBT INSTRUMENTS ISSUED

a) Movements in debt instruments for the periods ended June 30, 2018 and December 31, 2017, are as follows:

	Jun-18 MCh$	Dec-17 MCh$
Debt instruments issued		
Current bonds	358,400	328,458
Total	358,400	328,458

b) Current bonds are detailed as follows:

As of June 30, 2018

Series	Amount MCh$	Original term	Annual interest rate	Issue date	Maturity date	Currency
BCOOB20609	53,661	20 years	4.60%	6/1/2009	6/1/2029	UF
BCOO-C0713	43,138	21 years	3.85%	7/10/2013	7/10/2034	UF
BCOOD20514	70,811	25 years	3.80%	5/5/2014	5/5/2039	UF
BCOOE20315	82,030	25 years	3.50%	3/1/2015	3/1/2040	UF
BCOOF20318	27,420	5 years	1.95%	3/28/2018	3/15/2023	UF
CH0383104376 (*)	81,340	4 years	1.05%	9/27/2017	10/15/2021	CHF
Total	**358,400**					

(*) Issued in Switzerland, the other bonds were issued on the Chilean market.

NOTE 18 - DEBT INSTRUMENTS ISSUED (continued)

As of December 31, 2017

Series	Amount MCh$	Original term	Annual interest rate	Issue date	Maturity date	Currency
BCOOB20609	54,783	20 years	4.60%	6/1/2009	6/1/2029	UF
BCOOC0713	43,836	21 years	3.85%	7/10/2013	7/10/2034	UF
BCOOD20514	71,541	25 years	3.80%	5/5/2014	5/5/2039	UF
BCOOE20315	80,948	25 years	3.50%	3/1/2015	3/1/2040	UF
CH0383104376 (*)	77,350	4 years	1.05%	9/27/2017	10/15/2021	CHF
Total	**328,458**					

NOTE 19 – PROVISIONS

a) As of June 30, 2018 and December 31, 2017, these are as follows:

	Jun-18 MCh$	Dec-17 MCh$
Current period net income provisions (1)	35,179	55,736
Staff remuneration and benefits provisions	5,188	5,596
Additional loan provisions (2)	5,500	5,500
Insurance premium refund provisions (3)	4,139	4,022
Contingent credit risk provisions (4)	882	808
Total	**50,888**	**71,662**

1) Provision to distribute net income to members of the Cooperative.
2) Additional provisions indicated by portfolio assessment models, as described in Note 2 (q) "Significant accounting policies".
3) Provisions for commission refunds on insurance premiums associated with consumer loans.
4) Provisions established by the SBIF unrestricted credit cards.

b) Movements in provisions during 2018 and 2017 are as follows:

	Prior period net income MCh$	Current period net income MCh$	Staff remuneration and benefits MCh$	Additional on loan portfolio MCh$	Insurance premium refunds MCh$	Contingent credit risk MCh$
Balances as of January 1, 2017	42,690	-	5,925	2,500	3,940	380
Provisions used	(42,690)	-	-	-	(108)	532
New provisions	-	55,736	1,631	3,000	190	-
Provisions released	-	-	(1,960)	-	-	(104)
Balances as of December 31, 2017	**-**	**55,736**	**5,596**	**5,500**	**4,022**	**808**
Provisions used	-	(55,736)	(1,083)	-	-	-
New provisions	55,736	35,179	675	-	117	247
Provisions released	(55,736)	-	-	-	-	(173)
Balances as of June 30, 2018	**-**	**35,179**	**5,188**	**5,500**	**4,139**	**882**

NOTE 19 – PROVISIONS (continued)

c) Staff remuneration and benefits provisions

	Jun-18 MCh$	Dec-17 MCh$
Staff vacation provisions (1)	2,164	2,495
Staff severance indemnity provisions (2)	1,858	2,040
Other staff benefit provisions (3)	1,166	1,061
Total	**5,188**	**5,596**

1) Short-term benefit established by law.

2) Severance indemnities that the Cooperative must pay to employees, valued using the projected unit credit method, based on the staff turnover rate, the expected growth in wages, and the probability that this benefit will be used, discounted at the current rate for long-term transactions, in accordance with International Accounting Standard 19 (IAS 19) Employee Benefits.

3) Staff benefit of a bonus for continuity of service, paid every 5 years from year 10 onwards. This obligation is calculated using job rotation, mortality rates and retirement ages, discounted at the prevailing rate for long-term transactions, in accordance with International Accounting Standard 19 (IAS 19) Employee Benefits.

c.i) Movements in staff vacation provisions	Jun-18 MCh$	Dec-17 MCh$
Balance as of January 1	2,495	2,291
New provisions	377	2,481
Provisions used	(708)	(2,277)
Total	**2,164**	**2,495**

c.ii) Movement in severance indemnities provisions	Jun-18 MCh$	Dec-17 MCh$
Balance as of January 1	2,040	2,729
New provisions	103	619
Provisions used	(285)	(1,308)
Total	**1,858**	**2,040**

c.iii) Other staff benefit provisions	Jun-18 MCh$	Dec-17 MCh$
Balance as of January 1	1,061	905
New provisions	195	274
Provisions used	(90)	(118)
Total	**1,166**	**1,061**

NOTE 20 – OTHER LIABILITIES

As of June 30, 2018 and December 31, 2017, these are as follows:

	Jun-18 MCh$	Dec-17 MCh$
Payables	15,786	13,717
Derivatives financial instruments (*)	6,050	5,072
Insurance premiums payable	4,645	4,494
Remuneration payable	1,654	1,760
Miscellaneous payables	1,192	131
Supplier invoices for processing	741	732
Expense provision	414	430
Agreed payables	291	263
Taxes payable	199	89
Pending payable transactions	173	73
Other liabilities	3	5
Total	**31,148**	**26,766**

(*) See explanation in Note 14, Other Assets.

NOTE 21 – EQUITY

a) Reserves:

Law 20,881 was published on January 6, 2016, which amended General Cooperative Law. It eliminated the obligation to increase the Legal Reserve using part of net income for the year, for Savings and Loans Cooperatives supervised by the Superintendency of Banks and Financial Institutions, among other issues. Prior to this amendment, Article 38 of General Cooperative Law stipulated that no less than 20% of the net income for the period should be used to increase the legal reserve.

b) Net income paid:

The General Members Meeting held on April 28, 2018 agreed to distribute to the Cooperative's members all the net income for 2017 of MCh$ 55,736.

NOTE 21 – EQUITY (continued)

c) Number of shares:

As of June 30, 2018 the Cooperative's share capital is MCh$322,520 (MCh$313,008 as of December 31, 2017), which is represented by 1,254,940,410 shares, at a value of Ch$257 each.

	Number of shares	
Movement	**Jun-2018**	**Dec-2017**
Opening balance	1,217,930,677	1,155,466,160
Contributions	79,462,621	139,052,786
Redemptions	(42,452,888)	(76,588,269)
Closing balance	**1,254,940,410**	**1,217,930,677**

According to the Compendium of International Accounting Standards for Cooperatives issued by the SBIF, Coopeuch updates the value of its shares as of December 31 each year. Therefore, at the close of each financial year the value of each share is increased by indexation for that year. Indexation that has not been added to the value of shares as of June 30, 2018 is MCh$ 4,264.

This amount does not reflect indexation on the shares owned by deceased members or waived, which are recorded as liabilities as of June 30, 2018. Therefore, total indexation on shares as of June 30, 2018 is MCh$ 4,298.

d) Regulatory capital:

In accordance with the provisions of Chapter III.C.2-2 of the Accounting Standards Compendium issued by the Chilean Central Bank, Savings and Loans Cooperatives that are supervised by the SBIF must have regulatory capital of not less than 10% of their risk-weighted assets net of required provisions, nor less than 5% of their total assets net of required provisions. In addition, this is calculated using the risk weighted assets defined in Article 67 of DFL 3, dated 1997, which contains the General Banking Law.

As of June 30, 2018 and December 31, 2017, the Cooperative had the following balances:

	Jun-18	Dec-17
	MCh$	MCh$
Regulatory capital (*)	439,263	481,354
Total assets	1,561,372	1,492,943
Percentage	**28.13%**	**32.24%**
Regulatory capital (*)	439,263	481,354
Risk-weighted assets	1,261,120	1,201,304
Percentage	**34.83%**	**40.07%**

(*) Equivalent to share capital and reserves for these purposes, as defined in Circular 108 for Cooperatives issued by the SBIF and Chapter III.C.2 of the Accounting Standards Compendium issued by the Chilean Central Bank.

NOTE 21 – EQUITY (continued)

e) Revaluation Accounts:

These contain the accumulated net changes in fair value of investments available for sale, whose balances as of June 30, 2018 and December 31, 2017 are MCh$ 498 and MCh$ (528), respectively. These accounts also contain revaluations of cash flow accounting hedges as of June 30, 2018 and December 31, 2017 of MCh$ (146) and MCh$(444), respectively.

NOTE 22 - CONTINGENCIES, COMMITMENTS AND RESPONSIBILITIES

a) Commitments and responsibilities

As of June 30, 2018 and December 31, 2017, the Cooperative has the following balances relating to commitments that involve a payment provided a future event occurs, where it assumes the credit risk:

	Jun-18 MCh$	Dec-17 MCh$
Unrestricted credit cards	73,850	68,081
Total	**73,850**	**68,081**

b) Lawsuits and legal proceedings

As of the date these interim financial statements were issued, there were no lawsuits filed against the Cooperative relating to its business.

NOTE 23 – INTEREST AND INDEXATION INCOME AND EXPENSES

Interest and indexation income and expenses for the periods ended June 30, 2018 and 2017 are as follows:

	Jun-2018			June 2017		
	Interest MCh$	Indexation MCh$	Total MCh$	Interest MCh$	Indexation MCh$	Total MCh$
INCOME						
Commercial loans	931	192	1,123	1,116	198	1,314
Mortgage loans	9,612	4,907	14,519	9,684	4,361	14,045
Consumer loans	95,173	-	95,173	89,519	-	89,519
Investment instruments available for sale	645	1,552	2,197	496	1,362	1,858
Other interest or indexation income	2,567	5,839	8,406	467	6	473
Total	**108,928**	**12,490**	**121,418**	**101,282**	**5,927**	**107,209**

Suspense accounts recorded suspended interest and indexation associated with impaired loans as of June 30, 2018 of MCh$ 1,660 (MCh$ 1,553 as of December 31, 2017). MCh$ 1,546 arise from the mortgage portfolio and MCh$ 114 from the commercial portfolio as of June 30, 2018 (As of December 31, 2017 MCh$ 1,519 and MCh$ 34, respectively).

NOTE 23 – INTEREST AND INDEXATION INCOME AND EXPENSES (continued)

	Jun-2018			June 2017		
	Interest	Indexation	Total	Interest	Indexation	Total
EXPENSES	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Savings accounts	4,926	504	5,430	4,413	407	4,820
Term deposits	4,480	-	4,480	5,870	-	5,870
Domestic borrowings	219	102	321	261	68	329
Debt instruments issued	5,341	3,484	8,825	4,904	3,006	7,910
Other interest or indexation expense	5,140	4,015	9,155	-	-	-
Total	**20,106**	**8,105**	**28,211**	**15,448**	**3,481**	**18,929**

NOTE 24 - COMMISSION INCOME AND EXPENSES

For the periods ended June 30, 2018 and 2017, commission income is as follows:

	Jun-18	Jun-17
INCOME	**MCh$**	**MCh$**
Third party commission for selling insurance policies	9,972	8,802
Credit card commission	827	499
Commission on other services	108	80
Subtotal	**10,907**	**9,381**

	Jun-18	Jun-17
EXPENSES	**MCh$**	**MCh$**
Credit card commission	1,176	773
Commission to external collection companies	579	115
Commission on mortgage loan management	146	125
Debit and ATM card commission	112	56
Bank commission	76	79
Commission for other services	7	16
Subtotal	**2,096**	**1,164**

NOTE 25 – NET FINANCIAL OPERATING INCOME

For the periods ended June 30, 2018 and 2017, net financial operating income is as follows:

	Jun-18	Jun-17
	MCh$	**MCh$**
Trading portfolio	(346)	146
Other transactions	(3)	-
Total	**(349)**	**146**

NOTE 26 - CREDIT RISK PROVISIONS

Movements in credit risk provisions and impairment during the periods from January 1 to June 30, 2018 and 2017 are as follows:

For the period ended June 30, 2018	**Commercial loans MCh$**	**Mortgage loans MCh$**	**Consumer loans MCh$**	**Contingent loans MCh$**	**Total MCh$**
New provisions:					
Individual provisions	(159)	-	-	-	(159)
Group provisions	(201)	(99)	(18,535)	(247)	(19,082)
New provisions	**(360)**	**(99)**	**(18,535)**	**(247)**	**(19,241)**
Provisions released:					
Individual provisions	250	-	-	-	250
Group provisions	98	360	1,822	173	2,453
Provisions released	**348**	**360**	**1,822**	**173**	**2,703**
Recovery of assets written-off	112	220	8,102	-	8,434
Additional provisions	-	-	-	-	-
Credit risk provisions, net	**100**	**481**	**(8,611)**	**(74)**	**(8,104)**

For the period ended June 30, 2017	**Commercial loans MCh$**	**Mortgage loans MCh$**	**Consumer loans MCh$**	**Contingent loans MCh$**	**Total MCh$**
New provisions:					
Individual provisions	(592)	-	-	-	(592)
Group provisions	(211)	(135)	(24,351)	(281)	(24,978)
New provisions	**(803)**	**(135)**	**(24,351)**	**(281)**	**(25,570)**
Provisions released:					
Individual provisions	121	-	-	-	121
Group provisions	46	1,346	933	-	2,325
Provisions released	**167**	**1,346**	**933**	**-**	**2,446**
Recovery of assets written-off	81	188	7,468	-	7,737
Additional provisions	-	-	-	-	-
Net credit risk provisions	**(555)**	**1,399**	**(15,950)**	**(281)**	**(15,387)**

In management's opinion, the credit risk provisions and impairment cover all potential losses that may arise from not recovering assets, based on the information examined by the Cooperative.

NOTE 27 - STAFF REMUNERATION AND EXPENSES

Staff remuneration and expenses for the periods ended June 30, 2018 and 2017 are as follows:

	Jun-18 MCh$	Jun-17 MCh$
Remuneration	13,328	12,783
Bonuses	10,647	8,786
Lunch allowance	1,038	1,036
Staff severance indemnities	1,091	1,017
Life and health insurance	355	138
Entertaining expenses	456	436
Training expenses	54	65
Staff uniforms	49	149
Other staff expenses	405	415
Nursery expenses	174	106
Total	**27,597**	**24,931**

NOTE 28 - ADMINISTRATIVE EXPENSES

For the periods ended June 30, 2018 and 2017, these are as follows:

	Jun-18 MCh$	Jun-17 MCh$
Technological outsourcing	4,001	3,223
Financial, legal and technological consultancy	2,214	2,151
Office leases	2,078	2,021
Employers agreements administration	1,999	1,784
Maintenance and repair of property, plant and equipment	1,803	1,377
IT and communications expenses	1,587	1,400
Other general administrative expenses	1,226	1,828
Judicial and prejudicial collection expenses	1,104	1,152
Rental of equipment and others	823	746
Publicity and advertising	666	467
Cleaning and surveillance services	658	462
Member’s meeting and net income distribution expenses	653	101
Office supplies	520	410
Board and senior executives expenses	436	411
Travel and entertainment expenses	410	1,226
Lighting, heating and other services	287	258
Customer reports and address verification	244	253
Contributions to Superintendent of Banks and Financial Institutions	219	196
Insurance premiums	184	151
Patents and real estate taxes	107	103
Total	**21,219**	**19,720**

NOTE 29 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

For the periods ended June 30, 2018 and 2017, these are as follows:

	Note	Jun-18	Jun-17
Depreciation and amortization		**MCh$**	**MCh$**
Amortization of intangible assets	11	2,563	798
Depreciation of property, plant and equipment	12	1,044	1,816
Total		**3,607**	**2,614**

NOTE 30 - OTHER OPERATING INCOME AND EXPENSES

For the periods ended June 30, 2018 and 2017, these are as follows:

	Jun-18	Jun-17
Other operating income	**MCh$**	**MCh$**
Gain on sale of assets received in lieu of payment	682	43
Proportional VAT recovery	45	28
Recovery of collection expenses and others	63	145
Other income	24	23
Total	**814**	**239**

	Jun-18	Jun-17
Other operating expenses	**MCh$**	**MCh$**
Scholarships	580	64
University bonds	510	239
Contributions to employers and sponsored schools	277	559
Expenses for assets received in lieu of payment	147	191
Operational and commercial expenses	142	113
Other expenses	91	23
Membership and Cooperative forums contributions	36	36
Total	**1,783**	**1,225**

NOTE 31 - RELATED PARTY TRANSACTIONS

Natural persons or legal entities that are directly, or through a third party, related to the ownership or management of the institution are considered related, in accordance with General Cooperative Law, the provisions of the Accounting Standards Compendium of the Chilean Central Bank, and accounting instructions issued by the SBIF.

a) Loans to related parties

As of June 30, 2018 and December 31, 2017, loans to related parties are as follows:

i) Loan Portfolio Summary	Jun-18 Individuals MCh$	Dec-17 Individuals MCh$
Loans and receivables		
Commercial loans	-	-
Mortgage loans	19	34
Consumer loans	38	25
Gross loans	**57**	**59**
Loan provisions	-	-
Net loans	**57**	**59**
Contingent loans		
Gross contingent loans	145	151
Contingent loan provisions	(1)	(1)
Net contingent loans	**144**	**150**

i) Summary of portfolio income and expenses

	Jun-18 MCh$	Jun-17 MCh$
Interest and indexation income	1	1
Interest and indexation expense	-	-
Net contingent loans	**1**	**1**

b) Related party contracts

The Cooperative has no other contracts with related parties as of the reporting dates.

NOTE 31 - RELATED PARTY TRANSACTIONS (continued)

c) Payments to Directors and Senior Executives

Remuneration received by directors and senior executives for the periods ended June 30, 2018 and 2017, is as follows:

Payments to Directors and Senior Executives	Jun-18 MCh$	Jun-17 MCh$
Directors	330	324
Supervisory and Credit Committees	105	87
Senior executives	2,609	2,245
Total	**3,044**	**2,656**

d) Number of Directors and Senior Executives

The number of Directors and senior executives as of June 30, 2018 and December 31, 2017, is as follows.

Position	Number of Executives 2018	2017
Directors	7	7
Supervisory and Credit Committees	6	6
Chief Executive Officer	1	1
Divisional Managers	5	5
Departmental Managers	20	17

NOTE 32 - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value policy has defined the following with respect to the standard methodology and sources of market information, in order to ensure that portfolios are valued according to the criteria set out in Note 2 f (ii), within a control environment that guarantees segregation of functions.

i. Standard methodology

Coopeuch uses standard models for valuing financial instruments, such as discounted cash flow and instrument unit value. Valuation parameters are rates and prices for various terms and markets that are regularly traded.

ii. Sources of market information

The Cooperative has defined authorized suppliers as a data sources, who provide indicators, rates, prices, etc. In addition, these suppliers are further subdivided into primary, secondary and contingency data sources. Primary sources are the preferred sources for prices. Secondary sources are used to validate prices and replace them in the event of a contingency or missing data from primary sources.

NOTE 32 - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Primary sources include RiskAmeria, Chilean Central Bank, SVS, national and international brokers. They provide information regarding financial instruments, such as prices, stock quotes, and parity for relevant markets.

(a) Fair value hierarchy

The standard establishes that fair value measurements must be well documented with clear identification of the method used. In particular, it must be easy to determine the source of input data, the assumptions used, and whether the valuation is based on market prices or through modeling. Coopeuch classifies the financial instruments in its portfolio into the following levels, in order to identify the appropriate valuation method:

i. Level 1

Instruments directly valued at market prices, which are retrieved directly from daily transactions for identical assets in an active market. A market is active if it is continually updating its quoted prices, to reflect voluntary transactions regularly carried out in the market, which can be obtained in a systematic and expeditious manner.

ii. Level 2

Instruments indirectly valued at quoted market prices, where their price is "approximately" equal to the value of financial instruments that are actively traded in the market.

iii. Level 3

Instruments valued using modeling, based on an estimated theoretical price. This modeling always maximizes the use of market information.

NOTE 32 - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

(b) Financial instruments classified by hierarchy

Financial instruments at their fair value classified by hierarchy are as follows:

	Level 1		Level 2		Level 3		Total	
	Jun-18 MCh$	Dec-17 MCh$	Jun-18 MCh$	Dec-17 MCh$	Jun-18 MCh$	Dec-17 MCh$	Jun-18 MCh$	Dec-17 MCh$
Financial Assets								
Traded Instruments								
Chilean Government and Central Bank	-	-	-	-	-	-	-	-
Term deposits from financial institutions	2,971	-	-	-	-	-	2,971	-
Mutual fund investments	-	5,000	-	-	-	-	-	5,000
Subtotal	2,971	5,000	-	-	-	-	2,971	5,000
Derivatives held for trading								
Forwards	-	-	65	153	-	-	65	153
Subtotal	-	-	65	153	-	-	65	153
Hedge Accounting Derivative Contracts								
Fair value (Swap)	-	-	-	-	-	-	-	-
Cash flow (swap)	-	-	1,524	66	-	-	1,524	66
Subtotal	-	-	1,524	66	-	-	1,524	66
Investment instruments held for sale								
Chilean Government and Central Bank	117,644	114,858	-	-	-	-	117,644	114,858
Other domestic institutions	-	-	-	-	-	-	-	-
Subtotal	117,644	114,858	-	-	-	-	117,644	114,858
Total financial assets	120,615	119,858	1,589	219	-	-	122,204	120,077

	Level 1		Level 2		Level 3		Total	
	Jun-18 MCh$	Dec-17 MCh$	Jun-18 MCh$	Dec-17 MCh$	Jun-18 MCh$	Dec-17 MCh$	Jun-18 MCh$	Dec-17 MCh$
Financial Liabilities								
Derivatives held for trading								
Forwards	-	-	574	1	-	-	574	1
Subtotal	-	-	574	1	-	-	574	1
Hedge Accounting Derivative Contracts								
Fair value (Swap)	-	-	-	-	-	-	-	-
Cash flow (swap)	-	-	2,977	4,250	-	-	2,977	4,250
Subtotal	-	-	2,977	4,250	-	-	2,977	4,250
Total financial liabilities	**-**	**-**	**3,551**	**4,251**			**3,551**	**4,251**

NOTE 32 - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

(c) Other assets and liabilities

The following table summarizes the book values and fair values of financial assets and liabilities that are not recorded at fair value in the interim financial statements. These fair value estimates do not attempt to estimate the value of the Cooperative's gains. Therefore, they do not represent the value of Coopeuch as a going concern.

	As of June 30, 2018		As of December 31, 2017	
	Book value	Fair value	Book value	Fair value
	MCh$	MCh$	MCh$	MCh$
Assets				
Cash and bank balances	35,526	35,526	35,113	35,113
Customer loans and receivables				
Consumer Placements	964,027	1,272,230	911,804	1,220,500
Commercial Placements	24,010	31,687	24,965	33,417
Mortgage loans	376,969	522,845	369,718	515,660
Subtotal	1,365,006	1,826,762	1,306,487	1,769,577
Liabilities				
Current accounts and other demand deposits	22,934	22,934	19,799	19,799
Savings accounts and other term deposits	650,747	651,569	608,891	609,765
Loans received from financial institutions	9,821	10,246	9,784	10,448
Debt instruments issued	358,400	414,477	328,458	383,130

The fair value of these other financial assets and liabilities is estimated even when they are not managed on the basis of that value. These include assets and liabilities such as loans, deposits, other term deposits, and debt instruments issued with various maturities and features.

The methods used to estimate the fair value of other financial assets and liabilities is as follows.

i. Short-term assets and liabilities

The book values of short-term assets and liabilities that mature in under 3 months are assumed to be approximately equal to their fair values. This assumption applies to cash, bank deposits and other demand obligations.

ii. Customer loans and receivables

Fair value is determined using discounted cash flow models and internal discount rates, based on long-term interbank rates for the corresponding term and currency. Loans to customers are presented net of credit risk provisions and impairment.

NOTE 32 - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

iii. Savings accounts and other term deposits

The fair value of term deposits has been estimated based on discounted cash flows using interest rate structures based on observed transactions as of the valuation date.

iv. Loans received from financial institutions

The fair value of loans received from financial institutions has been calculated using discounted cash flow models based on the applicable interest rate curve for the remaining term until the instrument matures.

v. Debt instruments issued

The fair value of debt instruments issued has been calculated using discounted cash flow models based on the applicable interest rate curve for the remaining term until the instrument matures.

NOTE 33 – RISK MANAGEMENT

The Cooperative manages its risks using a integrated system, which ensures that risks are managed throughout the organization, and that the significant risks are identified, evaluated and managed. These could be credit, market, liquidity, operational, legal and reputational risks.

Business management is improved with integrated risk management, as it has tools to manage events that cause net income to become volatile and reduces losses through timely decisions that create business value.

Coopeuch has an internal control environment that includes risk policies, methods, procedures, limits, warnings and an organizational structure with several roles within the organization. Risk management is a fundamental pillar of the Cooperative.

(a) Organizational Structure

i. Board of Directors

The Board of Directors is responsible for ensuring that Coopeuch adopts best risk practice, in accordance with the size and complexity of its business. Therefore, the Board of Directors should evaluate and approve the risk management and business continuity policies, the structure of limits and classification models, and should be regularly informed regarding risk management within the Cooperative.

ii. Risk Committee

This Committee is responsible for defining the criteria that selects those debtors that are subject to individual classification, for approving definitions and classification models, for ensuring that appropriate processes are systematically developed and implemented to calculate the provisions associated with individual and group classifications, and at the end of each financial year for evaluating whether credit risk provisions are sufficient.

This Committee's mission is to identify, prioritize and evaluate strategies for mitigating the main operational risks, and it is responsible for securing compliance with all policies, methods and procedures that relate to operational risk, information security and business continuity.

NOTE 33 – RISK MANAGEMENT (continued)

iii. Assets & Liabilities Committee

This Committee is responsible for reviewing and approving the policies governing liquidity and market risks every year, regardless of whether they are within the statement of financial position, and establishing the respective limits and targets for management. It evaluates and monitors hedging strategies and investment instruments used to align margin sensitivity with financial value. It defines and approves the valuation methods for the Cooperative's financial assets and liabilities measured at fair value. It monitors relevant local and international political and macroeconomic situations.

iv. Portfolio Classification Committees

The Portfolio Classification Committees are eminently technical bodies whose mission is to keep the individual loan portfolio continually and adequately evaluated, in accordance with the evaluation criteria defined for this purpose. Coopeuch has established two Classification Committees that operate at different stages of the credit process, differentiating admission from monitoring of the individual portfolio.

v. Operational and Technological Risk Committees

The function of these Committees is to review and propose to the Risk Committee information security standards. They also monitor significant changes in the major threats affecting information resources, and they evaluate and coordinate the implementation of specific information security controls for new systems or services at the Cooperative.

vi. General Management

It is responsible for ensuring that the risk policies approved by the Board of Directors are implemented. It also supports initiatives that inform the entire organization about risk management guidelines, using the Cooperative's communication channels.

vii. Risk Division

The Risk Division analyzes exposure to various credit risks through the corresponding business unit, and monitors compliance with risk exposure limits. It is responsible for implementing the individual and group evaluation processes for the total loan portfolio, in order to create sufficient provisions in a timely manner to cover the losses associated with debtor payment behavior.

It is responsible for alerting the organization through the respective committees of situations that relate to managing financial positions and the associated liquidity, interest rate and inflation risks, together with defining valuation methods for the Cooperative's financial assets and liabilities valued at fair value.

It also ensures full compliance with operational risk policies, ensuring that operational risk management must be an integral part of the design, implementation and monitoring of any process, project, product or service.

NOTE 33 – RISK MANAGEMENT (continued)

(b) Credit Risk

Credit risk is defined as the potential for an entity to incur losses as a result of its debtors fully or partially failing to comply with the terms agreed in their loan contracts. Credit risk management is based on its identification, measurement, monitoring and control.

The loan portfolio is evaluated on an individual or group basis, depending on the type of debtor and transaction. Group loan evaluation applies when a large number of small individual transactions are examined, and this evaluation covers consumer, mortgage and commercial loans with small companies. Individual member evaluation is required when companies or individuals should be analyzed in detail due to their size or exposure in the Coopeuch portfolio, especially in terms of their ability to comply with their loan obligations.

(i) Group Classification

The Coopeuch group loan portfolio evaluation uses internal evaluation methods that are appropriate for this type of portfolio. These internal evaluation methods are expected loss models and were approved by the Board of Directors, which has been evidenced in the minutes of the respective meeting. Group assessments and the criteria for applying them must be consistent with loan approval policies.

Credit risk exposure in the group portfolio by loan type is as follows.

	As of June 30, 2018		As of December 31, 2017	
	Debt	Provision	Debt	Provision
	MCh$	MCh$	MCh$	MCh$
Classification				
Consumer	1,017,934	53,907	971,039	59,235
Commercial	16,847	829	16,558	1,010
Mortgage	382,983	6,014	376,097	6,379
Total	1,417,764	60,750	1,363,694	66,624

(ii) Individual Classification

Coopeuch individually classifies all commercial debtors when the volume of business conducted with them or the size of their debt justifies making a detailed examination. Loans are individually classified when they are commercial loans to individuals or legal entities, or general-purpose commercial mortgage loans for significant amounts.

The regulatory framework used to classify loans was issued by the Superintendent of Banks and Financial Institutions, specifically in Chapter G1 of the Compendium of International Accounting Standards for cooperatives, which requires loan portfolios to be continually evaluated, in order to create sufficient provisions in a timely manner to cover the losses on potentially unrecoverable loans.

NOTE 33 – RISK MANAGEMENT (continued)

The credit risk exposure on the individual portfolio by category is as follows.

	As of June 30, 2018		As of December 31, 2017	
	Debt	**Provision**	**Debt**	**Provision**
Classification	MCh$	MCh$	MCh$	MCh$
A1	-	-	-	-
A2	1,022	2	1,569	3
A3	3,656	97	5,263	140
B	1,120	83	733	54
C1	538	11	643	13
C2	1,223	122	823	82
C3	264	66	90	40
C4	449	180	407	162
D1	389	253	690	449
D2	1,441	1,296	1,423	1,281
Total	10,102	2,110	11,641	2,224

(iii) Maximum credit risk exposure

The maximum credit risk exposure depends on the loan category as follows.

As of June 30, 2018	**Maximum exposure MCh$**	**Provision MCh$**	**Net exposure after provisions MCh$**	**Associated guarantees MCh$**	**Net exposure MCh$**
Loans to banks	34,885	-	34,885	-	34,885
Customer loans and receivables	1,427,866	(62,860)	1,365,006	(612,662)	752,344
Investment instruments held to maturity	-	-	-	-	-
Total	**1,462,751**	**(62,860)**	**1,399,891**	**(612,662)**	**787,229**

As of December 31, 2017	**Maximum exposure MCh$**	**Provision MCh$**	**Net exposure after provisions MCh$**	**Associated guarantees MCh$**	**Net exposure MCh$**
Loans to banks	32,877	-	32,877	-	32,877
Customer loans and receivables	1,375,335	(68,849)	1,306,486	(593,710)	712,776
Investment instruments held to maturity	-	-	-	-	-
Total	**1,408,212**	**(68,849)**	**1,339,363**	**(593,710)**	**745,653**

(c) Financial Risk

Financial risk defines the management of potential losses that the Cooperative faces due to liquidity shortages and adverse movements in market prices. The analysis of financial risk is subdivided into liquidity risk and market risk.

(i) Liquidity risk

Liquidity is the ability to obtain funds from assets to meet financial obligations in a timely manner and at a reasonable cost. This is essential for a financial institution to be considered viable.

The Cooperative controls liquidity risk using standard and internal metrics. Standard controls are focused on operational cash flows by residual terms (C57), measured using 30 and 90 day mismatch metrics in local and foreign currencies.

NOTE 33 – RISK MANAGEMENT (continued)

Standard controls are complemented by the Liquidity Coverage Ratio (LCR), which is characterized by ensuring sufficient high quality liquid assets (HQLA) without encumbrances. These can be easily and immediately converted to cash in private markets, in order to cover 30 day liquidity requirements when markets are stressed.

Operational cash flows by residual terms (C57)

All cooperatives monitored by the SBIF must submit information to this monitoring institution, and comply with previously agreed frequencies and deadlines. This information contains operating cash flows by residual terms (C57), which reports payments and receipts (including current available balances), to subsequently calculate currency mismatches.

As of June 30, 2018

Cash flow liquidity	Under 1 month MCh$	1 - 3 months MCh$	3 - 6 months MCh$	6 - 12 months MCh$	Over 1 year MCh$	Total MCh$
Total receipts	**239,412**	**75,898**	**113,774**	**212,645**	**1,709,003**	**2,350,732**
Available	35,526	-	-	-	-	35,526
Loans	64,823	75,892	112,902	212,639	1,617,723	2,083,979
Financial investments	119,873	-	-	-	-	119,873
Other assets	19,190	6	872	6	91,280	111,354
Total payments	**254,552**	**95,488**	**21,328**	**49,051**	**909,003**	**1,329,422**
Deposits	239,370	93,380	7,262	2,521	353,797	696,330
Demand obligations	22,117	-	-	-	-	22,117
Savings accounts	58	-	-	-	353,754	353,812
Term deposits	217,195	93,380	7,262	2,521	43	320,401
Corporate Bonds	2,107	1,677	6,913	9,769	440,052	460,518
Loans from banks	-	-	2,185	194	7,586	9,965
Other liabilities	13,075	431	4,968	36,567	107,568	162,609

As of December 31, 2017

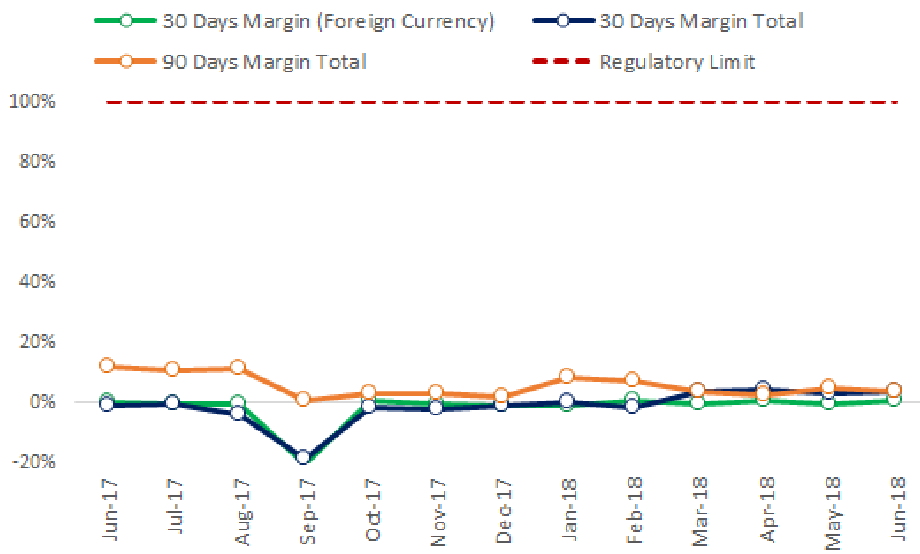
Cash flow liquidity	Under 1 month MCh$	1 - 3 months MCh$	3 - 6 months MCh$	6 - 12 months MCh$	Over 1 year MCh$	Total MCh$
Total receipts	**224,114**	**79,896**	**107,601**	**204,365**	**1,661,488**	**2,277,464**
Available	35,113	-	-	-	-	35,113
Loans	61,327	73,631	107,601	203,525	1,577,605	2,023,689
Financial investments	119,116	-	-	-	-	119,116
Other assets	8,558	6,265	-	840	83,883	99,546
Total payments	**218,158**	**105,285**	**73,346**	**17,259**	**856,191**	**1,270,239**
Deposits	211,980	97,649	7,888	1,741	330,404	649,662
Demand obligations	19,018	-	-	-	-	19,018
Savings accounts	59	-	-	-	330,397	330,456
Term deposits	192,903	97,649	7,888	1,741	7	300,188
Corporate Bonds	2,103	1,395	5,991	10,269	411,970	431,728
Loans from banks	-	-	2,061	194	7,780	10,035
Other liabilities	4,075	6,241	57,406	5,055	106,037	178,814

NOTE 33 – RISK MANAGEMENT (continued)

30 and 90 day asset and liability mismatches

Cooperatives must comply at all times with the following ratios, in order to shorten the term mismatches of assets and liabilities in Chilean and foreign currencies:

- The sum of liabilities whose residual term is equal to or less than 30 days may not exceed the sum of assets whose residual term is equal to or less than 30 days by more than regulatory capital.
- The sum of liabilities whose residual term is equal to or less than 90 days may not exceed the sum of assets whose residual term is equal to or less than 90 days by more than twice regulatory capital.



These short-term mismatch indices remain under control, by building in cushion with respect to the regulatory limits of regulatory capital measured at 30 days, and twice regulatory capital measured at 90 days.

Total 30 day margin (% above regulatory capital)

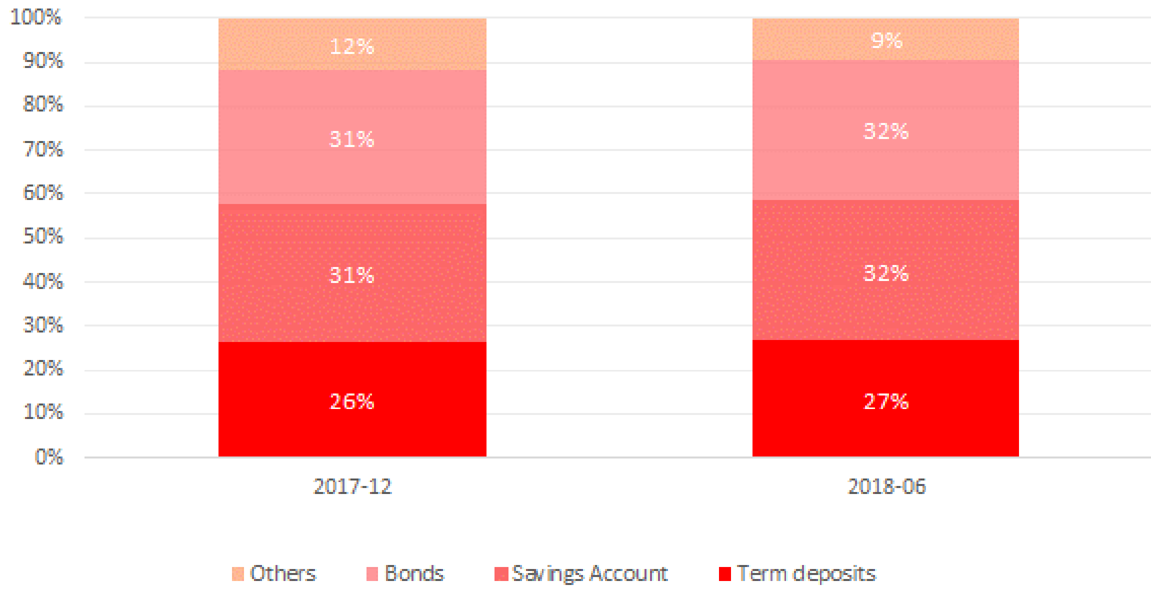
	As of June 30, 2018				As of December 31, 2017			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
30-day margin	2.30%	4.31%	-1.52%	3.57%	-4.64%	-0.39%	-18.50%	-1.11%

Total 90 day margin (% above regulatory capital)

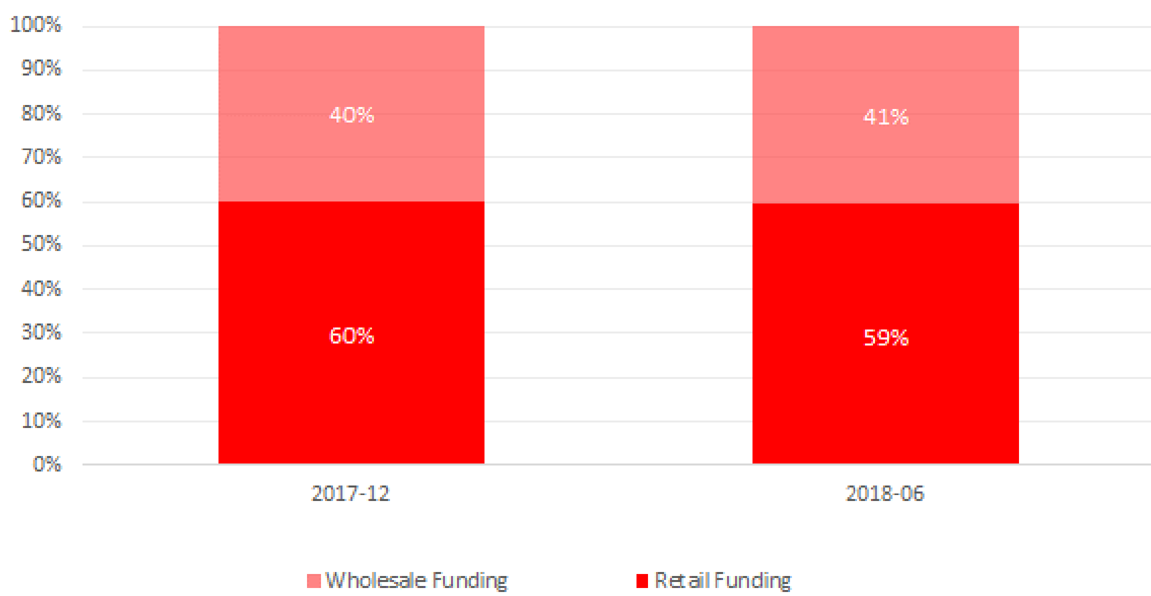
	As of June 30, 2018				As of December 31, 2017			
	Average	Maximum	Minimum	Close	Average	Maximum	Minimum	Close
90-day margin	5.14%	8.20%	2.43%	4.04%	7.17%	12.24%	0.59%	2.08%

NOTE 33 – RISK MANAGEMENT (continued)

Liquidity sources by instrument



Financing sources by counterparty



NOTE 33 – RISK MANAGEMENT (continued)

(ii) Market Risk

This risk is caused by adverse movements in the structure of interest rates and inflation, and how this affects the Cooperative's net income. Interest and inflation risk management is inherent to the financial intermediation business, as its business strategy requires lending money, acquiring financial instruments, and receiving deposits from the public under various terms, currencies and interest rates.

Consequently, movements in interest and inflation rates can materially affect the profitability of a financial institution, as well as its solvency. Specifically, adverse movements in interest and inflation rates can negatively affect the net interest margin, the financial value of the cooperative, and any other income indexed to these financial variables.

The Cooperative controls these rate risks using cash flows associated with interest rate matches (C56), the sensitivity of asset and liability transactions to interest rate variations, and its limit of 8% over regulatory capital.

NOTE 33 – RISK MANAGEMENT (continued)

<u>Cash flows associated with interest rate matches (C56)</u>

All cooperatives monitored by the SBIF must submit information to this monitoring institution, and comply with previously agreed frequencies and deadlines. This information contains cash flows associated with interest rate matches (C56), where cash flows from asset and liability transactions are reported, detailing payments of both capital and interest over the periods pre-defined in the standard.

As of June 30, 2018

Cash flow rates	0 - 1 month MCh$	1 - 3 months MCh$	3 - 6 months MCh$	6 - 12 months MCh$	1 – 3 years MCh$	3 – 5 years MCh$	5 – 10 years MCh$	Over 10 years MCh$	Total MCh$
Total receipts	**130,450**	**78,766**	**119,816**	**223,606**	**814,141**	**575,303**	**236,979**	**282,488**	**2,461,549**
Available	35,526	-	-	-	-	-	-	-	35,526
Loans	64,823	75,892	112,902	212,639	695,408	402,848	236,979	282,488	2,083,979
Financial investments	4,381	1,197	-	1,197	78,457	39,111	-	-	124,343
Fixed Income	1,378	1,197	-	1,197	78,457	39,111	-	-	121,340
Financial intermediation	2,975	-	-	-	-	-	-	-	2,975
Other financial investments	28	-	-	-	-	-	-	-	28
Other assets	25,720	1,677	6,914	9,770	40,276	133,344	-	-	217,701
Derivatives	13,310	1,677	6,914	9,770	40,276	133,344	-	-	205,291
Others	12,410	-	-	-	-	-	-	-	12,410
Total payments	**251,670**	**102,792**	**27,542**	**59,076**	**462,105**	**286,857**	**103,186**	**148,373**	**1,441,601**
Deposits	233,849	98,804	7,358	2,521	353,833	-	-	-	696,365
Demand deposits	44,085	-	-	-	353,790	-	-	-	397,875
Deposits	189,764	98,804	7,358	2,521	43	-	-	-	298,490
Corporate Bonds	2,107	1,677	6,913	9,769	40,272	148,197	103,173	148,373	460,481
Loans from banks	530	193	2,185	211	7,605	21	13	-	10,758
Other liabilities	15,184	2,118	11,086	46,575	60,395	138,639	-	-	273,997
Derivatives	13,831	2,118	11,086	10,660	50,778	138,639	-	-	227,112
Others	1,353	-	-	35,915	9,617	-	-	-	46,885

NOTE 33 – RISK MANAGEMENT (continued)

As of December 31, 2017

Cash flow rates	0 - 1 month MCh$	1 - 3 months MCh$	3 - 6 months MCh$	6 - 12 months MCh$	1 – 3 years MCh$	3 – 5 years MCh$	5 – 10 years MCh$	Over 10 years MCh$	Total MCh$
Total receipts	**124,995**	**82,343**	**113,592**	**216,212**	**708,814**	**585,885**	**255,686**	**284,377**	**2,371,904**
Available	35,113	-	-	-	-	-	-	-	35,113
Loans	61,327	73,631	107,601	203,525	665,715	391,143	236,370	284,377	2,023,689
Financial investments	13,222	1,058	-	2,418	4,233	84,403	19,316	-	124,650
Fixed income	8,194	1,058	-	2,418	4,233	84,403	19,316	-	119,622
Financial intermediation	5,000	-	-	-	-	-	-	-	5,000
Other financial investments	28	-	-	-	-	-	-	-	28
Other assets	15,333	7,654	5,991	10,269	38,866	110,339	-	-	188,452
Derivatives	4,001	7,654	5,991	10,269	38,866	110,339	-	-	177,120
Others	11,332	-	-	-	-	-	-	-	11,332
Total payments	**220,818**	**106,925**	**79,399**	**26,913**	**435,646**	**234,701**	**99,925**	**157,106**	**1,361,433**
Deposits	211,981	97,650	7,888	1,741	330,432	-	-	-	649,692
Demand deposits	39,267	-	-	-	330,425	-	-	-	369,692
Retail Deposits	128,373	55,791	7,557	1,741	7	-	-	-	193,469
Institutional Deposits	44,341	41,859	331	-	-	-	-	-	86,531
Corporate Bonds	2,103	1,395	5,991	10,269	38,866	116,057	99,912	157,106	431,699
Loans from banks	555	240	2,061	213	7,807	20	13	-	10,909
Other liabilities	6,179	7,640	63,459	14,690	58,541	118,624	-	-	269,133
Derivatives	3,964	7,640	6,623	14,690	48,660	118,624	-	-	200,201
Others	2,215	-	56,836	-	9,881	-	-	-	68,932

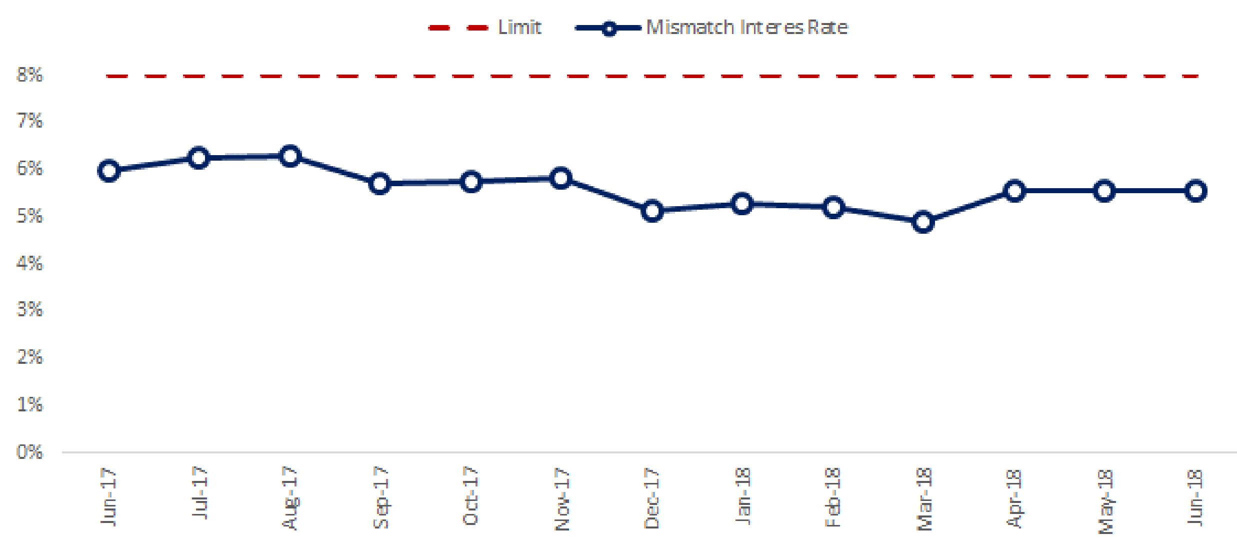
NOTE 33 – RISK MANAGEMENT (continued)

The main positions in investments held for sale by issuer and currency are as follows.

	As of June 30, 2018			As of December 31, 2017		
	CLP	UF	USD	CLP	UF	USD
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Sovereign bonds	-	117,644	-	-	114,858	-
Corporate bonds	-	-	-	-	-	-
Financial institution bonds	-	-	-	-	-	-
Mortgage letters of credit	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Total	**-**	**117,644**	**-**	**-**	**114,858**	**-**

<u>Sensitivity of asset and liability transactions to variations in interest rates</u>

The interest rate mismatches in assets and liabilities in Chilean and foreign currency may not exceed 8% of the Cooperative's net assets in aggregate. Sensitivity factors multiplied by an assumed change in the interest rate structure are applied to each set of resulting C56 cash flows per range, and this exercise is separately replicated for each currency at fixed and floating rates, according to the regulatory parameters.



NOTE 33 – RISK MANAGEMENT (continued)

Furthermore, unexpected movements in interest rates under various terms, or changes in perspective associated with pending changes, generate adverse effects both on the Cooperative's net income and on its financial value, when these are not planned. This exposure is measured and monitored by:

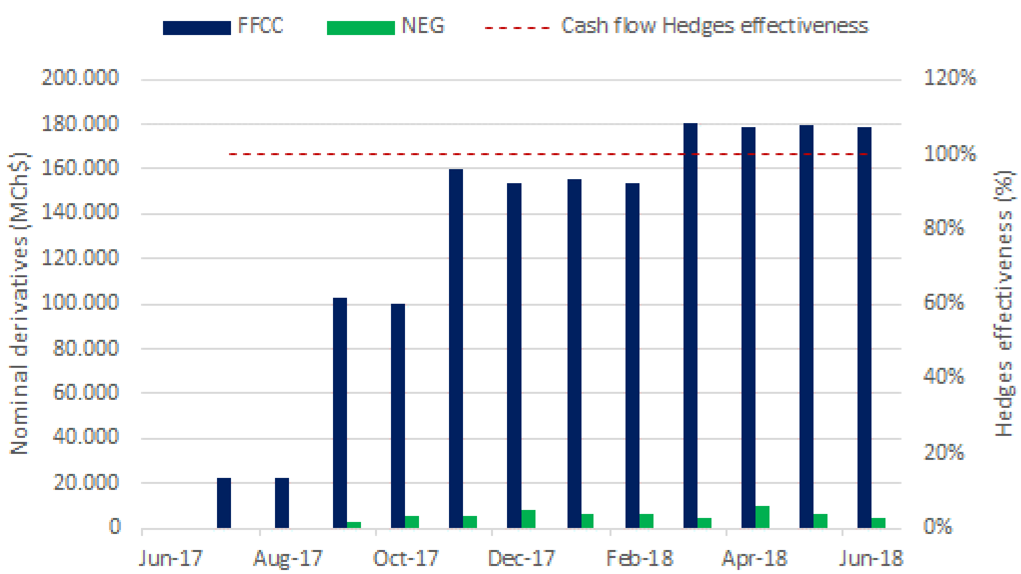
a) A short-term impact on the Cooperative's income, typically 1 year
b) A long term impact on the present value of future cash flows

This understanding enables complementary methods to be used to assess exposure to interest rate risk, which focus on the best practices and benchmarks associated with regulatory recommendations.

(iii) Derivative instruments

The fair value of the Cooperative's derivative instruments as of June 30, 2018 is MCh$(2,012). Derivative instruments are classified into two groups according to their accounting treatment: (1) traded instruments, (2) instruments with special treatment as accounting hedges. The Cooperative uses traded instruments to financially hedge certain risks, and accounting hedges to reduce fluctuations in specific cash flows.

The notional total of traded derivatives as of June 30, 2018 is MCh$ 11,203, while the notional total of cash flow hedges is MCh$ 179,360.



NOTE 33 – RISK MANAGEMENT (continued)

Counterparty Risk

The Cooperative manages its counterparty risk by calculating credit risk provisions *Credit Value Adjustment* (CVA). The objective is to determine the expected counterparty risk losses in OTC derivatives contracts. The CVA for a derivative is defined as the difference between the market value free of credit risk and the value of the derivative with potential counterparty default. The CVA provision by segment as of June 30, 2018 and December 31, 2017 is as follows.

Segment	Jun-18 MCh$	Dec-17 MCh$	Change MCh$
National banks	2	1	1
International banks	4	4	-
Total	**6**	**5**	**1**

Fair value

The financial risk department is responsible for defining the valuation methods for assets and liabilities measured at fair value, while the financial transactions department is responsible for executing them. The fundamental principle when measuring fair value is to determine the initial price of an asset or liability in a normal transaction in a representative market. Not only accounting information depends on this assessment; risk indicators are also a function of these prices. Therefore, the implied volatility in any valuation model is also very important.

Quoted or observable prices of identical assets or liabilities are used, provided they are available, in accordance with international accounting regulations. These are known as Level 1 inputs. In the absence of identical assets or liabilities, the valuation is based on observable prices. Typically interpolations of derivative instruments are classified in this group. These are known as Level 2 inputs.

Finally, when Level 1 and 2 inputs are not available, valuations are based on inputs that are not directly observable in the market. These are known as Level 3 inputs. A brief explanation follows.

Positions in foreign currency, Chilean Central Bank bonds, futures contracts and other instruments traded on stock exchanges have highly liquid markets where their quoted prices for identical instruments are normally observable. These instruments are classified in Level 1.

Despite liquidity, some markets require *brokers* to match supply with demand and close transactions. Normally derivative instruments traded *over-the-counter* are included in this segment. Quotes from various *brokers* are received, which guarantees the availability of market prices or *inputs* required for valuation purposes. Derivative instruments include currency and interest rate forward contracts, *interest rate swaps* and *cross-currency swaps*. As is usual for periods other than those quoted, curve construction and interpolation techniques are used, which are standard in the markets. All these instruments are classified in Level 2.

Finally, all those instruments whose prices or market factors are not directly observable are classified in Level 3.

NOTE 33 – RISK MANAGEMENT (continued)

(d) Operational Risk

Operational risk is defined as the risk of incurring losses from deficiencies or failures in processes, human factors or internal systems, or resulting from external circumstances.

Coopeuch finds this risk manageable, as it is related to the volume and complexity of its transactions. These can result in errors, deficiencies or fraud that decrease equity, and reduce the financial value of the company for its members. As operational risks are identified, their cause can be studied and the corresponding mitigation measures introduced, to mitigate such risk factors and avoid a potential loss. However, minimizing risks is not always ideal, as there needs to be a balance between assuming a risk and the cost of mitigating it.

The Cooperative has operational risk specialists with experience in processes, information security, technological risk, business continuity and risk quantification, in order to avoid potential losses.

(i) Operational Risk Management

Operational risk management is understood to be the ongoing process of identifying, assessing, prioritizing, treating and monitoring the risks in the design, execution and control stages of the Cooperative’s processes, projects, products and services. The operational risk management system comprises Coopeuch’s methods, procedures and structures.

Coopeuch has internal methods and procedures to record and measure operational risk, to qualitatively and quantitatively identify inherent and residual risks, by measuring the effectiveness of controls or groups of respective controls.

Evaluation criteria are established on the basis of best practices and Coopeuch’s business. These are defined by the size and probability of the financial impact of a loss event.

(ii) Information Security

The strategic definition of Coopeuch adopts industry best practices for security issues and puts these at the core of the entire information security management model.

The basic conditions of this standard require that security standards are implemented to ensure the implementation of good security practices in Coopeuch's business.

The Board of Directors and Senior Executives undertake to manage information security as a continuous process, and to maintain a management system based on best international security practices and standardized internal security criteria.

NOTE 33 – RISK MANAGEMENT (continued)

(iii) Business Continuity

Coopeuch has a formally written, disseminated, tested and updated Business Continuity Plan, which contains the main procedures to recover critical processes and services in the event of a major contingency or a disaster.

Processes are classified for risk evaluation purposes using a process classification method, which classifies and prioritizes the Cooperative's processes by their impact, according to their exposure level. Expected disaster scenarios are identified, in order to develop specific procedures to deal with them, and a risk analysis and business impact analysis is prepared, including an evaluation should any such event occur. The risk evaluation should identify the critical departments with a criticality weighting, including the maximum down-time that each department can tolerate.

After evaluating the entire organization, the impact on the business will be analyzed specifying the maximum time that the Cooperative can tolerate being without critical technology services, the period in which the Operational Committee has to decide the alternative processing strategy, and the configuration of minimum acceptable systems to recover the production environment.

Finally, the recovery strategy is defined, the alternatives evaluated and the most appropriate selected, depending on its price and performance for specific processing in each disaster scenario, and generic practices for the remaining cases.

NOTE 34 - DERIVATIVE INSTRUMENTS AND ACCOUNTING HEDGES

a) The Cooperative has the following portfolio of derivative instruments to manage its financial risks.

As of June 30, 2018

	Notional Value		Fair Value		
	Assets	Liabilities	Assets	Liabilities	Net
Traded derivatives	MCh$	MCh$	MCh$	MCh$	MCh$
Forwards	11,203	11,713	-	509	(509)
Swaps	-	-	-	-	-
Subtotal	**11,203**	**11,713**	**-**	**509**	**(509)**
Fair value hedge derivatives					
Forwards	-	-	-	-	-
Swaps	-	-	-	-	-
Subtotal	-	-	-	-	-
Cash flow hedge derivatives					
Forwards	-	-	-	-	-
Swaps	179,360	179,146	4,038	5,541	(1,503)
Subtotal	**179,360**	**179,146**	**4,038**	**5,541**	**(1,503)**
Total	**190,563**	**190,859**	**4,038**	**6,050**	**(2,012)**

NOTE 34 - DERIVATIVE INSTRUMENTS AND ACCOUNTING HEDGES (continued)

As of December 31, 2017

	Notional Value		Fair Value		
	Assets	Liabilities	Assets	Liabilities	Net
Traded derivatives	MCh$	MCh$	MCh$	MCh$	MCh$
Forwards	8,157	8,001	152	-	152
Swaps	-	-	-	-	-
Subtotal	**8,157**	**8,001**	**152**	**-**	**152**
Fair value hedge derivatives					
Forwards	-	-	-	-	-
Swaps	-	-	-	-	-
Subtotal	-	-	-	-	-
Cash flow hedge derivatives					
Forwards	-	-	-	-	-
Swaps	155,828	160,215	888	5,072	(4,184)
Subtotal	**155,828**	**160,215**	**888**	**5,072**	**(4,184)**
Total	**163,985**	**168,216**	**1,040**	**5,072**	**(4,032)**

b) The notional cash flow on maturity of these derivative instruments is as follows.

As of June 30, 2018

	Assets maturing				
	Under 3 months MCh$	3 months to 1 year MCh$	Over 1 year MCh$	Total MCh$	Fair value MCh$
Traded derivatives	11,203	-	-	11,203	-
Cash flow hedge derivatives	3,020	13,348	162,992	179,360	4,038
Total Assets	**14,223**	**13,348**	**162,992**	**190,563**	**4,038**

	Liabilities maturing				
	Under 3 months MCh$	3 months to 1 year MCh$	Over 1 year MCh$	Total MCh$	Fair value MCh$
Traded derivatives	11,713	-	-	11,713	509
Cash flow hedge derivatives	2,729	12,908	163,509	179,146	5,541
Total liabilities	**14,442**	**12,908**	**163,509**	**190,859**	**6,050**

NOTE 34 - DERIVATIVE INSTRUMENTS AND ACCOUNTING HEDGES (continued)

As of December 31, 2017

	Assets maturing				
	Under 3 months MCh$	3 months to 1 year MCh$	Over 1 year MCh$	Total MCh$	Fair value MCh$
Traded derivatives	8,157	-	-	8,157	152
Cash flow hedge derivatives	3,275	12,977	139,576	155,828	888
Total Assets	**11,432**	**12,977**	**139,576**	**163,985**	**1,040**

	Liabilities maturing				
	Under 3 months MCh$	3 months to 1 year MCh$	Over 1 year MCh$	Total MCh$	Fair value MCh$
Traded derivatives	8,001	-	-	8,001	-
Cash flow hedge derivatives	3,211	12,670	144,334	160,215	5,072
Total liabilities	**11,212**	**12,670**	**144,334**	**168,216**	**5,072**

Hedging derivatives

The Cooperative uses accounting hedges to manage its fair value and cash flow risks.

i. Cash flow hedges:

The Cooperative uses cross currency swaps, inflation and currency forwards and UF interest rate swaps as cash flow hedges, to safeguard future cash flows from assets and liabilities exposed to changes in interest, exchange or inflation rates.

	As of June 30, 2018		As of December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Hedged Item				
Foreign and Chilean Currency Bonds	-	179,360	-	155,828
Total	-	179,360	-	155,828
Hedge Instrument				
Forwards	-	-	-	-
Swaps	179,360	-	155,828	-
Total	179,360	-	155,828	-

NOTE 34 - DERIVATIVE INSTRUMENTS AND ACCOUNTING HEDGES (continued)

The following table details the periods in which the cash flows covered by cash flow hedges are expected to take place.

	Expected cash flow period				
	As of June 30, 2018				
	Within 1 year	**1 year to 5 years**	**5 years to 10 years**	**Over 10 years**	**Total**
	MCh$	MCh$	MCh$	MCh$	MCh$
Hedged Item					
Cash receipts	-	-	-	-	-
Cash payments	(20,468)	(173,620)	-	-	(194,088)
Net cash flows	**(20,468)**	**(173,620)**	**-**	**-**	**(194,088)**
Hedging Instruments					
Cash receipts	20,468	173,620	-	-	194,088
Cash payments	-	-	-	-	-
Net cash flows	20,468	173,620	-	-	194,088

	Expected cash flow period				
	As of December 31, 2017				
	Within 1 year	**1 year to 5 years**	**5 years to 10 years**	**Over 10 years**	**Total**
	MCh$	MCh$	MCh$	MCh$	MCh$
Hedged Item					
Cash receipts	-	-	-	-	-
Cash payments	(19,758)	(149,205)	-	-	(168,963)
Net cash flows	(19,758)	(149,205)	-	-	(168,963)
Hedging Instruments					
Cash receipts	19,758	149,205	-	-	168,963
Cash payments	-	-	-	-	-
Net cash flows	19,758	149,205	-	-	168,963

NOTE 35 - ASSET AND LIABILITY MATURITIES

a) Financial asset maturities

The main financial assets grouped by maturity, including interest accrued as of June 30, 2018 and December 31, 2017, are as follows.

As of June 30, 2018

Assets	On demand MCh$	Under 30 days MCh$	30 - 89 days MCh$	90 - 180 days MCh$	181 - 360 days MCh$	1 – 3 years MCh$	3 – 5 years MCh$	5 – 10 years MCh$	10 – 15 years MCh$	15 – 20 years MCh$	Over 20 years MCh$	Total MCh$
Cash and bank balances	35,526	-	-	-	-	-	-	-	-	-	-	35,526
Customer loans and receivables (*)	-	58,630	40,036	64,102	125,088	452,518	299,360	161,823	88,964	65,281	56,151	1,411,953
Financial derivative contracts	-	194	155	557	749	1,709	674	-	-	-	-	4,038
Traded instruments	-	2,971	-	-	-	-	-	-	-	-	-	2,971
Instruments held for sale	-	1,522	694	143	556	76,244	38,485	-	-	-	-	117,644
Investment instruments held to maturity	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	**35,526**	**63,317**	**40,885**	**64,802**	**126,393**	**530,471**	**338,519**	**161,823**	**88,964**	**65,281**	**56,151**	**1,572,132**

(*) Loan balances before provisions (see Note 8 a), and excludes overdue installments (MCh$ 13,545) and enabled commissions (MCh$ 2,368)

As of December 31, 2017

Assets	On demand MCh$	Under 30 days MCh$	30 - 89 days MCh$	90 - 180 days MCh$	181 - 360 days MCh$	1 – 3 years MCh$	3 – 5 years MCh$	5 – 10 years MCh$	10 – 15 years MCh$	15 – 20 years MCh$	Over 20 years MCh$	Total MCh$
Cash and bank balances	35,113	-	-	-	-	-	-	-	-	-	-	35,113
Customer loans and receivables (*)	-	56,734	39,786	59,760	117,999	428,456	288,039	160,408	89,226	64,169	56,985	1,361,562
Financial derivative contracts	-	139	159	251	213	152	126	-	-	-	-	1,040
Traded instruments	-	5,000	-	-	-	-	-	-	-	-	-	5,000
Instruments held for sale	-	8,336	680	-	1,825	1,930	82,968	19,119	-	-	-	114,858
Investment instruments held to maturity	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	**35,113**	**70,209**	**40,625**	**60,011**	**120,037**	**430,538**	**371,133**	**179,527**	**89,226**	**64,169**	**56,985**	**1,517,573**

(*) Loan balances before provisions (see Note 8 a), and excludes overdue installments (MCh$ 12,002) and enabled commissions (MCh$ 1,771)

NOTE 35 - ASSET AND LIABILITY MATURITIES (continued)

b) Financial liability maturities

The main financial liabilities grouped by maturity, including interest accrued as of June 30, 2018 and December 31, 2017, are as follows.

As of June 30, 2018

Liabilities	On demand MCh$	Under 30 days MCh$	30 - 89 days MCh$	90 - 180 days MCh$	181 - 360 days MCh$	1 – 3 years MCh$	3 – 5 years MCh$	5 – 10 years MCh$	10 – 15 years MCh$	15 – 20 years MCh$	Over 20 years MCh$	Total MCh$
Current accounts and other demand deposits (*)	3,451	-	-	-	-	-	-	-	-	-	-	3,451
Savings accounts and term deposits (**)	-	189,048	98,177	7,234	2,435	41	-	-	-	-	-	296,935
Financial derivative contracts	-	633	1,142	1,951	1,418	906	-	-	-	-	-	6,050
Obligations to banks	-	596	193	1,963	16	7,019	20	14	-	-	-	9,821
Debt instruments issued	-	3,267	-	5,752	4,870	19,934	128,589	71,958	62,421	47,329	14,280	358,400
Total liabilities	**3,451**	**193,544**	**99,512**	**16,900**	**8,739**	**27,900**	**128,609**	**71,972**	**62,421**	**47,329**	**14,280**	**674,657**

(*) These do not include other demand payables of MCh$ 19,482
(**) These do not include savings balances of MCh$ 353,812

As of December 31, 2017

Liabilities	On demand MCh$	Under 30 days MCh$	30 - 89 days MCh$	90 - 180 days MCh$	181 - 360 days MCh$	1 – 3 years MCh$	3 – 5 years MCh$	5 – 10 years MCh$	10 – 15 years MCh$	15 – 20 years MCh$	Over 20 years MCh$	Total MCh$
Current accounts and other demand deposits (*)	2,308	-	-	-	-	-	-	-	-	-	-	2,308
Savings accounts and term deposits (**)	-	171,950	97,072	7,725	1,682	6	-	-	-	-	-	278,435
Financial derivative contracts	-	570	88	394	951	3,069	-	-	-	-	-	5,072
Obligations to banks	-	555	240	1,847	85	7,026	20	12	-	-	-	9,785
Debt instruments issued	-	3,090	-	5,267	4,763	19,490	97,414	67,750	64,479	47,980	18,225	328,458
Total liabilities	**2,308**	**176,165**	**97,400**	**15,233**	**7,481**	**29,591**	**97,434**	**67,762**	**64,479**	**47,980**	**18,225**	**624,058**

(*) These do not include other demand payables of MCh$ 17,491
(**) These do not include savings balances of MCh$ 330,456

NOTE 36 – SUBSEQUENT EVENTS

As stated in the first article, transitory of the deed of the minutes of the Fifty-Third General Meeting of Members of the Cooperativa del Personal de la Universidad de Chile Ltda. Dated August 21, 2017, from July 1, 2018 the cooperative changes its name to Coopeuch.

Between July 1, 2018, and the date these interim financial statements were issued, there have been no other subsequent events that could significantly affect their presentation.

ERIC URRUTIA MARTINEZ
Accounting Manager

RODRIGO SILVA IÑIGUEZ
Chief Executive Officer