



ANNUAL REPORT AND FINANCIAL STATEMENTS 2011

# Annual Report Bci 2011



# OUR MISSION

Bci defines itself as a Financial Solutions Corporation which participates in all of the financial activities and transactions that the General Banking Law permits. It offers the community products and services with highly efficient operating processes and excellence in quality, with constant technological innovation, prudent risk-management policies and demanding ethical standards which must be followed by each team member working in its companies. Within this framework, and in order to meet its objectives and policies, the Corporation promises to ensure that these are met, with special emphasis on what it considers to be its four fundamental pillars:

## **SHAREHOLDERS**

Business policies and decisions should always be designed to increase the capital that the shareholders have invested in the company, striving to ensure that the return on their investment is higher than average for the banking sector, accompanied by normal levels of risk for the Corporation's businesses and with a maximum possible level of transparency in its conduct in line with the prevailing laws, regulations and ethical framework.

## **CUSTOMERS AND PROVIDERS**

The products and services that the Bci companies offer their customers should be of optimum quality, at competitive prices, innovative and meet their needs properly and timely. It must always be remembered that the customers are the basis of the institution's success and commercial relations with them must therefore be maintained with a long-term perspective.

Relationships of mutual benefit, loyalty over time and high standards for quality, performance and transparency must be kept.

## **TEAM MEMBERS AND THEIR FAMILIES**

The Corporation must endeavor to ensure that all its team members have a dignified standard of living, stable work and possibilities for personal, professional and family development, properly motivating and rewarding good performance and individual and team effort, while providing the guidelines and regulations for maintaining a working atmosphere of excellence and demanding professional and ethical behavior.

The Corporation is defined as a family-responsible company in terms of its commitment to strive to ensure that staff work is carried out in conditions compatible with a proper personal and family life.

## **SOCIETY**

The Corporation's commitment is to develop its businesses and activities within the governing laws in this country and in all of the places where it conducts business. It will abide in full by the ethical principles that ensure respect for the rights and interests of others, according to the guidelines established and accepted by society. As a company, it is also interested in contributing effectively to maintaining a healthy environment and enhancing the country's social, cultural and economic heritage by supporting relevant initiatives.

# WHAT IS BEING TRANSPARENT?

IT'S BEING EXEMPLARY. IT'S HAVING A CLEAN CONDUCT.

IT'S BEING TRUSTWORTHY. IT'S TELLING IT LIKE IT IS.

IT'S NOT BEING AFRAID TO TELL THE TRUTH. IT'S NOT HIDING ANYTHING.

IT'S NOT PRETENDING. IT'S TO SAY HOW YOU FEEL.

IT'S TO DO THINGS WELL.



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THIS REPORT COMES  
WITH THE 2011 BCI  
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# 1. CHAIRMAN'S REPORT

## To our Shareholders:

2011 was exceptionally difficult for the world economy, positive for that of Chile and very good for our Bank.

In effect, the global economic scenario was dominated by the deep and consistent crisis in the Euro Zone economies and, especially, by the extremely complicated situations faced by Greece, Portugal, Italy and Spain. As a result of the sharp unbalances, in some of these countries due to over-expansive fiscal policies and in others to the excessive private sector debt, there was an increase in government-financing costs in all of the countries, an increase in the risk premiums, a decrease in the bank solvency, a marked increase in financial market volatility and uncertainty, an increase in unemployment and a weakening of economic growth.

In addition, due to the existing close relationship, on one hand, between the magnitude of the public and private debt in these countries and their capacity to meet the debt and, on the other hand, the quality of the assets of their principal creditors, the crisis in the Mediterranean periphery of the Euro Zone also affected the situation and the economic outlook in countries like France, England and even Germany. These contributed, likewise, to the deterioration of the economists' and consumers' expectations in the great majority of the industrialized countries.

The track record of the United States was, in general, better than that of the European countries. Production continued its moderate recovery, the value of shares and other financial assets were less volatile, and the dollar appreciated considerably. However, except at the end of the year, employment grew slowly and the fiscal imbalance was still very high, plus the political polarization hindered the timely adoption of efficient measures to reduce it.

In contrast to the poor performance in the developed countries, in China, India and the majority of the Asia-Pacific countries, the economic activity expanded vigorously – even if their growth was a little below previous years and inflation increased.

The satisfactory evolution of the Asia-Pacific economies – which constitute much of the main destinations for Chilean exports – together with the timely measures taken by the Central Bank and the Finance Minister to face the impact of the European crisis, and the solidity of the national banking system, contributed to the performance that the Chilean economy showed.

The Gross Domestic Product grew 6%, fixed capital investment increased close to 18% and consumption increased almost 8%. As a result, employment increased 5% and the unemployment rate fell at the end of the year to 6.6%, the lowest registered mark since the last quarter of 2006. At the same time real salaries increased 2.5%.

Despite the strong expansion in domestic demand and the gradual closing of gaps in the production system and in the labor market, inflation held steady during the large part of the year, within the desired range set by the Central Bank (2 – 4%). However, inflation accelerated starting in October and closed the year at 4.4%, thus breaking the upper limit of the desired range.

In the foreign sector, and mainly as a result of the strong increases in international copper and iron prices and of the market growth in industrial product sales, exports reached an unprecedented level of US\$ 80 billion, 13.5% higher than last year. The increase in imports was still stronger (27%), with which their value bordered US\$70 billion.

All in all, the positive evolution in the annual averages of the main macroeconomic indicators hid the gradual deterioration that the majority of them experienced starting with the middle of the year. Thus, while the first semester the GDP grew 8.2%, in the second its expansion slowed to 4.5%. Between both periods, growth rates declined, likewise, in investment, private consumption and employment. The price of copper also declined markedly and the commercial surplus was reduced.





Notwithstanding the negative track record in the global economic and financial scenario and the weakening of Chile's economic growth in the second half of the year, our Bank had substantial advances.

Our net income reached an all-time record of CH\$ 261 billion, beating last year's figure by 17.7%. This increase more than doubled the 8.1% registered by the banking system for income and so Bci's share of the system's income increased from 14% in 2010 to 15.3% in 2011. The Bank's ROE (21.4%) - the third highest in the banking system - also soundly beat the 17.4% registered by the system.

Thanks to the strong growth in profits and the continuing policy that since 2009 has capitalized 70% of them, Bci's equity has increased 17.6%, reaching an amount slightly higher than CH\$1.2 billion by the end of the year.

Thus, and despite the vigorous increase in loans (19%) and financial investments (54%), the relationship between effective equity and risk weighted assets increased from 13.59% in 2010 to 13.92% in 2011, a number much higher than the 10% minimum set by the SBIF for banks with branches abroad.

In 2011, likewise, the Bank's operating efficiency improved: while during last year operating costs took up 45.42% of the gross operating income, in 2011 they equaled 44.93% of the same. That rate was, in addition, much better than the 47.58% of the banking system.

Together with elevating the profitability, income, solvency and efficiency, the Bank notably diversified its financing sources. Thus, in April the bank underwrote a syndicated bank loan for US\$ 325 million, for a two year term at a rate equal to LIBOR plus 85 basis points. This operation - in which 16 international banks from the US, Europe and Asia participated - marked our return to the international syndicated credit markets, after three years absent.

Three months later, Bci became the first Latin American bank and the second Chilean company to issue bonds in the Mexican market. This placement was for US\$ 170 million, with a three year term and an interest rate equaling LIBOR plus 125 basis points. It's worth highlighting that this operation forms part of the Stock Exchange Certificate Issuance program with the Mexican markets, which in the next 5 years will allow us to obtain resources of close to US\$ 700 million.

In addition to seeing Bci's growing international prestige, these issuances contributed to the Bank being able to count on the resources necessary to attend to the increase in their customer's commercial operations. The resources captured through them also helped to neutralize the effects of the reduction of the credit lines imposed by numerous European banks - especially in the second semester - as the Euro Zone economic crisis worsened and extended.

Without a doubt, 2011 was a complex year in terms of risk for the banking system as well as for Bci. In effect, during the year it was necessary to face the effects of the La Polar, Tierra Amarilla, Campanario and Johnson crises, companies for which our Bank was the main creditor.

The uneven evolution and different outcomes these episodes had largely explain that Bci's risk factor - that is, the relationship between allowances and loans - strongly fluctuated during the second semester of the year. In fact, after increasing to 2.36% in June to 2.74% in November, it abruptly fell to 2.42% in December, as a result of the sale of Johnson to Censosud and of the improved risk of Tierra Amarilla, due to the change in their controller and the reduction of their debt. Thus, at the end of the year, the risk factor was under the 2.50% registered in December 2010.



This decrease occurred despite that the Bank's total allowances increased from almost CH\$250 billion at the end of 2010 to CH\$277 billion at the end of 2011. In this increase, in addition to the increase set by the new regulations associated with loan expansion, the Bank's adherence to its policy of increasing voluntary allowances during surplus periods to then face possible adverse contingencies also was an influence. In line with this counter-cyclical policy, the Bank was able to set aside allowances for around CH\$35 billion, of which approximately CH\$20 billion were assigned to cover overdue loans. This meant that the amount of voluntary allowances increased by 47.5%, from almost CH\$31,250 million in December 2010 to more than CH\$46 billion in December 2011.

The positive results achieved by the Bank in 2011 confirmed the decision taken two years ago to profoundly reorganize its structure, which meant the creation of three large divisions: Retail Banking, Commercial Banking, and Corporate and Investment Banking.

In fact in 2011, Retail Banking – which aims to deliver a varied selection of products and services to people, entrepreneurs and very small business owners – not only increased in 8.5% the number of customers and in 12% the amount loaned, but also consolidated its leadership in the use of remote channels (Internet and telephone) and notably increased its productivity.

At the same time, Commercial Banking – oriented to satisfy the necessities of the small, medium and large businesses – significantly increased its coverage, especially with SMEs. Thanks to the work in this area, Bci was classified by the Fondo de Garantía para Pequeños Empresarios (Small Business Guaranty Fund – FOGAPE) as the best financial institution supporting entrepreneurship and innovation in small and very small businesses. It also occupied first place in the banking system in loans placed to small and medium sized exporters guaranteed by Cobex from the Corporación de Fomento.



In 2011 Investment and Finance Banking's dynamic development also continued. This division, which is now called Bci Corporate and Investment Banking, greatly increased the portfolio of financial products and services it offers to its customers, in Chile and abroad. Said offering – based on international best practices but adapted to the local market and Bci's culture – required developed structures and sophisticated financial products and solutions that are adaptable to the specific needs of the customers.

However, Bci's progress wasn't only reflected in the favorable financial indicators. It was also manifested in areas as important as safety and quality of labor relations, the Corporate Social Responsibility (CSR), and the transparency of its operations, in all of which the advances by the Bank were recognized by numerous prizes and recognitions.

On the labor front, the Bank received for the fourteenth time in the last 16 years first prize from the National Safety Council for being the financial company with the lowest accident rate. It was also recognized, likewise, with the "Quality of Life" prize from Caja los Andes, for its permanent preoccupation for the well-being of its team members and their families. Bci was also elected "the Second Best Chilean Company for Working Mothers and Fathers" by the ranking done by the magazine Revista Ya from El Mercurio and the Fundación Chile Unido. In this report, the Bank also obtained a special recognition for its "Bci sin límites" program (Bci without limits), that offers work and professional opportunities for persons with disabilities.

The Bank's permanent preoccupation for the progress of its team members also manifested itself in the 28% increase in training costs, which reached an amount of CH\$2,393 million. On the other hand, the 11.5% growth seen in 2011 of female personnel greatly beat, again, the growth of males (6.8%), with which women team members increased to 56% of the labor force.

In the area of Corporate Social Responsibility, Bci was recognized as an "Exemplary Latin American Company" in the 4th Meeting of Socially Responsible Latin American Corporations, held in Mexico City. Bci was rated as "Chile's Third Most Responsible Corporation" in the CSR ranking done by the Fundación Prohumana with the support of Revista Qué Pasa, especially for its commitment to its team members and for its initiatives and contributions to the environment, ethics management and financial education.

The Bank was also recognized as "The Country's Most Responsible Corporation" in the Measurement of Corporate Reputation Report, which is based on the judgment of corporate directors, financial analysts, NGOs, journalists, union leaders, consumer associations and other opinions. In this report, Bci was likewise classified as the "Seventh Most Reputable Company in Chile" and as the second most reputable company in the banking industry.

The most notable progress in 2011 was in transparency. The Bank started in May a systematic campaign to clarify and abbreviate contracts, giving them simpler language and eliminating confusing clauses, looking to make them more comprehensible for our customers. Towards this same end, the Bank prepared didactic videos and conducted free financial education courses and clinics especially directed toward people with little banking knowledge. In addition, the Bank notably improved customer service and simplified the procedures to receive and resolve eventual complaints. Especially significant were the measures adopted so that customers could simulate and compare the Equivalent Annual Cost and the Total Loan Cost for consumer and mortgage loans.

The Bank also introduced important improvements to facilitate the timely and expedited payment to suppliers. As a result, 92% of the invoices received from them were paid in less than 7 days. This achievement was the main factor the Economy Minister had when choosing Bci as the first company in the country deserving of the Pro-SME Seal.



The considerable and positive impact these and the rest of the 14 transparency measures the Bank introduced in 2011 had was reflected in the spectacular advancement of the Corporate Transparency Index as prepared by the Universidad de Desarrollo's Communications Faculty and the consultant Inteligencia de Negocios.

In effect, in this index – which measures the quality and quantity of the information that companies emit – Bci, after having occupied 49th place among 75 companies in the study during 2010, was elected in 2011 as the “Most Transparent Company in Chile” among 101 companies analyzed.

Upon finishing this report, I wish to give a brief but significant historical reference.

This Annual Report comes as Bci is about to celebrate 75 years. I believe it's important, then, to remember the principles that inspired its founders. A group that, as is written in the minutes of the Board of Directors meeting on June 30th, 1937, was defined as “formed by people of different nationalities, naturally in its majority Chilean, and those that are not by birth, are truly Chilean in their heart.” It also stated that “it is essential to Bci's program to develop and stimulate small loans, individual efforts, the improvement and expansion of family work and initiatives that, founded in the spirit of work, order and the economy, are put forth to encourage small businesses, which are the permanent strength and great springboard of the public wealth, and make them prosperous.”

So, it is evident that the central purpose of the new institution was to offer opportunities to the small merchants and industries – that is, to those that we now call entrepreneurs and SMEs- and, more generally, to people in that far off year 1937 could access bank financing.

I honestly think that the record I have presented and the more complete information in this Annual Report and the Sustainability Report that accompanies it, justify confirming – with conviction and with legitimate pride – that in its long history, our Bank has exceeded the objectives that shaped its founders and likewise confirm that it is our unbreakable commitment that the Banco de Crédito e Inversiones continues to be guided by the principles that our founders left us.

**LUIS ENRIQUE YARUR REY**  
BCI CHAIRMAN

# HISTORICAL DATA 1937 – 2011

SOURCES: SBIF AND BCI

**ROE**

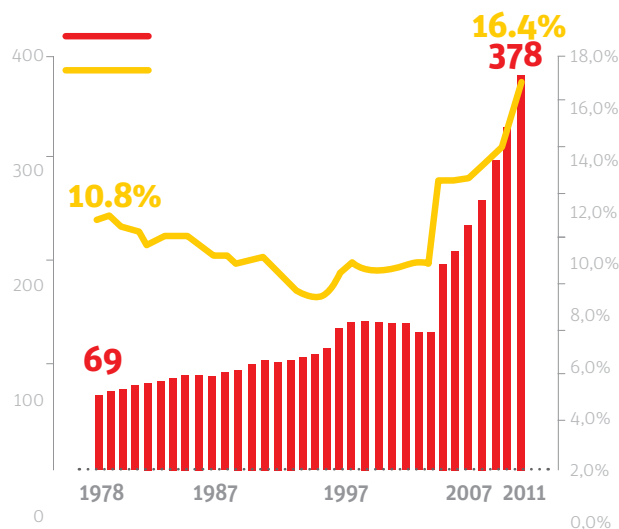
BASE DECEMBER  
2011

**BCI**  
**BANKING**  
**SYSTEM**



## BANK BRANCHES

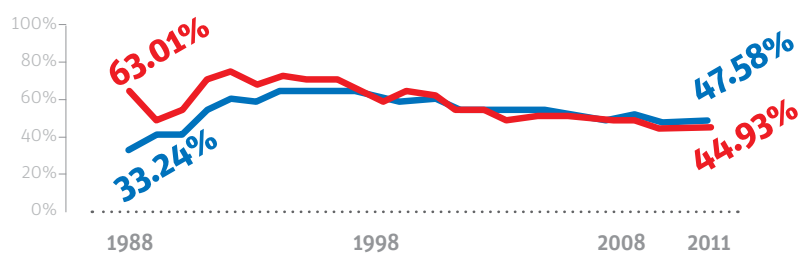
**BCI**  
**MARKET**  
**SHARE**



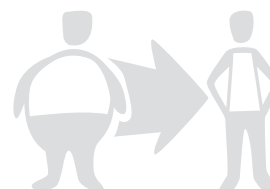
## EFFICIENCY

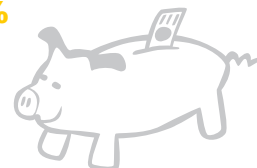
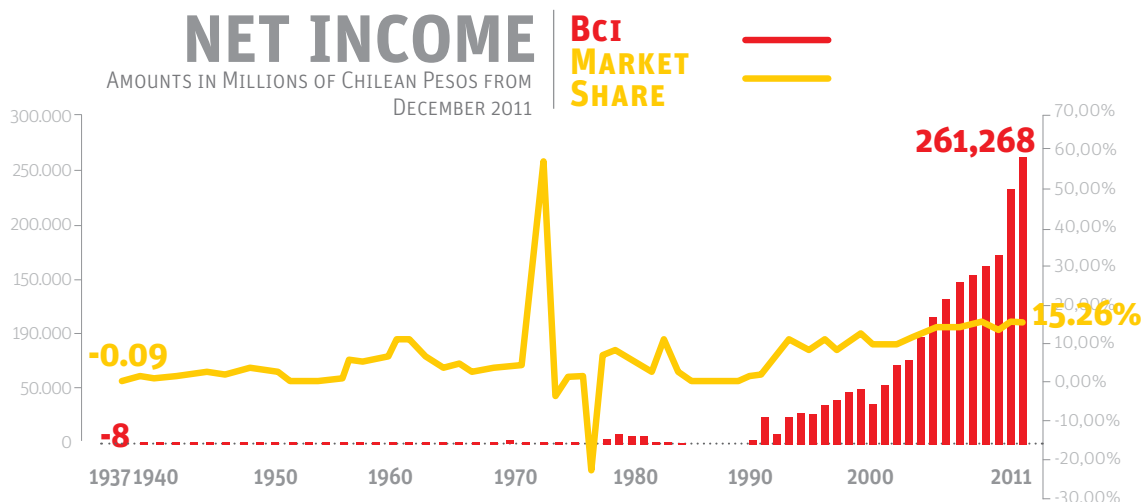
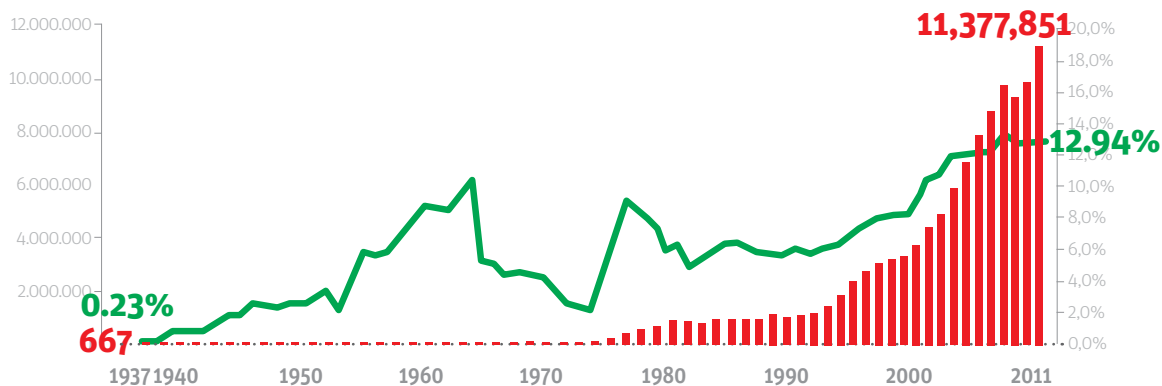
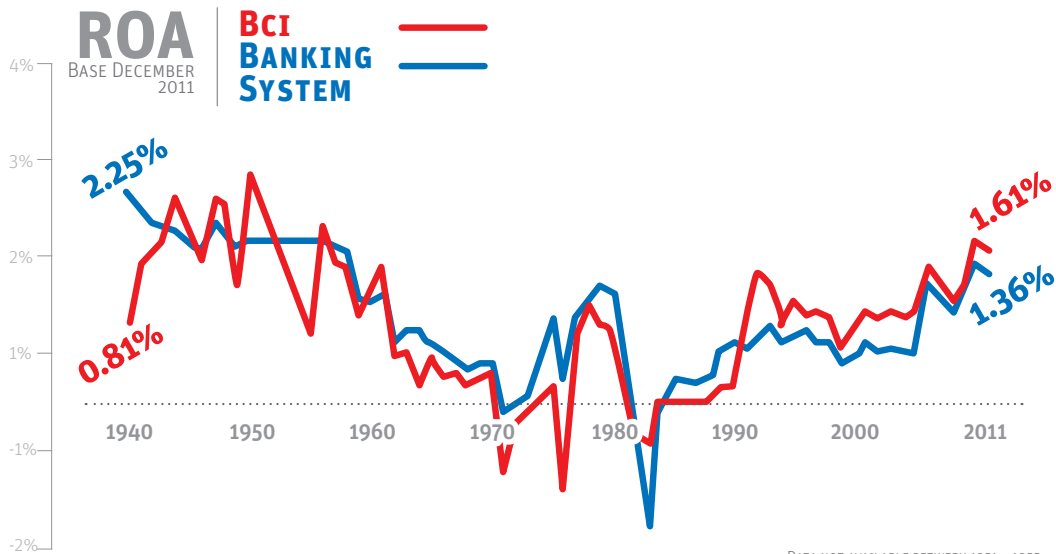
BASE DECEMBER  
2011

**BCI**  
**BANKING**  
**SYSTEM**



A DOWNWARD CURVE REPRESENTS AN IMPROVEMENT IN EFFICIENCY.







## Acta de constitución del Banco Fundador del Banco de Crédito e Inversiones

# 1937

Banco de Crédito e Inversiones is born with Mr. Juan Yarur Lolas participating in its first Board of Directors.

The day the Bank was founded, it opened its doors to the public, receiving deposits equal to a fourth of its capital.

The first place of establishment for the Bank was leased at Huérfanos 1002 in Santiago.

En Santiago de Chile, a 14 de Julio de 1936, en el local de las Compañías de Seguros "Lloyd de Chile" y "La Jenevra", calle Miranda 246, a las 16 horas, se constituyeron en sociedad los señores Antonio Guzmán, Juan P. Benavente, Dr. Catalaella, Mateo Rodríguez, Agustín Ovalle, Juan P. Benavente, Víctor Muñoz, Paredes y Santo Lepori; todos ellos, por el término de la reunión por el último de los nom-

El señor Lepori manifestó haber conversado anteriormente con cada uno de los asistentes, a quienes le explicó en detalle las bases sobre las que se iba a crear un Banco en esta capital; lo que a su vez, le dio por un excelente negocio vendría a ser una gran necesidad en el mercado.

Después de haberse expresado las opiniones de los señores que habían venido realizando, a objeto de que se les permitiera las personas que patrocinaban la institución.

# 1956

Expansion to provinces, the first branch in Valparaíso opens.



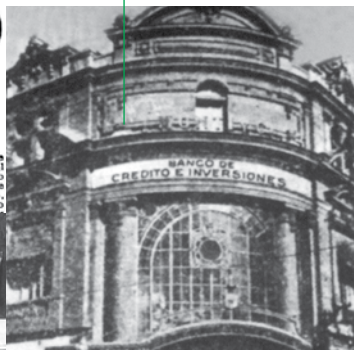
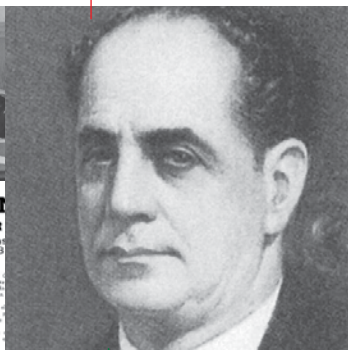
# 1958

Bci creates the first "travelers check" and introduces a new manner of fund transfers, "cashier's check".

# 1946

Mr. Juan Yarur Lolas is elected Chairman of the Board, post held until his untimely death in 1954, when the Institution reached a large portion of the market share.

NACE EL  
BANCO  
de CRÉDITO  
e INVERSIONES



# 1944

Bci is one of the driving forces behind the formation of the Chilean Association of Banks.



# 1954

Mr. Jorge Yarur Banna assumes the Chair and starts one of his father's projects, the construction of the bank's Headquarters.

# 1957

The first branch in the North of Chile opens and the Bank's third, in Antofagasta.



# 1959

Grand opening of the corporate headquarters on Huérfanos 1134.

Expansion to the south: Bci merges with Banco de Curicó, institution founded in 1882.

## 1969

As an exclusive service, Bci offers its customers bill paying options for electricity, water and gas. Thus began the automatic bill payment, PAC (for its initials in Spanish) now used by all national banks and extended to all types of bills.

## 1975

The new authorities return Bci's administration to its shareholders by way of the Board of Directors elected at the same time and presided by Mr. Jorge Yarur Banna.

## 1978

Bci is the first "online bank", processing its transactions between branches at electronic speed, starting the most advanced computational project in the Chilean banking system.



## 1984

The slogan "We're Different" (or "Somos diferentes" in Spanish) is born and has identified Bci's way of offering services that has distinguished it until today.

Somos diferentes

## 1987

Bci's first subsidiary: Bci creates Bancrédito S.A. securities broker which later turns into what is known as Bci Corredora de Bolsa S.A. today.



## 1965

Bci throughout Chile: branches in Arica, Iquique, Tocopilla, María Elena, Chuquicamata, Calama, Potrerillos, Copiapó, Viña del Mar, Ñuñoa, Puente Alto, San Bernardo and San Diego.

The Bank's distinguishing logo became an hourglass, symbolizing the value that was given to the time of our clients.

## 1971

Bci is the first bank intervened by the government, within a plan to nationalize the private banking industry, however, shares remained in the power of the owners.

## 1976

Bci acquires Banco Llanquihue, institution founded in 1887.

## 1981

World economic crisis: Bci wasn't immune and sells part of its loan portfolio to the Central Bank.



## 1985

Becoming a unique world symbol, Bci installs an auxiliary teller in Villa Las Estrellas, in the Chilean Antarctic Territory.

## 1989

Bci offers the first sight accounts, the Cuenta Prima, commonly called electronic checking. Later the entire industry adopts this product.

## 1991

Before its maturation date, Bci completely pays off its repurchase agreement with the Chilean Central Bank of the loan portfolio from 1982. The same day it was paid, Mr. Jorge Yarur Banna unexpectedly and sadly passes away. As Chairman of the Board, until the present, his nephew, Mr. Luis Enrique Yarur Rey, who joined the Bank in 1975 and in 1980 took the post of CEO, succeeds him.



## 1999

The Bci Maimi Agency is inaugurated in the USA, Bci first foreign branch, authorized by the US Federal Reserve Bank and under the State of Florida laws.

## 1995

The first Ethics Code, document that has served as a conduct guide on a corporate level for all of Bci's team members and those of its subsidiaries.

## 2003

Bci introduced the second security key to protect customers' online transactions: the Multipass. Only in 2008 did this mechanism become obligatory for the entire industry.

A Bci representative office is opened in Mexico City.



## 1988

The subsidiary Administradora de Fondos Mutuos (Mutual Fund Administrators) is created and is known now as Bci Administradora de Fondos Mutuos S.A.

## 1990

The Corporación de Crédito al Menor is created and the installations for "Villa Jorge Yarur Banna", which shelters extremely poor girls from situations of high social risk. It is supported by Bci and all of its team members as members.



## 1992

The brand name is shortened to Bci and new corporate colors are presented.

New subsidiary: Bancrédito S.A. Asesoría Financiera (now known as Bci Asesoría Financiera S.A.)



## 1998

Bci creates a novel distance banking service called T-Banc, with 24-hour telephonic services.

Bci opens a representative office in Lima, Perú.

New subsidiaries: Bci Corredores de Seguros Ltda., Bci Normaliza S.A. and Bci Factoring S.A.

## 2000

Bci opens a representative office in Sao Paulo, Brazil.

New subsidiary: Bci Securitizadora S.A.



## 2005

Banco Nova is founded.

The Annual Report is accompanied by first Corporate Governance, Corporate Social Responsibility and Ethics Code report.

## 2007

Bci is the first Chilean bank to develop a mobile bank through cellular phones.

Bci is the first South American bank to get the ISO 27001 Certification for operational quality.



## 2009

Three initiatives unique in the market:

- Chequemático, machine that cashes checks and issues money automatically.
- Magneprint, a system that avoids card cloning.
- Multybox, innovative alternative, unique in the country, that integrates a self-service terminal with touchscreen technology allowing products and services to be paid for through any method of payment accepted in stores.

## 2011

Bci is the first Latin American bank to issue bonds in the Mexican markets.

Ecological branch: Bci is Chile's first banking institution to introduce the "sustainable building" in its new offices, with planet-friendly technologies.

Merger of Bci Administradora General de Fondos S.A. and Bci Asset Management Administradora de Fondos S.A. subsidiaries.



**Banco Nova**  
de Bci  
Te quiero feliz

## 2004

Bci acquires shares and corporate rights for Banco Conosur, its subsidiary Genera Corredores de Seguros Limitada and its company Servicios de Cobranza Externa Limitada (Sercoex).

## 2006

Datacenter: Bci builds a second datacenter more than 100 km. from its main center to face eventual IT contingencies.

The Bank's new Corporate Headquarters opens on Avenida El Golf 125, in Las Condes, Santiago.

New subsidiary: Administradora General de Fondos S.A.

## 2008

Bci is the first Latin American bank to issue bankers acceptances in the Hong Kong market.

Private Banking is founded.

Bci Full 24x7: 92 branches are equipped with modern equipment that allows clients to make numerous transactions.



## 2010

The first carbon-neutral credit card, made with recycled plastic and allows customers compensate their CO2 emissions. Bci also introduces the first carbon-neutral checking account.







# WE KNOW THAT ECONOMIES ARE DYNAMIC, SO WE ALWAYS SUPPORT OUR CUSTOMERS WITH A POSITIVE ATTITUDE TOWARD THE FUTURE.

---

**Name:** Iván Dib

**Activity:** Customer / Ausind Ltda.

**Comments:**

After the Asiatic crisis, we were booked with projects that we couldn't finance because the bank we were working with had us completely limited. Here we found Bci.

Our sales grew 25% that year. The experience has been satisfying, our infrastructure, number of customers, quality, innovation, depth of work and, of course, volumes of operations have all grown.

The executives show a wonderful willingness and attitude with the customer. Executive turnover is moderate, which allows them to achieve a better relationship with the customer, using communication channels that are more open and that make for more trust, the most important thing between bank and customer.

The bank distinguishes itself by the relationship it has with SMEs. You feel supported, served well and known. There is an intense and communicative interpersonal relationship in both directions which results into a greater customer loyalty.

I would like to express my best wishes for success and prosperity during the upcoming years with your customers. I am convinced that you will know how to find new ways of integrating the Bank and your customers in such a way that trust, transparency, communication and integration are concepts completely incorporated in the daily language between customers and Bci.

## 2. FINANCIAL SUMMARY

					Under new regulations <sup>1</sup>				Change
CONSOLIDATED BALANCE SHEET	2005	2006	2007	2008	2008	2009	2010	2011	2010/2011
BALANCES OF OPERATIONS AT THE END OF EACH YEAR NUMBERS IN MILLIONS OF PESOS									
Commercial loans and due from banks	3,777,833	4,629,372	5,464,776	6,835,561	6,835,939	6,159,662	6,544,486	7,880,994	1,336,508
Mortgage loans	872,823	963,071	1,324,409	1,690,214	1,693,924	1,736,465	1,913,547	2,168,712	255,165
Consumer loans	655,298	799,983	911,749	1,003,813	1,008,781	1,041,979	1,174,581	1,400,739	226,158
TOTAL LOANS	5,305,954	6,392,426	7,700,934	9,529,588	9,538,644	8,938,106	9,632,614	11,450,445	1,817,831
Allowances for credit risk	(73,477)	(66,850)	(85,650)	(131,820)	(131,984)	(194,334)	(249,328)	(277,297)	(27,969)
TOTAL NET LOANS	5,232,477	6,325,576	7,615,284	9,397,768	9,406,660	8,743,772	9,383,286	11,173,148	1,789,862
Financial investments	1,125,289	845,762	1,019,781	1,452,092	1,458,519	1,960,558	1,346,687	2,072,068	725,381
Other assets	4,297,511	1,595,236	1,394,074	1,946,512	1,897,758	2,417,192	2,465,311	2,864,445	399,134
TOTAL ASSETS	10,655,277	8,766,574	10,029,139	12,796,372	12,762,937	13,121,522	13,195,284	16,109,661	2,914,377
Nibds	1,307,176	1,543,020	1,776,766	2,021,931	2,021,931	2,400,959	2,844,029	3,172,480	328,451
Term deposits	3,445,464	4,026,275	4,772,001	6,071,804	6,071,804	5,491,152	5,467,545	6,749,054	1,281,509
Other obligations	5,401,763	2,609,680	2,776,437	3,912,386	3,902,204	4,333,258	3,844,544	4,966,078	1,121,534
Capital and reserves	395,190	467,446	568,559	683,811	620,411	783,608	883,708	1,039,157	155,449
Allowances for minimum dividends	-	-	-	(45,617)	(45,617)	(48,232)	(66,623)	(78,380)	(11,757)
Net income	105,684	120,153	135,376	152,057	192,203	160,774	222,075	261,268	39,193
Minority interest	-	-	-	1	1	3	6	4	(2)
TOTAL LIABILITIES	10,655,277	8,766,574	10,029,139	12,796,372	12,762,937	13,121,522	13,195,284	16,109,661	2,914,377

<sup>1</sup>As of January 1, 2009 as instructed by the Superintendency of Banks and Financial Institutions, the Bank applied new accounting standards adopted by this Bank.

					Under new regulations <sup>1</sup>				Change
FINANCIAL INDICATORS	2005	2006	2007	2008	2008	2009	2010	2011	2010/2011
BCI SHARES									
Price (nominal)	12,289	15,852	14,950	10,841	10,841	16,576	33,058	28,789	(4,269)
Earnings per share (nominal)	1,069.52	1,215.38	1,369.36	1,538.10	1,944.20	1,585.70	2,153.85	2,504.22	350
Market price / book value (times)	3.21	3.35	2.60	1.57	1.70	2.14	3.86	2.57	(1)
Market price / earnings per share (times)	12.00	13.04	10.92	7.05	5.58	10.45	15.35	12.95	(2)
Shareholders' equity (millions of pesos)	1,214,332	1,567,134	1,477,962	1,050,063	1,050,063	1,680,642	3,408,483	3,003,599	(404,885)
PROFITABILITY AND EFFICIENCY									
Return of equity	26.74%	25.70%	23.81%	23.82%	33.44%	21.86%	21.37%	21.38%	0.0001
Capitalized earnings of previous year	53.21%	53.23%	54.75%	54.72%	54.72%	69.44%	68.47%	67.50%	(0.0097)
Return on assets	0.99%	1.37%	1.35%	1.19%	1.50%	1.22%	1.68%	1.61%	(0.0007)
Efficiency (backstopping costs / operating income)	50.46%	50.35%	49.64%	44.76%	48.25%	44.71%	45.42%	44.93%	(0.005)
Assets per employee (millions of pesos)	1,362	983	1,051	1,393	1,389	1,482	1,420	1,576	156
MARKET SHARE									
Loans	12.49%	12.51%	12.38%	13.30%	13.30%	12.76%	12.72%	12.94%	0.2%
RISK									
Allowance expenses / total loans	0.78%	0.85%	1.00%	1.32%	1.32%	1.95%	1.53%	1.26%	-0.3%
Allowances over total loans	1.54%	1.27%	1.32%	1.38%	1.40%	2.18%	2.50%	2.42%	-0.1%
ACTIVITY INDICATOR (NUMBER)									
Employees (Bci Corporation)	7,823	8,918	9,541	9,185	9,185	8,848	9,346	10,220	874
Branches and contact points	221	233	282	326	326	332	365	378	13
Checking accounts	299,125	313,748	345,820	373,043	373,043	397,764	425,233	449,700	24,467
Electronic checkbooks	806,430	855,115	893,961	959,580	959,580	1,107,366	1,115,633	1,215,527	99,894
Atms	512	628	815	990	990	1,013	1,111	1,333	222
Atm transactions (December of each year)	3,054,729	3,218,465	3,214,591	3,777,608	3,777,608	4,037,717	5,455,584	5,672,989	217,405
Internet transactions <sup>2</sup> (December of each year)	11,263,330	8,984,343	11,792,742	18,510,037	18,510,037	24,827,278	12,925,182	14,434,020	1,508,838
Customers with internet access passwords	213,615	242,641	280,324	297,239	297,239	333,379	404,956	408,987	4,031

<sup>2</sup> Up to 2009, transactions made with and without authentication codes were counted until 2009. From 2010 onwards, only transactions made with an authentication code are considered.



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## SHARING AFFECTION, KNOWLEDGE AND EXPERIENCES CREATES STRONGER TIES AND ALLOWS US TO GO FURTHER.

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**Name:** Elizabeth Salazar

**Activity:** Bci Secretary

**Comments:**

My experience in Bci has been really extraordinary! I have had the fortune of working with very good people. As a secretary I have learned to value a job well done, with clear objectives, with the best disposition and trying to do more with less. Bci has been a breeding ground for many; it has allowed me to grow as a person and a professional.

There is a constant preoccupation to improve processes, of having quality professionals and caring for our customers in a simple, clear and flexible way where the customer knows what we want to deliver, how much it will cost them, how they can pay and be able to compare with the competition. All this is done in a framework of efficiency, transparency and clarity.

Preoccupation for people is what makes the difference. This is a company where we live the wish that team members are really happy, with benefits, opportunities to grow and an excellent labor climate that enriches on a daily basis.

My goal is to do my job the best it can be done, anticipate the needs of each individual and never lose the happiness in each thing I do at work or in life. Good will is free and doing outstanding work makes you feel happy with yourself every day and that is transmitted to your co-workers and your family.





## 3. BOARD OF DIRECTORS

THE BOARD OF DIRECTORS  
PERMANENTLY STUDY AND  
DETERMINE THE MAIN POLICIES  
THAT ORIENT THE BANK'S ACTIONS.



.01  
José Pablo Arellano Marín  
**Director**

.02  
Francisco Rosende Ramírez  
**Director**

.03  
Juan Manuel Casanueva Préndez  
**Director**

.04  
Alberto López-Hermida Hermida  
**Director**

.05  
Juan Edgardo Goldenberg Peñafiel  
**Director**

.06  
Mario Gómez Dubravcic  
**Director**

.07  
Andrés Bianchi Larre  
**Vice-Chairman**

.08  
Luis Enrique Yarur Rey  
**Chairman**

.09  
Lionel Olavarría Leyton  
**Chief Executive Officer**

Dionisio Romero Paoletti  
**Director**  
(Not pictured)



## BOARD OF DIRECTOR ELECTIONS

During the Ordinary Shareholders' Meeting held on March 30th, 2010, the new members of Bci's Board of Directors were selected through an election to exercise their functions for a three year term.

However, in an extraordinary meeting held on March 16th, 2011, the resignation of Daniel Yarur Elsaca from his Directorship was offered and accepted. His replacement was designated, Mr. José Pablo Arellano Marín, and was ratified during the Bci Shareholder's Meeting held March 31st, 2011.

Likewise, on May 24th, 2011, the Board was informed and accepted the resignation of Mr. Ignacio Yarur Arrastre from his Directorship, who went to take a post as Bci Commercial Banking General Manager. His replacement, Mr. Mario Gómez Dubravcic, was designated until the next Ordinary Shareholder's Meeting, when the person who will permanently perform the duties will be designated.

Bci's Board of Directors thanked the contributions made by Mr. Daniel Yarur Elsaca and Mr. Ignacio Yarur Arrastre during their terms as the Bank's Directors.

Thus, the Board of Directors which will serve until 2013 is:

LUIS ENRIQUE YARUR REY	CHAIRMAN
ANDRÉS BIANCHI LARRE	VICE-CHAIRMAN
JOSÉ PABLO ARELLANO MARÍN	DIRECTOR
JUAN MANUEL CASANUEVA PRÉNDEZ	DIRECTOR
JUAN EDGARDO GOLDENBERG PEÑAFIEL	DIRECTOR
MARIO GÓMEZ DUBRAVCIC	DIRECTOR
ALBERTO LÓPEZ-HERMIDA HERMIDA	DIRECTOR
DIONISIO ROMERO PAOLETTI	DIRECTOR
FRANCISCO ROSENDE RAMÍREZ	DIRECTOR

# MONTHLY, THE BOARD OF DIRECTORS RECEIVES A COMPREHENSIVE ACCOUNT OF THE MANAGEMENT AND RESULTS OF BCI.



The Board permanently promulgates the main policies governing the Bank. These include, among others, commercial and development strategies, budgeting management and shareholder's equity position, portfolio diversification, credit, financial, operational as well as domestic and international market risk management, profitability, allowances coverage, quality of service and customer service, and labor conditions of the team members of the Bank and its subsidiaries.

On a monthly basis, the Board receives a comprehensive account on management and corporate results, in addition to periodic reports on matters examined and approved by the different committees of the Bank.

The committees, comprised of Directors, hold meetings on a regular basis and in different frequencies. Their nature, functions and activities are determined by both the needs of the Bank and by regulatory demands. Currently, the following committees are held:

- ★ Board's Executive Committee
- ★ Director's Committee
- ★ Finance and Corporate Risk Committee
- ★ Corporate Governance and Social Responsibility Committee
- ★ Compensations Committee

In the Sustainability Report accompanying this Annual Report, the principles governing the Board of Directors, the profile and bios of each one of its members as well as a detailed description of its functions and attendance, are explained. The composition, functioning and individual attendance to the aforementioned committees is also specified.

This document also contains information on the conditions upon which the Board takes on its responsibilities in tandem with top level management and the way in which the Bank relates to its stakeholders: shareholders, team members and their families, customers, suppliers and the community.

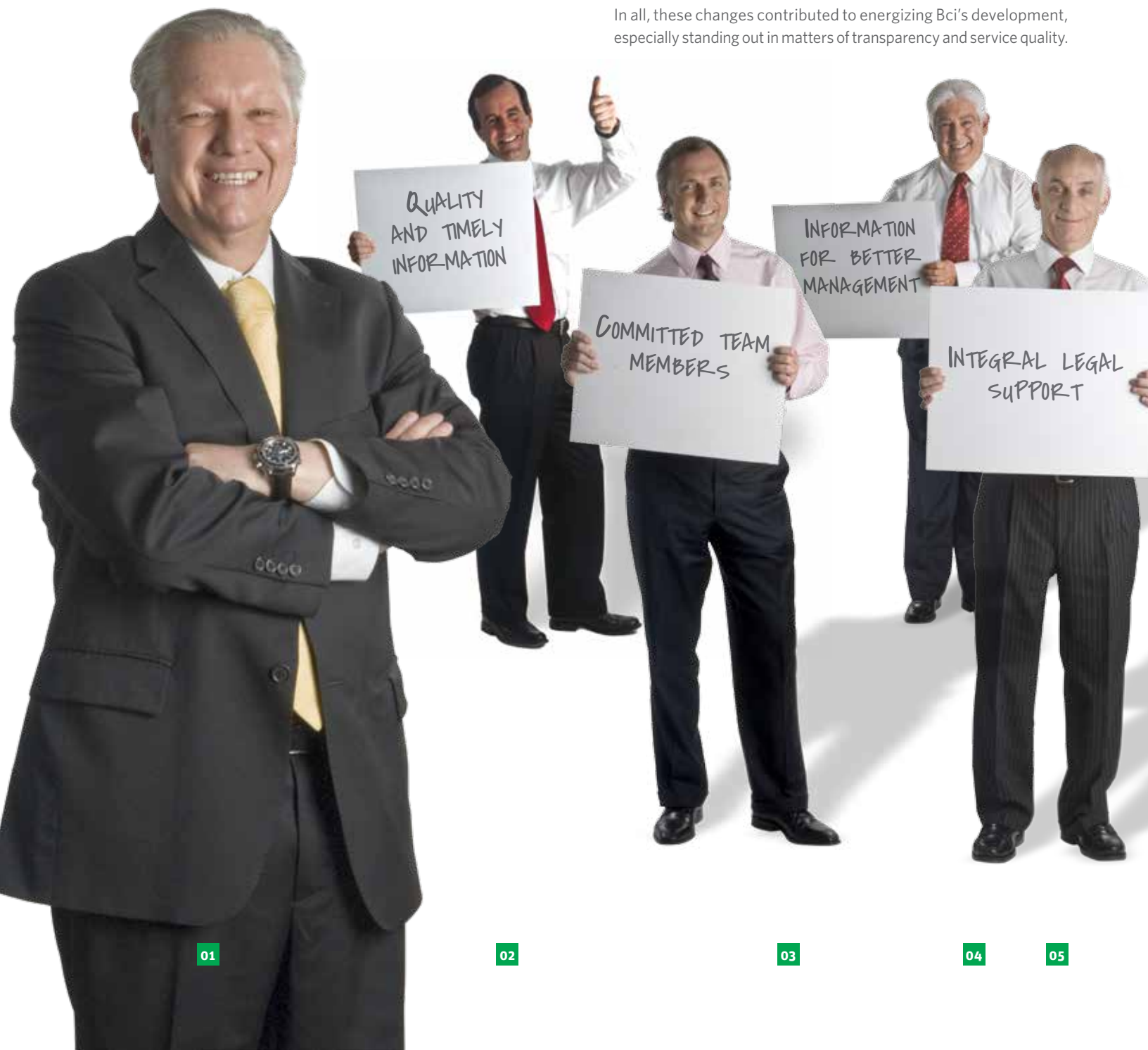
## 4. SENIOR MANAGEMENT

A BETTER ALIGNMENT OF STRATEGY, PLANNING, EXECUTION AND SERVICE.

In 2011, Bci Corporation consolidated the internal reorganization implemented during 2010, whose objective was to prioritize and aim our strategic focus on our preferred business, and to deliver a better offer of value to our customers through a better alignment of strategy, planning, execution and service.

Following that same line, in 2011 we decided to strengthen the Investment and Finance Divisions, transforming it into Corporate and Investment Banking. The purpose of this restructuring was to deliver a different offer of value to customers based on a model in which each customer has only one bank contact in charge of coordinating its actions with the customer.

In all, these changes contributed to energizing Bci's development, especially standing out in matters of transparency and service quality.



01

02

03

04

05



.01  
Lionel Olavarria Leyton  
**Chief Executive Officer**

.02  
José Luis Ibaibarriaga Martínez  
**Chief of Planning and Controller  
General\***

.03  
Pablo Jullian Grohnert  
**Chief Human Resources Officer**

.04  
José Luis de la Rosa Muñoz  
**Chief Financial Officer**

.05  
Pedro Balla Friedmann  
**General Counsel**

.06  
Graciela Durán Vidal  
**Audit and Compliance Head**

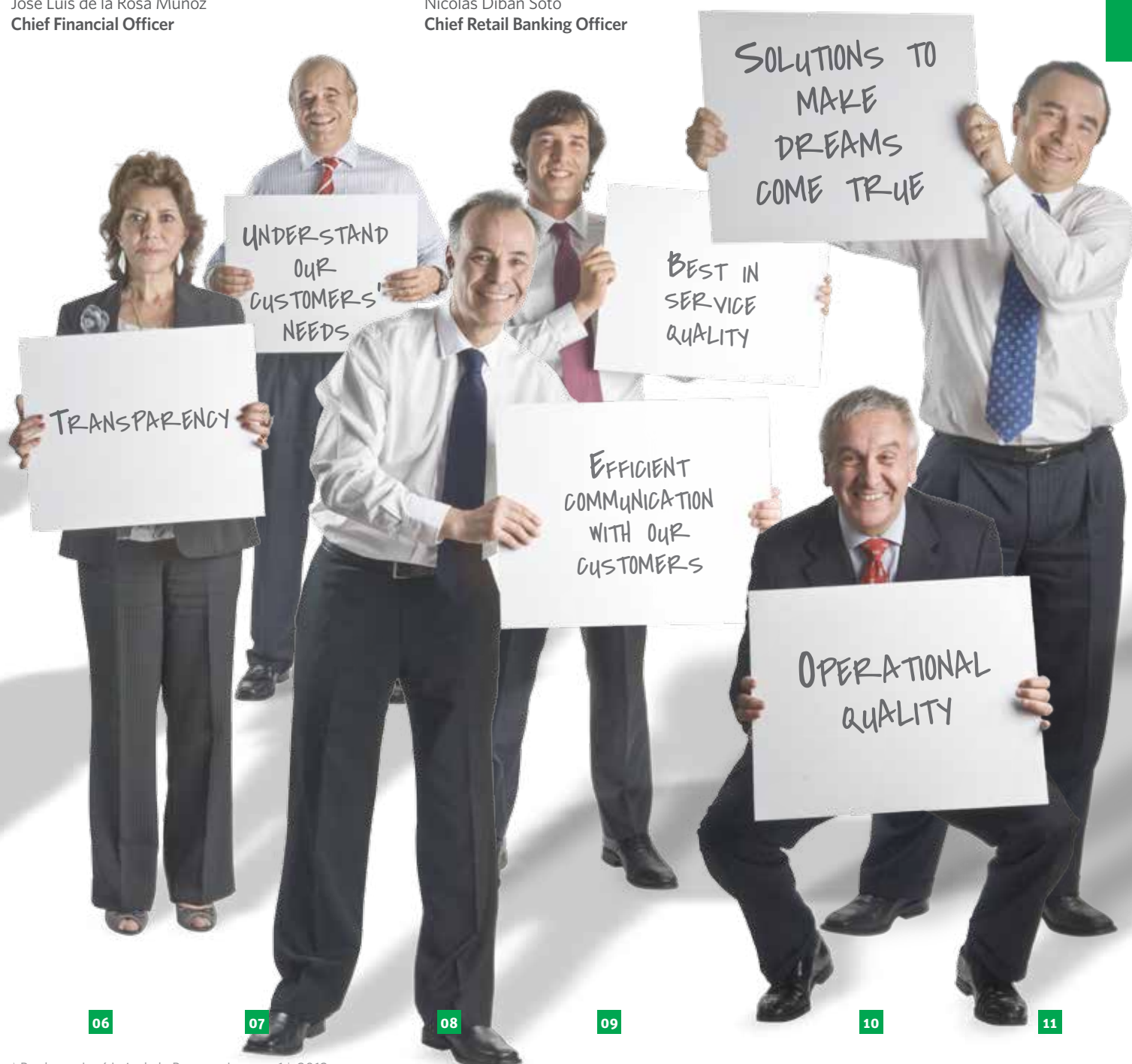
.07  
Eugenio Von Chrismar Carvajal  
**Chief Corporate and Investment  
Banking Officer**

.08  
Nicolás Dibán Soto  
**Chief Retail Banking Officer**

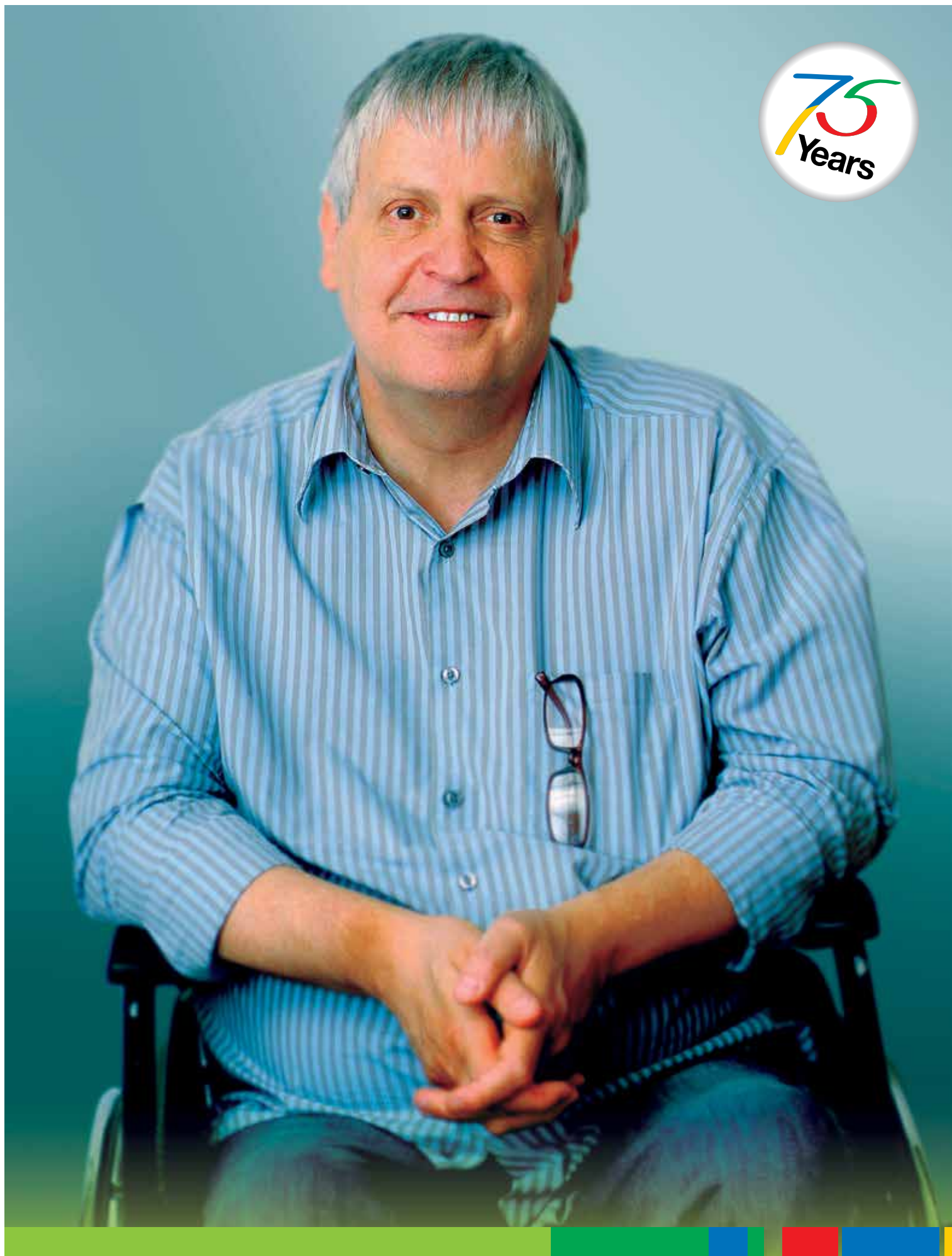
.09  
Ignacio Yarur Arrasate  
**Chief Commercial Banking Officer**

.10  
Mario Gaete Hörmann  
**Chief Operating and Technology  
Officer**

.11  
Antonio Le Feuvre Vergara  
**Chief Corporate Risk Officer**



\* Replaces José Luis de la Rosa on January 1<sup>st</sup>, 2012.



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## WE TRUST BUSINESS OWNERS FROM ALL INDUSTRIES, SUPPORTING CREATIVE DEVELOPMENT AND NEW IDEAS.

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**Name:** Marcos de Aguirre

**Activity:** Bci customer / Filmsonido Audiovisual Production

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**Comments:**

We have a lot of experience with Bci and have had, as with everything in life, good and bad moments.

We have financed a large part of our company's infrastructure with the Bank and, looking back, we thank Bci's interest in understanding our business. The audiovisual industry has always been looked upon with distrust by the banking industry due to its apparent informality. This has not been the case with Bci.

We appreciate the transparency of their representatives and means of communication with their customers, like their documentation and their website.

Bci is different from others because they put themselves in your position, understanding that people and companies have good and bad moments. There is support to overcome the latter. My message for these 75 years is that they continue to develop their open-minded policy and deepen their practice of putting themselves in their customers' shoes.

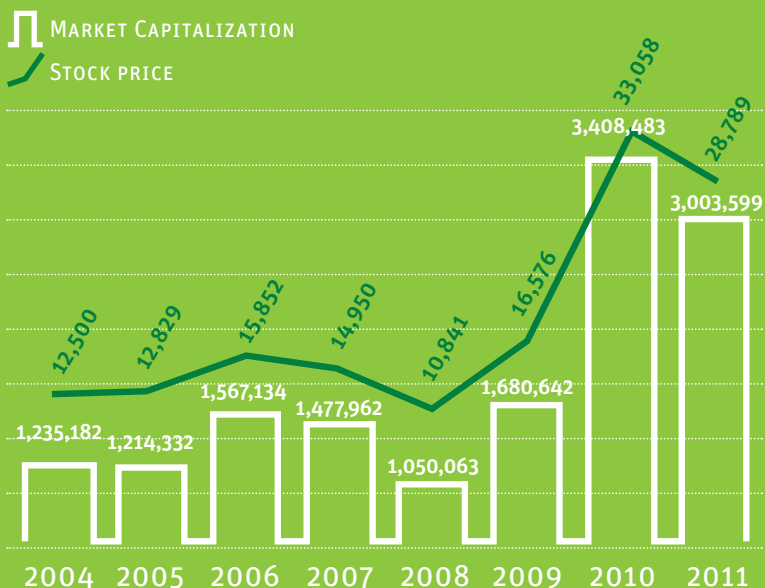
# 5. SHAREHOLDERS

## A) INCOME, STOCK PRICE AND MARKET CAPITALIZATION

During 2011, the Bank's income was more than Ch\$261 billion, 17.7% more than last year, maintaining the growth trend that began after the economic crisis of 2008/2009. This result was due in part to the strong expansion of the economy, a new and marked decrease in unemployment and dynamism in the loan portfolio.

However, due to the negative impact of the Euro-zone crisis on the stock exchanges, the best operational and final results the Bank has shown wasn't accompanied by an increase in its market capitalization. Thus, after an excellent 2010, in which Bci's stock value almost doubled, in 2011 it ended slightly lower than Ch\$29,000. This fall, of around 10%, was in line with the IPSA stock index composite results.

### MARKET CAPITALIZATION AND STOCK PRICE



### BCI AVERAGE ADJUSTED STOCK PRICE



**Note:** The average adjusted stock price corresponds to the weighted stock prices according to its transaction volume during each day.

## B) CAPITAL RESOURCES

The Extraordinary Shareholders Meeting held on March 31<sup>st</sup>, 2011, among other items, agreed on a capital increase to the sum of Ch\$144,712 million, through the capitalization of reserve funds coming from profits, amounts detailed in the following:

-by capitalizing, without share issuance, Ch\$105,849 million; and

-by capitalizing, through issuing 1,225,315 paid-in shares, Ch\$38,863 million.

With these resources – necessary to sustain the operational growth of the Bank – the base capital as of December 31<sup>st</sup>, 2011 is as follows:

<b>BASE CAPITAL</b>	<b>2011</b>
Paid Capital (104,331,470 shares)	\$ 1,026,985,261,696
Other equity accounts	\$ 12,172,023,932
Net income for the year	\$ 261,267,754,929
Allowance for dividends paid	\$ (78,380,326,479)
<b>Base capital<sup>3</sup></b>	<b>\$1,222,044,714,078</b>

Also, the tangible common equity - acting as a regulator of the different operational limits established by the General Banking Law - is comprised of the following items:

<b>TANGIBLE COMMON EQUITY</b>	<b>2011</b>
Base capital	\$ 1,222,044,714,078
Additional allowances	\$ 55,173,033,722
Subordinated bonds	\$ 536,406,933,923
Attributable equity to minority interest	\$ 3,938,745
Economic price premium from corporate investment	\$ 2,727,379,789
<b>Tangible common equity</b>	<b>\$ 1,810,901,240,679</b>

Thus, during 2011, Bci's base capital increased 17.6% and its tangible common equity increased 20.7%.

At year's end, the ratio between base capital and total assets was 6.84%, whereas the ratio between tangible common equity and risk weighted assets was 13.92%. These values were substantially higher than the minimum required in the General Banking Law: 3% and 10% respectively.

<sup>3</sup> The base capital is equivalent to the net amount that must be shown in the financial statements as attributable equity to shareholders, according to Superintendence of Banks Accounting Standards Compendium.





EQUITY CAPITAL OF THE BANK  
1,026,985,261.69

## C) TAX SITUATION OF THE DIVIDEND DISTRIBUTED IN 2011

The Ordinary Shareholders Meeting held on March 31st, 2011 approved the distribution of a dividend of \$700 per share against the net income for 2011, amounting to the sum of Ch\$72,174,308,500, which represents 32.5% of the income.

This amount was distributed against first category rated income tax according to the Income Tax Law constituting a credit against the complementary or additional income tax that shareholders must file annually.

The credit is subject to first category tax and by law must be added to the respective tax base.

Shareholders receive a certificate detailing the tax information of the dividend distributed along with the necessary information to complete the corresponding annual tax declaration.

Corporate shareholders, compelled to maintain the Taxable Net Income Fund (FUT), must consider that the distributed dividend in March 2011 comes from Taxable Net Income with the right to first category tax credit arising in the tax years as indicated in the following:

YEAR	FIRST CATEGORY RATE	PROPORTION
2003	16.5%	37.05%
2004	NO CREDIT	0.26%
2004	15.0%	0.13%
2004	16.0%	2.11%
2004	16.5%	1.95%
2004	17.0%	58.50%
		100%

## D) DISTRIBUTION OF FULLY PAID-IN SHARES

Likewise, at the Extraordinary Shareholders' Meeting, also held on March 31st, 2011, a raise to the equity capital of the company was agreed upon to the sum of Ch\$38,863,315,855 by issuing 1,225,315 fully paid-in shares at a rate of 0.01188401 paid-in shares for each share held on the date on which they acquired the right to receive these shares.

Thus, the equity capital of the Bank was fixed to the sum of Ch\$1,026,985,261,696 divided into 104,331,470 shares.

Shareholders must bear in mind that the distribution of these shares represents an equivalent capitalization and, as a consequence, it does not constitute income nor pay taxes in accordance with what has been established by the Income Tax Law.

## E) PRINCIPAL SHAREHOLDERS

The following are the main 25 shareholders of the Bci Corporation as of December 31, 2011 together with the number of shares and their corresponding stake:

NAME	N° OF SHARES	STAKE
Empresas Juan Yarur S.A.C.	56,057,734	53.73%
Jorge Yarur Bascuñán	4,409,101	4.23%
Inversiones BCP S.A.	3,752,890	3.60%
Sociedad Financiera del Rimac S.A.	3,624,991	3.47%
AFP Provida S.A.	2,393,754	2.29%
Inversiones Jordan Dos S.A.	2,084,081	2.00%
AFP Habitat S.A.	2,051,370	1.97%
AFP Cuprum S.A.	1,927,252	1.85%
Banco Itaú por cta. de inversionistas	1,744,674	1.67%
Banco Chile por cta. de terceros no residentes	1,744,122	1.67%
AFP Capital S.A.	1,695,993	1.63%
Bci Corredora de Bolsa S.A.	1,580,846	1.52%
Tarascona Corporation	1,537,138	1.47%
Inversiones Millaray S.A.	1,247,674	1.20%
Banco Santander Chile	1,151,133	1.10%
Inmobiliaria e Inversiones Cerro Sombrero S.A.	1,144,721	1.10%
Luis Enrique Yarur Rey	1,019,095	0.98%
Banchile Corredor de Bolsa S.A.	792,496	0.76%
Celfin Capital S.A. Corredores de Bolsa	657,280	0.63%
Modesto Collados Núñez	603,040	0.58%
Larraín Vial S.A. Corredores de Bolsa	569,695	0.55%
Inversiones VyR Ltda.	555,240	0.53%
Moneda S.A.	502,430	0.48%
Bolsa de Comercio de Santiago Bolsa de Valores	483,591	0.46%
Santander S.A. Corredores de Bolsa	433,180	0.42%
Other Shareholders*	10,567,949	10.11%
<b>SUBSCRIBED AND PAID SHARES</b>	<b>104,331,470</b>	<b>100%</b>

\* Including Bci employees who own 594,468 shares altogether, equivalent to a 0.57% stake.

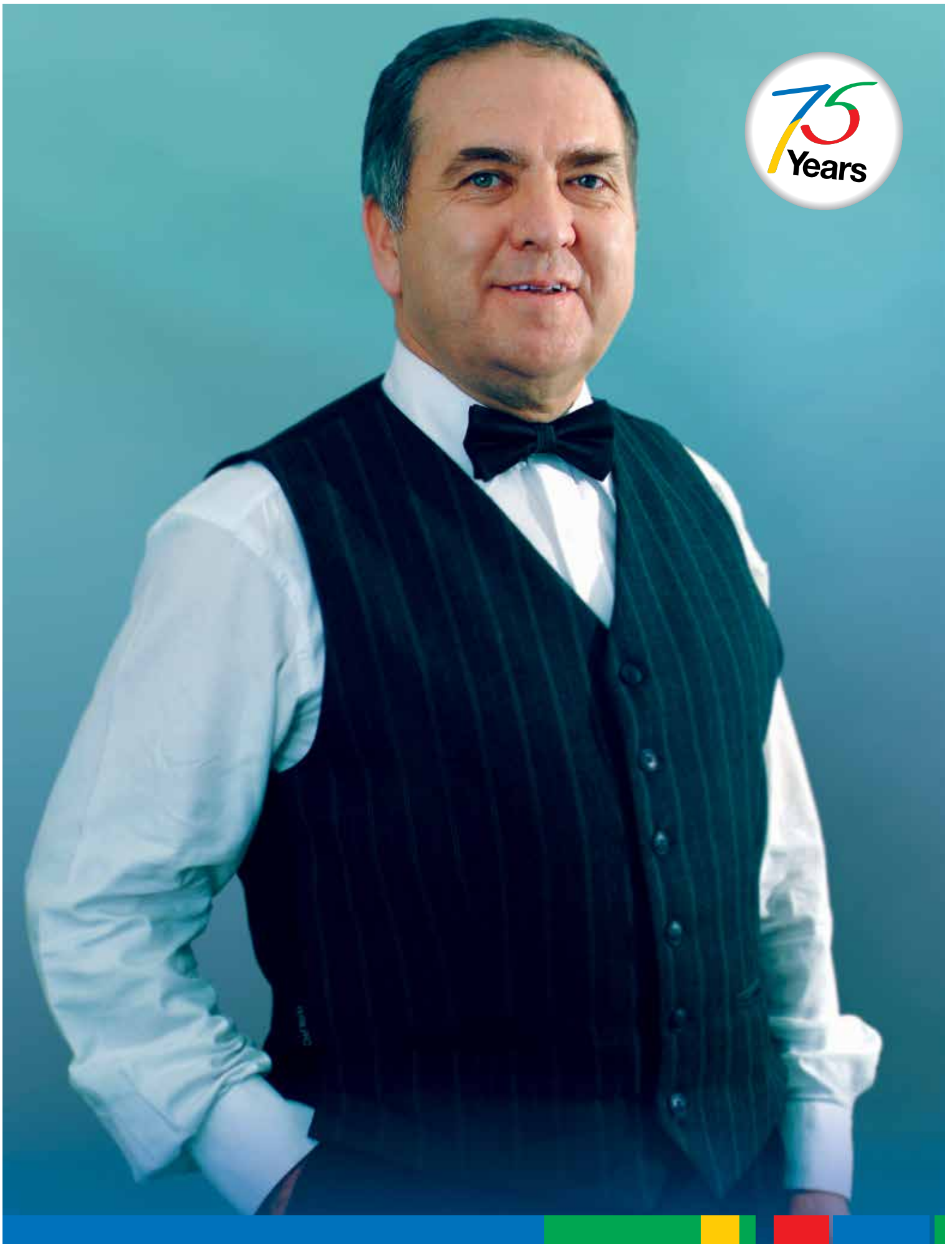
## F) SHAREHOLDERS' AGREEMENT

Shareholders related to the Yarur Family, who as of December 31, 2011 held 63.8% of the subscribed and paid shares of Bci, signed a shareholders' agreement dated December 30 of 1994, and updated on June 23rd, 2008.

In said pact, they restate their will to maintain their unity and control of Banco de Crédito e Inversiones (Bci). In addition, they reiterated their intention to preserve the principles upon which the management of the institution has been based.

In accordance with article 14 of the Chilean Corporate Law, the agreement is in the Bank's Registry Book of Shareholders and Shares for other shareholders and interested third parties to see.





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## OUR TEAM MEMBERS ARE A FUNDAMENTAL PART OF BCI, THUS WE HAVE DEVELOPED TRAINING, INTEGRATION AND GROWTH PROGRAMS FOR EVERYONE.

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**Name:** Mario Garcés

**Activity:** Bci Waitstaff for Chairman's Office

**Comments:**

I am very happy to have worked at Bci for 17 years. I am always serving very good people from management and their visitors. I started as a chauffeur for the Chairman for 4 years before passing into waitstaff. I have always related well with people.

The Bank has always been transparent, nothing more to say. I have always been very well received and never a complaint.

Bci looks different from other banks. It is fun to work here. Everyone always is in a good mood and always joking around, and that makes it very nice. Well, I haven't worked here for so long for nothing.

Personally, I am very thankful to work here. It has been very good for me and my family.

## 6. RISK RATING

### THE RISK EVALUATORS HIGHLIGHT THE BANK'S SOLID FINANCIAL POSITION.

The Bank has national risk ratings done by Fitch Ratings and Feller Rate and international ratings by Standard & Poor's, Fitch Ratings and Moody's. All of them show Bci's solid financial position.

At a local level, Fitch Ratings ratified our AA+ risk rating for long term Time Deposits, Bci's bank bonds, mortgage notes and bond lines. Likewise, it maintained that Bci's perspectives were classified as stable. At the same time, it highlighted Bci's "capacity to balance its income, risk, capital and liquidity during high stress periods."

The factors that motivated this rating were improvements to capital and financing structuring, the progress in operational performance, the reduction of allowance charges, a "relatively conservative" credit administration and a strengthening of the market capitalization. On the same token, it signaled that the Bank's current commercial segmentation correctly responds to the need for higher specialization shown in the local and international banking industry. "The new focus has been oriented toward improving the segmentation inside different divisions, the development and application of profitability measures per customer that allow for a better product selection and its credit administration."

For its part, Feller Rate's risk rating kept Bci's solvency at AA+. In addition, it confirmed the current valuations and kept the Bank's perspectives as "Stable". This is founded upon its good financial profile, product of the development of a consistent and consolidated strategy over time, as well as continuous improvement of its operating efficiency and risk management and administration. It also considers the increase in base capital, its solid competitive position, its lead in demand deposits and cash flow administration, and the stability and experience of its executive plan.

On an international scale, Standard & Poor's raised Bci's rating from A- to A and graded its perspectives as stable, as did Fitch Ratings, however the former kept its rating at A-. Moody's assigned the rating for foreign currency long term deposits as A1 and a stable perspective.





## LOCAL RATINGS

### FELLER RATE AUGUST 2011

SOLVENCY	AA+
PERSPECTIVES	STABLE
TIME DEPOSITS TO 1 YEAR	LEVEL 1+
TIME DEPOSITS > 1 YEAR	AA+
CREDIT LETTERS	AA+
BONDS	AA+
BOND LINES	AA+
SUBORDINATE BONDS	AA
SINGLE CLASS SHARES	1 <sup>ST</sup> CLASS LEVEL 1

### FITCH RATINGS AUGUST 2011

TIME DEPOSITS TO 1 YEAR	N1+
TIME DEPOSITS > 1 YEAR	AA+
MORTGAGE LETTERS	AA+
BOND LINES	AA+
BONDS	AA+
SUBORDINATE BONDS	AA-
SHARES	1 <sup>ST</sup> CLASS LEVEL 1
TENDENCY	STABLE

## INTERNATIONAL RATINGS

### MOODY'S JUNE 2011

LONG-TERM RATING	A1
BANK FINANCIAL STRENGTH RATING	C
SHORT-TERM ISSUER LEVEL RATING	P-1
OUTLOOK	STABLE

### FITCH RATINGS AUGUST 2011

FOREIGN CURRENCY LONG-TERM DEBT	A-
LOCAL CURRENCY LONG-TERM DEBT	A-
FOREIGN CURRENCY SHORT-TERM DEBT	F1
LOCAL CURRENCY SHORT-TERM DEBT	F1
INDIVIDUAL RATING	B/C
OUTLOOK	STABLE

### STANDARD & POOR'S DECEMBER 2011

LONG-TERM FOREIGN ISSUER CREDIT	A
LONG-TERM LOCAL ISSUER CREDIT	A-
SHORT-TERM FOREIGN ISSUER CREDIT	A-2
SHORT-TERM LOCAL ISSUER CREDIT	A-2
OUTLOOK	STABLE

## 7. AWARDS AND RECOGNITIONS

**DURING 2011, BCI RECEIVED DIVERSE AWARDS AND DISTINCTIONS IN DIFFERENT AREAS. AMONG THE HIGHLIGHTS ARE:**

**“2011 Most Transparent Company of Chile”** – Bci obtained 1st place in the 2011 report done by the Communications Faculty at the Universidad de Desarrollo (UDD) and the consultancy firm Inteligencia de Negocios, which measures the quantity and quality of the information delivered by companies.

**“First Place Chilean National Safety Council award”** – Bci received first place in the “Chilean National Safety Council” award after being recognized by this institution as the financial services company with the lowest accident rate during 2010.

### INNOVATION

**“2011 Avonni Award for Innovation for the Bci-Transtel alliance”**

– The RedelCom program, developed under the Bci and Transtel alliance, was recognized in 2011 with the Avonni award in the “Best Innovation Project in Information and Communication Technologies (TIC)”. The initiative puts a virtual platform at the disposition of small and medium size merchants in order to deliver more services to their customers. This prize was awarded by the newspaper El Mercurio, Foro Innovación and TVN, and also counted on the support of CORFO.

**“First Place in Innovative Environment”** – Bci received first place in the “Innovative Environment Ranking” for giving incentive and fostering a pro-change culture, according to a survey done by Universidad los Andes in conjunction with ESE Business School and La Tercera.

**“Most Innovative Company”** – Bci was the most innovative company in the ranking of the most respected companies of 2011, from the newspaper La Segunda. The study also highlighted Bci’s work, being considered among the companies with the best integrity and transparency in the market.

**“First Place Mutual de Seguridad Award”**

– Recognition awarded to Bci by the Mutual de Seguridad for registering the lowest all injury frequency rate during 2010. This is the 14th time in 16 years that the Corporation has been awarded this prize, which positions itself as an injury prevention leader. Normaliza and Bci Asesorías Financieras, subsidiaries of Bci, were also awarded high positions in this ranking, being recognized for the first time as financial services firms with the lowest all injury frequency rates in their respective categories.



### **"2011 Exemplary Company in Latin America"**

- This distinction highlighted the Bank's permanent preoccupation for promoting Corporate Social Responsibility. Bci received this recognition in the IV Latin American Meeting of Socially Responsible Corporations, held in Mexico.



### **"Second Best Company for Working Mothers and Fathers in Chile"**

- Bci obtained second place among 86 organizations evaluated in this ranking done by the magazine Ya from El Mercurio and Fundación Chile Unido and which measures the quality of the policies that reconcile work and family applied by the corporations.



### **"Chile's Seventh Most Reputable Company"**

- Bci figured as the "Chile's Seventh Most Reputable Company" and second place in the banking industry in the 2011 edition of the Corporate Reputation Measurement Report elaborated by the consultancy firm Merco.

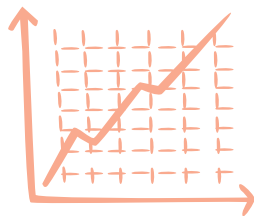


### **"Third safest bank in Latin America according to Global Finance"**

- Bci was recognized as the third safest bank in Latin America in the latest ranking in the magazine Global Finance. The ranking included an evaluation of the credit and bond rating done by Standard & Poor's, Moody's and Fitch.

### **"Recognition for the Transparency Plan"**

- Bci was recognized for the Transparency Plan aimed at customers, launched in May of 2011, during the 15th edition of the "Best Businesses and Businesspeople" awards awarded by the Diario Financiero.



### **"Premio Salmón in three categories"**

Three of Bci Asset Management's mutual funds were recognized by these awards given by the Asociación de Administradoras de Fondos Mutuos and Diario Financiero, for having located among the best performance in their categories.



### **"Third Most Responsible Company in Chile"**

- Bci obtained third place among 40 organizations in the ranking of "Chile's Most Responsible Companies" done by Prohumana, with the support of the magazine Qué Pasa and the sponsorship of the Confederación de la Producción del Comercio (CPC).



### **"Best Financial Sector Annual Report"**

in the Institutional Annual Report Competition" by the Revista Gestión and PriceWaterhouseCoopers.



### **"First Place in service to Social Networks"**

- Bci reached first prize in "Positive service perception and participation in Social Networks", according to the study done by the Spanish company IZO, outstanding Customer Experience Management.



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**WE ARE A BANK THAT SUPPORTS SMALL  
ENTREPRENEURS WITH ECONOMIC RESOURCES  
AND CONSULTANCY, OPENING THE PATH FOR  
THEIR DEVELOPMENT.**

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**Name:** **Maria Teresa URRUTICOECHA**

**Activity:** **customer Bci**

**Comments:**

**My experience with Bci has been excellent, we haven't had any problems, they have made things much easier, always willing to help and to invest in new businesses.**

**The transparency is reflected in the people, always very friendly and they give immediate responses.**

**What makes the Bank different from others is that they help the new entrepreneur. They commit to people.**

**My message is that they continue the same path, of help and commitment to the small and medium sized businesses.**



## 8. TRANSPARENCY AND THE CUSTOMER EXPERIENCE

SINCE ITS BEGINNINGS, ONE OF BCI'S STRATEGIC FOCUSES HAS BEEN TO KEEP CUSTOMER LOYALTY, WHO PREFER US OVER THE OPTIONS OFFERED BY THE COMPETITION, AND RECOMMEND OUR PRODUCTS AND SERVICES. THUS, TRANSPARENCY HAS BECOME A FUNDAMENTAL VALUE, BECAUSE IT IS NOT ONLY A KEY FACTOR FOR BUILDING TRUST, BUT IT'S ALSO ONE OF THE DIFFERENTIATING ELEMENTS THAT OUR BANK OFFERS, AND THAT, AT THE SAME TIME, BRINGS ABOUT A BETTER SERVICE EXPERIENCE FOR OUR CUSTOMERS.



## TRANSPARENCY

Bci has proposed to differentiate itself from the banking and finance industry as much through product and services innovation leadership as by way of transparency, understood as a value that covers every area of the Bank's activities.

To this end, during the last six years, large changes have taken place regarding the customer's access to information. Diverse channels that allow customers to contact the Bank 24 hours per day and seven days a week have been made available. Among them, "Bci Directo" stands out: a telephonic platform that allows customers to perform different banking operations and transactions, and communicate with an account representative at any time, Monday to Sunday. Likewise, in 2007 the document "Our commitment to you, Bci serving its customers" was published, which regulates the manner of relating and delivering financial solutions to our customers. It is available on our website. In addition, the Investor Relations website has abundant and up to date financial and corporate information that allows investors to access different documents that keep them up-to-date on the Bank's status.

In 2011, transparency with customers continued to be strengthened and concrete initiatives were implemented in order to reach this objective. Among them, it is important to note the publication of 14 transparency measures, several of them having been implemented for more than a year in the Corporation.



## TRANSPARENCY MEASURES<sup>4</sup>:

1. CLEAR FEES
2. IMMEDIATE REFUNDS
3. MORTGAGES WITH INTEREST SAVINGS
4. EDUCATIONAL BANKING VIDEOS
5. FREE FINANCIAL COURSES AND CLINICS
6. SERVICE CHANNELS AT ANY TIME
7. COMPLAINT FOLLOW-UP
8. ACCESS TO THE CEO
9. CUSTOMER OMBUDSMAN
10. TRANSPARENT BANK STATEMENTS
11. (PRODUCT) RETURN GUARANTEE
12. PRO SMES
13. CLEAR CONTRACTS
14. LOAN COMPARISONS



# MORE TRANSPARENT

**1. Clear Fees:** in bci.cl and tbanc.cl you can review, in detail, all the fees associated with the products and services offered by the Bank.

**2. Immediate Refund:** if there is a charge or fee that the customer doesn't recognize on their checking account, it is first refunded and then analyzed.

**3. Mortgages with Interest Savings:** interest will only be accrued once the mortgage loan funds are made available and not from the date of signing.

**4. Educational Banking Videos:** educational videos are available on bci.cl and tbanc.cl to clients and non-clients that show how to use the Bank, from how to understand a bank statement to advice when asking for a product or service.

**5. Free Financial Courses and Clinics:** for those who are beginning their relationship with the banking industry, Bci has free financial education classes that teach how to approach money management.

**6. Service Channel at any time:** in order to communicate with Bci, customers have multiple service channels, like bank branches, telephone, web page, E-mail, text messages and twitter.

**7. Complaint follow-up:** all complaints have a response time limit and a tracking number so that the customer can always be informed about the status of his or her requirement.

**8. Access to the CEO:** if the solution to a complaint weren't completely satisfactory for the customer, they have the option of contacting the CEO's office directly, by way of the E-mail address [gerenciageneral@bci.cl](mailto:gerenciageneral@bci.cl).

**9. Customer Ombudsman:** Bci makes two options for independent defense available, at no cost and with binding resolutions, through the Universidad Católica's Centro de Negociación y Mediación (Negotiation and Mediation Center) or the ABIF, in order to resolve disagreements of up to 600 UF in banking transactions.

**10. Transparent Bank Statements:** new fee schedules that allow you to visualize the fees charged monthly to your checking account.

**11. Return Guarantee:** if the customer isn't satisfied with their checking account plan, premium account, consumer loan or credit card, they have up to 30 days to return it.

**12. Pro-SMEs:** improvements in the timely and expedient payments to providers.

**13. Clear Contracts:** shorter contracts with simple language and without confusing clauses.

**14. Loan Comparisons:** simulate and compare consumer and mortgage loans.

One of the main focuses continued to be the strengthening of communications with customers in order to ensure clarity with respect to the products and services they contract and their associated conditions. Also for this end, the Bank continued to send periodic e-mails with the current fee schedules and other account statements for customers with current accounts, credit lines and credit cards. These e-mails detailed the fees associated with the services contracted with the Bank and the interest rate for the credit products. In the cases which the conditions were updated, the information was delivered in a timely manner through letters, according to the current regulations.

The important changes made to the contracts in 2010 – those that increased ease in reading and made their conditions clearer – were followed in 2011 by the reduction of more than 50% of the documents associated to the current account, credit line and credit and debit card contracts.

Bci also continued to incorporate new devices in its branch offices which allow updated and on-line information for our customers. Thus, the Bank now has 65 branches which have digital support dual view, namely, screens that permanently update the conditions for investment products.

Likewise, the customers continued to be informed of the different ways that they can make their complaints and questions known to the Bank through informative pamphlets available in the branch offices. The different methods of on-line communication with customers include a direct E-mail address to the CEO's office, text messages and Twitter, which have been very well received.

In the same line, the investor website<sup>5</sup> consolidated its improvements from the restructuring in 2010. Through the website you can access corporate information, like financial information, which is always up-to-date. There's also the possibility to download a large quantity of important information like liquidity reports, financial statements and stock exchange certificate placement programs.

Bci's Financial Education Program also reinforced transparency with customers, specifically with the C3-D socio-economic level, a segment that has low levels of bank usage. This project helped to promote responsible indebtedness and deliver tools so that people were better informed at the moment they contract a determined financial product. Through Bci Nova, more than 4,500 people have been trained in 2011 with free banking lectures and clinics open to the public in Santiago and provinces.

As recognition of this work, the consultancy firm Inteligencia de Negocios in conjunction with the Universidad de Desarrollo, in their Corporate Transparency Report, recognized Bci as the number one Chilean corporation in Corporate Transparency and also as the corporation that made the greatest advances in the measurement during the 2010-2011 period. The said report stated:

*"... It's worth mentioning that Bci's advancement was so significant that not only did it allow Bci to lead the category of the corporation with the greatest percentage increase, but also positioned it at the top of the 2011 Corporate Transparency ranking. It reveals that it is possible to reach better standards in the short term, being also feasible to reach, in one year, the same level global companies flaunt."*

The study establishes a ranking among the evaluated organizations, which this year was 101 corporations coming from all sectors of the economy.

## CORPORATE TRANSPARENCY INDEX (ITC)

RANKING 2011	CORPORATIONS	ITC 2010	ITC 2011	CHANGE
1	BCI	39.6	78.7	98.9%
2	CORPORATION 1	76.4	77.8	1.8%
3	CORPORATION 2	65.0	77.3	19.0%
4	CORPORATION 3	77.3	76.8	-0.7%
5	CORPORATION 4	74.3	76.2	2.5%
6	CORPORATION 5	73.1	72.5	-0.8%
7	CORPORATION 6	67.7	72.4	7.0%
8	CORPORATION 7	77.3	72.4	-6.3%
9	CORPORATION 8	54.4	69.4	27.7%



ANOTHER AFFIRMATION OF THE GREAT PROGRESS BCI HAS MADE WAS ITS SELECTION AS THE FIRST CORPORATION IN THE COUNTRY TO RECEIVE THE PRO SME SEAL FROM THE GOVERNMENT. ONE OF THE REASONS THAT THEY ENDORSED THIS DISTINCTION WAS THE EXPEDIENT AND TIMELY MANNER THAT PAYMENTS WERE PROCESSED FOR SUPPLIERS, REGISTERING AN AVERAGE OF ONLY 4.39 DAYS.



## THE CUSTOMER EXPERIENCE

Bci customers' positive experience is reflected by the numerous distinctions garnered and in the Bank's favorable position in the different surveys measuring this area.

So, the Iberoamerican Association of Corporate Customer Relations (AIAREC by the initials in Spanish), during their annual meeting held in Buenos Aires, recognized Bci as the Bank with the Best Customer Experience in Chile. In the said convention, representatives from six sectors of the economy participated, coming from Argentina, Brazil, Chile, Colombia, Spain, Mexico and Venezuela.

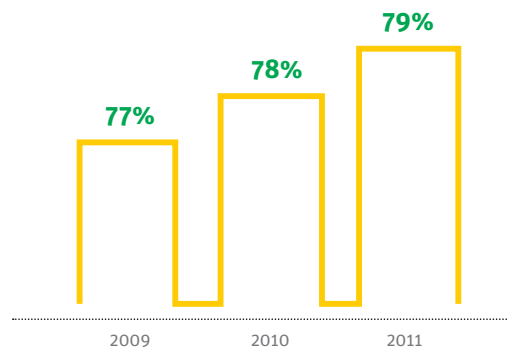
Likewise, Procalidad – entity headed up by Adimark, the Universidad Adolfo Ibáñez and Praxis – recognized the Bank as the Number 2 Bank with the Best Customer Experience in Chile during 2011.

At the same time, in order to get a measurement of the level of satisfaction of Bci's customers, different surveys have been done during the last few years. The first four graphs presented were made with a methodology based on grades. Bci customers were asked to evaluate different areas of their perception of the service quality with a grade on a scale from 1 to 7. The following graphs show the net results, that is, the responses with the best grades (6 and 7) are counted and then the group of responses with the lowest grades (1 to 4) is subtracted, thus achieving a net satisfaction percentage.

The results of more than 52,000 surveys measuring customer satisfaction with their account executive have shown a continuous improvement, reaching 79% net satisfaction with the executive.

### ACCOUNT EXECUTIVE SATISFACTION

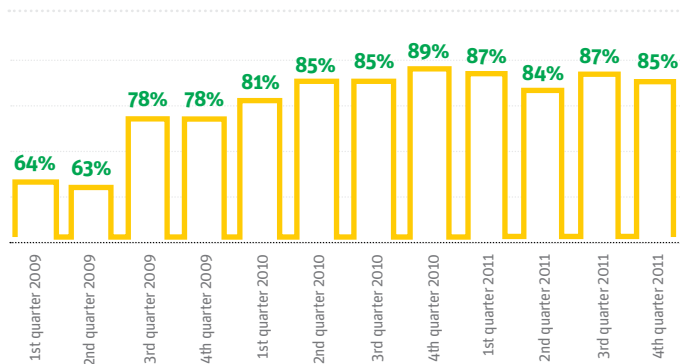
SOURCE: IPSOS



Likewise, through more than 1,700 surveys per quarter, the level of net customer satisfaction with the loan operating process has been measured. The results have been promising, although there is room for improvement.

### LOAN PROCESS SATISFACTION

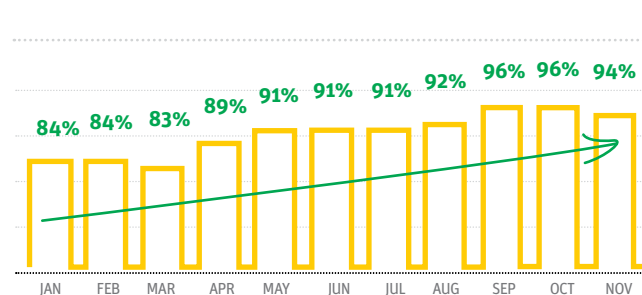
SOURCE: IPSOS



The “customer service representative” position, created in 2010, continues a service that is unique to the Chilean banking sector. Currently, Bci has 237 team members that greet and guide customers when they arrive to a branch office, resolve their concerns and solve their banking needs. In addition, if it is necessary, they advise them so that they can receive the next level of help in a more efficient manner. In this manner, customers feel comfortable and well served. Around 400 surveys per month prove a positive satisfaction in this area.

### CUSTOMER SERVICE REPRESENTATIVE SATISFACTION 2011

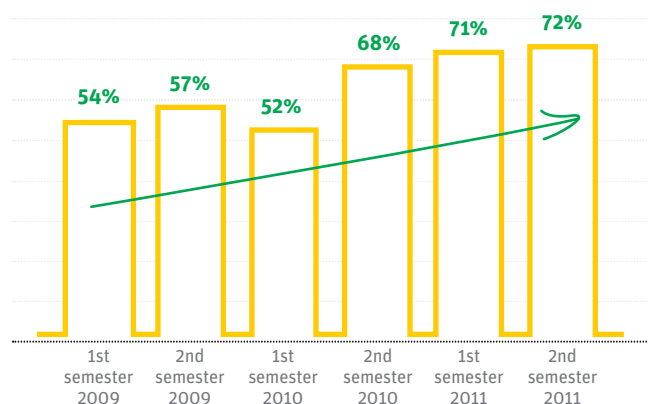
SOURCE: IPSOS



The Bank is always preoccupied with improving the customer experience, and one of the keys to do it is achieving an efficient and good relationship between the corporation's different areas. For this reason, surveys are taken (around 30,000 annually) in order to find out the net satisfaction of team members with the internal service quality. The results show a positive tendency, indicating that internal service quality has been improving.

### NET SATISFACTION OF BCI INTER-AREA SERVICE QUALITY

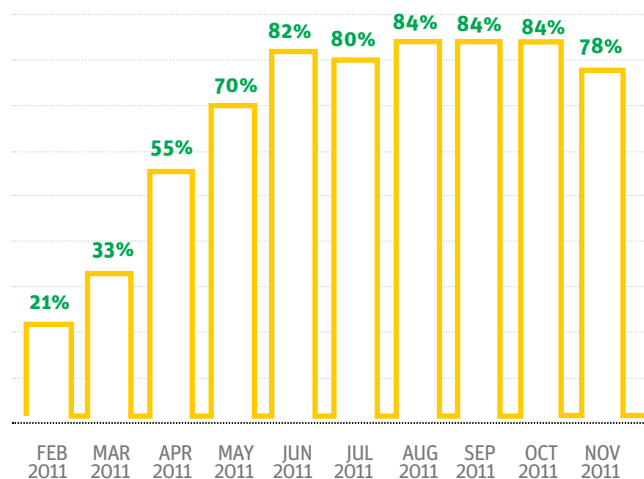
SOURCE: BCI CUSTOMER EXPERIENCE MANAGEMENT



On the other hand, the Bank measured throughout the year the percentage of fee or charges refunded which the customers didn't recognize and/or made complaints (transparency measure number 2). So, starting in May, the percentage of fee refunds made on site, that is, immediately, stayed above 70%. The remaining fees not refunded in the branch offices are processed centrally in the post-sale support section of the Bank. In this manner, it is possible to verify the strict compliance with the commitments made by the Bank.

### FEES REFUNDED IN BRANCH OFFICES

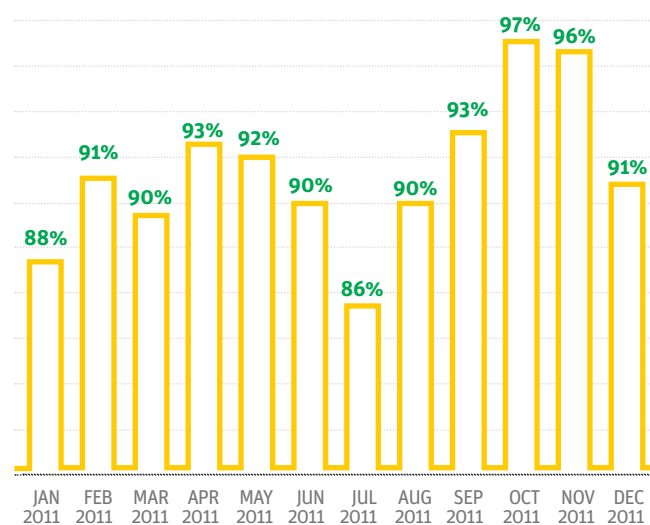
SOURCE: BCI POST-SALES SUPPORT



As for fulfilling the Bank's promise to resolve customers' requests and complaints, according the service levels predefined by the post-sales support section, is also positive, staying above 85%.

### REQUEST AND COMPLAINT RESOLUTION

SOURCE: BCI POST-SALES SUPPORT



Finally, in terms of Twitter users, as of October 2011, Bci has 2,515 followers, which represents a sustained increase in people that maintain relations with the Bank through this service.





# WE INVEST IN OUR CUSTOMER'S TRUST WITH PROPER ACTIONS AND WE GUIDE THEM IN CHOOSING THE MOST ADEQUATE PRODUCTS FOR THEM.

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**Name:** Felipe Calderón

**Activity:** Bci Real Estate Business Account Representative

**Comments:**

My experience has been perfect. I have developed professionally and personally. It's nice working in a Bank where they give you everything in order to do excellent work and serve customers in the way they deserve. The latter is the best prize, since afterward the customers recognize you as the best bank in the country, which is gratifying as a team member.

Transparency inside the Bank is essential, and has been the rule since I've been here, and this translates into trust from our customers. It is something the Bank works on every day, and is transmitted to the customers. It is a fundamental pillar within our relationship with them.

Transparency, trust, flexibility and speedy solutions, "custom-fit solutions" for customers and the support of different areas of the Bank allow us to live up to our fundamental purpose: serve our customers properly. That makes us different.

I am very happy with the opportunity that I have had to work in this great corporation, where the labor climate is spectacular, and the only thing I ask is that it stays the same and continues to improve every day, just as it has up to now.



## 9. BCI'S COMMERCIAL MANAGEMENT

75 YEARS OF CREATING TRANSPARENCY, TRUST  
AND BUILDING FRUITFUL AND LONG-TERM  
RELATIONSHIPS.



Through an extensive network of 378 commercial contact points and an excellent service focused on our customers, Bci Corporation offers a varied spectrum of products that adjust to the different needs of people and businesses. The services rendered by them are complemented with those obtainable through different remote service channels such as ATMs, Web services and phone services. In order to deliver an integral service to customers, Bci also has subsidiaries, such as stock brokerage, asset management, insurance brokerage, factoring and securitization.

## RETAIL BANKING

2011 MARKED THE CONSOLIDATION OF THE STRUCTURAL CHANGE MADE THE YEAR BEFORE, VALIDATING IT THROUGH ITS RESULTS.

This division has more than 4,600 team members throughout Chile and multiple contact points that seek to offer customized services in their three business units: Personal and Entrepreneurial Banking, Bci Nova and TBanc. Other areas that also report to the same management team are: Channels, Payment Methods, Corporate Marketing, Corporate Customer Experience, Communications, and Corporate Social Responsibility (CSR).

During 2011, the new Retail Banking organizational structure developed last year, was consolidated with the objective of improving customer service, transparency and the customer experience. Thanks to the change, Retail Banking showed an 8.5% growth in customers and 12% in loans.

In the same manner, it is worth mentioning the role of their remote channels that demonstrated large advances in terms of quality and quantity of interactions with customers. A growth of over 70% in terms of businesses taken through them confirms its effectiveness. In addition, it passed an ambitious goal by issuing 700,000 cards, thanks to the realization of important benchmarks, like the integration of Bci Nova to Bci's functional platform.

Likewise, new products were unveiled and innovations were implemented in services and service models that include complementary benefits for customers and advantages for commercial executives.

Finally, it is important to note the strategic alliance with the BMW automotive brand, through which Bci is placed as the main provider of loans to purchase these cars.

## PERSONAL AND ENTREPRENEURIAL BANKING

LONG TERM  
RELATIONSHIPS

T-BANC

TRAINED  
PROFESSIONALS

INNOVATION

BCI NOVA

RELIABILITY

Focusing mainly on natural people and entrepreneurs, this area offers its customers the possibility to request financing, have savings and investment advice as well as a wide variety of insurance. For a better segmentation, Personal Banking is subdivided into Preferred Banking, Traditional Banking and Premier Banking.

Its most important achievement during 2011 was in the service experience delivered to entrepreneurs, offering them flexibility and a variety of products developed especially for their segment.

T-Banc is the first and only bank in the country that functions remotely, offering their services and responding to the customers' financial needs through the Internet and telephone from anywhere and with the strictest security standards. In this manner, Bci is at the customer's reach 24 hours a day and 7 days a week, without having to go to a branch office.

One of the innovations introduced in 2011 was the Carbon-neutral card, manufactured with recycled PVC and allows customers who worry about the environment contribute to the neutralization of their carbon footprint.

This business unit focuses on natural people and small business owners, resolving their financial needs with agility and efficiency, delivering solutions and advice.

This year it consolidated the loan and bancarization business areas through a service where a loan can be obtained in only minutes using digital fingerprints (more information in the Innovations section). This allows us to offer a better financing alternative, without paperwork, in a trustworthy and a safe manner and suited to the profile and necessities of the person asking for the loan. In the same line, Bci Nova now has more than 1,200 contact points throughout the country – complemented in addition with the Corporation's branches – so that small business owners perform their transactions comfortably.

In addition, it's worth highlighting the personal finance courses for customers and non-customers – realized during the year in public places – aiming to teach people with little banking experience to better and more responsibly administer their resources.

## COMMERCIAL BANKING

ITS OBJECTIVE IS TO OFFER EXCELLENT PRODUCTS AND SERVICES THAT RESOLVE ALL THEIR CUSTOMER'S NEEDS.

Commercial Banking serves a target market mainly composed of companies with yearly sales over UF 12,000. Their products and services are delivered by way of Bci's different areas and channels, including branch offices in Chile and abroad, subsidiary companies and representative offices. It offers financing in local or foreign currency, transactional services, electronic banking, collection, factoring, leasing, financial advice, securitization, insurance, all kinds of money desk and derivative operations, international commerce and investment.

This area covers three different business units which report directly to this management team: Wholesalers, Large Corporations and Real Estate Developers and Middle Market. Also included are: Business Banking, Factoring, Corporate Marketing and Electronic Banking.

This area seeks to position itself as a supportive Bank, focusing on its customers, with whom it establishes long term relationships. In addition, it has excellent services and representative professionals that have a high grade of specialization as financial advisors.

In 2011, Commercial Banking deepened the growth of Middle Market Banking increasing significantly its coverage, effort and commitment to SMEs. Bci was recognized within the market, excelling in:

- ★ Having obtained first place in the banking sector in the placement of loans with Cobex coverage with exporters, according to the 2011 CORFO balance.
- ★ Its classification as the 2011 FOGAPE #1 financial institution for growth, who also classified the Bank as the best financial institution in support of entrepreneurship and innovation in small and very small businesses.
- ★ Having been selected as the first Chilean company to have the Pro-SME Seal.

In addition, we were able to obtain a great satisfaction from the service that is delivered to customers, through integral, personalized and specialized service and advice. It's worth highlighting the constant preoccupation with the development of innovative solutions in line with companies' needs. An example of this is the implementation of a new platform that integrates electronic payment services, allowing for new financing mechanisms to providers of large buyers.

## CORPORATE & INVESTMENT BANKING

DELIVERING THE BEST  
SOLUTION TO ITS CUSTOMERS,  
AND IN THE PRECISE MOMENT.

Bci Corporate & Investment Banking is the result of the new organization of the units inside the old Finance and Investment Banking, aiming to configure a better offer of value to its customers and, at the same time, continuing to strengthen relationships in the long term.

This division is oriented to large corporations, financial institutions, capital market investors of large net worth that need high value financial services.

Founded on specialized knowledge and on experience and interactions with its customers – to whom it seeks the best solutions to satisfy their needs-, the central purpose of their proposal consists of achieving synergies between business units and delivers an integral and coordinated offering of Bci's products and services to its customers in:

- ★ **Cash Management**
- ★ **Sales and Trading**
- ★ **Corporate Finance**
- ★ **Securitization**
- ★ **Financial Counseling**
- ★ **Asset Management**
- ★ **Stock Brokerage**
- ★ **International Business**

Bci Corporate & Investment Banking is based on the best international practices shaped for the local market and according to the Bank's culture. In order to do this, a group of highly regarded team members with recognized experience in the market was formed, developing the high-profile position, Corporate Banking Manager, who manages the relationship between the customer and the mentioned business areas.

A fundamental part in this new proposal is innovation with a business sense. And thus, a management team was created oriented to the development of sophisticated financial structures and new products that generate unique and tailored solutions to the customers' needs. In addition, investments were made to implant world-class processes and systems in order to ensure service quality and limit operational risks.





Among the most important events in 2011, we must highlight that Bci became a leader in the industry and on a regional level by opening a new financing market for the Chilean banking sector, being the first South American bank and second Chilean business to issue bonds in Mexico. In this way, after registering a Stock Exchange Issuance Program, C&IB placed a bond for \$2 billion Mexican Pesos, or some US\$170 million, in the Mexican market and at a three year tenor. The issue obtained the highest local risk rating by the agencies Standard & Poor's and Fitch Ratings in México, with the mx AAA and the AAA (mex) ratings respectively. This issuance shows Bci's solid equity standing and ratifies its policy of diversification in its financing sources, resources that will strengthen the institution's growth.

In terms of results, Bci Corporate and Investment Banking consolidated itself on a national level as one of the main operators in the fixed income and currency markets, and it was able to obtain, in addition, a strong growth in business related to the institutional segment.

In Private Banking, Bci reached more than US\$ 2 billion in asset and liabilities administration, launching six new thematic investment funds for customers, focused on diverse sectors of the economy, including real estate (real estate development and real estate income), agriculture and mining, among others.

For its part, Bci Asset Management was recognized for its outstanding performance in the Third Chilean Asset Management Seminar, with its prestigious mutual fund ranking "Fund Pro Platinum Performance", awarding it to three of its mutual funds. Likewise, Bci's Asia, Bci Europe and Bci de Personas mutual funds were recognized with the 2011 Salmon Awards, with the two latter getting first place in their categories.

Bci Asset Management was the first administrator in the industry to submit itself to a public rating process in May of 2009, getting the M1 (cl) superior rating from Fitch Ratings. This rating was ratified in July 2010 and October 2011.

As a complement, important transactions in Corporate Finance were made, where Procurement and Syndicated Bank Loan Financing were outstanding in the large retail and telecommunications sectors.

## SUBSIDIARIES

BCI'S SUBSIDIARIES COMPLEMENT THE FINANCIAL PRODUCTS AND SERVICES OFFERED AND PROVIDED BY THE BANK, DELIVERING A BETTER AND MORE COMPLETE SERVICE TO THEIR CUSTOMERS.



.01  
Francisco Cuesta Esquerra  
**Bci Asesoría Financiera S.A. CEO**

.02  
Gerardo Spoerer Hurtado  
**Bci Asset Management**  
**Administradora de Fondos S.A. CEO**

.03  
Galo Bertrán Rubira  
**Servicios de Normalización y Cobranza**  
**Normaliza S.A. CEO**

.04  
Marcos Castro Vega  
**Bci Corredores de Seguros S.A CEO**

.05  
José Luis Campino Risopatrón  
**Análisis y Servicios S.A. CEO**

.06  
Germán Acevedo Campos  
**Bci Factoring S.A. CEO**



## BCI CORREDOR DE BOLSA S.A.

This subsidiary offers its customers the possibility to invest in domestic and international fixed and variable income financial instruments, and to have access to specialized portfolio management consultancy. Bci Corredor de Bolsa has offices in Santiago and Valparaíso, and has more than 50 highly qualified professionals and a technological infrastructure that allows them to be connected 24 hours a day to the Santiago, Valparaíso and New York Stock Exchange information centers.

## BCI ASSET MANAGEMENT ADMINISTRADORA DE FONDOS S.A.

This subsidiary offers asset management services and manages a wide range of mutual funds, private investment funds, voluntary pension savings (APV) and collective voluntary pension savings (APVC). The products and services offered adjust to the profile, objectives and investment horizons of their customers.

On December 29th, 2011, the Chilean Securities and Insurance Commission approved the merger by incorporation of Bci Administradora General de Fondos S.A. to Bci Asset Management Administradora de Fondos S.A. The Administradora General de Fondos managed public and private investment funds which operated in different sectors of the economy, and whose objective is to deliver diverse, high quality investment product alternatives – medium term and long term. After the merger, these products became part of the portfolio offered to customers by Bci Asset Management Administradora de Fondos S.A.

## BCI FACTORING S.A.

This subsidiary of Bci offers factoring services for corporations. Their team of professionals has great experience in responding to the financial needs of companies that need to maintain short term liquidity. It has offices in the main cities of the country. In addition, it is part of the international factoring chain FCI which permits it to offer coverage in more than 60 countries.

## BCI CORREDORES DE SEGUROS S.A.

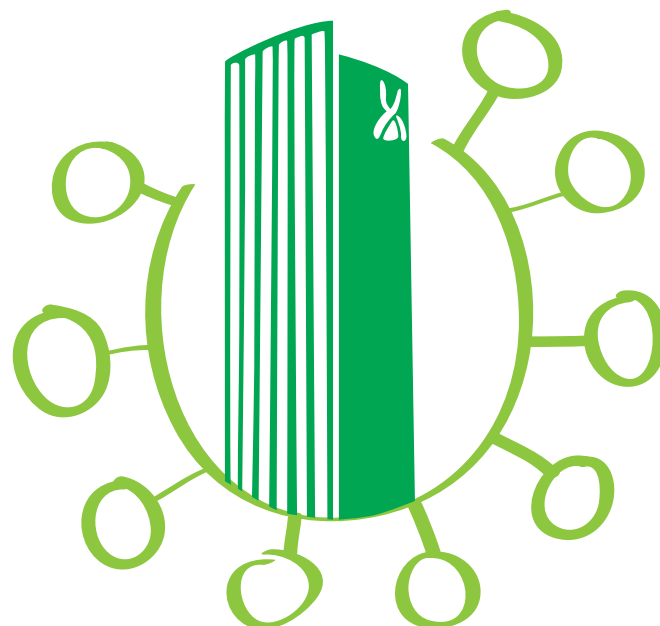
It offers a wide range of products to cover the liabilities of individuals and companies. Bci Corredores de Seguros acts as a P&C insurance, life insurance and pension insurance contract intermediary with any established insurer in the country.

## BCI SECURITIZADORA S.A.

This subsidiary delivers financial solutions to large investors and corporations through the selling of a portfolio of different assets, e.g., receivable accounts, future flows, contracts or rights on cash flows. An experienced team of professionals analyzes all the legal, tax, regulatory and risk factors for each of these operations, offering the safety that the customers need.

## BCI ASESORÍA FINANCIERA S.A.

Its objective is to provide advisory services in the area of corporate finance through specialized services like financial advisory, finance structuring, M&A, stock issuance, and initial public offerings.



## SERVICIOS DE NORMALIZACIÓN Y COBRANZA - NORMALIZA S.A.

This subsidiary aims to maximize the recovery of the delinquent portfolio of Personal Banking, TBanc y Bci Nova, by offering out of court and judicial collection services. This area aims to maintain the budgeted standards of Bank credit regularization and recovery. It has an advanced technology infrastructure and support system.

## ANÁLISIS Y SERVICIOS S.A.

This subsidiary is aimed at retrieving and evaluating preliminary economic data of prospective clients. The operations of Análisis de Servicios allow the Bank to better place the products and services it offers.

### SUBSIDIARIES (AMOUNTS AT DECEMBER 2011)

### INCOME\* (THOUSANDS OF PESOS)

Bci Corredora de Bolsa S.A.	2,002,358
Bci Asset Management Administradora de Fondos S.A.	16,054,117
Bci Factoring S.A.	11,817,231
Bci Corredores de Seguros S.A.	18,905,438
Bci Securitizadora S.A.	-62,327
Bci Asesoría Financiera S.A.	2,508,129
Servicios de Normalización y Cobranza Normaliza S.A.	2,910,351
Análisis y Servicios S.A.	-170
<b>Total</b>	<b>54,135,127</b>

\*THESE VALUES DON'T INCLUDE THE STAKE THAT THE SUBSIDIARIES HOLD AMONG EACH OTHER.





## OPERATIONAL SUPPORT UNITS

The Corporation has the professional support of different divisions in different aspects which are connected to the activities directly related to the business. The management teams in Operational Support, Audit and Compliance, Corporate Counsel, Human Resources, Risk, and Financial Control and Planning help the Bank and its subsidiaries, giving them advice in different areas in order to achieve a proper functioning, more efficiency, safety and process and resource management.

## OPERATIONAL SUPPORT TEAM

The Operational Support management team proposes objectives and priorities for each of the management teams in their charge to the CEO, being responsible for its completion and budget.

Likewise, in order to ensure an adequate operational and technological risk control – according to the requirements of national and international regulations and conforming to Corporate Governance practices – this management team plans, proposes to the organization, directs and controls these processes. It also verifies that the corporation's business and operational processes are in accordance with the current legislation.

In addition, it defines the technological directives and the development of new systems, as well as the placement of computational processes and systems. Along with this, it manages the acquisition matrix, the development of special corporate projects, administers the relationship with providers and delivers material resources, services and maintenance to the Bank's offices and units.

## AUDIT AND COMPLIANCE

Its objective is to deliver an independent opinion with respect to the quality and efficiency of the main systems of internal control, of the compliance with external and internal regulation, and current policies and procedures.

In this manner, it improves and reinforces control systems, identifying present and potential risks, and fostering agreements with the responsible representatives so that the formulated recommendations are implemented.

## CORPORATE COUNSEL

This management team exercises a supervisory, administrative and coordinating role for all the services and legal support required by the Bank and its subsidiaries in a manner that rations and optimizes the resources committed to this area.

Inspired by the principles of legality, professional suitability and morality, Corporate Counsel advises, supports, resolves and collaborates to satisfy the legal needs of the Corporation and the fundamental pillars in its mission statement.

In addition, this unit helps the CEO in the role of Secretary for the Board of Directors, Directors Committees and the Shareholders' Meetings, proposing and agenda, creating the session minutes and coordinating compliance with agreements.

Corp Counsel also has the mission to defend the institutional interests in all kinds of judgments, litigations and action against the Bank by third parties, assuming its representation and actively managing the legal, judicial and administrative resources required.

Lastly, it represents Bci during the different professional or industry specific activities in which the Bank must manifest its position before legal or judicial contingencies.

## HUMAN RESOURCES

This management team has as its mission to lead the development and implementation of an integrated Human Resource strategy, putting an emphasis on the development of the Corporation's and people's capacities. At the same time, it ensures that the strategy is aligned with the business vision and priorities, as well as with Bci's principles and values.

**Its operational model has as objectives:**

- ★ The development of the organization's and its team members' skills.
- ★ The development of a mentality focused on a service of excellence.
- ★ The continuous improvement of efficiency, scale and productivity.
- ★ Organizational focus and alignment.
- ★ The development of specialization and integrated systems.
- ★ The development of knowledge, competencies and work practices that contribute to achieving the business goals.

**This operational model supports itself in three areas:**

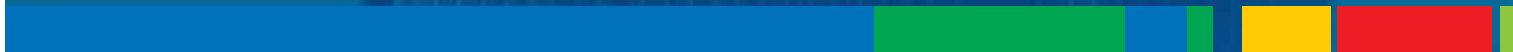
- ★ Innovation and Development: it's in charge of designing and implementing policies, work practices, processes, knowledge and products to satisfy the business' needs.
- ★ Human Resource Processes: focused on the delivery of an efficient, timely and quality service for all team members.
- ★ Business Partner: identification and timely response to the business' needs related to the Corporation's team members.

## FINANCIAL CONTROL AND PLANNING

The objectives of this management team are to plan, direct and control the Corporation's strategic planning process in the long, medium and short term. In addition, it is responsible for financial control and corporate management that guarantee the timely delivery of valuable information for the decision making by shareholders, senior management and for corporate business. Finally, it is responsible to ensure compliance with internal and external regulations.

## CORPORATE RISK

The Corporate Risk management team is in charge of administering, evaluating and managing all of the Corporation's risk, may it be credit, market, liquidity or operational risk, with the purpose of contributing to the optimization of the profitability/risk relation of its operations. In the credit aspect it is in charge of managing the credit cycle: organization, collection, administration and the tracking of portfolio risk. In the financial aspect, it manages and controls market and liquidity risks related with its investment, financing and asset and liability structuring operations. All of the above is done in a manner that seeks to mitigate the inherent operational risks in its support systems, policies and internal and legal processes.



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## BCI'S BRANCH NETWORK HAS CONTACT POINTS WITHIN CHILE AND ABROAD TO COMFORTABLY SERVE ITS CUSTOMERS.

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**Name:** Wilfred Parra

**Activity:** Bci Customer

**Comments:**

Our experience with Bci has been excellent since, with their support, innovation and service quality, we have grown and developed as a company.

The reflection of transparency can be noted in the information and data Bci furnishes in order to make and act upon decisions or investments properly with each business deal.

The difference between Bci and other banks is the delivery of solutions and constant innovation focused on customer service.

I value the Bank's dedicated and highly professional work, recognizing that it is one of the most integral institutions in economic development and investment.

# 10. NATIONAL AND INTERNATIONAL PRESENCE

BCI CORPORATION DISPOSES OF AN EXTENSIVE NETWORK OF BANK BRANCHES AND CONTACT POINTS WITHIN THE COUNTRY AND ABROAD THAT ALLOW S IT TO RESPOND EFFICIENTLY AND WITH AGILITY TO THEIR CUSTOMERS' NEEDS.

A large, stylized number '10' in white with a thick blue outline, followed by a period. The number is positioned in the lower half of the page.

## OFFICES IN CHILE

Bci Corporation has a wide network of 378 branch offices and contact points in Chile, which allows it to respond to their customer's needs with an agile and efficient service.

It's worth highlighting the technological transformation process of the "Sucursales FULL 24 Horas", which have a customer service protocol unique to Latin America and whose objective is to offer an exceptional offer of value and a different and memorable service experience.

CONTACT POINTS	BCI	BCI NOVA	TOTAL
Multiservice Branches	205	80	285
Cash Agencies	11	1	12
Commercial platforms	38	-	38
Premier Branches	18	-	18
Preferential & Private Banking	5	-	5
Remote service Center (TBanc)	1	-	1
Points of Sale	18	-	18
Automated Services Branch	1	-	1
<b>Total</b>	<b>297</b>	<b>81</b>	<b>378</b>

### MULTISERVICE BRANCH

provide an integral service with attention from account managers and specialists in investments, factoring, and entrepreneurial support, among others.

### CASH AGENCY

a small service point particularly focused on transactions and treasury services. It offers tellers, ATMs and basic automated enquiry services.

### COMMERCIAL PLATFORMS

are service points providing customers with a tailor-made and exclusive attention through relationship officers that specialize in their needs.

### PREMIER BRANCH

exclusive branch for individuals from Bci's Personal Banking unit. Small in size, they provide customers with commercial and transactional attention and also rely on automated services.

### PRIVATE AND PREFERENTIAL BANKING

are offices focused on high net worth customers.

### REMOTE SERVICE CENTER (TBANC)

banking that delivers services by telephone and Internet, 24 hours a day, 7 days a week.

### POINT OF SALE

a small place that serves mainly the Personal Banking segment and offers sales and after sales service.

### AUTOMATED SERVICES BRANCH

offers self-sufficient electronic devices, which allow customers to make deposits, withdrawals, exchange and deposit checks, cash and solicit cashier's checks, and obtain certificates.





MULTISERVICE  
BRANCHES/285  
CASH AGENCIES/12  
COMMERCIAL  
PLATFORMS/38  
PREMIER  
BRANCHES/18  
PREFERENTIAL  
& PRIVATE  
BANKING/5  
REMOTE SERVICE  
CENTER (TBANC)/1  
POINTS  
OF SALE/18  
AUTOMATED  
SERVICES  
BRANCH/1

Bci contact  
points  
throughout  
the country

Bci  
**297**

Bci Nova  
**81**



# 378

Bci contact  
points in the  
Metropolitan  
Region

Bci  
**159**

Bci Nova  
**30**

## CONTACT POINTS THROUGHOUT CHILE

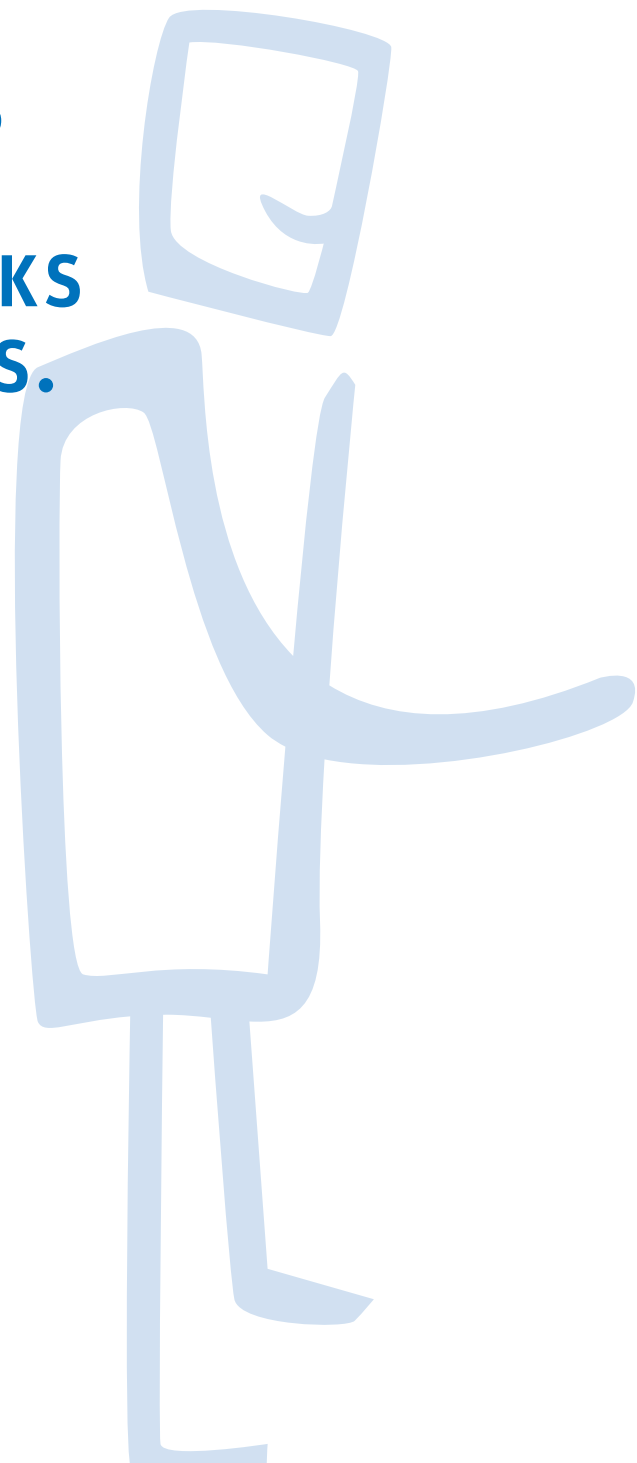
Addresses and telephone numbers for our contact points are  
available at [www.bci.cl](http://www.bci.cl)

## INTERNATIONAL PRESENCE

# THE BANK HAS A SERIES OF ALLIANCES AND AGREEMENTS WITH BANKS FROM OTHER COUNTRIES.

Bci offers its customers financial services for their import and export businesses in Peru, Brazil, Mexico, the United States and Spain. By way of these positions, the Bank diversifies its investment and loan portfolios.

Bci's international presence is complemented with alliances and agreements with banks from other countries which allows it to have access to an extensive network and that facilitate their customers' operations on a global level.



### BCI MIAMI BRANCH, UNITED STATES

The Miami office supports individuals as well as legal entities with their commercial operations with the United States. Created 12 years ago, it has all the services of an international bank, offering Bci customers products and services like deposits and foreign exchange accounts in the principal currencies, cash management, Internet banking, credit lines, international commerce services, factoring and forfaiting.

### REPRESENTATIVE OFFICES

Bci has had offices in Peru, Brazil and Mexico for more than eight years. These mainly focus on international commerce and investment operations that the Bank's customers make or plan to make in those countries.

### BCI DESK IN BANCO POPULAR, SPAIN

This contact point's objective is to support and offer Bci customers an entry point to the Spanish financial system, with the Corporation's total backing for those who are starting business in this market as well as for those that traditionally operate in foreign trade with Spain.

### BCI's ALLIANCES AND AGREEMENTS

The Corporation has alliances and agreements that facilitate commercial activities, foreign trade activities and financial activities for customers that operate in these countries. In addition, they constitute a support to pursue business in and invest in these countries:

- ★ BANCO DE CRÉDITO DEL PERU, PERU
- ★ BANCO INTERNACIONAL, COSTA RICA
- ★ BANCO CREDICOOP, ARGENTINA
- ★ BANCO INTESA SAN PAOLO, ITALY

### CORRESPONDENT BANKS NETWORK

Bci maintains commercial relationships with a network of more than 1,000 correspondent banks worldwide. This wide network allows us to offer our customers the financial services that they require to operate commercially with the different global markets.



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## DURING 75 YEARS WE HAVE WORKED FOR THE DEVELOPMENT OF THE CHILEAN FAMILY, TRANSFORMING OURSELVES IN AN ECONOMIC SUPPORT AND SPREADING GOOD AND SOCIALLY RESPONSIBLE PRACTICES.

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**Name:** Mónica de la Cuadra

**Activity:** Consumer Cell Leader

**Comments:**

My experience at Bci can be characterized by a permanent growth, personally and professionally. I have a life inside the Bank and I have grown with it, I have seen how important changes, to which I have contributed my little part, have come into being.

Together with my work team, we deliver information as clearly as possible to our customers, always delivering an excellent service experience.

It is a familiar, inviting, innovating bank. It really cares for the people that work in it and for its customers.

I would like our teamwork and the synergy between areas, commercial as well as support, to be strengthened still more and for us to be able to give a little more each day.



# 11. BCI CUSTOMER AND TEAM MEMBER SUPPORT



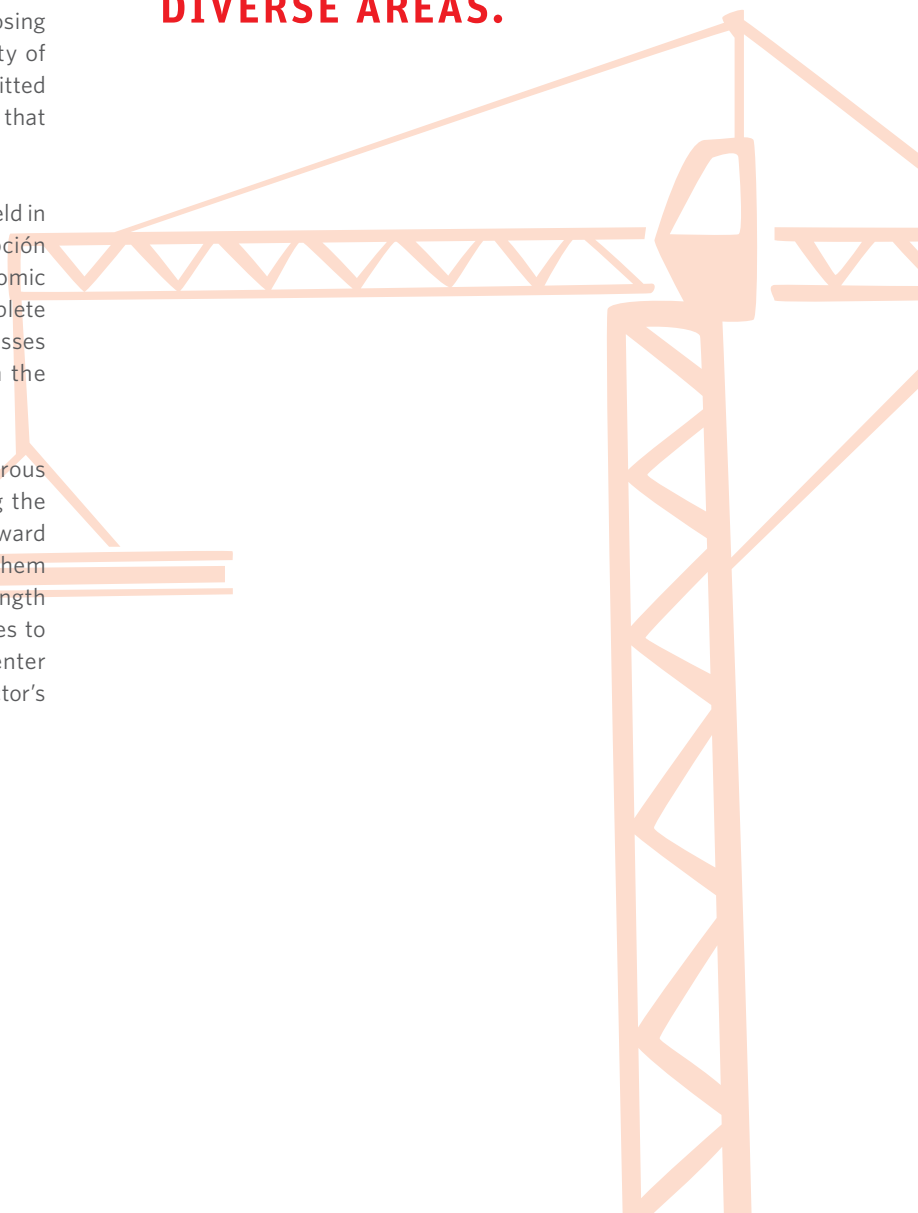
Bci understands that customers and team members form the base upon which it sustains itself. And because of this the Corporation has always been linked to them, responding timely and efficiently to their needs. During 2011 its commitment was reinforced through different initiatives oriented to support, accompany and offer a tailor-made service.

Along this line, and continuing actions started after the February 27th, 2010 earthquake – when Bci guaranteed service continuity together with implementing concrete measures in support of its customers, team members and the community –, this year the Corporation had the satisfaction of participating in the closing ceremonies for the modular commercial center in the city of Concepcion. During the ceremony, the merchants who benefitted returned the keys to the containers financed by the Bank so that they could continue their businesses.

In addition, Bci's Entrepreneurial Encounter – traditionally held in Santiago – was held for the second straight year in Concepción to continue strengthening the commitment of helping economic reactivation in the Bio Bio region. This meeting was a complete success with more than 200 small and medium sized businesses participating and 32 large purchasing companies, with the attendance of more than 2,500 people.

Regarding its team members, Bci continued to make numerous benefits available. Among them, it is worth highlighting the "Your Own Home Contribution", which covers incentives toward saving for a home, bonuses and mortgage loans to help them purchase their homes. In the same manner, the Family Strength Plan supports those who are parents, giving them bonuses to help with home child care, incentives for the daycare center Vitamina and flexibility in work schedules for birthdays or doctor's appointments for their children.

## **THE CORPORATION MAINTAINS AN UNBREAKABLE COMMITMENT WITH ITS CUSTOMERS AND TEAM MEMBERS, SUPPORTING THEM THROUGH THE MOST DIVERSE AREAS.**



## COMMITMENT WITH SUPPLIERS

In line with the Corporation's spirit and mission of building long-term, high-quality relationships of mutual benefit with their providers, since 2009 Bci has invested close to CH\$550 million introducing improvements to the supplier payment processes and payment dates.

The Corporate Acquisition and Suppliers Management Team – whose objectives are, among others, to define and clarify the policies related to payments, create space to listen to and measure supplier satisfaction, and implement systems to reduce payment times – developed the Timely and Expedited Supplier Payment Program, which in addition is contained within the Transparency Plan.

Thanks to this system, and according to the validation of PWC, in 2011 Bci registered an invoice payment average of 4.39 days, while 91.7% of companies receive payment of their invoices within the maximum limit of 7 days.

Given these results and the constant commitment of the Corporation, Bci became the first Chilean company to receive the Pro SME Seal, a recognition given by the Chilean Treasury, Development and Tourism Department.

## ENTREPRENEURIAL SUPPORT

In 2011, Bci's commitment manifested itself through different actions, among which it's worth highlighting the continuity of the Nace and Renace programs. These were created in 2006 aiming to offer an alternative in financial support those looking to become first-time entrepreneurs and are having difficulty in obtaining credit and, likewise, to those who had difficulties with their businesses and seek to begin again.

Along this line, a cooperative agreement was signed with the Universidad Católica de Chile's Scientific and Technological Research Board (DICTUC – the initials in Spanish), subsidiary of the Universidad Católica de Chile, whose objective is to position the Nace Program as a financing alternative for all the start-ups that are registered in the project portfolio of the Business Incubator "INCUBA UC". Likewise, a collaborative agreement was reached with UDD Ventures, from the Universidad de Desarrollo, to finance all of their start-up projects.

From its inception, both programs have supported more than 5,500 entrepreneurs, for which a fund of more than CH\$30 billion has been made available.



## SME BUSINESS ENCOUNTER

In 2011, Bci held the fifth version of its Business Encounter, a multisectoral and free event that offers SMEs the possibility to establish new contacts, creating new business opportunities and widening their contact networks.

This time, the meeting – in which the Finance Minister Felipe Larraín participated – gathered close to 400 companies of different sectors and sizes. In the almost two thousand meetings between potential buyers and suppliers, agreements for new business generating around Ch\$25 billion were manifested.

New this year was the participation of a foreign company for the first time: CemGlobal, client of the Bci Miami Branch, which is interested in opening new commercial opportunities in the Chilean market.

In three years, this Business Encounter has gathered more than 1,500 companies and allowed for 9,800 meetings that have generated business in the amount of CH\$99 billion.



# 12. INNOVATION, MARKETING AND CSR NEWS

## AN INNOVATIVE BANK

IN 2011 BCI CONTINUED TO LEAD IN INNOVATION. THIS WAS SHOWN BY BEING DISTINGUISHED AS THE MOST INNOVATIVE CHILEAN COMPANY IN THE 2011 MOST RESPECTED COMPANY RANKING FROM THE NEWSPAPER LA SEGUNDA. BCI ALSO OBTAINED FIRST PLACE IN INNOVATION CULTURE OR ENVIRONMENT IN THE INNOVATIVE COMPANIES RANKING BY THE HIGHER CORPORATE STUDIES CENTER (ESE) BUSINESS SCHOOL FROM THE UNIVERSIDAD DE LOS ANDES.

# 12.



In this area, it's important to highlight some of the innovations realized in 2011:

### DEDO FÁCIL (EASY FINGERS)

One of Bci's big innovations, based on the philosophy of service that distinguishes it, consists of an innovative business model that allows the delivery of banking products instantly – to customers and non-customers – without any documentation except for their national ID card. For verification, first the customer is authenticated biometrically, with which the possibility of ID theft is eliminated, and then in seconds, the information gathering process begins in trustworthy databases in order to generate an online offer. Lastly, the offer appears, the customer negotiates the product conditions with the representative and then goes to the teller to withdraw their money.

### BCI MOVILPASS

This innovation launched by Bci allows customers from the Personal Banking unit to have the multipass – the second dynamic key – in their iPhone or Blackberry, for which they aren't dependent on any other additional equipment. It is a tool with maximum security and trust to realize any kind of transfer, payment or recharge.

### MULTIPROTECTION ATM INSURANCE SALE

Insurance that protects against fraud and cloning of all of Bci's financial products, directed at customers of the Personal Banking unit. Another benefit is its low initial offering price.

### BCI ERP CONNECTION

Companies have a necessity to manage aspects of operations, production and resource distribution, for which they typically use Enterprise Resource Planning or ERP. One of its main components is the treasury modules. Bci puts an innovative product at the disposition of its Commercial Banking customers, Bci ERP Connection, which, through the direct connection with the treasury module of their ERP, it allows them to automate, control and obtain more security and confidentiality in financial exchanges with the Bank. Bci ERP Connection is a safe channel, separate from the web, and that allows for the automation of processes which lowers manual errors and possible fraud, reducing the points of control and documentation.



## COMMUNICATING OUR BRAND WITH TRANSPARENCY AND INNOVATION

With the founding of the Bank, 75 years ago, a brand was born, and while it has had variations in its form, colors and communication style, it has conserved its spirit and background. Banco de Crédito e Inversiones, with an hourglass made from straight lines and grey in color was the first version of a corporate image that now includes a logo bursting with color and curves, and also four characteristic mascots, which form the Corporation's figures.

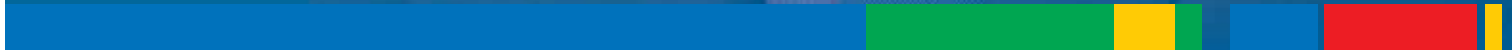
This process of change started in 1992, when the Bank decided to change its value offer and also give an impulse to its communication style. It deeply restructured, starting with the logo, continuing with the incorporation of colors and introducing the big innovation of changing its name to Bci.

Starting then, Bci has wanted to keep trend-setting with its communications, which has brought it to become one of the most recognized brands in the country. Each year innovations are made and it continues to build itself as a point of reference in financial industry marketing campaigns.

In 2011, Bci continues to hold on to its values and reinforced its communications with innovative formats to manifest its message. In addition, the Corporation led the financial industry through campaigns focused on promoting transparency. Starting in May, the Bank made their transparency measures known, using the slogan "In Bci, you can see the transparency".

The prototype campaigns had three focuses:

- ★ Those destined to give continuity to the Bank's services and products, supporting them during the times of the year that they are most needed; among others, it's worth highlighting the Flexible Consumer Credit campaign "Save an Installment" (March) and the Automotive Credit (October).
- ★ T-Banc's re-launching had a different format, never before used in the industry, by communicating its message through the daily lives of a couple in a television series.
- ★ The Transparency Campaign, which was a benchmark in the industry since it didn't refer to specific products or services, but to show – with concrete measures – the manner that the Bank has been working for years to give its customers complete transparency. This campaign was based in three basic pillars: inform, educate and advise. It likewise contributed to reinforcing the Bank's Corporate Social Responsibility, since it not only highlighted the clarity of its actions and decisions, but also that it benefits the customers with better service and attention.



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## WE TRUST THE NEW GENERATIONS AND WE HAVE SOLUTIONS TAILORED TO EACH CUSTOMER.

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**Name:** Oscar Vilches

**Activity:** Bci Nova Account Representative

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**Comments:**

*I participated in the first generation of specialized account representatives for Very Small Businesses in 2011, where we were trained to work with our customers.*

*The human touch that we deliver is the big difference and fundamental for our small business owners since it is an important point when deciding to take a loan or not.*

*Bci has very clear values. One of them is transparency. All of us account representatives try to reflect this to our customers. Customer loyalty to the Bank isn't achieved overnight, the values have allowed Bci's name to enter each of our customers' homes. We owe our work, our efforts and our dedication to them. It is also reflected in that we have continued to be one of the best corporations in our country during 75 years.*

# 13. RISK MANAGEMENT

THE CORPORATE RISK DIVISION IS RESPONSIBLE FOR ADMINISTERING, EVALUATING AND MANAGING THE CORPORATION'S ENTIRE RISK – BE IT CREDIT, MARKET, LIQUIDITY OR OPERATIONAL- AIMING TO CONTRIBUTE TO OPTIMIZING THE PROFITABILITY/RISK RELATIONSHIP IN ITS OPERATIONS.

# 13.

## CREDIT RISK

The Bank has restructured its credit application and tracking processes basing them upon international best practices and the use of statistical models from different segments, for commercial as well as retail sectors.

During 2011, Bci continued to perfect these processes putting emphasis on credit application for their mass market and preferred businesses and allowing credit decision making to happen directly at the point-of-sale, with faster and more efficient processes.

With respect to the management and constitution of allowances for closes due to credit risk, the Corporation continues to use statistical expected loss models for customers in group analysis, and individual financial analysis for those customers that, due to size, complexity or exposure level, merit a one-on-one review.

All of the above, in accordance with the current regulatory framework and, in particular, with the Chilean SBIF's new regulations relating to credit risk-weighted allowances successfully implemented during 2011.



## FINANCIAL RISK

The Bank's Financial Risk Area manages in a centralized fashion the resources obtained on a national level as well as their use in different products and asset operations. In addition, it manages the resources provided to Bci by international banking and its allocation in several operations effected in foreign currency and trade. In order to fulfill its functions and take care of its capital, the Bank makes use of several control and hedging financial risks tools, focused to control assets and liabilities, both on an accrued basis and those reflected at a fair or market value.

To utilize these controls, it is necessary to permanently price the portfolio by the application of fair value of financial instruments. This value is defined as the price a financial instrument would reach in a free and voluntary transaction between independent, duly informed and interested parties.

The Bank controls the balance risk proper to assets and liabilities recorded on an accrued basis with the use of two models:

- ★ **Spread at Risk, SaR**, which quantifies the impact on earnings produced by a specific fluctuation in the short term interest rates within a 12-month horizon.
- ★ **Market Value Sensitivity, MVS**, which quantifies the effect on economic value of the equity capital, produced by fluctuations in the long term interest rates over total assets and liabilities of the Bank.

Furthermore, the own portfolio of financial instruments available for sale is controlled by the Value at Risk (VaR) which calculates the potential losses in the market value of the portfolio.

In addition, conscience of the importance of an efficient management of financial risks, in 2011 the Bank intensified the use of hedge accounting, which was accompanied by a strengthening of the highly specialized and centralized internal controls and processes.

Lastly, in accordance with its continuous improvement policies and in line with international best practices, Bci perfected in derivative instrument valuation methodologies aiming to incorporate expected losses due to credit risk.

## LIQUIDITY RISK

In accordance with the regulations of the Chilean Central Bank, in order to control the liquidity position, econometric and statistical models are applied to the Bank's assets and liabilities. Its aim is to calculate liquidity needs, taking into account historical behaviors of the customers' obligations and credits.

On the other hand, liquidity control considers the setting of internal limits by the Board of Directors, the use of early warnings indicators, and the constitution of a contingency plan, which permits to anticipate illiquidity periods and take action when needed.

As a fundamental part of its contingency plan, the Bank has defined liquidity barriers formed by highly liquid assets, which were strengthened during 2011. Loyal to its transparency policy, Bci uploads onto its website the liquidity situation calculated on contractual and adjusted basis as of the last day of each quarter.

The Assets and Liabilities Committee (ALCO) defines the minimum liquidity level that the Treasury must ensure for its daily operations.



## OPERATIONAL RISK

Due to the importance an adequate management and control of operational risk and offering our customers quality services and processes have, Bci created in 2006 a specialized management team, whose organization is aligned with the principles defined by the Basel Committee.

This team manages the Bank's operational risk through four committees:

- ★ Procedural operational risk;
- ★ Supplier operational risk;
- ★ Technological and business continuity operational risk;
- ★ Financial operational risk.

These Committees periodically gather and their objective is to review the loss that has occurred, prepare plans to correct their causes and administer the mitigation plans for identified operational risks in procedural reviews.

Bci has, in addition, operational risk specialists in process, technology, business continuity and operational risk management thus avoiding loss in processes and anticipating - within the possible - unexpected losses. To this end, Bci applies a common methodology in the identification, quantification, mitigation and reporting of operational risk in a manner that prioritize them and their values.

As for information security, Bci has a strategy based on industry best practices and reflected in the General Information Security Policy approved by the Director's Committee.

The above is complemented with a technological infrastructure and specific operational and activity monitoring procedures oriented to prevent potential attacks to the safety of the Bank's customers' information.

## CORPORATE COMPLIANCE

The commitment to the prevention and detection of possible money laundering cases, the financing of terrorism and corruption is continuous at Bci. Thus, the Corporate Compliance Unit is focused on avoiding conduct that can be fined or sanctioned for non-compliance and thus protecting Corporación Bci's reputation and shareholder's equity.

In accordance with Law N° 20.393, which establishes penal responsibility for legal entities for money laundering, terrorism financing and bribery crimes, the Bank decided to implant a prevention and detection model for these crimes in 2010 and named the Corporate Compliance Chief Officer as the head of prevention.

In order to reach this objective, this management unit has focused on strengthening the technological tools and procedures for monitoring transactions, products and services and it constantly reevaluates of high risk geographic areas, customers with risky activities, new banking units, segments and/or products.

The permanent training of team members, so that they are kept up to date with prevention policies and procedures and assume an active role in preventative and detection tasks has also been established. Thus, during 2011, the Corporate Manual of Penal Risk Prevention, which was distributed to all the Bank's team members and communicated through different channels.

Lastly, it's worth mentioning the the Corporate Compliance Head periodically makes a presentation to the Money Laundering Prevention Committee of all those situations that require awareness and/or approval. In addition, he reports compliance management results and regulatory changes to the Director's Committee.

# 14. ECONOMIC ENVIRONMENT

IN 2011, THE GLOBAL ECONOMIC SCENARIO WAS CONDITIONED MAINLY BY THE EURO ZONE CRISIS AND, BY A SMALLER AMOUNT, BY THE WEAK EXPANSION THAT, EXCEPT TOWARDS THE END OF THE YEAR, SHOWED ECONOMIC ACTIVITY AND EMPLOYMENT IN THE UNITED STATES.

# 14.



In the majority of the industrialized countries, the year was marked by the high volatility and uncertainty in international markets, the increase in risk premiums, the lowering of credit ratings, the increase in the cost of government financing, the deterioration of bank solvency and the fall of share prices and other financial assets. All this contributed to important decreases in economic growth projections for 2012 and the future.

Despite this adverse external panorama, the Chilean economy's performance was positive. GDP grew 6.0%, fixed capital investment increased close to 18% and consumption increased almost 8.0%. As a result, employment rose 5%, 210,000 new jobs were created, and the average unemployment rate decreased from 8.2% in 2010 to 7.1% in 2011. Furthermore, in the last quarter of the year, unemployment fell to 6.6%, the lowest figure registered since the last quarter of 2006, so much so that, according to the employment survey done by the Universidad de Chile, unemployment rates in the Santiago metropolitan area were 6.2% in December, the lowest figure in the last 15 years.

As a consequence of the strong expansion in economic activity and employment rates during the year, the gaps in production capacity and the labor market closed. This, in turn, contributed to inflation, especially starting in October, closing the year at 4.4%, thus passing the upper limit of the goal range of 2 to 4% set by the Chilean Central Bank. Inflation's acceleration was also driven by the increase in gas and oil prices - with the consequent effects on transportation costs - and of some food, and likewise due to the increase of almost 9% in the exchange rate.

In the export sector, the high price of copper and iron, growth in industrial product exports and a larger diversification of the destination of exports allowed that these reached an unprecedented amount of more than US\$80 billion, 13.5% more than last year. The increase in imports was even stronger (27%), with its value being almost US\$70 billion.

All in all, the positive evolution of the main annual macroeconomic averages hid the weakening that the majority of them experienced starting at the middle of the year. Thus, while during the first semester GDP grew 8.2%, in the second semester it grew 4.5%. Between both periods, investment expansion rates, employment rates and consumption rates also lowered along with the price of copper and the positive trade balance was reduced.

In these circumstances, the Chilean Central Bank decided in June to stop the monetary policy normalization process begun the previous year. Thus, after raising the base interest rates in 475 points between June 2010 and July 2011, it opted to keep it at 5.25% during the rest of the year, despite the predominate expectation in the market that it would lower it based on the strong deceleration of the economy and the complex foreign scenario.

## BANKING SECTOR BEHAVIOR

At the close of 2011, the banking industry posted total loans slightly more than Ch\$89 trillion, a 17.3% YoY increase. In turn, the sector's profits increased 8.1% and reached CH\$1.7 trillion. This meant that ROE for the banking sector was 17.4%, lower than last year's 18.6%.

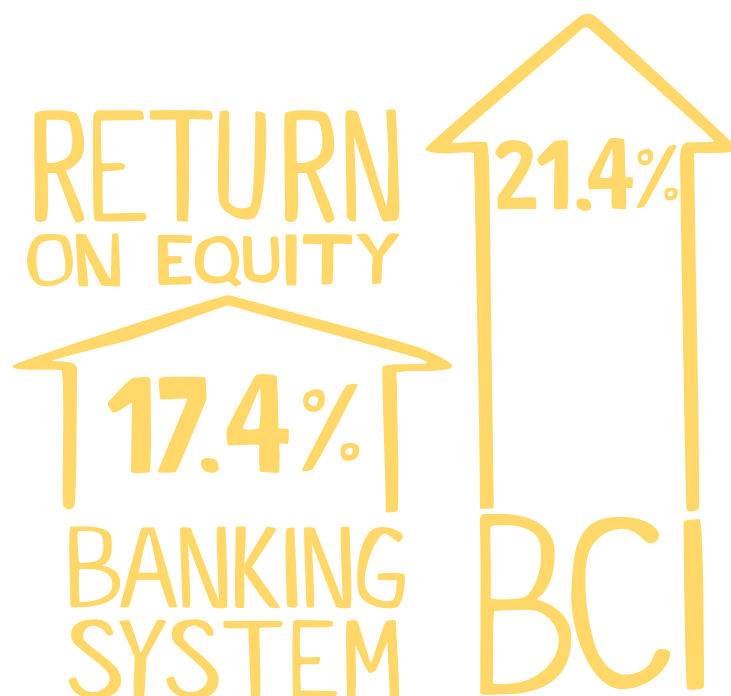
The system's total consolidated assets at December were a little more than CH\$126 trillion, showing an increase of 16.7% in relation to December 2010.

At the same time, risk-weighted assets represented 69.9% of total assets as of November 2011. Bci's rate was 71.4%.

### FINANCIAL BANKING SECTOR (BILLIONS OF PESOS)

	DECEMBER 2009	DECEMBER 2010	DECEMBER 2011
Total assets	101.908	108.234	126.302
Total loans <sup>6</sup>	70.553	75.979	89.161
Net income	1.225	1.584	1.712
ROE	17,99%	18,58%	17,44%

<sup>6</sup> Corresponds to the sum of what is due from banks (with the exception on the operations with the Chilean Central Bank) and Loans and Recoverable Accounts from customers, plus the allowances associated with each sector.





The banking sector's shareholder equity – composed of base capital, subordinated bonds and additional allowances – was CH\$13.4 trillion at November 2011, which is equivalent to a 13.7% YoY increase.

The following graph presents the banking sectors main numbers compared to those of Bci, and the market share reached in the said items.

**BILLION OF PESOS**  
AS OF NOVEMBER 2011

	SECTOR	BCI	MARKET SHARE BCI
Total consolidated assets	140,213	18,057	12.88%
Risk weighted assets	97,961	12,895	13.16%
Average weighted	69.87%	71.41%	-
Base capital	9,658	1,199	12.41%
Shareholder equity	13,411	1,781	13.28%

SOURCE: SBIF

# 15. PERFORMANCE GRAPHS AND FIGURES

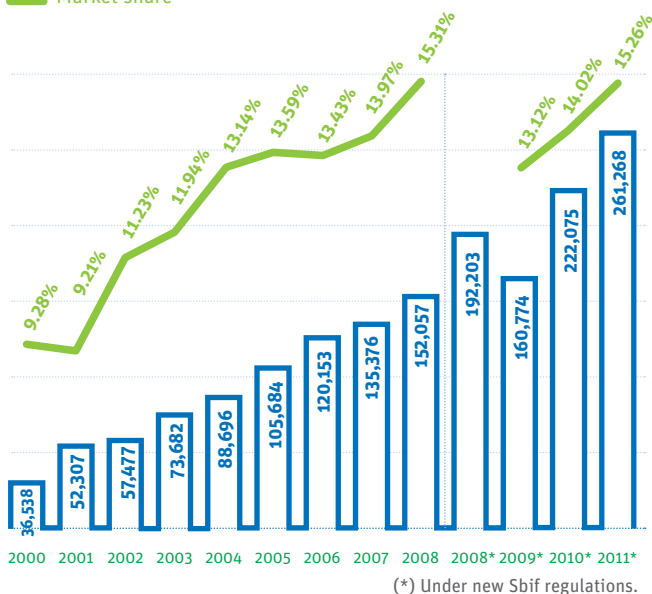
Below is shown the graphic evolution of Bci's performance and management, from 2000 to 2011, with figures in Chilean Pesos.

## A) PERFORMANCE

As of December 2011, Bci's Net Income was CH\$261,268 million, which equals a 17.65% YoY increase. With this result, the biggest in the Bank's history, Bci increased its market share of the banking sector's total income to 15.26% reflecting better efficiency and a bigger contribution from its subsidiaries, as well as a consolidation of its commercial structure.

### NET INCOME AND MARKET SHARE

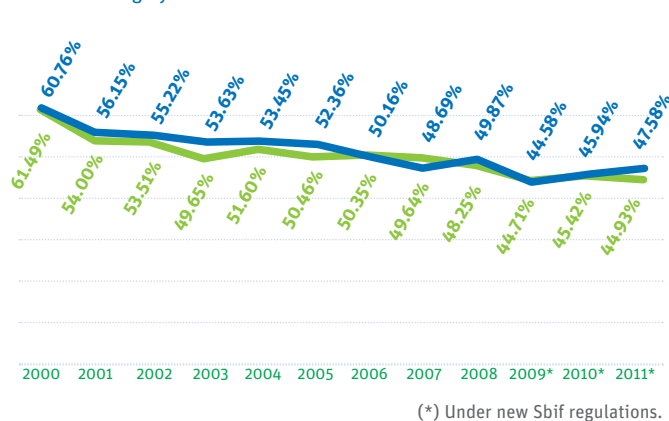
MM\$  
Market share



Bci's efficiency index measures the relationship between operational costs and gross operational income. A decrease in this index represents an improvement in efficiency. Bci's index was at 44.93% as of December 2011 showing a YoY improvement mainly due to an efficient management of costs and investments. It's worth mentioning that Bci's index is better than that of the banking sector as a whole, which at the same date reached 47.58%.

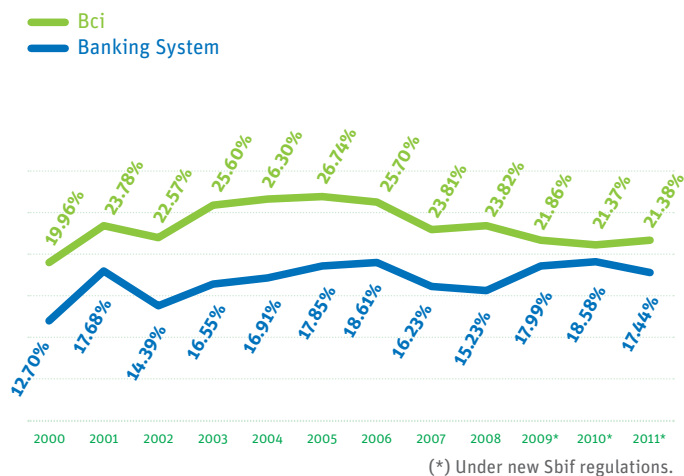
### BCI'S AND THE BANKING SECTOR'S EFFICIENCY RATIO

Bci  
Banking System





## RETURN ON EQUITY (ROE)



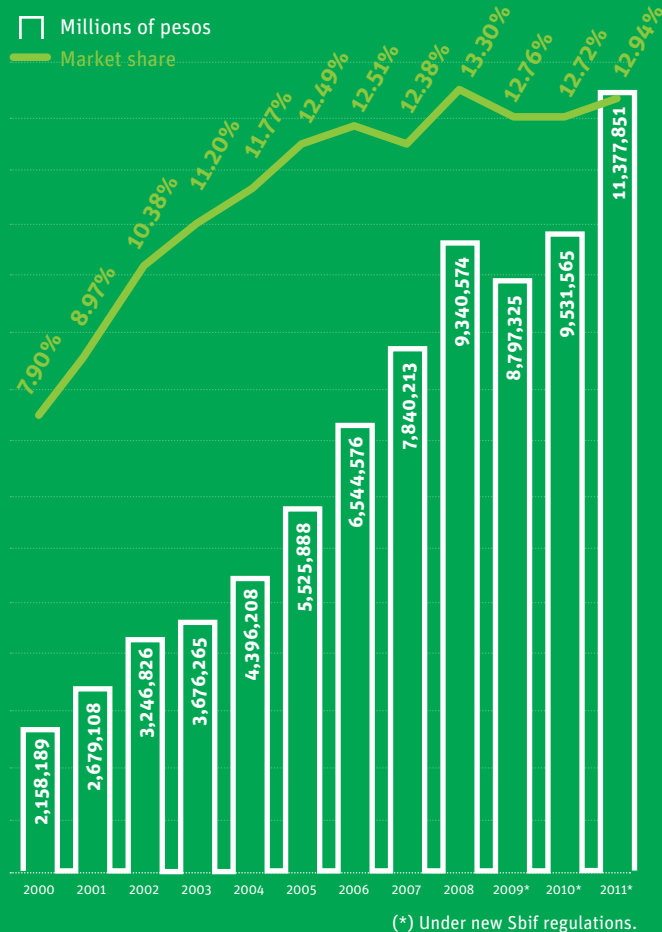
By the end of 2011, Bci reached a ROE of 21.38%, slightly higher YoY, and also beating the banking sector's average, which was 17.44%. It is important to note that the Bank's ROE has stayed above 21% over the last few years, where the capital has also increased by a large amount, by way of capitalizing profits.

## B) MARKET SHARE

Bci's Total Loans (interbank net) at December 2011 were more than CH\$11.4 billion, an amount 19.4% higher than 2010. Bci's market share increased from 12.72% to 12.94%

Total Loans are made up of mainly personal loans (which include consumer and mortgage loans) and commercial loans. As you can see in the following graphs, the Bank has increased in a sustained manner in both areas and, likewise, its market share in commercial loans.

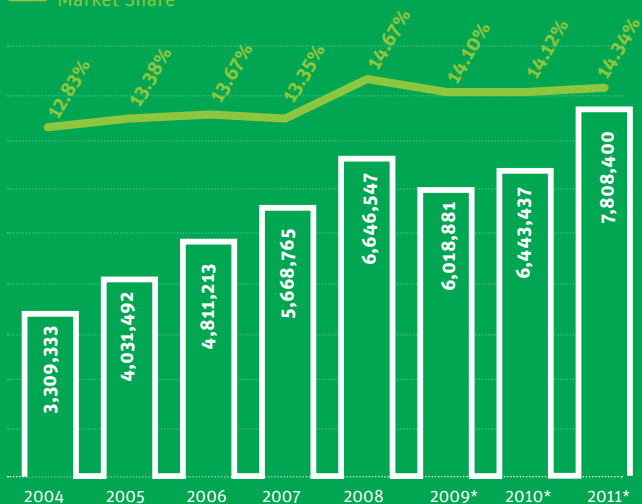
### BCI'S TOTAL LOANS AND MARKET SHARE





## COMMERCIAL

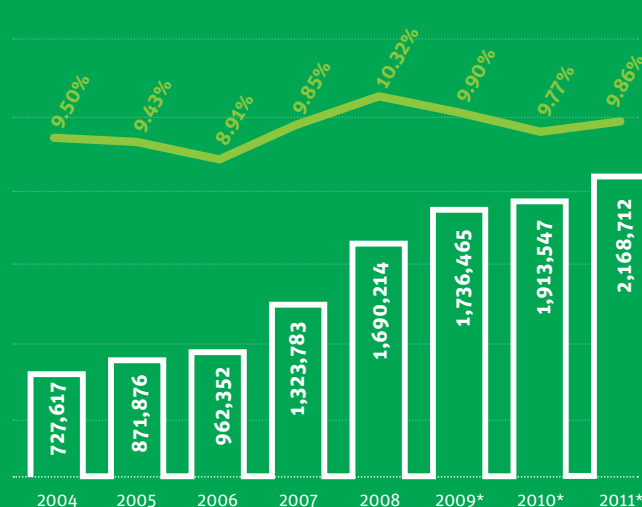
Commercial (Millions of pesos)  
Market Share



Among the personal loans, mortgage loans continued its growth shown in the six previous years and consumer loans increased to 19.3% and raised their market share.

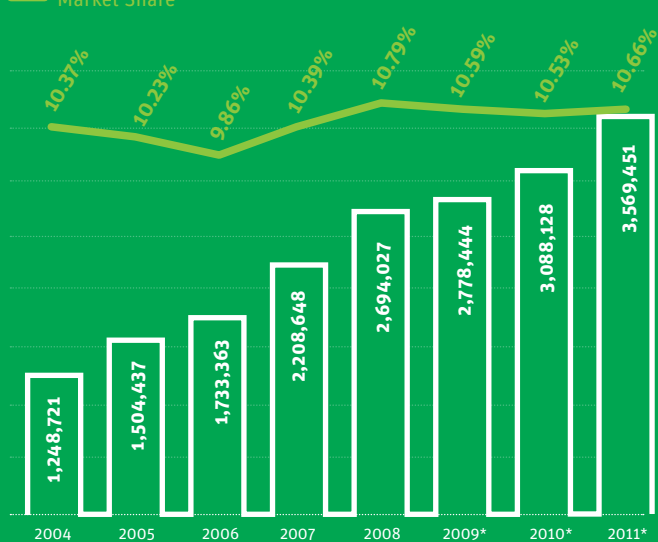
## MORTGAGE

Mortgage (Millions of pesos)  
Market Share



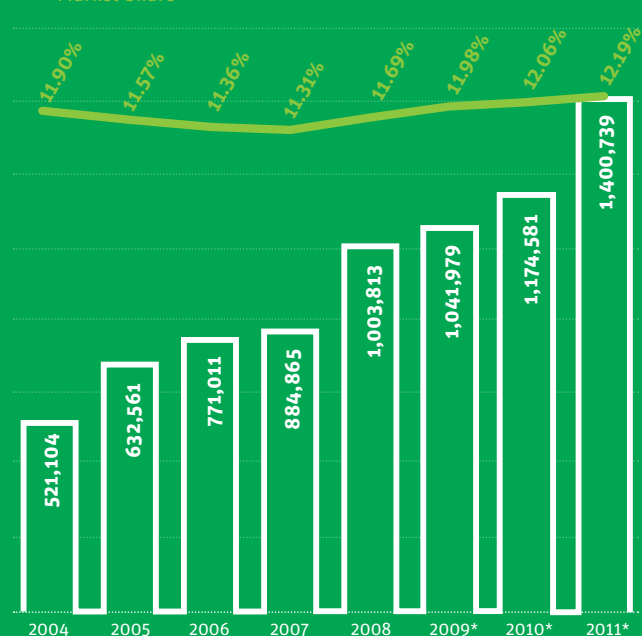
## PERSONAL

Personal (Millions of pesos)  
Market Share

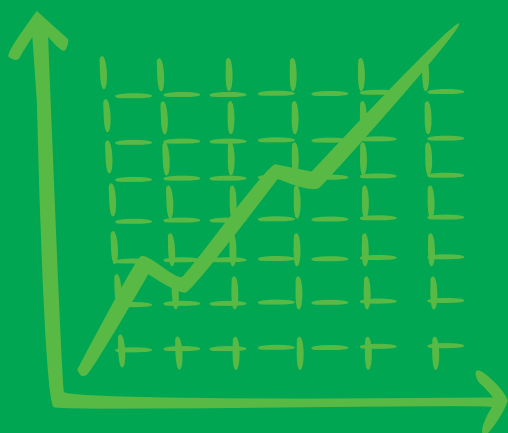


## CONSUMER

Consumer (Millions of pesos)  
Market Share



(\*) Under new Shif regulations.



During 2011, current and demand accounts continued growing, increasing 5.75% and 8.95% respectively with respect to December 2010. In the case of demand accounts, they operate withdrawals through ATMs, commonly called electronic checking and were introduced to the local market by Bci in 1989.

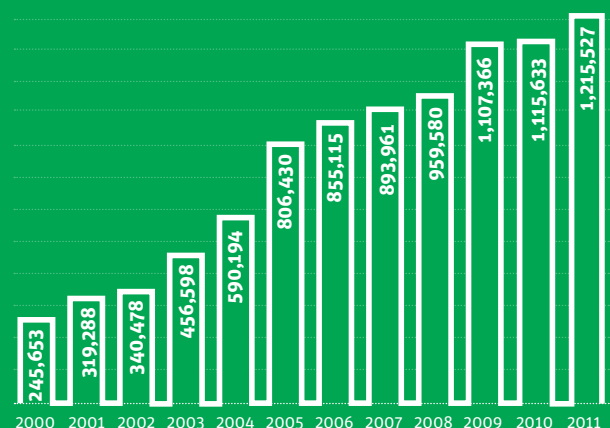
#### NUMBER OF CURRENT ACCOUNTS

December of each year



#### NUMBER OF DEMAND ACCOUNTS

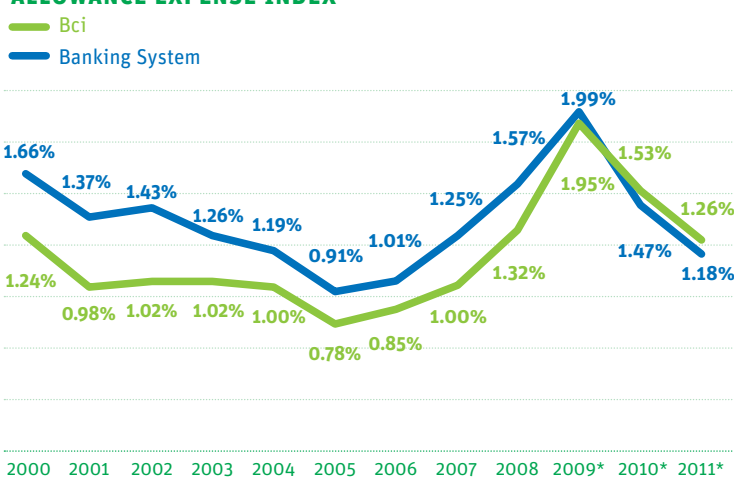
Demand Accounts



## C) RISK

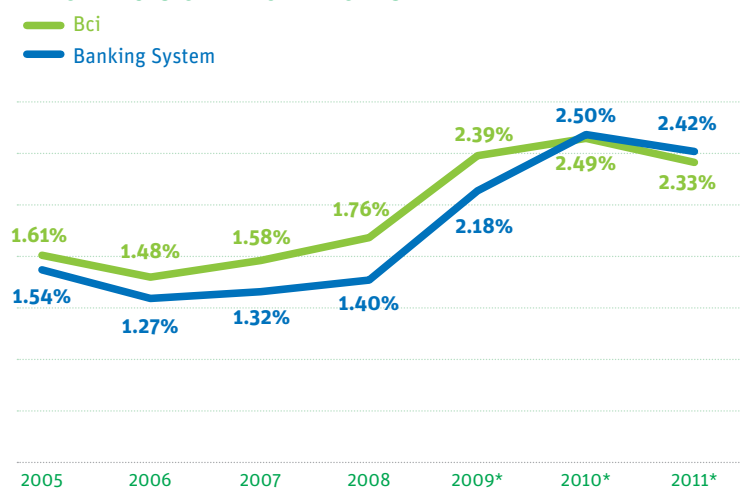
The Allowance expense index, that is, the total allowances constituted minus those recuperated, over total loans, fell YoY to 1.26%. The net allowances constituted during the year were less than the year before, reflecting on one hand, better corporate results in general, but recognizing the deterioration of risk linked to companies from specific sectors (retail and electricity), which were mitigated by the decrease in allowances for other companies (salmon industry).

#### ALLOWANCE EXPENSE INDEX

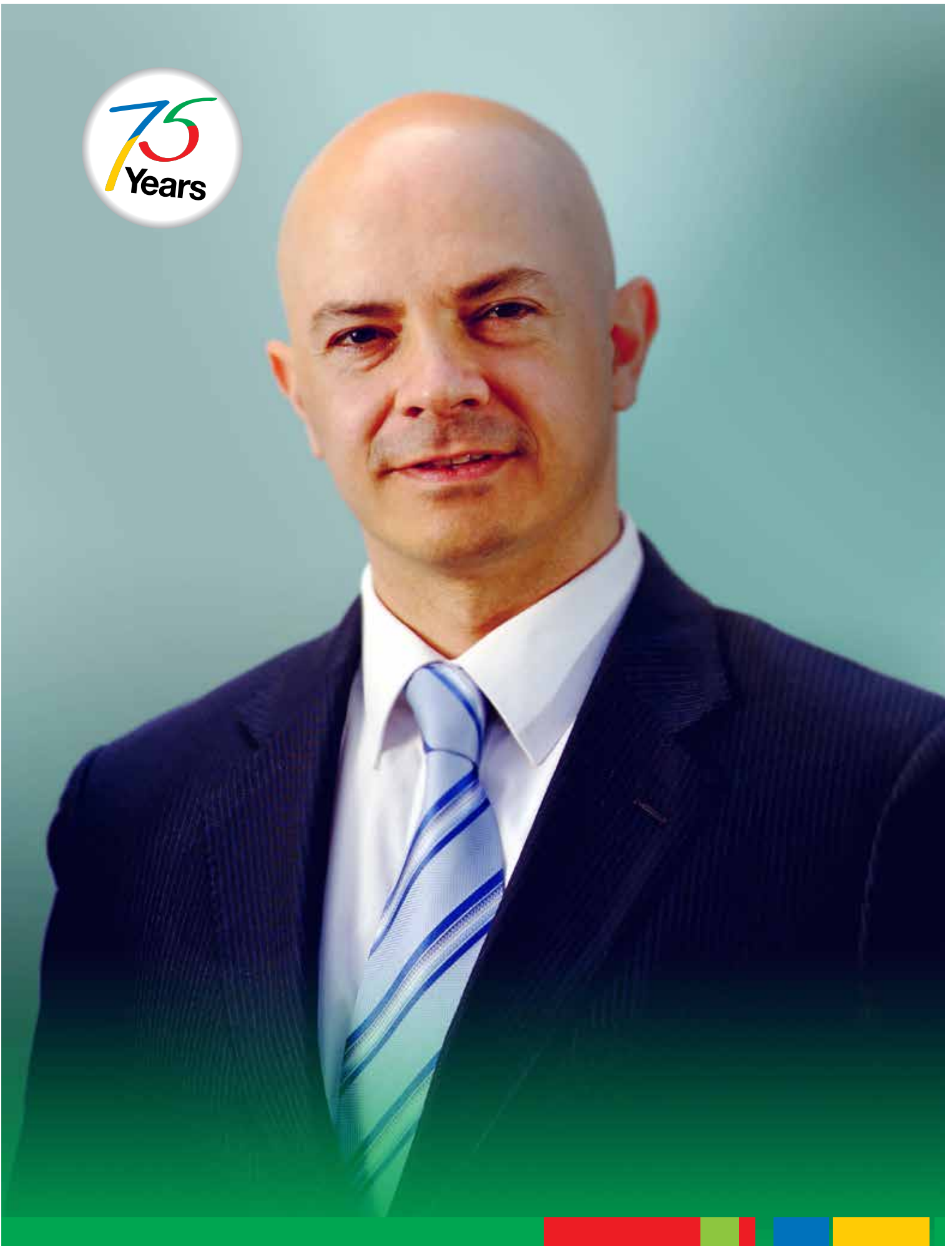


This improvement also is reflected in the risk index, measured as allowances over total loans, which decreased to 2.42% in December 2011, compared favorably with the levels shown in the previous year.

#### ALLOWANCES OVER TOTAL LOANS



(\*) Under new Sbif regulations.



# BCI'S PHILOSOPHY EMPOWERS OUR TEAM MEMBERS' LEADERSHIP AND EACH ONE'S COMMITMENT WITH OUR CUSTOMERS.

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**Name:** Erwin Gerlach

**Activity:** Bci Office Manager

**Comments:**

My experience in Bci began 3 years ago as the manager of a new office. The opportunity to create a new team, bring them together and make them work together made each one develop an acute sense of reciprocity. This made us always seek the common good for our work group, so that we are able to attend to our customers in the best manner at each service point in the branch, from the time one opens the door until they leave. Each interaction with the customer is looked after and dedicated.

Bci's transparency gives us the necessary support to help our customers with the ease of mind to be able to honor our promises. When we deliver a service, we implicitly deliver expectations. If these are satisfied according to what was promised, I am sure that our service is the best that our customers can receive.

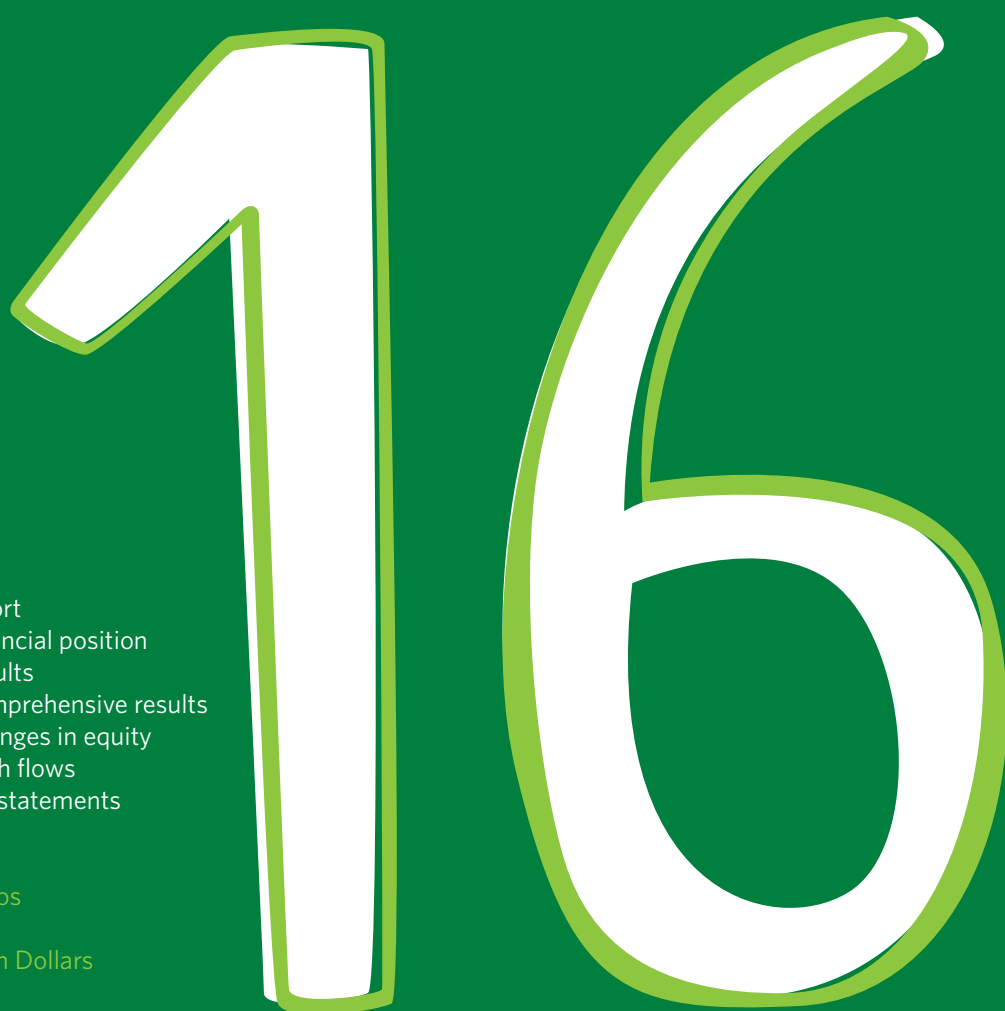
Even when institutions are made of people, it's synergy that causes virtuous circles. Because of this, it seems to me that what makes Bci different is that its leaders make room for leadership for all of the team members, no matter what their specific role is, you know that each one is a critical component in the continuous improvement machine.

I hope that the prevailing message is one of protecting Bci's current culture, the legacy that each one imprints on their work and developing even more the potential that we have achieved. Definitely developing and challenging ourselves is what will keep us captivated. As long as things remain this way, there are no limits.

# 16. CONSOLIDATED FINANCIAL STATEMENTS

**BANCO DE CRÉDITO E INVERSIONES  
MIAMI BRANCH AND SUBSIDIARIES**

DECEMBER 31, 2011 AND 2010



## **Contents**

Independent Accountants' Report  
Consolidated statements of financial position  
Consolidated statements of results  
Consolidated statements of comprehensive results  
Consolidated statements of changes in equity  
Consolidated statements of cash flows  
Notes to consolidated financial statements

\$ Chilean Pesos  
MCh\$ Millions of Chilean Pesos  
US\$ American Dollars  
MUS\$ Thousands of American Dollars  
UF Unidades de Fomento