

Annual Report and  
Financial Statements  
2010



# { 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.



ALL created **VALUE**



COMES  
FROM ★  
**TALENT**



IN **BCI** WE POSITION OURSELVES



FOR A BETTER WORLD

FOR A WORLD WHERE TRANSPARENCY  
IS THE MOST PRECIOUS CAPITAL

# 1. A look at our Bank

06. Letter from the Chairman

10. Financial Summary

14. Board of Directors

17. Senior Management

- Reorganization of the Bank's structure

## 2. Transparency and the Customer Experience

### 3. Bci's Commercial Management

#### 4. Bci Customer and Team Member Support

#### 5. Innovation, Marketing and CSR News

#### 6. Economic and Managerial Analysis

#### 7. Consolidated Financial Statements



You can review this entire document on the website [www.bci.cl/empresas](http://www.bci.cl/empresas). Hold your mobile phone to the QR code using a compatible scanner and scan the image.

table of contents

**20. Shareholders**

- Share price and market capitalization
- Capital Resources

- Tax situation and distributed dividend

- Main shareholders
- Shareholders' Agreement

**25. Risk Rating**

**26. Awards and Recognitions**

1\_A Look at  
our Bank

**30. Transparency and the Customer Experience**

**32. The customer experience**

2\_Transparency

**38. Bci's Commercial Management**

**39. Retail Banking**

**40. Commercial Banking**

**41. Finance and Investment Banking**

**42. Subsidiaries**

**46. National and International Presence**

3\_Commercial  
management

**54. Bci Customer and Team Member Support**

**56. SME Entrepreneurial Encounter**

**56. Entrepreneurial Support**

**56. Small Business owner and merchant support**

**57. Team member benefits plan**

4\_Bci support

**58. An innovative bank**

**60. Strengthening the Bci brand**

**61. Corporate Social Responsibility**

5\_News

**64. Risk Management**

**70. Economic Environment**

**74. Performance Graphs and Figures**

6\_Analysis

**80. Consolidated Financial Statements**

**81. Report of Independent Auditing Firm**

**87. Notes to the Consolidated Financial Statements**

7\_Results

ANNUAL REPORT 2010





with our  
customers:

To deliver products and services  
of optimum quality,  
at competitive prices,  
innovative and set forth  
to adequately and  
timely satisfy  
their needs.







# LETTER FROM THE CHAIRMAN

## To our Shareholders:

During 2010, the global economy began a slow recovery from the financial crisis that greatly affected it since the second semester of 2008. As I said in my report at the end of 2009, the international financial markets were on the verge of collapse and the economies of many countries suffered a serious recession. Unfortunately, the effects of this are still felt and persist. Likewise, they are the focus of instability in the world's markets. In all, the evolution of the global economy is expected to be, in general, more favorable than previous years.

In Chile, the recovery has been more visible, due, in part, to the healthy foundations of our economy and, in part, that Government authorities and the Central Bank took adequate measures to stimulate the recovery and growth in economic activity and employment.

In this process, the banking system performed a decisive role. In effect, it faced the crisis with a solid financial position, applying responsible policies without falling into speculative operations and continued its banking plans oriented to facilitate access for more Chileans to its services. Thanks to this, in 2010 the banking system was able to increase its solvency as well as its effective equity. On November 30th, this figure was at almost Ch\$11.8 trillion, some 13.2% more than in November 2009 and equivalent to 14.1% of its risk-weighted assets, which also increased 15% during the year.

This high level of capitalization allowed the Banks to not only successfully tackle the consequences of the financial crisis, but also the effects of the devastating

earthquake that ravaged the south-central part of the country on February 27th.

On its own part, to mitigate the dramatic human, social and economic impacts of the catastrophe, Bci reinforced its commitment to its team members, customers and the community at-large, and immediately took action to support them in different areas.

In fact, from the first moment, the Bank went to the most affected areas, helping its team members with food, medicine, a special reconstruction bonus and a large benefit package.

At the same time, and aiming to help its customers, Bci created a contingency plan which included diverse benefits, an ease in payment terms and programs that were especially focused on the community most affected with an investment that was over Ch\$1.8 billion.

In addition, Bci established a solidarity fund of Ch\$30 billion to offer financial products with preferential terms to its SMEs, corporations and entrepreneurs. This program included, for example, credit for fixed asset reconstruction and repair at preferential conditions and terms up to 12 years.

At the same time, the Bank expanded its support to the small and medium sized businesses in the 8th Region by way of a special program for merchants and entrepreneurs in the area. For this, a modular commercial center was set up in Concepción during six months with 40 finished containers so that merchants

that had suffered damage to their stores during the earthquake could continue their businesses.

In the same spirit, the Bci Entrepreneurial Encounter – which traditionally takes place in Santiago – also took place for the first time in the Bío Bío Region. This initiative provided business between large acquiring businesses on the one hand, and SME providers on the other. In this edition, more than 200 businesses from the 8th Region participated in the event.

A pioneering initiative in Latin America started by the Bank last year was the creation of a new financing model for small-business owners and small grocers, which had an excellent reception. Through Bci Nova's alliances with provider companies, and with the support of Banco Interamericano del Desarrollo, small grocers were able to access a continuous and direct financing tool for their businesses, without leaving their places of business. This allowed them to count on the merchandise stock necessary to satisfy their customers' needs, increase sales and expand their businesses.



On another topic, in the year of the Bicentennial, we gave all our team members with more than six months seniority a bonus of Ch\$300,000 in addition to their traditional yearly bonus advance in September. All together, we raised the minimum guaranteed salary to Ch\$400,000 gross monthly, a salary 18% higher than the average taxable salary of the banks.

It is important to highlight that, since the beginning of last year, Bci began working under its new organizational structure aiming to privilege the Bank's preferred business. This reorganization implied the creation of three large divisions which report directly to the General Management: Retail Banking, Commercial Banking, and Finance and Investment Banking.

At a year from its implementation, the results of the new structure have been very positive, contributing to the increase of the Bank's efficiency, strengthen growth and market share, and elevate income.

In fact, in 2010 Bci obtained a Net Income of Ch\$222,075 million, figure 38% higher than that registered the previous year. Thus, the rate of return with respect to its tier 1 capital was 21.4%, while that of the banking sector reached 18.6%.



Our subsidiaries contributed strongly, as in other years, to the increase in consolidated income. Together, their contribution was Ch\$56,337 million, figure equivalent to 25.4% of total income and 19.4% higher than the income reported by them in 2009.

At the same time, the operational result increased 34.9% thanks to the decrease in certain credit portfolio costs and allowances and larger income from interest margins. The former was due mainly to the positive variation of the UF, which implied that the part of the loan portfolio in this unit earned at historic levels. These results were achieved despite that during the year different changes to regulations were made, among which it is worth mentioning the abolishment of non-contractual fees for overdrawn current accounts.

On the other hand, according to the statistics from the Superintendence of Banks and Financial Institutions (SBIF), the operational efficiency – measured by the operating expenses over gross operating results – was 45.4%, very similar to the banking system's 45.9%.



Historically, Bci has been characterized as a conservative bank in its credit-awarding policies and in its management of portfolio risk. Thusly, despite having had a 14.8% drop in risk expense from 2009, the Bank's risk index, measured as allowances over total loans, increased from 2.18% in December 2009 to 2.50% in December 2010. At the end of the year, the amount of allowances exceeded by 117.1% delinquent accounts, which implies an adequate and healthy coverage ratio.

During 2010, Bci maintained its policy to constitute or use voluntary allowances (additional) as required or as made possible by the evolution of its operations. Thus, it constituted additional allowances in order to mitigate the eventual effects of the earthquake on portfolio quality, as well as to comply with new regulation on the subject established by the SBIF. As a result of this, on December 31st, 2010, additional voluntary allowances totaled Ch\$49,342 million, some 148% higher than the Ch\$19,900 million that existed at the close of the previous year.

The Bank's total consolidated assets registered the sum of Ch\$13.2 billion, constituted mainly (72.1%) by the credit portfolio. For its part, the captured resources are mainly composed of deposits and demand liabilities. These acquisitions – which don't generate financial costs – represent 23.3% of liabilities and showed, at December 31st, 2010, an increase of 18.5% with respect to December 2009. This area includes the balances of over 425,000 current accounts and 1,115,000 demand accounts. It's worthwhile to mention that demand deposits in the entire banking

sector were equivalent to 30% of total deposits, while in Bci they represent 34.2%.

At the end of the year, capital resources, including annual profit, were in upwards of Ch\$1.04 billion, increasing 16% with respect to December 2009. This increase reflects the Bank's best results, in addition to the partial capitalization of the profits, which, like in 2009, generated in part through the distribution of paid-in shares.

In 2010, Bci continued its expansion program and, at the end of the year, had 365 offices among its different forms of operation, the largest being their multiservice branches, representing 76% of the total.

However, the most commendable, by our estimation, is that Bci has been capable of delivering better service and value to our customers, who are the center of the Bank's activities.





Everyone is looking to 2011 with the hope that the recovery of the world's economies is consolidated.



As in previous years, Bci received important distinctions and awards which attest to our management and leadership, and which motivate us to continue working with dedication and efficiency.

I want to make a special mention to the recognition, for the second year in a row, of Bci as the "Best Bank in Chile", awarded by the magazine The Banker, in association with UK Trade & Investment, and also to the fact that the Bank also obtained first place in the ranking of "Chile's Most Admirable Companies", according to Diario Financiero and PriceWaterhouseCoopers.

Likewise, we obtained first place in the ranking of Innovative Companies in the study done by the Universidad del Desarrollo and the Universidad de los Andes' Business School (ESE).

In terms of transparency and information quality for our shareholders and the community, we are happy to also have received first place for institutional reports, once again, a distinction awarded by Revista Gestión and PricewaterhouseCoopers.

In addition, it fills us with pride to have been selected among the five best "Companies for Working Mothers and Fathers" and have received a special distinction for the support to our team members after the earthquake, recognition awarded by El Mercurio's Revista Ya and Fundación Chile Unido.

To conclude, I'd like to very sincerely thank and make a special recognition to our team members, because it's mainly thanks to their effort and commitment that the Bci Corporation achieved unprecedented results in its already long history in 2010.

Along with the Board of Directors that I represent, we promise to continue working to reach our goals and follow the defined policies, so thus to benefit our shareholders, customers and providers, our team members and their families, and Chilean society in general.

LUIS ENRIQUE YARUR REY  
CHAIRMAN BCI





# FINANCIAL SUMMARY

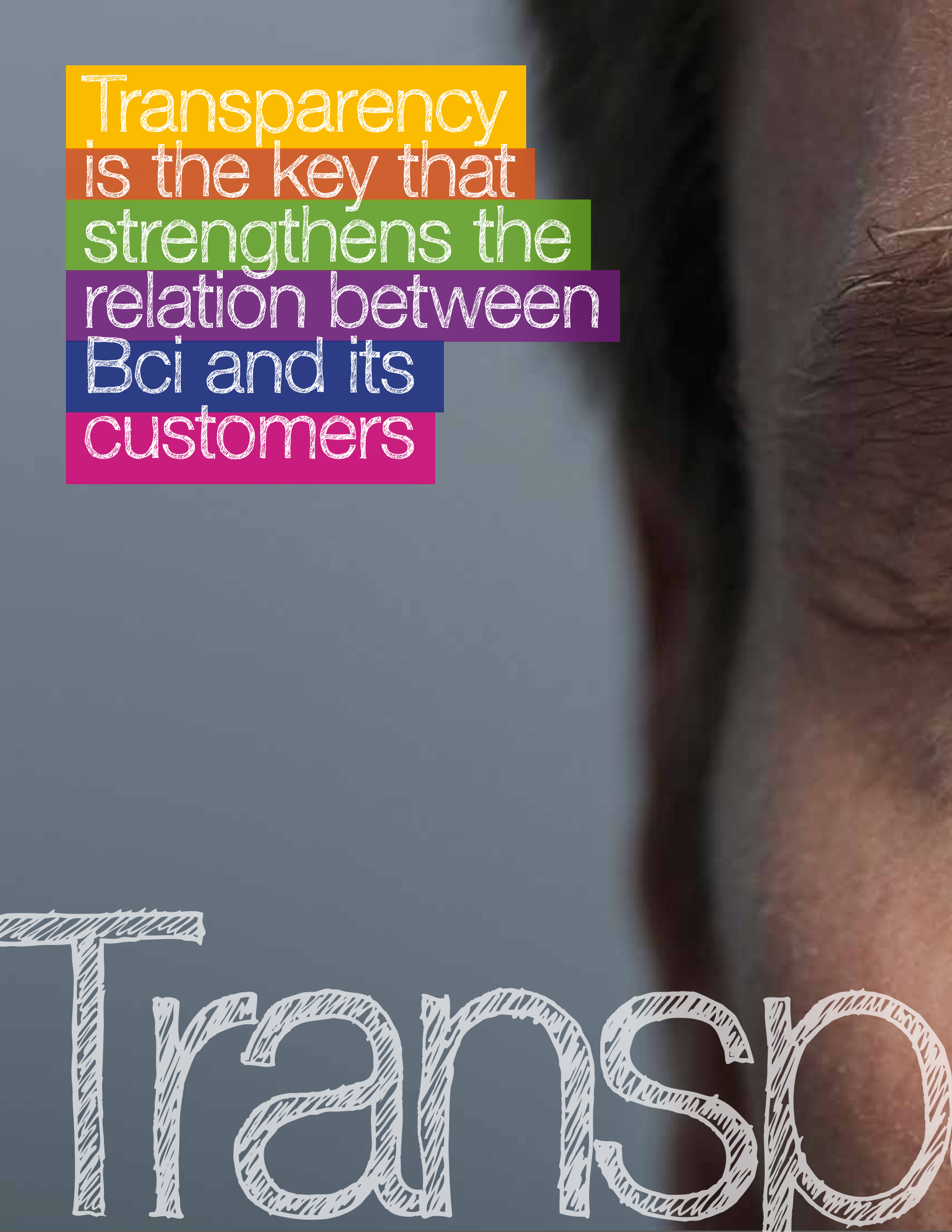
Consolidated Balance Sheet	2004	2005	2006	2007	2008	2008	Under new regulations <sup>1</sup>		Change
							2009	2010	2009/ 2010
NUMBERS IN MILLIONS OF PESOS									
						Balances of operations at the end of each year			
Commercial loans and due from Banks	3,108,239	3,777,833	4,629,372	5,464,776	6,835,561	6,835,939	6,159,662	6,544,543	384,881
Mortgage loans	728,912	872,823	963,071	1,324,409	1,690,214	1,693,924	1,736,465	1,913,547	177,082
Consumer loans	538,278	655,298	799,983	911,749	1,003,813	1,008,781	1,041,979	1,174,581	132,602
Total loans	4,375,429	5,305,954	6,392,427	7,700,934	9,529,588	9,538,644	8,938,106	9,632,671	694,565
Allowances for credit risk	(78,432)	(73,477)	(66,850)	(85,650)	(131,820)	(131,984)	(194,334)	(240,495)	(46,161)
Total net loans	4,296,997	5,232,477	6,325,576	7,615,284	9,397,768	9,406,660	8,743,772	9,392,176	648,404
Financial Investments	938,207	1,125,289	845,762	1,019,781	1,452,092	1,458,519	1,960,558	1,346,687	(613,871)
Other assets	4,826,704	4,297,511	1,595,236	1,394,074	1,946,512	1,897,758	2,417,192	2,465,311	48,119
Total assets	10,061,908	10,655,277	8,766,574	10,029,139	12,796,372	12,762,937	13,121,522	13,204,174	82,652
NIBDs	1,326,725	1,307,176	1,543,020	1,776,766	2,021,931	2,021,931	2,400,959	2,844,029	443,070
Term deposits	2,591,555	3,445,464	4,026,275	4,772,001	6,071,804	6,071,804	5,491,152	5,467,545	(23,607)
Other obligations	5,717,741	5,401,761	2,609,680	2,776,436	3,912,386	3,902,204	4,333,258	3,853,434	(479,824)
Capital and reserves	337,190	395,190	467,446	568,559	683,811	620,411	783,608	883,708	100,100
Allowances for minimum dividends	-	-	-	-	(45,617)	(45,617)	(48,232)	(66,623)	(18,391)
Net income	88,696	105,684	120,153	135,376	152,057	192,203	160,774	222,075	61,301
Minority Interest	1	1	1	1	1	1	3	6	3
Total liabilities	10,061,908	10,655,277	8,766,574	10,029,139	12,796,372	12,762,937	13,121,522	13,204,174	82,652



<sup>1</sup> As of January 1, 2009 as instructed by the Superintendency of Banks and financial Institutions, the Bank applied new accounting standards which affected its shareholders' equity and results of 2009. For more information on accounting standards and its impact YoY, go to Notes 1 and 2 of the Bank's Financial Statements.

Financial Indicators	2004	2005	2006	2007	2008	2008	2009	2010	Change 2009/2010
<b>Bci shares</b>									
Price (nominal)	12,500	12,829	15,852	14,950	10,841	10,841	16,576	33,058	16,482
Earnings per share (nominal)	897.61	1,069.52	1,215.38	1,369.36	1,538.10	1,944.20	1,585.70	2,153.85	568
Market price / book value (times)	3.66	3.21	3.35	2.60	1.57	1.70	2.14	3.86	1.72
Market price / earnings per share (times)	13.93	12.00	13.04	10.92	7.05	5.58	10.45	15.35	4.9
Shareholders' equity (thousand of dollars)	2,206,351	2,465,319	2,932,346	2,968,689	1,636,886	1,636,886	3,309,979	7,294,306	3,984,327
<b>Profitability and efficiency</b>									
Return of equity	26.30%	26.74%	25.70%	23.81%	23.82%	33.44%	21.86%	21.37%	(0.49) pp
Capitalized earnings of previous year	54.41%	53.21%	53.23%	54.75%	54.72%	54.72%	69.44%	68.47%	(0.97) pp
Return on assets	0.88%	0.99%	1.37%	1.35%	1.19%	1.50%	1.22%	1.68%	0.46 pp
Efficiency (backstopping costs / operating income)	51.60%	50.46%	50.35%	49.64%	44.76%	48.25%	44.71%	45.42%	0.71 pp
Assets per employ (millions of pesos)	1,427	1,362	983	1,051	1,393	1,389	1,482	1,420	(62)
<b>Market Share</b>									
Loans	11.77%	12.49%	12.51%	12.38%	13.30%	13.30%	12.76%	12.72%	(0.04) pp
<b>Risk</b>									
Allowance expenses / total loans	1.00%	0.78%	0.85%	1.00%	1.32%	1.32%	1.95%	1.53%	(0.42) pp
<b>Activity Indicator (number)</b>									
Employees (Bci Corporation)	7,053	7,823	8,918	9,541	9,185	9,185	8,848	9,299	451
Branches and contact points	198	221	233	282	326	326	332	365	33
Checking accounts	289,014	299,125	313,748	345,820	373,043	373,043	397,764	425,233	27,469
Electronic checkbooks	590,194	806,430	855,115	893,961	959,580	959,580	1,107,366	1,115,633	8,267
ATMs	506	512	628	815	990	990	1,013	1,111	98
ATM transactions (December each year)	3,836,141	3,054,729	3,218,465	3,214,591	3,777,608	3,777,608	4,037,717	5,455,584	1,417,867
Internet transactions (December each year)	7,851,970	11,263,330	8,984,343	11,792,742	18,510,037	18,510,037	24,827,278	12,925,182	(11,902,096)
Customers with internet access passwords		213,615	242,641	280,324	297,239	297,239	333,379	404,956	71,577

 <sup>2</sup> Transactions made with and without authentication codes were counted until 2009. Starting in 2010 only transactions made with an authentication code were counted.

A close-up, slightly blurred photograph of a horse's face, showing its eye and part of its muzzle. The horse has a dark coat with a white blaze on its face.

Transparency  
is the key that  
strengthens the  
relation between  
Bci and its  
customers

Transp



agency





# BOARD OF DIRECTORS



{ During the Ordinary Shareholders' Meeting held on March 30th, 2010, the new members of Bci's Board of Directors were selected through an election.

NEW  
MEMBERS



**01**  
Luis Enrique Yarur Rey  
Chairman

**02**  
Andrés Bianchi Larre  
Vice-Chairman

**03**  
Juan Manuel Casanueva Préndez  
Director

**04**  
Juan Edgardo Goldenberg Peñafiel  
Director

**05**  
Alberto López-Hermida Hermida  
Director

**06**  
Francisco Rosende Ramírez  
Director

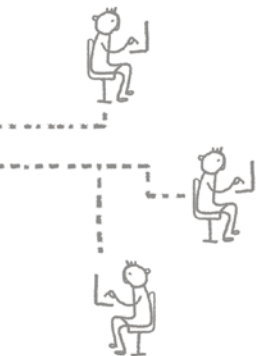
**07**  
Ignacio Yarur Arrasate  
Director

**08**  
Daniel Yarur Elsaca  
Director

**09**  
Lionel Olavarría Leyton  
Chief Executive Officer

Dionisio Romero Paoletti  
Director (Not pictured)

# BOARD OF DIRECTORS



## Board of Directors Elections

The Board of Directors is permanently setting the principle policies that govern the Bank's activities.

During the Ordinary Shareholders' Meeting held on March 30th, 2010, the new members of Bci's Board of Directors were selected through an election.

In 2010, new directors entered the Bci Corporation. These were Ignacio Yarur Arrasate, Juan Edgardo Goldenberg Peñafiel, Dionisio Romero Paoletti and Francisco Rosende Ramírez.

The new Board of Directors, which will exercise their functions for a period of three years, thanked the contributions made by the exiting directors, Jorge Cauas Lama, Pedro Corona Bozzo, Sergio de Amesti Heusser and Dionisio Romero Seminario.

The Board permanently promulgates the main policies governing the Bank which 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:

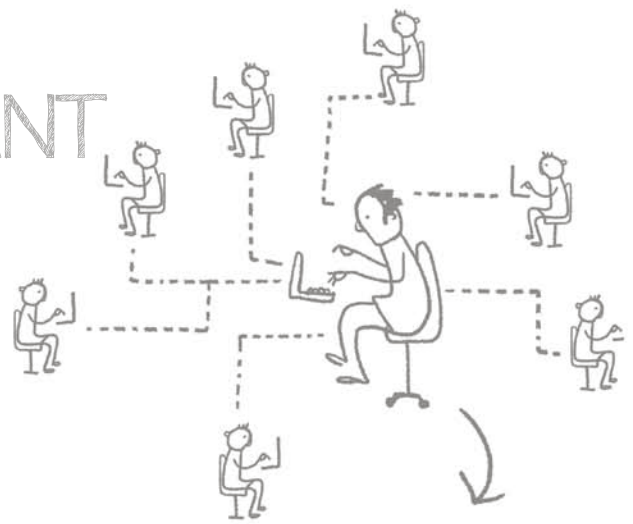
- Board's Executive Committee
- Director's Committee
- Finance and Corporate Risk Committee
- Corporate Governance and Social Responsibility Committee
- Compensations Committee

In the Corporate Governance and Social Responsibility 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 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.



# SENIOR MANAGEMENT



The reorganization also allowed Bci to grow to historic levels in 2010.



Aiming the strategic focus on the preferred business and improving customer service, Bci has implemented an internal reorganization since the beginning of the year.

The new structure which the process started is in line with the Bank's corporate mission and vision statements. These statements put the customer as the central focus of the Bank's activity. This reorganization has allowed the Bank to deliver a better offer of value to its customers, thanks to a better alignment of strategy, planning, execution and service.

This reorganization implied the creation of three large divisions: the Retail Banking Division led by Mr. Nicolás Dibán; the Commercial Banking Division, headed by Mr. Mario Gómez; and the Finance and Investment Banking Division, managed by Mr. Eugenio von Chrismar. These Divisions report directly to the Chief Executive Officer, Mr. Lionel Olavarría.

Furthermore, and in order to privilege the Bank's most important business, the number of Senior Management reporting directly to the CEO was reduced from 12 to 8.

A year since its implementation, the balance of the new organizational structure is very positive. The changes made permitted the Bank to provide better customer service, segmenting them according to their specific needs and responding to them in a timelier manner through the best service experience. This also permitted to

reinforce the coordination between the different areas, strengthen the most important business and make more agile and effective decisions.

In all, these changes contributed to Bci's vigorous growth and in 2010 reaching unprecedented results in its history.





01

**Lionel Olavarria Leyton /**  
Chief Executive Officer

02

**Mario Gaete Hörmann /**  
Chief Operating and Technology Officer  
**Pablo Jullian Grohnert /**  
Chief Human Resources Officer  
**Antonio Le Feuvre Vergara /**  
Chief of Planning and Controller General

03

**Mario Gómez Dubravcic /**  
Chief Commercial Banking Officer  
**Eugenio Von Chrismar Carvajal /**  
Chief Finance and Investment Banking Officer  
**Nicolás Dibán Soto /**  
Chief Retail Banking Officer

04

**José Luis de la Rosa Muñoz /**  
Chief Financial Officer  
**Graciela Durán Vidal /**  
Audit and Compliance Head  
**Pedro Balla Friedmann /**  
General Counsel



02



03 04





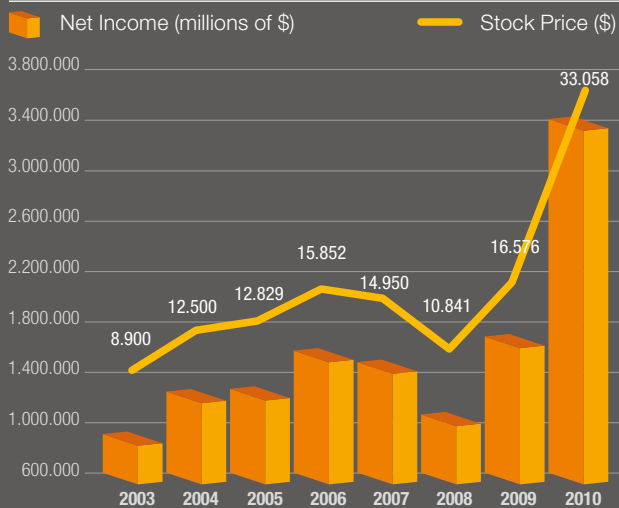
# SHAREHOLDERS

## Income, stock price and market capitalization

In 2010, the Bank retook the growth trend that had been interrupted the previous year by the economic crisis. In effect, its income slightly passed the Ch\$222.000 million mark, implying a 38% increase from last year and more than compensating for the 16% decrease registered in 2009. The economic recovery, the market decrease in unemployment, the positive effect of inflation on the banking balance, and the loan placement recovery all contributed to this extreme change in events.

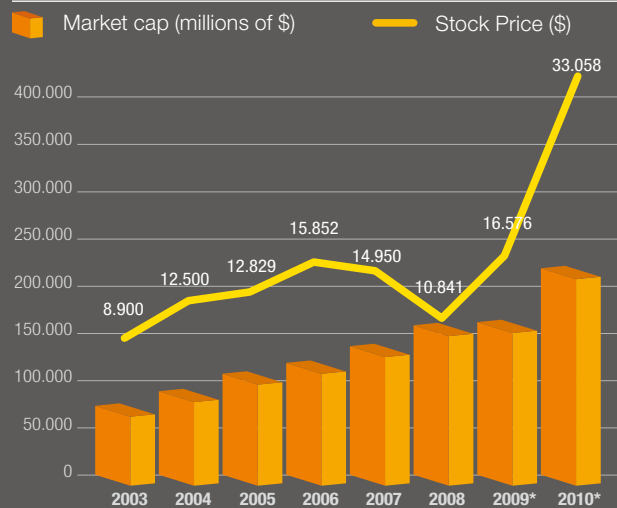
Still more marked were the changes registered in Bci's stock price and its market capitalization. In fact, during the year, its stock price doubled, increasing from Ch\$16,576 to Ch\$33,058, and in turn the Bank's market capitalization increased a little more than 100%.

Net Income vs. Stock Price



(\*) Figures under the new Sbif regulations.

Market capitalization vs. Bci Stock



Daily Weighted Average Price of Bci Stock in 2010







# Capital resources

The Extraordinary Shareholders Meeting held on March 30th, 2010 agreed a capital increase to the sum of Ch\$75,130,363,503 which was distributed as follows:

- by capitalizing, through issuing 1,716,095 paid-in shares, Ch\$29,691,875,690; and
- by capitalizing, without share issuance, Ch\$45,438,487,813.

With these resources – necessary to sustain the operational growth of the Bank – the base capital as of December 31st, 2010 is as follows:

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.

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:

Base Capital	2010
Paid Capital (103,106,155 shares)	Ch\$ 882,273,373,667
Other equity accounts	Ch\$ 1,433,874,940
Net income for the year	Ch\$ 222,075,250,258
Provisions for dividends paid	Ch\$ (66,622,575,077)
<b>Base Capital</b>	<b>Ch\$1,039,159,923,788</b>

Tangible common equity	2010
Base Capital	Ch\$1.039.159.923.788
Additional Allowances	Ch\$ 58.485.988.685
Subordinated bonds	Ch\$ 407.145.090.591
Attributable equity to minority interest	Ch\$ 6.616.693
Goodwill	Ch\$(4.275.618.276)
<b>Tangible common equity</b>	<b>Ch\$1.500.522.001.481</b>

Thus, during 2010, Bci's base capital increased 16% and its tangible common equity increased almost 24%.

With these resources, at the close of 2010, the ratio between base capital and total assets was 7.86%, whereas the ratio between tangible common equity and risk weighted assets was 13.58%, coefficients, both, well above those registered at the end of last year (6.41% y 12.12%, respectively). In addition, it's worth mentioning that these values were also substantially higher than the minimum required in the General Banking Law: 3% and 8% respectively..



## Tax situation of the dividend distributed in 2010

The Ordinary Shareholders Meeting held on March 30th, 2010 approved the distribution of a dividend for \$500 per share against the net income for 2009, amounting to the sum of Ch\$50,695,030,000 representing 31.53% of the income.

This amount was distributed against first category rated income tax according to the Income Tax Law constituting a credit against the additional income tax that shareholders must inform 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 2010 comes from Taxable Net Income with the right to first category tax credit arising in 2003 tax year.

Year	First Category Rate	Proportion
2003	16.5%	100.00%

### Distribution of fully paid-in shares

Likewise, at the Extraordinary Shareholders' Meeting, also held on March 30th, 2010, a raise to the equity capital of the company was agreed upon to the sum of Ch\$29,691,875,690 by issuing 1,716,095 fully paid-in shares at a rate of 0.01692567 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\$882,273,373,667 divided into 103,106,155 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.



## Principal Shareholders

The following are the main 25 shareholders of the Bci Corporation as of December 31, 2010 together with the number of shares and their corresponding stake:

Name	N° of Shares	Stake
Empresas Juan Yarur S.A.C.	55,399,367	53.73%
Jorge Yarur Bascuñan	4,357,319	4.23%
Inversiones BCP Ltda.	3,628,986	3.52%
Sociedad Financiera del Rimac S.A.	3,582,417	3.47%
AFP Provida S.A.	2,403,024	2.33%
AFP Cuprum S.A.	2,073,055	2.01%
Inversiones Jordan Dos S.A.	2,059,605	2.00%
AFP Habitat S.A.	1,871,074	1.81%
Banco Chile por cta. de terceros C.A.	1,666,230	1.62%
AFP Capital S.A.	1,535,300	1.49%
Tarascona Corporation	1,519,085	1.47%
Banco Itau por cta. de inversionistas	1,506,061	1.46%
Bci Corredor de Bolsa S.A.	1,248,253	1.21%
Inversiones Millaray S.A.	1,233,021	1.20%
Inmobiliaria e Inversiones Cerro Sombrero S.A.	1,131,277	1.10%
Luis Enrique Yarur Rey	1,007,126	0.98%
Celfin Capital S.A. Corredores de Bolsa	971,768	0.94%
Banco Santander por cta. de inv. extranjeros	756,780	0.73%
Larrain Vial S.A. Corredores de Bolsa	704,225	0.68%
Banchile Corredores de Bolsa S.A.	650,238	0.63%
Inmobiliaria y Comercial Recoleta Sur Ltda.	610,202	0.59%
Modesto Collados Núñez	595,958	0.58%
Inversiones VyR Ltda.	548,719	0.53%
Corpbanca Corredores de Bolsa S.A.	483,705	0.47%
Santander S.A. Corredores de Bolsa	465,515	0.45%
Other Shareholders*	11,097,845	10.77%
<b>Subscribed and paid shares</b>	<b>103,106,155</b>	<b>100.00%</b>

\* Including Bci employees who own 613,382 shares altogether, equivalent to a 0.59% Stake.



## Shareholders' Agreement

Shareholders related to the Yarur Family, who as of December 31, 2010 held 63.79% of the subscribed and paid shares of Bci, signed a shareholders' agreement dated December 30 of 1994, and updated on June 23rd, 2008, by which 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.

# INTERVIEW



\* Name:

José Antonio  
Franceschi A.  
Bci customer



"My representative didn't give me the service I wanted and I decided to close my account. The bank took my complaint and solved the problem in 5 days. That's what I wanted from my bank. Bci allows me to cash checks 24 hours a day; I have good coverage and a lot of technology. I decided to keep my account because I feel like it is my bank."



To see the entire interview, hold your mobile phone to the QR code using a compatible scanner and scan the image. If you cannot, go to the following link, [www.youtube/bci.cl](http://www.youtube/bci.cl)



# RISK RATING

{ Risk evaluators Fitch Ratings increased Bci's solvency rating to AA+.

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

At a local level, Fitch Ratings raised, in August 2010, our risk rating for long term Time Deposits and Bci's bank bonds. This rating increase recognizes the improvements in base capital and balance administration. Likewise, it ratifies the good performance the Bank has demonstrated the last few years. It is also explained by the growth in sustainable loans (16.5%) and income (12.6%) for the 2004 to 2009 period, together with a balanced contribution to income, a relatively conservative credit vision, and its important position in the local financial system.

For its part, Feller Rate's risk rating kept Bci's solvency at AA+. 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 its solid competitive position, its lead in demand deposits and cash flow administration, and the stability and experience of its executive plan. Bci's perspectives were classified as stable.

On an international scale, Standard & Poor's as well as Fitch Ratings assigned the rating of A- to Bci's short term and long term debt securities, while its perspectives were considered stable.





2010

# AWARDS AND RECOGNITIONS

During 2010, Bci received diverse awards and distinctions in different areas. Among the highlights are:



**First place in the “Chile’s Most Admired Companies” ranking,** according to Diario Financiero and PriceWaterhouseCoopers.

**Honored as “The best bank in Chile” by The Banker magazine** in association with UK Trade & Investment. Awarded for the second year in a row.



**Chile’s fourth most responsible company,** according to Fundación Prohumana and Revista Qué Pasa.

**Chile’s thirteenth most reputable company,** according to the first corporate reputation study (Merco) by the Spanish consulting firm Villafaña y Asociados.

Received the “Most efficient use of awarded funds” and the “FOGAPE Growth in earthquake affected areas” recognitions from the Small Entrepreneurs’ Security Fund (FOGAPE).

**First place in the “Institutional Reports Contest”** from Revista Gestión and PricewaterhouseCoopers.



**Bci Corredor de Bolsa S.A,** was recognized among the 40 “Best selling companies of 2010”, according to Universidad Autónoma de Chile and Diario Financiero.



## Second place in the 2010 National Consumer Satisfaction Award,

awarded by the Procalidad group and the magazine Capital, in conjunction with Universidad Adolfo Ibañez, Adimark and Praxis.

## The Chilean National Safety Council award in the “banking” category

for being the financial institution with the lowest accident rates.



## Fifth place in the “Best companies for working mothers and fathers”

ranking according to El Mercurio's Revista Ya and Fundación Chile Unido. Bci also received a special recognition for its support to their team members after the earthquake.

## First place in the “Innovative Companies” ranking

according to the study done by Universidad del Desarrollo and Universidad de los Andes' Business School (ESE).

## Cannes Lions International Festival of Creativity Bronze Lion

for the commercial “Granddaughter” benefiting Fundación Las Rosas.



## The 24th spot among the 35 best companies to work for in Chile

according to Great Place to Work and Capital magazine.

**Bci Asset Management** obtained the distinctions in the Premios Salmón 2010, “Best Profitability” and “Best Risk-weighted Profitability” categories, awarded by Diario Financiero and Asociación de Fondos Mutuos.

**Bci Asesoría Financiera S.A.** received a distinction from the Financial Leaders Awards in the “Best Bond in the National Market for 2009”, according to Diario Financiero and Deloitte.



We're here to  
support our  
customers'  
dreams.

Intangible ideas  
that will  
become great  
contributions  
to Chile.





brms



# 2. TRANSPARENCY AND CUSTOMER EXPERIENCE

Bci's corporate vision and mission statements have the customer as the central element.



The customer is the central element of Bci's vision and mission statements. Therefore, since its inception, the Bank has worked to construct long-term relationships with its different customer segments, creating loyalty and confidence. In order to achieve this objective, the Corporation has paid special attention to matters of transparency.

For this end, the market concept "We're Different" has been promoted, which embodies one of the objective that the Bank has proposed: to be different from the rest of the industry, not only due to the innovation of its financial products and services, but also due to its transparency with its customers.

In the last five years, Bci has made important changes to customer access to information. Therefore, the Bank currently has diverse information channels which allow customers to contact Bci 24 hours a day 7 days a week, no matter where the customer is located. One of these is "Bci Directo", a telephone platform which permits customers to make different banking transactions and operations and communicate with an account representative from Monday to Sunday, at anytime, day or night.



Additionally, in 2007, the Bank launched the document “Our promise to you, Bci at the service of their customers”, which regulates the manner of relating to them and of delivering financial solutions.

During 2010, Bci continued strengthening transparency with their customers and implemented a series of concrete initiatives to reach this goal.

One of Bci’s main focuses was to strengthen communications with customers in order to ensure there was clarity with respect to the products and services they contract and their associated conditions. So that the customers make the best decisions in this manner, the Bank expanded the information on their website, with clear and easy-to-understand language and an attractive layout with the support of video tutorials.

Also for this end, aiming to keep clients informed, the Bank sent more than 5 million e-mails with 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.

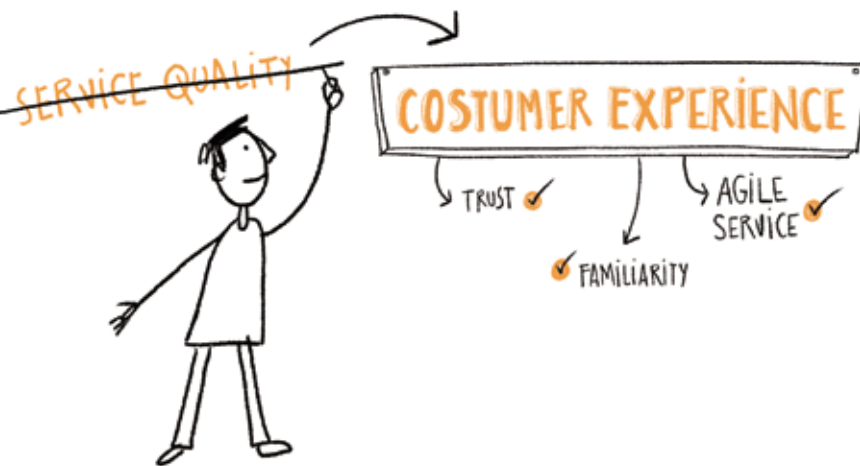
Bci also made important changes to the contracts for ease in reading and so that the customers were absolutely clear about their conditions when acquiring a new product.

In the branch network, the Bank incorporated new devices which allow us to maintain updated information on line for our customers. The Bank has 50 branches which have the digital support “dual view”, namely, screens that permanently update the conditions for investment products.

In addition, Bci also concerned itself with teaching the customers the different ways in which they can channel their questions and concerns to the Bank. In order to facilitate contact, different communication channels were established on line with customers, like a specific e-mail account with general management, text messaging and Twitter. These initiatives were very well received. In some 27% of cases the customer congratulated Bci for the responses given.

The Financial Education Program held by Bci also aimed for a greater 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, the Bank has trained more than 1,200 people with free banking lectures and clinics open to the public.





## The Customer Experience

The commitment with its customers has been present in all of Bci's history, but in 2010 it was greatly reinforced and deepened.

Transparency in relation to customers, in addition to being a key factor to building confidence, also forms part of one of the differentiating elements of Bci's proposal, which is service quality.

Since the Bank's founding, the strategic focus has been to attract lifetime loyal customers who prefer Bci over other options, who are immune to the competitions offer and who recommend its products and services.

Aware that trust, familiarity and agile service are fundamental attributes for this goal, Bci has always had a special concern for strengthening customer loyalty to the Bank and for establishing long-term relationships.

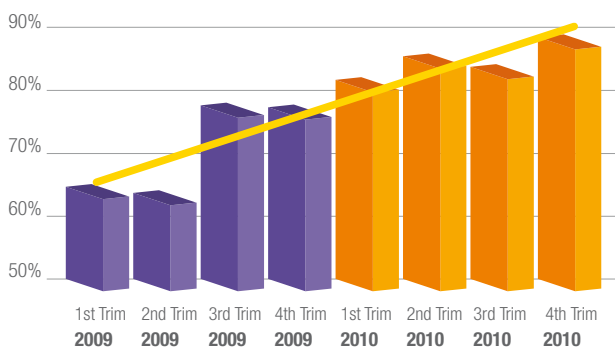
In 2010, Bci modified the customer service area name, calling it "The customer experience", in order to transmit to customers as well as team members, that the Bank seeks to deliver the best service and exceed expectations. In addition, the role of this area inside the Bank was reinforced and every business manager was converted into their own Customer Experience Manager.



The Bank also reviewed all the credit processes for the different Bank segments, aiming to improve sale and post-sale response times. The results of this evaluation are reflected in the following graph, which shows that the customers' general satisfaction went from 64% in 1Q09 to 89% in 4Q2010.

### General customer satisfaction for credit operations

2009 - 2010

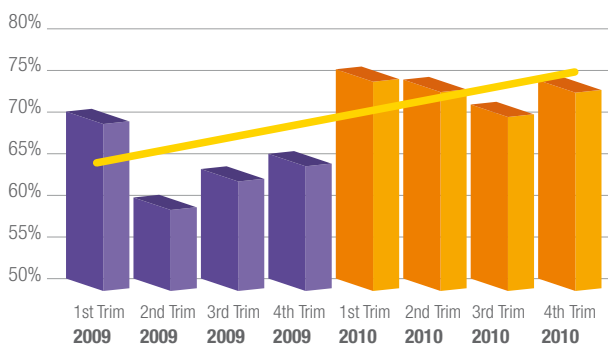


Source: IPSOS

During 2010, Bci created more customer segmentation in order to respond to their needs with personalized solutions and thus deliver a better service experience. The next graph shows a significant improvement in the service to the business owners and entrepreneurs segment, one of the bank's most important areas. This survey was taken by 5,000 customers, who evaluated from 1 to 7 their level of satisfaction with the service delivered by Bci. The following graph shows the evolution of the total satisfaction levels.

### Service Quality: Business Owner and Entrepreneurs' Opinion

2009 - 2010



Source: IPSOS



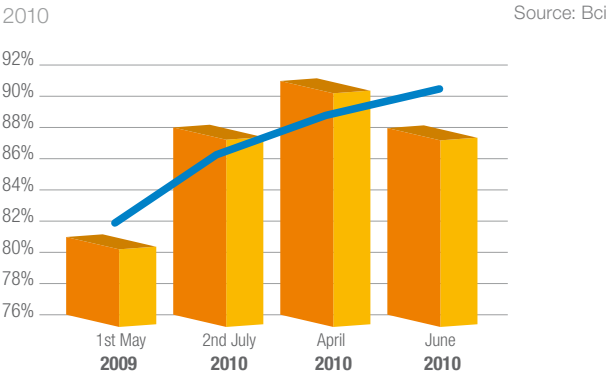
In order to improve the customer experience, Bci transformed the telecanal process, also known as call center. It was thus how integration processes were established with the Bank branches aiming to resolve client concerns at the moment they come about. The Bank also incorporated on line service quality surveys so that customers can indicate their level of satisfaction when they are being served.

The Bank also created the “customer service representative” position, unique to the Chilean banking sector. This person greets and guides customers when they arrive to a branch office, resolves their concerns and solves their banking needs. 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.

Currently, Bci has more than 233 customer service representatives, which have allowed it to strengthen their familiarity with their customers and be leaders in this area.

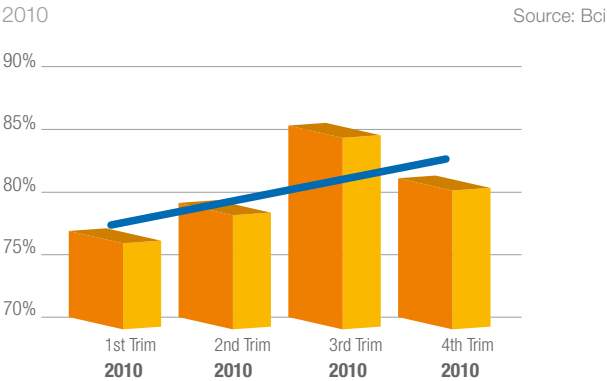
In the search for innovative solutions for customers and non-customers, the Bank developed in 2008 the channel Bci Full, a new automated branch concept that has all the main transaction found at the service desk and tellers. Customers can access this 24 hours a day 7 days a week. During 2010, Bci Full became stronger due to the constant improvement in transaction flow and navigation, to the development of new functions and the incorporation of new devices. Customers evaluated this service with an average general satisfaction of 87% in the period from May 2009 to June 2010.

### Bci Full Quality of Service



Another important initiative was the implementation of the program “Puesta de Sol”, oriented so that Bci representatives returned customer calls during the same day. As the following graph indicates, the percentage of same-day returned customer phone calls increased significantly in the second semester of 2010.

### Same-day return phone calls



Since 2000, Bci has done an internal survey where team members are asked their level of satisfaction with their colleagues who serve them or give them information. This allows us to detect and evaluate the service quality between different departments or units in the Corporation. The survey – taken by close to 80% of the employees in 2010 – measures various parameters, like quality, response times, agility and friendliness. The results allow us to improve service between the different areas and guarantee all of them deliver excellent service. In addition to improving the internal working conditions, this initiative allows us to deliver a more agile and efficient service to all Bci’s customers. Namely, the improvements reached in the different areas translate to a better final service for the end-users.

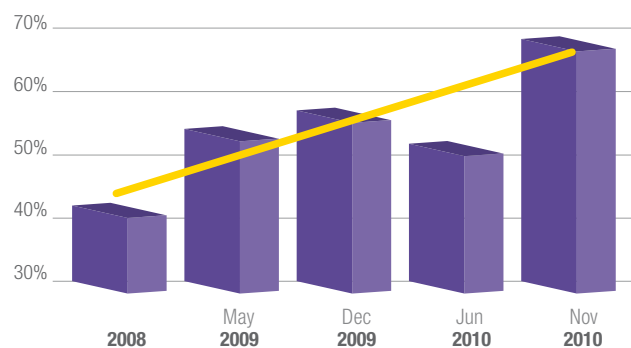
The following graph shows an important improvement in the service quality during the last two years according to the results of this survey.



## Internal Service Quality Evaluation

2008 - 2010

Source: Internal Bci survey, ImageMaker



Bci implemented in 2010 a strategy to reduce the number of customer complaints inside the same Bank and with external associations, like the Superintendence of Banks and Financial Institutions (SBIF), the National Consumer Service (Sernac) and the Association of Banks and Financial Institutions (ABIF). With this aim, an “open door” culture was promoted and had an excellent reception allowing us to increase the level of satisfaction and decrease the number of complaints.

The following graph shows the evolution of complaints presented to Sernac, Sbif and Abif.

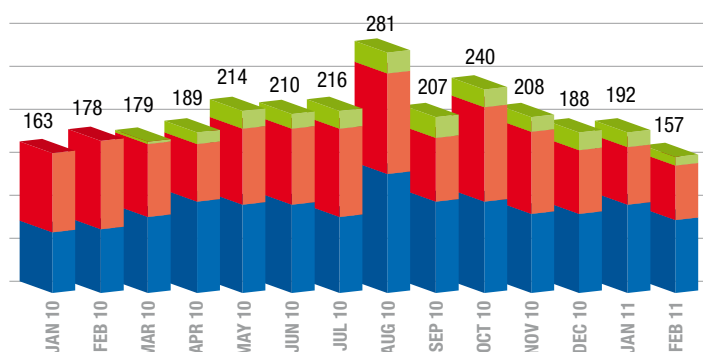
## Complaints to Sernac, Sbif y Abif

January 2010 - February 2011 Period

Source: National Consumer Service

Abif Sbif Sernac

(Sernac)



## TAN IMPORTANTE COMO SABER ESCUCHAR ES SABER RESPONDER



## MÁS CANALES A TU DISPOSICIÓN PARA ATENDERTE COMO TÚ QUIERES



Familiarity  
is our main  
competitive  
advantage to  
put into practice  
small ideas  
and large  
projects alike.







Story



# 3. BCI'S COMMERCIAL MANAGEMENT

{ The Personal Banking unit is supported by different channels to deliver an efficient, trustworthy and familiar service to the customers.

Through an extensive network of 365 commercial contact points and an excellent service focused on its 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, among others.

On another note, Bci's reorganization, through the creation of three great divisions – Retail Banking, Commercial Banking and Finance and Investment Banking – has allowed it to significantly improve its customer service, products, services and solutions that are more in-line with their needs.





\* PERSONAL AND  
ENTREPRENEURIAL  
BANKING \*

\* BCI NOVA \*

\* TBANK \*



## Retail Banking

This new area aims to deliver a varied spectrum of excellent products and services to people, entrepreneurs and small business owners.

The area includes three business units which report to the Retail Banking senior management: Personal and Entrepreneurial Banking, Bci Nova, and TBanc. Other areas that also report to the same management team are Canales, Payment Methods, Corporate Marketing, Corporate Customer Experience, Communications, and Corporate Social Responsibility (CSR).

Through a varied array of products and excellent service, Retail Banking aims to satisfy customers according to their specific profiles and needs. The new structure has allowed Bci to respond more effectively and with more agility to the requirements of this segment, with a more familiar and trustworthy service.

With more than 1,000 representatives throughout Chile and multiple contact points, Retail Banking has been able to be closer with their customers with tailor-made service through their bank branches, Mobile Banking, Telephone Banking and the Internet.

## Personal and Entrepreneurial Banking

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.

### TBanc

This area responds to customers' financial needs through the Internet and telephone, from anywhere and with the strictest security standards. In this manner Bci can be closer to their customers 24 hours a day and 7 days a week, without them having to go to a branch office.

### Bci Nova

This business unit, which is aimed at natural people and small business owners, allows us to deliver financial solutions and respond to the needs of our customers that form the emerging sector of Chile. Bci Nova offers diverse products and guides its customers so that they have adequate financial advice.

# Commercial Banking

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 reporting to this team are: Business Banking, Factoring, Corporate Marketing and Electronic Banking.

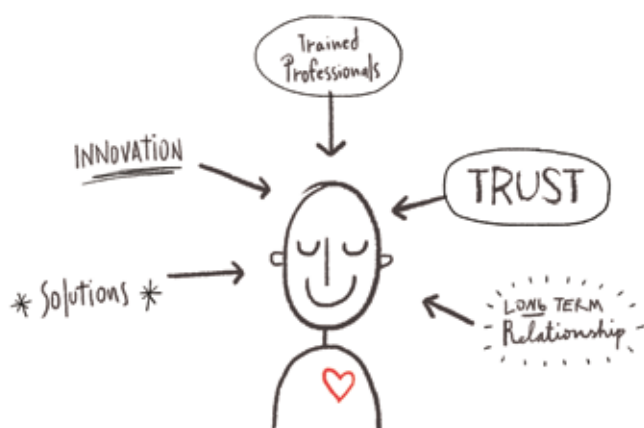
Commercial Banking mainly aims to serve the middle market and large corporations, with yearly sales over UF 12,000. Their different products and services are delivered by way of Bci's different areas and channels, including branch offices in Chile and abroad, subsidiary companies and representative offices. It offers diverse types of short and long term financing, transactional services, fund transfer, collection, factoring, leasing, financial advice, securitization, insurance, exchange services, both current and futures, international commerce, and investment.

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.

During 2010, Commercial Banking greatly strengthened Middle Market Banking – focused on small and medium sized businesses – and procured a greater segmentation between customers. This segment receives an integral and personalized service and can access financial advisors, products and services related to leasing, factoring, international commerce, investment and insurance.



This new area aims to resolve the necessities and offer excellent products and services to corporate customers.



## Finance and Investment Banking

This new business unit offers a unique service model focused on its customers and based on trust and long-term relationships.

This bank covers three large areas: Treasury and International Offices, Trading, and Corporate Banking and Distribution.

Other areas that are subordinate to the Finance and Investment Banking department are: Financial Consultancy, Securitization, International Financial Institutions, Bci Asset Management, Stock Brokerage, Private Banking and Product Development.

Finance and Investment Banking has a unique service model in the market, designed according to the customers' needs and that is based on trust and the construction of long term relationships. It possesses a team of professionals highly trained to capitalize on market opportunities and deliver a wide variety of solutions with a high component of financial engineering and innovation.

This business unit offers speedy and efficient execution since it has a large financing capacity and a complete portfolio of products and services for Chile and abroad. This allows it to advise customers in their financial and investment decisions. To this, new technological platforms are added aiming to deliver a more agile and efficient service to them.





{ Bci's subsidiaries offer services complementary to those offered by traditional banking.

**01**

**Nelson Rojas Mena /**  
Bci Corredores de Seguros S.A CEO  
**Francisco Cuesta Esquerra /**  
Bci Asesoría Financiera S.A. CEO  
**Germán Acevedo Campos /**  
Bci Factoring S.A. CEO  
**José Luis Campino Risopatrón /**  
Análisis y Servicios S.A. CEO

**02**

**Ricardo Victorero Castaño /**  
Bci Corredor de Bolsa S.A. CEO  
**Galo Bertrán Rubira /**  
Compañía de Normalización y  
Cobranza de Créditos S.A. CEO  
**Gerardo Spoerer Hurtado /**  
Bci Asset Management Administradora  
General de Fondos S.A. CEO  
**Héctor Valenzuela Lamb /**  
Administradora General de Fondos S.A. CEO



01 02





## 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 administration 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 General 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.

## 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.

Offers a wide range of products to cover the liabilities of individuals and companies. Bci Corredores de Seguros acts as a general 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.

## Bci Administradora General de Fondos S.A.

This subsidiary manages public and private investment funds operating in different economic sectors. It offers customers several mid and long term investment products with an exceptional management team to satisfy our customers' financial needs.

## Bci Asesoría Financiera S.A.

Its objective is to provide advisory services in the area of corporate finance. For this end it offers different specialized services like financial advisory, structure finance, M&A, stock issuance, and initial public offerings.

## Servicios de Normalización y Cobranza – Normaliza S.A.

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

## Análisis de 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 2010)	Income* (thousands of pesos)
Bci Corredor de Bolsa S.A.	8,576,763
Bci Asset Management Administradora General de Fondos S.A.	14,232,681
Bci Factoring S.A.	12,242,674
Bci Corredores de Seguros S.A.	12,790,705
Bci Securitizadora S.A.	421,594
Bci Asesoría Financiera S.A.	1,690,248
Bci Administradora General de Fondos S.A.	4,382,482
Servicios de Normalización y Cobranza Normaliza S.A.	2,174,718
Análisis y Servicios S.A.	-311
<b>TOTAL</b>	<b>56,511,557</b>



These values don't include the stake that the subsidiaries hold among each other.

# INTERVIEW



\* Name:

María  
Angélica  
Zerené

Bci Customer



"The bank was the only one that believed in me when I wanted to take out a loan to buy my apartment. Plus, I took out a health insurance policy that my representative offered me and, as circumstance would have it, six months later my son had an accident. Six days later, the bank deposited the operation costs to my account. I have felt the closeness and good will at every moment. I feel they are my allies always."



To see the entire interview, hold your mobile phone to the QR code using a compatible scanner and scan the image. If you cannot, go to the following link, [www.youtube/bci.cl](http://www.youtube/bci.cl)



# National and International Presence

## Offices in Chile

Bci Corporation has a wide network of 365 branch offices and contact points in Chile, which allows it to always be close to its customers and respond to their needs with an agile and efficient service.

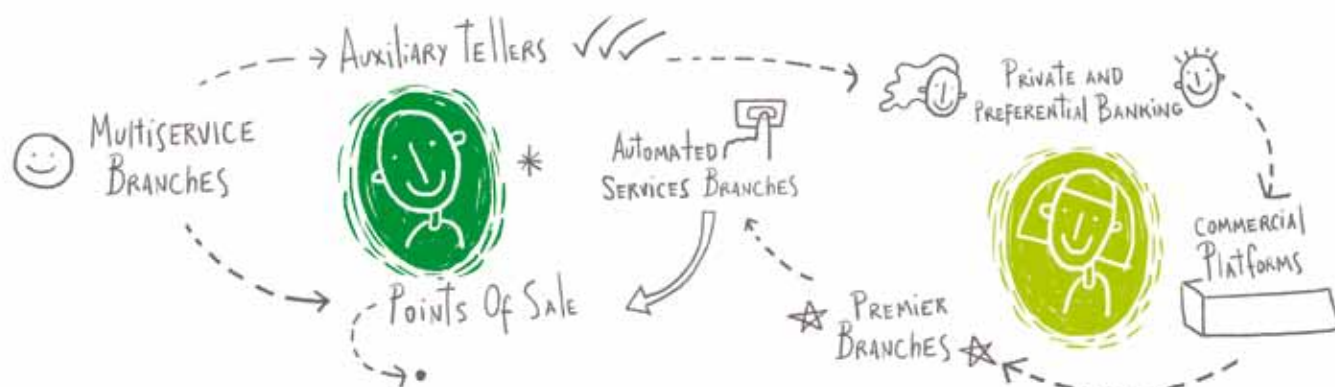
In order to improve customer service, in 2010, the Bank invested US\$57 million in remodeling efforts, relocation and new branch office and contact point inaugurations.



### Contact Points

	Bci	Bci Nova	Total
Multiservice Branches	198	78	276
Cash Agencies	11	1	12
Commercial Platforms	37	-	37
Premier Branches	16	-	16
Preferential & Private Banking	4	-	4
Remote service Center (TBanc)	1	-	1
Points of Sale	18	-	18
Automated Services Branch	1	0	1
<b>TOTAL</b>	<b>286</b>	<b>79</b>	<b>365</b>





### Multiservice Branch

Provides an integral service with attention from relationship 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

Service points targeted towards a specific customer segment, providing customers with a tailor-made and exclusive attention through relationship officers that specialize in their needs.

### Premier Branch

Exclusive branch for high income 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

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 Branch

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.

# Bci CONTACT POINTS IN REGIONS



134 Bci

49 Bci  
NOVA

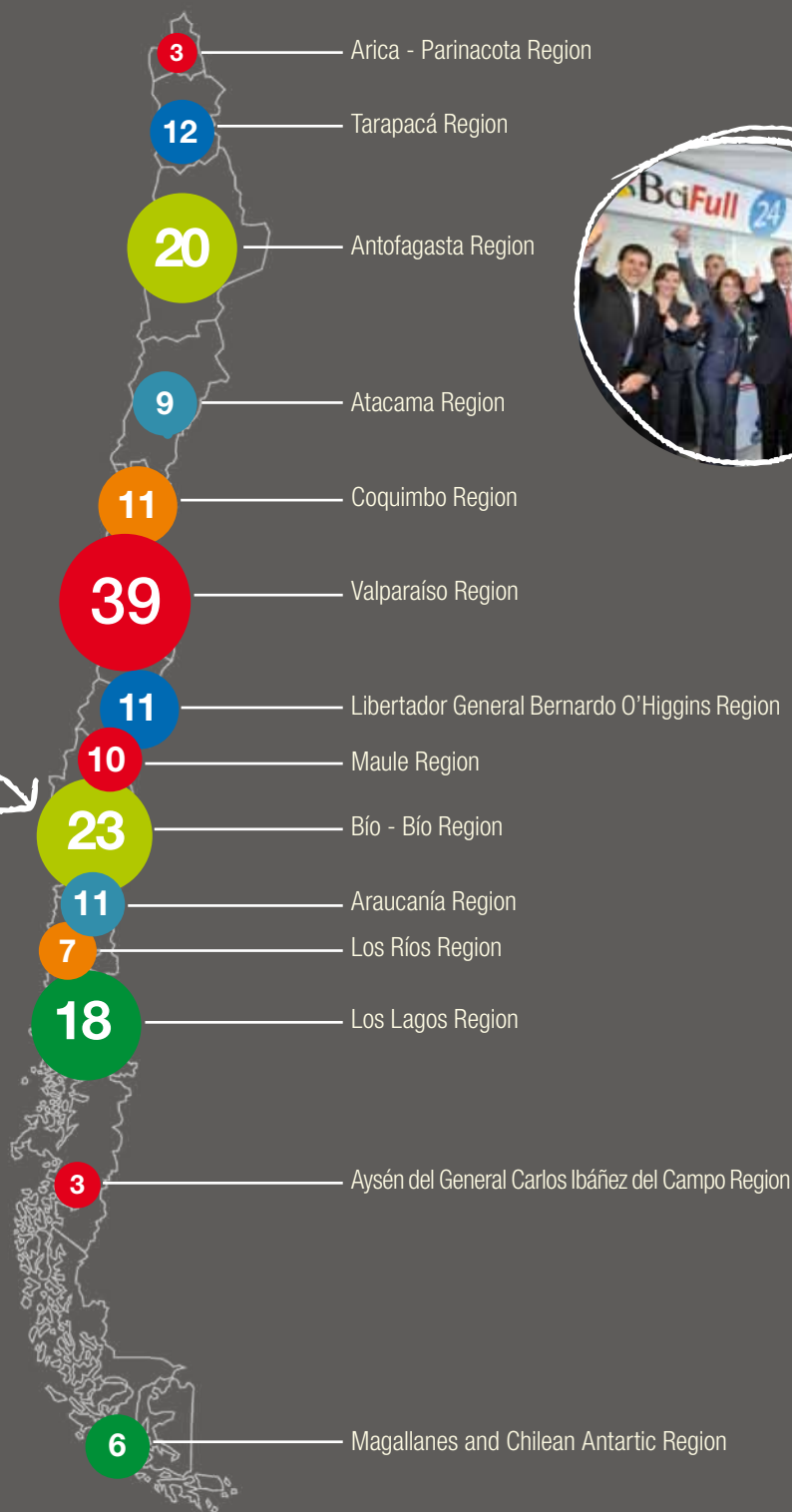


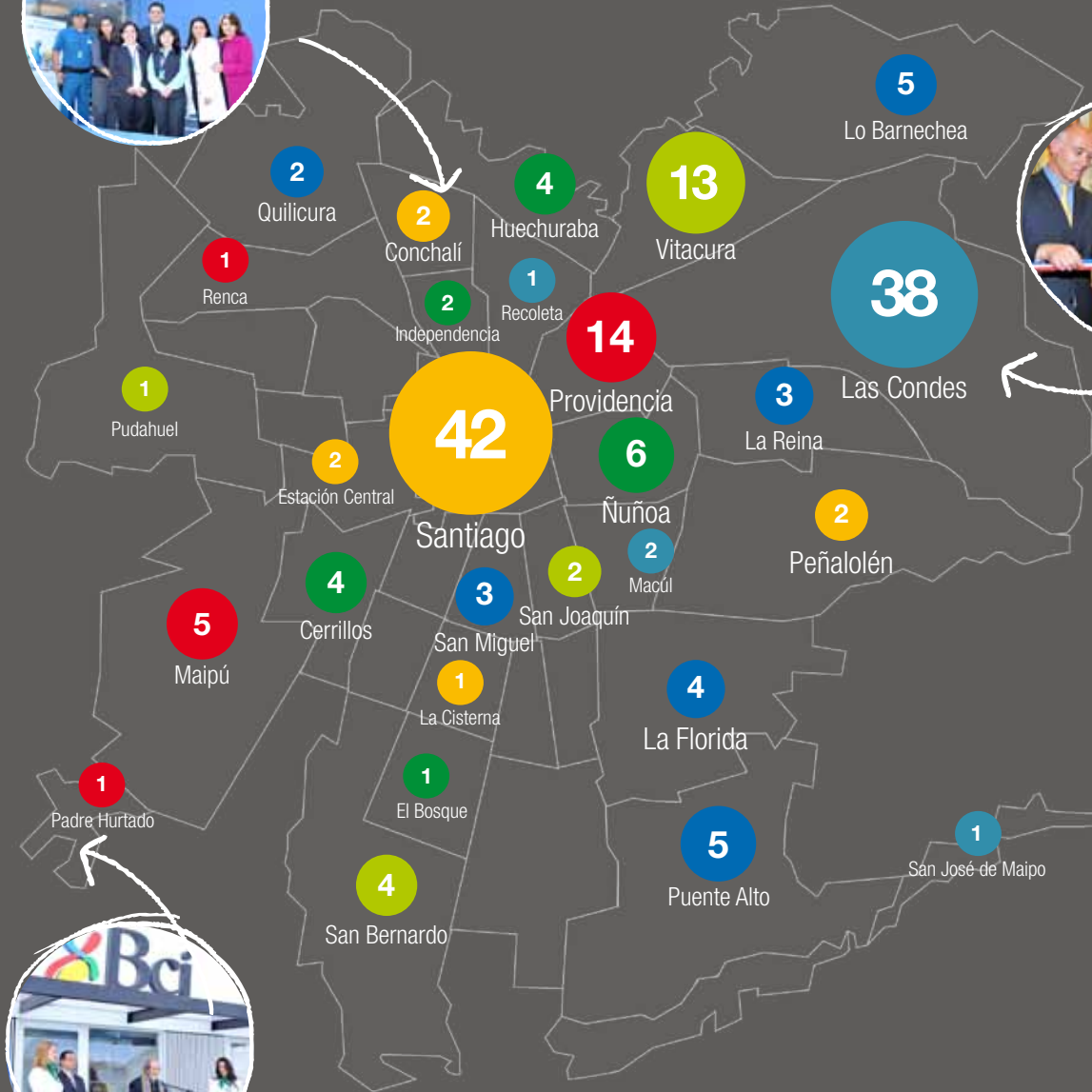
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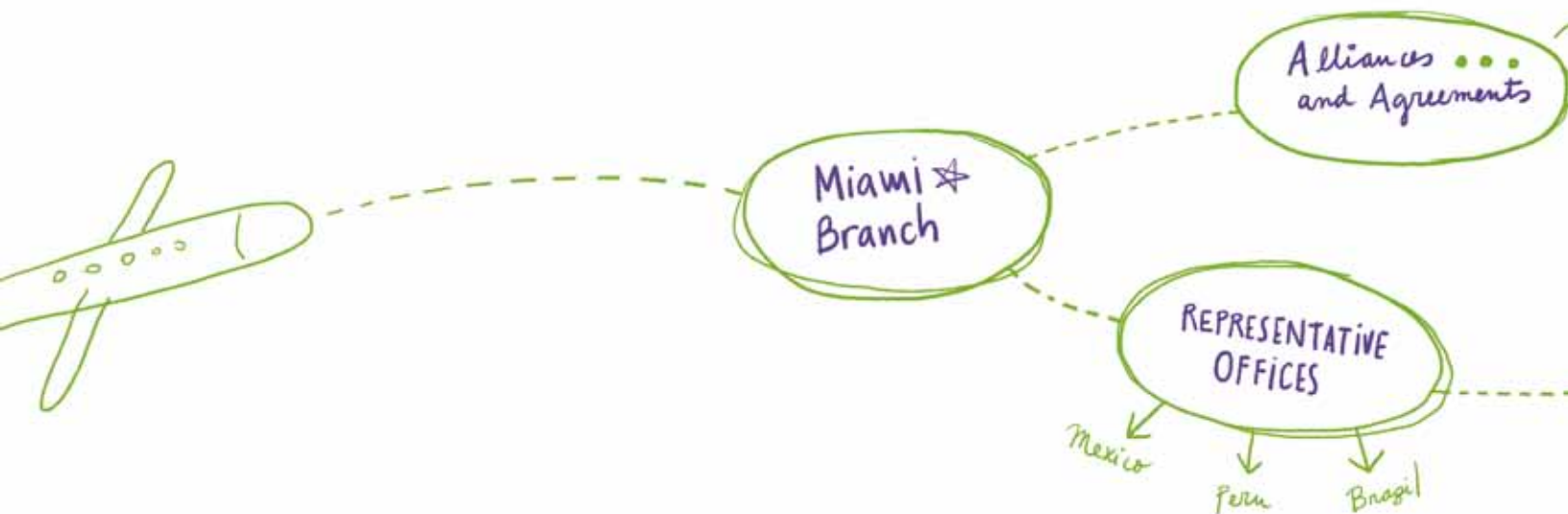
Bci contact  
points throughout  
the country.



The addresses and telephone numbers of our contact  
points are available on [www.bci.cl](http://www.bci.cl)







## International Presence

The Bank has a series of alliances and agreements with banks from other countries.

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

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

### Bci Miami, United States

The Miami office, created 11 years ago, has all the services of an international bank and with a team with great experience. Through this branch, customers can have access to the North American market and the principal international markets. This branch supports individuals as well as legal entities with their commercial operations with the United States. It offers 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.

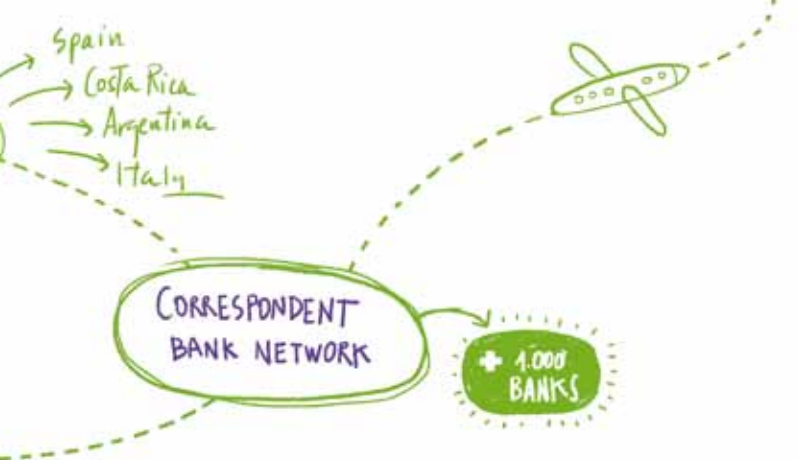
### Representative Offices

Bci has had offices in Peru, Brazil and Mexico for more than 7 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

It offers Bci customers an entry point to the Spanish financial system, with the Corporation's total backing. It is an important support service 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 Bank 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 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.

The energy  
and enthusiasm  
that we put  
into our work  
are key elements  
at the moment  
of ACHIEVING  
SUCCESS!

Goal





# 4. BCI CUSTOMER AND TEAM MEMBER SUPPORT

{ Commitment to its customers has always been present throughout Bci's history, but in 2010 it was greatly reinforced and deepened.

Customers are the Corporation's main pillars. For this reason, Bci has concerned itself throughout its history with responding in a timely manner to their financial needs and with maintaining long term relationships with them.

In 2010, this commitment to the customers was reinforced and deepened, through different initiatives oriented to supporting them, accompanying them and offering them personalized service.

Thus, after the February 27th earthquake, Bci immediately reacted to guarantee service continuity and, at the same time, implement concrete measures<sup>3</sup> to help its customers, team members and the community.

To this end, it created a contingency plan for its customers of more than Ch\$1.8 billion, which included a series of benefits, ease of payments, and programs specifically designed to help them, especially the community most affected.

Among the adopted measures after the earthquake, it's worth mentioning the payment deferral of three payments for 90 days in consumer loans, mortgages and commercial loans, without interest or readjustment fees for customers in the 6th, 7th and 8th regions.

To these measures, cash advances were added up to Ch\$400,000 per day, to be repaid in installments with 0% interest and no fees with Bci credit cards and through TBanc during March 2010. For customers from the most affected areas, checking fees were not charged during that month.

At the same time, Bci created a solidarity fund of Ch\$30 billion to offer financial products at preferred terms, like consumer credit lines with a 0.45% monthly interest rate, financing for investment capital, inventory deterioration or sales decreases awarded in up to 3 year terms. Fixed asset reconstruction loans were also included with terms up to 12 years for SME customers, corporations and business owners.

In the same manner, Bci doubled the number of active lines for traditional factoring and incorporated preferred conditions for replacing machinery, equipment or transportation fleets with grace periods and terms of up to 5 years through leasing.







# Bci apoya a los chilenos

**Ante la catástrofe que ha vivido el país, la Corporación Bci ha desarrollado esta serie de medidas para apoyar a todos sus clientes y especialmente a los más afectados:**

- 1** Nuestros modernos sistemas tecnológicos de respaldo y planes de contingencia han funcionado, lo que nos permite operar con total normalidad en todo el país y parcialmente en las zonas más afectadas por problemas de infraestructura y falta de servicios básicos. Más del 90% de las sucursales operan con normalidad (el listado de sucursales está disponible y actualizado en nuestros sitios web).
- 2** Apoyamos a nuestros clientes recordándoles que nuestros Créditos Hipotecarios cuentan con seguros que incluyen coberturas por Incendio, Sismo, Tsunami, Daños por Saqueo y/o pago de arriendo en caso de inhabilitación de la propiedad asegurada (1). Consulta pólizas, coberturas y/o atiende tus dudas en [www.bciseguros.cl](http://www.bciseguros.cl) o directamente con tu ejecutivo a lo largo de todo Chile.
- 3** Te apoyamos con la postergación del pago de hasta 3 cuotas en Crédito de Consumo, Hipotecario y Comerciales. Para clientes Bci Nova, TBanc y Bci Banca Personas de la VII y VIII Región, esta medida para la cuota del mes de marzo, se hará de manera centralizada (2).
- 4** Te apoyamos con la posibilidad de retirar hasta \$400.000 diarios pagaderos en cuotas con 0% interés y sin comisión con Tarjetas de Crédito Bci y TBanc en cualquier cajero automático Redbanc del país. Válido hasta el 31 de marzo 2010 y para avances hasta en 24 cuotas (3). Lo anterior es adicional a la posibilidad ya existente de comprar en 6, 12 o 24 cuotas sin interés y sin comisión.
- 5** Te apoyamos llevando el pago mínimo de las Tarjetas de Crédito (Bci, Bci Nova y TBanc) a \$0. Válido para todos los clientes hasta el 31 de marzo 2010 (4).
- 6** Hemos habilitado la cuenta corriente Bci N° 400 010 24 (Rut: 97.006.000-6), que operará con Caritas, para recaudar fondos en ayuda de los más afectados y la cuenta corriente Bci N° 400 400 03 para recaudar fondos para Fundación las Rosas.
- 7** Renovación automática de los Depósitos a Plazo Fijo en las Sucursales de la VII y VIII Región durante marzo (5).
- 8** **PARA EMPRESAS Y EMPRESARIOS:** Queremos apoyarte con condiciones preferenciales en productos de Leasing, Factoring, Financiamiento de Capital de Trabajo y de Reconstrucción con plazos de hasta 12 años para clientes Empresas y Empresarios afectados por el terremoto. Consulta directamente con nuestros ejecutivos comerciales.
- 9** Te apoyamos en la VII y VIII Región, con un Fondo Solidario para Créditos de Consumo a una tasa única de 0,45% mensual a 36 meses, con hasta 90 días para comenzar a pagar. Adicionalmente contaremos con hasta 72 meses plazo en nuestros Créditos de Consumo tradicionales (6).
- 10** Te apoyamos con un 20% de descuento en todas las compras realizadas con Tarjetas de Crédito Bci y TBanc en Supermercados, Grandes Tiendas, HomeCenters, Bencineras, Farmacias y Ferreterías ubicados en la VII y VIII Región (7). Válido hasta el 31 de marzo de 2010 y con monto máximo de descuento de \$30.000 por cliente.
- 11** Apoyamos a clientes de las regiones VII y VIII no cobrando las comisiones asociadas a nuestras cuentas corrientes (8).
- 12** A partir del día lunes 8 de marzo estará en funcionamiento una Sucursal de Contingencia (tipo container) en el estacionamiento del Mall Curicó.

Bci also reaffirmed its commitment to the small and medium sized companies in the most affected areas, through a special program to the merchants and business owners in the 8th Region, called “Bci Apoya al Comercio y los Empresarios de Concepción” (Bci Supports Concepcion's Trade and Business Owners).

This initiative translated into the commissioning of a modular commercial center in the city of Concepcion and the organization of the 4th Entrepreneurial Encounter in the Bio Bio Region. The modular commercial center was made up of 40 finished containers for business activities. It offered, for 6 months, a space for Concepcion's merchants whose stores were destroyed by the earthquake.

In turn, Bci's Entrepreneurial Encounter – traditionally held in Santiago – was also held in the Bío Bío region. In this opportunity, more than 200 businesses participated, successfully

supporting trade, the business community and the community of Concepcion and the country's 8th Region.

Looking at its team members, the Corporation enforced numerous measures to help them. Immediately after the earthquake, Bci sent food and medicine to the team members from the most affected areas and gave them a net bonus of Ch\$300,000. In addition, it guaranteed the salary for March to the team members that have variable salaries; reimbursed medical expenses; offered psychological help and offered consumer loans and mortgages in preferential terms.

In order to help the community, a solidarity crusade was held in benefit of the elderly at the Fundación Las Rosas and the sites of the 6th, 7th and 8th Regions. Bci also supported the reconstruction of the cathedral in Linares.

<sup>3</sup> For more information, go to the CSR report accompanying this Annual report.

**Bci implemented a new financial services model for small business owners and small grocers, aiming to offer them financing alternatives for their businesses.**

## SME business encounter

As part of its policy of support to the small and medium sized businesses, Bci held its Third Business Encounter. This event, multisectoral and free, offered SMEs the possibility to make business meetings that allow them to have access to new opportunities and widen their contact networks.

These encounters – held between 2008 and 2010 – have gathered 130 large acquiring companies and 1,120 smaller companies. They have given rise to around 9,000 business meetings and 11 foreign chambers of commerce have participated.

In addition to the meetings, Bci's Business Encounter 2010 also had other initiatives to facilitate business, make alliances, gather information or generate contact networks like the "Business happy Hour", event that was very successful and well received.

## Entrepreneurial support

In 2010, Bci's commitment also manifested itself through concrete initiatives to support entrepreneurs, such as the "Outstanding Businessman Award", which recognizes the efforts of people that start new businesses; the television program "Mirada Empresarial" that is transmitted by CNN Chile; the launching of a legal manual for small and medium sized businesses, and two entrepreneurial guides.



Additionally, Bci has had for some years the Nace and Renace programs. The former aims to give financial support and consulting to entrepreneurs, while the latter gives new opportunities to people who start a business, had difficulties along the way and seek to begin again. Since 2006, both programs have supported more than 3,100 entrepreneurs, for which a fund of Ch\$30 billion has been made available.

## Support for Small Business Owners and Grocers

During 2010, Bci implemented a new financial services model for small business owners and grocers, aiming to offer them financing alternatives for their businesses.

This initiative, unique in Latin America, seeks to promote the financial inclusion of those small business owners that need to better relate with large and medium sized providers.



Through Bci Nova's alliances with these companies and with the backing and experience of Banco Interamericano del Desarrollo, the owners of small grocery stores were able to have access to a continuous and direct financing tool for their business, without having to leave their place of business. This allowed them to have investment capital, to have the product stock necessary to satisfy their customer's needs and thus be able to increase sales by 10% and expand their businesses.

This project has been extended for a three year period and benefits some 10,000 small business owners throughout the country, which belong to segments with low levels of banking penetration.

The program also promotes the financial literacy of the grocers through training programs. In this manner, they can adopt better financial decisions, adequately manage their businesses and increase their income.

## Team Member Benefit Plan

In 2010, Bci invested more than Ch\$12 billion to finance important improvements and new benefits for its team members, reaffirming the strong commitment that it maintains with its team members and their families.

The Corporation gave its team members bonuses as recognition of their loyalty and seniority in the Bank and awarded those with outstanding performance and productivity. Through these mechanisms, around 6,000 team members benefitted, representing around 70% of Bci's labor force.

The multiple benefits delivered included a triennial bonus for many team members that fluctuated between Ch\$800,000 and Ch\$1,500,000; the increase of the minimum guaranteed salary from Ch\$310,000 to Ch\$400,000 gross monthly; and the standardization of benefits for Bci Nova and Bci team members. In addition, for the Bicentennial, an additional bonus of Ch\$300,000 gross was given to team members that had more than six months seniority.



# 5. Innovation, Marketing and CSR News

## An Innovative Bank

Throughout its history, Bci has always been a leader in innovation. This 2010 was not the exception. Among the most important novelties are:

1. The first bank in Chile to offer the possibility to obtain cash advances in installments with credit cards in their ATMs up to Ch\$400,000. This was launched after the earthquake with 0% interest and no fees for customers from the most affected areas. For debit cards, Bci doubled the daily ATM withdrawal limit (from Ch\$200,000 to Ch\$400,000). These operations are made with maximum security through Magneprint technology, which avoids possible fraud from cloned cards.

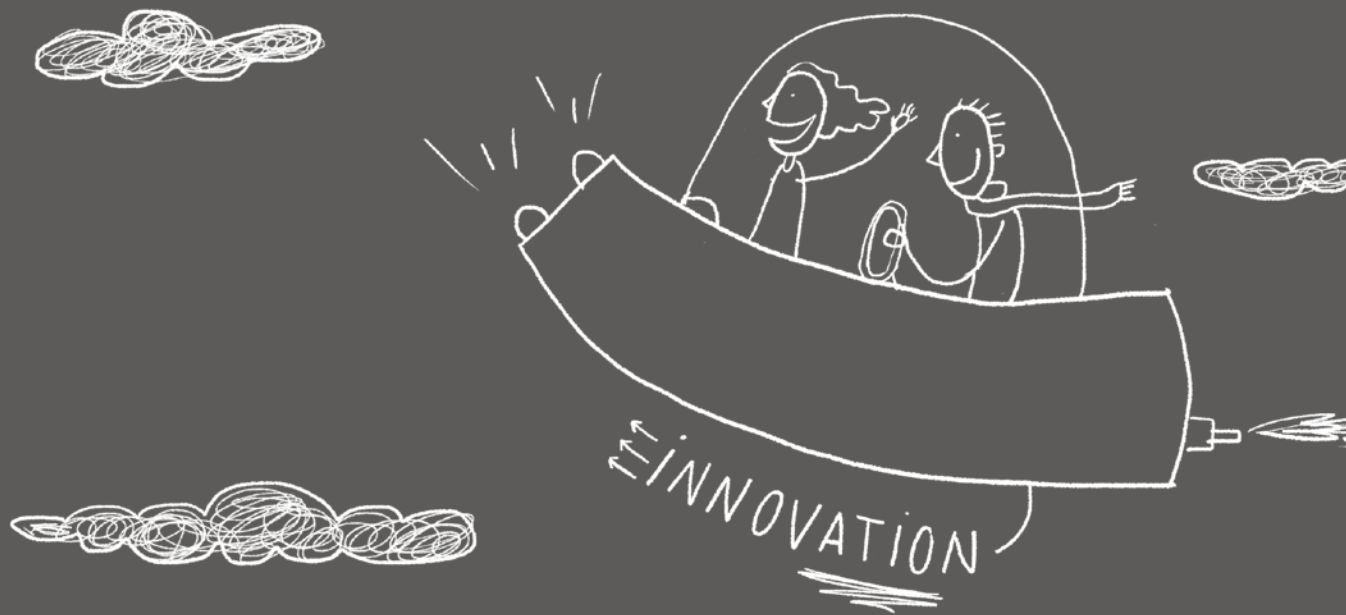


4. First carbon-neutral credit card, manufactured with recycled plastic, which allows customers to lower their CO2 emissions. In line with its sustainability policies, the Bank also opened the first carbon-neutral checking account, which includes planting a tree for each customer that contracts the product and a promotion for a GPS that shows optimal routes to minimize environmental impacts.

6. New website for generating business between SMEs, that consists of a space where their clients can interact and exchange information with a social networking format.







2.

Application of a voice recognition system for customers, which allows an easier, more familiar and safe authentication.

3.

Pioneer in the banking industry in offering customers the possibility of taking time deposits in remote channels and the power to consult the status of their investments.



5.

Bci online, novel system that allows customers to get financial information through cable television. This is a pilot program through GTD Manquehue.



7.

Services and ATM seeker for mobile phones. It is a unique tool in the industry which allows customers to find businesses that are part of their credit card awards programs and identify the closest ATMs.

8.

First company in Chile to make advertisements for free TV and cable TV in 3D.





## Bci Brand Strengthening

With its brand, Bci continued aligning its values to those of customers and the community in general, showing them that it's a different Bank, a leader in innovation and concerned with giving them permanent satisfaction with the services they provide.

Communication campaigns were focused on showing the Bank as a global company, highlighting its competitive advantages and informing people of its different products and services. During 2010, Bci especially emphasized innovations introduced to the market that aimed to add value for the customer.

Throughout the year, Bci made different campaigns related to deeds and events occurring in the country. The first of these focused on supporting team members and customers affected by the February 27th earthquake. Also highlighted are the campaigns launched for the 2010 World Cup in South Africa and for the Bicentennial. During Christmas, the Corporation launched the first 3D commercial on free TV, cable TV and satellite TV.



The results of the different campaigns and marketing efforts were very good. In 2010, Bci maintained its place among the three most spontaneously remembered brands. The Bank obtained the same lead ranking in advertising recall. Those who are not Bci customers, considered the Bank as the first option if they were to change banks. Additionally, the brand kept its first place ranking in innovation in financial services.

A documentary on Fundación Las Rosas deserves special mention. It won a Bronze Lion in Cannes, only the third such recognition in the history of Chile. It also obtained bronze in the New York Film and Television Festival as the best Chilean commercial; the bronze in the social responsibility category in the Festival El Ojo Iberoamericano in Buenos Aires; and a Gold award in the 2010 selection by the Asociación Chilena de Agencias de Publicidad (ACHAP) in Santiago.

# Corporate Social Responsibility<sup>4</sup>



One of the most highlighted Corporate Social Responsibility (CSR) based initiatives was the mitigation of the effects of the carbon footprint produced by Bci's corporate events, aiming to make a concrete contribution to the environment.

The mitigation project consisted of the replanting of unprotected areas in the Santiago basin, which were implemented through a voluntary program. More than 100 Bci team members and their families participated and planted more than 500 trees on the banks of the Colina River.

In addition, Bci made an alliance Fundación Enseña Chile renewing their commitment and contribution to education in Chile in the most vulnerable sectors. This alliance allows the Bank to participate in the Steering Committee of the Foundation, contributing ideas and experience, in addition to leadership contributions through Academia Líder Bci.

<sup>4</sup> For more complete information on this, see the Corporate Governance and CSR report that accompanies this Annual Report.



We always  
seek the  
tools to  
strengthen  
savings and  
productive  
investment  
of those  
who trust  
us.

tools







# 6. ECONOMIC AND MANAGERIAL ANALYSIS

## Risk Management

The risk of the business is managed by the Corporate Risk Division responsible for evaluating and managing credit, financial, liquidity and operational risk.

## Credit Risk

The Corporate Risk Division together with the commercial areas evaluate individually using their own models, the financing of projects or companies pertaining to a large number of economic sectors such as power utility, manufacturing, and mining and infrastructure among others. Furthermore, this area has an international risk unit that evaluates the economic, social and political situation of each country in which Bci is present so as to lower the risk of operations of external financing, and of local customers operating in those countries.

Maintaining its environmental care strategy, the Bank finances projects related to sustainable management of natural resources, acting under the standards established by the appropriate authorities in this matter.





As for risk evaluation of personal loans, especially consumer loans and mortgages, an allowance model based on expected losses is applied. It is estimated by means of the statistical payment of the debtors and their probability to incur in default. This program is continually checked at its predicting level and seeks to prevent future losses expected within a 12-month period.

For the consumer loans of Bci Nova, sophisticated models have been developed and implemented permitting it to measure and evaluate the risk of this segment in a specialized manner.

During 2010, Bci developed a special plan to evaluate our client companies affected by the earthquake in February. A property registry for Bci's customers that had had some kind of accident was taken, loan deferment was given in the affected areas, and special credit lines were established for those companies that had problems with their normal functioning.

## 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.

Additionally, the area acts directly in the intermediation and holding of derivative products and financial instruments. On the whole, it controls the balance between assets and liabilities, cash reserve, technical reserve, and the results financial operations must yield.

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.

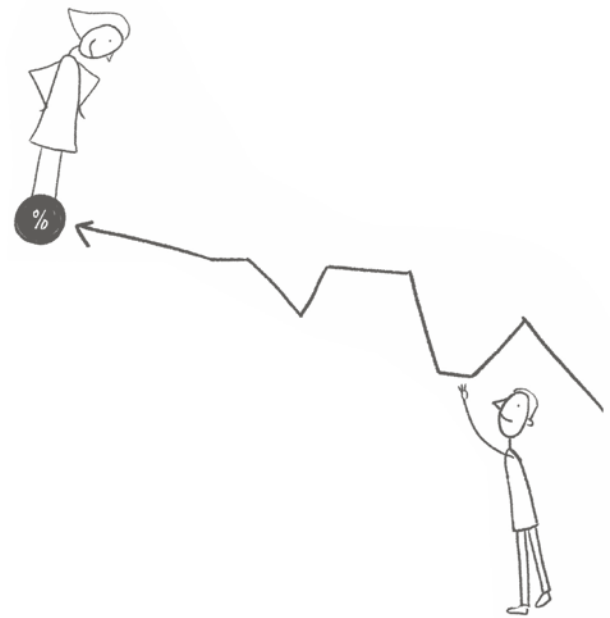
To utilize these controls, it is necessary to permanently price the portfolio by the application of fair value of financial instruments. This value is defined as the price a financial instrument would reach in a free and voluntary transaction between independent, duly informed and interested parties.

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.





At the same time, the models established under standards of the Central Bank and the Superintendence of Banks and Financial Institutions, i.e., short and long term exposures to interest rates risks and readjustability of the Banking Book or accrued basis are akin to Bci's internal SaR and MVS models.

In addition to these tools, the Bank owns a centralized management and control of the effectiveness of financial hedges so as to mitigate the effect of the aforementioned risks.

In 2010, the regularization of the world's financial markets continued and their volatility was reduced. At the same time, interest rates tended to stabilize and the interbank spreads lowered, which contributed to the low cost of financing.

The Libor-OIS spread acting as a referential measure of the willingness to lend American dollars, diminished the values recorded in periods prior to the crisis. Something similar was observed in the local market which, aided by additional liquidity tools (FLAP or term liquidity facility) used by the Central Bank in the first half of the year.

Sovereign risk and local corporate debt spreads also decreased, on average, 50 basis points with respect to the 2009 average, whereas the exchange rate volatility decreased 2 percentage points, falling towards the end of the year to levels close to 8%, far below the 30% observed in the most volatile months of the period 2008-2009.

The Bank's policies seek to anticipate possible illiquidity situations. On the other hand, the Bank Superintendence regulations on the matter establish that the 30-day gaps between assets and liabilities cannot exceed one time the base capital of the Bank. In this context, during 2010, said gaps for Bci were between 0.6 and 0.8 times its base capital. It's also worth mentioning that in this period the Bank didn't face massive takings and redemptions of deposits or current account balances.

In turn, interest rates registered an upward tendency during the last quarter of the year, increasing the volatility in the American rates (5 and 10 year Treasury notes) and the lowering of the local market rate risk (BCU and 5 year BCP).

This meant a lowering of the portfolio risk valued at market prices, giving Bci the opportunity to rebalance positions in order to use the capital efficiently.

During 2010, the Financial Risk Division consolidated the use of new technology in risk management. Thus, tasks such as VaR calculations, stress testing for the banking book, and the quantification of counterparty risks are now administered with world-class platforms.



## Liquidity risk

This unit controls the liquidity position, classifying it in two categories - retail and wholesale - the obligations of the debtors and the outstanding debt of depositors and creditors. This is carried out by a model structured in accordance with the regulations of the Chilean Central Bank.

This model allocates part of the retail cash flows to temporary bands different from those that should be allocated in accordance with the contractual maturity of the obligations on the basis of forecast behavior of such flows, which is termed liquidity position calculated on adjusted basis.

Liquidity control considers three fundamental pillars: 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. Its main objective is to provide reserves in case of illiquidity of the system or the Bank itself.

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.



1\_A Look at  
our Bank

2\_Transparency  
Maintenance

3\_Commercial  
Management

4\_Bci support

5\_News

6\_Analysis

7\_Results

ANNUAL REPORT 2010

# Operational Risk

Due to the importance an adequate management and control of operational risk has, 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. Their objective is to avoid unexpected loss in processes and optimize the use of required capital.

To this end, Bci applies a common methodology in the identification, quantification, mitigation and reporting of operational risk. This allows it to prioritize them and estimate the monetary amount of their possible impact to the organization.



Among the most important accomplishments obtained in operational risk management in 2010 are the following:

- ➔ Implementation of a world-class operational risk software aimed at the identification and risk management processes;
- ➔ The completion of the first required capital for operational risk calculation through the application of an advanced model aligned with the Basel Committee directives;
- ➔ Strengthening of risk management by way of assigning responsible parties for specific risks and the use of metrics for the measurement and monitoring of these risks;
- ➔ Updating the critical processes risk maps and the monetary quantification of them;
- ➔ The successful continuity plan management during the earthquake. This allowed the Bank to function and permitted the services offered to our customers to continue without interruption except in disaster areas, where those branch offices experienced limited time spans of service interruption;
- ➔ Effective testing of contingency sites aimed at ensuring the continuity of the Bank's financial operations.

One of Bci's objectives is to offer its customers quality services and processes. In order to fulfill this purpose, the Operational Risk Unit has as a goal to avoid procedural errors, unexpected losses and optimize the use of required capital.

## Corporate Compliance

Bci maintains a strong commitment to the prevention and detection of possible money laundering cases, the financing of terrorism and corruption. The Corporate Compliance Unit is focused on this objective, avoiding the involvement in conduct that can be fined or sanctioned for non-compliance and thus protecting Bci Corporation's reputation and shareholder equity.

In accordance with Law N° 20.393, which establishes penal responsibility for legal entities for money laundering, terrorism financing and bribery crimes, the Corporation 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 following areas:

- ➔ Technological tools and procedures for monitoring transactions, products and services.
- ➔ The reevaluation 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 preventive and detection tasks.

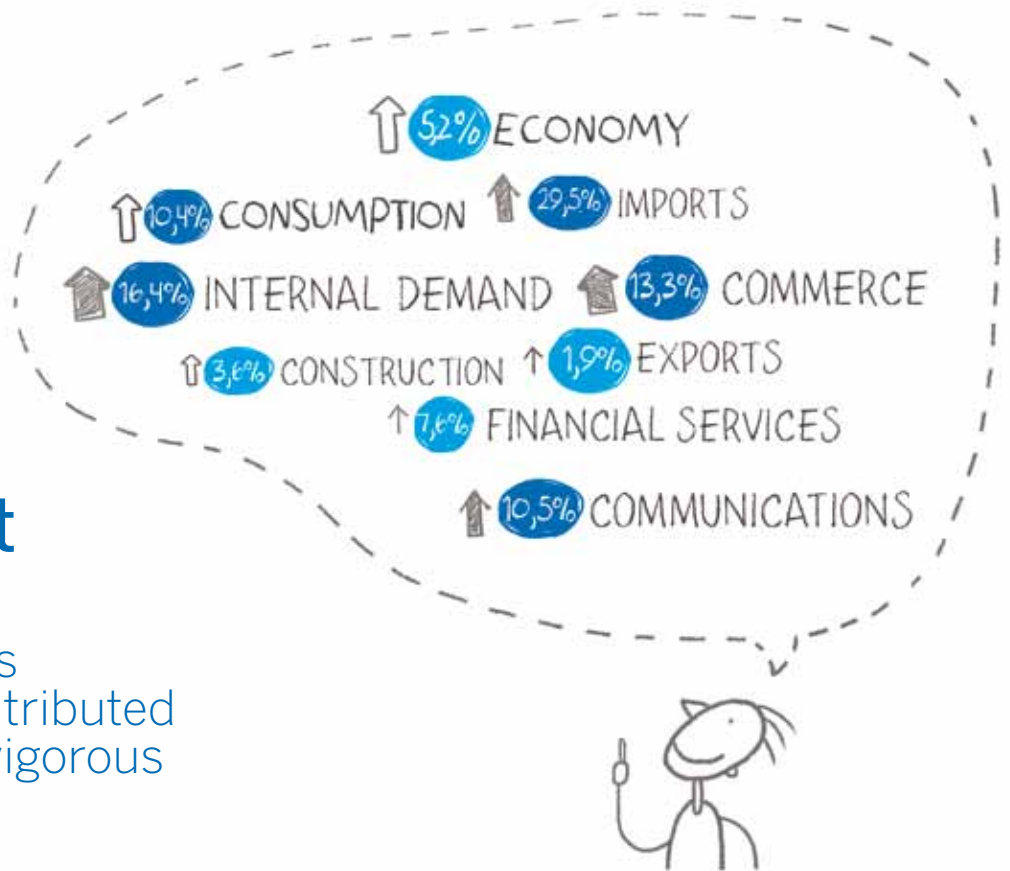
Lastly, it's worth mentioning that the Corporate Compliance Head periodically makes a presentation to the Money Laundering Prevention Committee of all those situations that require awareness and/or approval. In addition, he reports compliance management results and regulatory changes to the Director's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





## Economic Environment

Economic activity's favorable path contributed to employment's vigorous growth.



## Chilean Economy

In contrast to its poor performance last year, when it was forced to face the impact of the international crisis, the Chilean economy grew dynamically in 2010. In effect, despite the considerable damage that the earthquake caused in the central regions of the country, the GDP – which decreased by 1.7% in 2009 – increased by 5.2% in 2010.

The expansion of economic activity was driven mainly by domestic demand, which rose 16.4% in real terms. Contributing to this exceptional growth, and unsustainable in the medium term, is private consumption, which rose 10.4%, and fixed gross capital formation, which increased almost 19% due to growth especially intense (38.5%) of investment in equipment and machinery.

An important consequence of the marked differences between the internal cost and product growth patterns was the pronounced increase in the volume of goods and services imports. This – which had decreased 14% last year – increased by 28% in 2010. On the contrary, export volume increased only 1.9%, mainly due to the weak raise in physical copper shipments which was limited

by the poor growth in copper production. However, due to the strong increase in copper prices and, to a lesser extent, the increase in woodpulp prices, the value of exports increased almost 30%, reaching an unprecedented sum of close to 70 billion dollars.

Sectorwise, the expansion of the economy was strongly asymmetric. The most dynamic activities were the non-tradable goods and services producers. In fact, the electricity sector, gas and water, trade, communications, transport and financial services grew 13.7%, 3.3%, 10.5%, 8.5% and 7.6%, respectively. In contrast, manufacturing industry – some whose branches were particularly affected by the earthquake – contracted 1%, while fishing fell almost 14% as a result of poor performance both farms and fisheries extraction. The evolution of mining and agriculture was also weak. They rose 1% and 1.2% respectively, thus barely regaining the levels they had achieved in 2008. Construction performance was somewhat better, but its growth of 3.6% was insufficient to offset the decline of almost 8% of the previous year.



Economic activity's favorable path contributed to employment's vigorous growth. With it, unemployment fell to 7.1% in the last quarter and so was almost three percentage points lower YoY.

Despite the rapid growth in production and employment, consumer prices closed the year with an increase of only 2.9%. The moderate magnitude of inflation was the result of two main facts. The first was that there was unused capacity that was generated in 2009 due to the fall in production, which compensated, during most of 2010, inflationary pressure that was rising as a consequence of the extraordinary increase in internal spending and the continued reduction of unemployment. The second was the appreciation of close to 9% in the peso, which helped neutralize the inflationary impact of rising international prices of food and other goods.

Having in mind the economy's accelerated expansion and the change in the mid-term inflationary perspectives, the Chilean Central Bank began normalizing monetary policy in June, increasing the interest rate by 50 basis points. This process

continued in the following months and, because of this, the base interest rate—which between July 2009 and June 2010 had been at 0.5%- ended the year at 3.25%.

Fiscally, public spending increased close to 6% in real terms. However, the potential inflationary effects of its growth were neutralized by the increase in tax revenues due to economic expansion and the temporary rise in some tax rates, as well as the significant increase in income from copper due to its elevated price on the international market. As a result of these changes, fiscal results closed with a slight deficit of 0.4% of GDP.



## Banking sector behavior

At the close of 2010, the banking industry posted total loans to the sum of almost Ch\$75 billion, a 8.7% YoY increase. In turn, the sectors profits increased 29.3% and reached Ch\$1.6 billion. This meant that ROE for the banking sector was 18.6%, lower than Bci's 21.4%.

The system's total consolidated assets at December were a little more than Ch\$108 billion, showing an increase of 6.2% in relation to December 2009. At the same time, risk-weighted assets represented 69.4% of total assets as of November 2010. Bci's rate was 74.7%.

As of November 2010, the banking sector's shareholder's equity – composed of base capital, subordinated bonds and additional allowances – was Ch\$11.8 billion.

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



Bank Sector (millions of pesos)	2008	2009	2010
Total Assets	103,101,321	101,907,507	<b>108,233,852</b>
Total Loans	71,791,686	70,553,247	<b>75,979,032</b>
Net Income	993,130	1,225,187	<b>1,583,953</b>
ROE	15.23%	17.99%	<b>18.58%</b>

Source: Sbif

Million of pesos (As of November 2010)	Sector	Bci	Market Share Bci
Total Consolidated Assets	120,706,528	14,876,596	<b>12.32%</b>
Risk Weighted Assets	83,770,196	11,105,830	<b>13.26%</b>
<b>Average Weighted</b>	<b>69.40%</b>	<b>74.65%</b>	-
Base Capital	8,499,249	1,039,004	<b>12.22%</b>
Shareholder's Equity	11,798,400	1,504,759	<b>12.75%</b>
Profit (December 2010)	1,583,953	222,075	<b>14.02%</b>

Source: Sbif



# INTERVIEW



\* Name:

Pablo E.  
García  
González  
Bci Customer



"My experience has been very good. Bci has had a very personalized focus with me with integral and customized solutions. The bank's website is very complete and has a lot of information. All of the products are there. There is always a representative that can assist me. If mine isn't available, there is always someone."



To see the entire interview, hold your mobile home to the QR code using a compatible scanner and scan the image. If you cannot, go to the following link, [www.youtube/bci.cl](http://www.youtube/bci.cl)

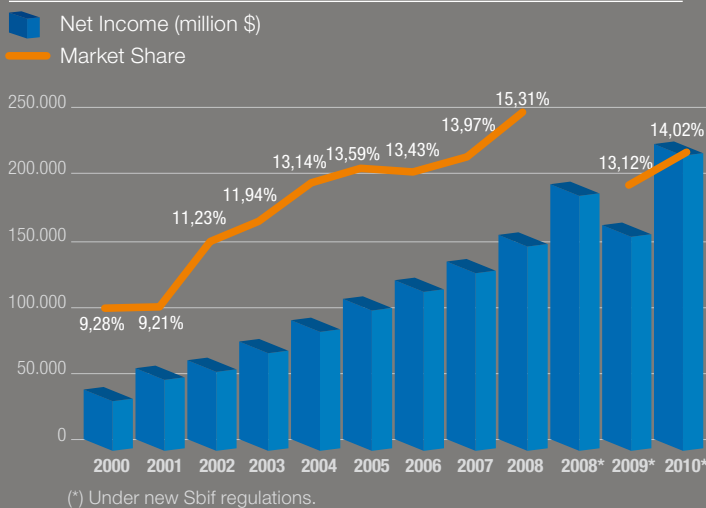


# Performance Graphs and Figures

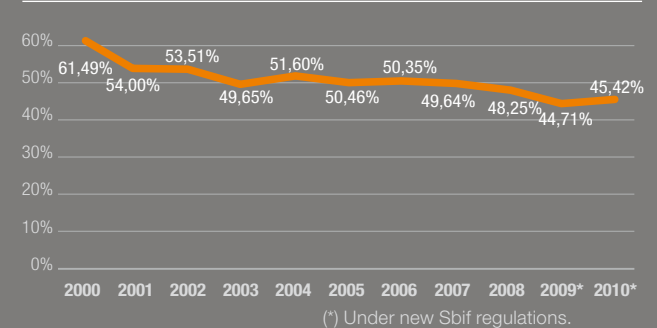
The following graphics show the evolution of Bci's performance and management, from 2000 to the present, with figures in Chilean Pesos.

## Performance

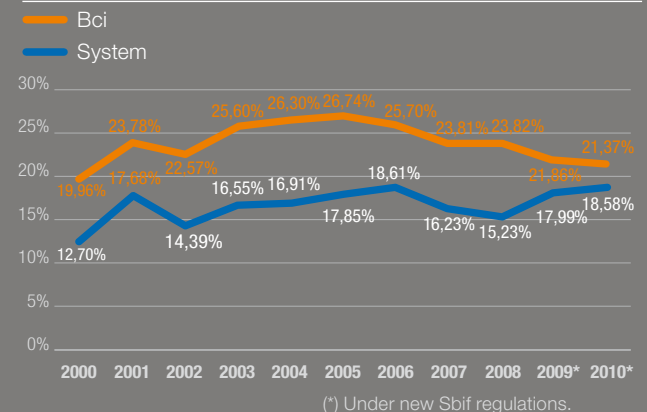
Net Income and Market Share



Bci's Efficiency Ratio



Return on Equity (ROE)



As of December 2010, Bci's Net Income for the year was Ch\$225,075 million, which equals a 14.02% market share of the banking sector's total income. Bci's income had a 38.1% YoY increase, mainly due to a lower risk expense and a large increase in the operational margin.

In 2010, Bci reached a ROE of 21.37%, again beating the financial sector's average, which was 18.58%.

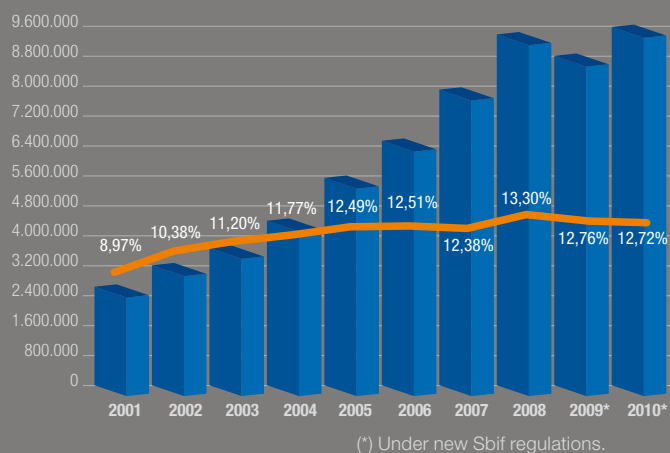
# Market Share



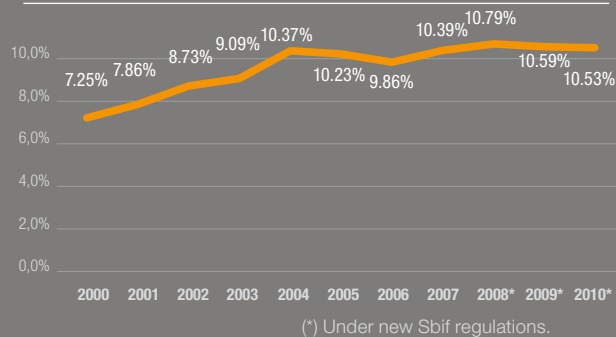
Loans from the Personal Banking unit – which include consumer loans and mortgages – increased by 13.4% YoY. Its market share (10.53%) was very similar to that of the previous six years.

## Total Loans

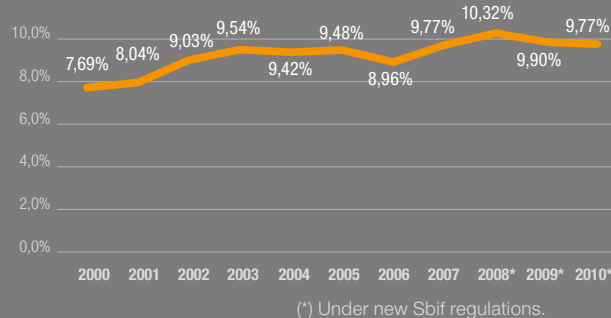
■ Total Loans (million \$)  
— % Market Share



## Consumer Banking Market Share



## Mortgage Loans



As of December 2010, Bci's Total Loans (interbank net) were slightly more than Ch\$9.5 billion, increasing by 8.35% with respect to 2009. Its market share was 12.72%, similar mark to those seen in previous years.

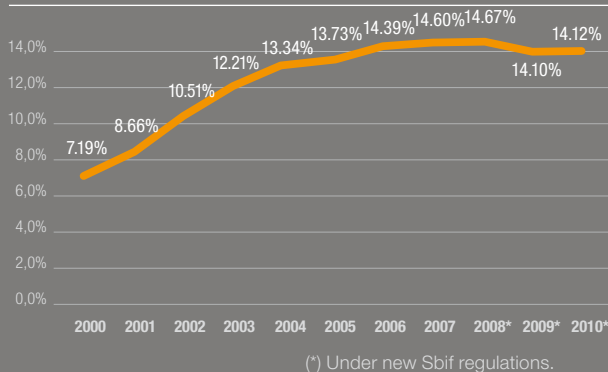
In turn, mortgage loans to December 2010 decreased by market share by 0.13% YoY.



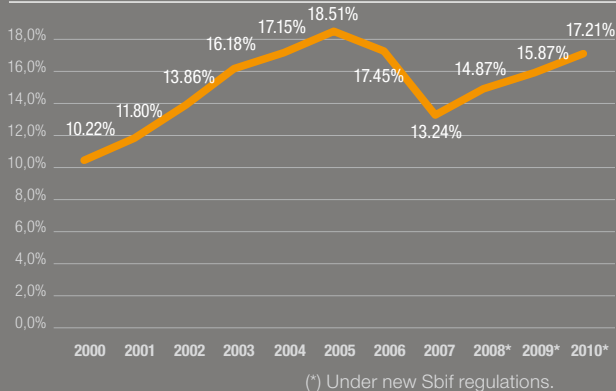
The Bank's commercial loans – whose market share was notably superior to the consumer and mortgage loans – maintained its market share from 2009 in 2010.

In 2010, the sustained growth of current accounts also continued, whose number approximated some 413,000 accounts in November, thus beating by almost 6.8% the YoY mark.

### Commercial Loan Market Share

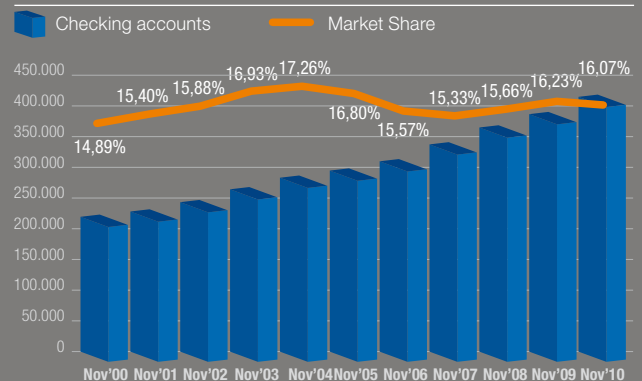


### Foreign Trade Operations Market Share

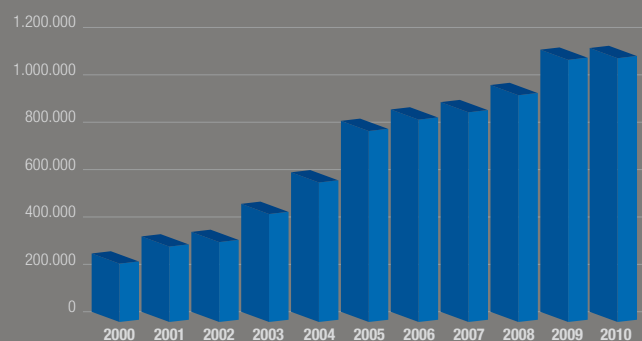


On the other hand, foreign trade loan market share continued increasing in 2010 reaching 17.2%.

### Number of Checking Accounts



### Number of Electronic Checkbooks



While demand accounts also showed an upward tendency, their 2011 growth was much less (0.75%) than that shown by current accounts. As is known, the said accounts operate withdrawals through ATMs, commonly called electronic checking and were introduced to the local market by Bci in 1989.



# Risk

## Provision Expenses over Total Loans



The risk index, that is, total allowances constituted minus those recuperated, over total loans, fell YoY to 1.53%. This fall obeyed better corporate income and decreased delinquency on personal loans generated by the strong growth shown by economic activity and employment in 2010.

We  
don't compete;  
we are simply  
attentive to  
the changing  
world  
in order to  
keep  
surprising  
our customers....



innova





astmE

