BANCO DE CREDITO E INVERSIONES
MIAMI BRANCH AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2011

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$	-	Chilean Pesos
MCh$	-	Millions of Chilean Pesos
US$	-	American Dollars
UF	-	Unidades de Fomento

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INDEPENDENT AUDITORS' REPORT

Santiago, February 28, 2012

Messrs Shareholders and Directors
Banco de Crédito e Inversiones

1 We have performed the audit to the consolidated statements of financial position of the Banco de Crédito e Inversiones, Miami Branch and subsidiaries as of December 31, 2011 and 2010 and to the corresponding consolidated statements of results, comprehensive results, changes in equity and cash flows for the years ending in the aforementioned dates. The preparation of said financial statements (which include their corresponding notes) is responsibility of the Banco de Crédito e Inversiones Management. Our responsibility consists on issuing an opinion about these financial statements based on the audits we performed.

2 Our audits were performed in accordance with the auditing standards generally accepted in Chile. Such standards require us to plan and perform our job in order to achieve a reasonable grade of confidence that the financial statements are exempt of significant incorrect representations. An audit comprises the examination, based on proofs, of evidence that support the amounts and information revealed in the consolidated financial statements. An audit also comprises an evaluation of the accounting principles used and the significant estimations made by the Bank's Management, as well as an evaluation of the general presentation of the consolidated financial statements. We consider that our audits constitute a reasonable base to support our opinion.

3 In our opinion, the mentioned consolidated financial statements present reasonably, in all their significant aspects, the financial situation of the Banco de Crédito e Inversiones, Miami Branch and subsidiaries as of December 31st, 2011 and 2010, the results of their operations, their comprehensive results, the changes in equity and the cash flows for the years ending in those dates, in accordance with the Accounting Standards and Instructions issued by the Superintendence of Banks and Financial Institutions (SBIF).

4 As indicated in Note 3 to the consolidated financial statements, in accordance with instructions of the SBIF, as of 2011 Banco de Crédito e Inversiones adopted the new regulations contained on Chapters B-1, B-2, B-3 and C-1 of the Accounting Standards Compendium. As of December 31, 2010, Banco de Crédito e Inversiones decided to record in advance the regulations of Chapter B-1 of the Accounting Standards Compendium. The early record of this change was charged to the results of the 2010 period.

Fernando Orihuela B.

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BANCO DE CREDITO E INVERSIONES, MIAMI BRANCH AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	December 31 2011 MCh$	December 31 2010 MCh$
ASSETS			
Cash and due from banks	6	1,199,581	1,047,633
Items in course of collection from banks	6	275,473	306,023
Trading investments	7	1,242,478	849,155
Securities purchased under resale agreements	8	73,547	89,595
Derivative financial instruments	9	636,952	459,630
Interbank loans	10	72,594	101,049
Loans and accounts receivable with clients	11	11,100,554	9,282,237
Available for sale investments	12	829,590	497,532
Held to maturity investment securities		-	-
Investment in companies	13	61,379	52,037
Intangible assets	14	78,401	75,949
Premises and equipment	15	206,411	208,409
Tax receivable	16	8,688	-
Deferred income tax	16	47,545	34,886
Other assets	17	276,468	191,149
TOTAL ASSETS		**16,109,661**	**13,195,284**
LIABILITIES			
Deposits and other liabilities payable on demand	18	3,172,480	2,844,029
Items in the course of collection due to other banks	6	157,092	184,437
Securities sold under repurchase agreements	8	350,319	317,784
Savings accounts and time deposits	18	6,749,054	5,467,545
Derivative financial instruments	9	625,623	487,478
Interbank borrowings	19	1,847,094	1,221,601
Bonds payable	20	1,473,634	1,129,914
Other financial liabilities	20	114,827	111,596
Current income taxes	16	-	31,052
Deferred income taxes	16	37,048	34,109
Provisions	21	170,129	136,792
Other liabilities	22	190,312	189,781
TOTAL LIABILITIES		**14,887,612**	**12,156,118**
SHAREHOLDERS' EQUITY			
Attributable to the owners of the parent			
Capital stock	24	1,026,985	882,273
Reserves	24	-	-
Other comprehensive income	24	12,172	6,623
Retained earnings:			
Retained earnings from previous periods	24	-	(5,188)
Period earnings	24	261,268	222,075
Less: Provision for minimum dividends	24	(78,380)	(66,623)
TOTAL SHAREHOLDERS' EQUITY (owners of the parent)		**1,222,045**	**1,039,160**
Non-controlling interest		**4**	**6**
TOTAL SHAREHOLDERS' EQUITY		**1,222,049**	**1,039,166**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**16,109,661**	**13,195,284**

The accompanying notes N°1 to 38 form a comprehensive part of these consolidated financial statements.

BANCO DE CREDITO E INVERSIONES, MIAMI BRANCH AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF RESULTS

	Notes	As of December 31 2011 MCh$	2010 MCh$
Interest income	25	996,970	755,283
Interest expenses	25	(441,620)	(239,559)
Net interest income		**555,350**	**515,724**
Fees and income from services	26	213,456	189,116
Fees and expenses from services	26	(44,185)	(40,552)
Net fee and commission income		**169,271**	**148,564**
Gain (loss) from financial operations, net	27	131,523	(36,628)
Foreign exchange (loss) gain, net	28	(66,762)	101,845
Other operating income	33	18,379	18,726
Total operating revenues		**807,761**	**748,231**
Provisions for loan losses	29	(122,314)	(140,500)
OPERATING INCOME, NET		**685,447**	**607,731**
Staff salaries and expenses	30	(203,418)	(177,282)
Administrative expenses	31	(123,595)	(119,244)
Depreciation and amortization	32	(37,521)	(36,716)
Impairment	32	-	(1,810)
Other operating expenses	33	(17,036)	(18,446)
TOTAL OPERATING EXPENSES		**(381,570)**	**(353,498)**
NET OPERATING INCOME		**303,877**	**254,233**
Gain attributable to investments in other companies	13	8,482	7,051
Income before income tax		**312,359**	**261,284**
Income tax	16	(51,090)	(39,204)
Income from continuing operations		**261,269**	**222,080**
Income from discontinuing operations		-	-
CONSOLIDATED NET INCOME FOR THE PERIOD		**261,269**	**222,080**
Attributable to:			
Owners of the parent		261,268	222,075
Non-controlling interest		1	5
		261,269	**222,080**
Earnings per share attributable to owners of the parent:			
		$	**$**
Basic earnings per share	24	2,504	2,154
Diluted earnings per share	24	2,504	2,154

The accompanying notes N°1 to 38 form a comprehensive part of these consolidated financial statements.

BANCO DE CREDITO E INVERSIONES, MIAMI BRANCH AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE RESULTS

	As of December 31	
	2011	2010
	MCh$	MCh$
CONSOLIDATED NET INCOME FOR THE PERIOD	**261,269**	**222,080**
Other comprehensive income		
Cumulative exchange rate adjustment	3,737	(6,168)
Net unrealized gains on available for sale investments	5,295	10,474
Net change in cash flow hedges	(3,940)	(9,838)
Income tax related with other comprehensive results	457	740
TOTAL OTHER COMPREHENSIVE RESULTS, NET	5,549	(4,792)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**266,818**	**217,288**
Attributable to:		
Owners of the parent	266,817	217,283
Non-controlling interest	1	5
	266,818	**217,288**

The accompanying notes N°1 to 38 form a comprehensive part of these consolidated financial statements.

BANCO DE CREDITO E INVERSIONES, MIAMI BRANCH AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital	Reserves	Valuation Accounts				Earnings				Total Shareholders' Equity		
	Capital stock	Other reserves deriving from earnings	Available for sale investments	Cash flow hedge	Cumulative exchange rate adjustment	Total	Retained earnings	Earnings of the period	Minimum dividend provision	Total	Total equity of owners of the parent	Non-controlling interest	Total shareholders' equity
As of January 1, 2010	**807,143**	**61,293**	**(4,650)**	**11,455**	**4,610**	**11,415**	**(96,241)**	**160,774**	**(48,232)**	**16,301**	**896,152**	**1**	**896,153**
Transfer to retained earnings	-	-	-	-	-	**-**	34,949	(34,949)	-	**-**	-	-	**-**
Dividends payment	-	-	-	-	-	**-**	-	(50,695)	48,232	**(2,463)**	(2,463)	-	**(2,463)**
Capitalization of reserves	75,130	(61,293)	-	-	-	**-**	61,293	(75,130)	-	**(13,837)**	-	-	**-**
Others	-	-	-	-	-	**-**	(5,189)	-	-	**(5,189)**	(5,189)	-	**(5,189)**
Other comprehensive income	-	-	9,972	(8,596)	(6,168)	**(4,792)**	-	-	-	**-**	(4,792)	-	**(4,792)**
Income of the period (2010)	-	-	-	-	-	**-**	-	222,075	-	**222,075**	222,075	5	**222,080**
Minimum dividend provision (2010)	-	-	-	-	-	**-**	-	-	(66,623)	**(66,623)**	(66,623)	-	**(66,623)**
As of December 31, 2010	**882,273**	**-**	**5,322**	**2,859**	**(1,558)**	**6,623**	**(5,188)**	**222,075**	**(66,623)**	**150,264**	**1,039,160**	**6**	**1,039,166**
						-				**-**			
As of January 1, 2011	**882,273**	**-**	**5,322**	**2,859**	**(1,558)**	**6,623**	**(5,188)**	**222,075**	**(66,623)**	**150,264**	**1,039,160**	**6**	**1,039,166**
Transfer to retained earnings	-	-	-	-	-	**-**	5,188	(5,188)	-	**-**	-	-	**-**
Dividends payment	-	-	-	-	-	**-**	-	(72,175)	66,623	**(5,552)**	(5,552)	(3)	**(5,555)**
Capitalization of reserves	144,712	-	-	-	-	**-**	-	(144,712)	-	**(144,712)**	-	-	**-**
Other comprehensive results	-	-	4,880	(3,068)	3,737	**5,549**	-	-	-	**-**	5,549	-	**5,549**
Income of the period (2011)	-	-	-	-	-	**-**	-	261,268	-	**261,268**	261,268	1	**261,269**
Minimum dividend provision (2011)	-	-	-	-	-	**-**	-	-	(78,380)	**(78,380)**	(78,380)	-	**(78,380)**
As of December 31, 2011	**1,026,985**	**-**	**10,202**	**(209)**	**2,179**	**12,172**	**-**	**261,268**	**(78,380)**	**182,888**	**1,222,045**	**4**	**1,222,049**

The accompanying notes N°1 to 38 form a comprehensive part of these consolidated financial statements.

BANCO DE CREDITO E INVERSIONES, MIAMI BRANCH AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	As of December 31	
	2011	**2010**
	MCh$	**MCh$**
FLOWS ORIGINATED BY OPERATING ACTIVITIES:		
CONSOLIDATED INCOME FOR THE PERIOD	261,269	222,080
Charges (credits) to income not representing cash movement		
Depreciation and amortization	37,521	36,716
Impairment	-	1,810
Provisions for loan losses	122,314	140,500
Adjustments for financial investments at market value	(7,896)	(290)
Net income for investment in companies	(8,482)	(7,051)
Net gain on sale of foreclosed assets	(2,953)	(2,165)
(Gain) loss on sale of premises and equipment	820	1,207
Write-off of foreclosed assets	3,136	1,795
Other charges (credits) not representing cash movement	74,782	82,059
Net change in interest, indexation and fees accrued on assets and liabilities	1.550	(42,015)
Changes in assets and liabilities affecting operating cash flows:		
(Increase) net decrease in interbank loans	28,402	39,563
(Increase) net decrease in loans and accounts receivable with clients	(1,853,686)	(770,701)
Increase (decrease) net in trading and available for sale investments	(672,787)	588,382
Increase (decrease) in deposits and other liabilities payable on demand	328,353	443,073
Increase (decrease) in repurchase and resale agreements of securities	32.565	(15,852)
Increase (decrease) in savings accounts and time deposits	1,240,901	63,132
Increase (decrease) in interbank borrowings	67,407	(29,721)
Increase (decrease) in other financial obligations	3,211	15,630
Loans received from the Central Bank of Chile (long term)	241,601	2,847,908
Repayment of loans received from the Central Bank of Chile (long term)	(109,831)	(3,566,270)
Loans received from abroad at long term	13,515,067	7,268,624
Repayment of loans received from abroad at long term	(13,090,578)	(7,320,790)
Total cash flows (used in) originated by operating activities	**212,686**	**(2,376)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of premises and equipment	(109,519)	(55,493)
Sale of premises and equipment	13	2,770
Investment in companies	(1,640)	(1,580)
Sale of investment in companies	-	29
Dividends received from investments	1,951	2,085
Proceeds from sale of foreclosed assets	4,435	11,443
(Increase) net decrease of other assets and liabilities	(169,265)	(24,394)
Total cash flow (used in) originated by investing activities	**(274,025)**	**(65,140)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of mortgage funding notes	(33,243)	(27,059)
Bonds issued	324,409	235,407
Redemption of bonds	(38,477)	(118,941)
Dividends paid	(72,175)	(50,695)
Total cash flows originated by (used in) financing activities	**180.514**	**38,712**
CHANGE IN CASH AND DUE FROM BANKS DURING THE PERIOD	**119.175**	**(28,804)**
CASH AND DUE FROM BANKS AT THE BEGINNING OF THE PERIOD	**1,280,287**	**1,309,091**
CASH AND DUE FROM BANKS AT TH END OF THE PERIOD	**1,399,462**	**1,280,287**

The accompanying notes N°1 to 38 form a comprehensive part of these consolidated financial statements.

BANCO DE CREDITO E INVERSIONES, MIAMI BRANCH AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2011 AND 2010

NOTE 1 - GENERAL INFORMATION

a) Information provided

Banco de Crédito e Inversiones or Banco BCI (the "Bank") is a corporation established in Chile and regulated by the Superintendencia de Bancos e Instituciones Financieras (SBIF). Its legal domicile is Avenida El Golf 125, Las Condes, Santiago. The consolidated financial statements as of December 31, 2011 and 2010 include the Bank and its subsidiaries, as well as the Miami branch detailed in the following report. The Bank participates in all the businesses and operations permitted by the General Banking Law, being involved in retail, corporate and real-estate banking, large and medium-sized companies, private banking and asset management services.

The consolidated statement of comprehensive results includes the net income of the period and the other comprehensive results recorded in equity, including the translation adjustment between the Chilean Peso and the American Dollar originated by Miami branch. The results to be considered for the distribution of dividends correspond to the net income of the period attributable to the owners of the parent, as inferred from the consolidated statement of results.

The consolidated financial statements of the Bank, Miami Branch and its subsidiaries as of December 31, 2011 have been approved and authorized for their issuance by the Board of Directors on meeting held on February 28, 2012.

The consolidated financial statements include the assets, liabilities and results of the Bank, its subsidiaries and Miami branch as follows:

	Stake			
	Direct		Indirect	
Company	2011	2010	2011	2010
	%	%	%	%
Análisis y Servicios S.A.	99.00	99.00	1.00	1.00
BCI Asset Management Administradora de Fondos S.A (1) (2)	99.90	99.90	0.10	0.10
BCI Asesoría Financiera S.A.	99.00	99.00	1.00	1.00
BCI Corredor de Bolsa S.A.	99.95	99.95	0.05	0.05
BCI Corredores de Seguros S.A.	99.00	99.00	1.00	1.00
BCI Factoring S.A.	99.97	99.97	0.03	0.03
BCI Securitizadora S.A.	99.90	99.90	-	-
BCI Administradora General de Fondos S.A. (1) (2)	-	99.90	-	-
Banco de Crédito e Inversiones Sucursal Miami	100.00	100.00	-	-
Servicio de Normalización y Cobranza Normaliza S.A.	99.90	99.90	0.10	0.10
Incentivos y Promociones Limitada (3)	ECE	ECE	ECE	ECE
BCI Activos Inmobiliarios Fondo de Inversión Privado(2)	40.00	40.00	-	-
Terrenos y Desarrollo S.A. (2)	100.00	100.00	-	-

(1) On December 29, 2011 the Superintendencia de Valores y Seguros (SVS) approved the merger by incorporation of BCI Administradora General de Fondos S.A. to BCI Asset Management Administradora de Fondos S.A.
(2) For consolidation purposes, the subsidiary consolidates its results with BCI Activos Inmobiliarios and Terrenos y Desarrollo S.A.
(3) Special-purpose entity that is in charge of the promotion of products of credit and debit cards. The Bank does not participate in the ownership of this company.

The assets and operating income of the subsidiaries as a whole represent 12.46% (18.85% in 2010) and 16.13% (36.69% in 2010) respectively, of the corresponding balance of assets and consolidated operating income respectively.

The effects of unrealized results arising from transactions with the subsidiaries have been eliminated and the participation of minority investors has been recorded, which is shown in the consolidated statement of results under the "non-controlling interest" account.

For consolidation purposes, the assets and liabilities of the Miami branch have been translated to Chilean pesos at the accounting exchange rate representation at the closure of each year and the income-statement accounts at the average accounting exchange rate representation for each month.

NOTE 2 - PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

In accordance with the Compendium of Accounting Standards issued by the Superintendence of Banks and Financial Institutions (SBIF), the regulatory authority which, in accordance with Article 15 of the General Banking Law, establishes that banks should follow the accounting criteria established by the SBIF, and in all matters not covered by these and where not contrary to its instructions, should apply the generally accepted accounting criteria in accordance with the technical standards issued by the Chilean Institute of Accountants, which are generally consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b) Basis of consolidation

The consolidated financial statements comprise the consolidated financial statements of the Bank, Miami branch and subsidiaries as of December 31st, 2011 and 2010, for the years ending in those dates. The financial statements of the subsidiaries (including the special-purpose entities that the Bank controls) are prepared with the same date as the Bank's, using consistent accounting policies.

The intercompany balances and any unrealized income or expense arising from intercompany transactions between entities within the consolidation perimeter are eliminated during the preparation of these financial statements. The unrealized income arising from transactions with companies whose investment is recorded by the participation method are eliminated from the investment to the extent of the group's interest in these companies.

i. Subsidiaries

Are those entities over which the Bank can exert control, an ability displayed in general, although not only for the ownership, direct or indirect, of at least 50% of the social rights of the associated entities or even being that percentage inferior or null if, as in the case of agreements with the shareholders of said entities, the control is given to the Bank. Control is understood as the power to significantly influence over the financing and operating policies of an entity in order to obtain benefits from its activities. The financial statements have been prepared using standard accounting policies for similar transactions and other events in equivalent circumstances.

ii. Special purpose entities

The special-purpose entities (SPEs) are generally created to accomplish specific and well-defined objectives, such as the achievement of customers' loyalty. A SPE is consolidated if the Bank, based on the evaluation of the fundamentals of the SPE's relationship with the Bank and the risks and advantages of the SPE, concludes it has control over the SPE.

c) Non-controlling interest

It represents the portion of earnings and losses and net assets of which, directly or indirectly, the Bank is not owner. Non-controlling interest is presented separately in the consolidated statements of results, of comprehensive results and of financial position.

d) Operating currency

These consolidated financial statements are presented in Chilean pesos, the operating currency of the Bank. Likewise, all the entities of the group have defined the Chilean peso as the operating currency, except for Miami branch, which has established the American dollar as its operating currency.

The balances of the financial statements of the consolidated entities whose operating currency is other than the Chilean peso are converted into Chilean pesos in the following way:

i. The assets and liabilities, by application of the exchange rates as of December 31st, 2011 and 2010.

ii. The income and expenses and cash flows, by application of the average accounting representation exchange rates of each month.

The cumulative translation adjustments produced when translating into Chilean pesos, the operating currency of the Bank, the balances of entities whose operating currency is other than the Chilean peso are exposed in the consolidated statement of comprehensive results under the "Cumulative translation adjustments" account. When the decrease of the element that generated them occurs, these cumulative translation adjustments are reclassified as results.

All the information presented in Chilean pesos has been rounded off to the closest million unit.

e) Operating segments

The operating segments of the Bank are determined on the basis of the different business units in which it is managed. These business units provide products and services subject to different risks and performances and therefore the key decision-making organisms of the Bank evaluate separately the performance of the same.

f) Transactions in foreign currency

As it was stated previously, the operating currency of the Bank is the Chilean peso. Therefore, all the balances and transactions denominated in currencies different than the peso are considered denominated in "foreign currency". The differences in the exchange rate produced when converting the balances from foreign currency into operating currency are registered in results.

As of December 31st, 2011, the assets and liabilities in foreign currency of the Bank are shown as their equivalent value in pesos, calculated at the accounting representation exchange rate of Ch$520.45 per US$1 (Ch$467.38 per US$1 in 2010).

The monetary assets and liabilities of the entities consolidated in foreign currency are converted to the observed exchange rate informed by the Central Bank of Chile, defined at the closure of operations of the last working day of the month, which ascends to Ch$521.461 per US$1 as of December 31st, 2011 (Ch$468.01 per US$1 as of December 31st, 2010).

These exchange rates do not differ significantly from the exchange rate applied by the subsidiaries supervised by the Superintendencia de Valores y Seguros (SVS).

g) Assets and liabilities valuation criteria

The assets and liabilities valuation criteria registered in the consolidated statements of financial position are the following:

i. Assets and liabilities valued at amortized cost:

Amortized cost is understood as the acquisition cost of a financial asset less the incremental costs (in more or less, depending on each case) by the share systematically allocated to the losses and profits accounts of the difference between the initial amount and the corresponding reimbursement value at maturity.

In the case of financial assets, the amortized cost includes, in addition, the corrections to its value motivated by the impairment they had experienced.

In the case of financing instruments, the share systematically allocated to the losses and profits accounts is registered by the effective rate method. The effective rate evens the value of a financing instrument to the total of its cash flows estimated by all the concepts along its remaining useful life, without considering impairment, which is recorded as a result of the period in which it is originated.

ii. Assets valued at fair value:

For financing instruments traded in active markets, the determination of fair values is based on their listing or recent transaction prices. This includes instruments traded in local or international stock markets, brokers' pricings or "Over the counter" counterparts.

A financing instrument is considered as priced in an active market if the prices are regularly and freely available from a market, index, broker, dealer, price provider or regulatory agency and if those prices represent current and regular market transactions. If the market does not comply with these criteria, it is considered as inactive. The shortage of recent transactions or a too-wide spread between bid-offer prices are indicators that the market is inactive.

For the rest of the financing instruments, the fair value is determined by using valuation techniques. In these techniques, the fair value is estimated from observable data with respect to similar financing instruments, using models to estimate the current value of the expected cash flows or other valuating techniques, using inputs (e.g. deposits, swaps, exchange rates, volatilities, etc.) existing at the date of the financial statements.

As of the dates of the financial statements, the Bank has no instruments whose fair value had been determined based on unobservable data. However, for this type of instruments, the Bank has models developed internally, which are based on techniques and methods generally recognized in the industry. When the data used in the models is unobservable, the Bank must perform assumptions in order to estimate the fair values. These valuations are known as Level 3 valuations. The instruments according to their valuation level are detailed in Note 35.

The Bank has not considered its own credit risk spread in the valuation of the derivative liabilities. The effect of the implicit risk in the fair value has been estimated from the provisions.

The results of the models are always an estimate or approximation of the value and cannot be determined with certainty. Consequently, the valuation techniques applied may not reflect all the relevant factors for the Bank's positions. Therefore, the valuations are adjusted, when it corresponds, in order to reflect additional factors, such as liquidity or credit risks of the counterpart. Based on the model and the credit risk policies of the Bank, the Management estimates that these adjustments to the valuations are necessary and appropriate in order to reasonably present the values of the financing instruments in the consolidated financial statements. The data, prices and parameters used in the valuations are carefully and regularly checked, and adjusted if necessary.

iii. Assets valued at acquisition cost:

Revised acquisition cost is understood as the cost of the transaction for the acquisition of the asset, corrected in its case, by the impairment losses it had experienced.

The consolidated financial statements have been prepared based on the amortized cost, except for:

- The derivative financing instruments, measured at their fair value.
- The long-lasting assets available for sale, measured at fair value, when the value is lower than its book value less its selling costs.
- The trading instruments, measured at fair value.
- The financial assets available for sale, measured at fair value.
- The premises and equipment, measured at fair value when the Superior Management has considered valuating said assets and considering said value as a cost attributed for the first adoption.

iv. Disposal of financial assets and liabilities:

The accounting treatment of financial assets transfers is conditioned by the degree and the way in which the risks and benefits associated to the assets are transferred to third parties:

1 If the risks and benefits are substantially transferred to third parties, such as the case of unconditional sales, sales with repurchase agreement for their fair value at the date of repurchase, sales of financial assets with deep-in-the-money put or call options with a high probability of not exerting it, the use of assets in which the transferor does not retain subordinate financings or grants any type of credit improvement to the new titleholders and other similar cases, the transferred financial asset is disposed of the balance, and recognizing at the same time any right or obligation retained or created as a consequence of the transfer.

2 If the risks and benefits associated to the transferred financial asset are substantially retained, such as the case of sales of financial assets with repurchase agreement for a fixed price or sale price plus interest, of securities loan agreements in which the borrower has the obligation of returning the same or similar assets and other cases, the transferred financial asset is not disposed of from the balance and keeps being valued with the same criteria used before the transfer. On the contrary, they are recorded in accounting:

   a. A financial liability associated by an equal value of the received repayment, which is valued afterwards at its amortized cost.

   b. The income from the transferred financial asset (but not disposed of) and the expenses of the new financial liability.

3 If the risks and benefits associated to the transferred financial asset are not substantially retained or transferred, such as the case of sales of financial assets with no deep-in-the-money call or put options with high or low probability of exerting it, of the uses in which the transferor assumes a subordinate financing or other type of credit improvement for part of the transferred asset and other similar cases, a distinction is made:

   a) If the transferor entity does not retain control of the transferred financial asset, it is disposed of the balance, and any other right or obligation retained or created as a consequence of the transfer is recorded.

b) If the transferor entity retains control of the transferred financial asset, it is still recorded in the balance for an amount equal to its exposition to the value changes it may experience and records a financial liability associated to the transferred financial asset. The net amount of the transferred asset and the associated liability shall be the amortized cost of the retained rights and obligations if the transferred asset is measured by its amortized cost or the fair value of the retained rights and obligations if the transferred asset is measured by its fair value.

According to the aforementioned, the financial assets are only disposed of the balance when the rights over the cash flows they generate are extinguished or when the risks and benefits associated to them have been substantially transferred to third parties.

In a similar way, the financial liabilities are disposed of the balance only when the obligations they generate are extinguished or when they are acquired with the intention of extinguishing or relocating them.

h) Investment instruments

The investment instruments are classified into two categories: held to maturity and available for sale. The category of financial assets held to maturity includes only those instruments in which the Bank has the capacity and intention of keeping them until their maturity. The rest of the investment instruments are considered as available for sale.

The investment instruments are initially recorded at their fair value, including transaction costs. The instruments available for sale are then valued at their fair value according to market prices or valuations obtained from models. The unrealized income or losses originated by the change in its fair value are recorded with charge or payment to other comprehensive results. When these investments are transferred or become impaired, the amount of adjustments at fair value accumulated in equity is transferred to results and is informed under “Net gain (loss) from financial operations”.

The investments in financial assets held to maturity are registered at their amortized cost value plus interests and readjustments accrued, less the provisions for impairment constituted when its registered value is superior to the estimate recovery value.

The interests and readjustments of investments held to maturity and available for sale are included in the “Interest income” account.

The purchases and sales of investment instruments that must be submitted within the period established by the market’s regulations or conventions are recorded at the date of negotiation, in which the purchase or sale of the asset is agreed. The rest of the sales or purchases are treated as derivatives (forwards) until their liquidation.

i) Trading investments

The trading investments correspond to securities acquired with the intention of generating profits from the price fluctuation in the short-term or through gross earnings’ margins, or that are included in a portfolio in which there is a short-term profit taking pattern.

Trading investments are valued at their fair value in accordance with market prices at the date of the balance’s closure. The transaction costs are translated directly into results. The profits or losses coming from the adjustments for their valuation at fair value, as well as the results from the trading activities, are included in the “Net gain (loss) of financial operations” account of the consolidated statement of results.

The interests and readjustments accrued are informed in the “Net gain (loss) of financial operations” account of the consolidated statement of results.

All the purchases and sales of trading investments that must be submitted within the period established by the market's regulations or conventions are recorded at the date of negotiation, in which the purchase or sale of the asset is agreed. Any other purchase or sale is treated as a derivative (forward) until the liquidation.

j) Transactions of securities purchased under resale agreements

Transactions of resale agreements are performed as a form of investment. Under these agreements, financing instruments are purchased, which are included as assets in the "securities purchased under resale agreements" account, which are valued according to the agreed interest rate.

Transactions of resale agreements are also performed as a form of financing. In this matter, the investments that are sold subject to a repurchase obligation and that serves as guarantee for the loan are part of their respective accounts "trading investments" or "investments available for sale". The repurchase obligation of the investment is classified under liabilities as "securities purchased under resale agreements", which is valued according to the agreed interest rate.

k) Derivatives

The derivative financing instruments , which include forwards in foreign currency and Unidades de Fomento (UF), interest rate futures, swaps of currency and interest rate, currency and interest rate options and other derivative financial instruments are recorded initially in the balance at their just value (including transaction costs) and subsequently valued at their fair value. The fair value is obtained from market pricings, discounted cash flow models and pricing valuation models as it corresponds. The derivative instruments are recorded as an asset when their fair value is positive and as a liability when it is negative in the "derivative financial instruments" account.

Certain derivatives incorporated in other financing instruments are treated as separate derivatives when their risk and characteristics are not closely related with those of the main agreement and this is not recorded at its fair value with its unrealized gains and losses included in the results.

At the moment of subscribing a derivative agreement, it must be assigned by the Bank as derivative instrument for trading or for accounting hedge purposes.

The changes in the fair value of derivative instruments held for trading are included in the "Net gain (loss) of financial operations" account of the consolidated statement of results.

If the derivative instrument is classified for accounting hedge purposes, it can be: (1) a fair value hedge of existing assets or liabilities or firm commitments or (2) a cash flow hedge related to existing assets or liabilities or expected transactions. A hedge ratio for accounting hedge purposes must comply with all the following conditions: (a) at the moment of initiating a hedge ratio, it must be formally documented; (b) the hedge is expected to be highly effective; (c) the hedge effectiveness can be measured in a reasonable way and (d) the hedge is highly effective in relation with the risk covered continuously along the duration of the hedge ratio.

Certain transactions with derivatives that do not qualify for being classified as hedging derivatives are treated and recorded as trading derivatives, even when they provide effective hedging for the management of risk positions.

When a derivative hedges the exposure to changes in the fair value of an existing item of the asset or liability, it is recorded at its fair value regarding the specific risk covered. The gains or losses coming from the fair value measurement, both from the hedged item and hedging derivative, are recorded with effect in the results of the period.

If the item hedged in a fair value hedging is a firm commitment, the changes in the fair value of the commitment regarding the covered risk are recorded as assets or liabilities with effect in the results of the period. Gains or losses from the fair value measurement of the hedging derivative are recorded with effect in the results of the period. When a new asset or liability is acquired as a result of the commitment, the initial recognition of the acquired asset or liability is adjusted to incorporate the accumulated effect of valuation at fair value of the firm commitment recorded in the consolidated statement of financial position.

When a derivative hedges exposure to changes in the cash flows of existing assets or liabilities, or expected transactions, the effective portion of its changes in fair value is recorded in shareholders' equity. Any ineffective portion is recorded directly in the results of the period.

The amounts recorded directly in shareholders' equity are registered in results in the same periods in which the assets or liabilities hedged affect the results.

When a fair value interest rate hedge is performed for a portfolio and the item hedged is a currency amount instead of specific assets or liabilities, the gains or losses coming from the fair value measurement, both of the hedged portfolio and the hedge derivative, are recorded with effect to the results of the period, but the fair value measurement of the hedged portfolio is presented in the statement of financial position under the "Other assets" or "Other liabilities" accounts, depending on the position of the hedged portfolio at some time.

l) Loans and accounts receivable with clients

Loans receivable are non-derivative financial assets with fixed or determined charges that are not priced in an active market and which the Bank does not intend to sell immediately or in short-term.

Loans receivable are initially measured at their fair value plus direct costs of transaction and subsequently measured at their amortized cost using effective interest rate method.

The regulatory framework that regulates this subject is located in item N°3 of Chapter B-2 of the Accounting Standards Compendium.

i. Leasing contracts

Accounts receivable from leasing contracts, included under the "loans and accounts receivable with clients" account correspond to periodic installments of contracts leasing that comply with the requirements to be qualified as financial leasing and are presented net at their nominal value of the non-accrued interests at the closure of the period.

ii. Factoring operations

The Bank and its subsidiary BCI Factoring S.A. perform operations with their clients, in which they receive invoices and other credit representative trading instruments with or without responsibility from the transferor, anticipating a percentage of the total amount receivable of the debtor of the transferred documents.

m) Credit risk provisions

The provisions demanded to cover the loss risks of the assets have been constituted according with the regulations of the Superintendencia de Bancos e Instituciones Financieras (SBIF). The assets are presented net of said provisions, or showing the reduction in the case of investments. In the case of contingent credits, they are shown as liabilities under the "Provisions" account.

According to the established by the Superintencia de Bancos e Instituciones Financieras, models and methods based on individual and group analysis of the debtors are used to constitute the investments' provisions.

i. Individual evaluation provisions

The individual evaluation of the debtors is necessary when it involves companies which, due to their size, complexity or level of exposure with the entity, are required to be known and analyzed in detail.

Naturally, the analysis of the debtors should be focused on their capacity and disposition to comply with their credit obligations by means of sufficient and reliable information, and analyzing their credits in matters of warrants, terms, interest rates, currency, readjustability, etc.

For the effects of creating the provisions, the debtors and their operations related with contingent investments and loans must be classified in their corresponding category, after being assigned to one of the following portfolio status: Normal, Substandard and Noncompliance.

ii. Portfolios in Normal and Substandard compliance

The Portfolio in Normal compliance includes those debtors whose payment capacity allows them to comply with their obligations and commitments, condition that according to their economic-financial situation evaluation, is not expected to change. The classifications assigned to this portfolio are categories A1 to A6.

The Substandard Portfolio includes the debtors with financial difficulties or significant worsening of their payment capacity and present reasonable doubt regarding the total reimbursement of capital and interests in the contractually agreed terms, showing a low slack to comply with their financial obligations in short term.

In addition, those debtors that present arrears over 30 days during the last time will also be part of the Substandard Portfolio. The classifications assigned to this portfolio are categories B1 to B4.

As a result of an individual analysis of these debtors, the banks must classify them under the following categories, assigning them, subsequently, the probability percentages of noncompliance and loss given the noncompliance which give as a result the consequent percentage of expected loss:

Type of Portfolio	Debtor Category	Default probability (%)	Loss due to noncompliance (%)	Expected Loss (%)
Normal Portfolio	A1	0.04	90.0	0.03600
	A2	0.10	82.5	0.08250
	A3	0.25	87.5	0.21875
	A4	2.00	87.5	1.75000
	A5	4.75	90.0	4.27500
	A6	10.00	90.0	9.00000
Substandard Portfolio	B1	15.00	92.5	13.87500
	B2	22.00	92.5	20.35000
	B3	33.00	97.5	32.17500
	B4	45.00	97.5	43.87500

iii. Provisions on portfolios in normal and substandard compliance

In order to determine the amount of provisions to be constituted for the Portfolios in normal and substandard compliance, the exposure subject to provisions must be estimated first, to which the respective loss percentages (expressed in decimals) will be applied, which are comprised by the noncompliance probability (PI in Spanish) and loss due to noncompliance probability (PDI in Spanish) established for the category in which the debtor and/or guarantor is classified, as corresponds.

The exposure subject to provisions corresponds to the investments plus the contingent loans, less the amount to be recovered by means of the execution of the guaranties. Likewise, investment is understood as the book value of loans and accounts receivable from the respective debtor, while contingent loans is understood as the value resulting from applying the indicated in N°3 of Chapter B-3.

iv. Overdue portfolio

The Overdue Portfolio includes the debtors and their loans for which their recovery is considered remote, since they show impaired or no payment capacity at all. This portfolio includes those debtors with evident signs of possible bankruptcy, as well as those in which a forced debt restructuration is necessary in order to avoid their noncompliance, and also includes any debtor presenting arrears equal or above 90 days in the payment of interests or capital of any loan. This portfolio includes debtors classified under categories C1 to C6 in the classification scale established below and all the loans, including 100% of the amount of contingent loans that those debtors maintain.

For the effects of allocating provisions on the overdue portfolio, provision percentages are used, which must be applied on the amount of the exposure, which corresponds to the sum of investments and contingent loans held by the same debtor. In order to apply this percentage, an expected loss rate must be estimated first, deducting from the amount of exposure the recoverable amounts by means of execution of guaranties and, in case of having solid data that justifies them, deducting also el current value of the recoveries that can be obtained by executing collection actions, net of expenses associated to them. That loss rate must be classified into one of the six categories defined according to the range of losses effectively expected by the bank for all the operations of a same debtor.

These categories, their range of losses according to the estimated by the bank, and the provision percentages which must be applied on the amounts of the exposures are indicated in the table below:

Type of Portfolio	Risk Scale	Expected Loss Range	Provision (%)
Overdue Portfolio	C1	More than 0 up to 3%	2
	C2	More than 3% up to 20%	10
	C3	More than 20% up to 30%	25
	C4	More than 30% up to 50%	40
	C5	More than 50% up to 80%	65
	C6	More than 80%	90

n) Income and expenses from fees

Income and expenses from fees are recorded in the results with different criteria according to their nature. The most significant are:

- Those corresponding to singular acts, when the act which originates them is produced.
- Those originating from transactions or services extended in time along the duration of said transactions or services.
- Those linked to financial assets or liabilities are recorded by their effective rate along the duration of the operation.

o) Impairment

i. Financial assets:

A financial asset is valued on each submission date to determine if objective evidence of impairment exists. A financial asset is impaired if there is objective evidence showing that one or more events have had a future negative effect in the asset.

A loss due to impairment, regarding financial assets registered at their amortized cost, is calculated as the difference between the book value of the asset and the current value of the estimate cash flows, discounted from the effective interest rate.

A loss due to impairment, regarding a financial asset available for sale, is calculated in relation with its fair value.

Financial assets that are individually significant are examined individually to determine their impairment. The remaining financial assets are evaluated in groups that share similar credit risk characteristics.

All the losses due to impairment are recorded in the results. Any accumulated loss in relation with a financial asset available for sale previously recorded in equity is transferred to the results.

Reversion of a loss due to impairment only occurs if it can be objectively related with an event occurring after it was recorded. In the case of financial assets recorded at amortized cost and of those available for sale that are securities for sale, it is recorded in the result. In the case of financial assets that are variable income securities, reversion is recorded directly in equity.

For assets of the “Loans and accounts receivable with clients” account, the impaired portfolio is defined according to Chapter B-2 of the Accounting Standards Compendium of the SBIF as “loans of the debtors on which there is evidence that they will not comply with any of their obligations in the agreed payment conditions, without the possibility of recovering the debited by resorting on the collateral by means of exercise of judicial collection actions or negotiating different conditions”.

Policies regarding impairment measurement indicate that it is measured monthly and subject to the following criteria:

ii. Impaired Portfolio Status

It is distinguished in operations classified individually, those that enter for credit risk classification equal or superior to C1.

The rest of the operations are classified in groups and enter when they are:

- Operations of loans with arrears larger or equal to 90 days.
- Renegotiated operations.
- 100% of the operations associated with the client are moved to the impaired portfolio.

Operations related with mortgage loans for housing or loans for superior studies financing of the Law N°20,027 are excluded as long as no un-fulfillment conditions of those established in Circular N°3,454 of December 10th, 2008 arise.

The behavior in the financing system is not considered to determine the entry to the impaired portfolio.

<u>Exit conditions</u>

- <u>Individual case:</u> Having improved its risk classification.

- <u>Group case:</u>

  a) Non-renegotiated operations: loan operations in the impaired portfolio may return to the normal portfolio only if the operation complies with the following conditions:

     - Record at least 6 consecutive installments of capital and interest, paying them on schedule or with a maximum delay of 30 days.
     - Have all its obligations up to date and have no other loan operations in the impaired portfolio.
     - In any case, it must not register any arrears in the rest of the financial system in the last 90 days (last three periods informed in the SBIF at the date of inquiry).

  b) Renegotiated operations: they may exit the impaired portfolio only if the operation complies with the following conditions:

     - Record at least 6 consecutive installments of capital and interest, paying them on schedule or with a maximum delay of 30 days.
     - Have all its obligations up to date and have no other loan operations in the impaired portfolio.
     - Have no other renegotiated operation issued within the last 6 months.
     - In any case, it must not register any arrears in the rest of the financial system in the last 90 days (last three periods informed in the SBIF at the date of inquiry).

  c) Group renegotiated portfolio originated from write-off: written-off operations that had been renegotiated may exit the impaired portfolio and enter the normal portfolio only if the operation complies with the following conditions:

     - Payment of 30% of the originally renegotiated operation (total balance of the negotiated operation) or have paid the first 6 maturities negotiated in the renegotiated operation.
     - Have its capital and interests payment up to date.
     - Have no other operations in the impaired portfolio.
     - Records no arrears in the rest of the financial system in the last 90 days.

iii. Non-financial assets

The book value of non financial assets of the Bank, excluding investment properties and deferred taxes is checked on every submission date to determine if indications of impairment exist. If such indications exist, then the amount of the asset to be recovered is calculated. In the case of goodwill and intangible assets with an indefinite useful life or which are not available for use yet, the amounts to be recovered are estimated on each submission date.

A loss from impairment in relation with goodwill is not repaid. Regarding other assets, losses from impairment recorded in previous periods are evaluated on each submission date in search for anything that may indicate that the loss has decreased or disappeared. A loss from impairment is repaid if a change in the estimations used to determine the recoverable amount has occurred. A loss from impairment is repaid as long as the book value of the asset does not exceed the book value that had been determined; net of depreciation or amortization, if no loss from impairment has been recorded.

p) Investment in companies

Investments in companies are those over which the Bank has the ability of exerting a significant influence, although not control or joint control. This capacity is usually expressed in a share between 20% and 50% of the voting rights of the entity and it is valued using the method of share over financial statements adjusted to new regulations.

Joint ventures are those entities where the Bank has joint control with other investors. The shares in joint venture entities are valued using the method of share over financial statements of said entities adjusted to new regulations.

The entities valued using the share methods are detailed below:

	Share	
Company	2011	2010
	%	%
AFT S.A.	20.00	20.00
Centro de Compensación Automático ACH Chile	33.33	33.33
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	7.03
Transbank S.A.	8.72	8.72
Redbanc S.A.	12.71	12.71
Servipag Ltda.	50.00	50.00
Artikos Chile S.A.	50.00	50.00
Nexus S.A.	12.90	12.90
Combanc S.A.	10.50	10.50
Bolsa de Comercio de Santiago	2.08	2.08
CCLV Contraparte Central S.A.	0.15	0.15
Bolsa Electrónica de Chile	2.44	2.44
Bolsa de Valores de Valparaíso	1.67	1.67
Credicorp Ltda.	1.81	1.77

q) Investment in other companies

Investments in other companies are those where the Bank has no significant influence and are presented at their acquisition cost.

r) Intangible assets

i. Goodwill

The goodwill represents the excess of acquisition cost over fair value of the company's share in the identifiable net assets of the subsidiary in the date of acquisition.

The goodwill originated before January 1st, 2009 is recorded at its cost value corrected until December 31st, 2007, less the accumulated amortization according to the remaining useful life of the same.

The goodwill originated as of January 1st, 2009 is recorded at its fair value, less losses from impairment.

ii. Software

The software acquired by the Bank is recorded at its cost less the accumulated amortization and losses from impairment.

The expenses in software developed internally are recorded as assets when the Bank is capable of proving its intention and ability to complete its development and use it internally to generate future economic benefits, and can measure the cost of completing its development confidently. The costs capitalization of the software developed internally includes all the direct costs attributable to the development of the software, and it is amortized over the basis of its useful life. The software developed internally is recorded at its capitalized cost less the accumulated amortization and losses from impairment.

The subsequent expenses of the recorded asset are capitalized only when the future economic benefits of the specific assets in the related areas increase. The rest of the expenses are recorded in the results.

Amortization is recorded in results over straight-line according to the estimate useful life of the software, starting on the date it is ready for use. The estimate useful life of the software is usually of six years.

s) Premises and equipment

The items of the premises and equipment account, excluding real property, are measured at cost less accumulated depreciation and losses from impairment.

Real property was valued at their commercial valuation on December 31st, 2007.

The cost includes expenses attributed directly to the asset acquisition and any other cost directly attributable to the process of having the asset in conditions to be used.

When part of an item of the fixed asset has a different useful life, it is recorded as a separate item (real property remodeling).

Depreciation is recorded in the consolidated statement of results based on the straight-line depreciation method over the useful life of each part of an item of the fixed asset. Leased assets are depreciated in the shortest period between the lease and their useful lives, unless it is certain that the Bank will obtain the property at the end of the leasing period.

The estimate useful lives for the current and comparative periods are the following:

	2011	2010
Buildings	50 years	50 years
Machinery and equipments	3 - 10 years	3 - 10 years
Facilities	7 - 10 years	7 - 10 years
Furniture and fixtures	7 years	7 years
Computing equipment	3 - 6 years	3 - 6 years
Real property improvements	10 years	10 years

t) Assets received in payment

Assets received in payment are classified under the "Other assets" account. They are recorded at the lower value between their acquisition cost and net realizable value less required regulatory write-offs and are recorded net of provisions. The regulatory write-offs are required by the Superintendencia de Bancos e Instituciones Financieras if the asset is not sold within one year from its reception.

u) Staff benefits:

i. Staff vacations

The annual cost of staff vacations and benefits are recorded on accrual basis.

ii. Short-term benefits

The entity contemplates an annual incentives plan for its staff for achieving objectives, consisting on a determined number or portion of monthly remunerations and is provisional on the basis of the estimate amount to be distributed.

iii. Indemnification for years of service

The Bank and its subsidiaries have no payments agreed with its staff for the concept of indemnification for years of service.

v) Leases

i. Operating lease

When the Bank or the subsidiaries act as lessee and the contract qualifies as operating lease, the total amount of the payments is recorded in the operating results.

At the end of the operating lease period, any payment for penalizations to the contract required by the lessor is recorded as expenses of the period in which said contract ended.

ii. Financial lease

In the case of financial leases, the sum of the current values of the installments they will receive from the lessee plus the purchase option is recorded as financing to third parties, and is therefore recorded in the "loans and accounts receivable with clients" account.

The assets leased between consolidating entities are recorded as being for personal use in the consolidated financial statements.

w) Cash flows statement

For the elaboration of the consolidated statement of cash flows, the indirect method is used, in which, starting from the consolidated statement of the Bank, the non-monetary transactions are incorporated, as well as the income and expenses associated with the cash flows from activities classified as being of investment or financing.

For the elaboration of the consolidated statement of cash flows the following concepts are considered:

- Cash flows: the cash and cash equivalent inflow and outflow, understood as the short-term investments of great liquidity and low risk of changes in their value such as: deposits in the Central Bank of Chile, in local Banks and abroad.

- Operating activities: they correspond to normal activities performed by the Banks, as well as other activities that cannot be qualified as investment or financing activities.

- Investment activities: they correspond to the acquisition, alienation or disposition by other means of long-term assets and other investments not included in cash and cash equivalent.

- Financing activities: the activities that cause changes in size and composition of net equity and liabilities and that do not form part of the operating and investment activities.

x) Contingent provisions and liabilities

Provisions are liabilities on which there is uncertainty regarding their quantity or maturity. These provisions are recorded in the balance when they comply with the following requirements in a copulative way:

- It is a current obligation resulting from previous events and,
- At the date of the consolidated financial statements it is likely that the Bank or its subsidiaries will have to dispose of resources in order to extinguish the obligation and the amount of these resources can be measured in a reliable way.

A contingent asset or liability is any obligation arising from previous events and whose existence will be confirmed only if one or more uncertain future events happen and which are not under the Bank's control.

Provisions (which are measured having in consideration the best available information regarding the consequences of the related event and are re-estimated on every accounting closure) are used to face specific obligations for which they were originally recorded, proceeding to their reversion, total or partial, when said obligations disappear or decrease.

Provisions are classified according to the covered obligations, which are:

- Provisions for staff benefits and remunerations.
- Provision for minimum dividends.
- Provisions for contingent credit risk.
- Provisions for contingencies (include additional provisions).

i) Additional provisions

The SBIF has defined that the additional provisions are those not deriving from the application of evaluation models to the portfolio or to compensate deficiencies in them and that their constitution must be justified by the assumed risk in the performed operations.

The additional provisions must be approved by the Board of Directors. The Bank must have documented procedures and criteria explaining the unpredictable economic fluctuations that may affect the macroeconomic environment or the situation of a specific economic area.

These provisions, in accordance with the established under N°10 of Chapter B-1 of the Compendium of Accounting Standards issued by the SBIF will be recorded as liabilities.

y) Use of estimates and judgments

The preparation of the consolidated financial statements require the Management of the Bank to perform judgment, estimates and assumptions that affect the application of the accounting policies and the amount of assets, liabilities, income and expenses presented. The real results may differ from these estimates.

The relevant estimates and assumptions are revised on a regular basis by the High Management of the Bank in order to quantify certain assets, liabilities, income, expenses and uncertainties. The revision of the accounting estimates are recorded in the period in which the estimate is revised and in any future period affected.

In particular, the information regarding more significant areas of uncertainties and critical judgment estimates in the application of accounting policies that have the most important effect on the amounts recorded in the consolidated financial statements are described in the following notes:

- Losses from impairment of certain assets.
- Valuation of financial instruments.
- Useful life of material and intangible assets.
- Goodwill valuation.
- Use of tax losses.
- Commitments and contingencies.

z) Income tax and deferred tax

The Bank has recorded a first-category income tax expense at the closure of each period, in accordance with the tax regulations in force.

The Bank records, when it corresponds, assets and liabilities from deferred taxes from the future estimate of the tax effects attributable to differences between the book value of the assets and liabilities and their tax values. The measurement of assets and liabilities for deferred taxes is performed based on the tax rate that, according to the tax regulations in force, must be applied in the year in which the liabilities for deferred taxes are performed or liquidated. The future effects of changes in the tax regulations or in tax rates are recorded in the deferred taxes as of the date in which the law that approves said changes is published.

ab) Non-current assets held for sale

Non-current assets (or alienable group that comprises assets and liabilities) that are expected to be recovered mainly through sales, instead of being recovered by their continuous use, are classified as held for sale. Immediately before this classification, the assets (or elements of an alienable group) are re-measured according to the accounting policies of the Bank. From this moment, the assets (or alienable group) are measured at the lower value between book value and fair value less the sales cost.

ac) Securitization

The Bank does not present capital instruments as financial liabilities or equity instruments according to the established in the securitization processes.

ad) Dividends on common shares

The Bank shows in the liabilities part of the period's profit that must be distributed among the shareholders in compliance with the Corporate Law or dividends policies. A provision with charge to the complementary equity account of the retained profits is constituted.

ae) Earnings per share

The basic benefit per share is determined by dividing the net result attributable to the Bank during the period with the weighted average number of shares in circulation during that period.

af) Reclassifications

Due to the modifications implemented by Circular 3503, the Bank recorded said modifications during 2010, against equity and additional provisions. In accordance with the instructed by the Superintendencia de Bancos e Instituciones Financieras, these effects have been reclassified to the corresponding provision lines.

ag) New Accounting Regulations

i. At the issuance date of these consolidated financial statements, the new accounting regulations issued by the SBIF and the International Accounting Standards Board (IASB) are detailed as follows:

a) Accounting Standards issued by the Superintendencia de Bancos e Instituciones Financieras (SBIF)

Circular N°3,518: On February 2, 2011, the SBIF issued this circular in order to complement the instructions in force as of January 2011 regarding Chapters B-1 and B-3; and to specify some instructions. The changes introduced are only the addition or elimination of words from the text in order to clarify the exposed regulations. This Circular did not have significant effects in these consolidated financial statements.

Circular N°3,510: On October 8, 2010, the SBIF issued this Circular in order to adapt the formats to the new instructions on provisions and to cover certain needs of information with further breakdown. Chapter C-3 (Monthly Financial Statements) of the Compendium of Accounting Standards is replaced. The changes introduced in this Chapter refer only to the elimination or creation of the lines or items indicated in the Annex of this Circular, which were applied from the referred information as of January 31, 2011.

Circular N°3,503: On August 2010 the SBIF issued this Circular which complements and modifies the instructions related with the Compendium of Accounting Standards Chapters B-1, B-2, B-3 and C-1 related with provisions and impaired portfolios. The changes correspond to new texts and restatement of concepts related with types of credits and portfolios. These modifications are in force as of January 1, 2011. This Circular also introduces dispositions related with additional provisions contained on N°9 of Chapter B-1 which are in force since 2010. In addition, and as complement to the aforementioned Circular, the Letter to the Management N°9 was issued on December 21st, 2010, which specifies that the adjustments as a consequence of the application of the modifications in force as of January 1st, 2011 can be performed within the first three months of 2011. However, there is no impediment for the entities to anticipate the recognition of collaterals, in whole or in part, constituting larger provisions, temporarily as additional, with charge to the period results. As of December 31, 2010, the Bank decided to anticipate the recording of the changes previously mentioned for a total amount of MCh$10,295 before taxes.

b) Accounting Regulations issued by the International Accounting Standards Board with mandatory application as of 2011:

On May 6, 2010, the IASB issued Improvements to the 2010 IFRS, incorporating modifications to 7 of them. This is the third set of modifications issued under the annual improvement process which were designed to make necessary, but not urgent, modifications to the IFRS. The modifications are effective for annual periods starting on or after July 1, 2010 and for annual periods starting on or after January 1, 2011.

Improvements to International Regulations: improvements to the 2010 IFRS have been issued for a group or regulations and interpretations. The effective dates of adoption of these minor modifications vary depending on each standard, but most of them have January 1, 2011 as their adoption date.

IFRS 1 "IFRS First Time Adoption"	01/01/2011
IFRS 3 (Revised) "Combination of Businesses"	01/07/2010
IFRS 7 "Financial Instruments: Disclosures"	01/01/2010
IAS 1 "Presentation of Financial Statements"	01/01/2011
IAS 27 "Consolidated and Separate Financial Statements"	01/07/2010
IAS 34 "Interim Financial Statements"	01/01/2011
IFRIC 13 "Customer Loyalty Programs"	01/01/2011

IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction. On December 2009 the IASB issued "Prepayment of a Minimum Funding Requirement" modifications to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction. The modifications were made to correct an unintended consequence of IFRIC 14 that forbids entities, in some circumstances, to record as assets voluntary prepaid contributions associated with minimum funding requirements.

IFRIC 19 "Discharging Financial Liabilities with Equity Instruments" - On November 26, 2009 the International Financial Reporting Interpretations Committee (IFRIC) issued IFRIC 19 - " Discharging Financial Liabilities with Equity Instruments". This interpretation provides guidelines on how to record the discharge a financial liability by issuing equity instruments. The interpretation concluded that issuing equity instruments to discharge an obligation constitutes the consideration paid. The consideration shall be valued at fair value of the equity instrument issued, unless the fair value is not easily determined, in which case the equity instruments shall be valued at the fair value of the discharged liability.

Amendment to IAS 24 "Related Party Disclosures" – On November 4, 2009, the IASB issued modifications to IAS 24 - "Related Party Disclosures". The revised Regulation simplifies the disclosure requirements for entities controlled, jointly controlled or significantly influenced by a governmental entity (denominated as government -related entities) and clarifies the definition of related party. The revised Regulation is effective for annual periods starting on or after January 1, 2011. Retrospective application is required. Therefore, in the first year adoption, the disclosures for the comparative periods need to be sent. Its early application in part or in whole is allowed. If an entity applies the Regulation in part or in whole during a period starting before January 1, 2011, it must be revealed. The Bank is not related with a governmental entity, therefore the disclosure exemptions are not applicable to the Bank. In addition, the changes to the definition of related party did not generate any effect on the consolidated financial statements of the Bank.

Amendment to IAS 32 "Financial Instruments: Presentation" - On October 8, 2009 the IASB issued a modification to NIC 32 - Financial Instruments: Presentation, called Classification of Rights Issues. According to the modifications, the rights, options and warrants that comply in one way or another with the definition of paragraph 11 of the IAS 32 issued to acquire a fixed number of equity instruments not derived from an own entity for a fixed amount in any currency are classified as equity instruments as long as the offer is made pro rata for all the current owners of the same type of equity instrument not derived from an own entity.

ii. New accounting standards and regulations issued by the International Accounting Standards Board still not in force as of December 31, 2011.

IAS 19 Revised "Employee Benefits" - Issued on June, 2011, it replaces IAS 19 (1998). This revised standard modifies the recognition and measurement of expenses for defined benefit plans and termination benefits. In addition, it includes modifications to the disclosures of all the employees' benefits. Mandatory for periods starting on July 1, 2013.

IAS 27 "Separate Financial Statements" - Issued on May 2011. It replaces IAS 27 (2008). The reach of this regulation after this modification is restricted only to separate financial statements, since the aspects related with the definition of control and consolidation were removed and included in IFRS 10. The regulation is applicable as of January 1, 2013 and its early adoption is allowed in conjunction with IFRS 10, IFRS 11 and IFRS 12 and the modification to IAS 28.

IFRS 9 "Financial Instruments" - Issued on December 2009. It modifies the classification and measurement of financial assets. This regulation was modified on November 2010 to include the treatment and classification of financial liabilities. The regulation is applicable as of July 1, 2015 and its early adoption is allowed.

IFRS 10 "Consolidated Financial Statements" - Issued on May 2011. It replaces SIC 12 "Consolidation of special purpose entities" and parts of IAS 27 "Consolidated financial statements". It establishes clarifications and new parameters for the definition of control, as well as the principles for the preparation of consolidated financial statements. The regulation is applicable as of January 1, 2013 and its early adoption is allowed in conjunction with IFRS 11, IFRS 12 and modifications to IAS 27 and 28.

IFRS 11 "Joint Arrangements" - Issued on May 2011. It replaces IAS 31 "Interests in joint ventures" and SIC 13 "Jointly controlled entities". Among other modifications it includes the elimination of the jointly controlled assets concept and the possibility of proportional consolidation of jointly controlled entities. The regulation is applicable as of January 1, 2013 and its early adoption is allowed in conjunction with IFRS 10, IFRS 12 and modifications to IAS 27 and 28.

IFRS 12 "Disclosure of interests in other entities" - Issued on May, 2011. Applicable to those entities with investments in subsidiaries, joint ventures and associates. Its early adoption is allowed in conjunction with IFRS 10, IFRS 11 and modifications to IAS 27 and IAS 28. Mandatory for periods starting on January 1, 2013.

IFRS 13 "Fair Value Measurement" - Issued on May 2011. It sets out a single regulation for measuring the fair value of assets and liabilities and its necessary disclosures. It incorporates new concepts and explanations for its measurement. Mandatory for periods starting on January 1, 2013.

IAS 1 "Presentation of Financial Statements" - Issued on June 2011. The main modification of this amendment requires the items under "Other comprehensive income" to be classified and sorted out evaluating if they will be potentially reclassified to results in future periods. The regulation is applicable as of July 2012 and its early adoption is allowed.

IAS 12 “Income Taxes” - This amendment, issued on December 2010 provides an exception to the general principles of IAS 12 for investment property measured using the fair value model contained in IAS 40 “Investment property”. The exception also applies to investment property acquired in a business combination if after the combination the acquirer applies the fair value model contained in IAS 40. The modification incorporates the assumption that the investment properties valued at fair value are performed through their sale. Therefore it is necessary to apply to the temporary differences originated by these the tax rate for sale operations. The regulation is applicable as of January 1, 2012 and its early adoption is allowed.

IFRS 1 “First-time Adoption of International Financial Reporting Standards” - Issued on December, 2010 deals with the following subjects: i) Exemption for severe hyperinflation: allows companies whose transition date is subsequent to the normalization of their functional currency to value assets and liabilities at fair value as attributed cost. ii) Removal of fixed dates requirements: sets the fixed date included in IFRS 1 to the transition date, for those operations involving decrease of financial assets and assets or liabilities at fair value for results in their first adoption. Mandatory for periods starting on July 1, 2011.

IFRS 7 “Financial Instruments: Disclosures” - Issued on October 2010, it increases the disclosure requirements for transactions that imply the transfer of financial assets. Mandatory for periods starting on July 1, 2011.

IAS 28 “Investments in associates and joint ventures” - Issued on May 2011. It regulates the accounting treatment of these investments by applying the equity method of accounting. The regulation is applicable as of January 1, 2013 and its early adoption is allowed in conjunction with IFRS 10, IFRS 11, IFRS 12 and the modification to IAS 27.

The Bank has not adopted any of these regulations in advance.

The Bank's Management estimates that the adoption of these standards, amendments and interpretations will not have a significant impact on the consolidated financial statements of the Bank on the period of their first adoption.

NOTE 3 - ACCOUNTING CHANGES

3.1 CREDIT RISK PROVISIONS

On August 12, 2010, Circular N°3,503 was issued. It contained certain modifications on provisions and impaired portfolio included on Chapters B-1, B-2, B-3 and C-1.

Said modifications entered into force as of January 1, 2011 except for the dispositions related with additional provisions contained on N°9 of Chapter B-1, which entered into force during 2010.

In addition, and as complement to the aforementioned Circular, the Letter to the Management N°9 was issued on December 21st, 2010, which specified that the adjustments as a consequence of the application of the modifications in force as of January 1st, 2011 could be performed within the first three months of 2011. However, there was no impediment for the entities to anticipate the recognition of collaterals, in whole or in part, constituting larger provisions, temporarily as additional, with charge to the 2010 period results. As of December 31, 2010, the Bank decided to anticipate the recording of the changes previously mentioned which originated an effect for a total amount of MCh$10,295 in the results of the period ended on December 31, 2010.

The reclassification of additional provisions stocks to individual effective provisions and contingent risk provisions required by the modifications to Chapters B-1 and B-3 of the Compendium of Accounting Standards are the following:

		Application of additional provisions			
Provisions	**Balance as of 31/12/2010**	**B-1**	**B-3**	**Net variation**	**Balance pro forma 31/12/2010**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Provisions for staff benefits and remunerations	17,844	-	-	-	17,844
Provisions for minimum dividends	66,623	-	-	-	66,623
Provisions for contingent credit risk	5,033	183	9,024	9,207	14,240
Provisions for contingencies*	55,300	** (9,567)	(8,530)	(18,097)	37,203
Provisions for country risk	882	-	-	-	882
Total	**145,682**	**(9,384)**	**494**	**(8,890)**	**136,792**
Provisions for credit risk					
Due from banks	175	57	-	57	232
Loans and accounts receivable with clients	240,495	9,327	(494)	8,833	249,328
Total	**240,670**	**9,384**	**(494)**	**8,890**	**249,560**

* Includes additional provisions for MCh$49,342 which were constituted according to the instructed by the SBIF.

** As of December 31, 2010 the Bank decided to anticipate the regulatory change of Chapter B-1 which originated an effect in results for MCh$10,295. During January 2012 the Management performed a definitive calculation determining a total amount of MCh$9,567. The MCh$728 difference was kept as provisions.

In order to present the comparative consolidated financial statements, the Bank has performed the necessary reclassifications in the consolidated statement of financial position of December 31, 2010 according to the established on Circular N°3,503.

NOTE 3 - ACCOUNTING CHANGES (continued)

Consolidated Statement of Financial Position

	End-year balance as of 31/12/2010 MCh$	Reclassification MCh$	Pro forma balance as of 31/12/2010 MCh$
ASSETS			
Cash and due from Banks	1,047,633	-	1,047,633
Items in the course of collection from Banks	306,023	-	306,023
Trading investments	849,155	-	849,155
Securities purchased under resale agreements	89,595	-	89,595
Derivative financial instruments	459,630	-	459,630
Interbank loans	101,106	(57)	101,049
Loans and accounts receivable with clients	9,291,070	(8,833)	9,282,237
Available for sale investments	497,532	-	497,532
Held-to-maturity investment securities	-	-	-
Investment in companies	52,037	-	52,037
Intangible assets	75,949	-	75,949
Premises and equipment	208,409	-	208,409
Tax receivable	-	-	-
Deferred income tax	34,886	-	34,886
Other assets	191,149	-	191,149
TOTAL ASSETS	**13,204,174**	**(8,890)**	**13,195,284**
LIABILITIES			
Deposits and other liabilities payable on demand	2,844,029	-	2,844,029
Items in the course of collection due to other Banks	184,437	-	184,437
Securities sold under repurchase agreements	317,784	-	317,784
Savings accounts and time deposits	5,467,545	-	5,467,545
Derivative financial instruments	487,478	-	487,478
Interbank borrowings	1,221,601	-	1,221,601
Bonds payable	1,129,914	-	1,129,914
Other financial liabilities	111,596	-	111,596
Current income taxes	31,052	-	31,052
Deferred income tax	34,109	-	34,109
Provisions	145,682	(8,890)	136,792
Other liabilities	189,781	-	189,781
TOTAL LIABILITIES	**12,165,008**	**(8,890)**	**12,156,118**
SHAREHOLDERS' EQUITY			
Attributable to owners of the parent			
Capital Stock	882,273	-	882,273
Reserves	-	-	-
Other comprehensive income	6,623	-	6,623
Retained earnings:			
Earnings retained from previous periods	(5,188)	-	(5,188)
Earnings of the period	222,075	-	222,075
Less: provisions for minimum dividends	(66,623)	-	(66,623)
TOTAL SHAREHOLDERS' EQUITY OF THE OWNERS OF THE PARENT	**1,039,160**	**-**	**1,039,160**
Non-controlling interest	**6**	**-**	**6**
TOTAL SHAREHOLDERS' EQUITY	**1,039,166**	**-**	**1,039,166**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,204,174**	**-**	**13,195,284**

NOTE 3 - ACCOUNTING CHANGES (continued)

Consolidated statement of results

	End-year balance as of 31/12/2010	Reclassification	Pro forma balance as of 31/12/2010
	MCh$	MCh$	MCh$
Interest income	755,283	-	755,283
Interest expenses	(239,559)	-	(239,559)
Net interest income	**515,724**	**-**	**515,724**
Fees and income from services	189,116	-	189,116
Fees and expenses from services	(40,552)	-	(40,552)
Net fee and commission income	**148,564**	**-**	**148,564**
Gain (loss) from financial operations, net	(36,628)	-	(36,628)
Foreign exchange (loss) gain, net	101,845	-	101,845
Other operating income	18,726	-	18,726
Total operating income	**748,231**	**-**	**748,231**
Provisions for loan losses	(116,247)	(24,253)	(140,500)
OPERATING INCOME, NET OF PROVISIONS	**631,984**	**(24,253)**	**607,731**
Staff salaries and expenses	(177,282)	-	(177,282)
Administrative expenses	(119,244)	-	(119,244)
Depreciation and amortization	(36,716)	-	(36,716)
Impairment	(1,810)	-	(1,810)
Other operating expenses	(42,699)	24,253	(18,446)
TOTAL OPERATING EXPENSES	**(377,751)**	**24,253**	**(353,498)**
NET OPERATING INCOME	**254,233**	**-**	**254,233**
Income from investment in companies	7,051	-	7,051
Income before income tax	**261,284**	**-**	**261,284**
Income tax	(39,204)	-	(39,204)
Income from continuing operations	**222,080**	**-**	**222,080**
Income from discontinued operations	**-**	**-**	**-**
CONSOLIDATED NET INCOME FOR THE PERIOD	**222,080**		**222,080**
Attributable to:			
Owners of the parent	222,075	-	222,075
Non-controlling interest	5	-	5
	222,080		**222,080**

NOTE 4 - RELEVANT FACTS

a) Dividend distribution and capitalization of retained earnings.

The ordinary shareholders meeting held on March 31, 2011 approved the distribution of the net income for 2010, amounting to MCh$222,075 as follows:

- A dividend of Ch$700 per share among the total of 103,106,155 shares issued and inscribed in the Shareholders' Registry, which amounts to MCh$72,175.
- Of the remaining balance of the period, MCh$5,188 were destined to cover the decrease in equity caused by the recording of the effect of the first Application of Contingent Provisions in accordance with the stated in Chapter B3 of the Compendium of Accounting Standards of the Superintendencia de Bancos e Instituciones Financieras.
- Transfer the remaining balance of the net income amounting to ChM$144,712 to the reserve for future capitalizations.

b) Capital stock increase

On March 31, 2011, an extraordinary shareholders' meeting approved, among other matters, a capital stock increase amounting to MCh$144,712 by means of capitalization of reserves coming from income:

1) Capitalizing, without issuance of shares, the amount of MCh$105,849 and
2) Capitalizing a total amount of MCh$38,863 through the issuance of 1,225,315 paid-in shares.

The capital stock of the Bank according to its current statutes amounted to MCh$882,273 representing 103,106,155 shares of the same series and without nominal value. As a result of the increase in capital stock of the Bank, the capital stock amounts to MCh$1,026,985 which shall be divided into 104,331,470 shares of the same series and without nominal value.

The referred capital stock increase was approved by the SBIF in Resolution N°142 dated on May 10, 2011. The corresponding certificate and extract of this Resolution was inscribed in pages 25,036 N°18,840 of the Registro de Comercio del Conservador de Bienes Raices de Santiago (Santiago Real Estate Registrar) of 2011 and was published in the Official Journal on May 14, 2011.

c) Issuance and placement of bonds

i) No subordinated bonds were issued during 2011.

ii) During 2011 the following straight bond in Mexican pesos was issued.

Dated on July 15, 2011, Mexican bond for an amount of 8,000,000,000 Mexican pesos, whose maturity will be on July 11, 2014.

iii) During 2011 the following straight bonds in UF were issued:

Dated on August 1, 2011, Bond Series AE1 for an amount of UF 10,000,000 to a 2.60% IRR (Internal Rate of Return) whose maturity will be on August 1, 2016.

Dated on August 1, 2011, Bond Series AE2 for an amount of UF 10,000,000 to a 2.60% IRR whose maturity will be on August 1, 2021.

iv) During 2011 the following placements of subordinated bonds were performed:

Dated on January 7, 2011, bond series AD2 for an amount of UF 200,000 to a 4.05% IRR (Internal Rate of Return) whose maturity will be on June 1, 2042.

Dated on January 7, 2011, bond series AD2 for an amount of UF 400,000 to a 4.05% IRR whose maturity will be on June 1, 2042.

Dated on January 7, 2011, bond series AD2 for an amount of UF 165,000 to a 4.05% IRR whose maturity will be on June 1, 2042.

Dated on January 11, 2011, bond series AD2 for an amount of UF 235,000 to a 4.05% IRR whose maturity will be on June 1, 2042.

Dated on February 10, 2011, bond series AD2 for an amount of UF 600,000 to a 4.17% IRR whose maturity will be on June 1, 2042.

Dated on February 10, 2011, bond series AD2 for an amount of UF 400,000 to a 4.17% IRR whose maturity will be on June 1, 2042.

Dated on February 16, 2011, bond series AD2 for an amount of UF 1,000,000 to a 4.20% IRR whose maturity will be on June 1, 2042.

Dated on February 16, 2011, bond series AD1 for an amount of UF 1,000,000 to a 4.20% IRR whose maturity will be on June 1, 2040.

Dated on February 23, 2011, bond series AD1 for an amount of UF 1,300,000 to a 4.17% IRR whose maturity will be on June 1, 2040.

Dated on February 23, 2011, bond series AD1 for an amount of UF 100,000 to a 4.17% IRR whose maturity will be on June 1, 2040.

Dated on February 23, 2011, bond series AD1 for an amount of UF 100,000 to a 4.17% IRR whose maturity will be on June 1, 2040.

Dated on February 23, 2011, bond series AD1 for an amount of UF 1,000,000 to a 4.17% IRR whose maturity will be on June 1, 2040.

Dated on March 1, 2011, bond series AD1 for an amount of UF 500,000 to a 4.12% IRR whose maturity will be on June 1, 2040.

v) During 2011 the following placements of straight bonds were performed:

Dated on February 3, 2011, bond series AA for an amount of UF 110,000 to a 3.30% IRR whose maturity will be on July 1, 2014.

Dated on February 8, 2011, bond series AA for an amount of UF 400,000 to a 3.30% IRR whose maturity will be on July 1, 2014.

Dated on February 9, 2011, bond series AA for an amount of UF 1,100,000 to a 3.40% IRR whose maturity will be on July 1, 2014.

Dated on May 12, 2011, bond series AB for an amount of UF 2,150,000 to a 3.60% IRR whose maturity will be on July 1, 2018.

Dated on July 15, 2011, Mexican bond for an amount of 2,000,000,000 Mexican pesos, to a 5.82% IRR whose maturity will be on July 11, 2014.

Dated on November 23, 2011, bond series AE2 for an amount of UF 1,000,000 to a 3.78% IRR whose maturity will be on August 1, 2021.

Dated on November 29, 2011, bond series AE2 for an amount of UF 400,000 to a 3.75% IRR whose maturity will be on August 1, 2021.

Dated on November 29, 2011, bond series AE2 for an amount of UF 1,000,000 to a 3.75% IRR whose maturity will be on August 1, 2021.

Dated on December 12, 2011, bond series AE2 for an amount of UF 500,000 to a 3.78% IRR whose maturity will be on August 1, 2021.

d) Changes in the Board of Directors

On Extraordinary Meeting of the Board celebrated on March 16, 2011, the resignation of director Mr. Daniel Yarur Elsaca was informed to the Board of Directors. The designation of Mr. José Pablo Arellano Marín as his replacement was agreed on the same meeting. Mr. Arellano Marín's position as director was confirmed on Ordinary Shareholders Meeting celebrated on March 31, 2011.

On Meeting of the Board celebrated on May 24, 2011, the resignation of director Mr. Ignacio Yarur Arrasate was informed to the Board of Directors. Mr. Mario Gómez Dubravcic was designated as his replacement until the next Ordinary Shareholders Meeting, where the definitive designation of the new director will be informed.

e) Financing obtained by syndicated loan

On April 7, 2011 the Bank obtained financing amounting to US$325,000,000 by means of a syndicated loan led by Standards Chartered and Wells Fargo banks, with participation of banks from Europe, Asia and the United States. The loan was granted for a two-year term at a 90-days Libor rate plus 0.85%.

f) Placement of straight bond in Mexico

On July 15, 2011 the Bank obtained financing for $2,000,000,000.00 Mexican pesos by placing a Straight Bond based on an investment agreement celebrated between Banco de Credito e Inversiones and HSBC Casa de Bolsa S.A. de C.V., HSBC Financial Group. The credit was granted on a three-year term with a TIIE (Interbank equilibrium interest rate) rate at 28 days +0.40% which reached 4.8081%+0.40% as of July 2011.

The issuance was under the cover of investments of Share Certificates for $8,000,000,000,00 Mexican pesos authorized by the Comision Nacional Bancaria y de Valores.

NOTE 5 - OPERATING SEGMENTS

5.1 Segments structure

The segments report is presented by the Bank based on the newly defined business structure, as of May, 2010, which is oriented towards optimizing the customer service with products and services, according to their relevant commercial characteristics.

These are:

Corporate banking	Includes operations with large corporations with annual sales of over UF 12,000, involving commercial financing, leasing, real-estate companies and derivative instruments.
Retail banking	Includes individuals and corporations with annual sales up to UF 12,000.
Finances and investment	Includes operations in areas that manage their own trading position, distribution area, corporate companies, institutional area, international area, private banking, and balance area.
Subsidiaries and others	Includes Bci Factoring S.A., BCI Asset Management Administradora General de Fondos S.A. (*), BCI Corredores de Seguros S.A.,BCI Corredor de Bolsa S.A., BCI Asesoría Financiera S.A. y BCI Securitizadora S.A.
(*)	On December 29, 2011 the SVS approved the merger by incorporation of BCI Administradora General de Fondos S.A. to BCI Asset Management Administradora de Fondos S.A.

The performance of these commercial areas is measured with the concepts presented in this note, which in turn are based on the accounting principles applied in the Bank's consolidated statement of results.

The allocation of expenses to the different segments is basically carried out in 3 stages:

Direct expenses: Corresponding to the expenses allocated directly to each of the cost centers of every segment area, which are clearly recognizable, e.g. staff expenses, materials and supplies, and depreciation.

Indirect expenses (assignment of centralized expenses): There are expenses that are booked in a common costs center that, according to the Bank's policy, are distributed between the different segments, e.g. telephone expenses which are distributed according to the number of staff per department, real estate depreciation in relation with m2 used, etc.

Expenses from support managements: these are assigned as a function of the costs in time and resources that come from the different segments based on the requirements requested to the support managements. These expenses are previously defined and agreed for each of the areas involved (user and support managements).

a) Income statement 2011

	December 31, 2011				
ACCUMULATED DECEMBER 2011	**Corporate banking**	**Retail banking**	**Finances and investment**	**Subsidiaries**	**Consolidated**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net interest income	178,370	232,799	132,922	11,259	555,350
Net commission income	23,615	67,192	5,889	72,575	169,271
Other operating income	(11,925)	12,707	58,964	23,394	83,140
Total operating income	**190,060**	**312,698**	**197,775**	**107,228**	**807,761**
Credit risk provisions	1,575	(70,884)	(29,812)	(23,193)	(122,314)
Net operating income	**191,635**	**241,814**	**167,963**	**84,035**	**685,447**
Total operating expenses	**(75,504)**	**(194,350)**	**(31,021)**	**(46,103)**	**(346,978)**
NET OPERATING INCOME	**116,131**	**47,464**	**136,942**	**37,932**	**338,469**

b) Operating income reconciliation by segment and income for the 2011 period

	MCh$
Segments operating income	338,469
Other unassigned operating expenses	(34,592)
Consolidated operating income	303,877
Income from investment in companies	8,482
Income net of income tax	312,359
Income tax	(51,090)
Income for the period	261,269

The "Other operating income" concept includes those corporate expenses that, due to their nature, are not directly identifiable with the business and therefore are not assigned.

The "Gain attributable to investment in companies" concept contains revenues that cannot be assigned directly to the indicated segments.

c) Business volumes 2011

	December 31, 2011				
ACCUMULATED DECEMBER 2011	**Corporate banking**	**Retail banking**	**Finances and investment**	**Subsidiaries**	**Consolidated**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**
ASSETS	5,190,109	4,631,824	5,987,639	300,089	16,109,661
LIABILITIES	5,073,978	4,584,360	5,850,697	262,157	15,771,192
NET INCOME	116,131	47,464	136,942	37,932	338,469

d) Income statement 2010:

	December 31, 2010				
ACCUMULATED DECEMBER 2010	**Corporate banking**	**Retail banking**	**Finance and investment**	**Subsidiaries**	**Consolidated**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Net interest income	133,234	186,277	173,361	22,852	515,724
Net commission income	24,785	52,817	11,638	59,324	148,564
Other operating income	2,936	2,364	55,090	23,553	83,943
Total operating income	**160,955**	**241,458**	**240,089**	**105,729**	**748,231**
Provisions for credit risk	(54,912)	(57,658)	1,016	(28,946)	(140,500)
Net operating income	**106,043**	**183,800**	**241,105**	**76,783**	**607,731**
Total operating expenses	**(65,854)**	**(177,363)**	**(30,266)**	**(45,909)**	**(319,392)**
OPERATING INCOME	**40,189**	**6,437**	**210,839**	**30,874**	**288,339**

d) Operating income reconciliation by segment and income for the 2010 period

	MCh$
Segments operating income	288,339
Other unassigned operating expenses	(34,106)
Consolidated operating income	254,233
Income from investment in companies	7,051
Income net of income tax	261,284
Income tax	(39,204)
Income for the period	222,080

The "Other operating income" concept includes those corporate expenses that, due to their nature, are not directly identifiable with the business and therefore are not assigned.

The "Income from investment in companies" concept contains revenues that cannot be assigned directly to the indicated segments.

e) Business volumes 2010

	December 31, 2010				
ACCUMULATED DECEMBER 2010	**Corporate banking**	**Retail banking**	**Finances and investment**	**Subsidiaries**	**Consolidated**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**
ASSETS	6,574,162	3,560,425	2,809,537	251,160	13,195,284
LIABILITIES	6,533,973	3,553,988	2,598,698	220,286	12,906,945
NET INCOME	40,189	6,437	210,839	30,874	288,339

NOTE 6 – CASH AND CASH EQUIVALENT

a) The following is the detail of balances included under cash and cash equivalent and their reconciliation with the consolidated statement of cash flows at the closure of each period:

	As of December 31	
	2011	**2010**
	MCh$	**MCh$**
Cash and due from banks		
Cash	257,401	225,798
Deposits with Central Bank of Chile	631,210	480,270
Deposits with domestic banks	2,282	8,254
Deposits abroad	308,688	333,311
Cash and due from banks subtotal	1,199,581	1,047,633
Items in the course of collection from banks	118,381	121,586
Highly-liquid financial instruments	7,953	21,473
Securities purchased under resale agreements	73,547	89,595
Total cash and due from banks	**1,399,462**	**1,280,287**

The volume of funds in cash and with the Central Bank of Chile reflects reserve requirements that the Bank has to maintain at monthly average levels.

b) Items in the course of collection from banks

Transactions in the course of liquidation relate to transactions for which only the settlement remains for increasing or decreasing funds held with Central Bank of Chile or in foreign banks, normally within 12 or 24 business hours (overnights). The following is the detail of these operations at the end of each period:

	As of December 31	
	2011	2010
	MCh$	MCh$
Assets		
Due from banks (interbank)	140,009	133,112
Funds receivable	135,464	172,911
Subtotal assets	275,473	306,023
Liabilities		
Funds payable	157,092	184,437
Subtotal liabilities	157,092	184,437
Items in the course of collection from banks, net	**118,381**	**121,586**

NOTE 7- TRADING INVESTMENTS

The following is the detail of instruments designated as trading investments:

	As of December 31	
	2011	2010
	MCh$	MCh$
Instruments of the Government and Central Bank of Chile:		
Bonds of the Central Bank of Chile	818,211	386,978
Promissory notes of the Central Bank of Chile	4,389	4,422
Other instruments of the Government and the Central Bank of Chile	37,656	15,304
Instruments of other domestic institutions:		
Bonds	7,641	6,631
Time deposits	255,021	283,803
Letters of credit	13,075	6,351
Documents issued by other financing institutions	69,065	50,142
Other instruments	13,925	60,871
Instruments of other foreign institutions:		
Bonds	-	-
Promissory notes	-	-
Other instruments	-	4,163
Investments in mutual funds:		
Funds administrated by related entities	23,495	30,490
Funds administrated by third parties	-	-
Total	**1,242,478**	**849,155**

NOTE 8 - REPURCHASE AGREEMENTS AND SALE OF SECURITITES

a) Securities purchased under resale agreements:

Type of entity	Maturity of the agreement: Up to 3 months MCh$	Up to 3 months Average rate %	Between 3 months-1year MCh$	Between 3 months-1year Average rate %	Over 1 year MCh$	Over 1 year Average rate %	Balance as of 31.12.2011 MCh$
Related individual or corporation	-	-	-	-	-	-	-
Bank operating in the country	-	-	-	-	-	-	-
Securities broker	29,657	0.56	400	0.64	-	-	30,057
Other financing institution operating in the country	-	-	-	-	-	-	-
Foreign financing institution	-	-	-	-	-	-	-
Other individual or corporation	40,405	2.46	3,085	0.53	-	-	43,490
Total	**70,062**		**3,485**		**-**		**73,547**

Type of entity	Maturity of the agreement: Up to 3 months MCh$	Up to 3 months Average rate %	Between 3 months-1 year MCh$	Between 3 months-1 year Average rate %	Over 1 year MCh$	Over 1 year Average rate %	Balance as of 31.12.2010 MCh$
Related individual or corporation	39,636	0.45	636	0.47	-	-	40,272
Bank operating in the country	-	-	-	-	-	-	-
Securities broker	7,132	0.33	-	-	-	-	7,132
Other financing institution operating in the country	-	-	-	-	-	-	-
Foreign financing institution	-	-	-	-	-	-	-
Other individual or corporation	33,958	0.51	8,233	0.52	-	-	42,191
Total	**80,726**		**8,869**		**-**		**89,595**

b) Securities sold under repurchase agreements:

Type of entity	Up to 3 months MCh$	Up to 3 months Average rate %	Between 3 months-1 year MCh$	Between 3 months-1 year Average rate %	Over 1 year MCh$	Over 1 year Average rate %	Balance as of 31.12.2011 MCh$
Related individual or corporation	-	-	-	-	-	-	-
Bank operating in the country	4,791	0.49	-	-	-	-	4,791
Securities broker	2,143	0.72	-	-	-	-	2,143
Other financing institution operating in the country	2,759	0.42	-	-	-	-	2,759
Foreign financing institution	-	-	-	-	-	-	-
Other individual or corporation	337,495	1.13	3,131	0.50	-	-	340,626
Total	**347,188**		**3,131**		**-**		**350,319**

Type of entity	Up to 3 months MCh$	Up to 3 months Average rate %	Between 3 months-1 year MCh$	Between 3 months-1 year Average rate %	Over 1 year MCh$	Over 1 year Average rate %	Balance as of 31.12.2010 MCh$
Related individual or corporation	17,751	0.22	-	-	-	-	17,751
Bank operating in the country	70,243	0.30	-	-	-	-	70,243
Securities broker	13,503	0.35	-	-	-	-	13,503
Other financing institution operating in the country	3,972	0.25	-	-	-	-	3,972
Foreign financing institution	-	-	-	-	-	-	-
Other individual or corporation	212,116	0.78	199	1.70	-	-	212,315
Total	**317,585**		**199**		**-**		**317,784**

NOTE 9 - DERIVATIVE INSTRUMENTS AND ACCOUNTING HEDGE

a) As of December 31st, 2011 and 2010, the Bank and its subsidiaries hold the following portfolio of derivative instruments:

	As of December			
	2011		2010	
	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$
Trading derivatives				
Forwards	191,731	176,104	162,423	233,970
Swaps	353,444	339,342	292,678	244,584
Call options	490	417	46	357
Put options	56	259	478	1,556
Futures	316	-	852	113
Others	-	-	-	-
Subtotal	546,037	516,122	456,477	480,580
Accounting hedge derivatives				
Forwards	608	-	-	-
Swaps	90,307	109,501	3,153	6,898
Call options	-	-	-	-
Put options	-	-	-	-
Futures	-	-	-	-
Others	-	-	-	-
Subtotal	90,915	109,501	3,153	6,898
Total	**636,952**	**625,623**	**459,630**	**487,478**

	Notional amount of contracts with final maturity			Notional amount of contracts with final maturity		
	2011			2010		
	Up to 3 months	Between 3 months - 1 year	Over 1 year	Up to 3 months	Between 3 months - 1 year	Over 1 year
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Fair value hedging derivatives	-	-	-	-	-	-
Forwards	-	-	-	-	-	-
Swaps	13,000	430,694	133,483	12,103	42,846	86,530
Call options	-	-	-	-	-	-
Put options	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Others	-	-	-	-	-	-
Subtotal	13,000	430,694	133,483	12,103	42,846	86,530
Trading derivatives						
Forwards	9,647,177	6,526,244	434,199	8,427,656	5,110,706	530,997
Swaps	4,357,619	9,283,861	8,561,906	1,859,464	4,198,265	9,582,204
Call options	234	13,688	4,164	20,315	14,248	-
Put options	234	13,688	4,164	30,876	13,781	-
Futures	2	-	-	2,727	-	-
Others	-	-	-	-	-	-
Subtotal	14,005,266	15,837,481	9,004,433	10,341,038	9,337,000	10,113,201
Cash flow hedging derivatives						
Forwards	75,800	271,987	-	-	-	-
Swaps	-	13,376	751,497	-	118,006	646,026
Call options	-	-	-	-	-	-
Put options	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Others	-	-	-	-	-	-
Subtotal	75,800	285,363	751,497	-	118,006	646,026
Total	14,094,066	16,553,538	9,889,413	10,353,141	9,497,852	10,845,757

b) Types of derivatives

The Bank uses accounting hedges to manage the fair value and cash flow risk they are exposed to. The fair value hedges use swaps to cover the change in fair value of an asset or liability in the balance. As of December 31, 2011 they amount to MCh$577,177 (MCh$141,479 in 2010).

Cash flow hedges on the other hand, allow to protect the variability risk of current or highly probable flows. This type of hedge uses forward and swaps derivatives from the domestic and international market. As of December 31, 2011 it amounts to MCh$1,112,660 (MCh$764,032 in 2010).

Notional values are considered for both types of hedges and they are expressed according to end-year parities.

NOTE 10 - DUE FROM BANKS

a) At the closure of each period, the balances contained on the "Due from banks" account are the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Domestic banks		
Interbank liquidity loans	5,208	-
Interbank commercial loans	-	-
Current accounts overdraft	-	-
Non-transferrable deposits with domestic banks	-	-
Foreign trade loans Chilean exports	-	-
Foreign trade loans Chilean imports	-	-
Foreign trade loans between other countries	-	-
Other due from domestic banks	-	-
Provisions for loans with domestic banks	(2)	-
Foreign banks		
Interbank liquidity loans	-	-
Interbank commercial loans	67,498	101,281
Current accounts overdraft	-	-
Non-transferrable deposits with foreign banks	-	-
Foreign trade loans Chilean exports	-	-
Foreign trade loans Chilean exports	-	-
Foreign trade loans Chilean imports	-	-
Foreign trade loans between other countries	-	-
Other due from foreign banks	-	-
Provisions for loans with foreign banks	(110)	(232)
Total	72,594	101,049

b) The amount for credit provisions and impairment due from Banks for each period is as follows:

	As of December 31, 2011			As of December 31, 2010		
Detail	Domestic banks	Foreign banks	Total	Domestic Banks	Foreign banks	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1	-	232	232	2	197	199
Write-off	-	-	-	-	-	-
Constituted provisions	2	-	2	166	180	346
Released provisions	-	(122)	(122)	(168)	(202)	(370)
Impairment	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Balance as of Dec. 31	2	110	112	-	175	175
Other movements (*)				-	57	57
Balance as of Dec. 31 Pro forma				-	232	232

(*) Other movements correspond to the recording against additional provisions performed during 2010 for the concept of contingent provisions (Chapter B-3) and individual portfolio (Chapter B-1) which have been reclassified to contingent credit risk and to the provisions on complementary loans of the asset accounts, according to the instructed by the Superintendencia de Bancos e Instituciones Financieras (SBIF).

NOTE 11 - LOANS AND ACCOUNTS RECEIVABLE WITH CLIENTS

a) Loans and accounts receivable with clients

As of December 31 2011 and 2010, the composition of the loans portfolio is as follows:

2011	Assets before provisions			Constituted provisions			Net asset
	Normal portfolio	Impaired portfolio	Total	Individual provisions	Group provisions	Total	Net asset
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans:							
Commercial loans	5,034,345	341,365	5,375,710	(101,243)	(36,672)	(137,915)	5,237,795
Foreign exchange loans	899,633	63,721	963,354	(31,019)	(304)	(31,323)	932,031
Current account debtors	128,231	7,402	135,633	(2,006)	(2,524)	(4,530)	131,103
Factoring operations	570,908	12,374	583,282	-	-	-	583,282
Leasing operations	563,127	45,700	608,827	(14,742)	(1,327)	(16,069)	592,758
Other loans and accounts receivable	133,779	7,815	141,594	(366)	(1,772)	(2,138)	139,456
Subtotal	**7,330,023**	**478,377**	**7,808,400**	**(149,376)**	**(42,599)**	**(191,975)**	**7,616,425**
Mortgage loans:							
Loans with letter of credit	62,545	5,887	68,432	-	(533)	(533)	67,899
Endorsable mortgage loans	25,470	4,789	30,259	-	(378)	(378)	29,881
Other mortgage loans	1,960,659	109,362	2,070,021	-	(8,700)	(8,700)	2,061,321
Leasing operations	-	-	-	-	-	-	-
Other loans and accounts receivable	-	-	-	-	-	-	-
Subtotal	**2,048,674**	**120,038**	**2,168,712**	**-**	**(9,611)**	**(9,611)**	**2,159,101**
Consumer loans:							
Consumer loans in installments	1,025,621	107,588	1,133,209	-	(62,596)	(62,596)	1,070,613
Current account debtors	63,248	7,963	71,211	-	(6,293)	(6,293)	64,918
Credit card debtors	183,452	7,737	191,189	-	(6,785)	(6,785)	184,404
Leasing operations	914	10	924	-	(10)	(10)	914
Other loans and accounts receivable	4,192	14	4,206	-	(27)	(27)	4,179
Subtotal	**1,277,427**	**123,312**	**1,400,739**	**-**	**(75,711)**	**(75,711)**	**1,325,028**
TOTAL	**10,656,124**	**721,727**	**11,377,851**	**(149,376)**	**(127,921)**	**(277,297)**	**11,100,554**

2010	Assets before provisions			Constituted provisions			
	Normal portfolio	Impaired portfolio	Total	Individual provisions	Group provisions	Total	Net asset
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans:							
Commercial loans	4,286,206	302,195	4,588,401	(81,731)	(22,963)	(104,694)	4,483,707
Foreign exchange loans	660,069	86,484	746,553	(49,558)	(339)	(49,897)	696,656
Current account debtors	83,973	10,078	94,051	(3,296)	(682)	(3,978)	90,073
Factoring operations	419,585	1,051	420,636	(5,080)	-	(5,080)	415,556
Leasing operations	466,617	18,668	485,285	(6,409)	(1,263)	(7,672)	477,613
Other loans and accounts receivable	106,281	2,230	108,511	(40)	(3,487)	(3,527)	104,984
	6,022,731	**420,706**	**6,443,437**	**(146,114)**	**(28,734)**	**(174,848)**	**6,268,589**
Mortgage loans:							
Loans with letter of credit	76,025	7,395	83,420	-	(604)	(604)	82,816
Endorsable mortgage loans	29,583	5,899	35,482	-	(654)	(654)	34,828
Other mortgage loans	1,700,770	93,875	1,794,645	-	(7,809)	(7,809)	1,786,836
Leasing operations	-	-	-	-	-	-	-
Other loans and accounts receivable	-	-	-	-	-	-	-
Subtotal	**1,806,378**	**107,169**	**1,913,547**	**-**	**(9,067)**	**(9,067)**	**1,904,480**
Consumer loans:							
Consumer loans in installments	866,458	83,113	949,571	-	(56,518)	(56,518)	893,053
Current account debtors	63,376	5,549	68,925	-	(4,548)	(4,548)	64,377
Credit card debtors	146,083	5,051	151,134	-	(4,280)	(4,280)	146,854
Leasing operations	866	52	918	-	(12)	(12)	906
Other loans and accounts receivable	4,010	23	4,033	-	(55)	(55)	3,978
Subtotal	**1,080,793**	**93,788**	**1,174,581**	**-**	**(65,413)**	**(65,413)**	**1,109,168**
TOTAL	**8,909,902**	**621,663**	**9,531,565**	**(146,114)**	**(103,214)**	**(249,328)**	**9,282,237**

The collaterals adopted by the Bank to assure the charge of rights reflected in its loans portfolio correspond to mortgage, collateral on movable and real property assets, warrants and mercantile and commercial financing instrument types. As of December 31, 2011 and 2010 the fair values of the adopted collaterals correspond to 107.12% and 103.15% of the covered assets respectively.

In the case of mortgage collaterals, as of December 31, 2011 and 2010 the fair value of the adopted collaterals correspond to 116.26% and 104.96% of the balance receivable from loans respectively.

The Bank finances to its clients the acquisition of property, both movable and real estate by means of financial lease agreements presented in this account. as of December 31, 2011 and 2010 approximately MCh$369,197 and MCh$283,588 correspond to financial leases on movable assets respectively, and MCh$240,554 and MCh$202,615 correspond to financial leases on real property respectively.

During the period, the Bank has obtained financial assets corresponding to real estate for an amount of MCh$3,798 for 2011 and MCh$4,986 for 2010 through execution of collaterals or pledge of collateral assets.

b) Characteristics of the portfolio:

As of December 31, 2011 and 2010, the portfolio before provisions presents a breakdown according to the economic activity of the client as follows:

	Credit in the country		Credit abroad		Total			
	2011	2010	2011	2010	2011	2010	2011	2010
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	%	%
Commercial loans:								
Agriculture and stockbreeding except fruit growing	171,592	149,756	46,074	47,082	217,666	196,838	1.91	2.07
Fruit growing	34,939	31,600	49,587	46,141	84,526	77,741	0.74	0.82
Forestry and Wood extraction	58,497	38,291	5,616	11,797	64,113	50,088	0.56	0.53
Fishing	29,020	16,989	152,118	129,120	181,138	146,109	1.59	1.53
Mines and quarries exploitation	37,346	30,950	35,729	23,361	73,075	54,311	0.64	0.57
Crude oil and natural gas production	2,076	1,860	6,625	-	8,701	1,860	0.08	0.02
Food, beverages and tobacco industry	94,743	81,914	71,253	51,499	165,996	133,413	1.46	1.40
Textile and leather industry	32,342	67,123	22,840	12,503	55,182	79,626	0.48	0.84
Wood and furniture industry	31,274	23,445	21,115	29,433	52,389	52,878	0.46	0.55
Paper, printing and editorial industry	31,423	29,698	7,995	9,351	39,418	39,049	0.35	0.41
Chemicals and oil derivatives, coal, rubber and plastic industry.	132,820	115,920	35,227	27,557	168,047	143,477	1.48	1.50
Fabrication of metallic and non-metallic mineral products, machinery and equipment.	221,159	148,854	126,016	61,102	347,175	209,956	3.05	2.20
Other manufacturing industries	20,841	20,651	20,021	51,235	40,862	71,886	0.36	0.75
Electricity, gas and water	183,817	189,972	86,151	89,241	269,968	279,213	2.37	2.93
House building	594,825	416,014	14,173	27,646	608,998	443,660	5.35	4.65
Other Works and buildings	263,388	281,284	17,130	20,127	280,518	301,411	2.47	3.16
Wholesale trading	462,554	390,437	245,764	234,752	708,318	625,189	6.23	6.56
Retail trading, restaurants and hotels	557,769	525,124	209,987	117,790	767,756	642,914	6.75	6.75
Transport and storing	294,535	258,605	156,329	72,850	450,864	331,455	3.96	3.48
communications	115,953	111,696	9,507	4,311	125,460	116,007	1.10	1.21
Financing and insurance establishments	955,350	795,452	81,409	63,299	1,036,759	858,751	9.11	9.01
Real estate and services provided to companies	746,531	620,892	87,197	21,595	833,728	642,487	7.33	6.74
Communal, social and personal services	1,156,681	924,198	71,062	20,920	1,227,743	945,118	10.80	9.92
Subtotal	**6,229,475**	**5,270,725**	**1,578,925**	**1,172,712**	**7,808,400**	**6,443,437**	**68.63**	**67.60**
Mortgage loans	2,168,712	1,913,547	-	-	2,168,712	1,913,547	19.06	20.08
Consumer loans	1,390,606	1,167,742	10,133	6,839	1,400,739	1,174,581	12.31	12.32
Total	**9,788,793**	**8,352,014**	**1,589,058**	**1,179,551**	**11,377,851**	**9,531,565**	**100.00**	**100.00**

c) Provisions

The provisions movement during the periods is summarized as follows:

	2011			2010		
	Individual provisions	Group provisions	Total	Individual provisions	Group provisions	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of Jan, 1	146,114	103,214	249,328	115,283	79,051	194,334
Impaired portfolio write-offs:						
Commercial loans	(19,113)	(18,581)	(37,694)	(6,518)	(25,297)	(31,815)
Mortgage loans	-	(4,017)	(4,017)	-	(2,779)	(2,779)
Consumer loans	-	(67,406)	(67,406)	-	(63,318)	(63,318)
Total write-offs	**(19,113)**	**(90,004)**	**(109,117)**	**(6,518)**	**(91,394)**	**(97,912)**
Constituted provisions	34,404	127,795	162,199	40,692	162,907	203,599
Released provisions	(12,029)	(13,084)	(25,113)	(3,743)	(55,783)	(59,526)
Impairment	-	-	-	-	-	-
Impairment reversion	-	-	-	-	-	-
Balance as of December 31	**149,376**	**127,921**	**277,297**	**145,714**	**94,781**	**240,495**
Other movements (*)				400	8,433	8,833
Pro forma balance as of December 31				**146,114**	**103,214**	**249,328**

(*) Other movements correspond to the recording against additional provisions performed during 2010 for the concept of contingent provisions (Chapter B-3) and individual portfolio (Chapter B-1) which have been reclassified to contingent credit risk and to the provisions on complementary loans of the asset accounts, according to the instructed by the Superintendencia de Bancos e Instituciones Financieras (SBIF).

In addition to these provisions for credit risk, the provisions for country risk are maintained to cover operations abroad and additional provisions agreed by the Board, which are presented as liabilities in the “Provisions” account (Note 21). Therefore, the total of provisions for credit risk constituted for different concepts correspond to the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Individual and group provisions	277,297	249,328
Provisions for contingent credit risk (Note 21)	15,048	14,240
Provisions for contingencies (Note 21)	46,078	31,245
Provisions for country risk (Note 21)	760	882
Provisions on due from banks (Note 10)	112	232
Totals	339,295	295,927

Complementary revelations:

During 2011 and 2010 the Bank has not performed operations of purchase, sale, substitution or swap of credits of the loans portfolio with other financial institutions.

NOTE 12 - INVESTMENT INSTRUMENTS

As of December 31 2011 and 2010, the detail of instruments designated as financing instruments available for sale and held to maturity is the following:

	2011			2010		
	Available for sale	Held to maturity	Total	Available for sale	Held to maturity	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Investments priced in active markets						
Of the government and Central Bank of Chile						
Instruments of the Central Bank of Chile	86,782	-	86,782	99,754	-	99,754
Bonds or promissory notes of the Treasury	43	-	43	-	-	-
Other fiscal instruments	26,904	-	26,904	29,370	-	29,370
Other instruments issued in the country:						
Instruments from other banks of the country	412,788	-	412,788	125,856	-	125,856
Bonds and instruments from companies	115,980	-	115,980	105,647	-	105,647
Other instruments issued in the country (*)	2,158	-	2,158	51	-	51
Instruments issued abroad:						
Instruments from foreign governments and banks	15,094	-	15,094	14,293	-	14,293
Bonds issued abroad	158,822		158,822	115,712		115,712
Other instruments issued abroad	11,019	-	11,019	6,849	-	6,849
Impairment provision (**)	-	-	-	-	-	-
Totals	**829,590**	**-**	**829,590**	**497,532**	**-**	**497,532**

As of December 31, 2011, the portfolio of instruments available for sale includes an unrealized profit net of deferred taxes of MCh$10,202 (MCh$5,322 as of December 31, 2010) recorded as valuation adjustments in equity.

(*) Includes the shares that the BCI Corredor de Bolsa S.A. subsidiary has in the Santiago Stock Exchange and in the Chilean Electronic Stock Exchange (BEC in Spanish), valued at fair value, reflecting said value in the "Other comprehensive results" account. These shares are valued according to their last transaction value.

(**) During the 2011 and 2010 periods, there is no evidence of impairment in the instruments available for sale.

NOTE 13 - INVESTMENT IN COMPANIES

a) As of December 31 2011 and 2010, the main investments in companies are detailed below:

	As of December 31							
Company	2011				2010			
	Equity	Share	Investment value	Accrued result	Equity	Share	Investment value	Accrued result
	MCh$	%	MCh$	MCh$	MCh$	%	MCh$	MCh$
Investments valued at equity value:								
Redbanc S,A,	5,480	12.71	697	164	4,764	12.71	606	26
Servipag Ltda,	7,397	50.00	3,699	611	6,176	50.00	3,088	376
Combanc S,A,	3,795	10.50	398	76	3,347	10.50	351	44
Transbank S,A,	6,274	8.72	547	104	6,205	8.72	541	97
Nexus S,A,	6,412	12.90	827	150	6,412	12.90	827	114
Artikos Chile S,A,	1,984	50.00	992	72	1,840	50.00	920	222
AFT S,A,	8,714	20.00	1,743	966	3,879	20.00	776	304
Centro de Compensación Automático ACH Chile	1,252	33.33	417	202	1,039	33.33	346	47
Sociedad Interbancaria de Depósitos de Valores S,A,	1,573	7.03	111	24	1,392	7.03	98	30
Credicorp Ltda,	1,641,141	1.81	51,674	5,670	2,411,921	1.77	42,691	5,537
Bolsa de Comercio de Santiago	-	-	-	-	18,492	2.08	385	79
Bolsa Electrónica de Chile	-	-	-	-	4,676	2.44	114	6
Bolsa de Corredores de Valparaíso	-	-	-	-	678	1.67	11	-
CCLV Contraparte Central S,A,	-	-	-	-	5,714	0.15	9	-
Complemento Corredora de Bolsa	-	-	-	-	-	-	1,009	-
Investments valued at cost:								
SWIFT shares	-	-	13	-			12	-
Other shares	-	-	42	373			34	69
Bladex shares	-	-	219	70			219	100
Total			**61,379**	**8,482**			**52,037**	**7,051**

b) The variation of investment in companies for the 2011 and 2010 periods is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Balance at the beginning of the period	52,037	47,825
Investment acquisition	1,640	1,564
Conversion adjustment	4,382	(2,466)
Share over income	6,818	6,902
Dividends received	(1,732)	(1,812)
Minimum dividends provision	(256)	(166)
Others	(1,510)	190
Total	**61,379**	**52,037**

As of December 31, 2011 and 2010, no impairment in the investments was produced.

NOTE 14 - INTANGIBLE ASSETS

a) The composition of this account as of December 31 2011 and 2010 is the following:

			2011			2010
Concept	Years of useful life	Remaining amortization years	Gross balance	Accumulated amortization & impairment	Net balance	Net balanc e
			MCh$	MCh$	MCh$	MCh$
Intangibles acquired independently	6	3	23,361	(16,027)	7,334	7,053
Intangibles acquired in business combination	10	2	39,204	(31,602)	7,602	11,588
Intangibles generated internally	6	2	103,133	(39,668)	63,465	55,845
Incorporation rights	-	-	-	-	-	1,463
Total			**165,698**	**(87,297)**	**78,401**	**75,949**

b) The variation of the intangible assets account during the 2011 and 2010 periods is the following:

	Intangibles acquired independently MCh$	Intangibles acquired in business combination MCh$	Intangibles generated internally MCh$	Incorporation rights MCh$	Total MCh$
Balance as of Jan, 2010	18,419	39,204	73,760	663	132,046
Acquisitions	2,585	-	35,045	800	38,430
Withdrawals	(62)	-	(24,222)	-	(24,284)
Reclassifications	-	-	-	-	
Gross balance as of December 2010	20,942	39,204	84,583	1,463	146,192
Period's amortization	(2,210)	(3,986)	(10,923)	-	(17,119)
Accumulated amortization	(11,679)	(23,630)	(17,815)	-	(53,124)
Balance as of December 2010	**7,053**	**11,588**	**55,845**	**1,463**	**75,949**
Balance as of Jan, 2011	20,942	39,204	84,583	1,463	146,192
Acquisitions	3,097	-	29,814	-	32,911
Withdrawals	(678)	-	(11,264)	(1,463)	(13,405)
Reclassifications					
Gross balance as of December 2011	23,361	39,204	103,133	-	165,698
Period's amortization	(2,138)	(3,986)	(10,930)	-	(17,054)
Accumulated amortization	(13,889)	(27,616)	(28,738)	-	(70,243)
Balance as of December 2011	**7,334**	**7,602**	**63,465**	**-**	**78,401**

NOTE 15 - PREMISES AND EQUIPMENT

The composition and variation of premises and equipment as of December 31 2011 and 2010 is the following:

	Plots of land and buildings MCh$	Equipment MCh$	Others MCh$	Total MCh$
2010				
Balance as of January 1, 2010	171,065	86,519	45,073	302,657
Additions	22,896	16,813	15,784	55,493
Discards/discharges	(4,830)	(5,250)	(2,282)	(12,362)
Transfers	(6,572)	(2,926)	(13,046)	(22,544)
Others	(65)	(479)	(1,467)	(2,011)
Impairment (1)	(2,590)	(1,318)	(346)	(4,254)
Gross balance as of December 31, 2010	**179,904**	**93,359**	**43,716**	**316,979**
Accumulated depreciation	(23,598)	(67,472)	(19,944)	(111,014)
Impairment (1)	964	1,220	260	2,444
Total accumulated depreciation	**(22,634)**	**(66,252)**	**(19,684)**	**(108,570)**
Net premises and equipment balance as of December 31, 2010	**157,270**	**27,107**	**24,032**	**208,409**

	Plots of land and buildings MCh$	Equipment MCh$	Others MCh$	Total MCh$
2011				
Balance as of January 1, 2011	179,904	93,359	43,716	316,979
Additions	46,609	22,168	40,742	109,519
Discards/discharges	(6,228)	(6,939)	(4,188)	(17,355)
Transfers	(32,741)	(10,259)	(40,809)	(83,809)
Impairment	-	-	-	-
Gross balance as of December 31, 2011	**187,544**	**98,329**	**39,461**	**325,334**
Accumulated depreciation	(27,989)	(71,199)	(19,735)	(118,923)
Impairment	-	-	-	-
Total accumulated depreciation	**(27,989)**	**(71,199)**	**(19,735)**	**(118,923)**
Net premises and equipment balance as of December 31, 2011	**159,555**	**27,130**	**19,726**	**206,411**

(1) On February 27th 2010, an earthquake affected the central and southern region of the country, causing damages to the infrastructure of certain Bank's assets. The Bank recorded expenses amounting MCh$1,810. The recoveries obtained from insurance companies amounted to MCh$941.

a) As of December 31 2011 and 2010 the Bank has no operating lease agreements.

b) As of December 31 2011 and 2010 the Bank has financing lease agreements that cannot be rescinded unilaterally. The information of future payments is detailed as follows:

	Future payments of financing lease agreements			
	Up to 1 year	1 to 5 years	Over 5 years	Total
	MCh$	MCh$	MCh$	MCh$
As of December 31, 2011	182	625	9	816
As of December 31, 2010	174	778	36	988

On the other hand, the balances for premises and equipment under financing lease as of December 31, 2011 amount to MCh$1,664 (MCh$1,689 as of December 31, 2010) and are presented as part of the "Others" account of premises and equipment.

NOTE 16 - CURRENT TAX AND DEFERRED TAX

(a) Current tax

The Bank and its subsidiaries at the closure of each period have constituted the provision of first-category income tax and the provision of Unique Tax of Article N°21 of the Income Law, which was determined based on the tributary legal dispositions in force and have reflected assets amounting MCh$8,688 as of December 31 2011 (liabilities for MCh$31,052 in 2010). Said provision is presented net of collectible taxes, as detailed below:

	December 31	
	2011	2010
	MCh$	MCh$
Income tax (20% and 17% tax rate)	(66,716)	(54,418)
35% provision unique tax	(252)	(219)
Less:		
Monthly provisional payments	70,087	18,046
Credit for training expenses	1,249	915
Credit for acquisition of premises and equipment	20	24
Credit for donations	1,250	881
Collectible income tax	2,249	3,081
Other collectible taxes and withholdings	801	638
Total	**8,688**	**(31,052)**

(b) Income tax

The effect of taxes on the income during the periods comprehended between January 1 and December 31, 2011 and 2010 is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Income tax charges:		
Current year tax	(66,716)	(54,418)
Surplus/deficit previous year provision	5,220	6,884
	(61,496)	(47,534)
Credit (charge) for deferred taxes:		
Origination and reversal of timing differences	10,656	7,613
Rate change of 1st category income tax	(185)	(389)
	10,471	7,224
Subtotal	(51,025)	(40,310)
Tax for rejected expenses article N°21	(65)	(115)
Others	-	1,221
	(65)	1,106
Net credit (charge) to income statement	**(51,090)**	**(39,204)**

(c) Reconciliation of the effective tax rate

The following is the reconciliation of the income tax rate with the effective rate applied in determining the tax charge as of December 31 2011 and 2010.

	As of December 31			
	2011		2010	
	Tax rate	Amount	Tax rate	Amount
	%	MCh$	%	MCh$
Income before tax		312,359		261,284
Applicable tax rate	20.00		17.00	
Statutory income tax rate in force as of		62,472		44,418
Tax effect of non-deductible expenses in calculation of taxable income				
Permanent differences	(2.65)	(8,271)	(0.97)	(2,539)
Unique tax (rejected expenses)	0.02	65	0.04	114
Effect of rate change	(0.06)	(185)	(0.15)	(389)
Result from investment in companies	(0.20)	(626)	(0.42)	(1,090)
Others	(0.75)	(2,365)	(0.50)	(1,310)
Effective rate and income tax charge	**16.36**	**51,090**	**15.00**	**39,204**

The effective income tax rate for 2011 and 2010 is 16.36% and 15.00% respectively.

NOTE 16 - CURRENT TAX AND DEFERRED TAX (continued)

(d) Effect of deferred taxes on equity

The deferred tax recorded with charges or credit to shareholders' equity as of December 31, 2011 and 2010 is composed by the following concepts:

	Accumulated as of December 31		Effect on period 2011
	2011	2010	
	MCh$	MCh$	
Financial investments available for sale	(2,102)	(1,687)	(415)
Cash flow hedges	167	(705)	872
Effect of deferred tax on shareholders' equity	**(1,935)**	**(2,392)**	**457**

(e) Effect of deferred taxes on results

During 2011 and 2010 the Bank has recorded in its consolidated financial statements the effects of deferred taxes according to IAS 12.

The effect of income taxes on assets, liabilities and results assigned by temporary differences is presented as follows:

	As of December 31					
	2011			2010		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Concepts:						
Provisions for loan losses	33,887	-	33,887	26,822	-	26,822
Provisions for staff vacations & bonuses	5,027	-	5,027	3,838	-	3,838
Securities trading	-	(5,622)	(5,622)	-	(1,228)	(1,228)
Derivatives trading	-	-	-	-	-	-
Others	4,560	-	4,560	4,226	-	4,226
Property, plant and equipment	-	(15,095)	(15,095)	-	(13,732)	(13,732)
Transitory assets	-	(8,671)	(8,671)	-	(9,598)	(9,598)
Subordinate bonds	-	(4,435)	(4,435)	-	(4,318)	(4,318)
Leasing operations (net)	4,071	-	4,071	-	(66)	(66)
Derivative contracts operations	-	(844)	(844)	-	(57)	(57)
Others	-	(446)	(446)	-	(2,718)	(2,718)
Total assets (liabilities), net	**47,545**	**(35,113)**	**12,432**	**34,886**	**(31,717)**	**3,169**
Net effect for deferred tax assets	**47,545**	**(37,048)**	**10,497**	**34,886**	**(34,109)**	**777**

NOTE 16 - CURRENT TAX AND DEFERRED TAX (continued)

(f) Tax treatment of loans and accounts receivable, provisions, write-offs and recoveries.

a. Loans and accounts receivable

		Assets at tax value		
Loans and accounts receivable With clients as of 31,12,2011	Assets at financial Statement value	Total	Matured portfolio With collateral	Matured portfolio Without collateral
	MCh$	MCh$	MCh$	MCh$
Commercial loans	5,761,147	5,760,078	73,096	101,177
Consumer loans	1,394,340	1,389,811	9,983	79,852
Mortgage loans for housing	1,941,488	1,938,141	32,238	178

		Assets at tax value		
Loans and accounts receivable With clients as of 31,12,2010	Assets at financial Statement value	Total	Matured portfolio With collateral	Matured portfolio Without collateral
	MCh$	MCh$	MCh$	MCh$
Commercial loans	4,798,268	4,798,185	63,289	63,326
Consumer loans	1,147,534	1,143,429	10,385	70,393
Mortgage loans for housing	1,728,915	1,725,913	29,798	543

NOTE 16 - CURRENT TAX AND DEFERRED TAX (continued)

b. Provisions

Provisions on matured portfolio	Balance at 01,01,2011	Write-offs on provisions	Constituted provisions	Released provisions	Balance at 31,12,2011
	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans	89,533	(24,247)	76,166	(43,498)	97,954
Consumer loans	71,838	(65,233)	85,433	(40,599)	51,439
Mortgage loans for housing	3,447	-	1,325	(1,977)	2,795

Provisions on matured portfolio	Balance at 01,01,2010	Write-offs on provisions	Constituted provisions	Released provisions	Balance at 31,12,2010
	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans	79,934	(13,414)	51,412	(28,399)	89,533
Consumer loans	65,063	(36,124)	70,535	(27,636)	71,838
Mortgage loans for housing	3,148	-	2,167	(1,868)	3,447

c. Write-offs and recoveries

Direct write-offs and recoveries as of 31.12.2011	MCh$
Direct write-offs Art. 31 N°4 subsection two	11,929
Condonations that originated provisions release	-
Recoveries or renegotiations of written-off credits	40,341

Application of Art. 31 N°4 subsections one and three	MCh$
Write-offs according to subsection one	-
Condonations according to subsection three	-

Direct write-offs and recoveries as of 31.12.2010	MCh$
Direct write-offs Art. 31 N°4 subsection two	41,476
Condonations that originated provisions release	-
Recoveries or renegotiations of written-off credits	-

Application of Art. 31 N°4 subsections one and three	MCh$
Write-offs according to subsection one	-
Condonations according to subsection three	-

NOTE 17 - OTHER ASSETS

a) As of December 31 2011 and 2010 the composition of the account is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Assets for leasing (*)	42,341	71,704
Assets received in payment or awarded:		
Assets received in payment	1,741	3,083
Assets awarded from judicial auctions	2,138	2,005
Provisions for assets received in payment or awarded (**)	(156)	(259)
Other assets:		
Guarantee deposits	47,600	8,721
Investments in gold	3,726	2,973
VAT fiscal credit	5,097	4,980
Expenses paid in advance	38,571	13,732
Assets from premises and equipment for sale	4,838	-
Leasing assets recovered for sale (***)	2,406	699
Valuation adjustments for macro-hedges	109	-
Accounts receivable with related companies	263	251
Accounts receivable	48,176	33,490
Assets to be recovered	10,916	8,062
Object of assets hedge	709	21,899
Other assets	67,993	19,809
Total	**276,468**	**191,149**

(*) Correspond to premises and equipment available to be delivered under financing lease.

(**) The record of provisions on assets received in payment or awarded are recorded according to what has been stipulated in the Accounting Standards Compendium Chapter B-5 N°3, which implies recording a provision for the difference between the initial value plus additions and the realization value, when the first is higher.

(***) Within the same account, the recovered assets from leasing for sale are included, which correspond to movable assets.

This real property are assets available for sale, which is very likely to happen. For most of the assets, the sale is expected to be fulfilled in a one-year term starting from the date when the asset is classified as "premises and equipment asset available for sale and/or asset recovered in leasing held for sale".

b) The variation of provision on assets received in payment or awarded, during the 2011 and 2010 periods is the following:

Accumulated amortization and impairment	Provisions on assets MCh$
Balance as of January 1, 2010	932
Constitution of provisions	243
Release of provisions	(916)
Balance as of December 31, 2010	**259**
Constitution of provisions	172
Release of provisions	(275)
Balance as of December 31, 2011	**156**

NOTE 18 - DEPOSITS AND OTHER OBLIGATIONS PAYABLE ON DEMAND AND TIME DEPOSITS

As of December 31, 2011 and 2010 the composition of this account is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Deposits and other obligations payable on demand		
Current accounts	2,630,376	2,378,568
Other deposits and accounts payable on demand	332,491	276,284
Other obligations payable on demand	209,613	189,177
Total	**3,172,480**	**2,844,029**
Deposits and other time deposits		
Time deposits	6,697,230	5,414,284
Time savings accounts	50,239	51,549
Other time credit balances	1,585	1,712
Total	**6,749,054**	**5,467,545**

NOTE 19 - INTERBANK BORROWINGS

As of December 31, 2011 and 2010 the composition of this account is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Loans received from financial institutions and Central Bank of Chile		
Other obligations with Central Bank of Chile	132,138	183
Others Central Bank of Chile	-	-
Subtotal	132,138	183
Loans received from domestic financial institutions:		
Interbank loans	68,159	160,873
Other obligations	159,777	58
Subtotal	227,936	160,931
Loans received from financial institutions abroad:		
Foreign trade financing	862,046	722,992
Loans and other obligations	624,974	337,495
Subtotal	1,487,020	1,060,487
Total	**1,847,094**	**1,221,601**

NOTE 20 - DEBT INSTRUMENTS ISSUED AND OTHER FINANCIAL OBLIGATIONS

As of December 31 2011 and 2010, the composition of this account is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Other financial obligations:		
Obligations with public sector	78,791	79,720
Other obligations in Chile	33,154	29,472
Obligations abroad	2,882	2,404
Total	**114,827**	**111,596**
Debt instruments issued:		
Letters of credit	102,626	142,336
Straight bonds	730,638	493,735
Subordinated bonds	640,370	493,843
Total	**1,473,634**	**1,129,914**

The detail as of December 31, 2011 of placement of straight and subordinated bonds is as follows:

STRAIGHT BONDS IN UF

Series	UF issued	UF placed	Issuance date	Maturity date	Average rate	Balance due (UF)	Balance due (MCh$)
SERIE_V	5,000,000	5,000,000	01/06/2007	01/06/2012	3.47%	4,997,648	111,418
SERIE_X	5,000,000	5,000,000	01/06/2007	01/06/2017	3.80%	4,810,142	107,237
SERIE_AA	10,000,000	10,000,000	01/07/2008	01/07/2014	3.79%	9,070,948	202,228
SERIE_AB	10,000,000	10,000,000	01/07/2008	01/07/2018	3.69%	7,904,485	176,223
SERIE_AE1	10,000,000	-	01/08/2011	01/08/2016	2.60%	-	-
SERIE_AE2	10,000,000	2,900,000	01/08/2011	01/08/2021	3.76%	2,668,286	59,487
Subtotal	**50,000,000**	**32,900,000**				**29,451,509**	**656,593**

STRAIGHT BONDS IN FOREIGN CURRENCY

Series	Amount issued Mexican pesos	Amount placed Mexican pesos	Issuance date	Maturity date	Average rate	Balance due Mexican pesos	Balance due (MCh$)
BCI11	8,000,000,000	2,000,000,000	15/07/2011	11/07/2014	5,82%	1,983,327,164	74,045
Subtotal	**8,000,000,000**	**2,000,000,000**				**1,983,327,164**	**74,045**

SUBORDINATED BONDS IN UF

Series	UF issued	UF placed	Issuance date	Maturity date	Average rate	Balance due (UF)	Balance due (MCh$)
SERIE_C y D	2,000,000	2,000,000	01/12/1995	01/12/2016	6,92%	832,307	18,555
SERIE_E	1,500,000	1,500,000	01/11/1997	01/11/2018	7,36%	828,274	18,466
SERIE_F	1,200,000	1,200,000	01/05/1999	01/05/2024	7,75%	845,800	18,856
SERIE_G	400,000	400,000	01/05/1999	01/05/2025	7,95%	292,141	6,513
SERIE_L	1,200,000	1,200,000	01/10/2001	01/10/2026	6,38%	981,569	21,883
SERIE_M	1,800,000	1,800,000	01/10/2001	01/10/2027	6,45%	1,491,051	33,242
SERIE_N	1,500,000	1,500,000	01/06/2004	01/06/2029	5,17%	1,316,229	29,344
SERIE_O	1,500,000	1,500,000	01/06/2004	01/06/2030	3,99%	1,304,623	29,085
SERIE_R	1,500,000	1,500,000	01/06/2005	01/06/2038	4,70%	570,723	12,724
SERIE_S	2,000,000	2,000,000	01/12/2005	01/12/2030	4,86%	1,737,208	38,729
SERIE_T	2,000,000	2,000,000	01/12/2005	01/12/2031	4,44%	1,796,215	40,045
SERIE_U	2,000,000	2,000,000	01/06/2007	01/06/2032	4,21%	1,847,613	41,191
SERIE_Y	4,000,000	4,000,000	01/12/2007	01/12/2030	4,25%	1,819,200	40,557
SERIE_W	4,000,000	4,000,000	01/06/2008	01/06/2036	4,05%	1,516,000	33,798
SERIE_AC	6,000,000	6,000,000	01/03/2010	01/03/2040	4,04%	5,447,821	121,454
SERIE_AD 1	4,000,000	4,000,000	01/06/2010	01/06/2040	4,17%	3,050,318	68,004
SERIE_AD 2	3,000,000	3,000,000	01/06/2010	01/06/2042	4,10%	3,046,753	67,924
Subtotal	**39,600,000**	**39,600,000**				**28,723,845**	**640,370**
Total							**1,371,008**

The detail as of December 31, 2010 of placement of straight and subordinated bonds is as follows:

STRAIGHT BONDS IN UF

Series	UF Issued	UF Placed	Issuance date	Maturity date	Average rate	Balance due (UF)	Balance due (MCh$)
SERIE_V	5,000,000	5,000,000	01/06/2007	01/06/2012	3,47%	4,965,961	106,547
SERIE_X	5,000,000	5,000,000	01/06/2007	01/06/2017	3,80%	4,776,578	102,484
SERIE_AA	10,000,000	8,390,000	01/07/2008	01/07/2014	3,92%	7,292,588	156,467
SERIE_AB	10,000,000	7,850,000	01/07/2008	01/07/2018	3,70%	5,976,883	128,237
Subtotal	**30,000,000**	**26,240,000**				**23,012,010**	**493,735**

SUBORDINATED BONDS IN UF

Series	UF issued	UF placed	Issuance date	Maturity date	Average rate	Balance due (UF)	Balance due (MCh$)
SERIE_C y D	2,000,000	2,000,000	01/12/1995	01/12/2016	6,92%	968,151	20,772
SERIE_E	1,500,000	1,500,000	01/11/1997	01/11/2018	7,36%	916,631	19,667
SERIE_F	1,200,000	1,200,000	01/05/1999	01/05/2024	7,75%	885,689	19,003
SERIE_G	400,000	400,000	01/05/1999	01/05/2025	7,95%	304,079	6,525
SERIE_L	1,200,000	1,200,000	01/10/2001	01/10/2026	6,38%	1,020,266	21,891
SERIE_M	1,800,000	1,800,000	01/10/2001	01/10/2027	6,45%	1,543,948	33,126
SERIE_N	1,500,000	1,500,000	01/06/2004	01/06/2029	5,17%	1,362,086	29,224
SERIE_O	1,500,000	1,500,000	01/06/2004	01/06/2030	3,99%	1,352,948	29,028
SERIE_R	1,500,000	1,500,000	01/06/2005	01/06/2038	4,70%	544,632	11,685
SERIE_S	2,000,000	2,000,000	01/12/2005	01/12/2030	4,86%	1,790,820	38,423
SERIE_T	2,000,000	2,000,000	01/12/2005	01/12/2031	4,44%	1,852,064	39,737
SERIE_U	2,000,000	2,000,000	01/06/2007	01/06/2032	4,21%	1,841,173	39,503
SERIE_Y	4,000,000	4,000,000	01/12/2007	01/12/2030	4,25%	1,745,103	37,442
SERIE_W	4,000,000	4,000,000	01/06/2008	01/06/2036	4,05%	1,457,379	31,269
SERIE_AC	6,000,000	6,000,000	01/03/2010	01/03/2040	4,04%	5,432,070	116,548
SERIE_AD 1	4,000,000	-	01/06/2010	01/06/2040	-	-	-
SERIE_AD 2	3,000,000	-	01/06/2010	01/06/2042	-	-	-
Subtotal	**39,600,000**	**32,600,000**				**23,017,039**	**493,843**
TOTAL	**69,600,000**	**58,840,000**				**46,029,049**	**987,578**

NOTE 21 - PROVISIONS

a) The composition of this account is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Provisions for staff benefits and remuneration	20,631	17,844
Provisions for minimum dividends	78,380	66,623
Provisions for contingent credit risk	15,048	14,240
Provisions for contingencies (*)	55,310	37,203
Provisions for country risk	760	882
Total	**170,129**	**136,792**

(*) Includes additional provisions for MCh$46,078 (MCh$31,245 inc 2010) which were constituted according to the instructed by the SBIF (see Note 3.1).

b) Variations in provisions during the 2011 and 2010 periods are described as follows:

	PROVISIONS FOR					
	Staff benefits & remuneration	Minimum dividends	Contingent credit risk	Contingencies	Country risk	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1, 2010	15,215	48,232	4,800	23,891	885	93,023
Allocated provisions	14,936	66,623	233	31,409	6	113,207
Cancellation of provisions	(12,307)	(48,232)	-	-	-	(60,539)
Release of provisions	-	-	-	-	(9)	(9)
Balance as of December 31, 2010	**17,844**	**66,623**	**5,033**	**55,300**	**882**	**145,682**
Other movements (*)	-	-	9,207	(18,097)	-	(8,890)
Pro forma balance as of December 31, 2010	**17,844**	**66,623**	**14,240**	**37,203**	**882**	**136,792**
Balance as of January 1, 2011	17,844	66,623	14,240	37,203	882	136,792
Allocated provisions	17,746	78,380	4,739	18,107	-	118,972
Cancellation of provisions	(14,959)	(66,623)	(3,931)	-	-	(85,513)
Release of provisions	-	-	-	-	(122)	(122)
Other movements	-	-	-	-	-	-
Balance as of December 31, 2011	**20,631**	**78,380**	**15,048**	**55,310**	**760**	**170,129**

(*) Other movements correspond to the recording against additional provisions performed during 2010 for the concept of contingent provisions (Chapter B-3) and individual portfolio (Chapter B-1) which have been reclassified to contingent credit risk and to the provisions on complementary loans of the asset accounts, according to the instructed by the Superintendencia de Bancos e Instituciones Financieras (SBIF).

c) Provisions for staff benefits and remunerations

	As of December 31	
	2011	2010
	MCh$	MCh$
Provisions for other staff benefits	13,895	11,111
Provisions for vacations	6,736	6,733
others	-	-
Total	**20,631**	**17,844**

The provision for other staff benefits reflects bonuses related to achievement of goals which will be paid in the following year.

NOTE 22 - OTHER LIABILITIES

As of December 31, 2011 and 2010 the composition of this account is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Accounts and notes payable	88,566	95,515
Unearned income	28,895	27,982
Valuation adjustments for macro-hedges	904	65
Sundry creditors	19,470	52,815
Other liabilities	52,477	13,404
Total	**190,312**	**189,781**

NOTE 23 - CONTINGENCIES AND COMMITMENTS

a) Commitments and liabilities booked off balance in memorandum accounts

The Bank, Miami branch and its subsidiaries have recorded the following balances related to commitments and business liabilities in off-balance sheet memorandum accounts:

	As of December 31	
	2011	2010
CONTINGENT CREDITS	MCh$	MCh$
Guarantees:		
Guarantees in Chilean currency	-	-
Guarantees in foreign currency	187,190	197,602
Confirmed foreign letters of credit	10,262	35,352
Documentary letters of credit issued	138,666	72,773
Performance bonds:		
Performance bonds in Chilean currency	584,081	524,102
Performance bonds in foreign currency	131,349	90,539
Interbank letters of guarantee		
Immediately available lines of credit	2,200,156	1,895,360
Other credit commitments		
Loans for further education Law 20,027	43,925	64,952
Others	209,884	185,204
Other contingent credits	-	-
OPERATIONS ON BEHALF OF THIRD PARTIES		
Collections:		
Foreign collections	97,907	86,504
Domestic collections	111,956	99,018
SECURITIES IN CUSTODY		
Securities held in custody by the Bank	120,810	494,961
Total	**3,836,186**	**3,746,367**

b) Lawsuits and legal actions

The Bank and its subsidiaries have various legal lawsuits pending related to their businesses and which, in the opinion of the management and their internal legal advisers, will not result in additional liabilities to those previously recorded by the Bank and its subsidiaries. The management has not considered necessary to allocate additional provisions to that already made for these contingencies, Note 21 a).

c) Guarantees granted for operations

- Direct commitments

As of December 31, 2011, BCI Corredor de Bolsa S.A. has guaranteed commitments for stock repos operations on the Santiago Stock Exhange, amounting to MCh$44,494 (MCh$73,181 in 2010).

As of December 31, 2011, BCI Corredor de Bolsa S.A. has given guarantees for correct compliance of CCLV system operations settlements on the Santiago Stock Exchange , amounting to MCh$3,290 (MCh$1,563 in 2010).

As of December 31, 2011 BCI Corredor de Bolsa S.A. has granted guarantees abroad for international market transactions amounting to MCh$52 (MCh$46 in 2010).

As of December 31, 2011 BCI Corredor de Bolsa S.A. has granted guarantees for the commitments for loans and short-sale transactions of shares on the Chilean Electronic Stock Exchange, amounting to MCh$4,785 (MCh$7,094 in 2010).

As of December 31, 2011 BCI Corredores de Seguros S.A. has contracted the following insurance policies to comply as indicated in letter d) of Article 58 of law-ranking decree 251, of 1931, to respond of the correct compliance of all obligations coming from their activity:

- Policy of Guarantee for Insurance brokers N° 10019734 for an amount covered of UF 500 contracted with Compañía de Seguros Generales Consorcio Nacional de Seguros S.A. whose period of coverage runs from April 15, 2011 to April 14, 2012, establishing as right of the insurance company of repeating against the own Insurance broker, all the amounts that the first one had paid in order to pay third parties affected by the inadequate intermediation of the Insurance company.

- Policy of Professional Civil Responsibility for Insurance brokers N° 10019736 for an amount covered of UF 60,000 with a deductible of UF 500 with Insurance company Seguros Generales Consorcio Nacional de Seguros S.A. whose period of coverage runs from April 15, 2011 to April 14, 2012, with the purpose of protecting the Insurance company against possible lawsuits by third parties, having the insurance company the ability to request the Insurance company the repayment of the amount paid to the third claimant.

As of December 31 2011, BCI Factoring S.A. has credit lines for operators of Factor Chain International approved for MCh$5,274 (MCh$9,298 in 2010) equivalent to US $10,113,214.32 (US$19,852,444.88 in 2010) of which MCh$$1,559 have been used (MCH$942 in 2010) equivalent to US$2,989,843.71 (US$2,011,645.80 in 2010).

- Guarantees for operations

As of December 31, 2011 BCI Corredor de Bolsa S.A. constitutes a guarantee amounting to UF 20,000 to comply with the indicated in Article 30 of Law 18,045 that involves the correct compliance of all its obligations as a stock intermediary and whose beneficiaries are the creditors, present or future that have or might have relative to its operations as Stockbroker. This guarantee corresponds to a policy contracted on August 19, 2011 Nº027051 and whose expiration date will be on August 19, 2012 with Compañía de Seguros de Mapfre Garantía y Crédito, being Santiago Stock Exchange, the representative of the possible beneficiary creditors.

BCI Asset Management Administradora General de Fondos S.A. maintains performance bonds with Banco Crédito e Inversiones as indicated in article 226 of Law 18,045 of the Stock market and the appointed in the NCG Number 125 of 2001, which stipulate that the General Funds Administrators should permanently maintain a guarantee for each fund administrated, which shall always be equivalent to UF 10,000 or 1% of the average equity of the previous year to the date of its determination.

Likewise, in order to comply with the requirements of Title IV of Circular N° 1790, mutual funds defined as structured guaranteed shall always have a guarantee granted by a third party, different from the administrating company.

BCI Administradora General de Fondos S.A. in compliance with the dispositions established on General Rule 125 issued by the Superintendence of Securities and Insurances (SVS), the Society maintains performance bonds with Banco Créditos e Inversiones in favor of shareholders.

- Civil employee fidelity or employee loyalty insurance

As of December 31, 2011, BCI Corredor de Bolsa S.A. has an insurance taken with BCI Corredores de Seguros S.A. that protects Banco Crédito e Inversiones and its subsidiaries according to Bank Integral Policy Nº 1456760 whose validity is from November 30, 2011 to November 30, 2012 with coverage of UF 100,000.

d) Contingent credits and liabilities

In order to satisfy the needs of its customers, the Bank has acquired various irrevocable commitments and contingent liabilities, although these liabilities could not be recognized in the balance sheet, they contain credit risks and are therefore part of the Bank's global risk.

The following table shows the contractual amounts from operations that commit the Bank to provide loans and the amount of the provisions created for the assumed credit risk:

	As of December 31	
	2011	**2010**
	MCh$	**MCh$**
Guarantees	187,190	197,602
Documentary letters of credit	138,666	72,773
Bid bonds	715,430	614,641
Amounts available for credit card holders	1,235,704	943,165
Allocated provisions	(15,048)	(14,240)
Total	**2,261,942**	**1,813,941**

NOTE 24 - SHAREHOLDERS' EQUITY

a) Share capital and preferred shares

The variation of shares during the periods is the following:

	Common shares	
	2011	2010
	N°	N°
Issued as of January 1	103,106,155	101,390,060
Issue of shares paid	1,225,315	1,716,095
Issue of shares due		
Exercised stock options		
Total issued	104,331,470	103,106,155

On Extraordinary Shareholders' Meeting celebrated on March 31, 2011 the issuance of 1,225,315 paid-in shares was approved.

The Superintendencia de Bancos e Instituciones Financieras (SBIF) inscribed the issuance of shares in the Registry of Securities (Registro de Valores) under N°6/2011 dated on June 15, 2011. On meeting celebrated on May 24, 2011, the Board of Directors agreed to proceed with the issuance of paid-in shares by July 15 of the current year.

Those shareholders inscribed in the Shareholders Registry by July 9, 2011 will be entitled to receive the new shares, at a rate of 0.01188401 paid-in shares for each share of the Bank.

On the same day, July 15, 2011, the referred paid-in shares were duly inscribed under each shareholder and the respective titles were issued only to those shareholders requiring it in writing to the Central Securities Depository located in 770 Huerfanos Street 22 floor, Santiago.

b) At the closure of each period, the shareholders distribution is the following:

2011	Shares	
	N° of shares	Stake %
Empresas Juan Yarur S.A.C.	56,057,734	53.73
Jorge Yarur Bascuñan	4,409,101	4.23
Inversiones BCP Ltda.	3,752,890	3.60
Sociedad Financiera del Rimac S.A.	3,624,991	3.47
AFP Provida S.A.	2,393,754	2.29
Inversiones Jordán Dos S.A.	2,084,081	2.00
AFP Habitat S.A.	2,051,370	1.97
AFP Cuprum S.A.	1,927,252	1.85
Banco Itaú (investors)	1,744,674	1.67
Banco de Chile (third parties)	1,744,122	1.67
AFP Capital S.A.	1,695,993	1.63
BCI Corredor de Bolsa S.A. (third parties)	1,580,846	1.52
Tarascona Corporation	1,537,138	1.47
Inversiones Millaray S.A.	1,247,674	1.20
Banco Santander (foreign investors)	1,151,133	1.10
Inmobiliaria e Inversiones Cerro Sombrero S.A.	1,144,721	1.10
Luis Enrique Yarur Rey	1,019,095	0.98
Banchile Corredores de Bolsa S.A.	792,496	0.76
Celfin Capital S.A. Corredores de Bolsa	657,280	0.63
Modesto Collados Núñez	603,040	0.58
Larrain Vial S.A. Corredora de Bolsa	569,695	0.55
Inversiones VYR Ltda.	555,240	0.53
Moneda Administradora de Fondos de Inversión S.A.	502,430	0.48
Bolsa de Comercio de Santiago Bolsa de Valores	483,591	0.46
Santander S.A. Corredores de Bolsa	433,180	0.42
Other shareholders	10,567,949	10.11
Total	104,331,470	100.00

2010	Shares	
	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 Jordán Dos S.A.	2,059,605	2.00
AFP Habitat S.A.	1,871,074	1.81
Banco de Chile (third parties)	1,666,230	1.62
AFP Capital S.A.	1,535,300	1.49
Tarascona Corporation	1,519,085	1.47
Banco Itau (investors)	1,506,061	1.46
BCI Corredor de Bolsa S.A. (third parties)	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 (foreign investors)	756,780	0.73
Larraín 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 Nuñez	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
Total	103,106,155	100.00

c) Dividends

During the period ended on December 31, 2011 y 2010, the following dividends were declared and paid by the Bank:

	As of December 31	
	2011	2010
	Ch$	Ch$
Dividends per common share	700	500

The dividend declared on April 2011 amounted to MCh$72,175. The minimum dividend provision as of December 31, 2010 amounted to MCh$66,623.

d) As of December 31, 2011 and 2010 the composition of diluted earnings and basic earnings is as follows:

	As of December 31	
	2011	2010
	$	$
Basic earnings per share	2,504	2,154
Diluted earnings per share	2,504	2,154

NOTE 24 - SHAREHOLDERS' EQUITY (continued)

e) Net exchange differences

As of December 31, 2011 the reconciliation of the heading of net exchange differences as a separated component from the shareholders' equity is the following:

	MCh$
Balance as of January 1, 2010	4,610
Charges of net exchange differences	(6,168)
Final balance as of December 31, 2010	**(1,558)**
Balance as of January 1, 2011	(1,558)
Charges of net exchange differences	3,737
Final balance as of December 31, 2011	**2,179**

f) Nature and destination of valuation accounts

Conversion reserves:

Originated from the exchange rate differences arising from the conversion of a net investment in a foreign entity with a different currency.

Hedging reserves:

Originated from the valuation at fair value at the closure of each period of the valid derivative contracts defined as cash flow hedges. As those contracts reach their maturity, these reserves must be adjusted recording the corresponding results.

Reserves for fair value:

Reserves for fair value include the accumulated net changes in the market value of investments available for sale. When the investment is sold or disposed of (as a whole or in part) these reserves are recorded in the financial statements as part of the loss or gain.

g) Capital requirements

The basic capital for the year 2010 is equivalent to the net amount that should be shown in the financial statements as Shareholders' equity attributable to equity holders, as indicated in the Compendium of Accounting Regulations. According to General Banking Law, the Bank should maintain a minimum ratio of effective stockholders' equity to consolidated risk-weighted assets of 8%, net of required allowances, and a minimum ratio of net basic capital to Consolidated total assets of 3%, net of required allowances. Effective stockholders' equity for these purposes is Capital and reserves or Net capital with the following adjustments: a) the addition of subordinated bonds up to 50% of Net capital base, b) additional provisions are added, c) all goodwill and paid premium are deducted d) assets that correspond to investments in non-consolidated subsidiaries.

NOTE 24 - SHAREHOLDERS' EQUITY

The assets are weighted according to a risk category to which a risk percentage is assigned according to the amount of capital necessary to support each of these assets. Five risk categories are applied (0%, 10%, 20%, 60% and 100%). For example, cash, deposits with other banks and financial instruments issued by the Central Bank of Chile have 0% risk, which means that according to the regulations in force, capital is not needed to endorse these assets. Premises and equipment have a 100% risk, which means that a minimum capital equivalent to the 8% of these assets should be held.

All OTC derivative securities are considered in the determination of risk assets with a conversion factor over the notional values, thus obtaining the amount of credit risk exposure (or "credit equivalent"). Off-balance contingent credits are also considered as a "credit equivalent".

The levels of basic capital and effective shareholders' equity at the closing of each period are the following:

	Consolidated assets		Risk-weighted assets	
	December 2011 MCh$	December 2010 MCh$	December 2011 MCh$	December 2010 MCh$
Balance sheet assets (net of provisions)				
Cash and due from Banks	1,199,581	1,047,633	-	-
Items in the course of collection from banks	275,473	306,023	79,030	82,016
Trading investments	1,242,478	849,155	116,259	172,141
Securities purchased under resale agreements	73,547	89,595	73,547	89,595
Derivative instruments	636,952	459,630	336,818	322,338
Interbank loans	72,594	101,049	72,594	101,049
Loans and accounts receivable from clients	11,100,554	9,282,237	10,185,983	8,520,160
Available for sale investment securities	829,590	497,532	388,326	270,609
Held to maturity investment securities	-	-	-	-
Investments in other companies	61,379	52,037	61,379	52,037
Intangible assets	78,401	75,949	75,674	71,673
Premises and equipment	206,411	208,409	206,411	208,409
Income taxes	77,025	23,915	7,703	6,655
Deferred taxes	47,545	34,886	4,754	3,489
Other assets	276,468	191,149	276,468	141,445
Off-balance sheet assets				
Contingent loans	1,876,247	1,664,130	1,125,748	998,478
Additions and deductions	(197,538)	(8,413)	-	-
Total assets	**17,856,707**	**14,874,916**	**13,010,694**	**11,040,094**

	Amount	
	December 2011 MCh$	December 2010 MCh$
Base capital	1,222,045	1,039,160
Effective shareholders' equity	1,810,901	1,500,522
Consolidated assets	17,856,707	14,874,916
Risk-weighted assets	13,010,694	11,040,094

Concept	Ratio	
	December 2011	December 2010
	%	%
Base capital/consolidated assets	6.84	6.99
Base capital/risk-weighted assets	9.39	9.41
Effective shareholders' equity/risk-weighted assets	13.92	13.59

NOTE 25 - INCOME AND EXPENSES FROM INTERESTS AND READJUSTMENTS

a) At the closure of the 2011 and 2010 periods, the composition of income from interests and readjustments is the following:

	As of December 31					
	2011			2010		
Concept	Interest MCh$	Readjustment MCh$	Total MCh$	Interest MCh$	Readjustment MCh$	Total MCh$
Repurchase agreements	1,665	891	2,556	870	1,724	2,594
Interbank loans	1,569		1,569	1,821		1,821
Commercial loans	457,756	91,278	549,034	349,462	51,417	400,879
Mortgage loans	90,885	74,798	165,683	81,587	42,558	124,145
Consumer loans	215,996	811	216,807	192,244	574	192,818
Investment instruments	32,678	11,760	44,438	31,593	7,723	39,316
Other income	15,781	2,845	18,626	3,111	1,010	4,121
Accounting hedge result (MTM)	(1,743)	-	(1,743)	(10,411)	-	(10,411)
Total income from interest and readjustment	**814,587**	**182,383**	**996,970**	**650,277**	**105,006**	**755,283**

b) At the closure of the 2011 and 2010 periods, the composition of expenses from interests and readjustments is the following:

Concept	As of December 31	
	2011 MCh$	2010 MCh$
Demand deposits	(1,437)	(675)
Repurchase agreements	(15,962)	(4,085)
Time deposits and borrowings	(286,869)	(135,911)
Borrowings from financial institutions	(26,272)	(19,437)
Debt instruments issued	(107,342)	(70,757)
Other financial obligations	(4,328)	(4,158)
Results from accounting hedges	1,321	(4,126)
Other interest and readjustment expenses	(731)	(410)
Total expenses from interest and readjustment	**(441,620)**	**(239,559)**

(*) Includes interest on overnight deposits, deposits of liquidity Central Bank and others.

NOTE 26 - INCOME AND EXPENSES FROM FEES

As of December 31, 2011 and 2010 the composition of income and expenses from fees is the following:

	December 31	
	2011	2010
	MCh$	MCh$
Income from commissions:		
Income by commissions:	19,214	16,270
Commissions for lines of credit and overdrafts	9,371	7,792
Commissions for guarantees and letters of credit	35,870	29,749
Commissions for card services	30,466	28,318
Commissions for account administration	37,438	29,429
Commissions for collections and payments	5,049	7,287
Commissions for securities trading and management	25,817	25,344
Commissions for mutual or other funds	28,666	26,331
Remuneration for insurance broking	15,559	15,417
Remuneration for services provided	6,006	3,179
Total income from fees	**213,456**	**189,116**
Expenses from commissions		
Remunerations for card operation	(21,841)	(20,424)
Commissions for securities trading	(8,604)	(6,696)
Other commissions paid	(13,740)	(13,432)
Total expenses from commissions	**(44,185)**	**(40,552)**

NOTE 27- FINANCIAL OPERATING RESULT

As of December 31 2011 and 2010 the detail of financial operations result is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Trading portfolio	74,724	66,196
Financial derivative instruments	65,140	(104,767)
Other instruments at fair value with effect on results	(12,022)	(1,663)
Portfolio available for sale	3,870	(2,122)
Other	(189)	5,728
Total	**131,523**	**(36,628)**

NOTE 28 - NET CHANGE RESULT

The detail of change result at the end of each period is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Exchange difference		
Gains from exchange differences	9,325,057	5,455,050
Losses from exchange differences	(9,401,342)	(5,340,336)
Subtotal	(76,285)	114,714
Foreign currency indexation		
Net result for assets and liabilities re-adjustable in foreign currency	9,523	(12,869)
Subtotal	9,523	(12,869)
Total	**(66,762)**	**101,845**

NOTE 29 - PROVISIONS AND IMPAIRMENT FOR CREDIT RISK

The variation recorded on results as of December 31, 2011 and 2010 for provisions and impairment is the following:

	Loans and accounts receivable with clients						
As of December 31, 2011	**Due from banks**	**Commercial loans**	**Mortgage loans**	**Consumer loans**	**Contingent loans**	**Additional**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Provisioning:							
Individual provisions	2	20,497	-	-	1,855	-	**22,354**
Group provisions	-	62,363	543	84,103	2,627	14,832	**164,468**
Result from provisioning	**2**	**82,860**	**543**	**84,103**	**4,482**	**14,832**	**186,822**
Impairment charges:							
Individual impairment	-	-	-	-	-	-	-
Group impairment	-	-	-	-	-	-	-
Result from impairment	-	-	-	-	-	-	-
Release of provisions							
Individual provisions	(121)	(11,753)	-	-	(1,728)	-	**(13,602)**
Group provisions	-	(9,892)	-	(3,192)	(2,462)	-	**(15,546)**
Result from release of provisions	**(121)**	**(21,645)**	-	**(3,192)**	**(4,190)**	-	**(29,148)**
Recovery of written-off assets	-	(11,084)	-	(24,276)	-	-	**(35,360)**
Impairment reversal	-	-	-	-	-	-	-
Net result provisions for credit risk	**(119)**	**50,131**	**543**	**56,635**	**292**	**14,832**	**122,314**

NOTE 29 - PROVISIONS AND IMPAIRMENT FOR CREDIT RISK (continued)

	Loans and accounts receivable with clients						
As of December 31, 2010	**Due from banks**	**Commercial loans**	**Mortgage loans**	**Consumer loans**	**Contingent loans**	**Additional (*)**	**Total**
	MCh$	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**	**MCh$**
Provisioning:							
Individual provisions	346	34,864	-	-	4,647	24,253	**64,110**
Group provisions	-	62,544	9,042	94,243	397	-	**166,226**
Result from provisioning	**346**	**97,408**	**9,042**	**94,243**	**5,044**	**24,253**	**230,336**
Impairment charges:	-	-	-	-	-	-	-
Individual impairment	-	-	-	-	-	-	-
Group impairment	-	-	-	-	-	-	-
Result from impairment	-	-	-	-	-	-	-
Release of provisions							
Individual provisions	(370)	(3,743)	-	-	-	-	**(4,113)**
Group provisions	-	(26,108)	(6,104)	(23,571)	-	-	**(55,783)**
Result from release of provisions	**(370)**	**(29,851)**	**(6,104)**	**(23,571)**	-	-	**(59,896)**
Recovery of written-off assets	-	(8,451)	-	(21,489)	-	-	**(29,940)**
Impairment reversal	-		-	-	-	-	-
Net result provisions for credit risk	**(24)**	**59,106**	**2,938**	**49,183**	**5,044**	**24,253**	**140,500**

In the Management's opinion, the provisions constituted for credit risk and impairment cover all eventual losses that may be derived from the non recovery of assets, according to the data examined by the Bank.

(*) In order to present the comparative consolidated financial statements, the Bank has performed the necessary reclassifications in the consolidated statement of results of December 31, 2010 according to the instructed by the Superintendencia de Bancos e Instituciones Financieras (SBIF).

NOTE 30 - STAFF SALARIES AND EXPENSES

The composition of staff salaries and expenses during 2011 and 2010 is the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Staff remunerations	95,183	85,074
Bonuses or awards	85,021	73,992
Severance payments	8,715	5,672
Training expenses	2,393	1,876
Other staff expenses	12,106	10,668
Total	**203,418**	**177,282**

NOTE 31 - ADMINISTRATIVE EXPENSES

As of December 31, 2011 and 2010 the composition of this account is the following:

	December 31	
	2011	2010
	MCh$	MCh$
General administrative expenses		
Maintenance and repairs of the bank's premises and equipment	5,944	7,600
Office rentals	19,103	17,220
Equipment rental	232	259
Insurance premiums	1,940	1,582
Office materials	4,136	3,807
Computer and communications expenses	19,780	21,149
Lighting, heating and other services	4,828	4,672
Security and custody transportation services	7,670	6,807
Representation expenses and staff transport	2,789	1,781
Judicial and notarial expenses	1,515	1,279
Fees for technical reports	3,268	3,823
Cleaning services	2,396	1,873
Consultancies	3,702	3,787
Postal-related expenses	1,148	1,453
Other general administrative expenses	11,642	10,488
Sub-contracted services		
Data processing	4,897	4,178
Sale of products	47	77
other	4,548	3,806
Board of Directors expenses		
Board of Directors remunerations	2,443	2,079
Other Board of Directors expenses	73	198
Publicity and advertising	15,423	15,198
Taxes, property taxes and contributions		
Real estate contributions	842	1,128
Licenses	1,168	1,155
Other taxes	237	206
Contribution to SBIF	3,824	3,639
Total	**123,595**	**119,244**

NOTE 32 – DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) The amounts corresponding to charges in result from depreciation and impairment at the closure of each period are the following:

	As of December 31	
	2011	2010
	MCh$	MCh$
Depreciation and amortization		
Depreciation of premises and equipment	20,467	19,382
Amortization of intangible assets	17,054	17,334
Total	**37,521**	**36,716**

b) As of December 31, 2011 the Bank and its subsidiaries show no evidence of impairment. 2010 recorded MCh$1,810 for this concept.

c) The reconciliation of book values as of January 1, 2011 and 2010 and balances as of December 31, 2011 and 2010 are the following:

	Depreciation, amortization and impairment					
	as of December 31, 2011			As of December 31, 2010		
	Premises and equipment	Intangible	Total	Premises and equipment	Intangible	Total
Balance as of January 1	108,570	70,243	178,813	100,017	53,124	153,141
Charges for depreciation and amortization	20,467	17,054	37,521	19,382	17,334	36,716
Impairment of the period	-	-	-	1,810	-	1,810
Retirements and sales of the period	(10,114)	-	(10,114)	(12,639)	(215)	(12,854)
Other adjustments	-	-	-	-	-	-
Balance	**118,923**	**87,297**	**206,220**	**108,570**	**70,243**	**178,813**

NOTE 33 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

As of December 31, 2011 and 2010 the composition of operating income is the following:

	As of December 31	
	2011	2010
Concept	MCh$	MCh$
Income from assets received in lieu or payment		
Gain for sale of assets received in lieu or payment	2,953	2,556
Other income	-	1
Subtotal	2,953	2,557
Release of provisions for contingencies		
Provisions for country risk	199	111
Other provisions for contingencies	24	42
Subtotal	223	153
Other income		
Gain for sale of premises and equipment	13	168
Insurance claims	429	941
Leasing income	8,158	1,480
Other income	6,603	13,427
Subtotal	15,203	16,016
Total	**18,379**	**18,726**

b) Other operating expenses

As of December 31, 2011 and 2010 the composition of operating expenses is the following:

	As of December 31	
	2011	**2010**
Concept	**MCh$**	**MCh$**
Provisions and expenses for assets received in payment		
Provisions for assets received in payment	-	391
Write-offs of assets received in payment	3,136	1,795
Maintenance expenses for assets received in payment	266	637
Subtotal	3,402	2,823
Constitution of provisions for contingencies		
Provisions for country risk	-	6
Other provisions for contingencies	-	769
Subtotal	-	775
Other expenses		
Loss on sale of premises and equipment	833	1,375
Contributions and donations	2,583	2,427
Write-off for judicial and notary expenses	1,724	1,496
Leasing expenses	3,136	3,406
Non-operating write-offs	2,059	1,393
Agreement expenses	735	570
Other expenses	2,564	4,181
Subtotal	13,634	14,848
Total	**17,036**	**18,446**

NOTE 34 - TRANSACTIONS WITH RELATED PARTIES

a) Credits with related parties

The following table shows credits and accounts receivable, contingent loans and trading and available for sale investments with related parties:

	December 31, 2011			December 31, 2010		
	Productive companies MCh$	Investment companies MCh$	Individuals MCh$	Productive companies MCh$	Investment companies MCh$	Individuals MCh$
Loans and accounts receivable:						
Commercial loans	97,648	8,641	3,715	74,384	9,907	2,847
Mortgage loans	-	-	13,497	-	-	11,462
Consumer loans	-	-	2,247	-	-	2,029
Gross loans	**97,648**	**8,641**	**19,459**	**74,384**	**9,907**	**16,338**
Provisions for loan losses	(7,143)	(83)	(82)	(6,369)	(39)	(92)
Net loans	**90,505**	**8,558**	**19,377**	**68,015**	**9,868**	**16,246**
Contingent loans	2,383	-	-	2,296	-	-
Provisions for contingent loans	(82)	-	-	(50)	-	-
Net contingent loans	**2,301**	**-**	**-**	**2,246**	**-**	**-**
Instruments acquired:						
For trading	-	-	-	-	-	-
For investment	-	-	-	272	-	-
Total acquired instruments	**-**	**-**	**-**	**272**	**-**	**-**

b) Other transactions with related parties

During 2011 and 2010 the Bank has carried out the following transactions with related parties:

Company	Description	Transaction amount	Effect on income Charge	Effect on income Credit
		MCh$	MCh$	MCh$
December 2011				
Artikos Chile S,A,	Procurement services	683	683	-
Bolsa de Comercio de Santiago	Terminal lease	159	159	-
BCI Seguros de Vida S,A,	Collecting service for clients' premium payment and use of trademark rights	6,490	287	6,203
BCI Seguros Generales S,A,	Contract of insurances for Bank's assets	1,882	1,882	-
Centro Automatizado S,A,	Clearing services	432	432	-
Compañía de Formularios Continuos Jordán (Chile) S,A,	Printing forms	2,530	2,530	-
Operadoras de Tarjetas de Crédito Nexus S,A,	Card processing	4,826	4,826	-
Redbanc S,A,	ATM operation	4,436	4,011	425
Servipag S,A,	Collection and payment of services	7,153	6,998	155
Transbank S,A,	Credit card management	28,882	4,914	23,968
Vigamil,S,A,C,	Printing forms	168	114	54
Viña Morandé S,A,	Purchase of inputs	48	48	-
December 2010				
Artikos Chile S,A,	Procurement services	420	420	-
Bolsa de Comercio de Santiago	Terminal lease	69	69	-
BCI Seguros de Vida S,A,	Collecting service for clients' premium payment and use of trademark rights	5,565	122	5,443
BCI Seguros Generales S,A,	Contract of insurances for Bank's assets	1,642	1,642	-
Centro Automatizado S,A,	Clearing services	312	312	-
Compañía de Formularios Continuos Jordán (Chile) S,A,	Printing forms	2,127	2,127	-
Operadoras de Tarjetas de Crédito Nexus S,A,	Card processing	3,780	3,780	-
Redbanc S,A,	ATM operation	2,891	2,891	-
Servipag S,A,	Collection and payment of services	5,918	5,918	-
Transbank S,A,	Credit card management	23,704	4,783	18,921
Vigamil S,A,C,	Printing forms	27	27	-
Viña Morandé S,A,	Purchase of inputs	60	60	-

All these transactions were carried out under market conditions in force at the time they were performed.

c) Other assets and liabilities with related parties

	December 31 2011 MCh$	December 31 2010 MCh$
ASSETS		
Derivative financial instruments	-	-
Other assets	-	-
LIABILITIES		
Derivative financial instruments	-	-
Deposits payable on demand	44,528	31,204
Deposits and other time deposits	150,380	134,075
Other liabilities	-	-

d) Result of operations with related parties

		As of December 30			
		2011		2010	
Type of income or expense recorded	**Entity**	**Income MCh$**	**Expenses MCh$**	**Income MCh$**	**Expenses MCh$**
Income and expenses	Various	8,784	(6,216)	5,921	(1,817)
Operating expenses	Business line support companies	30,805	(26,884)	24,364	(22,151)
Total		**39,589**	**(33,100)**	**30,285**	**(23,968)**

e) Payments to the Board of Directors and key management staff

Salaries received by the key management staff correspond to the following categories:

	As of December 31	
	2011 MCh$	2010 MCh$
Short-term benefits to employees (*)	4,450	4,476
Post-employment benefits	-	-
Other long-term benefits	-	-
Contract termination	923	1,420
Stock-based payments	-	-
Total	**5,373**	**5,896**

(*) As of December 31, 2011, total expenses corresponding to the Board of Directors of the Bank and its subsidiaries amounted to MCh$2,516 (MCh$2,277 as of December 31, 2010).

f) Investment in related parties

The Bank has the following investments with related parties

Company	Stake 2011 %	Stake 2010 %
Redbanc S.A.	12.71	12.71
Servipag Ltda.	50.00	50.00
Combanc S.A.	10.50	10.50
Transbank S.A.	8.72	8.72
Nexus S.A.	12.90	12.90
Artikos Chile S.A.	50.00	50.00
AFT S.A.	20.00	20.00
Centro de Compensación Automático ACH Chile	33.33	33.33
Sociedad Interbancaria de Depósitos de Valores S.A.	7.03	7.03
Credicorp Ltda.	1.81	1.77

g) Key staff

As of December 31, 2011 the key staff of the Bank and its subsidiaries is conformed as follows:

Position	N° of executives
Director	9
General Manager	10
Division and Area Managers	14
Total	**33**

h) Transactions with key staff

As of December 31, 2011 and 2010, the Bank has carried out the following transactions with the key staff:

	As of December 31					
	2011			2010		
	Debt balance	Total income	Income received by key executives	Debt balance	Total income	Income received by key executives
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Credit cards and other benefits	864	831,287	32	472	631,138	22
Mortgage loans	1,243	165,683	87	1,250	124,145	71
Guarantees	1,265	-	-	1,420	-	-
Total	**3,372**	**996,970**	**119**	**3,142**	**755,283**	**93**

i) Related contracts

As of December 31, 2011 the Bank presents the following related contracts:

N°	Related party	Related service	Concept	Description of the contract	Term	Condition
1	Bolsa de Comercio de Santiago	Processing of the stock market system, which BCI Corredora de Bolsa S.A. operates.	Terminal lease	Software called stock market is contracted	Indefinite	Automatic renovation
2	Centro de Automatizado S.A. (CCA)	Electronic Clearing house	Clearing Services	Participation and incorporation to the electronic fund transfer center to facilitate the materialization of the transfer operations .The Bank operates in cet as ifo (original banking institution) and as IFRS (receiving banking institution)	Indefinite	Automatic renovation every year
3	Compañía de Formularios Continuos Jordan (Chile) S.A.	Print services, preparation of checkbooks	Printing forms	The special printing services of basic listings, special forms, and valuables as checks are contracted.	Indefinite	Automatic renovation every year
4	Operadoras de Tarjetas de Crédito Nexus S.A.	Processing operations of credit card (issuing role)	Card Processing	Operation of credit cards MASTERCARD, VISA and debit card in relation to the processing of the issuing role	Indefinite	Automatic renovation every 3 years.
5	Redbanc S.A.	Administration of ATMs, Redcompra and RBI operations	ATM Operation	The company in its fulfillment of its social commitment will offer its clients or users, the service of electronic transference of data through automatic tellers or other real or virtual electronic means.	Indefinite	Automatic renovation every 3 years.
6	Servipag Ltda.	Collection and payment of services, check payment and reception of deposits and administration of our service of cash desks	Collection and service payments	The resolution service of collection transactions done in BCI tellers in order to process clients transactions is contracted.	Indefinite	Automatic renovation
7	Transbank S.A.	Processing operations of credit card (acquiring role)	Credit card management	Benefit of services of the VISA credit card, MasterCard in relation to the acquiring role	Indefinite	Automatic renovation every 2 years.
8	Vigamil S.A.C.	Supplier of envelopes and forms	Printing forms	Occasional purchases	Does not apply	Does not apply
9	Viña Morandé S.A.	Not a regular supplier	Purchase of supplies	Occasional purchases	Does not apply	Does not apply
10	Artikos Chile S.A.	Portal of logistic purchases and services	Purchase of supplies	Services of electronic purchase of goods and/or logistic services.	Indefinite	Automatic renovation every 1 year.
11	BCI Seguros de Vida S.A.	Contract of insurances	Insurance Premiums	Individual life insurance policy for executives and watchmen	Annual	Annual contract
12	BCI Seguros Generales S.A.	Contract of insurances	Insurance Premiums	Individual policies for physical assets of the bank, lease contracted assets and integral banking policy	Annual	Annual contract

NOTE 35 - ASSETS AND LIABILITIES AT FAIR VALUE

a) Financial instruments not valued at fair value in the financial statements

The following table summarizes the book and fair values of the main financial assets and liabilities which are not included in the Bank's consolidated financial statements at their fair values.

	Year 2011		Year 2010	
	Book value	Fair value	Book value	Fair value
	MCh$	MCh$	MCh$	MCh$
Assets				
Loans and accounts receivable with clients				
Commercial loans	5,375,710	5,876,526	4,588,401	4,300,637
Other endorsable mortgage loans	2,070,021	2,416,812	1,794,645	1,934,589
Consumer loans	1,133,209	1,497,846	949,571	1,059,022
Foreign trade loans	963,354	-	746,553	712,205
Leasing operations	608,827	733,485	485,285	546,510
Factoring operations	583,282	573,824	420,636	417,623
Other	366,151	366,151	297,146	192,581
Subtotal	**11,100,554**	**11,464,644**	**9,282,237**	**9,163,167**
TOTAL ASSETS	**11,100,554**	**11,464,644**	**9,282,237**	**9,163,167**
Liabilities				
Deposits and other borrowings				
Time deposits	6,697,230	6,689,350	5,414,284	5,412,177
Other	51,824	51,824	53,261	51,527
Subtotal	**6,749,054**	**6,741,174**	**5,467,545**	**5,463,704**
Interbank borrowings				
Repo operations with Central Bank of Chile	166	166	183	174
Foreign trade financing	862,046	854,600	722,992	773,413
Other	984,882	984,882	498,426	509,745
Subtotal	**1,847,094**	**1,839,648**	**1,221,601**	**1,283,332**
Debt instruments issued				
Bonds and subordinated bonds	1,371,008	1,498,751	987,578	1,090,721
Other	102,626	102,626	142,336	151,226
Subtotal	**1,473,634**	**1,601,377**	**1,129,914**	**1,241,947**
Total Liabilities	**10,069,782**	**10,182,199**	**7,819,060**	**7,988,983**

BCI has identified those financial assets and liabilities at amortized cost of most relevance for the preparation of the information presented in this note. To do this, the quantitative materiality of the instrument, as well as its nature, contemplating for example the instrument's term, type etc. have been considered.

The instruments have been grouped into classes in order to facilitate their comparison with the balances of the statements of financial position. The instruments categorized as "Others" are those for which their amortized cost has been considered a reasonable approximation to their fair value.

Loans and accounts receivable with clients

Loans and accounts receivable with clients are shown net of their provisions for credit risk or impairment. The estimated fair value of the credits represents the discounted future cash flows expected to be received.

Cash flows are discounted at the relevant market interest rate according to the instrument type, in force at the closure of each period. In order to determine the rate, they are differentiated from others by term and currency.

The approaches used for the incorporation of credit risk of the assets considered for these effects are:

1. Based on the models of estimation of expected loss, it is possible to infer the credit quality of the portfolio (at least in qualitative terms), for the residual term of the operations comprising the asset accounts considered (commercial loans, mortgage loans and consumer loans).

2. In quantitative terms, the provision percentage assigned to an operation, is a variable of approximation to the credit profile of said operation.

3. The resulting amount when applying the 'provisions/total loans' factor to the current value of the respective loans is an approximation to the adjustment for credit risk.

Deposits and other borrowings

The estimated fair value of demand accounts and deposits, without an established term, including non-interest bearing accounts, is the amount payable when the customer demands it. The redeemed cost of these deposits is a reasonable approximation of their fair value.

The fair value of time deposits has been estimated on the basis of discounted future cash flows based on interest-rate structures adjusted from transactions observed at the valuation date.

Interbank borrowings

The fair value of liabilities to financial institutions has been determined using discounted cash flow models, based on the relevant interest-rate curve for the remaining term of the instrument to its maturity.

Debt instruments issued

The aggregated fair value of the bonds has been calculated based on the effective market prices at the closing of each period.

b) Financial instruments valued at fair value

Please refer to Note 2 for further details on the criteria used to determine the fair value.

c) Hierarchy used for determining the fair value

The normative distinguishes among different hierarchies of inputs used for the valuation techniques, discriminating between "observable" or "non-observable" inputs. Observable Inputs reflect market data obtained from independent sources, while non observable inputs reflect the assumptions of the Bank and subsidiaries in relation to market behavior. The following hierarchy has been created based on these types of input:

Level 1 – Quotation values on active markets for assets and liabilities identical to those being valued. This level includes the debt instruments, whether fixed or variable income, equity instruments and derivative financial instruments traded on domestic or international stock markets.

Level 2 – Other Inputs observable directly (like prices) or indirectly (i.e. price derivative) for assets and liabilities, which are not quotation values included in Level 1. Prices that require interpolation among a prices structure (e.g. derivative instruments belong to this level). The same happens with bonds valued with a valuation technique like interpolation or matrix pricing, based on observable inputs.

Level 3 – Inputs that are not based on observable market data (non-observables inputs). This level includes equity and debt instruments that have significant non-observable components.

This hierarchy requires that when observable market data exists, these should be used. The Bank and its subsidiaries consider the relevant observable market data in their valuations whenever it is possible.

Financial assets and liabilities classified by valuation levels

The following chart shows the assets and liabilities that are presented at fair value in the financial statements, classified in their respective levels of hierarchy previously described:

Figures in MCh$ as of December 31, 2011

	Level 1	Level 2	Level 3	Total
Domestic fixed income	876,626	965,780	-	1,842,406
International fixed income	180,381	4,221	-	184,602
Total fixed income	1,057,007	970,001	-	2,027,008
Trading derivatives	-	25,333	-	25,333
Accounting hedge derivatives	-	(14,004)	-	(14,004)
Total derivatives	-	11,329	-	11,329

Transfers between levels 1 and 2

The Bank and its subsidiaries have made no transfers of financial assets or liabilities between levels 1 and 2 during 2011.

Reconciliation of movements of valuation Level 3

As of December 31, 2010 the consolidated balance sheet does not have assets valued based on inputs level 3.

NOTE 36 - RISK MANAGEMENT

MARKET RISK 2011

1. **Introduction**

BCI's business activities involve identifying, evaluating, accepting and managing different kinds of risk or combinations of them. The main categories of risk to which the corporation is exposed are credit, liquidity, market, operations, legal and reputation risks.

BCI's policies are designed to identify and analyze these risks, to establish adequate limits and controls, and monitor the risks and compliance of these limits through the use of reliable and updated information systems. BCI periodically examines its risk management policies and systems to reflect changes in the markets, regulations, products and new best practices.

In relation with financial risks, the organizational structure is designed to manage these risks efficiently, transparently and in good time. It is formed by strategic units composed by the Board of Directors, the Executive Committee, the Finances and Risk Committee and ALCO. These are divided into operative units such as the Corporate Risk Management and the Balance, Trading and Institutional, and Distribution and Corporate areas, dependents of the Investment and Finances Banking division. All this information flow is processed and analyzed by various support units such as Accounting, *Middle and Back Office*, Management and Process Control and Computers and Systems.

The senior strategic unit is the Board of Directors. Its main responsibilities regarding financial risk management are establishing adequate policies and levels of risk, exposure limits, the monitoring of risks and ensuring best practices through the permanent evaluation of the actions of the Finances and Investment Banking and Corporate Risk Management areas. The Board of Directors delegates to the Executive Committee and the Finances and Risk Committee the supervision and support to the strategic definitions in their relation with the corporate management areas.

The Finances and Risk Committee also analyzes in detail the strategies and models associated with the treasury function, both in the trading portfolio and the Bank's books, and the performance and risks associated with such strategies.

ALCO - Assets & Liabilities Committee is the committee where the corporation's assets and liabilities policy is discussed and agreed for the approval of the Board of Directors or the Executive Committee. The general objectives of the ALCO Committee are to ensure the Bank's adequate liquidity, protect the capital, make decisions on the financing of loans and maximize the financial margin subject to the risk restrictions imposed by the Board of Directors and the Finances and Risk Committee.

The Corporate Risk Management and its Operational Risk, Credit Risk and Market Risk units are responsible for the integral management of the Bank's risk. While a few years ago it was common in the industry to have an independent management of these risks, the deepening of derivative markets and the acceptance of common methodologies, such as the concept of maximum loss, value at risk, etc., have made limits increasingly more diffuse. Therefore, this management area has a corporate reach, with a comprehensive vision of the risks involved.

The Market Risk Management has the role of measuring and controlling the Bank's exposure to market risk, being them in or off is balance sheet. Pricing risks associated to interest rates, exchange rates, volatility, maximum loss, etc. are measured and monitored. This is complemented with the analysis of scenarios and simulations to obtain a better measure of the risk. The Market Risk Management is also responsible for defining the valuating methodologies for the financial assets and liabilities measured at fair value held by the corporation in or off the balance sheet.

In accordance with best practices, the Bank defines the segregation of activities between areas that could present conflicts of interest in their objectives, such as:

i. Investment and Finances Banking division.
ii. Support areas, operative departments (*Back Office, Middle Office*).
iii. Financial Control and Planning (Accounting, Management Control)
iv. Financial Risk and Credit Risk, dependents of Corporate Risk Management.

The total segregation of duties implies a physical and organizational separation of the areas.

2. **Liquidity and financing**

When banks face confidence crises and bank runs, even if they are solvent they may find themselves in difficulties to comply with their short-term obligations and even face bankruptcy. These situations are uncommon but have large losses associated to them. For this reason, BCI has improved the management of liquidity, defining adequate policies along with procedures and models that accordingly satisfy the regulations in force. The model has four core elements:

1. Presence of a minimum barrier of liquid assets to face stress situations.
2. Regulatory and internal liquidity indicators.
3. Maturity mismatch
4. Alert and contingency plans.

The corporation's policy and liquidity management models seek to guarantee, even in case of unexpected events, the Bank's adequate capacity to meet its short-term obligations satisfactorily. On that matter, BCI has continuously monitored the impact of recent events on the financial markets, introducing more conservative assumptions when they are justified.

The management of liquidity and funding is basically carried out by Treasury in accordance with practices and limits reviewed periodically in ALCO and authorized by the Board of Directors.

These limits may vary according to the depth and liquidity shown by the markets in order to comply with the objectives of serving in the event of unexpected losses of capital while providing funding at a competitive cost.

The Corporation has internally set explicit minimum limits to the liquidity level, parallel to the limits of Technical Reserve, which are periodically subject to simulations of financing stress for balances of current accounts and deposits, which are the Bank's main sources of liquidity.

At normative level, liquidity is measured and reported to the SBIF through the standardized liquidity position report. According to bank regulations, BCI has been authorized to use an adjusted liquidity model, generating procedures and models that allow an efficient evaluation of future income and liabilities that affect the bank's liquidity position, keeping in control the internal and external limits that the regulator proposes, specially for mismatches between assets and liabilities at 7, 30 and 90 days.

On the other hand, the periodic generation, projection, evaluation and analysis of liquidity stress scenarios, facilitate the anticipation of future difficulties and the agile and reliable execution of preventive actions before unfavorable scenarios.

The Bank has set strict limits, forcing itself to maintain a large amount of liquid assets in its balance which, in the event of any unexpected requirement, can constitute liquidity through repurchase agreements with the Central Bank of Chile. The counter-cyclical nature of this liquidity reserve is adjusted to the spirit of the latest recommendations proposed by the Basel.

Regarding liquidity, the normalization of the global financial markets observed during 2010 against the 2008 crisis was altered during 2011 due to the effects of the European crisis originated by the countries denominated as PIIGS (Portugal, Ireland, Italy, Greece and Spain) which has not translated into significant effects in the financing costs.

In the measurement of liquidity, both internal and regulatory, a reasonable level of liquidity was observed, in line with the Bank's policies. Even in the moments of highest uncertainty due to the global financial crisis, no events of deposit runs or current accounts balances were observed, confirming the confidence of the people towards the Chilean banking system in general.

Fig. 1 Evolution of main sources of liquidity
Year 2011 (base 100)

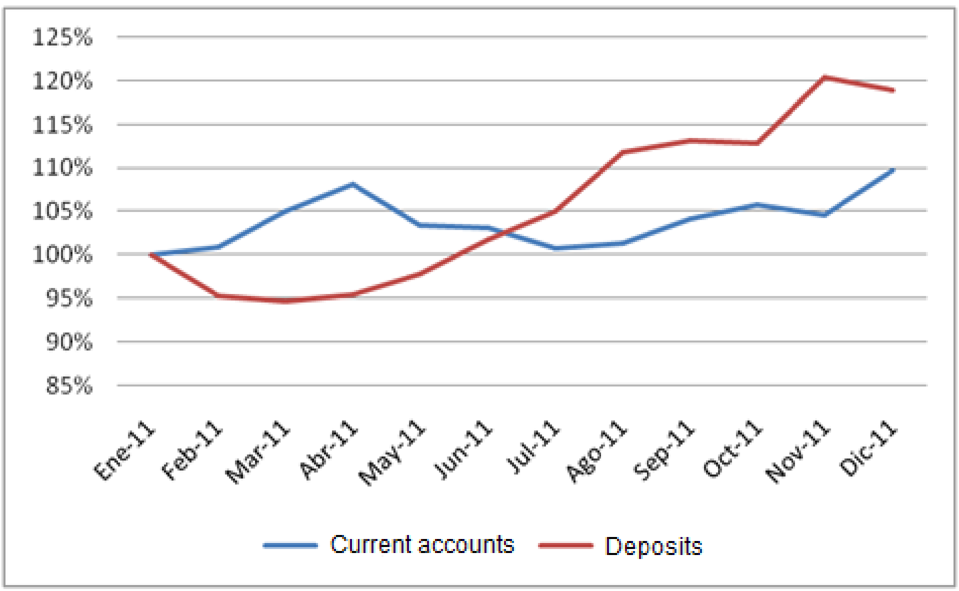


Fig 2. Diversification of liquidity sources by type of client
Year 2011 (%)

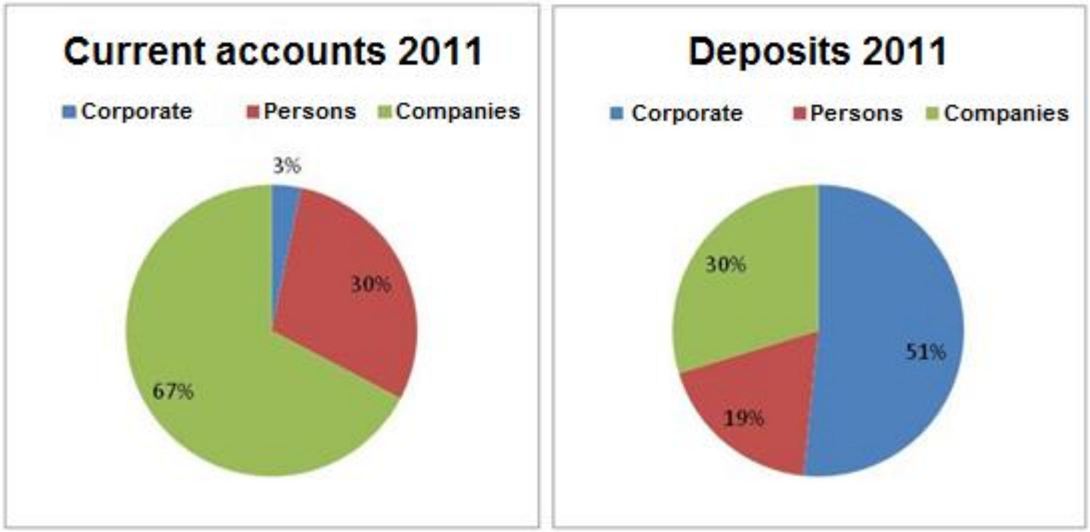
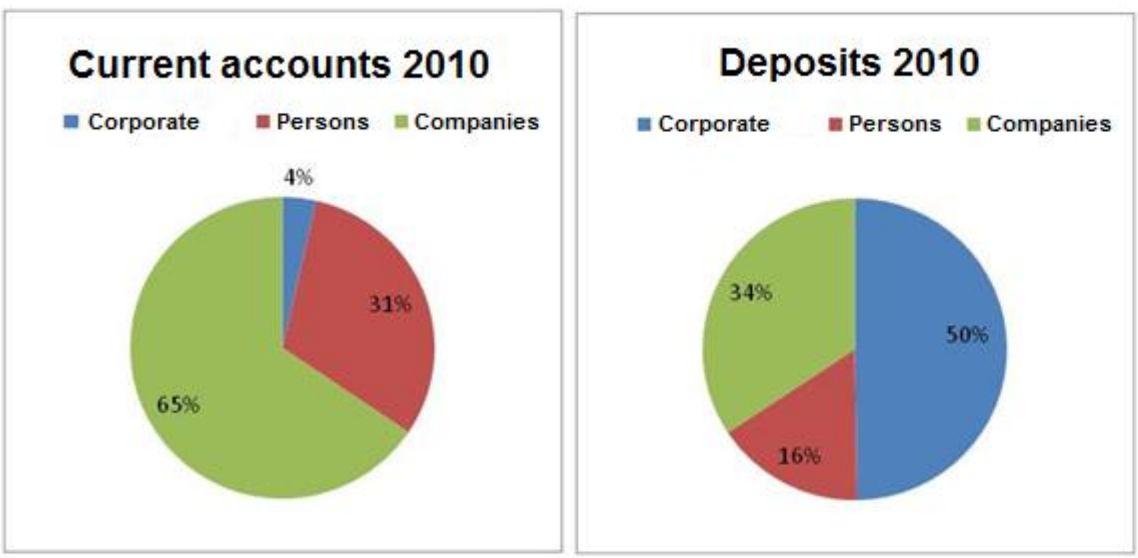


Fig 3. Diversification of liquidity sources by type of client
Year 2010 (%)



a. Variations during 2011

The short-term mismatch indexes remained satisfactory, comfortably within the regulatory limits of one time basic capital (measured at 30 days) and 2 times capital (measured at 90 days).

Fig 4. Liquidity indexes
Year 2011-2010 (maximum = 1)

(a) Total short-term mismatch (% on basic capital)

	Year 2011				Year 2010			
	Average	Maximum	Minimum	Closure	Average	Maximum	Minimum	Closure
Mismatch 30 days	0.54	0.87	0.14	0.41	0.62	0.91	0.14	0.41
Mismatch 90 days	0.63	0.85	0.38	0.45	0.72	0.88	0.53	0.77

(*) Measurement in relation to 2 times basic capital

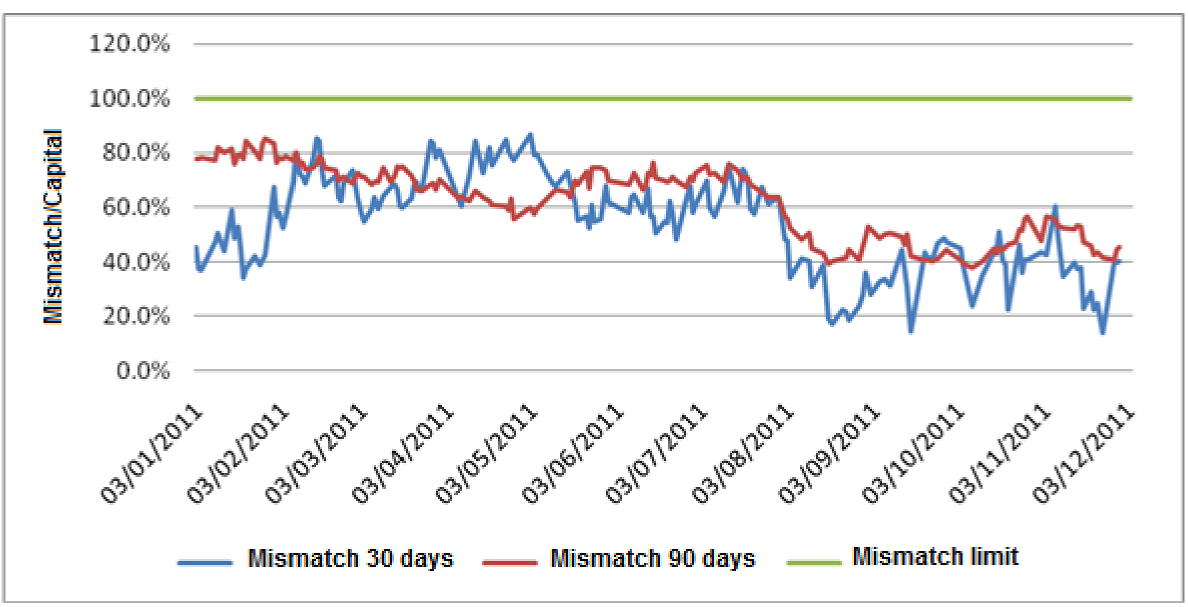
(b) Short-term mismatch CLP-UF (% on basic capital)

	Year 2011				Year 2010			
	Average	Maximum	Minimum	Closure	Average	Maximum	Minimum	Closure
Mismatch 30 days	0.17	0.42	-0.09	0.41	0.33	0.67	-0.06	0.22

(c) Short-term mismatch FX (% on basic capital)

	Year 2011				Year 2010			
	Average	Maximum	Minimum	Closure	Average	Maximum	Minimum	Closure
Mismatch 30 days	0.37	0.68	-0.02	0.33	0.29	0.64	-0.17	0.19

Fig 5. Evolution of Liquidity during 2011 (maximum = 1)
Liquidity 30 days = Mismatch/Basic capital
*Liquidity 90 days = Mismatch/2*Basic capital*



3. **Market risk**

Market risk is the risk inherent to the price variations of financial assets. Variations in interest rates, the exchange rate, *commodities* and shares prices, *credit spreads,* volatility, etc., constitute a risk known as market risk. This is expressed in the possibility of incurring in losses that will be translated to the statements of results or the balance depending on the type of financial instrument and their respective countable treatment.

BCI separates its exposure to market risk between trading portfolios and portfolios available for sale or held-to-maturity. Trading portfolios include positions coming from sales flow to corporate and institutional clients, positions coming from *market making* business, and *hedge or trading* positions. The second portfolios hold positions coming mainly from interest rates management associated to personal and commercial banking loans, in addition to a portfolio of financial investments. These portfolios have less rotation and their change in fair value doesn't affect the result statement until a longer term when they are actually sold. At present, the Bank has no instruments classified as held-to-maturity.

A series of tools are used to monitor the market risk of positions in each category. These include value-at-risk (VaR), CVaR, simulation and stress analysis. The corporation uses the *Algorithmics* platform to support the measurement and management of the market risk and counterpart.

a) Main positions

The following table shows the main balance sheet positions by maturity or re-pricing band and their comparison with 2010.

Fig 6. Bank's book to maturity or re-pricing by currency
Positions 31/12/11 (MCh$)

ASSETS	1Y	5Y	10Y	10Y+	Total
CLP	6,340,601	1,269,803	62,319	11,862	7,684,585
UF	3,066,234	2,469,645	15,504	547,089	6,098,472
MX	1,153,572	1,514,727	896,145	491,298	4,055,742
TOTAL	10,560,407	5,254,175	973,968	1,050,249	17,838,799

LIABILITIES	1Y	5Y	10Y	10Y+	Total
CLP	6,816,809	1,851,551	31,933	-	8,700,293
UF	1,804,951	1,252,947	8,520	855,031	3,921,449
MX	1,468,085	2,039,023	1,051,753	402,930	4,961,791
TOTAL	10,089,845	5,143,521	1,092,206	1,257,961	17,583,533

MISMATCH	1Y	5Y	10Y	10Y+	Total
CLP	(476,208)	(581,748)	30,386	11,862	(1,015,708)
UF	1,261,282	1,216,699	6,984	(307,942)	2,177,023
MX	(538,169)	(282,229)	6,984	4,050	(809,364)
TOTAL	246,905	352,722	44,354	(292,030)	351,951

Fig 7. Banking book: mismatch to maturity or re-pricing by currency
Positions 31/12/11 (MCh$)

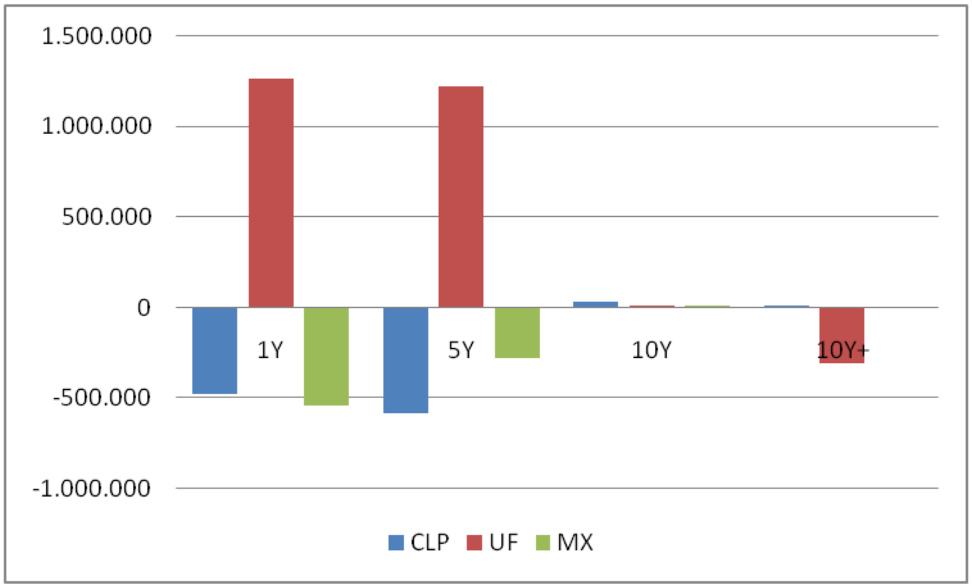


Fig 8. Bank's book to maturity or re-pricing by currency
Positions 31/12/10 (MCh$)

ASSETS	1Y	5Y	10Y	10Y+	Total
CLP	4,460,976	997,457	51,361	11,900	5,521,694
UF	2,685,645	2,137,348	710,070	459,527	5,992,590
MX	1,709,315	140,731	92,895	9,319	1,952,260
TOTAL	8,855,936	3,275,536	854,326	480,746	13,466,544

LIABILITIES	1Y	5Y	10Y	10Y+	Total
CLP	5,070,171	997,457	32,337	-	6,099,965
UF	1,348,009	1,245,360	461,675	630,693	3,685,737
MX	2,617,329	177,749	27,398	2,579	2,825,055
TOTAL	9,035,509	2,420,566	521,410	633,272	12,610,757

MISMATCH	1Y	5Y	10Y	10Y+	Total
CLP	(609,195)	-	19,024	11,900	(578,271)
UF	1,337,637	891,988	248,395	(171,166)	2,306,854
MX	(908,014)	(37,018)	65,497	6,740	(872,795)
TOTAL	(179,572)	854,970	332,916	(152,526)	855,788

Fig 9. Bank's book: mismatch to maturity or re-pricing by currency
Positions 31/12/10 (MCh$)

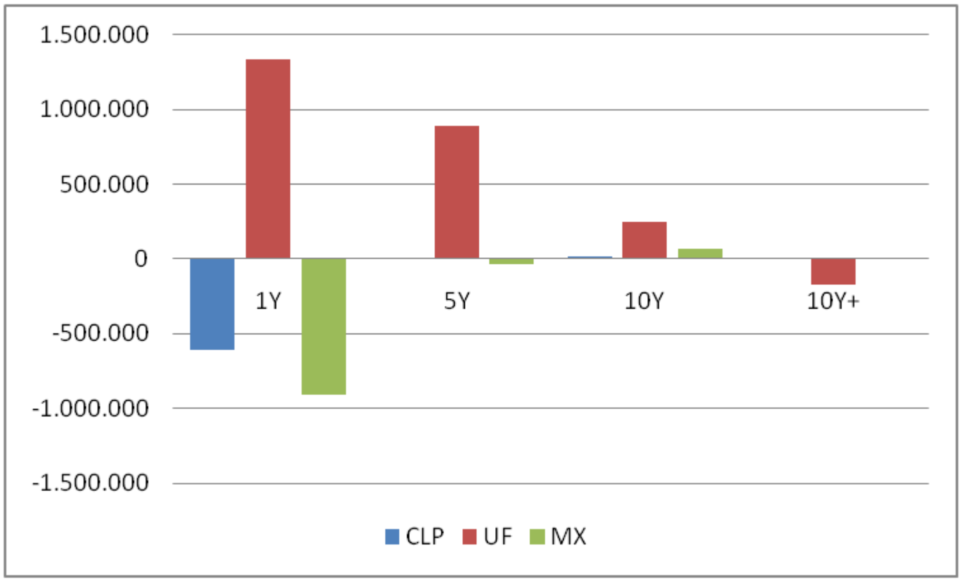


Fig 10. Bank's book to maturity or re-pricing by account
Positions 31/12/11 (MCh$)

ASSETS	**1Y**	**5Y**	**10Y**	**10Y+**
Central Bank of Chile	90,065	25,350	10,351	5,626
Banks and financial institutions of the country	188,280	89,173	4,851	-
Foreign banks	4,082	-	-	-
Purchases under resale agreements	28,900	-	-	-
Commercial loans	5,001,757	1,496,848	145,848	12,267
Consumer loans	952,784	583,145	10,769	11,488
Endorsable housing mortgage loans	590,064	1,004,799	554,115	451,594
Housing mortgage loans with funding notes	22,615	71,474	35,630	7,882
Cash	1,137,187	-	-	-
Forwards	351,266	-	-	-
Chilean government	3,958	12,006	4,252	42
Consumer leasing	445	762	4	-
Commercial leasing operations	251,782	415,935	106,791	39,689
Other entities of the country	82,847	140,162	52,879	38,961
Other assets	1,150,860	35,491	-	-
other housing mortgage loans	21	10	-	-
Others, except options	686,774	-	-	-
Swaps	612,666	-	-	-
Total Assets	11,156,353	3,875,155	925,490	567,549

LIABILITIES	**1Y**	**5Y**	**10Y**	**10Y+**
Straight bonds	192,990	242,942	409,128	
Subordinated bonds	38,181	153,241	153,504	845,322
Deferred-drawing savings accounts	44,758	-	-	-
Unconditional-drawing savings accounts	5,481	-	-	-
Sight deposits	1,857,479	1,321,671	-	-
Time deposits	6,466,405	205,933	-	-
Forwards	347,787	-	-	-
Letters of credit	20,787	82,991	42,279	9,957
Other liabilities	459,735	72,947	-	-
Others, except options	25,537	698,577	-	-
Loans and other obligations contracted abroad	955,113	249,656	-	-
Loans and other obligations contracted in Chile	200,362	33,124	38,870	2,052
Swaps	522,738	90,010	1,646	-
Sales under repurchase agreements	187,121	-	-	-
Total Liabilities	11,324,474	3,151,092	645,427	857,331

Fig 11. Bank's book to maturity or re-pricing by account
Positions 31/12/10 (MCh$)

ASSETS	**1Y**	**5Y**	**10Y**	**10Y+**
Central Bank of Chile	38,270	144,189	77,326	8,118
Banks and financial institutions of the country	9,328	42,946	6,224	957
Purchases under resale agreements	13,454	-	-	-
Commercial loans	4,352,457	1,235,202	130,633	10,911
Consumer loans	777,091	481,762	4,370	2,733
Endorsable housing mortgage loans	556,449	860,055	463,913	389,693
Housing mortgage loans with funding notes	26,112	84,467	48,829	13,404
Cash	993,243	-	-	-
Chilean government	2,836	17,541	4,105	39
Consumer leasing	640	397	159	-
Commercial leasing operations	309,589	246,300	73,385	23,242
Other entities in Chile	27,537	123,278	45,383	31,650
Other assets	902,430	39,361	-	-
Other housing mortgage loans	48	35	-	-
Swaps	846,451	-	-	-
Total Assets	8,855,935	3,275,533	854,327	480,747

LIABILITIES	**1Y**	**5Y**	**10Y**	**10Y+**
Straight bonds	6,177	301,559	280,496	-
Subordinated bonds	31,939	128,253	131,194	612,732
Deferred-drawing savings accounts	46,165	-	-	-
Unconditional-drawing savings accounts	5,383	-	-	-
Sight deposits	1,868,155	972,261	-	-
Time deposits	5,347,700	38,835	-	-
Letters of credit	19,147	82,880	49,794	17,960
Other liabilities	608,142	-	-	-
Loans and other obligations contracted abroad	798,020	127,062	-	-
Loans and other obligations contracted in Chile	37,576	33,407	39,607	2,579
Swaps	137,585	736,309	20,320	-
Sales under repurchase agreements	129,519	-	-	-
Total Liabilities	9,035,508	2,420,566	521,411	633,271

The following table details the main positions of investments available for sale by type of issuer and currency. It also shows is the risk classification of these positions at the end of last year.

Fig 12.a Investments available for sale
Fair value 31/12/11 (MCh$)

	As of December 31, 2011 (MCh$)				
	CLP	UF	USD	EUR	OTHER
Sovereign bonds	$ 116,992	$ 857,327	-	$ 12,830	-
Corporate bonds	$ 88,846	$ 36,095	$ 164,919	-	-
Financial institutions bonds	-	$ 124,112	-	-	-
Mortgage-funding notes	-	$ 110,079	-	-	-
Time deposits	$ 226,794	$ 267,281	$ 21,732	-	-
Total	**$ 432,632**	**$ 1, 394,894**	**$ 186,651**	**$ 12,830**	**-**

Fig 12.b Investments available for sale
Fair value 31/12/10 (MCh$)

	As of December 31, 2010 (MCh$)				
	CLP	UF	USD	EUR	OTRAS
Sovereign bonds	$ 53,515	$ 75,609	$ 2,136	$ 11,798	-
Corporate bonds	$ 92,153	$ 8,621	$ 94,757	-	-
Financial institutions bonds	$ 3,503	$ 40,950	$ 13,785	-	-
Mortgage-funding notes	$ -	$ 69,399	-	-	-
Time deposits	$ 8,723	$ 3,281	-	-	-
Total	**$ 157,894**	**$ 197,860**	**$ 110,678**	**$ 11,798**	**-**

Fig 13. Investments available for sale
International-Issued Bond Portfolio Credit Rating 31/12/11 (%)

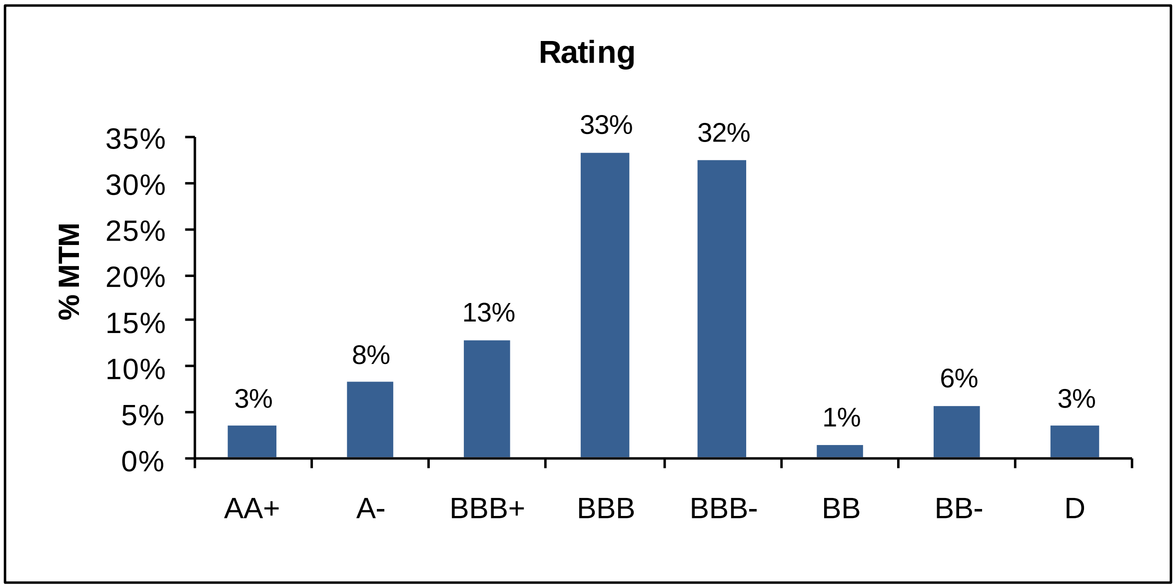
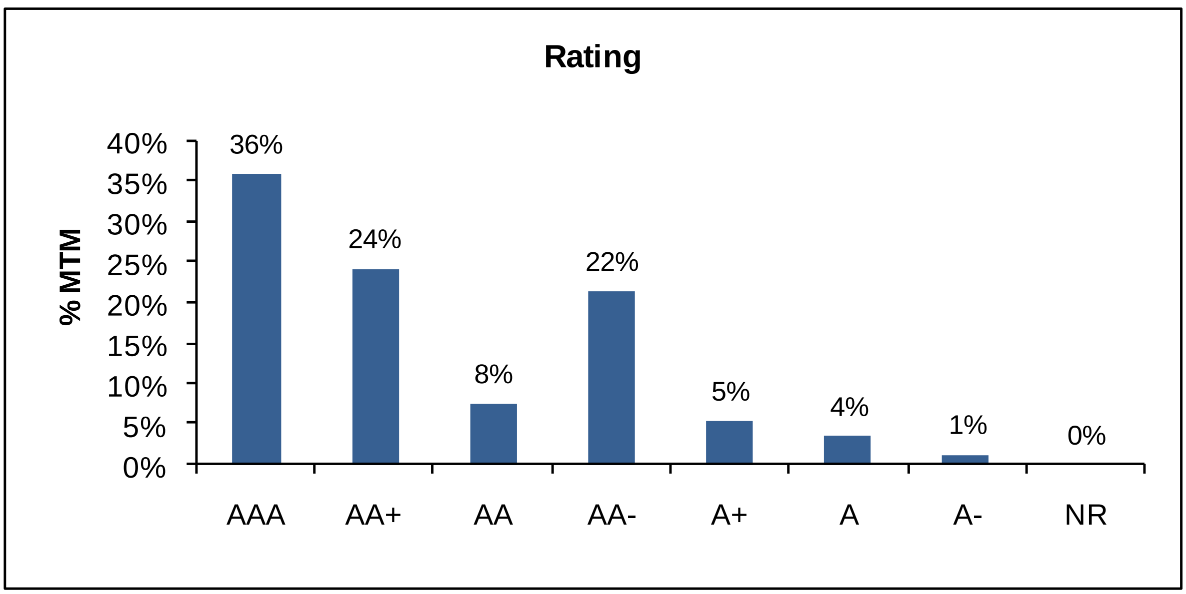


Fig 14. Investments available for sale
National-Issued Bonds and LCH Portfolio Credit Rating 31/12/11 (%)



b. Sensitivity analysis

Sensitivity measurements are used to monitor the market risk of positions for movements of each of the risk factors. For example, a change in the present value in the event of a movement of 100 basis points in the interest rate. This type of model is especially useful for measuring the risk of a mismatch between assets and liabilities, i.e., essentially the banking book.

The regulatory sensitivity measurements perform these analysis by applying *shocks* to the interest rates, exchange rates, inflation, commodities positions, shares positions and exposure to derivative instruments, according to predetermined sensitivities.

The Corporation also takes measurements for sub-portfolios and different risk factors. Among the models used is *Market Value Sensitivity*, MVS, which measures the change in economic value of equity in the event of a parallel movement of 100 basis points in interest rates. For a short-term horizon, the *Spreads at Risk,* SAR, model is used, which measures the impact on results in 12 months time of a parallel movement in rates. For both models, there are explicit internal limits measured as a ratio of capital (for MVS) and of financial margin (for SAR).

c. Value at Risk

Value-at-Risk (VaR) is a methodology that estimates potential losses that might affect a portfolio as a result of adverse interest-rate movements and/or market-price changes over a period of time and for a certain level of confidence.

The VaR methodology used is a historic simulation that records the *fat-tails* property of the financial income. It uses a window of 3 years of daily data. It is measured at percentile 1 of the PnL distribution or VaR at 99% of confidence, which is the same. The *volatility updating* technique is used, which records the existence of volatility *clusters*. The *forecast* horizon is of 1 day. The square root rule is used to escalate this value to the regulatory horizon of 10 days.

The *value-at-risk* model is validated by *backtesting* the daily results observed and theoretical. Statistically, excess losses of VaR on 1% of the days are expected to be observed in average. As of December 31, the *backtest* locates the model in the green zone of Basel with 2 failures.

- Stress Testing VaR

We recognize the limitations of the VaR models, particularly in the presence of extreme events that have not been observed in recent historic information or for not capturing the intra-day movements of the portfolio. Therefore, stress situations are modeled to evaluate potential impacts on the value of portfolios in the most extreme, although possible events. The scenarios used are the following:

- Historic simulation scenarios that incorporate fluctuations observed during historic extreme events.
- Montecarlo simulation scenarios, which generate multiplicity of possible scenarios from the historic data.
- Scenarios of sensitivity that consider movements in risk factors that are not captured by the recent history.

– VaR limits

The Corporation has set specific limits to the corporate VaR, as well as sub-limits to the trading, balance and investments available for sale portfolios.

d. Position limits

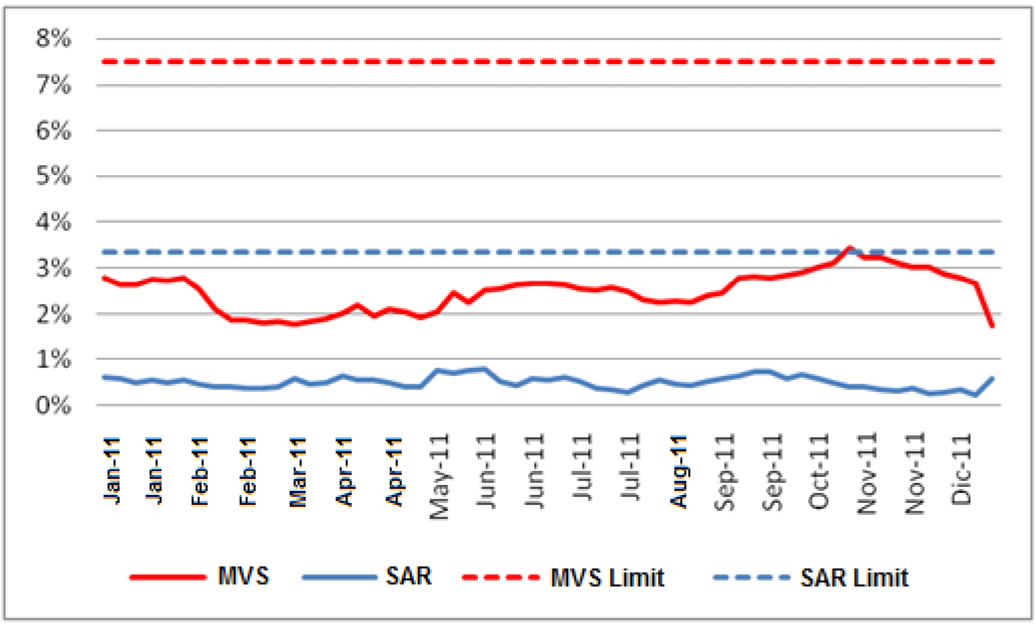
In addition to the limits of the predictive-type risk models like VaR and the sensitivity analysis, there are accounting limits of maximum positions and *Stop Loss* per table (trading, balance).

e. Variations

- Sensitivity analysis of the bank's book

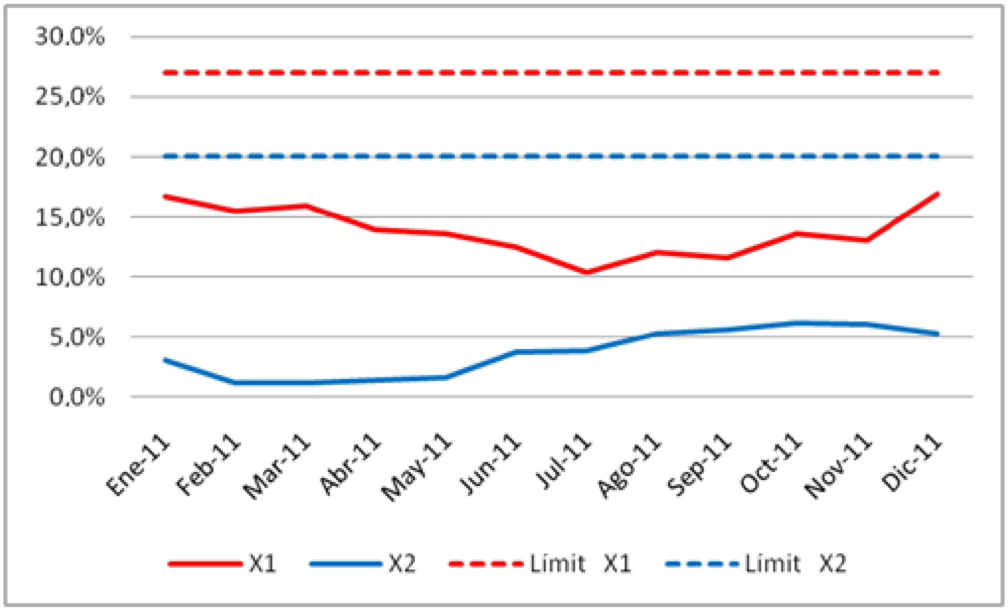
The use of accounting hedges and the issuance of bonds, helped to maintain the interest-rate risks of the *banking book* limited. The long-term MVS measurement averaged 2.5% of the capital over a limit of 7.5% during 2011 (3.66% in 2010). The SAR had an annual average of 0.52% over the financial margin for a limit of 3.35% (0.80% in 2010). During the second half year, there was a reactivation of credit and therefore an increase in the rate risk of the book, although with levels very below the internal limits.
Both indexes show a decrease of the book's rate risk, which is way below the established limits.

Fig 15. MVS - SAR
Year 2011



The evolution of regulatory indexes X1 (exposure to the short-term market risk) and X2 (exposure to the long-term market risk) registered a slack regarding the limits during 2011, explained mainly by the management of the balance with accounting hedges.

Fig 16. Regulatory Market Risk X1 – X2
Year 2011

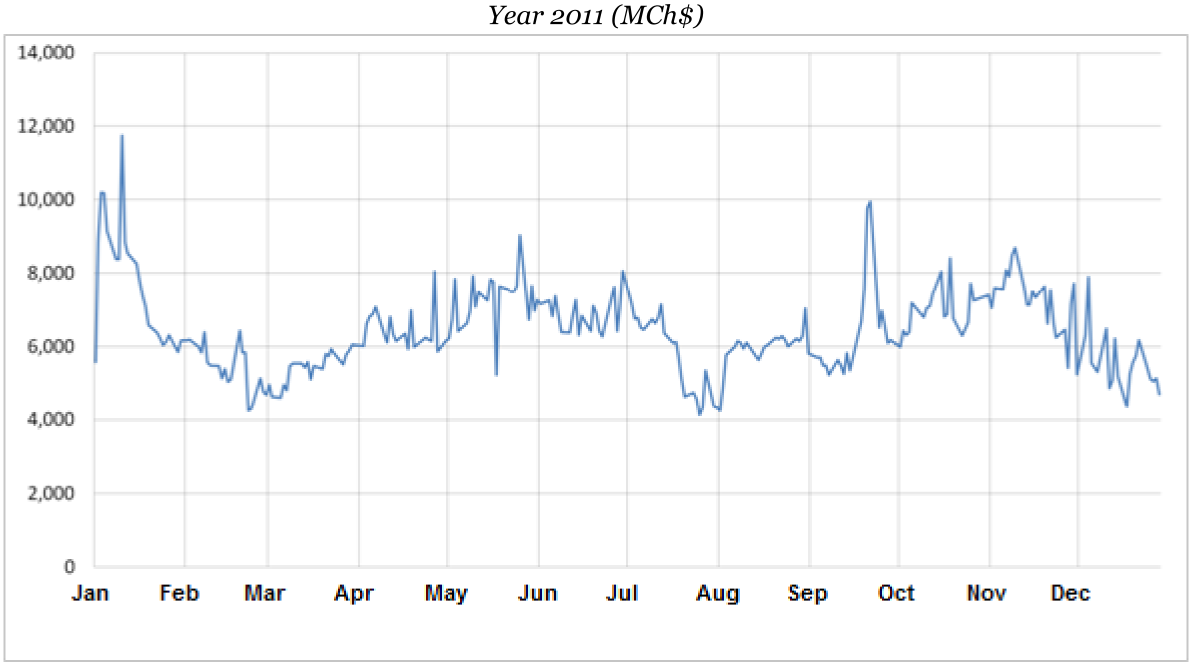


X1: Limit on Financial Margin
X2: Limit on Effective Shareholders' Equity

- Value at Risk

The evolution of VaR at 10 days for 2011 is the following:

Fig 17. Consolidated Value at Risk
Year 2011 (MCh$)



During 2011 there was a gradual decrease of the volatility on almost all the types of assets towards the end of the period. Due to the European credit crisis the credit spreads have increased towards the third quarter of 2011, along with their volatility. the European crisis also affected the Chilean inflation, which ended up being higher than expected and helped increasing the volatility of the rates in CLP and UF. The Dollar intervention by the Central Bank also collaborated to increase its volatility.

In this context, the total risk of trading and instruments available for the sale averaged MCh$7,143 measured to the regulatory horizon of 10 days. This is 6.51% superior than the average risk of 2010 (MCh$6,706).

The interest rate risk averaged MCh$6,846, while the foreign currency risk was MCh$3,592. In *trading*, the added average was MCh$4,874, MCh$4,671 for interest rate and MCh$2,451 for foreign currency. Finally, for non-trading portfolios (investments and derivates from banking book) the total VaR averaged MCh$4,161, MCh$3,988 for rate risk and MCh$2,093 for currency risk.

Fig 18.. Value at Risk by desk and type of risk
Year 2011 (MCh$)

(a) Consolidated VaR by type of risk (MCh$)

	12 months until December 31, 2011			
	Average	Maximum	Minimum	Final
FX Risk	3,592	5,189	2,273	2,392
Interest rate risk	6,846	9,890	4,332	4,558
VaR Total	7,143	11,744	4,125	4,713

(b) VaR portfolio *trading* by type of risk (MCh$)

	12 months until December 31, 2011			
	Average	Maximum	Minimum	Final
FX Risk	2,451	4,477	2,354	2,351
Interest rate risk	4,671	8,533	2,580	4,480
VaR Total	4,874	8,903	2,692	4,675

(c) VaR portfolio *non-trading* by type of risk (MCh$)

	12 months until December 31, 2011			
	Average	Maximum	Minimum	Final
FX Risk	2,093	2,880	1,587	2,107
Interest rate risk	3,988	5,489	3,024	4,015
VaR Total	4,161	5,727	3,155	4,189

Fig 19. Value at Risk by desk and type of risk
Year 2010 (MCh$$)

(a) Consolidated VaR by type of risk (MCh$)

	12 months until December 31, 2010			
	Average	Maximum	Minimum	Final
FX Risk	1,651	9,719	71	629
Interest rate risk	6,417	13,152	3,136	7,107
VaR Total	7,042	13,004	3,620	6,050

(b) VaR portfolio *trading* by type of risk (MCh$)

	12 months until December 31, 2010			
	Average	Maximum	Minimum	Final
FX Risk	2,059	9,804	91	682
Interest rate risk	3,184	8,938	968	1,969
VaR Total	3,811	10,867	1,156	2,197

(c) VaR portfolio *non-trading* by type of risk (MCh$)

	12 months until December 31, 2010			
	Average	Maximum	Minimum	Final
FX Risk	243	627	12	115
Interest rate risk	3,634	5,390	2,035	4,430
VaR Total	3,630	5,404	2,063	4,444

f. Fair Value

The Market-risk Management is responsible for defining the valuation methods of assets and liabilities measured at fair value, while Operations is responsible for their execution. The fundamental principle of the valuation at fair value task is establishing the exit price of an asset or liability in a normal transaction in a representative market. But not only the accounting information depends on this valuation; the risk indicators such as value-at-risk are also based on these prices so the implied volatility in any valuation model is also very relevant.

Following the international accounting principles, quotations or observable prices of assets and liabilities identical to those that will be measured are used, as long as they are available. These are known as Inputs of Level 1. If there are no identical assets and liabilities, the measurement will be carried out based on observable prices. Usually, we classify in this group interpolations for the case of derivate instruments and matrix pricing or other models for instruments of fixed income. This class is known as Inputs Level 2. Lastly, when it is not possible to have the previous inputs, the measurement is carried out based on inputs that are not directly observable in the market. These are the Inputs Level 3. In the Note 35 we show the classification of the financial instruments according to valuation level. The following is a brief explanation of this order.

Foreign currency positions, bonds from the Central Bank of Chile and futures contracts and other instruments traded on stock exchanges have very liquid markets where their prices or quotations for identical instruments are usually observable. These instruments are included in Level 1.

Even while being liquid, some markets need brokers to put together the offer and demand and allow transactions to be carried out. Usually, the deposits and derivative instruments traded over-the-counter are in this category. These have quotations from different brokers, which guarantees the existence of prices or market inputs necessary for their valuation. Among the derivative instruments there are forward contracts of currency and interest rates, swaps of rates, cross currency swaps, and foreign currency options. As usual, for those terms different to those quoted, construction techniques of curves and interpolation that are standard in the markets are used. Less liquid instruments of fixed income, like some sovereign funds, corporate bonds and mortgage bonds of national issue are valued - unless prices exist - based on models of fair value, based on prices or factors directly observable of the market. All these instruments are classified in Level 2 of valuation.

The base model for the valuation of fixed-income instruments with less liquidity on the domestic market is a dynamic interest-rate model that uses panels of incomplete data and incorporates all recent price history of the documents in question and instruments of similar characteristics in terms of issuer, credit rating, term, etc. The fair-value models used, both own and external, are tested periodically and their backtesting is audited by independent parties.

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

g. Derivative instruments

As of December 31, 2011, BCI had gross positions for almost MCh$62 in derivative instruments, the net exposure being approximately MCh$779. The derivative instruments are divided into two large groups, depending on their accounting treatment: (1) instruments for trading, and (2) instruments with special treatment of accounting hedging. The trading instruments are originated from the Sales & Trading activities (S&T), whether it is by sales to third parties or hedge of the risks experienced on those sales. The areas in charge of the Asset & Liability Management (ALM) also use derivatives to cover their risks. These can follow the standard treatment of trading or have a special accounting hedging treatment. Hedges seek, according to accounting regulations in force, to decrease the fluctuation in the value of assets and liabilities or in cash flows.

The market risk associated with the derivative instruments is measured using the VAR and stress analysis described on item c) of this Note.

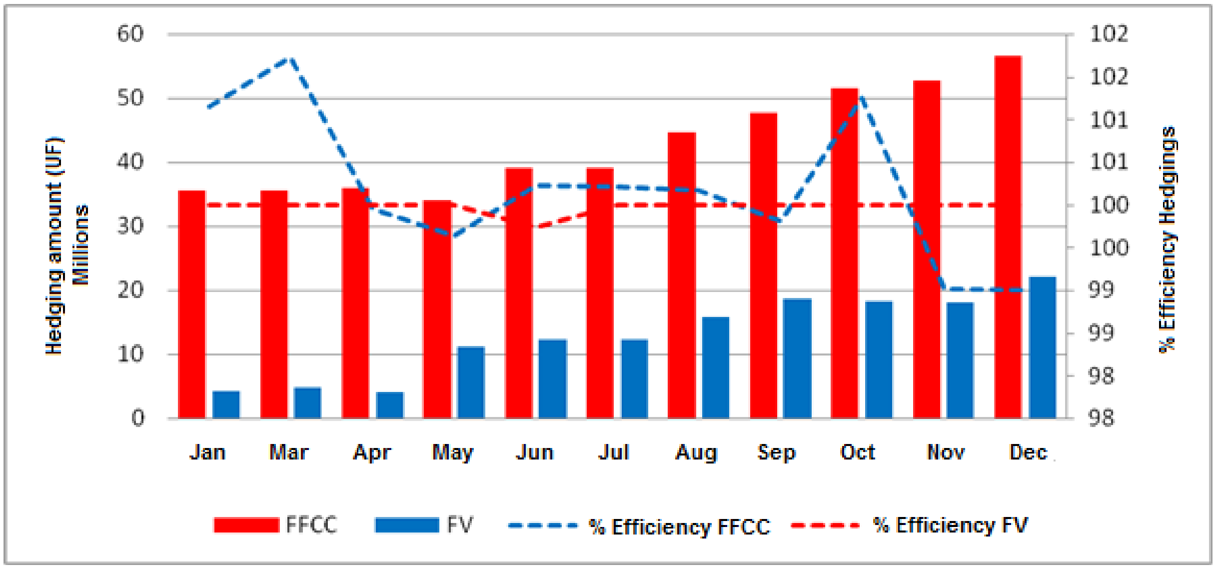
h. Counterpart risk

Notwithstanding the possibility of *netting* of positions with some professional counterparts in a credit event, BCI manages its counterpart risk measured in absolute terms. That means, to the current exposure of positions with credit risk, the maximum future exposure is added for a certain level of confidence using the *value-at-risk* (VaR) model at 99% confidence. Montecarlo simulation techniques are used to calculate maximum future exposures by counterpart. Specific limits per counterpart ensure that they do not exceed the accepted risk levels and an adequate diversification is achieved.

i. Accounting hedges

BCI uses accounting hedges to manage the fair-value and cash-flow risks to which it is exposed. The fair-value hedges use derivative instruments to cover changes in the fair value of an asset or liability in the balance sheet. Cash-flow hedges, on the other hand, show in net shareholders' equity the changes in the fair value of the derivatives forming part of the hedge. The treatment of this type of instrument strictly follow the international accounting standard IAS 39. The Financial Risk Management is responsible for designing and validating the efficiency of the hedges, generating efficiency indicators that are constantly monitored and reported to ALCO. As of December 31, 2011 the total notional amount of cash-flow hedges amounted to MCh$1,112,660 while the fair-value hedges amounted to MCh$577,177.

Fig 20. Amount, Type and Efficiency of Accounting Hedges
Year 2011 (UF Millions)



CREDIT RISK

Risk Management structure

The Bank has structured its credit approval process on the basis of personal and non-delegable discretionary limits authorized by the Board of Directors.

Based on these credit faculties, the operations are approved at the different levels of the management, always requiring the concurrence of two executives with discretional limits.

As the amount of the operation increases, this is approved by couples of senior executives both from the commercial and risk areas and from the senior management committees, until reaching the highest level represented by the Board of Director's Executive Committee.

Provisions for credit risk

According to the indicated by the Superintendencia de Bancos e Instituciones Financieras (SBIF), the Banks should permanently maintain evaluated their loans and contingent credits portfolios evaluated, in order to constitute provisions opportunely and sufficiently, in order to cover possible losses, in accordance with the regulation of said Organism, contained on Circular B1 referring to provisions for credit risk.

The Bank has a series of models both for the individual and the group portfolios, which are applied depending on the type of portfolio and operations. These models are approved by the Board of Directors, which is informed annually about the adequacy of the provisions.

Models based on the individual analysis of debtors

This model is applied when the companies involved, given their size, complexity or level of exposure with the entity are required to be known and analyzed in detail, one by one.

These models consider the analysis of aspects such as the financial situation of debtors, their payment behavior, knowledge and experience of the shareholders and management in the business, as well as their grade of commitment with the company and the industrial area where the company is inserted and the relative position of the company within this area.

Quality of the loans by type of financial asset

Regarding the quality of the loans, these are described in accordance with the Compendium of Accounting Standards issued by the Superintendencia de Bancos e Instituciones Financieras (SBIF). The detail of the quality of loans is summarized in the following table:

	2011					
	DEBT			PROVISION		
Debt:	Due from banks	Loans and accounts receivable with clients	Total	Due from banks	Loans and accounts receivable with clients	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	5,594	13,761	19,355	2	5	7
A2	25,102	880,693	905,795	21	527	548
A3	29,622	1,340,896	1,370,518	65	2,070	2,135
A4	148	1,826,444	1,826,592	3	17,910	17,913
A5	167	720,531	720,698	7	9,622	9,629
A6	53	220,123	220,176	5	5,853	5,858
B1	-	46,755	46,755	-	1,021	1,021
B2	-	24,472	24,472	-	798	798
B3	-	7,733	7,733	-	1,442	1,442
B4	-	9,867	9,867	-	1,452	1,452
C1	-	36,070	36,070	-	721	721
C2	-	20,162	20,162	-	2,016	2,016
C3	-	75,080	75,080	-	18,770	18,770
C4	-	22,728	22,728	-	9,091	9,091
C5	-	67,081	67,081	-	43,603	43,603
C6	-	31,184	31,184	-	28,066	28,066
GR	-	5,155,869	5,155,869	-	125,722	125,722
Subsidiaries	12,020	878,402	890,422	9	8,608	8,617
Total	**72,706**	**11,377,851**	**11,450,557**	**112**	**277,297**	**277,409**

	2010					
	DEBT			PROVISION		
	Due from banks	Loans and accounts receivable with clients	Total	Due from banks	Loans and accounts receivable with clients	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
A1	343	98,905	99,248	7	33	40
A2	28,482	749,610	778,092	25	389	414
A3	63,823	934,044	997,867	145	1,456	1,601
A4	1,549	2,031,495	2,033,044	52	20,130	20,182
A5	-	463,657	463,657	-	7,346	7,346
A6	34	44,090	44,124	3	2,626	2,629
B1	-	25,086	25,086	-	1,152	1,152
B2	-	197	197	-	4	4
B3	-	-	-	-	-	-
B4	-	-	-	-	-	-
C1	-	55,720	55,720	-	1,114	1,114
C2	-	20,451	20,451	-	2,045	2,045
C3	-	4,335	4,335	-	1,084	1,084
C4	-	15,292	15,292	-	6,117	6,117
C5	-	75,890	75,890	-	49,328	49,328
C6	-	51,970	51,970	-	46,773	46,773
GR	-	4,375,848	4,375,848	-	102,121	102,121
Subsidiaries	7,050	584,975	592,025	-	7,610	7,610
Total	**101,281**	**9,531,565**	**9,632,846**	**232**	**249,328**	**249,560**

The analysis of the age of delinquent debt by type of financial assets is the following:

	Less than 30 days		Between 30 and 89 days		90 days or more		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Due from banks	-	-	-	-	-	-	-	-
Loans and accounts receivable with clients	19,524	21,364	22,857	21,777	144,466	112,527	186,847	155,668
Total	**19,524**	**21,364**	**22,857**	**21,777**	**144,466**	**112,527**	**186,847**	**155,668**

Operational Risk

Due to the importance of a proper administration and control of operational risks, BCI introduced in 2006, a specialized management whose organization is aligned with the principles defined in Basel.

BCI Bank has operational-risk specialists in the areas of processes, information security, continuity of business and regulatory compliance, being the objective to avoid errors in the processes, unexpected losses and to optimize the use of required capital.

Over the last years, BCI has reached maturity in terms of identification, quantification, mitigation and report of its operational risks, which allows having risks whose impact in the organization is quantified monetarily.

During 2011 the risk management was strengthened by lowering the risk appetite for Expected Losses and VAR, the definition and implementation of maximum tolerable levels for Materialized Losses and the update of risk maps of critical processes.

Operational risk management

BCI manages its operational risks with the active participation of those responsible for the areas (Owners of Processes) through management committees on different areas. One committee is for operational risks for losses management, another one for suppliers, one for technologic operational risks and the last one for continuity of business. These committees meet periodically and their objective is checking losses that have occurred, carry out plans for correcting their causes and managing the mitigation plans for operational risks identified in the process revisions.

Capital calculation according to Basel

BCI has participated in the capital calculation exercises according to the standards of Basel II (QIS), a calculation integrating the credit and financial or market risks along with the operating risk as a global indicator of risk exposure. However, during 2011 BCI carried out two Operational Risk Capital Calculation under the Advanced Model (first bank in Chile to acquire it).

Security of information

BCI has a security strategy based on the best practices of the industry which is sustained in the regulatory frame and whose main component is the General Policy for Information Security, approved by the Board of Directors Committee, an organization conformed by specialized areas and focused on the administration and operation of security and the management of security risks, and a Security Committee conformed by representatives of several areas of the Bank which watch over the compliance of the annual plan of security and the approval of the specific policies for security.

This strategy is complemented with a technological infrastructure and specific procedures of operation and monitoring of the activity, oriented towards preventing potential attacks to the information security of the clients and the Bank.

A relevant event in the security of information during 2011 was successfully finishing an information classification and inventory process, which allows to focus the efforts on the implementation of protective measures for this information.

Continuity of business

The continuity strategies developed during the last years have been consolidating, adding new risk scenarios and increasing the coverage plan to the North and South zones to face natural disaster scenarios. In addition, the contingency sites increased their coverage to several subsidiaries of the Corporation, granting a wider coverage spectrum of the Continuity of Business Plan.

Along with the aforementioned, exercises of these plans have been carried out during working hours and with presence of public, thus validating the procedures and continuity strategies, giving a permanent and satisfactory attention to the client.

NOTE 37 - MATURITIES OF ASSETS AND LIABILITIES

As of December 31, 2011 and 2010, the breakdown of maturities of assets and liabilities is as follows:

2011	NIB	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Subtotal up to 1 year	Between 1 and 5 years	More than 5 years	Subtotal over 1 year	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets									
Cash and bank deposits	1,199,581	-	-	-	1,199,581	-	-	-	1,199,581
Operations pending settlement	275,473	-	-	-	275,473	-	-	-	275,473
Trading instruments	-	1,014,460	35,344	81,727	1,131,531	85,418	25,529	110,947	1,242,478
Repurchase agreements and securities loans	-	59,497	10,564	3,486	73,547	-	-	-	73,547
Financial derivative contract (*)	-	143,478	111,940	242,624	498,042	125,426	17,709	143,135	641,177
Due from banks (*)	-	5,287	40,095	27,181	72,563	143	-	143	72,706
Loans and accounts receivable with clients (**)	-	1,605,813	1,118,295	1,973,398	4,697,506	3,694,421	2,842,679	6,537,100	11,234,606
Investment instruments available for sale	-	594,226	572	8,429	603,227	116,090	110,273	226,363	829,590
Investment instruments held to maturity	-	-	-	-	-	-	-	-	-
Total assets	**1,475,054**	**3,422,761**	**1,316,810**	**2,336,845**	**8,551,470**	**4,021,498**	**2,996,190**	**7,017,688**	**15,569,158**
Liabilities									
NIBDs and other obligations	3,172,480	-	-	-	3,172,480	-	-	-	3,172,480
Operations pending settlement	157,092	-	-	-	157,092	-	-	-	157,092
Repurchase agreements and securities loans	-	324,378	22,810	3,131	350,319	-	-	-	350,319
Term deposits and other obligations (***)	-	2,614,778	1,538,438	2,335,588	6,488,804	210,011	-	210,011	6,698,815
Financial derivative contracts	-	218,407	89,832	128,935	437,174	163,837	24,612	188,449	625,623
Borrowings from banks	-	392,357	331,786	804,636	1,528,779	318,268	47	318,315	1,847,094
Debt instruments issued	-	15,267	1,234	121,563	138,064	376,629	958,941	1,335,570	1,473,634
Other financial obligations	-	43,380	502	2,911	46,793	30,358	37,676	68,034	114,827
Total Liabilities	**3,329,572**	**3,608,567**	**1,984,602**	**3,396,764**	**12,319,505**	**1,099,103**	**1,021,276**	**2,120,379**	**14,439,884**

(*) Shows gross values.
(**) Excludes amounts whose maturity date has already passed and provision.
(***) Excludes term savings accounts.

2010

	NIB	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Subtotal up to 1 year	Between 1 and 5 years	More than 5 years	Subtotal over 1 year	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets									
Cash and bank deposits	1,047,633	-	-	-	1,047,633	-	-	-	1,047,633
Operations pending settlement	306,023	-		-	306,023	-	-	-	306,023
Trading instruments	-	591,683	113,122	70,306	775,111	31,766	42,278	74,044	849,155
Repurchase agreements and securities loans	-	56,629	21,502	8,797	86,928	-	2,667	2,667	89,595
Derivative financial contract	-	79,697	87,643	214,078	381,418	71,349	6,863	78,212	459,630
Due from banks (*)	-	15,697	2,902	48,063	66,662	34,619	-	34,619	101,281
Loans and accounts receivable with clients (**)	-	1,206,504	973,721	1,768,066	3,948,291	2,986,429	2,485,391	5,471,820	9,420,111
Investment instruments available for sale	6,849	391,239	664	2,893	401,645	76,607	19,280	95,887	497,532
Investment instruments held to maturity	-	-	-	-	-	-	-	-	-
Total assets	**1,360,505**	**2,341,449**	**1,199,554**	**2,112,203**	**7,013,711**	**3,200,770**	**2,556,479**	**5,757,249**	**12,770,960**
Liabilities									
NIBDs and other obligations	2,844,029	-	-	-	2,844,029	-	-	-	2,844,029
Operations pending settlement	184,437	-	-	-	184,437	-	-	-	184,437
Repurchase agreements and securities loans	-	286,676	30,909	199	317,784	-	-	-	317,784
Term deposits and other obligations (***)	-	1,973,975	1,713,435	1,693,337	5,380,747	35,249	-	35,249	5,415,996
Financial derivative contracts	-	143,286	118,081	130,753	392,120	85,200	10,158	95,358	487,478
Borrowings from banks	-	102,479	295,411	504,580	902,470	319,053	78	319,131	1,221,601
Debt instruments issued	-	-	3,279	31,636	34,915	364,236	730,763	1,094,999	1,129,914
Other financial obligations	-	35,736	652	6,415	42,803	30,407	38,386	68,793	111,596
Total liabilities	**3,028,466**	**2,542,152**	**2,161,767**	**2,366,920**	**10,099,305**	**834,145**	**779,385**	**1,613,530**	**11,712,835**

(*) Shows gross values.
(**) Excludes amounts whose maturity date has already passed and provision.
(***) Excludes term savings accounts.

NOTE 38 - SUBSEQUENT EVENTS

Between December 31, 2011 and the date of issuance of these consolidated financial statements, no subsequent events were registered that have had or might have influence on the presentation of these consolidated financial statements.

Fernando Vallejos Vásquez Corporate Accounting Manager	Lionel Olavarría Leyton General Manager