



**Bci** Corporate Governance and  
Entrepreneurial Social Responsibility  
2005 

# OUR MISSION

BCI has defined itself as a financial solutions corporation that engages in all financial businesses and transactions allowed by the General Banking Law. It offers the community products and services through highly efficient operating processes of excellent quality that are always undergoing technological innovations.

Its risk management policies are prudent and its ethics exigent, and they must be respected by everyone working in its enterprises. This is the framework by which the Corporation promises to ensure that it attains its objectives and abides by its policies while emphasizing, in particular, what it considers to be its four fundamental pillars:

## The Shareholders

Business policies and decisions must always seek to increase the equity that shareholders have invested in the company and endeavor to give them a return on their investment that is better than the average in the banking system, subject, however, to normal levels of risk for all businesses in which the company is involved. Its conduct must be unfailingly transparent and according to the governing laws, regulations and framework of ethics.

## Customers and Suppliers

The quality of the products and services that BCI provides to its customers must be optimal, at competitive prices, innovative and intended to satisfy their needs appropriately and opportunistically. Customers must always be considered the foundation for the Bank's success and, therefore, our business relations with them must be viewed from a long-term perspective.

We must maintain relations of mutual benefit, long-standing loyalty, and high standards of quality, compliance and transparency with our suppliers.

## Collaborators and their Families

The Corporation must endeavor for all its collaborators to have a dignified standard of living, stable employment and possibilities for personal, professional and family development. We must encourage and appropriately reward good performance, individual and group efforts, while simultaneously issuing directives and standards that sustain a working environment of excellence and exigent professional and ethical behavior.

The Corporation considers itself to be a family-oriented enterprise. It is committed to ensuring that collaborators can work in a way that is compatible with an adequate personal and family life.

## Society

The commitment of the Corporation is to develop its businesses and activities within the framework of governing laws in the country and abroad, wherever it does business. It will abide in full by the ethical principles that ensure respect for the rights and interests of others, according to the guidelines established and accepted by society. As an enterprise, it is also interested in contributing effectively to maintaining a healthy environment and enhancing the social, cultural and economic heritage of the nation by supporting relevant initiatives.

The Corporation is fully aware of the social responsibility that it has as a company.

> **At Bci, we believe that there is an entrepreneur inside each person,** someone who wants to make his or her dreams come true, realize a passion for something, or satisfy the needs of his or her family and its future. That is why our attention, products and services are oriented towards making the dreams and projects of our customers a reality.

**And what could be better than a few testimonies of those who have already received our support?**

We invite you to read these testimonies in this report because they are true examples of effort and conviction, worthy of becoming a part of everyone's memory ...



- > This document clarifies our leadership and management, defines **our entrepreneurial philosophy and our commitment to society and individuals**.

We are proud to be the leaders in matters concerning Entrepreneurial Social Responsibility and show results that strengthen our corporative identity and point out the ideal road to internal and external management policies.

That is why we have relied on two guiding principles, **coherence and equity**. Coherence, because we have managed to make our dreams come true; and equity, because the search for solutions extends to all the components of the community surrounding the company's activities.

**That is our challenge. That is why we are different.**

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This report has been translated into English using consolidated figures in U.S. dollars at the exchange rate of 514.21 Chilean pesos per one U.S. dollar.



# Financial Summary

Transaction balances at the closing of each year expressed in millions of US\$ equivalent as of December 31, 2005

> CONSOLIDATED BALANCE SHEET	1995	1997	1999	2001	2003	2004	2005	Variation 2004/2005
Real loans	2043.42	3153.59	3436.23	4542.07	5964.99	7880.48	9487.77	1607.29
Mortgage loans	455.17	730.45	793.04	853.08	1151.68	813.07	691.37	(121.70)
Contingent loans	234.66	497.08	458.76	535.41	620.26	818.38	1003.64	185.26
Past-due portfolio	12.16	34.07	54.80	80.30	87.14	88.40	81.08	(7.32)
Total Loans	2745.41	4415.19	4742.83	6010.86	7824.07	9600.33	11263.86	1663.53
Financial investments	716.97	1243.54	1239.47	1701.25	2161.16	1955.59	2231.39	275.80
Other assets	1073.89	665.26	1032.88	1118.71	1538.40	2274.33	1744.53	(529.80)
Total assets	4536.29	6323.99	7015.18	8830.82	11523.63	13830.25	15239.78	1409.53
Demand deposits	1345.53	1426.45	1475.49	1926.71	2486.16	2770.79	2640.05	(130.74)
Time and other deposits	1621.00	2261.28	2727.92	3480.33	4094.38	5208.12	6700.21	1492.09
Other obligations	1323.87	2298.32	2385.80	2839.21	4196.40	4993.29	4925.45	(67.84)
Capital and Reserves	189.20	263.49	370.19	472.27	594.51	679.35	768.54	89.19
Profit	56.67	74.45	55.70	112.30	152.18	178.70	205.53	26.83
Total Liabilities	4536.27	6323.99	7015.18	8830.82	11523.63	13830.25	15239.78	1409.53
> FINANCIAL INDICATORS								
<b>Bci Shares</b>								
Price	9.73	7.31	9.96	10.41	18.38	25.18	24.95	(0.24)
Per-share profit	0.59	0.78	0.58	1.14	1.54	1.81	2.08	0.27
Exchange price / book value (times)	4.94	2.66	2.58	2.17	3.05	3.66	3.21	(0.45)
Exchange price / per-share profit (times)	16.48	9.42	17.17	9.11	11.91	13.92	11.99	(1.93)
Traded equity (000's dollars)	818.212	643.91	782.26	726.75	1,463.92	2,206.35	2,457.15	250.80
Book equity (000's dollars)	272.45	335.96	441.64	522.00	631.55	705.17	768.55	63.38
<b>Return and Efficiency</b>								
Return on equity	29.95%	28.26%	15.05%	23.78%	25.60%	26.30%	26.74%	0.44%
Capitalized profit from previous fiscal year	52.50%	62.70%	68.51%	52.97%	52.02%	54.41%	53.21%	(1.20%)
Return on assets	1.25%	1.18%	0.79%	1.27%	1.32%	1.29%	1.35%	0.06%
Productivity (support expenses/operating income)	68.40%	62.30%	61.90%	53.04%	48.40%	52.96%	51.77%	(1.19%)
Assets per employee (millions of dollars)	1.41	1.71	1.66	2.16	2.68	1.96	1.95	(0.01)
<b>Market share</b>								
Loans	6.50%	7.90%	8.40%	8.90%	11.20%	12.20%	12.49%	0.29%
<b>Risk</b>								
Total provisions/total loans	1.05%	1.18%	2.17%	2.10%	1.93%	1.70%	1.54%	(0.16%)
Past-due portfolio/loans net of interbank loans	0.44%	0.77%	1.16%	1.34%	1.11%	0.92%	0.72%	(0.20%)
Provisions / past-due portfolio	1.79%	1.26%	1.90%	1.36%	1.51%	2.05%	2.12%	0.07%
> ACTIVITY INDICATORS (number)								
Employees (Bci Corporation)	3,227	3,709	4,225	4,085	4304	7,053	7,823	770
Branches	110	135	143	141	141	198	221	23
Checking accounts	143,220	202,213	204,214	229,774	267,755	289,014	299,125	10,111
Premium accounts	87,902	151,726	194,126	319,288	456,598	590,194	806,430	216,236
Automatic tellers	102	201	296	315	437	506	512	6
Automatic teller transactions (December of each year)	1,504,593	2,211,115	2,707,250	3,053,728	4,027,421	3,836,141	3,054,729	(781,412)
Internet transactions (December of each year)	-	-	300,203	1,720,032	6,835,010	10,044,296	11,263,330	1,219,034



# 01 Message from the Chairman

We have attempted to highlight two concepts that we believe have served as a beacon for our internal and external management policies: coherence and equity

## **Dear Shareholders:**

We are publishing the report you have in your hands for the second consecutive year. This report sets out the experience and progress of our institution in the field of Corporate Governance and Entrepreneurial Social Responsibility during 2005 and reinforces a process of continuous improvement in these areas, as we announced a year ago.

The report on the previous year, the first of its kind published by a financial institution in our country, drew important acclaim for our Bank that rewarded our efforts and leadership. This, however, does not alter our determination to make this information ever more transparent, as this is no more than a reflection of Bci's interest in improving, every day, its policies and actions in the matters discussed in this report.

On this occasion, although we have once again included all those matters related to the internal government of our company that must always be publicly disclosed, we have added more and better information so as to increase the degree of transparency in Bci's management and communicate all the efforts it makes in the field of Entrepreneurial Social Responsibility, especially internally.

In publishing this document, this year we have attempted to highlight two concepts that we believe have served as beacons for our internal and external management policies: coherence and equity. During 2005, we made great efforts to firmly inspire our internal policies on these two guiding principles, especially in relation to Entrepreneurial Social Responsibility.





Why coherence? Because Bci systematically seeks to translate its declarations of intent into concrete action. Tangible proof of this is the progress made this year with the establishment of Corporate Governance Regulations for Bci subsidiary companies, the introduction of a new fee structure for the Board of Directors, the creation of the Investor's Office, and other measures described in this report.

This notwithstanding, where the Bank has wished to put special emphasis is on the relationship between the preaching of its policies and execution of its actions in the field of Entrepreneurial Social Responsibility. In fact, at Bci, we believe that any policy of this kind, if it has any intentions of transcending over time, must begin by assuming the internal realities of the company, as we owe our enterprise not only to our shareholders, clients and suppliers, but most especially to our collaborators. This intimate conviction explains the wide range of measures applied during 2005 to improve the standard of living of those individuals that depend on Bci, which are discussed in the respective chapter of this report. It would be very time-consuming to mention them one by one in this introduction, but suffice it to say that they reflect the values and principles that motivate those of us who belong to the Bci family.

Why balance? Because it implies maintaining the correct relationship between the aspirations of the different groups that in one way or another are affected by the Bank's business record. When Bci applies its policies in the field of Entrepreneurial Social Responsibility, it must do so bearing in mind the effects they will have on the shareholders, collaborators, customers, suppliers and society as a whole.

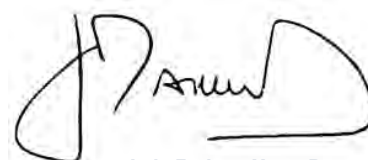


Bci systematically seeks to translate its declarations of intent into concrete actions

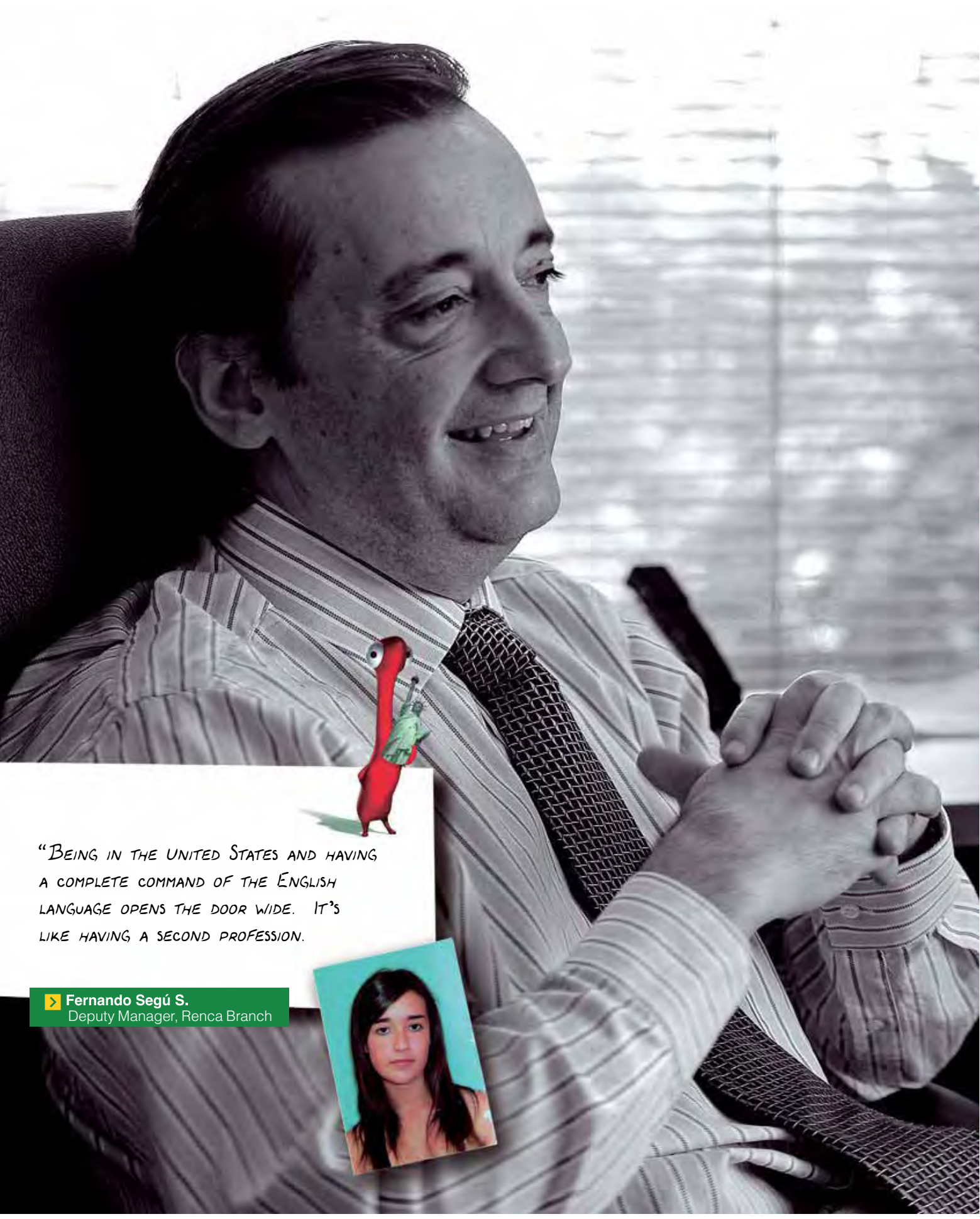


The Bank seeks to assume the challenges demanded by a responsible company policy by translating those actions--aimed at producing benefits for the community--into value for the company and its shareholders as well. We believe that a different strategy could be merely transferring the funds that the Bci shareholders have invested in the Corporation to third parties without them receiving any yield on them. On the contrary, if the focus of the corporate Entrepreneurial Social Responsibility policies is on increasing the scope of the internal social network and the standard of living enjoyed by the company's collaborators, we will be promoting the quality of their work and strengthening their commitment to the Bank, the only way to provide excellent service to the bank's customers and improve Bci's annual results. Thus, by benefiting the collaborators themselves, we are also benefiting the corporation's shareholders. Bci is a company whose corporate reputation, transparency and social leadership are part of the business history of Chile. We are proud of our achievements, but we are aware that they are nothing more than the consequences of concentrating the Bank's activities on human beings. For those of us who work in this company, it is very satisfying to perceive that these fruits are the rewards of the application of the same policies for the 68 years the company has existed. The results achieved by the company are sufficiently eloquent to validate the soundness of these principles.

Affectionately yours,



**Luis Enrique Yarur Rey**  
Chairman



*"BEING IN THE UNITED STATES AND HAVING  
A COMPLETE COMMAND OF THE ENGLISH  
LANGUAGE OPENS THE DOOR WIDE. IT'S  
LIKE HAVING A SECOND PROFESSION."*

 **Fernando Segú S.**  
Deputy Manager, Renca Branch



## Bci's scholarship program supports our children because we know that education is fundamental to their future



Of the twenty-six years he has spent working for the bank, Fernando has special memories of the day he received a letter addressed to his daughter informing her that she had won an exchange scholarship to study in the United States. Five months later, Maria Catalina's dreams came true, and she left for New York to learn English and to live one of the most meaningful experiences in her short sixteen years.

Fernando, like his eldest daughter, is delighted with this opportunity that the Bank provides to the children of its employees through the Scholarship Program. *"Catalina won this prize both as the daughter of a Bci employee and on her own merits. Without this scholarship, she*



*could never have gone away for so long; she could have gone for a shorter period of time, but never for a year. English opens important doors in your life."*

In New York, the American art capital, Catalina is not only visiting museums, discovering new cultures, learning the language and making new friends, but she is also confirming that this experience will be an important contribution to her life after she returns to Chile, especially to her dream of studying Art in college.





## 02 Summary of progress and policies

on Corporate Governance and Entrepreneurial Social Responsibility  
implemented during 2005



The primary purpose of this document is to inform the public not only of the existing policies and standards applied by Bci in its internal government and the relationship with society as a whole, but also, in particular, to offer a clear view of the progress and the concrete action that the bank has taken in this field so as to clearly portray the coherence between our declarations and the measures put into practice.

## Corporate Governance

### 1) More transparency: Report on Corporate Governance and Entrepreneurial Social Responsibility.

In the past year, Bci became the first national bank to publish a Corporate Governance and Entrepreneurial Social Responsibility report, which was accompanied by a Code of Ethics that must be followed by all the company's collaborators. The Code was distributed to all the collaborators of Bci Corporation in order to combine this effort at transparency with the maximum possible dissemination of the information.

As a result, the Bank once again was awarded first place in the 10th Annual competition of Corporate Annual Reports organized by Editorial Gestión and Price Waterhouse Coopers, a prize granted to those Annual Reports that stand out due to the quality of the information provided to the shareholders.

This prize made special mention of the First Corporate Governance and Entrepreneurial Social Responsibility Report and the Code of Ethics that were distributed together with the 2004 Annual Report.

### 2) More transparency: Creation of the Investor's Office

As was announced at the time, the Bci Investor's Office was officially established during 2005 (investor\_relations\_bci@bci.cl), intended mainly to prepare presentations to institutional investors and the public on the activities and the results of Bci corporation.

Since 2005, the Bci web site ([www.bci.cl](http://www.bci.cl)) also publishes the following information for investors and the public at large, among other subjects:

- Annual reports for the past five years.
- Corporate Governance and Entrepreneurial Social Responsibility Report.
- Quarterly consolidated financial statements
- Quarterly liquidity status
- Press releases and presentations made to investors and the public at large
- Press reports on Bci

### 3) Better internal management: Corporate Governance Regulations for Subsidiaries

In order to expand the scope of the best corporate governance practices inside the Company, starting in 2006, regulations began to be applied to the administration of the Bank's subsidiaries. This document sets down several minimum recommendations that subsidiaries must observe, such as:

- Rules on the working of the boards of each of the subsidiaries in order to optimize management functions so that decisions are adopted at meetings in the most informed and executive manner possible.
- The commitment is reinforced that members of the boards of each of the companies assume, and rules to enable them to get better involved in the planning and strategy processes of the companies. The obligation was also implanted to perform an annual self-evaluation of the board's work. Potential conflicts of interest are regulated that might exist if a director is also an executive of Bci Corporation.
- Audit and Risk Committees were created in all companies in which they were required because of the business for the purpose of reporting on the risks found in internal audits and in reviews by regulatory agencies and external auditors as well as the principal risks existing in the systems, processes and control procedures of the respective company. All of the foregoing was



intended to be a follow-up on the continuous improvement processes. Therefore, these committees were established in the following subsidiaries:

- Bci Factoring
- Bci Corredor de Bolsa (stock broker)
- Bci Administradora de Fondos Mutuos (mutual fund manager)
- Bci Securitizadora (securitization company).

#### **4) Better Management: Corporate Governance and Entrepreneurial Social Responsibility Committee.**

This Board Committee of the Corporation was established December 21, 2004. During 2005, it met quarterly in order to design and implement internal policies of the Bank in these matters. It made decisions on the following matters, among others:

- New proposals for an improvement of corporate governance policies.
- Results of the self-evaluation by the Corporation's Board of Directors.
- Corporate governance regulations in subsidiaries and business support companies
- Entrepreneurial social responsibility policy.
- Donations policy.

#### **5) New fee structure for the Board of Directors of the Corporation**

The Regular Shareholders Meeting of the Corporation held April 21, 2005, approved the following new payment structure for the Bci Board of Directors, applicable through the next Regular Shareholders Meeting:

- A fixed monthly compensation of US\$9,209.56 per board member except for the Chairman, who will receive a fixed compensation of US\$39,908.14.
- A fee for attending Board Meetings, Board Executive Committee Meetings or Corporate Governance and Entrepreneurial Social Responsibility Committee Meetings amounting to US\$306.99.
- Variable fee: a new reduction in the percentage of net profits payable, from 2.0% to 1.0%, considering, for these purposes, the average profits for the 2003, 2004 and 2005 fiscal years. The profit share will be divided by 10, and two-tenths allocated to the Chairman of the Board and one tenth to the other directors.



Museum Claudio Arrau



- A fixed monthly fee for the Audit Committee of US\$3,069.85 monthly for each member. The Board considered it convenient to propose the same operating expense budget of the Audit Committee as the previous year, equal to US\$10,437.51 monthly, even though the 2004 budget was not used in its entirety.

As a consequence of the institution of this new payment structure, board compensation in 2005, reported in Note 13 of the Bci Individual Financial Statements, fell 23.5% in comparison to 2004.

## Entrepreneurial Social Responsibility

### 1) Bci and its collaborators: A true Entrepreneurial Social Responsibility

In connection with entrepreneurial social responsibility, all policies must start with the basics, as otherwise, the inconsistency between what is announced and what is done in-house would not be sustainable over time. During 2005, Bci decided to improve the conditions of its collaborators in the following way:

- A special revenue increase of 5% for all collaborators earning less than a gross US\$1,069.60. This benefit was received by 1,540 individuals.

- An increase in the minimum wage to US\$602.87 for collaborators with Bci and US\$495.91 for collaborators with Banco Nova who work full time for a fixed salary.

- In 2005, 38% of the staff received a salary increase. The percentage was 20% of collaborators in 2004.

- Starting in June 2005, the Corporation began to pay out an extraordinary bonus of US\$2,062.41 over three years.

- A 15% increase in the value of benefits to collaborators through the internal social network, to reach a total of US\$19.06 million per year.

- A reduction in the work week by one hour, from 45 to 44 hours weekly. It is noteworthy that in 2003, two years before the enactment of the new work week schedule, Bci Corporation reduced the work week from 48 to 45 hours at its own initiative.

- Additionally, between November and February, the work day on Fridays was reduced by one additional hour, to a total of 43 hours weekly.

### 2) Bci and Culture: The Claudio Arrau Museum

Through an important contribution by Bci, the first stage of the Claudio Arrau Museum in Chillán was inaugurated, in the birth home of this renowned national artist. The first stage involved an investment of approximately US\$0.49 million, of which US\$0.27 million were donated by Bci.

Construction of the museum, intended to become a source of pride for the city of Chillán, includes a building with a constructed area of 840 square meters that will house an exposition room, management offices and the reconstruction of part of the birth home of this Chillan musician.

This new contribution to spreading the work of this great artist is one more contribution by Bci to highlighting the work of this national pianist. This relationship began when the Bank sponsored Master Arrau's return to our country in 1984. This visit would later become the last that he made to our nation.



"Knowing that I can be with my daughter or my husband on their birthday is priceless"

➤ **Alejandra Pérez**  
Specialist in Personnel Processing, Bci



## Bci Family Program

### We At Bci Want Happy



Alejandra Perez is the number one fan of her daughter Camila, who is twelve years old. This "little artist," as Alejandra calls her, plays keyboard and electric guitar, and every time she has a public performance, her mother is there to watch her. Because Alejandra, a Specialist in Personnel Processing at Bci, receives full support from the bank in balancing family with work. *"The Women's Program is the most important non-monetary benefit of the bank. It has a profound impact on everyone."*

Thanks to this program, Alejandra has flexible hours so she can spend more time with her family. She can go home at 2:00 p.m. on her daughter's or her husband's birthday, go to doctor's appointments and

participate in the important events of her daughter's school life. *"Being able to still fulfill my role as wife and mother is wonderful for my family."*

The Women's Program also offers discounts for doing supermarket shopping by phone, recreational activities and family counseling. Everything is focused on mothers spending more time with their families. *"This is extremely positive, and not all companies have it. Bci is very avantgarde in this type of thing and is always one step ahead."*

# Corporate Governance





## 1. THE BOARD OF DIRECTORS OF THE CORPORATION

Mission and principles that govern the work of the Board  
Composition of the Board  
Characteristics of the Board  
Requirements to be a Board member  
How the Board works  
The Board's policy on transactions with related parties  
Special powers conferred by the Board upon its Chairman  
Interests held by Directors in the company  
Involvement of Directors in the management of Empresas Juan Yarur S.A.C. and subsidiaries  
The self-evaluation policy of the Board  
Board compensation  
New Corporate Governance Regulations for Bci subsidiary companies

## 2. BCI MANAGEMENT

Bci Code of Ethics  
Executive Officers  
Principal Management Committees  
Interests held by management in the company

## 3. SHAREHOLDERS

Information available to Bci shareholders  
Majority Shareholders  
Shareholders Agreement  
Institutional Shareholders

## 4. CUSTOMERS

Evolution of the number of customers of Bci Corporation  
Distribution of loans in the commercial portfolio  
Customer Defense System  
Claims Administration

## 5. EXTERNAL AUDITORS AND RISK RATING AGENCIES

Analysis and approval of the external auditors' reports  
Independence of the external auditors  
Other work done by external auditors  
Other audits  
Risk rating agencies



# 01 The Board of Directors of the Corporation

The Board must direct its efforts towards assuring the overall profitability of Bci in the long term



## Mission and principles that govern the work of the Board of Directors

All acts of the Board of Directors of the Corporation are governed by the following principles:

- The Bci Code of Ethics, which contains the principles that must inspire the way in which all members of the Corporation do business. It covers aspects of business conduct in relation to shareholders, customers, suppliers, collaborators and their families and the public at large, and it also discusses potential conflicts of interests between the personal conduct of Bci members and the position they hold in Bci.

- The Board of Directors of Bci must ensure that each of its acts is performed as transparently as possible so that there can be no possible doubt that it is abiding strictly by its Mission. The Board must also ensure that this same principle is applied in all acts by the Bank's management.

- The members of the Board must perform their duties based on complete information, in good faith, with the necessary diligence and caution, always in defense of the best interests of the company and all its shareholders. To ensure compliance with these aims, the Corporation has established processes that allow information to flow completely and transparently to and from the Board.

- When the decisions of the Board might affect different groups of shareholders unevenly, it must make its decisions striving to ensure a fair treatment of each one. For this purpose, all members of the Board must be assured a freedom of opinion, and encouraged to criticize constructively the way in which the Corporation is managed.

- The Board must direct its actions towards assuring the overall profitability of Bci in the long term and safeguarding the general interests of the community, especially by nurturing the relationship with, and protecting the interests of, shareholders, customers, collaborators and society as a whole.

## Composition of the Board of Directors

According to the provisions of the law and the corporate by-laws, the Board of Directors of the Corporation is appointed by the General Shareholders meeting. The present members of the Board were appointed at the Shareholders Meeting held on April 12, 2004, to hold office for a period of 3 years. There are no restrictions on their reelection.

At the meeting held on December 21, 2004, the Board of Directors defined its role as:

**“Maximizing the value of the company in the long term while safeguarding the interests of each and every one of the shareholders, customers, suppliers, collaborators of the company, their families and society as a whole in a way that assures the future viability and competitiveness of the company while respecting the governing laws and the ethical duties set down in the Bci Code of Ethics.”**





#### **Chairman**

Luis Enrique Yarur Rey

Mr. Yarur earned a Master in Economy and Business Administration from IESE, Spain, and a law degree from the University of Navarra, Spain. He is currently the Chairman of Empresas Juan Yarur S.A.C., the Vice-Chairman of the Chilean Bankers' Association, a Director of the Santiago Stock Exchange, Member of the International Advisory Board of IESE, Spain, Member of the Entrepreneurial Advisory Council of ESE, the business school of University of Los Andes, Director of Bci Seguros Vida S.A., Director of Bci Seguros Generales S.A., Chairman of Empresas Jordan S.A., Vice-Chairman of Empresas Lourdes S.A., and Director of Banco de Credito del Peru, among other directorships. Prior to holding his present position, he was the Chief Executive Officer of Bci for 11 years. He has presided over the Board of Bci since 1991, its Executive Committee, its Corporate Governance and Entrepreneurial Social Responsibility Committee, and the Ethics Committee.

## Characteristics of the Board

On that occasion, the Bci shareholders re-elected all those who were members of the Board at the time. There have been no changes in the make-up of the board since then.

The Board itself must elect a Chairman and a Vice-Chairman from among its members. At a meeting held that same April 12, 2004, the Directors once again appointed Mr. Luis Enrique Yarur Rey as Chairman and Mr. Modesto Collados Nuñez as Vice-Chairman of the Board of Directors.

Later, at a meeting on August 16, 2005, the Board accepted the resignation presented by Mr. Modesto Collados Nuñez from the position of Vice-Chairman of the Corporation, the reason being personal commitments that prevented him from fully meeting the responsibilities of his office. The Board thanked Mr. Collados for his extraordinary contribution during his term in office and expressed its satisfaction that he would continue to serve as a Director of the Corporation. The members of the Board immediately and unanimously decided to appoint Mr. Jorge Cauas Lamas to the post.

Part of the internal governance tradition of Bci and its shareholders has been to have a Board comprised of individuals of high intellectual, professional and moral fiber. At present, the diversity within this elected group is guaranteed by the different sectors from which its members originate, including important representatives of different areas of the economy, two former ministers of State and a former Superintendent of Securities and Insurance, these latter having served under administrations of different political color. Bci is convinced that having members of different backgrounds and experience guarantees that decisions made by the Board will consider different points of view and that decisions will be as informed as possible.

A summary of the professional and academic background of the Bci Directors, of the Chief Executive Officer, and the main positions that they hold in other companies, whether or not related to the bank, follows below:



#### **Vice-Chairman**

Jorge Cauas Lama

Mr. Cauas has received a Master of Arts in Economy from Columbia University, United States, and has a civil engineering degree from the University of Chile. He is a full member of the Academy of Social, Political and Moral Sciences of the Institute of Chile. He was decorated with the Gold Star of the Institute of Engineers of Chile. He is the Vice-Chairman of Empresas Juan Yarur S.A.C., the Chairman of Bci Seguros Vida S.A., the Chairman of Bci Seguros Generales S.A., member of the Council of the Center for Public Studies and member of the ESE Entrepreneurial Advisory Council of University of Los Andes. He has been a regular professor at the University of Chile and the Catholic University of Chile, Vice-Chairman of the Chilean Central Bank, Director of the Center for Studies on Development of the World Bank, Minister of Finance and Chilean Ambassador to the United States, among other posts. Since 1992, he has been a member of the Bci Board, its Executive Committee, the Audit Committee, and the Corporate Governance and Entrepreneurial Social Responsibility Committee.



#### **Director**

Modesto Collados Núñez

He is a civil engineer who graduated from the University of Chile. Among the positions he has held are: regular professor of the School of Engineering of the University of Chile; Chairman of the Engineering Students Center, University of Chile; Chairman of the Chilean Chamber of Construction; Chairman of the Engineers Association of Chile; Minister of Public Works; Minister of Housing and Urbanism; Minister of Economy; Government Advisor; Chairman of the Economic and Social Council of the Organization of American States. Among the many distinctions he has received are a Gold Medal from the Institute of Engineers of Chile, a Gold Medal from the Chilean Chamber of Construction, the National Engineering Prize from the Engineers Association of Chile, the Chancellor's Medal from Arturo Prat University, and a Gold Medal from the Inter-American Construction Federation. He is the author of numerous publications covering matters related to literature, politics, philosophy, engineering and economics. He has been a member of the Bci Board since 1989 and is a member of its Executive Committee.



#### **Director**

Pedro Corona Bozzo

He is by profession an accountant-auditor, with a degree in Economic and Administrative Sciences from the University of Chile. He is the Chairman of the Cuprum Pension Fund Manager and Chairman of the National Chamber of Commerce, Services and Tourism of Chile. He has held positions such as the Chairman of the International Federation of Pension Fund Managers, Chairman of the Association of Pension Fund Managers of Chile, Chairman of El Melon S.A. Cement Factory, and Vice-Chairman of Administration and Finance of Codelco, Chile. He has been a member of the Board since 1998 and is a member of its Corporate Governance and Entrepreneurial Social Responsibility Committee.



**Director**

Sergio De Amesti Heusser

Mr. De Amesti is a lawyer who graduated from the University of Chile in 1956. He is a Director of Empresas Juan Yarur S.A.C.; Director of Inversiones Petro S.A.; Director of the Andes Foundation, and member of the Chilean Bar Association. He is the founding partner of the law firm of De Amesti, Bezanilla, Torres y Cia., and director and legal counsel to important national and international companies. He has been a member of the Bci Board of Directors since 1977, and is a member of its Executive Committee and Corporate Governance and Entrepreneurial Social Responsibility Committee.



**Director**

Alberto López-Hermida Hermida

Mr. Lopez-Hermida is a certified public accountant who earned his degree at the University of Buenos Aires, and a degree in accounting-auditing from the University of Chile. He is a former partner of Price Waterhouse Coopers, where he held several management positions in Argentina, England and Chile, specializing in the area of bank auditing and consultancy, ultimately becoming a senior partner in the company. He has also held the position of Chairman of the Board of Bci Corredor de Bolsa S.A., Bci Asesoría Financiera S.A. and the Alborada Foundation, and has been a Director of Bci Factoring S.A. He is currently the Director General of ESE, the business school of the University of Los Andes. He has been a member of the Bci Board of Directors since 2001 and presides over the Audit Committee.



**Director**

Dionisio Romero Seminario

Mr. Romero has earned a Master in Business Administration from Stanford University and a B.A. in Economic Sciences at Pomona College, California, both in the United States. He has been the Chairman of the Board of Directors of Banco de Credito del Peru, BCP, since 1966, except for a short interruption between 1987 and 1989. He is Chairman of the Board of Directors of Credicorp Ltd., a position he has held since August 1995; Chairman of the Atlantic Security Holding Corporation, Grand Cayman; Chairman of Banco de Credito de Bolivia; Chairman of Grupo Credito and of the subsidiaries of BCP: Credileasing, Credifondo SAFM, Credititulos, Inmobiliaria BCP, Soluciones en Procesamiento-Servicorp, and Vice-Chairman of Pacifico Peruano Suiza. He has been a member of the Board of Bci since 1996.





### Director

Manuel Valdés Valdés

Mr. Valdes earned his law degree from the University of Chile. He has held several positions, such as Chairman of the Confederation of Production and Commerce, Chairman of the National Agricultural Society and Chairman of Club La Union. He is currently a member of the Council on Ethics in Means of Communications, of the Arbitration Center of the Santiago Chamber of Commerce, of the Culture and Arts Advisory Committee of the Ministry of Culture, and he is the Chairman of the Chilean Section of the Inter-American Council of Commerce and Production, the Social Rehabilitation Corporation of the Industrial Development Association and of Detecta S.A. He has been a member of the Bci Board of Directors since 1976 and is a member of its Executive and Audit Committees.



### Director

Daniel Yarur Elsaca

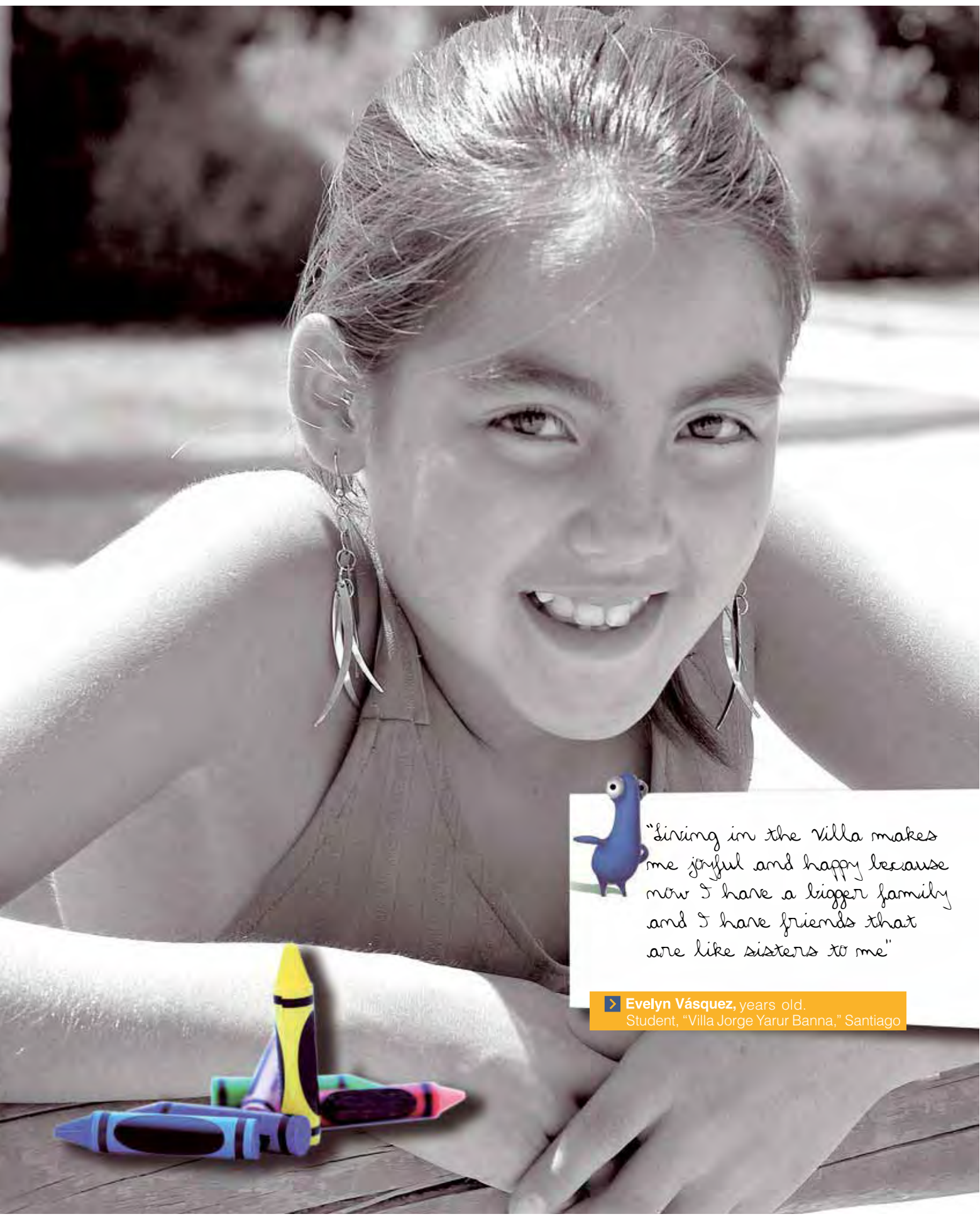
He is a graduate of the Advanced Management Program (AMP) of Harvard Business School, United States, and he is Master of Science in Finance from the London School of Economics, United Kingdom, as well as an Information and Management Control Engineer and Accountant-Auditor who earned these latter two degrees at the University of Chile. He is the Chairman of Invertec Pesquera Mar de Chiloe S.A., Director of Sociedad Quimica y Minera S.A., and Director of Antofagasta PLC. He has been the Chairman of Corsa (Council of Securities Regulators of the Americas), Superintendent of Securities and Insurance, and Professor at the School of Economic Sciences of the University of Chile. He has been a member of the Board of Directors of Bci since 2001 and is a member of the Corporate Governance and Entrepreneurial Social Responsibility Committee.



### Chief Executive Officer

Lionel Olavarria Leyton

Mr. Olavarria has a Master's in Economy and Business Management from IESE, Spain; and a degree of Civil Industrial Engineer from the University of Chile. He is currently a director of Bci Seguros Generales S.A., a Director of Bci Seguros Vida S.A., a Director of Empresas Juan Yarur S.A.C., the Chairman of Bci Factoring S.A., the Chairman of Artikos Chile S.A., and a Director of Parque del Sendero S.A. He was formerly a consulting engineer in Chile and in Spain, holding the positions of Comptroller of Chemical Bank, Spain, and Commercial Manager of Banco Santiago. He was the founding Chairman of Redbanc S.A., the Chairman of Transbank S.A. and Edibank S.A., the Chairman of Servipag, the Chairman of Bci Securitizadora S.A., Chairman of Banco Conosur and Director of Financiera Solucion (Peru), among other positions. Mr. Olavarria has been in the banking business for 30 years, 24 with Bci, and has been Chief Executive Officer since 1993. He has been the Chairman of the CEO Committee of the Bankers' Association since 2000.



"Living in the Villa makes me joyful and happy because now I have a bigger family and I have friends that are like sisters to me"

> **Evelyn Vásquez**, years old.  
Student, "Villa Jorge Yarur Banna," Santiago

## Our **Child Welfare Corporation** program at Bci lets us nurture the dream that all children should have a happy environment in which to grow up



Evelyn has had a new family inside Villa Jorge Yarur Banna for a year now. In this home, she has found all the affection and care from the assistants and friends, who like her, abandoned their homes.

After her mother died, Evelyn went to live with her grandmother, but they had a strained relationship. Through a neighbor, she discovered that she could come to this Villa that today harbors more than one hundred high-risk girls and that exists thanks to the contributions of collaborating partners from Bci.

Now twelve years old, she has just been promoted to seventh grade and she is certain that when she graduates from high school, she wants to study architecture. In the meantime, she shares her afternoons with the rest of her friends and attends the sewing workshops inside the Villa because they promised her that soon she will also be able to learn to draw.



Among the numerous reports that it examines, the Board receives a complete monthly account of Bci management activities and the results of the fiscal period



### Requirements to be a Board member

There are no formal requirements for sitting on the board beyond those established by law. It is important to highlight that with the exception of the Chairman, the Board of Directors of Bci has traditionally been made up of professionals and businessmen who have no relationship to the controlling agreement or to the Yarur family.

### How the Board Works

#### Meetings

The Board meets on a regular basis once a month to analyze and decide on the principal matters related to the different activities of the bank, and it holds special meetings when required by the business. By law, Board meetings are installed with an absolute majority of its members and motions are adopted by an absolute majority of the Directors attending the meeting. There are no matters that require a higher quorum for approval.

At its regular and special meetings, the General Manager, Mr. Lionel Olavarría Leyton, acts as the secretary, assisted by Mr. Humberto Bejares Jara, advisor to the Chairman and General Manager, and by the Senior Counsel of the Bank, Mr. Pedro Balla Friedmann.

Among the numerous reports that it examines, the Board receives a complete monthly account of Bci management activities and the results of the current fiscal period. Every year it analyzes and comments on the results of the management evaluation process that all areas in operation complete, both of the bank itself and its subsidiary companies, according to a procedure that encompasses a wide range of separate activities in the different areas of risk.

Additionally, for the purpose of dealing with specific matters that require reasoning and wisdom befitting a good Corporate Governance, the Board of Directors held a one-day regular meeting on December 20, 2005, at which, besides dealing with matters that are analyzed month by month, it reviewed other matters such as:

- Defining the strategy and global planning of the Corporation, of the Bank's investment policies, the budgets for the coming year and medium-term projections.
- Reviewing the balance sheet of the previous year, compliance with the approved budgets and studying the report on the financial statements drawn up by the external auditors.
- Evaluating the acts and measures adopted relative to Corporate Governance and Entrepreneurial Social Responsibility and the state of standing policies on these matters.

Moreover, special meetings of the Board of Directors were held on October 25 and November 17; in the first case, for the purpose of authorizing an external syndicated loan in the amount of US\$ 190,000,000, and in the second, to approve the capital increase for the Miami Branch.



In 2005, the following Board meetings were held with the attendance indicated (X):

DIRECTORS	18/01	28/02	15/03	21/04	17/05	21/06	19/07	16/08	15/09	18/10	25/10*	15/11	17/11*	20/12
Luis Enrique Yarur Rey	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Jorge Cauas Lama	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Modesto Collados Núñez	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Pedro Corona Bozzo	X	X	X	X	X	X	X	X	X	X	X	X		X
Sergio De Amesti Heusser	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Alberto López-Hermida Hermida		X	X	X	X	X		X	X	X	X	X	X	X
Dionisio Romero Seminario	X	X		X	X	X		X		X		X		X
Manuel Valdés Valdés	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Daniel Yarur Elsaca	X	X	X	X	X	X	X	X	X	X		X		X

#### \* Special meetings

#### Roles

Notwithstanding the judicial and extrajudicial powers of representation bestowed by law on the Board to conduct the company's business, this body specifically plays certain key roles, namely:

- The definition of its Mission.
- The approval, control and supervision of the corporate strategy, the main plans of action, the annual budgets; the approval of long-and short-term objectives; the monthly control and monitoring of corporate income, and the supervision of the principal expenses, investments, acquisitions and sales of assets.

- The review and approval of the monthly and annual financial statements.

- The evaluation and supervision of the portfolio diversification and credit risk policies, operational and technical policies, the management of funds invested overseas and the performance of subsidiaries.

- The appointment, supervision, and when necessary, the substitution of the General Manager.

The performance of the Corporation as compared to its competitors and the industry in general



- The setting of fees received by the Board for specific tasks assigned to some of its members by the Board itself.

- The approval, according to the law, of transactions with related parties that have been previously reviewed by the Audit Committee.

- The supervision and arbitration of potential conflicts of interest between the management, the members of the Board and the shareholders, including the misuse of corporate assets and abuse in transactions between interested parties.

- The guarantee of compliance with the duty of integrity in the accounting systems and financial statements of the company, including an independent audit and the implantation of appropriate control mechanisms.

- A study of the veracity of reports by independent auditors and of governance practices employed by the Corporation, introducing changes whenever necessary.

- Supervision of compliance with the transparency and Corporate Governance policies established by the Corporation.

- Supervision of communication procedures and the information policy.

- Examination of all communications sent to the bank by the Superintendency of Banks and Financial Institutions, including assertions made by customers and the public through its offices.

- The Board must also ensure that the competitive, distinctive and comparative capabilities of Bci endure over time.

- Approval of the creation, modification or dissolution of subsidiary companies and the opening and closing of branch offices in the country and overseas.

- All other obligations established by governing law.

As can be appreciated, the Board seeks to adapt its role in order to limit its action to the determination and supervision of corporate policies, without interfering in their implementation, so that Management and the Board fulfill their objectives in the best possible way. That is why the Board, as described below, has delegated some of its particular attributes both to Committees specially established for such purposes and to specific individuals.

### Current operational practices

Bci has designed its internal policies in order to assure that each of the Directors promptly receives all the information necessary for correct decision-making. Therefore, all the reports and presentations that are the basis of matters for discussion at each of the meetings, and which are not of a strictly confidential nature, are given to each director sufficiently in advance. In the same way, when matters to be discussed so require, the meetings consider the occasional participation of managers from the upper levels of management.

Every month the Board receives a complete report on the management of the Bank, which includes an extremely detailed analysis of the most important variables of Bci's activities. The degree of detail of this report is exhaustive and it is not limited to overall figures that make up financial statements, but rather delves into the infinite causes of variations in income and expenses and the monitoring of established plans and budgets. The Board also receives comprehensive information regarding the performance of the Corporation as compared to its competitors and the industry in general.

The Board has established the minimum items of business that must be dealt with at each of its monthly meetings, apart

from the transactions or acts that must be submitted to its approval or that of the Executive Committee of the Board. These items are:

#### MONTHLY

- Communications with the Superintendency.
- Financial statements and degree of solvency.
- Loans and risk status:
  - By activity.
  - Largest debtors, considering direct, indirect and complementary debt.
  - Groups of debtors, including those related to the Bank through ownership or management.
  - Debtors whose debt exceeds 5% of the capital base.
- The General Manager's report:
  - A detailed analysis of operational levels, income, productivity and risk levels of the Bank. Tendencies in comparison to the banking system.
  - Financial information by business or bank division, by product and growth, and comparison to the business plan and the budget.
- Macroeconomic situation of the country.

#### REGULAR (QUARTERLY OR SEMI-ANNUALLY)

- Economic situation by sector.
- International situation, risk rating of the country and limits of financing to abroad.
- Credit and financial risk control systems.
- Portfolio diversification.
- Operative systems
- Overview of the Comptroller and the Legal Department.

In order to optimize the Board's performance, the following committees have been established to assume part of its tasks, in accordance with existing law and its own administrative procedures.



### Executive Committee of the Board

The Executive Committee meets twice a week (Tuesdays and Thursdays). It has been delegated ample authority by the Board to decide on different matters, principally related to credits and business.

This committee is made up of five regular members appointed by the Board, which appointed Luis Enrique Yarur Rey as Chairman and Jorge Cauas Lama as Vice-Chairman, and Manuel Valdés Valdés, Sergio De Amesti Heusser and Modesto Collados Nuñez. Dionisio Romero Seminario, Pedro Corona Bozzo, Alberto López-Hermida Hermida and Daniel Yarur Elsaca will be alternate members.

The General Manager, Mr. Lionel Olavarría Leyton, is the Secretary, assisted by Mr. Carlos Adonaegui Elton, Legal Manager, and by Mr. Andres Atala Hanna, Risk Advisor in credit matters only. Additionally, all other managers whose presence is deemed necessary are invited to participate in Executive Committee meetings, depending on the agenda for each meeting.

According to the by-laws, at the meeting held on December 21, 2004, the Board agreed to delegate the following obligations and authority, among others, to the Executive Committee:

- To decide on all the bank's credit and financial transactions that are presented for its consideration and decision.
- To approve the general financial, credit and operational risk policies.
- To approve credit and financial investment policies and the attributes granted to close business deals.
- To set interest and discount rates for the different bank transactions and set the limits for loans and financial investments in the country and overseas, and the maximum allowable losses.
- To receive the reports on the different economic sectors in the country and analyze their development and evaluation, and set limits of credit and financial exposure applicable in those areas.
- To determine the funds that are periodically allocated to provisions and write-offs, notwithstanding assuring compliance with the applicable rules.
- To decide on the purchase, sale, and the establishment of liens on all kinds of real estate and chattel, securities and rights of any kind, notwithstanding the limitations and prohibitions established in the General Banking Law.
- To establish branches, agencies and other offices in the country and abroad, and put an end to their operation.
- To grant the general and special powers of attorney necessary for correct operation of the company.
- To approve specific donations within the purview of governing legislation.





The Executive Committee meets twice a week and has been delegated ample authority by the Board

During 2005, attendance of Board members at the meetings of the Executive Committee was as follows:

DIRECTORS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Luis Enrique Yarur Rey	3	2	7	6	4	5	6	4	7	6	6	4	60
Jorge Cauas Lama	7	1	8	7	8	7	6	8	6	7	6	6	77
Modesto Collados Núñez	5	6	8	7	8	7	7	8	8	7	7	7	85
Pedro Corona Bozzo	5	6	8	6	7	6	7	7	8	7	5	6	78
Sergio De Amesti Heusser	6	1	8	7	5	6	7	7	8	7	6	5	73
Alberto López-Hermida Hermida	0	8	8	7	8	5	4	8	8	7	6	7	76
Manuel Valdés Valdés	7	8	9	7	8	8	7	8	8	6	7	7	90



"THE BANK GAVE ME THE OPPORTUNITY  
TO GET ESTABLISHED, TO HAVE  
SOMETHING SECURE  
LIKE MY OWN HOME."



**Margarita Robles**  
Customer Service Assistant

## Bci Mortgage Loan Program

### At Bci, we help you build your dreams



Margarita Robles lives with her mother and her eleven-year-old son, Nicolas. Thanks to her efforts and the support of Bci, she was able to achieve the goal of having her own home. First with the help of a governing housing subsidy, and then, with a mortgage loan from Bci Bank that she used to make up the difference that she needed. *"Without the help of the bank, I would have had to wait longer. And the time had come to have my own home."*

Margarita has been working at Bci for seven years. She started as a teller and today, she is a Customer Service Assistant. As an employee, she was favored by the benefits that the company offers its collaborators to fulfill the dream of having their own home. *"The bank paid the operating costs for the*



*purchase of the house. When I opened the housing savings account, they also gave me a percentage in UF to start with."*

Like Margarita, 1,400 collaborators of the Bank have bought their homes using the Bci Home Savings Program, which, besides encouraging savings and covering the purchase expenses, grants a housing bonus and a preferential commission in the purchase of the first house. *"I feel at ease and safe at Bci. I have never had anything like this. This is a personal achievement."*

### The Corporate Governance and Entrepreneurial Social Responsibility Committee was formed



#### Audit Committee

According to article 50-bis of the Companies Law, the Board has appointed three Directors who comprise the Audit Committee, namely Jorge Cauas Lama, Alberto López-Hermida Hermida, and Manuel Valdés Valdés, who meet the requirements of independence demanded by the rules of the Superintendency of Banks and Financial Institutions. Mr. Humberto Bejares Jara, Advisor to the Chairman and the General Manager, acts as secretary.

At the Committee's first meeting held on April 19, 2001, Mr. Alberto López-Hermida Hermida was appointed Chairman, the frequency of regular meetings was established, and the duties of the committee were set out, to which the duties of an Audit Committee were later added. These duties are as follows:

- To review the reports of the external auditors, the balance sheet and the financial statements presented to the shareholders by the company managers, and comment on them prior to presentation to the shareholders for their approval. Those comments must be published in the annual report.
- To propose to the Board the external auditors and risk rating agencies for recommendation to the shareholders.

- To review the information relative to the transactions indicated in articles 44 and 89 of the Companies Law (transactions with related parties), and prepare a report on those transactions for approval by the Board.

- The Board has decided to maintain its decision adopted at the meeting on March 20, 2001, presented to the Superintendency of Banks and Financial Institutions for its approval, regarding the usual procurement of goods and services necessary for the normal functioning of the Bank. They will continue to be procured in the manner set out in that decision and by the suppliers previously approved by the Board, taking care that the transactions meet price, quality and service conditions similar to these prevalent in the marketplace.

- To review the salary and bonus systems for managers and principal officers.

- To be aware and informed of the important risks detected or confirmed as a result of internal audits and checks performed by the Corporation's Comptroller, and coordinate its tasks with the external auditors.

- To be aware of suspicious acts, facts or conduct and fraud that have been detected, and decide on conflicts of interests, should there be any.

- To analyze the reports on inspections and the instructions and recommendations given by the Superintendency of Banks and Financial Institutions.

- Before each meeting, to request a certificate from the Accounting Manager or the person responsible for the accounting of the Bank and its subsidiaries as to whether there have been any accounting changes and their effects, and analyze any such changes.

- To be informed of the policies applied to prevent and detect any possible suspected asset laundering and be aware of the resolutions adopted by the Committee for the Prevention of Asset Laundering of the Bank and its branches.

- Other matters included in the by-laws or recommended by a General Shareholders Meeting or the Board of Directors, as the case may be.



As of the date that the Audit Committee began to meet, it has not incurred expenses other than the monthly fees approved by the General Shareholders meeting. Nor has it made use of the support expense budget approved by the Board.

During 2005, the attendance of the Directors at Audit Committee meetings was as follows (X):



DIRECTORS	25/01	01/02	22/03	19/05	30/06	07/07	28/07	25/08	29/09	10/11	22/11
Alberto López-Hermida Hermida		X	X	X	X	X	X	X	X	X	X
Jorge Cauas Lama	X	X	X	X	X	X	X	X	X	X	X
Manuel Valdés Valdés	X	X	X	X	X	X	X	X	X	X	X

### Corporate Governance and Entrepreneurial Social Responsibility

One of the policies adopted by Bci within the framework of Corporate Governance rules applicable to the Corporation was the creation of the Corporate Governance and Entrepreneurial Social Responsibility Committee. The purpose of this body is to design, review and adapt company policies to align them with the best managerial practices, making suggestions for improvements to the Board and the Bank’s management.

Its role involves supervising the policies and programs in relation to matters that affect the communities in which the Bank does business, reviewing the social responsibility practices in force inside the Corporation, and evaluating its external relationships so as to safeguard the corporate reputation of the company.



The Committee meets quarterly and invites the managers to its meetings to report and contribute information, depending on the item of business

The creation of the Corporate Governance and Entrepreneurial Social Responsibility Committee was approved at the Board meeting held December 12, 2004. At that time, the decision was that it consist of 5 Directors. Luis Enrique Yarur Rey was appointed Chairman, and Sergio De Amesti Heusser, Jorge Cauas Lama, Pedro Corona Bozzo and Daniel Yarur Elsaca members. The General Manager, Mr. Lionel Olavarría Leyton, was appointed Secretary, assisted by Humberto Bejares Jara, Advisor to the Chairman and the General Manager. The Committee meets quarterly and invites the managers to its meetings to report and contribute information, depending on the item of business.

In addition to the tasks inherent to its purpose and role, the Committee has the following duties, among others:

- To review the adaptation to better Corporate Governance and Entrepreneurial Social Responsibility practices within Bci and the working of the Board and the bank committees in this direction, making recommendations and proposing courses of action to such bodies.
- To propose changes to the power of attorney structure in the Bank and determine general policies regarding the appointment of agents and representatives of the company.

- To monitor compliance with the training of directors and managers.

- To periodically review the Code of Ethics, and adapt and update it as may be needed.

- To determine procedures, policies and programs with regard to donations and other activities in benefit of the social good.

- To control the business practices of the Bank and its subsidiaries and the impact they may have on the reputation, image and prestige of the Corporation.

- To review the shareholders' proposals, the quality of service and information the Bank gives them and the replies of management to their requirements, should there be any.

- To approve the annual Corporate Governance and Entrepreneurial Social Responsibility report of the Bank.

- To evaluate management performance in the activities inherent to the tasks of the Committee, how well they adapt to the purpose of the company and how they strengthen the distinctive competitive capabilities of the Bank because they are faithful to the principles of Corporate Governance and Entrepreneurial Social Responsibility.

Furthermore, during 2005, this Committee adopted decisions on the following matters:

- The donations policy, which is discussed later in this report.

- The Entrepreneurial Social Responsibility Policy: priorities and actions to be taken.

- The results of the self-evaluation performed by the Board of the Corporation, which led to the adoption of the measures described later in this report.

- New proposals to strengthen Corporate Governance policies, which include the improvements made to this report.

- Corporate Governance regulations for subsidiary companies. The final version has been submitted to the Board for its consideration and is described below.

Attendance of the meetings of this Committee by the Directors was as follows:

DIRECTORS	25/01	12/05	14/07	14/09	16/12
Luis Enrique Yarur Rey	X	X	X	X	X
Jorge Cauas Lama	X	X	X	X	X
Pedro Corona Bozzo	X	X	X	X	X
Sergio De Amesti Heusser	X	X	X	X	
Daniel Yarur Elsaca	X	X	X		X

### Board Policy on Transactions with Related Parties

The Board of the Corporation has adopted a policy relative to credits granted to parties related to the Bank by ownership or management. Those credits are subject to the following conditions additional to governing law:

- Each financing transaction with related individuals, whether direct or indirect debt, must be approved by the Executive Committee of the Board. The loans are granted under market conditions with regard to term, interest rates and guarantees.
- The maximum individual limit per group of related persons cannot exceed 5% of the real consolidated assets of Bci. Likewise, the sum of the entire loan portfolio of related parties cannot exceed 25% of real consolidated assets.

- The legal credit limits and those that are established in this policy are applied to direct debtors, and therefore, the indirect debts of an individual or company that is not a direct debtor are not subject to the aforementioned limits.

- Transactions with related individuals must abide by the rules, limits and margins established by law and the rules issued by the Superintendency of Banks and Financial Institutions, both in regard to loans granted directly and to those transactions that are granted indirectly through relatives or companies in which they are partners or shareholders.

- The directors and general representatives of the Bank may hold credit cards issued by Bci as long as they do not make use of credit after the credit card statement expiry date or to obtain cash advances.



- In the case of Bci, the concept of general representative and, therefore, the prohibition against receiving loans, encompasses solely the General Manager, the persons who substitute for him, and the companies in which they have an interest.
- Borrowings owed to the Bank by individuals or companies related by ownership or management will be reported to the Executive Committee of the Board every time a request for a loan is submitted, whether it be direct or indirect, both for the group to which the debtor belongs and the entire portfolio of related credits.
- Loans granted to Bank collaborators and its subsidiaries are excluded from these rules, notwithstanding the legal limits to which they are subject.

In addition, the Board authorized a list of regular suppliers of goods and services required for normal operation of the Bank. It decided that inputs and services must be procured under market conditions and that any unusual supply of goods and services outside of banking transactions or with a related supplier that is not on the authorized list must be previously evaluated and approved by the Board after being examined and reported on by the Audit Committee.

The purpose of authorizing a list of frequent suppliers stems from the need to simplify the requirement in Article 44 of the Companies Law, which requires that the acts or contracts in which one or more Directors has an interest, alone or as the representative of another, must be informed to, and previously approved, by the Board provided they are under arm's length conditions similar to those usually prevailing in the marketplace. The list of authorized suppliers is regarded as one way of meeting this requirement given how quick goods and services must be procured for Bank operation. Otherwise, the procedure to inform and obtain approval by the Board would be cumbersome.

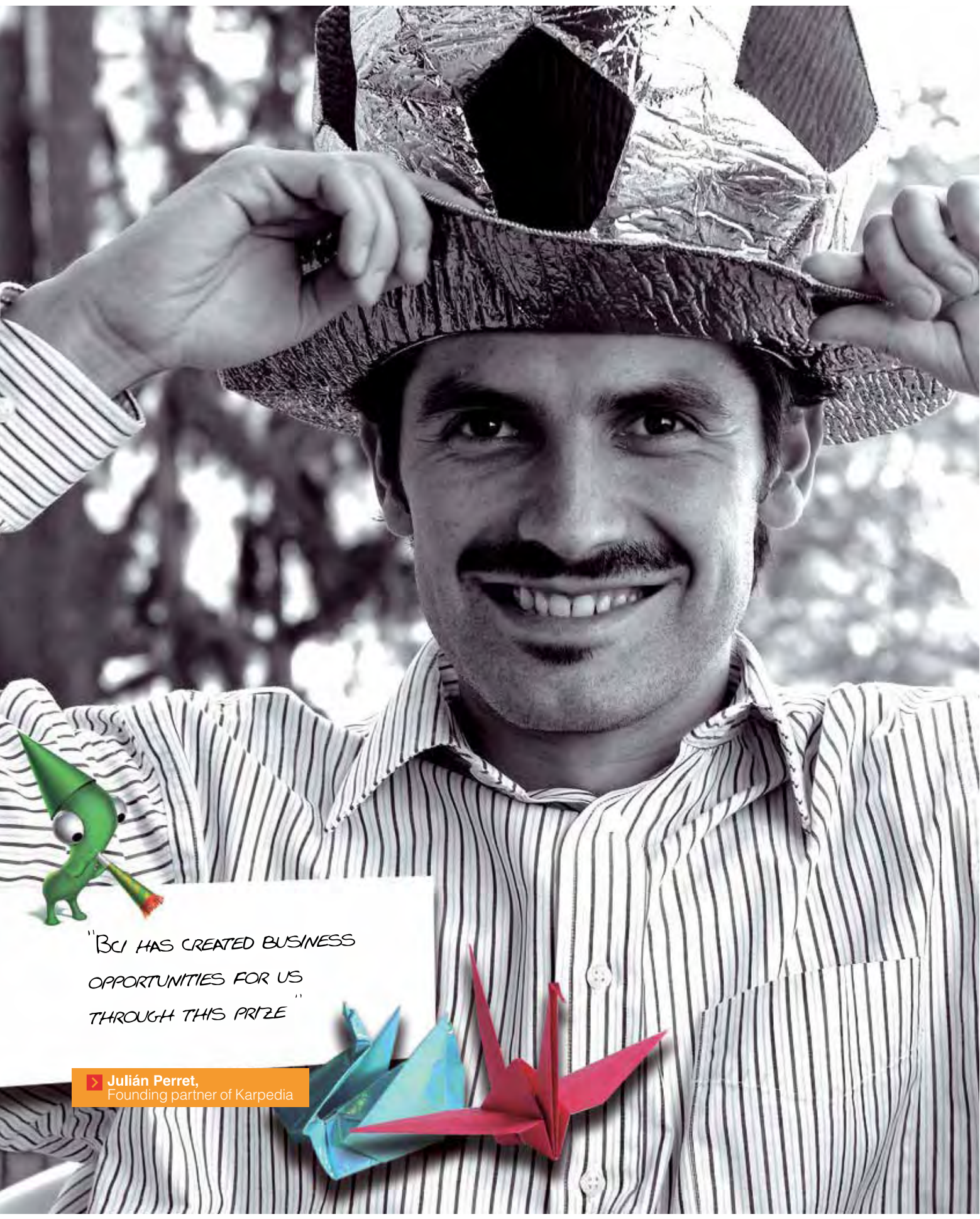




The Board authorized a list of regular suppliers of goods and services necessary for normal operation of the Bank

Below is the current list of suppliers of goods and services necessary for the normal operation of the Bank:

- Análisis y Servicios S.A. (Proservice)
- Archivos Credenciales e Impresos Ltda. Archivert Ltda.
- Artikos Chile S.A.
- Bci Administradora de Fondos Mutuos S.A.
- Bci Asesoría Financiera S.A.
- Bci Corredor de Bolsa S.A.
- Bci Corredor de Seguros S.A.
- Bci Factoring S.A.
- Bci Securitizadora S.A.
- Bci Servicios de Personal S.A.
- Bolsa de Comercio de Santiago
- Carnes Ñuble S.A.
- Centro Compensación Automatizado S.A.
- Cía. de Normalización de Créditos Normaliza S.A.
- Depósito Central de Valores
- Distribuidora de Carnes Chillán Ltda.
- Distribuidora de Carnes Ñuble - Santiago Ltda.
- Editora e Impresora Cabo de Hornos S.A.
- Empresas Jordan S.A.
- Faenadora de Carnes Ñuble S.A.
- Galería de Arte Patricia Ready Limitada
- Genera Corredores de Seguros Ltda.
- Operadora de Tarjetas de Crédito Nexus S.A.
- Redbanc S.A.
- Servicios de Cobranza Externa Ltda.
- Sociedad de Recaudación y Pagos de Servicios Ltda. (Servipag)
- Teknofas S.A.
- Transbank S.A.
- Vigamil S.A.Cel.
- Viña Fray León S.A.
- Viña Morandé S.A.



"BCI HAS CREATED BUSINESS  
OPPORTUNITIES FOR US  
THROUGH THIS PRIZE"



**Julián Perret,**  
Founding partner of Karpedia





## Entrepreneurship Program Emprende UC National Business Plan Contest

We at Bci are committed  
to innovation



Winners of the 2006 Entrepreneurship Program



Karpedia is a company that offers companies and individuals a variety of classes and free-time activities on the Internet, under the slogan of "The learning and entertainment community." The intent: entertainment, relaxation and education. At the head of this innovative idea is Julián Perret, the founding partner of the project that won Karpedia first place in the Emprende UC National Business Plan Contest in 2005. Thanks to that, they received US\$80,000 in services and US\$10,000 in funding from Bci, the official sponsor of the Program: *"The subject of resources is something critical to any entrepreneur. For us, it was even more critical because we had had the company for one year and we had run out of them. Bci gave us the financing to be able to produce."*

The motivation behind this contest is to support projects that have a high impact on industry. Bci has sponsored this initiative through a vote of confidence to enterprising small companies like Karpedia: *"Bci is much more than a sponsor. You establish a bond with the bank, you create a network of contacts. There are intentions of establishing a medium- and long-term relationship with us."*

Two years after its founding, Karpedia is beginning to bear fruit. After an intense year of investment and learning, Julián Perret and his partner, Jorge Jara, are pointing their business in the right direction, working more closely with recreational workshops for companies: *"With the help of the contest and Bci, I know that this year we'll start doing very well."*

### Special powers conferred on the Chairman by the Board

The Board granted power of attorney to the Chairman of the Corporation, Mr. Luis Enrique Yarur Rey, to facilitate doing his job. This mandate includes the following attributions, separate from the powers inherent to a Chairman pursuant to the law or the bylaws:

- Supervision of the annual planning and budget processes, understanding and supervision of the company's transactions and businesses.
- Approval of the overall organization of the Bank.
- Appointment and removal, when he deems it necessary, of one or more managers, deputy managers and other officers, with the exception of the General Manager, who may only be removed by the Board. This power includes determining their salaries.
- Determination of the attributions of the different committees and officers in authorizing loans or assuming positions in financial instruments in the country or overseas, with regard to amounts, characteristics, conditions and other modalities, assuming

gap positions, accepting maximum losses and intermediating. máximas y efectuar operaciones de intermediación.

- Partial delegation of his powers to one or more managers.

In the event of the Chairman's absence, the Vice-Chairman, Jorge Cauas Lama, will assume these attributions.

### Ownership Interest of Directors

At the close of the 2005 fiscal year, Board members held a direct interest of 1.82% in the capital of the Corporation.







Participation of Directors in the Management of Empresas Juan Yarur S.A. and Subsidiaries

Positions held by members of the Board of Directors or the General Manager of Bci in management bodies of the controlling company of the Bank and its subsidiaries are shown below.

DIRECTOR	POSITION	COMPANY
Luis Enrique Yarur Rey	Chairman	Empresas Juan Yarur S.A.C.
	Vice-Chairman	Empresas Lourdes S.A.
	Director	Inversiones EJY S.A.
	Director	Bci Seguros Vida S.A.
	Director	Bci Seguros Generales S.A.
	Director	Parque del Sendero S.A.
Jorge Cauas Lama	Chairman	Inversiones EJY S.A.
	Chairman	Bci Seguros Vida S.A.
	Chairman	Bci Seguros Generales S.A.
	Vice-Chairman	Empresas Juan Yarur S.A.C.
Sergio De Amesti Heusser	Director	Empresas Juan Yarur S.A.C.

GENERAL MANAGER	POSITION	COMPANY
Lionel Olavarría Leyton	Chairman	Bci Factoring S.A.
	Chairman	Artikos Chile S.A.
	Director	Empresas Juan Yarur S.A.C.
	Director	Bci Seguros Vida S.A.
	Director	Bci Seguros Generales S.A.
	Director	Parque del Sendero S.A.

The variable fee of the Board, based on the net profit of the company, was reduced from 2% to 1%



### Board self-evaluation process

Fully aware that the way in which the tasks of the Board are performed has a great influence on the different stakeholders who form part of, or are related to, the Corporation, and as a necessary step to optimizing the rules of good Corporate Governance inside the Bank, the Board of Directors of the Corporation conducts an annual self-evaluation of its performance.

The subjects in this self-evaluation are described below.

#### Basic Aspects

- Formalities: Punctuality in starting meetings. Attendance by the members of the Board.
- Sufficient and timely information: Timely and advance availability of relevant information for a responsible analysis that contributes to the proper running of the business.
- Readiness: The degree of preparation with which the Directors attend the meetings.

- Time: Duration of the meetings and the relationship to the quantity and quality of the matters to be discussed at them. The way in which time is invested and how it can be improved.

- Influence: The degree to which the priorities and concerns of the Board are reflected by management's actions.

#### Commitment of the Directors

- Commitment that reflects the contribution of the Directors. Degree of motivation and commitment to the Bank. How this attitude is reflected by attendance, punctuality, degree of preparation and participation by the Directors to their utmost potential.
- Know-how. The Board must determine whether its members have sufficient know-how to contribute to the business. It must also consider whether a certain kind of knowledge is missing that is not represented on the Board.

#### The Board as a collegiate body

- The Board must determine whether it has a clear, explicit and consensual vision of the future.
- It must also reflect on whether there is a climate favorable to open, healthy and frank discussion in its midst that facilitates true teamwork.

- The Board must likewise debate whether there are important matters that have not been dealt with and whether there is sufficient diversity of opinion before adopting decisions.

- Lastly, it must make sure that adequate measures have been taken to allow the Board to get to know and form an opinion of the senior executives of the Bank.

The Board of Directors of the Corporation conducted its self-evaluation at the meeting held June 12, 2005, in accordance with the foregoing. Based on the results, it decided to apply the following concrete measures:

- Regular reports requested by the Directors with an in-depth analysis of the situation of specific debtors. The report must be distributed before the meeting.
- Resolution of the Corporate Governance and Entrepreneurial Social Responsibility Committee regarding the conditions that must be present in requests for contributions and donations received by the Bank.
- Directors must be invited to the periodic talks by economists retained by the Bank.
- In the annual planning meetings in which the Directors participate, longer term projections must be made, of five or

ten years, and the objectives they wish to achieve defined together with the strategies to achieve them and the resources that will have to be used.

- A written report on the conditions that the Bank must assume with regard to the application of the principles of the Basel Committee II and their repercussions on capital requirements.

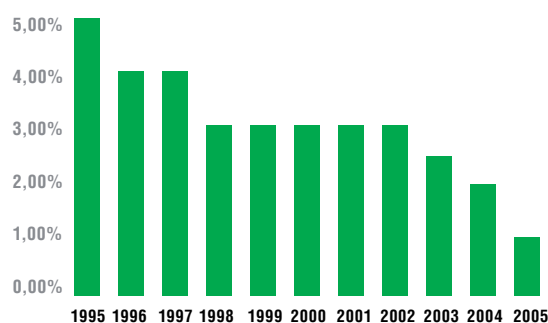
## Board Fees

The summary with which this report began explained the new fee structure of the Board of Directors for 2005, approved by the Regular Shareholders Meeting held April 21, 2005, at which the variable fee based on the net profits of the company was reduced from 2% to 1%, calculable on the average profits corresponding to the 2003, 2004 and 2005 fiscal years.

Just as the total profits of Bci have experienced tremendous growth over the past ten years, multiplying five-fold in nominal terms, the shareholders of the Corporation have reduced the percentage of profits allocable to the Directors by way of a variable fee for their services. Therefore, if, in 1995, this percentage amounted to 5% of the Bank's profits, based on the profits of the corresponding fiscal year, today

it is only 1% of the average final profits earned over the last three fiscal years.

## Bci Board Variable Fee/Corporation Profits



Note: The calculation of this fee for 2005 includes the average profits of the last three fiscal years.

Therefore, the total paid to the Board in 2005 for both fixed and variable fees represents, as a proportion of the annual return of the Bank, 1.52% of the profits it earned in the same year. This percentage is composed of:

- Allowances, fees and other expenses paid to the Board, equivalent to 0.68% of 2005 profits.
- Profit-share, equal to 0.84% of 2005 profits.

The Board will propose continuing with this fee policy during 2006 at the next Board meeting.

### **New Corporate Governance Regulations for Bci subsidiaries**

For the purpose of implanting governance procedures throughout the Corporation, the Corporate Governance and Entrepreneurial Social Responsibility Committee approved a necessary set of practices to optimize good Corporate Governance in Bci subsidiaries. The final version has been submitted to the Board for its comments.

This document regulates the following matters, among others:

How the boards of subsidiaries must work:

- The Board of each company must analyze information on business risks, improvement of control processes, reports by the Comptroller, the Compliance Officer, the Internal Auditors of the subsidiary, the Senior Counsel, etc.
- Irrespective of whether or not there is an Audit and Risk Committee in the subsidiary, the Chairman of the subsidiary's Board must send the Bci Audit Committee a copy of the minutes of the Board meetings at which the financial statements of the company are approved and the corresponding external auditors' report is analyzed, and a copy of the minutes of the meetings at which the internal control report prepared by the external auditors is studied.
- The minutes of the Board meetings at which matters important to the company were reported, analyzed or decided on must be sent to the Bci Audit Committee.
- It is recommended that the participation of managers from the different areas of the subsidiary be facilitated at the meetings of the Board in order to expound on matters and progress in their respective fields of action.

The Board must adopt other measures to take full advantage of the meetings, including their scheduling, functioning and the information required to analyze the items of business.

**Strategic planning, follow-up and responsibilities:**

- In addition to exercising due control and supervising compliance with plans and goals during the year, the Board must assign some of its members to participate in the corporate strategic planning process of the subsidiary, and then approve the plans decided on at a corporate level at the corresponding meeting of the Board.
- During the year, each Board of Directors may modify the strategic plans of the company, based on the need to compete, changes in the law and changes in circumstances that may affect the subsidiary. This will not imply opposition to the strategic objectives of the Corporation.





The Board will propose continuing with this fee policy during 2006 at the next Board meeting

- Those directors of a subsidiary company that does not engage in fund management or does not need to implement third-party assignments, but who do, otherwise, have executive responsibility in any other company of the Corporation, must perform their duties in the subsidiary by giving maximum priority to the subsidiary, in the understanding that their actions must benefit the Corporation as a whole when there is any conflict of interest between their executive functions and the directorship in the subsidiary.

- Directors of subsidiaries that manage third-party assets or execute customer instructions must work by assigning a maximum priority to the participants or customers at all times, according to the provisions of the Securities Law. They must abstain when there is any conflict of interest and allow the rest of the board to decide.

- The Board of a subsidiary must perform an annual self-evaluation of its performance.

### Audit and Risk Committee

The Bci subsidiaries Administradora de Fondos Mutuos S.A., Bci Corredor de Bolsa S.A., Bci Factoring S.A., and Bci Securitizadora S.A., must have an Audit and Risk Committee within their Boards, made up of three Directors, preferably not a part of Bci management, who will have the following responsibilities, among others, on which they will report to the Board in its entirety.

- The committee must be fully aware of the principal risks existing in the systems, processes and control procedures of the subsidiaries, and the possible consequences they may have on the information systems used in measuring performance or making decisions.

- It must be aware of, and report, the risks detected in the internal audits and the inspections performed by the Corporate Comptroller, and analyze the plans of action or the decisions that have been made or implemented to overcome them.

- It must analyze the reports on inspection visits and instructions and communications made by the respective Superintendency and the contents of reports and evaluative procedures of the external auditors.

- It must be informed of any suspicious behavior or fraud that has been detected.

- It must be informed of the policies enforced for the prevention and detection of suspected asset laundering transactions.

- It must resolve conflicts of interest, if any, provided it is in a position to do so.

- Before each meeting of the Board, certification must be requested from the person responsible for the accounting of the subsidiary as to whether there have been any important changes in the accounting system and what the effects are, and those changes analyzed, if need be. It must also examine the information regarding any transactions there may have been with related parties.



"THE BANK TRUSTS IN YOU AND YOU  
HAVE TO RESPOND. THAT IS  
WHAT HAS MOST IMPRESSED ME,  
BECAUSE YOU ARE IMPORTANT AND YOU  
CAN DO YOUR WORK WELL."



 **Esmirto Cortés**  
Judicial collection clerk



## Administrative Services Job Promotion Program

### We grow together at Bci



The effort, perseverance and dedication of this Bci Bank collaborator have been rewarded thanks to the Job Promotion Program offered by the company to all its workers who wish to ascend another step in their careers. Esmirto Cortes, who has dedicated more than half his life to the Bank, had the opportunity to apply for this benefit together with other colleagues. And today, after having risen through different positions in the services area, he is in charge of judicial collections. *"This is a new challenge for me, due to the confidence that has been shown in my work."*

Collaborators working in services can apply to administrative positions through an evaluation system that measures their performance over the past three years, a psychological test and an aptitude test.

Esmirto is happy for himself and his family, who has been witness to his vocation, and has seen how he has progressed since his start 23 years ago, when he was transferred from the El Salvador branch to Santiago and had to withstand hard times, to his renewed commitment to the Bank through this promotion: *"I was diagnosed with melanoma and here they were very good; they paid my rent for a year and gave me good terms to buy my apartment."*





## 02 Bci Management

As public faith is deposited in Bci, the Corporation demands impeccable economic morality from its employees



## Bci Code of Ethics

A fundamental principle of the Corporation's governance is that all its employees abide at all times by the Bci Code of Ethics, which has been in force since 1996, and was most recently amended by the Board of Directors on December 21, 2004. The main guidelines of this document concern the following:

### Conduct in commercial transactions

- The most unconditional honesty and transparency in compliance with laws and regulations is demanded, in the understanding that trust is the foundation of financial services. Specific mention is made of the fact that persons who may be linked to the Bank by ownership or management must not enjoy any commercial advantages in their transactions with the Corporation.

- Moreover, it is clearly established that Bci will not do any kind of business with persons who deviate from the ethical and legal standards mentioned in this Code.

- We declare that the prestige of Bci is also founded on the confidentiality of the information it receives. Hence, all the acts of its collaborators must strictly preserve the secrecy of the information to which they have access, be it in reference to Bci or its shareholders, customers, suppliers and collaborators.

- The Corporation demands a proper use of its assets, which is essential to preserving the soundness of the company.



### Conflicts of interest

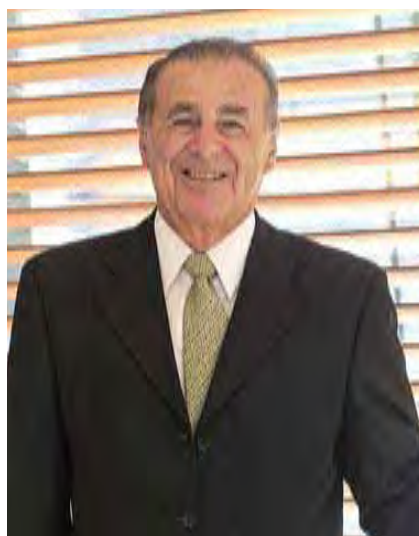
- The fundamental principle is that the mere suggestion of a conflict of interests in the relationship between Bci, its shareholders, customers, suppliers and collaborators is detrimental to the confidence and the security on which the prestige of the Bank is founded. The collaborators of the Corporation must never allow their personal interests to enter, or appear to enter, in conflict with the interests of Bci or its customers.
- No Bci employee may participate in any transaction in which he or his family has any kind of interest. Moreover, no employee may receive special employment considerations on the basis of family or personal relationships.
- Personal finances. As public faith is deposited in Bci, the Corporation demands an impeccable economic morality of its employees.
- Even though Bci personnel have absolute freedom to purchase any manner of lawful goods, shares and securities, they are absolutely forbidden to take advantage of information to which they have access in their position for personal use.
- Bci employees must abstain from accepting any type of gifts that denote the giver's intention of compromising them.

### Personal conduct

- The collaborators of the Corporation must abstain from harassing or exerting undue pressure on their peers. This includes any kind of insulting or humiliating treatment, without distinction.
- The Corporation strictly prohibits the possession, sale and consumption of alcohol and illicit drugs in its facilities. Addiction is absolutely incompatible with the business activities of the Corporation. Thus, all members have an unavoidable obligation to help prevent it. As the public faith is deposited in Bci, the Bci Code of Ethics recognizes the right of the company to establish, in employment contracts, the power of the employer to control the consumption of alcohol and drugs through approved techniques.
- Bci recognizes the most absolute ideological, political, religious and philosophical freedom of each of its collaborators. Nevertheless, the Bank demands respect for the dignity of all its employees and honest and circumspect conduct in everyday activities, not only in doing their job, but also in their social life as citizens.

## Senior Executives

One of the characteristics of the senior management of Bci is the great skill of those who have worked the greater part of their careers in the Corporation and have ample banking experience. Below we provide the résumés of the officers reporting directly to the General Manager.



**Andrés Atala Hanna**  
Risk Assessment Manager

Ample experience in the banking business, having worked, among other positions, as Deputy Manager of the Administration Department; Deputy Personnel Manager; Deputy Branches Manager; Branches Manager; Head Office Manager; Regional Manager, Downtown Santiago; International Operations Division Manager; Commercial Area Manager; Corporate Risk Area Manager; Corporate Loans Area Manager. He is currently the Risk Assessment Manager and reports the principal loan transactions to the Executive Committee of the Board of Directors. Mr. Atala has 50 years of experience in banking, all of them at Bci.



**Humberto Béjares Jara**  
Advisor to the Chairman and the General Manager

Ample history at Bci, having run units such as Central Accounting; Comptroller; Finance; Operations and Systems; Administration and Human Resources in the Head Office. He has held his current position as Advisor to the Chairman and the General Manager since 1977 and he has substituted for 5 General Managers since 1975. Since 1974, he has been a member of several committees of the Bankers Association. He is a member of the Tax Committee of the Confederation of Production and Commerce on behalf of the Bankers Association. Mr. Béjares has 50 years experience in banking, all of them at Bci.

**Pedro Balla Friedmann**  
Senior Counsel



Mr. Balla earned his law degree from the University of Concepcion. Before joining Bci, he held other positions such as Chief Legal Counsel to the Ministry of Public Property and Counsel-Secretary to the Civil Aviation Board. He started at Bci in 1983, and has worked since then as the Senior Counsel in Acts and Contracts and Manager of the Legal Division, presently holding the position of Senior Counsel. He is an officer of the Steering Committee of the Bankers Association, a member of the Bar Association, and has attended Congresses of Lawyers Expert in Banking Law. Mr. Balla has 22 years of experience in banking, all of them at Bci.

**Marcela Bravo Puldain**  
Communications and Entrepreneurial  
Social Responsibility



She earned a business administration degree at the University of Chile, and a Diploma in Marketing from the Catholic University of Chile. She currently holds the position of Communications and Entrepreneurial Social Responsibility Manager of Bci and Director of the Child Welfare and Entrepreneurial Social Responsibility Action Corporation. She has 20 years' experience in the commercial area, marketing and communications, and has worked as the Manager of Corporate Communications of Aguas Andinas, the Manager of Institutional Relations in Telefonica CTC, Commercial Manager in VTR Long Distance, a consultant in communication strategy, in addition to holding different positions in the commercial and marketing areas of Leasing Andino.

**Manuel José Concha Ureta**  
General Manager of Banco Nova



He earned the title of Civil Industrial Engineer from the Catholic University of Chile. Before joining the Corporation, he held the positions of Operations Manager and General Manager of Bancard, General Manager of Fincard, General Manager of CMR Falabella and General Manager of Falabella, among others. He then moved on to the position of General Manager of Banco Conosur, today Banco Nova. Mr. Concha has 25 years of experience in the financial services industry and has worked at Bci for two years.

**Nicolás Dibán Soto**  
Corporate Risk Manager



He earned a degree in business administration from the University of Chile, PADE ESE, University of Los Andes. He joined Bci in 1979 and has worked as Deputy Manager of Credit Analysis and Normalization, Manager of Asset Evaluation and Rating, Branches Manager, Retail Banking Manager and Marketing Manager, among other positions. He is currently the Corporate Risk Manager. Mr. Dibán has 26 years of banking experience, all of them at Bci.

**Graciela Durán Vidal**  
Comptroller of the Corporation



Public Accountant and Accountant Auditor of the State Technical University, Master's degree in Management Control from the Catholic University of Chile, PADE ESE, the University of Los Andes, and she is a Seven-Habits Facilitator recognized by Covey International Leadership. Mrs. Durán previously held the position of Auditing Manager of Price Waterhouse Coopers. She has worked at Bci since 1986, as the Advisor to the General Manager, Manager of the Financial and Management Control Department, among others. She is currently the Comptroller of Bci Corporation. Mrs. Durán has 19 years' experience in banking, all of them at Bci, and is a member of the Comptrollers Committee and the Fraud Committee of the Bankers Association.

**Mario Gaete Hörmann**  
Support Areas Manager



Civil industrial engineer, graduated from PADE-ESE University of Los Andes. Until 1989, he worked as Control and Auditing Chief, Deputy Manager of Operations and Vice-President of Operations at Citibank. He joined Bci that year as the Manager of the Information Technology Division, and he currently holds the position of Support Areas Manager. Mr. Gaete has 24 years of banking experience and has worked at Bci for 16 years.

**Adolfo García-Huidobro Ochagavía**  
Marketing Manager



Business Administrator and Master in Economics and Business Administration from IESE, University of Navarra, Spain. Until 1994, he held, inter alia, the position of Commercial Manager and Advisor to the General Manager in other financial institutions in the marketplace. That year he joined Bci, working as Advisor to the General Manager, Planning and Management Control Manager, and Director of Financiera Solución (Peru). He is currently the Marketing Manager. Mr. García-Huidobro has 13 years' experience in banking and has worked at Bci for 11 years.

**Mario Gómez Dubravčić**  
Commercial and Subsidiary Manager



He has a degree in business from the Catholic University of Chile, followed by post-graduate studies at the University of Los Andes. At Bci he has worked as Advisor to the Manager of the Finance Division, Finance Manager, Director of Financiera Solución S.A. in Peru, Chairman of the Board of BCI Fondos Mutuos S.A., Chairman of the Board of Bci Asesoría Financiera S.A., Director of Bci Corredores de Seguros S.A., Director of Servipag, Director of the Central Securities Deposit, Director of Bci Factoring S.A., Director of Bci Securitizadora S.A., Director of Bci Seguros Generales S.A. and Bci Seguros Vida S.A. and Enterprise Area and Finance Manager. He is currently the Commercial and Subsidiary Manager. Mr. Gomez has been in banking for 25 years, all of them at Bci.

**Eduardo Paulsen Illanes**  
Quality, Process and Internet Manager



He has an engineering degree (electrical engineering) and a Master in Sciences (Computer Sciences) from the Stevens Institute of Technology in the United States. He has also taken post-graduate courses at the Catholic University of Chile, M.I.T. and the University of Columbia. He joined Bci in 1986 and has worked as Manager of Special Projects, Manager of Virtual Banking, and presently as Quality, Process and Internet Manager. Mr. Paulsen has 19 years of experience in banking, all of them at Bci.



**Abraham Romero Pequeño**  
Manager, Retail Banking Division



Business Administrator, earned at PADE ESE, University of Los Andes. Through 1997, he worked as the Vice-President of Citibank Retail Banking, the Commercial Manager of Redbanc, Manager of the Retail Banking Division at Banco de A. Edwards, and Manager of the BankBoston Retail Banking Division. He joined Bci that year as the Manager of the Retail Banking Division, a position he holds to this day. Mr. Romero has 36 years of experience in banking and he has worked at Bci for 9 years.

**Ricardo Victorero Castaño**  
Manager, Business Development Division



Master in Economy and Business Administration (MBA) from IESE Business School, Spain. Business degree from the University of Chile. Before joining Bci, he held several management positions in local and international financial institutions, the most notable being: Vice-President of Mergers and Acquisitions, IB Partners; Director, Corporate Finance, Warburg Dillon Read (Swiss Bank Corporation); Deputy Manager, Corporate Finance, ING Barings; Deputy Manager, Financial Consulting, Bicechileconsult (Banco Bice/N.M. Rothschild & Sons). Additionally, he was the General Manager of Seminarium and the founder of Puntolink.com, as well as financial advisor to companies. Mr. Victorero has more than 12 years of experience in banking and has worked at Bci for more than 3 years.

**Eugenio Von Chrismar Carvajal**  
International and Finance Manager



He is a civil engineer who graduated from the University of Santiago, PADE ESE, University of Los Andes. He has ample experience in the Chilean and international financial system, having held positions such as Finance Manager of Citibank, Chile, and Director of Investment Banking, Citibank, Mexico. He then worked as the Director of Investment Banking at Bank of America, Mexico. He joined Bci in 1999 as International and Finance Manager, which is the position he currently holds. Mr. Von Chrismar has also been Director of Financiera Solución S.A. (Peru) and has been in banking for 26 years, 6 years at Bci.



## Principal Management Committees

At Bci, the Management Committees are the most important executive management level where the course of business is discussed and the achievement of corporate objectives is guaranteed.

For the purpose of improving the effectiveness of management committees, it has been decided that they will concentrate their efforts exclusively on implementing corporate strategy. Managers who are members must get involved with concrete actions that contribute to attaining the objectives, without deviating their efforts to undertakings that differ from the purpose of the Committee. Thus, all meetings are held with an executive methodology that demands staying focused on the stated objectives and goals, defining daily actions to achieve those goals, and reporting the results to the team at every session. This ensures that any obstacles to attaining the expected goals are eliminated through synergetic work.

## The principal management committees are:

### • Ethics Committee:

Its purpose is to monitor compliance with the rules in the Bci Code of Ethics, clear up any doubts that may arise regarding its enforcement, and aptly promote supplements or adaptations of its rules based on specific events of which it learns. This Committee reports directly to the Chairman of the Bank.

### • Management Steering Committee:

Its purpose is to coordinate, direct and track how the business operates and the plans and objectives of the balanced scorecard. It must propose committed results and provide the necessary assistance to guarantee that they are achieved, on the basis of the objectives and policies established by the Board of the Corporation. This committee defines the corporate guidelines and policies for the foregoing, both in the commercial and functional areas; it makes decisions on changes in processes, structures and organizational systems and approves the allocation of resources to the different corporate plans for the purpose of supporting their implementation.

### • Strategic Planning Committee:

Based on ideas approved by the Bank's Board of Directors, it defines the strategic position desired for the Bank in the medium term and determines the policy to be followed to reach it, periodically reviewing the coherence and direction of the annual plans, the defined strategy and the long-term position desired. It thus periodically reviews the Bci business plan and the annual budget.

### • Assets and Liabilities Committee (ALCO):

This committee analyzes and manages the structure of the assets and liabilities of the Bank, keeping the level of market risk within defined limits, protecting capital, increasing the financial margin of the Corporation and guaranteeing an adequate liquidity of Bci.



#### • Credit Committees:

The strategic objective assumed by the credit committees is to decide on national and international credit operations and transactions that fall within their purview, and to inform the Executive Committee of the Board of those transactions that exceed that authority. There are four credit committees whose competence is distributed proportionally according to the amount and the conditions of the transaction.

#### • Asset Laundering Committee

Its main objective is to define complementary policies that are necessary for the prevention of asset laundering and monitor their compliance by the organization. It must also analyze and resolve suspicious cases and situations that have been reported to it or that have been detected by the monitoring systems and which are unjustifiable, and, as a last resort, decide on the need to report such suspicious transactions to the Financial Analysis Unit of the Ministry of Finance.

#### • Information Security Commission

This committee establishes the policies, roles, strategies and decisions to be made with regard to technological and information security risks for the purpose of safeguarding the assets of the Corporation.

#### • Human Resources Committee

Its mission is to define the guidelines and policies that explicitly enable linking the performance of individuals and of the organization, in regard to their conduct, competencies and style, to the strategic objectives and the results set out in the balanced scorecard, within the framework of the principles and values to which Bci adheres.

Additionally, there are several other committees and task forces that work on specific matters of the business, and whose objectives are always guided by the aforementioned executive principles.

#### Management ownership interests

At the close of the 2005 fiscal year, 169 Managers and Deputy Managers of Bci and its subsidiary companies held direct interests of 0.98% of the subscribed and paid-in capital.



## 03 Shareholders

A group of shareholders linked to the Yarur family reasserted their decision to maintain the traditional unity and control of the Bank



### Information available to Bci Shareholders

On its web site ([www.bci.cl](http://www.bci.cl)), the Corporation provides its shareholders and the public at large complete information on the following matters:

- Annual reports for the last five years.
- Corporate Governance and Entrepreneurial Social Responsibility report.
- Consolidated quarterly financial statements.
- Quarterly liquidity status
- Press releases and presentations given to investors and the public at large.
- Press reports on Bci.

As was announced at the time, the respective Bci Investors Desk was officially inaugurated during 2005, run by Ricardo Victorero Castaño, the Business Development Manager of the Corporation.

It is important to highlight the fact that, for the first time, the Bank made a formal presentation of its partial results to a public made up of institutional investors, with a very high turnout.

Also noteworthy is that a specific e-mail address has been set up ([investor\\_relations\\_bci@bci.cl](mailto:investor_relations_bci@bci.cl)) through which questions from analysts and investors are received from time to time. Furthermore, a database has been created with information on analysts and investors who contact the company, for the purpose of including them in the communications and press releases by the Bank.



Majority shareholders

Below are the 25 largest shareholders in Bci as of December 31, 2005:

NAME	INTEREST
Empresas Juan Yarur S.A.C.	53.41%
Jorge Juan Yarur Bascuñán	4.23%
Sociedad Financiera del Rimac S.A.	3.48%
Inversiones BCP Ltda.	2.84%
AFP Provida S.A. para Fondo de Pensiones	2.82%
AFP Habitat S.A. para Fondo de Pensiones	2.50%
Larraín Vial S.A. Corredores de Bolsa	2.26%
AFP Cuprum S.A. para Fondo de Pensiones	2.04%
Inversiones Jordan Dos S.A.	2.00%
Tarascona Corporation	1.47%
AFP Santa María S.A. para Fondo de Pensiones	1.34%
AFP Bansander S.A. para Fondo de Pensiones	1.24%
Inversiones Millaray S.A.	1.20%
Bci Corredor de Bolsa S.A.	1.11%
Inmobiliaria e Inversiones Cerro Sombrero S.A.	1.10%
Luis Enrique Yarur Rey	0.97%
California Public Employees Retirement System	0.65%
Inmobiliaria y Comercial Recoleta Sur Limitada	0.59%
Modesto Collados Núñez	0.58%
Banchile Corredores de Bolsa S.A.	0.55%
Inversiones VYR Ltda.	0.53%
AFP Planvital S.A. para Fondo de Pensiones	0.49%
Moneda S.A. Administradora de Fondos de Inversión	0.44%
Citibank N.A.	0.42%
Inmobiliaria e Inversiones Chosica S.A.	0.36%

Shareholders Agreement

A group of shareholders related to the Yarur family, who held 63.30% of the subscribed and paid-in shares of BCI as of December 31, 2005, made a shareholders agreement on December 30, 1994 in which they reiterated their intent to preserve the traditional unity and control of the Bank in possession of the Yarur family.

The signatories thus reaffirmed their desire to maintain the principles on which the management of Bci is based in order to develop as a financial services and solutions institution that possesses the utmost operational efficiency and provides the highest possible level of services to its customers, standing out for its intense technological innovation and creativity in the quality and quantity of its services.





To achieve this, these shareholders agreed to:

- Keep control of the majority of shares in the hands of the Yarur family.
- Support the adoption of the corresponding resolutions, either at the Shareholders Meetings or Board of Directors meetings, that are conducive to compliance with the aforementioned objectives of Bci management.
- Attend the Shareholders Meetings of the Corporation in a state of harmony.
- Strive to preserve the management of Bci along its traditional lines of independence, honesty and integrity.
- Make Bci management sufficiently independent in order to maximize the profitability of the Bank and its shareholders.

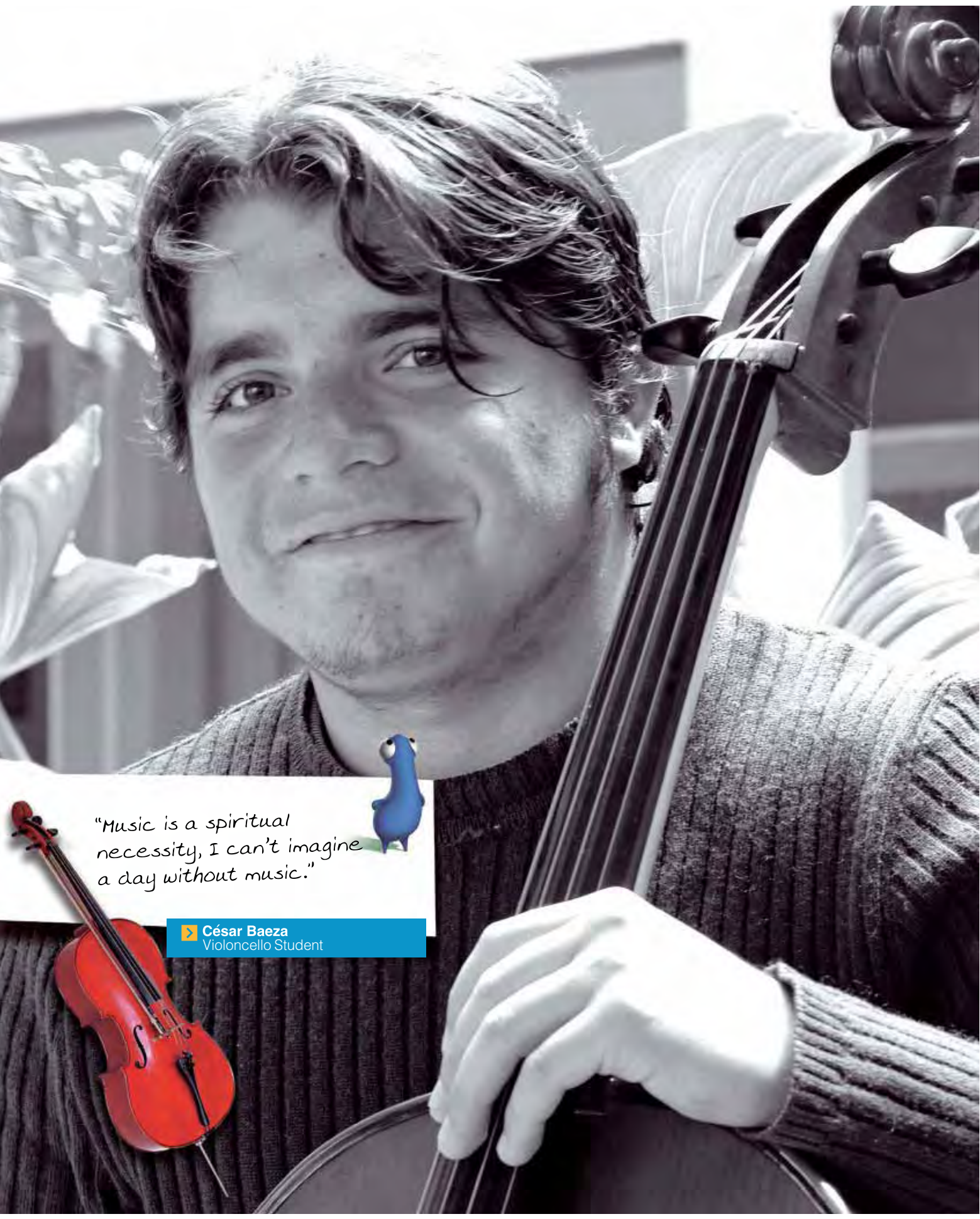
In accordance with the provisions of the Companies Law, this shareholders agreement is available to the other shareholders and interested third parties.

## Institutional Shareholders

On December 31, 2005, the following institutional investors were among the 25 majority shareholders of Bci:

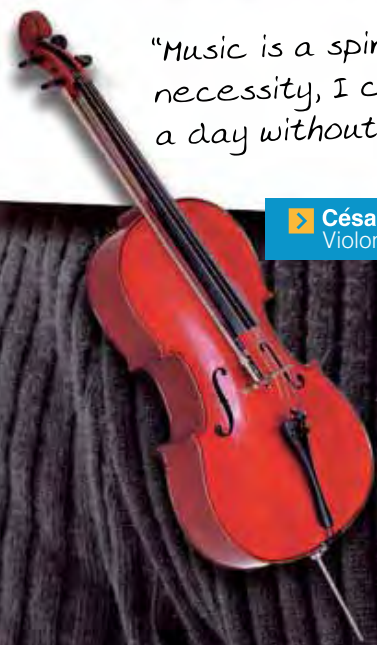
NAME	INTEREST
AFP Provida S.A. para Fondo de Pensiones	2.82%
AFP Habitat S.A. para Fondo de Pensiones	2.50%
Larrain Vial S.A. Corredores de Bolsa	2.26%
AFP Cuprum S.A. para Fondo de Pensiones	2.04%
AFP Santa María S.A. para Fondo de Pensiones	1.34%
AFP Bansander S.A. para Fondos de Pensiones	1.24%
Bci Corredor de Bolsa S.A.	1.11%
California Public Employees Retirement System	0.65%
Banchile Corredores de Bolsa S.A.	0.55%
AFP Planvital S.A. para Fondo de Pensiones	0.49%
Moneda S.A. Administradora de Fondos de Inversión	0.44%
Citibank N.A.	0.42%

It is important to mention that Mr. Manuel Valdés Valdés, a Director of Bci, was appointed by the votes of AFP Planvital S.A., AFP Santa María S.A., AFP Cuprum S.A. and AFP Bansander S.A. at the Regular Shareholders Meeting held on April 12, 2004.



*"Music is a spiritual  
necessity, I can't imagine  
a day without music."*

 **César Baeza**  
Violoncello Student



## We at Bci support the artistic development of children and youths in the country through the program “Bringing children closer to music ”



Until he was twelve years old, César had no idea how important music would be in his life and how it would become his vocation in very little time.

It was in a program designed to bring music to the schools in the poorer neighborhoods of Santiago that he had the opportunity to try one of the instruments that has become the greatest passion of his life: the violoncello. Today, four years later, César is one of the musicians of the Nosedal College Symphony Orchestra and the Metropolitan Youth Orchestra, and he has traveled the country with them to participate in concerts and competitions.

Bci has been part of this artistic and social initiative since 2002, financing the Nosedal Symphony Orchestra of La Pintana: *“The Bank’s arrival was very important because there was a time when we were running out of sponsors and we were afraid that the project might come to a standstill halfway.”*

This initiative is not only concerned about children and young people perfecting their musical knowledge through their teachers. It also gives them the instruments so that they can practice after school. César practices at home every day, to the attentive ear of his parents and his younger brother. This year he will finish school and is already thinking of studying music in college.





## 04 Customers

The products and services that Bci companies furnish to their customers must be of optimal quality, innovative, and at competitive prices



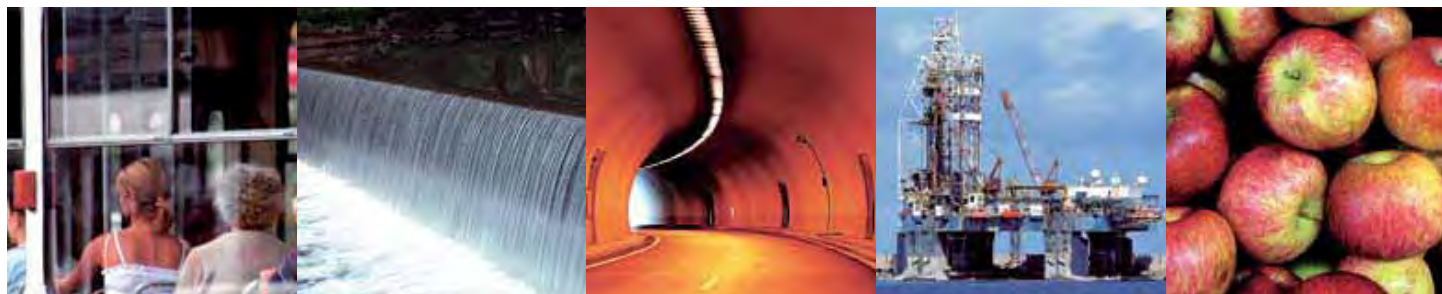


The Bci Mission considers the relationship with customers and suppliers to be one of its cornerstones. In effect, the company acknowledges that “the products and services that Bci companies furnish to their customers must be of optimal quality, at competitive prices, innovative, and designed to satisfy their needs adequately and opportunely. One must always consider customers to be the basis for the success of the Corporation. Therefore, we must maintain long-term commercial relationships with them. Mutually beneficial relations must be sustained with suppliers, creating loyalty over time and high standards of quality, compliance and transparency.”

In honor of the foregoing, Bci has decided, as the core of its commercial policies, to channel its actions towards becoming a bank that is a leader in proximity and customer satisfaction. It recognizes that the ability to establish enduring relationships with its customers is fundamental to its current success and its future projections.

#### Evolution of the number of customers of Bci Corporation

Group	Retail, TBanc and	Nova Bank	Personal Enterprises	Small and Mid-sized	Large Companies	Corporations	Real Estate Companies	Financial Companies	Other Customers	Total
Dec.2005	656,045	499,992	24,982	24,923	13,023	1,787	940	213	13	1,221,918
Dec.2004	509,432	431,538	20,461	21,129	11,855	1,692	740	170	1,006	998,023
Variation	28.8%	15.9%	22.1%	18.0%	9.9%	5.6%	27.0%	25.3%	(98.7%)	22.4%



## Distribution of the commercial loan portfolio

As an indication of the Bank's wide customer base, the Bci commercial loan portfolio is extremely diversified among a multitude of debtors and the different sectors that make up the economy.

To illustrate this, below is a breakdown of the Bank's commercial loan customers by area of activity (excluding consumer and home mortgage loans) as of December 2005.

Bci Sectors	Total % of loans
Finance and insurance companies	10.72%
Construction: Real Estate	4.19%
Electricity, Gas, Steam and Water	3.31%
Transportation and Storage	3.09%
Wholesale Commerce	3.02%
Services rendered to Companies	2.76%
Educational Establishments	2.39%
Manufacture of Metal Products, Machinery	2.29%
Exploitation of Real Estate	2.25%
Retail Commerce: Small and Mid-Sized Companies	2.18%
Mining, Oil, Natural Gas and Quarries	2.15%
Construction: Contractors, Erection and Civil Works	2.06%
Personal and Home Services	2.04%
Related Social and Commercial Services	1.95%
Retail Commerce: Department Stores	1.89%
Forestry, Agriculture and Livestock: Fruit Growers and Fruit Exporters	1.89%
Forestry, Agriculture and Livestock: Agriculture	1.88%
Salmon Farming	1.81%
Automobiles	1.80%
Communications	1.71%
Food products	1.68%
Water	1.47%
Electricity	1.33%
Retail Commerce: Supermarkets	1.19%

## Customer Defense System

Bci is one of the banks that has subscribed to the customer defense system started by the Bankers Association. By virtue of this system, customers of the affiliated banks have access to a dispute resolution system in which the following cases are handled by an independent entity:

- The customer and his bank have been unable to reach an agreement on a specific difference.
- The bank decided to reject a specific complaint by the customer.
- The bank has not replied to the client's complaint within a period of 30 business days.

It must be emphasized that this system is at absolutely no cost to the customer. The status of the respective procedures can be found at [www.abif.cl](http://www.abif.cl).

## Administration of claims by customers and the public at large

Bci has implanted an all-encompassing complaint administration system. Through this system, any customer of the Corporation can formalize his concerns knowing, with certainty, that his request will receive a clear and timely response. Internally, the official vehicle for submitting complaints and suggestions and their management and solution is the Corporate Complaints Administration System (SAR). This is a centralized computer program whose principal objective is to achieve, inside the Corporation, a specific culture of acceptance of all complaints, queries and suggestions by our customers through full service that results in a timely and satisfactory response and solution.

Bci received 28,094 complaints for various reasons in 2005, which represent 2.3% of the large number of customers to whom Bci attends. Through December 31st, 89.7% of those complaints had already been appropriately answered.





# 05 External Auditors and Risk Rating Agencies

The Audit Committee must examine the reports of the external auditors, the balance sheet and the financial statements



### **Review and approval of the external auditors' report**

It is the duty of the Board of Directors of the Corporation to guarantee compliance with the obligation of integrity of the accounting system and the financial statements of the company, including the performance of an independent audit and the implementation of the proper control systems.

As mentioned earlier, because of that legal obligation, the Audit Committee must examine the reports of the external auditors, the balance sheet and the financial statements submitted by the management of the Company, and comment on them prior to their presentation to the respective Shareholders Meeting. Those comments are reported in the Annual Report.

Likewise, the Audit Committee proposes to the Board the external auditors that should be suggested for appointment by the shareholders. Should the Board disagree with the Committee, it may make its own suggestion and present it to the consideration of the shareholders. The Bci Regular Shareholders Meeting, held on April 25, 2005, agreed to appoint PriceWaterhouseCoopers as the external auditors of the Corporation for the period from January 1 to December 31, 2005, stating for the record that the Audit

Committee proposed the same auditing firm to the Board that was submitted to a decision by the Shareholders Meeting.

At a meeting held February 2, 2006, the Audit Committee approved the opinion of the external auditors of the balance sheet and other financial statements of the Bank as of December 31, 2005, and the information contained in the individual and consolidated financial statements.

### **Independence of the external auditors**

In order to assure independence in the audit of the Corporation's accounting systems, a system has been established where the partner in the external auditing company who year by year directs the internal control process and examination of the financial statements is rotated. Thus, the external auditing company periodically assigns a different partner to perform the accounting system audit.



### **Other tasks performed by the external auditors**

PriceWaterhouseCoopers has also provided portfolio analysis services to the Bank for Banco Conosur, now Banco Nova, and other legal counsel. The fees for such services totaled US\$40,223.95 during 2005.

### **Other Audits**

Other outside auditors audit the Corporation from time to time, in particular:

- Of most importance, the Superintendency of Banks and Financial Institutions, which is the regulatory agency par excellence in banking. All Bci activities are subject to its oversight.
- The Federal Reserve Bank of the United States of America, which oversees the Bci branch in Miami.

In addition, there are several other information security companies that are performing computer consulting and auditing tasks for Bci.

### **Risk Rating Agencies**

According to the provisions of the Securities Market Law, the issuers of publicly offered securities representing debt must contract the continuous and uninterrupted rating of those securities from at least two risk rating agencies.

The Companies Law stipulates that the Audit Committee must propose to the Board the private risk rating agencies who should be appointed by the Shareholders Meeting.

Hence, the Audit Committee proposed to the Board that the Corporation continue to engage the services of Feller Rate and Fitch Ratings. Those appointments were approved by the Shareholders Meeting on April 21, 2005.





In recent years, Feller Rate has rated Bci as follows:

	<b>2003</b>	<b>2004</b>	<b>2005</b>
Solvency	AA	AA	AA
Outlook	Positive	Positive	Positive
Term deposits out to 1 year	Level 1+	Level 1+	Level 1+
Term deposits beyond 1 year	AA	AA	AA
Bills of Credit	AA	AA	AA
Bond series	AA	AA	AA
Junior bonds	AA-	AA-	AA-
Single series shares	1st Class level 2	1st Class level 2	1st Class Level 2

A complete report on the Bci ratings assigned by Feller Rate can be found at [www.feller-rate.cl](http://www.feller-rate.cl).

And Fitch Ratings has rated the Corporation as follows:

	<b>2003</b>	<b>2004</b>	<b>2005</b>
Long Term	AA	AA	AA
Short Term	Level 1	Level 1	Level 1
Bills of Credit	AA+	AA+	AA+
Bonds	AA	AA	AA
Junior Bonds	AA-	AA-	AA-
Shares	1st Class Level 2	1st Class Level 2	1st Class Level 2
Tendency	Stable	Stable	Stable

Similarly, an in-depth report on the ratings given to Bci by Fitch Ratings can be found at [www.fitchratings.cl](http://www.fitchratings.cl).

# Entrepreneurial Social Responsibility





#### 1. ENTREPRENEURIAL SOCIAL RESPONSIBILITY IN BCI

#### 2. PRIZES

#### 3. COLLABORATORS

Collaborators in Bci  
Women in Bci  
Salaries, bonuses, salary increases  
Development and training  
Job climate  
Internal social network  
Work week  
Job safety  
Disabled recruitment program  
Bci employee stock options

#### 4. SOCIETY

Child Welfare Corporation  
Bci and Small and Mid-sized Companies: Growing Together  
Bci and Entrepreneurial Education: Family Enterprise Chair  
Bci Donations Policy  
Bci Art Collection  
Santiago Municipal Theater  
Patricia Ready Gallery  
Nocedal Orchestra: Bringing children closer to music  
Digital Friend Campaign: Donation of computers  
Bci imparts good work-family practices  
Recycling Campaign  
Other Initiatives





# 01 Entrepreneurial Social Responsibility in Bci

Entrepreneurial Social Responsibility in company management is not an option, but rather an imperative





The Bci Entrepreneurial Social Responsibility policy aims at translating into concrete action everything that the company declares to be the crux of its work in the community of which it forms a part.

The way the Bank acts in the course of its business will enhance the reputation it has thus far acquired far beyond any declaration of intent it may have made.

Bci believes that the concept of Entrepreneurial Social Responsibility must be focused on at least three fundamental concepts:

- The Company is an agent that has not only rights within the society in which it moves, but also obligations that go beyond that to which it is legally bound, and stem from an ethical imperative. That is why it has the responsibility of assuring that its actions and their effects are directed towards the progress, not only of its own shareholders, but also of the community of which it is a part.
- Given the fact that the Company is part of and runs its business in an organized society, the lesser or greater degree of material and spiritual development of its members directly affect it. Thus, its activities must also be directed towards the search for the common good. Therefore, Entrepreneurial Social

Responsibility in company management is not an option, but rather an imperative, as the well-being of the communities in which companies conduct their businesses has a significant impact on them.

- The principal focus of the Entrepreneurial Social Responsibility of a company must be actions that achieve a positive impact on the community. Yet, at the same time, they must translate into an increase in value for the company and its shareholders. Otherwise, the efforts made in this field would only consist of transferring funds to third parties that do not belong to the Corporation, but rather to the shareholders, without them receiving any benefit from that transfer.

Since its inception, Bci has endeavored to guide its actions not only by standards of economic profitability, but also by social responsibility. The company has therefore defined a value framework that must be followed by all policies, actions and objectives that the Bank adopts, always bearing in mind that people are the ultimate objective and the heart of all the Corporation's activities. This concern for the human being as the driving force of the Corporation is what explains why the greater

part of all actions adopted by Bci in the field of Entrepreneurial Social Responsibility is directed towards increasing the well-being of its own collaborators and supporting those of its clients who require additional assistance in conducting their activities.



The reasons for this are manifold, but among the most important are:

- It is impossible to even consider policies destined to the well-being of the society of which the Bank is part if it does not act within the Corporation according to its declarations in this regard.
- By increasing the benefits and the scope of the internal social network that the collaborators of the company enjoy, the quality of their work is being encouraged, creating a sound working environment and establishing long-term relationships with the Corporation's employees. All this translates into greater productivity and better service for the Bank's customers, which, in turn, increases the annual profits of the Bank. Thus, by benefiting its own collaborators, it also benefits the Corporation's shareholders.
- A minimum of fairness makes it essential to consider that if Bci's results are good, or very good, this must naturally be shared with the Corporation's collaborators in some way because they are the ones who are, through their efforts, to a great extent responsible for the success of the Bank. It is for this reason that one of the historical policies of the Bank has also been to transfer resources to its employees as profits rise, either through increases in salary or through social assistance.
- One of the objectives of Bci is to establish long-lasting relationships with its customers. That is why the support programs for small





Since its inception, Bci has endeavored to guide its actions not only by standards of economic profitability, but also by social responsibility

and mid-sized companies fostered by the Bank pursue that goal, giving direct assistance to a sector that is important in creating jobs. Once again, the interests of the company are reconciled to those of its shareholders and society as a whole.

The Corporation's Entrepreneurial Social Responsibility policies have been wide-reaching and long-lasting. Like last year, we want to make them public, in the hope that in this way, Bci's contribution to the society of which it is a member will become better known.

As stated in its Mission, Bci Corporation conducts its activities and directs its management towards attaining the maximum benefit from the pillars on which its actions are grounded: Shareholders, Customers and Suppliers, Collaborators and Society.

For better understanding of this report, we have divided it into three sections: the first includes a summary of the acknowledgments that the Bank has received in the recent past for its actions in the field of Entrepreneurial Social Responsibility; the second contains an introspective view of the Corporation and the relationship with its collaborators; the third, a look at the way Bci applies its Entrepreneurial Social Responsibility policies outside the bank.



## 02 Prizes

Recognitions that the Bank has received in the recent past for its actions in the field of Entrepreneurial Social Responsibility





Bci received several prizes and honors during 2005, including:

### Most Admired Companies in Chile

Diario Financiero and PriceWaterhouseCoopers honor companies that, on the basis of a study conducted among upper management of the most distinguished companies in the country, are considered leaders and examples of entrepreneurial action. On this occasion, Bci earned the following distinctions:

- First place in Ability to Innovate.
- Second place in Corporate Governance.
- Fourth place in Quality and Attractiveness of Marketing and the Corporate Image, Social Responsibility and Business Strategy.
- Fifth place in Quality of Personnel and Management.
- Sixth place in Overseas Information.
- Ninth place in Quality of Products and Services.
- Tenth place in Financial Soundness and Profits.



### The Most Respected Companies

In research conducted by Adimark, organized and published by La Segunda newspaper, Bci placed tenth in the overall ranking of the most respected companies. With regard to its specific characteristics as a company, Bci took second place in "Honesty and Transparency"; fifth place in Innovative Capacity and Incorporation of Technology; and fourth place in the facet "Greater Opportunities for Working Women."

### Latin Finance Magazine

Latin Finance Magazine, one of the leading publications in the Latin American financial industry, awarded Bci the prize for the "Best Bank in Chile."





National Prize  
for Consumer Satisfaction

Award to the Best  
Companies for Working Mothers

Award to the  
Good Corporate Citizen

National Security  
Council Prize

Best Annual  
Report, Best  
Companies  
for Working  
Mothers and  
Good Corporate  
Citizenship



### **América Economía Magazine**

The prestigious magazine América Economía awarded Bci the prize as the second-best bank in Latin America. The prize was given in consideration of the sound profitability, efficiency and financial performance indicators of the Bank.

### **Best Annual Report**

PriceWaterhouseCoopers and Editorial Gestión awarded a prize to the Bci Annual Report as the best of its kind in 2004. Special mention was made of the fact that Bci was the first financial institution to publish a report on Corporate Governance and Entrepreneurial Social Responsibility.

### **National Prize for Consumer Satisfaction**

Bci was included on the Honor Roll that measures the Quality of Service, which has been awarded by Pro Calidad since 2002, based on the respective study performed jointly by the Adolfo Ibañez University, Adimark and Revista Capital.

### **Best Companies for Working Mothers**

The United Chile Foundation and Ya magazine, of the El Mercurio newspaper, distinguished Bci as one of the ten best companies for working mothers. This constitutes an important recognition of the efforts of the Corporation to include women entirely and dignifiedly in the job market.

The research basically measures six concepts: description of the work force, total compensation, child care and flexibility in working hours, among others.

Great  
Place to Work Prize



América  
Economía Magazine Prize



Best  
Annual Report Prize



### Great Place to Work

For the fourth consecutive year, the Great Place to Work Institute has paid tribute to Bci, placing it on the Honor Roll of the best companies to work for in Chile.

170 companies participated in this study and 65,000 workers answered the questionnaire.

### National Security Council Prize

For the tenth consecutive year, this Council honored Bci for having the lowest work accident rate of all national banks.

### Super-Sales Prize

The American-Chilean Chamber of Commerce, Amcham, awarded Bci the "Good Corporate Citizen" prize in recognition of the contribution by the company through the Women-Family program.

### Good Corporate Citizen

The American-Chilean Chamber of Commerce, Amcham, awarded Bci the "Good Corporate Citizen" prize in recognition of the contribution by the company through the Women-Family program.



*"I feel motivated to work at Bci because attending people with pleasure is something natural to me"*

 **Florencia Molina**  
Specialist II, Personnel Development Division, Bci

## Bci Prizes for Excellence

At Bci, we reward the excellence and perseverance of our staff



Florencia joined Bci twelve years ago as a substitute for a secretary for a couple of months. However, because she worked so well, she was kept on, and today she is a Specialist II of the Personnel Development Division of the Bank.

Linked to the social area of Bci, Florencia is in charge of channeling the benefits received by thousands of the Bank's employees. Thanks to her dedication and quality of service, she was awarded the 2005 prize for Administrative Excellence. *"It was very moving and a tremendous surprise."*

The values and sacrifice that Florencia has contributed to the company were key factors in awarding her the Administrative Excellence prize. The reward was a trip for two to any destination in the Americas. She chose Mexico, and enjoyed the one-week experience with her brother. *"Everything was first class. I felt like I was on air."*

Florencia's family was able to share her feelings when she received a congratulatory letter from the Chairman of the Bank, Luis Enrique Yarur. *"It is very gratifying to know that they acknowledge your work. I love working here."*





## 03 Collaborators

The average time that Bci collaborators have been employed is another consequence of the high degree of commitment to the Corporation



## The Collaborators at Bci

The Bank's collaborators and their families are a fundamental pillar on which the success of the Bank rests. Bci considers it part of its mission as a company to achieve an adequate standard of living, stable work and possibilities for the personal development of its collaborators. Furthermore, the Corporation defines itself, and its actions are eloquent proof of its consistency, as a family-responsible company in the sense that it is committed to making the professional work of its collaborators compatible with their personal and family lives.

Nearly 8,000 people currently work in the Bci companies, which means that if one considers the respective family groups, nearly 30,000 people directly receive the benefits granted by the Bank.

Bci has defined different concepts that it has called "Our Commitment" that sets down the guidelines for handling relations with collaborators. These concepts are:

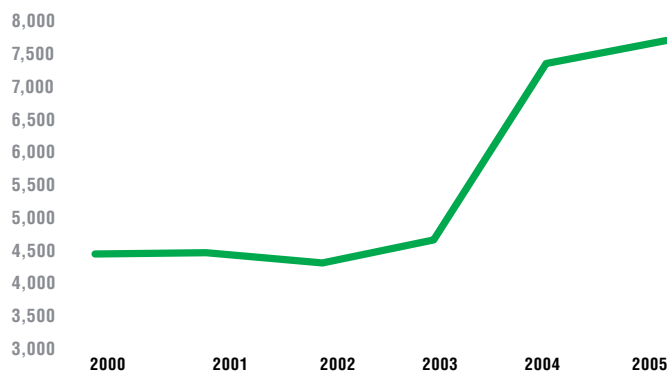
- Maintain stable labor relations with those who perform their duties with responsibility, quality, capability and commitment to the results of the Corporation.
- Work towards improving the standard of living of collaborators and their families. Emphasis will always be placed on enabling those who collaborate in the company to have a dignified personal and family standard of living.
- Give opportunities and propose professional challenges to persons working for in the Corporation in accordance with their personal abilities and merits.
- Permanently endeavor to train and educate collaborators, improving their know-how and abilities and at the same time encouraging their growth as individuals.
- Encourage, recognize and reward individual efforts, progress and capability.
- The commitment of the Bank recognizes the necessary limitations imposed by the market in which it does business.
- Every individual who is part of the regular staff of the Corporation must work under an employment contract.



A Personnel Development Committee has been set up in order to ensure strict compliance with the guidelines established in the Mission and the ethical framework of the Corporation. Its main purpose is to define the guidelines and policies that help explicitly link individual performance, behavior, competence and styles to the strategic objectives and results committed in the corporate balanced scorecard, within the set of principles and values that govern Bci.

This committee meets monthly and is made up of the General Manager, the Commercial and Branches Manager, the Retail Banking Manager, the International and Finance Manager, the Support Areas Manager, the Marketing Manager, the Corporate Risk Manager, the Personnel Development Manager and the Organizational Development Manager.

### Evolution of the Bci staff of collaborators



The extraordinary staff increase observed in 2004 is due to the acquisition of Banco Conosur, now Banco Nova, and two of its complementary companies.

Job stability policies. The average time that Bci collaborators have been employed is another consequence of the high degree of commitment to the Corporation. This sentiment is certainly not a casual occurrence, but is intimately linked to the job stability policies practiced by the bank, which are embodied in the aforementioned commitments. This has resulted in:

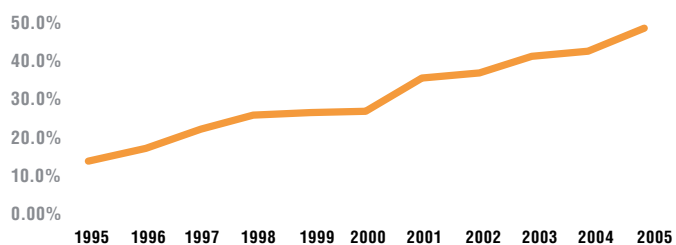
- The average time that the senior officers of the Corporation have been with Bci is 21 years.
- 14% of collaborators have a service record of more than 20 years.
- 23% of the collaborators have a service record of more than 15 years.
- 34% of the collaborators have a service record of more than 10 years.
- The turnover in Bci is 15% less than at its relevant competitors.

This study did not include the staff of Banco Nova and its two complementary business companies.

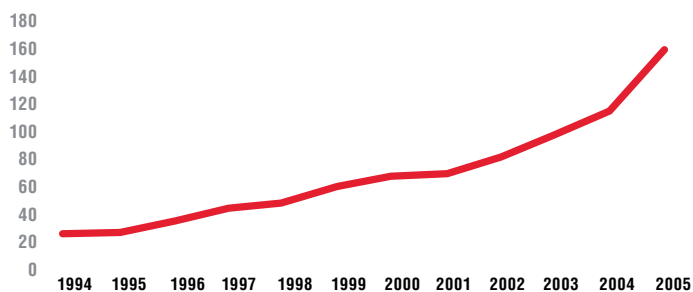
## Women at Bci

The role of women in the Corporation has increased significantly over the past 10 years. Although this phenomenon is partly due to changes in Chilean society as a whole, it is no less certain that women-oriented welfare policies implemented in Bci have also been a major contribution to this.

### Proportional evolution of the number of women in the total staff of collaborators



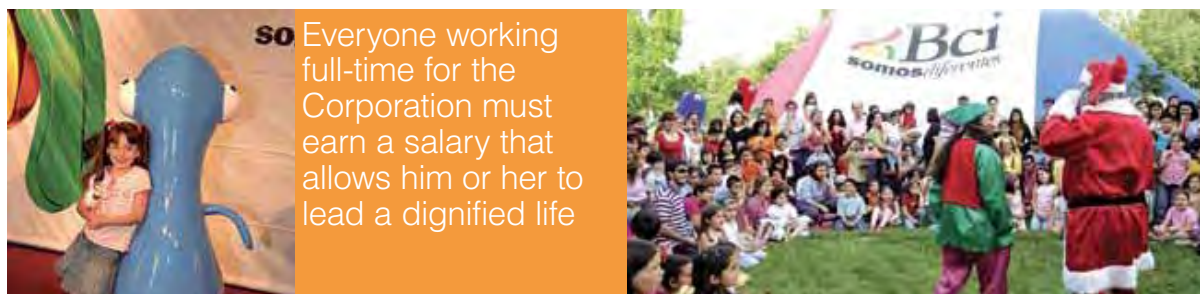
### Evolution of the number of managerial positions held by women in Bci



The number of managerial positions held by women represents 22.5% of the total.







so Everyone working full-time for the Corporation must earn a salary that allows him or her to lead a dignified life

In family matters, special attention has been given to encouraging the inclusion of women in the Corporation in such a way where their professional and family commitments are compatible with one another. Bci has endeavored to give its collaborators the means whereby the Bank can continue to benefit from their valuable contribution, without this implying a deterioration in their personal and family lives.

The “Women-Family” program was established for this purpose and is available to all female collaborators of the Corporation.

Among the measures designed to facilitate the double role of mothers and collaborators are:

- Flexibility of working hours so that mothers and fathers spend more time with their children. Thus, once a month, mothers with children less than two years old can go home two hours earlier. On the day of their child's or husband's birthday, they can go home at 2:00 p.m. Working hours are flexible if children need to be taken to the doctor and end-of-year events must be attended at their children's schools.

- Incentives for playing a sport, guidelines for a proper diet and drug and alcohol prevention programs. The entire family group is included in this through talks, workshops and courses.

- A special bonus, called Home Child Care, amounting to a gross US\$ 1,116.84, payable in three installments in periods of four months (each for US\$ 388.95), is paid to female collaborators who do not make use of the Day Care benefit for personal reasons.

- A Telework Program under which female collaborators can do their professional work from home.

### Salaries, bonuses, salary increases

The salary standards of the Corporation are based on the recognition of the progress of collaborators. Levels of recompense and benefits are offered conducive to an adequate standard of living that will attract individuals who are most suited to the needs of the business and the principles of the bank and that will retain and encourage the collaborators who perform well.

The most relevant variables in determining the salaries both of Bci's upper management and the entire staff, are:

- Everyone working full-time for the Corporation must earn a salary that allows him or her to lead a dignified life.
- The profits of the Corporation.
- Degree of responsibility of the position (internal fairness).
- Evolution of salaries on the competitive market (external fairness).
- Individual performance, which includes both the results achieved, objectives and goals, and the development of corporate competencies and principles.



Bci has adopted a score-per-category system that is the backbone of all Personnel Development processes in Bci. The principles of internal fairness and external competitiveness are safeguarded by managing the salaries of the collaborators on a scale that takes the internal hierarchical levels into account together with the evaluation of positions and the competitive positioning of salaries for jobs at each level, compared to the market.

It is Bci policy to review the salary scale at least once a year, according to the evolution of salaries on the market for comparable positions.

A detail of the evolution in the composition of salaries of the main Bci officers for 2005 is provided below:

TYPE OF POSITION	PERSONS	FIXED SALARY	VARIABLE SALARY
General Manager and directly reporting Managers	14	67.2%	32.8%
Other Managers	95	82.8%	17.2%
Other Officers	2,052	89.8%	10.2%
Administration and Services	1,878	94.3%	5.7%

Note: Does not include Banco Nova collaborators

The total for salaries and benefits to its collaborators disbursed by the Corporation over the past five years is:

YEAR	THOUSANDS OF US DOLLARS
2001	96,752.28
2002	100,854.04
2003	104,989.15
2004	116,368.70
2005	139,190.96

Considering the aforementioned principles comprising Bci's salary policy, the company's success translated into concrete acts to the benefit of the collaborators in 2005, some of them being the following:

- Bci spontaneously decided to grant a special 5% salary increase to all collaborators with gross salary below US\$ 1,069.60. This benefit was extended to 1,540 persons.
- The minimum wage was increased to US\$602.87 for all full-time Bci collaborators on a fixed salary, and to US\$495.91 for all collaborators from Banco Nova.
- The above-mentioned measures have an annual cost of US\$1,653,021.14.
- The policy of an annual review of all staff salaries was intensified even further. Throughout 2005, 38% of the staff receive salary increases. In 2004, this percentage was 20% of the collaborators.
- As of June 2005, the Corporation began paying a special bonus of US\$2,062.41, payable over three years, to all persons with a gross salary of less than US\$1,944.73.
- The staff of the bank has increased by 42% over the past ten years. Nevertheless, the salary outlay increased in real terms by 53%.

All collaborators who meet their performance objectives, either business or strategic, be they service, administrative or management personnel, receive bonuses for achieving goals. Over the past year, 2,245 Bci collaborators received these incentives, amounting to a total disbursement of MUS\$10.85.

Similarly, according to a survey performed annually by a specialized consulting firm, 7.4 of every 10 Bci collaborators in administrative or services areas earn salaries above the market level.

### **Development and training**

It is Bci policy to provide opportunities for each individual working in the Corporation to progress and grow according to personal characteristics, individual competencies, capabilities and merit.

Training management is one of the basic pillars of Bci personnel development strategy, which balances the acquisition of professional talents with the internal growth of the persons who work in the organization. During 2005, each collaborator of the Bank received 52 hours of training, which implied an investment of MUS\$2.67.



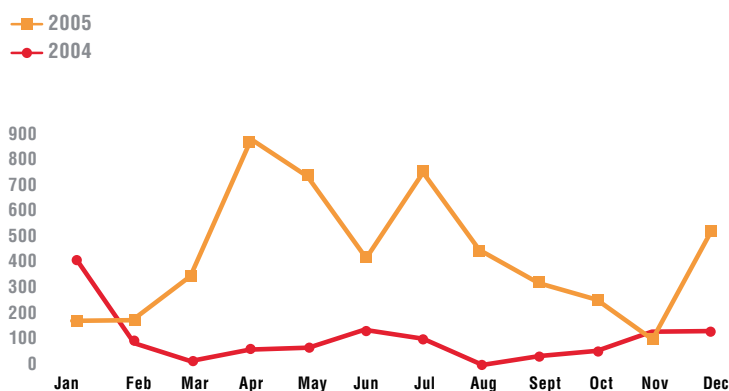
INVESTMENT IN TRAINING	2003	2004	2005
No. of hours per Collaborator	40	32	52
Santiago Collaborators trained/Santiago staff	69.02%	87.18%	85.30%
Regional Collaborators trained/Regional staff	74.77%	95.63%	97.88%
Trained Collaborators/Total Staff	70.81%	89.46%	89.22%

Bci has its own training department that plays a fundamental, permanent and systematic role in the training of all the company's collaborators in new market tendencies and new technologies developed. This department has an infrastructure that includes classrooms, audiovisual media and computer laboratories, apart from other multiple virtual and physical learning media.

For the same purposes, Bci has promoted the creation of the Bci Learns Program, a new training model based on long-distance training, a mode whereby each collaborator can access an exclusive training site located on the internal communication network of the Bank.

From this site, each person can manage his training, visualize and practice the courses assigned to him, follow the progress of his training plan, consult on finished courses and those that are being developed, the score earned, starting and ending dates, and access to all the information on available courses, or else request additional courses.

**Number of long-distance courses (completed each month)**







Job Climate

The commitment to the collaborators and the systematic concern for the maintenance of policies and benefits is appreciated by the great majority of collaborators of the organization. This is reflected in the results of the organizational environment survey, which 4,702 collaborators answered, and which is conducted jointly by the Catholic University and a specialized company.

The results of the last survey, conducted in December 2005, show an average of 78.6% of positive responses, above the 71% obtained the last time the same survey was done (December 2003). Similarly, the general index of satisfaction with the company was 94.1% of positive replies, which is more than the 91% of 2003.

Corporate plans for across-the-board improvement in the entire Corporation and specific action plans are drawn up on the basis of the survey results, depending on the specific aspects detected in different areas.

Complementary to these surveys, of note is the survey conducted by the Great Place to Work Institute since 2001, in which Bci is considered one of the best companies in Chile to work for, in the opinion of its own collaborators.

Internal Social Network

Bci has an extensive internal social network that provides support and solutions for the psychological, family, job-related, social and health problems that may affect its collaborators.

A brief summary of the benefits provided to the collaborators of the Corporation in 2004 and 2005 follows below:



ITEM	MUS\$ (2004)	MUS\$ (2005)	VARIATION
Housing and Transportation	2,112.91	2,400.24	13.6%
Education	3,588.15	3,391.88	(5.5)%
Bonuses and Christmas bonuses*	6,011.64	7,905.41	31.5%
Health Care and Insurance	1,520.01	2,068.99	36.1%
Miscellaneous Allowances	3,378.79	3,291.92	(2.6)%
TOTAL	16,611.50	19,058.44	14.7%

\* Bonuses for meeting goals are not included in this item, as this only refers to individual cash benefits given by Bci to its collaborators on specific dates during the year.

Bci has an extensive internal social network that provides support and solutions for the psychological, family, job-related, social and health problems that may affect its collaborators



**Housing:** Among the most important benefits is the Housing Savings Program, which stands out among Chilean companies, as Bci is a pioneer in introducing specific benefits of this nature.

During the fourteen years this program has been in place, 1,600 collaborators have fulfilled their dream of having their own home, using the special subsidy granted by Bci that helps them complete the initial savings and cover the costs involved in the purchase of a home.

Furthermore, collaborators receive a mortgage loan with a preferential commission for the purchase of their first dwelling.

Together with the subsidy, a housing bonus of US\$1,464.31 is given to the collaborators who purchase a home.

**Education:** Bci grants study bonuses of US\$349.56 to its collaborators who undertake a program of study compatible with banking.

Furthermore, 50 scholarships are granted annually to finance the university education of children of the collaborators, amounting to US\$1,747.81 each. Prizes are also given to the children who earn the best grades, consisting of support material and cash incentives as well as exchange scholarships to outstanding youths in which they are offered the opportunity to live overseas, learn a language and grow as

individuals. Similarly, Bci grants scholarships to collaborators who go to college. Those scholarships finance 50% of the annual fee, and they can be renewed year by year.

Bci also offers post-graduate and MBA studies for the specialization of middle managers. 44 Bci officers participated in post-graduate programs in 2005.

Finally, as a means of ensuring the education of the children of collaborators who have passed away, the Corporation pays the surviving spouse US\$ 349.56 annually for each school-age child until they finish high school.

Bci has consistently reflected the lowest work accident rates in banking



**Health:** Bci provides support for the collaborators and their family group when they suffer health-related problems. Today there are several special agreements with Health Insurance Institutions and assistance in financing a life insurance policy worth US\$ 6,991.23. The contribution that administrative and service staff must make does not exceed 2% of their income, so the bank makes up the difference in the premium.

On the other hand, the collaborators in the security staff have life insurance of US\$34,956.17 for accidental death, compatible with any other insurance they may have contracted.

Furthermore, there is complete complementary health insurance, with the Bank sharing the premium with the collaborators. It is contracted for 3,791 collaborators. This insurance covers the reimbursement of medical expenses and medication, after deducting the reimbursement from the respective Health Insurance Institution, the ceiling being US\$ 17,478.08. Complementary life and health insurance was also introduced in 2005, made extensive to the working spouse of the collaborator without altering the bank's contribution. This coverage allows for additional reimbursement of as much as US\$ 17,478.08.

Bci workers have the option of contracting an additional catastrophic disease insurance which is offered under preferential conditions.

Bci has also created several funds to help out in special cases, such as the following:

- Fund to improve the health care plans of the lower salary collaborators.
- High-risk fund that supports families suffering the severe economic impact inherent in dealing with a catastrophic disease.
- Special donations fund for serious health problems that exceed the financial capacity of the family group.
- Natural disasters fund, for situations in which the homes of collaborators suffer material damage due to the effects of nature.

In order to protect the health and security of collaborators, a program, unique in the country, has been installed in collaboration with Mutual Safety Association that gives immediate psychological and medical care to collaborators in the case of robberies, especially in the branch offices.

## Work Week

During 2005, Bci introduced new measures designed to meet the objective of making work commitments compatible with personal and family life. The most significant measures were:

- The work week was reduced by one hour, from 45 to 44 hours. It is important to note that Bci had already reduced the work week from 48 to 45 hours at its own initiative, in 2003, two years before the rule of law entered into effect in this regard.

- Furthermore, it was decided that the work day on Fridays would be reduced by an additional hour between November and February, to reach a total of 43 hours per week.

- The following special leave is granted for the reasons indicated: 5 days post-partum leave to fathers upon the birth of a child; 5 days for the major surgery on a spouse; 5 working days to the mother and 2 working days to the father for major surgery on a child; 5 days for the death of a spouse or child; 2 days for the death of a parent; 1 day for the death of siblings or in-laws; 5 working days for marriage; 2 days for moves; 5 days for transfers; 3 days for degree examinations.

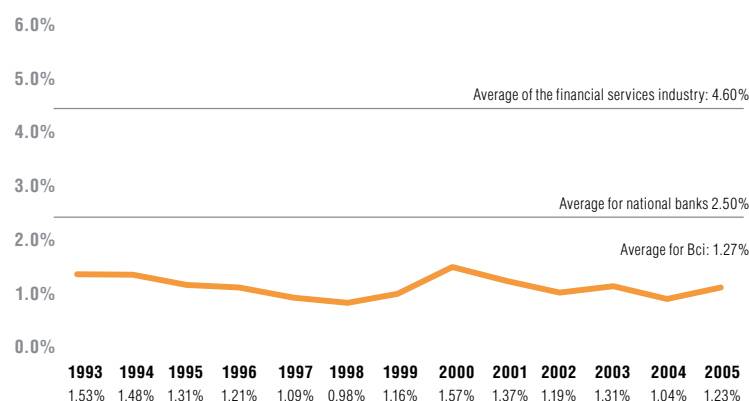
## Job Safety

Over the last 10 years, Bci has consistently reflected the lowest work accident rate in banking. This is another example of the concern within the Corporation for work places where collaborators can go about their duties safely and soundly.

Bci has the lowest proportion of individuals suffering accidents in relation to its staff of collaborators. The annual average is considerably below that recorded by the national financial services and banking industry.

### Bci Work Accidents

— Average % Bci accidents per year





### Disabled Recruitment Program

As a means of supporting the disabled, Bci implemented a training program together with the National Disability Fund, Fonadis and Chile Capacita, institutions that train persons with different types of physical disabilities to reinsert them in the job market.

During 2005, the visually impaired were recruited for the Bci Teleservices area. They work in the Corporation just like any other collaborator, except that they use a screen reading system and have received training appropriate to their disability.

### Bci Employee Stock Options

For the purpose of increasing the equity of its collaborators and strengthening the firm commitment they have assumed toward the company, Bci took advantage of the provisions of the Public Tender Offer Law under which its collaborators can opt for a preemptive right to subscribe a first issue of the Corporation's shares.

This program, initiated in 2001, made Bci the first company in the country to put it into effect, and made 1,528 collaborators of the Bank and its subsidiary companies shareholders of the Corporation. Through this stock option process, Bci collaborators have come to own 1.36% of the company.

This decision was based on Bci's corporate philosophy that understands the relationship between the company and its collaborators to be a mutually cooperative relationship that fuses the purpose of the organization with the professional future of its staff.





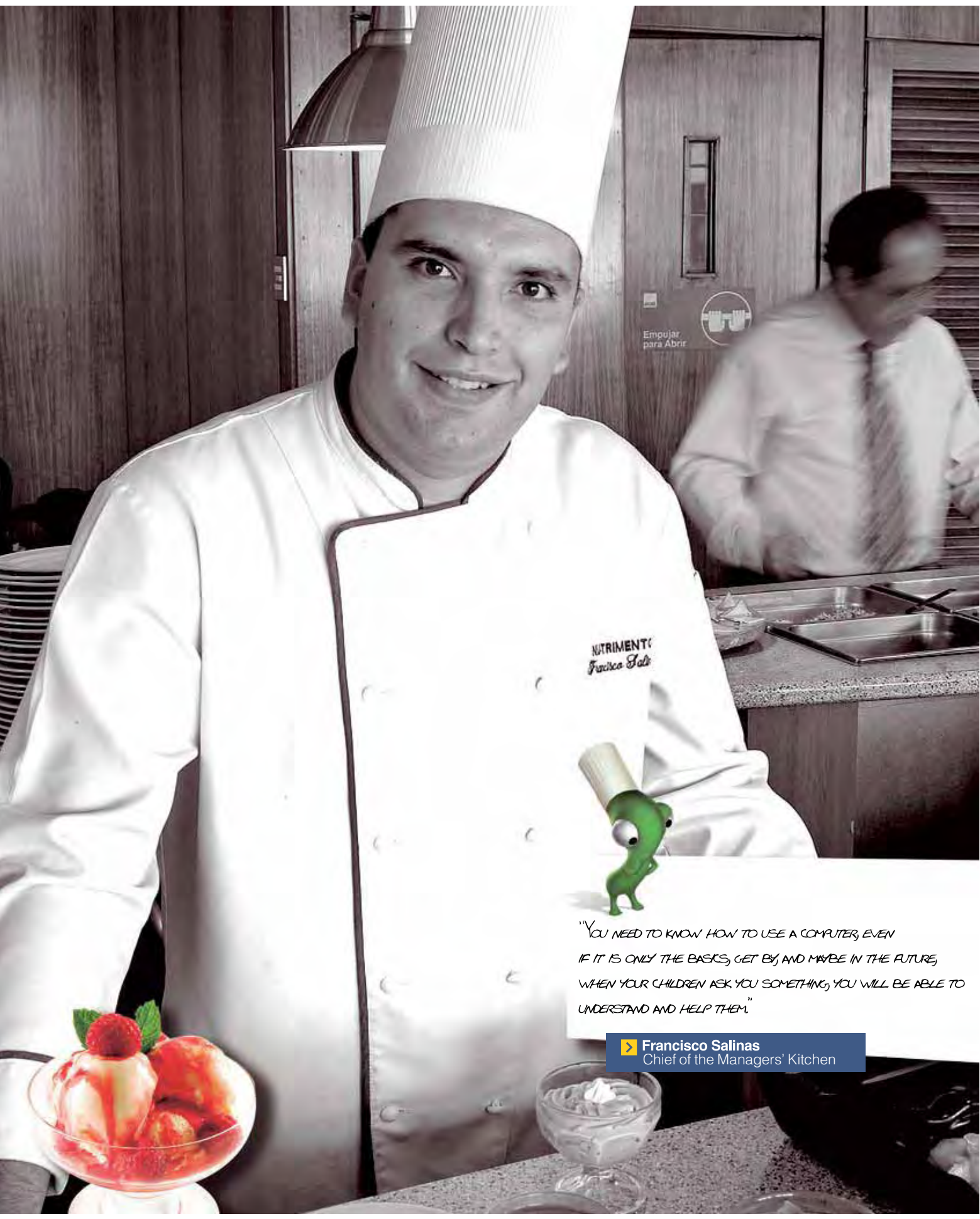
During 2005, the visually impaired were recruited for the Bci Teleservices area

The stock ownership program of Bci was structured through two initiatives in a plan that extends to 2006:

- A general share subscription offer to all collaborators. 738,082 shares were subscribed as a result with the personal resources of the Corporation's employees.
- A special compensation plan aimed at more than 1,200 collaborators that met specific requirements, who were offered the chance to acquire 1,059,635 shares by means of an anticipated indemnity payment agreement and the option of committing the payment of bonuses to which they are entitled in the medium term to the purchase of shares.

This is how collaborators acquired 1,797,717 shares, representing 1.82% of the company. At stock exchange rates, these shares are equivalent to approximately MUS\$44.73 as of December 31, 2005.

We must emphasize that in order to maximize the scope of this equity ownership plan for Bci collaborators, Empresas Juan Yarur S.A.C., the controlling shareholder of the Bank, renounced its preferred option right to subscribe the increase in capital approved by the Shareholders Meeting, thus substantially increasing the total number of shares available for this program. This equity initiative is another example of the firm conviction of Bci management and its controlling shareholder that the participation of the people who work in the company should be valued, without whom any profitability and efficiency objective would be unsustainable. Furthermore, the interest shown at the time of the subscription of the shares included in this plan is a clear indication of the affection and commitment of Bci collaborators to their company, and a vote of confidence in the Board of Directors and the team that manages the Corporation.



NUTRIMENTO  
Francisco Salinas

"YOU NEED TO KNOW HOW TO USE A COMPUTER, EVEN IF IT IS ONLY THE BASICS, GET BY, AND MAYBE IN THE FUTURE, WHEN YOUR CHILDREN ASK YOU SOMETHING, YOU WILL BE ABLE TO UNDERSTAND AND HELP THEM."

 **Francisco Salinas**  
Chief of the Managers' Kitchen

## Through the **Digital Friend** program, we at Bci endeavor to offer new tools for the personal and professional growth of our staff



At the age of thirty, Francisco went back to school where his teachers were his colleagues at the Bank who eat lunch in the dining rooms he has been in charge of for the past eight months at Bci.

Every Tuesday and Thursday, he sits in front of a computer and studies programs that were forgotten over his years of studying gastronomy.

*"It doesn't matter how old you are or what you know, the teachers teach you and the volunteers – who are the bank managers – simplify everything in one word. Their time, their patience and their assistance are very helpful to us."*

Francisco knows that the knowledge he can acquire in the "Digital Friend" program will not only help him in a world ever more dependent on computers, but will be extremely useful to him in his everyday and professional life.





# 04 Society

The Child Welfare Corporation, specially created to aid underage girls facing extreme social risk





### Child Welfare Corporation

As a result of the social commitment and the charitable spirit of the Bank's collaborators, the Child Welfare Corporation, specially created to aid underage girls facing extreme social risk, has built two childrens' homes. 2,015 Bci collaborators are members of this corporation and they contribute not just a monthly sum, but also help in the education of the students. They even sponsoring some of them, inviting them to spend weekends in their homes, thus including the entire family in this social undertaking.

The first home, created in Santiago in 1990, is called "Villa Jorge Yarur Banna," and it is located in the borough of La Pintana in the Metropolitan Region. The second one is located in the city of Temuco, IX Region, operating under the name of "Jorge Yarur Banna Family Life Residence." In both homes, more than 100 girls from the poor sectors of society receive in the form of a home, education, nutrition, health, recreation and perhaps, most importantly, a moral and ethical education.

This work is supported by the Board of Directors of the bank and has the peculiarity of being funded with donations from Bci and its own collaborators.

Villa Jorge Yarur Banna is set on 8,000 square meters of land with a 2,656 square meters constructed, consisting of 10 houses for 9 girls each, offices for professional staff, a cafeteria, a multiple-use hall, workshops, a chapel, a multiple-use field and complementary facilities.

The project has achieved significant success in social and family reinsertion programs, enabling 199 girls to graduate from the shelters.

There is a parallel program of "Educational Follow-up," designed to give ex-home support to girls who have graduated in order to ensure continuity in their education.

Bci supports and satisfies the financial needs of small and mid-sized companies



### Bci and SMBs: Growing together

From the start, one of the fundamental objectives that Bci has maintained has been to support and satisfy the financial needs of small and mid-sized companies in our country. The company has undertaken several initiatives in this regard, some of which are:

- Entrepreneur-of-the-Month award. Since 2001, Bci and its SMB Entrepreneurial Division grants an award monthly to an outstanding customer who has managed to make his business prosper through effort and vision. To date, the Corporation has awarded prizes to businessmen from the most diverse productive sectors of the country, who have been recognized for their entrepreneurial capability, transformation processes, community work, development and return of the business.
- The "Entrepreneurial View" TV program. For the past three years, Bci and its Entrepreneurial Division have supported small and mid-sized entrepreneurs in the country through this television program, which is broadcast every Saturday at 10:30 a.m. on cable channel 13. Through this initiative, the first in the country, important personalities of the national business and economic world share their experiences for the benefit of small and mid-sized companies, providing concrete tools for the management of their respective businesses.
- Emprende UC National Business Plan Contest. This initiative, promoted by the Catholic University of Chile and sponsored by Bci, is intended to support the development of projects with a marked impact on industries key to the development of the nation. In this contest, the Bank awarded a prize to Karpedia and its business plan for a "virtual education supermarket."

### Bci and entrepreneurial education: Family Enterprise Chair

Since 2002, Bci has sponsored the Jorge Yarur Banna Family Enterprise Chair at ESE, the Business School of the University of Los Andes, in honor of the late distinguished businessman and Chairman of Bci.

This chair consists of a global research program that has two imposing objectives: to contribute to the wealth of knowledge on the principal challenges and problems faced by family enterprises in Chile; and to disseminate the best practices that those enterprises can adopt in facing them. Post-graduate programs are taught, conferences, seminars and forums are held for executives and owners of family enterprises, and research is published in specialized and general interest business magazines.

Since its creation, this department has congregated nearly two thousand entrepreneurs, executives and family members of the leading family enterprises in Chile in its different programs.



## Bci Donations Policy

On July 14, 2005, the Corporate Governance and Entrepreneurial Social Responsibility Committee established the standards on which the Bci donations policy should be based. This resolution set the following conditions:

- The resources must be allocated to the financing of works and projects that generate social, educational and cultural benefits aimed at a significant number of people, preferably lower income.
- The applicants must be legally recognized and must present a justifiable and explicative project.
- The project must be efficiently managed.
- The donation, aid or contribution must have a specific purpose.
- The works or projects must be replicable, that is, worthy of being extended or imitated by other organizations once they achieve their expected success.
- The contributions must observe and respect an undeniable legal and ethical framework and shall be granted on their own merits, without weighing specific considerations or interests.
- No requests will be accepted that seek compensation for the donor via a camouflaged destination in order to fall within the purview of specific rules of law.
- The works financed must be of a continuous nature, that is, their action or purpose must continue to be valid and endure over time even without the contribution by the Bank.
- The works must receive contributions or financing from the applicant itself or from third parties so that the Bank's contribution is a proportional part of, and not the whole, value of the project.
- The projects must accommodate the participation of other parties that contribute to their financing.
- Together with the standard documentation requested from donees, a simple contract must be signed with conditions that exonerate the Bank from liability with regard to the use of its contributions and the execution and consequences of the project.
- The Communications and Entrepreneurial Social Responsibility Division must track projects that receive contributions from the Bank and periodically request information or a report on compliance by donees.
- A limit will be established on the resources that the Bank is prepared to allocate to these ends annually, with a tolerance margin for extraordinary donations. These amounts will be set by the Board of Directors and must be included in the income and expenses budget.



Since 2002, Bci has financed the Nocedal Symphony Orchestra of La Pintana, comprised of 41 children



### The Bci Art Collection

Bci owns a valuable art collection, properly preserved, consisting of 150 works of which more than 90% are by national artists.

For the purpose of exhibiting it to the community, Bci offers guided tours of the collection to students from different institutions, schools and universities in the country, which include the Corporation of Friends of the Contemporary Art Museum, MAC, the University of Chile, the Metropolitan University of Santiago.

### The Santiago Municipal Theater

Also in relation to supporting the arts, Bci helps finance the activities of the Santiago Municipal Theater through the Cultural Corporation of the Municipality of Santiago. Through the project "Greater Audiences," concert, ballet and opera programs have been financed for audiences that would not have the possibility of seeing those works. Free and open functions are offered in Santiago and the Regions with traveling casts.

### The Patricia Ready Gallery

For more than 12 years, Bci has promoted the activities of the Patricia Ready Art Gallery (formerly Galeria Arte Actual). This has enabled this gallery to sustain an intense activity in the development of national plastic arts, oriented toward young artists. Bci has also directly granted scholarships to young national artists so that they can perfect their artistic talent.

### The Nocedal Orchestra: Bringing Children Closer to Music

Since 2002, Bci has financed the Nocedal Symphony Orchestra of La Pintana, comprised of 41 children, whose education is in the hands of the Musical Institute of the Catholic University of Chile. In 2005, financing was approved for a second orchestra, the Youth Orchestra, made up of 30 children between the ages of 8 and 10. The quality of the orchestra has allowed it to participate very successfully in numerous youth orchestra competitions in which they have taken first place on two occasions in the Metropolitan Region. To date, 11 members of the Orchestra are part of the Metropolitan Student Orchestra (OSEM), which is made up of the most talented students in the Region. Furthermore, among other concerts, they delighted the Bci collaborators, their families and the girls of the Child Welfare Corporation with their music in a performance held in Villa Jorge Yarur Banna and at the Christmas concert performance at the University Of Chile Theater together with the Chilean Chamber Orchestra. They also held two open concerts in the Araucano Park in Santiago and in the town of Algarrobo.





### **The Digital Friend Campaign: Donation of Computers**

In order to contribute to digital literacy, Bci signed an agreement with the Computer Sciences Democratization Committee (CDI), an international non-profit organization whose purpose is to establish Computer Science and Citizenship Schools aimed at achieving mass access to technology using a specialized methodology.

As a result of this agreement, the first school of this kind was implemented inside Bci, starting in December 2005. The cafeteria personnel in the Head Office is receiving computer training.

In addition, Bci donated computers to educational and health institutions and municipalities in 2005. 150 of these machines were given to CDI, which reconditioned them for delivery to different social action institutions all over the country.

### **Bci imparts good Work-Family compatibility practices**

As part of its program called "The Power of the Family," Bci invited the renowned Professor of the University of Navarra and IESE in Spain, Mrs. Nuria Chinchilla, who gave two conferences for Bci customers and collaborators.

The motivation of the lectures, entitled "Towards Humanist Leadership: Making the Family and Company Compatible," was to support an adaptation of the laws and corporate policies in order to make work and family life compatible, and at the same time make world tendencies on the subject known in Chile.

### **Recycling campaign**

As a means of contributing to environmental care, an agreement was signed with the San Jose Foundation to implement the campaign "Give life, Recycle," through which the recycling of white pre-punched paper is promoted. Specially designed boxes were installed to this end in different parts of the company, in which the paper is collected and then handed over to the Foundation to be recycled. In this way, Bci supports the work of the San Jose Foundation, which is to prevent abortions, help pregnant women, newborn infants and families that adopt children.

### **Other Initiatives**

In compliance with its mission, Bci also gives its assistance to numerous municipalities, contributing to the financing of specific projects favorable to the community or to the activities of social assistance foundations and corporations, such as: the Cultural Corporation of Antofagasta, the Puente Alto Municipal Children's Corporation, the Lo Barnechea Educational Foundation, the University of Magallanes, the Center for Public Studies, the Chilean Adoption Foundation, People Help People, the Las Rosas Foundation, Hogar de Cristo (Christ's Home), Summer Work of the Students Federation of the Catholic University of Chile and other social initiatives. In 2005, a special contribution was allocated in aid to the victims of the earthquake and tsunami that so cruelly devastated Southeast Asian countries.

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