



Satellites

Innovator: Soviet Union

Satellite: Sputnik

Year: 1957

On 4 October, the Soviet Union launched the world's first artificial satellite, Sputnik 1. A month later, on 3 November, Sputnik 2 was launched carrying the dog Laika. On 31 January the following year, the Americans sent Explorer 1.



Bci and its none subsidiary companies
make up the **Bci Financial Services
Corporation**

These companies together produced a net income of Ch\$12,971.7 million in 2003, an increase of 33.5% over 2002. They contributed 17.6% of the net income of the Bci Corporation and 4.2% of its assets.



Rodrigo Amézaga Cuevas

General Manager Bci Corredor de Bolsa S.A.

Benjamín Vargas Amunátegui

General Manager Bci Asesoría Financiera S.A.

Bci Corredor de Bolsa S.A.

General Manager:
Rodrigo Amézaga Cuevas

Business Manager:
Aldo Bersezio Berardi

Finance Manager:
Andrés Pérez Lagarrigue

Bci Corredor de Bolsa managed to increase its earnings by 34.4% to Ch\$3,128.2 million in 2003, with a return on equity of 30.2% and fifth place by earnings of all stockbrokers, according to the latest-available sector figures. This result is due to the good performance of all the company's business lines.

Bci Corredor de Bolsa increased commissions earned on stock market trading by 135%, with more clients and managed assets. Earnings from fixed income and financial trading contributed 51% of the total despite the behaviour of interest rates and falls in the consumer price index noted particularly in the last months of the year.

Foreign currency transactions showed important growth in volume terms, producing earnings of Ch\$1,394 million.

Special mention should be made of portfolio management contracts as a result of the trust of various institutions which delegated their investment management to Bci Corredor de Bolsa. This has led to the management of assets of over Ch\$100,000 million.

The problem affecting the financial system in March 2003 due to the Corfo-Inverlink case did not much affect Bci Corredor de Bolsa, thus reaffirming the trust of its clients.

Bci Corredor de Bolsa has a team of staff whose professional characteristics allow it to work with a proper risk management, with independent functions between financial resolution and operative execution, which facilitate the dual control of transactions with the introduction of new technologies..

The improved national and international economic prospects, which clearly offer expectations of a more active financial market, will enable Bci Corredor de Bolsa to perform well in its sector.



Bci Administradora de Fondos Mutuos S.A.

General Manager:
Jorge Farah Taré

Finance Manager:
Roberto De la Carrera Prett

Processes Manager:
Ricardo Guzmán Sanza

Commercial Manager:
Pedro Rojas Sepúlveda

Notable was the preference of individuals for medium and long-term fixed-income mutual funds managed by Bci, achieving a share of 24% in that part of the market.

It is worth mentioning that in the competition organized by the Diario Financiero and the Mutual Funds Association for the best funds manager in the sector in 2002, Bci Administradora was awarded top place with the Bci Frontera Fund and third place with its Depósito Mensual Fund, both with their own management characteristics but with a component in common which is to invest funds in national and international foreign currency debt instruments.

The mutual fund management sector was affected by the so-called Corfo-Inverlink crisis in March 2003 which temporarily altered investor confidence. Bci Administradora de Fondos Mutuos suffered a reduction in managed assets of approximately Ch\$210,000 million, basically in three of its funds.

The sector increased the number of managed funds from 274 in 2002 to 414 in 2003, including those funds that consider series of quotas. The funds managed by the sector totalled Ch\$5.1 billion at December 2003, a 5.1% increase for the year. The number of participants increased from 383,046 to 428,287 in the same period, an increase of 11.8%.

The share of Bci Administradora de Fondos Mutuos in the funds management market was 13.4% while the number of participants increased to 64,110, with a market share of 15%.

Pietro Krumpoek Rojas

General Manager Análisis y Servicios S.A.

Jorge Farah Taré

General Manager

Bci Administradora de Fondos Mutuos S.A.

Gerardo Sporer Hurtado

Executive Director Bci Securitizadora S.A.

Following the efforts by the firm to recover participants' confidence, the funds that suffered large redemptions recovered quickly and exceeded their earlier levels, ending the year with a global amount of Ch\$677,603 million, with a 26.4% annual growth in funds managed and a 20.5% increase in number of participants. As mentioned initially, the mutual funds sector as a whole obtained annual growth rates of 5.1% and 11.8% respectively.

Bci Administradora de Fondos Mutuos produced a net income of Ch\$3,711 million, an increase of 26.6% over 2002.



Germán Acevedo Campos
General Manager Bci Factoring S.A.

Bci Factoring S.A.

General Manager:
Germán Acevedo Campos

Commercial manager:
Rodrigo Alegría Cruz

Operations Manager:
Claudia Goycoolea Brucher

Manager, Administration and Finance:
Andrés Maturana Alvarado

At 31 December 2003, Bci Factoring had debtors of Ch\$95,104 million, 10.7% more than at the end of 2002. Its market share is close to 20% and during the year it traded more than 12,000 documents receivable with a volume of Ch\$407,000 million.

The new products launched by Bci Factoring gave it a competitive advantage during the year.

E-Factoring, as one of these products is called because it operates electronically via internet, transformed the market of the large payers of invoices to suppliers of goods and services who obtain full information on accounts paid or receivable with timely financing. Financing transactions of Ch\$16,300 million were channelled through this means in 2003.

The international factoring business, financing both American and Chilean exporters, handled a volume of US\$72.9 million in conjunction with Bci Miami branch.

Net income for the year was Ch\$3,157.8 million, an increase of 29%.

Bci Corredores de Seguros S.A.

General Manager:
Lily Justiniano Berardi

Commercial Manager Companies:
Jaime Court Larenas

Bci Corredores de Seguros provides integral advice in risk protection to individuals, suppliers, customers and shareholders.

Certain differentiating elements were added to the service during the year to improve the company's competitive position, by offering higher value-added products to customers.

Another positive characteristic arose from the strengthening of the organizational structure of Bci Corredores de Seguros, achieving important improvements in both the commercial and operating areas. Emphasis was placed on attending certain customer segments thus facilitating the creation of new business lines.

The company's volume of business was Ch\$26,700 million, an increase of 20% over 2002.

Net income for the year was Ch\$619 million, a 32.2% increase over the previous year.

Bci Asesoría Financiera S.A.

General Manager:
Benjamín Vargas Amunátegui

Business Managers:
Julio Fernández Taladrís
Andrés Irrarázabal Ureta
Eduardo Nazal Saca

During 2003, this subsidiary continued to consolidate its position in the local investment banking market. Its principal business lines are giving advice on structuring syndicated loans, corporate acquisitions and the issue of bonds and commercial paper.

The sustained growth of the company's business over the last three years has enabled it to exceed a volume of US\$800 million in syndicated loans led by Bci Asesoría Financiera.

A large number of financial advisory services provided over the last two years to companies in the salmon industry has made this subsidiary the principal support entity in that industry, without overlooking services to other relevant sectors of the economy like mining, vineyards, information technology, fruit exporters, infrastructure, telecommunications, printing and the retail trade.

The company generated revenues of Ch\$ 1,373.3 million in 2003, 25.6 % higher than in 2002. Net income for the year was Ch\$ 649.7 million, 29.9 % above the year before.



Lily Justiniano Berardi
General Manager Bci Corredores de Seguros S.A.



Galo Bertrán Rubira

*General Manager Compañía de Normalización de
Créditos, Normaliza S.A.*

Antonio Castañón Fuentes

Sub Manager Bci Servicios de Personal S.A.

Bci Securitizadora S.A.

Executive Director:
Gerardo Spoerer Hurtado

Bci Securitizadora is a company formed in 2001 under the provisions of the Securities Market Law. Its objects are to acquire credits and rights to cash flows making up so-called separated equities, against which short or long-term debt instruments are issued.

During 2003 Bci Securitizadora structured and organized the first issue arranged by a local bank of securitized debt instruments with a portfolio of non-endorseable and endorseable mortgage loans for an amount of around US\$100 million. It also structured a securitized bond issue of Ch\$16,500 million backed by assets from a selected portfolio of a financial unit of a large retail store, plus the rights to payment flows from users of that company's credit card.

In its third year, Bci Securitizadora manages four separated equities with assets of Ch\$192,667.8 million and bonds in circulation of Ch\$170,953.3 million.

The company produced a net income of Ch\$405.8 million, 45.6% more than in 2002.

Compañía de Normalización de Créditos, Normaliza S.A.

General Manager:
Galo Bertrán Rubira

On its 5th anniversary, the business of this subsidiary, complementing the banking business, continued to be concentrated mainly on the collection and recovery of bad, past-due and written-off loans of Bci's Retail Banking area. Its revenues come from 95% of the fees charged to the overdue debtors for the collection process at the time they pay their overdue obligations. The remaining revenues relate to contracts with Bci for different services provided to it.

In carrying out its task of collecting loans throughout the country, the subsidiary uses different collection means including the telephone, mail, house visits, renegotiating debtors' obligations and legal actions. These collection and recovery actions required in 2003 a total of more than 600,000 telephone calls, 57,000 house visits, 12,000 customers attended in the negotiation and settlement modules, plus all the legal actions in the individuals segment handled by its own legal team for the Metropolitan Region and external lawyers in the rest of the country.

The results of loan collections and recovery during 2003 showed 95% effectiveness at the pre-judicial stage and 40% from legal actions.

Normaliza S.A. produced a net income of Ch\$1,289.9 million last year, an increase of 49% over 2002.

Análisis y Servicios S.A.

General Manager:
Pietro Krumpoek Rojas

The company Análisis y Servicios S.A., Proservice, contributed significantly to attracting new customers through the gathering and pre-evaluating of economic information on persons that Bci asks it to collect.

With a complement of 320 executives in Chile, Proservice's work enabled the opening of 55% of Bci's new current accounts and the granting of 16% of new consumer and mortgage loans.

As well as facilitating the social-economic segmentation of the customers obtained, the company added to its functions last year the pre-evaluation of the small businesses sector and gave special attention to attracting customers for TBanc, Bci's operating-at-a-distance banking area.

The company produced a loss of Ch\$17.1 million for the year as a result of a fall in activity but mainly due to its nature of being a subsidiary of exclusive support for Bci which only seeks to cover its operating costs.

In April 2003, the previous General Manager of Proservice, Mrs Myriam Chiffelle Kirby was moved to new and important functions as Manager, Sales Culture at head office and as a director of the subsidiary. She was replaced by Mr Pietro Krumpoek Rojas who was in charge of the Metropolitan Region management of Proservice.

Bci Servicios de Personal S.A.

Sub Manager:
Antonio Castañón Fuentes

This company was created to provide personnel services to Bci and its subsidiary companies.

Its staff carry out operative and administrative functions within Bci on a part-time basis, mainly covering peak demand for banking services on certain days and times of the month.

It employs a total of 442 people, 53% in the Metropolitan region and 47% in other regions. They are selected, recruited and trained by the subsidiary itself, with suitable instruction on regulations, procedures and quality of customer and public service. 81% of the staff are university and technical students who finance their studies with the remuneration received for their work.

This subsidiary's results are not commercial as it is a company supporting the business of Bci. It covered its operating costs in 2003 with a surplus of Ch\$27.4 million.