seamosdiferentes

SEAMOS DIFERENTES

Integrated Annual Report 2018

Key Figures

December 2018

Shareholders

Capital increase
Ch$401.267
billion

Annual return
Ch$395.847
billion

Market capitalization
Ch$6.1 trillion

Total assets
Ch$41.3 trillion

Employees

Total employees (in Chile and abroad)
12,083

Employee satisfaction index
85%

New talent
1,800
(movilidad interna y selección externa)

Millennials
45%
of employees

Customers

MACH
936,748
users

Commercial loans
60%
processed online

Digital users
82%
Bci Personal Banking customers

Nace Program
+14,600
entrepreneurs supported

Community

Corporate citizenship
786,000
people attended over 40 free cultural activities

Suppliers
99%
of invoices paid in two days

Environment
27%
annual reduction in paper use

Environment
19%
reduction in the impact of business travel (km travelled nationally and internationally)

Contents

1.1

Letter from the Chairman

> In 2018 we consolidated our position in the world's largest financial market, becoming the third-largest local bank in Florida, with assets of almost US$17.0 billion between CNB and Bci Miami.

Dear Shareholders

It is a great pleasure to present the 2018 Bci Integrated Annual Report, which shows the results of the flawless execution of our strategic pillars.

The TotalBank and Walmart Servicios Financieros merger processes were very positive, as both operations were already in line with our strategy of diversifying the Bank's income in our key markets: Florida, in the United States, and the credit card industry, in Chile. Coordinating these acquisitions involved implementing a successful capital increase and moving forward on the changes we are making as part of our goal to become the most well-liked and preferred bank for all our customers.

In June 2018, we finalized the merger of TotalBank with our subsidiary City National Bank of Florida (CNB) in the United States, consolidating our position in the main global financial market. We are now the third-largest bank with a base in Florida, with assets of almost US$17 billion between CNB and Bci Miami. Today, with 28.5% of our assets overseas, we are clearly an international company, as well as the largest bank in the Chilean financial system, with total consolidated assets of Ch$41.349717 trillion.

In December, we completed the merger of the entities that made up Walmart's financial business in Chile, which serves over 1.7 million credit card customers. As a result, we doubled our share of that market in Chile, substantially increasing the credit supply for this segment.

This has expanded our business opportunities and provides Bci with significant income growth potential. In a highly competitive environment, one of the most important advantages is having an extensive customer base and the necessary capacity for data management, so as to improve the company's supply of products and services and to establish a more personalized relationship based on service that is tailored to the needs of each customer.

We are very excited about our Transformation Plan, a project in which we have invested a large amount of time and resources. We strongly believe that it will strengthen the Bank's long-term sustainability.

In this area, one of our main achievements in 2018, in line with the Bank's ethos since its foundation, was the launch of MACH, which positioned Bci as a leader in financial inclusion in Chile. MACH is the first free application in the country available to both customers and noncustomers, which allows users to make secure person-to-person (P2P) payments in less than 15 seconds and provides access to an international prepaid card. In December, this application had already been installed by almost a million users. Over the course of the year, we issued more than 600,000 MACH cards, which accounted for 42% of the number of international transactions made with Bci credit cards in 2018.

In our traditional bank business, we saw a sharp upturn in the Chilean economy, underpinned by increased business confidence and a relatively favorable external scenario, despite the uncertainty generated by the trade war between the United States and China in the second half of the year. This better environment drove local lending, which grew 11.9% in annual terms. In this context, Bci stood out with a 14.0% increase in total loans (excluding interbank loans), due to the growth of consumer loans (31.4%) and commercial loans and mortgages (11.2% in both cases). This trend reflects our interest in becoming our customers' primary bank in all the products and services that we offer.

Our excellent performance, in both Chile and the United States, resulted in profits of Ch$395.847 billion in 2018, the third largest in the Chilean financial system. Our international subsidiaries contributed 19.0% of that total. CNB achieved significant growth of loans, deposits, and earnings, explained only in part by the TotalBank merger. This is proof that the strategy we have been pursuing since the acquisition in 2015 has been effective.

2018 net earnings

395.847

billion pesos

Total investment in 2018

687

million dollars
(Acquisition of TotalBank by CNB, US$528 million;
Servicios Financieros, US$159 million)

2
3
4
5
6

CNB assets December 2018

14.326

billion dollars

17.5%

Share of CNB in consolidated earnings

To support the organic and inorganic growth of the past few years, we have strengthened our commitment to maintaining solid capital ratios. This was the motivation behind last year's capital increase, which raised approximately US$600 million. As a result, the Bank closed the year with a Tier 1 ratio of 10.14%. I want to thank our shareholders for their commitment to this capital increase.

I also want to mention the stock market value of Bci shares, which has reflected the market's positive assessment of the capital increase and our solid loan growth trend both in Chile and overseas. At year-end 2018, Bci shares had a total return of 9.34%, including dividends.

Internationalization

Throughout our internationalization process, we have been steadily achieving our goals. The acquisition of TotalBank allowed CNB to reach around US$14.1 billion in assets, increasing its balance sheet by US$3.0 billion in assets, US$2.1 billion in loans, and US$2.0 billion in deposits.

In less than six months, we achieved the successful merger of the two banks and generated significant synergies through branch mergers, without compromising customer service. As a result, we will be able to continue taking advantage of the growth opportunities in this market.

After the acquisition was approved, we continued to expand our presence and support customers who carry out overseas transactions, strengthening the supply of products and services through our U.S. platform, our representative offices in other countries, a network of correspondent banks, and alliances with foreign banks.

At the international level, key developments in this area include the agreement between our subsidiary Bci Asset Management AGF and Lennar Corporation to develop a real estate fund in the United states, which was successfully placed with Chilean investors, and the strategic partnership with MUFG Bank, the largest bank in Japan, to exchange management knowledge and best practices and to refer clients.

For our customers in Chile, this internationalization process has been very positive, as it has given the Bank access to international innovations, while also allowing our customers to receive the same service in the United States as in Chile, with the full Bci value proposal.

Transformation

One of our priorities is to develop a differentiating customer experience to obtain a competitive advantage. We are simplifying our interaction with our customers, looking to establish fast, simple processes through disruptive innovations.

In 2018 we made important progress on our objective of giving our customers the option of self-service on any channel, with simple, user-friendly solutions. In particular, we implemented the first 100% online mortgage loan in the country, optimized the Bci app, and launched a new commercial platform that optimizes our business clients' financial resource management, providing a simple and flexible method for carrying out transactions from any device, without having to set foot in a physical branch.

Today, 25% of new account sales in the personal banking segment are fully digital, and 60% of loans to small and medium-sized enterprises (SMEs) are contracted online. Furthermore, 75% of SME loans are originated digitally through commercial campaigns.

The intensive use of data analytics has allowed us to simplify processes, in order to deliver a personalized value offer to each customer, using an omnichannel approach. It has also facilitated credit risk management, making bank–customer interactions easier and more flexible.

This capacity has given us the opportunity to extend the benefits of digital transformation to our customers, incorporating Bci Nova and BciMype to the Bci service platform. This gives those customers access to the full range of the Bank's products and services, to all our branches across the country, and to all our digital channels.

The intensive use of data analytics has allowed us to simplify processes, in order to deliver a personalized value offer to each customer, using an omnichannel approach. It has also facilitated credit risk management, making bank–customer interactions easier and more flexible.

With regard to cybersecurity, in the last two years we have allocated significant resources to managing this risk, which we have been closely monitoring for several years. We have a specialized division that is exclusively dedicated to this issue; our processes are certified under the ISO 27001 Information Security Standard; and we continue to work in cooperation with the industry and the authority to ensure that these control systems are increasingly robust.

Other Achievements in 2018

Bci's soundness earned the Bank an upgrade from FellerRate, which raised the Bank's credit rating from AA+ to AAA in the national market. The upgrade reflects improvements in the Bank's risk profile, its earnings generation capacity, and asset diversification.

The progress made in 2018 is the result of extraordinary effort and teamwork in the different areas of the Bank. In the last year, we strengthened our employee value proposition to attract, develop, and retain talent throughout the Bank and especially in areas that are critical for our cultural and digital transformation. We have also continued to strengthen our corporate culture and leadership, working steadily toward our goal of becoming a leading bank in terms of diversity and inclusion.

All the transformations that Bci has undergone in its 81 years have been successful thanks to our workplace culture. We put people first, which means that our decisions must contribute to our employees' personal and professional development and not just to the company's bottom line.

To this end, in 2018 we approved a new sustainability plan for Bci for 2019–2022. Over the next four years, the strategic focal points in this area will be responsible financing; financial inclusion and commitment to the community; employee experience; and transparency and trust.

In addition, the Board approved revisions of our Code of Ethics and Corporate Governance Manual, to incorporate emerging issues and new stakeholder needs.

We received a number of awards in 2018. For the second consecutive year, we were ranked number one by MERCO for Best Corporate Reputation, Most Responsible Company, and Best Corporate Governance in Chile.

Our CEO, Eugenio Von Chrismar, was chosen from among the many leaders in Latin America to receive the 2018 BRAVO Business Award, given by the Council of the Americas. I had the honor of representing the Bank to receive the InBest-El Mercurio Award, for our successful internationalization strategy. Bci was also chosen as Company of the Year by Diario Pulso, Cadem, and the Adolfo Ibáñez University. We are also proud to report that our stock maintained its position in the Dow Jones Sustainability Index for Chile and for the Latin American Integrated Market (MILA).

Internationally, we were chosen by Forbes Magazine for inclusion on the 2018 Global 2000 list of the World's Best Employers, with the highest ranking of banks and financial institutions in Chile. Bci also received the United Nations Global Recognition Award for Good Practices of Employability for Workers with Disability, in the Accessibility category. With regard to environmental practices, we were among 50 organizations from 103 countries that received the Energy Management Insight Award from Clean Energy Ministerial (CEM), for energy efficiency initiatives.

These and other awards reflect the commitment and daily work of all our employees at Bci. Their efforts allow us to quickly deliver a value proposition tailored to the needs of each customer, as we work to become the most well-liked and preferred bank for all our customers.

In 2018 we redesigned our brand and message, launching the slogan "Let's Be Different" to communicate that we are a neighborhood bank, connected to today's society, and that we listen to our customers so as innovate and propose solutions that make life simpler for people and support the community.

I invite you learn more about all the issues discussed in this letter, as you read through our 2018 Annual Report.

Cordially,

Luis Enrique Yarur Rey
Chairman of the Board

1.2

Financial Summary

CONSOLIDATED BALANCE SHEET	2010
Year-end balance, in millions of Chilean pesos	
Commercial and interbank loans	6,544,486
Mortgage loans	1,913,547
Consumer loans	1,174,581
TOTAL LOANS	**9,632,614**
Loan loss provisions	-249,328
NET TOTAL LOANS	**9,383,286**
Financial investments	1,346,687
Other assets	2,465,311
TOTAL ASSETS	**13,195,284**
Non-interest-bearing demand deposits	2,844,029
Time deposits	5,467,545
Other liabilities	3,844,544
Capital and reserves	883,708
Minimum dividend provision	-66,623
Earnings	222,075
Minority interest[1]	6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,195,284**
FINANCIAL INDICATORS	
Bci shares	
Price (in pesos, last business day of year)[2]	33,058
Earnings per share	2,154
Stock price / Book value (times)	3,86
Stock price / Earnings per share (times)	15,4
Market capitalization (in billions of pesos)	3,408
Profitability and efficiency	
Return on equity	21.37%
Capitalized earnings from previous year	68.47%
Return on assets	1.68%
Efficiency (Overhead expenses / Operating income)	45.42%
Assets per employee (millions of pesos)	1.412
Market share	
Loans in Chile[3]	12.72%
Loans including foreign subsidiaries[4]	12.72%
Risk	
Provisions rate 1 (Provision expense[5] / Total loans[6])	1.53%
Provisions ratio (Provisions / Total loans)[7]	2.50%
Capital	
Tier 1[8]	9.37%
Basel I ratio[9]	13.58%
ACTIVITY INDICATORS (Number)	
Employees (Bci Corporation[10])	9,346
Branches [11]	365
Checking accounts	425,233
Electronic accounts	1,115,633
Credit cards (primary and additional)[12]	599,079
Automatic teller machines (ATMs)	1,111
ATM transactions[13] (December of each year)	5,455,584
Internet transactions[14] (December of each year)	12,925,182
Customers with Internet-based access	404,956

Notes

1. The portion of net profit to loss in the period and the rest of the consolidated subsidiaries' shareholders' equity that is attributable to other entities (outside of Bci) that hold a minority of shares.
2. Price not adjusted for dividends or capital changes.
3. Total loans to customers, excluding City National Bank of Florida (CNB) and ItauCorp in Colombia.
4. Total loans to customers plus interbank loans, including City National Bank of Florida (CNB) and ItauCorp in Colombia.
5. Loan loss provisions include provisioning for loans, contingent loans, and the minimum provisions adjustment for a normal portfolio.
6. Total loans to customers, including City National Bank of Florida (CNB).
7. Total loans to customers plus interbank loans, including City National Bank of Florida (CNB).
8. The Tier [1] solvency ratio is the ratio between core capital less goodwill and credit-risk-weighted assets (RWA).
9. The Basel I ratio is the ratio between regulatory capital (calculated as core capital plus voluntary provisions, subordinated bonds, and minority interest, less goodwill) and credit-risk-weighted assets (RWA).
10. Includes employees in Chile, international subsidiaries (CNB), and, as of December [2018], the Servicios Financieros subsidiary.
11. Includes contact points, service centers, and commercial platforms in Chile.
12. As of December [2018], includes credit cards from the Servicios Financieros subsidiary.
13. ATM withdrawals.
14. Only transactions requiring a password.

Bp: Basis points.

2011	2012	2013	2014	2015	2016	2017	2018	Variación 2018/2017
7,880,994	9,048,347	9,946,350	10,799,382	13,406,099	14,902,850	15,962,764	19,372,094	21.4%
2,168,712	2,466,999	2,818,822	3,317,344	4,485,485	4,999,917	5,855,391	7,380,507	26.0%
1,400,739	1,620,457	1,764,297	1,985,762	2,412,813	2,644,473	2,892,370	3,680,173	27.2%
11,450,445	**13,135,803**	**14,529,469**	**16,102,488**	**20,304,397**	**22,547,240**	**24,710,525**	**30,432,774**	**23.2%**
-277,297	-299,373	-334,247	-342,596	-364,452	-369,666	-401,041	-556,767	38.8%
11,173,148	**12,836,430**	**14,195,222**	**15,759,892**	**19,939,650**	**22,177,574**	**24,309,484**	**29,876,007**	**22.9%**
2,072,068	1,994,900	1,976,887	2,086,992	3,706,013	3,792,479	4,730,198	5,270,611	11.4%
2,864,445	3,095,248	4,074,560	5,956,285	5,038,738	4,828,165	4,843,714	6,203,099	28.1%
16,109,661	**17,926,578**	**20,246,669**	**23,803,169**	**28,684,401**	**30,798,218**	**33,883,396**	**41,349,717**	**22.0%**
3,172,480	3,618,365	3,920,617	4,592,440	8,047,288	8,194,263	9,534,124	12,222,539	28.2%
6,749,054	7,222,588	7,707,698	8,228,609	9,301,896	9,957,688	10,692,346	12,328,776	15.3%
4,966,078	5,665,668	7,036,254	9,181,156	9,334,801	10,127,546	10,928,640	13,340,039	22.1%
1,039,157	1,230,077	1,371,893	1,560,882	1,768,715	2,280,185	2,467,862	3,180,453	28.9%
-78,380	-81,377	-90,088	-102,891	-99,247	-102,049	-111,421	-118,738	6.6%
261,268	271,256	300,294	342,972	330,819	340,165	371,403	395,794	6.6%
4	1	1	1	238	420	442	854	93.2%
16,109,661	**17,926,578**	**20,246,669**	**23,803,169**	**28,684,401**	**30,798,218**	**33,883,396**	**41,349,717**	**22.0%**
28,789	32,946	29,162	29,944	26,730	33,894	42,780	45,085	5.4%
2,504	2,563	2,802	3,155	2,986	2,753	2,973	2,913	-2.0%
2,57	2,42	1,98	1,81	1,48	1,7	2,1	2,0	-0.15
13,0	12,7	10,4	9,5	9,0	12,3	13,3	16,0	2.66
3,004	3,437	3,125	3,255	2,962	4,188	5,345	5,691	6.5%
21.38%	19.10%	18.98%	19.04%	16.54%	13.51%	13.61%	11.44%	-217 pb
67.50%	67.06%	66.24%	55.03%	68.31%	66.51%	63.68%	64.68%	100 pb
1.61%	1.51%	1.48%	1.44%	1.15%	1.10%	1.10%	0.96%	-14 pb
44.13%	45.97%	44.52%	42.96%	46.16%	50.72%	50.67%	51.55%	88 pb
1.576	1.692	1.912	2.248	2.583	2.778	3.193	3.422	230
12.94%	13.20%	13.23%	13.08%	12.88%	13.28%	13.62%	13.87%	25 pb
12.94%	12.95%	12.63%	12.53%	14.18%	14.93%	15.68%	17.00%	132 pb
1.26%	1.30%	1.50%	1.35%	1.10%	1.10%	1.06%	1.06%	0 pb
2.42%	2.28%	2.30%	2.13%	1.80%	1.64%	1.62%	1.83%	21 pb
9.37%	9.61%	9.48%	9.87%	8.47%	10.05%	10.21%	10.14%	-7 pb
13.92%	13.60%	13.44%	13.78%	11.98%	13.41%	13.19%	12.76%	-43 pb
10,220	10,595	10,588	10,588	11,107	11,088	10,613	12,083	13.9%
378	388	384	361	361	365	356	315	-11.5%
449,700	489,816	514,803	528,598	557,236	584,622	616,464	677,797	9.9%
1,215,527	1,208,989	1,222,033	939,381	1,036,395	1,103,556	1,174,301	1,251,295	6.6%
733,180	836,437	861,864	872,733	893,699	917,192	952,520	2,731,338	186.7%
1,333	1,294	1,080	1,037	1,057	1,062	1,255	1,131	-9.9%
5,672,989	4,572,650	4,173,362	4,675,418	4,338,540	4,403,674	5,943,945	5,840,698	-1.7%
14,434,020	15,369,000	16,083,389	15,814,481	16,019,215	16,540,828	19,240,835	21,702,370	12.8%
408,987	428,310	429,913	464,048	469,014	469,969	530,397	629,680	18.7%

1.3

Financial Performance

Bci and Subsidiaries

In nominal Chilean pesos

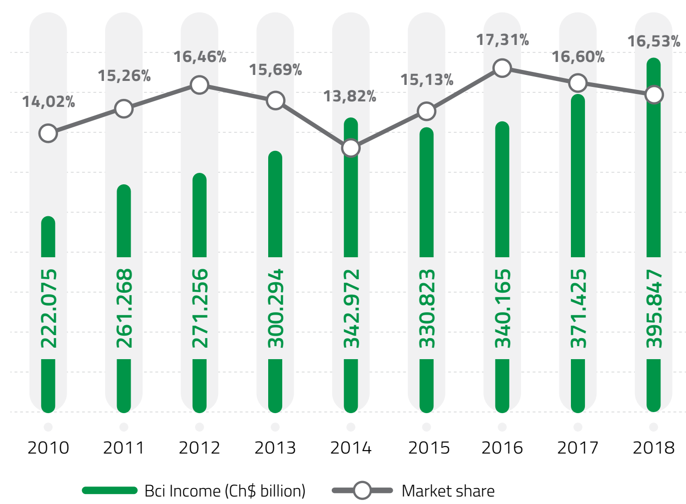
2018

Consolidated income

Bci's Consolidated Income and Share in the Banking System [1]

395,847

billion pesos



+6.6%

Annual change

(1) Banking system excludes Bci (and CNB) and includes ItauCorp investment in Colombia.

After the low growth of 2017, and despite the fears surrounding the trade war between China and the United States in the second half of the year, the Chilean economy was more dynamic in 2018, and business confidence improved. As a result, total system loans grew 11.9% as of December, and Bci stood out with a growth rate of 14.0%.

Despite the better economic scenario, the year presented important challenges due to a more competitive, technological, and innovative environment and more demanding customers. Nevertheless, Bci was able to face this scenario successfully. Anchored on its Digital Transformation Plan, Bci continued to lead the growth of market share and income net of provisions. The Bank also implemented a successful capital increase to fulfill the commitment to maintaining an adequate Tier 1 ratio (capital over risk-weighted assets), following the acquisition of TotalBank in the United States and Walmart Servicios Financieros in Chile. At year-end, the Tier 1 ratio was 10.14%.

Bci's success was reflected in earnings of Ch$395.847 billion—the third-highest in the Chilean banking system—despite strong investment and expenditures on digital transformation, cybersecurity, and the acquisition of TotalBank and Walmart Servicios Financieros. This represents an increase of 6.6%, and it derives from the excellent performance in both Chile and the United States, in line with the corporate strategy of diversifying income sources in Bci's key markets, including Florida and the credit card market. International operations contributed Ch$75.039 billion to the Bank's net profits (19.0%), equivalent to US$116 million, of which 92.4% was from CNB.

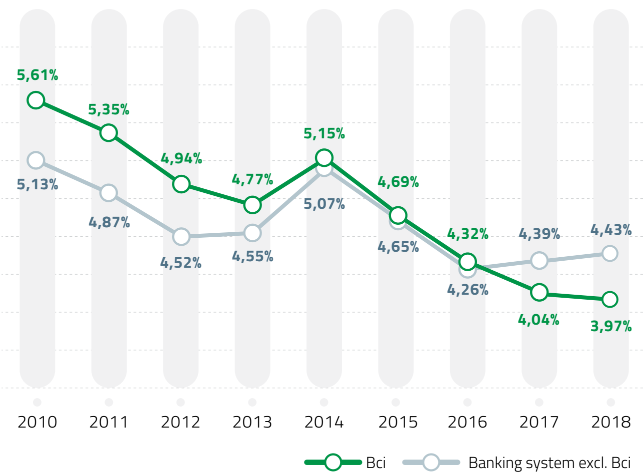
As a result of the acquisition of TotalBank, the share of Bci's assets owned overseas rose from 21.8% in 2017 to 28.5% in 2018, contributing US$3 billion in assets, in addition to the US$2 billion in deposits on the balance sheet of City National Bank of Florida.

Bci has thus consolidated its position in the United States, the main global financial market, and is now the largest Latin American bank in Florida and the third-largest local bank in the state, based on deposits. In addition, the consolidated Bci group is now first in the Chilean financial system in terms of total assets.

Net interest margin

2018

Net Interest Margin: Bci and the Banking System [2]



(2) Banking system excludes Bci (and CNB) and includes ItauCorp investment in Colombia.

3.97% **-7 pb**

Annual change

Bci's interest margin, net of interest and inflation adjustments paid, decreased in 2018. This was due to the fact that a significant share of Bci's assets correspond to its operations in the United States, which is a more competitive market characterized by lower risk and, therefore, a lower margin. Bci's nonrecurring income grew below the system average (18.21% versus 25.31% annually), from Ch$225.901 billion to Ch$267.048 billion.

Because the merger of TotalBank and CNB was finalized mid-year, 2018 only includes six months of income, whereas the growth of loans was recorded over the full year; thus, CNB's net interest margin declined from 4.96% in 2017 to 3.86% in 2018. This is explained by an average annual loan growth rate of 77.6%, which was much higher than the increase in income net of interest and inflation adjustments (38.2%, with Ch$223.741 billion at year-end).

In the coming years, the incorporation of Walmart Servicios Financieros will significantly improve this indicator, by strengthening Bci's share in the credit card market.

Efficiency index

2018

51.55% **+88 pb**

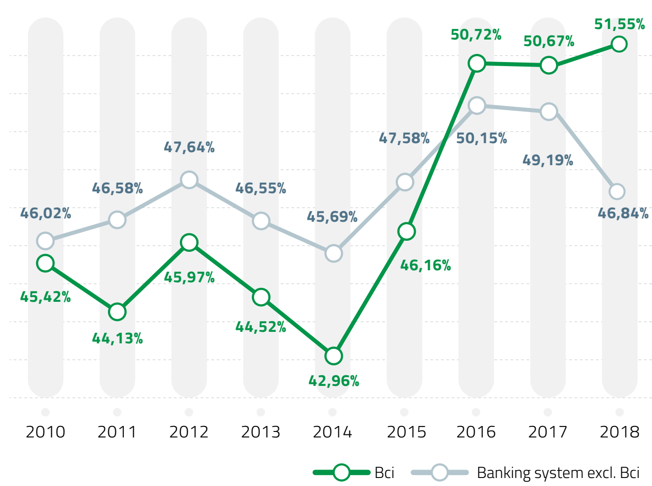
Annual change

Although the growth rate of Bci's gross operating margin was positive (14.7% versus 6.6% for the banking system excluding Bci), the efficiency index deteriorated. This was largely because of the considerably higher increase in expenses due to the incorporation of TotalBank and Walmart Servicios Financieros.

Thus, CNB recorded an increase in operating expenses of Ch$60.612 billion, up 69.3%, which deteriorated its efficiency index by 1.187 bp, closing at 58.79%. Nevertheless, the TotalBank merger was successful and is expected to yield significant synergies.

The outlook for this ratio is positive in that the investments the Bank has made in digital transformation will provide an important advantage going forward and will support profitable growth in the long run. The digital initiatives being developed include the optimization of the technological infrastructure, which will increase the scale and speed of execution and innovation; the transformation of retail banking business models; and the implementation of digital transaction platforms in the wholesale segment.

Efficiency Index: Bci and the Banking System [3]



(3) Banking system excludes Bci (and CNB) and includes ItauCorp investment in Colombia.

At year-end 2018, 43% of Bci's mortgage loans were processed through digital channels; 25% of customers chose to open a plan online; and 60% of commercial loans to SMEs were processed digitally.

Return on equity

2018

13.53% **-51 pb**

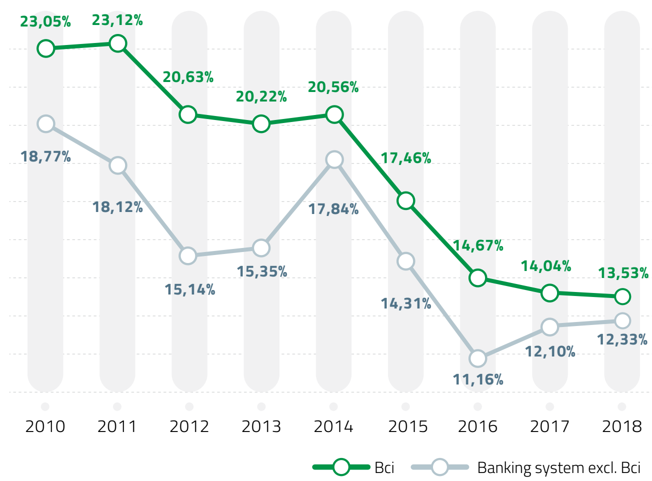
Annual change

Bci's return on average equity (ROAE) was 120 bp higher than the rest of the system. This occurred despite the major investments in disruptive innovation (for example, MACH, which has over 900,000 users), the acquisition of TotalBank (US$528 million) and Walmart Servicios Financieros (US$159 million), and the capital increase of almost US$600 million.

Bci has grown significantly in the United States, in line with the Bank's internationalization strategy. That market is characterized by lower levels of risk and, therefore, a lower expected return on equity.

The factors that put pressure on the interest margin and profitability in 2018 will begin to yield returns in the short and medium term, changing the trend of these indicators.

Return on Average Equity: Bci and the Banking System [4]

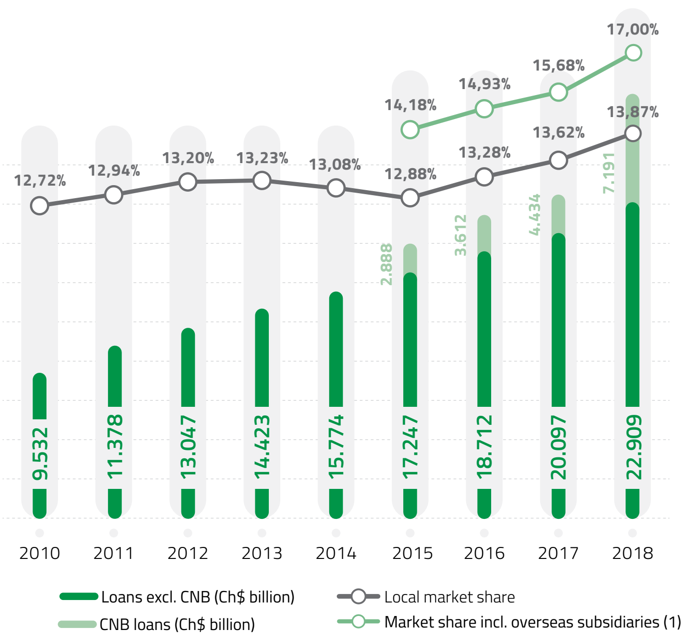


(4) Banking system excludes Bci (and CNB) and includes ItauCorp investment in Colombia.

Total loans

2018

Bci: Total Loans and Market Share



(1) Incudes CNB and ItauCorp investment in Colombia

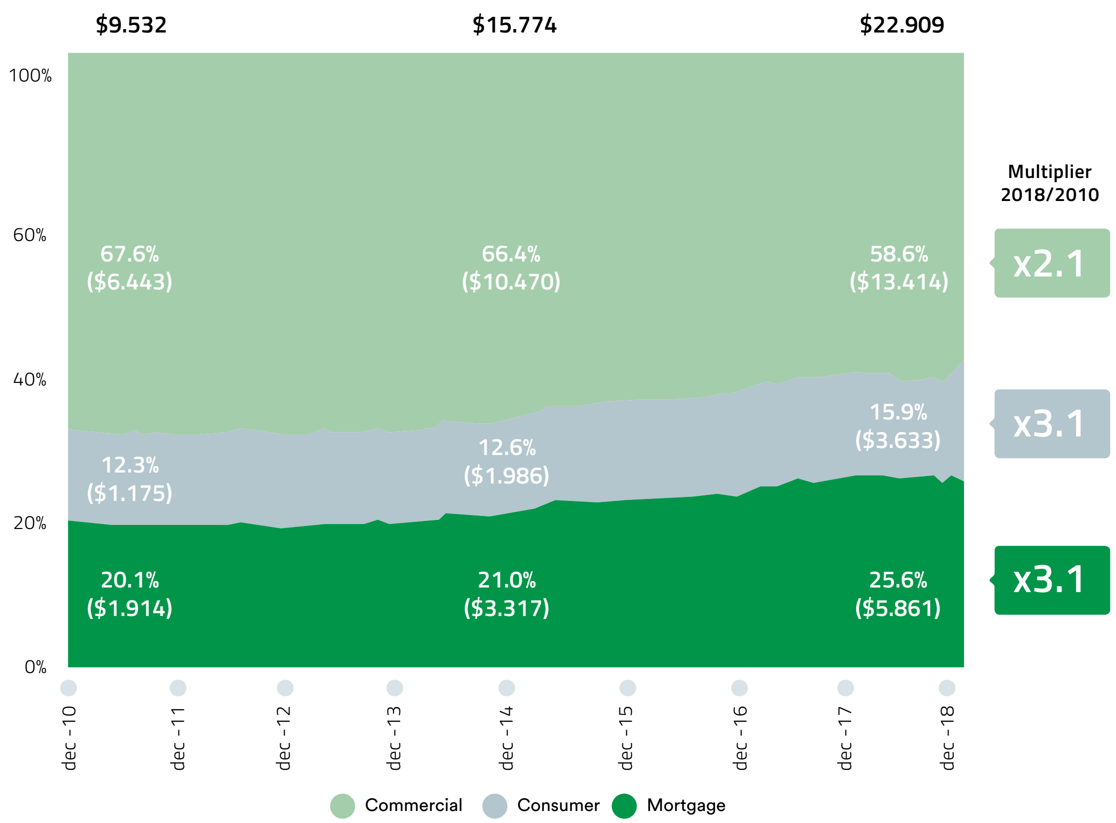
22.9 **+14.0%**

trillion pesos Annual change

Bci's total loans in Chile, net of interbank loans, grew 14.0% in 2018, to Ch$22.9 trillion. This was 1.2 times the growth rate of the system as a whole. As a result, the Bank's market share increased to 13.87%. By type of loan, Bci's consumer loans grew 31.4% in annual terms, while commercial and mortgage loans both grew 11.2%.

Bci's strategy is to increase its market share in the most profitable segments and products. In recent years, the Bank's product composition has shifted, with a greater relative weight on consumer and mortgage loans, as we work to become our customers' primary bank for all products and services.

Bci: Composition of Loans
(trillions of pesos) [1]



(1) Total loans exclude CNB and interbank loans.

Due to the Bank's geographical diversification strategy, 27.0% of Bci's loans are overseas, with an annual growth rate of 22.7%, thanks to the acquisition of TotalBank and the performance in the Florida market. When City National Bank is included, Bci ranks second in Chile in terms of loan volume. At year-end 2018, City National Bank had loans of US$10.110 billion, where TotalBank accounted for US$2.100 billion.

Commercial loans

2018

13.4
trillion pesos

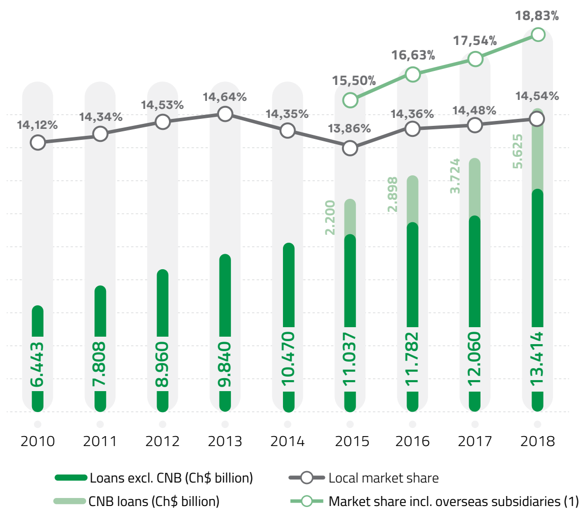
+11.2%
Annual change

In the commercial segment, Bci's growth was driven by a plan focused on the regions outside of Santiago, which led to a 50 bp increase in market share. This increase also reflects innovative initiatives like 360 Connect, a website developed based on customers' needs, so as to facilitate their financial management and improve their experience.

The Bank's market share in this segment was 14.54%, excluding City National Bank. This is 6 bp higher than in 2017 and reflects growth of 11.2%. Bci also consolidated its leadership in the factoring market, growing 10.3% (equivalent to Ch$90 billion) to reach a market share of 29.69% and a loan stock of Ch$967 billion.

When overseas loans are included, Bci is the clear leader in the segment, with a total of Ch$19.0 trillion representing 18.83% of the system. This is four percentage points higher than the market share of the second-ranked bank.

Bci: Commercial Loans and Market Share



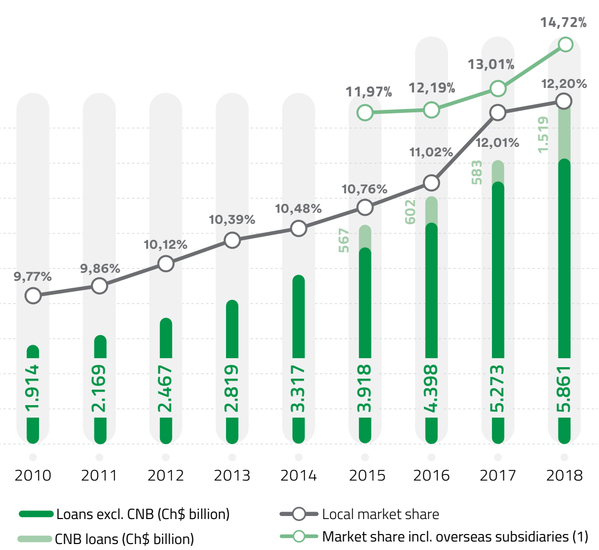
(¹) Incudes CNB and ItauCorp investment in Colombia

International commercial loans, considering only City National Bank and the Bci Miami branch, grew 29.4% relative to 2017, equivalent to US$2.109 billion. International commercial loans represent 34.0% of Bci's total commercial loans.

Mortgage loans

2018

Bci: Mortgage Loans and Market Share



(¹) Incudes CNB and ItauCorp investment in Colombia

5.9
trillion pesos

+11.2%
Annual change

Mortgage loans continue to be a key part of Bci's strategy in terms of improving customer experience and building brand loyalty. This has translated into an annual growth rate of over 11.2%, or 1.2 times the system average.

In 2018 Bci revolutionized the mortgage market when it launched the first online mortgage loan. Bank customers can get their loan approved in just a few minutes, sign their documents digitally, and track the process online, and they only have to come in personally when the mortgage deed is ready to be signed at the notary. In addition, Bci forged an alliance with the real estate website Goplaceit.com, to provide customer support from the moment people start thinking about buying a home.

These initiatives have had a huge impact on how we do business: 43% of the Bank's mortgage loan operations are now digital.

Consumer loans

2018

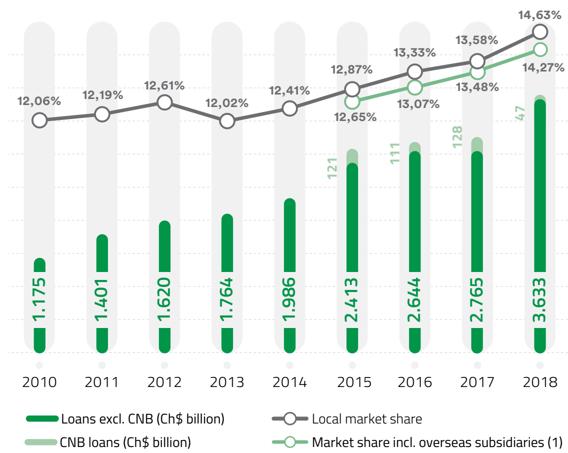
3.6
trillion pesos

+31.4%
Annual change

In 2018, 53% of Bci's consumer loans were made via the Bank's website or mobile platform. This improvement in customer experience drove the growth of this portfolio. Another factor was the 4.4% increase in the credit card business, without taking into account the acquisition of Walmart Servicios Financieros, which was finalized in December. When this subsidiary is included, Bci's consumer loans grew 31.4% in annual terms (of which 72.0% is explained by the acquisition), while market share increased 105 bp. The composition of the consumer loan portfolio also improved, as the share of credit cards in total consumer loans increased (34% in 2018 versus 19% in 2017).

Consumer installment loans grew 7.5% in the year ($160 billion). Bci's market share in this segment was 15.4%.

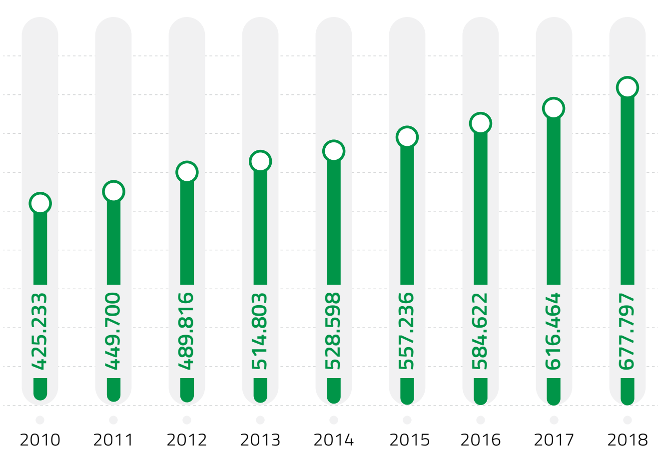
Bci: Consumer Loans and Market Share



Checking accounts

2018

Bci: Number of Checking Accounts, excluding CNB



677,797

+9.9%
Annual change

In 2018, the number of checking accounts grew 9.9% in annual terms as a result of the Bank's performance in key segments, supported by digital advances like online account opening, which represented 25% of the total.

Credit cards

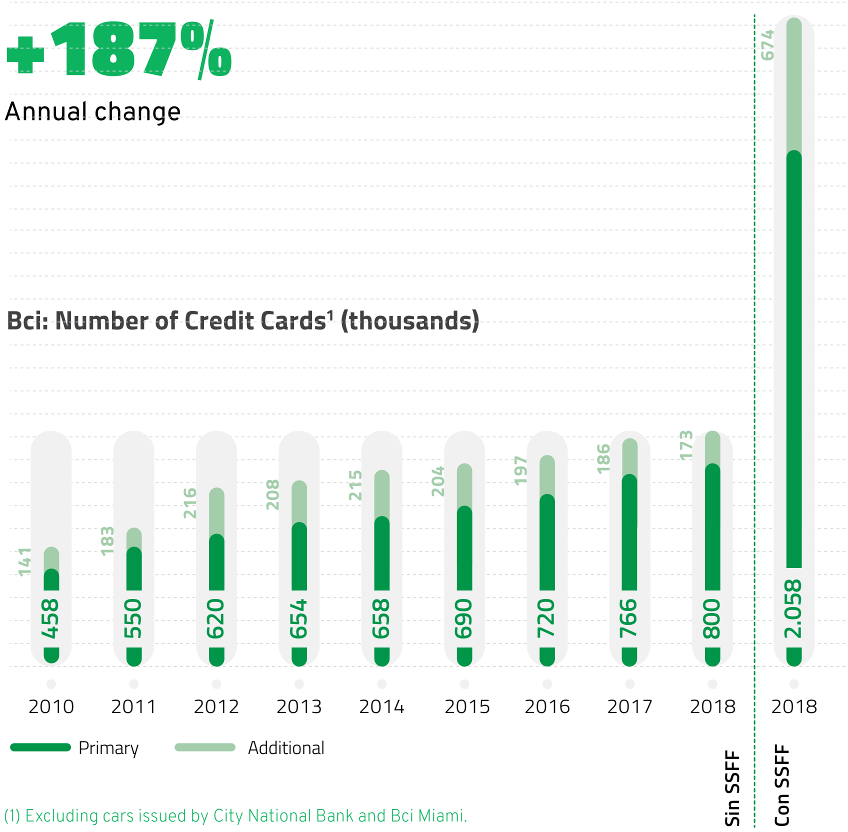
2018

2,731,338

+187%

Annual change

Bci: Number of Credit Cards[1] (thousands)

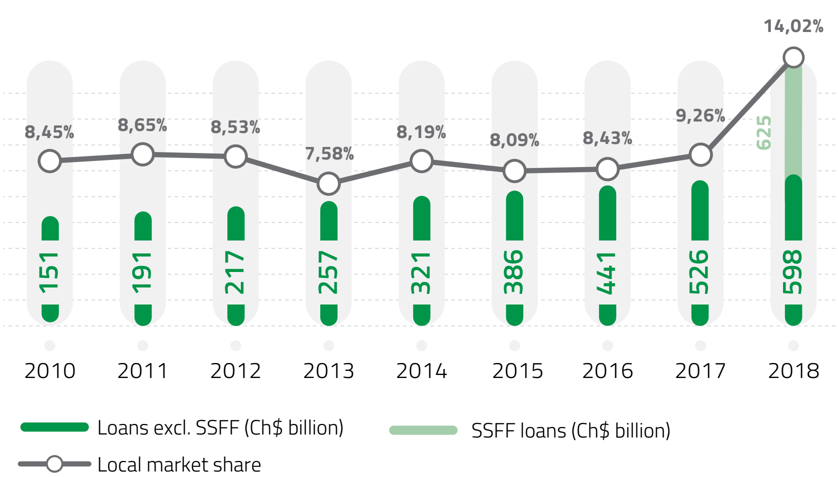


(1) Excluding cars issued by City National Bank and Bci Miami.

The number of credit cards operated by Bci grew significantly in the last year (187%), following the acquisition of Walmart Chile's financial business. As a result, the Bank now issues and operates the Lider Bci MasterCard as of late 2018.

If the acquisition is excluded, the growth rate was 2.2%, due to a 4.4% increase in the number of primary cardholders of the other credit cards operated by the Bank.

Bci: Credit Card Loans and Market Share[2]



(2) SSFF: Servicios Financieros subsidiary. Market share excludes CNB and ItauCorp investment in Colombia.

Credit card loans increased 138%, driven by the Bank's strategy of growing in the most profitable segments. When the Servicios Financieros subsidiary is included, the annual growth rate was 132.7%, and market share reached 14.02% (+478 bp annually), despite increased competition in this product due to its profitability. Thus Bci credit card loans, including Servicios Financieros, grew by Ch$698 billion, bringing the total stock of credit card loans to Ch$1.2 trillion.

Risk

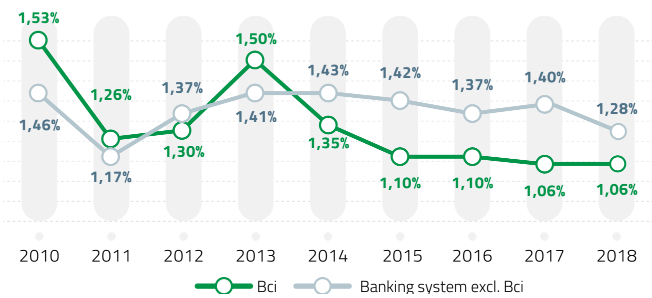
2018

Provisions Rate 1

1.06% **0 pp**

Annual change

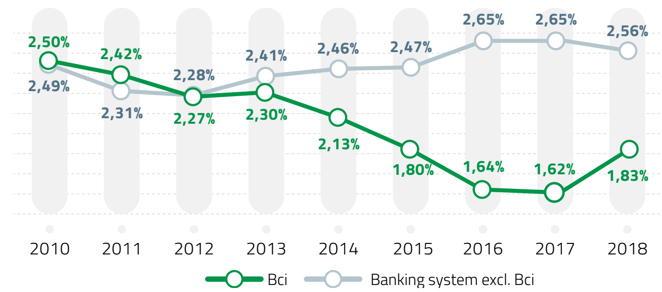
Loan Loss Provisions and Write-offs over Total Loans: Bci and the Banking System [1]



(1) Banking system excludes Bci (and CNB) and includes ItauCorp investment in Colombia.

In 2018, the **Provisions Rate 1**, measured as loan loss provisions and write-offs over total loans, was 1.06%, the same as one year previous. This shows that the level of risk in the portfolio was stable relative to total loans.

Net Provisions over Total Loans: Bci and the Banking System[2]



(2) Banking system excludes Bci (and CNB) and includes ItauCorp investment in Colombia.

The **Provisions Ratio**, measured as net loan loss provisions over total loans, was 1.83% in 2018, up 21 bp over 2017. The change mainly reflects the acquisition of Servicios Financieros in Chile and TotalBank in the United States. There was also an impact from methodological changes in the estimation of provisions for collectively assessed loan portfolios, in anticipation of increased regulatory requirements associated with the implementation of the new standard models for calculating provisions.

Basel I Ratio, Capital Level, and Tier 1

2018

10.14% **-7 pp**

Annual change

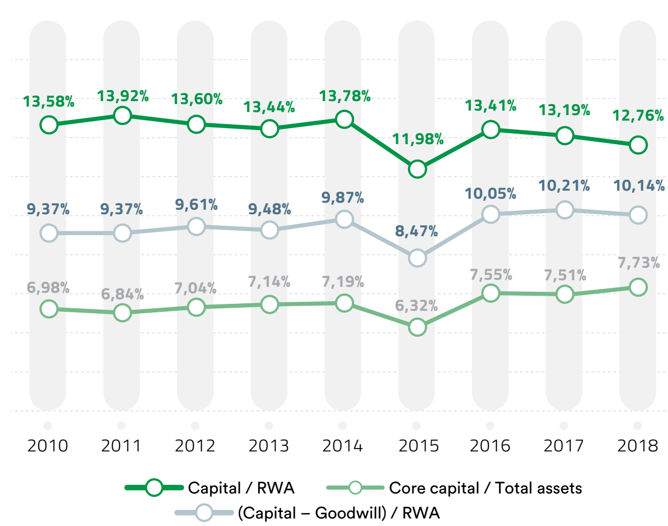
The **Basel 1 ratio**, measured as capital to risk-weighted assets (RWA), was 12.76% in December 2018, a drop of 43 bp relative to December 2017. This is explained by organic growth in the United States. **Core capital over total assets** was 7.73% in December 2018, 22 bp higher than in the same month of 2017.

Both indicators are above the internal limits established by Bci and significantly higher than the regulatory minimum set by the Superintendence of Banks and Financial Institutions (SBIF), namely, 8% and 3%, respectively.

The **Tier 1 ratio**, which measures capital over risk-weighted assets, was 10.14%, down 7 bp relative to December 2017 but within the range established by Bci.

City National Bank of Florida closed the year with a Tier 1 ratio of 10.44%, which grew as a result of the Bank's solid earnings and the capital contribution from Bci to facilitate the acquisition of TotalBank.

Basel I Ratio, Capital Level, and Tier 1: Bci [1]



Bci includes CNB.

1.4

Shareholders

In 2018, Bci successfully increased capital by over Ch$400 billion and the share price recorded a new historic peak.

(a) Bci shares

Banco de Crédito e Inversiones is listed on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange.

Number of shares in circulation

135,892,980

Total annual return (2018)(*)

9.3%

Annualized ten-year compound return (*)

20.9%

(*) Including dividends and equity adjustments.

Market capitalization

Ch$6.126735 trillion

*US$8.807 billion. Calculated using the exchange rate of Ch$695.69 pesos to the dollar at year-end (December 28 2018).

Bci is listed on the following stock indices

Latin America

DJSI MILA
(Dow Jones Sustainability MILA Pacific Alliance Index)

Chile

IPSA
(Selective Stock Price Index)

DJSI Chile
(Dow Jones Sustainability Index Chile)

MSCI Chile
(Morgan Stanley Capital International Chile)

Capital increase gave Bci an equity base consistent with its projected growth and with its commitment to maintaining a Tier 1 level of at least 10%, in accordance with international best practices.

At the Extraordinary Shareholders Meeting held on 12 July 2018, the decision was made to undertake a capital increase equivalent to 7.65% of the Bank's shares. This process was concluded on 11 December of that year, with the auction of 264,327 unsubscribed shares on the Santiago Stock Exchange, following the execution of preferential subscription rights. The unsubscribed shares were placed at price of Ch$43,250 per share, raising a total of Ch$11,432,142,750.

Under preferential subscription rights, which closed on 29 November, 9,393,603 shares were subscribed and paid, equivalent to 97.26% of the total new shares issued (9,657,930). Empresas Juan Yarur SpA, the controlling shareholder of Bci, fully executed its preferential right to subscribe 55.14% of the new shares.

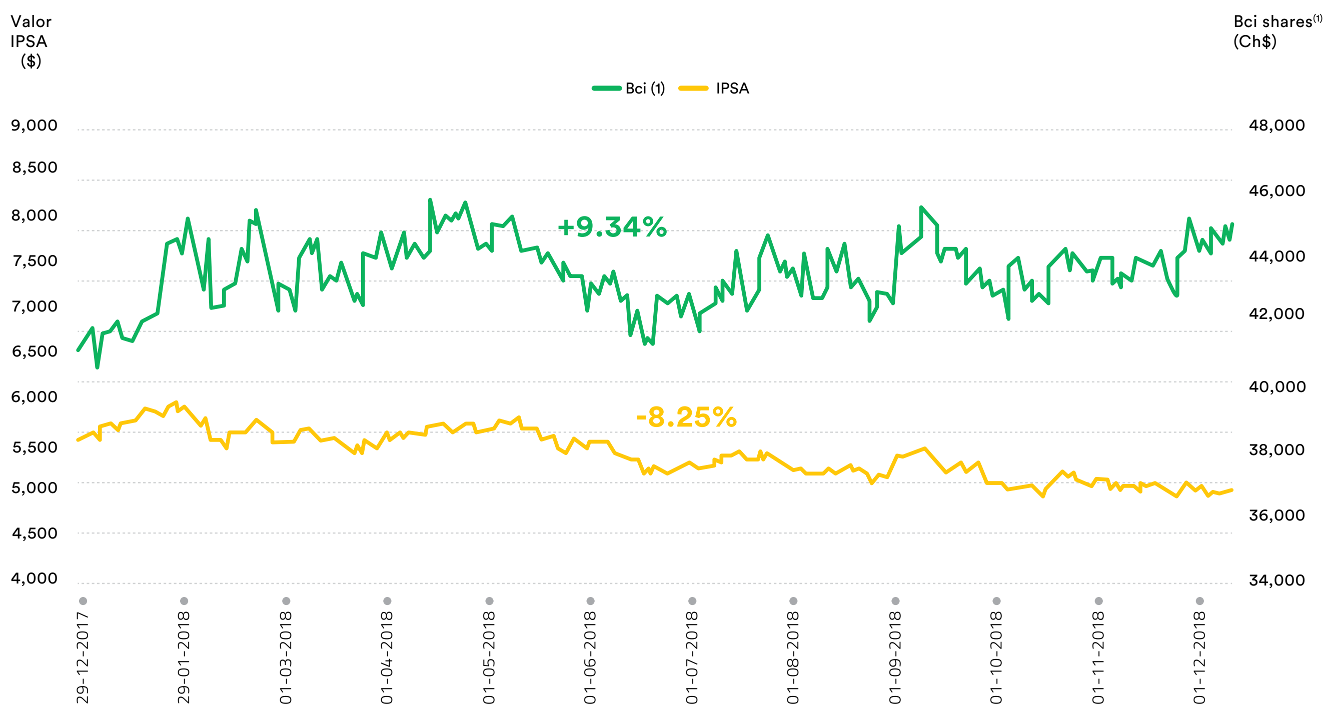
The total raised by the capital increase was Ch$401,266,667,250.

In 2018, Bci's share price reflected investors' positive assessment of the capital increase and a favorable trend in key factors of the banking business (namely, loan growth founded on an economic recovery and improved business confidence). At year-end, Bci shares recorded a total return, including dividends, of 9.34%, while the IPSA stock index fell 8.25% in the same period.

Share Return	
2018	
Opening price (2 January)	$41.900
Highest closing price (18 April)	$45.778
Lowest closing price (3 January)	$40.770
Year-end closing price (28 December 2018)	$45.085
Dividend yield	2,5%
Total return	**9,3%(*)**

(*) Including dividends and equity adjustments (Source: Bloomberg)

Share Performance in 2018



(1) Share price includes dividends and capital adjustments.
Source: Bloomberg

b) Capital Resources

Over the course of 2018, Bci's core capital to total assets was 7.73%, while its regulatory capital to risk-weighted assets was 12.76%. Both ratios were substantially higher than the minimum requirement under the General Banking Law, which specifies 3% and 8%, respectively.

On 31 December 2018, common equity is composed of:

Paid-up capital (126,235,050 shares)	Ch$3,134,897,746,797
Other equity accounts	45,555,508,765
Net income for the year	395,793,906,849
Dividend provisions	(118,738,172,055)
CET1 capital	**Ch$3,457,508,990,356**

(1) CET1 capital is equivalent to the net amount that must be shown on the financial statements as shareholders' equity, as established in the Compendium of Accounting Regulations issued by the Superintendence of Banks and Financial Institutions (SBIF).

Regulatory capital, which acts as a regulator of the different operational limits established in the General Banking Law, is made up of the following items:

CET1 capital	**Ch$3,457,508,990,356**
Additions	
Additional provisions	60,261,058,856
Subordinated bonds	799,104,029,141
Equity attributable to minority interest	854,166,422
Deductions	
Goodwill	132,515,227,315
Consolidated minority investment surplus	0
Regulatory capital	**4,185,213,017,460**

c) Dividend Taxation

At the Ordinary Shareholders' Meeting held on March 27, 2018, a dividend payout of Ch$1,050 per share was approved, with a charge to net income in the 2017 financial year. This amounts to Ch$131,192,115,600, equivalent to 35.32% of total net income.

This amount was distributed and charged to taxable profits subject to the first-category income tax rate under Chilean Income Tax Law. This tax qualifies as a credit against the global complementary or additional tax that shareholders must declare annually.

Shareholders are informed of the dividend taxation scheme through a certificate that provides the necessary information for filing the respective annual tax declaration.

The Bank's shareholders must specify that the dividend distributed in March 2018 was charged to taxable income that is eligible for a first-category tax credit, with an effective rate of 27% (factor 0.369863), which is subject to the tax obligation of returning 35% of the credit where applicable.

d) Distribution of Bonus Shares

At the Extraordinary Shareholders' Meeting held on 27 March 2018, an agreement was reached to increase the company's capital by Ch$240,211,023,700, through the capitalization of reserves from 2017 earnings. Of the total, Ch$54,509,736,661 was capitalized through the issue of 1,290,178 bonus shares with no par value, at a ratio of 0.0103259780 bonus share for each share held on the date that the right to receive these shares was acquired.

In accordance with Chilean Income Tax Law, these bonus shares do not constitute shareholder income and thus are not subject to taxation.

e) Main Shareholders

NAME		SHARES	OWNERSHIP INTEREST
Empresas Juan Yarur SpA		74,982,882	55.18%
Yarur Bascuñán Jorge Juan		4,491,389	3.31%
Banco de Chile por cuenta de terceros no residentes		4,404,435	3.24%
(Banco Chile por cuenta de terceros C.A. 4.404.435.- acciones)			
Banco ItauCorpbanca por cuenta de inversionistas extranjeros		3,635,728	2.68%
(DCV no tiene detalle de mandantes y el Banco Itau no lo proporciona)			
Banco Santander por cuenta de inversionistas extranjeros		3,508,043	2.58%
AFP Provida S.A.		3,312,755	2.44%
AFP Habitat S.A.		3,274,765	2.41%
Bci Corredor de Bolsa S.A.		2,673,792	1.97%
AFP Cuprum S.A.		2,534,796	1.87%
AFP Capital S.A.		2,469,373	1.82%
Inversiones Cerro Sombrero Financiero SpA		2,312,203	1.70%
Imsa Financiera SpA		2,028,297	1.49%
Inversiones Tarascona Corporation Agencia en Chile		1,677,782	1.23%
Larrain Vial S. A. Corredora de Bolsa		1,654,827	1.22%
Banchile Corredores de Bolsa S. A.		1,565,292	1.15%
Inversiones VYR Ltda.		1,549,026	1.14%
Inversiones Nueva Altamira SpA		1,356,300	1.00%
Yarur Rey Luis Enrique		1,344,041	0.99%
Inversiones Meyar S.A.C.		988,119	0.73%
AFP Modelo S.A.		931,474	0.69%
Empresas JY S.A.		747,482	0.55%
Inversiones Colibrí Financiera Ltda.		634,604	0.47%
Nueva Chosica S.A.		551,375	0.41%
Compañía de Seguros de Vida Consorcio Nacional de Seguros S. A.		523,031	0.38%
Bice Inversiones Corredores de Bolsa S. A.		462,829	0.34%
Subtotal		**123,614,640**	**90.96%**
SUMMARY	**SHAREHOLDERS**	**SHARES**	**OWNERSHIP INTEREST**
Main shareholders	25	123,614,640	90.96%
Other shareholders	1,686	12,278,340	9.04%
Total	**1,711**	**135,892,980**	**100.00%**
Subscribed and paid-up shares		135,892,980	100.00%
Authorized share capital		135,892,980	
Shares in custody at the Central Securities Depository (DCV)		38,060,284	28.01%
Subscribed employee shares	1,603	1,988,123	1.46%

f) Shareholders' Agreement

On October 7 2015, the shareholders related to the Yarur family—which, on December 31 2018, held 63.361% of the duly subscribed and paid-up shares issued by Bci—signed a new shareholders' agreement, which replaced the agreement in effect since December 30 1994. In the agreement, the signing shareholders reaffirmed their commitment to maintaining their traditional coalition and control of Banco de Crédito e Inversiones and reiterated their desire to preserve the current management principles.

In accordance with the provisions of Article 14 of the Chilean Corporations Law, the aforementioned shareholders' agreement is kept in the Bank's minute book, which is available to the other shareholders and interested third parties.

The 7 October 2015 shareholders' agreement and its later modifications were signed by the following natural and legal persons. In the case of corporations, the majority owners are identified:

Shareholders' agreement	Shareholder	Tax ID	Direct or indirect ownership interest (*)
EMPRESAS JUAN YARUR SPA	Luis Enrique Yarur Rey	5.196.456-K	Majority shareholder
INVERSIONES CERRO SOMBRERO FINANCIERO SPA	Carlos Juan Yarur Ready	12.069.987-3	28,96%
	Gonzalo Ignacio Yarur Ready	7.517.825-5	28,96%
	Patricia Andrea Yarur Ready	6.378.077-4	18,40%
	Virginia Yarur Ready	6.378.078-2	18,40%
IMSA FINANCIERA SPA	María Paulina Yarur Chamy	7.010.880-1	19,06%
	José Luis Yarur Chamy	7.010.879-8	19,06%
	Rodrigo Alberto Yarur Chamy	9.578.628-6	19,06%
	Sebastián Andrés Yarur Chamy	9.604.685-5	19,06%
INVERSIONES VYR LIMITADA	Victoria Inés Yarur Rey	4.131.984-4	97,80%
LUIS ENRIQUE YARUR REY		5.196.456-K	100%
INVERSIONES NUEVA ALTAMIRA SPA	Luis Enrique Yarur Rey	5.196.456-K	87,21%
INVERSIONES MEYAR S.A.C.	María Eugenia Yarur Rey	Domiciliada en Perú	99,90%
NUEVA CHOSICA S.A.	María Eugenia Yarur Rey	Domiciliada en Perú	19,72%
	Luis Alberto Said Yarur	Domiciliado en Perú	20,07%
	Andrés Said Yarur	Domiciliado en Perú	20,07%
	Pablo Said Yarur	Domiciliado en Perú	20,07%
	María Eugenia Said Yarur	Domiciliada en Perú	20,07%
INVERSIONES COLIBRI FINANCIERA LIMITADA	María Paulina Yarur Chamy	7.010.880-1	25,00%
	José Luis Yarur Chamy	7.010.879-8	25,00%
	Rodrigo Alberto Yarur Chamy	9.578.628-6	25,00%
	Sebastián Andrés Yarur Chamy	9.604.685-5	25,00%
RECOMSA S.A.	Carlos Juan Yarur Ready	12.069.987-3	19,30%
	Gonzalo Ignacio Yarur Ready	7.517.825-5	19,30%
INVERSIONES LOS CORRALES SPA	Carlos Javier Massu Yarur	6.376.768-9	54,00%
	María Cecilia Massu Yarur	6.376.769-7	36,80%
LUANPAMA S.A.C.	Luis Alberto Said Yarur	Domiciliado en Perú	25,00%
	Andrés Said Yarur	Domiciliado en Perú	25,00%
	Pablo Said Yarur	Domiciliado en Perú	25,00%
	María Eugenia Said Yarur	Domiciliada en Perú	25,00%
JUAN CARLOS YARUR REY		4.131.982-8	100%

* Over 15% ownership interest.

Empresas Juan Yarur SpA is the majority shareholder of Bci, with 74,982,882 shares or 55.178% of the total shares issued. Given that Luis Enrique Yarur Rey is the chairman of Empresas Juan Yarur SpA, he is therefore also the controlling shareholder of Bci.

1.5

Credit Rating

Bci has received national credit ratings from Fitch Ratings and Feller Rate and international ratings from Moody's, Standard & Poor's (S&P), and Fitch Ratings.

Local Credit Rating

FELLER RATE	
Solvency	AAA
Outlook	Stable
Time deposits over one year	AAA
Bonds	AAA
Subordinated bonds	AA+
Shares	1st class level 1

FITCH RATINGS	
Long term	AAA
Outlook	Stable
Short term	N1+
Bonds	AAA
Subordinated bonds	AA
Shares	1st class level 1

International Credit Rating

MOODY'S	
Long term	A2
Deposits	A2
Bonds	A2
Outlook	Stable

STANDARD & POOR'S	
Foreign currency LT	A
Local currency LT	A
Foreign currency ST	A-1
Local currency ST	A-1
Outlook	Stable

FITCH RATINGS	
Long-term debt in foreign currency	A
Long-term debt in local currency	A
Short-term debt in foreign currency	F1
Short-term debt in local currency	F1
Viability	a
Outlook	Stable

In the local market, Feller Rate increased the credit rating of Bci's long-term deposits, mortgage bonds, bank bonds, and bond series from AA+ to AAA, with a stable outlook. The upgrade reflects the improvements in the Bank's risk profile and income generation capacity, despite a weak economic context, as well as the diversification of operations and Bci's commitment to strengthening its capital base following the acquisition of TotalBank in Florida and Walmart's financial business in Chile. The latter, in particular, reflects the Bank's commitment to maintaining a ratio of core capital to risk-weighted assets of at least 10%.

Fitch Ratings, in turn, maintained Bci's AAA rating in the national market, with a stable outlook, as well as its rating on time deposits and bonds. This decision was based on the Bank's solid profile, attenuated by the relatively higher risk appetite of the Bank vis-à-vis its market peers. Fitch noted that the Bci brand has gradually strengthened over the years, currently positioning Bci as the third-largest bank in Chile in terms of total consolidated loans. Fitch considers that Bci's higher risk appetite is due to its objective of achieving faster organic and inorganic growth than in recent years.

They also noted that Bci's asset quality measures remain solid and above the level of some other local and regional financial institutions. Here, they indicated that BCI strengthened its credit risk framework, leading to a gradual improvement in its general portfolio risk profile, the percentage of impaired loans, and the concentration of debtors, both individually and by economic sector.

Internationally, Moody's downgraded Bci's rating from A1 to A2 in July, due to a downward revision in Chile's sovereign risk rating, from Aa3 to A1, which in turn reflected a reduction in the government's capacity to provide support to the country's banks. Nevertheless, the agency highlighted Bci's commitment to maintaining stable capital ratios after the acquisitions carried out in the year and signaled that the asset risk associated with the rapid growth of the South Florida real estate market will be limited by proactive management and monitoring.

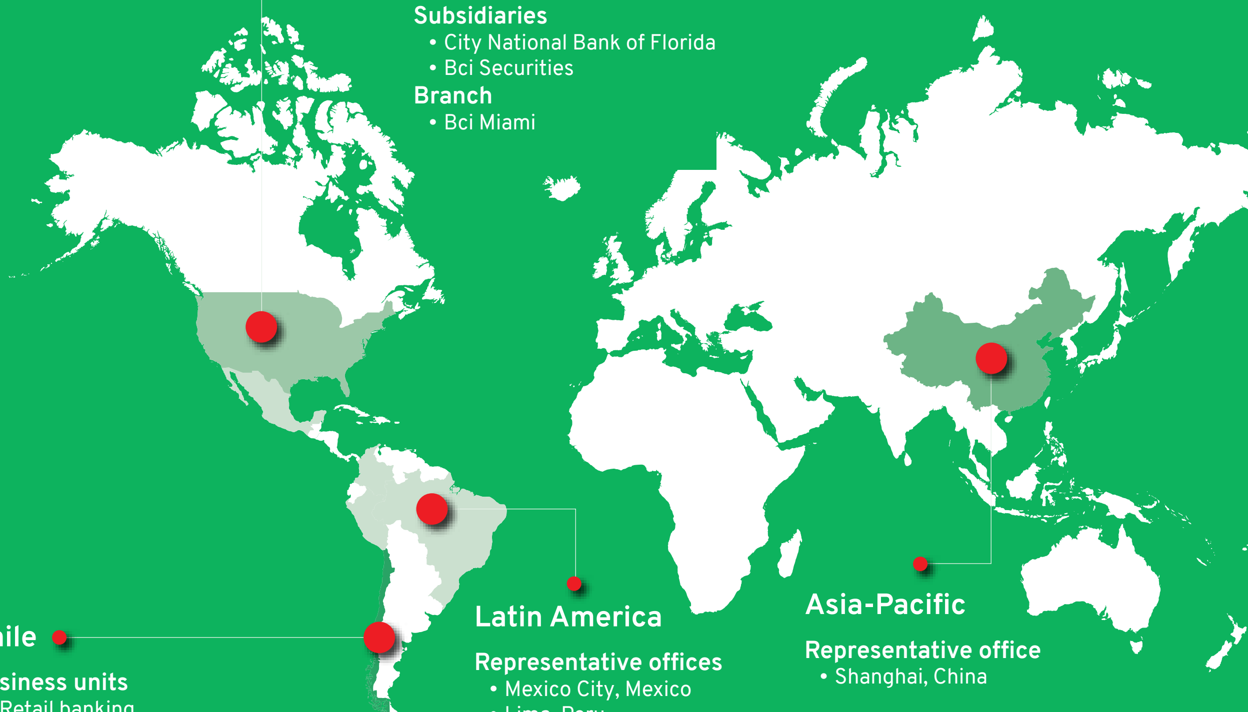
Standard & Poor's (S&P) maintained the Bank's long-term rating at A and upgraded its outlook from negative to stable. The improved outlook is founded on moderate loan growth in the Chilean financial system together with a weakening of real estate prices, leaving Chile in a better position to face external shocks. At the same time, the maintenance of the A rating reflects the Bank's solid competitive position, given its strong position in the financial industry and its business diversification by sector, segment, and geography. The agency noted the Bank's healthy asset quality measures, due to Bci's strategic focus on loan growth with limited risk.

Fitch Ratings held its long-term rating at A, with a stable outlook, based on the same arguments used for the local rating.

1.6

Our bank

Bci is a private financial corporation headquartered in Chile, with subsidiaries in the United States and representative offices in four South American countries and China. It offers a wide range of products and services to individuals, micro-enterprises, businesses, and institutions, through specialized business units and subsidiaries that are connected to a global network.



United States

Subsidiaries
- City National Bank of Florida
- Bci Securities

Branch
- Bci Miami

Chile

Business units
- Retail banking
- Wholesale banking
- Finance division

Subsidiaries
- Bci Asesoría Financiera S.A.
- Bci Asset Management Administradora General de Fondos S.A.
- Bci Corredor de Bolsa S.A.
- Bci Corredores de Seguros S.A.
- Bci Factoring S.A.
- Bci Securitizadora S.A.
- Servicios de Normalización y Cobranza, Normaliza S.A.
- Bci Corredores de Bolsa de Productos S.A.
- Servicios y Administración de Créditos Comerciales Lider S.A.
- Operadora de Tarjetas Lider Servicios Financieros Limitada
- Lider Corredor de Seguros y Gestión Financiera Limitada
- Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión Presto Limitada
- Servicios y Cobranza Limitada

Latin America

Representative offices
- Mexico City, Mexico
- Lima, Peru
- São Paulo, Brazil
- Bogotá, Colombia

Asia-Pacific

Representative office
- Shanghai, China

The Yarur family has had an ownership interest in Bci since its foundation in 1937.

9.54%
Pension funds

63.36%
Controlling interest

27.10%
Free float

Business Culture

At Bci, we aim to ensure that everything we do is consistent with our vision, mission, and values.

VISION

To be a regional leader in innovation, accessibility, and customer experience and to be recognized as an excellent place to work and grow professionally.

MISSION

Bci is a financial solutions corporation that participates in all the business areas and financial operations allowed by the General Banking Law, providing the community with efficient, high-quality products and services, continuous technological innovation, prudent risk management policies, and stringent ethical standards that must be followed by everyone who works in our companies. In this framework, the Corporation is committed to ensuring that our objectives and policies are achieved within a framework that emphasizes our four fundamental pillars: shareholders; employees and their families; customers and suppliers; and the community.

Pillars of the Bci mission

Shareholders	Customers and suppliers	Employees and their families	Society
• Superior returns • Prudent risk management • Transparency	• Innovative, high-quality products and services, at competitive prices • Long-term, mutually beneficial relationship	• A decent quality of life and stable jobs • Possibilities for personal, professional, and family development • Compensation for performance and effort • Excellent work environment • Highly ethical professional conduct • Responsibilities compatible with personal and family life.	• Full compliance with ethical and legal standards • Effective contribution to maintaining the environment and increasing the country's social, cultural, and economic heritage

Values

Integrity

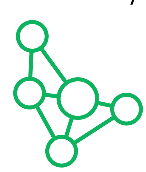
Respect

Excellence

Experience criteria

Security

Accessibility



Diligence

Image

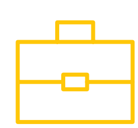
Employee profile

Act like the owner

Get the best out of people

Be committed to our customers

Achieve ambitious goals



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1.7

Highlights of 2018

FEBRUARY

100% Online mortgage loan

First in the Chilean banking industry.

MARCH

First Virtual Prepaid Card in Chile

MACH, a disruptive innovation by Bci, promotes financial inclusion and the development of payment means.

MAY

Partnership with Endeavor Chile

Focused on development for entrepreneurs.

JUNE

Acquisition of TotalBank

Consolidates the position of Bci subsidiary CNB as the third-largest local bank in the state of Florida.

AUGUST

Association of Bci Asset Management and Lennar

The two organizations jointly developed a real estate fund in the United States, which was successfully placed with Chilean investors.

SEPTEMBER

New Website for Businesses

360 Connect facilitates customers' financial management and self-service.

SEPTEMBER

Strategic Partnership with Japan's Largest Bank

MUFG Bank and Bci established an agreement to exchange management knowledge and best practices, among other issues.

OCTOBER

Revision of the Corporate Governance Manual

Based on international best practices.

JULY

Renovation of the Bci Brand

New slogan “Let’s Be different” (Seamos diferentes) aims to encourage the public to join the digital transformation challenge

AUGUST

Revision of the Code of Ethics

Incorporates emerging issues and our customers’ new needs.

AUGUST

New Bci App

A simpler, faster user experience.

AUGUST

Creation of a New Website, Bci Conecta

Integrates Bci customers with the business ecosystem.

OCTOBER

Partnership with Microsoft

A unique collaboration in the industry, aimed at accelerating the adoption of digital tools.

NOVEMBER

Announcement of the Absorption of Bci Nova by Bci

Customers will have access to the Bank’s full range of products and the whole service network.

DECEMBER

Acquisition of Walmart’s Financial Business in Chile

Bci began to issue and operate the Lider Bci MasterCard.

DECEMBER

Capital Increase

Bci raised Ch$401.267 billion in this process.

1.8

Awards

In 2018, Bci once again received recognition for its efforts in several areas.

Corporate Reputation

Best Corporate Reputation in Chile

MERCO
2018 First place
2017 First place

Most Responsible Company and Best Corporate Governance in Chile

MERCO
2018 First place
2017 First place

InBest Award – El Mercurio, 2018

Luis Enrique Yarur, for the internationalization of Bci

Company of the Year

Diario Pulso, Cadem, and Adolfo Ibáñez University

Best Bank Reputation in Chile

2018 Ranking by RepTrak®Chile
2018 First place, Financial Sector–Banks

BRAVO Business Award

Council of the Americas, COA
Eugenio von Chrismar, Financier of the Year

2018 "La Voz del Mercado" Award

Survey by EY Chile and the Santiago Stock Exchange
Bci, one of the top three companies for corporate governance quality.

Barometer Business Ethics and Values

Fundación Generación Empresarial and Diario Financiero
Bci, recognized for its commitment to integrity.

Sustainability

Energy Management Insight Award

Clean Energy Ministerial (CEM)
Bci, the only Chilean financial institution to receive the award, given to 50 organizations in 103 countries for energy efficiency and management initiatives.

Best Place to Innovate 2018

Adolfo Ibáñez University and GFK Adimark
2018 Bci, one of the 50 most innovative companies in the country
2017 Bci, one of the 50 most innovative companies in the country

DJSI MILA

Dow Jones Sustainability MILA Pacific Alliance Index
2018 Bci, reelected for inclusion in the index
2017 Bci, chosen to be included in the first version of the index

DJSI Chile

Dow Jones Sustainability Chile Index

2018 Bci, reelected for inclusion in the index
2017 Bci, reelected for inclusion in the index

Most Sustainable Banks

World Finance
2018 Bci, one of the top five most sustainable banks in the world

Customer Experience

Best Stock Broker
Global Banking & Finance Awards® – 2017
Global Banking & Finance Review
Bci Corredor de Bolsa: Best Stock Broker in Chile 2017

2018 Salmon Awards: Best Mutual Funds
Diario Financiero and the Chilean Association of Mutual Funds
Bci Asset Management: Second place in:
Category: <=90-day debt fund: Bci Eficaz, Única series.
Category: Conservative balanced fund: Bci Gestión Global Dinámica 20, Clásica series.
Category: Moderate balanced fund: Bci Preferencial Balanceado, Inversionista series.

Best Customer Experience
IZO
2018: First place, Banking sector

Employee Experience

Global 2000: World's Best Employers
Forbes Magazine
Best place to work, Banks and financial institutions in Chile

Good Practices of Employability for Workers with Disability
II Global Recognition Award: Good Practices of Employability for Workers with Disability 2018
United Nations Organization
Bci, recognized in the Accessibility category

Employers for Youth (EFY) Ranking
Best First Job Employers
2018 Fourth place
2017 Fifth place

Most Attractive Places to Work in Chile
MERCO Talent
2018 Fourth place
2017 Fifth place

Best Companies to Work for in Chile
Great Place to Work Chile and El Mercurio
2018 Seventh place
2017 Fourth place

1.9

Corporate Governance

The purpose of Bci's corporate governance standards and principles is to progressively improve the internal self-regulation mechanisms and to create value for the Bank, its shareholders, its customers, its employees, the community, and the market in general.

At its meeting on 25 October 2018, the Board of Directors of Bci approved a new Corporate Governance Manual, which includes a summary of the corporate governance principles to which the Bank adheres, as contained in different laws, in regulations issued by the Superintendence of Banks and Financial Institutions and the Financial Market Commission, and in the principles established by the Basel Committee on Banking Supervision, on the good governance of financial companies.

This new manual revises the version published in 2016 and is available on the Bci website.

Board of Directors

Bci's corporate governance is led by the Board of Directors. The nine Board Members are elected individually by the shareholders for a period of three years, at the end of which they can be reelected. Currently, the Board has two outside Board Members, both of whom sit on the Directors Committee, which performs the internal audit and control functions established in Article 50 bis of the Chilean Corporations Law.

In January 2018, Juan Ignacio Lagos Contardo resigned from the Bci Board of Directors for personal reasons. Juan Edgardo Goldenberg Peñafiel was appointed as replacement, and the appointment was confirmed at the Ordinary Shareholders Meeting in March 2018.

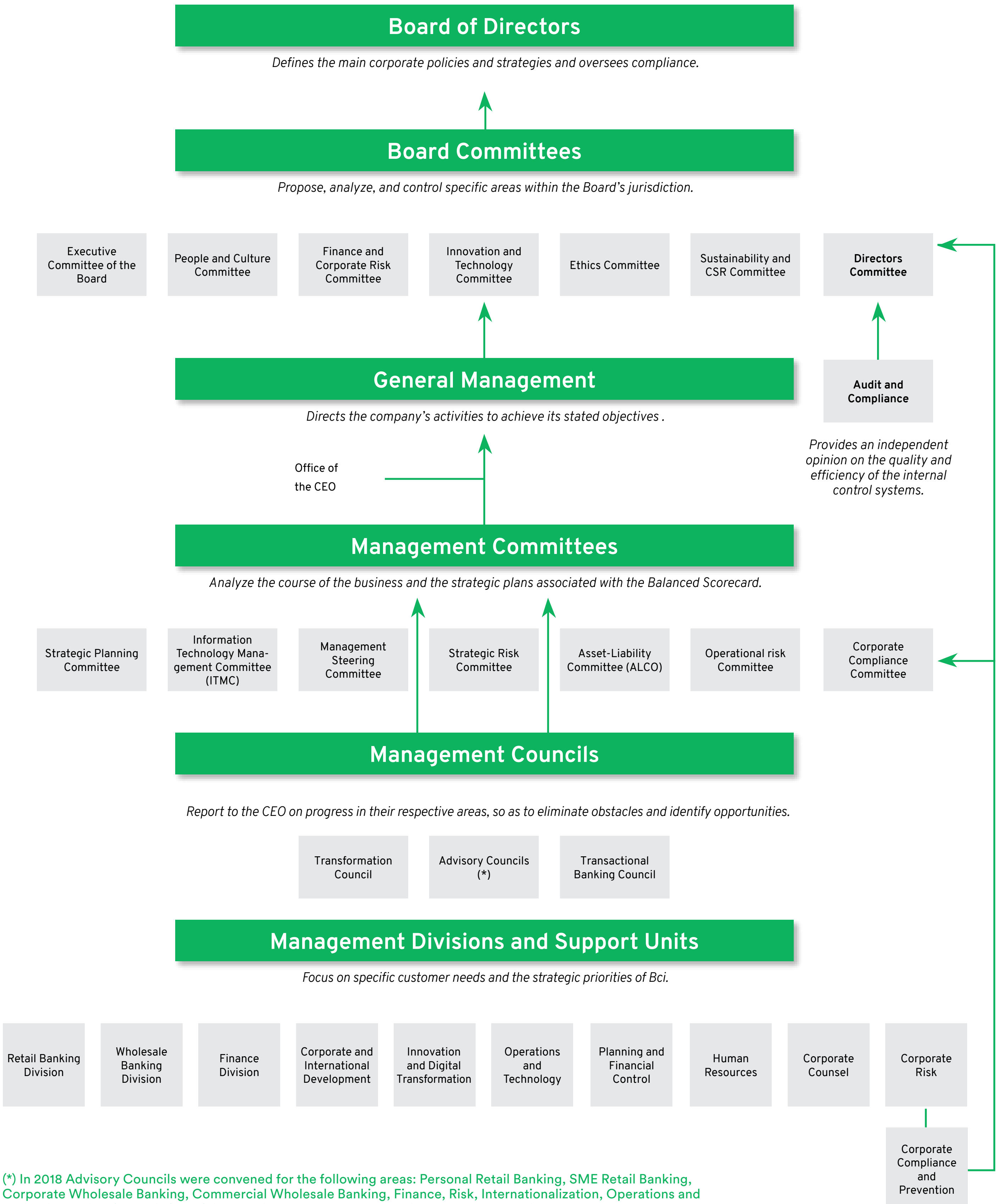
Induction

For the nine Board Members, the Bank has established an induction process that includes meetings with the CEO and the managers that report to the CEO (top-level managers) and the provision of relevant documentation for the exercise of their function.

Training

In 2018, Bci's Board Members participated in seminars on topics such as the EVA/RAROC model, cybersecurity, and the revisions to Law 19,496 on consumer rights protection and to the General Banking Law.

Governance structure



(*) In 2018 Advisory Councils were convened for the following areas: Personal Retail Banking, SME Retail Banking, Corporate Wholesale Banking, Commercial Wholesale Banking, Finance, Risk, Internationalization, Operations and Technology, Planning and Financial Control, Human Resources, and Corporate Counsel.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Board Members

1. **Luis Enrique Yarur Rey**
   Chairman
2. **Lionel Olavarría Leyton**
   Vice-Chairman
3. **José Pablo Arellano Marín**
   Board Member
4. **Klaus Schmidt-Hebbel Dunker**
   Independent Board Member
5. **Hernán Orellana Hurtado**
   Board Member
6. **Juan Edgardo Goldenberg Peñafiel**
   Board Member
7. **Claudia Manuela Sánchez Muñoz**
   Board Member
8. **Mario Gómez Dubravic**
   Board Member
9. **Máximo Israel López**
   Independent Board Member

Luis Enrique Yarur Rey

Chairman

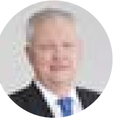
Mr. Yarur holds a degree in law from the University of Navarra, Spain, as well as a master's degree in economics and business administration from the IESE Graduate Business School, University of Navarra, Spain.

He joined the Bci Board of Directors on 21 October 1991.

Other current positions
- CEO, Empresas Juan Yarur SpA., Empresas JY S.A., Empresas Jordan S.A., and Empresas SB S.A.
- Vice-president, Chilean Association of Banks and Financial Institutions (ABIF), Inversiones Belén S.A., and Empresas Lourdes S.A.
- Member, Business Advisory Board of the ESE Graduate Business School of the University of Los Andes.
- Board Member, Center for Public Studies (Centro de Estudios Públicos, CEP).

Past positions
- CEO of Bci for eleven years
- Board Member, Bci Seguros de Vida S.A. and Bci Seguros Generales S.A.
- Board Member, Banco de Crédito del Peru (BCP).

Lionel Olavarría Leyton



Vice-Chairman

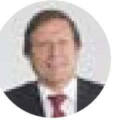
Mr. Olavarría holds a bachelor's degree in civil industrial engineering from the Univeristy of Chile and a master's degree in economics and business management from the the IESE Graduate Business School, University of Navarra, Spain.

He joined the Bci Board of Directors on 17 March 2015.

Other current positions
- Board Member, City National Bank of Florida
- Board Member, Sinacofi Buró S.A.
- Board Member, Sistema Nacional de Comunicaciones Financieras S.A. (Sinacofi).

Past positions
- CEO of Bci from 1993 to 2015
- Deputy General Manager, Banco de Gredos, Spain
- Controller, Chemical Bank, Spain
- Commercial Director, Banco de Santiago, Chile
- Advisor to the CEO and Chairman, Bci, 1981
- Chief Operations and Technology Officer, Bci
- Chairman, Global Compact Executive Committee in Chile
- Founding Chairman, Redbanc S.A.
- Chairman, Transbank S.A., Servipag S.A., Artikos Chile S.A., Banco Conosur, and Bci Factoring S.A.
- Board Member, Financiera Solución in Peru, Visa Internacional Latinoamérica, Bancrédito Leasing, AXA-BCI S.A., Bci Corredor de Bolsa S.A., Bci Seguros de Vida S.A., Bci Seguros Generales S.A., Bci Asesoría Financiera S.A., and Empresas Juan Yarur SpA.
- Chairman, CEO Committee of the Chilean Association of Banks and Financial Institutions (ABIF).

José Pablo Arellano Marín



Board Member

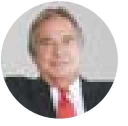
Mr. Arellano has a bachelor's degree in economics from the Catholic University of Chile and a master's and Ph.D. in economics from Harvard University.

He joined the Bci Board of Directors on 16 March 2011.

Other current positions
- Senior Economist, Latin American Studies Corporation (CIEPLAN).
- Professor, Catholic University of Chile.
- Board Member, several businesses and social and educational foundations.

Past positions
- National Budget Director
- Minister of Education
- CEO, Codelco
- Chairman, Fundación Chile

Mario Gómez Dubravic



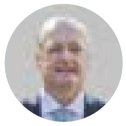
Board Member

Mr. Gómez holds a bachelor's degree in business administration from the Catholic University of Chile and conducted graduate studies at the University of Los Andes.

He joined the Bci Board of Directors on 24 May 2011.

Other current positions
- Chairman, Administrador Financiero del Transantiago S.A. (AFT)
- Chairman, Artikos Chile S.A.
- Board Member, Empresas JY S.A.
- Board Member, Inmobiliaria JY
- Board Member, Central Securities Depository (DCV).

Past positions
- Chief Financial Officer, Bci
- Commercial Director, Bci Commercial Banking Division.
- Chairman of the Board, Bci Asset Management Administradora General de Fondos S.A, Bci Asesoría Financiera S.A, and Sociedad de Recaudación y Pago de Servicios Limitada (Servipag).
- Board Member, Bci Corredor de Bolsa, Bci Factoring, Bci Securitizadora, Bci Seguros Generales, Bci Seguros de Vida S.A, Bci Corredora de Seguros S.A., and Financiera Solución Perú.



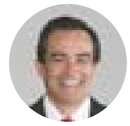
Juan Edgardo Goldenberg Peñafiel
Board Member

Mr. Goldenberg holds a degree in law from the University of Chile.

He joined the Board of Directors of Bci on 31 January 2018.

Other current positions
- Professor of tax law, Catholic University of Chile and University of Los Andes
- Partner, Goldenberg & Lagos Abogados Ltda.
- Member, Chilean Bar Association and its Tax Committee
- Member, Chilean Institute of Tax Law and the International Section of the American Bar Association
- Board Member, Empresas Copec S.A. and AntarChile S.A.

Past positions
- Professor of civil law, Catholic University of Chile.



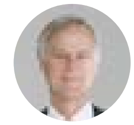
Hernán Orellana Hurtado
Board Member

Mr. Orellana has a degree in electrical civil engineering from the Federico Santa María Technical University.

He joined the Bci Board of Directors on 24 January 2017.

Other current positions
- Board Member, Highservice S.A., IZIT SpA, and Diseño de Servicios UNIT SpA
- Innovation and digitalization consultant
- Board Member, PROhumana.

Past positions
- Executive Director, Telefónica R&D Center in Chile
- Dean, Engineering Department, Andrés Bello University
- CEO, Microsoft Chile
- CEO, Compaq Chile
- Board Member, CAP S.A., Fashion's Park S.A., Belltech S.A., IConstruye, and others.



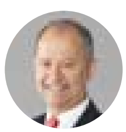
Klaus Schmidt-Hebbel Dunker
Outside Board Member

Mr. Schmidt-Hebbel has a Ph.D. in economics from MIT. He earned his bachelor's and master's degrees in business administration at the Catholic University of Chile (PUC).

He joined the Bci Board of Directors on 22 November 2016.

Other current positions
- Professor, Catholic University of Chile
- Chairman, Ministry of Finance Fiscal Advisory Council
- Consultant and board member for numerous national and international corporations, associations, and organizations.
- Columnist and speaker

Past positions
- Chief Economist, OECD
- Economic Research Director, Central Bank of Chile
- Senior Economist, World Bank
- Chairman, Financial Committee of the Chilean Sovereign Wealth Funds
- General Director, Grupo Res Publica Chile
- President, Economics Society of Chile
- President, Monetary Club



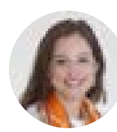
Máximo Israel López
Outside Board Member

Mr. Israel holds a bachelor's degree in business administration from the Catholic University of Chile.

He joined the Bci Board of Directors on 2 April 2013.

Other current positions
- Board Member,Telefónica del Sur S.A., Gtd Grupo Teleductos S.A., and Abastible S.A.
- Chairman of the Board, Fundación Rostros Nuevos.

Past positions
- Founding partner and Chairman of the Board, Atton Hoteles S.A.
- Board Member, CTI S.A., Econssa Chile S.A., Enaex S.A., Empresas Lucchetti S.A., VTR S.A., Banco Ripley S.A., Transbank S.A., and Redbanc S.A.
- Commercial Director, Banco de Santiago and Banco O'Higgins.



Claudia Manuela Sánchez Muñoz
Board Member

Ms. Sánchez has a bachelor's degree in business administration from Adolfo Ibáñez University and an MBA from Harvard University.

She joined the Bci Board of Directors on 22 March 2016.

Other current positions
- Member, Capital Market Advisory Board
- Strategic consultant
- Board Member, Women in Finance Association
- Member, Icare Finance and Business Circle.

Past positions
- Analyst, McKinsey & Co., Buenos Aires
- Dean, Business School, Adolfo Ibáñez University
- Co-president of the Harvard University Ibero-American Club
- Associate in the Latin American mergers and acquisitions division of Goldman Sachs & Co., New York.
- Consultant, Amadeus Capital Partners.

Board Activities

The Board of Directors of Bci holds regular meetings once a month and special meetings as needed, which can be called by the Chairman of the Board or by an absolute majority of the acting Board Members. In 2018, the Board held 12 ordinary meetings (one of which was held in Talca, in the Maule Region) and five special meetings.

Each board meeting starts with a detailed presentation by the CEO and his team on the Bank's status, performance, and main indicators, with a focus on risk management. At all meetings, the Board Members analyze the Bank's capital adequacy, based on information provided by the Superintendence of Banks and Financial Institutions (SBIF), its operations with related counterparties, and issues addressed by all the Board's various committees.

In addition, at least once a year, each of the officers and managing directors who report directly to the CEO, as well as the national and international subsidiaries of Bci, give a full presentation to the Board to report on the specific performance of the division or subsidiary in question, its primary focuses and challenges, and business strategies.

Board Meetings

ORDINARY

12

meetings

Average attendance

SPECIAL

5

meetings

Average attendance

Highlights
In 2018, the Bci Board of Directors approved the revision of the Manual on Information Management and Market Disclosure (24 July meeting), the new Code of Ethics (28 August meeting), and the revision of the Corporate Governance Manual (25 October meeting).

Self-assessment

The Board conducts an annual self-assessment of its functioning and compliance with corporate governance standards, in order to consolidate best practices and propose actions to generate any changes deemed necessary.

The Board analyzes the results of the self-assessment and adopts agreements to implement the improvements, proposals, or suggestions that have been put forth and approved by majority vote.

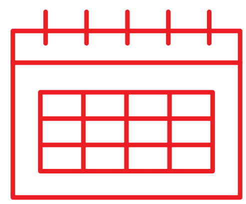
Compensation

The Board Members are compensated under a mixed scheme that includes both fixed and variable components. As approved at the Ordinary Shareholders' Meeting held on 27 March 2018, the compensation structure of the Board Members is as follows:

Monthly retainer

150 UTM (monthly tax units) for each member of the Board of Directors, with the exception of the Chairman, who receives a monthly retainer of 850 UTM, in accordance with his more extensive duties and in compliance with the special mandate conferred by the Board of Directors.

Meeting fees



5 UTM for each meeting of the Board of Directors, the Executive Committee, the Sustainability and Corporate Social Responsibility Committee, the Finance and Corporate Risk Committee, the Compensation Committee, and the Innovation and Technology Committee

Variable compensation

0.3% of net profits, based on average profits in 2016, 2017, and 2018. This amount is divided by 10, with two-tenths allocated to the Chairman of the Board as Chairman of the institution, in compliance with the Board's mandate, and one-tenth to each of the other Board Members. The Board Members may also receive additional compensation for permanent or temporary special services rendered.

Compensation of Members of the Directors Committee

Board Members who sit on the Directors Committee receive a fixed monthly fee of 50 UTM, over and above their monthly retainer, plus one-third of the amount of their corresponding variable compensation.

In 2018, the total amount paid to the Board Members of Bci, including fixed and variable components, was Ch$2,608,395,758.

Board Committees

The Board Members participate on seven permanent committees to reinforce strategic control and corporate compliance.

	FUNCTIONS AND POWERS	MEMBERS	MEETINGS (total in 2018)
Executive Committee	Responsible for approving the general financial, credit, and operational risk management policies; reviewing and approving loan operations submitted for resolution; approving the credit and risk policy manuals; determining the resources that are periodically allocated to loan loss provisions and write-offs; granting general and special powers; and approving specific donations, among other matters.	**Full members** Luis Enrique Yarur Rey Lionel Olavarría Leyton Mario Gómez Dubravcic José Pablo Arellano Marín Claudia Sánchez Muñoz **Alternate members** The remaining Board Members	79
Directors Committee	Carries out the functions outlined by Article 50 bis of Law 18,046 on Corporations and other duties in accordance with legal and administrative standards.	Máximo Israel López José Pablo Arellano Marín Klaus Schmidt-Hebbel Dunker	25
Finance and Corporate Risk Committee	Studies, controls, and reports on financial strategies and the definition and revision of operational, lending, and financial risk policies, as well as the different exposures maintained by the Bank.	**Full members** Luis Enrique Yarur Rey Lionel Olavarría Leyton Mario Gómez Dubravcic Juan Edgardo Goldenberg Peñafiel Klaus Schmidt-Hebbel Dunker **Alternate members** The remaining Board Members	11
People and Culture Committee	Establishes the general remuneration and compensation policies for the company's various groups of stakeholders, without prejudice to the powers vested in the chairman of the Bank or the Directors Committee, which are responsible for examining the remuneration and compensation of senior management.	**Full members** Luis Enrique Yarur Rey Lionel Olavarría Leyton Mario Gómez Dubravcic Máximo Israel López Claudia Sánchez Muñoz **Alternate members** The remaining Board Members	3

Activities of the Directors Committee

In 2018, the activities undertaken by the Directors Committee included the following: :

- Examining the audit plan for the Bank and its subsidiaries, the annual report, making recommendations to improve administrative-accounting procedures, and the individual and consolidated financial statements;
- Examining and approving the Audit and Compliance plans;
- Examining the external auditing firms and credit rating agencies that were put for consideration by the shareholders and making recommendations thereon to the Board;
- Analyzing progress on compliance with observations made by the Superintendence of Banks and Financial Institutions (SBIF), the external auditors, the Audit and Compliance Office, and, with regard to the Miami Branch, the Federal Reserve Bank of Atlanta;

	FUNCTIONS AND POWERS	MEMBERS	MEETINGS (total in 2018)
Sustainability and CSR Committee	Reviews the Bank's strategy, policies, and programs related to corporate social responsibility (CSR), with the objective of achieving social and environmental sustainability for the stakeholders defined in the Bank's mission statement and thus safeguarding the corporate image and reputation of the company and its subsidiaries	**Full members** Luis Enrique Yarur Rey Lionel Olavarría Leyton Mario Gómez Dubravcic José Pablo Arellano Marín Juan Edgardo Goldenberg Peñafiel **Alternate members** The remaining Board Members	4
Innovation and Technology Committee	Reviews and approves the Bank's technological strategy and architecture; its IT security strategy and plan; the innovation ecosystem and plan proposed by the Office of the CEO; and the annual short- and medium-term technology and operations investment plan; and ensures that all of these areas are in line with the Bank's business strategy	**Full members** Luis Enrique Yarur Rey Lionel Olavarría Leyton Máximo Israel López Claudia Sánchez Muñoz Hernán Orellana Hurtado **Alternate members** The remaining Board Members	7
Ethics Committee	Interprets the Code of Ethics, studies infractions thereof, adopts measures to protect the identity of the people involved and the confidentiality of related information, sanctions unethical conduct, and determines whether the reported incident will lead to civil or criminal proceedings. This Committee is responsible for authorizing the actions of Bank employees with regard to activities, operations, or investments that, in accordance with the Code of Ethics, must be reviewed by the Committee; and for handling the communication and diffusion of ethical content.	**Full memberss** Luis Enrique Yarur Rey José Pablo Arellano Marín Máximo Israel López **Permanent attendance** Eugenio Von Chrismar Carvajal Pablo Jullian Grohnert Fernando Carmash Cassis **Premio Juan Yarur Lolas 2018** Ignacio Larraín Bonta **Premio Jorge Yarur Banna 2018** Rodrigo Corces Barja	3

- Analyzing and approving the Audit and Compliance Office's activities in the prevention of money laundering and other financial crimes;
- In the area of operational risk, studying the policies, plans, and procedures associated with technology risk, information security, business continuity, fraud prevention, and regulatory risk;
- Examining related-party transactions;
- Studying and approving the results of the 2018 self-assessment process;
- Studying the risks associated with judicial proceedings that could affect the Bank;
- Examining the results of the tender process for the procurement of insurance by the Bank;
- Examining compensation policies, especially for senior executives; and
- Studying issues related to information security, technology risk, infrastructure, the Bank's technological capacity, and so forth.

Ethics culture

To incorporate emerging issues and new stakeholder needs, Bci revised its Code of Ethics in 2018.

The process of updating the Bci Code of Ethics, which was last revised in 1996, included an analysis of corporate documents, benchmarking, and a review of international best practices, as well as in-depth interviews and workshops with employees at different levels and positions within the Bank.

The content of the Code was structured around a series of guiding criteria that encompass Bci's vision, mission, values, and common objective. These criteria cover all the Corporation's

1

Development and progress

- Confidence and corporate reputation
- Regulatory compliance and corporate governance
- Safeguarding and protection of the financial market
- Sustainable development for the progress of the country

2

Financial operations and practices

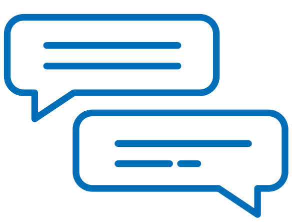
- People at the center of every decision
- Care and protection of assets and equity
- Continuous improvement and innovation
- Transparency and financial responsibility

3

Habits and behavior

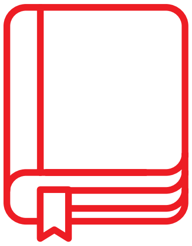
- Leadership by example
- Diversity and equal treatment
- Relationships of trust with our stakeholders
- Quality of work life

Activities within the three pillars of the Ethics and Risk Culture Plan supported the diffusion of the new Bci Code of Ethics and its main topics.



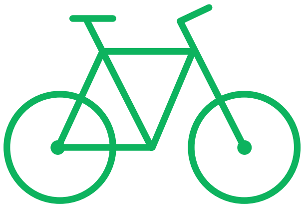
Communication

- **Ethics in Action newsletter,** which covered the main initiatives in this area (62% average read rate).
- **Digital citizenship workshops.** The first, held in July, analyzed trends in cybersecurity, presented by some of the Bank's suppliers: ethical hacking live; cloud security; digital transformation; social media and social engineering. The second, in October (officially declared National Cybersecurity Month) included two talks: social media security and social engineering.



Awareness

- **Series of talks** on best practices in ethics and compliance, held by the Bci audit team. In nine sessions, held between April and December, national and foreign experts discussed ethics culture, free competition, privacy and data protection, integrity in decisionmaking, incentive systems, workplace complaints, corporate governance, and managing conflicts of interest.
- **New digital Code of Ethics,** available online at capacitacionbci.cl



Mobilization

- **Ethical Dilemmas Contest.** An award was given for the best answers to a question published on the intranet, every Monday from the launch of the new Code in September through the end of October.
- **Verdict Dynamics**: Seminars in which employees debate a case in a simulated trial, using the Code of Ethics. In 2018, nine branches organized the mock trials, with the participation of 187 employees. The experiences were evaluated as highly successful.
- **Distribution of printed copies** of the Code and a communications kit to 1,300 employees in management positions.

Confidential Reporting Channels

Bci operates four confidential channels, open 24 hours a day, to receive questions, information, or complaints.

This channel for reporting problems related to the work environment, such as abuse of power or harassment, is managed by the Human Resources Division.

This channel for employees, customers, and suppliers to report possible instances of money laundering, terrorist financing, bribery, corruption, or issues related to free competition is managed by the Corporate Compliance and Prevention Unit.

This channel, for reporting bad practices, weaknesses in monitoring and control, and potential internal and external fraud, is managed by the Operational Risk Division.

This is a mechanism for employees to contact the Ethics Committee with questions or reports.

	CONTACTS		
	2018	2017	2016
Bci Listens)	45	56	33
What Should I Do?	118	82	46
Fraud Prevention	354	126	72
Criminal Risk Prevention and Free Competition	59	47	107

Corporate Compliance and Prevention

At Bci, the Corporate Compliance and Prevention Unit is responsible for overseeing compliance with the regulations that govern the Corporation's business. The main objective is to avoid regulatory and reputational risk within the company, with a focus on prevention.

One of the most important activities in this area is the implementation of measures to detect, monitor, and report unusual or suspicious operations that could be related to possible cases of money laundering, terrorist financing, or bribery (Laws 19,913 and 20,393). This unit is part of the Bank's Risk Division and reports directly to the Directors Committee and the Corporate Compliance Committee. The corporate compliance manager is also in charge of prevention, based on the Bci Crime Prevention and Detection Model, applied under the framework of Law 20,393 on the criminal responsibility of legal persons.

The Corporate Compliance and Prevention Unit is also responsible for the application of compliance programs in relation to various regulatory frameworks, such as the Compliance Program for the Promotion and Defense of Free Competition and the Compliance Program for Consumer Rights Protection, incorporating the modifications contained in the new Law 21,081 in these areas. It also oversees the compliance program for ensuring observance of the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS) at the level of the holding company.

In carrying out its functions, this unit is always looking for ways to strengthen its ability to learn more about the Bank's customers, employees, and suppliers, through the development of procedures and technological tools that make it possible to detect and analyze patterns of high-risk conduct and to identify customers with risky assets, risky geographic regions, or particularly risky business activities.

2018 Highlights

- **Supervision of compliance activities in the United States.** The Regional Compliance Officer implemented a number of different activities aimed at strengthening and standardizing best practices between the business units in that country. The focus in 2018 was on the standardization of the client onboarding process documentation at City National Bank of Florida (CNB) and the other subsidiaries and offices in the region.
- **Data analytics approach and models.** To complement the traditional alert platforms, the unit has started to implement new data analysis models to identify unusual behavior or activity. These methodologies are being incorporated into the unit's various monitoring protocols.
- **Common Reporting Standard (CRS).** CSR is an information standard for the automatic exchange of information on bank accounts on a global level, between the tax authorities of different countries. It was developed by the Organization for Economic Cooperation and Development (OECD) and signed by member countries. The objective is to combat tax evasion at the international level. In 2018, Bci successfully submitted its first report to the Chilean Internal Revenue Service, which consolidates this information for Chile.
- **New regulations.** In 2018 Law 21,081 entered into force, modifying Law 19,496 on consumer rights protection. To address the new legislation, the Compliance Division is developing a Compliance Program for consumer rights protection, which must be certified by the National Consumer SErvice (SERNAC) in 2019.

Additionally, Law 21,121 was published in November 2018, modifying the Penal Code and other legal regulations for the prevention, detection, and prosecution of corruption. The new regulations expand the list of crimes covered under Law 20,393 on the criminal responsibility of legal persons. To incorporate these changes, the Bank began revising its internal manuals and procedures.

Last year, the Bank continued implementing circular N°57, issued by the government's Financial Analysis Unit (UAF), which requires, in the case of legal persons, the declaration of final beneficiaries with an interest of 10% or more, thereby identifying the natural person behind the legal entity.

Training and Diffusion

The 2018 annual training and diffusion plan carried out by the Corporate Compliance and Prevention Unit included the following activities:

- Face-to-face classes on compliance, taught throughout the year, with regular ly scheduled classes in the different areas as well as special classes to address specific needs;
- Diffusion of compliance and ethics management in all the Bank's induction courses;
- Monthly bulletins on compliance topics;
- Working sessions in the branch network to address issues such as the prevention of money laundering, Know Your Customer (KYC) procedures, and the investigation of alert signals related to predicate offenses associated with money laundering, terrorist financing, and bribery; and
- Development of training courses for the new Risk School initiative, which comprises 12 modules with varying levels of instruction, on topics such as the prevention of money laundering, terrorist financing, bribery and criminal risk, free competition, compliance with FATCA and CRS regulations, and, in the case of Financial Division units, issues related to compliance with international regulations and codes of conduct, including Dodd-Frank and EMIR.

Sustainability

Bci aims to generate value for all its stakeholders, while promoting economic, social, and environmental well-being.

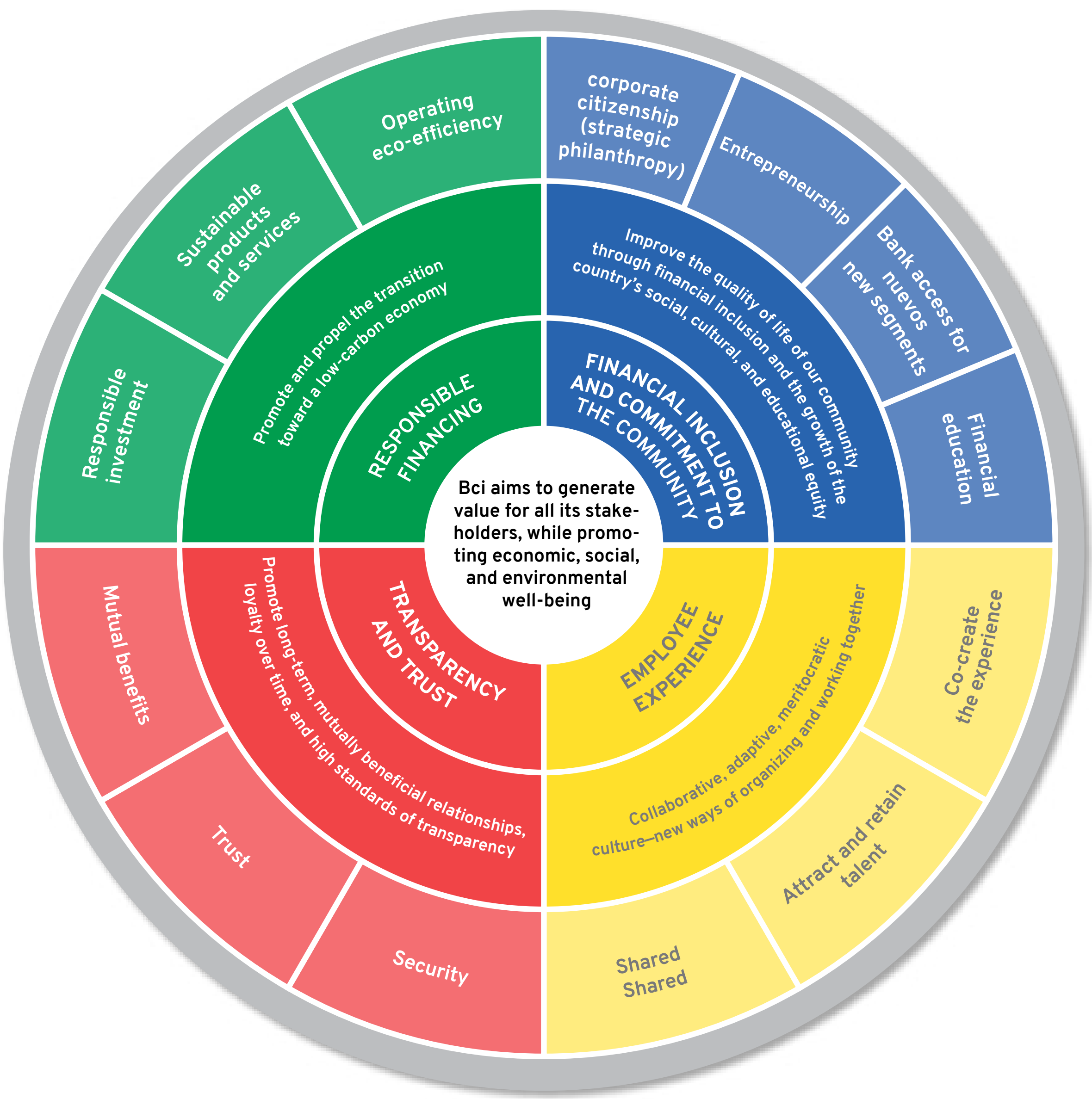
In 2018, a new sustainability plan was approved for the 2019–2022 period. Over the next four years, the strategic focal points in this area will be the following:

- Responsible financing;
- Financial inclusion and commitment to the community;
- Employee experience; and
- Transparency and trust.

These focal points were defined taking into account the opinion of internal and external stakeholders, the Bank's business strategy, and the social and environmental impacts of the transformation that the Bank is undergoing as part of its goal of becoming the most well-liked and preferred bank by 2020.

The Sustainability Committee is headed by the Chairman of the Board of Bci, with the participation of four other Board Members. In 2018, the Committee met four times to discuss the new sustainability plan; review the status of sustainability programs associated with customers, employees, suppliers, the environment, and commitment to the community; go over the results of the Dow Jones Sustainability Index (DJSI) assessment; and assess progress on the Pedro Aguirre Cerda branch of Bci.

2019–2022 Sustainability Plan



1.10

Interview with the CEO

Eugenio Von Chrismar, Chief Executive Officer of Bci since 2015, discusses his vision of the Chilean banking industry, the outlook for the future, and the Bank's internationalization process.

What is your vision of the Chilean banking industry, and how is it facing the challenges of digitalization?

The Chilean banking industry has proven to be one of the most solid systems in the world, with good capitalization levels, high banking supervision standards, and international recognition, as demonstrated by the interactions on our new international platforms. The Chilean banking sector has credit ratings on par with some of the world's largest banks. That said, the pending challenge for Chilean banks is modernization; we must move forward on digital and customer service issues in order to compete on equal footing with the big tech companies that are outside the banking world.

Are Chile and the local banking sector prepared for new challenges?

We are living through one of the biggest revolutions in history. The world of digitalization is changing the way we relate to one another, how we make decisions, and how we buy things, based on the availability of information and digital payment systems. This implies opportunities, challenges, and threats for Chilean businesses, which could be affected either positively or negatively in terms of jobs, competitiveness, efficiency, and

“ Internationalization will continue to be one of the Bank’s main focuses.”

productivity. Companies thus need to anticipate the impacts, so as to adapt their business strategies to the changing times.

This is clearly an issue for the country as a whole. The public and private sectors need to take advantage of the unique opportunity provided by digitalization and work together to move quickly, to be on the vanguard of technology.

Where do you see the Bank in five or ten years?

I see Bci as an omnichannel bank, where customers can access their information via all our different platforms, which will deliver fast, timely solutions to any and all customer requests and needs. We will be a bank that provides simple, agile solutions that make life easier for all our customers.

We want to continue democratizing access to the best financial services through MACH, a free digital means of payment that lets anyone make international purchases, without having to have a traditional bank credit card.

Finally, I see Bci as an advisor bank—as a strategic partner for individuals, SMEs, and large corporations—that provides personalized service to every one of our clients, generating a memorable experience.

How will the Bank face the changing times to achieve its short- and long-term objectives?

First, we invested in the creation of disruptive technologies such as MACH, which provides access to financial products for people who would not otherwise have access to formal banking services. Second, we strengthened our technological and operational architecture, which today creates value for our clients in every process. Finally, we implemented a cultural transformation and change management program, which started with the leaders at the top of the organization and then spread to our more than 10,000 employees. This plan aims to strengthen our business culture, which has differentiated us in so many ways, for both our customers and our employees, and has helped us promote characteristics like agility, empowerment, and collaboration, which are crucial for working in today’s world.

What are your expectations for the Chilean economy in the medium term?

The Chilean economy is showing signs of recovery, thanks to increased confidence levels and a favorable, if slowing, external scenario. The outlook for the next few years is positive, based on the economy’s solid foundations and higher expectations. Investment is projected to grow 6% in 2019, which reflects the improved business confidence. Naturally, these trends need to be complemented by policies that reinforce the dynamics. We are still facing the challenges of raising productivity, improving the quality of education, and reducing poverty in the country. There is a broad consensus on strengthening policies that go in that direction, which makes me optimistic about the outlook for the coming years.

What are the Bank’s plans for continuing the internationalization process?

Internationalization will continue to be one of the Bank’s main focuses. We are taking advantage of our position in the state of Florida. in the United States. We are currently the only Chilean bank with a presence in that market, through City National Bank, Bci Miami, and Bci Securities. Thanks to this platform, we are able to provide comprehensive services to fully meet the international needs of our personal and business banking clients.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11

Senior Management

1. **Pablo Jullian Grohnert**
   VP Corporate Human Resources
2. **Patricio Subiabre Montero**
   VP Operations and Technology
3. **Rodrigo Corces Barja**
   VP Retail Banking
4. **Javier Moraga Klenner**
   VP Finance Division
5. **Ximena Kutscher Taiba**
   VP Corporate Audit and Compliance
6. **Diego Yarur Arrasate**
   VP Corporate and International Development
7. **José Luis Ibaibarriaga Martínez**
   VP Corporate Planning and Financial Control
8. **Antonio Le Feuvre Vergara**
   VP Corporate Risk
9. **Ignacio Yarur Arrasate**
   VP Innovation and Digital Transformation
10. **Fernando Carmash Cassis**
    Corporate Counsel
11. **Gerardo Spoerer Hurtado**
    VP Wholesale Banking

1.11

Risk Management

The launch of the Risk School and increased productivity due to the transformation strengthened the Bci culture and performance in this area.

Approach

Bci has incorporated international best practices, to contribute to optimizing the risk-return ratio of its operations through the comprehensive management, assessment, and control of all the risks to which the organization is exposed.

Responsibility in this area is allocated within a hierarchy led by the Board, with the participation of upper management committees and specialized units.

Risk Governance at Bci

Board of Directors		
Defines the global risk management framework and monitors the risks.		
Performs a comprehensive analysis of the risks to which the Bank is exposed.		
Establishes levels for the adequacy of provisions, additional provisions, and the Basel index.		
Executive Committee	**Directors Committee**	**Finance and Corporate Risk Committee**
Defines and approves the Bank's risk tolerance and related policies, as delegated by the Board, and makes decisions on loans of significant size and complexity.	Responsible for the functions of the Audit and Compliance Committee, in accordance with the provisions of the Corporations Law and the SBIF, and directly supervises the activities of the Audit and Compliance Division and the Corporate Compliance and Prevention Division.	Monitors credit, market, and operational risk management, periodically reviewing the main indicators and analyzing the quality of the loan portfolio and the associated provision rates. In 2016, this Committee's domain was expanded to include Bci's business operations in in the United States.

Senior Management	
Committees	
Asset-Liability Committee (ALCO	Responsible for the financial risk policy framework and decisions on asset and liability management and market and liquidity risks, including risk monitoring.
Operational Risk Committee	In charge of defining the operational risk strategy; continuously reviewing policies on operational risk management, technology risk and information security management, business continuity, fraud prevention, and regulatory risk; monitoring risk levels; and tracking improvement plans for maintaining risks within the established tolerance ranges.
Corporate Compliance Committee	Establishes and monitors material and policies spearheaded by the Corporate Compliance Division, on issues related to the prevention of money laundering, terrorist financing, bribery, practices that infringe on free competition, compliance with consumer rights protection programs, compliance with FATCA and CRS regulations, and other such issues.
Strategic Risk Committee	Main function is to generate high-level discussions on strategic risk issues, so as to guide the business toward the desired portfolio while staying within the risk tolerance limits defined by the Board.
Expanded Models Council	Responsible for managing the strategic function of risk management models, as well as prioritizing and aligning the development, adjustment, and utilization of the models with the Bank's strategy and that of the Corporate Risk Division.
Corporate Risk Division	Manages the units in charge of credit risk, operational and financial risk, and the prevention of money laundering and terrorist financing.

Priorities and Advances

1

Consolidation of industry leadership in provisions ratios, anchored on the Risk Transformation Plan, launched in late 2013. At year-end 2018, the following had been achieved in the period:

- New structure for the Risk Area, with the creation of the Corporate Risk Strategies Division, which is responsible for risk and provisions policies, portfolio monitoring, model development, and corporate risk data;
- Creation of the Risk Management Control Division, responsible for strengthening and implementing dual control of risk management processes for Bci and its subsidiaries (national and international), through the consolidation and interaction of the Portfolio Classification, Risk Tolerance, Model Validation, Projects, and Valuations units;
- Unification of lending decisions in a single Origination Division;
- Automation of lending decisions in massive portfolios and in some segments of the commercial portfolios;
- Development of more effective models that are integrated with business management, with better time to market;
- Improvement of monitoring processes, forecasting systems, preventive actions, and proactive portfolio management;
- Integration of billing and monitoring processes; and
- Launch of the Bci Risk School, which seeks to strengthen the role of the first line of defense, as well as to promote and expand the knowledge of Bci employees who make up the second line of defense.

2

Corporate governance for all Bci subsidiaries . In 2018, the Operational Risk Division worked in conjunction with the people responsible for operational risk in Bci's subsidiaries on strengthening operational risk management, in line with corporate policies and processes.

Bci Risk School

The Bci Risk School, a digital platform launched in August 2018, will enable all of our employees to achieve a high level of awareness and understanding of this critical issue and will strengthen the role of those who make up the first and second lines of defense of our risk management model, helping them face the challenges of the transformation.

The Risk School was designed by a team of about forty employees from the Risk, Human Resources, Training, and Change Management units. The platform comprises 64 modules spanning three areas of risk, four levels of knowledge, and curricula associated with three risk profiles. It is a 100% digital training system and is supported by the Bank's other platforms. ¡

Objetives

- Provide a permanent, open opportunity for self-training for the Bank's employees;
- Support, deepen, and develop the transformation process; and
- Build a bank-wide teaching process, through a versatile and dynamic training curriculum.

2 Customers

At Bci, our customers are at the center of every decision we make, and they are the foundation for our success.

629,680

Customers with Internet-based access

677,797

Checking accounts
1,251,295 Electronic checkbooks

273

Branches in Chile

Bci's transformation objective is to strengthen our customers' experience by providing faster, more efficient, more secure, and more personalized service, available through a variety of service channels.

In 2018, Bci continued to make progress toward becoming the most well-liked and preferred bank. From our customers' perspective, this means being recognized for providing an excellent experience in terms of service quality and the availability of physical and virtual platforms that fully meet their needs.

70%

of time deposits are made through digital channels

Customer Experience Management

Bci is continually monitoring three factors that directly affect customer experience: the behavior of employees who provide customer service, the environment in which interactions take place (branches and digital platforms), and service-support processes and relations. With regard to the latter area, the Customer Experience Board was created to resolve specific problems and issues that arise; members include teams from the different areas of the Bank, who meet monthly.

Over the course of the year, Bci changed the way it measures customer experience, in order to monitor relevant interactions in a shorter time. In particular, telephone surveys are being replaced with email questionnaires, which are also available online on the Bank's website. This change takes into account our customer profile and aims to optimize customers' time. Having more information online will allow the Bank to implement improvement processes faster, which will be reflected in increased customer satisfaction.

Award

Best customer Experience
First place in the banking sector, 2018
BCX Index (IZO)

1,251,295
Electronic checkbooks

21.7 million
Internet transactions

5.8 million
ATM transactions

1,131
ATMs

Innovation highlights of 2018

MACH, the first digital prepaid card in the Chilean banking system

At year-end 2018, over 936,000 people had downloaded MACH to make transactions from their phone, including transfers to other people, international purchases without a credit card, and withdrawals at Bci ATMs, free of charge.

Bci developed this initiative from the ground up in order to offer a means of payment that is accessible to everyone. Users only need to have a Chilean tax ID number and be over 18 years old to create an account from their phone, which takes about two minutes. The product therefore directly promotes the financial inclusion of young people and foreigners who don't have a bank account in Chile.

MACH timeline

December 2017

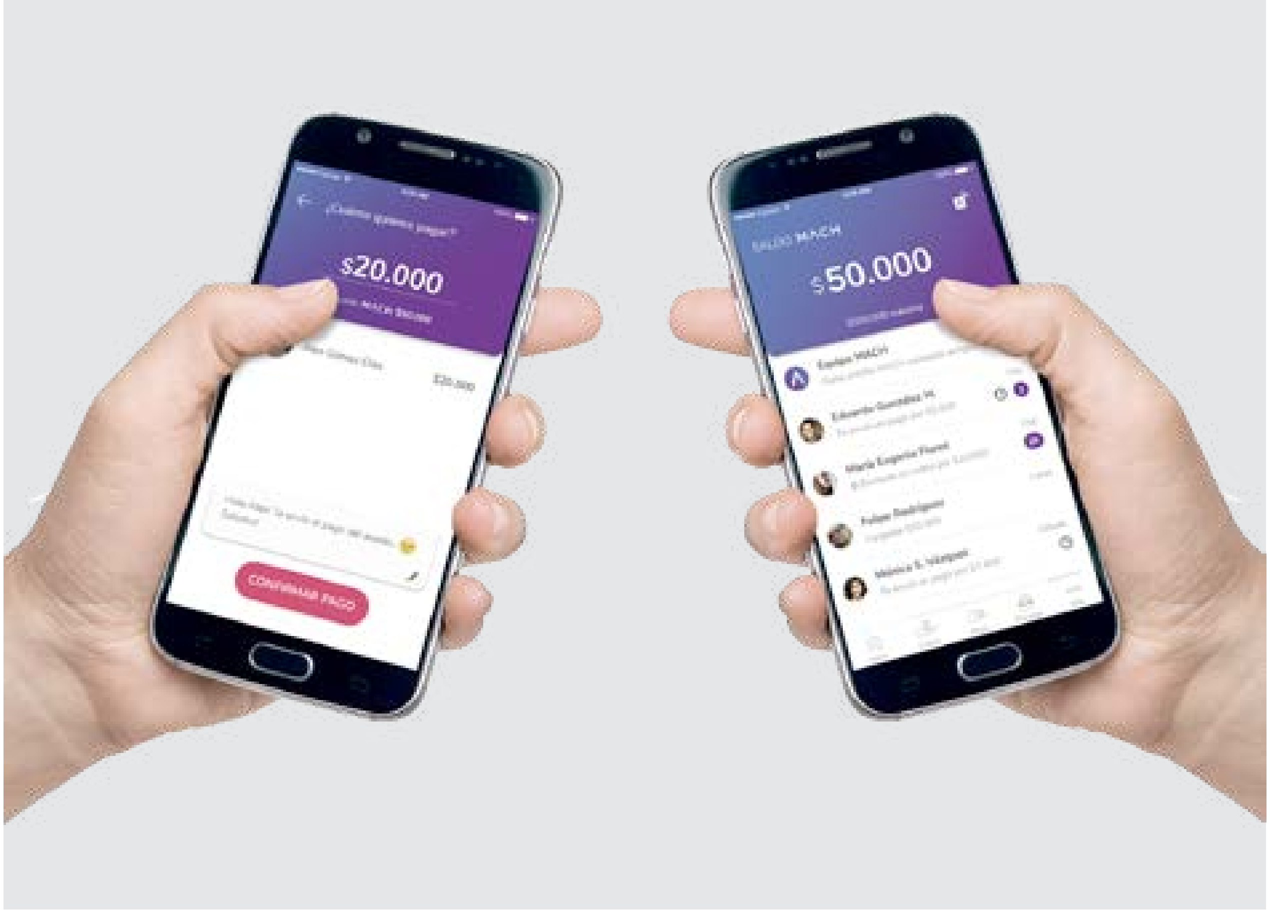
Initial launch of the app, allowing person-to-person transfers from a cellular phone.

March 2018

Expansion of functionality to an online prepaid card.

May 2018

Rollout of the option to make ATM withdrawals from Bci machines.



New Bci App, a big step forward in experience

To help our customers navigate the web and to create a simpler, faster, more intuitive digital experience, Bci developed a new mobile app that was launched for customer use in the fourth quarter of 2018. By the end of the year, the Bci app had over 220,000 active users, including most of our ex-Bci Nova customers, who were integrated via Bci's digital channels.

The new Bci app was developed by multidisciplinary teams, with the participation of all the Bank's employees and the application of agile methodologies. In 2017, the first feasible product was launched internally for testing and faster problem-solving. In the first months of 2018, a pilot test was conducted with a group of customers, and in August the app was made available to everyone. In September, the new Bci app replaced the previous Bci mobile app on all systems.

Value added for customers

- Easy access, with fingerprint login;
- Better usability for payments and transfers;
- Display of all account movements;
- Immediate simulation and contracting of time deposits;
- For credit cards: temporary card block, cash advances with an installment plan, bill payment, and access to the benefits program;
- Simulation and contracting of consumer loans, with immediate deposit to the account.

Digital pathways

Online Mortgage Loans

In May 2018, Bci was the first bank in the country to offer customers the possibility of taking out a mortgage loan for new homes, without having to set foot in a branch. Customers sign the initial papers and submit their health declaration online. As a result, the time between the customer accepting the loan conditions and signing the sales deed at the notary has been reduced by 30%. The whole operation can be completed in less than 15 days to signing at the notary, depending on how long the other procedures take.

In November 2018, the Bank extended this fully digital pathway to mortgages for used home purchases.

Value added features

- Personalized loan simulation for customers;
- Digital online signing of the loan application;
- Online home appraisal request and loan approval (loan-to-value, interest rate, years, amount);
- Online tracking of the process.

5,174

Mortgages were processed digitally in some of the phases

of mortgage operations were digital

Partnership with Goplaceit

Through Bci Labs, the Bank has established a number of partnerships aimed at improving customer experience and speeding up development. One such partnership, which was finalized in 2018, is an alliance with the online real estate website Goplaceit, to provide customer support from the moment people start thinking about buying a home. The Bci mortgage simulator is available on the website, so people can start the digital process before even approaching Bci.

2.1

Retail Banking

Through its Retail Banking Division, Bci covers the financing, financial services, and investment needs of individuals and micro, small, and medium-sized businesses, with personalized solutions and multi-channel service.

LThe personal banking products offered by the Retail Banking Division include consumer and mortgage loans, checking accounts, credit cards, insurance, and investment. For entrepreneurs and small and medium-sized enterprises (SMEs), the division offers, in addition to all of the above products, financing products (commercial loans, bank guarantees, leasing, factoring, and other services), payment and foreign trade services, and targeted support for different stages of business development, to help give our small business customers more direct access to the entrepreneurial ecosystem (people, organizations, and factors that increase the probability of success).

Personal Banking

As the digital transformation unfolds, Bci is moving away from a segment-based service model to one centered on people, using a holistic approach.

2018 Highlights

- **Startup of the issue and operation of the Lider Bci MasterCard**, and the origination of Advances, Super Advances, personal insurance, and other products as part of our strategic partnership with Walmart Chile and the acquisition of the related financial services entities.
- **Innovation in payment means, with MACH**, a free app for person-to-person transfers, which allows people to make safe, commission-free payments in under 15 seconds. Users can also activate a virtual prepaid card that can be used for international purchases, including from companies like Netflix, Spotify, and Ali Express.
- **Digitalization of the mortgage loan process.** Bci was the first bank in Chile to give customers the option of taking out a mortgage loan without having to contact their account manager or go into their local branch.
- **Significant growth of online and app-based investment**, driven by new functionalities such as a simulator that shows returns and maturity options even when the funds are not available in the customer's account. In the year, 70% of new time deposits in the Retail Banking Division were made through digital channels.
- **Launch of BciPass**, a simple, fast, and safe transaction authentication system for online and mobile banking.
- **New credit card services and functionalities**, including online activation and deactivation, purchase notifications in real time, the option of quoting national and international debt, and new OpenSky credit cards.
- **Use of speech analytics** to analyze customer calls, in order to generate better solutions and detect incidents early.
- **Changes in the technological platform that receives calls to the contact center,** to tailor responses to the customer's viewpoint and thus significantly improve customer experience and satisfaction.
- **50% increase in the sale of checking account plans through digital channels** (including overdraft lines of credit and credit cards). At year-end 2018, digital sales accounted for 25% of total plan sales.

Acquisition of Walmart Chile's Financial Business

On 5 December 2018, the business partnership between Bci and Walmart went into effect, following approval by the Superintendence of Banks and Financial Institutions and the National Economic Prosecutor's Office. Under the partnership, Bci acquired 100% of the entities that comprise Walmart's financial business in Chile, where Walmart is the largest supermarket operator in the country.

Servicios Financieros, the name given to the set of five companies, continues selling the products and services previously offered by Walmart Chile, including the issue and operation of the new Lider Bci MasterCard, the origination of Advances and Super Advances, and personal insurance. This business is founded on a long-term cooperation agreement between Bci and Walmart, aimed at ensuring collaboration between the two companies in order to provide the best benefits and conditions for their customers, who, in addition to maintaining the same terms and conditions on their products, will benefit from best practices in customer experience, the digital transformation, and innovation that Bci has incorporated into its business management practices.

The acquisition will allow Bci to reach 1.7 million credit card customers, almost doubling the Bank's market share.

Absorption of Bci Nova and Bci Mype in Bci

To extend the benefits of digital transformation, Bci announced the absorption of Bci Nova and Bci Mype with the parent company in November 2018. Starting in March 2019, the customers of these two service models can access the full range of products and services offered by Bci, as well as the full network of bank branches in the country and the best digital channels and self-service platforms in the market.

Omnichannel Experience

Website and Apps

10 million visits a month

Digital channels:

70%
of time deposits

53%
of consumer loan operations

75%
of the total amount of credit card advances

60%
of commercial loan operations

70%
of factoring operations

43%
of mortgage loans

60%
of working capital financing operations

Digital users*

82%
of Bci Personal Banking customers *(in Bci Business Banking: 60.3%)*

(*) On average, digital users log in to Bci via the website or apps every two days

Telecanal

Round-the-clock service (24/7 x 365)

Chat (communication in real time)

Chatbot (computer program with artificial intelligence)

Telephone service

ATMs

1,131
automatic teller machines
(59 of which are accessible Bci ATMs)

Points of Contact

273
branches (72 of which are accessible Bci branches)

41
commercial platforms

1
long-distance service center (in Antarctica)

In 2018, one of the developments aimed at improving our customers' experience was the introduction of the BciPass application to replace the physical security token for authenticating transfers. The app allows Personal Banking customers to authorize transactions online or from their phone, as well as to increase the limit on first-time transfers and to make transfers without creating a new contact. At year-end 2018, nearly 200,000 customers were using BciPass, and customer satisfaction (Snex) was 85%.

Business Banking

With the Ecosystem Plan, Bci moved toward its goal of setting the industry standard for promoting the growth of entrepreneurs and microbusinesses, providing the best experience in interaction with the business environment

2018 Highlights

- **Strategic partnerships with Endeavor Chile, Escritorio Empresa, and Sercotec.**
- **Launch of Bci Conecta, a website providing access to information on the Bank's program benefits and partnerships.**
- **Launch of the Ecosystem Plan at an EmprenDate event.**

Partnerships

StartUp Chile
Created by the Chilean government in 2010, the program is now the leading business accelerator in Latin America and has the largest, most diverse startup community in the world.

Bci signed a partnership with StartUp Chile in 2017, which has been especially important for the Bci Nace program. Bci has contributed to the awards ceremonies at StartUp Chile events, the welcome packs given to the program's new entering classes, and, in 2018, the remodeling of a coworking space at StartUp Chile.

Small Business Platform
Developed by CORFO, Escritorio Empresa is a website run by the Ministry of the Economy, where small business owners can do all the bureaucratic procedures associated with running a business, from startup through operation.

Bci joined this platform in April 2018, with the Bci Nace program.

Endeavor
Endeavor is a nonprofit organization present in 32 countries, which promotes the emergence and development of new entrepreneurs in developing markets.

Bci's partnership with Endeavor, established in May 2018, is focused on customers in the business segment, who, under the framework of the agreement, participate in Endeavor Talks, Endeavor Experience, and the Endeavor Investor Network.

In conjunction with Endeavor, Bci held a monthly event entitled "Entrepreneurship Wednesdays" starting in June, as part of the Digital EmprenDate Show program.

SME UC
This initiative of the Catholic University of Chile supports the competitiveness of SMEs, by strengthening the management capabilities of entrepreneurs.

The partnership with Bci entered its eleventh year in 2018. The benefits for the Bank's customers include a discount on the different training programs, a free business self-diagnosis (over 400 customers have taken part), webinars, and classes available on the Bci Conecta website.

Women Entrepreneurs
Founded in 2001, Mujeres Empresarias supports women entrepreneurs through a network of contacts in the economic and business world. The organization has over 3,000 members.

Bci supports the organization through the Young Entrepreneur Award.

Sercotec
The Technical Cooperation Service is a corporation under the Ministry of Economy, Development, and Tourism, dedicated to helping entrepreneurs and microbusinesses increase the value of their business.

As part of this partnership, Bci provides a comprehensive differentiated value proposal to businesses in the SERCOTEC network.

Bci Initiatives

Bci Nace Program
Through this initiative, Bci supports entrepreneurs who are starting up their business (with 18 months or less in business and potential annual sales of over UF 2,400). In 2016, the program was recognized by Fortune Magazine as one of the 50 ideas that are changing the world and one of the best entrepreneurial support program in the world.

Bci actively supports customers' ideas in this program, with specialized consulting services and integration in the entrepreneurial ecosystem.

www.bci.cl/empresarios/experiencia/nace

2018 Statistics

+14,600
entrepreneurs supported

3,295
customers in the program

80%
survival rate in the last five years

91%
satisfaction (customer experience)

Social Store
Social Store was the first digital storefront on Bci's Facebook page. It was created in 2016 to support the marketing of entrepreneurs by publicizing their projects in the digital world, especially on social media.

www.bci.cl/social-store

2018 Statistics

1.029

businesses on the storefront (36 microbusinesses)

1,690,000

people connected each month

Bci Labs
Bci Labs is the Bank's innovation accelerator. It works as an internal partner that discovers, connects, and integrates solutions from the fintech ecosystem with the our customers' needs

www.bcilabs.cl

2018 Statistics

2

hackathones

Bci Conecta
Launched in August 2018, Bci Conecta is a website where business customers can get access to training, learn about exclusive benefits and discounts for businesses that use the Bci means of payment, and get information on partnerships and events

www.bci.cl/empresarios/conecta

2018 Statistics

6,000

visits in the first four months of operation

EmprenDate Show
A talk show aired on the Bci social media accounts. In each episode, host Elena Dressel interviews successful entrepreneurs from the Endeavor Network and the Bci Social Store

www.bci.cl/empresarios/emprendate-show

2018 Statistics

10 episodes recorded in the year

+390,000

views per episode (monthly average)

26 businesses interviewed

Transparency

Bci strengthened its financial education platforms to promote transparency and trust, which are key values in the Bank's sustainability and customer experience strategies

ConLetraGrande
Bci launched the blog ConLetraGrande (In Large Print) in 2015. A new methodology was applied last year, offering content based on people's specific interests. The current design of the blog addresses the needs of eight different use profiles and is organized around the reasons for searching for financial information (relief, stability, living, dreams, my business). The blog added a multimedia library so that people can choose a format for viewing content: videos, slideshows, infographics, webinars, eBooks, or spreadsheets. Users can sign up to receive email notifications of blog updates in real time, weekly, or monthly.

www.conletragrande.cl

REACH IN 2018
(as of December)

743,463

Unique users (when an individual connects with the site directly or through Google).

- 11,079 Contacts (blog subscribers)
- 62,000 Average monthly visits
- 2,040 Average daily visits

#MePeino
con la educación financiera
During Financial Education Month (October), the Bank implemented a social media campaign to boost the number of subscribers to the ConLetraGrande blog. Using the hashtag #MePeino (a reference to the expression "me peino," meaning that something comes easily to the speaker), the campaign published content on the most-searched financial issues on the Internet: fraud protection, financial stability, budgeting, saving, questions about financial products, and insurance.

On the five Tuesdays in October, the campaign participated in GameShow—a program aired live on the Bci social media accounts—giving out prizes for financial education games. In addition, digital influencers published stories about their learning experiences on their profiles.

ACHIEVEMENTS

- Number of ConLetraGrande blog subscribers doubled during the campaign.
- 510 new fans on the fan page.

Sessions increased from 36,474 to

193,736

Financial Education Website
In June 2018, Bci activated a financial education website entitled Yo me educo, designed to provide financial literacy training to registered businesses and their employees. The content is organized around four topics: Responsible debt, Consumption, Credit cards, and Mortgages.

REACH IN 2018
(as of December)

133

Registered businesses

- 66 of these businesses have already begun using the website.

Financial Education Workshops
For its business customers, Bci offers workshops led by Bank employees.

REACH IN 2018

149

in-person workshops

Financial Inclusion

In 2018, Bci continued working to create close relationships with the Pedro Aguirre Cerda community, learning about their needs, interests, and priorities in order to offer the community the best customer experience.

Last year, Bci held four round table sessions at its Pedro Aguirre Cerda (PAC) branch (located in the Pedro Aguirre Cerda community of Santiago). The meetings were attended by 80 representatives of neighborhood groups, community organizations, the local micro-business association, open air market groups, and foundations, who gave the Bank feedback on its financial literacy workshops held at schools in the community and helped plan and organize the PAC entrepreneur event (Emprende PAC).

Emprende PAC
This event, held in June 2018, sought to strengthen entrepreneurship in the community. Around 330 people attended talks by successful entrepreneurs and interacted with organizations to learn about support programs. General satisfaction with the event was rated 6.7, on a scale from 1 to 7.

Twelve financial literacy workshops were held at the PAC branch in 2018, bringing the total number of workshops held at the branch to 22. Over 450 people participated, mostly open air market sellers, taxi drivers, and students from local schools. The workshops received a general satisfaction score of 6.7, with a 17% improvement in the score for comprehension of the material and 13% for Bci's approachability, relative to the previous year.

Accessible Bci
In 2018 Bci continued to develop its service model for people with impaired vision, hearing, or mobility. In particular, there was a significant increase in the number of accessible ATMs, from 13 machines in 2017 to 59 in 2018.

2018 STATISTICS

72
Accessible Bci branches

59
Accessible ATMs

100%
of branches have kits available for the visually impairedl

100%
Accessible web and mobile services

Accessible branches have a system for acknowledging and serving customers with disabilities.

2.2

Wholesale Banking

The Wholesale and Investment Banking Division of Bci serves the needs of corporations, businesses, and high-net-worth families, providing comprehensive solutions and competitive, differentiated value proposals, focused on the business success of our customers.

Bci's Wholesale and Investment Banking Division aspires to be our customers' primary bank, based on agile, personalized management and long-term business relationships. This division comprises the Business Banking, Large Business and Real Estate Banking, Corporate Banking, and Private Banking segments, as well as the Strategy Division. It has four specialized business areas: Transactional Banking, Bci Financial Consulting, Factoring, and Leasing. This structure prioritizes comprehensive customer relationships and collaborative shared practices in all segments of each industrial sector, so as to efficiently address the business ecosystem as a whole.

2018 Highlights

- **Launch of 360 Connect**, the new website for businesses and business groups, which promises to be an important financial management tool for our customers.
- **Increasing adoption of digital solutions**, as reflected in the fact that our Business Banking customers are already buying and selling foreign currency exclusively via the Internet and 69% of factoring operations in this segment were submitted online.
- **Innovation in multibank debit service**: registration of automatic account payment orders, using a digital fingerprint. Bci was the first bank in Chile to implement this model.
- **Consolidation of leadership position in the factoring market** and one of the top three in leasing, through fast, safe digital services.
- **Financing of one of the biggest infrastructure projects** in the concessions system (Américo Vespucio Oriente 1). Bci acted as the lead arranger for a total of UF 22.2 million.
- **Bci Private Banking celebrated 10 years** in operation.

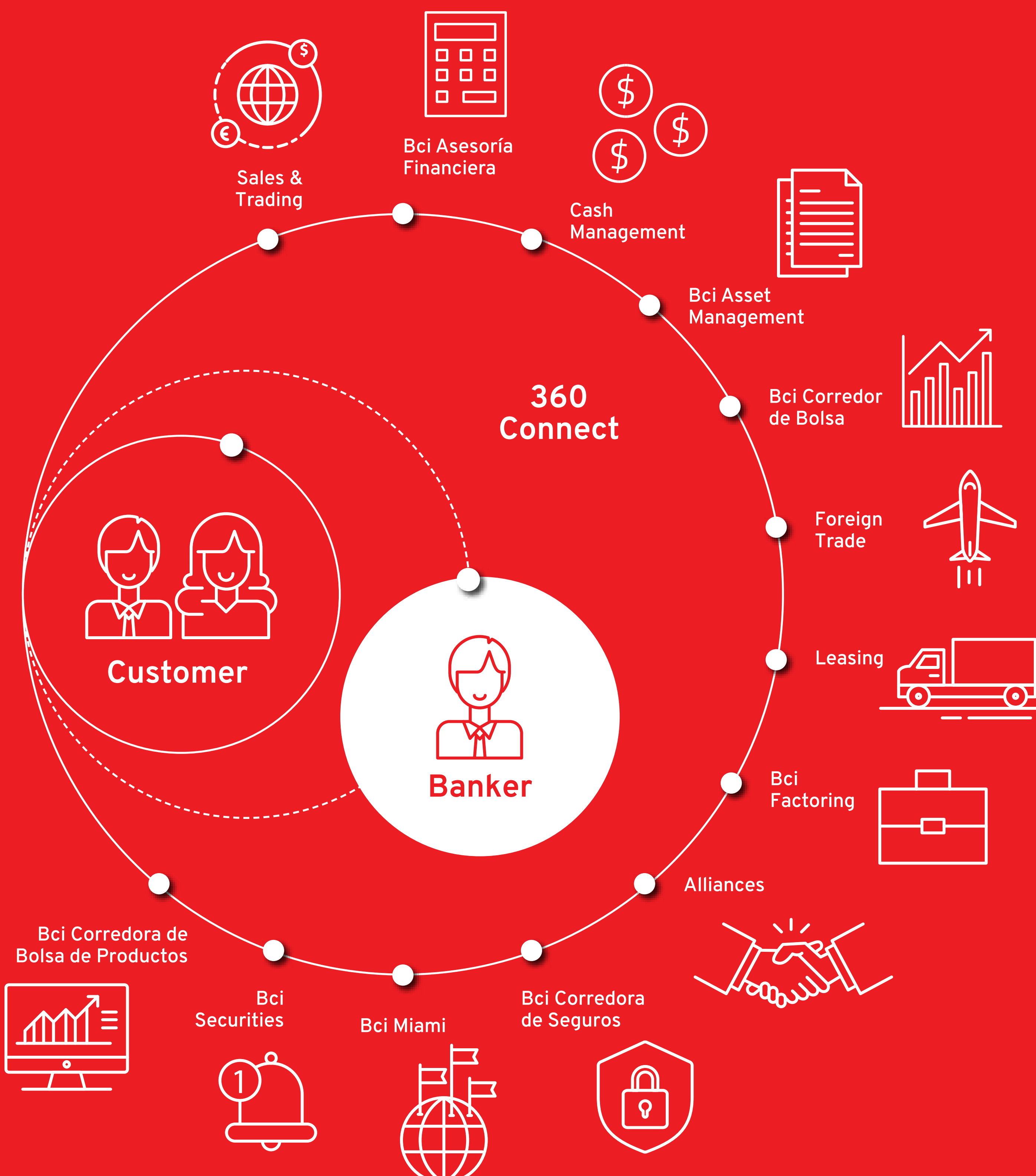
Close Customer and Community Relationships

Bci organized a wide range of activities to promote customer and community relationships in 2018, including the following:

- **Free concerts by pianist Roberto Bravo** in Santiago, Antofagasta, Rancagua, Talca, Concepción, and Puerto Montt, between May and November 2018;
- The **Bci Day** annual retreat was held at Laguna San Rafael, in the Aysén region, and included a combination of workshops—based around talks on the strategic challenges of digital transformation, the adaptive capacity of businesses, and the economy—and team-building activities; and
- **IX Annual Conference, "Artificial Intelligence and New Business Models,"** which was attended by over 500 guests and featured presentations by the Minister Secretary-General of the Presidency, Gonzalo Blumel, and World Economic Forum Economist, Xavier Sala-i-Martin, who discussed competitiveness in the digital transformation era and the impact of artificial intelligence on the economy.

Service Model

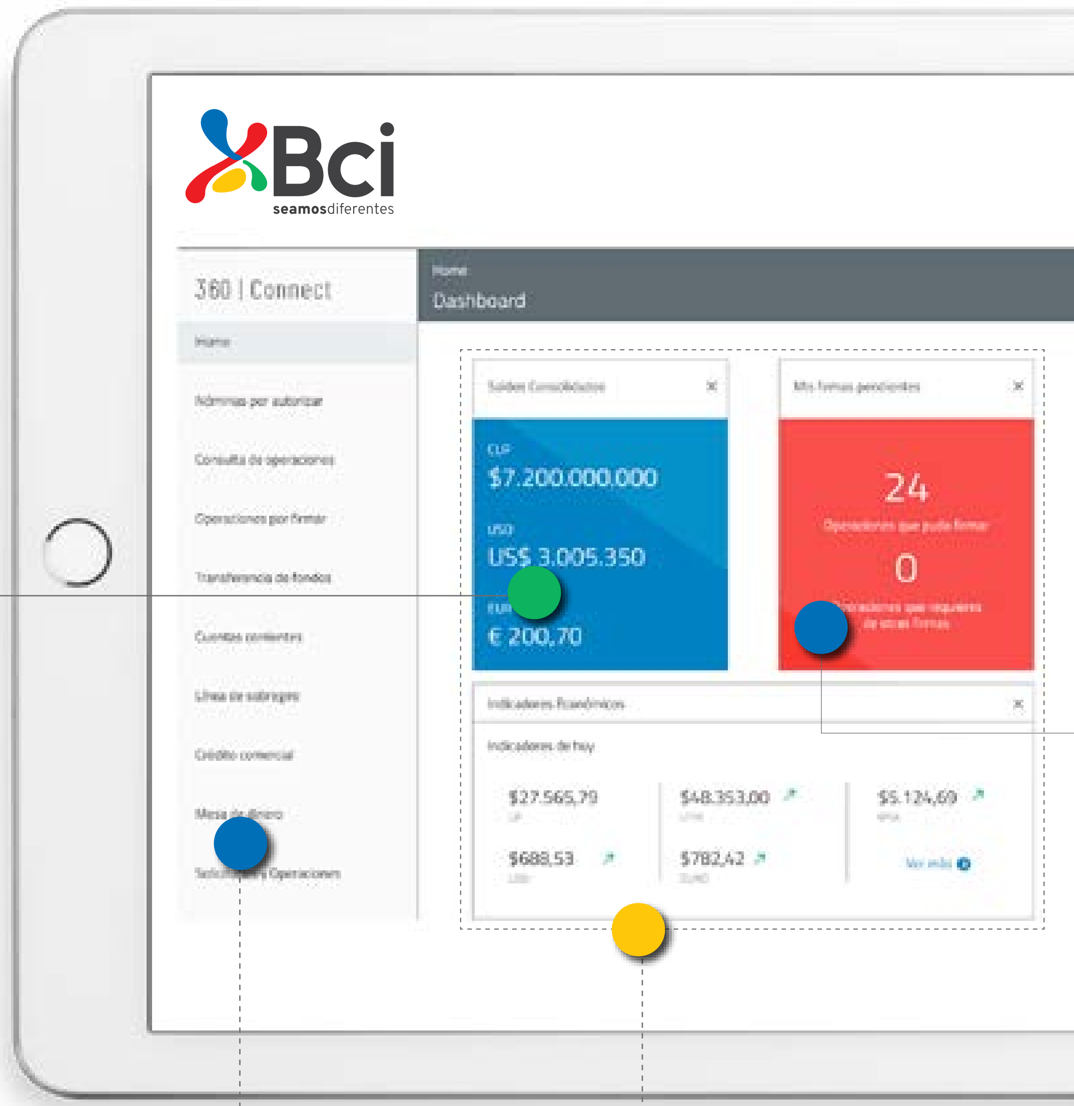
The Wholesale and Investment Banking service model seeks to establish long-term customer relationships through account management and expert consulting by bankers who integrate the features of the different services and products offered by the Bank, so as to offer comprehensive, efficient solutions.



360 Connect

This new website for Wholesale and Investment Banking customers provides an agile, secure, intuitive, and flexible platform for payment operations, collections, investment, and financing, as well as general queries and account management.

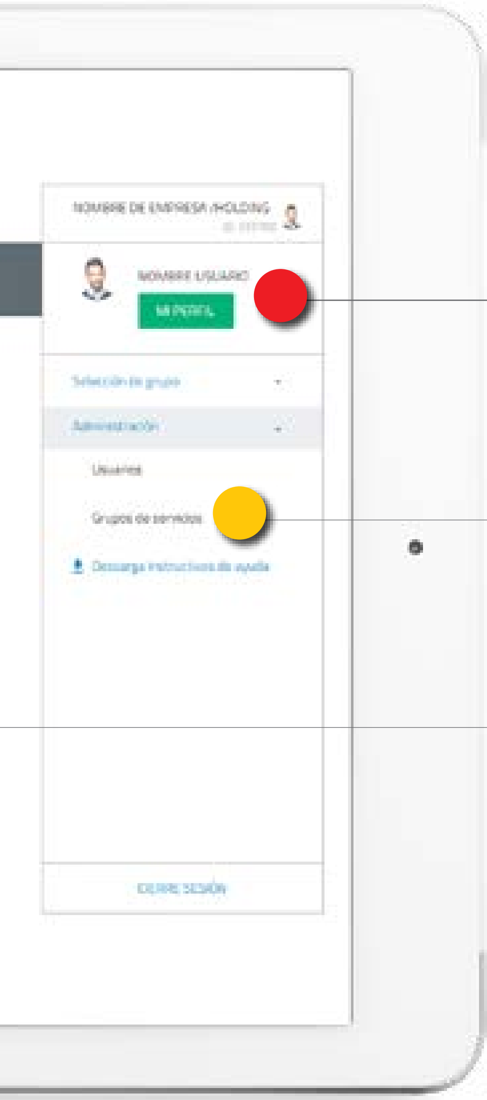
Consolidated multi-currency account balances:
Shows the sum of all the company's or holding group's account balances.



Menu based on customer needs:
To simplify navigation, the site offers general options based on the user's most common actions.

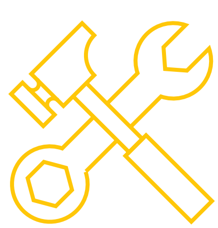
Multi-company management: :
Offers a consolidated view of the group or holding company.

Simple administration module:
Provides and easy-to-use mechanism for configuring users and their access to services.



Authorization module:
Shows pending authorizations by the user and other representatives of the company or group, to facilitate monitoring and managing payments and other important documents.

Customizable control panel:
The site has widgets for a range of tools, and each user can choose which functions to include on the control panel.



2018 Business highlights

November 2018

Américo Vespucio Oriente 1
Project finance
UF 22,200,000

Wholesale & Investment Banking

Financial Advisor & Mandated Lead Arranger

November 2018

Ripley
Awarded the tender for banking services
UF 1,500,000

Wholesale & Investment Banking

Financial Advisor & Sole Arranger

November 2018

Besalco
US$ *Interest rate swap*
US$ 60,349,353

Wholesale & Investment Banking

Hedge Provider

October 2018

Teck
Issue of SBLC to guarantee energy contract
US$ 75,000,000

Wholesale & Investment Banking

Sole Arranger

August 2018

Aquachile
Acquisition financing
US$ 40,000,000

Wholesale & Investment Banking

Financial Advisor & Sole Arranger

July 2018

Duqueco
Acquisition financing
US$ 130,000,000

Wholesale & Investment Banking

Financial Advisor & Joint Lead Arranger

July 2018

Enap

Tender for financial services and sale/purchase of foreign currency

Wholesale & Investment Banking

June 2018

Parque La Colina
Financing via Bci Miami of Parque Arauco's asset in Colombia
US$ 98,000,000

Wholesale & Investment Banking

Sole Arranger

May 2018

Salmones Aysén
USD/JPY forward operation

US$ 60,000,000

Wholesale & Investment Banking

Hedge Provider

May 2018

VTR
Syndicated loan
US$ 275,000,000

Wholesale & Investment Banking

Joint Lead Arranger

May 2018

Arica Port Terminal
New long-term corporate financing
US$ 25,000,000

Wholesale & Investment Banking

Financial Advisor & Mandated Lead Arranger

May 2018

Cencosud
Corporate financing
$60,000,000

Wholesale & Investment Banking

Financial Advisor & Mandated Lead Arranger

May 2018

AD Retail
CLP/UF cross-currency swap
UF 1,000,000

Wholesale & Investment Banking

Hedge Provider

April 2018

EuroAmerica
Bond hedge via swap
US$ 250,000,000

Wholesale & Investment Banking

Hedge Provider

March 2018

CH Los Hierros
Project finance
US$ 57,641,933

Wholesale & Investment Banking

Financial Advisor & Mandated Lead Arranger

February 2018

Champagne Valdivieso
Syndicated loan
$ 20,000,000,000

Wholesale & Investment Banking

Financial Advisor & Mandated Lead Arranger

January - March 2018

Enel
arbitrage and spot operations (LatAm currencies)
US$ 1,400,000,000

Wholesale & Investment Banking

Hedge Provider

2018

Antofagasta Hospital
Club *deal*
UF 1,119,590

Wholesale & Investment Banking

Joint Lead Arranger

2018

Empresas Socovesa
CLP/UF cross-currency swap
UF 2,667,783

Wholesale & Investment Banking

Hedge Provider

2018

Sencorp
CLP/UF cross-currency swap
UF 2,959,837

Wholesale & Investment Banking

Hedge Provider

2.3

Finance Division

The Finance Division supports the Bank's strategic plan by obtaining the best financing conditions for our customers; contributing to the optimization of the Bank's asset and liability portfolio; and providing consulting, risk coverage, and investment services.

The strategic objective of the Finance Division is to consolidate its position as a market leader, with regional risk coverage solutions for our customers. Additional goals include positioning Bci as a market leader in asset brokerage and investment management at the regional level and nurturing a culture of innovation, performance excellence, and teamwork.

The Finance Division comprises four areas. The **Treasury** area is in charge of financing the growth of Bci, through the issue of short- and long-term debt securities in the local and international markets, and managing the Bank's liquidity, balance sheet, and price, maturity, currency, and interest rate risks. The **Sales and Trading** area specializes in delivering financial solutions related to hedging currency, inflation, and interest rate risk, derivative instruments, structured investment and hedging products, and fixed-income securities trading. **Bci Research** is the unit in charge of forecasting the macroeconomic scenario and analyzing the most probable trend, the key risks, and their potential consequences for Bci; preparing internal and customer reports; and providing perspective on the external scenario and economic policy decisions, among other issues. Finally, **Bci Wealth Management,** which comprises the subsidiaries Bci Asset Management, Bci Corredor de Bolsa, and Bci Securities Inc., develops investment proposals tailored to out customers' needs and expectations.

2018 Highlights

Treasury

- Development of a plan for strengthening retail financing, especially through digital channels, which accounted for 70% of total deposit-taking operations in this segment.
- Successful national and international debt issue, with very competitive rates and a volume of over US$2.200 billion in the two markets.
- Excellent execution of the hedging strategy, especially macro-hedging for managing long-term interest rates, which contributed to maintaining low levels of interest rate and inflation risk on the balance sheet.
- Application of new technologies for managing and analyzing payment data and term mismatches, in accordance with Basel III requirements, which was instrumental in process improvement and the generation of efficiencies in all areas of the Treasury, in particular intraday liquidity management.
- Active participation in the transactions associated with Bci's acquisitions in the year, securing the necessary funds and managing the impact that this type of transaction has on interest rate and liquidity risk on the balance sheet.
- Data management and exploitation, incorporating a team with data and analytics experience in the Financial Innovation area.
- Expansion of the product line, increasing the efficiency of front-to-end processes based on the principles of agile development methodology, pilots, and multidisciplinary teams, which is an increasingly important source of customer satisfaction and new income for the Bank.

Sales and Trading

- 27% annual growth in volume traded in Retail Banking segments.
- Significant increase in web-based foreign currency and derivatives transactions. In 2018 there were 64,000 buy/sell transactions of foreign currency via the web (up 16% from 2017).
- Strong approval rating of the services offered, as reflected in measures of customer satisfaction.

Bci Research

- Substantial press coverage in the year, including interviews with Bci's chief economist and citations of the unit's reports, which demonstrates the quality of the analysis and economic assessment and also contributes to the national debate on economic issues that are important for development.
- Development of a new series of sectoral economic reports that will be published regularly, and strengthening of the quarterly report, Economía Chilena
-

Bci Wealth Management

- Bci Asset Management and Bci Corredora de Bolsa maintained their strong market positions, generating innovative solutions for their customers and increasing their international capacity through Bci Securities, in the United States.


1
2
3
4
5
6
7

Subsidiaries

1. **Jerónimo Ryckeboer Rovaletti**
   Chief Executive Officer
   Servicios de Normalización y Cobranza Normaliza S.A.

2. **Víctor Aguilar Zaforas**
   Chief Executive Officer
   Bci Factoring S.A.

3. **Eric Recart Balze**
   Chief Executive Officer
   Bci Corredores de Seguros S.A.

4. **Patricio Romero Leiva**
   Chief Executive Officer
   Bci Asset Management Administradora de Fondos S.A.

5. **Jorge González Echazabal**
   Chief Executive Officer
   City National Bank of Florida

6. **Tomás Flanagan Margozzini**
   Chief Executive Officer
   Bci Corredor de Bolsa S.A.

7. **Francisco García Pinochet**
   Chief Executive Officer
   Bci Corredora Bolsa de Productos S.A.

2.4

Subsidiaries

In 2018, the Bci subsidiaries consolidated their strong positions in their respective markets, acting in line with the Bank's transformation and internationalization objectives and providing comprehensive customer service.

2018 Highlights

Bci Asset Management Administradora General de Fondos S.A.

- **Capital growth** to nearly US$9.6 trillion in assets under management.
- **Consolidation as the third-largest mutual fund manager** in Chile, with average equity growth near 10% in the year and a market share of over 13%.
- **Placement of funds that strengthen international presence** (alternative asset funds in Peru and the United States).
- **Approval of its own investment company with variable capital (SICAV)** in the jurisdiction of Luxembourg.
- **Consolidation of position** in the retail, institutional, corporate, and private banking segments in Chile, with strong equity growth and customer satisfaction.
- **Celebration of 30 years** in business.

Bci Corredor de Bolsa S.A.

- **Best Stock Broker in Chile 2017**, awarded by the Global Banking & Finance Review in March 2018.
- **Organization of 12 investment meetings**, where the CEOs and CFOs of the main issuers in the country presented their investment returns and plans to Bci clients; and four field visits to learn about the issuers' operations.
- **Launch of the Bci Quant model**, aimed at institutional and qualified investors.
- **Full implementation of an arbitrage robot** for the Financial Innovation and Markets Desk.
- **Agreements signed with Banorte Financial Group, in Mexico, y Allaria, Ledesma & Cía., in Argentina**, which will allow local and international clients to take advantage of opportunities in those markets.

Bci Corredores de Seguros S.A.

- **27% increase in car insurance sales** since 2017, through the development of new sales channels.
- **Enhancement of the remote service platform** Aló Seguros (Hello Insurance), with improvements in after-sales support, process automation, and other initiatives to optimize customer experience.
- **Increase in market share** of Bancaseguros, positioning Bci Corredores de Seguros S.A. as the second-largest in the industry.

Normaliza S.A., Adjustment and Collection Services

- **Intensive use of digital channels.** 60% direct contacts and 40% of commitments in 2018 were through the automated call center (phone bot) and landing page. Chat, WhatsApp, and email channels were also strengthened.
- **Incorporation of speech analytics technology and changes in the service model** doubled the average number of direct contacts generated per negotiator in the branches, and 100% of telephone conversations were taped (which contributes to identifying needs and opportunities for improvement).
- **Over 20% increase in agent productivity** (capital under management / personnel), due to ongoing improvement in collections CRM, the incorporation of new digital channels, and optimization of the productivity of traditional channels.

2018 Highlights

Bci Asesoría Financiera S.A.

- **Bci Asesoría Financiera acted as financial advisor and lead arranger of the financing for the road concession Américo Vespucio Oriente 1 for UF 22.2 million**, one of the largest infrastructure projects in the concession system in the country.

Bci Securitizadora S.A.

- **Completion of the total payment of two securitized bonds**, corresponding to asset pools N°26 and N°30, respectively.

Bci Corredora de Bolsa de Productos S.A.

- **First place in volume traded,** with a market share of approximately 30%.
- **Sustained increase in qualified investor clients** (local family offices or private banking clients of Bci).
- **First place in the Top Buyers category for the third consecutive year (2016, 2017, and 2018) and largest number of debtors traded in 2017 and 2018, awarded by the Chilean receivables exchange**, which awards the top brokers in terms of amount traded and diversification of debtors.

Bci Factoring S.A.

- **Increase in activity** over 2017, driven by digital factoring and the consolidation of the product e-Confirming, through new agreements that support the development of the potential and ecosystem of the main debtors.
- **Innovative value offer and high-quality customer service** have contributed to consolidating the company's market position.

	Annual income		Share of Bci's consolidated income	
Company	**31 Dec 18**	**31 Dec 17**	**31 Dec 18**	**31 Dec 17**
	Ch$ billion	**Ch$ billion**	**%**	**%**
BCI Asesoría Financiera S.A.	4.285	810	1.08%	0.22%
BCI Asset Management Administradora General de Fondos S.A.	28.391	29.224	7.17%	7.87%
BCI Corredor de Bolsa S.A.	8.473	7.446	2.14%	2.00%
BCI Corredores de Seguros S.A.	44.117	33.810	11.14%	9.10%
BCI Factoring S.A.	18.086	18.308	4.57%	4.93%
BCI Securitizadora S.A.	237	343	0.06%	0.09%
Servicio de Normalización y Cobranza, Normaliza S.A.	841	-104	0.21%	-0.03%
Banco de Crédito e Inversiones Sucursal Miami	11.958	6.128	3.02%	1.65%
BCI Financial Group, Inc. and Subsidiaries	69.368	27.802	17.52%	7.49%
BCI Securities Inc.	-1.468	-1.369	-0.37%	-0.37%
BCI Corredores de Bolsa de Productos S.A.	186	100	0.05%	0.03%
Servicios y Administración de Créditos Comerciales Lider S.A.	4.086	- -	1.03%	0.00%
Operadora de Tarjetas Lider Servicios Financieros Limitada	-1.319	- -	-0.33%	0.00%
Lider Corredor de Seguros y Gestión Financiera Limitada	1.231	- -	0.31%	0.00%
Sociedad de Servicios de Comercialización y Apoyo Financiero y de Gestión Presto Limitada	-2.985	- -	-0.75%	0.00%
Servicios y Cobranza Limitada	-489	- -	-0.12%	0.00%
Subsidiaries' income (total)	**184.998**	**122.498**	**46.73%**	**32.98%**
Bci's income	**395.847**	**371.425**		

2.5

International Platform

Bci offers global coverage, with a presence in seven countries and affiliation with the main correspondent banks, so to meet our customers' international needs, through an extensive supply of products and services.

In 2018, Bci consolidated its position in the United States, the world's primary financial market, on becoming the largest Latin American bank in Florida and the third-largest local bank in the state, in terms of deposits.

As a result of the strong organic growth of its subsidiaries in the United States, together with the acquisition of TotalBank by CNB, 28.5% of Bci's assets are overseas in 2018, up from 21.8% in 2017.

This platform allows Bci to continue consolidating its position overseas. Internationalization is one of our main focal points, with the following objectives:

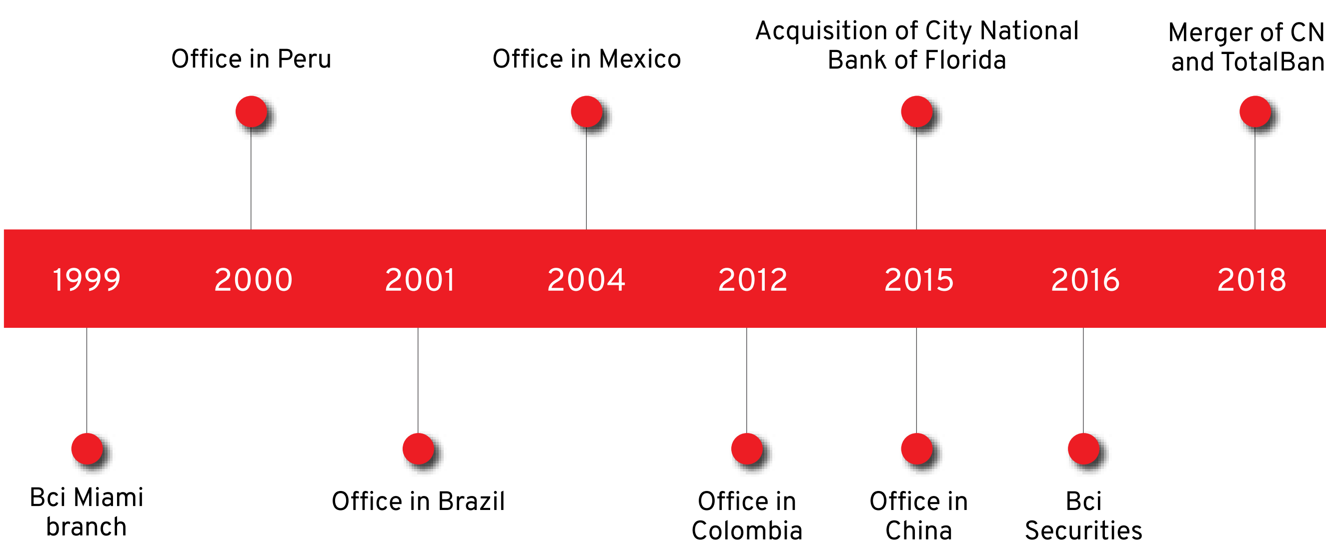
- To support our personal and business banking customers in their regional expansion, through a solid platform of products and services;
- •To diversify operations geographically into high-growth markets, exporting the Bci service model; and
- To consolidate and maximize the profitability of the international business platform, with a focus on Florida.

Bci's internationalization process, which started with the installation of the Bci Miami branch, will be 20 years old in 2019.

Since 2016, Bci's growth strategy, especially in the United States, the Andean region, and Asia-Pacific, is headed by the Corporate and International Development Division. The main objectives are as follows:

- To strengthen Bci's businesses, through its representative offices, the Bci Miami branch, Bci Securities, and City National Bank of Florida, sharing best practices and contributing to the implementation of strategic initiatives;
- To execute acquisitions, partnerships, and the development of new business that harmonize with the corporate strategy, both overseas and in the local market, and to support the integration of opportunities that come to fruition;
- To continue developing a regional platform, so as to support our Chilean clients in their international operations and serve local and multi-Latina companies that operate in countries where the Bank is present; and
- To identify disruptive technologies and new business models overseas that could be adopted in Bci so as to contribute to the Bank's development and strengthen the value proposal.

Bci Internationalization Highlights



City National Bank of Florida

CNB became one of the top three banks in Florida, thanks to organic growth and the successful merger of TotalBank.

2018 Highlights

- Closing on the acquisition of TotalBank, after approval by the regulators in the United States and Chile, for US$528.1 million.
- Creation of the Wealth Management and Trust business unit in July.
- Launch of the Digital Transformation Program.
- 60% growth in normalized net income, relative to 2017.

At a Glance

Founded
1946

Acquired by Bci in
2015

Headquartered in
Miami

794
Employees

31
Branches

43
ATMs

Total Assets

US$ 14.326 billion

+41%
Annual growth

Net Loans

US$ 10.110 billion

+43%
Annual growth

Key Statistics

(US$ million on 31 December of each year)

	2014	2015	2016	2017	2018
Total assets	5,353	6,478	8,257	10,169	14,326
Net loans	3,311	4,041	5,325	7,062	10,110
Deposits	4,159	4,483	5,580	7,822	11,287
Tangible equity	761	845	908	982	1,459
Net income	43	47 [1]	70	91 [2]	146 [3]

[1] Net income in 2015 normalized to reflect income for the full year (12 months) and not just income generated after the takeover (in mid-October 2015), which would be US$10.4 million
[2] Normalized net income in 2017 (does not include the effect of the U.S. tax reform). When the reform is taken into account, accounting net income is US$52.3 million.
[3] Normalized net income in 2018. When the TotalBank acquisition is taken into account, accounting net income is US$95.8 million.

The acquisition of **City National Bank of Florida** in 2015 was a high point in Bci's internationalization strategy. The Bank chose the state of Florida because it is an important hub for business between the United States and Latin America, with a GDP three times that of Chile, as well as higher growth and lower risk.

The acquisition of TotalBank by CNB will strengthen Bci's internationalization strategy by deepening its presence in the United States. As a result of the merger, this subsidiary is now one of the 100 largest banks in a country with over 4,800 financial institutions. This platform will allow CNB to develop a strategy aimed at becoming the main supplier of financial services for Latin Americans operating in the United States.

At year-end 2018, the investment in CNB represented 24.0% of Bci's consolidated assets. This subsidiary contributed 17.5% of final earnings and 24.2% of total loans in the year.

In 2018, CNB loans grew US$3.048 billion, or 43.16% relative to 2017, reaching a total of US$10.110 billion. The TotalBank acquisition accounted for US$1.880 billion of that growth. At the same time, CNB deposits grew US$3.465 billion, or 44.31% relative to 2017, reaching a total of US$11.287 billion. The TotalBank acquisition accounted for US$1.662 billion or 48% of the increase. This demonstrates that a significant share of annual growth was generated organically.

TotalBank Merger

CNB finalized the acquisition of TotalBank on 15 June 2018, seven months after the agreement was signed with Santander, on 30 November 2017, and following approval by the regulators in the United States and Chile. This acquisition consolidated CNB's position as the third-largest bank in Florida, with assets of US$14.100 billion.

TotalBank added US$3.000 billion in assets, US$2.100 billion in loans, and US$2.000 billion in deposits to City National Bank of Florida's balance sheet. This merger presents opportunities for synergies (in terms of both income and costs), mainly because the two banks operate in the same geographical region, they have similar systems, and there are product crossover opportunities.

Bci and CNB worked together to ensure that the necessary resources were available to successfully plan and execute the transaction and subsequent merger of the two systems. This approach ensured that CNB's key assets were not affected during the acquisition process.

The TotalBank merger went smoothly and according to plan: the two systems were integrated and personnel adjustments were finalized in July, and the physical service network was adjusted in October, with the closure of 12 branches.

Bci Miami

By providing a familiar culture for Latin American customers, Bci Miami has become the second-largest branch of a foreign bank in Florida.

2018 Highlights

- 24% growth of loans and 53% in total assets.
- Launch of a new mobile app, for customers in both the personal and business banking segments.
- Renovation of the technological infrastructure and cybersecurity.
- Launch of a new collateral-based lending product, backed by financial investments

Bci Miami was created to support the international expansion of Chilean and other Latin American clients. This branch offers a wide range of products and services for individuals and businesses, thus complementing the rest of the Bank's business platform in the United States (CNB and Bci Securities).

Using a customer-focused service model, Bci Miami serves and advises individuals and businesses, mainly from Chile, Peru, Colombia, Mexico, Brazil, and the United States.

Total Assets

US$ 3.746 billon

+53%
Annual growth

Net loans

US$ 1.858 billon

+24%
Annual growth

Key Statistics

(US$ billion on 31 December of each year)

	2015	2016	2017	2018
Total assets	2.094	2.007	2.445	3.746
Net loans	1.283	1.228	1.495	1.858
Deposits	1.286	1.375	1.437	1.587

At a Glance

Branch established by Bci in 1999

1999

73
employees

Bci Securities

Bci Securities strengthened its role as a conduit for the Corporation's wealth management solutions in the United States, with the signing of an agreement with CNB and its ongoing relationship with other Bci subsidiaries in Chile.

2018 Highlights

- Signing of a networking agreement with City National Bank of Florida, to refer customers from CNB to Bci Securities.
- Sub-clearing contract with Bci Corredora de Bolsa, to serve Chilean clients in Santiago.
- Regulatory approval (FINRA) to sell structured notes and write covered calls.
- Launch of a new collateral-based lending (CBL) product, in conjunction with Bci Miami, which allows customers to take out a loan using financial assets deposited at Bci Securities as collateral.
- Registration of Bci Securities in nine U.S. states and Puerto Rico, in addition to Florida, as part of the extension of service to CNB customers.
- Appointment of Andrew Barrett as CEO. Barrett has extensive experience with global banks.

Total Assets **US$ 5.3 million**

+111% Annual growth

Assets under Management (AUM) **US$ 451 million**

+149% Annual growth

Key Statistics

(US$ million on 31 December of each year)

	2016	2017	2018
Assets under management (AUM)	186	181	451
Income	0.107	0.9	1.4

At a Glance

Startup of operations

2016

- Founded in 2011
- Headquartered in Miami, Florida
- Main products: stocks, bonds, mutual funds, ETFs, options, structured notes, and margin accounts
- Main services: sales and trading, wealth and portfolio management, market analysis, periodic reports

In its second year of operation, Bci Securities deepened its relationship with other Bci subsidiaries and the global network, through agreements and joint operations.

In May 2018, Bci Securities and CNB signed a networking agreement, which gives Bci Securities a key role in the new CNB wealth management business unit, providing financial advising and brokerage services.

To facilitate the development of integral solutions in conjunction with Bci Asset Management (BAM), Bci Securities opened fund management accounts for BAM and contracted a service to transfer orders between the two companies automatically. Bci Securities also signed a contract with Bci Corredora de Bolsa, whereby Chilean clients of Bci Securities will be served directly by the brokerage firm in Santiago, as of January 2019.

The company also signed agreements with three issuers and one broker to sell structured notes; 16 contracts with other entities to increase its capacity to buy and sell fixed-income instruments; and networking agreements with asset managers, within an open architecture model for the distribution of mutual funds. At year-end 2018, Bci Securities could give its clients access to nearly 1,000 funds from 26 international asset managers.

Representative offices

Bci has five representative offices, located in Brazil, Mexico, Peru, Colombia, and China (Shanghai), which provide Bci customers the support they need to conduct foreign trade or investment in their chosen markets, as well as facilitating access for foreigners who are interested in investing or doing business in Chile.

Technological Observation in China

In September 2018, Bci's representative office in Shanghai organized a series of technological visits for Bci Board Members and executives in five cities in China (including Hong Kong). Highlights of the tour included learning about the country's experience with digital adoption, business models, and products that could be applicable in Chile.

This agency maintains regular contact with the main actors in the Chinese technological ecosystem, so as to incorporate new technology, when feasible, in Bci's product development plans.

China is one of the most active emerging countries in the digital world. The predominant payment systems in the country are digital applications, which are used by over 900,000 people.

Member of R3 Consortium

In November 2017, Bci became the first commercial bank in Chile to join R3, a company that leads a consortium of more than 100 banks interested in the development of blockchain technology for banking applications. In 2018, a group of employees participated in training workshops on Corda, R3's open-source distributed ledger platform, and the review of over 17 cases using Corda, developed by banks in the consortium. The series included face-to-face sessions in New York, as well as online courses.

In June, Bci took part in an operational test of the Know-Your-Customer (KYC) application, involving 40 international banks in eight different time zones. The test served to strengthen the Bank's internal capacity for producing and operating blockchain applications with other banks around the world.

Global network

Más de mil bancos corresponsales y acuerdos de cooperación potencian la capacidad de Bci de acompañar a sus clientes en sus negocios e inversiones en el exterior.

Cooperation Agreement with the Largest Bank in Japan

In September 2018, Bci signed a cooperation agreement with Mitsubishi Union Financial Group (MUFG), one of the largest financial groups in the world, with around 1,800 offices in 50 countries. The agreement connects the largest bank in Japan with a strategic partner in Chile, in order to extend services to clients that have business in the local market and, at the same time, to support Chilean clients that decide to enter the Japanese market.

The agreement also addresses the development of joint capacities in corporate banking business, currency and investment solutions, and the exchange of knowledge and best practices in management.

Cooperation Agreements
Effective December 31 2018

Country	Institutions	Objective
España	CaixaBank	To be the preferred counterparty in the destination country for referring business and clients from the country of origin.
Japón	Mitsubishi Union Financial Group MUFG	Mutual client referral, supply of financial services to of customers introduced by the counterparty, and technological cooperation.
Perú	Banco de Crédito del Perú	Mutual referral of customers that want to invest in the other country.
Estados Unidos	Wells Fargo Bank	Local provision of financial products and services to the counterparty's customers. This agreement is especially beneficial for customers that are entering the market and thus do not have a local credit or commercial history. The agreement allows credit decisions to be based on references from the sponsoring bank.
Italia	Intesa Sanpaolo	Support for the counterparty's customers in the bank's home country.
Costa Rica	Banco Internacional	Reciprocal foreign trade and investment promotion, acting as reference bank for companies in the home country.
Brasil	Bradesco	To be the preferred counterparty in the destination country for referring business and clients from the country of origin.
China	China Construction Bank	Promotion of foreign trade operations of Bci customers in China and facilitation of payments in renminbi and checking accounts in that currency. Additionally, for Bci clients that open offices in China, China Construction Bank will accept a standby letter of credit (SBLC) from Bci as a guarantee for opening lines of credit with the Chinese bank.

3 Employees

Bci aspires to be the best place to work and develop, maintaining its business culture while adopting new ways to work and organize.

9,451
Employees of Bci and subsidiaries in Chile

53% Women
47% Men
45% Millennials*
*people born between 1980 and 1993

1,758
employees of the Servicios Financieros subsidiary*
Incorporated in December 2018, following the acquisition of the business group

866
employees in the United States

794 City National Bank of Florida (CNB)
73 Bci Miami and Bci Securities

85%
General employee satisfaction

91%
Internal participation rate on the work climate survey

700
Employees in leadership training programs (Bci Leadership Academy)

35.2
Average hours of training per person

Ch$2.745 billion
annual investment in employee training

45,000
recognition notices posted online in the year

In 2018, Bci strengthened its employee value proposition (EVP) to attract and retain talent all across the Bank and in areas that are critical to the digital transformation, and aligned all programs and processes with the objectives of this strategic plan. Other important issues included the development of its leadership style and organizational culture and the decision to lead the banking industry in terms of diversity and inclusion.

At Bci, employee skills, knowledge, and performance are essential assets for mobilizing the company's results. It is therefore necessary to build a long-term commitment and offer an excellent work environment. Bci has taken up the challenge of strengthening its employer brand image to attract the best available talent in the region, through a renovated employee value proposition and flexible work schedules that facilitate the balance of work and family life.

The change in the corporate slogan to "Let's Be Different" (Seamos diferentes) reflects the decision to become a diverse company, encompassing a wide range of talent at the core of the Bank's operations, so as to better serve and understand our customers. Diversity, innovation, and the space to be creative in an environment of respect and collaboration are the pillars of the changes proposed by Bci in response to the digital transformation challenge.

As part of the business strategy, adjustments were made to the employ profile in 2018. At Bci, this profile orients the behaviors that we want to strengthen in all our employees, is one of the best representations our organizational culture, and is integral to the strategy, because it is based on the corporate values of Integrity, Respect, and Excellence and reinforces key attributes.

Employee Satisfaction

In 2018 the Bank carried out a new organizational climate assessment, which measures five dimensions, twice a year: general perception, innovation, performance agility, committed, ethical, transparent people, and customer-focused strategy. In 2018 measures were added for employee commitment to the Bank, teamwork, and leadership. The practices, policies, and processes associated with work-climate management are applied at three levels: the corporation, general management, and work teams, where the latter has the most weight. This year, 91% of Bci employees participated in the survey, which revealed a satisfaction level of 85%. A new omnichannel platform was developed for monitoring compliance with the action plans deriving from the work climate assessment and their impact on results.

Advances in Internationalization

The growth and transformation of Bci has amplified the employee exchange program with its international companies. Bci has continued pursuing the integration of the Bank's values in its subsidiaries in Florida (Bci Miami, Bci Securities, and City National Bank of Florida). In 2018 this extended to the TotalBank merger process, as well as all of Bci's business lines in the United States.

At least 10 Bci employees work at the overseas subsidiaries, either as expatriates or under a local contract, bringing knowledge and skills developed in Chile to those contexts. The most recent case is the appointment of a new Human Resources Manager at CNB, whose mission is to strengthen the cultural integration with Bci. In 2018, two new versions of the Leadership Academy were held, for the second-line managers of TotalBank and Bci Miami. Nearly 60 people have now gone through the Academy.

Bci Employee Profile

Attribute	Main focus
Acts like the owner	Team work
Gets the best out of people	Empowerment and delegation
Is committed to our customers	Agility
Achieves ambitious goals	Innovation

3.1

Employee Value Proposition

Talent Attraction and Development

Bci renovated its employee value proposition, with a focus on employees in **technological and digital positions**. The objective is to give the Bank the technical knowledge and critical work experience necessary to successfully implement its strategy, and to respond to advances in technology and new ways of working. Currently, the initiative is oriented to a segment of 400 employees and 90 positions that require over 200 skills. In 2018, the Bank reinforced its search for new talent through specialized websites, social networks, university talks, and advertisements at fairs and events attended by digital programmers.

Each year, 250 employees, on average, receive **scholarships** through the Bank's professional development programs, based on work performance. In 2018, Bci awarded 78 post-graduate scholarships and 266 scholarships for the continuation of undergraduate studies.

Internally, the Bank strengthened its **career mobility program**. On average, 15 open positions per week were filled by Bci employees, who can apply for positions online from anywhere in Chile.

1,800

new hires (internal mobility and external selection)

344

Scholarships for continuing and post-graduate studies

UF 42,000

Annual budget for undergraduate and post-graduate scholarships.

Work Flexibility

The innovations incorporated in this area in 2018 are the result of an employee survey process and the assessment of current market trends.

Flexible work schedules:
Existing flex plans were expanded to facilitate their use by a larger group of workers. In 2018, three pilot plans were launched:

- **Full flexible:** Work from anywhere, based on business needs (office, other Bci offices, work cafés, or home). This program benefitted 253 employees in the Operations and Technology Division.
- **Home office:** Everyone on the team coordinates so that each worker has a remote office day. This program was extended to 94 employees in the Corporate Human Resources Division.
- **Flex work abroad:** In the pilot phase, employees can work from anywhere in the world for a period of one to three months.

Flex day program: Employees were given more freedom in using the points associated with employee benefits, as needed (points can be redeemed for consecutive days, post-vacation days, or the same product more than once).

New dress code: A casual dress code was instituted for employees that do not work directly with the public.

All Ride: This application helps create community within Bci, by facilitating employee carpools for colleagues who take a similar route between home and office.

Millennial era: For one week, activities were organized around the interests of this segment, including recycling, volunteer work, sports, well-being, and technology.

Bring Your Kid to Work Day: In July, employees were encouraged to bring their children, aged 2 to 12 years, to the office, so they could see their parents' workplace and have lunch together.

712

employees used flex time

55%

used the new casual dress code (96% approved of the change)

3,665

Approximately 3,665 children participated in Bring Your Kid to Work Day.

3.2

Culture and leadership

Diversity

The cultural transformation underway at Bci is reflected in the need to identify the diversity in our employee profiles and interests. In April the first Diversity and Inclusion Survey was carried out, with an eye to designing a policy for systematizing the assessment and management of diversity in the Bank. The survey led to the definition of four priority groups for focusing support initiatives: women, workers with disabilities, senior workers, and immigrants.

Bci Women's Network

Comprising 90% of the women in management positions at the Bank (40 people), this network aims to promote the leadership, participation, visibility, and internal networking of women in the company and to ensure the attraction, retention, and development of female talent. As part of its women's support program, Bci organized, in conjunction with the Adolfo Ibáñez University, the second diploma course, "Leadership: Gender and Integration," attended by 35 women managers from around the country.

Bci publishes a monthly bulletin with interviews with the managers in the Women's Network, who share the keys to their growth and leadership.

Bci Unlimited

The objective of this program is to hire and provide real development opportunities to people with a sensory or motor disability. It operates through the Work at Bci digital platform, which has a section especially designed for people with disabilities. Internally, managers have a specific guide for conducting effective interviews depending on the applicant's disability, and teams participate in a sensitivity plan for effectively incorporating new hires.

The process includes a follow-up plan whereby managers ensure that the person is well-trained and comfortable in the workplace.

+70 People with disabilities hired

of the Corporation took part in the diversity survey

20 Internal recognition ceremonies (893 employees awarded)

60 Recognition meetings (1,326 employees recognized by their respective area managers)

10,537 incentives during Recognition Week (8–12 October)

700 Bci employees in the Leadership Academy

35 Employees in the young professionals program

Leadership

Bci builds leaders through the **Leadership Academy**, whose objective is to lay the groundwork for and promote the Bci culture and leadership style. In 2018, given the demands of the digital transformation, the program coordinators worked in conjunction with Bank leaders to redesign the leadership training curriculum, incorporating issues such as teamwork, agility, and innovation and adjusting the architecture into a modular system that addresses the different growth stages of a leader and that combines face-to-face and online classes. The current leadership curriculum has three phases: Leadership Induction, Personal Transformation, and Living the Experience. The full course is completed in two to three years. Internal coverage is 95%, and in 2018, 30% of participants traveled from different regions of the country.

Bci Recognition Program

This program facilitates timely feedback, reinforces positive behavior that strengthens the organizational culture, and contributes to achieving our business objectives. In April 2018, the program was strengthened with the implementation of a new platform called **Starmeup**, which allows people to give a shoutout to fellow workers by posting recognition notices online. As of December 2018, the program had 76% active users, 86% leader participation, and nearly 45,000 recognition notices.

4

Suppliers

To build long-term, mutually beneficial relationships with our suppliers, Bci has a purchasing policy and governance structure oriented toward guaranteeing transparency, efficiency, quality, and regulatory compliance.

99%
of invoices were paid in two days

100%
of payments were made in less than 30 days

85%
Would recommend Bci
(+7 pp versus 2017)

1,432 suppliers
1,249 Local suppliers / 501 Regular suppliers / 463 SMEs

Responsible Supply Chain Program

Since 2018, Bci leads the Responsible Supply Chain Program organized by Acción Empresas, a consortium of 130 companies and other entities committed to sustainable development in Chile. The Bank is also the representative in Chile of the World Business Council for Sustainable Development.

This initiative addresses three issues: timely payment for small suppliers; transparency and the prevention of corruption in the business/supplier relationship; and greenhouse gas management in the supply chain.

These issues are critical for stakeholder relations. Participating in this program allows the Bank to promote a sustainable management model based on collaboration and the application of good practices and to develop positive externalities in areas like service continuity, operational and reputational risk mitigation, and productivity and efficiency growth

The Bank's purchasing and supplier policy provides guidelines and principles for maintaining independence in the negotiation process; guaranteeing, at all times, the objectivity and transparency of the purchasing process; establishing fair trade agreements that promote the construction of long-term, mutually beneficial relationships with our suppliers; using resources efficiently; and ensuring service quality and regulatory compliance.

Bci's governance structure in this area involves all units that participate in supplier relations and the supervision of outsourced services and supply, to achieve adequate management and control. To this end, the Bank has established an appropriate separation of functions, which supports the early detection and control of risks associated with purchasing and supplier management, in commercial, labor, preventive, financial, tax, operational risk, legal, and reputational terms.e riesgo operacional, legal y reputacional.

Suppliers and Outsourced Services Committee

This committee, which has 12 members and is chaired by the Operational Risk Manager, has the following responsibilities:

- Ensure compliance with the policies and guidelines associated with purchasing processes, supplier management, and control of outsourced services;
- Prepare reports for management and the Board of Bci on any incidents or heightened risk situations that arise;
- Strengthen sustainability practices in the development of long-term supplier relationships;
- Approve supplier control and oversight processes and protocols in multiple areas; and
- Supervise and assess the execution of contingency tests and mitigation plans.

The Suppliers and Outsourced Services Committee meets four times a year and reports to the Operational Risk Committee.

Comprehensive Compliance Control

The Bank implements a supplier monitoring process based on guidelines that facilitate the control of compliance with business agreements, legal requirements, and agreed financial conditions.

These guidelines include all the Corporation's internal regulations on recording the related definitions, responsibilities, and procedures, to comply with legal, regulatory, and operational risk requirements. The control process includes a detailed analysis of economic, financial, legal, labor, and tax issues to assess the suitability of a given supplier for working with the Bank.

Suppliers' recommendation

Suppliers' willingness to recommend working with Bci rose from 78% in 2017 to 85% in 2018. This indicator is measured annually using a quantitative online survey.

Outstanding features in the recent survey were good service, customer focus, and the perception of Bci as a serious, transparent, trustworthy entity.

Commitment to SMEs

Bci has a policy of paying invoices within a period of seven business days from the date of reception, so as to facilitate suppliers' cash flow management. To maintain its position as a leader in supplier experience, Bci ensures that at least 95% of invoices are paid within this period.

In 2011, Bci became the first company to receive the **Pro SME** certification from the Ministry of the Economy, and it has retained its certification every year since. The certification is awarded to companies that use small and medium-sized companies for at least 5% of their suppliers and that pay 95% of their invoices within a period of 30 calendar days from the date of reception.

5 Community

Bci works to contribute to increasing the country's social, economic, and cultural heritage, through social investment and the generation of measurable positive impacts.

786,000
asistentes a eventos gratuitos

Cultural activities
+40

722
Hours of volunteer work at Corporación Crecer Mejor

165,871
Children in the country participated in the Hour of Code

630
New members of the Las Rosas Foundation during the Bci campaign

20
Bci lawyers provided 132 hours of volunteer work in conjunction with the Pro Bono Foundation

Solar panels installed in four Bci corporate buildings
100

Clean Energy Ministerial (CEM) Award
for energy efficiency initiatives (one of 50 organizations in 103 countries)

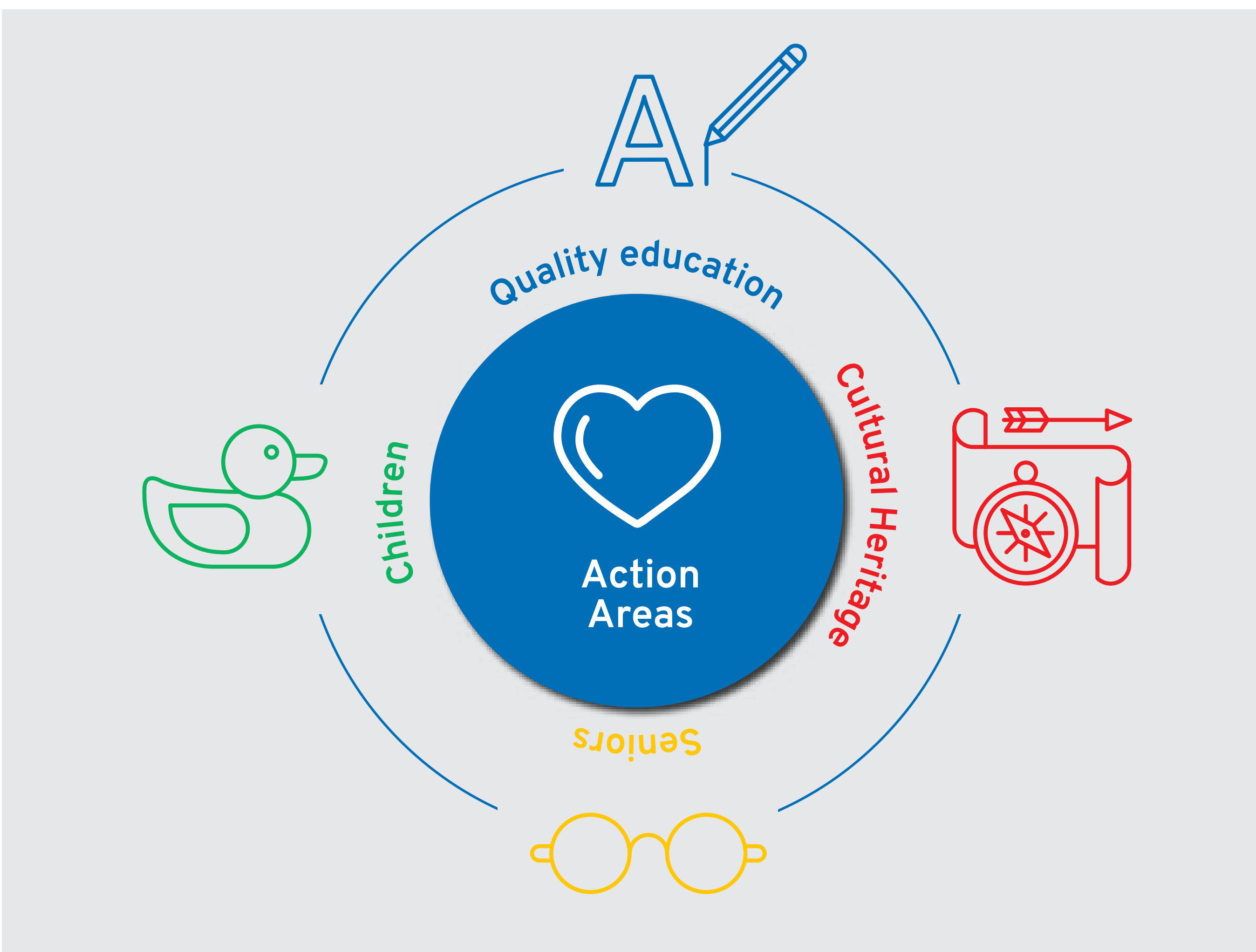
Under its Corporate Citizenship Plan, Bci generates and directs value creation through social acts.

Within Bci's Sustainability Strategy, the Corporate Citizenship Plan defines transfer mechanisms (donations, sponsorships, memberships, and corporate volunteering); action areas or focal points for channeling support; and procedures for making it happen.

In 2018, the Bank established its Social Support Policy to ensure that its sponsorship efforts reflect the principles and values expressed in the Bci Code of Ethics, are in line with the legal regulations in this area, and directly benefit the communities where Bci is present and society as a whole.

Objectives and Action Areas

Bci supports initiatives along three dimensions (social, cultural, and educational) and in four specific areas (children, seniors, quality education, and cultural heritage). On the social dimension, the goal is to address, in conjunction with private and civic intuitions, circumstances that inhibit the progress of the less fortunate, including those who suffer discrimination, have scarce resources, other at-risk segments of the population, and minorities, On the educational dimension, the objective is to narrow the gaps and inequality in public education by supporting programs and institutions focused on pedagogical innovation and content quality. On the cultural dimension, the goal is to strengthen the foundation for social growth, cultivating an appreciation for cultural heritage.



5.1

Corporate Citizenship

Action Areas, Partnerships, and Initiatives in 2018

Children

Corporación Crecer Mejor

In 1991, Bci employees founded the Better Growth Corporation (Corporación Crecer Mejor, CCM), to help disadvantaged girls aged 6 to 18. The project sponsors a home for 60 girls (Villa Jorge Yarur Banna), which is mainly financed through donations from the Bank and employees.

CCM promotes the holistic development of the children, with a focus on reentry into society. Since 2017 the organization also works to influence national policies on children and adolescents. To this end, the Center for Innovation and Research was established to systematize, research, and document the lessons and good practices developed over 27 years in operation.

2018

- Increase in visibility and awareness among Bci employees from 61% to 84%, due to the redesigning of the corporate image and a change in the communication strategy.
- 578 Bci employees pledged to the foundation, which had 2,503 members at year-end.
- 644 Bci employees participated in volunteer work, including activities at the home and the Christmas gift campaign, for a total of 722 hours of volunteer work.

Seniors

Las Rosas Foundation

Bci has supported the Las Rosas Foundation since 2007. The foundation aids the most destitute elderly people in the country, providing the necessary care so that they can live through old age with affection and dignity. The entity has 30 homes serving 2,200 residents.

2018

- Bci supported the foundation by financing 100% of the annual cost of care for 39 residents, through a direct contribution of Ch$300 million.
- Bci employees volunteered for the Independence Day and Christmas activities at the Holy Trinity Home in Santiago.
- The Bank's Friends of the Las Rosas Foundation fundraising campaign, held at Bci branches throughout the country and online, garnered 630 new donors and an annual donation of Ch$53 million.
- During the national fundraising campaign, Las Rosas Foundation volunteers visited the corporate offices of Bci, where they obtained employee contributions totaling Ch$338,500.
- The Las Rosas Foundation participated in the Bci Employees Solidarity Fair, present in six corporate offices.
- Bci executives took part in the annual Las Rosas Foundation dinner.
- During the Christmas campaign at teller windows, 6,000 customers donated Ch$3,000 to buy Christmas dinner for the foundation's residents.

6,000

customers donated Christmas dinner for the residents of the Las Rosas Foundation, through a Bci ATM campaign

Quality Education

Kodea Foundation

To help Chile face the challenges of the digital era, the Kodea Foundation supports the generation of talent in this area. Its objective is to promote more inclusive technological development and an education system that nurtures technology adoption and creation.

2018

- Bci supported the initiative by financing the 2018 Hour of Code, a campaign aimed at generating interest in programming in the schools. The event includes the delivery of a complete school curriculum from kindergarten through senior year of high school.
- This initiative positions Chile as the first Latin American country to teach programming in primary schools.
- 1,908 Hour of Code events in 2018.
- 165,871 children throughout the country participated in the 2018 Hour of Code.

Enseña Chile Foundation

The Enseña Chile Foundation selects, trains, and supports professionals from different disciplines to become teachers in vulnerable schools, in order to significantly increase the quality of teaching, raise student motivation, and improve their future outlook. Bci has provided financial support for this initiative since 2013.

2018

- 180 professionals from Enseña Chile worked in 103 schools, in cities located from Tarapacá in the north to Aysén in the south, reaching a total of 31,500 students. As of the end of the year, 505 professionals have contributed to this educational project.

Cultural Heritage

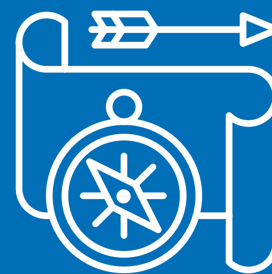
Bci establishes partnerships with institutions that promote and develop programs that cultivate patriotism, a sense of belonging, and community attachment, through high-quality artistic expression.

2018

Around 786,000 people attended more than 40 cultural activities free of charge, including the following:

- Las Condes Festival, held in January, with attendance of over 13,000 people.
- San Bernardo Folkloric Festival, with the participation of over 40.000 people.
- Quilicura Theater, which presented more than 20 high-quality theater performances, attended by over 35,000 people.
- Independence Day celebration in Talca in September, including a music festival; the Folkloric Festival in August; and the Spring Festival in October. Over 300,000 people attended.

On National Heritage Day, 104 people visited the Bci corporate building to view the art collection, which was started in 1940 by Juan Yarur Lolas and is now one of the largest in the country. The collection includes Mapuche ceremonial silver pieces, as well as numerous sculptures and paintings by prominent Chilean artists.



35,000

people attended the Quilicura theater, which is supported by Bci through its Cultural Heritage program.

1,908

Hour of Code events were held in 2018

5.2

Environmental Performance

In line with the objective of promoting and spearheading the transition toward a low-carbon economy, Bci initiated an operational eco-efficiency plan in 2018, with goals for 2025.

2018 Highlights

- **Certification of the integrated environmental and energy management system** under ISO 14001 (environmental management system) and ISO 50001 (energy management systems) standards at the Bci corporate building, located at El Golf 125 in Santiago. The integration of these standards facilitates process management and control, the definition of objectives, and the measure and analysis of progress.
- **Energy Management Insight Award from Clean Energy Ministerial (CEM)**, a global forum that promotes the use clean energy and best practices in energy management. Bci was one of 50 organizations from 103 countries to receive the award, for its energy efficiency planning led by the use of energy management systems (EMS). Bci's EMS was awarded the Energy Efficiency Gold Certificate in 2017, a prerequisite for the CEM award as it requires having obtained ISO 50001 certification.
- **Development of the Operational Eco-efficiency Plan**, to align initiatives internal initiatives with the objectives of the Bci sustainability strategy in this area and to establish goals for 2025 and their respective indicators (see next page).

Financing Renewable Energy

In 2018, Bci provided financial services and consulting on three renewable energy projects. The Bank acted as financial advisor and lead arranger on financing for the Digua run-of-river hydropower station, in the Maule Region (US$20 million); on refinancing for the Los Hierros hydropower station, also in the Maule Region (US$57.6 million); and on the acquisition of Duqueco hydropower station, in the Biobío Region, by Energía Llaima.

Internal Promotion of Environmental Conservation

- **Commemoration of World Energy Efficiency Day**, in three corporate office buildings in Santiago (El Golf 125, Alcántara 90, and Huérfanos 1102). Activities included raising employee awareness on projects, achievements, and awards in this area; the benefits of technology such as electric cars, solar panels, and LED lighting; and good energy use.
- **Communication on the importance of the integrated environmental and energy management system**, through a "one-to-one" campaign in the El Golf 125 corporate building and training for external suppliers on the requirements for ISO 14001 and ISO 50001 certification.

Operational Eco-efficiency Plan for 2025

Climate change	Energy	Paper	Waste	Water	Certification
Long-term objectives					
Be a carbon-neutral bank by 2025	1. Improve energy efficiency, reducing the Corporation's energy use and increasing the share of renewable energy 2. Buy 100% renewable energy for Bci buildings, under the provisions for unregulated customers.	Reduce paper consumption in the Corporation.	Eliminate the inclusion of recyclables (paper, metal, plastics, etc.) in waste sent to landfills, in 100% of the Corporation's waste.	Cut water use in half throughout the Corporation.	Certify the company's global real estate portfolio.
2025 Goal					
Reduce or offset 100% of Scope 1, 2, and 3 greenhouse gas emissions, relative to the baseline (2017).	1. Reduce the Corporation's energy performance indicator by 50%.	1. Reduce paper use throughout the Corporation. 2. PEFC or FSC certified paper for 100% of the paper used.	Eliminate 100% of recyclables from landfill waste.	Reduce water use by 50%.	100% ISO 14001, 50001 certification for corporate buildings and replicate the management system in all other facilities.

Progress in 2018

Climate Change

- Carbon footprint measured against the baseline (2017). In 2018, the calculation showed a total of 30,781 tons of carbon dioxide equivalents (CO2e), equivalent to a 4% reduction relative to last year.
- 19% annual reduction in the impact associated with business travel by Bci executives, who traveled a total of 7,998,070 km in 2018, including national and international business trips.
- 100% renewable energy contracted for six corporate buildings (Morandé 239, Huérfanos 1102, Miguel Cruchaga 920, Huérfanos 1134, Alcántara 99, and El Golf 125).

Energy

- Replacement of air conditioning systems with more efficient models, achieving 30% energy savings.

Paper

- Paper demand management, promoting accountability and good resource use.
- Pilot plan to replace paper towels with hand dryers, to evaluate implementation in other corporate offices. Dryers were installed in the Morandé 239 building, resulting in a 64% reduction in the use of paper towels.
- Replacement of paper bank statements with electronic statements sent by email.
- 27% reduction in the number of reams of paper purchased and consumed in 2018 versus 2017.

Waste and Recycling

- Increase in the number of recycling stations in Bci buildings and offices.
- Paper recycling, in partnership with the San José Foundation: 43.4 tons in 2018 (69.2 tons in 2017).
- Glass, plastic, cardboard, metal, Tetra-Pak, and paper recycling, in conjunction with Rembre, at three recycling centers located in the Bandera and Huérfanos 1134 buildings and the Telecanal offices: 1,561 kg in 2018 (651 in 2017).
- Total recycling in 2018: 45.047 kg (69.642 kg in 2017)
- Three battery collection station, at the El Golf, Huérfanos, and Alcántara buildings.

Water

- Water consumption report for main corporate buildings:
  2017: 124,987 m^3.
  2018: 133,533 m^3.

Certification

- Certification of the corporate building under ISO 14001 and ISO 50001 standards.

seamosdiferentes

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Gerencia de Investor Relations

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