

Banco de Credito e Inversiones

ISIN CODE: CLP321331116

Overall score 37/100

Sector: Retail & Specialised Banks Emerging Market

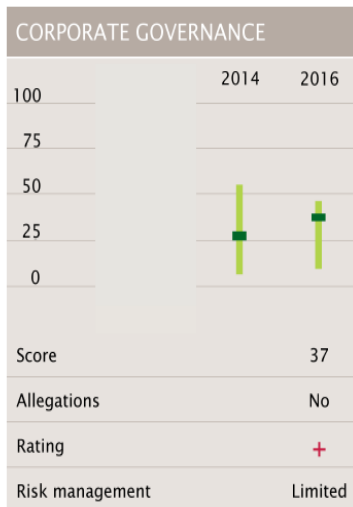
Companies in sector panel: 44

Information rate: 71% (Sector average: 52%)
Company cooperation level: Partially responsive *

General information

Banco de Credito e Inversiones (BCI) is a Chile-based banking institution. The Bank is engaged in the provision of retail, corporate and real estate banking, large and medium size companies' services, private banking and asset management services. The Company was founded on June 10, 1937 and is headquartered in Santiago, Chile. It operates worldwide with a business agent in Madrid, Spain and a branch in Miami, United States. It also has representative offices in Mexico City in Mexico, Lima in Peru, Sao Paulo in Brazil and Bogotá in Colombia.

Main Economic Segment**	Turnover 2015
Retail banking	45.0 %
Commercial banking	18.3 %
C&IB	17.3 %



Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

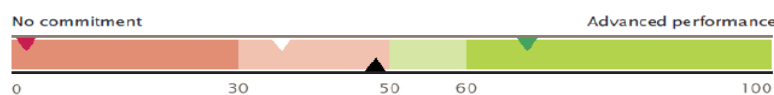
Company performance

- BCI's performance in the Corporate Governance domain is weak, however it represents an improvement in compare to the previous review.
- This is mainly due to the higher disclosure of information on its practices towards shareholders. In fact, BCI complies with the "one share - one vote" principle and shareholders can vote on all relevant items. however not always in separate resolutions. With regard to internal controls, the Audit Committee seems to have a greater role and to achieve a more comprehensive governance of risks. As in the past, the independence of the Board does not reach the 50% and the lack of disclosure on remuneration policy leaves room for improvement.
- The bank does not face allegations in this domain.

Corporate Governance

Score : 37

CGV1.1 Board of Directors (score: 48, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

No specific committee is in charge of director nomination, which might raise concerns.

* On a 4-level scale: proactive, responsive, partially responsive, not responsive

** See detailed economic indicators in Selected financial data section

*** Based on the most recent Index at the date of publication

Independence of the Board Chairman *The roles of Chairman and CEO are separated, but the chairman is not considered independent.*

Responsibility allocated over CSR issues *The CSR Committee consists of five Directors of the Bank and it is chaired by the Chairman of the Board. Committee members are appointed by the Board. The Committee meets at least quarterly with a required minimum attendance rate of three members and resolutions are adopted by majority vote of the attendees.
The Bank established as well an Ethics Committee which is in charge of monitoring and compliance with the Code of Ethics.*

Share of independent shareholder-elected Board members *The Board is between 34 and 50% independent, which is less than the recommended level.
Four members of the 9-member Board are considered independent.*

Diversity of the skills and backgrounds of the Board *The Board of Directors diversity appears to be partial:
- Board members with demonstrated professional experience in the company's sector of activities: the backgrounds of the Board members appear to be diverse (engineering, finance, law, business and economics) and*

Training and expertise provided to board members *Information obtained from company and public sources regarding training provided to board members is insufficient.*

Regular election of Board members *Board members are elected at least every three years and these elections are not staggered.
Board members are eligible for re-election following 3-year terms.*

Evaluation of Board's functioning and performance *Since 2005, the Board annually develops a process of self-evaluation based on various aspects related to its functioning. The results of the self-evaluation are analysed by the Board of Directors as inputs for improving the Board, however they are not publicly disclosed.*

Review of CSR issues at Board meeting *BCI discloses the subjects discussed during the board meetings. Some of the relevant CSR issues are discussed at Board level:
-Business ethics: the Ethics Committee analysed and communicated on the Code of Ethics and the operations related to it.
-Human capital: the CSR Committee analyzed progress with CSR programs for employees.
-Responsible customers relations: the CSR Committee analyzed progress with CSR programs for customers.*

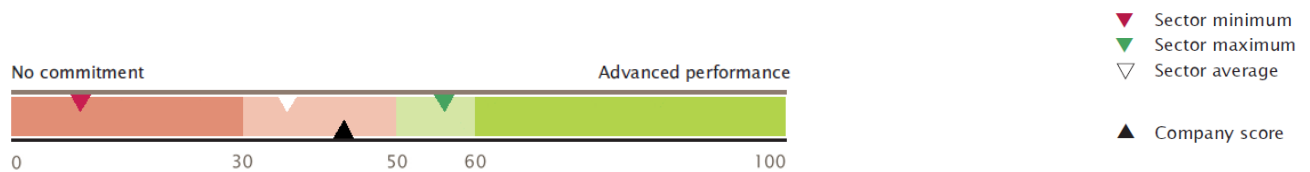
Regularity of and attendance at Board meetings *12 regular Board meetings were held during 2015 with an overall average attendance rate of 85% .*

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	>9 years on Board	Stock options	Paid > 1/2 executive salary	Represent >3% company's shares	Other	Independency
Yarur Rey	Chairman of the Board		X				X	X	X			X		

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independence
Olavarria Leyton	Vice Chairman		X				X	X						
Arellano Marin			X									X		
Gomez Dubravcic			X				X					X		
Lagos Contardo			X			X								X
Israel Lopez			X			X	X							X
Romero Paoletti			X									X		
Sanchez Munoz			X				X							X
Schmidt-Hebbel			X			X								X

CGV2.1 Audit & Internal Controls

(score: 43, weight: 3)



[LISTED COMPANIES] Existence and independence of Audit Committee

All members of the 3-member Directors' Committee (Audit Committee) are considered independent.

Skills and backgrounds of Audit Committee members

Members appear to have financial, audit experience and relevant operational experience.

Operational and CSR risks covered by the company's internal controls system

The internal control system covers the standard issues related to financial, operational, and legal risks.

Governance of risks

There is a Board Risk Committee (Comité de Finanzas y Riesgo Corporativo) and the company adopted most of the recommended measures for a sound risk management:

- No executive is part of the Board Risk Committee
- The Chief Risk Officer (CRO), Mr Antonio La Feuvre, is at par level of Chief Financial Officer (CFO), Mr Javier Moraga.
- The CRO has direct access to the Board Risk Committee

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee has a limited role that includes:
 - *Oversee internal audit and internal controls*
 - *Nominate the statutory auditor*
 - *Review accounting policies and be responsible for updates*
 - *Oversee the work of the external auditor*

Management of the CSR risks

Although the company has set up some measures, it has not gone beyond that to integrate CSR risks in its overall strategy.

Supervision of material risk-takers

Information disclosed on this subject is insufficient or not relevant.

Leverage ratio of the bank

The leverage ratio of the bank is between 5% and 7%.
At December 2015, the unweighted leverage ratio of the bank ((Equity - goodwill and less tangible assets)/ Total assets)) was 6.23%.

Independence of the firm's external auditors

Information obtained from company and public sources regarding the independence of the firm's external auditors is insufficient.

Inclusion of CSR issues in the company's reporting

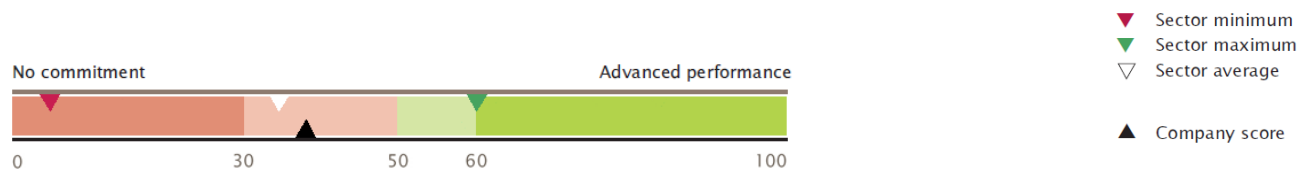
The company publishes significant CSR reporting on key material issues.
The company has published a sustainability report in 2014 reporting on key material issues and which been approved by the board.

Stakeholders' feedback

As of 11/2016, Banco de Credito e Inversiones did not appear to be involved in any controversy related to this sustainability driver

CGV3.1 Shareholders

(score: 38, weight: 2)



Nonexistence of voting rights restrictions

The company respects the "one share - one vote" principle.

Safeguards on transactions with major shareholder(s)

No safeguards appear to be in place, which might raise concerns with regard to the fairness of any such transaction.

Ability to add items to the agenda of the AGM and to convene an EGM

Major restrictions have been identified to add items to the agenda of the AGM and to convene an EGM.
The meetings is summoned by the Board of Directors at its own decision or upon request of shareholders representing at least 10% of the issued shares with right to vote, stating in the summon the matters to be dealt with in the meeting.

Access to voting at General Meetings

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

Ability to vote on relevant issues in separate resolutions at AGM

All major items are voted upon, however all issues are not voted upon in separate resolutions.

Presentation of CSR strategy to shareholders and investors

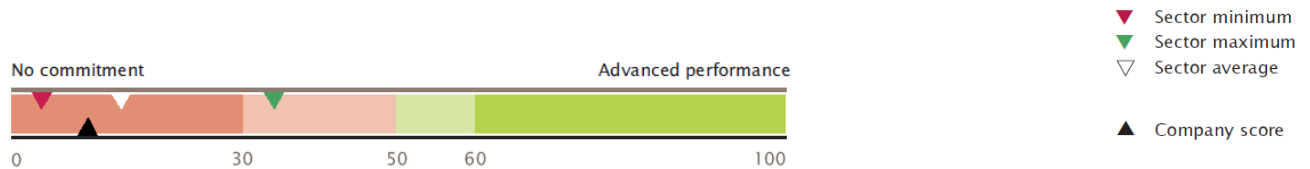
Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

Stakeholders' feedback

As of 12/2016, Banco de Credito e Inversiones did not appear to be involved in any controversy related to this sustainability driver

CGV4.1 Executive Remuneration

(score: 10, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

No executive is a member of the committee, but half or fewer are independent.
Two members of the 5-member Remuneration Comitee is considered independent.

Disclosure of senior executives' individual remuneration

Disclosure of individual executive remuneration data for senior executives is insufficient.

Link between Short Term Incentive Plans and the performance of the company

There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

Link between the main Long Term Incentive Plan and the performance of the company

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

Link between variable remuneration and CSR performance of the company	<i>There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.</i>
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Severance pay for senior executives	Information obtained from company and public sources regarding severance pay for senior executives is insufficient.
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Risk alignment of remuneration of top senior executives	Information on risk adjustments of remuneration is insufficient or not relevant.
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Risk alignment of remuneration of material risk takers	Information on risk adjustments of remuneration is insufficient or not relevant.
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Evolution of CEO-to-employee compensation ratio	<i>Information obtained from the company on CEO's remuneration is insufficient.</i>
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Stakeholders' feedback	<i>As of 12/2016, Banco de Credito e Inversiones did not appear to be involved in any controversy related to this sustainability driver</i>
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Contacts

Analyst : Michela Bartolini • michela.bartolini@vigeo.com
Sector Lead: Khadija Hammouda • khadija.hammouda@vigeo.com

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