annual report 2003

security

BANCO security

Contents

1. Chairman's letter to **Shareholders**

I am pleased to present to you the Annual Report of Banco Security for the year just ended.

The year 2003 was one in which we were able to begin to see the country's economic prospects more optimistically, a year in which the country began to rise above the stagnation affecting it for nearly half a decade. While the figures for growth, domestic demand, investment, etc. showed no particularly important changes, the most notable and uplifting were early signs of a greater dynamism in the economy in the second half of the year. Added to this was the coming into effect of the free-trade agreement with the European Union and the signing of the trade agreement with the United States, whose most tangible effects will be felt in the second or third years. A third favorable element in the country's economic prospects is the trend in the global economy which, following the Iraq war early in the year, soon gave convincing signs of reactivation, mainly from the United States. Among the more important indicators, we can mention that annual inflation reached levels even below the target floor set by the Central Bank, which allowed interest rates to be held at historically low levels. The unemployment rate has begun to decline but at a slower rate than expected, probably due to the lack of flexibility in the labor laws. And lastly, the stock exchange had an exceptionally good year with returns and trading volumes not seen for several years.

For Banco Security, the year 2003 was also a positive one, with strong growth in its loan portfolio and results that reached record levels. This is no more than the result of years of work; confidence and a constant strategy have enabled us to consolidate a clear market position as a niche bank with a service of excellence widely recognized by our customers and competitors. Proof of this appeared in a survey published in the Diario Financiero on October 10, 2003, showing Banco Security as the Chilean bank with the best quality of service.

The total loans of Banco Security at December 2003 were US$ 1,603.5 million, representing real growth of 10.6% compared to 2002, a very positive result when compared with the 4.6% growth of the industry for the same period, according to provisional figures published by the Superintendency of Banks and Financial Institutions. Based on these, Banco Security ended the year with a market share of 2.87% of total financial sector loans. In terms of results, the Bank's net income for 2003 rose to US$ 22.2 million, representing an increase of 31.0%, a return on equity of 16.5% and an efficiency ratio of 51.1%. It should be noted that these achievements were not attributable to any particular area but to the combined efforts of each and every one of the Bank's areas.

Once again, it has been shown that the defined strategy of focusing on medium and large-sized businesses and high-income individuals has been wise in terms of generating stable and growing revenues over time.

Even when size has implied a relative disadvantage in terms of efficiency, Banco Security has been able to maintain its competitiveness which has allowed it to be highly successful in attracting and maintaining customers. This is how Banco Security has been able to produce loan growth rates for so many years consistently higher than the industry average.

We have in recent years seen important changes in the Chilean financial sector, such as mergers, the entry of new players, regulatory changes, technological advances in banking, etc., all of which have translated into tougher competition. In this new environment, the traditional strengths of Banco Security, which are its quality of service, good loan quality and high levels of efficiency and productivity, have acquired particular relevance and, at the same time, have become a challenge for maintaining them. This has been achieved thanks to Banco Security's flexibility and professional capacity. It therefore continues to be among the banks with the best loan quality, with a risk rating in October 2003 of 1.30% of loans compared to the 1.82% average for the sector, and among the most efficient, with levels above the industry average and relatively close to the largest banks. In addition, as has been traditional, it continues to be the bank with the highest productivity in terms of loans per employee. It is not by chance that Banco Security appears in 11th place in the ranking of the best Latin American banks prepared by the magazine América Economía in its issue of November 21, 2003.

One of the pillars of Banco Security has been its people. It has always had a team of the highest level in both professional and human terms, and I venture to say that this is the main reason for our achievements. Neither is it a surprise for me but a source of pride that Banco Security has been recognized in 2003, for the third consecutive year, among the «best 25 companies to work for in Chile». Along the same lines, a survey of the «best companies for working women» carried out by El Mercurio, Ya magazine, Fundación Chile Unido and Great Place to Work, sponsored by the Confederation of Production and Commerce, Banco Security was chosen as among the 5 companies in Chile that provide the best facilities for mothers and that promote an optimum relationship between the family and workplace.

Francisco Silva S.

Chairman

2. Board of Directors and Management of **Banco Security**

BOARD OF DIRECTORS

Chairman	Francisco Silva S.
Directors	Hernán Felipe Errázuriz C.
	Jorge Marín C.
	Gustavo Pavez R.
	Renato Peñafiel M.
	Gonzalo Ruiz U.
	Mario Weiffenbach O.

SENIOR MANAGEMENT

President	Ramón Eluchans O.
Chief Assistant Executive Officer	Margarita Hepp K.
Chief Corporate Banking Officer	Christian Sinclair M.
Chief Investment & Finance Banking Officer	Bonifacio Bilbao H.
Chief Risk Management Officer	José Miguel Bulnes Z.
Chief Operating Officer	Arturo Kutscher H.
Corporate Banking Officer	Alejandro Arteaga I.
Middle Market & Branches Officer	Adolfo Tocornal R-T.
Personal Banking & Mortgage Business Officer	Gonzalo Baraona B.
Performance & Electronic Business Officer	Marcial Letelier O.
International Relations Officer	Claudio Izzo B.
Chief Administration Officer	Manuel José Balmaceda A.

COMMERCIAL MANAGERS AND AGENTS

Branches:

Temuco Branch Agent	Felipe Schacht R.
Antofagasta Branch Agent	Guillermo Delgado G.
Concepción Branch Agent	Alberto Apel O.
Puerto Montt Branch Agent	Francisco Zañartu F.
Quilicura Branch Agent	David Díaz B.
Ciudad Empresarial Branch Agent	Felipe Oliva L.
El Golf Branch Agent	Patricio Gutiérrez P.
La Dehesa & Vitacura Platform Head	José Pablo Jiménez U.
Private Banking Platform Head	Constanza Pulgar G.

Business Platform:

Metropolitan Area Branches Assistant Manager	René Melo B.
Businesses Assistant Manager	Mauricio Parra L.
Large Corporations Assistant Manager	Humberto Grattini F.
Corporations Assistant Manager	Sebastián Covarrubias F.
Middle Market Assistant Manager	Hernán Besa D.
Middle Market Assistant Manager	Jorge Contreras W.
Leasing Area Assistant Manager	Ignacio Lecanda R.
Personal Banking Assistant Manager	Juan Carlos Ruiz V.
Large Corporations Agent	José Luis Correa L.
Foreign Trade Business Agent	Patricio Carvajal M.
Real Estate Area Agent	Francisco Domeyko C.
Head Office Personal Banking Agent	Margarita Jarpa del S.

Investment Platform:

Money Desk Assistant Manager	Ricardo Turner O.

3. The Bank

FORMAL INFORMATION

Name	:	BANCO SECURITY
Type of corporation	:	Banking Corporation
Objects	:	Carry out all the acts, contracts, operations and activities of a commercial bank in accordance with current legislation.
Tax No.	:	97.053.000-2
Domicile	:	Agustinas 621, Santiago, Chile
Telephone	:	(56-2) 270 4000
Fax	:	(56-2) 270 4001
Mail	:	banco@security.cl
Web	:	www.security.cl
Constitution Documents	:	The corporation was formed under public deed dated August 26, 1981 signed before the notary Enrique Morgan Torres. The extract of this deed was published in the Official Gazette on September 23, 1981.

BRIEF HISTORICAL SUMMARY

- Banco Urquijo de Chile is formed in August 1981, a subsidiary of Banco Urquijo, Spain.

- In 1987, Security Pacific Corporation, a subsidiary of Security Pacific National Bank, Los Angeles, California, acquired all the share capital of Banco Urquijo de Chile which then became known as Banco Security Pacific. That year, Security Pacific National Bank formed a securities agency and stockbrokers which, in 1991, was sold to Banco Security, and which is today called Valores Security, Corredores de Bolsa.

- A leasing subsidiary is formed in 1990, called Leasing Security.

- In June 1991, Security Pacific Overseas Corporation sells 60% of the Bank to the present controlling shareholders of Grupo Security, and then becomes known as Banco Security.

- The company Administradora de Fondos Mutuos Security is formed in 1992, a subsidiary of Banco Security.

- In 1994, Bank of America, the successor to Security Pacific National Bank, sells to Grupo Security the remaining 40% of the share capital of Banco Security.

- In April 2001, the subsidiary Leasing Security is absorbed into Banco Security as a business unit.

- In September 2003, the subsidiary Administradora de Fondos Mutuos Security S.A. changes its name to Administradora General de Fondos Security S.A

4.

Financial **Summary**

FINANCIAL SUMMARY BANCO SECURITY

Figures in millions US$ as of December 2003

Results for the Year	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Gross Operating Income (Gross Margin)	28.1	29.8	32.5	36.5	44.4	46.6	56.4	61.3	**66.4**
Operating expenses	14.1	16.6	17.8	19.4	22.7	24.6	31.1	31.8	**33.9**
Net Operating Income (Net Margin)	14.0	13.2	14.8	17.1	21.7	22.0	25.3	29.5	**32.5**
Net Income	12.6	10.9	14.8	10.3	15.9	17.3	16.9	17.0	**22.2**

Year - End Balances	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Loans	630.7	762.6	955.0	1,024.0	1,080.1	1,275.2	1,316.4	1,442.7	**1,603.5**
Financial Investments	268.0	174.1	239.0	200.3	128.7	161.9	239.6	245.0	**195.3**
Productive Assets	898.6	936.6	1,194.0	1,224.3	1,208.8	1,437.0	1,556.0	1,687.7	**1,798.8**
Fixed Assets and Investment in Subsidiaries	31.5	36.5	37.4	39.0	44.4	47.3	29.7	35.0	**45.5**
Total Assets	1,054.2	1,216.9	1,308.8	1,413.7	1,382.7	1,633.3	1,751.9	1,894.3	**1,992.5**
Net Sight Deposits	31.8	47.6	44.6	37.8	52.2	52.6	83.0	85.4	**96.5**
Term Deposits & Borrowings	554.1	707.5	691.0	837.1	873.0	1,121.7	1,002.0	1,183.2	**1,185.4**
Borrowings fron abroad	113.1	123.7	66.6	78.5	72.8	16.4	137.6	149.2	**154.6**
Provision for Risk Assets	6.2	7.9	7.7	10.3	9.9	9.8	13.1	17.9	**20.0**
Capital & Reserves	76.2	77.1	80.5	103.2	103.2	122.3	126.5	128.1	**129.8**
Shareholders´ Equity	88.7	88.0	95.3	114.7	119.3	142.0	146.1	148.3	**156.7**

Indicators	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Productive Assets/Total Assets	85.24%	76.97%	91.22%	86.60%	87.42%	87.98%	88.81%	89.10%	**90.28%**
Net Income/Capital & Reserves	16.53%	14.11%	18.39%	9.89%	15.43%	13.84%	13.06%	12.92%	**16.53%**
Net Income/ Productive Assets	1.40%	1.16%	1.24%	0.84%	1.32%	1.20%	1.08%	1.01%	**1.24%**
Operating Expenses/Productive Assets	1.57%	1.77%	1.49%	1.58%	1.88%	1.71%	2.00%	1.88%	**1.89%**
Productive Assets/Number of Employees	4.6	4.5	5.1	4.8	4.3	4.4	4.5	5.4	**5.8**
Loans/Number of Employees	3.2	3.6	4.1	4.0	3.8	3.9	3.8	4.6	**5.2**
Leverage	13.7	14.7							
Basle Index			9.8	12.3	12.3	11.7	11.3	11.6	**11.2**
Number of Employees	195	210	234	257	283	323	343	315	**310**

CONSOLIDATED FINANCIAL SUMMARY BANCO SECURITY

Figures in millions US$ as of December 2003

Results for the Year	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Gross Operating Income (Gross Margin)	38.8	40.0	42.8	44.8	58.0	59.6	64.1	72.6	**78.7**
Operating expenses	18.9	22.4	23.1	24.6	29.1	30.4	35.4	36.3	**39.5**
Net Operating Income (Net Margin)	19.9	17.6	19.7	20.2	28.9	29.2	28.7	36.3	**39.2**
Net Income	12.6	10.9	14.8	10.3	15.9	17.3	16.9	17.0	**22.2**

Year - End Balances	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Loans	689.5	834.2	1,034.2	1,107.5	1,157.8	1,348.4	1,316.4	1,442.5	**1,603.5**
Financial Investments	282.6	188.3	267.3	209.0	137.4	206.3	256.2	303.4	**286.4**
Productive Assets	972.1	1,022.5	1,301.5	1,316.5	1,295.2	1,554.7	1,572.6	1,745.9	**1,890.0**
Fixed Assets and Investment in Subsidiaries	14.5	20.2	17.9	20.0	23.8	24.6	20.8	21.0	**25.3**
Total Assets	1,111.3	1,288.1	1,399.3	1,493.6	1,460.1	1,746.4	1,763.1	1,941.8	**2,067.7**
Net Sight Deposits	37.7	47.6	44.6	37.7	52.2	52.6	83.0	83.1	**96.2**
Term Deposits & Borrowings	558.1	712.1	711.3	840.4	876.5	1,151.5	1,003.8	1,183.8	**1,180.9**
Borrowings fron abroad	87.2	123.7	66.6	78.5	72.8	16.4	137.6	149.2	**154.6**
Provision for Risk Assets	6.2	7.9	7.7	10.3	11.1	10.8	13.1	17.8	**20.0**
Capital & Reserves	76.2	77.1	80.5	103.2	103.2	122.3	126.5	128.1	**129.8**
Shareholders´ Equity	88.7	88.0	95.3	114.7	119.3	142.0	146.1	148.3	**156.7**

Indicators	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Productive Assets/Total Assets	87.47%	79.38%	93.01%	88.14%	88.71%	89.02%	89.19%	89.91%	**91.40%**
Net Income/Capital & Reserves	16.53%	14.11%	18.39%	9.89%	15.43%	13.84%	13.06%	12.92%	**16.53%**
Net Income/ Productive Assets	1.29%	1.06%	1.14%	0.78%	1.23%	1.11%	1.07%	0.97%	**1.18%**
Operating Expenses/Productive Assets	1.95%	2.19%	1.78%	1.87%	2.25%	1.96%	2.25%	2.08%	**2.09%**

5. Economic Review

During 2003, Chile found itself in a substantially improved global economic environment which promises to lead to fuller reactivation during 2004. Following the uncertainty of the first quarter because of the potential consequences of the war in Iraq, global, regional and domestic conditions became more favorable and came even close to those of around 1997. Internally, while progress with the "Pro Growth Agenda" continued to be slow, the arrival of trade agreements with the European Union and the USA and the recovery in consumer confidence, fed greater economic expectations. Monetary policy supported this process with greater degrees of expansion which stimulated a recovery in private spending. The high degree of credibility in macro policies, based on inflation targets with a floating exchange rate and fiscal solvency, allowed the Central Bank to continue to reduce the reference interest rate to 2.25% by the end of the year, a level that continues to stand out as the lowest among emerging economies. Overall, the fall in potential growth and unutilized capacity has limited the degree and speed of the recovery.

External Environment

Until the first half of 2003, world economic growth remained below its historic level, affected by stagnation in Europe, Japan and Latin America and only compensated by the dynamism in emerging Asia and the recovery in the USA. But the scenario became more positive from mid year. The fast ending of the Iraq war, the consequent stabilization of oil prices, the control of Asian flu and the orthodox policies of President Lula in Brazil cleared away the principal risks facing the global economy. The recovery process therefore began to gather pace in the third quarter, causing price increases in the commodities, stock and bond markets. According to IMF calculations, world growth in 2003 was close to 3.5%, one percentage point more than in the previous two-year period. USA remained as one of the global motors, with growth of over 3% supported by high growth potential and the extension of expansive monetary and fiscal conditions. The dynamism of emerging Asia was again the result of explosive growth rates in China (9%) and India (8%). To the benefit of Chile, with its exports well diversified by destination, the global expansion became more balanced in the second half with faster growth in Japan, the bouncing back of Latin America and some evidence of recovery in Europe.

Another of the important changes on the world scene, with positive implications for Chile and the rest of the emerging economies, was the weakening of the US dollar against other currencies especially following the end of the Iraq war. The dollar, by the end of 2003, had devalued in multilateral terms by almost 20% from its peak value seen in February 2002. Its biggest fall was against the euro, moving from US$0.85 per euro to US$1.25 per euro, but it also declined against other important currencies. As usual, this was accompanied by an increase in prices for raw materials, a situation that also promoted the global reactivation process.

In the case of copper, its price rose from around US$0.7 per pound in late 2002 to almost a dollar per pound at the end of 2003. This extended, with less intensity, to other commodities relevant to Chile and led to a significant improvement in the terms of trade which benefited from the stabilization of oil prices at around US$30 (Brent), later reaching a maximum of US$34 in March. This improvement in macroeconomic and financial conditions reintroduced upward pressure on the peso and other regional currencies, leading to a recovery in gross capital flows. Chile's sovereign risk premium thus declined from 180 to 90 basis points, supported also by structural factors such as expectations of an up-grade in its credit rating, a greater fiscal transparency and the coming into force of trade agreements. The cost of external financing therefore remains at historically low levels as short-term dollar rates remained close to 1% while the 10-year US Treasury bond was held at a ceiling of 4.5%, although with ups and downs.

Internal Scene

The better external scenario described above took place basically in the second half so its positive effects on activity were only partially reflected in the figures for 2003, with the most part impacting 2004. With quarterly growth relatively flat throughout the year, average GDP grew by around 3.2%, still below its potential rate. Income per capita therefore remained at about US$4,500, also expected to grow in 2004.

Regarding economic sectors, growth was similar between tradables and non-tradables, with just mining (6%) standing out, benefiting from the copper production cuts made the previous year. In fact, the prop of the non-tradable sectors, internal demand, saw similar growth to that of GDP. The financial sector in particular consolidated its recovery begun in 2002, stimulated by low interest rates, better expectations and a high level of competition. The behavior of personal loans was even better than the previous year, with increases of 17% in real terms for consumer loans and 12% for housing loans. As a result, home spending was the most notable variable in total spending, with expansion of between 3.5% and 4% also supported by the recovery in domestic incomes, the fall in unemployment and the stock market recovery. However, the stagnation in domestic investment and the expansion of funding sources (bonds, commercial paper and even companies seeking new quotations on the stock market) left commercial lending much unchanged.

The labor market also showed a clearly more favorable performance in 2003 compared to the previous four years. 165 thousand new jobs were created which, in a context of a strong recovery in the workforce, led to a fall in unemployment from 8.9% to 8.5%. This recovery was seasonally confined to the first half and its composition was led by self-employed workers. The recovery lost dynamism from mid year due to the acceleration seen in real wages related to the unexpected deflation.

With respect to the external accounts, the improvement in the terms of trade, linked to a gradual recovery in domestic spending, prolonged the slack in this area, resulting in a trade surplus of about US$ 3 billion. Exports again stood out in this performance, with a 15% increase in dollar terms and 7% in volume to make a total of almost US$21 billion. The deficit in the balance of payments current account therefore persisted at below 1% of GDP. The public sector contributed a consolidated deficit of around 2% of GDP to this result, which was more than offset by the savings surplus of the private sector (with respect to its investment). In any event, fiscal policy played a less expansive role than in previous years, with spending growth below 2% in real terms. As a result, the official balance of the central government, which includes as income the drawings made from the Copper Compensation Fund (strictly speaking, a form of financing that should be booked "below the line"), closed the year with a deficit of 0.8% of GDP. According to the authorities, this result would have been again consistent with a structural surplus of 1% of GDP if it assumed that there is a breach between effective and potential product of about 4.5% and that the long-term copper price is US$0.9.

Inflation rates during 2003 were particularly volatile, mainly reflecting the behavior of the exchange rate and the international fuel price. The accumulated inflation rate for the first quarter was 2.1% when, as a result of uncertainty about the course of the Iraq war, oil was around US$34 a barrel and the dollar had risen from Ch$700 at the end of 2002 to Ch$758 in March. But from April onward, a moderate reduction in oil prices and a strong appreciation of the peso led to deflationary pressures that returned the 12-month inflation rate to 1.1% in December, the lowest level in 68 years. This trend was also determined by the continued slack in capacity, reducing trading margins and a limited increase in nominal wages. Underlying inflation (excluding perishables and fuels) increased by just 1.6% during the year, below the level of the year before (1.8%). Reduced inflation together with its associated restrictive impact on real interest rates, led the Central Bank to deepen the expansive nature of its monetary policy by reducing its reference rate by 25 basis points in January and 50 points in December, to a level of 2.25%. Nominal rates for longer terms adjusted to these reductions and to expectations of the prolongation of the expansive monetary policy. The BCP-5 rate, which fluctuated around 6% during much of the year, closed in December at slightly over 4.5%. Rates on UF-indexed instruments, while showing a high volatility in line with inflation, consolidated at historically low levels. The yield on BCU-5 (previously PRC-8) paper began and ended the year at 3.25%, although passing close to 2.5% in March when demand for UF securities intensified as a result of accelerating inflation.

Conclusion

A better external environment, moderate reactivation, slack in the external accounts, a firmer stock market, peso appreciation and lower inflation characterize the Chilean economic performance in 2003. Most of these trends should be passed on to 2004 when, with the wind firmly behind it, growth could result at more than the revised potential rate (4%), as the Central Bank has suggested.

CHILE: ECONOMIC INDICATORS

	1999	2000	2001	2002	2003
GDP (US$ billions)	73.0	74.9	68.3	66.4	**71.4**
GDP per capita (US$)	4,861.0	4,922.0	4,432.0	4,261.0	**4,525.0**
Real GDP growth (%)	-1.0	4.4	3.1	2.1	**3.2**
Domestic Spending Growth	-5.8	5.7	2.1	1.9	**3.2**
Private spending	-1.0	3.7	2.7	1.7	**3.5**
Investment in fixed capital	-18.2	7.7	2.5	1.4	**2.3**
Terms of trade	100.1	103.1	99.2	100.5	**102.7**
Copper price (US$ cents per lb.)	71.3	82.2	71.6	70.7	**80.7**
Oil price(US$ a barrel)	16.4	28.5	24.0	25.2	**30.9**
Trade balance (US$ billions)	2.4	2.1	2.1	2.5	**2.9**
Current account (US$ billions)	-0.3	-1.1	-1.3	-0.6	**-0.4**
Balance of payments (US$ billions)	-0.6	0.3	-0.6	0.2	**-0.1**
Total savings (domestic + external), % of GDP	20.9	21.8	21.9	21.9	**22.5**
Gross domestic saving	21.0	20.6	20.0	21.1	**22.0**
Central government	1.5	2.3	2.2	2.0	**2.1**
Rest (private sect., Central Bk, & state entities)	19.6	19.1	17.8	19.1	**19.9**
External savings	-0.1	1.2	1.9	0.9	**0.5**
Inflation Dec-Dec (%)	2.3	4.5	2.6	2.8	**1.1**
Underlying inflation Dec-Dec (%)	2.1	3.4	3.2	1.8	**1.6**
Relevant external inflation (Central Bank avrge %)	-1.4	2.4	-1.9	-4.1	**10.4**
Monetary policy rate (avrge, Dec % in Ch$)	8.8	8.3	6.5	3.0	**2.4**
BCU-5 rate 360 days (avrge Dec % in UF)	6.7	5.9	4.9	3.2	**3.0**
Exchange rate (avrge Ch$/US$)	508.8	539.5	634.9	688.9	**691.4**
Exchange rate (avrge Dec. Ch$/US$)	538.2	574.6	669.1	701.9	**602.9**
Real exchange rate (Central Bank avrge 1996=100)	97.1	101.5	113.0	114.9	**123.6**
Employment growth (%)	-2.2	1.1	0.3	1.1	**3.1**
Workforce growth (%)	1.5	0.3	0.3	0.9	**2.6**
Unemployment rate (%)	9.8	9.2	9.0	8.9	**8.5**
Change in real wages (%)	2.4	1.4	1.6	2.1	**1.0**
Total net foreign liabilities (US$ billions)	28.7	29.3	29.5	28.0	**28.4**
Total net foreign liabilities (% GDP)	39.4	39.2	43.2	42.1	**39.7**
Total net foreign liabilities (% exports)	138.4	127.8	132.5	125.5	**111.5**

6.

Banco Security and the Chilean Banking Industry

The following is a brief analysis of changes in the banking industry during 2003 in terms of the principal events of the year, growth in lending and the results. We shall then analyze the perfor mance of Banco Security in this context.

GLOBAL VIEW OF CHILEAN BANKING

The principal macroeconomic indicators in 2003, like GDP growth, domestic demand, unemployment, investment, etc. showed no very important changes, but, starting in the second half, numerous signs of reactivation appeared in Chile and in the global economy. In addition, with the coming into effect of the free-trade agreement with the European Union, the signing of the agreement with the United States and the low levels of inflation that have enabled the Central Bank to maintain an expansive monetary policy, the economic prospects from 2004 onward are quite positive. All this directly affects the banking industry, explaining the moderate growth in loans during 2003 and the more optimistic forecasts for 2004. It is therefore fairly symptomatic that the increased growth in 2003 has been mainly in consumer and housing loans. It should also be remembered that the difficult economic situation the country lived through from 1998 to 2003 forced banks to make special efforts to improve efficiency and reduce and control their risks, thus placing them in an enviable position for facing 2004 and thereafter.

There have been numerous changes in the Chilean financial sector in recent years and 2003 was no exception. The most notable factors during the year were:

- The entry of new players: in April 2003, the Supertintendency of Banks and Financial Institutions was requested to approve a banking license for Banco Paris which obtained a provisional one 3 months later. In July, a further request was presented for the creation of Banco Penta, led by the group of that name. Also, early in the year, Banco Conosur began operating after previously being a finance company, and Banco Momex opened its doors in August.
- Changes of ownership of certain banks, like Banco Sudameris being bought early in the year by Banco de Desarrollo, Consour which was bought by Banco de Crédito e Inversiones, and Banco Santiago Express which passed to Almacenes París.
- Modifications to the regulatory framework which included banks being authorized to offer customers incentives other than interest. Discussions also progressed concerning the capital markets law II.
- Consolidation of the merged banks that began to show improved levels of efficiency and profitability.
- Lastly, the banking mechanization process continued with a constant increase in the number of

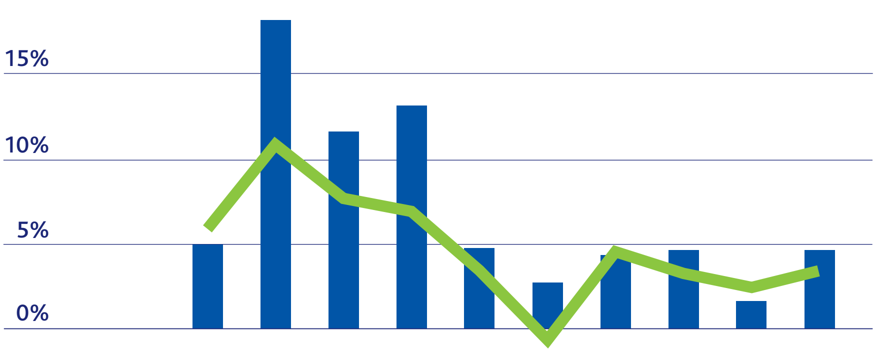
users of electronic channels, and large investments by some banks in new equipment and systems. The number of customers connected to internet exceeds 600 thousand (220 thousand in 2000) and electronic transactions represented 50% of the total.

Lending

The provisional banking industry figures for 2003 show a growth in total loans of 4.6%. While this is higher than in 2002, it continues to be below the real annual average of 11.8% seen between 1990 and 1997. However, this is no more than confirmation of the direct correlation between the behavior of the economy and that of the financial sector, as the graph shows.

Loans Growth vs. GDP Growth Source: INE and SBIF

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Loans	4.9%	17.9%	11.5%	13.0%	4.7%	2.7%	4.3%	4.6%	1.6%	4.6%
GDP	5.7%	10.6%	7.4%	6.6%	3.2%	-1.0%	4.4%	3.1%	2.1%	3.2%

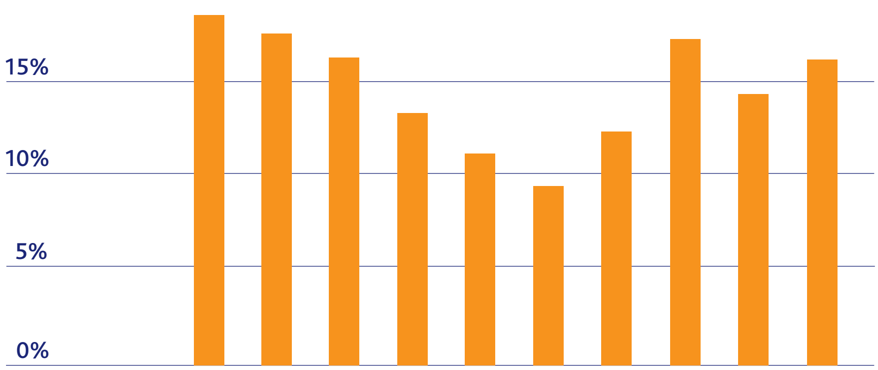


The following points are noted from analyzing the detail of changes in loans during 2003:

- Highest growth was in interbank lending (57.6%) and personal banking products, with consumer and housing loans showing a significant recovery (16.8% and 12.4% respectively).
- The most relevant negative changes were in lines of credit and overdrafts (-10.4%) following by foreign trade finance (-6.4%).
- The past-due portfolio fell by 6.2%, reflecting a lower risk resulting from the country's better economic conditions.
- Assets previously booked by leasing and factoring subsidiaries continued to grow at very high rates (15.4% and 32.2% respectively) due among other things to the progressive incorporation of these subsidiaries into their respective bank parents.

Average Profitability for the Industry Source: SBIF

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Financial Sector	19.1%	18.0%	16.7%	13.7%	11.5%	9.4%	12.7%	17.7%	14.4%	16.6%



Results

The year was highly positive for banks in terms of results as they achieved record levels and profitability was higher than the average for the last 10 years. Total net income for the industry was US$ 1,031 million, representing real growth of 19.7% compared to 2002 and a return on equity of 16.6%. The principal banks responsible for this performance were the 3 largest private banks which have achieved high levels of efficiency and profitability. The aggregate net income of these 3 banks represented 66.6% of the total sector net income, while their loans represent 51.7% of the market. This difference is basically explained by the greater efficiency they have achieved.

With respect to the composition of bank results, there are two phenomena that have been repeating in recent years: the sustained growth in fee income and the increase in average efficiency of the sector.

Fee income in 2003 grew by 19.1% in real terms compared to the year before, accumulating an average annual growth rate of 12.9% over the last 10 years. This is consistent with international trends where increased fees have compensated the fall in spreads. The table shows the trend in fee income and its relative importance compared with interest and net indexation income.

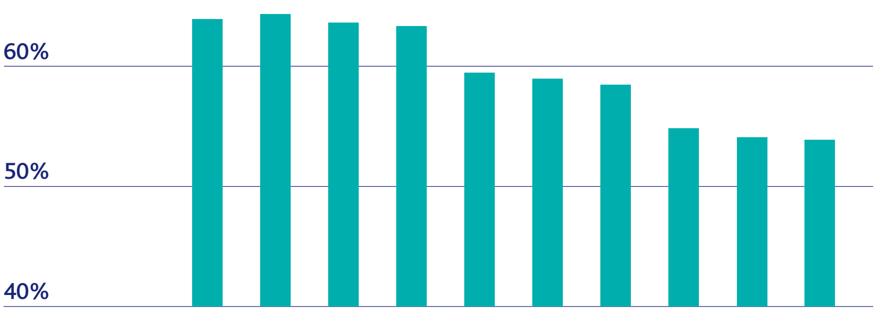
Year	Fee income MMUS$ of Dec-03	Fees / Net Interest & Indexation
1994	294.3	34.0%
1995	329.0	11.8%
1996	429.1	30.4%
1997	491.8	14.6%
1998	516.6	5.0%
1999	495.6	-4.1%
2000	507.7	2.5%
2001	581.6	14.5%
2002	618.2	6.3%
2003(*)	736.1	19.1%

(*) Preliminary figures
Source: SBIF

With respect to efficiency, operating expenses last year grew at a slower rate than revenues, so the average efficiency ratio of the sector (operating expenses divided by gross operating margin) improved from 54.0% in 2002 to 53.8% in 2003, as the following graph shows. A more detailed analysis of 2003 operating expenses

Average Efficiency Index Source: SBIF

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Financial Sector (*)	63.8%	64.2%	63.5%	63.2%	59.4%	58.9%	58.3%	54.8%	54.0%	53,8%



shows a real decline of 3.6%, basically explained by the savings achieved by the merged banks. It should be mentioned that the Chilean financial sector has begun to position itself as one of the most efficient in the world.

The available figures for risk show favorable changes compared to the year before. The sector's risk indicator in October 2003 was 1.82% of loans, compared to 1.95% in the same month of 2002 and a maximum of 2.14% in June 2000. The past-due portfolio reached 1.77%, below the level of 1.82% of total loans in October 2002. The sector is therefore returning gradually to its risk levels prior to the economic crisis which, between 1995 and 1997, saw an average risk indicator of 1.26% and past-due loans of 0.97% of total loans. The risk losses reflected in provisions and write-offs made during the year therefore showed a fall of around 9% compared to 2002, basically due to the improvement in the country's economic situation and its consequent impact on the general repayment capacity of debtors.

The combined strength of the financial system is reflected in the Basle ratio, which considers the effective equity needed to support risk-weighted assets. In December 2003, this ratio reached 14.1%, again showing a favorable trend compared to the 14.0% at December 2002, and maintaining a comfortable margin over the legal minimum of 8%. Moreover, all financial institutions showed a Basle ratio of over 10%, one requirement for being classified as a first-category bank.

Lastly, the higher contribution made by subsidiaries should also be noted, with an increase of close to 7% compared to 2002. In 2003, these represented rather more than 16% of total bank results. This is probably explained by greater profits from securities trading subsidiaries.

Conclusion

It can finally be concluded that the most difficult years for the Chilean banking sector have passed. Even though 2003 was not a particularly good year, clearly reflected in the low loan growth rates, especially of commercial loans, it was a positive year in terms of future prospects for the economy in general and the financial sector in particular. Beginning in the second half of the year, there were encouraging signs of economic reactivation which quickly affected the sector with an improvement in risk indicators and thus asset losses. If, in addition to the new economic scenario, the adjustment that banks have made to face the crisis is taken into account, it is be expected that 2004 and subsequent years will be very favorable, possibly with results and returns approximating or exceeding the historic highs.

BANCO SECURITY'S ACTIVITIES AND RESULTS

Strategy

The Chilean banking industry has continued to show great dynamism, with new ownership changes, the entry of new players, greater efficiency, increasingly more aggressive commercial strategies, better technologies, etc., all of which have increased competitiveness progressively and significantly. In this context, Banco Security has made important efforts to improve its efficiency without affecting service quality. This has enabled it to maintain its market position with a clear differentiation from its competitors.

The strategy of Banco Security is to offer personalized, integral, competitive and timely solutions to the financial needs of large and medium-sized companies and of high-income individuals, providing them with a service of excellence that allows us to retain them for long periods of time. The Bank therefore provides them with a complete range of financial products and services with top-level technological support in all its channels and with all the necessary support for giving customers complete satisfaction.

In order to implement this strategy correctly, Banco Security has organized its activities into three business areas: Corporate Banking, Personal Banking and Investment Banking.

- **Corporate Banking** is Banco Security's most traditional business area and concentrates approximately 83% of its total loans at December 2003, and contributes around 63% of revenues. This area is itself divided into:
  - Corporate Banking, focused on the largest private and public-sector companies in Chile, with sales exceeding US$25 million, and including real-estate companies.

- Middle Market Banking, dedicated to companies with sales of between US$5 million and US$25 million annually, through its branches in Santiago and the regions.

- **Personal Banking** is oriented to attracting and attending high-income individuals, today concentrating a little below 17% of total Bank loans and contributing about 20% of its revenues.
  This area is structured in the following way:
  - Preferential Banking and Private Banking, specialized in attending high-income individuals who demand an optimum quality of service.
  - Mortgage business, concentrated on attracting and attending high-income customers who require mortgage financing.

  During 2003, this area continued expanding aggressively, gaining customers and business attracted by the recognized quality of service and wide variety of products offered. The stock of loans at December grew by 33% compared to 2002 while the number of checking account holders rose to 11,120.

- **Investment Banking** is an area that has traditionally been of great relevance in the business and results of the Bank, complementing the service provided by the commercial areas. This is made up of:
  - The Money Desk which operates actively in currency and securities trading in both the domestic and foreign markets, and manages the Bank's exposure to currencies, maturities and interest rates.
  - International Management, dedicated to exploring foreign financial markets and seeking finance for the foreign trade business in which Banco Security has maintained an important participation over the years.

In recent years, Banco Security has made important efforts both in the development and introduction of new products and in the incorporation of the latest technological advances in the industry, in order to make available to companies and individual customers all the tools necessary for an optimum management of their resources. This has placed Banco Security in a privileged position together with other banks choosing modernization and has led the Bank's Personal Banking area to have one of the most "technologized" customer portfolios in the Chilean banking sector.

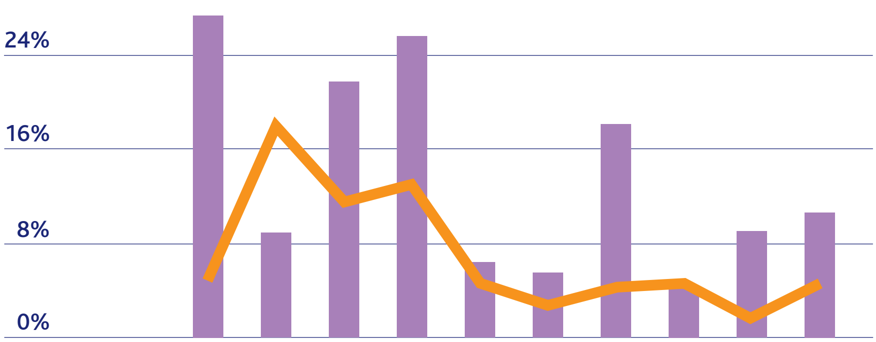
An important investment was made in 2003 to replace the Bank's main hardware with the latest generation technology, and great efforts were made to introduce numerous innovations in the information and communications systems, all of which have significantly improved capacity, reliability and response times of the Bank's different systems and electronic channels (internet, WAP and telephonic banking). This has permitted continued progress in the structural changes begun in 2002 for transforming branches into "transactional centers" and for creating centralized "business platforms" from which commercial executives provide the personalized attention and financial support required by customers and which characterizes Banco Security.

Loans performance

Banco Security's total loans at December 31, 2003 reached US$ 1,603.5 million, representing a real increase of 10.6% over 2002, according to provisional figures published by the Superintendency of Banks and Financial Institutions. This increase is significantly greater than that shown by the banking sector over the same period, amounting to 4.6%. Banco Security therefore has a market share of 2.87% of total loans and occupies 9th place out of 26 banks operating in Chile.

Banco Security Laon Growth vs. Financial Sector Source: SBIF

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Banco Security	27.3%	8.9%	21.7%	25.4%	2.4%	5.5%	18.1%	4.2%	9.0%	10.6%
Financial Sector	4.9%	17.9%	11.5%	13.0%	4.7%	2.7%	4.6%	4.3%	1.6%	4.6%



With respect to the composition of the loan portfolio, there were no large changes except for the growth in mortgage loans:

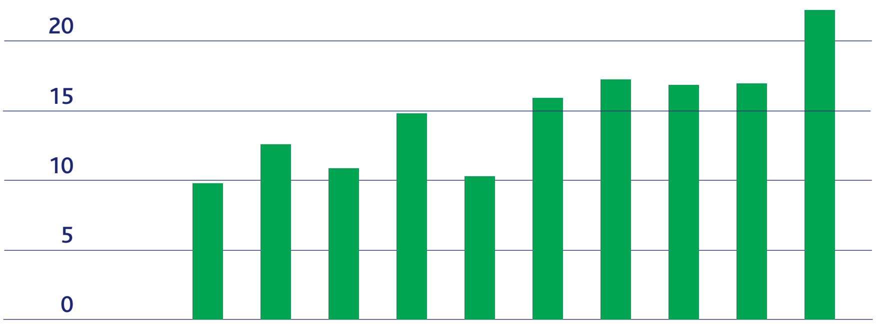
- Commercial loans, consistent with the Bank's strategy, represented 64.5% of the Bank's total loans (66.2% in 2002).
- Foreign trade financing made up 8.1% of the total.
- Outstanding leasing agreements represented 6.5%.
- Contingent assets made up 4.6% of loans.
- Consumer loans granted by Personal Banking made up 0.8%.
- Placements of credit notes comprised 10.1% of the portfolio.

Results

The results of Banco Security for 2003 were very satisfactory, reflecting the strength and maturity achieved over the years. The consolidated results of the Bank and its subsidiaries was US$ 22.2 million, which represents real growth of over 30% compared to 2002 and a return on equity of 16.5%. These figures are the result of a good performance by all the Bank's three business areas, notable being the good results from managing currency and maturity mismatches and the growth in Personal Banking which, having passed its break-even point, is now an important contributor to the results, without

Net Income Banco Security and Subsidiaries Source: SBIF

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Millions of US$	9.9	12.6	10.9	14.8	10.3	15.9	17.3	16.9	17.0	22.2



overlooking the usual good performance of Corporate Banking which provides most of the Bank's revenues with a valuable quota of stability.

The Gross Margin shows real growth of 8.3%, the following factors all contributing:

- The increase in total loans of Banco Security to US$ 1,603.5 million at December 2003.
- The correct management of currency and maturity mismatches provided opportunities, mainly related to rate differentials generated at times because of atypical phenomena such as the Iraq war, the Inverlink case and 6 months of negative inflation.
- Fee income which showed real growth of over 50%. In 2002, because of differences in relation to the industry average, the fee structure was totally modified and a campaign was launched to increase such income. Banco Security nevertheless continues to be one of the cheapest banks in Chile in terms of commissions.

Regarding operating expenses, the Bank has continued to make great efforts to improve its efficiency and thus maintain its competitiveness. These expenses in 2003 showed a real increase of 6.7% due mainly to high personnel expenses which were mostly because of the costs of a restructuring that began at the start of the year and the adjustment to the global provision for vacations which the Bank held at December 2002.

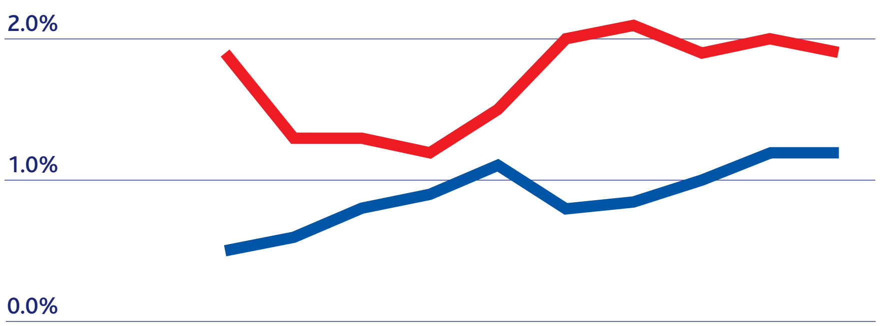
The efficiency indicator (operating expenses over gross margin) of 51.1% achieved by the Bank in 2003 is highly positive as its represents an improvement over the 51.8% of the year before, and compares favorably with the industry average of 53.8%. Banco Security also maintained its first place in terms of productivity, measured as loans divided by the number of employees, achieving an average of US$ 5.2 million of loans per employee at December 31, 2003.

Another of the traditional strengths of Banco Security is the good quality of its loan portfolio which was maintained in 2003. According to the latest figures published by the Superintendency of Banks and Financial Institutions for the month of October 2003, Banco Security showed a risk indicator

Risk Indicator Banco Security vs. Financial Sector Fuente: SBIF

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003(*)
Banco Security	0.5%	0.6%	0.8%	0.6%	0.9%	1.1%	0.8%	1.0%	1.2%	1.3%
Financial Sector	1.6%	1.3%	1.3%	1.2%	1.5%	2.0%	2.1%	1.9%	2.0%	1.8%

(*) October 2003



of 1.30%, being, jointly with one other bank, the one with the lowest risk out of all the medium and large banks, and comfortably exceeding the industry average of 1.82%. This and the positive evolution of the country's economy during the year, explains the lower losses (provisions for risk assets less recoveries of loans written off) suffered by the Bank in 2003 which amounted to US$ 10.3 million, a real fall of 16.4% compared to 2002.

In terms of solvency, the Basle ratio (effective equity over risk-weighted assets) of Banco Security maintained a comfortable margin over the 10% level required by current local regulations for qualifying as a first-category bank and, even more so, over the minimum of 8%. For Banco Security, this ratio was 11.2%, below the average of 14.1% for the banking sector. The Bank's basic capital at the same time represented 6.5% of its total assets, much higher than the minimum of 3% required by the General Banking Law.

The subsidiaries of Banco Security, Valores Security Corredores de Bolsa and Administradora General de Fondos Security, were important contributors to the Bank's results as in previous years. Income from its investments in related companies amounted to US$ 5.9 million at December 2003, an increase of 14.0% over 2002 and representing 26.4% of the Bank's consolidated net income.

Branches

Banco Security has 9 offices in Santiago (Head Office, Providencia, El Golf, Vitacura, La Dehesa, Panamericana, Quilicura, Santa Elena and Ciudad Empresarial) and 4 regional branches (Antofagasta, Concepción, Temuco and Puerto Montt). This weak geographic coverage directly reflects the Bank's strategic definition as large and medium-sized companies and high-income individuals value service quality and are usually intensive users of electronic channels rather than the branches. On the other hand, time has shown that the low investment in offices was a wise decision as the development and massification of electronic channels has reduced and will continue to reduce the importance of geographic coverage, particularly for the objective segments of Banco Security. What was an important disadvantage some years ago is gradually becoming an advantage because of the greater flexibility offered by low investments in branches.

Other Important Events

As occurred in 2001 and 2002, Banco Security was chosen for the hall of fame of the "25 best companies to work for in Chile" in a survey conducted by the Great Place to Work Institute. This again confirms the permanent concern of the senior management to offer the Bank's staff an optimum working environment which has enabled it to have a top-flight human team that is widely recognized in the market. This distinction is a source of pride for Banco Security, first because it places it in a unique place in the banking sector and second because it consolidates itself in a position where multinational companies usually figure. As if this were not enough, a survey carried out by El Mercurio, the magazine Ya, Fundación Chile Unido and Great Place to Work, and sponsored by the Confederation of Production and Commerce on "the best companies for mothers to work" chose Banco Security as among the 5 companies in Chile providing the best facilities for mothers to work.

7. Subsidiaries of **Banco Security**

VALORES SECURITY S. A., CORREDORES DE BOLSA

BOARD OF DIRECTORS		MANAGEMENT	
Chairman	Ramón Eluchans O.	**President**	Nicolás Ugarte B.
Directors	Bonifacio Bilbao H.	**Chief Operating Officer**	Juan Adell S.
	Javier Gómez C.		
	Enrique Menchaca O.	**Investments Assistant**	
	Luis Montalva R.	**Manager**	Cristián Pinto M.

The year 2003 was a good one for Valores Security S.A., Corredores de Bolsa in terms of results. With a record net income of US$ 4.0 million, it exceeded the good results obtained the previous year with an increase of 16.8%. This represents a return of 41.4% on the company's equity and a contribution to the consolidated results of Banco Security of 18.0%.

Valores Security operates mainly in two business areas: fixed income and variable income. The first corresponds basically to securities trading, foreign currency trading and US dollar futures contracts, while the variable income operations cover share trading, the collection of stock exchange duties and the management of its own portfolio. The performance of these areas in 2003 was as follows:

- The fixed-income area generated net revenues of US$ 6.5 million in what was a quite special year with respect to interest rate behavior both in Chile and abroad and to the uncertainties caused by the Inverlink case.
- The variable-income area generated revenues of US$ 0.4 million, representing only 5.9% of the company's income. While this business gave birth to the company in 1987, it has remained relegated to second place as a result of the growth of the fixed-income business in recent years.

The year 2003 will be remembered among other things for the vigorous reactivation of the stock market, provoked by a greater market optimism concerning economic expectations for the coming year. Following years of low and even negative returns and trading volumes constantly falling, 2003 ended with increases of 46.2% in the General Stock Price Index (IGPA) and 48.5% in the Selective Stock Price Index (IPSA), returns not seen for 10 years, and a 140% growth in trading volumes. As a result, the market capitalization of companies traded on the exchange reached US$85,676.2 million, surpassing GDP.

Valores Security could not ignore what was happening on the stock market and increased its share trading by almost 40% to US$ 308.2 million and its variable-income revenues by over 30%. The company thus occupied 13th place out of the 38 stockbrokers operating on the local market, with a 1.14% participation in the volumes traded on the Santiago Stock Exchange and the Chilean Electronic Exchange.

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

BOARD OF DIRECTORS		MANAGEMENT	
Chairman	Francisco Silva S.	**President**	Alfredo Reyes V.
Directors	Carlos Budge C.	**Commercial Officer**	Juan Pablo Lira T.
	Felipe Larraín M.		
	Renato Peñafiel M.	**Investment Assistant Manager**	Rodrigo Fuenzalida B.
	Gonzalo Ruiz U.		

The mutual funds industry is highly competitive. There are 17 management companies of which 11 are bank subsidiaries, 2 are related to stockbrokers and 4 are related to insurance companies.

According to the latest figures of the fund managers association at December 2003, total funds managed by the industry rose to US$8,408 million while the number of participants rose to 428,287, an increase of 11.8% for the year, thus confirming the return to growth of previous years. The good stock market performance, the introduction of Voluntary Pension Savings, better economic prospects, portfolio diversification and the appearance of "tailor-made" mutual funds explain, among other factors, the sector's good year.

The more important events affecting the industry during 2003 were:

- At the start of the year, the industry suffered from the effects of the uncovering of the Inverlink case. As a result of the uncertainty caused by the precautionary measures imposed by the courts, assets managed fell by about 17% between February and April (20.0% compared to December 31, 2002) and then recovered slowly to close the year 4% higher than the previous year.
- A total of 45,241 new participants were added during 2003.
- Managed assets relating to Voluntary Pension Savings grew significantly and by November 2003 had achieved a 5.4% share of total mutual fund assets with funds of US$ 874.0 million.
- The types of funds that saw the greatest growth during the year were in variable income (equities), directly reflecting the reactivation and stock market returns.

Administradora General de Fondos Security S.A. was formed in May 1992 as a mutual funds manager and a subsidiary of Banco Security. In September 2003, it widened its objects and changed its name to the present one. It has grown consistently since its formation in terms of number of funds, assets managed (US$ 323.3 million at December 2003) and number of participants. The funds and their assets managed at the end of 2003 are:

- **Security Check**, a short-term fixed-income fund designed for medium and large companies. Assets managed at December 31, 2003: US$ 55.8 million.

- **Security First**, a medium and long-term fixed-income fund with assets managed at December 31, 2003 of US$ 46.6 million.
- **Security Premium**, a short-term fixed-income fund designed for individuals and small companies, with assets managed at December 31, 2003 of US$ 15.9 million
- **Security Acciones**, an equity fund with Series A and B, and assets managed at December 31, 2003 of US$ 27.4 million
- **Security Global Investment**, a fund, also with Series A and B, that can invest all its resources abroad. Assets managed at December 31, 2003 are US$ 2.1 million
- **Security Gold**, a fixed-income fund designed for people with a medium and long-term investment horizon. Assets managed at December 31, 2003 are US$ 77.1 million.
- **Security Explorer**, an international equity fund, with Series A and B, and with assets managed at December 31, 2003 of US$ 1.5 million
- **Security Bond,** a fund invested in Chilean and foreign long-term bonds, with assets managed at December 31, 2003 of US$ 47.7 million.
- **Security Plus**, a short-term fund focused on businesses and individuals, with assets managed at December 31, 2003 of US$49.3 million.

The difference between the Series A and B is that the Series B refer to participants' Voluntary Pensions Savings.

Administradora General de Fondos Security obtained very satisfactory results in 2003, with a net income of US$1.9 million, representing a real increase of 8.5% over 2002 and a return on equity of 35.1%. In terms of assets managed, the average at December 2003 is US$ 323.3 million, a fall of 17.0% with respect to the year before and representing a market share of 3.8% (4.84% in 2002) and 7th place out of the 17 managers operating in the market. The good yields obtained on the different funds managed gave the 10,453 participants growth of 17.4%, above the industry average.

It is also notable that Administradora General de Fondos Security had attracted assets under the Voluntary Pensions Savings scheme at November of close to US$ 5.5 million, almost 12% of the total managed by mutual funds.

Changes in total assets managed by the mutual funds industry and the market share of Administradora General de Fondos Security over the last 7 years are shown in the following table:

MUTUAL FUNDS

Figures in millions of US$ as of December 2003	1997	1998	1999	2000	2001	2002	2003
Mutual Funds Industry	4,017.4	2,638.5	3,947.5	4,727.4	5,838.6	8,126.3	**8,457.2**
Admin. General de Fondos Security	115.5	109.9	169.5	181.4	207.9	393.6	**323.3**
Market share	2.9%	4.2%	4.3%	3.8%	3.6%	4.8%	**3.8%**

8. Financial Statements

Financial Statements of Banco Security

At December 31, 2003 and 2002, including the Report of the Independent Accountants

Contents

ThCh$ = Thousands of Chilean pesos
MCh$ = Millions of Chilean pesos
UF = Unidad de Fomento (an official inflation-indexed monetary unit)
US$ = United States dollars
ThUS$ = Thousands of US dollars

Balance Sheets as of December 31, 2003 and 2002

(In millions of Chilean pesos - MCh$)

Assets	2003 MCh$	2002 MCh$
Liquid Assets	**84,979.3**	**94,520.4**
Loans:		
Commercial	619,717.4	572,659.6
Foreign trade	77,685.7	91,558.4
Consumer	7,266.6	5,721.4
Mortgage	96,693.3	50,342.9
Leasing contracts	62,637.6	55,215.7
Contingent	44,525.2	47,338.8
Other outstanding loans	43,618.5	34,188.1
Past-due	9,038.8	7,764.4
Total Loans	**961,183.1**	**864,789.3**
Less: allowance for loan losses	**(11,960.8)**	**(10,711.2)**
Total loans-net	**949,222.3**	**854,078.1**
Other loan operations:		
Loans to financial institutions	–	3,622.6
Securities trading	882.3	–
Total other loan operations	**882.3**	**3,622.6**
Investments:		
Banco Central de Chile and Treasury Securities	348.6	10,216.8
Other financial investments	95,484.0	122,181.3
Trading securities	11,366.2	3,611.1
Assets for leasing	5,431.0	2,536.0
Assets received in settlement or adjudicated	3,550.0	4,693.7
Total investments	**116,179.8**	**143,238.9**
Other assets	**15,853.8**	**18,998.0**
Fixed assets:		
Premises and equipment	14,645.8	11,927.1
Investments in related companies	12,604.2	9,080.6
Total fixed assets	**27,250.0**	**21,007.7**
Total assets	**1,194,367.5**	**1,135,465.7**

The accompanying notes form are an integral part of these financial statements

Liabilities and Shareholders' Equity	2003 MCh$	2002 MCh$
Liabilities:		
Deposits and other obligations:		
Checking accounts	57,853.2	51,185.0
Time and demand deposits	665,658.0	635,251.0
Other demand and term liabilities	44,894.6	73,980.0
Liabilities arising from trading securities	10,908.1	3,376.0
Mortgage notes	100,636.2	50,460.0
Contingent liabilities	45,031.7	48,178.0
Total deposits and other liabilities	**924,981.8**	**862,430.0**
Bonds:		
Ordinary bonds	9,489.1	10,633.4
Subordinated bonds	35,813.1	36,381.1
Total bonds	**45,302.2**	**47,014.5**
Borrowings from financial institutions and Banco Central de Chile:		
Other obligations with Banco Central de Chile	446.6	667.3
Domestic borrowings	3,109.4	784.2
Foreign borrowings	92,643.2	89,442.3
Other borrowings	20,753.1	17,411.1
Total borrowings from financial institutions	**116,952.3**	**108,304.9**
Other liabilities	**13,199.4**	**28,851.9**
Total liabilities	**1,100,435.7**	**1,046,601.3**
Shareholders' equity:		
Capital and reserves	77,790.5	76,800.8
Other equity accounts	2,815.2	1,894.3
Net income for the year	13,326.1	10,169.3
Total shareholders' equity	**93,931.8**	**88,864.4**
Total liabilities and shareholders' equity	**1,194,367.5**	**1,135,465.7**

The accompanying notes form are an integral part of these financial statements

Statements of Income for the years ended December 31, 2003 and 2002

(In millions of Chilean pesos - MCh$)

	2003 MCh$	2002 MCh$
Operating revenues:		
Interest and indexation income	56,841.6	78,604.5
Gain from trading securities	1,894.0	3,176.2
Commission income	3,795.1	2,475.9
Exchange income-net	5,266.3	–
Other operating income	1,363.9	755.4
Total operating revenue	**69,160.9**	**85,012.0**
Less:		
Interest and indexation expense	(26,969.3)	(45,793.6)
Loss from trading securities	(874.1)	(1,810.6)
Commission expense	(223.4)	(44.4)
Exchange loss-net	–	(277.3)
Other operating expenses	(1,296.5)	(325.3)
Operating margin	**39,797.6**	**36,760.8**
Remuneration and personnel expenses	(8,957.6)	(7,759.7)
Administrative and other expenses	(9,262.9)	(9,173.6)
Depreciation and amortization	(2,111.6)	(2,115.0)
Net operating margin	**19,465.5**	**17,712.5**
Provisions for assets at risk	(6,551.2)	(7,635.1)
Recovery of written off loans	368.3	241.9
Operating income	**13,282.6**	**10,319.3**
Other income (expense)		
Non-operating income	1,188.5	1,653.0
Non-operating expenses	(1,608.1)	(1,745.3)
Equity in income of related companies	3,524.3	3,090.8
Monetary correction	(502.7)	(1,621.7)
Income before income tax	**15,884.6**	**11,696.1**
Income taxes	(2,558.5)	(1,526.8)
Income after income taxes	**13,326.1**	**10,169.3**
Net income for the year	**13,326.1**	**10,169.3**

The accompanying notes form are an integral part of these financial statements

Statements of Cash flows for the years ended December 31, 2003 and 2002

(In millions of Chilean pesos - MCh$)

	2003 MCh$	2002 MCh$
Cash flows from operating activities:		
Net income for the year	13,326.1	10,169.3
Charges (Credits) to income that do not representing cash flows:		
Depreciation and amortization	2,111.6	2,115.0
Provisions for assets at risk	6,551.2	7,635.1
Equity in income of related companies	(3,524.3)	(3,090.8)
Monetary correction	502.7	1,621.7
Other (Credits) charges to income that do not represent cash flows	(990.6)	2,098.5
Net change in interest, indexation and commissions accrued on assets and liabilities	1,764.5	(1,146.4)
Net cash provided by operating activities	**19,741.2**	**19,402.4**
Cash flows from investing activities:		
Changes in assets affecting cash flows:		
Net increase in loans	(110,120.7)	(95,261.2)
Net decrease in other loan operations	3,566.9	4,528.1
Decrease (Increase) in investments	28,487.8	(10,103.6)
(Increase) Decrease in leased assets	(2,935.0)	158.9
Purchases of fixed assets	(4,830.3)	(2,321.7)
Sales of investments in related companies	–	466.9
Sale of assets received in settlement of loans	2,232.8	5,667.2
Net (Increase) decrease in other assets and liabilities	(12,570.8)	6,799.5
Net cash used in investing activities	**(96,169.3)**	**(90,065.9)**
Cash flows from financing activities:		
Increase in checking accounts	6,701.0	1,449.4
Increase in time and demand deposits	35,538.1	95,159.0
(Decrease) Increase in other term and demand liabilities	(29,230.8)	13,802.2
Increase (Decrease) in other liabilities arising from trading activities	7,583.9	(29,679.7)
Increase in short-term foreign borrowings	3,110.8	6,849.8
Mortgage notes issued	47,920.5	17,989.8
Bonds issued	(1,712.3)	(2,553.0)
Long-term bank loans obtained	–	14,383.0
Payment of long-term loans	–	(31,823.0)
Increase in other short-term liabilities	5,526.9	–
Dividends paid	(9,061.7)	(9,137.7)
Net cash provided by financing activities	**66,376.4**	**76,439.8**
Net (Negative) positive cash flow for the year	**(10,051.7)**	**5,776.3**
Effect of inflation on cash and cash equivalents	510.6	1,249.8
Net increase (decrease) in cash and cash equivalents during the year	**(9,541.1)**	**7,026.1**
Cash and cash equivalents at beginning of the year	94,520.4	87,494.3
Cash and cash equivalents at end of year	**84,979.3**	**94,520.4**

The accompanying notes form are an integral part of these financial statements

Notes to the Financial Statements

(In millions of Chilean pesos - MCh$)

NOTE1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Information provided

The financial statements have been prepared in accordance with accounting regulations issued by the Superintendence of Banks and Financial Institutions (hereinafter, the Superintendence). Such regulations concur with generally accepted accounting principles in Chile, except for the investments in subsidiaries, which are recorded in one line on the balance sheet using the equity method of accounting, and therefore have not been consolidated on a line by line basis. This treatment does not modify the net income for the year or the shareholders' equity.

These financial statements have been issued solely for the purpose of making a stand - alone individual analysis of the Bank, and accordingly, should be read in conjunction with the consolidated financial statements.

The 2002 Chilean peso amounts have been price level restated for changes in the Consumer Price Index (CPI) used for monetary correction (1.0%).

b. Interest and indexation

The amounts recorded in the balance sheet for loans, investments, and liabilities include interest and indexation accrued until year end. However, the Bank has taken the conservative position of discontinuing the accrual of interest and indexation on high-risk and past-due loans.

c. Monetary correction

Shareholders' equity, fixed assets, and other non-monetary assets and liabilities have been monetarily corrected on the basis of variations in the Chilean Consumer Price Index (IPC). The applications of monetary correction resulted in a net charge to income of MCh$502.7 in 2003 (MCh$1,621.7 in 2002).

The income statements of the Bank are not monetarily corrected.

d. Foreign Currency

Assets and liabilities denominated in foreign currency are stated in Chilean pesos at the exchange rate prevailing at year-end (Ch$599.42 per US$1 in 2003 and Ch$712.38 per US$1 in 2002).

The net gain from exchange loss and income of MCh$5,266.3 (net loss of MCh$277.3 in 2002) shown in the income statement includes the net gains and losses on foreign exchange transactions, as well as the recognition of the effects of exchange rate variations on net assets or liabilities denominated in foreign currency.

e. Conversion

Assets and liabilities denominated in Unidades de Fomento (inflation index-linked units of account) are stated at the following year-end rates: $16,920.00 in 2003 and $16,744.12 in 2002.

f. Financial investments

The financial investments that are traded in the secondary market are stated at market value, in accordance with instructions of the Superintendence. These instructions call for recognition of adjustments to market value against income for the year, unless permanent investments are involved, in which case, under certain limitations, the aforementioned adjustments can be made directly against the "Fluctuation in value of financial investments" in the shareholders' equity accounts.

The application of the adjustment to permanent portfolio resulted in a net credit of MCh$939.7 (MCh$314.5 in 2002) to equity.

Other financial investments are stated at cost plus accrued interest and indexation.

g. Premises and equipment

Premises and equipment are valued at monetarily corrected cost and shown net of accumulated depreciation. Depreciation is calculated using the straight-line method over the useful lives of the assets.

h. Investments in related companies

The shares or rights in related companies in which the Bank has ownership equal to, or greater than, 10%, or in which it can elect or appoint at least one of the members of the Board or management, are recorded in assets using the equity method of accounting.

i. Provisions for assets at risk

The Bank has established all the provisions that are required to cover the risk of loss on assets, in accordance with the standards issued by the Superintendence. The assets are shown net of such provisions or in the case of loans, as a deduction therefrom.

j. Voluntary provisions

In accordance with the General Banking Law, financial institutions are allowed to establish voluntary provisions, which can be computed as capital, for complying with capital several requirements contained in that Law. The provisions recorded at year-end and their effects on net income are presented in the balance sheet and statement of income.

k. Deferred taxes

The effects of deferred taxes arising from temporary differences between the tax and the book basis are recorded on an accrual basis in conformity with Technical Bulletin N¡ 60 of the Chilean Institute of Certified Public Accounts and its supplements, and the Superintendence's instructions.

l. Employee vacation

The annual cost of employee vacations and benefits is recorded on the accrual basis.

m. Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents include the balance of "Liquid Assets", in accordance with the rules established in Chapter 18-1 of the Superintendence's compendium of regulations.

NOTE 2. TRANSACTIONS WITH RELATED PARTIES

In accordance with the General Banking Law in Chile and the Superintendence's instructions, individuals and companies that are related, directly or indirectly, to the Bank's owners or management are considered related parties.

a. Loans to related parties

At December 31, 2003 and 2002, loans to related parties are as follows:

	Current portfolio		Past due portfolio		Total		Collateral (*)	
	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Individuals	3,719.3	90.9	–	–	3,719.3	90.9	3,219.2	516.6
Operating companies	28,934.4	17,178.2	–	14.0	28,934.4	17,192.2	16,795.0	10,929.3
Investment companies	17,385.0	6,524.9	–	–	17,385.0	6,524.9	4,455.3	4,026.1
Totals	**50,038.7**	**23,794.0**	**–**	**14.0**	**50,038.7**	**23,808.0**	**24,469.5**	**15,472.0**

(*) Includes only those guarantees that are admitted by Article 84 of the General Banking Law for purposes of establishing the individual credit limits defined by the Law. The guarantees are valued in accordance with the Superintendence's instructions.

b. Other transactions with related parties

During 2003 and 2002, the Bank entered into the following transactions in excess of UF1,000 with related parties:

		Credit to income		Debit to income	
		2003	2002	2003	2002
Company	Description	MCh$	MCh$	MCh$	MCh$
Invest Security S.A.	Advisory services	–	–	683.3	757.5
Seguros de Vida Security Previsión S.A.	Office rentals	20.0	16.9	–	–
Seguros Security Previsión Generales S.A.	Office rentals	10.1	6.0	–	–
Asesorías Security S.A.	Office rentals	–	23.1	–	–
Global Security S.A.	Advisory services	–	–	521.7	523.7
Virtual Security S.A.	Advisory services	–	–	1,679.1	1,821.2
Inmobiliaria Security S.A.	Advisory services	–	–	180.5	–
Factoring Security S.A.	Advisory services	–	–	33.6	–

The Bank has a price balance and progress billing for MCh$4,805.1 (MCh$1,176.2 in 2002) with Inmobiliaria Security S.A., maturing in 2004.

These transactions were realized on prevailing market terms.

NOTE 3. INVESTMENTS IN RELATED COMPANIES

Participation in the companies

Under the heading of fixed assets, there are investments in affiliates amounting to MCh$12,604.2 (MCh$9,080.6 in 2002), the detail of which is as follows:

Company	Owner ship interest		Equity		Investment value		Income	
	2003	2002	2003	2002	2003	2002	2003	2002
	%	%	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Valores Security S.A. Corredores de Bolsa	99.900	99.900	8,198.8	5,797.7	8,190.6	5,791.8	2,398.8	2,053.8
Administradora General de Fondos Security S.A.	99.990	99.990	4,336.5	3,210.8	4,336.1	3,208.7	1,125.5	1,037.0
Sub total					**12,526.7**	**9,000.5**	**3,524.3**	**3,090.8**
Shares and rights in other companies					77.5	80.1	–	–
Total					**12,604.2**	**9,080.6**	**3,524.3**	**3,090.8**

NOTE 4. ALLOWANCES

a. Allowances for assets at risk

At December 31, 2003, the Bank has accrued allowances for a total of MCh$12,388.8 (MCh$10,905.1 in 2002) which correspond to the minimum allowances required by the Superintendence to cover possible losses.

During each year, the changes in the allowances are as follows:

	Allowances for			
	Loans MCh$	Assets received in settlement MCh$	Other assets MCh$	Total MCh$
Historical balances, December 31, 2001	7,575.3	30.7	601.0	8,207.0
Provisions applied	(4,529.6)	(30.7)	(409.0)	(4,969.3)
Provisions established	7,559.5	–	–	7,559.5
Balances, December 31, 2002	10,605.2	–	192.0	10,797.2
Updated balances for comparative purposes	**10,711.2**	**–**	**193.9**	**10,905.1**
Historical balances, December 31, 2002	10,605.2	–	192.0	10,797.2
Provisions applied	(4,959.6)	–	–	(4,959.6)
Provisions established	6,315.2	–	236.0	6,551.2
Balances, December 31, 2003	**11,960.8**	**–**	**428.0**	**12,388.8**

In the opinion of the Bank's Board, the allowances established cover all possible losses that might result from non-recovery of assets, based on the information examined by the Bank.

b. Voluntary provision

The Bank does not have voluntary reserves at December 31, 2003 and 2002.

NOTE 5. SHAREHOLDERS' EQUITY

a. Equity

Changes in capital and reserves for the years ended December 31, 2003 and 2002 are as follows:

	Paid-in capital MCh$	Other reserves MCh$	Other accounts MCh$	Net income for the year MCh$	Total MCh$
Historical balances, December 31, 2001	56,362.4	16,525.0	1,561.0	9,722.0	84,170.4
Distribution of 2001 income	–	9,722.0	–	(9,722.0)	–
Dividends paid	–	(8,749.7)	–	–	(8,749.7)
Fluctuation in value of financial investments	–	–	314.5	–	314.5
Monetary correction of capital	1,690.9	489.8	–	–	2,180.7
Net income for the year	–	–	–	10,068.6	10,068.6
Balances, December 31, 2002	**58,053.3**	**17,987.1**	**1,875.5**	**10,068.6**	**87,984.5**
Updated balances for comparative purposes	**58,633.8**	**18,167.0**	**1,894.3**	**10,169.3**	**88,864.4**
Historical balances, December 31, 2002	58,053.3	17,987.1	1,875.5	10,068.6	87,984.5
Distribution of 2002 income	–	10,068.6	–	(10,068.6)	–
Dividends paid	–	(9,061.7)	–	–	(9,061.7)
Fluctuation in value of financial investments	–	–	939.7	–	939.7
Monetary correction of capital	588.8	154.4	–	–	743.2
Net income for the year	–	–	–	13,326.1	13,326.1
Balances, December 31, 2003	**58,642.1**	**19,148.4**	**2,815.2**	**13,326.1**	**93,931.8**

Pursuant to Article 10 of Law N° 18,046, the monetary correction of capital has been included in paid-in capital, which is represented by 90,241,632 no-par-value shares, with the same treatment being applied to the reserves.

During February 2003 and 2002, 90% of net profits from 2002 and 2001 amounting to MCh$10,068.6 and MCh$9,722.0 (historical), respectively, were distributed.

b. Minimum basic capital and effective equity

According to the General Banking Law, a financial institution's minimum basic capital may not be lower than 3% of its total assets, while the effective equity may not be lower than 8% of its risk weighted assets. At each year-end, the Bank's situation is as follows:

	At December 31,	
	2003	**2002**
	MCh$	**MCh$**
Basic capital (*)	80,605.7	78,695.1
Total assets	1,240,642.0	1,167,402.3
Percentages	6.50%	6.74%
Effective equity (**)	112,580.0	111,365.9
Risk weighted assets	1,007,614.0	959,091.3
Percentages	11.17%	11.61%

(*) For these purposes, equivalent to paid-in capital and reserves.
(**) Pursuant to Article 66 of the General Banking Law, in order to determine effective shareholders' equity, amounts corresponding to investments in companies and capital assigned to foreign branches must be deducted, whereas subordinated bonds and voluntary provisions, up to certain limits, should be included.

NOTE 6. INVESTMENTS

At December 31, 2003 and 2002, the Bank had the following balances included under investments:

a. Financial Investments

At December 31, 2003

	Type of portfolio						Adjustments to market value					
	Permanent (**)		Non-permanent		Sub total		Credit (Charge) to income		Credit (Charge) to equity		Total	
	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Securities (*)												
Banco Central de Chile	150.2	179.8	11,099.3	13,382.5	11,249.5	13,562.3	251.2	390.6	6.9	9.3	11,507.6	13,962.2
Local financial institutions	7,849.6	5,259.4	45,837.7	30,383.9	53,687.3	35,643.3	539.9	108.0	255.9	276.5	54,483.1	36,027.8
Other investments in Chile	3,387.0	1,584.4	8,198.5	34,121.1	11,585.5	35,705.5	280.1	244.4	59.2	(96.7)	11,924.8	35,853.2
Investments abroad	19,914.6	37,514.3	2,808.3	10,946.5	22,722.9	48,460.8	331.2	–	2,493.2	1,705.2	25,547.3	50,166.0
Mortgage notes issued	–	–	3,698.3	–	3,698.3	–	37.7	–	–	–	3,736.0	–
Total	**31,301.4**	**44,537.9**	**71,642.1**	**88,834.0**	**102,943.5**	**133,371.9**	**1,440.1**	**743.0**	**2,815.2**	**1,894.3**	**107,198.8**	**136,009.2**

(*) Classification according to issuers or those obliged to pay. The abovementioned amounts include MCh$11,366.2 (MCh$3,611.1 in 2002) for securities sold under repurchase agreements.

(**) Permanent portfolio include securities whose adjustment to market value is charged to the "Fluctuation in value of financial investments" account, as described in Note 1f.

b. Other investments

	2003 ThCh$	2002 ThCh$
Assets for leasing	5,431.0	2,536.0
Assets received in settlement or adjudicated (*)	3,550.0	4,693.7
Totals	**8,981.0**	**7,229.7**

(*) The amount shown on the balance sheet represents the estimated realizable value of these assets taken as a whole.

In addition to those assets received in settlement of loans that are recorded as assets, none exist that had been written-off and have yet to be sold.

NOTE 7. MATURITIES OF ASSETS AND LIABILITIES

a. Maturities of loans and financial investments

The following is a breakdown of loans and financial investments at December 31, 2003 and 2002, classified through their maturity. Balances include accrued interest at year-end.

	Due within one year		More than 1 year but up to 3 years		More than 3 year but within 6 years		More than 6 years		Total	
	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Loans (1):										
Commercial and other	473,619.5	453,344.6	92,099.6	75,822.9	107,889.5	104,329.5	128,065.7	118,311.3	801,674.3	751,808.3
Mortgage	–	–	220.3	183.9	2,117.3	832.3	94,355.7	49,326.7	96,693.3	50,342.9
Consumer	2,023.4	1,306.7	3,367.9	2,839.5	1,033.6	1,045.0	841.7	530.2	7,266.6	5,721.4
Other lending operations:										
Loans to other financial institutions	–	3,622.6	–	–	–	–	–	–	–	3,622.6
Credits arising from trading securities	882.3	–	–	–	–	–	–	–	882.3	–
Financial investments:										
Permanent portfolio (2)	386.1	11,116.4	10,588.0	3,463.8	2,568.0	15,563.8	17,759.3	14,393.9	31,301.4	44,537.9
Non-permanent portfolio (3)	73,082.2	89,577.0	–	–	–	–	–	–	73,082.2	89,577.0

(1) Considers only those loans outstanding at year-end that fall due within the indicated periods. Consequently, excluded are contingent loans and loans transferred to the past-due portfolio, as well as delinquent debts that have not been transferred to the past-due portfolio amounting to MCh$1,984.9 (MCh$1,813.5 in 2002), of which MCh$696.2 (MCh$595.9 in 2002) have been delinquent less than 30 days.
(2) Includes securities classified as permanent investments, as described in Note 1f, without considering adjustments to market value, and non-transferable notes.
(3) Includes all other financial investments, with their respective adjustment at market value.

b. Maturities of deposits, borrowings and other financing operations

The information detailed below shows deposits, borrowings and other liabilities through their maturity. Balances include interest accrued at year-end.

	Due within one year		Over 1 year up to 3 years		Over 3 years up to 6 years		Over 6 years		Total	
	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Deposits and other liabilities (*):										
Time and demand deposits	620,046.2	559,704.0	37,830.9	63,586.6	7,780.9	11,960.4	–	–	665,658.0	635,251.0
Liabilities arising from trading securities	10,908.1	3,376.0	–	–	–	–	–	–	10,908.1	3,376.0
Mortgage notes	–	–	224.4	185.2	2,122.5	834.9	98,289.3	49,439.9	100,636.2	50,460.0
Obligations for bonds issued	1,165.4	1,086.1	791.3	385.2	1,968.0	3,407.7	41,377.5	42,135.5	45,302.2	47,014.5
Loans from financial institutions and Banco Central de Chile:										
Other obligations with the Banco Central de Chile	446.6	–	–	667.3	–	–	–	–	446.6	667.3
Loans from local financial institutions	3,109.4681.1	–	103.1 –	–	–	–	3,109.4784.2			
Obligations abroad	92,643.2	89,442.3	–	–	–	–	–	–	92,643.2	89,442.3
Other obligations	779.0	719.9	1,844.1	4,281.7	8,492.9	4,813.1	9,637.1	7,596.4	20,753.1	17,411.1

(*) Excludes all sight and contingent obligations.

NOTE 8. FOREIGN CURRENCY POSITION

The balance sheets include assets and liabilities that are denominated in foreign currencies or are indexed fluctuations in exchange rates. These amounts are summarized below:

	Payable in					
	Foreign currency		Chilean currency (*)		Total	
	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Assets						
Liquid assets (*)	26,030	23,625	–	–	26,030	23,625
Loans	147,406	159,955	19,128	19,444	166,534	179,398
Contingent loans	23,415	20,102	1,587	2,752	25,003	22,854
Financial investments:						
Foreign	42,620	68,027	–	–	42,620	68,027
Other assets	139,570	168,330	17,447	12,299	157,017	180,628
Total assets	**379,042**	**440,038**	**38,162**	**34,495**	**417,204**	**474,532**
Liabilities						
Demand deposits	19,504	18,085	–	–	19,504	18,085
Contingent liabilities	24,351	21,361	1,586	2,749	25,937	24,110
Time deposits	109,630	88,839	–	–	109,630	88,839
Liabilities with foreign banks	154,551	125,544	–	–	154,551	125,544
Other liabilities	92,317	211,346	9,535	7,457	101,852	218,802
Total liabilities	**400,353**	**465,174**	**11,121**	**10,206**	**411,474**	**475,380**

(*) Corresponds to operations denominated in foreign currencies and payable in Chilean pesos or operations that are indexed to fluctuations in exchange rates.

NOTE 9. TRANSACTIONS WITH DERIVATIVE INSTRUMENTS

Transactions for the purchase and sale of foreign currency futures and other derivative products at year-end, are summarized below:

a. Contracts for the purchase and sale of foreign currency futures, and interest rates:

			Amount of the contracts			
	Number of operations		Up to 3 months		More than 3 months	
	2003	2002	2003	2002	2003	2002
Type of future operation			ThUS$	ThUS$	ThUS$	ThUS$
Local market:						
Purchase of Chilean peso futures	59	39	69,599.9	37,450.0	51,345.6	93,682.0
Sales of Chilean peso futures	77	75	27,803.1	16,154.4	46,950.0	149,219.5
Sales of fgoreign currency forwards	7	6	3,276.8	6,271.4	634.7	3,367.2
Foreign markets:						
Purchase of foreign currency forwards	7	6	3,299.3	6,263.2	525.8	3,360.0

The amount refers to either the US dollar futures bought or sold, or the equivalent in US dollar of foreign currency futures bought or sold, or the US dollar basis associated with interest rate futures, as appropriate. The terms correspond to the duration of the contracts from the transaction date.

b. Contracts on the value of "Unidad de Fomento" (Inflation index-linked units of accounts):

			Contract amounts	
	N° of operations		Up to 3 months	More than 3 months
	2002	2003	UF	UF
Purchase of UF/Chilean peso forwards	4	5	1,200,000	200,000

NOTE 10. CONTINGENCIES, COMMITMENTS AND RESPONSIBILITIES

Commitments and responsibilities accounted for in memorandum accounts - The Bank has recorded the following balances in memorandum accounts, which are related to commitments or responsibilities related to the business activity:

	2003 MCh$	2002 MCh$
Mortgage and pledge guarantees	628,478.3	498,392.9
Credit lines obtained	205,325.2	245,611.6
Securities and drafts in guarantee	198,868.1	128,004.0
Securities held in custody	440,968.7	62,005.9
Loans approved but not disbursed	54,361.0	44,653.3
Foreign collections	23,172.8	27,263.2

The above summary list includes only the more important balances. Contingent loans and liabilities are stated on the balance sheet.

NOTE 11. COMMISSION

Commission income and expense shown in the statements of income are as follows:

	Income		Expenses	
	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Commissions earned/paid on:				
Collection of documents	418.4	651.3	–	–
Letters of credit, guarantees, securities and other contingent loans	502.3	397.2	–	–
Credit cards	347.6	213.1	–	–
Lines of credit	126.6	66.6	–	–
Loan commissions	1,024.0	389.1	–	–
ATM commissions	75.0	–	181.5	36.7
Current accounts	606.1	269.6	–	–
Private Banking	–	224.8	–	–
Others	695.1	264.2	41.9	7.7
Totals	**3,795.1**	**2,475.9**	**223.4**	**44.4**

The commissions earned on mortgage note transactions are included in "Interest and Indexation Income" in the statement of income.

NOTE 12. NON-OPERATING INCOME

The detail of non-operating income is as follows:

	2003 MCh$	2002 MCh$
Sales of fixed asset	–	67.5
Recovery of xpenses	632.7	816.9
Rents received	80.7	78.5
Recovery of written-off received in settlement	119.9	47.1
Others	355.2	643.0
Total	**1,188.5**	**1,653.0**

NOTE 13. NON-OPERATING EXPENSES

The detail of non-operating expenses is as follows:

	2003 MCh$	2002 MCh$
Loss on sale of assets received in settlement	631.2	696.7
Write-off of assets received in settlements	416.8	725.0
Loss on assets recovered in leasing	551.0	309.7
Others	9.1	13.9
Total	**1,608.1**	**1,745.3**

NOTE 14. INCOME TAX

The Bank has recorded a provision for First Category Income Tax of MCh$2,558.5 (MCh$1,526.8 in 2002).

NOTE 15. DEFERRED TAXES

As explained in Note 1k, the Bank has applied the accounting criteria of Technical Bulletin N¡60 of the Chilean Institute of Certified Public Accountants and its supplements.

The deferred taxes on temporary differences are presented below:

2003:	**Balance at**	
Item	**January 1, 2003 (historical) MCh$**	**December 31, 2003 MCh$**
Debtor differences:		
Loan portfolio, global provision	1,015.8	1,203.9
Provision for assets recovered	28.1	24.6
Provision for leasing contracts	101.9	103.3
Leased taxable assets	6,758.3	8,901.8
Adjustment of non-permanent investments to market	133.9	119.8
Written-off assets received in settlement	308.6	70.9
Others	20.5	205.3
Sub total	8,367.1	10,629.6
Complementary account	(3,714.7)	(3,608.4)
Net difference	**4,652.4**	**7,021.2**
Credit differences:		
Leasing contracts	(9,020.4)	(10,648.4)
Depreciation of fixed assets	(560.6)	(569.0)
Others	(48.4)	(59.6)
Sub total	(9,629.4)	(11,277.0)
Complementary accounts	5,962.0	5,628.0
Net difference	**(3,667.4)**	**(5,649.0)**

2002:	Balance at	
	January 1, 2002	December 31, 2002
Item	MCh$	MCh$
Debit differences:		
Loan portfolio, global provision	617.9	1,025.9
Provision for assets recovered	30.3	28.4
Provision for leasing contracts	103.9	102.9
Leased taxable assets	4,596.2	6,825.9
Adjustment of non-permanent investments to market	230.2	135.2
Written-off assets received in settlement	43.4	311.7
Others	1.9	20.7
Sub total	5,623.8	8,450.7
Complementary account	(3,840.8)	(3,751.8)
Net difference	**1,783.0**	**4,698.9**
Credit differences:		
Leasing contracts	(6,896.8)	(9,110.6)
Depreciation of fixed assets	(527.5)	(566.2)
Others	(67.9)	(48.9)
Sub total	(7,492.2)	(9,725.7)
Complementary accounts	6,580.3	6,021.6
Net difference	**(911.9)**	**(3,704.1)**

The effect of tax expense during 2003 and 2002 is as follows:

Concept	2003 MCh$	2002 MCh$
Current tax expense	(2,935.9)	(1,650.5)
Effect of deferred taxes on assets and liabilities of the year	627.6	593.4
Effect of deferred taxes on amortization of assets and liability complementary accounts	(250.2)	(469.7)
Total	**(2,558.5)**	**(1,526.8)**

NOTE 16. PURCHASES, SALES, SUBSTITUTIONS OR TRADES IN THE LOAN PORTFOLIO

In 2003 and 2002, the Bank purchased and sold loans as follows:

2003:

Purchase MCh$	Sale MCh$	Effect on income MCh$	Effect on provisions MCh$
10,769.6	7,330.4	44.7	–

2002:

Purchase MCh$	Sale MCh$	Effect on income MCh$	Effect on provisions MCh$
6,839.8	920.9	–	4.5

NOTE 17. DIRECTORS' EXPENSES AND FEES

During each year, the Bank has paid the following directors' fees and expenses:

	2003 MCh$	2002 MCh$
Per diems	60.7	62.0
Advisory fees	366.0	388.2
Total	**426.7**	**450.2**

NOTE 18. SUBSEQUENT EVENTS

During the period between January 1 and 13, 2004, there have been no subsequent events that have had a material impact on these financial statements.

HORACIO SILVA C.
Accounting Officer

RAMON ELUCHANS O.
President

Independent Auditors' Report

Deloitte.

Deloitte & Touche
Sociedad de Auditores y Consultores Ltda.
RUT: 80.276.200-3
Av. Providencia 1760
Pisos 6, 7, 8 y 9
Providencia, Santiago
Chile
Fono: (56-2) 270 3000
Fax: (56-2) 374 9177
e-mail: auditoria@deloitte.cl
www.deloitte.cl

To the Shareholders of
Banco Security

We have audited the balance sheets of Banco Security as of December 31, 2003 and 2002, and the related statements of income and of cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Bank's management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The present financial statements have been prepared to reflect the stand - alone financial position of Banco Security, on the basis of the criteria described in Note 1 to the financial statements, before consolidating the financial statements of the subsidiaries detailed in Note 3 to the financial statements. Therefore, in order for these stand - alone financial statement to be fully understood, they should be red analyzed in conjunction with the consolidated financial statements of Banco Security and subsidiaries, which are required by accounting principles generally accepted in Chile.

In our opinion, such stand - alone financial statements present fairly, in all material respects, the financial position of Banco Security as of December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended , in conformity with the basis of accounting described in Note 1 to the financial statements.

The translation of the financial statements into English has been made solely for the convenience of readers outside Chile.

Deloitte.

January 13, 2004

Consolidated Financial Statements of Banco Security and Subsidiaries

At December 31, 2003 and 2002, including the Report of the Independent Accountants

Contents

ThCh$ = Thousands of Chilean pesos
MCh$ = Millions of Chilean pesos
UF = Unidad de Fomento (an official inflation-indexed monetary unit)
US$ = United States dollars
ThUS$ = Thousands of US dollars

Consolidated Balance Sheets as of December 31, 2003 and 2002

(In millions of Chilean peso - MCh$)

Assets	2003 MCh$	2002 MCh$
Liquid assets	**85,051.6**	**94,520.4**
Loans:		
Commercial	619,717.4	572,659.6
Foreign trade	77,685.7	91,558.4
Consumer	7,266.6	5,721.4
Mortgage	96,693.3	50,342.9
Leasing contracts	62,637.6	55,215.7
Contingent	44,525.2	47,338.8
Other outstanding loans	43,618.5	34,066.9
Past-due	9,038.8	7,764.4
Total Loans	**961,183.1**	**864,668.1**
Less: allowance for loan losses	**(11,960.8)**	**(10,711.2)**
Total loans - net	**949,222.3**	**853,956.9**
Other loan operations:		
Loans to financial institutions	–	3,622.6
Securities trading	1,272.7	4,201.5
Total other loan operations	**1,272.7**	**7,824.1**
Investments:		
Banco Central de Chile and Treasury securities	8,297.9	15,826.2
Other financial investments	104,019.4	128,487.7
Trading securities	49,122.7	22,478.8
Assets for leasing	5,431.0	2,536.0
Assets received in settlement or adjudicated	3,550.0	4,693.7
Total investments	**170,421.0**	**174,022.4**
Other assets	**18,282.9**	**20,995.1**
Fixed assets		
Premises and equipment	14,744.3	12,121.2
Investments in companies	435.3	464.3
Total fixed assets	**15,179.6**	**12,585.5**
Total assets	**1,239,430.1**	**1,163,904.4**

The accompanying notes are an integral part of these financial statements

Liabilities and Shareholders' Equity	2003 MCh$	2002 MCh$
Liabilities:		
Deposits and other liabilities:		
Checking accounts	57,666.6	49,793.7
Time and demand deposits	665,658.0	635,251.2
Other demand and term obligations	45,179.7	74,354.6
Liabilities arising from trading securities	53,007.2	25,428.1
Mortgage notes	100,636.2	50,459.7
Contingent liabilities	45,031.7	48,178.4
Total deposits and other liabilities	**967,179.4**	**883,465.7**
Bonds:		
Ordinary bonds	9,489.1	10,633.4
Subordinated bonds	35,813.1	36,381.1
Total bonds	**45,302.2**	**47,014.5**
Borrowings from financial institutions and Banco Central de Chile:		
Other obligations with Banco Central de Chile	446.6	667.3
Domestic borrowings	3,268.3	4,086.3
Foreign borrowings	92,643.2	89,442.3
Other borrowings	21,409.3	20,468.0
Total borrowings from financial institutions	**117,767.4**	**114,663.9**
Other liabilities	**15,240.2**	**29,888.0**
Total liabilities	**1,145,489.2**	**1,075,032.1**
Minority interest	**9.1**	**8.0**
Shareholders' equity:		
Capital and reserves	77,790.5	76,800.8
Other equity accounts	2,815.2	1,894.3
Net income for the year	13,326.1	10,169.3
Total shareholders' equity - net	**93,931.8**	**88,864.4**
Total liabilities and shareholders' equity	**1,239,430.1**	**1,163,904.4**

The accompanying notes are an integral part of these financial statements

Statements of Income for the years ended December 31, 2003 and 2002

(In millions of Chilean peso - MCh$)

	2003 MCh$	2002 MCh$
Operating revenue		
Interest and indexation income	58,478.3	81,315.0
Net gains from trading securities	10,408.8	10,629.5
Commission income	4,260.0	2,657.5
Exchange income - net	6,526.8	367.0
Other operating income	4,082.9	1,111.1
Total operating revenue	**83,756.8**	**96,080.1**
Less:		
Interest and indexation expenses	(27,941.6)	(47,837.5)
Loss from trading securities	(7,016.1)	(4,325.6)
Commission expense	(299.2)	(44.4)
Other operating expenses	(1,296.5)	(325.3)
Gross operating margin	**47,203.4**	**43,547.3**
Remuneration and personnel expenses	(11,014.1)	(9,408.2)
Administrative and other expenses	(10,521.0)	(10,191.9)
Depreciation and amortization	(2,164.3)	(2,164.2)
Net operating margin	**23,504.0**	**21,783.0**
Provisions for assets at risk	(6,551.2)	(7,663.6)
Recovery of written off loans	368.3	241.9
Operating income	**17,321.1**	**14,361.3**
Other income and expenses:		
Non-operating income	1,363.6	1,703.1
Non-operating expenses	(1,608.1)	(1,990.0)
Equity in income of related companies	41.9	44.5
Monetary correction	(579.7)	(1,854.1)
Income before income taxes	**16,538.8**	**12,264.8**
Income taxes	(3,211.4)	(2,093.2)
Income before minority interest	**13,327.4**	**10,171.6**
Minority interest	(1.3)	(2.3)
Net income for the year	**13,326.1**	**10,169.3**

The accompanying notes are an integral part of these financial statements

Statements of Cash flows for the years ended December 31, 2003 and 2002

(In millions of Chilean peso - MCh$)

	2003 MCh$	2002 MCh$
Cash flows from operating activities:		
Net income for the year	13,326.1	10,169.3
Charges (Credits) to income that do not represent cash flows:		
Depreciation and amortization	2,164.3	2,164.2
Provisions for assets at risk	6,551.2	7,663.6
Equity in income of related companies	(41.9)	(44.5)
Minority interest	1.4	2.3
Monetary correction	579.7	1,854.1
Other charges that do not represent cash flows	462.5	2,142.9
Net change in interest. indexation and commissions accrued on assets and liabilities	1,764.5	(1,146.4)
Net cash provided by operating activities	**24,807.8**	**22,805.5**
Cash flows from investment activities:		
Net increase in loans	(114,306.9)	(95,801.3)
Net decrease in other loan operations	3,566.9	4,528.1
Net decrease (increase) in investments	26,161.5	(10,273.0)
Decrease in leased assets	–	158.9
Purchases of fixed assets	(4,857.6)	(2,395.3)
Sale of fixed assets	–	9.2
Decrease of investments in related companies	–	466.8
Dividends received from investments in related companies	92.5	50.0
Sale of assets received in settlement of loans	2,232.8	5,667.2
Net decrease (increase) in other assets and liabilities	(5,145.9)	6,005.3
Net cash used in investing activities	**(92,256.7)**	**(91,584.1)**
Cash flows from financing activities:		
Net increase in checking accounts	6,701.0	1,449.4
Net increase in time and demand deposits	35,538.1	95,159.0
Net increase (decrease) of other sight of term liabilities	(29,230.8)	13,802.2
Net increase (decrease) from obligations arising from trading securities	7,583.9	(29,679.7)
Increase in short-term foreign borrowings	135,296.4	14,481.8
Mortgage notes issued	47,920.5	17,989.8
Redemption of bonds	(1,712.3)	(2,553.0)
Increase (decrease) of loans from financial institution - net	(99.1)	102,798.9
Payment of other long-term loans	(135,449.3)	(129,637.5)
Dividends paid	(9,061.7)	(9,137.7)
Net cash used in financing activities	**57,486.7**	**74,673.2**
Net total cash flow for the year	**(9,962.2)**	**5,894.6**
Effect of inflation on cash and cash equivalents during the year	493.4	231.6
Net increase (decrease) in cash and cash equivalents	**(9,468.8)**	**6,126.2**
Cash and cash equivalents at beginning of year	94,520.4	88,394.2
Cash and cash equivalents at end of year	**85,051.6**	**94,520.4**

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements

(In millions of Chilean pesos - MCh$)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Information provided

The financial statements have been prepared in accordance with accounting regulations issued by the Superintendence of Banks and Financial Institutions (hereinafter, the Superintendence). Such regulations concur with generally accepted accounting principles in Chile.

b. Basis of consolidation

The consolidated group comprises Banco Security (hereinafter "the Bank") and its subsidiaries listed below :

	Ownership	
	2003	2002
	%	%
Valores Security S.A. Corredores de Bolsa	99.900	99.900
Administradora General Fondos Security S.A.	99.990	99.990

Assets of subsidiaries represent in total 4.6% of the consolidated balance sheet (3.3% in 2002), and revenue of such subsidiaries represents 20% of the consolidated revenues (14.9% in 2002).

In the consolidation process, all significant intercompany balances and transactions have been eliminated.

The 2002 Chilean peso amounts have been price-level restated for changes in the CPI (Chilean Consumer Price Index) by 1.0%.

c. Interest and indexation

The amounts recorded in the balance sheet for loans, investments, and liabilities include interest and indexation accrued until year end.

However, the Bank has taken the conservative position of discontinuing the accrual of interest and indexation on high-risk and past-due loans.

d. Monetary correction

Shareholders' equity, fixed assets, and other non-monetary balances have been monetarily corrected, considering the changes in the Chilean Consumer Price Index (CPI). The application of monetary correction resulted in a net charge to income of MCh$579.7 (MCh$1,854.1 in 2002).

The income statements of Banco Security are not monetarily corrected.

e. Conversion

Assets and liabilities in inflation index-linked units of accounts (UF) are stated at their year end conversion rate of $16,920.00 ($16,744.12 in 2002).

f. Foreign currency

Assets and liabilities denominated in foreign currency are stated in Chilean pesos at the exchange rate prevailing at year end $599.42 per US$1 ($712.38 per US$1 in 2002).

The net gain from foreign exchange of MCh$6,526.8 (net gain of MCh$367.9 in 2002) shown in the consolidated income statements includes the net gains obtained from foreign exchange transactions, as well as the recognition of the effects of exchange rate variations on net assets or liabilities denominated in foreign currency.

g. Financial investments

Long–term investments that are traded in the secondary market of the Bank are stated at market value, in accordance with instructions of the Superintendence of Banks and Financial Institutions. Such instructions call for the recognition of the adjustments to market value against income for the year, unless permanent investments are involved, in which case, with certain limitations, the aforementioned adjustments can be made directly against the "Fluctuation in value of financial investments" equity account.

The application of the adjustment to market value resulted in a net credit of MCh$939.7 (M$314.5 (historical) in 2002) to equity.

Other financial investments are stated at cost plus accrued interest and indexation.

h. Premises and equipment

Premises and equipment are stated at monetarily corrected cost and are shown net of accumulated depreciation. Depreciation is calculated using the straight-line method over the useful lives of the assets.

i. Provisions for assets at risk

The Bank has established all the provisions that are required to cover the risk of loss on assets, in accordance with the standards issued by the Superintendence of Banks and Financial Institutions. The assets are shown net of such provision, or in the case of loans, as a deduction therefrom.

j. Voluntary provisions

In accordance with the General Banking Law, financial institutions may establish special provisions, called "Voluntary provisions", which can be considered as part of the equity for purposes of complying with certain regulations of the General Banking Law. The amount and effect on income are shown directly on each year's consolidated balance sheet and the consolidated statement of income, respectively.

k. Deferred taxes

The effects of deferred taxes arising from differences between the tax and the book bases are recorded on the accrual basis in conformity with Technical Bulletin N° 60 of the Chilean Institute of Certified Public Accounts and its supplements and according to instructions of the Superintendence of Banks and Financial Institutions.

l. Employee vacations

The annual cost of employee vacations and benefits is recorded on the accrual basis.

m. Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents include the balance of "Liquid Assets", in accordance with the rules established in Chapter 18-1 of the Superintendence's Compendium of Regulations.

NOTE 2. RELATED PARTY TRANSACTIONS

In accordance with the General Banking Law and the Superintendence's instructions, individuals and companies that are related, directly or indirectly, to the Bank's owners or management are considered related parties.

a. Loans to related parties

At December 31, 2003 and 2002, loans to related parties are as follows:

	Current portfolio		Past-due portfolio		Total		Guarantees (*)	
	2003	2002	2003	2002	2003	2002	2003	2002
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Individuals	3,719.3	90.9			3,719.3	90.9	3,219.2	516.6
Operating companies	28,934.4	17,178.2		14.0	28,934.4	17,192.2	16,795.0	10,929.3
Investment companies	17,385.0	6,524.9			17,385.0	6,524.9	4,455.3	4,026.1
Total	**50,038.7**	**23,794.0**	**–**	**14.0**	**50,038.7**	**23,808.0**	**24,469.5**	**15,472.0**

(*) Includes only those guarantees that are admitted by Article 84 of the General Banking Law for purposes of establishing the individual credit limits defined by the Law. The guarantees are valued in accordance with the Superintendence's instructions.

b. Other transactions with related parties

During 2003 and 2002, the Bank entered into the following transactions in excess of UF1,000 with related parties:

		Credit to income		Charge to income	
Company	Description	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Invest Security S.A.	Advisory services	–	–	792.1	757.5
Seguros Vida Previsión S.A.	Office rentals	20.0	16.9	–	–
Seguros Security Previsión Generales S.A.	Office rentals	10.1	6.0	–	–
Global Security S.A.	Advisory services	184.9	–	521.7	523.7
Virtual Security S.A.	Advisory services	–	–	1,707.7	1,821.2
Inmobiliaria Security S.A.	Advisory services	–	–	180.5	–
Factoring Security S.A.	Advisory services	–	–	33.6	–

These transactions were realized on prevailing market terms.

The Bank has a price balance and progress billing for MM$4,805.1 (MM$1,176.2 in 2002) with Inmobiliaria Security S.A. maturing in 2004.

NOTE 3. ALLOWANCES

a. Allowances for assets at risk

At December 31, 2003, the Bank has accrued allowances for a total of MCh$12,388.8 (MCh$10,905.1 in 2002) which correspond to the minimum provisions required by the Superintendence to cover possible losses.

During each year, the changes in the allowances are as follows:

	Provisions for			
	Loans MCh$	Assets received in settlement MCh$	Other assets MCh$	Total MCh$
Historical balances, December 31, 2001	7,575.3	30.7	601.0	8,207.0
Provisions applied	(4,529.6)	(30.7)	(409.0)	(4,969.3)
Increase in provisions	7,559.5	–	–	7,559.5
Balances, December 31, 2002	**10,605.2**	**–**	**192.0**	**10,797.2**
Update balances for comparative purposes	**10,711.2**	**–**	**193.9**	**10,905.1**
Historical balances, December 31, 2003	10,605.2	–	192.0	10,797.2
Provisions applied	(4,959.6)	–	–	(4,959.6)
Increase in provisions	6,315.2	–	236.0	6,551.2
Balances, December 31, 2003	**11,960.8**	**–**	**428.0**	**12,388.8**

In the opinion of the Board of Directors, the allowances established cover all possible losses that might result from non-recovery of assets, based on the information examined by the Bank.

b. Voluntary provisions

The Bank does not have voluntary reserves at December 31, 2003 and 2002.

NOTE 4. SHAREHOLDERS' EQUITY

a. Equity

Changes in the shareholders' equity during each year are summarized as follows:

	Paid-in capital MCh$	Other reserves MCh$	Other accounts MCh$	Net income for the year MCh$	Total MCh$
Balances, December 31, 2001, historic	56,362.4	16,525.0	1,561.0	9,722.0	84,170.4
Distribution of 2001 income	–	9,722.0	–	(9,722.0)	–
Dividends paid	–	(8,749.7)	–	–	(8,749.7)
Fluctuation in value of financial investment	–	–	314.5	–	314.5
Monetary correction	1,690.9	489.8	–	–	2,180.7
Net income for the year	–	–	–	10,068.6	10,068.6
Balances, December 31, 2002	**58,053.3**	**17,987.1**	**1,875.5**	**10,068.6**	**87,984.5**
Update balances for comparative purposes	**58,633.8**	**18,167.0**	**1,894.3**	**10,169.3**	**88,864.4**
Balances, December 31, 2002, historic	58,053.3	17,987.1	1,875.5	10,068.6	87,984.5
Distribution of 2002 income	–	10,068.6	–	(10,068.6)	–
Dividends paid	–	(9,061.7)	–	–	(9,061.7)
Fluctuation in value of financial investment	–	–	939.7	–	939.7
Monetary correction	588.8	154.4	–	–	743.2
Net income for the year	–	–	–	13,326.1	13,326.1
Balances, December 31, 2003	**58,642.1**	**19,148.4**	**2,815.2**	**13,326.1**	**93,931.8**

Pursuant to Article 10 of Law N° 18,046, the monetary correction of capital has been included in Paid-in Capital, which is represented by 90,241,632 no-par-value shares with the same treatment being applied to the reserves.

During February of 2003 and 2002, 90% of net profits from 2002 and 2001 of MCh$10,068.6 and MCh$9,722.0 (historical), respectively were distributed.

b. Minimum basic capital and effective equity

According to the General Banking Law, a financial institution's minimum basic capital may not be lower than 3% of its total assets, while the effective equity may not be lower than 8% of its risk weighted assets. At December 31, 2003, the Bank has the following parameters: 6.5% (6.74% in 2002) and 11.17% (11.61% in 2002), respectively.

Following Circular Letter N° 3,178 of the Superintendence dated June 7, 2003, the Bank has determined its minimum basic capital, total assets, effective equity and risk weighted assets based on the Bank's consolidated balance sheet.

NOTE 5. INVESTMENTS

At December 31, 2003 and 2002, the Institution has the following balances in financial investments:

a. Financial investments

At December 31, 2003

	Type of portfolio						Adjustments to market value					
	Permanente (**)		Non permanente		Sub total		Credit (charge) to income		Credit (charge) to equity		Total	
	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Securities (*)												
Banco Central de Chile	150.2	179.8	41,456.8	20,064.4	41,607.0	20,244.2	251.2	390.6	6.9	9.3	41,865.1	20,644.1
Local financial institutions	7,849.6	5,259.4	60,724.1	33,391.9	68,573.7	38,651.3	539.9	108.0	255.9	276.5	69,369.5	39,035.8
Other investments in Chile	3,387.0	1,584.4	17,195.8	55,214.7	20,582.8	56,799.1	280.1	244.4	59.2	(96.7)	20,922.1	56,946.8
Investments abroad	19,914.6	37,514.3	2,808.3	10,946.5	22,722.9	48,460.8	331.2	–	2,493.2	1,705.2	25,547.3	50,166.0
Mortgage notes issued	–	–	3,698.3	–	3,698.3	–	37.7	–	–	–	3,736.0	–
Total	**31,301.4**	**44,537.9**	**125,883.3**	**119,617.5**	**157,184.7**	**164,155.4**	**1,440.1**	**743.0**	**2,815.2**	**1,894.3**	**161,440.0**	**166,792.7**

(*) Classification according to issuers or those obliged to pay. This amount includes, in total, MCh$49,122.7 (MCh$22,478.8 in 2002) for securities sold under repurchase agreements.

(**) Permanent investments include securities whose adjustment to market value is charged to the "Fluctuation in value of financial investments" account, as described in Note 1g.

b. Other investments

	2003 MCh$	2002 MCh$
Assets for leasing	5,431.0	2,536.0
Assets received in settlement or adjudicated (*)	3,550.0	4,693.7
Total	**8,981.0**	**7,229.7**

(*) The amount shown on the balance sheet corresponds to the estimated realizable value of these assets taken as a whole.

In addition to those assets received in settlement of loans or adjudicated that are recorded as assets, none exist that had been written-off and have yet to be sold.

NOTE 6. ANALYSIS OF ASSETS AND LIABILITIES BY MATURITY

a. Maturity of loans and financial investments

The information below shows loans and financial investments through maturity. The balances, which include accrued interest at December 31, 2003 and 2002, are as follows:

	Due within one year		More than 1 year but within 3 years		More than 3 year but within 6 years		More than 6 years		Total	
	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Loans (1):										
Commercial and other	473,619.5	453,223.4	92,099.6	75,822.9	107,889.5	104,329.5	128,065.7	118,311.3	801,674.3	751,687.1
Mortgage	–	–	220.3	183.9	2,117.3	832.3	94,355.7	49,326.7	96,693.3	50,342.9
Consumer	2,023.4	1,306.7	3,367.9	2,839.5	1,033.6	1,045.0	841.7	530.2	7,266.6	5,721.4
Other loans:										
Other financial institutions	–	3,622.6	–	–	–	–	–	–	–	3,622.6
Loans from trading securities	1,272.7	4,201.5	–	–	–	–	–	–	1,272.7	4,201.5
Financial investments:										
Permanent investments (2)	386.1	11,116.4	10,588.0	3,463.8	2,568.0	15,563.8	17,759.3	14,393.9	31,301.4	44,537.9
Non-permanent investments (3)	131,059.4	120,360.5	–	–	–	–	–	–	131,059.4	120,360.5

(1) Considers only those loans outstanding at year end that fall due within the indicated periods. Consequently, excluded are contingent loans and loans transferred to the past-due portfolio, as well as delinquent debts that have not been transferred to the past-due portfolio amounting to MCh$1,984.9 (MCh$1,813.5 in 2002), of which MCh$696.2 (MCh$595.9 in 2002) have been delinquent less than 30 days.

(2) Includes securities classified as permanent investments, as described in Note 1 g, without adjustments to market value, and non-transferable notes.

(3) Includes all other financial investments, with adjustments to market value.

b. Maturities of deposits, borrowings and other financing operations

The information detailed below shows deposits, borrowings and other liabilities through their maturity. The balances, which include interest accrued up to December 31, 2003 and 2002, are as follows:

	Due within one year		More than 1 year but within 3 years		More than 3 year but within 6 years		More than 6 years		Total	
	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Borrowings and other obligations (*):										
Time and demand deposits	620,932.5	559,704.1	38,996.6	63,586.6	5,728.9	11,960.5	–	–	665,658.0	635,251.2
Other demand and term liabilities	45,179.7	74,354.6	–	–	–	–	–	–	45,179.7	74,354.6
Liabilities arising from trading securities	53,007.2	25,428.1	–	–	–	–	–	–	53,007.2	25,428.1
Mortgage notes	–	–	224.4	185.0	2,122.4	834.9	98,289.4	49,439.8	100,636.2	50,459.7
Obligations for bonds issued	1,165.4	1,086.1	791.3	385.2	1,968.5	3,407.7	41,377.0	42,135.5	45,302.2	47,014.5
Loans from financial institutions and Banco Central de Chile:										
Other obligations with Banco Central	446.6	–	–	667.3	–	–	–	–	446.6	667.3
Loand from local Financial institutions	3,268.3	3,983.3	–	103.0	–	–	–	–	3,268.3	4,086.3
Obligations abroad	92,643.2	89,442.3	–	–	–	–	–	–	92,643.2	89,442.3
Other obligations	779.0	3,776.8	1,844.1	4,281.7	8,492.9	4,813.1	10,293.3	7,596.4	21,409.3	20,468.0

(*) Excludes all sight and contingent obligations.

NOTE 7. FOREIGN CURRENCY POSITION

The Balance Sheet includes assets and liabilities that are denominated in foreign currencies or are indexed to fluctuations in exchange rates. These amounts are summarized below:

	To be paid in					
	Foreign currency		Chilean currency (*)		Total	
	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$	2003 MCh$	2002 MCh$
Assets						
Liquid assets (*)	26,030	23,391	–	–	26,030	23,391
Loans	147,406	158,371	19,128	19,251	166,534	177,622
Contingent loans	23,415	19,903	1,587	2,725	25,003	22,628
Financial investments foreign	46,620	67,353	–	–	46,620	67,353
Other assets	139,570	166,663	17,447	12,177	157,017	178,840
Total assets	**383,041**	**435,681**	**38,162**	**34,153**	**421,204**	**469,834**
Liabilities						
Demand deposits	19,504	17,906	–	–	19,504	17,906
Contingent liabilities	24,351	21,149	1,586	2,722	25,937	23,871
Time deposits	109,630	87,959	–	–	109,630	87,959
Liabilities with foreign banks	154,551	124,301	–	–	154,551	124,301
Other liabilities	92,317	209,253	9,535	7,383	101,852	216,636
Total liabilities	**400,353**	**460,568**	**11,120**	**10,105**	**411,473**	**470,673**

(*) Corresponds to operations denominated in foreign currencies and payable in Chilean pesos or operations that are indexed to fluctuations in the exchange rate.

NOTE 8. TRANSACTIONS WITH DERIVATIVE INSTRUMENTS

Transactions for the purchase and sale of foreign currency futures and other derivative products at year end, are summarized below:

a. Contracts for the purchase and sale of foreign currency futures, and interest rates:

			Amount of the contracts			
	Number of operations		Up to three months		More than three months	
Type of futures operation	2003	2002	2003 ThUS$	2002 ThUS$	2003 ThUS$	2002 ThUS$
Local market:						
Future purchase of foreign currency in Chilean pesos	59	39	69,599.9	37,450.0	51,345.6	93,682.0
Future sale of foreign currency in Chilean pesos	77	75	27,803.1	16,154.4	46,950.0	149,219.5
Forwards in foreign currency (sales)	7	6	3,276.8	6,271.4	634.7	3,367.2
Foreign markets:						
Forwards in foreign currency (purchases)	7	6	6.0	6,263.2	525.8	3,360.0

The amounts refer to either the US dollar futures bought or sold, the equivalent in US dollars of foreign currency futures bought or sold, or the US dollar basis associated with interest rate futures, as appropriate. The terms correspond to the duration of the contracts from the transaction date.

b. Contracts on the value of "Unidad de Fomento" (Inflation index-linked units of accounts):

			Amount of the contracts	
	N° of operation		Forum 1 to 3 months	Over 3 months
	2003	2002	UF	UF
Purchase of UF/Chilean pesos forwards	5	4	1,200,000	200,000

NOTE 9. CONTINGENCIES, COMMITMENTS AND RESPONSIBILITIES

a. Commitments and responsibilities recorded in the Bank's memorandum accounts

The Institution has recorded the following commitments and responsibilities in memorandum accounts related to the business activity:

	2003 MCh$	2002 MCh$
Mortgage and pladge guarantees	628,478.3	498,392.9
Credit lines obtained	205,325.2	245,611.6
Securities and notes in guarantee	198,868.1	128,004.0
Securities held in custody	440,967.7	62,005.9
Loans approved put not disbursed	54,361.0	44,653.3
Foreign collections	23,172.8	27,263.2

The above summary list includes only the more important balances. Contingent loans and liabilities are stated on the balance sheet.

b. Direct commitments of the subsidiary Valores Security S.A. Corredores de Bolsa

Guarantees for overdraft lines: At December 31, 2003 the Company has overdraft lines approved with the following Banks: Sudamericano, Bice, Citibank, BHIF, Security and Santander, to which effect promissory notes have been signed for ThCh$140,000.0, ThCh$2,500,000, ThUS$3,000, ThCh$1,500,000, ThCh$2,100,000 and ThCh$8,500,000, respectively.

NOTE 10. COMMISSION

Commission income and expense shown in the statements of income are as follows:

	Income		Expenses	
	2003 MCh$	**2002 MCh$**	**2003 MCh$**	**2002 MCh$**
Commission earned or paid on:				
Stock exchange transactions	428.9	175.5	–	–
Mutual fund transactions	33.6	6.1	–	–
Collection of documents	418.4	651.3	–	–
Letters of credit, guarantees, pledges and other contingent loans	502.3	397.2	–	–
Credit cards	347.6	213.1	–	–
Lines of credits	126.6	66.6	–	–
Credit commissions	1,024.0	–	–	–
ATM commissions	75.0	–	181.5	36.7
Checking accounts	606.1	269.6	–	–
Private banking	–	224.8	–	–
Others	697.5	653.3	117.7	7.7
Total	**4,260.0**	**2,657.5**	**299.2**	**44.4**

Commissions earned on mortgage note transactions are included in “Interest and Indexation Income” in the consolidated statement of income.

NOTE 11. NON-OPERATING INCOME

The detail of non-operating income is as follows:

	2003 MCh$	**2002 MCh$**
Sales of fixed assets	–	67.5
Recovery of expenses	632.7	816.9
Rentals received	69.1	61.8
Recovery of written-off assets received payment	119.9	47.2
Financial advisory services	173.7	–
Others	368.2	709.7
Total	**1,363.6**	**1,703.1**

NOTE 12. NON-OPERATING EXPENSES

The amount of non-operating expenses shown in the income statements is as follows:

	2003 MCh$	2002 MCh$
Loss on sale of assets received in settlement	631.2	696.7
Write-offs assets received in settlements	416.8	725.0
Loss for assets recovered in leasing	551.0	309.7
Others	9.1	258.6
Total	**1,608.1**	**1,990.0**

NOTE 13. INCOME TAX

The Bank and its subsidiaries have recorded a provision for First Category Income Tax, of MCh$3,211.4 (MCh$2,093.2 in 2002)

NOTE 14. DEFERRED TAXES

As explained in Note 1k, the Bank and its subsidiaries have applied the accounting criteria of Technical Bulletin N°60 of the Chilean Institute of Certified Public Accountants and its Supplements.

Deferred taxes on temporary differences are presented below:

2003:	**Balance at**	
Item	**January 1, 2003 (historic) MCh$**	**December 31, 2003 MCh$**
Debit differences:		
Global loan loss provision	1,015.8	1,203.9
Provision for assets recovered	28.1	24.6
Provision for leasing contracts	101.9	103.3
Leased tax assets	6,758.3	8,901.8
Adjustment to market of non-permanent investments	133.9	119.8
Written-of assets received in settlement	308.6	70.9
Others	149.2	334.2
Sub total	8,495.8	10,758.5
Complementary account	(3,714.7)	(3,608.4)
Net difference	**4,781.1**	**7,150.1**
Credit differences:		
Lease contracts	(9,020.4)	(10,648.4)
Depreciation of fixed assets	(560.6)	(569.0)
Others	(48.4)	(59.6)
Sub total	(9,629.4)	(11,277.0)
Complementary accounts	5,962.0	5,628.0
Net difference	**(3,667.4)**	**(5,649.0)**

2002:	Balance at	
	January 1, 2002 (historic)	December 31, 2002
Item	**MCh$**	**MCh$**
Debit differences:		
Global loan loss provision	617.9	1,026.0
Provision for assets recovered	30.3	28.4
Provision over leasing contracts	103.9	102.9
Leasing tax assets	4,596.2	6,825.9
Adjustment to market of non-permanent investments	230.2	135.2
Written-off assets received in settlement	43.4	311.7
Others	36.2	151.6
Sub total	5,658.1	8,581.7
Complementary account	(3,840.8)	(3,751.8)
Net difference	**1,817.3**	**4,829.9**
Credit differences:		
Lease contracts	(6,896.8)	(9,110.6)
Depreciation of fixed assets	(527.5)	(566.2)
Others	(67.9)	(48.9)
Sub total	(7,492.2)	(9,725.7)
Complementary account	6,580.3	6,021.6
Net difference	**(911.9)**	**(3,704.1)**

Tax expense during 2003 and 2002 is as follows:

Item	**2003 MCh$**	**2002 MCh$**
Current tax expense:		
Provision for income tax	(665.3)	(688.3)
Adjustment for tax expense	(2,921.4)	(1,642.0)
Total current tax	(3,586.7)	(2,330.3)
Deferred taxes:		
Effect for deferred assets or liabilities of the year	625.5	706.8
Effect for amortization of complementary accounts of assets and liabilities	(250.2)	(469.7)
Total	**(3,211.4)**	**(2,093.2)**

NOTE 15. PURCHASES, SALES, SUBSTITUTIONS OR TRADES IN THE LOAN PORTFOLIO

In 2003 and 2002, the Bank sold loan portfolio as follows:

2003:

Purchase MCh$	Sale MCh$	Effect on income MCh$	Effect on provisions MCh$
10,769.6	7,330.4	44.7	–

2002:

Purchase MCh$	Sale MCh$	Effect on income MCh$	Effect on provisions MCh$
6,839.8	920.9	–	4.5

NOTE 16. DIRECTORS' EXPENSES AND FEES

During 2003 and 2002, the Bank has paid the following directors' fees and expenses:

	2003 MCh$	2002 MCh$
Per diem	60.7	62.0
Advisory services fees	366.0	388.2
Total	**426.7**	**450.2**

NOTE 17. SUBSEQUENT

During the period at January 1 and 13, 2004, which the issue date of these financial statement, no events have occurred which may significantly affect them.

HORACIO SILVA C.
Accounting Officer

RAMON ELUCHANS O.
President

Independent Auditors' Report

Deloitte.

Deloitte & Touche
Sociedad de Auditores y Consultores Ltda.
RUT: 80.276.200-3
Av. Providencia 1760
Pisos 6, 7, 8 y 9
Providencia, Santiago
Chile
Fono: (56-2) 270 3000
Fax: (56-2) 374 9177
e-mail: auditoria@deloitte.cl
www.deloitte.cl

To the Shareholders of
Banco Security

We have audited the consolidated balance sheets of Banco Security and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of income and of cash flows for the years then ended. These consolidated financial statements (including the related notes) are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Bank's management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Banco Security and subsidiaries as of December 31, 2003 and 2002 and the results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles in Chile and regulations issued by the Superintendence of Banks and Financial Institutions.

The translation of the financial statements into English has been made solely for the convenience of readers outside Chile.

Deloitte.

January 13, 2004

Summarized Financial Statements of the Subsidiaries of Banco Security

At December 31, 2003 and 2002.

Contents

ThCh$	= Thousands of Chilean pesos
MCh$	= Millions of Chilean pesos
UF	= Unidad de Fomento (an official inflation-indexed monetary unit)
US$	= United States dollars
ThUS$	= Thousands of US dollars

Valores Security S.A., Corredores de Bolsa

Summarized Financial Statements at December 31, 2003 and 2002.

Balance Sheet

Assets	2003 MCh$	2002 MCh$
Current	156,752.2	96,736.6
Premises & equipment	90.2	97.1
Other assets	376.7	399.1
Total Assets	**157,219.1**	**97,232.8**
Liabilities		
Current	149,020.3	91,435.1
Capital & reserves	5,797.7	3,741.8
Net income for the year	2,401.2	2,055.9
Total Liabilities & Shareholders' Equity	**157,219.2**	**97,232.8**
Statement of Income		
Operating income	2,818.1	2,420.6
Non-operating income	32.7	14.9
Income before tax	**2,850.8**	**2,435.5**
Income tax	(449.6)	(379.6)
Net income for the year	**2,401.2**	**2,055.9**

Administradora General de Fondos Security S.A.

Summarized Financial Statements at December 31, 2003 and 2002.

Balance Sheet

Assets	**2003 MCh$**	**2002 MCh$**
Current	4,542.9	3,538.3
Other assets	88.2	84.1
Total Assets	**4,631.1**	**3,622.4**
Liabilities		
Current	294.7	411.6
Capital & reserves	1,201.1	1,201.1
Retained earnings	2,009.7	972.4
Net income for the year	1,125.6	1,037.3
Total Liabilities & Shareholders' Equity	**4,631.1**	**3,622.4**
Statement of Income		
Operating income	1,140.5	1,049.0
Non-operating income	199.1	175.2
Income before tax	**1,339.6**	**1,224.2**
Income tax	(214.0)	(186.9)
Net income for the year	**1,125.6**	**1,037.3**

Addresses of Banco Security and Subsidiaries

Head Office
Agustinas 621 - Santiago
Phone: (56-2) 270 4000
Fax: (56-2) 270 4001
Web: www.security.cl
e-mail: banco@security.cl

Providencia branch
Av. 11 de Septiembre 2289 - Providencia
Phone: (56-2) 233 1580
Fax : (56-2) 251 5925

El Golf branch
Hendaya 60 - Las Condes
Phone: (56-2) 270 4100
Fax: (56-2) 232 8739

Vitacura branch
Av. Nueva Costanera 3750 - Vitacura
Phone: (56-2) 207 0719
Fax: (56-2) 207 5890

La Dehesa branch
Av. La Dehesa 1744 - Lo Barnechea
Phone: (56-2) 2168701
Fax: (56-2) 2168699

Panamericana Norte branch
Av. Presidente E. Frei M. 3016 - Renca
Phone: (56-2) 641 6055
Fax : (56-2) 641 5640

Santa Elena branch
Santa Elena 2400 - San Joaquín
Phone: (56-2) 555 0081
Fax: (56-2) 555 7798

Quilicura branch
Panamericana Norte 9950 L. 4 - Quilicura
Phone: (56-2) 738 6650
Fax: (56-2) 738 6654

Ciudad Empresarial branch
Av. Santa Clara 354 - Santiago
Phone: (56-2) 738 4170
Fax: (56-2) 738 4308

Antofagasta branch
Av. San Martín 2511 - Antofagasta
Phone: (56-55) 28 2824
Fax: (56-55) 22 1771

Concepción branch
O'Higgins 428 - Concepción
Phone: (56-41) 22 6801
Fax: (56-41) 22 4237

Temuco branch
Manuel Bulnes 701 - Temuco
Phone: (56-45) 23 6300
Fax: (56-45) 21 1359

Puerto Montt branch
Guillermo Gallardo 132 - Puerto Montt
Phone: (56-65) 29 4000
Fax: (56-65) 29 4001

Leasing Module
Miraflores 178 5th floor - Santiago
Phone: (56-2) 270 4000
Fax: (56-2) 270 4008
Web: www.security.cl
e-mail: leasing@security.cl

Subsidiary Companies

Valores Security S.A., Corredores de Bolsa
Miraflores 178 6th floor - Santiago
Phone: (56-2) 270 4000
Fax: (56-2) 270 4657
Web: www.security.cl
e-mail: valores@security.cl

Administradora General de Fondos Security S. A.
Miraflores 178 6th floor - Santiago
Phone: (56-2) 270 4000
Fax: (56-2) 270 4015
Web: www.security.cl
e-mail: fmutuos@security.cl

diseño y producción **berthelon & asociados**
impresión **litografía valente**