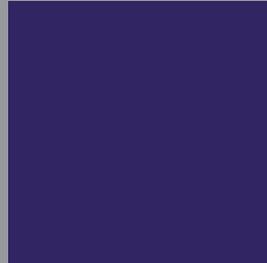
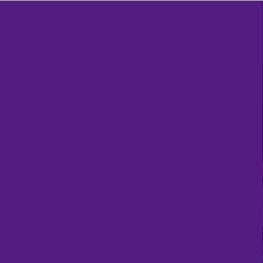
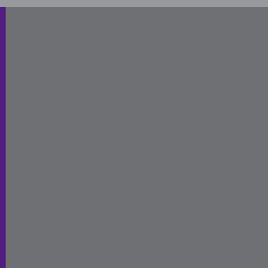
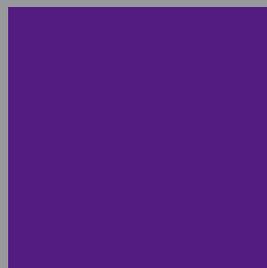
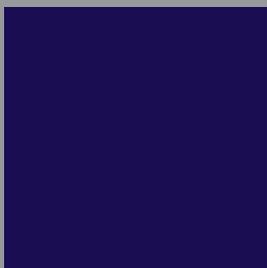
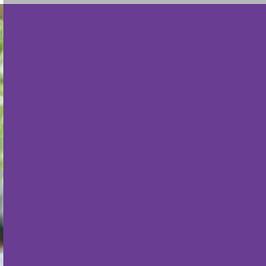
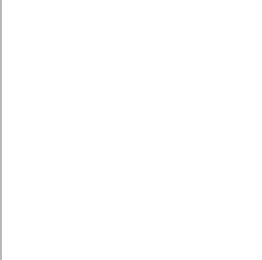
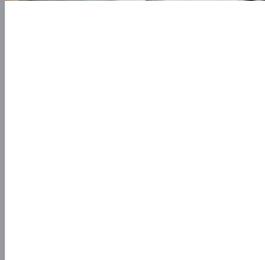
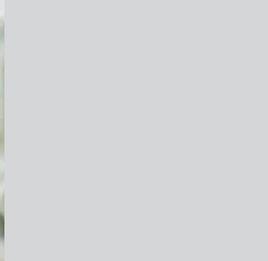
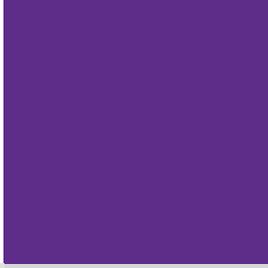
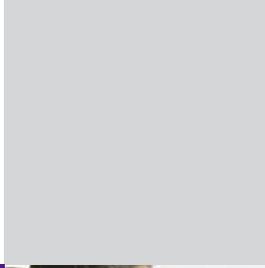
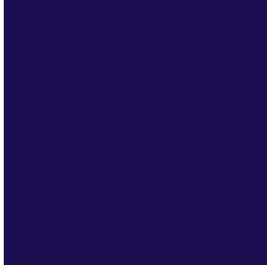


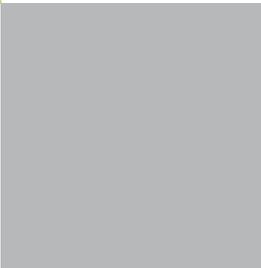
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A N U A L
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C O M P A N I E S

I N D I V I D U A L S

I N V E S T M E N T S

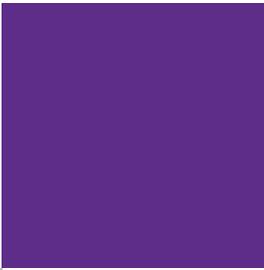
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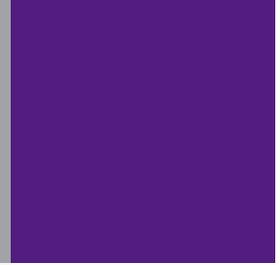
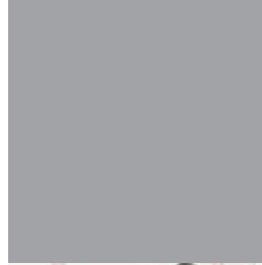
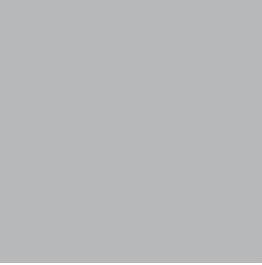
SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS BANCO SECURITY AND SUBSIDIARIES

MILLIONS OF PESOS AS OF DECEMBER 2008

RESULTS FOR THE YEAR	2002	2003	2004 (3)	2005	2006	2007 (4)	2008 (4)
Net Operating Revenues (Gross margin)	55,221	59,857	75,881	73,315	76,078	92,820	78,698
Operating Expenses	27,598	30,052	41,805	36,500	42,221	49,283	50,191
Operating Income (Net Margin)	27,622	29,805	34,076	36,815	33,857	43,537	28,507
Net Income	12,895	16,898	17,349	23,900	23,974	29,676	14,340
BALANCES AT END OF THE YEAR							
Loans (1)	1,101,049	1,218,843	1,469,059	1,617,271	1,884,044	1,867,245	2,061,940
Financial investments	226,000	217,719	379,252	464,075	371,275	654,164	803,012
Productive assets	1,327,049	1,436,561	1,848,310	2,081,346	2,255,319	2,521,410	2,864,952
Fixed assets & Investment in subsidiaries	15,959	19,249	26,681	27,516	27,421	28,009	28,837
Total assets	1,475,949	1,571,678	2,069,342	2,392,232	2,496,115	2,848,295	3,238,938
Net demand deposits	63,142	73,125	102,600	124,586	126,578	200,670	221,397
Time deposits & borrowings	899,826	897,584	1,214,749	1,274,943	1,415,562	1,596,882	1,720,452
Foreign borrowings	113,419	117,478	173,106	229,415	131,713	174,918	292,091
Provisions for loan losses	13,540	15,167	22,961	23,301	19,224	22,495	22,730
Capital & reserves (2)	99,791	102,213	153,410	155,548	155,024	152,550	170,459
Shareholders' equity	112,686	119,112	170,759	179,448	178,998	182,299	184,865



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RATIOS	2002	2003	2004 (3)	2005	2006	2007 (4)	2008 (4)
Productive Assets / Total Assets	89.9%	91.4%	89.3%	87.0%	90.4%	88.5%	88.5%
Net Income/Capital & Reserves	12.9%	16.5%	11.3%	15.4%	15.5%	19.4%	8.4%
Operating Expenses/Gross Margin	50.0%	50.2%	55.1%	49.8%	55.5%	53.1%	63.8%
Operating Expenses/Productive Assets	2.1%	2.1%	2.3%	1.8%	1.9%	2.0%	1.8%
Basel	11.61	11.17	12.26	12.26	11.59	10.84	11.48

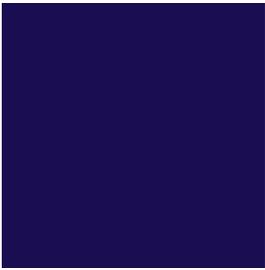
NOTES:

(1) Includes interbank lending

(2) Includes Other equity accounts

(3) On October 1, 2004, Banco Security was merged with Dresdner Bank L.A., Chile

(4) Effective January 2008, the information contained in the statements of financial situation and income were adapted to the IFRS format defined by the SBIF in its regulations published in its Circular 3,410, so the figures for the years 2008 and 2007 are not comparable with the financial information for previous years.



CHAIRMAN'S LETTER TO SHAREHOLDERS

To our Shareholders,

I have pleasure in presenting to you the Annual Report of Banco Security for the year 2008.

We have left behind a year that will be remembered as one of the most turbulent in global economic history. While we were still celebrating the successes and targets met in 2007, there were deep falls on the world's stock markets which led to highly-volatile markets. By the second half of the year, it was evident that there was a collapse in the United States financial system which caused a negative impact on the economy at the international level.

In these circumstances, Chile has not been immune to these instabilities which began to be felt with greater force in September 2008. This crisis had a strong impact on the financial solvency of some large foreign banks that affected the flow of external financing to Chile; this has been satisfactorily assumed by local banks. Toward the end of the year, it could be seen that the Chile's economy was slowing down and that unemployment was increasing as a result of weaker demand and lower prices for Chilean products. In this scenario, this new year will therefore be one of reduced growth and higher unemployment.

In terms of activity and profitability, total loans of the Chilean banking industry last year reached Ch\$71,791,686 million, an increase of 13.1% over the end of the previous year. Banks' total net income amounted to Ch\$993.1 billion, representing a return on capital and reserves of 15.2% and an increase of 2.81% over the previous year.

In the context of the international financial crisis, Banco Security produced strong commercial activity, achieving most of the targets set for the Corporate and Retail Banking areas in terms of loans, and also of revenues, profitability



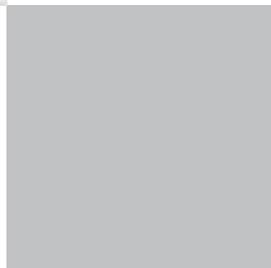
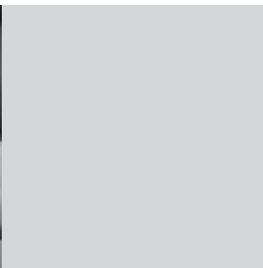
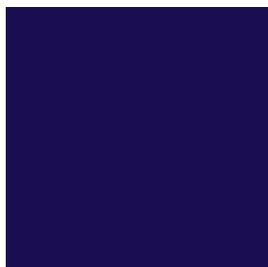
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and number of customers. During the year, as has occurred throughout our 17 years of history, we worked hard to further strengthen our attributes, offering a service of excellence and an integral solution for the requirements of our more than 40,000 corporate and individual customers.

Loans grew by 10.4% in real terms in 2008, totaling Ch\$2,062 billion, and the risk ratio was 1.09% of loans, while the average for the financial system was 1.76%. The number of customers increased strongly; in particular, retail banking checking accounts rose by 20%, above the average for the banking industry. The Bank's commercial revenues thus increased by 20% in real terms in 2008, compared to the year before, while the real return on capital and reserves reached 8.4%.

In order to continue with our growth plan and support the credit needs of our customers, Banco Security's shareholders last November approved a capital increase of Ch\$40,000 million, of which Ch\$20,000 million has been paid, with the balance payable over the following three years. With this, the capital and reserves of Banco Security will be in excess of Ch\$200,000 million.

On the other hand, Banco Security continued to strengthen its solid brand and corporate image of excellence positioning, based on its favorable relations with its customers, staff and shareholders. It was awarded important recognitions in 2008, as in previous years: for the eighth consecutive year, it was rated, together with other group companies, as one of the "10 Best Companies to work in Chile" and given 15th place among the "Best Companies to work in Latin America", according to the survey conducted by the Great Place to Work Institute. The general funds management subsidiary was also distinguished in 6 categories of the Salmón Prizes, awarded by the Diario Financiero together with the Association of Chilean Mutual Funds Managers, in recognition of the work and good performance during the previous year.



The achievements reached reflect the human and professional commitment of the Banco Security team. I should particularly like to stress the efforts and commitment of the staff and shareholders, demonstrating that we are a great company and that united we have the strength necessary to meet the complex situations successfully.

The year 2009 will be full of challenges which require us to be united. Over and above any economic environment, we are part of Grupo Security, a serious, solid and respected institution that has an attractive customer portfolio and the best human team for carrying out all its objectives.

With the spirit of service and excellence that we transmit day by day to our customers, we will be able to meet the targets set and once more say that we complied with our mission.

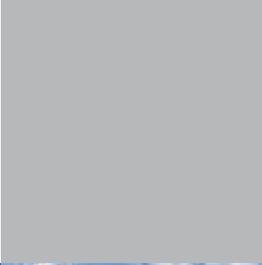
Francisco Silva S.

Chairman



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BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

CHAIRMAN
DIRECTORS

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

GENERAL MANAGEMENT

- Chief Executive Officer (CEO)
- Legal Counsel
- Chief Economist
- Corporate Culture Manager
- Planning and Performance Manager
- Controller

Ramón Eluchans O.
Enrique Menchaca O.
Aldo Lema N.
Karin Becker S.
Manuel Widow L.
Alfonso Verdugo R.

SUPPORT AREAS

- Risk Division Manager
- Credit Administration and Normalization Manager
- Corporate Risk Analysis Manager

José Miguel Bulnes Z.
Alejandro Vivanco F.
René Melo B.



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- Financial Risk Control Manager
- Compliance Manager
- Marketing and Products Manager
- Products Manager
- Operations and Technology Division Manager
- Administration Manager

- Antonio Alonso M.
- Hernán Braun B.
- Sebastián Covarrubias F.
- Juan Carlos Ruiz V.
- Carlos Brito C.
- Manuel José Balmaceda A.

COMMERCIAL AREAS

CORPORATE DIVISION

- Corporate Banking Division Manager

Christian Sinclair M.

LARGE COMPANIES AREA

- Large Companies Manager
- Large Companies Assistant Manager
- Large Companies Assistant Manager

Humberto Grattini F.
Felipe Oliva L.
Alberto Apel O.

BUSINESSES AND BRANCHES AREA

- Business & Branches Manager
- Businesses Platform Manager
- Businesses Platform Manager
- Businesses Assistant Manager
- Businesses Executive
- Businesses Executive
- Businesses Executive

Alejandro Arteaga I.
José Luis Correa L.
Jorge Contreras W.
Hernán Besa D.
Francisco Cardemil K.
Carlos López V.
José Antonio Delgado A.



- Businesses Executive
- Businesses Executive
- Businesses Executive
- Businesses Executive
- Antofagasta Branch Agent
- Concepción Branch Agent
- Temuco Branch Agent
- Puerto Montt Branch Assistant Manager

SPECIALIZED BANKING AREA

- Specialized Banking Manager
- Real Estate Area Assistant Manager
- Multinational Companies Assistant Manager
- Businesses Assistant Manager
- Multinational Companies Agent
- Specialized Banking Agent
- Leasing Area Agent

FOREIGN TRADE & INTERNATIONAL SERVICES AREA

- Foreign Trade Business and International Services Manager
- International Business Agent

RETAIL DIVISION

- Retail Banking Division Manager

PREFERENTIAL BANKING AREA

- Mortgage Banking & Branches Manager
- Commercial Platforms Manager
- Branches Assistant Manager
- Agustinas Platform Assistant Manager
- El Golf Platform Assistant Manager
- Apoquindo Platform Assistant Manager
- Augusto Leguía Platform Assistant Manager

- Ricardo Hederra G.
- Luis Vivanco A.
- Hernán Buzzoni G.
- Alberto Leighton P.
- Rolando Trombert J.
- María Paz Ruiz-Tagle V.
- Harald Zach P.
- Cristián Gazabatt O.

- Alfonso Piriz S.
- Francisco Domeyko C.
- Erik Möller R.
- Mauricio Parra L.
- Germán Steffens S.
- Alberto Aspillaga F.
- Aldo Massardo G.

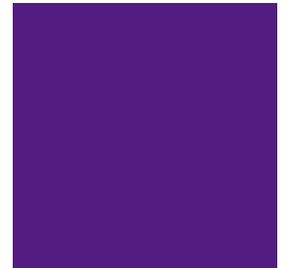
- Miguel Ángel Delpin A.
- Miguel García R.

- Gonzalo Baraona B.

- Felipe González A.
- Rodrigo de Pablo M.
- Rodrigo Reyes M.
- Patricio Gutiérrez P.
- José Pablo Jiménez U.
- Margarita Jarpa del S.
- Marcela Brunetto S.



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- Plaza Constitución Branch Agent
- Providencia Branch Agent
- Alcántara Branch Agent
- Vitacura Branch Agent
- Estéril Branch Agent
- Los Cobres Branch Agent
- Santa María Branch Agent
- La Dehesa and Los Trapenses Branches Agent
- North Zone Branches Agent
- Viña del Mar Branch Agent

PRIVATE BANKING AREA

- Private Banking Assistant Manager

MORTGAGES AREA

- Mortgages Area Agent

FINANCE DIVISION

- Finance and Corporate Division Manager

MONEY DESK

- Finance Manager
- Money Desk Manager

CORPORATE BANKING AREA

- Corporate Banking Manager

José Ignacio Alonso B.
Carlos Benedetti D.
Rodrigo Matzner B.
María Constanza Undurraga V.
María Soledad Ruiz S.
María Francisca Pulido L.
Viviana Muñoz L.
Virginia Díaz M.
Raúl Figueroa D.
Loreto Escandón S.

Constanza Pulgar G.

Nicolás Moreno D.

Nicolás Ugarte B.

Sergio Bonilla B.
Ricardo Turner O.

Adolfo Tocornal R-T.



BANCO SECURITY HAS THE FOLLOWING COMMITTEES:

DIRECTORS' CREDIT COMMITTEE

The purpose of this committee is to analyze, evaluate and approve or reject the largest credit applications submitted directly by the commercial areas. This committee currently considers all credit facilities of approximately UF 20,000 and above (depending on the level of collateral). Its credit powers are unlimited other than those limits established by current regulations and the policies established by the board.

The permanent members of this committee are:

- | | |
|-------------------------|-------------------------|
| • Francisco Silva S. | Chairman |
| • Gonzalo Ruiz U | Director |
| • Mario Weiffenbach O. | Director |
| • Ramón Eluchans O. | Chief Executive Officer |
| • José Miguel Bulnes Z. | Risk Division Manager |

MANAGEMENT CREDIT COMMITTEE

This committee complements the functions of the above, whose purpose is to analyze, evaluate and approve or reject smaller credit applications. As in the previous case, the commercial areas are those that submit applications to this committee.

The permanent members of this committee are:

- | | |
|-------------------------|-----------------------|
| • José Miguel Bulnes Z. | Risk Division Manager |
|-------------------------|-----------------------|

Depending on the banking area to which the customer belongs, the other members are:

BUSINESSES BANKING:

- | | |
|------------------------|------------------------------------|
| • Christian Sinclair M | Corporate Banking Division Manager |
| • René Melo B., | Corporate Risk Analysis Manager |



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RETAIL BANKING:

- Gonzalo Baraona B. Retail Banking Division Manager
- Jorge Gacitúa A. Retail Risk Analysis Assistant Manager

In addition, this committee also includes the managers, assistant managers, agents and/or executives submitting the credit facility applications on behalf of their customers.

FINANCE COMMITTEE

The most important objectives of this committee are to evaluate and decide on the financial investments of the Bank and its subsidiaries within the framework established by the board, monitor the results and compliance with budgets in the financial areas of the Bank and its subsidiaries, propose and ensure compliance to the board of policies and methodologies to be applied in the management of the finance activity and in the administration of the risks peculiar to the financial activities of the Bank and its subsidiaries, ensure compliance with market risk and liquidity limits set by the board and supervisory bodies, setting management limits within these.

The members of this committee are:

- Francisco Silva S. Chairman
- Renato Peñafiel M. Director
- Ramón Eluchans O Chief Executive Officer
- José Miguel Bulnes Z. Risk Division Manager
- Aldo Lema N. Chief Economist
- Nicolás Ugarte B. Finance and Corporate Division Manager
- Sergio Bonilla B. Finance Manager
- Antonio Alonso M. Financial Risk Control Manager
- Cristián Pinto M. Chief Executive Officer, Valores Security S.A., Corredores de Bolsa
- Cristián Ureta P. Investments Manager, Administradora General de Fondos Security S.A.



AUDIT COMMITTEE

Its purpose is to ensure the efficiency of the internal control systems and compliance with regulations.

The permanent members of this committee are:

- Hernán Felipe Errázuriz C. Director
- Jorge Marín C. Director
- Ramón Eluchans O. Chief Executive Officer
- Enrique Menchaca O. Legal Counsel
- Alfonso Verdugo R. Controller

Special guests also take part in the revision of certain matters.

The functions and responsibilities of the Committee are:

- a) To propose to the Directors' Committee or in its absence the Board a list for the election of external auditors.
- b) To propose to the Directors' Committee or in its absence the Board a list for the election of credit-rating agencies.
- c) To be informed of and analyze the results of internal audits and revisions.
- d) To coordinate the tasks of internal control and the revisions by the external auditors.
- e) To analyze the interim and the final financial statements for the year in order to inform the Board
- f) To analyze the revision reports of the external auditors, their content, procedures and scope.
- g) To analyze the reports, content and revision procedures of the external credit-rating agencies.
- h) To be informed of the effectiveness and reliability of the company's internal control systems and procedures.
- i) To analyze the functioning of the information systems, their adequacy, reliability and application in decision taking.
- j) To be informed of compliance with institutional policies related to due observance of the laws, regulations and internal rules that the company should follow.
- k) To be informed of and resolve conflicts of interest and investigate acts of suspicious conduct and frauds.



- l) To analyze reports of inspection visits, instructions and presentations of the SBIF (*).
- m) To be informed of, analyze and check compliance with the annual program to be carried out by the internal audit area.
- n) To report to the Board on accounting changes that occur and their effects.

During 2008, the Committee met on 7 occasions and covered the following matters:

- a) Analysis of the annual and semi-annual financial statements. These meetings were also attended by the Bank's Accountant and the partner responsible from the external auditing firm.
- b) The Controller's area annual work plan was approved, its compliance controlled and note was taken of the conclusions and principal comments arising from the internal audits made in the different units of the Bank and its subsidiaries.
- c) It was informed of regulatory changes, frauds, lawsuits and legal contingencies affecting the institution.
- d) The results and comments of revisions made by the SBIF and the Superintendency of Securities and Insurance were analyzed.

OTHER COMMITTEES

The following are other committees that meet regularly in the Bank:

COMMITTEE	OBJECTIVES
Commercial Board	• Revision of budgetary compliance and progress with commercial projects.
Operations and Technology Committee	• Information and revision of the Bank's general matters. • Planning and follow-up of operational topics and matters. • Analysis, evaluation and planning of the Bank's technological projects.
Prevention, Analysis and Asset Resolution Committee	• Publication, application and follow-up of asset-laundering prevention policies. • Analysis of cases.
Leasing Management Board	• Information and revision of Leasing Area results, projects and matters.
Operating Risk Committee	• Information and analysis of the integral management of operating risks. • Publication and follow-up of operating risk policies.

HISTORY

1981

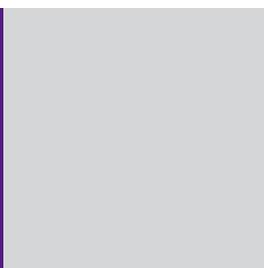
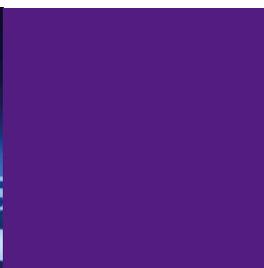
Banco Urquijo de Chile is formed in August, a subsidiary of Banco Urquijo, Spain.

1990

Leasing Security is formed as a subsidiary of the Bank, to carry on the business of leasing.

1992

Administradora de Fondos Mutuos Security (a mutual funds management company) is formed as a subsidiary of Banco Security.



1987

Security Pacific Corporation, a subsidiary of Security Pacific National Bank, Los Angeles, California, acquires all the shares of Banco Urquijo de Chile, whose name is changed to Banco Security Pacific. The same year, Security Pacific National Bank forms a securities trading and stock-broking firm which in 1991 is sold to Banco Security. Today it is called Valores Security, Corredores de Bolsa.

1991

In June, Security Pacific Overseas Corporation sells 60% of the bank to the present controlling shareholders of Grupo Security and its name is changed to Banco Security.

1994

Bank of America, the successor of Security Pacific National Bank, sells to Grupo Security the remaining 40% of Banco Security.

1981 1990 1994

2001 2004 2008

2001

In April, the subsidiary Leasing Security is incorporated into Banco Security as a business unit.

2004

In June, Grupo Security acquires 99.67% of Dresdner Bank Lateinamerika, Chile, and merges this with Banco Security on October 1, 2004. Also, in June, the Bank exceeds a billion pesos in loans.

2007

In November, Retail Banking had more than 30,000 checking accounts. The same year, 2 new branches are opened: Chicureo and Los Cobres in the Metropolitan Region.



2003

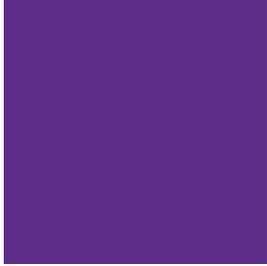
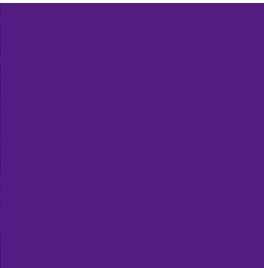
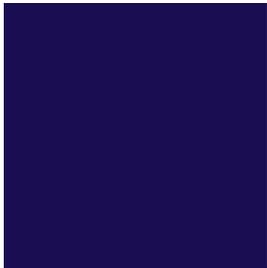
In September, the subsidiary Administradora de Fondos Mutuos Security S.A. broadens its objects and changes its name to Administradora General de Fondos Security S.A.

2006

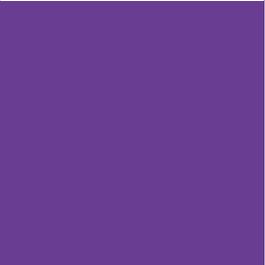
4 new branches are opened as part of the Bank's Retail Banking project: Plaza Constitución, Alcántara and Estoril In the Metropolitan Region and Viña del Mar in the 5th Region.

2008

Continuing with the expansion of the branch network, the Santa María and Los Trapenses branches are opened.



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BUSINESS STRATEGY



BUSINESS STRATEGY

The Bank's mission is to meet the financial needs of large and medium-sized companies and of high-income individuals, providing them with a service of excellence that enables it to maintain and cultivate long-term relationships with them. For this, the Bank offers a complete range of products and services, with first-class technology support in all its channels and all the support necessary for providing full satisfaction to its customers.

Banco Security has been developing and consolidating a series of differentiating characteristics to its image, service and value proposals, comprising "Security seal", which is much valued by customers and has enabled the Bank to maintain its competitiveness and finally a satisfactory level of profitability in a market with increasing levels of competition.

The pillars of the business strategy are the following:

- EXCELLENCE OF SERVICE • constant concern to ensure compliance with the quality of service standards that characterize it and improve those aspects where there is an opportunity to do so.
- FOCUS ON OBJECTIVE SEGMENT • Banco Security has been able to grow consistently while maintaining its objective segment, both in companies and individuals. This has been fundamental for maintaining and improving service standards.
- BROAD RANGE OF PRODUCTS AND SERVICES • the Bank has always been concerned to maintain its range of products and services up to date with respect to other banks, differentiating itself by its capacity to adapt each one of them to the specific requirements of the customer.
- CUSTOMER LOYALTY • based on the high quality of service offered by the Bank, a central objective of the commercial effort is to persuade customers to broaden the variety of products and services that they use in the Bank and other Grupo Security companies.



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• EFFICIENT USE OF RESOURCES • a strategic objective of the Bank is to have the flexibility of a small bank and the efficiency of a large bank, for which new sources of efficiency are constantly being sought.

In line with its mission and global strategy, all areas of the Bank and especially the commercial areas have defined their own specific strategic objectives and the most suitable structure for their correct execution.

CORPORATE BANKING

"We want to be the bank to with which the country's companies aspire to work, and that is preferred by our customers"

In order to best adapt to the different customer profiles belonging to the objective segment of corporate banking, the following three models of attention have been defined, emphasizing the value proposal aspects of each of them considered to be most important:

• SPECIALIZED BANKING • serves companies seeking an adviser who understands, as well as they do, their business and financial needs and the best ways to resolve these.

• GLOBAL BANKING • assists companies seeking the best service in the global solution of their financial needs. In order to provide the best attention, two segments have been defined: (1) Large Companies (2) Mid-Sized Companies and Branches.

• TRANSACTION BANKING • serves corporate and institutional entities that require highly-sophisticated products and services and that are very demanding in terms of time and costs, but are sensitive to quality of service. In order to best balance these two aspects, this area was incorporated into the finance division and its executives work closely with the Money Desk.



RETAIL BANKING

"We want to give a preferential and personalized attention to customers who are just an identity number in other banks"

Retail Banking's target segment is the ABC1 income segment of the population. In order to achieve a greater specialization and efficiency in attending the various customer profiles, different banking areas and sub-segments have been defined:

- **PRIVATE BANKING** • aimed at the highest-income customers who are more demanding and require more specialized advice from their account executive.
- **PREFERENTIAL BANKING** • serves customers who require traditional financial services and products and demand a first-class personalized attention. Given the differences in customer profiles and needs, common characteristics have been identified in order to define sub-segments in this area that permit giving a better attention to each of them:

Women Segment • specializes in attending women belonging to the objective group, offering them specially-designed products and service.

Young Professionals Segment • assists customers who are starting on their professional careers and who meet or will meet within a short time, the parameters defined for the target group. Because of their stage in life, they are intensive users of electronic channels and demand a specialized attention.

The strategic focus has been and will continue to be excellence of service, which has become a great challenge due to the current expansion of Retail Banking. In order to support this expansion and improve one of the weak points of the service (small geographic coverage), a branch-network expansion plan was launched in 2006 with the opening that year of four new branches (Plaza Constitución, Alcántara, Estoril and Viña del Mar), a further two in 2007 (Los Cobres and Chicureo), and Santa María and Los Trapenses branches in 2008, to reach a total of 21 branches, 16 in Santiago and 5 in the regions.



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FOREIGN TRADE

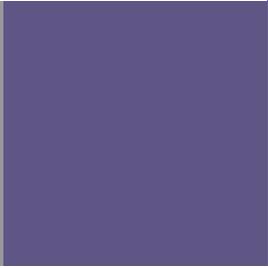
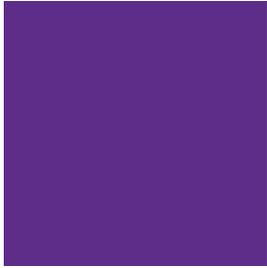
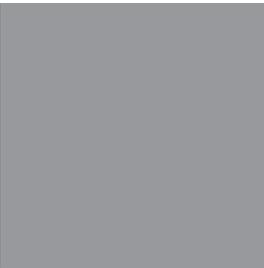
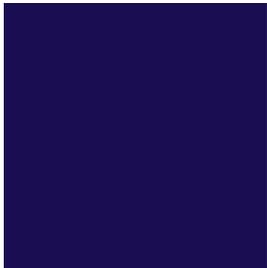
Banco Security has positioned itself as a specialist in foreign trade services for companies, achieving in recent years significant increases in funds flows and in the volumes of transactions processed, and consolidating itself as leader in remote services via internet with its "e-Comex" system. This area has therefore gained great importance in the integral solution of the financial needs of Corporate Banking customers, so its strategic objectives are completely aligned with the other commercial areas, placing a great emphasis on excellence of service and customer satisfaction.

MONEY DESK

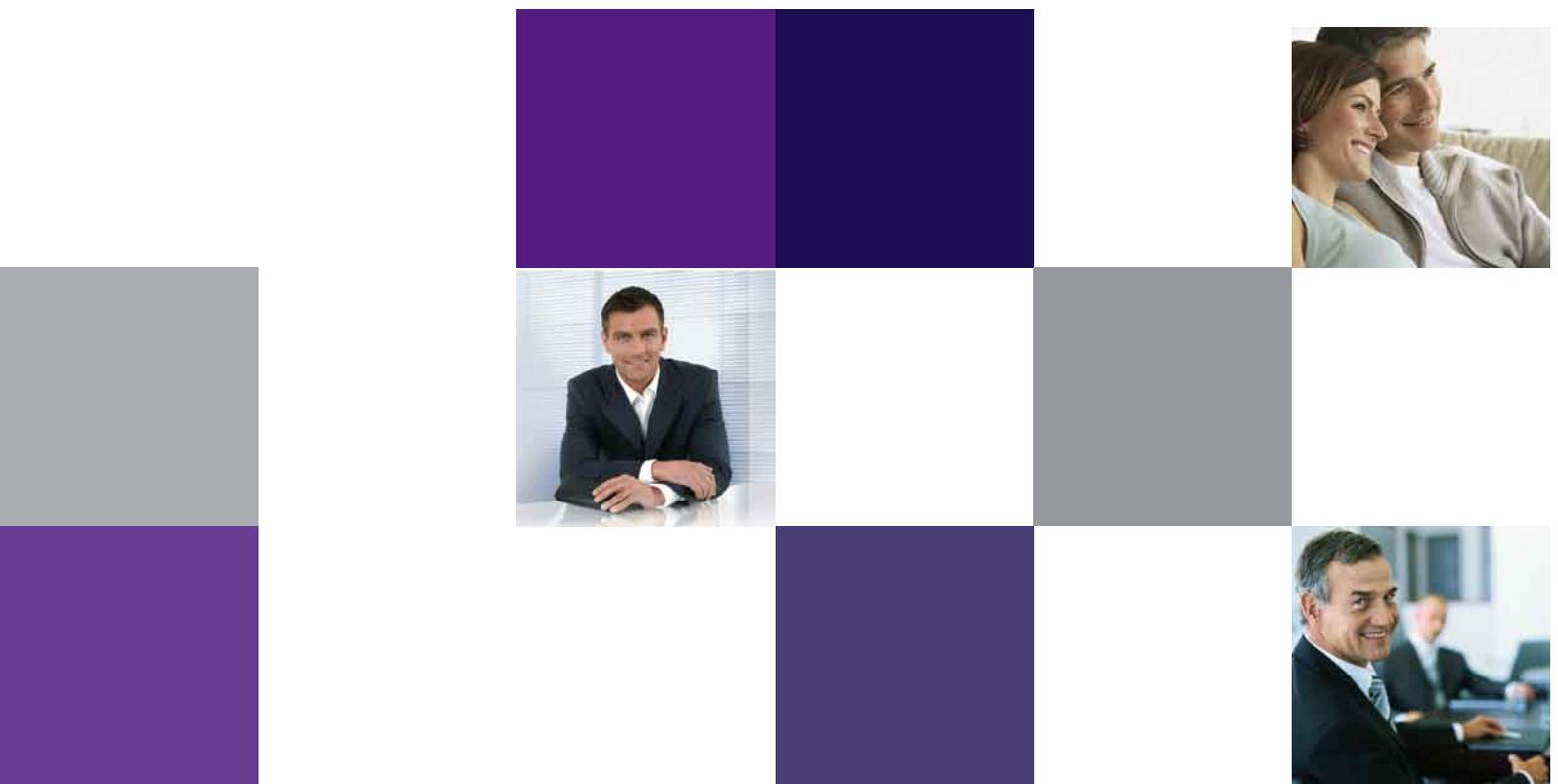
Always considered as a fundamental complement to the traditional banking business, this area serves directly a large proportion of the Bank's institutional customers, offers a complete range of financial products to all customers, together with advice when required, and manages the Bank's own investment positions and portfolios.

INVESTMENTS

Lastly, through the subsidiaries Valores Security S.A. Corredores de Bolsa and Administradora General Fondos Security S.A., Banco Security makes available to all customers the best products and services for asset management by providing an integral advice of excellence oriented to individuals and companies. The principal products offered include local share and bond trading, local and international mutual funds, pensions advice, etc.



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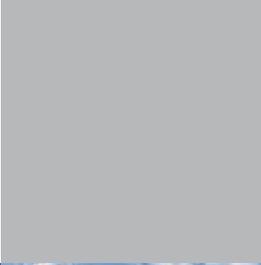


BANCO SECURITY AND ITS ENVIRONMENT

ECONOMIC SCENARIO

BANKING INDUSTRY

PERFORMANCE OF BANCO SECURITY IN 2008

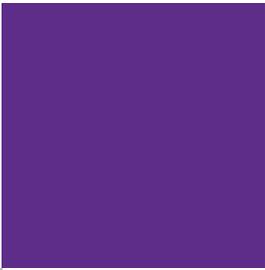


ECONOMIC SCENARIO

ADVERSE AND VERY VOLATILE EXTERNAL ENVIRONMENT

The international scenario faced by Chile in 2008 was characterized by a severe deterioration in growth prospects, a collapse in raw material prices and a tightening of credit conditions, basically as a result of the negative impact of the global financial crisis which has generated serious market tensions and a globally recessive scenario following a cycle of 5 very favorable years.

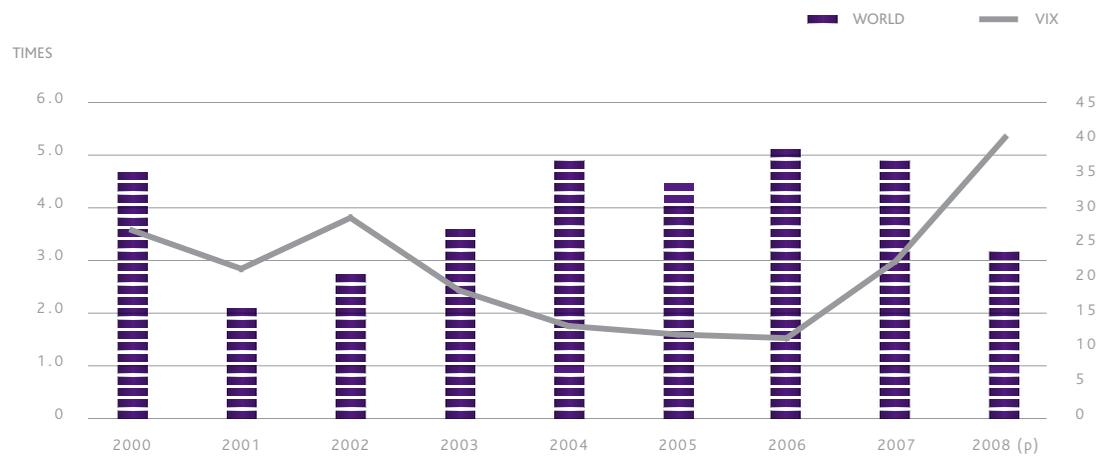
While the different economic authorities in the world have adopted unheard-of measures to mitigate the impact of the crisis in the real sector and to avoid a further propagation to other markets, global growth is estimated to have fallen from close to 5% in 2007 to less than 3.5% last year, with the United States, Japan and Europe in recession. The reduced dynamism in global demand and greater external credit restrictions have contributed to a significant deceleration in the expansion of emerging economies from an average of 7.5% in the previous 5-year period to close to 6% in 2008.



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GLOBAL GROWTH (%) AND VOLATILITY INDEX IMPLICIT IN S&P 500 (POINTS)



SOURCE: GRUPO SECURITY



SHARP DECELERATION IN ACTIVITY AND SPENDING IN CHILE

At the local level, and according to preliminary figures, GDP expanded by 3.5% in 2008, almost two percentage points below that of 2007, in a context of a deterioration in terms of trade, a sharp fall in private consumption, a slowing down of private investment and more restrictive financial conditions. Product will have reached around US\$ 173 billion, consistent with an income per capita of US\$ 10,350.

The worsening of the external scenario was reflected in a heavy fall in both exports and imports in the last months of 2008. Sales abroad amounted to US\$ 68 billion, practically the same as in 2007, while purchases rose to US\$ 58 billion (31% more than the year before). As a result, there was a reduction in the trade surplus from US\$ 24 billion to a figure close to US\$ 10 billion, consistent with a current account deficit of 2.4% of GDP.

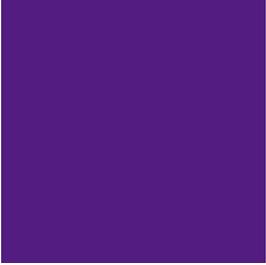
On the demand side, private consumption experienced a sharp deceleration in the last quarter, growing by an annual average of around 5%, affected by greater credit restrictions and the worsening of labor market conditions. In particular, employment figures in the last months of the year began to show the first signs of the economic crisis, evidenced by a deceleration in the inter-annual growth in employment and resulting in average unemployment of 7.8%.

For its part, fixed-capital investment showed high rates of annual growth until the third quarter (25% on average), to then show a significant fall in the last three months of the year (to a one-digit level), especially in the machinery and equipment component. The investment rate was therefore about 26% of GDP, measured in constant price terms.

In fiscal matters, the greater revenues from the differential between the spot and long-term prices of copper

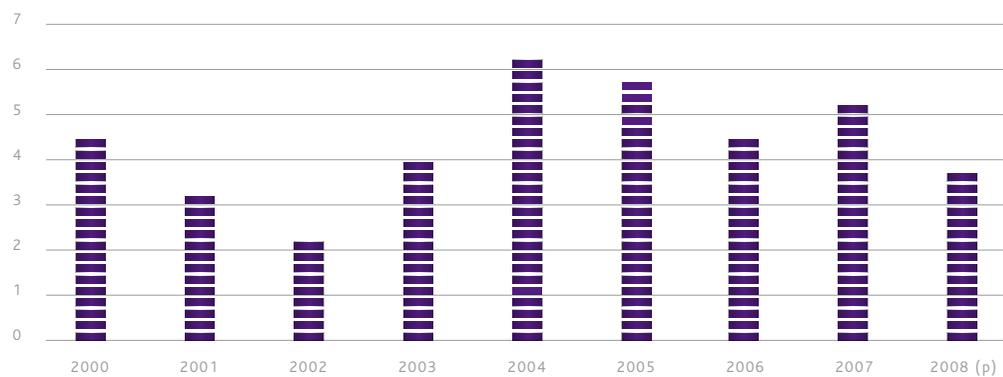


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(contemplated in the calculation of the structural balance) were saved again by the public sector, in line with that suggested by the structural balance rules. Consequently, the central government produced a surplus of slightly over 5% of GDP. The treasury ended 2008 with a net creditor position (assets less liabilities) of around 16% of GDP.

GDP GROWTH (%)



SOURCE: GRUPO SECURITY

With respect to prices, the CPI in 2008 was marked essentially by the significant increase in prices of foodstuffs locally and globally, the persistence of high energy costs and inflationary pressures produced by domestic demand and reduced spare capacity. However, this scenario suffered a drastic reversal in the last two months of the year, largely as a result of the fall in fuel prices but also due to an incipient trend toward the moderation of underlying inflation indicators. The 12-month CPI therefore moved from 7.5% in January to a peak of 9.9% in October, before then falling to 7.1% in December. Inflation thus largely exceeded the Central Bank's projections during the first half of the year (4.5% in January; 4.7% in May).



Regarding the underlying indicators, the IPCX (which excludes fruit, vegetables and fuels) and the IPCX1 (which also excludes regulated utility tariffs and other volatile prices) were at levels of 8.7% and 7.9% respectively at the end of 2008, both very much higher than at the end of 2007.

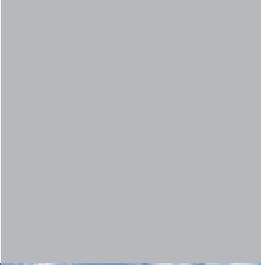
The higher inflation recorded during the first nine months of the years led the Central Bank to increase its interest rate by 225 basis points, to 8.25% in September. But the sharp deterioration in external environment, the global fall in the prices of raw materials, deceleration in activity and in domestic demand, and the greater financial restrictions, forced the adoption of a highly-expansive turnaround by the Central Bank in the last part of the year, leading to a sharp fall in nominal long-term interest rates which also tentatively began to transfer to real returns.

Regarding the exchange rate, the peso suffered a devaluation starting in the second half of the year which accentuated in the last months due to the deterioration in the external scenario and the fall in the terms of trade. The peso-dollar rate therefore moved from Ch\$ 496 in December 2007 to Ch\$ 630 at the end of 2008, equivalent to a fall of around 27%.



CHILE: BASIC ECONOMIC INDICATORS

	2004	2005	2006	2007	2008
GDP (MM US\$)	95.7	118.3	146.4	163.9	173.4
GDP per Capita (US\$)	6,001	7,306	8,922	9,884	10,352
GDP (% change)	6.0	5.6	4.3	5.1	3.5
Domestic spending (% change)	7.5	10.4	6.4	7.8	8.2
Private consumption	7.2	7.4	6.5	7.7	4.9
Fixed capital investment	10.0	23.9	2.9	11.9	19.5
Exports (real %change)	13.3	4.3	5.5	7.8	2.0
Imports (real % change)	8.4	17.2	10.5	14.3	13.0
Global growth PPP (%)	4.9	4.5	5.1	5.0	3.3
Terms of trade (2003=100)	19.7	131.2	162.3	163.5	142.7
Copper price (avge. US\$ cents/pound)	29.9	166.9	304.9	322.9	315.5
WTI oil price (US\$ p/b, avge.)	41.4	56.4	66.0	72.3	99.6
Federal funds rate (y/e %)	2.3	4.3	5.3	4.3	0.0
Libor 180 days (y/e %)	2.8	4.7	5.4	4.6	1.8
US 10-year Treasury bonds (y/e %)	4.2	4.4	4.7	4.0	2.2
Euro (y/e, US\$)	1.4	1.2	1.3	1.5	1.4
Yen (y/e, ¥/US\$)	02.6	117.8	119.1	111.7	90.6
Trade balance (MM US\$)	9.6	10.8	22.6	23.7	10.2
Exports (MM US\$)	32.5	41.3	58.5	67.6	67.8
Imports (MM US\$)	22.9	30.5	35.9	44.0	57.6
Current account (MM US\$)	2.1	1.4	6.8	7.2	-4.2
Current account (% of GDP)	2.2	1.2	4.7	4.4	-2.4
Total savings (national + external), % of GDP	20.0	22.2	20.5	21.1	24.5
Gross national savings	22.2	23.4	25.2	25.5	21.6
Central government	3.4	5.8	8.9	10.0	6.7
Private sector	18.8	17.6	16.2	15.6	14.9
External savings (Current account deficit)	-2.2	-1.2	-4.7	-4.5	2.9
Central government balance (% of GDP)	2.1	4.5	7.7	8.8	5.2
CPI Dec-Dec (%)	2.4	3.7	2.6	7.8	7.1
Underlying CPI (IPCX) Dec-Dec (%)	1.8	2.9	2.7	6.3	8.7
Inflationary trend (IPCX1) Dec-Dec (%)	1.0	2.6	2.4	6.3	7.9
Relevant BCCCh external inflation (avge. %)	8.9	7.5	5.3	8.5	12.1
Monetary policy rate (y/e %, en Ch\$)	2.3	4.5	5.3	6.0	8.3
BCU-10 base 365d (y/e % in UF)	3.3	3.2	2.7	3.0	3.3
BCE-10 base 365d (y/e % in Ch\$)	5.9	6.4	5.7	6.4	6.2
Exchange rate (avge. Ch\$/US\$)	609.5	559.8	530.3	522.5	522.5
Exchange rate (y/e Ch\$/US\$)	559.8	514.2	534.4	495.8	629.1
Employment growth (%)	2.7	3.8	1.6	2.8	3.0
Growth in workforce (%)	3.3	2.9	0.1	2.1	3.7
Unemployment rate (avge. %)	10.0	9.2	7.8	7.1	7.8
Change in real wages (avge. %)	1.8	1.9	2.0	2.9	-0.2
Foreign debt (MM US\$)	43.5	46.2	49.2	55.8	64.8
Total net external liabilities (MM US\$)	30.2	32.7	14.4	3.1	3.4
Total net external liabilities (% GDP)	31.6	27.6	9.8	1.9	2.0
Total net external liabilities (% Export bs.)	78.3	67.5	21.7	4.1	4.3
Net international reserves (MM US\$)	16.0	17.0	19.4	16.9	23.2



BANKING INDUSTRY

In compliance with the instructions of the Superintendency of Banks and Financial Institutions (SBIF), effective January 2008 banks have to present their financial information on a consolidated, rather than an unconsolidated, basis. The coming into effect of this new regulation forms part of the migration process to International Financial Reporting Standards (IFRS format). As a result, the comparison of the 2008 figures with historic ones is very limited and in some cases not viable.

As of December 2008, the Chilean banking industry comprised 24 financial institutions: a state-owned bank, 19 banks established in Chile and 4 branches of foreign banks.

RESULTS

The banking industry produced a net income of Ch\$993,130 million in 2008 and an annualized return on capital and reserves of 15.23% (16.2% in 2007), while the return on total assets was 0.96%.

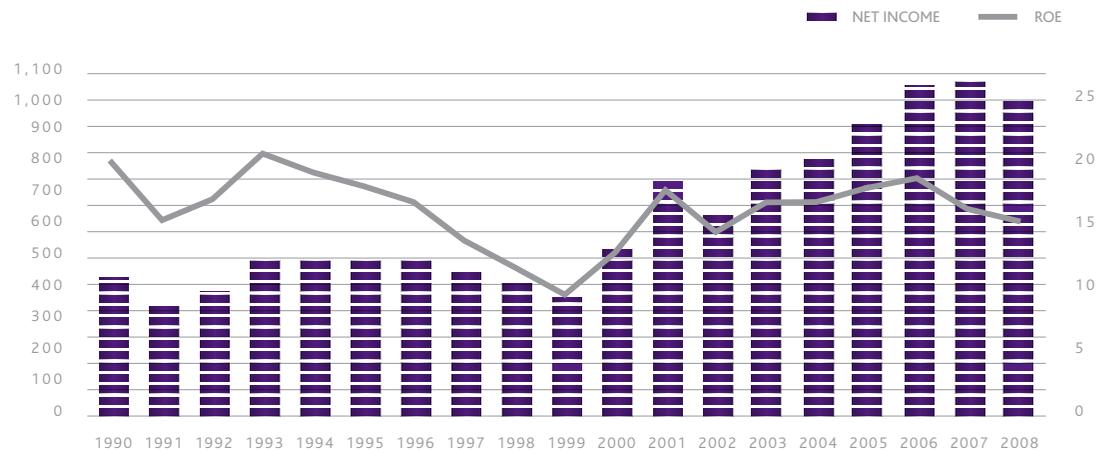


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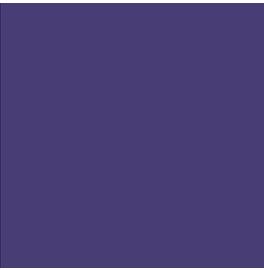


FINANCIAL SYSTEM NET INCOME AND ROE

BILLIONS OF Ch\$ OF DECEMBER 2008



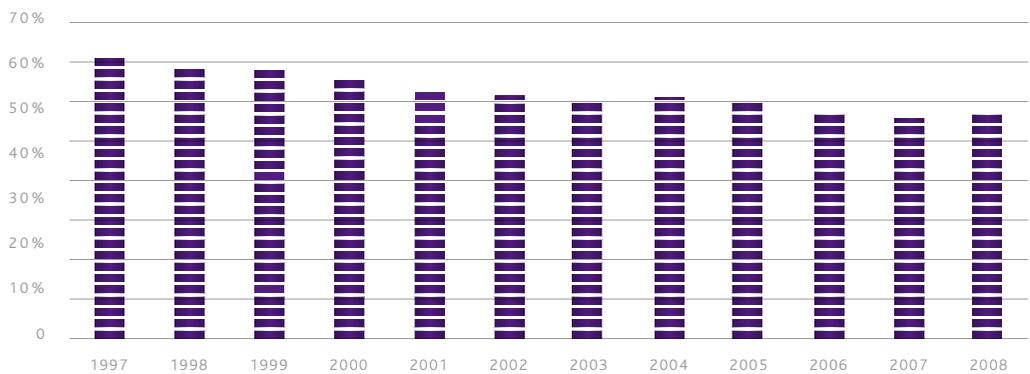
SOURCE: SBIF



Operating expenses have shown an important increase in recent years, largely explained by the growth of commercial platforms and support required to cover the growth in retail banking and strengthening internal control areas. However, the level of efficiency achieved by banks (measured as support costs to gross margin) has moved from 56.2% at December 2001, 49.0% at December 2007 and 49.9% in 2008. This favorable change, which makes the Chilean financial system one of the most efficient in the world, is basically explained by the economies of scale achieved by the larger banks.

INDUSTRY EFFICIENCY RATIO

(SUPPORT COSTS / GROSS MARGIN)



SOURCE: SBIF

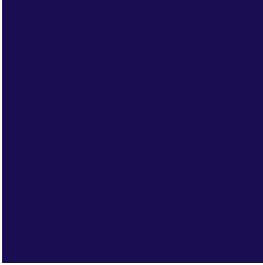
LOANS

The financial system ended the year with total loans of Ch\$71.8 billion which represents a real estimated increase of 12.7% compared to December 2007, measured on the new structure that excludes contingent loans.

Analyzing the behavior of the different types of loans, it is noted that the greatest dynamism was in commercial loans (companies), which represent approximately 63% of the system's total loans. On the other hand, consumer loans



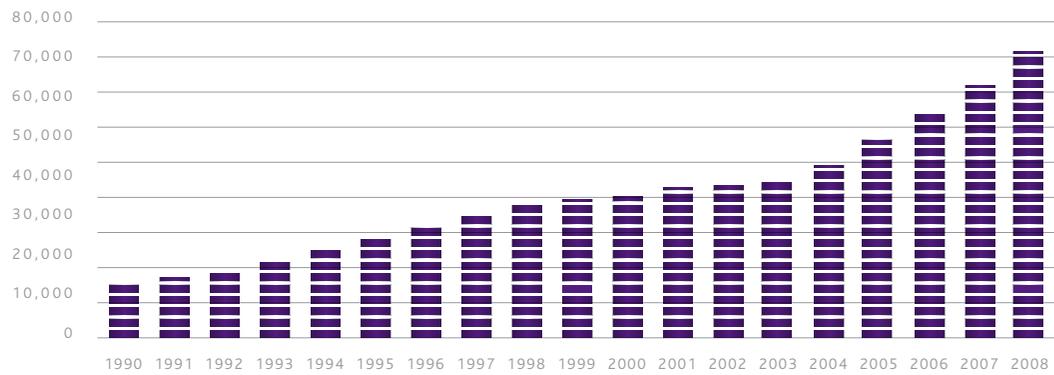
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showed almost nil growth (0.8% real) and housing mortgage loans expanded by 11.9% real, these two representing the remaining 37.0% of total loans.

TOTAL FINANCIAL SYSTEM LOANS

BILLIONS OF Ch\$ OF DECEMBER 2008

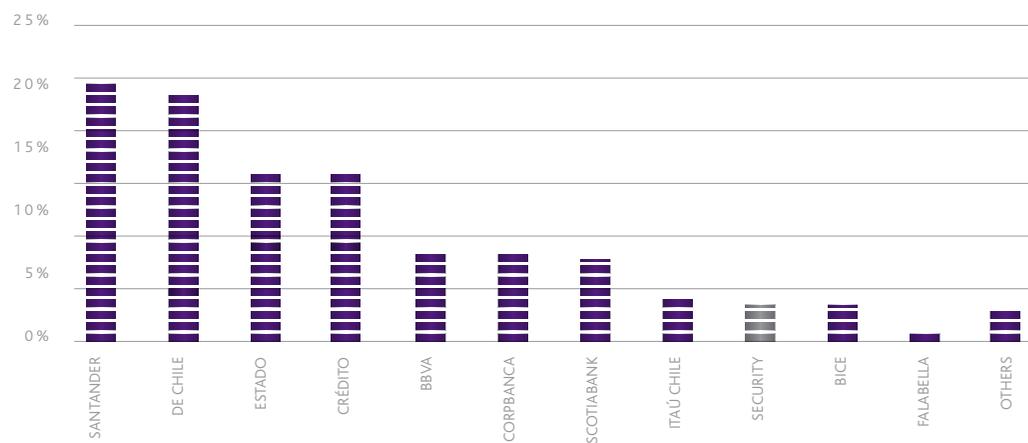


SOURCE: SBIF

NOTE: Contingent loans have been deducted from historic loans as, in accordance with the new regulations in effect since January 2008, these are reported off statement of financial situation.

MARKET SHARES

DECEMBER 2008



SOURCE: SBIF



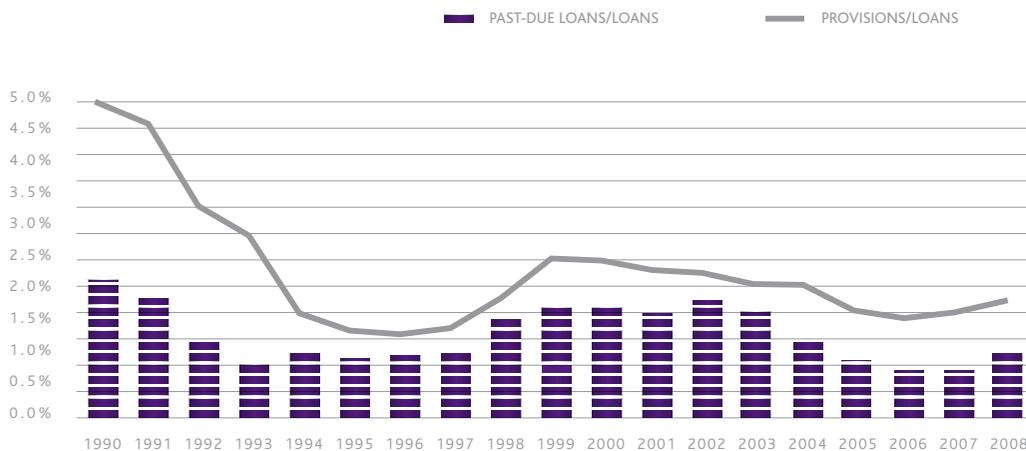
RISK

The SBIF keeps a strict control over the provision levels of each bank in order to ensure their capacity to face the specific risk of their loan portfolios. Local banks' credit risks are therefore adequately covered by the provisions made. Between the years 2001 and 2008, total provisions shown in the annual results of the industry increased by 51.3% in real terms, and the increase in 2008 was 36.5% higher than the year before.

At December 2008, past-due loans showed a significant increase over the low levels at the end of 2007, to reach 0.98% of total loans, i.e. 31% higher than at December 2007 (0.75%). The risk ratio, which measures the stock of provisions to total loans, at December 2008 was 1.76% of total loans.

It is convenient to mention here that, according to Chilean legislation, past-due loans refer only to overdue installments as there is no acceleration of the total debt outstanding. This implies that the past-due ratio in Chile is under-estimated compared to international standards.

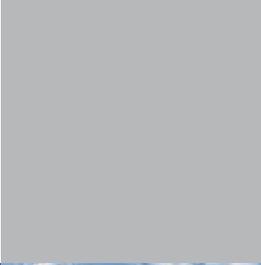
FINANCIAL SYSTEM RISK RATIOS





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PERFORMANCE OF BANCO SECURITY IN 2008

In recent years, Banco Security has made a strong effort to develop Retail Banking, seeking to increase significantly the number of customers in its target market and to progress in the diversification of its sources of revenue. During 2008, the number of checking account customers rose by 20% over the previous year.

The fast growth of the customer base in recent years has meant a tough challenge in maintaining standards of quality of service, a strategic element of the business model. It has therefore been necessary to expand the commercial platforms, strengthen the support structures, extend the branch network and make technological improvements at the operating and management levels. All this has clearly had a negative impact on the Bank's efficiency ratios, which should gradually improve as the new customer portfolios mature.

RESULTS

The results for 2008 were affected by a sharp fall in revenues from the financial business, basically reflecting the impact of unexpected high volatility on the valuation of our own investment portfolios, and the increase in support costs in line with what was explained in the previous paragraphs.

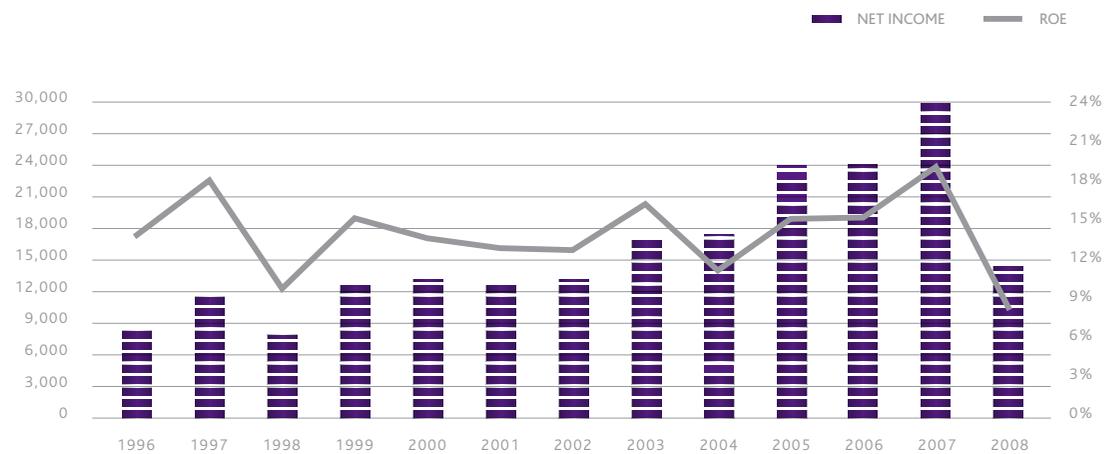


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RESULTS BANCO SECURITY AND SUBSIDIARIES

MILLIONS OF Ch\$ OF DECEMBER 2008



SOURCE: SBIF

As a result of the fall in financial income and the increase in operating expenses, the efficiency ratio (operating expenses to gross margin) was 62.0% on a consolidated basis (versus 49.9% for the system). However, this should return to around 50% in the next few years.



SUBSIDIARIES

The consolidated subsidiaries of Banco Security, Valores Security S.A. Corredores de bolsa (99.76%) and Administradora General fondos Security S.A. (99.90%), contributed 4.09% to the consolidated financial situation (6.26% in 2007) as of December 2008, and 7.20% to consolidated total revenues for the year, a sharp fall from the 12.2% of the previous year. This was due, as commented above, to the fall in income from own financial investments, in this case Valores, and the impact on the mutual funds business when the international financial crisis exploded in September, generating a substantial reduction in managed assets.

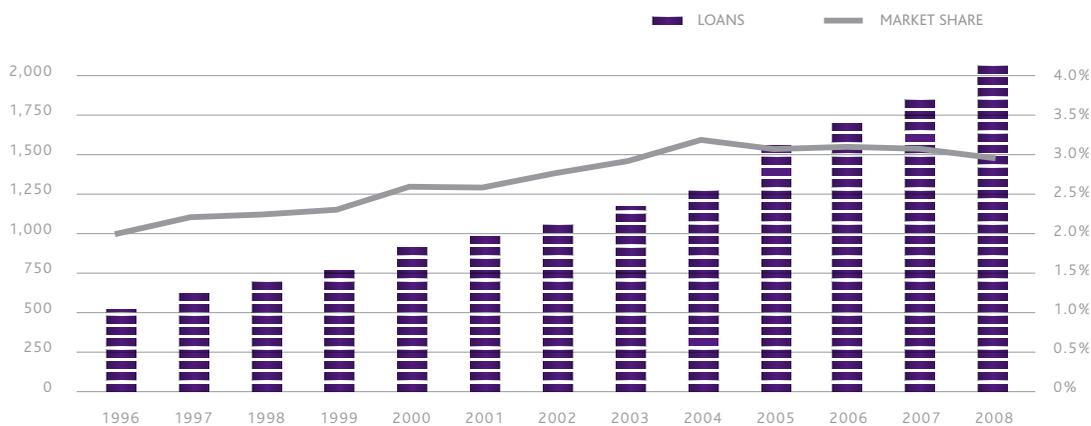
LOANS

The Bank's loans amounted to Ch\$2,085 billion at the end of 2008, in 9th place among the banks operating in Chile, with a market share of 2.9% and real growth of 11.6% over December 2007, measured on the new structure that excludes contingent loans.

According to the new accounting standards, contingent loans are not reported as part of loans, whereas until December 2007, performance bonds and letters of credit were included. In the case of Banco Security, at the end of December 2008, these represented around 10.5% of total loans while the industry average was 7.8%.

BANCO SECURITY LOANS

BILLIONS OF Ch\$ OF DECEMBER 2008



SOURCE: SBIF

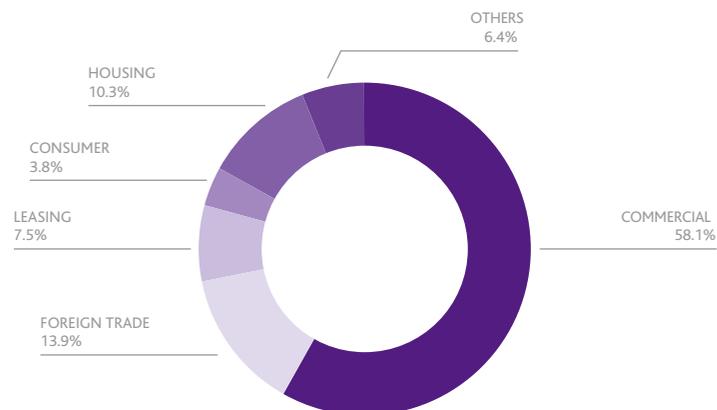
NOTE: Contingent liabilities have been excluded from historic loans as these are now reported off the statement of financial situation in accordance with the new standards effective January 2008



Analyzing the loan composition, commercial loans represent the largest part (58%) of the total portfolio, which is fully consistent with the strategic orientation of Banco Security. As of December 31, 2008, the distribution was as follows:

LOAN COMPOSITION

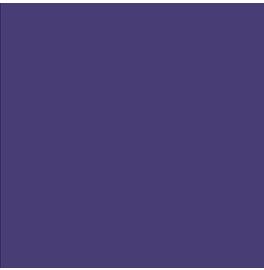
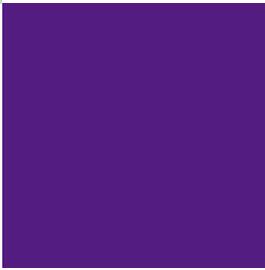
AS OF DECEMBER 31, 2008



RISK

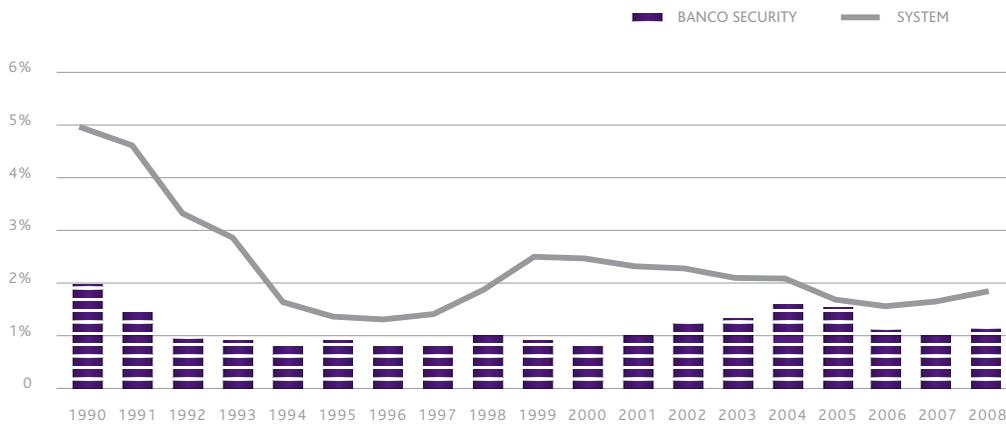
It is important to mention that the Bank has been able to grow its loans consistently while maintaining a strict control of credit risk in all the commercial units, which has enabled it to continue showing low risk ratios that have always characterized the Bank compared to the rest of the industry.

The past-due loan to total loans ratio was 0.75% at December 2008 and provisions for loan losses amounted to 1.09%. Both ratios compare favorably with the industry averages of 0.98% and 1.76% respectively at that date. The Bank has therefore held its position as one of the lowest-risk banks in the industry.



RISK RATIO

PROVISIONS / TOTAL LOANS



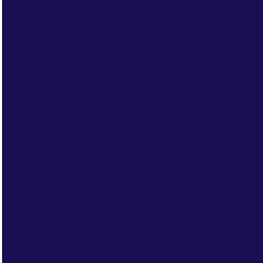
SOURCE: SBIF

HIGHLIGHTS OF THE YEAR

- The advertising campaigns "Te recomiendo mi banco" and "Cuenta Mujer" were successfully re-launched in 2008. The first permitted strengthening the market's recognition that ours is the bank offering the highest quality of service ???, and the second held the Bank's strong positioning in the women's banking segment.
- The campaign "Inolvidables" was launched in the third quarter of the year. Its purpose is to achieve a greater loyalty of our checking-account customers by rewarding the use of the Bank's transaction products.
- The Los Trapenses branch, in the suburb of Lo Barnechea, was opened in May, thus completing improvements in geographic coverage in the eastern suburbs of Greater Santiago.
- For the fourth consecutive year, the Bank achieved an outstanding position in industry-wide customer satisfaction surveys.
- The "service attitude" concept was reinforced internally during the year in order to continue improving our differentiation in quality of service with respect to the competition.



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RECOGNITIONS RECEIVED

• GPTW AWARD

Banco Security, together with another 5 companies of Grupo Security, was distinguished by the Great Place to Work Institute as one of the 10 "Best Companies to Work in Chile," according to its annual survey.

Grupo Security also won 15th place among the Best Companies to Work in Latin America. Credibility, respect, impartiality, pride and comradeship were the aspects considered in the survey which, in its fifth version, evaluated companies in Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay and Venezuela.



• SALMÓN PRIZES 2008

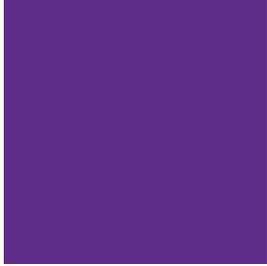
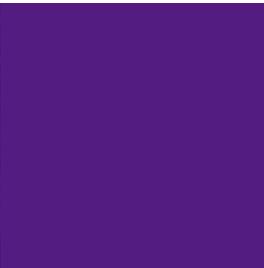
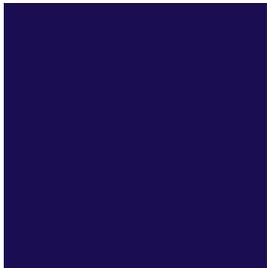
The Diario Financiero, jointly with the Chilean Mutual Funds Managers Association, arranged the ninth version of the Salmón Prize awards 2008, recognizing the work and good performance in 2007.

Inversiones Security obtained prizes in 6 different categories, making it the company with more awards received in relation to funds managed.

• BEST BANKING EXECUTIVES

As occurred the year before with another two senior Bank executives, in 2008 Karin Becker was recognized as the best banking human resources manager, according to a survey conducted by Denarius, a subsidiary of Seminarium Penrhym and Capital magazine. This survey publishes a list of the most outstanding executives in their respective sectors during 2008, according to their peers.





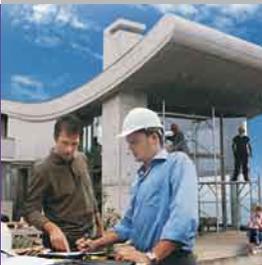
BANCO | security



SUBSIDIARIES

ADMINISTRADORA GENERAL DE
FONDOS SECURITY S.A.

VALORES SECURITY S.A. CORREDORES
DE BOLSA



SUBSIDIARIES

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

BOARD OF DIRECTORS

Chairman:	Francisco Silva S.
Directors:	Carlos Budge C.
	Felipe Larraín M.
	Renato Peñafiel M.
	Gonzalo Ruiz u.

MANAGEMENT

Chief Executive Officer (CEO)	Juan Pablo Lira T.
Investment Manager:	Cristián Ureta P.

Administradora General de Fondos Security was created as a subsidiary of Banco Security in May 1992. Since then, it has grown consistently, every year offering new funds. It broadened its business in September 2003 and changed its name from Administradora de Fondos Mutuos Security S.A. to Administradora General de Fondos Security S.A..



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The mutual funds industry has suffered a fall in assets managed. These at December 2008 amounted to Ch\$11,630,585 million, which represents a nominal decrease of 8.33% from December 2007. On the other hand, the number of investors at the end of 2008 was 1,130,907, an increase of 4.29% over 2007.

As of December 31, 2008, the general funds management company was managing 21 mutual funds and 1 investment fund. Regarding the mutual funds, the company has 28,238 investors and total managed assets of Ch\$452,672 million. Assets managed declined by 10.55% while the number of investors rose by 14.80% over the previous year.

At the end of 2008 the company had a market share of 3.89%, behind the 7 leading fund managers in the industry.



ASSETS MANAGED MARKET SHARE

BILLIONS OF Ch \$ OF DECEMBER 2008



SOURCE: GRUPO SECURITY & AAFM

On 2008, the company produced a net income of Ch\$2,445 million, an increase of 18.13% over 2007.

The company offers its customers a wide range of funds, 21 funds and 52 series of quotas, which cover a broad variety of asset classes, enabling it to meet the specific needs and investment preferences of each customer.

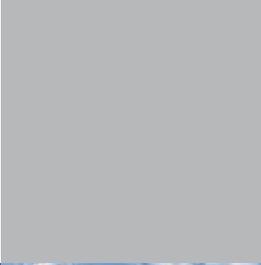


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As of December 31, 2008 the assets and number of investors in each fund were as follows:

SECURITY MUTUAL FUND	CATEGORY	NAME OF FUND	SERIES	ASSETS MCh\$ (31/12/08)	INVESTORS (31/12/08)
Short-Term Fixed Income	National	Plus	A, C	121,546	3,341
	National	Check	A, I	97,828	4,749
	International	Dollar Money Market	sole	27,155	716
Médium & Long-Term Fixed Income	National	Value	sole	2,857	320
	National	Gold	A, B, I	85,323	4,420
	National	First	A, I	21,003	2,699
	International	Dollar Bond	A, B, I	4,411	481
Structured	National	Chile 105 Guaranteed	sole	8,318	566
	International	Opportunity 105 G	sole	14,813	618
	National-Foreign	América 106	Sole	7,447	373
Capitalization Instruments	National	Shares	A, B, C, I	22,424	2,664
Qualified Investors	National	Security 9	A, B, I	1,463	74
Mixed	International	Emerging Markets	A, B, I	8,191	1,392
	International	USA	A, B, I	2,338	421
Free Choice	National	Income	A, I	7,321	924
	National-Foreign	Equity	A, B, I	11,582	2,544
	National-Foreign	Balance	A, B, I	4,732	934
	National-Foreign	Energy Fund	A, D, I	1,071	225
	National-Foreign	Latin American	A, B, I	2,587	619



VALORES SECURITY S.A. , CORREDORES DE BOLSA

BOARD OF DIRECTORS

Chairman:	Ramón Eluchans O.
Directors:	Nicolás Ugarte b.
	Javier Gómez C.
	Enrique Menchaca O.
	Naoshi Matsumoto C.

MANAGEMENT

Chief Executive Officer (CEO)	Cristián Pinto M.
Manager, Asset Management:	Rodrigo Fuenzalida B.
Operations Manager:	Juan Adell S.

Valores Security S.A., Corredores de Bolsa was created in 1987 by Security Pacific National Bank as a stock-broker, becoming a subsidiary of Banco Security in 1991. Over time, and basically motivated by the high volatility that has characterized the stock market in Chile, the company has sought new business opportunities to diversify its revenue channels. Valores Security now runs its business through three business areas: fixed income securities, equities and foreign exchange. The first is mainly the management of own positions in fixed income and derivative instruments on the local market and the trading of financial instruments. Variable income refers basically the company's original business of share trading. Currencies involves the purchase and sale of foreign currencies and trading in dollar forward contracts.



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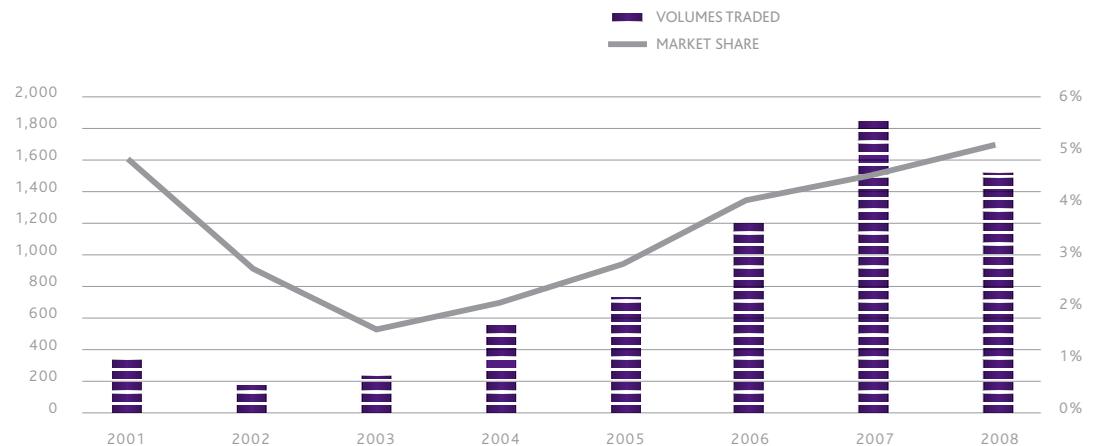


Stock market trading in 2008 reached a total of Ch\$ 40,233,325 million, 21% down from the previous year. However, Valores Security saw its share trading decline by just 11% to Ch\$1,508,167 million to position itself in 9th place out of 38 brokers operating in the domestic market. Its market share therefore rose by 3%, from 3.32% in 2007 to 3.75% in 2008, considering trading on the Santiago Stock Exchange and the Chilean Electronic Exchange.

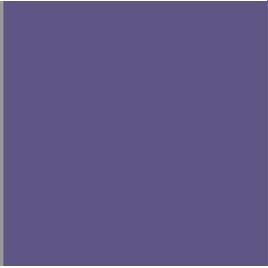
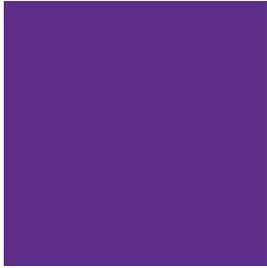
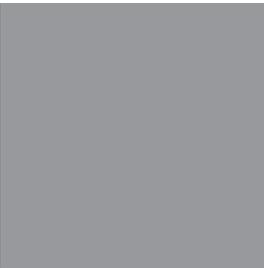
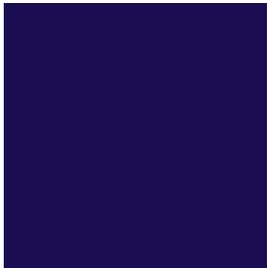
Valores Security S.A. Corredores de Bolsa produced a loss of Ch\$3,627 million in 2008.

VOLUMES TRADED MARKET SHARE

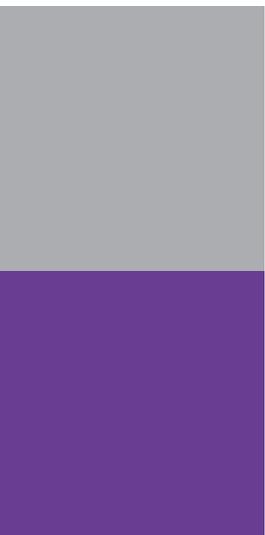
BILLIONS OF CH\$ OF DECEMBER 2008



SOURCE: GRUPO SECURITY



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GENERAL INFORMATION

THE COMPANY

CREDIT RATINGS

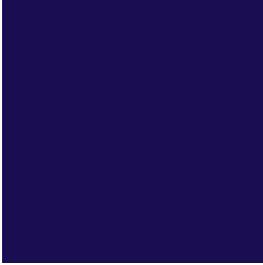


THE COMPANY

NAME:	BANCO SECURITY
KIND OF ENTITY:	Banking corporation
OBJECTS:	Perform all acts, contracts, operations & activities appropriate to a commercial bank in accordance with current legislation.
TAX ID:	97.053.000-2
DOMICILE:	Av. Apoquindo 3150 piso 15, Las Condes, Santiago, Chile
TELEPHONE:	(56-2) 584 4000
FAX:	(56-2) 584 4001
E-MAIL:	banco@security.cl
WEB:	www.security.cl
CONSTITUTION DOCUMENTS:	The corporation was constituted under public deed dated August 26, 1981 signed before the notary Enrique Morgan Torres. The extract of the constitution deed was published in the Official Gazette on September 23, 1981.



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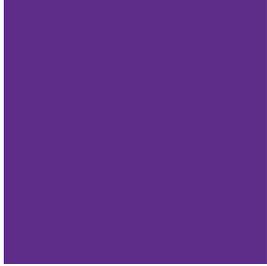
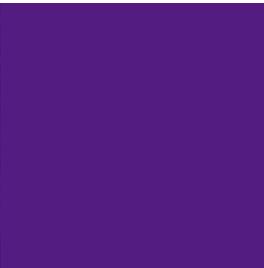
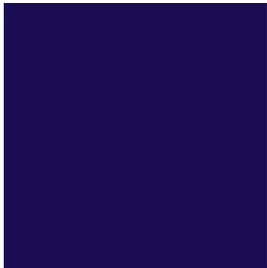
CREDIT RATINGS

The obligations of Banco Security at the end of 2008 had the following domestic credit ratings:

	TIME DEPOSITS AND OTHER BORROWINGS		MORTGAGE-FUNDING NOTES	BANK BONDS	SUBORDINATED BONDS	OUTLOOK
	SHORT TERM	LONG TERM				
Risk Classification Commission	N-1+	AA-	AA-	AA-	-	-
Feller-Rate	Level 1+	AA-	AA-	AA-	A+	Stable
Fitch Ratings	N1+	AA-	AA	AA-	A+	Stable

In addition, effective from the second half of 2007, the Bank has a public international credit rating. This service was contracted with Standard & Poor's and as of December 31, 2008, the rating was:

	GLOBAL SCALE LOCAL CURRENCY	GLOBAL SCALE FOREIGN CURRENCY
Standard & Poor's	BBB- / Stable / A-3	BBB- / Stable / A-3



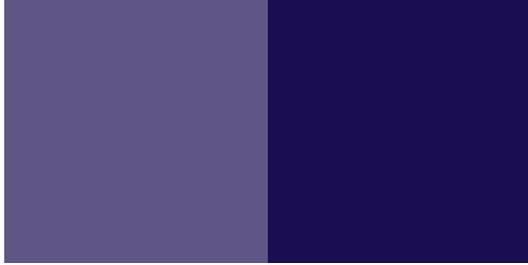
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FINANCIAL STATEMENTS

CONSOLIDATED

SUBSIDIARIES SUMMARIZED



- MCh\$ = Millions of Chilean pesos
US\$ = United States Dollars
U.F. = Unidad de Fomento (an inflation-indexed, Chilean peso denominated monetary unit set daily in advance on the basis of the previous month's inflation rate)



BANCO | security



Report of Independent Auditors



To the Shareholders and Directors of
Banco Security and Subsidiaries:

We have audited the Consolidated Statement of Financial Situation of Banco Security and its subsidiaries (the "Bank") as of December 31, 2008, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year 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 financial statements based on our audit. The consolidated financial statement of Banco Security and Subsidiaries for the year ended as of December 31, 2007, were audited by other auditors, whose issued an unqualified opinion in their report dated January 16, 2008.

We conducted our audit in accordance with generally accepted auditing standards 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 and its subsidiaries' management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the 2008 consolidated financial statements referred to above present fairly, in all material respects, the financial situation of Banco Security and subsidiaries as of December 31, 2008 and the results of its operations, comprehensive income, changes in equity and its cash flows for the year then ended, in conformity with generally accepted accounting principles in Chile and accounting regulations established by the Superintendency of Banks and Financial Institutions.

As indicated in Note 2 to the consolidated financial statements, starting 2008 the Bank recognized a provision for minimum dividends payment according to the Compendium of Accounting Standards of the Superintendency of Banks and Financial Institutions. In 2008 the Bank modified the presentation format of its financial statements, and starting 2009 the bank must begin applying the new accounting criteria established in the abovementioned Compendium of Accounting Standards.

Juan Francisco Martínez A.
ERNST & YOUNG LTDA.

Santiago, Chile, January 16, 2009



CONSOLIDATED STATEMENTS OF FINANCIAL SITUATION

AS OF DECEMBER 31, 2008 AND 2007 (IN MILLIONS OF CHILEAN PESOS - MCH\$)

A S S E T S	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Cash and due from banks	80,612	50,286
Transactions in the course of collection	129,909	139,635
Trading securities	377,006	402,505
Securities purchased under resale agreement	24,153	9,333
Derivative instruments	53,052	64,937
Loans and advance to banks	93,467	97,814
Loans to customer, net	1,968,473	1,769,431
Available for sale instruments	366,376	186,722
Held to maturity instruments	-	-
Investment in other companies	779	592
Intangibles assets	14,199	7,847
Fixed assets, net	28,058	27,417
Current taxes assets	7,891	4,979
Deferred taxes assets	27,393	24,941
Other assets	67,570	61,856
TOTAL ASSETS	3,238,938	2,848,295



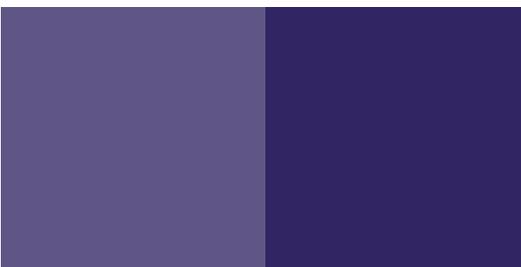
BANCO | security

CONSOLIDATED STATEMENTS OF FINANCIAL SITUATION

AS OF DECEMBER 31, 2008 AND 2007 (IN MILLIONS OF CHILEAN PESOS - MCH\$)

LIABILITIES AND SHAREHOLDERS' EQUITY	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Checking accounts and demand deposits	221,397	200,670
Transactions in the course of payment	64,862	90,254
Securities sold under repurchase agreement	110,272	85,767
Saving accounts and time deposits	1,720,452	1,596,882
Derivative instruments	52,843	46,544
Borrowings from financial institutions	292,091	174,918
Debt issued	470,092	360,626
Other financial obligations	47,668	34,170
Current taxes liabilities	447	3,219
Deferred taxes liabilities	29,969	25,141
Provisions	6,872	6,306
Other liabilities	37,108	41,499
TOTAL LIABILITIES	3,054,073	2,665,996
EQUITY		
Attributable to the bank's equity holders		
Capital	138,196	118,227
Reserves	48,820	33,859
Other accounts	(12,255)	463
Retained earnings:		
Income for the year	14,340	29,675
Retained years	-	-
Less: Provision for minimum dividends	(4,302)	-
	184,799	182,224
Minority Interest	66	75
TOTAL EQUITY	184,865	182,299
TOTAL LIABILITIES AND EQUITY	3,238,938	2,848,295

The accompanying notes 1 to 21 are an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENTS OF INCOME

AS OF DECEMBER 31, 2008 AND 2007 (IN MILLIONS OF CHILEAN PESOS - MCH\$)

	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Interest revenue	238,599	174,135
Interest expense	(201,985)	(152,330)
NET INCOME FOR INTEREST AND INDEXATION	36,614	21,805
Income from fees and commissions	22,752	22,415
Expenses from fees and commissions	(3,176)	(3,493)
NET FEES AND COMMISSIONS	19,576	18,922
Net income from trading and brokerage activities	39,455	52,509
Foreign exchange transaction, net	(13,135)	2,960
Other operating income	5,197	2,660
TOTAL OPERATING REVENUES	87,707	98,856
Provisions for loan losses	(10,310)	(6,036)
NET OPERATING REVENUES	77,397	92,820
Staff expenses	(21,537)	(20,934)
Administrative expenses	(23,840)	(21,410)
Depreciation and amortization	(2,388)	(2,159)
Impairments	-	-
Other operating expenses	(2,426)	(4,780)
TOTAL OPERATING EXPENSES	(50,191)	(49,283)
NET OPERATING INCOME	27,206	43,537
Income attributable to affiliates	164	174
Net loss from price-level restatement	(10,509)	(8,255)
INCOME BEFORE INCOME TAX	16,861	35,456
Income tax	(2,529)	(5,761)
INCOME FROM CONTINUED OPERATIONS	14,332	29,695
INCOME OF DISCONTINUED OPERATIONS	-	-
CONSOLIDATED NET INCOME FOR THE YEAR	14,332	29,695
Attributable to:		
Equity holders of the parent	14,340	29,675
Minority interest	(8)	20
Net income per share attributable to Equity holders of the parent:		
Basic net income	104	219
Diluted net income	-	-

The accompanying notes 1 to 21 are an integral part of these consolidated financial statements.



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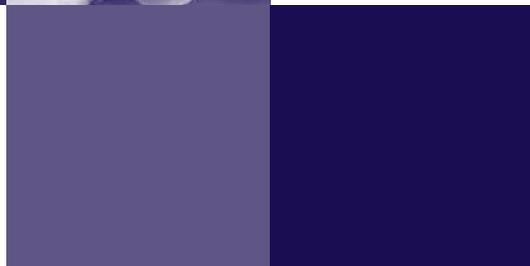


C O N S O L I D A T E D S T A T E M E N T S O F C O M P R E H E N S I V E I N C O M E

AS OF DECEMBER 31, 2008 AND 2007 (IN MILLIONS OF CHILEAN PESOS - MCh\$)

	2 0 0 8 M C h \$	2 0 0 7 M C h \$
CONSOLIDATED NET INCOME	14,332	29,695
OTHER COMPREHENSIVE INCOME		
Net unrealized gains (losses) on available-for sale instruments	-15,277	-2,271
Other comprehensive income	-	-
COMPREHENSIVE INCOME BEFORE INCOME TAXES	-15,277	-2,271
Income tax related to other comprehensive income	2,597	-
TOTAL OTHER COMPREHENSIVE INCOME	-12,68	-2,271
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	1,652	27,424
Attributable to		
Equity holders of the parent	1,66	27,404
Minority interest	-8	20
Comprehensive net income per share attributable to equity holders of the parent		
Basic net income	12	202
Diluted net income	-	-

The accompanying notes 1 to 21 are an integral part of these consolidated financial statements.

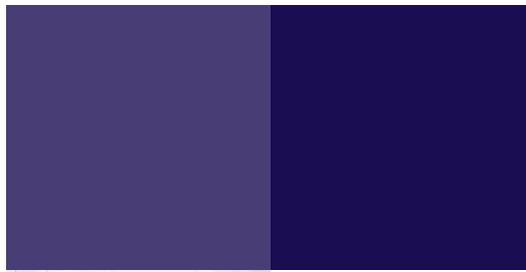


CONSOLIDATED STATEMENTS OF CASH FLOWS

AS OF DECEMBER 31, 2008 AND 2007 (IN MILLIONS OF CHILEAN PESOS - MCh\$)

	2 0 0 8 M C h \$	2 0 0 7 M C h \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	14,340	29,675
Charges (credits) to net income which do not represent cash flows		
Depreciation and amortization	2,388	2,159
Provisions for loan losses	10,310	6,036
Equity in income of related companies	(164)	(174)
Price-level restatement, net	10,509	8,255
Other charges (credits) which do not represent cash flows	23,475	(4,539)
Net changes (credit) in the interest, indexation and commissions accrued on assets and liabilities	(4,520)	11,473
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	56,338	52,885
CASH FLOW FROM INVESTING ACTIVITIES		
Net increase in loans and accounts receivable from customers	(313,264)	(238,531)
Decrease due from banks	(3,673)	(17,841)
Net increase in investments	(216,250)	(235,479)
Decrease in leased assets	(14,719)	(2,523)
Purchase of property, plant and equipment	(2,551)	(2,830)
Sale of property, plant and equipment	-	12
Sale of assets received in settlement of loans	1,406	3,440
Net movement in other assets and liabilities	(35,616)	8,593
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(584,667)	(485,159)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deposits and other demand obligations	40,608	52,181
Increase (decrease) in securities purchased under resale agreement	39,263	(3,584)
Net increase in other time and demand liabilities	255,853	330,264
Decrease in obligations with domestic banks	(2,351)	(845)
Increase in long-term foreign borrowings	138,738	43,686
Decrease in mortgage-funding notes	(23,265)	(9,985)
Net change in bonds	132,072	80,846
Increase in other financial obligations	12,316	9,351
Capital increase	19,968	-
Dividends paid	(14,676)	(23,974)
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	598,526	477,940
TOTAL NET POSITIVE CASH FLOWS FOR THE YEAR	70,197	45,666
Effect of Price - level restatement on Cash and Cash Equivalent	(9,385)	(5,304)
INCREASE IN CASH AND CASH EQUIVALENT DURING THE YEAR	60,812	40,362
Cash and Cash Equivalent at Beginning of Year	109,000	68,638
CASH AND CASH EQUIVALENT AT END OF YEAR	169,812	109,000

The accompanying notes 1 to 21 are an integral part of these consolidated financial statements.



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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

AS OF DECEMBER 31, 2008 AND 2007 (IN MILLIONS OF CHILEAN PESOS - MCh\$)

	ATTRIBUTABLE TO EQUITY HOLDERS				TOTAL MCH\$	MINORITY INTEREST MCH\$	TOTAL MCH\$
	PAID-IN CAPITAL MCH\$	OTHER RESERVES MCH\$	OTHER ACCOUNTS MCH\$	NET INCOME FOR THE YEAR MCH\$			
BALANCES AS OF DECEMBER 31, 2006	101,085	28,950	2,511	20,498	153,044	61	153,105
Restated balances for comparison purposes	118,269	33,872	2,938	23,982	179,061	71	179,132
Balances as of December 31, 2006	101,085	28,950	2,511	20,498	153,044	61	153,105
Distribution of 2006 net income	-	20,498	-	(20,498)	-	-	-
Dividends paid	-	(20,498)	-	-	(20,498)	(12)	(20,510)
Income and expenses recognized directly in share- holders' equity	-	-	(2,086)	-	(2,086)	-	(2,086)
Restatement of capital	7,480	2,142	-	-	9,622	1	9,623
Net income for the year	-	-	-	27,250	27,250	19	27,269
BALANCES AS OF DECEMBER 31, 2007	108,565	31,092	425	27,250	167,332	69	167,401
Restated balances for comparison purposes	118,227	33,859	463	29,675	182,224	75	182,299
Balances as of December 31, 2007	108,565	31,092	425	27,250	167,332	69	167,401
Distribution of 2007 net income	-	27,250	-	(27,250)	-	-	-
Dividends paid	-	(13,625)	-	-	(13,625)	(8)	(13,633)
Income and expenses recognized directly in share- holders' equity	-	-	(12,680)	-	(12,680)	-	(12,680)
Capital increase	19,988	-	-	-	19,988	-	19,988
Restatement of capital	9,643	4,103	-	-	13,746	9	13,755
Net income for the year	-	-	-	14,340	14,340	(8)	14,332
Provision for minimum dividends	-	-	-	(4,302)	(4,302)	4	(4,298)
BALANCES AS OF DECEMBER 31, 2008	138,196	48,820	(12,255)	10,038	184,799	66	184,865

The accompanying notes 1 to 21 are an integral part of these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

a) Basis of preparation - These consolidated financial statements as of December 2008 and 2007, have been prepared in accordance with generally accepted accounting principles in Chile ("Chilean GAAP") issued by the Chilean Association of Accountants and accounting standards set forth by the Superintendency of Banks and Financial Institutions ("SBIF"). In case of discrepancies, specific instructions and regulations issued by the SBIF will prevail. Certain accounting practices applied by the Bank that conform to Chilean GAAP may not conform to generally accepted accounting principles in the United States ("US GAAP") or International Financial Reporting Standards ("IFRS").

For the convenience of the reader, these financial statements have been translated from Spanish to English.

b) Use of estimations - The preparation of the consolidated financial statements in accordance with Chilean GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities disclosure of contingent assets and liabilities at the date of the financial statements, as well as income and expenses during the year. Actual results could differ from such estimates.

c) Basis of consolidation - The consolidated group (hereinafter "the Bank") includes Banco Security and the following subsidiaries:

	I N T E R E S T O W N E D	
	2008 %	2007 %
Valores Security S.A. Corredores de Bolsa	99.76	99.76
Administradora General Fondos Security S.A.	99.90	99.90

The subsidiaries assets represent 4.09% of the consolidated statement of financial situation (6.26% in 2007), whereas the subsidiaries' revenue represents 7.20% of the consolidated revenues (12.21% in 2007).

Significant intercompany transactions have been eliminated in the consolidation process.

The minority interest is presented in a separate heading of the consolidated statements of financial situation and consolidated statements of income.

The figures for the previous year have been price level restated by the percentage variation of the Consumer Price Index (CPI) of 8.9%.

d) Reclassifications - For comparison purposes, and in conformity with Note 2, the presentation of the financial statements for 2007



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has been modified in order to comply with the format established by the SBIF.

e) Interest income - The amounts recorded in the balance sheet for loans, financial investments and liabilities include interest and readjustments accrued through year-end. However, the Bank has taken the conservative position of discontinuing the accrual of interest and readjustments on high-risk and past-due loans.

f) Price-level restatement - Shareholders' equity, fixed assets and other non-monetary assets and liabilities have been restated according to the variation in the CPI. As of December 31, 2008 the application of this method resulted in a net charge to income of MCh\$10,509 (MCh\$8,255 in 2007).

Income statement accounts have not been price-level restated.

g) Foreign currencies - Assets and liabilities denominated in foreign currency are stated in Chilean pesos at the exchange rate as of December 31, 2008 of Ch\$641,25 per US\$1 (Ch\$497,55 per US\$1 in 2007).

The balance of Ch\$13,135 million corresponding to the net foreign exchange loss in 2008 (net income from foreign exchange of Ch\$2,959 million in 2007), shown in the consolidated statement of income, includes both income obtained in exchange operations as well as recognition of the effects of the variation in the exchange rate on assets and liabilities in foreign currency.

h) Index-linked assets and liabilities - Assets and liabilities denominated in Unidad de Fomento (an inflation indexed, Chilean peso denominated monetary unit set daily in advance on the basis of the previous month's inflation rate) are stated at the year-end rate: Ch\$21,452.57 (Ch\$19,622.66 in 2007).

i) Financial investments - The accounting for financial instruments acquired for trading or investment purposes are classified as follows:

- **Trading securities.** Trading securities are securities acquired for which the Bank has the intent to generate profits from short-term price fluctuations or through brokerage margins or that are included in a portfolio created for such purposes.

Trading securities are valued at their fair value according to market prices on the closing date of the balance sheet. Net income or loss arising from mark-to-market, as well as income from trading activities, and accrued interest and readjustments, are included in the "Financial instruments held for trading" line under "Net income from financial operations" in the statement of income, detailed in Note 17.

All purchases and sales of trading securities, that must be delivered within the period established by market regulations or conventions



using the trade date, which is the date on which the purchase or sale of the asset is committed. Any other purchase or sale is treated as a derivative (forward) until it is liquidated.

- **Investment securities.** Investment securities are classified into two categories: held to maturity and available for sale. Investments held to maturity include only those securities for which the Bank has the ability and intention of maintaining them until maturity. The remaining investments are considered as available for sale securities.

At inception, investment securities are recorded at cost, including transaction costs.

Available for sale securities are subsequently measured at their fair value according to market prices or valuations models. Unrealized net income or losses originated by fair value adjustments are recorded in other comprehensive income within equity. When these investments are disposed of or impaired the amount of the accumulated fair value adjustments is transferred to income and is reported under "Sale of instruments available for sale" line under "Net income from trading activities" of the statements of income, which is detailed in Note 17.

Held to maturity investments are recorded at their cost value plus accrued interest and adjustments, less provision for impairment recorded when the book value is higher than its estimated return. The bank does not maintain any investment held to maturity in its portfolio.

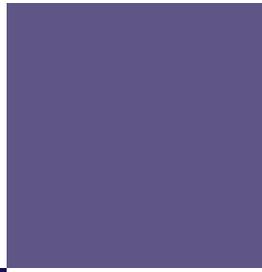
Interest and revaluations of held to maturity investments and available for sale investments are included under "Interest revenue" or "Interest expenses".

Investment instruments designated as hedges are accounted for under the appropriate derivative accounting rules.

All purchases and sales of investment securities, to be delivered within the deadline stipulated by market regulations and conventions, are recognized on the commitment date, which is the date when the commitment is made to purchase or sell the asset. Other purchases or sales are treated as forwards until they are liquidated.

j) Derivative instruments - Financial derivative contracts, which include foreign currency and UF forwards, interest rate forwards, currency and interest rate swaps, currency and interest rate options and other financial derivative instruments, are recorded in the balance sheet at cost (including transaction costs) and subsequently measured at their fair value. The fair value is obtained from market quotes, discounted cash flow models and option valuation models, where applicable. Derivative contracts are reported as an asset when their fair value is positive and as a liability when negative under the line item "Derivative instruments".

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risk and characteristics are



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not closely related to those of the main contract and this is not recorded at its fair value and its unrealized gains and losses included in income.

When a derivative contract is signed, it must be designated by the Bank as a derivative instrument for investing or a hedging purpose.

Any changes in the fair value of derivative contracts maintained for investing purpose are included under the line Net income on derivative contracts line under Net income from financial transactions, as detailed in Note 17.

Should a derivative instrument be classified as a hedge, it can be: (1) a hedge of the fair value of existing assets or liabilities or firm commitments, or (2) a hedge of cash flows related to existing assets or liabilities or expected transactions. A hedge relationship for hedge accounting purpose, must comply with all of the following conditions: (a) the hedge must be formally documented at the start; (b) the hedge is expected to be highly effective; (c) the effectiveness of the hedge can be reasonably measured; and (d) the hedge is highly effective during its lifetime in relation to the risk being hedged.

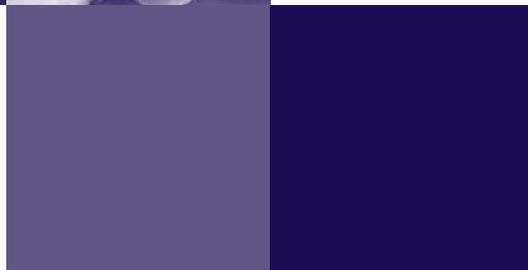
Certain derivative transactions which do not qualify for hedge accounting are treated and reported as derivatives for investing purpose, even though they provide an effective hedge on the risk of net positions.

When a derivative instruments hedges the risk of changes in the fair value of an existing asset or liability, the latter is recorded at its fair value with respect to the specific hedged risk. Gains or losses from fair value adjustments, both the hedged item and the derivative instrument are recognized in income.

Should the hedged item in a fair value hedge be a firm commitment, changes in the fair value of the commitment with respect to the hedged risk are recorded as assets or liabilities and recognized in income. Gains or losses from fair value adjustments of the hedging derivative are recorded in income. When an asset or liability is acquired as a result of the commitment, initial recognition of the asset or liability acquired is adjusted to incorporate the accumulated effect of reasonable value valuation of the firm commitment recorded in the balance sheet.

When a derivative hedges exposure to changes in the cash flows of existing assets or liabilities, or expected transactions, the effective portion of the changes in fair value with regard to the risk hedged is recorded in shareholders' equity. Any ineffective portion is recognized directly in the period's income. The amounts recorded directly in shareholders' equity are recorded in income in the same year in which the offsetting changes in hedged assets or liabilities affect income.

When a derivative hedges exposure to changes in the cash flows of existing assets or liabilities, or expected transactions, the effective portion of the changes in fair value with regard to the risk hedged is recorded in shareholders' equity. Any ineffective portion is recognized



directly in the period's income. The amounts recorded directly in shareholders' equity are recorded in income in the same periods in which the offsetting changes in hedged assets or liabilities affect income.

The bank does not have any financial derivative hedge contract.

k) Transactions with repurchase and resale agreements - The Bank performs transactions with repurchase and resale agreements as a form of financing. In this respect the Bank's investments that are sold subject to a repurchase obligation and which serve as guarantee for the borrowings are reclassified as "Trading securities" or "Available for sale instruments", presenting the obligation under "Securities sold under repurchase agreements" in liabilities. When financial instruments are purchased with a resale obligation they are included in "Securities purchased under resale agreements" in assets.

l) Assets received in lieu of payment - Assets received in lieu of payment are classified under "Other Assets", are recorded at the lower of their price-level restated cost and the appraisal value less required regulatory write-offs, and are presented net of the provision. Regulatory write-offs are required by the SBIF if the asset is not sold in a period of one year from its reception.

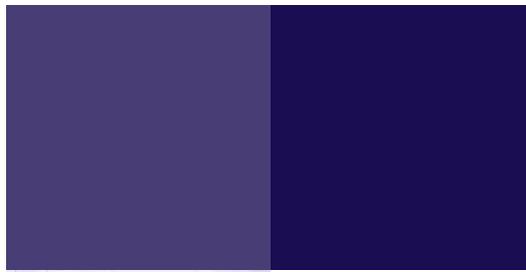
m) Lease contracts - Accounts receivable from lease contracts, included under loans, correspond to periodic lease installments on contracts that fulfill the requirements to be qualified as financial leases and are presented at their nominal value net of unaccrued interest as of each year-end.

n) Fixed assets - Property, plant and equipment are stated at acquisition plus price-level restated cost and net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets.

o) Loan loss allowances - The allowances required to cover the risk of asset losses (Note 10) have been established in accordance with the standards of the SBIF. The assets are shown net of such allowances.

p) Loans, allowances, charge - offs and loan recoveries

- **Allowance for individual evaluations.** In order to determine allowances over receivables designated as "normal risk" loans for the bank, with risk classification of A1, A2, A3 and B, the Bank uses the allowances percentages approved by the Board of Directors. Receivables designated as loans a "risk greater than normal" with risk classification of C1, C2, C3, C4, D1 and D2, in accordance with regulation provisions, are determined in accordance with the following table:



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RISK CATEGORY	RANGE OF ESTIMATED LOSS	ALLOWANCE
C1	Up to 3%	2%
C2	More than 3% up to 19%	10%
C3	More than 19% up to 29%	25%
C4	More than 29% up to 49%	40%
D1	More than 49% up to 79%	65%
D2	More than 79%	90%

The individual analysis of receivables is applied to customers, individuals or companies, which due to their size, complexity or level of risk exposure make it necessary that they be fully known and require the assignation of a risk rating for each debtor.

- **Allowance for Group evaluations.** The group evaluation is used to analyze a great number of operations whose individual amounts are low. For that purpose, the Bank uses models based on the attributes of the debtors and their loans, and models based on the behavior of a group of loans. In the group evaluations, allowances are always established in accordance with the expected loss through the models that are used.

- **Additional allowances.** In accordance with the standards set forth by the SBIF, the Bank has established additional allowances on its individually evaluated loan portfolio, considering the expected impairment of that portfolio. The calculation of this allowance is made on the basis of the Bank's historical experience, and in consideration of eventual adverse macroeconomic perspectives or circumstances that could affect a sector, industry, group of debtors or projects.

- **Charge - offs.** Loans are written - offs when collection efforts have been exhausted, but not later than the maximum periods prescribed by the SBIF, which are as follows:

24 months past due (3 months for consumer loans) for loans without collateral.

36 months past due for loans with collateral.

- **Loan loss recoveries** . Cash recoveries of written - offs loans are recorded directly as income in the Statements of income, under "Provision for loan losses".

As of December 31, 2008 recovery of whitten - offs loans amounted to Ch\$905 million (Ch\$ 1,116 million in 2007).

q) Deferred taxes - The effects of deferred taxes arising from temporary differences between the tax basis and financial basis of accounting are recorded on an accrual basis, in accordance with Technical Bulletin No. 60 of the Chilean Association of Accountants and its supplements, and instructions from the SBIF.



The income tax provision has been determined in accordance with current tax legislation.

r) Staff vacations - The annual cost of employee vacations and benefits is recognized on an accrual basis.

s) Cash and cash equivalents - For statements of cash flow purposes, cash and cash equivalents include the cash, bank balances, net transactions with settlement in progress, highly liquid financial instruments and repurchase agreements (Note 4) in accordance with the rules provided in Chapter 18-1 of the Compendium of Standards of the SBIF.

2 - ACCOUNTING CHANGES

The SBIF through its Circular No. 3,410 dated November 9, 2007, subsequently supplemented by Circular No. 3,443 dated August 21, 2008, introduced the new Compendium of Accounting Standards that Banks must apply as result of the IFRS convergence project developed by this Superintendency. The main impacts originated by the application of these new accounting criteria are described below:

a) Accounting changes applied during 2008 - In accordance with Chapters B-4 and E of the above mentioned Compendium of Accounting Standards, the Bank recorded a liability MCh\$4,302 under the line item "Provisions" as of December 31, 2008 related to the minimum dividends payment, reflecting as a counterpart an equity reduction for the same amount under "Retained earnings". Until 2007, dividends obligations were recorded when declared by the Shareholders' Meeting. This change did not generate effects on income.

b) New formats for the presentation of financial statements applied starting 2008 - Chapter C-3 of the above mentioned Compendium of Accounting Standards established the new formats for presentation of the annual financial statements, requiring in Chapter E, its application starting 2008. The application of these new formats only affected the presentation of these financial statements, and did not have an effect on the accounting criteria applied by the Bank. For comparison purposes the 2007 financial statements have been modified in accordance with the new presentation format, and therefore, the financial statements that are presented for this period differ, in terms of their presentation, from those reported the previous year.

c) Standards that will be applicable starting 2009 - In addition, the above mentioned Compendium of Accounting Standards establishes that starting January 1, 2009, banks must begin with the application of the new accounting criteria established by the SBIF, and in those matters not addressed by the compendium, apply IFRS. The changes in accounting criteria are related, among other things, to the following matters: a) suspension of the price-level restatement mechanism; b) changes in certain criteria for determination of credit risk allowances; c) option to reevaluate fixed assets as of the date of first time adoption; d) accrual of loan in accordance with effective interest



rate; e) changes and incorporation of additional disclosures in notes to the financial statements; etc.

The application of these new accounting criteria originate adjustments on the balances of the Bank's equity accounts as of January 1, 2009, and will also affect the determination of income in future years. Likewise, and only for comparison purposes with the financial statements that will be presented in 2009, the Bank must present the financial statements for 2008 in accordance with the new accounting criteria, which will differ from those presented herein. As of the issuance date of these consolidated financial statements, the Bank is in the process of preparing the information that will allow it to estimate, with reasonable objectivity, the final adjustments that must be recorded in 2009 and the effects on the statement of financial situation and on the statement of income for 2008.

3 - RELEVANT EVENTS

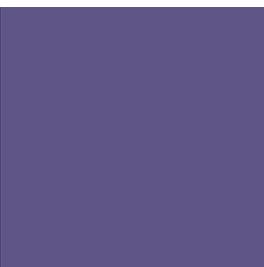
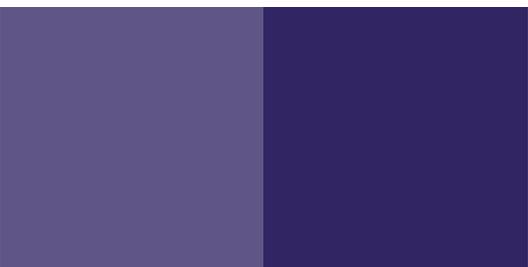
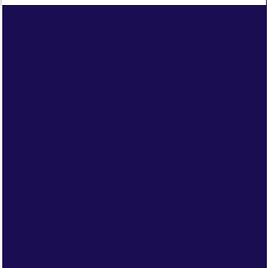
On April 25, 2008, the Extraordinary Board of Directors Meeting accepted the resignation of Alfredo Reyes Valderrama, from the position of General Manager of Administradora General de Fondos Security S.A., which was effective as of the 30th of the same month. Mr. Juan Pablo Lira Tocornal assumed the position as of that date.

On November 28, 2008 the Bank performed a capital increase for the amount of Ch\$19,988 million, equivalent to 16,056,415 shares.

4 - CASH AND CASH EQUIVALENT

The balances included in cash and cash equivalents are detailed as follows:

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
CASH AND DUE FROM BANKS		
Cash	17,104	11,204
Chilean Central Bank deposits	8,315	13,498
Deposits in other domestic bank	1,181	4,420
Deposits abroad	54,012	21,164
SUBTOTAL – CASH AND DUE FROM BANKS	80,612	50,286
Transactions in the course of settlement, net	65,047	49,381
Highly liquid financial instruments	-	-
Repurchase agreements	24,153	9,333
TOTAL CASH AND CASH EQUIVALENT	169,812	109,000



The level of funds in cash and in the Chilean Central Bank responds to regulations on legal reserves that the Bank must keep on average in monthly periods.

Transactions in the course of settlement in progress correspond to transactions for which the only remaining thing is the settlement that will increase or decrease the funds in the Chilean Central Bank or in banks abroad, normally within 12 or 24 business hours, which are detailed as follows:

ASSETS	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Documents drawn on other banks (clearing)	22,281	29,144
Funds receivable	107,628	110,491
SUBTOTAL TRANSACTION IN THE COURSE OF COLLECTION	129,909	139,635
LIABILITIES		
Funds payable	(64,862)	(90,254)
SUBTOTAL – TRANSACTION IN THE COURSE OF PAYMENT	(64,862)	(90,254)
NET TRANSACTIONS IN THE COURSE OF SETTLEMENT	65,047	49,381

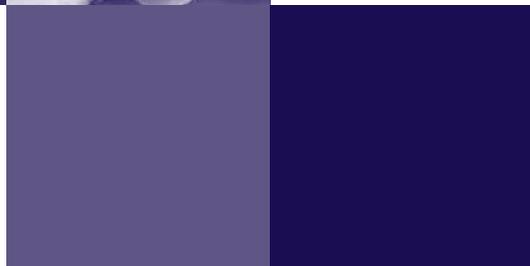


5 - TRADING SECURITIES

As of December 31, 2008 and 2007, the Bank and its subsidiaries maintain the following balances included under trading securities:

INSTRUMENTS ISSUED BY THE CHILEAN GOVERNMENT AN CENTRAL BANK	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Financial instruments	150,427	137,682
Treasury of the Republic Instruments	35,415	43,543
Other government instruments	2,597	6,536
SUBTOTAL	188,439	187,761
OTHER FINANCIAL INSTRUMENTS		
Promissory notes for deposits in domestic banks	144,294	158,312
Mortgage bonds in domestic banks	41,534	34,109
Domestic bank bonds	605	2,239
Other financial instruments issued in the country	607	6,545
Mutual funds	1,527	13,539
SUBTOTAL	188,567	214,744
TOTAL	377,006	402,505

General Treasury and Chilean Central Bank's Instruments include instruments sold with repurchase agreements to customers and financial institutions for an amount of MCh\$89,812 and MCh\$85,489 as of December 31, 2008 and 2007, respectively. Repurchase agreements have an average expiration of 13 days as of 2008 year-end (9 days in 2007).

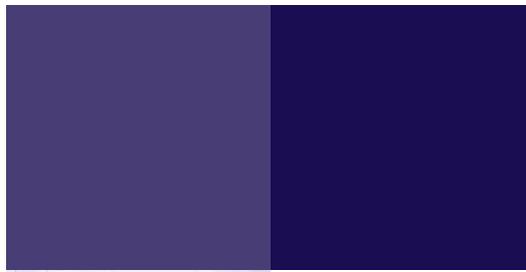


6 - DERIVATIVE INSTRUMENTS

The bank uses the following derivative instruments for hedging and trading purposes:

	CASH FLOW (F) OR FAIR VALUE (VR) HEDGE	DECEMBER 31, 2008			FAIR VALUE	
		CONTRACT NOTIONAL AMOUNT WITH FINAL EXPIRATION DATE IN			ASSETS MCh\$	LIABILITIES MCh\$
		LESS THAN 3 MONTHS MCh\$	OVER 3 MONTHS LESS THAN 1 YEAR MCh\$	OVER ONE YEAR MCh\$		
DERIVATIVES HELD FOR TRADING PURPOSES						
Currency forwards	(VR)	1,989,784	981,242	69,218	35,696	(37,354)
Interest rate Swaps	(VR)	72,892	578,287	801,349	8,797	(10,424)
Currency Swaps	(VR)	161,192	496,842	425,142	8,496	(4,717)
Rate put options	(VR)	-	-	-	63	(348)
TOTAL ASSETS/(LIABILITIES) FROM DERIVATIVES HELD FOR TRADING PURPOSES		2,223,868	2,056,371	1,295,709	53,052	(52,843)
TOTAL ASSETS/(LIABILITIES) FROM DERIVATIVE INSTRUMENTS		2,223,868	2,056,371	1,295,709	53,052	(52,843)

	CASH FLOW (F) OR FAIR VALUE (VR) HEDGE	DECEMBER 31, 2007			FAIR VALUE	
		CONTRACT NOTIONAL AMOUNT WITH FINAL EXPIRATION DATE IN			ASSETS MCh\$	LIABILITIES MCh\$
		LESS THAN 3 MONTHS MCh\$	OVER 3 MONTHS LESS THAN 1 YEAR MCh\$	OVER ONE YEAR MCh\$		
DERIVATIVES HELD FOR TRADING PURPOSES						
Currency forwards	(VR)	2,214,812	2,086,984	50,317	47,412	(35,785)
Interest rate Swaps	(VR)	84,142	74	392	6,161	(5,745)
Currency Swaps	(VR)	150,014	175,020	726,293	11,364	(4,952)
Rate put options	(VR)	-	-	-	-	(62)
TOTAL ASSETS/(LIABILITIES) FROM DERIVATIVES HELD FOR TRADING PURPOSES		2,448,968	2,262,078	777,002	64,937	(46,544)
TOTAL ASSETS/(LIABILITIES) FROM DERIVATIVE INSTRUMENTS		2,448,968	2,262,078	777,002	64,937	(46,544)



7 - INVESTMENTS SECURITIES

As of December 31, 2008 and 2007, the Bank had the following investment securities balances:

	DECEMBER 31	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
INVESTMENTS SECURITIES AVAILABLE FOR SALE		
INSTRUMENTS ISSUED BY THE CHILEAN GOVERNMENT AND THE CENTRAL BANK		
Financial instruments	-	-
General Treasury of the Republic financial instruments	-	-
Other government financial instruments	-	-
SUBTOTAL	-	-
OTHER FINANCIAL INSTRUMENTS		
Domestic bank deposits promissory notes	240,273	98,750
Domestic mortgage bonds	30,881	2,259
Domestic corporate bonds	32,786	-
Other domestic financial instruments	33,991	38,165
Other instruments financial issued abroad	28,445	47,548
SUBTOTAL	366,376	186,722
TOTAL	366,376	186,722

Investment financial instruments do not include transactions with repurchase agreements as of December 31, 2008 and 2007.

As of December 31, 2008 and 2007 the portfolio of available for sale securities include unrealized a loss and income of MCh\$12,255 and MCh\$463, respectively, which is recorded in equity valuation adjustment.

As of December 31, 2008 and 2007, the Bank does not maintain investments securities held to maturity.



8 - INVESTMENTS IN OTHER COMPANIES

Investments in other companies correspond to shares and rights in complementary transaction services' companies and shares in stock exchange companies whose investment values and income received are as follows:

INVESTMENTS IN COMPANIES	INVESTMENT VALUE		INCOME	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Bolsa de Comercio de Santiago	395	371	107	117
Bolsa de Valores de Chile	100	93	7	4
Combanc	36	36	-	-
Depósito Central de Valores S. A.	63	63	-	-
Other investments in companies	185	29	50	53
TOTAL INVESTMENTS IN COMPANIES	779	592	164	174

9 - OTHER ASSETS

As of December 31, 2008 and 2007, other assets are detailed as follows:

	DECEMBER 31	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
ASSETS HELD FOR LEASING	26,814	13,855
ASSETS RECEIVED IN LIEU OF PAYMENT OR AWARDED		
Assets received in lieu of payment	2,109	2,487
Provisions for assets received in lieu of payment	(280)	(365)
SUBTOTAL - ASSETS RECEIVED IN LIEU OF PAYMENT AWARDED	1,829	2,122
OTHER ASSETS		
VAT fiscal credit	4,174	1,165
Prepaid expenses	1,080	1,017
Brokerage receivables	20,222	25,530
Treasury transactions receivable	9,323	13,982
Others	4,128	4,185
SUBTOTAL - OTHER ASSETS	38,927	45,879
TOTAL OTHER ASSETS	67,570	61,856



10 - PROVISION AND ALLOWANCES

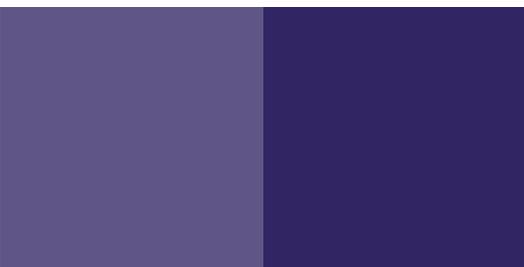
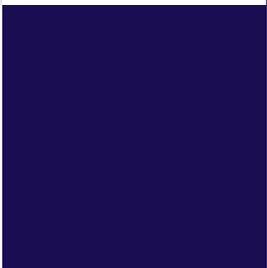
a) Loan loss provision . Expense corresponding to loan loss provision shown in the consolidated statement of income is explained as follows:

2008

	LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS					TOTAL MCh\$
	OWED BY BANKS MCh\$	COMMERCIAL LOANS MCh\$	RESIDENTIAL LOANS MCh\$	CONSUMER LOANS MCh\$	CONTINGENT LOANS MCh\$	
PRVISIÓN ESTABLISHED:						
Individual provisions	36	14,373	-	-	1,025	15,434
Group provisions	-	291	197	2,033	-	2,521
EXPENSE FROM ESTABLISHMENT OF PROVISIONS	36	14,664	197	2,033	1,025	17,955
RELEASE OF PROVISIONS:						
Individual provisions	(13)	(6,177)	-	-	(180)	(6,370)
Group provisions	-	(290)	(80)	-	-	(370)
INCOME FROM RELEASE OF PROVISIONS	(13)	(6,467)	(80)	-	(180)	(6,740)
Recovery of written-off loans	-	(475)	-	(430)	-	(905)
INCOME, NET	23	7,722	117	1,603	845	10,310

2007

	LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS					TOTAL MCh\$
	OWED BY BANKS MCh\$	COMMERCIAL LOANS MCh\$	RESIDENTIAL LOANS MCh\$	CONSUMER LOANS MCh\$	CONTINGENT LOANS MCh\$	
PROVISIONS ESTABLISHED:						
Individual provisions	-	7,814	-	-	-	7,814
Group provisions	-	225	251	880	-	1,356
EXPENSE FROM ESTABLISHMENT OF PROVISIONS	-	8,039	251	880	-	9,170
RELEASE OF PROVISIONS:						
Individual provisions	-	(1,675)	-	-	-	(1,675)
Group provisions	-	(299)	(44)	-	-	(343)
INCOME FROM RELEASE OF PROVISIONS	-	(1,974)	(44)	-	-	(2,018)
Recovery of written-off loans	-	(772)	(76)	(268)	-	(1,116)
INCOME, NET	-	5,293	131	612	-	6,036



Contingent loan allowances correspond to the transactions indicated in Note 15, except for the amounts available from credit card users.

As of year-end, loan loss allowances that cover the assets are as follows:

	DECEMBER 31, 2008		
	ASSETS BEFORE ALLOWANCES MCh\$	ALLOWANCES ESTABLISHED MCh\$	NET ASSETS MCh\$
LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS			
Commercial loans	1,697,420	(20,791)	1,676,629
Mortgage loans	215,181	(281)	214,900
Consumer loans	78,602	(1,658)	76,944
TOTAL	1,991,203	(22,730)	1,968,473
Owed by banks	93,490	(23)	93,467

	DECEMBER 31, 2007		
	ASSETS BEFORE ALLOWANCES MCh\$	ALLOWANCES ESTABLISHED MCh\$	NET ASSETS MCh\$
LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS			
Commercial loans	1,543,525	(19,467)	1,524,058
Mortgage loans	176,953	(250)	176,703
Consumer loans	69,610	(940)	68,670
TOTAL	1,790,088	(20,657)	1,769,431
Owed by banks	97,814	-	97,814



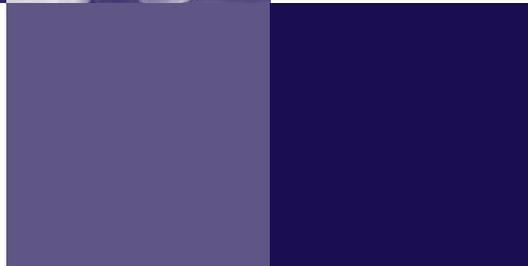
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b) Other provisions

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
PROVISIONS FOR EMPLOYEE BENEFITS AND SALARIES		
Provisions for other employee benefits	-	534
Vacation provisions	1,077	1,106
SUBTOTAL – EMPLOYEE BENEFITS AND REMUNERATIONS	1,077	1,640
MINIMUM DIVIDENDS PAYMENT PROVISION	4,302	-
CONTINGENT CREDIT RISK PROVISIONS		
Collateral signatures and securities	131	-
Documentary letters of credit issued	45	-
Guarantee deposits	669	-
SUBTOTAL – CONTINGENT CREDIT RISK	845	-
CONTINGENCIES PROVISIONS		
Country risk provisions	246	196
Additional loan loss provisions	-	109
Other contingency provisions	402	4,361
SUBTOTAL – CONTINGENCIES PROVISIONS	648	4,666
TOTAL OTHER PROVISIONS	6,872	6,306

The Bank's management believes that the provisions established cover all eventual losses that could be derived from non-recovery of assets, in accordance with the information examined by the institution and its subsidiaries.



11 - TAXES

The Bank and its subsidiaries applied the Income Tax Law and Technical Bulletin No. 60 to determine its current and deferred income taxes, as explained below.

a) Impuestos corrientes

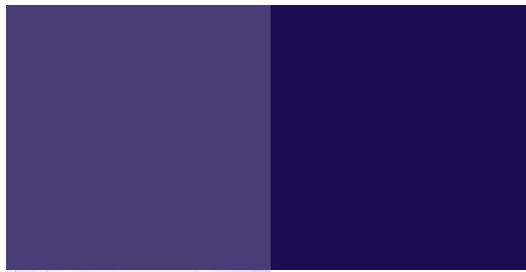
Impuesto renta resultado

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
INCOME TAX EXPENSE		
Income taxes paid	(446)	(5,011)
TAX LOSS RECOGNITION	1,300	-
DEFERRED TAX CREDIT (CHARGE)		
Establishment and reversal of temporary differences	(4,014)	(198)
SUBTOTAL	(3,160)	(5,209)
Complementary account amortization	(80)	(552)
OTHERS	711	-
INCOME TAX CHARGE TO INCOME	(2,529)	(5,761)

b) **Deferred taxes** - Deferred taxes arise from the following temporary differences:

Deferred income tax on equity

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Available for sale investments	2,597	-
Coverage	-	-
Others	-	-
TOTAL	2,597	-



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	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
DEFERRED TAX ASSETS		
Allowance for loan losses	1,835	2,139
Securities portfolio provision	-	253
Valuation of securities	58	39
Valuation of swaps operations	193	34
Valuation of forward transactions	-	441
Statutory bonus provision	-	91
Provision on recovered assets	7	8
Allowance for lease contracts	236	218
Lease tax assets	25,928	21,658
Others	5,225	2,884
TOTAL DEFERRED TAX ASSETS	33,482	27,765
Complementary account balance	(1,561)	(1,175)
NET DIFFERENCE	31,921	26,590
DEFERRED TAX LIABILITIES		
Lease contract	(26,722)	(22,200)
Fixed assets depreciation	(1,828)	(1,202)
Valuation of forward transactions	(211)	-
Others	(7,809)	(4,540)
TOTAL DEFERRED TAX LIABILITIES	(36,570)	(27,942)
Complementary account balance	2,073	1,152
NET DIFFERENCE	(34,497)	(26,790)
TOTAL NET DEFERRED TAX LIABILITIES	(2,576)	(200)



12 - SHAREHOLDERS' EQUITY

a) Accounting shareholders' equity

Subscribed and paid shares – The Bank's authorized capital is composed of 167,884,832 shares, of which 151,809,665 have been effectively subscribed and paid.

During March 2008 and 2007 50% and 100% of net income for 2007 and 2006 was distributed in the amount of MCh\$13,625 and MCh\$20,498 (historical values), respectively.

b) Capital requirements - According to the General Banking Law, the Bank must maintain a minimum ratio of Effective Shareholders' Equity over Consolidated Risk Weighted Assets of 8%, net of the provisions required, and a minimum ratio of Basic Capital over Total Consolidated Assets of 3%, net of the required provisions. For this purpose, Effective shareholders' equity is determined starting with Capital and Reserves or Basic Capital with the following adjustments: a) subordinate bonds are added with a maximum of 50% of Basic Capital and, b) a deduction of the balance of assets corresponding to goodwill or surcharge paid and investments in companies that do not participate in the consolidation.

Assets are weighted according to the risk categories, which are assigned a risk percentage in accordance with the amount of capital necessary to support each of those assets. Five risk categories are applied (0%, 10%, 20%, 60% and 100%). For example, cash, deposits in other banks and financial instruments issued by the Chilean Central Bank, have 0% risk, which means that, according to current regulations, no capital is required to support these assets. Property, plant and equipment have a 100% risk, which means that there must be minimum capital equivalent to 8% of the amount of those assets.

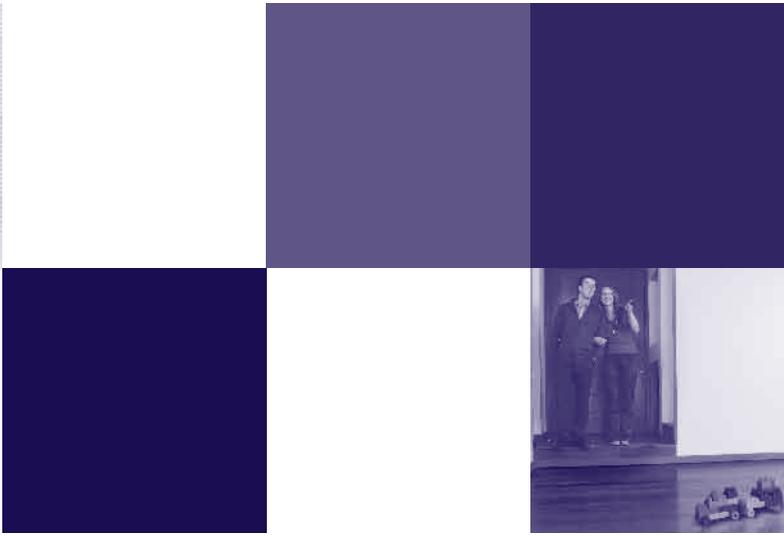
All derivative instruments traded outside the stock exchange are considered in the determination of risk assets with a conversion factor over notional values, thus obtaining the amount of credit risk exposure (or "credit equivalent"). Off-balance sheet contingent loans are also considered by a "loan equivalent", in order to weight them.



The levels of Basic Capital and Effective Shareholders' Equity as of each year-end are as follows:

	CONSOLIDATED ASSETS		RISK - WEIGHTED ASSETS	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$	2 0 0 8 M C h \$	2 0 0 7 M C h \$
BALANCE SHEET ASSETS (NET IF PROVISIONS)				
Cash and due from bank	80,612	50,286	-	-
Transactions in the course of collection	129,909	139,635	50,535	30,976
Trading securities	377,006	402,505	44,609	63,468
Loans and accounts receivable from customers	24,153	9,333	24,128	9,333
Derivative instruments	74,843	103,996	34,844	36,892
Due from banks	93,467	97,814	9,828	20,942
Loans and accounts receivable from customers	1,968,473	1,769,431	1,882,400	1,698,654
Available for sale instruments	366,376	186,722	149,452	105,914
Held to maturity instruments	-	-	-	-
Investments in other companies	779	592	685	638
Intangibles	14,199	7,847	14,199	7,848
Fixed assets, net	28,058	27,417	28,058	27,417
Current taxes	7,891	4,979	1,430	1,769
Deferred taxes	27,393	24,941	2,739	2,494
Other assets	67,570	61,856	67,023	61,230
OFF-BALANCE SHEET ASSETS				
Contingent loans	175,654	173,550	105,054	104,130
TOTAL RISK - WEIGHTED ASSETS	3,436,383	3,060,904	2,414,984	2,171,705

	AMOUNT		PORCENTAJE	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$	2 0 0 8 %	2 0 0 7 %
Basic Capital	184,799	152,550	5.38	4.98
Effective equity	277,198	235,516	11.48	10.84



13 - ASSET AND LIABILITY MATURITIES

a) Maturities of loans, trading and investments securities - The following is a breakdown of loans and other financial assets classified by maturity. Balances include accrued interest at December 31, 2008 and 2007, respectively. Trading and available for sale securities are included at their fair value and according to the term on which they can be sold.

	LESS THAN ONE YEAR		OVER ONE YEAR LESS THAN 3 YEARS		OVER 3 YEARS LESS THAN 6 YEARS		OVER 6 YEARS		TOTAL	
	2008 M Ch \$	2007 M Ch \$	2008 M Ch \$	2007 M Ch \$	2008 M Ch \$	2007 M Ch \$	2008 M Ch \$	2007 M Ch \$	2008 M Ch \$	2007 M Ch \$
Trading securities	226,911	208,094	28,661	80,618	51,300	13,357	70,134	100,436	377,006	402,505
Security purchased under resale agreement	24,153	9,333	-	-	-	-	-	-	24,153	9,333
Derivative instruments	44,239	52,146	4,848	11,206	3,965	1,585	-	-	53,052	64,937
Due from by banks	87,033	97,814	6,434	-	-	-	-	-	93,467	97,814
Loans and accounts receivable from customers (*)	996,036	870,150	199,111	169,612	192,191	221,932	580,991	514,152	1,968,329	1,775,846
Available for sale instruments	239,058	97,565	23,365	15,411	20,480	18,704	83,473	55,042	366,376	186,722
Held to maturity instruments	-	-	-	-	-	-	-	-	-	-

(*) Considers only effective loans current as of each year-end, maturing in the indicated period, consequently loans transferred to the overdue portfolio are excluded, as are delinquent loans that have not been transferred to that portfolio, which, as of December 31 2008 amount to MCh\$22,874 (MCh\$14,113 in 2007).

b) Maturity of deposits, borrowings and other financing operations - The information detailed below shows deposits, borrowings and other liabilities according to their maturity. Balances include interest accrued at December 31, 2008 and 2007.

	LESS THAN ONE YEAR		OVER ONE YEAR LESS THAN 3 YEARS		OVER 3 YEARS LESS THAN 6 YEARS		OVER 6 YEARS		TOTAL	
	2008 M Ch \$	2007 M Ch \$	2008 M Ch \$	2007 M Ch \$	2008 M Ch \$	2007 M Ch \$	2008 M Ch \$	2007 M Ch \$	2008 M Ch \$	2007 M Ch \$
Security purchased under resale agreement	110,272	85,767	-	-	-	-	-	-	110,272	85,767
Deposits and time deposits (*)	1,523,096	1,431,487	169,802	137,497	27,554	27,898	-	-	1,720,452	1,596,882
Derivative instruments	43,404	37,649	5,043	5,546	4,396	3,286	-	63	52,843	46,544
Obligations with banks	247,203	123,444	19,238	29,801	25,650	21,673	-	-	292,091	174,918
Debt instruments issued	70,473	3,264	85,967	86,308	65,560	74,053	248,092	197,001	470,092	360,626

(*) Excludes saving accounts



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14 - RELATED PARTY TRANSACTIONS

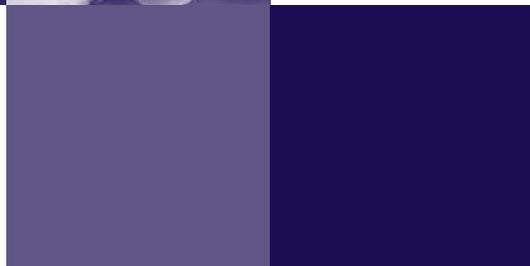
In accordance with the Chilean General Banking Law and the instructions set forth by the SBIF, individuals and companies that are related, directly or indirectly, to ownership of the Bank or to its management are considered related parties.

a) Loans granted to related parties - As of December 31, 2008 and 2007, loans to related parties are as follows:

	DUE PORTFOLIO		PAST-DUE PORTFOLIO		TOTAL		COLLATERALS (*)	
	2008 M C h \$	2007 M C h \$	2008 M C h \$	2007 M C h \$	2008 M C h \$	2007 M C h \$	2008 M C h \$	2007 M C h \$
To operating companies	42,301	33,268	-	-	42,301	33,268	31,272	31,643
To investment companies	13,924	19,064	-	-	13,924	19,064	10,297	13,142
To individuals (**)	2,595	3,888	-	-	2,595	3,888	1,123	1,574
TOTAL	58,820	56,220	-	-	58,820	56,220	42,692	46,359

(*) Includes only those amounts of collateral computable towards individual credit limits as established in Article No. 84 of the General Banking Law, valued in accordance with instructions of the SBIF.

(**) Includes only those obligations of individuals, whose debts are equal to or greater than U.F. 3,000.



b) Other related parties transactions - During 2008 and 2007, the Bank entered into the following transactions in excess of UF1,000 with related parties:

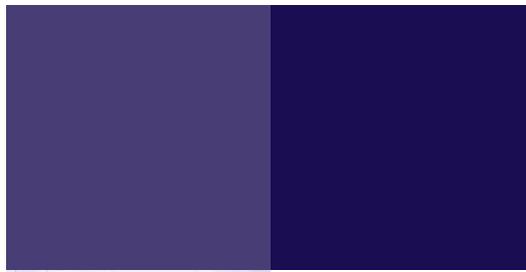
FIRM NAME	DESCRIPTION	CREDIT TO INCOME		CHARGE TO INCOME	
		2 0 0 8 M C h \$	2 0 0 7 M C h \$	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Grupo Security S.A.	Advisories	16	31	-	-
Inversiones Invest Security Ltda.	Service contracts	72	-	2,990	1,564
	Office Rental	18	26	-	-
Travel Security S.A.	Office Rental	161	132	147	-
Seguros Vida Security Previsión S.A.	Insurance	1,275	-	367	82
	Office Rental	163	55	-	53
Global Mandatos Security S.A.	Service contracts	-	-	1,968	1,119
Global Security Gestión y Servicios S.A.	Advisories	-	-	665	885
Virtual Security S.A.	Service contracts	201	-	1,952	2,475
	Office Rental	3	7	-	-
Inmobiliaria Security S.A.	Service contracts	-	-	432	303
	Loans	271	204	-	-
Inmobiliaria Security Siete S.A.	Advisories	-	36	-	-
Advisories Security S.A.	Advisories	-	-	161	-

15 - CONTINGENCES AND COMMITMENTS

a) Lawsuits and legal procedures - Management has no knowledge of lawsuits or legal procedures that could significantly affect the reported amounts of assets and liabilities of the Bank and subsidiaries.

b) Contingent loans - The following table shows the contractual amounts of the transactions that obligate the Bank to grant loans and the amount of the allowances established for the assumed credit risk:

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Collateral signatures and securities	30,874	9,833
Documentary letters of credit	16,090	46,296
Guarantee deposits	126,054	116,827
Amounts available from credit card users	56,087	51,469
Others	2,636	594
TOTAL	231,741	225,019



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c) Responsibilities - The Bank and its subsidiaries have the following responsibilities derived from the normal course of their business:

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Instruments in custody	402,621	1,269,737
Notes in collection	11,584	10,332
Securities and letters of guarantee	252,201	430,507
TOTAL	666,406	1,710,576

d) Guarantees granted - As of December 31, 2008, the Bank does not hold assets in guarantee. Its subsidiary, Valores Security S.A. Corredores de Bolsa had deposited shares as of that date in the Bolsa de Comercio de Santiago for time transactions in the amount of MCh\$3,881 (MCh\$2,998 in 2007).



16 - FEES AND COMMISSIONS

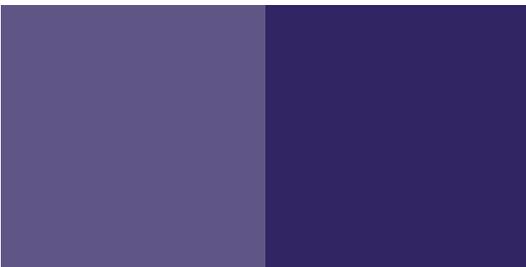
The income and expenses for commissions shown in the Consolidated Statements of Income refers to the following items:

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
FEE AND INCOME FROM SERVICES		
Line of credit and overdrafts	1,877	1,241
Collateral signatures and letters of credit	2,916	2,785
Card services	2,729	1,985
Account management	358	244
Collections, cash receipts and payments	1,360	1,237
Brokerage and securities handling	1,599	2,832
Investments in mutual funds or others	94	66
Remunerations for commercialization of insurance	1,149	1,919
Other commissions earned	10,670	10,106
TOTAL INCOME FOR COMMISSIONS	22,752	22,415
EXPENSES FOR COMMISSIONS		
Remunerations on operation of credit cards	-	(250)
Commissions on operation with securities	(437)	(621)
Other commissions	(2,739)	(2,622)
TOTAL EXPENSES FOR COMMISSIONS	(3,176)	(3,493)
TOTAL NET INCOME FOR FEES AND COMMISSIONS	19,576	18,922



17 - NET INCOME FROM FINANCIAL OPERATIONS

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
FINANCIAL INSTRUMENTS HELD FOR TRADING		
Interest and readjustments	30,956	31,267
Mark-to-market	1,141	(1,400)
Net income from sale	12,617	8,093
Loss on sale	(19,160)	(8,270)
Net income from investments in mutual funds	2,026	1,692
SUBTOTAL - HELD FOR TRADING INSTRUMENTS	27,580	31,382
TRADING DERIVATIVES		
Net income on derivative contracts	252,590	92,335
Loss on derivative contracts	(241,147)	(73,392)
SUBTOTAL - TRADING DERIVATIVES	11,443	18,943
SALE OF AVAILABLE FOR SALE INSTRUMENTS		
Net income from sale	1,358	2,093
Loss on sale	(369)	(86)
SUBTOTAL - SALE OF AVAILABLE FOR SALE INSTRUMENTS	989	2,007
NET INCOME FROM OTHER OPERATIONS		
Purchase of letter of credit issued by the Bank	(7)	(17)
Other income	2,913	3,082
Other expenses	(3,463)	(2,888)
SUBTOTAL - NET INCOME FROM OTHER OPERATIONS	(557)	177
TOTAL NET INCOME FROM FINANCIAL TRANSACTIONS	39,455	52,509



18 - OTHER OPERATING INCOME

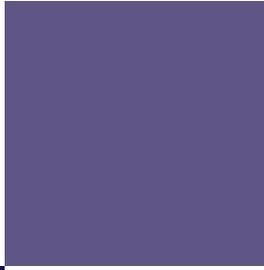
Details of operating income are as follows:

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Income from assets received in lieu of payment	446	46
Release of contingencies provisions	1,000	96
Net income on sale of fixed assets	415	245
Rental received	269	314
Recovery of written off assets received in lieu of payment	77	796
Expense recovery	656	573
Other income	2,334	590
TOTAL OTHER OPERATING INCOME	5,197	2,660

19 - OTHER OPERATING EXPENSES

Details of operating expenses are as follows:

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Provisions and expenses for assets received in lieu of payment	818	1,628
Contingency provisions	66	1,578
External computer project expenses	852	750
Operating write-offs	19	269
Other expenses	671	555
TOTAL OPERATING EXPENSES	2,426	4,780



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20 - BOARD OF DIRECTOR'S COMPENSATION

During 2008 and 2007, the Bank paid to the board of Director, with charge to income, the following amounts:

	DECEMBER 31,	
	2 0 0 8 M C h \$	2 0 0 7 M C h \$
Remuneration	65	75
Fees for advisory services	619	532
TOTAL	684	607

21 - SUBSEQUENTS EVENTS

From January 1 to January 16, 2009, there have been no subsequent events that would materially affect them.

HORACIO SILVA C.
General Accounting Assistant Manager

RAMON ELUCHANS O.
Chief Executive Officer



ESTADOS FINANCIEROS DE FILIALES

VALORES SECURITY S.A. CORREDORES DE BOLSA

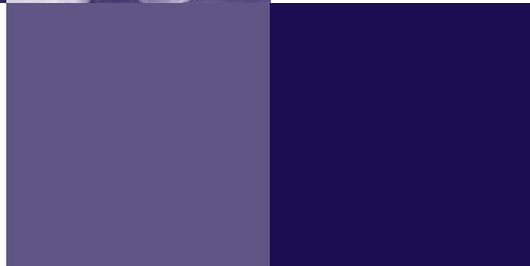
AS OF DECEMBER 31, 2008 AND 2007 (IN MILLIONS OF CHILEAN PESOS - MCh\$)

	2 0 0 8 M C h \$	2 0 0 7 M C h \$
CONSOLIDATED BALANCE SHEET		
ASSETS		
Current	1.725.773,2	3.460.907,6
Premises & equipment	246,2	237,1
Other Assets	1.923,0	1.440,3
TOTAL ASSETS	1.727.942,4	3.462.585,0
LIABILITIES		
Current	1.700.780,8	3.431.796,4
Capital & reserves	30.788,6	22.917,4
Net income for the year	(3.627,0)	7.871,2
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	1.727.942,4	3.462.585,0
STATEMENT OF INCOME		
Operating income	(1.869,0)	10.787,3
Non-operating income	(2.326,2)	(1.369,4)
Income before taxes	(4.195,2)	9.417,9
Income tax	568,2	(1.546,7)
NET INCOME FOR THE YEAR	(3.627,0)	7.871,2

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

AS OF DECEMBER 31, 2008 AND 2007 (IN MILLIONS OF CHILEAN PESOS - MCh\$)

CONSOLIDATED BALANCE SHEET	2008 M Ch \$	2007 M Ch \$
ASSETS		
Current	8.781,6	8.994,1
Premises & equipment	59,8	63,9
TOTAL ASSETS	8.841,4	9.058,0
LIABILITIES		
Current	976,2	1.454,2
Capital & reserves	1.523,1	1.523,1
Retained earnings	3.896,6	3.826,2
Net income for the year	2.445,5	2.254,5
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	8.841,4	9.058,0
STATEMENT OF INCOME		
Operating income	2.852,5	2.778,9
Non-operating income	82,6	(64,4)
Income before taxes	2.935,1	2.714,5
Income tax	(489,6)	(460,0)
NET INCOME FOR THE YEAR	2.445,5	2.254,5



ADDRESSES BANCO SECURITY AND BRANCHES

Central Switchboard: (56-2) 584 4000

Security Customer Attention Service:

(56-2) 584 4060

Web: www.security.cl

E-mail: banco@security.cl

Head Office (El Golf)

Apoquindo 3100 – Las Condes

Horario de Atención: 9:00 – 14:00 hrs.

Tel.: (56-2) 584 4100

Fax: (56-2) 584 4058

Agustinas Branch

Agustinas 621 – Santiago

Opening hours: 9.00 a.m. to 2 p.m.

Tel.: (56-2) 584 4311

Fax: (56-2) 584 4012

Providencia Branch

Av. 11 de Septiembre 2289 – Providencia

Opening hours: 9.00 a.m. to 2 p.m.

Tel.: (56-2) 584 4688

Fax: (56-2) 584 4186

Vitacura Branch

Av. Vitacura 3706 – Vitacura

Opening hours: 9.00 a.m. to 2 p.m.

Tel.: (56-2) 584 4652

Fax: (56-2) 584 4627

Los Cobres Branch

Av. Vitacura 6577 – Vitacura

Opening hours: 9.00 a.m. to 2 p.m.

Tel.: (56-2) 581 5519

Fax: (56-2) 581 5523

Alcántara Branch

Av. Alcántara 44 – Las Condes

Opening hours: 9.00 a.m. to 2 p.m.

Tel.: (56-2) 584 4438

Fax: (56-2) 584 2265

Santa María de Manquehue

Santa María 6904 local 15 - Vitacura

Teléfono: 581 5555 Fax: 581 5550

Opening hours: 8.00 a.m. to 2 p.m.

La Dehesa Branch

Av. La Dehesa 1744 – Lo Barnechea

Opening hours: 9.00 a.m. to 2 p.m.

Tel.: (56-2) 584 4465

Fax: (56-2) 584 4676

El Cortijo Branch

Av. Américo Vespucio 2760 C - Conchalí

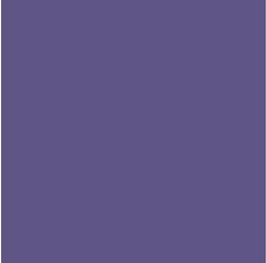
Opening hours: 9.00 a.m. to 2 p.m.

Tel.: (56-2) 584 4833

Fax: (56-2) 584 4840



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Santa Elena Branch

Santa Elena 2400 – San Joaquín
Opening hours: 9.00 a.m. to 2 p.m.
Tel.: (56-2) 584 4762
Fax: (56-2) 555 4750

Plaza Constitución Branch

Agustinas 1235 – Santiago
Opening hours: 9.00 a.m. to 2 p.m.
Tel.: (56-2) 584 4832
Fax: (56-2) 584 4161

Quilicura Branch

Av. Presidente E. Frei M. 9950 Of. 4 – Quilicura
Opening hours: 9.00 a.m. to 2 p.m.
Tel.: (56-2) 584 4690
Fax: (56-2) 584 4698

Estoril Branch

Av. Estoril 50 – Las Condes
Opening hours: 8.00 a.m. to 2 p.m.
Tel.: (56-2) 584 2292
Fax: (56-2) 584 2200

Ciudad Empresarial Branch

Av. Santa Clara 354 – Huechuraba
Opening hours: 9.00 a.m. to 2 p.m.
Tel.: (56-2) 584 4683
Fax: (56-2) 584 4871

Viña Del Mar Branch

Av. Libertad 1097 – Viña del Mar
Opening hours: 8.00 a.m. to 2 p.m.
Tel.: (56-32) 251 5100
Fax: (56-32) 251 5120

Chicureo Branch

Camino Chicureo Km 1.7 – Colina
Opening hours: 8.00 a.m. to 2 p.m.
Tel.: (56-2) 581 5005
Fax: (56-2) 581 5008

Antofagasta Branch

Av. San Martín 2511 – Antofagasta
Opening hours: 9.00 a.m. to 2 p.m.
Tel.: (56-55) 536 500
Fax: (56-55) 536 512

Los Trapenses Branch

Camino Los Trapenses 3023 Loc.1 -
Lo Barnechea
Opening hours: 8.00 a.m. to 2 p.m.
Telephone: 581 5572 - 581 5570
Fax: 581 5573

Concepción Branch

Av. Bernardo O'Higgins 428 – Concepción
Opening hours: 9.00 a.m. to 2 p.m.
Tel.: (56-41) 290 8000
Fax: (56-41) 290 8021



Temuco Branch

Manuel Bulnes 701 – Temuco

Opening hours: 9.00 a.m. to 2 p.m.

Tel.: (56-45) 948 400

Fax: (56-45) 948 416

Puerto Montt Branch

Guillermo Gallardo 132 – Puerto Montt

Opening hours: 9.00 a.m. to 2 p.m.

Tel.: (56-65) 568 300

Fax: (56-65) 568 311

SUBSIDIARY COMPANIES

Valores Security S.A. Corredores de Bolsa

Apoquindo 3150 piso 7 – Las Condes

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