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ANNUAL REPORT 2010



BANK

COMPANIES

PERSONS

INVESTMENTS

FOREIGN TRADE

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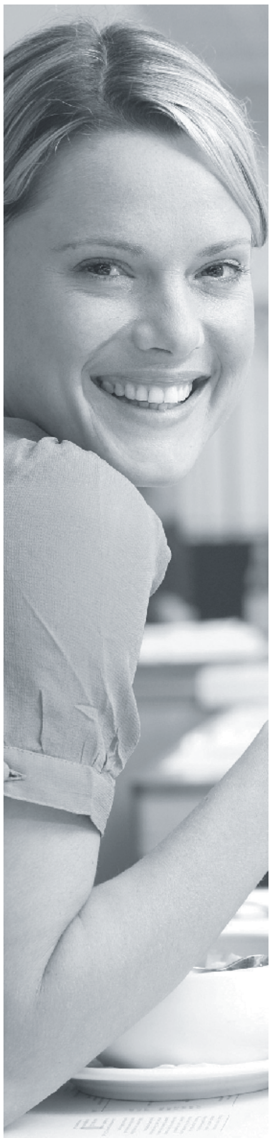

CONSOLIDATED FINANCIAL SUMMARY BANCO SECURITY SUBSIDIARIES

Figures in millions of Chilean pesos

EARNINGS FOR THE YEAR	2006	2007 (3)	2008 (3)	2009	2010
Gross Operating Result (Gross Margin)	65.047	65.047	78.599	78.515	99.085
Operating Expenses	36.099	36.099	49.390	50.885	60.343
Net Operating Result (Net Margin)	28.948	28.948	29.209	27.630	38.742
Earnings (4)	20.498	20.498	24.364	23.039	33.710

YEAR-END BALANCES	2006	2007 (3)	2008 (3)	2009	2010
Loans (1)	65.047	65.047	2.060.995	2.157.850	1.950.697
Financial investments	36.099	36.099	829.578	946.676	729.465
Productive Assets	28.948	28.948	2.890.572	3.104.526	2.680.162
Fixed Assets & Investment in Subsidiaries	20.498	20.498	23.137	23.112	23.316
Total Assets	2.498.762	2.618.289	3.456.034	3.452.372	3.123.518
Net Sight Deposits	126.712	184.466	256.049	255.777	285.464
Time Deposits & Borrowings	1.417.064	1.467.930	1.653.170	1.651.418	1.696.711
Foreign borrowings	131.853	160.793	132.260	132.120	155.982
Allowances for Doubtful Assets	19.245	20.679	22.754	31.219	37.904
Capital & Reserves (2)	155.188	152.712	170.640	174.750	172.737
Equity	179.188	167.578	198.064	197.854	206.447

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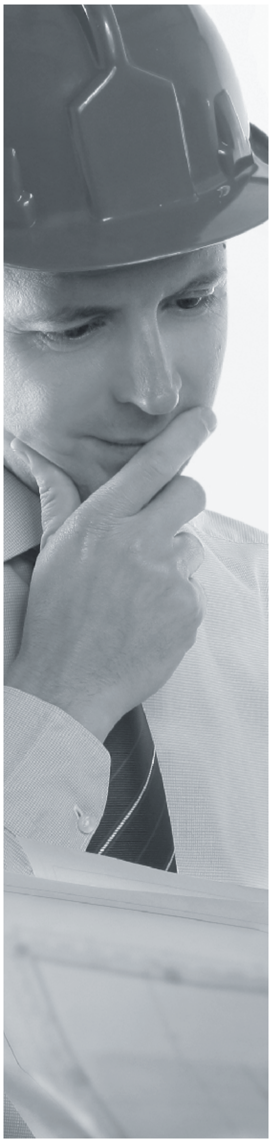
01 financial summary



INDICATORS	2006	2007 (3)	2008 (3)	2009	2010
Earnings / Equity (4)	13,4%	16,3%	13,2%	11,6%	16,3%
Earnings / Total Assets (4)	1,0%	1,0%	0,8%	0,7%	1,1%
Productive Assets / Total Assets	90,4%	88,5%	88,3%	89,9%	85,8%
Operating Expenses/Gross Margin	55,5%	53,1%	64,8%	64,8%	60,9%
Operating Expenses/Productive Assets	1,9%	2,0%	1,8%	1,6%	2,3%
Basel	11,59	10,84	11,48	12,56	12,66

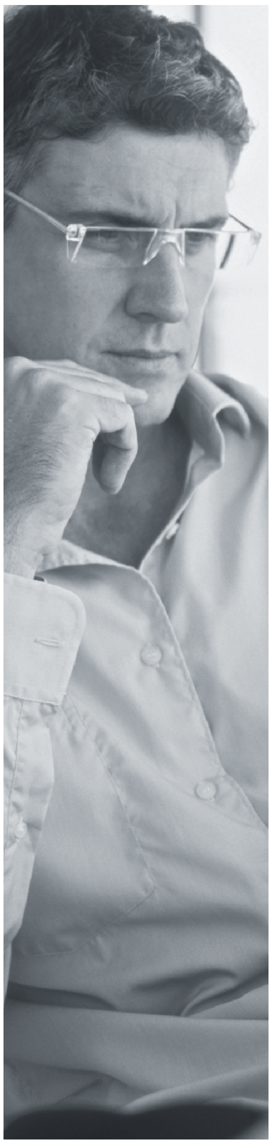
NOTES:

(1) Includes Interbank Loans.- As from 2007, contingent liabilities are excluded as, in accordance with the new regulations, they do not form part of loans.

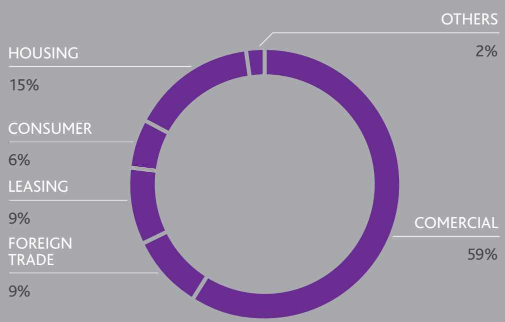
(2) Includes Other Equity Accounts.

(3) As from January 2008, the statements of financial position and results were prepared under the IFRS format, as defined by the Superintendency of Banks in its Compendium of Accounting Pinciples published in its Circular 3,410. The figures from 2007 onward are not therefore comparable with the financial information for the previous years. The figures for 2007 and 2008 include adjustments in line with the later regulatory changes in to make them more comparable. Monetary correction is discontinued from January 2009.

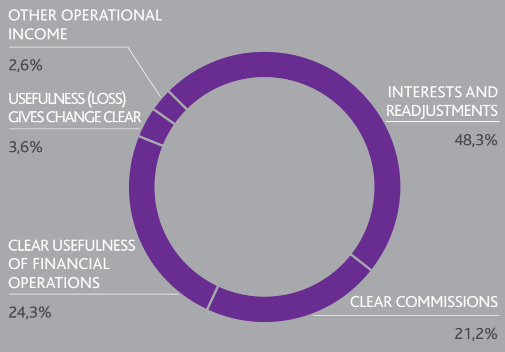
(4) Earnings 2008 were adjusted according to IFRS for comparison purposes. The earnings reported for that year were Ch$ 14,332 million and the ROE was 7.8%.



loan composition



composition of revenues



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02 principal financial indicators

loans

BILLIONS OF CH$

2005	1.242
2006	1.415
2007	1.645
2008	1.923
2009	2.091
2010	1.977

NOTA: (EXCLUYE INTERBANCARIOS Y CONTINGENTES)

number of checking accounts

NUMBER OF

2005	20.158
2006	26.322
2007	36.738
2008	44.111
2009	46.247
2010	47.893

results

MILLIONS OF CH $

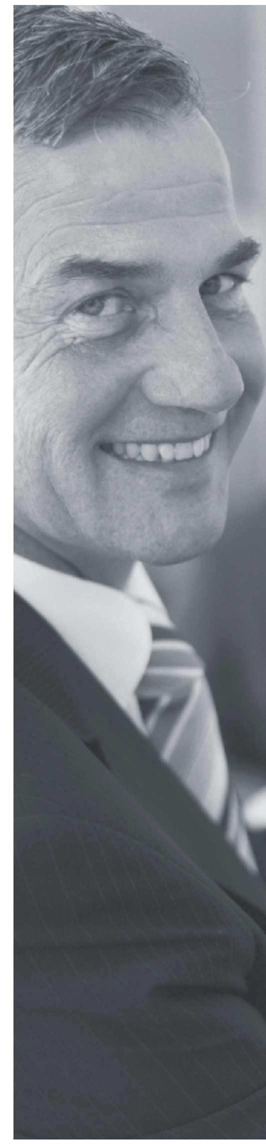
2005	20.014
2006	20.498
2007	27.268
2008	24.364
2009	23.039
2010	33.710

roe

%

2005	13,32%
2006	13,39%
2007	16,29%
2008	13,17%
2009	13,18%
2010	16,33%





chairman's letter

03

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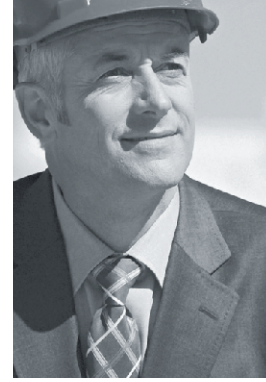


DEAR SHAREHOLDERS

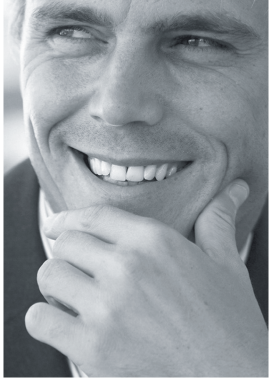
I am pleased to present to you the Annual Report of Banco Security for the year 2010.

The year was an intense one for the whole country. On the one hand, we celebrated our bicentenary, and on the other, we suffered dramatic events like the earthquake and tidal wave of February 27 and then the mining accident in Copiapó which moved the whole of Chile and the world. In the middle of this vortex, to which was added the European sovereign debt crisis, the Chilean economy was able to overcome all the obstacles and began a trend with financial strength not seen for many years.

The Chilean banking industry in 2010 reported total loans of Ch$75,979,032 million, which implied growth of 7.7% over the year before, thus showing a reactivation with respect to 2009 when it was a negative 1.7%. The total earnings of financial institutions were Ch$1,583,953 million, with a return on equity of 18.6% and a 29.3% improvement over the year before.
The year was notable for the incipient local and global economic reactivation and Banco Security concentrated its efforts, among other aspects, on strengthening its money desk and commercial areas through a re-segmentation of its portfolios, adjustments to its attention models and a revision of the products offered to its customers.

Banco Security and its subsidiaries (Valores Security Corredores de Bolsa and Administradora General de Fondos Mutuos) thus produced earnings of Ch$33,710 million in 2010, equivalent to a return on equity of 16.3% and which represents a rise of 46% over the previous year. This is partly explained by the good performance of the financial business, the profitability of the commercial portfolios and a rigorous monitoring of risks and costs, plus the favorable impact of higher inflation given the mis-match that banks experience as a result of the IFRS changes. These favorable results show that our Bank is advancing firmly toward the future, with the confidence of belonging to a group as solid as Grupo Security.

As in previous years, economic performance was accompanied by various recognitions and prizes for our team and brand which enabled us to strengthen our solid positioning and a corporate image of excellence.



03 chairman's letter

For the tenth consecutive year, Banco Security, together with other companies of Grupo Security, was recognized as one of the "Best Companies to Work for in Chile", according to the ranking that the Great Place to Work Institute prepares in conjunction with Capital magazine. This is a concrete recognition of the Bank's work in its interest to reconcile work and the family. There is also its policy of promoting a pleasant working environment, with highly-motivated and fully-committed staff for achieving the company's objectives.

We would like to thank especially every one of Banco Security's staff who, with their work, have contributed significantly in securing the objectives and targets set. We should also stress the support and trust of our shareholders which was fundamental in making 2010 a successful year and a period in which we received valuable lessons in facing future challenges.

While we look at the year 2011 with caution, given the ups and downs shown by global reactivation and the latent risks that persist in some countries, we also visualize with optimism the positive evolution of the results and economic activity indicators, and the present consensus about the favorable evolution anticipated for the Chilean economy.

We have all the abilities, experience, human team and support of our shareholders, as well as a prestigious brand that is valued in the market, for continuing to grow and achieve new targets.
We plan to assume the new challenges facing us in 2011 in order to continue our Bank's development and growth, and to maintain the motivation and commitment that has always characterized us.

Francisco Silva S.
Chairman



board and management

04

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BOARD AND MANAGEMENT

BOARD OF DIRECTORS

CHAIRMAN	Francisco Silva S.
DIRECTORS	Hernán Felipe Errázuriz C.
	Jorge Marín C.
	Gustavo Pavez R.
	Renato Peñafiel M.
	Horacio Pavez G.
	Mario Weiffenbach O.

GENERAL MANAGEMENT

• Chief Executive	Ramón Eluchans O.
• Legal Counsel	Enrique Menchaca O.
• Chief Economist	Aldo Lema N.
• Manager, Planning and Performance	Manuel Widow L.
• Manager, Corporate Culture	Karin Becker S.
• Controller	Alfonso Verdugo R.

SUPPORT AREAS

• Manager, Risk Division	José Miguel Bulnes Z.
• Manager, Credit Administration and Restructuring	Alejandro Vivanco F.
• Manager, Corporate Risk	René Melo B.
• Manager, Financial Risk	Antonio Alonso M.
• Manager, Operations and Technology Division	Juan Carlos Montjoy S.

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COMMERCIAL AREAS

CORPORATE DIVISION

• Manager, Corporate Banking Division	Christian Sinclair M.
• Manager, Products and Commercial Development	Sergio Cavagnaro R.
• Manager, Marketing and Products	Francisco Domeyko C.
• Assistant Manager, Leasing Business	Aldo Massardo G.

04 board and management

LARGE CORPORATIONS AND REAL ESTATE COMPANIES

• Manager, Large Corporation and Real-Estate Companies	Alejandro Arteaga I.
• Manager, Large Corporations	José Luis Correa L.
• Assistant manager, Large Corporations	Felipe Oliva L.
• Assistant manager, Large Corporations	Alberto Apel O.
• Assistant manager, Real-Estate Companies	Ricardo Hederra G.

COMPANIES AND REGIONAL BRANCHES

• Manager, Companies and Regional Branches	Jorge Contreras W.
• Assistant Manager, Companies	Francisco Cardemil K.
• Assistant Manager, Companies	Carlos López V.
• Assistant Manager, Companies	José Antonio Delgado A.
• Assistant Manager, Companies	Alberto Leighton P.
• Assistant Manager, Regional Branches	Hernán Buzzoni G.
• Assistant Manager, Puerto Montt	Cristián Gazabatt O.
• Branch Agent Antofagasta	Rolando Trombert J.
• Branch Agent Concepción	María Paz Ruiz-Tagle V.
• Branch Agent Temuco	Harald Zach P.
• Branch Agent Viña del Mar	Hugo Figueroa V.

FOREIGN TRADE AND INTERNATIONAL SERVICES

• Manager, Foreign Trade Business and International Services	Miguel Ángel Delpin A.
• Assistant Manager, International Businesses	Miguel García R.

RETAIL DIVISION

• Manager, Retail Banking Division	Gonzalo Baraona B.
• Manager, Commercial Development	Ramón Bustamante F.
• Manager, Marketing and Products	Felipe González A.

BRANCHES

• Manager, Branches	Rodrigo Reyes M.
• Assistant Manager, Eastern Zone	Virginia Díaz M.
• Assistant Manager, Metropolitan Zone	Maria Soledad Ruiz S.
• Assistant Manager, Central Office Zone	Marcela Brunetto S.
• Assistant Manager, Private Banking and Regional Branches	José Ignacio Alonso B.
• Branch Agent La Dehesa	Maria Francisca Pulido L.
• Branch Agent Estoril	Viviana Muñoz L.
• Branch Agent Vitacura	Paulina Collao A.

• Branch Agent Cordillera	Maria Constanza Undurraga V.
• Branch Agent El Regidor	Rossana Yunusic B.
• Branch Agent Agustinas	Cristian Leay R.
• Branch Agent Santa Lucia	Esteban Mozo B.
• Branch Agent Providencia	Soledad Toro V.
• Branch Agent Alcántara	Leslie Perry K.
• Branch Agent Plaza Constitución	Evelyn Goehler A.
• Branch Agent Norte	Mónica Escobar R.
• Branch Agent El Golf	Ximena Leiton A.
• Branch Agent Reyes Lavalle	Raúl Figueroa D.
• Branch Agent Apoquindo	Mariela López H.
• Branch Agent Las Condes	Maria Soledad González D.
• Branch Agent Augusto Leguía	Paula Castaño C.
• Private Banking Agent, Apoquindo	Rodrigo Matzner B.
• Private Banking Agent, El Golf	Loreto Velasco D.
• Branch Agent Viña del Mar	Loreto Escandón S.

FINANCE AND CORPORATE DIVISION

• Manager, Finance and Corporate Division	Nicolás Ugarte B.

MONEY DESK

• Trading Manager	Cristian Pinto M.
• Manager, Balance Sheet and investments	Sergio Bonilla B.
• Manager, Investments	Ricardo Turner O.
• Manager, Distribution	Ricardo Santa Cruz R-T.

CORPORATE BANKING

• Manager, Corporate Banking	Adolfo Tocornal R-T.

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MANAGEMENT COMMITTEES

BOARD CREDIT COMMITTEE

The object of this committee is to analyze, evaluate and approve or reject the most important credit applications submitted directly by the commercial areas. This committee analyzes all credit facilities of approximately UF 20,000 upwards (depending on the level of collateral) and has no limit to its credit discretionary powers other than those established under current regulations and policies set by the board itself.

The permanent members of this committee are:

• Francisco Silva S.	Chairman
• Mario Weiffenbach O.	Director
• Ignacio Ruiz Tagle V.	Adviser to the Board
• Ramón Eluchans O.	Chief Executive
• José Miguel Bulnes Z.	Manager, Risk Division

MANAGEMENT CREDIT COMMITTEE

This committee complements the functions of the above, whose object is to analyze, evaluate and approve or reject the most important credit applications of lower amounts submitted to it, as in the previous case, by the commercial areas.

The permanent members of this committee are:

• José Miguel Bulnes Z.	Manager, Risk Division

According to the banking division to which the customers analyzed belong, the members are:

CORPORATE BANKING:

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

RETAIL BANKING:

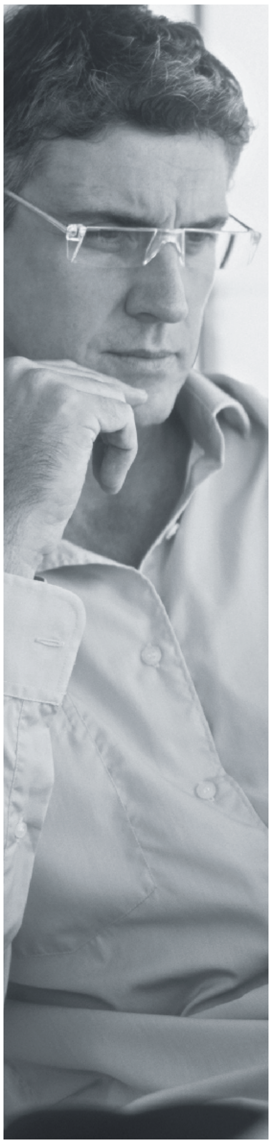
• Gonzalo Baraona B.	Manager, Retail Banking Division
• Jorge Herrera P.	Manager Assistant, Retail Banking Risk

The managers, assistant managers, agents and/or executives submitting their customer credit applications also attend the meetings.

FINANCE COMMITTEE

El objetivo de este comité es la evaluación conjunta de las posiciones y riesgos tomados por el Banco Security y sus filiales, definiendo las estrategias a adoptar y validando el grado de cumplimiento de las mismas.

The object of this committee is to evaluate the whole of the positions and risks taken by Banco Security and its subsidiaries, defining the strategies to be adopted and checking the degree of compliance.



Its principal functions include reporting the situation of each unit with respect to earnings and margins against budget, the alignment of strategies and the scaling of investment-divestment decisions.

The Finance Committee's powers also include proposing policies and methods to the board relating to the management of financial activities and checking compliance with market and liquidity rtisk limits set by the board and regulatory organisms.

The members of this committee are:

• Francisco Silva S.	Chairman
• Renato Peñafiel M.	Director
• Aldo Lema N.	Chief Economist
• Ramón Eluchans O.	Chief Executive
• José Miguel Bulnes Z.	Manager, Risk Division
• Nicolás Ugarte B.	Manager, Finance and Corporate Division
• Manuel Widow L.	Manager, Planning and Performance
• Cristian Pinto M.	Trading Manager
• Antonio Alonso M.	Manager, Financial Risk
• Andrés Pérez L.	Manager, Finance, Valores Security
• Cristian Ureta P.	Manager, Investments, Adm. General de Fondos Security S.A.

ASSETS AND LIABILITIES COMMITTEE

This committee is responsible for the management and control of (1) structural matches of maturities and currencies in the balance sheet, (2) liquidity and (3) the Bank's financial margin, checking the stability of the latter, plus (4) the definition and control of capital management policies.

The permanent members of this committee are:

• Francisco Silva S.	Chairman
• Renato Peñafiel M.	Director
• Ramón Eluchans O.	Chief Executive
• Nicolás Ugarte B.	Manager, Finance and Corporate Division

04 board and management

• José Miguel Bulnes Z.	Manager, Risk Division
• Antonio Alonso M.	Manager, Financial Risk
• Manuel Widow L.	Manager, Planning and Performance
• Cristian Pinto M.	Trading Manager
• Sergio Bonilla B.	Manager, Balance Sheet and Investments
• Ricardo Turner O.	Manager, Investments
• Christian Sinclair M.	Manager, Corporate Banking Division
• Gonzalo Baraona B.	Manager, Retail Banking Division
• Miguel Ángel Delpin A.	Manager, Foreign Trade Business and International Services

AUDIT COMMITTEE

This committee's object is to ensure the efficiency of the internal control systems and compliance with its regulations, thus supporting a system of supervision based on self-regulation.

The permanent members of this committee are:

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

Special guests also attend for the revision of certain matters.

The committee's functions and responsibilities are:

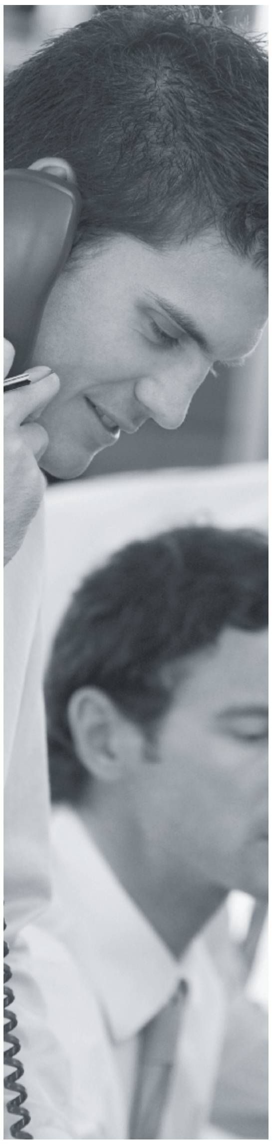
a) To propose to the directors' committee, or to the board, a list for the election of external auditors.

b) To propose to the directors' committee, or to the board, a list for the election of credit-rating agencies.

c) To know and analyze the results of internal audits and revisions.

d) To coordinate the tasks of the internal controller with the revisions of the external auditors.

e) To analyze the interim and annual financial statements and report to 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 know the effectiveness and reliability of the company's internal control systems and procedures.

i) To analyze the functioning of the information systems, their sufficiency, reliability and application in decision-taking.

j) To learn about compliance with the institutional policies relating to the due observance of the laws, regulations and internal regulations the company has to meet.

k) To know and resolve on conflicts of interest and investigate acts of suspicious and fraudulent conduct.

l) To analyze the inspection-visit reports and the instructions and presentations made by the Superintendency.

m) To know, analyze and check compliance with the annual program for the internal audit.

n) To advise the board about accounting changes that occur and their effects.

During 2010, the committee increased its meetings to 8 and covered the following matters:

a) It proposed to the board the external auditors and credit-rating agencies.

b) Analysis of the audit results and internal revisions made during the year, with which it knew the effectiveness and reliability of the internal control systems and procedures of the Bank and its subsidiaries, and the degree of compliance with the institutional policies relating to the due observance of current laws, regulations and internal rules.

c) Analysis of the financial statements at the year end and of the conclusions of the revision made by the external auditors.

d) Analysis of the reports, their content, procedures and scope, of the revisions of the external auditors, as well as the committed action plans for their solution.

e) Knowledge of the regulatory changes affecting the Bank and its subsidiaries and analysis of the implications for the institution.

f) Be aware of new relevant lawsuits against the Bank and other legal contingencies.

g) Approval and follow-up of compliance with the annual audit plan for the Bank and its subsidiaries.

h) Analysis and approval of the controller's annual work plan for 2011.

i) Analysis of progress and follow-up of the action plans defined by the Bank to resolve observations arising from the audit.

j) Analysis and approval, for presentation to the board, of the proposal made by the chief executive of a policy for transactions of an habitual nature with related parties.

OTHER COMMITTEES

COMITTEE	OBJECTIVES
Commercial Performance	• Revision of compliance with budgets and progress of commercial projects.
Leasing Performance	• Information and revision of results, projects and particular matters of the Leasing Area.
Operations and Technology	• Information and revision of the Bank's general matters • Planning and follow-up of particular operations matters. • Analysis, evaluation and planning of the Bank's technological projects.
Prevention, Analysis and Resolution of Asset Laundering	• Publication, application and follow-up of asset-laundering prevention policies. • Analysis of cases.
Operational Risk	• Information and analysis of the integral management of operational risks. • Publication, application and follow-up of operational-risk policies.



1981

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

1987

Security Pacific Corporation, a subsidiary of Security Pacific National Bank, Los Angeles, California, buys 100% of the shares of Banco Urquijo de Chile, which takes the name of Banco Security Pacific. Security Pacific National Bank creates a stockbroking firm which,.

1990

Leasing Security is formed as a subsidiary of the Bank, in order to provide financing through leasing.

1991

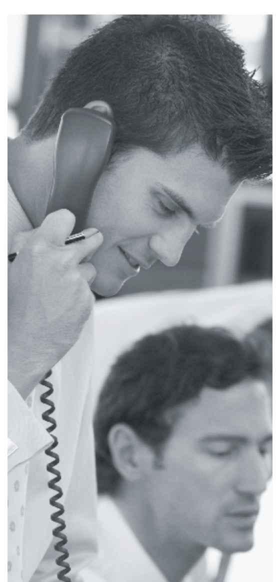
In June 1991, Security Pacific Overseas Corporation sells 60% of the Bank to the present controlling shareholders of Grupo Security, and changes its name to Banco Security.

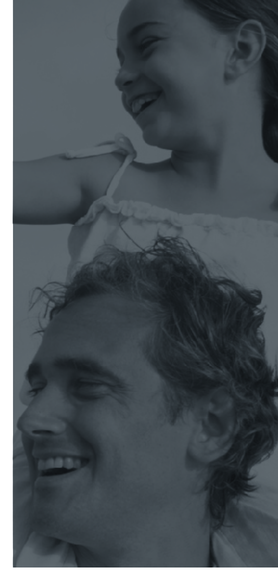
1992

Administradora de Fondos Mutuos Security S.A. is formed as a subsidiary of Banco Security.

1994

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

05 historical summary

2001

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

2003

In September 2003 the subsidiary Administradora de Fondos Mutuos Security S.A. expands its objects and changes its name to Administradora General de Fondos Security S.A.

2004

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

2006

4 new branches are opened as part of the development of the Retail Banking Project: Plaza Constitución, Alcántara and Estoril in the Metropolitan Region and in Viña del Mar in the 5th Region.

2007

2 new branches are opened: Chicureo and Los Cobres, in the Metropolitan Region.

2008

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

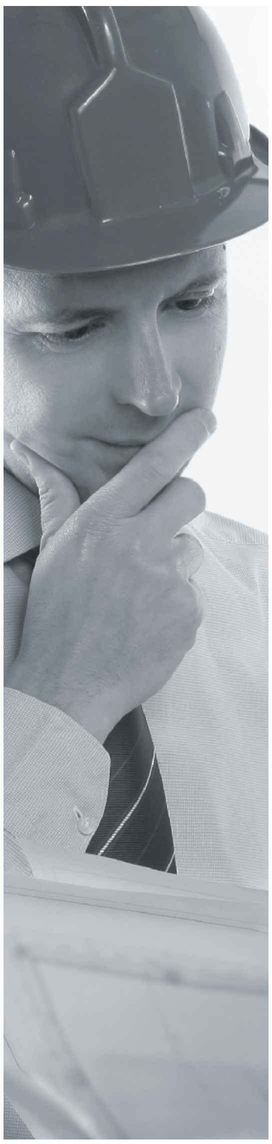
2009

In September 2009, Retail Banking passes the level of 40,000 checking accounts.



06

business strategy



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BUSINESS STRATEGY

The Bank's mission is to meet the financial needs of large and medium-sized companies and of high-income individuals, providing a service of excellence that permits maintaining and cultivating long-term relations with them. The Bank therefore has commercial executives of an excellent professional level, with a complete range of products and services, with first-class technological support in all its channels and with the full support of Grupo Security to fully satisfy its customers.

The pillars of the business strategy are the following:

- **EXCELLENCE IN SERVICE:** constant concern for ensuring compliance with the standards of quality of service that characterize it and improve on those aspects where there is an opportunity to do so.

- **FOCUS ON OBJECTIVE SEGMENT:** Banco Security has been able to grow while maintaining its strategic segment, both with companies and individuals. This has been fundamental in not affecting the quality of service.

- **BROAD RANGE OF PRODUCTS AND SERVICES:** the Bank has always been concerned to keep its range of products and services up to date with respect to other banks, differentiating itself by its capacity to adapt each of them to the specific requirements of each customer and by the integral solutions it offers jointly with the other companies of Grupo Security.

- **CUSTOMER LOYALTY:** on the basis of the high quality of service that the Bank offers, a central objective of its commercial efforts is to persuade customers to expand the variety of products and services they use in the Bank and other Grupo Security companies.

- **EFFICIENCY IN THE USE OF RESOURCES**: a strategic objective of the Bank is to have the flexibility common to a small bank and the efficiency of a large bank. It is therefore constantly seeking new sources of efficiency.

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

06 business strategy

CORPORATE BANKING

"We want to be the Bank of the country's businesses and that preferred by our customers"

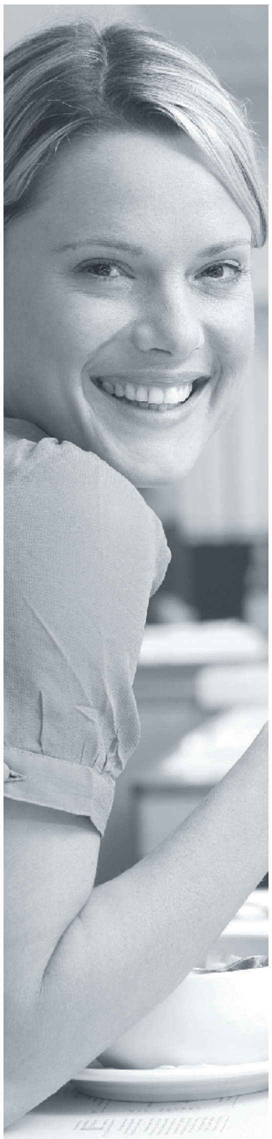
Three attention models have been defined to best adapt to the different customer profiles belonging to the objective corporate segment, emphasizing aspects of the value proposal that each considers most relevant:

- **LARGE COMPANIES AND REAL-ESTATE COMPANIES:** attends companies that seek in the Bank an adviser that understands its business as well as they, and therefore their financial needs and the best way to resolve them. This attention model divides its customers into four: Large Corporations, Medium-Sized Companies, Small Companies and Real-Estate Companies.

- **BUSINESSES AND REGIONAL BRANCHES:** attends businesses that seek the best service in the global solution of their financial requirements. This model is split into 3 areas in order to give the best attention: Medium Businesses, Small Businesses and Regional Businesses.

- **CORPORATE BANKING:** attends corporate and institutional customers that require highly-sophisticated products and services, are very demanding in terms of speed and costs, and are not prepared to sacrifice the quality of the service. This area incorporated the Bank's finance division in order to bring together these three things, and its executives work closely with the Money Desk.

The portfolio of products and services offered by the Bank to its company customers comprises a complete range of credit products in local and foreign currency, mortgage finance, leasing, checking accounts in local and foreign currencies, foreign trade, currency trading, means of payment, payment services, derivative instruments (exchange hedges, inflation hedges, swaps), deposits and investments, etc.



RETAIL BANKING

"We want to provide a preferential, personalized and transparent service to our customers that enables us to differentiate ourselves from the competition"

The objective segment of the Retail Division is the ABC1 social-economic group. Different areas and sub-segments have been defined for providing greater specialization and quality of service:

• **PRIVATE BANKING AND PREMIER BANKING:** oriented to high-net-worth individuals, offering them tailor-made products and services that require complete attention in matters of investment and specialized advice from their account executive.

• **PREFERENTIAL BANKING:** oriented to customers requiring traditional financial products and services and who demand a first-class personalized service. Because of differences in the profile and needs of these customers, sub-segments have been defined to provide a better attention to each of them.

The Bank, always focused on full attention of the customer, offers a broad variety of products and services to these segments, which include checking accounts in local and foreign currency, a wide range of credit products, mortgage finance, currency trading, means of payment (debit and credit cards), payment services, insurance, investment instruments, etc.

Banco Security's customers have access to a latest-generation technological platform that permits a fast and easy access to products and services through its different electronic channels.

FOREIGN TRADE AND INTERNATIONAL SERVICES

Foreign trade and international services is a strategic area in the development pf Banco Security's business model. The Bank therefore has a team of specialists in both traditional foreign trade and in structured business such as international guarantees or financing abroad, which has positioned it in the market as a bank of excellence and an international benchmark for doing business with Chile and its companies.

As Chile has one of the most open economies in the world, Banco Security has placed special emphasis on developing this business area in order to accompany its customers in their business with the rest of the world. Banco Security has also become one of the pioneers in Chilean banking in the direct financing of companies abroad.

The market has responded positively to Banco Security's business proposal. The Bank in fact has firmly and consistently increased its share of foreign trade flows in 2010, positioning itself again as the best foreign-trade service in the country, according to surveys carried out by reputable specialist firms. Security's foreign-trade service won first place in "Global Customer Satisfaction".

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MONEY DESK

Always considered as a fundamental complement to the traditional banking business, this area attends directly a large part of the institutional customers and is concerned to offer a complete range of financial products to all customers, together with advice whenever required, and also manages the Bank's own investment portfolio. This area is also responsible for the Bank's matches and liquidity, following the guidelines set by the Assets and Liabilities Committee.
During 2010, the area was split into four different Desks in order to provide a greater specialization in each of its responsibilities:

- **DISTRIBUTION DESK:** offers Bank customers all the financial products handled by the Money Desk, like currency trading, time deposits, exchange and inflation hedges, swaps and other financial derivatives, plus the combination of these products in structures according to the specific needs of the customer:

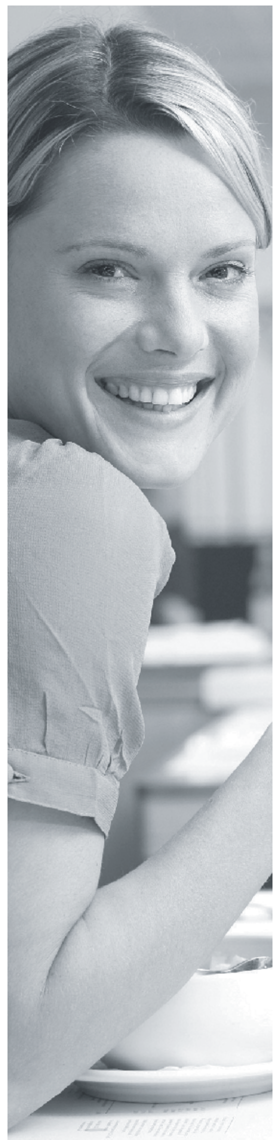
- **TRADING DESK:** administers and manages the Bank's own short-term investment portfolio.

- **INVESTMENTS DESK:** administers and manages the Bank's own medium and long-term investment portfolio

- **BALANCE SHEET DESK:** responsible for managing the structural matches of currencies and maturities in the balance sheet, and liquidity, following the guidelines set by the Assets and Liabilities Committee.

INVESTMENTS

Through its subsidiaries Valores Security S.A. Corredores de Bolsa and Administradora General de Fondos Security S.A., the best products and services are offered to customers for asset management, through comprehensive advice of excellence directed to individuals and companies. The principal products offered include: share and domestic fixed-income securities brokerage, domestic and international mutual funds, pensions advice and APV (voluntary pension management).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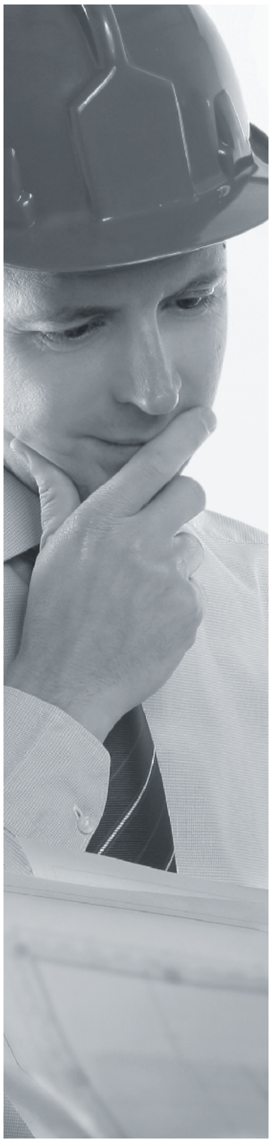


ECONOMIC AND FINANCIAL CONTEXT

EXTERNAL SCENARIO: FROM DOUBT TO OPTIMISM

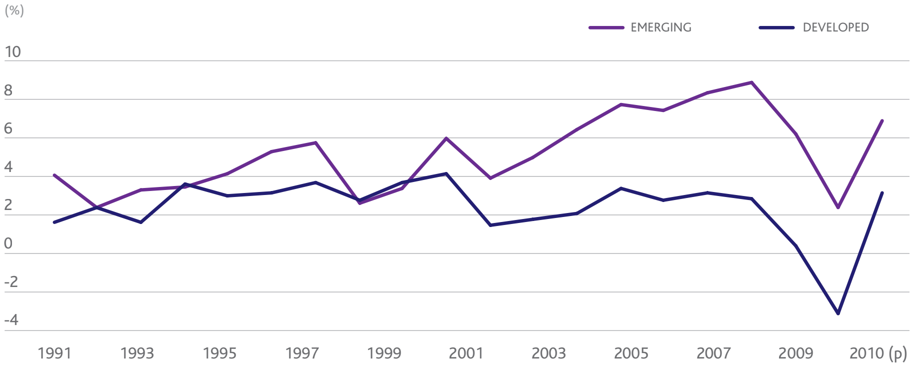
The implementation in 2009 of unprecedented measures by the principal monetary and fiscal authorities, to resolve the problems caused by the global financial crisis, improved economic prospects toward the end of that year. However, in early 2010, there were doubts about the fiscal solvency of some countries (especially Dubai, Greece and Ireland), which generated more uncertainty about the global recovery.

But these fiscal-adjustment packages and international support helped to limit the impact of the problems of Europe on the rest of the world and to see reactivation more optimistically.

The United States and the emerging countries continued to show strong dynamism, in a context characterized by rises in the prices of commodities and on the stock markets, and an additional weakening of the dollar against a basket of currencies.

In conclusion, the external scenario faced by Chile in 2010 evolved from doubt to optimism regarding global reactivation, with a marked decoupling in economic performance between the developed and emerging nations.

GDP GROWTH, DEVELOPED AND EMERGING ECONOMIES



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CHILE: REACTIVATION CONSOLIDATED

At the local level and according to preliminary figures, GDP grew by 5.2% in 2010, thus consolidating its recovery following the global crisis and overcoming the impact of the earthquake of February 27 which affected the country's center-south region.

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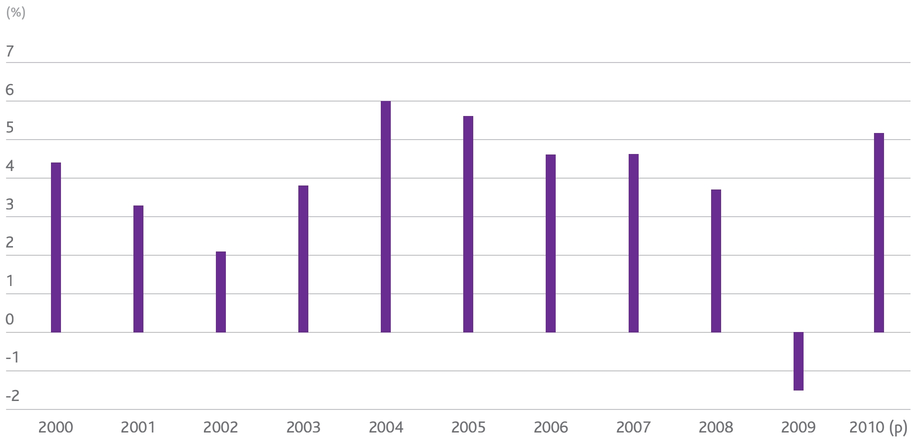
CHILE: GDP GROWTH



Domestic demand showed strong dynamism, although moderating toward the end of the year, with growth of around 15% in 2010. This variable includes strong growth in private spending (close to 10%), driven by greater global activity, more favorable financial conditions and better prospects for the labor market. In this scenario, fixed-capital investment also showed firm growth, of close to 18%, due to the rise in consumer and business confidence during the year and the reactivation of projects suspended during the crisis. The improvement in the global scenario generated a 3.1% increase in export volumes and 29.6% in value (totaling US$ 69,622 million). At the same time, imports rose by 27.9% in volume and 37.1% in value (US$ 54,499 million), in line with the strength of domestic demand and the strength of the peso.

With this, the trade balance ended the year with a surplus of US$ 15,123 million and the current account ended with a positive balance of around US$ 1,400 million, the equivalent of 0.7% of GDP.

Following the GDP deficit of 4.4% in 2009, the fiscal situation closed the year with a slightly negative balance of 0.4% as a result of the adjustment in spending (which grew by 7%) and the 46% increase in the copper price (from an average of US$ 2.33 to US$ 3.41 per pound). Regarding prices, the CPI showed positive monthly variations for most of the year, mainly affected by volatile components and one-off increases. The 12-month inflation rate thus passed from negative variations at the beginning of the year to close the year at 3.0%, the policy target of the Banco Central de Chile.

In terms of the underlying indices, the IPCX, which excludes fuels, fruit and fresh vegetables, rose by 2.5% in 2010, while the IPCX1, which also excludes regulated tariffs and other volatile prices, produced a rise of 0.1%.

In this context, as the inter-annual CPI rose during the year, domestic demand showed strong growth and excess capacity began to close faster than expected. The Central Bank therefore began a monetary normalization process, raising its interest rate from 0.5% to 3.25% by the end of 2010, while withdrawing the complementary measures implemented during 2009.

Regarding the exchange rate, in line with the global weakness of the dollar, the prospects and positive evolution of the world economy, expansive financial conditions and the recovery in raw materials, with the consequent improvement in the terms of trade, the peso continued to appreciate during 2010. The peso-dollar exchange rate went from Ch$ 507 at the start of 2010 to Ch$ 468 at the end of the year, equivalent to a change of 8% and of 15% compared to the highest level during the year (Ch$ 548.3 on June 8).

CHILE: ECONOMIC INDICATORS

	2006	2007	2008	2009	2010 (p)
GDP (MM US$)	146,8	164,3	170,9	163,7	206,2
GDP per capita (US$)	8.931	9.900	10.192	9.668	12.064
GDP (Var %)	4,6	4,6	3,7	-1,5	5,2
Domestic spending (Var %)	6,8	7,6	7,6	-5,9	15,4
Private consumption	7,1	7,0	4,6	0,9	10,1
Fixed-capital investment	2,3	11,2	18,6	-15,3	18,9
Exports (Real var. %)	5,1	7,6	3,1	-5,6	3,1
Imports (Real var. %)	10,6	14,5	12,2	-14,3	27,9
World growth PPP (%)	5,1	5,2	2,8	-0,9	4,7
Terms of trade (2003=100)	163,4	165,9	139,1	144,9	171,9
Copper price (avrge, US$ cents/pound)	305	323	316	234	342
WTI oil price (US$ p/b, avrge.)	66	72	100	62	79

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	2006	2007	2008	2009	2010 (p)
Federal funds rate (fdp,%)	5,3	4,3	0,1	0,1	0,1
Libor 180d (fdp, %)	5,4	4,6	1,8	0,4	0,5
US 10-year Treasury bonds (fdp, %)	4,7	4,0	2,2	3,8	3,3
Euro (fdp, US$)	1,3	1,5	1,4	1,4	1,3
Yen (fdp,¥/US$)	119,1	111,7	90,6	93,0	81,1
Trade balance (MM US$)	22,8	23,9	8,8	14,0	15,1
Exports (MM US$)	58,7	68,0	66,5	53,7	69,6
Imports (MM US$)	35,9	44,0	57,6	39,8	54,5
Current account (MM US$)	7,2	7,5	-2,5	4,2	1,4
Current account (% of GDP)	4,9	4,5	-1,5	2,6	0,7
Total savings (national + external), % of GDP	20,1	20,5	25,1	19,0	23,0
Gross national savings	24,9	25,1	23,2	21,6	23,5
Central government	8,9	9,9	6,8	-2,5	1,5
Private sector	16,0	15,1	16,4	24,1	22,1
External savings (Current account deficit)	-4,9	-4,6	1,9	-2,6	-0,6
Central government balance (% of GDP)	7,7	8,8	5,3	-4,4	-0,4
CPI Dec-Dec (%)	2,6	7,8	7,1	-1,4	3,0
Underlying CPI (IPCX) Dec-Dec (%)	2,6	6,5	8,6	-1,8	2,5
Inflationary trend (IPCX1) Dec-Dec (%)	2,1	6,3	7,8	-1,1	0,1
BCCh relevant external inflation (avrge. %)	5,3	8,5	12,2	-7,2	5,6
Monetary policy rate (fdp,%, in Ch$)	5,3	6,0	8,3	0,5	3,3
BCU-10 base 365d (fdp, % in UF)	2,7	3,0	3,3	3,3	2,9
BCP-10 base 365d (fdp, % in Ch$)	5,7	6,4	6,2	6,4	6,1
Exchange rate (avrge. Ch$/US$)	530	522	522	560	510
Exchange rate (fdp, Ch$/US$)	534	496	629	506	468
Job creation (%)	1,6	2,8	3,0	0,1	7,4
Growth in workforce (%)	0,1	2,1	3,7	1,9	4,2
Unemployment rate (avrge %)	9,3	8,6	9,3	10,8	8,1
Real wage growth (avrge %)	2,0	2,9	-0,2	3,8	2,2
Foreign debt (MM US$)	49,5	55,7	64,3	74,0	78,2
Total net external debt (MM US$)	15,7	-0,7	30,2	19,6	18,2
Total net external debt (% GDP)	10,7	-0,4	17,7	11,9	8,8
Total net external debt (% exports)	23,6	-0,9	39,1	31,4	23,0
Net international reserves (MM US$)	19,4	16,9	23,2	25,4	27,9

BANKING INDUSTRY

The banking industry was the first to adopt IFRS (International Financial Reporting Standards) in Chile, so the financial statements at the end of 2010 are consistent with international practices, thus contributing to a better presentation and understanding of this information.

The year 2010 was a successful one for the banking industry, where strong growth in earnings was driven by the recovery of credit, the transition from a deflationary year to one where inflation was within the target range of the Central Bank, and there was a reduction in the charge for allowances. In addition to the maintenance of expansive financial conditions, with a monetary policy rate very much below neutral, there was the consolidation of high growth and spending rates. This, together with improved consumer confidence and more flexibility in the granting of credit, increased the system's loans. The interest margin benefited from an increase in inflation expectations and the rise in lending, given the structural mismatch in UF that banks hold. For its part, the improved quality of the loan portfolio due to the fall in unemployment and the economic stability, allowed risk ratios to stabilize, showing a slight fall in the charge for allowances in 2010. All this resulted in strong profitability for the banking system, with a return of 18.6% on equity, above the historic average.

LOANS

The loan volume at December 2010 was Ch$ 75,979,032 million (including interbank debt) which represents growth of 7.7% over the previous year.

The composition of the system's total loans was the following: commercial loans 60.1%, housing loans 25.8%, consumer loans 12.8% and due by banks 1.3%. The evolution of loans is explained by the growth in commercial loans (6.9%), housing loans (11.6%) and consumer loans (11.9%), while that due by banks fell by 36.5%.

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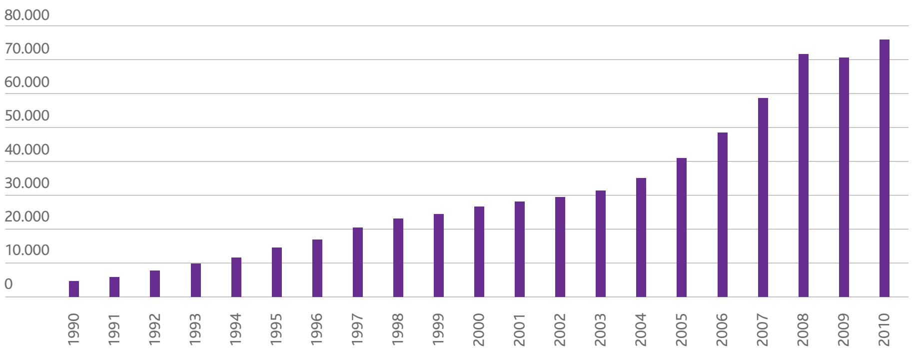
EVOLUTION TOTAL LOANS OF SYSTEM

BILLIONS OF CH$

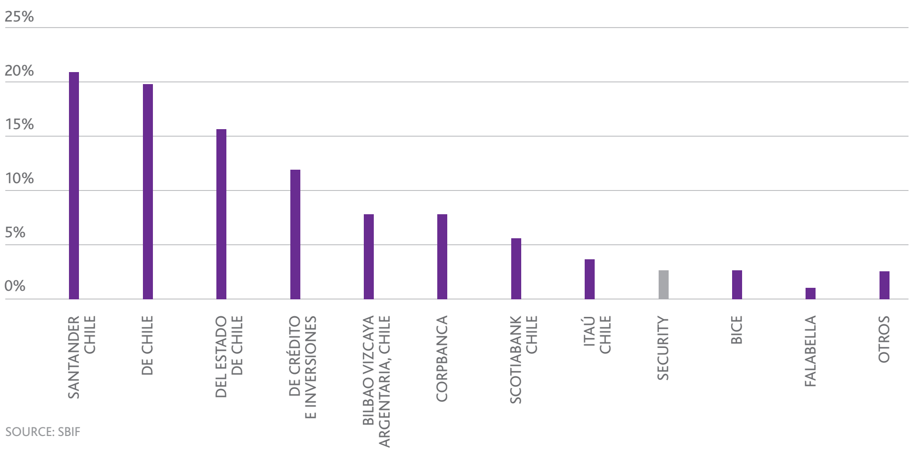


SOURCE: SBIF

NOTE: Contingent liabilities have been deducted from historic loans as these are off the balance sheet since January 2008 in accordance with the new regulations.

MARKET SHARES (DECEMBER 2010)

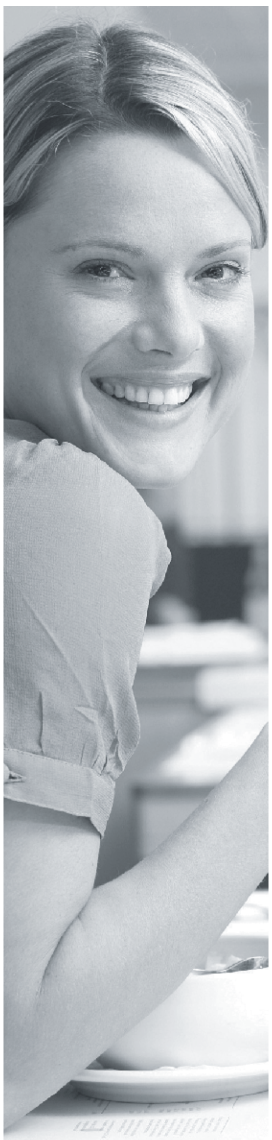
(%)



SOURCE: SBIF

RESULTS

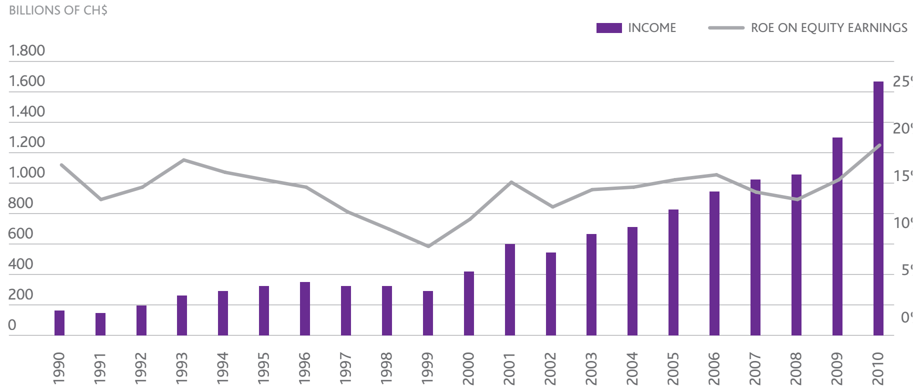
In terms of results, the Chilean financial system produced earnings after taxes of Ch$1,583,953 million (approximately US$ 3,385 million) for 2010, with which distributable earnings rose by 29.3% over 2009. The annualized return on equity was 18.6% (15.2% in 2009) and the return on total assets was 1.5%. The movement in these results is mainly explained by the reduced charges for credit risk and greater operating efficiency of the financial system.



The following graph shows the movement in earnings and return on equity.

EARNINGS AND PROFITABILITY FINANCIAL SYSTEM

BILLIONS OF CH$



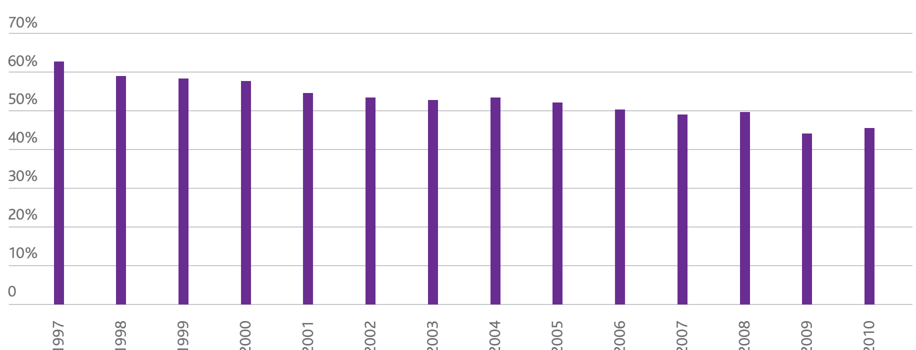
SOURCE: SBIF

OPERATING EXPENSES

Operating expenses (measured as operating expenses to gross margin) have remained stable over the last two years (44.6% in December 2009 and 45.9% in December 2010), with an increase of around 10.7% over the year before.

EFFICIENCY RATIO

(%)



SOURCE: SBIF

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RISK

Allowances of the financial system were 2.49% of loans in December 2010, which represents a deterioration compared to 2.39% in December 2009.

The total loans risk ratio was 2.49% in December 2010. The ratio of allowances for housing loans was 1.05% and for consumer loans 6.43%. The ratio of loans past-due more than 90 days was 2.71%.

CREDIT RISK INDICATORS

	DIC 2009	MAR 2010	JUN 2010	SEP 2010	DIC 2010
Allowances for Loans/Total Loans	2,39%	2,53%	2,52%	2,54%	2,49%
Allowances / Loans (excluding interbank)	2,43%	2,58%	2,58%	2,58%	2,52%
Portfolio 90 days or more overdue (1) /Total Loans	2,96%	3,09%	3,31%	2,87%	2,71%
Allowances Commercial Loans / Commercial Loans (companies)	2,19%	2,38%	2,41%	2,39%	2,32%
Allowances Personal Loans / Personal Loans	2,82%	2,90%	2,86%	2,87%	2,84%
Allowances Housing Loans / Housing Loans	1,10%	1,12%	1,09%	1,06%	1,05%
Allowances Consumer Loans / Consumer Loans	6,30%	6,53%	6,49%	6,56%	6,43%

(1) Portfolio 90 days or more overdue: a stressed measure of the old overdue loan indicator. Includes the total amount of the loan that is 90 days or more overdue, even though only one or some of the loan installments (principal and/or interest) is overdue. It also forms part of the impaired portfolio and is reported from January 2009.

RESULTS OF BANCO SECURITY

Banco Security's strategy is in line with that of its parent, Grupo Security, whose objective is to position itself as a comprehensive supplier of financial services through a coordinated management of the different business areas. The Bank has maintained high standards of service quality as a differentiating attribute, in order to establish long-term relations with its customers. It has a wide range of products and services which provide it with cross-selling and personalized selling between customers of the different Group companies.

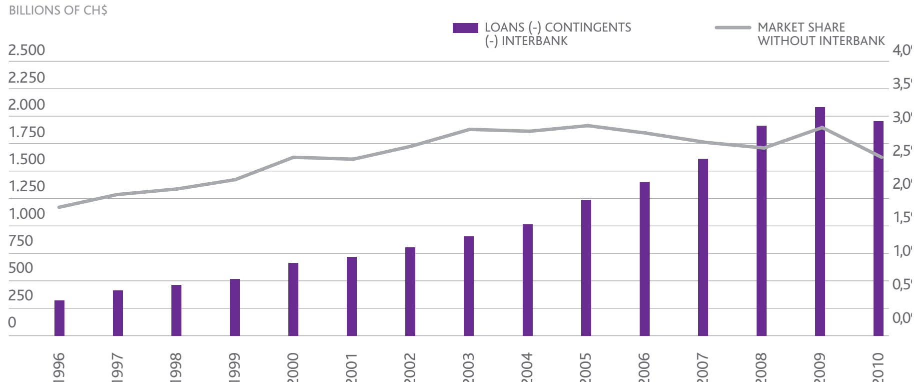
Banco Security, with the advisory services of Accenture, has continued to deepen strategic changes in all the areas, adapting the organization of its businesses to industry standards. This restructuring seeks to enhance the profitability of its customer portfolio, capture corporate synergies and diversify its revenues, promoting the generation of stable commercial returns over those of a more volatile nature. The change is completed with the incorporation of system supports and integrated technology that permit increases in productivity and improves the administration and management controls.

LOANS

Banco Security is placed among the 10 principal banks operating in Chile, with loans of Ch$1,977 billion (excluding interbank) and a market share of 2.6%. Of the total loans, 71% corresponded to the corporate commercial areas and 29% to Retail Banking loans.

LOAN MOVEMENT BANCO SECURITY

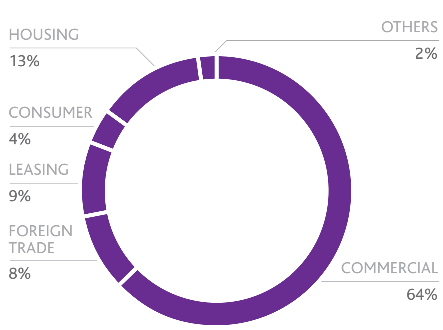
BILLIONS OF CH$



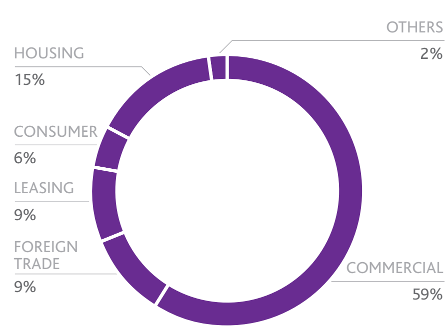
SOURCE: SBIF
NOTE: Contingent liabilities are deducted from historic loans as they are off balance sheet since January 2008, in accordance with the new regulations.

The distribution of loans at December 31, 2010, excluding interbank, was the following:

PORTFOLIO COMPOSITION 2009



PORTFOLIO COMPOSITION 2010



SOURCE: SBIF

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RESULTS

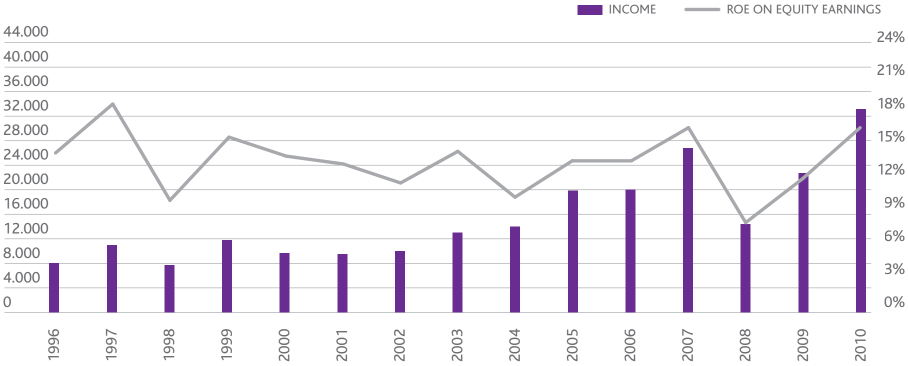
The earnings of the Bank and its subsidiaries in 2010 were Ch$33,710 million, which represents an increase of 46.3% over the previous year and a return on equity of 16.3%, the highest obtained by the Bank in the last 10 years. This sharp increase was mainly the result of the good performance of the treasury area compared to 2009, largely explained by the impact of higher inflation, plus the contribution of the commercial areas.

As already mentioned, the Bank has been undergoing a restructuring process in order to strengthen its commercial business, giving priority to the generation of more stable revenues and making its portfolio more profitable. On the other hand, its technology plan and cost-control policy will contribute to improving efficiency levels. Both the changes in the different commercial areas and advances in controls, systems and technologies are necessary for placing it in a better competitive position, which permits it to maintain and improve its relative position within the industry.

En este escenario, aún cuando las inversiones tecnológicas y el reforzamientos de la estructura en las distintas áreas han significado mayores gastos, estos han sido compensados por las ganancias en eficiencia, sumadas a una mejor gestión y asignación de costos. Tal es así que a diciembre de 2010 los gastos de apoyo medidos sobre ingreso operacional neto eran 49,2%, lo cual se compara favorablemente con el 52,0% mostrado a diciembre de 2009.

MOVEMENT IN RESULTS BANCO SECURIT Y AND SUBSIDIARIES

BILLIONS OF CH$



SOURCE: SBIF

SUBSIDIARIES

The subsidiaries that are consolidated with Banco Security are Valores Security S.A. Corredores de Bolsa (99.76%) and Administradora General Fondos Security S.A. (99.90%). The results of Banco Security's subsidiaries for 2010 represent 15.6% of the consolidated earnings for the year, with growth of 174% over those of 2009. This change is explained by the solid growth the managed assets of portfolio

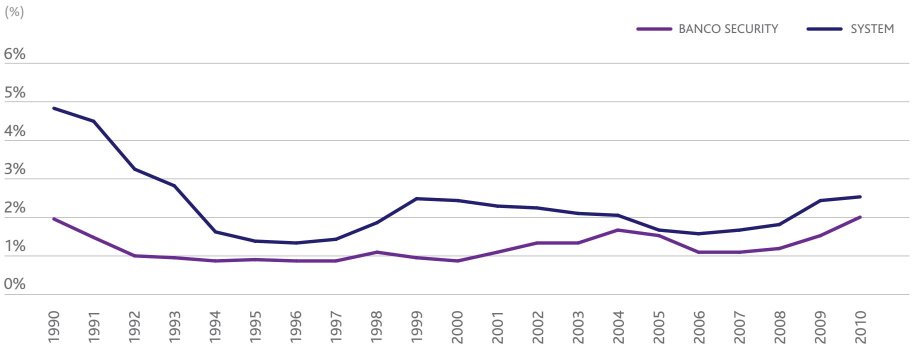
management of Valores Security S.A., whose amounts rose by 60% during the year, based on a strong expansion in the number of customers and net deposits. Administradora General de Fondos Mutuos Security S.A. also saw nominal growth of 20.7% in its average total managed assets copared to 2009, while the total mutual-fund participants reached 35,955, 9.2% more than at the end of 2009.

RISK

Banco Security has been known for the high credit quality of its portfolio and a policy that adequately reflects its risks. Its credit-risk ratios compare favorably with its peers and last year showed a rise, but this is limited and is consistent with the economic situation. Most of the increase in allowances is related to specific cases (retail and salmon sectors).

The overdue portfolio to total loans ratio was 1.49% at December 2010 and allowances for loans reached 1.91%. Both ratios compare favorably with the industry averages which were 2.71% and 2.49% respectively at December 2010.

RISK ALLOWANCES / LOANS



CAPITALIZATION

The Bank's policy is to maintain an effective equity/risk-weighted assets ratio of over 10.0%. The capital contribution of Ch$20,000 million at the end of 2008 and the capitalization of part of the earnings of recent years reflect the commitment and support of its owner group, which has enabled it to increase its capital base and sustain the growth in its assets. At November 2010, its Basel ratio was 12.48%, a little lower than the average for the system which, on that same date, was 14.08%.

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RECEIVED RECOGNITIONS

•GPTW PRIZE

For the tenth consecutive year, Grupo Security was recognized as one of the "Best Companies to Work for in Chile", obtaining 15th place in the ranking prepared every year by the Great Place to Work Institute together with Capital magazine.

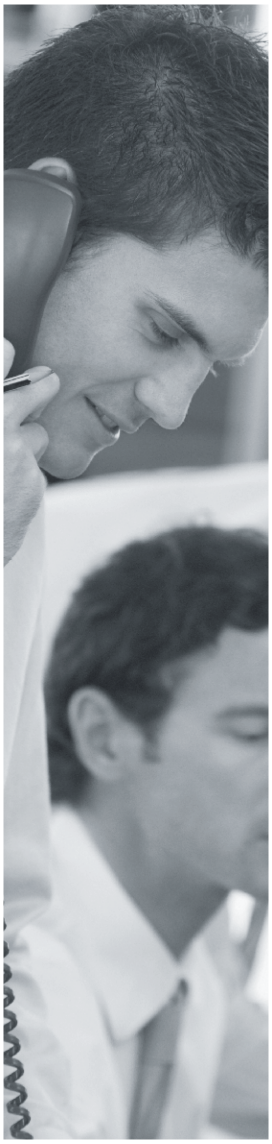
This year, for the first time, the travel company Travel Security was added to the other five Group subsidiaries to be distinguished with this award. Banco Security, Inversiones Security, Corredora de Seguros Security, Factoring Security, Vida Security and Travel Security thus managed to form part of the best companies to work for.

• GREAT PLACE TO WORK SPIRIT PRIZE

Karin Becker, manager, corporate culture, of the Bank and the Group, was awarded the Great Place to Work Spirit Prize for her work and constant efforts to create policies that help reconcile work with the family. This is the first time that Great Place to Work has awarded a prize to a person for their spirit in promoting policies focused on the integral development of the staff, generating trust and being a benchmark for other companies.

• SALMÓN PRIZES

Diario Financiero and the Association of Mutual Fund Managers distinguished Administradora General de Fondos Security with three Salmón Prizes, which are granted to those mutual funds with the best annual returns in each category. The AGF was this year one of the biggest prize winners among local fund managers, as Security Emerging Market, Security Acciones and Security Chile 105 Garantizado funds received first place in their respective category.





general information

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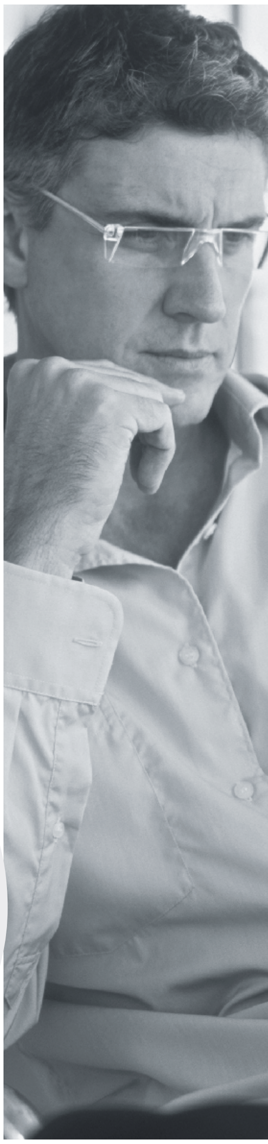

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IDENTIFICATION OF THE COMPANY

NAME	BANCO SECURITY
KIND OF COMPANY	Banking corporation
SECURITIES REGISTER NUMBER	Banco Security is not registered in the Securities Register
OBJECTS	Perform all acts, contracts, operations & activities appropriate to a commercial bank in accordance with current legislation.
Tax No.	97.053.000-2
ADDRESS	Av. Apoquindo 3150, 15th floor, Las Condes, Santiago, Chile
TELEPHONE	(56-2) 584 4000
FAX	56-2) 584 4001
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 abstract of the constitution deed was published in the Official Gazette on September 23, 1981.

OWNERSHIP AND ORGANIZATIONAL STRUCTURE

Banco Security is controlled by Grupo Security, which held 99.9478% of its shares as of December 31, 2010.

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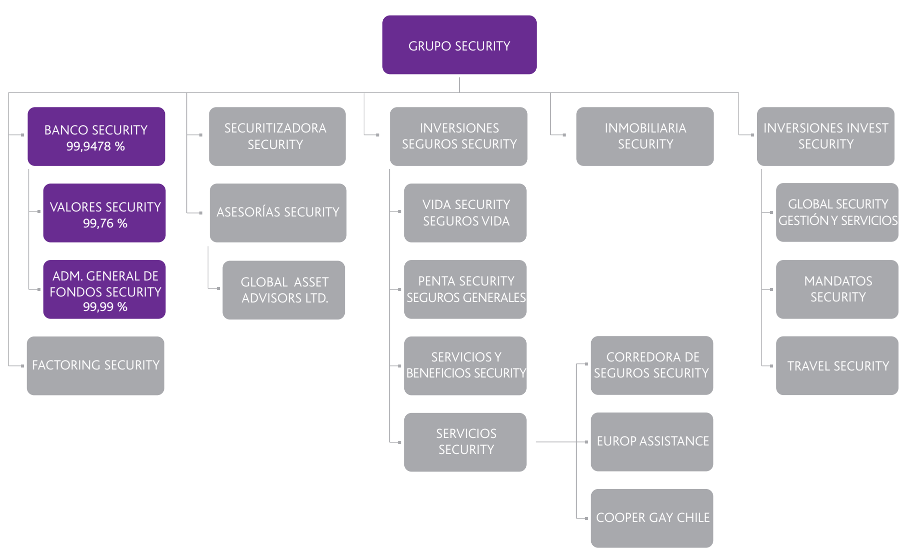


08 general information

PERSONNEL AND REMUNERATION

As of December 31, 2009, Banco Security and its subsidiaries employed a total of 815 staff, 2.0% more than the previous year; 54.8% of the total staff are women. The total remuneration paid by the bank to its executives during the year was Ch$ 4,959.6 million, while severance payments made to executives amounted to Ch$ 1,808.1 million, mainly explained by restructuring the commercial areas in August, while implied the elimination of some positions in order to face efficiently the new challenges contemplated in the Bank's strategic plans.

As for the all the Grupo Security companies, the Bank and its subsidiaries have an important incentives plan, based on compliance with the return on capital and reserves targets and with the budget set for the year. Each company incurs directly the costs related to this plan.

The following table shows the distribution of staff by company:

	CLASSIFICATION			
	EXECUTIVE	PROFESSIONAL	STAFF	TOTAL
ADM GRAL DE FONDOS SECURITY S.A.	6	12	22	40
VALORES SECURITY COR. BOLSA	5	21	26	52
BANCO SECURITY	63	378	282	723
OVERALL TOTAL	74	411	330	815

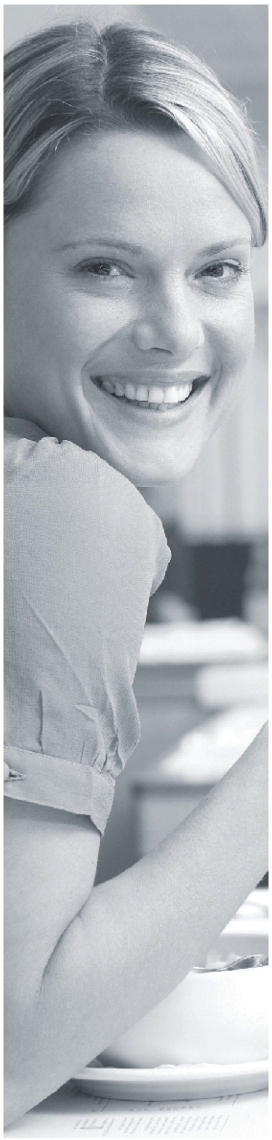
MANAGEMENT POLICIES

INVESTMENT POLICY

Banco Security currently does not have a defined fixed-asset investment policy (although it does for its financial investments). However, according to the business strategy, its investments have been focused mainly on physical and technological infrastructure for continuing to strengthen the commitment to provide an integral service of excellence to the market, and to improve efficiency and productivity in the use of resources.

FINANCING POLICY

Banco Security has defined a series of policies related to financing that set the general guidelines for the management of mismatches of maturities and currencies, liquidity and concentration by creditor, all tending to control the risks inherent in the banking business, over and above the regulatory requirements.



DIVIDEND POLICY

Banco Security has no established dividend policy. The definition of the amount for distribution year by year is a function of the capital requirements for supporting growth, in order to maintain the solvency ratio at the levels required by the board and senior management.

The following shows the dividends paid by the Bank to its shareholders since 2000 and the percentages these represented of the corresponding earnings:

DATE	AMOUNT (CH$ MILLION HISTORIC)	% EARNINGS OF PREVIOUS YEAR
February-2000	4.254,4	50,0%
February -2001	7.344,0	76,2%
February -2002	8.749,7	90,0%
February -2003	9.061,7	90,0%
February -2004	13.326,1	100,0%
February -2005	11.219,1	80,0%
March-2006	20.014,3	100,0%
March-2007	20.498,0	100,0%
March-2008	13.625,0	50,0%
March-2009	7.720,0	53,5%
March-2010	23.040,2	100,0%

CREDIT RATINGS

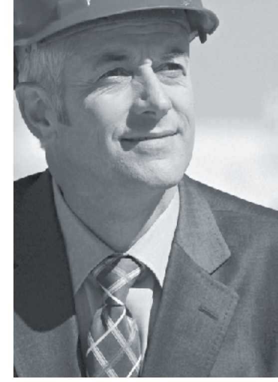
The obligations of Banco Security at the end of 2010 have the following local credit ratings:

	TIME DEPOSITS & OTHERS SECURITIES REPRESENTING MORTGAGE		FUNDING NOTES	BANK BONDS	SUBORDINATED BONDS	PERSPECTIVES
	SHORT TERM	LONG TERM				
Feller-Rate	Level 1 +	AA -	AA -	AA -	A +	Stable
Fitch Ratings	Level 1 +	AA -	AA -	AA -	A	Stable

The Bank also has a public international credit rating by Standard & Poor´s; this is as follows as at December 31, 2010:

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

09 subsidiaries



ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

BOARD OF DIRECTORS	
Chairman:	Francisco Silva S.
Directors:	Bonifacio Bilbao H.
	Carlos Budge C.
	Felipe Larraín M.
	Renato Peñafiel M
MANAGEMENT	
President:	Juan Pablo Lira T.
Investment Manager:	Cristián Ureta P.
Institutions Manager:	Pablo Jaque S.
TYPE OF COMPANY	Corporation, subsidiary of Banco Security
SECURITIES REGISTER REGISTRATION	Registered in the Securities Register under No.0112
OBJECTS	General funds management.
CONSTITUTION DOCUMENTS	The company was constituted by public deed dated May 26, 1992, and the Superintendency of Securities and Insurance approved its existence on June 2, 1992, by its Resolution 0112. The funds managed by the company are subject to special regulations set out in Decree Law 1,328 and its regulations, and to the regulatory authority of the Superintendency of Securities and Insurance.
PAID CAPITAL AND EQUITY	The capital and reserves at December 2010 amounted to Ch$10,554 million, and its equity to Ch$14,316 million.

Administradora General de Fondos Security was created as a subsidiary of Banco Security in May 1992. Since then, it has grown consistently with the incorporation of 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..

The year 2010 was when the mutual funds industry consolidated its recovery, managing Ch$18,206 billion at the end of the year, implying nominal growth in amounts or 3.2% with respect to December 2009. The number of participants in the system also rose to 1,525,966, an increase of 13.9% over the end of 2009.

Administradora General de Fondos Security S.A. successfully ended 2010 with average funds managed of Ch$742,365 million, distributed among 23 mutual funds and an investment fund. The volume managed saw a nominal growth of 20.7% in relation to December 2009, while the number of participants reached 35,955, a rise of 9.2% since the end of 2009.

09 subsidiaries

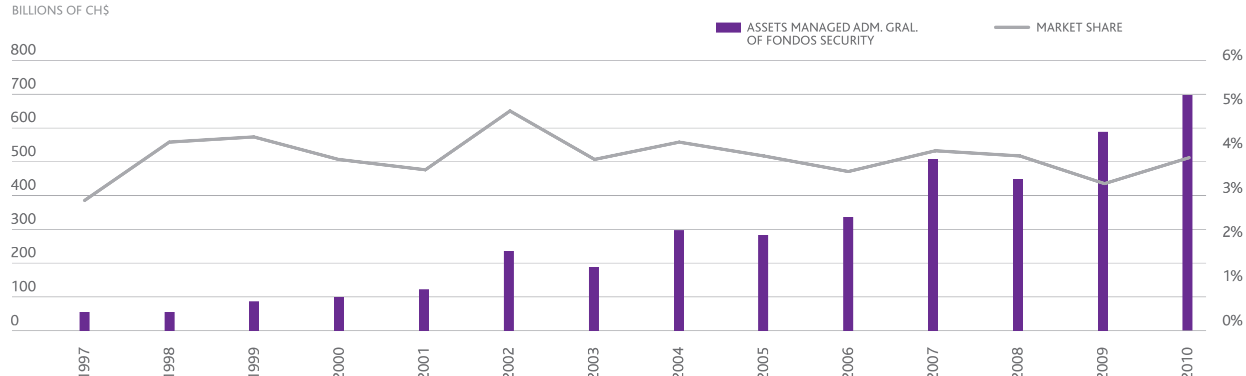
Among the highlights of 2010 was the launch of the equity mutual funds Security Small Cap Chile and Security Asia Emergente, and, in domestic fixed-income instruments, the fund Fondo Mutuo Security Corporativo was also launched.

The contribution of the AGF to the industry was recognized by different entities during 2010. The Diario Financiero and the Association of Mutual Fund Managers presented Administradora General de Fondos Security with three Salmón Prizes, granted to those funds with the best annual returns in each category.

The AGF became one of the most recognized Chilean managers in 2010 when Fondos Mutuos Security Emerging Market, Security Acciones and Security Chile 105 Garantizado, received first place in their categories. Finally, AGF Security ended the year with a 43.8% growth in its earnings to a total of Ch$3,762 million and was placed among the seven leading companies in the industry.

AVERAGE ADMINISTERED HERITAGE MANAGES MUTUAL FUNDS

BILLIONS OF CH$



SOURCE: GRUPO SECURITY Y AAFM

NOTE: Excludes assets manages by investment funds

As of December 31, 2010 the total average funds managed and participants in each fund were the following:

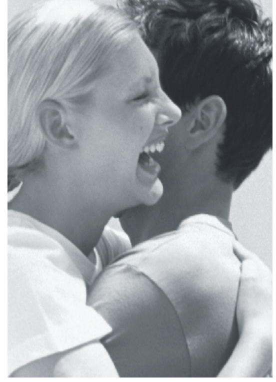
ADMINISTRADORA GENERAL DE FONDOS SECURITY	AVERAGE ADMINISTERED HERITAGE	PARTICIPANTS
Investment in Debt instruments from Short minor Term to 90 days	261.451	9.048
Investment in Debt instruments from Short minor Term to 365 days	0	0
Investment in Debt instruments of Medium and Long Term	104.366	6.553
Investment in Mixed Instruments	40.598	3.310
Investment in Instruments of Capitalization	74.219	5.723
Investment in Instruments of Free Investment	140.986	9.896
Structured Mutual Funds	7.014	378
Qualified Investors Mutual Funds	70.181	1.047
TOTAL MUTUAL FUNDS	698.815	35.955
Investment funds	43.550	
TOTAL AVERAGE ADMINISTERED HERITAGES	742.365	

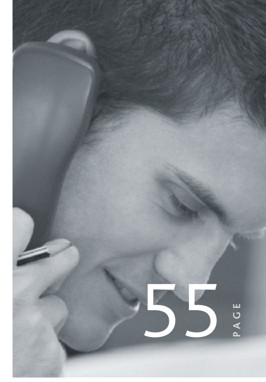
SOURCE: GRUPO SECURITY Y AAFM

VALORES SECURITY S.A. CORREDORES DE BOLSA

BOARD OF DIRECTORS	
Chairman:	Ramón Eluchans O.
Directors:	Gonzalo Baraona B.
	Enrique Menchaca O.
	Fernando Salinas P.
	Nicolás Ugarte B.
MANAGEMENT	
President:	Rodrigo Fuenzalida B.
Operations Manager:	Juan Adell S.
Finance Manager:	Andrés Perez L.
TYPE OF CORPORATION	Corporation, subsidiary of Banco Security
SECURITIES REGISTER REGISTRATION	Registered in the Securities Register under No.0111
OBJECTS	Develop activities in various business areas like: Equities (share trading), Fixed Income, Foreign Currency, Portfolio Management and Financial Advisory.
CONSTITUTION DOCUMENTS	The company was constituted by public deed dated April 10, 1987 before the Santiago notary Enrique Morgan Torres.
PAID CAPITAL AND EQUITY	The capital and reserves at December 2010amounted to Ch$27,225 million, and its equity to Ch$28,727 million.

Valores Security S.A., Corredores de Bolsa was created in 1987 by Security Pacific National Bank to act as a stockbroker, 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 sources. Valores Security now runs its business through three business areas: fixed income, equities and currencies. 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. Equities refer basically the company's original business of share brokerage. Foreign currencies involves the purchase and sale of foreign currencies and trading in dollar forward contracts.





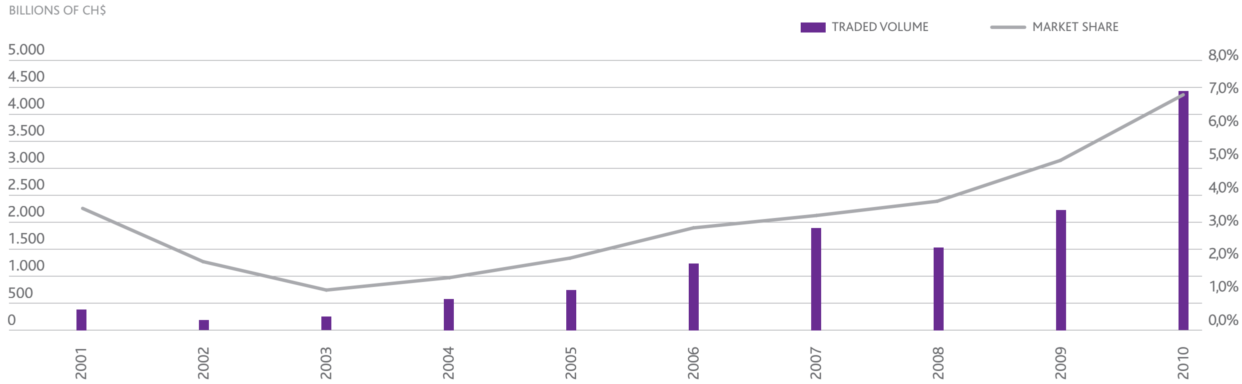
09 subsidiaries

Reflecting the consolidation of the local stock market in 2010, the IPSA (the selective share price index) ended the year with a return of 37.6%, with trading volumes rising by 46.8%. In line with this, Valores Security experienced growth of 113.6% in the share volumes traded in 2010, being placed 4th for the first time in its history in the rankings of the Santiago Stock Exchange and Chilean Electronic Exchange. The market share of Valores Security in stock brokerage rose strongly from 4.9% in 2009 to 6.9% in 2010, representing a rise of 40.8%. Valores Security reported earnings of Ch$ 1,501 million.

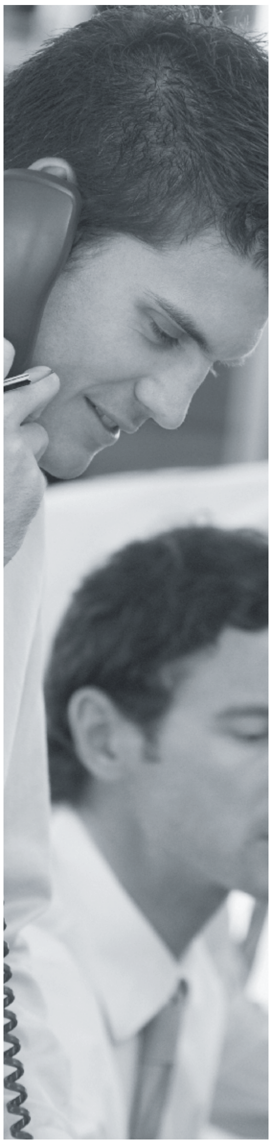
In addition to the successful growth of the brokerage business, both with respect to institutional and private clients, the most important achievements during 2010 included the solid growth in the assets managed by the Portfolio Management area. These increased by 57%, supported by the strong expansion in the number of clients and assets under management. In order to become closer to clients and provide them with comprehensive advice for their investments, a series of breakfasts were organized in Santiago and especially in the regions. Some of the most senior management presented their economic forecasts directly to clients in cities such as Antofagasta, Viña del Mar and Temuco. But undoubtedly the main events of 2010 were the economic seminar and lunch on Thursday, August 5, which was attended as usual by the outstanding MIT economist and researcher, Ricardo Caballero. Later, in November, Inversiones Security offered an exclusive round of presentations by well-known international specialists in the area of Private Equity.

VOLUMES TRADED AND MARKET SHARE (SHARES)

BILLIONS OF CH$



SOURCE: GRUPO SECURITY



CONSOLIDATED FINANCIAL STATEMENTS

BANCO SECURITY AND SUBSIDIARIES

SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

financial statements

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$	Chilean Peso
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)

financial statements

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CONSOLIDATED FINANCIAL STATEMENTS OF

BANCO SECURITY AND SUBSIDIARIES



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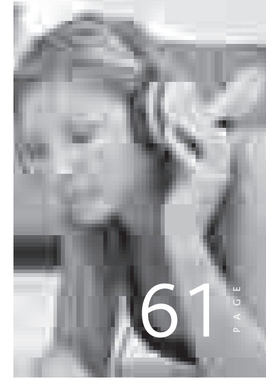

10 financial statements

INDEPENDENT AUDITORS' REPORT

Deloitte.

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To the Shareholders and Board of Directors of
Banco Security

We have audited the accompanying consolidated statements of financial position of Banco Security and its Subsidiaries as of December 31, 2010, 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 management of Banco Security and its Subsidiaries. Our responsibility is to express an opinion on these consolidated financial statements, based on our audit. The consolidated financial statements as of December 31, 2009 of Banco Security and its Subsidiaries were audited by other auditors whose report dated January 27, 2010 expressed an unqualified opinion on those statements.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Banco Security and its Subsidiaries at December 31, 2010, and the results of their operations, comprehensive income, changes in equity, and their cash flows for the year then ended, in conformity with accounting standards and specific instructions issued by the Superintendency of Banks and Financial Institutions.

As discussed in Note 3 to the consolidated financial statements, Banco Security has recorded additional provisions for loan losses in net income during 2010 in accordance with its early adoption of the provisions in Chapter B-1 of the Compendium of Accounting Standards amended by Circular No.3,503 and specific instructions issued by the Superintendency of Banks and Financial Institutions included in its Management Letter No.9/2010.

Deloitte.

January 24, 2011

Juan Carlos Cabrol Bagnara
Partner

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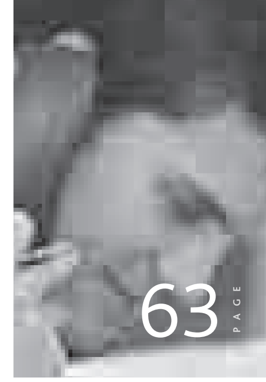
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended december 31, 2010 and 2009
(In millions of Chilean pesos - MCh$)

	NOTES	DECEMBER 31, 2010 MCH$	DECEMBER 31, 2009 MCH$
ASSETS:			
Cash and deposits in banks	6	114,409	64,852
Unsettled transactions	6	131,111	116,161
Trading investments	7	389,522	396,043
Investments under resale agreements	8	-	20,807
Financial derivative contracts	9	61,936	66,280
Interbank loans, net	10	11,325	312,431
Loans and accounts receivable from customers, net	11	1,939,372	1,845,419
Available for sale investments	12	278,007	484,353
Held to maturity investments		-	-
Investments in other companies	13	621	621
Intangible assets	14	21,755	16,124
Property, plant and equipment, net	15	22,695	22,491
Current tax asset	16	650	3,021
Deferred tax asset	16	36,131	36,185
Other assets	17	115,984	67,584
TOTAL ASSETS		3,123,518	3,452,372
LIABILITIES			
Deposits and other on demand obligations	18	285,464	255,777
Unsettled transactions	6	109,251	74,738
Repurchase agreements	8	40,588	401,975
Time deposits and other time liabilities	18	1,696,711	1,651,418
Financial derivative contracts	9	60,267	80,165
Interbank borrowings	19	155,982	132,120
Issued debt instruments	20	425,579	515,822
Other financial obligations	20	38,358	51,371
Current tax liability	16	-	7,233
Deferred taxe liability	16	34,663	34,126
Provisions	21	16,288	10,911
Other liabilities	22	53,920	38,862
TOTAL LIABILITIES		2,917,071	3,254,518
EQUITY			
Attributable to Bank owners			
Capital		138,207	138,207
Reserves		22,224	22,224
Valuation adjustments		(1,108)	(3,349)
Retained earnings:			
Retained earnings from prior years		23,459	24,579
Net income for the year		33,706	23,040
Less: Provision for minimum dividends		(10,112)	(6,912)
		206,376	197,789
Non-controlling interest		71	65
TOTAL EQUITY		206,447	197,854
TOTAL LIABILITIES AND EQUITY		3,123,518	3,452,372



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CONSOLIDATED STATEMENTS OF INCOME

For the year ended december 31, 2010 and 2009
(Except earnings per share balance in millions of Chilean pesos - MCh$)

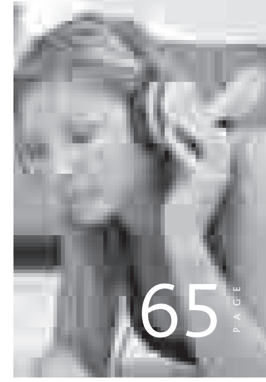
	NOTES	DECEMBER 31, 2010 MCH$	DECEMBER 31, 2009 MCH$
Interest income	25	134,718	117,959
Interest expense	25	(78,358)	(66,267)
Net interest income (expense)		56,360	51,692
Commission income	26	29,531	25,247
Commission expense	26	(4,808)	(3,649)
Net income (expense) from commissions		24,723	21,598
Income from financial operations, net	27	28,410	1,926
Foreign exchange gain (loss), net	28	4,241	14,133
Other operating income	33	3,009	3,985
Total operating income		116,743	93,334
Provision for loan losses	29	(17,658)	(14,819)
NET OPERATING PROFIT		99,085	78,515
Personnel salaries and expenses	30	(25,590)	(20,507)
Administrative expenses	31	(27,732)	(24,433)
Depreciation and amortization	32	(2,702)	(2,435)
Impairment	32	-	-
Other operating expenses	33	(4,319)	(3,510)
TOTAL OPERATING EXPENSES		(60,343)	(50,885)
NET OPERATING INCOME		38,742	27,630
Income from investments in other companies	13	154	205
Income before tax		38,896	27,835
Income tax expense	16	(5,186)	(4,796)
Income from continuing operations		33,710	23,039
Income from discontinued operations, net of tax		-	-
CONSOLIDATED NET INCOME FOR THE YEAR		33,710	23,039
Attributable to:			
Bank owners		33,706	23,040
Non-controlling interest		4	(1)
EARNINGS PER SHARE OF BANK OWNERS:		$	$
Basic earnings	24	222	152
Diluted earnings	24	222	152

BANCO | security

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended december 31, 2010 and 2009
(In millions of Chilean pesos - MCh$)

	DECEMBER 31, 2010 MCH$	DECEMBER 31, 2009 MCH$
CONSOLIDATED NET INCOME FOR THE YEAR	33,710	23,039
OTHER COMPREHENSIVE INCOME (EXPENSES)		
Available for sale investments	2,810	11,868
Cash flow hedges	(110)	(1,138)
Other comprehensive income (expenses)	-	-
Other comprehensive income before income tax	2,700	10,730
Tax or other comprehensive income	(459)	(1,824)
Total other comprehensive income	2,241	8,906
CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR	35,951	31,945
Attributable to:		
Bank owners	35,947	31,946
Non-controlling interest	4	(1)
Comprehensive earnings per share of the Bank owners	$	$
Basic earnings	237	210
Diluted earnings	237	210



10 financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended december 31, 2010 and 2009
(In millions of Chilean pesos - MCh$)

	ATTRIBUTABLE TO BANK OWNERS								
				RETAINED EARNINGS					
	PAID-IN CAPITAL	RESERVES	VALUATION ADJUSTMENTS	PRIOR YEARS	INCOME (LOSS) FOR THE YEAR	MANDATORY DIVIDEND PROVISION	TOTAL	NON-CONTROLLING INTEREST	TOTAL
	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$
Balances at December 31, 2008	138,196	22,224	(12,255)	8,461	24,346	(7,304)	173,668	66	173,734
Reclassification of prior year net income	-	-	-	24,346	(24,346)	-	-	-	-
Dividends paid	-	-	-	(7,720)	-	-	(7,720)	-	(7,720)
Provision minimum dividends	-	-	-	-	-	7,304	7,304	-	7,304
Other changes in equity	-	-	-	(508)	-	-	(508)	-	(508)
Share issuance	11	-	-	-	-	-	11	-	11
Investments available for sale	-	-	9,850	-	-	-	9,850	-	9,850
Cash flow hedges	-	-	(944)	-	-	-	(944)	-	(944)
Net income for the year	-	-	-	-	23,040	-	23,040	(1)	23,039
Provision for minimum dividends	-	-	-	-	-	(6,912)	(6,912)	-	(6,912)
Balances at December 31, 2009	138,207	22,224	(3,349)	24,579	23,040	(6,912)	197,789	65	197,854
Reclassification of prior year net income	-	-	-	23,040	(23,040)	-	-	-	-
Dividends paid	-	-	-	(23,040)	-	-	(23,040)	-	(23,040)
Provision minimum dividends	-	-	-	-	-	6,912	6,912	-	6,912
Other changes in equity	-	-	-	(1,120)	-	-	(1,120)	2	(1,118)
Investments available for sale	-	-	2,332	-	-	-	2,332	-	2,332
Cash flow hedges	-	-	(91)	-	-	-	(91)	-	(91)
Net income for the year	-	-	-	-	33,706	-	33,706	4	33,710
Provision for minimum dividends 2010	-	-	-	-	-	(10,112)	(10,112)	-	(10,112)
Balances at December 31, 2010	138,207	22,224	(1,108)	23,459	33,706	(10,112)	206,376	71	206,447



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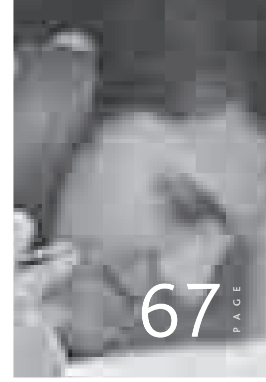
CONSOLIDATED STATEMENTS OF CASH FLOW

For the year ended december 31, 2010 and 2009
(In millions of Chilean pesos - MCh$)

	NOTES	DECEMBER 31, 2010 MCH$	DECEMBER 31, 2009 MCH$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Consolidated income before income tax		38,896	27,835
Debits (credits) to income that do not represent cash flows			
Provision for loan losses	29	17,658	14,819
Depreciation and amortization	32	2,702	2,435
Other provisions		3,036	2,768
Changes in deferred tax assets and liabilities		591	(1,818)
Valuation investments trading book		(565)	2,816
Valuation financial derivative trading contracts		(13,806)	11,682
Income from investment in other companies	13	(154)	(205)
Income from sale of assets received in lieu of payment		(243)	(321)
Net income from commissions	26	(24,723)	(21,598)
Net interest income	25	(56,360)	(51,692)
Other charges and credits that do not represent cash flows		(24,920)	(16,079)
Changes in operating assets and liabilities:			
(Increase) decrease in interbank loans		301,113	(219,075)
Net (increase) decrease in loans and accounts receivable from customers		(102,083)	68,447
(Increase) decrease in investments		214,206	(145,296)
(Increase) decrease in leased assets		2,491	172
Sale of assets awarded in lieu of payment		761	2,172
Increase (decrease) in deposits and other on demand obligations		29,623	34,445
Increase (decrease) in repurchase and resale agreements		(361,387)	311,891
Increase (decrease) in deposits and other time deposits		47,090	(31,315)
Net change in letters of credit		(11,928)	(9,305)
Net change in current bonds		(68,474)	64,502
(Increase) decrease in other assets and liabilities		(35,841)	(11,343)
Refunded tax		17	3,281
Interest and other adjustments received		138,239	181,685
Interest andother adjustments paid		(89,729)	(124,203)
Commissions received		29,531	25,247
Commissions paid		(4,808)	(3,649)
Net cash flows provided by (used in) operating activities		30,933	118,298
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15	(2,187)	(608)
Acquisition of intangible assets	14	(7,101)	(4,564)
Sale of property, plant and equipment		-	-
Net cash flows provided by (used in) investing activities		(9,288)	(5,172)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in obligations with national banks		(3,498)	(563)
Increase (decrease) in obligations with foreign banks		27,199	(156,818)
Change in obligations with Chilean Central Bank			-
Net change in subordinated bonds		1,656	139
Increase (decrease) in other financial obligations		(14,771)	9,094
Proceeds from share issuance		-	11
Dividends paid	24	(23,040)	(7,720)
Net cash flows provided by (used in) financing activities		(12,454)	(155,857)
TOTAL NET CASH FLOWS PROVIDED BY (USED IN) THE PERIOD		9,191	(42,731)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		127,082	169,812
NON-CONTROLLING INTEREST		(4)	1
CASH AND CASH EQUIVALENT AT END OF THE YEAR	6	136,269	127,082



10 financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In millions of Chilean pesos - MCh$)

1. CORPORATE INFORMATION

Banco Security ("the Bank") is a stock corporation regulated by the Superintendency of Banks and Financial Institutions ("SBIF") whose main office is located at Apoquindo 3150, Las Condes, Santiago.

The Bank is mainly focused on satisfying the financial needs of medium and large companies and high-income individuals. In addition, it offers international banking services and treasury services. Finally, through its subsidiaries Valores S.A. Corredores de Bolsa and Administradora General de Fondos Security S.A., it offers its customers securities brokerage and fund administration, and advisories on pension plans and voluntary pension savings.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the standards set forth by the Superintendency of Banks and Financial Institutions as stipulated in the Compendium of Accounting Standards, and, for anything not covered in the above compendium, the technical standards issued by the Chilean Association of Accountants have been applied, which coincide with International Financial Reporting Standards (IFRS).

a) Exemptions and exceptions under IFRS applied by the Bank

- **Credit provisions, assets received in lieu of payment, contingent loans, suspension of accrual and others**
  The credit risk provisions and the suspension of income recognition constitute one of the exceptions in the full application of IFRS, and this exception arises from the prudential criteria of the SBIF applied to measure the effect of impairment on loans and not on the computation of the present value of remaining cash flows.

- **Election of the fair value option**
  As stated in the Compendium of Accounting Standards issued by the SBIF, banks cannot designate assets or liabilities to be valued at fair value instead of at amortized cost.

- **Classification of instruments for trading and investment**
  The Bank classified its financial instruments acquired for trading and investing in three categories and applies a uniform accounting treatment for each one of those categories considering the following:
  - Instruments available for sale cannot be adjusted to fair value against income.
  - For the purpose of presentation in the Consolidated Statement of Financial Position, investments in mutual funds will be included together with trading securities, adjusted at fair value.
  - Instruments with a derivative component that should be separated, but cannot possibly be valuated separately, will be included in the category of trading securities, in order to treat them as applicable to that portfolio.
  - In the extraordinary case that an equity instrument included in the trading investments portfolio stops being traded and the Bank cannot obtain a reliable estimate of its fair value, it will be included in the category of available for sale investments.

On November 12, 2009, thel International Accounting Standards Board (IASB) issued IFRS 9, *Financial Instruments*. This Standard introduces new requirements for classifying and measuring financial assets and will be in force for annual periods starting on or after January 1, 2013. Its early application is allowed. IFRS 9 specifies how an entity should classify and measure its financial assets. It requires that all financial assets should be classified completely based on the entity's business model for managing its financial assets and the characteristics of the financial assets' contractual cash flows. Financial assets are measured at amortized cost or fair value. Only financial assets measured at amortized cost will be tested for impairment.

As stipulated by the Superintendency of Banks and Financial Institutions, the Bank's Management will not resort to early application of this standard. Instead the Bank will adopt this standard for the period starting January 1, 2013. Management has not had the opportunity to consider the potential impact of adopting this standard.

- **Recognition in the Statement of Financial Situation according to trading date**
  Financial instrument purchase/sale transactions, including foreign currency, will be recognized in the Statement of Financial Situation on the trading date, i.e. on the date of assuming the reciprocal obligations that must fulfilled within the period established by regulations or conventions of the market in which the Bank operates.

- **Embedded derivatives**
  The Bank will not treat as embedded derivatives Chilean currency indexation arrangements (e.g. those operating arrangements based on foreign currency fluctuation or fluctuation of Chilean inflation indexes such as the IPC, UF, IVP, or UTM) approved by the Chilean Central Bank.

- **Hedge accounting**
  Financial instruments recorded at fair value through profit loss, cannot be the object of hedge accounting, unless they are embedded derivatives that must not be separated from the host contract.

  The options issued by the bank can only be designated as hedge instruments to compensate for purchased options incorporated into a host contract and which should not be separated.

- **Property, plant and equipment**
  All property, plant and equipment will be valued at cost, less accumulated depreciation and impairment.

b) Valuation Criteria for assets and liabilities

The valuation criteria for assets and liabilities recorded in the accompanying financial statements are as follows:

- **Valuation at amortized cost**
  Amortized cost is understood to be the initial value of an asset or liability at plus or minus costs or incremental income, by the part imputed systematically to the income statement accounts calculated using the effective interest rate method, of the difference between the initial value and the reimbursement value upon maturity.

  For financial assets, the amortized cost also includes corrections to their value caused by impairment.

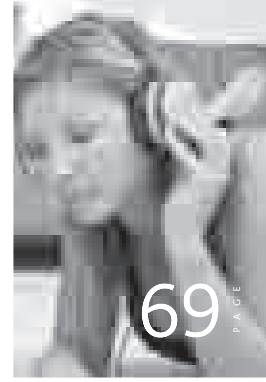
- **Measurement at fair value**
  Fair value measurement is made up of the amount for which an asset can be exchanged or a liability can be paid by a duly informed purchaser and buyer in an arm's length transaction.

  When the market of an instrument does not represent an active market, the Bank will determine the fair value using approximation techniques at a fair price such as interest curves on the basis of market transactions or homologation with instruments of similar characteristics.

- **Valuation at acquisition cost**
  Acquisition cost is understood to be the transaction cost less any impairment losses.

  The consolidated financial statements have been prepared on the basis of amortized cost, except for:
  - Derivative financial instruments, measured at fair value.
  - Available-for-sale assets measured at fair value, when this is lower than their carrying value less costs to sell.





- Trading instruments measured at fair value
- Investment instruments held for sale measured at fair value.
- Certain property, plant and equipment items that Senior Management has decided to appraise and leave that value as its deemed cost for first-time adoption of IFRS, in conformity with the provisions of the Compendium of Accounting Standards issued by the SBIF.

c) Functional currency

The items included in the financial statements of the Bank and its Subsidiaries are valued using the currency of the main economic environment in which the entity operates, denominated the functional currency. The functional currency of the Bank and its Subsidiaries is the Chilean peso, which is presented rounded to the nearest million. Consequently, all balances and transactions in currencies other than the Chilean peso are considered foreign currency.

d) Significant accounting judgments and estimates

In the preparation of the consolidated financial statements in accordance with the Compendium of Accounting Standards issued by the SBIF the Bank requires that management make certain estimates, judgments and assumptions that affect the reported statements. It is possible that actual results in the following periods might differ from the estimates made. The Bank notes that:

- Estimates and relevant assumptions are reviewed regularly by the Bank's senior management in order to quantify their effects on the consolidated statement of financial position and statement of income accounts, and
- Reviews of accounting estimates are recognized in the period in which they are generated and in future periods affected.

The most significant areas for estimating uncertainties and judgments in the application of accounting criteria or policies are:

- Valuation of financial instruments and derivatives
- Impairment loss from loans and from customer accounts receivable and other assets
- The useful lives of property, plant and equipment and of intangible assets
- Contingencies and commitments

e) Basis of consolidation

The Bank's financial statements have been consolidated with those of its subsidiaries. The subsidiaries are companies controlled by the Bank. Control exists when the Bank has the power to direct a company's financial policies and operations in order to obtain benefits from its activities. The financial statements of the subsidiaries are incorporated into the consolidated financial statements from the date on which control began.

In the consolidation processes, all significant balances between the Bank and its subsidiaries and among subsidiaries have been eliminated, as have income and expenses arising from transactions with subsidiaries.

- **Investments in associates.**
  Associated companies are those over which the Bank has the ability to exercise significant influence, but not control. The ability is generally evidenced in an interest of 20% or more of the voting stock. Interest in associates companies are valued using the equity method, where by the investor recognized its share of the net assets of the investee and the investor's share in the profit and loss of the investee on an accrual basis.

- **Investments in companies**
  Investments in other companies are those where the Bank does not have any significant influence and they are presented at acquisition cost. Income is recognized as earned.

- **Special purpose entities**
  As specified in the International Accounting Standard IAS 27 consolidated and separate financial statements and SIC 12



Consolidation Special Purpose Entities, the Bank assesses whether to consolidate a Special Purpose Entity, if the following conditions are met:

- The entity was created to achieve a concrete objective defined by the entity presenting the financial statements.
- The relationship between the consolidating entity and the Special Purpose Entity shows that the latter is controlled by the former.
- The activities of the Special Purpose Entity have been addressed essentially on behalf of the entity presenting the consolidated financial statements.

In the evaluation specified in the preceding paragraph above, the Bank has not identified any Special Purpose Entities that need to be consolidated.

Third party interest in the Bank's equity is presented as a separate item of the Consolidated Statement of Financial Position "non-controlling interest", and in the consolidated statement income it is shown after income attributable to the Bank owners.

Non-controlling interest represents the equity of a subsidiary not directly or indirectly attributable to the parent.

The Bank's of interest in the consolidated subsidiaries is as follows

	OWNERSHIP INTEREST 2010 %	OWNERSHIP INTEREST 2009 %
Valores Security S.A. Corredores de Bolsa	99.76	99.76
Administradora General de Fondos Security S.A.	99.90	99.90

f) Operating segments

The Bank's operating segments are components that engage in business activities from which operating income is generated and expenses are incurred, whose operating income is reviewed regularly by the Bank's chief decision-making authority to determine the resources that must be allocated to the segment and evaluate its performance, and that has separate financial information available.

Note 5 presents the Bank's main segments: Corporate Banking, Personal Banking, Financial Business, Investment Business and others.

g) Interest and indexation income and expenses

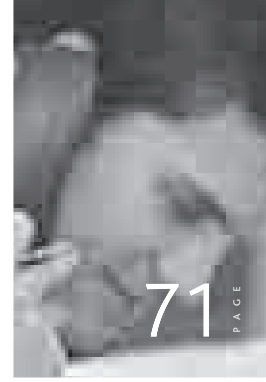
Loans, investments and obligations are presented with their accrued interest and adjustments as of year-end. However, in the case of delinquent loans, the Bank follows a prudent policy that involves suspending interest accrual and adjustments in income statement accounts until payment is received. Interest income and expenses are recognized using the effective interest method, which factors the discount rate that precisely matches the estimated future cash flows receivable or payable during the expected useful life of the financial instrument.

h) Commision income and expenses

Commission income and expenses that make up the effective interest rate of a financial asset or liability are recognized in income throughout the period that covers the transactions that gave rise to them.

Commission income and expenses generated from providing a specific service are recognized in income when the services are rendered. Those linked to financial assets or liabilities are recognized when collected.





i) Foreign currency translation to functional currency

The functional currency is the Chilean peso. Transactions in foreign currency performed by the Bank were converted to Chilean pesos at the exchange rate at the date of the transaction. At December 31, 2010 and 2009, monetary items in foreign currency were converted using the year-end functional currency exchange rates of Ch$467.95 and Ch$507.25 per US$ 1 respectively, and non-monetary items that are measured at historical costs are converted using the functional currency exchange rate at the date of the transaction.

Net foreign exchange income of MCh$ 4,241 and MCh$ 14,133 for 2010 and 2009 respectively, presented in the consolidated statement of income, includes both income obtained from foreign exchange transactions and recognition of the effects of foreign currency translation on the assets and liabilities in foreign currency held by the Bank and its subsidiaries.

j) Translation of UF to functional UFs (unidades de fomento - inflation index-linked units of accounts)

Assets and liabilities denominated in unidades de fomento (inflation index-linked units of account) are stated at the 2010 and 2009 year-end values of Ch$ 21,455.55 and Ch$ 20,942.88 respectively.

k) Financial Investments

Financial investments are classified and valued as follows:

k.1) Trading investments: Trading investments are securities acquired with a view to generate earnings from short-term price fluctuations or through brokerage margins, or which are included in a portfolio dedicated to short-term profits.

Trading investments are valued at their fair value in accordance with market prices at year-end. Net income or loss arising from mark-to-market adjustments, as well as income from trading activities, accrued interest and adjustments, is included in the "Financial instruments held for trading" line under "Income from financial operations, net" in the consolidated statement of income, as show in Note 27.

All purchases and sales of trading securities that should be delivered within the period established by market regulations or agreements are recognized at the trading date, which is the date on which the commitment is made to purchase or sell the asset. Any other purchase or sale is treated as a derivative (forward) until the payment is made.

k.2) Investment securities: Investment securities are classified into two categories: Held to maturity investments and investments available for sale. The held to maturity investment category only includes those instruments for which the Bank has the intent and ability to hold to maturity. All other investment securities are categorized as available for sale.

Investment securities are initially recognized at cost, including transaction costs.

Securities available for sale are subsequently valued at their fair value according to market prices or valuations obtained using models. Unrealized gains or losses resulting from changes in their fair value are recognized by crediting or charging equity accounts. 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" under "Income from financial operations, net" in the statement of income, which is detailed in Note 27.

Investments held-to-maturity are recorded at cost plus accrued interest and adjustments, less provisions for impairment set up when the carrying value is higher than the estimated recovery amount. At December 31, 2010 and 2009, the Bank does not have any held-to-maturity investments in its portfolio.



Interest and adjustments related to held-to-maturity investments and investments available for sale are included under "Total interest income", as specified in Note 25 to the Financial Statements.

Investment securities designated as accounting hedges are measured as stipulated for hedge accounting.

All purchases and sales of investment securities, to be delivered within the deadline stipulated by market regulations and conventions, are recognized on the trading date, which is the date on which the commitment is made to purchase or sell the asset. Other purchases or sales are treated as derivatives (forward) until payment is made.

l) Financial derivative contracts.

Financial derivative contracts, including foreign currency and UF forwards, interest rate futures, currency swaps, interest rate and currency options, and other financial derivatives, are initially recognized in the statements of financial situation at their cost (including transaction costs) and subsequently valued at their fair value. The fair value is obtained from market quotes, discounted cash flow models and option valuation models, as appropriate. Derivative contracts are reported as assets when their fair value is positive, and as liabilities when this is negative, under "Financial derivatives".

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risk and economic characteristics are not closely related to those of the host contract, and the host contract is not recorded at its fair value through profit and loss.

When signing a derivative contract, the Bank should designate such contract as a derivative instrument for trading or hedging purposes.

Any changes in the fair value of financial derivative contracts held for trading are included in the consolidated Statement of Income under "Trading Derivatives" in "Income from financial operations, net". See Note 27.

If the derivative is designated as a hedge instrument, this may be: (1) a fair value hedge of assets or liabilities or firm commitments, or (2) a cash flow hedge related to existing assets or liabilities or expected transactions. A hedge relationship qualifies for hedge accounting if, and only if, all of the following conditions are met: (a) the hedge must be formally documented at its initiation; (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.

Transactions with derivatives that do not qualify for hedge accounting are recognized and presented as trading derivatives, even if they provide an effective economic hedge for managing risk positions.

When a derivative instrument hedges the risk exposure to changes in the fair value of a recognized asset or liability, the asset or liability is recorded at its fair value with respect to the specific risk hedged. Gains or losses from measuring the fair value of the item hedged and the hedge derivative instrument are recognized in income for the year.

If the hedged item in a fair value hedge is a firm commitment, the changes in the fair value of the firm commitment with respect to the hedged risk are recognized as assets or liabilities with the corresponding gain or loss recognized in income. The gains or losses from measuring the fair value of the hedge derivative instrument are also recorded in income. When an asset or liability is acquired or assumed as a result of the firm commitment, the initial carrying amount of the acquired asset or assumed liability is adjusted to include the cumulative change in the fair value of the firm commitment attributable to the hedged risk that was recognized in the statement of financial situation.



When a derivative instrument hedges exposure to fluctuation in cash flows of existing assets or liabilities, or highly probable forecasted transactions, the effective portion of the changes in fair value with regard to the risk hedged is recognized in equity.

Any ineffective portion is immediately recognized in income. The accumulated gains or losses recognized in equity are reclassified to income in the same period or periods in which the assets or liabilities affect the income statement.

When an interest rate fair value hedge is entered into for a portfolio, and the hedged item is an amount of currency instead of individual assets or liabilities, the fluctuation in fair value of both the hedged portfolio and the hedge are recognized in income for the year, but the fair value measurement of the hedged portfolio is shown in the statement of financial position under "Financial Derivative Contracts" in assets or liabilities, according to the position of the hedged portfolio at a specific moment in time.

When a cash flow hedge is entered into to mitigate the exposure to fluctuations in cash flows attributed to a particular risk related to assets or liabilities associated with a highly probable forecasted transaction, income from the effective portion of changes in fair value with respect to the hedged risk will be recognized in equity, whereas the ineffective part of the instrument is recognized as income for the period.

m) Repurchase and resale (reserve repurchase) agreements

The Bank performs transactions with repurchase and reverse repurchase 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 borrowings are reclassified as "Trading investments", presenting the obligation under "Repurchase agreements" in liabilities. When financial instruments are purchased with a resale obligation they are included in "Investments under resale agreements" in assets.

Repurchase and reverse repurchase agreements are valued at amortized cost according to the Internal rate of return ("IRR") of the transaction.

n) Derecognition of financial assets and liabilities

The Bank derecognizes a financial asset in its consolidated statement of financial position only when the contractual rights over the asset's cash flows have been extinguished or the rights to receive contractual cash flows for the financial asset are transferred, in a transaction in which all the risks and benefits are transferred.

The Bank eliminates a financial liability from its consolidated statement of financial position only when the obligation of the respective contract is extinguished (paid or cancelled).

o) Impairment

o.1) Financial assets: At the end of each period, the Bank evaluates whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired and a loss will be produced, if there is objective evidence of the impairment.

Financial assets carried at amortized cost are impaired when the current value of estimated cash flows, discounted at the original effective interest rate of the asset, is lower than the financial asset's carrying value. Impairment of financial assets available for sale is determined in reference to their fair value.

Financial assets that are individually significant are evaluated individually to determine whether there is objective evidence of impairment. Assets that are not individually significant and have similar characteristics are evaluated as a group.

All impairment losses are recognised in profit and loss. The reversal of an impairment loss occurs only if it can be objectively related to an event occurring after the initial impairment loss was recognized.



o.2) **Non-financial assets:** The carrying value of the Bank's non-financial assets is reviewed at each financial statement presentation period to determine whether there is objective evidence of impairment. If any such indication exists, the Bank estimates the recoverable amount of the asset. An impairment loss is reversed, if a change has occurred in the estimates used to determine the recoverable amount of the asset.

p) Assets received in lieu of payment

Assets received in lieu of payment are classified under "Other Assets", and recorded at their acquisition cost or fair value less required regulatory write-offs, whichever is lower, and are presented net of any provision.

Regulatory write-offs are required by the SBIF, if the asset is not sold in a period of one year after it was received.

q) Lease contracts

Accounts receivable from lease contracts, included under "Loans and Accounts Receivable from Customers", correspond to periodic lease contract installments that meet the requirements to be qualified as finance leases and are presented at their nominal value net of unaccrued interest at each year-end.

r) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Depreciation is recognized in the statement of income using the straight-line method over the estimated useful lives of the related assets.

In the case of certain pieces of real estate, the Bank chose the fair value option for first-time application of IFRS based on independent appraisals.

The estimated useful lives of property, plant and equipment are as follows:

TYPE OF ASSET	AVERAGE USEFUL LIFE
Buildings	60 years
Plant and equipment	5 years
Supplies and accessories	2 years

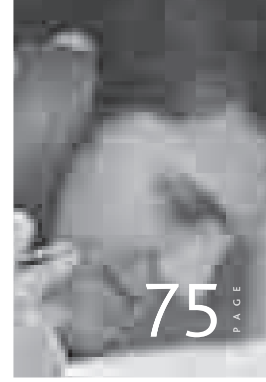
s) Intangible Assets

Expenses for computer programs developed internally are recognized as assets when the Bank can show its intent and ability to complete their development and use them internally to generate future economic benefits, and the cost of completing their development can be measured reliably. Capitalized costs of computer programs developed internally include all those attributable directly to development of the program, and they are amortized over their useful lives.

Computer programs acquired by the Bank are valued at cost less accumulated amortization and impairment losses.

Subsequent expenses incurred in computer programs are only capitalized when the future economic benefits integrated in the specific asset to which they are related increase. All other expenses are recognized in income as they are incurred.





Amortization is recognized in income using the straight-line method based on the estimated useful lives of the computer programs from the date on which they are available for use. The estimated useful life of the computer programs is 5 years.

t) Provisions for risky assets

The Bank has established all of the provisions required to cover the risk of loss on assets (Note 21) in accordance with the standards issued by the SBIF. Assets are presented net of such provisions, while provisions for contingent loans are presented in liabilities.

The Bank uses models or methods based on the individual and group analysis of receivables to establish provisions for loan losses. Those models and methods are in accordance with the standards and instructions of the SBIF.

u) Loans and accounts receivable from clients, provisions and write-offs

Loans and accounts receivable from existing acquired clients are non-derivative financial assets with fixed or determinable payments that are not traded in an active market and that the Bank has no intention of selling immediately or in the short-term. These loans are measured initially at fair value plus incremental transaction costs and subsequently are measured at their amortized cost using the effective interest method.

Impaired portfolio: Loans incorporate the concept of impairment when there is concrete evidence that customers will not fulfill their obligations under the agreed-upon payment, without the possibility of recovering the amount owed by recurring to guarantees, through exercising court collection actions, or agreeing to different conditions.

In light of the above, the Bank will keep loans in the impaired loan portfolio until the payment capacity or behavior has been normalized; otherwise, it will write off the loans involved.

u.1) Provisions for loan losses for individual evaluation

In order to determine provisions for loan losses for receivables rated as A1, A2, A3 and B, the Bank uses the provision percentages approved by the Board of Directors and issued by the SBIF. In addition, for C1, C2, C3, C4, D1 and D2 debtors, the following levels of provisions were assessed according to existing regulations:

CATEGORY	RANGE OF ESTIMATED LOSS	PROVISION
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, whose size, complexity or level of risk exposure make it necessary for them to be fully known, while also requiring the assignation of a risk rating to each debtor.



u.2) Provisions for loan losses 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 group assessments, the provisions are always set up based on the expected loss determined by the models used.

u.3) Additional provisions on loans

In accordance with the standards set forth by the SBIF, the Bank has established additional provisions 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 past experience, and in consideration of possible adverse macroeconomic perspectives or circumstances that could affect a sector, industry, group of debtors or projects.

At December 31, 2010 and 2009, the Bank holds additional provisions of MCh$ 400 and MCh$ 500, respectively.

u.4) Charge-offs

Loans are written-off when collection efforts have been exhausted, in periods not exceeding those required by the SBIF, which are as follows:

TYPE OF LOAN	PERIOD
Consumer loans with or without collateral	6 months
Other operations without collateral	24 months
Commercial loans with collateral	36 months
Mortgage loans	48 months
Consumer leases	6 months
Other non-real estate lease operations	12 months
Real estate lease (commercial and residential)	36 months

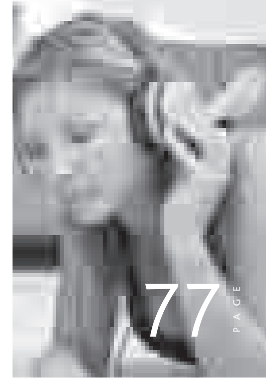
Recovery of loans previously writter off: Recovery of loans that were previously written-off are recognized directly as income in the consolidated Statement of Income, under "Provisions for loan losses".

At December 31, 2010 and 2009, recoveries of written-off loans were MCh$ 1,552 and MCh$ 1,318, respectively, and they are presented in item Provisions for loan losses in the Consolidate Statement of Income. See Note 29 for additional information.

v) Cash and cash equivalent

Cash and cash equivalents include cash, bank deposits, and unsettled transactions net of resale (reserve repurchase) agreements, in accordance with the Compendium of Accounting Standards of the SBIF, subject to insignificant risk of changes in their fair value.

The Bank prepares its cash flows using the indirect method, in which it adjusts for non-cash items as well as income and expenses that originated the cash flows, all grouped under the following concepts:



- Cash flows, which correspond to inflows and outflows of highly liquid short-term investments with low risk, grouped under cash and cash equivalent.
- Operating activities, which are the normal activities carried out by the Bank and are its main source of income.
- Investing activities, those cash flows representing the disbursements that have been incurred and will produce future long-term income and cash flows.
- Financing activities, those cash flows reflecting the cash needed to cover commitments with those contributing capital or financing to the entity.

w) Time deposits and debt instruments issued

Deposits that fall into the category of bank fundraising, whatever the instrument or term, are valued at amortized cost. Other debt instruments issued are valued at the issuance date at their fair value less transaction costs and are subsequently valued at amortized cost using the effective interest method.

x) Income tax and deferred taxes

Income tax expenses are determined in accordance with the Income Tax Law in Chile for which the Bank establishes a provision against income. In turn, deferred taxes are recognized for temporary differences between the carrying and tax values of assets and liabilities, recognizing the effect on income except when the differences stem from equity.

y) Employee benefits

y.1) Staff Vacations

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

y.2) Current benefits

The Bank has an annual incentive plan for its employees accomplishing objectives and performance. The Bank records a provision for these benefits based on the estimated amount to be disbursed.

y.3) Severance indemnity

The Bank has not agreed payment of severance indemnities to its employees at all events. Therefore, the Bank does not record any provision for this concept. The expense is recorded in income as it is incurred.

z) Minimum dividends

In accordance with the Compendium of Accounting Standards of the SBIF, banks must reflect a provision in their financial statements equivalent to the minimum legal dividend, i.e. 30% of net income for the year. Such provision is recorded against equity.

aa) Earnings per share

The Bank discloses basic earnings per share, which is calculated by dividing the net income attributable to Bank owners by the weighted average of common shares outstanding during the year.

Diluted earnings per share corresponds to the net income attributable to Bank owners divided by the mean weighted number of outstanding shares adjusted by share options, warrants or convertible debt. Since the Bank does not have these types of options, the basic earnings per share is equal to diluted earnings per share.

ab) Leases

Lease agreements that the Bank does not recognize in its consolidated statement of financial position and for which the total payments received are charged to income, correspond to agreements that the Bank classifies as operating leases.

When the Bank substantially assumes all the risks and benefits of ownership, the lease is classified as a finance lease.



ac) Provisions and contingent liabilities

A provision is only recorded if it is the result of a past event, the Bank has a legal or implicit obligation that can be estimated or it is probable that an outflow of economic benefits will be necessary to pay the obligation and the amount of these resources can be reliably measured.

A contingent asset or liability is the entire obligation resulting from past events whose existence will only be confirmed, if one or more uncertain future events were to occur and which are not under the Bank's control.

3. ACCOUNTING CHANGES

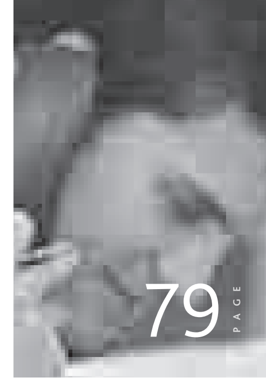
The new accounting pronouncements issued by the SBIF at the date of issuance of these consolidated financial statements are specified below:

Circular N° 3,489 – In December, 2009, the SBIF issued the above circular introducing changes to various chapters of the Superintendency's Compendium of Accounting Standards. Among other changes, it points out that, as of January 2010, the Bank shall supplement the basis used for determining the insolvency provisions for contingent operations, including also now unrestricted lines of credit, other contingent loans and other credit commitments. In turn, the changes shall be applied to the risk exposure that applies to contingent loans, as presented in chapter B-3 of the Superintendency's Compendium of Accounting Standards. The effect of first-time application at January 2010 was about MCh$1,318, which was recorded against equity. During the rest of 2010, these provisions were made against profit and loss and amounted to MCh$275. It must be pointed out that, according to the Superintendency's specific instructions issued in Management Letter 10 of December 21, 2010, 2009 balances would not have to be calculated retrospectively.

Circular N° 3,502 – Also, in June 2010, the Superintendency issued this Circular instructing that the transitional standards for provisions being applied should be maintained until this year-end and that a minimum provision of 0.5% of the normal part of the portfolio evaluated on an individual basis should be set up in turn until the end of this year. Also, on December 21, 2010, Management Letter No.9 was sent to the Bank's management specifying the accounting treatment for the effects arising from applying this minimum provision. At December 31, 2010, applicatoin of these changes had a cumulative effect of MCh$394, which was recorded against income as specified in the above management letter.

Circular N° 3,503 – In August, 2010, this regulation was issued, including amendments to the provisions and impaired portfolio included in Chapters B-1, B-2; B-3 and C-1. These amendments are effective as of January 1, 2011, except for the requirement for the additional provisions contained in No. 9 of Chapter B-1, which are effective in 2010. Additionally, as a complement to the above Circular, letter No. 9 was issued to management on December 21, 2010, specifying that the adjustments resulting from applying the amendments in force as of January 1, 2011 may be made during the first three months of 2011. However, there is nothing to stop the entities from early adopting this recognition of safeguards, in whole or in part, by making greater provisions on an additional, transitory basis and charging them to income for the year. At December 31, 2010, the Bank has opted to early adopt recognition of the aforementional regulations. This caused a MCh$400 impact on the consolidated statement of income.





4. SIGNIFICANT EVENTS

Banco Security

The Ordinary Shareholders' Meeting held on March 11, 2010 elected unanimously the following directors of Banco Security: Hernán Felipe Errázuriz Correa, Jorge Marín Correa, Gustavo Pavez Rodríguez, Horacio Pavez García, Renato Peñafiel Muñoz, Francisco Silva Silva and Mario Weiffenbach Oyarzún.

On the August 24, 2009, Board meeting Gonzalo Ruiz Undurraga resigned from his position as director, which was accepted by the Board, with Horacio Pavez García being appointed as his replacement.

Administradora General de Fondos Security S.A.

On July 29, 2010, this company submitted an essential event to the Superintendency of Securities and Insurance according to articles 9, 10, paragraph 2, 234, and paragraph 2, of Securities Market Law 18,045, No. 12 B, of Statutory Decree 1,328 of 1976.

Given the changes in the interest rate implemented by Chile's Central Bank and their effect on the prices and/or rates of the mutual fund investment portfolios securities defined as Type I by Circular N°1,578 of 2002, managed by this company, and known as "Fondo Mutuo Security Check" and "Fondo Mutuo Security Plus", which value such instruments at the Purchase IRR, according to the provisions of paragraph one of number 1.1 of Section I of Circular N°1,579 of 2002.

Given the differences between the purchase IRR valuation rate and the rate provided by the valuation model referred to in Section I, number 1, section 1.2.1, letter a) of the aforementioned circular, which affects securities making up the above mentioned fund portfolios, management decided to value those securities included in the according to the provisions issued in paragraph 2 of number 1.1 of Section I of Circular N°1,579 of 2002, for July 28, 2010.

On April 28, 2010, the Ordinary Shareholders' Meeting elected Bonifacio Bilbao Hormaeche as director to fill the position left vacant by the resignation of Gonzalo Ruiz Undurraga.

On February 16, 2009 this company submitted an essential event to the Superintendency of Securities and Insurance in accordance with the provisions of articles 9, 10, paragraph 2, and 234 of Securities Market Law 18,045, reporting the effect of the valuation of the Fondo Mutuo Security Check and Fondo Mutuo Security Plus units, as follows:

On December 11, 2009, the Ordinary Board Meeting acknowledged the resignation of Gonzalo Ruiz Undurraga from his position as Director of the Board of Directors of this Company.

Given the differences between the purchase IRR valuation rate and the rate provided by the valuation model referred to in Section I, number 1, section 1.2.1, letter a) of Circular No.1,579, which affects securities making up the Fondo Mutuo Security Check and Fondo Mutuo Security Plus portfolios, management decided to value those securities aforementioned according to the provisions issued in paragraph 2 of number 1.1 of Section I of Circular N°1,579 of 2002, for February 13, 2009.

Valores S.A. Corredores de Bolsa

On April 23, 2010, Naoshi Matsumoto Courdurier submitted his resignation to the position of director of Valores Security S.A.

On December 29, 2009, Francisco Javier Gómez Cobo submitted his resignation to the position of Director of Valores Security S.A.

At the Extraordinary Board of Directors Meeting held on November 4, 2009 the directors accepted the resignation of the General Manager, Mr. Cristian Pinto Marinovic, since he will take up a position at the parent company and, in his place, Mr. Rodrigo Fuanzalida Besa was appointed General Manager.

5. BUSINESS SEGMENTS

The Bank's senior management processes its decisions through the following segments or business areas, the definitions of which are specified below:

Corporate Banking: customer portfolio belonging to the medium and large companies target segment, with sales in excess of Ch $1,500 million. The main products and services offered for this segment are commercial loans in local currency, foreign currency, lease operations and foreign trade, in addition to checking accounts and investments.

People Banking: customer portfolio belonging to the target segment of high-income individuals (ABC1 socio-economic stratus). The main products and services offered for this segment are current accounts, lines of credit, consumer loans and mortgage loans, in addition to investments, among others.

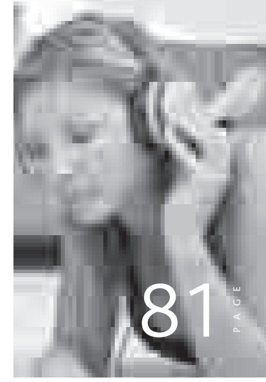
Financial Business: this corresponds to the business of distribution of foreign currencies and financial products to customers, financial instrument brokerage, administration of own positions and management of the Bank's financial position, matching and liquidity. The main products and services offered to customers are purchase and sale of foreign currency, foreign exchange and inflation insurance and other derivative products.

Investment Business: this corresponds to the fund management business, share brokerage and administration of own positions, developed through the following subsidiaries of the Bank: Administradora General de Fondos Security S.A. and Valores Security S.A. Corredora de Bolsa.

Others: This segment corresponds to non-recurrent revenue and expenses and other items that cannot be assigned to any of the segments described above.

The following is a detailed summary of the allocation of the assets, liabilities and income as of December 31, 2010 and 2009, in accordance with the different segments.

Most of the income from the ordinary activities of the Bank's segments comes from interest. Operating decision-making, segment performance and decisions regarding resources that should be allocated to it are made according to net interest income; therefore, income from the segments is presented taking their margins into consideration.



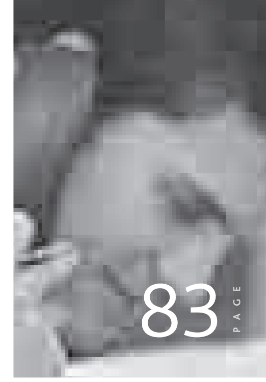
a) Assets and liabilities by business segment

	CORPORATE BANKING		PEOPLE BANKING		FINANCIAL BUSINESS		INVESTMENT BUSINESS		OTHERS		TOTAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Assets												
Gross placements	1,400,277	1,367,195	585,766	506,679	2,538	309,328	-	-	52	5,883	1,988,633	2,189,085
Provision for placements	(32,076)	(28,741)	(5,830)	(2,494)	(30)	-	-	-	-	-	(37,936)	(31,235)
Net placements	1,368,201	1,338,454	579,936	504,185	2,508	309,328	-	-	52	5,883	1,950,697	2,157,850
Financial operations	-	-	-	-	602,127	818,393	65,402	82,810	-	-	667,529	901,203
Other assets	-	-	-	-	59,882	61,967	75,716	4,313	369,694	327,039	505,292	393,319
Total assets	1,368,201	1,338,454	579,936	504,185	664,517	1,189,688	141,118	87,123	369,746	332,922	3,123,518	3,452,372
Liabilities												
Liabilities	1,259,083	1,210,697	546,095	467,867	641,441	1,160,579	100,776	82,955	369,676	332,420	2,917,071	3,254,518
Equity	109,118	127,757	33,841	36,318	23,076	29,109	40,341	4,168	-	437	206,376	197,789
Non-controlling interest	-		-		-		-		71	65	71	65
Total liabilities	1,368,201	1,338,454	579,936	504,185	664,517	1,189,688	141,117	87,123	369,747	332,922	3,123,518	3,452,372

b) Income by business segment

	CORPORATE BANKING		PEOPLE BANKING		FINANCIAL BUSINESS		INVESTMENT BUSINESS		OTHERS		TOTAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Direct Operating Margin												
Financial margin	36,056	42,296	17,687	16,919	11,799	1,013	(1,112)	(589)	(8,070)	(7,947)	56,360	51,692
Net commissions	5,342	5,495	6,692	6,231	(411)	(319)	10,162	7,730	2,938	2,461	24,723	21,598
Changes and others	4,521	3,829	332	974	10,340	7,367	4,878	1,929	15,589	5,945	35,660	20,044
Credit risk	(14,300)	(14,424)	(5,685)	(5,684)	-	-	-	-	2,327	5,289	(17,658)	(14,819)
Total direct operating margin	31,619	37,196	19,026	18,440	21,728	8,061	13,928	9,070	12,784	5,748	99,085	78,515
Operating expenses												
Direct	(7,997)	(6,611)	(10,477)	(8,623)	(2,081)	(1,373)	(7,185)	(5,706)	-	-	(27,740)	(22,313)
Indirect	(6,042)	(4,967)	(7,066)	(6,046)	(1,265)	(1,477)	-	-	-	(9,615)	(14,373)	(22,105)
Other expenses	-	-	-	-	-	-	(472)	(553)	(17,758)	(5,914)	(18,230)	(6,467)
Total operating expenses	(14,039)	(11,578)	(17,543)	(14,669)	(3,346)	(2,850)	(7,657)	(6,259)	(17,758)	(15,529)	(60,343)	(50,885)
Total margin	17,580	25,618	1,483	3,771	18,382	5,211	6,271	2,811	(4,974)	(9,781)	38,742	27,630
Income from investments in companies	-	-	-	-	-	-	-	-	154	205	154	205
Income before income tax	17,580	25,618	1,483	3,771	18,382	5,211	6,271	2,811	(4,820)	(9,576)	38,896	27,835
Income tax	-	-	-	-	-	-	-	-	(5,186)	(4,796)	(5,186)	(4,796)
Consolidated income (loss) for the period	17,580	25,618	1,483	3,771	18,382	5,211	6,271	2,811	(10,006)	(14,372)	33,710	23,039
Non-controlling interest	-	-	-	-	-	-	-	-	4	(1)	4	(1)
Income attributable to owners of the bank	17,580	25,618	1,483	3,771	18,382	5,211	6,271	2,811	(10,010)	(14,371)	33,706	23,040



6. CASH AND CASH EQUIVALENTS

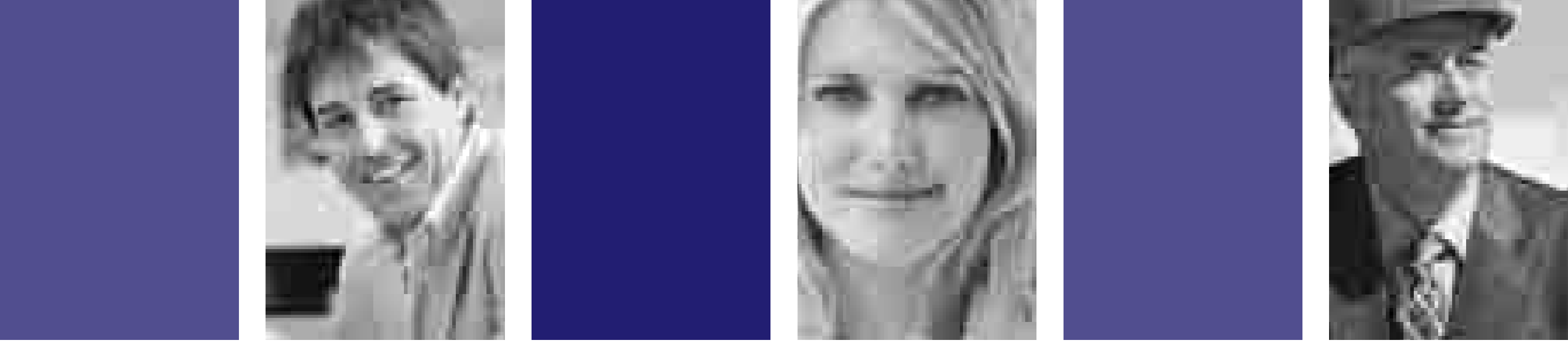
Details of balances included under cash and cash equivalents are as follows:

	AT DECEMBER 31, 2010 MCH$	AT DECEMBER 31, 2009 MCH$
Cash and depostis in banks		
Cash	9,891	11,126
Deposits in Chile's Central Bank	60,134	20,169
Deposits in national banks	2,002	740
Deposits abroad	42,382	32,817
Subtotal - cash and deposits in banks	114,409	64,852
Unsettled transactions, net	21,860	41,423
Resale agreements	-	20,807
Total cash and cash equivalent	136,269	127,082

The level of cash funds and funds in Chile's Central Bank responds to cash reserve requirements that the Bank must meet on average, monthly.

Operations with ongoing settlements correspond to transactions in which only the settlement remains. Settlement of these transactions will increase or decrease the funds in Chile's Central Bank or in foreign banks, normally within 12 or 24 working hours. Details of unsettled transactions are presented below:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Assets		
Documents in other banks (exchange)	23,213	20,350
Funds receivable	107,898	95,811
Subtotal - assets	131,111	116,161
Liabilities		
Funds payable	(109,251)	(74,738)
Subtotal - liabilities	(109,251)	(74,738)
Operations with settlement ongoing, net	21,860	41,423



7. TRADING SECURITIES

As of December 31, 2010 and 2009, the Bank and its subsidiaries have the following balances included under the concept of trading investments:

	UP TO ONE YEAR		MORE THAN 1 AND UP TO 3 YEARS		MORE THAN 3 YEARS AND UP TO 6 YEARS		MORE THAN 6 YEARS		TOTAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Instruments of the State and Chile's Central Bank										
Instruments of Chile's Central Bank	1,536	16,936	119,081	4,260	13,903	6,078	4,984	2,776	139,504	30,050
Chilean Treasury instruments	-	-	-	-	22,477	1,590	12,989	3,267	35,466	4,857
Other government instruments	508	100	33	87	-	-	14	8	555	195
Subtotal	2,044	17,036	119,114	4,347	36,380	7,668	17,987	6,051	175,525	35,102
Other Financial Instruments										
Deposit promissory notes in local banks	112,355	218,766	37,895	9,731	-	1,538	-	-	150,250	230,035
Mortage notes in local banks	-	13,699	1	637	1	417	422	2,007	424	16,760
Bonds in local banks	435	-	-		1,228		318	-	1,981	-
Other locally issued instruments	680	2,395	-	-	198	-	-	107	878	2,502
Mutual funds	60,464	111,644		-	-	-	-	-	60,464	111,644
Subtotal	173,934	346,504	37,896	10,368	1,427	1,955	740	2,114	213,997	360,941
Total trading instruments	175,978	363,540	157,010	14,715	37,807	9,623	18,727	8,165	389,522	396,043

The Bank has letters of credit issued on its behalf at December 31, 2010 and 2009 for MCh$2,996 and MCh$4,550 respectively, which are shown net of letters at credit issued by the Bank in liabilities.

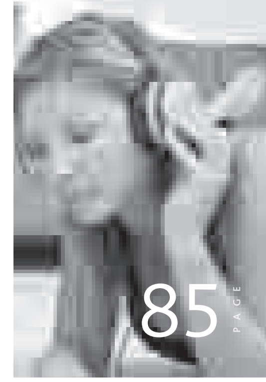
8. OPERATIONS WITH REPURCHASE AND RESALE AGREEMENTS

a) Resale (reverse repurchase agreements)

The Bank purchases financial instruments with a commitment to sell them at a future date. At December 31, 2010 and 2009, the reverse repurchase agreement assets, classified by type of debtor and maturity of the agreement, are as follows:

	FROM 1 DAY TO LESS THAN 3 MONTHS		MORE THAN 3 MONTHS, LESS THAN 1 YEAR		MORE THAN 1 YEAR		TOTAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Local banks	-	-	-	-	-	-	-	-
Other entities	-	19,917	-	890	-	-	-	20,807
Total	-	19,917	-	890	-	-	-	20,807





b) Repurchase agreement liabilities

The Bank sells financial instruments agreeing to purchase them at a future date plus interest. At December 31, 2010 and 2009, the repurchase agreement liabilities, classified by type of debtor and maturity of the agreements, are as follows:

	FROM 1 DAY TO LESS THAN 3 MONTHS		MORE THAN 3 MONTHS, LESS THAN 1 YEAR		MORE THAN 1 YEAR		TOTAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Local banks:								
Central bank	-	40,440	-	175,550	-	-	-	215,990
Other banks	15,051	8,293	-	-	-	-	15,051	8,293
Other entities	40,588	177,692	-	-	-	-	40,588	177,692
Total	55,639	226,425	-	175,550	-	-	55,639	401,975

The instruments guaranteeing the liability of these repurchase agreements are included in the Trading Securities portfolio of Note 7.

9. FINANCIAL DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

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

	CASH FLOW (F) OR FAIR VALUE (VR) HEDGE	NOTIONAL AMOUNT OF CONTRACT MATURING IN						FAIR VALUE			
		LESS THAN 3 MONTHS		FROM 3 MONTHS TO 1 YEAR		MORE THAN 1 YEAR		ASSETS		LIABILITIES	
		2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Derivatives held for											
Trading											
Currency forwards	(VR)	394,349	1,640,970	(367,055)	1,597,169	(36,864)	63,146	49,395	46,794	(40,134)	(50,287)
Interest rate swaps	(VR)	95,038	112,515	309,296	369,781	1,103,797	932,349	11,289	19,486	(17,808)	(27,209)
Currency swaps	(VR)	5,160	-	62,022	-	63,226	-	1,252	-	(1,582)	-
Interest rate put options	(VR)	-	-	-	-	-	-	-	-	(78)	(257)
Options call of rates	(VR)	-	-	-	-	-	-				
Total derivative assets/(Liabilities) held for trading		494,547	1,753,485	4,263	1,966,950	1,130,159	995,495	61,936	66,280	(59,602)	(77,753)
Derivatives held for hedge accounting											
Interest rate swap	(F)	-	-	-	-	12,363	79,583	-	-	(665)	(2,412)
Total derivative assets/(Liabilities) held for hedging		-	-	-	-	12,363	79,583	-	-	(665)	(2,412)
Total financial derivative assets/(liabilities)		494,547	1,753,485	4,263	1,966,950	1,142,522	1,075,078	61,936	66,280	(60,267)	(80,165)



b) Hedge Accounting:
The fair value adjustment recognized in equity at December 31, 2010 and 2009 of the hedge instruments is MCh$1,035 and MCh$944 (net of deferred taxes) reduction in equity value, respectively.

In January 2009, the Bank entered into a cash flow hedge. At the start of the hedge, the Bank formally documented the relationship between the hedge instruments, whose fair value recognized in equity at December 31, 2009 was MCh$944 (net of deferred taxes), decrease in equity value. On September 10, 2010, the SBIF instructed the Bank, via Management Letter N°69,858 to suspend accounting treatment of the cash flow hedge geared towards hedging the interest rate risk in renewing the deposit portfolio. At December 31, 2010, such hedge has an unamortized balance of MCh$1,098 decrease in equity value, net of deferred tax.

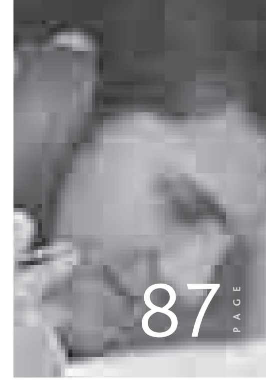
In October 2010, the Bank performed a cash flow hedge of a liability item using a cross currency swap. The fair value of the hedge instrument recognized in equity at December 31, 2010 is Ch$63 million, net of deferred tax, increase in equity value.

10. INTERBANK LOANS

a) Transactions owed by banks at December 31, 2010 and 2009 show normal behavior (normal portfolio), and credit risk is evaluated on an individual basis. Details are as follows:

	AT DECEMBER 31, 2010 MCH$	AT DECEMBER 31, 2009 MCH$
Local banks:		
Deposits en Central Bank not available	-	306,000
Inter-bank loans	1,628	1,174
Provisions for loans from local banks	-	(2)
Subtotal	1,628	307,172
Banks abroad:		
Loans to banks abroad	9,427	5,115
Other credits with banks abroad	302	158
Provisions for credits with banks abroad	(32)	(14)
Subtotal	9,697	5,259
Total	11,325	312,431





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b) The movement of provisions for interbank loans is as follows

CHANGE:	MCH$
Balance at January 1, 2009	(24)
Impaired portfolio write-offs	-
Provisions set up (Note 29)	(46)
Provisions released (Note 29)	54
Balance at December 31, 2009	(16)
Balance at January 1, 2010	(16)
Impaired portfolio write-offs	
Provisions set up (Note 29)	(43)
Provisions released (Note 29)	27
Balance at December 31, 2010	(32)

11. LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS

a) Loans and accounts receivable from customers

	ASSETS BEFORE PROVISIONS						PROVISIONS SET UP						NET ASSETS	
	NORMAL PORTFOLIO		IMPAIRED PORTFOLIO		TOTAL		INDIVIDUAL PROVISIONS		GROUP PROVISIONS		TOTAL			
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Commercial loans:														
Commercial loans	1,098,023	1,115,506	75,938	75,454	1,173,961	1,190,960	21,481	14,998	2,621	3,043	24,102	18,041	1,149,859	1,172,919
Foreign trade loans	155,132	126,731	28,379	33,812	183,511	160,543	8,287	8,312	7	4	8,294	8,316	175,217	152,227
Current account debtors	24,998	25,075	2,757	2,585	27,755	27,660	1,158	963	89	112	1,247	1,075	26,508	26,585
Factoring operations	-	-	-	-	-	-		-	-	-	-	-	-	-
Lease operations	175,529	157,847	6,577	5,346	182,106	163,193	1,368	909	60	51	1,428	960	180,678	162,233
Other credits and accounts receivable	1,604	1,515	459	475	2,063	1,990	350	323	8	9	358	332	1,705	1,658
Subtotal	1,455,286	1,426,674	114,110	117,672	1,569,396	1,544,346	32,644	25,505	2,785	3,219	35,429	28,724	1,533,967	1,515,622
Housing loans:														
Loans with letters of creit	16,429	22,026	1,664	1,641	18,093	23,667	-	-	43	28	43	28	18,050	23,639
Endorsable mortgage loans	46,655	50,641	5,830	5,464	52,485	56,105	-	-	122	118	122	118	52,363	55,987
Other mortgage loans	214,643	155,293	15,220	11,505	229,863	166,798	-	-	328	278	328	278	229,535	166,520
Lease operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other credits and accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	277,727	227,960	22,714	18,610	300,441	246,570	-	-	493	424	493	424	299,948	246,146
Consumer loans:														
Consumer credits in installments	59,578	43,845	8,250	8,737	67,828	52,582	-	-	1,334	1,624	1,334	1,624	66,494	50,958
Current account debtors	16,954	16,028	3,828	3,369	20,782	19,397	-	-	346	261	346	261	20,436	19,136
Credit card debtors	16,824	12,116	2,005	1,627	18,829	13,743	-	-	302	186	302	186	18,527	13,557
Other credits and accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	93,356	71,989	14,083	13,733	107,439	85,722	-	-	1,982	2,071	1,982	2,071	105,457	83,651
							-							
TOTAL	1,826,369	1,726,623	150,907	150,015	1,977,276	1,876,638	32,644	25,505	5,260	5,714	37,904	31,219	1,939,372	1,845,419



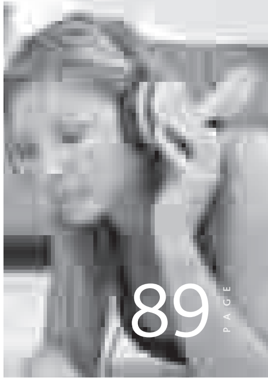
b) Movement of provisions for loan losses

Changes in provisions in 2010 and 2009 are as follows:

	INDIVIDUAL PROVISIONS MCH$	GROUP PROVISIONS MCH$	TOTAL MCH$
Balance at January 1, 2009	21,792	4,576	26,368
Impaired portfolio write-offs:			
Commercial loans	(7,106)	-	(7,106)
Housing loans	-	(113)	(113)
Consumer loans	-	(4,031)	(4,031)
Total write-offs	(7,106)	(4,144)	(11,250)
Provisions set up (Note 29)	16,635	10,042	26,677
Provisions released (Note 29)	(5,816)	(4,760)	(10,576)
Balance at December 31, 2009	25,505	5,714	31,219
Balance at January 1, 2010	25,505	5,714	31,219
Impaired portfolio write-offs:			
Commercial loans	(8,662)	-	(8,662)
Housing loans	-	(123)	(123)
Consumer loans	-	(3,517)	(3,517)
Total write-offs	(8,662)	(3,640)	(12,302)
Provisions set up (Note 29)	32,467	12,252	44,719
Provisions released (Note 29)	(16,666)	(9,066)	(25,732)
Balance at December 31, 2010	32,644	5,260	37,904

In addition to these loan loss provisions, country risk provisions have been established to cover operations abroad and additional provisions agreed upon by the Board of Directors, which are presented in liabilities under Provisions (Note 21).

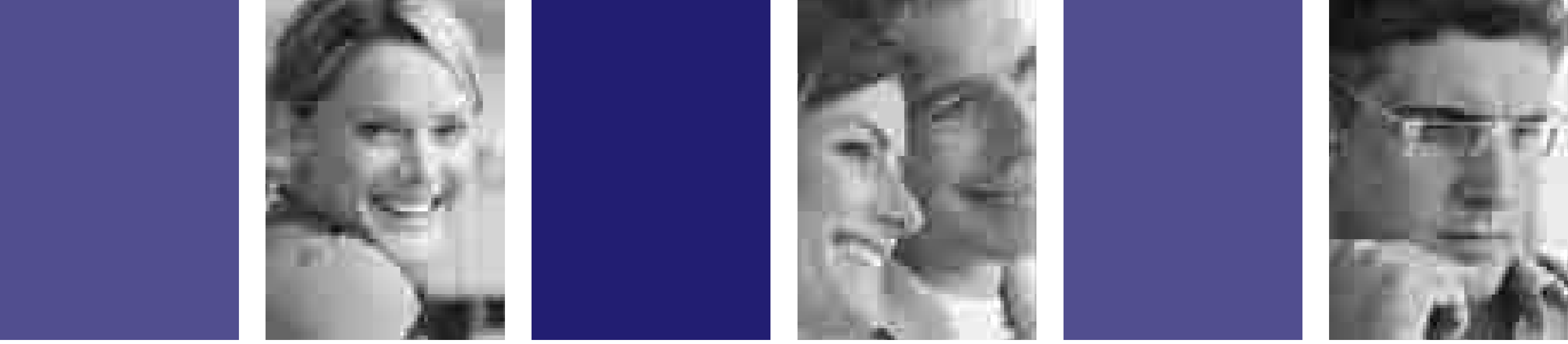
As at December 31, 2009 and 2008, Loans and Accounts Receivable from Customers show no impairment.



c) Gross loans grouped by type of debtors' economic activity

The following table shows the main concentrations of loans to customers grouped by economic activity, expressed in amounts and as a percentage of the total before provisions:

	LOCAL CREDITS		FOREIGN CREDITS		TOTAL			
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 %	2009 %
Commercial loans								
Manufactures	136,132	188,295	2,847	825	138,979	189,120	7%	10%
Mining	17,041	17,242	-	-	17,041	17,242	1%	1%
Electricity, gas and water	9,988	10,794	-	-	9,988	10,794	1%	1%
Agriculture and livestock	50,802	48,884	2,333	-	53,135	48,884	3%	3%
Forestry	12,453	11,967	-	-	12,453	11,967	1%	1%
Fishery	34,828	32,027	-	-	34,828	32,027	2%	2%
Transport	36,556	42,368	-	-	36,556	42,368	2%	2%
Telecommunications	22,185	22,869	-	-	22,185	22,869	1%	1%
Construction	138,834	154,282	-	-	138,834	154,282	7%	8%
Commerce	374,120	313,308	7,668	5,036	381,788	318,344	19%	17%
Financial and insurance services	343,388	280,881	1,912	2,472	345,300	283,353	17%	15%
Real estate	78,000	80,185	-	-	78,000	80,185	4%	4%
Company services	83,273	60,647	-	-	83,273	60,647	4%	3%
Community services	182,045	154,514	-	-	182,045	154,514	9%	8%
Others	34,861	115,217	130	2,533	34,991	117,750	2%	6%
Subtotal	1,554,506	1,533,480	14,890	10,866	1,569,396	1,544,346		
Housing loans	300,441	246,570	-	-	300,441	246,570	15%	13%
Consumer loans	107,439	85,722	-	-	107,439	85,722	5%	5%
Total	1,962,386	1,865,772	14,890	10,866	1,977,276	1,876,638		



12. INVESTMENT INSTRUMENTS

As of December 31, 2010 and 2009, the Bank and its subsidiaries have the following balances, valued at fair value, included under the concept of investments available for sale:

Investments available for sale

AVAILABLE FOR SALE	UP TO 1 YEAR		MORE THAN 1 YEAR AND UP TO 3 YEARS		MORE THAN 3 YEARS AND UP TO 6 YEARS		MORE THAN 6 YEARS		TOTAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Instruments of the State and Chile's Central Bank										
Instruments of Chile's Central Bank	-	-	11	137,851	-	12,227	-	-	11	150,078
Chilean Treasury instruments	-	-	-	-	-	22,475	-	7,830	-	30,305
Subtotal	-	-	11	137,851	-	34,702	-	7,830	11	180,383
Other Financial Instruments										
Promissory notes of deposits in local banks	157,657	203,163	4,630	14,036	-	-	-	-	162,287	217,199
Mortgage notes in local banks	16	1	376	566	1,610	1,625	35,763	28,217	37,765	30,409
Local company bonds	3,044	3,063	16,714	512	20,748	1,119	6,833	12,445	47,339	17,139
Other instruments issued abroad	947	1,110	1,768	995	7,313	14,985	20,577	22,133	30,605	39,223
Subtotal	161,664	207,337	23,488	16,109	29,671	17,729	63,173	62,795	277,996	303,970
Total investments available for sale	161,664	207,337	23,499	153,960	29,671	52,431	63,173	70,625	278,007	484,353

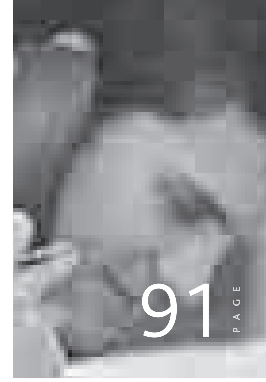
At December 31, 2010, there are no sales operations with repurchase agreements with customers and Chile's Central Bank. In 2009, those operations amounted to MCh$217,245.

At December 31, 2010 and 2009, the portfolio of instruments available for sale includes net unrealized losses of Ch$73 million and Ch$2,405 million respectively, recorded as equity valuation adjustments.

In management's opinion, investments in securities available for sale as at December 31, 2010 and 2009 show no evidence of impairment.

At December 31, 2010 and 2009, the Bank does not have any held-to-maturity investments.





13. INVESTMENTS IN OTHER COMPANIES

Investments in companies correspond to shares and rights in companies that support the Bank's line of business. They are valued at cost. Their investment values and income received (dividends and distribution of net income) are as follows:

	INTEREST		AMOUNT OF INVESTMENT						INCOME AT DECEMBER 31	
			BALANCE AT JANUARY 1		PURCHASE/SALE		BALANCE AT DECEMBER 31			
	2010 %	2009 %	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Santiago Stock Exchange	2.08	2.08	305	305	-	-	305	305	71	89
Electronic Stock Exchange	2.44	2.44	61	61	-	-	61	61	-	-
Combanc S.A.	4.72	4.72	134	34	-	100	134	134	9	-
Deposito Central de Valores S.A.	3.60	3.60	58	58	-	-	58	58	11	-
Other investments in companies			63	63	-	-	63	63	63	116
Total investments in companies			621	521	-	100	621	621	154	205

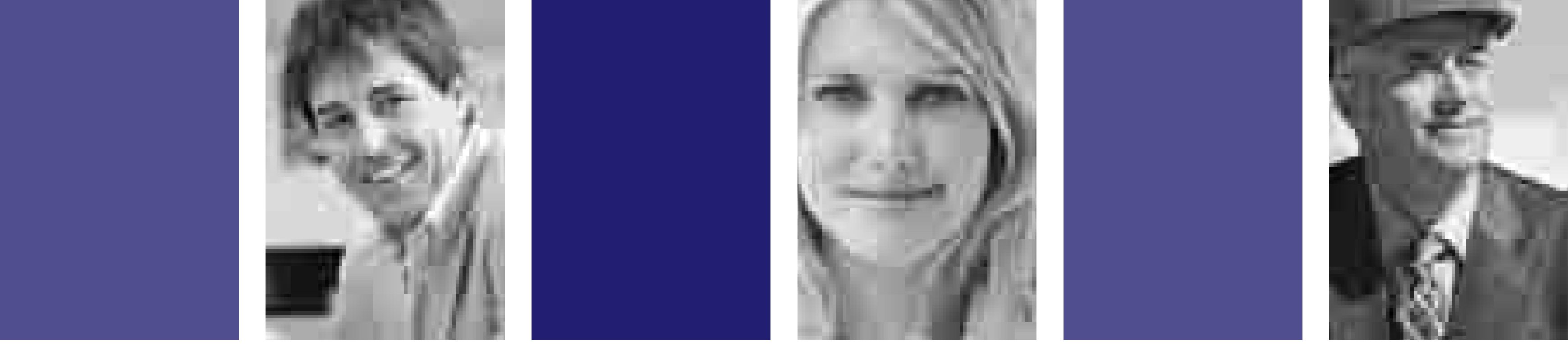
The Bank has not recorded any impairment associated with these investments.

In April 2009, the Bank acquired 340 shares of Combanc S.A. at a cost of Ch$100 million.

14. INTANGIBLE ASSETS

a) The intangibles that the Bank and its subsidiaries maintain current as of December 31, 2010 and 2009 correspond to internal developments which are in production or at the development stage:

TYPE OF INTANGIBLE:	YEARS OF USEFUL LIFE		REMAINING YEARS OF AMORTIZATION		GROSS BALANCE		ACCUMULATED AMORTIZATION		NET BALANCE	
	2010	2009	2010	2009	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Acquired	-	-	-	-	-	-	-	-	-	-
Generated internally	3.90	3.27	1.40	1.75	26,940	19,918	(5,185)	(3,794)	21,755	16,124
Total					26,940	19,918	(5,185)	(3,794)	21,755	16,124

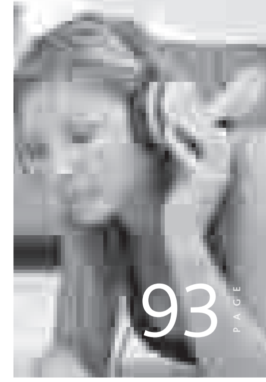


b) The movement of intangible assets during the period from January 1 to December 31, 2010 and 2009 is as follows:

	MOVEMENT INTANGIBLES				
	INTANGIBLES		ACCUMULATED AMORTIZATION	ACCUMULATED IMPAIRMENT	TOTAL
	ACQUIRED MCH$	GENERATED INTERNALLY MCH$	MCH$	MCH$	MCH$
Balance at January 1, 2009	-	15,354	(2,633)	-	12,721
Acquisitions	-	4,564	-	-	4,564
Transfer to intangibles in use	-	-	-	-	-
Amortization for the period	-	-	(1,161)	-	(1,161)
Impairment for the period	-	-	-	-	-
Balance at December 31, 2009	-	19,918	(3,794)	-	16,124
Balance at January 1, 2010	-	19,918	(3,794)	-	16,124
Acquisitions	-	7,101	-	-	7,101
Transfer to intangibles in use	-	-	-	-	-
Amortization for the period	-		(1,470)	-	(1,470)
Impairment for the period	-	-	-	-	-
Balance at December 31, 2010	-	27,019	(5,264)	-	21,755

During 2010 and 2009, the Bank's management did not identify any circumstances that could cause possible impairment of the assets included under this item.





15. PROPERTY, PLANT AND EQUIPMENT

a) Property, Plant and Equipment

	MOVEMENT PROPERTY, PLANT AND EQUIMENT									
	BUILDINGS AND LAND			EQUIPMENT			OTHER PROPERTY, PLANT AND EQUIPMENT			NET ASSETS
	GROSS ASSETS	DEPRECIATION ACCUMULATED	IMPAIRMENT ACCUMULATED	GROSS ASSETS	DEPRECIATION ACCUMULATED	IMPAIRMENT ACCUMULATED	GROSS ASSETS	DEPRECIATION ACCUMULATED	IMPAIRMENT ACCUMULATED	
	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$
Balance at January 1, 2009	19,750	(1,076)	-	5,178	(4,507)	-	8,864	(3,786)	-	24,423
Additions	-	-	-	140	-	-	468	-	-	608
Withdrawals/write-offs	-	-	-	(240)	-	-	(1,026)	-	-	(1,266)
Depreciation for the year	-	(242)	-	-	(289)	-	-	(743)	-	(1,274)
Impairment for the period	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2009	19,750	(1,318)	-	5,078	(4,796)	-	8,306	(4,529)	-	22,491
Balance at January 1, 2010	19,750	(1,318)	-	5,078	(4,796)	-	8,306	(4,529)	-	22,491
Additions	468	-	-	1,694	-	-	25	-	-	2,187
Withdrawals/write-offs	(751)	-	-	-	-	-	-	-	-	(751)
Depreciation for the year	-	(251)	-	-	(300)	-	-	(681)	-	(1,232)
Impairment for the period	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2010	19,467	(1,569)	-	6,772	(5,096)	-	8,331	(5,210)	-	22,695

b) Future operating lease payments

Future minimum lease payments that must be disbursed for operating lease agreements that cannot be terminated unilaterally without incurring penalties, as of December 31, 2010 and 2009, are as follows

	FUTURE LEASE CASH FLOWS							
	LESS THAN 1 YEAR		FROM 1 TO 5 YEARS		MORE THAN 5 YEARS		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009
	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$
Operating lease contracts	1,103	1,062	2,908	2,362	273	1,523	4,284	4,947

c) Lease expenses

Operating lease expenses for the agreements described in Note b) above for 2010 and 2009 are as follows:

	AT DECEMBER 31 2010	AT DECEMBER 31 2009
	MCH$	MCH$
Operating lease expenses	1,356	1,261

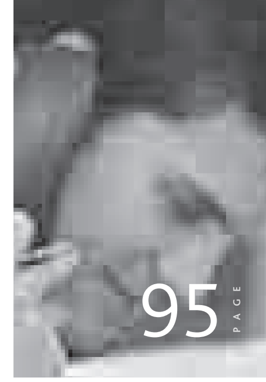
As of December 31, 2010 and 2009, the Bank does not have any finance lease agreements.

16. CURRENT AND DEFERRED TAXES

a) Current taxes

Details of deferred tax assets and liabilities at December 31, 2010 and 2009 are as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Income tax,17% tax rate	(5,305)	(9,746)
Tax on disallowed expenses - 35%	(17)	(1)
Less:		
Monthly provisional payments	5,559	1,686
Accumulated loss article 31 paragraph 3	-	808
Training expense credits	138	9
Others	3	11
Total	378	(7,233)
Refundable tax	378	-
Payable income tax	-	(7,233)
Current tax liability	-	(7,233)
Refundable tax income provision	378	-
Other tax credits	272	3,021
Current tax asset	650	3,021



b) Income tax expense

Income tax expense during the years ended December 31, 2010 and 2009 is as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Income tax expense:		
Current year tax	5,305	9,746
Single tax for the year	16	-
Adjustment to tax expense, prior years	(366)	-
Subtotal	4,955	9,746
Deferred tax credit (charge)		
Origin and reverse of temporary differences	231	(4,950)
Net charge to income from income tax	5,186	4,796

On July, 29, 2010, Law 20.455, "Amends various laws to obtain resources aimed at financing the reconstruction of the country", was enacted and published in the Official Gazette on July 31, 2010. Among other things, this law stipulates a temporary increase in the income tax rate for business years 2011 and 2012 (to 20% and 18.5%, respectively), dropping back to 17% in 2013.

As a result of these temporary changes in the income tax rate and their effects on deferred tax assets and liabilities, (which will reverse in future years), income tax expense recognized by the Bank has decreased by Ch$314 million as of December 31, 2010 when compared to the income tax that the Bank would have recognized using the 17% statutory rate in force in 2010.

c) Deferred taxes

The deferred taxes on temporary differences are presented below:

c.1) Effect of Deferred Taxes on Equity (Valuation Accounts):

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Investments available for sale	15	492
Hedges	212	194
Others	-	-
Total	227	686

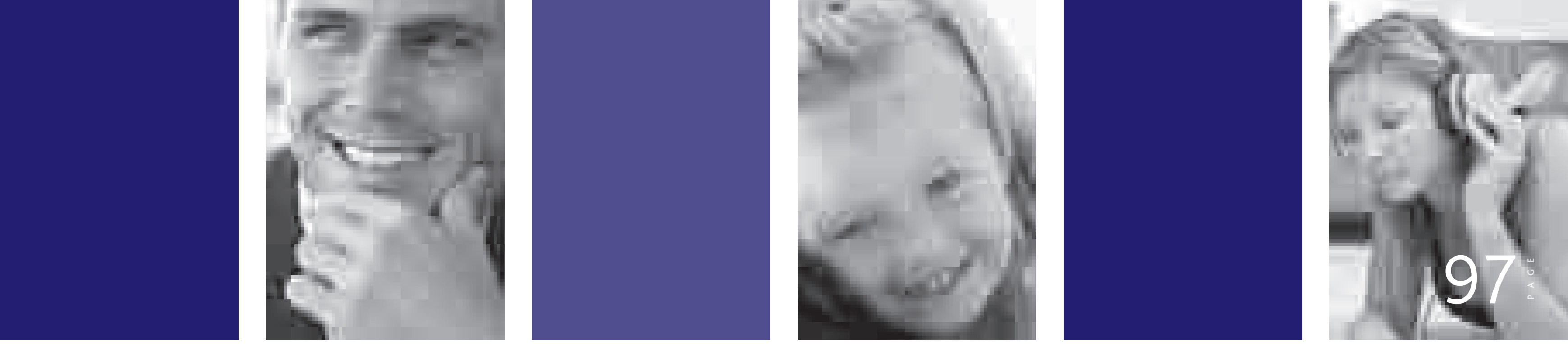


c.2) Effect of deferred taxes:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Deferred tax assets:		
Global provision portfolio	5,102	3,465
Goodwill provision portfolio	100	-
Negative goodwill provision swaps	77	213
Global provision recovered assets	194	28
Provision for lease contracts	-	157
Forward contracts	901	1,576
Lease tax assets	28,044	28,946
Investments in companies	-	-
Effective interest rate	-	-
Suspended interest	220	189
Others	1,493	1,611
Total deferred tax assets	36,131	36,185
Deferred tax liabilities:		
Lease assets	(3,975)	(4,174)
Lease contracts	(27,913)	(27,593)
Depreciation property, plant and equiment	(1,077)	(1,521)
Effective interest rate	(320)	-
Others	(1,378)	(838)
Total deferred tax liabilities	(34,663)	(34,126)
Total assets (liabilities)	1,468	2,059

c.3) Total Deferred Taxes:

Effect of Deferred Taxes on Equity	227	686
Effect of Deferred Taxes on Income	1,241	1,373
Total Assets (Liabilities) net	1,468	2,059



c.4) Reconciliation of income tax rate:

The reconciliation of the income tax rate and the rate actually used in calculating the tax expense at December 31, 2010 and 2009 is specified below:

	AT DECEMBER 31, 2010		AT DECEMBER 31, 2009	
	INTEREST RATE	AMOUNT MCH$	INTEREST RATE	AMOUNT MCH$
Income before tax	17.0%	7,504	17.0%	4,775
Permanent differences	-4.2%	(1,839)	-0.1%	(35)
Additions or deductions				
Single tax (disallowed expenses)	0.0%	16	0.0%	-
Amortization deferred tax supplementary accounts	0.0%	-	0.0%	-
Non-deductible expenses (financial and non-tax expenses)	0.0%	-	0.0%	-
Adjustments prior year	-0.7%	(313)	0.0%	-
Effect of change in tax rates	-0.7%	(314)	0.0%	-
Others	0.3%	132	0.2%	56
Effective income tax rate and expense	11.7%	5,186	17.1%	4,796

d) Joint Regulation of the Superintendency of Banks and Financial Institutions – Circular 3478 – and the Internal Revenue Service – Circular 47.

Details at December 31, 2010 and 2009 of the tax treatment of provisions, write-offs, renegotiations and remission of loans granted by the Bank are specified below:

d.1) Loans and accounts receivable from customers at December 31:

	ASSETS AT FINANCIAL STATEMENT VALUE		ASSETS AT TAX VALUE					
			TOTAL		PAST-DUE PORTFOLIO WITH COLLATERAL		PAST-DUE PORTFOLIO WITHOUT COLLATERAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Commercial loans	1,387,290	1,381,153	1,390,896	1,382,268	6,661	4,536	8,913	10,935
Consumer loans	107,439	85,722	300,441	85,722	27	45	371	336
Housing mortgage loans	300,441	246,570	107,439	246,570	322	427	-	7
Bank loans	11,357	312,447	11,356	312,431	-	-	-	-
Total	1,806,527	2,025,892	1,810,132	2,026,991	7,010	5,008	9,284	11,278



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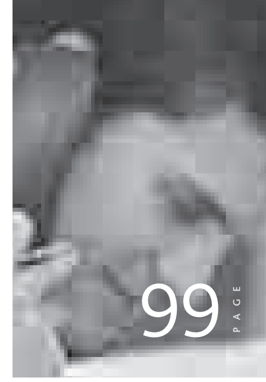
d.2) Provisions for past-due portfolio:

	BALANCE AT JANUARY 1		WRITE-DOWN AGAINST PROVISION		PROVISIONS MADE		PROVISIONS RELEASED		BALANCE AT DECEMBER 31	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Commercial loans	10,935	10,997	(7,201)	(6,374)	5,179	6,262	-	-	8,913	10,935
Consumer loans	336	414	-	-	35	-	-	(78)	371	336
Housing mortgage loans	7	-	-	-	-	57	-	-	-	7
Bank loans	-	-	-	-	-	-	-	-	-	-
Total	11,278	11,411	(7,201)	(6,374)	5,214	6,319	-	(78)	9,284	11,278

d.3) Write-offs, loan forgiveness, and recoveries:

DIRECT WRITE-OFFS AND RECOVERIES	AT DECEMBER 31		APPLICATION OF ARTICLE 31, NUMBER 4, PARAGRAPHS ONE AND THREE	AT DECEMBER 31	
	2010 MCH$	2009 MCH$		2010 MCH$	2009 MCH$
Direct write-offs Article 31 Number 4, paragraph two	4,377	4,095	Write-offs according to paragraph one	-	-
Cancellations releasing provisions	-	-	Cancellations according to paragraph two	-	-
Recovery or renegotiation of written-off loans	718	818		-	-





17. OTHER ASSETS

a) Details of other assets at December 31, 2010 and 2009 are as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Assets for leasing	24,151	26,642
Assets received in lieu of payment or awarded		
Assets received in lieu of payment	4,152	806
Assets awarded in court-ordered auctions	618	-
Provision for assets received in lieu of payment	(1,140)	(42)
Subotal - Assets received in lieu of payment or awarded	3,630	764
Other assets		
VAT credit	3,559	2,963
Prepaid expenses	1,254	1,347
Brokerage debtors	-	24,617
Operations receivable from treasury	-	7,266
Others	-	3,985
Subtotal - Other assets	4,812	40,178
Total other assets	32,593	67,584

Lease assets comprise assets available for delivery in a finance lease.

The Bank has no property, plant and equipment held for sale that must be presented under this heading.

b) The movement of provisions for assets received in lieu of payment during the years ended December 31, 2010 and 2009 established in conformity with the regulations of the SBIF was as follows:

MOVEMENT:		MCH$
Balance at January 1, 2009		**(280)**
Set up:	Provision	(115)
	Impairment	-
Release:	Provision	353
	Impairment	-
Balance at December 31, 2009		(42)
Balance at January 1, 2009		(42)
Set up:	Provision	(1,098)
	Impairment	-
Release:	Provision	-
	Impairment	-
Balance at December 31, 2009		(1,140)



18. DEPOSITS AND OTHER OBLIGATIONS

Deposit obligations maintained by the Bank are classified into demand or time deposits, detailed as follows

a) Deposits and other on demand obligations

At December 31, 2010 and 2009, details of deposits and other on demand obligations are as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Checking Accounts:		
Current accounts local banks	5	-
Current accounts other legal entities	174,273	136,518
Current accounts individuals	65,270	56,774
Subtotal	239,548	193,292
Other deposits and on demand accounts:		
Money orders	14,347	12,317
Other on demand deposit accounts	2,484	2,244
Subtotal	16,831	14,561
Other on demand obligations:		
Deposits for court-ordered consignments	76	66
Performance bonds payable on demand	201	234
Collections made to be paid	3,228	1,767
Export proceeds to be settled	847	217
Pending payment orders	2,360	6,213
Payments to the account of credits to be paid	204	320
Inactive balances article 156 LGB	643	577
Expired time deposits	941	1,718
Past-due bond coupons and letters of credit	286	83
Other on demand obligations	20,299	36,729
Subtotal	29,085	47,924
Total	285,464	255,777

b) Time deposits and other time liabilities

At December 31, 2010 and 2009, details of time deposits, classified according to their maturity, are as follows

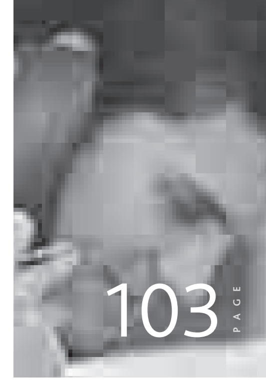
	UP TO 1 YEAR		MORE THAN 1 YEAR AND UP TO 3 YEARS		MORE THAN 3 YEARS AND UP TO 6 YEARS		MORE THAN 6 YEARS		BALANCE AT	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Time deposits										
Domestics banks	24,964	33,317	-	-	-	-	-	-	24,964	33,317
Foreign banks	-	-	-	-	-	-	-	-	-	-
Other legal entities	1,573,667	1,446,717	67,705	126,719	-	12,303	-	-	1,641,372	1,585,739
Individuals	27,771	30,245	176	1	-	-	-	-	27,947	30,246
Subtotal	1,626,402	1,510,279	67,881	126,720	-	12,303	-	-	1,694,283	1,649,302
Other time deposite balances										
Performance bonds payable with 30 days advanced notice	2,427	2,114	-	-	-	-	-	-	2,427	2,114
Others	1	2	-	-	-	-	-	-	1	2
Subtotal	2,428	2,116	-	-	-	-	-	-	2,428	2,116
Total	1,628,830	1,512,395	67,881	126,720	-	12,303	-	-	1,696,711	1,651,418

19. INTERBANKS BORROWINGS

At December 31, 2010 and 2009, interbank borrowings were as follows:

	UP TO 1 YEAR		MORE THAN 1 YEAR AND UP TO 3 YEARS		MORE THA 3 YEARS AND UP TO 6 YEARS		MORE THAN 6 YEARS		BALANCE AT	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Local banks:										
Interbank loans	936	4,264	-	-	-	-	-	-	936	4,264
Current account overdrafts	1,140	1,313	-	-	-	-	-	-	1,140	1,313
Subtotal	2,076	5,577	-	-	-	-	-	-	2,076	5,577
Foreign banks:										
Financing for Chilean exports	7,151	64,783	-	-	-	-	-	-	7,151	64,783
Financing for Chilean imports	119,139	42,384	-	-	-	-	-	-	119,139	42,384
Obligations from transactions between other countries	7,342	157	16,426	15,260	-	-	-	-	23,768	15,417
Loans and other obligations	3,848	3,959	-	-	-	-	-	-	3,848	3,959
Subtotal	137,480	111,283	16,426	15,260	-	-	-	-	153,906	126,543
Chile's Central Bank:	-	-	-	-	-	-	-	-	-	-
Total	139,556	116,860	16,426	15,260	-	-	-	-	155,982	132,120





20. DEBT INSTRUMENTS ISSUED AND OTHER OBLIGATIONS

The composition and maturity of issued debt instruments and other financial obligations at December 31, 2010 and 2009 are as follows:

a) Issued debt instruments

	UP TO 1 YEAR		MORE THAN 1 YEAR AND UP TO 3 YEARS		MORE THAN 3 YEARS AND UP TO 6 YEARS		MORE THAN 6 YEARS		BALANCE AT	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Letters of credit:										
Mortgage letters of credit	2,182	362	3,878	146	4,946	1,812	5,743	19,186	16,749	21,506
General purpose letters of credit	5,566	548	9,637	2,414	12,232	6,792	21,480	47,538	48,915	57,292
Subtotal	7,748	910	13,515	2,560	17,178	8,604	27,223	66,724	65,664	78,798
Bonds:										
Senior bonds	2,166	89,412	64,367	74,515	89,795	61,332	102,659	112,212	258,987	337,471
Subordinated bonds	1,158	1,003	-	4,160	-	12,012	99,770	82,378	100,928	99,553
Subtotal	3,324	90,415	64,367	78,675	89,795	73,344	202,429	194,590	359,915	437,024
Total	11,072	91,325	77,882	81,235	106,973	81,948	229,652	261,314	425,579	515,822

b) Other financial obligations

	UP TO 1 YEAR		MORE THAN 1 YEAR AND UP TO 3 YEARS		MORE THAN 3 YEARS AND UP TO 6 YEARS		MORE THAN 6 YEARS		AT DECEMBER 31 2009	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Public sector obligations										
CORFO financing	346	736	6,921	8,202	9,226	15,909	20,046	25,211	36,539	50,058
Subtotal	346	736	6,921	8,202	9,226	15,909	20,046	25,211	36,539	50,058
Other local obligations:										
Owed to credit card operators	1,819	1,313	-	-	-	-	-	-	1,819	1,313
Subtotal	1,819	1,313	-	-	-	-	-	-	1,819	1,313
Total	2,165	2,049	6,921	8,202	9,226	15,909	20,046	25,211	38,358	51,371



21. PROVISIONS

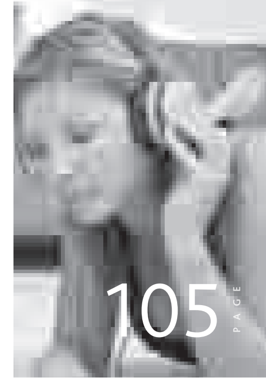
a) At December 31, 2010 and 2009, the Bank and its subsidiaries set up the following provisions:

		AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Provisions for vacations		1,234	1,071
Provision for minimum dividends		10,112	6,912
Provisions for contingent credit risks			
Sureties and collateral		89	54
Foreign letters of credit confirmed		1	-
Documented letters of credit issued		235	133
Performance bonds		649	580
Subtotal - Contingent credit risks		974	767
Provisions for contingencies			
Provisions for country risk		56	137
Additional loan provisions			
Additional for credits at risk		-	500
Early adoption of change in regulations January 2011	(1)	400	-
Contingent credit risk exposure	(1)	1,593	-
Total additional provisions for loans		1,993	500
Provisions for employee benefits		199	85
Other provisions for contingencies		1,720	1,439
Subtotal - Provisions for contingencies		3,968	2,161
Total Other Provisions		16,288	10,911

(1) At December 31, 2010, the Bank has set up provisions as stipulated in Circulars 3,489 and 3,503 of the SBIF; for further details see Note 3 Accounting Changes.

In the Bank Management's opinion, the provisions established cover all possible losses that might result from non-recovery of assets, based on the evidence examined by the Bank and its subsidiaries.





b) Changes in provisions in 2010 and 2009 are as follows:

	EMPLOYEE VACATIONS MCH$	MINIMUM DIVIDENDS MCH$	CONTINGENT CREDIT RISKS MCH$	OTHER CONTINGENCIES MCH$	TOTAL MCH$
Balance at January 1, 2009	1,077	7,304	723	649	9,753
Provisions established	413	6,912	941	2,111	10,377
Provisions released	(419)	(7,304)	(897)	(599)	(9,219)
Balance at December 31, 2009	1,071	6,912	767	2,161	10,911
Balance at January 1, 2010	1,071	6,912	767	2,161	10,911
Provisions established	424	9,281	1,285	3,070	14,060
Provisions released	(261)	(6,081)	(1,078)	(1,263)	(8,683)
Balance at December 31, 2010	1,234	10,112	974	3,968	16,287

22. OTHER LIABILITIES

Details of other liabilities at December 31, 2010 and 2009 are as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Accounts and notes payable	11,121	6,458
Dividends payable	34	41
Unearned income	429	752
Obligations sold short	162	1,326
Client brokerage creditors	32,282	9,331
Stockbroker brokerage creditors	4,848	6,349
Other liabilities	5,044	14,605
Total	53,920	38,862

23. CONTINGENCIES AND COMMITMENTS

a) Litigation and legal proceedings

Normal legal contingencies of the industry

At the issuance date of these consolidated financial statements, there are several legal actions brought against the Bank and its subsidiaries involving typical operations of its line of business. In the opinion of Management, and based on information provided by legal counsel, the Bank and its subsidiaries are not estimated to incur any significant losses not already considered in these financial statements.

Contingencies involving lawsuits in the courts of law

At December 31, 2010, according to the policy in force for contingencies involving court proceedings, the Bank set up a provision of US$174,943 for a sentence after appeal for indemnification. At December 31, 2009, the Bank did not have any lawsuits in court.



b) Contingent loans

The table below shows the contractual amounts of transactions forcing the Bank to grant loans and the amount of the provisions set up for the credit risk assumed:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Performance bonds	143,623	108,958
Amounts available for credit card users	136,897	106,290
Documented letters of credit	53,043	16,486
Sureties and collaterals	22,623	17,571
Provisions (1)	(1,593)	(767)
Total	354,593	248,538

(1) The provisions balance is included in additional loan provisions in Note 21.

c) Responsibilities

The bank and its subsidiaries maintain the following liabilities arising from the normal course of their business:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Securities and letters in guarantee	1,675,209	1,514,318
Instruments in custody	197,593	416,366
Credits approved but not disbursed	185,441	151,750
Signed lease contracts	56,091	80,740
Notes under collection	1,795	2,584
Total	2,116,129	2,165,758

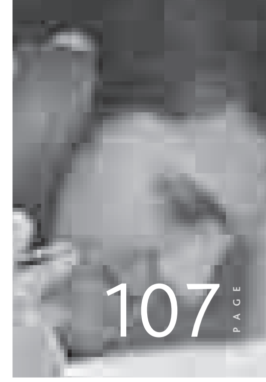
d) Guarantees furnished

At December 31, 2010 and 2009, the Bank does not hold any assets in guarantee.

At December 31, 2010 and 2009, Valores Security S.A. Corredores de Bolsa (one of the Banks' subsidiaries), held a guarantee through Compañía de Seguros de Crédito Continental S.A. for UF 20,000 (inflation index-linked units of account) maturing on April 22, 2012 and 2010, respectively, in accordance with articles 30 and 31 of Law 18,045 (Securities Market Low). The Santiago Stock Exchange was designated as the trustee and custodian of such guarantee.

In light of the Circular issued by the Santiago Stock Exchange stating that all brokers should have comprehensive insurance as of February 1, 1998, at December 31, 2010 and 2009, Valores Security S.A. Corredores de Bolsa held a full bank insurance contract with Liberty Compañía de Seguros Generales S.A. for UF 300,000, maturing on June 30, 2011 and 2010, respectively, and which considered all of the coverage specified in the aforementioned Circular.





To guarantee time transactions through at December 31, 2010 and 2009, Valores Security S.A. Corredores de Bolsa held shares for MCh$14,820 and MCh$9,058, respectively, deposited in custody with the Santiago Stock Exchange.

To guarantee voluntary retirement savings operations, at December 31, 2010, Valores Security S.A. Corredores de Bolsa held a performance bond for UF 10,000 with Banco Security, maturing on January 10, 2011.

To guarantee fulfillment of the Settlement Compensation System's operations, at December 31, 2010 and 2009, Valores Security S.A. Corredores de Bolsa held financial instruments in guarantee for Ch$758 million and MCh$1,422, respectively, in CCLV Central Counterpart.

At December 31, 2010, Valores Security S.A. Corredores de Bolsa did not have any instruments in custody guaranteeing short selling operations on its own account. The guarantees furnished for the same concept at December 31, 2009 in the Santiago Stock Exchange amounted to MCh$ 1338.

24. EQUITY

a) The Bank's authorized share capital consists of 167,894,208 single series shares, of which 151,819,041 have been effectively subscribed and paid.

Share movement is as follows:

	ORDINARY SHARES		PREFERRED SHARES	
	2010	2009	2010	2009
Opening balance	151,819,041	151,809,665	-	-
Payment of subscribed shares		9,376	-	-
Balance	151,819,041	151,819,041	-	-

At year-end, the Bank's ownership was distributed as follows:

SHAREHOLDERS	2010		2009	
	NO. OF SHARES	% OWNERSHIP INTEREST	NO. OF SHARES	% OWNERSHIP INTEREST
Grupo Security	151,747,576	99.95	151,739,816	99.95
Others	71,465	0.05	79,225	0.05
Total	151,819,041	100.00	151,819,041	100.00



BANCO | security

b) At December 31, 2010 and 2009, earnings per share amount are as follow:

Attributable to the Bank owners

		2010	2009
Net income for the year	MCh$	33.706	23.040
Average outstanding shares		151,819,041	151,817,478
Earnings per share:			
Basic	$	222	152
Diluted	$	222	152

c) The Consolidated Statement of Changes in Equity includes valuation accounts which are specified as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Investments available for sale:		
Valuation	(88)	(2,897)
Deferred tax	15	492
Subtotal	(73)	(2,405)
Cash flow hedges:		
Valuation	(1,247)	(1,138)
Deferred tax	212	194
Subtotal	(1,035)	(944)
Total	(1,108)	(3,349)

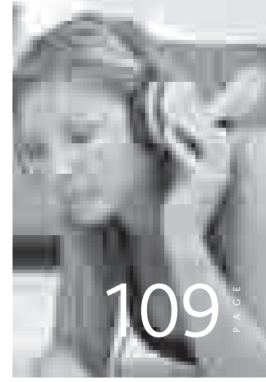
d) The following dividends were declared and paid in the years ended December 31, 2010 and 2009:

DESCRIPTION	EARNINGS TO BE DISTRIBUTED MCH$	DIVIDENDS MCH$	RESERVES MCH$	DIVIDENDS PER SHARE $
2008 Business year Shareholders' Meeting 27	24,346	7,720	16,630	50,85
2009 Business year Shareholders' Meeting 28	23,040	23,040	-	151,76

As of December 31, 2010 and 2009, the Bank established a provision of MCh$10,112 and MCh$6,912, respectively, for payment of minimum dividends contemplated in Law 18,046 (Corporate Law) and in accordance with Chapter B4 of the Compendium of Accounting Standards of the SBIF.

e) Basic capital and effective equity. According to the General Banking Law, a financial institution's minimum basic capital may not be less than 3% of its total assets, while the effective equity may not be less than 8% of its risk weighted assets. At December 31, 2010, these parameters for Banco Security were 6.08% (5.41% en 2010) and 12.45% (12.56% in 2009), respectively. For further details on the Effective Equity and Risk Weighted Assets, see Note 36 on Risk Management, item number VII, "Capital Requirements".





25. INTEREST INCOME AND EXPENSE

Interest accrued and earned at December 31, 2010 and 2009 is as follows:

a) Interest income

	INTEREST		INDEXATION		TOTAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Repurchase agreements	276	1.080	-	-	276	1.080
Loans to banks	731	1.408	-	-	731	1.408
Commercial loans:						
Commercial loans:	55.785	73.091	10.275	(10.481)	66.060	62.610
Foreign trade loans	5.554	11.664	-	(561)	5.554	11.103
Current account loans	9.773	11.230	-	-	9.773	11.230
Factoring operations	-	-	-	-	-	-
Lease contracts	10.945	11.192	3.779	(3.234)	14.724	7.958
Total income from commercial loans	82.057	107.177	14.054	(14.276)	96.111	92.901
Housing loans:						
Loans with letters of credit	889	1.120	484	(687)	1.373	433
Commissions on loans with letters of credit	87	101	-	-	87	101
Loans with endorsable mortgage mutual funds	2.519	1.893	1.376	(1.406)	3.895	487
Other housing loans	8.032	5.643	4.837	(2.283)	12.869	3.360
Total income from housing loans	11.527	8.757	6.697	(4.376)	18.224	4.381
Consumer loans:						
Consumer credits in installments	6.507	6.785	85	(61)	6.592	6.724
Credit card credits	2.559	2.779	-	-	2.559	2.779
Total income from consumer loans	9.066	9.564	85	(61)	9.151	9.503
Investment instruments:						
Investments available for sale	7.369	13.031	1.926	(4.828)	9.295	8.203
Indexation of investments available for sale		-	-	-	-	-
Total income from investments available for sale	7.369	13.031	1.926	(4.828)	9.295	8.203
Other interest or indexation income	894	483	36	-	930	483
Total interest and indexation income	111.920	141.500	22.798	(23.541)	134.718	117.959

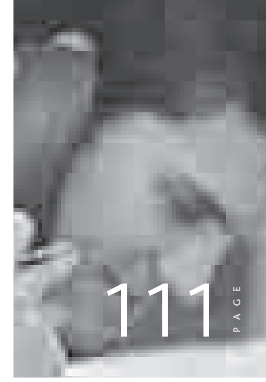
Interest and adjustments suspended for loans included in the impaired portfolio totaled Ch$154 million and Ch$50 million at December 31, 2010 and 2009, respectively.

b) Interest expense

Details of interest expense at December 31, 2010 and 2009 are as follows:

	INTEREST		INDEXATION		OTHERS		TOTAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Deposits								
On demand deposits	(171)	(179)	(36)	-	-	-	(207)	(179)
Time deposits	(33,415)	(62,575)	(7,674)	12,366	-	-	(41,089)	(50,209)
Total expenses for deposits	(33,586)	(62,754)	(7,710)	12,366	-	-	(41,296)	(50,388)
Repurchase agreements	(1,183)	(2,692)	-	-	-	-	(1,183)	(2,692)
Obligations with banks	(1,300)	(4,369)	-	-	-	-	(1,300)	(4,369)
Debt instruments issued								
Interest from letters of credit	(2,869)	(3,344)	(1,681)	2,108	-	-	(4,550)	(1,236)
Interest from senior bonds	(10,359)	(11,373)	(7,179)	5,675	-	-	(17,538)	(5,698)
Interest from subordinated bonds	(5,099)	(5,863)	(2,419)	3,979	-	-	(7,518)	(1,884)
Total expenses for debt instruments issued	(18,327)	(20,580)	(11,279)	11,762	-	-	(29,606)	(8,818)
Other interest or indexation expenses	(2,005)	(1,904)	(896)	1,253	-	-	(2,901)	(651)
Gain (loss) from accounting hedges	-	-	-	-	(2,072)	651	(2,072)	651
Total interest expense	(56,401)	(92,299)	(19,885)	25,381	(2,072)	651	(78,358)	(66,267)





26. COMMISSIONS

Commission income and expenses at December 31, 2010 and 2009 shown in the statements of income are as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Commission income		
Lines of credit and overdrafts	1,313	1,556
Sureties and letters of credit	3,457	3,651
Card services	3,164	2,584
Account management	852	730
Collections and payments	2,018	1,552
Brokerage and security management	3,163	1,832
Investments in mutual funds and others	63	14
Fees for selling insurance	2,007	2,458
Fund managements	-	7,497
Financial advisory services	-	1,046
Other commissions earned	(33)	2,327
Total commission income	16,003	25,247
Commission expenses		
Commissions on security transactions	(538)	(479)
Sales Commissions	(3,215)	(2,635)
Other commissions	(1,055)	(535)
Total commission expenses	(4,808)	(3,649)
Total commission income, net	11,195	21,598

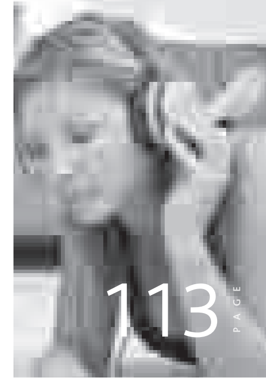
  

27. INCOME FROM FINANCIAL OPERATIONS

Net profits from financial operations at December 31, 2010 and 2009 are as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Financial instruments held for trading		
Interest and other adjustments	14,069	5,891
Fair value adjustments	565	(2,816)
Gain on sale	7,661	25,812
Loss on sale	(4,971)	(9,696)
Profit from investment in mutual funds	788	2,310
Subtotal	18,112	21,501
Trading derivatives		
Gain on derivative contracts	213,865	212,824
Loss on derivative contracts	(212,003)	(236,477)
Subtotal	1,862	(23,653)
Sale of instruments available for sale		
Gain on sale	8,457	4,970
Loss on sale	(1,605)	(1,960)
Subtotal	6,852	3,010
Net income (loss) from other operations		
Purchase of own issue letters of credit	(31)	(32)
Other income	4,021	3,081
Other expenses	(2,406)	(1,981)
Subtotal	1,584	1,068
Total net income from financial operations	28,410	1,926





28. NET INCOME FROM FOREIGN EXCHANGE

At December 31, 2010 and 2009, net income from foreign currency exchange earned by the Bank and its subsidiaries was as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Net income from foreign currency exchange:		
Net exchange gain (loss) - exchange position	(4,331)	17,111
Other exchange gain (loss)	10,734	(1,174)
Subtotal	6,403	15,937
Net gain (loss) from exchange rate adjustments		
Adjustments of trading instruments	-	(78)
Adjustments of credits to clients	(2,773)	(6,244)
Adjustments of other liabilities	611	4,518
Subtotal	(2,162)	(1,804)
Total	4,241	14,133

29. PROVISION FOR LOAN LOSSES

The activity in 2010 and 2009 for provision for loan losses recorded in the consolidated income statement is as follows:

	OWED BY BANKS		LOANS AND ACCOUNTS RECEIVABLE FROM CLIENTS						CONTINGENT LOANS		TOTAL	
			COMMERCIAL LOANS		HOUSING LOANS		CONSUMER LOANS					
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$
Provisions:												
Individual provisions	(43)	(46)	(32,467)	(16,635)	-	-	-	-	(1,258)	(917)	(33,768)	(17,598)
Group provisions	-	-	(2,090)	(2,895)	(979)	(799)	(9,183)	(6,348)	(27)	(24)	(12,279)	(10,066)
Result of provisions	(43)	(46)	(34,557)	(19,530)	(979)	(799)	(9,183)	(6,348)	(1,285)	(941)	(46,047)	(27,664)
Release of provisions												
Individual provisions	27	54	16,666	5,816	-	-	-	-	1,049	868	17,742	6,738
Group provisions	-	-	2,525	2,319	788	656	5,753	1,785	29	29	9,095	4,789
Result of release of provisions	27	54	19,191	8,135	788	656	5,753	1,785	1,078	897	26,837	11,527
Recovery of written-off assets	-	-	421	279	-	28	1,131	1,011	-	-	1,552	1,318
Net income (loss)	(16)	8	(14,945)	(11,116)	(191)	(115)	(2,299)	(3,552)	(207)	(44)	(17,658)	(14,819)

In management's opinion, loan loss provisions established as of December 31, 2010 and 2009 cover any possible losses that might occur due to non-recovery of the respective assets.



30. PERSONNEL SALARIES AND EXPENSES

Remunerations included in employee expenses correspond to expenses accrued in the period for employee salaries and compensations and other expenses derived from the relationship between the Bank and subsidiaries as employer and their employees.

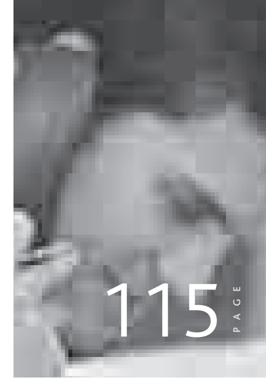
a) Details of expenses in 2010 and 2009 for these concepts are as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Employee salaries	15,447	14,024
Bonuses	5,185	3,744
Severance indemnities	2,413	716
Training expenses	210	107
Other benefits	2,335	1,916
Total	25,590	20,507

b) Details of other employee expenses recognized during the years ended December 31, 2010 and 2009 are as follows:

	NO. OF EMPLOYEES WITH BENEFIT		ORIGIN OF BENEFIT	TOTAL	
	2010	2009		2010 MCH$	2009 MCH$
Bonuses					
Production bonus	790	809	Voluntary	3,625	2,428
Legal bonus and employer contributions	915	809	Contractual	1,123	867
Other bonuses	802	809	Contractual	437	449
Total bonuses				5,185	3,744
Other benefits					
Health insurance	916	809	Contractual	642	597
Life insurance	310	230	Contractual	26	37
Contract-stipulated lunch allowance	916	809	Contractual	791	730
Benefit through compansation societies	38	-		198	81
Annual events	811	809	Voluntary	136	90
Nursery assistant and nurseries	81	-	By birth	88	48
Length of service bonus	27	-	Length of service	38	28
Other benefits	895	-		416	305
Total other benefits				2,335	1,916





31. ADMINISTRATIVE EXPENSES

Details of this item at December 31, 2010 and 2009 are as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
General administrative expenses		
Maintenance and repair of property, plant and equipment	(2,559)	(2,142)
Office leases	(1,014)	(1,027)
Equipment leases	(342)	(234)
Insurance premiums	(326)	(371)
Office materials	(439)	(504)
Computer and communications expenses	(1,073)	(3,609)
Lighting, heating and other services	(420)	(504)
Guard and security transportation services	(144)	(149)
Hospitality and employee travel expenses	(302)	(282)
Legal and notary expenses	(498)	(325)
Fees for technical reports	(7,822)	(4,009)
Fees for audit of financial statements	(224)	(157)
Fees for classification of stock certificates	(31)	(51)
Fines imposed by other agencies	(26)	(37)
Banking expenses	(289)	(292)
Advisory service expenses	(2,242)	(1,900)
Ordinary expenses	(584)	(319)
Mail and stamps	(231)	(249)
Other administrative overheads	(3,960)	(3,692)
Subtotal	(22,526)	(19,853)
Subcontracted services:		
Data processing	(385)	(341)
Others	(1,400)	(1,244)
Subtotal	(1,785)	(1,585)
Board of Director fees	(638)	(500)
Publicity and advertising	(1,125)	(908)
Taxes, duties and contributions		
Real estate duties	(252)	(203)
Licenses	(493)	(510)
Other taxes	(6)	(1)
Contribution to the Superintendency of Banks and Financial Institutions	(907)	(873)
Subtotal	(1,658)	(1,587)
Total	(27,732)	(24,433)



32. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) Depreciation and amortization

As of December 31, 2010 and 2009, the effect of amortization and depreciation expense by type of asset is as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Depreciation of property, plant and equipment	(1,232)	(1,274)
Amortization of intangibles	(1,470)	(1,161)
Impairment:		
Investment instruments	-	-
Property, plant and equipment	-	-
Intangibles	-	-
Total depreciations, amortizations and impairment	(2,702)	(2,435)

33. OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

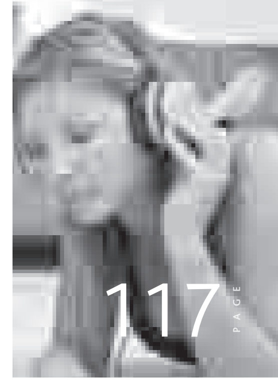
Details of operating income in the consolidated statement of income are as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Income from assets received in lieu of payment	247	443
Release of provisions for contingencies	611	439
Income from sale of property, plant and equipment	228	320
Rent received	244	253
Recovery of assets received in lieu payment written-off	248	566
Recovery of expenses	571	528
Other income	860	1,436
Total other operating income	3,009	3,985

b) Other operating expenses

Details of operating expenses in the consolidated statement of income are as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Provisions and expenses for assets received in lieu of payment	(2,091)	(1,519)
Provisions for contingencies	(945)	(1,249)
Operating write-offs	(875)	(512)
Other expenses	(408)	(230)
Total other operating expenses	(4,319)	(3,510)



34. TRANSACTIONS WITH RELATED PARTIES

Related parties are considered to be individuals or corporations with direct or third-party interest in the ownership of the Bank and its subsidiaries, when that interest exceeds 1% of the bone's shares, or 5% if the Bank's shares are traded in the stock market. They also include individuals that, despite not having any ownership interest, have authority and responsibility in the planning, management and control of the activities of the Bank or its subsidiaries. Companies where the Bank's related parties have an interest of 5% or more, or where they hold a position as director, general manager or other equivalent position, are also considered related parties.

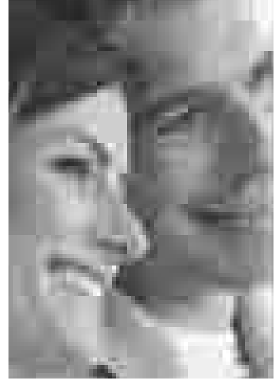
Article 89 of the Corporate Law, which is also applicable to banks, stipulates that any related party transactions must be carried out under conditions of equality, similar to those normally prevailing in the market.

Furthermore, Article 84 of the General Banking Law stipulates limits for loans that can be granted to related parties and the prohibition to grant loans to directors, managers, or general representatives of the bank.

a) Loans granted to related parties

Loans and accounts receivable, contingent loans, and the assets involved in instruments held for trading and available for sale investments involving related parties are shown below:

	PRODUCTION COMPANIES		INVESTMENT COMPANIES		INDIVIDUALS		TOTAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Loans and accounts receivable:								
Commercial loans	40,647	28,014	88	3,731	846	499	41,581	32,244
Mortgage loans	-	-	-	-	2,544	1,315	2,544	1,315
Consumer loans	-	-	-	-	92	32	92	32
Loans and accounts receivable, gross	40,647	28,014	88	3,731	3,482	1,846	44,217	33,591
Provisions for loans	(231)	(87)	-	(10)	(12)	(8)	(243)	(105)
Loans and accounts receivable, net	40,416	27,927	88	3,721	3,470	1,838	43,974	33,486
Contingent loans:								
Total contingent loans	3,923	2,813	-	1,149	-	-	3,923	3,962
Provisions for contingent loans	(25)	(8)	-	(6)	-	-	(25)	(14)
Contingent loans, net	3,898	2,805	-	1,143	-	-	3,898	3,948
Investments								
Trading	-	-	-	-	-	-	-	-
Available for sale	-	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-	-
Total loans with related parties	44,314	30,732	88	4,864	3,470	1,838	47,872	37,434

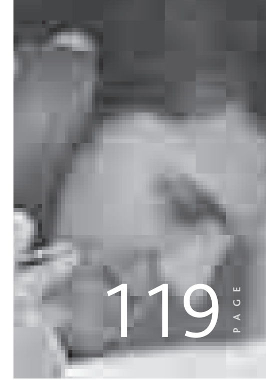
b) Other assets and liabilities with related parties

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
ASSETS		
Financial derivative contracts	1,102	240
Total other assets with related parties	1,102	240
LIABILITIES		
Financial derivative contracts	538	197
On demand deposits	5,996	2,645
Deposits and other time deposits	30,628	1,608
Total other liabilities with related parties	37,162	4,450

c) Earnings from related party transactions

	NET PROFIT (LOSS)	
	2010 MCH$	2009 MCH$
Interest income and expenses (net)	1,277	2,963
Commission and service income and expenses (net)	250	264
Exchange income (net)	258	161
Operational support expenses	(13,955)	(9,239)
Other income and expenses	27	203
Total operating income (expense) from related parties	(12,143)	(5,648)





d) Related party contracts

Contracts with related parties are those entered into during each year with related partiers not corresponding to ordinary transactions in the Bank's line of business carried out with customers in general, whose contract amounts exceed U.F. 3,000 (Inflation index-linked units of account).

Details of these contracts are as follows:

FIRM NAME	DESCRIPTION	CREDITS TO INCOME		CHARGES TO INCOME	
		2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Inversiones Invest Security Ltda.	Service provision contract	234	330	7,655	5,343
Travel Security S.A.	Office lease	136	115	165	179
Seguros Vida Security Previsión S.A.	Insurance	1,709	1,431	389	152
Mandatos Security Ltda.	Service provision contract	-	-	1,790	1,320
Inmobiliaria Security S.A.	Service provision contract	-	-	404	524
Asesorías Security S.A.	Advisory services	-	-	512	515
Redbanc S.A.	Service provision contract	-	-	208	209
Transbank S.A.	Service provision contract	2,102	1,758	920	518
Chilectra S.A.	Sale of electrical energy	-	-	182	138
Cía. De Seguros Penta Security	Insurance	651	968	-	-
Sociedad Administradora General S.A. y Cía. CPA	Service provision contract	-	69	-	-

(*) **In** 2009 Virtual Security S.A. merged with Inversiones Invest Security Ltda.
(**) These expenses are included in operational support expenses (letter c).

e) Payments to the Board of Directors and key management personnel

In 2010 and 2009, the Bank has paid the following directors' fees and expenses to the members of the Board and key management staff:

	DIRECTORS		GENERAL MANAGERS		DIVISION MANAGERS		AREA MANAGERS	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Compensation, short term	398	318	657	349	1,255	1,104	3,086	2,878
Benefits, long-term	-	-	-	-	-	-	20	4
End-of-contract indemnities	-	-	-	-	315	-	831	360
No. of executives	7	7	3	3	8	8	33	37

(**) These expenses are included in operational support expenses (letter c).



35. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

a) Assets and liabilities at fair value

The fair values of the main financial assets and liabilities, including those whose fair value is not presented in the Consolidated Statement of Financial Position, are summarized below. The values shown in this note do not intend to estimate the value of the Bank's income generating assets nor anticipate its future activities. The estimated fair value of the financial instruments at December 31, 2010 and 2009 is as follows:

	CARRYING VALUE		ESTIMATED FAIR VALUE	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Assets				
Cash and deposits in banks	114,409	64,852	114,409	64,852
Unsettled transactions	131,111	116,161	131,111	116,161
Trading investments	389,522	396,043	389,522	396,043
Investments under rresale agreements	-	20,807	-	20,809
Financial derivative contracts	61,936	66,280	61,936	66,280
Interbank loans	11,325	312,431	11,576	322,176
Loans and accounts receivable from customers, net	1,939,372	1,845,419	2,034,710	1,884,098
Available for sale investments	278,007	484,353	278,007	484,353
Held to maturity investments	-	-	-	-
Liabilities				
Deposits and other on demand obligations	285,464	255,777	285,464	255,777
Unsettled transactions	109,251	74,738	109,251	74,738
Repurchase agreements	40,588	401,975	40,584	401,720
Time deposits and other time liabilities	1,696,711	1,651,418	1,700,535	1,653,998
Financial derivative contracts	60,267	80,165	60,267	80,165
Interbank borrowings	155,982	132,120	151,779	131,749
Issued debt instruments	425,579	515,822	426,527	505,834
Other financial obligations	38,358	51,371	38,014	52,761

The fair value of assets that are not recorded in the Consolidated Statement of Financial Position at that value are estimates of expected cash flows, discounted at the relevant market interest rate for each type of transaction.

The fair value of liabilities that are not traded in the market is based on the discounted cash flows, using the interest rate for similar maturity terms.

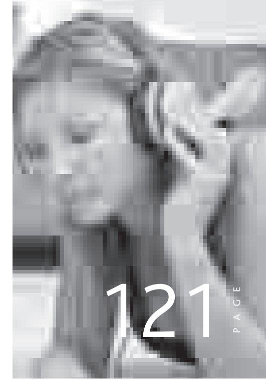
b) Determining Fair Value

The bank uses the following criteria to determine and classify the fair value of financial instruments:

Level 1: Prices observable in active markets for identical instruments or specific transactions to be valued.

Level 2: Valuation techniques based on observable factors. This category includes instruments valued using quoted prices for similar instruments, whether in markets considered active or not very active, and other valuation techniques, where all significant entries are directly or indirectly observable on the basis of market data.

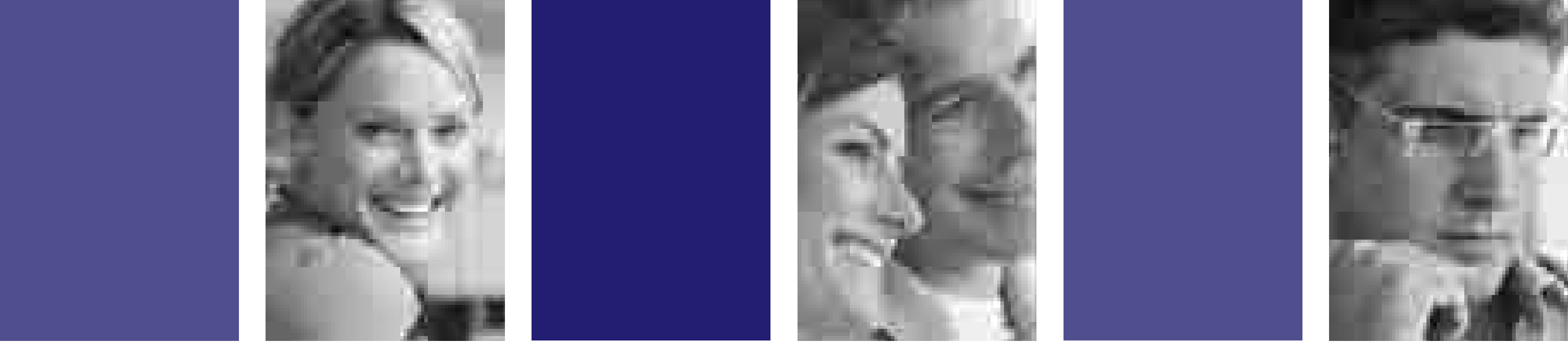




Level 3: Valuation techniques using significant non-observable factors. This category includes all instruments where the valuation technique includes factors that are not based on observable data and the non-observable factors can have a significant effect on the valuation of the instrument. This category includes instruments that are valued on the basis of quoted prices for similar instruments where non-observable significant adjustments or assumptions are required to reflect the differences between them.

The details below show the classification of financial instruments by fair value levels at December 31, 2010 and 2009, respectively.

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
FINANCIAL ASSETS								
Instruments for trading								
Instruments of the State and Chile's Central Bank								
Instruments of Chile's Central Bank	96,475	3,944	43,029	26,106	-	-	139,504	30,050
Chilean Treasury instruments	12,607	4,857	22,859	-	-	-	35,466	4,857
Other government instruments	-	-	555	195	-	-	555	195
Subtotal	109,082	8,801	66,443	26,301	-	-	175,525	35,102
Other financial instruments								
Promissory notes of deposits in local banks	7,253	19,700	142,997	210,335	-	-	150,250	230,035
Mortgage notes in local banks	-	15	424	16,745	-	-	424	16,760
Local bank bonds	435	-	1,546	-	-	-	1,981	-
Other locally issued instruments	862	73	16	2,429	-	-	878	2,502
Mutual funds	60,464	111,644	-	-	-	-	60,464	111,644
Subtotal	69,014	131,432	144,983	229,509	-	-	213,997	360,941
Total	178,096	140,233	211,426	255,810	-	-	389,522	396,043
Derivatives held for trading								
Currency forward	-	-	49,395	46,794	-	-	49,395	46,794
Interest rate swap	-	-	11,289	19,486	-	-	11,289	19,486
Currency swap	-	-	1,252	-	-	-	1,252	-
Total derivative assets held for trading	-	-	61,936	66,280	-	-	61,936	66,280
Investments available for sale:								
Instruments of the State and Chile's Central Bank								
Instruments of Chile's Central Bank	11	126,284	-	23,794	-	-	11	150,078
Chilean Treasury instruments	-	30,305	-	-	-	-	-	30,305
Subtotal	11	156,589	-	23,794	-	-	11	180,383
Other financial instruments								
Promissory notes of deposits in local banks	28,609	12,658	133,678	204,541	-	-	162,287	217,199
Mortgage notes in local banks	-	89	37,765	30,320	-	-	37,765	30,409
Local company bonds	16,325	4,782	31,014	12,357	-	-	47,339	17,139
Other instruments issued in the country	-	-	-	-	-	-	-	-
Instruments of government or central banks of the exterior	-	-	-	-	-	-	-	-
Other instruments issued abroad	30,605	19,612	-	19,611	-	-	30,605	39,223
Subtotal	75,539	37,141	202,457	266,829	-	-	277,996	303,970
Total	75,550	193,730	202,457	290,623	-	-	278,007	484,353
TOTAL ASSETS AT FAIR VALUE	253,646	333,963	475,819	612,713	-	-	729,465	946,676
FINANCIAL LIABILITIES								
Derivatives held for trading								
Currency forward	-	-	(40,134)	50,287	-	-	(40,134)	50,287
Interest rate swap	-	-	(17,808)	27,209	-	-	(17,808)	27,209
Currency swap	-	-	(1,582)	-	-	-	(1,582)	-
Interest rate put options	-	-	-	257	(78)	-	(78)	257
Total derivative liabilities held for trading	-	-	(59,524)	77,753	(78)	-	(59,602)	77,753
Derivatives held for accounting hedges								
Interest rate swap	-	-	(665)	-	-	2,412	(665)	2,412
Total derivative liabilities held for trading	-	-	(665)	-	-	2,412	(665)	2,412
Total financial derivative liabilities	-	-	(60,189)	77,753	(78)	2,412	(60,267)	80,165
TOTAL LIABILITIES AT FAIR VALUE	-	-	(60,189)	77,753	(78)	2,412	(60,267)	80,165



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36. RISK MANAGEMENT

I. RISK MANAGEMENT OBJECTIVE

The Bank considers that risk management is of vital importance to guarantee the continuity of the business, by achieving the necessary solvency and sustainable income.

In order to achieve the above, the Bank has made significant efforts to generate a Risk Division that is responsible for the correct identification, measurement, valuation and follow-up of all types of risks to which Banco Security might be exposed. And that, in turn, it is able to generate the processes and tools needed to progress securely towards IFRS standards and the pillars of Basel II.

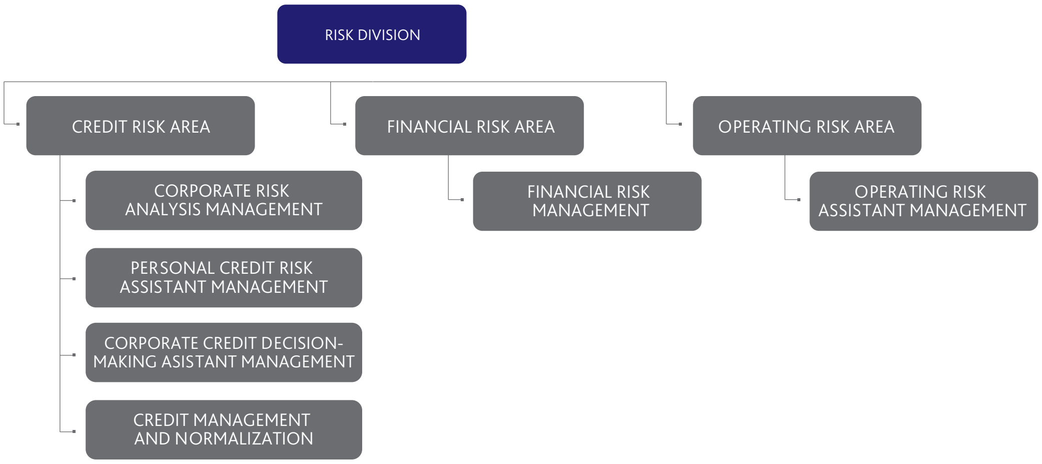
II. RISK MANAGEMENT STRUCTURE

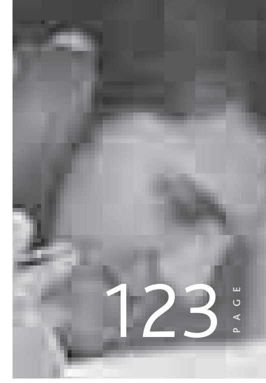
The Bank's Risk Division has an ideal structure to fulfill the above objectives, separated into three areas: Credit Risk, Financial or Market Risk and Operating Risk.

It should be noted that the Risk Division answers directly to the Bank's general management, operating independently from the commercial areas and acting as a check and balance for them in the various existing committees.

The Risk Division has three areas reporting to it: 1) Credit Risk area encompassed by Corporate Risk Analysis Management, Personal Credit Risk Assistant Management, Corporate Credit Decision-Making Assistant Management, and Credit Management and Normalization; 2) Financial Risk, with its respective management; and the 3) Operating Risk Area, with its respective assistant management.

The organizational chart below shows the Bank's risk division.





Likewise, there is a Controllership area, whose work is to regularly and independently evaluate whether the defined risk policies allow adequate management and cover the regulatory requirements, as well as verify, through audit tests, the degree of compliance with them. The conclusions of the audit work are included in the Audit Committee's agenda and a written report is issued. The report is addressed to the Bank's General Manager and the Managers of the areas involved in the review, with the conclusions of the evaluation and a workplan to solve the issues noted.

III. CREDIT RISK

A. Credit Risk Management Objective:

The Risk Division is responsible for the Bank's credit risk management through its Credit Risk Area, whose main tasks are identification, analysis, measurement, follow-up, integration and valuation of the different operations involving credit risk, in a differentiated manner for the different customer segments.

B. Credit Risk Structure:

Through its various different management and assistant management departments, the Credit Risk Area participates in the entire credit process, supporting the Bank's commercial area at all times and acting as an independent counterpart in the credit decision-making.

This area is made up of:

- Corporate Credit Risk Analysis
- Corporate Credit Decision-making
- Personal Credit Risk Management
- Credit Management and Normalization

C. Credit Risk Process:

The credit risk process has 6 stages as can be observed in the following table, which specifies Credit Risk participation.

<table>
<tr><th>CREDIT PROCESS</th><th>COMPANIES</th><th>INDIVIDUALS</th></tr>
<tr><td>Target Market</td><td rowspan="2">Corporate Credit Risk Analysis Management</td><td rowspan="3">Individual Credit Risk Assistant Management</td></tr>
<tr><td>Credit Analysis and Assessment</td></tr>
<tr><td>Credit Decision-Making</td><td>Corporate Credit Decision-making Assistant Management</td></tr>
<tr><td>Credit Management</td><td colspan="2" rowspan="3">Credit Management and Normalization</td></tr>
<tr><td>Collecting on the Operation</td></tr>
<tr><td>Control</td></tr>
</table>

C.1 Credit Risk Stages:

1. Target Market:

Although the definition of the Bank's target market is the responsibility of the Banks' senior management, it is based on a proposal that originates jointly from the commercial and risk areas, which, after analyzing the opportunities provided by the market and the risks associated with the various different segments, include them in the Bank's Credit Risk Policy Manual.

2. Credit Analysis and Assessment:

The analysis and assessment tools used depend on the market to which the customer in question belongs. For example, in the case of retail banking (individuals and companies) a customer scoring system is used, which in the short-term will be modified by a product scoring system, whereas for corporate banking a case-by-case analysis is performed by an expert credit risk analyst.



3. Credit Decision-making:
The Credit Risk Area acts as a check and balance in the credit decision-making in all of the committees in which it participates. It also defines the delegated powers granted to the commercial areas, being able to act above the commercial areas if the risk standards are exceeded in a particular instance.

There are mainly two types of committees and they are separated by their operating manner: 1) File circulation and 2) Meeting. In the first case, which operates for smaller amounts, the file circulates through the different levels of authority going from one to another until it arrives at the required level. In the second case, for greater amounts, a meeting is held in which the commercial executive presents the loan transactions to the members of the committee for their approval. Likewise the meeting credit committees are divided depending on the amount.

Within these credit committees the most important one is the Board of Directors Credit Committee, which involves the participation of two directors, the President of the Security Group, the Bank's General Manager and Risk Division Manager, and in which the most important loans are analyzed, evaluating close to 80% of the operations and 20% of customers.

4. Credit Management:
Basically this is the stage where Credit Management Chiefs take action. They ensure correct processing of the classification of our customers by the commercial executives and that closing of provisions each month occurs without errors and represents the reality of the Bank's portfolio.

In addition, in this part of the process work is performed with the commercial areas to keep the number of operations with exceptions and overdue amounts as low as possible. Furthermore, strict control is exercised over appraisals of assets given to the Bank as collateral.

5. Collection:
This is the stage at which the specialist Normalization area performs problem loan collections, acting in pre-court collections and court collections.

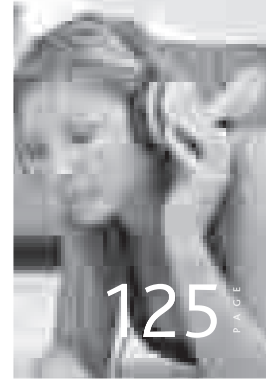
6. Control:
At this stage of the process, in which the Credit Risk Control area participates, the Bank seeks to maintain a global vision of how the aforementioned stages of the credit process are operating. Its participation encompasses from reviewing and auditing current credit policies to performing the analysis and committee areas, as well as corrects credit management.

C.2 Description by Area:

People Credit Risk Assistant Management:
The Personal Credit Risk Assistant Management participates in the first three stages of the credit process in the people banking segment. Its main tasks include active participation in the definition of the target market as well as in commercial campaigns, definition of the credit risk policies of that segment, design, maintenance and calibration of the different scoring models, participation in the different levels of approval of operations and definition of delegated authority for the commercial areas, among others.

Corporate Credit Analysis Management:
This area, which is the most numerous of the Risk Division, is in charge of participating in the two first stages of the process, strongly focusing on the second, which corresponds to analysis and evaluation of customers. Its main function is the preparation of different types of financial analysis of customers depending on their size, complexity and amount, adapting to the needs of the commercial area in respect to depth and speed of response and maintaining the Bank's market competitiveness. Together with the above, it is also the area responsible for sector reports, analysis of optimum portfolio and country risk study.





Corporate Credit Decision-making Assistant Management:
Its duties involve participation in the credit decisions of the various committees for which it is a member, and preparing the credit risk policies and levels of delegated authority of the commercial area. In addition to the above, it is responsible for the credit risk models focused on companies, management of all the credit risk division projects, including those of a regulatory nature, definition of all the rest of the policies that mean some level of credit risk, participation in the development of new products, and administration of fulfillment of the goals of the division among many others.

Credit Management and Normalization
This management area, which participates in the last three stages of the credit process, answers to the area responsible for credit risk management, whose main duty is the processing of loan provisions in general. It also answers to the risk control area with the function of reviewing correct compliance with policies and procedures, and the evolution and follow-up of the portfolio from a risk point of view, giving the necessary warnings. In addition to the above, this area is concerned with recovery of loans with problems for which it has suitable staff, as well as also the support of attorneys and collection companies necessary for proper performance of its work.

D. Portfolio Classification

Although the classification of the Bank's portfolio is part of the credit process, due to its magnitude it warrants being addressed in a point separately from the above.

The manner of classifying the portfolio will depend on the type of customer and product. It also depends on the individual classification or group classification as per the following:

INDIVIDUAL CLASSIFICATION		GROUP CLASSIFICATION	
TYPE OF CLIENT	METHODOLOGY	TYPE OF CLIENT	METHODOLOGY
Companies (includes individuals with a business)	Parent Company	Individuals, commercial loans	Guideline
Real estate companies	Parent real estate companies	Small companies (Debt < 3000 UF)	Guideline/Matrix
- Others - Banks - Normalization individuals and companies - Non-profit organizations - Special lease group	Manual	Investment Company	Guideline/Matrix
		Housing mortgage	Model
		Consumer Loan	Past-due

D.1 Classification of Commercial Loans:

This group encompasses all loans that are not mortgage or consumer loans, e.g. Companies, Real Estate, Banks, Small Companies, Investment Companies and Individuals (commercial loans), for which the Bank assigns a risk category level to each debtor and consequently to the debtor's commercial loans.

When a risk category is assigned, the following factors are considered at a minimum: sector or industry in which the debtor operates, debtor's ownership structure, financial position, payment capacity, guarantees available and the debtor's past behavior with the Bank and the financial system.

On the basis of the above, the Bank assigns one of the following categories when dealing with the normal risk portfolio:

A1	Companies with private risk rating equal to or greater than "AA-". Mainly includes the best companies recognized in the market (e.g. Cencosud, CMPC, Empresas Copec, Banco de Chile, etc.) It should be noted that companies that are subsidiaries of companies rated "AA-" can also opt for this category, but the subsidiary must have a sound financial position. Such is not the case for international companies, when, although they have a good external rating, the subsidiary in Chile has a poor rating, in which case it could opt to be classified in the normal part of the portfolio, but never in A1. Finally, it is important to emphasize that the analysis of subsidiary companies is on a case by case basis.
A2	Companies with excellent performance, only differentiated from A1 in that they do not have a private rating, but for all purposes they have: Sales levels in excess of MCh$ 1,500 (condition that is necessary but not sufficient), good results, good liquidity and indebtedness indicators, irreproachable payment behavior, etc. In short, they have a solid financial position.
A3	Companies that, although they have a good financial position, have certain financial weaknesses such as a drop in sales, lower operating income from one period to another, liquidity problems, high indebtedness, among other things (one must keep in mind that it only shows certain weaknesses and does not significantly place the company's financial position at risk). There can be no more than two relevant weaknesses at the same time (very accentuated). On the other hand, the best rating to which a starting project or company can opt for is A3. For this to happen, the company must have a capital contribution consistent with the risk and its future cash flows must indicate good profitability. If these two conditions are not met, it must belong to owners of proven record and solvency. It should be noted that the maximum rating to which companies with sales of less than MCh$ 1,500 can opt for is A3. The maximum rating to which companies covered by a Stand By of 100% or more of the debt can be eligible for is "A3", as long as there are no creditworthiness or recurrent non-compliance problems.
B	These are companies with a weak financial position (although with positive equity), but which have no payment problems or any foreseeable possibility of non-compliance in the future.

The Bank assigns ratings of C1, C2, C3, C4, D1 and D2 (established by the SBIF) to its impaired portfolio, depending on the guarantee/debt ratio for the customer, based on the following table:

RATING	% PROVISION	LOSS RANGE (%)		RANGE OF COVERAGE BY GUARANTEES (%)	
C1	2.0	----	≤ 3.0	≥ 97.0	----
C2	10.0	> 3.0	≤ 19.0	≥ 81.0	< 97.0
C3	25.0	> 19.0	≤ 29.0	≥ 71.0	< 81.0
C4	40.0	> 29.0	≤ 49.0	≥ 51.0	< 71.0
D1	65.0	> 49.0	≤ 79.0	≥ 21.0	< 51.0
D2	90.0	> 79.0	≤ 100.0	≥0.0	< 21.0

D.2 Consumer and Mortgage Loan Rating

Provisions for consumer loans are directly related to the days of delinquency, while mortgage loan provisions are directly related to the number of unpaid loan installments, as follows:

Consumer Loans:

DELINQUENCY	% PROVISION	INSTALLMENTS
- Installments up to date.	0.0	0
- At least one installment past-due by up to 30 days.	1.0	1
- At least one installment past-due by 31 to 60 days.	20.0	2
- At least one installment past-due by 61 to 120 days.	60.0	3 – 4
- At least one installment past-due by more than 120 days.	90.0	5 - 6

Mortgages Loans:

NUMBER OF INSTALLMENTS PAST-DUE	% PROVISION
1	1.0
2	2.0
3	3.0
4	4.0
5	5.0
6	6.0
7	7.0
8	8.0
9	9.0
10	10.0
11	11.0
12	12.0
13	13.0
14	14.0
15	15.0
16	16.0
17	17.0
18 or more	18.0

D. 3 Impaired portfolio:

Individual Evaluation:

The individual analysis of receivables is applied to customers, individuals or companies, whose size, complexity or level of risk exposure make it necessary for them to be fully known, while also requiring the assignation of a risk rating to each debtor.

A customer is considered to be in the impaired portfolio, if he meets the following criteria:

- Has unpaid accounts for more than 90 days in excess of 5% of the total debt, or else is marked as impaired.



Notwithstanding, for particular cases in which the matrix cannot encompass a specific situation, these loans may be evaluated individually as "Impaired" considering that they show an expected loss in excess of 2%.

Group Evaluation:
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 group assessments, the provisions are always set up based on the expected loss determined by the models used.

A customer evaluated in a group will be considered impaired based on the type of product operating, considering the following points
- For customers that have transactions involving mortgage or consumer products (including credit cards and overdraft facilities), the loans will be considered "Impaired" when they have a delinquency equal to or greater than 90 days.

Commercial transactions will be classified as "Impaired" when they present one of the following characteristics:
- Equal or higher than C1 rating after applying the matrix according to its classification (Individual, Investment Company, Small Company).
- Have unpaid balances of more than 90 days (equivalent to a level higher than 5 in the group seriousness matrix).

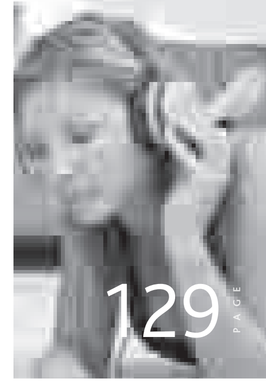
Notwithstanding, in certain cases, "impairment" may be valuated individually, considering that it shows an expected loss higher than 2%.

D.4 Credit Concentration:
One of the tools that limit the risks associated with loans is their diversification by different factors. That is how one seeks to have an adequate distribution of the portfolio by type of customer, type of loan, economic activity, etc., avoiding excessive concentration in any of them as indicated in Note 11 c).

In order to achieve the above, the Credit Risk area regularly issues an optimum portfolio report, which, based on the risk of the Bank's current portfolio, the financial system risk, the contribution to the GDP by the various sectors and other key indicators, together with the estimate of the optimum risk levels that should be in place, advices how the Bank's loans should be distributed. In this manner, the Bank obtains a guide that indicates in which sectors it should grow, in which to maintain its loans and in which to try to reduce loans. This is then sent to the commercial area to be used as a key tool in the Bank's growth. (See Note 11 c) for the Banks' current credit concentration).

D.5 Guarantees:
Banco Security has a policy of generally operating with guarantees to safeguard loans and as a risk mitigation measure. The guarantees that the Bank has are distributed in accordance with the following table where they are shown grouped by type and description:

GUARANTEES BY TYPE	QUANTITY		AMOUNT	
	N°	%	MCH$	%
Mortgages	7,090	84.8%	1,228,124	74.1%
Pledge	375	4.5%	53,181	3.2%
Warrant	15	0.2%	2,251	0.1%
Other	883	10.6%	373,737	22.6%
	8,363	100.0%	1,657,293	100.0%



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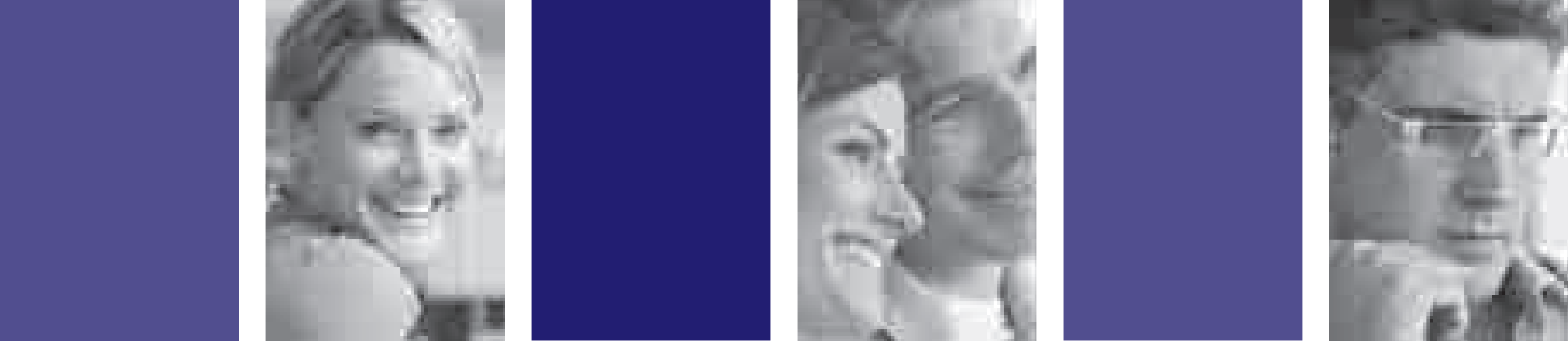
Details of guarantees by description are presented below:

DESCRIPTION BY TYPE OF GUARANTEE	QUANTITY		AMOUNT	
	N°	%	MCH$	%
Public offer shares	261	3.1%	302,641	18.3%
Aircraft	1	0.0%	233	0.0%
Automobiles (inventory)	5	0.1%	145	0.0%
Automobile (non-inventory)	34	0.4%	123	0.0%
Rural real estate	570	6.8%	114,781	6.9%
Warehouses	10	0.1%	844	0.1%
Buses (inventory)	5	0.1%	46	0.0%
Buses (non-inventory)	24	0.3%	250	0.0%
Trucks or pickup trucks (inventory)	17	0.2%	220	0.0%
Trucks or pickup trucks (non-inventory)	61	0.7%	448	0.0%
Stand by letters of credit	44	0.5%	37,319	2.3%
Houses	2,417	28.9%	329,813	19.9%
Industrial buildings	93	1.1%	48,692	2.9%
Departments	2,797	33.4%	201,779	12.2%
Time deposits in the country	234	2.8%	9,505	0.6%
Specific destination buildings (clinics, schools, etc.)	24	0.3%	70,191	4.2%
Minor vessels	2	0.0%	305	0.0%
Crafts or marine vessels	7	0.1%	11,678	0.7%
Parking	5	0.1%	117	0.0%
Guarantee Fund for small businessmen (FOGAPE)	50	0.6%	1,398	0.1%
Installations	30	0.4%	15,359	0.9%
Commercial stores	138	1.7%	45,639	2.8%
Machinery and/or equipment (inventory)	77	0.9%	10,882	0.7%
Machinery and/or equipment (non-inventory)	79	0.9%	19,291	1.2%
Raw materials or intermediate consumption assets	2	0.0%	338	0.0%
Offices	317	3.8%	59,660	3.6%
Other shares and rights in companies	99	1.2%	2,285	0.1%
Other real assets pledged or under warranty	9	0.1%	1,904	0.1%
Other end consumer assets (inventory)	8	0.1%	2,035	0.1%
Other vehicles (inventory)	2	0.0%	15	0.0%
Other vehicles (non-inventory)	13	0.2%	78	0.0%
Mining claims	1	0.0%	259	0.0%
Plantation	22	0.3%	3,994	0.2%
Commercial or industrial projects under construction	7	0.1%	10,310	0.6%
Residential projects under construction	296	3.5%	218,982	13.2%
Urban sites and land	407	4.9%	115,146	6.9%
Reciprocal Guarantee Companies	195	2.3%	20,589	1.2%
	8,363	100.0%	1,657,293	100.0%



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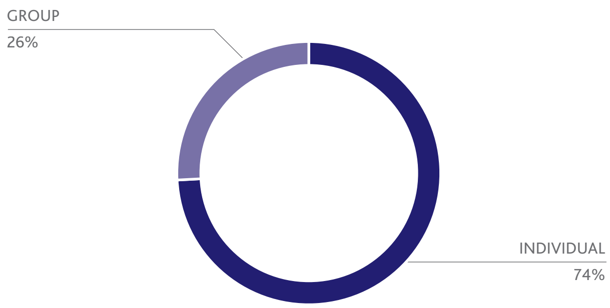
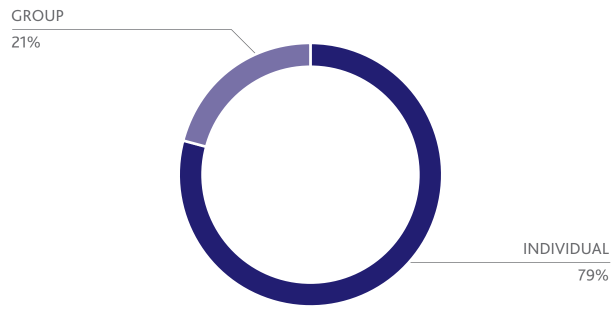
D.6 Distribution of loan portfolio:

The portfolio of Banco Security, according to the type of risk evaluation (group or individual), is distributed as follows:

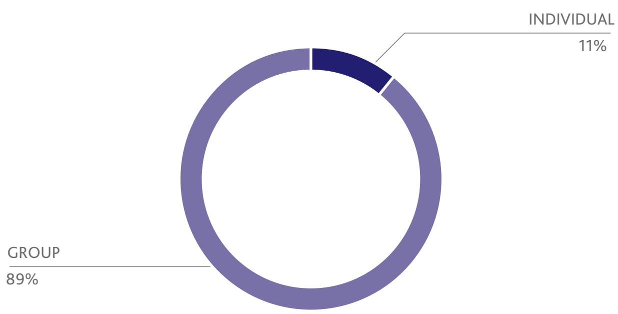
BY TYPE OF EVALUATION
DECEMBER 2010 (Amount of Loans)



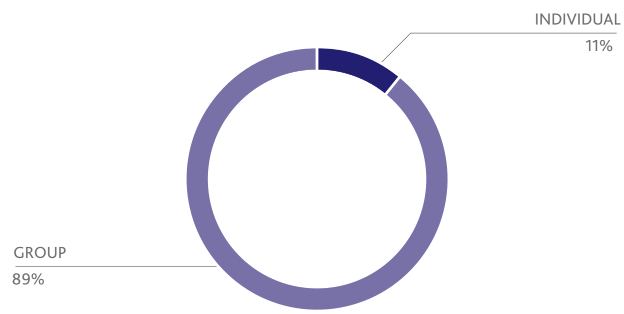
BY TYPE OF EVALUATION
DECEMBER 2009 (Amount of Loans)

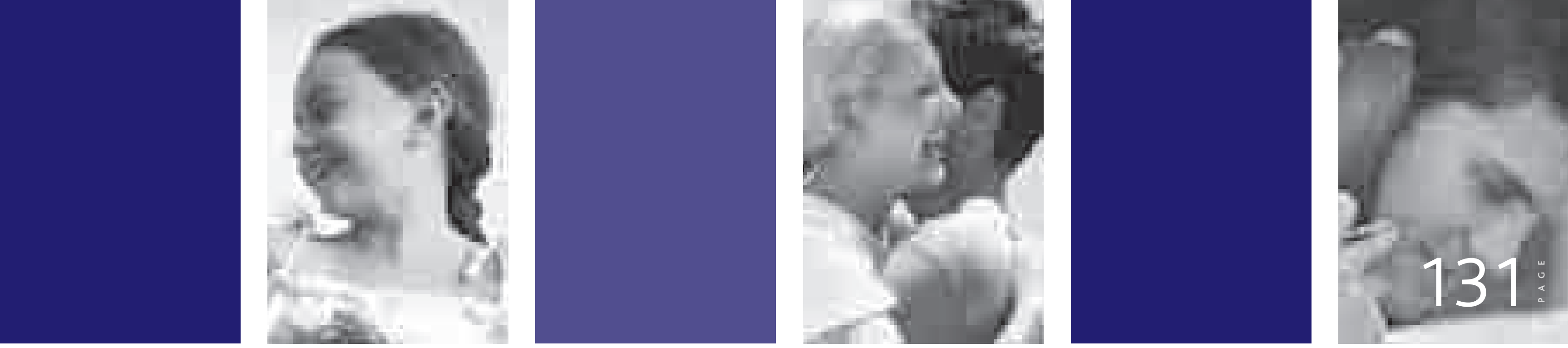


BY TYPE OF EVALUATION
DECEMBER 2010 (# of Clients)



BY TYPE OF EVALUATION
DECEMBER 2009 (# of Clients)





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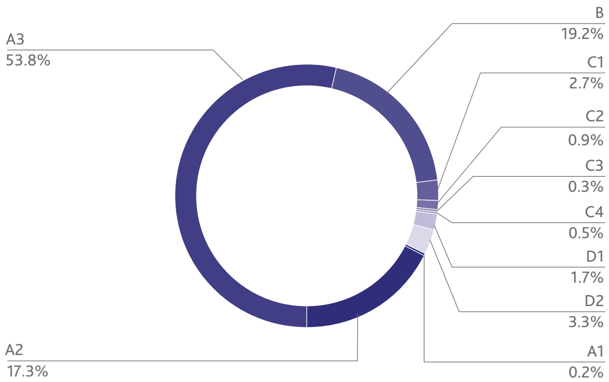
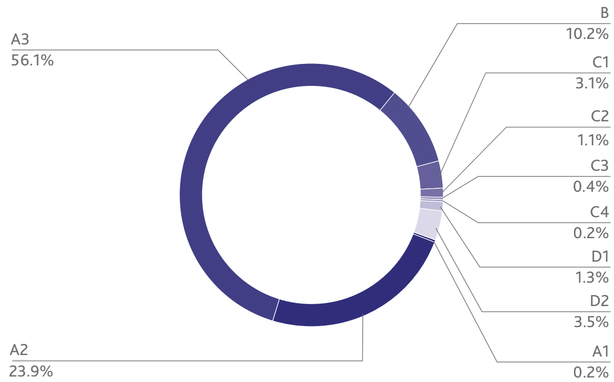
In turn, individually classified loans are distributed as follows by type of classification.

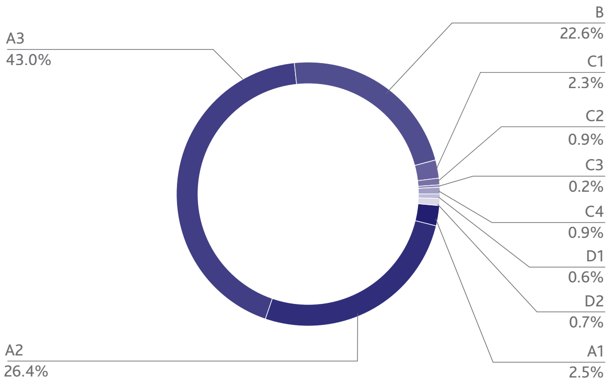
DISTRIBUTION OF INDIVIDUAL CLASSIFICATION
DECEMBER 2010 (# of Clients)



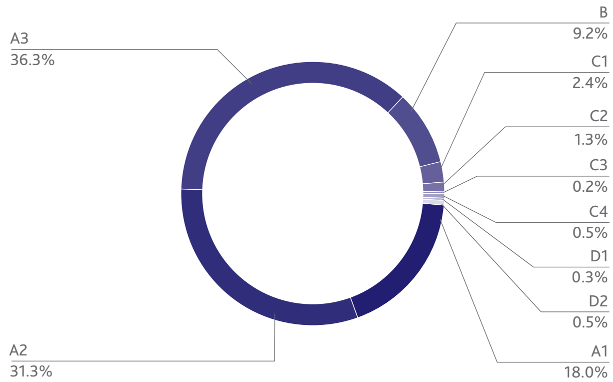
DISTRIBUTION OF INDIVIDUAL CLASSIFICATION
DECEMBER 2009 (# of Clients)



DISTRIBUTION OF INDIVIDUAL CLASSIFICATION
DECEMBER 2010 (by amount of loans)



DISTRIBUTION OF INDIVIDUAL CLASSIFICATION
DECEMBER 2009 (# of Clients)





IV. FINANCIAL RISK

A. Financial Risk Objectives:

For the organization, financial activities are defined as all transactions that are closed in the Bank's own name and that of its subsidiaries, Valores Security S.A. Corredores de Bolsa and Administradora General de Fondos Security S.A., and on its own account or on account of others.

In general terms, financial transactions include transactions with securities, foreign currencies, commodities, loans, financial instruments, derivatives and shares.

The strategic objectives in terms of financial activities are:

- Strengthen and expand the Bank's position, consolidating and developing long-term relationships, providing a full range of investment banking products.
- Improve and ensure the stability of profitability in the long-term and reduce the cost of refinancing and liquidity.

Financial activities are limited to the areas of previously approved strategic products and will only be carried out within the global risk guidelines defined by the organization's Board of Directors.

In the handling of the portfolio of financial investments, the organization will be an active administrator of the positions, due to the constant economic-financial analysis of the environment, from a fundamental point of view. Therefore, the financial instrument positions will be in accordance with the consensual analysis of a macroeconomic vision; however, the Bank can also take short-term trading positions in order to take advantage of a certain specific misalignment of a market variable.

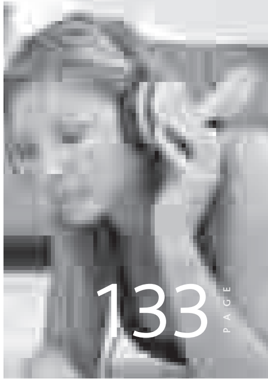
In order to achieve the objectives established by its investment strategy, a large range of foreign currencies and products can be traded, always in accordance with the respective regulations in force.
Mainly non-derivative fixed income financial instruments, interbank financing, purchase and sales with agreements, spot purchase and sale of foreign currency, foreign currency and interest rate derivative instruments (futures and swaps), shares and simultaneous trades are traded actively.

In general, treasury products can be geared towards different objectives, such as obtaining profits from variations in market factors in the short and medium term, obtaining profitability through the generation of financing rate spreads, taking advantage of mismatched deadlines and market rate curve slopes or currency rate differentials, performing economic and/or accounting hedge transactions for cash flows and fair value and distribution of Treasury products to the commercial network.

In particular, operations with derivatives are used to hedge or match risks, to arbitrate a market or to take its own positions.
Hedge management through derivative instruments can be established through an economic hedge or an accounting hedge, depending on the defined strategy.

When it is an accounting strategy, strategies can be used to hedge cash flows or the fair value of a certain item in the statement of financial position or an expected transaction that might generate risk or volatility in the entity's earnings, thereby complying with international accounting regulations. These hedge strategies must comply with all of the requirements stated in current regulations, and the hedge's effectiveness must be monitored at least monthly.

Risk management and control is articulated in practice, through policies, procedures, methodology and limits, with which shareholder value is created and value for the market in general, guaranteeing an adequate level of solvency
Those limits allow the Bank to maintain controlled levels of risk and diversified investment portfolios. That is why the internal limits that the entity has defined are related to types of portfolios, term mismatches, currencies and type of financial instruments.



In addition the Bank's policies establish certain conditions mainly for requesting guarantees for derivative transactions, in order to mitigate risks or exposures to counterparts.

B. Financial Risk Structure:

The Board of Directors is responsible for approving the policies, limits and risk management structure of the Bank and its Subsidiaries. To that end, various committees have been created which monitor compliance with the defined policies and limits. These committees are formed by Executive Directors and regularly report to the Board of Directors regarding risk exposures.

The Committees currently related to Financial Risk are:

- Finance Committee: It controls and manages financial investments with a vision for short and medium-term trading and the risks associated with those portfolios.
- Assets and Liabilities Committee: It controls and manages the risk of mismatches in the mass of assets and liabilities, in order to stabilize the financial margin of the Bank and keep the entity's economic value risk within limits. This committee also controls liquidity mismatches, compliance with limits and planning of the Bank's capital needed to cover the risks assumed.

The financial risk management policies are stipulated with a view to identify and analyze the risks faced, setting concentration limits and establishing ongoing controls for their compliance.

These policies are regularly reviewed by the Committees, in order to incorporate changes in market conditions and the Bank's own activities. Once these changes have been reviewed, they are subsequently proposed to the Board of Directors for their approval.

In order to guarantee adequate follow-up and control of risks, there is a Financial Risk Management Area, independent of the business areas that are the risk takers.

The area of action and responsibility of this Management Area is defined as:

- Control and measure the different risks that affect the Bank and its subsidiaries in a centralized manner applying homogenous policies and controls.
- Ensure that key issues related to market and liquidity risks are brought to the attention of the Risk Managers, Senior Management and the Directors
- Ensure that the recommendations of the regulatory authorities and internal auditors are appropriately followed.
- Daily monitoring and reporting on market and liquidity risk and compliance with each of the limits.
- Develop and review the soundness of the risk measurement methods and procedure.

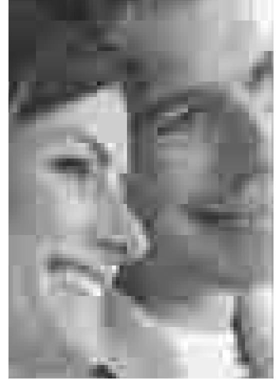
Risk measurement and control is performed daily through risk reports that allow top management to make decisions. These reports consider overall VaR and sensitivity measurement of the investment portfolio and the Banking book, exposure to the risk involving portfolios, instruments, risk factors and concentrations and the respective compliance with internal limits. In addition, it includes information on results and liquidity, contrasting exposures with internal and regulatory limits.

C. Financial Risk Process

Risk measurements are based on systems, whose automation allows for daily follow-up and control of the risks that the Bank and its subsidiaries are exposed to, allowing timely decision-making.

The Treasury and/or commercial areas are in charge of taking positions and risks within the defined limits established by Senior Management.

The treasury area is in charge of managing financial risks produced due to taking the Bank's own positions in the investment books, structural mismatches in the statement of financial position, management of liquidity matches and adequate financing of active operations.


The Internal Audit department regularly assesses the risk processes. Likewise, the general risk structure is subject to ongoing evaluation by the SBIF, external auditors and other people outside Management.

D. Definition of Financial Risks:

a) Market risk:

The market risk represents the potential that losses might be generated as a result of changes in market prices in a certain period of time, due to movements in interest rates, in the value of foreign currencies and in indexation and prices of shares. These losses affect the value of the financial instruments maintained in the Trading and Available for Sale portfolio, both belonging to the Bank and its subsidiaries.

Market Risk Methodology

Market risks are measured applying the Value at Risk (VaR) methodology, which homogenizes the risks of different types of transactions, modeling the joint relationship of these factors into a single risk measurement.

The VaR provides an estimate of the maximum potential loss of the positions in treasury financial assets or liabilities, when faced with an adverse but normal scenario.

The methodology used to calculate the VaR is a parametric technique that assumes that the distribution of the return on prices of the investments follows normal distribution, using a threshold of 95% reliance, a 1-day maintenance horizon, with a past data sample of 250 days adjusted through statistical techniques that give more importance to the most recent observations, in order to quickly capture increasing market volatility.

The assumptions on which the model is based have certain limitations, such as the following:

- A 1-day maintenance period that assumes that it is possible to hedge or dispose of positions within this period. However, the investment portfolios held for trading are composed of highly liquid instruments.
- A 95% level of reliance does not reflect the losses that might occur in the remaining 5% of the distribution.
- The Value at Risk is calculated with the positions at the end of the day and does not reflect the exposures that might occur during the trading day.
- The use of historical information to determine possible ranges of future income might not cover all of the possible scenarios, especially those of an exceptional nature.
- The behavior of market price returns on financial instruments might present abnormal probabilities of distribution.

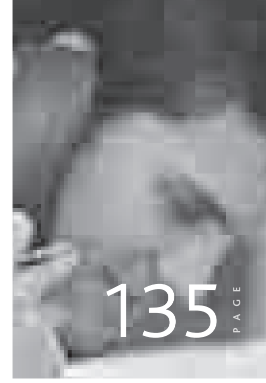
The limitations of the assumptions used in the VaR model are minimized through the use of limits of a nominal nature of the concentration of investments and sensitivity.

The reliability of the VaR methodology used is verified through backtesting, comparing whether the results obtained are consistent with the methodological assumptions within the determined levels of reliance. Ongoing monitoring of these tests allows verification of the assumptions and hypotheses used in the model, concluding, in accordance with the results provided by these tests, that the models operate correctly in accordance with their definitions and that they are a useful tool for managing and limiting risk exposures.

Control of financial risk is supplemented with specific simulation exercises, for which limits are also established by portfolio and unit, and with extreme market situations (stress testing), where different financial crises that have occurred in the past are analyzed as well as the effect that they might have on the current investment portfolios.

Market risks are followed up daily. The risk levels incurred and compliance with the limits established for each unit are reported to risk managers and senior management.





Banco Security and its subsidiaries measure and limit the Value at Risk of their investment portfolios (trading and available for sale) by risk factors, interest rates, currencies, temporary bands, types of instruments and types of portfolios separated by institution and correlated among each other.

The following table shows the market risks of the various investment portfolios by type of risk:

	VAR BY TYPE OF RISK	
	DECEMBER 31, 2010 MCH$	DECEMBER 31, 2009 MCH$
Trading:		
Fixed income	417	616
Derivatives (without options)	238	278
Embedded options	18	36
FX	12	7
Shares	7	1
Diversification effect	(272)	(288)
Total portfolio	420	650
Available for sale:		
Rate	276	990
Total portfolio	276	990
Total diversification	(96)	(158)
VaR total	600	1,482

b) Interest Type Structural Risk:

This risk derives mainly from commercial activity (commercial loans v/s deposits), caused by the effects of the variations in the types of interest and/or levels of the gradient of the standard curves to which assets and liabilities are referenced, which when they have temporary lapses in repreciation or maturity, can impact income stability (financial margin) and levels of solvency (equity economic value).

To that end, the Bank establishes internal limits through the use of interest rate structure sensitivity techniques.

Stress scenarios are also analyzed where the interest rates, currency repricing, changes in prices of shares, changes in underlying assets of options and changes in commissions that might be sensitive to interest rates are sensitized. These stress tests allow the Bank to measure and control the impact of sudden movements of the different risk factors on the Bank's solvency index, ordinary margin and economic equity value.

Furthermore, there is daily monitoring of compliance with the limits established by Banco Security in accordance with the definitions established by the Central Bank in Chapter III.B.2. of the Compendium of Financial Standards.

In addition, the Bank biannually reports to the SBIF regarding the risk positions of the investment portfolios of the trading book and compliance with the limits. It also reports monthly to the SBIF regarding consolidated risk positions with the subsidiaries for the trading book and individually for the banking book, which includes sensitization of market risk of the available for sale portfolio and the commercial book.

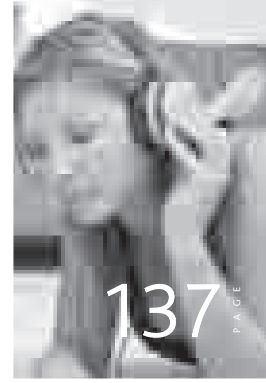
Market risk according to the methodology defined in the Chapter III.B.2. of the Compendium of Financial Standards of the Central Bank is as follows:

MARKET RISK	DECEMBER 31, 2010 MCH$	DECEMBER 31, 2009 MCH$
Rate Risk	6,009	5,873
Currency Risk	691	4,125
Options Risk	66	232
Total Risk	6,766	10,230
Consolidated Risk Weighted Assets	2,434,020	2,338,789
Effective Equity (PE)	303,033	293,773
Basel Limit	8.00%	8.00%
Basel with Market Risk	12.03%	11.91%
Basel I	12.45%	12.56%

MARKET RISK BANKING BOOK	DECEMBER 31, 2010 MCH$	DECEMBER 31, 2009 MCH$
Short Term		
CP Rate Risk	12,377	10,470
UF Mismatch	6,846	5,658
Sensitive commissions	41	39
Total Risk	19,264	16,167
Limit 35% Margin (Board of Directors)	26,519	20,995
Surplus/(excess) (Board of Directors)	7,255	4,828
Long Term		
Rate Risk	42,296	33,009
Limit 25% PE (Board of Directors)	75,758	73,443
Surplus/(excess) (Board of Directors)	33,462	40,434

c) Liquidity risk:

Liquidity risk represents the possibility of non-compliance with the obligations when they become due, due to incapacity to liquidate assets or obtain funds, or that exposures cannot be easily disposed of or compensated without significantly reducing market prices due to inadequate market depth.



The following concepts intervene in liquidity risk:

- Term Risk: risk produced by having different expiration dates for incoming and outgoing flows.
- Uncollectability Risk: risk produced by not being able to collect cash income, due to cessation of payment, default or delay in collection.
- Financing Risk: risk produced by being unable to raise market funds, whether in the form of debt or capital or being able to do it through a substantial increase in the cost of the funds affecting the financial margin.
- Concentration Risk: risk that implies concentrating sources of financing and sources of income in a few counterparts which imply a sudden change in the matching structure.
- Market liquidity risk: this risk is associated with certain products or markets and refers to the risk of not being able to close or sell a particular position at the last quoted market price (or at a price close to it) because market liquidity is inadequate.

Liquidity Risk Methodology

The methodologies used to control liquidity are the liquidity gap, considering probable behavior scenarios of the group of assets and liabilities, stress scenarios, liability concentration limits and early warning indicators.

The liquidity gap provides information referring to contractual incoming and outgoing cash, i.e. that which according to asset and liability contracts will be produced in a certain future period of time. For items without contractual expiration, simulations are established on the basis of statistical studies that allow the Bank to infer its maturity behavior.

On the basis of these scenarios, suppositions of normal operating conditions are established, omitting in daily management items composed mainly of assets that make a set of conservative conditions for liquidity management, which are limited through minimum mismatch margins by control tranches, which have been defined weekly or monthly for up to a period of one year.

The limits are established on the basis of a percentage of the Bank's capital, according to different scenarios defined on the basis of the estimate of more or less liquidity presented by the market, in accordance with the previously defined leading parameters and indicators.

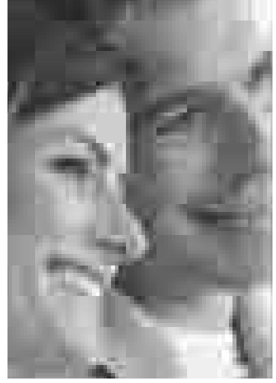
Furthermore, different liquidity crisis scenarios are simulated establishing cash deficit hedge ratios through off-balance sheet financing.

This is complemented with special procedures to confront a liquidity crisis and early warning indicators that allow the Bank to identify any potential risk.

Likewise, a series of ratios and financing concentration limits are established by creditor and by term, which allows the Bank to maintain orderly and diversified sources of financing.

The Bank uses the contractual expiry methodology for compliance with regulatory liquidity limits established by Chile's Central Bank in Chapter III.B.2 of the Compendium of Financial Standards.

The regulatory mismatch and compliance with limits is sent weekly to the Superintendency of Banks and Financial Institutions with the information referring to the Bank, and monthly for consolidated information with its subsidiaries.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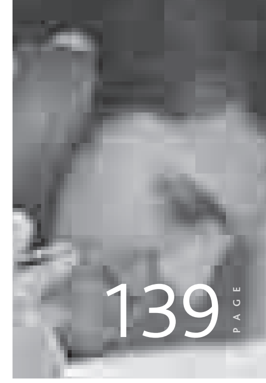
Regulatory Liquidity Mismatch at December 31, 2010 in MCh$ (total), Banco Security

	< 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 6 YEARS	> 6 YEARS	TOTAL
Available funds	136,569	-	-	-	-	-	136,569
Financial investments	529,878	66	-	-	-	-	529,944
Interbank loans to local banks	12,595	345	-	-	-	-	12,940
Commercial and consumer loans	208,175	250,469	426,276	360,817	289,042	270,664	1,805,442
Lines of credit and overdrafts	70,614	145,401	680,107	-	-	-	896,122
Mortgage loans	2,587	5,048	23,073	60,965	86,507	321,011	499,191
Other liabilities	187,639	-	-	-	-	-	187,639
Derivative contracts	33,413	39,048	75,258	28,557	12,269	8,874	197,418
	1,181,468	440,378	1,204,713	450,338	387,819	600,549	4,265,265
On demand obligations	291,753	-	-	-	-	-	291,753
Interbank borrowings	936	-	-	-	-	-	936
Deposits and time deposits	559,659	568,151	520,326	72,136	-	-	1,720,273
Foreign financing	29,311	58,220	50,228	16,601	(27)	-	154,333
Letters of credit	1,423	1,039	7,037	17,318	21,451	33,870	82,138
Bonds	2,082	2,473	17,577	106,667	114,629	218,700	462,128
Credit facilities and overdrafts	70,284	143,811	670,790	-	-	-	884,884
Other obligations	129,226	868	6,190	17,859	11,487	8,296	173,926
Derivative contracts	33,664	37,138	72,952	31,389	11,844	8,672	195,659
	1,118,337	811,700	1,345,100	261,970	159,384	269,538	3,966,030
Net cash flow	63,131	(371,322)	(140,387)	188,368	228,435	331,010	299,235
Accumulated net cash flow	63,131	(308,190)	(448,577)	(260,209)	(31,775)	299,235	
Regulatory Ceiling	(206,375)	(412,751)					
Surplus / (Excess)	269,506	104,561					





Regulatory Liquidity Mismatch at December 31, 2010 in MCh$ (Foreign Currency), Banco Security

	< 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 6 YEARS	> 6 YEARS	TOTAL
Available funds	65,555	-	-	-	-	-	65,555
Financial investments	42,322	-	-	-	-	-	42,322
Commercial and consumer loans	52,034	59,164	80,471	16,912	7,337	3,196	219,114
Credit facilities and overdrafts	2	-	-	-	-	-	2
Other liabilities	61,714	-	-	-	-	-	61,714
Derivative contracts	3,050	4,251	24,114	19,713	9,543	5,653	66,324
	224,677	63,414	104,585	36,626	16,880	8,849	455,031
On demand obligations	54,326	-	-	-	-	-	54,326
Interbank borrowings	936	-	-	-	-	-	936
Deposits and time deposits	110,220	94,830	3,834	-	-	-	208,885
Foreign financing	29,311	58,220	50,228	16,601	(27)	-	154,333
Other obligations	44,179	-	-	-	-	-	44,179
Derivative contracts	14,948	23,426	24,720	9,870	9,528	5,650	88,142
	253,921	176,476	78,782	26,471	9,501	5,650	550,801
Net cash flow	(29,243)	(113,062)	25,803	10,155	7,379	3,198	(95,770)
Accumulated net cash flow	(29,243)	(142,305)	(116,502)	(106,347)	(98,968)	(95,770)	
Regulatory Ceiling	(206,375)						
Surplus / (Excess)	177,132						



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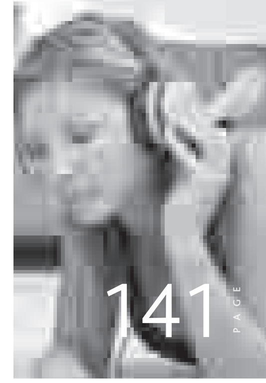
Regulatory Liquidity Mismatch at December 31, 2009 in MCh$ (total), Banco Security

	< 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 6 YEARS	> 6 YEARS	TOTAL
Available funds	84,344	-	-	-	-	-	84,344
Financial investments	123,005	104,723	224,271	52,948	60,743	79,471	645,161
Interbank loans	307,634	-	-	-	-	-	307,634
Commercial and consumer loans	168,387	244,873	476,218	353,904	245,399	259,652	1,748,432
Credit facilities and overdrafts	-	361	5,759	-	-	-	6,120
Mortgage loans	2,175	4,192	19,166	50,701	71,232	261,268	408,732
Other liabilities	238,308	-	-	-	-	-	238,308
Derivative contracts	36,197	38,856	70,237	7,038	238	-	152,564
	960,048	393,004	795,650	464,591	377,611	600,391	3,591,296
On demand obligations	259,765	-	-	-	-	-	259,765
Interbank borrowings	3,757	508	-	-	-	-	4,265
Deposits and time deposits	664,125	448,929	751,395	134,376	13,668	-	2,012,492
Foreign financing	37,428	45,932	33,491	11,349	-	-	128,200
Letters of credit	1,573	1,132	8,055	20,016	25,559	42,919	99,254
Bonds	3,206	1,952	101,684	105,760	103,827	236,853	553,281
Credit facilities and overdrafts	215	-	-	-	-	-	215
Other obligations	115,670	989	9,957	20,266	23,063	9,198	179,143
Derivative contracts	35,767	40,373	76,299	12,103	1,226	-	165,768
	1,121,506	539,815	980,881	303,870	167,343	288,970	3,402,383
Net cash flow	(161,457)	(146,810)	(185,231)	160,721	210,268	311,421	188,912
Accumulated net cash flow	(161,457)	(308,267)	(493,498)	(332,777)	(122,509)	188,912	
Regulatory Ceiling	(197,789)	(395,578)					
Surplus / (Excess)	36,332	87,311					





Regulatory Liquidity Mismatch at December 31, 2009 in MCh$ (Foreign Currency), Banco Security

	< 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 6 YEARS	> 6 YEARS	TOTAL
Available funds	49,613	-	-	-	-	-	49,613
Financial investments	3,546	2,119	2,634	6,111	19,958	26,863	3,349
Commercial and consumer loans	42,049	56,286	69,927	14,740	6,522	2,911	192,435
Credit facilities and overdrafts	-	-	-	-	-	-	-
Other liabilities	65,770	-	-	-	-	-	65,770
Derivative contracts	6,531	384	22,266	526	-	-	29,707
	167,509	58,789	94,827	21,378	26,480	29,774	398,758
On demand obligations	61,964	-	-	-	-	-	61,964
Interbank borrowings	3,757	508	-	-	-	-	4,265
Deposits and time deposits	100,937	55,830	6,017	-	-	-	162,784
Foreign financing	37,428	45,932	33,491	11,349	-	-	128,200
Other obligations	34,327	-	-	-	-	-	34,327
Derivative contracts	19,730	21,724	17,180	1,072	-	-	59,706
	258,143	123,995	56,687	12,421	-	-	451,246
Net cash flow	(90,634)	(65,206)	38,140	8,957	26,480	29,774	(52,488)
Accumulated net cash flow	(90,634)	(155,840)	(117,700)	(108,742)	(82,262)	(52,488)	
Regulatory Ceiling	(197,789)						
Surplus / (Excess)	107,155						

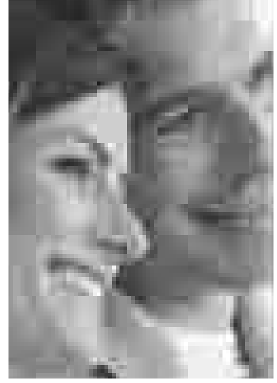
Hedge Accounting

In October 2009 the Bank entered into a cash flow hedge. Upon entering the hedge the Bank formally documented the relationship between the hedge instruments and hedged items, describing the objectives and strategy for that hedge and how the risk will be measured, and defining the methodologies related to effectiveness testing.

The Bank prospectively and retrospectively evaluates the effectiveness of the hedge, to verify that it is highly effective, considering that it is highly effective if results are between 80% and 125%.

The Bank defined a hedge strategy through which it manages to stabilize the repricing variability of the interest paid in USD and of the fluctuation in the exchange rate for an external credit in USD at a variable rate, through derivatives (cross currency swaps) that allow the Bank to receive a variable USD rate and pay a fixed rate in CLP (functional currency).

The effective portion of changes in the fair value of the cash flow hedge is recognized directly in equity. This amount that is maintained in equity will be recognized in income in the same period in which the cash flows of the hedged element affect income. Any non-effective portion of changes in the fair value of the derivative is recognized directly in income.


The Fair Value recognized in equity at December 31, 2010 and 2009 for the hedge instrument is MCh$1,248 and MCh$1,138, respectively, as a reduction on equity.

Embedded Derivatives

These derivatives may be embedded in another contractual agreement (or main contract); therefore, they are accounted for at market price separately from the main contract, when the latter is not carried at fair value, since the economic risk and characteristics of the embedded derivative are not related to the characteristics and economic risk of the main contract.

Currently the Bank records embedded derivatives arising from variable rate mortgages at fair value through profit loss as those mortgages incorporate a fix rate after a certain period of time, with a maximum interest rate ceiling, customers, therefore, benefit from this feature and the Bank is negatively affected when market rates rise above the loans interest rate ceiling. This effect is determined daily through sophisticated option evaluation models and the fluctuation in fair value is treated as income for the period (increases in the theoretical value of that derivative are a loss for the Bank).

Mortgage loans with embedded derivatives were granted during 2004 and 2005. Since then, no new types of loans with those characteristics have been granted.

The relevant data for these embedded derivatives are:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Balance MUF mortgage portfolio	658	848
Rate Ceiling (Average)	7.22%	7.22%
Residual term (years)	10.9	11.6
Option value MCh$	78	243

V. OPERATING RISK

A. Operating Risk Objectives:

For Banco Security, the Operating Risk is the risk of a direct or indirect loss due to errors in processes, employees, internal systems or derived from external events, including legal risk. It assumes that the risk is present throughout the organization, and that it is a manageable risk.

The objectives set forth for managing operating risks are:

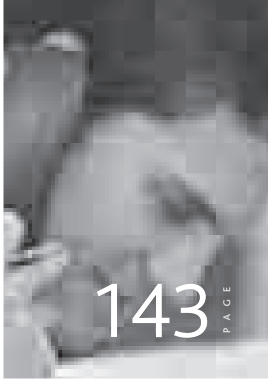
- Reduce Operating Risk losses
- Promote an Operating Risk culture
- Efficient, effective Operating Risk Management
- Alignment with the requirements of the SBIF and Basel II.

B. Operating Risk Structure

The Operating Risk Control area answers to the Bank Risk Division, reporting directly to the Division Manager.

It should be noted that, according to the operating risk policy approved by the Board, risk management is supported by those responsible for and those who execute the processes, who are the primary risk takers; the operating risk area, in charge of managing





and monitoring operating risk; the Board of Directors and the Operating Risk Committee, who are responsible for ensuring that the Bank has a framework for managing operating risk in accordance with the defined objectives and best practices, and who must also ensure that necessary conditions exist (trained employees, organizational structure, budget) to allow implementation of that framework.

C. Operating Risk Processes

For adequate risk management and to fulfill the objectives defined by the Bank as set forth in the Operating Risk Policy, a series of activities have been developed, which are described below:

Training: Training process for the organization's employees through personal seminars and e-learning, the purpose of which is for the entire organization to become familiar with, and understand, what an operating risk is and to have the knowledge and methodology to mitigate it.

Event Management: Mitigation of risks that do not entail implementing a project or the need for resources, with their solution lying only in creating a control or modifying a process.

Database: Systematic record of the events that involve operating risks.

KRIs: Quantitative measures that provide knowledge of certain, potential risks, allowing the Bank to identify increased exposure beyond acceptable values. Its objective is to provide immediate and early information regarding possible operating risks in different areas of the Bank.

Self Assessment Survey: Survey involving the main managers of the Bank, in order to detect operating risk processes and events.

Suppliers: Compliance with what is stipulated by the regulatory agency in Standard 20-7 issued by the SBIF.

Risk Survey: Process focused on identification, analysis, evaluation, mitigation plan, responsible individuals, follow up and reporting of the risks identified in the various areas, especially processes and procedures.

Risk Mapping: Activity that is subsequent to the risk survey, where these are ordered in a structured manner according to macro processes and Bank-defined processes. This allows for subsequent individual evaluation, identification of the most important and priority risks by process.

VI. RISK COMMITTEES

In order to correctly manage risks, Banco Security has various different risk committees as described briefly below:

A. Credit Risk Committees:

There are 3 Credit Risk Committees. As mentioned above, these are the Board of Directors Credit Committee, the Managers Credit Committee and the File Circulation Credit Committee. The conditions that each operation must meet to determine in which committee it must be presented are clearly specified in the Bank's People Banking and Corporate Banking Credit Risk Policies. It should be noted in this point that the commercial area per se has almost no powers in this regard; it must always have the approval of the Credit Risk Area or of the respective committee to be able to approve the respective operations.



Make-up of the Credit Risk Committee:
The Board of Directors Credit Risk Committee is made up of two Bank Directors, its President, General Manager and the Risk Division Manager. In turn, the Managers Credit Risk Committee is composed of the Manager of the Commercial Division, the Manager of the Risk Division and the respective Credit Decision-making Assistant Manager (individuals or companies). And finally, the file circulation credit committee is made up of the various commercial managers and the respective credit decision-making assistant manager (individuals or companies).

Subjects to be covered:
These Committees are in charge of approving or rejecting the credit transactions presented, depending on the amount and conditions of the loan in the respective committee. Additionally, the Board of Directors Credit Committee is the one that approves the Credit Risk Policies, their delegated powers and any amendments to them.

Periodicity:
The Board of Directors Risk Committee meets every Tuesday and Thursday (except for the second Thursday of each month). The Managers Credit Risk Committee meets every Wednesday. The File Circulation Credit Risk Committee operates mainly on Monday and Thursday mornings.

Interaction with the Board of Directors:
The Bank's President and two Board of Directors members participate in the Credit Risk Committee. As a result, the Board of Directors is informed at all times of the Credit Risk Committee's actions. Finally, note that the Credit Risk Committee is where the Bank's most important operations are addressed.

B. Financial Risk Committee:
The objective of this committee is to jointly evaluate the positions and risks taken by Banco Security and its subsidiaries, defining the strategy to be adopted and validating the level of compliance with it.

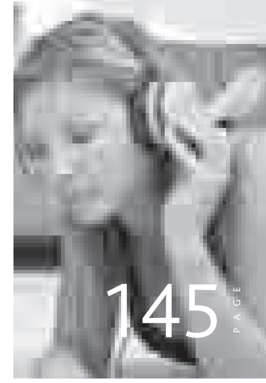
The main functions of this committee include reporting on the situation of each business unit in relation to net income and margins in comparison to the budget, the alignment of strategies, and escalation of investment or divestiture decisions.

Additionally, the Finance Committee has the power to propose the Board the policies and methodology associated with managing the Bank's financial activities and ensuring compliance with market risk and liquidity limits set by the Board and the supervisory agencies.

This Committee is made up of:

- Chairman of the Committee: - Bank's General Manager
- Bank President
- Group's General Manager
- Planning and Development Manager
- Chief Economist Grupo Security
- Risk Division Manager
- Financial Risk Manager
- Finance and Corporate Division Manager
- Trading and Investments Manager
- Valores Security General Manager
- Valores Security Investment Manager
- AGF Investment Manager





C. Operating Risk Committee:

Composition of the Operating Risk Committee:

The Operating Risk Committee is made up of the General Manager or member of the Board of the Banco Security and Subsidiaries, the Operations and Technology Manager, Risk Control Manager, a Representative of the Legal Department, the Security Mutual Funds and Securities Operations Manager, the Information Security Officer, the Bank's Risk Division Manager and the Operating Risk Assistant Manager.

The Controller of the Security Group must sit on this Committee, but he does not have any responsibility whatsoever with regard to risk management. His job is to note that any possible corrective measures are in line with the observations made regarding the audited areas.

Subjects to be covered:

The Operating Risk Committee is in charge of disseminating the operating risk policy, assessing the risks detected and defining action plans in accordance with the Bank's risk profile.

Periodicity:

The Operating Risk Committee will meet regularly, ideally bimonthly or as needed.

Interaction with the Board of Directors:

The Board of Directors is informed about the implementation of the Operating Risk Policy, as well as detection of incidents, potential risks and measures associated with operating risks in respect to their severity, and frequency of loss.

D. Asset and Liability Committee:

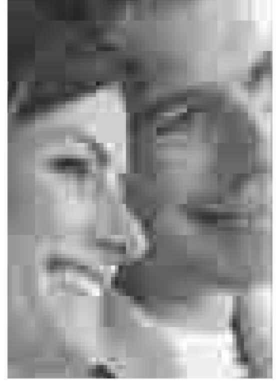
This committee is responsible for the administration and control of the (1) structural matching of terms and currencies in the statement of financial position, (2) liquidity, (3) the stability of the Bank's margin, and (4) definition and control of capital management policies.

The permanent members of this committee are:

- Chairman: Francisco Silva S.
- Director: Renato Peñafiel M.
- General Manager: Ramón Eluchans O.
- Finance and Corporate Division Manager: Nicolás Ugarte B.
- Risk Division Manager: José Miguel Bulnes Z.
- Financial Risk Control Manager: Antonio Alonso M.
- Planning and Development Manager: Manuel Widow L.
- Trading and Investments Manager: Cristian Pinto M.
- Distribution Table Manager: Sergio Bonilla B.
- Balance Sheet Table Manager: Ricardo Turner O.
- Corporate Banking Division Manager: Christian Sinclair M.
- Peoplee Banking Division Manager: Gonzalo Baraona B.
- International Comex and Serv. Business Manager: Miguel Ángel Delpin A.

VII. CAPITAL REQUIREMENTS

In accordance with the Chilean General Banking Law, the Bank maintains a minimum 8% effective equity to Risk-weighted consolidated assets ratio, net of required provisions, and a minimum 3% Basic Capital to Total Consolidated Assets ratio, net of required provisions. To that end, the effective equity is calculated based on the Capital and Reserves or the Basic Capital, with the following adjustments: a) Junior bonds with a ceiling of 50% of the Basic Capital are added, and b) the balance of assets corresponding to goodwill or markups paid and to investments in companies not participating in the consolidation is deducted.


Assets are weighted according to their risk category, to which a risk percentage is assigned depending on the amount of capital needed to support each of the assets. Five risk categories are applied (0%, 10%, 20%, 60% and 100%). For example, cash, deposits in other banks and financial instruments issued by Chile's Central Bank have 0% risk, which means that, under current regulations, no capital is needed to back up these assets. Fixed assets have a 100% risk, which means that a minimum capital equivalent to 8% of the amount of such assets needs to be maintained.

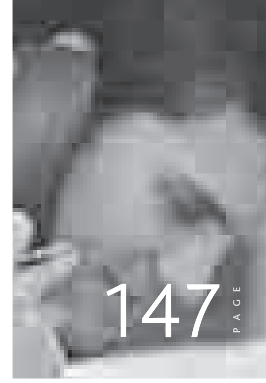
All derivative instruments traded over the counter are considered in calculating assets at risk by using a conversion factor on notional values, thereby obtaining the amount of exposure to credit risk (or credit equivalent). Off-balance sheet contingent credits are also considered as a "credit equivalent" for weighting.

The levels of Basic Capital and Effective Equity at December 31, 2010 and 2009 are as follows:

	CONSOLIDATED ASSETS		RISK WEIGHTED ASSETS	
	2010 MCH$	2009 MCH$	2010 MCH$	2009 MCH$
Assets of the statement of financial situation (net of provisions)				
Cash and deposits in banks	114,409	64,852	-	-
Unsettled transactions	131,111	116,161	40,022	44,463
Trading investments	389,522	396,043	92,448	158,347
Investments under resale agreements	-	20,807	-	19,876
Financial derivative contracts	83,309	125,642	35,742	45,207
Interbank loans	11,325	312,431	10,022	5,507
Loans and accounts receivable from clients	1,939,372	1,845,419	1,821,748	1,746,877
Available for sale investments	278,007	484,353	117,965	122,064
Held to maturity investments	-	-	-	-
Investments in other companies	621	621	621	621
Intangible assets	21,755	16,124	21,755	16,124
Property, plant and equipment	22,695	22,491	22,695	22,491
Current taxes	650	3,021	65	1,204
Deferred taxes	36,131	36,185	3,613	3,337
Other assets	115,984	67,584	115,984	67,322
Off-balance sheet assets				
Contingent loans	252,233	142,248	151,340	85,349
Total risk weighted assets	3,397,124	3,653,982	2,434,020	2,338,789

	AMOUNT 2010 MCH$	AMOUNT 2009 MCH$	RATIO 2010 %	RATIO 2009 %
Basic Capital	206,376	197,789	6.08	5.41
Effective Equity	303,033	293,773	12.45	12.56





Effective equity is determined as follows:

	AT DECEMBER 31 2010 MCH$	AT DECEMBER 31 2009 MCH$
Basic Capital	206,376	197,789
Subordinated bonds	91,781	94,039
Additional provision	-	500
Government guarantees	4,805	1,380
Equity attributable to non-controlling interest	71	65
Effective Equity	303,033	293,773

37. NEW ACCOUNTING PRONOUNCEMENTS 2011

I. Chilean Superintendency of Banks and Financial Institutions

The new accounting pronouncements issued by the SBIF at the date of issuance of these consolidated financial statements and applicable as of 2011 are specified below:

Circular N° 3,488 – On December 29, 2009, SBIF issued this circular together with Circular 69 issued by the Chilean Internal Revenue Service (SII). This joint circular set the date of enforceability by the SII of the "Recording of loans provisioned for or written off for tax purposes", postponing for 2010 the requirement for details to be included in a note to the financial statements, with both obligations being stipulated in joint circular 47/SII and 3478/SBIF issued on August 18, 2009 on tax treatment of provisions, write-offs, renegotiations and remittances of loans granted by Banks. Management adopted these changes as stipulated in the above circulars in its financial statements at December 31, 2010. For details of the disclosure of movements and effects generated by applying article 31, number 4, of the Income Tax Law, in accordance with the provisions of Circular 3,478, see Note 16.

Circular N° 3,497 – On March 30, 2010, the SBIF issued this circular, which stipulates that, to maintain consistency between the names currently used IFRS to distinguish the part of the consolidated equity and profit and loss corresponding to persons that do not have control over the entities that are being consolidated, the expression "Minority Interest" should be replaced in the financial statements by "Non-controlling Interest". Further, the expressions "income attributable to the equity holders", "Attributable to the equity holders of the Bank", "equity holders of the bank" and "attributable to the equity holders" should also be replaced by the phrases: "income attributable to the owners", "Of the owners of the bank", "Bank owners" and "of the owners", respectively. The Bank's Management adopted these changes in its consolidated financial statements at December 31, 2010.

Circular N° 3,502 – Also, on June 10, 2010, the SBIF issued this circular instructing that the transitional standards for provisions being applied should be maintained until this year-end and that a minimum provision of 0.5% of the normal part of the portfolio evaluated on an individual basis should be set up in turn until the end of this year. The effects of the adoption of this circular on the consolidated financial statements are described in Note 3 Accounting Changes.

Circular N° 3,503 – In August, 2010, the SBIF issued this Circular supplementing and amending the instructions involved in the Compendium of Accounting Standards, chapters B1-B2-B3 and C1 with regard to provisions and impaired portfolios. The changes introduced here will be in force as of January 1, 2011, except for the provisions regarding additional provisions contained in No. 9 of Chapter B-1 , which are in force in 2010. The Bank's Management has opted to early adopt the above changes, and the effects of such early application are described in Note 3 Accounting Changes.

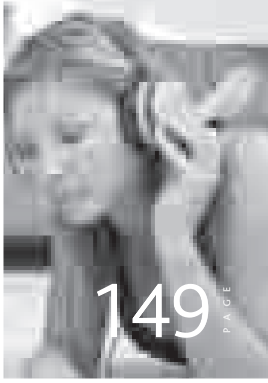
Circular N° 3,510 – On October 8 2010, the SBIF issued this Circular to adapt the financial statement formats to the new instructions on provisions and covering certain information needs broken down into greater detail. It replaces Chapter C-3 "Monthly Financial Statements" of the Compendium of Accounting Standards. The changes introduced in this Chapter only involve eliminating or creating the lines or items specified in the appendix to this circular, which will be applied as of the information referred to at January 31, 2011. The Bank's Management considers that adoption of these changes will not significantly affect presentation of its monthly financial statements.

II. International Financial Reporting Standards

1. Standards and Interpretations effective in 2010

The following IFRS amendments and interpretations (IFRIC) have come into force in 2010 and have not had any significant impact on the Bank's consolidated financial statements at December 31, 2010:

AMENDMENTS TO IFRS	DATE OF MANDATORY APPLICATION	SITUATION OF THE BANK
IFRS 1 (Reviewed), First adoption of International Financial Reporting Standards. Amendment to IFRS 1 (Reviewed 2008)	Annual periods starting as of July 1, 2009.	This amendment does not impact the Bank as the Bank had adopted IFRS in 2009 with a transition date of January 1, 2008
IFRS 2, Share-based payments. Amendment to IFRS 2	Annual periods starting on or after January 01, 2010	Management has adopted these amendments, however these have had no impact in the Bank's financial statements, as the bank does not have these kinds of transactions
IFRS 3 (Reviewed), Business Combination. Amendment to IFRS 3 (Reviewed 2008)	Annual periods starting as of July 1, 2009.	The modifications to IFRS 3 had no impact in the financial statements, as the Bank has not performed business combinations during the periods that needed to be treated in conformity with the established in this new IFRS
IAS 27 (Reviewed), Consolidated and Individual Financial Statements (Reviewed 2008)	Annual periods starting as of July 1, 2009.	
IAS 39, Financial Instruments Recognition and Measurement - Eligible hedged items	Retrospective application for annual periods starting on or after July 1, 2009	Management has adopted these modifications; however these have had no impact in its financial statements.
Improvements to IFRS April 2009 - set of amendments to twelve International Financial Reporting Standards	Annual periods started on or after January 01, 2010	The adoption of these improvements to IFRS had no impact in the accounting policies of the Bank

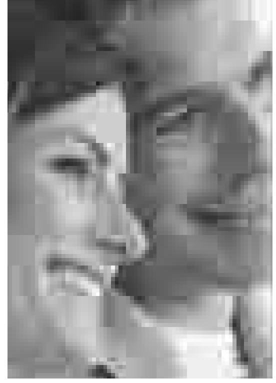


NEW INTERPRETATIONS	MANDATORY APPLICATION DATE	
IFRIC 17, Distribution of non-cash assets to owners	Annual periods started on or after July 01, 2009	The adoption of IFRIC 17 had no impact in the Bank's financial statements.

2. Standards and Interpretations issued, but that had not come into force for the Bank at Decemebr 31, 2010

New International Financial Reporting Standards, as well as their interpretations, had been published at year-end, but compliance therewith was not mandatory at December 31, 2010. Although in some cases, early application is allowed by the IASB, the Bank has not resorted to any early application at this date.

NEW IFRS	MANDATORY APPLICATION DATE	SITUATION OF THE BANK
IFRS 9, Financial Instruments - Classification and Measurement	Annual periods starting on or after January 01, 2013	Bank management, in conformity with the provisions established by the SBIF, will not early adopt this standard. Instead it will be adopted in the financial statements for the Group for the period starting January 1, 2013. Management has not had the chance to consider the possible impact of the adoption of this new standard.


AMENDMENTS TO IFRS	MANDATORY APPLICATION DATE	SITUATION OF THE BANK
IFRS 1 (Reviewed), First time adoption of International Financial Reporting Standards - (i) Elimination of Fixed Dates for First Time Adopters - (ii) Severe Hyperinflation	Annual periods starting on or after July 01, 2011	The Bank Management believes that these amendments will have no effect in its financial statements as it is not a first time adopter of IFRS.
IAS 12, Income taxes - Recovery of Underlying Assets	Annual periods starting on or after January 01, 2012	Bank Management believes that these amendments will be adopted in its financial statements for the period starting January 1, 2012. Management has not had the chance to consider the possible impact of the adoption of these amendments.
IAS 24, Related Party Disclosures – revised definition of related parties	Annual periods started on or after January 01, 2011	The Bank is not related to a government entity; therefore the disclosure exemptions will not be applicable to the Bank. However, some disclosures could be affected by the changes in the detailed definition of a related party. This could result in changes in the disclosures of related parties in the financial statements.
IAS 32, Financial Instruments: Presentation – amendments relating to classification of rights issues	Annual periods starting on or after February 01, 2010	Bank Management believes that these amendments will be adopted in its financial statements for the period starting January 1, 2011. Management considers that this amendment will have no impact in the consolidated financial statements of the Bank in the period of its initial application.
Improvements to IFRS May 2010 - set of amendments to seven International Financial Reporting Standards	Annual periods starting on or after January 01, 2011	Bank Management believes that these amendments will be adopted in its financial statements for the period starting January 1, 2011. Management has not had the chance to consider the possible impact of the adoption of these amendments.
IFRS 7 - Financial Instruments: Disclosures - Disclosures - Transfers of Financial Assets	Annual periods starting on or after July 01, 2011	Management has not had the chance to consider the possible impact of the adoption of these amendments.
IFRS 9, Financial Instruments - Additions to IFRS 9 for the accounting of Financial Liabilities	Annual periods starting on or after January 01, 2013	Bank management, in conformity with the provisions established by the SBIF, will not early adopt this standard. Instead but it will be adopted in the financial statements for the Group for the period starting January 1, 2013. Management has not had the chance to consider the possible impact of the adoption of the new standard.

NEW INTERPRETATIONS	MANDATORY APPLICATION DATE	SITUATION OF THE BANK
IFRIC 19, Extinguishing financial liabilities with equity instruments	Annual periods starting on or after July 01, 2010	Bank management believes that this interpretation will be adopted in the financial statements for the period starting January 1, 2011. Management has not had the chance to consider the possible impact of the adoption of this new interpretation.



AMENDMENTS TO INTERPRETATIONS	MANDATORY APPLICATION DATE	SITUATION OF THE BANK
IFRIC 14, The limit on a defined benefit asset, minimum funding requirements and their interaction	Annual periods starting on or after January 01, 2011	Bank management believes that this amendment will be adopted in the financial statements for the period starting January 1, 2011. Management has not had the chance to consider the possible impact of the adoption of this amendment.

38. SUBSEQUENT EVENTS

During the period between January 1 and the date of issue of these consolidated financial statements (January 25, 2011), there have been no subsequent events that have had a significant impact on the Banks consolidated financial statements.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors in an extraordinary meeting held on January 25, 2011, and their publication has been authorized for February 11 of this year.

HORACIO SILVA C.
Chief Accountant

RAMON ELUCHANS O.
General Manager

$	Chilean Peso
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)

financial statements

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SUMMARIZED FINANCIAL STATEMENTS

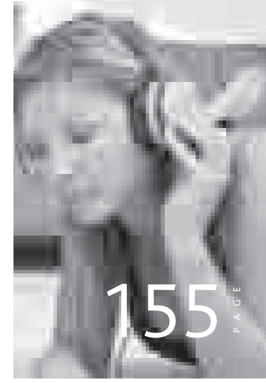
OF SUBSIDIARIES

VALORES SECURITY S.A. CORREDORES DE BOLSA

As of December 31, 2010 and 2009

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2010 CH$ MILLIONS	2009 CH$ MILLIONS
ASSETS		
Current	446,621.4	585,282.3
Fixed assets	149.1	162.0
Ot6her assets	566.7	536.9
Total assets	447,337.2	585,981.2
LIABILITIES		
Current	418,610.1	559,420.9
Capital & reserves	27,225.7	26,536.9
Earnings for the year	1,501.4	23.4
Total liabilities & equity	447,337.2	585,981.2
STATEMENT OF RESULTS		
Operating result	2,274.2	(796.5)
Non-operating result	(549.1)	690.5
Pre-tax earnings	1,725.2	(106.0)
Income tax	(223.8)	129.4
Earnings for the year	1,501.4	23.4





10 financial statements

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

As of December 31, 2010 and 2009

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2010 CH$ MILLIONS	2009 CH$ MILLIONS
ASSETS		
Current	15,931.1	11,533.7
Fixed assrts	55.8	49.0
Total assets	15,986.9	11,582.7
LIABILITIES		
Current	1,670.9	1,286.1
Capital & reserves	1,525.3	1,488.1
Accumulated earnings	9,028.7	6,192.1
Earnings for the year	3,762.0	2,616.4
Total liabilities & equity	15,986.9	11,582.7
STATEMENT OF RESULTS		
Operating result	4,588.2	2,686.3
Non-operating result	(89.4)	431.7
Pre-tax earnings	4,498.8	3,118.0
Income tax	(736.8)	(501.6)
Earnings for the year	3,762.0	2,616.4

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ADDRESSES BANCO SECURITY AND SUBSIDIARIES

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e-mail: banco@security.cl

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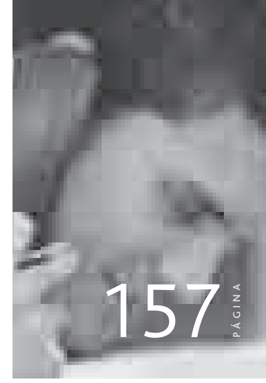

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Lo Barnechea
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Fax: 581 5573 Opening hours: 8 a.m. – 2 p.m.

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Fax: (56-2) 584 4699

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Fax: (56-41) 290 8021

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Fax: (56-45) 948 416

PUERTO MONTT BRANCH
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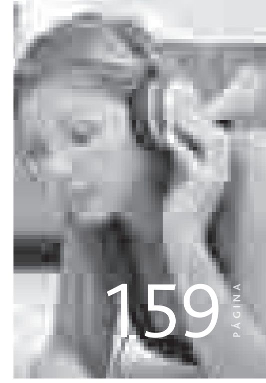

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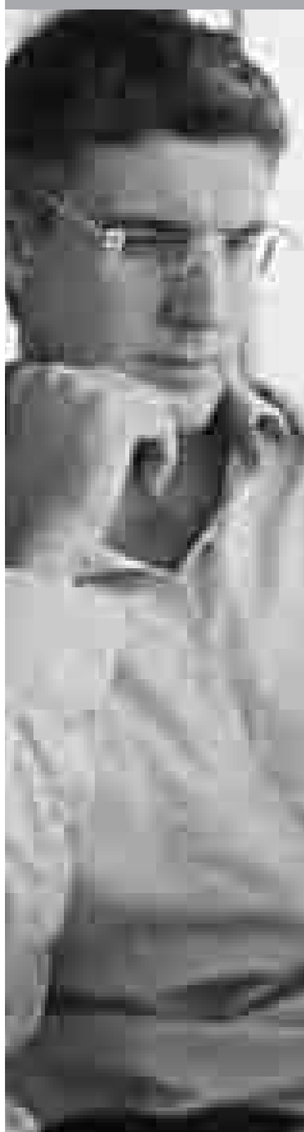

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