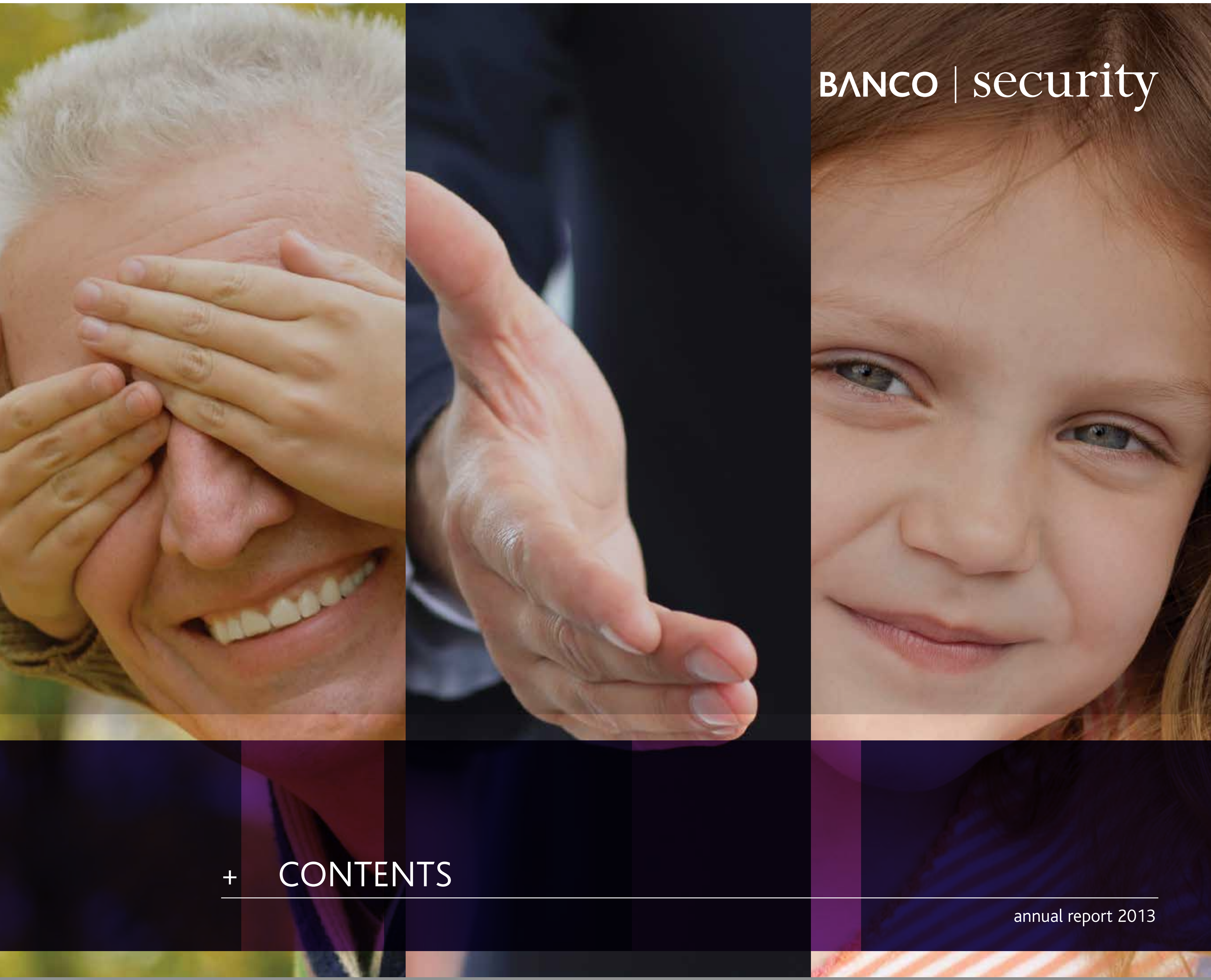
ANNUAL REPORT 2013



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annual report 2013

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1. OUR BANK

annual report 2013

COMMITMENT

Total Assets
MM$ 4.395.535

Equity
MM$ 308.362

Loans
MM$ 3.341.157

CONSOLIDATED FINANCIAL SUMMARY
IN MILLION OF CHILEAN PESOS AS OF DECEMBER

YEAR END RESULTS	2004 (3)	2005	2006	2007 (4)	2008 (4)	2009	2010	2011	2012	2013
Gross Operating Results (Gross Margin)	61.336	61.395	65.047	85.234	77.397	78.515	99.085	107.953	131.693	128.583
Administrative Expenses	33.792	30.566	36.099	45.255	50.191	50.885	60.343	67.283	89.848	89.354
Net Operating Results (Net Margin)	27.544	30.830	28.948	39.979	27.206	27.630	38.742	40.670	41.845	39.229
Net Income	14.024	20.014	20.498	27.268	24.338	23.039	33.710	35.020	35.229	32.801

BALANCES AT END OF THE YEAR	2004 (3)	2005	2006	2007 (4)	2008 (4)	2009	2010	2011	2012	2013
Loans (1)	1.187.467	1.354.331	1.610.864	1.735.299	2.084.693	2.189.085	1.988.633	2.614.571	3.021.457	3.341.157
Financial Investments	306.556	388.625	317.441	600.702	796.434	946.676	729.465	791.479	706.586	579.000
Productive Assets	1.494.023	1.742.956	1.928.305	2.336.001	2.881.127	3.135.761	2.718.098	3.406.050	3.728.044	3.920.157
Fixed Assets and Investment in Affiliates	21.567	23.042	23.445	25.720	28.837	23.112	23.316	24.215	25.131	25.646
Total Assets	1.672.687	2.003.297	2.134.186	2.615.515	3.238.938	3.452.372	3.123.518	3.911.365	4.179.893	4.395.535
Checking Accounts	82.933	104.331	108.224	184.270	221.397	255.777	285.464	353.615	395.301	425.450
Deposits and Other Term Obligations	981.904	1.067.659	1.210.311	1.466.375	1.720.452	1.651.418	1.696.711	2.038.762	2.306.100	2.298.991
Foreign Obligations	139.925	192.116	112.615	160.623	292.091	132.120	155.982	289.277	232.399	193.206
Provision for Risk Assets	18.560	19.512	16.437	18.969	22.730	31.218	37.904	35.858	41.815	46.087
Capital & Reserves (2)	124.004	130.259	132.546	140.083	170.459	174.750	172.737	232.443	248.364	275.562
Equity	138.028	150.273	153.044	167.400	184.865	197.854	206.447	267.463	283.593	308.362

1.1. CONSOLIDATED FINANCIAL SUMMARY BANCO SECURITY AND SUBSIDIARIES

RATIOS	2004 (3)	2005	2006	2007 (4)	2008 (4)	2009	2010	2011	2012	2013
Net Income/Equity	10,2%	13,3%	13,4%	16,3%	13,2%	11,6%	16,3%	13,1%	12,4%	10,6%
Productive Assets/Total Assets	0,8%	1,0%	1,0%	1,0%	0,8%	0,7%	1,1%	0,9%	0,8%	0,7%
Productive Assets/Total Assets	89,3%	87,0%	90,4%	89,3%	89,0%	90,8%	87,0%	87,1%	89,2%	89,2%
Basel Ratio	12,26	12,26	11,59	10,84	11,48	12,56	12,45	12,03	11,92	12,19

NOTES :

(1) Includes interbank. Contingent liabilities are not included since 2007 under the new standards, and do not form part of loans.

(2) Include Other equity accounts

(3) Banco Security & Dresdner Bank L.A., Chile were merged on October 1, 2004

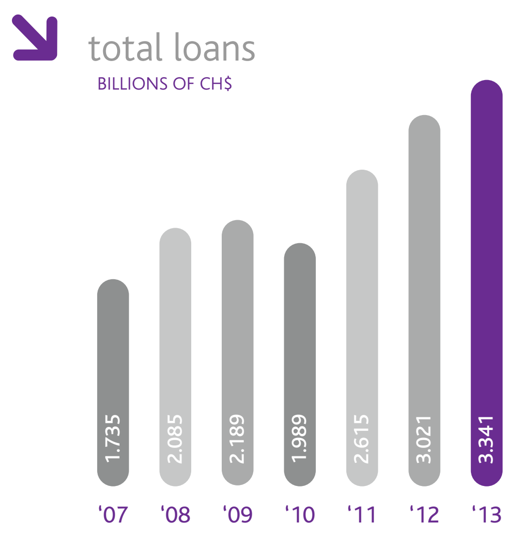
(4) Effective January 2008, the balance sheets & statements of results were changed to the IFRS format defined by the SBIF in its accounting regulations published under Circular 3,410. The figures from 2007 are not therefore comparable with the financial information of previous years. The 2007 & 2008 figures incorporate adjustments in accordance with the later regulatory changes to make them more comparable. Price-level correction was suppressed from January 2009.

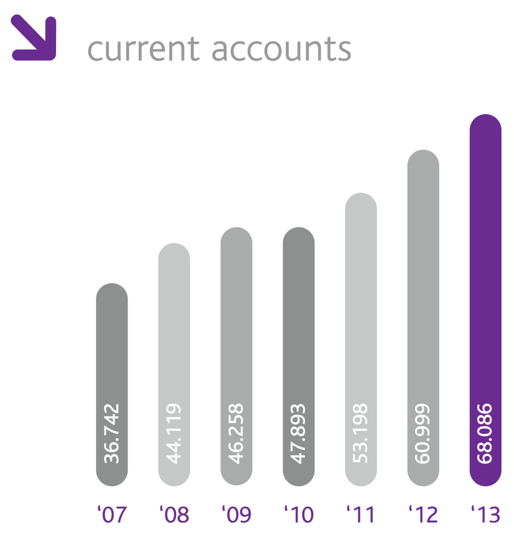
Gross operating results

MM$ 128.583

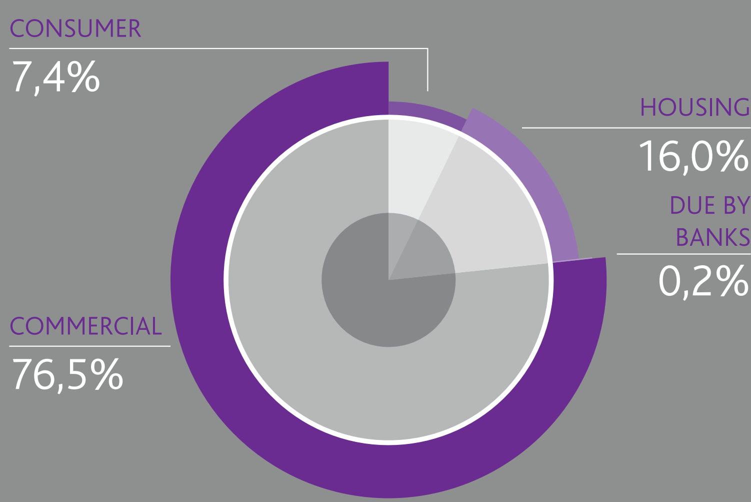
Net Income

MM$ 32.801

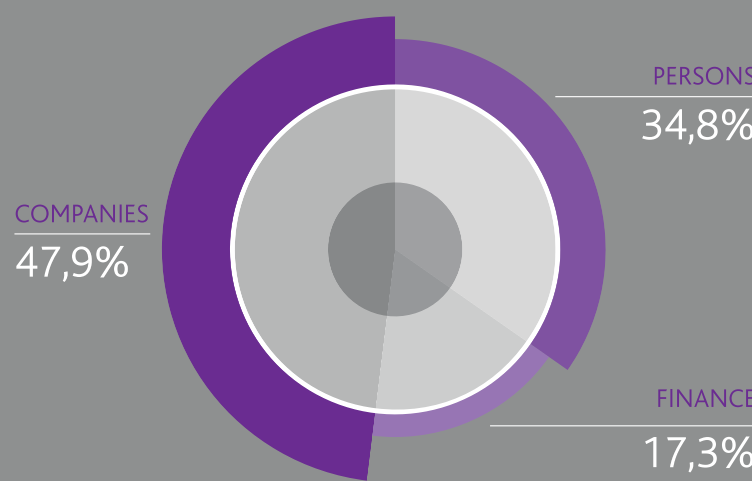




loan composition



revenue composition



1.2. PRINCIPAL FINANCIAL INDICATORS

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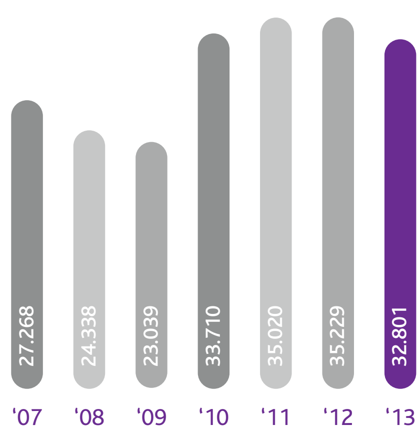
MILLIONS OF CH$



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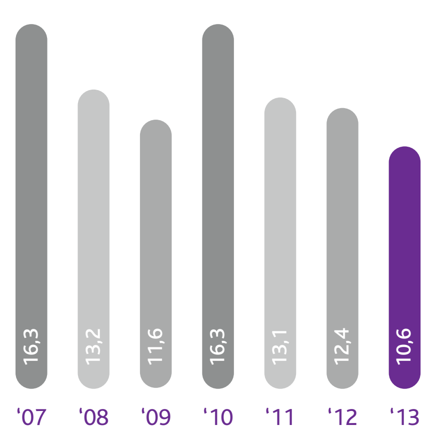

1.3. CHAIRMAN'S LETTER

"

during 2013 Banco Security was recognized as the best company in Chile in quality of service, obtaining first place in the National Customer Satisfaction Prize 2013 awarded by ProCalidad and Capital magazine

"

Net Income 2013

$32.801 MILLIONS

DEAR SHAREHOLDERS,

I have pleasure in presenting to you the Annual Report of Banco Security for the year 2013.

Last year was marked by transition in which the global economy gradually resumed its growth. However, while the most developed countries showed strength in this area, the emerging nations showed signs of a deceleration, even by more than forecast. This was precisely the case of Chile where the economic growth rate fell by more than one point with respect to the previous year, from 5.6% in 2012 to 4.0%.

Banco Security and its subsidiaries, Valores Security Corredores de Bolsa and Administradora General de Fondos Security, produced earnings of Ch$32,801 million in 2013, 6.9% lower than the result for 2012.

In terms of activity, the loans of Banco Security last year reached Ch$3,335,658 million, representing 10.9% growth over 2012.

In September 2013, Grupo Security made a capital increase of Ch$30,000 million in Banco Security, being the first stage of a capitalization process of Ch$ 75,000 million approved by the entity's extraordinary shareholders' meeting in August 2013. This will strengthen our capital base and solvency ratios in order to better face the challenges relating to the growth in our loans and number of customers.

The bank's strategic plans developed during the last 3 years have permitted the expansion of the checking account base of Retail Banking by 42.6%, to reach 60,000 by December 2013. Meanwhile, we continued to strengthen the business segment where we have 7,000 customers, representing 12.1% of all Chilean businesses with debts over UF 3,000.

It should be noted that we have achieved this growth without abandoning our commitment with quality of service. This was demonstrated during 2013 when Banco Security was recognized as the best company in Chile in quality of service, obtaining first place in the National Customer Satisfaction Prize 2013 awarded by ProCalidad and Capital magazine. This distinction is especially gratifying as it was granted by our customers on the basis of the attributes of trust, transparency, price and quality of service, stated by them as the most valued. In addition, the Bank was awarded first place in Global Customer Satisfaction with their Bank, according to a survey carried out annually by Ipsos PuntoVista of the principal banks operating in Chile.

Both distinctions gave us immense pleasure because they confirm our value proposal, to provide personalized attention with high quality standards, to be more present than ever, and because we are motivated even more to meet the excellence of service standard that is implicit in the Security brand.

Another very important highlight of 2013 was the authorization granted in September for Banco Security to open an office of representation in Hong Kong. The opening of this office should be completed during the first half of 2014, becoming the only Chilean bank with a presence in that important international financial center. This opens big business opportunities for the Bank, accompanying customers that actively operate in the Asian markets and especially with China, and reflects the Bank's interest in strengthening its international and foreign trade businesses.

In another area, we cannot avoid mentioning with pride that we have been recognized, for the thirteenth consecutive year, as one of the "15 best companies to work for in Chile", according to the ranking prepared by the Great Place to Work Institute, reaffirming our constant concern as a company for our staff and our commitment to them, reflected in the tremendous effort and dedication they place in their daily work.

Lastly, I do not want to miss this opportunity to thank Mario Weiffenbach for his constant support and valuable contributions as a member of the board of Banco Security for over 22 years. I should also like to thank Ramón Eluchans for his efforts and commitment during the 17 years he has been the chief executive officer of Banco Security, very successfully leading such an important stage in the history of our Bank.

We know that the challenges in 2014 are numerous and of great importance for the Bank's development, but we will work with the same enthusiasm and commitment that have characterized us until now for continuing to create value for our shareholders. I am sure that with the effort and loyalty that characterize our human team, we will be able to face each of those challenges on order to reach the goals we have set ourselves.

FRANCISCO SILVA S.
Chairman
Banco Security

1981/87

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

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 is now the Bank's subsidiary Valores Security Corredores de Bolsa.

1990/91

Leasing Security is formed as a Bank subsidiary in order to handle the leasing finance business.

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.

1992/94

Administradora de Fondos Mutuos Security is created as a subsidiary of Banco Security.

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

2001/03

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

On 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.

2004/06

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.

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

2007/08

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

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

2011/12

A new growth and expansion plan for the branch network is launched with the opening of 3 new branches: Presidente Riesco in the Metropolitan Region and La Serena and Rancagua in the regions.

3 new branches are inaugurated: La Reina, Moneda and Talca. Retail Banking reached 50,000 checking accounts and Corporate Banking surpasses 2 billion pesos in loans.

2013

Copiapó branch is opened in December and Retail Banking passes 1 billion pesos in loans.

1.4. HISTORICAL SUMMARY

GPTW PRIZES

For the thirteenth consecutive year, Grupo Security was recognized as one of the "Best Companies to Work for in Chile", by winning 14th place in the ranking prepared annually by the Great Place to Work Institute.

As in the previous years, Banco, Corredora, Factoring, Inversiones, Travel, Vida, Inmobiliaria and Mandatos Security were the Group companies so recognized. All obtained high scores in the five dimensions measured in the survey (credibility, impartiality, respect, pride and comradeship).

NATIONAL CUSTOMER SATISFACTION PRIZE 2013

ProCalidad and Capital magazine recognized Banco Security as the best company 2013 in Service Quality in Chile. In this prize-giving, the Bank received two distinctions: first place in the Medium Sized Bank category and first place in the National Customer Satisfaction Prize 2013, according to a satisfaction survey of Chileans in 26 service sectors in the country.

Banco Security also obtained first place in 2013 in Global Customer Satisfaction with their Bank survey, conducted annually by Ipsos PuntoVista, of the principal banks operating in Chile. It has been among the best 2 over the last 5 years.

CUSTOMER EXPERIENCE RANKING

Banco Security was placed second as the best service experience branding the First Customer Experience. This survey was carrie dout by the consultants Praxis and measured a total of 98 brands of key industries like retail, telecommunications, finance, home services and health.

The Praxis Xperience Index (PXI) measures customers' experience as the integrated combination of feelings, judgments and emotions with respect to a product or service and relates them with the company through three components: functional, operational and emotional, determining that the service requested is effective, easy and satisfactory.

SALMÓN PRIZES 2013

Administradora General de Fondos Security was again recognized for the returns on its funds. It obtained two second places in 2013 (Fondo Mutuo Index Fund Latam Small Cap and Fondo Mutuo Security Check) in the Salmón Prizes 2013. These prizes are awarded annually by the Diario Financiero and the Chilean Mutual Fund Managers Association.

3. AWARDS RECEIVED

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2. CORPORATE GOVERNANCE

annual report 2013

TRANSPARENCY

2.1. DIRECTORS 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.
	Ramón Eluchans O.

MANAGEMENT

• Chief Executive	Bonifacio Bilbao H.
• Legal Counsel	Enrique Menchaca O.
• Chief Economist	Dalibor Eterovic M.
• Manager, Planning & Performance	Manuel Widow L.
• Manager, Corporate Culture	Karin Becker S.
• Comptroller	Alfonso Verdugo R.

SUPPORT AREAS

• Manager, Risk Division	José Miguel Bulnes Z.
• Manager, Risk Management	Alejandro Vivanco F.
• Manager, Debt Restructuring	René Melo B.
• Manager, Corporate Risk Appraisal	Matías Astoreca U.
• Manager, Retail Risk Appraisal	Jorge Herrera P.
• Manager, Financial Risk	Antonio Alonso M.
• Manager, Operations & IT Division	Juan Carlos Montjoy S.
• Manager, Technological Development	Magally Góngora N de G.
• Manager, IT Architecture & Platform	Facundo Curti V.
• Manager, Central & Branch Op. Processes	David Díaz B.
• Manager, Financial Operations	Raúl Levi S.
• Manager, Processes	Luis Wanner B.
• Manager, Admin. & General Services	Javier Briones O.

COMMERCIAL AREAS

CORPORATE DIVISION

• Manager, Corporate Banking Division	Christian Sinclair M.
• Manager, Commercial Products & Development	Sergio Cavagnaro R.
• Manager, Marketing & Products	Francisco Domeyko C.
• Manager, Structured Financing	Jose Antonio Delgado A.
• Assistant Manager, Leasing Business	Aldo Massardo G.

LARGE AND REAL ESTATE CORPORATIONS

• Manager, Large & Real Estate Corporations	Alejandro Arteaga I.
• Manager, Large Corporations	José Luis Correa L.
• Manager, Large Corporations	Alberto Apel O.
• Assistant Manager, Large Corporations	Felipe Oliva L.
• Assistant Manager, Large Corporations	Alberto Aspillaga F.
• Assistant Manager, Real Estate	Ricardo Hederra G.

COMPANIES AND REGIONAL BRANCHES

• Manager, Companies & Regional Branches	Jorge Contreras W.
• Assistant Manager, Companies	Francisco Cardemil K.
• Assistant Manager, Companies	Harald Zach P.
• Assistant Manager, Companies	Alberto Leighton P.
• Manager, Regional Branches	Hernán Buzzoni G.
• Assistant Zonal Manager, Corporate Banking	Felipe Schacht R.
• Agent, Puerto Montt branch	Rodrigo Tornero J.
• Agent, Antofagasta branch	Rolando Trombert J.
• Agent, Concepción branch	María Paz Ruiz-Tagle V.
• Agent, Temuco branch	Claudio Assadi L.
• Agent, Viña del Mar branch	Mario Lorenzini B.
• Agent, Rancagua branch	Francisco Vidal W.
• Agent, Talca branch	Javier Flores S.
• Agent, La Serena & Copiapó branches	Sebastián Cummins S.

FOREIGN TRADE AND INTERNATIONAL SERVICES

• Manager, Correspondent Banking & Intl. Services	Miguel Ángel Delpin A.
• Assistant Manager, International Business	Germán Steffens Sch.

RETAIL DIVISION

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

BRANCHES

• Manager, Branches	Rodrigo Reyes M.
• Assistant Manager, East Zone	Virginia Díaz M.
• Assistant Manager, Center Regions Zone	Tatiana Dinamarca G.
• Assistant Manager, Head Office Zone	Rodrigo Matzner B.
• Assistant Manager, New Branches	María Soledad Ruiz S.
• Assistant Manager, Private & Commercial Banking	José Ignacio Alonso B.
• Agent, La Dehesa Branch	Stephanie Mackay R.
• Agent, Estoril Branch	Mónica Escobar R.
• Agent, Vitacura Branch	Paulina Collao A.
• Agent, Agustinas Branch	Raúl Figueroa D.
• Agent, Providencia Branch	Magdalena González V.
• Agent, Alcántara Branch	Leslie Perry K.
• Agent, Plaza Constitución Branch	Evelyn Goehler A.
• Agent, El Golf Branch	Soledad Toro V.
• Agent, La Reina Branch	Annelore Bittner A.
• Agent, Presidente Riesco Branch	Carolina Saka S.
• Agent, Moneda Branch	Ma. De los Angeles Covarrubias P.
• Agent, Los Trapenses Branch	Claudia Amaro E.
• Agent, Cordillera Branches	Vivianne Zamora O.
• Agent, North Branches	Ma. Constanza Undurraga V.
• Agent, El Regidor Platform	Rossana Yunusic B.
• Agent, Santa Lucia Platform	Sharon Wells M.
• Agent, Reyes Lavalle Platform	Paula Castaño C.
• Agent, Apoquindo Platform	Constanza Ortúzar R.
• Agent, Las Condes Platform	María Soledad González D.
• Agent, San Crescente Platform	Ma. De los Ángeles Barros M.
• Agent, Group Banking	Ximena Leiton A.
• Agent, Private Banking, Apoquindo	Cristián Leay R.
• Agent, Private Banking, El Golf	Loreto Velasco D.
• Agent, Commercial Banking	Esteban Mozó B.
• Agent, Copiapó Branch	Italo Aravena F.
• Agent, Viña del Mar Branch	Loreto Escandón S.
• Agent, Antofagasta Branch	Katherine Siede R.
•Agent, Concepción Branch	Lenka Bego P.
• Agent, Temuco Branch	Veruschka Montes W.
• Agent, Puerto Montt Branch	Lorna Wiederhold R.
• Agent, La Serena Branch	Mariela López E.
• Agent, Rancagua Branch	Carolina Jerez L
• Agent, Talca Branch	Lorena Mella R.

FINANCE AND CORPORATE DIVISION

• Manager, Finance & Corporate Division	Nicolás Ugarte B.

MONEY DESK

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

CORPORATE BANKING

• Manager, Corporate Banking	Adolfo Tocornal R-T.
• Assistant Manager, Corporate Banking	Venancio Landea L.

2.2. LEVELS OF CORPORATE GOVERNANCE

SHAREHOLDERS MEETING

This is the highest corporate level according to the Corporations Law, and its principal functions are to elect the board of directors and approve the annual report, appoint the external auditors and credit-rating agencies, approve the financial statements and distribution of earnings, approve capital increases and the remuneration of the members of the board and directors' committee.

BOARD OF DIRECTORS

This is the company's principal level of governance which plays a key role in the actions of the organization as it manages the company, defines and approves institutional values and strategic guidelines, supervises their implementation, and establishes internal control mechanisms for ensuring compliance with internal and external regulations through policies that guide the company's actions.

The board of Banco Security consists of seven members

All the directors are elected every three years. The last election was on April 10, 2013 when the shareholders' meeting ratified the permanence for a new period of all its members. Later, at the May board meeting, the resignation was accepted of the director Mario Weiffenbach O. and Ramón Eluchans was elected as his replacement at the following month's meeting. By law and the bylaws, ordinary board meetings should be held at least once a month. Extraordinary meetings may be called by the chairman of the board himself or at the request of one or more titular directors.

The board is informed regularly about progress and compliance with the comprehensive risk management policy, compliance of audits, the state of customer complaints, etc.

DIRECTORS' 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
• Ramón Eluchans O.	Director
• Bonifacio Bilbao H.	Chief Executive
• José Miguel Bulnes Z.	Manager, Risk Division

MANAGEMENT CREDIT COMMITTEE

This committee complements the functions of the above, and its 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 member of this committee is:

• José Miguel Bulnes Z.	Risk Division

The following are also members, according to the banking division to which the customers analyzed belong:

CORPORATE BANKING:

• Christian Sinclair M.	Manager, Corporate Banking Division
• Jorge Contreras W.	Manager, Companies & Branches
• Matías Astoreca U.	Manager, Corporate Risk Appraisal

RETAIL BANKING:

• Gonzalo Baraona B.	Manager, Retail Banking Division
• Jorge Herrera P.	Manager, Retail Credit Appraisal

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

FINANCE COMMITTEE

The objective of this committee is the joint evaluation 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 risk limits set by the board and regulatory organisms.

The members of this committee are:

• Francisco Silva S.	Chairman
• Renato Peñafiel M.	Director
• Ramón Eluchans O.	Director
• Dalibor Eterovic M.	Chief Economist
• Bonifacio Bilbao H.	Chief Executive
• Nicolás Ugarte B.	Manager, Finance & Corporate Division
• Cristian Pinto M.	Manager, Trading
• Sergio Bonilla S.	Manager, Balance Sheet & Investments
• Ricardo Turner O.	Manager, Investments
• Manuel Widow L.	Manager, Planning & Performance
• José Miguel Bulnes Z.	Manager, Risk Division
• Antonio Alonso M.	Manager, Financial Risk
• Andrés Pérez L.	Finance Manager, Valores Security

ASSETS AND LIABILITIES COMMITTEE (COAP)

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.	Director
• Bonifacio Bilbao H.	Chief Executive
• Nicolás Ugarte B.	Manager, Finance & Corporate Division
• José Miguel Bulnes Z.	Manager, Risk Division
• Antonio Alonso M.	Manager, Financial Risk
• Manuel Widow L.	Manager, Planning & Performance
• Cristian Pinto M.	Manager, Trading
• Sergio Bonilla B.	Manager, Balance Sheet & 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, Correspondents & Intl. Services

AUDIT COMMITTEE

This committee's object is to ensure the efficiency of the internal control systems and compliance with their 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
• Bonifacio Bilbao H.	Chief Executive
• Alfonso Verdugo R.	Comptroller
• Enrique Menchaca O.	Legal Counsel

Special guests also attend for the revision of certain matters.

The committee's functions and responsibilities are:

a) To propose to the board a list for the election of external auditors.
b) To propose to the board a list for the election of credit-rating agencies.
c) To know and analyze the results of internal audits and revisions, and revise compliance with the observations made.
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 internal control systems and procedures of the Bank and subsidiaries.
i) To analyze the functioning of the information systems, their sufficiency, reliability and application in decision-taking, including the results of self-evaluation.
j) To learn about compliance with institutional policies relating to the due observance of the laws, regulations and internal regulations that the Bank and subsidiaries have to meet.
k) To know and resolve on conflicts of interest and investigate acts of suspicious and fraudulent conduct.
l) To analyze inspection-visit reports and the instructions and presentations made by the Superintendency of Banks and Financial Institutions (SBIF).
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.
o) Be informed about lawsuits and other legal contingences affecting the institution.
p) Be informed, analyze and resolve on other matters that one or more of its members submit

During 2013, the committee met on 8 occasions and covered the following matters:

1. Be informed of the results of internal audits of the Bank and subsidiaries, and other related revisions.
2. Coordination of the tasks of the comptroller with the revisions of the external auditors.
3. Letter from the SBIF with report on the results of its visit 2013.
4. Revision of the statutes of the audit committee to be precise about its coverage of subsidiaries, as indicated in the SBIF 2012 report.
5. Analysis of the changes or impacts in terms of corporate governance in accordance with SBIF Circulars 3.558 and 3.559 on the matter.
6. Analysis of the annual financial statements, in the presence of the comptroller and the partner of the external auditors.
7. Analysis of the reports, content, procedures and scope of the external auditors' revisions, and the action plans committed to for their solution.
8. Proposal to the board of the external auditors and credit-rating agencies.
9. Be informed of regulatory changes affecting the Bank and subsidiaries, for discussion of the implications for the institution; also of the letters to the management copied to the comptroller.
10. Be aware of new relevant lawsuits against the Bank and other legal contingencies.
11. Approval and follow-up of compliance with the annual audit plan for the Bank and its subsidiaries. The committee meeting of December 2013 was presented with the audit plan 2014.
12. Analysis of progress of action plans defined by the Bank to resolve the most criticized weaknesses relating to its internal control area, based on audit reports.
13. Know and monitor operational losses
14. Be informed of personnel movements within the comptroller area.
15. Know and approve the audit manual.
16. Compliance of certification ACIV – NCG. N.340 SVS of 6.11.2012 for auditors working in securities trading firms (subsidiaries).
17. Analysis of the results of the self-evaluation matrix made by different areas of the Bank.
18. Be informed of the complaints by channel, product/service and type.
19. Invitation of the compliance manager to know the structure, planning, results and performance of the area.

COMMITTEE	OBJECTIVES
Strategic	• Strategic guidelines, risk appetite & capital management.
Commercial Companies / Persons	• Revision of budgetary compliance, deviations and progress of commercial projects.
Risks	• Revision of Bank's general risks strategies & behavior
Watch	• Revision level of highest-risk loans for control of the position & take actions.
Operational Risk	• Information & analysis of the integral management of operational risks. • Diffusion & follow-up of operational risk policies.
Investments in Fixed & Technological Assets	• Revision & approval of annual investment budget • Revision & approval of individual projects and their progress
Operations & IT (Strategic Projects)	• Information & revision of general matters, planning & follow-up of operations matters. • Analysis, evaluation & planning of technological projects.
Prevention, Analysis & Resolution of Asset Laundering	• Diffusion, application & follow-up of asset-laundering prevention policies. • Analysis of cases
Coordination of Regulatory Compliance	• Revision of new regulations, assignment & follow-up of compliance.

Profess

PRO

3. STRATEGY AND MANAGEMENT

annual report 2013

PROFESSIONALISM

3.1. BUSINESS STRATEGY

”

the Bank has commercial executives of an excellent professional level, a complete range of products and services, first-class technological support in all its channels and the full support of Grupo Security to fully satisfy its customers.

”

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, a complete range of products and services, first-class technological support in all its channels and the full support of Grupo Security to fully satisfy its customers.

The pillars of the business strategy are the following:

- **EXCELLENCE IN SERVICE:** a constant concern for ensuring compliance with the standards of quality of service that characterizes the Security brand which are known and valued by customers.

- **FOCUS ON OBJECTIVE SEGMENT:** Banco Security has been able to grow while maintaining its focus on 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 but pointing to achieving the efficiency of a larger 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 their correct execution.

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 CORPORATIONS AND REAL-ESTATE COMPANY BANKING:** 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 three sub-segments as a function of size, plus an additional one that covers real-estate companies.

- **CORPORATE BANKING AND REGIONAL BRANCHES:** attends businesses that seek the best service in the global solution of their financial requirements. This model is split into two segments by size and region areas in order to give the best attention.

- **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 is incorporated into 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 business 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 enable us to differentiate ourselves from the competition"

The objective segment of the Retail Banking Division is the ABC1 social-economic group, and the service model has been defined to achieve a greater specialization and customer satisfaction, divided into different banking groups as a function of the customer's profile:

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

- **PREFERENTIAL BANKING:** oriented to customers requiring traditional financial products and services and who demand a first-class personalized service.

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 (charge and credit cards), payment services, insurance, investment instruments, etc.

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

FOREIGN TRADE AND INTERNATIONAL SERVICES

As foreign trade is and will be a fundamental pillar in the country's development, and that there is space for improving and broadening foreign trade banking services in Chile, Banco Security has given this area a strategic role in the value proposal of its customers.

As proposal of value, closeness to customers and the effectiveness of our processes and products, particularly the E-Comex electronic platform, are an undisputed strength, widely known in the market.

3.1. BUSINESS STRATEGY

Along these lines, important initiatives were developed in 2013 for continuing to improve the offer of specialized products and strengthening the specialist team. This will enable the Bank to better face the challenges and opportunities that arise in a country increasingly open, as is Chile.

Consistent with this, Banco Security obtained authorization in September 2013 to open an office of representation in Hong Kong, making it the only Chilean bank with a presence in that important global financial center. This office will start operating during the first half of 2014 and have a multicultural professional team with wide experience in business in Asia, and particularly in China. Banco Security will be able to offer through it detailed advice with respect to commercial, financial and foreign trade practices in the Asian markets, plus market information, financing alternatives, legislation and local financial practices for potential investors.

The opening of this office of representation is Banco Security's first international incursion, confirming its vocation to comprehensively satisfy the financial needs of its customers and its interest in strengthening its foreign trade and international business in general.

MONEY DESK

Always considered as a fundamental complement to the traditional banking business, this area attends a large part of the institutional customers directly and is concerned to offer a complete range of financial products to all customers, together with advice whenever required, and manages the Bank's own investment portfolio. This area is also responsible for the Bank's exposures and liquidity, following the guidelines set by the Assets and Liabilities Committee.

The area therefore consists of:

- **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 exposures of currencies and maturities in the balance sheet, and liquidity, following the guidelines set by the Assets and Liabilities Committee. It also provides transfer prices for commercial banking for its loan management.

INVESTMENTS

The primary objective of Inversiones Security is to provide every customer with comprehensive asset-management advice. It therefore has professional teams of excellence distributed through a combination of companies in order to achieve the best management of each investment portfolio, whether of private individuals or corporate entities.

The area provides different services, in third-part asset management through Administradora General de Fondos Security S.A. and securities trading and stock broking through Valores Security Corredores de Bolsa, both Bank subsidiaries.

The executives and clients of Inversiones Security have the constant and solid support of the Research Department, an area that shares the same principles of excellence as Inversiones Security in the management of assets and the Bank in each of its products.

In order to strengthen the commitment of comprehensive advice for its clients, Inversiones Security organizes a series of investment seminars annually that enable it to offer in a friendly and informal way its prospects for the economy and the domestic and international financial markets.

3.2. BANCO SECURITY AND ITS ENVIRONMENT

in September 2013, Banco Security obtained authorization to open an office of representation in Hong Kong, making it the only Chilean bank with a presence in that important global financial center

BANCO SECURITY AND ITS ENVIRONMENT

ECONOMIC AND FINANCIAL CONTEXT

EXTERNAL SCENARIO: THE YEAR OF GLOBAL TRANSITION

Despite the uncertain world panorama straggling back to 2011-2012 due to the worsening of the European crisis, 2013 was a period of consolidation of the recovery of the developed economies. Both the USA and the euro-zone showed improvements in terms of economic activity. There was a deceleration in the case of the emerging economies, although China managed to stabilize its growth rate. Global GDP therefore expanded by close to 3%, mainly driven by the industrial countries. However, the developed economies continued with wide over-capacity so inflationary pressures continued to be very limited.

In particular, the United States managed growth of 1.9%, sustained by the dynamism of private spending as public spending showed a sharp contraction, in line with the fiscal adjustments made following the great post-crisis expansion. In the labor market, the unemployment rate fell from 7.9% in the first months to 6.7% by the end of the year. This good performance was influential in the decision of the Federal Reserve Bank to moderate the non-conventional quantitative easing, announced in the middle of the year and carried out in December. And it was precisely this event that caused the greater uncertainty in emerging nations. While the start of the normalization of US monetary policy is good news in the medium term because it responds to faster growth in the economy, it generated a change in financial conditions in the short term, hitting the developing countries. This scenario was consistent with a dollar that began to strengthen at the global level, thus reversing a depreciating trend for over more than a decade.

In Europe, the recovery process continued to be very gradual, with marked differences between Germany and the periphery economies. However, the risks associated with a financial collapse were reducing through the year following the actions of the authorities and as the fiscal adjustments started to have their effect. Despite showing a contraction in GDP during the first quarter of the year, the euro-zone showed annualized growth of around 1% in the three following quarters. However, for the year as a whole, GDP would have contracted by a half percentage point. Activity therefore has still not returned to

3.2. BANCO SECURITY AND ITS ENVIRONMENT

pre-crisis levels and the unemployment rate continues to be very high, around 12% overall. In this context of fragile recovery, one of the risks that began to gain credence during last year were deflation. The European Central Bank has therefore increased quantitative easing with a reduction in the monetary policy rate in November, taking it to a minimum record level of 0.25%.

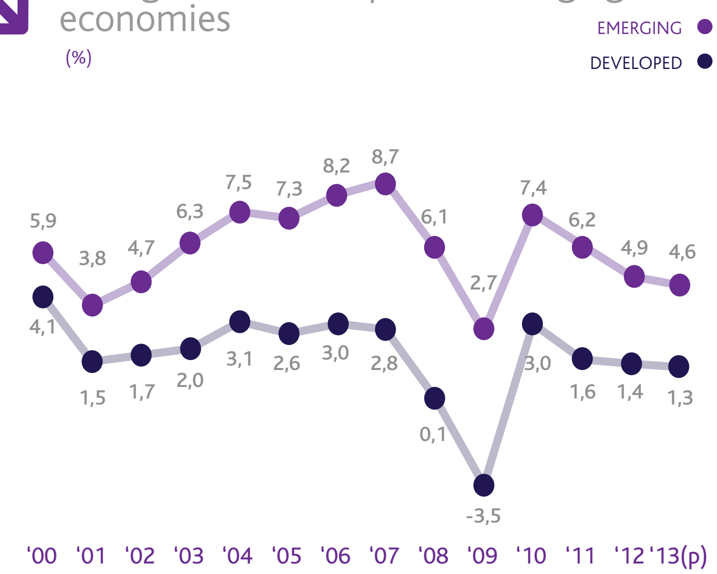
China also showed improvement. It managed to control the risks of a forced landing, with growth of 7.7% in 2013. Efforts were directed to controlling the economy and stimulating domestic spending, a measure agreed following the general council meeting of communist party which concluded by making the biggest economic reforms in 30 years, liberalizing the financial sector, increasing incomes, developing rural zones, improving connectivity and urbanization, motivating competition and reducing the role of the state in the assignment of resources.

In all, 2013 was a year in which the transition began between the recovery of the developed economies and the less favorable financial conditions for the emerging ones. The USA has started the process of withdrawing quantitative easing and the effects were felt in the emerging nations, although with some differentiation between the most vulnerable and those with firmer fundamentals.

The performance of risk assets reflects this transition very well. The global stock market rose by 20% in dollar terms (measured by the MSCI index), driven by an increase in the developed countries (24%) which more than compensated the fall in emerging countries (-5%). The former included the USA (30%), Japan (25%) and Europe (22%), while the latter showed a rise in China (1%) but a fall in the rest, e.g. Latin America (-16%). In fixed income, high-yield American bonds advanced by 8% and the high-grade remained unchanged, while sovereign bonds of emerging countries (EMBI) moved back by 6.6% and corporate bonds (CEMBI) by 1.3%.

GDP growth developed & emerging economies

(%)



CHILE: DECELERATION IN INTERNAL DEMAND

As in most emerging countries, then reduced external activity moderated GDP growth in the Chilean economy in 2013.

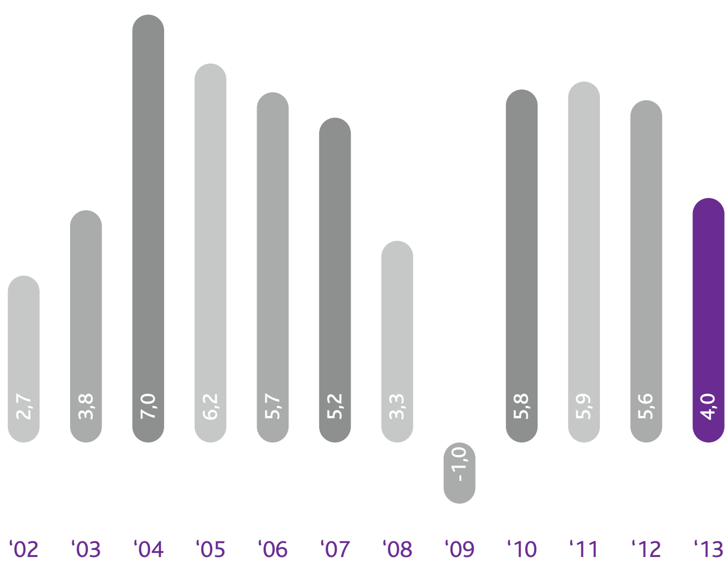
Based on preliminary, GDP grew by 4%, showing a deceleration during the year, while internal demand grew at a slightly lower rate (3.5%).

From a spending perspective, the deceleration responded mainly to the performance of investment, although consumption also moderated gradually through the year. The gross formation of fixed capital, which reached its peak towards the end of 2012, grew by around 4% in2013, below the average of the last three years (13%). Among the reasons explaining this deceleration is the maturing of the mining investment cycle, the decline in the terms of trade and the withdrawal of capital from the emerging world. Private consumption also moderated, although very gradually, and converged to rates of 4%-4.5%, closer to the potential rate.

The largest contribution to growth in GDP was financial and business services (with a contribution of 0.8 percentage points), mining (0.8pp), commerce (0.6pp) and public services (0.3pp), the most dynamic being mining and commerce. The fishing sector showed a notable fall during 2013, being the only one that contracted (-15%).

GDP growth in Chile

(%)



Regarding foreign trade, exports declined by 1.2% in value, to US$ 77,370 million. This reflected the fall of 4.8% in mining shipments (-4% in the case of copper), partially offset by the increase in industrial (2.2%) and agricultural (15%) shipments. Measured in terms of export volumes, these grew by 5.1%, explained by a 5.8% rise in copper and 4.6% the rest. For their part, imports remained practically at the same level, totaling US$ 74,990 million, following a 9.1% rise in consumer goods and 8.6% in oil, compensated by the 4.4% fall in capital goods. In volume terms, imports of goods rose by 3.8%. The trade balance therefore ended the year with a positive balance of US$ 2,300 million.

The labor market in 2013 continued to be positive. Job creation grew by 2.1%, a faster rate than that of the workforce (1.6%), so the average unemployment rate declined from 6.4% in 2012 to 5.9% last year.

The fiscal result for last year was a slight deficit of 0.6% of GDP, following the positive balance of 0.6% of GDP in 2012, as a result of less revenue due to the fall in the copper price and the consequent lower tax receipts from the private mining sector.

In terms of prices, the CPI ended the year with a rise of 3% over 12 months, right in the center of the target range (2%-4%). A large part of this rise was in the last part of the year as the prices of tradable goods accelerated from a rate of zero in October to 2.4% in December. The prices of non-tradables rose by 3.8%. With respect to the underlying indicators, the variation in the IPCX (which excludes fuels, fruit and fresh vegetables) closed at 2.4%, while the IPCX1 (which also excludes regulated tariffs and other volatile prices) closed at 2.5%.

In a context of deceleration in internal demand and inflationary pressures contained, the Banco Central began a process of monetary expansion with a reduction in the benchmark interest rate of 25 points in October and another 25 in November.

The peso exchange rate in 2013 reversed, with fluctuations, its tendency to appreciate that began 2002 (interrupted only by the crisis of 2008), in line with the value of the dollar globally (as part of the mentioned transition), the fall in the terms of trade and the weakness of the economy. Thus, following a start to the year with a rate of around Ch$480, it closed the year at close to Ch$ 525, equivalent to a depreciation of around 10% compared to the previous year.

PRINCIPAL ECONOMIC INDICATORS	2007	2008	2009	2010	2011	2012	2013 (P)
GDP (MM US$)	173,1	179,6	173,0	216,3	248,6	264,5	279,0
GDP per capita (US$)	10.428	10.715	10.218	12.654	14.411	15.197	15892
GDP (Var %)	5,2	3,3	-1,0	6,1	6,0	5,5	4,0
Domestic spending (Var %)	7,6	6,5	-5,7	14,8	9,4	6,6	3,5
Private consumption	7,6	5,2	-0,8	10,0	8,8	5,6	5,5
Fixed capital investment	10,8	17,9	-12,1	14,3	17,6	10,6	3,6
Exports (real % variation)	7,2	-0,7	-4,5	1,4	4,6	2,4	5,1
Imports (real % variation)	14,3	11,2	-16,2	27,4	14,4	5,0	3,8
Global growth PPP (%)		2,8	-0,6	5,1	3,8	3,2	2,9
Terms of trade (2008=100)		100,0	105,1	125,4	126,0	120,8	113,9
Copper price (avrge, US$ cents/pound)		316	234	342	400	361	332
WTI oil price (US$ p/b, avrge)		100	62	79	95	94	98
Federal funds rate (y/e,%)		0,1	0,1	0,1	0,1	0,1	0,3
Libor 180d (y/e, %)		1,8	0,4	0,5	0,8	0,5	0,3
US Treasury bonds 10 years (y/e, %)		2,2	3,8	3,3	2,0	1,7	2,9
Euro (y/e, US$)		1,4	1,4	1,3	1,3	1,3	1,4
Yen (y/e, ¥/US$)		90,6	93,0	81,1	76,9	83,5	105,3
Trade balance (MUS$)	24,1	6,1	15,4	15,3	10,8	4,2	2,4
Exports (MUS$)	68,6	64,5	55,5	70,9	81,4	78,8	77,4
Imports (MUS$)	44,4	58,4	40,1	55,6	70,6	74,6	75,0
Current accounts (MUS$)	7,1	-5,8	3,5	3,3	-3,2	-8,7	-9,0
Current account (% of GDP)	4,1	-3,2	2,0	1,5	-1,3	-3,3	-3,2
Total savings (domestic + external), % of GDP		26,0	20,2	23,6	24,7	25,8	23,9
Gross domestic saving		22,4	22,5	25,3	23,7	22,1	20,3
Central government		6,4	-2,4	1,4	3,2	1,7	1,0
Private sector		15,9	24,8	23,9	20,5	20,4	19,2
External saving (current act deficit)		3,6	-2,3	-1,7	1,0	3,7	3,6
Central government balance (% of GDP)	8,4	5,0	-4,2	-0,4	1,3	0,5	-0,6
CPI Dec-Dec (%)		7,1	-1,4	3,0	4,4	1,5	3,0
Underlying CPI (IPCX) Dec-Dec (%)		8,6	-1,8	2,5	3,3	1,3	2,4
Inlation trend (IPCX1) Dec-Dec (%)		7,8	-1,1	0,1	2,5	1,8	2,5
Relevant external inflation BCCh (avrge, %)		12,2	-7,2	6,0	10,0	-0,2	0,3
Monetary policy rate, TPM (y/e,%, in Ch$)		8,3	0,5	3,3	5,3	5,0	4,5
BCU-10 base 365d (y/e, % in UF)		3,3	3,3	2,9	2,7	2,5	2,2
BCP-10 base 365d (y/e, % in $)		6,2	6,4	6,1	5,3	5,5	5,2
"Observado" exchange rate (avrge Ch$/US$)		522	560	510	484	486	495
"Observado" exchange rate (y/e, Ch$/US$)		629	506	468	521	477	529
Employment growth (%)		3,0	0,1	7,4	5,0	2,0	2,1
Growth in the workforce (%)		3,7	1,9	4,2	3,8	1,2	1,6
Unemployment rate (avrge %)		9,3	10,8	8,1	7,1	6,4	5,9
Real wage variation (avrge %)		-0,2	3,8	2,2	2,6	3,4	3,9
Foreign debt (MUS$)		63,7	71,9	84,1	98,6	99,2	124,3
Total net foreign liabilities (MUS$)		27,0	22,6	23,3	23,9	31,2	44,5
Total net foreign liabilities (% GDP)		15,0	13,1	10,8	9,6	11,8	15,9
Total net foreign liabilities (% exports)		35,9	35,3	28,5	25,4	34,1	49,4
Net international reserves (MUS$)		23,2	25,4	27,9	42,0	41,6	41,1

3.2. BANCO SECURITY AND ITS ENVIRONMENT

BANKING INDUSTRY

The Chilean financial system has remained stable in recent times in terms of its members, with a slight reduction in the number of foreign-owned banks and an increase in banks linked to commercial houses. In analyzing the figures of the financial system, it should be noted that these are influenced by the acquisition by Corpbanca of 51% of Banco Santander Colombia S.A., including its subsidiary Santander Investment Valores Colombia S.A., in May 2012, and of 100% of Helm Bank and its subsidiaries in August 2013, whose financial statements consolidated with those of Corpbanca in Chile.

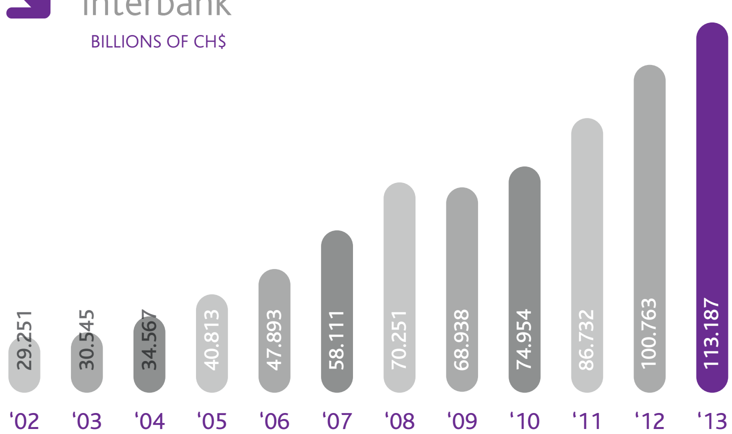
LOANS

Total loans of the banking industry maintained a growing trend, reaching an amount of Ch$ 114,196,656 million as of December 2013 (excluding interbank loans), which represents growth of 13.3% over the end of 2012 (11.2% without Corpbanca Colombia). This is explained by growth in commercial loans of 12.8% (9.0% without Corpbanca Colombia), housing loans of 12.5% (11.3% without Corpbanca Colombia) and consumer loans of 17.5% (14.2% without Corpbanca Colombia).

The composition of loans as of December 2013 is: commercial loans 62.0%, housing loans 24.2% and consumer loans 13.9%.

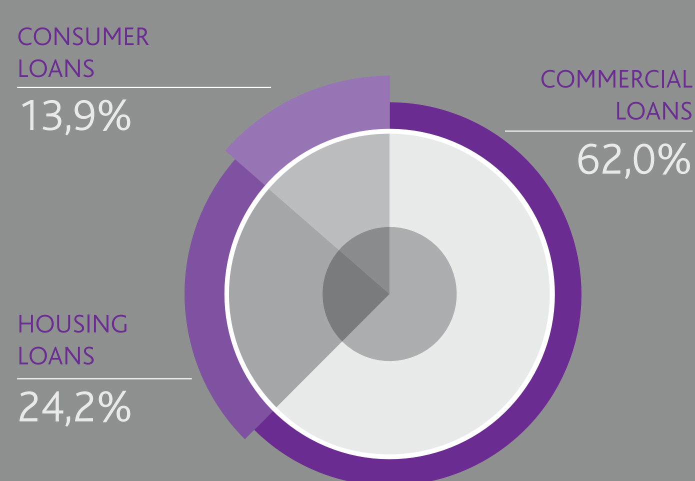
Total system loans without interbank

BILLIONS OF CH$



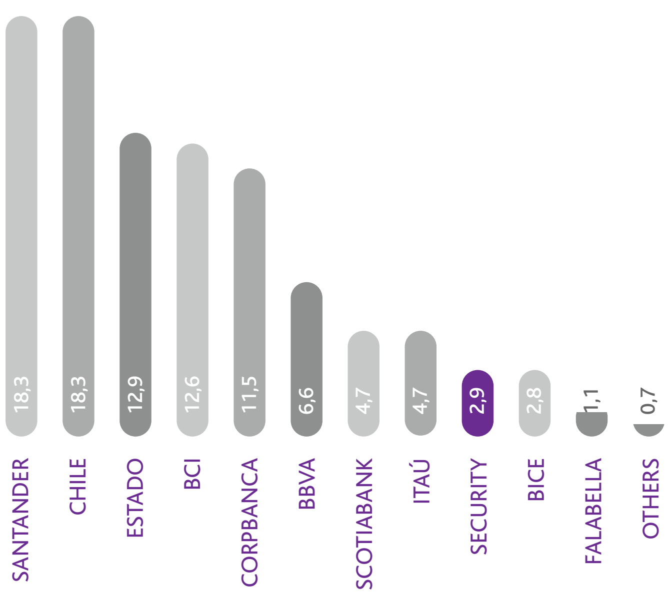
SOURCE: SBIF
NOTE: EXCLUDES DUE BY BANKS. HISTORIC LOANS ALSO EXCLUDE CONTINGENT LIABILITIES AS THESE ARE OFF BALANCE SHEET SINCE JANUARY 2008 UNDER THE NEW STANDARDS.

Composition of loans



In terms of market shares, notable was the progress of Banco Itaú which, with a 26.6% growth in its loans, increased its share of total industry loans from 4.24% to 4.74% (11.7% growth), while Banco del Estado and BBVA reduced their market shares by 6.1% and 5.8% respectively. The three largest banks in the system, Banco de Chile, Santander and BCI, performed similarly with slight falls of 1.9%, 2.1% and 2.5% respectively.

Market share
(%)



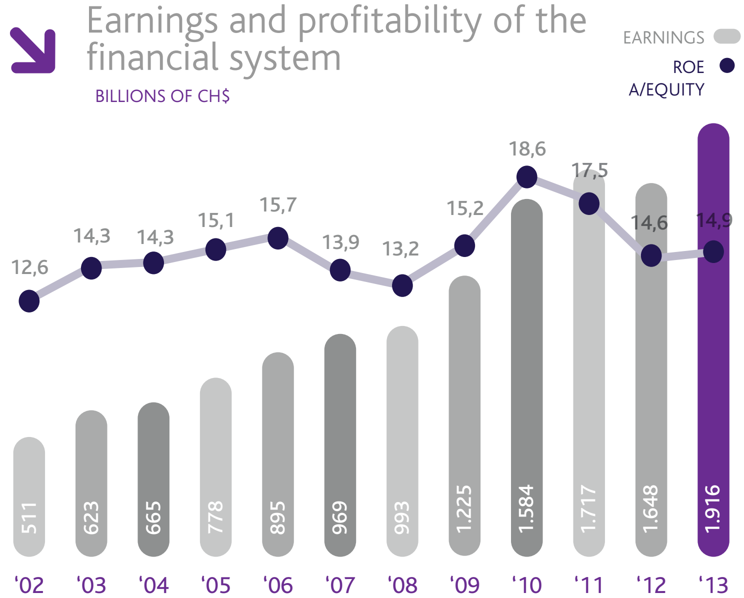
SOURCE: SBIF

1,859,131 million in 2013, representing growth of 14.5% over the year before.

Total equity amounted to Ch$12,902 billion, an increase of 14.7% in the year. The return on equity therefore was 14.85%, very similar to 14.65% in 2012. The return on total assets was 1.21%.

The following graph shows the trend in earnings and returns on equity:

Earnings and profitability of the financial system
BILLIONS OF CH$



SOURCE: SBIF

RESULTS

Aggregate earnings of the banking system in 2013 were Ch$1,915,992 million (approximately US$ 3.65 billion), an increase of 16.3% over 2012. This rise is mainly explained by an increase in net interest and indexation income of 13.1% and in other revenue of 15.7%, partly compensated by an increase in the charge for provisions of 14.9% and in support expenses of 11.2%. Excluding the operations of Corpbanca in Colombia, the industry produced earnings of Ch$

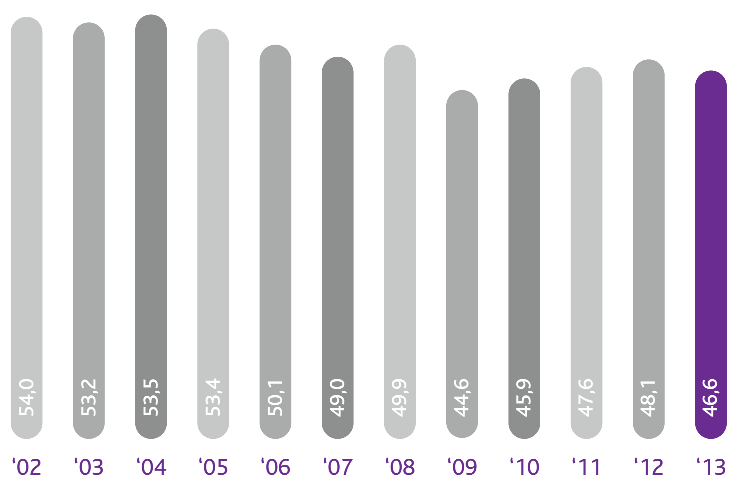
OPERATING EXPENSES

Expenses in 2013 rose by 11.2% over 2012, so the efficiency ratio of the system (measured as support costs over total net operating revenue) returned to its record level obtained in 2009 (considering only pesos at December each year). The ratio reached 46.6% at December 2013, as against 48.1% at December 2012 and the minimum of 44.6% at December 2009.

3.2. BANCO SECURITY AND ITS ENVIRONMENT

Efficiency index

(%)



SOURCE: SBIF

Looking at the individual performance of banks, Banco Santander remained the most efficient among the medium and large banks with a ratio of 38.8%, very similar to the previous year (39.0%), followed by Banco de Chile with a ratio of 41.1%. In comparison with the year before, the progress achieved by Banco Itaú was notable, passing from 52.6% in 2012 to 44.8% in 2013, while Banco del Estado fell back from 56.0% in 2012 to 58.6% in 2013.

RISK

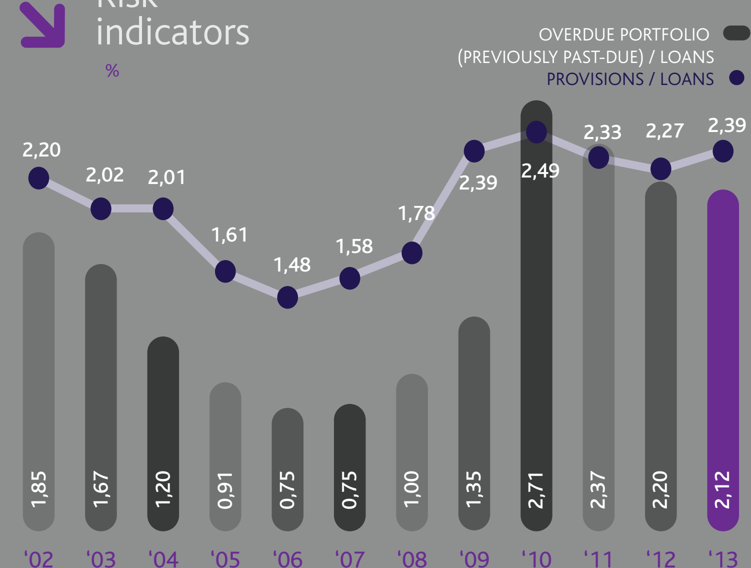
Provisions of the financial system were 2.39% of loans at December 2013, showing some deterioration from 2012 when it was 2.27%. This comprises provisions for commercial loans of 2.19%, housing loans 0.75% and consumer loans 6.31%.

There has been a sustained reduction in loans past-due more than 90 days since December 2009. The ratio for the system (total loans) improved from 2.20% in 2012 to 2.12% in 2013; consumer loans from 2.40% to 2.11% and housing loans from 3.86% to 3.26%, while commercial loans rose from 1.51% to 1.68%.

> *Aggregate earnings of the banking system in 2013 were Ch$1,915,992 million (approximately US$ 3.65 billion), an increase of 16.3% over 2012*

Risk indicators

%



CREDIT RISK INDICATORS	2008	2009	2010	2011	2012	2013
Prov. for loans / Total loans	1,76%	2,39%	2,49%	2,33%	2,27%	2,39%
Portfolio overdue 90 days or more / Loans. excl. Interbank	0,99%	2,96%	2,70%	2,37%	2,20%	2,12%
Prov. for commercial loans / Commercial loans	1,46%	2,19%	2,32%	2,15%	2,00%	2,19%
Prov. for personal loans / Personal loans	2,39%	2,82%	2,84%	2,71%	2,77%	2,78%
Prov. for housing loans / Housing loans	0,68%	1,10%	1,05%	0,94%	0,79%	0,75%
Prov. for consumer loans / Consumer loans	5,65%	6,30%	6,43%	6,08%	6,36%	6,31%

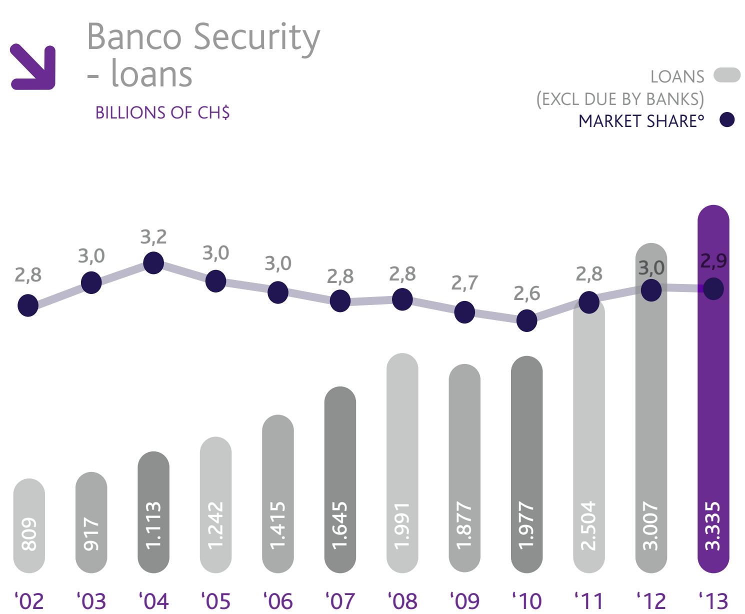
RESULTS OF BANCO SECURITY

Banco Security's strategy follows the guidelines set by its parent, Grupo Security, whose objective is to position itself as a comprehensive supplier of financial services through a coordinated management of its different business areas. The Bank has maintained as its differentiating attribute the high standards of service quality that identify the Security brand, in order to establish long-term relationships with its customers. It also has a wide range of products and services, and remains supported by highly-qualified and well-experienced staff in the organization.

Banco Security is the principal asset of Grupo Security (99.94%), a financial conglomerate with participations in insurance (life and general), broking and reinsurance, securitization, financial advisory, factoring, commercial lending, real-estate businesses, travel agency and sales-force services, offering its customers a service of excellence and a comprehensive solution for their financing, investments, insurance travel and real-estate project requirements.

LOANS

The loans of Banco Security grew by 10.9%, slightly above the industry average (without Corpbanca Colombia). Its total loans at the end of 2013 amounted to Ch$ 3,336 (excluding interbank transactions), placing it 9th among the banks operating in the country, with a market share of 2.9% (3.1% without Corpbanca Colombia). This growth was distributed evenly between commercial and personal loans, but among the latter consumer loans expanded by 16.2% while housing loans by only 8.7%.



SOURCE: SBIF
NOTE: HISTORIC LOANS ALSO EXCLUDE CONTINGENT LIABILITIES AS THESE ARE OFF BALANCE SHEET SINCE JANUARY 2008 UNDER THE NEW STANDARDS.

3.2. BANCO SECURITY AND ITS ENVIRONMENT

RESULTS

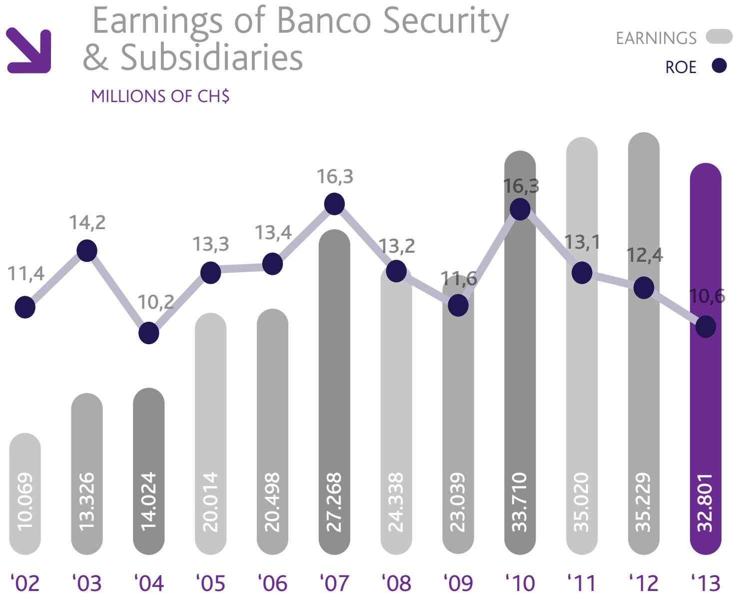
The earnings of the Banco Security and its subsidiaries in 2013 were Ch$32,801 million, affected by an increase in impairment losses of 59%, explained by the growth in consumer loans in recent years, an adjustment to the provisions model that generated a one-off impact, a slight deterioration in the Corporate Banking portfolio and the low comparison base, as the portfolio's performance in 2012 was very positive.

Operating expenses rose by 7.5% (vs. an industry average of 11.2%), mainly due to the increased workforce, mainly in the commercial areas, and the volume of operations and transactions. The efficiency ratio improved slightly, from 54.7% in 2012 to 53.3% in 2013.

The Bank's return on equity in 2013 was therefore 10.6% (vs. 12.4% the year before), placing it 10th in the industry.

Earnings of Banco Security & Subsidiaries

MILLIONS OF CH$

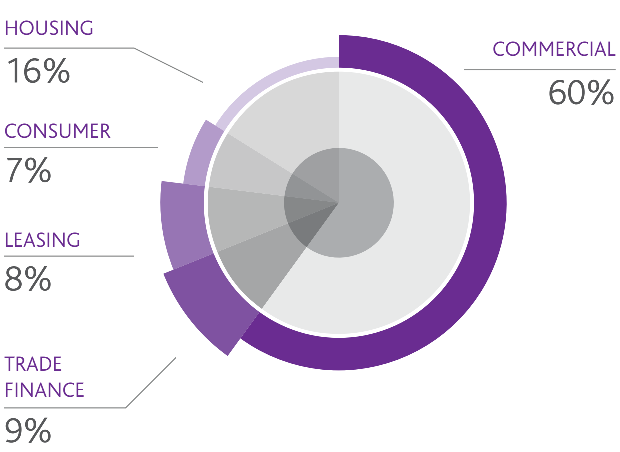


SOURCE: SBIF

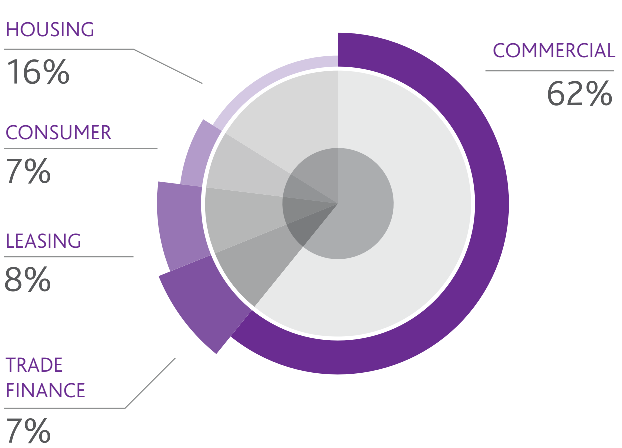
3.2. BANCO SECURITY AND ITS ENVIRONMENT

The following is the distribution of loans as of December 31, 2013 and 2012, excluding interbank:

loan composition 2012



loan composition 2013



SUBSIDIARIES

The subsidiaries that are consolidated with Banco Security, Valores Security S.A. Corredores de Bolsa (99.76%) and Administradora General Fondos Security S.A. (99.90%), contributed a total of Ch$5,342 million to the Bank's earnings. Despite the uncertain scenario experienced during 2013, AGF Security produced earnings of Ch$4,470 million and ended 2013 with a market share of 4.6%, much above that of 2012 of 3.9%. Valores Security achieved a market share of 4.4% in equity volumes traded, being placed 7th in the ranking of volumes trade by broker (Santiago Stock Exchange and Chilean Electronic Exchange), and produced earnings of Ch$875 million.

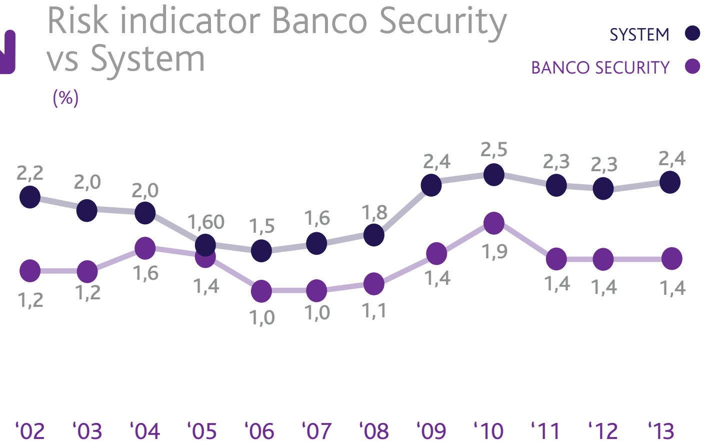
RISK

The Bank maintains the high quality of its portfolio that has always characterized it, with limited risk. It has clear policies and a suitable risk-management system that permits the early recognition of risks. In recent years, the Bank has been developing new models in order to manage credit, market and operational risks more accurately and so incorporate the Basle III guidelines progressively. All this has led its risk indicators to compare favorably with those of its peers and the industry.

The risk ratio of Banco Security was 1.39% as of December 31, 2013, significantly below the industry average of 2.39%. Its portfolio of loans over 90 days past due (1.10% vs 2.12% in the industry) and impaired portfolio (2.92% vs 5.08% in the industry) were significantly better than the indicators of the financial system and the average of banks of similar characteristics.

3.2. BANCO SECURITY AND ITS ENVIRONMENT

Risk indicator Banco Security vs System
(%)



SOURCE: SBIF

CAPITALIZATION

The Bank seeks to maintain an effective equity/risk-weighted assets ratio of over 10.0%, and moving most of the time at around 12%. The capital contribution of Ch$47,000 million made in August 2011 plus the Ch$ 30,000 million made in September 2013 and the capitalization of earnings, reflect the constant commitment and support of its shareholders, which has enabled it to increase its capital base and thus sustain the growth in its assets.

At December 2013, its Basle ratio was 12.19%, a little lower than the average for the system in November which was 12.97% (source: SBIF).

the Bank has been developing new models in order to manage and calculate credit, market and operational risks more accurately and so incorporate the Basle III guidelines progressively

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4. GENERAL INFORMATION

annual report 2013

NEARNESS

4.1. IDENTIFICATION OF THE COMPANY

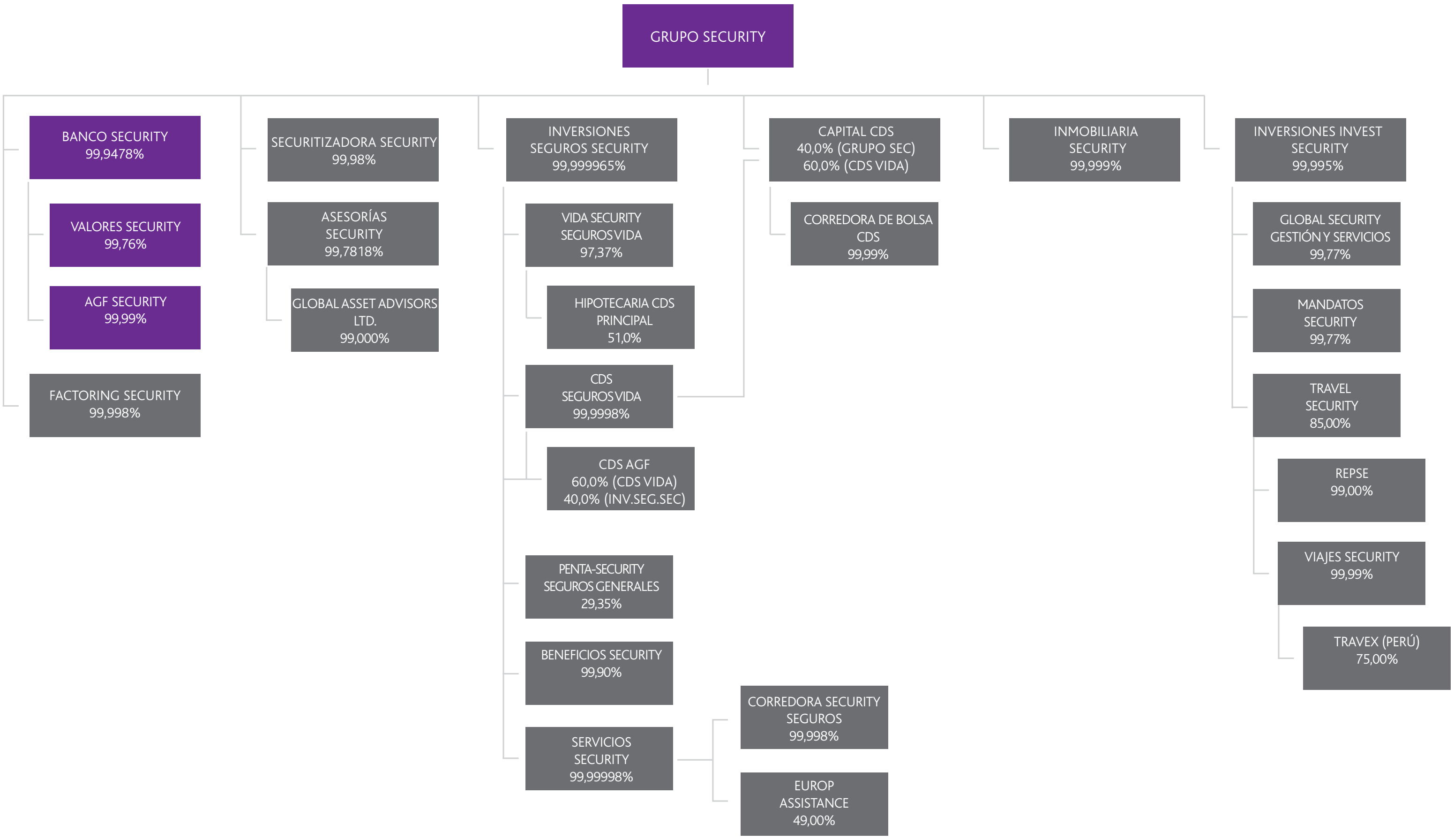
IDENTIFICATION OF THE COMPANY

NAME	BANCO SECURITY
TYPE OF COMPANY	Banking corporation
SECURITIES REGISTER REGISTRATION	Banco Security is not registered in the Securities Register
OBJECTS	All acts, contracts, operations and activities typical of a commercial bank, in accordance with current legislation.
TAX NO.	97.053.000-2
DOMICILE	Av. Apoquindo 3150 piso 15, Las Condes, Santiago, Chile.
TELEPHONE	(56-2) 2584 4000
FAX	(56-2) 2584 4001
E-MAIL	banco@security.cl
WEB	www.security.cl
CONSTITUTION DOCUMENTS	The corporation was constituted under public deed dated August 26, 1981 signed before the notary Enrique Morgan Torres. The abstract of the constitution deed was published in the Official Gazette on September 23, 1981.

4.2. OWNERSHIP AND ORGANIZATIONAL

OWNERSHIP AND ORGANIZATIONAL STRUCTURE

Banco Security is controlled by Grupo Security, which held 99.9478% of its shares as of December 31, 2013.



NOTE:
CDS= CRUZ DEL SUR
SEC= SECURITY

4.3. EMPLOYEES AND REMUNERATION

As of December 31, 2013, Banco Security and its subsidiaries employed a total of 1,205 staff, 12.4% more than the previous year, with 57.9% of the total staff being women. The total remuneration paid by the Bank to its executives during the year was Ch$ 7,783.4 million, while severance payments made to executives amounted to Ch$ 828.9 million.

The following table shows the distribution of staff by company:

COMPANY WORKFORCE	CLASSIFICATION			
	EXECUTIVE	PROFESSIONAL	STAFF	TOTAL
ADM GRAL DE FONDOS SECURITY S.A.	8	12	18	38
VALORES SECURITY COR. BOLSA	6	18	25	49
BANCO SECURITY	83	669	366	1.118
TOTAL	97	699	409	1.205

Like all the companies forming part of Grupo Security, the Bank and its subsidiaries have an important incentives plan which is based on compliance with return on equity targets and with the budget set for the year. Every company directly incurs the corresponding costs.

4.4. MANAGEMENT POLICIES

POLICY FOR INVESTMENTS IN FIXED AND TECHNOLOGICAL ASSETS

Banco Security has a fixed-asset investment policy that defines the project evaluation process and, establishes different levels of approval according to the amount of the investment.

- Investments from UF 3,000 to UF 10,000 are approved by a management committee.
- Investments from UF10,000 to UF 30,000 are approved by an executive committee including the chief executive.
- Investments over UF 30,000 are approved by the board.

According to the business strategy, investments have been focused mainly on physical infrastructure and technology in order to continue to reinforce the commitment to offer the market a comprehensive service of excellence, and to improve efficiency and productivity in the use of resources.

FINANCING POLICY

Banco Security has defined a series of policies related to financing, which establish the general guidelines for the management of maturities and currencies, liquidity and creditor concentration. The objective of all these is to mitigate the risks inherent in the banking business, over and above those required by current regulations.

DIVIDEND POLICY

Banco Security has no established dividend policy. The definition of the amount distributable each year depends on the capital needs to support growth and in order to maintain the solvency ratio desired by the board and senior management.

The following table shows the dividends paid by the Bank to its shareholders since 2000, and the percentage that these represented

4.5. CLASSIFICATION OF RISK

of the corresponding earnings:

DATE	AMOUNT (MM$ HISTORICAL)	% EARNINGS OF PREVIOUS YEAR
febrero-2000	4.254,4	50,0%
febrero-2001	7.344,0	76,2%
febrero-2002	8.749,7	90,0%
febrero-2003	9.061,7	90,0%
febrero-2004	13.326,1	100,0%
febrero-2005	11.219,1	80,0%
marzo-2006	20.014,3	100,0%
marzo-2007	20.498,0	100,0%
marzo-2008	13.625,0	50,0%
marzo-2009	7.720,0	53,5%
marzo-2010	23.040,2	100,0%
marzo-2011	20.223,5	60,0%
marzo-2012	21.009,8	60,0%
abril-2013	35.227,0	100,0%

CREDIT RATINGS

The obligations of Banco Security at the end of 2013 had the following domestic credit ratings:

	TME DEPOSITS & OTHER CARTIFICATES OF PLACEMENTS		MORTGAGE-FUNDING NOTES	BANK BONDS	SUBORDINATED BONDS	OUTLOOK
	SHORT TERM	LONG TERM				
Feller-Rate	Level 1 +	AA -	AA -	AA -	A +	Stables
Fitch Ratings	Level 1 +	AA -	AA -	AA -	A	Stables

The Bank also has a public international credit rating by Standard & Poor´s which, at the end of 2013, was the following:

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

”

investments have been focused mainly on physical infrastructure and technology in order to continue to reinforce the commitment to offer the market a comprehensive service of excellence

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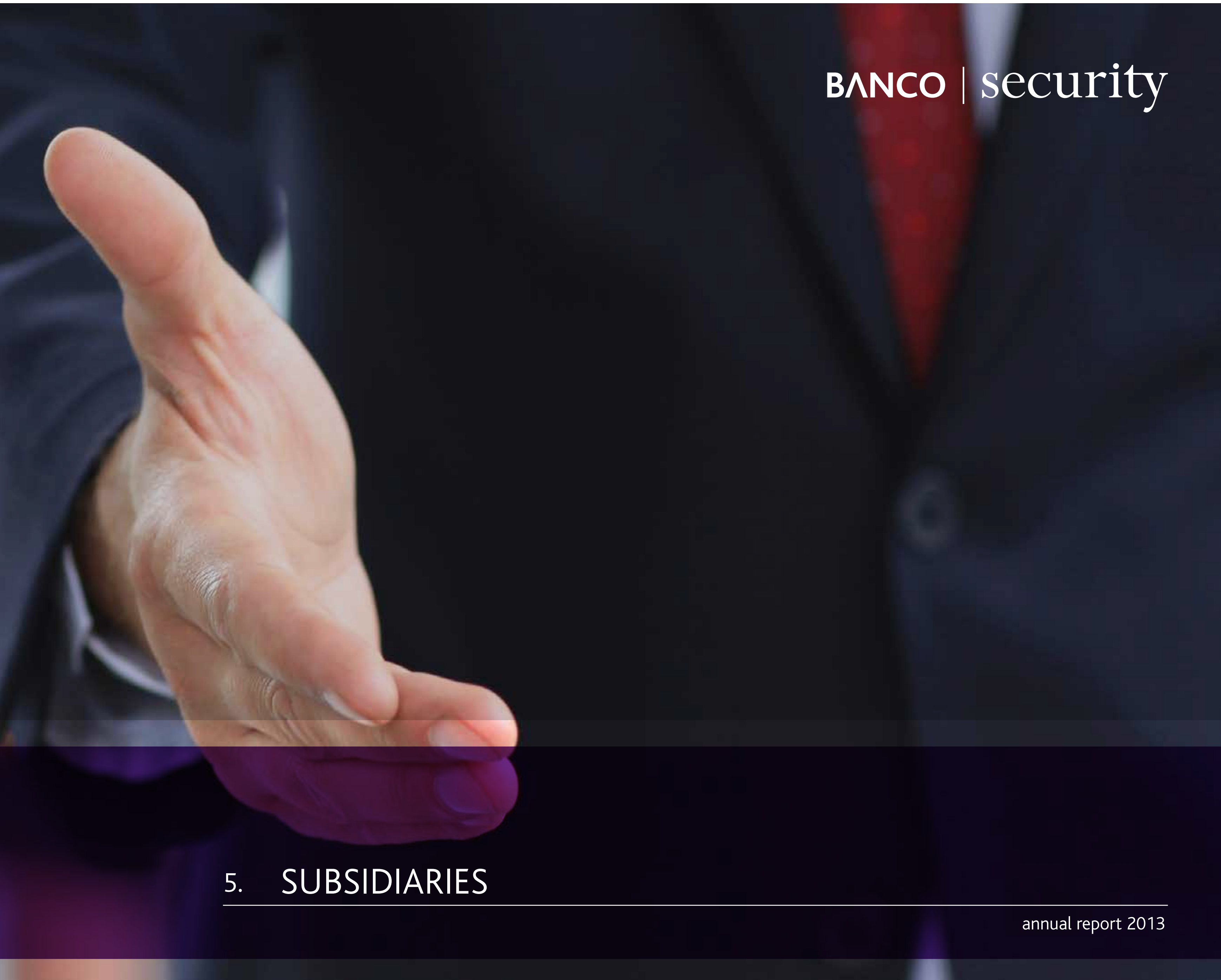

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5. SUBSIDIARIES

annual report 2013

ATTITUDE OF SERVICE

5.1. ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

"

average managed assets of Ch$988,390 million, distributed among 22 mutual funds. These managed assets represented growth of 33.7% over 2012.

"

BOARD OF DIRECTORS

Chairman:	Francisco Silva S.
Directors:	Bonifacio Bilbao H.
	Carlos Budge C.
	Felipe Larraín M.
	Renato Peñafiel M.

MANAGEMENT

General Manager:	Juan Pablo Lira T.
Investment Manager:	Pablo Jaque S.
Commercial Manager:	Cristián Ureta P.

TYPE OF COMPANY

Corporation, subsidiary of Banco Security

SECURITIES REGISTER REGSITARTION

Registered in the Securities Register with No.0112

OBJECTS

General fund 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.

The Chilean mutual-funds industry ended 2013 with average assets managed of Ch$21,637 billion, representing growth of 14.9% over the close of the previous year.

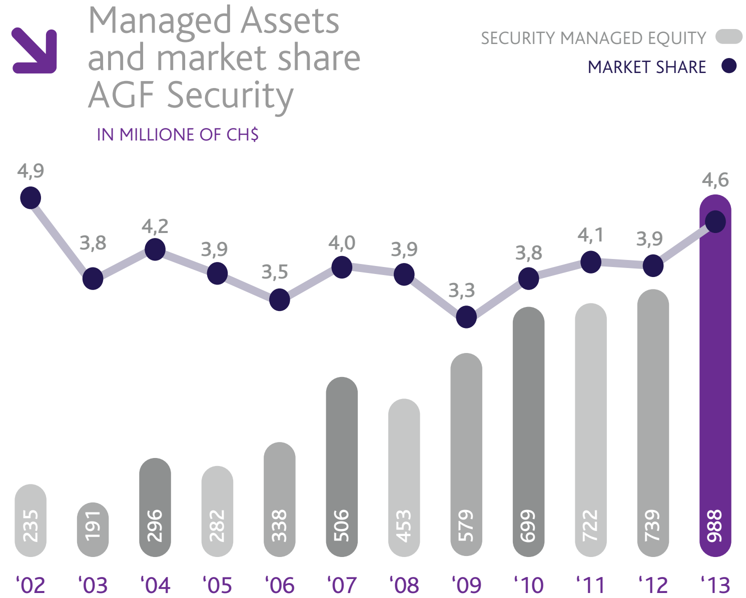
Administradora General de Fondos Security S.A. (AGF Security) ended 2013 with average managed assets of Ch$988,390 million, distributed among 22 mutual funds. These managed assets represented growth of 33.7%. The number of investors in the industry grew by 8.3% over the previous year, while the total investors of AGF Security reached 37,274, 4.9% higher than in 2012.

In 2013 AGF Security was again recognized for the returns on its funds. In the annual awards made by Diario Financiero and the Chilean Mutual Fund Managers Association, Administradora General de Fondos Security won two Salmón prizes for its funds Security Index Fund Latam Small Cap and Security Check.

AGF Security reported earnings of Ch$4,470 million for 2013 and ended the year with a market share of 4.6%.

Managed Assets and market share AGF Security

IN MILLIONE OF CH$



5.2. VALORES SECURITY S.A. CORREDORES DE BOLSA

Valores Security had achieved a market share of 4.4% in shares traded, placing itself 7th in the ranking of volumes traded

BOARD OF DIRECTORS

Chairman:	Ramón Eluchans O.
Directors:	Gonzalo Baraona B.
	Enrique Menchaca O.
	Fernando Salinas P.
	Nicolás Ugarte B.

MANAGEMENT

General Manager:	Rodrigo Fuenzalida B.
Operations Manager:	Juan Adell S.
Finance Manager:	Andrés Perez L.

TYPE OF COMPANY

Corporation, subsidiary of Banco Security

SECURITIES REGISTER REGISTRATION

Registered in the Securities Register with No.0111

OBJECTS

Develop activities in various business areas like: Equities (share trading), Fixed Income, Foreign Currencies, Portfolio Management and Financial Advisory.

CONSTITUTION DOCUMENTS

The company was constituted by public deed dated April 10, 1987, signed before the notary Enrique Morgan Torres.

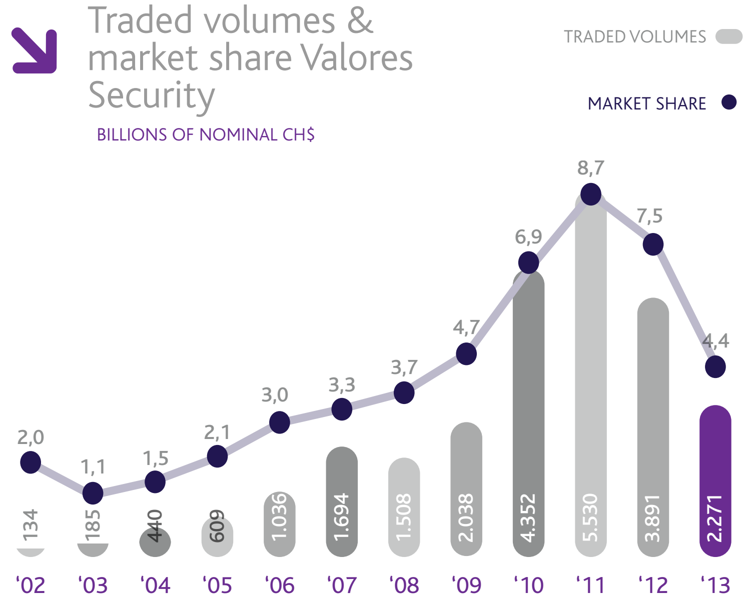
Despite the uncertain global panorama since 2011-2012 due to the worsening of the European crisis, 2013 was a year of consolidation of the recovery of the developed economies. Both USA and the euro-zone showed improvements in economic activity. A deceleration was noted in emerging nations although China managed to stabilize its growth rate. Global GDP expansion therefore reached close to 3%, driven mainly by the industrialized countries. Nevertheless, the developed economies continued to have ample surplus capacity so inflationary pressures continued to be very limited.

In terms of assets, having a portfolio weighted to equities was one of the winning strategies during 2013. The MSCI Global stock index closed the year with gains of close to 20% in dollar terms, while US high-yield debt rose by around 8%. The difference is even greater if we analyze the bonds of emerging economies, which showed falls of over 1% in the case of corporate instruments and by 5% in the case of sovereign debt. In the case of the IPSA, Chile's principal stock price index, this performed worse than its emerging nation peers, closing 2013 with a fall of 21.6% in dollar terms or of 14% in peso terms.

By the end of the year, Valores Security had achieved a market share of 4.4% in shares traded, placing itself 7th in the ranking of trading volumes by broker (Santiago Stock Exchange and Chilean Electronic Exchange). In terms of results, the company produced earnings of Ch$875 million.

Traded volumes & market share Valores Security

BILLIONS OF NOMINAL CH$



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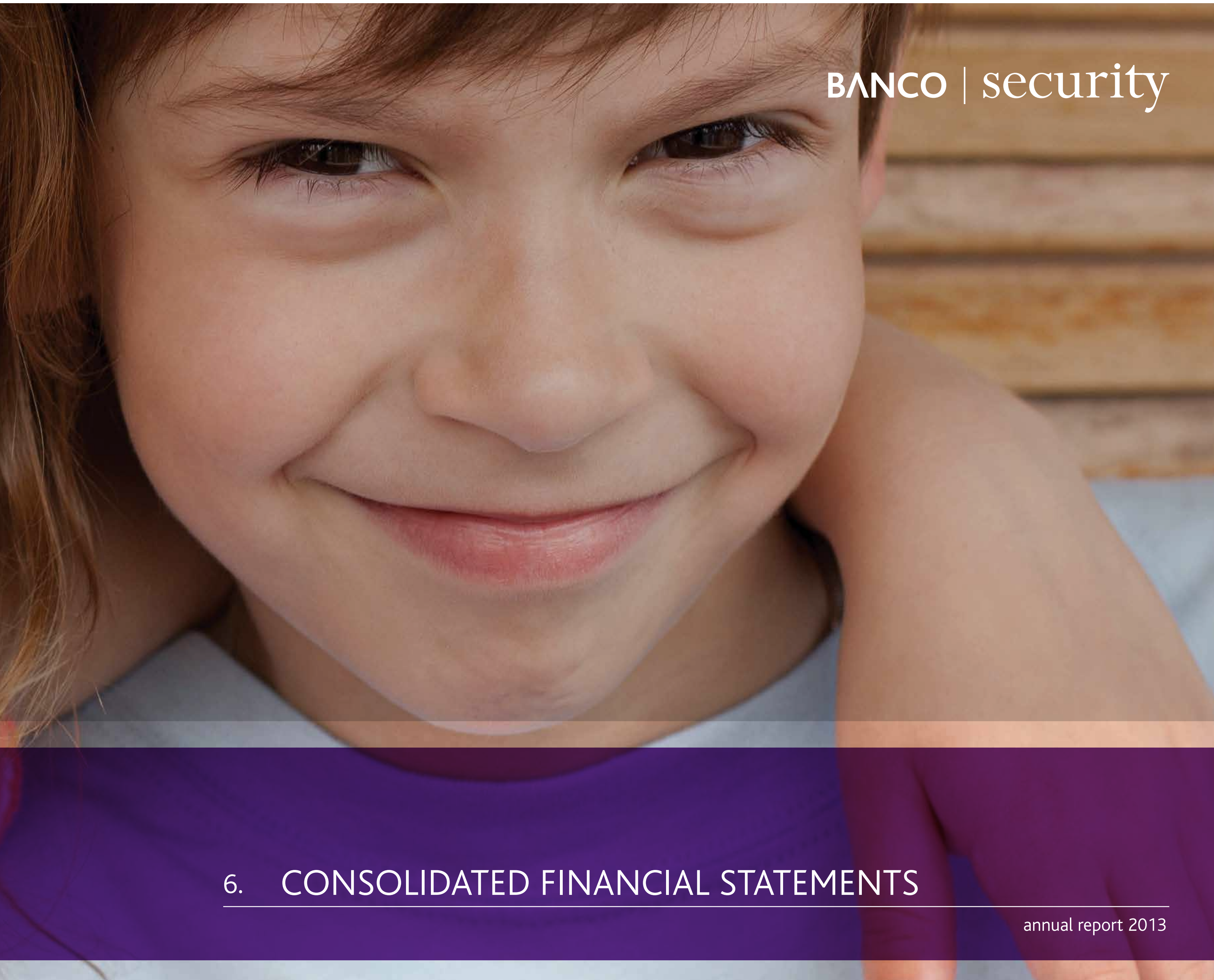

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6. CONSOLIDATED FINANCIAL STATEMENTS

annual report 2013

EMPATHY

Deloitte.

To the Shareholders of
Banco Security

We have audited the accompanying consolidated statements of financial position of Banco Security and its subsidiaries (hereinafter "the Bank"), which comprise the consolidated statements of financial position at December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting Standards and instructions issued by the Superintendency of Banks and Financial Institutions. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free of material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the relevant internal control to the Bank' preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in

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Fax: (56-2) 374 9177
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www.deloitte.cl

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco Security and its subsidiaries as of December 31, 2013 and 2012, and the results of their operations, comprehensive income and cash flows for the years then ended in accordance with Accounting Standards and instructions issued by the Superintendency of Banks and Financial Institutions.

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

Deloitte.

January 16, 2014
Santiago Chile

Juan Carlos Cabrol Bagnara

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(In millions of Chilean pesos - MCh$)

	NOTES	12.31.2013 MCH$	12.31.2012 MCH$
ASSETS:			
Cash and deposits in banks	6	292,911	264,245
Unsettled transactions	6	67,197	66,370
Trading investments	7	219,809	274,280
Investments under resale agreements	8	-	5,051
Financial derivative contracts	9	49,061	42,779
Interbank loans, net	10	5,499	14,797
Loans and accounts receivable from customers, net	11	3,289,571	2,964,828
Available for sale investments	12	310,130	389,527
Held to maturity investments		-	-
Investments in other companies	13	1,437	573
Intangible assets, net	14	44,827	36,813
Property, plant and equipment, net	15	24,209	24,558
Current tax asset	16	769	572
Deferred tax asset	16	9,230	7,263
Other assets	17	80,885	88,237
TOTAL ASSETS		4,395,535	4,179,893
LIABILITIES			
Deposits and other on demand obligations	18	425,450	395,301
Unsettled transactions	6	35,563	38,650
Repurchase agreements	8	63,112	67,210
Time deposits and other time liabilities	18	2,298,991	2,306,100
Financial derivative contracts	9	39,482	37,400
Interbank borrowings	19	193,206	232,399
Issued debt instruments	20	940,052	712,004
Other financial obligations	20	27,608	32,097
Current tax liability	16	568	2,223
Deferred taxes liability	16	7,420	7,856
Provisions	21	18,164	18,864
Other liabilities	22	37,557	46,196
TOTAL LIABILITIES		4,087,173	3,896,300
EQUITY			
Attributable to Bank owners			
Capital		215,207	185,207
Reserves		22,224	22,224
Valuation adjustments		(3,054)	480
Retained earnings:			
Retained earnings from prior years		50,947	50,947
Net income for the year		32,798	35,227
Less: Provision for minimum dividends		(9,839)	(10,568)
		308,283	283,517
Non-controlling interest		79	76
TOTAL EQUITY		308,362	283,593
TOTAL LIABILITIES AND EQUITY		4,395,535	4,179,893

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(In millions of Chilean pesos, MCh$ - except earnings per share balance)

	NOTES	12.31.2013 MCH$	12.31.2012 MCH$
Interest income	25	252,844	231,344
Interest expense	25	(170,159)	(163,506)
NET INTEREST INCOME (EXPENSE)		82,685	67,838
Commission income	26	38,600	32,873
Commission expense	26	(4,345)	(4,289)
NET INCOME (EXPENSE) FROM COMMISSIONS		34,255	28,584
Income from financial operations, net	27	13,701	29,143
Foreign exchange gain (loss), net	28	15,824	5,497
Other operating income	34	8,517	16,872
TOTAL OPERATING INCOME		154,982	147,934
Provision for loan losses	29	(26,399)	(16,241)
NET OPERATING PROFIT		128,583	131,693
Personnel salaries and expenses	30	(35,338)	(31,567)
Administrative expenses	31	(38,600)	(37,387)
Depreciation and amortization	32	(4,510)	(4,051)
Impairment	33	(1,939)	(1,180)
Other operating expenses	34	(8,967)	(15,663)
TOTAL OPERATING EXPENSES		(89,354)	(89,848)
NET OPERATING INCOME		39,229	41,845
Income from investments in other companies	13	162	118
INCOME BEFORE TAX		39,391	41,963
Income tax expense	16	(6,590)	(6,734)
INCOME FROM CONTINUING OPERATIONS		32,801	35,229
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX		-	-
CONSOLIDATED NET INCOME FOR THE YEAR		32,801	35,229
ATTRIBUTABLE TO:			
Bank owners		32,798	35,227
Non-controlling interest		3	2
EARNINGS PER SHARE OF BANK OWNERS:			
		$	$
Basic earnings	24	179	198
DILUTED EARNINGS	24	179	198

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(In millions of Chilean pesos - MCh$)

	12.31.2013 MCH$	12.31.2012 MCH$
CONSOLIDATED NET INCOME FOR THE YEAR	32,801	35,229
OTHER COMPREHENSIVE INCOME (EXPENSES)		
Available for sale investments	(4,683)	2,521
Cash flow hedges	264	(63)
OTHER COMPREHENSIVE INCOME (EXPENSES)	-	-
Other comprehensive income before income tax	(4,419)	2,458
Tax or other comprehensive income	885	(485)
TOTAL OTHER COMPREHENSIVE INCOME	(3,534)	1,973
CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR	29,267	37,202
Attributable to:		
Bank owners	29,264	37,200
Non-controlling interest	3	2
Comprehensive earnings per share of the Bank owners	$	$
BASIC EARNINGS	160	209
DILUTED EARNINGS	160	209

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(In millions of Chilean pesos - MCh$)

	ATRIBUTABLE TO BANK OWNERS								
				RETAINED EARNINGS					
	PAID-IN CAPITAL MCH$	RESERVES MCH$	VALUATION ADJUSTMENTS MCH$	PRIOR YEARS MCH$	INCOME (LOSS) FOR THE YEAR MCH$	MANDATORY DIVIDEND PROVISION MCH$	TOTAL MCH$	NON-CONTROLLING INTEREST MCH$	TOTAL MCH$
BALANCES AT DECEMBER 31, 2011	185,207	22,224	(1,493)	36,941	35,016	(10,505)	267,390	73	267,463
Reclassification of prior year net income	-	-	-	35,016	(35,016)	-	-	-	-
Dividends paid	-	-	-	(21,010)	-	-	(21,010)	-	(21,010)
Provision for minimum dividends	-	-	-	-	-	10,505	10,505	-	10,505
Other changes in equity	-	-	-	-	-	-	-	1	1
Capital increase	-	-	-	-	-	-	-	-	-
Available for sale investments	-	-	2,017	-	-	-	2,017	-	2,017
Cash flow hedges	-	-	(44)	-	-	-	(44)	-	(44)
Net income for the year	-	-	-	-	35,227	-	35,227	2	35,229
Provision for minimum dividends	-	-	-	-	-	(10,568)	(10,568)	-	(10,568)
BALANCES AT DECEMBER 31, 2012	185,207	22,224	480	50,947	35,227	(10,568)	283,517	76	283,593
Reclassification of prior year net income	-	-	-	35,227	(35,227)	-	-	-	-
Dividends paid	-	-	-	(35,227)	-	-	(35,227)	-	(35,227)
Provision for minimum dividends	-	-	-	-	-	10,568	10,568	-	10,568
Other changes in equity	-	-	-	-	-	-	-	-	-
Capital increase	30,000	-	-	-	-	-	30,000	-	30,000
Available for sale investments	-	-	(3,746)	-	-	-	(3,746)	-	(3,746)
Cash flow hedges	-	-	212	-	-	-	212	-	212
Net income for the year	-	-	-	-	32,798	-	32,798	3	32,801
Provision for minimum dividends	-	-	-	-	-	(9,839)	(9,839)	-	(9,839)
BALANCES AT DECEMBER 31, 2013	215,207	22,224	(3,054)	50,947	32,798	(9,839)	308,283	79	308,362

CONSOLIDATED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(In millions of Chilean pesos - MCh$)

	NOTES	12.31.2013 MCH$	12.31.2012 MCH$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Consolidated income before income tax		39,391	41,963
DEBITS (CREDITS) TO INCOME THAT DO NOT REPRESENT CASH FLOWS			
Provision for loan losses	29	26,399	16,241
Depreciation and amortization	32	4,510	4,051
Impairment	33	1,939	1,180
Other provisions	34	1,929	2,286
Changes in deferred tax assets and liabilities		(2,403)	1,917
Valuation investments trading portfolio		1,780	573
Valuation financial derivative trading contracts		(3,908)	(7,028)
Income from investment in other companies	13	(162)	(118)
Income from sale of assets received in lieu of payment		463	(1,011)
Net income from commissions	26	(34,255)	(28,584)
Net interest income	25	(82,685)	(67,838)
Other charges and credits that do not represent cash flows		(13,738)	(5,618)
CHANGES IN OPERATING ASSETS AND LIABILITIES:			
(Increase) decrease in interbank loans		8,481	17,294
Net (increase) decrease in loans and accounts receivable from customers		(318,543)	(410,101)
(Increase) decrease in investments		126,487	75,059
(Increase) decrease in leased assets		(5,728)	2,221
Sale of assets awarded in lieu of payment		2,715	5,724
Increase (decrease) in deposits and other on demand obligations		30,151	41,686
Increase (decrease) in repurchase and resale agreements		(4,089)	(53,828)
Increase (decrease) in deposits and other time deposits		(13,009)	272,337
Net change in letters of credit		(6,691)	(5,036)
Net change in current bonds		198,388	87,086
(Increase) decrease in other assets and liabilities		(18,372)	(23,003)
Refunded tax		418	3,628
Interest and other adjustments received		244,043	218,180
Interest and other adjustments paid		(150,682)	(166,451)
Commissions received		38,600	32,873
Commissions paid		(4,345)	(4,289)
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		67,084	51,394
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15	(1,293)	(2,433)
Acquisition of intangible assets	14	(12,106)	(11,016)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		(13,399)	(13,449)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in obligations with national banks		13	(8,517)
Increase (decrease) in obligations with foreign banks		(38,729)	(48,025)
Increase (decrease) in other financial obligations		(4,504)	(5,236)
Net change in subordinated bonds		22,293	42,499
Capital increase		30,000	-
Dividends paid	24	(35,227)	(21,010)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		(26,154)	(40,289)
TOTAL NET CASH FLOWS PROVIDED BY (USED IN) THE PERIOD		27,531	(2,344)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6	297,016	299,362
NON-CONTROLLING INTEREST		(3)	(2)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	324,544	297,016

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 services, and advisory services 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 SBIF as stipulated in the Compendium of Accounting Standards. For anything not covered in the aforementioned compendium, the Bank applies the technical standards issued by the Chilean Association of Accountants, which coincide with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

a) Exemptions and exceptions under IFRS applied by the Bank

- **Provisions for loan losses, assets received in lieu of payment, contingent loans, suspension of accrual and others**
  The provisions for loan losses and the suspension of income recognition constitute one of the exceptions in the full application of IFRS. This exception arises from the prudential criteria of the SBIF applied to measure the effect of impairment on loans as opposed to the computation of the present value of remaining cash flows.

- **Election of the fair value option**
  In accordance with 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:

  - Available for sale instruments cannot be adjusted to fair value against income.
    As of December 31, 2013, the Bank has reclassified the financial instrument "BLAPO- F " y "BLAPO- G originally recorded as "Available-for-sale" to "Trading instruments", in accordance with the requirement of the Superintendencia de Bancos e Instituciones Financieras in letter to the management N°15537 dated December 27, 2013. Such reclassification entailed an increase in the Trading instruments portfolio for an amount of MCh$2,284, and decrease in the consolidated income statement for an amount of MCh$ 2,081 net of deferred taxes, due to the transfer of the adjustment initially recorded in other comprehensive income of the consolidated statement of changes in shareholders equity'.

  - For the purpose of presentation in the Consolidated Statement of Financial Position, investments in mutual funds will be included together with trading securities, adjusted to their fair value.

- Instruments with a derivative component that should be separated, but are unable to 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.

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

· **Embedded derivatives**
The Bank will not treat 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 as embedded derivate.

· **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 hedging 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 are stated measure 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 consolidated financial statements are as follows:

· **Valuation at amortized cost**
Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount minus any reduction for impairment or uncollectability.

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

· **Measurement at fair value**
Fair value the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties 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 valuation techniques commonly used by the international financial community considering the specific features of the instrument being valued, such as interest curves on the basis of market transactions or 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 instruments measured at fair value, when this is lower than their carrying value less costs to sell.
- Trading instruments measured at fair value
- Investment instruments available held for sale measured at fair value.
- Certain property, plant and equipment items that Senior Management has decided to appraise and assign that value as 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

Items included in the financial statements of each of the Bank´s entities are measured using the currency of the primary of the economic environment in which the entity operates ("the functional currency"). The functional currency of the parent of the Group is the Chilean Peso ("$"). The presentational currency of the consolidated financial statements of the Group is the peso. All values are rounded to the nearest thousand pesos, except when otherwise indicated.

d) Significant accounting judgments and estimates

In the application of the Bank's accounting policies the Group management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. 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 account; and
- Adjustments of accounting estimates are recognized in the period in which they are identified 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 customer accounts receivable and other assets
- The useful lives of property, plant and equipment and intangible assets
- Contingencies and commitments

e) Basis of consolidation

- **Subsidiaries**
  The Bank's financial statements have been consolidated with those of its subsidiaries. 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 process, 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**
  An associate are an entity over which the Bank has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Bank's share of the profit or loss and other comprehensive income of the associate.

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

- **Special purpose entities**
  As specified in the 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 specific 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 performed essentially on behalf of the entity presenting the consolidated financial statements.

In the evaluation specified in the preceding paragraph, 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 as "non-controlling interests", and in the Consolidated Statement of Income it is shown after" income attributable to the Bank owners."

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

The Bank's ownership interest in consolidated subsidiaries is as follows:

	OWNERSHIP INTEREST 2013 %	OWNERSHIP INTEREST 2012 %
Valores Security S.A. Corredores de Bolsa	99.76	99.76
Administradora General de Fondos Security S.A.	99.99	99.99

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 Other.

g) Interest income and expenses

Interest and adjustment income and expenses are presented accrued through year-end, 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.

However, for impaired loans, the accrual is suspended as defined by the Superintendency of Banks and Financial Institutions in Chapter B-2 of the Compendium of Accounting Standards, using the following criteria:

LOANS SUBJECT TO SUSPENSION:	SUSPENDED:
Individual assessment: Loans classified in categories C5 and C6	For being in an impaired portfolio
Individual assessment: Loans classified in categories C3 and C4	For having completed three months in an impaired portfolio
Group assessment: Loans with guarantees of under 80%	When repayment of the loan or one of its installments has been in arrears for six months

h) Commission income and expenses

Commission income and expenses that affect the effective interest rate of a financial asset or liability are recognized in income throughout the period of 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, 2013 and 2012, monetary items in foreign currency were converted using the year-end functional currency exchange rates of Ch$525.30 and Ch$478.80 per US$ 1 respectively, which does not differ significantly from the exchange rate applied by the subsidiaries audited by the Superintendency of Securities and Insurance, which was Ch$524.61 at December 31, 2013 and Ch$479.96 at December 31, 2012.

Net foreign exchange income of MCh$15.824 and MCh$5,497 for 2013 and 2012 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 currency

Assets and liabilities denominated in UFs (unidades de fomento - inflation index-linked units of accounts) are stated at the 2013 and 2012 year-end values of Ch$23.309,56 and Ch$22,840.75 respectively.

k) **Financial Instruments**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend and interest earned on the financial asset and is included in the 'Income from financial operations net'.

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.

Investment instruments: Investment instruments are classified into two categories: Financial investment held-to-maturity and financial investment available-for-sale. The held to maturity investment category only include those instruments for which the Bank has the intent and ability to hold to maturity. All other investment instrument is categorized as available-for-sale.

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

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity. Held to maturity investments are measured at amortized cost using the effective interest method less any impairment.
Interest and indexation adjustments related to held-to-maturity investments and investments available for sale investments are included under "Total interest income," as specified in Note 25 to the Financial Statements.

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (2) held to maturity investments or (c) financial assets at fair value through profit or loss.

Available for sale instruments are subsequently measured at 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 other comprehensive income. When these investments are disposed of or impaired, the amount of the accumulated fair value adjustment is transferred to income and is reported under "Sale of available for sale instruments" under "Net income from financial operations" in the Statement of Income, which is detailed in Note 27.

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

All purchases and sales of investment instruments, to be delivered within the deadline stipulated by market regulations and conventions, are recognized on the trade date, which is the date on which the commitment is made to purchase or sell the asset.

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 consolidated statements of financial position at cost (including transaction costs) and subsequently measured at fair value. The fair value is obtained from market quotes, discounted cash flow models and option valuation models, as appropriate. Derivatives contracts are classified as assets when their fair value is positive and as liabilities when it is negative, under line item "Financial derivative contracts."

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

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 "Net income from financial operations."

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

When a derivative instrument hedges exposure to fluctuation in cash flows of recognized assets or liabilities, or highly probable forecasted transactions, the effective portion of the changes in fair value related to the risk hedged is recognized in other comprehensive income.

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 presented in the Consolidated 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 related 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 recorded, 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 available for sale financial assets is determined in reference to their fair value a significant and prolonged decline in 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 recognized 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 the end of each financial statement presentation period to determine whether there is objective evidence of impairment. If any such indicator 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**

In certain circumstances, assets are repossessed following the foreclosure on loans that are in default. Repossessed assets are measured at the lower of carrying amount and fair value less costs to sell.

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 measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized in the Consolidated Statement of Income on a straight-line method over the estimated useful lives of the related assets.

In the case of certain real estate, the Bank adopted the fair value as cost for the first application, 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 on 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 computer programs is five years.

t) Provisions for loan losses

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

The Bank uses models or methods based on individual and group analyses 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 clients, provisions and write-offs are fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 terms, without the possibility of recovering the amount owed by collateral redemption seizure, through exercising court collection actions, or renegotiating terms.

In light of the above, the Bank will maintain 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

The individual analysis of debtors is applied to those clients, whether individuals or legal entities, whose size, complexity or level of exposure requires individual analysis. It also requires assigning a risk rating to each debtor.

When recording provisions, the Bank classifies its debtors and their contingent loans and credits into the respective categories, after having assigned them to one of the following portfolio statuses: Normal, Substandard and Delinquent, which are defined as follows:

- **Normal and substandard portfolios**

TYPE OF PORTFOLIO	DEBTOR CATEGORY	PROBABILITY OF DELINQUENCY (%)	LOSS IF DELINQUENT (%)	EXPECTED LOSS (%)
Normal Portfolio	A1	0.04	90.00	0.03600
	A2	0.10	82.50	0.08250
	A3	0.25	87.50	0.21875
	A4	2.00	87.50	1.75000
	A5	4.75	90.00	4.27500
	A6	10.00	90.00	9.00000
Substandard Portfolio	B1	15.00	92.50	13.87500
	B2	22.00	92.50	20.35000
	B3	33.00	97.50	32.17500
	B4	45.00	97.50	43.87500

Without prejudice to the above, the bank must maintain a minimum provision percentage of 0.50% for contingent loans and credits in the Normal Portfolio, which at December 31, 2013 and 2012 was not constitute provision for this concept

- **Delinquent Portfolio**

TYPE OF PORTFOLIO	RISK SCALE	RANGE OF EXPECTED LOSS	PROVISION (%)
Delinquent portfolio	C1	More than 0 up to 3 %	2
	C2	More than 3% up to 20%	10
	C3	More than 20% up to 30%	25
	C4	More than 30 % up to 50%	40
	C5	More than 50% up to 80%	65
	C6	More than 80%	90

u.2) Provisions for loan losses for group evaluation
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, 2013 and 2012 the Bank does not hold any additional provisions.

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

At December 31, 2013 and 2012, recoveries of written-off loans were MCh$3,215 and MCh$2,402, respectively, and are presented in the item "Provisions for loan losses" in the Consolidated Statement of Income.

v) Cash and cash equivalents

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, categorized as follows:

Cash flows, which correspond to inflows and outflows of highly liquid short-term investments with low risk, grouped under cash and cash equivalents.

- **Operating activities,** the principal revenue-producing activities of the Bank and other activities that are not investing or financing activities.

- **Investing activities**, the acquisition sale or disposal of long-term assets and other investments not included in cash and cash equivalents.

- **Financing activities**, activities that result in changes in the size and composition of the contributed equity and borrowings of 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 arise from equity.

y) Employee benefits

y.1) Staff Vacations
The annual cost of employee vacations and benefits is recognized on an accrual basis.

y.2) Current benefits
The Bank has an annual incentive plan for its employees related to the accomplishment of objectives and performance. The Bank records a provision for these benefits based on the estimated amount to be disbursed.

y.3) Severance provision
The Bank has not agreed to payment of severance indemnities to its employees under all circumstances. Therefore, the Bank does not record any provision for this concept. The expense is recorded in income as it is incurred.

z) Minimum dividends

At December 31, 2013 and 2012, the Bank recognized a liability (provision) for minimum or mandatory dividends. This provision is made based on the provisions of article 79 of the Law on Corporations and in line with the Bank's dividend policy, which stipulates that at least 30% of the net income for the year will be distributed, unless otherwise agreed unanimously by the respective Shareholders' Meeting.

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 are 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

During 2013 there were no accounting changes that could affect the comparison with the prior year.

4. SIGNIFICANT EVENTS

Banco Security

In Board of directors held on April 11, 2013 The General Manager Mr. Ramón Eluchans Olivares communicated his resignation, which was accepted by the directory, named in his replacement to Mr. Bonifacio Bilbao Hormaeche.

In a Board of directors held on May 16,2013 The Director Mr Mario Weiffenbach Oyarzún, communicated his resignation, which was accepted by the directory, named in his replacement to Mr.Eluchans, from September 13,2014

During the period from 1° January to 31 December 2012 there were no significant events that should be communicated.

Administradora General de Fondos Security S.A.

At July 31, 2013, by reason of the suspension of the the public offering, listing and trading of the shares of the company " Corporacion GEO SAB series B. " decreed by the Mexican Stock Exchange and in accordance with applicable regulations, the Mutual Fund Small Cap Index Fund Latam Security had to value the shares of the Company in their respective portfolio for an amount of zero. At the date of the public offering suspension, the share represented a 0.32% of the total found portfolio.

By agreement of the directory meeting held on March 16, 2012 was agreed to call Shareholders' Meeting for April 3, 2012 at 9.30 am , in order to rule on the following subjects : Memory and balance for the year ended December 2011 , distribution of net income , fixing the remuneration to the board, appointment of Independent External Auditors , appointment of the period in which publications and other matters within the jurisdiction of the Ordinary Meeting

Valores S.A. Corredores de Bolsa

As of December 31, 2013 and 2012, there were no significant events to be communicated.

5. BUSINESS SEGMENTS

The Bank's senior management processes its decisions through the following segments or business areas, as 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 to this segment are commercial loans in local currency, foreign currency, lease operations and foreign trade, in addition to checking accounts and investments.

Personal Banking: customer portfolio belonging to the target segment of high-income individuals (ABC1 socio-economic stratus). The main products and services offered to this segment are checking 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 internal 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 internal positions, developed through the following subsidiaries of the Bank: Administradora General de Fondos Security S.A. and Valores Security S.A. Corredora de Bolsa.

Other: 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, 2013 and 2012, among 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		RETAIL BANKING		TREASURY		OTHERS		TOTAL BANK		SUBSIDIARIES		TOTAL CONSOLIDATED	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
ASSETS														
Loans, gross	2,282,748	2,074,613	1,058,268	946,218	468	635	1	4	3,341,485	3,021,470	-	-	3,341,485	3,021,470
Provisions for loans	(45,603)	(31,278)	(484)	(10,537)	(328)	(30)	-	-	(46,415)	(41,845)	-	-	(46,415)	(41,845)
LOANS, NET	2,237,145	2,043,335	1,057,784	935,681	140	605	1	4	3,295,070	2,979,625	-	-	3,295,070	2,979,625
Financial operations	-	-	-	-	452,394	593,732	-	-	452,394	593,732	77,545	75,126	529,939	668,858
Other assets	-	-	-	-	44,563	41,534	476,104	434,834	520,667	476,368	49,859	55,042	570,526	531,410
TOTAL ASSETS	2,237,145	2,043,335	1,057,784	935,681	497,097	635,871	476,105	434,838	4,268,131	4,049,725	127,404	130,168	4,395,535	4,179,893
LIABILITIES														
Liabilities	2,075,551	1,891,700	1,001,760	885,179	464,946	607,659	476,025	434,762	4,018,282	3,819,300	68,891	77,000	4,087,173	3,896,300
Equity	161,594	151,635	56,024	50,502	32,151	28,212	1	-	249,770	230,349	58,513	53,168	308,283	283,517
Non-controller interest	-	-	-	-		-	79	76	79	76	-	-	79	76
TOTAL LIABILITIES	2,237,145	2,043,335	1,057,784	935,681	497,097	635,871	476,105	434,838	4,268,131	4,049,725	127,404	130,168	4,395,535	4,179,893

b) Income by business segment

	CORPORATE BANKING		RETAIL BANKING		TREASURY		OTHERS		TOTAL BANK		SUBSIDIARIES		TOTAL CONSOLIDATED	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
OPERATING INCOME, NET														
Financial margin (1)	55,987	50,924	40,335	35,578	(6,517)	(11,676)	(3,830)	(3,599)	85,975	71,227	(3,290)	(3,389)	82,685	67,838
Fees, net	13,882	10,798	12,719	10,231	(414)	(429)	(1,171)	(767)	25,016	19,833	9,239	8,751	34,255	28,584
Changes & other income, net (2)	8,811	7,754	244	416	20,745	22,757	(8,461)	(4,247)	21,339	26,680	8,472	8,360	29,811	35,040
Impairment losses & BRP (3)	(18,665)	(9,551)	(10,586)	(7,238)	(693)	(95)	870	272	(29,074)	(16,612)	-	-	(29,074)	(16,612)
TOTAL OPERATING INCOME, NET	60,015	59,925	42,712	38,987	13,121	10,557	(12,592)	(8,341)	103,256	101,128	14,421	13,722	117,677	114,850
Support costs (4)	(25,540)	(23,114)	(37,307)	(34,849)	(7,858)	(7,187)	432	932	(70,273)	(64,218)	(8,175)	(8,787)	(78,448)	(73,005)
OPERATING RESULT	34,475	36,811	5,405	4,138	5,263	3,370	(12,160)	(7,409)	32,983	36,910	6,246	4,935	39,229	41,845
Result of investments in companies	-	-	-	-	-	-	14	16	14	16	148	102	162	118
RESULTS BEFORE INCOME TAX	34,475	36,811	5,405	4,138	5,263	3,370	(12,146)	(7,393)	32,997	36,926	6,394	5,037	39,391	41,963
Taxes	(5,787)	(6,009)	(907)	(675)	(884)	(550)	2,039	1,207	(5,539)	(6,027)	(1,051)	(707)	(6,590)	(6,734)
CONSOLIDATED EARNINGS FORT THE YEAR	28,688	30,802	4,498	3,463	4,379	2,820	(10,107)	(6,186)	27,458	30,899	5,343	4,330	32,801	35,229
Minority interest	-	-	-	-	-	-	-	-	-	-	3	2	3	2
RESULT ATTRIBUTABLE TO OWNERS OF THE BANK	28,688	30,802	4,498	3,463	4,379	2,820	(10,107)	(6,186)	27,458	30,899	5,340	4,328	32,798	35,227

(1) Corresponds to net income for interest and adjustments.
(2) Includes net profit from financial operations and changes, other income and expenses and other provisions for contingencies.
(3) Includes provisions for credit risk, net income for goods received in lieu of payment, impairment of investment instruments and intangibles, and net provisions for country risk, specific and additional.
(4) Corresponds to remunerations and expenses of personnel, administrative expenses, depreciation and amortization.

6. CASH AND CASH EQUIVALENTS

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

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
CASH & DEPOSITS WITH BANKS		
Cash	10,113	9,206
Deposits with Banco Central de Chile	227,646	191,707
Deposits with national banks	2,733	1,603
Deposits abroad	52,419	61,729
SUB TOTAL - CASH & DEPOSITS WITH BANKS	292,911	264,245
OPERATIONS PENDING SETTLEMENT, NET	31,634	27,720
REPURCHASE AGREEMENTS	-	5,051
TOTAL CASH & CASH EQUIVALENTS	324,544	297,016

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

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:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
ASSETS		
Documents drawn on other banks (clearing)	32,301	27,394
Funds receivable	34,896	38,976
SUB TOTAL - ASSETS	67,197	66,370
LIABILITIES		
Funds payable	(35,563)	(38,650)
SUB TOTAL - LIABILITIES	(35,563)	(38,650)
OPERATIONS PENDING SETTLEMENT, NET	31,634	27,720

7. TRADING INVESTMENTS

As of December 31, 2013 and 2012, the Bank and its subsidiaries have the following balances included under the concept of trading investments:

TRADING	UP TO 1 YEAR		1 TO 3 YEARS		3 TO 6 YEARS		OVER 6 YEARS		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
STATE INSTRUMENTS & OF BANCO CENTRAL										
Instruments of Banco Central de Chile	605	33,586	4,057	4,575	90,333	22,591	914	128	95,909	60,880
Instruments of the Chilean Treasury	-	-	22,074	23	2,459	3,288	130	-	24,663	3,311
Other fiscal instruments	-	-	143	-	-	-	-	-	143	-
SUB TOTAL	605	33,586	26,274	4,598	92,792	25,879	1,044	128	120,715	64,191
OTHER FINANCIAL INSTRUMENTS										
National bank promissory notes	44,249	107,386	20,895	8,726	-	-	-	-	65,144	116,112
National bank mortgage-funding notes	1	5	69	104	435	43	1,065	3,996	1,570	4,148
Bonds of banks in Chile	2,585	656	20,183	1,775	3,280	7,842	15	266	26,063	10,539
Other instruments issued in Chile	948	734	-	-	-	-	2,059	-	3,007	734
Mutual funds	3,310	78,556	-	-	-	-	-	-	3,310	78,556
SUB TOTAL	51,093	187,337	41,147	10,605	3,715	7,885	3,139	4,262	99,094	210,089
TOTAL INSTRUMENTS FOR TRADING	51,698	220,923	67,421	15,203	96,507	33,764	4,183	4,390	219,809	274,280

The Bank has letters of credit issued on its behalf at December 31, 2013 and 2012 for MCh$2,383 and MCh$2,659, respectively, which are shown net of letters of credit issued by the Bank in liabilities.

As of December 31, 2013, the Bank has reclassified the financial instrument "BLAPO- F " y "BLAPO- G originally recorded as "Available-for-sale" to "Trading instruments", in accordance with the requirement of the Superintendencia de Bancos e Instituciones Financieras in letter to the management N°15537 dated December 27, 2013.

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, 2013 and 2012, the reverse repurchase agreement assets, classified by type of debtor and maturity of the agreement, are as follows:

REPURCHASE AGREEMENT RIGHTS	FROM 1 DAY TO 3 MONTHS		3 MONTHS TO LESS THAN 1 YEAR		OVER 1 YEAR		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
Banks in Chile	-	-	-	-	-	-	-	-
Other entities	-	5,051	-	-	-	-	-	5,051
TOTAL	-	5,051	-	-	-	-	-	5,051

b) Repurchase agreement liabilities

The Bank sells financial instruments agreeing to purchase them at a future date plus interest. At December 31, 2013 and 2012, the repurchase agreement liabilities, classified by type of debtor and maturity of the agreements, are as follows:

REPURCHASE AGREEMENT RIGHTS	FROM 1 DAY TO 3 MONTHS		3 MONTHS TO LESS THAN 1 YEAR		OVER 1 YEAR		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
BANKS IN CHILE								
Banco Central	-	14,071	-	-	-	-	-	14,071
Others	-	5,051	-	-	-	-	-	5,051
Other entities	63,112	48,088	-	-	-	-	63,112	48,088
TOTAL	63,112	67,210	-	-	-	-	63,112	67,210

The instruments guaranteeing the liability of these repurchase agreements are included in the Trading investments portfolio in 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 HEDGE (F) OR FAIR VALUE (VR)	NOTIONAL AMOUNT OF CONTRACT WITH FINAL MATURITY IN						FAIR VALUE			
		LESS THAN 3 MONTHS		3 MONTHS TO 1 YEAR		OVER 1 YEAR		ASSETS		LIABILITIES	
		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
		2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
DERIVATIVES HELD FOR TRADING											
Currency forwards	(VR)	696,123	(450,254)	604,258	67,075	70,734	(23,403)	26,136	24,993	(23,035)	(23,349)
Interest-rate swaps	(VR)	142,288	626,357	730,066	524,336	1,315,809	941,330	11,753	11,493	(10,795)	(11,703)
Currency swaps	(VR)	-	1	16,666	25,500	247,879	115,643	11,172	6,293	(5,643)	(2,053)
Rate put options	(VR)	-	-	-	-	-	-	-	-	(9)	(3)
		-									-
TOTAL DERIVATIVE ASSETS/(LIABILITIES) HELD FOR TRADING		838,411	176,104	1,350,990	616,911	1,634,422	1,033,570	49,061	42,779	(39,482)	(37,108)
DERIVATIVES HELD FOR ACCOUNTING HEDGE											
Interest-rate swaps	(F)	-	-	-	-	-	25,000	-	-	-	(292)
TOTAL DERIVATIVE ASSETS/(LIABILITIES) HELD FOR HEDGING		-	-	-	-	-	25,000	-	-	-	(292)
TOTAL FINANCIAL DERIVATIVE ASSETS / (LIABILITIES)		838,411	176,104	1,350,990	616,911	1,634,422	1,058,570	49,061	42,779	(39,482)	(37,400)

b) Hedge Accounting:

At December 31, 2013 there are no to hedging accounting. At December 31,2012 the fair value adjustment, net of deferred taxed recognized in shareholders' equity related to hedging accounting totalizing Mch$212.

10. INTERBANK LOANS

a) Transactions owed by banks at December 31, 2013 and 2012 show normal behavior (normal portfolio), and credit risk is evaluated on an individual basis. Details are as follows:

	ASSETS BEFORE PROVISIONS						PROVISIONS MADE							
	NORMAL & SUB-STANDARD PORTFOLIO		DEFAULTED PORTFOLIO		TOTAL		NORMAL & SUB-STANDARD PORTFOLIO		DEFAULTED PORTFOLIO		TOTAL		NET ASSETS	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
Banks in Chile	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks abroad	5,328	14,827	499	-	5,827	14,827	-	30	328	-	328	30	5,499	14,797
TOTAL DUE BY BANKS	5,328	14,827	499	-	5,827	14,827	-	30	328	-	328	30	5,499	14,797

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

MOVEMENT:	MCH$
Balance as of January 1, 2012	(33)
Write-offs of impaired portfolio	-
Provisions made	(92)
Provisions released	95
BALANCE AS OF DECEMBER 31, 2012	(30)
Balance as of January 1, 2013	(30)
Write-offs of impaired portfolio	-
Provisions made Note 29)	(408)
Provisions released (Note 29)	110
BALANCE AS OF DECEMBER 31, 2013	(328)

11. LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS

a) Loans and accounts receivable from customers

	ASSETS BEFORE PROVISIONS						PROVISIONS MADE							
	NORMAL & SUB-STANDARD PORTFOLIO		DEFAULTED PORTFOLIO		TOTAL		INDIVIDUAL PROVISIONS		GROUP PROVISIONS		TOTAL		NET ASSETS	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
COMMERCIAL LOANS:														
Commercial loans	1,943,158	1,723,162	57,482	50,130	2,000,640	1,773,292	26,168	25,525	2,312	2,672	28,480	28,197	1,972,160	1,745,095
Foreign trade finance	238,466	255,416	9,147	8,801	247,613	264,217	7,246	6,041	11	3	7,257	6,044	240,356	258,173
Current account debtors	39,838	32,410	3,183	1,746	43,021	34,156	2,433	1,545	176	210	2,609	1,755	40,412	32,401
Factoring operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasing operations	251,870	224,498	7,959	4,318	259,829	228,816	1,087	770	27	33	1,114	803	258,715	228,013
Other credits & accounts receivable	4,082	2,783	1,326	728	5,408	3,511	1,155	662	10	14	1,165	676	4,243	2,835
SUB TOTAL	2,477,414	2,238,269	79,097	65,723	2,556,511	2,303,992	38,089	34,543	2,536	2,932	40,625	37,475	2,515,886	2,266,517
Housing loans														
Loans with funding notes	9,256	11,649	322	395	9,578	12,044	-	-	39	40	39	40	9,539	12,004
Endorsable mortgage loans	38,665	30,780	384	574	39,049	31,354	-	-	43	56	43	56	39,006	31,298
Other housing loans	480,374	444,107	4,535	3,542	484,909	447,649	-	-	442	296	442	296	484,467	447,353
Leasing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other credits & accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUB TOTAL	528,295	486,536	5,241	4,511	533,536	491,047	-	-	524	392	524	392	533,012	490,655
Consumer loans:														
Installment consumer loans	150,640	132,173	6,554	6,979	157,194	139,152	-	-	3,497	2,768	3,497	2,768	153,697	136,384
Current account debtors	40,099	33,340	910	972	41,009	34,312	-	-	678	570	678	570	40,331	33,742
Credit card debtors	46,897	37,367	511	502	47,408	37,869	-	-	763	610	763	610	46,645	37,259
Other credits & accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUB TOTAL	237,636	202,880	7,975	8,453	245,611	211,333	-	-	4,938	3,948	4,938	3,948	240,673	207,385
							-	-						
TOTAL	3,243,345	2,927,685	92,314	78,687	3,335,658	3,006,372	38,089	34,543	7,998	7,272	46,087	41,815	3,289,571	2,964,557
Accouinting hedges:														
Commercial loans													-	271
SUB TOTAL													-	271
TOTAL LOANS & ACCOUNTS RECEIVABLE FROM CUSTOMERS													3,289,571	2,964,828

b) Movement of provision for loan losses

Changes in provisions in 2013 and 2012 are as follows:

	INDIVIDUAL PROVISIONS MCH$	GROUP PROVISIONS MCH$	TOTAL MCH$
BALANCE AS OF JANUARY 1, 2012	29,738	6,120	35,858
WRITE-OFFS OF IMPAIRED PORTFOLIO			
Commercial loans	(6,290)	-	(6,290)
Housing loans	-	(117)	(117)
Consumer loans:	-	(6,030)	(6,030)
TOTAL WRITE-OFFS	(6,290)	(6,147)	(12,437)
Provisions made	31,605	21,210	52,815
Provisions released	(20,510)	(13,911)	(34,421)
BALANCE AS OF DECEMBER 31, 2012	34,543	7,272	41,815
BALANCE AS OF JANUARY 1, 2013	34,543	7,272	41,815
WRITE-OFFS OF IMPAIRED PORTFOLIO			
Commercial loans	(8,637)	-	(8,637)
Housing loans	-	-	-
Consumer loans:	-	(8,961)	(8,961)
TOTAL WRITE-OFFS	(8,637)	(8,961)	(17,598)
Provisions made (Note 29)	45,743	25,716	71,459
Provisions released (Note 29)	(27,263)	(16,029)	(43,292)
Provisions released without effect on result	(6,297)	-	(6,297)
BALANCE AS OF DECEMBER 31, 2013	38,089	7,998	46,087

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 of December 31, 2012 and 2011, 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:

	LOANS IN CHILE		LOANS ABROAD		TOTAL			
	DECEMBER 31		DECEMBER 31		DECEMBER 31			
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 %	2012 %
COMMERCIAL LOANS								
Manufacturing	186,297	165,865	4,055	4,094	190,352	169,959	5.71	5.65
Mining	38,608	37,440	-	-	38,608	37,440	1.16	1.25
Electricity, gas & water	78,936	26,446	-	-	78,936	26,446	2.37	0.88
Agriculture & livestock	88,498	74,119	-	13	88,498	74,132	2.65	2.47
Forestry	6,615	28,963	-	-	6,615	28,963	0.20	0.96
Fishing	64,921	50,670	-	-	64,921	50,670	1.95	1.69
Transport	173,891	157,238	-	-	173,891	157,238	5.21	5.23
Telecommunications	50,325	39,462	-	-	50,325	39,462	1.51	1.31
Construction	374,283	358,851	-	-	374,283	358,851	11.22	11.94
Commerce	451,747	438,766	6,809	3,620	458,556	442,386	13.75	14.71
Financial services & insurance	447,403	427,362	-	-	447,403	427,362	13.41	14.22
Real estate	101,223	56,906	-	-	101,223	56,906	3.03	1.89
Services to companies	68,851	81,939	-	-	68,851	81,939	2.06	2.73
Communal services	299,568	259,686	-	-	299,568	259,686	8.98	8.64
Others	114,481	92,490	-	62	114,481	92,552	3.43	3.08
SUB TOTAL	2,545,647	2,296,203	10,864	7,789	2,556,511	2,303,992		
Housing loans	533,536	491,047	-	-	533,536	491,047	15.99	16.33
Consumer loans	245,611	211,333	-	-	245,611	211,333	7.36	7.03
TOTAL	3,324,794	2,998,583	10,864	7,789	3,335,658	3,006,372		

12. INVESTMENT INSTRUMENTS

As of December 31, 2013 and 2012, the Bank and its subsidiaries have the following balances, valued at fair value, included under available for sale investments

Available for sale investments

	UP TO 1 YEAR		1 TO 3 YEARS		3 TO 6 YEARS		OVER 6 YEARS		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
AVAILABLE FOR SALE	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
STATE INSTRUMENT & OF BANCO CENTRAL										
Instruments of Banco Central de Chile	17,577	18,290	60,616	33,591	9,503	627	167	1,863	87,863	54,371
Instruments of Chilean Treasury	-	-	3,694	88	-	-	-	-	3,694	88
SUB TOTAL	17,577	18,290	64,310	33,679	9,503	627	167	1,863	91,557	54,459
OTHER FINANCIAL INSTRUMENTS										
National bank deposit notes	29,725	174,852	2,016	2,974	-	-	-	-	31,741	177,826
National bank mortgage-funding notes	-	88	89	496	470	1,512	27,552	28,958	28,111	31,054
Chilean corporate bonds	2,963	9,834	11,751	19,745	18,683	5,255	20,084	8,274	53,481	43,108
Other instruments issued abroad	3,048	816	3,459	6,704	18,027	18,475	80,706	57,085	105,240	83,080
SUB TOTAL	35,736	185,590	17,315	29,919	37,180	25,242	128,342	94,317	218,573	335,068
TOTAL INVESTMENTS AVAILABLE FOR SALE	53,313	203,880	81,625	63,598	46,683	25,869	128,509	96,180	310,130	389,527

The transactions with repurchase agreements with clients and the Chilean Central Bank, associated to the portfolio of available-for-sale at December 31, 2013 and 2012 totalizing MCh$1,810 and MCh$177, respectively.

At December 31, 2013 and 2012 the available-for-sale portfolio includes unrealized income of MCh$(3,769) and MCh$656, of which MCh$(3,054) and MCh$692 are presented in shareholders equity (see note 24) and MCh$(715) and MCh$(36) are represented in income statement as impairment

At December 31, 2013 and 2012, the Bank does not have 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:

	PARTICIPATION		AMOUNT OF INVESTMENT						RESULT AT DECEMBER 31	
			BALANCE AS OF JANUARY 1		PURCHASE/SALE		BALANCE AS OF DECEMBER			
	2013 %	2012 %	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
Imer Otc Sa	6.67	-	-	-	864	-	864	-	-	-
Santiago Stock Exchange	2.08	2.08	305	305	-	-	305	305	97	80
Chilean Electronic Exchange	2.44	2.44	61	61	-	-	61	61	-	-
Combanc S.A.	3.96	3.96	102	134	-	(32)	102	102	14	10
Deposito Central de Valores S.A.	3.60	3.60	58	58	-	-	58	58	-	6
Other investments in companies			47	62	-	(16)	47	47	51	22
TOTAL INVESTMENTS IN OMPANIES			573	620	864	(48)	1.437	573	162	118

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

14. INTANGIBLE ASSETS

a) The intangibles that the Bank and its subsidiaries maintain current as of December 31, 2013 and 2012 correspond to internal developments which are in the production or development stage:

	YEARS OF USEFUL LIFE		REMAINING YEARS OF AMORTIZATION		GROSS BALANCE		ACCUMULATED AMORTIZATION		NET BALANCE	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
TYPE OF INTANGIBLE ASSET:	2013	2012	2013	2012	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
Acquired	-	-	-	-	-	-	-	-	-	-
Generated internally	4.00	4.00	1.92	1.75	57,308	46,426	(12,481)	(9,613)	44,827	36,813
TOTAL					57,308	46,426	(12,481)	(9,613)	44,827	36,813

b) The movement of intangible assets during the period from January 1 to December 31, 2013 and 2012 is as follows:

	MOVEMENT OF INTANGIBLE ASSETS			
	INTANGIBLE ASSETS			
	ACQUIRED MCH$	GENERATED INTERNALLY MCH$	ACCUMULATED AMORTIZATION MCH$	TOTAL MCH$
BALANCE AS OF JANUARY 1, 2012	-	36,554	(7,032)	29,522
Incorporations	-	11,016	-	11,016
Transfer to functioning intangibles	-	-	-	-
Amortization in period	-	-	(2,581)	(2,581)
Impairment in period	-	(1,144)	-	(1,144)
BALANCE AS OF DECEMBER 31, 2012	-	46,426	(9,613)	36,813
Balance as of January 1, 2013	-	46,426	(9,613)	36,813
Incorporations	-	12,106	-	12,106
Transfer to functioning intangibles	-	-	-	-
Amortization in period	-	-	(2,868)	(2,868)
Impairment in period	-	(1,224)	-	(1,224)
BALANCE AS OF DECEMBER 31, 2013	-	57,308	(12,481)	44,827

During 2013 and 2012 the Bank's management recorded an impairment of MCh$1,224 and MCh$1,144, respectively (see Note 33).

15. PROPERTY, PLANT AND EQUIPMENT

a) Property, Plant and Equipment

	MOVEMENT OF FIXED ASSETS									
	BUILDINGS & LAND			EQUIPMENT			OTHER FIXED ASSETS			
	GROSS ASSETS	DEPRECIATION ACCUMULATED	IMPAIRMENT ACCUMULATED	GROSS ASSETS	DEPRECIATION ACCUMULATED	IMPAIRMENT ACCUMULATED	GROSS ASSETS	DEPRECIATION ACCUMULATED	IMPAIRMENT ACCUMULATED	NET ASSETS
	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$
Balance as of January 1, 2012	18,879	(1,812)	-	5,836	(4,138)	-	8,871	(4,041)	-	23,595
Additions	-	-	-	400	-	-	2,033	-	-	2,433
Retirements/disposals	-	-	-	-	-	-	-	-	-	-
Depreciation for year	-	(249)	-	-	(513)	-	-	(708)	-	(1,470)
Impairment for year	-	-	-	-	-	-	-	-	-	-
BALANCE AS OF DECEMBER 31, 2012	18,879	(2,061)	-	6,236	(4,651)	-	10,904	(4,749)	-	24,558
Balance as of January 1, 2013	18,879	(2,061)	-	6,236	(4,651)	-	10,904	(4,749)	-	24,558
Additions	-	-	-	299	-	-	994	-	-	1,293
Retirements/disposals	-	-	-	-	-	-	-	-	-	-
Depreciation for year	-	(249)	-	-	(525)	-	-	(868)	-	(1,642)
Impairment for year	-	-	-	-	-	-	-	-	-	-
BALANCE AS OF DECEMBER 31, 2013	18,879	(2,310)	-	6,535	(5,176)	-	11,898	(5,617)	-	24,209

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, 2013 and 2012, are as follows:

	FUTURE RENTAL FLOWS							
	LESS THAN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
Operative lease contracts	152	1,698	8,457	9,159	8,457	9,159	17,066	20,016

c) Lease expenses

Operating lease expenses for the agreements described in Note b) above for 2013 and 2012 are as follows:

RENTAL EXPENSES RE PREVIOUS NOTE	DECEMBER 31, 2013 MCH$	DECEMBER 31, 2012 MCH$
OPERATIVE LEASE EXPENSES	2,444	1,692

As of December 31, 2013 and 2012, 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, 2013 and 2012 are as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Income tax, rate of 20%	(6,725)	(6,079)
Tax on disallowed expenses 35%	(19)	(16)
Less:		
Monthly provisional payments	5,851	3,662
Training tax credits	136	173
Others	189	37
TOTAL	(568)	(2,223)
Income tax payable	(568)	(2,223)
CURRENT TAX LIABILITIES	(568)	(2,223)
Income tax recoverable in period	386	145
Income tax recoverable previous periods	383	427
CURRENT TAX ASSETS	769	572

b) Income tax expense

Income tax expense during the years ended December 31, 2013 and 2012 is as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
CHARGE FOR INCOME TAX		
Current year tax	6,725	6,079
Sole tax	19	16
Adjustment to previous years' tax charge	(431)	(836)
SUB TOTAL	6,313	5,259
CREDIT (CHARGE) FOR DEFERRED TAX		
Origination & reversal of timing differences	277	1,475
NET CHARGE TO RESULTS FOR INCOME TAX	6,590	6,734

On July, 29, 2010, Law 20,455, "Amendments to 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), returning to 17% in 2013.

On September 27, 2012, the Government issued Law 20,630, which established corporate tax rate of 20% going forward.

c) Deferred taxes

The deferred taxes resulting from temporary differences are presented below:

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

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Investments available for sale	766	(171)
Hedges	-	52
TOTAL	766	(119)

c.2) Effect of deferred taxes:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
DEFERRED TAX ASSETS:		
Portfolio global provision	7,469	6,704
Provision lower value of portfolio	126	74
Provision increased value of swaps	-	-
Global provision for recovered assets	-	18
Forward contracts	-	669
Interest suspended	400	345
Others	469	(428)
TOTAL DEFERRED ASSETS WITH EFFECT ON RESULT	8,464	7,382
Effect on equity	766	(119)
TOTAL DEFERRED TAX ASSETS	9,230	7,263
DEFERRED TAX LIABILITIES:		
Assets for leasing	-	-
Leasing contracts	(4,497)	(5,029)
Depreciation fixed assets	(1,429)	(1,323)
Effective rate	(702)	(661)
Others	(792)	(843)
TOTAL DEFERRED TAX LIABILITIES WITH EFFECT ON RESULT	(7,420)	(7,856)
TOTAL ASSETS (LIABILITIES) WITH EFFECT ON RESULT	1,044	(474)

c.3) Total Deferred Taxes:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Effect of deferred taxes on equity	766	(119)
Effect of deferred taxes on result	1,044	(474)
TOTAL ASSETS (LIABILITIES) NET	1,810	(593)

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, 2013 and 2012 is specified below:

	AS OF DECEMBER 31, 2013		AS OF DECEMBER 31, 2012	
	TAX RATE	AMOUNT MCH$	TAX RATE	AMOUNT MCH$
Earnings before tax	20.0%	8,921	20.0%	9,261
Permanent differences	-5.3%	(2,362)	-5.2%	(2,397)
Additions or deductions	0.0%			
Sole tax (disallowed expenses)	0.0%	18	0.0%	16
Amortization deferred taxes complementary accounts	0.0%	-	0.0%	-
Non-deductable expenses (financial & non-taxed expenses)	0.0%	-	0.0%	-
Previous years' adjustments	0.0%	-	-1.7%	(781)
Effect of change in tax rate	0.0%	-	1.4%	638
Others	0.0%	13	0.0%	(3)
				-
EFFECTIVE RATE & CHARGE FOR INCOME TAX	14.7%	6,590	14.5%	6,734

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

Details at December 31, 2013 and 2012 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 TAX VALUE					
	ASSETS AT BOOK VALUE		TOTAL		SECURED PAST-DUE LOANS		UNSECURED PAST-DUE LOANS	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
LOANS & ACCOUNTS RECEIVABLE FROM CUSTOMERS	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
Commercial loans	2,296,684	2,077,417	2,298,683	2,079,144	2,525	9,845	12,238	10,590
Consumer loans	245,611	211,333	245,611	211,333	132	141	839	905
Housing mortgage loans	533,536	491,046	533,536	491,046	238	173	-	-
Placements with banks	5,499	14,797	5,499	14,797	-	-	-	-
TOTAL	3,081,330	2,794,593	3,083,329	2,796,320	2,895	10,159	13,077	11,495

d.2) Provisions for past-due portfolio:

	BALANCE AS OF JANUARY 1		WRITE-OFFS AGAINST PROVISIONS		PROVISIONS MADE		PROVISIONS RELEASED		BALANCE AS OF DECEMBER 31	
PROVISIONS FOR PAST-DUE LOANS	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
Commercial loans	10,590	12,076	(5,765)	(4,457)	7,413	2,971	-	-	12,238	10,590
Consumer loans	905	516	(3,522)	(2,518)	3,456	2,907	-	-	839	905
Housing mortgage loans	-	1	-	-	-	-	-	-	-	-
Placements with banks	-	-	-	-	-	-	-	-	-	-
TOTAL	11,495	12,593	(9,287)	(6,975)	10,869	5,878	-	-	13,077	11,495

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

DIRECT WRITE-OFFS & RECOVERIES	AS OF DECEMBER 31 2013 MCH$	AS OF DECEMBER 31 2012 MCH$	APPLICATION OF ART. 31 NO.4 FIRST & THIRD PARAS	AS OF DECEMBER 31 2013 MCH$	AS OF DECEMBER 31 2012 MCH$
Direct write-offs Art. 31 No.4 , 2nd para.	8,309	5,463	Write-offs per first para.	-	-
Condonations originating release of provisions	-	-	Condonations per second para.	-	-
Recovery or renegotiation of loans written off	1,757	1,520			

17. OTHER ASSETS

a) Details of other assets at December 31, 2013 and 2012 are as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Assets for leasing	17,315	11,587
ASSETS RECEIVED IN LIEU OF PAYMENT OR ADJUDICATED		
Assets received in payment	720	1,892
Assets adjudicated in judicial auction	3,333	284
Provisions for assets received in payment	(184)	(90)
SUB TOTAL - ASSETS RECEIVED IN PAYMENT OR ADJUDICATED	3,869	2,086
OTHER ASSETS		
VAT fiscal credit	5,741	4,823
Prepaid expenses	519	580
Leasing assets recovered for sale	1,638	1,671
Debtors for trading	39,097	46,258
Treasury receivables	7,408	10,138
Others	5,298	11,094
SUB TOTAL - OTHER ASSETS	59,701	74,564
TOTAL OTHER ASSETS	80,885	88,237

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, 2013 and 2012 established in conformity with the regulations of the SBIF are as follows:

MOVEMENT:		MCH$
Balance as of January 1, 2012		(90)
Constitution:	Provision	(1,392)
	Impairment	-
Release	Provision	1,392
	Impairment	-
BALANCE AS OF DECEMBER 31, 2012		(90)
Balance as of January 1, 2013		(90)
Constitution:	Provision	(751)
	Impairment	-
Release	Provision	657
	Impairment	-
BALANCE AS OF DECEMBER 31, 2013		(184)

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, 2013 and 2012, details of deposits and other on demand obligations are as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
CURRENT ACCOUNTS		
Current accounts of banks in Chile	35	227
Checking accounts of other legal entities	245,771	222,943
Checking accounts of individuals	108,570	94,726
SUB TOTAL	354,376	317,896
OTHER SIGHT DEPOSITS & ACCOUNTS:		
Cashier checks	25,302	22,713
Sight deposit accounts	2,639	2,847
SUB TOTAL	27,941	25,560
OTHER SIGHT OBLIGATIONS:		
Deposits for judicial consignments	179	173
Performance bonds payable on demand	4,253	233
Collections made pending delivery	3,696	3,372
Export proceeds pending liquidation	222	247
Payment orders pending	3,395	3,131
Loan repayments pending liquidation	4,174	2,186
Blocked balances article 156 LGB	682	1,129
Time deposits matured	1,464	1,576
Bond coupons & funding notes expired	-	1
Other sight obligations	25,068	39,797
SUB TOTAL	43,133	51,845
TOTAL	425.450	395.301

b) Time deposits and other time liabilities

At December 31, 2013 and 2012, details of time deposits, classified according to their maturity, are as follows

	UP TO 1 YEAR		1 TO 3 YEARS		3 TO 6 YEARS		OVER 6 YEARS		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
TIME DEPOSITS										
Banks in Chile	61,042	125,183	-	-	-	-	-	-	61,042	125,183
Other legal entities	2,072,602	2,010,559	63,280	78,294	-	852	-	-	2,135,882	2,089,705
Individuals	102,023	88,423	-	17	44	41	-	-	102,067	88,481
SUB TOTAL	2,235,667	2,224,165	63,280	78,311	44	893	-	-	2,298,991	2,303,369
OTHER TIME CREDITOR BALANCES										
Performance bonds payable on 30 days' notice	-	2,149	-	532	-	46	-	4	-	2,731
SUB TOTAL	-	2,149	-	532	-	46	-	4	-	2,731
TOTAL	2,235,667	2,226,314	63,280	78,843	44	939	-	4	2,298,991	2,306,100

19. INTERBANK BORROWINGS

At December 31, 2013 and 2012, interbank borrowings were as follows:

	UP TO 1 YEAR		1 TO 3 YEARS		3 TO 6 YEARS		OVER 6 YEARS		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
BANKS IN CHILE										
Overdrafts in current account	86	73	-	-	-	-	-	-	86	73
SUB TOTAL	86	73	-	-	-	-	-	-	86	73
BANKS ABROAD										
Financing of Chilean exports	97,826	110,378	-	-	-	-	-	-	97,826	110,378
Financing of Chilean imports	91,516	101,975	-	-	-	-	-	-	91,516	101,975
Obligations for operations between third countries	-	2,905	-	-	-	-	-	-	-	2,905
Loans & other obligations	3,778	17,068	-	-	-	-	-	-	3,778	17,068
SUB TOTAL	193,120	232,326	-	-	-	-	-	-	193,120	232,326
BANCO CENTRAL DE CHILE:	-	-	-	-	-	-	-	-	-	-
TOTAL	193,206	232,399	-	-	-	-	-	-	193,206	232,399

20. DEBT INSTRUMENTS ISSUED AND OTHER OBLIGATIONS

The composition and maturity of issued debt instruments and other financial obligations at December 31, 2013 and 2012 are as follows:

a) Issued debt instruments

	UP TO 1 YEAR		1 TO 3 YEARS		3 TO 6 YEARS		OVER 6 YEARS		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
MORTGAGE FUNDING NOTES:										
For housing	1,687	1,828	1,905	2,659	2,361	2,649	2,003	3,082	7,956	10,218
For general purposes	3,670	4,394	5,852	7,296	7,050	8,544	15,394	17,435	31,966	37,669
SUB TOTAL	5,357	6,222	7,757	9,955	9,411	11,193	17,397	20,517	39,922	47,887
BONDS:										
Straight bonds	92,462	20,507	114,623	112,449	245,584	167,957	274,781	215,480	727,450	516,393
Subordinated bonds	4,284	3,040	15,454	11,668	25,646	26,579	127,296	106,437	172,680	147,724
SUB TOTAL	96,746	23,547	130,077	124,117	271,230	194,536	402,077	321,917	900,130	664,117
TOTAL	102,103	29,769	137,834	134,072	280,641	205,729	419,474	342,434	940,052	712,004

b) Other financial obligations

	UP TO 1 YEAR		1 TO 3 YEARS		3 TO 6 YEARS		OVER 6 YEARS		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
OBLIGATIONS WITH THE PUBLIC SECTOR:										
CORFO financing	1,262	2,450	3,859	5,655	6,026	4,405	10,886	15,595	22,033	28,105
SUB TOTAL	1,262	2,450	3,859	5,655	6,026	4,405	10,886	15,595	22,033	28,105
OTHER OBLIGATIONS IN CHILE:										
Due to credit card operators	5,543	3,707	-	-	-	-	-	-	5,543	3,707
Obligations to Chilean exporters	32	285	-	-	-	-	-	-	32	285
SUB TOTAL	5,575	3,992	-	-	-	-	-	-	5,575	3,992
TOTAL	6,837	6,442	3,859	5,655	6,026	4,405	10,886	15,595	27,608	32,097

21. PROVISIONS

a) At December 31, 2013 and 2012, the Bank and its subsidiaries set up the following provisions:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
PROVISIONS FOR STAFF BENEFITS & REMUNERATION		
Provisions for other staff benefits	105	80
Provisions for vacations	1,699	1,596
SUB TOTAL - STAFF BENEFITS & REMUNERATION	1,804	1,676
Provision for minimum dividends	9,839	10,568
PROVISIONS FOR CONTINGENT CREDIT RISKS		
Guarantees	21	135
Documentary letters of credit issued	15	21
Performance bonds	789	711
Committed lines of credit	4,294	3,104
SUB TOTAL - RISK OF CONTINGENT CREDITS	5,119	3,971
PROVISIONS FOR CONTINGENCIES		
Provisions for country risk	89	70
Other provisions for contingencies	1,313	2,579
SUB TOTAL - PROVISIONS FOR CONTINGENCIES	1,402	2,649
TOTAL OTHER PROVISIONS	18,164	18,864

In the 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) The movement during the year for Provisions in 2013 and 2012 is as follows:

	STAFF BENEFITS & REMUNERATION MCH$	MINIMUM DIVIDENDS MCH$	CONTINGENT CREDIT RISKS MCH$	CONTINGENCIES MCH$	TOTAL MCH$
Balance at January 1, 2012	1,516	10,505	3,155	2,462	17,638
Provisions made	491	9,814	4,232	2,250	16,787
Provisions released	(331)	(9,751)	(3,416)	(2,063)	(15,561)
BALANCE AS OF DECEMBER 31, 2012	1,676	10,568	3,971	2,649	18,864
Balance at January 1, 2013	1,676	10,568	3,971	2,649	18,864
Provisions made	643	8,934	5,640	2,297	17,514
Provisions released	(515)	(9,663)	(4,492)	(3,544)	(18,214)
BALANCE AS OF DECEMBER 31, 2013	1,804	9,839	5,119	1,402	18,164

22. OTHER LIABILITIES

Details of other liabilities at December 31, 2013 and 2012 are as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Accounts & notes payable	17,713	17,378
Dividends payable	17	48
Revenue received in advance	237	717
Customer creditors for trading	11,147	18,968
Broker creditors for trading	6,161	5,015
Other liabilities	2,282	4,070
TOTAL	37,557	46,196

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 various 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 do not expect to incur any significant losses not already considered in these financial statements.

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:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Performance bonds	249,604	252,621
Committed lines of credit	549,684	415,408
Letters of credit	27,776	53,709
Guarantees	12,794	24,178
Provisions	(5,119)	(3,971)
TOTAL	834,739	741,945

c) **Responsibilities**

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

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Securities & notes in guarantee	2,782,961	2,328,703
Instruments in custody	569,964	769,357
Loans approved but not disbursed	417,123	296,855
Leasing agreements signed	44,474	37,986
Documents for collection	24,092	11,906
TOTAL	3,838,614	3,444,807

d) **Guarantees furnished**

At December 31, 2013 and 2012, the Bank does not hold any assets in guarantee.

At December 31, 2013 and 2012, Valores Security S.A. Corredores de Bolsa (one of the Bank's 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, 2014, in accordance with articles 30 and 31 of Law 18,045 (Securities Market Law). The Santiago Stock Exchange was designated as the trustee and custodian of such guarantee.

The Circular issued by the Santiago Stock Exchange established that all brokers should have comprehensive insurance as of February 1, 1998, at December 31, 2012 and 2011, Valores Security S.A. Corredores de Bolsa held a has hired a insurance policy whit Liberty Compañía de Seguros Generales S.A. for UF 300,000, maturing on June 30, 2014, and which considered all of the coverage specified in the aforementioned Circular.

To guarantee time transactions through December 31, 2013 and 2012, Valores Security S.A. Corredores de Bolsa held shares for MCh$18,876 and MCh$18,472, respectively, deposited in custody with the Santiago Stock Exchange.

To guarantee fulfillment of the Settlement Compensation System's operations, at December 31, 2013 and 2012, Valores Security S.A. Corredores de Bolsa held financial instruments in guarantee for MCh$469 and MCh$764, respectively, in CCLV Central Counterpart.

At December 31, 2013 and 2012 Valores Security S.A. Corredores de Bolsa held instruments to guarantee short selling operations on its own account for MCh$688 and MCh$383, respectively.

24. EQUITY

a) The Bank's authorized share capital consists of 215,000,000 single series shares, of which 192,686,475 have been effectively subscribed and paid.

The Extraordinary Shareholders' Meeting 22 was held on August 5 of this year, in which shareholders agreed to declare null and void the unsubscribed part (7,189,208 shares) of the capital increase agreed to in Extraordinary Shareholders Meeting 21 and to carry out a capital increase by issuing 37,189,208 shares of which have been subscribed and paid 14,875,683, resulting in capital stock consisting of 185,000,000 shares.

Share movement is as follows:

	ORDINARY SHARES		PREFERRED SHARES	
	2013	2012	2013	2012
Opening balance	177,810,792	177,810,792	-	-
Payment of subscribed	14,875,683	-	-	-
BALANCE	192,686,475	177,810,792	-	-

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

	2013		2012	
SHAREHOLDERS	NO. OF SHARES	% OWNERSHIP INTEREST	NO. OF SHARES	% OWNERSHIP INTEREST
Grupo Security	192,625,950	99.97	177,739,382	99.96
Other	60,525	0.03	71,410	0.04
TOTAL	192,686,475	100.00	177,810,792	100.00

b) At December 31, 2013 and 2012, earnings per share are as follow:

Attributable to the Bank owners

	2013	2012
Net income for the year	MCh$ 32,798	MCh$ 35,227
Average outstanding shares	182,767,864	177,810,792
EARNINGS PER SHARE:		
Basic	$ 179	$ 198
Diluted	$ 179	$ 198

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

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
INVESTMENTS AVAILABLE FOR SALE:		
Valuation	(3,820)	863
Deferred tax	766	(171)
SUB TOTAL	(3,054)	692
ACCOUNTING HEDGES:		
Valuation	-	(264)
Deferred tax	-	52
Sub total	-	(212)
TOTAL	(3,054)	480

d) The following dividends were declared and paid in the years ended December 31, 2013 and 2012:

DESCRIPTION	EARNINGS TO BE DISTRIBUTED MCH$	DIVIDENDS MCH$	RESERVES MCH$	DIVIDENDS PER SHARE $
2012 Business year Shareholders' Meeting 31	35,227	35,227	-	198,11
2011 Business year Shareholders' Meeting 30	35,016	21,010	14,006	118,16

As of December 31, 2013 and 2012, the Bank established a provision of MCh$9,839 and MCh$10,568, respectively, for related to minimum dividends which as required by Law 18,046 (Corporate Law) and in accordance with Chapter B4 of the Compendium of Accounting Standards of the SBIF.

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, 2013, these ratios were 6.32% (6.17% in 2012) and 12.19% (11.92% in 2012), respectively. For further details on the Effective Equity and Risk Weighted Assets, see Note 37 on Risk Management, item number VII, "Capital Requirements".

25. INTEREST INCOME AND EXPENSE

Interest accrued and earned at December 31, 2013 and 2012 is as follows:

a) Interest income

	INTEREST		INDEXATION ADJSUTMENTS		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
Repurchase agreements	174	167	-	-	174	167
Loans granted to banks	876	1,058	-	-	876	1,058
COMMERCIAL LOANS:						
Commercial loans	118,717	105,714	15,073	13,325	133,790	119,039
Foreign trade finance	7,608	7,383	-	-	7,608	7,383
Credits in current account	6,661	6,078	-	-	6,661	6,078
Commercial leasing contracts	14,469	13,668	6,330	4,854	20,799	18,522
TOTAL REVENUE FROM COMMERCIAL LOANS	147,455	132,843	21,403	18,179	168,858	151,022
HOUSING LOANS:						
Loans with mortgage-funding notes	458	581	206	327	664	908
Commissions in loans with mortgage-funding notes	58	66	-	-	58	66
Endorsable mortgage loans	1,187	1,784	627	1,048	1,814	2,832
Other housing loans	19,070	15,643	9,733	9,300	28,803	24,943
TOTAL HOUSING LOAN REVENUE	20,773	18,074	10,566	10,675	31,339	28,749
CONSUMER LOANS:						
Installment consumer loans	15,058	13,662	100	111	15,158	13,773
Credits in current account	11,533	10,489	-	-	11,533	10,489
Credit card credits	6,402	5,466	-	-	6,402	5,466
TOTAL REVENUE FROM CONSUMER LOANS	32,993	29,617	100	111	33,093	29,728
INVESTMENT INSTRUMENTS:						
Investments available for sale	14,220	15,272	1,573	3,538	15,793	18,810
TOTAL REVENUE FROM INVESTMENT INSTRUMENTS	14,220	15,272	1,573	3,538	15,793	18,810
Other interest or indexation income	2,907	2,323	75	28	2,982	2,351
Result of accounting hedges	(271)	(541)	-	-	(271)	(541)
TOTAL INTEREST & INDEXATION INCOME	219,127	198,813	33,717	32,531	252,844	231,344

Interest and adjustments suspended for loans included in the impaired portfolio totaled MCh$(192) and MCh$481 at December 31, 2013 and 2012, respectively.

b) Interest expense

Details of interest expense at December 31, 2013 and 2012 are as follows:

	INTEREST		INDEXATION ADJUSTMENTS		OTHERS		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
DEPOSITS & PLACEMENTS								
Sight deposits	(221)	(193)	(20)	(98)	-	-	(241)	(291)
Time deposits	(106,938)	(102,257)	(8,754)	(7,636)	-	-	(115,692)	(109,893)
TOTAL DEPOSIT & PLACEMENT EXPENSES	(107,159)	(102,450)	(8,774)	(7,734)	-	-	(115,933)	(110,184)
Repurchase agreements	(3,425)	(4,548)	-	-	-	-	(3,425)	(4,548)
Due to banks	(1,650)	(3,259)	-	-	-	-	(1,650)	(3,259)
DEBT INSTRUMENTS ISSUED								
Interest on mortgage-funding notes	(1,717)	(2,011)	(826)	(1,191)	-	-	(2,543)	(3,202)
Interest on straight bonds	(21,386)	(18,630)	(12,816)	(12,505)	-	-	(34,202)	(31,135)
Interest on subordinated bonds	(7,442)	(5,932)	(3,423)	(2,878)	-	-	(10,865)	(8,810)
TOTAL EXPENSES ON DEBT INSTRUMENTS ISSUED	(30,545)	(26,573)	(17,065)	(16,574)	-	-	(47,610)	(43,147)
Other interest or indexation expenses	(821)	(1,023)	(418)	(695)	-	-	(1,239)	(1,718)
Result of accounting hedges	-	-	-	-	(302)	(650)	(302)	(650)
TOTAL INTEREST & INDEXATION EXPENSES	(143,600)	(137,853)	(26,257)	(25,003)	(302)	(650)	(170,159)	(163,506)

26. COMMISSIONS

Commission income and expenses at December 31, 2013 and 2012 shown in the Statements of Income are as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
FEE INCOME		
Lines of credit & overdrafts	1,773	1,672
Guarantees & letters of credit	5,052	4,349
Card services	5,197	4,317
Account administration	1,787	1,379
Collections & payments	7,845	6,478
Securities trading & management	1,735	2,023
Investments in mutual funds or others	10,630	9,565
Financial consultancies	133	327
Other fees earned	4,448	2,763
TOTAL FEE INCOME	38,600	32,873
FEE EXPENSES		
Commissions for securities operations	(187)	(250)
Commissions for sales services	(1,085)	(2,921)
Others	(3,073)	(1,118)
TOTAL FEE EXPENSES	(4,345)	(4,289)
TOTAL NET FEE INCOME	34,255	28,584

27. INCOME FROM FINANCIAL OPERATIONS

Net profits from financial operations at December 31, 2013 and 2012 are as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
FINANCIAL INSTRUMENTS FOR TRADING		
Interest & indexation adjustments	10,501	15,283
Adjustments to fair value	(1,780)	(573)
Gains from sales	6,829	5,338
Losses on sales	(2,606)	(3,653)
Income on investments in mutual funds	3,443	3,780
SUB TOTAL	16,387	20,175
TRADING DERIVATIVES		
Income from derivative contracts	119,530	132,922
Loss on derivative contracts	(123,363)	(128,337)
SUB TOTAL	(3,833)	4,585
SALE OF INSTRUMENTS AVAILABLE FOR SALE		
Adjustments to fair value transferred to results	815	-
Income from sales	2,184	3,466
Loss on sales	(2,033)	(1,121)
SUB TOTAL	966	2,345
Sale of loan portfolio	(446)	260
NET RESULT FROM OTHER OPERATIONS		
Purchases of own issued mortgage-funding notes	(8)	(4)
Net result of ineffective hedges	203	641
Other income	2,947	3,810
Other expenses	(2,515)	(2,669)
SUB TOTAL	627	1,778
TOTAL NET INCOME FROM FINANCIAL OPERATIONS	13,701	29,143

28. NET INCOME FROM FOREIGN EXCHANGE

At December 31, 2013 and 2012, net income from foreign currency exchange earned by the Bank and its subsidiaries was as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
NET RESULT OF FOREIGN EXCHANGE		
Net exchange result - exchange position	15,174	(1,807)
Other exchange results	589	9,074
SUB TOTAL	15,763	7,267
NET RESULTS OF EXCHANGE-RATE VARIATIONS:		
Loans to customers	93	(1,881)
Other liabilities	(32)	111
SUB TOTAL	61	(1,770)
TOTAL	15,824	5,497

29. PROVISION FOR LOAN LOSSES

The activity in 2013 and 2012 for provision for loan losses recorded in the Consolidated Income Statement of is as follows:

			LOANS & ACCOUNTS RECEIVABLE FROM CUSTOMERS									
	DUE BY BANKS		COMMERCIAL LOANS		HOUSING LOANS		CONSUMER LOANS		CONTINGENT CREDITS		TOTAL	
	DECEMBER		DECEMBER		DECEMBER		DECEMBER		DECEMBER		DECEMBER	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
CONSTITUTION OF PROVISIONS:												
Individual provisions	(408)	(92)	(45,743)	(31,605)	-	-	-	-	(3,132)	(2,419)	(49,283)	(34,116)
Group provisions	-	-	(2,350)	(2,117)	(1,157)	(1,395)	(22,209)	(17,698)	(2,508)	(1,813)	(28,224)	(23,023)
Adjustment to minimum provisions	-	(2)	-	(186)	-	-	-	-	-	(49)	-	(237)
							-		-			
RESULT OF CONSTITUTION OF PROVISIONS	(408)	(94)	(48,093)	(33,908)	(1,157)	(1,395)	(22,209)	(17,698)	(5,640)	(4,281)	(77,507)	(57,376)
RELEASE OF PROVISIONS:												
Individual provisions	110	95	27,263	20,510	-	-	-	-	2,912	1,880	30,285	22,485
Group provisions	-	-	2,674	2,202	1,026	1,333	12,329	10,376	1,580	1,536	17,609	15,447
Adjustment to minimum provisions	-	10	-	627	-	-	-	-	-	164	-	801
	-		-	-		-			-			
RESULT OF RELEASE OF PROVISIONS	110	105	29,937	23,339	1,026	1,333	12,329	10,376	4,492	3,580	47,894	38,733
Recovery of assets written off	-		818	765	50	1,637	2,346	-	-	-	3,214	2,402
NET RESULT	(298)	11	(17,338)	(9,804)	(81)	1,575	(7,534)	(7,322)	(1,148)	(701)	(26,399)	(16,241)

In management's opinion, loan loss provisions established as of December 31, 2013 and 2012 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 compensation and other expenses derived from the relationship between the Bank and subsidiaries as employer and their employees.

a) Details of expenses in 2013 and 2012 for these concepts are as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Staff remuneration	23,341	20,297
Bonuses	7,063	7,525
Severance payments	1,410	698
Training expenses	303	266
Other benefits	3,221	2,781
TOTAL	35,338	31,567

b) Details of other employee expenses recognized during the years ended December 31, 2013 and 2012 are as follows:

	NO. OF STAFF WITH BENEFIT			TOTAL	
	2013	2012	ORIGIN OF BENEFIT	2013 MCH$	2012 MCH$
BONUSES					
Productivity bonus	1599	897	Voluntary	2,739	5,278
Legal bonus & employer contributions	1315	1141	Contractual	2,566	2,115
Others	1541	603	Contractual	1,758	132
TOTAL BONUSES				7,063	7,525
OTHER BENEFITS					
Health insurance	1297	1137	Contractual	744	861
Life insurance	428	437	Contractual	35	-
Contractual lunches	1314	1141	Contractual	1,050	1,125
Benefits through mutual organizations	56	46		279	273
Annual events	1185	1053	Voluntary	207	189
Play school & nursery help	122	410	By birth date	130	147
Long service awards	-	-	By years of service	56	15
Others	1332	1091		720	171
TOTAL OTHER BENEFITS				3,221	2,781

31. ADMINISTRATIVE EXPENSES

Details of this item at December 31, 2013 and 2012 are as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
GENERAL ADMINISTRATION EXPENSES:		
Fixed asset maintenance & repairs	(4,230)	(3,702)
Office rentals	(1,949)	(1,672)
Equipment rentals	(495)	(463)
Insurance premiums	(308)	(332)
Office materials	(481)	(564)
Computer & communications expenses	(1,706)	(1,633)
Lighting, heating & other services	(479)	(496)
Guard & valuables transport services	(154)	(143)
Representation expenses & staff travel	(502)	(473)
Legal & notary expenses	(854)	(511)
Technical report fees	(8,621)	(9,262)
Financial statements audit fees	(263)	(225)
Title clarification fees	(51)	(43)
SBIF fines	(3)	(10)
Fines applied by other organisms	(28)	(26)
Bank expenses	(348)	(397)
Advisory expenses	(1,435)	(1,701)
General expenses	(1,090)	(727)
Franking & postage	(189)	(188)
Other general administration expenses	(5,961)	(5,623)
SUB TOTAL	(29,147)	(28,191)
SUB-CONTRACTED SERVICES:		
Data processing	(559)	(533)
Others	(2,598)	(2,237)
SUB TOTAL	(3,157)	(2,770)
Directors' remuneration	(765)	(684)
Publicity & advertising	(3,179)	(3,582)
TAX & PROPERTY TAXES:		
Property taxes	(411)	(426)
Municipal licenses	(684)	(571)
Other taxes	(41)	(85)
Contribution to SBIF	(1,216)	(1,078)
SUB TOTAL	(2,352)	(2,160)
TOTAL	(38,600)	(37,387)

32. DEPRECIATION AND AMORTIZATION

a) Depreciation and amortization

As of December 31, 2013 and 2012, the effect of amortization and depreciation expense by type of asset is as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Depreciation of fixed assets	(1,642)	(1,470)
Amortization of intangible assets	(2,868)	(2,581)
TOTAL DEPRECIATION, AMORTIZATION & IMPAIRMENT	(4,510)	(4,051)

33. IMPAIRMENT

a. Available for sale Investments

The Bank and its Subsidiaries regularly evaluate the possible existence of objective evidence that the assets not carried at fair value through profit and loss have been impaired.

Assets are impaired, if there is objective evidence showing that an event causing a loss has an impact on the asset's estimated future cash flows and which occurs after initial recognition.

The objective evidence includes financial difficulties of the counterpart, non-performance of contract clauses, granting of concessions or advantages that would not have been granted if the counterpart did not show evidence of impairment, measurable decrease in the asset's estimated future cash flows and, for financial investments, the disappearance of active or liquid markets.

At December 2013 and 2012 impairment losses on the available-for-sale portfolio were recognized in the income statements for an amount of MCh$ 715 and MCh$ 36 respectively. (Note 12).

b. Intangibles

During the above evaluation, some intangibles presented an expected loss, resulting in impairment of MCh$1,224 and MCh$1,144 at December 31, 2013 and 2012, respectively, as specified in Note 14.

34. OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

Details of operating income in the Consolidated Statement of Income are as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Income from assets received in payment	166	485
Release of provisions for contingencies	205	228
Gain on sale of fixed assets	355	599
Recovery of assets received in payment written off	35	978
Reimbursement of expenses	774	2,509
Other income	6,982	12,073
TOTAL OTHER OPERATING REVENUE	8,517	16,872

b) Other operating expenses

Details of operating expenses in the Consolidated Statement of Income are as follows:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Provisions & expenses assets received in payment	(1,720)	(2,090)
Provisions for contingencies	(209)	(196)
Operational write-offs	(6,660)	(13,055)
Other expenses	(378)	(322)
TOTAL OTHER OPERATING EXPENSES	(8,967)	(15,663)

35. RELATED PARTY TRANSACTIONS

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 Bank'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 in which the Bank's related parties have an interest of 5% or more, or in which 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:

	PRODUCTIVE COMPANIES		INVESTMENT COMPANIES		INDIVIDUALS		TOTAL	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
LOANS & ACCOUNTS RECEIVABLE								
Commercial loans	52,690	35,655	88	89	2,125	2,113	54,903	37,857
Housing loans	-	-	-	-	6,978	5,303	6,978	5,303
Consumer loans	-	-	-	-	1,288	758	1,288	758
LOANS & ACCOUNTS RECEIVABLE, GROSS	52,690	35,655	88	89	10,391	8,174	63,169	43,918
Provisions for loans	(117)	(23)	-	-	(23)	(20)	(140)	(43)
LOANS & ACCOUNTS RECEIVABLE, NET	52,573	35,632	88	89	10,368	8,154	63,029	43,875
CONTINGENT CREDITS:								
Contingent credits, gross	156,482	104,559	96	39	1,992	1,462	158,570	106,060
Provisions for contingent credits	(69)	(46)	-	-	(16)	(12)	(85)	(58)
CONTINGENT CREDITS, NET	156,413	104,513	96	39	1,976	1,450	158,485	106,002
INVESTMENTS								
For trading	-	-	-	-	-	-	-	-
Available for sale	-	-	-	-	-	-	-	-
TOTAL INVESTMENTS	-	-	-	-	-	-	-	-
TOTAL LOANS WITH RELATED PARTIES	208,986	140,145	184	128	12,344	9,604	221,514	149,877

b) Other assets and liabilities with related parties

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
ASSETS		
Financial derivative contracts	1,742	949
TOTAL OTHER ASSETS WITH RELATED PARTIES	1,742	949
LIABILITIES		
Financial derivative contracts	1,719	153
Sight deposits	293,244	13,544
Time deposits & other placements	21,601	24,781
TOTAL OTHER LIABILITIES WITH RELATED PARTIES	316,564	38,478

c) Earnings from related party transactions

	NET GAIN (LOSS) DECEMBER 31	
	2013 MCH$	2012 MCH$
Interest & indexation income & expenses (net)	482	1,999
Commission & services income & expenses (net)	2,670	2,088
Exchange results (net)	783	382
Operational support expenses	(20,374)	(21,048)
Other income & expenses	(1,778)	4,947
TOTAL RESULT OF OPERATIONS WITH RELATED PARTIES	(18,217)	(11,632)

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 UF 3,000 (Inflation index-linked units of account).

Details of these contracts are as follows:

		CREDITS TO RESULTS		CHARGES TO RESULTS	
		DECEMBER 31		DECEMBER 31	
NAME	DESCRIPTION	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
Inversiones Invest Security Ltda.	Service contract	-	223	10,101	9,870
Travel Security S.A.	Office rental & ticketing	-	143	747	326
Seguros Vida Security Previsión S.A.	Insurance	2,883	2,845	528	464
Global Security Gestión y Servicios Ltda.	Service contract	-	-	3,271	3,791
Mandatos Security Ltda.	Service contract	-	-	2,727	3,022
Inmobiliaria Security S.A.	Service contract	-	-	113	405
Asesorías Security S.A.	Consultancy	-	-	541	1,022
Redbanc S.A.	Service contract	-	-	315	281
Transbank S.A.	Service contract	3,323	3,214	1,704	1,330
Chilectra S.A.	Sale of electricity	-	-	166	180
Cía. De Seguros Penta Security	Insurance	1,096	1,194	41	107
Factoring Security Ltda.	Consultancy & rentals	247	205	-	-
Inmobiliaria Security Once	Consultancy	-	-	120	132
Inmobiliaria Security Siete	Consultancy	-	-	-	118

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

In 2012 and 2011, 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	
	DECEMBER 31		DECEMBER 31		DECEMBER 31		DECEMBER 31	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
Short-term remuneration	486	525	919	788	1,492	1,516	3,831	3,691
Severance payments	-	-	762	-	-	-	-	-
No. of executives	7	7	4	3	7	7	30	31

36. 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, 2013 and 2012 is as follows:

	BOOK VALUE		ESTIMATED FAIR VALUE	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
ASSETS				
Cash & deposits in banks	292,911	264,245	292,911	264,245
Operations pending settlement	67,197	66,370	67,197	66,370
Instruments for trading	219,809	274,280	219,809	274,280
Repurchase agreements & securities loans	-	5,051	-	5,047
Financial derivative contracts	49,061	42,779	49,061	42,779
Due by banks	5,499	14,797	5,303	14,265
Loans & accounts receivable from customers	3,289,571	2,964,828	3,467,144	2,943,856
Investment instruments available for sale	310,130	389,527	310,130	389,527
Investment instruments held to maturity	-	-	-	-
LIABILITIES				
Sight deposits & other obligations	425,450	395,301	425,450	395,301
Operations pending settlement	35,563	38,650	35,563	38,650
Repurchase agreements & securities loans	63,112	67,210	63,100	67,278
Time deposits & other placements	2,298,991	2,306,100	2,319,783	2,311,219
Financial derivative contracts	39,482	37,400	39,482	37,400
Due to banks	193,206	232,399	189,142	233,594
Debt instruments issued	940,052	712,004	865,957	660,393
Other financial obligations	27,608	32,097	27,242	36,499

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 that the entity can access at the measurement date.

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.

At December 31, 2013 the Bank has applied valuation techniques to determine the fair value of financial instruments "BLAPO-F" and "G-BLAPO". This valuation (performed by Riskamerica) comprise on the exception methodology for La Polar bonds that value the instruments according to the prices of the last valid transactions, ie transactions for an amount exceeding 500 UF in present value

The details below show the classification of financial instruments by fair value levels at December 31, 2013 and 2012, respectively:

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
FINANCIAL ASSETS								
INSTRUMENTS FOR TRADING								
State instrument & of Banco Central								
Instruments of Banco Central de Chile	90,928	52,524	4,981	8,356	-	-	95,909	60,880
Instruments of Chilean Treasury	3,439	3,311	21,224	-	-	-	24,663	3,311
Other fiscal instruments	-	-	143	-	-	-	143	-
SUB TOTAL	94,367	55,835	26,348	8,356		-	120,715	64,191
OTHER FINANCIAL INSTRUMENTS								
National banks deposit notes	3,022	14,526	62,122	101,586	-	-	65,144	116,112
National mortgage-funding notes	-	-	1,570	4,148	-	-	1,570	4,148
National bank bonds	4,998	2,087	21,065	8,452	-	-	26,063	10,539
Other instruments issued in Chile	2,262	651	745	83	-	-	3,007	734
Mutual funds	3,310	78,556	-	-	-	-	3,310	78,556
SUB TOTAL	13,592	95,820	85,502	114,269	-	-	99,094	210,089
TOTAL	107,959	151,655	111,850	122,625	-	-	219,809	274,280
DERIVATIVES HELD FOR TRADING								
Currency forwards	11,216	8,931	14,920	16,062	-	-	26,136	24,993
Interest-rate swaps	-	-	11,685	11,493	68	-	11,753	11,493
Currency swaps	-	-	6,177	6,293	4,995	-	11,172	6,293
TOTAL ASSETS FOR DERIVATIVES HELD FOR TRADING	11,216	8,931	32,782	33,848	5,063	-	49,061	42,779
TOTAL FINANCIAL DERIVATIVE ASSETS	11,216	8,931	32,782	33,848	5,063	-	49,061	42,779
INVESTMENTS AVAILABLE FOR SALE:								
State instrument & of Banco Central								
Instruments of Banco Central de Chile	59,577	25,279	28,286	29,092	-	-	87,863	54,371
Instruments of Chilean Treasury	-	-	3,694	88	-	-	3,694	88
SUB TOTAL	59,577	25,279	31,980	29,180	-	-	91,557	54,459
OTHER FINANCIAL INSTRUMENTS								
National banks deposit notes	1,111	80,958	30,630	96,868	-	-	31,741	177,826
National mortgage-funding notes	39	48	28,072	31,006	-	-	28,111	31,054
National corporate bonds	1,785	7,181	51,696	35,927	-	-	53,481	43,108
Other instruments issued abroad	105,240	83,080	-	-	-	-	105,240	83,080
SUB TOTAL	108,175	171,267	110,398	163,801	-	-	218,573	335,068
TOTAL	167,752	196,546	142,378	192,981	-	-	310,130	389,527
TOTAL ASSETS AT FAIR VALUE	286,927	357,132	287,010	349,454	5,063	-	579,000	706,586
FINANCIAL LIABILITIES								
Derivatives held for trading								
Currency forwards	(11,203)	(6,654)	(11,832)	(16,695)	-	-	(23,035)	(23,349)
Interest-rate swaps	-	-	(9,522)	(11,703)	(1,273)	-	(10,795)	(11,703)
Currency swaps	-	-	(5,643)	(2,053)	-	-	(5,643)	(2,053)
Rate put options	-	-	-	-	(9)	(3)	(9)	(3)
TOTAL LIABILITIES FOR DERIVATIVES HELD FOR TRADING	(11,203)	(6,654)	(26,997)	(30,451)	(1,282)	(3)	(39,482)	(37,108)
Derivatives held for accounting hedge:								
Interest-rate swaps	-	-	-	(292)	-	-	-	(292)
TOTAL LIABILITIES FOR DERIVATIVES HELD AS HEDGE	-	-	-	(292)	-	-	-	(292)
TOTAL LIABILITIES FOR FINANCIAL DERIVATIVES	(11,203)	(6,654)	(26,997)	(30,743)	(1,282)	(3)	(39,482)	(37,400)
TOTAL LIABILITIES AT FAIR VALUE	(11,203)	(6,654)	(26,997)	(30,743)	(1,282)	(3)	(39,482)	(37,400)

37. 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 create 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, resulting in a division which is able to generate the processes and tools needed to progress securely towards IFRS standards and the pillars of Basel.

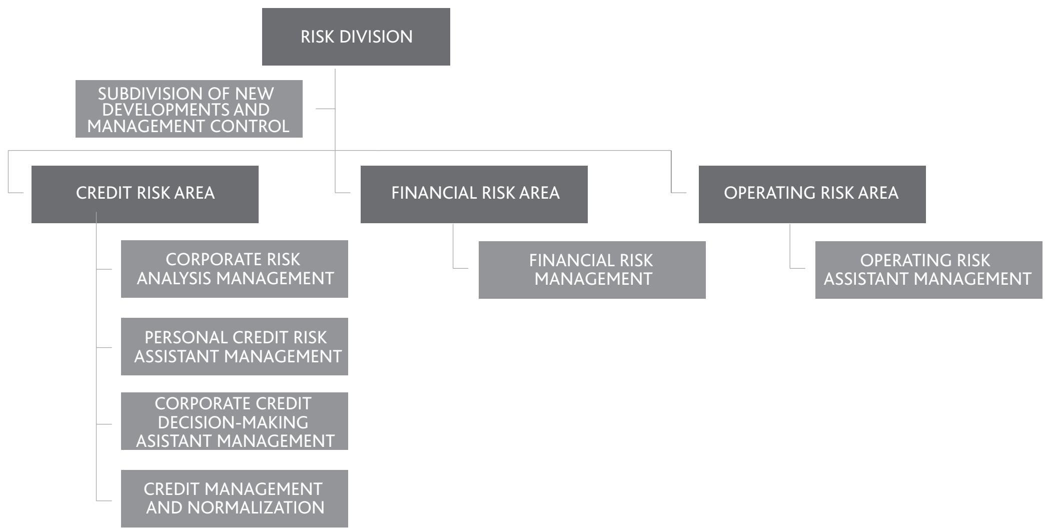
II. RISK MANAGEMENT STRUCTURE

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.

Three areas report to The Risk Division: 1) The Credit Risk area, composed of 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 3) The 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 internal audit testing, 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 work plan to solve the issues noted.

Description by Area

1) **Credit Risk:**

Admission Risk Management person:
This area is involved in the first three stages of the credit in process of the banking segment person. The main tasks include the credit decision, involved in different levels of credit committee and defining its attribution. In additions has a key role in establishing credit policies.

Admission Risk Management Companies:
This area is the largest in the Division of Risk, internally separated into two areas, a financial analysis of client and other credit decision. The first of this is responsible for participating in the first two stages, focusing strongly on the second corresponding to the analysis and evaluation of client. Its main function is the production of various types of financial analysis of clients depending on their size, complexity and amount, adapting to the needs of the commercial area in depth and speed of response to maintain the Bank's competitiveness against the competition. Attached to the above is also the area responsible for the sectoral reports, portfolio analysis study optimal sectoral and country risk.

The second function is to participate in the credit decision on the various committees involved, as well as the making of the Credit Risk policies and levels of authority in the commercial area.

Management Normalization
The management has the function recovery of loans in trouble so it has the right person and with the support of attorneys and collection companies necessary for the proper conduct of its work.

Management of Credit Risk Management
Management responsible for the administration, monitoring and control of credit risk, in addition to intelligence and the preparation and maintenance of credit risk models.
In administration, its principal function is the provision process, appraisals and monitoring repairs of credit lines.

The area of risk monitoring and control function is to review the proper implementation of policies and procedures, and monitoring the evolution of the portfolio from the point of view of raising the necessary risk alerts

Moreover, management also performs the function of intelligence, where risk appetite (appetite) is defined, actively participating in the target market definitions, generating the optimal portfolio, also acting as a counterpart to the areas of commercial and intelligence Finally, it is responsible for generating all of the portfolio and report trends, products, supplies, profitability, segmentation, etc. This being the leading provider of credit risk information for risk management, and other Offices of the Bank.

Finally, the model area is responsible for the construction of statistical models for credit risk management for both regulatory purposes as in the case of provisions, as well as admission commercial credit and collections. Thus, the main topics of the department are:

- Construction of Risk Models
- Monitoring of Risk Models
- Data Repository Administration "Laboratory Risk"
- Risk-Management

In addition, the department cooperates fully in the management of credit risk, giving information to the departments of risk policies, approval, monitoring, and intelligence collection.

2) Financial Risk

Deputy Manager of Financial Risk
Management by ensuring proper administration of financial risk (detail finish their duties set forth in section IV)

3) Operational Risk

Assistant Manager of Operational Risk
Management ensuring proper operational management business continuity and information security. It consists of 7 persons. (A detail finishing their duties are set forth in section V)

4) Other

Assistant Manager New Development and Management Control
The responsible Area aims to support all areas of risk management, take a comprehensive risk control of the Bank, and manage projects division credit risk, including those of a regulatory nature. He is also responsible for centralizing policies and risk standards, training of all management and control target this

III. CREDIT RISK

A. Credit Risk Management Objective:

The management of credit risk is defined by 6 stages: Target market, analysis and evaluation; Decision; Administration, Monitoring and Control and Collection.

All this within a framework of tolerance to irrigation (appetite) defined by senior management.

B. Credit Risk Structure:

Through its various 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 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 detailed in the following table, which describes credit risk participation.

<table>
<tr><th>CREDIT PROCESS</th><th>CORPORATE</th><th>INDIVIDUALS (PERSONAL)</th></tr>
<tr><td>Target market</td><td rowspan="3">Risk Management Admissions</td><td rowspan="3">Risk Management Admissions</td></tr>
<tr><td>Credit analysis and assessment</td></tr>
<tr><td>Credit decision - making</td></tr>
<tr><td>Credit management</td><td colspan="2" rowspan="2">Corporate Credit Assistant Management</td></tr>
<tr><td>Monitoring and control</td></tr>
<tr><td>Collection</td><td colspan="2">Credit Management and Normalization</td></tr>
</table>

C.1Credit 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. After analyzing the opportunities provided by the market and the risks associated with the various different segments, senior management includes this information in the Bank's Credit Risk Policy Manual.

2. Credit Analysis and Assessment:

The analysis and assessment tools used depend on the market in 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 credit decision-making in all of the committees in which it participates. It also defines the delegated powers granted to the commercial areas, acting as ratifier in above the commercial areas if the risk standards are exceeded in a particular instance.

There are mainly two types of committees 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 credit committee meetings are coordinated so that groups of loans of like amounts are decided upon within the same timeframe.

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 the Risk Division Manager, wherein the most important loans are analyzed, evaluating close to 70% of operations and 5% of customers.

4. Credit Management:
Essentially, this is the stage where executive Credit Management participates. They ensure the correct processing of the classification of customers by commercial executives and that the closing of provisions each month occurs without errors and represents the actual state of the Bank's portfolio.

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

5. Monitoring and 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 reviewing and auditing current credit policies to performing the analysis and calling committee meetings, as well as correcting credit management.

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

D.2Description by Area:

Individual Credit Risk Assistant Management:
The Individual Credit Risk Assistant Management participates in the first three stages of the credit process in the individual banking segment. Its main responsibilities 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 largest in the Risk Division, is in charge of participating in the first two 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 analyses 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 studies.

The duties of this division 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, defining the remaining policies with some level of credit risk, participation in the development of new products, and administration of fulfillment of the goals of the division, among many other responsibilities.

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 process 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 separately from the discussion above.

The manner of classifying the portfolio depends 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 < UF 3,000)	Guideline/Matrix
- Other - Banks - Normalization for individuals and companies - Non-profit organizations - Special lease group	Manual	Investment Company Housing mortgage Consumer Loan	Guideline/Matrix Model Past-due

D.1 Individual Classification:
This group includes all of the clients (individuals and legal entities), whose size, complexity or level of exposure to the entity needs to be known and analyzed in detail.

By definition of Banco Security the above includes all entities with annual sales of more than MCh$1,000, as well as projects, property developers, institutional companies, non-profit organizations and bankrupt companies, or others.

When assigning a risk category, at least the following factors are considered: Sector or industry in which the debtor operates its ownership structure, its financial situation, its payment capacity, its guarantees and its past behavior with the Bank and with the financial system.

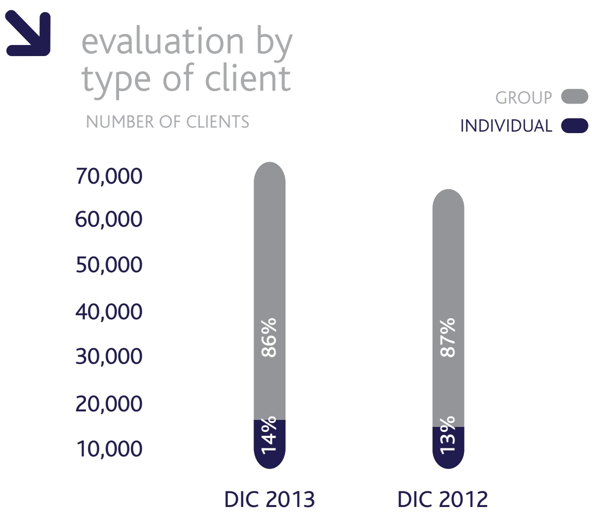
D.2 Group Classification:
Group evaluations involve clients whose characteristics suggest that they tend to behave homogeneously. Under this context, the evaluation is performed using models that analyze the operations associated with a same product, depending on the type of client, as set forth below:

1. Commercial Product:
    a. Individuals
    b. Normalization Individuals
    c. Small Companies
    d. Investment Companies

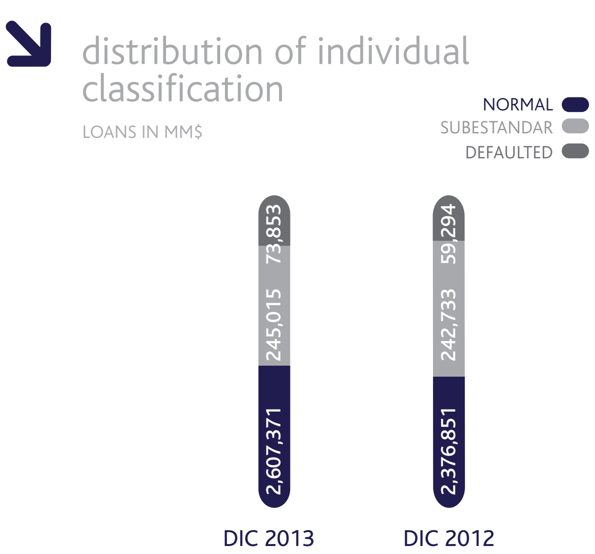
2. Consumer Product:
    a. Individuals
    b. Normalization Individuals

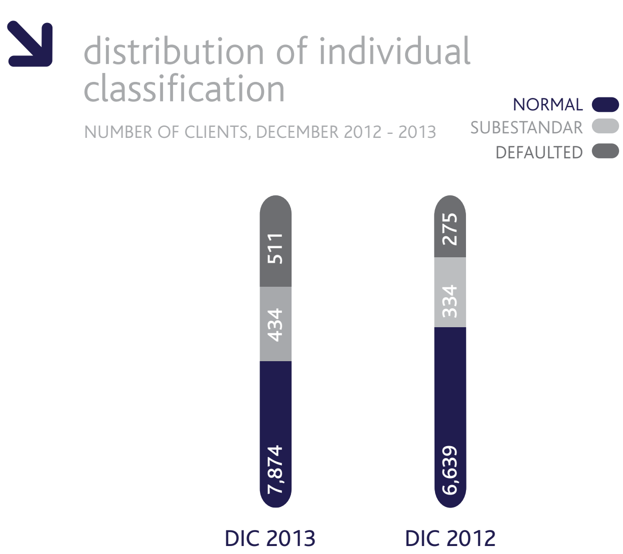
3. Mortgage Product:
    a. Individuals
    b. Normalization Individuals

D.3 Distribution of loan portfolio:
Banco Security's portfolio according to the type of risk assessment, whether group or individual, is distributed as follows:



Once the loans have been individually classified, they are distributed as follows into normal, substandard or delinquent.





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 are 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 is an active administrator of positions, due to the constant economic-financial analysis of the environment, from a fundamental point of view. Therefore, the financial instrument positions are 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 agreements, spot purchases and sales 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.

As an accounting strategy, the Bank utilizes cash flow or fair value hedging 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. 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 and value for the market in general is created, guaranteeing an adequate level of solvency

Those limits allow the Bank to maintain controlled levels of risk and diversified investment portfolios. As such, the internal limits that the entity has defined are related to types of portfolios, term mismatches, currencies and types 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 counterparties.

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 made up of 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 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 identifying and analyzing 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 follows:

- 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 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 (Value at Risk) 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 investment positions taken by the Bank, structural mismatches in the Statement of Financial Position, management of liquidity matching 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:

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 VaR methodology, which aggregates the risks of different types of transactions, modeling the joint relationship of these factors into a single risk measurement.

Var is defined as a threshold value such that the probability that the mark – to – market loss on the portfolio over the given time horizon exceeds this value (assuming normal markets and no trading in the portfolio) is the given probability level.

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 on 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, 2013 MCH$	DECEMBER 31, 2012 MCH$
TRADING:		
Fixed income	207	269
Derivatives (without options)	147	419
Implicit options	1	2
FX	27	13
Shares	11	4
DIVERSIFICATION EFFECT	(88)	(318)
TOTAL PORTFOLIO	305	389
Available for sale:		
Rate	276	330
TOTAL PORTFOLIO	276	330
Total diversification	(150)	(456)
VAR TOTAL	519	581

b) Interest Type Structural Risk

This risk derives mainly from commercial activity (commercial loans vs. 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 repricing 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 reprising, changes in prices of shares, changes in underlying assets of options and changes in commissions that might be sensitive to interest rates. 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 reports to the SBIF biannually regarding the risk positions of the investment portfolios of the trading book and compliance with the limits. It also reports to the SBIF monthly regarding consolidated risk positions for the subsidiaries in the trading book and individually for the banking book, which includes sensitivity 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:

	TRADING BOOK MARKET RISK	
	DECEMBER 31, 2013 MCH$	DECEMBER 31, 2012 MCH$
MARKET RISK		
Rate risk	12,643	6,378
Currency risk	1,266	353
Options risk	11	9
TOTAL RISK	13,920	6,740
CONSOLIDATED WEIGHTED RISK ASSETS	3,767,298	3,477,660
EFFECTIVE EQUITY (PE)	459,118	414,674
BASLE LIMIT	8.00%	8.00%
BASLE WITH MARKET RISK	11.65%	11.64%
BASLE I	12.19%	11.92%

	BANKING BOOK MARKET RISK	
	DECEMBER 31, 2013 MCH$	DECEMBER 31, 2012 MCH$
SHORT TERM		
S/T rate risk	10,401	14,007
Uf mismatch	4,002	8,331
Sensitive commissions	50	47
TOTAL RISK	14,453	22,385
LIMIT 35% MARGIN (BOARD)	35,231	30,936
SPACE/(EXCESS) (BOARD)	20,778	8,551
LONG TERM		
RATE RISK	61,344	68,073
LIMIT 25% PE (BOARD)	114,780	103,669
SPACE/(EXCESS) (BOARD)	53,436	35,596

c) **Liquidity risk:**

Liquidity risk represents the possibility of non-compliance with 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 the illiquidity of the market.

The following concepts are involved 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 flow, 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 effect 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 limited number of counterparties which could 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 related to contractual incoming and outgoing cash flow (i.e. those 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 predict repricing or maturity.

Based on these scenarios, assumptions of normal operating conditions are established, omitting from daily activities items composed of assets that make a set of conservative conditions for liquidity management, i.e. those, which are limited through minimum mismatch margins by controlled tranches or those, which have been defined weekly or monthly for up to a period of one year.

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 maturity 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 on a weekly basis to the SBIF with information related to the Bank, and is sent monthly on consolidated basis.

Regulatory Liquidity Mismatch at December 31, 2013 and 2012 in MCh$ (total), Banco Security

	< 1 MONTH		1 TO 3 MONTHS		3 MONTHS TO 1 YEAR		1 TO 3 YEARS		3 TO 6 YEARS		> 6 YEARS		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Available funds	322,750	290,817	-	-	-	-	-	-	-	-	-	-	322,750	290,817
Financial investments	440,354	574,648	-	2,236	-	-	-	-	-	-	-	-	440,354	576,884
Loans to other banks in Chile	-	5,053	-	-	-	-	-	-	-	-	-	-	-	5,053
Commercial & consumer loans	333,150	316,141	426,807	355,524	823,154	665,076	816,941	614,944	454,533	418,936	477,243	382,616	3,331,828	2,753,237
Credit lines & overdrafts	102,030	88,692	202,103	170,193	927,949	778,405	-	-	-	-	-	-	1,232,082	1,037,290
Housing mortgage loans	3,976	3,665	7,699	7,298	35,019	33,550	93,120	90,048	133,133	128,085	554,510	536,342	827,457	798,988
Other assets	51,306	48,481	-	-	-	-	-	-	-	-	-	-	51,306	48,481
Derivative contracts	48,622	49,922	43,823	27,604	44,772	44,832	32,890	34,779	31,671	46,215	51,532	27,178	253,310	230,530
	1,302,188	1,377,419	680,432	562,855	1,830,894	1,521,863	942,951	739,771	619,337	593,236	1,083,285	946,136	6,459,087	5,741,280
Sight obligations	430,406	403,954	-	-	-	-	-	-	-	-	-	-	430,406	403,954
Financing from other banks in Chile	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Time deposits & placements	626,706	482,493	654,200	930,781	995,994	856,863	75,874	85,755	53	5,875	-	-	2,352,827	2,361,767
External financing	31,868	42,646	87,652	58,624	73,867	131,917	17	22	(17)	(22)	-	11	193,387	233,198
Mortgage-funding notes	988	1,113	545	676	4,549	5,296	11,030	13,043	12,017	15,015	20,373	24,413	49,502	59,556
Bonds	7,446	7,302	4,072	3,519	114,595	34,995	182,900	163,012	332,127	241,322	492,696	395,117	1,133,836	845,267
Credit lines & overdrafts	98,087	83,045	194,369	161,608	916,691	765,799	-	-	-	-	-	-	1,209,147	1,010,452
Other obligations	52,762	58,258	954	1,180	3,936	8,969	8,081	9,940	8,304	8,921	1,917	3,783	75,954	91,051
Derivative contracts	47,420	49,864	41,602	25,666	43,668	44,349	29,533	34,590	27,941	46,182	47,873	25,891	238,037	226,542
	1,295,683	1,128,675	983,394	1,182,054	2,153,300	1,848,188	307,435	306,362	380,425	317,293	562,859	449,215	5,683,096	5,231,787
Net flow	6,505	248,744	(302,962)	(619,199)	(322,406)	(326,325)	635,516	433,409	238,912	275,943	520,426	496,921	775,991	509,493
Accumulated net flow	6,505	248,744	(296,457)	(370,455)	(618,863)	(696,780)	16,653	(263,371)	255,565	12,572	775,991	509,493		
Regulatory limit	(308,283)	(283,517)	(619,566)	(567,034)										
Space / (excess)	(314,788)	532,261	(323,109)	196,579										

Regulatory Liquidity Mismatch at December 31, 2013 and 2012 in MCh$ (Foreign Currency), Banco Security

	< 1 MONTH		1 TO 3 MONTHS		3 MONTHS TO 1 YEAR		1 TO 3 YEARS		3 TO 6 YEARS		> 6 YEARS		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Available funds	88,078	89,177	-	-	-	-	-	-	-	-	-	-	88,078	89,177
Financial investments	108,497	105,495	-	-	-	-	-	-	-	-	-	-	108,497	105,495
Commercial & consumer loans	110,850	87,070	94,853	106,326	89,634	99,323	45,639	42,848	37,412	31,127	29,384	3,048	407,772	369,742
Credit lines & overdrafts	192	185	-	-	-	-	-	-	-	-	-	-	192	185
Other assets	19,175	36,163	-	-	-	-	-	-	-	-	-	-	19,175	36,163
Derivative contracts	22,679	2,807	16,106	6,150	19,475	5,273	18,485	10,736	20,647	17,405	32,219	691	129,611	43,062
	349,471	320,897	110,959	112,476	109,109	104,596	64,124	53,584	58,059	48,532	61,603	3,739	753,325	643,824
Sight obligations	69,878	66,318	-	-	-	-	-	-	-	-	-	-	69,878	66,318
Financing from other banks in Chile	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Time deposits & placements	137,351	101,031	105,674	107,000	33,114	29,975	6,504	941	-	5,822	-	-	282,643	244,769
External financing	31,868	42,646	87,652	58,624	73,867	131,917	17	22	(17)	(22)	-	11	193,387	233,198
Other obligations	25,083	15,619	-	-	-	-	-	-	-	-	-	-	25,083	15,619
Derivative contracts	20,668	24,419	22,614	12,859	18,462	25,416	19,387	12,028	19,899	17,314	31,091	583	132,121	92,619
	284,848	250,033	215,940	178,483	125,443	187,308	25,908	12,991	19,882	23,114	31,091	594	703,112	652,523
Net flow	64,623	70,864	(104,981)	(66,007)	(16,334)	(82,712)	38,216	40,593	38,177	25,418	30,512	3,145	50,213	(8,699)
Accumulated net flow	64,623	70,864	(40,358)	4,857	(56,692)	(77,855)	(18,476)	(37,262)	19,701	(11,844)	50,213	(8,699)		
Regulatory limit	(308,283)	(283,517)												
Space / (excess)	(372,906)	354,381												

Hedge Accounting

The Bank uses derivatives to hedge balance sheet assets and liabilities, with the goal of minimizing the effects on profit and loss of any possible changes in hedged items valuation and in their estimated cash flows.

When the hedge is set up initially, the relationship between the hedging instruments and the items hedged is formally documented, describing the objectives and strategies of the hedges and defining the methodologies for testing the effectiveness of the hedges.

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

At December 31, 2013, the bank has not hedging accounting strategies.

At December 31, 2012 the following accounting hedges are in place:

	HEDGE
Type of hedge	Fair value
Object hedged	Fixed rate assets in CLP
Derivative	Interest-rate swaps in CLP
Purpose	Reduction of fair value risk
Maturity	15-04-2014
Retrospective effectiveness	99.9%

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 and loss, as those mortgages incorporate a fixed 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 loan's 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).

The relevant data for these embedded derivatives are:

	AS OF DECEMBER 31, 2013 MCH$	AS OF DECEMBER 31, 2012 MCH$
Balance MUF mortgage portfolio	274	360
Ceiling rate (average)	7.1%	7.2%
Value option MCh$	9	3

V. OPERATING RISK

A. Definition

Banco Security and Subsidiaries define operating risk as all losses caused by errors, faults, weaknesses or lack of adequacy in the processes, controls and projects, whether such losses are caused by technological, personnel, organizational or external factors. This definition includes legal risk and excludes strategic and reputational risk.

In addition, to supplement the above definition, the negative financial effects on the Banco Security and Subsidiaries' physical, financial or intangible assets caused by events associated with the occurrence of an operating risk, are defined as a loss (write-off). If this loss does not generate any negative financial effects, it will be considered to be an incident.

B. Operating Risk Objectives:

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.
- Contribution to the achievement of the strategic objectives of the Organization

C. **Operating Risk Strategy**

The Operating Risk strategy forms part of the Security Strategic Plan, and stipulates the daily, constant need to control and mitigate risk.

The purpose of risk management is to contribute to preventing or reducing the probability that current and future events may hinder the achievement of the objectives set forth in the Strategic Plan.

D. **Operating Risk Structure**

The Operating Risk Control Office answers to the Bank's Risk Division, reporting directly to the Division's 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 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 good practices, and who must also ensure that necessary conditions exist (trained employees, organization structure, budget) to allow implementation of that framework.

E. **Operating Risk Management**

For adequate risk management and based on the objectives set by the Bank within the framework of the Operating Risk Policy, a series of activities described below are carried out:

The Operating Risk Management Framework is based on three fundamental pillars:

- **Culture:** Develop awareness of the importance of operating risk management in the organization, across the entire entity and incorporated at every level.

- **Qualitative Management:** Management whereby both current and potential risks are detected in order to manage them adequately. In other words, prevent, transfer, mitigate or accept risks. Qualitative management is supported by the following activities:

  - Based on losses and incidents
  - Self-reporting
  - Key risk indicators (KRI)
  - Review of critical suppliers
  - Review of projects
  - Review of processes
  - Other

- **Quantitative Management:** Management whereby awareness is created in the organization about the level and nature of the operating loss events. This enables funds to be assigned via provisions for expected losses, and capital to be efficiently allocated for unexpected losses. Quantitative management is supported by the following activities:

  - Capturing and managing data.
  - Calculating capital using a model defined by the regulator and, when conditions so allow, advanced models.
  - Integrating Qualitative and Quantitative Management.

F. Operating Risk Management Framework

The Operating Risk Management Framework is based on applying the following stages:

- **Set the Context:** Set the strategic, organizational and risk management context where the rest of the process will take place. The criteria against which the risks will be assessed should be established and the analysis structure defined.
- **Identify the Risk:** Associating the risks with the various processes and/or procedures performed in the various activities carried out by the Bank.
- **Analyze the Risks:** A particular analysis of each of the risks detected based on the context set. Determining whether the risk has an associated control or needs a plan of action or mitigation. This situation will be established according to the Bank's priorities.
- **Assess the Risks:** Assess each of the risks based on a probability of occurrence and level of impact, based on falling into categories with 4 thresholds, including be very high, high, medium or low.
- **Mitigate the risks:** Once the risks have been detected and assessed, they are analyzed. To that end, a plan of action, individual responsible for execution and a date of completion is assigned.
- **Monitor and review:** Monitoring, review and continuous updating of the risk survey and solutions planned by the individuals responsible.
- **Communicate and consult:** Communicate and consult with internal and external interested parties, as applicable, in each stage of the risk management process, considering the process as a whole.

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 Personal Banking and Corporate Banking Credit Risk Policies. It should be noted that the commercial area 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.

Composition of the Credit Risk Committee:
The Board of Directors Credit Risk Committee is comprised of two Bank Directors, its President, the General Manager and the Risk Division Manager. Further, 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 composed of the various commercial managers and the respective credit decision-making assistant manager (individuals or companies).

Areas of responsibility:
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 approves the Credit Risk Policies, their delegated powers and any amendments to them.

Timing:
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 meets generally 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. Additionally, note that the Credit Risk Committee is where the Bank's most important operations are addressed.

B. Reclassification Financial Risk Committee

The objective of this committee is review risk classification of client for actuality economic conditions because the classification may change. The Comitte meets monthly and the members are:

- Risk division Manager
- Corporate division Manager
- Individual division Manager
- Risk Management Manager
- Agent commercial module
- Manager of Control and follow credit risk Agent

C. 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 results 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 Financial Risk Committee has the power to propose to 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 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

D. **Operating Risk Committee:**

Composition of the Operating Risk Committee:
The Operating Risk Committee is made up of the General Manager or a 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 (by internal audit) areas.

Subjects to be covered:
The Operating Risk Committee is in charge of establishing the operating risk policy, assessing the risks detected and defining action plans in accordance with the Bank's risk profile.

Timing:
The Operating Risk Committee meets 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.

E. **Risk Committee:**

The objective of this committee is to review and evaluated risk to the Bank in a transparent and integral fashion and identify risks which may affect the Bank in the future

The timing of meetings is two times a year and permanent members of this committee are:

- A Director
- General Manager
- Division Manager of Bank (Commercial, Risk, Finance and Pacification)
- Risk Division Managers Credit
- Risk Division Manager Finance
- Assistant director of management control and risks and projects

F. **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:

- Two Directors
- General Manager
- Finance and Corporate Division Manager:

- Risk Division Manager
- Financial Risk Control Manager.
- Planning and Development Manager.
- Trading and Investments Manager.
- Distribution Table Manager.
- Balance Sheet Table Manager.
- Corporate Banking Division Manager.
- Personal Banking Division Manager.
- International Comex and Serv. Business Manager.

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 outside the stock market 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 equivalents" for weighting.

The levels of Basic Capital and Effective Equity at December 31, 2013 and 2012 are as follows:

	CONSOLIDATES ASSETS		RISK-WEIGHTED ASSETS	
	2013 MCH$	2012 MCH$	2013 MCH$	2012 MCH$
BALANCE SHEET ASSETS (NET OF PROVISIONS)				
Cash & deposits with banks	292,911	264,245	-	-
Operations pending settlement	67,197	66,370	15,639	12,078
Instruments for trading	219,809	274,280	28,576	115,810
Repurchase agreements & loans of securities	-	5,051	-	5,051
Financial derivative contracts	119,405	94,856	70,079	23,624
Due by banks	5,499	14,797	5,499	14,797
Loans & accounts receivable from customers	3,289,571	2,964,828	3,076,363	2,768,409
Investment instruments available for sale	310,130	389,527	171,060	167,949
Investment instruments held to maturity	-	-	-	-
Investments in companies	1,437	573	1,437	573
Intangible assets	44,827	36,813	44,827	36,813
Fixed assets	24,209	24,558	24,209	24,558
Current taxes	769	572	77	57
Deferred taxes	9,230	7,263	923	726
OTHER ASSETS	80,885	88,237	80,885	88,237
Off balance sheet assets				
Contingent credits	412,873	364,963	247,724	218,978
TOTAL RISK-WEIGHTED ASSETS	4,878,752	4,596,933	3,767,298	3,477,660

	AMOUNT 2013 MCH$	AMOUNT 2012 MCH$	RATIO 2013 %	RATIO 2012 %
Basic capital	308,283	283,517	6.32	6.17
Effective equity	459,118	414,674	12.19	11.92

Effective equity is determined as follows:

	AS OF DECEMBER31, 2013 MCH$	AS OF DECEMBER31, 2012 MCH$
Basic capital	308,283	283,517
Subordinated bonds	150,756	131,081
Fiscal guarantees	-	-
Equity attributable to minority interest	79	76
EFFECTIVE EQUITY	459,118	414,674

38. NEW ACCOUNTING PRONOUNCEMENTS 2011

New and revised standards affecting amounts reported and/or disclosures in the financial statements:
In the current year, the Bank has applied a number of new revised IFRSs issued by the international Accounting Standard Boar (IASB) as well as accounting standards as issued by the both the SBIF that are mandatory effective for an accounting period that begins on or after 1 January 2013. These standards have been fully incorporate by the Bank and are detailed as follows:

Accounting Regulations Issued by the SBIF
Circular Letter No. 3548 - On March 19, 2013 the SBIF issued this circular letter to match the name used in the instructions to the newest amendments to IAS 1 replacing "Income Statement" and "Other Comprehensive Income" by "Statement of Financial Position" and "Statement of other Comprehensive Income for the period". Management has applied this circular letter in these Financial Statements.

Circular N°3.549 - On April 30, 2013, the SBIF modifies instructions related to the dispositions of the Law on Protection of Consumer Rights and its Regulations.

Circular N°3.550 - On May 24, 2013, the SBIF issued Circular where it replaces the Chapter 17-5 of the Summary Updated of Procedure, referred to Agents of Placement and rescue fees Funds.

Circular N°3.551 - On June 17, 2013, the SBIF modifies Circular letter N° 3.530 that it regulates the individual and collective contracting of insurances associated to mortgage loans, minimal conditions that will have to contemplate the bases of bidding and information that will have to submit to the debtors.

Circular N°3.555 - On June 2, 2013, the SBIF issues additional instructions to the Chapter C-3 of the Compendium of Accounting Standards requesting information of mortgage bond transactions individually.

Circular N°3.558 - On November 12, 2013, the SBIF issues Circular that replaces the instructions related to corporate governance included in Chapter 1-13. The Circular defined the roles and responsibilities of Directors and a description of the minimum requirement of the corporate governance.

Circular N°3.559 - On November 12, 2013, the SBIF issues additional instructions to the Chapters 1-4 and 1-15 of the Compendium of Accounting Standards. This Circular established requirement to reinforce the roles and responsibilities of Directors and the audit committee.

Circular N°3.561 - On November 19, 2013, the SBIF issues additional instructions to the Chapter 12-4 of the Compendium of Accounting Standards related to credit limits associated to related parties.

1. **Standards and Interpretations effective in 2013**

a) The following new Standards and Interpretations have been adopted in these financial statements:

AMENDMENTS TO STANDARDS	EFFECTIVE DATE
IFRS 10, Consolidated Financial Statements	Annual periods beginning on or after January 1, 2013.
IFRS 11, Joint Arrangements	Annual periods beginning on or after January 1, 2013.
IFRS 12, Disclosure of Interests in Other Entities	Annual periods beginning on or after January 1, 2013.
IAS 27 (2011), Separated Financial Statements	Annual periods beginning on or after January 1, 2013
IAS 28 (2011) - Investments in Associates and Joint Ventures	Annual periods beginning on or after January 1, 2013
IFRS 13, Fair Value Measurement	Annual periods beginning on or after January 1, 2013

AMENDMENT TO IAS	EFFECTIVE DATE
IAS 1 - Presentation of Items of Other Comprehensive Income	Annual periods beginning on or after January 1, 2012
IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities -	Annual periods beginning on or after July 1, 2013.
IAS 19, Employee Benefits	Annual periods beginning on or after July 1, 2013.
IFRS 10, IFRS 1 and IFRS 12 - Consolidated Financial Statements - Joint Arrangements - Disclosure of Interests in Other Entities	Annual periods beginning on or after July 1, 2013.

IFRS 10, Consolidated Financial Statements

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. Some guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Bank. The implementation of this standard did not have a significant impact on our consolidated financial statements.

IFRS 11, Joint Arrangements

On May 12, 2011, the IASB issued IFRS 11, Joint Agreements, which replaces IAS 31 Interests In Joint Ventures and SIC-13, Jointly Controlled Entities. IFRS 11 classifies all joint arrangements whether as joint operations (combining the current concepts on jointly controlled assets and operations) or as joint ventures (equivalent to the current concept of jointly controlled entity). A joint operation is a joint agreement in which the parts which have control have rights over assets and obligations towards liabilities. A joint venture is a joint agreement in which the parties which have joint control have rights over the agreement's net assets. IFRS 11 demands the use of the equity method to account for interests in joint ventures thus eliminating the proportionate consolidation method. The effective date for IFRS 11 is January 1, 2013. Early application is allowed under certain circumstances. The adoption of this standard did not have impact on the consolidated financial statements of the bank.

IFRS 12, Disclosure of Interests in Other Entities

On May 12, 2011, the IASB issued IFRS 12 Disclosure of Interests in Other Entities, which requires further disclosures related to interests in subsidiaries, joint agreements, associates and non-consolidated structured entities. IFRS 12 establishes disclosure objectives and specifies minimum disclosures that an entity should provide to fulfill those objectives. An entity should disclose information that allows users of its financial statements evaluate the nature and risks associated with interests in other entities and the effects of those interests on its financial statements. The disclosure requirements are vast and represent and effort that could require gathering the necessary information. The effective date for the application of IFRS 12 is January 1, 2013; though entities can incorporate any of the new disclosures in their financial statements before that date.

The adoption of this standard did not have impact on the consolidated financial statements of the bank.

IAS 27 (2011), Separated Financial Statements
IAS 27 Consolidated and Separated Financial Statements was modified by IFRS 10 but keeps the current guidelines for separated financial statements.

The adoption of this standard did not have impact on the consolidated financial statements of the bank.

IAS 28 (2011) Investments in Associates and Joint Ventures
IAS 28 Investments in Associates was modified to comply with changes related to the issuance of IFRS 10 and IFRS 11.

The adoption of this standard did not have impact on the consolidated financial statements of the bank.

IFRS 13, Fair Value Measurement
On May 12, 2011, the IASB issued IFRS 13, Fair Value Measurement which establishes a single source of guidelines for fair value measurement under IFRS. This regulation applies both for financial assets as well as non-financial ones, measured at fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (i.e. an exit Price). IFRS 13 is effective for yearly periods beginning on or after January 1, 2013. Early application is allowed and applies prospectively since the beginning on the yearly period on which it is applied.

The adoption of this standard did not have impact on the consolidated financial statements of the bank.

Amendment to IAS 1, Presentation of Financial Statements
On June 16, 2011 the IASB published Presentation Requirements for Other Comprehensive Income (amendments to IAS 1). The amendments retain the option of presenting a statement of profit and loss and a statement of OCI; whether in one statement or in two individual consecutive statements. It is required that the elements of OCI be grouped in those who will be and will not be later classified into profit and loss. Tax over OCI must be assigned over that same basis.

Measurement and recognition of profit and loss and OCI elements are not affected by the amendments which only apply for reporting periods beginning on or after July 1, 2012. Early adoption is allowed.

The adoption of this standard did not have impact on the consolidated financial statements of the bank.

Amendment to IAS 19, Employee Benefits
On June 16, 2011, the IASB published the amendments to IAS 19, Employee Benefits, which change the accounting of defined and severance benefits. Amendments require that changes in the obligation of short-term benefits and plan assets be recognized when those changes occur, eliminating the corridor approach and speeding up the recognition of post-employment costs.

Changes in the obligation of short-term benefits and plan assets are decomposed in three elements: service costs, net interest over net liabilities (assets) by defined benefits and re measurement of net liabilities (assets) by defined benefits.
These modifications are effective for yearly periods beginning on or after January 1, 2013. In-advance enforcement is allowed.

The adoption of this standard did not have impact on the consolidated financial statements of the bank.

Amendment to IFRS 7, Offsetting Financial Assets and Financial Liabilities - IFRS 7 Financial Instruments:
Disclosures were modified to request for information regarding all recognized financial instruments being offsetting according to paragraph 42 of IAS 32 Financial Instruments: Presentation. Modifications also require to disclosure information about recorded financial instruments

subjected to master agreements of enforceable offsetting and similar, even if they have not been offsetted pursuant IAS 32. The IASB considers that these disclosures will allow the users of the financial statements to assess the effect or possible effect of agreements that allow offsetting; including offsetting rights associated to financial assets and financial liabilities recorded by the entity in the statement of financial position. These modifications are effective for yearly periods beginning on or after January 1, 2013. In-advance enforcement is allowed.

The adoption of this standard did not have impact on the consolidated financial statements of he bank.

Amendment to IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Agreements and IFRS 12 - Disclosure of Interests in Other Entities - Transition Guidance

On June 28, 2012, the IASB published Consolidated Financial Statements, Joint Agreements and Disclosure of Interests in Other Entities (amendments to IFRS 10, IFRS 11 and IFRS 12). Amendments are meant to lighten up the transition from IFRS 10, IFRS 11 and IFRS 12 Also, the amendments to IFRS 11 and IFRS 12 eliminate the requirement of providing comparative information for the periods prior to the immediately following year. The effective date of these modifications is for periods beginning on or after January 1, 2013; lining up with the effective dates of IFRS 10, IFRS 11 and IFRS 12. Management believes that this new regulation will be adopted in the Bank's Consolidated Financial Statements for the period beginning on January 1, 2013.

The adoption of this standard did not have impact on the consolidated financial statements of the bank.

a) **New and revised IFRS in issue but not yet effective:**

NEW STANDARDS	EFFECTIVE DATE
IFRS 9, Financial Instruments	Annual periods beginning on or after January 1, 2015
AMENDMENTS TO STANDARDS	**EFFECTIVE DATE**
Amendment to IAS 32, Financial Instruments: Presentation	Annual periods beginning on or after January 1, 2014
Investment Entities – Amendments to IFRS 10 – Consolidated Financial Statements; IFRS 12 – Disclosures of Involvements in Other Entities and IAS 27 – Separate Financial Statements	Annual periods beginning on or after January 1, 2014
IAS 36, Impairment of Assets, the recoverable amount Disclosures for nonfinancial assets	Annual periods initiated in or after January 1, 2014.
IAS 39, Financial Instruments: Recognition and Measurement - Novation of derivatives and hedge accounting continued	Annual periods initiated in or after January 1, 2014.
NEW INTERPRETATION	**DATE OF OBLIGATORY APPLICATION**
IFRIC 21, Liens	Annual periods initiated in or after January 1, 2014.

IFRS 9, Financial Instruments - On November 12, 2009 the IASB issued IFRS 9, Financial Instruments.

This regulation incorporates new requirements for the classification and measurement of financial assets and it is effective for yearly periods beginning on or after January 2015, allowing its early adoption. IFRS 9 specifies how an entity should classify and measure its financial assets. It requires that all financial assets be classified in their entirely on the basis of the entity's business model for the management of financial assets and the features of the financial assets agreement cash flows. Financial assets are measured whether by amortized cost or fair value. Only financial assets classified as measured to amortized cost will be tested for Impairment. On October 28, 2010, the IFRS published a revised version of IFRS 9, Financial Instruments. The revised Standard keeps the requirements for classification and measurement of financial assets published on November 2009 but it adds guidelines on classification and measurement of financial liabilities. As part of the restructuring of IFRS 9, the IASB has also reproduced the guidelines on un-record of financial instruments and related implementation guidelines from IAS 39 to IFRS 9. These new guidelines constitute the first stage of the IASB project to replace IAS 39. The other stages, impairment and hedge accounting, have not been finished yet.

The guidelines included in IFRS 9 about the classification and measurement of financial assets have not changed from those established in IAS 39. In other words, financial liabilities will continue to be measured whether by amortized cost or fair value with change in income. The concept of bifurcation of embedded derivatives in a contract by financial asset has not change either. Financial liabilities held for trade will continue to be measured at fair value with changes in profit and loss, and all other financial assets will be measured at amortized cost unless the fair value option is applied using currently existing criteria in IAS 39.

Notwithstanding the latter, there are two differences with regards to IAS 39:

- The presentation of effects from changes in fair value attributable to a liability's credit risk; and
- The elimination of the cost exemption for liability derivatives to be settled by giving non-traded equity instruments.

On December 16, 2011 the IASB issued the final amendments Mandatory Effective Date of IFRS 9 and Transition Disclosures, deferring the effective date both of the 2009 as well as the 2010 dates to yearly periods starting on or after January 1, 2015. Prior to this modification, IFRS 9 was mandatory for yearly periods beginning on or after 2013. These modifications change the requirements for the transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9. In addition, the amendments also modify IFRS 7 Financial Instruments: Disclosures, to add certain requirements in the reporting period including the enforcement date of IFRS 9.

Amendments are effective for yearly periods beginning on or after January 1, 2015; allowing for early application. Management does not apply the early adoption of this standard until the Superintendencia de Bancos e Instituciones Financieras authorizes its adoptions.

Amendment to IAS 32, Financial Instruments: Presentation

On December, 2011 the IASB modified the accounting and disclosure requirements related to the offsetting of financial assets and liabilities through the amendments to IAS 32 and IFRS 7, These amendments are the result of a joint project between the IASB and the Financial Accounting Standards Board (FASB) to approach the differences between their accounting standards regarding the offsetting of financial instruments. New disclosures are required for yearly or interim periods beginning on or after January 1, 2013 and modifications to IAS 32 are effective for yearly periods beginning on or after January 1, 2014. Both require retrospective application for comparative periods.

Bank´s Management is finalizing the process of assessment the potential impact of the adoption of these amendments.

Investment Entities – Amendments to IFRS 10 – Consolidated Financial Statements; IFRS 12 – Disclosures of Involvement in Other Entities and IAS 27 – Separate Financial Statements

On October 31, 2012, the IASB published "Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)", providing an exemption from consolidation of subsidiaries under IFRS 10 'Consolidated Financial Statements' for entities which meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in particular subsidiaries at fair value through profit or loss in accordance with IFRS 9 'Financial Instruments' or IAS 39 'Financial Instruments: Recognition and Measurement'.

The amendments also require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. In addition, the amendments require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). The amendments are effective for annual periods beginning on or after January 1, 2014, with early application permitted.

Bank´s Management is finalizing the process of assessment the potential impact of the adoption of these amendments.

Amendments to IAS 36 - Disclosures of Recoverable Amount for Non-Financial Assets

On May 29, 2013, the IASB issued amendments to IAS 36 Disclosures Recoverable amount for non-financial assets. With the publication of IFRS 13 Fair Value Measurements amended certain disclosure requirements in IAS 36 Impairment of Assets with respect to measuring the recoverable amount of impaired assets. However, one of the modifications was potentially disclosure requirements that were more extensive than originally intended. The IASB has rectified this with the publication of these amendments to IAS 36.

The amendments to IAS 36 removes the requirement to disclose the recoverable amount of each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant compared with the total carrying amount of goodwill or intangible assets with indefinite useful life of the entity. The amendments require an entity to disclose the recoverable amount of an individual asset including goodwill) or a cash-generating unit to which the entity recognized or reversed a deterioration during the reporting period. An entity shall disclose information about the fair value less costs to sell of an individual asset , including goodwill, or a cash-generating unit to which the entity recognized or reversed an impairment loss during the reporting period , including: (i) the level of the fair value hierarchy (IFRS 13) within which is categorized the fair value measurement, (ii) the valuation techniques used to measure fair value less costs to sell, (iii) key assumptions used in fair value measurement categorized within "Level 2" and "Level 3" fair value hierarchy. In addition, an entity should disclose the discount rate used when an entity recognized or reversed an impairment loss during the reporting period and the recoverable amount is based on fair value less sales costs determined using a valuation technique value present. The amendments should be applied retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted. To date, the Bank's management is finalizing the process of evaluating the potential impacts that involve the adoption of this Amendment.

Amendments to IAS 39 - Novation Continued Derivatives and Hedge Accounting

In June 2013, the IASB issued amendments to IAS 39 - Novation Continued Derivatives and Hedge Accounting. This modification allows the continuation of hedge accounting (under IAS 39 and the next chapter on hedge accounting under IFRS 9) when a derivative is novated to a CCP and certain conditions are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties to replace its original counterpart to become the new partner for each of the parties. To apply the changes and continue with hedge accounting, the novation to a central portion must occur as a consequence of any law or regulation or the introduction of laws or regulations. The amendments shall be applied for annual periods beginning on or after January 1, 2014. Earlier application is permitted. To date, the Bank's management is finalizing the process of evaluating the potential impacts that involve the adoption of this Amendment

Amendment to IAS 19 (2011), Employee Benefits

On November 21, 2013, the IASB amended IAS 19 (2011) Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. The amendments permit contributions that are independent of the number of years of service to be recognized as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to periods of service. Other contributions by employees or third parties are required to be attributed to periods of service either using the plan's contribution formula or on a straight-line basis. The amendments are effective for periods beginning on or after July 1, 2014, with earlier application permitted.

IFRIC 21, Liens

The May 20, 2013, the IASB issued IFRIC 21, Liens. This new interpretation provides guidance on when to recognize a liability for a tax imposed by a government, both charges which are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and for those whose opportunity and amount of the charge is true. This interpretation defines a lien as "a resource outflow involving future economic benefits that are imposed by governments on entities in accordance with the law". Taxes within the scope of IAS 12 Income Taxes are excluded from the scope as well as fines and penalties. The payments to governments for services or the acquisition of an asset under a contractual arrangement are also out of reach. That is, the tax should be a non-reciprocal transfer to a government when the tax paying entity does not receive goods or services in return. For purposes of interpretation, a "government" is defined in accordance with IAS 20 Accounting for Government Grants and Disclosures of Government Assistance. When an entity acts as an agent of a government to collect a tax, the cash flows received from the agency are outside the scope of the Interpretation. Interpretation identifies the event giving rise to the obligation to recognize a liability as the activity that triggers the payment of tax in accordance with the relevant legislation. The interpretation provides guidelines on the recognition of a liability to pay taxes: (i) the liability is recognized progressively if the event giving rise to the obligation occurs over a period of time, (ii) if an obligation is triggered by reaching a threshold minimum, the liability is recognized when the threshold is reached. The Interpretation is applicable retrospectively for annual periods beginning on or after January 1, 2014. To date, the Bank's management is finalizing the process of evaluating the potential impacts that involve the adoption of this Interpretation.

39. SUBSEQUENT EVENTS

During the period between January 1, 2014 and the date of issue of these consolidated financial statements (January 16, 2014), there have been no subsequent events that have had a significant impact on the Banks consolidated financial statements.

40. 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 16, 2014.

* * * * * *

HORACIO SILVA C.
Chief Accountant

BONIFACIO A. BILBAO H.
Chief Executive Officer

6.2. SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

VALORES SECURITY S.A. CORREDORES DE BOLSA

AS OF DECEMBER 31, 2013 AND 2012

	31-12-2013 MCH$	31-12-2012 MCH$
Cash & cash equivalents	4,236	2,699
Financial instruments	91,736	81,796
Debtors for trading	20,144	26,031
Investments in companies	370	370
Property, plant & equipment	64	69
Other assets	4,245	7,017
TOTAL ASSETS	120,795	117,982
LIABILITIES AND EQUITY		
Financial liabilities	65,488	56,215
Creditors for trading	19,581	25,552
Other liabilities	4,050	5,414
TOTAL LIABILITIES	89,119	87,181
Capital & reserves	30,801	29,974
Earnings for the year	875	827
TOTAL LIABILITIES & EQUITY	120,795	117,982
STATEMENT OF RESULTS		
Trading result	1,311	1,501
Services revenue	464	685
Result from financial instruments	7,362	7,907
Result from financing operations	(3,537)	(4,587)
Administration & selling expenses	(4,931)	(5,118)
Other results	276	426
EARNINGS BEFORE INCOME TAX	945	814
Income tax	(70)	13
EARNINGS FOR THE YEAR	875	827

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

AS OF DECEMBER 31, 2013 & 2012

	31-12-2013 MCH$	31-12-2012 MCH$
Cash & cash equivalents	1,396.4	5,256.7
Other financial assets, current	25,111.5	17,785.1
Other current assets	1,579.3	717.5
Non-current assets	694.3	295.0
TOTAL ASSETS	28,781.5	24,054.3
LIABILITIES		
Current liabilities	1,944.7	1,687.8
Non-current liabilities		
Issued capital	1,525.3	1,525.3
Accumulated earnings	25,311.5	20,841.2
TOTAL LIABILITIES & EQUITY	28,781.5	24,054.3
STATEMENT OF RESULTS		
Ordinary revenue	11,750.7	10,790.6
Administration expenses	(6,242.2)	(6,405.9)
Financial costs	(333.4)	(295.3)
Other net income	275.6	137.5
Earnings before taxes	5,450.7	4,226.9
Income tax	(980.5)	(719.9)
RESULT FOR THE YEAR	4,470.2	3,507.0

6.3. ADDRESSES BANCO SECURITY AND SUBSIDIARIES

CENTRAL SWITCHBOARD: (56-2) 2584 4000
Security Customer Attention Service: (56-2) 2584 4060
Security Phone: (600) 2584 4040 - Monday to Sunday 24 hours a day
Web: www.security.cl
e-mail: banco@security.cl

BANKING EMERGENCIES: 800 200717,
From mobile phones: (56-2) 2462 2117
Monday to Sunday 24 hours a day
For blocking credit card
In Chile
Banking Emergencies: 800 200717,
from mobile phones: (56-2) 2462 2117,
To call TransBank (56-2) 2782 1386
Calls from abroad:
In USA and Canada 1 800 307 7309,
In another country 1 636 722 7111

HEAD OFFICE (EL GOLF)
Apoquindo 3100 – Las Condes
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2584 4000
Fax: (56-2) 2584 4058

AGUSTINAS BRANCH
Agustinas 621 – Santiago
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2584 4321
Fax: (56-2) 2584 4012

ALCÁNTARA BRANCH
Av. Alcántara 44 – Las Condes
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2584 4438
Fax: (56-2) 2584 2266

CHICUREO BRANCH
Camino Chicureo Km 1.7 – Colina
Opening Hours: 8:00 – 14:00 hrs.
Tel.: (56-2) 2581 5003

CIUDAD EMPRESARIAL BRANCH
Av. del Parque 4023 – Huechuraba
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2584 4683
Fax: (56-2) 2584 4871

EL CORTIJO BRANCH
Av. Américo Vespucio 2760 C – Conchalí
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2581 5534

ESTORIL BRANCH
Av. Estoril 50 – Las Condes
Opening Hours: 8:00 – 14:00 hrs.
Tel.: (56-2) 2584 2292
Fax: (56-2) 2584 2200

LA DEHESA BRANCH
Av. La Dehesa 1744 – Lo Barnechea
Opening Hours: 8:00 – 14:00 hrs.
Tel.: (56-2) 2584 4465
Fax: (56-2) 2584 4676

LA REINA BRANCH
Av. Carlos Ossandón 1231 – La Reina
Opening hours: 8:00 - 14:00 hrs.
Tel.: (56-2) 2584 3252
Fax: (56-2) 2584 3267

LOS COBRES BRANCH
Av. Vitacura 6577 – Vitacura
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2581 5516
Fax: (56-2) 2581 5523

MONEDA BRANCH
Moneda 877 – Santiago
Opening Hours: 9:00 - 14:00 hrs.
Tel.: (56-2) 2581 5630
Fax: (56-2) 2584 4012

LOS TRAPENSES BRANCH
José Alcalde Délano 10.398, local 3 – Lo Barnechea
Opening Hours: 8:00 - 14:00 hrs.
Tel.: (56-2) 2581 5568
Fax: (56-2) 2581 5573

PLAZA CONSTITUCIÓN BRANCH
Agustinas 1235 – Santiago
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2584 4832
Fax: (56-2) 2584 4161

PROVIDENCIA BRANCH
Av. 11 de Septiembre 2289 – Providencia
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2584 4688
Fax: (56-2) 2584 4699

QUILICURA BRANCH
Av. Presidente E. Frei M. 9950 Of. 4 – Quilicura
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2584 4690
Fax: (56-2) 2584 4698

SANTA ELENA BRANCH
Santa Elena 2400 – San Joaquín
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2584 4761
Fax: (56-2) 2584 4750

SANTA MARÍA DE MANQUEHUE BRANCH
Santa María 6904 local 15 – Vitacura
Opening Hours: 8:00 – 14:00 hrs.
Tel.: (56-2) 2581 5555
Fax: (56-2) 2581 5550

VITACURA BRANCH
Av. Vitacura 3706 – Vitacura
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (56-2) 2584 4735
Fax: (56-2) 2584 5507

PRESIDENTE RIESCO BRANCH
Presidente Riesco 5335 Local 101 – Las Condes
Opening Hours: 8:00 – 14:00 hrs.
Tel.: (56-2) 2584 3220
Fax: (56-2) 2584 3238

ANTOFAGASTA BRANCH
Av. San Martín 2511 – Antofagasta
Opening Hours: 9:00 – 14:00 hrs.
Tel.: (55) 253 6500
Fax: (55) 253 6512

COPIAPÓ BRANCH
Atacama 686 – Copiapó
Opening Hours: 8:00 - 14:00 hrs.
Tel.: (52) 235 7200

VIÑA DEL MAR BRANCH
Av. Libertad 1097 – Viña del Mar
Opening Hours: 8:00 – 14:00 hrs.
Tel.: Individual Banking: (32) 251 5100
Tel.: Commercial Banking: (32) 251 5128
Fax: (32) 251 5120

LA SERENA BRANCH
Calle Huanhualí 85, local 6 – La Serena
Opening Hours: 8:00 - 14:00 hrs.
Tel.: (51) 247 7400
Fax: (51) 247 7426

RANCAGUA BRANCH
Carretera Eduardo Frei Montalva 340, local 6 – Rancagua
Opening Hours: 8:00 - 14:00 hrs.
Tel.: (72) 274 6600
Fax: (72) 274 6632

TALCA
Av. Circunvalación Oriente 1055, Local B-2
Opening Hours: 8:00 - 14:00 hrs.
Tel.: (71) 234 4600

CONCEPCIÓN BRANCH
Av. Bernardo O'Higgins 428 – Concepción
Opening Hours: 9:00 – 14:00 hrs.
Tel.: Individual Banking: (41) 290 8003
Tel.: Commercial Banking: (41) 290 8096
Fax: (41) 290 8021

TEMUCO BRANCH
Manuel Bulnes 701 – Temuco
Opening Hours: 9:00 – 14:00 hrs.
Tel.: Individual Banking: (45) 294 8400
Tel.: Commercial Banking: (45) 294 8421
Fax: (45) 294 8416

PUERTO MONTT BRANCH
Guillermo Gallardo 132 – Puerto Montt
Opening Hours: 9:00 – 14:00 hrs.
Tel.: Individual Banking: (65) 256 8300
Tel.: Commercial Banking: (65) 256 8313
Fax: (65) 256 8311

SUBSIDIARY COMPANIES

VALORES SECURITY S.A., CORREDORES DE BOLSA
Apoquindo 3150 piso 7 – Las Condes
Tel.: (56-2) 2584 4000
Fax: (56-2) 2584 4015
Web: www.security.cl
e-mail: valores@security.cl

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.
Apoquindo 3150 piso 7 – Las Condes
Tel.: (56-2) 2584 4000
Fax: (56-2) 2584 4015
Web: www.security.cl
e-mail: fmutuos@security

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