

FINANCIAL | STATEMENTS





CONSOLIDATED BALANCE SHEETS

(As of December 31, 2003 - 2002)

ASSETS	2003	2003	2002
	M.US\$	M.CH\$	M.CH\$
CASH AND DUE FROM BANKS	982.1	588,683.9	191,892.0
LOANS:			
COMMERCIAL LOANS	2,597.6	1,557,053.4	1,548,566.4
FOREIGN TRADE LOANS	251.0	150,471.8	181,408.7
CONSUMER LOANS	705.0	422,589.5	307,669.6
MORTGAGE LOANS	2,826.0	1,693,937.7	1,491,745.8
LEASING CONTRACTS	123.6	74,098.2	42,477.7
CONTINGENT LOANS	171.9	103,030.3	137,127.2
OTHER OUTSTANDING LOANS	340.8	204,320.6	183,643.9
PAST DUE LOANS	83.1	49,805.8	55,050.1
TOTAL LOANS	7,099.0	4,255,307.3	3,947,689.4
ALLOWANCE FOR LOAN LOSSES	(132.1)	(79,213.8)	(86,413.5)
TOTAL LOANS, NET	6,966.9	4,176,093.5	3,861,275.9
OTHER LOANS:			
INTERBANK LOANS	335.5	201,138.7	148,172.6
INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL	167.7	100,501.8	64,816.5
TOTAL OTHER LOANS	503.2	301,640.5	212,989.1
INVESTMENTS:			
GOVERNMENT SECURITIES	2,178.1	1,305,596.4	1,573,129.7
OTHER FINANCIAL INVESTMENTS	1,020.0	611,420.3	437,269.1
INVESTMENT COLLATERAL UNDER AGREEMENTS TO REPURCHASE	344.7	206,648.6	85,043.7
ASSETS HELD FOR LEASING	5.0	3,007.3	14,958.3
ASSETS RECEIVED IN LIEU OF PAYMENT	8.5	5,070.1	7,339.6
OTHER NON-FINANCIAL INVESTMENTS	0.1	42.4	79.3
TOTAL INVESTMENTS	3,556.4	2,131,785.1	2,117,819.7
OTHER ASSETS	279.4	167,468.1	210,767.8
FIXED ASSETS:			
PREMISES AND EQUIPMENT, NET	173.5	104,028.4	111,264.3
INVESTMENTS IN OTHER COMPANIES	4.7	2,803.2	3,157.5
TOTAL FIXED ASSETS	178.2	106,831.6	114,421.8
TOTAL ASSETS	12,466.2	7,472,502.7	6,709,166.3
THE ACCOMPANYING NOTES 1 TO 18 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.			

CONSOLIDATED BALANCE SHEETS

(As of December 31, 2003 - 2002)

LIABILITIES AND SHAREHOLDERS' EQUITY	2003	2003	2002
	M.US\$	M.CH\$	M.CH\$
DEPOSITS AND OTHER LIABILITIES:			
CURRENT ACCOUNTS	1,832.6	1,098,496.6	882,713.6
TIME DEPOSITS	5,026.9	3,013,240.6	3,008,420.0
OTHER DEMAND AND TIME DEPOSITS	505.3	302,849.4	243,890.4
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	336.2	201,537.4	85,016.9
MORTGAGE FINANCE BONDS	2,693.4	1,614,496.8	1,407,772.7
CONTINGENT LIABILITIES	172.0	103,108.6	136,882.9
TOTAL DEPOSITS AND OTHER LIABILITIES	10,566.4	6,333,729.4	5,764,696.5
BONDS ISSUED:			
BONDS	139.2	83,395.8	83,240.9
SUBORDINATED BONDS	172.9	103,658.9	64,881.1
TOTAL BONDS ISSUED	312.1	187,054.7	148,122.0
BORROWINGS FROM FINANCIAL INSTITUTIONS AND THE CENTRAL BANK:			
CENTRAL BANK CREDIT LINES FOR RENEGOTIATION OF LOANS	5.4	3,250.4	4,683.0
OTHER CENTRAL BANK BORROWINGS	284.8	170,712.6	118,192.6
BORROWINGS FROM DOMESTIC FINANCIAL INSTITUTIONS	146.0	87,527.5	72,462.5
FOREIGN BORROWINGS	329.0	197,194.2	107,313.0
OTHER BORROWINGS	5.8	3,485.9	11,560.1
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS AND THE CENTRAL BANK	771.0	462,170.6	314,211.2
OTHER LIABILITIES	162.0	97,121.8	93,180.7
TOTAL LIABILITIES	11,811.5	7,080,076.5	6,320,210.4
VOLUNTARY ALLOWANCE FOR LOAN LOSSES	22.2	13,300.0	13,433.0
MINORITY INTEREST	0.3	192.1	197.5
SHAREHOLDERS' EQUITY:			
CAPITAL AND RESERVES	576.5	345,536.1	338,156.8
OTHER EQUITY ACCOUNTS	6.0	3,618.1	8,990.4
NET INCOME FOR THE YEAR	49.7	29,779.9	28,178.2
TOTAL SHAREHOLDERS' EQUITY	632.2	378,934.1	375,325.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,466.2	7,472,502.7	6,709,166.3
THE ACCOMPANYING NOTES 1 TO 18 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.			



CONSOLIDATED STATEMENTS OF INCOME

(As of December 31, 2003 - 2002)

	2003 M.US\$	2003 M.CH\$	2002 M.CH\$
OPERATING RESULTS:			
INTEREST REVENUE	607.8	364,327.3	502,762.0
GAINS FROM TRADING ACTIVITIES	37.1	22,276.7	25,619.5
INCOME FROM FEES AND OTHER SERVICES	107.6	64,483.4	42,447.9
GAINS FROM FOREIGN EXCHANGE TRANSACTIONS	115.2	69,068.3	-
OTHER OPERATING INCOME	13.0	7,768.7	3,194.4
TOTAL OPERATING REVENUES	880.7	527,924.4	574,023.8
LESS:			
INTEREST EXPENSE	(330.0)	(197,781.9)	(239,578.6)
LOSSES FROM TRADING ACTIVITIES	(15.7)	(9,408.0)	(6,100.4)
EXPENSES FROM FEES AND OTHER SERVICES	(3.2)	(1,929.5)	(1,493.4)
LOSSES FROM FOREIGN EXCHANGE TRANSACTIONS	-	-	(13,969.7)
OTHER OPERATING EXPENSES	(7.8)	(4,677.9)	(6,868.7)
GROSS MARGIN	524.0	314,127.1	306,013.0
PERSONNEL SALARIES AND EXPENSES	(224.0)	(134,282.9)	(137,645.9)
ADMINISTRATIVE AND OTHER EXPENSES	(97.5)	(58,443.9)	(52,878.8)
DEPRECIATION AND AMORTIZATION	(32.2)	(19,333.2)	(17,496.6)
NET MARGIN	170.3	102,067.1	97,991.7
PROVISION FOR LOAN LOSSES	(79.8)	(47,822.7)	(43,858.1)
LOAN LOSS RECOVERIES	44.6	26,751.6	14,160.1
TOTAL OPERATING INCOME	135.1	80,996.0	68,293.7
NON-OPERATING RESULTS:			
NON-OPERATING INCOME	12.1	7,273.9	6,911.1
NON-OPERATING EXPENSES	(30.6)	(18,360.0)	(12,749.1)
EQUITY PARTICIPATION IN NET INCOME IN INVESTMENTS IN OTHER COMPANIES	0.3	162.3	174.0
LOSS FROM PRICE-LEVEL RESTATEMENT, NET	(4.6)	(2,768.4)	(5,975.4)
INCOME BEFORE INCOME TAXES	112.3	67,303.8	56,654.3
INCOME TAXES	(62.6)	(37,527.4)	(28,517.0)
INCOME AFTER INCOME TAXES	49.7	29,776.4	28,137.3
MINORITY INTEREST	-	3.5	40.9
SURPLUS	49.7	29,779.9	28,178.2
VOLUNTARY LOAN LOSS ALLOWANCE		-	-
NET INCOME FOR THE YEAR	49.7	29,779.9	28,178.2

THE ACCOMPANYING NOTES 1 TO 18 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(As of December 31, 2003 - 2002)

	2003 M.US\$	2003 M.CH\$	2002 M.CH\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
NET INCOME FOR THE YEAR	49.7	29,779.9	28,178.2
CHARGES (CREDITS) TO NET INCOME WHICH DO NOT REPRESENT CASH FLOWS:			
DEPRECIATION AND AMORTIZATION	32.2	19,333.2	17,496.6
PROVISION FOR LOAN LOSSES	79.8	47,822.7	43,858.1
VOLUNTARY LOAN LOSS ALLOWANCE	-	-	-
ADJUSTMENT OF FINANCIAL INVESTMENTS TO MARKET VALUE	1.3	778.0	356.7
EQUITY PARTICIPATION IN NET INCOME IN INVESTMENTS IN OTHER COMPANIES	(0.3)	(162.3)	(174.0)
GAIN ON SALES OF GOODS RECEIVED IN LIEU OF PAYMENT	(7.6)	(4,536.6)	(3,211.3)
GAIN ON SALES OF BANK PREMISES AND EQUIPMENT	(0.7)	(439.4)	(397.2)
WRITE-OFF OF ASSETS RECEIVED IN LIEU OF PAYMENT	6.5	3,898.7	5,649.7
MINORITY INTEREST	-	(3.5)	(40.9)
LOSS FROM PRICE-LEVEL RESTATEMENT, NET	4.6	2,768.4	5,975.4
OTHER CHARGES WHICH DO NOT REPRESENT CASH FLOWS	16.6	9,954.8	17,270.0
NET CHANGES IN INTEREST ACCRUALS	(21.8)	(13,081.2)	(6,864.6)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	160.3	96,112.7	108,096.7
CASH FLOWS FROM INVESTING ACTIVITIES:			
NET INCREASE IN LOANS	(658.2)	(394,537.3)	(333,114.3)
NET INCREASE DECREASE IN INVESTMENTS	(61.5)	(36,848.2)	(532,699.8)
NET INCREASE DECREASE IN OTHER LOANS	(153.7)	(92,158.0)	(10,375.6)
PURCHASES OF BANK PREMISES AND EQUIPMENT	(30.6)	(18,368.4)	(18,166.0)
PROCEEDS FROM SALES OF BANK PREMISES AND EQUIPMENT	14.8	8,879.3	9,328.0
INVESTMENTS IN OTHER COMPANIES	-	-	-
PROCEEDS FROM SALE OF ASSETS RECEIVED IN LIEU OF PAYMENT	2.0	1,228.8	4,009.5
NET DECREASE (INCREASE) IN OTHER ASSETS AND LIABILITIES	61.0	36,582.5	(37,425.7)
DIVIDENDS RECEIVED FROM INVESTMENTS IN OTHER COMPANIES	0.3	162.3	174.0
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES	(825.9)	(495,059.0)	(918,269.9)



CONSOLIDATED STATEMENTS OF CASH FLOWS

(As of December 31, 2003 - 2002)

	2003 M.US\$	2003 M.CH\$	2002 M.CH\$
CASH FLOWS FROM FINANCING ACTIVITIES:			
NET INCREASE IN CURRENT ACCOUNTS	376.3	225,555.2	56,395.4
NET INCREASE IN TIME DEPOSITS	41.3	24,762.2	762,458.0
NET INCREASE (DECREASE) IN OTHER DEMAND OR TIME LIABILITIES	102.9	61,656.0	(11,646.9)
NET INCREASE (DECREASE) IN INVESTMENTS SOLD UNDER REPURCHASE AGREEMENTS	196.8	117,958.5	(60,784.6)
INCREASE IN SHORT-TERM FOREIGN LOANS	152.4	91,361.8	72,436.2
NET INCREASE IN MORTGAGE FINANCE BONDS	335.5	201,128.6	34,353.3
NET INCREASE (DECREASE) IN OTHER SHORT-TERM BORROWINGS	(13.1)	(7,867.4)	2,373.7
BORROWINGS FROM CENTRAL BANK, LONG-TERM	83.9	50,313.6	(50,935.8)
PROCEEDS FROM BOND ISSUANCES	73.2	43,881.4	-
REPAYMENT OF BOND ISSUANCES	(2.5)	(1,496.7)	(5,116.6)
LONG-TERM FOREIGN BORROWINGS	-	(18.5)	-
PAYMENT OF BORROWINGS FROM FINANCIAL INSTITUTIONS, LONG-TERM	25.5	15,314.7	10,026.1
DISTRIBUTION OF PRIOR YEAR NET INCOME TO THE CHILEAN TREASURY	(34.9)	(20,924.4)	(28,271.1)
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	1,337.3	801,625.0	781,287.7
EFFECT OF PRICE-LEVEL RESTATEMENT ON CASH AND DUE FROM BANKS	(9.8)	(5,886.8)	(5,828.8)
NET (DECREASE) INCREASE IN CASH FLOWS FOR THE YEAR	662.0	396,791.9	(34,714.3)
CASH AND DUE FROM BANKS AT BEGINNING OF YEAR	320.1	191,892.0	226,606.3
CASH AND DUE FROM BANKS AT END OF YEAR	982.1	588,683.9	191,892.0

THE ACCOMPANYING NOTES 1 TO 18 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 - 2002

Note 1 - Summary of Significant Accounting Principles

a) Basis of preparation

These consolidated financial statements have been prepared in accordance with the accounting principles issued by the Superintendency of Banks and Financial Institutions ("SBIF") and with generally accepted accounting principles in Chile.

For comparative purposes the amounts for the year 2002 have been restated according to changes in the consumer price index, which amounted to 1,0%.

The Bank's accounting records are maintained in Chilean pesos. The translation of the 2003 financial statements into U.S. dollars was made solely for the convenience of the reader. The financial statements for the year ended December 31, 2003 have been translated into U.S. dollars at the closing rate of exchange of Ch\$ 599.42 per US\$ 1. This translation should not be construed as representing that the Chilean peso amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

For the convenience of the reader, the financial statements and their accompanying notes have been translated from Spanish to English.

b) Basis of consolidation

The Bank consolidates the following subsidiaries in which it maintains an interest of over 50%, as detailed below:

SOCIEDAD	INTEREST OWNED	
	2003	2002
BANCOESTADO S.A. CORREDORES DE BOLSA	99.9996	99.9996
BANCOESTADO MICROEMPRESAS S.A. (*)	99.8900	99.8900
BANCOESTADO CORREDORA DE SEGUROS LTDA.	99.9000	99.9000
BANCOESTADO SERVICIOS DE COBRANZA S.A. (*)	99.9000	99.9000
BANCOESTADO S.A. ADMINISTRADORA GENERAL DE FONDOS	99.9900	99.9900
BANCOESTADO CONTACTO 24 HORAS (*) (**)	99.9000	99.9000
GLOBALNET S.A. (*)	63.1579	63.1579

(*) Companies regulated by the Superintendency of Banks and Financial Institutions. The Superintendency of Securities and Insurance regulate the other companies.

(**) Company incorporated on December 13, 2001, which began to operate on April 1, 2002.

The assets and operating income of the subsidiaries represent 1.18% and 5.43% of the total consolidated assets and operating income, respectively (0.94% and 3.71% in 2002).

All significant intercompany balances and transactions have been eliminated in the consolidation. Third party ownership in the equity and income from subsidiaries amounts to M.Ch\$ 192.1 (M.US\$ 0.3) and M.Ch\$ 3.5 (M.US\$ 0). These amounts are presented within minority interest in the consolidated balance sheets and statements of income, respectively (M.Ch\$ 197.5 in 2003 and M.Ch\$ 40.9 in 2002).

c) Interest and readjustments

Loans, investments and liabilities are stated including their corresponding accrued interest and readjustments as of December 31, 2003 and 2002. However, interest accruals and readjustments of past due loans, and of outstanding current loans of doubtful recovery are suspended.

d) Price-level restatement

Shareholders' equity, fixed assets and other non-monetary assets and liabilities have been restated according to the variation in the Consumer Price Index (CPI), which resulted in a net charge to income of M.Ch\$ 2,768.4 (M.US\$ 4.6) (M.Ch\$ 5,975.4 in 2002). Income statement accounts have not been restated.

e) Foreign currencies

Assets and liabilities denominated in foreign currency have been translated into Chilean pesos at the closing exchange rate of Ch\$ 599.42



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 - 2002

to US\$1 (Ch\$ 712.38 to US\$ 1 in 2002).

The foreign exchange loss of M.Ch\$ 69,068.3 (M.US\$ 115.2) in 2003 and M.Ch\$ 13,969.7 in 2002, shown in the Consolidated Statement of Income, includes both the results of foreign exchange transactions as well as recognition of the effects that the fluctuation in the exchange rates has had on assets and liabilities stated in foreign currencies.

f) Financial investments

Financial investments traded on a secondary market are shown adjusted to market value, in accordance with specific instructions from the Superintendency of Banks and Financial Institutions. These instructions, requires such adjustments to be recognized against income, except in the case of the investment portfolio classified as permanent which may be recorded directly in the equity account, "Change in unrealized gains (losses) on permanent financial investments".

These financial instruments produced a net charge to income of M.Ch\$ 778.0 (M.US\$ 1.3) (M.Ch\$ 356.7 in 2002), which is included in operating results. The adjustment of the permanent portfolio produced a net credit to equity of M.Ch\$ 5,283.3 (M.US\$ 8.8) (M.Ch\$ 10,011.6 in 2002).

Other investments in securities are shown at historic cost plus adjustments and accrued interest and net of provisions charged to income of the year 2002 amounting to M.Ch\$ 1,919.0 (M.US\$ 3.2).

g) Derivatives

The Bank values forward currency contracts on a daily basis using the observed exchange rate, and the resulting gain or loss is recognized in income on accruals basis in accordance with the instructions of the Superintendency of Banks and Financial Institutions. The initial gains or losses corresponding to the difference between the spot and future rate are recognized as deferred assets or liabilities and amortized to income over the duration of the respective contracts.

Interest rate swap contracts are valued at each month-end based on accrual of agreed upon interest rates, recording the difference with a credit or charge to income.

h) Leasing contracts

Financial lease contracts include the aggregate lease payments receivable, less unearned income and value-added tax. Allowances for losses on lease contracts are shown separately under "Allowance for loan losses".

Assets acquired for leasing contracts are shown at restated cost under "Assets held for leasing".

i) Bank, premises and equipment

Bank premises and equipment are shown at restated cost, net of accumulated depreciation, Depreciation is calculated using the straight-line method over the estimated remaining useful lives of the assets.

jj) Assets received in lieu of payment

Assets received in lieu of payment are shown as the lower of the restated incorporation value and the appraisal value of these assets. Assets that have not been sold within one year, are gradually written-off over 18 months, in accordance with the instructions of the Superintendency of Banks and Financial Institutions.

k) Investments in other companies

Shares or rights in other companies in which the Bank has 10% or more of equity participation or the right to elect one member of the Board of Directors or management of such companies are accounted for using the equity method.

l) Allowance for loan losses

Allowances required to cover potential loan losses have been established in conformity with Superintendency of Banks and Financial Institutions regulations. Assets are shown net of such allowances. In the case of loans, the allowance has been deducted.

For companies not regulated by the Superintendency of Banks and Financial Institutions, the allowances have been established in accordance with specific criteria of the subsidiaries' administration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 - 2002

m) Voluntary allowances for loan losses

According to the General Banking Law, financial institutions may establish special allowances referred to as “voluntary allowances for loan losses”, which must be included as equity in order to comply with certain minimum capital requirements. The amounts established as of year-end and their effects on income are shown in the balance sheets and income statements.

n) Current and deferred income taxes

Current income tax has been determined in conformity with Chilean tax legislation.

The Bank and its subsidiaries have recognized the effects of deferred income taxes arising from temporary differences between the tax and financial basis of assets and liabilities, which are recorded on an accruals basis in accordance with Technical Bulletins Nos. 60, 69 and 71 issued by the Chilean Association of Accountants.

o) Staff vacations

The annual cost of staff vacations and benefits are accounted for an accrual basis.

p) Statement of cash flows

In conformity with specific provisions applicable to financial institutions, the Bank has considered as cash and cash equivalents only the cash and amounts due from bank balances in the Consolidated Balance Sheet. The Consolidated Statement of Cash Flows has been prepared using the indirect method.

Note 2 - Accounting Changes

During the 2003 period, there have been no accounting changes that affect these consolidated financial statements.

Note 3 - Relevant Events

- a) On April 25, 2003, by means of exempt resolution No. 105, the Superintendence of Securities and Insurance (“SVS”) approved the modification of the name and official business objective of “Bancoestado S.A. Administradora de Fondos para la Vivienda”, which will now be called “Bancoestado S.A. Administradora General de Fondos” and will administrate all types of funds referred to in Article 220 of Securities Law No 18.045.
- b) During May 2003, the Bank carried out the second emission of subordinate bonds of UF 2,500,000, with a 4.8% annual interest rate, 22 year maturity, and with a 5 year principal payment grace period and semi-annual interest payments.
- c) On July 25, 2003, by means of Treasury Ordinance No. 643, the resignation of David Patrick Gallagher Patrikson and Ernesto Velasco Rodríguez as Directors of the Bank was accepted. Also on July 25, 2003, Ingrid Verónica Antonijevic Hahn and Antonio Ricardo Schneider Chaigneau were appointed as Directors of the Bank.
- d) During 2003, the Bank entered into an agreement with the principal banks that own Redbanc concerning the use Redbanc’s network of automated teller machines. This network consists of 3,590 automated teller machines, 815 of which belong to the Bank. Transactions increased from 270,000 in March 2003, to 2.7 million in December 2003, 60% of which correspond to clients of the Bank.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 - 2002

Note 4 - Transactions with Related Parties

In accordance with the General Banking Law and instructions of the Superintendency of Banks and Financial Institutions, related parties are defined as all persons or entities directly or indirectly related to the owners or management of the Bank and its subsidiaries.

a) Loans granted to related parties

As of December 31, 2003 and 2002, loans granted to related parties are as follows:

	LOANS			PAST DUE LOANS			TOTAL			COLLATERAL PLEDGED (*)		
	2003 M.US\$	2003 M.CH\$	2002 M.CH\$	2003 M.US\$	2003 M.CH\$	2002 M.CH\$	2003 M.US\$	2003 M.CH\$	2002 M.CH\$	2003 M.US\$	2003 M.CH\$	2002 M.CH\$
OPERATING COMPANIES	25.0	14,970.5	459.6	-	-	-	25.0	14,970.5	459.6	-	-	-
INDIVIDUALS (**)	1.8	1,110.6	631.3	-	-	-	1.8	1,110.6	631.3	1.5	872.1	281.4
TOTAL	26.8	16,081.1	1,090.9	-	-	-	26.8	16,081.1	1,090.9	1.5	872.1	281.4

(*) Includes only collateral allowed for calculating individual credit limits as referred to in Article No. 84 of the General Banking Law, valued in accordance with the instructions issued by the Superintendency of Banks and Financial Institutions.

(**) Only includes the obligations of individuals whose debts are equal to or greater than UF 3,000.

b) Other transactions with related parties

During the years ended December 31, 2003 and 2002, the Bank and its subsidiaries have not carried out any transactions with related parties for amounts in excess of UF 1,000.

Note 5 - Investments in Other Companies

Investments in other companies in the amount of M.Ch\$ 2,803.2 (M.US\$ 4.7) (M.Ch\$ 3,157.5 in 2002) included in long-term assets are as follows:

COMPANY	OWNERSHIP				INVESTMENT						
	INTEREST		EQUITY		BOOK VALUE			INCOME			
	2003 %	2002 %	2003 M.CH\$	2002 M.CH\$	2003 M.US\$	2003 M.CH\$	2002 M.CH\$	2003 M.US\$	2003 M.CH\$	2002 M.CH\$	2003 M.CH\$
TRANSBANK S.A.	8.7188	8.7188	4,851.8	4,834.3	0.7	423.0	421.5	0.1	64.7	64.2	
OPERADORA DE TARJETAS DE CRÉDITO NEXUS S.A.	12.9030	12.9030	3,821.0	3,418.9	0.8	493.0	441.1	0.1	71.2	24.4	
BOLSA DE COMERCIO	2.0833	2.0833	13,083.7	15,412.4	0.5	272.6	321.1	0.1	44.0	46.5	
SUBTOTAL					2.0	1,188.6	1,183.7	0.3	179.9	135.1	
SHARES OR RIGHTS IN OTHER COMPANIES					2.7	1,614.6	1,973.8	-	(17.6)	38.9	
TOTAL					4.7	2,803.2	3,157.5	0.3	162.3	174.0	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 - 2002

Note 6 - Allowances for Losses on Loans and other Assets

a) Allowances for losses on loans and other assets

As of December 31, 2003, the Bank and its subsidiaries have made allowances for losses on loans and other assets amounting to M.Ch\$ 83,987.4 (M.US\$ 140.1) (M.Ch\$ 88,332.5 in 2002), to cover eventual losses.

Changes in these allowances during 2003 and 2002, are detailed as follows:

	ALLOWANCES FOR			
	LOANS M.CH\$	ASSETS RECEIVED IN LIEU OF PAYMENT M.CH\$	OTHER ASSETS M.CH\$	TOTAL M.CH\$
BALANCE AS OF DECEMBER 31, 2001	79,282.2	-	-	79,282.2
CHARGE-OFFS	(34,901.8)	(15.6)	(330.8)	(35,248.2)
PROVISIONS ESTABLISHED	49,953.6	15.6	2,230.8	52,200.0
PROVISIONS RELEASED	(8,776.1)	-	-	(8,776.1)
BALANCE AS OF DECEMBER 31, 2002	85,557.9	-	1,900.0	87,457.9
BALANCE RESTATED FOR COMPARATIVE PURPOSES	86,413.5	-	1,919.0	88,332.5
BALANCE AS OF DECEMBER 31, 2002	85,557.9	-	1,900.0	87,457.9
CHARGE-OFFS	(51,282.8)	(10.4)	-	(51,293.2)
PROVISIONS ESTABLISHED	83,041.2	1,210.4	1,673.6	85,925.2
PROVISIONS RELEASED	(38,102.5)	-	-	(38,102.5)
BALANCE AS OF DECEMBER 31, 2003 IN M.CH\$	79,213.8	1,200.0	3,573.6	83,987.4
BALANCE AS OF DECEMBER 31, 2003 IN M.US\$	132.2	2.0	6.0	140.1

In management's opinion, the allowances cover potential losses arising from non-recoverable assets, on the basis of the information available to the Bank and its subsidiaries.

b) Voluntary allowances for loan losses

In addition to the allowance for loan losses shown in (a) above, the Bank has made voluntary allowances totaling M.Ch\$ 13,300.0 (M.US\$ 22.2) as of December 31, 2003 (M.Ch\$ 13,433.0 in 2002). As of December 31, 2003, the Bank and its subsidiaries have no voluntary allowance for loan losses.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 7 - Equity

a) Equity accounts

The movements in the shareholders' equity accounts during 2003 and 2002 are detailed as follows.

	PAID-IN CAPITAL M.Ch\$	OTHER RESERVES M.Ch\$	OTHER ACCOUNTS M.Ch\$	NET INCOME FOR THE YEAR M.Ch\$	TOTAL M.Ch\$
BALANCE AS OF DECEMBER 31, 2001	4,000.0	313,896.1	(1,011.1)	34,989.0	351,874.0
DISTRIBUTION OF NET INCOME 2001	-	-	-	(27,991.2)	(27,991.2)
TRANSFER TO RESERVES	-	6,997.8	-	(6,997.8)	-
PRICE-LEVEL RESTATEMENT	-	9,914.8	-	-	9,914.8
CHANGE IN UNREALIZED GAIN (LOSSES) ON PERMANENT FINANCIAL INVESTMENTS	-	-	9,912.5	-	9,912.5
NET INCOME FOR THE YEAR	-	-	-	27,899.2	27,899.2
BALANCE AS OF DECEMBER 31, 2002	4,000.0	330,808.7	8,901.4	27,899.2	371,609.3
BALANCE RESTATED FOR COMPARATIVE PURPOSES	4,040.0	334,116.8	8,990.4	28,178.2	375,325.4
BALANCE AS OF DECEMBER 31, 2002	4,000.0	330,808.7	8,901.4	27,899.2	371,609.3
DISTRIBUTION OF NET INCOME 2002	-	-	-	(20,924.4)	(20,924.4)
TRANSFER TO RESERVES	-	6,974.8	-	(6,974.8)	-
PRICE-LEVEL RESTATEMENT	-	3,752.6	-	-	3,752.6
CHANGE IN UNREALIZED GAIN (LOSSES) ON PERMANENT FINANCIAL INVESTMENTS	-	-	(5,283.3)	-	(5,283.3)
NET INCOME FOR THE YEAR	-	-	-	29,779.9	29,779.9
BALANCE AS OF DECEMBER 31, 2003 IN M.Ch\$	4,000.0	341,536.1	3,618.1	29,779.9	378,934.1
BALANCE AS OF DECEMBER 31, 2003 IN M.US\$	6.7	569.8	6.0	49.7	632.2

Distribution of net income for year 2002:

In accordance with Supreme Decree No. 321 issued by the Finance Ministry on April 29, 2003, M.Ch\$ 20,924.4 (M.US\$ 34.9) (M.Ch\$ 28,271.1 in 2002) from net income for each respective year was allocated to the Chilean Government Treasury. The remaining M.Ch\$ 6,974.8 (M.Ch\$ 7,067.8 in 2002) was used to increase the Bank's reserves.

Price-level restatement of paid-in capital:

The aggregate amount of price-level restatement of paid-in capital is included under "Reserves" because, in accordance with the Bank's Special Law, authorized capital may only be increased by Supreme Decrees.

Net income for the year 2003:

Net income for the year 2003 amounted to M.Ch\$ 29,779.9 (M.US\$ 49.7) (M.Ch\$ 28,178.2 in 2002). The President of Chile may, upon the approval of the Bank's Board of Directors, allocate all or part of the net income for the year as a dividend to the Chilean Government, in accordance with the Bank's Special Law.

b) Basic capital and effective equity

In conformity with the General Banking Law, the minimum base capital of a financial institution cannot be less than 3% of total assets, while actual shareholders' equity cannot be less than 8% of the risk-weighted assets. As of December 31, 2003 and 2002, the Bank has calculated the following basic capital and effective equity ratios:

	DECEMBER 31,	
	2003 M.Ch\$	2002 M.Ch\$
BASIC CAPITAL (*)	349,154.2	347,147.2
TOTAL ASSETS	7,473,314.2	6,708,027.2
PERCENTAGE	4.67%	5.18%
EFFECTIVE EQUITY (**)	445,898.3	412,033.9
RISK WEIGHTED ASSETS	3,930,552.7	3,672,518.8
PERCENTAGE	11.34%	11.22%

(*) Equivalent to paid-in capital and reserves for the purposes of these calculations.

(**) According to Article 66 of the General Banking Law, effective capital is considered to be the basic capital and, until certain limits, the subordinate funds and voluntary provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 - 2002

Note 8 - Investments**a) Financial investments**

As of December 31, 2003 and 2002, financial investments are detailed as follow

2003	PORTFOLIO			MARKED TO MARKET ADJUSTMENT		
	NON- PERMANENT M.CH\$	PERMANENT ** M.CH\$	SUB TOTAL M.CH\$	AGAINST INCOME M.CH\$	AGAINST EQUITY M.CH\$	TOTAL M.CH\$
INSTRUMENTS *						
BANCO CENTRAL DE CHILE	909,115.4	458,906.8	1,368,022.2	175.1	592.9	1,368,790.2
CHILEAN TREASURY AND OTHER GOVERNMENT ENTITIES	586.9	96,521.7	97,108.6	-	-	97,108.6
CHILEAN FINANCIAL INSTITUTIONS	540,531.6	54,920.8	595,452.4	90.7	627.3	596,170.4
OTHER INVESTMENTS IN CHILE	263.1	44,014.5	44,277.6	-	2,397.9	46,675.5
INVESTMENTS ABROAD	-	14,920.6	14,920.6	-	-	14,920.6
TOTAL IN M.CH\$	1,450,497.0	669,284.4	2,119,781.4	265.8	3,618.1	2,123,665.3
EQUIVALENT IN M.US\$	2,419.8	1,116.6	3,536.4	0.5	6.0	3,542.9

2002	PORTFOLIO			MARKED TO MARKET ADJUSTMENT		
	NON- PERMANENT M.CH\$	PERMANENT ** M.CH\$	SUB TOTAL M.CH\$	AGAINST INCOME M.CH\$	AGAINST EQUITY M.CH\$	TOTAL M.CH\$
INSTRUMENTS *						
BANCO CENTRAL DE CHILE	903,347.3	644,377.8	1,547,725.1	(160.9)	8,886.7	1,556,450.9
CHILEAN TREASURY AND OTHER GOVERNMENT ENTITIES	1,066.3	100,656.2	101,722.5	-	-	101,722.5
CHILEAN FINANCIAL INSTITUTIONS	323,954.8	49,723.3	373,678.1	972.0	170.6	374,820.7
OTHER INVESTMENTS IN CHILE	1,915.4	42,052.2	43,967.6	-	639.6	44,607.2
INVESTMENTS ABROAD	14,390.0	5,699.8	20,089.8	(1,542.1)	(706.5)	17,841.2
TOTAL IN M.CH\$	1,244,673.8	842,509.3	2,087,183.1	(731.0)	8,990.4	2,095,442.5

* Classification according to issuers and parties committed to pay. This schedule includes a total of M.Ch\$ 206,648.6 (M.US\$ 344.7) (M.Ch\$ 85,043.7 in 2002) of securities sold under repurchase agreements.

** Permanent portfolio includes securities whose market value adjustments are booked against the equity account "Change in unrealized gains (losses) on permanent financial investments", as described in Note 1 (f), and nonnegotiable instruments amounting to M.Ch\$ 96,521.7 (M.Ch\$ 100,656.2 in 2002). Additionally, the Bank maintains investments in letters of credits that it has issued of M.Ch\$ 137,730.5 (M.Ch\$ 130,138.6 in 2002), which are registered in control accounts.

b) Other investments

	2003 M.US\$	2003 M.CH\$	2002 M.CH\$
ASSETS HELD FOR LEASING (*)	5.0	3,007.3	14,958.3
ASSETS RECEIVED IN LIEU OF PAYMENT (**)	8.5	5,070.1	7,339.6
OTHER INVESTMENTS	0.1	42.4	79.3
TOTAL	13.6	8,119.8	22,377.2

(*) Assets held for leasing of M.Ch\$3,007.3 are presented net of provisions for M.Ch\$1,673.6.

(**) Assets received in lieu of payment are presented net of provisions of M.Ch\$1,200.0 (M.Ch\$0 in 2002). In addition to assets received in lieu of payment that are registered as assets, other goods received in lieu of payment, amounting to M.Ch\$9,010.6 (M.Ch\$12,686.4 in 2002), have been written off but not yet eliminated.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 - 2002

Note 9 - Maturities of Assets and Liabilities

a) Maturities of loans and financial investments

The following table details loans and financial investments classified by years to maturity. These balances include interest accrued as of December 31, 2003 and 2002.

	2003				TOTAL M.Ch\$
	LESS THAN 1 YEAR M.Ch\$	OVER 1 YEAR/ LESS THAN 3 YEARS M.Ch\$	OVER 3 YEARS/ LESS THAN 6 YEARS M.Ch\$	OVER 6 YEARS M.Ch\$	
LOANS (1):					
COMMERCIAL LOANS AND OTHER	941,309.3	457,418.1	289,998.2	214,513.2	1,903,238.8
MORTGAGE LOANS	125,368.4	246,214.8	357,100.7	1,038,377.0	1,767,060.9
CONSUMER LOANS	151,057.1	182,042.0	49,477.8	36,675.8	419,252.7
OTHER LOANS:					
INTERBANK LOANS	201,132.3	6.4	-	-	201,138.7
INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL	100,501.8	-	-	-	100,501.8
FINANCIAL INVESTMENTS:					
PERMANENT (2)	162,728.9	93,095.6	169,160.7	244,299.2	669,284.4
NON-PERMANENT (3)	1,450,762.8	-	-	-	1,450,762.8
TOTAL IN M.Ch\$	3,132,860.6	978,776.9	865,737.4	1,533,865.2	6,511,240.1
EQUIVALENT IN M.US\$	5,226.5	1,632.9	1,444.3	2,558.9	10,862.6

	2002				TOTAL M.Ch\$
	LESS THAN 1 YEAR M.Ch\$	OVER 1 YEAR/ LESS THAN 3 YEARS M.Ch\$	OVER 3 YEARS/ LESS THAN 6 YEARS M.Ch\$	OVER 6 YEARS M.Ch\$	
LOANS (1):					
COMMERCIAL LOANS AND OTHER	953,347.1	460,391.3	226,923.4	239,627.2	1,880,289.0
MORTGAGE LOANS	114,448.8	224,646.9	321,478.4	894,455.5	1,555,029.6
CONSUMER LOANS	117,142.6	131,575.1	34,797.7	21,905.0	305,420.4
OTHER LOANS:					
INTERBANK LOANS	148,040.8	131.8	-	-	148,172.6
INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL	64,816.5	-	-	-	64,816.5
FINANCIAL INVESTMENTS:					
PERMANENT (2)	180,861.1	365,150.8	124,727.3	171,770.1	842,509.3
NON-PERMANENT (3)	1,243,942.8	-	-	-	1,243,942.8

(1) Includes only current effective loans as of each year-end within the indicated maturity periods. Therefore, contingent loans, past-due loans and overdue loans are excluded. Overdue loans not transferred to past-due loans amounted to M.Ch\$ 12,918.8 (M.US\$ 21.6) (M.Ch\$ 14,773.1 in 2002), of which M.Ch\$ 6,573.3 (M.US\$ 11.0) (M.Ch\$ 8,502.6 in 2002) were past due by less than 30 days.

(2) Includes the investments that compose the permanent portfolio, net of provisions, as described in Note 1 f), not including adjustments to market value.

(3) Includes the total amount of the rest of the portfolio of financial investments, including adjustments to market value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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b) Maturities of deposits, borrowings and other obligations

The following table details deposits, borrowings and other obligations, classified according to their remaining years to maturity. The balances include interest accrued as of December 31, 2003 and 2002:

	2003					TOTAL M.CH\$
	LESS THAN 1 YEAR M.CH\$	OVER 1 YEAR/ LESS THAN 3 YEARS M.CH\$	OVER 3 YEARS/ LESS THAN 6 YEARS M.CH\$	OVER 6 YEARS M.CH\$		
DEPOSITS AND OTHER LIABILITIES (*):						
TIME DEPOSITS	1,113,419.0	66,359.1	3,018.3	3,145.9		1,185,942.3
OTHER SHORT TERM LIABILITIES	10,604.4	123.2	-	-		10,727.6
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	201,537.4	-	-	-		201,537.4
MORTGAGE FINANCE BONDS	125,175.9	225,351.4	353,828.9	910,140.6		1,614,496.8
BONDS ISSUED	10,269.8	23,537.8	32,275.5	120,971.6		187,054.7
BORROWINGS FROM FINANCIAL INSTITUTIONS AND THE CENTRAL BANK :						
CENTRAL BANK CREDIT LINES FROM RENEGOTIATION OF LOANS	242.7	455.1	714.6	1,838.0		3,250.4
OTHER CENTRAL BANK BORROWINGS	160,768.9	1,504.6	2,362.4	6,076.7		170,712.6
BORROWINGS FROM DOMESTIC FINANCIAL INSTITUTIONS	87,527.5	-	-	-		87,527.5
FOREIGN BORROWINGS	197,194.2	-	-	-		197,194.2
OTHER LIABILITIES	3,485.9	-	-	-		3,485.9
TOTAL IN M.CH\$	1,910,225.7	317,331.2	392,199.7	1,042,172.8		3,661,929.4
EQUIVALENT IN M.US\$	3,186.8	529.4	654.3	1,738.6		6,109.1

	2002					TOTAL M.CH\$
	LESS THAN 1 YEAR M.CH\$	OVER 1 YEAR/ LESS THAN 3 YEARS M.CH\$	OVER 3 YEARS/ LESS THAN 6 YEARS M.CH\$	OVER 6 YEARS M.CH\$		
DEPOSITS AND OTHER LIABILITIES (*):						
TIME DEPOSITS	1,036,433.8	85,631.2	1.0	-		1,122,066.0
OTHER SHORT TERM LIABILITIES	8,177.7	273.9	-	-		8,451.6
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	85,016.9	-	-	-		85,016.9
MORTGAGE FINANCE BONDS	109,751.5	196,405.6	308,380.4	793,235.2		1,407,772.7
BONDS ISSUED	17,698.3	14,652.6	31,806.7	83,964.4		148,122.0
BORROWINGS FROM FINANCIAL INSTITUTIONS AND THE CENTRAL BANK :						
CENTRAL BANK CREDIT LINES FROM RENEGOTIATION OF LOANS	352.3	655.3	1,028.9	2,646.5		4,683.0
OTHER CENTRAL BANK BORROWINGS	105,308.6	1,949.5	3,060.9	7,873.6		118,192.6
BORROWINGS FROM DOMESTIC FINANCIAL INSTITUTIONS	72,462.5	-	-	-		72,462.5
FOREIGN BORROWINGS	107,052.3	260.7	-	-		107,313.0
OTHER LIABILITIES	11,560.1	-	-	-		11,560.1

(*): Excluding all demand deposits, savings accounts and contingent liabilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 10 - Foreign Currency Position

Included in the consolidated balance sheet are assets and liabilities in foreign currencies or adjustable currencies affected by exchange rates, as detailed below:

	PAYABLE IN					
	FOREIGN CURRENCIES		CHILEAN PESOS (*)		TOTAL	
	2003 Th.US\$	2002 Th.US\$	2003 Th.US\$	2002 Th.US\$	2003 Th.US\$	2002 Th.US\$
ASSETS						
CASH AND DUE FROM BANKS	48,893.0	50,231.8	-	-	48,893.0	50,231.8
LOANS	328,258.0	289,176.1	24,080.2	34,823.9	352,338.2	324,000.0
CONTINGENT LOANS	109,103.8	138,255.3	-	-	109,103.8	138,255.3
FINANCIAL INVESTMENTS:						
- IN CHILE	75,591.5	1,377.6	458,461.7	348,260.9	534,053.2	349,638.5
- ABROAD	20,093.5	24,796.6	-	-	20,093.5	24,796.6
OTHER ASSETS	43,995.1	31,716.4	-	-	43,995.1	31,716.4
TOTAL ASSETS	625,934.9	535,553.8	482,541.9	383,084.8	1,108,476.8	918,638.6
LIABILITIES						
DEPOSITS	236,337.7	122,410.3	-	-	236,337.7	122,410.3
CONTINGENT LIABILITIES	109,446.0	138,305.4	-	-	109,446.0	138,305.4
LIABILITIES WITH CHILEAN BANKS	26,938.9	39,498.9	-	2,020.6	26,938.9	41,519.5
LIABILITIES WITH FOREIGN BANKS	328,973.2	149,121.3	-	-	328,973.2	149,121.3
OTHER LIABILITIES	404,293.6	466,204.0	-	-	404,293.6	466,204.0
TOTAL LIABILITIES	1,105,989.4	915,539.9	-	2,020.6	1,105,989.4	917,560.5

(*) Includes assets and liabilities denominated in foreign currencies, and payable in Chilean pesos, or transactions that are adjusted based on exchange rate fluctuations.

Note 11 - Derivatives

The forward foreign exchange contracts, forward or interest rate swaps and other operations with derivative products held at year-end are detailed as follows:

a) Contracts on foreign currency and interest rates

DESCRIPTION OF TRANSACTION	CONTRACT AMOUNT					
	NUMBER OF OPERATIONS		LESS THAN 3 MONTHS		OVER 3 MONTHS	
	2003	2002	2003 Th.US\$	2002 Th.US\$	2003 Th.US\$	2002 Th.US\$
LOCAL MARKET:						
FORWARD FOREIGN EXCHANGE CONTRACTS PURCHASED IN CHILEAN CURRENCY	511	294	1,282,683.0	299,161.0	564,596.4	818,222.2
FORWARD FOREIGN EXCHANGE CONTRACTS SOLD IN CHILEAN CURRENCY	513	427	1,092,586.2	248,272.7	688,141.4	1,217,572.1
FORWARD OR INTEREST RATE SWAPS	13	10	-	-	117,325.0	96,375.0
FOREIGN MARKETS:						
FOREIGN CURRENCY FORWARD CONTRACTS	18	25	9,050.4	628.0	1,166.9	21,585.0
FORWARD FOREIGN EXCHANGE CONTRACTS SOLD IN FOREIGN CURRENCIES	14	-	113,305.3	-	3,540.2	-
FORWARD OR OTHER INTEREST RATE SWAPS	37	28	-	-	328,800.0	187,800.0

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The amounts refer to either United States dollar amounts purchased or sold, the equivalent in United States dollars of the foreign currency purchased or sold or the future amount or the amount on which interest rate contracts are agreed. The period refers to the contract maturity from the date of the transaction.

b) Contracts on the value of the authorized readjustment systems (A.R.S.) and on interest rates in Chilean currency

DESCRIPTION OF TRANSACTION	NOMINAL AMOUNT OF CONTRACT							
	NUMBER OF OPERATIONS			LESS THAN 3 MONTHS		OVER 3 MONTHS		
	2003	2002	2003 M.US\$	2003 M.Ch\$	2002 M.Ch\$	2003 M.US\$	2003 M.Ch\$	2002 M.Ch\$
UF/PESO FORWARD CONTRACTS PURCHASED	34	11	77.6	46,534.5	23,676.2	46.6	27,920.7	18,602.7
UF/PESO FORWARD CONTRACTS SOLD	19	23	35.3	21,152.0	1,691.1	49.4	29,612.8	51,242.0

c) Options

As of December 31, 2003 and 2002 no balances were outstanding for these transactions.

Note 12 - Contingencies, Commitments and Obligations

a) Commitments and obligations recorded in memorandum accounts:

The Bank, its subsidiaries and branches abroad maintain the following control accounts relating to their commitments and obligations arising in the ordinary course of business:

	2003 M.US\$	2003 M.Ch\$	2002 M.Ch\$
SECURITIES HELD IN CUSTODY	587.7	352,298.3	353,117.5
DOMESTIC COLLECTION DOCUMENTS	92.3	55,313.0	59,192.6
CREDIT APPROVED BUT NOT YET DISBURSED	128.1	76,764.7	94,589.5
FOREIGN CREDIT LINES	386.5	231,711.7	274,480.2
TOTAL	1,194.6	716,087.7	781,379.8

The list above includes only major items. Contingent loans and liabilities are shown in the Consolidated Balance Sheets.

b) Legal contingencies

As of December 31, 2003, and 2002, there are legal complaints filed against the Bank arising from the ordinary course of its business. During both years, the Bank has established provisions on the basis of the estimations made by its legal advisers.

c) Guarantees by operations

Stock Brokerage

In order to fulfill the obligation of constituting a guarantee on its transactions, as established by Article No. 30 of Law 18045, the subsidiary Banestado S.A. Corredores de Bolsa contracted an insurance policy from Compañía de Seguros Continental for U.F. 4,000, which began on December 2, 2003 and expires on December 2, 2004. The Santiago Stock Exchange is the representative of beneficiaries of this guarantee.

This subsidiary also constituted a lien on its shares in the Santiago Stock Exchange, to guarantee the fulfillment of all its obligations with the stock exchange. In addition, this subsidiary also constituted a second lien in favor of its stockbrokers to guarantee its commitments with them.

Insurance Brokerage

In order to comply with article No. 58 of the Decree of Law No. 251 of 1931 and Circular No. 1,160 of the Superintendency of Securities and Insurances, the subsidiary BancoEstado Corredores de Seguros Ltda. has contracted an insurance policy with Renta Nacional Compañía de Seguros for UF 500, which matures on April 14, 2004. Also, this Company maintains a policy to cover the professional civil responsibility of insurance agents for UF 60,000, which matures on April 14, 2004.



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Note 13 - Commissions

Commissions income and expenses shown in the Consolidated Statement of Income are detailed as follows:

	Income			Expenses		
	2003 M.US\$	2003 M.Ch\$	2002 M.Ch\$	2003 M.US\$	2003 M.Ch\$	2002 M.Ch\$
COMMISSIONS RECEIVED OR PAID FOR:						
COLLECTIONS OF DOCUMENTS	23.3	13,971.2	8,584.6	-	-	-
SAVING ACCOUNTS	22.4	13,446.0	5,004.4	-	-	-
CURRENT ACCOUNTS	13.1	7,868.0	5,154.1	-	-	-
INSURANCE BROKERAGE SERVICES	11.5	6,907.9	4,745.9	-	-	-
PRE-LEGAL COLLECTION SERVICES	7.6	4,531.4	4,195.5	-	-	-
COMMISSION FOR MASSIVE CHARGES	5.3	3,201.0	2,115.5	-	-	-
AUTOMATIC TELLER MACHINE CARDS	4.6	2,762.0	2,369.6	-	-	-
LINES OF CREDIT	2.2	1,306.1	1,211.0	-	-	-
EXTERNAL TRADE	2.1	1,280.3	861.1	-	-	-
CREDIT CARDS	1.8	1,078.2	576.8	2.8	1,683.7	1,203.7
LETTERS OF CREDIT, GUARANTEES, DEPOSITS AND OTHER CONTINGENT OPERATIONS	0.8	457.9	318.9	-	-	-
CASHIER'S CHECKS AND FUND TRANSFERS	0.4	209.6	202.5	-	-	-
CUSTODY AND TRUST COMMISSIONS	0.2	149.5	86.0	-	-	-
COMPENSATORY RIGHTS FOR APPRAISALS	0.2	90.1	325.1	0.4	235.4	-
FINANCIAL CONSULTING	-	-	1,441.5	-	-	-
OTHERS	12.1	7,224.2	5,255.4	-	10.4	289.7
TOTAL	107.6	64,483.4	42,447.9	3.2	1,929.5	1,493.4

The fees earned from transactions with mortgage finance loans are presented in the Consolidated Statement of Income under Income from Interest and readjustments.

Note 14 - Non-Operating Income and Expenses

As of December 31, 2003 and 2002, non-operating income expenses are detailed as follows:

	2003 M.US\$	2003 M.Ch\$	2002 M.Ch\$
a) Non-operating income			
INCOME FROM ASSETS AWARDED OR RECEIVED IN LIEU OF PAYMENT PREVIOUSLY WRITTEN-OFF	7.5	4,536.6	3,211.3
INCOME FROM ADJUSTMENT OF PAYMENT OR COLLECTION OF PRIOR YEAR BALANCES	0.9	539.8	1,361.2
REIMBURSEMENT OF EXPENSES	0.8	465.8	542.3
INCOME FROM LEGAL DEPARTMENT	0.4	220.8	513.0
INCOME FROM SALE OF FIXED ASSETS	0.8	458.5	405.7
RENTAL INCOME	0.3	185.6	342.0
RECOVERY OF OTHER WRITE-OFFS	0.1	54.5	2.6
OTHERS	1.3	812.3	533.0
TOTAL	12.1	7,273.9	6,911.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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b) Non-operating expenses	2003 M.US\$	2003 M.Ch\$	2002 M.Ch\$
WRITE-OFFS OF ASSETS RECEIVED IN LIEU OF PAYMENT	6.5	3,898.7	5,649.7
RESERVES FOR PENDING LAWSUITS	(1.4)	(850.0)	2,800.7
OTHER WRITE-OFFS	4.0	2,431.2	1,947.6
WRITE-OFFS OF LEASED ASSETS RECOVERED	-	-	1,918.8
LOSS ON SALE OF FIXED ASSETS	-	19.1	8.5
COMPENSATION PLAN FOR EXTRAORDINARY SEVERANCE	21.2	12,705.1	-
OTHER	0.3	155.9	423.8
TOTAL	30.6	18,360.0	12,749.1

Note 15 - Current and Deferred Income Taxes

a) Current income taxes

Income taxes are determined in conformity with current Chilean tax regulation and reflected in liabilities as of December 31, 2003, for M.Ch\$ 29,040.8 (M.US\$ 48.4) (M.Ch\$ 44,914.1 in 2002), net of monthly tax provisional payments. The detail of current income taxes is as follows:

	2003 M.US\$	2003 M.Ch\$	2003 M.Ch\$
FIRST CATEGORY INCOME TAX (16.5% IN 2003 AND 16.0 IN 2002)	14.8	8,869.7	13,320.3
ARTICLE NO. 21 WITHHOLDING TAX	-	7.0	8.8
ARTICLE NO. 2 OF DECREE LAW NO 2398 TAX (40%)	33.6	20,164.1	31,585.0
TOTAL	48.4	29,040.8	44,914.1

b) Deferred income taxes

	BALANCE AS OF 31.12.2002 (HISTORIC) M.Ch\$	DEFERRED TAXES YEAR 2003 M.Ch\$	AMORTIZATION YEAR 2003 M.Ch\$	BALANCE AS OF 31.12.2003 M.Ch\$
ASSETS				
GLOBAL ALLOWANCES FOR LOAN LOSSES	36,796.9	(555.9)	-	36,241.0
ACCRUED INTEREST AND READJUSTMENTS FROM RISKY LOANS	22,366.5	(2,869.7)	-	19,496.8
OTHER PROVISIONS	12,546.6	1,665.4	-	14,212.0
DERIVATE INSTRUMENTS	8,120.5	(8,117.5)	-	3.0
STAFF VACATIONS	6,217.4	250.7	-	6,468.1
OTHER	5,296.8	950.4	-	6,247.2
SUBTOTAL	91,344.7	(8,676.6)	-	82,668.1
COMPLEMENTARY ACCOUNT BALANCE	(1,284.4)	-	1,282.1	(2.3)
NET ASSETS	90,060.3	(8,676.6)	1,282.1	82,665.8
EQUIVALENT M.US\$	150.3	(14.5)	2.1	137.9
LIABILITIES				
LEASING CONTRACTS	2,520.6	(1,407.3)	-	1,113.3
DEPRECIATION OF FIXED ASSETS	1,088.2	(549.9)	-	538.3
ADJUSTMENT OF FINANCIAL INVESTMENTS TO MARKET VALUE	(409.0)	560.5	-	151.5
OTHER	6,509.0	(1,058.6)	-	5,450.4
SUBTOTAL	9,708.8	(2,455.3)	-	7,253.5
COMPLEMENTARY ACCOUNT BALANCE	(3,547.4)	-	3,547.4	-
NET LIABILITIES	6,161.4	(2,455.3)	3,547.4	7,253.5
EQUIVALENT IN M.US\$	10.3	(4.1)	5.9	12.1

The aforementioned complementary accounts relate to the cumulative effect of deferred taxes, which, in conformity with Chilean banking regulations until December 31, 1998, were not recorded prior to January 1, 1999. These liability and asset complementary accounts are amortized over the average reversal period for temporary differences, which is 12 months in both cases.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 y 2002

c) Effect in Income	2003 M.US\$	2003 M.CH\$	2002 M.CH\$
TAX EXPENSE	(48.4)	(29,040.8)	(44,914.1)
DEFERRED TAX EFFECT FOR THE YEAR	(10.4)	(6,221.3)	18,814.2
AMORTIZATION OF DEFERRED TAXES BEGINNING BALANCE	(3.8)	(2,265.3)	(2,417.1)
NET CHARGE TO INCOME	(62.6)	(37,527.4)	(28,517.0)

Note 16 - Directors' Expenses and Remuneration

During the years ended December 31, 2003 and 2002, the Bank has charged to income, the following amounts for Directors' Expenses and Remuneration:

	2003 M.CH\$	2002 M.CH\$
REMUNERATION	101.0	96.2
REPRESENTATION EXPENSES	0.2	0.8
TRAVEL ALLOWANCES	21.6	19.5
TOTAL IN M.CH\$	122.8	116.5
EQUIVALENT IN M.US\$	0.2	0.2

Note 17 - Other Assets and Other Liabilities

Other Assets and liabilities as of December 31, 2003 and 2002 are detailed as follows:

a) Other assets	2003 M.US\$	2003 M.CH\$	2002 M.CH\$
DEFERRED TAXES RECEIVABLE	137.9	82,665.8	90,960.9
AMOUNTS RECEIVABLE UNDER SPOT FOREIGN EXCHANGE TRANSACTIONS	43.4	25,982.0	21,225.3
GOVERNMENT RECEIVABLE ACCOUNTS	31.9	19,115.1	9,587.1
DERIVATES INSTRUMENTS, NET	13.4	8,050.5	-
RIGHTS FOR TERM STOCK OPERATIONS	10.3	6,144.4	-
INVESTMENTS IN SOFTWARE	9.3	5,598.0	5,368.6
DIVERSE ACCOUNTS	7.1	4,269.7	7,159.0
PREPAID EXPENSES	5.1	3,065.9	6,178.4
NEGATIVE GOODWILL RELATED TO MORTGAGE FINANCE BONDS ISSUED BY THE BANK	3.2	1,934.7	2,488.8
DEPOSIT IN CUSTODY FROM SECURITIZED BONDS	-	-	56,165.8
OTHER	17.8	10,642.0	11,633.9
TOTAL	279.4	167,468.1	210,767.8
b) Other liabilities	M.US\$	M.CH\$	M.CH\$
AMOUNTS PAYABLE UNDER SPOT FOREIGN EXCHANGE TRANSACTIONS	77.9	46,699.5	12,102.6
INCOME TAX PROVISION	48.5	29,040.8	44,914.1
ACCRUED STAFF VACATION EXPENSES	19.5	11,647.7	11,038.0
DEFERRED TAXES PAYABLE	12.1	7,253.5	6,223.0
DERIVATIVE INSTRUMENTS, NET	-	-	13,771.2
REQUIRED EQUITY PROVISION	-	-	2,222.0
OTHER	4.0	2,480.3	2,909.8
TOTAL	162.0	97,121.8	93,180.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 - 2002

Note 18 – Subsequent Events

- a) On January 1, 2004, Circular No. 3,246 of the Superintendency of Banks and Financial Institutions established new rules for determining placement provisions. According to Management's analyzes, the application of this new approach for determining provisions does not produce a significant effect on these financial statements.
- b) During January 2004, the Bank securitize 1,001 endorsable mortgage contracts with Banchile Securitizadora S.A., for a nominal total placement value of UF 1,820,000.
- c) During January 2004, Standard & Poor's Ratings Services raised the classification in foreign currency of the Bank from A- to A. The classification in local currency remained at A.

CARLOS MARTABIT SCAFF
Chief Financial Officer

JOSE MENA VALENCIA
Chief Executive Officer

PEDRO GONZALEZ REYES
Manager of Accounting and Budgeting

OSCAR GONZALEZ NARBONA
Manager of Planning and Research



REPORT OF INDEPENDENT AUDITORS

December 31, 2003 - 2002



To the Chairman and Members of the Board
Banco del Estado de Chile and Subsidiaries:

We have audited the accompanying consolidated balance sheet of Banco del Estado de Chile and Subsidiaries ("The Bank") as of December 31, 2003 and the related consolidated statements of income and cash flows for the year ended December 31, 2002. These financial statements (which include their related notes) are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Banco del Estado de Chile as of December 31, 2002 were audited by other auditors whose report dated January 28, 2002, expressed an unqualified opinion on those statements.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco del Estado de Chile and Subsidiaries as of December 31, 2003 and the results of its operations and cash flows for the year ended December 31, 2003 in conformity with generally accepted accounting principles in Chile and regulations established by the Chilean Superintendency of Banks and Financial Institutions..

Juan Francisco Martínez A.
ERNST & YOUNG LTDA.

Santiago, January 26, 2004

BANCO DEL ESTADO DE CHILE

FINANCIAL STATEMENTS



Balance Sheets

Statements of Income

BALANCE SHEETS

(In millions of Chilean pesos and U.S. dollars)

ASSETS	2003	2003	2002
	M.US\$	M.CH\$	M.CH\$
CASH AND DUE FROM BANKS	981.9	588,586.5	191,832.2
LOANS:			
COMMERCIAL LOANS	2,597.6	1,557,053.4	1,548,566.4
FOREIGN TRADE LOANS	251.0	150,471.8	181,408.7
CONSUMER LOANS	705.0	422,589.5	307,669.6
MORTGAGE LOANS	2,826.0	1,693,937.7	1,491,745.8
LEASING CONTRACTS	123.6	74,098.2	42,477.7
CONTINGENT LOANS	171.9	103,030.3	137,127.2
OTHER OUTSTANDING LOANS	340.9	204,320.6	183,643.9
PAST DUE LOANS	83.1	49,805.8	55,050.0
TOTAL LOANS	7,099.1	4,255,307.3	3,947,689.3
ALLOWANCE FOR LOAN LOSSES	(132.1)	(79,213.8)	(86,413.4)
TOTAL LOANS, NET	6,967.0	4,176,093.5	3,861,275.9
OTHER LOANS:			
INTERBANK LOANS	335.6	201,138.7	148,172.6
INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL	167.5	100,396.2	60,725.5
TOTAL OTHER LOANS	503.1	301,534.9	208,898.1
INVESTMENTS:			
GOVERNMENT SECURITIES	2,174.9	1,303,656.2	1,573,019.0
OTHER FINANCIAL INVESTMENTS	1,018.9	610,770.9	426,544.8
INVESTMENT COLLATERAL UNDER AGREEMENTS TO REPURCHASE	267.4	160,302.4	57,902.7
ASSETS HELD FOR LEASING	5.0	3,007.3	14,958.3
ASSETS RECEIVED IN LIEU OF PAYMENT	8.5	5,070.1	7,339.6
OTHER NON FINANCIAL INVESTMENTS	-	42.4	76.2
TOTAL INVESTMENTS	3,474.7	2,082,849.3	2,079,840.6
OTHER ASSETS	264.4	158,523.1	209,082.1
FIXED ASSETS:			
PREMISES AND EQUIPMENT, NET	171.7	102,928.5	110,268.7
INVESTMENTS IN OTHER COMPANIES	34.4	20,634.7	18,194.9
TOTAL FIXED ASSETS	206.1	123,563.2	128,463.6
TOTAL ASSETS	12,397.2	7,431,150.5	6,679,392.5

BALANCE SHEETS

(In millions of Chilean pesos and U.S. dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	2003 M.U\$	2003 M.Ch\$	2002 M.Ch\$
DEPOSITS AND OTHER LIABILITIES:			
CURRENT ACCOUNTS	1,833.7	1,099,135.2	883,222.8
TIME DEPOSITS	5,028.8	3,014,378.6	3,008,495.6
OTHER DEMAND AND TIME DEPOSITS	502.6	301,257.6	242,558.3
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE	268.7	161,071.7	58,012.8
MORTGAGE FINANCE BONDS	2,693.5	1,614,543.7	1,407,881.3
CONTINGENT LIABILITIES	172.0	103,108.6	136,882.9
TOTAL DEPOSITS AND OTHER LIABILITIES	10,499.3	6,293,495.4	5,737,053.7
BOND ISSUED:			
BONDS	139.1	83,395.8	83,240.9
SUBORDINATED BONDS	173.0	103,658.9	64,881.1
TOTAL BONDS ISSUED	312.1	187,054.7	148,122.0
BORROWINGS FROM FINANCIAL INSTITUTIONS AND THE CENTRAL BANK :			
CENTRAL BANK CREDIT LINES FOR RENEGOTIATION OF LOANS	5.4	3,250.4	4,683.0
OTHER CENTRAL BANK BORROWINGS	284.8	170,712.6	118,192.6
BORROWINGS FROM DOMESTIC FINANCIAL INSTITUTIONS	146.0	87,527.5	72,462.6
FOREIGN BORROWINGS	329.0	197,194.2	107,313.0
OTHER BORROWINGS	5.8	3,485.9	11,560.0
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS AND THE CENTRAL BANK	771.0	462,170.6	314,211.2
OTHER LIABILITIES	160.5	96,195.7	91,247.2
TOTAL LIABILITIES	11,742.9	7,038,916.4	6,290,634.1
VOLUNTARY ALLOWANCES FOR LOAN LOSSES	22.2	13,300.0	13,433.0
SHAREHOLDERS' EQUITY:			
CAPITAL AND RESERVES	576.5	345,536.1	338,156.8
OTHER EQUITY ACCOUNTS	6.0	3,618.1	8,990.4
NET INCOME (LOSS) FOR THE YEAR	49.6	29,779.9	28,178.2
TOTAL SHAREHOLDERS' EQUITY	632.1	378,934.1	375,325.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,397.2	7,431,150.5	6,679,392.5

STATEMENTS OF INCOME

(In millions of Chilean pesos and U.S. dollars)

	2003	2003	2002
	M.US\$	M.CH\$	M.CH\$
OPERATING RESULTS:			
INTEREST REVENUE	606.7	363,680.2	502,285.2
GAINS FROM TRADING ACTIVITIES	30.0	17,973.6	22,672.2
INCOME FROM FEES AND OTHER SERVICES	87.5	52,438.4	32,065.1
GAINS FROM FOREIGN EXCHANGE TRANSACTIONS	115.4	69,171.8	-
OTHER OPERATING INCOME	12.5	7,532.6	2,803.5
TOTAL OPERATING REVENUES	852.1	510,796.6	559,826.0
LESS:			
INTEREST EXPENSE	(329.9)	(197,763.1)	(239,606.2)
LOSSES FROM TRADING ACTIVITIES	(10.8)	(6,471.7)	(5,249.1)
EXPENSES FROM FEES AND OTHER SERVICES	(21.6)	(12,925.5)	(8,241.5)
LOSSES FROM FOREIGN EXCHANGE TRANSACTIONS	-	-	(13,950.8)
OTHER OPERATING EXPENSES	(7.7)	(4,643.6)	(6,218.0)
GROSS MARGIN	482.1	288,992.7	286,560.4
PERSONNEL SALARIES AND EXPENSES	(209.0)	(125,262.3)	(130,345.4)
ADMINISTRATIVE AND OTHER EXPENSES	(89.9)	(53,866.0)	(49,371.3)
DEPRECIATION AND AMORTIZATION	(31.3)	(18,742.8)	(16,799.8)
NET MARGIN	151.9	91,121.6	90,043.9
PROVISION FOR LOAN LOSSES	(79.7)	(47,822.7)	(43,858.1)
LOAN LOSS RECOVERIES	44.6	26,751.6	14,160.1
TOTAL OPERATING INCOME	116.8	70,050.5	60,345.9
NON OPERATING RESULTS:			
NON OPERATING INCOME	12.1	7,290.3	6,893.4
NON OPERATING EXPENSES	(30.5)	(18,303.4)	(12,396.4)
EQUITY PARTICIPATION IN NET INCOME IN INVESTMENTS IN OTHER COMPANIES	15.3	9,197.5	6,347.6
NET LOSS FROM PRICE-LEVEL RESTATEMENT	(4.4)	(2,644.4)	(5,656.7)
INCOME BEFORE INCOME TAXES	109.3	65,590.5	55,533.8
INCOME TAXES	(59.7)	(35,810.6)	(27,355.6)
INCOME AFTER INCOME TAXES	49.6	29,779.9	28,178.2
VOLUNTARY LOAN LOSS ALLOWANCE	-	-	-
NET INCOME FOR THE YEAR	49.6	29,779.9	28,178.2

THE COMPLETE FINANCIAL STATEMENTS OF BANCO DEL ESTADO DE CHILE AND ITS SUBSIDIARIES AS OF DECEMBER 31, 2003 TOGETHER WITH THEIR RESPECTIVE NOTES AND REPORTS OF INDEPENDENT AUDITORS ARE AVAILABLE TO INTERESTED PARTIES ON THE FOLLOWING WEB SITE WWW.BANCOESTADO.CL AS WELL AS AT BANK'S OFFICES.

BANCOESTADO S.A. CORREDORES DE BOLSA

| FINANCIAL STATEMENTS



Address:

Av. Libertador Bernardo O'Higgins 1111 piso 6, Santiago

Telephone:

9707102

Board of Directors:

Chairman

Antonio Bertrand Hermosilla

Board Members

Enrique Errázuriz Larraín

Cristián Aylwin Jofre

Pedro Cristi Díaz

Patricio Andrade Garafulic

Administration:

General Manager

Edgardo Cabañas Cardemil



BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

ASSETS	2003	2003	2002
	Th.US\$	Th.Ch.\$	Th.Ch.\$
CURRENT ASSETS:			
CASH	15.0	8,923	3,732
VARIABLE INCOME FINANCIAL INSTRUMENTS	5.3	3,110	3,110
FIXED INCOME FINANCIAL INSTRUMENTS	4,046.3	2,402,661	9,065,782
RIGHTS UNDER PURCHASE OPERATIONS	111,569.8	66,250,153	41,184,533
RIGHTS FROM OTHER FUTURE OPERATIONS	10,384.1	6,166,070	4,668,980
BROKERAGE RECEIVABLES	108.6	64,513	1,692,698
NOTES AND ACCOUNTS RECEIVABLE	36.8	21,853	2,585
RECOVERABLE TAXES	356.6	211,711	-
DEFERRED TAXES	236.9	140,669	184,357
ACCOUNTS RECEIVABLE FROM RELATED PARTIES AND COMPANIES	2.0	1,217	2,042
TITLES GIVEN IN GUARANTEE	10,347.6	6,144,410	-
TOTAL CURRENT ASSETS	137,109.0	81,415,290	56,807,819
PROPERTY, PLANT AND EQUIPMENT:			
OFFICE EQUIPMENT AND FURNITURE	200.0	118,732	87,461
OTHER FIXED ASSETS	93.0	55,232	54,761
LESS: ACCUMULATED DEPRECIATION	(245.3)	(145,658)	(135,133)
PROPERTY, PLANT AND EQUIPMENT, NET	47.7	28,306	7,089
OTHER ASSETS:			
STOCK EXCHANGE SHARE	459.0	272,577	321,091
INVESTMENTS IN OTHER COMPANIES	1.9	1,112	1,112
OTHER ASSETS	0.5	312	97,547
TOTAL OTHER ASSETS	461.4	274,001	419,750
TOTAL ASSETS	137,618.1	81,717,597	57,234,658

BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	2003	2003	2002
	Th.US\$	Th.Ch.\$	Th.Ch.\$
CURRENT LIABILITIES:			
OBLIGATIONS UNDER PURCHASE OPERATIONS	111,864.4	66,425,062	41,290,050
OBLIGATIONS UNDER OTHER FUTURE OPERATIONS	10,347.6	6,144,410	4,653,192
BROKERAGE PAYABLES	31.0	18,436	1,693,055
NOTES AND ACCOUNTS PAYABLE	2,357.3	1,399,789	1,578,595
TAX PAYABLE	-	-	79,424
DEFERRED TAXES	6.2	3,682	2,605
ACCRUED EXPENSES AND WITHHOLDINGS PAYABLE	1,132.0	672,165	1,006,943
TOTAL CURRENT LIABILITIES	125,738.5	74,663,544	50,303,864
LONG-TERM LIABILITIES:			
OTHER LONG-TERM LIABILITIES	5.3	3,132	841
TOTAL LONG-TERM LIABILITIES	5.3	3,132	841
SHAREHOLDERS' EQUITY:			
PAID-IN CAPITAL	8,830.9	5,243,779	5,243,779
RETAINED EARNINGS	47.8	28,381	1,849
NET INCOME FOR THE YEAR	2,995.6	1,778,761	1,684,325
TOTAL SHAREHOLDERS' EQUITY	11,874.3	7,050,921	6,929,953
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	137,618.1	81,717,597	57,234,658



STATEMENTS OF INCOME

(In thousands of Chilean pesos and U.S. dollars)

	2003 Th.US\$	2003 Th.Ch.\$	2002 Th.Ch.\$
OPERATING INCOME:			
COMMISSIONS ON STOCK EXCHANGE TRANSACTIONS	588.4	349,421	249,950
COMMISSIONS ON NON-STOCK EXCHANGE TRANSACTIONS	15.0	8,882	4,153
COMMISSIONS ON PRIMARY PLACEMENT CONTRACTS	434.6	258,073	197,167
GAIN ON SALE OF OWN SECURITIES	5,324.2	3,161,493	3,297,865
INCOME FOR FUTURE OPERATIONS	2,702.2	1,604,573	1,545,546
INTEREST INCOME AND DIVIDENDS ON OWN SECURITIES	728.8	432,745	359,385
INCOME FROM ADMINISTRATION AND CUSTODY OF SECURITIES	122.1	72,480	6,885
OTHER OPERATING INCOME	266.8	158,440	383,964
TOTAL OPERATING INCOME	10,182.1	6,046,107	6,044,915
OPERATING EXPENSES:			
COMMISSIONS AND SERVICES	(60.3)	(35,796)	(30,586)
LOSS FROM DECREASE IN MARKET VALUE OF OWN SECURITIES	(276.2)	(164,023)	(57,275)
LOSS ON SALE OF OWN SECURITIES	(2,657.4)	(1,577,935)	(1,144,646)
EXPENSES FOR FUTURE OPERATIONS	(2,791.1)	(1,657,380)	(1,399,370)
INTEREST EXPENSE	(46.5)	(27,602)	(6,018)
ADMINISTRATIVE AND SELLING EXPENSES	(956.6)	(568,004)	(376,503)
AMORTIZATION AND DEPRECIATION EXPENSE	(17.7)	(10,524)	(6,426)
OTHER OPERATING EXPENSES	(57.8)	(34,348)	(650,752)
TOTAL OPERATING EXPENSES	(6,863.6)	(4,075,612)	(3,671,576)
OPERATING INCOME, NET	3,318.5	1,970,495	2,373,339
NON-OPERATING INCOME:			
GAIN ON PERMANENT INVESTMENTS	74.0	43,952	46,526
OTHER NON-OPERATING INCOME	181.8	107,976	354
TOTAL NON-OPERATING INCOME	255.8	151,928	46,880
NON-OPERATING EXPENSES:			
OTHER NON-OPERATING EXPENSES	(0.6)	(381)	(343,650)
PRICE-LEVEL RESTATEMENT	(129.9)	(77,119)	(130,463)
TOTAL NON-OPERATING EXPENSES	(130.5)	(77,500)	(474,113)
INCOME BEFORE DEFERRED AND INCOME TAXES	3,443.8	2,044,923	1,946,106
INCOME TAXES	(448.2)	(266,162)	(261,781)
NET INCOME FOR THE YEAR	2,995.6	1,778,761	1,684,325

THE COMPLETE FINANCIAL STATEMENTS OF BANCO DEL ESTADO DE CHILE AND ITS SUBSIDIARIES AS OF DECEMBER 31, 2003 TOGETHER WITH THEIR RESPECTIVE NOTES AND REPORTS OF INDEPENDENT AUDITORS ARE AVAILABLE TO INTERESTED PARTIES ON THE FOLLOWING WEB SITE WWW.BANCOESTADO.CL AS WELL AS AT THE BANK'S OFFICES.

BANCOESTADO S.A. ADMINISTRADORA GENERAL DE FONDOS | FINANCIAL STATEMENTS



Address:

Nueva York 33 Oficina 701, Santiago Chile

Telephone:

3918873

Board of Directors:

Chairman

Sebastián del Campo Edwards

Board Members

Aldo Aquilino Raglianti López

Jorge Horacio Stuardo Luengo

Pablo David Mayorga Vásquez

Francisco Mobarec Asfura

Administration:

General Manager

Sergio Darío Augusto Enríquez Essmann



BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

ASSETS	2003	2003	2002
	Th.US\$	Th.Ch.\$	Th.Ch.\$
CURRENT ASSETS:			
CASH	10.5	6,227	2,689
TIME DEPOSITS	397.3	235,898	-
MARKETABLE SECURITIES	-	-	1,003,989
OTHER ACCOUNTS RECEIVABLE	-	-	51
NOTES AND ACCOUNTS RECEIVABLE FROM RELATED COMPANIES	73.5	43,667	57,395
RECOVERABLE TAXES	30.4	18,047	-
PREPAID EXPENSES	0.9	505	484
DEFERRED TAXES	1.3	746	1,416
OTHER CURRENTS ASSETS	177.9	105,631	-
TOTAL CURRENT ASSETS	691.8	410,721	1,066,024
PROPERTY, PLANT AND EQUIPMENT:			
MACHINERY AND EQUIPMENT	34.5	20,470	17,114
OTHER FIXED ASSETS	17.8	10,557	9,178
LESS: ACCUMULATED DEPRECIATION	(37.6)	(22,308)	(17,185)
NET PROPERTY, PLANT AND EQUIPMENT	14.7	8,719	9,107
OTHER ASSETS:			
INTANGIBLES	22.1	13,127	13,096
AMORTIZATION	(22.1)	(13,127)	(6,526)
OTHER	941.1	558,827	-
TOTAL OTHER ASSETS	941.1	558,827	6,570
TOTAL ASSETS	1,647.6	978,267	1,081,701

BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	2003	2003	2002
	Th.US\$	Th.Ch.\$	Th.Ch.\$
CURRENT LIABILITIES:			
OTHER ACCOUNTS PAYABLE	4.8	2,852	363
NOTES AND ACCOUNTS PAYABLE TO RELATED COMPANIES	3.7	2,184	479
ACCRUALS	19.6	11,616	20,055
WITHHOLDING TAX	4.8	2,870	2,688
INCOME TAX	-	-	19,409
OTHER CURRENT LIABILITIES	21.9	12,977	-
TOTAL CURRENT LIABILITIES	54.8	32,499	42,994
SHAREHOLDERS' EQUITY:			
PAID-IN-CAPITAL	856.5	508,580	508,580
RETAINED EARNINGS	330.3	196,126	190,750
NET INCOME FOR THE YEAR	406.0	241,062	339,377
TOTAL SHAREHOLDERS' EQUITY	1,592.8	945,768	1,038,707
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,647.6	978,267	1,081,701



STATEMENTS OF INCOME

(In thousands of Chilean pesos and U.S. dollars)

	2003	2003	2002
	T.H.US\$	T.H.CH.\$	T.H.CH.\$
OPERATING RESULTS:			
COMISSIONS AND FEES EARNED	970.3	576,148	592,455
EXPENSES	(500.2)	(296,993)	(212,836)
GROSS MARGIN	470.1	279,155	379,619
NON-OPERATING RESULTS:			
INTEREST INCOME	42.6	25,300	53,217
PRICE-LEVEL RESTATEMENT	(22.2)	(13,205)	(26,690)
NON-OPERATING INCOME	20.4	12,095	26,527
INCOME BEFORE DEFERRED AND INCOME TAXES	490.5	291,250	406,146
INCOME AND DEFERRED TAXES	(84.5)	(50,188)	(66,769)
NET INCOME FOR THE YEAR	406.0	241,062	339,377

THE COMPLETE FINANCIAL STATEMENTS OF BANCO DEL ESTADO DE CHILE AND ITS SUBSIDIARIES AS OF DECEMBER 31, 2003 TOGETHER WITH THEIR RESPECTIVE NOTES AND REPORTS OF INDEPENDENT AUDITORS ARE AVAILABLE TO INTERESTED PARTIES ON THE FOLLOWING WEB SITE WWW.BANCOESTADO.CL AS WELL AS AT THE BANK'S OFFICES.

BANCO ESTADO MICROEMPRESAS S.A. ASESORÍAS FINANCIERAS

| FINANCIAL STATEMENTS



Address:

Av. Libertador Bernardo O'Higgins 2696 Piso 2, Santiago

Telephone:

9708505

Board of Directors:

Chairman

Jaime Pizarro Tapia

Board Members

Arnoldo Courard Bull

Victoria Martínez Ocamica

Administration:

General Manager

María Soledad Ovando Green

BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

ASSETS	2003	2003	2002
	Th.US\$	Th.Ch.\$	Th.Ch.\$
CURRENT ASSET:			
CASH	418.0	248,195	159,357
TRADE ACCOUNTS RECEIVABLE	237.9	141,239	59,590
OTHER ACCOUNTS RECEIVABLE	44.5	26,427	24,852
NOTES AND ACCOUNTS RECEIVABLE FROM RELATED COMPANIES	950.0	564,108	518,035
RECOVERABLE TAXES	29.2	17,366	67,961
PREPAID EXPENSES	2.1	1,235	1,197
DEFERRED TAXES	19.9	11,820	84
TOTAL CURRENT ASSETS	1,701.6	1,010,390	831,076
PROPERTY, PLANT AND EQUIPMENT:			
OFFICE FURNITURE AND EQUIPMENT	118.2	70,175	58,642
OTHER FIXED ASSETS	1,093.6	649,398	491,075
SUBTOTAL	1,211.8	719,573	549,717
LESS: ACCUMULATED DEPRECIATION	(572.5)	(339,960)	(271,867)
NET PROPERTY, PLANT AND EQUIPMENT	639.3	379,613	277,850
OTHER ASSETS:			
INVESTMENT IN OTHER COMPANIES	7.5	4,469	254
TOTAL OTHER ASSETS	7.5	4,469	254
TOTAL ASSETS	2,348.4	1,394,472	1,109,180

BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	2003	2003	2002
	Th.U.S\$	Th.Ch.\$	Th.Ch.\$
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	141.9	84,275	64,772
OTHER ACCOUNTS PAYABLE	-	-	2,106
ACCOUNTS PAYABLE TO RELATED COMPANIES	55.4	32,888	8,709
ACCRUALS	427.9	254,065	177,909
WITHHOLDING TAX	129.9	77,142	60,071
TOTAL CURRENT LIABILITIES	755.1	448,370	313,567
SHAREHOLDERS' EQUITY:			
PAID-IN CAPITAL	956.4	567,881	567,881
ADDITIONAL PAID-IN CAPITAL	35.6	21,163	21,163
RETAINED EARNINGS	347.9	206,569	191,890
NET INCOME FOR THE YEAR	253.4	150,489	14,679
TOTAL SHAREHOLDERS' EQUITY	1,593.3	946,102	795,613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,348.4	1,394,472	1,109,180

STATEMENTS OF INCOME

(In thousands of Chilean pesos and U.S. dollars)

	2003 Th.US\$	2003 Th.Ch.\$	2002 Th.Ch.\$
OPERATING RESULTS:			
COMISSIONS AND FEE EARNED	9,759.1	5,794,924	4,836,932
COMISSIONS AND FEE INCURRED	(4,447.6)	(2,640,995)	(2,692,063)
OPERATING INCOME	5,311.5	3,153,929	2,144,869
SELLING AND ADMINISTRATIVE EXPENSES	(4,921.9)	(2,922,643)	(2,066,288)
OPERATING INCOME	389.6	231,286	78,581
NON-OPERATING RESULTS:			
INTEREST INCOME	7.3	4,314	4,989
OTHER NON-OPERATING INCOME	21.0	12,466	26,484
INTEREST EXPENSE	(6.5)	(3,834)	(2,801)
OTHER NON-OPERATING EXPENSES	(79.6)	(47,238)	(74,177)
PRICE-LEVEL RESTATEMENT	(9.7)	(5,739)	(10,708)
NON-OPERATING INCOME (LOSS)	(67.5)	(40,031)	(56,213)
INCOME BEFORE INCOME TAXES	322.1	191,255	22,368
INCOME AND DEFERRED TAXES	(68.7)	(40,766)	(7,689)
NET INCOME FOR THE YEAR	253.4	150,489	14,679

THE COMPLETE FINANCIAL STATEMENTS OF BANCO DEL ESTADO DE CHILE AND ITS SUBSIDIARIES AS OF DECEMBER 31, 2003 TOGETHER WITH THEIR RESPECTIVE NOTES AND REPORTS OF INDEPENDENT AUDITORS ARE AVAILABLE TO INTERESTED PARTIES ON THE FOLLOWING WEB SITE WWW.BANCOESTADO.CL AS WELL AS AT THE BANK'S OFFICES.

BANCOESTADO CORREDORES DE SEGUROS LTDA.

| FINANCIAL STATEMENTS



Address:

Moneda 1140, 2° piso, Santiago

Telephone:

9703433

The Measure Committe:

Carlos Martabit Scaff
Fernando León Sade
Sebastián del Campo Edwards
Martin Lueg Thiers

Administration:

General Manager
Fernando Silva Segovia



BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

ASSETS	2003	2003	2002
	Th.US\$	Th.Ch.\$	Th.Ch.\$
CURRENT ASSETS:			
CASH	53.0	31,449	229,586
TIME DEPOSITS	1,907.8	1,132,850	-
TOTAL CURRENT ASSETS	1,960.8	1,164,299	229,586
FIXED ASSETS:			
OFFICE FURNITURE AND EQUIPMENT (NET)	168.3	99,955	64,232
OTHERS FIXED ASSETS (NET)	9.6	5,676	8,638
TOTAL FIXED ASSETS	177.9	105,631	72,870
OTHERS ASSETS:			
INSURANCE AGENCIES NON-RELATED	1,894.1	1,124,703	602,964
OTHER ACCOUNTS RECEIVABLE	59.6	35,405	6,370
PREPAID EXPENSES	0.7	418	474
DEFERRED TAXES	3.6	2,125	2,146
OTHERS	4,753.9	2,822,867	2,796,947
TOTAL OTHER ASSETS	6,711.9	3,985,518	3,408,901
TOTAL ASSETS	8,850.6	5,255,448	3,711,357

BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

LIABILITIES AND OWNERS' EQUITY	2003	2003	2002
	Th. US\$	Th. Ch.\$	Th. Ch.\$
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	56.8	33,716	12,093
ACCRUALS	157.2	93,339	69,279
PREVISUAL DEBTS	16.3	9,671	5,746
WITHHOLDING TAX	190.8	113,295	130,591
INCOME TAX ACCRUAL	583.5	346,470	206,053
TOTAL CURRENT LIABILITIES	1,004.6	596,491	423,762
PATRIMONIO:			
PAID-IN CAPITAL	376.6	223,629	225,865
CAPITAL RESTATEMENT	41.4	24,600	22,364
RETAINED EARNINGS	-	-	1,298
NET INCOME FOR THE YEAR	7,428.0	4,410,728	3,038,068
TOTAL OWNERS' EQUITY	7,846.0	4,658,957	3,287,595
TOTAL LIABILITIES AND OWNERS' EQUITY	8,850.6	5,255,448	3,711,357



STATEMENTS OF INCOME

(In thousands of Chilean pesos and U.S. dollars)

	2003 TH.US\$	2003 TH.CH.\$	2002 TH.CH.\$
OPERATING RESULTS:			
REVENUES	11,633.4	6,907,896	4,721,502
COST OF REVENUES	(494.9)	(293,868)	(252,745)
GROSS MARGIN	11,138.5	6,614,028	4,468,757
SELLING AND ADMINISTRATIVE EXPENSES	(2,431.0)	(1,443,523)	(896,809)
OPERATING INCOME	8,707.5	5,170,505	3,571,948
NON-OPERATING RESULTS:			
INTEREST INCOME	234.3	139,122	115,486
OTHER EXPENSE	(16.8)	(9,978)	(487)
PRICE-LEVEL RESTATEMENT	(27.2)	(16,181)	(71,203)
NON-OPERATING INCOME	190.3	112,963	43,796
INCOME BEFORE INCOME TAXES	8,897.8	5,283,468	3,615,744
INCOME TAXES	(1,469.8)	(872,740)	(577,676)
NET INCOME FOR THE YEAR	7,428.0	4,410,728	3,038,068

THE COMPLETE FINANCIAL STATEMENTS OF BANCO DEL ESTADO DE CHILE AND ITS SUBSIDIARIES AS OF DECEMBER 31, 2003 TOGETHER WITH THEIR RESPECTIVE NOTES AND REPORTS OF INDEPENDENT AUDITORS ARE AVAILABLE TO INTERESTED PARTIES ON THE FOLLOWING WEB SITE WWW.BANCOESTADO.CL AS WELL AS AT THE BANK'S OFFICES.

BANCOESTADO SERVICIOS DE COBRANZA S.A.

| FINANCIAL STATEMENTS



Address:

San Diego 81 Piso 3 y 4

Telephone:

7871700

Board of Directors:

Chairman

Arnoldo Courard Bull

Board Members

Emiliano Figueroa Sandoval

Oscar González Narbona

Sebastián del Campo Edwards

Administration:

General Manager

Guillermo González Cueto



BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

ASSETS	2003	2003	2002
	Th.U\$	Th.Ch.\$	Th.Ch.\$
CURRENT ASSETS:			
CASH	198.1	117,643	127,697
OTHER ACCOUNT RECEIVABLE	13.0	7,746	11,029
NOTES AND ACCOUNTS RECEIVABLE FROM RELATED COMPANIES	456.4	270,994	152,675
PREPAID EXPENSES	9.3	5,540	4,956
DEFERRED TAXES	31.7	18,843	13,234
OTHER CURRENT ASSETS	4,432.4	2,631,947	1,294,026
TOTAL CURRENT ASSETS	5,140.9	3,052,713	1,603,617
FIXED ASSETS:			
BUILDINGS AND INFRASTRUCTURE	259.1	153,863	138,924
COMPUTER EQUIPMENT	644.8	382,905	287,732
OTHER FIXED ASSETS	557.8	331,245	288,589
LESS: ACCUMULATED DEPRECIATION	(735.4)	(436,738)	(299,788)
TOTAL FIXED ASSETS	726.3	431,275	415,457
OTHER ASSETS:			
INVESTMENT IN OTHER COMPANIES	1.7	992	935
INTANGIBLES	291.5	173,058	308,245
OTHER	12.7	7,556	5,339
TOTAL OTHER ASSETS	305.9	181,606	314,519
TOTAL ASSETS	6,173.1	3,665,594	2,333,593

BALANCE SHEET

(In thousands of Chilean pesos and U.S. dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	2003	2003	2002
	Th.U\$	Th.Ch.\$	Th.Ch.\$
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	107.2	63,641	23,566
ACCRUALS	436.4	259,129	156,304
WITHHOLDING TAX	133.1	79,036	54,362
INCOME TAX	48.9	29,057	7,390
TOTAL CURRENT LIABILITIES	725.6	430,863	241,622
LONG-TERM LIABILITIES:			
LONG TERM DEFERRED TAXES	35.3	20,957	43,245
TOTAL LONG-TERM LIABILITIES	35.3	20,957	43,245
SHAREHOLDERS' EQUITY:			
PAID-IN CAPITAL	1,251.5	743,161	743,161
RETAINED EARNINGS	-	-	873
NET INCOME FOR THE YEAR	4,160.7	2,470,613	1,304,692
TOTAL SHAREHOLDERS' EQUITY	5,412.2	3,213,774	2,048,726
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,173.1	3,665,594	2,333,593



STATEMENTS OF INCOME

(In thousands of Chilean pesos and U.S. dollars)

	2003 TH.US\$	2003 TH.CH.\$	2002 TH.CH.\$
OPERATING RESULTS:			
REVENUES	12,590.7	7,476,360	5,201,266
OPERATING COST	(5,453.7)	(3,238,389)	(2,568,106)
GROSS MARGIN	7,137.0	4,237,971	2,633,160
ADMINISTRATIVE EXPENSES	(2,237.4)	(1,328,573)	(1,080,503)
OPERATING INCOME	4,899.6	2,909,398	1,552,657
NON-OPERATING RESULTS:			
INTEREST INCOME	77.0	45,693	35,671
OTHER INCOME	0.2	114	292
INTEREST EXPENSE	(1.2)	(687)	(1,954)
OTHER NON-OPERATING EXPENSES	-	-	(112)
PRICE-LEVEL RESTATEMENT	1.3	751	(25,259)
NON-OPERATING INCOME	77.3	45,871	8,638
INCOME BEFORE INCOME AND DEFERRED TAXES	4,976.9	2,955,269	1,561,295
INCOME AND DEFERRED TAXES	(816.2)	(484,656)	(256,603)
NET INCOME FOR THE YEAR	4,160.7	2,470,613	1,304,692

THE COMPLETE FINANCIAL STATEMENTS OF BANCO DEL ESTADO DE CHILE AND ITS SUBSIDIARIES AS OF DECEMBER 31, 2003 TOGETHER WITH THEIR RESPECTIVE NOTES AND REPORTS OF INDEPENDENT AUDITORS ARE AVAILABLE TO INTERESTED PARTIES ON THE FOLLOWING WEB SITE WWW.BANCOESTADO.CL AS WELL AS AT THE BANK'S OFFICES.

GLOBALNET COMUNICACIONES FINANCIERAS S.A.

| FINANCIAL STATEMENTS



Address:

Estado 57 - Of. 501, Santiago

Telephone:

6385200

Board of Directors:

Chairman

Sebastián del Campo E.

Vice Chairman

Ricardo Marín H.

Board Titular Members

Rodrigo Collado L.

Ewald Doerner

Oscar González N.

Board Substitute Members

Rodrigo Sepúlveda J.

Ignacio Jaquotot C.

Carlos Olivares G.

José Concha U.

Hernán Saavedra P.

Administration:

General Manager

Iván León Avila



BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

ASSETS	2003	2003	2002
	Th. US\$	Th. Ch.\$	Th. Ch.\$
CURRENT ASSETS:			
CASH	46.4	27,556	43,108
TRADE ACCOUNTS RECEIVABLE	13.5	7,999	14,350
OTHER ACCOUNTS RECEIVABLE	0.0	20	187
ACCOUNTS RECEIVABLE FROM RELATED COMPANIES	83.9	49,833	9,289
RECOVERABLE TAXES	35.0	20,788	23,503
PREPAID EXPENSES	0.5	311	-
DEFERRED TAXES	6.2	3,687	968
OTHER CURRENT ASSETS	412.8	245,147	242,777
TOTAL CURRENT ASSETS	598.3	355,341	334,182
FIXED ASSETS:			
MACHINERY AND EQUIPMENT	1,186.7	704,643	692,924
OTHER FIXED ASSETS	41.3	24,531	30,625
LESS: ACCUMULATED DEPRECIATION	(981.4)	(582,764)	(510,151)
NET FIXED ASSETS	246.6	146,410	213,398
OTHER ASSETS:			
DEFERRED TAXES	18.5	11,000	4,454
OTHER, NET	43.9	26,071	22,506
TOTAL OTHER ASSETS	62.4	37,071	26,960
TOTAL ASSETS	907.3	538,822	574,540

BALANCE SHEETS

(In thousands of Chilean pesos and U.S. dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	2003	2003	2002
	Th.US\$	Th.CH.\$	Th.CH.\$
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	6.3	3,736	9,501
DIVIDENDS PAYABLE	8.8	5,246	5,298
ACCRUED EXPENSES	43.3	25,696	28,054
WITHHOLDINGS	16.9	10,081	8,035
OTHER LIABILITIES	-	-	677
TOTAL CURRENT LIABILITIES	75.3	44,759	51,565
SHAREHOLDERS' EQUITY:			
PAID-IN CAPITAL	1,093.5	649,313	649,313
RETAINED EARNINGS (ACCUMULATED DEFICIT)	(212.8)	(126,338)	3,206
NET INCOME FOR THE YEAR	(48.7)	(28,912)	(129,544)
TOTAL SHAREHOLDERS' EQUITY	832.0	494,063	522,975
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	907.3	538,822	574,540



STATEMENTS OF INCOME

(In thousands of Chilean pesos and U.S. dollars)

	2003	2003	2002
	Th.US\$	Th.Ch.\$	Th.Ch.\$
OPERATING RESULTS:			
SALES	917.7	544,908	782,537
LESS: COST OF SALES	(774.1)	(459,664)	(704,639)
GROSS MARGIN	143.6	85,244	77,898
SELLING AND ADMINISTRATIVE EXPENSES	(273.4)	(162,342)	(211,376)
OPERATING INCOME	(129.8)	(77,098)	(133,478)
NON-OPERATING RESULTS:			
INTEREST INCOME	10.8	6,441	13,593
OTHER INCOME	58.8	34,902	5
INTEREST EXPENSE	-	-	(24)
PRICE-LEVEL RESTATEMENT	(4.2)	(2,477)	(8,867)
NON-OPERATING INCOME	65.4	38,866	4,707
INCOME BEFORE INCOME TAXES	(64.4)	(38,232)	(128,771)
INCOME TAXES	15.7	9,320	(773)
NET INCOME (LOSS) FOR THE YEAR	(48.7)	(28,912)	(129,544)

THE COMPLETE FINANCIAL STATEMENTS OF BANCO DEL ESTADO DE CHILE AND ITS SUBSIDIARIES AS OF DECEMBER 31, 2003 TOGETHER WITH THEIR RESPECTIVE NOTES AND REPORTS OF INDEPENDENT AUDITORS ARE AVAILABLE TO INTERESTED PARTIES ON THE FOLLOWING WEB SITE WWW.BANCOESTADO.CL AS WELL AS AT THE BANK'S OFFICES.

BANCOESTADO CONTACTO 24 HORAS S.A.

| FINANCIAL STATEMENTS



Address:

Almirante Lorenzo Gotuzzo 70 - piso 6, Santiago

Telephone:

6704545

Board of Directors:

Chairman

Victoria Martínez Ocamica

Board Members

Arnoldo Courard Bull

Hernán Saavedra Parra

Administration:

General Manager

Enrique Schaub Weidlin



BALANCE SHEET

(In thousands of Chilean pesos and U.S. dollars)

ASSETS	2003	2003	2002
	Th.US\$	Th.Ch.\$	Th.Ch.\$
CURRENT ASSETS:			
CASH	504.6	299,625	2,688
TIME DEPOSITS	-	-	949,400
OTHER ACCOUNTS RECEIVABLE	-	-	33,739
NOTES AND ACCOUNTS RECEIVABLE FROM RELATED COMPANIES	-	-	10
NOTES RECEIVABLE	0.1	67	303
RECOVERABLE TAXES	12.7	7,532	5,102
OTHER RECEIVABLE	3.4	2,019	-
DEFERRED TAXES	3.0	1,809	13,412
OTHER CURRENTS	521.3	309,535	-
TOTAL CURRENT ASSETS	1,045.1	620,587	1,004,654
OTHER ASSETS:			
DEFERRED CHARGES	31.0	18,411	-
COST INCURRED IN DEVELOPMENT STAGE	660.7	392,344	518,196
TOTAL OTHER ASSETS	691.7	410,755	518,196
TOTAL ASSETS	1,736.8	1,031,342	1,522,850

BALANCE SHEET

(In thousands of Chilean pesos and U.S. dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	2003	2003	2002
	Th.US\$	Th.Ch.\$	Th.Ch.\$
CURRENT LIABILITIES:			
NOTES AND ACCOUNTS PAYABLE	5.0	2,961	6,063
NOTES AND ACCOUNTS PAYABLE TO RELATED COMPANIES	-	-	555,500
ACCRUALS AND WITHHOLDING TAX	61.1	36,299	26,283
TOTAL CURRENT LIABILITIES	66.1	39,260	587,846
SHAREHOLDERS' EQUITY:			
PAID-IN-CAPITAL	1,692.4	1,004,950	1,004,950
LOSS ACUMULADAS	(117.8)	(69,946)	-
NET INCOME (LOSS) FOR THE YEAR	96.1	57,078	(69,946)
TOTAL SHAREHOLDERS' EQUITY	1,670.7	992,082	935,004
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,736.8	1,031,342	1,522,850



STATEMENTS OF INCOME

(In thousands of Chilean pesos and U.S. dollars)

	2003	2003	2002
	Th.US\$	Th.Ch.\$	Th.Ch.\$
OPERATING RESULTS:			
REVENUES	1,788.3	1,061,906	500,699
COST SALES	(1,135.4)	(674,209)	(234,321)
GROSS MARGIN	652.9	387,697	266,378
SELLING AND ADMINISTRATIVE EXPENSES	(347.3)	(206,201)	(231,633)
OPERATING RESULTS	305.6	181,496	34,745
NON-OPERATING RESULTS:			
INTEREST INCOME	19.6	11,672	22,396
OTHER INCOME	10.2	6,055	-
INTEREST EXPENSES	-	-	(73)
OTHER NON-OPERATING EXPENSES	(1.4)	(851)	-
AMORTIZATION COST INCURRED IN DEVELOPMENT STAGE	(203.3)	(120,721)	(91,446)
PRICE-LEVEL RESTATEMENT	(15.3)	(9,103)	(45,420)
NON-OPERATING INCOME	(190.2)	(112,948)	(114,543)
INCOME BEFORE DEFERRED AND INCOME TAXES	115.4	68,548	(79,798)
INCOME AND DEFERRED TAXES	(19.3)	(11,470)	9,852
NET INCOME FOR THE YEAR	96.1	57,078	(69,946)

THE COMPLETE FINANCIAL STATEMENTS OF BANCO DEL ESTADO DE CHILE AND ITS SUBSIDIARIES AS OF DECEMBER 31, 2003 TOGETHER WITH THEIR RESPECTIVE NOTES AND REPORTS OF INDEPENDENT AUDITORS ARE AVAILABLE TO INTERESTED PARTIES ON THE FOLLOWING WEB SITE WWW.BANCOESTADO.CL AS WELL AS AT THE BANK'S OFFICES.

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www.espaciovital.cl

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Morgan

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Enrique Siqués
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