

GRUPO SECURITY · annual report 2006



GRUPO security



GRUPO SECURITY



BANK

FACTORING

INVESTMENTS

INSURANCE

TRAVEL

REAL ESTATE





UNCONSOLIDATED FINANCIAL SUMMARY

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
BALANCE SHEET	(PRICE-LEVEL RESTATED FINANCIAL STATEMENTS AS OF DECEMBER 2006)										
(THOUSANDS OF US DOLLARS AS OF DECEMBER 2006)											
Current Asset	42,775	44,821	37,604	27,088	14,579	14,467	16,805	20,341	24,351	13,718	14,002
Fixed Asset	1	60	45	159	298	271	180	114	86	2,085	2,784
Investment in Related Companies	135,228	148,975	179,141	186,726	224,414	234,127	235,922	260,626	343,932	367,098	443,805
Goodwill	37,359	33,134	1,371	1,283	1,195	1,106	1,018	930	33,174	30,623	71,659
Other Assets	2,253	2,042	1,836	1,619	1,408	1,197	986	1,469	2,061	2,154	4,655
Total Other Assets	174,840	184,152	182,349	189,628	227,017	236,431	237,926	263,024	379,167	399,875	520,120
TOTAL ASSETS	217,616	229,033	219,998	216,876	241,895	251,169	254,911	283,480	403,604	415,678	536,907
Current Liabilities	8,118	18,749	13,461	10,474	13,627	11,264	13,452	10,535	6,400	14,963	14,411
Long-Term Liabilities	50,077	44,297	38,688	31,144	44,905	47,883	44,117	58,660	77,784	66,498	128,707
Shareholders' Equity	159,421	165,987	167,849	175,258	183,362	192,022	197,342	214,285	319,421	334,217	393,788
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	217,616	229,033	219,998	216,876	241,895	251,169	254,911	283,480	403,604	415,678	536,907
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
RESULTS											
(THOUSANDS OF US DOLLARS AS OF DECEMBER 2006)											
Gross Margin	38	-2	0	0	0	0	0	0	0	0	0
Administrative & Selling Expenses	1,219	1,887	3,894	3,466	3,814	2,611	3,579	2,698	2,950	4,352	6,453
OPERATING RESULTS	-1,181	-1,889	-3,894	-3,466	-3,814	-2,611	-3,579	-2,698	-2,950	-4,352	-6,453
Non-Operating Results											
Financial Income	236	74	2,967	2,510	1,052	874	672	382	531	667	863
Income Related Companies	20,124	24,084	19,065	22,363	25,010	24,725	20,445	33,309	39,334	46,683	65,948
Other net non-operating results	6,081	3,903	17,846	2,518	1,673	244	897	597	33	2,560	-127
Amortization Goodwill	-4,219	-4,224	-592	-88	-88	-88	-88	-88	-1,819	-2,551	-3,447
Financial Expenses	-4,404	-3,798	-3,441	-2,620	-2,522	-3,798	-3,291	-3,047	-3,262	-3,374	-5,689
Price-level restatement	334	271	-1,330	-219	-265	-589	-85	145	-1,020	-904	-1,025
TOTAL NON-OPERATING RESULTS	18,153	20,310	34,515	24,463	24,860	21,368	18,549	31,298	33,796	43,082	56,523
Income before income tax	16,972	18,421	30,621	20,997	21,046	18,757	14,970	28,599	30,846	38,730	50,070
Income tax	265	0	1,784	11	32	3	-137	-135	37	28	168
NET INCOME FOR THE YEAR	16,707	18,421	28,838	20,986	21,014	18,754	15,106	28,734	30,808	38,758	50,238
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
FINANCIAL INDICATORS											
Current Assets/Current Liabilities (times)	5.27	2.39	2.79	2.59	1.07	1.28	1.25	1.93	3.81	0.92	0.97
Total Liabilities/Shareholders' Equity	36.50%	37.98%	31.07%	23.75%	31.92%	30.80%	29.17%	32.29%	26.35%	24.37%	36.34%
Total Debt/Total Assets	26.74%	27.53%	23.70%	19.19%	24.20%	23.55%	22.58%	24.41%	20.86%	19.60%	26.66%
Net Income/Shareholders' Equity ^(*)	11.71%	12.48%	20.74%	13.60%	12.94%	10.82%	8.29%	15.49%	10.67%	13.12%	14.62%
^(*) : Shareholders' Equity net from Net Income											

GRUPO SECURITY · letter from the chairman

I am very pleased to present you with the Annual Report of Grupo Security for last year.

The year 2006 ended positively, 15 years having passed since a group of shareholders formed Grupo Security in order to acquire Banco Security Pacific the moment in 1991.

Since then, Grupo Security began its business with a reduced group of people and just one company, we have grown consistently and expanded our business to now having ten companies and more than 1,900 employees. This reflects the important achievements accomplished based on the efforts and commitment of shareholders and employees, which was again evident last year.

During 2006, the total net income of Grupo Security was US\$ 50 million, a figure representing a real increase of 29.6% over the previous year. The return on capital and reserves was 14.6% and the debt level was 36.3% of shareholders' equity, evidencing the solvency of Grupo Security.

Several highlights marked this year's development of Grupo Security's businesses and activities. One was the acquisition of 100% of the share capital of Interamericana Rentas Seguros de Vida S.A. (known as Interrentas) a company that was controlled by the American AIG insurance group.

This transaction enabled Grupo Security to enter the annuities business and strengthen its insurance business. The company, which changed its name during the year to Rentas Security, was incorporated into the company Inversiones Seguros Security Limitada, which consolidates the conglomerate's insurance business.

In the business area also, there was the agreement reached at the end of the year with the Grupo Ultramar to merge the respective subsidiaries Travel Security and Turismo

Tajamar to take advantage of the strengths of both companies in the tourism sector. The new company will become the second in the market with a 20% market share, which will enable it to provide a better service to its customers, offer an optimum price/quality service and participate actively in the corporate and individual customer market that requires superior quality standards.

Regarding the results obtained by the different subsidiaries, Banco Security (Grupo Security's main asset) produced a net income of US\$ 38.5 million, with a return on capital and reserves of 15.5%. With total loans of US\$ 3,027 million, 78% relate to financing companies and 17% loans to individuals. The real growth of 16.6% in loans compares favorably with the 15.4% shown by the banking industry as a whole.

These results reflect the strategy of Banco Security which has proved to be very successful over the years. The clear orientation to corporate and retail banking with a customer service of excellence and an agile and modern management system, continue to be a part of the general framework and guide of our business.

Banco Security has thus managed to consolidate its position, with a market share of 3% and average loans per employee of US\$6.4 million, being one of the most productive banks in the system. In addition, Banco Security has positioned itself over the years as the bank with the most stable revenues, while maintaining satisfactory levels of profitability for its shareholders.

The income on investments in related companies in the insurance area was US\$19.5 million which compares positively with US\$1.8 million in 2005, and accounted for 30% of the investment in companies compared to just 3.9% the previous year. This is mainly explained by the positive figures of Rentas Security, the subsidiary that began to contribute its profits to Grupo Security in April 2006, following the takeover of Interrentas.

Factoring Security reported earnings of US\$7.5 million for 2006, an increase of 26.21%

over the year before and meeting its budgetary targets with a return of 30.1% on its capital and reserves.

Grupo Security also introduced innovations in the market in 2006 through the offer of exclusive products for its customers. The "Bolsa Online" of Valores Security Corredores de Bolsa and the new "Cuenta Mujer" of Banco Security are examples of the commitment assumed with customers in order to provide them with personalized attention. Together with the success obtained in the different businesses, we had the special satisfaction of being recognized in various areas of our daily work. For the sixth consecutive year, we received the prize granted by the Great Place to Work Institute to the "35 Best Companies to Work for in Chile", according to the survey that this entity prepares annually. To this was added the "Gran Premio Revista Capital" as the "Company that best harmonizes Family and Work". Banco Security was named as one of the best banks in Latin America by the magazine América Economía. We were also recognized as the entity with "Best Investor Relations" in the category of companies without ADRs by Revista Capital for the way in which we have perfected our relations with investors, strengthening and deepening communications with them. Grupo Security was elected as a Superbrand, a status granted by the Chilean Brands Council to companies that excel in the consistency of their publicity and communication, and provide a differentiating service recognized by its customers.

This recognition reaffirms the excellence of the Security brand, especially the work performed during the year through Grupo Security's image campaign which emphasized our participation in different business areas and the value we provide to all our customers. These distinctions fill us with pride as they stress the work carried out with people as the basis of the Group's growth and development. The achievements are largely explained by the human team of excellence through whom Grupo Security seeks to transmit the values of its brand: honest, professional and close. The Group wants to be an important

benchmark in both the business and the persons areas in order to fully satisfy the needs of its customers, shareholders, employees and the social environment that surrounds it. It will therefore continue to use its best efforts in favor of competence, proximity to its customers and, above all, transparency as a financial entity.



Francisco Silva S.

Chairman



t r a n s p a r e n c y



C H A P T E R 0 1

principal results
grupo security

RECOGNITIONS GRUPO SECURITY AND SUBSIDIARIES

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GRUPO SECURITY · principal results

RECOGNITIONS GRUPO SECURITY AND SUBSIDIARIES

GRUPO SECURITY

1

One of the 35 Best Companies to Work for in Chile, according to a survey prepared by the Great Place to Work Institute.

GRUPO SECURITY

2

A Superbrand name for the consistency of its publicity and communication, plus a differentiating service recognized by its customers.

GRUPO SECURITY

3

Best Investor Relations, Companies without ADRs Category, granted by *Revista Capital* for its positive relations with its investors.

BANCO SECURITY
FACTORING SECURITY
FONDOS MUTUOS
SECURITY VIDA SECURITY

4

Distinguished among the 35 Best Companies to Work for in Chile, by the Great Place to Work Institute.

BANCO SECURITY

5

Recognized for the fourth consecutive year in the top places of the ranking Best place for working mothers and fathers, prepared annually by Fundación Chile Unido and *Ya* magazine of the *El Mercurio* newspaper.

BANCO SECURITY

6

One of the 25 Best Banks in Latin America, according to the ranking prepared by the magazine *América Economía*.

BANCO SECURITY

7

Gran Premio *Revista Capital* as the Company that best harmonizes Family and Work.

BANCO SECURITY

8

Best result in customer satisfaction in Retail Banking, in a study known as Servitest by the firm Punto de Vista.

BANCO SECURITY

9

One of the 50 Most Admired Companies been 2004 and 2006, according to the ranking prepared by Adimark and *La Segunda* newspaper.

FACTORING SECURITY

10

Full Member of FCI Factors Chain International, the most important global factoring companies organization.

GRUPO SECURITY RESULTS IN 2006

The net income of Grupo Security for the year 2006 was US\$50.2 million, showing a real increase of 29.6% over 2005. This figure produced a return on average capital and reserves of 14.6%. The results of investments in companies were US\$65.9 million, a 41.3% real increase over the previous year.

The unconsolidated balance sheet of Grupo Security showed total assets of US\$536.9 million (29.2% more than at December 2005), of which current assets were US\$14.0 million (2.6% of assets). The most important asset item is the investment in related companies amounting to US\$443.8 million, which represents 82.7% of total assets.

Current liabilities amounted to US\$14.4 million and long-term liabilities to US\$128.7 million. The principal items include bonds issued and borrowings from banks. The shareholders' equity of Grupo Security amounts to US\$393.8 million and represents 73.4% of the total assets at December 2006.

FINANCIAL INDICATORS

The following table shows the changes in the most important financial indicators of the unconsolidated balance sheet of Grupo Security over the last five years:

FINANCIAL INDICATORS					
INDICATOR	2002	2003	2004	2005	2006
Current Assets/Current Liabilities (times)	1.25	1.93	3.81	0.92	0.97
Total Liabilities/Shareholders' Equity	29.17%	32.29%	26.35%	24.37%	36.34%
Total Debt/Total Assets	22.58%	24.41%	20.86%	19.60%	26.66%
Net Income/Shareholders' Equity ^(*)	8.29%	15.49%	10.67%	13.12%	14.62%
(*) Shareholders' Equity net from Net Income					

SOURCE: GRUPO SECURITY





C H A P T E R 0 2

grupo security
presentation

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MANAGEMENT

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STOCK MARKET PERFORMANCE

GRUPO SECURITY PERSONNEL AND REMUNERATION

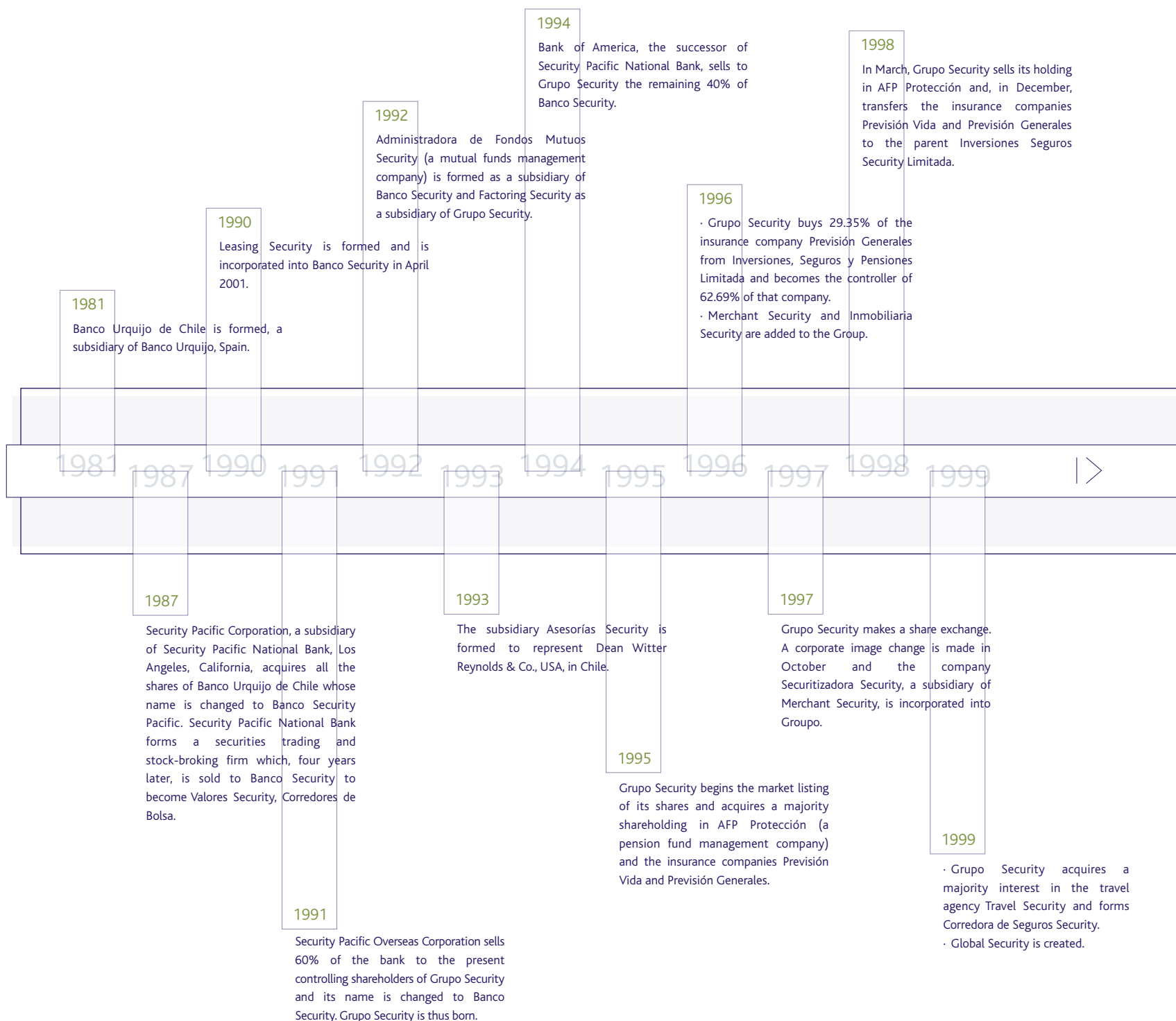
DIRECTORS' COMMITTEE

DIRECTORS' ALLOWANCES AND FEES

CREDIT RATING

GRUPO SECURITY · presentation

HISTORICAL SUMMARY



2001

- Virtual Security starts the supplying of technological services for Group companies.
- Two subsidiaries are formed of Servicios Security S.A. (a subsidiary in turn of Inversiones Seguros Security Limitada): Corredora de Reaseguros Security and Agencia Security.
- The subsidiary Invest Security centralizes the corporate accounting, control and corporate cultural development services of the subsidiaries of the Group.

2003

- Inversiones Seguros Security increases to 92% its holding in Seguros Vida Security Previsión S.A., and Grupo Security successfully places a bond issue for UF 1 million.
- The Superintendency of Securities and Insurance approves the amendment of the bylaws of Administradora General de Fondos Security S.A which becomes a general fund management company.
- An extraordinary shareholders meeting approves a capital increase of Ch\$30,000 million, which was carried out in 2004.

2005

- Feller Rate confirms its A rating for Grupo Security and AA- for its subsidiary Banco Security. The rating outlook for the holding company was changed from stable to positive.
- GMAC-RFC Chile Limitada acquires 49% of the share capital of Securitizadora Security S.A.

2006

- Grupo Security takes over Interamericana Rentas Seguros de Vida S.A. (known as Interrentas) following an agreement signed with Inversiones Interamericana S.A. and International Technical and Advisory Services Limited, both linked to Seguros Interamericana, a subsidiary of the American AIG group in Chile.
- Grupo Security S.A. and Residential Funding Corporation (GMAC-RFC) agree to jointly exploit the business of securitization of housing mortgages and leases in the Chilean market, under the name of Securitizadora Security GMAC-RFC.

2001

2002

2003

2004

2005

2006

>

2002

- Merchant Security absorbs the international asset management business of Asesorías Security and the international private banking business of Banco Security, and adopts the name of Asesorías Security S.A.
- Inversiones Seguros Security Limitada attains a 73.69% holding in Servicios Security, the parent of companies dedicated to insurance broking. The insurance companies change their names to Seguros Vida Security Previsión S.A. and Seguros Security Previsión.

2004

- In June, Grupo Security acquires 99.67% of Dresdner Bank Lateinamerika AG and 100% of Dresdner Lateinamerika S.A. Corredora de Bolsa. On October 1, Banco Dresdner is merged with Banco Security.
- The merger is completed of Seguros Generales Las Américas and Seguros Security Previsión Generales under the name of Penta Security.
- Grupo Security makes a capital increase close to US\$58.5 million, open to individual and institutional Investors. An alliance is signed with Europ Assistance to form Europ Assistance Chile.
- Grupo Security becomes associated with the English resinsurance broker Cooper Gay and the firm Cooper Gay Chile is formed.

2006

- Grupo Security announces the placement of 161,205,724 shares at US\$0.23¢ each, for a total amount of close to US\$36.3 million, to finance the purchase of Interamericana Rentas Seguros de Vida.
- Servicios Security S.A. absorbs its subsidiary Agencia Security S.A. The Feller-Rate credit-rating agency raised its rating of solvency and bonds from A to A+, and of the shares of Grupo Security from 1st Class Level 3 to 1st Class Level 2.
- The capital is increased of the subsidiary Inversiones Seguros Security Limitada for a total of US\$129.5 million, paid with the contribution of 24,058 shares of Security Rentas Seguros de Vida S.A. held by Grupo Security.
- Grupo Security signs an agreement with the Grupo Ultramar to merge their subsidiaries Travel Security and Turismo Tajamar.

MATERIAL INFORMATION

SANTIAGO, JANUARY 11, 2006

An extraordinary meeting of the board of Grupo Security S.A. held on January 10 agreed to inform the Superintendency of Securities and Insurance and Chile's stock exchanges, the following:

1. On January 10, 2006, Grupo Security S.A. made a purchase offer to Inversiones Interamericana S.A. and International Technical and Advisory Services Limited to acquire all the share capital of Interamericana Rentas Seguros de Vida S.A. for a total price of US\$125.8 million.
2. The offer is subject to the parties reaching final agreement on the terms of the respective sale contract, which is expected to be signed no later than January 31, 2006.
3. The offer was accepted by Inversiones Interamericana S.A. and International Technical and Advisory Services Limited on the terms stated, on January 10.

SANTIAGO, JANUARY 30, 2006

On January 27, 2006, the sale contract was signed covering all the share capital of Interamericana Rentas Seguros de Vida S.A. for US\$125.9 million between Grupo Security and its subsidiary Factoring Security S.A., as buyers, and Inversiones Interamericana S.A. and International Technical and Advisory Services Limited, as sellers.

Inversiones Interamericana S.A. holds 99.996% of the capital of Interamericana Rentas Seguros de Vida S.A., while International Technical and Advisory Services Limited holds 0.004%. The contract contemplates that closing will be made no later than May 2, 2006, once its conditions have been complied with.

SANTIAGO, FEBRUARY 21, 2006

With respect to the capital increase of Grupo Security S.A., inscribed in the Securities Register under number 725 on October 4, 2004, the board of Grupo Security S.A., at its meeting held on February 21, 2006, agreed:

1. to place among its shareholders a total of 161,205,724 common shares of the one series and no par value, being the balance of shares issued and not subscribed of the capital increase in question.

2. that the placement price be US\$0.22¢ per share.
3. grant to all shareholders in the Company the opportunity to subscribe for the 161,205,724 shares for payment.

Shareholders will have the right to subscribe the shares in proportion to those registered in their names, notwithstanding their right to transfer all or part of their rights to subscribe for shares.

The board agreed to offer to third parties, in one or more stages or opportunities, the shares that were not subscribed by shareholders or their assignees, at a price equal to or higher and on the same conditions, or on different price and conditions provided this done on a stock exchange.

SANTIAGO, APRIL 12, 2006

The ordinary shareholders meeting of Grupo Security S.A. held on April 11, 2006, agreed to distribute a final dividend of US\$0.007¢ per share against the net income for 2005.

This dividend will be payable to shareholders from April 21, 2006 at the office of Banco Security, Agustinas street 621, 1st floor, Santiago.

SANTIAGO, OCTOBER 2, 2006

The board of Grupo Security S.A., at its meeting held on September 29, 2006, agreed to the distribution of US\$0.0041 per share, comprising an interim dividend for the year of US\$0.0019 per share and an additional dividend against retained earnings of US\$0.0022 per share.

This total dividend will be payable to shareholders from October 16, 2006 at the office of Banco Security, Agustinas street 621, 1st floor, Santiago.

SANTIAGO, OCTOBER 30, 2006

The board of Grupo Security S.A., on October 27, 2006, agreed to increase the capital of its subsidiary Inversiones Seguros Security Limitada by US\$129,491,791. The increase will be paid with the contribution of 24,058 shares in Security Rentas Seguros de Vida S.A., being the complete shareholding of Grupo Security S.A. in that company.

SUBSEQUENT EVENTS

Following the end of the year and between January 1 and the date of the issue of the consolidated and unconsolidated financial statements, the following material financial information was reported:

- On January 22, 2007, extraordinary shareholders meetings of Travel Security S.A. and Turismo Tajamar S.A. agreed to the merger by absorption of Travel Security S.A. into Turismo Tajamar, which then became named as Travel Security S.A. Following this merger and purchase of shares, Grupo Security controls, through its subsidiary Inversiones Invest Security Limitada, 55% of the share capital of the merged company Travel Security S.A.

IDENTIFICATION OF THE COMPANY

NAME: Grupo Security S.A.

TYPE OF ENTITY: Open Corporation

CORPORATE OBJECTS: Financial group whose object is to offer the broadest range of financial services in both Chile and abroad.

TAX N°: 96.604.380-6

DOMICILE: Av. Apoquindo 3150, 15th floor, Las Condes, Santiago.

TELEPHONE: 562- 584 4000.

FAX: 562 - 584 4001.

MAIL: grupo@security.cl

WEB: www.security.cl

CONSTITUTION DOCUMENTS:

The investment company Gupo Security S.A. was formed under public deed dated February 8, 1991 before the notary Enrique Morgan Torres. Its extract was published in the Official Gazette on February 22, 1991 and was inscribed in the Santiago Trade Register for 1991 (folio 5720, No.2820) on February 19, 1991.

Grupo Security S.A. is an open corporation. On January 30, 1995, the company was inscribed in the Securities Register (No.0499) and is therefore subject to the regulatory authority of the Superintendency of Securities and Insurance.

The extraordinary shareholders' meeting held on October 20, 1997 agreed to change the company's name from Security Holdings S.A. to the present Grupo Security S.A.

BOARD OF DIRECTORS**CHAIRMAN**

- **Francisco Silva Silva**
Civil Engineer, Universidad Católica de Chile
Engineer, Stanford University
Master of Science, Stanford University
Tax N°: 4.103.061-5

DIRECTORS

- **Claudio Berndt Cramer**
Accountant, Universidad de Chile
Tax N°: 4.775.620-0
- **Andrés Concha Rodríguez**
Commercial Engineer, Universidad de Chile
Tax N°: 4.773.967-5
- **Jaime Correa Hogg**
Civil Engineer, Universidad de Chile
Tax N°: 5.892.161-0
- **Jorge Marín Correa**
Business Manager
Tax N°: 7.639.707-4
- **Naoshi Matsumoto Takahashi**
Commercial Engineer, Universidad Católica de Chile
Tax N°: 3.805.153-9
- **Horacio Pavez García**
Civil Constructor, Universidad Federico Santa María
Tax N°: 3.899.021-7
- **Juan Cristóbal Pavez Recart**
Commercial Engineer, Universidad Católica de Chile
Master of Business Administration, Massachusetts Institute of Technology
Tax N°: 9.901.478-4
- **Álvaro Vial Gaete**
Commercial Engineer, Universidad de Chile
Master of Arts in Economics, University of Chicago
Tax N°: 5.759.348-2

MANAGEMENT

CHIEF EXECUTIVE OFFICER

- **Renato Peñafiel Muñoz**
Commercial Engineer, Universidad Católica de Chile
Master of Arts in Economics, University of Chicago
Tax N°: 6.350.390-8

CHIEF FINANCIAL OFFICER

- **Carlos Budge Carvallo**
Agronomist and Master in Agrarian Economics, Universidad Católica de Chile
Master of Arts in Applied Economics and PHD, Stanford University
Tax N°: 7.011.490-9

CHIEF CORPORATE SERVICES OFFICER

- **Gonzalo Ferrer Aladro**
Civil Industrial Engineer, Universidad de Chile
Master of Business Administration, Universidad Católica de Chile
Tax N°: 7.471.130-8

CHIEF PLANNING AND DEVELOPMENT OFFICER

- **Fernando Salinas Pinto**
Commercial Engineer, Universidad Católica de Chile
Master of Business Administration, Universidad Católica de Chile
Tax N°: 8.864.773-4

CHIEF INSURANCE OFFICER

- **Andrés Tagle Domínguez**
Commercial Engineer, Universidad Católica de Chile
Tax N°: 5.895.255-9

CHIEF MARKETING OFFICER

- **Alejandra Zegers Correa**
Commercial Engineer, Universidad Católica de Chile
Tax N°: 10.201.117-1

OWNERSHIP

Grupo Security lacks a controller or controlling group in the terms of clause 97 of the Securities Market Law. A group of shareholders together representing 78.93% of the share capital, are parties to an agreement regarding the assignment of shares and taken an active part in its management since its foundation in 1991.

Since then, Grupo Security has formed and incorporated new subsidiaries and areas of development, broadening its business base in the financial sector and positioning itself as top-level group in the provision of integrated financial services to its customers.

The 12 largest shareholders in Grupo Security S.A. are:

OWNERSHIP STRUCTURE OF GRUPO SECURITY S.A.					
AT DECEMBER 31, 2006					
NAME	TAX N°	MUNICIPALITY	N° OF SHARES	HOLDING	ACCUMULATED HOLDING
SOC. COMERCIAL DE SERVICIOS E INV. LTDA.	79.553.600-0	PROVIDENCIA - SANTIAGO	324.396.830	14,74%	14,74%
INMOBILIARIA VILLUCO LIMITADA	79.652.720-K	LAS CONDES - SANTIAGO	218.816.039	9,94%	24,68%
INVERSIONES MATYCO LTDA	96.512.100-5	LAS CONDES - SANTIAGO	215.152.003	9,78%	34,46%
INVERSIONES HIDROELECTRICAS LTDA	79.884.660-4	PROVIDENCIA - SANTIAGO	185.123.618	8,41%	42,87%
INVERSIONES HEMACO LTDA.	96.647.170-0	LAS CONDES - SANTIAGO	143.735.737	6,53%	49,40%
INVERSIONES LLASCAHUE LIMITADA	79.884.060-6	PROVIDENCIA - SANTIAGO	89.885.942	4,08%	53,48%
INMOBILIARIA CAB LIMITADA	96.941.680-8	CERRILLOS - SANTIAGO	89.271.514	4,06%	57,54%
INVERSIONES LOS CACTUS LIMITADA	79.884.050-9	PROVIDENCIA - SANTIAGO	74.292.908	3,38%	60,91%
COMPANIA DE INVERSIONES RIO BUENO SA	96.519.130-5	LAS CONDES - SANTIAGO	60.086.262	2,73%	63,64%
INVERSIONES CIRCULO FINANCIERO SA	87.019.500-1	SANTIAGO - SANTIAGO	44.020.000	2,00%	65,64%
INVERSIONES SAN IGNACIO LIMITADA	78.063.360- 3	LAS CONDES - SANTIAGO	42.196.717	1,92%	67,56%
INVERSIONES LOS CHILCOS LIMITADA	79.884.030-4	PROVIDENCIA - SANTIAGO	35.563.678	1,62%	69,17%

In accordance with General Rule No.30 of the Superintendency of Securities and Insurance, the following is a detail of individuals who directly or indirectly through other individual or entities hold 10% or more of the share capital of Grupo Security S.A., indicating the percentage they hold directly and indirectly in Grupo Security S.A. at December 31, 2006: this is the situation of Gustavo Pavez Rodríguez, tax No.4.609.215-5, with a 13.71% shareholding.

DIVIDEND POLICY

It is the board's intention to propose to the ordinary shareholders' meeting to maintain the current dividend policy, approved at the ordinary shareholders' meeting in April 2006, corresponding to the permanent policy of Grupo Security S.A.

This consists of distributing about 50% of the income that the company has received from its subsidiaries during the year.

This distribution could be made against the income of 2006 or retained earnings from previous years.

The payment will be split into two dividends, an interim and a final one.

It is therefore proposed to distribute an interim dividend between October and November each year representing no more than 20% of the income accrued to the Company between January and June that year.

A second, final dividend is then contemplated for April or May of the following year in order to reach no less than 50% of the income that Grupo Security has received from its subsidiaries in the respective year, only if this does not impede or make difficult compliance with the company's financial obligations or those that it may assume in the future.

EARNINGS AND DIVIDENDS PAID						
THOUSANDS OF US DOLLARS AS OF DECEMBER 2006			PRICE-LEVEL RESTATED FINANCIAL STATEMENTS AS OF DECEMBER 2006			
	2001	2002	2003	2004	2005	2006
Retained Earnings	39,354	47,867	50,084	61,804	72,852	87,769
Net Income for the year	18,754	15,106	28,736	30,809	38,758	50,238
Dividends Paid during the year	10,508	9,529	13,814	15,579	19,759	24,392

SOURCE: GRUPO SECURITY

DIVIDENDS PAID

The following table shows the history of dividends paid by Grupo Security to its shareholders since the company first quoted its shares on the stock market in 1995.

DIVIDENDS PAID GRUPO SECURITY							
US DOLLARS AS OF DECEMBER 2006				NO PRICE-LEVEL RESTATEMENTS			
DIV. N°	DATE	US\$ PER SHARE	TOTAL DIVIDENDS PAID (THOUSANDS OF US\$)	DIV. N°	DATE	US\$ PER SHARE	TOTAL DIVIDENDS PAID (THOUSANDS OF US\$)
1	April 3, 1995	0.0033	5,488	16	October 23, 2001	0.0011	1,865
2	May 9, 1996	0.0030	4,884	17	May 7, 2002	0.0041	6,837
3	May 8, 1997	0.0038	6,215	18	October 17, 2002	0.0006	1,026
4	November 20, 1997	0.0019	3,109	19	October 17, 2002	0.0005	839
5	May 11, 1998	0.0028	4,662	20	May 5, 2003	0.0049	8,081
6	October 14, 1998	0.0085	13,986	21	October 16, 2003	0.0014	2,306
7	October 14, 1998	0.0019	3,109	22	October 16, 2003	0.0014	2,356
8	April 12, 1999	0.0038	6,215	23	May 7, 2004	0.0059	9,791
9	October 20, 1999	0.0019	3,109	24	October 7, 2004	0.0009	1,645
10	October 20, 1999	0.0009	1,553	25	October 7, 2004	0.0019	3,290
11	April 17, 2000	0.0052	8,546	26	April , 2005	0.0062	12,647
12	October 27, 2000	0.0005	778	27	October , 2005	0.0019	3,832
13	October 27, 2000	0.0019	3,109	28	October , 2005	0.0014	2,874
14	April 30, 2001	0.0038	6,215	29	April 17 , 2006	0.0070	15,503
15	October 23, 2001	0.0008	1,243	30	October , 2006	0.0022	4,754
				31	October , 2006	0.0019	4,134

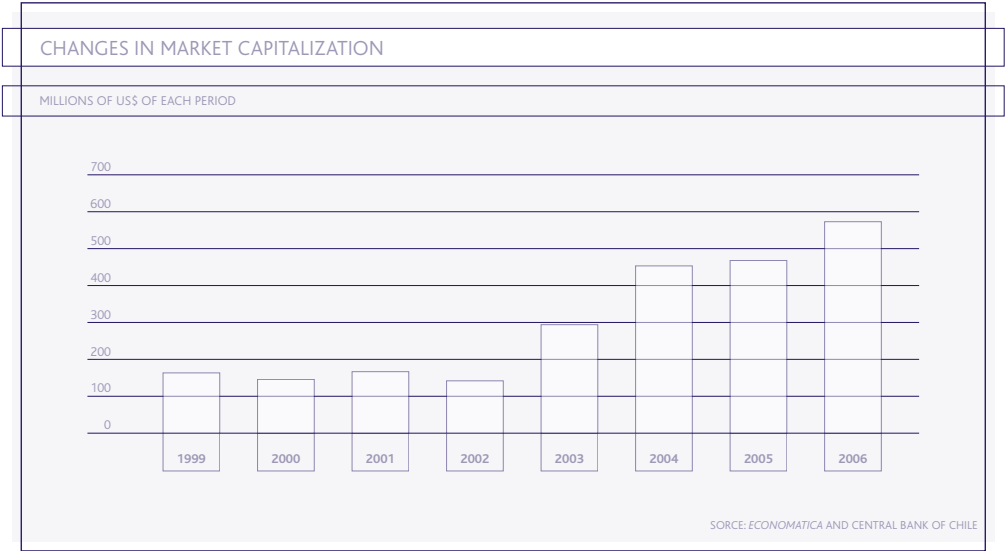
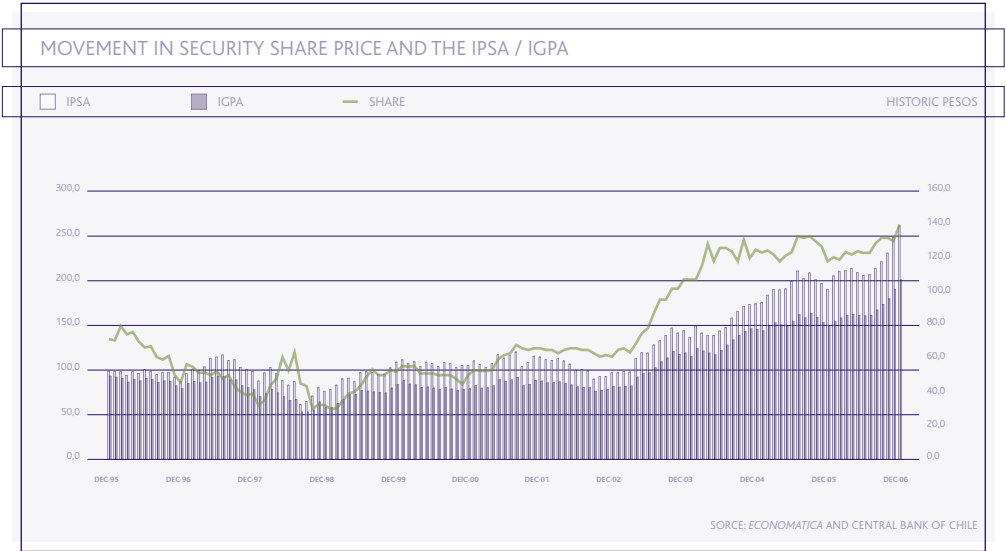
SOURCE: GRUPO SECURITY

STOCK MARKET PERFORMANCE

The Chilean stock market performed well in 2006, especially during the second half when there were sustained rises in share prices. The scenario was characterized by the high prices of raw materials that Chile exports, expansive monetary conditions and lower oil prices. The IPSA (selected share price index) rose by 37.1% during the year and IGPA (general share price index) by 34.4%. This favorable change mainly reflected the fall in interest rates, greater capital flows to emerging markets and expectations of a re-acceleration of economic activity. Added to this were prospects of growth in corporate earnings.



In this context, the performance of the shares of Grupo Security continued its upward trend, showing a price increase of 24.3% for the year, to close at US\$0.263 per share at the end of December 2006. The shares of Grupo Security had a 99.6% trading presence during the year, which gave them a weighting of 0.224% in the IPSA for 2007. The price/earnings ratio of the Security share reached 11.5 times, compared to 11.91 times in 2005. The following graph shows the fluctuations in the share price of Grupo Security, compared to the IPSA and IGPA.



STOCK MARKET INDICATORS AND SHARE TRADING

The following table shows some stock market indicators of Grupo Security at the end of each year from 1999 to 2006.

STOCK MARKET INDICATORS								
NO PRICE-LEVEL RESTATEMENTS								
INDICATOR	1999	2000	2001	2002	2003	2004	2005	2006
Share Price (Ch\$)	52.1	50.1	66.1	61.1	107.1	124.9	117.9	139.9
Earnings Per Share (Ch\$)	5.5	5.8	5.3	4.4	8.5	7.6	9.9	12.1
Price/Earnings ratio	9.4	8.6	12.3	13.8	12.5	16.4	11.9	11.5
Trading Presence	86.9%	50.0%	49.8%	35.3%	43.6%	49.0%	99.6%	99,6%
Number of Shares (Millions)	1,655	1,655	1,655	1,655	1,655	2,040	2,040	2,201
Market Capitalization (MM of historical US\$)	163	145	167	142	296	455	468	579
SOURCE: GRUPO SECURITY								

The following shows the volume of Grupo Security shares traded, the total amount traded and the average share price over the last few years.

TRADING IN GRUPO SECURITY SHARES			
PERIOD	NUMBER OF SHARES (THOUSANDS)	VOLUME TRADED (THOUSANDS OF US\$)	AVERAGE PRICE PER SHARE OF US\$
I Quarter 2004	3,919	800	0.20
II Quarter 2004	16,460	3,821	0.23
III Quarter 2004	11,425	2,626	0.23
IV Quarter 2004	422,499	94,760	0.22
YEAR 2004	454,304	102,007	0.22
I Quarter 2005	78,207	18,051	0.23
II Quarter 2005	68,271	15,450	0.23
III Quarter 2005	60,884	14,794	0.24
IV Quarter 2005	60,756	14,551	0.24
YEAR 2005	268,118	62,846	0.23
I Quarter 2006	65,593	14,833	0.23
II Quarter 2006	73,937	17,147	0.23
III Quarter 2006	39,077	9,225	0.24
IV Quarter 2006	37,328	9,360	0.25
YEAR 2006	215,934	50,564	0.23
SOURCE: BOLSA DE COMERCIO, BOLSA DE CORREDORES Y BOLSA ELECTRÓNICA DE CHILE			

Information prepared in accordance with certificates issued by the Santiago Stock Exchange, Valparaíso Stock Exchange and the Chilean Electronic Exchange. For further details about transactions in the shares of Grupo Security, please contact DCV Registros S.A., address: Huérfanos Street 770, piso 17, Santiago, telephone: 562 - 393 90 01

TRANSACTIONS IN GRUPO SECURITY SHARES

The following shows a detail of the share transactions of the majority shareholders, directors and senior management of Grupo Security:

SOCIEDAD COMERCIAL DE SERVICIOS E INVERSIONES LTDA. · CONTROLLED BY GUSTAVO PAVEZ RODRÍGUEZ, A MAYOR SHAREHOLDER				
PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
	16/3/06	2,183,345	0.23	492,123
	16/3/06	21,329,979	0.23	4,807,749
	3/7/06	10,000,000	0.23	2,263,378
	3/7/06	5,342,517	0.23	1,229,284
	4/7/06	500,000	0.23	115,517
	12/7/06	296,138	0.24	70,087
	18/7/06	3,000,000	0.23	693,326
	8/8/06	250,000	0.23	57,758
	8/8/06	2,000,000	0.23	462,067
	9/8/06	8,380,958	0.23	1,936,441
	5/9/06	1,155,748	0.23	271,358
	19/12/06	270,782	0.24	66,120

CHAIRMAN OF THE BOARD OF DIRECTORS · FRANCISCO SILVA SILVA				
PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
	28/2/06	17,675	0.23	3,984
	29/12/06	18,672	0.24	4,559

INVERSIONES LLASCAHUE LTDA. · CONTROLLED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS				
PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
	28/2/06	677,649	0.23	152,741
	16/3/06	6,521,575	0.23	1,469,954
	16/3/06	1,248,478	0.23	281,405
	23/3/06	239,503	0.23	53,984
	5/9/06	623,510	0.23	146,394

INMOBILIARIA CAB LTDA. · CONTROLLED BY THE DIRECTOR CLAUDIO BERNDT CRAMER				
PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
	16/3/06	6,434,837	0.23	1,450,404
	16/3/06	643,658	0.23	145,080
	11/5/06	2,517,349	0.24	603,485
	23/6/06	88,738	0.24	21,001
	4/7/06	776,314	0.14	112,279
	20/7/06	150,000	0.14	21,695
	6/9/06	318,033	0.23	74,671

COMPAÑÍA DE INVERSIONES RIO BUENO S.A. - CONTROLLED BY THE DIRECTOR ANDRÉS CONCHA RODRÍGUEZ

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
16/3/06		4,367,105	0.23	984,340
16/3/06		447,860	0.23	100,947

INVERSIONES CÍRCULO FINANCIERO S.A. - CONTROLLED BY THE DIRECTOR JAIME CORREA HOGG

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
	4/9/06	5,075,526	0.23	1,191,684

INVERSIONES HEMACO S.A. - CONTROLLED BY THE DIRECTOR JORGE MARÍN CORREA

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
8/3/06		239,597	0.23	54,005
15/3/06		10,383,344	0.23	2,340,392
16/3/06		1,066,760	0.23	240,446
5/9/06		511,669	0.23	120,135
27/12/06		119,880	0.24	29,273

POLO SUR SOCIEDAD DE RENTAS LTDA. - CONTROLLED BY THE DIRECTOR JORGE MARÍN CORREA

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
15/3/06		1,760,557	0.23	396,827
16/3/06		180,860	0.23	40,766
5/9/06		86,611	0.23	20,335
27/12/06		20,292	0.24	4,955

INVERSIONES MATYCO LTDA. - CONTROLLED BY THE DIRECTOR NAOSHI MATSUMOTO TAKAHASHI

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
15/3/06		14,917,845	0.23	3,362,462
16/3/06		1,532,610	0.23	345,448
7/4/06		5,157,382	0.24	1,248,199
5/9/06		752,329	0.23	176,640
2/10/06		3,987,445	0.25	988,716

INMOBILIARIA VILLUCO LTDA. - CONTROLLED BY THE DIRECTOR HORACIO PAVEZ GARCÍA

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
16/3/06		1,602,950	0.23	361,303
16/3/06		15,595,513	0.23	3,515,208
31/3/06		3,237,036	0.23	729,624
9/6/06		219,795	0.24	52,019
5/9/06		779,589	0.23	183,040

DIRECTOR ÁLVARO VIAL GAETE

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
14/3/06		41,437	0.23	9,340

SAN LEÓN INVERSIONES Y SERVICIOS LTDA. · CONTROLLED BY THE DIRECTOR ÁLVARO VIAL GAETE

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
14/3/06		1,359,819	0.23	306,501
16/3/06		143,950	0.23	32,446
10/4/06		2,206,149	0.23	497,263

C.E.O. OF GRUPO SECURITY S.A. · RENATO PEÑAFIEL

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
23/3/06		19,053	0.23	4,295

INVERSIONES LOS CACTUS LTDA. · CONTROLLED BY THE C.E.O. OF GRUPO SECURITY

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
16/3/06		5,406,942	0.23	1,218,718
16/3/06		1,086,444	0.23	244,883
23/3/06		812,831	0.23	183,211
5/9/06		516,592	0.23	121,291

INVERSIONES LOS CHILCOS LTDA. · CONTROLLED BY RAMÓN ELUCHANS GENERAL MANAGER OF BANCO SECURITY

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
16/3/06		532,124	0.23	119,940
16/3/06		2,618,703	0.23	590,252
23/3/06		392,751	0.23	88,526
5/9/06		248,823	0.23	58,421

INVERSIONES HIDROELÉCTRICA LTDA. · CONTROLLED BY FRANCISCO SILVA, RENATO PEÑAFIEL AND RAMÓN ELUCHANS

PURCHASE SALE	SALE DATE	SHARES TRADED	TRADE PRICE (US\$)	INVESTMENT VALUE (US\$)
16/3/06		13,123,059	0.23	2,957,920
23/3/06		5,530,345	0.23	1,246,532
30/8/06		381,129	0.24	90,201

PERSONNEL OF GRUPO SECURITY AND REMUNERATIONS

Grupo Security S.A. and its subsidiaries at December 31, 2006 employ 1,913 people. The human team making up Grupo Security, the fundamental basis for the Company's sustained growth, includes a high participation of women who represent 60.12% of the total staff.

Total remunerations paid to executives of Grupo Security S.A. during the year amounted to US\$1,374,530.

Grupo Security S.A. made no severance payments to its executives during 2006.

Grupo Security and its subsidiaries have an important incentives plan which is based on compliance with return on capital and reserves targets and with the budget set for the year. Each company directly incurs in the expenses related to this plan.

The following shows the distribution of staff by company:

PERSONNEL OF GRUPO SECURITY & SUBSIDIARIES				
COMPANY	EXECUTIVE	PROFESSIONALS	STAFFS	TOTAL
Grupo Security S.A.	6	3	3	12
Banco Security & Subsidiaries	56	316	169	541
Factoring Security S.A.	7	60	51	118
Inmobiliaria Security S.A. & Subsidiaries	4	3	5	12
Asesorías Security S.A.	1	9	2	12
Securitizadora Security GMAC-RFC S.A.	4	2	0	6
Inversiones Invest Security Ltda.	14	169	260	443
Inversiones Seguros Security Ltda. & Subsidiaries	36	88	645	769
TOTAL	128	650	1,135	1,913

DIRECTORS' COMMITTEE

The Directors' Committee comprises the following directors of Grupo Security:

DIRECTORS' COMMITTEE		
DIRECTORS		TAX N°
· Andrés Concha Rodríguez	Commercial Engineer, Universidad de Chile	4.773.967-5
· Jorge Marín Correa	Business Manager	7.639.707-4
· Álvaro Vial Gaete	Commercial Engineer, Universidad de Chile	
	Master of Arts in Economics, University of Chicago	5.759.348-2
SECRETARY		TAX N°
· Renato Peñafiel Muñoz	Commercial Engineer, Universidad Católica de Chile	
	Master of Arts in Economics, University of Chicago	6.350.390-8

The remuneration was set at the equivalent of UTM 8.5 per meeting for each director, with a limit of six meetings in the year.

No administration expenses or advisory fees were incurred by the Directors' Committee during 2006.

The committee, whose functions are those set out in clause 50 bis of Law 18,046, revised the following matters during the year:

- Revision of the report of the independent accountants addressed to the shareholders of Grupo Security and its subsidiaries as at December 31, 2005.
- Proposal of the external auditors and credit-rating agencies to the board.
- Revision of the Group's annual internal audit plan and its principal scope and focus.

- Revision of the Audit Manual and Qualifications System of the areas audited.
- Revision of the scope and focus of the audit to be carried out in the limited revision by the external auditors of Grupo Security and its subsidiaries at June 30, 2006.
- Revision of the main findings of the audit of the different business areas and companies of Grupo Security and follow-up of compliance with the commitments assumed to resolve the auditors' comments.
- Revision of the unconsolidated and consolidated financial statements and report of the external auditors following the limited revision made at June 30, 2006.
- Take note of the regulatory changes made during the year by the authorities and the plan for conversion to IFRS standards.
- Revision of the compensation and incentive plans of managers and senior executives of Grupo Security.
- Detailed revision of transactions between the subsidiary and associate companies of Grupo Security.

Regarding this last point, the Directors' Committee has revised the principal transactions with persons and companies during 2006, taking into account that these are mainly advisory services and trading accounts with related companies. The Committee took due note of these transactions and that the related contracts have been agreed at market prices and that they are generally related to the normal course of business, agreed services and trading accounts. The Committee has also checked that the transactions are not related by ownership to any director or authorized signatory, all the above in strict compliance with current legislation.

For further details, please see Note 6 of the consolidated financial statements.

DIRECTORS' ALLOWANCES AND FEES

Regarding the allowances and fees received by each director during the year, the ordinary shareholders meeting held in April 2006 agreed to set as the directors' remuneration an allowance for attending board meetings for the year 2006 of UTM 20 per meeting for each director and UTM 29 for the chairman, with a maximum of one remunerated meeting per month. The total of allowances and fees paid to directors during the year amounted to UTM 19,891. No advisory fees were incurred by the board. (UTM:US\$60.5)

ALLOWANCES AND FEES 2006								
NAME	TAX N°	MEETINGS	GRUPO SECURITY		BANCO SECURITY		SEGUROS VIDA SECURITY	INMOBILIARIA SECURITY
			DIRECTORS' COMMITTEE	FEES	MEETINGS	FEES	MEETINGS	SALARY
Francisco Silva Silva	4.103.061-5	314	0	0	344	8,019	208	0
Claudio Berndt Cramer	4.775.620-0	200	0	0	0	488	0	0
Andrés Concha Rodríguez	4.773.967-5	200	34	338	0	0	0	0
Jaime Correa Hogg	5.892.161-0	240	0	0	0	0	0	5,651
Jorge Marín Correa	7.639.707-4	200	26	0	344	0	0	0
Naoshi Matsumoto Takahashi	3.805.153-9	200	0	0	0	547	0	0
Juan Cristóbal Pavez Recart	9.901.478-4	240	0	338	0	0	208	0
Horacio Pavez García	3.899.021-7	220	0	0	0	547	191	0
Álvaro Vial Gaete	5.759.348-2	240	43	338	0	0	173	0
TOTAL		2,051	103	1,015	688	9,603	780	5,651

ALLOWANCES AND FEES 2005								
NAME	TAX N°	MEETINGS	GRUPO SECURITY		BANCO SECURITY		SEGUROS VIDA SECURITY	INMOBILIARIA SECURITY
			DIRECTORS' COMMITTEE	FEES	MEETINGS	FEES	MEETINGS	SALARY
Francisco Silva Silva	4.103.061-5	314	0	0	339	6,235	136	0
Claudio Berndt Cramer	4.775.620-0	200	0	0	0	486	0	0
Andrés Concha Rodríguez	4.773.967-5	140	26	303	0	0	0	0
Jaime Correa Hogg	5.892.161-0	220	0	0	0	0	0	4,395
Jorge Marín Correa	7.639.707-4	220	26	0	339	335	0	0
Naoshi Matsumoto Takahashi	3.805.153-9	200	26	0	0	466	0	0
Juan Cristóbal Pavez Recart	9.901.478-4	200	0	303	0	0	171	0
Horacio Pavez García	3.899.021-7	200	0	0	0	466	119	0
Álvaro Vial Gaete	5.759.348-2	180	51	303	0	0	170	0
TOTAL		1,872	128	909	677	7,988	597	4,395

CREDIT RATINGS

The shares of Grupo Security S.A. at December 31, 2006 have been rated as First Class Level 2 and 3 and the bonds as A+ by the private credit-rating agencies Feller-Rate and Fitch Chile respectively.

The detail of these ratings is as follows:

CREDIT RATINGS			
CREDIT RATING AGENCY	COMMON SHARES	BONDS N° 340 SERIES B BONDS N° 376 SERIES C BONDS N° 454 SERIES D	OUTLOOK
Fitch Chile Clasificadora de Riesgo Limitada	First Class Level 3	A+	Stable
Feller & Rate Clasificadora de Riesgo	First Class Level 2	A+	Stable
Comisión Clasificadora de Riesgo	Approved	A+	



s u p p o r t



C H A P T E R 0 3

activities and results by business area grupo security

BUSINESS STRATEGY

FINANCING

INVESTMENTS

SERVICES

PROPERTIES & EQUIPMENT BELONGING TO GRUPO SECURITY

TRADEMARKS AND PATENTS

GRUPO SECURITY

activities and results by business area

BUSINESS STRATEGY

Grupo Security S.A. is the parent company of a diversified group of companies that has achieved a broad and varied participation in the principal sectors of the Chilean financial industry thanks to a fundamental characteristic: excellence in its relations with its customers.

Founded in 1991 to purchase Banco Security, Grupo Security has gradually broadened its business base, implementing a strategy of segmentation and innovation that has enabled it to diversify its sources of revenue and increase its offer of services.

Since the origins of Grupo Security, its founding shareholders have been noted for their strong commitment with management, with an active participation in the Group's decision-taking and businesses.

The businesses of Grupo Security are structured into four principal areas, grouping in each one the subsidiaries and divisions that share business objectives: financing, investments, insurance and complementary services.

The arrangement of these areas reflects the need to follow global trends and to provide customers with all the financial services they require during life's cycle, offering them an integral service through the different companies.

The following table shows the businesses structure of Grupo Security, identifying the subsidiaries and divisions making up each area:

BUSINESS AREAS	
FINANCING <ul style="list-style-type: none"> · Bank <ul style="list-style-type: none"> · Retail Banking · Corporate Banking · Factoring 	INSURANCE <ul style="list-style-type: none"> · Life · General · Annuities · Insurance broking · Reinsurance broking
INVESTMENTS <ul style="list-style-type: none"> · General & Mutual funds management · Stock-broking · Asset management · Securitization 	OTHER SERVICES <ul style="list-style-type: none"> · Travel agency · Real estate · Business support services & technological development

The net income of Grupo Security for 2006 was US\$50.2 million, an increase of 29.6% over the year before. Dividends paid to shareholders during the year amounted to US\$24.4 million. The financial expense coverage at that date was 9.80:1.

In addition, the unconsolidated balance sheet of Grupo Security at December 31, 2006 showed shareholders' equity of US\$393.8 million, financial debt of US\$143.1 million and total assets of US\$536.9 million, with a total debt ratio of 36.3%.

FINANCING

Grupo Security participates in the financing of companies and individuals through its companies Banco Security and Factoring Security.

Total loans of the different financing businesses, whether bank loans, leasing or factoring, in which Grupo Security companies participate, amounted to US\$3,243 million at December 2006.

BANKING INDUSTRY

In a highly-competitive environment, the Chilean banking industry evolved positively during 2006. The high levels of activity, solvency and profitability combined with a favorable trend in risk and operating efficiency ratios, the latter being the best in the last 10 years. These achievements have been accompanied by a series of modifications and new financial regulations that place the Chilean financial system in an excellent position internationally.

The Chilean banking industry consists of 26 financial institutions: a state-owned bank, 20 banks established in Chile and 5 branches of foreign banks.

At December 2006, total loans amounted to US\$99,168 million, representing close to 70% of gross domestic product (GDP). Loans to individuals, including consumer and mortgage loans, expanded by 17.2% and loans to companies, which represent around 67% of total loans, grew by 14.5%.



The aggregate net income of the industry broke a new record in 2006, reaching US\$1,676, a real increase of 12.3% in the year.

The sustained growth with controlled risk levels has also enabled the industry to produce attractive returns between 1990 and 2006. Over that period, the system recorded an average return of 16.2% on capital and reserves. This positive performance is partly explained by the higher efficiency achieved (measured as support costs to gross margin), which improved from 63.5% in 1996 to 50.2% in 2006.

Fundamental in this has been strong technological innovation and its greater accessibility. Banks have therefore been able to improve their efficiency and productivity, and equip their services over and above their size.

The quality and diversity of services that Chilean banks provide their customers has therefore become an important part in their strategy in competing in certain segments.

During 2006, the average annual return on equity was 18.6%, the highest level seen in Chile since 1994.

This shows that the banking sector has attained growth greater than that of the domestic economy, accompanied by a constant improvement in the credit quality of the loan portfolio. This reflects the sophistication of the portfolio classification models and the country's greater macroeconomic stability. Since 1990, the industry has shown a declining trend in its risk levels, which was only interrupted by the Asian crisis that affected markets in 1997 and 1998. At December 2006, the banks' risk ratios, measured as allowances to loans, were 1.48%, while the overdue portfolio represented 0.75% of total loans of the financial system.

The development of alternative or complementary sources of revenue to the traditional banking business, like the different kinds of commissions, foreign trade related services and foreign exchange transactions, mass payments, and derivatives, plus the rationalization of costs and improvements in productivity, have also been relevant in banks' results.

Bank-service penetration indicators currently place Chile in an auspicious position with respect to the regional economies but are still far from those of the more developed world. The Chilean financial system therefore still has a high growth potential, linked to the expansion of the customer base to new segments and growth in payment networks.

BANCO SECURITY

Banco Security stands out for having a medium size and operating in a clearly-defined niche, with controlled risk ratios, high levels of productivity and good technological support. These characteristics identify the bank in an industry where large-sized banks prevail.

Banco Security's business growth is sustained on the development of medium and large corporate banking combined with an expansion in retail banking, which has enabled it to substantially expand its customer base.

Apart from having a wide range of financial products and services, Banco Security has a strong customer orientation, providing a personalized, integral, flexible and timely service, based on the best technological platform and a great human team.

For Banco Security, the year 2006 was marked by the development of important projects that will mature in the coming years. Particularly notable are the initiatives in the technology area with the introduction of the "banking core" and the new stage of the "retail banking and branches project" which takes into account the expansion of the branch network. There is also the expansion of the medium-sized company business platform, without overlooking the objective market of the attributes of service quality that have always characterized Banco Security.

To provide a service of excellence to its customers, Banco Security has a modern and agile management and has organized its activities around three business areas: Corporate Banking, Retail Banking and Investment Banking.

Corporate banking

The Corporate Banking Division is the most traditional area of Banco Security and defines in essence the niche to which its business is preferentially directed. This area concentrates 78% of the bank's total loans and contributes around 53% of its revenues.

This Division has the following management areas:

- **Corporations and Branches:** oriented to the largest companies, with annual sales of over US\$28.2 million, that require specialized financial solutions for their needs. It is also responsible for attending customers in the regions, distributed among four regional bank branches: Antofagasta, Concepción, Temuco and Puerto Montt.



- **Multinationals and Foreign Trade:** manages a large part of the portfolio of European customers and multinational companies that were customers of Dresdner Bank, taking advantage of the experience and skills of that bank's commercial platform, providing suitable solutions to their financial needs with the standard of service that characterizes Banco Security.
- **Companies and Real Estate:** attends the financial needs of companies of medium-large companies with annual sales of between US\$2.82 million and US\$28.2 million. This market is one of the segments of greatest growth potential and the bank's strategy has been to offer the best service in the market in order to attract new customers and strengthen relations with each of them.

Retail banking

The Retail Banking Division is focused on high-income individuals and professionals and represents around 17% of the bank's total loans and approximately 22% of its revenues. This area is structured as follows:

- **Preferential Banking and Private Banking:** specializes in attending high-income customers who require an optimum quality of service.
- **Mortgage Business:** attraction and attending high-income customers requiring mortgage finance.

Investment banking

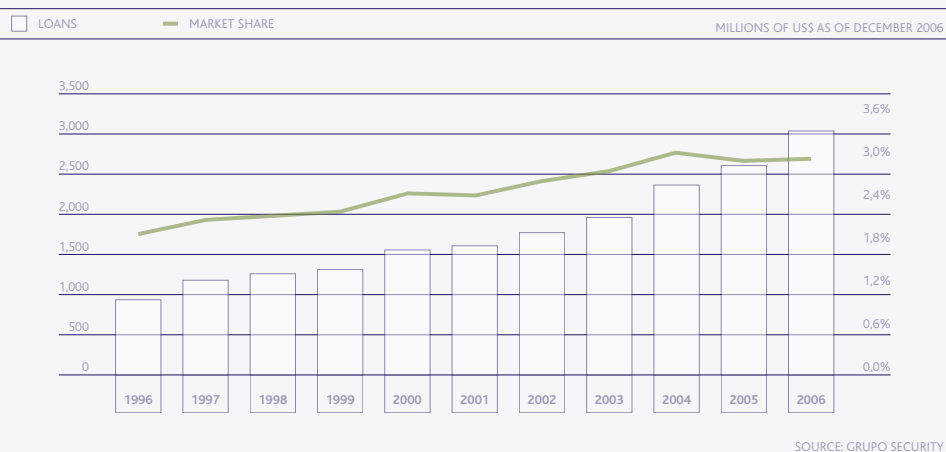
The Investment Banking Division is responsible for operating in the domestic and international markets, complementing the service provided by the commercial areas. With a relevant participation in the bank's results, this area contributed around 24% of the revenues in 2006. It comprises:

- **Money Desk:** operates actively in foreign exchange and securities trading in both the local and international markets, and manages the bank's currency, maturities and rates exposures.
- **International:** explores the external financial markets to seek funding for the foreign trade businesses, in which Banco Security significantly increased its share following the merger with Dresdner Bank.

Changes in loans

The total loans of Banco Security reached US\$3,027 million in December 2006, a real increase of 16.5% over the year before and comparing favorably with the rise of 15.4% for the banking industry as a whole. This enabled Banco Security to consolidate its eighth position in loans in the system, with a market share of 3%. 78% of loans were to the corporate sector and 17% to individuals.

LOANS AND MARKET SHARE



REAL GROWTH IN LOANS



Results Banco Security

The consolidated net income of Banco Security and its subsidiaries was US\$38.5 million in 2006, with a 15.5% return on capital and reserves.

These figures reflect the positive performance of Investment Banking, the efforts made in terms of growth and profitability of Corporate Banking, the favorable development of the Retail Banking business and important contributions from subsidiaries which produced US\$6.4 million last year.



Changes in risk ratios

One of the principal strengths of Banco Security is the quality of its customer portfolio. Thanks to a strict control of credit risk in all the commercial units, the bank managed to increase loans and progressively reduce the ratio of overdue loans to total loans. This ratio passed from 0.77% in December 2004, to 0.65% in 2005 and to 0.58% in 2006. Allowances for doubtful accounts to total loans reduced from 1.56% in December 2004 to 1.44% in 2005 and 1.02% in 2006. Both ratios compare favorably with the industry averages which were 0.75% and 1.48% respectively at the end of 2006.

Banco Security maintained its position as one of the institutions with lowest risk in the system and reaffirmed one of its greatest strengths. Important efforts were also made to improve efficiency and

productivity in order to retain its competitiveness in the face of larger entities which enjoy important economies of scale.

Comparing operating expenses to total assets, Banco Security stood out in the year as one of the three most efficient banks in the market, with support costs representing 1.46% of the bank's total assets, with respect to the 2.13% average for the industry.

Development projects have meant a temporary decline in the efficiency ratios which increased to 56.6%, higher than the industry average of 50.2% in 2006.

Regarding solvency, the bank achieved a position of considerable comfort as measured by the Basel ratio (effective equity to risk-weighted assets). Its ratio was 11.59% (11.2% at December 2005) which compares positively with the 10% level required under current local regulations for qualification as a top-level bank.

FACTORING SECURITY

Factoring Security has a consolidated position among the leaders in this business thanks to advances achieved by the company. At December 2006, its total loans amounted to US\$217.4 million, giving it fifth place in the market with a share of 8.3%, according to figures of the Chilean Factoring Association (ACHEF).

The company began its business in December 1992, being one of the pioneers in the Chilean factoring industry. With a diversified loan portfolio at December 2006, the most relevant economic activities in Factoring Security's loans relate to wholesale and retail trade, and half of the documents acquired are invoices.

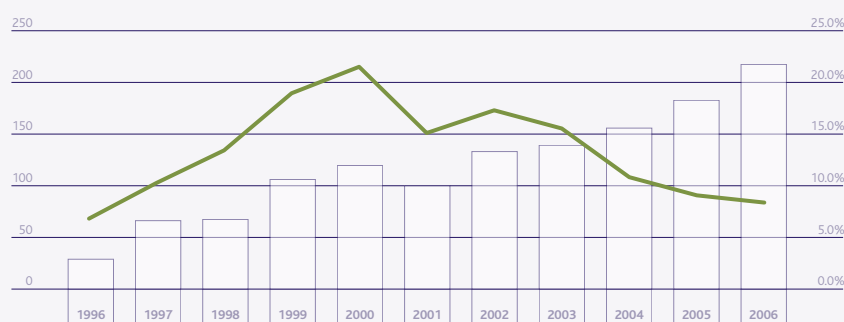
Since 2002, the earnings of Factoring Security have risen strongly to US\$7.5 million, 26.21% higher than in 2005. It also produced a 30.1% return on capital and reserves and its allowances amounted to US\$5.3 million, representing 1.1% of its gross loans

LOANS AND MARKET SHARE OF FACTORING SECURITY

LOANS (PRICE-LEVEL RESTATED)

MARKET SHARE

MILLIONS OF US\$ AS OF DECEMBER 2006



SOURCE: GRUPO SECURITY

INVESTMENTS

Grupo Security participates in the investment and asset management business, through mutual fund administration Administradora General de Fondos Security; securities broking and trading, through Valores Security Corredores de Bolsa; assets management Asesorías Security; and securitized equity, through Securitizadora Security GMAC-RFC S.A.

ADMINISTRADORA GENERAL DE FONDOS SECURITY

The Chilean mutual funds industry has grown strongly, particularly the increase in funds managed, the large variety of funds offered and the growing self-regulation of the sector.

At December 2006, the average total funds managed by the mutual funds industry was US\$17,882 million, representing a 33% increase in twelve months. The number of investors reached 801,626, a rise of 22% which meant the addition of a little over 145 thousand new investors.

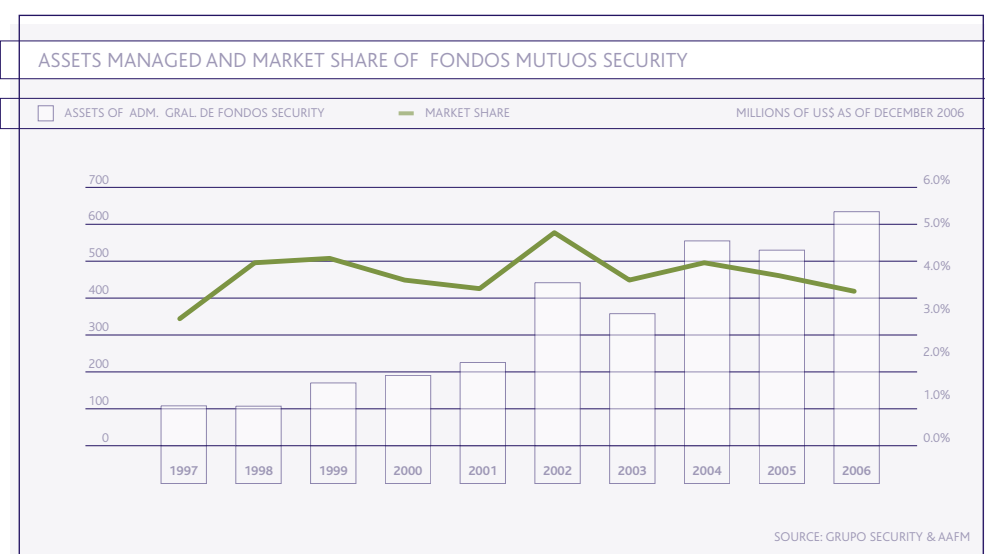
Administradora de Fondos Mutuos Security was created as a subsidiary of Banco Security In May 1992. It has since grown consistently, adding the management of new funds with the excellence it is known for. In September 2003, the company broadened its business and changed its name from Administradora de Fondos Mutuos Security S.A. to Administradora General de Fondos Security S.A.

At December 2006, Administradora General de Fondos Security was managing 17 mutual funds and ha a total of 18,346 investors, which represent 2.3% of the system total. The company produced a net income of US\$2.7 million.

The funds and their respective managed assets at December 31, 2006 are as follows:

- **Security Check:** investment fund in short-term debt instruments for individuals and entities, with maturities of no more than 90 days, with Series A and I and assets at December 31, 2006 of US\$116.6 million.
- **Security First:** investment fund in medium and long-term debt instruments, with Series A and I, and assets of US\$39 million at the end of 2006.
- **Security acciones:** investment fund in Chilean equities, with Series A, B, C and I, having assets at December 31, 2006 of US\$72.8 million.
- **Security Premium:** investment fund in short-term debt instruments with maturities of no longer than 365 days, with Series A, B and I, and having managed assets at December 31, 2006 of US\$2.8 million.
- **Security Global Investment:** mixed fund that invests in international equities, with Series A, B and I, having assets at December 31, 2006 of US\$3.7 million.
- **Security Gold:** investment fund in medium and long-term securities for individuals and entities, with Series A, B and I, having assets at December 31, 2006 of US\$60.1 million.
- **Security Explorer:** mixed fund that invests in international equities, with Series A, B and I, having assets at December 31, 2006 of US\$1.2 million.
- **Security Dólar Bond:** mixed fund in US dollars that invests in international fixed-income securities, with Series A, B and I, having assets at December 31, 2006 of US\$13.4 million.
- **Security Plus:** investment fund in short-term debt instruments for individuals and entities, with maturities not exceeding 90 days and in Series A and C, having assets at December 31, 2006 of US\$196.8 million.
- **Security value:** investment fund in medium and long-term debt instruments of the one series, having assets at December 31, 2006 of US\$6.4 million.
- **Security Equity:** fund that freely invests in equities and fixed-income securities, both Chilean and international, with Series A, B, and I, and with assets at December 31, 2006 of US\$23.7 million.

- **Security Trade:** investment fund that can freely invest in Chilean or international variable or fixed-income securities, with Series A and I, having assets at December 31, 2006 of US\$17.0 million.
- **Security Emerging Market:** mixed US dollar fund investing mainly in emerging market equities, with Series A, B and I, having assets at December 31, 2006 of US\$23.9 million.
- **Security Opportunity 100 Garantizado:** guaranteed structured fund with one series, having assets at December 31, 2006 of US\$16.9 million.
- **Security Dólar Money Market:** investment fund in short-term US dollar debt instruments with maturities of maximum 90 days, of the one series, having assets at December 31, 2006 of US\$24.8 million.
- **Security leader 100 Garantizado:** guaranteed structured fund with one series, having assets at December 31, 2006 of US\$11.1 million.
- **Security Energy Fund:** fund that freely invests in the local and international energy market, with Series A, D and I, and assets at December 31, 2006 of US\$1.7 million.



The company's strategy is based on providing attractive returns on the different funds that it manages, with a moderate level of risk, and directing its sales force to companies and, in particular, to high-income individuals.

MUTUAL FUND ASSETS										
MILLIONS OF US\$ AS OF DECEMBER 2006										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Industry	3,770	2,578	3,965	4,957	6,319	9,071	9,522	13,141	13,434	17,882
Adm. Gral. de Fondos Security	108	107	170	190	226	442	358	555	530	634
Market share	2.9%	4.2%	4.3%	3.8%	3.6%	4.9%	3.8%	4.2%	3.9%	3.5%

SOURCE: GRUPO SECURITY

VALORES SECURITY S.A. CORREDORES DE BOLSA

During 2006, Valores Security was placed ninth out of 38 brokers that operate on the local stock market and its average market share increased from 2.07% in 2005 to 2.97% during 2006, taking into account trading on the Santiago Stock Exchange and the Electronic Exchange.

The company's growth in 2006 was therefore above the average for the market, with a 70% increase in share trading and exceeding US\$1.878 millions.

Valores Security carries out its activities in two business areas: fixed income and equities. The first mainly relates to the management of own positions, trading in financial documents, foreign exchange trading and dollar forward contracts. Equity operations relate to share trading.

In 2006, Valores Security S.A. Corredores de Bolsa produced earnings of US\$3.9 million, a 10.5% decline in real terms from the previous year, while its return on capital and reserves was 9.7%.

ASESORÍAS SECURITY S.A.

Asesorías Security S.A. produced earnings of US\$187.8 thousands in 2006, comparing positively with a loss of US\$176.6 thousands the year before.



SECURITIZADORA SECURITY GMAC-RFC S.A.

A real innovation in the country's mortgage securitization market was carried out in 2006 by Securitizadora Security GMAC-RFC S.A. through a successful business plan.

During the year, the first in which the company operates with a new partnership structure (Grupo Security with 51% and GMAC with 49% holdings), the securitizer managed to turn around the results trend of recent years.

While the accounting result for 2006 of Securitizadora Security GMAC- RFC S.A. was a loss of US\$0.6 million, the economic result was positive.

INSURANCE

INSURANCE INDUSTRY

The Chilean insurance industry is split into two main branches differentiated by the regulations affecting the companies and the types of product that they sell: life insurance and general insurance.

At December 2006, there were 30 life insurance companies and 21 general insurance. The ten principal life and general insurance companies generated 73% and 91% respectively of total direct premiums in 2006.

Both insurance branches have maintained their positive growth in direct premium income since 1990.

In the case of life insurance, the sector's premium income grew by an average of 6% in real terms between 1998 and 2006, to more than US\$3,163 million. Direct premiums suffered a fall in 2002 but recovered their growth rate during subsequent years. However, real growth in 2005 and 2006 was 5.7%.

The most important segment in direct life insurance premiums is that of pensions insurance (annuities and others) which, at December 2006, represented 53% of the total; this despite their suffering a progressive fall in participation since the second half of the 1990s when they represented over 70% of total premiums.

Traditional life insurance, composed of individual and collective insurance, has become a source of sector growth. At December 2006, this line of business represented more than 47% of total life insurance industry premiums, against 28% in 1998 and 18% in 1991. This has enabled companies to take advantage of product specialization that still has low levels of market penetration and which, without being as intensive in capital requirements as annuities, has a high level of standardization and strong development potential, associated with its distribution through mass channels like banks and retail stores.

Direct premiums of the insurance market in 2006 showed growth of 5.7% compared to the previous year, due to a 13.9% increase in individual and collective insurance.

The sales of general insurance companies have shown strong growth following the drop in the second half of the 1990s. Over the period 1988-2006, this industry has produced a real average annual growth rate of 7.4%, reaching US\$1.557,1 million in 2006.

At December 2006, the general insurance industry was quite concentrated as just two segments accounted for 58.0% of the market. The most important segment was fire and its additional, which include earthquake and risks of nature, which made up 32.3% of the market. The second segment in importance is vehicles, which represented 25.7%.

In terms of profitability, life and general insurance companies produced contrasting results.

The results of life insurance companies are strongly affected by the yields on the securities comprising their investment portfolios and the characteristics of the pensions business. The average return on investments in 2006 was 6.72%, higher than that of 5.6% earned in 2005. The return on equity reached 15.3%, compared to 8.9% in 2005. This improved return is largely explained by the yield on equity holdings.

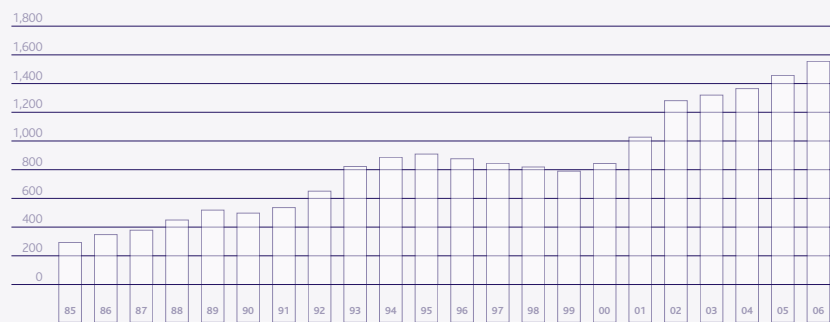


On the other hand, the returns of general insurance companies are related to the cost of reinsurance and the characteristics of a business with more standardized products, important being efficiencies in operating costs and a suitable handling of claims. At December 2006, the return on equity was 5.80% and the yield on the investment portfolio was 4.09%.

DIRECT PREMIUMS GENERAL INSURANCE MARKET

□ DIRECT PREMIUMS GENERAL INSURANCE

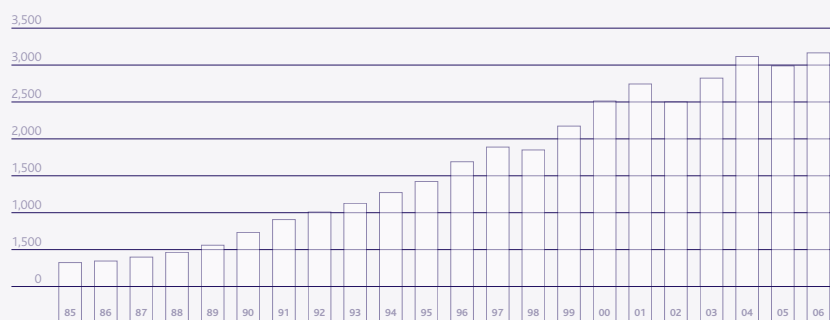
MILLIONS OF US\$ AS OF DECEMBER 2006



DIRECT PREMIUMS LIFE INSURANCE MARKET

□ DIRECT PREMIUMS LIFE INSURANCE MARKET (PRICE LEVEL RESTATED)

MILLIONS OF US\$ AS OF DECEMBER 2006



VIDA SECURITY AND RENTAS SECURITY

Grupo Security offers a wide range of life insurance products and services through Vida Security and Rentas Security.

Vida Security takes an active part in the traditional insurance business and although it has, together with Rentas Security, an annuities portfolio of more than 14,000 pensioners, its policy has only considered this line of business to the extent that it enables it to provide a better service to its customers.

Its principal business segments are collective life and health insurance and individual insurance. Of these, the family protection insurance represents a stable revenue flow for the company, related to a broad and diversified customer base.

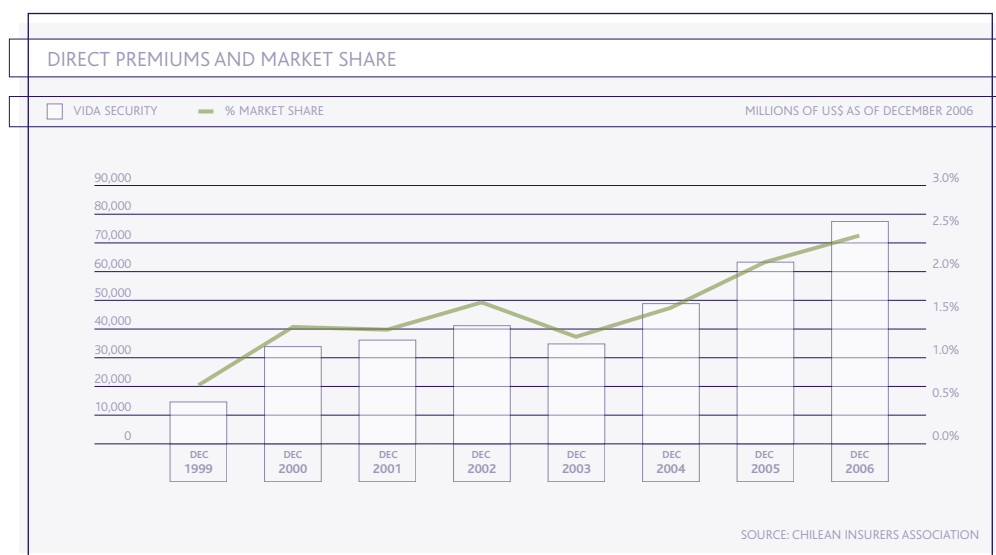
At December 2006, Vida Security had a market share of around 2.5% in terms of direct premiums. In the traditional insurance segment, the company had over a 5.2% market share, giving it ninth place in the industry.

Particularly notable is the company's participation in the Voluntary Pensions Savings (APV) market, in which it has managed to increase its share of 5.5% in 2003 to 12.85% in 2006, now occupying fourth place among life insurance companies.

In mid 2006, the company widened its business by embarking on the consumer credit area, directed exclusively to pensioner customers, and whose total loans at the end of 2006 were US\$2.1 million, with 1,299 loans granted.

During 2006, the businesses of Vida Security and Rentas Security generated earnings of US\$35.3 million, with direct premium income reaching US\$78.1 million and financial investments of around US\$1,155.6 million, which represents 4.7% of the industry at December 2006.

The positive results of the companies is largely explained by the return on investments which amounted to US\$85.4 million between both companies in 2006, with a real return for the year of 7.4%.



COMPAÑÍA DE SEGUROS GENERALES PENTA SECURITY S.A. (PENTA SECURITY)

Penta Security achieved positive results in 2006, with earnings of US\$5.7 million, which represented a 36% real increase over the US\$4.2 million obtained in 2005.

Founded in 2004 out of the merger between Compañía de Seguros Generales Las Américas S.A. and Seguros Security Previsión Generales S.A., Penta Security has produced results that compare favorably with those of both companies prior to the merger.

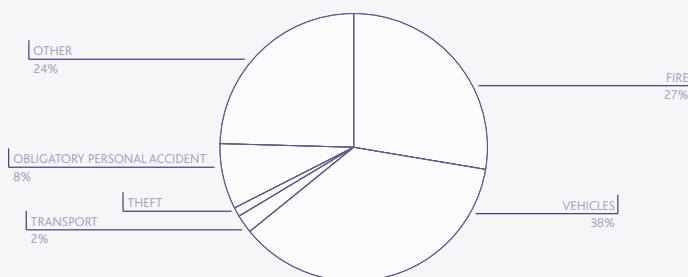
In 2003, Compañía de Seguros Generales Las Américas S.A. and Seguros Security Previsión Generales S.A. occupied 7th and 13th places in the insurance industry, with sales of US\$83.4 million and US\$35.4 million respectively. By the end of 2005, the new company, Penta Security S.A., was already in fifth place in the market, measured in direct premiums, with US\$140.1 million, a market share of 9.6% and earnings of US\$4.2 million.

The most important lines of business of Penta Security have not changed since the merger, being motor vehicles, fire and the obligatory personal accident insurances.

In 2005, the direct premiums of Penta Security amounted to US\$140.1 million and in 2006 to US\$152.1 million, representing a real increase of 8.6% over the previous year.

BUSINESSES OF PENTA SECURITY

AT DECEMBER 2006



SOURCE: AACH

CORREDORA DE SEGUROS SECURITY LIMITADA

Corredora de Seguros Security achieved an important consolidation of its good results in 2006, reinforcing its position as an efficient insurance sales channel for the Group. Last year, the company produced a net income of US\$239 thousands.

Created at the end of 1999, Corredora de Seguros Security started business in January 2000. Since then it has shown strong growth which has been an important platform in the commercial alliances developed by the Group.

In this area, Grupo Security in 2004 signed a strategic agreement with Cooper Gay, one of the world's ten largest reinsurance brokers, as part of the strategy for strengthening the Group's position in the brokerage market.

Grupo Security holds 49% of the reinsurance broker Cooper Gay Chile, a company which produced a net income of US\$246 thousands in 2006.

In 2005, Grupo Security became associated with Europ Assistance, the second companies travel, vehicle and home assistance company in the world, to create Europ Assistance Chile, a company which produced a loss of US\$25 thousands in 2006.

SERVICES

The business lines of Grupo Security in this sector include activities dedicated to the real estate business, travel and tourist agency and other services oriented particularly to the complementary support of Grupo Security companies. This is to provide staff with all the tools necessary to meet their objectives and provide attention of excellence to customers.

Invest Security has since 2001 been providing a series of services, like accounting, auditing and development of the corporate culture. For its part, Virtual Security provides the development and technical support required by all the companies of Grupo Security.

INMOBILIARIA SECURITY S.A.

With more than ten year's in business in the Chilean real estate market, Inmobiliaria Security S.A. in 2006 took an active part in the development of housing and office projects together with important institutional and individual investors, in accordance with its business strategy.

The company, which has sold over 100,000 m², has eight housing projects for sale at December 2006, located in the Santiago districts of Vitacura, Providencia, Lo Barnechea and Ñuñoa.

Each of them is characterized by its excellent location, studied design and high quality standards. In all, these projects represent an investment close to US\$50 million.

Inmobiliaria Security produced a net income in 2006 of US\$939 thousands and had a net equity of Ch\$ 2,704 million.

For the period 2007-2008, the company is to develop and sell around 600 new homes.

TRAVEL SECURITY S.A.

Consolidated as one of the principal travel agencies in Chile, Travel Security offer a wide range of air, land, hotel, travel insurance and congress products, etc. to corporate and individual customers who seek a first-class service.

Travel Security was added to Grupo Security in mid 1999 to expand the services offered to customers of Banco Security, providing them with a personalized and differentiated service.

The company in 2006 produced sales of US\$ 81.1 million, representing a 23.8% growth over the previous year.

On December 12, 2006, Grupo Security signed an agreement with the Grupo Ultramar to merge their subsidiaries Travel Security and Turismo Tajamar, thus creating the second largest firm in the travel business with a market share of around 20%.

This merger reflects the commitment of its shareholders to maintain a leadership position in the travel industry, bringing together the best of each company for the benefit of the customers, shareholders and staff. As a result of the merger, Travel Security made a provision amounting to all its earnings to cover the costs of the merger during 2007.



INVEST SECURITY

Notable progress was achieved by Invest Security in raising the standards of efficiency in Group companies and generating economies of scale in their operations. This was through the provision of an integral advisory and support service to more than 1,900 Group employees and the business of the subsidiaries.



This company was created toward the end of 2001 to provide support services in accounting, corporate culture, auditing, marketing and economic advice for the companies of Grupo Security. Invest Security is non-profit making but optimizes the use of professional resources, standardizing and raising the quality of support services and achieving a significant reduction in their related costs.

Grupo Security, in its concern to go on improving its corporate governance and especially its internal controls, formed a Corporate Business Risks Management toward the end of 2006, to manage, control and monitor known risks, anticipate them and define jointly with the companies the action plans for mitigating them.

As an initial task, it has begun to list all the risks, whether operational, technological, compliance and credit.

This process will permit the Group to document all the processes and determine risk maps, in order to establish the action plans necessary for their mitigation, and to introduce an internal model in each company and consolidated in Grupo Security.

The progress reports, follow-up and decisions with respect to known risks and the setting of priorities for the tasks to be implemented to control and minimize the probability of occurrence of incidents will be the task of the Directors' Committee, Audit Committee when applicable, and finally the boards of the Group and the individual companies, together with the activities of the Internal Audit area.

There were important achievements with respect to corporate culture. Over the last six years, a large number of the companies of Grupo Security have been distinguished as among the 35 best companies to work for in Chile by the Great Place to Work Institute. In fact, four of the companies were recognized in 2006: the bank, factoring, mutual funds and life insurance, which meant that the award was given to the whole Group.

Banco Security was recognized for the fourth consecutive year in the top places of the ranking "Best place for working mothers and fathers" prepared annually by Fundación Chile Unido and the magazine Ya of El Mercurio newspaper. Also, for the third consecutive year, it was among the most admired companies in Chile, according to a survey made by Adimark-La Segunda.

Thanks to the work carried out by the marketing team in the communications with its customers and the community in general, Grupo Security received the category of Superbrands, granted by the Chilean Brands Council to companies that stand out for their consistency in their publicity and communication, and also provide a differentiating service that distinguished them from their competitors and is recognized by their consumers. At December 2006, Inversiones Invest Security Ltda. and its subsidiaries produced a loss of US\$383 thousands.

VIRTUAL SECURITY

Virtual Security has been offering multiple services in the technological field since its formation in 2002. The company arose out of the Development and Information Technology Management of Banco Security in order to be the center of information technology services for the exclusive benefit of Grupo Security and its subsidiaries.

Virtual Security seeks to provide the best service at less cost than the competition, to contribute to increasing customer satisfaction in each of the Group subsidiaries and the employees who work in them.

The company provides the following services:

- Development, integration and maintenance of software
- Operation of the technological platform
- Operation of the data center
- Administration of the money desk service contract and support for users.
- PC services and communications
- Platform administrator
- Consultations
- Management of purchases of technological assets
- Training

PROPERTIES AND EQUIPMENT OF GRUPO SECURITY

As Grupo Security is a parent company of subsidiary and associate companies, it does not possess properties or equipment or other important assets of a similar nature for carrying out its activities and business. Its fixed assets at December 31, 2006 total US\$7.3 million.

TRADEMARKS AND PATENTS

Grupo Security is the owner of the "Security" brand name in the class corresponding to the activities of the parent, subsidiaries and associate companies.



t r u s t



C H A P T E R 0 4

investment and financing policies

INVESTMENT POLICIES

FINANCING POLICIES

COVENANTS WITH CREDITORS GRUPO SECURITY

BANK CREDITORS

DEPENDENCE ON DIVIDENDS FROM SUBSIDIARIES

RISK FACTORS

RISKS RELATED TO THE FINANCIAL BUSINESS

RISKS RELATED TO THE INSURANCE BUSINESS

ORGANIZATION STRUCTURE

GRUPO SECURITY investment and financing policies

INVESTMENT POLICY

The bylaws of Grupo Security do not define any kind of investment policy, but its strategy has been mainly focused on making investments in the financial sector or in areas complementing this, in order to strengthen the different business areas and continue strengthening the Company's commitment of providing the market with an integral service of excellence.

FINANCING POLICY

Grupo Security does not currently define any kind of financing policy in its bylaws. Its funds come mainly from own resources, capital contributions, bond issues and traditional borrowing sources like bank loans.

COVENANTS WITH CREDITORS GRUPO SECURITY

SERIES B BONDS

Date: June 25, 2003, modified on July 28, 2003.

- **Debt level:** defined as the ratio of debt to shareholders' equity in the unconsolidated balance sheet, which should not exceed 0.40:1 as from the financial statements at September 30, 2003. For determining the level of debt in the unconsolidated financial statements, liabilities include all guarantees or collateral granted to cover the obligations of third parties, even if these are subsidiaries.
- **Ownership of Banco Security:** the Company should retain control of Banco Security. For these purposes, the term "controller" shall have the meaning set out in clause 97 onward of the Securities Market Law (No.18,045).

SERIES C BONDS

Date: July 16, 2004.

- **Debt level:** defined as the ratio of debt to shareholders' equity in the unconsolidated balance sheet, which should not exceed 0.40:1 as from the financial statements at September 30, 2003.

For determining the level of debt in the unconsolidated financial statements, liabilities include all guarantees or collateral granted to cover the obligations of third parties, even if these are subsidiaries.

- **Ownership of Banco Security:** the Company should be the holder, directly or indirectly through one or more subsidiaries, of at least 51% of the issued shares with voting rights of Banco Security.

SERIES C - 2 BONDS

Date: March 17, 2006.

- **Debt level:** defined as the ratio of debt to shareholders' equity in the unconsolidated balance sheet, which should not exceed 0.40:1 as from the financial statements at September 30, 2004. For determining the level of debt in the unconsolidated financial statements, liabilities include all guarantees or collateral granted to cover the obligations of third parties, even if these are subsidiaries.
- **Ownership of Banco Security:** the Company should be the holder, directly or indirectly through one or more subsidiaries, of at least 51% of the issued shares with voting rights of Banco Security.

SERIES D BONDS

Date: March 17, 2006.

- **Debt level:** defined as the ratio of debt to shareholders' equity in the unconsolidated balance sheet, which should not exceed 0.40:1 as from the financial statements at December 31, 2005. For determining the level of debt in the unconsolidated financial statements, liabilities include all guarantees or collateral granted to cover the obligations of third parties, even if these are subsidiaries.
- **Ownership of Banco Security:** the Company should be the holder, directly or indirectly through one or more subsidiaries, of at least 51% of the issued shares with voting rights of Banco Security.



CREDITOR BANKS

- **Level of Debt:** maintenance of a debt level no higher than 0.40:1, measured on figures in the quarterly unconsolidated financial statements, this being the ratio of liabilities (short and long-term liabilities) to shareholders' equity.
- **Ownership of Banco Security:** the company should maintain the ownership, directly or indirectly, of at least 51% of the share capital with voting rights of Banco Security.

DEPENDENCE ON DIVIDENDS FROM SUBSIDIARIES

Grupo Security is the parent of a group of companies that receives its revenues from the dividends distributed by its subsidiaries. Its results therefore depend fundamentally on their performance.

Grupo Security controls its principal subsidiaries with large holdings in each of them. This provides it with the flexibility to set their dividend policies according to its needs. This point has been strengthened by the diversification of revenues developed by the Company, by having subsidiaries doing business in different sectors of the financial industry.

The most important asset of Grupo Security is Banco Security which provided it with 86% of the dividends received in 2006. The solvency rating of Banco Security is AA-, granted by both Feller-Rate and Fitch Ratings, with stable outlook.

The second largest dividend flow for Grupo Security in 2006 came from Factoring Security which, although not having an official credit rating, is managed with risk and solvency criteria very similar to the bank's. With respect to the Group's insurance companies, which are still not an important source of dividends, Rentas Security is rated as AA+ by Feller-Rate and Fitch Ratings. Vida Security is rated as AA- by Fitch Ratings and A+ by International Credit Ratings, while Penta Security is rated as A+ by Fitch Ratings and AA- by International Credit Ratings.

RISK FACTORS

- **Strong competition in all the businesses in which the Group participates:** The industries in which Grupo Security participates are characterized by tough competition (banking and insurances industries principally) and a reducing trend in margins. The mergers between companies and the continuous alliances between competitors are evidence of this. While this represents potential difficulties for companies in producing profits, it is believed that in the case of Grupo Security, the potential negative effects are offset by its strong brand image in its objective market, its high degree of customer loyalty and the niche strategy followed, which enables the provision of personalized and specialized products and services to its customers, a difficult task for larger entities which also focus on the more mass segments of the population. This also generates a favorable position for facing future competition.
- **Regulatory changes in the industries in which the Grupo Security participates:** The industries in which the Company operates are regulated by state entities (specifically the banking and insurance businesses) and are therefore subject to possible regulatory changes over time. However, given the level of transparency, the advanced state of development and the excellent reputation of these businesses worldwide, it is believed that this risk should be low.

RISK ASSOCIATED WITH THE FINANCIAL BUSINESS

CREDIT RISK

During the second half of the 1990s, the banking system experienced a decline in the loan quality in certain segments, with the consequent generalized impact on the loan portfolios. However, there has been a recovery in recent years, reflected in better overdue loans and allowances for loan losses indicators.

Banco Security has been characterized for maintaining risk levels consistently below the sector.

MARKET RISK

The effects of inflation and fluctuations in interest rates are the principal market risks faced by the domestic banking system. The Finance Committee of Banco Security has therefore developed policies,



procedures and market risk limits for administering its exposures to maturities and currencies according to its objectives and current regulations.

The bank and its subsidiaries also have a special system for controlling interest rate risks which permanently monitors its medium and long-term investments and provides an active follow-up of its portfolio.

RISK ASSOCIATED WITH THE INSURANCE BUSINESS

LOCAL FINANCIAL RISKS

The fall in long and medium-term interest rates could affect the return on the assets backing annuities and guaranteed-rate investment accounts when it corresponds to making investments with short-term maturities, generating a medium term operating deficit.

DEATH AND SICKNESS RATES

An increase in sickness rates can lead to a rise in claims under serious illness policies in the medium term and in claims under policies covering medical costs in the short term. A reduction in adult mortality rates can reduce expected results in the annuities area to the extent that companies do not adjust to the new mortality curve structure.

INDUSTRY STRUCTURE

The large number of participants in the industry can lead to company closures and mergers, thus changing the present industry structure and producing adjustments to the sales and operating margin structures.

REINSURANCE INDUSTRY

The tendency for reinsurance companies to concentrate could affect the variety of coverage offered, ceasing to provide reinsurance cover for risks that are currently covered thanks to the strong competition existing recently in the market.

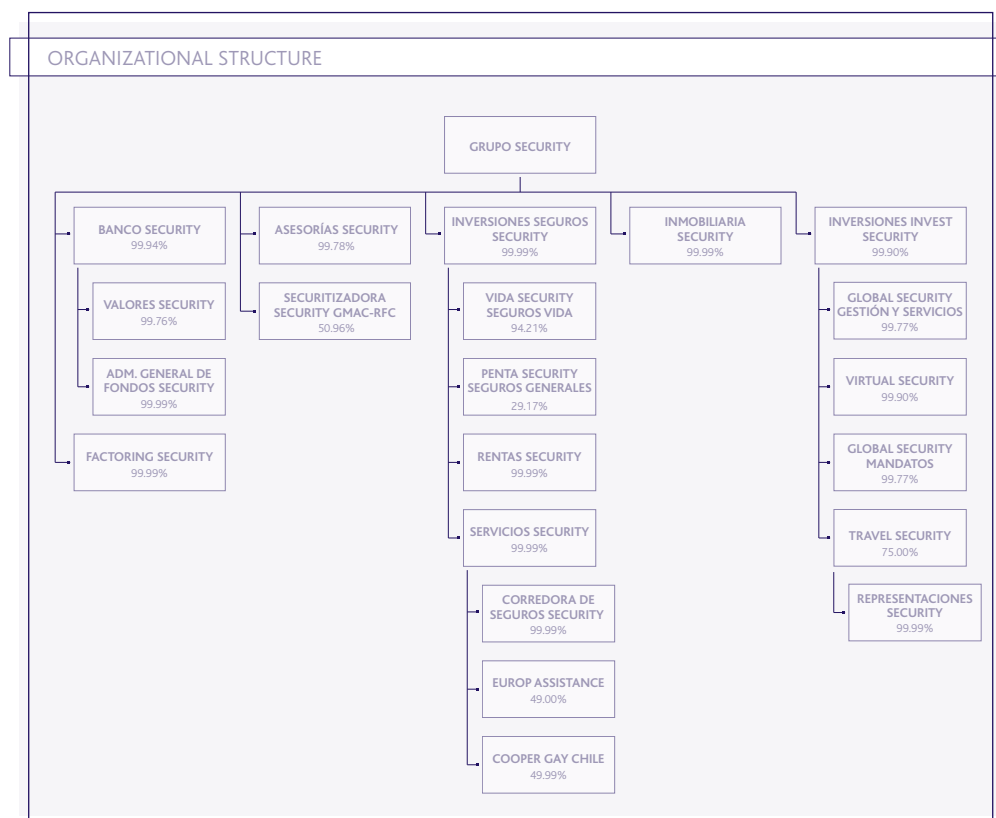
DOMESTIC COMPETITION

The technical margins of branches of high retention in general insurance could continue to fall due to tough competition through pricing in the market.

ORGANIZATIONAL STRUCTURE

Grupo Security is the parent company of a diversified business group that is present in all the principal sectors of the Chilean financial industry. Its subsidiaries Banco Security and Factoring Security provide financing to companies and individuals; the companies Seguros Vida Security Previsión, Rentas Security and Compañía de Seguros Generales Penta Security operate in the insurance business, and Valores Security, Fondos Security and Asesorías Security, with its subsidiary Securitizadora Security GMAC-RFC, complement the Group's range of financial services with the development and distribution of specialized products and the provision of personalized services in investments and asset management.

The administration and control of the financial businesses in which the Group companies participate is carried out by the business areas, but the organizational structure of the Grupo Security companies is in accordance with the following chart:







C H A P T E R 0 5

grupo security financial statements

UNCONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

SUMMARIZED FINANCIAL STATEMENTS OF THE SUBSIDIARIES





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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Grupo Security S.A.

We have audited the accompanying balance sheets of Grupo Security S.A. as of December 31, 2006, and 2005 and the related statements of income and cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the management of Grupo Security S.A. Our responsibility is to express an opinion on these financial statements based on our audits. The accompanying Analytical Review, and Relevant Events are not an integral part of these financial statements; consequently, this report does not include the same.

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

These financial statements have been prepared to reflect the stand-alone financial position of Grupo Security S.A., on the basis of the criteria described in Note 2 to the financial statements before consolidating the financial statements of the subsidiaries detailed in Note 10 to the financial statements. Therefore, in order for these stand-alone financial statements to be correctly understood, they should be read and analyzed together with the consolidated financial statements of Grupo Security S.A. and subsidiaries, which are required by accounting principles generally accepted in Chile.

In our opinion, such stand-alone financial statements present fairly, in all material respects, the financial position of Grupo Security S.A. at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended, in conformity with the criteria described in Note 2 to the financial statements.

As explained in Note 3 a) to the financial statements, during 2006, the direct subsidiary Banco Security modified their accounting criteria for the classification and valuation of financial instruments acquired for trading and investment and for derivative instruments.


February 23, 2007


Juan Carlos Cabrol Bagnara
RUT: 10.147.736-3

BALANCE SHEETS

AS OF DECEMBER 31, 2006 AND 2005 (In thousands of constant Chilean pesos - ThCh\$)

ASSETS	2006 ThCh\$	2005 ThCh\$
CURRENT ASSETS:		
Cash and Banks	20,028	109,111
Time deposits	55,101	53,297
Marketable securities	15,422	1,689,109
Other receivables	20,388	264,202
Notes receivable	8,295	1,150
Due from related companies	5,124,306	1,990,086
Recoverable taxes	148,603	153,077
Prepaid expenses	2,077	23,292
Deferred taxes (net)	119,193	26,730
Other current assets	1,941,333	2,993,240
TOTAL CURRENT ASSETS	7,454,746	7,303,294
FIXED ASSETS:		
Buildings	994,395	994,396
Machinery and equipment	588,112	25,333
Other fixed assets	344,153	170,462
Accumulated depreciation	(444,493)	(79,937)
TOTAL FIXED ASSETS - NET	1,482,167	1,110,254
OTHER ASSETS:		
Investments in related companies	236,277,528	195,439,528
Goodwill	38,150,665	16,303,183
Others	2,478,559	1,146,783
TOTAL OTHER ASSETS	276,906,752	212,889,494
TOTAL ASSETS	285,843,665	221,303,042

The accompanying notes are an integral part of these financial statements

BALANCE SHEETS

AS OF DECEMBER 31, 2006 AND 2005 (In thousands of constant Chilean pesos - ThCh\$)

LIABILITIES AND SHAREHOLDERS' EQUITY	2006 ThCh\$	2005 ThCh\$
CURRENT LIABILITIES:		
Current portion of long-term liabilities with banks	553,720	2,510,648
Long-term bonds payable - current portion bonds payable	5,548,312	4,280,534
Dividends payable	82,076	-
Accounts payable	313,988	220,685
Sundry creditors	251,396	-
Due to related companies	248,090	253,300
Accruals	646,336	676,330
Withholdings	28,390	24,420
TOTAL CURRENT LIABILITIES	7,672,308	7,965,917
LONG-TERM LIABILITIES:		
Liabilities with banks	9,295,862	7,874,701
Bonds payable	59,226,507	27,528,422
TOTAL LONG-TERM LIABILITIES	68,522,369	35,403,123
SHAREHOLDERS' EQUITY:		
Paid-in capital	106,013,290	88,926,584
Share premium	31,712,845	29,011,572
Other reserves	749,065	2,444,384
Retained earnings	46,727,273	38,785,739
Interim dividends	(2,192,196)	(1,581,081)
Accumulated deficit - development stage subsidiary	(107,741)	(287,435)
Net income for the year	26,746,452	20,634,239
TOTAL SHAREHOLDERS' EQUITY	209,648,988	177,934,002
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	285,843,665	221,303,042

STATEMENTS OF INCOME		
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005 (In thousands of constant Chilean pesos - ThCh\$)		
	2006 ThCh\$	2005 ThCh\$
ADMINISTRATIVE AND SELLING EXPENSES	(3,435,357)	(2,316,877)
NON-OPERATING CHARGE (INCOME):		
Interest income	459,495	355,166
Equity in income of related companies	35,480,507	24,998,119
Other income	111,699	1,367,103
Equity in losses of related companies	(370,697)	(144,327)
Amortization of goodwill	(1,835,282)	(1,358,131)
Interest expense	(3,028,512)	(1,796,143)
Other disbursements	(179,174)	(4,316)
Price-level restatement	(550,690)	(478,281)
Exchange differences	4,768	(2,860)
NON-OPERATING INCOME	30,092,114	22,936,330
INCOME BEFORE INCOME TAXES	26,656,757	20,619,453
INCOME TAX	89,695	14,786
NET INCOME FOR THE YEAR	26,746,452	20,634,239

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005 (In thousands of constant Chilean pesos - ThCh\$)

	2006 ThCh\$	2005 ThCh\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the year	26,746,452	20,634,239
Charges (credits) to income that do not represent cash flows:		
Depreciation for the year	182,531	50,962
Amortization of intangible asset	612,790	419,588
Write-offs and provisions	14,630	-
Equity in income of related companies	(35,480,507)	(24,998,119)
Equity in losses of related companies	370,697	144,327
Amortization of goodwill	1,835,282	1,358,131
Price-level restatement	550,690	478,281
Exchange differences	(4,768)	2,860
Other changes (credits) to income that do not represent cash flows	-	498,666
Changes in assets affecting cash flows:		
Other assets	(3,213,030)	20,434,559
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(8,385,233)	19,023,494
CASH FLOWS FROM FINANCING ACTIVITIES:		
Placement and payment for shares	19,305,345	-
Proceeds from loans	4,919,596	-
Bonds payable	34,949,266	-
Payment of dividends	(10,784,900)	(10,519,688)
Repayment of loans	(5,792,709)	(2,239,114)
Payment of bonds	(5,867,966)	(1,391,179)
Other financing outflows	-	(2,511,050)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	36,728,632	(16,661,031)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Other investment income	38,293,120	-
Permanent investments	(46,015,309)	(7,794,138)
Purchase of fixed assets	(546,954)	(1,087,922)
Other investment outlays	(23,110,499)	-
NET CASH USED IN INVESTING ACTIVITIES	(31,379,642)	(8,882,060)
TOTAL NET CASH PROVIDED DURING THE YEAR	(3,036,243)	(6,519,597)
EFFECT OF INFLATION ON CASH AND CASH EQUIVALENTS	223,370	262,492
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,812,873)	(6,257,105)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,844,757	11,101,862
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,031,884	4,844,757

The accompanying notes are an integral part of these financial statements

GRUPO SECURITY

notes to the financial statements

(In thousands of constant Chilean pesos - ThCh\$)

1. REGISTRATION IN THE SECURITIES REGISTER

The investment company Security Holdings S.A. (the Company) was formed by public deed on February 8, 1991, with the corporate purpose of carrying out investments and performing consulting work of any kind in Chile.

On January 31, 1995, the Company was registered in the Securities Register under No. 0499 and thus became subject to the control of the Superintendency of Securities and Insurance (the "Superintendency").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting periods - These individual financial statements cover the years ended December 31, 2006 and 2005.

b. Basis of preparation - These stand-alone financial statements of Grupo Security S.A. at December 31, 2006 and 2005 have been prepared in accordance with accounting principles generally accepted in Chile and with standards and instructions issued by the Superintendency of Securities and Insurance, which prevail over the accounting principles in the event of a discrepancy, except for the investments in subsidiaries, which are reported on a single line in the balance sheet under the equity method of accounting or at their equity value, as applicable, and, therefore, are not consolidated line-by-line. This treatment does not modify the net income for the year or the shareholders' equity.

These financial statements have been issued solely for a stand-alone analysis of the Company and, therefore, must be read together with the consolidated financial statements, which are required by generally accepted accounting principles in Chile.

c. Basis of presentation - For comparison purposes, all 2005 amounts have been price-level restated for a 2.1% variation in the Chilean Consumer Price Index (CPI) since the prior year.

d. Price-level restatement - In order to report the effects of change in the purchasing power of the currency during the year, non-monetary assets and liabilities, shareholders' equity and income accounts have been restated according to Consumer Price Index (CPI) variations of 2.1% in 2006 (3.6% in 2005).

e. Basis of translation - Assets and liabilities in foreign currency have been translated into Chilean pesos using the at December 31, 2006 observed exchange rate of Ch\$532.39 per US\$1 (Ch\$512.50 per US\$1 in 2005).

Balances in Unidades de Fomento (inflation index-linked units of account) at December 31, 2006 have been translated into Chilean pesos at the rate of Ch\$18,336.38 per UF (Ch\$17,974.81 per UF in 2005).

f. Time deposits - Time deposits are valued at investment value plus adjustments and accrued interest at each year-end.

g. Marketable securities – Correspond to investments in mutual fund units that are stated at each year-end's unit redemption value.

h. Resale agreements - Resale agreements are valued at purchase cost plus accrued interest based on the interest rate determined between the purchase cost and the value of the sale on the promised date of sale. Resale agreements are included under "Other current assets".

i. Recoverable taxes - Monthly provisional payments made into the Chilean Treasury are presented net of income tax payable.

j. Fixed assets - These are presented at price-level restated cost.

k. Depreciation of fixed assets - Depreciation has been calculated on the restated values of the assets using the straight-line method, and according to the asset's estimated remaining useful life.

l. Investments in related companies - Investments in related companies made prior to January 1, 2004 are valued under the equity method of accounting. This method includes recognizing share in income on an accrual basis.

Investments in related companies made after January 1, 2004, are valued at equity value, as provided for in Technical Bulletin 72 of the Chilean Institute of Accountants and Circular 1,697 of the Superintendency of Securities and Insurance.

m. Goodwill on investments- Goodwill on investments is excess paid over the participating share of existent equity made prior to January 1, 2004 and the excess paid for the purchase of shares of related companies made after January 1, 2004, as provided for in Technical Bulletin 72 of the Chilean Institute of Accountants and Circular 1697 of the Superintendency of Securities and Insurance. Goodwill is being amortized over the investment's expected term of return, estimated to be 240 months.

n. Bonds payable - Bonds payable are reported as liabilities at their par value. The difference between the face value and the proceeds is deferred and amortized according to the instrument's maturity and its effective interest rate. Bond discount and other placement expenses are shown Other Assets.

ñ. Income taxes and deferred taxes - The Company has recognized its tax obligations based on current legal provisions.

Deferred taxes assignable to items that have a different treatment for book and tax purposes, are recorded as set out in Technical Bulletin No. 60 of the Chilean Institute of Accountants and its supplements.

o. Employee vacations - The cost of annual vacations and related personnel benefits is recognized on an accrual basis.

p. Operating revenue - The Company recognizes its operating revenues in accordance with Technical Bulletin N°70 issued by the Chilean Institute of Accountants.

q. Software - Software has been acquired as computer packages and recorded in "Other fixed assets"; it is amortized over 4 years in accordance with Circular N° 981 of the Superintendency of Securities and Insurance

r. Cash equivalents - In accordance with Technical Bulletin No. 50 of the Chilean Institute of Accountants, the Company has considered as cash equivalents all investments made as part of the normal management of cash surpluses, with maturities of less than 90 days.

3. ACCOUNTING CHANGES

a) On December 20, 2005 the Superintendency of Banks and Financial Institutions issued Circular N°3,345 and related amendments through Circular N°3,349 dated February 7, 2006, Circular N°3,355 dated May 25, 2006 and Circular N°3,358 dated May 31, 2006, governing the application of new accounting principles and the valuation and classification of financial instruments acquired, derivative instruments, accounting hedges and write-offs of financial assets on the balance sheet. The aforementioned changes in accounting principles and valuation at January 1, 2006, adjusted the valuation differences calculated at December 31, 2005 directly against shareholders' equity in the amount of MCh\$(1,375,480).

The Subsidiary Company Security Bank has recorded a net debit of MCh\$1,341,400 to net income due to the application of the new accounting principles as December 31, 2006. For comparative purposes, the balances at December 31, 2005 have been regrouped and reclassified, but not adjusted, based on the transition provisions established in Circular N°3,345 and its subsequent amendments issued by the Superintendency of Banks.

b) On August 7, 2006, the Superintendency of Insurance and Securities established, by means General Norm N°200, regulations referring to financial hedge operations, investments in financial derivative products and share loan operations. This regulation established that all derivatives acquired for investment and hedge purposes shall be valued at their reasonable value with recognition of gains and losses due to their changes in value, in income for the period in which this takes place, except for forward and swap hedge operations carried out according to Title VII of Circular N°1,512, in which case the hedge derivatives shall be valued considering the operation's original implicit interest rate at the moment of purchase (purchase IRR) and the new exchange rates current at the date of closure of the financial statements.

The indirect subsidiary companies Seguros Vida Security Previsión S.A. and Security Rentas Seguros de Vida S.A., during the year ended December 31, 2006, entered derivative hedging contracts (forwards) valued at their reasonable value.

Applying General Norm N° 200 did not significantly affect the net income of these indirect subsidiaries.

c) In 2006, the Factoring Security S.A. subsidiary modified the useful life of some fixed assets. The change in the useful life estimates of these fixed assets meant recognizing a ThCh\$133,516 lower depreciation charge to income in 2006.

4. MARKETABLE SECURITIES

Marketable securities are recorded as described in Note 2g; details are as follows:

SECURITIES	2006 ThCh\$	2005 ThCh\$
Fondos Mutuos Security Plus	-	1,674,477
Money Market Funds	15,422	14,632
TOTAL	15,422	1,689,109

5. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

Balances and transactions with related companies at December 31, 2006 and 2005 are as follows:

a) Due from related companies - short term:

COMPANY	2006 ThCh\$	2005 ThCh\$
Inversiones Seguros Security Ltda.	5,072,433	354,239
Servicios Security S.A.	1,539	785,683
Corredora de Seguros Security Ltda.	-	850,164
Inversiones Invest Security Ltda.	50,334	-
TOTAL	5,124,306	1,990,086

b) Due to related companies - short term:

COMPANY	2006 ThCh\$	2005 ThCh\$
Asesorías Security S.A.	248,090	253,300

c) Transactions:

COMPANY	DESCRIPTION OF TRANSACTION	2006		2005	
		AMOUNT ThCh\$	EFFECT ON INCOME (CHARGES/CREDIT) ThCh\$	AMOUNT ThCh\$	EFFECT ON INCOME (CHARGES/CREDIT) ThCh\$
Banco Security	Time deposits	55,661	3,708	36,461,239	118,267
Banco Security	Bank costs and others	2,739	2,739	20,875	20,875
Administradora General de Fondos Security S.A.	Mutual funds	20,636,437	37,408	10,424,447	189,435
Valores Security S.A. Corredores de Bolsa	Financial investments	49,774,486	270,837	14,663,614	253,977
Valores Security S.A. Corredores de Bolsa	Consulting and services	5,678	5,678	5,619	5,619
Servicios Security S.A.	Commercial account	1,608,874	3,287	785,683	40,732
Inversiones Seguros Security Limitada	Commercial account	1,964,105	85,064	354,137	2,953
Corredora de Seguros Security Ltda.	Commercial account	834,236	3,819	850,164	25,817
Inversiones Invest Security Ltda.	Commercial account	50,334	555	74,583	668
Inversiones Invest Security Ltda.	Consulting and accounting services	317,532	317,532	152,532	152,532
Asesorías Security S.A.	Current account	248,090	-	1,150	-
Travel Security S.A.	General costs	25,311	25,311	31,953	31,953
Inmobiliaria Security Once	Promises	-	-	-	(121,362)
Inmobiliaria Security S.A.	Rentals	2,449	2,449	7,020	(7,020)
Virtual Security S.A.	Consulting and services	334,926	334,926	203,336	203,336
Seguros Vida Security Prevision S.A.	Policies	8,971	8,971	-	-

Commercial accounts between related companies are settled in 30 days and accrue 5.5% annual interest.

6. INCOME TAX AND DEFERRED TAXES

a) Recoverable taxes:

Details of recoverable taxes at December 31, 2006 and 2005 are as follows:

	2006 ThCh\$	2005 ThCh\$
RECOVERY OF TAX LOSSES	114,614	119,846
SOFOFA TRAINING TAX	1,113	-
SENCE TRAINING TAX	329	-
SUBTOTAL	116,056	119,846
MONTHLY PROVISIONAL PAYMENT	32,547	33,231
TOTAL	148,603	153,077

b) Deferred taxes:

Deferred taxes at December 31, 2006 and 2005 are as follows:

	DEFERRED TAXES			
	2006		2005	
TEMPORARY DIFFERENCES	ASSETS SHORT TERM ThCh\$	LIABILITIES SHORT TERM ThCh\$	ASSETS SHORT TERM ThCh\$	LIABILITIES SHORT TERM ThCh\$
VACATION PROVISION	7,673	-	8,123	-
OTHER PROVISIONS	196,206	-	143,993	-
PLACEMENT DIFFERENCES	-	84,686	-	125,386
TOTAL	203,879	84,686	152,116	125,386

c) The composition of net (charge) credit to income tax at December 31, 2006 and 2005 is as follows:

	2006 ThCh\$	2005 ThCh\$
Current tax expense		
Tax benefits due to tax losses	-	125,386
Article 21 tax	-	(696)
Previous year's adjustment	(2,768)	(3,530)
Deferred taxes		
Effect of the fluctuation in the year's deferred taxes	92,463	(106,374)
TOTAL	89,695	14,786

7. OTHER CURRENT ASSETS

The balance of ThCh\$1,941,333 at December 31, 2006 (ThCh\$2,993,240 in 2005) represents resale agreements.

COMPANY	2006			2005		
	BOOK VALUE ThCh\$	MARKET VALUE ThCh\$	MATURITY	BOOK VALUE ThCh\$	MARKET VALUE ThCh\$	MATURITY
Valores Security S.A, Corredores de Bolsa	1,940,852	1,940,852	02/01/07	2,993,240	2,993,240	02/01/06

8. INVESTMENTS IN RELATED COMPANIES

Investments in related companies at December 31, 2006 and 2005 are as follows:

COMPANY	OWNERSHIP PERCENTAGE		EQUITY IN COMPANIES		RESULTS		BOOK VALUE OF INVESTMENT	
	2006 %	2005 %	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Banco Security	99.94	99.94	153,043,660	153,428,952	20,485,726	20,422,295	152,951,834	153,310,462
Inversiones Seguros								
Security Limitada	99.99	99.99	58,905,953	19,674,030	5,147,005	962,883	58,905,659	19,673,833
Factoring Security S.A.	99.99	99.99	17,320,677	15,468,288	4,002,877	3,171,473	17,320,331	16,489,286
Asesorías Security S.A.	99.78	99.78	951,925	851,802	99,905	(94,167)	949,848	850,098
Inmobiliaria Security S.A.	99.99	99.99	2,704,438	2,392,673	500,184	373,559	2,704,410	2,392,648
Inversiones Invest Security Ltda.	99.90	99.90	2,299,793	2,503,953	(203,956)	67,909	2,297,494	2,501,450
Securitizadora Security S.A.	50.96	99.53	2,252,653	222,785	(166,741)	(50,160)	1,147,952	221,751
Security Rentas Seguros de Vida S.A.	-	-	-	-	5,244,810	-	-	-
TOTAL							236,277,528	195,439,528

a. On February 13, 2005, Banco Security paid a dividend of ThCh\$11,212,372 (historical).

b. On June 21, 2005, Factoring Security S.A. paid a dividend of ThCh\$6,306,024 to the Group; on the same date an increase in capital was made for which Grupo Security S.A. paid ThCh\$7,355,032.

c. During December 2005, Grupo Security S.A. purchased Securitizadora Security S.A. from its direct affiliate Asesorías Security S.A. for ThCh\$248,090, obtaining a 99.5% interest. During the same month there was a capital increase in the acquired company for a total of ThCh\$2,317,803 divided into 3,815 shares, of which Grupo Security S.A. only subscribed to 1,750, partially renouncing its share subscription preference rights. The subscribed shares represent ThCh\$1,063,213, 30 shares have been cancelled for ThCh\$18,227, and its interest in equity increased to 99.5349%.

The shares not subscribed to by Grupo Security S.A. were subscribed to by GMAC. The purpose of this agreement is to develop and jointly expand the credit securitization and home mortgage leasing business in Chile.

d. On January 14, 2006, Grupo Security S.A. paid the increase in capital in Securitizadora Security S.A. it had agreed to and GMAC performed a similar operation, according to that established above; as a result of this operation, Grupo Security's interest in that company was reduced to 50.96%.

e. During March 2006, Banco Security paid dividends to Grupo Security of ThCh\$20,002,602 (historical). Factoring Security S.A. paid dividends of ThCh\$3,106,593 (historical) and Inmobiliaria Security S.A. paid dividends of ThCh\$184,000.

f. On March 15, 2006, Inversiones Seguros Security Ltda., distributed capital of MCh\$15.000.

g. On March 31, 2006, Grupo Security S.A. purchased 24,058 shares of Interamericana Rentas Seguros de Vida S.A. which correspond to 99.9958% interest for an agreed price of MCh\$67,000

The above transaction involves making a fair value assessment of Interamericana Rentas Seguros de Vida S.A., which will set new values for the company's assets and liabilities.

After the date of purchase, the newly absorbed Company changed its name from Interamericana Rentas Seguros de Vida S.A. to Security Rentas Seguros de Vida S.A.

The detail of the reconciliation of fair values of assets and liabilities acquired in the purchase of Security Rentas Seguros de Vida S.A. is the following:

	ThCh\$
Equity at book value	58,789,778
Fair Value Adjustment	-
Fair Value	58,789,778

At December 31, 2006, the absorbed Company's original assets and liabilities that originated positive goodwill were realized and the results were recognized, therefore at that date, the absorbed Company's remained assets liabilities are valued at book-value.

h. During October 2006, Grupo Security S.A. recorded its investment at fair value, according to the detail shown above. Following this, Grupo Security S.A. contributed this company in payment of the increase in capital made in its Inversiones Seguros Security Limitada subsidiary for its book value at that date, assigning all the shares it owned in that investment.

The above amounts are expressed at their historical values.

9. GOODWILL ON INVESTMENTS

Goodwill at December 31, 2006 and 2005, recorded as described in Note 2m, is as follows:

SOCIETY	2006		2005	
	AMOUNT AMORTIZED DURING THE YEAR ThCh\$	BALANCE OF GOODWILL ThCh\$	AMOUNT AMORTIZED DURING THE YEAR ThCh\$	BALANCE OF GOODWILL ThCh\$
Banco Security	19,003	144,102	19,003	163,105
Factoring Security S.A.	27,997	209,977	27,998	237,974
Dresdner Bank Lateinamerika S.A.	122,064	2,146,289	488,008	2,268,353
Inversiones Copper Ltda.	723,331	12,658,298	723,872	13,381,629
Dresdner Lateinamerika S.A. Corredores de Bolsa	55,009	197,114	99,250	252,122
Security Rentas Seguros de Vida S.A.	887,878	22,794,885	-	-
TOTAL	1,835,282	38,150,665	1,358,131	16,303,183

10. SHORT-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS

a. Long-term – current portion:

BANK	CURRENCY UF		TOTAL	
	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Banco de Chile	365,880	1,023,697	365,880	1,023,697
Corpbanca	2,447	564,227	2,447	564,227
Banco de Crédito e Inversiones	185,393	922,724	185,393	922,724
TOTAL	553,720	2,510,648	553,720	2,510,648

b. Long-term:

Liabilities with banks accrue an average annual interest rate of 8.32% (2.46% in 2005).

BANK	MONEDA	YEARS TO MATURITY			CLOSING DATE CURRENT PERIOD		CLOSING DATE PRIOR PERIOD
		OVER 1 UP TO 2 ThCh\$	OVER 2 UP TO 3 ThCh\$	OVER 3 UP TO 5 ThCh\$	TOTAL LONG TERM AT CLOSE OF FINANCIAL STATEMENTS ThCh\$	TASA DE INTERÉS ANUAL PROMEDIO %	TOTAL LONG TERM AT CLOSE OF FINANCIAL STATEMENTS ThCh\$
Banco de Chile	UF	359,393	359,393	2,156,358	2,875,144	4.11%	4,457,769
Corpbanca	UF	2,491,448	-	-	2,491,448	6.17%	1,064,170
Banco de Crédito e Inversiones	UF	2,671,394	179,697	1,078,179	3,929,270	4.06%	2,352,762
TOTAL		5,522,235	539,090	3,234,537	9,295,862		7,874,701

11. BONDS PAYABLE

On August 13, 2003, the Superintendency certified that Grupo Security S.A., filed with the Securities Register, under number 340, the issuance of series B bonds for UF 1,000,000, which pays a 4.75% annual interest.

On July 16, 2004, Superintendency certified that Grupo Security S.A., filed with the Securities Register, under number 376, the issuance of series C bonds for UF 750,000, which pays a 2.4695% annual interest.

On January 12, 2006, Superintendency certified that Grupo Security S.A. modified line C2 filed on July 16, 2004.

On February 15, 2006, Superintendency certified that Grupo Security S.A., filed with the Securities Register, under number 454, the issuance of series D bonds for UF 1,500,000, with a 4.2% annual interest.

Details of bonds payable at December 31, 2006 and 2005, recorded as described in Note 2n, are as follows:

IDENTIFICATION OF INSTRUMENT	SERIES	OUTSTANDING NOMINAL AMOUNT PLACED	BOND INDEXATION UNIT	INTEREST RATE %	FINAL MATURITY	PAYMENT DATE		PAR VALUE		PLACEMENT IN CHILE OR ABROAD
						INTERETS	AMORTIZATION	2006 ThCh\$	2005 ThCh\$	
Long-term - short term portion										
340-13-08-03	BSECU-B	200,000	UF	4.75	15.07.2010	Semi-annual	Semi-annual	3,983,547	4,066,137	Chile
376-16-07-04	BSECU-C	35,000	UF	5.00	15.07.2016	Semi-annual	Semi-annual	1,497,758	214,397	Chile
376-16-07-04	BSECU-C2	-	UF	4.20	15.12.2026	Semi-annual	Semi-annual	16,752	-	Chile
454-15-02-06	BSECU-D	-	UF	4.20	15.12.2026	Semi-annual	Semi-annual	50,255	-	Chile
TOTAL SHORT TERM PORTION								5,548,312	4,280,534	
Long term										
340-13-08-03	BSECU-B	700,000	UF	4.75	15.07.2010	Semi-annual	Semi-annual	11,001,828	14,681,825	Chile
376-16-07-04	BSECU-C	665,000	UF	5.00	15.07.2016	Semi-annual	Semi-annual	11,551,919	12,846,597	Chile
376-16-07-04	BSECU-C2	500,000	UF	4.20	15.12.2026	Semi-annual	Semi-annual	9,168,190	-	Chile
454-15-02-06	BSECU-D	1,500,000	UF	4.20	15.12.2026	Semi-annual	Semi-annual	27,504,570	-	Chile
TOTAL LONG TERM								59,226,507	27,528,422	

12. ACCRUALS AND WRITE-OFFS

The balance is the provision for employee vacations recorded as described in Note 2o, and provisions for payments of ThCh\$45,136 (ThCh\$47,790 in 2005) to be made in the first half of 2007 as a result of 2006 activities amounting to ThCh\$601,200 (ThCh\$628,540 en 2005).

The Company does not have any allowances netted against assets or write-offs at December 31, 2006 and 2005.

13. SHAREHOLDERS' EQUITY

Changes in shareholders' equity accounts at December 31, 2006 and 2005 were as follows:

	PAID-IN CAPITAL ThCh\$	SHARE PREMIUM ThCh\$	OTHER RESERVES ThCh\$	RETAINED EARNINGS ThCh\$	INTERIM DIVIDENDS ThCh\$	DEVELOPMENT STAGE DEFICIT ThCh\$	NET INCOME FOR THE YEAR ThCh\$	TOTAL ThCh\$
Balances, January 1, 2005	84,070,981	27,427,471	4,116,758	31,107,183	(880,989)	(577,027)	15,506,426	105,223,483
Transfer				15,506,426			(15,506,426)	
Prior year final dividend				(880,989)	880,989			
Development stage accumulated deficit				(324,567)		301,086		(23,481)
Adjustment to reserve for fluctuation in investment in subsidiary			(1,889,082)					(1,889,082)
Final dividends				(8,773,120)				(8,773,121)
Price-level restatement	3,026,555	987,389	166,432	1,353,058	(18,363)	(5,582)		5,509,489
Net income for the year							20,209,833	20,209,833
Interim dividends					(1,530,198)			(1,530,198)
Balances, December 31, 2005	87,097,536	28,414,860	2,394,108	37,987,991	(1,548,561)	(281,523)	20,209,833	174,274,245
Price-level restatement	1,829,048	596,712	50,276	797,748	(32,520)	(5,912)	424,406	3,659,758
Balances, December 31, 2005 restated	88,926,584	29,011,572	2,444,384	38,785,739	(1,581,081)	(287,435)	20,634,239	177,934,002
Balances, January 1, 2006	87,097,536	28,414,860	2,394,108	37,987,991	(1,548,561)	(281,523)	20,209,833	174,274,244
Previous year profit distribution				20,209,833			(20,209,833)	-
Prior year final dividend				(1,548,561)	1,548,561			-
Development stage accumulated deficit				(175,638)		175,638		-
Capital increase	16,669,957	2,635,388						19,305,345
Adjustment to reserve for fluctuation in investment in subsidiary			(2,043,281)					(2,043,281)
Final dividends				(10,784,900)				(10,784,900)
Price-level restatement	2,245,797	662,597	398,238	1,038,548	8,804	(1,856)		4,352,128
Net income for the year							26,746,452	26,746,452
Interim dividends					(2,201,000)			(2,201,000)
Balances, December 31, 2006	106,013,290	31,712,845	749,065	46,727,273	(2,192,196)	(107,741)	26,746,452	209,648,988

a. Paid-in capital – In accordance with Article N°10 of Law N°18,046, paid-in capital includes its proportional amount of monetary correction.

At December 31, 2006 and 2005 the subscribed to and paid-in capital was ThCh\$106,013,290, (ThCh\$88,926,584 in 2005) represented by 2,201,000,000 and 2,040,264,415 no par-value shares, respectively.

b. Other reserves - These are basically the Company's percentage participation in the matching reserve in the direct subsidiary Security Rentas Seguros de Vida S.A. and the indirect subsidiary Seguros Vida Security Previsión S.A., the fluctuation in the indirect subsidiary Compañía de Seguros Generales Penta Security S.A., and in the reserve for fluctuations in investments in the direct subsidiary Banco Security.

The detail of changes during 2006 and 2005 is as follows:

	2006 ThCh\$	2005 ThCh\$
Security Rentas Seguros de Vida S.A.	1,604,647	-
Inversiones Seguros Ltda.	17,737	(835,707)
Banco Security	420,897	(1,053,376)
TOTAL	2,043,281	(1,889,083) (*)

(*) Historic values

c. Development stage accumulated deficit - This is the percentage participation in the development stage deficit of the direct subsidiary Inmobiliaria Security S.A. and Seguros Security Ltda. This deficit will be absorbed by future income.

d. Dividends - The policy agreed to by the shareholders is to distribute 50% of net cash income received by the Company from direct subsidiaries during the year and split the payment into two dividends - one an interim and the other a final dividend. Additionally, the Board of Directors has been authorized to decide additional dividend distributions with charge to retained earnings if the Company's financial condition, in the opinion of the Board, allows it.

During 2005, a Ch\$3.3 final dividend per share was paid, which added to the October 2004 interim dividend, makes a final dividend of Ch\$3.8 charged to 2004 results. This dividend must be added to the Ch\$1 additional dividend paid in October 2004, which makes a total dividend of Ch\$4.8 per share paid in 2004.

Additionally, in September 2005, Grupo Security management, in an ordinary session, agreed to pay an interim dividend of Ch\$0.75 per share, and an additional dividend of Ch\$1.0 per share with charge to retained earnings, which makes a total dividend of Ch\$1.75 per share.

During April 2006, a Ch\$ 3.75 final dividend per share was paid, which added to the October 2005 interim dividend, makes a final dividend of Ch\$ 4.5 charged to 2005 net income.

In September 2006, the Board of Directors agreed to pay an additional dividend of Ch\$1.15 per share and a provisional dividend of Ch\$1 which was paid in October 2006.

e. Capital increase – The Shareholders' Meeting of Grupo Security S.A., held on August 2, 2004, decided to declare that part of the capital increase agreed to in the General Shareholders' Meeting of December 19, 2003 that has not been subscribed to or paid in (issue registered with the Superintendency of Securities and Insurance under No. 717 on May 20, 2004) null and void. The total increase was 300,000,000 shares for ThCh\$30,000,000; additionally, it agreed to increase the capital by ThCh\$45,000,000 by issuing 450,000,000 ordinary, registered, no par value, cash shares.

On October 4, 2004, the Superintendency registered the issuance of 100,278,956 ordinary, registered, no par value, cash shares for ThCh\$10,027,895, with charge to capital, in the stock register under No. 725. The term of issue, subscription to and payment of these shares is three years from August 2, 2004. In March 2006, the remainder of these shares were placed at a preferential price of Ch\$ 120 a share. As a result, MCh\$16,669,957 was recorded as capital, and a share premium of MCh\$2,635,388 was obtained.

14. PRICE-LEVEL RESTATEMENT

Applying the price-level restatement mechanism described in Note 2 d resulted in a 2006 charge to income of ThCh\$550,690 (ThCh\$478,281 in 2005); details are as follows:

	INDEXATION UNIT	2006 ThCh\$	2005 ThCh\$
Assets/credits			
Investments in related companies	IPC	4,200,132	5,887,210
Goodwill	IPC	910,694	613,714
Other non-monetary assets	IPC	131,137	121,605
Expense and cost accounts	IPC	39,449	61,140
TOTAL CREDITS		5,281,412	6,683,669
Liabilities/charges			
Shareholders' equity	IPC	(4,352,128)	(5,625,188)
Non-monetary liabilities	UF	(1,479,974)	(1,536,762)
TOTAL CHARGES		(5,832,102)	(7,161,950)
LOSS FROM RESTATEMENT		(550,690)	(478,281)

15. CONTINGENCIES AND RESTRICTIONS

At December 31, 2006 and 2005, the Company has the following indices and restrictions as a result of bond issues:

Indebtedness: The Company must maintain in its quarterly financial statements, a level of indebtedness below 0.4, measured on its individual balance figures; such indebtedness is defined as the ratio between current liabilities and equity for all 2006 and 2005 series.

Ownership: Keep a 51% ownership interest in Banco Security for series BSECU-C2 and BSECU-D in 2006 (in 2005 there are none).

16. THIRD PARTY GUARANTEES

The Company does not have any third party guarantees at December 31, 2006 and 2005.

17. FOREIGN CURRENCY

Assets:

		AMOUNT	
ITEM	CURRENCY	2006 ThCh\$	2005 ThCh\$
Current:			
Cash	\$ Not readjustable	20,028	109,111
Time deposits	\$ Not readjustable	43,115	42,963
Time deposits	Euro	11,986	10,334
Marketable securities	\$ Not readjustable	15,422	1,689,109
Sundry debtors	\$ Not readjustable	20,388	264,202
Notes and accounts receivable	\$ Not readjustable	8,295	1,150
Due from related companies	\$ Readjustable	5,124,306	1,990,086
Recoverable taxes	\$ Readjustable	148,603	153,077
Other current assets	\$ Readjustable	1,941,333	2,993,240
Deferred tax (net)	\$ Readjustable	119,193	26,730
Pepaid expenses	\$ Not readjustable	2,077	23,292
TOTAL CURRENT ASSETS		7,454,746	7,303,294
FIXED ASSETS - NET	\$ Readjustable	1,482,167	1,110,254
Others:			
Investments in related companies	\$ Readjustable	236,277,528	195,439,528
Negative goodwill	\$ Readjustable	38,150,665	16,303,183
Discounts in bond placement	\$ Readjustable	2,478,559	1,146,783
TOTAL OTHER ASSETS		276,906,752	212,889,494
	\$ Not readjustable	109,325	2,129,827
	Euro	11,986	10,334
	\$ Readjustable	285,722,354	219,162,881

Current liabilities

ITEM	CURRENCY	UP TO 90 DAYS				90 DAYS TO 1 YEAR			
		2006	2005	2006	2005	2006	2005	2006	2005
		AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %
Accounts payable	\$ Readjustable	313,988		220,685					
Accruals and withholdings	\$ Not readjustable	646,336		676,330					
Liabilities with banks and Financial Institutions	UF	4,922	8.4	660,975	2.46	548,798	8.04	1,849,673	2.46
Bonds payable	UF	3,005,893	4.9	2,445,306	4.9	2,542,419	4.54	1,835,228	4.90
Dividends payable	\$ Not readjustable	82,076							
Sundry creditors	\$ Not readjustable	251,396							
Accounts due to related companies	\$ Not readjustable	248,090		253,300					
Withholdings	\$ Not readjustable	28,390		24,420					
	\$ Readjustable	313,988		220,685		-		-	
	UF	3,010,815		3,106,281		3,091,217		3,684,901	
	\$ Not readjustable	1,256,288		954,050		-		-	

2006

ITEM	CURRENCY	2 TO 3 YEARS		3 TO 5 YEARS		5 TO 10 YEARS		OVER 10 YEARS	
		AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %
Liabilities with banks and Financial Institutions	UF	6,061,325	8.04	3,234,537	8.04	-	-	-	-
Bonds payable	UF	11,831,790	4.20	10,094,660	4.20	16,068,459	4.20	21,231,598	4.20
TOTAL LONG TERM LIABILITIES		17,893,115		13,329,197		16,068,459		21,231,598	

2005

ITEM	CURRENCY	2 TO 3 YEARS		3 TO 5 YEARS		5 TO 10 YEARS		OVER 10 YEARS	
		AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %
Liabilities with banks and Financial Institutions	UF	4,097,800	1.87	3,776,901	1.87	-	-	-	-
Bonds payable	UF	9,910,231	4.80	9,910,231	4.80	6,423,299	4.75	1,284,661	4.75
TOTAL LONG TERM LIABILITIES		14,008,031		13,687,132		6,423,299		1,284,661	

18. SANCTIONS

In 2006 and 2005, no sanctions were imposed on the Company, its Directors or its Management by the Superintendency of Securities and Insurance or other administrative authorities.

19. SUBSEQUENT EVENTS

From January 1 to February 23, 2007, date of issue of these financial statements, there are no significant events that may affect the same.

20. ENVIRONMENT

Due to the nature of its business, the Company does not affect the environment.

GRUPO SECURITY

management's analysis of unconsolidated
financial statements • (AS OF DECEMBER 31, 2006)

The net income of Grupo Security for December 2006 amounted to Ch\$26,746 million, representing a real increase of 29.6% over 2005 and generating a return on average capital and reserves of 15.7%. Income on investments in companies amounted to Ch\$35,110 million, an increase of 41.3% in real terms over the year before.

The unconsolidated balance sheet of Grupo Security shows total assts of Ch\$285,844 million (29,2% higher than at December 2005) of which current assets are Ch\$7,455 million (2.6% of total assets), reflecting the Company's adequate liquidity. The most important asset item is the investment in related companies of Ch\$236,278 million, representing 82.7% of total assets.

Short and long-term liabilities of Ch\$76,195 million at December 2006 increased by 75.7% compared to the figure of Ch\$43,369 million at December 2005. They include current liabilities of Ch\$7,672 million (10.1% of liabilities) and long-term liabilities of Ch\$68,522 million (89.9% of the total), particularly borrowings from banks and financial institutions of Ch\$9,850 million and the balance of bonds payable of Ch\$64,775 million. The debt to equity ratio of Grupo Security at December 2006 was 36.3% compared to 24.4% in 2005. Grupo Security's shareholders' equity amounts to Ch\$209,649 million and represents 73.3% of total assets at December 2006, compared to 80.4% in 2005.

GRUPO SECURITY COMPANY RESULTS

Banco Security. The principal asset of Grupo Security generated a net income of Ch\$20,498 million, which compares with the Ch\$20,435 million reported for 2005, a real increase of 0.3%. The return for the year was 15.5% on capital and reserves.

Total loans amounted to Ch\$1,611 billion at December 2006, which represents real growth of 16.5%.

Factoring Security began operating in December 1992 and was one of the pioneers in Chilean factoring placed among the leaders in the factoring market. At Factoring Security December 2005 it was placed 5th by ACHEF (the industry association) with a market share of 8.3%.

The total amount of loans at December 2006 reached \$115,736 million greater in 18.9% real to same period of last year. The net income reached the Ch\$4,003 millions greater in 26.2% real to the same period of last year.

Valores Security S.A. Corredores de Bolsa. Its business is divided into two areas: fixed income and variable income securities. The first relates mainly to managing its own positions, trading in financial documents, trading in foreign currencies and forward dollar contracts. Variable-income transactions cover equities trading.

At December 2006, Valores Security S.A. Corredores de Bolsa produced a net income of Ch\$2,053 million and a return of equity and reserves of 11.7%.

Administradora General de Fondos Security. This was created as a subsidiary of Banco Security in May 1992, since when it has grown consistently with the addition of new managed funds.

Administradora General de Fondos Security produced profits of Ch\$1,440 million in 2006, 13.5% lower in real terms than the year before.

Inmobiliaria Security S.A. was constituted in December 1995 as a subsidiary of Grupo Security in order to complement the activities of Banco Security and participate in financial aspects of the real estate sector.

The company produced earnings of Ch\$500 million in 2006 with a return for the year of 22.7% and net shareholders' equity of Ch\$2,704 million.

On December 22, 2006, Grupo Security signs an agreement with Grupo Ultramar to merge their subsidiaries **Travel Security** and Turismo Tajamar, creating the second largest travel agency of the country. Grupo Security's travel agency, Travel Security, produced a net income of Ch\$0 million at December 2006 as an effect of the provisions constituted before the merger.

In insurance area, on April 01, 2006, **Rentas Security** became a subsidiary of Grupo Security, reaching a net income of Ch\$17,070 million in December 2006 providing an important source of income for the holding.

On the other hand **Compañía de Seguros Vida Security** produced a net income of Ch\$1,741 million a real increase of 26.2% over the previous year. and direct premiums of Ch\$39,705 million in 2006 that represent a real increase of 26.8%

UNCONSOLIDATED STATEMENT OF CASH FLOWS OF GRUPO SECURITY S.A.

Description and analysis of the principal net cash flow components:

Grupo Security

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005 (MILLIONS OF PESOS)		
	2005	2006
Net cash flow from operating activities	19,023	-8,385
Net cash flow from financing activities	-16,661	36,729
Net cash flow from investment activities	-8,882	-31,380
Net total cash flow the year	-6,520	-3,036
Effect of inflation on cash & cash equivalents	262	223
Net change in cash & cash equivalents	-6,257	-2,813
Opening balance of cash & cash equivalents	11,102	4,845
Closing balance of cash & cash equivalents	4,845	2,032

The net negative cash flow from operating activities of Ch\$8,385 million at December 31, 2006 (Ch\$19,023 million in 2005) was principally due to the results of the investment in related companies and its own financing operations to subsidiaries.

The net positive cash flow from financing activities of Ch\$36,729 at December 31, 2006 (negative Ch\$16,661 million in 2005) basically comprises by placement and payment of shares positive Ch\$ 19,305 and loans obtained for \$34.494 millions. This positive cash flow is related with the acquisition of Interamericana Seguros de Vida (InterRentas) buy Grupo Security.

Financial Indicators

The most relevant financial indicators of the unconsolidated financial statements of Grupo Security at December 2005 and 2006 show the following changes:

GRUPO SECURITY	UNIDAD	2005	2006
Current assets / Total assets	%	3.30%	2.61%
Fixed assets / total assets	%	0.50%	0.52%
Other assets / Total assets	%	96.20%	96.87%
Current liabilities / Total liabilities	%	3.60%	2.68%
Long-term liabilities /Total liabilities	%	16.00%	23.97%
Shareholders' equity / Total liabilities	%	80.40%	73.34%
Current assets / Current liabilities	times	0.92	0.97
Total liabilities / Shareholders' equity	times	1.24	1.36
Debt ratio ⁽¹⁾	%	24.37%	36.34%
Return on equity ⁽²⁾	%	13.27%	15.72%
Financial expenses coverage ⁽³⁾	%	12.48	9.80
Return on total average assets ⁽⁴⁾	% year	9.5%	10.5%
Earnings per share ⁽⁵⁾	Ch\$ per share	10.11	12.15
Dividend yield, last 12 months	% / share	4.28%	4.22%
E.B.I.D.A	Millions	23,825	31,703

⁽¹⁾ Total liabilities / Shareholders' equity

⁽²⁾ Net income for the year /Capital and reserves

⁽³⁾ Net income for the year /Average capital and reserves

⁽⁴⁾ Financial expenses coverage: Income before taxes & interest /Financial expenses

⁽⁵⁾ Return on total assets: Net income /Average assets

⁽⁶⁾ Earnings per share, annualized

⁽⁷⁾ EBITDA (Income before taxes, financial expenses, amortization goodwill & depreciation)

Markets in which the company operates

Grupo Security is the parent company of a diversified group of companies in the Chilean financial market. Its subsidiaries Banco Security and Factoring Security provide financing to companies and individuals, Seguros Vida Security Previsión, Rentas Security and Compañía de Seguros Penta Security operate in the insurance sector and Valores Security, Administradora General de Fondos Security, Asesorías Security Securitizadora Security GMAC-RFC, complement the Group's range of financial services, developing and distributing specialized financial products and providing personalized services in investments and asset management.

Grupo Security is divided into 4 principal business areas, each grouping together in an integrated way the subsidiaries and divisions that share business objectives in common. These areas are financing, investments and asset management, insurance and complementary services.





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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Grupo Security S.A.

We have audited the accompanying consolidated balance sheets of Grupo Security S.A. and subsidiaries at December 31, 2006, and 2005 and the related consolidated statements of income and cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the management of Grupo Security S.A. Our responsibility is to express an opinion on these financial statements based on our audits. The accompanying Analytical Review, and Relevant Events are not an integral part of these financial statements; consequently, this report does not include the same.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Grupo Security S.A. and subsidiaries at December 31, 2006 and 2005 and the consolidated results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles in Chile.

As explained in Note 3 letter a) to the financial statements, during 2006, the direct subsidiary Banco Security modified their accounting criteria for the classification and valuation of financial instruments acquired for trading and investment and for derivative instruments.

February 23, 2007

Juan Carlos Cabrol Bagnara
RUT: 10.147.736-3

CONSOLIDATED BALANCE SHEETS

AT DECEMBER 31, 2006 AND 2005 - (In thousands of constant Chilean pesos - ThCh\$)

ASSETS	2006 ThCh\$	2005 ThCh\$
CURRENT ASSETS:		
Cash	3,215,615	3,642,214
Time deposits	56,101	84,774
Marketable securities	1,439,092	2,494,249
Trade accounts receivable, net	117,961,960	96,988,219
Notes receivable	2,404,603	3,930,716
Other receivables	555,607	762,331
Due from related companies	155,867	411,781
Inventories	29,316,708	6,768,667
Recoverable taxes	847,249	423,033
Prepaid expenses	84,327	179,902
Deferred taxes (net)	1,747,533	1,270,315
Other current assets	3,225,802	4,019,007
TOTAL CURRENT ASSETS	161,010,464	120,975,208
FIXED ASSETS		
Buildings and infrastructure	1,556,271	1,299,672
Machinery and equipment	2,217,829	2,906,511
Other fixed assets	3,954,184	2,868,444
Accumulated depreciation	(3,849,631)	(3,319,847)
TOTAL FIXED ASSETS - NET	3,878,653	3,754,780
OTHER ASSETS:		
Investments in related companies	229,237,962	168,869,157
Goodwill	42,036,050	20,485,642
Negative goodwill	(15,999)	(20,921)
Due from related companies	205,559	26,819
Deferred taxes (net)	388,999	33,980
Intangibles	646,814	346,933
Amortization	(294,961)	(235,252)
Others	10,657,149	11,718,708
TOTAL OTHER ASSETS	282,861,573	201,225,066
TOTAL ASSETS	447,750,690	325,955,054

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

CONSOLIDATED BALANCE SHEETS

AT DECEMBER 31, 2006 AND 2005 - (In thousands of constant Chilean pesos - ThCh\$)

LIABILITIES AND SHAREHOLDERS' EQUITY	2006 ThCh\$	2005 ThCh\$
CURRENT LIABILITIES:		
Short-term liabilities with banks and financial institutions	125,108,118	80,178,959
Current portion of long-term liabilities with banks and financial institutions	922,224	2,580,795
Bonds payable	5,548,312	4,280,534
Dividends payable	82,076	-
Accounts payable	5,377,345	6,284,661
Notes payable	7,493	98,120
Sundry creditors	464,781	202,438
Due to related companies	583,931	342,348
Accruals	5,279,573	2,787,497
Withholdings	599,175	470,455
Other current liabilities	21,448,485	10,744,740
TOTAL CURRENT LIABILITIES	165,421,513	107,970,547
LONG-TERM LIABILITIES:		
Liabilities with banks and financial institutions	11,365,780	10,691,716
Bonds payable	59,226,507	27,528,422
Notes payable	-	9,356
Sundry creditors long-term	468,196	-
Other long-term liabilities	-	761,517
TOTAL LONG-TERM LIABILITIES	71,060,483	38,991,011
MINORITY INTEREST	1,619,706	1,059,494
SHAREHOLDERS' EQUITY:		
Paid-in capital	106,013,290	88,926,584
Share premium	31,712,845	29,011,572
Other reserves	749,065	2,444,384
Retained earnings	46,727,273	38,785,739
Interim dividends	(2,192,196)	(1,581,081)
Accumulated deficit of development stage entities	(107,741)	(287,435)
NET INCOME FOR THE YEAR	26,746,452	20,634,239
TOTAL SHAREHOLDERS' EQUITY	209,648,988	177,934,002
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	447,750,690	325,955,054

STATEMENTS OF INCOME		
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005 · (In thousands of constant Chilean pesos - ThCh\$)		
	2006 ThCh\$	2005 ThCh\$
SALES	36,122,500	38,730,853
COST OF SALES	(12,894,593)	(18,686,030)
GROSS MARGIN	23,227,907	20,044,823
ADMINISTRATIVE AND SELLING EXPENSES	(27,349,096)	(18,654,979)
OPERATING MARGIN	(4,121,189)	1,389,844
NON-OPERATING CHARGE (INCOME),		
Interest income	1,365,437	659,128
Equity in income of related companies	38,636,580	22,419,588
Other income	930,578	2,440,043
Equity in loss of related companies	(6,858)	(68,707)
Amortization of goodwill	(2,201,804)	(1,655,204)
Interest expenses	(4,429,350)	(2,674,310)
Other expenses	(3,377,210)	(395,519)
Price-level restatement	(464,939)	(1,007,948)
Foreign exchange differences	30,011	(15,484)
NON-OPERATING INCOME	30,482,445	19,701,587
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	26,361,256	21,091,431
MINORITY INTEREST	160,062	(60,682)
INCOME BEFORE INCOME TAXES	26,521,318	21,030,749
INCOME TAX	220,211	(400,133)
Amortization of negative goodwill	4,923	3,623
NET INCOME FOR THE YEAR	26,746,452	20,634,239

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



STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005 · (In thousands of constant Chilean pesos - ThCh\$)

	2006 ThCh\$	2005 ThCh\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the year	26,746,452	20,634,239
Charges (credits) to income that do not represent cash flows:		
Depreciation and amortization	705,491	792,507
Amortization of intangibles	495,620	137,535
Accruals and write-offs	1,118,098	740,225
Equity in income of related companies	(38,636,580)	(22,419,588)
Equity in loss of related companies	6,858	68,707
Amortization of goodwill	2,201,804	1,655,204
Amortization of negative goodwill	(4,923)	(3,623)
Price-level restatement	464,939	1,007,948
Foreign exchange differences	(30,011)	15,484
Minority interest	(160,062)	60,682
Other credits to income that do not represent cash flows	(23,030)	419,057
Other charges to income that do not represent cash flows	264,433	1,149,891
Changes in assets affecting cash flows:		
Trade accounts receivable	(25,554,396)	(16,003,536)
Inventories	423	13,368,794
Other assets	18,126,938	60,249,883
Changes in liabilities affecting cash flows:		
Accounts payable	(3,667,077)	(11,192,163)
Other accounts payable	(844,125)	-
Other liabilities	1,021,370	(33,909,156)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(17,767,778)	16,772,090
CASH FLOWS FROM FINANCING ACTIVITIES:		
Placement and payments for shares	56,357,357	7,667,322
Loans obtained	54,679,597	72,733,047
Other sources of financing	1,983,884	-
Payment of dividends	(14,112,713)	(16,958,453)
Decrease of capital	(7,054,548)	(167,847)
Repayment of loans	(17,096,858)	(69,583,445)
Issuance of bonds	34,949,266	-
Bonds payable	(5,867,966)	(1,391,179)
Other financing disbursements	-	(2,511,050)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	103,838,019	(10,211,605)
CASH FLOW FROM INVESTING ACTIVITIES:		
Other investment income	47,324,915	-
Purchase of fixed assets	(1,057,276)	(2,802,317)
Permanent investments	(98,455,117)	(7,924,335)
Investments in financial instruments	(32,836)	-
Documented loans to related companies	(12,591,509)	-
Other loans to related companies	(25,717)	-
Other investment disbursements	(23,171,150)	(3,199,954)
NET CASH USED IN INVESTING ACTIVITIES	(88,008,690)	(13,926,606)
TOTAL NET NEGATIVE CASH OUTFLOW GENERATED DURING THE YEAR:	(1,938,449)	(7,366,121)
EFFECT OF INFLATION ON CASH AND CASH EQUIVALENTS	110,469	223,984
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,827,980)	(7,142,137)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,214,078	16,356,215
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,386,098	9,214,078

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

GRUPO SECURITY

notes to the consolidated financial statements

(In thousands of constant Chilean pesos - ThCh\$)

1. INCORPORATION OF THE COMPANY

The investment company Security Holdings S.A. (the Company) was formed by public deed on February 8, 1991, with the corporate purpose of carrying out investments and performing consulting work in Chile.

On January 30, 1995, the Company was registered in the Securities Register under N°0499 and thus became subject to the control of the Superintendency of Securities and Insurance (the Superintendency).

The direct subsidiary Securitizadora Security GMAC-RFC S.A. registered in the Securities Register under N°640, has been consolidated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting periods - These consolidated financial statements cover the years ended December 31, 2006 and 2005, respectively.

b. Basis of preparation - These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Chile, and with standards and instructions issued by the Superintendency of Securities and Insurance, which prevail over the principles in the event of any discrepancy, except for the investments in certain direct or indirect subsidiaries (see Note 2d) which, as expressly authorized by the Superintendency, are reported on a single line in the balance sheet under the equity method of accounting, and, therefore, are not consolidated line-by-line. This treatment does not modify the net income for the year or the shareholders' equity.

c. Basis of presentation - For comparison purposes, all 2005 amounts have been price-level restated for a 2.1% variation in the Chilean Consumer Price Index (CPI), since the prior year.

d. Principles of consolidation - The consolidated financial statements include the assets, liabilities, results and cash flows of the Parent Company and its subsidiaries. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements, and recognition has been given to minority interest.

Due to the dissimilarity of their lines of business, the financial statements of the direct subsidiary Banco Security and its subsidiaries, and the indirect subsidiary Security Rentas Seguros de Vida S.A., Seguros Vida Security Previsión S.A., and in 2005 Quirihue Fondo de Inversión Privado and Pastrana II Fondo de Inversión Privado have not been consolidated.

Considering the importance to Grupo Security S.A. of its ownership of these companies, Note 9 includes their summarized financial statements.

TAXPAYER N°	COMPANY	OWNERSHIP PERCENTAGE			2005 TOTAL %
		2006 DIRECT %	2006 INDIRECT %	2006 TOTAL %	
96.655.860-1	Factoring Security S.A.	99.9980		99.9980	99.9999
78.769.870-0	Inversiones Seguros Security Limitada y filiales	99.9995		99.9995	99.9990
96.803.620-3	Asesorías Security S.A. y filiales	99.7818		99.7818	99.8001
96.786.270-3	Inmobiliaria Security S.A. y filiales	99.9999		99.9999	99.9999
77.461.880-5	Inversiones Invest Security Limitada y filiales	99.9000		99.9000	99.9000
96.847.360-3	Securitizadora Security GMAC-RFC S.A.	50.9600		50.9600	99.5349

e. Price-level restatement - In order to report the effects of change in the purchasing power of the currency during the year, non-monetary assets and liabilities, shareholders' equity and income accounts have been restated according to Consumer Price Index (CPI) for variations of 2.1% in 2006 (3.6% in 2005).

f. Basis of translation - Assets and liabilities in foreign currency have been translated into Chilean pesos using the year-end exchange rates, as follows:

	2006 \$	2005 \$
Unidad de Fomento (UF- inflation index-linked unit of account)	18,336.38	17,974.81
Dollar observed exchange rate (US\$)	532.39	512.50

g. Time deposits - Time deposits are valued at investment value plus indexation and interest accrued at each year-end.

h. Marketable securities - Mutual fund units are stated at each year-end unit value and shares are stated at their market value at each year end.

i. Trade accounts receivable - These relate mainly to commissions on insurance policies brokered for the insurance companies by the indirect subsidiary Corredora de Seguros Security Ltda. Factored receivables are presented at face value, net of retention and unearned price difference.

j. Allowance for uncollectible accounts - The allowance for uncollectible accounts mainly pertains to the direct subsidiary Factoring Security S.A. This subsidiary has made allowance at each year end to cover the risk of losses on assets of doubtful recovery. Such allowance is calculated based on a risk analysis performed by management.

k. Factored receivables - Factored receivables are present at the acquisition value of invoices and document corresponding to their face value net of which consist of non-disbursed amount and the unearned factoring income.

l. Recognition of price difference - Factoring income is recognized based passage of time for the interest component in its Factoring Security S.A. subsidiary and maturity of the purchase portfolio for the tee component.

m. Allowance for assets at risk - At each year-end the Company has accrued an allowance to cover the risks of losses on assets of doubtful recovery. Such allowance has been calculated based on a risk analysis performed by management (Note 5).

n. Inventories - The apartments, parking lots and warehouses in the buildings owned by the direct subsidiary Inmobiliaria Security S.A., which are currently completed and available for sale, are valued at their price-level restated construction cost. The values thus determined do not exceed their net realizable values.

ñ. Resale agreements - Resale agreements are valued at purchase cost plus accrued interest based on the interest rate determined between the purchase cost and the value of the sale on the promised date of sale. Resale agreements are included under "Other current assets".

o. Fixed assets - Fixed assets are valued at cost plus price-level restatement.

p. Depreciation of fixed assets - Depreciation has been calculated using the straight-line method, based on the estimated remaining useful life of the assets.

q. Capital leases - Real estate and chattel under lease, with the characteristics of a capital lease, are booked as purchases of fixed assets, with the total liability and the related interest being recorded on the accrual basis. These assets are not legally owned by the Company and its subsidiaries, so, until they exercise their purchase option, they may not freely dispose of them.

r. Other assets - The rights acquired in the purchase by the indirect subsidiary Inversiones Seguros Security Ltda. of the

customer list from a number of insurance brokers are shown at face value and amortized over 20 years. Lease contracts of the direct subsidiary Factoring Security S.A. are rendered at face value of the contracts net of deferred interest and provisions on the contracts.

s. Investments in related companies - Investments in related companies made prior to January 1, 2004 are valued under the equity method of accounting. This method includes recognizing share in income on an accrual basis.

Investments in related companies made after January 1, 2004 are valued at equity value, as provided for in Technical Bulletin 72 of the Chilean Institute of Accountants and Circular 1,697 of the Superintendency of Securities and Insurance.

t. Goodwill on investments- Goodwill on investments is excess paid over the participating share of existent equity made prior to January 1, 2004 and the excess paid for the purchase of shares of related companies made after January 1, 2004, as provided for in Technical Bulletin 72 of the Chilean Institute of accountants and Circular 1967 of the Superintendency of Securities and Insurance. Goodwill is being amortized over the investment's expected term of return, estimated to be 240 months.

u. Goodwill on debt securities for securitization of separate equity - This is the goodwill on placement of debt securities for securitization of a separate equity, compared to par value. This goodwill was amortized this year.

v. Intangibles - The trademark rights of the indirect subsidiary Travel Security S.A. are price-level restated and are amortized over a maximum period of 20 years.

w. Recoverable taxes - This comprises the monthly provisional payments made to the Treasury (PPM), plus training credits and other recoverable taxes. It also includes the VAT credit that can be used in subsequent years.

x. Bonds payable - These are bonds issued by the Company at face value plus indexation and accrued interest at each year-end. The difference between the face value and the proceeds is deferred and amortized over the average repayment term. The placement value of the bonds are included in "Others" of total Other assets.

y. Accounts payable - These are mainly liabilities contracted by the indirect subsidiary Travel Security S.A. for the purchase of air fares.

z. Income taxes and deferred taxes - Income taxes are based on the net taxable income calculated for tax purposes. Deferred taxes assignable to items that have a different treatment for book and tax purposes, are recorded as set out in Technical Bulletin N°60 of the Chilean Institute of Accountants and its supplements.

aa. Capital leases - The capital leases operations of direct subsidiary Factoring Security S.A. consist of lease contracts including a clause whereby the lessee can exercise an option to purchase the leased asset on the date of termination of the contract. These operations are valued in accordance with accounting principles generally accepted in Chile and are included in current and long-term assets. Amounts receivable are net of unearned interest, of value-added tax and of accruals for losses on contracts.

ab. Derivative contracts - The Asesorías Security S.A. subsidiary holds derivative contracts considered investment contracts.

Forward currency operations are stated at fair value as stipulated in Technical Bulletin 57 of the Chilean Institute of Accountants and are classified in "Other current assets".

ac. Operating revenues - The Parent Company and Subsidiaries recognizes its operating revenues in accordance with Technical Bulletin N°70 issued by the Chilean Institute of Accounting.

ad. Vacations - Employee vacation costs are recognized on an accrual basis.

ae. Software - Software has been acquired as packages recorded at cost plus price-level restatement; it is amortized over 4 years in accordance with Circular N°981 of the Superintendency of Securities and Insurance.

af. Cash equivalents - In accordance with Technical Bulletin N°50 of the Chilean Institute of Accountants, the Company has considered as cash equivalents all investments made as part of the normal management of cash surpluses, with maturities of less than 90 days (Note 21).

3. ACCOUNTING CHANGES

a) On December 20, 2005 the Superintendency of Banks and Financial Institutions issued Circular N° 3,345 and related amendments through Circular No. 3,349 date February 7, 2006, Circular No. 3,355 date May 25, 2006 and Circular No. 3,358 date May 31, 2006, governing the application of new accounting principles and the valuation and classification of financial instruments acquired, derivative instruments, accounting hedges and write-offs of financial assets on the balance sheet. The aforementioned changes in accounting principles and valuation at January 1, 2006, called for adjusted the valuation differences calculated at December 31, 2005 directly against shareholders' equity in the amount of MCh\$1,375,480.

The Bank Security subsidiary has recorded a net credit of MCh\$1,341,400 to net income due to the application of the new accounting principles as December 31, 2006. For comparative purposes, the balances at December 31, 2005 have been regrouped and reclassified, but not adjusted, based on the transition provisions established in Circular No.3,345 and its subsequent amendments issued by the Superintendency of Banks and Financial Institutions.

b) On August 7, 2006, the Superintendence of Insurance and Securities established, by means General Norm N°200, regulations referring to financial hedge operations, investments in financial derivative products and share loan operations. This regulation established that al derivatives acquired for investment and hedge purposes shall be valued at their reasonable value with recognition of gains and losses due to their changes in value, in income for the period in which this takes place, except for forward or swap hedge operations carried out according to Title VII of Circular N°1,512, in which case the hedge derivatives shall be valued considering the operation's original implicit interest rate at the moment of purchase (purchase IRR) and the new exchange rates current at the date of closure of the financial statements.

The indirect subsidiary companies Seguros Vida Security Previsión S.A. and Security Rentas Seguros de Vida S.A., during the year ended December 31, 2006, entered derivative hedging contracts (forwards) valued at their reasonable value.

Applying General Norm N°200 did not significantly affect the net income of these indirect subsidiaries.

c) During 2006, the Factoring Security S.A. subsidiary modified the useful life of some fixed assets. Such change in the estimates of the useful life of these fixed assets resulted in recognizing in 2006 a charge to income on account of depreciation of ThCh\$133,516.

4. MARKETABLE SECURITIES

Marketable securities are recorded as described in Note 2h; details are as follows:

INSTRUMENTS	2006 ThCh\$	2005 ThCh\$
Shares	32,836	
Fondo Mutuo Security Gold	287,255	318,205
Fondo Mutuo Security First		-
Fondo Mutuo Security Plus	118,006	1,674,477
Fondo Mutuo Security Check	936,420	468,597
Money Market Funds	15,422	14,632
Fondo Security Accionario	49,153	18,338
TOTAL	1,439,092	2,494,249

5. SHORT AND LONG-TERM RECEIVABLES

Details of short and long-term receivables at December 31, 2006 and 2005 are as follows:

CURRENT							
UP TO 90 DAYS			OVER 90 DAYS UP TO 1 YEAR		TOTAL CURRENT (NET)		
ITEM	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	SUBTOTAL ThCh\$	2006 ThCh\$	2005 ThCh\$
Trade accounts receivable	104,712,187	62,000,401	16,151,805	40,641,187	120,863,992	117,961,960	96,988,219
Allowance for uncollectible accounts	-	-	-	-	(2,902,032)	-	-
Notes receivable	2,276,926	3,930,716	152,703	-	2,429,629	2,404,603	3,930,716
Allowance for uncollectible accounts	-	-	-	-	(25,026)	-	-
Other receivables	518,262	762,331	37,345	-	555,607	555,607	762,331

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Accounts receivable and accounts payable to related companies are stated in pesos, and accrue interest at market rates.

Transactions with related parties for non significant amounts, have not been included.

a) Due from related companies short term:

COMPANY	2006 ThCh\$	2005 ThCh\$
Banco Security	36,439	50,830
Administradora General de Fondos Security S.A.	5,631	136,526
Valores Security S.A. Corredores de Bolsa	6,038	26,839
Cooper Gay	2,011	709
Europ Assistance Chile	2,911	1,065
Security Rentas Seguros de Vida S.A.	13,114	-
Compañía de Seguros Generales Penta Security S.A.	-	3,253
Seguros Security Previsión Vida S.A.	26,720	154,401
El Vergel FIP	92	3,500
Rodrigo de Quiroga FIP	4,409	3,345
Antonio Pastrana FIP	3,931	1,176
Quirihue FIP	4,228	3,022
General Flores FIP	2,737	2,228
Silvina Hurtado FIP	3,393	340
Vitacura IV FIP	2,285	2,287
Pastrana II FIP	3,048	3,051
Alfonso Sotomayor FIP	3,158	-
Nuñoa II FIP	2,285	-
Inmobiliaria El Peumo S.A.	8,717	642
Separate Equity BSECS-1	2,906	1,973
Separate Equity BSECS-2	2,906	1,973
Separate Equity BSECS-3	2,906	1,973
Separate Equity BSECS-4	4,282	3,487
Separate Equity BSECS-5	3,156	2,187
Separate Equity BSECS-6	4,282	3,487
Separate Equity BSECS-7	4,282	3,487
TOTAL SHORT-TERM ACCOUNTS RECEIVABLE	155,867	411,781

b) Due from related companies long term:

COMPANY	2006 ThCh\$	2005 ThCh\$
Inmobiliaria el Peumo Ltda.	187,280	-
El Vergel Fondo de Inversiones Privado	18,279	26,819
	205,559	26,819

c) Due to related companies accounts payable:

COMPANY	2006 ThCh\$	2005 ThCh\$
Banco Security	167,788	324,462
Administradora General de Fondos Security S.A.	398,272	-
Inmobiliaria Ventisquero Oeste S.A.	17,871	17,886
TOTAL SHORT-TERM NOTES PAYABLE	583,931	342,348

d) Transactions:

COMPANY	TAXPAYER N°.	NATURE OF RELATIONSHIP	DESCRIPTION OF TRANSACTION	2006		2005	
				AMOUNT ThCh\$	EFFECT ON INCOME (CHARGE/CREDIT) ThCh\$	AMOUNT ThCh\$	EFFECT ON INCOME (CHARGE/CREDIT) ThCh\$
Banco Security	97.530.000-2	Direct subsidiary	Time deposits	55,661	(3,708)	-	-
Banco Security	97.530.000-2	Direct subsidiary	Commercial current account	1,221,234	(3,819)	-	-
Banco Security	97.530.000-2	Direct subsidiary	Loans	4,407,479	(226,955)	2,989,944	(148,397)
Banco Security	97.530.000-2	Direct subsidiary	Banking expenses	2,739	2,739	-	-
Banco Security	97.530.000-2	Direct subsidiary	Consulting and real estate brokering	283,242	281,840	-	-
Administradora General de Fondos Security S.A.	96.639.280-0	Indirect subsidiary	Mutual Funds	23,054,217	39,964	-	-
Valores Security S.A. Corredores de Bolsa	96.515.580-5	Indirect subsidiary	Financial investments	121,991,457	407,677	5,448,542,666	397,002
Valores Security S.A. Corredores de Bolsa	96.515.580-5	Indirect subsidiary	Consulting	209,246	209,246	50,055	50,055
Compañía de Seguros Generales Penta Security S.A.	99.302.000-1	Indirect subsidiary	Commissions	644,644	(644,644)	3,558	(2,991)
Seguros Vida Security Previsión S.A.	99.301.000-6	Indirect subsidiary	Commissions	89,648	89,648	171,718	(171,718)
Seguros Vida Security Previsión S.A.	99.301.000-6	Indirect subsidiary	Consulting	492,062	492,062	-	-
Inmobiliaria El Peumo S.A.		Indirect subsidiary	Consulting	-	-	642	5,767
FIP el Vergel			Consulting	8,398	7,380	-	-
FIP Antonio de Pastrana			Consulting	72,491	61,532	-	-
FIP Antonio de Pastrana			Sales commissions	36,582	31,356	-	-
FIP Rodrigo de Quiroga	96786270-3	Indirect subsidiary	Consulting	87,749	74,354	-	-
FIP Quirihue	96786270-3	Indirect subsidiary	Consulting	92,592	78,423	-	-
FIP Silvina Hurtado	96786270-3	Indirect subsidiary	Consulting	64,114	54,492	-	-
FIP General Flores	96786270-3	Indirect subsidiary	Consulting	55,020	46,849	-	-
FIP Vitacura IV	96786270-3	Indirect subsidiary	Consulting	27,418	23,655	-	-
FIP Ñuñoa II	96786270-3	Indirect subsidiary	Consulting	18,270	15,762	-	-
Cooper Gay Chile S.A.	99551180-0	Indirect subsidiary	Consulting	10,511	10,511	-	-
Compañía de Seguros Generales Penta-Security S.A.	99302000-1	Indirect subsidiary	Consulting	1,690	1,690	-	-
Seguros Vida Security Previsión S.A.	99301000-6	Indirect subsidiary	Consulting	6,215	(6,215)	-	-
Seguros Vida Security Previsión S.A.	99301000-6	Indirect subsidiary	Insurance	17,542	27,542	-	-
Administradora General de Fondos Security S.A.	96639280-0	Indirect subsidiary	Consulting	206,775	206,775	-	-



7. INVENTORIES

Details of inventories at December 31, 2006 and 2005 are as follows:

	QUANTITY	2006 ThCh\$	2005 ThCh\$
Inmobiliaria Security S.A.:			
Huechuraba property (1)		2,307,444	2,249,617
Inmobiliaria SH Uno Ltda.:			
Parking lots	7	28,492	28,492
Inmobiliaria Security Diez Ltda.:			
Parking lots	5	27,496	27,497
Contracts of housing lease:			
Leasing contracts (2)	418	26,953,276	4,463,061
TOTAL		29,316,708	6,768,667

(1) At December 31, 2006, the Huechuraba property was classified for ThCh\$2,310,535, as inventory, because the Company intends to develop a commercial real estate project. At December 31, 2005, this property was included in other current assets.

(2) At December 31, 2006, the balance relates to a portfolio of 973 and 1717 home leasing contracts and their respective properties, which will be part of Separate Equity BSECS-9 and BSECS-10, respectively, whose respective originators are Concreces Leasing S.A. and Inmobiliaria Mapsa S.A.. The related obligations are recorded in the other current liabilities item and in the short-term obligations with banks and financial institutions item

8. DEFERRED TAXES AND INCOME TAX

a) Recoverable taxes:

Details of recoverable taxes at December 31, 2006 and 2005 are as follows:

	2006 ThCh\$	2005 ThCh\$
Provision for first category income tax	(880,241)	(751,452)
SUBTOTAL	(880,241)	(751,452)
Monthly provisional payments	1,207,764	928,661
Income tax recoverable on tax loss	115,965	-
VAT credit	20,657	-
Other credits	383,104	245,824
TOTAL	847,249	423,033

b) Deferred taxes:

Details of deferred taxes at December 31, 2006 and 2005 are as follows:

	DEFERRED TAXES							
	2006				2005			
	ASSETS		LIABILITIES		ACTIVO		PASIVO	
TEMPORARY DIFFERENCES:	SHORT TERM ThCh\$	LONG TERM ThCh\$	SHORT TERM ThCh\$	LONG TERM ThCh\$	SHORT TERM ThCh\$	LONG TERM ThCh\$	SHORT TERM ThCh\$	LONG TERM ThCh\$
Allowance for uncollectible accounts	497,600	-	-	-	465,673	-	-	-
Advanced earnings	-	-	-	-	8,124	-	-	-
Provision for vacations	81,940	-	-	-	63,117	-	-	-
Amortization of intangibles	4,392	14,761	-	-	11,835	-	-	-
Leased assets	-	-	-	-	6,958	-	2,987	481,291
Depreciation of fixed assets	19,137	-	103,284	-	33,353	-	129,943	-
Accrual for consulting	-	-	-	-	18,726	-	-	-
Tax losses	138,051	496,318	-	-	137,110	704,937	-	-
Leasing obligations	846	109,954	-	-	-	139,681	-	-
Sundry accruals	737,438	-	-	-	310,588	-	-	-
Leased assets at tax value	-	774,978	13,252	908,361	-	361,426	-	-
Prepaid Consulting	-	-	-	-	-	-	-	453,996
Unearned interest	292,009	-	-	-	239,830	-	-	-
Interest due	730	-	-	-	-	-	-	-
Placement differences	-	-	84,686	-	-	-	-	125,386
Expense accrual	126,088	-	-	-	114,874	-	-	-
Other events	75,537	-	25,013	107,886	9,978	-	16,921	125,185
Total deferred taxes	1,973,768	1,396,011	226,235	1,016,247	1,420,166	1,206,044	149,851	1,185,858
Complementary accounts	-	-	-	(9,235)	-	-	-	(13,794)
BALANCE AS PER BALANCE SHEET	1,973,768	1,396,011	226,235	1,007,012	1,420,166	1,206,044	149,851	1,172,064

c) At December 31, 2006 and 2005, the net charge to income for income taxes is as follows:

	2006 ThCh\$	2005 ThCh\$
Current tax expense:		
Provision for first category income tax	(880,241)	(750,540)
Tax benefit from tax losses	-	4,792
Tax expense adjustment (prior year)	(18,525)	150,500
Deferred taxes:		
Effect of the year's fluctuations in the year's deferred taxes	832,237	198,802
Effect of amortization of complementary accounts of deferred assets and liabilities	(4,559)	(4,711)
Other charges or credits	291,299	1,024
TOTAL CHARGE TO INCOME	220,211	(400,133)

9. OTHER CURRENT ASSETS

The balance of ThCh\$3,225,802 at December 31, 2006 (ThCh\$4,019,007 in 2005) mainly represents resale agreements.

10. INVESTMENTS IN RELATED COMPANIES

Details of investments in related companies at December 31, 2006 and 2005, recorded as described in Note 2s, are as follows:

	OWNERSHIP PERCENTAGE		EQUITY IN COMPANY		RESULTS FOR THE YEAR		FAIR VALUE EQUITY		RESULTS FOR THE YEAR AT FAIR VALUE		ACCUMULATED RESULT		BOOK VALUE OF INVESTMENT	
	2006 %	2005 %	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Banco Security	99.9400	99.9400	153,043,660	153,428,951	20,498,025	20,434,555	153,428,951		20,434,555		20,485,726	20,422,295	152,951,834	153,310,462
Compañía de Seguros Generales														
Penta Security S.A.	29.1670	29.1670	17,318,392	15,635,664	3,048,206	2,236,665	17,395,472	15,635,664	3,048,206	2,236,665	889,070	652,369	5,073,737	4,583,408
Seguros Vida Security														
Previsión S.A.	94.2097	91.9932	9,356,284	8,376,648	1,740,693	1,379,567					1,739,901	1,269,108	8,814,526	7,705,947
Europ Assistance Chile S.A.	49.0000	49.0000	104,813	118,227	(13,415)	(139,781)					(6,572)	(68,707)	51,358	57,933
Security Rentas Seguros														
de Vida S.A.	99.9958	-	58,789,778		17,069,716		58,789,778		16,913,846		15,023,310		58,787,311	
Other investments											(285)		27,501	24,433
Inmobiliaria Security S.A.														
(Private Investment Funds)											433,030		3,368,950	3,019,488
Cooper Gay	49.9990	49.9990	325,496	335,030	131,088	152,353					65,543	75,816	162,745	167,486
TOTAL													229,237,962	168,869,157

Additional information

a) During March 2005, the final independent appraisal report was received to close the process of determining the fair value of Seguros Generales Penta-Security S.A. assets and liabilities. Given the results obtained and presented on March 31, 2005, the fair value adjustment was made by the direct affiliate Inversiones Seguros Security Limitada. As a result of the above adjustment, the direct affiliate recorded positive goodwill which will be amortized in five years

At December 31, 2005, the absorbed Company's (Banco Dresdner), original assets and liabilities that originated positive goodwill were realized and the results were recognized at fair value, therefore at that date, the absorbed Company's remained assets liabilities are valued at book-value.

b) On March 31, 2006, Grupo Security S.A., purchased 24,058 shares of Interamericana Rentas Seguros de Vida S.A., which correspond to a 99.9958% interest, for an agreed - upon price of MCh\$67,000

The above transaction involves making a fair value appraisal of Interamericana Rentas Seguros de Vida S.A., which will set new values for the company's assets and liabilities. After the date of purchase, the newly absorbed Company changed its name from Interamericana Rentas Seguros de Vida S.A to Security Rentas Seguros de Vida S.A.

The detail of the reconciliation of fair values of assets and liabilities acquired in the purchase of Security Rentas Seguros de Vida S.A. is the following:

	ThCh\$
Equity at book value	58,789,778
Fair value adjustment	-
Fair value	58,789,778

During October 2006, Grupo Security S.A. recorded the investment at fair value, according to the detail shown above. Following this, Grupo Security S.A. contributed this company in payment of the increase in capital made in its Inversiones Seguros Security Limitada subsidiary for its book value at that date, assigning all the shares it owned to that investment.

At December 31, 2006, the absorbed Company's original assets and liabilities that originated positive goodwill were realized and the results were recognized, therefore at that date, the absorbed Company's remained assets liabilities are valued at book-value.

At December 31, 2006, Goodwill for ThCh\$23,196,589 was determined, which is amortized over the investment's estimated 20 year period of return.

The above amounts are expressed at their historical values.

The balances of the unconsolidated companies mentioned in Note 2d are included below:



BANCO SECURITY AND SUBSIDIARIES

CONSOLIDATED GENERAL BALANCE

AT DECEMBER 31, 2006 Y 2005

ASSETS	2006 MChS	2005 MChS	LIABILITIES AND SHAREHOLDERS' EQUITY	2006 MChS	2005 MChS
Cash and banks	55,569	80,892	Deposits and other liabilities	1,611,992	1,480,256
Net loans	1,530,687	1,340,940	Bonds	138,993	101,957
Loan to financial institutions	63,741	24,136	Borrowings from financial institutions	144,033	214,295
Investments	-	-	Financial derivative contracts	4,073	7,018
Instruments held for trading	263,436	300,022	Other liabilities	82,003	93,939
Investment instruments available for sale	48,610	88,487	Minority interest	49	43
Financial derivative contracts	5,396	8,277	Capital and reserves	130,035	131,490
Other assets	143,304	184,657	Other equity accounts	2,511	1,504
Fixed assets	23,444	23,526	Income for the year	20,498	20,435
TOTAL ASSETS	2,134,187	2,050,937	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,134,187	2,050,937

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006 MChS	2005 MChS
Operating income	251,650	312,087
Less:		
Interest and indexation expenses	(75,466)	(63,157)
Loss from trading activities	(109,788)	(185,351)
Commissions expenses	(646)	(485)
Other operating expenses	(703)	(535)
GROSS OPERATING MARGIN	65,047	62,559
Remuneration and personnel expenses	(17,366)	(13,711)
Administrative and other expenses	(16,898)	(15,453)
Depreciation and amortization	(1,834)	(1,947)
NET OPERATING MARGIN	28,949	31,448
Provisions for assets at risk	(2,954)	(3,610)
OPERATING INCOME	25,995	27,838
Non-operating income	1,551	2,235
Non-operating expenses	(771)	(2,516)
Earnings from permanent investments	78	53
Monetary correction	(2,142)	(3,572)
Income before income taxes	24,711	24,038
TAX EXPENSE	(4,208)	(3,597)
Income before minority interest	20,503	20,441
Minority interest	(5)	(6)
NET INCOME FOR THE YEAR	20,498	20,435

SEGUROS VIDA SECURITY PREVISIÓN S.A.

CONSOLIDATED GENERAL BALANCE

AT DECEMBER 31, 2006 Y 2005

ASSETS	2006 MCh\$	2005 MCh\$	LIABILITIES AND SHAREHOLDERS' EQUITY	2006 MCh\$	2005 MCh\$
Investments	71,730	65,412	Reserve for claims	64,915	57,724
Premiums receivable	2,844	2,018	Other liabilities	3,840	3,893
Reinsurance	991	904	Capital and reserves	7,615	6,997
Other assets	2,546	1,660	Income for the year	1,741	1,380
TOTAL ASSETS	78,111	69,994	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	78,111	69,994

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006 MCh\$	2005 MCh\$
Operating revenue	29,146	24,746
Brokerage, claims and administration costs	(32,939)	(27,156)
OPERATING RESULTS	(3,793)	(2,410)
Revenue from investments	5,645	4,370
SUBTOTAL	1,852	1,960
Price-level restatement	(134)	(450)
Other income	268	160
Income tax	(245)	(290)
NET INCOME FOR THE YEAR	1,741	1,380



SECURITY RENTAS SEGUROS DE VIDA S.A.

CONSOLIDATED GENERAL BALANCE

AT DECEMBER 31, 2006 Y 2005

ASSETS	2006 MCh\$	2005 MCh\$	LIABILITIES AND SHAREHOLDERS' EQUITY	2006 MCh\$	2005 MCh\$
Investments	543,831	542,884	Reserve for claims	485,077	499,665
Premiums receivable	-	59	Other liabilities	3,064	8,013
Other assets	3,100	8,705	Capital and reserves	41,720	40,126
			Income for the year	17,070	3,844
TOTAL ASSETS	546,931	551,648	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	546,931	551,648

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006 MCh\$	2005 MCh\$
Operating revenue	284	44,756
Brokerage, claims and administration costs	(22,645)	(71,290)
OPERATING RESULTS	(22,361)	(26,534)
Revenue from investments	39,824	31,394
Other expenses	-	(624)
NON-OPERATING RESULT	39,824	30,770
SUBTOTAL	17,463	4,236
Price-level restatement	271	143
Other income	35	-
Income tax	(699)	(535)
NET INCOME FOR THE YEAR	17,070	3,844

QUIRIHUE FONDO DE INVERSIÓN PRIVADO

CONSOLIDATED GENERAL BALANCE			
AT DECEMBER 31, 2006 Y 2005			
ASSETS	2005 ThCh\$	LIABILITIES AND SHAREHOLDERS' EQUITY	2005 ThCh\$
CURRENT LIABILITIES:		CURRENT LIABILITIES:	
Cash and banks	7,436	Notes and accounts payable to related companies	3,022
Marketable securities	81,259	Deferred income for pledged sales	35,661
Investment in works	1,159,397	Other provisions	37,182
		Other current liabilities	917
Total current assets	1,248,092	Total current liabilities	76,782
FIXED ASSETS		SHAREHOLDERS' EQUITY:	
Machinery and equipment	1,415	Contributions	1,186,588
Furniture and fixtures	1,954	Net loss for the year	(12,077)
Accumulated depreciation	(168)		
Total fixed assets	3,201	Total shareholders' equity - net	1,174,511
TOTAL ASSETS	1,251,293	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,251,293

STATEMENT OF VARIATIONS IN EQUITY	
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005	
	2005 ThCh\$
EQUITY AT BEGINNING OF PERIOD	-
Contributions received in the period	1,186,588
EQUITY BEFORE NET INCOME FOR THE PERIOD	1,186,588
UNREALIZED PROFIT FROM INVESTMENTS:	
Mutual fund accrued profit	3,795
Total unrealized profit from investments	3,795
EXPENSES FOR THE YEAR:	
External services:	(4,652)
Operating expenses charged to the fund	(947)
Total expenses for the year	(5,599)
PRICE-LEVEL RESTATEMENT	(10,273)
NET INCOME FOR THE YEAR	(12,077)
EQUITY AT THE END OF PERIOD	1,174,511

STATEMENT OF INCOME FOR THE DISTRIBUTION OF DIVIDENDS	
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005	
	2005 ThCh\$
NET PROFIT (DEFICIT) FOR THE PERIOD	
Expenses for the period	(5,599)
Net price level restatement debit balance	(10,273)
Net deficit for the period	(15,872)
AMMOUNT TO BE DISTRIBUTED	(15,872)



PASTRANA II FONDO DE INVERSIÓN PRIVADO

CONSOLIDATED GENERAL BALANCE

AT DECEMBER 31, 2006 Y 2005

ACTIVOS	2005 ThCh\$	LIABILITIES AND SHAREHOLDERS' EQUITY	2005 ThCh\$
CURRENT ASSETS		CURRENT LIABILITIES	
Cash and banks	2,696	Notes and accounts from related companies	3,051
Marketable securities	30,799	Other provisions	366
Investment in works	664,380	Total current liabilities	3,417
Total current assets	697,875	SHAREHOLDERS' EQUITY	
		Paid-in capital	696,914
		Net loss for the year	(2,456)
		Total shareholders' equity - net	694,458
TOTAL ASSETS	697,875	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	697,875

STATEMENT OF VARIATIONS IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2005 ThCh\$
EQUITY AT BEGINNING OF PERIOD	-
Contributions received	696,914
EQUITY BEFORE NET INCOME FOR THE PERIOD	696,914
NET PROFIT FROM INVESTMENTS:	
Mutual fund earned profit	2,123
UNREALIZED PROFIT FROM INVESTMENTS:	
Mutual fund accrued profit	170
Total unrealized profit from investments	2,293
EXPENSES FOR THE YEAR:	
External services:	(3,588)
Operating expenses charged to the fund	(180)
Total expenses for the year	(3,768)
PRICE-LEVEL RESTATEMENT	(980)
NET INCOME FOR THE YEAR	(2,455)
EQUITY AT THE END OF PERIOD	694,459

STATEMENT OF INCOME FOR THE DISTRIBUTION OF DIVIDENDS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2005 ThCh\$
NET PROFIT (DEFICIT) FOR THE PERIOD	
Realized profits from investments	2,123
Expenses for the period	(3,767)
Net price level restatement debit balance	(980)
Net deficit for the period	(2,624)
AMOUNT TO BE DISTRIBUTED	(2,624)

11. GOODWILL AND NEGATIVE GOODWILL FROM INVESTMENTS

Details of goodwill on investments at December 31, 2006 and 2005, recorded as described in Note 2t, are as follows:

Goodwill

COMPANY	2006		2005	
	AMOUNT AMORTIZED DURING THE YEAR ThCh\$	BALANCE OF GOODWILL ThCh\$	AMOUNT AMORTIZED DURING THE YEAR ThCh\$	BALANCE OF GOODWILL ThCh\$
Banco Security	19,003	144,102	19,003	163,105
Factoring Security S.A.	27,997	209,977	27,997	237,974
Seguros Security Previsión Generales S.A.	73,423	884,212	73,422	957,635
Seguros Vida Security Previsión S.A.	152,191	1,972,957	152,190	2,125,147
Travel Security S.A.	57,357	793,441	57,357	850,798
Agencias Security S.A.	2,770	37,169	2,770	39,938
Asesorías Security S.A.	1,602	22,426	1,601	24,027
Servicios Security S.A.	9,732	175,180	9,733	184,913
Inversiones Copper Limitada	723,331	12,658,298	723,873	13,381,629
Dresdner Bank Lateinamerika	122,064	2,146,289	488,008	2,268,353
Dresdner Lateinamerika Corredora de Bolsa S.A.	55,009	197,114	99,250	252,123
Patrimonio Separado BSECS-1	5,185			
Patrimonio Separado BSECS-2	10,262			
Security Rentas Seguros de Vida S.A.	887,878	22,794,885		
TOTAL	2,201,804	42,036,050	1,655,204	20,485,642

Negative Goodwill

COMPANY	2006		2005	
	AMOUNT AMORTIZED DURING THE YEAR ThCh\$	BALANCE OF GOODWILL ThCh\$	AMOUNT AMORTIZED DURING THE YEAR ThCh\$	BALANCE OF GOODWILL ThCh\$
Compañía de Seguros Generales Penta Security S.A.	4,923	15,999	3,623	20,921
TOTAL	4,923	15,999	3,623	20,921

12. OTHER ASSETS

Details of other long-term assets at December 31, 2006 and 2005 are as follows:

	2006 ThCh\$	2005 ThCh\$
Discount on placement of bonds	2,340,480	737,566
Lease contracts	4,600,089	1,890,717
Earned margin	321,431	933,692
Others	3,395,149	8,156,733
TOTAL	10,657,149	11,718,708



13. SHORT-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS

Details of liabilities with banks and financial institutions at December 31, 2006 and 2005 are as follows:

BANK OR FINANCIAL INSTITUTION	DOLLARS		UF		NON-INDEXED CH\$		TOTAL	
	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Short term								
Banco de Chile	731,640	-	-	-	18,686,749	7,546,536	19,418,389	7,546,536
Corpbanca	-	-	-	-	7,720,926	3,159,464	7,720,926	3,159,464
Banco Estado	-	-	-	-	21,931,590	24,508,190	21,931,590	24,508,190
Banco de Crédito e Inversiones	-	-	-	-	19,757,381	15,269,181	19,757,381	15,269,181
Banco BICE	-	-	-	-	1,843,530	-	1,843,530	-
Banco BBVA	-	-	-	-	15,077,005	-	15,077,005	-
Scotiabank	-	-	-	-	4,722,214	3,810,588	4,722,214	3,810,588
Banco del Desarrollo	-	-	-	-	4,345,943	2,542,044	4,345,943	2,542,044
Banco Santander	-	569,507	-	-	5,669,051	5,328,889	5,669,051	5,898,396
Citibank N.A.	-	-	-	-	7,725,332	-	7,725,332	-
Bank Of América	3,726,730	2,312,463	-	-	-	-	3,726,730	2,312,463
Banco Security	-	-	-	505,259	5,824,281	1,834,991	5,824,281	2,340,250
Banco ABN Amro Bank	-	-	-	-	2,608,407	8,220,398	2,608,407	8,220,398
Wachovia Bank	2,661,954	2,522,690	-	-	-	-	2,661,954	2,522,690
Bank Boston	2,075,385	2,048,759	-	-	-	-	2,075,385	2,048,759
TOTAL	9,195,709	7,453,419	-	505,259	115,912,409	72,220,281	125,108,118	80,178,959
Outstanding principal								
	9,057,773	7,303,848		499,521	113,825,985	66,322,362	122,883,758	74,125,731
Average annual interest rate		4,90				5,49		
Long term - Short term portion								
Banco de Chile	-	-	734,384	1,061,398	-	-	734,384	1,061,398
Corpbanca	-	-	2,447	564,226	-	-	2,447	564,226
Banco de Crédito e Inversiones	-	-	185,393	922,725	-	-	185,393	922,725
Banco Security	-	-	-	32,446	-	-	-	32,446
TOTAL	-	-	922,224	2,580,795	-	-	922,224	2,580,795
Outstanding principal								
	-	-	908,391	2,486,272	-	-	908,391	2,486,272
Average annual interest rate				2,46				

14. OTHER CURRENT LIABILITIES

Details of other current liabilities at December 31, 2006 and 2005 are as follows:

	2006 ThCh\$	2005 ThCh\$
Corporación de Fomento de la Producción	-	6,281,678
Purchase of leasing contracts (BSECS-8) (1)	-	4,463,062
Purchase of leasing contracts (BSECS-9) (1)	5,326,956	-
Purchase of leasing contracts (BSECS-10) (2)	16,019,934	-
Other current liabilities	101,595	-
TOTAL	21,448,485	10,744,740

(1) At December 31, 2006 and 2005, the balance is related to an obligation with Concreces Leasing S.A. to form the BSECS-9 y BSECS-8 Separate Equities.

(2))At December 31, 2006 and 2005, the balance is related to an obligation with Inmobiliaria Mapsa S.A.to form the BSECS-10 Separate Equity.

15. LONG-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS

Details of long-term liabilities with banks and financial institutions at December 31, 2006 and 2005 are as follows:

FINANCIAL INSTITUTION	CURRENCY OR INDEXATION	YEARS TO MATURITY			CLOSING DATE CURRENT YEAR		CLOSING DATE PRIOR YEAR
		OVER 1 UP TO 2 ThCh\$	OVER 2 UP TO 3 ThCh\$	OVER 3 UP TO 5 ThCh\$	TOTAL LONG TERM AT CLOSE OF FINANCIAL STATEMENTS -ThCh\$	AVERAGE ANNUAL INTEREST RATE %	TOTAL LONG TERM AT CLOSE OF FINANCIAL STATEMENTS - ThCh\$
Banco de Chile	UF	726,121	359,393	2,156,358	3,241,872	5.45	5,561,573
Corpbanca	UF	2,491,448	-	-	2,491,448	8.04	1,064,170
Banco de Crédito e Inversiones	UF	2,671,394	179,697	1,078,179	3,929,270	7.92	2,352,763
Banco Security	UF	1,703,190			1,703,190	6.40	1,713,210
TOTAL		7,592,153	539,090	3,234,537	11,365,780		10,691,716

16. BONDS PAYABLE

On August 13, 2003, the Securities of the Superintendency of Securities certified that Grupo Security S.A., filed with the Securities Register, under number 340, the issue of series B bonds for UF 1,000,000, which pays a 4.75% annual interest.

On July 16, 2004, the Securities of the Superintendency of Securities certified that Grupo Security S.A., filed with the Securities Register, under number 376, the issue of series C bonds for UF 750,000, which pays a 2.4695% annual interest.

On January 12, 2006, the Securities of the Superintendency of Securities certified that Grupo Security S.A. modified line C2 filed on July 16, 2004.

On February 15, 2006, the Securities of the Superintendency of Securities certified that Grupo Security S.A., filed with the Securities Register, under number 454, the issue of series D bonds for UF 1,500,000, with a 4.2% annual interest.

Details of bonds payable at December 31, 2006 and 2005, recorded as described in Note 2x, are as follows:

REGISTRATION NO. OR IDENTIFICATION OF THE INSTRUMENT	SERIES	OUTSTANDING NOMINAL AMOUNT PLACED	INDEXATION UNIT	INTEREST RATE %	FINAL MATURITY	PAYMENT DATE		PAR VALUE	
						INTEREST	AMORTIZATION	2006 ThCh\$	2005 ThCh\$
Long-term bonds - current portion									
340-13-08-03	BSECU-B	200,000	UF	4.75	15.07.2010	Semi-annual	Semi-annual	3,983,547	4,066,137
370-16-07-04	BSECU-C	35,000	UF	5.00	15.07.2016	Semi-annual	Semi-annual	1,497,758	214,399
376-16-07-04	BSECU-C2		UF	4.20	15.12.2026	Semi-annual	Semi-annual	16,752	
454-15-02-06	BSECU-D		UF	4.20	15.12.2026	Semi-annual	Semi-annual	50,255	
TOTAL SHORT-TERM PORTION								5,548,312	4,280,535
Largo plazo									
340-13-08-03	BSECU-B	700,000	UF	4.75	15.07.2010	Semi-annual	Semi-annual	11,001,828	14,681,825
36-16-07-04	BSECU-C	665,000	UF	5.00	15.07.2016	Semi-annual	Semi-annual	11,551,919	12,846,597
376-16-07-04	BSECU-C2	500,000	UF	4.20	15.12.2026	Semi-annual	Semi-annual	9,168,190	
454-15-02-06	BSECU-D	1,500,000	UF	4.20	15.12.2026	Semi-annual	Semi-annual		27,504,570
TOTAL LONG-TERM								59,226,507	27,528,422

17. ACCRUALS AND WRITE-OFFS

At December 31, 2006 and 2005, accruals are as follows:

	2006 ThCh\$	2005 ThCh\$
Accrual for vacations	623,498	521,327
Accrual for consultancy services	-	82,477
Accrual for rewards	102,139	274,081
Accrual for profit	128,575	122,790
Accrual for employee benefits	-	31,192
Accrual for estimates for payment	53,023	-
Sundry accruals	3,517,425	1,752,567
Other accruals	854,913	3,063
TOTAL	5,279,573	2,787,497

18. MINORITY INTEREST

Minority interest at December 31, 2006 and 2005 is as follows:

COMPANY	OWNERSHIP	OWNERSHIP		RESULT	
		2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Factoring Security S.A.	0.002%	346	2	(80)	-
Inmobiliaria Security S.A.	0.001%	27	24	(5)	(4)
Inversiones Seguros Security Limitada	0.001%	295	197	(26)	(9)
Inversiones Invest Security Limitada	0.190%	-	2,504		(68)
Virtual Security S.A.	0.100%	143	141	(2)	28
Representaciones Security Limitada	1.000%	536	200	(335)	(102)
Travel Security S.A.	25.000%	508,862	508,864	-	(131,014)
Mandatos Security Ltda.	0.230%	43	39	(4)	27
Global Gestión y Servicios Ltda.	0.230%	(232)	(163)	70	230
Securitizadora Security GMAC-RFC S.A.	49.040%	1,104,701	1,036	160,458	703
Asesorías Security S.A.	0.218%	2,077	1,704	(218)	189
Servicios Security S.A.	0.002%	-	543,056	(2)	71,055
Corredora de Seguros Security Limitada	0.002%	45	42	(3)	8
Agencias Security S.A.	1.000%	-	1,707	-	(272)
Inmobiliaria Security Once Limitada	1.000%	19	118	(7)	(1,447)
Global Asset Advisors Limited	1.000%	517	-	15	-
Invest Security	0.100%	2,300	-	204	-
Inmobiliaria Security Siete Limitada	0.001%	4	4	-	-
Inmobiliaria SH Uno Ltda.	0.001%	23	19	(3)	(6)
TOTAL		1,619,706	1,059,494	160,062	(60,682)

19. SHAREHOLDERS' EQUITY

Changes in shareholders' equity accounts at December 31, 2006 and 2005 were as follows:

	PAID-IN CAPITAL ThCh\$	SHARE PREMIUM ThCh\$	OTHER RESERVES ThCh\$	RETAINED EARNINGS ThCh\$	INTERIM DIVIDENDS ThCh\$	DEFICIT/SUBSIDIARY DEVELOPMENT STAGE ThCh\$	NET INCOME FOR THE YEAR ThCh\$	TOTAL ThCh\$
Balances, January 1, 2005	84,070,981	27,427,471	4,116,758	31,107,183	(880,989)	(577,027)	15,506,426	105,223,483
Transfers				15,506,426			(15,506,426)	
Prior year final dividend				(880,989)	880,989			
Development stage accumulated deficit				(324,567)		301,086		(23,481)
Adjustment to matching reserve for fluctuation in investment in subsidiary			(1,889,082)					(1,889,082)
Final dividends				(8,773,120)				(8,773,121)
Increase in capital								
Unpaid capital								
Price-level restatement	3,026,555	987,389	166,432	1,353,058	(18,363)	(5,582)		5,509,489
Net income for the year							20,209,833	20,209,833
Interim dividends					(1,530,198)			(1,530,198)
Balances, December 31, 2005	87,097,536	28,414,860	2,394,108	37,987,991	(1,548,561)	(281,523)	20,209,833	174,274,245
Price-level restatement	1,829,048	596,712	50,276	797,748	(32,520)	(5,912)	424,407	3,659,759
Balances, December 31, 2005								
restated	88,926,584	29,011,572	2,444,384	38,785,739	(1,581,081)	(287,435)	20,634,240	177,934,003
Balances, January 1, 2006	87,097,536	28,414,860	2,394,108	37,987,991	(1,548,561)	(281,523)	20,209,833	174,274,244
Prior year income distribution				20,209,833			(20,209,833)	-
Prior year final dividend				(1,548,561)	1,548,561			-
Development stage accumulated deficit				(175,638)		175,638		-
Increase in capital	16,669,957	2,635,388						19,305,345
Adjustment to reserve for fluctuation in investment in subsidiary			(2,043,281)					(2,043,281)
Final dividends				(10,784,900)				(10,784,900)
Price-level restatement	2,245,797	662,597	398,238	1,038,548	8,804	(1,856)		4,352,128
Net income for the year							26,746,452	26,746,452
Interim dividends					(2,201,000)			(2,201,000)
Balance at December 31, 2006	106,013,290	31,712,845	749,065	46,727,273	(2,192,196)	(107,741)	26,746,452	209,648,988

Paid-in capital - In accordance with Article N°10 of Law N°18,046, paid-in capital includes its proportional amount of monetary correction.

At December 31, 2006 and 2005 the subscribed and paid-in capital was ThCh\$106,013,290, (ThCh\$88,926,584 in 2005) represented by 2,201,000,000 and 2,040,264,415 no par-value shares, respectively.

Other reserves - These are basically the Company's percentage participation in the matching reserve in the direct subsidiary Security Rentas Seguros de Vida S.A. and the indirect subsidiary Seguros Vida Security Previsión S.A., the fluctuation in the indirect subsidiary Compañía de Seguros Generales Penta Security S.A., and in the reserve for fluctuations in investments in the direct subsidiary Banco Security.

The detail of changes during 2006 and 2005 is as follows:

	2006 ThCh\$	2005 ThCh\$
Security Rentas S.A.	1,604,647	-
Inversiones Seguros Ltda.	17,737	(835,707)
Banco Security	420,897	(1,053,376)
TOTAL	2,043,281	(1,889,083)(*)

(*) Historic values

Development stage accumulated deficit - This is the percentage participation in the development stage deficit of the direct subsidiary Inmobiliaria Security S.A. and Seguros Security Ltda. This deficit will be absorbed by future income.

Dividends - The policy agreed to by the shareholders is to distribute 50% of net cash income received by the Company from direct subsidiaries during the year and split the payment into two dividends - one an interim and the other a final dividend. Additionally, the Board of Directors has been authorized to decide additional dividend distributions with charges to retained earnings if the Company's financial condition, in the opinion of the Board, allows it.

During 2005, a Ch\$3.3 final dividend per share was paid, which added to the October 2004 interim dividend, makes a final dividend of Ch\$3.8 charged to 2004 results. This dividend must be added to the Ch\$1 additional dividend paid in October 2004, which makes a total dividend of Ch\$4.8 per share paid in 2004.

Additionally, in September 2005, Grupo Security S.A. management, in an ordinary session, agreed to pay an interim dividend of Ch\$0.75 per share, and an additional dividend of Ch\$1.0 per share charged to retained earnings, which makes a total dividend of Ch\$1.75 per share.

During April 2006, a Ch\$3.75 final dividend per share was paid, which added to the October 2005 interim dividend, makes a final dividend of Ch\$4.5 charged to 2005 net income.

In September 2006, the Board of Directors agreed to pay an additional dividend of Ch\$1.15 per share and a provisional dividend of Ch\$1 which was paid in October 2006.

Capital increase - The Shareholders' Meeting of Grupo Security S.A., held on August 2, 2004, decided to declare that part of the capital increase agreed to in the General Shareholders' Meeting of December 19, 2003 that has not been subscribed to or paid in (issue registered with the Superintendency of Securities and Insurance under N°717 on May 20, 2004) null and void. The total increase was 300,000,000 shares for ThCh\$30,000,000; additionally, it agreed to increase the capital by ThCh\$45,000,000 by issuing 450,000,000 ordinary, registered, no par value, cash shares.

On October 4, 2004, the Superintendency registered the issue of 100,278,956 ordinary, registered, no par value, cash shares for ThCh\$10,027,895, with charge to capital, in the stock register under N°725. The term of issue, subscription and payment of these shares is three years from August 2, 2004. In March 2006, the remainder of these shares were placed at a preferential price of Ch\$120 a share. As a result, MCh\$16,669,670 was recorded as capital, and a share premium of MCh\$2,635,388 was obtained.

20. PRICE-LEVEL RESTATEMENT

Details of the net charge to income from monetary correction, as described in Note 2 e, are as follows:

INDEXATION		2006 ThCh\$	2005 ThCh\$
Assets (charges) / credits			
El inventories	CPI	47,637	76,249
Fixed assets	CPI	47,342	95,580
Investments in related companies	CPI	4,460,452	4,879,367
Goodwill	CPI	978,725	645,272
Other non-monetary assets	CPI	742,961	720,722
Expense and cost accounts	CPI	140,989	(18,034)
TOTAL (CHARGES) CREDITS		6,418,106	6,399,156
Liabilities (charges) / credits			
Shareholders' equity	CPI	(5,218,225)	(5,625,188)
Non-monetary liabilities	CPI	(1,513,701)	(1,750,361)
Income accounts	CPI	(151,119)	(31,556)
TOTAL (CHARGES) CREDITS		(6,883,045)	(7,407,105)
LOSS FROM PRICE-LEVEL RESTATEMENT		(464,939)	(1,007,949)

21. EXCHANGE DIFFERENCES

Details of exchange differences at December 31, 2006 and 2005 are as follows:

	(CHARGES) / CREDITS	
	2006 ThCh\$	2005 ThCh\$
(Charges) / credits		
Cash	4,768	(4,735)
Dollar investments	28,063	(2,860)
Accounts payable	-	(7,889)
TOTAL CREDITS	32,831	(15,484)
Liabilities:		
Other liabilities in dollars	(2,820)	-
TOTAL CHARGES	(2,820)	-
NET CREDIT (CHARGED) TO INCOME	30,011	(15,484)

22. STATEMENTS OF CASH FLOWS

In accordance with Technical Bulletin N°50 of the Chilean Institute of Accountants, the Company has considered as cash equivalents all investments made as part of the normal management of cash surpluses, with maturities of less than 90 days.

At December 31, 2006 and 2005, there are no financing or investing activities committing future flows not disclosed in the notes.

	2006 ThCh\$	2005 ThCh\$
Cash	3,215,615	3,642,214
Time deposits	56,101	84,774
Resale agreements	2,742,182	2,992,841
Mutual fund units	1,406,256	2,494,249
TOTAL	7,420,154	9,214,078

According to the provisions of Circular 1,501 of the Superintendency of Securities and Insurance, there are no financing or investing activities committing future flows not disclosed in the notes.

23. CONTINGENCIES AND RESTRICTIONS

Among the companies which have been consolidated, the following have contingencies and/or restrictions at December 31, 2006 and 2005.

Grupo Security S.A.

At December 31, 2006 and 2005, the Company has the following indices and restrictions as a result of bond issuances:

Indebtedness: The Company must maintain in its quarterly financial statements, a level of indebtedness below 0.4, measured on its individual balance figures; such indebtedness is defined as the ratio between current liabilities and equity for all 2006 and 2005 series.

Ownership: Keep a 51% ownership interest in Banco Security for series BSECU-C2 and BSECU-D in 2006 (in 2005 there are none).

Factoring Security S.A.

On August 30, 2005, the Chilean Internal Revenue Service made settlements for the years 2001, 2002 and 2003 to the Factoring Security S.A. subsidiary, related to first category tax and the sole tax. The claim for these settlements was filed on November 10, 2005, and was subject to the prejudicial phase of Review of Inspection Measure that is pending to date. The management and its legal advisors do not expect adverse results from these settlements. Therefore, they have not considered it necessary or appropriate to establish provisions.

Inmobiliaria Security S.A.

The direct subsidiary Inmobiliaria Security S.A. has a ThCh\$1,592,004 mortgage on behalf of Banco Security to assure compliance with the purchase of land associated with the Huechuraba Project.

24. THIRD PARTY GUARANTEES

At December 31, 2006 and 2005, the Company and its subsidiaries have not received any guarantees from third parties.

25. LOCAL AND FOREIGN CURRENCY

Assets

		AMOUNT	
	CURRENCY	2006 ThCh\$	2005 ThCh\$
Current assets			
Cash	Non-indexed Ch\$	3,199,557	3,642,214
Cash	Indexed Ch\$	-	-
Cash	Observed US\$	16,058	-
Time deposits	Non-indexed Ch\$	-	84,774
Time deposits	US\$	44,115	-
Time deposits	Euro	11,986	-
Marketable securities	Non-indexed Ch\$	717,842	2,494,249
Marketable securities	Indexed Ch\$	721,250	-
Trade accounts receivable	Indexed Ch\$	-	4,070,102
Trade accounts receivable	Non-indexed Ch\$	117,961,960	92,918,117
Notes receivable	Non-indexed Ch\$	2,404,603	3,214,007
Notes receivable	Indexed Ch\$	-	716,709
Other receivables	Non-indexed Ch\$	555,607	699,036
Other receivables	Indexed Ch\$	-	63,295
Due from related companies	Indexed Ch\$	155,867	411,781
Inventories	Non-indexed Ch\$	29,316,708	6,768,667
Recoverable taxes	Indexed Ch\$	847,249	423,033
Prepaid expenses	Non-indexed Ch\$	84,327	179,902
Deferred taxes	Indexed Ch\$	1,747,533	1,270,315
Other current assets	Non-indexed Ch\$	3,225,802	4,019,007
TOTAL CURRENT ASSETS		161,010,464	120,975,208
TOTAL FIXED ASSETS - NET		Indexed Ch\$	3,878,653
			3,754,780
Other assets			
Investments in related companies	Indexed Ch\$	229,237,962	168,869,157
Goodwill	Indexed Ch\$	42,036,050	20,485,642
Negative goodwill	Indexed Ch\$	(15,999)	(20,921)
Due from related companies	Indexed Ch\$	205,559	26,819
Deferred taxes (net)	Indexed Ch\$	388,999	33,980
Intangibles	Indexed Ch\$	646,814	346,933
Amortization	Indexed Ch\$	(294,961)	(235,252)
Others	Indexed Ch\$	10,657,149	11,718,708
TOTAL OTHER ASSETS		282,861,573	201,225,066
	Non-indexed Ch\$	157,466,406	114,019,973
	Indexed Ch\$	290,212,125	211,935,081
	Observed US\$	16,058	-
	Euro	11,986	-
	US\$	44,115	-



Current liabilities

ITEM	CURRENCY	UP TO 90 DAYS				90 DAYS TO 1 YEAR			
		2006		2005		2006		2005	
		AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %
Liabilities with banks	Indexed Ch\$								
Liabilities with banks	US\$	9,195,709	3.47						
Liabilities with banks	Non-indexed Ch\$	115,912,409	4.90	76,721,078	5.20			3,457,881	5.20
Liabilities with banks	UF	373,426	5.45	2,580,795		548,798	8.04		
Bonds payable	Indexed Ch\$								
Bonds payable	UF	3,005,893	4.54	2,445,306	4.75	2,542,419	4.54	1,835,228	4.75
Accounts payable	Non-indexed Ch\$	5,063,357		4,430,261					
Accounts payable	Indexed Ch\$	313,988		1,854,400					
Notes payable	Non-indexed Ch\$								
Sundry creditors	Indexed Ch\$	464,781		202,438					
Due to related companies	Non-indexed Ch\$	583,931	5.50	342,348	5.50				
Due to related companies	Indexed Ch\$	7,493		98,120					
Accruals	Non-indexed Ch\$	5,279,573		2,787,497					
Dividends payable	Non-indexed Ch\$	82,076							
Accruals	Indexed Ch\$								
Withholdings	Indexed Ch\$	599,175		470,455					
Other current liabilities	Non-indexed Ch\$	21,448,485		10,744,740					
TOTAL		162,330,296		102,677,438		3,091,217		5,293,109	
	Indexed Ch\$	1,385,437		2,625,413		-		-	
	US\$	9,195,709		-		-		-	
	Non-indexed Ch\$	148,369,831		95,025,924		-		3,457,881	
	UF	3,379,319		5,026,101		3,091,217		1,835,228	

Long-term liabilities

2006

ITEM	CURRENCY	2 TO 3 YEARS		2 TO 3 YEARS		5 TO 10 YEARS		5 TO 10 YEARS	
		AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %
Liabilities with banks	UF	8,131,243	8.04	3,234,537	8.04	-		-	
Liabilities with banks	UF	11,831,790	4.20	10,094,660	4.20	16,068,459	4.20	21,231,598	4.20
Sundry creditors	Non-indexed Ch\$	468,196		-		-		-	
TOTAL		20,431,229		13,329,197		16,068,459		21,231,598	
	UF	19,963,033		13,329,197		16,068,459		21,231,598	
	Non-indexed Ch\$	468,196		-		-		-	

2005

ITEM	CURRENCY	2 TO 3 YEARS		2 TO 3 YEARS		5 TO 10 YEARS		5 TO 10 YEARS	
		AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %
Liabilities with banks	Non-indexed Ch\$	1,713,210	5.40	-	-	-	-	-	-
Bonds payable	UF	13,458,339	5.90	7,340,912	5.90	-	-	6,729,171	5.90
Notes payable	Non-indexed Ch\$	9,356	-	-	-	-	-	-	-
Other liabilities	Indexed Ch\$	761,517	-	-	-	-	-	-	-
TOTAL		19,463,088		9,021,850		3,776,902		6,729,171	
	UF	16,979,005		9,021,850		3,776,902		6,729,171	
	Non-indexed Ch\$	1,722,566		-		-		-	
	Indexed Ch\$	761,517		-		-		-	

26. SANCTIONS

In 2006 and 2005, no sanctions were imposed on the Company, its subsidiaries, its Directors or its Management by the Superintendency of Securities and Insurance or other administrative authorities.

27. SUBSEQUENT EVENTS

From January 1 to February 23, 2007, the date of issue of these financial statements, there are no subsequent events that may affect the same.

28. ENVIRONMENT

Due to the nature of their business, the Company and its affiliates have no environmental liabilities.

GRUPO SECURITY

management's analysis of the consolidated financial statements • (AS OF DECEMBER 31, 2006)

Because of the different nature of their businesses, the financial statements of the direct subsidiary Banco Security and subsidiaries, the indirect subsidiaries Seguros Vida Security Previsión S.A. and the private investment funds Quirihue and Pastrana II, have not been consolidated. Consequently, the consolidation of Grupo Security and subsidiaries includes Factoring Security, Asesorías Security, Securitizadora Security, Inmobiliaria Security and subsidiaries, Inversiones Seguros Security and subsidiaries and Invest Security and subsidiaries.

Because of this consolidation process, while the final results are equivalent to those shown in the unconsolidated financial statements, their composition changes due to the incorporation of the items of the subsidiaries and the growth of the businesses of the different companies comprising Grupo Security.

As can be seen in the consolidated financial statements, the balance sheet of Grupo Security shows total assets of Ch\$447,751 million, of which current assets amount to Ch\$161,010 million (35.9% of assets), mainly consisting of trade accounts receivable and inventories, the normal items in the businesses of the consolidated subsidiaries. The most important items also include the investment in related companies amounting to Ch\$229,238 million, representing 51.2% of total assets.

Of the total short and long-term liabilities (Ch\$236,482 million), current liabilities represent Ch\$165,422 million (70.0% of the total) and long-term liabilities Ch\$71,060 million (30.0% of the total). Short and long-term borrowings from banks and financial institutions amounted to Ch\$137,396 million and bonds payable to Ch\$64,775 million.

The shareholders' equity of Grupo Security is Ch\$209,649 million, representing 46.8% of the total consolidated assets at December 2006.

Consolidated Statement of Cash Flows of Grupo Security S.A.

Description and analysis of the principal net cash flow components:

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005 (MILLIONS OF PESOS)	2005	2006
Net cash flow from operating activities	16,772	-17,768
Net cash flow from financing activities	-10,212	103,838
Net cash flow from investment activities	-13,927	-88,009
Net total cash flow the year	-7,366	-1,938
Effect of inflation on cash & cash equivalents	224	110
Net change in cash & cash equivalents	-7,142	-1,828
Opening balance of cash & cash equivalents	16,356	9,214
Closing balance of cash & cash equivalents	9,214	7,386

The net negative cash flow from operating activities of Ch\$ 17,767 at December 31, 2006 (positive Ch\$16,772 million in 2005) mainly includes trade accounts receivable, other assets and accounts payable related to operating income, basically dividends received by Grupo Security from Banco Security and changes in net financings mainly by Factoring Security.

The net positive cash flow from financing activities of Ch\$103,838 million at December 31, 2006 (negative Ch\$10,212 million in 2005) arose mainly from placement and payment of shares (Ch\$ 56,357 million) and loan obtained (Ch\$ 34,949 millions).

The net negative cash flow from investment activities of Ch\$88,009 million at December 31, 2006 (Ch\$13,926 million in 2005) corresponds mainly to the acquisition Interamericanas Rentas Seguros de Vida by Grupo Security.

Financial Indicators

The most relevant financial indicators of the consolidated financial statements of Grupo Security at December 2005 and 2006 show the following changes:

GRUPO SECURITY	UNIDAD	2005	2006
Current assets / Total assets	%	3.30%	2.61%
Fixed assets / total assets	%	0.50%	0.52%
Other assets / Total assets	%	96.20%	96.87%
Current liabilities / Total liabilities	%	3.60%	2.68%
Long-term liabilities /Total liabilities	%	16.00%	23.97%
Shareholders' equity / Total liabilities	%	80.40%	73.34%
Current assets / Current liabilities	times	0.92	0.97
Total liabilities / Shareholders' equity	times	1.24	1.36
Debt ratio ⁽¹⁾	%	24.37%	36.34%
Return on equity ⁽²⁾	%	13.27%	15.72%
Financial expenses coverage ⁽³⁾	%	12.48	9.80
Return on total average assets ⁽⁴⁾	% year	9.5%	10.5%
Earnings per share ⁽⁵⁾	Ch\$ per share	10.11	12.15
Dividend yield, last 12 months	% / share	4.28%	4.22%
E.B.I.D.A	Millions	23,825	31,703

⁽¹⁾ Total liabilities / Shareholders' equity

⁽²⁾ Net income for the year /Capital and reserves

⁽³⁾ Net income for the year /Average capital and reserves

⁽⁴⁾ Financial expenses coverage: Income before taxes & interest /Financial expenses

⁽⁵⁾ Return on total assets: Net income /Average assets

⁽⁶⁾ Earnings per share, annualized

⁽⁷⁾ EBITDA (Income before taxes, financial expenses, amortization goodwill & depreciation)

Credit Rating

The following is a detail of the credit ratings:

AT DECEMBER 31, 2006			
CREDIT RATING AGENCY	COMMON SHARES	BONDS N° 340 SERIES B BONDS N° 376 SERIES C BONDS N° 454 SERIES D	OUTLOOK
Fitch Chile Clasificadora de Riesgo Limitada	First Class Level 3	A+	Stable
Feller & Rate Clasificadora de Riesgo	First Class Level 2	A+	Stable
Comisión Clasificadora de Riesgo	Approved	A+	



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GRUPO SECURITY

banco security & subsidiaries

KIND OF ENTITY

Banking Corporation

CORPORATE OBJECTS

Carry out all acts, contracts, operations and activities common to a commercial bank, in accordance with prevailing legislation.

GENERAL INFORMATION

The company was constituted by public deed dated August 26, 1981 signed before the notary Enrique Morgan Torres.

RELEVANT INFORMATION

On April 1, 2001, Leasing Security S.A. was merged into Banco Security at book value, without affecting the results.

On September 30, 2004, Banco Security merged with Dresdner Bank Lateinamerika, resulting in Security taking over 99.67% of the company Dresdner Bank Lateinamerika AG and 100% of Dresdner Bank Lateinamerika Corredora de Bolsa, which transaction was largely financed by a capital increase subscribed by the Group shareholders.

PAID CAPITAL AND RESERVES

The paid capital and reserves were Ch\$132,546 million at December 31, 2006, including the restatement of capital in accordance with clause 10 of Law 18,046. Its total shareholders' equity at December 31, 2006 was Ch\$153,044 million.

INVESTMENT AS PERCENTAGE OF GRUPO SECURITY S.A. ASSETS

Banco Security represents 49.31% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND PARENT (*)

Banco Security provides banking services (checking accounts, deposits, lines of credit and overdrafts, payment services, etc.) to the parent, subsidiaries and associate companies of Grupo Security S.A.

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

(*) The figures for transactions of the parent with its subsidiaries and associates are shown in the financial statements of Grupo Security S.A.

BOARD OF DIRECTORS

Chairman of the Board

· Francisco Silva S.

Tax No.: 4.103.061-5

Director

· Hernán Felipe Errázuriz C.

Tax No.: 4.686.927-3

· Jorge Marín C.

Tax No.: 7.639.707-4

· Gustavo Pavez R.

Tax No.: 4.609.215-5

· Renato Peñafiel M.

Tax No.: 6.350.390-8

· Gonzalo Ruiz U.

Tax No.: 5.321.309-K

· Mario Weiffenbach O.

Tax No.: 4.868.153-0

President

· Ramón Eluchans O.

Tax No.: 6.464.460-2



GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	55,568.8	80,891.8
Net Loans	1,530,686.5	1,340,939.8
Investments	381,182.1	420,921.3
Fixed Assets	23,445.1	23,527.5
Other Assets	143,304.0	184,656.6
TOTAL ASSETS	2,134,186.5	2,050,937.0
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Deposits & other obligations	1,611,992.3	1,480,256.1
Interbank borrowings	144,033.2	214,294.9
Bonds payable	138,992.7	101,957.1
Other liabilities	86,075.8	100,957.0
Minority interest	48.9	42.9
Capital & reserves	132,545.6	132,994.4
Net income for the year	20,498.0	20,434.6
LIABILITIES & SHAREHOLDERS' EQUITY	2,134,186.5	2,050,937.0

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	25,993.9	27,839.2
Non-operating loss	(1,283.0)	(3,800.1)
INCOME BEFORE TAXES	24,710.9	24,039.1
Income tax	(4,208.0)	(3,597.4)
Minority interest	(4.9)	(7.1)
NET INCOME FOR THE YEAR	20,498.0	20,434.6

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	29,340.0	33,960.5
Net cash flow from financing activities	(162,210.9)	(304,410.1)
Net cash flow from investment activities	103,376.4	219,300.8
NET TOTAL CASH FLOW THE YEAR	(29,494.5)	(51,148.8)
Effect of monetary correction	4,171.5	(5,089.7)
NET CHANGE IN CASH & CASH EQUIVALENTS	(25,323.0)	(56,238.5)

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

valores security s.a. corredores de bolsa

KIND OF ENTITY

Corporation, subsidiary of Banco Security.

CORPORATE OBJECTS

To carry on business in two areas: stock trading and trading in fixed-income securities, dollars and others through a money desk.

GENERAL BACKGROUND

Constituted under public deed dated April 10, 1987. It was inscribed in the Santiago Trade Register under No.3,630 of 1987 in accordance with the securities market and corporations legislation.

It is also registered in the Register of Stock-Brokers and Securities Traders on June 2, 1987, under No.0111. On October 16, 1997, an extraordinary shareholders' meeting agreed to change its name to Valores Security S.A. Corredores de Bolsa.

On August 24, 2004, the extraordinary shareholders' meeting agreed to its merger with Dresdner Lateinamerika S.A. Corredores de Bolsa and, by its Resolution No.10098 of October 27, 2004, the Superintendency of Securities and Insurance approved it with effect from October 1, 2004.

PAID CAPITAL AND RESERVES

The company's paid capital and reserves at December 31, 2006 was Ch\$17,542 million and its total equity Ch\$19,594 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Valores Security represents 19.11% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND PARENT COMPANY

Valores Security provides different services to the subsidiaries and associates of Grupo Security S.A., and to the parent company. For Banco Security it provides consultancy services, trading in financial instruments and trading in dollars and forwards. It also provides financial instrument and stock trading services for Administradora General de Fondos S.A. and Asesorías Security, for which it also offers trading in dollars, consultancy and forward contracts.

In the bank's insurance area, Valores Security carries out operations relating to insurance policies in the case of Seguros Security Generales S.A. and insurance broking for Corredora de Seguros Security.

It purchases tickets from Travel Security S.A. and provides financial information services for Global Security.

It offers data processing and telephone services for Virtual Security and audit and accounting services for Inversiones Invest Security Ltda., and financial services for Inversiones Seguros Security Ltda.

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD OF DIRECTORS**Chairman of the Board
Directors**

- Ramón Eluchans O.
- Bonifacio Bilbao H.
- Francisco Javier Gómez C.
- Enrique Menchaca O.
- Naoshi Matsumoto C.
- Nicolás Ugarte B.

- Tax No.: 6.464.460-2
- Tax No.: 9.218.210-K
- Tax No.: 4.878.296-5
- Tax No.: 6.944.388-5
- Tax No.: 9.496.299-4
- Tax No.: 7.033.564-6

President



SECURITIES REGISTER NO.0111

GENERAL BALANCE		
FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005		
ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	827,680.7	406,937.6
Fixed Assets	166.7	221.8
Other Assets	1,039.9	379.5
TOTAL ASSETS	828,887.3	407,538.9
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	809,292.8	389,997.2
Capital & Reserves	17,541.7	15,247.4
Net Income for the year	2,052.8	2,294.3
LIABILITIES & SHAREHOLDERS' EQUITY	828,887.3	407,538.9

STATEMENT OF INCOME		
FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005		
	2006 ChMM\$	2005 ChMM\$
Operating income	2,708.2	3,089.3
Non-operating loss	(220.0)	(346.0)
INCOME BEFORE TAXES	2,488.2	2,743.3
Income tax	(435.4)	(449.0)
NET INCOME FOR THE YEAR	2,052.8	2,294.3

CASH FLOW		
FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005		
	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	(588.4)	14,235.9
Net cash flow from financing activities	23.3	(33.1)
Net cash flow from investment activities	31.0	(12,630.8)
NET TOTAL CASH FLOW THE YEAR	(534.2)	1,572.0
Effect of monetary correction	(99.6)	(28.4)
NET CHANGE IN CASH & CASH EQUIVALENTS	(633.8)	1,543.6

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

administradora general de fondos security s.a.

KIND OF ENTITY

Corporation, subsidiary of Banco Security.

CORPORATE OBJECTS

General fund manager.

GENERAL BACKGROUND

The company was constituted by public deed dated May 26, 1992 and was approved by the Superintendency of Securities and Insurance on June 2, 1992 (Resolution No.0112). The company is subject to the regulatory authority of that Superintendency and the provisions of Decree Law 1,328 and its regulations. By Resolution 288 of September 17, 2003, the Superintendency approved the reform of the bylaws of Sociedad Administradora de Fondos Mutuos Security S.A. agreed at the extraordinary shareholders' meeting of July 4, 2003, which changed the company's name to Sociedad Administradora General de Fondos, in accordance with Chapter XXVII of Law 18,045.

The company currently manages the following funds:

- Fondo Mutuo Security Check, approved by Resolution N°0112 on June 2, of 1992.
- Fondo Mutuo Security First, approved by Resolution N°228 on October 14, of 1992.
- Fondo Mutuo Security Premium, approved by Resolution N°142 on June 23, of 1993.
- Fondo Mutuo Security Acciones, approved by Resolution N°184 on August 14, of 1992.
- Fondo Mutuo Security Global Investment, approved by Resolution N°235 on October 1, of 1996.
- Fondo Mutuo Security Gold, approved by Resolution N°54 on February 12, of 1998.
- Fondo Mutuo Security Explorer, approved by Resolution N°174 on July 4, of 2000.
- Fondo Mutuo Security Dólar Bond, approved by Resolution N°353 on October 31, of 2001.
- Fondo Mutuo Security Plus, approved by Resolution N°403 on September 27, of 2002.
- Fondo Mutuo Security Value, approved by Resolution N°403 on July 13, of 2004.
- Fondo Mutuo Security Income approved by Resolution N°545 on December 3, of 2004.
- Fondo Mutuo Security Emerging Market, approved by Resolution N°409 on September 2, of 2004.
- Fondo Mutuo Security Opportunity 100 Garantizado, approved by Resolution N°230 on March 23, of 2005.
- Fondo Mutuo Security Dólar Money Market, approved by Resolution N°502 on August 25, of 2005.
- Fondo Mutuo Security Leader 100 Garantizado, approved by Resolution N°562 on September 30, of 2005.
- Fondo Mutuo Security Energy Fund, approved by Resolution N°401 on September 8, of 2006.
- Fondo Mutuo Security Balance approved by Resolution N°609 on December 29, of 2006.
- Fondo Mutuo Security Equity Fund, approved by Resolution N°181 on May 12, of 2006.

These funds are managed by the company and are therefore subject to the special legislation contained in Decree Law 1,328 and its regulations, and the company is subject to the regulatory authority of the Superintendency of Securities and Insurance.

PAID CAPITAL AND EQUITY

At December 2006, the company's capital and reserves were Ch\$1,302 million and its equity Ch\$9,541 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Administradora General de Fondos Security S.A. represents 0.23% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

Administradora General de Fondos Security S.A. provides investment sales services for the purchase of mutual fund quotas to each of the subsidiaries and associates of Grupo Security S.A., and to the parent company. In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD OF DIRECTORS

Chairman of the Board
Directors

- Francisco Silva S.
- Carlos Budge C.
- Santiago Felipe Larraín M.
- Renato Peñafiel M.
- Gonzalo Ruiz U.
- Alfredo Reyes V.

Tax No.: 4.103.061-5
Tax No.: 7.011.490-9
Tax No.: 5.196.190-0
Tax No.: 6.350.390-8
Tax No.: 5.321.309-K
Tax No.: 9.035.635-6

President



GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	9,947.5	8,236.1
Fixed Assets	86.4	180.7
TOTAL ASSETS	10,033.9	8,416.8
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	492.9	316.0
Capital & Reserves	1,302.3	1,302.3
Retained Earnings	6,798.6	5,134.2
Net Income for the year	1,440.2	1,664.3
LIABILITIES & SHAREHOLDERS' EQUITY	10,033.9	8,416.8

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	1,401.2	1,531.7
Non-operating loss	326.1	472.9
INCOME BEFORE TAXES	1,727.4	2,004.6
Income tax	(287.1)	(340.3)
NET INCOME FOR THE YEAR	1,440.2	1,664.3

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	2,279.3	1,251.6
Net cash flow from financing activities	(3,534.6)	(1,028.0)
Net cash flow from investment activities	0.0	3.2
NET TOTAL CASH FLOW THE YEAR	(1,255.3)	226.8
Effect of monetary correction	(12.1)	(20.9)
NET CHANGE IN CASH & CASH EQUIVALENTS	(1,267.5)	205.8

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

factoring security s.a.

KIND OF ENTITY

Closely-held corporation.

CORPORATE OBJECTS

The company's objects are to buy, sell and invest in all kinds of incorporeal assets such as shares, share commitments, bonds, bills of exchange, promissory notes, savings plans, quotas or rights in all kinds of civil, commercial or mining companies, communities or associations, and all kinds of documents or securities; carry out factoring operations including the acquisition from any company or person of accounts receivable documented with invoices, bills of exchange, promissory notes or other documents, with or without recourse to the assignor and advance or not the value of such documents; grant financing with the guarantee of such documents and also the simple administration of accounts receivable; provide administration services, market surveys, research and classification of customers and advice in general; manage investments and receive their returns; and other activities that are complementary to such objects.

GENERAL BACKGROUND

The company was constituted on November 26, 1992 before the notary Enrique Morgan Torres. An extract of the deed was published in the Official Gazette on December 12, 1992 and the company was inscribed in the Santiago Trade Register. By public deed dated October 20, 1997, the company changed its name to Factoring Security S.A.

PAID CAPITAL AND EQUITY

The paid capital at December 31, 2006 was Ch\$13,317 million and the equity Ch\$17,321 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Factoring Security S.A. represents 3.16% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

No factoring business was carried out during 2005 with subsidiaries or associates of Grupo Security S.A.

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD OF DIRECTORS

Chairman of the Board

· Francisco Silva S.

Tax No.: 4.103.061-5

Directors

· Francisco Ramón Juanicotena S.

Tax No.: 5.201.352-6

· Renato Peñafiel M.

Tax No.: 6.350.390-8

· Gonzalo Ruiz U.

Tax No.: 5.321.309-K

· Mario Weiffenbach O.

Tax No.: 4.868.153-0

President

· Alan Lolic Z.

Tax No.: 7.037.931-7

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	131,553.4	100,136.8
Fixed Assets	543.1	530.9
Other Assets	4,632.1	1,960.6
TOTAL ASSETS	136,728.6	102,628.4
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	119,407.9	86,139.0
Long-term Liabilities	0.0	0.0
Capital & Reserves	13,317.5	13,317.5
Net Income for the year	4,003.2	3,171.8
LIABILITIES & SHAREHOLDERS' EQUITY	136,728.6	102,628.4

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	4,200.2	3,998.3
Non-operating loss	665.5	(218.2)
INCOME BEFORE TAXES	4,865.7	3,780.1
Income tax	(862.5)	(608.2)
NET INCOME FOR THE YEAR	4,003.2	3,171.9

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	(21,221.5)	(6,085.7)
Net cash flow from financing activities	(12,787.0)	(425.8)
Net cash flow from investment activities	32,867.2	7,283.2
NET TOTAL CASH FLOW THE YEAR	(1,141.3)	771.8
Effect of monetary correction	167.6	(45.3)
NET CHANGE IN CASH & CASH EQUIVALENTS	(973.7)	726.5

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

inmobiliaria security s.a. & subsidiaries

KIND OF ENTITY

Closely-held corporation.

CORPORATE OBJECTS

Real estate advice and investments, real estate brokerage and management of private investment funds.

GENERAL BACKGROUND

The company was originally constituted as a closely-held corporation named Inversiones y Rentas SH S.A., whose principal object was to make permanent investments in and rentals of all kinds of movable and immovable assets, per public deed dated December 14, 1995 signed before the notary Enrique Morgan Torres.

The company's objects were expanded at the extraordinary shareholders' meeting of April 19, 1996, recorded in public deed dated July 4, 1996, to make all kinds of real estate investments and advisory services, and real estate broking.

On October 14, 1997, the name was changed from Inversiones y Rentas SH S.A. to Inmobiliaria Security S.A., by public deed signed before the notary Enrique Morgan Torres.

The company's objects were again modified by the extraordinary shareholders' meeting of January 22, 2004, recorded in public deed dated January 27, 2004, when it was decided to expand the objects of Inmobiliaria Security S.A. to include the management of private investment funds in accordance with clause 7 of Law 18,815.

PAID CAPITAL AND EQUITY

At December 31, 2005, the capital and reserves were Ch\$2,204 million and the equity Ch\$2,704 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Inmobiliaria Security S.A. represents 0.17% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

Inmobiliaria Security has provided real estate advisory services to Banco Security and Grupo Security S.A.

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD OF DIRECTORS

Chairman of the Board

· Francisco Silva S.

Tax No.: 4.103.061-5

Directors

· Enrique Menchaca O.

Tax No.: 6.944.388-5

· Gustavo Pavez R.

Tax No.: 4.609.215-5

· Renato Peñafiel M.

Tax No.: 6.350.390-8

· Gonzalo Ruiz U.

Tax No.: 5.321.309-K

President

· Jaime Correa H.

Tax No.: 5.892.161-0

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	3,646.6	2,933.7
Fixed Assets	36.5	37.4
Other Assets	3,587.4	3,203.0
TOTAL ASSETS	7,270.6	6,174.1
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	2,862.9	2,068.0
Long-term liabilities	1,703.2	1,713.2
Minority interest	0.0	0.1
Capital & Reserves	2,198.4	2,198.4
Accumulated deficit development period subsidiary	0.0	(179.3)
Retained Earnings	5.8	0.0
Net Income for the year	500.2	373.6
LIABILITIES & SHAREHOLDERS' EQUITY	7,270.6	6,174.1

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	20.1	142.2
Non-operating loss	500.2	346.5
INCOME BEFORE TAXES	520.3	488.8
Minority interest	(0.0)	(1.4)
Income tax	(20.1)	(113.7)
NET INCOME FOR THE YEAR	500.2	373.6

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	212.5	2,085.8
Net cash flow from financing activities	(58.5)	(3,233.6)
Net cash flow from investment activities	457.5	(153.5)
NET TOTAL CASH FLOW THE YEAR	611.5	(1,301.3)
Effect of monetary correction	(15.7)	(0.6)
NET CHANGE IN CASH & CASH EQUIVALENTS	595.7	(1,301.9)

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

asesorías security s.a. & subsidiaries

KIND OF ENTITY

Closely-held corporation.

CORPORATE OBJECTS

The objects of the company are to provide financial, economic, business, accounting, legal, debt and business restructuring advisory services and make studies of all kinds related to these services; make permanent investments and rentals of all kinds of corporeal or incorporeal movable assets; acquire, conserve, sell, dispose of and negotiate in any way and form all kinds of shares, bonds, debentures, securities and receive their returns, make investments to form, integrate, participate and represent all kinds of Chilean or foreign firms or companies that exploit a business similar to the above and are of interest to the company.

GENERAL BACKGROUND

The company was constituted as a closely-held corporation by public deed dated August 30, 1996. During 2002, there was a restructuring of the businesses of Merchant Security S.A. and its subsidiaries Securitizadora Security and Asesorías Security. Asesorías Security assumed all the advisory business in international investments and it was decided to discontinue the financial advisory services provided by Merchant Security, which implied the closure of activities and compliance with ongoing obligations and mandates which was completed late in 2002.

In addition, Merchant Security S.A. acquired all the shares in its subsidiary Asesorías Security not already held by it, thus becoming the holder of 100% of its share capital and producing a merger through absorption. Its name was then changed from Merchant Security S.A. to Asesorías Security S.A.

In November 2005 Asesorías Security S.A. sold its holding in Securitizadora Security S.A. to Grupo Security S.A.

PAID CAPITAL AND EQUITY

The company's capital and reserves at December 2006 were Ch\$852 million and its equity Ch\$952 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Asesorías Security S.A. represents 0.02% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

Asesorías Security in 2005 provided international investment advice to Grupo Security, Administradora General de Fondos and Vida Security.

It also became placement agent for mutual funds managed by Administradora General de Fondos Security and distributor of the products of Valores Security.

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD OF DIRECTORS

Chairman of the Board
Directors

· Francisco Silva S.
· Carlos Budge C.
· Renato Peñafiel M.
· Carlos Budge C.

Tax No.: 4.103.061-5
Tax No.: 7.011.490-9
Tax No.: 6.350.390-8
Tax No.: 7.011.490-9

President

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	970,6	855,1
Fixed Assets	29,5	38,1
Other Assets	31,1	26,9
TOTAL ASSETS	1.031,2	920,0
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	78.8	68.2
Long-term liabilities	0.0	0.0
Minority interest	0.5	0.0
Capital & Reserves	851.8	946.2
Net Income for the year	100.1	(94.3)
LIABILITIES & SHAREHOLDERS' EQUITY	1,031.2	920.0

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	10.4	(93.2)
Non-operating loss	109.5	(4.3)
INCOME BEFORE TAXES	119.9	(97.5)
Minority interest	0.0	0.0
Income tax	(19.8)	3.2
NET INCOME FOR THE YEAR	100.1	(94.3)

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	89,0	(239,2)
Net cash flow from financing activities	(37,1)	(33,7)
Net cash flow from investment activities	0,0	0,0
NET TOTAL CASH FLOW THE YEAR	51,9	(272,8)
Effect of monetary correction	(0,8)	(22,8)
NET CHANGE IN CASH & CASH EQUIVALENTS	51,1	(295,6)

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

securitizadora security gmac-rfc s.a.

KIND OF ENTITY

Closely-held corporation.

CORPORATE OBJECTS

The company's objects are exclusively to acquire credits as referred to in clause 135 of Law 18,045 of 1981 and complementary legislation, and the issue of short and long-term debt instruments.

GENERAL BACKGROUND

The company was constituted by public deed dated October 21, 1997 before the notary Álvaro Bianchi Rosas and was approved, together with its bylaws, by Resolution 369 of December 12, 1997 of the Superintendency of Securities and Insurance.

The certificate issued by that Superintendency containing an extract of the bylaws was inscribed in folio 31,310 number 25,367 in the Santiago Trade Register of 1997 and published in the Official Gazette on December 23, 1997.

In November 2005, Securitizadora Security S.A. was acquired by Grupo Security S.A. to become its direct subsidiary. The extraordinary shareholders' meeting held on November 29, 2005 agreed to change the company's name to Securitizadora Security GMAC-RFC S.A.

PAID CAPITAL AND EQUITY

The capital and reserves at December 31, 2006 were Ch\$2,580 million and its equity Ch\$2,253 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Securitizadora Security S.A. represents 0.32% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

There were no trading relations with subsidiaries, associates or parent of Grupo Security during 2006.

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD OF DIRECTORS

Chairman of the Board

· Francisco Silva S.

Tax No.: 4.103.061-5

Directors

· Christian Sinclair M.

Tax No.: 6.379.747-2

· Ramón Eluchans O

Tax No.: 6.464.460-2

· Renato Peñafiel M.

Tax No.: 6.350.390-8

· Carlos Budge C.

Tax No.: 7.011.490-9

President

· Juan Enrique Montes M.

Tax No.: 9.253.937-7

SECURITIES REGISTER NO.640

GENERAL BALANCE		
FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005		
ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	27,399.9	4,586.9
Fixed Assets	17.6	18.8
Other Assets	148.3	129.1
TOTAL ASSETS	27,565.8	4,734.8
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	25,313.1	4,512.0
Long-term liabilities	0.0	0.0
Capital & Reserves	2,579.9	374.1
Net Income for the year	(327.2)	(151.3)
LIABILITIES & SHAREHOLDERS' EQUITY	27,565.8	4,734.8
STATEMENT OF INCOME		
FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005		
	2006 ChMM\$	2005 ChMM\$
Operating income	(275.2)	(181.0)
Non-operating loss	(130.6)	(4.4)
INCOME BEFORE TAXES	(405.8)	(185.4)
Income tax	78.6	34.1
NET INCOME FOR THE YEAR	(327.2)	(151.3)
CASH FLOW		
FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005		
	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	(5,889.4)	(166.9)
Net cash flow from financing activities	(5.2)	(20.8)
Net cash flow from investment activities	6,149.2	130.0
NET TOTAL CASH FLOW THE YEAR	254.6	(57.8)
Effect of monetary correction	(78.6)	(1.3)
NET CHANGE IN CASH & CASH EQUIVALENTS	175.9	(59.1)

NOTE: The complete financial statements at available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

inversiones seguros security limitada & subsidiaries

KIND OF ENTITY

Limited Partnership

CORPORATE OBJECTS

The company's objects are to manage any kind of business for its own or third party's account, the provision of business administration services, the acquisition and permanent holding of all kinds of corporeal or incorporeal assets, real estate or movable assets, real or personal, securities, commercial paper or credit instruments; the temporary assignment of any of these assets in any form: the disposal in any form of the assets indicated or of their returns, whether accrued, pending or received at the time of disposal and the exploitation of the returns on the assets acquired.

GENERAL BACKGROUND

The company was constituted by public deed dated November 28, 1995 before the notary Raúl Undurraga Laso. It was inscribed in the Santiago Trade Register in the same date in folio 29562 N° 23,698 and an extract of the deed was published in the Official Gazette on December 5, 1995.

The name was changed to its present Inversiones Seguros Security and its capital increased by a public deed dated December 29, 1998, whose extract was published in the Official Gazette on January 4, 1999.

PAID CAPITAL AND EQUITY

The capital and reserves at December 31, 2006 were Ch\$53,759 million and the equity Ch\$58,906 million.

INVESTMENT AS PERCENTAGE OF THE ASSETS OF GRUPO SECURITY S.A.

Inversiones Seguros Security Limitada represents 1.91% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

As a holding company, trading relations are carried out through its subsidiary companies.

ADMINISTRATORS

- Renato Peñafiel M.
- Francisco Silva S.

Tax No.: 6.350.390-8
Tax No.: 4.103.061-5

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	2,913.3	2,712.0
Fixed Assets	191.1	220.7
Other Assets	79,683.7	23,789.8
TOTAL ASSETS	82,788.1	26,722.4
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	23,515.4	5,139.5
Long-term liabilities	366.7	1,364.1
Minority interest	0.0	544.8
Capital & Reserves	53,758.9	18,711.1
Net Income for the year	5,147.0	962.9
LIABILITIES & SHAREHOLDERS' EQUITY	82,788.1	26,722.4

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	(4,729.4)	(830.8)
Non-operating loss	8,936.6	1,484.4
INCOME BEFORE TAXES	4,207.2	653.6
Minority interest	(0.0)	70.8
Amortization of negative goodwill	4.9	3.6
Income tax	934.9	234.9
NET INCOME FOR THE YEAR	5,147.0	962.9

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	16,159.7	1,314.0
Net cash flow from financing activities	(43,497.9)	(358.5)
Net cash flow from investment activities	27,992.8	(856.1)
NET TOTAL CASH FLOW THE YEAR	654.7	99.4
Effect of monetary correction	(104.4)	6.7
NET CHANGE IN CASH & CASH EQUIVALENTS	550.3	106.1

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

seguros vida security previsión s.a.

KIND OF ENTITY

Open corporation.

CORPORATE OBJECTS

Life insurance.

GENERAL BACKGROUND

The company was constituted by public deed dated August 24, 1981 before the notary Eduardo Avello Arellano and was approved by Resolution 561-S on September 29, 1981. It was inscribed in the Santiago Trade Register on October 31, 1981 (folio 18,847 N° 10,385) and an extract of the deed published in the Official Gazette on October 10, 1981. Its change of name to Seguros Previsión Vida S.A was inscribed in the Santiago Trade Register on January 16, 1998 and an extract was published in the Official Gazette on January 20, 1998. The company is inscribed in the Securities Register with number 022 and is subject to the regulatory authority of the Superintendency of Securities and Insurance. On March 11, 2002, the extraordinary shareholders' meeting approved the change of its name to Seguros Vida Security Previsión S.A. with effect from May 2002.

PAID CAPITAL AND EQUITY

The capital and reserves at December 31, 2006 were Ch\$7,616 millions and its equity Ch\$9,356 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Seguros Vida Security Previsión S.A. represents 1.70% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND PARENT COMPANY

Vida Security provides life insurance policies for the staff of Banco Security, Factoring Security, Asesorías Security, Inmobiliaria Security, Administradora de Fondos Mutuos, Grupo Security, Valores Security, Securitizadora Security, Global Security, Inversiones Invest Security and Virtual Security.

Vida Security also sells travel assistance insurance to corporate and individual customers of Travel Security.

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD OF DIRECTORS

Chairman of the Board

· Francisco Silva S.

Tax No.: 4.103.061-5

Directors

· Renato Peñafiel M.

Tax No.: 6.350.390-8

· Juan Cristóbal Pavez R.

Tax No.: 9.901.478-4

· Álvaro Eduardo Santa Cruz G.

Tax No.: 3.557.209-0

· Andrés Tagle D.

Tax No.: 5.895.255-9

· Álvaro Vial G.

Tax No.: 5.759.348-2

· Horacio Pavez G.

Tax No.: 3.899.021-7

President

· Alejandro Alzérreca L.

Tax No.: 7.050.344-1

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Investments	71,730.0	65,411.7
Premium & reinsurance debtors	3,835.0	2,922.9
Other Assets	2,547.0	1,659.8
TOTAL ASSETS	78,112.0	69,994.5
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Technical reserves	64,915.0	57,724.2
Other liabilities	3,840.0	3,893.3
Capital & reserves	7,616.0	6,997.4
Net income for the year	1,741.0	1,379.6
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	78,112.0	69,994.5

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	(3,793.0)	(2,409.8)
Non-operating loss	5,779.0	4,080.5
INCOME BEFORE TAXES	1,986.0	1,670.8
Income tax	(245.0)	(291.2)
NET INCOME FOR THE YEAR	1,741.0	1,379.6

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	7,348.6	2,370.8
Net cash flow from financing activities	(5,613.6)	(1,890.3)
Net cash flow from investment activities	(1,120.9)	(635.6)
NET TOTAL CASH FLOW THE YEAR	614.2	(155.1)
Effect of monetary correction	9.1	(7.4)
NET CHANGE IN CASH & CASH EQUIVALENTS	623.3	(162.4)

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

security rentas seguros de vida s.a.

KIND OF ENTITY

Closed Corporation.

CORPORATE OBJECTS

Life insurance and annuities

GENERAL BACKGROUND

The company was constituted by public deed dated January 04, 1993, before the notary Jaime Morandé Orrego, (Repertorio N° 4), of undefined duration with the object of hiring life insurance and reinsurance, previsual, annuities and any other subject to the second group referred in the Art.8° of the D.F.L. 251 of May 20, 1931

It was inscribed in the Santiago Trade Register on January 26, 1993 (fojas 1900 N° 1625) and an extract of the deed published in the Official Gazette on February 03, 1993.

PAID CAPITAL AND EQUITY

The capital and reserves at December 31, 2006 were Ch\$41,720 millions and its equity Ch\$58,790 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Security Rentas Seguros Vida S.A. represents 12,64% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND PARENT COMPANY

During the year 2006 there were commercial relations with Security Vida Previsión S.A. in the acquisition of life insurance. In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD OF DIRECTORS

Chairman of the Board

· Francisco Silva S.

Tax No.: 4.103.061-5

Directors

· Renato Peñafiel M.

Tax No.: 6.350.390-8

· Andrés Tagle D.

Tax No: 5.895.255-9

· Carlos Budge C.

Tax No: 7.011.490-9

· Sergio Candia A

Tax No. 6.053.341-5

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
ASSETS		
Investments	543,505.4	543,020.2
Premium & reinsurance debtors	0.0	58.7
Other Assets	3,099.9	8,568.7
TOTAL ASSETS	546,605.3	551,647.7
LIABILITIES		
Technical reserves	485,077.2	499,665.3
Other liabilities	2,738.3	8,012.4
Capital & reserves	41,720.1	40,126.4
Net income for the year	17,069.7	3,843.6
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	546,605.3	551,647.7

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	(22,011.7)	(26,533.9)
Non-operating loss	39,780.1	30,912.6
INCOME BEFORE TAXES	17,768.4	4,378.8
Income tax	(699.1)	(535.2)
NET INCOME FOR THE YEAR	17,069.3	3,843.6

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	(25,140.1)	5,620.1
Net cash flow from financing activities	30,995.6	(8,310.9)
Net cash flow from investment activities	(6,878.4)	3,361.1
NET TOTAL CASH FLOW THE YEAR	(1,022.9)	670.3
Effect of monetary correction	87.1	(139.9)
Net change in cash & cash equivalents	(935.8)	530.5

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

servicios security s.a. & subsidiaries

KIND OF ENTITY

Closely-held corporation.

CORPORATE OBJECTS

Investment is all kinds of business, companies or activities, whether movable or immovable assets, corporeal or incorporeal; and the provision of consultancy and advisory services in the financial, economic and commercial areas.

GENERAL BACKGROUND

Servicios Security S.A. was constituted under a public deed dated January 27, 2000 signed before the notary Álvaro Bianchi Rosas, granting its administration to a board composed of 7 members elected by the shareholders.

In April of 2006, Servicios Security S.A. merged its subsidiary Agencia Security S.A., become the legal continuer of its rights and obligations. This merger is in effect as of 28 of April of 2006.

The Board of Directors meeting, held in the month of December of 2006, approved the division of Servicios Security S.A. and the creation of new society called Nueva Servicios S.A.. In the same meeting, it was agreed upon a Capital raise of Ch\$1,200,000,123 with the emission of 19,047,621 shares in a period of three years.

PAID CAPITAL AND EQUITY

The capital and reserves at December 31, 2006 were Ch\$607 million and its equity Ch\$695 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Servicios Security S.A. represents 0.06% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

As a holding company, trading relations are carried out through its subsidiary companies.

BOARD OF DIRECTORS

Chairman of the Board

Directors

President

· Francisco Silva S.

· Renato Peñafiel M.

· Claudio Berndt C.

· Ignacio Fuenzalida de la M.

· Andrés Tagle D.

· Horacio Pavez A.

· Cristián Solís de Ovando

· Alejandro Mandiola P.

Tax No.: 4.103.061-5

Tax No.: 6.350.390-8

Tax No.: 4.775.620-0

Tax No.: 7.022.196-9

Tax No.: 5.895.255-9

Tax No.: 9.737.844-4

Tax No.: 7.483.251-2

Tax No.: 8.684.673-K

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	1,858.3	2,190.6
Fixed Assets	149.2	207.1
Other Assets	574.1	8,232.0
TOTAL ASSETS	2,581.6	10,629.6
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	1,520.0	3,276.5
Long-term liabilities	366.7	1,364.1
Minority interest	0.0	1.7
Capital & Reserves	607.3	6,770.8
Net Income for the year	87.4	(783.4)
LIABILITIES & SHAREHOLDERS' EQUITY	2,581.6	10,629.6

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	88.0	(806.3)
Non-operating loss	(29.9)	(211.8)
INCOME BEFORE TAXES	58.2	(1,018.0)
Minority interest	(0.0)	(0.3)
Income tax	29.3	234.9
NET INCOME FOR THE YEAR	87.4	(783.4)

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	6,684.0	1,035.7
Net cash flow from financing activities	(23.5)	(86.1)
Net cash flow from investment activities	(6,702.1)	(856.1)
NET TOTAL CASH FLOW THE YEAR	(41.6)	93.5
Effect of monetary correction	64.5	(7.0)
NET CHANGE IN CASH & CASH EQUIVALENTS	22.9	86.5

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

corredores de seguros security limitada

KIND OF ENTITY

Limited partnership

CORPORATE OBJECTS

Insurance brokers.

GENERAL BACKGROUND

Corredores de Seguros Security Limitada was constituted under public deed dated December 3, 1999, signed before the Santiago notary Enrique Morgan Torres, granting the administration and representation of the company and the use of its name to its partner Servicios Security S.A.

PAID CAPITAL AND EQUITY

The capital and reserves at December 31, 2006 were Ch\$2,113 million and the equity Ch\$2,240 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Corredores de Seguros Security Limitada represents 0,07% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

Corredora de Seguros Security provides insurance broking services to Grupo Security, Banco Security, Administradora General de Fondos, Valores Security, Factoring Security, Inmobiliaria Security, Asesorías Security, Securitizadora Security, Inversiones Seguros Security, Servicios Security, Invest Security, Travel, Global Security and Virtual Security.

It also brokers general insurance policies and guarantee and credit policies with Seguros Security and life and health policies with Vida Security.

The broker also arranges insurance for customers of Banco Security.

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD OF DIRECTORS

Administrators

· Francisco Silva S.

Tax No.: 4.103.061-5

· Renato Peñafiel M.

Tax No.: 6.350.390-8

President

· Alejandro Mandiola P.

Tax No.: 8.684.673-K

SECURITIES REGISTER NO.5455

GENERAL BALANCE		
FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005 REGISTRO DE VALORES N°5455		
ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	1,171.7	1,329.1
Fixed Assets	137.2	207.1
Other Assets	1,772.4	3,695.8
TOTAL ASSETS	3,081.3	5,232.0
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	841.2	2,015.0
Long-term liabilities	0.0	1,103.8
Capital & Reserves	2,113.2	2,542.2
Net income for the year	126.9	(429.0)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	3,081.3	5,232.0
STATEMENT OF INCOME		
FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005		
	2006 ChMM\$	2005 ChMM\$
Operating income	32.2	(214.4)
Non-operating loss	63.3	(354.3)
INCOME BEFORE TAXES	95.5	(568.7)
Income tax	31.4	139.7
NET INCOME FOR THE YEAR	126.9	(429.0)
CASH FLOW		
FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005		
	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	1,156.2	861.4
Net cash flow from financing activities	(23.5)	(86.1)
Net cash flow from investment activities	(1,149.6)	(688.3)
NET TOTAL CASH FLOW THE YEAR	(16.9)	87.1
Effect of monetary correction	(4.8)	(6.3)
NET CHANGE IN CASH & CASH EQUIVALENTS	(21.7)	80.8

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

inversiones invest security limitada & subsidiaries

KIND OF ENTITY

Limited Partnership.

CORPORATE OBJECTS

The corporate objects are to make all kinds of investments in corporeal and incorporeal assets, exploit and dispose of them, receive and invest their returns; invest, acquire, and dispose of in any form and exploit real estate in any way; administer all kinds of movable and immovable assets, corporeal or incorporeal, for own or third party's account; provide all kinds of assistance, consultancy and financial, economic, marketing, accounting and management services, and in general execute all acts and business directly and indirectly related to these objects.

GENERAL BACKGROUND

The company was constituted on June 28, 2000 before the notary Enrique Morgan Torres, as an investment limited partnership called Inversiones Invest Security Ltda..

PAID CAPITAL AND EQUITY

The capital and reserves at December 31, 2006 were Ch\$ 2,504 million and the equity Ch\$2,300 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Inversiones Invest Security Limitada represents 0.4017% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

Invest Security provides accounting, corporate image, human resources, contraller and audit services ro each of the Group companies and the parent company.

BOARD AND MANAGEMENT:

Administrators	· Renato Peñafiel M.	Tax No.: 6.350.390-8
	· Francisco Silva S.	Tax No.: 4.103.061-5
	· Ramón Eluchans O.	Tax No.: 6.464.460-2
Managers	· Karin E. Becker S.	Tax No.: 5.360.901-5
	· Sergio Candia A.	Tax No.: 6.053.341-5
Assistant Manager	· Horacio Silva C.	Tax No.: 5.059.187-5

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	6,709.3	5,976.8
Fixed Assets	1,578.7	1,798.7
Other Assets	1,226.5	1,435.5
TOTAL ASSETS	9,514.5	9,211.0
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	6,206.8	5,436.2
Long-term liabilities	498.5	761.7
Minority interest	509.4	509.1
Capital & Reserves	2,504.0	2,436.0
Net Income for the year	(204.2)	68.0
LIABILITIES & SHAREHOLDERS' EQUITY	9,514.5	9,211.0

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	88.1	832.8
Non-operating loss	(311.3)	(424.7)
INCOME BEFORE TAXES	(223.3)	408.1
Minority interest	(0.3)	(130.8)
Income tax	19.4	(209.3)
NET INCOME FOR THE YEAR	(204.2)	68.0

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	1,231.2	946.9
Net cash flow from financing activities	(274.2)	(1,238.6)
Net cash flow from investment activities	(357.4)	36.9
NET TOTAL CASH FLOW THE YEAR	599.6	(254.8)
EFFECT OF MONETARY CORRECTION	(12.6)	27.1
NET CHANGE IN CASH & CASH EQUIVALENTS	587.1	(227.8)

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

travel security s.a. & subsidiary

KIND OF ENTITY

Closely-held corporation.

CORPORATE OBJECTS

Travel agency. The provision of tourist services of all kinds and other services related or not as the partners may decide, including investment of the company's funds.

GENERAL BACKGROUND

The company was constituted as a limited partnership on July 3, 1987 by public deed signed before the notary Víctor Manuel Correa Valenzuela. In 1989, the business was broadened to include the sale of air tickets to individuals, and obtaining its accreditation as an IATA agent. The company was transformed into a corporation on September 16, 1993 and its capital was increased; in early 1995, its air freight division was sold. In April 1997, new shareholders joined the company, modernized its management and contributed Ch\$120 million of fresh capital. In September 1999, it became part of Grupo Security when Inversiones Seguros Security Limitada became a shareholder with a 75% shareholding and changing its name to Travel Security S.A.

PAID CAPITAL AND EQUITY

The company's capital and reserves at December 31, 2006 were Ch\$2,035 million and its equity Ch\$2,035 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Travel Security S.A. and subsidiary represent 0.11% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

Travel Security provides travel services to every one of the companies in the Group and to the parent company.

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD OF DIRECTORS

Chairman of the Board

· Guillermo Correa S.

Tax No.: 7.741.851-2

Directors

· Osvaldo Hernán Barzelatto S.

Tax No.: 2.300.044-K

· Naoshi Matsumoto T.

Tax No.: 3.805.153-9

· Renato Peñafiel M.

Tax No.: 6.350.390-8

· Francisco Silva S.

Tax No.: 4.103.061-5

President

· Eduardo Correa S.

Tax No.: 8.628.777-3

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	5,662.5	5,237.4
Fixed Assets	555.9	671.1
Other Assets	291.4	584.7
TOTAL ASSETS	6,509.9	6,493.2
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	4,459.0	4,418.8
Long-term liabilities	14.9	38.7
Minority interest	0.5	0.2
Capital & Reserves	2,035.5	1,511.4
Net Income for the year	0.0	524.1
LIABILITIES & SHAREHOLDERS' EQUITY	6,509.9	6,493.2

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	190.3	917.5
Non-operating loss	(179.4)	(259.9)
INCOME BEFORE TAXES	10.9	657.5
Minority interest	(0.3)	(0.1)
Income tax	(10.6)	(133.4)
NET INCOME FOR THE YEAR	0.0	524.1

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	677.2	(77.8)
Net cash flow from financing activities	(50.7)	(299.5)
Net cash flow from investment activities	(357.4)	223.5
NET TOTAL CASH FLOW THE YEAR	269.2	(153.8)
Effect of monetary correction	(8.9)	(30.6)
NET CHANGE IN CASH & CASH EQUIVALENTS	260.3	(184.5)

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY

global security gestión y servicios limitada

KIND OF ENTITY

Limited partnership.

CORPORATE OBJECTS

The carrying out of civil mandates related to obtaining information on third parties and the preparatory handling of requests for the pre-evaluation of such information to enable the principals to execute acts and contracts directly with those parties without the intervention of the company; and in general carry out all acts and business directly and indirectly related to the objects or which the partners may decide.

GENERAL BACKGROUND

Global Security Mandatos Limitada was constituted under public deed dated October 5, 2000 signed before the notary Enrique Morgan Torres, granting the administration and use of the corporate name to the partner Inversiones Invest Security Limitada.

On September 1, 2004, before the notary Linda Scarlett Boschi Jiménez, the company was divided into Mandatos Security Ltda. and Gestión y Servicios Security Ltda.

PAID CAPITAL AND EQUITY

The company's capital and reserves at December 31, 2006 was Ch\$(71) million and its equity Ch\$(100) million.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

Gestión y Servicios Security provides advisory, marketing and financial product sales services to Valores Security, Administradora General de Fondos Security and Vida Security.

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies.

BOARD AND MANAGEMENT

Administrators

· Renato Peñafiel M.

Tax No.: 6.350.390-8

· Francisco Silva S.

Tax No.: 4.103.061-5

Legal Representative

· Juan Pablo Lira T.

Tax No.: 7.367.430-1

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	410.3	176.3
Fixed Assets	12.6	12.4
Other Assets	5.9	0.0
TOTAL ASSETS	428.9	188.7
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	529.7	259.6
Capital & Reserves	(70.9)	29.2
Net Income for the year	(30.0)	(100.2)
LIABILITIES & SHAREHOLDERS' EQUITY	428.9	188.7

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	(39.9)	4.9
Non-operating loss	(5.3)	(94.1)
INCOME BEFORE TAXES	(45.2)	(89.2)
Income tax	15.3	(10.9)
NET INCOME FOR THE YEAR	(30.0)	(100.2)

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	32.9	(11.9)
Net cash flow from financing activities	(20.8)	0.0
Net cash flow from investment activities	0.0	(14.3)
NET TOTAL CASH FLOW THE YEAR	12.1	(26.2)
Effect of monetary correction	0.0	1.4
NET CHANGE IN CASH & CASH EQUIVALENTS	12.1	(24.8)

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY global security mandatos limitada

KIND OF ENTITY

Limited partnership.

CORPORATE OBJECTS

Carrying out of civil mandates for obtaining information on third parties.

GENERAL BACKGROUND

Global Security Mandatos Limitada was constituted under public deed dated October 5, 2000 signed before the notary Enrique Morgan Torres, granting the administration and use of the corporate name to the partner Inversiones Invest Security Limitada.

On September 1, 2004, before the notary Linda Scarlett Boschi Jiménez, the company was divided into Mandatos Security Ltda. and Gestión y Servicios Security Ltda.

PAID CAPITAL AND EQUITY

The company's capital and reserves at December 31, 2006 were Ch\$17 million and its equity Ch\$18.5 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Global Mandatos Security Limitada represents 00,1% of the assets of Grupo Security.

RELACIONES COMERCIALES CON FILIALES, COLIGADAS Y MATRIZ

Global Mandatos Security provides services of obtaining information for the financial products of Banco Security.

BOARD AND MANAGEMENT

Administrators

· Renato Peñafiel M.

Tax No.: 6.350.390-8

· Ramón Eluchans O.

Tax No.: 6.464.460-2

Legal Representative

· Luis Gil V.

Tax No.: 10.077.185-3

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	78.0	61.2
Fixed Assets	16.0	1.2
Other Assets	144.9	0.0
TOTAL ASSETS	238.9	62.4
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	220.4	45.4
Capital & Reserves	17.0	28.5
Net Income for the year	1.5	(11.5)
LIABILITIES & SHAREHOLDERS' EQUITY	238.9	62.4

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	95.6	(18.8)
Non-operating loss	(101.4)	(9.0)
INCOME BEFORE TAXES	(5.8)	(27.8)
Income tax	7.4	16.2
NET INCOME FOR THE YEAR	1.5	(11.5)

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	32.9	(44.6)
Net cash flow from financing activities	(20.8)	0.0
Net cash flow from investment activities	0.0	0.0
NET TOTAL CASH FLOW THE YEAR	12.1	(44.6)
Effect of monetary correction	0.0	(1.8)
NET CHANGE IN CASH & CASH EQUIVALENTS	12.1	(46.5)

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

GRUPO SECURITY virtual security s.a.

KIND OF ENTITY

Closely-held corporation.

CORPORATE OBJECTS

The company's objects are to invest in corporeal and incorporeal assets, exploit, dispose of, receive and invest their returns, the management of all kinds of business for its own or third party's account, electronic trading via internet, the provision of recruitment and consultancy services, the provision of all kinds of financial, economic, marketing, accountancy and management advisory and consultancy services..

It also provides data processing services, the management of development projects and integration of third-party software and hardware, preferably for one of the Grupo Security companies, in order to improve their business processes at lower cost and with better service, using the best existing technologies, ensuring the quality of the projects with methodology, finally contributing to improving customer satisfaction for all the companies of Grupo Security, their suppliers and the staff working in them.

GENERAL BACKGROUND

Virtual Security SA was constituted by public deed on July 19, 2000 before the notary Enrique Morgan Torres. It began operations on March 29, 2001 when the partners paid in the capital.

PAID CAPITAL AND EQUITY

The company's capital and reserves at December 31, 2006 were Ch\$141 million and its equity Ch\$143 million.

INVESTMENT AS PERCENTAGE OF ASSETS OF GRUPO SECURITY S.A.

Virtual Security represents 0.04% of the assets of Grupo Security.

TRADING RELATIONS WITH SUBSIDIARIES, ASSOCIATE COMPANIES AND THE PARENT COMPANY

It provides the parent and all the subsidiaries of the Group with services in development, integration and maintenance of software, operation of the technological platform, consultancy, purchase of technological assets and training.

BOARD OF DIRECTORS

Chairman of the Board	· Renato Peñafiel M.	Tax No.: 6.350.390-8
Directors	· Francisco Silva S.	Tax No.: 4.103.061-5
	· Ramón Eluchans O.	Tax No.: 6.464.460-2
President	· Francisco Silva S.	Tax No.: 4.103.064-5
Corporate IT manager	· Pedro de Tezanos Pinto D.	Tax No.: 6.898.534-K

GENERAL BALANCE

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

ASSETS	2006 ChMM\$	2005 ChMM\$
Cash & Banks	522.4	511.5
Fixed Assets	901.5	1,097.4
Other Assets	275.4	285.3
TOTAL ASSETS	1,699.3	1,894.2
LIABILITIES	2006 ChMM\$	2005 ChMM\$
Current	855.8	847.2
Long-term liabilities	700.9	906.2
Capital & Reserves	140.7	168.4
Net Income for the year	1.8	(27.7)
LIABILITIES & SHAREHOLDERS' EQUITY	1,699.3	1,894.2

STATEMENT OF INCOME

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Operating income	(34.1)	18.3
Non-operating loss	31.4	(1.8)
INCOME BEFORE TAXES	(2.8)	16.4
Minority interest	4.6	0.0
Income tax	0.0	(44.1)
NET INCOME FOR THE YEAR	1.8	(27.7)

CASH FLOW

FINANCIAL STATEMENTS AT DECEMBER 31, 2006 AND 2005

	2006 ChMM\$	2005 ChMM\$
Net cash flow from operating activities	368.8	679.0
Net cash flow from financing activities	(143.8)	(827.0)
Net cash flow from investment activities	0.0	565.6
NET TOTAL CASH FLOW THE YEAR	225.0	417.6
Effect of monetary correction	(1.0)	(363.5)
NET CHANGE IN CASH & CASH EQUIVALENTS	224.0	54.1

NOTE: The complete financial statements are available to the public at the offices of Grupo Security or the respective superintendency.

