



GRUPO *security*

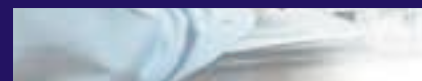
annual report

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grupo security

GRUPO *security*

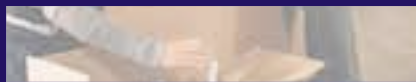
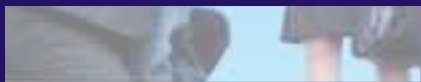
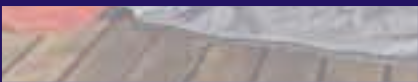
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annual  
report  
**2007**  
grupo  
security



# GRUPO security



## BALANCE SHEET

MILLIONS OF PESOS OF DECEMBER 2007

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Current assets	25,628	21,502	15,489	8,336	8,272	9,609	11,631	13,924	7,844	8,006	13,529
Fixed assets	34	26	91	171	155	103	65	49	1,192	1,592	1,347
Investment in related companies	85,182	102,431	106,767	128,317	133,871	134,897	149,022	196,656	209,902	253,762	272,038
Goodwills	18,946	784	734	683	633	582	532	18,968	17,510	40,974	38,684
Other assets	1,168	1,050	926	805	684	564	840	1,178	1,232	2,662	3,225
Total other assets	105,295	104,265	108,427	129,805	135,188	136,043	150,394	216,802	228,643	297,398	313,949
<b>TOTAL ASSETS</b>	<b>130,958</b>	<b>125,792</b>	<b>124,007</b>	<b>138,312</b>	<b>143,615</b>	<b>145,755</b>	<b>162,090</b>	<b>230,775</b>	<b>237,679</b>	<b>306,996</b>	<b>328,825</b>
Current liabilities	10,720	7,697	5,989	7,792	6,441	7,692	6,024	3,659	8,555	8,240	7,229
Long-term liabilities	25,328	22,121	17,808	25,676	27,379	25,226	33,541	44,476	38,023	73,593	81,641
Shareholders' equity	94,909	95,974	100,210	104,844	109,796	112,838	122,525	182,640	191,101	225,163	239,955
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>130,958</b>	<b>125,792</b>	<b>124,007</b>	<b>138,312</b>	<b>143,615</b>	<b>145,755</b>	<b>162,090</b>	<b>230,775</b>	<b>237,679</b>	<b>306,996</b>	<b>328,825</b>

## FINANCIAL INDICATORS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Financial Expenses Coverage	5.85	9.90	9.01	9.35	5.94	5.55	10.39	10.46	12.48	9.80	8.55
Total liabilities / Shareholders' equity (%)	37.98	31.07	23.75	31.92	30.80	29.17	32.29	26.35	24.37	36.34	37.04
Total debt / Total assets (%)	27.53	23.70	19.19	24.20	23.55	22.58	24.41	20.86	19.60	26.66	27.03
Net income / Shareholders' equity <sup>(*)</sup> (%)	12.48	20.74	13.60	12.94	10.82	8.29	15.49	10.67	13.12	14.62	15.40

(\*) : Equity net of net income.

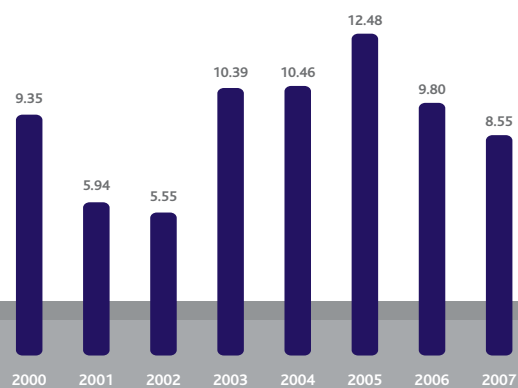
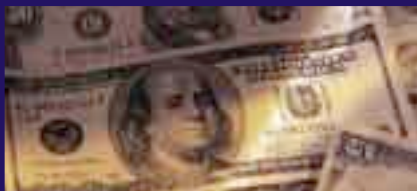
# unconsolidated financial summary

## RESULTS

MILLIONS OF PESOS OF DECEMBER 2007

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross margin	-1	0	0	0	0	0	0	0	0	0	0
Admin. & selling expenses	1,079	2,227	1,982	2,181	1,493	2,046	1,543	1,687	2,488	3,690	4,421
<b>OPERATING RESULT</b>	<b>-1,080</b>	<b>-2,227</b>	<b>-1,982</b>	<b>-2,181</b>	<b>-1,493</b>	<b>-2,046</b>	<b>-1,543</b>	<b>-1,687</b>	<b>-2,488</b>	<b>-3,690</b>	<b>-4,421</b>
<b>NON-OPERATING RESULT</b>											
Financial income	43	1,696	1,435	601	500	384	219	304	381	493	623
Income related companies	13,771	10,901	12,787	14,300	14,138	11,690	19,045	22,490	26,693	37,708	42,974
Other net non-operating income	2,232	10,204	1,440	956	139	513	341	19	1,464	-72	-139
Amortization goodwill	-2,415	-338	-50	-50	-50	-50	-50	-1,040	-1,459	-1,971	-2,290
Financial expenses	-2,172	-1,967	-1,498	-1,442	-2,172	-1,882	-1,742	-1,865	-1,929	-3,253	-4,200
Price-level restatements	155	-761	-125	-151	-337	-49	83	-583	-517	-586	-845
<b>TOTAL NON-OPERATING RESULT</b>	<b>11,613</b>	<b>19,735</b>	<b>13,988</b>	<b>14,215</b>	<b>12,218</b>	<b>10,606</b>	<b>17,896</b>	<b>19,324</b>	<b>24,634</b>	<b>32,319</b>	<b>36,123</b>
Income before income tax	10,533	17,509	12,006	12,034	10,725	8,560	16,353	17,637	22,145	28,629	31,702
Income tax	0	1,020	6	18	2	-78	-77	21	16	96	316
<b>NET INCOME FOR THE YEAR</b>	<b>10,533</b>	<b>16,489</b>	<b>11,999</b>	<b>12,016</b>	<b>10,723</b>	<b>8,638</b>	<b>16,430</b>	<b>17,616</b>	<b>22,161</b>	<b>28,726</b>	<b>32,018</b>

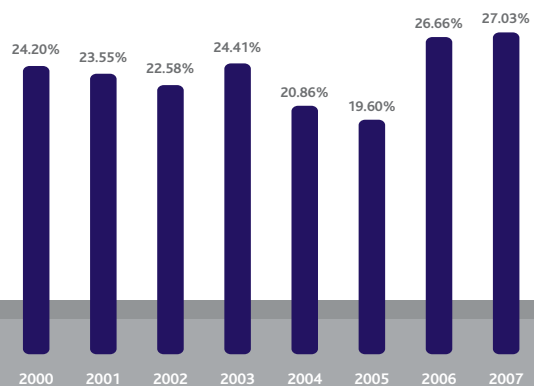
# GRUPO security



financial expense coverage

SOURCE: GRUPO SECURITY

TIMES

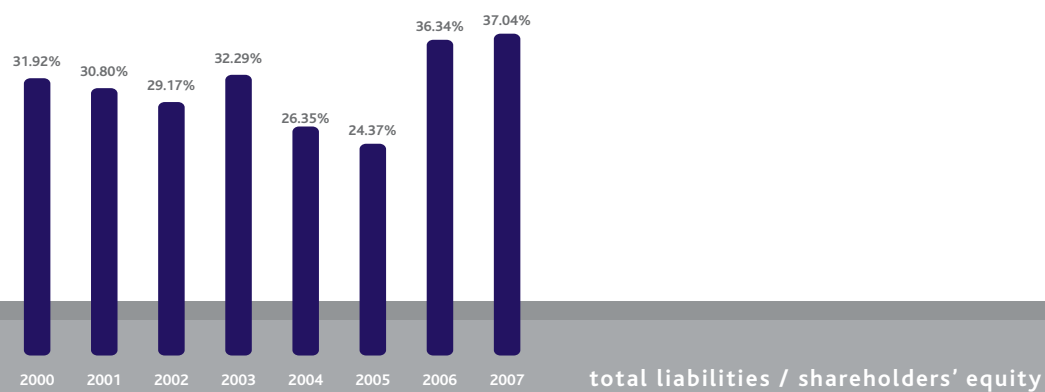


total debt / total assets

SOURCE: GRUPO SECURITY

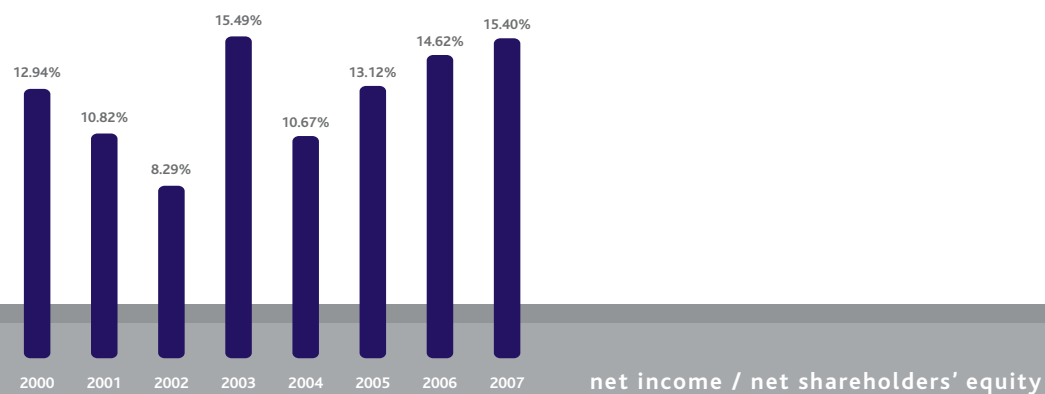
PERCENTAGE

## principal financial indicators



SOURCE: GRUPO SECURITY

PERCENTAGE



SOURCE: GRUPO SECURITY

PERCENTAGE





GRUPO *security*





# letter from the chairman

With the closing of a year of great achievements by Grupo Security, I have much pleasure in presenting to you the Annual Report and Financial Statements for the year 2007.

During this year, Grupo Security has shown the strengths that have distinguished it over its 16 years of history and that enable it to offer a service of excellence and an integral solution to the needs of its more than 250 thousand corporate and individual customers, through its various lines of business: financing, investment management, insurance, travel and real estate.

Its favorable results trend enables us to affirm that the business strategy followed is appropriate. The efforts and commitment of the staff and shareholders were also fundamental for all the Group's companies in producing positive results in 2007.

The total net income of Grupo Security in 2007 was Ch\$32,018 million, an increase of 11.5% in real terms over the year before. Profitability reached 15.4% of capital and reserves and the debt ratio was 37.0% of shareholders' equity, evidencing the solvency of Grupo Security. The growth of Grupo Security in recent years is the result of the development of its companies and the continuous search for new opportunities in the market. In this context, Grupo Security concluded important business deals last year. In the first half of 2007, Rentas Security and Vida Security were merged to create a company with approximately 145 thousand customers for its individual life assurance, voluntary pension savings (APV), group insurance and family protection insurance businesses and has over 18,000 pensioners in its annuities business.

In the third quarter, the whole of the capital of Inversiones Cigna Ltda. was acquired, whose principal asset was its 99.56% shareholding in Cigna Compañía de Seguros de Vida (Chile) S.A. This transaction placed the Vida Security insurance company among the market leaders, consolidating a share of around 6% of the traditional life assurance market and an investment portfolio of Ch\$736,709 million, equivalent to 5% of the insurance industry's total investments.

The results of Grupo Security for 2007 reflect the good performance of all the subsidiary companies, particularly the Insurance Area which produced a net income of Ch\$9,373 million.

Banco Security and its subsidiaries generated earnings of Ch\$27,250 million, implying a real increase of 23.8% as a result of the growth in individual and medium-sized corporate customers. In particular, its subsidiaries Valores Security and Administradora General de Fondos Mutuos

# GRUPO security



Security produced a 148% real increase in their profits, due to larger trading volumes by the stockbroker and the growth in the average assets managed by Administradora General de Fondos, which exceeded US\$1,020 million, a real increase of 39.6% over 2006.

With respect to Factoring Security, its average advances grew by a real 7.7%, enabling it to produce profits of Ch\$5,006 million in 2007. This signified an increase of 16.4% compared to the previous year.


Consistent with the positive results achieved during 2007, the Security share produced a return of 43.9%, closing the year at Ch\$194 per share with a price/earnings ratio of 13.3 times, which compares favorably with the performance of the IPSA (13.3%) and IGPA (13.8%) (the Chilean selective and general stock price indices).

Together with these excellent business results, Grupo Security has a solid brand positioning and an excellent corporate image, largely explained by the good relations maintained with its customers, staff and shareholders. The valuation of these relationships made 2007 a year full of recognitions.

For the seventh consecutive year, Grupo Security was distinguished as one of the "35 Best Places to Work in Chile", according to a survey carried out by the Great Place to Work Institute. The Estrategia newspaper awarded Grupo Security its prize as "Company of the Year", due to its sustained growth, dynamism and good results for 2007. Diario Financiero newspaper, for its part, praised the acquisition of Cigna as the most outstanding transaction.

Grupo Security was also recognized for the second consecutive time as Superbrand, thanks to the consistency between the communication and the benefits provided to all its customers.

In addition, the magazine Ya and Fundación Chile Unido recognized Banco Security as one of the "Best companies for Working Parents", thanks to its promotion of pro-family actions and its benefits provided for maternity and paternity.



Banco Security was also placed ninth among the "25 Best Banks in Latin America", according to a ranking prepared by the magazine América Economía. Thanks to the returns produced in the management of its mutual funds, Administradora General de Fondos Security was also distinguished in three categories of the "Premios Salmón", awarded annually by Diario Financiero newspaper.

These are just some of the distinctions received during 2007, which reaffirm the constant effort that members of Grupo Security make to position it as an outstanding entity in the market.

Undoubtedly, the achievements of 2007 reflect the human and professional commitment of those forming part of the Grupo Security team, and also the permanent support of its shareholders. This, added to the ambitious growth and development targets in all our business areas, allow us to state that we are in an excellent market position for taking advantage of new opportunities in the different business areas.

But 2008 will also be full of challenges. International credit market turbulences, volatility in global stock markets and a probable gradual deceleration of the global economy, force us to be alert and to improve our efficiency, without ever overlooking customer service which is our greatest attribute.

We will continue advancing during 2008 in the search for new growth opportunities, in the development of the technological area and in the cross-selling of products within the Group, in order to consolidate the leadership of Grupo Security. It is a great challenge which we hope to achieve with the spirit of service and excellence that distinguishes all those forming part of this Group.



Francisco Silva S.  
Chairman

# GRUPO security



## BOARD OF DIRECTORS

### CHAIRMAN

- **Francisco Silva Silva**

Civil Engineer, Universidad Católica de Chile · Engineer, Stanford University · Master of Science, Stanford University  
Tax No.: 4.103.061-5

### DIRECTORS

- **Claudio Berndt Cramer**

Accountant, Universidad de Chile · Tax No.: 4.775.620-0

- **Andrés Concha Rodríguez**

Commercial Engineer, Universidad de Chile · Tax No.: 4.773.967-5

- **Jaime Correa Hogg**

Civil Engineer, Universidad de Chile · Tax No.: 5.892.161-0

- **Jorge Marín Correa**

Business Manager · Tax No.: 7.639.707-4

- **Naoshi Matsumoto Takahashi**

Commercial Engineer, Universidad Católica de Chile · Tax No.: 3.805.153-9

- **Horacio Pavez García**

Civil Constructor, Universidad Federico Santa María · Tax No.: 3.899.021-7

- **Juan Cristóbal Pavez Recart**

Commercial Engineer, Universidad Católica de Chile  
Master of Business Administration  
Massachusetts Institute of Technology · Tax No.: 9.901.478-4

- **Álvaro Vial Gaete**

Commercial Engineer, Universidad de Chile  
Master of Arts in Economics, University of Chicago  
Tax No.: 5.759.348-2



# board of directors & management

## MANAGEMENT

### CHIEF EXECUTIVE OFFICER

**Renato Peñafiel Muñoz**

Commercial Engineer, Universidad Católica de Chile · Master of Arts in Economics, University of Chicago

Tax No.: 6.350.390-8

### CHIEF FINANCIAL BUSINESS OFFICER

**Carlos Budge Carvalho**

Agronomist and Master in Agrarian Economics, Universidad Católica de Chile

Master of Arts in Applied Economics and PHD, Stanford University · Tax No.: 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 No.: 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 No.: 8.864.773-4

### CHIEF INSURANCE BUSINESS OFFICER

**Andrés Tagle Domínguez**

Commercial Engineer, Universidad Católica de Chile · Tax No.: 5.895.255-9

### CHIEF MARKETING OFFICER

**Alejandra Zegers Correa**

Commercial Engineer, Universidad Católica de Chile · Tax No.: 10.201.117-1







## SUPERBRANDS

Superbrands placed Grupo Security, for the second consecutive year, among an exclusive group of brands in Chile that stand out for the consistency between their communication and the benefits granted to customers. Superbrands praised the history, development and achievements of the brands of excellence in more than 50 countries, considering various criteria like market dominance, brand loyalty, longevity, general acceptance and trust.



## GREAT PLACE TO WORK

The excellent ratings obtained by Factoring, Banco, Fondos Mutuos and Vida Security place the Group among the Best Companies to Work For in Chile, according to a survey carried out by the Great Place to Work Institute. Also, the efforts made by Grupo Security to strengthen relations with its staff gave it an outstanding place at the regional level, appearing in the ranking of the 100 Best Companies to Work For in Latin America.



## ESTRATEGIA PRIZE

Estrategia newspaper rated Grupo Security as the "Company of the Year 2007". The main reasons for this were its sustained growth, great dynamism shown in the market, its excellent performance in terms of results, increase in its share price, company acquisitions and mergers, and commercial activity.



## DIARIO FINANCIERO PRIZES

The Diario Financiero newspaper, in its annual prizes, praised the acquisition of Cigna Compañía de Seguros de Vida as one of the three best business initiatives of 2007. This Grupo Security transaction was recognized following a voting process among the readers of Diario Financiero, who praised various companies in different categories.

grupo security



*enthusiasm is contagious*  
in the group





### SALMÓN PRIZE

An active strategy in certain markets, the reinforcement of its Research Area and the good performance in Chilean stocks enabled Administradora General de Fondos Mutuos Security to be distinguished in three categories in the Salmón Prizes awarded annually by Diario Financiero among all the mutual funds in Chile.



### BIG! ORO PRIZE

Thanks to the innovative campaign Consumer Loans for annuity customers, Vida Security won the BIG! Oro prize in the Financial Services category, received within the framework of the 5th Concurso de Marketing Directo y Relacional 2007. Apart from the good results obtained in terms of loans, this important prize distinguishes the best that the marketing industry produces during the year, in terms of excellence in strategy, creativity and results.



### BEST COMPANIES FOR WORKING PARENTS

The permanent promotion of actions oriented to better reconciling working and family lives led to Banco Security being recognized, for the fifth consecutive year, as one of the Best Companies for Working Parents, a distinction awarded by Fundación Chile Unido and the El Mercurio newspaper's magazine Ya.



### AMÉRICA ECONOMÍA

The magazine AméricaEconomía placed Banco Security ninth among the 25 Best Banks in Latin America. Financial parameters were analyzed in order to determine the most outstanding banks in the region, based on the June balance sheets and statements of income and standardized among the different countries.

subsidiaries



recognitions grupo security and subsidiaries





# GRUPO security



## CASA MATER

The 4th version of Casa Mater, a prestigious exhibition of decoration and landscaping was held in 2007 in the Plaza de la Paz. The event, whose proceeds benefit children with kidney problems of the Corporación Mater, received sponsorship from Grupo Security which presented "Esencia Infinita", designed by the landscape artist Verónica Romero.



## FUNDACION CHILE UNIDO SEMINAR

An interesting event held in October at the Hotel Ritz Carlton, where different personalities met to take part in the seminar "The Family in 2020", organized by Fundación Chile Unido and Grupo Security.



## HUASOS QUINCHEROS RECITAL

Santo Domingo was the scenario for an emotional recital by Los Huasos Quincheros, organized by Grupo Security jointly with the local authority. The concert, to benefit the Hogar de Cristo in San Antonio, attracted more than 700 people.



## FUNDACION SIMÓN DE CIRENE

The objective of Fundación Simón de Cirene is to help small entrepreneurs in starting up their businesses, on the way to professionalization. Varios executives of the Group have since 2005 joined this initiative, supporting Chilean micro-business people in managing their projects.



## CABALLOS DE COLORES

In order to raise funds for more than two thousand senior citizens of the Fundación Las Rosas, an art exhibition "Caballos de Colores" was held in the El Golf district of Santiago. Grupo Security has taken part in the last two versions of this initiative, with works by Ana María Benedetti and, in 2007, by the well-known Chilean artist Mario Toral.

sponsorship



*commitment is contagious*  
in the group





### SECURITY MOVIETOUR

The largest open-air screen in South America, the best premieres and big surprises attracted more than 5,000 people in the film cycle that Grupo Security organized on the principal beaches in Chile's 4th and 5th Regions, for customers and their families.



### ATP VIÑA DEL MAR 2007

The best circuit tennis players met at the Las Salinas Naval Club to star in a new version of the Movistar Open ATP Viña del Mar, a tournament sponsored by Grupo Security which attracted over 25 thousand spectators. On this occasion, Security customers obtained a 20% discount on ticket prices.



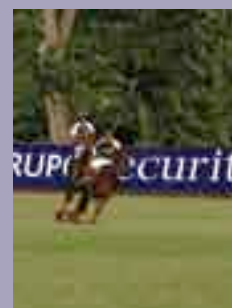
### ECONOMIC SEMINAR

"Which way should we go?" was the question discussed by the former minister of finance, Nicolás Eyzaguirre, the president of the Chilean Electronic Exchange, Juan Andrés Fontaine and Security's chief economist, Aldo Lema, at the economic seminar that the Group organizes every year to present the tendencies of the Chilean and global economies.



### CHRISTMAS IN THE PARK

Entertaining activities were experienced during the opening to the public of the Parque Bicentenario in Vitacura. The event was sponsored by Grupo Security which also presented two well-attended shows: carols sung by the group Mazapán and 'The Story of Snow White' interpreted by the ballet of the Teatro Municipal.



### POLO

Exciting games, top-class players and a pleasant family atmosphere characterized the San Cristóbal-Security Cup and Security-Mitsubishi Cup tournaments, which were sponsored by Grupo Security.

auspices

# grupo security activities



# GRUPO security



**1981**

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

**1980**



**1987**

Security Pacific Corporation, a subsidiary of Security Pacific National Bank, Los Angeles, California, acquires all the shares of Banco Urquijo de Chile whose name is changed to Banco Security Pacific. Security Pacific National Bank forms a securities trading and stock-broking firm which, four years later, is sold to Banco Security to become Valores Security, Corredores de Bolsa.

**1990**

Leasing Security is formed and is incorporated into Banco Security in April 2001.

**1991**

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

**1992**

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

**1990**

**1993**

The subsidiary Asesorías Security is formed to represent Dean Witter Reynolds & Co., USA, in Chile.

**1994**

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

**1995**

Grupo Security begins the market listing of its shares and acquires a majority shareholding in AFP Protección (a pension fund management company) and the insurance companies Previsión Vida and Previsión Generales.

**1996**

Grupo Security buys 29.35% of the insurance company Previsión Generales from Inversiones, Seguros y Pensiones Limitada and becomes the controller of 62.69% of that company. Merchant Security and Inmobiliaria Security are added to the Group.

**1997**

Grupo Security makes a share exchange. A corporate image change is made in October and the company Securitizadora Security, a subsidiary of Merchant Security, is incorporated into the Group.

**1998**

In March, Grupo Security sells its holding in AFP Protección and, in December, transfers the insurance companies Previsión Vida and Previsión Generales to the parent Inversiones Seguros Security Limitada.

**1999**

Grupo Security acquires a majority interest in the travel agency Travel Security and forms Corredora de Seguros Security. Global Security is created.

# historical summary

## 2001

Virtual Security starts the provision 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.

## 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

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 of 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.

## 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 announces the placement of 161,205,724 shares at Ch\$120 each, for a total amount of close to Ch\$19,345 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 raises 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 Ch\$68,940 million, paid with the contribution of 24,058 shares of Security Rentas Seguros de Vida S.A. held by Grupo Security.

## 2000

## 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.

## 2006

Grupo Security takes over Interamericana Rentas Seguros de Vida S.A. 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.

## 2007

Grupo Security signs an agreement with the Ultramar group to merge their subsidiaries Travel Security and Turismo Tajamar under the name of Travel Security S.A.

Grupo Security places bonds for as total of UF1,500,000.

The subsidiaries Vida Security and Rentas Security are merged.

Inversiones Seguros Security Ltda., a subsidiary of Grupo Security, acquires Inversiones Cigna Ltda., the controller of 99.56% of Cigna Compañía de Seguros de Vida and 100% of Cigna Asistencia Administrativa Ltda.

Vida Security is merged with Cigna Seguros de Vida. Securitizadora Security - GMAC-RFC successfully places securitized bonds for UF 863,000.

GRUPO security







economic and financial environment



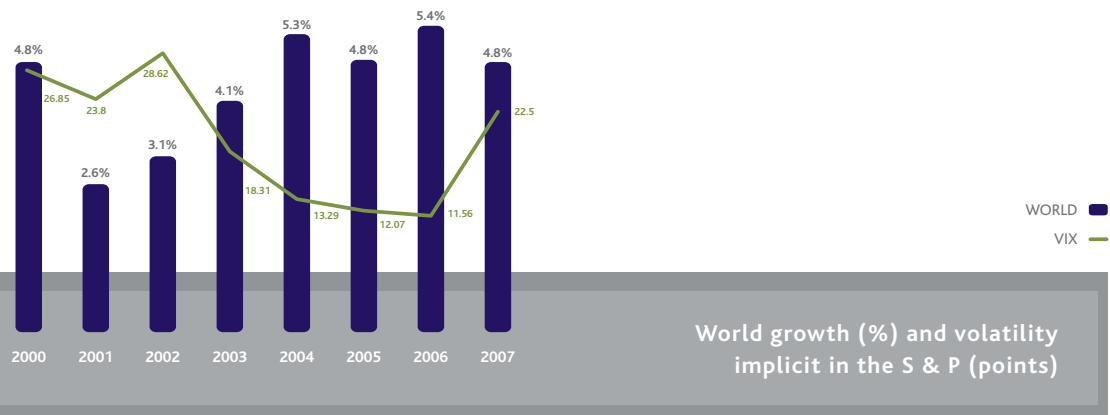
## GLOBAL ECONOMY

The year 2007 produced a very favorable international economic scenario. Global growth remained robust, the terms of trade showed a further improvement and financial conditions continued to be expansive, with historically-low interest rates and spreads, despite the high volatility on the financial markets in the second half of the year as a result of the real-estate adjustments in the United States and their propagation to other sectors of the economy.

The global economy in fact expanded by 4.8%, completing five years of growth over the historic average. Europe, Emerging Asia and Latin America stood out within this growth rate.

In this scenario, the dollar showed some weakening at the global level, especially against the currencies of emerging countries. The average copper price, for its part, rose by 6% in 2007 over the year before, to US\$3.23 per pound, widely exceeding market expectations, while the oil price rose from an average of US\$66 per barrel in 2006 to US\$72 in 2007.

There were also different factors in 2007 that benefited emerging countries. In addition to the solid world growth and the high prices of raw materials, there were the cuts in the federal funds rate in the United States. The Federal Reserve Bank reduced the interest rate by 100 basis points between August and December, to end the year at 4.25% p.a.. The 10-year Treasury Bond yield was mainly quoted in a range of 4% to 5%.





## DOMESTIC ECONOMY

The Chilean economy in 2007 expanded by close to 5.1%, more than one percentage point above that in 2006, partly due to a favorable external environment, still positive financial conditions, high investment and consumer activity, and a greater fiscal impulse.

GDP last year amounted to US\$166 billion, consistent with an income per capita of around US\$10,000. This was despite the increase in energy costs associated with the intensification of cuts in natural gas supplies from Argentina, dryer hydrology for electricity generation and the high prices of fuels and their derivatives.

The trade surplus was around US\$25 billion, reflecting the favorable international scenario. Export sales showed an increase in value of 18% compared to 2006, mostly due to the increase in the copper price, and in volume by 8%, while imports rose by 14%.

With respect to demand, private spending figures continued positive, with growth of 7.4% in 2007, sustained by still expansive internal conditions and the strength of the local labor market, among other factors. Last year, a monthly average of more than 160 thousand jobs was created, leaving the unemployment rate at the end of the year at 7%, the lowest level since 1998.

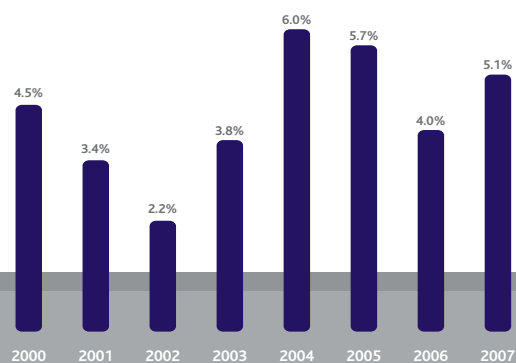
Regarding investment in fixed capital, this showed a significant recovery in its annual growth rate, from 4% in 2006 to 13% in 2007, as a result of the full use of spare capacity, positive growth prospects, company cash flows and access to financing on favourable terms. Investment thus reached 25.8% of GDP in constant prices last year.

In fiscal matters, higher revenues coming from higher copper prices were again saved by the public sector, thus fully complying with the 1% structural surplus rule. As a result, central government produced a surplus of over 8% of GDP, the highest figure since comparable records were kept.



Despite these domestic economic indicators, inflation rose suddenly and closed the year at 7.8%, its highest level since 1995. The movement in the CPI during 2007 was essentially marked by the significant rise in food prices, both locally and globally, the persistence of high energy costs, rises in some regulated public-utility tariffs and an insufficient appreciation of the peso.

Finally, with respect to monetary policy, due to the using up of spare productive capacity earlier than expected and the significant re-acceleration of the price indices, the Central Bank increased its benchmark interest rate by 100 basis points to 6% during the year. This led to a recovery in long-term interest rates, both in nominal pesos and in UF.



chile: GDP growth

## CHILE: ECONOMIC INDICATORS

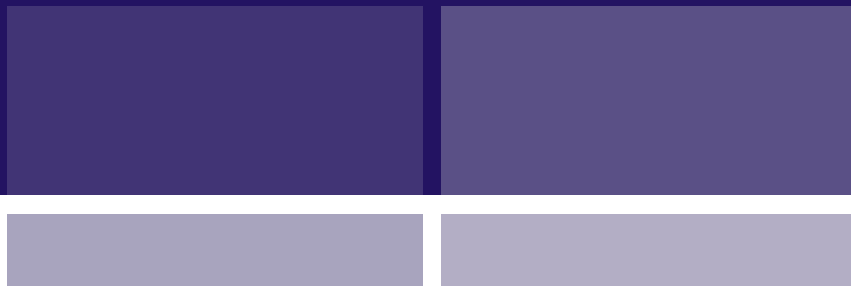
	2003	2004	2005	2006	2007
GDP (US\$ millions)	74.0	95.8	119.0	145.8	165.6
GDP per capita (US\$)	4,698.1	6,011.2	7,351.0	8,886.1	9,986.0
GDP (% change)	3.8	6.0	5.7	4.0	5.1
Domestic spending (% change)	4.8	7.5	11.0	6.0	7.7
Private consumption	4.2	7.0	7.9	7.1	7.4
Investment in fixed capital	5.7	9.9	21.9	4.0	12.5
Exports (real % change)	6.5	11.7	3.5	4.2	7.9
Imports (real % change)	9.7	16.9	17.7	9.4	14.0
Global growth PPP (% change)	4.1	5.3	4.8	5.4	4.8
Copper price (avrg. US\$ cents pound)	80.7	129.9	166.9	304.9	322.9
WTI oil price (avrg. US\$ per barrel)	31.1	41.4	56.4	66.0	72.3
CPI Dec-Dec (%)	1.1	2.4	3.7	2.6	7.8
Underlying CPI (IPCX) Dec-Dec (%)	1.6	1.8	2.9	2.7	6.3
Monetary policy rate (% in Ch\$)	2.3	2.3	4.5	5.3	6.0
Exchange rate (avrg. Ch\$/US\$)	691.4	609.5	559.8	530.3	522.5

GRUPO security



## An abstract geometric composition featuring overlapping triangles and squares in various shades of blue, grey, and white. The design is minimalist and modern, with sharp lines and a clean aesthetic. The shapes are arranged in a way that creates a sense of depth and movement, with some elements appearing to recede into the background while others come forward. The overall effect is a harmonious blend of geometric forms and colors.

# GRUPO security



## STRATEGIC PILLARS OF GRUPO SECURITY

Grupo Security is today a diversified group of companies which has managed to achieve a broad and varied participation in the principal sectors of the Chilean financial industry, due to one basic characteristic: excellence in its relations with customers.

Its businesses are structured in such varied areas as: Financing, Investments, Insurance, Travel and Real-Estate Projects, which enable it to provide people with all the financial services they require throughout their lives.

The favorable growth experienced by Grupo Security in recent years is a consequence of the development of its companies and the continuous search for new market opportunities. This is consistent with its brand positioning and a strong corporate image, that offer multiple and integrated financial services to its corporate and individual customers.

The following shows the progress made in the six important areas that make up the strategic management pillars of Grupo Security.

## THE VALUE OF THE SECURITY BRAND

Thanks to the excellence of its quality of service, Grupo Security is today a solid brand with a recognized prestige in the market.

This is reflected in the outstanding history of its results, its profits, earnings per share and also in the level of trust and commitment that every customer, employee and shareholder feels for the Company.

The value of these relations has made it the worthy recipient of important recognitions in various fields.

These include the prize awarded by Estrategia newspaper to the Company as the "Company of the Year 2007", due to its sustained growth, great dynamism in the market, excellent management in terms of results, the rise in its share price, the acquisition and merger of companies, and commercial activity.

Superbrands placed Grupo Security, for the second consecutive year, among an exclusive group of brands in Chile that stand out for the consistency between their communication and the benefits granted to customers.

The Diario Financiero newspaper praised Grupo Security for the acquisition of the Cigna insurance company, rated as one of the three best business initiatives of 2007.

The magazine AméricaEconomía placed Banco Security ninth among the 25 Best Banks in Latin America, after analyzing various financial parameters.

In another aspect, Vida Security won the BIG! Oro prize in the Financial Services category of the Direct Marketing and Relations Competition 2007, thanks to its innovative "Consumer Loans" campaign with its annuity customers.

The market in 2007 distinguished the Grupo Security philosophy through these and other recognitions, concerned always to transmit the value of the brand, noted for being honest, professional and close at hand. This is widely reflected in all levels of its relations, from the businesses to the human resources areas.

It thus seeks to fully satisfy the needs of customers, shareholders, staff and the social environment, promoting actions that reconcile work with the family.

## OUR PEOPLE

In its 16 years of history, Grupo Security has promoted professional work carried out in a pleasant working environment as part of its objective of becoming a benchmark for relations in both the business field and in that of individuals, who represent a strategic pillar in the sustained growth experienced by the Company.

Last year, the human capital of Grupo Security rose by 28% compared to 2006 to reach a total of 2,447 employees at December 2007; of these, 63% are women.



# GRUPO security

An important incentives plan has been developed for all of them, based on compliance with return on capital and reserves targets and with the annual budget.

For these and many other reasons, the Group and its subsidiaries have been distinguished by their peers as one of the best companies to work for in Chile, principally because of the emphasis placed on the quality of life, welfare, and the personal and professional development of their staff.

Based on great principles like trust, loyalty, respectful treatment and frankness, Grupo Security in 2007 was again recognized by the Great Place to Work Institute, praising in its survey four Group companies: Factoring, Banco, Fondos Mutuos and Vida Security.

The efforts to strengthen the link with its staff also gave it an outstanding position at the regional level, by being included in the ranking of the 100 Best Companies to Work For in Latin America.

Its permanent promotion of actions for better reconciling work and family life enabled Banco Security to be recognized, for the fifth consecutive year, as one of the Best Companies for Working Parents by Fundación Chile Unido and Ya magazine of the El Mercurio newspaper.

## GRUPO SECURITY AND THE COMMUNITY

A fundamental pillar in the daily management of Grupo Security is its contribution to the community and its social environment. Various activities were therefore carried out in 2007 for tightening its links with its customers and contributing to society.

These include the Group-sponsored event in benefit of children with kidney problems of the Corporación Mater, Casa Mater. On this occasion, the Group presented the work "Esencia Infinita", by the Chilean landscape painter Verónica Romero.

In October too, the Company again joined Fundación Chile Unido in organizing the seminar 'The Family in 2020', which attracted the participation of recognized exhibitors.

In order to help small entrepreneurs in the management of their business, various executives of Grupo Security have since 2005 cooperated with the initiative developed by Fundación Simón de Cirene to help Chilean micro-business in managing their projects, accompanying them along the road to professionalization.

Another important activity in which the company has participated for two years now, and whose purpose is to help more than 2,000 senior citizens of the Fundación Las Rosas, is the initiative of the artistic Caballos de Colores, sponsored by the Las Condes local authority. Last year, 50 horses painted by Chilean artists were displayed, one of which was one painted by the Mario Toral and sponsored by Grupo Security.

To provide entertainment opportunities for Chilean families, the second version of the successful "Security Movietour" was organized. With the largest open-air screen in South America, more than 5,000 customers and others enjoyed the best cinema on the country's principal beaches.

The inauguration of Vitacura's Parque Bicentenario was another important event of 2007. Thanks to the sponsorship of Grupo Security, hundreds of people enjoyed a weekend full of entertaining activities, such as carol singing by the Mazapán group and 'The Story of Snow White' interpreted by the ballet of the Teatro Municipal.

## GRUPO SECURITY, A BROAD RANGE OF PRODUCTS AND SERVICES

Since its foundation in 1991, Grupo Security has gradually expanded its financial sector business base, implementing a strategy with a clear segmentation in each of its businesses. This has enabled it to diversify its revenue sources and widen its offer of services with excellent results.

# GRUPO security

A diagram showing the organizational structure of Grupo Security. It consists of a top row of three dark blue rectangular blocks and a bottom row of three lighter blue rectangular blocks. The top row blocks are wider than the bottom row blocks. The first block in the top row is positioned above the first two blocks in the bottom row. The second and third blocks in the top row are positioned above the second and third blocks in the bottom row, respectively.

In recent years, Grupo Security has organized its business structure in order to face new competitive scenarios. This has required investments in technology and restructuring, specifically with reference to the formation of service companies dedicated to areas such as human resources, information technologies, communications, accounting and auditing, in a centralized way for Grupo Security.

All this is to optimize the production function and increase the management control capacity, to capitalize on economies of scale associated with the Group's larger size and to take advantage more efficiently of the synergies between the different business areas. Its present organization therefore enables it to use all the benefits associated with the combination of a broad range of financial products and services.

## COMMERCIAL INTEGRATION

The Group is constantly introducing plans for expanding its objective-market customer base, composed of large and medium-sized companies and high-income individuals. An important part of this strategy includes the commercial integration between the various subsidiaries of Grupo Security through an increase in cross-selling.

The Company currently has a broad customer base of approximately 250 thousand people and companies. This has enabled it to expand cross-selling between the different areas year by year, thus also achieving the loyalty of customers toward the various Group companies.

Internal campaigns, a correct brand positioning and the efforts of Grupo Security have resulted in having customers who on average have business relations with 1.2 Group companies.

To reinforce this strategy, the development plans include a large increase in the investments business, i.e. the management of third-party assets, securities brokerage and trading and securitization. For this, Grupo Security will use all available synergies as part of a financial group and in support of the bank's competitive position.

## RISK MANAGEMENT

In the financial business, the proper management of risks is vital for obtaining attractive returns that are permanent over time. Grupo Security and its subsidiaries therefore implemented in 2007 an integral management model that is managed by the Business Risk and Controller's Management, which coordinates, consolidates and reports periodically to the board of Grupo Security.

The Group also established in 2007 an important challenge for continuing to perfect its corporate governance, especially its internal controls. Through an auditing focus, the most important processes can now be known of each company in process maps, flow charts and unconsolidated and consolidated risk charts, documenting all the information collected, which will serve as an operating base. This has permitted the identification of risks and the generation of agreed mitigating reaction plans.

Through its management, Grupo Security carries out a rigorous control of the risks inherent in its business and has adequate procedures for avoiding important fluctuations in its results. In this context, a value-at-risk model is used for investments to determine the risk and allowances for its investment portfolios, in order to stabilize revenues over time.

Grupo Security has defined as risk the difference between the present situation in the operating, accounting and technological processes of each of the companies, and comparison with current regulations and the best international practices, such as SOX, CoBit and Coso, in order to determine reaction plans that permit gradually reaching these thresholds of low-risk operation.

As a line of work in the companies, improvements and new controls in processes have been established defining the respective responsibilities and procedures, reporting progress with the action plans to the respective boards of directors, directors' committees and audit committees, as the case may be.

All this is in order to reach optimum standards in risk management and thus be able to provide customers and staff with first-class products and services, and improve the work-place.

GRUPO security





A photograph of a modern glass skyscraper with a yellow statue of a person walking on a narrow beam of yellow rods. The statue is positioned on the left side of the frame, walking towards the right. The building's facade is composed of large glass panels and dark metal frames. The yellow rods are arranged in a grid-like pattern, creating a path for the statue. The overall scene is brightly lit, suggesting a sunny day.

## areas of business

financing

investments

insurance

services

# GRUPO security

## AREAS OF BUSINESS

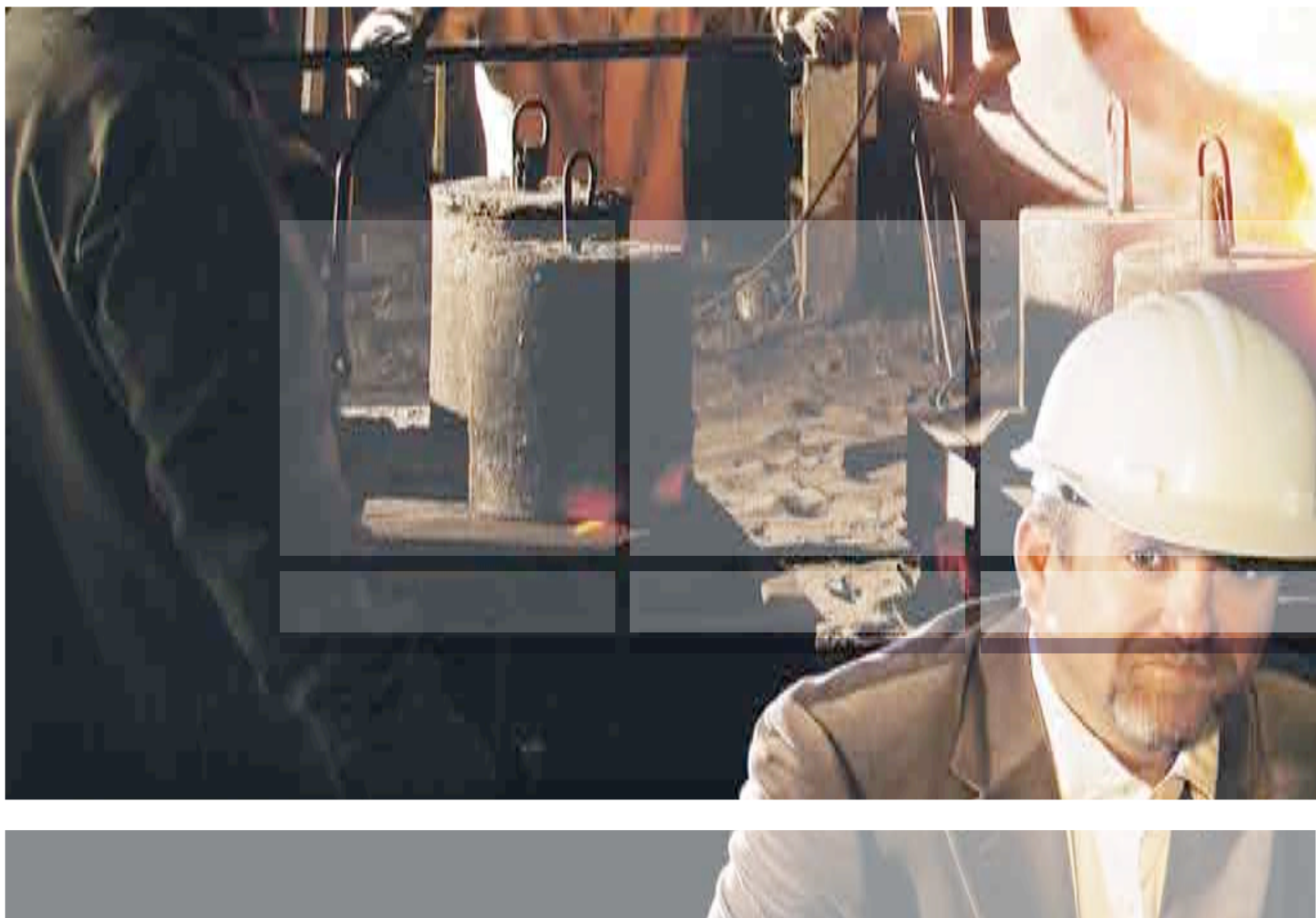
The following table shows the business structure of Grupo Security, identifying the subsidiaries and divisions making up each area:

AREAS OF BUSINESS	
FINANCING	
• Banking	
Corporate Banking	
Retail Banking	
• Factoring	
INVESTMENTS	
• General funds management	
• Stock-broking	
• Asset management	
• Securitization	
INSURANCE	
• Life	
• Casualty	
• Annuities	
• Insurance broking	
• Reinsurance broking	
OTHER SERVICES	
• Travel agency	
• Real estate	
• Business support services & technological development	



The net income of Grupo Security for 2007 was Ch\$32,018 million, an increase of 11.46% over the year before. Dividends paid to shareholders during the year amounted to Ch\$15,297 million. The financial expense coverage at that date was 8.55:1.

In addition, the unconsolidated balance sheet of Grupo Security at December 31, 2007 showed shareholders' equity of Ch\$239,955 million, financial debt of Ch\$88,870 million and total assets of Ch\$328,825 million, with a total debt ratio of 37.0%.



## FINANCING

Grupo Security participates in the financing of companies and individuals through 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 Ch\$2,059 billion at December 2007, an increase of 11.4% over the year before.

## BANKING INDUSTRY

Although profitability was the lowest in the last five years, 2007 was still a good year for the Chilean financial system, with a return on capital and reserves of 16.2%.

Sustained growth with controlled risk levels and the favorable change in efficiency ratios have enabled the Chilean banking system to produce quite attractive profits and profitability ratios compared to other countries with similarly solid financial systems.

# areas of business

**financing**

investments

insurance

services

At the end of last year, the aggregate net income of the banking industry was Ch\$966 billion, with loans of Ch\$63,735 billion, representing a 12.8% increase over 2006 and around 77% of GDP. The growth in loans was driven by loans to individuals, including consumer and housing loans, as well as the financing of companies. Loans to the former expanded by 13% in real terms while company financing, which represents around 67% of total loans, grew by 12.8%.

The industry continued to operate in a scenario of tough competition. At December 2007, the Chilean banking sector comprised 25 institutions. Banks' efficiency ratios consolidated their position as one of the best in the world, at 49% in 2007. The two most important factors explaining this positive change are the economies of scale reached by the largest banks and the technological progress that has enabled the different banks to increase the productivity of their commercial and operations areas, plus the greater access to technology.

The credit risk of the financial system has also shown a favorable trend since 1990. At the end of 2007, the overdue portfolio was at historically low levels, representing just 0.75% of total loans, a similar level to that of 2006. The charge for doubtful loan allowances rose by 31% over 2006 while the stock of allowances reached 1.58% of total loans, a little higher than 1.48% recorded at the end of the previous year.

# GRUPO security



BANCO security

FACTORING security

## BANCO SECURITY

The mission of Banco Security, the Group's principal asset, is to meet the financial needs of medium and large companies and of high-income individuals, providing them with a service of excellence that permits maintaining and cultivating long-term relationships. For these purposes, the bank has a complete range of products and services, first-class technological support for all its channels and the support necessary for providing a personalized and quality attention to its customers.

The excellent results of Banco Security in 2007 reflect a strategic alignment under certain business pillars including excellence of service, focus on its objective segment, offering a broad range of products and services, having attractive loyalty programs for customers and efficiency in the use of resources.

The net income of the bank and its subsidiaries in 2007 was Ch\$27,250 million, with a return on capital and reserves of 19.5%, the highest in the last ten years and a 23.8% real increase over the year before.

With loans totaling Ch\$1,929 billion at the end of 2007, representing real growth of 11.9% compared to the previous year, Banco Security was in ninth place among the banks operating in the country, with a market share of 3%. Of its total loans, 80% related to the corporate commercial areas and the remaining 20% to Retail Banking loans.

Retail Banking continued to be promoted in 2007 and produced important achievements. The strong growth in the number of customers, loans and income from this business generated a real increase of close to 28% in its total revenues.

Similarly, Corporate Banking placed special emphasis on the growth of the most profitable customers, with which the medium companies and regional branches increased their contribution to the bank's total income by almost 2%.

The subsidiaries Valores Security Corredores de Bolsa and Administradora General de Fondos Security, as in previous years, made an important contribution to the bank's results. The aggregate net income of these companies amounted to Ch\$9,414 million, being 34.5% of the bank's total net income for 2007 and more than double that of the year before when the two subsidiaries contributed 16.7% of the consolidated result.

Loan growth has been achieved while maintaining a strict control of credit risk in all the commercial units which permitted a reduction in the past-due loans to total loans ratio from 0.77:1 in December 2004 to 0.57:1 in 2007. Allowances for doubtful loans declined from 1.57:1 to 1.00:1 in the same period. Both ratios compare favorably with the industry average of 0.75:1 and 1.58:1 respectively at December 2007.

n order to support the expansion process, a branch network expansion plan was begun two years ago. Two new offices were opened last year (Los Cobres and Chicureo), making a total of 19 branches, 14 in Santiago and 5 in the regions.

To maintain its leadership position and provide a service of excellence to its customers, Banco Security has organized its activities around three business areas: Corporate Banking, Retail Banking and Foreign Trade.

## corporate banking

Three attention models were defined in 2007 in order to better adapt to the different customer profiles of the objective corporate segment, as follows:

- **SPECIALIZED BANKING**  
Companies that expect the bank to be an adviser that perfectly understands their business and therefore their financial needs are attended by two specialist areas:
  - **Real Estate Area:** companies linked to the real-estate area, advising them and offering them products and services that best meet their needs.
  - **Multinational Area:** with a broad knowledge of the problems of international funds flows, this area attends companies that carry out transactions with their parent or related companies abroad.
- **GLOBAL BANKING**  
This area attends companies seeking the best service in the global solution of their financial requirements. Two areas of attention were defined in order to provide the best service:
  - **Large Companies:** attends companies with annual sales of over Ch\$15,000 million.
  - **Companies:** attends companies with annual sales of between Ch\$1,500 million and Ch\$15,000 million.
- **TRANSACTIONAL BANKING**  
This area attends corporate and institutional customers requiring highly-sophisticated products and services.

## retail banking

The Retail Banking area of Banco Security is focused on high-income (ABC1) individuals for whom different areas and sub-segments have been defined to achieve a greater specialization and efficiency in attending the different customer profiles:

# GRUPO security



BANCO security

FACTORING security

## • PRIVATE BANKING

This is focused on the highest-income individuals who require more specialized advice from their account executive.

## • PREFERENTIAL BANKING

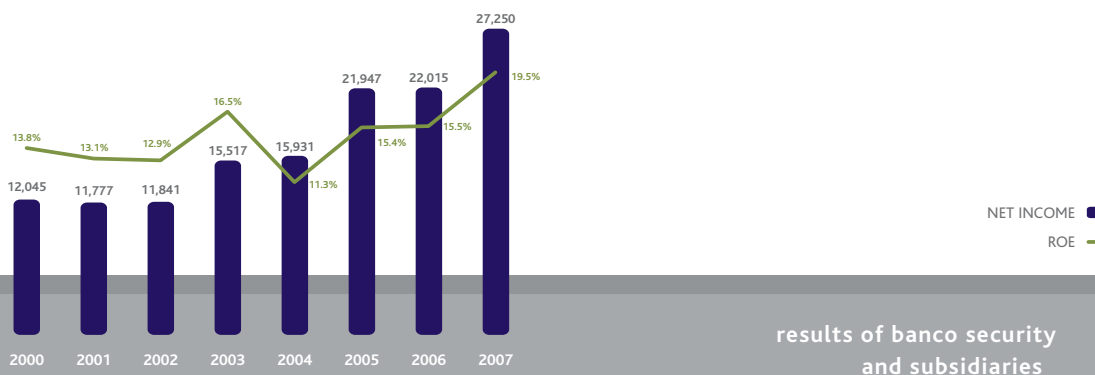
This provides attention to customers requiring traditional financial services and products and who demand a first-class personalized service. Because of the differences in customer profiles and needs, two sub-segments have been defined in this area to provide a better attention to each one:

- **Women Segment:** specialized in attending women belonging to the objective group, offering them products and services specially designed for them.
- **Young Professionals Segment:** attends customers who have recently begun their professional careers and who meet or will soon meet the parameters defined for this objective group.

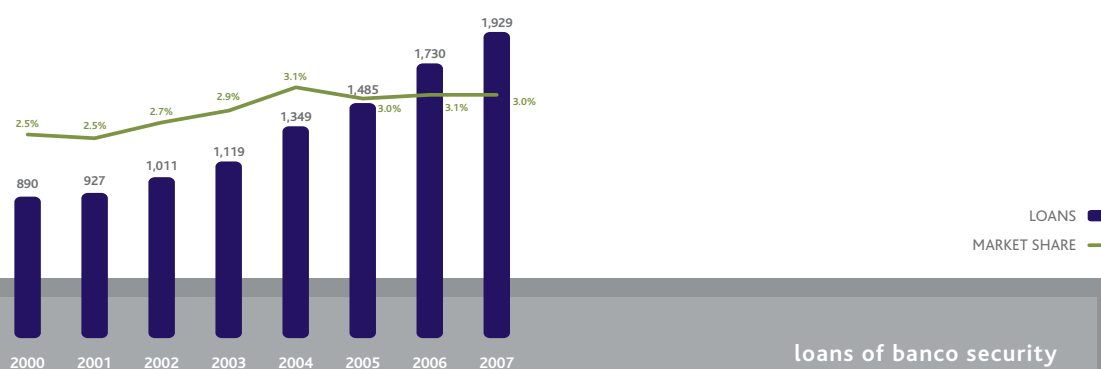
## foreign exchange

Banco Security has defined foreign trade as its third business area, having positioned itself in recent years as a specialist in attending companies in this field. This has led to significant increases in funds flows and the transaction volumen handled and to its consolidation as leader in remote services via internet with its e-Comex system.

This area has thus acquired great relevance in the integral solution of the financial needs of customers and its strategic objectives are therefore aligned with the other commercial areas, placing special emphasis on excellence of service and customer satisfaction.







SOURCE: SBIF

MILLIONS OF PESOS · DECEMBER 2007

## FACTORING SECURITY

The results of Factoring Security for 2007 reflect its leadership in the industry and the company's progress. As of December 2007, the company's total advances were Ch\$130 billion, placing it 7th in the market and giving it a market share of 6.8%.

The profits of Factoring Security have risen strongly in recent years to Ch\$5,006 million, representing a 16.4% increase over 2006. It generated a return on capital and reserves of 30.4% and its allowances for doubtful accounts rose to Ch\$3,716 million, being 3.0% of the company's total advances.

With a diversified portfolio, the most important economic activity in 2007 in Factoring Security's advances were with wholesale and retail trade, with half of the documents acquired being invoices.



## INVESTMENTS

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

### ADMINISTRADORA GENERAL DE FONDOS SECURITY

As of December 31, 2007, Administradora General de Fondos Security was managing 22 mutual funds and an investment fund, and has a total of 24,597 investors and average assets of Ch\$506,055 million, which represented 39.6% real growth over 2006.

The subsidiary produced a net income of Ch\$2,070 million, a 33.8% real increase over the year before.



# areas of business

financing

**investments**

insurance

services

Since its creation as a subsidiary of Banco Security in May 1992, Administradora General de Fondos Security S.A. has developed strongly in line with the trend seen in the Chilean mutual-funds business.

Because of the increase in assets managed and the wide variety of products offered, assets managed by the industry as of December 2007 reached an average of Ch\$12,724 billion, a real increase of 24.5% over the previous year. The number of investors was 1,087,512, i.e. 35.6% more than in 2006.

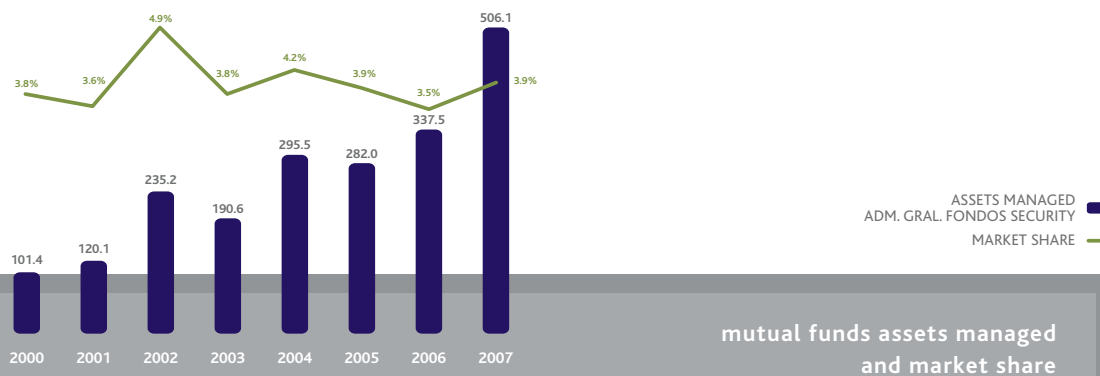
Administradora General de Fondos Security S.A. currently offers its customers a wide range of funds that cover a broad diversity of asset classes, thus satisfying their specific investment preferences. These are all managed under a strategy based on providing attractive returns together with a moderate level of risk.

As of December 2007, Administradora General de Fondos Security S.A. offered the following funds, with their respective assets managed and number of investors:



### MUTUAL FUNDS SECURITY

	CATEGORY	FUND NAME	SERIES	ASSETS (THCH\$) (12-31-07)	INVESTORS (12-31-07)
SHORT-TERM FIXED INCOME	National	Plus	A,C	131,773	2,321
	National	Check	A,I	52,237	2,816
	International	Money Markets	Única	24,661	440
	National	Premium	A,B,I	328	1,023
MEDIUM AND LONG-TERM FIXED INCOME	National	Value	Única	3,489	226
	National	Gold	A,B,I	78,391	2,765
	National	First	A,I	51,157	1,771
	International	Dólar bond	A,B,I	4,710	555
STRUCTURED	National	Opportunity 100	Única	11,061	432
	National	Leader 100	Única	5,247	327
	International	Opportunity 105	Única	18,689	710
	National/Foreign	América 106	Única	1,142	91
EQUITIES	National	Acciones	A,B,C,I	35,658	3,189
QUALIFIED INVESTOR	National	Security 9	A,B,I	2,016	77
MIXED	International	Emerging Markets	A,B,I	19,570	1,698
	International	Global	A,B,I	1,452	342
	International	Explorer	A,B,I	328	167
FREE ELECTION	National	Income	A,I	16,456	1,261
	National/Foreign	Equity	A,B,I	30,627	2,726
	National/Foreign	Balance	A,B,I	8,773	843
	National/Foreign	Energy	A,D,I	2,647	260
	National/Foreign	Latinoamericano	A,B,I	5,643	557



## VALORES SECURITY S.A. CORREDORES DE BOLSA

Based on its three principal business areas (fixed income, equities and currencies), Valores Security S.A. Corredores de Bolsa produced a net income of Ch\$7,228 million in 2007, being a notable real increase of 227.8% compared to the year before. The return on its capital and reserves was 34.4%.

Valores Security increased its volumes traded by 52.3% in real terms last year, to a total of Ch\$1,694 billion, giving it 9th place among the 38 stockbrokers operating in the local market. Its average market share increased from 2.97% in 2006 to 3.32%, considering trading on both the Santiago Stock Exchange and the Chilean Electronic Exchange.

The good results of Valores Security S.A. Corredores de Bolsa, a subsidiary of Banco Security, are due to the search for new opportunities in the financial market following the high volatility characterizing market trading activities in Chile.

## ASESORÍAS SECURITY S.A.

Asesorías Security S.A. produced a net income of Ch\$182.4 million in 2007, representing growth of 69.6% over the previous year.

The subsidiary Asesorías Security S.A., following its creation in 1992, has seen an important increase in its products and services. This is partly due to its alliance with Morgan Stanley & Co., an American institution for which it is an investment product distributor among institutional clients like pension fund managers, mutual fund managers and life insurance companies.

## SECURITIZADORA SECURITY GMAC-RFC S.A.

Securitizadora Security GMAC- RFC S.A. generated a net income of Ch\$455 million in 2007, compared to a loss of Ch\$351 million in 2006. This was partly due to the successful placement of two securitized bond issues, in both their preferential and subordinated series, as well as different innovations made in the securitization market.





## INSURANCE

### THE INSURANCE INDUSTRY

The year 2007 was a positive one for the Chilean insurance industry in both the life and general insurance segments. Life insurance companies recorded profits of Ch\$197,998 million in 2007, which represented a decline of 26% compared to 2006, while the general insurance companies produced profits totaling Ch\$13,516 million, a decrease of 0.8%.

The insurance sector was divided into 28 life companies as of December 2007 and 21 general companies, operating in the local market. The ten principal life and general insurance companies control 73% and 89.8% respectively of total direct premium.

As in the last fifteen years, both insurance segments maintained a positive trend in terms of direct premium income.

Life insurance premium income grew by over 13% in real terms in 2007, to around Ch\$2,040 billion. The most important segment was pensions insurance (annuities and others) which represented 54% of the total, despite these



# areas of business

financing

investments

**insurance**

services

having experienced a progressive fall in market share since the second half of the 1990s, when they accounted for more than 70% of total premium.

Traditional life insurance, consisting of individual and group policies, remained a strong source of growth for the sector, representing 46% of total life-industry premiums. This has driven specialization in products that still show a low level of penetration and which, without being so intensive in their capital requirements, like the case of annuities, have a high degree of standardization and strong growth potential linked to their distribution through mass channels like banks and retail stores.

The 13% growth over the previous year in direct premium in the life insurance market is explained by an 11% increase in individual and group insurance and a 15% in pensions insurance.

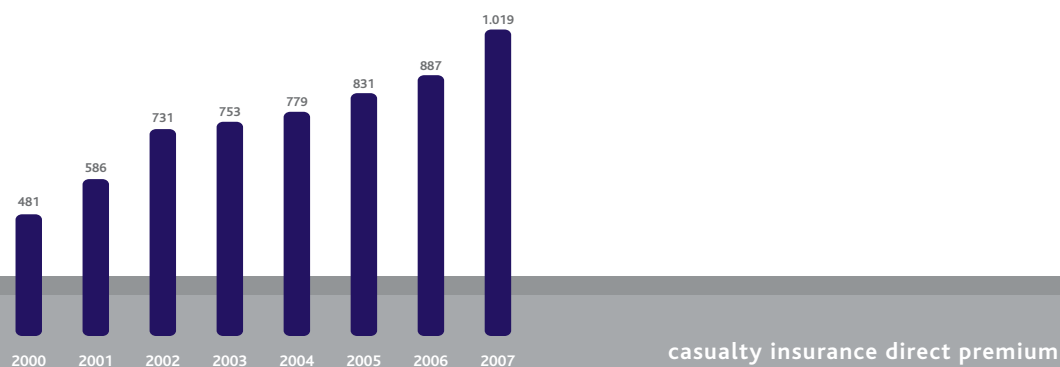
Regarding the sales of general insurance companies, these have shown a strong increase in recent years, following the fall in the second part of the 1990s; these amounted to Ch\$1,019 billion in 2007.

The general insurance industry in 2007 was quite concentrated as just two segments represented 57.7% of the market. The most important branch was fire and its additional risks, which include earthquake and risks of nature and accounted for 31.2% of the market. In second place was the vehicles segment with a 26.5% participation.

# GRUPO security

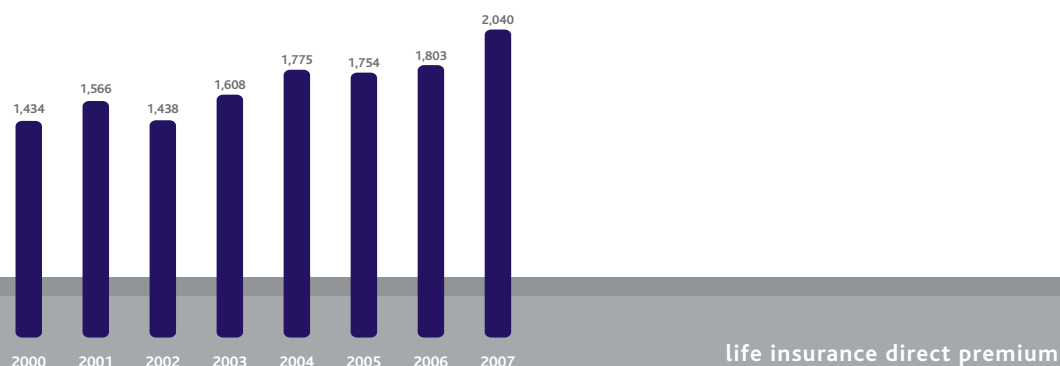
In terms of investment income, life insurance companies produced an average return of 5.8% in 2007, a lower yield than the 6.7% recorded in 2006. The return on equity was 10.8%, lower than the 15.3% of 2006, largely explained by the volatility in the last quarter in global stock markets which reduced the investment income of life companies.

The profitability of general insurance companies in 2007, which is related to reinsurance costs and the characteristics of an operation with more standardized products, was 4.4%, or 2.59% when measured as the income on the investment portfolio. This is thanks to the efficiency in operating costs and a satisfactory claims management.



SOURCE: GRUPO SECURITY

MILLIONS OF PESOS · DECEMBER 2007



SOURCE: GRUPO SECURITY

MILLIONS OF PESOS · DECEMBER 2007



VIDA security

CORREDORA security

## VIDA SECURITY

Two highlights marked the insurance area of Grupo Security in 2007.

In the first half of the year, Rentas Security and Vida Security were merged. In addition, in the third quarter, 100% of the partnership rights were acquired in the Chilean company Inversiones Cigna Ltda., whose principal asset was a 99.56% shareholding in Cigna Compañía de Seguros de Vida (Chile) S.A., whose merger with Vida Security was completed in December of that year.

With these transactions, a company is created with a portfolio of over 565,000 insured parties in individual life, voluntary pension savings (APV), group and family-protection insurance, plus 18,000 pensioners in the annuities business. They also enable Vida Security to become one of the market leaders, consolidating a market share of around 6% in traditional life insurance and an investment portfolio of Ch\$736,709 million, equivalent to 5% of the insurance industry's total financial investments.

In the voluntary pensions savings (APV) market, the company achieved a market share of 12.3% last year, placing it in fourth position among the sector companies.

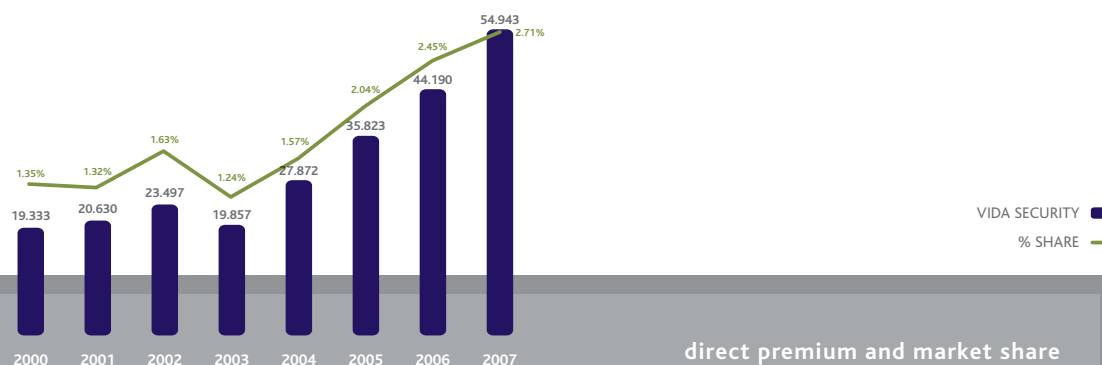
Consumer loans, which have been offered by Vida Security exclusively to its pensioner customers since 2006, amounted to Ch\$2,201 million at the end of 2007, with a total of 2,330 loans granted.

Profits in 2007 thus totaled Ch\$17,458 million (Ch\$2,179 million in Vida Security, Ch\$13,902 million in Rentas Security and Ch\$1,378 million in Cigna Vida) with a direct premium of Ch\$55,013 million (Ch\$48,131 million in Vida Security and Ch\$6,883 million in Cigna Vida) and financial investments of over Ch\$736,000 million.

These positive results are mainly explained by the income on the investments of the three companies (Vida Security with Ch\$21,487 million, Rentas Security with Ch\$25,430 million and Cigna Vida with Ch\$6,419 million) which totaled Ch\$53,330 million, producing a real annual return of 7.24%.

The results of Rentas Security and Cigna Vida relate to their results accrued to the date of their merger with Vida Security. Following the mergers, the accrued results of these companies became part of the equity of Vida Security. The result of Vida Security reflects the accrued income of the merged companies between the effective merger date of each one and December 31, 2007.

# GRUPO security



SOURCE: CHILEAN INSURERS ASSOCIATION AND VIDA SECURITY

BILLIONS OF PESOS · DECEMBER 2007

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

Compañía de Seguros Generales Penta Security S.A. produced a net income of Ch\$2,827 million in 2007.

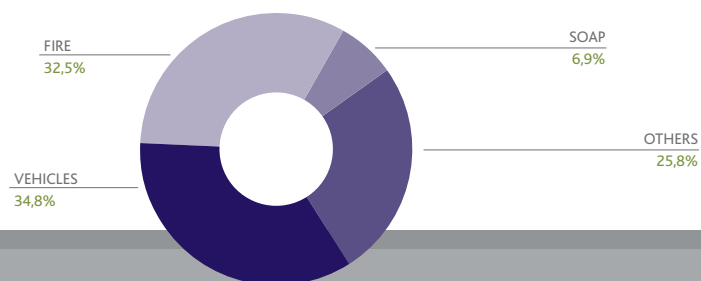
At the end of 2007, the company was placed 3rd in the market, measured by direct premium, with a 10.7% market share (excluding credit companies).

In 2006, the direct premium of Penta Security amounted to UF 4,417,700 and in 2007 reached UF 5,428,686, representing an increase of 22.9%.

The positive results obtained during 2007 largely reflected the success of the most important lines of business of Penta Security, particularly motorized vehicles, fire and obligatory personal accident insurance (SOAP).

VIDA security

CORREDORA security



penta security lines of business

SOURCE: PENTA SECURITY

AS OF DECEMBER 2007

## CORREDORA DE SEGUROS SECURITY LIMITADA

Corredora de Seguros Security produced a profit of Ch\$39 million in 2007 and continued to reinforce its position as an efficient insurance sales channel for the Grupo Security.

Since its creation in 1999, the company has shown strong growth which has been an important platform in the commercial alliances developed by the Group. These include the strategic alliance with Cooper Gay signed in 2004, one of the world's ten largest reinsurance brokers, which produced a net income of Ch\$328 million in 2007.

There is also the company owned jointly with Europ Assistance, the second travel, vehicle and home assistance company in the world. This alliance was the basis for the creation in 2005 of Europ Assistance Chile, a company which produced a net income of Ch\$71 million in 2007.



## SERVICES

In order to provide a service of excellence to customers and provide staff with the tools for meeting their objectives, Grupo Security groups together in this sector activities dedicated to the real estate business, travel and tourist agency and other services oriented to giving complementary support to Group companies.

### INMOBILIARIA SECURITY S.A.

Inmobiliaria Security is a Grupo Security company with more than 10 years' experience in the Chilean real-estate market and whose successful growth strategy is based on the development, investment and management of housing and office projects in which it participates directly, jointly with important institutional and individual investors.

Inmobiliaria Security has also worked with large investment funds in developing their projects.





## areas of business

financing

investments

insurance

**services**

With over 120,000 m<sup>2</sup> sold, in December 2007 it also had eight housing projects for sale whose development and sale is foreseen for the period 2007- 2008. These are located in the districts of Vitacura, Providencia, Lo Barnechea and Ñuñoa and are noted for their excellent location, studied design and high quality. Together, these represented a total investment of around UF 1,100,000.

In addition, four new development projects were begun in 2007 in the districts of Las Condes, Huechuraba and Ñuñoa, with an investment of about UF 700,000.

Progress was also made in the integration of businesses between Inmobiliaria and other Group companies, particularly the management of office property developments for the insurance company.

Inmobiliaria Security produced a net income of Ch\$554 million in 2007 and the total assets managed amounted to UF 630,000.

# GRUPO security

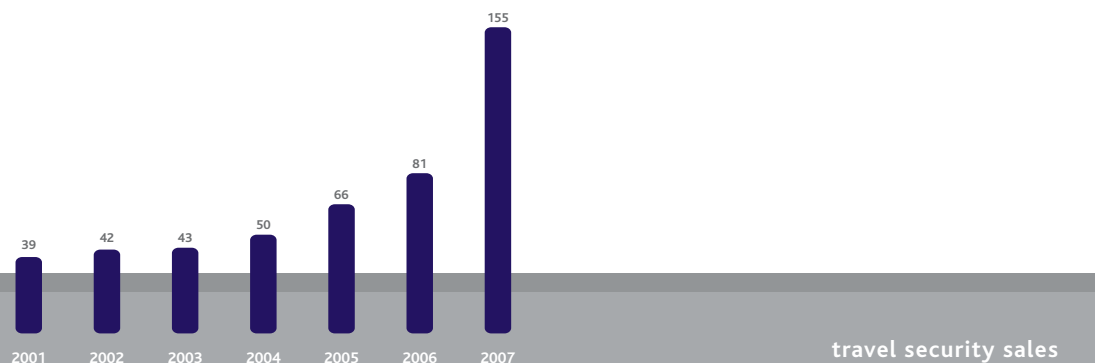
## TRAVEL SECURITY S.A.

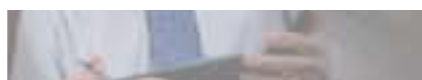
Since its incorporation into Grupo Security in mid 1999, the Travel Security travel agency has specialized in corporate and individual customers requiring a superior standard of service, offering a wide variety of travel-related products and services.

The merger with Turismo Tajamar (of the Ultramar group) completed in January 2007, permitted Travel Security to become the second company in this business, enabling it to offer a better service to its customers, provide an optimum price/quality relationship and actively participate in the market for the distribution of tourist and travel packages.

As well as reaffirming its leadership, the company showed its commitment with the industry in terms of providing an optimum quality of air and land services, contributing to consolidating distribution channels, optimizing costs and services for its customers and, in particular, collaborating with the development of an integral and competitive market at both the corporate and individual levels.

Travel Security produced sales of US\$155 million in 2007, a 90% increase over the previous year. The company also achieved a market share of over 16%.





TRAVEL security

INMOBILIARIA security

## INVEST SECURITY

Invest Security provides support services in accounting, business risk and control, economic advice, marketing and corporate culture for all the Group companies. Invest Security in 2007 managed to raise the standards of efficiency in the subsidiaries and to generate economies of scale in their operation.

Virtual Security, a subsidiary of Invest Security which is responsible for the information technology (IT) area, continued to develop and offer multiple services in the technological field. Since its formation in 2002, it has been focused on providing the best level of service at a lower cost than the competition in order to contribute to increasing the satisfaction of the end customers of each Group company and the staff working for them. Its objective is to ensure operative continuity in the technology field of the businesses of the Grupo Security companies, taking advantage of different types offered by a joint operation. Virtual therefore evaluates and plans the adoption of new technologies and service-presentation models that are the most suitable for securing this objective.

Invest Security Ltda. and its subsidiaries produced a net income of Ch\$393 million in 2007.

GRUPO security



# investment and financing policies





# 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 Group's 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 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.

#### serie 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.

#### serie B - 2 bonds

DATE: Jul 9, 2007.

- **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.

# GRUPO security



## series E bonds

DATE: Jul 30, 2007.

- **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 June 30, 2007. 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 90.5% of the dividends received in 2007. 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 2007 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, Vida Security is rated as AA+ by Fitch Ratings and International Credit Ratings, while Penta Security is rated as A+ by Fitch Ratings and AA- by International Credit Ratings.

## RISK FACTORS

### highly competitive business area 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.

This permits 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.

# GRUPO security



## regulatory changes in the industries in which the group operates

The industries where the Company operates are regulated by state entities (specifically the banking and insurance industries) and are therefore subject to eventual regulatory changes over time. However, in view of the level of transparency, advanced level of development and the excellent reputation of these industries at the global level, it is believed that this risk should be low.

## RISKS RELATED TO 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 loss 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 own 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.

### risks related to volatility in international markets

The Chilean economy and its markets in general are inserted in the international market and can be affected by external shocks. The volatility of world financial markets and changes in global economic conditions can adversely affect the performance of local assets and the risk premium demanded by investors.

## RISKS RELATED TO 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.

### mortality and sickness rates

The increase in sickness rates can generate a rise in claims under serious-illness policies in the medium term and increases in claims under policies covering reimbursements of medical costs in the short term. The reduction in adult mortality rates can reduce the expected results in the annuities area, to the degree 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 in this market not long ago.

### domestic competition

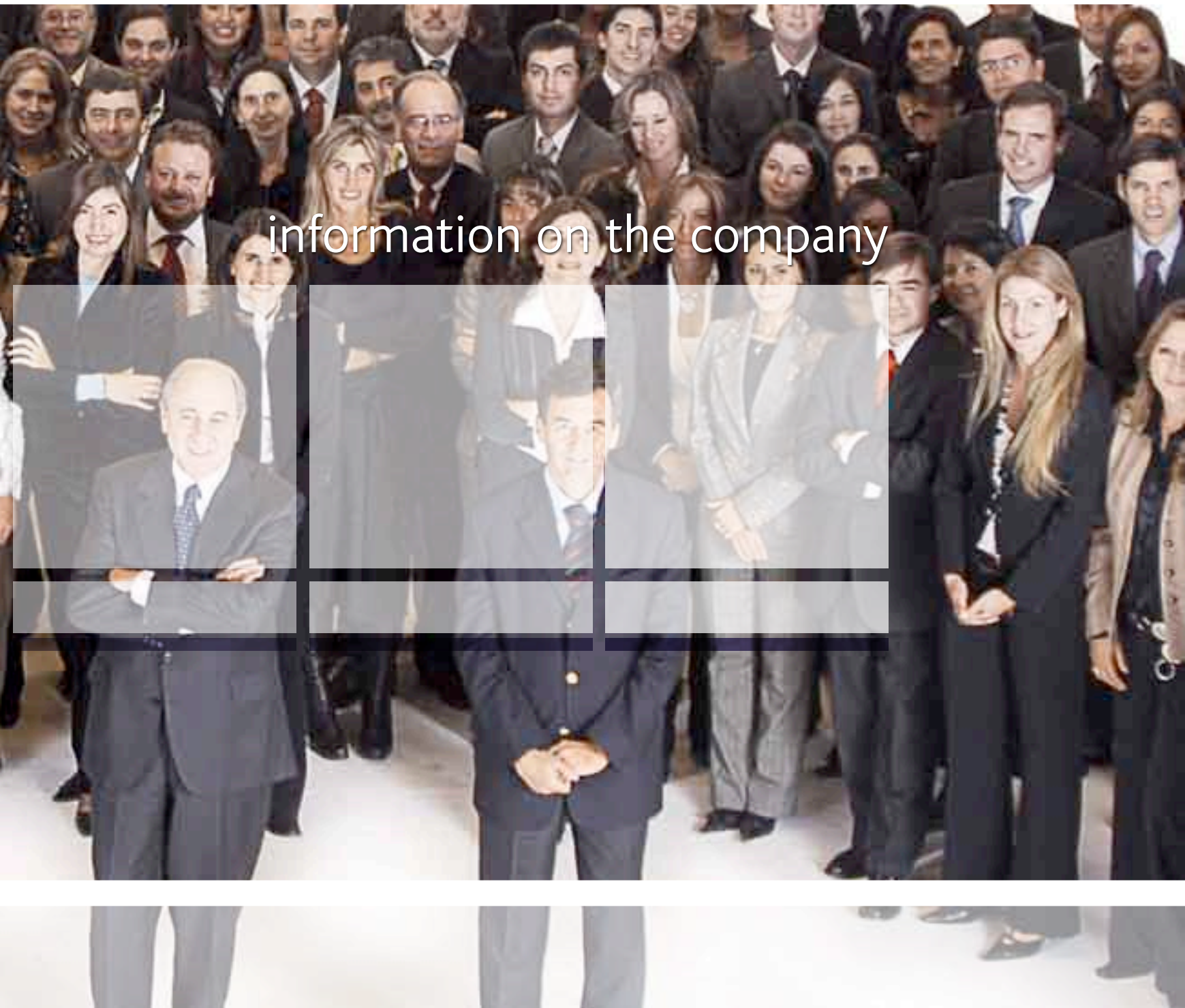
The technical margins of branches of high retention in general insurance could continue to fall due to tough competition through pricing in the market.

# GRUPO security





information on the company



# GRUPO security



## INFORMATION ON THE COMPANY

### 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 NO.: 96.604.380-6
- ADDRESS: Avda. Apoquindo 3150, 15th Floor, Las Condes, Santiago
- TELEPHONE: (56-2) 584 4000
- FAX: (56-2) 584 4001
- E-MAIL: grupo@security.cl
- WEB: www.security.cl

### CONSTITUTION DOCUMENTS

The investment company Grupo 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 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..

### 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 79.03% of the share capital, are parties to an agreement regarding the assignment of shares and have 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.

AS DICIEMBRE 31, 2007

NAME	TAX NO.	NO. OF SHARES	HOLDING	ACCUMULATED HOLDING
SOC. COMERCIAL DE SERVICIOS E INV. LTDA.	79.553.600-0	326,003,627	14.81%	14.81%
INMOBILIARIA VILLUCO LIMITADA	79.652.720-K	220,092,825	10.00%	24.81%
INVERSIONES MATYCO LTDA.	96.512.100-5	216,407,087	9.83%	34.64%
INVERSIONES HIDROELÉCTRICAS LTDA.	79.884.660-4	185,968,058	8.45%	43.09%
INVERSIONES HEMACO LTDA.	96.647.170-0	143,995,177	6.54%	49.64%
VALORES SECURITY S.A. CORREDORES DE BOLSA	96.515.580-5	103,498,370	4.70%	54.34%
INVERSIONES LLASCAHUE LIMITADA	79.884.060-6	90,488,346	4.11%	58.45%
INMOBILIARIA CAB LIMITADA	96.941.680-8	90,210,993	4.10%	62.55%
INVERSIONES LOS CACTUS LIMITADA	79.884.050-9	74,800,346	3.40%	65.95%
COMPAÑÍA DE INVERSIONES RÍO BUENO S.A.	96.519.130-5	60,086,262	2.73%	68.68%
INVERSIONES SAN IGNACIO LIMITADA	78.063.360-3	42,196,717	1.92%	72.46%
INVERSIONES CÍRCULO FINANCIERO S.A.	87.019.500-1	41,099,456	1.87%	70.54%

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. as of December 31, 2007: this is the situation of

Gustavo Pavez Rodríguez, tax No.4.609.215-5 and Horacio Pavez García, Tras No.3.899.021-7, with 14.81% and 10.00% shareholdings respectively.

#### PERSONNEL OF GRUPO SECURITY AND REMUNERATION

Grupo Security S.A. and its subsidiaries as of December 31, 2007 employ 2,447 people, an increase of 28% over 2006.

Total remunerations paid to executives of Grupo Security S.A. during the year amounted to Ch\$795,764,063.

Grupo Security S.A. made no severance payments to its executives during 2007.

# GRUPO security



The human team making up Grupo Security, the fundamental basis for the Company's sustained growth, includes a high participation of women who represent 63% of the total staff.

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 the expenses related to this plan.

The following shows the distribution of staff by company:

## PERSONNEL OF GRUPO SECURITY AND SUBSIDIARIES

COMPANY	EXECUTIVES	PROFESSIONALS	STAFF	TOTAL
GRUPO SECURITY S.A.	7	3	2	12
BANCO AND SUBSIDIARIES	57	406	293	756
FACTORING SECURITY S.A.	12	72	75	159
INMOBILIARIA SECURITY S.A.	4	11	3	18
ASESORÍAS SECURITY S.A.	1	11	2	14
SECURITIZADORA SECURITY GMAC-RFC S.A.	3	3	1	7
INVERSIONES INVEST SECURITY LTDA.	23	239	433	695
INVERSIONES SEGUROS SECURITY AND SUBSIDIARIES	41	144	601	786
TOTAL	148	889	1,410	2,447

## DIRECTORS' COMMITTEE

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

### DIRECTORS' COMMITTEE

DIRECTOR	Andrés Concha Rodríguez	Commercial Engineer, Universidad de Chile	Tax No.: 4.773.967-5
	Jorge Marín Correa	Business Manager	Tax No.: 7.639.707-4
	Álvaro Vial Gaete	Commercial Engineer, Universidad de Chile Master of Arts in Economics, University of Chicago	Tax No.: 5.759.348-2
SECRETARY	Renato Peñafiel Muñoz	Commercial Engineer, Universidad Católica Master of Arts in Economics, University of Chicago	Tax No.: 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 2007.

The committee, whose functions are those set out in clause 50 bis of Law 18,046, met on five occasions during 2007 and revised the following matters:

- Revision of the report of the independent accountants addressed to the shareholders of Grupo Security and its subsidiaries as of December 31, 2006.
- 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 IFRS implementation plan in Grupo Security.
- Periodic revision of operating, technological, compliance and credit risks arising from the integral risk management implemented by Grupo Security for each of its companies.
- Revision of the principal audit findings in the different areas of business and companies of Grupo Security, and follow-up of compliance with the commitments assumed for the resolution of auditing comments.
- Take note of regulatory changes made by authorities.
- Revision of the compensation and incentives system for the managers and senior executives of Grupo Security.
- Revision of transactions between related and associate companies of Grupo Security.

Regarding this last point, the Directors' Committee has revised the principal transactions with persons and companies during 2007, 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 information, please see Note 6 to the consolidated financial statements.

## PROPERTIES AND ASSETS GRUPO SECURITY

Grupo Security, as the parent company of subsidiary and associate companies, does not own properties, equipment or other assets of a similar nature that are important for carrying out its activities and business. Its fixed assets as of December 31, 2007 amounted to Ch\$4,407 million.

## TRADEMARKS AND PATENTS

Grupo Security is the owner of the "Security" trademark in the class corresponding to the activities of the parent, subsidiaries and associates.



## DIRECTORS' ALLOWANCES AND FEES

Regarding the allowances and fees received by each director during the year, the ordinary shareholders meeting maintained the allowance approved in 2006, consisting of a director's remuneration for attending Grupo Security board meetings of UTM 20 per meeting for each director and UTM 29 for the chairman, with a maximum of one remunerated meeting per month. The board would also be paid an annual bonus not exceeding UTM 3,600 (A UTM is equivalente to USD\$ 69).

The total remuneration paid to directors of Grupo Security during the year amounted to UTM 3,522. No advisory fees were incurred by the board.

On the other hand, the directors of the Company indicated received the following gross remuneration for their work as directors of the subsidiaries mentioned: in Grupo Security UTM 290 (UTM 314 in 2006) for attendance allowance to Francisco Silva Silva; UTM 200 (UTM 200 in 2006) for attendance allowance and UTM 470 (none in 2006) for fees to Claudio Berndt Cramer; UTM 220 (UTM 200 in 2006) for attendance allowance, UTM 43 (UTM 34 in 2006) for Directors' Committee allowance and UTM 470 (UTM 338 in 2006) for fees to Andrés Concha Rodríguez; UTM 240 (UTM 240 in 2006) for attendance allowance to Jaime Correa Hogg; UTM 160 (UTM 200 in 2006) for attendance allowance and UTM 26 (UTM 26 in 2006) for Directors' Committee allowance to Jorge Marín Correa; UTM 240 (UTM 200 in 2006) for attendance allowance and UTM 470 (none in 2006) for fees to Naoshi Matsumoto Takahashi; UTM 240 (UTM 240 in 2006) for attendance allowance and nil (UTM 338 in 2006) for fees to Juan Cristóbal Pavez Recart; UTM 200 (UTM 220 in 2006) for attendance allowance to Horacio Pavez García; UTM 220 (UTM 240 in 2006) for attendance allowance, UTM 34 (UTM 43 in 2006) for Directors' Committee allowance and nil (UTM 338 in 2006) for fees to Álvaro Vial Gaete.

In Banco Security, UTM 348 (UTM 339 in 2006) for asistense allowance and UTM 10.402 (UTM 8.019 in 2006) fees to Francisco Silva Silva; UTM 200 (UTM 488 in 2006) for fees to Claudio Berndt Cramer; UTM 348 (UTM 344 in 2006) for assistance allowance and UTM 606 (nil in 2006) for fees to Jorge Marín Correa; UTM 220 (UTM 547 in 2006) for fees to Naoshi Matsumoto Takahashi; and UTM 220 (UTM 547 in 2006) for fees to Horacio Pavez García.

In Seguros de Vida Security, UTM 158 (UTM 208 in 2006) for attendance allowance to Francisco Silva Silva; UTM 175 (UTM 208 in 2006) for attendance allowance and UTM 470 (nil in 2006) for fees to Juan Cristóbal Pavez; UTM 175 (UTM 191 in 2006) for attendance allowance and UTM 470 (nil in 2006) for fees to Horacio Pavez García; and UTM 175 (UTM 173 in 2006) for attendance allowance and UTM 470 (nil in 2006) for fees to Álvaro Vial Gaete. In Inmobiliaria Security, UTM 6.034 (UTM 5.651 in 2006) for salary of Jaime Correa Hogg.



## CREDIT RATING

The shares of Grupo Security S.A. as of December 31, 2007 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	SHARES	BONDS NO 340 - SERIES B BONDS NO 376 - SERIES C BONDS NO 454 - SERIES D BONDS NO 507 - SERIES E	OUTLOOK
Fitch Chile Clasificadora de Riesgo Limitada	First Class, Level 3	A+	Stable
Feller & Rate Clasificadora de Riesgo	First Class, Level 2	A+	Stable
Credit Rating Commission	Approved	A+	

## 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 2006. This consists of distributing about 50% of the net income of Grupo Security for the year, provided that this does not impede or make difficult compliance with the company's present or future financial obligations. This distribution could be made against the income for 2007 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 around 50% of the income that Grupo Security has received from its subsidiaries in the respective year, always provided that this does not impede or make difficult compliance with the company's present or future financial obligations

EARNINGS AND DIVIDENDS PAID								MILLIONS OF PESOS · DECEMBER 2007
	2001	2002	2003	2004	2005	2006	2007	
Retained earnings	22,502	27,370	28,638	35,339	41,656	50,069	64,274	
Net income for the year	10,723	8,638	16,431	17,616	22,161	28,726	32,018	
Dividends paid during the year	6,010	5,446	7,901	8,906	11,298	13,947	15,297	

# 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				HISTORIC PESOS			
DIV.NO.	DATE	CH\$ PER SHARE	AMOUNT (MILLIONS OF CH\$)	DIV.NO.	DATE	CH\$ PER SHARE	AMOUNT (MILLIONS OF CH\$)
1	March 3, 1995	1.766	2,922	18	October 17, 2002	0.330	546
2	May 9, 1996	1.571	2,600	19	October 17, 2002	0.270	447
3	May 8, 1997	2.000	3,309	20	May 5, 2003	2.600	4,302
4	November 20, 1997	1.000	1,655	21	October 16, 2003	0.742	1,228
5	May 11, 1998	1.500	2,482	22	October 16, 2003	0.758	1,254
6	October 14, 1998	4.500	7,446	23	May 7, 2004	3.150	5,212
7	October 14, 1998	1.000	1,655	24	October 7, 2004	0.500	876
8	April 12, 1999	2.000	3,309	25	October 7, 2004	1.000	1,751
9	October 20, 1999	1.000	1,655	26	April, 2005	3.300	6,733
10	October 20, 1999	0.500	827	27	October, 2005	1.000	2,040
11	April 17, 2000	2.750	4,550	28	October, 2005	0.750	1,530
12	October 27, 2000	0.250	414	29	April 17, 2005	3.750	8,254
13	October 27, 2000	1.000	1,655	30	October, 2006	1.000	2,201
14	April 30, 2001	2.000	3,309	31	October, 2006	1.150	2,531
15	October 23, 2001	0.400	662	32	April, 2007	4.150	9,134
16	October 23, 2001	0.600	993	33	October, 2007	1.700	3,742
17	May 7, 2002	2.200	3,640	34	October, 2007	1.100	2,421

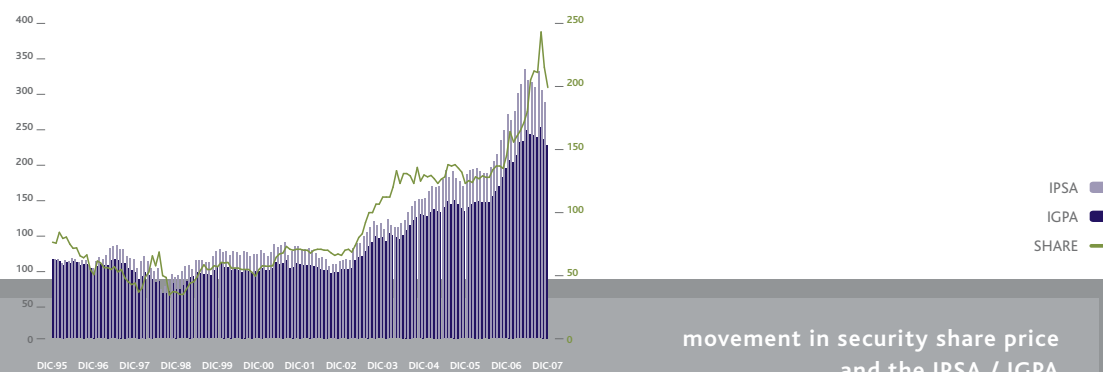
## STOCK MARKET PERFORMANCE

During 2007, the local stock market produced an annual return of 13.3%, mainly generated in the first half. This result was significantly below the return shown by the IPSA (selective price index) in 2006 when it was 37.1%. The market in the second half of the year showed high volatility largely induced by the behavior of external stock markets following the deepening of the sub-prime mortgage crisis in the United States. In that period, the local market performance was aligned with the other emerging countries, showing reduced returns.

In this context, the performance of the shares of Grupo Security continued its upward trend, especially in the first half of the year, to show an annual increase of 43.93% and closing at Ch\$194 per share at the end of December 2007.

The shares of Grupo Security had a 100% trading presence during the year. The price/earnings ratio of the Security share reached 13.3 times, compared to 11.5 times in 2006.

The following graph shows the fluctuations in the share price of Grupo Security, compared to the IPSA and IGPA (general stock price index).



SOURCE: ECONOMÁTICA

HISTORIC PESOS

## 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 2007.

STOCK MARKET INDICATORS									
	1999	2000	2001	2002	2003	2004	2005	2006	2007
Share Price	52.1	50.1	66.1	61.1	107.1	124.9	117.9	140.0	194.0
Earnings per share	5.57	5.81	5.35	4.44	8.53	7.60	9.91	12.15	14.55
Price/earnings ratio	9.40	8.60	12.30	13.70	12.50	16.44	11.90	11.52	13.34
Trading presence	86.9%	50.0%	49.8%	35.3%	43.6%	49.0%	99.6%	99.6%	100%
Number of shares (millions)	1,655	1,655	1,655	1,655	1,655	2,040	2,040	2,201	2,201
Market capitalization (US\$ millions)	163	145	167	142	296	455	468	579	857

# 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	NO. OF SHARES (THOUS.)	VOLUME TRADED (THCH\$ HISTORIC)	AVERAGE PRICE (CH\$ HISTORIC) PER SHARE
1st Quarter 2005	78,207	9,610,376	122.88
2nd Quarter 2005	68,271	8,225,246	120.48
3rd Quarter 2005	60,884	7,876,395	129.37
4th Quarter 2005	60,756	7,746,718	127.51
2005	268,118	33,458,735	124.79
1st Quarter 2006	65,593	7,896,929	120.39
2nd Quarter 2006	73,937	9,128,845	123.47
3rd Quarter 2006	39,077	4,911,047	125.68
4th Quarter 2006	37,328	4,982,977	133.49
2006	215,934	26,919,798	124.67
1st Quarter 2007	49,291	7,563,005	153.44
2nd Quarter 2007	46,147	7,620,456	165.14
3rd Quarter 2007	43,773	8,736,571	199.59
4th Quarter 2007	38,731	8,444,376	218.03
2007	177,941	32,364,408	181.88

## TRADING IN GRUPO SECURITY SHARES

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

## TRADING IN GRUPO SECURITY SHARES

PURCHASE DATE	SALE DATE	SHARES TRADED	TRADE PRICE	INVESTMENT VALUE
SOC. COMERCIAL DE SERVICIOS E INVERSIONES LTDA., CONTROLLED BY GUSTAVO PAVEZ RODRÍGUEZ, A MAJOR SHAREHOLDER				
10/01/07		270,782	130.00	35,201,660
25/05/07		586,015	160.00	93,762,400
24/10/07		750,000	235.00	176,250,000
INMOBILIARIA VILLUCO LTDA., CONTROLLED BY EL DIRECTOR HORACIO PAVEZ GARCÍA, A MAJOR SHAREHOLDER				
16/01/07		182,648	130.00	23,744,240
06/06/07		395,289	160.00	63,246,240
16/10/07		698,849	212.00	148,155,988



## TRADING IN GRUPO SECURITY SHARES

CONTINUATION

## INMOBILIARIA CAB LTDA., CONTROLLED BY THE DIRECTOR CLAUDIO BERNDT CRAMER

10/01/07	73.854	130,00	9.601.020
30/04/07	159.971	160,00	25.595.360
04/06/07	161.267	160,00	25.802.720
23/10/07	302.274	212,00	64.082.088

## POLO SUR SOCIEDAD DE RENTAS, CONTROLLED BY THE DIRECTOR JORGE MARÍN CORREA

25/05/07	43.916	160,00	7.026.560
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## INVERSIONES HEMACO, CONTROLLED BY THE DIRECTOR JORGE MARÍN CORREA

25/05/07	259.440	160,00	41.510.400
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## INVERSIONES LLASCAHUE LTDA., CONTROLLED BY CHAIRMAN OF THE BOARD OF DIRECTORS, FRANCISCO SILVA SILVA

11/01/07	79.170	130,00	10.292.100
25/05/07	118.963	160,00	19.034.080
16/10/07	404.271	212,00	85.705.452

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

25/05/07	79.456	160,00	12.712.960
03/10/07	3.000.000	212,00	636.000.000

## INVERSIONES MATYCO LTDA., CONTROLLED BY THE DIRECTOR NAOSHI MATSUMOTO TAKAHASHI

01/06/07	388.346	160,00	62.135.360
01/06/07	179.591	130,00	23.346.830
16/10/07	687.174	212,00	145.680.888

## C.E.O. OF GRUPO SECURITY S.A., RENATO PEÑAFIEL

02/03/07	19.267	130,00	2.504.710
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## INVERSIONES LOS CACTUS LTDA., CONTROLLED BY THE C.E.O. OF GRUPO SECURITY

02/03/07	63.257	130,00	8.223.410
11/06/07	98.950	160,00	15.832.000
23/10/07	345.231	212,00	73.188.972

## C.E.O. OF BANCO SECURITY, RAMÓN ELUCHANS

04/01/07	7.729	130,00	1.004.770
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## INVERSIONES LOS CHILCOS LTDA., CONTROLLED BY C.E.O. OF BANCO SECURITY

11/06/07	48.144	160,00	7.703.040
11/06/07	32.795	130,00	4.263.350
23/10/07	168.035	212,00	35.623.420

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

08/01/07	77.000	130,00	10.010.000
28/05/07	438.789	160,00	70.206.240
23/10/07	328.651	212,00	69.674.012

## MATERIAL INFORMATION

### **Santiago, March 15, 2007**

At the board meeting held on March 14, Nicolás Ugarte Bustamante presented his voluntary resignation as the president of Corredora de Valores Security S.A., which was accepted. The board appointed Cristián Pinto Marinovic as his replacement.

### **Santiago, March 29, 2007**

The board meeting of Grupo Security S.A. held on March 27 agreed to make a new issue and placement of bonds under the line of bonds method, for a total amount of up to UF 1,500,000, in order to repay or prepay financial debt and finance the Company's investment plan.

### **Santiago, April 13, 2007**

The ordinary shareholders meeting of Grupo Security S.A. held on April 12, 2007, agreed to distribute a final dividend of Ch\$4.15 per share against the net income for 2006. This dividend would be payable to shareholders registered five business days prior to the payment date, on April 23, 2007 at Agustinas street 621, 1st floor, Santiago.

### **Santiago, June 5, 2007**

The board meeting of Grupo Security S.A. held on June 5 agreed, among other things, to:

1. Modify part of the characteristics of the line of bonds that the board of Grupo Security S.A. agreed at its meeting held on March 27, 2007, setting a new text with all the special characteristics of both the new line of bonds and the first issue and placement to be made against this line.
2. Carry out and register with the Superintendency of Securities and Insurance a second and last issue and placement of bonds against the line of bonds inscribed in the Securities Register with the No.340 on August 13, 2003, for a total amount of UF1,000,000. The purpose of these issues is the refinance financial debt and finance the Company's investment plan.

### **Santiago, August 13, 2007**

The board of Grupo Security S.A. at its extraordinary meeting held on August 10, decided unanimously to eliminate the reserved nature of the agreement reached by the board meeting held on June 11, 2007.

On August 10, 2007, Inversiones Seguros Security Limitada and Grupo Security S.A. acquired 99.92% and





0.08% approximately of the partnership rights in Inversiones CIGNA Limitada. The total purchase price was Ch\$13,544,371,743.

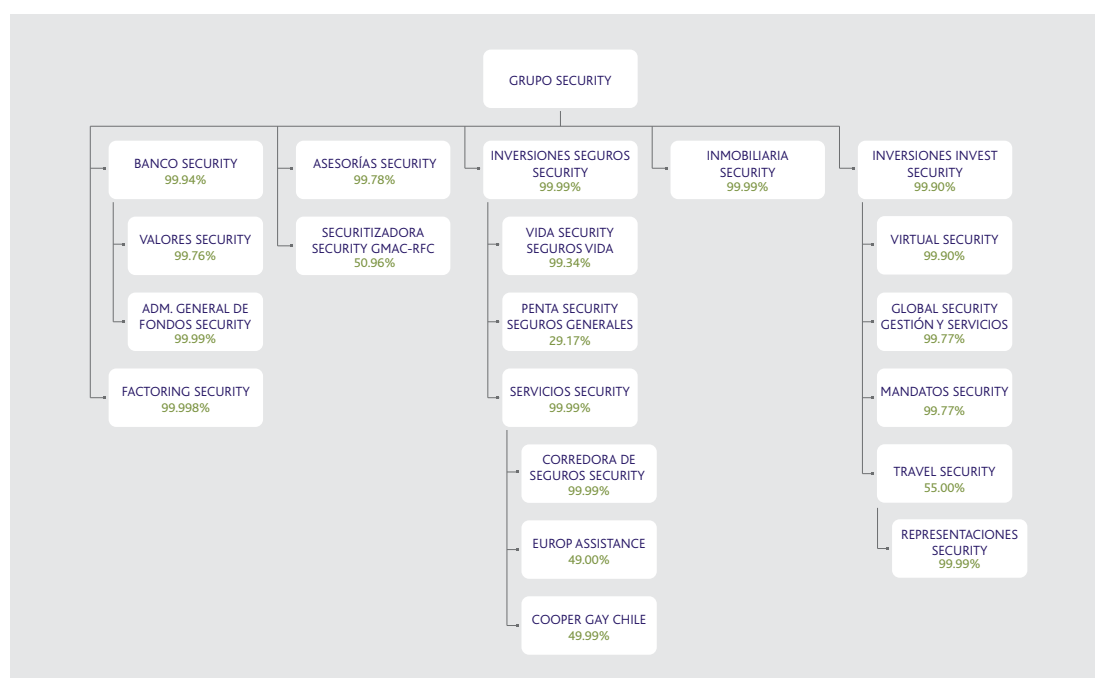
### Santiago, October 4, 2007

The board of Grupo Security S.A. agreed at its meeting of October 4 to pay a total dividend of Ch\$2.8 per share, corresponding to an interim dividend for the year of Ch\$1.7 and an additional dividend of Ch\$1.1 against retained earnings.

This total dividend will be payable to shareholders on October 30, 2007 at the offices of Banco Security at Agustinas street 621, 1st floor, Santiago, or in another form should shareholders request this prior to the date of payment.

## ORGANIZATIONAL STRUCTURE

The organizational structure of the Grupo Security companies is shown in the following chart:



GRUPO *security*



A background image featuring a blue-toned photograph of chess pieces on a checkered board. The pieces, including a king, a knight, and a queen, are positioned on the board, with the king and queen in the foreground and the knight slightly behind them. The lighting creates soft shadows on the board's surface.

# financial statements

unconsolidated

consolidated

summarized  
of the subsidiaries

unconsolidated financial statements





## 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, 2007, and 2006 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.

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 8. 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, 2007 and 2006 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.

  
February 22, 2008

  
Juan Carlos Cabrer Bagnara



# GRUPO security

## BALANCE SHEETS · ASSETS

AS OF DECEMBER 31, 2007 AND 2006 · IN THOUSANDS OF CONSTANT CHILEAN PESOS · ThCh\$

	2007	2006
<b>CURRENT ASSETS</b>		
Cash and Banks	18,382	21,510
Time deposits	56,819	59,178
Marketable securities	4,142,543	16,563
Other receivables	43,195	21,898
Notes receivable	112,704	8,909
Due from related companies	5,533,689	5,503,504
Recoverable taxes	121,270	159,600
Prepaid expenses	2,074	2,231
Deferred taxes (net)	469,303	128,013
Other current assets	3,029,298	2,084,992
<b>Total current assets</b>	<b>13,529,277</b>	<b>8,006,398</b>
<b>FIXED ASSETS</b>		
Buildings	1,072,849	1,067,981
Machinery and equipment	655,314	631,632
Other fixed assets	356,094	369,620
Accumulated depreciation	(736,814)	(477,385)
<b>Total fixed assets - net</b>	<b>1,347,443</b>	<b>1,591,848</b>
<b>OTHER ASSETS</b>		
Investments in related companies	272,038,413	253,762,065
Goodwill	38,684,291	40,973,814
Intangibles	9,508	-
Others	3,216,369	2,661,972
<b>Total other assets</b>	<b>313,948,581</b>	<b>297,397,851</b>
<b>TOTAL ASSETS</b>	<b>328,825,301</b>	<b>306,996,097</b>

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



## BALANCE SHEETS · LIABILITIES AND SHAREHOLDERS' EQUITY

AS OF DECEMBER 31, 2007 AND 2006 · IN THOUSANDS OF CONSTANT CHILEAN PESOS · ThCh\$

	2007	2006
<b>CURRENT LIABILITIES</b>		
Current portion of long-term liabilities with banks	584,756	594,695
Long-term bonds payable - current portion bonds payable	3,768,227	5,958,887
Dividends payable	75,569	88,149
Accounts payable	1,004,862	337,224
Sundry creditors	841,396	269,999
Due to related companies	-	266,449
Accruals	917,952	694,166
Withholdings	36,505	30,492
Total current liabilities	7,229,267	8,240,061
<b>LONG-TERM LIABILITIES</b>		
Liabilities with banks	4,038,343	9,983,756
Bonds payable	77,602,456	63,609,269
Total long-term liabilities	81,640,799	73,593,025
<b>SHAREHOLDERS' EQUITY</b>		
Paid-in capital	113,858,274	113,858,274
Share premium	34,059,595	34,059,595
Other reserves	(471,645)	804,495
Retained earnings	64,274,034	50,069,377
Interim dividends	(3,782,859)	(2,354,419)
Net income for the year	32,017,836	28,725,689
Total shareholders' equity	239,955,235	225,163,011
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>328,825,301</b>	<b>306,996,097</b>

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

# GRUPO security

## STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 · IN THOUSANDS OF CONSTANT CHILEAN PESOS - THCh\$

	2007	2006
ADMINISTRATIVE AND SELLING EXPENSES	(4,421,091)	(3,689,574)
OPERATING INCOME	(4,421,091)	(3,689,574)
NON-OPERATING CHARGE (INCOME):		
Interest income	622,627	493,497
Equity in income of related companies	42,973,943	38,106,065
Other income	537,987	119,965
Equity in losses of related companies	-	(398,128)
Amortization of goodwill	(2,289,523)	(1,971,093)
Gastos financieros	(4,200,239)	(3,252,622)
Interest expense	(676,747)	(192,433)
Price-level restatement	(844,741)	(591,441)
Exchange differences	(558)	5,121
Non-operating income	36,122,749	32,318,931
INCOME BEFORE INCOME TAXES	31,701,658	28,629,357
INCOME TAX	316,178	96,332
NET INCOME FOR THE YEAR	32,017,836	28,725,689

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

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 · IN THOUSANDS OF CONSTANT CHILEAN PESOS · ThCh\$

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	32,017,836	28,725,689
Charges (credits) to income that do not represent cash flows		
· Depreciation for the year	275,976	196,038
· Amortization of intangible assets	860,903	331,639
· Write-offs and provisions	336,878	15,713
· Equity in income of related companies	(42,973,943)	(38,106,065)
· Equity in losses of related companies	-	398,128
· Amortization of goodwill	2,289,523	1,971,093
· Price-level restatement	844,741	591,441
· Exchange differences	558	(5,121)
Changes in assets affecting cash flows (decrease)		
· Other assets	(1,932,095)	(3,124,297)
Changes in liabilities affecting cash flows (decrease)		
· Other accounts payable related to non-operating result	2,176,336	-
Net cash (used in) provided by operating activities	(6,103,287)	(9,005,742)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
· Placement and payment for shares	-	20,733,941
· Proceeds from loans	14,460,541	5,283,646
· Bonds payable	28,173,105	37,535,512
· Payment of dividends	(15,296,950)	(11,582,983)
· Repayment of loans	(20,406,016)	(6,221,369)
· Payment of bonds	(18,215,616)	(6,302,195)
Net cash provided by (used in) financing activities	(11,284,936)	39,446,552
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
· Other investment income	22,635,739	41,126,811
· Permanent investments	(769,134)	(49,420,442)
· Purchase of fixed assets	(30,146)	(587,429)
· Other investment outlays	-	(24,820,676)
Net cash used in investing activities	21,836,459	(33,701,736)
TOTAL NET CASH PROVIDED DURING THE YEAR	4,448,236	(3,260,926)
EFFECT OF INFLATION ON CASH AND CASH EQUIVALENTS	580,248	239,899
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,028,484	(3,021,027)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,182,243	5,203,270
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,210,727	2,182,243

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

## 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, 2007 and 2006.

#### b. Basis of preparation

These stand-alone financial statements of Grupo Security S.A. at December 31, 2007 and 2006 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 2006 amounts have been price-level restated for a 7.4% 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 7.4% in 2007 (2.1% in 2006).

**e. Basis of translation**

Assets and liabilities in foreign currency have been translated into Chilean pesos using the December 31, 2007 observed exchange rate of Ch\$496.89 per US\$1 (Ch\$532.39 per US\$1 in 2006).

Balances in Unidades de Fomento (inflation index-linked units of account) at December 31, 2007 have been translated into Chilean pesos at the rate of Ch\$19,622.66 per UF (Ch\$18,336.38 per UF in 2006).

**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 equity method of accounting for investments made prior to January 1, 2004 and the excess paid for the equity value 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 the regulations of the Superintendency of Securities and Insurance. Goodwill is being amortized over the investment's expected term of return.

## **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 in Other Assets.

## **o. 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.

## **p. Employee vacations**

The cost of annual vacations and related personnel benefits are recognized on an accrual basis.

## **q. Operating revenue**

The Company recognizes its operating revenues in accordance with Technical Bulletin No.70 issued by the Chilean Institute of Accountants.

## **r. Software**

Software is recorded in accordance with Circular No.1,819 of the Superintendency of Securities and Insurance; it is amortized over 4 years.

## **s. Cash equivalents**

In accordance with Technical Bulletin No. 50 of the Chilean Institute of Accountants, the Company has considered as cash equivalents all investments (in mutual fund units, time deposits and resale agreements) made as part of the normal management of cash surpluses, with maturities of less than 90 days.

## **3. ACCOUNTING CHANGES**

Accounting principles and criteria described in Note 2 have been consistently applied during the years ended December 31, 2007 and 2006.



#### 4. MARKETABLE SECURITIES

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

SECURITIES	2007 ThCh\$	2006 ThCh\$
Fondos Mutuos Security Plus	4,142,543	-
Money Market Funds	-	16,563
<b>TOTAL</b>	<b>4,142,543</b>	<b>16,563</b>

#### 5. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

Balances due from and to related companies are denominated in Chilean pesos and accrue interest at market rates.

Transactions with related persons, whose amounts are insignificant, have not been included.

The details of balances and transactions with related companies at December 31, 2007 and 2006 are as follows:

##### a. Due from related companies - short term:

COMPANY	2007 ThCh\$	2006 ThCh\$
Inversiones Seguros Security Ltda.	5,294,356	5,447,793
Servicios Security S.A.	1,734	1,653
Virtual Security S.A.	201,078	-
Inversiones Invest Security Ltda.	36,521	54,058
<b>TOTAL</b>	<b>5,533,689</b>	<b>5,503,504</b>

##### b. Due to related companies - short term:

COMPANY	2007 ThCh\$	2006 ThCh\$
Asesorías Security S.A.	-	266,449

# GRUPO security

## c. Transactions

COMPANY	DESCRIPTION OF THE TRANSACTION	2007 ThCh\$		2006 ThCh\$	
		AMOUNT	EFFECT ON INCOME (CHARGES/CREDIT)	AMOUNT	EFFECT ON INCOME (CHARGES/CREDIT)
Banco Security	Time deposits	17,205,674	168,633	59,780	3,982
	Bank costs and others	37,305	(37,305)	2,942	2,942
	Financial investments	2,990,640	(18,951)	-	-
Administradora General de Fondos Security S.A.	Mutual funds	20,639,210	270,135	22,163,533	40,176
Valores Security S.A. Corredores de Bolsa	Financial investments	47,512,164	281,708	53,457,798	290,879
Servicios Security S.A.	Commercial account	1,733	166	1,727,931	3,530
Inversiones Seguros Security Limitada	Commercial account	5,294,356	140,675	2,109,449	91,359
Corredora de Seguros Security Ltda.	Commercial account	37,000	-	895,969	4,102
Inversiones Invest Security Ltda.	Commercial account	757,552	22,356	54,059	596
	Consulting and accounting services	289,006	(289,006)	341,029	(341,029)
Valores Security S.A. Corredores de Bolsa	Consulting and services	11,034	(11,034)	-	-
Asesorías Security S.A.	Current account	270,315	(22,500)	266,449	-
Travel Security S.A.	General costs	23,006	(23,006)	27,184	27,184
Inmobiliaria Security S.A.	Rentals	-	-	2,630	2,630
Virtual Security S.A.	Consulting and services	196,019	(183,154)	359,711	359,711
	Commercial account	201,077	3,504	-	-
Global Gestión y Servicios Ltda.	Advertising services	249,294	(249,294)	-	-
Factoring Security S.A.	Consulting and services	109,737	(59,737)	-	-
Seguros Vida Security Previsión S.A.	Policies	9,334	(8,631)	9,635	9,635

## 6. INCOME TAX AND DEFERRED TAXES

### a. Recoverable taxes

Details of recoverable taxes at December 31, 2007 and 2006 are as follows:

	2007 ThCh\$	2006 ThCh\$
Recovery of tax losses	90,949	124,290
Sence training tax	1,464	355
Subtotal	92,413	124,645
Monthly provisional payment	28,857	34,955
TOTAL	121,270	159,600

**b .** At December 31, 2007 the Company has not provided for income tax since it has an accumulated tax loss amounting to ThCh\$5,552,373 (ThCh\$5,374,455 in 2006).

**c . Deferred taxes :**

Deferred taxes at December 31, 2007 and 2006 are as follows:

DEFERRED TAXES	2007 ThCh\$		2006 ThCh\$	
	ASSETS SHORT TERM	LIABILITIES SHORT TERM	ASSETS SHORT TERM	LIABILITIES SHORT TERM
TEMPORARY DIFFERENCES				
Vacation provision	15,871	-	8,241	-
Other provisions	453,432	-	210,725	-
Placement differences	-	-	-	90,953
<b>TOTAL</b>	<b>469,303</b>	<b>-</b>	<b>218,966</b>	<b>90,953</b>

**d .** The composition of net charge to income tax at December 31, 2007 and 2006 is as follows:

ITEM	2007 ThCh\$	2006 ThCh\$
Current tax expense:		
Previous year's adjustment	(25,112)	(2,973)
Deferred taxes:		
Effect of the fluctuation in the year's deferred taxes	341,290	99,305
<b>TOTAL</b>	<b>316,178</b>	<b>96,332</b>

## 7. OTHER CURRENT ASSETS

The balance of ThCh\$3,029,298 at December 31, 2007 (ThCh\$2,084,992 in 2006) represents resale agreements for ThCh\$2,992,983 (ThCh\$2,084,475 in 2006) and other projects for ThCh\$36,315 (ThCh\$517 in 2006).

	2007 ThCh\$			2006 ThCh\$		
	BOOK VALUE	MARKET VALUE	MATURITY	BOOK VALUE	MARKET VALUE	MATURITY
Valores Security S.A. Corredores de Bolsa	2,992,983	2,992,983	2-ener-08	2,084,475	2,084,475	2-ener-07

# GRUPO security

## 8. INVESTMENTS IN RELATED COMPANIES

Investments in related companies at December 31, 2007 and 2006 are as follows:

COMPANY	OWNERSHIP PERCENTAGE		EQUITY IN COMPANIES		RESULTS		BOOK VALUE OF INVESTMENT	
	2007 %	2006 %	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$
Banco Security	99.94	99.94	167,333,290	164,368,891	27,234,026	22,001,670	167,232,890	164,270,270
Inversiones Seguros Security Limitada	99.99	99.99	73,702,086	63,264,994	9,373,218	5,527,883	73,702,060	63,264,678
Factoring Security S.A.	99.99	99.99	21,473,651	18,603,082	5,005,382	4,299,090	21,473,221	18,602,042
Asesorías Security S.A.	99.78	99.78	1,053,546	1,020,139	181,980	107,298	1,051,247	1,020,130
Inmobiliaria Security S.A.	99.99	99.99	3,458,543	2,904,566	553,972	537,198	3,458,509	2,904,536
Inversiones Invest Security Ltda.	99.90	99.90	3,658,261	2,469,978	393,494	(219,049)	3,655,715	2,467,509
Securitizadora Security S.A.	50.96	50.96	2,874,355	2,419,349	231,871	(179,079)	1,464,771	1,232,900
Security Rentas Seguros de Vida S.A.	-	-	-	-	-	5,632,926	-	-
<b>TOTAL</b>							<b>272,038,413</b>	<b>253,762,065</b>

**a .** 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%.

**b .** 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.

**c .** On March 20, 2006, Inversiones Seguros Security Ltda. distributed capital of MCh\$15.000.

**d .** 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.

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 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.

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
Adjustment at fair value	-
Fair value (VP)	58,789,778

These values are part of the equity of Seguros Vida Security Previsión S.A..

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.

**e .** 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.

**f .** In January 2007 Grupo Security S.A. in conjunction with Grupo Ultramar made a business combination through indirect and direct subsidiaries, Travel Security S.A. and Sociedad Turismo Tajamar S.A. respectively, which are companies related to the corporate purpose of travel agency. In accordance with Technical Bulletin No.72 such operation included calculating the fair value of such companies. This determined the new value of assets and liabilities of the combined company.

The detail of the reconciliation at fair values of combined assets and liabilities described in the above transaction is the following:

	ThCh\$
Equity at book value	5,416,645
Adjustment at fair value	-
Fair value (VP)	5,416,645

These values are part of the consolidated financial statements of Inversiones Seguros Security Ltda.

# GRUPO security

**g .** During March 2007 Banco Security paid dividends to Grupo Security of ThCh\$20,498,025 (historical). In April Factoring Security S.A. paid dividends of ThCh\$2,000,004 (historical).

**h .** On June 30, 2007 Seguros Vida Security Previsión S.A. and Security Rentas Seguros de Vida S.A. have merged absorbing Seguros Vida Security Previsión S.A. into Security Rentas Seguros de Vida S.A. The transaction above was carried out with the prior authorization of the Superintendency of Securities and Insurance.

**i .** On August 10, 2007 Grupo Security S.A. in conjunction with its direct subsidiary Inversiones Seguros Security Ltda. purchased Sociedad Cigna Holdings S.A., in which its main asset is Cigna Compañía de Seguros de Vida Chile S.A.. This transaction represented a disbursement of MCh\$13,544 approximately.

In accordance with Technical Bulletin No.72 the above transaction involved a fair value assessment of such company. This set the new values for the acquired company's assets and liabilities.

The detail of the reconciliation at fair values of acquired assets and liabilities described in the above transaction is the following:

	ThCh\$
Equity at book value	17,954,592
Adjustment at fair value	(7,171,687)
Fair value (VP)	10,782,905

These values are part of the equity of Seguros Vida Security Previsión S.A..

**j .** In October 2007 Grupo Security sold Inversiones Seguros Security Ltda. the interest that it had in Inversiones GS, parent of Cigna Vida and Cigna Asistencia. Accordingly, Inversiones Seguros Security Ltda. became the owner of 100% of ownership rights of Inversiones GS; therefore, it was merged into such entity.

**k .** Inversiones Seguros Security Ltda., as the majority shareholder of Cigna Compañía de Seguros de Vida Chile S.A., sold this ownership to its direct subsidiary Seguros Vida Security Previsión S.A..

Given the situation above, Seguros Vida Security Previsión S.A. was merged into Cigna Compañía de Seguros de Vida Chile S.A. on December 31, 2007, after purchasing all shares and with the prior authorization of the Superintendency of Securities and Insurance through Resolution No. 667 dated December 31, 2007.



**l .** During August 2007 Grupo Security S.A. paid the increase in capital in its direct subsidiary Inversiones Invest Security Ltda..

**m .** In November 2007, Asesorías Security S.A. paid dividends of ThCh\$149,672 (historical).

## 9. GOODWILL ON INVESTMENTS

Goodwill at December 31, 2007 and 2006, recorded as described in Note 2m, is as follows:

COMPANY	2007 ThCh\$		2006 ThCh\$	
	AMOUNT AMORTIZED DURING THE YEAR	BALANCE OF GOODWILL	AMOUNT AMORTIZED DURING THE YEAR	BALANCE OF GOODWILL
Banco Security	20,409	134,357	20,409	154,766
Factoring Security S.A.	30,069	195,447	30,069	225,515
Dresdner Bank Lateinamerika S.A.	131,097	2,174,018	131,097	2,305,114
Inversiones Copper Ltda.	776,857	12,818,154	776,857	13,595,012
Dresdner Lateinamerika S.A. Corredores de Bolsa	59,080	152,621	59,080	211,700
Security Rentas Seguros de Vida S.A.	1,272,011	23,209,694	953,581	24,481,707
<b>TOTAL</b>	<b>2,289,523</b>	<b>38,684,291</b>	<b>1,971,093</b>	<b>40,973,814</b>

## 10. SHORT-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS

### a. Long-term – current portion:

BANK	CURRENCY - UF		TOTAL	
	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2007 ThCh\$
Banco de Chile	389,852	392,955	389,852	392,955
Corpbanca	-	2,628	-	2,628
Banco de Crédito e Inversiones	194,904	199,112	194,904	199,112
<b>TOTAL</b>	<b>584,756</b>	<b>594,695</b>	<b>584,756</b>	<b>594,695</b>

# GRUPO security

## b. Long-term:

Liabilities with banks accrue an average annual interest rate of 6.1% (8.32% in 2006).

BANK	CURRENCY	YEARS TO MATURITY		CLOSING DATE CURRENT PERIOD		CLOSING DATE PRIOR PERIOD
		OVER 1 UP TO 2 ThCh\$	OVER 2 UP TO 3 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	384,604	2,307,625	2,692,229	6.14%	3,087,905
Corpbanca	UF	-	-	-	0.00%	2,675,815
Banco de Crédito e Inversiones	UF	192,302	1,153,812	1,346,114	6.09%	4,220,036
TOTAL		576,906	3,461,437	4,038,343		9,983,756

## 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, the 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% semi-annual interest.

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

On February 15, 2006, the 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.

On July 9, 2007 the Superintendency certified the filing of series B 2 bond charged to line B indicated in the first paragraph.

On July 30, 2007, the Superintendency certified that Grupo Security S.A. filed with the Securities Register, under number 570, the issuance of series E bonds for UF 500,000, with a 3.8% annual interest.

On August 15, 2007 Grupo Security S.A. prepaid all the balances with Series B bond holders.

Details of bonds payable at December 31, 2007 and 2006, recorded as described in Note 2n, are as follows:

PAR VALUE										
IDENTIFICATION OF THE INSTRUMENT	SERIES	OUTSTANDING NOMINAL AMOUNT PLACED	BOND INDEXATION UNIT	INTEREST RATE %	FINAL MATURITY	PAYMENT DATE INTEREST	PAYMENT DATE AMORTIZATION	2007 ThCh\$	2006 ThCh\$	PLACEMENT IN CHILE OR ABROAD
LONG-TERM - SHORT TERM PORTION										
340-13-08-03	BSECU-B	-	UF	4.75	15.07.2010	Semi-annual	Semi-annual	-	4,278,329	Chile
376-16-07-04	BSECU-C	70,000	UF	5.00	15.07.2016	Semi-annual	Semi-annual	1,579,900	1,608,592	Chile
376-16-07-04	BSECU-C2	13,158	UF	4.20	15.12.2026	Semi-annual	Semi-annual	534,215	17,992	Chile
454-15-02-06	BSECU-D	39,474	UF	4.20	15.12.2026	Semi-annual	Semi-annual	1,602,644	53,974	Chile
340-13-08-03	BSECU-B2	-	UF	3.80	15.06.2028	Semi-annual	Semi-annual	34,312	-	Chile
507-30-07-07	BSECU-E	-	UF	3.80	15.06.2028	Semi-annual	Semi-annual	17,156	-	Chile
TOTAL SHORT TERM PORTION								3,768,227	5,958,887	

PAR VALUE										
IDENTIFICATION OF THE INSTRUMENT	SERIES	OUTSTANDING NOMINAL AMOUNT PLACED	BOND INDEXATION UNIT	INTEREST RATE %	FINAL MATURITY	PAYMENT DATE INTEREST	PAYMENT DATE AMORTIZATION	2007 ThCh\$	2006 ThCh\$	PLACEMENT IN CHILE OR ABROAD
LONG-TERM										
340-13-08-03	BSECU-B	-	UF	4.75	15.07.2010	Semi-annual	Semi-annual	-	11,815,963	Chile
376-16-07-04	BSECU-C	560,000	UF	5.00	15.07.2016	Semi-annual	Semi-annual	10,988,690	12,406,761	Chile
376-16-07-04	BSECU-C2	486,842	UF	4.20	15.12.2026	Semi-annual	Semi-annual	9,294,944	9,846,636	Chile
454-15-02-06	BSECU-D	1,460,526	UF	4.20	15.12.2026	Semi-annual	Semi-annual	27,884,832	29,539,909	Chile
340-13-08-03	BSECU-B2	1,000,000	UF	3.80	15.06.2028	Semi-annual	Semi-annual	19,622,660	-	Chile
507-30-07-07	BSECU-E	500,000	UF	3.80	15.06.2028	Semi-annual	Semi-annual	9,811,330	-	Chile
TOTAL LONG-TERM								77,602,456	63,609,269	

## 12. ACCRUALS AND WRITE-OFFS

The balance is the provision for employee vacations recorded as described in Note 2p, and provisions for payments of ThCh\$93,359 (ThCh\$48,476 in 2006) to be made in the first half of 2008 as a result of 2007 activities amounting to ThCh\$824,593 (ThCh\$645,690 en 2006).

The Company does not have any allowances netted against assets or write-offs at December 31, 2007 and 2006.

## 13. SHAREHOLDERS' EQUITY

Changes in shareholders' equity accounts at December 31, 2007 and 2006 were as follows:

	PAID-IN CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	INTERIM DIVIDENDS	NET INCOME FOR THE YEAR	TOTAL
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Balances, January 1, 2006	87,097,536	28,414,860	2,394,108	37,706,468	(1,548,561)	20,209,833	174,274,244
Transfer	-	-	-	20,209,833	-	(20,209,833)	-
Prior year final dividend	-	-	-	(1,548,561)	1,548,561	-	-
Capital increase	16,669,957	2,635,388	-	-	-	-	19,305,345
Adjustment to reserve for fluctuation in investment in subsidiary	-	-	(2,043,282)	-	-	-	(2,043,282)
Final dividends	-	-	-	(10,784,899)	-	-	(10,784,899)
Price-level restatement	2,245,797	662,597	398,239	1,036,691	8,804	-	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	46,619,532	(2,192,196)	26,746,452	209,648,988
Price-level restatement (7,4%)	7,844,984	2,346,750	55,430	3,449,845	(162,223)	1,979,237	15,514,023
BALANCES, DECEMBER 31, 2006 RESTATED	113,858,274	34,059,595	804,495	50,069,377	(2,354,419)	28,725,689	225,163,011
Balances, January 1, 2007	106,013,290	31,712,845	749,065	46,619,532	(2,192,196)	26,746,452	209,648,988
Previous year profit distribution	-	-	-	26,746,452	-	(26,746,452)	-
Prior year final dividend	-	-	-	(2,192,196)	2,192,196	-	-
Adjustment to reserve for fluctuation in investment in subsidiary	-	-	(1,246,575)	-	-	-	(1,246,575)
Final dividends	-	-	-	(11,555,250)	-	-	(11,555,250)
Price-level restatement	7,844,984	2,346,750	25,865	4,655,496	(41,159)	-	14,831,936
Net income for the year	-	-	-	-	-	32,017,836	32,017,836
Interim dividends	-	-	-	-	(3,741,700)	-	(3,741,700)
BALANCES, DECEMBER 31, 2007	113,858,274	34,059,595	(471,645)	64,274,034	(3,782,859)	32,017,836	239,955,235

### Paid-in capital

In accordance with Article No.10 of Law No.18,046, paid-in capital includes its proportional amount of monetary correction.

At December 31, 2007 and 2006 the subscribed to and paid-in capital was ThCh\$113,858,274, (ThCh\$113,858,274 in 2006) represented by 2,201,000,000 no par-value shares.

### Other reserves

These are basically the Company's percentage participation in the matching reserve in 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 and the accounting adjustment in the direct subsidiary Banco Security.

The detail of changes during 2007 and 2006 is as follows:

	2007 ThCh\$	2006 ThCh\$
Security Rentas Seguros de Vida S.A.	-	1,604,647
Inversiones Seguros Ltda.	992,767	17,737
Banco Security	(2,239,342)	420,899
TOTAL (*)	(1,246,575)	2,043,283
(*) : Historical values		

### Development stage accumulated deficit

This is the percentage participation in the development stage deficit of the direct subsidiary Inmobiliaria Security S.A. and Servicios Security Ltda. This deficit will be absorbed by future income, in accordance with Circular No.1,819.

### 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 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 results.

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

On April 2007, a Ch\$ 4.15 final dividend per share was paid, which added to the interim dividend of Ch\$1 and the additional dividend of Ch\$1.15 paid in October 2006, makes a final dividend of Ch\$ 6.3 charged to 2006 net income.

On October 4, 2007 the Board of Directors, in accordance with the powers granted by the Shareholders' Meeting, agreed to pay a dividend of Ch\$2.8 per share, corresponding to a interim dividend of Ch\$1.7 and an additional dividend of Ch\$1.1 charged to retained earnings.

### 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 100,278,946 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 was 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 2007 charge to income of ThCh\$844,741 (ThCh\$591,441 in 2006); details are as follows:

	INDEXATION UNIT	2007 ThCh\$	2006 ThCh\$
<b>ASSETS/CREDITS</b>			
Investments in related companies	CPI	15,899,724	4,510,942
Goodwill	CPI	2,823,149	978,085
Other non-monetary assets	CPI	477,698	140,841
Expense and cost accounts	CPI	190,513	42,368
<b>TOTAL CREDITS</b>		<b>19,391,084</b>	<b>5,672,236</b>
<b>LIABILITIES/CHARGES</b>			
Shareholders' equity	CPI	(14,831,936)	(4,674,185)
Non-monetary liabilities	UF	(5,403,889)	(1,589,492)
<b>TOTAL CHARGES</b>		<b>(20,235,825)</b>	<b>(6,263,677)</b>
<b>LOSS FROM RESTATEMENT</b>		<b>(844,741)</b>	<b>(591,441)</b>

## 15. CONTINGENCIES AND RESTRICTIONS

At December 31, 2007 and 2006, the Company has the following indexes 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 2007 and 2006 series.



## Ownership

Keep a 51% ownership interest in Banco Security for series BSECU-C2 and BSECU-D in 2007 and 2006.

## 16. THIRD PARTY GUARANTEES

The Company does not have any third party guarantees at December 31, 2007 and 2006.

## 17. FOREIGN CURRENCY

### Assets

ITEM	CURRENCY	2007 ThCh\$	2006 ThCh\$
<b>CURRENT</b>			
Cash	\$ Not readjustable	18,382	21,510
Time deposits	\$ Not readjustable	44,176	46,306
Time deposits	Euro	12,643	12,872
Marketable securities	\$ Not readjustable	4,142,543	16,563
Sundry debtors	\$ Not readjustable	43,195	21,898
Notes and accounts receivable	\$ Not readjustable	112,704	8,909
Due from related companies	\$ Readjustable	5,533,689	5,503,504
Recoverable taxes	\$ Readjustable	121,270	159,600
Other current assets	\$ Readjustable	3,029,298	2,084,992
Deferred tax (net)	\$ Readjustable	469,303	128,013
Pepaid expenses	\$ Not readjustable	2,074	2,231
<b>TOTAL CURRENT ASSETS</b>		<b>13,529,277</b>	<b>8,006,398</b>
<b>FIXED ASSETS - NET</b>	<b>\$ Readjustable</b>	<b>1,347,443</b>	<b>1,591,848</b>
<b>OTHERS</b>			
Investments in related companies	\$ Readjustable	272,038,413	253,762,065
Goodwill on investments	\$ Readjustable	38,684,291	40,973,814
Discounts in bond placement	\$ Readjustable	3,216,369	2,661,972
Intangibles	\$ Readjustable	9,508	-
<b>TOTAL OTHER ASSETS</b>		<b>313,948,581</b>	<b>297,397,851</b>
	\$ Not readjustable	4,363,074	117,417
	Euro	12,643	12,872
	\$ Readjustable	324,449,584	306,865,808

# GRUPO security

## Current liabilities

ITEM	CURRENCY	UP TO 90 DAYS		90 DAYS TO 1 YEAR	
		2007	2006	2007	2006
		AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %	AMOUNT ThCh\$	AVERAGE ANNUAL INTEREST RATE %
Accounts payable	\$ Not readjustable	347,360		337,224	
Accruals and withholdings	\$ Not readjustable	702,630		215,322	
Liabilities with banks and financial institutions	UF	-	5,286	8.4	584,756
Bonds payable	UF	893,107	4.9	3,228,329	4.9
Dividends payable	\$ Not readjustable	75,569		88,149	
Sundry creditors	\$ Not readjustable	457,055		269,999	
Accounts due to related companies	\$ Not readjustable	-	266,449	-	-
Withholdings	\$ Not readjustable	36,505		30,492	
	UF	893,107		3,459,876	
	\$ Not readjustable	1,619,119		1,257,165	

## 2007

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	4,038,343	6.12	-		-		-	
Bonds payable	UF	6,878,259	4.20	9,475,375	4.20	24,479,116	4.20	36,769,706	4.20
TOTAL LONG TERM LIABILITIES		10,916,602		9,475,375		24,479,116		36,769,706	

## 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	6,509,863	8.04	3,473,893	4.09	-	-	-	-
Bonds payable	UF	12,707,342	4.20	10,841,665	4.20	17,257,525	4.20	22,802,737	4.20
<b>TOTAL LONG TERM LIABILITIES</b>		<b>19,217,205</b>		<b>14,315,558</b>		<b>17,257,525</b>		<b>22,802,737</b>	

## 18. SANCTIONS

In 2007 and 2006, 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 22, 2008, 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.

## consolidated financial statements






## 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, 2007, and 2006 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.

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, 2007 and 2006 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.

  
February 22, 2008

  
Juan Carlos Cabrol Bagnara

# GRUPO security

## CONSOLIDATED BALANCE SHEETS · ASSETS

AS OF DECEMBER 31, 2007 AND 2006 · IN THOUSANDS OF CONSTANT CHILEAN PESOS - ThCh\$

	2007	2006
<b>CURRENT ASSETS</b>		
Cash	4,327,215	3,453,571
Time deposits	263,755	60,252
Marketable securities	8,421,541	1,545,585
Trade accounts receivable, net	139,973,346	126,691,145
Notes receivable	4,670,352	2,582,544
Other receivables	1,091,000	596,722
Due from related companies	182,060	167,401
Inventories	13,341,201	31,486,144
Recoverable taxes	1,451,315	909,945
Prepaid expenses	212,441	90,567
Deferred taxes (net)	3,166,586	1,876,850
Other current assets	31,800,907	3,464,511
<b>Total current assets</b>	<b>208,901,719</b>	<b>172,925,237</b>
<b>FIXED ASSETS</b>		
Buildings and infrastructure	2,131,861	1,671,435
Machinery and equipment	3,299,955	2,381,948
Other fixed assets	4,027,546	4,246,794
Accumulated depreciation	(5,052,439)	(4,134,504)
<b>Total fixed assets - net</b>	<b>4,406,923</b>	<b>4,165,673</b>
<b>OTHER ASSETS</b>		
Investments in related companies	242,083,546	246,201,571
Goodwill	43,003,673	45,146,718
Negative goodwill	-	(17,183)
Due from related companies	235,509	220,770
Deferred taxes (net)	229,276	417,785
Intangibles	1,704,375	694,678
Amortization	(946,028)	(316,788)
Others	12,414,872	11,445,782
<b>Total other assets</b>	<b>298,725,223</b>	<b>303,793,333</b>
<b>TOTAL ASSETS</b>	<b>512,033,865</b>	<b>480,884,243</b>

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

## CONSOLIDATED BALANCE SHEETS · LIABILITIES AND SHAREHOLDERS' EQUITY

AS OF DECEMBER 31, 2007 AND 2006

IN THOUSANDS OF CONSTANT CHILEAN PESOS · ThCh\$

CURRENT LIABILITIES	2007	2006
Short-term liabilities with banks and financial institutions	134,606,922	134,366,119
Current portion of long-term liabilities with banks and financial institutions	978,041	990,469
Bonds payable	3,768,227	5,958,887
Dividends payable	75,569	88,150
Accounts payable	9,361,215	5,775,269
Notes payable	890,465	8,047
Sundry creditors	1,145,521	499,175
Due to related companies	4,350,899	627,142
Accruals	10,275,511	5,670,261
Withholdings	762,094	643,514
Unearned income	131,613	-
Other current liabilities	17,242,239	23,035,673
Total current liabilities	183,588,316	177,662,706
LONG TERM LIABILITIES		
Liabilities with banks and financial institutions	5,743,688	12,206,848
Bonds payable	77,602,456	63,609,269
Notes payable	896,701	-
Sundry creditors, long-term	-	502,845
Total long-term liabilities	84,242,845	76,318,962
MINORITY INTEREST	4,247,469	1,739,564
SHAREHOLDERS' EQUITY		
Paid-in capital	113,858,274	113,858,274
Share premium	34,059,595	34,059,595
Other reserves	(471,645)	804,495
Retained earnings	64,274,034	50,069,377
Interim dividends	(3,782,859)	(2,354,419)
Net income for the year	32,017,836	28,725,689
TOTAL SHAREHOLDERS' EQUITY	239,955,235	225,163,011
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	512,033,865	480,884,243

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



# GRUPO security

## CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 · IN THOUSANDS OF CONSTANT CHILEAN PESOS · THCh\$

	2007	2006
SALES	47,955,484	38,795,565
COST OF SALES	(11,209,558)	(13,848,793)
GROSS MARGIN	36,745,926	24,946,772
ADMINISTRATIVE AND SELLING EXPENSES	(36,083,508)	(29,372,929)
OPERATING MARGIN	662,418	(4,426,157)
NON-OPERATING CHARGE (INCOME)		
Interest income	1,432,016	1,466,479
Equity in income of related companies	45,190,175	41,495,687
Other income	1,264,330	999,441
Equity in loss of related companies		(7,365)
Amortization of goodwill	(2,834,321)	(2,364,737)
Interest expenses	(6,081,017)	(4,757,124)
Other expenses	(4,902,348)	(3,627,124)
Price-level restatement	(2,314,342)	(499,344)
Foreign exchange differences	417,952	32,232
NON-OPERATING INCOME	32,172,445	32,738,145
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	32,834,863	28,311,988
MINORITY INTEREST	(589,041)	171,907
INCOME BEFORE INCOME TAXES	32,245,822	28,483,895
INCOME TAX	(244,625)	236,507
Amortization of negative goodwill	16,639	5,287
NET INCOME FOR THE YEAR	32,017,836	28,725,689

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006 · IN THOUSANDS OF CONSTANT CHILEAN PESOS · ThCh\$

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	32,017,836	28,725,689
Charges (credits) to income that do not represent cash flows		
· Depreciation and amortization	1,118,373	757,697
· Amortization of intangibles	4,333,389	532,296
· Accruals and write-offs	5,711,781	1,200,837
· Equity in income of related companies	(45,190,175)	(41,495,687)
· Equity in loss of related companies	-	7,365
· Amortization of goodwill	2,834,322	2,364,737
· Amortization of negative goodwill	(16,639)	(5,287)
· Price-level restatement	2,314,342	499,344
· Foreign exchange differences	(395,482)	(32,232)
· Minority interest	589,041	(171,907)
· Other credits to income that do not represent cash flows	(43,963)	(24,734)
· Other charges to income that do not represent cash flows	359,477	284,001
Changes in assets affecting cash flows		
· Trade accounts receivable	(16,754,537)	(27,445,421)
· Inventories	5,893	454
· Other assets	(14,150,289)	19,468,331
Changes in liabilities affecting cash flows		
· Accounts payable	333,629	(3,938,441)
· Interest payable	832	60,517
· Income tax payable, net	(10,637)	(117,761)
· Other accounts payable	217,880	(849,346)
· Other liabilities	2,910,477	1,096,951
Net cash provided by (used in) operating activities	(23,814,450)	(19,082,597)
<b>MINORITY INTEREST INCOME (LOSS)</b>		
	589,041	(171,907)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
· Placement and payments for shares	1,494,512	60,527,801
· Loans obtained	30,514,958	58,725,887
· Documented loans from related companies	13,090	-
· Other sources of financing	8,570,710	2,130,691
· Payment of dividends	(17,448,191)	(15,157,054)
· Decrease of capital	(879,864)	(7,576,585)
· Repayment of loans	(13,849,736)	(18,362,025)
· Issuance of bonds	28,173,105	37,535,512
· Bonds payable	(18,215,616)	(6,302,195)
· Repayment of borrowings to related companies (less)	(19,191,683)	-
· Other financing disbursements	(2,181,902)	-
Net cash provided by (used in) financing activities	(3,000,617)	111,522,032
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
· Other investment income	48,248,181	50,826,959
· Collection from borrowings disbursed to related companies	1,011,547	-
· Purchase of fixed assets	(1,450,568)	(1,135,514)
· Permanent investments	(3,004,463)	(105,740,796)
· Investments in financial instruments	895,014	(35,266)
· Documented loans to related companies	-	(13,523,281)
· Other loans to related companies	-	(27,620)
· Other investment disbursements	(576,055)	(24,885,815)
Net cash used in investing activities	45,123,656	(94,521,333)
<b>TOTAL NET NEGATIVE CASH OUTFLOW GENERATED DURING THE YEAR</b>	<b>18,308,589</b>	<b>(2,081,898)</b>
<b>EFFECT OF INFLATION ON CASH AND CASH EQUIVALENTS</b>	<b>(532,300)</b>	<b>118,644</b>
<b>NET VARIATION IN CASH AND CASH EQUIVALENTS</b>	<b>17,776,289</b>	<b>(1,963,254)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>7,932,666</b>	<b>9,895,920</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>25,708,955</b>	<b>7,932,666</b>

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

## NOTES TO THE 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 No. 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 No.640, has been consolidated.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Reporting periods

These consolidated financial statements cover the years ended December 31, 2007 and 2006, 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 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.

#### c. Basis of presentation

For comparison purposes, all 2006 amounts have been price-level restated for a 7.4% 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 Seguros Vida Security Previsión S.A. have not been consolidated.

Considering the importance to Grupo Security S.A. of its ownership of these companies, Note 11 includes their summarized financial statements.

All consolidated companies are in normal operations.

TAXPAYER N°.	COMPANY	OWNERSHIP PERCENTAGE			
		DIRECT %	2007 INDIRECT %	TOTAL %	2006 TOTAL %
96.655.860-1	Factoring Security S.A.	99.9980	-	99.9980	99.9980
78.769.870-0	Inversiones Seguros Security Limitada y Filiales	99.9995	-	99.9995	99.9995
96.803.620-3	Asesorías Security S.A. y Filiales	99.7818	-	99.7818	99.7818
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 S.A.	50.9600	-	50.9600	50.9600

#### 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 7.4% in 2007 (2.1% in 2006).

#### f. Basis of translation

Assets and liabilities in US dollars and UF (index-linked units of account) have been translated into Chilean pesos using the year-end exchange rates, as follows:

	2007 Ch\$	2006 Ch\$
Unidad de Fomento (UF - inflation index-linked unit of account)	19,622.66	18,336.38
Dollar observed exchange rate (US\$)	496.89	532.39

#### g. Time deposits

Estas inversiones se presentan al valor de la inversión, más los intereses y reajustes devengados al cierre de cada ejercicio.

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 documents corresponding to their face value net of which consist of non-disbursed amount and the unearned factoring income. They are shown under "Notes Receivables".

**l. Recognition of price difference**

Factoring income is recognized based on 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.

**o. 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".

**p. Fixed assets**

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

**q. Depreciation of fixed assets**

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

**r. 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.

**s. Other assets**

Bond discount is shown price-level restated and is amortized on the straight-line method within the maturity term of the debt instrument issued. Discount resulting from debt instrument placements of securization of an equity separated is shown price-level restated and is amortized on the straight-line method within the maturity term of the debt instrument issued. 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.

**t. 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.

**u. Goodwill on investments**

Goodwill on investments is excess paid over the equity method of accounting for investments made prior to January 1, 2004 and the excess paid for the equity value 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 the regulations of the Superintendency of Securities and Insurance. Goodwill is being amortized over the investment's expected term of return.

## **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 and the rights acquired in the purchase of the portfolio of clients of different insurance brokers by the direct subsidiary Inversiones Seguros Security Ltda., are 100% amortized at December 31, 2007.

## **w. Recoverable taxes**

This comprises the monthly provisional payments made to the Treasury (PPM), plus training credits and other recoverable taxes, which are price-level restated at each year-end. It also includes the VAT credit that can be used in subsequent years.

## **x. Bonds payable**

These are bonds issued by the Company shown in liabilities at their par value and the value obtained in the placement of bonds. 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 No.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. direct subsidiary holds derivative contracts considered as 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 liabilities".

#### **a c . O p e r a t i n g   r e v e n u e s**

The Parent Company recognizes its operating revenues in accordance with Technical Bulletin No.70 issued by the Chilean Institute of Accounting.

¡The private investment funds of Inmobiliaria Security S.A., which are investees, accrue their sales margin pro rata, considering the percentage of the project's expected return, with a maximum of the percentage of fine on account of waiving established in each repurchase agreement, the progress of the construction and the amount paid by the client. As a result, it is not feasible to accrue an amount higher than the fine established in each repurchase agreement with a maximum of the amount paid by each client.

The direct subsidiary Securitizadora Security GMAC RFC S.A. recognizes as revenue income generated by the transfer of assets securitized to the corresponding equities, in addition to other operating income proper to the company's business activity.

The direct subsidiary Factoring Security S.A. records as assets the par value of acquired documents (checks, notes, etc.). Also, this company records in a complementary account the price difference, which is recognized as income in accordance with the maturity date of the document. Income from price difference as a result of a longer term, commissions and other operating income is recognized in accordance with the received amounts.

The indirect subsidiary Corredora de Seguros Security Limitada's revenue relates to commissions earned on documented policies and paid to the Company and the other consolidation subsidiaries.

#### **a d . V a c a t i o n s**

Employee vacation costs are recognized on an accrual basis.

#### **a e . S o f t w a r e**

Software has been acquired as packages recorded at cost plus price-level restatement; it is amortized over 4 years in accordance with Circular No.1,819 of the Superintendency of Securities and Insurance.

#### **a f . C a s h   e q u i v a l e n t s**

In accordance with Technical Bulletin No.50 of the Chilean Institute of Accountants, the Company has considered as cash equivalents all investments (mutla fund units, time deposits and resale agreements) made as part of the normal management of cash surpluses, with maturities of less than 90 days (Note 24).

# GRUPO security

## 3. ACCOUNTING CHANGES

Accounting principles and criteria described in Note 2 have been consistently applied during the years ended December 31, 2007 and 2006.

## 4. MARKETABLE SECURITIES

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

INSTRUMENTS	2007 ThCh\$	2006 ThCh\$
Shares	1,034	35,266
Mutual fund units	8,420,507	1,510,319
<b>TOTAL</b>	<b>8,421,541</b>	<b>1,545,585</b>

## 5. SHORT AND LONG-TERM RECEIVABLES

Details of short and long-term receivables at December 31, 2007 and 2006 are as follows:

ITEM	CURRENT UP TO 90 DAYS		CURRENT OVER 90 DAYS UP TO 1 YEAR		CURRENT SUBTOTAL	TOTAL CURRENT NET	
	2007 ThCh\$	2006 M\$	2007 ThCh\$	2006 ThCh\$		2007 ThCh\$	2006 ThCh\$
Trade accounts receivable	129,236,844	112,460,889	11,731,214	14,230,256	140,968,058	139,973,346	126,691,145
Allowance for uncollectible accounts	-	-	-	-	994,712	-	-
Notes receivable	1,935,151	2,445,419	6,070,771	137,125	8,005,922	4,670,352	2,582,544
Allowance for uncollectible accounts	-	-	-	-	3,335,570	-	-
Other receivables	937,668	556,613	153,332	40,109	1,091,000	1,091,000	596,722

## 6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Accounts receivable and accounts payable to related companies are stated in thousands of Chilean 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	2007 ThCh\$	2006 ThCh\$
Banco Security	19,337	39,134
Administradora General de Fondos Security S.A.	-	6,048
Valores Security S.A. Corredores de Bolsa	-	6,485
Cooper Gay Chile S.A.	-	2,160
Europ Assistance Chile	-	3,126
Security Rentas Seguros de Vida S.A.	-	14,084
Seguros Security Previsión Vida S.A.	7,568	28,697
El Vergel FIP	98	99
Rodrigo de Quiroga FIP	343	4,735
Antonio Pastrana FIP	557	4,222
Quirihue FIP	39,367	4,541
General Flores FIP	4,722	2,940
Silvina Hurtado FIP	33,496	3,644
Vitacura IV FIP	4,915	2,454
Pastrana II FIP	343	3,274
Alonso Sotomayor FIP	3,379	3,392
Ñuñoa II FIP	2,445	2,454
Regina Pacis FIP	4,702	-
Santa Marta FIP	4,080	-
Hermanos Cabot FIP	3,146	-
Inmobiliaria El Peumo S.A.	1,996	9,362
Separate Equity BSECS-1	11,406	3,121
Separate Equity BSECS-2	3,723	3,121
Separate Equity BSECS-3	3,658	3,121
Separate Equity BSECS-4	5,291	4,599
Separate Equity BSECS-5	3,845	3,390
Separate Equity BSECS-6	5,390	4,599
Separate Equity BSECS-7	5,131	4,599
Separate Equity BSECS-9	4,756	-
Separate Equity BSECS-10	8,366	-
TOTAL SHORT-TERM ACCOUNTS RECEIVABLE	182,060	167,401

**b. Due from related companies long term:**

COMPANY	2007 ThCh\$	2006 ThCh\$
Inmobiliaria el Peumo Ltda.	225,548	201,139
El Vergel Fondo de Inversiones Privado	9,961	19,631
TOTAL	235,509	220,770

# GRUPO security

## c. Due to related companies accounts payable

COMPANY	2007 ThCh\$	2006 ThCh\$
Banco Security	-	180,204
Administradora General de Fondos Security S.A.	90,711	427,744
Valores Security Corredores de Bolsa S.A.	325	-
Seguros Vida Security Previsión S.A.	4,240,737	-
Inmobiliaria Ventisquero Oeste S.A.	19,126	19,194
TOTAL SHORT-TERM NOTES PAYABLE	4,350,899	627,142

## d. Transactions

COMPANY	TAXPAYER N°	NATURE OF RELATIONSHIP	DESCRIPTION OF TRANSACTION	AMOUNT	2007 ThCh\$	EFFECT ON INCOME (CHARGE/CREDIT)	AMOUNT	2006 ThCh\$	EFFECT ON INCOME (CHARGE/CREDIT)
BANCO SECURITY	97053000-2	DIRECT SUBSIDIARY	LOANS	2,651,344	(290,962)	4,733,632	(243,750)		
	97053000-2	DIRECT SUBSIDIARY	COMMERCIAL CURRENT ACCOUNT	248,052	-	1,311,605	(4,102)		
	97053000-2	DIRECT SUBSIDIARY	DIRECT SALES (CONSULTING)	333,410	324,556	304,846	302,696		
ADM.GRAL.DE FONDOS SECURITY S.A.	96639280-0	INDIRECT SUBSIDIARY	MUTUAL FUNDS	21,066,480	319,678	24,760,229	42,921		
VALORES SECURITY S.A. CORREDORES DE BOLSA	96515580-5	INDIRECT SUBSIDIARY	FINANCIAL INVESTMENTS	75,040,140	289,661	131,018,825	437,845		
	96515580-5	INDIRECT SUBSIDIARY	CONSULTING	477,745	(477,745)	224,730	224,730		
SEGUROS VIDA SECURITY PREVISION S.A.	99301000-6	INDIRECT SUBSIDIARY	COMMISSIONS	388,847	311,497	96,282	96,282		
	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	67,570	67,570	528,475	528,475		
FIP ANTONIO PASTRANA	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	49,928	42,615	117,744	99,761		
FIP RODRIGO DE QUIROGA	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	13,763	12,224	94,242	79,856		
FIP QUIRIHUE	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	101,527	85,975	99,444	84,226		
FIP SILVINA HURTADO	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	104,368	90,125	68,858	58,524		
FIP GENERAL FLORES	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	69,468	59,035	59,091	50,316		
FIP VITACURA IV	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	73,381	62,323	29,447	25,405		
FIP ÑUÑO A II	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	33,052	28,433	19,622	16,928		
FIP VERGEL	99584690-K	INDIRECT SUBSIDIARY	CONSULTING	1,178	1,178	9,019	7,926		
COOPER GAY CHILE S.A.	99551180-0	INDIRECT SUBSIDIARY	CONSULTING	23,067	18,970	11,289	11,289		
PENTA SECURITY COMPAÑIA DE SEGUROS GENERALES S.A.	99302000-1	INDIRECT SUBSIDIARY	COMMISSIONS	-	-	692,348	(692,348)		
	99302000-1	INDIRECT SUBSIDIARY	CONSULTING	-	-	1,815	1,815		

				2007 ThCh\$		2006 ThCh\$	
COMPANY	TAXPAYER N°	NATURE OF RELATIONSHIP	DESCRIPTION OF TRANSACTION	AMOUNT	EFFECT ON INCOME (CHARGE/CREDIT)	AMOUNT	EFFECT ON INCOME (CHARGE/CREDIT)
SEGUROS VIDA SECURITY							
PREVISION S.A.	99301000-6	INDIRECT SUBSIDIARY	RENTALS	28,064	(28,064)	6,675	(6,675)
	96786270-3	INDIRECT SUBSIDIARY	INSURANCE	20,105	(19,402)	18,840	29,580
BANCO SECURITY	97053000-2	DIRECT SUBSIDIARY	TIME DEPOSITS	20,916,314	187,584	59,780	(3,982)
FIP REGINA PACIS	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	33,004	28,173	-	-
FIP SANTA MARTA	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	36,379	31,009	-	-
FIP HERMANOS CABOT	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	27,971	23,944	-	-
VALORES SECURITY S.A.							
CORREDORES DE BOLSA	96515580-5	DIRECT SUBSIDIARY	PURCHASE AND SALE OF US DOLLARS	12,203	(12,203)	-	-
FIP ANTONIO PASTRANA	96786270-3	INDIRECT SUBSIDIARY	SALES COMMISSIONS	9,250	8,431	-	-
INMOBILIARIA EL PEUMO S.A.	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	18,954	15,928	-	-
FIP HERMANOS CABOT	96786270-3	INDIRECT SUBSIDIARY	LAND SALE	577,172	66,310	-	-
ADM. GRAL. DE FONDOS							
SECURITY S.A.	96639280-0	INDIRECT SUBSIDIARY	DIRECT SALES (CONSULTING)	-	-	222,076	222,076
INMOBILIARIA EL PEUMO S.A.	96786270-3	INDIRECT SUBSIDIARY	INTEREST EARNED	17,281	15,928	-	-
FIP ALONSO SOTOMAYOR	96786270-3	INDIRECT SUBSIDIARY	CONSULTING	53,359	45,498		
SEGUROS VIDA SECURITY							
PREVISION S.A.	99301000-6	INDIRECT SUBSIDIARY	SALE OF SHARES	10,191,684	-	-	-
	99301000-6	INDIRECT SUBSIDIARY	COMMERCIAL CURRENT ACCOUNT	13,850,000	(154,095)	-	-

## 7. INVENTORIES

Details of inventories at December 31, 2007 and 2006 are as follows:

QUANTITY		2007 ThCh\$	2006 ThCh\$
Inmobiliaria Security S.A.:			
· Huechuraba property <sup>(1)</sup>		2,544,432	2,478,195
Inmobiliaria SH Uno Ltda.			
· Parking lots	7	15,109	30,600
Inmobiliaria Security Diez Ltda.:			
· Parking lots	4	9,408	29,531
Contratos de leasing habitacional:			
· Leasing contracts <sup>(2)</sup>		10,772,252	28,947,818
TOTAL		13,341,201	31,486,144

# GRUPO security

<sup>(1)</sup> At December 31, 2007 and 2006, the Huechuraba property was classified for ThCh\$2,544,432 (ThCh\$2,478,195 in 2006), as inventory, because the Company intends to develop a commercial real estate project.

<sup>(2)</sup> At December 31, 2007, the balance relates to a portfolio of 753 home leasing contracts and their respective properties, which will be part of Separate Equity BSECS-11. The related obligation is recorded in the other current liabilities item.

At December 31, 2006, the balance relates to a portfolio of 973 and 1,717 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, 2007 and 2006 are as follows:

	2007 ThCh\$	2006 ThCh\$
Provision for first category income tax	(1,123,203)	(945,379)
Subtotal	(1,123,203)	(945,379)
Monthly provisional payments	1,440,620	1,297,138
Income tax recoverable on tax loss	193,086	124,546
VAT credit	642,486	433,640
Other credits	298,326	-
<b>TOTAL</b>	<b>1,451,315</b>	<b>909,945</b>

**b.** At December 31, 2007 the Company has not provided for income tax since it has an accumulated tax loss amounting to ThCh\$5,552,373 (ThCh\$5,374,455 in 2006).

### c. Deferred taxes

Details of deferred taxes at December 31, 2007 and 2006 are as follows:

DIFERENCIAS TEMPORARIAS	2007 ASSETS		2007 LIABILITIES		2006 ASSETS		2006 LIABILITIES	
	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	735,792	-	-	-	534,422	-	-	-
Unearned income	22,374	-	-	-	-	-	-	-
Provision for vacations	139,937	-	-	-	88,004	-	-	-
Amortization of intangibles	-	17,930	-	-	4,717	15,853	-	-
Leased assets	-	1,248,853	-	1,425,389	-	-	-	-
Depreciation of fixed assets	-	-	112,986	-	20,553	-	110,927	-
Accrual for consulting	81,542	-	-	-	-	-	-	-
Tax losses	142,986	629,151	-	-	148,267	533,046	-	-
Leasing obligations	-	85,177	-	-	909	118,091	-	-
Sundry accruals	73,674	-	60,345	-	792,008	-	-	-
Prepaid expenses	-	-	325	-	-	-	-	-
Leased assets at tax value	-	-	-	-	-	832,326	14,233	975,579
Provision for bonds	4,807	-	-	-	-	-	-	-
Deferred loss for factoring operations	-	-	2,234	-	-	-	-	-
Accounting vs, tax forward	-	-	36,245	-	-	-	-	-
Unearned interest	286,010	-	-	-	314,401	-	-	-
Goodwill financial AF	1,849	-	-	-	-	-	-	-
Placement differences	-	-	-	-	-	-	90,952	-
Expense accrual	1,261,459	-	-	-	135,418	-	-	-
Other events	637,208	-	8,917	326,446	81,127	-	26,864	115,870
<b>TOTAL DEFERRED TAXES</b>	<b>3,387,638</b>	<b>1,981,111</b>	<b>221,052</b>	<b>1,751,835</b>	<b>2,119,826</b>	<b>1,499,316</b>	<b>242,976</b>	<b>1,091,449</b>
Complementary accounts	-	-	-	-	-	-	-	(9,918)
<b>BALANCE AS PER BALANCE SHEET</b>	<b>3,387,638</b>	<b>1,981,111</b>	<b>221,052</b>	<b>1,751,835</b>	<b>2,119,826</b>	<b>1,499,316</b>	<b>242,976</b>	<b>1,081,531</b>



# GRUPO security

d . At December 31, 2007 and 2006, the net charge to income for income taxes is as follows:

	2007 ThCh\$	2006 ThCh\$
CURRENT TAX EXPENSE		
Provision for first category income tax	(1,131,356)	(945,379)
Tax benefit from tax losses	90,824	-
Tax expense adjustment (prior year)	(193,499)	(19,896)
DEFERRED TAXES		
Effect of the year's fluctuations in the year's deferred taxes	1,020,321	893,823
Effect of amortization of complementary accounts of deferred assets and liabilities	(9,918)	(4,896)
Other credits	(20,997)	312,855
TOTAL CHARGE TO INCOME	(244,625)	236,507

## 9. OTHER CURRENT ASSETS

The balance of ThCh\$31,800,907 at December 31, 2007 (ThCh\$3,464,511 in 2006) mainly represents bonds receivable for separate equity 10, and also resale agreements (Note 10). The details of the balance are as follows:

	2007 ThCh\$	2006 ThCh\$
Pacts (resale agreements)	14,879,379	2,835,787
Assets received in payment	154,495	135,045
Rights over leasing contracts	217,952	123,651
Contracts receivable (equity bonds)	6,040,452	-
Dividends receivable	9,941,769	-
Others	566,860	370,028
TOTAL	31,800,907	3,464,511

## 10. INFORMATION ON SALES UNDER REPURCHASE AGREEMENTS

CODE	STARTING DATE	ENDING DATE	COUNTERPART	ORIGINAL CURRENCY	VALUE AT SUBSCRIPTION DATE	RATE	FINAL VALUE	IDENTIFICATION OF INSTRUMENTS	BOOK VALUE
VRC	12-26-2007	1/2/08	VALORES SECURITY S.A. CORREDORES DE BOLSA	CHILEAN PESOS	2,990,640	0.5	2,993,920	NOTES	2,992,983
VRC	12-28-2007	1/2/08	VALORES SECURITY S.A. CORREDORES DE BOLSA	CHILEAN PESOS	9,698,029	0.5	9,706,111	NOTES	9,704,494
VRC	4-27-2007	4/1/08	VALORES SECURITY S.A. CORREDORES DE BOLSA	CHILEAN PESOS	2,013,060	5.9	2,184,721	NOTES	2,181,902

## 11. INVESTMENTS IN RELATED COMPANIES

Details of investments in related companies at December 31, 2007 and 2006, recorded as described in Note 2s, are as follows:

COMPANY	OWNERSHIP PERCENTAGE		EQUITY IN COMPANY		RESULTS FOR THE YEAR		EQUITY IN INCOME		BOOK VALUE OF INVESTMENT	
	2007 %	2006 %	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$
Banco Security	99.9400	99.9400	167,333,290	164,368,891	27,250,377	22,014,879	27,234,026	22,001,670	167,232,890	164,270,270
Compañía de Seguros Generales										
Penta Security S.A.	29.1670	29.1670	19,014,936	17,474,013	2,827,507	2,475,745	824,699	954,861	5,546,086	5,449,194
Seguros Vida Security Previsión S.A.	97.4721	94.2097	73,290,413	8,897,413	2,178,689	1,869,504	2,122,307	1,868,654	64,407,639	9,466,801
Europ Assistance Chile S.A.	49.0000	49.0000	183,710	98,005	54,114	(26,263)	26,616	(7,058)	90,018	55,158
Security Rentas Seguros de Vida S.A.	-	99.9958	-	63,140,222	-	18,332,875	13,176,505	16,135,035	-	63,137,572
Cigna Vida S.A.	-	-	-	-	-	-	710,190	-	-	-
Other investments	-	-	-	-	-	-	35,807	(307)	54,245	29,536
Inmobiliaria Security S.A.										
(Please Investment Funds)	-	-	-	-	-	-	895,891	465,074	4,574,621	3,618,252
Inversiones Cooper Gay Ltda.	49.9990	49.9990	356,100	316,064	328,275	111,723	164,134	70,393	178,047	174,788
TOTAL									242,083,546	246,201,571

### Información adicional

In addition, the balance sheets of the unconsolidated companies mentioned in Note 2.d are included below.

**a .** 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 ThCh\$67,000,000.

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
Adjustment at fair value	-
FAIR VALUE (VP)	58,789,778

## GRUPO security



These values are part of the equity of Seguros de Vida Security Previsión S.A..

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.

**b .** In January 2007 Grupo Security S.A. in conjunction with Grupo Ultramar made a business combination through their indirect and direct subsidiaries, Travel Security S.A. and Tajamar S.A. respectively, which are companies related to the corporate purpose of travel agency. In accordance with Technical Bulletin No.72 such operation included calculating the fair value of such companies. This determined the new value of assets and liabilities of the combined company. At December 31, 2007 the values of assets and liabilities of the combined company are book values.

The detail of the reconciliation at fair values of combined assets and liabilities described in the above transaction is the following

	ThCh\$
Equity at book value	5,416,645
Adjustment at fair value	-
FAIR VALUE (VP)	5,416,645

These values are part of the consolidated financial statements of Inversiones Seguros Security Ltda..

**c .** On June 30, 2007 Seguros Vida Security Previsión S.A. and Security Rentas Seguros de Vida S.A. have merged absorbing Seguros Vida Security Previsión S.A. into Security Rentas Seguros de Vida S.A.. The transaction above was carried out with the prior authorization of the Superintendency of Securities and Insurance.

d . On August 10, 2007 Grupo Security S.A. in conjunction with its direct subsidiary Inversiones Seguros Security Ltda. purchased Sociedad Cigna Holdings S.A., in which its main asset is Compañía de Seguros Cigna Vida Chile S.A. This transaction represented a disbursement of MCh\$13,544 approximately.

In accordance with Technical Bulletin No.72 the above transaction involved a fair value assessment of such company. This set the new values for the acquired company's assets and liabilities.

The detail of the reconciliation at fair values of acquired assets and liabilities described in the above transaction is the following:

	ThCh\$
Equity at book value	17,954,592
Adjustment at fair value	(7,171,687)
FAIR VALUE (VP)	10,782,905

These values are part of the equity of Seguros de Vida Security Previsión S.A..

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

**BANCO SECURITY AND SUBSIDIARIES · Consolidated Balance Sheets  
as of december 31, 2007 and 2006**

ASSETS	2007 MCh\$	2006 MCh\$
Cash and banks	72,938	59,681
Net loans	1,821,743	1,643,957
Other loans	96,807	68,458
Instruments held for trading	357,176	282,930
Investment instruments available for sale	171,461	52,207
Financial derivative contracts	59,632	5,795
Other assets	208,418	153,908
Fixed assets	25,681	25,180
TOTAL ASSETS	2,813,856	2,292,116

# GRUPO security

## LIABILITIES AND SHAREHOLDERS' EQUITY

2007  
MCh\$

2006  
MCh\$

Deposits and other liabilities	2,075,916	1,731,280
Bonds	222,498	149,278
Borrowings from financial institutions	191,959	154,692
Financial derivative contracts	42,740	4,374
Other liabilities	113,342	88,071
Minority interest	69	53
Capital and reserves	139,657	139,657
Other equity accounts	425	2,696
Income for the year	27,250	22,015
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,813,856</b>	<b>2,292,116</b>

## BANCO SECURITY AND SUBSIDIARIES · Consolidated Statements of Income for the years ended December 31, 2007 and 2006

2007  
MCh\$

2006  
MCh\$

Operating income	307,560	270,273
Menos:		
Interest and indexation expenses	(138,368)	(81,051)
Losses from trading activities	(77,488)	(117,912)
Commissions expenses	(1,104)	(694)
Other operating expenses	(638)	(755)
Gross operating margin	89,962	69,861
Remuneration and personnel expenses	(19,777)	(18,651)
Administrative and other expenses	(21,431)	(18,149)
Depreciation and amortization	(2,230)	(1,970)
Net operating margin	46,524	31,091
Provisions for assets at risk	(5,573)	(3,173)
Operating income	40,951	27,918
Non-operating income	1,519	1,665
Non-operating expenses	(2,445)	(828)
Earnings from permanent investments	108	84
Monetary correction	(7,580)	(2,300)
Income before income taxes	32,553	26,539
Income tax	(5,285)	(4,519)
Income before minority interest	27,268	22,020
Minority interest	(18)	(5)
<b>NET INCOME FOR THE YEAR</b>	<b>27,250</b>	<b>22,015</b>

**SEGUROS VIDA SECURITY PREVISION S.A. · Summarized Balance Sheets  
at December 31, 2007 and 2006**

ASSETS	2007 MCh\$	2006 MCh\$
Investments	736,709	774,857
Premiums receivable	3,229	6,786
Reinsurance	2,145	1,247
Other assets	17,763	3,798
<b>TOTAL ASSETS</b>	<b>759,846</b>	<b>786,688</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	2007 MCh\$	2006 MCh\$
Reserve for claims	667,224	684,424
Other liabilities	19,332	8,885
Capital and reserves	71,112	70,327
Income for the year	2,179	23,052
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>759,846</b>	<b>786,688</b>

**SEGUROS VIDA SECURITY PREVISION S.A. · Statements of Income  
For the years ended December 31, 2007 and 2006**

	2007 MCh\$	2006 MCh\$
Operating revenue	35,718	42,333
Brokerage, claims and administration costs	(51,016)	(73,456)
Operating results	(15,298)	(31,124)
Revenue from investments	21,487	55,991
Subtotal	6,189	24,868
Price-level restatement	(4,237)	(129)
Other income and expenses	441	(82)
Income tax	(214)	(1,605)
<b>NET INCOME FOR THE YEAR</b>	<b>2,179</b>	<b>23,052</b>

## 12. GOODWILL AND NEGATIVE GOODWILL FROM INVESTMENTS

Details of goodwill on investments at December 31, 2007 and 2006, recorded as described in Note 2u, are as follows:

### Goodwill

COMPANY	2007 ThCh\$		2006 ThCh\$	
	AMOUNT AMORTIZED DURING THE YEAR	BALANCE OF GOODWILL	AMOUNT AMORTIZED DURING THE YEAR	BALANCE OF GOODWILL
Banco Security	20,409	134,357	20,409	154,766
Factoring Security S.A.	30,069	195,447	30,069	225,515
Seguros Security Previsión Generales S.A.	78,855	870,788	78,856	949,644
Seguros Vida Security Previsión S.A.	163,453	2,363,432	163,453	2,118,956
Travel Security S.A.	61,602	1,085,162	61,601	852,156
Agencias Security S.A.	39,057	-	2,975	39,920
Asesorías Security S.A.	23,322	-	1,721	24,086
Servicios Security S.A.	178,509	-	10,452	188,143
Inversiones Copper Limitada	776,857	12,818,154	776,857	13,595,012
Dresdner Bank Lateinamerika	131,096	2,174,018	131,097	2,305,113
Dresdner Lateinamerika Corredora de Bolsa S.A.	59,081	152,621	59,080	211,700
Patrimonio Separado BSECS-1	-	-	63,565	-
Patrimonio Separado BSECS-2	-	-	11,021	-
Security Rentas Seguros de Vida S.A.	1,272,011	23,209,694	953,581	24,481,707
<b>TOTAL</b>	<b>2,834,321</b>	<b>43,003,673</b>	<b>2,364,737</b>	<b>45,146,718</b>

### Negative goodwill

COMPANY	2007 ThCh\$		2006 ThCh\$	
	AMOUNT AMORTIZED DURING THE YEAR	BALANCE OF GOODWILL	AMOUNT AMORTIZED DURING THE YEAR	BALANCE OF GOODWILL
Compañía de Seguros Generales Penta Security S.A.	16,639	-	5,287	17,183
<b>TOTAL</b>	<b>16,639</b>	<b>-</b>	<b>5,287</b>	<b>17,183</b>

### 13. OTHER ASSETS

Details of other long-term assets at December 31, 2007 and 2006 are as follows:

	2007 ThCh\$	2006 ThCh\$
Discount on placement of bonds	3,216,369	2,513,676
Lease contracts	7,497,941	4,940,496
Bond from separate equity 9	115,472	-
Others	1,585,090	345,220
Portfolio acquired (Corredora de Seguros Security Ltda.)	-	3,646,390
<b>TOTAL</b>	<b>12,414,872</b>	<b>11,445,782</b>

### 14. SHORT-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS

Details of liabilities with banks and financial institutions at December 31, 2007 and 2006 are as follows:e:

BANK OR FINANCIAL INSTITUTION	US DOLLARS		UF		NON-INDEXED Ch\$		TOTAL	
	2007 ThCh\$	2006 M\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$
<b>SHORT TERM</b>								
Banco de Chile	1,558,317	785,781	-	-	27,456,187	20,069,568	29,014,504	20,855,349
Corpbanca	-	-	-	-	15,031,757	8,292,275	15,031,757	8,292,275
Banco Estado	-	-	-	-	20,096,568	23,554,528	20,096,568	23,554,528
Banco de Crédito e Inversiones	-	-	-	-	11,889,405	21,219,427	11,889,405	21,219,427
Banco BICE	-	-	-	-	2,413,018	1,979,951	2,413,018	1,979,951
Banco BBVA	-	-	-	-	14,474,092	16,192,703	14,474,092	16,192,703
Scotiabank	2,981,960	-	-	-	3,740,616	5,071,658	6,722,576	5,071,658
Banco del Desarrollo	-	-	-	-	8,021,679	4,667,543	8,021,679	4,667,543
Banco Santander	-	-	-	-	6,914,798	6,088,561	6,914,798	6,088,561
Citibank N.A.	-	-	-	-	2,006,699	8,297,007	2,006,699	8,297,007
Bank Of América	-	4,002,508	-	-	2,498,289	-	2,498,289	4,002,508
Banco Security	-	-	-	-	4,263,041	6,255,278	4,263,041	6,255,278
Banco ABN Amro Bank	-	-	-	-	-	2,801,429	-	2,801,429
Wachovia Bank	2,455,527	2,858,939	-	-	-	-	2,455,527	2,858,939
Banco Itau (ex-Bank Boston)	8,804,969	2,228,963	-	-	-	-	8,804,969	2,228,963
<b>TOTAL</b>	<b>15,800,773</b>	<b>9,876,191</b>	<b>-</b>	<b>-</b>	<b>118,806,149</b>	<b>124,489,928</b>	<b>134,606,922</b>	<b>134,366,119</b>
<b>OUTSTANDING PRINCIPAL</b>	<b>15,493,913</b>	<b>9,728,048</b>			<b>118,340,918</b>	<b>122,249,108</b>	<b>133,834,831</b>	<b>131,977,156</b>



# GRUPO security

BANK OR FINANCIAL INSTITUTION	US DOLLARS		UF		NON-INDEXED Ch\$		TOTAL	
	2007 ThCh\$	2006 M\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$
LONG TERM - SHORT TERM PORTION								
Banco de Chile	-	-	783,137	788,729	-	-	783,137	788,729
Corpbanca	-	-	-	2,628	-	-	-	2,628
Banco de Crédito e Inversiones	-	-	194,904	199,112	-	-	194,904	199,112
TOTAL	-	-	978,041	990,469	-	-	978,041	990,469
OUTSTANDING PRINCIPAL	-	-	969,359	975,612	-	-	969,359	975,612
Average annual interest rate			5.75%	8.00%				

## 15. OTHER CURRENT LIABILITIES

Details of other current liabilities at December 31, 2007 and 2006 are as follows:

	2007 ThCh\$	2006 ThCh\$
Purchase of leasing contracts (BSECS-9) <sup>(1)</sup>	-	5,721,151
Purchase of leasing contracts (BSECS-10) <sup>(2)</sup>	6,002,611	17,205,409
Purchase of leasing contracts (BSECS-10) <sup>(3)</sup>	10,772,252	-
Forward contracts	286,082	-
Other current liabilities	181,294	109,113
TOTAL	17,242,239	23,035,673

<sup>(1)</sup> At December 31, 2006 the balance is related to an obligation with Concreces Leasing S.A. to form the BSECS-9 Separate Equity.

<sup>(2)</sup> At December 31, 2007 and 2006, the balance is related to an obligation with Inmobiliaria Mapsa S.A. to form the BSECS-10 Separate Equity.

<sup>(3)</sup> At December 31, 2007 the balance is related to an obligation with Concreces Leasing S.A. to form the BSECS-11 Separate Equity.

## 16. LONG-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS

Details of long-term liabilities with banks and financial institutions at December 31, 2007 and 2006 are as follows:

BANK	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	384,604	2,307,625	-	2,692,229	6.14	3,481,771
Corpbanca	UF	-	-	-	-	0.00	2,675,815
Banco de Crédito e Inversiones	UF	192,302	1,153,812	-	1,346,114	6.09	4,220,036
Banco Security	UF	1,705,345	-	-	1,705,345	7.08	1,829,226
TOTAL		2,282,251	3,461,437	-	5,743,688		12,206,848

## 17. BONDS PAYABLE

On August 13, 2003, the Superintendency of Insurance and Securities 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, the 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% semi-annual interest.

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

On February 15, 2006, the 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.

On July 9, 2007 the Superintendency certified the filing of series B 2 bond charged to line B indicated in the first paragraph.

On July 30, 2007, the Superintendency certified that Grupo Security S.A. filed with the Securities Register, under number 570, the issuance of series E bonds for UF 500,000, with a 3.8% annual interest.

On August 15, 2007 Grupo Security S.A. prepaid all the balances with Series B bond holders.

# GRUPO security

Details of bonds payable at December 31, 2007 and 2006, recorded as described in Note 2x, are as follows:

PAR VALUE										
REGISTRATION N°. OR IDENTIFICATION OF THE INSTRUMENT	SERIES	OUTSTANDING NOMINAL AMOUNT PLACED	INDEXATION UNIT	INTEREST RATE %	FINAL MATURITY	PAYMENT DATE INTEREST	PAYMENT DATE AMORTIZATION	2007 ThCh\$	2006 ThCh\$	PLACEMENT IN CHILE OR ABROAD
LONG-TERM BONDS - CURRENT PORTION										
340-13-08-03	BSECU-B	-	UF	4.75	15.07.2010	Semi-annual	Semi-annual	-	4,278,329	Chile
376-16-07-04	BSECU-C	70,000	UF	5.00	15.07.2016	Semi-annual	Semi-annual	1,579,900	1,608,592	Chile
376-16-07-04	BSECU-C2	13,158	UF	4.20	15.12.2026	Semi-annual	Semi-annual	534,215	17,992	Chile
454-15-02-06	BSECU-D	39,474	UF	4.20	15.12.2026	Semi-annual	Semi-annual	1,602,644	53,974	Chile
340-13-08-03	BSECU-B2	-	UF	3.80	15.06.2028	Semi-annual	Semi-annual	34,312	-	Chile
507-30-07-07	BSECU-E	-	UF	3.80	15.06.2028	Semi-annual	Semi-annual	17,156	-	Chile
TOTAL SHORT-TERM PORTION								3,768,227	5,958,887	
LONG TERM BONDS										
340-13-08-03	BSECU-B	-	UF	4.75	15.07.2010	Semi-annual	Semi-annual	-	11,815,963	Chile
376-16-07-04	BSECU-C	560,000	UF	5.00	15.07.2016	Semi-annual	Semi-annual	10,988,690	12,406,761	Chile
376-16-07-04	BSECU-C2	486,842	UF	4.20	15.12.2026	Semi-annual	Semi-annual	9,294,944	9,846,636	Chile
454-15-02-06	BSECU-D	1,460,526	UF	4.20	15.12.2026	Semi-annual	Semi-annual	27,884,832	29,539,909	Chile
340-13-08-03	BSECU-B2	1,000,000	UF	3.80	15.06.2028	Semi-annual	Semi-annual	19,622,660	-	Chile
507-30-07-07	BSECU-E	500,000	UF	3.80	15.06.2028	Semi-annual	Semi-annual	9,811,330	-	Chile
TOTAL LONG TERM								77,602,456	63,609,269	

## 18. ACCRUALS AND WRITE-OFFS

At December 31, 2007 and 2006, accruals are as follows:

	2007 ThCh\$	2006 ThCh\$
Accrual for vacations	887,064	669,637
Accrual for rewards	124,572	109,697
Accrual for profit	128,575	138,090
Accrual for bonuses	52,364	56,947
Sundry accruals	3,722,710	3,777,714
Accruals for contingencies associated with investments	5,360,226	918,176
TOTAL	10,275,511	5,670,261

## 19. MINORITY INTEREST

Minority interest at December 31, 2007 and 2006 is as follows:

SUBSIDIARY	OWNERSHIP %	OWNERSHIP ThCh\$		RESULTS ThCh\$	
		2007	2006	2007	2006
Factoring Security S.A.	0.002%	429	372	(100)	(86)
Inmobiliaria Security S.A.	0.001%	35	29	(6)	(5)
Inversiones Seguros Security Limitada	0.001%	26	317	(3)	(28)
Inversiones Invest Security Limitada	0.070%	2,546	2,470	(274)	219
Virtual Security S.A.	0,100%	164	154	(11)	(2)
Representaciones Security Limitada	1.000%	1,340	576	(762)	(360)
Travel Security S.A.	45.000%	2,827,481	546,518	(362,506)	-
Mandatos Security Ltda.	0.230%	58	46	(12)	(4)
Global Gestión y Servicios Ltda.	0.230%	(240)	(249)	(10)	75
Securitizadora Security S.A.	49.040%	1,409,583	1,186,449	(223,134)	172,332
Asesorías Security S.A.	0.218%	2,299	2,231	(398)	(234)
Servicios Security S.A.	0.002%	1	-	-	(2)
Corredora de Seguros Security Limitada	0.002%	30	48	(1)	(3)
Inmobiliaria Security Once Limitada	1.000%	12	21	8	(7)
Global Asset Advisors Limited	1.000%	3,243	555	(1,752)	16
Inmobiliaria Security Siete Limitada	0.001%	29	4	(5)	-
Cigna Asistencia Administrativa Ltda.	0.100%	430	-	(77)	-
Inmobiliaria SH Uno Ltda.	0.001%	3	25	2	(3)
TOTAL		4,247,469	1,739,564	(589,041)	171,907

## 20. SHAREHOLDERS' EQUITY

Changes in shareholders' equity accounts at December 31, 2007 and 2006 were as follows:

	PAID-IN CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	INTERIM DIVIDENDS	NET INCOME FOR THE YEAR	TOTAL
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Balances, January 1, 2006	87,097,536	28,414,860	2,394,108	37,706,468	(1,548,561)	20,209,833	174,274,244
Transfers	-	-	-	20,209,833	-	(20,209,833)	-
Prior year final dividend	-	-	-	(1,548,561)	1,548,561	-	-
Increase in capital	16,669,957	2,635,388	-	-	-	-	19,305,345
Adju, to matching reserve for fluctuation in investment in subsidiary	-	-	(2,043,282)	-	-	-	(2,043,282)
Final dividends	-	-	-	(10,784,899)	-	-	(10,784,899)
Price-level restatement	2,245,797	662,597	398,239	1,036,691	8,804	-	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	46,619,532	(2,192,196)	26,746,452	209,648,989
Price-level restatement	7,844,984	2,346,750	55,430	3,449,845	(162,223)	1,979,237	15,514,023
BALANCES, DECEMBER 31, 2006 RESTATED	113,858,274	34,059,595	804,495	50,069,377	(2,354,419)	28,725,689	225,163,011

# GRUPO security

	PAID-IN CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	INTERIM DIVIDENDS	NET INCOME FOR THE YEAR	TOTAL
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
BALANCES, JANUARY 1, 2007	106,013,290	31,712,845	749,065	46,619,532	(2,192,196)	26,746,452	209,648,988
Prior year income distribution	-	-	-	26,746,452	-	(26,746,452)	-
Prior year final dividend	-	-	-	(2,192,196)	2,192,196	-	-
Adjustment to reserve for fluctuation in investment in subsidiary	-	-	(1,246,575)	-	-	-	(1,246,575)
Final dividends	-	-	-	(11,555,250)	-	-	(11,555,250)
Price-level restatement	7,844,984	2,346,750	25,865	4,655,496	(41,159)	-	14,831,936
Net income for the year	-	-	-	-	-	32,017,836	32,017,836
Interim dividends	-	-	-	-	(3,741,700)	-	(3,741,700)
BALANCE AT DECEMBER 31, 2007	113,858,274	34,059,595	(471,645)	64,274,034	(3,782,859)	32,017,836	239,955,235

## Paid-in capital

In accordance with Article 10 of Law No.18,046, paid-in capital includes its proportional amount of monetary correction.

At December 31, 2007 and 2006 the subscribed and paid-in capital was ThCh\$113,858,274, (ThCh\$113,858,274 in 2006) represented by 2,201,000,000 no par-value shares.

## Other reserves

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

The detail of changes during 2007 and 2006 is as follows:

	2007 ThCh\$	2006 ThCh\$
Security Rentas Seguros de Vida S.A.	-	1,604,647
Inversiones Seguros Ltda.	992,767	17,737
Banco Security	(2,239,342)	420,899
TOTAL (*)	(1,246,575)	2,043,283

(\*) : Historical 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, in accordance with Circular No.1,819.

## 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 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 results.

During September 2006, the Board of Directors agreed to pay an additional dividend of Ch\$1.15 per share, and an interim dividend of Ch\$1 which was paid during October 2006.

On April 2007, a Ch\$ 4.15 final dividend per share was paid, which added to the interim dividend of Ch\$1 and the additional dividend of Ch\$1.15 paid in October 2006, makes a final dividend of Ch\$ 6.3 charged to 2006 net income.

On October 4, 2007 the Board of Directors, in accordance with the powers granted by the Shareholders' Meeting, agreed to pay a dividend of Ch\$2.8 per share, corresponding to a interim dividend of Ch\$1.7 and an additional dividend of Ch\$1.1 charged to retained earnings.

## 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 of Securities and Insurance 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 No.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 was placed at a preferential price of Ch\$120 a share. As a result, ThCh\$16,669,957 was recorded as capital, and a share premium of MCh\$2,635,388 was obtained.

## 21. OTHER INCOME AND EXPENSES

At December 31, 2007 other expenses for ThCh\$4,902,348 (ThCh\$3,627,124 in 2006) are mainly provisions for the valuation of the financial investment portfolio that consolidated Grupo Security has. The detail is as follows:

# GRUPO security

	2007 ThCh\$	2006 ThCh\$
Accrual for contingencies associated with investments	3,219,500	-
Loss from future contracts	98,994	127,981
Loss on sale of shares	74,284	95,383
Other non-operating expenses	18,320	12,661
Litigations	-	256,166
Accrual for consulting and financial market research expenses	676,747	192,433
Insurance division reorganization expenses	-	2,685,000
Others	814,503	257,500
<b>TOTAL</b>	<b>4,902,348</b>	<b>3,627,124</b>

## 22. PRICE-LEVEL RESTATEMENT

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

	INDEXATION	2007 ThCh\$	2006 ThCh\$
<b>ASSETS (CHARGES) / CREDITS</b>			
Inventories	CPI	181,046	51,162
Fixed assets	CPI	276,064	50,845
Investments in related companies	CPI	9,770,077	4,790,525
Goodwill	CPI	2,823,149	1,051,151
Other non-monetary assets	CPI	5,923,832	797,940
Other non-monetary assets	UF	6,050	-
Expense and cost accounts	CPI	671,159	151,422
<b>TOTAL CREDITS</b>		<b>19,651,377</b>	<b>6,893,045</b>
<b>LIABILITIES (CHARGES) / CREDITS</b>			
Shareholders' equity	CPI	(14,831,936)	(5,604,374)
Non-monetary liabilities	CPI	(6,413,562)	(1,625,715)
Non-monetary liabilities	UF	(6,119)	-
Income accounts	CPI	(714,102)	(162,300)
<b>TOTAL CHARGES</b>		<b>(21,965,719)</b>	<b>(7,392,389)</b>
<b>LOSS FROM PRICE-LEVEL RESTATEMENT</b>		<b>(2,314,342)</b>	<b>(499,344)</b>

## 23. EXCHANGE DIFFERENCES

Details of exchange differences at December 31, 2007 and 2006 are as follows:

	(CHARGES) / CREDITS	
	2007 ThCh\$	2006 ThCh\$
PRICE-LEVEL RESTATEMENT OF		
Cash	(22,914)	5,121
Dollar investments	-	30,140
Accounts payable	436,410	-
TOTAL CHARGES (CREDITS)	413,496	35,261
LIABILITIES		
Other liabilities in dollars	4,456	(3,029)
TOTAL CHARGES	4,456	(3,029)
Net credit (charge) to income	417,952	32,232

## 24. STATEMENTS OF CASH FLOWS

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.

At December 31, 2007 and 2006, there are no financing or investing activities committing future flows not disclosed in the notes.

	2007 ThCh\$	2006 ThCh\$
Cash	4,327,215	3,453,568
Time deposits	262,722	60,252
Resale agreements	12,697,477	2,945,103
Mutual fund units	8,421,541	1,473,743
TOTAL	25,708,955	7,932,666



## 25. CONTINGENCIES AND RESTRICTIONS

Among the companies which have been consolidated, the following have contingencies and/or restrictions at December 31, 2007 and 2006.

### Grupo Security S.A.

At December 31, 2007 and 2006, the Company has the following indexes 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 2007 and 2006 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 administratively solved on May 31, 2007. There are no current contingencies with this regulatory agency.

### Inmobiliaria Security S.A.

At December 31, 2007 and 2006 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.

## 26. THIRD PARTY GUARANTEES

At December 31, 2007 Sociedad Inmobiliaria Security S.A. in virtue of a lease contract for Huechuraba property has received a certificate of deposit for UF1,000 from Constructora Vespucio Norte S.A. guaranteeing the maintenance of the property.

## 27. LOCAL AND FOREIGN CURRENCY

### ASSETS

	CURRENCY	2007 ThCh\$	2006 ThCh\$
CURRENT ASSETS			
Cash	Non-indexed Ch\$	3,798,713	3,436,325
Cash	Observed US\$	-	17,246
Time deposits	US\$	-	47,380
Time deposits	Euro	12,643	12,872
Marketable securities	Non-indexed Ch\$	8,421,541	770,962
Marketable securities	Indexed Ch\$	-	774,623
Trade accounts receivable	Non-indexed Ch\$	139,766,162	126,691,145
Notes receivable	Non-indexed Ch\$	4,670,352	2,582,544
Other receivables	Non-indexed Ch\$	1,073,791	596,722
Due from related companies	Indexed Ch\$	182,060	167,401
Inventories	Non-indexed Ch\$	13,341,201	31,486,144
Recoverable taxes	Indexed Ch\$	1,306,353	909,945
Prepaid expenses	Non-indexed Ch\$	193,529	90,567
Deferred taxes	Indexed Ch\$	3,166,586	1,876,850
Other current assets	Non-indexed Ch\$	28,124,161	3,464,511
Cash	Indexed Ch\$	528,502	-
Time deposits	Non-indexed Ch\$	44,176	-
Time deposits	Indexed Ch\$	206,936	-
Trade accounts receivable	Indexed Ch\$	207,184	-
Other receivables	Indexed Ch\$	17,209	-
Recoverable taxes	Non-indexed Ch\$	144,962	-
Prepaid expenses	Indexed Ch\$	18,912	-
Other current assets	Indexed Ch\$	3,676,746	-
TOTAL CURRENT ASSETS		208,901,719	172,925,237
TOTAL FIXED ASSETS - NET	Indexed Ch\$	4,406,923	4,165,673
OTHER ASSETS			
Investments in related companies	Indexed Ch\$	242,083,546	246,201,571
Goodwill	Indexed Ch\$	43,003,673	45,146,718
Negative goodwill	Indexed Ch\$	-	(17,183)
Due from related companies	Indexed Ch\$	-	220,770
Deferred taxes (net)	Indexed Ch\$	229,276	417,785
Intangibles	Indexed Ch\$	443,802	377,890
Others	Indexed Ch\$	7,838,530	11,445,778
Due from related companies	Non-indexed Ch\$	235,509	-
Intangibles	UF	1,318	-
Intangibles	Non-indexed Ch\$	313,227	-
Others	Non-indexed Ch\$	4,576,342	-
TOTAL OTHER ASSETS		298,725,223	303,793,329
	Non-indexed Ch\$	204,703,666	169,118,920
	Indexed Ch\$	307,316,238	311,687,821
	Observed US\$	-	64,626
	Euro	12,643	12,872
	UF	1,318	-

# GRUPO security

## Current liabilities

ITEM	CURRENCY	UP TO 90 DAYS				90 DAYS TO 1 YEAR			
		2007		2006		2007		2006	
		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\$	4,271,911		-		-			
Liabilities with banks	US\$	15,800,773		9,876,192	3.47	-		-	
Liabilities with banks	Non-indexed Ch\$	114,534,238		124,489,927	4.90	-		-	
Liabilities with banks	UF	-		401,060	5.45	978,041		589,409	8.04
Bonds payable	UF	893,107		3,228,329	4.54	2,875,120		2,730,558	4.54
Accounts payable	Non-indexed Ch\$	8,703,713		5,438,045		657,502		-	
Accounts payable	Indexed Ch\$	-		337,224		-		-	
Notes payable	Non-indexed Ch\$	-		-		-		-	
Sundry creditors	Indexed Ch\$	-		499,175		-		-	
Sundry creditors	Non-indexed Ch\$	761,180		-		384,341		-	
Due to related companies	Non-indexed Ch\$	5,746		-		-		-	
Due to related companies	UF	3,997,717		-		-		-	
Due to related companies	Non-indexed Ch\$	347,436		627,142	5.50	-		-	
Due to related companies	Indexed Ch\$	387,189		8,047		503,276		-	
Unearned income	Non-indexed Ch\$	131,613		-		-		-	
Accruals	Non-indexed Ch\$	5,670,261		10,275,511		-		-	
Dividends payable	Non-indexed Ch\$	75,569		88,150		-		-	
Accruals	Indexed Ch\$	-		-		-		-	
Withholdings	Indexed Ch\$	762,094		643,514		-		-	
Other current liabilities	US\$	286,082		-		-		-	
Other current liabilities	Non-indexed Ch\$	16,956,157		23,035,673		-		-	
<b>TOTAL</b>		<b>167,914,525</b>		<b>174,342,739</b>		<b>15,673,791</b>		<b>3,319,967</b>	
	Indexed Ch\$	5,421,194		1,487,960		503,276		-	
	US\$	16,086,855		9,876,192		-		-	
	Non-indexed Ch\$	141,515,652		159,349,198		11,317,354		-	
	UF	4,890,824		3,629,389		3,853,161		3,319,967	

## Long-term liabilities · 2007

ITEM	CURRENCY	1 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	UF	4,038,343	6.12	-		-		-	
Bonds payable	UF	6,878,259	4.20	9,475,375	4.20	24,479,116	4.20	36,769,706	4.20
Liabilities with banks	Non-indexed Ch\$	1,705,345	7.08	-		-		-	
Notes payable	UF	393,425		-		-		-	
Notes payable	US\$	503,276		-		-		-	
<b>TOTAL</b>		<b>13,518,648</b>		<b>9,475,375</b>		<b>24,479,116</b>		<b>36,769,706</b>	
	UF	11,310,027		9,475,375		24,479,116		36,769,706	
	Non-indexed Ch\$	1,705,345		-		-		-	
	US\$	503,276		-		-		-	

**2006**

ITEM	CURRENCY	1 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	UF	8,732,955	8.04	3,473,893	8.04	-	-	-	-
Bonds payable	UF	12,707,342	4.20	10,841,665	4.20	17,257,525	4.20	22,802,737	4.20
Sundry creditors	Non-indexed Ch\$	502,845	-	-	-	-	-	-	-
<b>TOTAL</b>		<b>21,943,142</b>		<b>14,315,558</b>		<b>17,257,525</b>		<b>22,802,737</b>	
	UF	21,440,297		14,315,558		17,257,525		22,802,737	
	Non-indexed Ch\$	502,845		-		-		-	

**28. SANCTIONS**

In 2007 and 2006, 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.

**29. SUBSEQUENT EVENTS**

From January 1 to February 22, 2008, the date of issue of these financial statements, there are no subsequent events that may affect the same.

**30. ENVIRONMENT**

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

Renato Peñafiel Muñoz  
General Manager

Miguel Morales Cáceres  
Chief Accountant

summarized financial  
statements of the subsidiaries





## GRUPO SECURITY SUBSIDIARIES

banco security y filiales	144
valores security s.a. corredores de bolsa	146
administradora general de fondos security s.a	148
factoring security s.a.	150
asesorías security s.a. y filiales	152
securitizadora security gmac-rfc s.a.	154
inversiones seguros security limitada y filiales	156
seguros vida security previsión s.a.	158
compañía de seguros generales penta-security s.a.	160
servicios security s.a. y filiales	162
corredores de seguros security limitada	164
europ assistance s.a.	166
cooper gay chile s.a. corredores de reaseguros	168
inmobiliaria security s.a. y filiales	170
inversiones invest security limitada y filiales	172
travel security s.a. y filial	174
virtual security s.a.	176
global security gestión y servicios limitada	178
mandatos security limitada	180

The complete financial statements of the subsidiaries and associates indicated are available to the public at the offices of the company in question and of the Superintendency of Securities and Insurance.

# GRUPO security

## BANCO SECURITY AND SUBSIDIARIES

### type of company

Banking corporation.

### inscription in the securities register

Banco Security is not inscribed in the Securities Register.

### objects

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

### general information

La sociedad fue constituida por escritura pública del 26 de agosto de 1981 ante el Notario 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 October 1, 2004, Banco Security was 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\$140,083 million as of December 31, 2007, including the restatement of capital in accordance with clause 10 of Law 18,046. Its total shareholders' equity at December 31, 2007 was Ch\$167,333 million.

### investment as proportion of the assets of grupo security s.a.

Banco Security represents 49.7% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent<sup>(\*)</sup>

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.

<sup>(\*)</sup>: 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	· Francisco Silva S.	TAX N°:	4.103.061-5
DIRECTORS	· Hernán Felipe Errázuriz C.	TAX N°:	4.686.927-3
	· Jorge Marín C.	TAX N°:	7.639.707-4
	· Gustavo Pavez R.	TAX N°:	4.609.215-5
	· Renato Peñafiel M.	TAX N°:	6.350.390-8
	· Gonzalo Ruiz U.	TAX N°:	5.321.309-K
	· Mario Weiffenbach O.	TAX N°:	4.868.153-0
PRESIDENT	· Ramón Eluchans O.	TAX N°:	6.464.460-2

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	2,579,757.5	2,113,027.7
Fixed assets	25,681.1	25,180.0
Other assets	208,417.8	153,908.5
TOTAL ASSETS	2,813,856.4	2,292,116.2
LIABILITIES		
Current	2,310,614.1	1,890,345.4
Long-Term Liabilities	335,840.1	237,349.4
Minority interest	68.9	52.5
Capital & reserves	140,082.9	142,354.0
Net income for the year	27,250.4	22,014.9
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	2,813,856.4	2,292,116.2
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	40,951.7	27,917.6
Non-operating loss	(8,398.9)	(1,378.0)
Minority interest	(17.9)	(5.3)
Amortization of goodwill		
Income before taxes	32,534.9	26,534.3
Income tax	(5,284.5)	(4,519.4)
NET INCOME FOR THE YEAR	27,250.4	22,014.9
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	49,475.5	31,511.2
Net cash flow from investment activities	(438,868.0)	(174,214.5)
Net cash flow from financing activities	398,233.6	111,026.1
Net total cash flow the year	8,841.1	(31,677.2)
Effect of inflation	4,416.3	4,480.2
NET CHANGE IN CASH & CASH EQUIVALENTS	13,257.4	(27,197.0)



# GRUPO security

## VALORES SECURITY S.A. CORREDORES DE BOLSA

### type of company

Corporation, subsidiary of Banco Security.

### inscription in the securities register

Valores Security is inscribed in the Securities Register with No.0111.

### objects

To carry on business in various areas such as stock trading and trading in fixed-income securities, foreign currency, portfolio management and financial consultancy.

### general information

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

### relevant information

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 Stockbrokers 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 27, 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 this with effect from October 1, 2004.

### paid capital and reserves

The company's paid capital and reserves as of December 31, 2007 was Ch\$21,044 million and its total equity was Ch\$28,272 million.

### investment as proportion of the assets of grupo security s.a.

Valores Security represents 8.42% of the assets of Grupo Security.

### Trading relations with subsidiary and associate companies and the parent

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 also for Asesorías Security for which it offers trading in dollars, consultancy and forward contracts.

In the Group's insurance area, Valores Security carries out operations relating to insurance policies in the case of Penta-Security, Security Generales S.A. and Seguros Vida Security 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

· Ramón Eluchans O.

TAX N°: 6.464.460-2

DIRECTORS

· Nicolás Ugarte B.

TAX N°: 7.033.564-6

· Francisco Javier Gómez C.

TAX N°: 4.878.296-5

· Enrique Menchaca O.

TAX N°: 6.944.388-5

· Naoshi Matsumoto C.

TAX N°: 9.496.299-4

PRESIDENT

· Cristián Pinto M.

TAX N°: 8.615.137-5

**summarized financial statements · December 31, 2007 and 2006**

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	3,178,060.3	888,929.1
Fixed assets	217.7	179.1
Other assets	1,322.6	1,116.9
TOTAL ASSETS	3,179,600.6	890,225.0
LIABILITIES		
Current	3,151,328.2	869,180.5
Capital & reserves	21,044.5	18,839.8
Net income for the year	7,227.9	2,204.7
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	3,179,600.6	890,225.0
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	9,905.7	2,908.6
Non-operating loss	(1,257.5)	(236.2)
Income before taxes	8,648.2	2,672.3
Income tax	(1,420.3)	(467.6)
NET INCOME FOR THE YEAR	7,227.9	2,204.7
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	3,736.8	(631.9)
Net cash flow from investment activities	(3.2)	25.0
Net cash flow from financing activities	160.9	33.3
Net total cash flow the year	3,894.5	(573.7)
Effect of inflation	(303.1)	(107.0)
NET CHANGE IN CASH & CASH EQUIVALENTS	3,591.4	(680.7)

# GRUPO security

## ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

### type of company

Corporation, subsidiary of Banco Security.

### inscription in the securities register

Administradora General de Fondos Security S.A. is inscribed in the Securities Register with the No.0112.

### objects

General funds manager.

### general information

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 funds managed by the company are subject to the special regulations set out in Decree Law 1,328 and its respective regulations and are to the regulatory authority of the Superintendency of Securities and Insurance.

### paid capital and equity

As of December 2007, the company's capital and reserves were Ch\$1,399 million and its equity Ch\$6,982 million.

### investment as proportion of the assets of grupo security s.a.

Administradora General de Fondos Security S.A. represents 2.07% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

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	· Francisco Silva S.	TAX N°:	4.103.061-5
DIRECTORS	· Carlos Budge C.	TAX N°:	7.011.490-9
	· Santiago Felipe Larraín M.	TAX N°:	5.196.190-0
	· Renato Peñafiel M.	TAX N°:	6.350.390-8
	· Gonzalo Ruiz U.	TAX N°:	5.321.309-K
PRESIDENT	· Alfredo Reyes V.	TAX N°:	9.035.635-6

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	8,259.0	10,683.6
Fixed assets	58.6	92.8
TOTAL ASSETS	8,317.6	10,776.5
LIABILITIES		
Current	1,335.3	529.3
Capital & reserves	4,912.1	8,700.3
Net income for the year	2,070.2	1,546.8
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	8,317.6	10,776.5
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	2,551.8	1,504.9
Non-operating loss	(59.1)	350.3
Income before taxes	2,492.7	1,855.2
Income tax	(422.4)	(308.4)
NET INCOME FOR THE YEAR	2,070.2	1,546.8
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	4,648.4	2,448.0
Net cash flow from investment activities	2,651.2	(3,796.2)
Net cash flow from financing activities	(5,305.0)	
Net total cash flow the year	1,994.6	(1,348.2)
Effect of inflation	(259.6)	(13.0)
NET CHANGE IN CASH & CASH EQUIVALENTS	1,735.0	(1,361.3)

# GRUPO security

## FACTORING SECURITY S.A.

### type of company

Closely-held corporation.

### inscription in the securities register

Factoring Security S.A. is not inscribed in the Securities Register.

### 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 information

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 as of December 31, 2007 was Ch\$14,303 million and the equity Ch\$21,474 million.

### investment as proportion of the assets of grupo security s.a.

Factoring Security S.A. represents 6.38% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

No factoring business was carried out during 2007 with the parent company's subsidiaries or associates. 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	· Francisco Silva S.	TAX N°:	4.103.061-5
DIRECTORS	· Francisco Ramón Juanicotena S.	TAX N°:	5.201.352-6
	· Renato Peñafiel M.	TAX N°:	6.350.390-8
	· Gonzalo Ruiz U.	TAX N°:	5.321.309-K
	· Mario Weiffenbach O.	TAX N°:	4.868.153-0
PRESIDENT	· Alan Lolic Z.	TAX N°:	7.037.931-7

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	142,620.4	141,288.3
Fixed assets	849.4	583.3
Other assets	8,351.1	4,974.8
TOTAL ASSETS	151,820.9	146,846.4
LIABILITIES		
Current	130,289.5	128,244.1
Long-Term Liabilities	57.8	0.0
Capital & reserves	16,468.2	14,302.9
Net income for the year	5,005.4	4,299.4
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	151,820.9	146,846.4
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	6,176.7	4,511.0
Non-operating loss	(339.2)	714.8
Income before taxes	5,837.6	5,225.8
Income tax	(832.1)	(926.3)
NET INCOME FOR THE YEAR	5,005.5	4,299.4
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	(15,989.1)	(22,856.0)
Net cash flow from investment activities	(377.9)	(13,733.2)
Net cash flow from financing activities	17,143.5	35,299.4
Net total cash flow the year	776.6	(1,289.8)
Effect of inflation	(861.3)	244.1
NET CHANGE IN CASH & CASH EQUIVALENTS	(84.7)	(1,045.7)

# GRUPO security

## ASESORÍAS SECURITY S.A. AND SUBSIDIARIES

### type of company

Closely-held corporation.

### inscription in the securities register

Asesorías Security S.A. is not inscribed in the Securities Register.

### 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 information

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 GMAC-RFC S.A. 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 were 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 GMAC-RFC S.A. to Grupo Security S.A.

### paid capital and equity

The company's capital and reserves as of December 31, 2007 were Ch\$871 million and its equity was Ch\$1,053 million.

### investment as proportion of the assets of grupo security s.a.

Asesorías Security S.A. represents 0.31% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

Asesorías Security in 2007 provided international investment advice to Grupo Security, Administradora General de Fondos and Vida Security.

It also became placement agent for the 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

· Francisco Silva S.

TAX N°: 4.103.061-5

DIRECTORS

· Carlos Budge C.

TAX N°: 7.011.490-9

· Renato Peñafiel M.

TAX N°: 6.350.390-8

PRESIDENT

· Carlos Budge C.

TAX N°: 7.011.490-9

**summarized financial statements · December 31, 2007 and 2006**

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	1,607.2	1,042.5
Fixed assets	29.6	31.6
Other assets		33.5
TOTAL ASSETS	1,636.8	1,107.6
LIABILITIES		
Current	580.0	84.6
Long-Term Liabilities		
Minority interest	3.2	0.6
Capital & reserves	871.2	914.8
NET INCOME FOR THE YEAR	182.4	107.5
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	1,636.8	1,107.6
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	458.5	11.2
Non-operating loss	(249.2)	117.6
Income before taxes	209.3	128.8
Minority interest	(1.8)	0.0
Income tax	(25.2)	(21.3)
NET INCOME FOR THE YEAR	182.4	107.5
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	971.0	95.6
Net cash flow from investment activities	23.4	(39.8)
Net cash flow from financing activities	(151.2)	
Net total cash flow the year	843.2	55.8
Effect of inflation	(36.2)	(0.8)
NET CHANGE IN CASH & CASH EQUIVALENTS	807.0	54.9



# GRUPO security

## SECURITIZADORA SECURITY GMAC-RFC S.A.

### type of company

Closely-held corporation.

### inscription in the securities register

Securitizadora Security GMAC-RFC is inscribed in the Securities Register under the No.640.

### 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 information

The company was constituted as a closely-held corporation 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, 2007 were Ch\$2,419 million and its equity Ch\$2,874 million.

### investment as proportion of the assets of grupo security s.a.

Securitizadora Security GMAC-RFC S.A. represents 0.44% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

There were no trading relations with subsidiaries, associates or parent of Grupo Security during 2007.

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	· Francisco Silva Silva	TAX N°:	4.103.061-5
DIRECTORS	· Christian Sinclair Manley	TAX N°:	6.379.747-2
	· Ramón Eluchans Olivares	TAX N°:	6.464.460-2
	· Renato Peñafiel Muñoz	TAX N°:	6.350.390-8
	· Carlos Budge Carvallo	TAX N°:	7.011.490-9
PRESIDENT	· Juan Enrique Montes Molina	TAX N°:	9.253.937-7

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	19,554.0	29,427.5
Fixed assets	17.9	18.9
Other assets	146.4	159.2
TOTAL ASSETS	19,718.3	29,605.7
LIABILITIES		
Current	16,844.0	27,186.3
Long-Term Liabilities	0.0	0.0
Capital & reserves	2,419.3	2,770.8
Net income for the year	455.0	(351.4)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	19,718.3	29,605.7
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	735.1	(295.5)
Non-operating loss	(195.3)	(140.3)
Income before taxes	539.8	(435.8)
Income tax	(84.8)	84.4
NET INCOME FOR THE YEAR	455.0	(351.4)
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	6,616.2	(6,325.2)
Net cash flow from investment activities	(6.4)	(5.6)
Net cash flow from financing activities	(4,092.3)	6,604.2
Net total cash flow the year	2,517.4	273.4
Effect of inflation	(154.2)	(84.5)
NET CHANGE IN CASH & CASH EQUIVALENTS	2,363.2	188.9

# GRUPO security

## INVERSIONES SEGUROS SECURITY LIMITADA AND SUBSIDIARIES

### type of company

Limited partnership

### inscription in the securities register

Inversiones Seguros Security Ltda. is not inscribed in the Securities Register.

### 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 information

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 on 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 as of December 31, 2007 were Ch\$64,329 million and the equity Ch\$73,702 million.

### investment as proportion of the assets of grupo security s.a.

Inversiones Seguros Security Limitada represents 24.19% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

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

### administrators

· Renato Peñafiel M.

TAX N°: 6.350.390-8

· Francisco Silva S.

TAX N°: 4.103.061-5

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	23,471.0	3,128.9
Fixed assets	184.0	205.2
Other assets	73,808.2	85,580.2
TOTAL ASSETS	97,463.2	88,914.3
LIABILITIES		
Current	23,760.7	25,255.5
Long-Term Liabilities	0.0	393.8
Minority interest	0.5	0.0
Capital & reserves	64,328.8	57,737.1
Net income for the year	9,373.2	5,527.9
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	97,463.2	88,914.3
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	(3,088.8)	(5,079.4)
Non-operating loss	11,910.6	9,597.9
Income before taxes	8,821.8	4,518.5
Minority interest	0.0	0.0
Amortización mayor valor inversión	16.6	5.3
Income tax	534.8	1,004.1
NET INCOME FOR THE YEAR	9,373.2	5,527.9
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	(11,577.0)	17,355.5
Net cash flow from investment activities	26,139.8	(46,716.7)
Net cash flow from financing activities	(9,534.6)	30,064.3
Net total cash flow the year	9,224.2	703.0
Effect of inflation	78.6	(112.1)
NET CHANGE IN CASH & CASH EQUIVALENTS	9,613.2	590.9

# GRUPO security

## SEGUROS VIDA SECURITY PREVISIÓN S.A.

### type of company

Open corporation.

### inscription in the securities register

Seguros Vida Security Previsión S.A. is inscribed in the Securities Register with the No.22.

### objects

Life insurance.

### general information

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 was published in the Official Gazette of 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, 2007 were Ch\$71,112 millions and its equity Ch\$73,290 million.

### investment as proportion of the assets of grupo security s.a.

Seguros Vida Security Previsión S.A. represents 21.78% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

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 GMAC-RFC, 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	· Francisco Silva S.	TAX N°:	4.103.061-5
DIRECTORS	· Renato Peñafiel M.	TAX N°:	6.350.390-8
	· Juan Cristóbal Pavez R.	TAX N°:	9.901.478-4
	· Álvaro Eduardo Santa Cruz G.	TAX N°:	3.557.209-0
	· Andrés Tagle D.	TAX N°:	5.895.255-9
	· Álvaro Vial G.	TAX N°:	5.759.348-2
	· Horacio Pavez G.	TAX N°:	3.899.021-7
PRESIDENT	· Alejandro Alzérreca L.	TAX N°:	7.050.344-1

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Financial investments	708,116.1	64,441.9
Real estate & similar investments	28,593.0	12,595.9
Other assets	23,053.2	6,853.6
TOTAL ASSETS	759,762.2	83,891.4
LIABILITIES		
Technical reserves	667,223.9	69,719.0
Other liabilities	19,247.9	4,123.8
Minority interest	0.0	0.0
Capital & reserves	71,111.7	8,179.1
Net income for the year	2,178.7	1,869.5
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	759,762.2	83,891.4
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	(15,298.3)	(4,074.1)
Non-operating loss	17,691.3	6,206.6
Income before taxes	2,393.0	2,132.5
Income tax	(214.3)	(263.0)
NET INCOME FOR THE YEAR	2,178.7	1,869.5
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	(2,017.2)	7,892.4
Net cash flow from financing activities	907.1	(1,203.9)
Net cash flow from investment activities	346.1	(6,029.0)
Net total cash flow the year	(764.0)	659.6
Effect of inflation	19.7	9.8
NET CHANGE IN CASH & CASH EQUIVALENTS	(744.2)	669.4

# GRUPO security

## COMPAÑÍA DE SEGUROS GENERALES PENTA-SECURITY S.A.

### type of company

Open corporation.

### inscription in the securities register

Seguros Generales Penta-Security S.A. is inscribed in the Securities Register with No.898 on May 2, 2005.

### objects

General insurance.

### general information

The company was authorized by the Superintendency of Securities and Insurance by Resolution 221 of October 27, 1993 and is inscribed in the Securities Register with the No.898 on May 2, 2005.

By its Resolution 427 of September 16, 2004, the Superintendency of Securities and Insurance approved the merger by absorption of Seguros Security Previsión Generales S.A. into Compañía de Seguros Generales Las Américas S.A., the latter acquiring all its assets and liabilities and succeeding it in all its rights and obligations. The merger took effect on January 1, 2004. As a result of the merger, Compañía de Seguros Generales Las Américas S.A. changed its name to Compañía de Seguros Generales Penta Security S.A..

### paid capital and equity

As of December 31, 2007 the capital and reserves were Ch\$14,227 million and its equity Ch\$ 18,938 million.

### investment as proportion of the assets of grupo security s.a.

Seguros Generales Penta-Security S.A. represents 1.64% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

Cía. de Seguros Generales Penta-Security S.A. provides general insurance policies to Seguros Vida Security Previsión S.A., Banco Security, Factoring Security, Corredores de Seguros Security and 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	· Carlos Eugenio Lavín García – Huidobro	TAX N°:	4.334.605-9
DIRECTORS	· José Gandarillas Chadwick	TAX N°:	4.889.363-5
	· Hugo Bravo López	TAX N°:	4.709.421-6
	· Francisco Silva Silva	TAX N°:	4.103.061-5
	· Renato Peñafiel Muñoz	TAX N°:	6.350.390-8
	· Juan Carlos Delano Ortúzar	TAX N°:	4.103.003-8
	· Alejandro Alzérreca Luna	TAX N°:	7.050.344-1
PRESIDENT	· Fernando Cambara Lodigiani	TAX N°:	5.862.380-6

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Investments	31,607.9	29,223.1
Debtors for premiums & reinsurance	45,480.9	45,496.4
Other assets	5,326.1	4,505.6
TOTAL ASSETS	82,414.8	79,225.1
LIABILITIES		
Technical reserves	56,658.4	53,793.4
Other short-term financial debt	834.0	98.4
Other liabilities	5,984.6	6,733.3
Capital & reserves	16,110.3	15,326.2
Net income for the year	2,827.5	3,273.8
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	82,414.8	79,225.1
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	3,274.9	3,960.9
Non-operating loss	8.6	(5.8)
Income before taxes	3,283.5	3,955.1
Income tax	(456.0)	(681.4)
NET INCOME FOR THE YEAR	2,827.5	3,273.8
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	4,901.5	710.6
Net cash flow from investment activities	2,826.4	(2,131.7)
Net cash flow from financing activities	(1,439.1)	(2,529.8)
Net total cash flow the year	6,288.8	(3,950.9)
Effect of inflation	(468.5)	(95.7)
Effect of foreign exchange differences	(137.1)	103.4
NET CHANGE IN CASH & CASH EQUIVALENTS	5,683.2	(3,943.1)



# GRUPO security

## SERVICIOS SECURITY S.A. AND SUBSIDIARIES

### type of company

Closely-held corporation.

### inscription in the securities register

Servicios Security is not inscribed in the Securities Register.

### 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 information

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 2006, Servicios Security S.A. absorbed its subsidiary Agencia Security S.A. and became its legal successor in its rights and obligations.

The merger was effective from April 28, 2006. A board meeting held in December 2006 approved the division of Servicios Security S.A., for which a new company Nueva Servicios S.A. was constituted. It was also agreed to increase the capital by Ch\$1,200,000,123 for which 19,047,621 shares were issued.

### paid capital and equity

The capital and reserves at December 31, 2007 were Ch\$1,388 million and its equity Ch\$1,537 millones.

### investment as proportion of the assets of grupo security s.a.

Servicios Security S.A. represents 0.46% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

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

### board of directors

CHAIRMAN	· Francisco Silva S.	TAX N°:	4.103.061-5
DIRECTORS	· Renato Peñafiel M.	TAX N°:	6.350.390-8
	· Claudio Berndt C.	TAX N°:	4.775.620-0
	· Andrés Tagle D.	TAX N°:	5.895.255-9
	· Horacio Pavez A.	TAX N°:	9.737.844-4
	· Cristián Solís de Ovando	TAX N°:	7.483.251-2
PRESIDENT	· Alejandro Mandiola P.	TAX N°:	8.684.673-K

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	2,076.7	1,995.8
Fixed assets	142.6	160.3
Other assets	597.4	616.6
TOTAL ASSETS	2,816.7	2,772.7
LIABILITIES		
Current	1,280.1	1,632.5
Long-Term Liabilities	0.0	393.9
Minority interest	0.0	1.7
Capital & reserves	1,387.7	652.3
Net income for the year	148.8	93.9
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	2,816.7	2,774.4
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	(49.7)	94.5
Non-operating loss	262.3	(32.1)
Income before taxes	212.6	62.4
Minority interest	(0.0)	0.0
Income tax	(63.9)	31.5
NET INCOME FOR THE YEAR	148.8	93.9
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	6,684.0	1,035.7
Net cash flow from investment activities	(23.5)	(86.1)
Net cash flow from financing activities	(6,702.1)	(856.1)
Net total cash flow the year	(41.6)	93.5
Effect of inflation	64.5	(7.0)
NET CHANGE IN CASH & CASH EQUIVALENTS	22.9	86.5

# GRUPO security

## CORREDORES DE SEGUROS SECURITY LIMITADA

### type of company

Limited partnership

### inscription in the securities register

Corredores de Seguros Security Ltda. is not inscribed in the Securities Register.

### objects

insurance broker.

### general information

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, 2007 were Ch\$1,526 million and the equity Ch\$1,565 million.

### investment as proportion of the assets of grupo security s.a.

Corredores de Seguros Security Limitada represents 0.46% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

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 GMAC-RFC, 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 and management

#### DIRECTORS

· Francisco Silva Silva

TAX N°: 4.103.061-5

· Renato Peñafiel Muñoz

TAX N°: 6.350.390-8

#### LEGAL REPRESENTATIVE

· Alejandro Mandiola Parot

TAX N°: 8.684.673-K

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	1,512.7	1,258.3
Fixed assets	142.6	147.2
Other assets	675.7	1,903.7
TOTAL ASSETS	2,331.0	5,232.0
LIABILITIES		
Current	766.4	903.4
Long-Term Liabilities	0.0	0.0
Capital & reserves	1,525.9	2,269.5
Net income for the year	38.7	136.3
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	2,331.0	5,232.0
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	49.3	95.6
Non-operating loss	(3.3)	7.0
Income before taxes	46.0	102.6
Income tax	(7.3)	33.7
NET INCOME FOR THE YEAR	38.7	136.3
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	(35.3)	1,348.9
Net cash flow from investment activities	976.7	(25.1)
Net cash flow from financing activities	(879.8)	(1,341.9)
Net total cash flow the year	61.6	(18.1)
Effect of inflation	(9.8)	(5.2)
NET CHANGE IN CASH & CASH EQUIVALENTS	51.8	(23.3)

# GRUPO security

## EUROP ASSISTANCE S.A.

### type of company

Closely-held corporation.

### inscription in the securities register

Europ Assistance S.A. is not inscribed in the Securities Register.

### objects

Provision of assistance services.

### general information

Europ Assistance S.A. was constituted as a closely-held corporation on August 13, 2004, according to public deed signed before the 2nd notary's office of Santiago. The company's objects are to provide for its own or third party's account, directly or indirectly, all kinds of medical, dental, plumbing, repair, etc. assistance to entities or individuals, whether travel assistance to vehicles, homes, or any other service related to the above.

### paid capital and equity

The capital and reserves at December 31, 2007 were Ch\$130 million and the equity Ch\$184 million.

### investment as proportion of the assets of grupo security s.a.

Europ Assistance S.A. represents 0.05% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

Europ Assistance S.A. provides services to Seguros Vida Security Previsión S.A., Banco Security, Corredores de Seguros Security, Travel Security and Virtual 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	· Francisco Silva Silva	TAX N°: 4.103.061-5
DIRECTORS	· Renato Peñafiel Muñoz	TAX N°: 6.350.390-8
	· Cesare Carlo Margotta	Extranjero
	· Manrico Iachia	Extranjero
	· Martín Vial	Extranjero
PRESIDENT	· Carlos Videla Araya	TAX N°: 7.777.105-0

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	414.2	398.9
Fixed assets	165.7	163.9
Other assets	60.5	89.4
TOTAL ASSETS	640.4	652.2
LIABILITIES		
Current	455.4	509.3
Long-Term Liabilities	1.3	13.3
Capital & reserves	129.6	127.0
Net income for the year	54.1	2.6
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	640.4	652.2
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	80.9	(4.5)
Non-operating loss	(12.1)	(9.9)
Income before taxes	68.8	(14.4)
Income tax	(14.7)	17.0
NET INCOME FOR THE YEAR	54.1	2.6
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	98.3	33.7
Net cash flow from investment activities	(43.3)	(107.4)
Net cash flow from financing activities	(58.9)	58.9
Net total cash flow the year	(3.9)	(14.8)
Effect of inflation	0.2	0.2
NET CHANGE IN CASH & CASH EQUIVALENTS	(3.7)	(14.6)

# GRUPO security

## COOPER GAY CHILE S.A. CORREDORES DE REASEGUROS

### type of company

Closely-held corporation.

### inscription in the securities register

Europ Assistance S.A. is inscribed in the Reinsurance Brokers Register of the Superintendency of Securities and Insurance, under Code C-221.

### objects

reinsurance broker.

### general information

Cooper Gay Chile S.A. was constituted by public deed dated March 16, 2004 and authorized by the Superintendency of Securities and Insurance and inscribed in the corresponding register on March 25, 2004.

### paid capital and equity

The capital and reserves at December 31, 2007 were Ch\$207.8 million and the equity Ch\$356.1 million.

### investment as proportion of the assets of grupo security s.a.

Cooper Gay Chile S.A. represents 0.05% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

In the future, there is the possibility of extending the offer of these services to customers of the parent's subsidiaries and associate companies, principally the insurance companies Penta Security and Vida Security, and working together with Corredora Security.

### board of directors

CHAIRMAN	· Toby Crispian David Esser	(non-resident foreigner)
DIRECTORS	· Francisco Silva Silva	TAX N°: 4.103.061-5
	· Renato Peñafiel Muñoz	TAX N°: 6.350.390-8
	· Steven Jackson	(non-resident foreigner)
	· Alejandro Mandiola Parot	TAX N°: 8.684.673-K
	· Julián Suza Florez	(non-resident foreigner)
PRESIDENT	· Jorge Edwards Guzmán	TAX N°: 6.000.590-7

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	3,625.1	2,824.3
Fixed assets	14.6	19.8
Other assets	19.1	7.5
TOTAL ASSETS	3,658.8	2,851.6
LIABILITIES		
Current	3,302.7	2,502.0
Capital & reserves	27.8	208.8
Net income for the year	328.3	140.8
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	3,658.8	2,851.6
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	403.9	161.1
Non-operating loss	(5.1)	4.5
Income before taxes	398.8	165.6
Minority interest	0.0	
Income tax	(70.5)	(24.8)
NET INCOME FOR THE YEAR	328.3	140.8
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	1,129.8	481.8
Net cash flow from investment activities	(5.6)	(7.8)
Net cash flow from financing activities	(321.7)	(148.2)
Net total cash flow the year	802.5	325.8
Effect of inflation	(7.2)	(6.0)
NET CHANGE IN CASH & CASH EQUIVALENTS	795.3	319.8



# GRUPO security

## INMOBILIARIA SECURITY S.A. AND SUBSIDIARIES

### type of company

Closely-held corporation.

### inscription in the securities register

Inmobiliaria Security is not inscribed in the Securities Register.

### objects

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

### general information

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

As of December 31, 2007, the capital and reserves were Ch\$2,905 million and the equity Ch\$3,459 million.

### investment as proportion of the assets of grupo security s.a.

Inmobiliaria Security S.A. represents 1.03% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

Inmobiliaria Security has provided real estate advisory services to Banco Security and Seguros Vida Security Previsión 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	· Francisco Silva S.	TAX N°:	4.103.061-5
DIRECTORS	· Enrique Menchaca O.	TAX N°:	6.944.388-5
	· Gustavo Pavez R.	TAX N°:	4.609.215-5
	· Renato Peñafiel M.	TAX N°:	6.350.390-8
	· Gonzalo Ruiz U.	TAX N°:	5.321.309-K
PRESIDENT	· Jaime Correa H.	TAX N°:	5.892.161-0

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	3,831.7	3,916.5
Fixed assets	36.9	39.2
Other assets	5,080.8	3,852.9
TOTAL ASSETS	8,949.5	7,808.6
LIABILITIES		
Current	3,785.6	3,074.8
Long-Term Liabilities	1,705.3	1,829.2
Minority interest	0.0	0.0
Capital & reserves	2,904.6	2,367.4
Net income for the year	554.0	537.2
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	8,949.5	7,808.6
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	(117.3)	21.6
Non-operating loss	647.5	537.2
Income before taxes	530.3	558.8
Minority interest	0.0	(0.0)
Income tax	23.7	(21.5)
NET INCOME FOR THE YEAR	554.0	537.2
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	121.3	228.2
Net cash flow from investment activities	(648.5)	(62.9)
Net cash flow from financing activities	368.2	491.4
Net total cash flow the year	(159.0)	656.7
Effect of inflation	(33.8)	(16.9)
NET CHANGE IN CASH & CASH EQUIVALENTS	(192.8)	639.8

# GRUPO security

## INVERSIONES INVEST SECURITY LIMITADA AND SUBSIDIARIES

### type of company

Limited partnership

### inscription in the securities register

Inversiones Invest Security Ltda. is not inscribed in the Securities Register.

### 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 information

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, 2007 were Ch\$3,265 million and the equity Ch\$3,658 million.

### investment as proportion of the assets of grupo security s.a.

Inversiones Invest Security Limitada represents 1.09% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

Invest Security provides accounting, business risk and control, economic, marketing and corporate culture advisory services to each of the Group companies and the parent company.

### board of directors and management

ADMINISTRATORS	· Renato Peñafiel M.	TAX N°:	6.350.390-8
	· Francisco Silva S.	TAX N°:	4.103.061-5
	· Ramón Eluchans O.	TAX N°:	6.464.460-2
CORPORATE CULTURE MANAGER	· Karin E. Becker S.	TAX N°:	5.360.901-5
ACCOUNTING MANAGER	· Sergio Candia A.	TAX N°:	6.053.341-5
BUSINESS RISKS AND CONTROL MANAGER	· Alfonso Verdugo R.	TAX N°:	7.097.708-7

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	15,980.1	7,205.7
Fixed assets	2,263.7	1,695.5
Other assets	1,965.7	1,317.3
TOTAL ASSETS	20,209.5	10,218.5
LIABILITIES		
Current	12,810.2	6,666.1
Long-Term Liabilities	912.3	535.4
Minority interest	2,828.8	547.0
Capital & reserves	3,265.2	2,689.3
Net income for the year	393.0	(219.3)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	20,209.5	10,218.5
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	1,089.4	94.6
Non-operating loss	(155.8)	(334.4)
Income before taxes	933.6	(239.8)
Minority interest	(363.3)	(0.3)
Income tax	(177.3)	20.8
NET INCOME FOR THE YEAR	393.0	(219.3)
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	169.1	1,322.3
Net cash flow from investment activities	(2,671.4)	(294.5)
Net cash flow from financing activities	2,726.1	(383.8)
Net total cash flow the year	223.8	644.0
Effect of inflation	(20.1)	(13.5)
NET CHANGE IN CASH & CASH EQUIVALENTS	203.7	630.5

# GRUPO security

## TRAVEL SECURITY S.A. AND SUBSIDIARY

### type of company

Closely-held corporation.

### inscription in the securities register

Travel Security Ltda. is not inscribed in the Securities Register.

### objects

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

### general information

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 and modernized its management.

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. In October 2000, Inversiones Seguros Security Ltda. sold its shareholding to Inversiones Invest Security Ltda.

In December 2006, Travel Security was merged with Turismo Tajamar S.A., effective from January 22, 2007.

The company's capital was increased to Ch\$5,262 million and the respective shareholdings were as follows:

· Inversiones Invest Security Ltda.:	55%
· SMYTSA, Servicios Marítimos y Transportes Ltda.:	30%
· Carmen Mackenna y Cía. Ltda.:	15%

### paid capital and equity

The company's capital and reserves at December 31, 2005 were Ch\$1,480 million and its equity Ch\$1,994 million.

### investment as proportion of the assets of grupo security s.a.

Travel Security S.A. and subsidiary represent 1.03% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

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  
DIRECTORS

· Guillermo Correa S.  
· Osvaldo Hernán Barzelatto S.  
· Naoshi Matsumoto T.  
· Renato Peñafiel M.  
· Francisco Silva S.  
· Wolf Von Appen B.  
· Richard Von Appen L.  
· Eduardo Correa S.

TAX N°: 7.741.851-2  
TAX N°: 2.300.044-K  
TAX N°: 3.805.153-9  
TAX N°: 6.350.390-8  
TAX N°: 4.103.061-5  
TAX N°: 2.884.455-7  
TAX N°: 6.998.521-1  
TAX N°: 8.628.777-3

PRESIDENT

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	14,690.7	6,081.5
Fixed assets	829.9	597.0
Other assets	288.7	313.0
TOTAL ASSETS	15,809.3	6,991.5
LIABILITIES		
Current	9,524.7	4,788.9
Long-Term Liabilities	0.0	16.0
Minority interest	1.3	0.5
Capital & reserves	5,477.7	2,186.1
Net income for the year	805.6	
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	15,809.3	6,991.5
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	1,273.4	204.4
Non-operating loss	(302.8)	(192.7)
Income before taxes	970.6	11.7
Minority interest	(0.8)	(0.3)
Income tax	(164.3)	(11.4)
NET INCOME FOR THE YEAR	805.6	(0.0)
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	(1,007.7)	727.3
Net cash flow from investment activities	1,930.8	(54.5)
Net cash flow from financing activities	(535.6)	(383.8)
Net total cash flow the year	387.4	289.0
Effect of inflation	0.0	(9.6)
NET CHANGE IN CASH & CASH EQUIVALENTS	387.4	279.5

# GRUPO security

## VIRTUAL SECURITY S.A.

### type of company

Closely-held corporation.

### inscription in the securities register

Virtual Security is not inscribed in the Securities Register.

### 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 information

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, 2007 were Ch\$153 million and its equity Ch\$164 million.

### investment as proportion of the assets of grupo security s.a.

Virtual Security represents 0.05% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

The company 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	· Renato Peñafiel M.	TAX N°:	6.350.390-8
DIRECTORS	· Francisco Silva S.	TAX N°:	4.103.061-5
	· Ramón Eluchans O.	TAX N°:	6.464.460-2
PRESIDENT	· Francisco Silva S.	TAX N°:	4.103.064-5
CORPORATE IT MANAGER	· Francisco Herreros	TAX N°:	8.299.687-7

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	687.6	561.0
Fixed assets	845.1	968.2
Other assets	554.2	295.8
TOTAL ASSETS	2,086.9	1,825.0
LIABILITIES		
Current	1,496.0	919.1
Long-Term Liabilities	426.9	752.8
Capital & reserves	153.1	151.1
Net income for the year	10.9	2.0
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	2,086.9	1,825.0
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	(47.9)	(36.7)
Non-operating loss	65.6	33.7
Income before taxes	17.7	(3.0)
Income tax	(6.8)	5.0
NET INCOME FOR THE YEAR	10.9	2.0
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	163.5	396.1
Net cash flow from investment activities	(194.3)	(154.4)
Net cash flow from financing activities	0.0	0.0
Net total cash flow the year	(30.8)	241.7
Effect of inflation	3.5	(1.1)
NET CHANGE IN CASH & CASH EQUIVALENTS	(27.3)	240.6



# GRUPO security

## GLOBAL SECURITY GESTIÓN Y SERVICIOS LIMITADA

### type of company

Limited partnership

### inscription in the securities register

Global Security Gestión y Servicios Ltda. is not inscribed in the Securities Register.

### 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.

### general information

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, 2007 was Ch\$108 million and its liabilities Ch\$104 million.

### trading relations with subsidiary and associate companies and the parent

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 of directors and management

ADMINISTRATORS	Renato Peñafiel M.	TAX N°: 6.350.390-8
	Francisco Silva S.	TAX N°: 4.103.061-5
LEGAL REPRESENTATIVE	Juan Pablo Lira T.	TAX N°: 7.367.430-1

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	354.5	443.8
Fixed assets	17.6	13.6
Other assets	2.8	6.4
TOTAL ASSETS	374.9	463.7
LIABILITIES		
Current	479.1	572.1
Capital & reserves	(108.3)	(76.1)
Net income for the year	4.2	(32.2)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	374.9	463.7
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	(36.6)	(42.9)
Non-operating loss	42.4	(5.7)
Income before taxes	5.8	(48.6)
Income tax	(1.6)	16.4
NET INCOME FOR THE YEAR	4.2	(32.2)
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	25.1	35.3
Net cash flow from investment activities	(14.0)	(22.3)
Net cash flow from financing activities	0.0	0.0
Net total cash flow the year	11.1	13.0
Effect of inflation	(0.8)	0.0
NET CHANGE IN CASH & CASH EQUIVALENTS	10.3	13.0

# GRUPO security

## MANDATOS SECURITY LIMITADA

### type of company

Limited partnership

### inscription in the securities register

Mandatos Security Ltda. is not inscribed in the Securities Register.

### objects

Carrying out of civil mandates for obtaining information on third parties.

### general information

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, 2007 were Ch\$19.9 million and its equity Ch\$25.2 million.

### investment as proportion of the assets of grupo security s.a.

Mandatos Security Limitada represents 0.01% of the assets of Grupo Security.

### trading relations with subsidiary and associate companies and the parent

Mandatos Security provides services of obtaining information for the financial products of Banco Security.

### board of directors and management

ADMINISTRATORS	Renato Peñafiel M.	TAX N°: 6.350.390-8
	Ramón Eluchans O.	TAX N°: 6.464.460-2
LEGAL REPRESENTATIVE	Luis Gil V.	TAX N°: 10.077.185-3

## summarized financial statements · December 31, 2007 and 2006

BALANCE SHEET	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
ASSETS		
Current	105.4	81.2
Fixed assets	181.1	17.2
Other assets	14.5	155.6
TOTAL ASSETS	301.0	254.0
LIABILITIES		
Current	275.8	234.1
Capital & reserves	19.9	18.2
Net income for the year	5.4	1.6
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	301.0	254.0
STATEMENT OF INCOME	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Operating income	(8.3)	102.6
Non-operating loss	15.3	(108.9)
Income before taxes	7.0	(6.3)
Income tax	(1.7)	7.9
NET INCOME FOR THE YEAR	5.4	1.6
CASH FLOW	2007 Ch\$ MILLIONS	2006 Ch\$ MILLIONS
Net cash flow from operating activities	210.3	35.3
Net cash flow from investment activities	(195.0)	(22.3)
Net cash flow from financing activities	0.0	0.0
Net total cash flow the year	15.3	13.0
Effect of inflation	0.0	0.0
NET CHANGE IN CASH & CASH EQUIVALENTS	15.3	13.0

GRUPO security

declaration of liability



## DECLARATION OF LIABILITY

The undersigned, as directors and president of Grupo Security, domiciled at Av. Apoquindo 3150, 15th floor, Las Condes, Santiago, Chile, swear that the information contained in this annual report is a faithful expression of the truth, for which we are therefore legally liable.



**FRANCISCO SILVA SILVA**  
CHAIRMAN · TAX N°: 4.103.061-5



**NAOSHI MATSUMOTO TAKASHI**  
DIRECTOR · TAX N°: 3.805.153-9



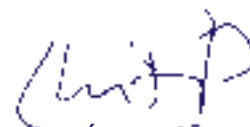
**CLAUDIO BERNDT CRAMER**  
DIRECTOR · TAX N°: 4.775.620-0



**HORACIO PAVEZ GARCÍA**  
DIRECTOR · TAX N°: 3.899.021-7



**ANDRÉS CONCHA RODRÍGUEZ**  
DIRECTOR · TAX N°: 4.773.967-5



**JUAN CRISTÓBAL PAVEZ RECARTE**  
DIRECTOR · TAX N°: 9.901.478-4



**JAIME CORREA HOGG**  
DIRECTOR · TAX N°: 5.892.161-0



**ÁLVARO VIAL GAETE**  
DIRECTOR · TAX N°: 5.759.348-2



**JORGE MARÍN CORREA**  
DIRECTOR · TAX N°: 7.639.707-4



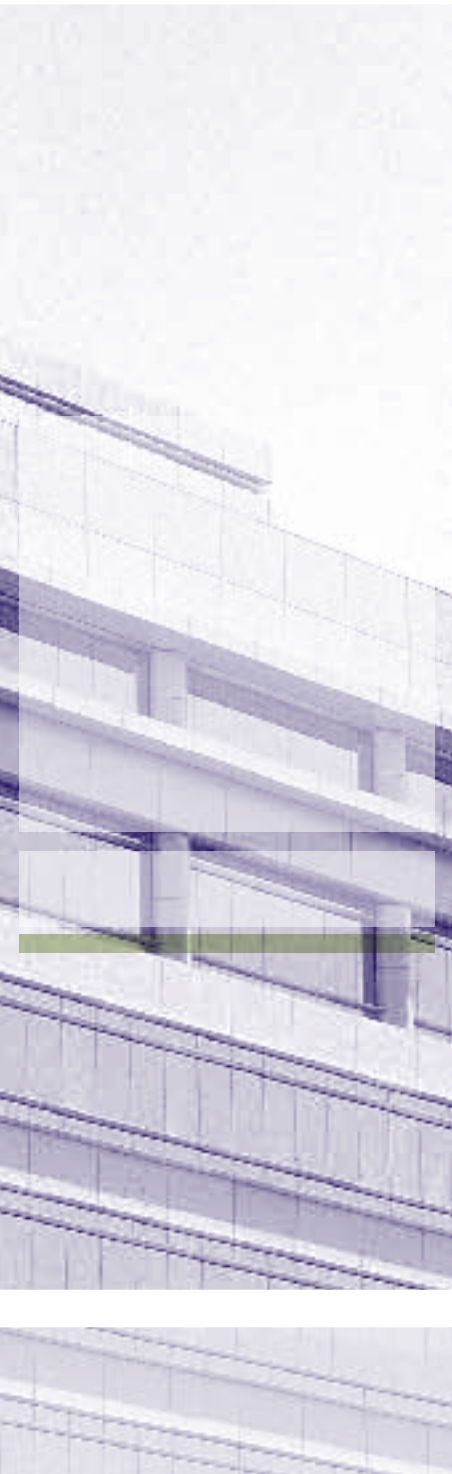
**RENATO PEÑAFIEL MUÑOZ**  
PRESIDENT · TAX N°: 6.350.390-8



GRUPO security

addresses





## ADDRESSES OF COMPANIES OF GRUPO SECURITY S.A .

### **GRUPO SECURITY S.A.**

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### **BANCO SECURITY**

Av. Apoquindo 3100, Las Condes (Santiago)  
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### **VALORES SECURITY S.A. CORREDORES DE BOLSA**

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### **ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.**

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# GRUPO security



## **SECURITIZADORA SECURITY GMAC-RFC S.A.**

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Web: [www.securitizadorasecurity.cl](http://www.securitizadorasecurity.cl)

## **INMOBILIARIA SECURITY S.A.**

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Web: [www.inmobiliariasecurity.cl](http://www.inmobiliariasecurity.cl)

E-mail: [inmobiliaria@security.cl](mailto:inmobiliaria@security.cl)

## **SEGUROS VIDA SECURITY PREVISIÓN S.A.**

Av. Apoquindo 3150, 8th floor, Las Condes (Santiago)

Telephone: (56-2) 584 2400 · Fax: (56-2) 584 2474

Web: [www.vidasecurity.cl](http://www.vidasecurity.cl)

## **COMPAÑÍA DE SEGUROS GENERALES PENTA SECURITY S.A.**

Av. El Bosque Norte 0440, 7th floor, Las Condes (Santiago)

Telephone: (56-2) 339 0000 · Fax: (56-2) 750 339 0400

Web: [www.pentasecurity.cl](http://www.pentasecurity.cl)

## **CORREDORES DE SEGUROS SECURITY LTDA.**

Isidora Goyenechea 3621, 4th floor, Las Condes (Santiago)

Telephone: (56-2) 584 3000 · Fax: (56-2) 584 3190

Web: [www.corredorasecurity.cl](http://www.corredorasecurity.cl)

## **GLOBAL SECURITY LTDA.**

Av. Apoquindo 3150, 6th floor, Las Condes (Santiago)

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Web: [www.security.cl](http://www.security.cl)

## **TRAVEL SECURITY S.A.**

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Telephone: (56-2) 584 3400 · Fax: (56-2) 584 3505

Web: [www.travelsecurity.cl](http://www.travelsecurity.cl)

## **ADDRESSES OF BRANCHES OF COMPANIES OF GRUPO SECURITY S.A.**

### **BANCO SECURITY**

#### **SWITCHBOARD**

(56-2) 584 4000

#### **SECURITY CUSTOMER ATTENTION SERVICE**

(56-2) 584 4060

#### **HEAD OFFICE (EL GOLF)**

Apoquindo 3100 – Las Condes

Opening hours: 9:00 – 16:00 hrs.

Tel.: (56-2) 584 4100

Fax: (56-2) 584 4058

Web: [www.security.cl](http://www.security.cl)

e-mail: [banco@security.cl](mailto:banco@security.cl)

#### **AGUSTINAS BRANCH**

Agustinas 621 – Santiago

Opening hours: 9:00 – 16:00 hrs.

Tel.: (56-2) 584 4311

Fax: (56-2) 584 4012

#### **PROVIDENCIA BRANCH**

Av. 11 de Septiembre 2289 – Providencia

Opening hours: 9:00 – 16:00 hrs.

Tel.: (56-2) 584 4688

Fax: (56-2) 584 4186

#### **VITACURA BRANCH**

Av. Vitacura 3706 – Vitacura

Opening hours: 9:00 – 14:00 hrs.

Tel.: (56-2) 584 4652

Fax: (56-2) 584 4627

#### LOS COBRES BRANCH

Av. Vitacura 6577 – Vitacura  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-2) 581 5519  
Fax: (56-2) 581 5523

#### LA DEHESA BRANCH

Av. La Dehesa 1744 – Lo Barnechea  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-2) 584 4465  
Fax: (56-2) 584 4676

#### EL CORTIJO BRANCH (ex Panamericana Norte)

Av. Américo Vespucio 2760 C - Conchalí  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-2) 584 4833  
Fax: (56-2) 584 4840

#### SANTA ELENA BRANCH

Santa Elena 2400 – San Joaquín  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-2) 584 4762  
Fax: (56-2) 555 4750

#### QUILICURA BRANCH

Av. Presidente E. Frei M. 9950 Of. 4 – Quilicura  
Opening hours: 9:00 – 16:00 hrs.  
Tel.: (56-2) 584 4690  
Fax: (56-2) 584 4698

#### CIUDAD EMPRESARIAL BRANCH

Av. Santa Clara 354 – Huechuraba  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-2) 584 4683  
Fax: (56-2) 584 4871

#### CHICUREO BRANCH

Camino Chicureo Km 1.7 – Colina  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-2) 581 5005  
Fax: (56-2) 581 5008

#### ALCÁNTARA BRANCH

Av. Alcántara 44 – Las Condes  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-2) 584 4438  
Fax: (56-2) 584 2265

#### PLAZA CONSTITUCIÓN BRANCH

Agustinas 1235 – Santiago  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-2) 584 4832  
Fax: (56-2) 584 4161

#### ESTORIL BRANCH

Av. Estoril 50 – Las Condes  
Opening hours: 8:00 – 14:00 hrs.  
Tel.: (56-2) 584 2292  
Fax: (56-2) 584 2200

#### VIÑA DEL MAR BRANCH

Av. Libertad 1097 – Viña del Mar  
Opening hours: 8:00 – 14:00 hrs.  
Tel.: (56-32) 251 5100  
Fax: (56-32) 251 5120

#### ANTOFAGASTA BRANCH

Av. San Martín 2511 – Antofagasta  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-55) 536 500  
Fax: (56-55) 536 512

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## **CONCEPCIÓN BRANCH**

Av. Bernardo O'Higgins 428 – Concepción  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-41) 290 8000  
Fax: (56-41) 290 8021

## **TEMUCO BRANCH**

Manuel Bulnes 701 – Temuco  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-45) 948 400  
Fax: (56-45) 948 416

## **PUERTO MONTT BRANCH**

Guillermo Gallardo 132 – Puerto Montt  
Opening hours: 9:00 – 14:00 hrs.  
Tel.: (56-65) 568 300  
Fax: (56-65) 568 311

## **FACTORING SECURITY S.A.**

### **SANTIAGO HEAD OFFICE**

Apoquindo 3150, 9th floor, Las Condes  
Telephone: (56-2) 5843700 - 5843600

### **SANTIAGO CENTRO**

Agustinas 640, 4th floor, La Interamericana Building  
Telephone: (56-2) 5843701

### **ANTOFAGASTA**

San Martín N° 2517, 3rd floor.  
Telephone: (56-55) 536513

### **COPIAPÓ**

Atacama 541, Office 1, 2nd floor (Galería Coimbra)  
Telephone: (56-52) 350228

## **LA SERENA**

Av. El Santo 1360  
Telephone: (56-51) 470 030

## **VIÑA DEL MAR**

1 Oriente 1063, Office 403  
Telephone: (56-32) 2766080

## **RANCAGUA**

Campos 423, Office 406  
Telephone: (56-72) 740990

## **TALCA**

1 Norte 801, Office 508  
Telephone: (56-71) 340 021 – 340 022 – 340 023

## **CONCEPCIÓN**

O' Higgins 420, 10th floor, Office 101  
Telephone: (56-41) 2908 050

## **LOS ÁNGELES**

Valdivia 300, 10th floor, Office 1002  
Telephone (56-43) 450095 - 450096

## **TEMUCO**

Claro Solar 835, 7th floor, (Campanario Building), Office 701  
Telephone: (56-45) 941227 - 941226

## **VALDIVIA**

Independencia 521, Office, 305, 3rd floor, Libertad Building  
Telephone: (56-63) 360010

## **OSORNO**

Av. Manuel Antonio Matta 549, Office 505  
Telephone: (56-64) 450 012

## **PUERTO MONTT**

Benavente 405, Office 601  
Telephone: (56-65) 560 020

## SEGUROS VIDA SECURITY PREVISIÓN S.A.

### CUSTOMER ATTENTION:

800 222 100

### HEAD OFFICE

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### ARICA (delegated office)

21 de Mayo 699, 2nd floor  
Telephone: (56-58) 231 502

### IQUIQUE

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Telephone: (56-57) 360 010

### ANTOFAGASTA

San Martín 2517  
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Manuel Antonio Matta 1831, Obelisco Building  
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### LA SERENA

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### SANTIAGO

Augusto Leguía Norte 33  
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### CURICÓ (delegated office)

Merced 255, Office 203  
Telephone: (56-75) 311 471

### TALCA (delegated office)

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Telephone: (56-71) 340 010

### CHILLÁN (delegated office)

18 de septiembre 661, D and E  
Telephone: (56-42) 212 152

### CONCEPCIÓN

O'Higgins 420, 3rd floor  
Telephone: (56-41) 290 8151

### LOS ANGELES

Colo-Colo 451, Office 104  
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### TEMUCO

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### VALDIVIA

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# GRUPO security



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## PUERTO MONTT

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## PUNTA ARENAS (delegated office)

Roca 817, Office 68

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## SEGUROS PENTA SECURITY

## IQUIQUE

Bolivar 354, Office 901

Telephone: (56-57) 519 500

## CALAMA

Eleuterio Ramírez 1839, Office 203

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## ANTOFAGASTA

Condell 2330

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## COPIAPÓ

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## VIÑA DEL MAR

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## CHILLÁN

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#### **PUERTO MONTT**

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##### **VEHICLE ATTENTION CENTER**

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#### **SANTIAGO**

##### **PAYMENTS CENTER**

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#### **SANTIAGO**

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#### **R E G I O N S**

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### **TRAVEL SECURITY S.A.**

#### **S A N T I A G O**

##### **HEAD OFFICE**

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##### **ISIDORA BRANCH**

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# contents

unconsolidated financial summary	02
principal financial indicators	04
chairman's letter	06
board and management	10
reconognitions grupo security and subsidiaries	12
activities grupo security	14
history	16
economic and financial scenario	18
strategic pillars of grupo security	24
areas of business	32
investments and financing policy	56
information on the company	64
financial statements	78
declaration of liability	182
addresses	184



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