

GRUPO | security



Annual

Report

2012



ANNUAL
REPORT

2012

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LETTER FROM THE CHAIRMAN

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01

Our Company



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quieres, puedes

Letter from the Chairman

Dear Shareholders:

It is my pleasure to present Grupo Security's 2012 Annual Report.

Throughout its 21 years of history, the Group has seen its companies develop and continuously search for new market opportunities. As a result, the financial conglomerate has earned a successful track record and reported favorable growth, bringing together 14 companies and more than 2,900 employees with a powerful corporate image, sound brand positioning and a wide, comprehensive offering of financial services.

In 2012, Grupo Security enjoyed success in a thriving local economy amidst the broader international context of instability and suspense brought on by Europe's sovereign debt problems. These extremely complex circumstances, which have gone unresolved for nearly four years, have affected almost all the world's regional economies. The situation was exacerbated by the slow recovery of the U.S. economy, which was also affected by fiscal debt problems. On the other hand, growth in Asia allowed some countries like Chile, which was also bolstered by successful macroeconomic management policies, to continue expanding and developing.

Despite the complex international scenario, Grupo Security generated profit for the year of US\$ 98 million, up 12.2% from 2011. The Company's excellent performance was primarily driven by growth in its banking, factoring, insurance, travel and real estate areas.

Even while industry earnings fell 4.0%, Banco Security and its subsidiaries, Valores Security Corredores de Bolsa and Administradora General de Fondos Security, contributed earnings comparable to 2011 (US\$ 74.2 million). Banco Security's return on equity reached 12.4%, maintaining adequate capital structure and risk levels, as reflected in the bank's 2012 year-end Basel Index of 11.92% and Risk Index of 1.38%.

The Group's investment companies faced a flat stock market and a fixed-income segment with limited business opportunities given the almost null variation in interest rates. Valores Security Corredores de Bolsa posted profit for the year of US\$ 1.7 million.

The brokerage subsidiary enjoyed 7.5% market share and ranked fifth in terms of volumes traded on the Santiago Stock Exchange and Electronic Stock Exchange.

Administradora General de Fondos Security reported profit for the year of US\$ 7.4 million, enjoying 3.9% market share. At the Annual Salmón Awards, AGF Security received five first place awards in the categories of Latin American Series I, USA Series I, Emerging Market Series I, Energy Fund Series-I, Check Series-I, as well as second place in the Dollar Bond-Series I category.

The insurance area, which adopted IFRS standards this year, performed positively in 2012. Vida Security contributed profits of US\$ 23.4 million. The 89% increase relative to the prior year was primarily attributable to US\$ 108.6 million in investment income, up 81.7% from 2011. As far as sales, Vida Security recorded growth of 60% in direct premiums, primarily driven by sales of annuities and successful bids

Despite the complex international scenario, Grupo Security generated earnings of US\$ 98 million, up 12.2% from 2011. The Company's excellent performance was primarily driven by growth in its banking, factoring, insurance, travel and real estate areas.

on two segments of AFP-related Disability and Life Insurance (SIS). Corredora de Seguros Security recorded brokered premiums of US\$ 100 million and profits of US\$1.1 million.

The growth and expansion of the factoring business, where earnings rose 57.6% (US\$ 10.2 million), is also noteworthy. In 2012, the Company experienced year-on-year loan growth of 17%—far above the industry's 9% growth—earning the Company 7.4% market share.

Travel Security reported profit for the year of US\$ 5.1 million, a 35.5% increase relative to 2011, with 26% return on equity. With the purchase of Peru's Travex, the subsidiary continues to expand regionally. Moreover, Inmobiliaria Security posted sales of US\$ 35.8 million and profits of US\$ 4.7 million.

For the twelfth consecutive year, Grupo Security earned recognition from the Great Place to Work Institute. As a reflection of the Company's ongoing concern for and dedication to its employees, Grupo Security was named among the "15 Best Companies to Work for in Chile" (out of 180 participating companies). Similarly, Grupo Security was the first Chilean company to earn Family-Responsible accreditation by Spain's IESE Business School at the Universidad de Navarra and ESE Business School at Universidad de los Andes.

In the midst of this optimism, the organization looks cautiously toward 2013. Even as Asia continues to provide a considerable portion of the world's demand, the western world (represented by the United States and Europe), does not seem to have identified a definitive path toward overcoming its current issues. Even so, we feel prepared to face the challenges set forth in growth plans for the coming years, remaining faithful to the values that shape the way each of our associates works.

I would like to reiterate my gratitude to our shareholders for trusting in us and believing in each of the projects we have undertaken throughout these 21 years. We are committed to continued hard work, to achieving our goals and to continuing to create value for shareholders. With the effort and loyalty our team is known for, we hope to achieve our objectives.



FRANCISCO SILVA S.

Chairman of the Board, Grupo Security

Financial Summary

GRUPO SECURITY SUMMARIZED INDIVIDUAL FINANCIAL STATEMENTS

Figures in millions of Chilean pesos

BALANCE SHEET	2002	2003	2004	2005	2006	2007	2008
Total current assets	8,172	9,988	12,256	7,194	7,455	13,529	13,550
Total property, plant and equipment	88	56	43	1,087	1,482	1,347	1,778
Total other assets	115,676	129,157	190,842	208,709	276,907	313,949	323,034
TOTAL ASSETS	123,935	139,201	203,142	216,990	285,844	328,825	338,363
Total current liabilities	6,542	5,173	3,221	8,041	7,672	7,229	6,706
Total long-term liabilities	21,449	28,805	39,150	34,675	68,522	81,641	84,864
Total equity	95,944	105,223	160,771	174,274	209,649	239,955	246,793
TOTAL EQUITY AND LIABILITIES	123,935	139,201	203,142	216,990	285,844	328,825	338,363

INCOME STATEMENT	2002	2003	2004	2005	2006	2007	2008
OPERATING LOSS	-1,740	-1,325	-1,485	-2,508	-3,435	-4,421	-3,404
Sales and administrative expenses	-1,740	-1,325	-1,485	-2,508	-3,435	-4,421	-3,404
NON-OPERATING INCOME	9,018	15,368	17,010	22,465	30,092	36,123	20,282
Financial income	327	188	267	348	459	623	671
Share of profit (loss) of associates and joint ventures, equity-accounted	9,940	16,356	19,797	24,343	35,110	42,974	25,774
Amortization of goodwill	-43	-43	-916	-1,330	-1,835	-2,290	-2,493
Financial expense	-1,600	-1,496	-1,642	-1,759	-3,029	-4,200	-3,787
Other non-operating income	204	208	28	1,335	-67	-139	1,893
Price-level restatement	-41	71	-514	-468	-551	-845	-1,776
Foreign currency exchange differences	232	85	-11	-3	5	-1	0
PROFIT BEFORE TAX	7,278	14,043	15,525	19,956	26,657	31,702	16,878
Income tax	66	66	-19	254	90	316	782
Amortization of negative goodwill	0	0	0	0	0	0	124
PROFIT FOR THE YEAR	7,344	14,110	15,506	20,210	26,746	32,018	17,785
TOTAL LIABILITIES/EQUITY	0.29	0.32	0.26	0.25	0.36	0.37	0.37
Number of shares (in millions)	1,655	1,655	2,040	2,040	2,201	2,201	2,201
Earnings per share	4.4	8.5	7.6	9.9	12.2	14.5	8.1
Return on average equity	7.9%	14.0%	11.7%	12.1%	13.9%	14.2%	7.3%

SOURCE: SVS FINANCIAL STATEMENTS (FECU)

GRUPO SECURITY SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

Figures in millions of Chilean pesos

STATEMENT OF FINANCIAL POSITION	2009	2010	2011	2012
Total current assets	4,294,336	3,967,917	4,752,592	5,181,497
Total noncurrent assets	182,220	205,325	221,590	235,689
TOTAL ASSETS	4,476,556	4,173,242	4,974,182	5,417,186
Total current liabilities	3,908,543	3,582,463	4,319,805	4,696,348
Total noncurrent liabilities	275,002	284,440	274,865	318,914
TOTAL LIABILITIES	4,183,545	3,866,902	4,594,670	5,015,262
Equity attributable to shareholders of the parent	287,748	300,641	376,349	397,790
Minority interest	5,263	5,699	3,163	4,134
Total equity	293,011	306,340	379,512	401,924
TOTAL EQUITY AND LIABILITIES	4,476,556	4,173,242	4,974,182	5,417,186
INCOME STATEMENT	2009	2010	2011	2012
Operating revenue	307,179	348,044	436,553	584,193
Cost of sales	-175,141	-199,319	-274,771	-389,761
Gross profit	132,038	148,725	161,782	194,431
Other income	1,375	1,281	5,047	7,809
Administrative expenses	-90,949	-86,934	-94,386	-127,412
Other expenses, by function	-21,106	-18,059	-16,701	-18,393
Other income	1,353	2,366	4,385	1,760
Financial income	13	0		0
Net operating income	22,724	47,378	60,127	58,195
Financial costs	-5,807	-4,122	-4,449	-4,950
Share of profit (loss) of associates and joint ventures, equity-accounted	2,547	2,758	2,710	1,094
Foreign currency exchange differences	12,669	4,583	-2,680	5,749
Gain (loss) from indexation adjustments	7,943	-1,980	-6,462	-2,256
Gain (loss) from difference between the prior carrying value and the fair value of reclassified financial assets measured at fair value	-2,815	566	304	-574
Profit (loss) before tax	37,261	49,183	49,550	57,258
Income tax expense	-6,552	-7,327	-7,626	-10,103
Profit (loss) from continuing operations	30,709	41,856	41,924	47,155
Profit (loss) from discontinued operations	0	0	0	0
Profit (loss) for the year	30,709	41,856	41,924	47,155
Profit attributable to owners of the controller	29,986	40,852	41,491	46,561
Profit attributable to non-controlling interests	723	1,004	433	594
Profit (loss)	30,709	41,856	41,924	47,155
TOTAL LIABILITIES/EQUITY FROM THE INDIVIDUAL BALANCE SHEET	0.35	0.31	0.25	0.26
Number of shares (in millions)	2,550	2,550	2,882	2,882
Earnings per share	11.8	16.0	14.5	16.2
Return on average equity	11.6%	13.9%	12.3%	12.0%

SOURCE: SVS FINANCIAL STATEMENTS (FECU)

Grupo Security Business Areas

FINANCING

The financing area encompasses subsidiaries that offer financing products and services. It includes Banco Security (excluding the subsidiaries Valores and AGF) and Factoring Security. As of December 2012, the companies reported total profit for the year of Ch\$ 35,732 million, 61.2% of total profits from the Group's related companies.

INVESTMENTS

The investment area includes companies that offer investment products and services and provide comprehensive asset management services. It includes Valores Security Corredores de Bolsa, Administradora General de Fondos Security (AGF) and Securitizadora Security. As of December 2012, these companies posted total profit for the year of Ch\$ 4,207 million, 7.2% of total profits from the Group's related companies.

INSURANCE

The insurance area encompasses the Group's subsidiaries that offer insurance products and services. It includes Vida Security Seguros de Vida, Penta Security Seguros Generales, Corredores de Seguros Security, as well as Europ Assistance Chile and Cooper Gay Chile Corredores de Reaseguros. As of 2012, profit for the year for Inversiones Seguros, the parent company for the Group's insurance companies, had reached \$ 14,129 million, 24.2% of total profits from the Group's related companies.

SERVICES

The service area includes the Group's subsidiaries that offer products and services that are not directly related to the financial services industry. These companies focus on similar market segments and complement Grupo Security's product offering. As of December 2012, these companies posted total profit for the year of Ch\$ 4,287 million, 7.3% of total profits from the Group's related companies.



5,417,186

2012 CONSOLIDATED ASSETS (IN MILLIONS OF CH\$)

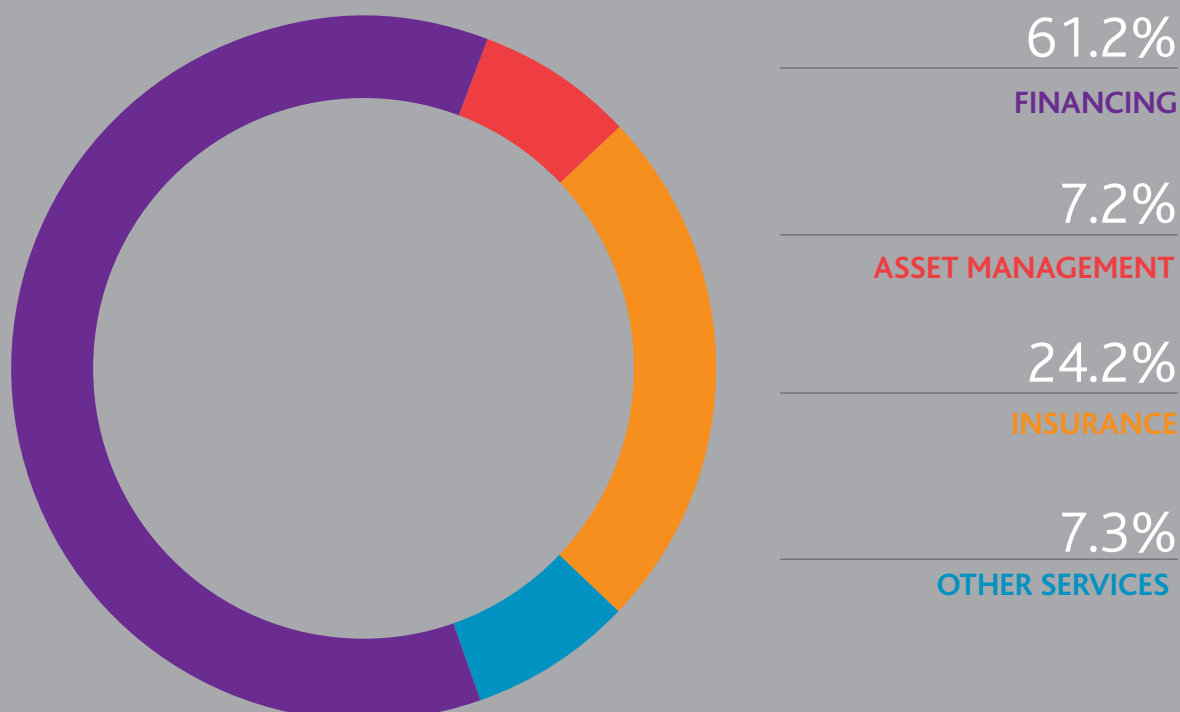
397,790

EQUITY ATTRIBUTABLE TO OWNERS OF THE CONTROLLER (IN MILLIONS OF CH\$)

46,561

2012 CONSOLIDATED PROFIT ATTRIBUTABLE TO OWNERS OF
THE CONTROLLER (IN MILLIONS OF CH\$)

PROFIT FOR THE YEAR BY BUSINESS AREA



Banco Security

Banco Security is a niche bank focusing on corporations, large and medium-sized companies, and high-income individuals. It is characterized by excellent service and a highly valued product and service offering for each customer segment. As of December 2012, Banco Security had experienced 16.4% growth in loans, while consolidated profit reached Ch\$ 35,227 million (Ch\$ 30,895 million excluding subsidiaries).

Factoring Security

Factoring Security offers a variety of financing alternatives, including: factoring, leasing and collections services. Its target market is small and medium-sized companies in need of financing services beyond those offered by traditional banks. As of December 2012, Factoring Security posted profit for the year of Ch\$ 4,838 million, representing 17.0% growth in loans.

Valores Security Corredores de Bolsa

The stock brokerage subsidiary offers products and services specially designed for each customer, whether high-income individuals, companies or institutional investors. It offers securities brokerage and asset management services. As of December 2012, Valores Security reported profit for the year of Ch\$ 827 million and placed 5th among stock brokerage firms in terms of volumes traded.

Administradora General de Fondos Security

The fund management company (AGF Security) offers mutual and investment fund management services. As of December 2012, AGF Security posted profit for the year of Ch\$ 3,507 million and funds under management of Ch\$ 739,168 million.

Vida Security

Vida Security offers individual and group insurance products. In 2012, the company became active in the area of pension insurance, offering annuities. As of December 2012, Vida Security reported profit for the year of Ch\$ 11,106 million, representing 59.7% growth in direct premiums.

Penta Security

Grupo Security holds a 29.35% interest in Penta Security, which offers general insurance products, primarily fire, earthquake and motor vehicle coverage. As of December 2012, Penta Security posted profit for the year of Ch\$ 1,919 million.

Corredora de Seguros

Corredora de Seguros offers brokerage of general and life insurance policies, primarily for corporations and companies. As of December 2012, Corredora de Seguros Security reported profit for the year of Ch\$ 534 million.

Travel Security

Travel Security, a travel agency, offers products and services designed for corporate customers, companies and individuals who demand excellent, comprehensive service. As of December 2012, Travel Security posted profit for the year of Ch\$ 2,411 million, up 35.5% over the prior year.

Inmobiliaria Security

Inmobiliaria Security has a distinguished track record in the real estate market, where it participates as an investor and developer of both residential and office projects. As of December 2012, Inmobiliaria Security reported profit for the year of Ch\$ 2,238 million.

Board of Directors and Management

BOARD OF DIRECTORS

PRESIDENTE

Francisco Silva Silva

Civil Engineering, Universidad Católica de Chile • Engineering,
Stanford University • Master of Science, Stanford University
Taxpayer ID Number: 4.103.061-5

DIRECTORS

Claudio Berndt Cramer

Accounting, Universidad de Chile
Taxpayer ID Number: 4.775.620-0

† Andrés Concha Rodríguez

Business Administration, Universidad de Chile
Taxpayer ID Number: 4.773.967-5

Jorge Marín Correa

Business Administration
Taxpayer ID Number: 7.639.707-4

Naoshi Matsumoto Takahashi

Business Administration, Universidad Católica de Chile
Taxpayer ID Number: 3.805.153-9

Horacio Pavez García

Civil Construction, Universidad Federico Santa María
Taxpayer ID Number: 3.899.021-7

Juan Cristóbal Pavez Recart

Business Administration, Universidad de Chile • Master of
Business Administration, Massachusetts Institute of Technology
Taxpayer ID Number: 9.901.478-4

Ana Saíenz de Vicuña

BSc Honours Degree in Agricultural Economics, Reading University U.K
Taxpayer ID Number: 48.128.454-6

Álvaro Vial Gaete

Business Administration, Universidad de Chile • Master of Arts in
Economics, University of Chicago
Taxpayer ID Number: 5.759.348-2

MANAGEMENT

CHIEF EXECUTIVE OFFICER

Renato Peñafiel Muñoz

Business Administration, Universidad de Chile •
Master of Arts in Economics, University of Chicago
Taxpayer ID Number: 6.350.390-8

INVESTMENT AREA MANAGER

Carlos Budge Carvallo

Agronomy and Masters in Agrarian Economics, Universidad
Católica de Chile • Master of Arts and Ph.D. in Applied Economics,
Stanford University
Taxpayer ID Number: 7.011.490-9

CORPORATE SERVICES MANAGER

Gonzalo Ferrer Aladro

Industrial Engineering, Universidad de Chile • Master of Business
Administration, Universidad Católica de Chile
Taxpayer ID Number: 7.471.130-8

PLANNING AND DEVELOPMENT MANAGER

Fernando Salinas Pinto

Business Administration and Master of Business Administration,
Universidad Católica de Chile • Stanford Executive Program,
Stanford University
Taxpayer ID Number: 8.864.773-4

CORPORATE MARKETING AND QUALITY MANAGER

Alejandra Zegers Correa

Business Administration, Universidad Católica de Chile
Taxpayer ID Number: 10.201.117-1

CHIEF ECONOMIST

Dalibor Eterovic Maggio

Business Administration, Universidad Católica de Chile • Master
of Science in Economics, University of Birmingham • PhD in
Economics, University of Cambridge
Taxpayer ID Number: 12.838.987-3

Andrés Concha Rodríguez

(1944 – 2013)



Grupo Security Director and founding partner, Mr. Andrés Concha Rodríguez, passed away on March 24, 2013.

Andrés Concha dedicated his professional life to labor unions and business, demonstrating tremendous warmth and dedication to public service. He stood out as a moderator, skillful in facilitating agreements, and his accomplishments were far-reaching.

During his 17 years with the Chilean Federation of Industry (SOFOFA), where served as Secretary General and later as Chairman, he showed remarkable leadership, working tirelessly to make Chile a country of opportunity. He was also the architect and facilitator of important economic and social accords.

From the beginning of his professional life, Andrés paved the way for public-private collaboration, participating actively in the design and implementation of public policies. Those policies led to the passage of numerous laws and regulations meant to foster growth and well-being in Chile.

Mr. Concha served on multiple corporate boards, while working on business ventures in sectors as diverse as energy, transportation and agriculture.

Andrés Concha help found Grupo Security in 1991, believing in its initial proposal, which at the time had limited resources and faced many challenges. Later, in 1999, he joined the Board of Directors where he supported all group projects and initiatives without reservation and with great vision for the future. He always supported our growth and development plans, allowing Grupo Security to achieve the distinguished position it enjoys today.

Andrés Concha was known for his great intellect, empathy and constant willingness to build consensus and to strengthen human bonds. His premature passing leaves a void that is difficult to fill and moves us with grief and affection. To his wife, Mrs. Dominique Berthet, and the rest of Mr. Concha's family: our deepest condolences.

History

1981/1990

- In 1981, Banco Urquijo de Chile, a subsidiary of Spain's Banco Urquijo, was created.
- In April 1987, Security Pacific Corporation, a subsidiary of Los Angeles, California-based Security Pacific National Bank, created Agencia de Valores Corredora de Bolsa, a third-party stock brokerage firm. That same year, Security Pacific Corporation purchased 100% of Banco Urquijo de Chile's share capital, renaming the bank Banco Security Pacific.
- In 1990, Leasing Security was created. The company later joined Banco Security (April 2001).

1991/1993

- In 1991, Security Pacific Overseas Corporation sold 60% of the bank's share capital to Grupo Security's current shareholders, changing the bank's name to Banco Security. Agencia de Valores Corredora de Bolsa became a Banco Security subsidiary, changing its name to Valores Security Corredores de Bolsa. Thus was born Grupo Security.
- In 1992, Administradora de Fondos Mutuos Security S.A. was created as a subsidiary of Banco Security and Factoring Security was created as a subsidiary of Grupo Security.
- In 1993, Asesorías Security, the subsidiary that represents US-based, Dean Witter Reynolds & Co, was created.

1994/1995

- In 1994, Bank of America, the successor of Security Pacific National Bank, sold the remaining 40% shareholding to Grupo Security.
- In 1995, Grupo Security became a publicly traded company. After its second capital increase, it acquired a controlling interest in AFP Protección as well as the insurance companies Previsión and Previsión Generales.

1996/1997

- In 1996, Grupo Security placed series A bonds for UF 1 million. Additionally, the Group purchased 29.35% of Previsión Generales insurance company from Inversiones, Seguros y Previsiones Limitada, thereby giving it a controlling interest in the company (62.69%). Also in 1996, Merchant Security and Inmobiliaria Security joined the Group.
- In 1997, Grupo Security performed a stock swap. In October, the Group underwent a corporate image makeover and Securitizadora Security, a Merchant Security subsidiary, joined the Group.

1998/1999

- In March 1998, Grupo Security sold its interest in AFP Protección. In December, Previsión Vida and Previsión Generales insurance companies became part of the parent company, Inversiones Seguros Security Limitada.
- In 1999, Grupo Security acquired a controlling interest in the travel agency, Travel Security, and founded Corredora de Seguros Security.

2000/2001

- In 2000, Global Security was created, concentrating Grupo Security's sales force.
- As of 2001, subsidiary Invest Security became the centralized provider of accounting, comptroller and corporate culture development services for the Group's subsidiaries. Virtual Security became the centralized provider of IT services for all Group companies.
- In 2001, two subsidiaries of Servicios Security S.A. (a subsidiary of Inversiones Seguros Security Limitada) were created: Corredora de Reaseguros Security and Agencia Security.

2002

- In 2002, Merchant Security absorbed Asesorías Security's international asset management business and Banco Security's international private banking business, changing its name to Asesorías Security S.A.
- Inversiones Seguros Security Limitada came to hold a 73.69% interest in Servicios Security, the insurance brokerage firm's parent company. The names of the insurance companies were changed to Seguros Vida Security Previsión S.A. and Seguros Security Previsión.

2003

- In 2003, Inversiones Seguros Security increases its interest in Seguros Vida Security Previsión S.A. to 92%.
- Grupo Security successfully placed bonds for UF 1 million. The Chilean Securities and Insurance Supervisor (SVS) approved amendments to the by-laws of Sociedad Administradora de Fondos Mutuos Security S.A., which became Sociedad Administradora General de Fondos.

2004

- In 2004, Grupo Security acquired 99.67% of Dresdner Bank Lateinamerika A.G. and 100% of Dresdner Lateinamerika S.A. Corredora de Bolsa. On October 1, Banco Dresdner merged with Banco Security. The transaction was financed primarily by the June capital increase.
- The merger of Seguros Generales Las Américas and Seguros Security Previsión Generales under the name Penta Security was finalized. In November, Grupo Security increased capital by approximately US\$ 58.5 million. An alliance with Europ Assistance was formed, creating Europ Assistance Chile. Grupo Security partnered with English reinsurance brokerage firm, Cooper Gay, and Cooper Gay Chile was born.

2005/07

- In 2005, GMAC RFC Chile Limitada acquired a 49% interest in Securitizadora Security S.A.
- In 2006, Interamericana Rentas Seguros de Vida S.A. was purchased and became Rentas Security. Grupo Security increased capital by Ch\$ 19,345 million.
- In 2007, Grupo Security and Grupo Ultramar merged their travel agencies, Travel Security and Turismo Tajamar, under the name Travel Security S.A. The merger of subsidiaries Vida Security and Rentas Security was finalized. Grupo Security acquired Cigna Compañía de Seguros de Vida and Cigna Asistencia Administrativa Ltda. Later, Vida Security merged with Cigna Seguros de Vida. Grupo Security placed bonds for a total of UF 1,500,000.

2008/09

- In 2008, Grupo Security acquired an interest in Securitizadora Security GMAC-RFC from parent company GMAC RFC Chile. As a result, Grupo Security directly controls 99% of that subsidiary.
- In July 2009, capital was increased by Ch\$ 40,000 million. Through this sixth capital increase, the Saíenz de Vicuña family of Spain became 5% owner of Grupo Security, subscribing 127.5 million shares. Through an alliance with American Express, Travel Security was awarded exclusive representation of the world's largest travel agency in Chile. Corredora de Seguros Security purchased the insurance portfolio of Vida y Salud de Andueza y Compañía. Grupo Security successfully placed bonds for UF 750,000.

2010/12

- Beginning January 1, 2010, Grupo Security adopted International Financial Reporting Standards (IFRS). That year, the three-year work plan to strategically review each subsidiary's business models was put into effect.
- In 2011, Grupo Security celebrated its 20th anniversary and increased capital for the seventh time. Capital raised totaled Ch\$ 66,452 million, which was used to capitalize some of the subsidiaries in order to support their growth plans and strengthen their competitive advantages.
- In July 2012, Travel Security acquired a 75% interest in Travex, Peru's third largest travel agency.
- In August 2012, Grupo Security placed the remaining series F bonds for a total of UF 500,000 at an interest rate of 4.23%.



PRINCIPLES OF CORPORATE GOVERNANCE

GRUPO SECURITY CORPORATE MANAGEMENT

PLANNING AND DEVELOPMENT DIVISION

CORPORATE MARKETING AND QUALITY DIVISION

CORPORATE CULTURE DIVISION

CORPORATE SERVICES DIVISION

RESEARCH DEPARTMENT

02

Corporate Governance



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Corporate Governance

PRINCIPLES OF CORPORATE GOVERNANCE

Corporate Governance refers to the set of practices and policies set forth by Grupo Security's Board of Directors. The principles of corporate governance aim to ensure that Grupo Security's objectives are met and the Group's values are upheld. The principles add value to the Company by encouraging self-regulation and compliance with current regulations, and establishing common guidelines for group companies. Thus, corporate governance facilitates decision making in Grupo Security companies, within a framework of transparency and responsibility, involving all those who participate in the organization: shareholders, employees or stakeholders. At the same time, principles of corporate governance ensure that the activities undertaken by the Group's companies are consistent with its business strategy, institutional values, tolerance and risk aversion. Grupo Security's Board of Directors is responsible for ensuring that the policies set forth at the corporate-level are applied at company-level. Compliance is monitored by the Corporate CEO and the Directors' Committee, as well as various corporate- and company-level committees.

Levels of Corporate Governance

Shareholders' Meetings

According to Chile's Corporations Law, shareholders' meetings provide the highest level of corporate governance.

The Grupo Security Ordinary Shareholders' Meeting was held on March 28, 2012. The following were among the issues discussed and approved:

- The 2011 Annual Report, balance sheet and financial statements.
- Distribution and payment of dividends.
- Dividend policy.
- 2012 director compensation.
- Directors' Committee compensation and approval of the 2012 budget.
- Appointment of external auditors.
- Appointment of risk rating agency.
- Newspaper in which to publish notices of shareholders' meetings.

Board of Directors elections did not take place in 2012.

Board of Directors

The Board of Directors, elected by shareholders, is the company's highest corporate governance authority. The Board plays a key role in the organization: managing the company; establishing and approving institutional values and strategic guidelines, overseeing their implementation; and establishing internal control mechanisms to ensure compliance with internal and external regulations through policies that guide the Company's actions.

The Group's Board of Directors is comprised of nine directors, one of whom is independent. The entire Board is elected every three years, with the most recent elections held on April 27, 2010, when shareholders confirmed all directors for a new period.

With the exception of Ana Sainz de Vicuña, who joined the Board in August 2009, all of the directors have been serving for more than 10 years. Each of the directors has vast business experience and serves on multiple corporate boards.

Directors always have access to an intranet where meeting minutes, back-up copies of the appendices and issues discussed are available. The shareholder-approved budget for accounting, financial, legal or other types of consulting is also available via intranet. In 2012, the Board held 12 ordinary meetings and 4 extraordinary meetings, in which matters relevant to Grupo Security's business performance were addressed. Some of the most noteworthy include:

- Monthly reports on the profits of each of the company's business units.
- Report on the progress on and fulfillment of the Comprehensive Risk Management Policy.
- Review of transactions between the company, its directors and related parties.
- Familiarization with the audited annual and interim consolidated financial statements for Grupo Security and its subsidiaries.
- Calling of Ordinary Shareholders' Meetings.
- Proposals for dividend distribution.
- Proposals for risk rating agencies and external auditors.
- Proposals for director compensation.
- Proposal for Directors' Committee compensation and 2012 expense budget.
- The external auditors' annual work plan, presented by a Partner from Deloitte.
- Familiarization with the Internal Control Report, in board meeting attended by the Partner from Deloitte.
- Familiarization with the external auditors' opinion on the financial statements, in board meeting attended by the Partner from Deloitte.
- Review of the Quality Model for Grupo Security and its Companies.
- Approval of updated Information Security Policy.
- Approval of modifications to the Corporate Comprehensive Risk Management Policy.
- Approval of modifications to the current Code of Ethics and Code of Conduct, applicable to all employees, including directors.
- Ratification of the remuneration and compensation system in place at Grupo Security and its subsidiaries.
- Familiarization with the status of the Crime Prevention Model certification process (Law 20,393).
- Familiarization with complaints, instances of fraud and operating losses experienced by Grupo Security and its subsidiaries.
- Report on regulatory changes during the period.

The members of the Board of Directors participate actively in the principal management committees for the Group and its subsidiaries.
Comités Integrados por Directores

Committees Comprised of Directors

The Board of Directors has delegated some tasks to executive bodies, such as committees comprised of directors and other Group and subsidiary committees. In order to coordinate efforts and streamline decision making, the issues addressed in each committee are reported regularly to the corporate and company-level Boards of Directors.

Corporate Governance

Directors' Committee

According to Chilean law, the Directors' Committee must consist of three members, the majority of whom must be independent directors. Committee members hold their positions for a maximum of three years or until the end of the Board's term, whichever comes first. As of December 2012, the following individuals served on the Directors' Committee: Mr. Andrés Concha Rodríguez (Chairman and Independent Director), Mr. Jorge Marín Correa and Mr. Álvaro Vial Gaete.

The Directors' Committee is responsible for upholding Art. 50 bis of Law 18,046, as discussed in Chapter 07: "Company Information" herein. The Committee's operating expense budget is approved annually at the Ordinary Shareholders' Meeting.

The issues addressed by the 2012 Directors' Committee are detailed on page 68.

Compensation Committee

Through the Compensation Committee and the Directors' Committee, the directors review the remuneration and compensation systems in place for the Company's managers, executives and employees. The practice encourages organizational prudence in terms of risk and is in the best interest of the shareholders and the general public.

Compliance Committee

A series of concrete initiatives have been implemented since Law 20,393 (Criminal Liability for Legal Entities) went into effect in 2010. One such measure was the designation of the Comptroller as the individual responsible for prevention. In addition, the existing Corporate Policy on Money Laundering and Terrorism Finance Prevention was updated to include bribery of public officials, a crime also included in the aforementioned law. Each company's Prevention Manual was also updated. In addition, the Crime Prevention Committee meets regularly and each Grupo Security company has a Compliance Officer, all of whom are coordinated by the Corporate Compliance Officer. The Compliance Committee reports directly to the Directors' Committee.

Planning and Development Committee

The Planning and Development Committee focuses on financial and commercial management controls and monitoring of corporate-level strategic initiatives. The Committee's main functions are:

- Establishing and monitoring implementation of the Corporate Expense Control Policy and budget scheduling.
- Planning and controlling processes throughout all Group companies.
- Managing and facilitating the Corporate Governance Model.
- Supervising the Planning and Management Control Areas of the Group's companies.

Marketing and Quality Committee

The Marketing and Quality Committee's main functions include:

- Establishing and monitoring the companies' plans as they relate to Marketing and Quality Objectives and Corporate Strategy.
- Establishing and controlling the Quality Models implemented in all of the companies as well as verifying alignment with the Security Customer Experience Model.

- Creating a common model for processing requests, complaints and claims.
- Supervising the Marketing Quality Areas of the Group's companies.
- Monitoring metric-based management through committees.

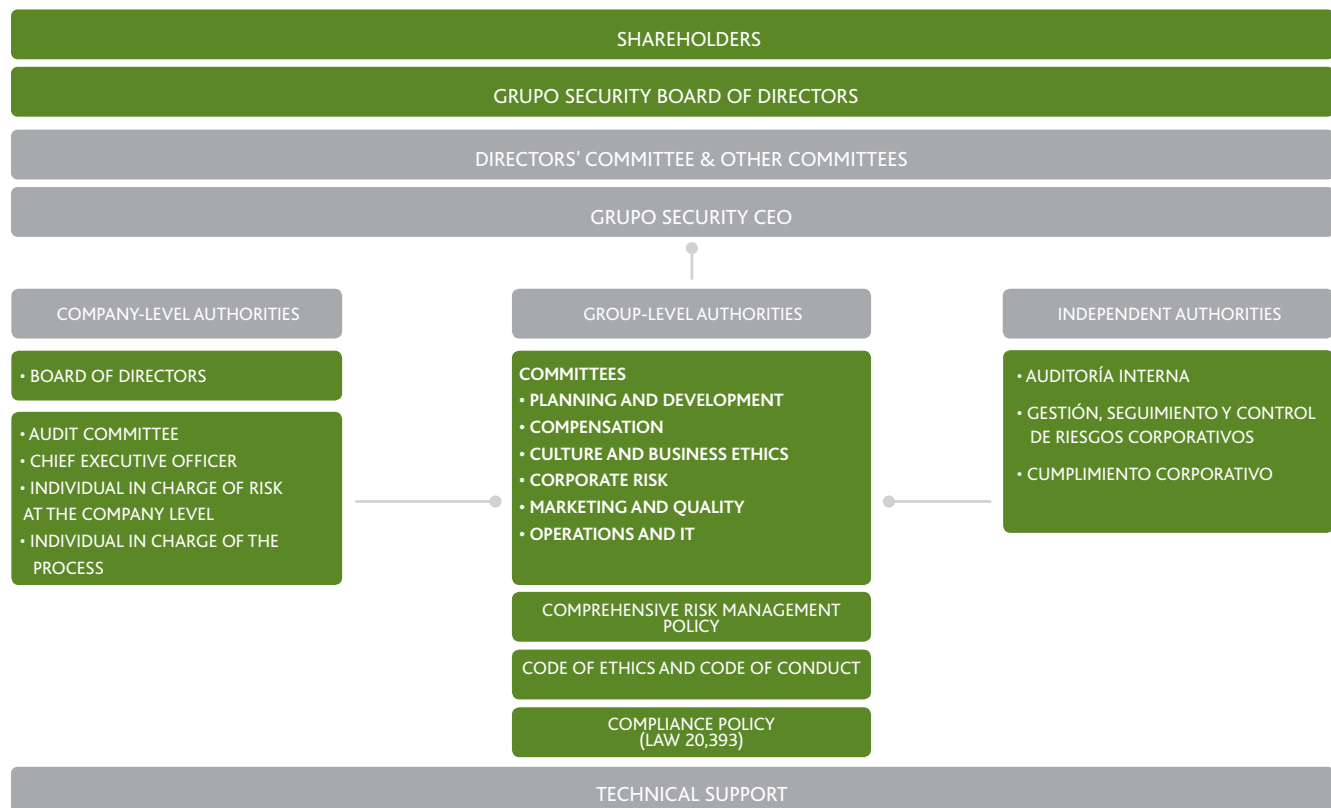
Operations and IT Committee

The Operations and IT Committee's main functions are:

- Reporting and reviewing general matters, planning and monitoring operational and technological issues.
- Overseeing operational and technological continuity.
- Analyzing, assessing and planning IT projects.

Other Committees

- The Grupo Security Board of Directors has also delegated management tasks to the Culture and Business Ethics Committee as well as the Risk Committee.



Corporate Governance

GRUPO SECURITY CORPORATE MANAGEMENT

One of Grupo Security's primary objectives is to create formal mechanisms for facilitating interaction between business units, harnessing synergies and economies of scale, while monitoring the many commercial and financial variables. All of this is accomplished through a process of planning and establishing common goals amongst the companies.

At the same time, the Group ensures that the strategic growth and development objectives established by the shareholders are being properly met. In fact, Grupo Security's corporate management is directly involved in the financial and commercial management of the conglomerate's business areas, participating actively in the Board of Directors, commercial committees and expense committees of each individual company. All of the companies use a common structure and content for their commercial committee reports, which facilitates the Group's detailed monthly review of the business plans created in the annual planning process. The review is conducted in order to detect deviations, implement action plans, and monitor the status of strategic initiatives.

Expense committees are responsible for periodically verifying budget compliance and reviewing each company's expense policy. During the annual budgeting process, expense committees analyze critical variables and their designated cost centers. With this structure, Grupo Security's corporate management is able to manage the companies' expenses at the corporate level, ensuring that each business area's growth is aligned with profitability.

During the annual planning process, Grupo Security's corporate management provides the Group's companies with guidelines and general objectives for the next three years. The companies then develop comprehensive business plans, with all the necessary details for implementation and follow-up by the various levels of governance, such as the Boards of Directors and monthly committees. Thus, each aspect is thoroughly developed and specific metrics for controlling the plans throughout the year are generated. Among the factors analyzed are: commercial plans, sales incentives, the marketing plan, the investment plan, financing, the IT and operations plan, the human resources plan, inter-subsidiary commercial integration and comprehensive risk management.

Grupo Security's corporate operating structure is comprised of four corporate divisions and a research department.

PLANNING AND DEVELOPMENT DIVISION

The Planning and Development Division is responsible for establishing guidelines for corporate commercial and financial management as well as strategic business plan development. The Division reports to Grupo Security's CEO on a monthly basis regarding each company's commercial and financial performance. It also provides investors with information about the performance of the Grupo Security companies. This structure enables Grupo Security's CEO to maintain strategic control of each of the companies with a long-term focus on commercial initiatives and optimization of inter-company efficiency.

CORPORATE MARKETING AND QUALITY DIVISION

The mission of the Corporate Marketing and Quality Division is to align Group companies with objectives and corporate strategies related to brand, service quality, commercial integration, and customer loyalty. The division seeks to ensure that the companies provide customers with comprehensive service that exceeds expectations and sets the Group apart for its quality, thereby generating loyalty and building a brand with recognized market value. The Division's Integration Area has driven business opportunities and inter-company integration while developing a customer loyalty program to comprehensively meet customer needs, providing a broader, more diversified value offer. Thus, the Division has built the Security brand's reputation as professional, close and transparent; while implementing a model of personalized, quality service common to all Group companies.

CORPORATE CULTURE DIVISION

The Corporate Culture Division is responsible for preserving organizational culture over time, inspiring employees to put the Group's values into practice, guaranteeing availability of human capital to ensure compliance with the corporate strategy, and contributing to the Group's mission and values. The Division's objective is to facilitate work-family balance as well as professional and personal growth for all Grupo Security employees.

CORPORATE SERVICES DIVISION

The Corporate Services Division provides IT, accounting and operational risk services to Grupo Security companies, maintaining alignment between quality standards and strategic objectives. The Division aims to improve internal service levels, increase productivity and establish inter-company consistency in financial reporting criteria and deadlines.

SECURITY RESEARCH DEPARTMENT

The Security Research Department provides the Group's companies with macroeconomic and financial data as input for each business area's decision making. Its mission is to thoroughly and independently analyze the global and domestic economic environment, making judgments about key financial assets.



03

Activities,
Highlights
& Accolades



GRUPO | security
quieres, puedes

Activities & Events



ECONOMIC SEMINAR



LUNCHEON WITH RICARDO CABALLERO &
JUAN ANDRÉS FONTAINE



SECURITY MOVIE TOUR 2012

GRUPO SECURITY ECONOMIC SEMINAR

In order to analyze the current economic situation and provide macroeconomic perspectives on Chile and the world, Grupo Security hosted a seminar called "How to Reduce the Domino Effect", led by Chile's Minister of Finance, Felipe Larraín, and accomplished economist and former Director of the Department of Economics at MIT, Ricardo Caballero. The event was attended by nearly one thousand people, including Grupo Security customers, executives from the Group's leading companies, academics and opinion leaders.

INVERSIONES SECURITY HOSTS LUNCHEON WITH RICARDO CABALLERO AND JUAN ANDRÉS FONTAINE

Inversiones Security hosted an exclusive luncheon with accomplished economist, Ricardo Caballero, and former Chilean Minister of Economy, Juan Andrés Fontaine. The event was attended by more than one hundred renowned businessmen and women, investors, public authorities and economists. During the event, speakers shared their perspectives on the global economic outlook and addressed audience concerns.

SECURITY MOVIE TOUR 2012

Last summer, more than 12,000 people attended Grupo Security's seventh annual film festival on the beaches of Cachagua, Zapallar, Pingueral, Las Tacas, Puerto Velero and Santo Domingo. The festival featured the year's best box office hits, all in the name of family fun.

Highlights & Accolades



ASSET MANAGER RECOGNITION



FAMILY-RESPONSIBLE ACCREDITATION



GREAT PLACE TO WORK



NEW BRANCHES

ASSET MANAGER RECOGNITION

This year, various entities recognized AGF Security's contribution to the mutual fund industry. Diario Financiero (Chile's financial newspaper) and Asociación de Administradoras de Fondos Mutuos (the Mutual Fund Industry Association) honored AGF Security with six Salmón Awards: five first place and one second place, making AGF Security the fund manager with the most awards. Similarly, at Fund Pro's Platinum Performance Awards, the Security Equity Fund, Security Dolár Money Market and Security USA funds were recognized in the Emerging Share Mutual Fund, Less than 90-day International Debt Fund and USA Share Mutual Fund categories, respectively.

GRUPO SECURITY ACCREDITED AS A FAMILY-RESPONSIBLE COMPANY

As a reflection of our organizational culture, which has been concerned with work-family balance for over 20 years, Grupo Security became the first Chilean company to receive family-responsible accreditation from IESE Business School at Universidad de Navarra, Spain.

ONCE AGAIN, SELECTED AS A "GREAT PLACE TO WORK"

Of the 35 Chilean companies recognized by the Great Place to Work Institute, Grupo Security ranked 12th. The study measures credibility, impartiality, respect, pride and camaraderie.

NEW BRANCHES

Banco Security opened three new branches in 2012: two in the Metropolitan Region (La Reina and Moneda) and one in Talca. These new offices are meant to boost the retail segment at the national level and are part of the expansion plan presented during the Grupo Security mid-2011 capital increase.

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04

Economic & Financial Context



GRUPO | security
quieres, puedes

Economic & Financial Context

EXTERNAL ENVIRONMENT: A YEAR THAT EXCEEDED EXPECTATIONS

This year was better than expected, despite negative projections and an uncertain international outlook as the world is still recovering from the 2008 - 2009 financial crisis. The focus was on the decisions and measures undertaken by global authorities to contain what could have been a collapse of the global economy.

In the end, not only did the feared collapse not occur, but important economies like China managed to gain strength as the months progressed. In fact, at the local level, GDP growth slowed to a minimum of 6.1% in the first quarter (q/q annualized), but regained force with figures of over 8% for the remainder of the year. Recovery was supported by somewhat more expansive policy, justified by the fact that inflation slowed to less than 2%. Economic slowdown and, especially, a solid dollar to peso exchange rate, were instrumental in slowing inflation.

On the other hand, the U.S. was able to avoid the most pessimistic forecasts predicting a double recession. In effect, growth was around 2% for the third consecutive year, regaining pre-crisis activity levels. The labor market continued to rebound, with the creation of more than two million jobs in the last year. Along the same lines, leading and coincident real estate indicators supported the sector's incipient recovery. All of the above was reflected in further increases in the price of risky assets.

While unemployment dropped below 8%, the U.S. continued operating with large gaps and without major inflationary pressure, justifying continued low interest rates, unconventional monetary measures and gradual fiscal consolidation progress.

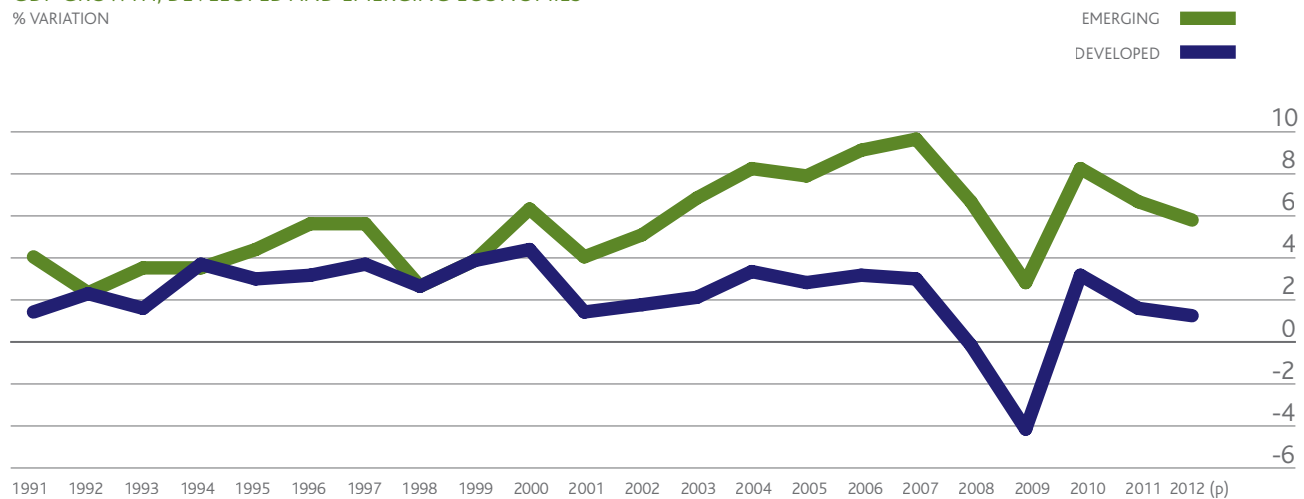
Despite this outlook, uncertainty remains, mostly triggered by the decoupling of European economies, which regardless of crisis containment progress remain in the midst of the adjustment process.

Contagion was limited, partially thanks to proactive crisis containment measures undertaken by European authorities and multilateral bodies. While the European Central Bank significantly increased liquidity and committed to the permanence of the Euro, governments established the European Stability Mechanism for fiscal and financial bailouts.

Nonetheless, 2012 did not bring great improvement of the Eurozone's basic conditions for monetary union. Therefore, risks remain latent in the face of apparent fiscal, financial and competitive asymmetries.

Ultimately, global GDP managed to grow 3.2% and 2012 was also a good year for the prices of risky assets. Indeed, the global stock market was up 13% in dollars (measured using the MSCI index), with increases in both developed (13%) and emerging (15%) countries. Among developed countries, U.S. and European performance stood out, yielding 14% and 15%, respectively, while China's 19% increase stood out among the emerging countries. Fixed-income also recorded significant returns, while sovereign bonds from emerging countries (EMBI) grew 18% and corporate bonds (CEMB) grew more than 15%. Likewise, the highest risk U.S. bonds (high yield) grew nearly 15% and the safest (high grade) exceeded 10%.

GDP GROWTH, DEVELOPED AND EMERGING ECONOMIES
% VARIATION



CHILE: PROLONGING THE STRENGTH OF DOMESTIC DEMAND

In that global macroeconomic context, Chile's economy experienced increased vitality, attributable to two factors. First, the external impact was more benign than projected at the end of 2011. Second, internal demand slowed less than expected.

Perhaps the biggest surprise for the Chilean economy in 2012 was the strength of exchange terms in the face of global market fluctuations. In its March 2012 Monetary Policy Report (IPoM), the Chilean Central Bank predicted a drop of approximately 7.4% in exchange terms, which ultimately dropped less than half that figure. Improved exchange terms stimulated spending through various channels, with increased consumer and business confidence and improved outlooks for investment returns.

Thus, based on preliminary figures, GDP grew 5.5% in 2012, although growth slowed as the year progressed. Meanwhile, domestic demand increased 7% in 2012, responding to favorable financial conditions. Upon disaggregating domestic demand, private consumption and investment performed well throughout the year, although below 2011 growth rates, with respective increases of approximately 5.5% and 10%. In late 2012, domestic demand also began losing strength.

On the other hand, greater dynamism in domestic spending and less public savings resulted in the current deficit. The country's current account went from 1.3% of GDP in 2011 to -3.5% of GDP in 2012.

Investment in Chile has been growing at rates higher than the domestic savings rate since 2011. Indeed, investment as a share of GDP has grown since 2010 and is at its highest point (28%) since 2000. Meanwhile, domestic savings fell to 26% after peaking in 2010. In that context, while investment levels generally express a positive economic forecast for coming years, the drop in the savings rate reflects strong consumption that must be closely monitored by the Chilean Central Bank, given its potential to generate inflationary pressure.

Economic & Financial Context

Upon analyzing economic activity by sector, the greatest contribution to GDP growth came from sectors related to domestic demand, such as financial and business services, trade and public services. However, the most dynamic sectors were electricity and construction. The fishing sector, the only sector that contracted, performed the worst in 2012.

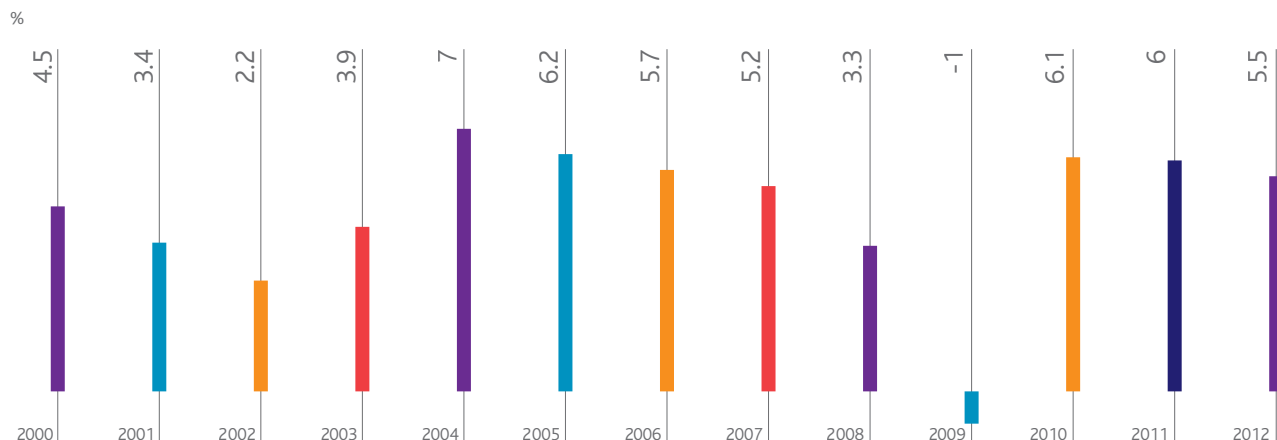
In terms of international trade, exports recorded a 3.2% drop in value (totaling US\$ 78,000 million), despite 2.4% growth in quantity. The change is attributable to the 3.6% decrease in mining shipments (-3.9% for copper shipments). In contrast, imports grew 5.6% to US\$ 74,600 million with growth arising from a 14% increase in imports of capital goods and a 5.8% increase in commodities. Growth was partially offset by the 6% contraction of oil imports. With that, the year-end balance of trade was a positive US\$ 4,200 million.

Moreover, after the 2011 surplus of 1.3% of GDP and as a consequence of greater revenue due to higher-than-expected copper prices (US\$ 3.60 v/s budget: US\$ 3.02), fiscal results ended 2012 roughly balanced.

In terms of prices, the year-end CPI was up 1.5%, below the target range (2-4%). This low CPI is attributable to the price of tradable goods, which ended the year with a slight drop (-0.5%), while prices of non-tradable goods grew nearly 4%. As far as underlying indicators, CPIX (standard CPI excluding fuel, fresh fruit and vegetables) closed at 1.3%; while the CPIX-1 (standard CPI excluding regulated tariffs and other volatile prices) closed at 1.8%. In a context where external risks—the fragile fiscal and financial state of developed countries—were counterbalanced by vigorous domestic demand, which filled in the capacity gaps, the Chilean Central Bank kept the prime rate at 5% for the entire year and maintained a neutral stance on monetary matters.

In terms of exchange rates, the peso maintained upward trends in 2012, in line with the dollar's evolution at the global level. Exchange terms remained high and the economy stayed strong. After beginning the year around Ch\$ 520, the exchange rate ended 2012 close to Ch\$ 475, up about 8% relative to year-end 2011.

GDP GROWTH IN CHILE



PRINCIPAL ECONOMIC INDICATORS	2007	2008	2009	2010	2011	2012 (P)
GDP (in millions of US\$)	173.1	179.6	173.0	216.3	248.6	264.5
GDP per Capita (US\$)	10,428	10,715	10,218	12,654	14,411	15,197
GDP (% variation)	5.2	3.3	-1.0	6.1	6.0	5.5
Domestic Spending (% variation)	7.6	6.5	-5.7	14.8	9.4	6.6
Private Consumption	7.6	5.2	-0.8	10.0	8.8	5.6
Fixed Capital Investment	10.8	17.9	-12.1	14.3	17.6	10.6
Exports (% variation, in real terms)	7.2	-0.7	-4.5	1.4	4.6	2.4
Imports (% variation, in real terms)	14.3	11.2	-16.2	27.4	14.4	5.0
Global Growth PPP (%)	5.4	2.8	-0.6	5.1	3.8	3.2
Exchange Terms (2003 = 100)	115.9	100.0	105.1	125.4	126.0	120.8
Price of Copper (average US\$/pound, in cents)	323	316	234	342	400	361
Price of WTI Oil (average US\$/per barrel)	72	100	62	79	95	94.
Federal Funds Rate (eop)	4.3	0.1	0.1	0.1	0.1	0.1
180-day LIBOR rate (eop)	4.6	1.8	0.4	0.5	0.8	0.5
10-year U.S. Treasury Bonds (eop)	4.0	2.2	3.8	3.3	2.0	1.7
Euro (eop US\$)	1.5	1.4	1.4	1.3	1.3	1.3
Yen (eop ¥/US\$)	111.7	90.6	93.0	81.1	76.9	83.5
Balance of Trade (in millions of US\$)	24.1	6.1	15.4	15.3	10.8	4.2
Exports (in millions of US\$)	68.6	64.5	55.5	70.9	81.4	78.8
Imports (in millions of US\$)	44.4	58.4	40.1	55.6	70.6	74.6
Current Account (in millions of US\$)	7.1	-5.8	3.5	3.3	-3.2	-8.7
Current Account (% of GDP)	4.1	-3.2	2.0	1.5	-1.3	-3.3
Total savings (domestic + international) % of GDP	20.6	26.0	20.2	23.6	24.7	25.8
Gross Domestic Savings	22.7	22.4	22.5	25.3	23.7	22.1
Central Government	9.4	6.4	-2.4	1.4	3.2	1.7
Private Sector	13.2	15.9	24.8	23.9	20.5	20.4
International Savings (Current Account Deficit)	-2.1	3.6	-2.3	-1.7	1.0	3.7
Central Government Balance (% of GDP)	8.4	5.0	-4.2	-0.4	1.3	0.5
CPI Dec-Dec (%)	7.8	7.1	-1.4	3.0	4.4	1.5
Underlying CPI (CPIX) Dec-Dec (%)	6.5	8.6	-1.8	2.5	3.3	1.3
Inflationary Trend (CPIX1) Dec-Dec (%)	6.3	7.8	-1.1	0.1	2.5	1.8
Chilean Central Bank Relevant International Inflation (% average)	8.5	12.2	-7.2	6.0	10.0	-0.2
Monetary Policy Rate MPR (eop in Ch\$)	6.0	8.3	0.5	3.3	5.3	5.0
BCU-10 365d bonds (y/e in UF)	3.0	3.3	3.3	2.9	2.7	2.5
BCU-10 365d bonds (y/e in Ch\$)	6.4	6.2	6.4	6.1	5.3	5.5
Observed Exchange Rate (average Ch\$/US\$)	522	522	560	510	484	486
Observed Exchange Rate (y/e Ch\$/US\$)	496	629	506	468	521	477
Job Growth (%)	2.8	3.0	0.1	7.4	5.0	2.0
Workforce Growth (%)	2.1	3.7	1.9	4.2	3.8	1.2
Unemployment Rate (average %)	8.6	9.3	10.8	8.1	7.1	6.4
Salary Growth in Real Terms (average %)	2.9	-0.2	3.8	2.2	2.6	3.4
External Debt (in millions of US\$)	53.4	63.7	71.9	84.1	98.6	99.2
Net External Debt, Total (in millions of US\$)	9.2	27.0	22.6	23.3	23.9	31.2
Net External Debt, Total (% of GDP)	5.3	15.0	13.1	10.8	9.6	11.8
Net External Debt, Total (% of Exports)	11.9	35.9	35.3	28.5	25.4	34.1
International Reserves, Net (in millions of US\$)	16.9	23.2	25.4	27.9	42.0	41.6

THE CPIX (IPCX IN SPANISH) IS AN INFLATION INDICATOR, PRIMARILY USED IN CHILE, WHICH EXCLUDES PERISHABLE FOOD PRODUCTS AND FUEL.

THE CPIX1 (IPCX1 IN SPANISH) IN AN INFLATION INDICATOR, PRIMARILY USED IN CHILE, WHICH EXCLUDES PERISHABLE FOOD PRODUCTS, FUEL, AS WELL AS THE EFFECTS OF REGULATED TARIFFS AND SPECIFIC TAXES.



BUSINESS AREAS

FINANCING: THE BANKING INDUSTRY, BANCO SECURITY AND
FACTORING SECURITY

INVESTMENTS: AGF SECURITY, VALORES SECURITY AND SECURITIZADORA
SECURITY

INSURANCE: THE INSURANCE INDUSTRY, VIDA SECURITY, PENTA
SECURITY AND CORREDORA DE SEGUROS SECURITY

SERVICES: INMOBILIARIA SECURITY & TRAVEL SECURITY

05

Our Business



GRUPO | security
quieres, puedes

Our Business

BUSINESS AREAS

As of December 2012, profit for the year totaled Ch\$ 46,561 million while dividends totaling Ch\$28,823 million (61.9% of the year's earnings) were paid to shareholders. As of the same date, the interest coverage ratio reached 12.56. According to Grupo Security's statement of financial position as of December 31, 2012, equity was Ch\$397,790 million and total assets were Ch\$5,417,186 million, with individual indebtedness of 0.26.

PROFIT FOR THE YEAR FOR SECURITY'S MAIN COMPANIES

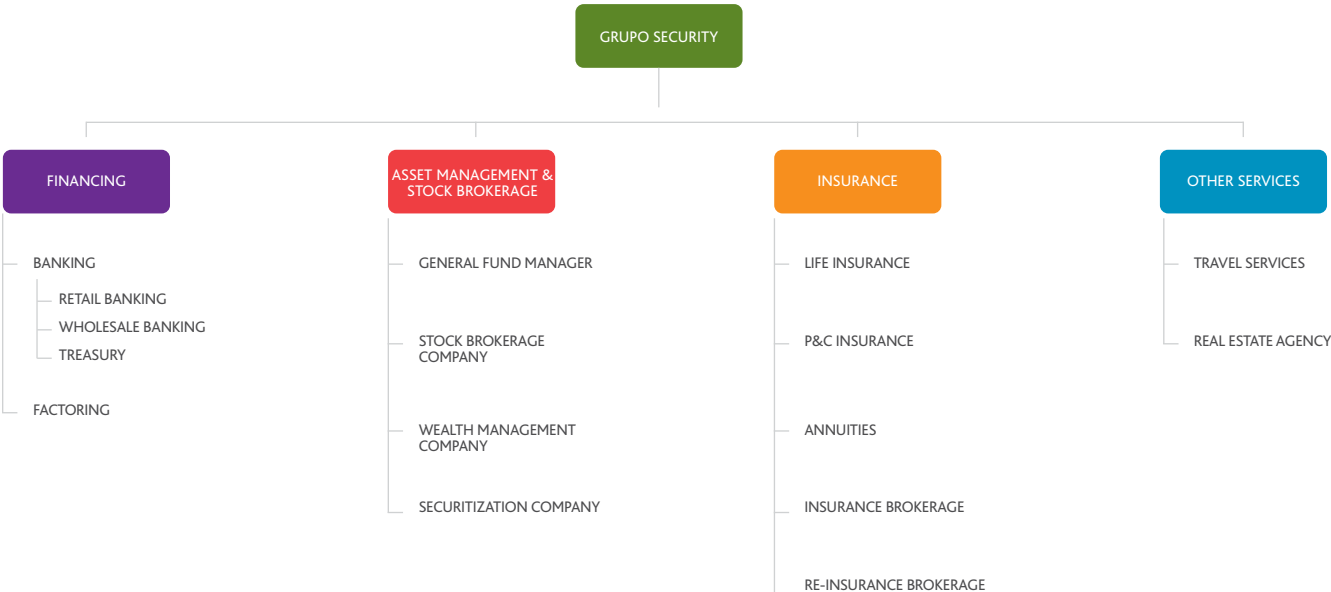
In millions of nominal Chilean pesos

GRUPO SECURITY'S MAIN COMPANIES	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Banco Security (1), Consolidated	10,069	13,326	14,024	20,014	20,498	27,250	14,333	23,039	33,710	35,020	35,227
TOTAL FINANCING AREA											
Banco Security, Individual	7,006	9,802	8,197	16,145	17,079	17,837	15,454	21,115	28,439	28,492	30,895
Factoring Security	961	1,805	2,451	3,107	4,003	5,006	4,802	2,816	2,122	3,069	4,838
TOTAL INVESTMENT AREA											
Valores Security	2,036	2,401	4,501	2,247	2,052	7,228	-3,627	24	1,501	1,601	827
AGF Security	1,027	1,126	1,640	1,630	1,440	2,070	2,445	2,617	3,762	4,529	3,507
TOTAL INSURANCE AREA											
Vida Security (2)	1,010	1,033	1,068	1,351	17,022	15,355	79	10,602	13,554	5,990	11,106
Penta Security (3)	-595	170	1,167	2,191	3,048	2,828	2,407	3,018	2,507	3,908	1,919
Servicios Security (4)	-1,123	241	-605	-767	87	149	425	423	901	799	821
TOTAL SERVICES AREA											
Inmobiliaria Security	362	452	500	366	500	554	650	-126	405	430	2,238
Travel Security	314	290	402	513	0	806	1,205	907	1,402	1,779	2,411

Notes:

1. - Banco Security's consolidated profit includes subsidiaries Valores Security and AGF Security. Starting from 2007, the fair value adjustment for subsidiaries is also included.
2. - As of April 2006, Vida Security profit for the year includes Rentas Security.
3. - In 2002 and 2003, Penta Security profit for the year includes only Seguros Security Previsión Generales. Seguros Security Previsión Generales and Seguros Generales Las Américas merged in 2004 to form Penta Security Seguros Generales, in which Grupo Security holds a 29.35% interest.
4. - Security Services profit for the year includes Corredora de Seguros Security. As of 2004, it also includes profit from Cooper Gay Chile and Europ Assistance, in which the Group holds a 49% interest.

The following chart illustrates the structure of Grupo Security's business areas, detailing the subsidiaries and divisions that comprise each area:



Our Business

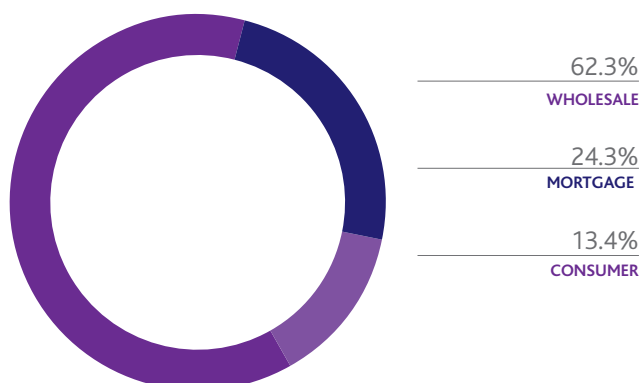
THE BANKING INDUSTRY

LOANS

As of December 2012, banking industry loans totaled Ch\$ 100,763,185 million (excluding loans and advances to banks), up 14.6% relative to year-end 2011 (12.2% excluding CorpBanca Colombia). The increase is attributable to 15.2% growth in wholesale loans (13.2% excluding CorpBanca Colombia), 11.6% growth in mortgage loans (10.9% excluding CorpBanca Colombia) and 17.3% growth in consumer loans (11.8% excluding CorpBanca Colombia).

Thus, as of year-end 2012, banking industry loans were broken down as follows: 62.3% wholesale loans, 24.3% mortgage loans and 13.4% consumer loans.

LOAN COMPOSITION



FINANCIAL SERVICES INDUSTRY LOANS

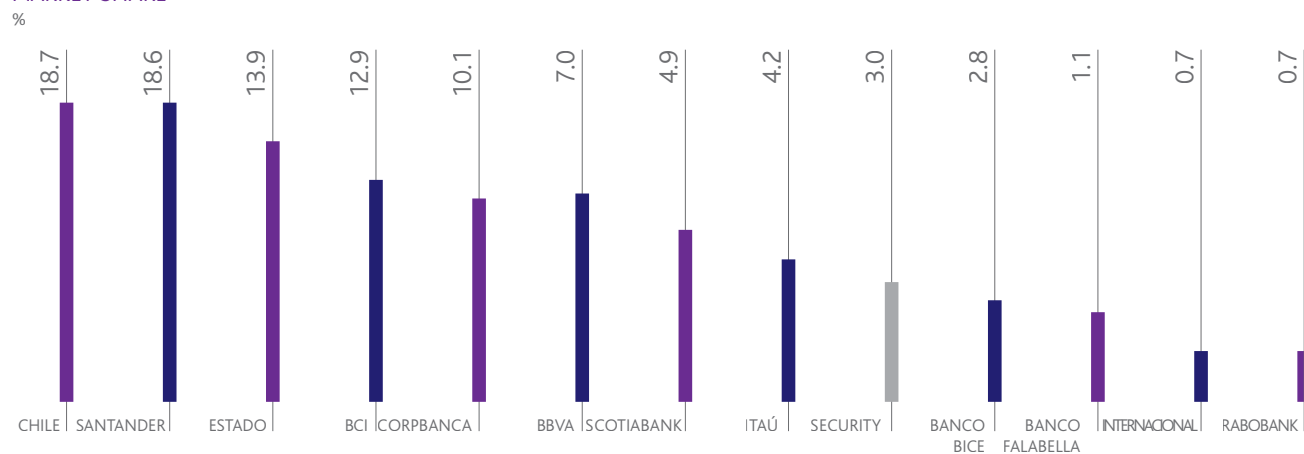
IN BILLIONS OF NOMINAL CHILEAN PESOS



SOURCE: SUPERINTENDENCY OF BANKS AND FINANCIAL INSTITUTIONS (SBIF)

NOTE: EXCLUDES LOANS AND ADVANCES TO BANKS LIKEWISE, HISTORIC LOANS WERE SUBTRACTED FROM CONTINGENT LOANS, SINCE UNDER NEW REGULATIONS, AS OF JANUARY 2008, THEY ARE OFF-BALANCE SHEET ACCOUNTS.

MARKET SHARE

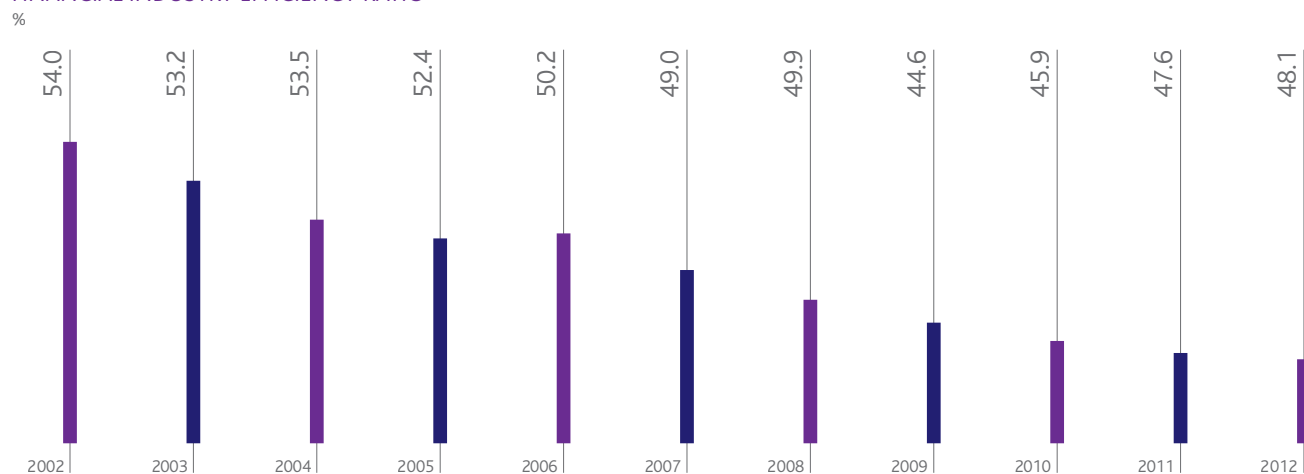


SOURCE: SUPERINTENDENCY OF BANKS AND FINANCIAL INSTITUTIONS (SBIF)

OPERATING EXPENSES

The ratio of operating expenses to gross margin has remained below 50% over the last five years. As of December 2012, it reached 48.1% (45.93% in December 2010 and 47.58% in December 2011), with a 10.3% (nominal) increase in expense levels relative to year-end 2011. It is worth noting that the Chilean banking industry is among the world's most efficient.

FINANCIAL INDUSTRY EFFICIENCY RATIO



SOURCE: SUPERINTENDENCY OF BANKS AND FINANCIAL INSTITUTIONS (SBIF)

Our Business

THE BANKING INDUSTRY

RISK

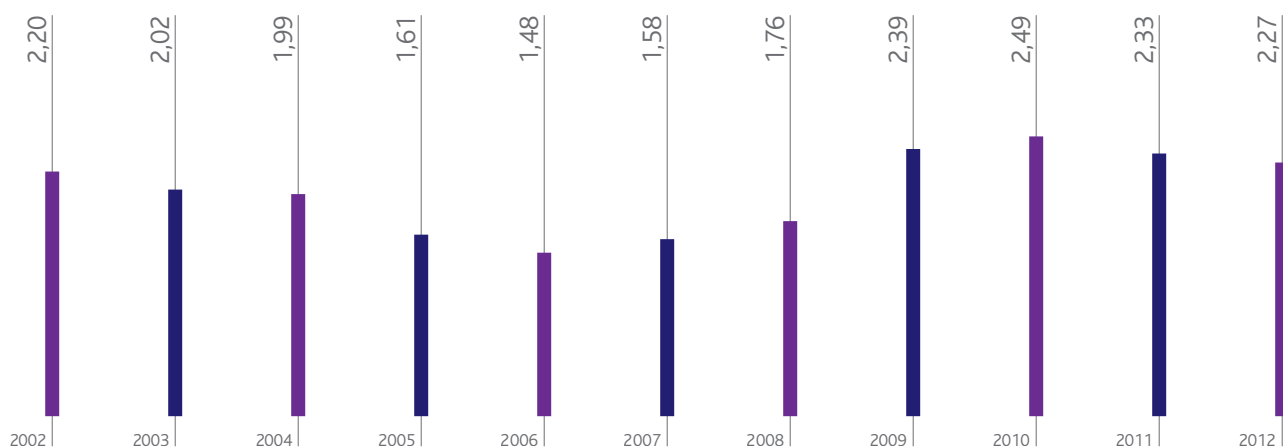
As of the end of December 2012, financial industry loan provisions reached 2.27%. Wholesale loan provisions were 2%, while mortgage and consumer loan provisions reached 0.79% and 6.36%, respectively.

The portfolio of loans over 90 days past due was 2.20%, down from 2.37% in 2011, reflecting improved loan portfolio quality.

FINANCIAL INDUSTRY RISK

%

PROVISIONES/COLOCACIONES (SISTEMA)



SOURCE: SUPERINTENDENCY OF BANKS AND FINANCIAL INSTITUTIONS (SBIF)

PROFIT FOR THE YEAR

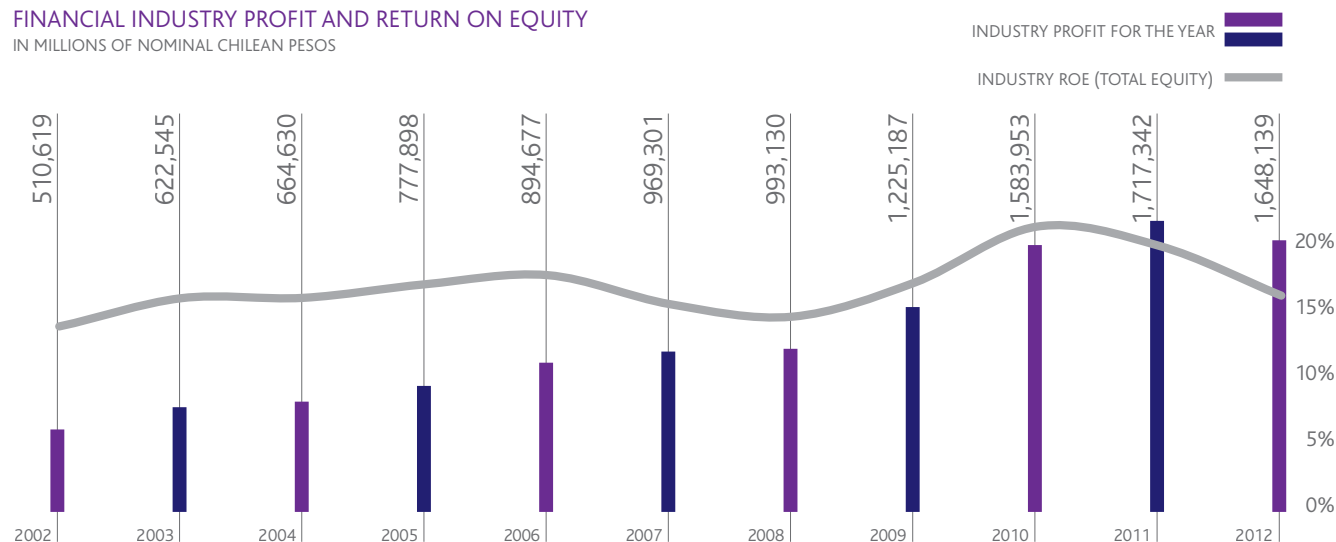
In terms of earnings, the Chilean banking industry recorded 2012 after-tax profit of Ch\$ 1,648,139 million (approximately US\$ 3.4 billion), a 4.0% drop relative to year-end 2011 (5.4% excluding CorpBanca Colombia). The drop is primarily attributable to increased provision expenses and the decreased interest rate margins that resulted from lower inflation.

Total equity reached Ch\$ 11,251 billion, increasing 14.6% in 2012. Accordingly, return on equity was 14.6% (less than 2011's figure of 17.5%) and return on total assets reached 1.2%.

The following graph illustrates profit for the year and return on equity.

FINANCIAL INDUSTRY PROFIT AND RETURN ON EQUITY

IN MILLIONS OF NOMINAL CHILEAN PESOS



SOURCE: SUPERINTENDENCY OF BANKS AND FINANCIAL INSTITUTIONS (SBIF)

BANCO SECURITY

Banco Security's strategy is aligned with guidelines set forth by Grupo Security, which aims to position itself as a comprehensive provider of financial services through coordinated management of its various business areas.

In that context, the Bank differentiates itself by delivering high-quality service intended to build long-term customer relationships. To accomplish this, the Bank has a wide product and service offering facilitating personalized cross-sales to customers from the Group's various companies.

Banco Security is the Group's main asset. The Bank's consolidated assets represent 77% of the Group's total assets.

LOANS

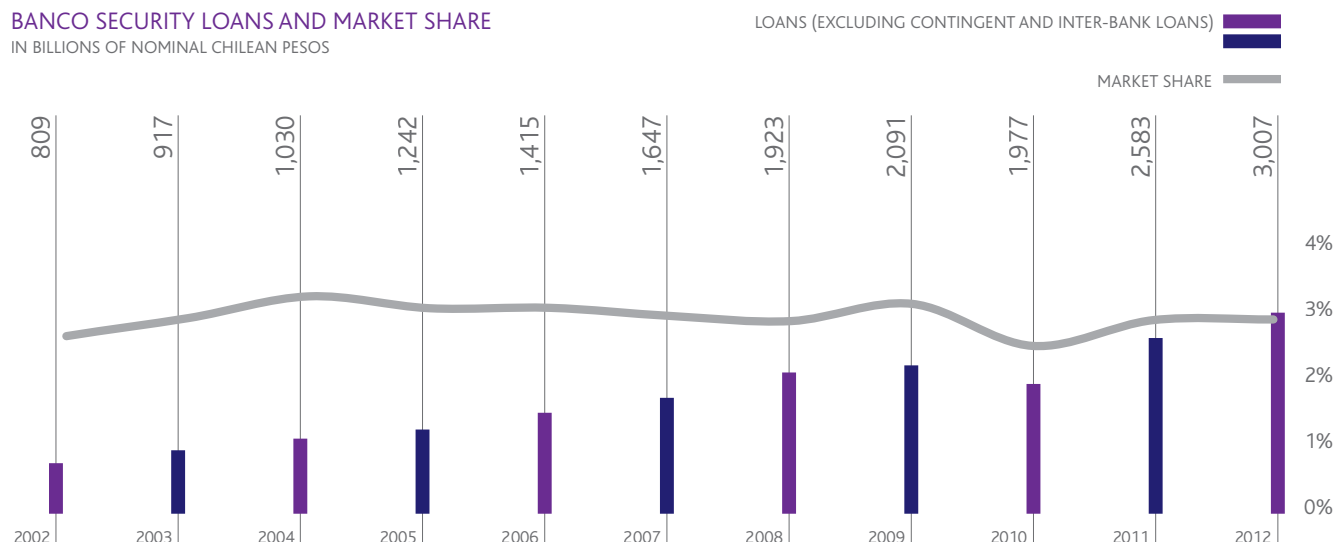
Banco Security, with 3.0% market share, is Chile's ninth largest bank. In 2012, the Bank's loans grew by 16.4%, reaching Ch\$3,007 billion (excluding loans and advances to banks) as of December. The increase was primarily attributable to the 23.5% growth experienced in Retail Banking.

Our Business

BANCO SECURITY

Of the Bank's total loans, wholesale loans account for 76.6%, while retail loans (consumer and mortgage) account for the remaining 23.4%.

BANCO SECURITY LOANS AND MARKET SHARE IN BILLIONS OF NOMINAL CHILEAN PESOS



NOTE: EXCLUDES LOANS AND ADVANCES TO BANKS, HISTORIC LOANS WERE SUBTRACTED FROM CONTINGENT LOANS, SINCE UNDER NEW REGULATIONS, THEY ARE OFF-BALANCE SHEET ACCOUNTS BEGINNING JANUARY 2008, SOURCE: SUPERINTENDENCY OF BANKS AND FINANCIAL INSTITUTIONS (SBIF)

As of December 31, 2012 and 2011, loans (excluding loans and advances to banks) were distributed as follows:

2011 PORTFOLIO



2012 PORTFOLIO



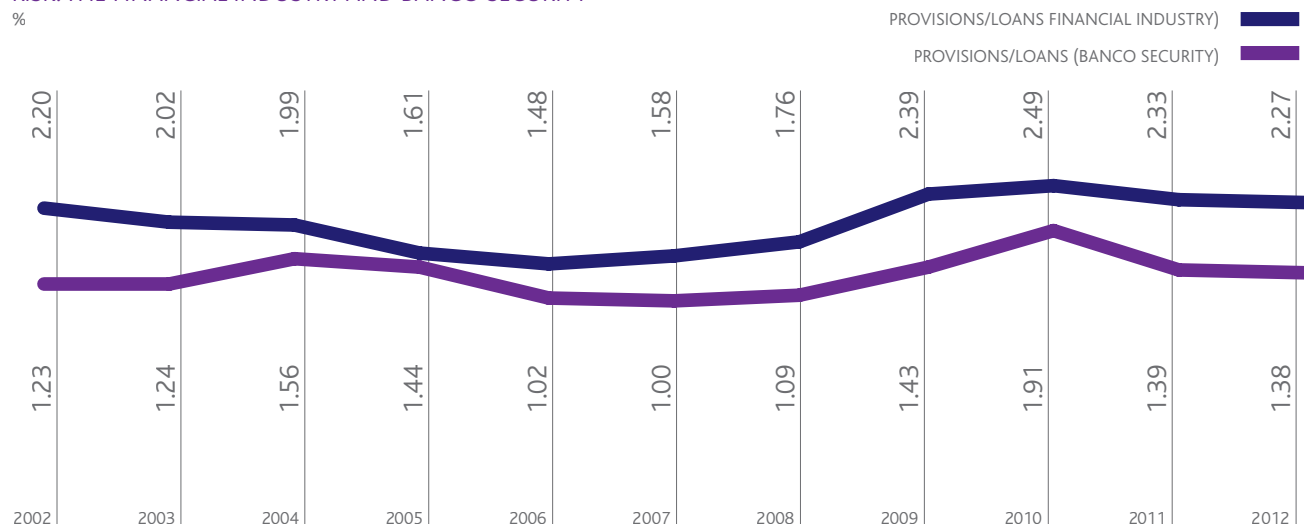
NOTE: WHOLESALE LOANS ARE COMPRISED OF THE SUM OF COMPANY LOANS, LEASES AND FOREIGN TRADE LOANS.

RISK

Historically, the Bank has been known for its low-risk loan portfolio, with clear policies and an adequate risk management system in place to ensure timely recognition. In the same spirit, the Bank has developed new models for managing market and operations risks more precisely in recent years, while progressively incorporating Basel II guidelines. All of the above has resulted in better-than-average credit risk indicators.

In 2010, the provisions indicator reached a maximum of 1.91%, after absorbing significant losses as a result of the insolvency of some companies with systemic debt. Sources of loss included an important retail company, an automobile distributor, and the salmon industry, which suffered the consequences of a health crisis.

However, in 2011, the situation began improving and as of year-end 2012, the indicator had fallen to 1.38% (below the industry average of 2.27%). The ratio of past due loans to total loans was 1.33% as of December 2012 (industry ratio: 2.20%).

RISK: THE FINANCIAL INDUSTRY AND BANCO SECURITY

SOURCE: SUPERINTENDENCY OF BANKS AND FINANCIAL INSTITUTIONS (SBIF)

CAPITALIZATION

The Bank seeks to maintain a ratio of regulatory capital to risk-weighted assets above 10% at all times (usually closer to 12%). The August 2011 capital contribution of Ch\$ 47,000 million and capitalizations of earnings reflect our shareholders' ongoing commitment and support, which has allowed the Bank to expand its capital base and has sustained asset growth. As of November 2012, the Bank's Basel Index was 12.18%, somewhat below the same-day industry average of 13.16% (source: SBIF).

Our Business

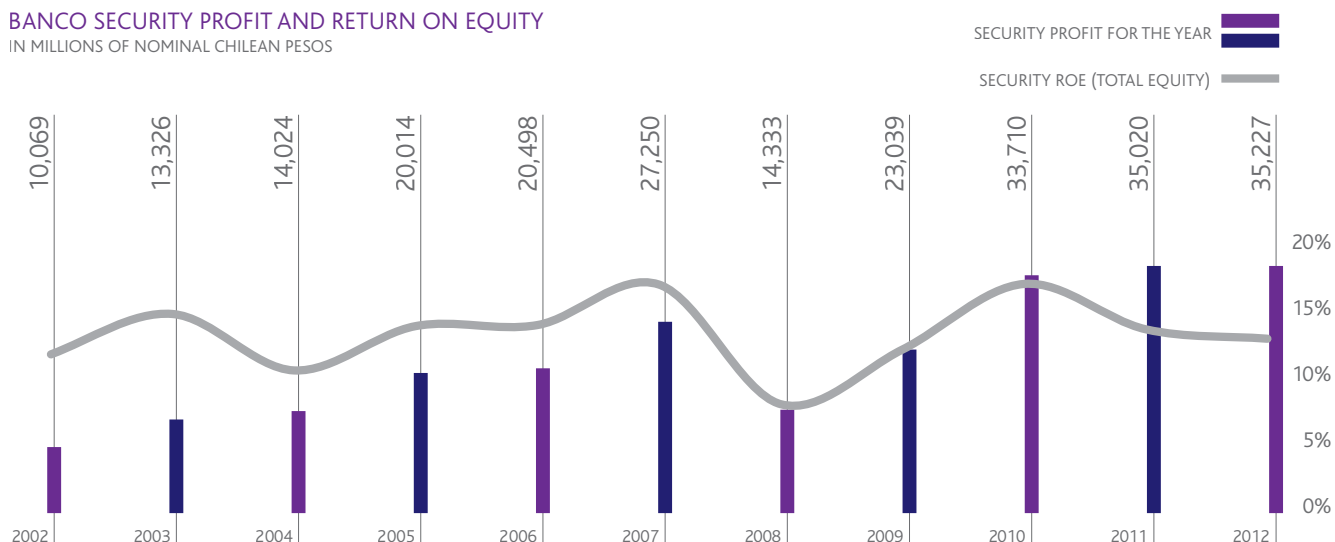
BANCO SECURITY

PROFIT FOR THE YEAR

As of December 2012, profit for the year from the Bank and its subsidiaries reached Ch\$ 35,227 million, representing 0.6% growth relative to the prior year and 12.4% return on equity.

In 2011 and 2012, the results of the Bank's development strategy for its commercial segments (especially retail banking), which included the August 2011 capital increase of Ch\$ 47,000 million, became evident. This business growth was reflected in an above-market increase in total loans (30.6% in 2011 and 16.4% in 2012). Similarly, in line with the growth plan guidelines, three new branches were opened in 2012 (La Reina, La Moneda and Talca).

BANCO SECURITY PROFIT AND RETURN ON EQUITY IN MILLIONS OF NOMINAL CHILEAN PESOS



SOURCE: SUPERINTENDENCY OF BANKS AND FINANCIAL INSTITUTIONS (SBIF)

SUBSIDIARIES

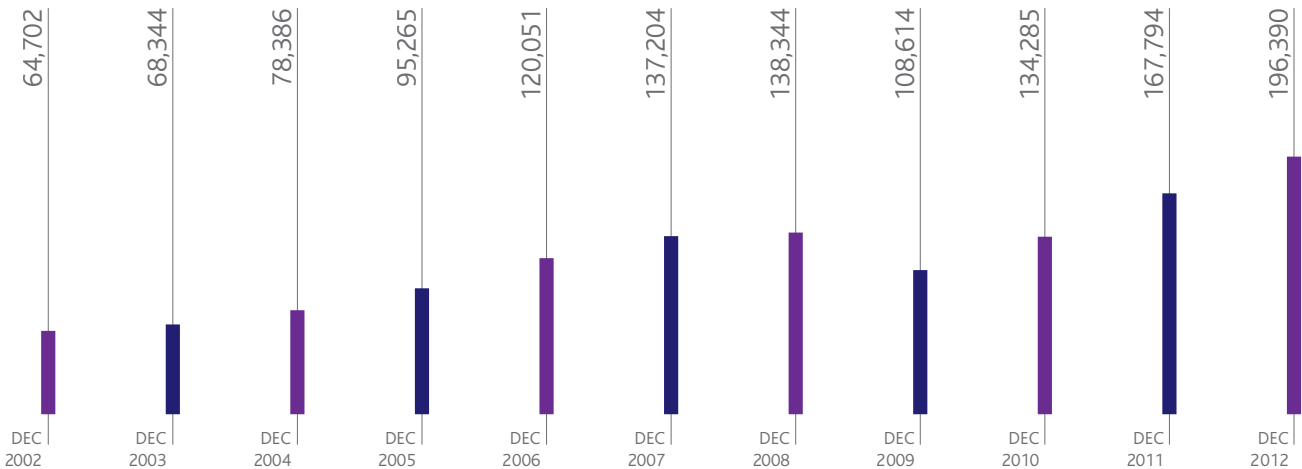
The subsidiaries consolidated by Banco Security are: Valores Security S.A. Corredores de Bolsa (99.76%) and Administradora General de Fondos Security S.A. (99.90%). As of year-end, Valores Security had recorded profit for the year of Ch\$ 827 million, while Administradora General de Fondos Security S.A. ended 2012 with Ch\$3,507 million.

FACTORING SECURITY

Factoring Security was founded in 1992 to satisfy the market need for new financing options. The company primarily serves small and medium-sized companies with ties to the manufacturing sector that are in constant need of working capital and collections services.

In 2012, profit for the year totaled Ch\$4,838 million, up 57.6% from the prior year. Throughout 2012, the growth process continued. In accordance with the strategic plan established in 2010, this company’s focus was on small and medium-sized companies.

FACTORING SECURITY LOANS
IN MILLIONS OF NOMINAL CHILEAN PESOS



SOURCE: ASSOCIATION OF CHILEAN FACTORING COMPANIES (ACHEF A.G.)

Our Business

ASSET MANAGEMENT & STOCK BROKERAGE

One of the priorities of Inversiones Security is to provide individuals and corporate customers with comprehensive asset management advisory services. The company's team of first-rate professionals is distributed by specialty among its clients and strives to maximize each investment portfolio, whether for individuals or corporate customers.

The investment area provides a variety of brokerage, advisory and investment management services, managing third-party assets through Administradora General de Fondos Security S.A., and engaging in securities and stock brokerage through Valores Security Corredores de Bolsa. Asesorías Security also advises high-net-worth individuals, investment companies, companies and institutional investors on structuring international investment portfolios and managing local portfolios. Securitizadora Security provides management services for securitized assets and their respective separate estates (patrimonio separado).

Inversiones Security executives and customers receive ongoing support from the Research Department, which subscribes to the same standards of excellence that guide Inversiones Security's efforts to manage client assets.

ADMINISTRADORA GENERAL DE FONDOS SECURITY

The Chilean mutual fund industry ended 2012 with average managed assets of Ch\$18,802 billion, representing 5.7% growth relative to year-end 2011.

Administradora General de Fondos Security S.A. (AGF Security) ended 2012 with average managed assets of Ch\$739,168 million (up 2.4% relative to December 2011), distributed among 25 mutual funds. Meanwhile, the number of industry participants increased 5.6%, while AGF Security's total number of participants reached 35,981, 0.7% more than year-end 2011.

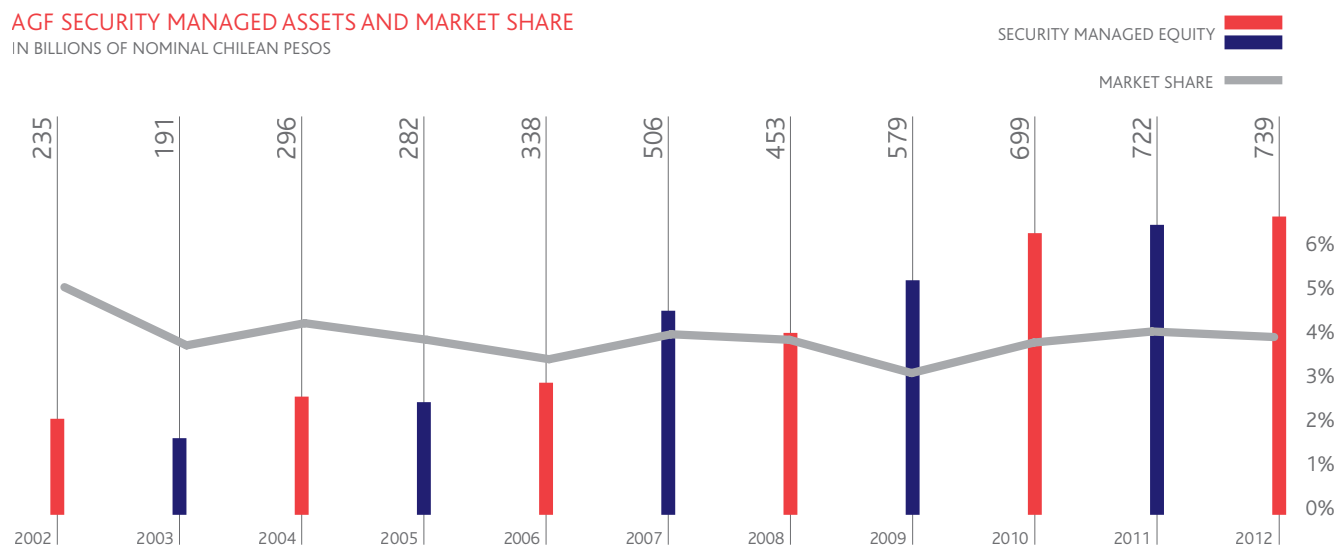
Among the most important events of 2012 were the launch of a new family of index funds (Index Fund Chile, Index Fund Small Cap Latam and Ifund MSCI Brazil Small Cap) and the launch of the first AGF Security alternative investment fund (Inversión Security Oaktree Opportunities), managed by Oaktree Capital.

In 2012, various entities recognized AGF Security's contribution to the mutual fund industry. Diario Financiero (Chile's financial newspaper) and Asociación de Administradoras de Fondos Mutuos (the Mutual Fund Industry Association) honored AGF Security with six Salmón awards: five first place and one second place awards, making AGF Security the fund manager with the most awards. Similarly, at Fund Pro's Platinum

Performance Awards, the Security Equity Fund, Security Dolár Money Market and Security USA funds were recognized in the Emerging Share Mutual Fund, Less than 90-day International Debt Fund, and USA Share Mutual Fund categories, respectively.

Despite the uncertainty experienced in 2012, AGF Security recorded profit for the year of Ch\$ 3,507 million and ended the year with 3.93% market share.

AGF SECURITY MANAGED ASSETS AND MARKET SHARE IN BILLIONS OF NOMINAL CHILEAN PESOS



SOURCE: AAFM CHILE A.G.

VALORES SECURITY S.A. CORREDORES DE BOLSA

Although the year began with negative projections, reflecting the Eurozone's very fragile fiscal situation, which could have triggered a financial crisis, European political and economic authorities were able to avoid financial collapse and its potential consequences. As the year progressed, news from the world's other two leading economies was positive: The U.S. was able to overcome difficulties and grew more than 2%, while China's growth increased each quarter. Thus, as confidence was regained, markets began to recover 2011 losses. Based on the MSCI Index, global stock markets were highly volatile throughout 2012, but ended the year with returns (in U.S. Dollars) of close to 13% (U.S.

Our Business

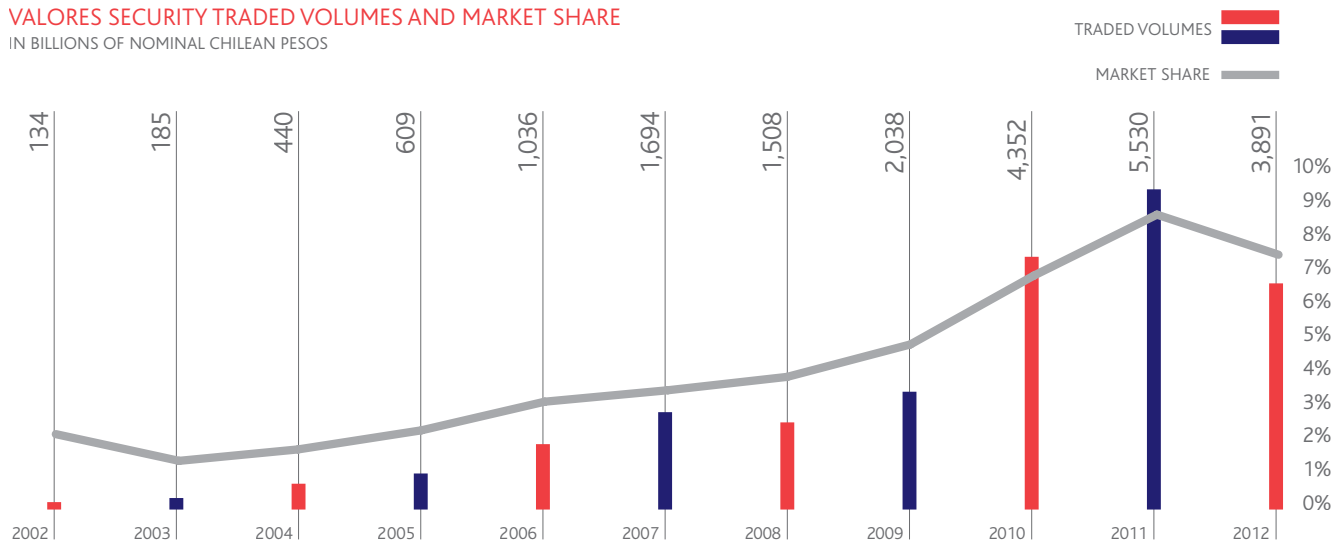
ASSET MANAGEMENT & STOCK BROKERAGE

13% and Europe 15%). The IPSA, the main Chilean stock index, followed a similar course and was up 11% (measured in U.S. Dollars) and 3% (measured in Chilean pesos) at the end of 2012.

Despite global optimism in late 2012, volumes traded on the Chilean stock market dropped 18.2% relative to 2011.

As of year-end, Valores Security had achieved 7.5% market share (measured by traded volumes), making it the fifth largest brokerage firm on the Santiago and Electronic Stock Exchanges. The company posted profit for the year of Ch\$ 827 million.

VALORES SECURITY TRADED VOLUMES AND MARKET SHARE
IN BILLIONS OF NOMINAL CHILEAN PESOS



SOURCE: CHILE'S SANTIAGO AND ELECTRONIC STOCK EXCHANGES

SECURITIZADORA SECURITY S.A.

In 2012, Securitizadora Security S.A. recorded a loss of Ch\$ 23.6 million. These losses were attributable to limited commercial activity in Chile's securitization industry and to the costs of managing the separate estates issued by the securitizer.

Securitizadora Security S.A. is Chile's leading mortgage asset securitization company, with nine separate estates totaling ThUF 3,812 in preferential debt issued and placed on the Chilean institutional market.

Our Business

INSURANCE

INSURANCE INDUSTRY

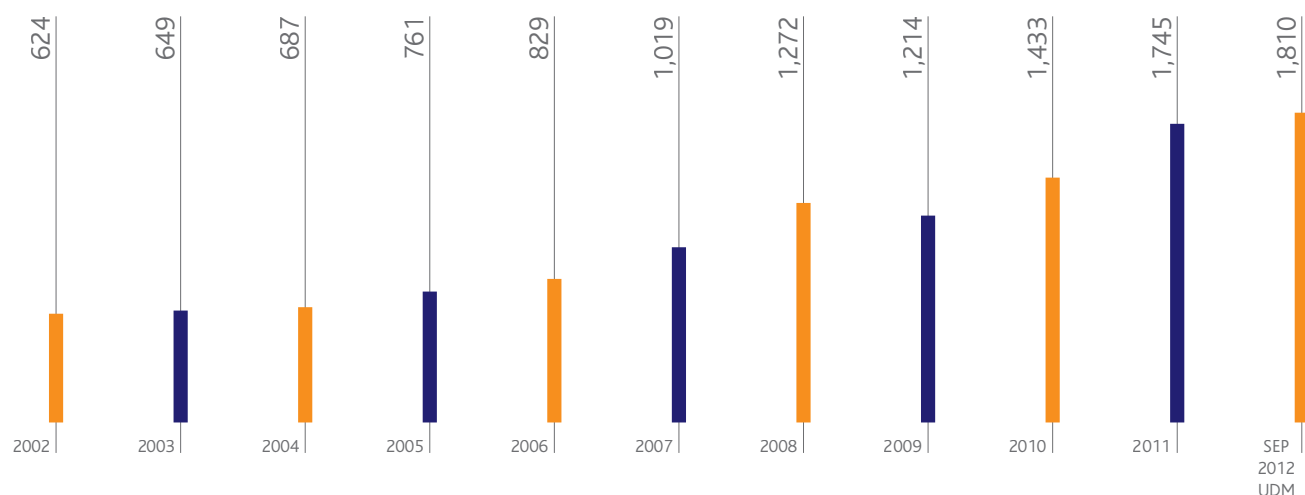
The Chilean insurance industry is comprised of 31 life insurance companies and 28 general insurance companies. As of September 2012, life insurance companies recorded earnings of Ch\$ 241,661 million, reflecting 336% growth relative to the prior year, while general insurance companies posted profits of Ch\$ 42,067 million, representing 20% growth. As of the same date, the ten leading life and general insurance companies totaled 67.4% and 85.2% of total direct premiums, respectively.

For life insurance, direct premiums reached Ch\$ 2,679 million in September 2012. The individual and collective sub-areas represented 42.5% of total industry premiums, while health insurance premiums accounted for the remaining 57.5%. Meanwhile, general insurance direct premiums totaled Ch\$ 1,348 billion as of the same date.

As of September 2012, industry investment income reached Ch\$ 859,594, surpassing the 2011 figure of Ch\$ 482,128. Return on equity reached 13.1% versus 3.22% in 2011. As of September 2012, general insurance companies reported profit for the year—which is directly related to the cost of reinsurance and the characteristics of an operation with more standardized products—of Ch\$ 42,067 million, attributable to operating cost efficiency and proper handling of claims.

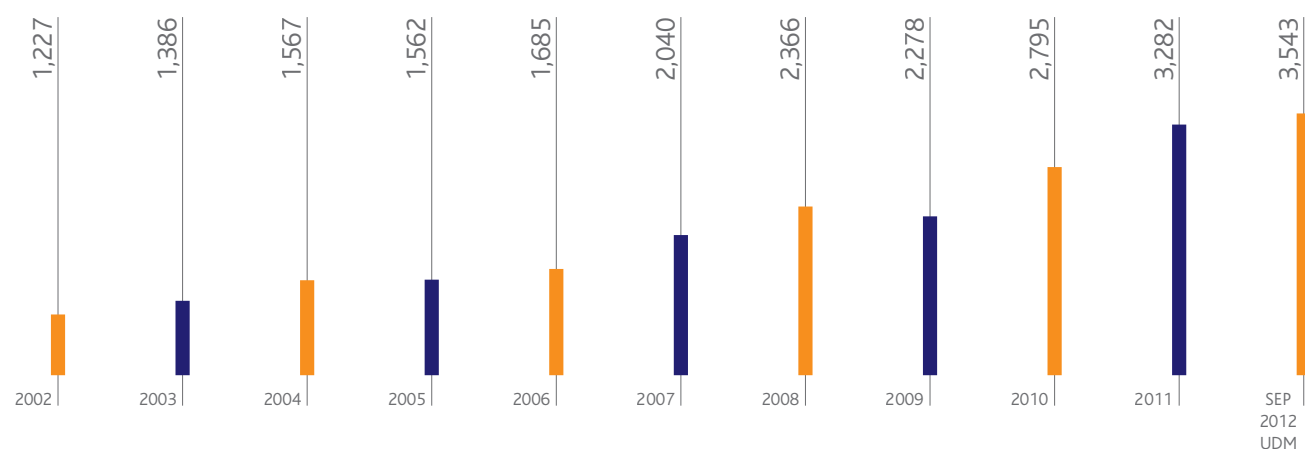
GENERAL INSURANCE DIRECT PREMIUMS

IN BILLIONS OF NOMINAL CHILEAN PESOS (INCLUDES LOAN COMPANIES)



LIFE INSURANCE DIRECT PREMIUMS

IN BILLIONS OF NOMINAL CHILEAN PESOS



VIDA SECURITY

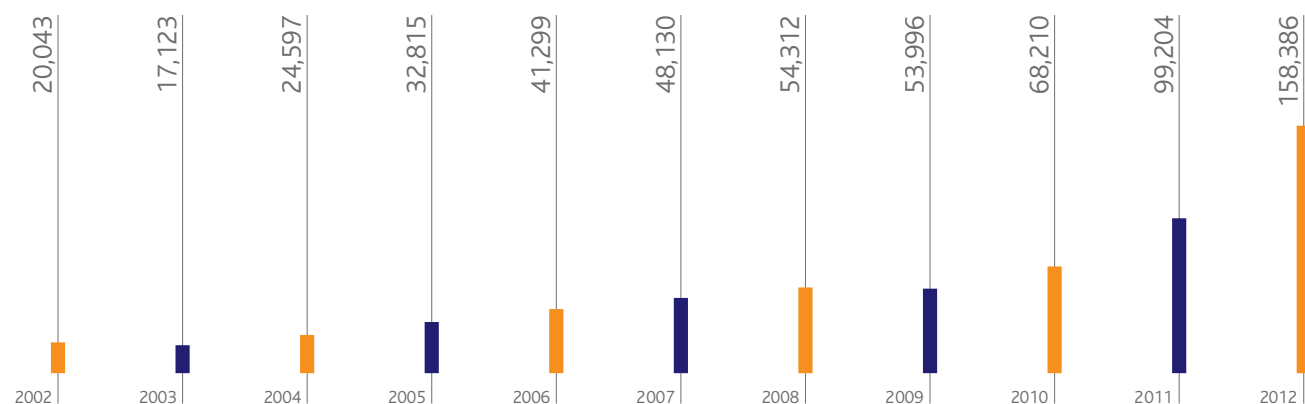
In 2012, Vida Security had more than 346,000 customers holding individual life insurance, voluntary retirement savings (APV), group insurance, and family protection insurance policies.

As of December 2012, the company had 17,600 pensioners with annuities. As of September 2012, Vida Security boasted market share of 4.9% and 3.5% in traditional life and pension insurance, respectively. As of September, total investments (Ch\$ 862,775 million) represented 3.7% of the industry total.

Vida Security has been offering consumer loans to retired customers since 2006. In 2012, the portfolio of loans to retired customers reached Ch\$ 4,600 million, which translated into 9,700 outstanding loans. As of year-end 2012, Vida Security had generated profit for the year of Ch\$ 11,106 million and investment income of Ch\$ 51,585 million.

VIDA SECURITY DIRECT PREMIUMS

IN MILLIONS OF NOMINAL CHILEAN PESOS



Our Business

INSURANCE

CORREDORA DE SEGUROS SECURITY LIMITADA

Corredores de Seguros Security Limitada, an insurance brokerage firm, has experienced steady growth since its creation in 1999 thanks to a high-quality, consolidated work team, specially-developed customer service technology, and solid alliances with insurance companies, making it one of the market's leading brokerage houses. In 2012, profit for the year was Ch\$ 534 million, 8% less than in 2011 (Ch\$ 580 million).

Grupo Security has formed alliances with Europ Assistance and Cooper Gay (reinsurance). Cooper Gay, one of the world's ten largest brokerage firms, recorded 2012 profits of Ch\$ 769 million. Meanwhile, Europ Assistance, Europe's second largest assistance company, is growing steadily in the Chilean market as an important player in travel, vehicle and home assistance, with profit for the year of Ch\$ 139 million in 2012.

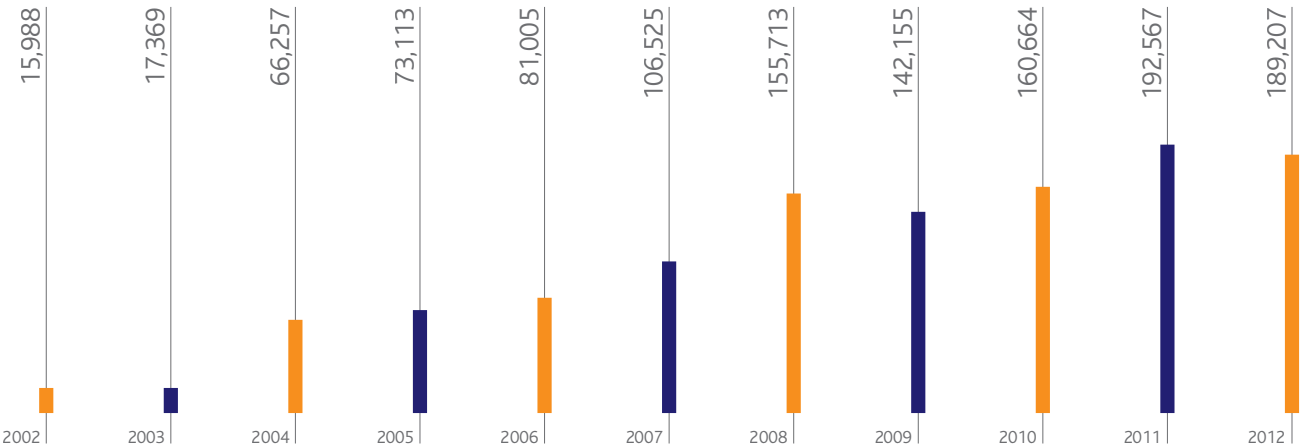
COMPAÑÍA DE SEGUROS GENERALES PENTA SECURITY S.A.

Grupo Security holds a 29.35% interest in Compañía de Seguros Generales Penta Security S.A., which ended 2012 with profits of Ch\$ 1,919 million. As of September, the company was fourth on the market (measured in direct premiums), with 10.1% market share. As of December 2012, Penta Security's direct premiums totaled Ch\$ 189,207 million.

DISTRIBUTION OF PENTA SECURITY'S DIRECT PREMIUMS AS OF DECEMBER 2012



PENTA SECURITY DIRECT PREMIUMS
IN MILLIONS OF NOMINAL CHILEAN PESOS



Our Business

OTHER SERVICES

INMOBILIARIA SECURITY S.A.

Inmobiliaria Security S.A. ended 2012 with profit for the year of Ch\$ 2,237 million and return on equity of 25%.

During the year, the company carried out a capital increase of Ch\$ 10,000 million. All shares were entirely subscribed and Ch\$ 8,500 million was paid, allowing the company to make new investments and purchase lots in order to support its future development.

Revenue from house and apartment sales reached UF 744,532 in 2012, up 59.3% from 2011. The company ended the year with UF 1,700,000 in managed real estate assets, a 125% increase relative to the prior year.

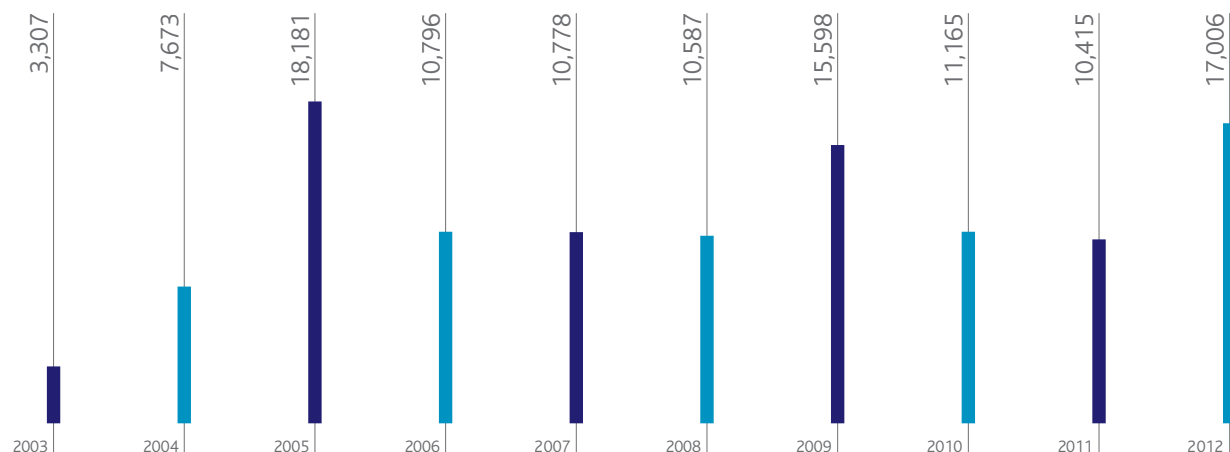
Projects in Chamisero (municipality of Colina) were begun this year and land for future real estate developments was acquired in Las Condes, Providencia, and Ñuñoa.

In terms of real estate services, the company managed the construction of Vida Security's offices located on the corner of Apoquindo and Augusto Leguía Sur. The building is LEED-Gold (pre-assessment).

Also worth mentioning is the sale of a 30,000m² plot in the municipality of Huechuraba at the end of 2012.

INMOBILIARIA SECURITY SALES

IN MILLIONS OF NOMINAL CHILEAN PESOS



TRAVEL SECURITY S.A.

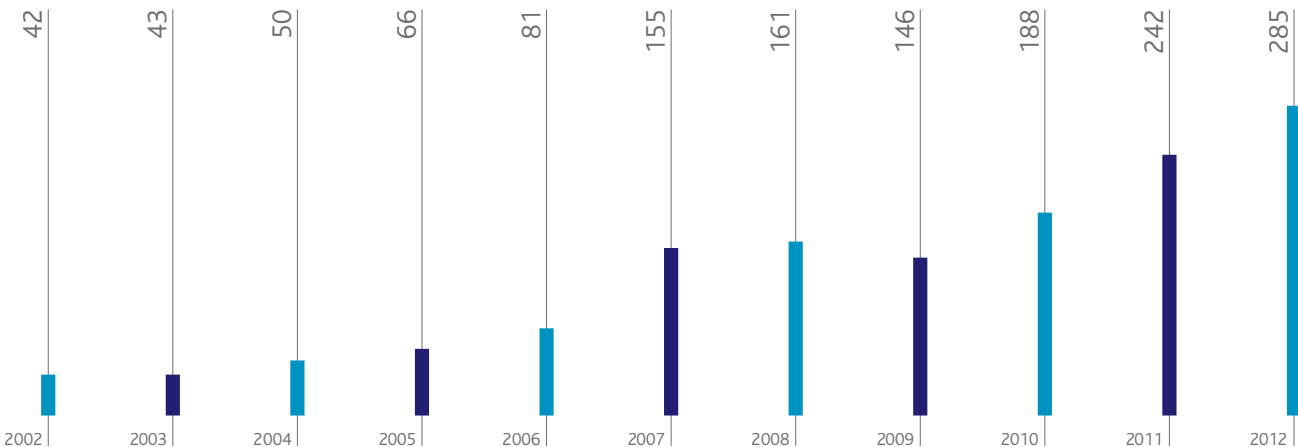
Travel Security joined Grupo Security in mid-1999. The travel agency was designed to serve corporate clients and individuals in search of excellent, comprehensive service. The agency provides a broad range of products and services that are specially designed to ensure quality travel experiences.

Travel Security has managed to maintain its leadership position in the business travel segment, serving local companies, multinationals and institutions, all while optimizing travel resources and experiences.

It is important to note that the company represents American Express Travel, the world’s largest network of travel service offices operating in more than 140 countries.

In 2012, as part of the strategy to become a relevant player at the regional level, Travel Security acquired a controlling interest in Travex S.A., Peru’s third largest travel agency. Travex’s customer portfolio is mainly comprised of major Peruvian companies and multinational corporations. Travel Security recorded sales revenue equivalent to US\$ 284.6 million, 18% above the prior year. The company posted profit for the year of Ch\$ 2,411 million, 35.5% more than in 2011.

TRAVEL SECURITY SALES
IN MILLIONS OF US\$



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06

Investment & Financing Policies



GRUPO | security
quieres, puedes

Investment & Financing Policies

INVESTMENT POLICY

Grupo Security has not established an investment policy in its by-laws. Even so, the Group's strategy has focused primarily on investment in the financial services sector or complimentary business areas, in an attempt to support the Group's business areas and underscore the Company's commitment to providing excellent, comprehensive service.

FINANCING POLICY

Likewise, Grupo Security does not have an established financing policy. The Company obtains financial capital through its own resources, contributions, bond issuances and other traditional debt sources, such as bank loans.

RESTRICTIONS ASSOCIATED WITH GRUPO SECURITY CREDITORS

Series C-2 Bonds

DATE: March 17, 2006

- **Debt level:** As of January 1, 2010, an agreement established that the debt level may not exceed 0.4, measured quarterly using the Statement of Financial Position issued in accordance with International Financial Reporting Standards (hereinafter "IFRS"). The debt level is defined as the ratio between individual financial liabilities, in accordance with the FECU-IFRS disclosure table, and equity (hereinafter "IFRS debt level"). To that end, the issuer is obligated to include a note on the issuer's individual financial liabilities and the aforementioned ratio on the quarterly FECU-IFRS disclosure table.

Individual financial liabilities are the sum of financial obligations contracted by Grupo Security, excluding subsidiary financial obligations, regardless of whether those subsidiaries are consolidated by Grupo Security. Thus, individual financial liabilities include the sum of the company's individually considered debts, which are categorized into the following FECU-IFRS accounting concepts: (i) obligations with banks and financial institutions, current and noncurrent (as included in those concepts on the FECU-IFRS table), (ii) financial obligations with the public (promissory notes and bonds), current and noncurrent (as included in those concepts on the FECU-IFRS table), (iii) other liabilities, trade payables, notes payable, miscellaneous payables and provisions, all current and noncurrent (as included in those concepts on the FECU-IFRS table) and (iv) accounts payable to related parties, current and noncurrent (as included in those concepts on the FECU-IFRS table) which were eliminated during the consolidation process and therefore are not present in the Issuer's financial statements.

In both cases, liabilities shall include guarantees, joint and several guarantees, joint assumption of debt and other personal or real guarantees that the issuer has granted to guarantee third-party obligations, including subsidiary obligations. The Issuer must send a Bondholder representative, along with copies of quarterly and annual financial statements, and a letter signed by the issuer's legal representative, confirming compliance with the financial indicators established in paragraph A.

• **Banco Security Ownership:** The Company must hold, directly or indirectly through one or more subsidiary, at least 51% of Banco Security's issued shares with voting rights.

Series D Bonds

DATE: March 17, 2006

- **Debt level:** As of January 1, 2010, an agreement established that the debt level may not exceed 0.4, measured quarterly using the Statement of Financial Position issued in accordance with IFRS. The debt level is defined as the ratio between individual financial liabilities, in accordance with the FECU-IFRS disclosure table, and equity (hereinafter "IFRS debt level"). To that end, the Issuer is obligated to include a note on the issuer's individual financial liabilities and the aforementioned ratio on the quarterly FECU-IFRS disclosure table.

Individual financial liabilities are the sum of financial obligations contracted by Grupo Security, excluding subsidiary financial obligations, regardless of whether those subsidiaries are consolidated by Grupo Security. Thus, individual financial liabilities include the sum of the company's individually considered debts, which are categorized into the following FECU-IFRS accounting concepts: (i) obligations with banks and financial institutions, current and noncurrent (as included in those concepts on the FECU-IFRS table), (ii) financial obligations with the public (promissory notes and bonds), current and noncurrent (as included in those concepts on the FECU-IFRS table), (iii) other liabilities, trade payables, notes payable, miscellaneous payables and provisions, all current and noncurrent (as included in those concepts on the FECU-IFRS table), (iv) accounts payable to related parties, current and noncurrent (as included in those concepts on the FECU-IFRS table).

Point (iv) above shall include those individually considered Grupo Security accounts payable that have been contracted with related parties, which have been eliminated during the consolidation process and therefore are not present in the Issuer's financial statements.

In both cases, liabilities shall include the amount of guarantees, joint and several guarantees, joint assumption of debt and other personal or real guarantees that the issuer has granted to guarantee third-party obligations, including subsidiary obligations. The issuer must send a Bondholder representative, along with copies of quarterly and annual financial statements, and a letter signed by the issuer's legal representative, confirming compliance with the financial indicators established in paragraph A.

• **Banco Security Ownership:** The Company must hold, directly or indirectly through one or more subsidiary, at least 51% of Banco Security's issued shares with voting rights.

Series B-2 Bonds

DATE: July 9, 2007

- **Debt level:** As of January 1, 2010, an agreement established that the debt level may not exceed 0.4, measured quarterly using the Statement of Financial Position issued in accordance with IFRS. The debt level is defined as the ratio between individual financial liabilities, in accordance with the FECU-IFRS disclosure table, and equity (hereinafter "IFRS debt level"). To that end, the issuer is obligated to include a note on the issuer's individual financial liabilities and the aforementioned ratio on the quarterly FECU-IFRS disclosure table.

Individual financial liabilities are the sum of financial obligations contracted by Grupo Security, excluding subsidiary financial obligations, regardless of whether those subsidiaries are consolidated by Grupo Security. Thus, individual financial liabilities include the sum of the company's individually considered debts, which are categorized into the following FECU-IFRS accounting concepts: (i) obligations with banks and financial institutions, current and noncurrent (as included in those concepts on the FECU-IFRS table), (ii) financial obligations with the public (promissory notes and bonds), current and noncurrent (as included in those concepts on the FECU-IFRS table), other liabilities, trade payables, notes payable, miscellaneous payables and provisions, all current and noncurrent (as included in those concepts on the FECU-IFRS

Investment & Financing Policies

table), (iv) accounts payable to related parties, current and noncurrent (as included in those concepts on the FECU-IFRS table). Point (iv) above shall include those individually considered Grupo Security accounts payable that have been contracted with related parties, which have been eliminated during the consolidation process and therefore are not present in the issuer's financial statements.

In both cases, liabilities shall include the amount of guarantees, joint and several guarantees, joint assumption of debt and other personal or real guarantees that the issuer has granted to guarantee third-party obligations, including subsidiary obligations. The issuer must send a Bondholder representative, along with copies of quarterly and annual financial statements, and a letter signed by the issuer's legal representative, confirming compliance with the financial indicators established in paragraph A.

- **Banco Security Ownership:** The Company must hold, directly or indirectly through one or more subsidiary, at least 51% of Banco Security's issued shares with voting rights.

Series E Bonds

DATE: July 30, 2007

- **Debt level:** As of January 1, 2010, an agreement established that the debt level may not exceed 0.4, measured quarterly using the Statement of Financial Position issued in accordance with IFRS. The debt level is defined as the ratio between individual financial liabilities, in accordance with the FECU-IFRS disclosure table, and equity (henceforth: "IFRS debt level"). To that end, the issuer is obligated to include a note on the issuer's individual financial liabilities and the aforementioned ratio on the quarterly FECU-IFRS disclosure table.

Individual financial liabilities are the sum of financial obligations contracted by Grupo Security, excluding subsidiary financial obligations, regardless of whether those subsidiaries are consolidated by Grupo Security. Thus, individual financial liabilities include the sum of the company's individually considered debts, which are categorized into the following FECU-IFRS accounting concepts: (i) obligations with banks and financial institutions, current and noncurrent (as included in those concepts on the FECU-IFRS table), (ii) financial obligations with the public (promissory notes and bonds), current and noncurrent (as included in those concepts on the FECU-IFRS table), (iii) other liabilities, trade payables, notes payable, miscellaneous payables and provisions, all current and noncurrent (as included in those concepts on the FECU-IFRS table), (iv) accounts payable to related parties, current and noncurrent (as included in those concepts on the FECU-IFRS table).

Point (iv) above shall include those individually considered Grupo Security accounts payable that have been contracted with related parties, which have been eliminated during the consolidation process and therefore are not present in the issuer's financial statements.

In both cases, liabilities shall include the amount of guarantees, joint and several guarantees, joint assumption of debt and other personal or real guarantees that the issuer has granted to guarantee third-party obligations, including subsidiary obligations. The issuer must send a Bondholder representative, along with copies of quarterly and annual financial statements, and a letter signed by the issuer's legal representative, confirming compliance with the financial indicators established in paragraph A.

- **Banco Security Ownership:** The Company must hold, directly or indirectly through one or more subsidiaries, at least 51% of Banco Security's issued shares with voting rights.

Series F Bonds

DATE: November 20, 2009

- **Debt level:** As of January 1, 2010, an agreement established that the debt level may not exceed 0.4, measured quarterly using the Statement of Financial Position issued in accordance with IFRS. The debt level is defined as the ratio between individual financial liabilities, in accordance with the FECU-IFRS disclosure table, and equity (hereinafter "IFRS debt level").

Individual financial liabilities are the sum of financial obligations contracted by Grupo Security, excluding subsidiary financial obligations, regardless of whether those subsidiaries are consolidated by Grupo Security. Thus, individual financial liabilities include the sum of the company's individually considered debts, which qualify according to the following FECU-IFRS accounting concepts: (i) obligations with banks and financial institutions, current and noncurrent (as included in those concepts on the FECU-IFRS table), (ii) financial obligations with the public (promissory notes and bonds), current and noncurrent (as included in those concepts on the FECU-IFRS table), (iii) accounts payable to related parties, current and noncurrent (as included in those concepts on the FECU-IFRS table). Point (iii) above shall include those individually considered Grupo Security accounts payable that have been contracted with related parties, which have been eliminated during the consolidation process and therefore are not present in the Issuer's financial statements.

In both cases, liabilities shall include the amount of guarantees, joint and several guarantees, joint assumption of debt and other personal or real guarantees that the issuer has granted to guarantee third-party obligations, including subsidiary obligations. The issuer must send a Bondholder representative, along with copies of quarterly and annual financial statements, and a letter signed by the issuer's legal representative, confirming compliance with the financial indicators established in paragraph A.

• **Banco Security Ownership:** The Company must hold, directly or indirectly through one or more subsidiaries, at least 51% of Banco Security's issued shares with voting rights.

CREDITOR BANKS

As of December 31, 2012, Grupo Security does not hold any debt with banks or financial institutions.

DEPENDENCE ON SUBSIDIARY DIVIDENDS

Grupo Security is the ultimate parent company of a conglomerate of companies; as such, it receives its income from subsidiary dividends. Receiving income from each of the subsidiaries allows Grupo Security the flexibility to establish dividend policies based on company needs. This is especially true because of the vast diversification of the Company's income sources, with subsidiaries in various sectors of the financial industry.

Banco Security, the Group's most important asset, was the source of 78% of dividends received in 2012. Both Feller Rate and Fitch Ratings rated the Bank AA-, with a stable outlook. Grupo Security's second largest 2012 dividend source was Vida Security, which contributed the remaining 22%. Vida Security was also rated AA- by Fitch Ratings and Feller Rate.

Investment & Financing Policies

RISK FACTORS

- Stiff Competition in All Group Business Areas

The industries in which the Group competes are known for being highly competitive and trending toward decreased margins. Ongoing mergers and competitor alliances are proof of the competition Grupo Security companies face. Despite potential challenges to income generation, the possible negative effects of competition are deemed to be offset by Grupo Security's solid brand image in its target market, strong customer loyalty and the niche strategy that drives the Group's development.

The aforementioned characteristics allow the Company to offer personalized, specialized products and services, which is very difficult in large organizations targeting more large-scale segments of the population. The Company's offering has earned it a favorable market position with which to face future competition.

- Regulatory Changes in Group Industries

The banking and insurance industries are government-regulated and are consequently subject to potential regulatory changes over time. However, this risk is estimated to be low thanks to transparency, the advanced levels of current development and the industry's excellent local reputation.

RIESGOS ASOCIADOS AL NEGOCIO FINANCIERO

- Credit Risk

As a result of the international financial crises of 2008 and 2012, the Chilean banking industry has experienced deteriorated credit quality in some segments. However, the increase in risk ratios has been minimal.

Within this framework, Banco Security has consistently kept its risk levels below industry averages.

- Market Risk

The Chilean banking industry faces two fundamental market risks: inflation and interest rate fluctuation. Consequently, Banco Security's Finance Committee has established market risk policies, procedures and limits to manage the bank's term and exchange rate exposure in accordance with bank objectives and regulatory limits. Likewise, the Bank and its subsidiaries have implemented a special system for controlling interest rate risk. Along with constant monitoring of medium- and long-term investments, the system provides continuous portfolio monitoring.

- Risks Associated with International Market Volatility

The Chilean economic system and its markets operate within the wider international financial context, leaving them exposed to external crises. The volatility of world financial markets and changes in global economic conditions can negatively affect the performance of local assets and risk premiums demanded by investors.

RISKS ASSOCIATED WITH THE INSURANCE BUSINESS**- Local Financial Risks**

Decreases in medium- and long-term interest rates could affect the performance of annuity-backing assets and guaranteed-return investment accounts when investments with shorter maturities must be made, creating a medium-term operating deficit.

- Mortality and Morbidity Rates

Increases in morbidity rates could cause the number of catastrophic claims to rise in the medium-term and the number of medical reimbursement claims to increase in the short-term. If companies do not adjust to the new structure of the mortality curves, the decrease in adult mortality rates could negatively impact the income expected from the annuities area.

- Industry Structure

The large number industry players can lead to company closures and mergers. Consequently, the current industry structure may vary, triggering adjustments to the structure of sales and operating margins.

- Re-insurance Industry

The trend toward concentration of re-insurance companies could affect the variety of coverage options. Strong market competition could result in elimination of re-insurance options for risks that are currently insurable.

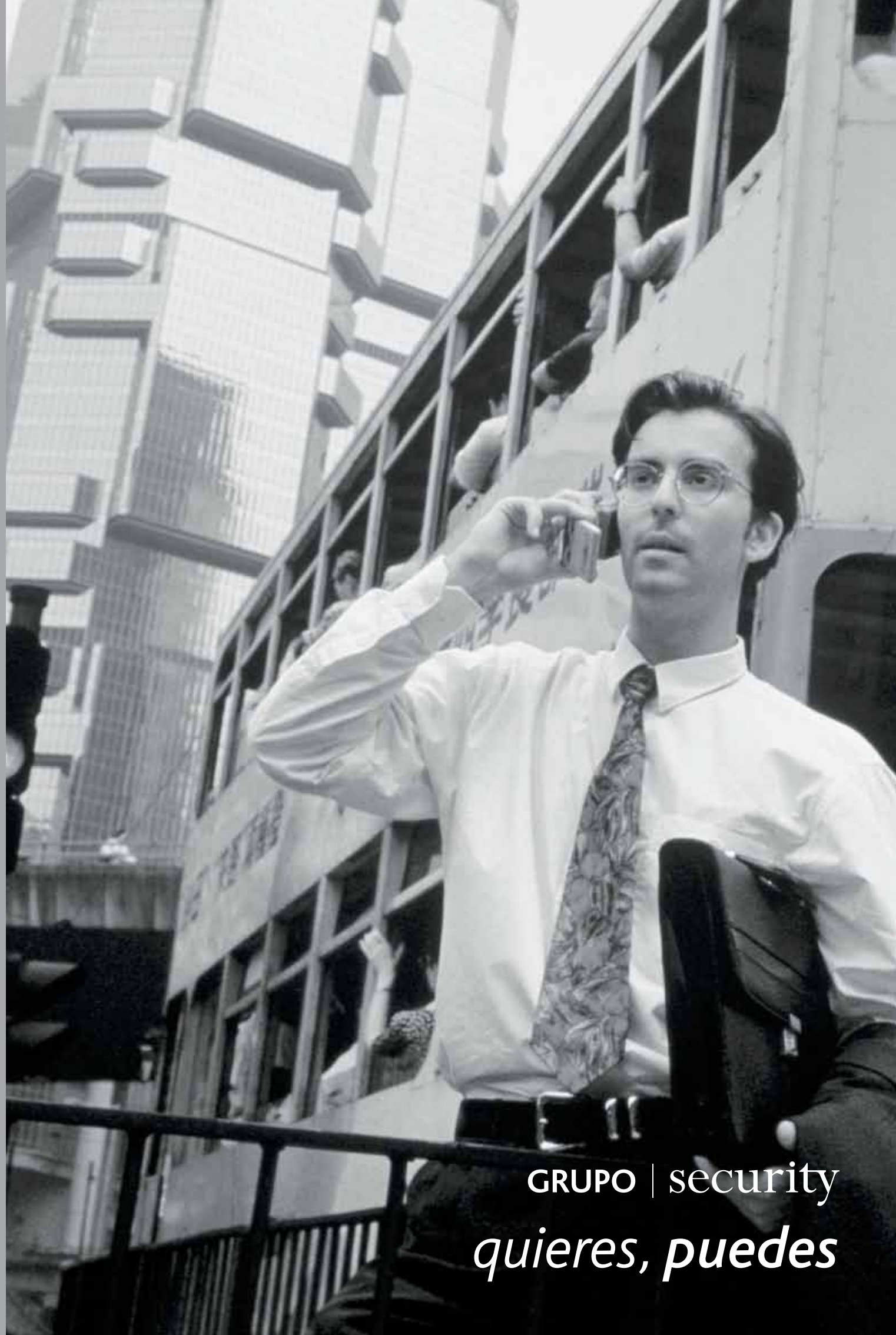
- Internal Competition

Due to the price competition affecting the market, the technical margins of high-retention general insurance areas could continue to fall.



07

Company
Information



GRUPO | security
quieres, puedes

Company Information

COMPANY INFORMATION

INFORMATION ON THE COMPANY

LEGAL NAME:	Grupo Security S.A.
TYPE OF COMPANY:	Publicly-held Corporation
LINE OF BUSINESS:	Financial group that seeks to offer the broadest range of financial services, in Chile and abroad.
Taxpayer ID Number:	96.604.380-6
DOMICILE:	Avda. Apoquindo 3150, 15th floor, Las Condes, Santiago
PHONE:	(56-2) 2 584 4000
FAX:	(56-2) 2 584 4035
E-MAIL:	grupo@security.cl
WEB:	www.security.cl

ARTICLES OF INCORPORATION

Sociedad de Inversiones Grupo Security S.A. was incorporated by public deed on February 8, 1991 before notary public Mr. Enrique Morgan Torres. The extract from the articles of incorporation was published in the Official Gazette on February 22, 1991. Grupo Security S.A., a publicly-held corporation, was registered with the Santiago Commerce Registry on page 5,720 No. 2,820 on February 19, 1991. On January 30, 1995, the Company was registered in the Securities Registry under number 0499 and, therefore, is supervised by the Securities and Insurance Supervisor (SVS). At the Shareholders' Meeting held on October 20, 1997, shareholders approved a legal name change from Security Holdings S.A. to the Company's current name Grupo Security S.A.

OWNERSHIP

Grupo Security does not have a controlling shareholder or controlling group, as defined in Article 97 of the Securities Market Law. A group of shareholders representing a nearly 69.91% interest in the Group has a share transfer agreement and has actively participated in the Group's management since its founding in 1991. Since that date, Grupo Security has created and incorporated new subsidiaries and development areas, expanding its business base in the financial sector and positioning itself as a first-rate provider of comprehensive financial services. As of December 31, 2012, a total of 2,882,258,605 single series shares had been issued.

As of December 31, 2012, Grupo Security's 12 largest shareholders were:

NAME OR CORPORATE NAME	TAXPAYER ID NO.	NO. OF SHARES	%TOTAL SHARE CAPITAL	% ACCUMULATED SHARE CAPITAL
INVERSIONES CENTINELA LIMITADA	76.108.332-5	284,271,279	9.9%	9.9%
SOCIEDAD DE AHORRO MATYCO LIMITADA	96.512.100-5	267,239,095	9.3%	19.1%
INVERSIONES HIDROELECTRICAS LTDA	79.884.660-4	203,640,000	7.1%	26.2%
VALORES SECURITY S A C DE B	96.515.580-5	195,567,026	6.8%	33.0%
INV HEMACO LTDA	96.647.170-0	171,953,938	6.0%	39.0%
ARCOINVEST CHILE SA	76.057.087-7	137,625,000	4.8%	43.7%
SOC COMERCIAL DE SERVICIOS E INV LTDA	79.553.600-0	118,070,506	4.1%	47.8%
INVERSIONES LLASCAHUE SA	79.884.060-6	110,258,000	3.8%	51.6%
INMOBILIARIA CAB LIMITADA	96.941.680-8	98,000,000	3.4%	55.0%
SOCIEDAD DE AHORRO ALISIOS DOS LTDA	76.093.398-8	90,148,786	3.1%	58.2%
INMOBILIARIA LOS LLEUQUES LIMITADA	79.652.720-K	90,121,810	3.1%	61.3%
SOCIEDAD DE AHORRO TENAYA DOS LTDA	76.093.362-7	90,121,809	3.1%	64.4%

SOURCE: CENTRAL SECURITIES DEPOSIT (DCV)

In accordance with SVS General Character Standard No. 283, the following individuals directly or indirectly, as individuals or through legal entities, own 10% or more of Grupo Security S.A. as of December 31, 2012: Mr. Gustavo Pavez Rodríguez, taxpayer ID number: 4.609.215-5, owns 12.97% of the Group's share capital via 92.91 % ownership of Inversiones Centinela Ltda. and Sociedad Comercial de Servicios e Inversiones Ltda.

PERSONNEL AND REMUNERATIONS

As of December 31, 2012, Grupo Security S.A. and its subsidiaries had a total of 2,903 employees, 10.4% more than in December 2011. Remunerations paid to executives of Grupo Security S.A. in 2012 totaled Ch\$ 15,118,403,425 (including Ch\$ 701,579,251 in benefits).

During 2012, Grupo Security S.A. paid Ch\$ 400,054,485 in executive severance indemnities. The Company's team of associates, a key contributing factor to the Company's sustained growth, is comprised mostly of women (64.4% of the total workforce).

Moreover, both Grupo Security and its subsidiaries have target-based incentive plans in place. The targets include return on equity and reserves as well as annual budget compliance. Each company directly incurs the expenses associated with its incentive plan.

The following table details employee distribution by company:

COMPANY EMPLOYEE DATA	CATEGORY			
	EXECUTIVES	PROF.WORKERS	TRABAJADORES	OVERALL TOTAL
GRUPO SECURITY S.A.	9	4	3	16
BANCO SECURITY AND SUBSIDIARIES	89	591	392	1,072
FACTORING SECURITY S.A.	18	75	61	154
INMOBILIARIA SECURITY S.A. AND INMOBILIARIA SECURITY SIETE LTDA. ASESORÍAS SECURITY S.A.	4	12	8	24
ASESORÍAS SECURITY S.A.	5	12	5	22
SECURITIZADORA SECURITY	3	1	1	5
INVERSIONES INVEST SECURITY LTDA.	49	347	435	831
INVERSIONES SEGUROS SECURITY AND SUBSIDIARIES	35	172	572	779
OVERALL TOTAL	212	1,214	1,477	2,903

Company Information

DIRECTORS' COMMITTEE

The Directors' Committee is comprised of the following Grupo Security Directors:

TITLE	NAME	EDUCATION	TAXPAYER ID NO
Independent Director	Andrés Concha Rodríguez	Business Administration, Universidad de Chile	4.773.967-5
Directors	Jorge Marín Correa	Technical Degree in Business Administration	7.639.707-4
	Álvaro Vial Gaete	Business Administration, Universidad de Chile • Master of Arts in Economics, University of Chicago	5.759.348-2

Compensation was set at UF 15 per session for each Director, with a yearly maximum of eight sessions. The Committee did not incur administrative or advising expenses in 2012. The Committee, which functions as described in Law 18.046, Article 50 Bis, met eight times in 2012.

The following matters were addressed by the Directors' Committee:

- Review of the independent auditors' report addressed to the shareholders of Grupo Security and its subsidiaries, as of December 31, 2011.
- Risk rating agency and external auditor proposals to the Board of Directors.
- Review and approval of the Group's annual internal auditing plan, its main scope and approaches.
- Review and approval of the Group's annual external auditing plan presented by Deloitte, its main scope and approaches.
- Review and follow-up of tasks aimed at preventing money laundering, fraud and bribery of public officials; and monitoring of progress on Law 20.393 certification and FACTA implementation.
- Periodic review of operating, technological, compliance and credit risks, among others, as identified through comprehensive risk management and implemented by Grupo Security at each of its companies.
- Periodic review of loss events and claims reported by the Group's various companies.
- Review of the main audit: findings from the various Grupo Security lines of business and companies, as well as fulfillment of the commitments arising from the audit.
- Familiarization with the period's regulatory changes, including the main implications of DS 702, New Corporate Regulations and progress on securities brokerage accreditation, in accordance with NCG 295.
- Review of compensation and incentive plans in place for Grupo Security managers, key executives and other employees.
- Review of work performed by external auditors. Services other than those inherent to the nature of audit services were not identified.
- Familiarization with the external auditors' Management Report.
- Review of transactions between related companies and affiliates.

Regarding the latter, the Directors' Committee verified compliance with the General Transitory Policy on Routine Ordinary Operations with Related Parties, approved at Board of Directors Meeting No. 211 on April 29, 2010. The Committee verified that the policy has been fully upheld.

Regarding non-audit services, in accordance with Law 18.046 Art. 50 Bis, no external audit services that exceed the scope of the external audit were reported to the Directors' Committee.

Related-party balances correspond to routine operations and are presented in note 7 to the consolidated financial statements.

REAL ESTATE AND OTHER PROPERTY

The Group's consolidated property, plant and equipment reached Ch\$ 42,996 million (0.79% of assets) as of December 31, 2012.

TRADEMARKS AND PATENTS

Grupo Security owns the "Security" trademark for the categories related to the business activities of the parent company, subsidiaries and affiliates.

DIRECTOR ALLOWANCES AND FEES

Regarding allowances and fees paid to each director during 2012, at the shareholders' meeting held March 28, 2012, shareholders proposed compensation of UF 35 per director and UF 50 for the Chairman for each meeting, with a limit of one paid session per month. Annual benefits paid to directors are capped at UF 11,000. Thus, the total compensation paid to directors by Grupo Security in 2012 was UF 7,270.

The Board of Directors did not incur any advisory expenses.

The following directors of the parent received the following gross compensation for their services as directors of the subsidiaries indicated below:

At Grupo Security: UF 649 (UF 599 in 2011) in allowance for meeting attendance, Mr. Francisco Silva Silva; UF 420 (UF 385 in 2011) in allowance for meeting attendance and UF 782 (UF 840 in 2011) in profits, Mr. Claudio Berndt Cramer; UF 385 (UF 385 in 2011) in allowance for meeting attendance and UF 105 (UF 105 in 2011) in allowance for Directors' Committee participation and UF 782 (UF 840 in 2011) in profits, Mr. Andrés Concha Rodríguez; UF 245 (UF 350 in 2011) in allowance for meeting attendance and UF 782 (UF 840 in 2011) in profits, Mrs. Ana Saíñ de Vicuña UF 455 (UF 385 in 2011) in allowance for meeting attendance and UF 120 (UF 75 in 2011) in allowance for Directors' Committee participation, Mr. Jorge Marín Correa; UF 385 (UF 420 in 2011) in allowance for meeting attendance and UF 782 (UF 840 in 2011) in profits, Mr. Naoshi Matsumoto Takahashi; UF 420 (UF 350 in 2011) in allowance for meeting attendance, Mr. Juan Cristóbal Pavez Recart; UF 385 (UF 385 in 2011) in allowance for meeting attendance, Mr. Horacio Pavez García; UF 455 (UF 420 in 2011) in allowance for meeting attendance UF 120 (UF 105 in 2011) in allowance for Directors' Committee participation, Mr. Álvaro Vial Gaete

At Banco Security: UF 501 (UF 450 in 2011) in allowance for meeting attendance and UF 14.937 (UF 15.215 in 2011) in profits, Mr. Francisco Silva Silva; UF 501 (UF 450 in 2011) in allowance for meeting attendance and UF 887 (UF 944 in 2011) in profits, Mr. Jorge Marín Correa; UF 501 (UF 500 in 2011) in allowance for meeting attendance, Mr. Horacio Pavez García

At Seguros de Vida Security: UF 279 (UF 309 in 2011) in allowance for meeting attendance, Mr. Francisco Silva Silva; UF 217 (UF 309 in 2011) in allowance for meeting attendance and UF 782 (UF 840 in 2011) in profits, Mr. Juan Cristóbal Pavez; UF 279 (UF 278 in 2011) in allowance for meeting attendance and UF 782 (UF 840 in 2011) in profits, Mr. Horacio Pavez García; UF 341 (UF 309 in 2011) in allowance for meeting attendance and UF 782 (UF 840 in 2011) in profits, Mr. Álvaro Vial Gaete.

Company Information

RISK RATING

RISK RATING	ORDINARY SHARES	BONDS NO. 340 SERIES B-2 BONDS NO. 376 SERIES C-2 BONDS NO. 454 SERIES D BONDS NO. 507 SERIES E BONDS NO. 620 SERIES F	OUTLOOK
Fitch Chile Clasificadora de Riesgo Ltda.	First class level 3	A+	Stable
Feller & Rate Clasificadora de Riesgo	First class level 2	A+	Stable
Risk Rating Commission	Approved	A+	

DIVIDEND POLICY

The Board of Directors proposes that the shareholders maintain the current dividend policy. According to the policy, approved at the 2012 Ordinary Shareholders' Meeting, at least 30% of Grupo Security's annual earnings are distributed, provided that distribution does not impede or hinder compliance with the Company's current or future financial obligations. The distribution can be charged to profit for the year or retained earnings from prior years. Payment is divided into two dividends: one interim and one final.

The Board of Directors proposed that interim dividends, which do not represent more than 20% of the Company's earnings accrued between January and June, be paid between October and November of each year. The Board of Directors was authorized to distribute an additional dividend of up to Ch\$ 3.25 per share, charged to retained earnings.

Likewise, a second, final dividend would be distributed between April and May of the following year up to a minimum of 30% of Grupo Security's profit for the year. The aforementioned minimum applies provided that distribution does not impede or hinder compliance with the Company's current or future financial obligations.

IN MILLIONS OF NOMINAL CHILEAN PESOS	2006	2007	2008	2009	2010	2011	2012
Profit for the year	\$26,746	\$32,018	\$17,785	\$29,986	\$40,852	\$41,883	\$46,561
Dividends paid during the year	\$12,986	\$15,297	\$14,967	\$15,729	\$20,400	\$25,942	\$28,823

DIVIDENDS PAID

The following table lists the dividends paid to Grupo Security shareholders since the Company's IPO in 1995.

NO	DATE	DIV. PER SHARE	NO. OF SHARES	AMOUNT IN MILLIONS	Nº	DATE	DIV. PER SHARE	NO. OF SHARES	AMOUNT IN MILLIONS
1	25-feb-95	\$12.36	170,827,056	\$ 2.111	23	11-oct-05	\$0.75	2,040,264,415	\$1,530
2	02-may-96	\$11.00	236,388,722	\$ 2.600	24	11-oct-05	\$1.00	2,040,264,415	\$2,040
3	02-may-97	\$14.00	236,388,722	\$ 3.309	25	13-apr-06	\$3.75	2,201,000,000	\$8,254
4	14-nov-97	\$1.00	1,654,721,054	\$ 1.655	26	10-oct-06	\$1.00	2,201,000,000	\$2,201
5	05-may-98	\$1.50	1,654,721,054	\$ 2.482	27	10-oct-06	\$1.15	2,201,000,000	\$2,531
6	07-oct-98	\$1.00	1,654,721,054	\$ 1.655	28	17-apr-07	\$4.15	2,201,000,000	\$9,134
7	07-oct-98	\$4.50	1,654,721,054	\$ 7.446	29	24-oct-07	\$1.70	2,201,000,000	\$3,742
8	06-apr-99	\$2.00	1,654,721,054	\$ 3.309	30	24-oct-07	\$1.10	2,201,000,000	\$2,421
9	14-oct-99	\$1.50	1,654,721,054	\$ 2.482	31	11-apr-08	\$4.80	2,201,000,000	\$10,565
10	11-apr-00	\$2.75	1,654,721,054	\$ 4.550	32	09-oct-08	\$0.50	2,201,000,000	\$1,101
11	21-oct-00	\$1.25	1,654,721,054	\$ 2.068	33	09-oct-08	\$1.50	2,201,000,000	\$3,302
12	24-apr-01	\$2.00	1,654,721,054	\$ 3.309	34	09-apr-09	\$4.25	2,201,000,000	\$9,354
13	17-oct-01	\$1.00	1,654,721,054	\$ 1.655	35	09-oct-09	\$1.00	2,550,000,000	\$2,550
14	30-apr-02	\$2.20	1,654,721,054	\$ 3.640	36	09-oct-09	\$1.50	2,550,000,000	\$3,825
15	10-oct-02	\$0.60	1,654,721,054	\$ 993	37	30-apr-10	\$5.00	2,550,000,000	\$12,750
16	02-may-03	\$2.60	1,654,721,000	\$ 4.302	38	15-oct-10	\$1.00	2,550,000,000	\$2,550
17	14-oct-03	\$0.74	1,654,721,054	\$ 1.228	39	15-oct-10	\$2.00	2,550,000,000	\$5,100
18	14-oct-03	\$0.76	1,654,721,054	\$ 1.254	40	29-mar-11	\$6.50	2,550,000,000	\$16,575
19	30-apr-04	\$3.15	1,654,721,054	\$ 5.212	41	14-oct-11	\$1.00	2,882,258,605	\$2,882
20	01-oct-04	\$0.50	1,751,470,139	\$ 876	42	14-oct-11	\$2.25	2,882,258,605	\$6,485
21	01-oct-04	\$1.00	1,751,470,139	\$ 1.751	43	09-apr-12	\$6.75	2,882,258,605	\$19,455
22	19-apr-05	\$3.30	2,040,264,415	\$ 6.733	44	25-oct-12	\$2.25	2,882,258,605	\$6,485
					45	25-oct-12	\$ 1,00	2,882,258,605	\$ 2.882

STOCK PERFORMANCE

In 2012, the IPSA rose 3.0%, versus a 15.2% drop recorded in 2011. In 2012, the global economic and financial scenario was marked by uncertainty regarding European economies and the risk of a more serious debt crisis.

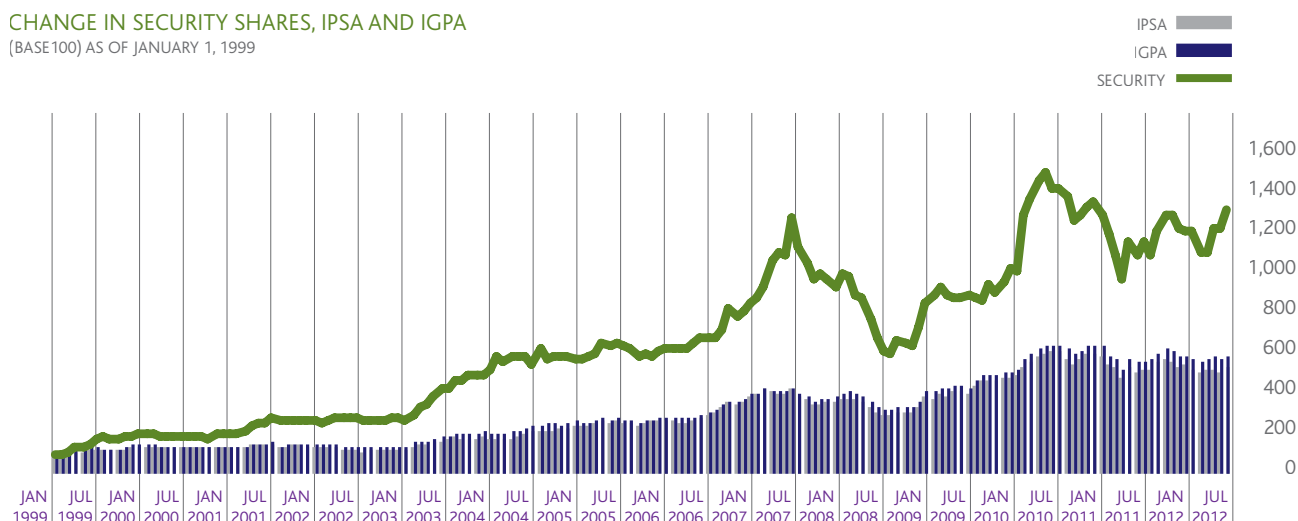
It was in that context that Grupo Security shares closed at Ch\$ 187 per share on December 28, 2012, a 12.8% increase relative to December 30, 2011 (considering adjustments for dividends). Over the course of the year, the Company demonstrated a stock exchange presence of 93.1%.

The price-earnings ratio of Security shares reached 11.6, down from 12.0 in 2011.

The following graph illustrates the change in Grupo Security share prices relative to the behavior of the Selective Price Index (IPSA) and the General Price Index (IGPA).

Company Information

CHANGE IN SECURITY SHARES, IPSA AND IGPA
(BASE 100) AS OF JANUARY 1, 1999



VARIACIÓN ANUAL ACCIÓN SECURITY E IPSA

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
SECURITY	-3%	85%	21%	-2%	24%	44%	-43%	48%	61%	-18%	13%
IPSA	-15%	48%	21%	9%	37%	13%	-22%	51%	38%	-15%	3%

RETURNS CALCULATED ON THE BASIS OF CLOSING PRICE ADJUSTED FOR DIVIDENDS
SOURCE: ECONOMÁTICA

STOCK MARKET INDICATORS AND TRANSACTIONS

The following table shows Grupo Security's year-end stock exchange indicators between 2002 and 2012.

(IN HISTORIC CHILEAN PESOS)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Price in Ch\$ (without adjusting for dividends)	\$61.0	\$107.0	\$125.0	\$118.0	\$140.0	\$194.0	\$106.0	\$147.1	\$227.0	\$175.0	\$187.0
Earnings per Share \$	\$4.4	\$8.5	\$7.6	\$9.9	\$12.2	\$14.5	\$8.1	\$11.8	\$16.0	\$14.5	\$16.2
Price/Earnings	13.7	12.5	16.4	11.9	11.5	13.3	13.1	12.5	14.2	12.0	11.6
Price/Book Value	1.1	1.7	1.6	1.4	1.5	1.8	0.9	1.3	1.9	1.3	1.4
Stock Exchange Presence	35.3%	43.6%	49.0%	99.6%	99.6%	100.0%	81.6%	77.2%	96.4%	94.0%	93.1%
Number of Shares (in millions)	1,655	1,655	2,040	2,040	2,201	2,201	2,201	2,550	2,550	2,882	2,882
Market Value (in millions of US\$)	\$142	\$295	\$456	\$468	\$576	\$861	\$371	\$741	\$1,236	\$967	\$1,126

The following table shows the number of Grupo Security shares traded, the peso volume traded and the average price in recent years:

QUARTER	NO. OF SHARES (IN THOUSANDS)	PESO VOLUME TRADED (IN THOUSANDS OF CH\$)	AVERAGE PRICE (CH\$)
1er Quarter 2011	46,846	\$10,245,781	\$219
2do Quarter 2011	254,154	\$50,555,271	\$199
3er Quarter 2011	101,078	\$17,058,160	\$169
4to Quarter 2011	191,990	\$32,073,445	\$167
2011	594,069	\$109,932,656	\$185
1er Quarter 2012	61,690	\$10,953,192	\$178
2do Quarter 2012	46,635	\$8,380,962	\$180
3er Quarter 2012	28,705	\$4,810,637	\$168
4to Quarter 2012	51,725	\$7,123,523	\$138
2012	188,756	\$31,268,314	\$166

SOURCE: THE NUMBER OF SHARES AND PESO VOLUMES TRADED ARE TAKEN FROM THE SANTIAGO STOCK EXCHANGE, ELECTRONIC STOCK EXCHANGE, AND VALPARAÍSO STOCK EXCHANGE.

GRUPO SECURITY SHARE TRANSACTIONS

The following tables detail share transactions by Grupo Security's controlling shareholders, directors and senior management:

Inversiones Centinela Ltda.

Related to Gustavo Pavez Rodríguez, Grupo Security Controlling Shareholder

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Compra Acciones Opción Preferente aumento de Capital	01-jul-11	9,376,187	200.00	1,875,237,400	246,729,398	256,105,585
Compra Acciones Opción Preferente aumento de Capital	01-jul-11	19,593,217	200.00	3,918,643,400	256,105,585	275,698,802
Compra Acciones	10-ago-11	8,572,477	150.00	1,285,871,550	275,698,802	284,271,279

Inmobiliaria Lleuques Ltda. (Ex-Villuco)

Related to Horacio Pavez García, Grupo Security Director

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	08-jul-11	19,760,605	200.00	3,952,121,000	248,837,241	268,597,846
Share transfer due to division	29-mar-12	89,523,662	-	-	268,597,846	179,074,184
Share transfer due to division	29-mar-12	89,550,522	-	-	179,074,184	89,523,662
Purchase of shares	26-jul-12	389,711	175.00	68,199,425	89,523,662	89,913,373
Purchase of shares	14-aug-12	208,437	175.00	36,476,475	89,913,373	90,121,810

Sociedad de Ahorros Alisios Dos Ltda.

Related to Horacio Pavez García, Grupo Security Director

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Share transfer due to division	29-mar-12	89,550,522	-	-	-	89,550,522
Purchase of shares	26-jul-12	389,828	175.00	68,219,900	89,550,522	89,940,350
Purchase of shares	14-aug-12	208,436	175.00	36,476,300	89,940,350	90,148,786

Sociedad de Ahorro Tenaya Dos Ltda.

Related to Horacio Pavez García, Grupo Security Director

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Share transfer due to division	29-mar-12	89,523,662	-	-	-	89,523,662
Purchase of shares	26-jul-12	389,711	175.00	68,199,425	89,523,662	89,913,373
Purchase of shares	14-aug-12	208,436	175.00	36,476,300	89,913,373	90,121,809

Sociedad de Ahorro Matyco Ltda.

Related to Naoshi Matsumoto Takahashi, Grupo Security Director

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	05-jul-11	19,575,427	200.00	3,915,085,400	246,505,375	266,080,802
Purchase of shares	26-jul-12	1,158,293	175.00	202,701,275	266,080,802	267,239,095

Company Information

Inversiones Hidroelectricas Ltda.

Related to Francisco Silva Silva, Chairman of Grupo Security; Renato Peñafiel, CEO of Grupo Security; and Ramón Eluchans, CEO of Banco Security

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	24-jun-11	14,885,000	200.00	2,977,000,000	187,425,000	202,310,000
Purchase of shares	26-jul-12	1,330,000	175.00	232,750,000	202,310,000	203,640,000

Inversiones Hemaco Ltda.

Related to Jorge Marín Correa, Grupo Security Director

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	29-jun-11	12,595,731	200.00	2,519,146,200	158,612,908	171,208,639
Purchase of shares	26-jul-12	745,299	175.00	130,427,325	171,208,639	171,953,938

Polo Sur Sociedad de Rentas Ltda.

Related to Jorge Marín Correa, Grupo Security Director

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	29-jun-11	2,131,826	200.00	426,365,200	26,845,205	28,977,031
Purchase of shares	26-jul-12	126,142	175.00	22,074,850	28,977,031	29,103,173

Arcoinvest Chile S.A.

Related to Ana Saíñz de Vicuña Bemberg, Grupo Security Director

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	08-jul-11	10,125,000	200.00	2,025,000,000	127,500,000	137,625,000

Inversiones Llascahue Ltda.

Related to Francisco Silva Silva, Chairman of Grupo Security

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	23-jun-11	6,157,825	200.00	1,231,565,000	102,000,000	108,157,825
Purchase of preferential option shares, capital increase	24-jun-11	2,100,175	200.00	420,035,000	108,157,825	110,258,000

Inmobiliaria CAB Ltda.**Related to Claudio Berndt, Grupo Security Director**

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	08-jul-11	7,626,468	200.00	1,525,293,600	96,037,000	103,663,468
Purchase of shares	07-mar-12	1,532	169.98	260,409	103,663,468	103,665,000
Sale of shares	26-jul-12	5,039,691	175.00	881,945,925	103,665,000	98,625,309
Sale of shares	14-aug-12	625,309	175.00	109,429,075	98,625,309	98,000,000

Inversiones Los Cactus Ltda.**Related to Renato Peñafiel, CEO of Grupo Security**

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	24-jun-11	6,670,000	200.00	1,334,000,000	82,000,000	88,670,000

Compañía de Inversiones Río Bueno S.A.**Related to Andrés Concha Rodríguez, Grupo Security Director**

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	08-jul-11	5,248,213	200.00	1,049,642,600	66,088,609	71,336,822
Purchase of shares	26-jul-12	310,541	175.00	54,344,675	71,336,822	71,647,363

San Leon Inversiones y Servicios Ltda.**Related to Álvaro Vial Gaete, Grupo Security Director**

TRANSACTION	DATE	CHANGE IN NO. OF SHARES	PRICE PER SHARE	TOTAL INVEST. VALUE CH\$	BEGINNING BALANCE	ENDING BALANCE
Purchase of preferential option shares, capital increase	08-jul-11	1,983,822	200.00	396,764,400	24,415,366	26,399,188

Company Information

MATERIAL EVENTS

Santiago, March 9, 2012

At the Board of Directors Meeting held on March 9, 2012, the attendees unanimously agreed:

(i) to hold the Grupo Security Ordinary Shareholders' Meeting on Wednesday, March 28, 2012 at 9:00 at the Company's offices located at Av. Apoquindo 3150, floor -1 and (ii) to propose at said meeting a distribution of dividends in the amount of Ch\$ 6.75 per share in addition to the interim dividend of Ch\$ 1.00 and the additional dividend of Ch\$ 2.25 paid on October 20, 2011, for a total 2011 annual dividend of Ch\$ 10.00.

The Board also agreed to propose a dividend payment date of April 2012, if the shareholders approved payment of the dividends according to the terms proposed. All Grupo Security shareholders registered in the Shareholders' Registry as of March 31, 2012 shall be entitled to payment of these dividends.

Santiago, October 4, 2012

In accordance with the agreements made at the Ordinary Shareholders' Meeting held on March 28, 2012, the Grupo Security Board of Directors agreed, at its October 4, 2012 meeting, to pay a total dividend of Ch\$ 3.25 per share, distributed as follows: (i) an interim dividend of Ch\$ 1.00 per share, to be paid in cash and charged to 2012 retained earnings; and (ii) an additional dividend of Ch\$ 2.25 per share, to be paid in cash and charged to retained earnings from prior years. The aforementioned total dividend will be available to shareholders as of October 25, 2012, in the Banco Security Office located at Agustinas 621, 1st floor, Santiago, from 9:00 to 14:00, or another payment method chosen by the shareholders before the date of payment.

REGULATORY FRAMEWORK

Grupo Security and its subsidiaries fully comply with the current regulatory framework that applies to its businesses, including: the General Banking Law, the Insurance Law, the Capital Markets Law, the Corporations Law, and all laws and regulations that apply to Grupo Security business areas.

ORGANIZATIONAL STRUCTURE

