

BANCO SECURITY · annual report 2006



BANCO security



BANCO SECURITY · annual report 2006





assistance



C H A P T E R 0 1

financial summary

UNCONSOLIDATED FINANCIAL SUMMARY, BANCO SECURITY

CONSOLIDATED FINANCIAL SUMMARY, BANCO SECURITY

BANCO security

UNCONSOLIDATED FINANCIAL SUMMARY, BANCO SECURITY

In millions of Chilean pesos as of December 2006

	1996	1997	1998	1999	2000	2001	2002	2003	2004 (3)	2005	2006
RESULTS FOR THE YEAR											
Gross Operating Income (Gross Margin)	19,357	21,144	23,695	28,867	30,268	36,680	39,856	43,149	52,497	52,168	54,613
Operating expenses	10,777	11,547	12,599	14,736	15,986	20,231	20,652	22,044	31,018	26,173	30,235
Net Operating Income (Net Margin)	8,581	9,597	11,096	14,131	14,281	16,449	19,204	21,104	21,479	25,995	24,378
Net Income	7,069	9,617	6,707	10,360	11,215	10,965	11,026	14,448	14,834	20,435	20,498

Year - End Balance

Loans (1)	498,873	625,347	665,500	701,952	828,719	863,406	941,532	1,042,115	1,256,197	1,382,798	1,610,864
Financial Investments	109,845	150,603	130,152	83,619	105,202	147,795	155,300	126,919	244,977	248,283	250,116
Productive Assets	608,718	775,951	795,652	785,572	933,921	1,011,201	1,096,832	1,169,033	1,501,174	1,631,081	1,860,981
Fixed Assets and Investment in Subsidiaries	23,721	24,307	25,318	28,842	30,770	19,334	22,777	29,544	43,901	47,781	51,808
Total Assets	790,849	850,595	918,720	898,597	1,061,463	1,138,570	1,231,072	1,294,933	1,699,139	1,960,074	2,070,895
Net Sight Deposits	30,967	28,961	24,596	33,922	34,153	53,947	55,495	62,724	88,042	107,800	108,888
Term Deposits & Borrowings	459,801	449,088	544,044	567,374	728,966	651,164	768,948	770,381	1,032,555	1,089,442	1,190,842
Borrowings from abroad	80,419	43,253	51,034	47,306	10,664	89,442	96,973	100,444	148,006	196,151	112,615
Provision for Risk Assets	5,137	4,993	6,713	6,460	6,355	8,544	11,613	12,968	19,632	19,922	16,437
Capital & Reserves (2)	50,092	52,297	67,831	67,160	81,044	83,970	85,321	87,393	131,166	132,994	132,546
Shareholders' Equity	57,161	61,914	74,537	77,520	92,259	94,935	96,347	101,841	146,000	153,429	153,044

Indicators

Productive Assets/Total Assets	77.0%	91.2%	86.6%	87.4%	88.0%	88.8%	89.1%	90.3%	88.3%	83.2%	89.9%
Net Income/Capital & Reserves	14.1%	18.4%	9.9%	15.4%	13.8%	13.1%	12.9%	16.5%	11.3%	15.4%	15.5%
Net Income/ Productive Assets	1.2%	1.2%	0.8%	1.3%	1.2%	1.1%	1.0%	1.2%	1.0%	1.3%	1.1%
Operating Expenses/Gross Margin	55.7%	54.6%	53.2%	51.0%	52.8%	55.2%	51.8%	51.1%	59.1%	50.2%	55.4%
Operating Expenses/Productive Assets	1.8%	1.5%	1.6%	1.9%	1.7%	2.0%	1.9%	1.9%	2.1%	1.6%	1.6%
Productive Assets/Number of Employees	2,899	3,316	3,096	2,776	2,891	2,965	3,493	3,796	4,314	4,292	3,918
Loans/Number of Employees	2,375.6	2,672.4	2,589.5	2,480.4	2,565.7	2,532.0	2,998.5	3,383.5	3,609.8	3,638.9	3,391.3
Leverage	14.7										
Number of Employees	210	234	257	283	323	341	314	308	348	380	475

(1) It includes loans to financial institutions (2) It includes value fluctuations (3) Banco Security merged with Dresdner Bank Lateinamerika, Chile on October 1st., 2004

CONSOLIDATED FINANCIAL SUMMARY, BANCO SECURITY

in millions of Chilean pesos as of December 2006

	1996	1997	1998	1999	2000	2001	2002	2003	2004(3)	2005	2006
RESULTS FOR THE YEAR											
Gross Operating Income (Gross Margin)	25,966	27,806	29,119	37,701	38,755	41,638	47,214	51,178	64,879	62,560	65,047
Operating expenses	14,551	15,033	15,997	18,925	19,771	23,005	23,597	25,695	35,744	31,110	36,099
Net Operating Income (Net Margin)	11,415	12,774	13,122	18,777	18,985	18,632	23,617	25,483	29,135	31,450	28,948
Net Income	7,069	9,617	6,707	10,360	11,215	10,965	11,026	14,448	14,834	20,435	20,498

Year - End Balances

Loans (1)	538,822	676,799	719,730	752,471	876,339	863,406	941,401	1,042,115	1,256,050	1,382,772	1,610,864
Financial Investments	125,660	169,041	135,838	89,281	134,061	158,588	193,230	186,150	324,261	396,786	317,441
Productive Assets	664,483	845,840	855,568	841,752	1,010,400	1,021,994	1,134,631	1,228,265	1,580,312	1,779,558	1,928,306
Fixed Assets and Investment in Subsidiaries	13,130	11,646	12,972	15,446	15,998	13,496	13,645	16,458	22,813	23,528	23,445
Total Assets	837,133	909,406	970,709	948,905	1,134,987	1,145,810	1,261,941	1,343,790	1,769,294	2,050,937	2,134,187
Net Sight Deposits	30,967	28,961	24,507	33,922	34,153	53,947	53,986	62,522	87,723	106,522	108,224
Term Deposits & Borrowings	462,775	462,264	546,138	569,656	748,356	652,371	769,355	767,438	1,038,614	1,090,080	1,210,311
Borrowings from abroad	80,419	43,253	51,034	47,306	10,664	89,442	96,973	100,444	148,006	196,151	112,615
Provision for Risk Assets	5,137	4,993	6,713	7,220	7,042	8,544	11,577	12,968	19,632	19,922	16,437
Capital & Reserves (2)	50,092	52,297	67,831	67,160	81,044	83,970	85,321	87,393	131,166	132,994	132,546
Shareholders' Equity	57,161	61,914	74,537	77,520	92,259	94,935	96,347	101,841	146,000	153,429	153,044

Indicators

Productive Assets/Total Assets	79.4%	93.0%	88.1%	88.7%	89.0%	89.2%	89.9%	91.4%	89.3%	86.8%	90.4%
Net Income/Capital & Reserves	14.1%	18.4%	9.9%	15.4%	13.8%	13.1%	12.9%	16.5%	11.3%	15.4%	15.5%
Net Income/Productive Assets	56.0%	54.1%	54.9%	50.2%	51.0%	55.3%	50.0%	50.2%	55.1%	49.7%	55.5%
Operating Expenses/Productive Assets	2.2%	1.8%	1.9%	2.2%	2.0%	2.3%	2.1%	2.1%	2.3%	1.7%	1.9%
Basle Index		9.8	12.3	12.3	11.7	11.3	11.6	11.2	12.3	11.2	11.6

(1) It includes loans to financial institutions (2) It includes value fluctuations (3) Banco Security merged with Dresdner Bank Lateinamerika, Chile on October 1st., 2004



s u p p o r t



C H A P T E R 0 2

chairman's letter to shareholders

BANCO SECURITY · chairman's letter to shareholders

It is a pleasure for me to present you with the Annual Report of Banco Security for the year just ended.

We feel again the satisfaction of “a job well done” and the achievement of the targets we set ourselves. This is seen not only in the results, but also in the recognition through the prizes received in several areas of our business. We are especially proud of the fact that Banco Security appeared in the 11th place out of the “25 best banks in Latin America” ranked by América Economía magazine.

Banco Security's strategy has proved to be very successful over the years. A clear orientation to corporate business, complemented by a retail bank of excellence, concerned with providing a high quality service to its customers, with an agile and modern management system that seeks sustained growth with an adequate balance between profitability and risk, is and continues to be the general framework guiding our activities.

Year after year, the results of Banco Security have grown steadily, providing profitability with the lowest volatility compared to other banks operating in the market. The net income of Banco Security and its subsidiaries was Ch\$20,498 million (US\$38.5 million) in 2006, producing a return on capital and reserves of 15.5%. With loans of Ch\$1,611 billion (US\$3,026 million), we have consolidated ourselves in a comfortable 8th place among banks in Chile, with a 3% market share. A 78% of these loans are for financing companies and 17% are loans to individuals. The 16.6% real growth in loans compared favorably with 15.4% for the banking industry as a whole.

However, global changes occur increasingly fast. This factor presents the challenge of being prepared to face these changes and being alert to opportunities offered by the market for taking the necessary decisions, without parting from the defined strategy of Banco Security.

Based upon Banco Security's successful history and aware of the challenges that a fast changing world presents, we carried out a series of projects in 2006 in both the operative and technology areas and in the commercial and support areas. The ambitious development program of the personal banking area should be mentioned, which has enabled us to substantially expand the number of the Bank's customers, plus the expansion projects in the middle-market banking area, which are the bases for business growth in Banco Security, always ensuring the maintenance of customers' quality of service. Another of the activities carried out is related to the advantages of the Bank belonging to a financial conglomerate: significant efforts were made to promote the cross-selling of a wide range of products that generate clear benefits for our customers in terms of the variety of products and services offered, thus leading to greater customer loyalty and profitability.



I also would like to state that one of the pillars of Banco Security is and has been its people. The bank has always had a first class team in both professional and human terms and I dare to say that our achievements are basically due to them. The recognition of Banco Security for the fifth consecutive year as being one of the table of honor of the "35 best companies to work for in Chile" made by The Great Place to Work Institute is a clear reflection of this. During the Institute's award ceremony, Banco Security was especially awarded the "Revista Capital Grand Prize" as the "Company that best harmonizes Family and Work".

We are proud of the activities carried out, the results obtained and the recognitions we have received during 2006. This places on us, on all who work for this company, a great responsibility with respect to our customers, our shareholders and also the market, to carry out our tasks in an even better way.

Francisco Silva S.
Chairman



s e r v i c e



C H A P T E R 0 3

directors and
management

BANCO SECURITY · directors and management

BOARD OF DIRECTORS

Chairman:

Directors:

Francisco Silva S.
Hernán Felipe Errázuriz C.
Jorge Marín C.
Gustavo Pavez R.
Renato Peñafiel M.
Gonzalo Ruiz U.
Mario Weiffenbach O.

MANAGEMENT

President
Chief Assistant Executive Officer
Chief Economist
Legal Counsel

Ramón Eluchans O.
Margarita Hepp K.
Aldo Lema N.
Enrique Menchaca O.

SUPPORT AREAS

Risk Division Manager
Risk Control Manager
Compliance Manager
Electronic Banking Manager
Technological Development Manager
Operations Division Manager
Administration Manager

José Miguel Bulnes Z.
Ricardo Martínez S.
Hernán Braun B.
Sebastián Covarrubias F.
Carlos Brito C.
Arturo Kutscher H.
Manuel José Balmaceda A.

COMMERCIAL AREAS

CORPORATE DIVISION

Corporate Banking Division Manager

Christian Sinclair M.

CORPORATE AND BRANCHES AREA

- Manager, Corporate Banking and Branches
- Assistant Manager, Corporations
- Assistant Manager, Large Companies
- Assistant Manager, Antofagasta Branch
- Assistant Manager, Concepción Branch
- Assistant Manager, Puerto Montt Branch
- Agent, Temuco Branch

Adolfo Tocornal R-T.
Humberto Grattini F.
René Melo B.
Rolando Trombert J.
Francisco Zañartu F.
Cristián Gazabatt O.
Felipe Schacht R.

BUSINESSES AND REAL ESTATE AREA

- Manager, Businesses and Real Estate
- Assistant Manager, Businesses
- Assistant Manager, Businesses
- Assistant Manager, Businesses
- Assistant Manager, Businesses
- Assistant Manager, Real Estate Area
- Businesses Agent
- Businesses Agent
- Businesses Agent
- Businesses Agent

Alejandro Arteaga I.
Alberto Apel O.
Hernán Besa D.
Jorge Contreras W.
José Luis Correa L.
Francisco Domeyko C.
Felipe Oliva L.
Rodrigo Escala A.
Hernán Buzzoni G.
Carlos López V

**MULTINATIONALS AND FINANCIAL ADVISORY AREA**

- Manager, Multinational Banking and Financial Advisory
- Assistant Manager, Multinational Companies
- Agent, Multinational Companies
- Agent, Multinational Companies
- Assistant Manager, Business
- Agent, Financial Advisory

Mario Alfonso Piriz S.
Erik Möller R.
Juan Pablo Tolosa C.
Germán Steffens S.
Mauricio Parra L.
Alberto Aspillaga F.

LEASING AREA

- Manager, Leasing Area

Ignacio Lecanda R.

FOREIGN TRADE AREA

- Manager, Foreign Trade
- Assistant Manager, Foreign Trade
- Agent, Foreign Trade Business
- Agent, Foreign Trade Business

Miguel Ángel Delpin A.
Benjamin Díaz M.
Patricio Carvajal M.
Aldo Reganaz E.

RETAIL DIVISION

- Manager, Retail Banking Division
- Manager, Performance and Development

Gonzalo Baraona B.
Juan Carlos Ruiz V.

PREFERENTIAL BANKING AREA

- Manager, Branches
- Assistant Manager, Branches
- Assistant Manager, Commercial Platforms
- Assistant Manager, Vitacura Branch
- Agent, Head Office Branch (El Golf)
- Agent, Agustinas Branch
- Agent, Regional Branches
- Agent, La Dehesa Branch
- Agent, Providencia Branch
- Agent, Estoril Branch
- Agent, Viña del Mar Branch
- Platform Head, Alcántara Branch
- Platform Head, Plaza Constitución Branch

Felipe Gonzalez A.
Rodrigo Reyes M.
Rodrigo de Pablo M.
Margarita Jarpa del S.
Patricio Gutiérrez P.
José Pablo Jiménez U.
Carlos Benedetti D.
Virginia Diaz M.
Marcela Brunetto S.
María Soledad Ruiz S.
Loreto Escandón S.
José Ignacio Alonso B.
Paula Martinez I.

PRIVATE BANKING AREA

- Assistant Manager, Private Banking

Constanza Pulgar G.

MORTGAGES AREA

- Assistant Manager, Mortgages Area

Carolina Besa M.

FINANCE DIVISION

- Manager, Investment and Finance Division

Bonifacio Bilbao H.

MONEY DESK

- Manager, Local Currency Desk
- Manager, Money Desk

Sergio Bonilla B.
Ricardo Turner O.

INTERNATIONAL AREA

- Manager, International Area

Claudio Izzo B.



professionalism

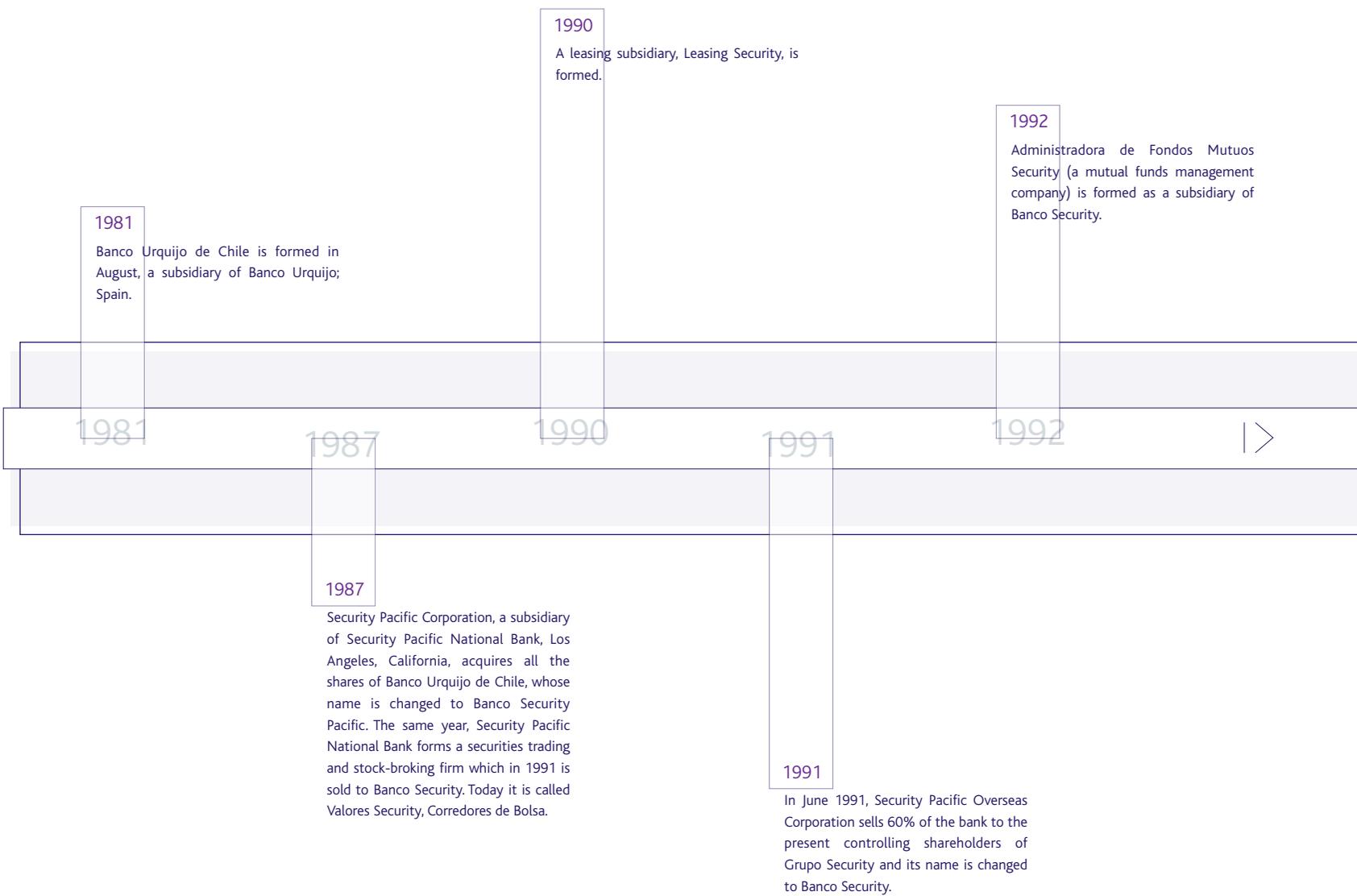


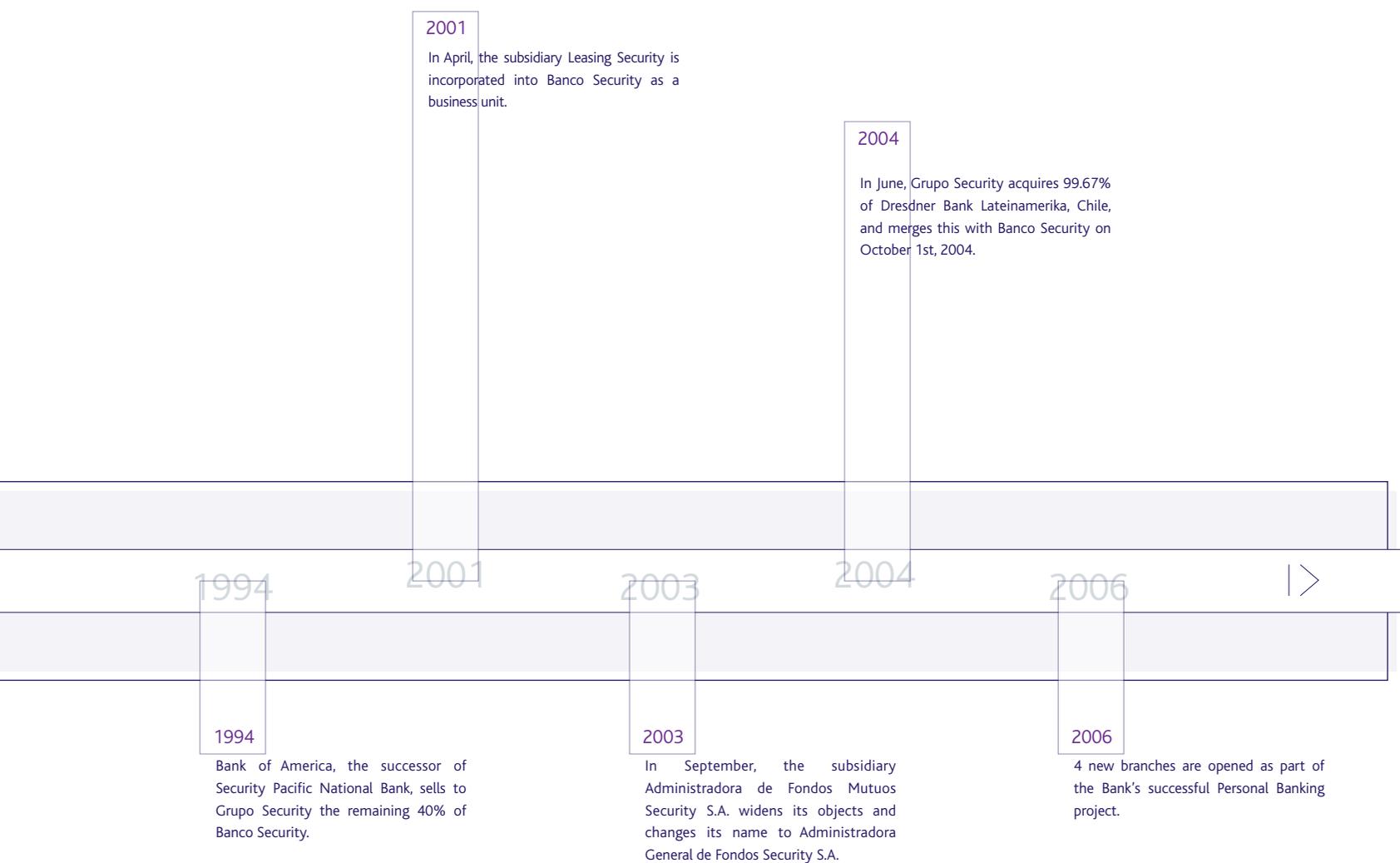
C H A P T E R 0 4

h i s t o r i c r e v i e w



BANCO SECURITY · historic review







t r u s t



C H A P T E R 0 5

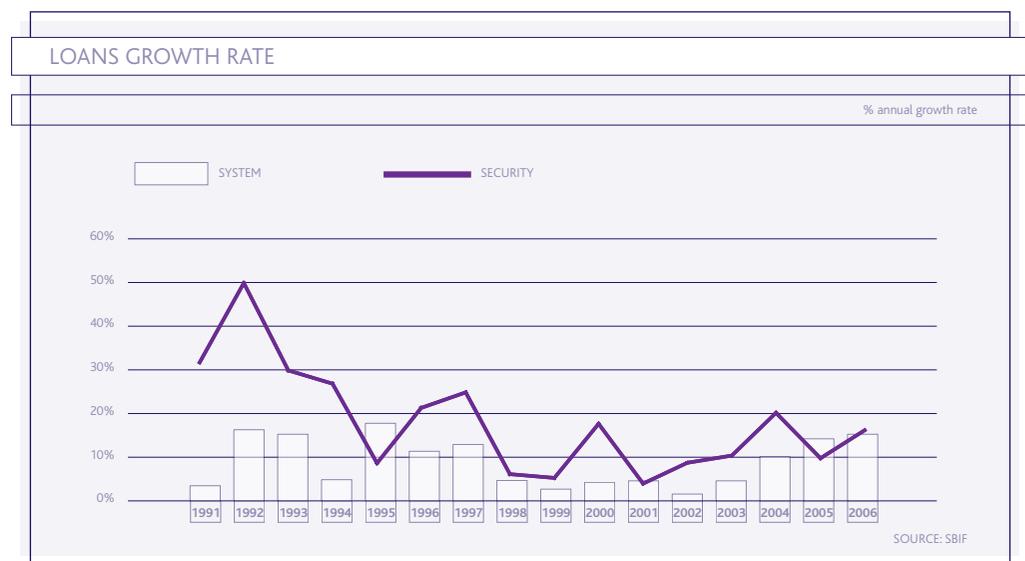
business strategy



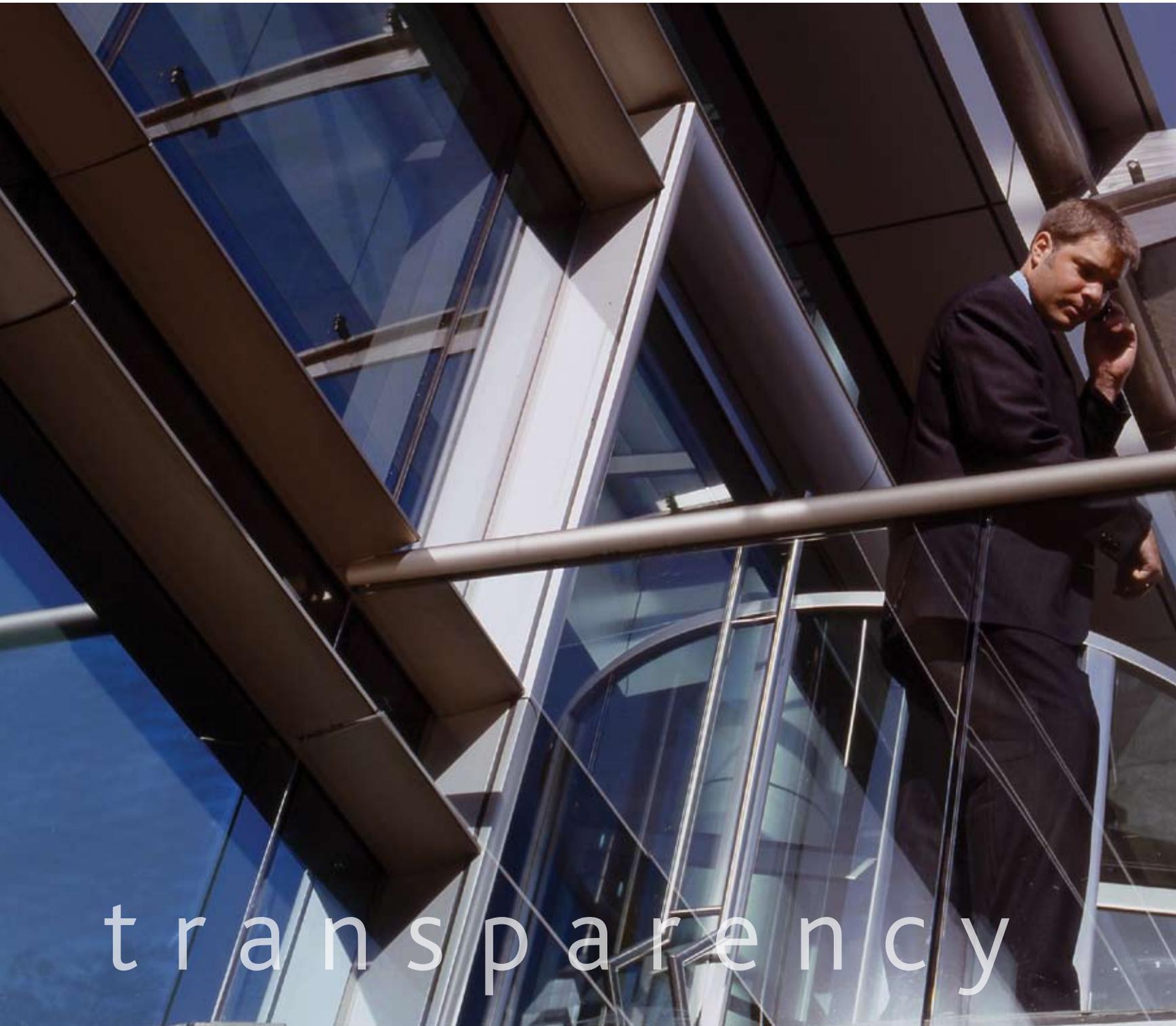
Banco Security is the principal asset of Grupo Security, a diversified financial group that offers a wide range of services to its customers. In particular, the Bank is oriented to satisfying the financial needs of large and medium-sized companies, and of high-income individuals, providing them with a service of excellence that enables it to maintain long-term relationships. The Bank has a complete range of products and services backed by first-class technology in all its channels and the necessary support for providing full satisfaction for its customers.

Over the years, Banco Security has been developing and consolidating a series of features that have given it a "Security seal" and enabled it to maintain its competitiveness, and an adequate level of profitability in an increasingly more competitive market. The following are among its strengths:

- **Its quality of service is widely recognized by the market.** The Bank is recognized both by its customers and its competitors as the one that offers the highest quality of service. The "Security" brand, according to market surveys, is associated not only with high levels of quality of service but also with agility in attention and a high level of trust, attributes widely valued in the Bank's objective market.
- **Highly stable operating flows and profitability.** Banco Security is one of the most stable banks in terms of return on equity, basically explained by the low level of risk on its loan portfolio and its conservative provisioning policy for stabilizing the financial trading business, which is significantly more volatile.
- **High levels of efficiency.** The constant efforts to achieve an adequate use of resources and the high level of productivity reached (it is the bank with the highest volume of loans per employee) have enabled Banco Security to maintain a high level of efficiency compared to the industry average. The Bank follows a policy of outsourcing all the services and processes that an external entity can objectively do more efficiently than the Bank itself.
- **Proper management of the business risks.** The Bank has historically been noted for having a low-risk loan portfolio, for which it has clear policies and a first-class risk-management system. Over the last few years, the Bank has been developing new models for more rigorously managing market and operating risks, thus complying with the requirements of the Basel II Agreement.
- **Ability to grow at over the market average.** During the period 1996-2006, the average annual loan growth rate of Banco Security was 12.6% while the average for the system was 7.6%, which represents average growth 1.6 times the system average.



- **Directors and senior management of the Bank are shareholders in Grupo Security**, which has been and will continue to be a guarantee of management's strong commitment with the results and a correct alignment of incentives.
- **Broad "know how" of the financial system.** Shareholders, directors and managers have wide experience in the financial business, averaging more than 15 years' work in banking and related institutions. This business experience has enabled them to develop an extensive capacity for responding correctly to the needs of its objective market and identify the main trends of the Chilean financial industry.
- **Great human capital and excellent working atmosphere.** One of the Bank's principal assets is the excellent professional and human level of its people and the optimum working atmosphere that has grown up. This is a reflection of the institutional values and fruit of a human resources plan carefully designed and implemented with perseverance over the years. A direct result of this is the uninterrupted permanence of the Bank among the best companies to work for in Chile since The Great Place to Work Institute began publishing this ranking.



transparency



C H A P T E R 0 6

banco security and its
environment

ECONOMIC PANORAMA

ANALYSIS OF THE BANKING INDUSTRY

PERFORMANCE OF BANCO SECURITY IN 2006

BANCO security

BANCO SECURITY · economic panorama

GENERAL PERSPECTIVE

The year 2006 ended with the consolidation of a very favorable external environment for Chile, incipient signs of a re-acceleration of activity, dynamic domestic spending and employment, the convergence of unemployment to levels of around 6%, large fiscal and current account surpluses, a moderate appreciation of the peso and inflation below forecast as a result of the sharp fall in fuel prices.

While GDP growth will be around 4.2% (according to preliminary figures), more than one percentage point below the consensus forecast at the start of the year (5.5%), this could be attributed to special events, including some stagnation in mining, a reduced contribution from other supply sectors like agriculture and fishing, problems in industry related to higher energy costs and a larger-than-expected impact of the sharply-restrictive financial conditions scenario and the over-appreciation of the peso seen during the second half of 2005. Overall, the weaker expansion in 2006 would confirm the view that the trend growth would be closer to 4.5% than the 5.3% projected by the committee of experts invited by the Ministry of Finance and confirmed by the Central Bank of Chile.

VERY FAVORABLE INTERNATIONAL ENVIRONMENT

The international scenario that Chile faced in 2006 continued to be broadly favorable. Global growth remained robust, the terms of trade showed a further improvement due to the increase in copper prices and financial conditions continued to be expansive, with interest rates and spreads that held the cost of finance at a historically low level.

In particular, world growth remained vigorous despite the deceleration in activity in the United States in the second and third quarters, with expansion of around 5%, thus completing four years of growth much above the historic average. Also, the composition of the growth was more balanced between geographic areas, with greater contributions from Europe, Emerging Asia and Latin America.

The US dollar showed increased weakening globally, especially against the currencies of emerging nations, which constituted a renewed external impulse by limiting the fall in the prices of raw materials and stimulating the flow of capital to the region. The average copper price rose by 83% in 2006 compared to the previous year (to US\$ 3.05 per pound), widely exceeding market consensus expectations. The oil price increased from an average of US\$ 56 a barrel in 2005 to US\$ 66 in 2006. The terms of trade rose by 27.8% in the year and generated extraordinary revenues compared to a normal year of close to US\$ 20 billion (15% of GDP).

As already mentioned, the robust global growth and the high raw material prices continued to be reflected in widely favorable conditions for emerging countries, driven in turn by a prolongation of the pause in the monetary adjustment cycle of the United States by the FED. The Federal funds rate thus increased by 100 basis points until August, to close the year 2006 at 5.25%. For its part, the 10-year Treasury bond was mainly quoted in the 4.5% to 5% range, reaching levels of around 4.4% in the last quarter, sustained by expectations of a cut in the Federal funds rate following the deceleration in the real-estate market.

SURPRISING SLOWER GROWTH AT THE DOMESTIC LEVEL

At the domestic level and according to preliminary figures, GDP grew by 4.2% in 2006, more than one percentage point below than estimated by market consensus at the beginning of the year, essentially the result of the deceleration in the third quarter that was associated with certain transitory phenomena that affected industry and mining. However, the figures reported during the fourth quarter showed evidence of a recovery in the economy's growth rate, especially in domestic demand, which dynamism should be confirmed in the first quarters of 2007. Product in 2006 will have reached a level of around US\$ 143 billion, consistent with an income of around US\$8,700 per capita.

The favorable international scenario was reflected in a trade surplus of around US\$ 23 billion, comprising exports of US\$ 59 billion and imports of US\$ 36 billion. Export sales showed a 45% increase over 2005, mainly due to the strong increase in the copper price which moved from an average US\$ 1.67 in 2005 to US\$ 3.05 in 2006. As a result, and despite a slight fall in volumes (-1.6%), copper exports will have slightly exceeded US\$ 33,500 million.

On the demand side, private spending continued to show signs of strength, with growth of 7.3% in 2006, sustained by, among other factors, favorable financial conditions, the positive wealth effect derived from increases in asset prices and better labor market conditions. It is estimated that almost 200 thousand jobs were created in 2006, mainly salaried people, which produced an unemployment level of 6% in the year, the lowest level since 1998.

Regarding fixed capital investment, it showed a significant deceleration in its annual growth, from 24.7% in 2005 to 5% in 2006, partly the consequence of lower business expectations, the internalization of reduced potential growth and the lagged impact of long-term interest rates the previous year. Investment will therefore have reached 29.4% of GDP at constant prices last year. The most notable sectors were again electricity (mainly new projects) and mining (additional projects and changed timetables). However, domestic demand will have grown by 7.2% in 2006, three percentage points

over GDP growth.

In fiscal matters, the increased revenues produced by the rise in copper prices were again saved by the public sector, in full compliance with the structural surplus rule of 1%. As a result, the central government will have produced a surplus of over 9% of GDP, the highest level on record. The government will have closed the year with a net creditor position (assets less liabilities) of around 9% of GDP, in contrast to previous years when the position was a debtor one.

The CPI in 2006 was influenced by international fuel prices, certain regulated public-utility tariffs and the exchange rate. Inflation for the year was 2.6%, below the projections of the Central Bank of Chile. Regarding the underlying indicators, the CPIX (excludes fruit, vegetables and fuels) and the CPIX1 (which also excludes the regulated tariffs and other volatile prices), these were below the mid point of the target range at the end of 2006, at levels of 2.7% and 2.4% respectively.

In the monetary field, the lower-than-expected inflation indicators, the stability of external rates, the slower closing of financial gaps, the appreciation of the peso and the delayed effects of the fall in oil prices, led the Central Bank to interrupt in August the adjustment cycle of its monetary policy rate, ending the year at a level of 5.25%. The adoption of a neutral stance by the monetary authority led to falls in the long-term end of the curve, both for pesos and UF. The BCP10 rate thus then declined by 50 basis points to end 2006 with a yield of 5.7%, while the BCU10 rate declined by 40 basis points to 2.7%.

CHILE: BASIC ECONOMIC INDICATORS

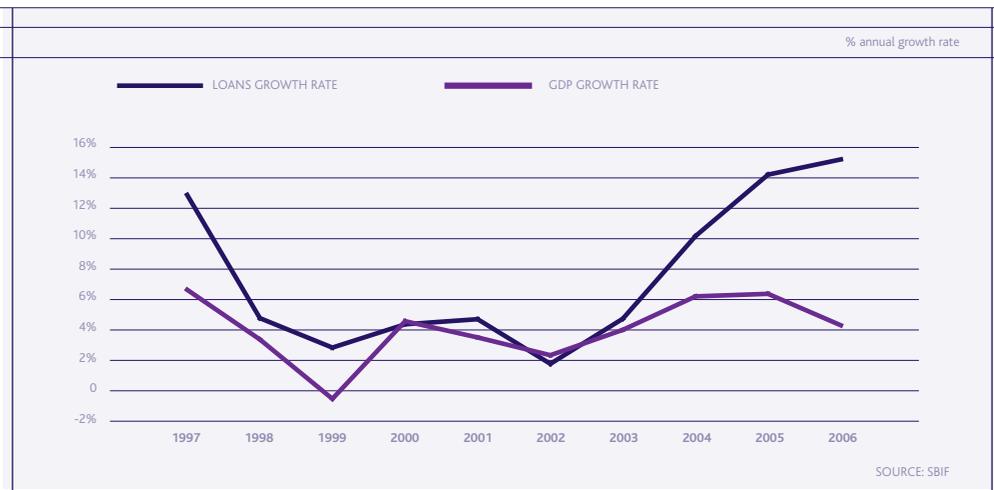
	2002	2003	2004	2005	2006
Nominal GDP (US\$ Bill)	67.3	73.7	95.0	115.3	143.2
GDP per capita (US\$)	4,314.9	4,672.2	5,954.1	7,146.3	8,775.1
Real GDP (% oya)	2.2	3.9	6.2	6.3	4.2
Domestic Demand (% oya)	2.4	4.9	8.1	11.4	7.3
Private Consumption (% oya)	2.4	4.2	6.1	8.2	7.3
Fixed Investment (% oya)	1.5	5.7	11.7	24.7	5.0
Exports (% oya)	1.6	6.5	11.8	6.1	4.1
Imports (% oya)	2.3	9.7	18.0	20.4	11.9
World GDP PPP (% oya)	3.1	4.1	5.3	4.9	5.3
Terms of Trade (1996=100)	101.8	109.9	131.5	145.4	185.8
Copper Price (US\$ Cents per pound)	70.7	80.7	129.9	166.9	304.9
Oil Price (US\$ per barrel)	26.1	31.1	41.4	56.4	66.0
Federal Funds Rate (eop,%)	1.3	1.0	2.3	4.3	5.3
Libor 180d (eop,%)	1.4	1.2	2.8	4.7	5.3
BT-10 (eop,%)	3.8	4.3	4.2	4.5	4.6
Euro (eop,US\$)	1.0	1.2	1.3	1.2	1.3
Yen (eop,¥/US\$)	122.2	107.9	103.8	118.4	117.2
Trade Balance (US\$ Bill)	2.4	3.7	9.2	10.2	23.0
Exports (US\$ Bill)	18.2	21.7	32.2	40.6	59.0
Imports (US\$ Bill)	15.8	18.0	23.0	30.4	36.0
Current Account Balance (US\$ Bill)	-0.6	-1.0	1.6	0.7	4.8
Balance of Payments (US\$ Bill)	-0.9	-1.3	1.7	0.6	3.4
Investment Rate, % of GDP	21.7	22.0	21.4	23.0	21.5
National Savings	20.7	20.7	23.0	23.6	24.9
Public Sector (Current Account)	1.6	2.5	4.9	7.7	10.9
Private Sector	19.1	18.2	18.1	15.9	14.0
External Savings	1.0	1.2	-1.7	-0.6	-3.4
Central Government Balance (% of GDP)	-1.2	-0.5	2.2	4.8	8.1
CPI (% Dec-Dec)	2.8	1.1	2.4	3.7	2.6
Core Inflation (% Dec-Dec)	1.8	1.6	1.8	2.9	2.7
Core Inflation Trend (% Dec-Dec)	2.1	1.8	1.0	2.6	2.4
External Inflation, CB measure (av,%)	-4.6	10.5	8.9	7.5	5.2
Monetary Policy Interest Rate (eop,%, \$)	3.0	2.3	2.3	4.5	5.3
Long Term Interest Rate, BCU-5 (eop,%, UF)	4.1	4.3	3.3	3.3	2.6
Long Term Interest Rate, BCP-5 (eop,%, \$)	na	na	6.0	6.5	5.6
Exchange Rate (annual average, \$/US\$)	688.9	691.4	609.5	559.8	530.3
Exchange Rate (end of period, \$/US\$)	712.4	599.4	559.8	514.2	527.6
Employment (% oya)	1.1	7.5	2.7	3.8	1.6
Workforce (% oya)	0.9	8.2	3.3	2.9	0.1
Unemployment Rate (%)	8.9	9.5	10.0	9.2	7.8
Real Wages (% oya)	2.1	1.0	1.8	1.9	2.0
External Debt (US\$ Bill)	40.8	43.1	43.7	44.8	46.5
Net Foreign Liabilities (US\$ Bill)	34.6	42.9	36.4	38.2	33.3
Net Foreign Liabilities (% GDP)	51.4	58.2	38.3	33.1	23.3
Net Foreign Liabilities (% Export of goods)	153.3	161.1	95.1	79.9	50.2
International Net Reserves	15.4	15.9	16.0	17.0	19.4

BANCO SECURITY · analysis of the banking industry

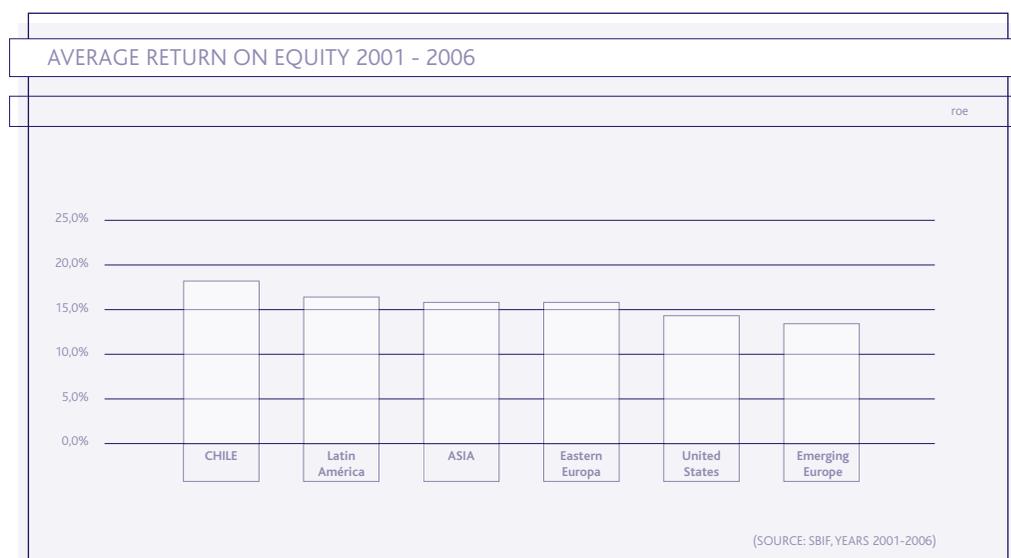
The year 2006 was a good one for the banking industry. In general, results, business growth, lower risk ratios and progress in terms of efficiency have been the best in the last 10 years. And these achievements have also been accompanied by a series of modifications and new financial regulations that place the Chilean financial system in an excellent position within the global financial community.

At December 2006, Chile's banking industry comprises 26 financial institutions: 1 state-owned bank, 20 Chilean-domiciled banks and 5 foreign bank branches. Total loans of the industry were Ch\$52,782 billion (equivalent to US\$ 99.2 billion) which represents close to 70% of GDP. Capital and reserves were Ch\$ 4,805 billion (US\$9,028 million) and net income for the year reached Ch\$ 892 billion (US\$1,676 million), which represents an average return on capital and reserves of 18.6%, the highest since 1993 and 1994.

LOANS vs GDP GROWTH RATE



It should be mentioned that the level of profitability of Chilean banks is among the leaders in the world:



REGULATORY FRAMEWORK

The Chilean banking system is regulated and supervised by the Central Bank of Chile and the Superintendency of Banks and Financial Institutions (SBIF). Both institutions ensure compliance with current regulations as contained in the Organic Constitutional Law of the Central Bank of Chile, the General Banking Law and the Corporations Law, and their corresponding regulations, to the extent that the latter complements the Banking Law. This regulatory framework has permitted the positive development of the financial sector in recent years in terms of growth, risk control and competition, and is now considered to be one of the most stable and transparent in Latin America and the whole world.

The functions of the Central Bank are set out in clause 3 of its Organic Constitutional Law which states that, in addition to its responsibility for ensuring the stability of the currency and the normal functioning of internal and external payments, it has several powers that directly affect the banking business, like its regulations affecting monetary, credit, financial and foreign exchange matters.

In accordance with the General Banking Law, the SBIF is the organism responsible for supervising

and controlling the banking industry, having to inspect all the operations and businesses of the sector's participants, interpret the regulations, evaluate the granting of banking licenses, etc. Banks have to provide the SBIF monthly with reports and information on their operations and their financial statements, plus their audited financial statements every year. The powers of the SBIF include requesting additional information when it requires, revising directly and without restriction systems, procedures, information, etc., proposing corrective actions, imposing sanctions and, in extreme cases, appointing a provisional administrator.

In recent years, the financial system regulations in Chile have progressively incorporated the international rules covering the world's financial markets. A "Basel II Route Map" has been prepared with a timetable for implementation of these rules, which will be applied year by year in the local financial system. Improvements and greater flexibility have also been introduced for increasing competition and expanding the range of banking services. In this area, notable were the flexibility granted with respect to the minimum capital required for requesting a banking license, regulations covering the factoring business, authorization to pay interest on checking accounts, taking part in insurance brokerage and offering voluntary pension savings plans. Other participants in the financial industry have also been authorized to offer certain banking products, e.g. insurance companies that currently offer mortgage and consumer loans.

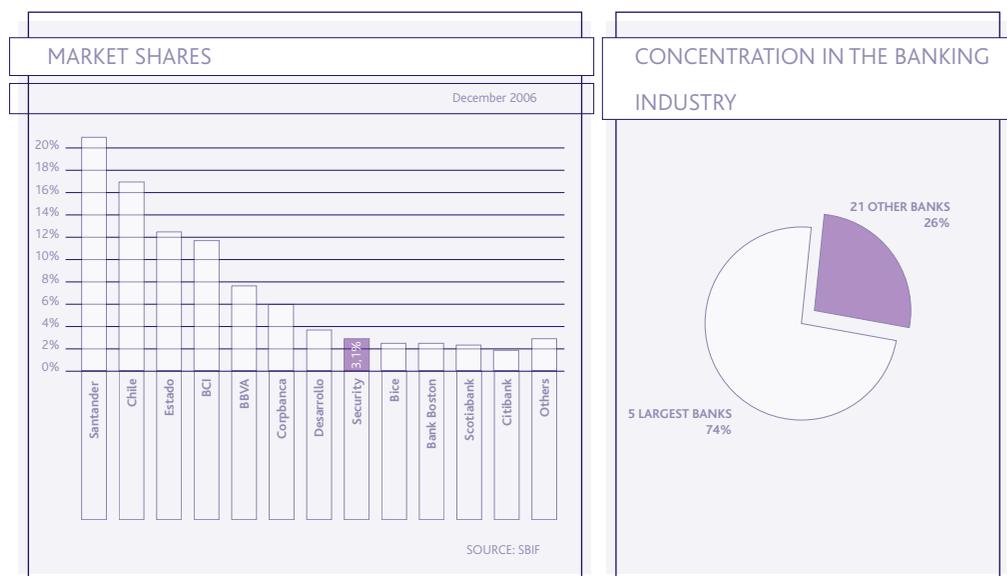
TRENDS

The most relevant trends observed in the local banking industry in recent years have been:

- **Consolidation of the industry.** The number of financial institutions in the local market has seen constant reductions, stabilizing at 26 banks in 2006, compared to 36 banks in 1990.
- **Concentration of a large market share in large-sized banks.** This has been motivated by the search for economies of scale to permit higher levels of efficiency and competitiveness. During 2002, the SBIF authorized the mergers of the banks Chile and Edwards, and of Santander and Santiago, to produce the two largest banks which, at December 31, 2006 held 40.3% of the system's total loans. These mergers were not the only ones in recent years; there were also the mergers of the Desarrollo and Sudameris banks in 2003, and those of Security with Dresdner and Crédito e Inversiones with Conosur in 2004.



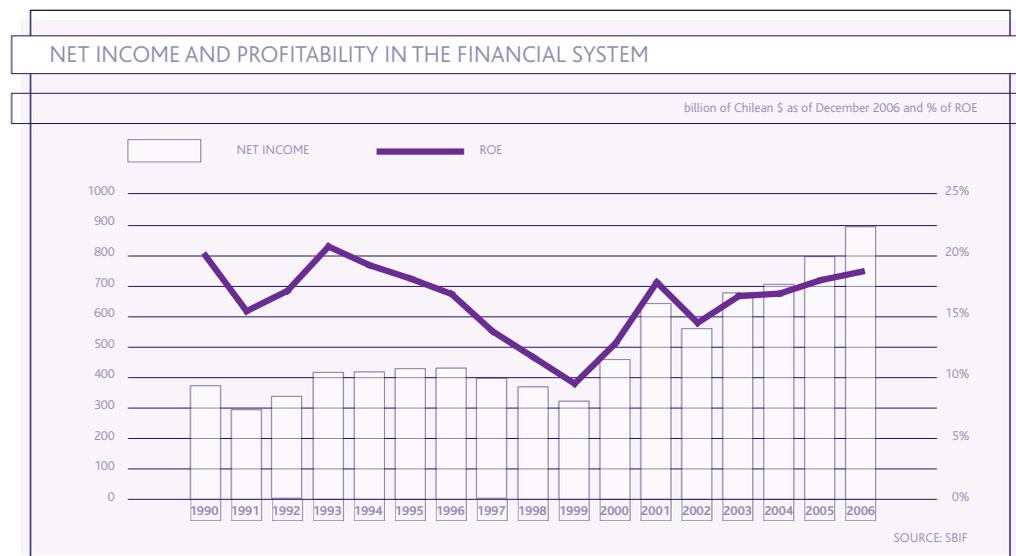
At the end of 2006, the 5 largest banks concentrated almost three-quarters of the market.



- **Incorporation of new banks oriented to specialized attention for certain market niches.** In recent years, the SBIF has granted seven new banking licenses, for Deutsche Bank, Banco HNS, Banco Ripley, Banco Monex, Banco Conosur, Banco París and Banco Penta.
- **Fall in spreads.** The local market has not been immune to this world-wide trend. The greater competition between banks and other agents involved in the financial sector, and the growing financial dis-intermediation process have generated heavy pressure on the reduction in spreads charged by banks on their assets.

RESULTS

Sustained growth together with controlled risk levels has enabled the Chilean financial system to achieve attractive levels of profitability throughout the whole period between 1990 and 2006. Over that period, the average return of the system was 16.2% on capital and reserves and approximately 1.2% on total assets. The results for 2006 were no exception, on the contrary, profits broke a new record by reaching Ch\$892 billion (US\$ 1,676 million), with a return on capital and reserves of 18.6%, the highest since 1994.

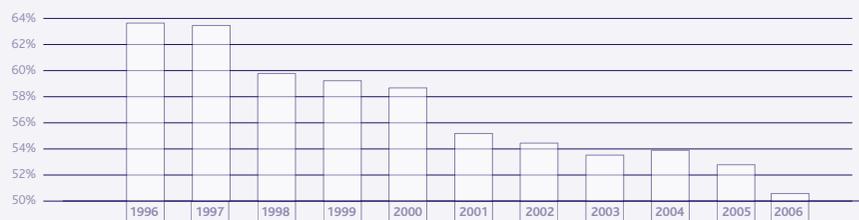


This positive performance is partly explained by banks' improved efficiency and lower risks over time. The efficiency ratio (measured as operating expenses to gross margin) has moved from 63.5% in 1996 to 50.2% in 2006. The two most important factors behind this are the economies of scale achieved by the largest banks and technological progress that has enabled the different banks to improve their efficiency and productivity, to which can be added the easier access to technology due to the sharp fall in its costs.



EFFICIENCY IN THE FINANCIAL SYSTEM

(% operating expenses / gross margin)



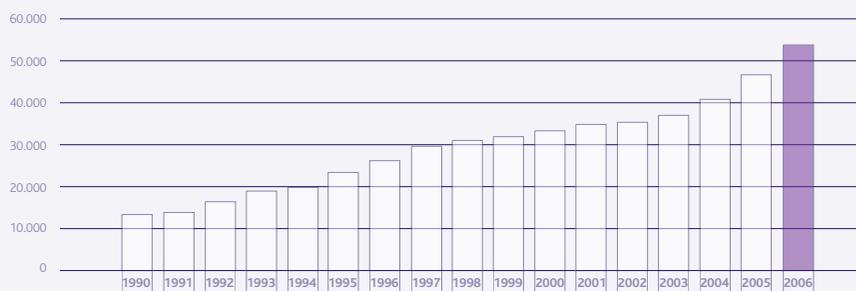
SOURCE: SBIF

LOANS

Loans have grown consistently since 1990, which is related to the country's economic development, to achieve an annual average increase of 9.2% in real terms over that period. In December 2006, total loans amounted to Ch\$ 52,782 billion (US\$99.2 billion), representing a 15.4% increase over the same month of 2005, the highest growth rate for the industry since 1995.

EVOLUTION OF TOTAL LOANS IN THE FINANCIAL SYSTEM

Billion of Chilean \$ as of December 2006



SOURCE: SBIF

Loan growth in 2006 was mainly driven by loans to individuals, including consumer and mortgage loans, which expanded by almost 17.2% in the last 12 months, while loans to companies, which represent close to 67% of total loans, grew by 14.5%.

The sector's dynamism, superior to national economic growth, has been accompanied by a constant improvement in the quality of the loan portfolio as a result of the greater sophistication achieved by loan classification models and the country's greater macroeconomic stability.

RISK

In terms of the risk of the financial sector's loans, this has also been decreasing since 1990, interrupted only by the Asian crisis that affected markets in 1997 and 1998. At December 2006, banks' risk ratios, measured as allowances for loans to total loans was 1.48%, while the past-due portfolio represented 0.75% of the financial system's loans.

RISK RATIOS IN THE FINANCIAL SYSTEM

as of December of it year



SOURCE: SBIF



Another important element in banks' results in recent years has been the growth in other income sources, alternative or complementary income to the traditional banking activities, like the various kinds of fee income, foreign-trade related services, mass payments, foreign exchange, derivatives, etc. To a large extent, this other income has permitted compensating the fall in loan spreads.

FUTURE PROSPECTS

Due to the strong expansion of the Chilean banking industry since 1990 (loans have quadrupled in real terms), it might be difficult for this rhythm of expansion to continue over the coming years. However, when comparing the levels of bank penetration in Chile with other countries, it can be concluded that the local banking industry still has a high potential for growth.

The concept of bank penetration refers to the percentage of the population having access to the products and services offered by banks. In Chile, at December 2004, approximately seven million people made up the workforce while only 2.6 million had credit cards (including titular and additional holders) and 1.6 million had checking accounts. These levels are clearly low in comparison with other countries: in checking accounts, Chile has 0.1 accounts per person while Mexico and Brazil have 0.28 and 0.45 respectively; and in credit and charge cards, Chile has 0.38 cards per person while Argentina has almost double and Brazil 0.8.

The low real interest rates prevailing in the local financial market should increase the demand for credit, which should translate into a strong growth in loans, from both companies and individuals, in 2007.

BANCO SECURITY · performance of banco security in 2006

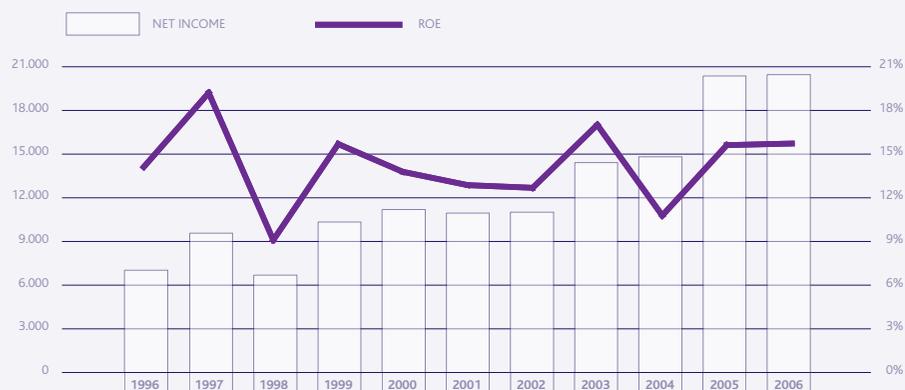
Consistent with its business strategy, and taking into account Banco Security's view of the future, a series of projects were carried out in 2006 that should mature in the next few years. These have undoubtedly marked the Bank's performance during the year and are included in the results mentioned below. It is necessary to point out particularly the projects in the technology area, with the introduction of the "banking core", as well as a new stage in the "personal banking and branches project" that involves the expansion of the bank's branch network. There was also the expansion of the middle market business platform, without departing from the target market and quality of service attributes that have always been present in Banco Security.

RESULTS

We are therefore very satisfied, as in previous years, with the results of Banco Security for 2006. The profits of the Bank and its subsidiaries amounted to Ch\$20,498 million (US\$38.5 million), exceeding the target we had set ourselves, and achieving a return of 15.5% on our capital and reserves.

EVOLUTION OF NET INCOME AND RETURN ON EQUITY OF BANCO SECURITY & AFFILIATES

millions of Chilean \$ of December 2006



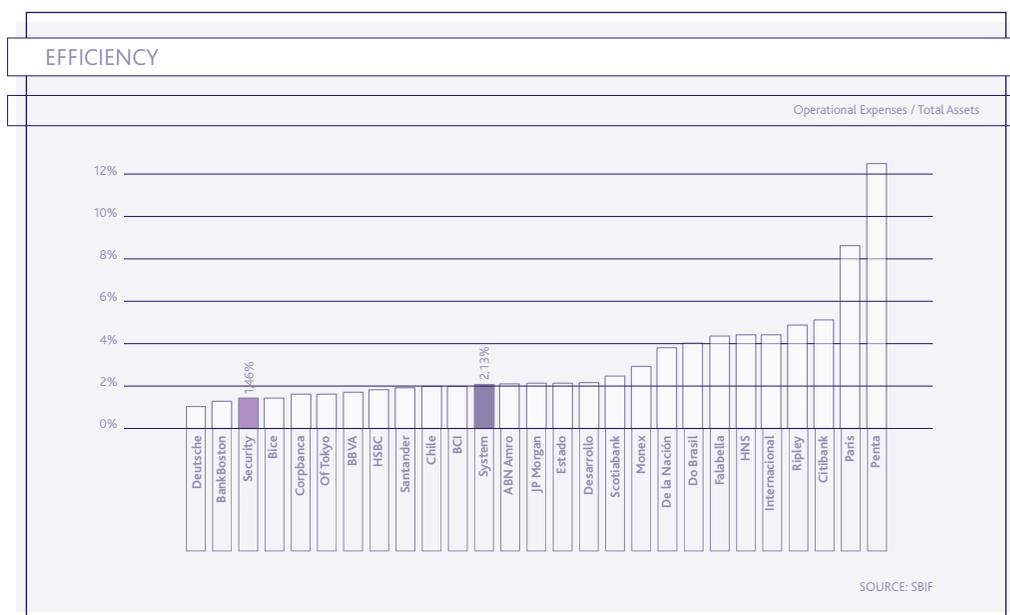
SOURCE: SBIF



The objectives defined by Banco Security include the search of adequate levels of profitability consistent with low risk over time. Return on capital and reserves, while slightly below the average for the market over the last ten years (average return of the system is 14.9% compared to 14.2% for Banco Security, between 1997 and 2006), is one of the most stable in the local market.

With respect to operating expenses, the Bank has continued to make efforts to improve its efficiency and productivity and thus maintain its competitiveness in comparison with larger banks that benefit from economies of scale. However, the projects under development have meant a temporary deterioration in the efficiency ratios which have increased to 56.6% (measured as operating expenses to gross margin), higher than the industry average of 50.2% in 2006.

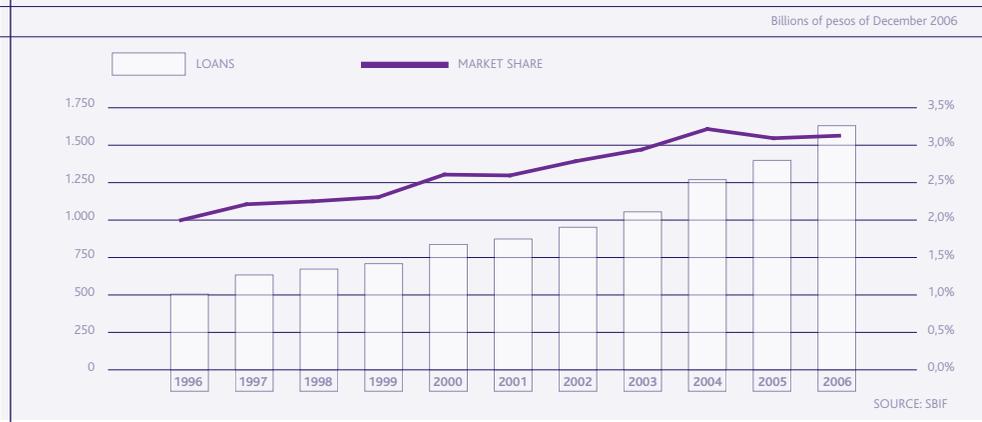
However, if operating expenses are measured against total assets, Banco Security stands out in 2006 as one of the 3 most efficient banks in the market, with operating expenses representing 1.46% of total assets, compared to the 2.13% average for the industry.



LOANS

With loans of Ch\$1,611 billion (US\$ 3,026.5 million) at the end of 2006, Banco Security has consolidated its 8th position among banks in the local market, with a market share of 3%. A 78% of these loans are for financing companies and 17% are loans to individuals. The 16.6% real growth in loans in 2006 compares favorably with 15.4% for the banking industry.

EVOLUTION OF LOANS IN BANCO SECURITY



Regarding the composition of the portfolio, commercial loans, mainly financing for companies, correspond to the largest part of the loan portfolio, in line with Banco Security's strategic orientation. The composition is as follows:

LOANS COMPOSITION

Billions of pesos of December 2006

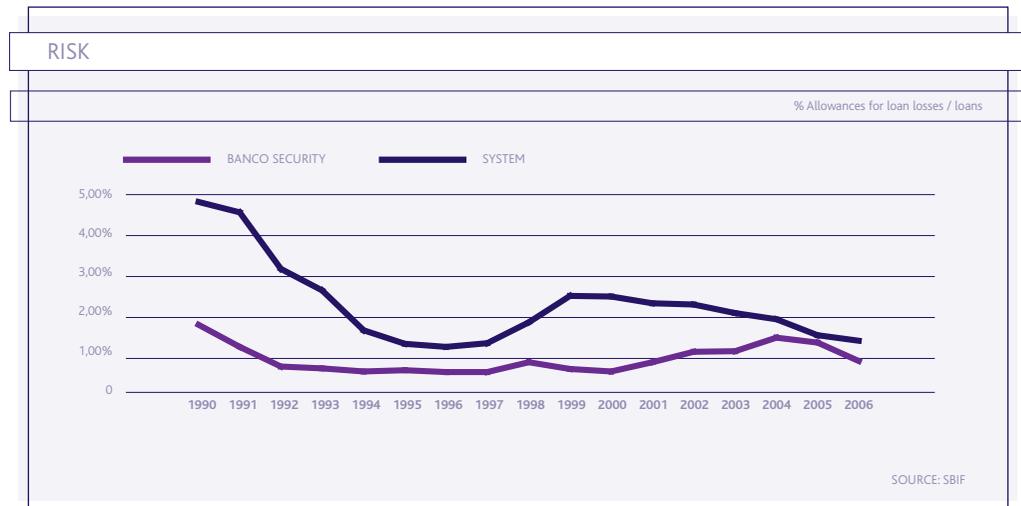
	2006		2005		% CHANGE 2006 / 2005
	\$	%	\$	%	
Commercial	907	56.3%	824	59.6%	10.1%
Foreign trade	165	10.3%	150	10.8%	10.3%
Consumer	36	2.3%	26	1.9%	40.0%
Note-funded mortgages	111	6.9%	106	7.7%	4.2%
Leasing	107	6.6%	92	6.7%	15.7%
Contingent	132	8.2%	93	6.7%	42.7%
Others	152	9.5%	92	6.6%	66.4%
TOTAL	1,611	100.0%	1,383	100.0%	16.6%

SOURCE: FINANCIAL STATEMENTS OF BANCO SECURITY



RISK

It is important to point out that Banco Security's loan growth was achieved while maintaining a strict control of credit risk in all commercial units. The ratio of overdue loans to total loans was reduced from 0.77% in December 2004 to 0.65% in 2005 and 0.58% in 2006, and allowances for loan losses declined from 1.56% to 1.44% and 1.02% between 2004 and 2006. Both ratios compare favorably with the industry averages which were 0.75% and 1.48% respectively at the end of 2006. The Bank thus retained its position as one of the banks with lowest risk in the industry.



With respect to market risk, the principal sources of risk for the local banking system are inflation and interest-rate fluctuations. The Bank's Finance Committee has developed policies, procedures and risk limits that enable it to manage its exposures to term and currency according to its own objectives and, at the same time, meet the limits imposed by the regulations. The Bank and its subsidiaries also have a special system for controlling interest-rate risks that, together with the constant monitoring of its medium and long-term investments, provides an active follow-up of its investment portfolio.

OTHER NOTABLE ACTIVITIES

The Personal Banking project. Banco Security began in 2006 a new stage in the development of its Personal Banking area, seeking to expand significantly the number of customers in its objective market over a period of three years. This project is complemented with the opening of new branches at strategic points, four of these in 2006 at Plaza Constitución, Alcántara and Estoril in the Metropolitan Region and Viña del Mar in the 5th Region.

Recognition of the Bank's performance. The activities and performance of Banco Security have received important recognitions during 2006, which fill us with pride. We should like to mention some of these:

- The 11th place in the ranking of the "25 best banks in Latin America" published by América Economía magazine (November 2006).
- Fifth consecutive year in the table of honor of the "35 best companies to work for in Chile" made by The Great Place to Work Institute.
- During the Great Place to Work prize-giving, Banco Security was especially awarded the "Capital Magazine Grand Prize" as the "Company that best harmonizes Family and Work"..
- 2nd place in the ranking "Best place for mothers and fathers who work" sponsored by the magazine Ya and the Fundación Chile Unido.
- Mastercard Prize 2006 in recognition of "Best Practices in Implementation" in Latin America.

SUBSIDIARIES

The subsidiaries of Banco Security are Valores Security, Corredores de Bolsa, and Administradora General de Fondos Security, which, as in previous years, made important contributions to the Bank's activities and results. Taking into account their results of Ch\$ 2,053 million (US\$3.86 million) in the case of Valores Security and Ch\$ 1,440 million (US\$2.7 million) in Administradora General de Fondos Security, the profit on the investment in companies of Banco Security represented 16.7% of the Bank's net income for 2006. Their performance is described in the following pages.





commitment



C H A P T E R 0 7

subsidiaries

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

VALORES SECURITY S.A., CORREDORES DE BOLSA

ADMINISTRADORA GENERAL DE FONDOS SECURITY

BOARD OF DIRECTORS

Chairman:	Francisco Silva S.
Directors:	Carlos Budge C.
	Felipe Larraín M.
	Renato Peñafiel M.
	Gonzalo Ruiz U.

MANAGEMENT

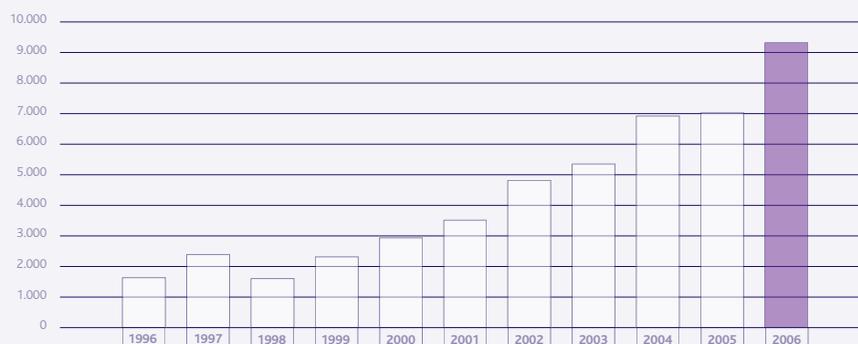
General Manager:	Alfredo Reyes V.
Commercial Manager:	Juan Pablo Lira T.
Investment Manager:	Cristián Ureta P.
Asset Management Manager:	Rodrigo Fuenzalida B.

THE INDUSTRY

The Chilean Mutual Funds Industry showed significant progress in 2006, mainly reflected in the increase in the volume of funds managed, the large variety of funds offered and the growing self-regulation of the sector.

MUTUAL FUNDS MANAGED BY THE INDUSTRY

Billions of Chilean \$ as of December 2006



The funds managed increased by 33% in 2006, reaching an average figure of Ch\$ 9,516 billion, (US\$ 17.9 billion), while the number of participants rose to 801,128, with an annual increase of 22% and the addition of more than 145,000 new participants.



MUTUAL FUNDS MANAGED BY EACH COMPANY

Billions of Chilean \$ as of December 2006



THE COMPANY

Administradora General de Fondos Security was created as a subsidiary of Banco Security in May 1992. It has since grown consistently, every year adding the management of new funds. It broadened its business in September 2003 and changed its name from Administradora de Fondos Mutuos Security to Administradora General de Fondos Security.

At December 2006, the company was managing 17 mutual funds and had a total of 18,346 participants which represented 2.3% of the total in the system. Administradora General de Fondos Security produced a net income of Ch\$ 1,440 million (US\$ 2.7 million) in 2006.

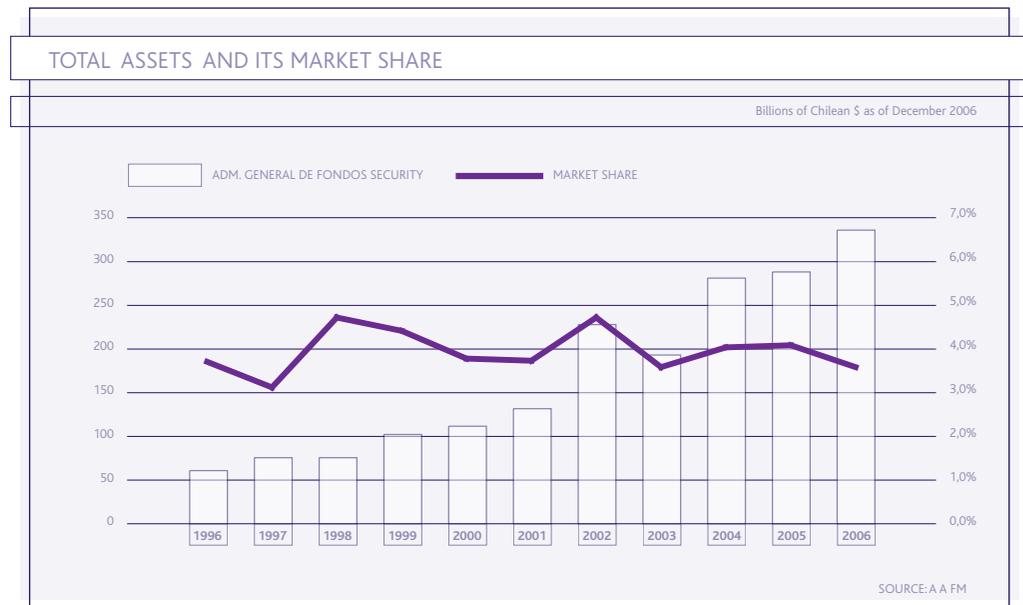
The funds and their respective managed assets at December 31, 2006 were the following:

- Security Check: investment fund in short-term debt instruments for individuals and entities, with maturities of no more than 90 days, with Series A and I, with assets at December 31, 2006 of Ch\$ 61,708 million (US\$ 116 million).
- Security First: investment fund in medium and long-term debt instruments, with Series A and I, with assets of Ch\$ 21,356 million (US\$ 40 million) at the end of 2006.
- Security Acciones: investment fund in Chilean equities, with Series A, B, C and I, having assets at December 31, 2006 of Ch\$ 38,306 million (US\$ 72 million).

- Security Premium: investment fund in short-term debt instruments with maturities of no longer than 365 days, with Series A, B and I, and having assets managed at December 31, 2006 of Ch\$ 1,532 million (US\$2.9 million).
- Security Global Investment: mixed fund that invests in international equities, with Series A, B and I, having assets at December 31, 2006 of Ch\$ 1,999 million (US\$ 3.7 million).
- Security Gold: investment fund in medium and long-term securities for individuals and entities, with Series A, B and I, having assets at December 31, 2006 of Ch\$ 32,544 million (US\$ 61 million).
- Security Explorer: mixed fund that invests in international equities, with Series A, B and I, having assets at December 31, 2006 of Ch\$ 642 million (US\$ 1.2 million).
- Security Dólar Bond: mixed fund in US dollars that invests in international debt instruments, with Series A, B and I, having assets at December 31, 2006 of Ch\$ 5,198 million (US\$ 9.8 million).
- Security Plus: investment fund in short-term debt instruments for individuals and entities, with maturities not exceeding 90 days and in Series A and C, having assets at December 31, 2006 of Ch\$ 108,321 million (US\$ 204 million).
- Security Value: investment fund in medium and long-term debt instruments of the one series, having assets at December 31, 2006 of Ch\$ 3,462 million (US\$6.5 million).
- Security Equity: fund that invests freely in Chilean and international equities and debt instruments, with Series A, B and I, having assets at December 31, 2006 of Ch\$ 11,123 million (US\$ 21 million).
- Security Trade: investment fund that can freely invest in Chilean or international variable or fixed-income securities, with Series A and I, having assets at December 31, 2006 of Ch\$ 8,320 million (US\$ 15.6 million).
- Security Emerging Market: mixed US dollar fund investing mainly in emerging market equities, with Series A,B and I, having assets at December 31, 2006 of Ch\$ 11,959 million (US\$ 22.5 million).
- Security Opportunity 100 Garantizado: guaranteed structured fund with one series, having assets at December 31, 2006 of Ch\$ 8,766 million (US\$16.5 million).
- Security Dólar Money Market: investment fund in short-term US dollar debt instruments with maturities of maximum 90 days, of the one series, having assets at December 31, 2006 of Ch\$ 15,831 million (US\$ 30 million).
- Security Leader 100 Garantizado: guaranteed structured fund with one series, having assets at December 31, 2006 of Ch\$ 5,832 million (US\$ 11 million).
- Security Energy Fund: funds that can freely invest in Chilean and international energy markets, with Series A, D and I, having assets at December 31, 2006 of Ch\$ 587 million (US\$ 1.1 million).

The company's strategy is based on providing attractive levels of profitability in the various funds it manages, with a moderate level of risk, and focus its sales efforts to companies and, in particular, to high-income individuals.

The following table shows the evolution of the assets managed by Administradora General de Fondos Security over the last 10 years:



AVERAGE ASSETS MANAGED

Billions of Chilean pesos as of December 2006

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Industry	1,649.7	2,422.2	1,614.7	2,343.3	2,975.6	3,553.6	4,880.2	5,422.3	7,006.1	7,122.8	9,440.8
Adm. General de Fondos Security	61.0	75.7	75.6	102.7	112.2	132.3	228.6	193.7	281.6	289.1	337.2
Market share	3.7%	3.1%	4.7%	4.4%	3.8%	3.7%	4.7%	3.6%	4.0%	4.1%	3.6%

VALORES SECURITY S.A., CORREDORES DE BOLSA

BOARD OF DIRECTORS

Chairman:	Ramón Eluchans O.
Directors:	Bonifacio Bilbao H. Javier Gómez C. Enrique Menchaca O. Naoshi Matsumoto C.

MANAGEMENT

General Manager:	Nicolás Ugarte B.
Operations Manager:	Juan Adell S.
Investment Manager:	Cristián Pinto M.

Valores Security, Corredores de Bolsa was created in 1987 by Security Pacific National Bank to act as a stock-broker. It was sold to Banco Security in 1991 and changed its name to its present one. Over time, basically motivated by the high volatility that has characterized the stock market in Chile, the company looked for new business opportunities. Valores Security now runs its business through two areas: fixed income and equities. The first relates mainly to the management of own positions, trading in financial instruments, foreign exchange transactions and dollar forward contracts. Equity trading relates basically to the original business of the company.

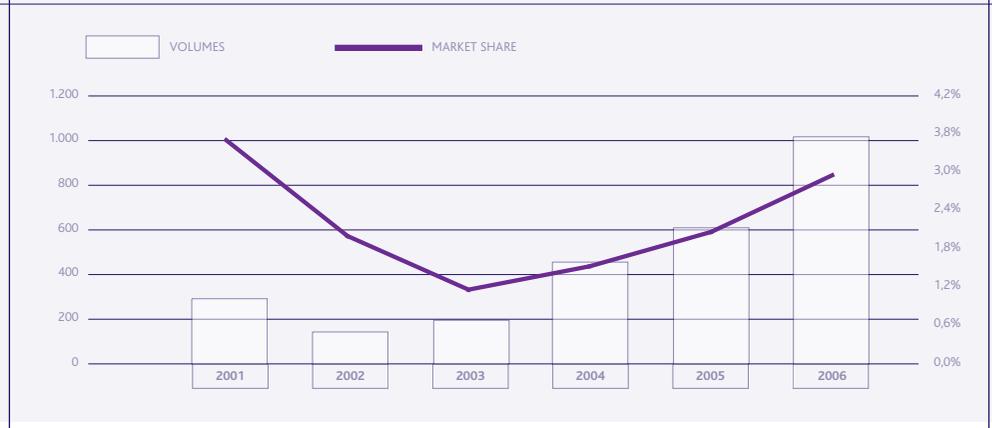
In 2006, Valores Security, Corredores de Bolsa produced a net income of Ch\$ 2,053 million (US\$3.9 million), a 10.5% decrease in real terms compared to the year before, and a return of 11.7% on capital and reserves.

During 2006, stock market activity increased strongly, with volumes traded rising by 41.9%. Valores Security, for its part, increased its share trading volumes by 70% to over Ch\$ 1,000 billion (US\$ 1,946 million), giving it a 9th place among the 38 stock-brokers operating in the local market. Its average market share increased from 2.07% in 2005 to 2.97% in 2006, considering transactions on the Santiago Stock Exchange and the Chilean Electronic Exchange.



VOLUMES TRADED AND MARKET SHARE

Billions of Chilean pesos of December 2006



VOLUMES TRADED BY VALORES SECURITY

Billions of Chilean pesos of December 2006

	2001	2002	2003	2004	2005	2006
Volumes traded	298.6	146.7	200.3	465.4	621.8	1,035.8
Market share	3.5%	2.0%	1.1%	1.5%	2.1%	3.0%



closeness



C H A P T E R 0 8

financial statements,
banco security

UNCONSOLIDATED FINANCIAL STATEMENTS, BANCO SECURITY

CONSOLIDATED FINANCIAL STATEMENTS, BANCO SECURITY

SUMMARIZED FINANCIAL STATEMENTS, BANCO SECURITY



INDEPENDENT AUDITORS' REPORT

To the Shareholders of Banco Security

We have audited the balance sheets of Banco Security as of December 31, 2006 and 2005, and the related statements of income and of cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

These financial statements have been prepared to reflect the stand-alone financial position of Banco Security, on the basis of the criteria described in Note 1 to the financial statements, before consolidating the financial statements of the subsidiaries detailed in Note 4 to the financial statements. Therefore, in order for these stand-alone financial statements to be fully understood, they should be read and analyzed in conjunction with the consolidated financial statements of Banco Security and subsidiaries, which are required by accounting principles generally accepted in Chile.

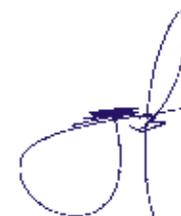
In our opinion, such stand-alone financial statements present fairly, in all material respects, the financial position of Banco Security at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended, in conformity with the basis of accounting described in Note 1 to the financial statements.

As explained in Note 2 to the financial statements, during 2006, the Bank modified its basis for recording, classifying and valuation of financial investments acquired for trading or investment and derivative instruments.

January 17, 2007



Juan Carlos Cabrol Bagnara



ThCh\$: Thousands of Chilean pesos

MCh\$: Millions of Chilean pesos

UF: Unidad de Fomento

(an official inflation-indexed monetary unit)

US\$: United States dollar

ThUS\$: Thousands of US dollars

BALANCE SHEETS

At December 31, 2006 and 2005 (In millions of Chilean pesos)

	2006	2005
ASSETS	MCh\$	MCh\$
CASH AND BANKS	55,092.4	80,282.8
LOANS		
Commercial loans	907,153.9	824,292.5
Foreign trade loans	165,298.8	149,840.1
Consumer loans	36,256.0	25,898.6
Letters of credit loans	110,535.4	106,063.1
Lease contracts	106,860.0	92,365.1
Contingent loans	132,272.7	92,700.7
Other current loans	79,437.3	60,720.1
Past-due portfolio	9,309.3	9,008.0
TOTAL LOANS	1,547,123.4	1,360,888.2
Less: Provisions for loans	(16,436.9)	(19,922.1)
TOTAL NET LOANS	1,530,686.5	1,340,966.1
OTHER CREDIT OPERATIONS:		
Loans to financial institutions	63,740.9	21,909.9
Security trading credits	-	2,225.7
TOTAL OTHER CREDIT OPERATIONS	63,740.9	24,135.6
INSTRUMENTS HELD FOR TRADING	198,267.7	198,440.0
INVESTMENT INSTRUMENTS:		
Available for sale	48,609.8	88,486.8
Held to maturity	-	-
TOTAL INVESTMENT INSTRUMENTS	48,609.8	88,486.8
FINANCIAL DERIVATIVE CONTRACTS	3,237.8	5,356.2
OTHER ASSETS	119,452.0	174,625.6
FIXED ASSETS:		
Premises and equipment	22,640.3	22,059.5
Investment in companies	29,168.0	25,721.0
TOTAL FIXED ASSETS	51,808.3	47,780.5
TOTAL ASSETS	2,070,895.4	1,960,073.6

The accompanying notes are an integral part of these financial statements



BALANCE SHEETS		
At December 31, 2006 and 2005 (In millions of Chilean pesos)		
	2006	2005
	MCh\$	MCh\$
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
DEPOSITS AND OTHER LIABILITIES		
Checking accounts	108,888.2	107,800.3
Deposits and savings	1,145,833.7	1,053,558.1
Other time and demand liabilities	45,007.9	35,883.8
Investments under agreements to repurchase	6,955.5	2,488.0
Mortgage notes	111,979.7	106,027.3
Contingent liabilities	133,169.7	93,840.8
TOTAL DEPOSITS AND OTHER LIABILITIES	1,551,834.7	1,399,598.3
BONDS:		
Bonds	81,361.8	64,443.7
Subordinated bonds	57,630.9	37,513.4
TOTAL BONDS	138,992.7	101,957.1
BORROWINGS FROM FINANCIAL INSTITUTIONS AND CHILE'S CENTRAL BANK		
Borrowings from domestic financial institutions	8,140.4	2,633.1
Borrowings from abroad	112,614.9	196,150.6
Other borrowings	23,277.9	15,507.3
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS	144,033.2	214,291.0
FINANCIAL DERIVATIVE CONTRACTS	2,073.5	3,699.9
OTHER LIABILITIES	80,917.7	87,098.3
TOTAL LIABILITIES	1,917,851.8	1,806,644.6
SHAREHOLDERS' EQUITY		
Capital and reserves	130,034.8	131,490.4
Other equity accounts	2,510.8	1,504.0
Net income for the year	20,498.0	20,434.6
TOTAL SHAREHOLDERS' EQUITY	153,043.6	153,429.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,070,895.4	1,960,073.6

The accompanying notes are an integral part of these financial statements

INCOME STATEMENTS

For the years ended December 31, 2006 and 2005 (in millions of Chilean pesos)

	2006	2005
	MCh\$	MCh\$
OPERATING INCOME:		
Interest and indexation income	114,823.4	101,071.9
Gains from trading activities	103,408.2	167,606.2
Income from commissions	7,137.4	6,765.0
Exchange gain - net	2,454.9	5,893.7
Other operating income	1,144.0	1,230.2
TOTAL OPERATING INCOME	228,967.9	282,567.0
LESS:		
Interest and indexation expenses	(72,065.4)	(60,105.2)
Loss from trading activities	(101,196.4)	(169,466.5)
Commission expenses	(486.3)	(387.5)
Other operating expenses	(607.1)	(440.2))
GROSS OPERATING MARGIN	54,612.7	52,167.6
Remuneration and personnel expenses	(15,411.6)	(12,025.4)
Administrative and other expenses	(13,173.6)	(12,289.6)
Depreciation and amortization	(1,649.5)	(1,857.7)
NET OPERATING MARGIN	24,378.0	25,994.9
Provisions for assets at risk	(2,954.1)	(3,610.3)
OPERATING INCOME	21,423.9	22,384.6
OTHER INCOME AND EXPENSES		
Non-operating income	1,504.3	2,235.2
Non-operating expenses	(768.2)	(2,513.9)
Earnings from permanent investments	3,418.6	3,950.1
Monetary correction	(1,595.2)	(2,812.0)
INCOME BEFORE INCOME TAX	23,983.4	23,244.0
TAX PROVISION	(3,485.4)	(2,809.4)
NET INCOME FOR THE YEAR	20,498.0	20,434.6

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2006 and 2005 (In millions of Chilean pesos)

	2006	2005
	MCh\$	MCh\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	20,498.0	20,434.6
CHARGES (CREDITS) TO INCOME THAT DO NOT REPRESENT CASH FLOWS		
Depreciation and amortization	1,649.5	1,857.7
Provisions for assets at risk	2,954.1	3,610.3
Equity in income of related companies	(3,418.6)	(3,950.1)
Monetary correction	1,595.2	2,812.0
Other charges (credits) that do not represent cash flows	(2,041.3)	(1,092.6)
Net variation in the interest, indexation and commissions accrued on assets and liabilities	4,638.1	4,415.5
NET CASH PROVIDED BY OPERATING ACTIVITIES	25,875.0	28,087.4
CASH FLOW FROM INVESTMENT ACTIVITIES		
Net increase in loans	(169,192.3)	(119,697.1)
Net increase in other credit operations	(42,715.6)	(21,921.7)
Increase (decrease) in investments	27,977.8	(61,876.4)
Decrease (increase) in leasing assets	1,321.1	(4,885.0)
Purchase of fixed assets	(2,195.4)	(1,894.7)
Sale of fixed assets	259.7	
Sale of assets received in settlement of loans	328.1	1,367.4
Net (decrease) increase in other assets and liabilities	46,622.6	(43,805.8)
NET CASH USED IN INVESTING ACTIVITIES	(137,594.0)	(252,713.3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in checking accounts	3,339.8	20,011.0
Net increase in deposits and savings	112,856.4	88,103.8
Net (decrease) increase in other time and demand liabilities	9,965.8	(33,441.2)
Net increase (decrease) in other liabilities arising from trading activities	4,562.9	(485.6)
Decrease in short-term foreign loans	(66,401.2)	(23,120.2)
Increase (decrease) in letters of credit	7,548.5	(2,369.1)
Bond issues	34,912.6	55,492.1
(Decrease) increase in long-term foreign borrowings	(13,909.9)	70,617.6
Increase in other short-term liabilities	12,572.3	-
Cash share issue	-	10.4
Dividends paid	(20,434.6)	(11,959.0)
NET CASH PROVIDED BY FINANCING ACTIVITIES	85,012.6	162,859.8
NET NEGATIVE CASH FLOWS FOR THE YEAR	(26,706.4)	(61,766.1)
EFFECT OF INFLATION ON CASH AND CASH EQUIVALENTS DURING THE YEAR	1,516.0	4,936.1
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(25,190.4)	(56,830.0)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	80,282.8	137,112.8
CASH AND CASH EQUIVALENTS AT END OF YEAR	55,092.4	80,282.8

The accompanying notes are an integral part of these financial statements

BANCO SECURITY · notes to the financial statements

(In millions of Chilean pesos - MCh\$)

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

a. Information provided

The financial statements have been prepared in accordance with accounting regulations issued by the Superintendency of Banks and Financial Institutions (hereinafter, the Superintendency). Such regulations concur with generally accepted accounting principles in Chile, except for the investments in subsidiaries, which are recorded in one line on the balance sheet using the equity method of accounting, and therefore have not been consolidated on a line by line basis. This treatment does not alter net income for the year or shareholders' equity.

These financial statements have been issued only for the purpose of making an individual analysis of the Bank and consequently, they have to be read along with the consolidated financial statements required by accounting principles generally accepted in Chile.

The 2005 Chilean peso amounts have been price level restated for changes in the Consumer Price Index (CPI) used for monetary correction (2.1%).

b. Interest and indexation

The amounts recorded in the balance sheet for loans, investments, and liabilities include interest and indexation accrued until year end. However, the Bank has taken the conservative position of discontinuing the accrual of interest and indexation on high-risk and past-due loans.

c. Monetary correction

Shareholders' equity, fixed assets, and other non-monetary assets and liabilities have been monetarily corrected on the basis of variations in the Chilean Consumer Price Index (IPC). The application of monetary correction resulted in a net charge to income of MCh\$1,595.2 (MCh\$2,812.0 in 2005). The income statements of the Bank are not monetarily corrected.

d. Foreign Currency

Assets and liabilities denominated in foreign currency are stated in Chilean pesos at the exchange rate of Ch\$532.25 per US\$1 (Ch\$514.21 per US\$1 in 2005).

The net gain of MCh\$2,454.9 (MCh\$5,893.7 in 2005), shown in the income statement includes the net gains and losses on foreign exchange transactions, as well as the recognition of the effects of exchange rate variations on net assets or liabilities denominated in foreign currency.

e. Conversion

Assets and liabilities denominated in Unidades de Fomento (inflation index-linked units of account) are stated at the following year-end rates: Ch\$18,336.38 in 2006 and Ch\$17,974.81 in 2005.

f. Financial investments

Before January 1, 2006, the Bank's financial investments were classified as trading or permanent in accordance with the regulations of

the Superintendent of Banks with unrealized gains and losses on trading investments included in Other operating income (expenses), and unrealized gains and losses on permanent investments included in a separate component of Shareholders' equity. Investment securities maintained by the Bank's subsidiaries were carried on a stand-alone basis on the subsidiary's financial statements only at the lower of price-level restated cost or market value.

The Bank's previously identified "trading" investments, although not classified as such in prior years, for accounting purposes, were treated the same as those classified as "trading" since January 1, 2006. Additionally, over all periods presented, classification for accounting purposes has been conformed.

Effective January 1, 2006 the accounting for financial instruments acquired for trading or investment purposes (available-for-sale or held-to-maturity) are classified as follows:

i. Trading Instruments - Instruments for trading are securities acquired for which the Bank has the intent to generate earnings from short-term price fluctuations or through brokerage margins, or that are included in a portfolio created for such purposes.

Instruments for trading are valued at their fair value according to market prices on the closing date of the balance sheet. Mark to market adjustments, as well as realized gains/losses from trading, are included in the Income Statement under "Earnings (losses) from trading activities". Interest income and indexation adjustments are reported as "Interest revenue".

All purchases and sales of instruments for negotiation, which must be delivered within the deadline stipulated by market regulations and conventions, are recognized on the date of trade, which is the date on which the commitment is made to purchase or sell the asset. Any other purchase or sale is treated as a forward until it is liquidated.

ii. Investments Instruments - Investment instruments are classified into two categories: Held to maturity investments and Instruments available for sale. Held to maturity investments only include those instruments for which the Bank has the intent and ability to hold to maturity. Investment instruments not classified as held to maturity or trading are considered to be available for sale. Investment instruments are recognized initially at cost, which includes transaction costs.

Investment instruments are recorded initially at cost. Instruments available for sale are valued at each subsequent period-end at their fair value according to market prices or valuations obtained by using models. Mark to market adjustments are reported in a separate component of Shareholders' equity. When these investments are sold or become impaired, the amount of the adjustments to fair value accumulated in Shareholders' equity is reclassified to the income statement and reported under "Gain from trading activities" or "Losses from trading activities", as applicable.

Held to maturity investments are recorded at their cost value plus accrued interest and adjustments, less provisions for impairment recorded when the book value is higher than its estimated return. The bank does not maintain in its portfolio any investment held to maturity.

Interest and indexation adjustments of held to maturity investments and available for sale investments are included under "Interest and indexation income" or "interest and indexation expense". Investment instruments designated as hedges are accounted for under

the appropriate derivative accounting literature.

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

The Bank enters into security repurchase agreements as a form of borrowing. In this regard, the Bank's investments that are sold subject to a repurchase obligation and that serve as collateral for the borrowing are reclassified as "investment collateral under agreements to repurchase" and carried at market value. The liability for the repurchase of the investment is classified as "investments under agreements to repurchase" and is carried at cost plus accrued interest.

The Bank also enters into resale agreements as a form of investment. Under these agreements the Bank purchases securities, which are included as assets under the caption "investments under agreements to resell" and are carried at cost plus accrued interest. All other financial investments are carried at acquisition cost plus accrued interest and UF-indexation adjustments, as applicable.

g. Derivative activities

Prior January 1, 2006, under Chilean GAAP, the Bank accounts for forward contracts between foreign currencies and U.S. dollars at fair value with realized and unrealized gains and losses on these instruments recognized in other income. Forward contracts between the U.S. dollar and the Chilean peso or the UF are valued at the closing spot exchange rate at each balance sheet date, with the initial discount or premium being amortized over the life of the contract in accordance with Chilean hedge accounting criteria.

The Bank records differences between interest income and interest expense on interest rate swap transactions, in net income in the period when cash settlements under the agreements are made. The fair value of the swap agreement and changes in the fair value as a result of changes in market interest rates are not recognized at each period-close in the Chilean GAAP consolidated financial statements.

Effective January 1, 2006, under the requirements of Circular No. 3,345 de la Superintendency of Banks, the accounting treatment of certain derivative instruments and hedges of financial assets changed. Traditional financial instruments which meet the definition of a "derivative" such as forwards in foreign currency and unidades de fomento (inflation index-linked units of account), interest rate futures, currency and interest rate swaps, currency and interest rate options, and others are recognized initially in the balance sheet at cost (including transaction fees) and, at subsequent period ends, at their fair value. The fair value is obtained from market quotes, discounted cash flow models and option valuation models, as applicable.

Certain terms may be incorporated into non-derivative financial instruments whose risk and economic characteristics are not clearly and closely related to those of the host contract which may require their bifurcation from the host contract and treatment as a separate derivative under the parameters of Circular No.3,345.

When a derivative contract is signed, it must be designated by the Bank as a speculative contract or a hedge. Any changes in the fair value of speculative financial derivative contracts are recorded in Income under "Gains from trading activities" or "Losses from trading activities", as applicable. If the derivative is classified as a hedge, it may be: (1) a fair value hedge, or (2) a cash flow hedge. To qualify as a hedge for accounting purposes, the instruments must comply with all the following conditions: (a) hedging must be formally documented at initiation; (b) hedging is expected to be highly effective; (c) the effectiveness of the hedge can be measured reasonably; and (d) hedging is highly effective with regard to the risk hedged, continuously throughout its lifetime.

Certain derivative transactions that do not classify to be accounted for as hedges are treated and reported as speculative, even though they may provide an effective economic hedge for managing risk positions.

When a derivative hedges exposure to changes in the fair value of an existing asset or liability, the latter is recorded at its fair value. Earnings or losses from measuring the fair value of both the item hedged and the hedging derivative are recognized in income. If the item hedged in a fair value hedge is a firm commitment, the changes in the fair value of the commitment with regard to the risk hedged are recorded as assets or liabilities with the offsetting effect recorded in income. When an asset or liability is acquired as a result of the commitment, the initial recognition of the acquired asset or liability is adjusted to fair value.

When a derivative hedges exposure to changes in the cash flows of existing assets or liabilities, or expected transactions, the effective portion of the changes in fair value with regard to the risk hedged is recorded in shareholders' equity. Any ineffective portion is recognized directly in the period's income. The amounts recorded directly in shareholders' equity are recorded in income in the same periods in which the offsetting changes in assets or liabilities hedged affect the income statement.

When fair value hedge accounting is used for portfolio hedge of interest rate risk and the hedge item is designated as an amount of currency, the earnings or losses from measuring the fair value of both the portfolio hedged and the hedge are recognized in income. The bank does not have any financial derivative hedge contract.

h. Premises and equipment - Fixed assets are valued at monetarily corrected cost and shown net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

i. Investments in related companies

The shares or rights in related companies in which the Bank has ownership equal to, or greater than, 10%, or in which it can elect or appoint at least one of the members of the Board or management, are recorded as investment using the equity method of accounting.

j. Provisions for doubtful assets

The provisions required to cover the risk of loss on assets (Note 5) have been set up in accordance with the standards issued by the Superintendency of Banks and Financial Institutions. The assets are shown net of such provisions or, in the case of loans, as a deduction therefrom.

k. Deferred taxes

The effects of deferred taxes arising from temporary differences between the tax and the book bases are recorded on an accrual basis, in conformity with Technical Bulletin 60 of the Chilean Institute of Accountants and its supplements, and instructions from the Superintendency of Banks and Financial Institutions.

l. Employee vacations

The annual cost of employee vacations and benefits is recognized on the accrual basis.

m. Cash and cash equivalents

For statement of cash flow purposes, cash and cash equivalents include the cash and banks balance, in accordance with the rules provided for in Chapter 18-1 of the Compendium of Standards of the Superintendency of Banks and Financial Institutions.

2. ACCOUNTING CHANGES

On December 20, 2005 the Superintendency of Banks and Financial Institutions issued Circular N°3,345 and related amendments through Circular N°3,349 dated February 7, 2006, Circular N°3,355 dated May 25, 2006 and Circular N°3,358 dated May 31, 2006, governing the application of new accounting principles and the valuation and classification of financial instruments acquired, derivative instruments, accounting hedges and write-offs of financial assets on the balance sheet. The aforementioned changes in accounting principles and valuation at January 1, 2006, called for adjusting the valuation differences calculated at December 31, 2005 directly against shareholders' equity in the amount of MCh\$(1,375.5).

The Bank has recorded a net credit of MCh\$1,341.4 to net income due to the application of the new accounting principles as December 31, 2006. For comparative purposes, the balances at December 31, 2005 have been regrouped and reclassified, but not adjusted, based on the transition provisions established in Circular N°3,345 and its subsequent amendments issued by the Superintendency of Banks and Financial Institutions.

3. TRANSACTIONS WITH RELATED PARTIES

In accordance with the General Banking Law in Chile and the instructions of the Superintendency of Banks and Financial Institutions, individuals and companies that are related, directly or indirectly, to the Bank's owners or management are considered related parties.

a. Loans to related parties

At December 31, 2006 and 2005, loans to related parties are as follows:

	DUE PORTFOLIO		PAST-DUE PORTFOLIO		TOTAL		GUARANTEES (*)	
	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MM\$	2005 MM\$
To production companies	24,344.8	40,916.3	-	-	24,344.8	40,916.3	29,028.3	29,905.5
To investment companies	11,063.4	15,798.0	-	-	11,063.4	15,798.0	5,903.8	5,752.1
To individuals (**)	2,321.2	3,492.1	-	-	2,321.2	3,492.1	1,927.7	1,847.4
TOTAL	37,729.4	60,206.4	-	-	37,729.4	60,206.4	36,859.8	37,505.0

(*)Includes only those guarantees that are admitted by Article 84 of the General Banking Law for purposes of establishing the individual credit limits defined by the Law. The guarantees are valued in accordance with the Superintendency's instructions.

(**)Includes only those loans to individuals whose outstanding balances are not less than the equivalent of UF 3,000. The UF is a unit of account that is indexed to the changes in the consumer price level.

b. Other transactions with related parties

During 2006 and 2005, the Bank entered into the following transactions in excess of UF1,000 with related parties:

FIRM NAME	DESCRIPTION	CREDITS TO INCOME		CHARGES TO INCOME	
		2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$
Inversiones Invest Security Ltda.	Provision of services contract	-	-	1,038.6	976.1
	Office rental	29.6	19.4	-	-
Travel Security S.A.	Office rental	116.7	78.6	-	-
Seguros de Vida Security Previsión S.A.	Office rental	48.7	47.9	-	-
	Provision of services contract	-	-	443.5	733.1
Virtual Security S.A.	Provision of services contract	-	-	1,625.6	1,654.0
	Office rental	3.2	21.4	-	-
Inmobiliaria Security S.A.	Provision of services contract	-	-	267.9	186.8
	Loan	172.8	92.9	-	-
	Investment	-	-	-	37.7
	Office rental	-	11.2	-	-

The Bank has a balance and progress payment for MCh\$1,329.2 payable to Inmobiliaria Security S.A., which fell due in 2005.

4. INVESTMENTS IN RELATED COMPANIES

Participation in the companies

In the balance sheets, there are investments in affiliates for MCh\$29,168.0 (MCh\$25,721.0 in 2005), details of which are as follows:

COMPANY	OWNERSHIP INTEREST OF BANK		EQUITY OF COMPANY			INVESTMENT VALUE		RESULT	
	2006 %	2005 %	2006		2005	2006	2005	2006	2005
			MCh\$ (1)	MCh\$ (2)	MCh\$	MCh\$	MCh\$	MCh\$	
Valores Security S.A.									
Corredores de Bolsa	99.760	99.760	19,594.5	19,525.2	17,541.7	19,478.3	17,499.6	1,978.6	2,293.2
Administradora General de Fondos Security S.A.	99.900	99.900	9,541.1	9,541.1	8,100.8	9,532.0	8,092.8	1,440.0	1,656.9
SUBTOTAL						29,010.3	25,592.4	3,418.6	3,950.1
Shares and interests in other companies	-	-			-	157.7	128.6	-	-
TOTAL						29,168.0	25,721.0	3,418.6	3,950.1

(1) Corresponds to the book equity portion of the Subsidiary.

(2) Corresponds to the equity adjusted by applying Circular 3.345 and its amendments of the Superintendency of Banks and Financial Institutions.

5. PROVISIONS

Provisions for assets at risk

At December 31, 2006, the Bank has recorded provisions for MCh\$17,920.8 (MCh\$20,101.8 in 2005) which correspond to the minimum provisions required by the Superintendency of Banks and Financial Institutions to cover possible losses.

During each year, the changes in the provisions are as follows:

	PROVISIONS ON			TOTAL MCh\$
	LOANS MCh\$	ASSETS RECEIVED IN PAYMENT MCh\$	OTHER ASSETS MCh\$	
Historical balances at December 31, 2004	18,560.1	212.8	1,800.0	20,572.9
Application of provisions	(2,628.9)	(584.7)	-	(3,213.6)
Recovery of written-off credits	(1,207.0)	-	-	(1,207.0)
Release of provisions	(508.0)	-	(1,800.0)	(2,308.0)
Provisions made	5,296.1	547.9	-	5,844.0
Balances at December 31, 2005	19,512.3	176.0	-	19,688.3
Updated balances for purposes of comparison	19,922.1	179.7	-	20,101.8
Historical balances at December 31, 2005	19,512.3	176.0	-	19,688.3
Application of provisions	(4,115.3)	(176.0)	-	(4,291.3)
Recovery of written-off credits	(430.3)	-	-	(430.3)
Release of provisions	-	-	-	-
Provisions made	1,470.2	395.9	1,088.0	2,954.1
Balances at December 31, 2006	16,436.9	395.9	1,088.0	17,920.8

In the opinion of the Bank's Board, the provisions established cover all possible losses that might result from non-recovery of assets, based on the information examined by the Bank.

6. SHAREHOLDERS' EQUITY

a. Equity

Changes in capital and reserves for each year are as follows:

	PAID IN CAPITAL MCh\$	OTHER RESERVES MCh\$	OTHER ACCOUNTS MCh\$	INCOME FOR THE YEAR MCh\$	TOTAL MCh\$
Balances at December 31, 2004 - historical	95,658.4	25,924.1	2,421.6	14,023.8	138,027.9
Distribution 2004 profits	-	14,023.8	-	(14,023.8)	-
Dividends paid	-	(11,219.1)	-	-	(11,219.1)
Fluctuation in values investment securities (1)	-	-	(948.5)	-	(948.5)
Capital increase (amount outstanding)	10.2	-	-	-	10.2
Capital revaluation	3,440.3	948.2	-	-	4,388.5
Net income for the year	-	-	-	20,014.3	20,014.3
Balances at December 31, 2005	99,108.9	29,677.0	1,473.1	20,014.3	150,273.3
Updated balances for purposes of comparison	101,190.2	30,300.2	1,504.0	20,434.6	153,429.0
Balances at December 31, 2005 - historical	99,108.9	29,677.0	1,473.1	20,014.3	150,273.3
Distribution 2005 profits	-	20,014.3	-	(20,014.3)	-
Dividends paid	-	(20,014.3)	-	-	(20,014.3)
Adjustment from valuation of investments available for sale (1)	-	-	1,037.7	-	1,037.7
Adjustment Circular 3,345 (Note 2)	-	(1,375.5)	-	-	(1,375.5)
Capital revaluation	2,081.3	543.1	-	-	2,624.4
Net income for the year	-	-	-	20,498.0	20,498.0
Balances at December 31, 2006	101,190.2	28,844.6	2,510.8	20,498.0	153,043.6

(1) These balances are presented net of deferred taxes, generated by adjustments to fair value of the investments available for sale (defined as "permanent" in 2005).

Subscribed and paid-in shares

The Bank's authorized capital is divided into 152,193,531 shares, of which 135,753,250 are fully subscribed and paid.

During March 2006 and February, 2005, 100% and 80% of net profits from 2005 and 2004 amounting to MCh\$20,014.3 and MCh\$11,219.1 (historical), respectively, were distributed.

b. Minimum basic capital and effective equity

According to the General Banking Law, a financial institution's minimum basic capital may not be lower than 3% of its total assets, while the effective equity may not be lower than 8% of its risk weighted assets. At each year-end, the Bank's situation is as follows:

	AT DECEMBER 31	
	2006 MCh\$	2005 MCh\$
Basic capital (*)	132,545.6	132,994.4
Total assets (as calculated)	2,084,351.0	1,924,757.3
Percentages	6.36%	6.91%
Actual equity (**)	161,745.2	170,413.8
Risk-weighted assets	1,616,683.9	1,486,027.3
Percentages	10.00%	11.47%

(*) For these purposes, equivalent to paid-in capital and reserves.

(**) Pursuant to Article 66 of the General Banking Law, in order to determine effective shareholders' equity, amounts corresponding to investments in companies and capital assigned to foreign branches must be deducted, whereas subordinated bonds and voluntary provisions, up to certain limits, should be included.

7. INVESTMENTS

At December 31, 2006 and 2005, the Bank had the following balances included under investments:

a. Instruments held for trading:

	BALANCES AT DECEMBER 31	
	2006 MCh\$	2005 MCh\$
Instruments of the State and Central Bank		
Instruments of Chile's Central Bank	15,024.9	5,126.3
Instruments of the Treasury	-	802.9
Other government instruments	-	-
SUBTOTAL	15,024.9	5,929.2
Other financial instruments		
Deposit notes in the country's banks	148,237.0	114,773.0
Mortgage notes in the country's banks	35,005.8	45,319.5
Bonds of the country's banks	-	-
Bonds of the country's companies	-	1,483.3
Other instruments issued in the country	-	28,531.8
Government or Central Bank instruments from abroad	-	-
Other instruments issued abroad	-	2,403.2
SUBTOTAL	183,242.8	192,510.8
TOTAL	198,267.7	198,440.0

State and Central Bank instruments include instruments sold under repurchase agreements to customers and financial institutions for MCh\$7,054.4 (MCh\$4,168.1 in 2005). The repurchase agreements have an average maturity of 11 days at year-end (10 days in 2005).

b. Investment instruments:

INVESTMENTS AVAILABLE FOR SALE	BALANCES AT DECEMBER 31	
	2006 MCh\$	2005 MCh\$
Instruments of the State and Central Bank		
Instruments of Chile's Central Bank	-	-
Instruments of the Treasury	-	-
Other government instruments	-	-
SUBTOTAL	-	-
Other financial instruments		
Deposit notes in the country's banks	-	-
Mortgage notes in the country's banks	-	12,971.8
Bonds of the country's banks	-	11,278.7
Bonds of the country's companies	35,150.3	50,108.8
Other instruments issued in the country	-	-
Government or Central Bank instruments from abroad	-	-
Other instruments issued abroad	13,459.5	14,127.5
SUBTOTAL	48,609.8	88,486.8
TOTAL	48,609.8	88,486.8

Investment instruments do not include transactions with agreements to repurchase at December 31, 2006 and 2005.

At December 31, 2006 and 2005, instruments available for sale included a net unrealized profit (loss) of MCh\$2,510.8 (MCh\$1,504.0 in 2005), respectively recorded against equity.

At December 31, 2006, the Bank does not have any held-to maturity investments.

8. TRANSACTIONS WITH DERIVATIVE INSTRUMENTS

Transactions for the purchase and sale of foreign currency futures and other derivative products at year-end are summarized below:

2006

	CAH FLOW (F) OR FAIR VALUE (VR) HEDGE	AT DECEMBER 31, 2006				
		NOTIONAL AMOUNT OF THE CONTRACT EXPIRING IN			FAIR VALUE	
		LESS THAN 3 MONTHS MCh\$	BETWEEN 3 MONTHS AND ONE YEAR MCh\$	MORE THAN ONE YEAR MCh\$	ASSETS MCh\$	LIABILITIES MCh\$
Derivative maintained for trading purpose						
Currency forwards	(VR)	207,018.9	137,143.8	15,449.8	3,063.4	(1,358.8)
Interest rate swaps	(VR)	-	-	5,798.5	32.0	-
Currency swaps	-	-	-	-	-	-
Currency and interest rate swaps	-	-	-	-	-	-
Current call options	-	-	-	-	-	-
Interest rate call options	-	-	-	-	-	-
Currency put options	-	-	-	-	-	-
Interest rate put options	(VR)	-	-	-	-	(678.1)
Interest rate futures	(VR)	-	-	-	142.4	(36.6)
Total assets/(liabilities) from derivatives maintained for trading purposes		207,018.9	137,143.8	21,248.3	3,237.8	(2,073.5)
Total assets /(liabilities) from financial derivatives		207,018.9	137,143.8	21,248.3	3,237.8	(2,073.5)

2005

	CAH FLOW (F) OR FAIR VALUE (VR) HEDGE	AT DECEMBER 31, 2005				
		NOTIONAL AMOUNT OF THE CONTRACT EXPIRING IN			FAIR VALUE (*)	
		LESS THAN 3 MONTHS MCh\$	BETWEEN 3 MONTHS AND ONE YEAR MCh\$	MORE THAN ONE YEAR MCh\$	ASSETS MCh\$	LIABILITIES MCh\$
Derivatives maintained for negotiation						
Currency forwards	(VR)	286,156.4	177,058	8,741.4	4,163.6	(3,442.1)
Interest rate swaps	(VR)	-	73,600	-	1,192.6	(257.8)
Currency swaps	-	-	-	-	-	-
Currency and interest rate swaps	-	-	-	-	-	-
Currency call option	-	-	-	-	-	-
Interest rate call options	-	-	-	-	-	-
Currency put options	-	-	-	-	-	-
Interest rate put options	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-
Total assets/(liabilities) from derivatives maintained for negotiation		286,156.4	250,657.6	8,741.4	5,356.2	(3,699.9)
Total assets /(liabilities) from financial derivatives		286,156.4	250,657.6	8,741.4	5,356.2	(3,699.9)

(*)The valuation criteria described in the first three paragraphs of Note 1 g) were applied to transactions made prior to January 1.



9. MATURITIES OF ASSETS AND LIABILITIES

a. Maturities of loans and financial investments

The following is a breakdown of loans and financial investments classified by their maturity. Balances include accrued interest at December 31, 2006 and 2005, respectively. Instruments for negotiation or available for sale have been included at their fair value and within the period in which they may be sold.

	UP TO ONE YEAR		MORE THAN 1 YEAR UP TO 3 YEARS		MORE THAN 3 YEARS UP TO 6 YEARS		MORE THAN 6 YEARS		TOTAL	
	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$
Loans (1):										
Commercial loans										
and others	793,882.8	731,919.2	113,093.8	84,898.1	145,653.6	135,311.4	204,718.9	172,956.9	1,257,349.1	1,125,085.6
Letters of										
credit loans	32.0	23.0	619.2	766.0	8,539.6	6,782.0	20,661.3	101,282.6	110,473.4	106,063.1
Consumer loans	17,622.1	14,297.9	9,226.5	6,524.4	8,087.6	4,052.1	1,207.8	1,024.2	36,144.0	25,898.6
Other credit operations:										
Loans to financial										
institutions	63,740.9	21,909.9	-	-	-	-	-	-	63,740.9	21,909.9
Security trading										
credits	-	2,225.7	-	-	-	-	-	-	-	2,225.7
Instruments held for trading	159,523.8	148,808.7	2,330.3	2,555.7	4,334.9	5,418.6	32,078.7	41,657.0	198,267.7	198,440.0
Investment instruments										
Available for sale	2,788.9	7,791.1	5,565.1	4,920.3	16,909.8	30,371.6	23,346.0	45,403.8	48,609.8	88,486.8
Held to maturity										
Financial derivative contracts	3,180.6	3,756.2	57.2	1,600.0	-	-	-	-	3,237.8	5,356.2

(1) Considers only those loans outstanding at year-end that fall due within the indicated periods. Consequently, contingent loans and loans transferred to the past-due portfolio, as well as delinquent debts that have not been transferred to the past-due portfolio amounting to MCh\$1,574.9 (MCh\$2,132.2 in 2005), of which MCh\$888.9 (MCh\$1,382.7 in 2005) have been delinquent less than 30 days, have been excluded.

b. Maturities of deposits, borrowings and other financing operations

The information detailed below shows deposits, borrowings and other liabilities through their maturity. Balances include interest accrued at December 31, 2006 and 2005.

	UP TO ONE YEAR		MORE THAN 1 YEAR UP TO 3 YEARS		MORE THAN 3 YEARS UP TO 6 YEARS		MORE THAN 6 YEARS		TOTAL	
	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$
Borrowings and other liabilities (*):										
Deposits and savings	1,010,678.6	943,370.5	110,310.4	109,491.7	24,814.7	695.9	-	-	1,145,833.7	1,053,558.1
Other time liabilities										
Investment under agreements										
to repurchase	6,955.5	2,488.0	-	-	-	-	-	-	6,955.5	2,488.0
Mortgage notes	39.8	28.4	680.0	818.3	8,985.8	7,212.5	102,274.1	97,968.1	111,979.7	106,027.3
Bonds	2,242.9	2,590.0	779.1	1,260.2	73,345.5	55,056.8	62,625.2	43,050.1	138,992.7	101,957.1
Borrowings from financial entities and Chile's Central Bank:										
Lines of credit from rescheduling	-	-	-	-	-	-	-	-	-	-
Other liabilities with the Central Bank	-	-	-	-	-	-	-	-	-	-
Borrowings from domestic financial institutions	8,140.4	2,633.1	-	-	-	-	-	-	8,140.4	2,633.1
Borrowings from abroad	59,389.9	138,951.9	-	4,698.0	53,225.0	52,500.7	-	-	112,614.9	196,150.6
Other borrowings	1,080.6	1,997.9	3,026.1	2,136.6	8,955.3	6,533.5	10,215.9	4,839.3	23,277.9	15,507.3
Financial derivative contracts:	1,357.4	1,903.9	38.6	1,796.0				677.5	2,073.5	3,699.9

(*) Excludes all sight and contingent obligations

10. FOREIGN CURRENCY POSITION

The balance sheets include assets and liabilities that are denominated in foreign currencies or are indexed to fluctuations in exchange rates. These amounts are summarized below:

	PAYABLE IN					
	FOREIGN CURRENCY		CHILEAN CURRENCY (*)		TOTAL	
	2006 ThUS\$	2005 ThUS\$	2006 ThUS\$	2005 ThUS\$	2006 ThUS\$	2005 ThUS\$
ASSETS						
Available funds (*)	52.186	100.418	-	-	52.186	100.418
Effective loans	354.803	321.626	30.448	34.233	385.251	355.859
Contingent loans	91.282	36.346	21.733	7.026	113.015	43.372
Instruments held for trading						
Investment instruments	25.071	31.582	-	-	25.071	31.582
Other assets	107.842	558.325	-	7.995	107.842	566.320
TOTAL ASSETS	631.184	1.048.297	52.181	49.254	683.365	1.097.551
LIABILITIES						
Time deposits and savings	226.078	203.656	-	-	226.078	203.656
Contingent liabilities	93.176	38.791	23.785	7.011	116.961	45.802
Other on demand or time liabilities	62.709	40.376	-	-	62.709	40.376
Liabilities with banks abroad	211.508	373.602	-	-	211.508	373.602
Other liabilities	60.230	407.963	21.513	17.778	81.743	425.741
TOTAL LIABILITIES (**)	653.701	1.064.388	45.298	24.789	698.999	1.089.177

(*)Corresponds to operations denominated in foreign currencies and payable in Chilean pesos or operations that are indexed to changes in the exchange rate.

(**)According to changes in Note 2 to the financial statements, as of 2006, financial derivatives are recorded at their fair value in Chilean pesos and, consequently, they are excluded from this Note.

11. CONTINGENCES, COMMITMENTS AND RESPONSIBILITIES

Commitments and responsibilities accounted for in memorandum accounts - The Bank has recorded the following balances in memorandum accounts, which are related to commitments or responsibilities related to the business activity:

	2006 MCh\$	2005 MCh\$
Securities in safekeeping	87,701.4	132,657.9
Collections abroad	22,770.3	25,423.9
Credits approved but not paid out	118,253.7	95,495.6
Mortgages and chattel mortgages	990,375.9	812,744.5
Securities and notes in guarantee	301,478.8	273,766.9
Letters of credit obtained	240,475.5	236,762.0

The above summary list includes only the more important balances. Contingent loans and liabilities are stated on the balance sheets.

12. COMMISSION

Commission income and expenses shown in the statements of income are as follows:

	INCOME		EXPENSES	
	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$
Commissions earned or paid for:				
Collection of notes	605.2	713.5	-	-
Letters of credit, warranty bonds, sureties and contingent loans	1,373.3	1,081.6	-	-
Credit cards	615.2	652.2	-	-
Lines of credit	229.3	184.5	-	-
Credit commissions	1,661.0	1,581.9	62.1	62.4
Automatic Teller Machine commissions	51.3	55.5	416.1	309.8
Checking accounts	1,249.6	1,160.9	-	-
Branch services	173.5	111.5	-	-
International rebates	380.6	213.6	-	-
Commissions for collection insurance	584.9	775.7	-	-
Others	213.5	234.1	8.1	15.3
TOTAL	7,137.4	6,765.0	486.3	387.5

The commissions earned on mortgage note transactions are included in "Interest and indexation income" in the statement of income.



13. OTHER OPERATING INCOME

Details of operating income are as follows:

	2006 MCh\$	2005 MCh\$
Sale of goods received in payment	-	39.3
Penalty interest for delinquent payment mutual funds	27.8	22.3
Penalty interest for installment in arrears	68.5	50.9
Earnings from sale of leased assets	173.4	58.7
Income from lease contract management	80.6	96.6
Income in mutual fund installments	696.3	922.2
Recovery of the year's lease income	68.1	14.5
Others	29.3	25.7
TOTAL	1,144.0	1,230.2

14. OTHER OPERATING EXPENSES

Details of operating expenses are as follows:

	2006 MCh\$	2005 MCh\$
Contributions of goods received in payment	80.9	17.6
Expenses abroad Circular 3.818	412.7	265.5
Maintenance and repair of goods received in payment	34.8	25.9
Other expenses paid for leasing division credits	-	3.6
Advisory services for goods received in payment	14.6	32.1
Accounts services/goods received in payment	-	39.8
Other operating expenses	64.1	55.7
TOTAL	607.1	440.2

15. NON-OPERATING INCOME

Details of non-operating income are as follows:

	2006 MCh\$	2005 MCh\$
Sale of fixed assets	-	10.8
Recovery of expenses	1,003.2	1,230.1
Rentals received	256.2	211.7
Recovery of written off goods received in payment	124.8	566.9
Others	120.1	215.7
TOTAL	1,504.3	2,235.2

16. NON-OPERATING EXPENSES

Details of non-operating expenses are as follows:

	2006 MCh\$	2005 MCh\$
Loss from sale of goods received in payment	23.9	562.5
Write-off of goods received in payment	599.7	1,580.4
Loss from goods recovered from leasing	136.6	254.7
Others	8.0	116.3
TOTAL	768.2	2,513.9

17. INCOME TAX

The Bank has made a provision of MCh\$2,281.6 (MCh\$4,010.2 en 2005) for First Category Income Tax.

18. DEFERRED TAXES

As explained in Note 1, the Bank has applied the accounting criteria of Technical Bulletin 60 of the Chilean Institute of Accountants and its supplements.

The deferred taxes on temporary differences are presented below:

2006

CONCEPT	BALANCE AT	
	JANUARY 1 2006 MCh\$	DECEMBER 31 2006 MCh\$
Debit differences		
Overall portfolio provision	2,387.2	1,765.0
Provision for recovered goods	13.3	11.0
Provision for lease contracts	-	188.6
Leasing tax assets	14,716.0	18,677.7
Adjustment from valuation of investments available for sale	134.9	
Goods received in payment for written off amounts	8.6	-
Others	1,749.8	3,267.7
Subtotal	19,009.8	23,910.0
Less: Complementary liabilities balance to be amortized	(3,353.4)	(3,119.1)
Net difference	15,656.4	20,790.9
Credit differences		
Lease contracts	(16,527.6)	(18,179.0)
Depreciation fixed assets	(744.4)	(844.1)
Others	(113.8)	(4,345.1)
Subtotal	(17,385.8)	(23,368.2)
Less: Complementary assets balance to be amortized	5,248.3	4,892.4
Net difference	(12,137.5)	(18,475.8)

2005

CONCEPT	BALANCE AT	
	JANUARY 1 2005 MCh\$	DECEMBER 31 2005 MCh\$
Debit differences		
Overall portfolio provision	2,460.9	2,387.2
Provision for recovered goods	23.9	13.3
Provision for lease contracts	142.0	-
Leasing tax assets	14,312.9	14,716.0
Adjustment from valuation of investments available for sale	496.9	134.9
Goods received in payment for written off amounts	173.4	8.6
Others	175.1	1,749.8
Subtotal	17,785.1	19,009.8
Less: Complementary liabilities balance to be amortized	(3,506.6)	(3,353.4)
Net difference	14,278.5	15,656.4
Credit differences		
Lease contracts	(16,425.1)	(16,527.6)
Depreciation fixed assets	(690.1)	(744.4)
Others	(323.1)	(113.8)
Subtotal	(17,438.3)	(17,385.8)
Less: Complementary assets balance to be amortized	5,477.9	5,248.3
Net difference	(11,960.4)	(12,137.5)

The effect of tax expense during 2006 and 2005 is as follows:

CONCEPT	2006 MCh\$	2005 MCh\$
Provision for income tax	(2,281.6)	(4,010.2)
Effect on assets and liabilities from deferred tax fluctuations for the year	(1,082.2)	1,277.2
Effect on amortization complementary accounts of assets and liabilities from deferred taxes for the year	(121.6)	(76.4)
TOTAL	(3,485.4)	(2,809.4)

19. PURCHASES, SALES, SUBSTITUTIONS OR TRADES IN THE LOAN PORTFOLIO

In 2006 and 2005, the Bank purchased and sold loans as follows:

2006

PURCHASE MCh\$	SALE MCh\$	EFFECT ON INCOME MCh\$	EFFECT ON PROVISIONS MCh\$
7,704.3	11,156.3	(601.4)	(3,936.4)

2005

PURCHASE MCh\$	SALE MCh\$	EFFECT ON INCOME MCh\$	EFFECT ON PROVISIONS MCh\$
7,316.0	18,612.0	37.8	37.8

20. DIRECTORS' EXPENSES AND FEES

During 2006 and 2005, the Bank has paid the following directors' fees and expenses charged to income:

	2006 MCh\$	2005 MCh\$
Per diem allowances	66.5	65.4
Fees for advisory services	402.1	426.6
TOTAL	468.6	492.0

21. SUBSEQUENT EVENTS

During the period between January 1 and 17, 2007, the date on which these financial statements were issued, there have been no subsequent events that have had a significant impact on them.

HORACIO SILVA C.
Accounting Officer

RAMON ELUCHANS O.
General Manager



INDEPENDENT AUDITORS' REPORT

To the Shareholders of Banco Security

We have audited the consolidated balance sheets of Banco Security and subsidiaries (the "Bank") as of December 31, 2006 and 2005, and the related consolidated statements of income and of cash flows for the years then ended. These consolidated financial statements (including the related notes) are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Banco Security and subsidiaries as of December 31, 2006 and 2005 and the consolidated results of its operations and its consolidated cash flows for the years then ended, in conformity with accounting principles generally accepted in Chile and regulations of the Superintendency of Banks and Financial Institutions.

As explained in Note 2 to the financial statements, during 2006, the Bank modified its basis for recording, classifying and valuation of financial investments acquired for trading or investment and derivative instruments.

January 17, 2007



Juan Carlos Cabrol Bagnara



ThCh\$: Thousands of Chilean pesos

MCh\$: Millions of Chilean pesos

UF: Unidad de Fomento

(an official inflation-indexed monetary unit)

US\$: United States dollar

ThUS\$: Thousands of US dollars

Deloitte se refiere a uno o más entre Deloitte Touche Tohmatsu, una asociación suiza, sus firmas miembro, y sus respectivas filiales o afiliadas. Como una asociación suiza, ni Deloitte Touche Tohmatsu ni cualquiera de sus firmas miembro tienen responsabilidad por los actos u omisiones cometidos por otra de las partes. Cada una de las firmas miembro es una entidad legal separada e independiente que funciona bajo los nombres de "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", u otros nombres relacionados. Los servicios son proporcionados por las firmas miembro, sus filiales o afiliadas y no por la asociación suiza Deloitte Touche Tohmatsu.

CONSOLIDATED BALANCE SHEETS

At December 31, 2006 and 2005 (in millions of Chilean pesos)

	2006	2005
ASSETS	MCh\$	MCh\$
CASH AND BANKS	55,568.8	80,891.8
LOANS		
Commercial loans	907,153.9	824,266.2
Foreign trade loans	165,298.8	149,840.1
Consumer loans	36,256.0	25,898.6
Letter of credit loans	110,535.4	106,063.1
Lease contracts	106,860.0	92,365.1
Contingent loans	132,272.7	92,700.7
Other current loans	79,437.3	60,720.1
Past-due portfolio	9,309.3	9,008.0
TOTAL LOANS	1,547,123.4	1,360,861.9
Less: loan loss reserve	(16,436.9)	(19,922.1)
TOTAL NET LOANS	1,530,686.5	1,340,939.8
OTHER CREDIT OPERATIONS		
Loans to financial institutions	63,740.9	21,909.9
Security trading credits	-	2,225.7
TOTAL OTHER CREDIT OPERATIONS	63,740.9	24,135.6
INSTRUMENTS HELD FOR TRADING	263,435.5	300,021.6
INVESTMENT INSTRUMENTS:		
Available for sale	48,609.8	88,486.8
TOTAL INVESTMENT INSTRUMENTS	48,609.8	88,486.8
FINANCIAL DERIVATIVE CONTRACTS	5,395.9	8,277.3
OTHER ASSETS	143,304.0	184,656.6
FIXED ASSETS:		
Premises and equipment	22,905.4	22,481.6
Investment in companies	539.7	1,045.9
TOTAL FIXED ASSETS	23,445.1	23,527.5
TOTAL ASSETS	2,134,186.5	2,050,937.0

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



CONSOLIDATED BALANCE SHEETS		
At December 31, 2006 and 2005 (in millions of Chilean pesos)		
	2006	2005
LIABILITIES AND SHAREHOLDERS' EQUITY	MCh\$	MCh\$
LIABILITIES:		
DEPOSITS AND OTHER LIABILITIES		
Checking accounts	108,224.2	106,521.6
Deposits and savings	1,145,833.7	1,053,626.4
Other time and demand liabilities	64,477.0	36,453.8
Investments under agreements to repurchase	48,308.0	83,786.2
Mortgage notes	111,979.7	106,027.3
Contingent liabilities	133,169.7	93,840.8
TOTAL DEPOSITS AND OTHER LIABILITIES	1,611,992.3	1,480,256.1
BONDS:		
Bonds	81,361.8	64,443.7
Subordinated bonds	57,630.9	37,513.4
TOTAL BONDS	138,992.7	101,957.1
BORROWINGS FROM FINANCIAL INSTITUTIONS AND CHILEAN CENTRAL BANK		
Other borrowings from Chilean Central Bank	-	-
Borrowings from domestic financial institutions	8,140.4	2,637.0
Borrowings from abroad	112,614.9	196,150.6
Other borrowings	23,277.9	15,507.3
TOTAL BORROWINGS FROM FINANCIAL INSTITUTIONS	144,033.2	214,294.9
FINANCIAL DERIVATIVE CONTRACTS	4,072.5	7,017.8
OTHER LIABILITIES	82,003.3	93,939.2
TOTAL LIABILITIES	1,981,094.0	1,897,465.1
MINORITY INTEREST	48.9	42.9
SHAREHOLDERS' EQUITY		
Capital and reserves	130,034.8	131,490.4
Other equity accounts	2,510.8	1,504.0
Net income for the year	20,498.0	20,434.6
TOTAL SHAREHOLDERS' EQUITY	153,043.6	153,429.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,134,186.5	2,050,937.0

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

CONSOLIDATED INCOME STATEMENTS

For the years ended December 31, 2006 and 2005 (In millions of Chilean pesos)

	2006	2005
	MCh\$	MCh\$
OPERATING INCOME:		
Interest and indexation income	119,630.3	107,928.8
Gains from trading activities	113,921.6	184,873.3
Income from commissions	8,036.0	7,606.0
Exchange gain - net	3,998.0	5,285.4
Other operating income	6,064.5	6,393.7
TOTAL OPERATING INCOME	251,650.4	312,087.2
LESS:		
Interest and indexation expenses	(75,466.3)	(63,156.5)
Loss from trading activities	(109,788.1)	(185,350.9)
Commission expenses	(646.4)	(485.1)
Other operating expenses	(702.8)	(534.9)
GROSS OPERATING MARGIN	65,046.8	62,559.8
Remuneration and personnel expenses	(17,366.1)	(13,710.7)
Administrative and other expenses	(16,898.3)	(15,452.9)
Depreciation and amortization	(1,834.4)	(1,946.7)
NET OPERATING MARGIN	28,948.0	31,449.5
Provisions for assets at risk	(2,954.1)	(3,610.3)
OPERATING INCOME	25,993.9	27,839.2
OTHER INCOME AND EXPENSES		
Non-operating income	1,551.2	2,235.2
Non-operating expenses	(771.0)	(2,516.4)
Earnings from permanent investments	78.4	53.2
Monetary correction	(2,141.6)	(3,572.1)
INCOME BEFORE INCOME TAX	24,710.9	24,039.1
TAX PROVISION	(4,208.0)	(3,597.4)
INCOME BEFORE MINORITY INTEREST	20,502.9	20,441.7
MINORITY INTEREST	(4.9)	(7.1)
NET INCOME FOR THE YEAR	20,498.0	20,434.6

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

CONSOLIDATED STATEMENTS OF CASH FLOWS		
For the years ended December 31, 2006 and 2005 (in millions of Chilean pesos)		
	2006	2005
	MCh\$	MCh\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	20,498.0	20,434.6
CHARGES (CREDITS) TO INCOME THAT DO NOT REPRESENT CASH FLOWS		
Depreciation and amortization	1,834.4	1,946.6
Provisions for assets at risk	2,954.1	3,610.3
Equity in income of related companies	(78.4)	(53.2)
Minority interest	4.9	7.1
Monetary correction	2,141.6	-
Other charges (credits) that do not represent cash flows	(2,652.7)	3,599.6
Net variation in the interest, indexation and commissions accrued on assets and liabilities	4,638.1	4,415.5
Net cash provided by operating activities	29,340.0	33,960.5
CASH FLOW FROM INVESTMENT ACTIVITIES		
Net increase in loans	(169,192.3)	(119,697.1)
Net increase in other credit operations	(42,715.6)	(21,921.7)
Net increase in investments	(84,656.3)	(95,691.7)
Increase in accounts receivable	(16,646.4)	-
Decrease (increase) in leasing assets	1,321.1	(4,885.0)
Purchase of fixed assets	(2,227.8)	(1,894.7)
Sale of fixed assets	259.7	-
Sale of other investments	104,467.4	-
Sale of assets received in settlement of loans	328.1	1,367.4
Net (decrease) increase in other assets and liabilities	46,851.2	(61,687.3)
Net cash used in investing activities	(162,210.9)	(304,410.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in checking accounts	3,339.8	20,011.0
Net increase in deposits and savings	112,856.4	88,103.8
Net (decrease) increase in other time and demand liabilities	9,965.8	(35,671.9)
Net increase in other liabilities arising from trading activities	7,204.0	38,126.0
Decrease in short-term foreign loans	(66,401.2)	(53,287.4)
Increase (decrease) in letters of credit	7,548.5	(2,369.1)
Bond issues	34,912.6	55,492.1
Liabilities from future operations	12,291.1	-
Accounts payable	2,702.0	-
(Decrease) increase in long-term foreign borrowings	(13,909.9)	70,617.6
Increase in other short-term liabilities	12,579.7	50,227.3
Ordinary borrowings	91,674.8	-
Payment of long-term borrowings	(91,643.8)	-
Cash share issuance	-	10.4
Taxes payable	650.0	-
Dividends paid	(20,434.6)	(11,959.0)
Dividends earned	41.2	-
Net cash provided by financing activities	103,376.4	219,300.8
NET NEGATIVE CASH FLOWS FOR THE YEAR	(29,494.5)	(51,148.8)
EFFECT OF INFLATION ON CASH AND CASH EQUIVALENTS DURING THE YEAR	4,171.5	(5,089.7)
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(25,323.0)	(56,238.5)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	80,891.8	137,130.3
CASH AND CASH EQUIVALENTS AT END OF YEAR	55,568.8	80,891.8

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

BANCO SECURITY · notes to the consolidated financial statements

(In millions of Chilean pesos - MCh\$)

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

a. Information provided

The consolidated financial statements have been prepared in accordance with accounting regulations issued by the Superintendency of Banks and Financial Institutions (hereinafter, the Superintendency). Such regulations agree with accounting principles generally accepted in Chile.

b. Basis of consolidation

The consolidated group (hereinafter "the Bank") comprises Banco Security and the following subsidiaries:

	OWNERSHIP INTEREST	
	2006 %	2005 %
Valores Security S.A. Corredores de Bolsa	99.76	99.76
Administradora General Fondos Security S.A.	99.99	99.99

The joint assets of the subsidiaries represent 4.4% of the consolidated balance sheet (5.7% in 2005), whereas such subsidiaries' revenue represents 9.0% of the consolidated income (16.9% in 2005).

Intercompany transactions have been eliminated in consolidation.

The 2005 Chilean peso amounts have been price level restated for changes in the Consumer Price Index (CPI) used for monetary correction (2.1%).

c. Interest and indexation

The amounts recorded in the balance sheet for loans, financial investments and liabilities include interest and indexation accrued through year end. However, the Bank has taken the conservative position of discontinuing the accrual of interest and indexation on high-risk and past-due loans.

d. Monetary correction

Shareholders' equity, fixed assets, and other non-monetary balances have been monetarily corrected, using the change in the Chilean Consumer Price Index (CPI). The application of monetary correction resulted in a net charge to income of MCh\$2,141.6 (MCh\$3,572.1 in 2005).

The income statements of the Bank are not monetarily corrected.

e. Conversion

Assets and liabilities denominated in Unidades de Fomento (inflation index-linked units of account) are stated at the year-end rate: Ch\$18,336.38 (Ch\$17,974.81 in 2005).

f. Financial investments

Before January 1, 2006, the Bank's financial investments were classified as trading or permanent in accordance with the regulations of the Superintendent of Banks with unrealized gains and losses on trading investments included in Other operating income (expenses), and unrealized gains and losses on permanent investments included in a separate component of Shareholders' equity. Investment securities maintained by the Bank's subsidiaries were carried on a stand-alone basis on the subsidiary's financial statements only at the lower of price-level restated cost or market value.

The Bank's previously identified "trading" investments, although not classified as such in prior years, for accounting purposes, were treated the same as those classified as "trading" since January 1, 2006. Additionally, over all periods presented, classification for accounting purposes has been conformed.

Effective January 1, 2006 the accounting for financial instruments acquired for trading or investment purposes (available-for-sale or held-to-maturity) are classified as follows:

i. Trading Instruments - Instruments for trading are securities acquired for which the Bank has the intent to generate earnings from short-term price fluctuations or through brokerage margins, or that are included in a portfolio created for such purposes. Instruments for trading are valued at their fair value according to market prices on the closing date of the balance sheet. Mark to market adjustments, as well as realized gains/losses from trading, are included in the Income Statement under "Earnings (losses) from trading activities". Interest income and indexation adjustments are reported as "Interest revenue".

All purchases and sales of instruments for negotiation, which must be delivered within the deadline stipulated by market regulations and conventions, are recognized on the date of trade, which is the date on which the commitment is made to purchase or sell the asset. Any other purchase or sale is treated as a forward until it is liquidated.

ii. Investment instruments - Investment instruments are classified into two categories: Held to maturity investments and Instruments available for sale. Held to maturity investments only include those instruments for which the Bank has the intent and ability to hold to maturity. Investment instruments not classified as held to maturity or trading are considered to be available for sale. Investment instruments are recognized initially at cost, which includes transaction costs.

Investment instruments are recorded initially at cost. Instruments available for sale are valued at each subsequent period-end at their fair value according to market prices or valuations obtained by using models. Mark to market adjustments are reported in a separate component of Shareholders' equity. When these investments are sold or become impaired, the amount of the adjustments to fair value accumulated in Shareholders' equity is reclassified to the income statement and reported under "Gain from trading activities" or "Losses from trading activities", as applicable.

Held to maturity investments are recorded at their cost value plus accrued interest and adjustments, less provisions for impairment

recorded when the book value is higher than its estimated return. The bank does not maintain in its portfolio any investment held to maturity.

Interest and indexation adjustments of held to maturity investments and available for sale investments are included under "Interest and indexation income" or "Interest and indexation expenses". Investment instruments designated as hedges are accounted for under the appropriate derivative accounting literature.

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

The Bank enters into security repurchase agreements as a form of borrowing. In this regard, the Bank's investments that are sold subject to a repurchase obligation and that serve as collateral for the borrowing are reclassified as "investment collateral under agreements to repurchase" and carried at market value. The liability for the repurchase of the investment is classified as "investments under agreements to repurchase" and is carried at cost plus accrued interest.

The Bank also enters into resale agreements as a form of investment. Under these agreements the Bank purchases securities, which are included as assets under the caption "investments under agreements to resell" and are carried at cost plus accrued interest.

All other financial investments are carried at acquisition cost plus accrued interest and UF-indexation adjustments, as applicable.

g. Derivative activities

Prior January 1, 2006, under Chilean GAAP, the Bank accounts for forward contracts between foreign currencies and U.S. dollars at fair value with realized and unrealized gains and losses on these instruments recognized in other income. Forward contracts between the U.S. dollar and the Chilean peso or the UF are valued at the closing spot exchange rate at each balance sheet date, with the initial discount or premium being amortized over the life of the contract in accordance with Chilean hedge accounting criteria.

The Bank records differences between interest income and interest expense on interest rate swap transactions in net income in the period when cash settlements under the agreements are made. The fair value of the swap agreement and changes in the fair value as a result of changes in market interest rates are not recognized at each period-close in the Chilean GAAP consolidated financial statements.

Effective January 1, 2006, under the requirements of Circular No.3,345 of the Superintendency of Banks, the accounting treatment of certain derivative instruments and hedges of financial assets changed. Traditional financial instruments which meet the definition of a "derivative" such as forwards in foreign currency and unidades de fomento (inflation index-linked units of account), interest rate futures, currency and interest rate swaps, currency and interest rate options, and others are recognized initially in the balance sheet at cost (including transaction fees) and, at subsequent period ends, at their fair value. The fair value is obtained from market quotes, discounted cash flow models and option valuation models, as applicable.

Certain terms may be incorporated into non-derivative financial instruments whose risk and economic characteristics are not clearly and closely related to those of the host contract which may require their bifurcation from the host contract and treatment as a separate derivative under the parameters of Circular No.3,345.

When a derivative contract is signed, it must be designated by the Bank as a speculative contract or a hedge. Any changes in the fair value of speculative financial derivative contracts are recorded in Income under "Gains from trading activities" or "Losses from trading activities", as applicable. If the derivative is classified as a hedge, it may be: (1) a fair value hedge, or (2) a cash flow hedge. To qualify as a hedge for accounting purposes, the instruments must comply with all the following conditions: (a) hedging must be formally documented at initiation; (b) hedging is expected to be highly effective; (c) the effectiveness of the hedge can be measured reasonably; and (d) hedging is highly effective with regard to the risk hedged, continuously throughout its lifetime.

Certain derivative transactions that do not classify to be accounted for as hedges are treated and reported as speculative, even though they may provide an effective economic hedge for managing risk positions.

When a derivative hedges exposure to changes in the fair value of an existing asset or liability, the latter is recorded at its fair value. Earnings or losses from measuring the fair value of both the item hedged and the hedging derivative are recognized in income. If the item hedged in a fair value hedge is a firm commitment, the changes in the fair value of the commitment with regard to the risk hedged are recorded as assets or liabilities with the offsetting effect recorded in income. When an asset or liability is acquired as a result of the commitment, the initial recognition of the acquired asset or liability is adjusted to fair value.

When a derivative hedges exposure to changes in the cash flows of existing assets or liabilities, or expected transactions, the effective portion of the changes in fair value with regard to the risk hedged is recorded in shareholders' equity. Any ineffective portion is recognized directly in the period's income. The amounts recorded directly in shareholders' equity are recorded in income in the same periods in which the offsetting changes in assets or liabilities hedged affect the income statement.

When fair value hedge accounting is used for portfolio hedge of interest rate risk and the hedge item is designated as an amount of currency, the earnings or losses from measuring the fair value of both the portfolio hedged and the hedge are recognized in income. The bank does not have any financial derivative hedge contract.

h. Foreign currency

Assets and liabilities denominated in foreign currency are stated in Chilean pesos at the year-end exchange rate of Ch\$532.39 per US\$1 (Ch\$514.21 per US\$1 in 2005).

The net gain of MCh\$3,998.0 (MCh\$5,285.4 in 2005) shown in the income statement includes the net gains and losses on foreign exchange transactions, as well as the recognition of the effects of exchange rate variations on net assets or liabilities denominated in foreign currency.

i. Premises and equipment

Premises and equipment are stated at monetarily corrected cost and are shown net of accumulated depreciation. Depreciation is

calculated using the straight-line method over the useful lives of the assets.

j. Provisions for doubtful assets

The provisions required to cover the risk of loss on assets (Note 4) have been set up in accordance with the standards issued by the Superintendency of Banks and Financial Institutions. The assets are shown net of such provisions or, in the case of loans, as a deduction therefrom.

k. Deferred taxes

The effects of deferred taxes arising from temporary differences between the tax and the book bases are recorded on the accrual basis, in conformity with Technical Bulletin 60 of the Chilean Institute of Accountants and its supplements, and instructions from the Superintendency of Banks and Financial Institutions.

l. Employee vacations

The annual cost of employee vacations and benefits is recognized on the accrual basis.

m. Cash and cash equivalents

For statement of cash flow purposes, cash and cash equivalents include the cash and banks balance, in accordance with the rules provided for in Chapter 18-1 of the Compendium of Standards of the Superintendency of Banks and Financial Institutions.

2. ACCOUNTING CHANGES

On December 20, 2005 the Superintendency of Banks and Financial Institutions issued Circular N°3,345 and related amendments through Circular N°3,349 dated February 7, 2006, Circular N°3,355 dated May 25, 2006 and Circular N°3,358 dated May 31, 2006, governing the application of new accounting principles and the valuation and classification of financial instruments acquired, derivative instruments, accounting hedges and write-offs of financial assets on the balance sheet. The aforementioned changes in accounting principles and valuation at January 1, 2006, called for adjusting the valuation differences calculated at December 31, 2005 directly against shareholders' equity in the amount of MCh\$(1,375.5).

The Bank has recorded a net credit of MCh\$1,341.4 to net income due to the application of the new accounting principles as December 31, 2006. For comparative purposes, the balances at December 31, 2005 have been regrouped and reclassified, but not adjusted, based on the transition provisions established in Circular N°3,345 and its subsequent amendments issued by the Superintendency of Banks and Financial Institutions.

3. TRANSACTIONS WITH RELATED PARTIES

In accordance with the General Banking Law in Chile and the instructions of the Superintendency of Banks and Financial Institutions,

individuals and companies that are related, directly or indirectly, to the Bank's owners or management are considered related parties.

a. Loans to related parties

At December 31, 2006 and 2005, loans to related parties are as follows:

	DUE PORTFOLIO		PAST-DUE PORTFOLIO		TOTAL		GUARANTEES (*)	
	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$
To production companies	24,344.8	40,916.3	-	-	24,344.8	40,916.3	29,028.3	29,905.5
To investment companies	11,063.4	15,798.0	-	-	11,063.4	15,798.0	5,903.8	5,752.1
To individuals **	2,321.2	3,492.1	-	-	2,321.2	3,492.1	1,927.7	1,847.4
TOTAL	37,729.4	60,206.4	-	-	37,729.4	60,206.4	36,859.8	37,505.0

(*) Includes only those guarantees that are admitted by Article 84 of the General Banking Law for purposes of establishing the individual credit limits defined by the Law. The guarantees are valued in accordance with the Superintendency's instructions.

(**) Includes only those loans to individuals whose outstanding balances are not less than the equivalent of UF 3,000. The UF is a unit of account that is indexed to the changes in the consumer price level.

b. Other transactions with related parties

During 2006 and 2005, the Bank entered into the following transactions in excess of UF1,000 with related parties:

FIRM NAME	DESCRIPTION	CREDIT TO INCOME		CHARGE TO INCOME	
		2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$
Inversiones Invest Security Ltda.	Provision of services contract	-	-	1,291.3	1,134.3
Travel Security S.A.	Office rental	116.7	78.6	-	-
	Office rental	-	19.4	-	-
Seguros Vida Security Previsión S.A.	Office rental	48.7	47.9	90.8	-
Penta Security Compañía de Seguros Generales S.A.	Office rental	-	51.1	-	-
Asesorías Security S.A.	Advisory services	-	-	69.0	42.6
Global Mandatos Security S.A.	Provision of services contract	-	-	444.3	1,312.0
Global Security Gestión y Servicios Ltda.	Advisory services	-	-	1,299.5	1,313.7
Virtual Security S.A.	Provision of services contract	-	-	1,772.4	1,628.5
	Office rental	3.2	21.4	-	-
Inmobiliaria Security S.A.	Advisory services	-	-	267.9	186.8
	Loan	172.8	92.9	-	-
	Investments	-	-	-	37.7
	Office rental	-	11.2	-	-
Grupo Security S.A.	Advisory services	-	-	4.3	4.1

The Bank has a balance and progress payment for MCh\$1,329.2 payable to Inmobiliaria Security S.A., which fell due in 2005.

4. PROVISIONS

Provisions for assets at risk - At December 31, 2006, the Bank has recorded provisions for MCh\$17,920.8 (MCh\$20,101.8 in 2005) which correspond to the minimum provisions required by the Superintendency of Banks and Financial Institutions to cover possible losses.

During each year, the changes in the provisions are as follows:

	PROVISIONS ON			TOTAL MCh\$
	LOANS MCh\$	ASSETS RECEIVED IN PAYMENT MCh\$	OTHER ASSETS MCh\$	
Historical balances at December 31, 2004	18,560.1	212.8	1,800.0	20,572.9
Application of provisions	(2,628.9)	(584.7)	-	(3,213.6)
Recovery of written-off credits	(1,207.0)	-	-	(1,207.0)
Release of provisions	(508.0)	-	(1,800.0)	(2,308.0)
Provisions made	5,296.1	547.9	-	5,844.0
Balances at December 31, 2005	19,512.3	176.0	-	19,688.3
Updated balances for purposes of comparison	19,922.1	179.7	-	20,101.8
Historical balances at December 31, 2005	19,512.3	176.0	-	19,688.3
Application of provisions	(4,115.3)	(176.0)	-	(4,291.3)
Recovery of written-off credits	(430.3)	-	-	(430.3)
Release of provisions	-	-	-	-
Provisions made	1,470.2	395.9	1,088.0	2,954.1
Balances at December 31, 2005	16,436.9	395.9	1,088.0	17,920.8

In the opinion of the Bank's Board, the provisions established cover all possible losses that might result from non-recovery of assets, based on the information examined by the Bank.



5. SHAREHOLDERS' EQUITY

a. Book equity

Changes in capital and reserves for each year are as follows:

	PAID-IN CAPITAL MCh\$	OTHER RESERVES MCh\$	OTHER ACCOUNTS MCh\$	INCOME FOR THE YEAR MCh\$	TOTAL MCh\$
Balances at December 31, 2004 - historical	95,658.4	25,924.1	2,421.6	14,023.8	138,027.9
Distribution 2004 profits	-	14,023.8	-	(14,023.8)	-
Dividends paid	-	(11,219.1)	-	-	(11,219.1)
Fluctuation in values of investments securities (1)	-	-	(948.5)	-	(948.5)
Capital increase (amount outstanding)	10.2	-	-	-	10.2
Capital revaluation	3,440.3	948.2	-	-	4,388.5
Net income for the year	-	-	-	20,014.3	20,014.3
Balances at December 31, 2005	99,108.9	29,677.0	1,473.1	20,014.3	150,273.3
Updated balances for purposes of comparison	101,190.2	30,300.2	1,504.0	20,434.6	153,429.0
Balances at December 31, 2005 - historical	99,108.9	29,677.0	1,473.1	20,014.3	150,273.3
Distribution 2005 profits	-	20,014.3	-	(20,014.3)	-
Dividends paid	-	(20,014.3)	-	-	(20,014.3)
Adjustment from valuation of investments available for sale (1)	-	-	1,037.7	-	1,037.7
Adjustment Circular 3,345 (Note 2)	-	(1,375.5)	-	-	(1,375.5)
Capital revaluation	2,081.3	543.1	-	-	2,624.4
Net income for the year	-	-	-	20,498.0	20,498.0
Balances at December 31, 2006	101,190.2	28,844.6	2,510.8	20,498.0	153,043.6

(1) These balances are presented net of deferred taxes, generated by adjustments to fair value of the investments available for sale (defined as "permanent" in 2005).

Subscribed and paid-in shares - The Bank's authorized capital is divided into 152,193,531 shares, of which 135,753,250 are fully subscribed and paid.

During March 2006 and February, 2005, 100% and 80% of net profits from 2005 and 2004 amounting to MCh\$20,014.3 and MCh\$11,219.1 (historical), respectively, were distributed.

b. Minimum Basic Capital and Effective Equity

According to the General Banking Law, a financial institution's minimum basic capital may not be lower than 3% of its total assets, while the effective equity may not be lower than 8% of its risk weighted assets. At December 31, 2006, these parameters for Banco Security were 6.20% (6.91% en 2005) and 11.59% (11.47% in 2005), respectively.

6. INVESTMENTS

At December 31, 2006 and 2005, the Bank had the following balances included under investments:

a. Instruments held for trading:

	BALANCES AT DECEMBER 31	
	2006 MCh\$	2005 MCh\$
Instruments of the State and Central Bank		
Instruments of Chile's Central Bank	15,976.9	7,332.3
Instruments of the Treasury	-	802.9
Other government instruments	1,788.0	17,958.3
SUBTOTAL	17,764.9	26,093.5
Other financial instruments		
Deposit notes in the country's banks	149,828.8	114,773.3
Mortgage notes in the country's banks	75,427.8	89,326.5
Bonds of the country's banks	-	-
Bonds of the country's companies	5,103.0	3,122.3
Other instruments issued in the country	15,311.0	64,302.8
Government or Central Bank instruments from abroad	-	-
Other instruments issued abroad	-	2,403.2
SUBTOTAL	245,670.6	273,928.1
TOTAL	263,435.5	300,021.6

State and Central Bank instruments include instruments sold under a repurchase agreement to customers and financial institutions for MCh\$7,054.4 (MCh\$4,168.1 in 2005). The repurchase agreements have an average maturity of 11 days at year-end (10 days in 2005).



b) Investment instruments:

INVESTMENTS AVAILABLE FOR SALE	BALANCES AT DECEMBER 31	
	2006 MCh\$	2005 MCh\$
Instruments of the State and Central Bank		
Instruments of Chile's Central Bank	-	-
Instruments of the Treasury	-	-
Other government instruments	-	-
SUBTOTAL	-	-
Other financial instruments		
Deposit notes in the country's banks	-	-
Mortgage notes in the country's banks	-	12,971.8
Bonds of the country's banks	-	11,278.7
Bonds of the country's companies	35,150.3	50,108.8
Other instruments issued in the country	-	-
Government or Central Bank instruments from abroad	-	-
Other instruments issued abroad	13,459.5	14,127.5
SUBTOTAL	48,609.8	88,486.8
TOTAL	48,609.8	88,486.8

Investment instruments do not include transactions with agreements to repurchase at December 31, 2006 and 2005.

At December 31, 2006 and 2005, instruments available for sale included a net unrealized profit (loss) of MCh\$2,510.8 (MCh\$1,504.0 in 2005).

At December 31, 2006, the Bank does not have any due held to maturity.

7. TRANSACTIONS WITH DERIVATIVE INSTRUMENTS

The bank uses the following derivative instruments for hedging and trading purpose.

2006

	CAH FLOW (F) OR FAIR VALUE (VR) HEDGE	NOTIONAL AMOUNT OF THE CONTRACT EXPIRING IN			FAIR VALUE	
		LESS THAN 3 MONTHS MCh\$	BETWEEN 3 MONTHS AND ONE YEAR MCh\$	MORE THAN ONE YEAR MCh\$	ASSETS MCh\$	LIABILITIES MCh\$
Derivatives maintained for trading purpose						
Currency forwards	(VR)	486,593.0	496,433.9	15,449.8	4,365.4	(2,429.4)
Interest rate swaps	(VR)	-	-	5,798.5	32.0	-
Currency swaps	-	24,077.1	42,553.4	131,343.5	711.2	(781.0)
Currency and interest rate swaps	-	-	-	-	-	-
Currency call options	-	-	-	-	-	-
Interest rate call options	-	-	-	-	-	-
Interest rate put options	(VR)	-	-	-	-	(678.1)
Interest rate futures	(VR)	22,474.8	-	-	287.3	(184.0)
Total Assets/(liabilities) from derivatives maintained for trading purpose		533,144.9	538,987.3	152,591.8	5,395.9	(4,072.5)
Total Assets/(liabilities) from financial derivatives		533,144.8	538,987.3	152,591.8	5,395.9	(4,072.5)

2005

	COBERTURA DE FLUJO (F) O VALOR RAZONABLE (VR)	MONTO NACIONAL DEL CONTRATO CON VENCIMIENTO FINAL EN			VALOR CONTABLE (*)	
		MENOS DE 3 MESES MCh\$	ENTRE 3 MESES Y UN AÑO MCh\$	MÁS DE UN AÑO MCh\$	ACTIVOS MCh\$	PASIVOS MCh\$
Derivative maintained for negotiation						
Currency forwards	(VR)	468,893.0	252,652.8	8,741.4	5,948.7	(6,674.1)
Interest rate swaps	(VR)	-	73,599.8	-	1,192.6	(257.8)
Currency swaps	-	-	-	-	-	-
Currency and interest rate swaps	-	-	-	-	-	-
Current call options	-	-	-	-	-	-
- Interest rate call options	-	-	-	-	-	-
- Currency put options	-	-	-	-	-	-
- Interest rate put options	-	-	-	-	-	-
- Interest rate futures	-	-	-	-	1,136.0	(85.9)
Total assets/(liabilities) from derivatives maintained for negotiation		468,893.0	326,252.6	8,741.4	8,277.3	(7,017.8)
Total assets/(liabilities) from financial derivatives		468,893.0	326,252.6	8,741.4	8,277.3	(7,017.8)

(*)The valuation criteria described in the first three paragraphs of Note 1 g) were applied to transactions made prior to January 1.



8. MATURITIES OF ASSETS AND LIABILITIES

a. Maturities of loans and financial investments

The following is a breakdown of loans and financial investments classified through their maturity. Balances include accrued interest at December 31, 2006 and 2005, respectively.

	UP TO ONE YEAR		MORE THAN 1 YEAR UP TO 3 YEARS		MORE THAN 3 YEARS UP TO 6 YEARS		MORE THAN 6 YEARS		TOTAL	
	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$
Loans (1):										
Commercial loans and others	793,708.8	731,892.9	113,093.8	84,898.1	145,653.6	135,311.4	204,718.9	172,956.9	1,257,175.1	1,125,059.3
Letters of credit loans	94.0	23.0	619.2	766.0	8,539.6	6,782.0	101,282.6	98,492.1	110,535.4	106,063.1
Consumer loans	17,734.1	14,297.9	9,226.5	6,524.4	8,087.6	4,052.1	1,207.8	1,024.2	36,256.0	25,898.6
Other credit operations:										
Loans to financial										
Institutions	63,740.9	21,909.9	-	-	-	-	-	-	63,740.9	21,909.9
Security trading credits	-	2,225.7	-	-	-	-	-	-	-	2,225.7
Instruments held for trading	224,691.6	300,021.6	2,330.3	-	4,334.9	-	32,078.7	-	263,435.5	300,021.6
Investment instruments										
Available for sale	2,788.9	9,286.4	5,565.1	4,920.3	16,909.8	30,371.6	23,346.0	43,908.5	48,609.8	88,486.8
Held to maturity	-	-	-	-	-	-	-	-	-	-
Financial derivative contracts	5,338.7	6,677.3	57.2	1,600.0	-	-	-	-	5,395.9	8,277.3

(1) Considers only those loans outstanding at year-end that fall due within the indicated periods. Consequently, contingent loans and loans transferred to the past-due portfolio, as well as delinquent debts that have not been transferred to the past-due portfolio amounting to MCh\$1,574.9 (MCh\$2,132.2 in 2005), of which MCh\$888.9 (MCh\$1,382.7 in 2005) have been delinquent less than 30 days, have been excluded.

b. Maturity of deposits, borrowings and other financing operations

The information detailed below shows deposits, borrowings and other liabilities according to their maturity. Balances include interest accrued at December 31, 2006 and 2005.

	UP TO ONE YEAR		MORE THAN 1 YEAR UP TO 3 YEARS		MORE THAN 3 YEARS UP TO 6 YEARS		MORE THAN 6 YEARS		TOTAL	
	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$
Borrowings and other liabilities (*):										
Deposits and savings	1,010,708.6	943,438.9	110,310.4	109,491.7	24,814.7	695.8	-	-	1,145,833.7	1,053,626.4
Other time and demand liabilities	-	-	-	-	-	-	-	-	-	-
Investments under agreements to repurchase	48,308.0	83,786.2	-	-	-	-	-	-	48,308.0	83,786.2
Mortgage notes	39.8	28.5	680.0	818.3	8,985.8	7,212.5	102,274.1	97,968.0	111,979.7	106,027.3
Bonds	2,242.9	2,590.0	779.1	1,260.2	73,345.5	55,056.8	62,625.2	43,050.1	138,992.7	101,957.1
Borrowings from financial entities and Chile's Central Bank:										
Other liabilities with the Central Bank	-	-	-	-	-	-	-	-	-	-
Borrowings from domestic financial institutions	8,140.4	2,637.0	-	-	-	-	-	-	8,140.4	2,637.0
Borrowings from abroad	59,389.9	138,951.8	-	4,698.0	53,225.0	52,500.8	-	-	112,614.9	196,150.6
Other borrowings	1,080.6	1,997.9	3,026.1	2,136.7	8,955.3	6,533.4	10,215.9	4,839.3	23,277.9	15,507.3
Financial derivative contracts:	3,356.4	5,221.8	38.6	1,796.0	-	-	677.5	-	4,072.5	7,017.8

(*) Excludes all sight and contingent obligations.



9. FOREIGN CURRENCY POSITION

The balance sheets include assets and liabilities that are denominated in foreign currencies or are indexed to fluctuations in exchange rates. These amounts are summarized below:

	PLAYABLE IN					
	FOREING CURRENCY		CHILEAN CURRENCY (*)		TOTAL	
	2006 ThUS\$	2005 ThUS\$	2006 ThUS\$	2005 ThUS\$	2006 ThUS\$	2005 ThUS\$
ASSETS						
Available funds (*)	52,186	100,418	-	-	52,186	100,418
Effective loans	354,803	321,626	30,448	34,233	385,251	355,859
Contingent loans	91,282	36,346	21,733	7,026	113,015	43,372
Financial investments:						
Investments instruments	25,071	31,582	-	-	25,071	31,582
Other assets	107,842	558,325	-	7,995	107,842	566,320
TOTAL ASSETS	631,184	1,048,297	52,181	49,254	683,365	1,097,551
LIABILITIES						
Time deposits and savings	226,078	203,656	-	-	226,078	203,656
Contingent liabilities	93,176	38,791	23,785	7,011	116,961	45,802
Other on demand or time liabilities	62,709	40,376	-	-	62,709	40,376
Liabilities with banks abroad	211,508	373,602	-	-	211,508	373,602
Other liabilities	60,230	407,963	21,513	17,778	81,743	425,741
TOTAL LIABILITIES	653,701	1,064,388	45,298	24,789	698,999	1,089,177

(*)Corresponds to operations denominated in foreign currencies and payable in Chilean pesos or operations that are indexed to fluctuations in exchange rates.

10. CONTINGENCES, COMMITMENTS AND RESPONSIBILITIES

a. Commitments and responsibilities booked in memorandum accounts

The Institution records the following balances related to the business' typical commitments or responsibilities in memorandum accounts:

	2006 MCh\$	2005 MCh\$
Securities in safekeeping	87,701.4	132,657.9
Collections abroad	22,770.3	25,423.9
Credits approved but not paid out	118,253.7	95,495.6
Mortgages and chattel mortgages	990,375.9	812,744.5
Securities and notes in guarantee	301,478.8	273,766.9
Letters of credit obtained	240,475.5	236,762.0

The above summary list includes only the more important balances. Contingent loans and liabilities are stated on the balance sheets.

b. Direct commitments of the subsidiary Valores Security S.A. Corredores de Bolsa

Overdraft guarantees: At December 31, 2004, the Company has overdrafts approved with the following banks: Scotiabank, Bice, Citibank, Security and Santander-Santiago, for which it has signed promissory notes of ThCh\$1,400,000, ThCh\$2,500,000, ThCh\$3,000,000, ThCh\$2,100,000 and ThCh\$1,500,000, respectively.

11. OTHER OPERATING INCOME

Details of operating income are as follows:

	2006 MCh\$	2005 MCh\$
Mutual fund remuneration	4,438.7	4,276.5
Income in mutual fund installments	737.7	922.2
Earnings from sale of leased assets	173.4	58.7
Financial advisory services	156.9	266.2
Recovery of mutual fund expenses	149.1	7.9
Income from portfolio management	86.8	57.8
Income from lease contract management	80.6	96.6
Recovery of the year's lease income	68.1	14.5
Penalty interest for delinquent payment mutual funds	27.8	22.3
Earnings from goods received in payment	-	58.2
Others	145.4	612.8
TOTAL	6,064.5	6,393.7



12. OTHER OPERATING EXPENSES

Details of operating expenses are as follows:

	2006 MCh\$	2005 MCh\$
Expenses abroad Circular 3,818	412.7	265.5
Loss on stock exchange options	94.9	-
Contributions from goods received in payment	81.7	33.8
Other operating expenses	64.1	134.2
Maintenance and repair of goods received in payment	34.8	25.9
Advisory services for goods received in payment	14.6	32.1
Other expenses paid for leasing division credits	-	3.6
Services/goods received in payment accounts	-	39.8
TOTAL	702.8	534.9

13. COMMISSION

Commission income and expenses shown in the statements of income are as follows:

	INCOME		EXPENSES	
	2006 MCh\$	2005 MCh\$	2006 MCh\$	2005 MCh\$
Commissions earned or paid for:				
Credit commissions	1,661.0	1,581.9	62.1	62.4
Checking accounts	1,249.6	1,160.9	-	-
Stock exchange transactions	883.3	841.0	-	-
Stock Exchange Brokers	-	-	140.2	32.7
Mutual fund management with third parties	15.3	-	-	-
Commission for collecting insurance	584.9	775.7	-	-
Collection of notes	605.2	713.5	-	-
Credit cards	615.2	652.2	-	-
International rebates	380.6	213.6	-	-
Lines of credit	229.3	184.5	-	-
Branch services	173.5	111.5	-	-
Automatic teller machine commissions	51.3	55.5	416.1	309.8
Letters of credit, warranty bonds, sureties and other loans	1,373.3	1,081.6	-	-
Correspondent banks abroad	-	-	-	-
Others	213.5	234.1	28.0	80.2
TOTAL	8,036.0	7,606.0	646.4	485.1

The commissions earned on letters of credit transactions are included in "Interest and indexation income" in the statement of income.

14. NON-OPERATING INCOME

Details of non-operating income are as follows:

	2006 MCh\$	2005 MCh\$
Recovery of expenses	1,003.2	1,230.1
Recovery of written off goods received in payment	124.8	566.9
Rentals received	256.2	211.7
2005 income tax difference	40.3	-
Reversal of provisions	-	120.5
Sales of fixed assets	-	10.8
Others	126.7	95.2
TOTAL	1,551.2	2,235.2

15. NON-OPERATING EXPENSES

Details of non-operating expenses are as follows:

	2006 MCh\$	2005 MCh\$
Write-off of goods received in payment	599.7	1,580.4
Loss from sale of goods received in payment	23.9	562.5
Loss from goods recovered in leasing	136.6	254.7
Others	10.8	118.8
TOTAL	771.0	2,516.4

16. INCOME TAX

The Bank and subsidiaries have made provision of MCh\$2,630.2 (MCh\$4,575.8 in 2005) for First Category Income Tax.



17. DEFERRED TAXES

As explained in Note 1k, the Bank has applied the accounting criteria of Technical Bulletin 60 of the Chilean Institute of Accountants and its supplements.

The deferred taxes on temporary differences are presented below:

2006

ITEM	BALANCE AT	
	JANUARY 1, 2006 MCh\$	DECEMBER 31, 2006 MCh\$
Debit differences		
Overall portfolio provision	2,387.2	1,765.0
Provisions for recovered goods	13.3	11.0
Provision for lease contracts	-	188.6
Leasing tax assets	14,716.0	18,677.7
Adjustment from valuation of investments available for sale	134.9	-
Goods received in payment for written off amounts	8.6	-
Others	1,938.9	3,629.4
Subtotal	19,198.9	24,271.7
Less: Complementary liability balance to be amortized	(3,353.4)	(3,119.1)
Net difference	15,845.5	21,152.6
Credit differences		
Lease contracts	(16,527.6)	(18,179.0)
Depreciation fixed assets	(744.4)	(844.1)
Others	(113.8)	(4,891.7)
Subtotal	(17,385.8)	(23,914.8)
Less: Complementary assets balance to be amortized	5,248.3	4,892.4
Net difference	(12,137.5)	(19,022.4)

2005

ITEM	BALANCE AT	
	JANUARY 1, 2005 MCh\$	DECEMBER 31, 2005 MCh\$
Debit differences:		
Overall portfolio provision	2,460.9	2,387.2
Provisions for recovered goods	23.9	13.3
Provision for lease contracts	142.0	-
Leasing tax assets	14,312.9	14,716.0
Adjustment from valuation of investments available for sale	496.9	134.9
Goods received in payment for written off amounts	173.4	8.6
Others	587.3	1,942.2
Subtotal	18,197.3	19,202.2
Less: complementary liabilities balance to be amortized	(3,506.6)	(3,353.4)
Net difference	14,690.7	15,848.8
Credit differences		
Lease contracts	(16,425.0)	(16,527.6)
Depreciation fixed assets	(690.1)	(744.4)
Others	(320.6)	(113.8)
Subtotal	(17,435.7)	(17,385.8)
Less: complementary assets balance to be amortized	5,477.9	5,248.3
Net difference	(11,957.8)	(12,137.5)

Details of the effect of the tax expense in 2006 and 2005 are as follows:

ITEM	2006 MCh\$	2005 MCh\$
Provision for income tax	(2,630.2)	(4,575.8)
Effect on assets and liabilities from deferred income tax fluctuations for the year	(1,456.2)	1,054.8
Effect on amortization of complementary accounts of assets and liabilities from deferred taxes for the year	(121.6)	(76.4)
TOTAL	(4,208.0)	(3,597.4)



18. PURCHASES, SALES, SUBSTITUTIONS OR TRADES IN THE LOAN PORTFOLIO

In 2006 and 2005, the Bank purchased and sold loans as follows:

2006

PURCHASE MCh\$	SALE MCh\$	EFFECT ON INCOME MCh\$	EFFECT ON PROVISIONS MCh\$
7,704.3	11,156.3	(601.4)	(3,936.4)

2005

PURCHASE MCh\$	SALE MCh\$	EFFECT ON INCOME MCh\$	EFFECT ON PROVISIONS MCh\$
7,316.0	18,612.0	37.8	37.8

19. DIRECTORS' EXPENSES AND FEES

During 2006 and 2005, the Bank has paid the following directors' fees and expenses charged to income:

	2006 MCh\$	2005 MCh\$
Per diem allowances	66.5	65.4
Fees for advisory services	402.1	426.6
TOTAL	468.6	492.0

20. SUBSEQUENT EVENTS

During the period between January 1 and 17, 2007, the date on which these financial statements were issued, there have been no subsequent events that have had a significant impact on them.

HORACIO SILVA C.
Accounting Officer

RAMON ELUCHANS O.
General Manager



VALORES SECURITY S.A.
CORREDORES DE BOLSA

BALANCE SHEET

Summarized Financial Statements at December 31, 2004 and 2003.

	2006	2005
	Ch\$	Ch\$
ASSETS		
Current	827,680.7	406,937.6
Premises & equipment	166.7	221.7
Other Assets	1,039.9	379.6
TOTAL ASSETS	828,887.3	407,538.9

LIABILITIES

Current	809,292.8	389,997.2
Capital & reserves	17,541.7	15,247.4
Net income for the year	2,052.8	2,294.3
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	828,887.3	407,538.9

STATEMENT OF INCOME

Operating income	2,708.2	3,089.4
Non-operating income	(220.0)	(346.0)
INCOME BEFORE TAXES	2,488.2	2,743.4
Income tax	(435.4)	(449.1)
NET INCOME FOR THE YEAR	2,052.8	2,294.3

ADMINISTRADORA GENERAL DE
FONDOS SECURITY S.A.

BALANCE SHEET

Summarized Financial Statements at December 31, 2004 and 2003.

	2006	2005
	Ch\$	Ch\$
ASSETS		
Current	9,947.5	8,236.1
Premises & equipment	86.4	180.7
TOTAL ASSETS	10,033.9	8,416.8

LIABILITIES

Current	492.8	316.0
Capital & reserves	1,302.3	1,302.3
Retained earnings	6,798.6	5,134.2
Net income for the year	1,440.2	1,664.4
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	10,033.9	8,416.9

STATEMENT OF INCOME

Operating income	1,401.2	1,531.7
Non-operating income	326.1	472.9
INCOME BEFORE TAXES	1,727.3	2,004.6
Income tax	(287.1)	(340.2)
NET INCOME FOR THE YEAR	1,440.2	1,664.4



NAME:

BANCO SECURITY

KIND OF ENTITY:

Banking Corporation

CORPORATE OBJECTS:

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

TAX NO.:

97.053.000-2

ADDRESS:

Av. Apoquindo 3150, 15th floor, Las Condes, Santiago, Chile

TELEPHONE:

(56-2) 584 4000

FAX:

(56-2) 584 4001

E-MAIL:

banco@security.cl

WEB:

www.security.cl

CONSTITUTION DOCUMENTS:

The company was constituted by public deed dated August 26, 1981, and signed before the notary Enrique Morgan Torres. The extract of the deed of constitution was published in the Official Gazette on September 23, 1981.

BANCO SECURITY · addresses

CENTRAL SWITCHBOARD: (56-2) 584 4000
SECURITY CUSTOMER ATTENTION SERVICE:
(56-2) 5844060

HEAD OFFICE

Apoquindo 3100, Las Condes
Hours of Attention: 9:00 – 16:00 hrs.
tel.: (56-2) 584 4100
fax: (56-2) 584 4058
web: www.security.cl
e-mail: banco@security.cl

AGUSTINAS BRANCH

Agustinas 621, Santiago
Hours of Attention: 9:00 – 16:00 hrs.
tel.: (56-2) 584 4311
fax: (56-2) 584 4012

PROVIDENCIA BRANCH

Av. 11 de Septiembre 2289, Providencia
Hours of Attention: 9:00 – 16:00 hrs.
tel.: (56-2) 584 4688
fax: (56-2) 584 4186

VITACURA BRANCH

Av. Vitacura 3706 – Vitacura
Hours of Attention: 9:00 – 14:00 hrs.
tel.: (56-2) 584 4652
fax: (56-2) 584 4627

LA DEHESA BRANCH

Av. La Dehesa 1744, Lo Barnechea
Hours of Attention: 9:00 – 14:00 hrs.
Tel.: (56-2) 584 4465
Fax: (56-2) 584 4676

EL CORTIJO BRANCH (FORMERLY PANAMERICANA NORTE)

Av. Américo Vespucio 2760 C, Conchalí
Hours of Attention: 9:00 – 14:00 hrs.
Tel.: (56-2) 584 4833
Fax: (56-2) 584 4840

SANTA ELENA BRANCH

Santa Elena 2400, San Joaquín
Hours of Attention: 9:00 – 14:00 hrs.
Tel.: (56-2) 584 4762
Fax: (56-2) 555 4750

QUILICURA BRANCH

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

CIUDAD EMPRESARIAL BRANCH

Av. Santa Clara 354, Huechuraba
Hours of Attention: 9:00 – 14:00 hrs.
Tel.: (56-2) 584 4683
Fax: (56-2) 584 4686

ALCÁNTARA BRANCH

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

PLAZA CONSTITUCIÓN BRANCH

Agustinas 1235 – Santiago
Hours of Attention: 9:00 – 14:00 hrs.
Tel.: (56-2) 584 4822
Fax: (56-2) 584 4161

**ESTORIL BRANCH**

Av. Estoril 50 – Las Condes
Hours of Attention: 9:00 – 14:00 hrs.
Tel.: (56-2) 584 2292
Fax: (56-2) 584 2200

VIÑA DEL MAR BRANCH

Av. Libertad 1097 – Viña del Mar
Hours of Attention: 9:00 – 14:00 hrs.
Tel.: (56-32) 251 5100
Fax: (56-32) 251 5120

ANTOFAGASTA BRANCH

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

CONCEPCIÓN BRANCH

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

TEMUCO BRANCH

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

PUERTO MONTT BRANCH

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

SUBSIDIARY COMPANIES

VALORES SECURITY S.A., CORREDORES DE BOLSA
Apoquindo 3150, 7th floor, Las Condes
Tel.: (56-2) 584 4000
Fax: (56-2) 584 4015
Web: www.security.cl
e-mail: valores@security.cl

**ADMINISTRADORA GENERAL DE FONDOS
SECURITY S.A.**
Apoquindo 3150, 7th floor, Las Condes
Tel.: (56-2) 584 4000
Fax: (56-2) 584 4015
Web: www.security.cl
e-mail: [fmutuos@security](mailto:fmutuos@security.cl)

