



ANNUAL REPORT

01

GRUPO *security*



GRUPO

security

BANCO security

VALORES security

FONDOS MUTUOS security

FACTORING security

INMOBILIARIA security

MERCHANT security

SECURITIZADORA security

ASESORIAS security

SEGUROS **previsión**
vida

SEGUROS **previsión**
generales

CORREDORES DE SEGUROS **security**

INVEST **security**

TRAVEL **security**

GLOBAL **security**

VIRTUAL **security**



A LETTER FROM THE CHAIRMAN

I am pleased to present to you Grupo Security's Annual Report for the year 2001.

During the year, the business environment was marked by declining economic expectations, which became more complicated as months went by. This was the situation in Chile and also in Latin America because of the Argentinean crisis, and ultimately in the entire world with the terrorist attacks in the United States.

In this economic scenario, quite different from earlier projections, the activities of the Group were marked by cautious business growth, stronger spending control at the companies, and prudent portfolio management to face the higher risks of the market.

In general, it was a year of order and consolidation of activities and structures for Grupo Security and its subsidiaries, whereby efficiency and profitability were enhanced. At the technological level, the "Three-Year Technological Plan" that had begun in mid 1998 was completed, whose objective was to have modern companies with high technological standards and equipped with every tool necessary to succeed in a competitive market. In this area, and in order to improve efficiency and rationalize spending, independent units were developed to provide and collect services that are common to all Grupo Security's subsidiaries. Thus, spending transparency and service homogeneity were attained, together with economies of scale. In the future, the companies' technological development will be undertaken by Virtual Security, an independent firm to outsource computer and technological services to all the Group's subsidiaries. This is also the case with Invest Security, that provides such services as accounting,

control, and corporate culture development. Also, for management control, administration systems have been created that provide the necessary tools and information that ensure efficient and agile operations.

To sum up, all these efforts have reflected on the results of Grupo Security in 2001, with net income of over US\$13.52 million, a return on equity of 10.8%, that is explained by the performance of each of the subsidiaries in a scenario not free of complications.

In the financial area, Banco Security yielded net income of US\$14.85 million in 2001, that is, a return on equity of 13.1%. These figures are the result of the good performance of the various business areas of the Bank, where worth singling out were the high returns of investment banking, the growth and profitability-oriented efforts of corporate banking, and the good development of personal banking. It must be noted that Banco Security's loans at December of 2001 amounted to US\$1.17 billion, showing a moderate increase of 4.2% in real terms, not too far from the average growth of 4.6% of the overall financial system. This is justified by the caution that is required by a market where its main variables are unstable, and therefore more risky. Thus, Banco Security ended the year with a market share of 2.53% of the overall banking industry loans. Its two subsidiaries, the stock broker Valores Security Corredores de Bolsa and the mutual fund Administradora de Fondos Mutuos Security continued to make significant contributions to Banco Security's activities and results, with a return on investments on these companies of US\$2.76 million, accounting for 18.6% of the Bank's consolidated income. It is

worth mentioning here that the former subsidiary Leasing Security was merged into the Corporate Division of the Bank in April of 2001. On the other hand, Factoring Security showed a net income of US\$1.27 million, with a return on equity of 10.8%, that considers a large amount of provisions and write-offs.

In the Insurance sector, it was possible to consolidate the traditional life insurance business and the operations of the insurance company Corredora de Seguros Security, while important problems remained in the property casualty unit. It is worth highlighting the favorable results of Previsión Vida with net income of US\$1.83 million and of Corredora de Seguros with net income of US\$1.62 million in its second year of operations, that contrast with the US\$0.83 million of losses of non-life Previsión Generales.

On the other hand, the results of Merchant Security and its subsidiaries plus the real-estate company Inmobiliaria Security showed net income of US\$0.08 million and US\$0.20 million, respectively. These results stem from businesses aimed at institutional investors and bonds issued by Securitizadora Security, a Merchant Security subsidiary, together with a number of recently developed real-estate businesses. In travel and tourism, Travel Security's net income amounted to US\$0.43 million in the year, and was able to grow and participate actively in a market that was devastated after the terrorist attacks of September 11 in the United States.

The results and advances of the year 2001 demonstrate that Grupo Security is on a good stand to succeed in a complex scenario, based on the experience and solvency it has gained in the

past few years. At the same time, it is always ready to take advantage of the varying market opportunities available.

It was twenty years ago that Banco Urquijo de Chile was created in 1981, which through the years was transformed into the Banco Security we know today. A significant group of people that have been with the Company since the beginning, continue today together with new participants working in Grupo Security. They have been recognized through the nomination of Banco Security as one of the best places to work in the country. Hence, we are proud to have relied on, as in previous years, the ongoing efforts and the humane and professional quality of all the staff of Grupo Security, whose commitment with the organization and its goals have been essential in building what is represented in this Annual Report in your hands.



Francisco Silva S.
Chairman



FINANCIAL INDICATORS - GRUPO SECURITY (INDIVIDUAL)

BALANCES	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
US\$ as of December 2001 (000s omitted)											
Cash and equivalents	56	101	228	1,722	32,080	30,837	32,306	27,120	19,519	10,510	10,423
Fixed Assets	0	0	0	0	1,264	1	43	32	115	215	196
Investment in Related Companies	38,415	37,398	39,113	67,969	92,662	97,489	107,379	129,194	134,549	161,775	168,776
Goodwill	12,028	10,763	0	1,535	29,936	26,933	23,883	989	925	861	798
Other Assets	0	0	0	0	129	1,624	1,472	1,324	1,167	1,015	863
Total Other Assets	50,444	48,161	39,113	69,504	122,727	126,046	132,733	131,507	136,640	163,651	170,437
Total Assets	50,500	48,261	39,341	71,226	156,071	156,884	165,083	158,659	156,274	174,376	181,056
Current Liabilities	1,877	3,041	4,100	7,350	37,203	5,852	13,514	9,708	7,547	9,823	8,115
Long Term Liabilities	35,117	28,370	26,133	17,296	14,697	36,101	31,928	27,901	22,441	32,371	34,517
Equity	13,506	16,850	9,107	46,580	104,171	114,930	119,641	121,051	126,286	132,181	138,424
Total Liabilities and Equity	50,500	48,261	39,341	71,226	156,071	156,884	165,083	158,659	156,274	174,376	181,056
INCOME STATEMENT											
US\$ as of December 2001 (000s omitted)											
Gross Margin	9	21	19	115	56	27	-2	0	0	0	0
Selling & Administrative Expenses	109	62	159	154	1,001	879	1,360	2,808	2,498	2,750	1,882
Net Operating Income	-100	-41	-140	-38	-946	-851	-1,362	-2,808	-2,498	-2,750	-1,882
Non Operating Income & Expenses:											
Financial Income	0	113	0	0	698	170	54	2,140	1,808	758	630
Income from Investments	3,966	3,512	4,927	7,377	12,282	14,508	17,359	13,749	16,114	18,029	17,824
Other Non Operating Income	0	0	5	134	51	4,384	2,813	12,871	1,814	1,206	176
Amortization of Goodwill	-633	-1,266	-10,760	-75	-401	-3,041	-3,045	-427	-64	-64	-63
Financial Expenses	-1,685	-2,594	-1,815	-1,516	-1,431	-3,175	-2,738	-2,482	-1,888	-1,818	-2,738
Monetary Correction	939	3,850	43	3,335	729	241	196	-959	-158	-191	-425
Non Operating Results	2,587	3,615	-7,599	9,255	11,927	13,087	14,639	24,892	17,627	17,921	15,404
Net Income Before Taxes	2,487	3,574	-7,739	9,217	10,982	12,235	13,278	22,084	15,130	15,171	13,522
Taxes	0	230	0	313	0	191	0	1,286	8	23	2
Net Income	2,487	3,344	-7,739	8,904	10,982	12,044	13,278	20,797	15,122	15,148	13,519



FINANCIAL INDICATORS - GRUPO SECURITY (CONSOLIDATED)

BALANCES	1994	1995	1996	1997	1998	1999	2000	2001
US\$ as of December 2001 (000s omitted)								
Cash and equivalents	10,944	54,852	69,656	87,059	98,154	108,143	118,867	105,123
Fixed Assets	54	1,309	34	145	170	763	1,593	2,462
Investment in Related Companies	66,513	89,678	93,771	101,477	110,429	117,556	135,332	139,969
Goodwill	1,535	29,933	26,925	23,883	4,535	7,340	7,036	6,648
Other Assets	8,970	9,070	1,626	4,638	4,215	8,874	14,100	16,888
Total Assets	88,017	184,842	192,012	217,201	217,503	242,676	276,928	271,090
Current Liabilities	24,166	62,964	39,140	64,138	66,238	91,288	110,076	91,507
Long Term Liabilities	17,294	17,716	37,971	33,423	30,214	25,102	34,671	41,159
Equity	46,557	104,162	114,901	119,641	121,051	126,286	132,181	138,424
Total Liabilities and Equity	88,017	184,842	192,012	217,201	217,503	242,676	276,928	271,090
INCOME STATEMENT								
US\$ as of December 2001 (000s omitted)								
Gross Margin	671	1,548	3,681	3,549	8,520	8,198	14,952	20,411
Selling & Administrative Expenses	661	1,970	4,268	3,214	8,655	9,498	12,666	17,853
Net Operating Income	10	-422	-588	335	-135	-1,300	2,285	2,559
Non Operating Income & Expenses:								
Financial Income	115	717	171	67	2,423	3,237	1,330	1,347
Income from Investments	7,307	11,977	13,856	15,989	9,201	14,666	14,920	15,253
Other Non Operating Income	138	51	5,052	2,843	16,022	2,417	1,176	254
Amortization of Goodwill	-75	-401	-3,041	-3,045	-442	-351	-392	-398
Financial Expenses	-1,516	-1,431	-3,175	-2,744	-2,712	-2,230	-2,343	-3,367
Monetary Correction	3,277	588	39	-2	-1,363	-485	-772	-939
Non Operating Results	9,246	11,502	12,902	13,109	23,129	17,253	13,918	12,150
Net Income Before Taxes	9,256	11,079	12,314	13,443	22,994	15,953	16,204	14,709
Minority Interest	0	0	0	0	0	0	-441	-654
Taxes	352	98	270	166	2,197	832	614	536
Net Income	8,904	10,982	12,044	13,278	20,797	15,122	15,148	13,519



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1.0

▶ **BOARD OF DIRECTORS AND MANAGEMENT**



BOARD OF DIRECTORS AND MANAGEMENT

CHAIRMAN

Francisco Silva S.

Civil Engineer, Catholic University of Chile
Master of Science in Engineering, Stanford University
ID # 4.103.064-5

DIRECTORS

Oswaldo Barzelatto S.

Entrepreneur
ID # 2.300.044-K

Andrés Concha R.

Business Administrator, University of Chile
ID # 4.773.967-5

Jaime Correa H.

Civil Engineer, University of Chile
ID # 5.892.161-0

Jorge Marín C.

Business Administrator
ID # 7.639.707-4

Naoshi Matsumoto T.

Business Administrator, Catholic University of Chile
ID # 3.805.153-9

Gustavo Pavez R.

Civil Engineer, Catholic University of Chile
ID # 4.609.215-5

Horacio Pavez G.

Civil Constructor, Federico Santa María University
ID # 3.899.021-7

Alvaro Vial G.

Business Administrator, University of Chile
Master of Arts in Economics, University of Chicago
ID # 5.759.348-2

PRESIDENT

Renato Peñafiel M.

Business Administrator, Catholic University of Chile
Master of Arts in Economics, University of Chicago.
ID # 6.350.390-8

This Annual Report has been endorsed by the Company's Board of Directors.

2.0

▶ **COMPANY IDENTIFICATION**



COMPANY IDENTIFICATION

NAME	GRUPO SECURITY S.A.
COMPANY DESCRIPTION	Open Stock Corporation
CORPORATE PURPOSE	Financial group engaged in the widest range of financial services both domestically and abroad.
TAXPAYER ID	96.604.380-6
LEGAL ADDRESS	Miraflores 178, Piso 6, Santiago, Chile
PHONE NUMBER	(562) 270 4000
FAX NUMBER	(562) 270 4001
E-MAIL ADDRESS	grupo@security.cl
WEBSITE	www.security.cl

DEEDS OF INCORPORATION

The investment company GRUPO SECURITY S.A. was duly incorporated by means of a public deed dated February 8, 1991, signed before the Notary Public Mr. Enrique Morgan Torres. The abstract thereof was published in the Official Daily Newspaper issue of February 22 of 1991. The Company was registered in the Santiago Registry of Commerce on page 5720 item 2820 on February 19, 1991.

Grupo Security S.A. is an open stock corporation. It became listed in the Securities Registry under number 0499 of January 30, 1995 and is therefore subject to the provisions and regulations of the Securities and Insurance Commission.

At the Special Shareholders' Meeting held on October 20, 1997, the shareholders agreed to rename the Company, changing the former Security Holding S.A. to the current name Grupo Security S.A.

3.0

▶ *ACTIVITIES AND OPERATIONS OF GRUPO SECURITY S.A.*

- ▶ *BUSINESS STRATEGY*
- ▶ *SOME HISTORY*
- ▶ *2001 RESULTS OF GRUPO SECURITY*
- ▶ *FINANCIAL INDICATORS*
- ▶ *STOCK PERFORMANCE*
- ▶ *OWNERSHIP STRUCTURE*
- ▶ *DIVIDEND POLICY*
- ▶ *RISK RATE*
- ▶ *STAFF OF GRUPO SECURITY*

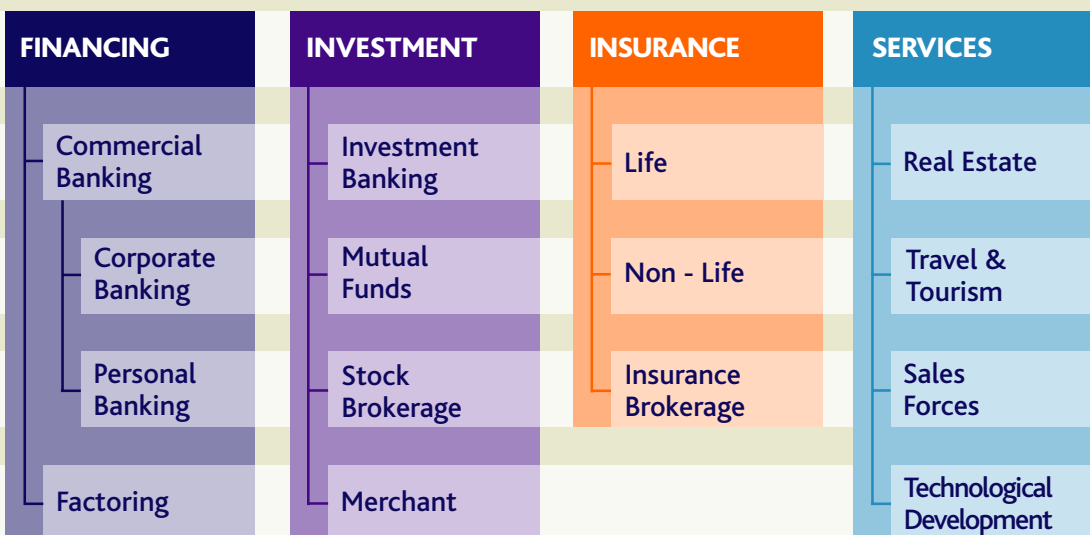


BUSINESS STRATEGY

Grupo Security S.A. was created in 1991 with the purpose of acquiring Banco Security and developing the Company in the financial scene. Since its creation to this day, Grupo Security has consolidated as a diversified financial conglomerate. Its business strategy, consistently with its defined objective of adding value for its shareholders, promotes fast growth for its current businesses and continues diversifying into new financial activities, either through acquisitions or through the creation of new companies. In order to ensure the growth of its financial operations, Grupo Security is prepared to take the best opportunities in the market. The services provided by Grupo Security companies are oriented at satisfying the clients' overall needs, by including a diversity of financial services with high efficiency standards and low risk.

During the year 2001 Grupo Security continued the process of restructuring the business areas of the Company and its subsidiaries, with appointed persons responsible for each area with defined tasks in order to ensure easier management control, increased efficiency and profitability. Thus, the financial services provided by the various companies in Grupo Security are grouped into four business areas, as shown below:

GRUPO SECURITY'S BUSINESS LINES





SOME HISTORY

In 1981 the bank Banco Urquijo de Chile was created, as a subsidiary of Banco Urquijo of Spain.

In 1987 Security Pacific Corp., a subsidiary of Security Pacific National Bank of Los Angeles, California, acquired 100% of the shares of Banco Urquijo de Chile, which was then renamed Banco Security Pacific. That same year, Security Pacific National Bank created a stock and securities brokerage agency that was subsequently sold to Banco Security in 1991, which today operates with the name of Valores Security Corredores de Bolsa.

In 1990 a leasing subsidiary was created that was ultimately merged into Banco Security in April of 2001.

In 1991 Grupo Security was created with the purpose of operating a financial group. In June of the same year, Security Pacific Overseas Corporation sold to the current controlling shareholders of Grupo Security a 60% stake of the Bank, which then took the name of Banco Security.

In 1992 the Mutual Fund Administradora de Fondos Mutuos Security was created as a subsidiary of Banco Security while Factoring Security was created as a subsidiary of Grupo Security.

In 1993 the subsidiary Asesorías Security was created. It is the representative in Chile of the company Morgan Stanley Dean Witter Discover & Co. from the US, and provides derivative products and advise in international asset management.

In 1994, Bank of America, the successor of Security Pacific National Bank, sold the remaining 40% of the Bank's shares to Grupo Security.

In July of 1995, Grupo Security went public and was listed in the Stock Exchange where it began trading its shares as a means of increasing the capital base of Banco Security and its subsidiaries.

In December of that year, and after a second capital increase for the Company, the Group purchased a majority stake of the pension fund AFP Protección and of the insurance companies Previsión Vida (life) and Previsión Generales (non-life). This purchase was materialized jointly with the company Inversiones, Seguros y Pensiones Limitada, with which a joint venture agreement was entered into with the purpose of developing the newly acquired operations.

In 1996 two new companies were incorporated to the financial conglomerate through the creation of Merchant Security and Inmobiliaria Security, dedicated to merchant banking and financial advising and real estate businesses, respectively. Subsequently, a 29.35% stake of the insurance company Previsión Generales was purchased from Inversiones, Seguros y Pensiones Limitada whereby Grupo Security's share in said insurance company increased to 62.69%.

In July of 1997, Grupo Security made a stock split, whereby 1 share was replaced by 7 new ones. In addition, in October a new corporate image was implemented for the Group, with a change of name of all the companies, while keeping the same activities. Subsequently, also in October the new company Securitizadora Security was incorporated to the Group, dedicated to securitizing assets, debt and other certificates, as a subsidiary of Merchant Security.

In March of 1998 Grupo Security sold out its share in AFP Protección and in December of that same year it transferred the insurance companies Previsión Vida and Previsión Generales to the parent company Inversiones Seguros Security Limitada, a Grupo Security subsidiary that concentrates the conglomerate's insurance-related businesses.

During 1999 the Group acquired a majority stake in the travel agency Travel Security and decided to create a new subsidiary through the parent company Inversiones Seguros Security Limitada, the new insurance brokerage company Corredora de Seguros Security which began operating in the first quarter of 2000.

During the year 2000 the company Global Security was created, which concentrates the sales forces of all products and services provided by Grupo Security.

Finally, in 2001, continuing along the process of Grupo Security's organizational restructuring, it was decided for the Invest Security subsidiary to concentrate and provide accounting, control and corporate culture development services to all the subsidiaries of Grupo Security, and for Virtual Security to provide technological services and develop technological projects for all the companies in the conglomerate. In addition, two subsidiaries of Servicios Security S.A. were created (this company is in turn a subsidiary of Inversiones Seguros Security Limitada), namely Corredora de Reaseguros Security and Agencia de Seguros Security, with the purpose of supplementing the businesses performed by the subsidiary Corredora de Seguros Security.

RESULTS OF GRUPO SECURITY IN THE YEAR 2001

Grupo Security's net income in 2001 amounted to US\$13.52 million, showing a return on equity ratio of 10.8%. As shown by the Financial Statements in this Annual Report, this net income originates mainly in the earnings of related companies, that is, in the results of the Group's subsidiaries.

The non consolidated Balance Sheet of Grupo Security shows total assets amounting to US\$181.06 million, of which current assets account for US\$10.42 million (5.76% of total assets) showing a comfortable liquidity situation for the Company. The most important entry in the assets is investments in related companies with US\$168.78 million that with goodwill included accounts for 93.66% of total assets. As for the US\$8.11 million of current liabilities and US\$34.52 million in long-term liabilities, the main items are obligations with banks and financial institutions with US\$25.57 million and the balance of the bond issue of January 1996 that amounted to a total of US\$16.88 million. Finally, Grupo Security's equity amounts to US\$138.42 million, accounting for 76.45% of total assets as of December 2001.

FINANCIAL INDICATORS

The table below shows the main financial indicators in the Balance Sheet of Grupo Security over the past five years.

GRUPO SECURITY	DECEMBER 1997	DECEMBER 1998	DECEMBER 1999	DECEMBER 2000	DECEMBER 2001
Current assets / current liabilities	2.39 times	2.79 times	2.58 times	1.07 times	1.28 times
Total liabilities / equity	37.98%	31.07%	23.75%	24.42%	30.80%
Total borrowing / total assets	27.53%	23.70%	19.19%	18.52%	23.55%
Return On Equity	12.48%	20.74%	13.60%	13.02%	10.82%

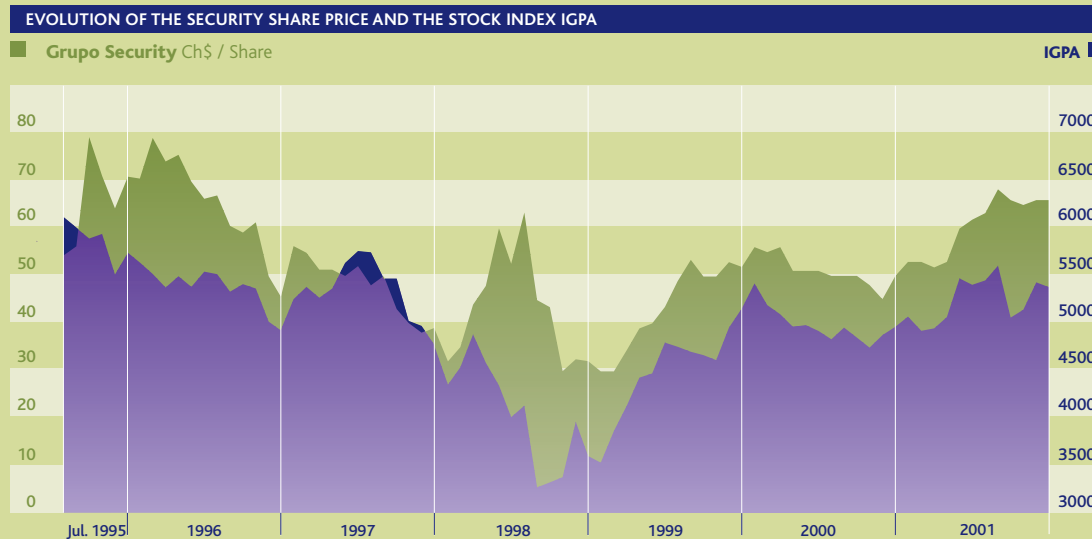


STOCK PERFORMANCE

The Stock Exchange and the prices of shares have performed modestly over the past few years, in tandem with the Chilean economy. Actually, the local market continued to deteriorate, with a total amount of transactions in 2001 of US\$4.15 billion, similar to the level of 1994, showing a fall of 21% in the last year. Among the most significant facts that marked the stock exchange in the year was the reform to the capital market announced in April and enacted in November of 2001. This reform, although unable to increase transaction volumes because of the deteriorating domestic and world economic scenarios, did generate a 9.1% recovery in the prices of shares in the selective stock price index IPSA, and of 10.9% in the IGPA, which comprises all listed stocks. Market capitalization amounted to US\$ 56.51 billion as of the close of 2001, 4.56% above the year before, with an estimated price to earnings ratio of 16.06, as compared with 16.98 in 2000.

As in earlier years, Grupo Security's shares performed consistently with the local market's evolution. Within this context, the Company's price per share went from Ch\$50.0 at December 2000 to Ch\$66.0 by the end of 2001, peaking at Ch\$70.0 per share in August and September 2001. The price to earnings ratio of the Security share was 12.34, compared with 8.6 in 2000.

The graph below shows the evolution of Grupo Security's share price, contrasted with the behavior of the general stock price index IGPA during the year.



The following table shows some stock market indicators for Grupo Security at year-end from 1997 through 2001.

GRUPO SECURITY	December 1997	December 1998	December 1999	December 2000	December 2001
Stock price (Ch\$)	39.0	32.1	52.0	50.0	66.0
Earnings per share (Ch\$)	4.55	7.43	5.55	5.81	5.35
Price/ Earnings ratio	8.57	4.32	9.38	8.60	12.34
Number of shares	1,654,721,054	1,654,721,054	1,654,721,054	1,654,721,054	1,654,721,054

The table below shows the number of Security shares and total volume traded at the Stock Exchange and the shares' average price for the past three years:

SECURITY SHARES TRADED:

Period	N° of shares thousands	Volume traded MCh\$	Average price Ch\$ per share
I quarter 1999	42,590	1,340,736	31.48
II quarter 1999	68,535	2,763,788	40.33
III quarter 1999	40,994	2,071,578	50.53
IV quarter 1999	21,455	1,123,369	52.36
Year 1999	173,574	7,299,471	42.30
I quarter 2000	10,912	601,589	55.13
II quarter 2000	35,604	1,815,467	50.99
III quarter 2000	10,822	542,692	50.15
IV quarter 2000	5,244	249,322	47.54
Year 2000	62,583	3,209,070	51.50
I quarter 2001	3,158	166,135	52.61
II quarter 2001	13,636	759,840	55.72
III quarter 2001	32,093	2,116,940	65.96
IV quarter 2001	8,832	578,315	65.48
Year 2001	57,719	3,621,230	61.35



OWNERSHIP STRUCTURE

In July of 1995, Grupo Security S.A. become public and has been actively traded in the local stock exchanges ever since.

Grupo Security S.A.'s shareholders are a mix of qualified bankers, businesspeople and professionals of long history in the financial sector, which shapes a very unique conjunction of common long-term objectives, generating the proper incentives that ensure an agile and efficient organization as well as long lasting relations with clients.

At December 31 of 2001, Grupo Security's 1,654,721,054 shares were owned by 641 shareholders. Below is the list of the 12 largest shareholders and the individuals that act on their behalf:

SHAREHOLDERS AT DECEMBER 31 OF 2001

List of twelve largest shareholders of Grupo Security

Name	ID#	Shares	% Stake	Shareholder	%	ID#
Soc. Com. de Servicios e Inv. Ltda.	79.553.600-0	209,246,192	12.6454%	Gustavo Pavez Rodríguez	93.00%	4.609.215-5
Inmobiliaria Villuco Ltda.	79.652.720-K	153,088,933	9.2516%	Horacio Pavez García	95.45%	3.899.021-7
Inversiones Matyco Ltda.	96.512.100-5	152,648,930	9.2251%	Naoshi Matsumoto Takahashi	95.00%	3.805.153-9
Inversiones Hidroeléctricas Ltda.	79.884.660-4	141,733,577	8.5654%	Inversiones Llascahue Ltda. (Francisco Silva S.)	42.24%	79.884.060-6 4.103.064-5
				Inversiones Los Cactus Ltda. (Renato Peñafiel M.)	38.71%	79.884.050-9 6.350.390-8
				Inversiones Los Chilcos Ltda. (Ramón Eluchans O.)	19.05%	79.884.030-4 6.464.460-2
Inversiones Hemaco S.A.	96.647.170-0	119,925,663	7.2475%	Familia Marín Correa	100.00%	
Inversiones Círculo Financiero S.A.	87.019.500-1	70,484,373	4.2596%	Grupo Security Employees & Executives		
Paclama S.A.	96.704.730-9	69,350,000	4.1910%	Claudio Berndt Cramer	88.82%	4.775.620-0
Inversiones Llascahue Ltda.	79.884.060-6	69,220,128	4.1832%	Francisco Silva Silva	17.92%	4.103.064-5
Inversiones Los Cactus Ltda.	79.884.050-9	64,158,626	3.8773%	Renato Peñafiel Muñoz	45.00%	6.350.390-8
Compañía de Inversiones Río Bueno S.A.	96.519.130-5	49,856,906	3.0130%	Andrés Concha Rodríguez	50.00%	4.773.967-5
				Bruno Philippi Irrarázabal	50.00%	4.818.243-7
Inversiones San Ignacio Ltda.	78.063.360-3	37,003,354	2.2362%	Fehrman y Ruiz y Cía. Ltda. (Gonzalo Ruiz U.)	79.686.800-7 85.00%	5.321.309-K
Inversiones El Rocío Ltda.	78.256.070-0	35,306,058	2.1337%	Luis Esteban Montalva Rodríguez		4.035.429-8
Sub-Total 12 largest shareholders		1,172,022,740	70.8290%			
Total 641 Shareholders		1,654,721,054	100.0000%			

The 12 largest shareholders have entered into a formal joint agreement that controls 84.3% of the shares of Grupo Security.



DIVIDEND POLICY

It is the intention of the Board of Directors of Grupo Security S.A. to propose the shareholders to maintain the Company's permanent dividend policy as was approved at the Regular Shareholders' Meeting of the year 2001. That is, to pay out around 50% of the Company's net earnings from its subsidiaries during the period. These dividends may be paid against either net income of the year or withheld income from previous years. It will be distributed into two dividends, one interim and one final.

Accordingly, an interim dividend will be proposed to be paid between October and November of each year amounting to no more than 20% of the Company's accrued earnings between January and June of the same year. The Board will also propose a second and final dividend between April and May of the following year to complete around 50% of the Company's net earnings from its subsidiaries in the year, provided that it does not hinder compliance with any of the Company's financial obligations, current or future.

Therefore, Grupo Security S.A.'s Board of Directors will propose at the upcoming Regular Shareholders' Meeting to pay out a final dividend of Ch\$2.20 per share, which added to the interim dividend of Ch\$1.00 already distributed in October of 2001 amounts to a combined total of Ch\$3.20 per share. These dividends amount to a total of US\$8.09 million, that account for 59.82% of net income of 2001.

Below is a reconciliation between net income of the year and dividends payable, with a detail of the percentage of net income paid out as dividends.

(Figures in millions of Ch\$)	December 2001	December 2000
Withheld income from previous years	19,169	14,062
Net Income of the Year	8,852	9,919
Distributable Income	28,021	23,981
Interim and Final Dividends	5,295	5,378
% Dividends / Distributable Income	18.9%	22.4%

Finally, the table below shows the history of dividends paid by Grupo Security to its shareholders since the Company went public in July of 1995:

DIVIDENDS PAID BY GRUPO SECURITY

Dividend N°	Date	Ch\$ per share	Amount (millions of Ch\$)
1	March 3, 1995	1.766	2,922
2	May 9, 1996	1.571	2,600
3	May 8, 1997	2.000	3,309
4	November 20, 1997	1.000	1,655
5	May 11, 1998	1.500	2,482
6	October 14, 1998	4.500	7,446
7	October 14, 1998	1.000	1,655
8	April 12, 1999	2.000	3,309
9	October 20, 1999	1.000	1,655
10	October 20, 1999	0.500	827
11	April 17, 2000	2.750	4,550
12	October 27, 2000	0.250	414
13	October 27, 2000	1.000	1,655
14	April 30, 2001	2.000	3,309
15	October 23, 2001	1.000	1,655

RISK RATE

Grupo Security S.A.'s shares have been rated in First Class Level 3 by the private risk rating institutions Feller & Rate and Fitch IBCA, Duff & Phelps Chile. The detail is shown below:

Risk Rate as of December 2001 Risk-rating company	Common Shares	Bonds N° 188, Series A1, A2
Fitch IBCA, Duff & Phelps Chile Clasificadora de Riesgo	First Class, Level 3	A+
Feller & Rate Clasificadora de Riesgo	First Class, Level 3	A
Risk Rating Commission	Approved	A



GRUPO SECURITY STAFF

The table below shows the staff working with Grupo Security at December 31 of 2001, broken down into

- Chief officers and top executives
- Professionals and technicians
- Workers

STAFF	Executives	Professionals	Workers
Grupo Security S.A.	2	-	2
Banco Security & Subsidiaries	35	23	323
Factoring Security S.A.	5	-	68
Inmobiliaria Security S.A.	2	-	3
Merchant Security S.A. & Subsidiaries	6	2	5
Inversiones Seguros Security Ltda. & Subsidiaries	35	37	1,022
Invest Security Ltda. & Subsidiaries	11	-	279

Compensation

Regarding compensation received by each Board member or manager at Grupo Security during the year, and overall compensation awarded to top managers and executives it is worth noting that:

- At the shareholders' meeting held on April 2001 it was agreed to set a fee for each attended Board session during 2001 of UF 35 (the equivalent of roughly US\$869) per Board member, and of UF 50 (US\$1,242) for the Chairman, with a maximum of one paid session per month. Thus, the total paid to Board members during the year amounted to US\$0.13 million.
- Total compensation paid to chief executives and managers during the year amounted to US\$0.34 million.

Directors' Committee

The Directors' Committee is made up by the following directors of Grupo Security:

- Andrés Concha R., business administrator from University of Chile, ID # 4.773.967-5
- Naoshi Matsumoto T., business administrator, Catholic University of Chile, ID # 3.805.153-9
- Alvaro Vial G., business administrator from the University of Chile, Master of Arts in Economics from the University of Chicago, ID # 5.759.348-2

The secretary to the Directors' Committee is the Chief Executive Officer of Grupo Security:

- Renato Peñafiel M., business administrator from Catholic University of Chile, Master of Arts in Economics, University of Chicago, ID # 6.350.390-8

The functions of the Committee are those provided by the Law, and the expenses incurred by the Directors' Committee during the year amounted to US\$4,276 dollars.

4.0

▶ *ACTIVITIES AND RESULTS OF **GRUPO SECURITY'S** BUSINESS AREAS*

- ▶ *FINANCING*
- ▶ *INVESTMENT*
- ▶ *INSURANCE*
- ▶ *SERVICES*

Activities carried out and results obtained by Grupo Security companies during 2001 have been arranged around the four lines of business where they participate, namely: Financing, Investment, Insurance, and Services.

FINANCING

Grupo Security takes part in business project financing through its companies Banco Security and Factoring Security. Total loans from the various operations, namely bank loans, leasing and factoring where Grupo Security companies participate amounted to a combined total of US\$1.23 billion by the end of December 2001. In this total, Banco Security's loans totaled US\$1.17 billion, showing a moderate growth of 4.2% in real terms, not different from the 4.6% increase of the banking industry, a figure that is explained by the extra caution required by a market where the main parameters are showing high variability, and hence increased risk. It is worth mentioning here that this growth was accomplished through strict risk control at every unit, with no hidden risks present in any of them. The Bank's risk levels were the lowest in the industry.

Banco Security

In the 20th anniversary of the creation of Banco Urquijo de Chile in 1981, which gradually became Banco Security as we know it today, it is worth taking a look at the efforts made and the goals achieved from the perspective of the road traveled over the years.

These efforts are reflected in a clear-cut business focus, with Banco Security attaining a remarkable position in the corporate niche, by providing agile and customized quality services to its clients, as is evidenced by a number of market studies on the subject. At the same time the personal banking area has been developed, that complements and enhances the services provided to corporate clients. Thus, Banco Security's business strategy is oriented at servicing its target market of large and medium-sized companies together with a select group of affluent individuals. The wide variety of financial products and services provided by the Bank is marked by strong client orientation that results in customized, integral, flexible and timely services.

With this purpose in mind, Banco Security has organized its activities around three business areas, namely the Corporate Banking, Personal Banking and Investment Banking divisions.

- The Corporate Banking division is the most traditional area of Banco Security, and it essentially defines the preferential niche to which it orients its businesses, accounting for 85% of all credits. It is made up of the following groups:
 - Large corporations, focusing on the larger private enterprises and state-owned companies, with annual sales of US\$25 million or more, also including real estate companies.
 - Medium-sized companies, to service enterprises with sales between US\$5 and US\$25 million, through its branches in Santiago and other Regions.
 - During April of 2001 the Leasing Security subsidiary was merged into the Bank, in order to provide the leasing services directly through the Corporate Banking division.
- The Personal Banking division is directed at high-income individuals, and today it accounts for 13% of the Bank's loans. It is made up of the department of Personal Banking and Mortgage Businesses, oriented at meeting the financial needs of affluent individuals in general, through either the Preferential Banking or the Private Banking areas, which focus on managing private investors' personal finances.

- Finally, the Investment Banking division has traditionally been of great importance in the Bank's businesses, especially through its active Money Desk that operates both domestically and internationally. It also includes the International Executive Office dedicated to explore foreign financial markets and find financing for foreign trade operations, where Banco Security has kept a significant market share over the years.

A number of structural changes that Banco Security had been making in the past few years consolidated during 2001. The Bank completed the Three-Year Technological Plan that had been launched in mid 1998 in order to place the Bank in a privileged position together with other technology-oriented banks. Furthermore, changes were aimed at creating a structure that will strengthen and favor the corporate orientation that is characteristic of Banco Security. Thus, supported by its modern technology, «business platforms» were defined, where commercial executives provide the customized service and financial support required by the clients to carry out their operations. Also, branches were defined as «transaction centers» and the necessary technological tools were devised to be able to perform every operation and transaction through cutting-edge communication systems (i.e. the Internet, WAP and phone-banking). All of this results in a substantial reduction in costs and time consumed in this kind of transactions. As an example, it is worth mentioning on-line payment of wages, suppliers, social security, mortgage loans, investments and electronic fund transfers offered to the Bank's corporate clients. Also for personal banking clients the use of the checking account has been enhanced as a means of payment, where clients can pay their utility bills, transfer funds to other banks, invest in a variety of instruments and shop on line. We are aware that the speed of changes and technological innovation require permanent updating of these tools, if Banco Security is to retain its position as an agile, modern and competitive bank.

Despite the troubled economic scenario already mentioned, Banco Security's 2001 results were very satisfactory, demonstrating the strength and maturity it has attained in the past years. In fact, Banco Security and subsidiaries' consolidated income amounted to US\$14.85 million in the year, representing a return on equity of 13.1%. These figures are the result of the good performance of the Bank's various business areas, where it is worth singling out the high returns obtained by investment banking, the growth and profitability efforts of corporate banking, and the favorable development of the businesses carried out at the personal banking area.

Total loans of Banco Security as of December 2001 amounted to US\$1.17 billion, showing a moderate real growth rate of 4.2% in 12 months, quite similar to the real growth of 4.6% of the overall financial system. With this, Banco Security ended the year with a market share of 2.53% of the overall banking system's loans. Banco Security is ranked number 13 among the 27 banks operating in the market as of the end of 2001.

As for Banco Security's credit portfolio, consistently with its market orientation to the corporate niche, 67.3% of its loans are commercial, while 10.8% are credits for foreign trade, lease contracts account for 5.3%, and contingent loans account for another 5.1%. Consumer loans granted by Personal Banking are barely 0.5% of total loans, and mortgage loans account for 4.1% of Banco Security's portfolio.

During the year, Banco Security has maintained its traditional strengths in terms of client portfolio quality, together with high efficiency and productivity standards.

In fact, according to figures at October 2001, Banco Security's risk index is 0.99%, and continues to be the lowest-risk bank among all the domestic banks that lend money in the local market, and ranks fifth if also foreign banks are considered. Available risk indicators at October 2001 indicate that risk levels in the financial system have begun to subside, down to an average of 1.90% of loans, compared with a peak of 2.14% in June of 2000 and 2.08% in October of 2000. The Bank's past-due portfolio is 0.84%, that also compares favorably with the average 1.74% of total loans of the overall banking industry's past-due portfolio. It is worth noting that the Chilean financial system's risk is relatively low by international standards, and is duly backed by provisions, that amount to 2.37% of total loans as of October of 2001.

In addition, the Bank has continued striving to control expenses, both administrative and labor-related, to retain its traditional high efficiency standards. With this goal in mind, a number of investments and structural changes were

made during 2001 that will permit direct control and rationalization of expenses. It is worth mentioning the creation of several independent units that provide and charge their services to all Grupo Security subsidiaries, whereby spending transparency and service homogeneity are attained, together with economies of scale. This is the case of such units as Corporate Culture, Control and Accounting, Wage Payment and others. In the early months of 2002 the Technological Development unit is expected to begin operating independently. The real increase in the Bank's G&A expenses is explained primarily by the extra spending associated with these structural changes and technological innovation, in addition to the costs of merging the former leasing company into the Bank. In any case, Banco Security's efficiency indicators, that measure G & A expenses over gross margin, were 55.2% in 2001, that is, below the market's average of 56.2%. On the other hand, Banco Security maintained its traditional first place in the industry in terms of productivity, as measured by the loans to number of employees ratio (US\$3.38 million per employee in the year 2001).

To strengthen the base of the Bank's development strategy, Grupo Security made a capital increase of US\$9.47 million by the end of 2000, to complete a total of US\$12.98 million by early 2001. In addition, at that time the Bank issued subordinate bonds worth US\$18.63 million in order to reinforce its effective equity. Thus, Banco Security's Basle indexes -that measure effective equity over risk-weighted assets- showed significant leeway above the 10% level required by the law to qualify as a first-rate bank. Hence, Banco Security's Basle index is 12.40% as of December 2001 compared with the industry's average of 12.73%, showing a comfortable margin over the minimum required of 8%. In turn, base capital accounts for 7.37% of total assets, above both the industry's average of 7.24% and the legal minimum of 3% set forth by the General Banking Law.

As for Banco Security's subsidiaries, it must be noted that in April of 2001 the subsidiary Leasing Security was merged into the Bank's Corporate Banking division. Thus, today's subsidiaries are the stockbroker Valores Security Corredores de Bolsa and the mutual fund Administradora de Fondos Mutuos Security, whose activities and businesses are described hereinafter. These two companies were, as in earlier years, an important contribution to the Bank's results and activities. In fact, the returns on investments in related companies amounted to US\$2.76 million at December 2001, and accounted for 18.6% of the Bank's consolidated net income.

Banco Security operates through a total of 12 offices, in addition to the Head Office. Its branch-opening strategy has been framed by the vision of future technological development, and is directed mainly towards sectors or regions that are consistent with the target market of large and medium-sized companies and selected individuals. It is our belief that in front of the technological development that will come with the new millennium, it is an important advantage for the Bank to have an agile office structure. Thus, four of the Bank's branches are located outside the Santiago region (i.e. Antofagasta, Concepción, Temuco and Puerto Montt) and the rest in the Metropolitan Region of Santiago with the Providencia, El Golf, Vitacura, La Dehesa, Panamericana, Quilicura, Santa Elena and Ciudad Empresarial branches.

Finally, we are proud to comment that at its 20th anniversary, Banco Security has been selected into the «honor role of 25 best places to work in Chile». Since its inception, when Banco Urquijo de Chile was created, the Bank has continued along a road of achievements to become the present Banco Security. An important group of people that have participated since the beginning are still working with the Bank, forming with new collaborators a work team that has been singled out among more than 3,000 companies analyzed in Chile through surveys and studies to determine the best places to work in the country. The results were published in Capital magazine, and the studies were performed by Marketing Meter, the representative in the country of the "Great Place to Work Institute".

Factoring Security S.A.

Factoring Security began operations in December of 1992, as one of the pioneer companies in the national factoring industry.

A couple of years ago the Company began an aggressive marketing strategy with 10 new points of sale opened throughout the country, extending its geographical coverage from Iquique in the north to Puerto Montt in the south. The great breakthroughs of the Company in the past few years have begun to pay off, with the Company becoming one of the leading firms in the factoring market.

During 2001, Factoring Security's net income amounted to US\$1.27 million, with a return on equity ratio of 10.8%. The decline in the Company's results are explained mainly by the increased provisions and write-offs made during the period.

The high risk present in the marketplace made it advisable to keep the factoring industry's activity levels under control. In this scenario, the Company kept throughout the year 2001 average loans in the range of US\$53.45 million to US\$68.72 million to pick up only in the last month and close the year with an average credit level of US\$70.78 million in December 2001, that is, 14.5% down from the end of 2000.

The higher risk of the economy reflected on Factoring Security's loan provisions at December 2001 amounting to US\$4.41 million, that account for 7.15% of the Company's net factoring loans, compared with 5.15% of net loans the year before.

INVESTMENTS

Grupo Security participates in the asset investment and management business through Banco Security's investment banking division, the mutual fund administrator Administradora de Fondos Mutuos Security, the stockbroker office Valores Security Corredores de Bolsa and through Merchant Security with its subsidiaries Securitizadora Security and the recently incorporated consulting office Asesorías Security.

Investment Banking

Banco Security takes active part in financial asset investment and management through its Investment Banking division, which has been traditionally important in the Bank's operations through an active Money Desk that operates both domestically and in international markets. It also includes the international office engaged in foreign trade operation financing, where Banco Security has participated substantially over the years. During 2001, the investment banking division contributed US\$9.10 million to Banco Security's net income mainly through its money desk operations and the international area, accounting for 18.54% of the Bank's gross income.

Administradora de Fondos Mutuos Security S.A.

The Company was created as a Banco Security subsidiary in May of 1992, and has grown steadily since, incorporating new funds. As of December 2001, the Company manages eight funds, as described below:

- Security Check, a short term fixed-income fund oriented to medium-sized and large companies;
- Security First, a medium and long term fixed-income fund;
- Security Premium, a short term fixed-income fund oriented primarily to individuals and small companies;
- Security Acciones, a variable-income fund;
- Security Global Investment, a fund that is authorized to invest up to 100% of its portfolio in foreign instruments;
- Security Gold, a fixed-income fund oriented to individuals wishing to invest for the medium and long term;
- Security Explorer, an international variable-income fund; and
- Security Bond, invested in long-term domestic and foreign bonds.

Administradora de Fondos Mutuos Security's net income of the year 2001 amounted to US\$1.27 million, very similar to the previous year, showing a return on equity ratio of 66.3%.

At December 2001, Administradora de Fondos Mutuos Security was managing an average equity of US\$182.92 million, which accounts for a market share of 3.56%, ranking eleventh among the 17 funds in the market. The Company's strategy of having attractive returns on all the various funds it manages and orienting its sales force to higher-income individuals and companies has resulted in a large number of participants, specifically 7,415 clients out of an estimated total of 320,000 in the industry.

The table below shows the evolution of Mutual Funds during the past five years (in US\$):

Mutual Funds	December 1997	December 1998	December 1999	December 2000	December 2001
Mutual fund industry	3,060.37	2,096.40	3,217.98	4,034.88	5,137.83
Administradora de Fondos Mutuos Security	87.97	87.36	138.21	154.86	182.96
AFM Security's market share	2.9%	4.2%	4.3%	3.8%	3.6%

The reform to the capital market approved in November of 2001 opens interesting business opportunities for mutual funds, where AFM Security will take active part. It is worth mentioning the possibility for mutual fund administrators to act as sales agents for insurance companies, besides the possibility of offering voluntary saving plans for retirement, which enlarges dramatically the opportunities of capturing those savings with attractive product mixes.

Valores Security S.A. Corredores de Bolsa

During the year 2001 Valores Security S.A. Corredores de Bolsa showed very satisfactory results, with net income of US\$1.18 million, showing a return on equity of 27.3%. Valores Security operates in two main business areas, that showed the following results in the year:

- Fixed-income instruments grossed US\$2.74 million during the year, which may be seen as an important achievement considering the difficult conditions for handling positions in fixed income securities and dollars. This activity became the principal income-generating source for the Company, because of the steady deterioration of the local stock market since the mid nineties. Fixed-income operations consist primarily of intermediating financial documents, buy and sell foreign currencies and dollar-denominated futures contracts.
- Variable income instruments (stocks) grossed US\$0.71 million from stock intermediation and stock exchange rights, as well as from the earnings of the Company's own portfolio.

The Company had favorable results despite the lack of dynamism of the local stock exchanges, a market that continued its downfall, with a total volume of traded stocks of US\$4.15 billion, a relapse into the volume of 1994, and a drop of 21% from the year before. Among the most significant facts of the market's year was a reform to the capital market that was announced in April and enacted in November of 2001. This reform, although unable to increase the amounts traded because of the growing deterioration of the domestic and the world economies throughout the year, did result in a 9.1% rebound in the prices of the shares in the selective price index IPSA and a 10.9% increase in the overall index IGPA that measures the prices of all shares listed in the Stock Exchange.

Valores Security traded shares worth US\$405.81 million during 2001, less than in 2000, consistently with the deterioration of the local stock market, but kept its 8th place among the 38 stockbroker firms that operate in it. Its average market share for the year was 3.54%, considering the shares traded in the two exchanges where the Company operates, namely the Santiago Stock Exchange and the Chilean Electronic Exchange.

Merchant Security S.A.

The Company began operations on September 1st of 1996 as a subsidiary of Grupo Security S.A. continuing with the corporate finance area that to that date was the responsibility of Valores Security S.A. Corredores de Bolsa, a subsidiary of Banco Security. Today Merchant Security operates with two subsidiaries in the areas of financial asset management and counseling: Securitizadora Security and Asesorías Security, respectively.

The activities of Merchant Security S.A. are related to providing financial advise to companies, particularly in three areas, where it has done business in the past few years:

- Traditional financial counseling, including liability restructuring and securing long-term credits for specific projects.
- Having companies listed in the Stock Exchange and bonds issued.
- Purchase and sale of companies, real estate properties and trademarks.

The Company's net income amounted to US\$0.08 million in 2001. Among its main achievements during the year, it is worth mentioning:

- The Company's consolidation as a supplier of businesses for institutional investors.
- Having transformed itself into a value added service provider for Grupo Security clients.
- having become known as a front-line company supplying sophisticated financial services.

Despite the difficult economic conditions that prevailed in 2001, the Company has studied a large number of projects, that are expected to begin maturing in 2002, both at Merchant and at Securitizadora. Today, Merchant Security has a portfolio of 16 projects, and Securitizadora has two with mandates worth nearly US\$1.53 million, in addition to 21 potential businesses in various stages. In Merchant Security's portfolio, it is worth singling out a number of real estate lease contracts with insurance companies worth US\$31.1 million over the past 18 months, with top companies.

Securitizadora Security S.A.

Securitizadora Security S.A. was created on October 21 of 1997 as a subsidiary of Merchant Security, with the purpose of securitizing a variety of assets and debt certificates in general. The tough economic situation that prevailed in 1998 and the slow recovery of the ensuing years meant that the Company's activity had to be taken very cautiously. In 2000, securitizing activities began to pick up and the Company became a significant contributor to the variety of financial products and services offered by Grupo Security. At December 2001, Securitizadora Security's net income was US\$0.04 million. Securitized bonds to this date amount to US\$30.8 million and yield a return for the Company of nearly 2% a year.

Asesorías Security S.A.

This subsidiary of Merchant Security focuses on risk hedging operations and in providing advise in handling foreign financial assets. For these activities it relies on the support of Morgan Stanley Dean Witter Discover & Co., which has become one of the largest corporations in the world in its line of business. Asesorías Security, that was made into a subsidiary of Merchant Security by late 2000, had net income of US\$ 3,054.41 in the year.



INSURANCE

Inversiones Seguros Security Limitada

In December of 1998, Grupo Security amended the bylaws of the company Inversiones, Seguros y Pensiones Limitada, whereby it was renamed "Inversiones Seguros Security Limitada" and its capital was increased through the shares that Grupo Security owned in the insurance companies Compañía de Seguros Previsión Vida S.A. (life) and Compañía de Seguros Previsión Generales S.A. (non-life). Subsequently, by late 1999, Grupo Security created a new affiliate under the parent company Inversiones Seguros Security Limitada devoted to insurance brokerage, with the name of Corredores de Seguros Security Limitada, which began operating in January of 2000.

Thus, Inversiones Seguros Security Limitada became a subsidiary of Grupo Security, that is in turn a parent unit that covers all its insurance operations.

It must be mentioned that the two "Previsión" Insurance Companies, have taken part in the country's insurance industry for more than 70 years. Their history dates back to the time of the creation of the state-owned Banco del Estado de Chile, when in September of 1928 a social security organization was created for the Bank's employees, under the name of "La Previsión Compañía Chilena de Seguros". The present companies "Seguros Previsión Vida S.A." (life) and "Seguros Previsión Generales S.A." (non life) were created in 1980, when a new law ruled that life and non life operations had to be handled separately. Later on, in December of 1995, Grupo Security acquired a majority stake in both of them from the French group AGF, which were transferred to the Grupo Security subsidiary "Inversiones Seguros Security Limitada" in December of 1998.

Below is a description of the performance of each of the subsidiaries of Inversiones Seguros Security Limitada during the year 2001.

Seguros Previsión Vida S.A.

Among the main activities the Company carried out during 2001 were:

- it continued its development strategy based on traditional insurance, that had been defined for the first time in 1998.
- In customer services, telemarketing, the 800 phone line and the creation of the website www.segurosprevision.cl have permitted closer contact and basic transactions to be made on line. Also mobile offices have been created in Santiago to collect the bills of the family protection policies, through a payroll discount to insured customers at companies.
- In terms of investment, rate arbitrage has been done, thus increasing investment products and the returns of future investments.

The activities performed by Previsión Vida in 2001 resulted in a net income of US\$1.83 million, compared with accumulated earnings of US\$0.96 million in 2000, an increase of 90.4% in one year. All in all, the Company's return on equity was 17.8%.

The results are partly explained by the 9.4% real growth in direct premiums to US\$26.11 million at December of 2001. With a smaller ceded portfolio, withheld premiums grew by 14.5% in one year. It must be noted that every line of business grew from the year before, with the sole exception of collective life policies, because of the Company's decision of not renewing them. The overall industry's 9.3% growth in direct premiums is consistent with the Company's increase. Excluding annuities, where the Company does not operate, Previsión Vida's market share is 4.58% in the industry of life insurance policies other than annuities.

One important entry that determines the Company's results is proceeds from investments, that grew by 9.7% in the year to US\$5.75 million. As for operating costs (i.e. losses, intermediation and administrative expenses), they showed moderate growth as a proportion of sold direct premiums, positively affecting the results.

Seguros Previsión Generales S.A. (non life)

The Company is an active participant in a very competitive industry where a significant adjustment process is under way that has reflected on a number of successive falls in the average prices of non-life policies, with the resulting deterioration in the industry's results and profitability.

The complex economic conditions of the past few years has hit hard the non life insurance industry. To deal with this situation, Previsión Generales made a strategic change and is no longer based on its historical strength, its branch network. Because the effects of the economic crisis have been harder at the regions than in Santiago, and because of the possibility given to banks and department stores to sell non life insurance policies directly, non life insurance companies have suffered important losses in their branches' contribution margins. It must be noted also that 92% of non life insurance policies are sold by brokers in Santiago and only 8% in regions. Accordingly, the Company began a portfolio conversion process, focusing only on 6 branches (in Santiago and the most profitable elsewhere) and closed down 10 branches throughout the country. While in 1997 Previsión Generales made 60% of its sales at the branches and 40% in Santiago, in 2001 the picture was reversed, with 28% of its sales at the branches and 72% in Santiago, and still growing.

The insurance company Previsión Generales lost US\$0.83 in 2001, compared with losses of US\$1.00 million in 2000. Earnings from direct premiums increased 2.5% to US\$23.31 million from 2000. It must be mentioned that in withheld premiums there was a fall of 6.7% from the year before, because of the larger increase in ceded premiums during the year, which grew by 23.7%. The main lines of business where the Company participates include motor vehicles, fire, the mandatory personal insurance related to car accidents, and other property casualty policies. The share of Previsión Generales in the non life insurance market was 3.14% as measured by direct premiums.

As for the Company's risk exposure, loss-related costs declined by 10.7% in the year, while the loss ratio (over earned withheld premiums) dropped to 67% at December 2001, compared with 69.8% the year before.

Regarding efficiency, administrative expenses declined by 12.8%, that account for 39.3% of earnings from net withheld premiums at December 2001 compared with 42.0% the previous year. However, it must be noted that the higher spending of 2001 include some one-time extraordinary expenses originating at the restructuring process undertaken by the Company.

Finally, the distribution channels used by Seguros Previsión Generales are made up by external agents under the supervision of the Company's sales executives who operate through its branch network and representative offices throughout the country, which in a number of locations are shared with Previsión Vida.

Corredores de Seguros Security Limitada

Founded by late 1999, this company began operating in January of 2000 and has shown satisfactory results and profitability from the start, also capturing a good share of the insurance brokerage market.

The main achievements of the Company during 2001, its second year in operation, were:

- First, it consolidated its management and work teams, and particularly completed its commercial team.
- Second, Corredores Security was able to position itself between second and third place in the market, which is regarded as an important accomplishment.
- Also, management models were implemented that permit to exercise good control over the Company's various activities and businesses.

During 2001 the Company's net income amounted to US\$1.61 million, up 67.5% from the year before, yielding a return on equity of 41.0%. In these results it is worth highlighting that the premiums intermediated by the Company generated operating income of US\$5.21 million during the year, a twofold increase from the US\$2.57 million of 2000. The Company's lines of business are mainly oriented at the corporate sector, and to a lesser degree to personal lines, life and health plans and new businesses.

It must be mentioned that by late 2001 the companies "Corredora de Reaseguros Security" and "Agencia de Seguros Security" were created, with the purpose of complementing the businesses performed by Corredores de Seguros Security. These two companies are intended to start operating in early 2002.

SERVICES

Grupo Security's service area includes a real estate brokerage, a travel agency and other services relating to the sales forces that promote the various products in the financial market and that began operating in 2001. In addition, the subsidiary «Invest Security» is providing since 2001 a number of services such as accounting, auditing, and corporate culture development to all the companies in Grupo Security.

Inmobiliaria Security S.A.

This real estate company was created in December of 1995 as a subsidiary of Grupo Security, with the purpose of participating in the financial aspects of the real estate business. Inmobiliaria Security's marketing strategy considers developing its own projects as well as associating with third parties through investors needing real estate management.

The Company participates in the construction and sale of a number of real estate projects through limited operation companies created solely for that purpose. It has also taken part in office buildings outside Santiago under the scheme of advanced sale, before commencement. The Company has also continued to invest in large scale projects whose results will be seen during the coming years.

It is common knowledge that the real estate sector is one of the activities most severely affected by economic cycles. Thus, the slow pace of the economy and the prevailing uncertainty in the marketplace have brought sales to a halt, despite a special tax benefit devised for medium-sized homes that was granted by mid 1999, which translated into a temporary upswing in the sector's sales. During 2000 and 2001 no significant recovery was observed in overall property sales, despite some tax relief measures that were implemented for mortgage loans during 2001. Thus, the real estate scenario remains very complex. Market information on new apartments in the metropolitan region of Santiago at December of 2001 indicate that the average time to sell the properties was 36.32 months, more than twice as long as before the crisis that began in 1997, when it took an average of 15 months.

The Company had net income of US\$0.20 million in 2001, and has continued working on its outstanding projects, where worth singling out are the construction of the Alto El Parque building in the east side of Santiago, and an office building in the El Golf sector. The perspective of reduced market interest rates will expectedly reactivate the real estate industry from 2002 on.

Travel Security S.A.

This company was incorporated into the Group in mid 1999, and has since been operating in a very complicated market where, on top of the terrorist attacks of September 11 and the slow domestic economy, travel agencies were affected heavily by a reduction in commissions decreed by airlines in early 2000. This caused tourism and travel services to concentrate heavily around a reduced number of travel agencies of larger size.

The Company had net income of US\$0.43 million in 2001, down 7.9% from the year before, to a large extent because of the negative impact of the September 11 attacks. It is estimated that the overall industry's drop in sales of international fares has been more than 40% during the year 2001. In this scenario, Travel Security's sales have continued to grow

strongly during the past year, placing itself among the largest travel agencies operating in the local market. Accumulated sales amounted to US\$38.7 million in 2001, up 29.9% in real terms from the year before. According to preliminary figures for the year 2001, Travel Security's market share was near 7.2%, compared with 5.5% a year earlier, which positions it among the largest three travel agencies in the market.

Travel Security's offices are located in the "Patio Isidora" building in the Las Condes district, and has begun opening new branches in downtown Santiago, Iquique in the north and Concepción in the south, plus some agents operating at a number of companies specifically served by the Company.

Global Security Limitada

Global Security began operating in November of 2000 and is dedicated to distributing the products supplied by Grupo Security companies, such as checking accounts, time deposits, mutual funds and the like.

The Company recorded net income of US\$0.09 million in the year 2001, with US\$0.15 million in paid-in capital. At year-end, its sales force is made up of 95 sales women. It is worth noting that Global Security's sale force is highly qualified and specialized in financial and tax-related issues. This is considered a very valuable asset of the Company, because of the knowledge they have of their clients and their specific investment needs.

5.0

▶ **GRUPO SECURITY S.A. COMPANY DESCRIPTION**

▶ **ORGANIZATIONAL STRUCTURE**

▶ **BOARDS OF DIRECTORS AND MANAGEMENT**

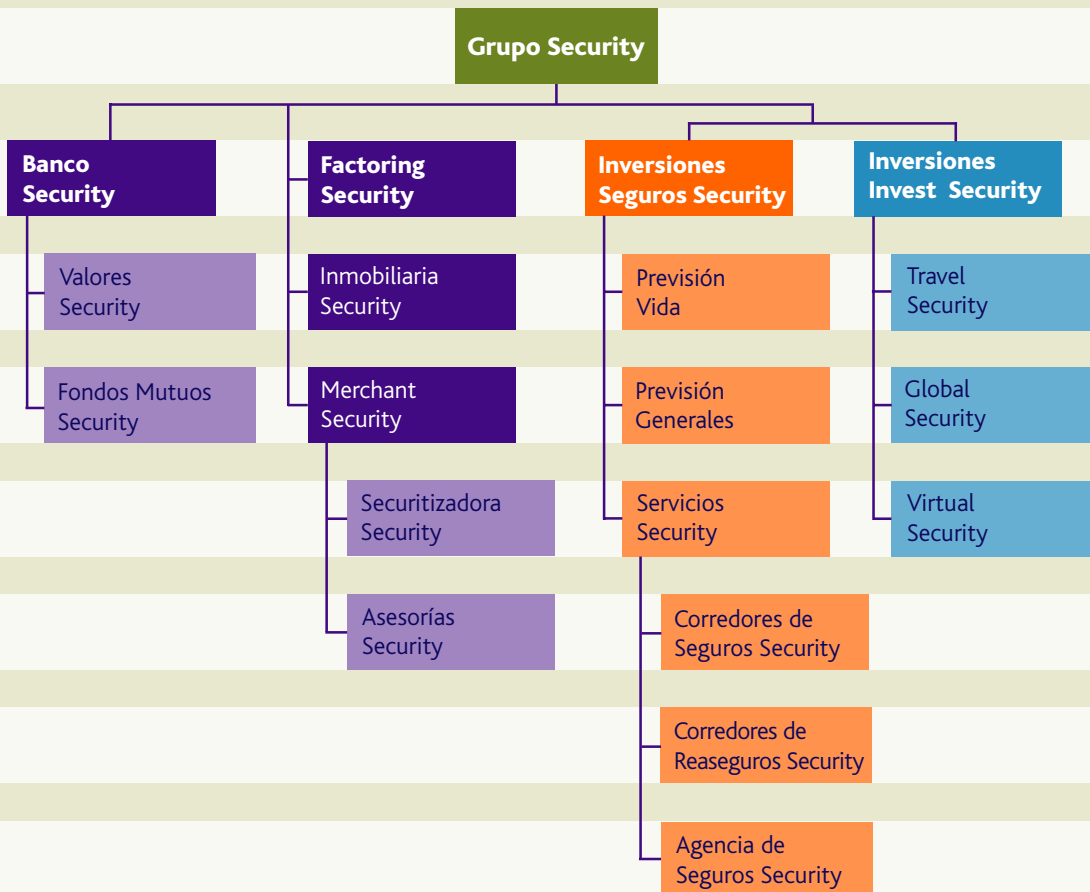


ORGANIZATIONAL STRUCTURE

Although managing and controlling the variety of financial operations where the Grupo Security companies are involved are done as a function of each business area, the organizational structure of the companies is defined according to the chart below.

It is composed by Banco Security (and its subsidiaries Administradora de Fondos Mutuos Security S.A. and Valores Security S.A. Corredores de Bolsa); Factoring Security S.A.; Inmobiliaria Security S.A.; Merchant Security S.A. (and its subsidiaries Securitizadora Security S.A. and Asesorías Security S.A.); Inversiones Seguros Security Limitada (and its subsidiaries Seguros Previsión Vida S.A., Seguros Previsión Generales S.A. and Corredores de Seguros Security Limitada, which in turn is a subsidiary of Servicios Security S.A.); and Inversiones Invest Security Limitada (with its subsidiaries Travel Security S.A., Global Security S.A. and Virtual Security). In 2002, the reinsurance company Corredora de Reaseguros Security Limitada and the insurance agency Agencia de Seguros Security S.A. are planned to begin operating, to complement the business of Corredores de Seguros Security Limitada.

Grupo Security S.A.'s organizational structure can be graphed as shown below:





BOARDS OF DIRECTORS AND MANAGEMENT

BANCO SECURITY

Company Description:

Banking Stock Corporation

Corporate Purpose:

To perform any acts, contracts, operations and activities inherent to commercial banks, in accordance with the legislation in force.

Deeds of Incorporation:

The Company was incorporated by means of a public deed dated August 26, 1981 signed before the Notary Public Mr. Enrique Morgan Torres.

Relevant Information:

On April 1 of 2001, Leasing Security S.A. was merged into Banco Security at book value, with no effect on the results.

On October 31 of 2000, Asesorías Security S.A. was sold to Merchant Security S.A. (a related company to the Bank) at book value, with no effect on the results.

Paid-in Capital and Reserves:

Paid-in capital and reserves amounts to US\$111.31 million at December 31, 2001, including own capital revaluation pursuant to the provisions in Article 10 of Law N° 18046.

Results:

Net income after taxes is US\$14.85 million as of December 31, 2001.

Direct and Indirect Ownership:

Grupo Security S.A. owns 99.999% of the shares.

PRESIDENT:

Ramón Eluchans O.

BOARD OF DIRECTORS:

CHAIRMAN:

Francisco Silva S.

DIRECTORS:

Hernán Felipe Errázuriz C.

Jorge Marín C.

Gustavo Pavez R.

Renato Peñafiel M.

Gonzalo Ruiz U.

Mario Weiffenbach O.

VALORES SECURITY S.A. CORREDORES DE BOLSA

Company Description:

Stock corporation, a subsidiary of Banco Security.

Corporate Purpose:

It is involved in two business areas, including stock brokerage and money desk with operations in fixed-income securities, US dollars and other instruments.

Deeds of Incorporation:

The Company was incorporated by means of a public deed dated April 10, 1987. In accordance to effective legal provisions that rule the securities market and corporations, the Company is registered in the Santiago Registry of Commerce under N° 3630 of 1987. It is also registered in the Registry of Stock Brokers and Securities Agents under Number 0111 of June 2, 1987. At the Special Shareholders' Meeting of October 16 of 1997, the shareholders agreed to rename the Company as "Valores Security S.A. Corredores de Bolsa".

Paid-in Capital and Reserves:

Paid-in Capital and Reserves at December 31 of 2001 amounts to US\$4.31 million and its net worth is US\$5.49 million.

Results:

Net income is US\$1.18 million at December 31, 2001.

Direct and Indirect Ownership:

Banco Security owns 99,900% of the Company's shares.



PRESIDENT:

Nicolás Ugarte B.

BOARD OF DIRECTORS:

CHAIRMAN:

Ramón Eluchans O.

DIRECTORS:

Claudio Berndt C.

Guillermo Correa S.

Javier Gómez C.

Luis Esteban Montalva R.

Juan Oehninger M.

Mario Weiffenbach O.

ADMINISTRADORA DE FONDOS MUTUOS SECURITY S.A.

Company Description:

Stock corporation, a subsidiary of Banco Security.

Corporate Purpose:

Mutual fund administration.

Deeds of Incorporation:

The company was incorporated by means of a public deed dated May 26 of 1992, and its existence was approved by the Securities and Insurance Commission on June 2 of the same year, upon exempt resolution N° 0112.

Relevant Information:

Today, the Company manages eight mutual funds, listed below:

- Security Check, approved upon exempt resolution N°0112 of June 1992.
- Security First, approved upon exempt resolution N°0228 of October 1992.
- Security Premium, approved upon exempt resolution N°0142 of June 1993.
- Security Acciones, approved upon exempt resolution N°0184 of August 1993.
- Security Global Investment, approved upon exempt resolution N°0235 of October 1996.
- Security Gold, approved upon exempt resolution N°054 of February 12, 1998.
- Security Explorer, approved upon exempt resolution N°174 of June 4, 2000.
- Security Bond, approved upon exempt resolution N°353 of October 31, 2001.

The Company is governed by the Securities and Insurance Commission and is subject to the Decree-Law DL 1328 and its regulations.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2001 the Company's paid-in capital is US\$1.76 million and its net worth is US\$3.19 million.

Results:

Net income is US\$1.27 million as of December 31 of 2001.

Direct and Indirect Ownership:

The Company is owned by Banco Security with 99,990% of the Company's shares.

PRESIDENT:

Alfredo Reyes V.

BOARD OF DIRECTORS:

CHAIRMAN:

Oscar Brahm G.

DIRECTORS:

Francisco Juanicotena S.

Gonzalo Ruiz U.

Miguel Angel Soto N.

Adolfo Tocornal R-T.

FACTORING SECURITY S.A.

Company Description:

Closed stock company.

Corporate Purpose:

To perform factoring operations, that is, to purchase or finance, whether with or without liability, any kind of corporate or individually owned receivables, or to provide credit with receivables as collateral, or to administer accounts receivable. Also to purchase or invest in any kind of intangible goods, as well as to manage investments and collect proceeds or rents thereof.

Deeds of Incorporation:

The Company was incorporated by means of a public deed dated November 26, 1992, signed before the Notary Public Mr. Enrique Morgan Torres. The abstract thereof was published in the Official Daily of December 12, 1992 and was registered in the Santiago Registry of Commerce. By a public deed dated October 20 of 1997, the Company was renamed Factoring Security S.A.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2001 the Company's paid-in capital is US\$7.51 million and its net worth is US\$13.01 million.

Results:

Net income recorded at December 31 of 2001 is US\$1.27 million.

Direct and Indirect Ownership:

At year end, Grupo Security S.A. owns 99,999% of the Company's shares.



PRESIDENT:

Juan José Irrarrázaval LL.

BOARD OF DIRECTORS:

CHAIRMAN:

Francisco Silva S.

DIRECTORS:

Francisco Juanicotena S.

Renato Peñafiel M.

Gonzalo Ruiz U.

Mario Weiffenbach O.

INMOBILIARIA SECURITY S.A.

Company Description:

Closed stock company.

Corporate Purpose:

Real estate counseling, investment, and brokerage.

Deeds of Incorporation:

The Company was created as a closed stock company by means of a public deed dated December 14 of 1995, signed before the Notary Public Mr. Enrique Morgan Torres, with an opening capital of US\$1,527.21 dollars, with the purpose of performing permanent and rental investments in any kind of fixed or movable goods. On April 19, 1996 the first Special Shareholders' Meeting was held where the Company's purpose was extended into performing any kind of real estate operations and the capital was increased to US\$2.44 million. The shares were subscribed by Grupo Security S.A. that holds 99,999% of the share capital.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2001, the Company's paid-in capital is US\$2.89 million and its net worth is US\$1.72 million.

Results:

The Company recorded net income of US\$0.20 million at December 31, 2001.

Direct and Indirect Ownership:

Grupo Security S.A. owns 99,999% of the Company's shares, and the remaining 0,001% is owned by Mr. Francisco Silva S.



PRESIDENT:

Jaime Correa H.

BOARD OF DIRECTORS:

CHAIRMAN:

Francisco Silva S.

DIRECTORS:

Luis Montalva R.

Gustavo Pavez R.

Renato Peñafiel M.

Gonzalo Ruiz U.

MERCHANT SECURITY S.A.

Company Description:

Closed stock company

Corporate Purpose:

The Company's purpose is to provide financial, economic, business, accounting, legal, debt restructuring and corporate reengineering counseling, to carry out all kinds of studies related with the above; to make permanent or rental investments in all kinds of tangible and intangible movable goods; to these ends the company may acquire, hold, sell, divest and negotiate in any way and upon any title all kinds of stocks, bonds, debentures, securities, and collect the proceeds and rents thereof; to make investments to form, integrate, participate in and represent any type of companies or enterprises, domestic or foreign that may be engaged in any of the aforementioned lines of business and that may be of interest for the Company.

Deeds of Incorporation:

The Company was incorporated as a closed stock company by means of a public deed dated August 30, 1996.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2001 the Company's capital is US\$1.22 million and its net worth is US\$2.38 million.

Results:

The Company recorded net income of US\$0.08 million at December 31, 2001.

Direct and Indirect Ownership:

Grupo Security S.A. owns 99.8% of the Company's shares and the remaining 0.2% is owned by Factoring Security S.A.

PRESIDENT:

Gonzalo Gormaz D.

BOARD OF DIRECTORS:

CHAIRMAN:

Francisco Silva S.

DIRECTORS:

Jaime Correa H.

José Gabriel Palma A.

Renato Peñafiel M.

Alvaro Vial G.

SECURITIZADORA SECURITY S.A.

Company Description:

Closed stock company, a subsidiary of Merchant Security S.A.

Corporate Purpose:

The Company's exclusive corporate purpose is acquiring the credits referred to by article N° 135 of Law 18045 of 1981 and supplementary legal regulations, as well as issuing short and long term debt certificates.

Deeds of Incorporation:

The Company was created as a closed stock company by means of a public deed dated October 21, 1997 signed before the Notary Public Mr. Alvaro Bianchi Rosas. Upon exempt resolution N° 369 of December 12 of 1997 from the Securities and Insurance Commission, the Company was authorized to exist and its bylaws were approved. The Commission's certificate containing a summary of the Company's bylaws was registered on page 31310 item 25367 of the Registry of Commerce of the Santiago Real Estate Registrar of 1997 and was published in the Official Daily Newspaper on December 23 of the same year. The Company was registered in the Securities and Insurance Commission's Registry with number 640 of April 1, 1998.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2001 the Company's paid-in capital is US\$0.37 million and its net worth is US\$0.55 million.

Results:

The Company recorded net income of US\$0.04 million at December 31, 2001.

Direct and Indirect Ownership:

Merchant Security S.A. owns 99.0% of the Company's shares and Factoring Security S.A owns the remaining 1.0%.

PRESIDENT:

Juan Crocco A.

BOARD OF DIRECTORS:

CHAIRMAN:

Francisco Silva S.

DIRECTORS:

Jaime Correa H.

Ramón Eluchans O.

Renato Peñafiel M.

Mario Weiffenbach O.

ASESORIAS SECURITY S.A.

Company Description:

Closed stock company, a subsidiary of Merchant Security S.A.

Corporate Purpose:

To provide financial advise to the clients, particularly interest rate, exchange rate and commodity price related risk hedging, and financial asset management abroad.

Deeds of Incorporation:

The Company was incorporated by means of a public deed dated November 6, 1992, signed before the Notary Public Mr. Juan Ricardo San Martín Urrejola. It was founded as a subsidiary of Banco Security on August 27 of 1993 through the acquisition of a 95% stake of the Company. At their Special General Meeting held on October 16, 1997, the shareholders agreed to rename the Company as "Asesorías Security S.A.". On November 1, 2000, Asesorías Security S.A. became a subsidiary of Merchant Security S.A.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2001, the Company's paid-in capital and reserves amounts to US\$0.29 million and its net worth is US\$0.19 million.

Results:

The Company recorded net income of US\$3,054.41 at December 31, 2001.

Direct and Indirect Ownership:

Merchant Security S.A. owns 99.9% of the Company's shares and Asesorías e Inversiones Delfos Limitada owns the remaining 0.1% as of December 31, 2001.

PRESIDENT:

Gonzalo Gormaz D.

BOARD OF DIRECTORS:

CHAIRMAN:

Francisco Silva S.

DIRECTORS:

Ramón Eluchans O.

José Gabriel Palma A.

Renato Peñafiel M.

Alvaro Vial G.

INVERSIONES SEGUROS SECURITY LIMITADA

Company Description:

Limited liability company

Corporate Purpose:

To administer all kinds of businesses, either on its own behalf or that of a third party; to provide business administration services, including acquiring and maintaining all kinds of goods on a permanent basis, to sell and operate the civil or natural proceeds of the goods acquired by the Company.

Deeds of Incorporation:

Inversiones Seguros y Pensiones Limitada was incorporated by means of a public deed dated November 28, 1995, signed before the Notary Public Mr. Raúl Undurraga Laso. It was registered in the Santiago Registry of Commerce on that same date on page 29562 N°23698 and the abstract thereof was published in the Official Daily of December 5 of 1995. By a public deed dated December 29, 1998, whose abstract was published in the Official Daily newspaper of January 4, 1999, the Company was renamed as "Inversiones Seguros Security" and its capital was increased.

Paid- in Capital and Stockholders' Equity:

At December 31 of 2001 the Company's paid-in capital and reserves is US\$15.20 million and its net worth is US\$20.12 million.

Results:

The Company recorded net income of US\$1.31 million at December 31 of 2001.

Ownership:

Grupo Security is the direct owner of 99.9999% of the Company's shares.



ATTORNEYS:

Renato Peñafiel M.

Francisco Silva S.

SEGUROS PREVISION VIDA S.A.

Company Description:

Open stock corporation

Corporate Purpose:

Life Insurance

Deeds of Incorporation:

The Company was incorporated by means of a public deed dated August 24, 1981 signed before the Notary Public Mr. Eduardo Avello Arellano and its existence was approved by Resolution N°561-S of September 29, 1981. It was registered in the Santiago Registry of Commerce on October 31, 1981 on page 18847 item N° 10385. The abstract of the deed was published in the Official Daily Newspaper issue of October 10, 1981. On January 16 of 1998 the amendment to the bylaws whereby the Company was renamed "Seguros Previsión Vida S.A." was recorded in the Registry of Commerce, and an abstract thereof was published in the Official Daily Newspaper issue of January 20, 1998. The Company is registered in the Registry of Securities under number 022 and is subject to the regulations of the Securities and Insurance Commission.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2001, the Company's paid-in capital and reserves amounts to US\$0.80 million and its net worth is US\$12.08 million.

Results:

The Company recorded net income of US\$1.83 million at December 31, 2001.

Direct and Indirect Ownership:

Grupo Security S.A., owns 65.3482% of the Company's shares through Inversiones Seguros Security Limitada.



PRESIDENT:

Alejandro Alzérreca L.

BOARD OF DIRECTORS:

CHAIRMAN:

Francisco Silva S.

DIRECTORS:

Claudio Berndt C.

Victor Larraguibel H.

Luis Montalva R.

Alberto Munita I.

Renato Peñafiel M.

Alvaro Santa Cruz G.

SEGUROS PREVISION GENERALES S.A.

Company Description:

Open stock corporation.

Corporate Purpose:

Non-life Insurance.

Deeds of Incorporation:

The Company was incorporated by means of a public deed dated August 24, 1981, signed before the Notary Public Mr. Eduardo Avello Arellano. Its existence was approved upon Resolution N°561-S of September 29, 1981. It was registered in the Santiago Registry of Commerce on October 8 of 1981 on page 18837 item N°10325 and an abstract thereof was published in the Official Daily Newspaper issue of October 10, 1981. The Company is registered in the Registry of Securities and is subject to the regulations of the Securities and Insurance Commission.

Paid-in Capital and Shareholders' Equity:

At December 31, 2001, the Company's paid-in capital is US\$2.46 million and its net worth is US\$3.71 million.

Results:

The Company recorded a net loss of US\$0.83 million at December 31, 2001.

Direct and Indirect Ownership:

Grupo Security S.A., owns 94.94% of the Company's shares, through Inversiones Seguros Security Limitada.



PRESIDENT:

Enrique Alejandro Mandiola P.

BOARD OF DIRECTORS:

CHAIRMAN:

Renato Peñafiel M.

DIRECTORS:

Jaime Correa H.

Ramón Eluchans O.

Gonzalo Ruiz U.

Francisco Silva S.

Alvaro Vial G.

Mario Weiffenbach O.

SERVICIOS SECURITY S.A.

Company Description:

Closed stock company

Corporate Purpose:

To invest in all kinds of businesses, enterprises or activities, in either fixed or movable goods, tangible or intangible, and to provide consulting and advisory services regarding financial, economic and commercial matters.

Deeds of Incorporation:

Servicios Security S.A. was incorporated by means of a public deed dated January 17, 2000, signed before the Notary Public of Santiago Mr. Alvaro Bianchi Rosas. The Company's management was granted to a Board of Directors of seven members elected at the Shareholders' Meeting.

Paid-in Capital and Shareholders' Equity:

At December 31, 2001 the Company's paid-in capital is US\$2.97 million and its net worth is US\$5.59 million.

Results:

The Company's net income at December 31, 2001 is US\$1.65 million.

Direct and Indirect Ownership:

Grupo Security S.A. owns 67.0% of the Company's shares through Inversiones Seguros Security Limitada



PRESIDENT:

Renato Peñafiel M.

BOARD OF DIRECTORS:

CHAIRMAN:

Francisco Silva S.

DIRECTORS:

Luis Alberto Alcalde O.

Claudio Berndt C.

Jaime Donoso N.

Ignacio Fuenzalida de la M.

Horacio Pavez G.

Renato Peñafiel M.

CORREDORES DE SEGUROS SECURITY LIMITADA

Company Description:

Limited liability company

Corporate Purpose:

Insurance brokerage

Deeds of Incorporation:

Corredores de Seguros Security Limitada was incorporated by means of a public deed dated December 3, 1999, signed before the Notary Public of Santiago Mr. Enrique Morgan Torres. The Company's in- and out-of-court administration and representation, as well as the use of the name were granted to its shareholder Servicios Security S.A..

Paid-in Capital and Shareholders' Equity:

At December 31, 2001 the Company's paid-in capital is US\$2.79 million and its net worth is US\$5.54 million.

Results:

The Company recorded net income of US\$1.61 million at December 31, 2001.

Direct and Indirect Ownership:

Grupo Security S.A. participates in the Company through the 67.0% stake it owns of Servicios Security S.A.



PRESIDENT:

Jaime Donoso N.

INVERSIONES INVEST SECURITY LIMITADA

Company Description:

Limited liability company

Corporate Purpose:

To administer all kinds of businesses, either on its own behalf or that of a third party, to provide administration services to enterprises, to acquire, sell and maintain permanently all kinds of goods, to operate the civil or natural proceeds of the goods acquired by the Company.

Deeds of Incorporation:

The Company Inversiones Invest Security Limitada was incorporated by means of a public deed dated June 28 of 2000, signed before the Notary Public Mr. Enrique Morgan Torres.

Paid-in Capital and Shareholders' Equity:

At December 31, 2001 the Company's paid-in capital is US\$3.09 million and its net worth is US\$3.29 million.

Results:

The Company recorded net income of US\$0.12 million at December 31, 2001.

Direct and Indirect Ownership:

Grupo Security is the direct owner of 99.81% of the Company's shares.



MANAGEMENT:

Francisco Silva S.

Renato Peñafiel M.

Ramón Eluchans O.

TRAVEL SECURITY S.A.

Company Description:

Closed stock company

Corporate Purpose:

Travel agency specializing in the sale of air transportation and supplementary services.

Deeds of Incorporation:

The Company was created as a limited liability company by means of a public deed dated July 13 of 1987 signed before the Notary Public Mr. Victor Manuel Correa Valenzuela. Its original purpose was to sell air freight services, an activity it performed exclusively until the end of 1989. At that time it extended its scope to include the sale of personal air transportation, with the accreditation as a IATA agent. On September 16, 1993 it changed from limited liability to stock corporation, and its capital was increased. In early 1995, the air freight division was divested. In April 1997 new shareholders were brought into the Company, who professionalized the Company's management and contributed US\$0.18 million of additional capital. In September of 1999 Grupo Security was incorporated through Inversiones Seguros Security Limitada as a new shareholder taking 75% of the Company's shares and renaming the Company as Travel Security S.A.

Paid-in Capital and Shareholders' Equity:

At December 31, 2001 the Company's paid-in capital is US\$0.51 million and its net worth is US\$1.83 million.

Results:

The Company recorded net worth of US\$0.43 million at December 31 of 2001.

Direct and Indirect Ownership:

Grupo Security S.A. owns 75.0% of the Company's shares, through Inversiones Invest Security Limitada.



PRESIDENT:

Eduardo Correa S.

BOARD OF DIRECTORS:

CHAIRMAN:

Guillermo Correa S.

DIRECTORS:

Ramón Eluchans O.

Naoshi Matsumoto T.

Renato Peñafiel M.

Francisco Silva S.

GLOBAL SECURITY LIMITADA

Company Description:

Limited liability company

Corporate Purpose:

To execute civil mandates relating to obtaining information on third parties and to carry out the administrative formalities aimed at preparing requests for the preliminary evaluation of said information, such that it permits mandators to enter into contracts and acts directly with said third parties without the subsequent intervention of the Company; and generally perform all acts and businesses that relate directly or indirectly with the Company's purpose and that may be agreed on by the shareholders.

Deeds of Incorporation:

Global Security Mandatos Limitada was created by means of a public deed dated October 5, 2000, signed before the Notary Public of Santiago Mr. Enrique Morgan Torres. The administration and use of the name of the Company was granted to its shareholder Inversiones Invest Security Limitada.

Paid-in Capital and Shareholders' Equity:

At December 31, 2001 the Company's paid-in capital is US\$0.16 million and its net worth is US\$0.26 million.

Results:

The Company recorded net income of US\$0.08 million at December 31, 2001.

Direct and Indirect Ownership:

Grupo Security S.A. owns 99,9% of the Company's shares through Inversiones Invest Security Limitada and the remaining 0,1% through Inversiones Seguros Security Limitada.



PRESIDENT:

Alfredo Reyes V.

6.0

▶ *2001 FINANCIAL STATEMENTS OF GRUPO SECURITY S.A.*

- ▶ *INDIVIDUAL FINANCIAL STATEMENTS*
- ▶ *CONSOLIDATED FINANCIAL STATEMENTS*
- ▶ *SUMMARIZED FINANCIAL STATEMENTS OF THE SUBSIDIARIES*

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▶ *INDIVIDUAL FINANCIAL STATEMENTS*

at December 31, 2001 and 2000. Includes Independent Auditors' Report

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ThCh\$ = Thousands of Chilean pesos

MCh\$ = Millions of Chilean pesos

UF = Indexed unit of account

US\$ = US dollar



INDEPENDENT AUDITORS' REPORT



To the Shareholders of
Grupo Security S.A.

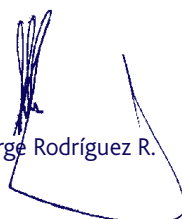
We have audited the accompanying balance sheets of Grupo Security S.A. as of December 31, 2001 and 2000, and the related statements of income and cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the management of Grupo Security S.A.. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Seguros Previsión Generales S.A., Seguros Previsión Vida S.A. and Corredora de Seguros Security Ltda (indirect subsidiaries of the Company) which represent respectively 41.75 % and 43.79% of the Company's total assets as of December 31, 2001 and 2000, and 3.01% and 2.03% of the Company's net income for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those companies, is based solely on the reports of the other auditors.

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

The present financial statements have been prepared to reflect the individual financial position of Grupo Security S.A. on the basis of the criteria described in Note 2 to the financial statements, before consolidating the financial statements of the subsidiaries detailed in Note 7 to the financial statements. Therefore, in order for these individual financial statements to be correctly understood, they should be read and analyzed together with the consolidated financial statements of Grupo Security S.A. and subsidiaries, which are required by accounting principles generally accepted in Chile.

In our opinion, based on our audits and the reports of the other auditors, the individual financial statements referred to above present fairly, in all material respects, the financial position of Grupo Security S.A. as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with the criteria described in Note 2 to the financial statements.

The translation of the financial statements into English has been made solely for the convenience of our English-speaking readers.


Jorge Rodríguez R.

Deloitte & Touche
March 1, 2002



INDIVIDUAL BALANCE SHEETS

December 31, 2001 and 2000 (In thousands of Chilean pesos - ThCh\$)

	2001	2000
Assets	ThCh\$	ThCh\$
Current Assets:		
Cash and banks	5,220	622,294
Time deposits	127,541	181,200
Marketable securities	5,670,479	5,028,672
Other receivables	144,580	89,776
Due from related companies	647,824	505,794
Recoverable taxes	16,535	16,748
Other current assets	212,988	437,167
Total Current Assets	6,825,167	6,881,651
Fixed Assets:		
Machinery and equipment	11,101	11,101
Other fixed assets	145,153	153,527
Accumulated depreciation	(28,145)	(23,867)
Total Fixed Assets - Net	128,109	140,761
Other Assets:		
Investments in related companies	110,513,163	105,928,374
Goodwill	522,283	563,951
Discounts in bonds placed	565,005	664,711
Total other Assets	111,600,451	107,157,036
Total Assets	118,553,727	114,179,448

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

	2001	2000
Liabilities and Shareholders' Equity	ThCh\$	ThCh\$
Current Liabilities:		
Current portion of long-term liabilities with banks and financial institutions	3,175,975	4,311,824
Current portion of bonds	2,019,451	2,054,383
Accounts payable	76,803	37,121
Accruals	22,107	12,303
Withholdings	12,877	6,700
Deferred taxes	6,276	9,897
Total current liabilities	5,313,489	6,432,228
Long-Term Liabilities:		
Liabilities with banks and financial institutions	13,566,830	10,357,154
Bonds payable	9,034,810	10,839,191
Total long-term liabilities	22,601,640	21,196,345
Shareholders' Equity:		
Paid-in capital	42,467,031	42,467,031
Share premium	19,076,608	19,076,608
Other reserves	2,943,926	2,251,194
Deficit in development stage	(614,666)	(183,282)
Retained earnings	18,576,012	13,450,596
Interim dividends	(662,550)	(430,342)
Net income	8,852,237	9,919,070
Total shareholders' equity - net	90,638,598	86,550,875
Total Liabilities and Shareholders' Equity	118,553,727	114,179,448

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



INDIVIDUAL STATEMENTS OF INCOME

For the years ended December 31, 2001 and 2000 (In thousands of Chilean pesos - ThCh\$)

	2001	2000
	ThCh\$	ThCh\$
Sales	-	-
Cost of Sales	-	-
Gross Margin	-	-
Administrative and Selling Expenses	(1,232,502)	(1,800,395)
Operating income (loss)	(1,232,502)	(1,800,395)
Other Income and Expenses:		
Financial income	412,539	496,479
Equity in income of related companies	11,670,849	11,805,267
Other non-operating income	17,617	789,586
Amortization of goodwill	(41,345)	(41,670)
Financial expenses	(1,792,762)	(1,190,339)
Monetary correction	(277,976)	(195,985)
Exchange differences	97,429	71,044
Non-Operating income	10,086,351	11,734,382
Income before Income Taxes	8,853,849	9,933,987
Income Tax	(1,612)	(14,917)
Net Income	8,852,237	9,919,070

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



STATEMENTS OF CASH FLOWS

For the years ended December 31, 2001 and 2000 (In thousands of Chilean pesos - ThCh\$)

	2001 ThCh\$	2000 ThCh\$
Cash Flows from Operating Activities:		
Net income for the year	8,852,237	9,919,070
Charges (credits) to income that do not represent cash flows:		
Depreciation for the year	35,121	34,197
Equity in income of related companies	(11,670,849)	(11,805,267)
Income taxes	1,612	14,917
Amortization of goodwill	41,345	41,670
Monetary correction - net	277,976	195,985
Exchange differences	(97,429)	(71,044)
Decreases (increases) in assets, affecting cash flows:		
Dividends and other distributions received	7,343,945	5,870,864
Other assets	2,850,819	3,239,160
Due from related companies	(95,000)	-
Increases (decreases) in liabilities, affecting cash flows:		
Accounts payable	40,798	(402,722)
Accruals and withholdings	(5,425)	(62,126)
Other current liabilities	-	18,984
Net cash provided by operating activities	7,575,150	6,993,688
Cash Flows from Financing Activities:		
Decrease in bonds payable	(2,697,688)	(2,615,171)
Dividends paid	(4,964,163)	(6,979,316)
Proceeds from loans	1,903,155	10,217,683
Repayment of loans	(1,625,320)	(1,791,719)
Net cash used in financing activities	(7,384,016)	(1,168,523)
Cash Flows from Investing Activities:		
Marketable securities	(678,388)	-
Investments in related companies	(260,270)	(10,978,469)
Purchases of fixed assets	-	(97,527)
Net cash used in investing activities	(938,658)	(11,075,996)
Total Net Cash used during the year	(747,524)	(5,250,831)
Effect of Inflation on Cash and Cash Equivalents	(122,430)	(168,209)
Net Decrease in Cash and Cash Equivalents	(869,954)	(5,419,040)
Cash and Cash Equivalents at the Beginning of the year	1,154,590	6,573,630
Cash and Cash Equivalents at the End of the year	284,636	1,154,590

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



NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

NOTE 1. COMPANY FORMATION AND REGISTRATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting periods

These financial statements cover the years ended December 31, 2001 and 2000.

b. General

The individual financial statements of Grupo Security S.A. as of December 31, 2001 and 2000 have been prepared in accordance with accounting principles generally accepted in Chile, and standards and instructions issued by the Commission Securities and Insurance which have precedence over the former, except for the investments in certain affiliates, which are reported on a single line in the balance sheet under the equity method, and therefore are not consolidated on a line-by-line basis. This treatment does not modify the net income for the periods or the equity.

The financial statements have been issued only for the purpose of making an individual analysis of the Company and, accordingly, should be read in conjunction with the consolidated financial statements, which are required by the accounting principles generally accepted in Chile.

c. Basis of presentation

Amounts for 2000 included in the financial statements and notes there to have been price-level restated by 3.1% to allow comparison with the 2001 amounts.

d. Monetary correction

In order to report the effects of the change in the purchasing power of the currency during the period, non-monetary assets and liabilities, shareholders' equity and income statement accounts have been restated for the change in the Consumer Price Index (CPI), which was 3.1% between January 1 and December 31, 2001 (4.7% in 2000).

e. Foreign currency

Assets and liabilities in foreign currencies are shown at their Chilean peso equivalent, converted at the exchange rate of Ch\$654.79 = US\$1 at December 31, 2001 (Ch\$573.65 = US\$1 at December 31, 2000).

Amounts expressed in inflation index-linked units of accounts (UF) have been converted at the rate of Ch\$16,262.66 = UF1 at December 31, 2001 (Ch\$15,769.92 = UF1 at December 31, 2000).

f. Time deposits

There are valued at face value plus inflation adjustments and accrued interest at each year end.

g. Marketable securities

These are bonds, which are stated at the lower between monetarily corrected cost plus accrued interest and market value.

h. Resale agreements

Resale agreements are valued at the purchase cost plus accrued interest on the basis of the interest rate determined between the purchase cost and the value of the sale at the committed date of sale.

i. Recoverable taxes

Correspond to estimated monthly payments after deducting the yearly income tax due.

j. Fixed assets

These assets are valued at cost plus monetary correction.

k. Depreciation of fixed assets

The year's depreciation of ThCh\$35,121 (ThCh\$34,197 in 2000) has been calculated on the price-level restated fixed asset values in accordance with the remaining useful life years assigned to the assets. Depreciation is calculated using the straight-line method.

l. Investments in related companies

These investments are valued under the equity method of accounting.

m. Goodwill

At December 31, 2001 and 2000 the balance of this item represents the goodwill in the purchase of 99.99% of Banco Security and 99.99% of Factoring Security S.A., which is being amortized over 20 years.

n. Bonds payable

These are bonds issued by the Company at face value plus indexation and interest accrued at each year end. The difference between the face value and the proceeds obtained is deferred and amortized over the average term for payment.

o. Income taxes and deferred taxes

The Company recognizes its tax obligations in accordance with current tax laws.

Deferred taxes arising from items that have a tax treatment other than the book treatment are recorded in accordance with Technical Bulletin No. 60 of the Chilean Institute of Accountants, as amended. The income tax rate applied is that of the year in which the temporary difference that gave rise to the deferred tax reverses.

p. Employee vacations

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

q. Revenue recognition

The Company recognizes as revenue the cost of the services after these have been rendered.

r. Software

Software has been acquired in packages, is accounted for in "Other fixed assets" and is amortized over 4 years in accordance with Circular N° 981 of the Securities and Insurance Commission.

s. Cash and cash equivalents

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

NOTE 3. ACCOUNTING CHANGES

At December 31, 2001 no accounting changes with respect to 2000 have occurred that might significantly affect the interpretation of these financial statements.

NOTE 4. MARKETABLE SECURITIES

The detail of marketable securities, valued in accordance with Note 2.g. is as follows:

	Book value	
	2001 ThCh\$	2000 ThCh\$
Instruments		
General Electric Corp. (Bonds)	5,670,479	2,639,512
Eléctrica Guacolda (Bonds)	-	2,389,160
Total	5,670,479	5,028,672

NOTE 5. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. The detail of the related parties is as follows:

Company	Relationship	Taxpayer ID N°
Banco Security	Direct subsidiary	97.053.000-2
Administradora de Fondos Mutuos Security S.A.	Indirect subsidiary	96.639.280-0
Valores Security S.A. Corredores de Bolsa	Indirect subsidiary	96.515.580-5
Inversiones Seguros Security Limitada	Direct subsidiary	78.769.870-0
Merchant Security S.A.	Direct subsidiary	96.803.620-3
Servicios Security S.A.	Indirect subsidiary	96.849.320-5
Corredora de Seguros Security Limitada	Indirect subsidiary	77.371.990-K
Inversiones Invest Security Limitada	Direct subsidiary	77.461.880-5
Seguros Previsión Generales S.A.	Indirect subsidiary	99.302.000-1
Seguros Previsión Vida S.A.	Indirect subsidiary	99.301.000-6
Inversiones Seguros Security Limitada	Direct subsidiary	78.769.870-0
Factoring Security S.A.	Direct subsidiary	96.655.860-1

b. At December 31, 2001 and 2000 the detail of balances due from related companies is as follows:

Company	Balance	
	2001	2000
	ThCh\$	ThCh\$
Merchant Security S.A.	1,126	1,161
Servicios Security S.A.	31,705	30,063
Corredora de Seguros Security Limitada	354,586	-
Inversiones Invest Security Limitada	110,407	-
Seguros Previsión Generales S.A.	-	319,920
Inversiones Seguros Security Limitada	150,000	154,650
Total	647,824	505,794

c. Transactions

Company	Transaction	Traded amount		Effect on income (Charges) / credits	
		2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$
Banco Security	Time deposits and financial instruments	12,840,320	3,943,906	118,120	266,423
Administradora de Fondos Mutuos Security S.A.	Mutual funds	900,000	665,326	8,940	9,806
Valores Security S.A. Corredores de Bolsa	Financial investments	4,625,340	2,290,183	42,310	147,763
Merchant Security S.A.	Mercantile current account	1,126	1,161	-	-
Servicios Security S.A.	Mercantile current account	31,705	30,063	3,825	765
Corredora de Seguros Security Limitada	Mercantile current account	354,586	-	4,180	-
Inversiones Invest Security Limitada	Mercantile current account	110,407	-	2,910	-
Seguros Previsión Generales S.A.	Consulting	105,045	179,497	-	-
Seguros Previsión Vida S.A.	Consulting	-	140,422	-	-
Inversiones Seguros Security Limitada	Consulting	150,000	154,650	-	-

NOTE 6. INCOME TAX AND DEFERRED TAXES

a. Tax liabilities:

At December 31, 2001 and 2000 the detail of recoverable taxes recorded on the basis of the criteria described in Note 2.o. is as follows:

	2001 ThCh\$	2000 ThCh\$
Corporate income tax	(5,233)	(5,020)
Subtotal	(5,233)	(5,020)
Estimated monthly payments	21,768	21,768
Total recoverable taxes	16,535	16,748

b. Deferred taxes:

At December 31, 2001, the detail of accumulated balances for deferred taxes is as follows:

	Deferred taxes			
	Asset		Liability	
	Short-term	Long-term	Short-term	Long-term
Temporary differences:	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Vacations accrual	3,537	-	-	-
Other	-	-	9,813	-
Total deferred taxes	3,537	-	9,813	-
Complementary accounts balance	-	-	-	-
Net balance per balance sheets	3,537	-	9,813	-

The detail of the accumulated balances at January 1, 2001 of assets and liabilities for deferred taxes and the related complementary accounts is as follows:

	Deferred taxes			
	Asset		Liability	
	Short-term	Long-term	Short-term	Long-term
Temporary differences:	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Vacations accrual	1,845	-	-	-
Other	-	-	11,742	-
Total deferred taxes	1,845	-	11,742	-
Complementary accounts balance	-	-	-	-
Balance at January 1, 2001	1,845	-	11,742	-

The charge to income for income tax is as follows:

	(Charge) credit to income	
	2001 ThCh\$	2000 ThCh\$
Current tax expense:		
Accrual for income tax for the year	(5,233)	(5,020)
Deferred taxes:		
Deferred taxes for the year	3,621	(20,380)
Amortization of complementary accounts of deferred assets and liabilities	-	10,483
Total charge to income	(1,612)	(14,917)

NOTE 7. INVESTMENTS IN RELATED COMPANIES

As of December 31, 2001 and 2000, these investments are valued as explained in Note 2.I., and are detailed as follows:

Taxpayer ID N°	Company	Number of shares	Ownership		Equity of companies		Results for the year	
			2001 %	2000 %	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$
97.053.000-2	Banco Security	62,093,192	99.99	99.99	84,170,263	81,797,713	9,721,003	9,942,012
96.655.860-1	Factoring Security S.A.	204,405,655	99.99	99.99	8,521,450	7,688,288	833,171	1,384,508
78.769.870-0	Inversiones Seguros Security Limitada	-	99.99	99.99	13,173,366	11,802,611	854,553	186,726
96.803.620-3	Merchant Security S.A.	2,994	99.80	99.80	1,557,804	1,603,780	54,025	158,836
96.786.270-3	Inmobiliaria Security S.A.	1,599,999,998	99.99	99.99	942,602	1,233,578	130,413	94,468
77.461.880-5	Inversiones Invest Security Limitada	-	99.81	99.81	2,155,861	1,809,989	78,055	39,226
Total					110,521,346	105,935,959	11,671,220	11,805,776

(continued)

Taxpayer ID N°	Company	Accrued results		Equity value of investment	
		2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$
97.053.000-2	Banco Security	9,720,906	9,941,914	84,169,423	81,796,895
96.655.860-1	Factoring Security S.A.	833,163	1,384,493	8,521,450	7,688,287
78.769.870-0	Inversiones Seguros Security Limitada	854,544	186,722	13,173,235	11,802,492
96.803.620-3	Merchant Security S.A.	53,917	158,518	1,554,689	1,600,573
96.786.270-3	Inmobiliaria Security S.A.	130,412	94,468	942,601	1,233,578
77.461.880-5	Inversiones Invest Security Limitada	77,907	39,152	2,151,765	1,806,549
Total		11,670,849	11,805,267	110,513,163	105,928,374

(Concluded)

On April 7, 2000 the Company made a contribution of ThCh\$2,732,150 to Inversiones Seguros Security Limitada in order to fund new investments.

On October 30, 2000 the Company made a contribution of ThCh\$1,752,700 to Inversiones Invest Security Limitada, thus owning 99.81% of the total paid-in capital.

On October 30, 2000 the Company withdrew ThCh\$1,288,750 from prior year earnings of Inversiones Seguros Security Limitada.

On December 28, 2000 the Company made a capital contribution of ThCh\$6,398,613 to Banco Security, keeping ownership of 99.999% of the Bank's share capital.

On March 28, 2001 the Company made a capital contribution of ThCh\$270,600 to Inversiones Invest Security Limitada, keeping ownership of 99.81% of the total paid-in capital.

NOTE 8. GOODWILL

At December 31, 2001 and 2000 the detail of the goodwill, recorded in accordance with the criteria described in Note 2.m., is as follows:

Taxpayer ID N°	Company	2001		2000	
		Amount amortized during year	Balance of goodwill	Amount amortized during year	Balance of goodwill
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
97.053.000-2	Banco Security	16,848	212,004	16,848	228,849
96.655.860-1	Factoring Security S.A.	24,497	310,279	24,822	335,102
Total		41,345	522,283	41,670	563,951

NOTE 9. SHORT-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS:

At December 31, 2001 and 2000 the detail of the current portion of long-term liabilities with banks is as follows:

Taxpayer ID N°	Banks and financial institutions	Currency or indexation				Total	
		US dollars		UF		2001 ThCh\$	2000 ThCh\$
		2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$		
97.004.000-5	Banco de Chile	-	-	1,419,827	61,399	1,419,827	61,399
97.041.000-7	Banco Boston	1,030,676	948,415	-	-	1,030,676	948,415
97.023.000-9	Corpbanca	-	-	725,472	3,302,010	725,472	3,302,010
Total		1,030,676	948,415	2,145,299	3,363,409	3,175,975	4,311,824
	Outstanding principal	949,446	938,420	1,461,426	3,302,010	2,410,872	4,240,430
	Average annual interest rate	8.75%	8.75%	6.75%	6.75%		

NOTE 10. LONG-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS:

At December 31, 2001 and 2000 the detail of long-term liabilities with banks is as follows:

Taxpayer ID N°	Banks and financial institutions	Currency or indexation	Years to maturity				Closing date current period		Closing date
			More than 1 up to 2	More than 2 up to 3	More than 3 up to 5	More than 5 up to 10	Total long- term at close of financial statements	Average annual interest rate	prior period
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	%	Total long-term at close of financial statements
97.004.000-5	Banco de Chile	UF	989,924	1,979,848	1,979,848	988,349	5,937,969	6.75	7,003,612
97.041.000-7	Banco Boston	Dollars	949,446	949,446	949,444	-	2,848,336	8.75	3,353,542
97.023.000-9	Corpbanca	UF	796,757	1,593,514	1,593,514	796,740	4,780,525	6.75	-
Total			2,736,127	4,522,808	4,522,806	1,785,089	13,566,830		10,357,154

NOTE 11. SHORT- AND LONG-TERM BONDS PAYABLE

At December 31, 2001 and 2000 the detail of the bonds payable recorded on the basis of the criteria described in Note 2.n., is as follows:

Registry number or instrument identification	Series	Outstanding nominal amount placed	Indexation unit	Interest rate	Final term	Payment date		Par value		Placed in Chile or abroad
						Interest	Amortization	2001	2000	
								ThCh\$	ThCh\$	
Long-term bonds current portion										
188-20-11-95	BSECU-A1	88,889	UF	5.9	Sept-2007	Half-yearly	Half-yearly	1,615,564	1,643,510	Chile
188-20-11-95	BSECU-A2	22,222	UF	5.9	Sept-2007	Half-yearly	Half-yearly	403,887	410,873	Chile
Total current portion								2,019,451	2,054,383	
Long-term bonds										
188-20-11-95	BSECU-A1	444,444	UF	5.9	Sept-2007	Half-yearly	Half-yearly	7,227,864	8,671,372	Chile
188-20-11-95	BSECU-A2	111.111	UF	5.9	Sept-2007	Half-yearly	Half-yearly	1,806,946	2,167,819	Chile
Total long-term								9,034,810	10,839,191	

NOTE 12. ACCRUALS AND WRITE-OFFS

The balance relates to the employee vacation accrual in the amount of ThCh\$22,107 (ThCh\$12,303 in 2000) recorded on the basis of the criteria described in note 2.p..

At December 31, 2001 and 2000 no accruals have been deducted from assets nor has the Company performed any write-offs.

NOTE 13. SHAREHOLDERS' EQUITY

At December 31, 2001 and 2000 the movements in capital and reserve accounts were as follows:

	Development							
	Paid-in capital	Share premium	Other reserves	Development stage deficit	Retained earnings	Interim dividends	Income	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Historical balances at								
December 31, 1999	39,341,105	17,672,412	1,086,781	(64,694)	10,158,295	(833,979)	9,176,488	76,536,408
Transfer of 1999 income					9,176,488		(9,176,488)	-
Dividend distribution					(6,205,204)			(6,205,204)
Development stage deficit				(87,466)				(87,466)
Development stage surplus								-
Final matching reserve adjustment								-
Adjustment to reserve for fluctuation final investment			1,261,520	(201,919)				1,261,520 (201,919)
Dividends					(833,979)	833,979		-
Interim dividends						(413,680)		(413,680)
Price-level restatement	1,849,032	830,603	37,123	(25,611)	750,564	(3,723)		3,437,988
Income for the year							9,620,825	9,620,825
Balances, December 31, 2000	41,190,137	18,503,015	2,183,505	(177,771)	13,046,164	(417,403)	9,620,825	83,948,472
Balances, December 31, 2000								
restated by 3.1%	42,467,031	19,076,608	2,251,194	(183,282)	13,450,596	(430,342)	9,919,071	86,550,876
Historical balances at								
December 31, 2000	41,190,137	18,503,015	2,183,505	(177,771)	13,046,164	(417,403)	9,620,825	83,948,472
Transfer of 2000 results					9,620,825		(9,620,825)	-
Transfer of interim dividend					(419,073)	419,073		-
Development stage deficit				(412,994)				(412,994)
Dividend distribution					(4,302,276)			(4,302,276)
Adjustment to reserve for fluctuation final investment			342,373					342,373
Adjustment to reserve for fluctuation			227,000					227,000
Price-level restatement	1,276,894	573,593	191,048	(23,901)	630,372	(2,332)		2,645,674
Interim dividends						(661,888)		(661,888)
Income for the year							8,852,237	8,852,237
Balances at								
December 31, 2001	42,467,031	19,076,608	2,943,926	(614,666)	18,576,012	(662,550)	8,852,237	90,638,598

a. Pursuant to Article 10 of Law 18,046, the price-level restatement of the paid-in capital has been incorporated into the same paid-in capital at each year-end.

b. The balance of ThCh\$2,943,926 (ThCh\$2,251,194 in 2000), reported in «Other reserves», corresponds to the Company's percentage ownership in the matching reserve as of December 31, 2001 and 2000, in the indirect subsidiary Seguros Previsión Vida S.A., and in the reserve for fluctuations in investment accrued as of December 31, 2001 and 2000, in the subsidiary Banco Security.

c. The Company reports a balance of ThCh\$614,666 (ThCh\$183,282 in 2000), resulting from the accumulated deficit in development stage of its subsidiary Inmobiliaria Security S.A.

d. Dividend distribution

The policy agreed by the shareholders is to distribute 50% of net cash basis earnings received by the Company from direct subsidiaries in the year and split the payment into two dividends -an interim dividend and a final dividend.

e. Final dividends:

- In April 2000, final dividends were paid for ThCh\$4,550,483 (historic) and charged to retained earnings.
- In October 2000, final dividends were paid for ThCh\$1,654,721 (historic) and charged to retained earnings.
- In April 2001, final dividends were paid for ThCh\$3,309,442 (historic) and charged to retained earnings.
- In October 2001, final dividends were paid for ThCh\$992,834 (historic) and charged to retained earnings.

f. Interim dividends:

- In October 2000, the Board of Directors agreed to pay an interim dividend of ThCh\$413,680 (historic), agreeing to request a loan to cover such disbursement.
- In October 2001, the Board of Directors agreed to pay an interim dividend of ThCh\$661,888 (historic).

g. Share transactions

In 2001 and 2000 share transactions carried out by the majority shareholders, the Chairman, Directors and management, according to the shareholders' register, were as follows:

Shareholders	Number of shares			
	2001		2000	
	Purchased	Sold	Purchased	Sold
Inversiones Almena Ltda.	-	-	-	150,000
Inversiones Peralillo Ltda.	-	716,771	-	-
Soc, Inversiones Montecasino	50,697	-	-	-
Inversiones Rododendros Ltda.	31,967	-	-	-
Vial Gaete Alvaro	727	-	-	-
Sociedad de Servicios e Inversiones Ltda.	-	-	72,277,335	-
Inversiones Matyco Ltda.	1,251,674	-	54,782,707	2,780,744
Inversiones Arizcun Ltda.	-	-	1,241,738	-
A.F.I. Inverfondos Siglo XXI	-	-	-	2,877,509
Euroinversiones S. A.	-	-	-	334,668
Godoy Osorio Jorge Roberto	-	-	-	13,000
Gonzalez Del Barrio Mario	-	-	-	8,000
Inversiones Santa Paz Ltda.	-	-	10,000	-
Lazo Crichton Roberto	-	-	-	40,000
Martinic Valencia María Carmen	-	-	-	32,920
Matorel Aranguiz Leticia	-	-	-	16,740
Palet Orengo Francisco	-	-	140,000	-
Pino Francia Guillermo Antonio	-	-	-	72,261
Visileac Bianchi Hernán	-	-	-	4,200
Weinreich Raby Lisa	-	-	14,470	-
Zahoran Szechenyi Agazio	-	-	-	45,647
Inversiones Nine Ltda.	250,000	-	-	100,000
Errázuriz Matte Ana Sofia	-	-	-	86,695
Inversiones Los Cactus Ltda.	-	-	86,695	-
Toco S.A.	-	-	750,442	700,000
Inversiones Círculo Financiero	-	-	-	29,000,000
Inversiones Agroindustriales	-	-	-	19,964,814
Inversiones Villuco Ltda.	8,126,560	-	46,747,241	-
San León Inv, y Servicios Ltda.	51,500	-	1,272,704	-
Inversiones Hemaco S. A.	-	-	6,041,647	-
Compañía de Inversiones Río Bueno	-	-	2,031,288	-
Muñoz Vivaldi Rodrigo	-	-	-	1,370,390

(Continued)

Shareholders	Number of shares			
	2001		2000	
	Purchased	Sold	Purchased	Sold
Fiora del Fabro Bartual Enrique	-	-	6,685	-
Inversiones Hidroeléctricas	-	-	10,000,000	-
Gómez y Cobo Ltda.	-	-	409,884	-
Paclama S.A.	1,374,459	-	200,000	-
Berndt Cramer Claudio	-	-	21,577	-
Inversiones Río Rahue S. A.	-	-	415,511	-
Inversiones San Ignacio	-	-	1,307,692	-
Alzerreca Bascuñan Carmen	-	-	225,674	-
Castillo Ruiz Tagle Eduardo	-	303,506	-	-
Inversiones La Pinta Ltda.	-	2,500,000	-	-
Roman Figueroa Gonzalo	-	320,000	-	-
Asesorías e Inversiones Araya Ltda.	-	-	-	150,000
Puentes Lacámara Samuel	-	-	-	340,725
Inversiones E. P. Ltda.	-	-	-	29,681,508
Marín Correa Jorge Eduardo	-	-	-	1,059,716
Polo Sur Soc, de Rentas Ltda.	-	-	1,059,716	-
Fernández Oyarce Jaime Andrés	-	91,028	-	-
Euroinversiones S. A.	-	650,000	-	-
Comercial Los Lagos Ltda.	-	-	-	3,907,647
Vega Maldonado Carlos Germán	-	222,747	-	-
Inversiones Los Chilcos Ltda.	-	-	6,862,473	2,598,388
Inversiones Zunkuntf Ltda.	-	-	-	87,502,205
Inversiones Llascahue Ltda.	-	-	15,216,470	5,761,929
Jaime Correa Hogg	-	-	-	796,544
Hermaco S.A.	-	-	14,108,125	-
Bilbao Hormaeche, Bonifacio	-	-	325,000	50,000
Inmobiliaria El Roble Ltda.	-	-	-	1,500,000
Horacio Pavez	-	-	-	155,274
Barzelatto Sánchez Osvaldo	-	-	-	1,845,550
Inversiones Rododendros Ltda.	-	-	531,705	-
Inversiones Montecasino Ltda.	-	-	3,171,095	-
Inversiones El Rocío Ltda.	-	-	1,224,983	-
Inversiones Parsec Ltda.	-	-	306,246	-
Inversiones D y V Ltda.	-	-	904,913	-
Sergio Candia A.	-	-	-	71,498
Inversiones Peralillo Ltda.	-	-	-	1,366,697
Silva Gaete Matías	-	-	280,140	-
Sociedad de Inversiones Camino Interior El Parque	-	-	-	280,140
Asesorías e Inversiones Las Arañas Ltda.	-	-	-	580,000
De la Mare Peddar Thomas	-	-	-	525,938
Inversiones La Pinta Ltda.	-	-	2,500,000	4,033,522
Inversiones B y B Ltda.	-	-	-	7,764,967
Inversiones Towel Ltda.	-	-	-	40,000
Peñafiel Muñoz María Andrea	-	-	-	31,605
Rentas e Inversiones San Antonio	-	-	1,361,098	-

(Concluded)

NOTE 14. MONETARY CORRECTION

The application of the monetary correction accounting policy described in Note 2d, resulted in a charge of ThCh\$277,976 to income in 2001 (ThCh\$195,985 in 2000), as follows:

	Indexation	(Charge)/credit	
		2001 ThCh\$	2000 ThCh\$
Assets			
Investments in related companies	CPI	2,985,445	3,872,016
Fixed assets	CPI	1,866	743
Goodwill	CPI	16,957	27,185
Sub-total		3,004,268	3,899,944
Liabilities and shareholders' equity			
Shareholders' equity	CPI	(2,645,674)	(3,544,566)
Bank loans, bonds and other liabilities	UF	(652,966)	(590,359)
Sub-total		(3,298,640)	(4,134,925)
Income accounts			
Net charge to income	CPI	16,396	38,996
Total charge to income		(277,976)	(195,985)

NOTE 15. EXCHANGE DIFFERENCES

At December 31, 2001 and 2000 the detail of exchange differences is as follows:

		(Charge)/credit	
		2001 ThCh\$	2000 ThCh\$
Assets			
Investments in US dollars and General Electric bonds		290,325	397,421
Sub-total		290,325	397,421
Shareholders' equity			
Liabilities with Bank Boston		(192,896)	(326,377)
Sub-total		(192,896)	(326,377)
Total credit to income		97,429	71,044

NOTE 16. STATEMENT OF CASH FLOWS

The Company has considered as cash equivalents all those investments made as part of the usual management of cash flows that mature in less than 90 days in conformity with Technical Bulletin N° 50 issued by the Chilean Institute of Accountants, as follows:

	2001	2000
	ThCh\$	ThCh\$
Cash	5,220	622,294
Time deposits	127,541	181,200
Resale agreements on promissory notes issued by Banco Central de Chile	151,875 ⁽¹⁾	351,096 ⁽¹⁾
Total	284,636	1,154,590

(1) These amounts are included in "Other current assets".

Pursuant to Circular N°1,312 of the Securities and Insurance Commission, there are no financing or investing activities affecting future cash flows which are not disclosed in the notes to the financial statements.

"Dividends and other distributions received" in the statement of cash flows include the dividends received by the investees (ThCh\$7,343,945 in 2001 and ThCh\$5,870,864 in 2000).

NOTE 17. CONTINGENCIES AND COVENANTS

At December 31, 2001 and 2000 the Company is not aware of any contingencies and covenants that might affect the interpretation of these financial statements.

NOTE 18. THIRD PARTY GUARANTEES

At December 31, 2001 and 2000 the Company did not receive guarantees from third parties.

NOTE 19. LOCAL AND FOREIGN CURRENCY

a. Assets

Detail	Currency	Amount	
		2001 ThCh\$	2000 ThCh\$
Cash	Indexed Chilean pesos	5,220	622,294
Time deposits	UF	39,464	-
Time deposits	US\$	88,077	181,200
Marketable securities	US\$	5,670,479	5,028,672
Other receivables	Indexed Chilean pesos	144,580	89,776
Due from related companies	Indexed Chilean pesos	647,824	505,794
Recoverable taxes	Indexed Chilean pesos	16,535	16,748
Other current assets	Indexed Chilean pesos	212,988	437,167
Total current assets		6,825,167	6,881,651
Fixed assets	Indexed Chilean pesos	128,109	140,761
Investments in related companies	Indexed Chilean pesos	110,513,163	105,928,374
Goodwill	UF	522,283	563,951
Discounts on bonds placed	UF	565,005	664,711
Total other assets		111,600,451	107,157,036
Total assets		118,553,727	114,179,448

b. Current liabilities

Item	Currency	Up to 90 days			
		2001		2000	
		Amount ThCh\$	Average annual interest rate	Amount ThCh\$	Average annual interest rate
Accounts payable	Indexed Chilean pesos	76,803	-	37,121	-
Accruals and withholdings	Indexed Chilean pesos	34,984	-	19,003	-
Deferred taxes	Indexed Chilean pesos	6,276	-	9,897	-
Sub-total		118,063		66,021	

(continued)

Item	Currency	From 90 days to 1 year			
		2001		2000	
		Amount ThCh\$	Average annual interest rate	Amount ThCh\$	Average annual interest rate
Liabilities with banks and financial institutions	UF	1,419,827	6.75	61,399	6.75
Liabilities with banks and financial institutions	UF	725,472	6.75	3,302,010	6.75
Liabilities with banks and financial institutions	US\$	1,030,676	8.75	948,415	8.75
Bonds payable	UF	2,019,451	5.90	2,054,383	5.90
Sub-total		5,195,426		6,366,207	
	Summary				
	UF	4,164,750		5,417,792	
	US\$	1,030,676		948,415	
	Indexed Chilean peso	118,063		66,021	
	Total	5,313,489		6,432,228	

(concluded)

c. Long-term liabilities for 2001

Item	Currency	2001			
		From 1 to 3 years		From 3 to 5 years	
		Amount ThCh\$	Average annual interest rate	Amount ThCh\$	Average annual interest rate
Liabilities with banks and financial institutions	UF	2,969,772	6.75	1,979,848	6.75
Liabilities with banks and financial institutions	UF	2,390,271	6.75	1,593,514	6.75
Liabilities with banks and financial institutions	US\$	1,898,892	8.75	949,444	8.75
Bonds payable	UF	5,420,886	5.90	3,613,924	5.90
Sub-total		12,679,821		8,136,730	

(continued)

Item	Currency	2001			
		From 5 to 10 years		10 years and thereafter	
		Amount ThCh\$	Average annual interest rate	Amount ThCh\$	Average annual interest rate
			Amount ThCh\$		Average annual interest rate
Liabilities with banks and financial institutions	UF	988,349	6.75	-	-
Liabilities with banks and financial institutions	UF	796,740	8.75	-	-
Sub-total		1,785,089		-	
	Summary				
	UF	19,753,304			
	US\$	2,848,336			
	Total	22,601,640			

(concluded)

d. Long-term liabilities for 2000

Item	Currency	2000			
		From 1 to 3 years		From 3 to 5 years	
		Amount ThCh\$	Average annual interest rate	Amount ThCh\$	Average annual interest rate
			Amount ThCh\$		Average annual interest rate
Liabilities with banks and financial institutions	UF	3,070,760	6.75	2,956,400	-
Liabilities with banks and financial institutions	US\$	2,495,814	8.75	857,728	-
Bonds payable	UF	5,419,598	5.90	5,419,593	-
Sub-total		10,986,172		9,233,721	

(continued)

Item	Currency	2000			
		From 5 to 10 years		10 years and thereafter	
		Amount ThCh\$	Average annual interest rate	Amount ThCh\$	Average annual interest rate
			Amount ThCh\$		Average annual interest rate
Banco Chile Credit	UF	976,452	6.75	-	-
Sub-total		976,452		-	
	Summary				
	UF	17,842,803			
	US\$	3,353,542			
	Total	21,196,345			

(concluded)

NOTE 20. SANCTIONS

In 2001 and 2000 no sanctions were imposed on the Company, its Directors or its Management by the Securities and Insurance Commission.

NOTE 21. ENVIRONMENT

Being a completely financial entity, the Company has not made disbursements in connection with environmental activities.

NOTE 22. SUBSEQUENT EVENTS

From January 1 to March 1, 2002, the date these financial statements are issued, there have been no subsequent events that would materially affect them.

GABRIEL BECERRA T.
Chief Accountant

RENATO PEÑAFIEL M.
General Manager

6.2

► **CONSOLIDATED FINANCIAL STATEMENTS**

at December 31, 2001 and 2000. Includes Independent Auditors' Report

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ThCh\$ = Thousands of Chilean pesos

MCh\$ = Millions of Chilean pesos

UF = Indexed unit of account

US\$ = US dollar




To the Shareholders
Grupo Security S.A.

We have audited the accompanying consolidated balance sheets of Grupo Security S.A. and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income and cash flows for the years then ended. These consolidated financial statements (including the related notes) are the responsibility of the management of Grupo Security S.A.. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Seguros Previsión Generales S.A., Seguros Previsión Vida S.A. and Corredora de Seguros Security Ltda (indirect subsidiaries of the Company) which represent respectively 7.86 % and 6.41% of the Company's total assets as of December 31, 2001 and 2000, and 19.30% and 6.39% of the Company's net income for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those companies, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grupo Security S.A. and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Chile.

The translation of the financial statements into English has been made solely for the convenience of our English-speaking readers.



Jorge Rodríguez R.

Deloitte & Touche

March 1, 2002



CONSOLIDATED BALANCE SHEETS

December 31, 2001 and 2000 (In thousands of Chilean pesos - ThCh\$)

	2001	2000
	ThCh\$	ThCh\$
Assets		
Current:		
Cash and banks	774,976	1,224,750
Time deposits	1,005,918	1,142,902
Marketable securities	6,494,912	5,457,535
Trade accounts receivable, net	46,495,479	55,923,941
Notes receivable	7,129,534	7,701,455
Other receivables	420,003	504,086
Due from related companies	2,312,731	1,830,286
Inventories	25,261	356,326
Recoverable taxes	297,782	320,768
Deferred taxes	464,949	152,475
Other current liabilities	3,411,871	3,218,319
Total current assets	68,833,416	77,832,843
Fixed Assets:		
Buildings and infrastructure	437,991	283,906
Machinery and equipment	716,635	133,895
Other fixed assets	1,047,433	991,660
Accumulated depreciation	(590,285)	(366,418)
Total fixed assets - net	1,611,774	1,043,043
Other Assets:		
Investments in related companies	91,650,587	88,613,738
Goodwill	4,353,014	4,607,386
Discount on bond placement	565,005	664,711
Other receivables - long-term	5,734,349	3,528,201
Due from related companies	142,157	68,287
Intangibles	255,925	254,682
Other	4,360,744	4,716,702
Total other assets	107,061,781	102,453,707
Total Assets	177,506,971	181,329,593

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

	2001	2000
Liabilities and shareholders' equity	ThCh\$	ThCh\$
Current:		
Short-term liabilities with banks and financial institutions	49,166,015	60,084,512
Current portion of long-term liabilities with banks and financial institutions	3,175,975	4,311,824
Current portion of bonds	2,019,451	2,054,383
Accounts payable	3,758,774	3,017,807
Notes payable	1,790	15,308
Other payables	103,942	-
Due to related companies	310,780	2,079,983
Accruals and withholdings	1,272,704	480,639
Other current liabilities	108,518	32,198
Total current liabilities	59,917,949	72,076,654
Long-term Liabilities:		
Liabilities with banks and financial institutions	15,099,300	10,357,154
Bonds payable	9,034,810	10,839,191
Long-term accounts payable	397,407	752,220
Other payables - long-term	59,966	70,157
Accrual for deficit in subsidiaries' equity	610,908	193,277
Deferred taxes	382,846	-
Other long-term liabilities	123,029	47,331
Total long-term liabilities	25,708,266	22,259,330
Minority Interest	1,242,158	442,733
Shareholders' Equity:		
Paid-in capital	42,467,031	42,467,031
Share premium	19,076,608	19,076,608
Other reserves	2,943,926	2,251,194
Deficit in development stage	(614,666)	(183,282)
Retained earnings	18,576,012	13,450,596
Interim dividends	(662,550)	(430,342)
Net income	8,852,237	9,919,071
Total shareholders' equity - net	90,638,598	86,550,876
Total Liabilities and Shareholders' Equity	177,506,971	181,329,593

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



CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2001 and 2000 (In thousands of Chilean pesos - ThCh\$)

	2001	2000
	ThCh\$	ThCh\$
Sales	20,511,210	17,541,817
Cost of Sales	(7,146,065)	(7,751,691)
Gross Margin	13,365,145	9,790,126
Administrative and Selling Expenses	(11,689,814)	(8,293,664)
Operating income	1,675,331	1,496,462
Other Income and Expenses:		
Financial income	882,215	871,182
Equity in income of related companies	10,502,295	10,419,777
Equity in losses of related companies	(514,868)	(650,633)
Other non-operating income	188,397	1,053,416
Other non-operating expenses	(85,841)	(283,575)
Amortization of goodwill	(260,811)	(256,929)
Financial expenses	(2,204,468)	(1,534,439)
Exchange differences	63,952	108,596
Monetary correction	(615,083)	(613,883)
Non-Operating income	7,955,788	9,113,512
Income before income taxes, and minority interest	9,631,119	10,609,974
Minority interest	(428,212)	(288,972)
Income before income tax	9,202,907	10,321,002
Income tax	(350,670)	(401,931)
Net Income	8,852,237	9,919,071

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



CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2001 and 2000 (In thousands of Chilean pesos - ThCh\$)

	2001 ThCh\$	2000 ThCh\$
Cash Flows from Operating Activities:		
Net income for the year	8,852,237	9,919,071
Charges (credits) to income that do not represent cash flows:		
Depreciation for the year	286,293	169,220
Amortization of intangibles	13,478	-
Accruals and write-offs	2,274,439	1,282,283
Equity in income of related companies	(10,502,295)	(10,419,777)
Equity in losses of related companies	514,868	650,633
Dividends received	122,261	-
Loss on sale of fixed assets	6,005	-
Minority interest	428,212	288,972
Amortization of goodwill	260,811	256,929
Exchange differences	(63,952)	(108,596)
Monetary correction - net	615,083	613,883
Other credits that do not represent cash flows	(196,844)	(115,473)
Decreases (increases) in assets, affecting cash flows:		
Dividends and other distributions received	7,343,945	5,870,864
Inventories	329,178	700,323
Trade accounts receivable	4,288,111	(8,341,468)
Accounts and notes receivable	3,448,580	(1,634,109)
Deferred taxes	(142,489)	-
Other assets	4,576,938	515,657
Due from related companies	(1,746,517)	(715,634)
Increases (decreases) in liabilities, affecting cash flows:		
Accounts payable	(512,137)	(1,169,285)
Accruals and withholdings	(87,375)	49,879
Taxes payable	287,446	401,931
Due to related companies	(1,526,760)	(83,831)
Other payables	-	(1,277,380)
Other current liabilities	115,233	(454,956)
Net cash provided by (used in) operating activities	18,984,749	(3,600,864)
Cash Flows from Financing Activities:		
Decrease in bonds payable	(2,697,688)	(2,615,171)
Payment of dividends	(5,065,153)	(6,979,316)
Loans provided by banks	51,169,782	60,290,131
Repayment of loans provided by banks	(58,669,212)	(44,351,330)
Net cash (used in) provided by financing activities	(15,262,271)	6,344,314
Cash Flows from Investing Activities:		
Purchases of fixed assets	(642,263)	(1,091,941)
Marketable securities	(678,388)	(1,613,586)
Investments in related companies	(261,240)	(5,149,102)
Purchase of portfolio of clients	(502,706)	-
Payment of portfolio installments	(1,364,485)	-
Other assets	(533,835)	(8,183)
Net cash used in investing activities	(3,982,917)	(7,862,812)
Total net Cash used during the year	(260,439)	(5,119,362)
Effect of inflation on Cash and Cash Equivalents	(76,788)	26,472
Net decrease in Cash and Cash Equivalents	(337,227)	(5,092,890)
Cash and cash equivalents at beginning of year	3,094,429	8,187,319
Cash and cash equivalents at end of year	2,757,202	3,094,429

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of Chilean pesos-ThCh\$)

NOTE 1. COMPANY FORMATION AND REGISTRATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting periods

These consolidated financial statements cover the years ended December 31, 2001 and 2000.

b. General

The consolidated financial statements of Grupo Security S.A. and subsidiaries as of December 31, 2001 and 2000 have been prepared in accordance with accounting principles generally accepted in Chile, except, as explained in Note 2d, for the investments in certain direct or indirect subsidiaries which, according to an authorization by the Securities and Insurance Commission, are reported on a single line in the balance sheet under the equity method, and therefore are not consolidated line-by-line. This treatment does not modify the year's net income or the equity.

c. Basis of presentation

Amounts for 2000 included in the financial statements and notes have been price-level restated by 3.1% to allow comparison with the 2001 amounts.

In addition, in order to enhance comparability, some reclassifications have been made to the December 31, 2000 financial statements in accordance with the current classification principles applied in the 2001 financial statements.

d. Principles of consolidation

The consolidated financial statements include the assets, liabilities, results and cash flows of the Parent Company and its subsidiaries. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements for 2001 and 2000, and recognition has been given to minority interest.

At December 31, 2001 and 2000, the consolidated Group comprises Grupo Security S.A. (the Company) and the following consolidated subsidiaries:

Taxpayer ID N°	Company name	Percentage of ownership			2000 Total
		2001		Total	
		Direct	Indirect	Total	
96.655.860 - 1	Factoring Security S.A.	99.99%	-	99.99%	99.99%
96.803.620 - 3	Merchant Security S.A.	99.99%	-	99.99%	99.99%
96.786.270 - 3	Inmobiliaria Security S.A.	99.99%	-	99.99%	99.99%
78.769.870 - 0	Inversiones Seguros Security Ltda.	99.99%	-	99.99%	99.99%
77.461.880 - 5	Inversiones Invest Security Ltda.	99.81%	-	99.81%	99.81%

Due to the dissimilarity of their business lines, the financial statements of Banco Security, of which Grupo Security S.A. owns 99.99%, have not been consolidated, nor Seguros Previsión Vida S.A., nor Seguros Previsión Generales S.A., which in 2001 and 2000 are indirect subsidiaries of Grupo Security S.A. as they are currently owned by Inversiones Seguros Security Ltda. Due to the significance of the investment in these companies for Grupo Security S.A., Note 7 includes the balance sheets and income statements of these Companies for 2001 and 2000. Also, some indirect subsidiaries have not been consolidated as they are in a development stage.

e. Monetary correction

In order to report the effects of the change in the purchasing power of the currency during the period, non-monetary assets and liabilities, shareholders' equity and income statement accounts have been restated for the change in the Consumer Price Index (CPI), which was 3.1% between January 1 and December 31, 2001 (4.7% in 2000).

f. Foreign currency

Assets and liabilities in foreign currencies are shown at their Chilean peso equivalent, converted at the exchange rate of Ch\$654.79 = US\$1 at December 31, 2001 (Ch\$573.65 = US\$1 at December 31, 2000).

Amounts expressed in inflation-index-linked units of account (UF) have been converted at the rate of Ch\$16,262.66 = UF1 at December 31, 2001 (Ch\$15,769.92 = UF1 at December 31, 2000).

g. Time deposits

Time deposits are valued at face value plus adjustments and accrued interest at each year end.

h. Marketable securities

These are bonds, which are stated at the lower between monetarily corrected cost plus accrued interest, and market value.

i. Inventories

These are departments, parking lots and warehouses in the buildings owned by the subsidiary Inmobiliaria Security S.A., which are now completed and available for sale. They are valued at their monetarily corrected construction cost.

j. Trade accounts receivable

These are the indirect subsidiary Corredora de Seguros Security Ltda.'s accounts receivable from insurance companies as a result of commissions billed on brokered insurance policies.

At December 31, 2001, ThCh\$1,232,291 (ThCh\$366,829 in 2000) of commissions accrued on undocumented premiums have also been recorded.

k. Allowance for uncollectible accounts

This allowance relates to the indirect subsidiary Travel Security S.A., and is calculated on the basis of the age of accounts receivable.

l. Factoring

Loans for factoring are shown in trade accounts receivable at the acquisition cost of the invoices and documentation, which relates to their face value after deducting the retention and the unearned price difference.

m. Recognition of price difference

The price difference arising from factoring loans is recognized as revenue on the basis of the maturities of the acquired papers.

n. Allowance for assets at risk

The direct subsidiary Factoring Security S.A. has accrued at each year end an allowance to cover the risks of losses on assets of doubtful recovery which has been calculated on the basis of a risk analysis performed by management.

o. Fixed assets

These assets are valued at cost plus monetary correction.

p. Depreciation of fixed assets

The year's depreciation of ThCh\$286,293 (ThCh\$169,220 in 2000) has been calculated on the price-level restated fixed asset values in accordance with the remaining useful life years assigned to the assets. Depreciation is calculated using the straight-line method.

q. Capital leases

Real estate and chattel under capital leases are accounted for as purchases of fixed assets, with the total liability and the related interest being recorded on the accrual basis. These assets are not legally owned by the indirect subsidiary Travel Security S.A. until it exercises its purchase option, after which it may freely dispose of them.

r. Intangibles

These are rights over trademarks and are stated at acquisition cost. The amortization is calculated using the straight-line method over a period of 10 years.

s. Client portfolio

This relates to the payment for the rights acquired in the purchase of the portfolio of clients from a number of insurance brokers. These rights are shown in "Trade accounts receivable" and are amortized over 15 years.

t. Other long-term receivables

This comprises principally the disbursements made by the indirect subsidiary Corredora de Seguros Security Limitada for loans to executives, which will be repaid in April 2003.

u. Investments in related companies

These investments are valued under the equity method of accounting.

v. Goodwill

At December 31, 2001 and 2000 the balance of this item represents the goodwill in the purchase of 99.999% of Banco Security, 99.99% of Factoring Security S.A., and indirect subsidiaries Seguros Previsión Vida S.A. (65.3482%), Seguros Previsión Generales S.A. (94.935%), Travel Security S.A. (75%), Agencias Security S.A. (99.00%) and Asesorías Security S.A. (99.90%), which is being amortized over 20 years.

w. Goodwill in securitization of debt securities - separate equity

Corresponds to goodwill on placement of securitization of debt securities of a separate equity, compared to par value. This goodwill is shown in "Other assets" and is amortized using the straight-line method over the term of the debt security.

The goodwill on placement of securitization of debt securities of a separate equity for the years ended December 31, 2001 and 2000 was ThCh\$77,424 and ThCh\$81,122, respectively.

x. Resale agreements

Resale agreements are valued at purchase cost plus accrued interest on the basis of the interest rate determined between the purchase cost and the value of the sale at the committed date of sale.

y. Recoverable taxes

This comprises the balance of estimated monthly payments after deducting the annual income tax due, plus training credits and other taxes recoverable. It also includes the VAT credit that can be used in subsequent years.

z. Bonds payable

These are bonds issued by the Company at face value plus indexation and interest accrued at each year end. The difference between the face value and the proceeds is deferred and amortized over the average term for repayment.

aa. Accounts payable

The liability arising from the acquisition of the portfolio of the subsidiary Corredora de Seguros Security Limitada is shown in short- and long-term liabilities, and is valued on the basis of the contracts' provisions.

ab. Income taxes and deferred taxes

The Company recognizes its tax obligations in accordance with current laws.

Deferred taxes arising from items that have a tax treatment other than the book treatment are recorded in accordance with Technical Bulletin N° 60 of the Chilean Institute of Accountants, as amended. The income tax rate applied is that of the year in which the temporary difference that gave rise to the deferred tax reverses.

ac. Capital leases

The direct subsidiary Factoring Security S.A.'s capital leases consist of lease contracts with a clause giving the lessee a purchase option over the leased asset at the end of the related contract. Outstanding lease operations at December 31, 2001 and 2000 include terms of up to 180 months.

These operations are valued in accordance with generally accepted accounting principles in Chile and are included in current and long-term assets. Amounts receivable are net of unearned interest, of not due value-added tax and of accruals for losses on contracts.

ad. Revenue recognition

The Company recognizes as revenue the cost of the services when these have been rendered.

The direct subsidiary Inversiones Invest Security Ltda. recognizes as revenue the cost of the products when these have been shipped and/or the services have been rendered.

The direct subsidiary Inmobiliaria Security S.A. recognizes as revenue the proceeds from the sale of real property when the final purchase deeds have been signed.

The indirect subsidiary Corredora de Seguros Security Limitada's revenue relates to commissions earned on documented policies paid to the Company. Also included are the commissions accrued on proposals and policies associated with undocumented premiums.

ae. Forward contracts

The indirect subsidiary Travel Security S.A. has entered into forward contracts which are considered as hedges against exchange rate fluctuations which might affect existing amounts.

The forward currency contracts are valued at market conditions in accordance with Technical Bulletin N° 57 of Chilean Institute of Accountants.

af. Employee vacations

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

ag. Software

Software has been acquired as packages and, is accounted for in "Other fixed assets" and is amortized over 4 years in accordance with Circular N° 981 of the Securities and Insurance Commissions.

ah. Cash equivalents

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

NOTE 3. ACCOUNTING CHANGES

At December 31, 2001 no accounting changes with respect to 2000 have occurred that might significantly affect the interpretation of these financial statements.

NOTE 4. SHORT AND LONG-TERM RECEIVABLES

Item	Current									
	Up to 90 days		More than 90 days		Subtotal		Total current (net)		Long-term	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade accounts receivable	4,596,593	2,675,909	44,688,849	55,696,070	49,285,442	58,371,979	46,495,479	55,923,941	-	-
Allowance for uncollectibles accounts	(3,678)	(3,410)	(2,786,285)	(2,444,628)	(2,789,963)	(2,448,038)	-	-	-	-
Notes receivable	932,052	888,398	6,200,530	6,821,442	7,132,582	7,709,840	7,129,534	7,701,455	-	-
Allowance for uncollectibles accounts	(3,048)	(8,385)	-	-	(3,048)	(8,385)	-	-	-	-
Client portfolio	-	-	-	-	-	-	-	-	5,468,574	3,528,201
Other receivables	420,003	240,918	-	263,168	420,003	504,086	420,003	504,086	265,775	-

NOTE 5. SIGNIFICANT BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. The detail of the related parties is as follows:

Company	Relationship	Taxpayer ID N°
Banco Security	Direct subsidiary	97.053.000-2
Administradora de Fondos Mutuos Security S.A.	Indirect subsidiary	96.639.280-0
Valores Security S.A. Corredores de Bolsa	Indirect subsidiary	96.515.580-5
Seguros Previsión Generales S.A.	Indirect subsidiary	99.302.000-1
Seguros Previsión Vida S.A.	Indirect subsidiary	99.301.000-6
Inmobiliaria Security Ocho Ltda.	Indirect subsidiary	77.395.580-8
Inmobiliaria Security Nueve Ltda.	Indirect subsidiary	77.441.660-9
Inmobiliaria Security Diez Ltda.	Indirect subsidiary	77.464.540-3
Inversiones Jaime Donoso y Cía Ltda.	Management	86.166.600-k

b. At December 31, 2001 and 2000 the detail of balances due to and from related companies is as follows:

Balances receivable:			Short-term		Long-term	
Taxpayer ID N°	Company	Currency	2001	2000	2001	2000
			ThCh\$	ThCh\$	ThCh\$	ThCh\$
77.395.580-8	Inmobiliaria Security Ocho Ltda.	UF	1,475,303	1,020,435	-	-
77.441.660-9	Inmobiliaria Security Nueve Ltda.	UF	256,341	162,042	-	-
77.464.540-3	Inmobiliaria Security Diez Ltda.	UF	327,831	230,838	-	-
96.847.360-3	BSECS-1 Separate equity	Ch\$	1,626	-	-	-
96.847.360-3	BSECS-2 Separate equity	Ch\$	1,626	-	-	-
96.847.360-3	BSECS-3 Separate equity	Ch\$	1,626	-	-	-
97.053.000-2	Banco Security	Ch\$	138,088	2,714	-	-
99.302.000-1	Seguros Previsión Generales S.A.	Ch\$	49,311	319,919	-	-
96.639.280-9	Administradora de Fondos Mutuos Security S.A.	Ch\$	25,979	-	-	-
96.515.580-5	Valores Security S.A. Corredores de Bolsa	Ch\$	35,000	94,338	-	-
77.666.140-6	Corredora de Reaseguros Security Ltda.	Ch\$	-	-	63,119	-
86.166.600-k	Inversiones Jaime Donoso y Cía. Ltda.	Ch\$	-	-	79,038	68,287
Total			2,312,731	1,830,286	142,157	68,287

Balances payable:			Short-term		Long-term	
Taxpayer ID N°	Company	Currency	2001	2000	2001	2000
			ThCh\$	ThCh\$	ThCh\$	ThCh\$
86.166.600-k	Inversiones Jaime Donoso y Cía. Ltda.	Ch\$	310,780	341,283	-	-
97.053.000-2	Banco Security (1)	Ch\$	-	1,512,457	-	-
96.515.580-5	Valores Security S.A. Corredores de Bolsa	Ch\$	-	6,751	-	-
99.302.000-1	Seguros Previsión Generales S.A.	Ch\$	-	219,492	-	-
Total			310,780	2,079,983	-	-

(1) In addition, there are short- and long-term loans provided by Banco Security and which are shown in notes 9 and 10.

c. Transactions

Company	Transaction	Traded amount		Effect on income (Charges) / Credits	
		2001	2000	2001	2000
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Banco Security	Time deposits and financial instruments	12,840,320	3,943,906	118,120	266,423
	Loans	8,957,789	8,731,539	1,276	-
	Purchase - Lease contracts	45,320	-	-	-
	Consulting and real estate brokerage	1,148,621	58,205	1,148,621	58,205
	Commissions	9,301	6,484	(9,301)	(6,484)
	Rents	3,250	9,729	(3,250)	(9,729)
	Sales	35,498	53,365	35,498	53,365
Administradora de Fondos					
Mutuos Security S.A.	Financial instruments	900,000	657,879	8,940	2,359
	Sales	1,543	519	1,543	519
	Consulting	25,000	-	25,000	-
Valores Security S.A.					
Corredores de Bolsa	Financial investments	4,625,340	2,286,405	42,310	143,985
	Consulting	35,000	7,949	35,000	7,949
Seguros Previsión Generales S.A.	Consulting	105,045	179,497	(105,045)	(179,497)
	Commissions	240,098	-	(240,098)	-
	Sales	10,801	15,934	10,801	15,934
Seguros Previsión Vida S.A.	Consulting	-	148,371	-	7,949
	Commissions	105,530	-	(105,530)	-
	Financial instruments	-	3,778	-	(3,778)
Leasing Security S.A.	Purchase - Lease contracts	-	508,864	-	-
Leasing Security S.A.	Discounted notes	-	16,131	-	16,131
Inmobiliaria Security Ocho Ltda.	Current account	1,475,303	1,020,435	139,837	91,351
	Consulting	72,476	-	72,476	-
Inmobiliaria Security Nueve Ltda.	Current account	256,341	162,042	21,769	3,170
	Consulting	-	34,367	-	34,367
Inmobiliaria Security Diez Ltda.	Current account	327,831	230,838	27,446	6,897
	Consulting	-	27,493	-	27,493
Inmobiliaria Security Once Ltda.	Current account	349,388	-	12,264	-

NOTE 6. INCOME TAX AND DEFERRED TAXES

a. Tax liabilities:

At December 31, 2001 and 2000 the detail of recoverable taxes recorded on the basis of the criteria described in note 2 y) is as follows:

	2001 ThCh\$	2000 ThCh\$
Corporate income tax	(290,367)	(503,172)
Subtotal	(290,367)	(503,172)
Estimated monthly payments	572,643	733,685
Credit for fixed assets	334	335
Tax benefits	-	89,920
Other	15,172	-
Total recoverable taxes	297,782	320,768

b. Deferred taxes:

At December 31, 2001, the detail of accumulated balances for deferred taxes is as follows:

	Deferred tax			
	Asset		Liability	
	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$
Temporary differences				
Vacations accrual	17,524	-	-	-
Allowance for uncollectible accounts	446,137	-	-	-
Accrual for bonuses	7,500	-	-	-
Miscellaneous accruals	98,144	-	-	-
Tax losses	10,140	104,277	-	-
Capital leases	-	613,224	-	-
Depreciation of fixed assets	-	-	2,997	-
Valuation of portfolio	-	-	7,076	-
Tax credits	-	-	9,813	-
Leased assets	-	-	94,610	764,762
Valuation of portfolio	-	-	-	87,701
Depreciation of fixed assets	-	-	-	10,739
Total deferred taxes	579,445	717,501	114,496	863,202
Valuation allowance	-	(21,675)	-	-
Complementary accounts balance	-	(225,124)	-	(9,654)
Net balance per balance sheet	579,445	470,702	114,496	853,548

The detail of the accumulated balances at January 1, 2001 of assets and liabilities for deferred taxes and the related complementary accounts is as follows:

	Deferred tax			
	Asset		Liability	
	Short-term	Long-term	Short-term	Long-term
Temporary differences	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Vacations accrual	12,610	-	-	-
Allowance for uncollectible accounts	368,811	-	-	-
Valuation of portfolio	6,650	-	-	-
Miscellaneous accruals	35,026	-	-	-
Tax losses	7,565	-	-	-
Leased assets	-	-	243,464	-
Accrual for losses on forward contracts	-	-	11,742	-
Leased assets	-	-	-	-
Depreciation of fixed assets	-	-	-	-
Total deferred taxes	430,662	-	255,206	-
Valuation allowance	-	-	-	-
Complementary accounts balance	(22,981)	-	-	-
Balance, January 1, 2001	407,681	-	255,206	-

The charge to income for income tax is as follows:

	(Charge) credit to income	
	2001	2000
	ThCh\$	ThCh\$
Current tax expense		
Accrual for income tax for the year	(290,367)	(503,172)
Accrual for flot tax	(530)	(538)
Article 21 special tax	(446)	-
Adjustments to prior years	11,045	-
Deferred taxes		
Year's variation in deferred taxes	(33,636)	(80,240)
Tax benefits	106,852	134,065
Valuation allowance	(21,675)	(134,065)
Amortization of complementary accounts of deferred assets and liabilities	(123,455)	145,412
Other	1,542	36,607
Total charge to income	(350,670)	(401,931)

NOTE 7. INVESTMENTS IN RELATED COMPANIES

As of December 31, 2001 and 2000, these investments are valued as explained in Note 2u, and are detailed as follows:

Name	Ownership		Equity of companies		Results for the year	
	2001	2000	2001	2000	2001	2000
	%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Banco Security	99.999	99.999	84,170,263	81,797,713	9,721,003	9,942,012
Seguros Previsión Generales S.A.	94.935	94.935	2,430,461	2,989,207	(542,339)	(643,945)
Seguros Previsión Vida S.A.	65.348	65.348	7,911,385	6,088,984	1,195,731	627,904
Parque Araucano Limitada	0.000	0.000	-	-	-	(1,857)
Parque Araucano Cuatro Limitada	0.000	0.000	-	-	-	(37,449)
Asesorías Security S.A.	0.000	0.000	-	-	-	67,540
BESC - 1.2 Separate equity	100.000	0.000	3,860	-	-	-
Total			94,515,969	90,875,904	10,374,395	9,954,205

(continued)

Name	Equity in results		Equity value of investment	
	2001	2000	2001	2000
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Banco Security	9,720,906	9,941,914	84,169,423	81,796,895
Seguros Previsión Generales S.A.	(514,868)	(611,327)	2,307,353	2,837,798
Seguros Previsión Vida S.A.	781,389	410,323	5,169,951	3,979,045
Parque Araucano Limitada	-	(1,857)	-	-
Parque Araucano Cuatro Limitada	-	(37,449)	-	-
Asesorías Security S.A.	-	67,540	-	-
BESEC - 1.2 Separate equity	-	-	3,860	-
Total	9,987,427	9,769,144	91,650,587	88,613,738

(concluded)

SEGUROS PREVISION VIDA S.A.

Balance Sheets

(In millions of Chilean pesos - MCh\$)

	2001	2000		2001	2000
Assets:	MCh\$	MCh\$	Liabilities and shareholders' equity:	MCh\$	MCh\$
Investments	53,128	51,073	Reserves for claims	46,211	47,410
Receivables for premiums	1,255	1,668	Other liabilities	1,509	1,276
Receivables for claims	462	892	Capital and reserves	6,715	5,461
Other assets	786	1,142	Net income	1,196	628
Total assets	55,631	54,775	Total liabilities and shareholders' equity	55,631	54,775

Statements of income

For the years ended December 31, 2001 and 2000 (In millions of Chilean pesos - MCh\$)

	2001	2000
	MCh\$	MCh\$
Operating revenue	14,690	13,148
Cost of intermediation, claims and management	(17,133)	(16,039)
Operating results	(2,443)	(2,891)
Revenue from investments	3,766	3,532
Financial expenses	(25)	(42)
Other expenses		
Non-operating results	3,741	3,490
Subtotal	1,298	599
Price-level restatement	(64)	(80)
Other income	154	131
Income tax	(192)	(22)
Net Income	1,196	628

SEGUROS PREVISION GENERALES S.A.

Balance Sheets

(In millions of Chilean pesos - MCh\$)

	2001	2000		2001	2000
Assets:	MCh\$	MCh\$	Liabilities and shareholders' equity:	MCh\$	MCh\$
Investments	3,456	3,738	Reserve for claims	9,559	10,087
Receivables for premiums	7,967	8,185	Other liabilities	1,851	1,881
Reinsurance	1,415	1,711	Capital and reserves	2,973	3,634
Other assets	1,003	1,324	Net income	(542)	(644)
Total assets	13,841	14,958	Total liabilities and shareholders' equity	13,841	14,958

Statements of Income

For the years ended December 31, 2001 and 2000 (In millions of Chilean pesos - MCh\$)

	2001	2000
	MCh\$	MCh\$
Operating results:		
Revenue from earned premiums	9,725	10,713
Cost of claims	(6,439)	(7,210)
Intermediation results	(762)	(872)
Gross margin	2,524	2,631
Administrative cost	(3,781)	(4,337)
Net margin	(1,257)	(1,706)
Revenue from investments	193	282
Other income and expenses	436	252
Price-level restatement	(56)	(49)
Operating results	(684)	(1,221)
Non-operating results	18	228
Results before income tax	(666)	(993)
Income tax	124	349
Net income	(542)	(644)

BANCO SECURITY

Consolidated Balance Sheets at December 31 of:

(In millions of Chilean pesos - MCh\$)

Assets:	2001 MCh\$	2000 MCh\$	Liabilities and shareholders' equity:	2001 MCh\$	2000 MCh\$
Cash	84,105	83,382	Deposits and other		
Net loans	750,923	729,115	liabilities	728,267	750,906
Other credit operations	7,706		Bonds payable	46,933	41,997
Investments	130,335	93,273	Loans from financial		
Other assets	19,255	8,052	institutions and		
Fixed assets	17,142	27,281	Banco Central de Chile	127,761	49,296
			Other liabilities	22,335	17,105
			Voluntary allowances		
			Minority interest		
			Capital and reserves	72,887	70,479
			Other equity accounts	1,561	1,375
			Net Income	9,722	9,943
Total assets	1,009,466	941,103	Total liabilities and shareholders' equity	1,009,466	941,103

Consolidated Statements of Income

For the years ended December 31, 2001 and 2000 (In millions of Chilean pesos - MCh\$)

	2001 MCh\$	2000 MCh\$
Operating revenue	91,651	90,369
Interest and indexation expenses	(57,447)	(63,346)
Loss in intermediation of securities	(1,553)	(66)
Expenses for commissions	(44)	(69)
Other operating expenses	(86)	(53)
Gross margin	32,521	26,835
Employee, administrative and other expenses	(17,937)	(14,173)
Net margin	14,584	12,662
Accruals for assets at risk	(6,650)	(3,909)
Recovery of written-off loans	254	154
Operating results	8,188	8,907
Non-operating results	1,565	1,700
Surplus before taxes	9,753	10,607
Accrual for taxes	(31)	(664)
Net Income	9,722	9,943

NOTE 8. GOODWILL

At December 31, 2001 and 2000 the detail of the goodwill, recorded in accordance with the criteria described in Note 2v., is as follows:

Taxpayer ID N°	Company	2001		2000	
		Amount amortized during year ThCh\$	Balance of goodwill ThCh\$	Amount amortized during year ThCh\$	Balance of goodwill ThCh\$
97.053.000-2	Banco Security	16,848	212,004	16,848	228,849
96.655.860-1	Factoring Security S.A.	24,497	310,279	24,822	335,102
96.654.738-3	Asesorías Security S.A.	1,420	26,984	-	28,404
99.302.000-1	Seguros Previsión Generales S.A.	65,097	1,109,436	65,097	1,174,533
99.301.000-6	Seguros Previsión Vida S.A.	100,347	1,697,590	100,347	1,797,935
96.710.680-1	Agencias Security S.A.	1,749	38,982	1,021	33,968
77.461.880-5	Inversiones Invest Security Limitada	50,853	957,739	-	1,008,595
79.740.720-8	Travel Security S.A.	-	-	48,794	-
Total		260,811	4,353,014	256,929	4,607,386

NOTE 9. SHORT-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS

At December 31, 2001 and 2000 the detail of short-term liabilities with banks is as follows:

Banks and financial institutions	Currency or indexation							
	US dollars		UF		Non-indexed Chilean pesos		Total	
	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$
Banco Security	-	-	2,479,308	2,644,155	100,000	103,100	2,579,308	2,747,255
Banco de A. Edwards	-	-	3,673,684	8,476,885	383,448	380,693	4,057,132	8,857,578
Banco de Crédito e Inversiones	-	-	6,890,564	6,720,364	-	-	6,890,564	6,720,364
Banco Bice	-	-	-	3,612,538	-	-	-	3,612,538
Corpbanca	-	-	712,305	4,093,806	-	-	712,305	4,093,806
Banco Santiago	-	-	5,273,246	4,448,814	250,000	603,135	5,523,246	5,051,949
Banco BHIF	-	-	1,889,404	1,753,800	-	-	1,889,404	1,753,800
Dresdner Banque								
Nationale de Paris	-	-	314,871	1,190,610	-	-	314,871	1,190,610
Banco Sudameris	-	-	787,481	827,812	-	61,860	787,481	889,672
Banco Boston	-	-	2,889,808	3,261,878	-	-	2,889,808	3,261,878
Banco Scotiabank	-	-	3,924,329	3,642,242	-	-	3,924,329	3,642,242
Banco de Chile	-	-	5,081,118	4,079,336	-	-	5,081,118	4,079,336
Banco Internacional	-	-	593,476	476,636	-	-	593,476	476,636
Banco Santander	-	-	4,673,825	5,907,258	-	-	4,673,825	5,907,258
Banco Estado	-	-	7,293,567	4,866,995	-	-	7,293,567	4,866,995
Banco Hsbc Bank USA (1)	-	-	-	1,135,479	-	-	-	1,135,479
Bank of America	-	-	1,111,491	1,649,036	-	-	1,111,491	1,649,036
Citibank	-	-	-	-	844,090	148,080	844,090	148,080
Total	-	-	47,588,477	58,787,644	1,577,538	1,296,868	49,166,015	60,084,512
Average annual interest rate	-	-	6.75	6.75	8.00%	10.00%		

Banks and financial institutions	Currency and indexation					
	US dollars		UF		Total	
	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$
Banco de Chile	-	-	1,419,827	61,399	1,419,827	61,399
Banco Boston	1,030,676	948,415	-	-	1,030,676	948,415
Corpbanca	-	-	725,472	3,302,010	725,472	3,302,010
Total	1,030,676	948,415	2,145,299	3,363,409	3,175,975	4,311,824
Average annual interest rate		8.75	8.75	6.75	6.75	

NOTE 10. LONG-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS

At December 31, 2001 and 2000 the detail of long-term liabilities with banks is as follows:

Banks and financial institutions	Currency or indexation	Years to maturity				Closing date current period		Closing date prior period
		More than 1 up to 2	More than 2 up to 3	More than 3 up to 5	More than 5 up to 10	Total long-term at close of financial statements	Average annual interest rate	Total long-term at close of financial statements
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	%	ThCh\$
Banco de Chile	UF	989,924	1,979,848	1,979,848	988,349	5,937,969	6.75	7,003,612
Banco Boston	US\$	949,446	949,446	949,444	-	2,848,336	8.75	3,353,542
Banco Security	UF	1,532,470	-	-	-	1,532,470	6.00	-
Corpbanca	UF	796,757	1,593,514	1,593,514	796,740	4,780,525	6.75	-
Total		4,268,597	4,522,808	4,522,806	1,785,089	15,099,300		10,357,154

NOTE 11. SHORT- AND LONG-TERM BONDS PAYABLE

At December 31, 2001 and 2000 the detail of the bonds payable recorded on the basis of the criteria described in Note 2z, is as follows:

Registration number or identification of the instrument	Series	Outstanding nominal amount placed		Indexation unit	Interest rate	Final maturity	Payment date		Par value		Placed in Chile or abroad
							Interest	Amortization	2001	2000	
									ThCh\$	ThCh\$	
Long-term bonds current portion											
188-20-11-95	BSECU-A1	88,889	UF	5.9	Sept-2007	Half-yearly	Half-yearly	1,615,564	1,643,510	Chile	
188-20-11-95	BSECU-A2	22,222	UF	5.9	Sept-2007	Half-yearly	Half-yearly	403,887	410,873	Chile	
Total current portion								2,019,451	2,054,383		
Long-term bonds											
188-20-11-95	BSECU-A1	444,444	UF	5.9	Sept-2007	Half-yearly	Half-yearly	7,227,864	8,671,372	Chile	
188-20-11-95	BSECU-A2	111,111	UF	5.9	Sept-2007	Half-yearly	Half-yearly	1,806,946	2,167,819	Chile	
Total long-term								9,034,810	10,839,191		

NOTE 12. ACCRUALS, WITHHOLDINGS AND WRITE-OFFS

The detail of the accruals, withholdings and write-offs is as follows:

	2001	2000
	ThCh\$	ThCh\$
Accrual for bonuses	47,510	53,167
Miscellaneous accruals	611,127	57,201
Vacations accrual	132,041	77,978
Withholdings	482,026	292,293
Total	1,272,704	480,639

At December 31, 2001 and 2000, assets net of accruals are shown in Note 4. The Company did not record any write-offs.

NOTE 13. SHAREHOLDERS' EQUITY

At December 31, 2001 and 2000 the movements in capital and reserve accounts were as follows:

	Paid-in	Share	Development		Retained	Interim	Net income	Total
	capital	premium	Other	stage	earnings	dividends	for the	
	ThCh\$	ThCh\$	reserves	deficit	ThCh\$	ThCh\$	year	ThCh\$
Historical balances at								
December 31, 1999	39,341,105	17,672,412	1,086,781	(64,694)	10,158,295	(833,979)	9,176,488	76,536,408
Transfer of 1999 income					9,176,488		(9,176,488)	-
Dividend distribution					(6,205,204)			(6,205,204)
Development stage deficit				(87,466)				(87,466)
Development stage surplus								-
Final matching reserve adjustment								-
Adjustment to reserve for fluctuation in investment in subsidiary			1,261,520					1,261,520
			(201,919)					(201,919)
Dividends					(833,979)	833,979		-
Interim dividends						(413,680)		(413,680)
Price-level restatement	1,849,032	830,603	37,123	(25,611)	750,564	(3,723)		3,437,988
Income for the year							9,620,825	9,620,825
Balances, December 31, 2000	41,190,137	18,503,015	2,183,505	(177,771)	13,046,164	(417,403)	9,620,825	83,948,472
Balances, December 31, 2000								
restated by 3.1%	42,467,031	19,076,608	2,251,194	(183,282)	13,450,596	(430,342)	9,919,071	86,550,876

(continued)

	Paid-in capital	Share premium	Other reserves	Development stage deficit	Retained earnings	Interim dividends	Net income for the year	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Historical balances at								
December 31, 2000	41,190,137	18,503,015	2,183,505	(177,771)	13,046,164	(417,403)	9,620,825	83,948,472
Transfer of 2000 results					9,620,825		(9,620,825)	-
Transfer of interim dividend					(419,073)	419,073		-
Development stage deficit				(412,994)				(412,994)
Dividend distribution					(4,302,276)			(4,302,276)
Adjustment to reserve for fluctuation in investment in subsidiary			342,373					342,373
Adjustment to reserve for fluctuation			227,000					227,000
Price-level restatement	1,276,894	573,593	191,048	(23,901)	630,372	(2,332)		2,645,674
Interim dividends						(661,888)		(661,888)
Net Income							8,852,237	8,852,237
Balances at								
December 31, 2001	42,467,031	19,076,608	2,943,926	(614,666)	18,576,012	(662,550)	8,852,237	90,638,598

- a. Pursuant to Article 10 of Law 18,046, the price-level restatement of the paid-in capital has been incorporated into the same paid-in capital at each year-end.
- b. The balance of ThCh\$2,943,926 (ThCh\$2,251,194 in 2000), reported in "Other reserves", corresponds to the Company's percentage ownership in the matching reserve as of December 31, 2001 and 2000, in the indirect subsidiary Seguros Previsión Vida S.A., and in the reserve for fluctuations in investment arising as of December 31, 2001 and 2000, in the subsidiary Banco Security.
- c. The Company reports a balance of ThCh\$614,666 (ThCh\$183,282 in 2000), resulting from the accumulated deficit in the development stage of its subsidiary Inmobiliaria Security S.A.
- d. Dividend distribution**
The policy agreed by the shareholders is to distribute 50% of net cash basis earnings received by the Company from direct subsidiaries in the year and split the payment into two dividends -an interim dividend and a final dividend.
- e. Final dividends:**
- In April 2000, final dividends of ThCh\$4,550,483 (historical) were paid and charged to retained earnings.
 - In October 2000, final dividends of ThCh\$1,654,721 (historical) were paid and charged to retained earnings.
 - In April 2001, final dividends of ThCh\$3,309,442 (historical) were paid and charged to retained earnings.
 - In October 2001, final dividends of ThCh\$992,834 (historical) were paid and charged to retained earnings.
- f. Interim dividends:**
- In October 2000, the Board of Directors agreed to pay an interim dividend of ThCh\$413,680 (historical), agreeing to request a loan to cover such payment.
 - In October 2001, the Board of Directors agreed to pay an interim dividend of ThCh\$661,888 (historical).

g. Share transactions

In 2001 and 2000 share transactions carried out by the majority shareholders, the Chairman, Directors and management, according to the Shareholders' Register, were as follows:

Shareholders	Number of shares			
	2001		2000	
	Purchased	Sold	Purchased	Sold
Inversiones Almena Ltda.	-	-	-	150,000
Inversiones Peralillo Ltda.	-	716,771	-	-
Soc. Inversiones Montecasino	50,697	-	-	-
Inversiones Rododendros Ltda.	31,967	-	-	-
Vial Gaete Alvaro	727	-	-	-
Sociedad de Servicios e Inversiones Ltda.	-	-	72,277,335	-
Inversiones Matyco Ltda.	1,251,674	-	54,782,707	2,780,744
Inversiones Arizcun Ltda.	-	-	1,241,738	-
A.F.I. Inverfondos Siglo XXI S.A.	-	-	-	2,877,509
Euroinversiones S. A.	-	-	-	334,668
Godoy Osorio Jorge Roberto	-	-	-	13,000
Gonzalez Del Barrio Mario	-	-	-	8,000
Inversiones Santa Paz Ltda.	-	-	10,000	-
Lazo Crichton Roberto	-	-	-	40,000
Martinic Valencia María Carmen	-	-	-	32,920
Matrel Aranguiz Leticia	-	-	-	16,740
Palet Orege Francisco	-	-	140,000	-
Pino Francia Guillermo Antonio	-	-	-	72,261
Visileac Bianchi Hernan	-	-	-	4,200
Weinreich Raby Lisa	-	-	14,470	-
Zahoran Szechenyi Agazio	-	-	-	45,647
Inversiones Nine Ltda.	250,000	-	-	100,000
Errázuriz Matte Ana Sofia	-	-	-	86,695
Inversiones Los Cactus Ltda.	-	-	86,695	-
Toco S.A.	-	-	750,442	700,000
Inversiones Círculo Financiero	-	-	-	29,000,000
Inversiones Agroindustriales	-	-	-	19,964,814
Inversiones Villuco Ltda.	8,126,560	-	46,747,241	-
San León Inv. y Servicios Ltda.	51,500	-	1,272,704	-
Inversiones Hemaco S. A.	-	-	6,041,647	-
Compañía de Inversiones Río Bueno	-	-	2,031,288	-
Muñoz Vivaldi Rodrigo	-	-	-	1,370,390
Fiora del Fabro Bartual Enrique	-	-	6,685	-
Inversiones Hidroeléctricas	-	-	10,000,000	-
Gómez y Cobo Ltda.	-	-	409,884	-
Paclama S.A.	1,374,459	-	200,000	-
Berndt Cramer Claudio	-	-	21,577	-

(continued)

Shareholders	Number of shares			
	2001		2000	
	Purchased	Sold	Purchased	Sold
Inversiones Río Rahue S. A.	-	-	415,511	-
Inversiones San Ignacio	-	-	1,307,692	-
Alzerreca Bascuñan Carmen	-	-	225,674	-
Castillo Ruiz Tagle Eduardo	-	303,506	-	-
Inversiones La Pinta Ltda.	-	2,500,000	-	-
Roman Figueroa Gonzalo	-	320,000	-	-
Asesorías e Inversiones Araya Ltda.	-	-	-	150,000
Puentes Lacamara Samuel	-	-	-	340,725
Inversiones E. P. Ltda.	-	-	-	29,681,508
Marín Correa Jorge Eduardo	-	-	-	1,059,716
Polo Sur Soc. de Rentas Ltda.	-	-	1,059,716	-
Fernandez Oyarce Jaime Andrés	-	91,028	-	-
Euroinversiones S. A.	-	650,000	-	-
Comercial Los Lagos Ltda.	-	-	-	3,907,647
Vega Maldonado Carlos German	-	222,747	-	-
Inversiones Los Chilcos Ltda.	-	-	6,862,473	2,598,388
Inversiones Zunkunf Ltda.	-	-	-	87,502,205
Inversiones Llascahue Ltda.	-	-	15,216,470	5,761,929
Jaime Correa Hogg	-	-	-	796,544
Hermaco S.A.	-	-	14,108,125	-
Bilbao Hormaeche, Bonifacio	-	-	325,000	50,000
Inmobiliaria El Roble Ltda.	-	-	-	1,500,000
Horacio Pavez	-	-	-	155,274
Barzelatto Sanchez Osvaldo	-	-	-	1,845,550
Inversiones Rododendros Ltda.	-	-	531,705	-
Inversiones Montecasino Ltda.	-	-	3,171,095	-
Inversiones El Rocío Ltda.	-	-	1,224,983	-
Inversiones Parsec Ltda.	-	-	306,246	-
Inversiones D y V Ltda.	-	-	904,913	-
Sergio Candia A.	-	-	-	71,498
Inversiones Peralillo Ltda.	-	-	-	1,366,697
Silva Gaete Matías	-	-	280,140	-
Sociedad de Inversiones Camino Interior El Parque	-	-	-	280,140
Asesorías e Inversiones Las Arañas Ltda.	-	-	-	580,000
De la Mare Peddar Thomas	-	-	-	525,938
Inversiones La Pinta Ltda.	-	-	2,500,000	4,033,522
Inversiones B y B Ltda.	-	-	-	7,764,967
Inversiones Towel Ltda.	-	-	-	40,000
Peñafiel Muñoz María Andrea	-	-	-	31,605
Rentas e Inversiones San Antonio	-	-	1,361,098	-

(Concluded)

NOTE 14. MINORITY INTEREST

Company	Ownership		Minority interest			
	percentage		Liability		Results	
	2001	2000	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$
Global Security S.A.	99.77%	99.77%	(389)	(322)	(128)	(122)
Travel Security S.A.	75.00%	75.00%	(299,223)	(225,304)	(70,891)	(70,060)
Representaciones Security Ltda.	99.00%	99.00%	42	34	53	49
Virtual Security S.A.	99.90%	99.90%	(163)	(125)	74	68
Servicios Security S.A.	67.00%	67.00%	(934,436)	(206,986)	(356,899)	(216,788)
Asesorías Security S.A.	99.90%	99.90%	(128)	(126)	(2)	(2)
Securitizadora Security S.A.	99.00%	99.00%	(3,629)	(4,353)	(265)	(1,789)
Factoring Security S.A.	99.99%	99.99%	(0)	(769)	(2)	(138)
Inmobiliaria Security S.A.	99.99%	99.99%	(1)	(123)	(1)	(16)
Inversiones Seguros Security Ltda.	99.99%	99.99%	(132)	(1,180)	(1)	(19)
Inversiones Invest Security Ltda.	99.81%	99.81%	(4,097)	(3,439)	(147)	(128)
Other companies			(4)	(40)	(2)	(27)
Total			(1,242,158)	(442,733)	(428,212)	(288,972)

NOTE 15. MONETARY CORRECTION

The application of the monetary correction accounting policy described in Note 2e, resulted in a charge of ThCh\$615,083 to income in 2001 (ThCh\$613,883 in 2000), as follows:

	Indexation	(Charge)/credit	
		2001 ThCh\$	2000 ThCh\$
Assets			
Inventories	CPI	3,325	37,343
Fixed assets	CPI	37,335	23,428
Goodwill	CPI	47,283	27,185
Other non-monetary assets	CPI	2,701,347	3,604,228
Other non-monetary assets	UF	61,586	-
Sub-total		2,850,876	3,692,184
Liabilities and Shareholders' Equity			
Shareholders' equity	CPI	(2,645,674)	(3,544,566)
Loans from related companies	CPI	-	(5,987)
Bank loans, bonds and other liabilities	UF	(652,966)	(590,359)
Non-monetary liabilities	CPI	(14,710)	(101,759)
Non-monetary liabilities	UF	(114,369)	(31,703)
Sub-total		(3,427,719)	(4,274,374)
Income accounts			
Net charge to income	CPI	(38,239)	(31,693)
Net charge to income	UF	(1)	-
Sub-total		(38,240)	(31,693)
Total charge to income		(615,083)	(613,883)

NOTE 16. EXCHANGE DIFFERENCES

At December 31, 2001 and 2000 the detail of exchange differences is as follows:

	(Charge)/credit	
	2001	2000
	ThCh\$	ThCh\$
Assets (charges) / credits		
Cash	11,459	-
Investments in US dollars and General Electric bonds	290,325	397,421
Sub-total	301,784	397,421
Liabilities and Shareholders' equity (charges)/credits		
Accounts payable	(44,936)	37,552
Liabilities with Bank Boston	(192,896)	(326,377)
Sub-total	(237,832)	(288,825)
Total credit to income	63,952	108,596

NOTE 17. STATEMENT OF CASH FLOWS

The Parent Company and its subsidiaries have considered as cash equivalents all those investments made as part of the usual management of cash flows that mature in less than 90 days in conformity with Technical Bulletin N° 50 issued by the Chilean Institute of Accountants, as follows:

	2001	2000
	ThCh\$	ThCh\$
Cash	774,976	1,224,750
Time deposits	1,005,918	1,142,902
Marketable securities	824,433	326,270
Resale agreements on promissory notes issued by Banco Central de Chile	151,875 ⁽¹⁾	400,507 ⁽¹⁾
Total	2,757,202	3,094,429

(1) These amounts are included in "Other current assets".

Pursuant to Circular N° 1,312 of the Securities and Insurance Commission, there are no financing or investing activities affecting future cash flows which are not disclosed in the notes to the financial statements.

"Dividends and other distributions received" in the statement of cash flows include the dividends received by the investees (ThCh\$7,343,945 in 2001 and ThCh\$5,870,864 in 2000).

NOTE 18. CONTINGENCIES AND COVENANTS

At December 31, 2001 and 2000 the Parent Company and its subsidiaries are not aware of any contingencies and covenants that might affect the interpretation of these consolidated financial statements.

NOTE 19. THIRD PARTY GUARANTEES

At December 31, 2001 and 2000 the Parent Company and its subsidiaries did not receive guarantees from third parties.

NOTE 20. LOCAL AND FOREIGN CURRENCY

a. Assets

Detail	Currency	Amount	
		2001 ThCh\$	2000 ThCh\$
Cash	Indexed Chilean pesos	405,093	1,151,741
Cash	Non-indexed Chilean pesos	204,509	64,285
Cash	US\$	165,374	8,724
Time deposits	Indexed Chilean pesos	746,969	759,302
Time deposits	Non-indexed Chilean pesos	-	202,400
Time deposits	UF	170,872	-
Time deposits	US\$	88,077	181,200
Marketable securities	Indexed Chilean pesos	333,315	316,963
Marketable securities	Non-indexed Chilean pesos	491,118	111,900
Marketable securities	US\$	5,670,479	5,028,672
Trade accounts receivable	Indexed Chilean pesos	2,367,684	1,940,426
Trade accounts receivable	Non-indexed Chilean pesos	2,076,235	712,419
Other receivables	Indexed Chilean pesos	331,837	334,738
Other receivables	Non-indexed Chilean pesos	88,166	169,348
Factoring placements	UF	42,051,560	53,271,096
Due from related companies	Indexed Chilean pesos	2,264,349	1,760,972
Due from related companies	Non-indexed Chilean pesos	48,382	69,314
Notes receivable	Indexed Chilean pesos	6,714,604	7,399,040
Notes receivable	Non-indexed Chilean pesos	414,930	302,415
Inventories	Indexed Chilean pesos	25,261	356,326
Recoverable taxes	Indexed Chilean pesos	297,782	320,768
Deferred taxes	Indexed Chilean pesos	464,949	152,475
Other current assets	Indexed Chilean pesos	3,411,871	3,218,319
Total current assets		68,833,416	77,832,843

(continued)

Detail	Currency	Amount	
		2001 ThCh\$	2000 ThCh\$
Fixed assets	Indexed Chilean pesos	1,611,774	1,043,043
Long-term receivables	Non-indexed Chilean pesos	5,734,349	3,626,782
Due from related companies	Non-indexed Chilean pesos	142,157	68,287
Investments in related companies	Indexed Chilean pesos	91,650,587	88,613,738
Intangibles	Indexed Chilean pesos	255,925	254,682
Goodwill	UF	1,480,022	1,572,543
Goodwill	Indexed Chilean pesos	2,872,992	3,034,843
Discounts on bonds placed	UF	565,005	664,711
Other	Indexed Chilean pesos	135,400	204,870
Other	UF	4,209,331	4,413,251
Other	Non-indexed Chilean pesos	16,013	-
Total other assets		107,061,781	102,453,707
Total assets		177,506,971	181,329,593

b. Current liabilities

Item	Currency	Up to 90 days			
		2001		2000	
		Amount ThCh\$	Average annual interest rate	Amount ThCh\$	Average annual interest rate
Liabilities with banks and financial institutions	Indexed Chilean pesos	1,477,538	9.6	1,191,059	-
Liabilities with banks and financial institutions	Non-indexed Chilean pesos	1,332,710	9.6	105,810	-
Liabilities with banks and financial institutions	UF	45,197,873	-	57,581,489	-
Accounts payable	Indexed Chilean pesos	1,745,431	7.73	1,475,646	-
Accounts payable	Non-indexed Chilean pesos	1,024,637	-	861,174	-
Accounts payable	US\$	988,706	3.56	680,987	-
Due to related companies	Indexed Chilean pesos	15,302	-	154,407	-
Due to related companies	Non-indexed Chilean pesos	184,971	-	274,647	-
Due to related companies	UF	110,507	5.50	108,410	5.50
Notes payable	Indexed Chilean pesos	1,790	-	15,308	-
Other payables	Non-indexed Chilean pesos	103,942	-	-	-
Accruals and withholdings	Indexed Chilean pesos	764,208	-	300,358	-
Accruals and withholdings	Non-indexed Chilean pesos	425,970	-	168,604	-
Other current liabilities	Indexed Chilean pesos	108,518	-	-	-
Other current liabilities	Non-indexed Chilean pesos	-	-	32,198	-
Sub-total		53,482,103		62,950,097	

(continued)

Item	Currency	From 90 days to 1 year			
		2001		2000	
		Amount ThCh\$	Average annual interest rate	Amount ThCh\$	Average annual interest rate
Liabilities with banks and financial institutions	Indexed Chilean pesos	2,577,721	6.75 - 5.4	1,267,554	6.75 - 6.9
Liabilities with banks and financial institutions	UF	725,472	6.75	3,302,010	6.75
Liabilities with banks and financial institutions	US\$	1,030,676	8.75	948,414	8.75
Bonds payable	UF	2,019,451	5.90	2,054,383	5.90
Due to related companies	Indexed Chilean pesos	-	-	1,512,457	-
Due to related companies	Non-indexed Chilean pesos	-	-	30,062	-
Accruals	Non-indexed Chilean pesos	82,526	-	11,677	-
Sub-total		6,435,846		9,126,557	
	Summary				
	UF	48,053,303		63,046,292	
	US\$	2,019,382		1,629,401	
	Indexed Chilean pesos	6,690,508		5,916,789	
	Non-indexed Chilean pesos	3,154,756		1,484,172	
	Total	59,917,949		72,076,654	

c. Long-term liabilities for 2001

Item	Currency	2001			
		From 1 to 3 years		From 3 to 5 years	
		Amount ThCh\$	Average annual interest rate	Amount ThCh\$	Average annual interest rate
Liabilities with banks and financial institutions	Indexed Chilean pesos	4,502,242	6.75 - 6.00	1,979,848	6.75
Liabilities with banks and financial institutions	UF	2,390,271	6.75	1,593,514	6.75
Liabilities with banks and financial institutions	US\$	1,898,892	8.75	949,444	8.75
Capital leases	UF	30,995	7.20	28,971	7.20
Bonds payable	UF	5,420,886	5.90	3,613,924	5.90
Accrual for equity deficit	Indexed Chilean pesos	610,908	-	-	-
Deferred tax	Indexed Chilean pesos	345,491	-	-	-
Accounts payable	Indexed Chilean pesos	397,407	-	-	-
Other long-term liabilities	Indexed Chilean pesos	123,029	-	-	-
Sub-total		15,720,121		8,165,701	

Item	Currency	2001			
		From 5 to 10 years		From 10 years thereafter	
		Amount ThCh\$	Average annual interest rate	Amount ThCh\$	Average annual interest rate
Liabilities with banks and financial institutions	UF	988,349	6.75	-	-
Liabilities with banks and financial institutions	UF	796,740	8.75	-	-
Deferred tax	Indexed Chilean pesos	37,355	-	-	-
Sub-total		1,822,444			
	Summary				
	Indexed Chilean pesos	7,996,280			
	UF	14,863,650			
	US\$	2,848,336			
	Total	25,708,266			

d. Long-term liabilities for 2000

Item	Currency	2000			
		From 1 to 3 years		From 3 to 5 years	
		Amount ThCh\$	Annual average interest rate	Amount ThCh\$	Annual average interest rate
Liabilities with banks and financial institutions	UF	3,070,760	6.75	2,956,400	-
Liabilities with banks and financial institutions	US\$	2,495,814	8.75	857,728	-
Bonds payable	UF	5,419,598	5.90	5,419,593	-
Accounts payable	Indexed Chilean pesos	752,220	-	-	-
Other payables	Indexed Chilean pesos	70,157	-	-	-
Accrual for equity deficit	Indexed Chilean pesos	193,277	-	-	-
Other long-term liabilities	Indexed Chilean pesos	47,331	-	-	-
Sub-total		12,049,157		9,233,721	

Item	Currency	2000			
		From 5 to 10 years		From 10 years thereafter	
		Amount	Annual average interest rate	Amount	Annual average interest rate
		ThCh\$		ThCh\$	
Liabilities with banks and financial institutions	UF	976,452	6.75	-	-
Sub-total		976,452			
Summary					
	Indexed Chilean pesos	1,062,985			
	UF	17,842,803			
	US\$	3,353,542			
	Total	22,259,330			

NOTE 21. SANCTIONS

In 2001 and 2000 no sanctions were imposed on the Parent Company, its subsidiaries, their Directors and their Management by the Securities and Insurance Commission.

NOTE 22. ENVIRONMENT

In 2001 and 2000, the Parent Company and its subsidiaries did not make significant disbursements for investments or expenses required in connection with the environment.

NOTE 23. SUBSEQUENT EVENTS

From January 1 to March 1, 2002, the date these financial statements are issued, there have been no subsequent events that would materially affect them.

GABRIEL BECERRA T.
Chief Accountant

RENATO PEÑAFIEL M.
General Manager

6.3

▶ **SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES**

at December 31 of 2001 and 2000 (in millions of Chilean pesos-MCh\$).

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BANCO SECURITY AND SUBSIDIARIES

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001 MCh\$	2000 MCh\$
Assets		
Current Assets	84,970.0	83,730.0
Net Loans	750,923.3	770,726.0
Investments	140,604.6	118,859.5
Fixed Assets	11,965.6	14,183.7
Other Assets	27,421.5	18,790.1
Total Assets	1,015,885.0	1,006,289.3
Liabilities		
Time Deposits and Other	729,337.3	791,239.6
Loans from Financial Institutions	132,947.6	66,500.0
Subordinates Bonds	46,933.4	48,165.7
Other Liabilities	22,496.3	18,586.1
Capital & Reserves	74,448.4	71,854.8
Net Income	9,722.0	9,943.1
Total Liabilities & Equity	1,015,885.0	1,006,289.3
Income Statements		
Operating Income	10,124.4	12,939.3
Non Operating Income	(105.0)	(159.1)
Net Income Before Taxes	10,019.4	11,347.9
Taxes	(296.3)	(1,394.9)
Minority Interest	(1.1)	(9.9)
Net Income	9,722.0	9,943.1
Cash Flow		
Cash flow from operating activities	20,316.9	12,966.1
Cash flow from Investment activities	(30,226.6)	(136,632.4)
Cash flow from Financing activities	10,187.0	134,562.2
Net Cash Flow	277.3	10,895.9
Monetary Correction	962.7	3,269.3
Net Variation of Cash and Cash Equivalents	1,240.0	14,165.2



VALORES SECURITY S.A. CORREDORES DE BOLSA

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	72,271.0	123,795.0
Long-Term Assets	77.0	93.0
Fixed Assets	390.0	397.0
Total Assets	72,738.0	124,285.0
Liabilities		
Current Assets	69,141.0	120,538.0
Capital & Reserves	2,825.0	2,740.0
Net Income	772.0	1,007.0
Total Liabilities & Income	72,738.0	124,285.0
Income Statement		
Operating Income	856.0	1,144.0
Non Operating Income	40.0	(16.0)
Net Income Before Taxes	896.0	1,128.0
Taxes	(124.0)	(121.0)
Net Income	772.0	1,007.0
Cash Flow		
Cash flow from operating activities	(3,489.0)	690.0
Cash flow from Investment activities	67.0	60.0
Cash flow from Financing activities	4,086.0	(675.0)
Net Cash Flow	664.0	75.0
Monetary Correction	(38.0)	(47.0)
Net Variation of Cash and Cash Equivalents	626.0	28.0



ADMINISTRADORA DE FONDOS MUTUOS SECURITY S.A.

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	2,135.0	2,198.0
Otros Activos	58.0	73.0
Total Assets	2,193.0	2,271.0
Liabilities		
Current Liabilities	104.0	163.0
Capital & Reserves	1,155.0	1,155.0
Retained Net Income	102.0	96.0
Net Income	832.0	857.0
Total Liabilities & Equity	2,193.0	2,271.0
Income Statement		
Operating Income	814.0	719.0
Non Operating Income	159.0	279.0
Net Income Before Taxes	973.0	998.0
Taxes	(141.0)	(141.0)
Net Income	832.0	857.0
Cash Flow		
Cash flow from operating activities	836.0	1,332.0
Cash flow from Investment activities	(837.0)	(684.0)
Cash flow from Financing activities	(1,169.0)	(492.0)
Net Cash Flow	(1,170.0)	156.0
Monetary Correction	(52.0)	(92.0)
Net Variation of Cash and Cash Equivalents	(1,222.0)	64.0



FACTORING SECURITY S.A.

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	50,581.0	61,012.0
Fixed Assets	206.0	184.0
Other Assets	4,213.0	6,561.0
Total Assets	55,000.0	66,757.0
Liabilities		
Current Liabilities	46,193.0	58,848.0
Long-Term Liabilities	285.0	221.0
Capital & reserves	7,689.0	6,304.0
Net Income	833.0	1,384.0
Total Liabilities & Equity	55,000.0	66,757.0
Income Statement		
Operating Income	1,102.0	1,885.0
Non-Operating Income	(155.0)	(342.0)
Net Income Before Taxes	947.0	1,543.0
Taxes	(114.0)	(159.0)
Net Income	833.0	1,384.0
Cash Flow		
Cash flow from operating activities	12,217.0	(9,516.0)
Cash flow from Investment activities	(151.0)	(121.0)
Cash flow from Financing activities	(12,047.0)	9,053.0
Net Cash Flow	19.0	(584.0)
Monetary Correction	(13.0)	(5.0)
Net Variation of Cash and Cash Equivalents	6.0	(589.0)



INMOBILIARIA SECURITY S.A.

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	4,258.0	4,146.0
Fixed Assets	9.0	12.0
Other Assets	70.0	31.0
Total Assets	4,337.0	4,189.0
Liabilities		
Current Liabilities	1,248.0	2,762.0
Long-Term Liabilities	2,147.0	194.0
Capital & Reserves	1,949.0	1,949.0
Subsidiary Start-up Deficit	(615.0)	(391.0)
Start-up Deficit		(16.0)
Accumulated Income	(522.0)	(403.0)
Net Income	130.0	94.0
Total Liabilities & Equity	4,337.0	4,189.0
Income Statement		
Operating Income	33.0	178.0
Non Operating Income	52.0	(47.0)
Net Income Before Taxes	85.0	131.0
Taxes	45.0	(37.0)
Net Income	130.0	94.0
Cash Flow		
Cash flow from operating activities	(1,040.0)	397.0
Cash flow from Investment activities	(519.0)	(431.0)
Cash flow from Financing activities	1,406.0	34.0
Net Cash Flow	(153.0)	
Monetary Correction		(3.0)
Net Variation of Cash and Cash Equivalents	(153.0)	(3.0)



MERCHANT SECURITY S.A. AND SUBSIDIARIES

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	1,542.0	1,596.0
Fixed Assets	27.0	25.0
Other Assets	143.0	119.0
Total Assets	1,712.0	1,740.0
Liabilities		
Current Liabilities	76.0	87.0
Long-Term Liabilities	74.0	45.0
Minoritary Interest	4.0	4.0
Capital & Reserves	1,504.0	1,445.0
Net Income	54.0	159.0
Total Liabilities & Equity	1,712.0	1,740.0
Income Statement		
Operating Income	(3.0)	71.0
Non-Operating Income	61.0	48.0
Net Income Before Taxes	58.0	119.0
Minoritary Interest		(2.0)
Taxes	(4.0)	(26.0)
Net Income before acquisition		68.0
Net Income	54.0	159.0
Cash Flow		
Cash flow from operating activities	182.0	216.0
Cash flow from Investment activities	82.0	(16.0)
Cash flow from Financing activities	(199.0)	2.0
Net Cash Flow	65.0	202.0
Monetary Correction	(32.0)	(38.0)
Net Variation of Cash and Cash Equivalents	33.0	164.0



SECURITIZADORA SECURITY S.A.

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	324.0	397.0
Fixed Assets	12.0	11.0
Other Assets	114.0	88.0
Total Assets	450.0	496.0
Liabilities		
Current Assets	13.0	16.0
Long-Term Liabilities	74.0	44.0
Capital & Reserves	337.0	257.0
Net Income	26.0	179.0
Total Liabilities & Equity	450.0	496.0
Income Statement		
Operating Income	25.0	217.0
Non-Operating Income	9.0	(7.0)
Net Income Before Taxes	34.0	210.0
Taxes	(8.0)	(31.0)
Net Income	26.0	179.0
Cash Flow		
Cash flow from operating activities	160.0	67.0
Cash flow from Investment activities	(99.0)	
Cash flow from Financing activities	(6.0)	(11.0)
Net Cash Flow	55.0	56.0
Monetary Correction	(5.0)	(15.0)
Net Variation of Cash and Cash Equivalents	50.0	41.0



ASESORIAS SECURITY S.A.

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	143.0	151.0
Fixed Assets	10.0	5.0
Total Assets	153.0	156.0
Liabilities		
Current Assets	25.0	30.0
Capital & Reserves	126.0	211.0
Net Income	2.0	(85.0)
Total Liabilities & Equity	153.0	156.0
Income Statement		
Operating Income	(6.0)	(91.0)
Non-Operating Income	(1.0)	7.0
Net Income Before Taxes	(7.0)	(84.0)
Taxes	9.0	(1.0)
Net Income	2.0	(85.0)
Cash Flow		
Cash flow from operating activities	6.0	(150.0)
Cash flow from Investment activities	(9.0)	(2.0)
Cash flow from Financing activities		
Net Cash Flow	(3.0)	(152.0)
Monetary Correction	(1.0)	(6.0)
Net Variation of Cash and Cash Equivalents	(4.0)	(158.0)



INVERSIONES SEGUROS SECURITY LTDA. AND SUBSIDIARIES

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	2,706.3	962.6
Fixed Assets	432.4	150.2
Other Assets	16,219.7	13,519.1
Total Assets	19,358.4	14,631.9
Liabilities		
Current Assets	4,765.5	1,687.3
Long-Term Liabilities	485.1	935.0
Minority Interest	934.4	207.0
Capital & Reserves	12,318.9	11,615.9
Net Income	854.5	186.7
Total Liabilities & Equity	19,358.4	14,631.9
Income Statement		
Operating Income	1,460.8	724.6
Non-Operating Income	(6.3)	(221.8)
Net Income Before Taxes	1,454.5	502.8
Taxes	(243.0)	(111.3)
Interes Minoritario	(356.8)	(204.8)
Net Income	854.5	186.7
Cash Flow		
Cash flow from operating activities	(450.7)	(1,430.2)
Cash flow from Investment activities	(2,142.0)	363.5
Cash flow from Financing activities	3,050.5	910.4
Net Cash Flow	457.8	(156.3)
Monetary Correction	(3.3)	(18.1)
Net Variation of Cash and Cash Equivalents	454.5	(174.4)



SEGUROS PREVISION VIDA S.A.

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Financial Investment	53,128.0	51,073.0
Premiums Receivable & Reinsurance	1,717.0	2,560.0
Other Assets	786.0	1,142.0
Total Assets	55,631.0	54,775.0
Liabilities		
Underwriting Reserves	46,211.0	47,409.0
Outstanding Debt with Banks	196.0	301.0
Other Liabilities	1,313.0	975.0
Capital & Reserves	6,715.0	5,461.0
Net Income	1,196.0	628.0
Total Liabilities & Equity	55,631.0	54,775.0
Income Statement		
Operating Income	(2,443.0)	(2,891.0)
Non-Operating Income	3,831.0	3,541.0
Net Income Before Taxes	1,388.0	650.0
Taxes	(192.0)	(22.0)
Net Income	1,196.0	628.0
Cash Flow		
Cash flow from operating activities	(1,266.0)	(1,364.0)
Cash flow from Investment activities	1,776.0	2,210.0
Cash flow from Financing activities	(453.0)	(514.0)
Net Cash Flow	57.0	332.0
Monetary Correction	(16.0)	(13.0)
Net Variation of Cash and Cash Equivalents	41.0	319.0



SEGUROS PREVISION GENERALES S.A.

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Financial Investment	3,457.0	3,739.0
Premiums Receivable & Reinsurance	9,383.0	9,895.0
Other Assets	1,001.0	1,324.0
Total Assets	13,841.0	14,958.0
Liabilities		
Underwriting Reserves	9,560.0	10,087.0
Outstanding Debt with Banks	1,213.0	1,065.0
Other Liabilities	638.0	817.0
Capital & Reserves	2,972.0	3,633.0
Net Income	(542.0)	(644.0)
Total Liabilities & Equity	13,841.0	14,958.0
Income Statement		
Operating Income	(684.0)	(1,221.0)
Non-Operating Income	18.0	228.0
Net Income Before Taxes	(666.0)	(993.0)
Taxes	124.0	349.0
Net Income	(542.0)	(644.0)
Cash Flow		
Cash flow from operating activities	(225.0)	(2,189.0)
Cash flow from Investment activities	213.0	825.0
Cash flow from Financing activities	78.0	988.0
Net Cash Flow	66.0	(376.0)
Monetary Correction	(6.0)	(23.0)
Net Variation of Cash and Cash Equivalents	60.0	(399.0)



CORREDORES DE SEGUROS SECURITY LTDA.

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	2,334.0	787.0
Fixed Assets	432.0	150.0
Other Assets	5,934.0	3,705.0
Total Assets	8,700.0	4,642.0
Liabilities		
Current Assets	4,585.0	1,499.0
Long-Term Liabilities	485.0	935.0
Capital & Reserves	2,575.0	1,578.0
Net Income	1,055.0	630.0
Total Liabilities & Equity	8,700.0	4,642.0
Income Statement		
Operating Income	1,359.0	729.0
Non-Operating Income	(81.0)	12.0
Net Income Before Taxes	1,278.0	741.0
Taxes	(223.0)	(111.0)
Net Income	1,055.0	630.0
Cash Flow		
Cash flow from operating activities	(636.0)	(82.0)
Cash flow from Investment activities	3,043.0	1,578.0
Cash flow from Financing activities	(2,261.0)	(1,468.0)
Net Cash Flow	146.0	28.0
Monetary Correction	1.0	(21.0)
Net Variation of Cash and Cash Equivalents	147.0	7.0



INVERSIONES INVEST SECURITY LTDA. AND SUBSIDIARIES

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	4,778.2	3,484.6
Fixed Assets	809.7	530.3
Other Assets	1,249.0	1,352.9
Total Assets	6,836.9	5,367.8
Liabilities		
Current Assets	4,181.5	3,244.8
Long-Term Liabilities	199.8	84.4
Minority Interest	299.7	228.6
Capital & Reserves	2,077.8	1,770.8
Net Income	78.1	39.2
Total Liabilities & Equity	6,836.9	5,367.8
Income Statement		
Operating Income	316.0	420.3
Non-Operating Income	(132.3)	(54.3)
Net Income Before Taxes	183.7	366.0
Taxes	(34.7)	(54.3)
Minority Interest	(70.9)	(12.4)
Net income before acquisition		(260.1)
Net Income	78.1	39.2
Cash Flow		
Cash flow from operating activities	(112.7)	(261.1)
Cash flow from Investment activities	(216.2)	(1,163.5)
Cash flow from Financing activities	440.9	2,066.1
Net Cash Flow	112.0	641.5
Monetary Correction	(13.8)	28.1
Net Variation of Cash and Cash Equivalents	98.2	669.6



TRAVEL SECURITY S.A. AND SUBSIDIARIES

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	4,076.0	3,288.0
Fixed Assets	635.0	530.0
Other Assets	291.0	119.0
Total Assets	5,002.0	3,937.0
Liabilities		
Current Assets	3,605.0	2,946.0
Long-Term Liabilities	200.0	77.0
Capital & Reserves	913.0	604.0
Net Income	284.0	310.0
Total Liabilities & Equity	5,002.0	3,937.0
Income Statement		
Operating Income	446.0	411.0
Non-Operating Income	(111.0)	(48.0)
Net Income Before Taxes	335.0	363.0
Taxes	(51.0)	(53.0)
Net Income	284.0	310.0
Cash Flow		
Cash flow from operating activities	(62.0)	(28.0)
Cash flow from Investment activities	(119.0)	(310.0)
Cash flow from Financing activities	147.0	693.0
Net Cash Flow	(34.0)	355.0
Monetary Correction	2.0	1.0
Net Variation of Cash and Cash Equivalents	(32.0)	356.0



GLOBAL SECURITY S.A.

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001	2000
	MCh\$	MCh\$
Assets		
Current Assets	320.0	161.0
Other Assets	0.0	
Total Assets	320.0	161.0
Liabilities		
Current Liabilities	151.0	48.0
Capital & Reserves	104.0	103.0
Accumulated earnings	9.0	
Net Income	56.0	10.0
Total Liabilities & Equity	320.0	161.0
Income Statement		
Operating Income	36.0	11.0
Non-Operating Income	28.0	1.0
Net Income Before Taxes	64.0	12.0
Taxes	(8.0)	(2.0)
Net Income	56.0	10.0
Cash Flow		
Cash flow from operating activities	83.0	27.0
Cash flow from Investment activities	(124.0)	
Cash flow from Financing activities		104.0
Net Cash Flow	(41.0)	131.0
Monetary Correction	(6.0)	(1.0)
Net Variation of Cash and Cash Equivalents	(47.0)	130.0



VIRTUAL SECURITY S.A. AND SUBSIDIARIE

Financial Statement as of 31 December 2001 and 2000.

Balances

	2001
	MCh\$
Assets	
Current Assets	150.0
Fixed Assets	28.0
Other Assets	
Total Assets	178.0
Liabilities	
Current Assets	15.0
Capital & Reserves	237.0
Net Income	(74.0)
Total Liabilities & Equity	178.0
Income Statement	
Operating Income	(80.0)
Non-Operating Income	7.0
Net Income Before Taxes	(73.0)
Taxes	(1.0)
Net Income	(74.0)
Cash Flow	
Cash flow from operating activities	(185.0)
Cash flow from Investment activities	(31.0)
Cash flow from Financing activities	230.0
Net Cash Flow	14.0
Monetary Correction	(4.0)
Net Variation of Cash and Cash Equivalents	10.0



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