



FINANCING



INVESTMENTS



INSURANCE



SERVICES

GRUPO

security

BANCO security

VALORES security

LEASING security

FONDOS MUTUOS security

FACTORING security

INMOBILIARIA security

MERCHANT security

SECURITIZADORA security

ASESORIAS security

SEGUROS **previsión**
vida

SEGUROS **previsión**
generales

CORREDORES DE SEGUROS **security**

TRAVEL security

GLOBAL security

A letter from the chairman

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

After the adjustment process of 1999, the Chilean economy began a slow recovery in the year 2000, in the face of some adverse foreign factors and a stagnant domestic demand. The weakest growth concentrated especially in the most labor-intensive sectors of the economy, resulting in two-digit unemployment rates that worried policymakers and private agents. These conditions manifested in poor growth in bank loans and, generally, in a cautious performance of all the financial sectors of the economy where Grupo Security companies do business.

Despite all the complications, 2000 was still a good year for Grupo Security, both in terms of advances made in management and subsidiary modernization and developing new financial lines of business. It all reflected on very satisfactory figures for Grupo Security and its subsidiaries for the financial period.

Thus, Grupo Security materialized a number of achievements during the year, where worth singling out are its business restructuring process, whereby persons in charge were appointed together with the tasks ahead in each area of business, as an attempt to facilitate management control in those areas.

As for the modernization of its subsidiaries, the Group continued the exhaustive and ambitious three-year Technological and Computing Development Plan it started in mid 1998, aimed at consolidating a privileged market position together with state-of-the-art competitors. During the year 2000 the first results began showing through a modern technological backup system for each of the business areas of the Group, intended to ensure the best service and attention to the needs of all our clients.

Grupo Security has also developed new lines of business, including the insurance brokerage company Corredora de Seguros Security, to complement the insurance and banking operations, and which already in its first year has captured a significant share of the insurance market. Also worth noting has been the development of the travel agency Travel Security, that managed to overcome all the radical changes that occurred in the marketplace since airlines ruled on a reduction of commissions by early 2000. Also Merchant Security has been repositioned, as a new challenge that is expected to show its results beginning in 2001, with increased transparency in businesses and services provided by the Company and its affiliates. It must be mentioned that the securitizing company Securitizadora Security made it into the market with its first bond issues, showing positive results this year.

In sum, all these efforts have been visible through the results of Grupo Security in 2000, with net income of US\$ 16.77 million, much like the earnings of the previous year (US\$ 16.75 million), which account for a return on equity ratio of 12.94%. These results are largely explained by the good figures of Banco Security and subsidiaries, combined with the increased earnings of Previsión Vida and Travel Security, while Factoring Security kept the outstanding results it had achieved the year before. The recovery of both Inmobiliaria Security (real estate) and Merchant Security, reversed the losses of 1999, while the insurance brokerage company Corredora de Seguros developed strongly in its first year of operation. These favorable results are shadowed only by the losses of Previsión Generales, which operates in a much complicated market, and the smaller losses of Asesorías Security.

Loans increased substantially, considering the complex scenario. Total loans in the banking, leasing and factoring areas where the Group participates, amounted to a combined US\$ 1.467 million by December 2000, compared with US\$ 1.299 million by the end of 1999, a real growth of 17.1% in one year. Of this total, Banco Security loans accounted for US\$ 1.241 million, 18.1% more than the year before, compared with the overall industry's growth of barely 4.3%. It is important to note that this growth was accomplished by strict risk controls in every unit, where no hidden risks exist, and showing the lowest risk levels in the market.

As for results, Banco Security recorded net income of US\$ 16.81 million in 2000, 8.3% higher than the previous year, and a return on average equity ratio of 15.5%. These figures stem from the excellent performance of Banco Security's various business areas,

where worth singling out are the high earnings obtained by the investment banking division, the strong growth in the activity levels of the corporate banking division, and the favorable development of the personal banking lines. Its three subsidiaries, namely Valores Security Corredores de Bolsa, Leasing Security -which is planned to be merged into the Bank during 2001 and Administradora de Fondos Mutuos Security, continue to contribute substantially to the activities and results of the Bank, as shown by the share in earnings of related companies that amounted to US\$ 5.17 million, 5.7% more than a year earlier, and which accounted for 30.7% of the Bank's net consolidated income.

To support the Bank's development strategy, Grupo Security made a capital contribution of US\$ 10.81 million by the end of the year, to complete a total of US\$ 14.82 million in early 2001. Factoring Security's results were also very good at US\$ 2.34 million, stable from the year before and showing a return on equity ratio of 22.0%.

In insurances, the traditional life line was consolidated and in non-life the restructuring process of the company was completed, although important market problems remained. The favorable results of Previsión Vida with net income of US\$ 1.06 million and of Corredora de Seguros with US\$ 1.07 million in its first year in the business contrast with Previsión Generales' losses amounting to US\$ 1.09 million.

On the other hand, the results of Merchant Security and Inmobiliaria Security showed substantial recovery, with net income of US\$ 0.27 million and US\$ 0.16 million, respectively. These good results are associated to the first bond issues of the Merchant Security's subsidiary Securitizadora Security, and some real estate businesses of recent development. Travel Security's net income, in turn, amounted to US\$ 0.52 million in the year 2000, with a notorious market share among the largest travel agencies, considering that they are working in a much troubled market.

Thus, Grupo Security has continued along its path of achievements again this year. Results and developments are a proof that the Group is ready to undertake its businesses successfully, based on the expertise and solvency it has earned in the past years, and willing to take as many opportunities as the market has to offer.

Finally, as in previous years, we are proud to say that in performing all our tasks, we have been able to rely on the sustained effort, the humane quality and the professional expertise of all the people that work in Grupo Security. Their commitment to 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 Highlights - Grupo Security (Individual)

BALANCE SHEET	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
US\$ as of December 2000 (000s omitted)										
Current Assets	62	112	253	1,907	35,527	34,138	35,758	30,006	21,628	11,647
Fixed Assets	0	0	0	0	1,400	1	48	36	127	238
Investment in Related Companies	42,536	41,404	43,313	75,282	102,617	107,925	118,853	142,943	149,026	179,105
Goodwill	13,319	11,915	0	1,700	33,152	29,816	26,435	1,094	1,024	954
Other Assets	0	0	0	0	143	1,798	1,629	1,465	1,292	1,124
Total Assets	55,917	53,431	43,566	78,889	172,839	173,679	182,723	175,544	173,097	193,067
Current Liabilities	2,079	3,367	4,541	8,141	41,199	6,479	14,958	10,741	8,367	10,887
Long Term Liabilities	38,884	31,409	28,940	19,157	16,276	39,966	35,340	30,870	24,856	35,839
Equity	14,954	18,655	10,085	51,592	115,363	127,234	132,425	133,933	139,873	146,341
Total Liabilities And Equity	55,917	53,431	43,566	78,889	172,839	173,679	182,723	175,544	173,097	193,067
INCOME STATEMENT										
US\$ as of December 2000 (000s omitted)										
Gross Margin	10	23	21	128	62	30	-2	0	0	0
General & Administrative Expenses	121	68	176	170	1,109	973	1,505	3,107	2,766	3,044
Net Operating Income	-111	-46	-155	-43	-1,047	-943	-1,507	-3,107	-2,766	-3,044
Non Operating Income & Expenses										
Financial Income	0	125	0	0	773	188	59	2,367	2,003	839
Income from Investments	4,391	3,889	5,457	8,171	13,602	16,061	19,214	15,213	17,848	19,960
Other Income	0	0	6	148	56	4,854	3,114	14,240	2,009	1,335
Goodwill Amortization	-701	-1,402	-11,915	-83	-444	-3,367	-3,370	-472	-70	-70
Financial Expenses	-1,865	-2,872	-2,010	-1,679	-1,585	-3,515	-3,030	-2,746	-2,091	-2,013
Monetary Correction	1,040	4,262	48	3,693	807	267	216	-1,062	-175	-211
Non Operating Results	2,865	4,002	-8,415	10,251	13,209	14,488	16,204	27,541	19,524	19,841
Net Income Before Taxes	2,754	3,957	-8,570	10,209	12,162	13,545	14,697	24,434	16,758	16,796
Taxes	0	255	0	347	0	211	0	1,423	9	25
Net Income	2,754	3,702	-8,570	9,862	12,162	13,334	14,697	23,011	16,749	16,771
Net Income After Goodwill	3,455	5,104	3,345	9,945	12,606	16,701	18,067	23,483	16,819	16,842

Financial Highlights - Grupo Security (Consolidated)

BALANCE SHEET	1994	1995	1996	1997	1998	1999	2000
US\$ as of December 2000 (000s omitted)							
Current Assets	12,122	60,745	77,113	96,361	108,600	119,778	131,848
Fixed Assets	60	1,450	37	161	188	845	1,764
Investment in Related Companies	73,669	99,313	103,810	112,320	122,181	130,205	149,829
Goodwill	1,701	33,149	29,807	26,435	5,017	8,129	7,927
Other Assets	9,935	10,045	1,800	5,134	4,663	9,829	15,358
Total Assets	97,486	204,701	212,567	240,410	240,649	268,786	306,726
Current Liabilities	26,766	69,729	43,330	70,991	73,287	101,110	122,000
Long Term Liabilities	19,154	19,620	42,036	36,994	33,429	27,803	38,385
Equity	51,566	115,353	127,201	132,425	133,933	139,873	146,341
Total Liabilities And Equity	97,486	204,701	212,567	240,410	240,649	268,786	306,726
INCOME STATEMENT							
US\$ as of December 2000 (000s omitted)							
Gross Margin	743	1,714	4,075	3,928	9,427	9,080	16,553
General & Administrative Expenses	732	2,182	4,725	3,558	9,576	10,519	14,023
Net Operating Income	11	-468	-650	371	-150	-1,440	2,530
Non Operating Income & Expenses							
Financial Income	128	795	190	74	2,681	3,585	1,473
Income from Investments	8,093	13,264	15,339	17,698	10,181	16,244	16,733
Other Income	153	57	5,593	3,147	17,727	2,678	597
Goodwill Amortization	-84	-444	-3,367	-3,370	-489	-389	-434
Financial Expenses	-1,679	-1,585	-3,515	-3,037	-3,000	-2,470	-2,594
Monetary Correction	3,630	651	43	-2	-1,508	-538	-854
Non Operating Results	10,241	12,738	14,283	14,509	25,591	19,110	14,921
Net Income Before Taxes	10,252	12,270	13,632	14,880	25,441	17,670	17,451
Taxes	390	108	299	183	2,431	921	680
Net Income	9,861	12,162	13,333	14,697	23,011	16,749	16,771

Contents

I. Board of Directors and Management	8
II. Company Identification	9
III. Activities and Businesses of Grupo Security	11
Business Strategy	
Some History	
Grupo Security's 2000 Results	
Financial Highlights	
Stock Performance	
Ownership Structure	
Dividend Policy	
Staff of Parent Company and Subsidiaries	
Risk Rating	
IV. Activities & Results of Grupo Security's Business Areas	20
Financing	
Investment	
Insurance	
Services	
V. Grupo Security Companies' Description	36
Organizational Structure	
Identification, Boards of Directors and Management	
VI. 2000 Financial Statements	55
Individual Financial Statements	
Consolidated Financial Statements	
Summarized Financial Statements of Subsidiaries	

I. Board of Directors and Management

Chairman

Francisco Silva Silva

Civil Engineer, Catholic University of Chile
Master of Science in Engineering, Stanford University

Directors

Oswaldo Barzelatto S.

Entrepreneur

Andrés Concha R.

Business Administrator, University of Chile

Jaime Correa H.

Civil Engineer, University of Chile

Alvaro Donoso B.

Business Administrator, Catholic University of Chile
Master of Arts in Economics, University of Chicago

Jorge Marín C.

Entrepreneur

Naoshi Matsumoto T.

Business Administrator, Catholic University of Chile

Horacio Pavez G.

Civil Constructor, Federico Santa María University

Alvaro Vial G.

Business Administrator, University of Chile
Master of Arts in Economics, University of Chicago

President

Renato Peñafiel M.

Business Administrator, Catholic University of Chile
Master of Arts in Economics, University of Chicago.

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

II. Company Identification

Name:

GRUPO SECURITY

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

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 was 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 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 Superintendence of Securities and Insurance.

At the Special Shareholders' Meeting held on October 20, 1997, the company agreed to change its name from the former Security Holding to the current name Grupo Security.



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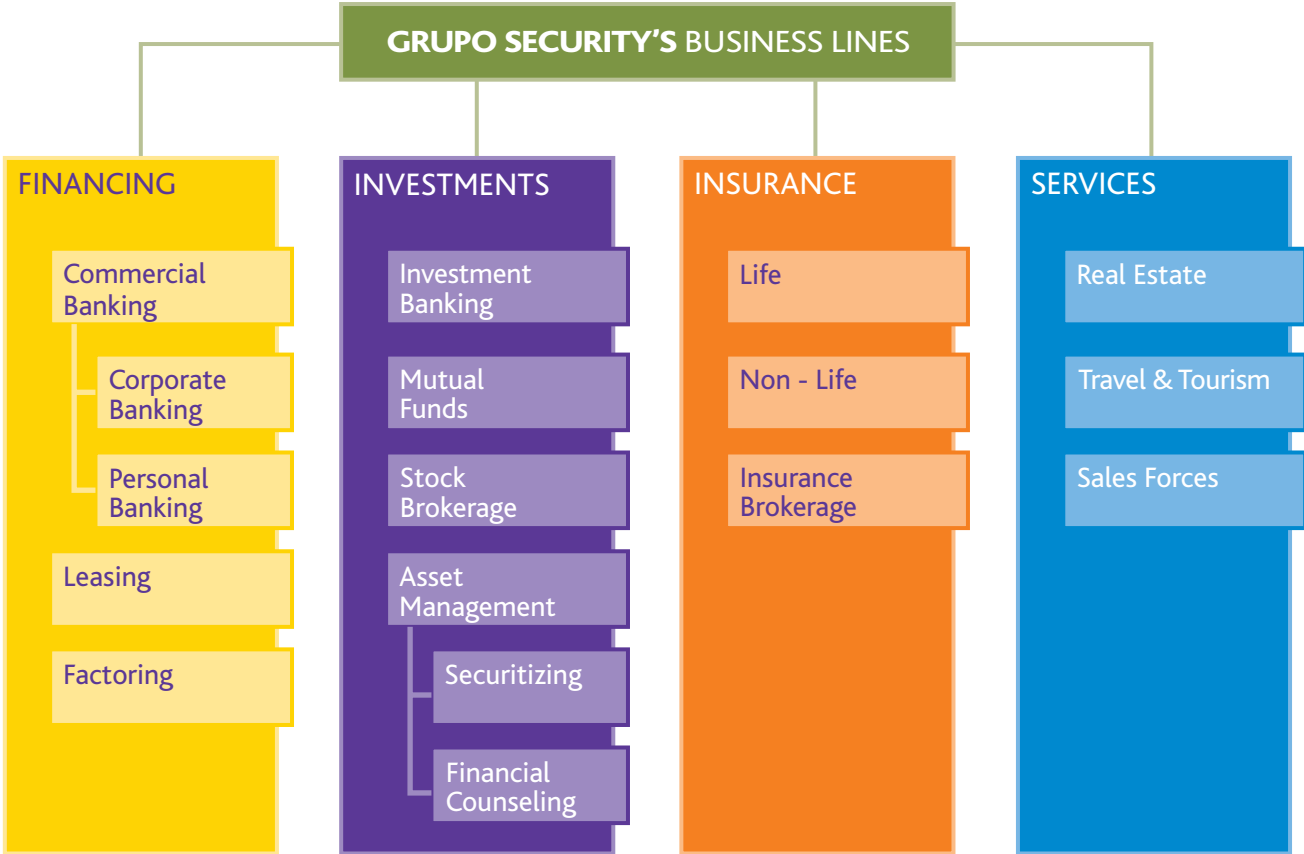
SERVICES

III. Activities and Businesses of Grupo Security

Business Strategy

Grupo Security 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, consistent with its defined objective of adding value for its shareholders, promotes fast growth of its current lines of business 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 their clients' needs, by including a diversity of financial services with high efficiency standards and low risk.

Worth highlighting is the Group's new business structure, with appointed persons responsible for each business area with defined tasks in order to assure easier management control in each area. Thus, the financial services provided by the various companies in the Group are distributed into four business areas, namely:



Some History

In 1981 Banco Urquijo of Spain creates a subsidiary in Chile, Banco Urquijo de Chile.

In 1987, Security Pacific Corp., a subsidiary of Security Pacific National Bank of Los Angeles, California, acquires 100% of the shares of Banco Urquijo de Chile, which is then renamed Banco Security Pacific. That same year, Security Pacific National Bank creates a securities and stock brokerage agency that is subsequently sold to Banco Security, whose present name is Valores Security S.A. Corredores de Bolsa.

In 1990 a leasing subsidiary is created, with the name Leasing Security S.A.

In 1991 Grupo Security S.A. is created with the purpose of developing a financial group. In June of that year, Security Pacific Overseas Corporation sells to the present controlling shareholders of Grupo Security S.A. a 60% stake of the Bank, which becomes Banco Security.

In 1992 the mutual fund Administradora de Fondos Mutuos Security S.A. is created as a subsidiary of Banco Security, together with Factoring Security S.A., as a subsidiary of Grupo Security S.A.

In 1993 the subsidiary Asesorías Security S.A. is created. It is the representative in Chile of Morgan Stanley Dean Witter Discover & Co. from the US, to provide futures and derivatives and counseling in international asset management.

In 1994, the Bank of America, a successor of Security Pacific National Bank, sells the remaining 40% of the bank to Grupo Security S.A.

In July of 1995, Grupo Security S.A. goes public and begins trading in the Stock Exchange in order to raise resources to increase the capital base of Banco Security and its subsidiaries.

In December of 1995, after a second capital increase, the Company buys a majority stake in the pension fund AFP Protection S.A. and in the insurance companies Previsión Vida S.A. (life) and Previsión Generales S.A. (non-life). This purchase was materialized jointly with the company Inversiones, Seguros y Pensiones Ltda., with whom a joint-action agreement was made with the purpose of developing the newly acquired firms.

In 1996 two new companies were added to the financial conglomerate with the creation of Merchant Security S.A. and Inmobiliaria Security S.A., the former dedicated to merchant banking and financial advisory and the latter to real estate businesses. Last was the purchase of 29.35% of the aforesaid insurance company Previsión Generales S.A. from Inversiones, Seguros y Pensiones Ltda. whereby Grupo Security S.A. gained the control of 62.69% of it.

In July of 1997 Grupo Security S.A. made a stock split, exchanging one old share for 7 new ones. Also, in October there was a renewal of Grupo Security S.A.'s corporate image, changing the companies' names while keeping their activities. Later on, in October of 1997 the securitizing company Securitizadora Security S.A. was added to Grupo Security S.A. This new company, a subsidiary of Merchant Security S.A., is dedicated to securitize assets, debt certificates, and the like.

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

During 1999 the Group acquired a majority interest in the travel agency Travel Security and decided on the creation of 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.

Finally, during the year 2000 the company Global Security was created, which concentrates the sales forces of all products and services supplied by Grupo Security. Also Ejecutivo Net was formed as a subsidiary of Virtual Security, whose goal is to become a virtual distribution channel for all the conglomerate's financial services.



Grupo Security's 2000 Results

Grupo Security's net income in 2000 amounted to US\$ 16.77 million, stable from the US\$ 16.75 million figure of 1999, showing a return on equity ratio of 12.94%.

As shown by the Financial Statements included herein, this net income originates mainly in the earnings of related companies, that is, in the results of the Group's subsidiaries. The unconsolidated balance sheet of Grupo Security shows total assets amounting to US\$ 193.07 million, of which current assets account for US\$ 11.65 million (6.03% of total assets) granting a comfortable liquidity situation to the Company. The most important Assets entry is investments in related companies with US\$ 179.10 million that with goodwill included accounts for 93.26% of total assets. As for the US\$ 10.89 million of current liabilities and US\$ 35.84 million of long-term liabilities, the main items are obligations with banks and financial institutions with US\$ 17.51 million and the balance of the bond issue of January 1996 that amounted to a total of US\$ 18.33 million. Finally, Grupo Security's equity amounts to US\$ 146.34 million, accounting for 75.80% of total assets as of December 2000.

Financial Highlights

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

GRUPO SECURITY	Current Assets/ Current Liabilities	Total Liabilities/ Equity	Total Borrowing/ Total Assets	Return on Equity *
December 1997	2.39 times	37.98%	27.53%	12.48%
December 1998	2.79 times	31.07%	23.70%	20.74%
December 1999	2.58 times	23.75%	19.19%	13.60%
December 2000	1.07 times	31.93%	24.20%	12.94%

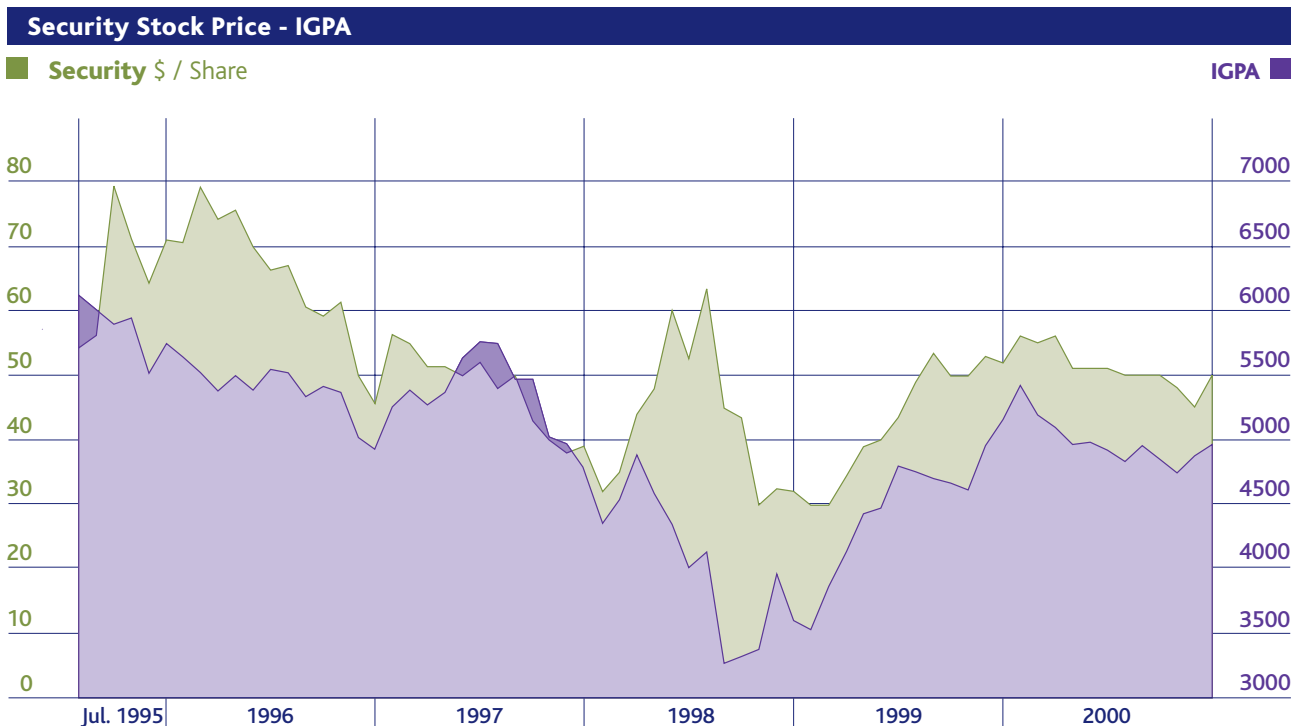
* Net equity.

Stock Performance

The Stock Exchange and the stock prices performed poorly during the year 2000, reflecting the conditions of the Chilean economy during the period. Stock prices did not vary much, fluctuating within the range of 5% up or down, except during the months of January and February, where they recovered and then relapsed, closing the year with a decline of 3.64% in the selective price index IPSA and of 5.78% in the general price index IGPA. Market capitalization closed the year 2000 at US\$ 60,513 million, a drop of 8.42% from the previous year, with an estimated price to earnings ratio of 16.98 times compared with 19.36 in 1999. Volume traded during the year amounted to US\$ 5,878 million a drop of 7.9% from the year before, despite the purchase offers for Chilectra, Río Maipo, Gener and Banco de Chile that picked up the stock market during the latter months of the year.

Similarly to earlier years, during 2000 the price of Grupo Security's stock was directly related to the evolution of the local stock market. In this context, the stock's price declined slightly from Ch\$ 52 per share at the end of 1999 to Ch\$ 50 per share in December of 2000, peaking at Ch\$59 per share when the Stock Exchange went up in January and February. The Group's price to earnings ratio recovered the levels of earlier years, with a figure of 8.60 times in 2000, compared with 9.38 times in 1999.

The graph shows the evolution of Grupo Security's stock price contrasted with the general stock price index IGPA.





The following table shows some stock market indicators for Grupo Security at year end from 1997 through 2000.

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

Ownership

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

Grupo Security'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 the clients.

At December 31 of 2000, Grupo Security's 1,654,721,054 shares were owned by 726 shareholders, the 12 largest of which are listed below:

Name	% Share
Soc. Com. de Servicios e Inversiones Limitada	12.49%
Inversiones Matyco Ltda.	8.93%
Inmobiliaria Villuco Ltda.	8.76%
Inversiones Hidroeléctricas Ltda.	8.57%
Inversiones Hemaco S.A.	7.23%
Depósito Central de Valores S.A.	7.13%
Inversiones Círculo Financiero S.A.	4.26%
Inversiones Llascahue Limitada	4.18%
Paclama S.A.	4.02%
Inversiones Los Cactus Ltda.	3.88%
Compañía de Inversiones Río Bueno S.A.	3.01%
Inversiones San Ignacio Ltda.	2.24%
Subtotal 12 largest shareholders	74.70%
Other 714 shareholders	25.30%
Total	100.00%



Dividend Policy

It is the intention of the Board of Directors of Grupo Security to propose the shareholders to maintain its current policy as was approved at the Regular Shareholders' Meeting of the year 2000. That is, to pay out no less than 50% of the company's net earnings received from its subsidiaries at each financial year, distributed into two dividends, one interim and one final. The interim dividend would then be paid out between October and November of each year amounting to no more than 20% of the companies' accrued earnings between January and June of each year. The Board will also propose a second and final dividend between April and May of each year to complete no less than 50% of the company's net earnings received from its subsidiaries in the previous year, provided that it is no hindrance or difficulty to compliance with all the companies financial obligations, current or future.

Therefore, Grupo Security's Board of Directors will propose at the upcoming Regular Shareholders' Meeting to pay out a final dividend of Ch\$2.00 per share, which added to the interim dividend of Ch\$ 0.25 already distributed in October of 2000 amounts to a combined total of US\$ 6.49 million in dividends paid and payable.

On the other hand, and in accordance with the authority given the Board at the Regular Shareholders' Meeting held in 2000, the Board of Directors of Grupo Security agreed at the Board meeting of October 2000 to pay out an additional dividend of Ch\$ 1.00 per share, that will amount to US\$ 2.89 million (historical) against withheld earnings, which was paid out during October of the year 2000. This dividend, added to the interim dividend and the final dividend, amount to US\$ 9.38, which means that 55.90% of the net income of 2000 was distributed.

It is the intention of Grupo Security's Board to propose the shareholders at their Regular Meeting to maintain said policy and to pay out during the course of 2001 one dividend against withheld earnings from earlier years, simultaneously with the distribution of interim dividends.

Dividends Paid by Grupo Security S.A.	Payment Date	\$ per share	Amount (US\$ million)
Dividend N° 1	March 3, 1995	1.766	5.09
Dividend N° 2	May 9, 1996	1.571	4.53
Dividend N° 3	May 8, 1997	2.000	5.77
Dividend N° 4	November 20, 1997	1.000	2.89
Dividend N° 5	May 11, 1998	1.500	4.33
Dividend N° 6	October 14, 1998	4.500	12.98
Dividend N° 7	October 14, 1998	1.000	2.89
Dividend N° 8	April 12, 1999	2.000	5.77
Dividend N° 9	October 20, 1999	1.000	2.89
Dividend N° 10	October 20, 1999	0.500	1.44
Dividend N° 11	April 17, 2000	2.750	7.93
Dividend N° 12	October 27, 2000	0.250	0.72
Dividend N° 13	October 27, 2000	1.000	2.89

Staff of Grupo Security and Subsidiaries

The table below shows the personnel working with Grupo Security and its affiliates at December 31 , 2000. Figures do not include the sales forces.

Number of Employees	2000
Grupo Security	4
Banco Security & Subsidiaries	418
Factoring Security	74
Inmobiliaria Security	7
Merchant Security & Subsidiaries	14
Inversiones Seguros Security Ltda. & Subsidiaries	312
Inversiones Invest Security Ltda.	62
TOTAL	891

Risk Rating

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

Risk rate effective as of December 2000	Common Shares	Bonds N° 188, Series A1, A2
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

financing



IV. Activities and Results of Grupo Security's Business Areas

Activities carried out and results obtained by Grupo Security companies during 2000 have been arranged in four lines of business where they participate. These lines are: Financing, Investment, Insurance, and Other Financial Services.

FINANCING

Grupo Security takes part in the financing of business projects through its companies Banco Security, Leasing Security and Factoring Security. Total loans from the various lines of business, namely banking, leasing and factoring where Grupo Security companies participates amounted to a combined total of US\$1,467 million by the end of December 2000, compared with US\$ 1,299 million by the close of 1999, showing a real increase of 17.1% in the year. Of this total, Banco Security's loans accounted for US\$ 1,241.17 million, a real increase of 18.1%, that substantially outdid the overall banking system's figure of 4.3%. 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

Banco Security's business strategy is oriented at servicing its target market of large and medium-sized companies together with a select group of high-income 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 loans. It is made up of the following groups:
 - Large corporations, that focuses 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, that services enterprises with sales between US\$ 5 and US\$ 25 million, through its branches in Santiago and other Regions.During 2001 the Leasing Security subsidiary is planned to be absorbed by 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 12% 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 high income individuals in general, either through 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 that focuses on financing foreign trade operations, where Banco Security has kept significant market share over the years.

Despite the troubled economic scenario that prevailed during the year 2000, Banco Security's results were very satisfactory, demonstrating the strength and maturity it has attained in the past few years. In fact, Banco Security and subsidiaries' consolidated income amounted to US\$ 16.81 million in the year, with a real increase of 8.3% over the year before, representing a return on equity of 15.5%. This real growth in results from 1999 is mainly explained by the strong increase in business activities, with controlled levels of risk and expenses, as well as by the good results of the Money Desk and the earnings of the Bank's subsidiaries.

Total loans of Banco Security as of December 2000 amounted to US\$ 1,241.17 million, a real growth of 18.1% in 12 months, compared with an estimated real growth of 4.3% in the overall financial system. It must be noted that the average real annual growth in loans during the 1990-99 period was 22.4% for Banco Security and 9.9% for the system. Thus, Banco Security's credit market share was 2.5% in 2000, being well positioned in its target market. Comparatively, Banco Security is currently ranked 13th among the 29 banks and financial institutions operating in the market as of the end of 2000.

As for Banco Security's credit portfolio, the 18.1% growth in total loans was based mainly on the 24.5% increase in commercial credits, with the launching of mortgage notes, with an increase of 10.6% in foreign trade loans and a 78.4% increase in the past-due portfolio. Although the latter figure seems quite high, it must be noted that Banco Security's past-due portfolio is still one of the lowest in the market with 0.48% of its loans, which compares very favorably with the banking industry's average of 1.73% of total loans for the year 2000.

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, if measured by the portfolio risk rate, Banco Security is the lowest-risk one among all the domestic banks that operated in the local market during 2000, and ranks fourth if all banks, both domestic and foreign, are considered. Available risk indicators at October 2000 indicate that risk levels in the financial system have begun to subside, down to 2.08% of loans, compared with a peak of 2.14% in June 2000 and 1.98% in October of 1999. Banco Security's risk indicator is 0.87% of loans as of October 2000, compared with 1.12% one year earlier. It must be noted here that Banco Security -and the rest of the banking system- had to make significant efforts, although smaller than last year, in terms of provisions and write-offs during 2000 (US\$ 6.61 million at December 2000 and US\$ 8.51 million at December 1999).

In addition, the Bank has continued striving to control expenses, both administrative and labor-related, to retain its traditionally high efficiency standards. The real increase of 8.5% in General & Administrative expenses of the Bank is notoriously lower than the increase in its levels of activity (loans grew by 18.1%). This is explained mainly by increased expenses associated with technological innovations. In any case, Banco Security's efficiency indicators, that measure G & A expenses over gross margin, were 52.8% in 2000 compared with 51.0% in 1999, still among the lowest in the market. 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\$ 3.86 million per employee in 2000).

To strengthen the base of the Bank's development strategy, Grupo Security made a capital increase of US\$ 10.81 million by the end of 2000, to complete a total of US\$ 14.82 million by early 2001. In addition, during December the Bank issued subordinate

bonds worth UF 750,000 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 11.81% as of December 2000, showing a comfortable margin over the minimum required of 8%. In turn, base capital accounts for 7.64% of total assets, much above the legal minimum of 3% set forth by the General Banking Act.

It is important to note that Banco Security, together with its subsidiaries and other companies in the Group, started an ambitious three-year Technological Plan in 1998, aimed at placing the Bank in a privileged position in the market, together with the other banks that have chosen the path of modernization. A vision of future, that enhances direct communication with the clients, based on state-of-the-art information and communication technologies, has been present for some time in the Bank's development plans. This includes bringing to the clients all the banking services possible through the Internet and cellular telephones, constantly alert to new developments. To that end, a team of professionals was formed, assigned to study the market and become familiar with the needs of current and potential customers of the Bank and its subsidiaries, to investigate new technologies and design new processes to support all products and services, ensuring the top quality, efficiency and agility standards demanded by the clients. Some of these products are already operative and have been received very favorably by the users.

In an industry that becomes more competitive and demanding every year, Banco Security faces new and varied challenges where worth singling out have been the strengthening of its corporate banking division, further developing its banking services for select individuals and increasing the Bank's participation in international operations. All of this has been possible thanks to the improved use of the synergy that results from the subsidiaries' permanent cooperation and mutual support with their respective business areas, whereby it can provide timely, integral and agile services to its clients.

Banco Security operates through a total of twelve offices, including the Head Office. Its branch-opening strategy has been framed by our 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 before 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, Panamericana, Quilicura, Santa Elena and Ciudad Empresarial branches.

Finally, it must be mentioned that all three subsidiaries of Banco Security -that is, Leasing Security, Administradora de Fondos Mutuos Security, and Valores Security Corredores de Bolsa- made -as in earlier years- a substantial contribution to the Bank's activities and results. In fact, earnings from investments in related companies increased by a real 5.7% during the year to US\$ 5.17 million as of December 2000, and accounted for 30.7% of the Bank's recorded consolidated income, compared with 31.5% of consolidated income the year before. It is worth noting that by the close of 2000 the subsidiary Asesorías Security became a subsidiary of Merchant Security, and that during 2001 all the operations and activities of Banco Security's subsidiary Leasing Security are planned to be merged into the Bank's Corporate Banking Division.

Leasing Security

This subsidiary of Banco Security performs leasing operations concerning machinery and equipment, heavy trucks and freight vehicles, as well as lease-back of new and used goods and real-estate leasing of office space and industrial properties. Its target market is formed by large and medium-sized companies, which it services with a strong client orientation, providing integral service while taking advantage of the synergy with the Bank and other subsidiaries of Grupo Security.

The leasing industry is one of the activities that are hardest hit by economic cycles and market conditions because it is associated to purchases of and investment in capital goods, primarily real estate properties and machinery. Thus, during 2000, as in 1999 and 1998, the leasing industry once again failed to recover, except for a slight improvement of real estate leasing businesses during the second half of the year.

Within this context, Leasing Security's net income for the year 2000 increased by 56% in real terms to US\$ 2.21 million, in one year. The Company's return on equity was 19.62%.

The Company's leasing contracts amounted to US\$ 72.25 million as of December 2000, a drop of 4.3% from the year before. During 2000, Leasing Security made provisions on contracts amounting to US\$ 0.23 million (US\$ 0.16 million in 1999), showing an effective provision coefficient of 1.43% of its total lease contract portfolio (1.51% in 1999), a good margin over the risk-rate coefficient of 1.3%.

At year-end, the Company's leverage is 5.41 times its equity. Hence, Leasing Security has a very solid equity structure, together with low risk levels in its credit operations, reduced payment delay and a large number of clients operating in a vast variety of economic activities, which translates into a diversified portfolio in terms of both goods and contract duration.

As of December 2000, the Company has in effect 623 lease contracts (674 in 1999) with a total of 369 debtors (391 in 1999).

Finally, it must be noted that the new Banking Act reform contained in a November 1998 circular permits banks to perform their leasing operations directly, without the need to create subsidiaries for that purpose, and to absorb these subsidiaries if they already exist. Thus, most banks have merged their subsidiaries into the Bank's activities over the past two years, in order to take advantage of economies of scale from using the bank's infrastructure and improved access to funds. Banco Security is no exception and plans to incorporate the Leasing Security subsidiary to its commercial network during the course of 2001.

Factoring Security

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 extreme north to Puerto Montt in the south. The efforts of the Company in the past few years have begun to mature, in terms of both results and volume of loans.

During 2000, Factoring Security's net income amounted to US\$ 2.34 million, a very similar level to the previous year, with a return on equity ratio of 21.96%.

The high risk present in the marketplace makes it advisable to keep the factoring industry's activity levels under control. In this scenario, the Company kept throughout the year 2000 average loans in the range of US\$ 52.30 to US\$ 69.73 million to pick up only in the last two months and close the year with an average credit level of \$54.81 million in December 2000, that is, 12.8% up from the end of 1999.

The higher risk of the economy reflected on Factoring Security's loan provisions at December 2000 amounting to US\$ 4.05 million, that account for 4.24% of net factoring loans of the Company.

investments



INVESTMENTS

Grupo Security participates in the asset investment and management business through Banco Security's investment banking division, the mutual fund administrating company Administradora de Fondos Mutuos Security, the stockbrokerage 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 department engaged in foreign trade financing, where Banco Security has participated substantially over the years. During 2000, the investment banking division contributed to Banco Security's net income mainly through its money desk operations and, combined with the international area, amounted to US\$ 9.02 million, which accounted for 22.3% of the Bank's gross income.

Administradora de Fondos Mutuos Security

The Company was created as a Banco Security subsidiary in May of 1992, and has grown steadily since, incorporating new funds. As of December 2000, the Company manages seven funds, namely

- 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 100% of its portfolio in foreign instruments;
- Security Gold, a fixed-income fund oriented to individuals wishing to invest for the medium to long term; and
- Security Explorer, an international variable-income fund.

Administradora de Fondos Mutuos Security's net income of the year 2000 amounted to US\$ 1.45 million, a real 22.2% increase from the previous year, showing a return on equity ratio of 68.56%.

At December 2000, Administradora de Fondos Mutuos Security was managing an average equity of US\$ 176.76 million, which accounts for a market share of 3.8%, somewhat lower than the 4.3% figure of 1999. This 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 6,695 clients compared to 5,867 by the end of 1999.

The table below shows the evolution of Mutual Funds during the past four years:

Mutual Funds (US\$ million)	Mutual Fund industry	Administradora de Fondos Mutuos Security	AFM Security's market share
December 1997	3,493.25	100.41	2.9%
December 1998	2,392.92	99.71	4.2%
December 1999	3,673.15	157.76	4.3%
December 2000	4,605.60	176.76	3.8%

It must be noted that Administradora de Fondos Mutuos Security has a highly qualified sales force, specializing in financial and tax-related issues. This is considered a most valuable asset of the Company, because of the knowledge they have of their clients and their specific investment needs. One quarter of total sales are performed at the branches of Banco Security, in each of which AFM Security has at least one investment agent assigned for its operations.

Valores Security Corredores de Bolsa

During the year 2000 Valores Security Corredores de Bolsa showed very satisfactory results, with net income of US\$ 1.70 million, compared with US\$ 1.64 million a year before, showing a real increase of 3.5% and a return on equity of 36.7%. These favorable results of the Company are directly related with the increased dynamism and activities of foreign exchange and fixed income securities operations, and to a lesser extent with variable-income transactions. The amount traded in the local stock exchanges during the year was US\$ 10.25 million, 7.9% down from 1999, despite the purchase offers of Chilectra, Río Maipo, Gener and Banco de Chile stocks that reactivated the market in the latter months of 2000. Stock prices, as measured by the general price index IGPA and the selective price index IPSA declined by 3.64% and 5.78% during the year, respectively.

Valores Security performed stock transactions amounting to a total of US\$ 594.50 million during the year, not a significant difference from 1999, ranking 8th among the 38 existing stockbroker offices. Its average market share for the year was 4.18% considering transactions performed at both the Santiago Stock Exchange and the Chilean Electronic Exchange where the Company does business. The two business areas of Valores Security Corredores de Bolsa showed the following performance in the year just ended:

- Fixed income instruments produced gross income of US\$ 2.33 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.
- Variable income instruments (stocks) grossed US\$ 1.31 million from stock intermediation and stock exchange rights, as well as from the earnings of the Company's own portfolio

Merchant Security

The Company began operations in September of 1996 as a subsidiary of Grupo Security, continuing with the corporate finance area that to that date was the responsibility of Valores Security 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 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 bond issuing.
- Purchase and sale of companies, real estate properties and trademarks.

The Company's consolidated results of 2000 show net income amounting to US\$ 0.27 million, after a loss of US\$ 0.35 million in 1999, which represents a return on equity ratio of 10.99%. During the year, the Company carried out an extensive corporate visit program, whereby a number of businesses were materialized that generated US\$ 0.64 million in earnings.

Since the end of 1997 Merchant Security maintains a strategic alliance with Advent International, the world's largest investment fund, which is present in 33 countries with investments in more than 100 enterprises.

Securitizadora Security

Securitizadora Security was created in October of 1997 as a subsidiary of Merchant Security, with the purpose of securitizing a variety of assets and debt certificates in general. The complex economic situation that prevailed in 1998 and the slow recovery that showed the first signs only by the end of 1999, meant that the Company's activity had to be taken very cautiously. The Company recorded net income of US\$ 0.30 million. Thus, the Company has become a significant contributor to the vast range of financial products and services that Grupo Security currently supplies to its clients.

Asesorías Security

This subsidiary of Banco Security focuses on risk-hedging operations and in providing advise in handling foreign financial assets. In 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 is its exclusive agent for Chile in the aforementioned business areas. During the year 2000 Asesorías Security lost US\$ 0.14 million.

insurance



INSURANCE

Inversiones Seguros Security Limitada

Inversiones Seguros Security Limitada is a Grupo Security subsidiary, and is in turn a parent unit that covers all the Group's insurance operations. In December of 1998, Grupo Security had the bylaws amended 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 (life) and Compañía de Seguros Previsión Generales (non-life). Subsequently, by late 1999, Grupo Security decided to create a new affiliate under the parent company Inversiones Seguros Security Limitada dedicated to insurance brokerage, with the name of Corredores de Seguros Security Limitada, which began operating in January of 2000.

Below is a description of the performance of each of the subsidiaries of Inversiones Seguros Security Limitada during the year 2000.

Seguros Previsión Vida

It must be noted that the two insurance companies named "Previsión", have been in the country's insurance market for over seven decades. Their history goes back to the time of the creation of the state-owned bank Banco del Estado de Chile, when in September of 1928 it created a pension fund for its employees that was called "La Previsión Compañía Chilena de Seguros". The companies "Seguros Previsión Vida" and "Seguros Previsión Generales" as we know them today were created in 1980, when it was mandated by law to separate life from non-life insurance operations. Later on, in December of 1995, Grupo Security acquired a majority interest in each of the companies from the French group AGF, which were transferred in December of 1998 to "Inversiones Seguros Security Limitada", a subsidiary of Grupo Security.

Previsión Vida recorded net income of US\$ 1.06 million in 2000, compared with accumulated revenue of US\$ 0.93 million in 1999, a real increase of 14.5%. The favorable results of the Company are generally explained by a significant increase in direct and withheld premiums, despite increased intermediation and management costs originating in an increase in the levels of activity from the previous year. These variables are also reflecting the recovery of the mortgage life insurance with Banco del Estado, which did not exist the year before.

Sales of direct premiums at Previsión Vida increased substantially during the year. Earnings from direct premiums amounted to US\$ 27.08 million in December 2000, up 132.1% in real terms from the US\$ 11.67 million in direct premiums sold in 1999, mainly of traditional life policies. At the same time, withheld premiums increased by 95.5%, primarily based on traditional individual and collective insurance, together with the recovery of the mortgage life insurance of Banco del Estado, as depicted in the table below.

PREVISION VIDA US\$ millions of December 2000	1999	2000	% Variation
Family protection	6.88	7.44	8.2%
Individual	0.98	2.14	119.3%
Collective, life	0.56	3.13	461.9%
Collective, life & health	0	0.29	
Collective mortgage life	1.55	12.43	701.0%
Pension fund insurance	0	1.64	
Annuities	1.70	0	
Total Direct Premiums	11.67	27.08	132.1%

One important entry in the Company's results is that of investment proceeds, which amounted to US\$ 5.97 million in 2000, compared with US\$ 6.13 million the year before. This lower than expected figure is explained by the poor performance of the overall stock market during the year.

Selling and administration expenses increased substantially in the year because of increased levels of activity in the Company, especially concerning commissions payable from the mortgage life insurance to Banco del Estado, whereby operating costs increased by 49.2% in one year. Also loss-related costs increased by 31.9% from the year before.

An important company feature is its wide network of 14 branches through which it operates all throughout the country. The branch system of Previsión Vida, that shares a number of sites with Previsión Generales, is one of the largest in the country and is one strength in Seguros Previsión's sales strategy. Thus, Previsión Vida owns two distribution channels: one direct with its own sales force oriented at traditional life insurance policies, and the other outsourced by insurance brokers oriented at the sale of annuities and other related products.

Seguros Previsión Generales

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.

Seguros Previsión Generales has been no exception within the industry. In 2000 it lost US\$ 1.09 million, compared with net income of US\$ 0.46 million at December of 1999, which is mainly explained by the strong competition and the increase in the loss ratio both in the Company and industry-wide.

Earnings from direct premiums amounted to US\$ 25.19 million in 2000, up 1.4% in real terms from the US\$ 24.84 million in direct premiums sold in 1999. It must be mentioned that withheld premiums declined by 9.7% because of an increase in portfolio transferred during the period. The main areas where the Company conducts business include motor vehicles, fire, the mandatory automobile-related personal injury insurance and other non-life lines.

As for the Company's risk exposure, a higher level of write-offs and provisions on withheld losses (19.2%) is observed, while the loss ratio (over earned withheld premiums) was 69.14% in December 2000, compared with 57.83% a year before. Therefore, the deteriorated results can be attributed primarily to the increased loss ratio, which went up by US\$ 2.00 million from 1999.

Regarding efficiency, fixed expenses increased by 9.6% while administration and collection expenses accounted for 37.85% of earnings from withheld direct premiums at December 2000, compared with a lower figure of 32.59% the previous year. However, it must be noted that the higher spending of 2000 includes some one-time extraordinary expenses stemming from the restructuring process undertaken by the Company.

On the other hand, the financial results show investment proceeds cut almost in half, from US\$ 0.95 million in 1999 to US\$ 0.48 million at December 2000.

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 a network of 13 branches and 4 representative offices distributed 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 the year 2000 and has shown satisfactory results and profitability from the start, also capturing a good share of the insurance brokerage market. Actually, during 2000 the Company's net income was US\$ 1.07 million, which represents a return on equity ratio of 39.91%.

In these results, premiums intermediated by the Company amounted to UF 718,600 generating operating income of US\$ 2.84 million during the year. The Company's lines of business are oriented mainly to the entrepreneurial sector, and to a lesser degree to personal lines, life and health insurance and new businesses.

services



SERVICES

Grupo Security's service area includes a real estate company, a travel agency and other companies involved with sales forces that promote the various products in the financial market and that are planned to begin operations in 2001.

Inmobiliaria Security

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 hardest affected by economic cycles. Thus, the slow pace of the economy and the uncertainty prevailing 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 no significant recovery was observed in overall property sales.

In this scenario, the results of the company can be seen as satisfactory, with net income of US\$ 0.16 in the year 2000. The perspective of reduced market interest rates will expectedly reactivate the real estate industry from 2001 onwards.

Travel Security

This company was incorporated into the Group in mid 1999, and its net income increased by 66.6% to US\$ 0.52 million in 2000, showing a return on equity ratio of 51.19%. It must be noted that these results were obtained in a troubled market, where on top of the stagnant domestic economic demand, travel agencies were affected heavily by a reduction in commissions decreed by airlines early that year. This caused tourism and travel services to concentrate heavily around a reduced number of travel agencies of larger size.

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\$ 33.2 million in 2000, up 66% in real terms from the year before. According to preliminary figures for December 2000, Travel Security's market share was near 5.2%, which positions it among the largest five agencies in the market.

Travel Security is currently negotiating a number of contracts consistent with its development strategy of orienting its operations to both companies and individuals. It has branches in a selected suburb in Santiago and has begun opening new branches in downtown Santiago, as well as in other cities such as Iquique in the north and Concepción down south, plus four representatives located in specific companies served by this agency.



Global Security Limitada

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

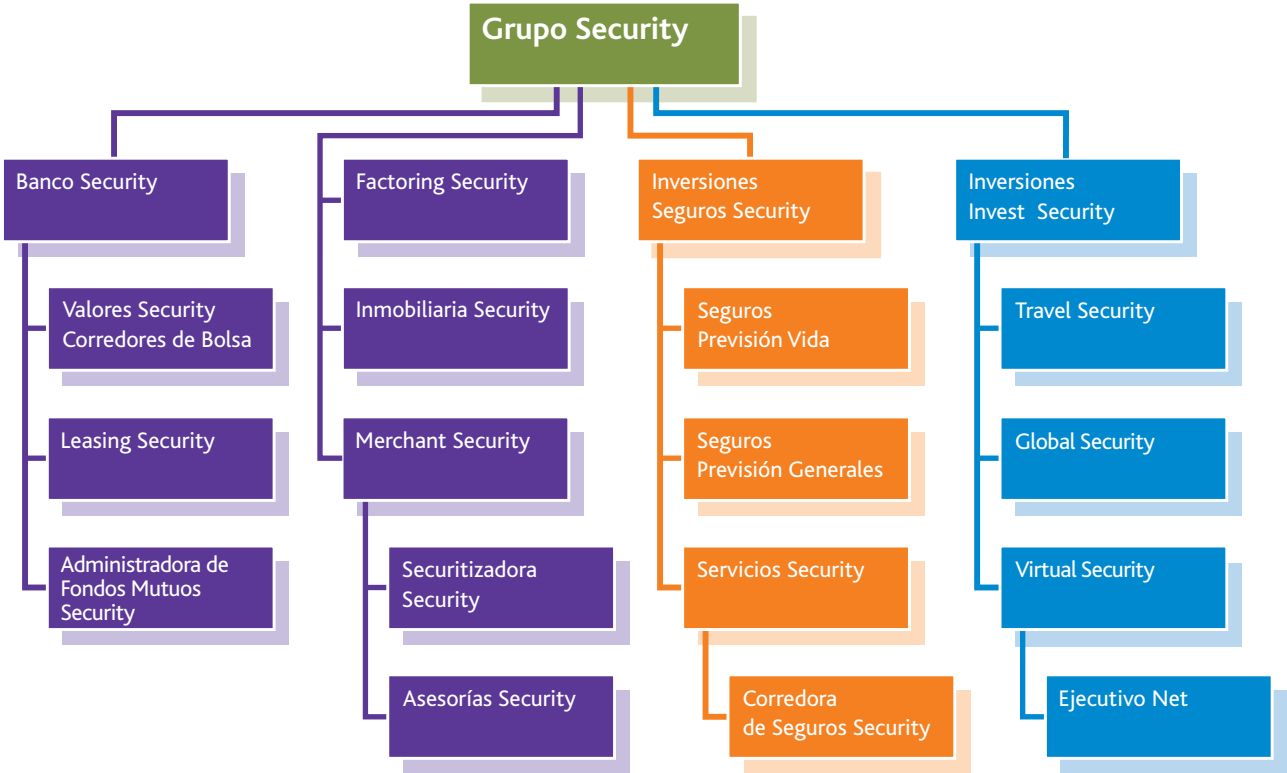
The Company recorded net income of US\$ 0.02 million in the year 2000, with US\$ 0.18 million in paid-in capital. At year end, its sales force is made up of 76 saleswomen.

V. Grupo Security Companies' Description

Organizational Structure

The financial operations of Grupo Security companies are managed and controlled by each business area, however the organizational structure of the companies is defined as shown in the chart below.

It is composed by Banco Security (and its subsidiaries Leasing Security, Administradora de Fondos Mutuos Security and Valores Security Corredores de Bolsa); Factoring Security; Inmobiliaria Security; Merchant Security (and its subsidiaries Securitizadora Security and Asesorías Security); Inversiones Seguros Security Limitada (and its subsidiaries Seguros Previsión Vida, Seguros Previsión Generales and Corredores de Seguros Security Limitada, which in turn is a subsidiary of Servicios Security); and Inversiones Invest Security Limitada (with its subsidiaries Travel Security, Global Security Limitada and Virtual Security with its affiliate Ejecutivo Net, the two latter ones now in their early stages of development).





Identification, Board of Directors and Management of Grupo Security Companies

Banco Security

Company Description:

Banking Company

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.

Paid-in Capital and Reserves:

Paid-in capital and reserves amounts to US\$ 119.17 million at December 31, 2000, including own capital revaluation pursuant to the provisions in Article 10 of Law N° 18046.

Results:

Net income after taxes is US\$ 16.81 million as of December 31, 2000.

Direct and Indirect Ownership:

Grupo Security 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 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 instruments and US dollars.

Deeds of Incorporation:

The Company was incorporated by means of a public deed dated April 10, 1987. In accordance with 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 Corredores de Bolsa".

Paid-in Capital and Reserves:

Paid-in Capital and Reserves at December 31 of 2000 amounts to US\$ 4.63 million and its net worth is US\$ 6.33 million.

Results:

Net income is US\$ 1.70 million at December 31, 2000.

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.



Leasing Security

Company Description:

Closed Stock Company, a subsidiary of Banco Security.

Corporate Purpose:

To finance and purchase capital goods through a leasing scheme with purchase agreement.

Deeds of Incorporation:

The Company was incorporated as a closed stock company by means of a public deed dated April 9, 1990, signed before the Notary Public Mr. Enrique Morgan Torres, and subsequently renamed on July 10 of 1991. The company began operating on May 8, 1990, as a subsidiary of Banco Security. As an affiliated company that supplements the banking business, the company is subject to the regulations of the Superintendence of Banks and Financial Institutions. By a public deed dated October 16, 1997, signed before the Notary Public Mr. Enrique Morgan Torres, the company was renamed as Leasing Security. The abstract of said deed is registered on page 26349, item N° 21335, of the Registry of Commerce of the Santiago Real Estate Registrar of 1997, and was published in the Official Daily Newspaper issue of October 27, 1997.

Paid-in Capital and Reserves:

At December 31 of 2000 the Company's paid-in capital and reserves amounts to US\$ 11.29 million and its net worth is US\$ 13.50 million.

Results:

Net income is US\$ 2.21 million at December 31 of 2000.

Direct and Indirect Ownership:

Banco Security owns 99.9999% and Mr. Clemente Silva S. owns the remaining 0.0001% of the Company's shares.

President:

Alan Lolic Z.

Board of Directors:

Chairman:

Renato Peñafiel M.

Directors:

Claudio Berndt C.

Ramón Eluchans O.

Naoshi Matsumoto T.

Luis Montalva R.

Horacio Pavez G.

Gonzalo Ruiz U.



Administradora de Fondos Mutuos Security

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 Superintendence of Securities and Insurance on June 2 of the same year, upon exempt resolution N° 0112. Today, the company operates seven 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.

The company is governed by the Superintendence of Securities and Insurance and is subject to the Decree-Law DL 1328 and its regulations.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2000 the company's paid-in capital is US\$ 1.95 million and its net worth is US\$ 3.56 million.

Results:

Net income is US\$ 1.45 million at December 31 of 2000.

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

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 company or individual's 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.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2000 the Company's paid-in capital is US\$ 8.32 million and its net worth is US\$ 13.00 million.

Results:

Net income recorded at December 31 of 2000 is US\$ 2.34 million.

Direct and Indirect Ownership:

At year end, Grupo Security owns 99.999% of the Company's shares.

President:

Juan José Irarrázaval Ll.

Board of Directors:

Chairman:

Francisco Silva S.

Directors:

Francisco Juanicotena S.

Renato Peñafiel M.

Gonzalo Ruiz U.

Mario Weiffenbach O.



Inmobiliaria Security

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 \$1,000,000, 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\$ 2.79 million. The shares were subscribed by Grupo Security which held 99,99% of the share capital.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2000, the Company's paid-in capital is US\$ 3.30 million and its net worth is US\$ 2.08 million.

Results:

The Company recorded net income of US\$ 0.16 million at December 31, 2000.

Direct and Indirect Ownership:

Grupo Security 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

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, keep, 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 2000 the Company's capital is US\$ 2.44 million and its net worth is US\$ 2.71 million.

Results:

The Company recorded net income of US\$ 0.27 million at December 31, 2000.

Direct and Indirect Ownership:

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

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.



Securizadora Security

Company Description:

Closed Stock Company, a subsidiary of Merchant Security

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 Superintendence of Securities and Insurance, the Company was authorized to exist and its bylaws were approved. The Superintendence'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 Superintendence of Securities and Insurance Registry with number 640 of April 1, 1998.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2000 the Company's paid-in capital is US\$ 0.43 million and its net worth is US\$ 0.74 million.

Results:

The Company recorded net income of US\$ 0.30 million at December 31, 2000.

Direct and Indirect Ownership:

Merchant Security 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.



Asesorías Security

Company Description:

Closed stock company, a subsidiary of Merchant Security

Corporate Purpose:

To provide financial advise. 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". On November 1, 2000, Asesorías Security became a subsidiary of Merchant Security

Paid-in Capital and Shareholders' Equity:

At December 31 of 2000, the Company's paid-in capital and reserves amounts to US\$ 0.36 million and its net worth is US\$ 0.21 million.

Results:

The Company recorded net income of US\$ 0.14 million at December 31, 2000.

Direct and Indirect Ownership:

Merchant Security owns 99.9% of the Company's shares and Asesorías e Inversiones Delfos Limitada owns the remaining 0.1% as of December 31, 2000.

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:

The Company 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 issue 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 2000 the Company's paid-in capital and reserves is US\$ 19.64 million and its net worth is US\$ 19.96 million.

Results:

The Company recorded net income of US\$ 0.32 million at December 31, 2000.

Ownership:

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

Attorney:

Renato Peñafiel M.

Francisco Silva S.



Seguros Previsión Vida

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 upon 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" 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 Superintendence of Securities and Insurance.

Paid-in Capital and Shareholders' Equity:

At December 31 of 2000, the Company's paid-in capital and reserves amounts to US\$ 9.23 million and its net worth is US\$ 10.30 million.

Results:

The Company recorded net income of US\$ 1.06 million at December 31, 2000.

Direct and Indirect Ownership:

Grupo Security 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.



Seguros Previsión Generales

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 Superintendence of Securities and Insurance.

Paid-in Capital and Shareholders' Equity:

At December 31, 2000, the Company's paid-in capital is US\$ 2.81 million and its net worth is US\$ 5.05 million.

Results:

The Company recorded a net loss of US\$ 1.09 million at December 31, 2000.

Direct and Indirect Ownership:

Grupo Security 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

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 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, 2000 the Company's paid-in capital is US\$ 3.81 million.

Direct and Indirect Ownership:

Grupo Security 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.



Corredora 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.

Paid-in Capital and Shareholders' Equity:

At December 31, 2000 the Company's paid-in capital is US\$ 2.67 million and its net worth is US\$ 3.73 million.

Results:

The company recorded net income of US\$ 1.07 at December 31, 2000.

Direct and Indirect Ownership:

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



Inversiones Invest Security Limitada

Company Description:

Limited liability company

Corporate Purpose:

To administer all kinds of businesses, either by 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, 2000 the Company's paid-in capital is US\$ 2.99 and its net worth is US\$ 3.06 million.

Results:

The Company recorded net income of US\$ 0.07 million at December 31, 2000.

Direct and Indirect Ownership:

Grupo Security owns 99.9% of the Company's shares.

Management:

The Company is managed by Grupo Security, with:
Francisco Silva S.
Renato Peñafiel M.
Ramón Eluchans O.
Luis Astudillo G.



Travel Security

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 date 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 reorganized the company's management and contributed \$120 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

Paid-in Capital and Shareholders' Equity:

At December 31, 2000 the Company's paid-in capital is US\$ 0.57 and its net worth is US\$ 1.54 million.

Results:

The company recorded net worth of US\$ 0.52 million at December 31 of 2000.

Direct and Indirect Ownership:

Grupo Security 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 Inversiones Invest Security Limitada.

Paid-in Capital and Shareholders' Equity:

At December 31, 2000 the Company's paid-in capital is US\$ 0.18 million and its net worth is US\$ 0.19 million.

Results:

The Company recorded net income of US\$ 0.02 million at December 31, 2000.

Direct and Indirect Ownership:

Grupo Security owns 99.9% of the Company's shares through Inversiones Invest Security Limitada and the remaining 0,1% through Seguros Security Limitada.

President:

Alfredo Reyes V.

VI. 2000 Financial Statements

Individual Financial Statements

Consolidated Financial Statements

Summarized Financial Statements

Individual Financial Statements

at December 31, 2000 and 1999.

Includes Independent Auditors' Report

Contents

Independent Auditors' Report	59
Balance Sheets	60
Statement of Income	62
Statement of Cash Flows	63
Notes to the Financial Statements	64

ThCh\$ = Thousands of Chilean pesos

MCh\$ = Millions of Chilean pesos

UF = Indexed unit of account

US\$ = US dollar

Independent Auditors' Report

**Deloitte &
Touche**



Chairman of the Board and Directors Grupo Security S.A.

We have audited the accompanying balance sheets of Grupo Security S.A. as of December 31, 2000 and 1999, and the related statements of income and cash flows for the years then ended. These financial statements, and the related notes, are the responsibility of the Company's management. 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. and Seguros Previsión Vida S.A. (indirect subsidiaries of the Company) which represent respectively 5.96% and 7.32% of the Company's total assets as of December 31, 2000 and 1999, and 2% and 6.21% 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 8 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, 2000 and 1999, 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.

February 23, 2001


Jorge Rodríguez

**Deloitte Touche
Tohmatsu**

Balance Sheets

December 31, 2000 and 1999

(In thousands of Chilean pesos - ThCh\$)

ASSETS	2000	1999
	ThCh\$	ThCh\$
Current:		
Cash and banks	603,583	1,979,636
Time deposits	175,752	2,564,551
Marketable securities	4,877,470	3,354,958
Other receivables	87,076	-
Accounts receivable from related companies	490,585	2,147,289
Refundable taxes	106,386	15,746
Other current assets	340,539	2,344,600
Total current assets	6,681,391	12,406,780
Fixed assets	136,529	72,822
Total fixed assets, net	136,529	72,822
Other Assets:		
Investments in related companies	102,743,331	85,488,538
Goodwill	546,994	587,411
Bond discount	644,725	741,434
Total other assets	103,935,050	86,817,383
Total Assets	110,752,970	99,296,985

The accompanying notes are an integral part of these financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	2000	1999
	ThCh\$	ThCh\$
Current:		
Short-term liabilities with banks and financial institutions	3,262,278	-
Current portion of long-term liabilities with banks and financial institutions	919,898	2,260,725
Current portion of bonds	1,992,612	2,026,110
Accounts payable	36,005	437,279
Provisions and withholdings	13,671	70,852
Income tax	11,420	5,166
Deferred taxes	9,599	-
Total current liabilities	6,245,483	4,800,132
Long-term:		
Liabilities with banks and financial institutions	10,045,736	1,989,007
Bonds	10,513,279	12,269,527
Total long-term liabilities	20,559,015	14,258,534
Shareholders' Equity:		
Paid-in capital	41,190,137	41,190,137
Share premium	18,503,015	18,503,015
Other reserves	2,183,505	1,137,860
Accumulated deficit in development stage subsidiary	(771,016)	(584,162)
Retained earnings: Prior years	13,639,409	11,256,862
Interim dividends	(417,403)	(873,176)
Net income	9,620,825	9,607,783
Total shareholders' equity - net	83,948,472	80,238,319
Total Liabilities and Shareholders' Equity	110,752,970	99,296,985

The accompanying notes are an integral part of these financial statements

Statements of Income

For the years ended December 31, 2000 and 1999
(In thousands of Chilean pesos - ThCh\$)

	2000	1999
	ThCh\$	ThCh\$
Sales:	-	-
Cost of Sales	-	-
Gross Margin	-	-
Administrative and Selling Expenses	(1,746,261)	(1,586,999)
Operating income (loss)	(1,746,261)	(1,586,999)
Other income and expenses		
Financial income	481,551	1,148,923
Equity in earnings of related companies	11,450,307	10,679,507
Other non-operating income	765,844	1,152,631
Equity in losses of related companies	-	(441,127)
Goodwill amortization	(40,417)	(40,373)
Financial expenses	(1,154,548)	(1,199,392)
Monetary correction	(121,183)	(100,221)
Non-operating income	11,381,554	11,199,948
Income before income taxes	9,635,293	9,612,949
Income taxes	(14,468)	(5,166)
Net income	9,620,825	9,607,783

The accompanying notes are an integral part of these financial statements

Statements of Cash Flows

For the years ended December 31, 2000 and 1999
(In thousands of Chilean pesos - ThCh\$)

	2000	1999
	ThCh\$	ThCh\$
Cash Flow from Operating Activities:		
Net income	9,620,825	9,607,783
Charges (credits) to income that do not affect cash flows:		
Depreciation	33,169	7,198
Amortization of intangibles	-	2,336
Equity in earnings of related companies	(11,450,307)	(10,679,507)
Equity in losses of related companies	-	441,127
Income tax provision	14,468	5,166
Goodwill amortization	40,417	40,373
Monetary correction - net	121,183	100,221
(Increase) decrease in assets, affecting cash flows:		
Marketable securities	-	2,790,361
Dividends and other distributions received	5,694,339	6,765,979
Other assets	3,141,765	(525,967)
Accounts receivable from related companies	-	(2,175,204)
Increase (decrease) in liabilities, affecting cash flows:		
Accounts payable	(390,613)	442,964
Provisions and withholdings	(60,258)	(1,250,449)
Other current liabilities	18,414	-
Net cash provided by operating activities	6,783,402	5,572,381
Cash Flows from Financing Activities		
Bond redemption	(2,536,538)	(1,788,916)
Dividends paid	(6,769,463)	(6,143,420)
Loan obtained	9,910,459	-
Loans repaid	(1,737,846)	(2,201,551)
Net cash (used in) financing activities	(1,133,388)	(10,133,887)
Cash Flows from Investing Activities		
Purchase of permanent investments	(10,648,370)	-
Purchase of fixed assets	(94,594)	(59,496)
Net cash used in provided by investing activities	(10,742,964)	(59,496)
Total Negative net cash Flow during the year	(5,092,950)	(4,621,002)
Inflation effect on cash and cash equivalents	(163,151)	53,479
Net increase (decrease) in cash and cash equivalents	(5,256,101)	(4,567,523)
Cash and cash equivalents at beginning of year	6,375,975	10,943,498
Cash and cash equivalents at end of year	1,119,874	6,375,975

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

(In thousands of Chilean pesos-ThCh\$)

NOTE 1. COMPANY FORMATION AND REGISTRATION

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

In the first Special Shareholders' Meeting held on June 14, 1991, it was agreed to increase the capital to ThCh\$3,315,615 divided into 32,934,591 no-par-value shares.

In the Special Shareholders' Meeting held on July 12, 1994, it was agreed to expand the Company's business line to include all type of investing and consulting activities, within or outside Chile, and to increase capital by ThCh\$14,555,000, which was subscribed and paid in on August 11, 1994.

On December 14, 1994, an Special Shareholders' Meeting was held in order to ratify and modify the by-laws and the agreement reached in the Special Shareholders' Meeting of July 12, 1994, to conform to the rules on publicly - traded corporations, resulting in capital represented by 170,827,056 no-par-value shares.

On January 30, 1995, the Company was registered under number 0499 in the Securities Registry. Consequently, the Company is regulated by the Superintendence of Securities and Insurance.

In the Regular Meeting of the Board of Directors held on May 11, 1995, it was agreed to back the agreement reached at an Special Shareholders' Meeting held on January 13, 1995, which decided to increase capital to 194,389,409 no-par-value shares.

On June 23, 1995, the issuance of 23,562,353 shares corresponding to the capital increase agreed at the Special Shareholders' Meeting held on January 13, 1995, was recorded under No. 362 of the Securities Register. These shares were subscribed and paid, resulting in capital represented by 194,389,409 no-par-value shares.

At the Special Shareholders' Meeting held on October 18, 1995, it was agreed to increase the Company's paid-in capital by issuing 106,000,000 no-par-value shares.

On December 5, 1995, an issuance of 42,500,000 shares was recorded under N°391 of the Securities Register, and made from the increase of 106,000,000 shares approved in the Special Shareholders' Meeting held on October 18, 1995.

At the Special Shareholders' Meeting held on April 28, 1997, it was agreed to increase the number of shares through a seven for one share exchange, leaving capital represented by 1,654,721,054 fully subscribed and paid shares. On June 1, 1997, shares were exchanged at a rate of seven new shares for each old share.

At the Special Shareholders' Meeting held on October 20, 1997, it was agreed to change the Company's name from Security Holdings S.A. to Grupo Security S.A.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General

The individual financial statements of Grupo Security S.A. as of December 31, 2000 and 1999, have been prepared in accordance with accounting principles generally accepted in Chile, and standards and instructions issued by the Superintendence of Securities and Insurance, 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 line-by-line. This treatment does not modify the net income for the periods or

the equity. Specific stipulations on corporations contained in Law 18,046 and its regulations have been taken into account.

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.

b. Reporting periods

These financial statements cover the years ended in December 31, 2000 and 1999.

c. 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, (4.7% in 2000 and 2.6% in 1999).

Amounts for 1999 included in the financial statements and notes have been price-level restated by 4.7% to allow comparison with the 2000 amounts.

d. Foreign currency

Assets and liabilities in foreign currencies have been translated at the December 31, 2000 exchange rate of Ch\$573.65 per US\$1 (Ch\$530.07 per US\$1 in 1999).

Amounts expressed in inflation index-linked units of account (UF) have been translated into Chilean pesos at the rate of Ch\$15,769.92 per UF1.00 at December 31, 2000 (Ch\$15,066.96 per UF1 in 1999).

e. Time deposits

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

f. Marketable securities

Includes corporate bonds, stated at their monetarily corrected cost plus accrued interest or market value, whichever is lower, and mutual funds, which are stated at share value at each year end.

g. Resale agreements

Purchases of financial instruments under resale agreements are stated at purchase value plus interest accrued according to the interest rate determined between the purchase value and committed selling value at the date of the agreement.

h. Fixed assets

These assets are valued at cost plus monetary correction. Depreciation for the period, amounting to ThCh\$33,169 (ThCh\$7,198 in 1999) is calculated on the restated values of assets over their remaining estimated useful lives.

i. Investments in related companies

These investments are valued under the equity method, based on the financial statements as of December 31 of each year. This includes the recognition of the equity in earnings or losses of the related companies on an accrual basis.

j. Goodwill

The balance at December 31, 2000 and 1999, represents the goodwill in the purchase of 99.99% of Banco Security S.A. and 99.99% of Factoring Security S.A., which is being amortized over a period of 20 years.

k. Income taxes and deferred taxes

The Company has determined income tax according to standards of the Income Law at December 31, 2000 and 1999. Deferred taxes are recorded on an accrual basis according to Technical Bulletins N°60, 61 and 69 of the Chilean Institute of Certified Public Accountants.

l. Personnel vacations

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

m. Cash and cash equivalents

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

	2000	1999
	ThCh\$	ThCh\$
Cash on hand and in banks	603,583	1,979,636
Time deposits	175,752	2,564,551
Resale agreement on promissory notes issued by Banco Central de Chile	340,539	1,831,788
	1,119,874	6,375,975

NOTE 3. ACCOUNTING CHANGES

Starting January 1, 2000, the Company accounts for all deferred taxes due to temporary differences, tax loss and other events creating differences between the accounting and taxable base of assets and liabilities as provided in Technical Bulletin N°60 of the Chilean Institute of Accountants. Until 1999, as the obligation was to account only for deferred taxes on temporary differences whose reversal was not offset with new similar differences, the Company determined expense of income tax according to taxable income.

Standards of Technical Bulletin N°60 are applicable only for temporary differences, tax benefits from tax loss and other events creating difference between the accounting and taxable base of assets and liabilities arising after January 1, 2000; thus, such accounting change did not have an accumulated affect at the beginning of the year.

This accounting change did not have a significant effect on the Company.

NOTE 4. MONETARY CORRECTION

The application of the monetary correction accounting policy described in Note 2 c, resulted in a charge of ThCh\$121,183 to income in 2000 (ThCh\$100,221 in 1999), as follows:

	(Charge)/credit	
	2000 ThCh\$	1999 ThCh\$
Monetary correction of:		
Shareholders' equity	(3,437,988)	(1,851,618)
Investments in related companies	3,755,593	1,932,994
Goodwill	26,368	15,910
Fixed assets	721	525
Assets and liabilities in foreign currencies	68,908	201,243
Other assets and liabilities	(572,608)	(414,847)
Income statement accounts	37,823	15,572
Net charge to income	(121,183)	(100,221)

NOTE 5. TIME DEPOSITS

Time deposits, valued as described in Note 2.e., are as follows:

Entity	Currency	2000		1999	
		Amount ThCh\$	Maturity date	Amount ThCh\$	Maturity date
Banco Security	\$	-	-	2,404,290	2000.01.19
Banco Security	US\$	175,752	2001.01.04	160,261	2000.01.19
		175,752		2,564,551	

NOTE 6. MARKETABLE SECURITIES

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

	2000	1999
	ThCh\$	ThCh\$
a. Mutual Funds:		
Fondos Mutuos Security Premium	-	438,335
b. Other investments in US dollars:		
General Electric Corp, (bonds)	2,560,147	2,916,623
Eléctrica Guacolda (bonds)	2,317,323	-
Total	4,877,470	3,354,958

NOTE 7. INVESTMENT WITH RESALE AGREEMENTS

These investments are valued in accordance with Note 2.g., and the detail of the balance at December 31, 2000 and 1999, is as follows:

	2000			1999		
	Book	Market	Maturity	Book	Market	Maturity
	value	value	date	value	value	date
	ThCh\$	ThCh\$		ThCh\$	ThCh\$	
Promissory notes of Banco Central de Chile:						
Resale agreement with						
Valores Security S.A. Corredores de Bolsa	340,539	340,539	2001.01.02	1,831,788	1,831,788	2000.01.10

NOTE 8. INVESTMENTS IN RELATED COMPANIES

The balance at December 31, 2000 and 1999, corresponds to investments made and valued in accordance with Note 2.i., as follows:

Name	Ownership		Equity		Investment value		Income	
	2000	1999	2000	1999	2000	1999	2000	1999
	%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Banco Security	99.99	99.99	79,338,228	66,663,028	79,337,435	66,662,362	9,642,981	8,907,832
Factoring Security S.A.	99.99	99.99	7,457,117	6,114,253	7,457,116	6,113,017	1,342,864	1,333,237
Inversiones Seguros Security Ltda.	99.99	99.99	11,447,731	10,022,243	11,447,616	10,022,143	181,108	438,438
Merchant Security S.A.	99.80	99.80	1,555,558	1,401,497	1,552,447	1,398,691	153,752	(200,907)
Inmobiliaria Security S.A.	99.99	99.99	1,196,488	1,292,325	1,196,487	1,292,325	91,628	(240,220)
Inversiones Invest Security Ltda.	99.81	-	1,755,566	-	1,752,230	-	37,974	-
Total			102,750,688	85,493,346	102,743,331	85,488,538	11,450,307	10,238,380

On April 7, 2000, the Company made a capital contribution of ThCh\$2,650,000 to Inversiones Seguros Security Ltda., for the financing of new investments.

On October 30, 2000, the Company made a capital contribution of ThCh\$1,700,000 to Inversiones Invest Security Ltda., thereby increasing its interest to 99.81%.

On October 30, 2000, the Company withdrew prior years earnings from Inversiones Seguros Security Ltda. for ThCh\$1,250,000.

On December 28, 2000, the Company made a capital contribution of ThCh\$6,206,220 to Banco Security, thus maintaining its 99.999% ownership.

NOTE 9. GOODWILL

Goodwill and its corresponding amortization is detailed below:

Company	Ownership		Goodwill balance		Amortization	
	2000	1999	2000	1999	2000	1999
	%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Banco Security	99.99	99.99	221,968	238,309	16,341	16,342
Factoring Security S.A.	99.99	99.99	325,026	349,102	24,076	24,031
Total			546,994	587,411	40,417	40,373

In accordance with the instructions of the Superintendence of Securities and Insurance in Circular N° 1358, starting on January 1, 1998, the unamortized balance of goodwill is amortized over a period of 20 years.

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

Banks	Item	2000 ThCh\$	1999 ThCh\$
Banco de Chile	Short-term interest	59,553	-
Corpbanca	Commercial loan	3,202,725	-
Total		3,262,278	-
Capital owed		3,202,725	-
% of liabilities in local currency		100%	-
Interest rate	TAB 180 days + 1.5%		

NOTE 11. SHORT-AND LONG-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS

Creditor	Short-term		Long-term	
	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$
Banco Boston (*)	919,898	2,260,725	3,327,750	1,989,007
Banco de Chile	–	–	6,717,986	–
Total	919,898	2,260,725	10,045,736	1,989,007

(*) Liabilities in foreign currency (US\$).

	2000 %	1999 %
Annual interest rate	8.75	8.13

a. Maturities of obligations with Bank of Boston are as follows:

Maturity	Capital		Interest accrued	
	US\$	ThCh\$	US\$	ThCh\$
2001.04.05	1,450,000	831,938	153,308	87,960
2002.04.05	1,450,000	831,938	-	-
2003.04.05	1,450,000	831,938	-	-
2004.04.05	1,450,000	831,938	-	-
2005.04.05	1,450,000	831,936	-	-
Total	7,250,000	4,159,688	153,308	87,960

- b. On April 5, 1999, the Company paid principal of US\$3,650,000 and interest of US\$12,366.75 on the installment due April 5, 2000.
- c. On April 5, 2000, the Company paid interest accrued on the loan for US\$590,699; the principal was extended for 60 days, to restructure the debt.
- d. On June 5, 2000, the Company paid accrued interest on the loan for ThCh\$55,768; the principal was extended for 30 days, to restructure the debt.
- e. On July 5, 2000, the Company paid accrued interest on the loan for ThCh\$55,768, and the debt was restructured, to be repaid in 5 installments of US\$1,450,000, the first falling due on April 5, 2001.
- f. On October 5, 2000, the Company paid accrued interest on the loan for ThCh\$91,426.

g. Maturities of loans with Banco de Chile are as follows:

Maturity	Principal	
	UF	ThCh\$
2002.03.20	60,871	959,931
2003.03.20	60,871	959,931
2004.03.20	60,871	959,931
2005.03.20	60,871	959,931
2006.03.20	60,871	959,931
2007.03.20	60,871	959,931
2008.03.20	60,774	958,400
Total	426,000	6,717,986

NOTE 12. SHORT-TERM LIABILITIES

Other short-term liabilities:

	Obligations in nominal Chilean pesos (*)		Total	
	2000	1999	2000	1999
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income tax provision	4,869	5,166	4,869	5,166
Tax payable	6,551	-	6,551	-
Provisions and withholdings	13,671	70,852	13,671	70,852
Accounts payable	36,005	437,279	36,005	437,279
Other short-term liabilities	11,389	-	11,389	-
Total	72,485	513,297	72,485	513,297
Total principal	72,485	513,297	72,485	513,297
			2000	1999
Percentage of liabilities in Chilean pesos			100%	100%

(*) Interest-free obligations

NOTE 13. BONDS

On January 4, 1996, bonds were issued for a total of UF1,000,000 in two series, BSECU-A1 and BSECU-A2, with semi-annual interest payments at a rate of 5.9% over 12 years, due on March 1 and September 1 of each year, through March 1, 2007. Principal will be paid in 18 equal installments starting on September 1, 1998.

	2000		1999	
	UF	ThCh\$	UF	ThCh\$
a. Current portion:				
Principal	111,111.11	1,752,220	111,111.11	1,752,790
Accrued interest	15,243.69	240,392	17,325.64	273,320
Short-term	126,354.80	1,992,612	128,436.75	2,026,110
b. Long-term portion:				
Principal	666,666.59	10,513,279	777,777.77	12,269,527
Total	793,021.39	12,505,891	906,214.52	14,295,637

On March 1, 1999, interests of ThCh\$428,350 (historical) were paid on coupon N°7 of bonds BSECU-A1 and BSECU-A2.

On September 1, 1999, interests of ThCh\$409,774 (historical) were paid on coupon N°8 of bonds BSECU-A1 and BSECU-A2.

On March 1, 2000, interests of ThCh\$412,320 were paid on coupon N°9 of bonds BSECU-A1 and BSECU-A2.

On September 1, 2000, interests of ThCh\$462,340 were paid on coupon N°10 of bonds BSECU-A1 and BSECU-A2.

In the placement of the bonds, ThCh\$1,051,362 (historical) of discount was recognized, which will be amortized over 140 months. This resulted in a charge to income, in the period from January 1 to December 31, 2000, of ThCh\$96,709 (ThCh\$96,738 in 1999), which is included in administrative and selling expenses in the statements of income. Consequently, the unamortized balance, shown under Other assets, amounts to ThCh\$644,725 in 2000 (ThCh\$741,434 in 1999).

NOTE 14. INCOME TAXES AND DEFERRED TAXES

a. Income tax payable :

At December 31, 2000, the Company's accrued income tax is ThCh\$4,869 (ThCh\$5,166 in 1999).

b. Deferred taxes :

At December 31, 2000, the detail of accumulated balances for deferred taxes is as follows:

	Deferred taxes			
	Assets		Liabilities	
	Short-term	Long-term	Short-term	Long-term
Temporary differences	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Vacation provision	1,790	-	-	-
Deferred loan taxes	-	-	11,389	-
Total deferred taxes	1,790	-	11,389	-
Complementary accounts' balance	-	-	-	-
Net balance according to balance sheet	1,790	-	11,389	-

The detail of accumulated balances at the beginning of 2000 of deferred tax assets and liabilities and their corresponding complementary accounts is as follows:

	Deferred taxes				Estimated months for reversal
	Assets		Liabilities		
	Short-term	Long-term	Short-term	Long-term	
Temporary differences	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Vacation provision	7,140	-	-	-	12
Provision on futures contracts	3,028	-	-	-	12
Total deferred taxes	10,168	-	-	-	-
Complementary accounts' balance	(10,168)	-	-	-	-
Balance at January 1, 2000	-	-	-	-	-

Income tax expense breakdown for each year is shown below:

	(Charge) credit to income	
	2000	1999
	ThCh\$	ThCh\$
Current tax expense:		
Provision for income tax of the year	(4,869)	(5,166)
Deferred taxes:		
Changes in deferred taxes in the year	(19,767)	-
Amortization of complementary accounts of deferred assets and liabilities	10,168	-
Total credit (charge) to income	(14,468)	(5,166)

At December 31, 1999, the Company did not account for deferred taxes.

NOTE 15. CHANGES IN SHAREHOLDERS' EQUITY

The movements in shareholders' equity accounts were as follows:

	Paid-in capital ThCh\$	Share premium ThCh\$	Other reserves ThCh\$	Accumulated deficit in development stage subsidiary ThCh\$	Retained earnings ThCh\$	Interim dividends ThCh\$	Net income ThCh\$	Total ThCh\$
Balances, December 31, 1998								
(historical)	38,344,157	17,224,573	1,069,711	(506,499)	4,783,893	(1,669,614)	12,290,494	71,536,715
Transfer of 1998 income	-	-	-	-	10,620,880	1,669,614	(12,290,494)	-
Dividends paid	-	-	-	-	(4,964,163)	-	-	(4,964,163)
Accumulated deficit in								
development stage of subsidiary	-	-	-	(41,598)	-	-	-	(41,598)
Surplus during development								
stage of subsidiary	-	-	-	3,567	-	-	-	3,567
Matching reserve in subsidiary	-	-	93,274	-	-	-	-	93,274
Adjustment to reserve for fluctuations								
in investments in subsidiary	-	-	(109,013)	-	-	-	-	(109,013)
Interim dividends	-	-	-	-	-	(827,361)	-	(827,361)
Monetary correction	996,948	447,839	32,809	(13,409)	310,930	(6,618)	-	1,768,499
Net income	-	-	-	-	-	-	9,176,488	9,176,488
Historical balances								
December 31, 1999	39,341,105	17,672,412	1,086,781	(557,939)	10,751,540	(833,979)	9,176,488	76,636,408
Updated balances at								
December 31, 1999, (4.7%)	41,190,137	18,503,015	1,137,860	(584,162)	11,256,862	(873,176)	9,607,783	80,238,319
Balances, December 31, 1999								
(historical)	39,341,105	17,672,412	1,086,781	(557,939)	10,751,540	(833,979)	9,176,488	76,636,408
Transfer of 1999 income	-	-	-	-	9,176,488	-	(9,176,488)	-
Transfer of interim dividends	-	-	-	-	(833,979)	833,979	-	-
Accumulated deficit in								
development stage of subsidiary	-	-	-	(187,466)	-	-	-	(187,466)
Dividends paid	-	-	-	-	(6,205,204)	-	-	(6,205,204)
Other reserves	-	-	1,261,520	-	-	-	-	1,261,520
Adjustment insurance reserve	-	-	(201,919)	-	-	-	-	(201,919)
Monetary correction	1,849,032	830,603	37,123	(25,611)	750,564	(3,723)	-	3,437,988
Interim dividends	-	-	-	-	-	(413,680)	-	(413,680)
Net income	-	-	-	-	-	-	9,620,825	9,620,825
Balances at								
December 31, 2000	41,190,137	18,503,015	2,183,505	(771,016)	13,639,409	(417,403)	9,620,825	83,948,472

- a. Pursuant to Article N°10 of Law N°18.046 at year-end of 2000 and 1999 the price-level restatements of paid-in capital have been incorporated into the same paid-in capital.
- b. The balance of ThCh\$2,183,505 (ThCh\$1,137,860 in 1999), reported in Other reserves, corresponds to the Company's share, in the matching reserve as of December 31, 2000 and 1999, in the subsidiary Seguros Previsión Vida S.A., and in the reserve for fluctuations in investments as of December 31, 2000 and 1999 in the subsidiary Banco Security.
- c. The Company reports a balance of ThCh\$784,408 (ThCh\$597,361 in 1999), resulting from the accumulated deficit in the development stage of its subsidiary Inmobiliaria Security S.A. This amount also includes ThCh\$13,392 (ThCh\$13,199 (historical) in 1999) resulting from the surplus in the development stage of the subsidiary Merchant Security S.A.
- d. Dividend policy - The shareholders decided to distribute 50% of the net cash income received by the Company from its direct subsidiaries during the year, distributed into one interim and one final dividend.
- e. Final dividends:
- In April 2000, final dividends for ThCh\$4,550,483 were paid and charged against retained earnings.
 - In October 2000, final dividends for ThCh\$1,654,721 were paid and charged against retained earnings.
- f. Interim dividends - On October 2000, the Board of Directors agreed to distribute an interim dividend of ThCh\$413,680, agreeing to take a loan to cover such disbursement.

NOTE 16. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

Related company description:

Company	Relationship	Taxpayer N°
Banco Security	Subsidiary	97.053.000-2
Administradora de Fondos Mutuos Security S.A.	Indirect subsidiary	96.639.280-0
Corredores de Bolsa Valores Security S.A.	Indirect subsidiary	96.515.580-5
Inversiones Seguros Security S.A.	Subsidiary	78.769.870-0
Merchant Security S.A.	Subsidiary	96.803.620-3
Servicios Security S.A.	Investee	96.849.320-5
Seguros Previsión Generales S.A.	Investee	99.302.000-1
Seguros Previsión Vida S.A.	Investee	99.301.000-6

Transactions with related individuals and companies during 2000 and 1999 were as follows:

Company	Description	Amount		Accounts receivable (short-term)		Credit (charges) to income	
		2000 ThCh\$	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$
Banco Security	Time deposits and financial instruments	3,825,321	2,564,551	-	-	258,412	1,086,652
	Consulting	-	93,183	-	93,183	-	93,183
Administradora de Fondos							
Mutuos Security S.A.	Mutual funds	645,321	438,335	-	-	9,511	5,230
Corredores de Bolsa							
Valores Security S.A.	Financial investments	2,221,322	1,831,788	-	-	143,320	38,004
Inversiones Seguros							
Security S.A.	Current account	-	1,920,912	-	1,920,912	-	-
Merchant Security S.A.	Current account	1,126	133,194	1,126	133,194	-	-
Servicios Security S.A.	Current account	29,159	-	29,159	-	742	-
Seguros Previsión							
Generales S.A.	Consulting	174,100	-	174,100	-	-	-
Seguros Previsión Vida S.A.	Consulting	136,200	-	136,200	-	-	-
Inversiones Seguros							
Security Ltda. Consulting		150,000	-	150,000	-	-	-
Total				490,585	2,147,289		

NOTE 17. SHARE TRANSACTIONS

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

Shareholders	Number of shares			
	2000		1999	
	Purchases	Sales	Purchases	Sales
Inversiones Almena Ltda.	–	150,000	–	–
Sociedad Comercial de Servicios e Inversiones Ltda.	72,277,335	–	84,459,480	21,074,512
Inversiones Matyco Ltda.	54,782,707	2,780,744	56,620,694	–
Muñoz Vivaldi Rodrigo	–	1,370,390	–	–
Inversiones Arizcun Ltda.	1,241,738	–	387,700	–
Inversiones Nine Ltda.	–	100,000	–	–
Errázuriz Matte Ana Sofía	–	86,695	–	–
Inversiones Los Cactus Ltda.	86,695	–	15,381,659	5,529,446
Toco S.A.	750,442	700,000	–	–
Inversiones Círculo Financiero	–	29,000,000	6,717,196	7,643,100
Inversiones Agroindustriales	–	19,964,814	–	–
Inversiones Villuco Ltda.	46,747,241	–	25,335,871	–
San León Inv. y Servicios Ltda.	1,272,704	–	3,001,134	–
Inversiones Hemaco S.A.	6,041,647	–	2,798,028	–
Compañía de Inversiones Río Bueno	2,031,288	–	1,282,941	–
Fiora del Fabro Bartual Enrique	6,685	–	–	–
Inversiones Hidroeléctricas	10,000,000	–	16,695,091	–
Gómez y Cobo Ltda.	409,884	–	387,272	–
Paclama S.A.	200,000	–	38,947	–
Berndt Cramer Claudio	21,577	–	–	–
Inversiones Río Rahue S.A.	415,511	–	–	–
Inversiones San Ignacio	1,307,692	–	1,619,872	–
Alzérreca Bascuñan Carmen	225,674	–	–	–
Asesoría e Inversiones Araya Ltda.	–	150,000	–	–
Puentes Lacámara Samuel	–	340,725	–	–
Inversiones E.P. Ltda.	–	29,681,508	–	–
Comercial Los Lagos Ltda.	–	3,907,647	1,668,801	–
Marín Correa Jorge Eduardo	–	1,059,716	–	–
Polo Sur Soc. de Rentas Ltda.	1,059,716	–	–	–
Inversiones Los Chilcos Ltda.	6,862,473	2,598,388	–	–
Inversiones Zunkunft Ltda.	–	–	–	87,502,205
Inversiones Llascahue Ltda.	15,216,470	5,761,929	–	–
Jaime Correa Hogg	–	796,544	–	–

(Continues)

Shareholders	Number of shares			
	2000		1999	
	Purchases	Sales	Purchases	Sales
Hermaco S.A.	14,108,125	–	–	–
Bilbao Hormaeche, Bonifacio	325,000	50,000	–	–
Inmobiliaria El Roble Ltda.	–	1,500,000	–	–
Horacio Pavez	–	155,274	–	–
Inversiones Camino Mirasol Ltda.	–	–	13,641,545	40,144,413
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	–	–	–

NOTE 18. SHAREHOLDERS' BREAKDOWN

At December 31, 2000 and 1999, the following is the composition of the shareholders:

Class of shareholder	Total ownership		Number of shareholders	
	2000 %	1999 %	2000	1999
10% or more ownership	12.48	11.30	1	1
Less than 10% ownership with investment equal to or greater than 200 UF	86.94	87.95	325	416
Less than 10% ownership with investment of less than 200 UF	0.58	0.75	401	400
Total	100.00	100.00	727	817
Controlling shareholder	77.30	77.30	12	12

NOTE 19. COMMITMENTS AND CONTINGENCIES

On October 28, 1999, the Company entered into a forward contract in the local market. Pursuant to such contract, the Company collected US\$8,000,000 and paid UF292,703.23 on January 17, 2000.

NOTE 20. FOREIGN CURRENCY

Short and long-term liabilities in foreign currency with financial institutions in 2000 and 1999 consist of a loan obtained from Bank of Boston, as mentioned in Note 11. Also, as indicated in Note 5, there is a time deposit in Banco Security for U\$306,375 (U\$288,768 in 1999).

NOTE 21. PENALTIES

In 2000 and 1999 no penalties were imposed on the Company, its Directors and its management by the Superintendence of Securities and Insurance.

NOTE 22. RESEARCH AND DEVELOPMENT COSTS

During the last five years, the Company has not incurred any significant research and development costs as defined in Circular N°981 of the Superintendence of Securities and Insurance.

NOTE 23. SIGNIFICANT EVENTS

At the date these financial statements were issued there are no significant events to report.

NOTE 24. GUARANTEES OBTAINED FROM THIRD PARTIES

The Company has no guarantees from third parties at December 31, 2000 and 1999.

NOTE 25. CASH FLOWS

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

NOTE 26. REMUNERATION OF DIRECTORS

Per diem and remuneration paid to directors amounted to ThCh\$74,804 in 2000 (ThCh\$55,474 in 1999).

NOTE 27. SUBSEQUENT EVENTS

From January 1 to February 23, 2001, the date these financial statements are issued, there have been no subsequent events that would materially affect them.

GABRIEL BECERRA T.
Accounting Officer

RENATO PEÑAFIEL M.
President

Consolidated Financial Statements

at December 31, 2000 and 1999.

Includes Independent Auditors' Report

Contents

Independent Auditors' Report	85
Balance Sheets	86
Statement of Income	88
Statement of Cash Flows	89
Notes to the Financial Statements	91

ThCh\$ = Thousands of Chilean pesos

MCh\$ = Millions of Chilean pesos

UF = Price-level restatement unit

US\$ = US dollar

Independent Auditors' Report

**Deloitte &
Touche**



Chairman of the Board and Directors Grupo Security S.A.

We have audited the accompanying consolidated balance sheets of Grupo Security S.A. and subsidiaries as of December 31, 2000 and 1999, 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 Company's management. 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. and Seguros Previsión Vida S.A. (indirect subsidiaries of the Company) which respectively represent 5.34% and 4.72% of the Company's total assets as of December 31, 2000 and 1999, and 2% and 6.21% 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, 2000 and 1999, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Chile.

As explained in Note 3 to the financial statements, effective January 1, 2000 the Company and its direct consolidated subsidiaries implemented the standards for the recording of deferred taxes.

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

February 23, 2001


Jorge Rodríguez

**Deloitte Touche
Tohmatsu**

Consolidated Balances Sheets

December 31, 2000 and 1999

(In thousands of Chilean pesos - ThCh\$)

ASSETS	2000	1999
	ThCh\$	ThCh\$
Current:		
Cash and banks	1,187,924	2,166,776
Time deposits	1,108,537	3,055,964
Marketable securities	5,293,438	3,728,369
Trade accounts receivable, net	54,242,426	47,070,941
Accounts and notes receivable	7,469,888	7,052,941
Other receivables	555,163	203,744
Accounts receivable from related companies	1,775,253	1,658,215
Refundable taxes	311,123	335,720
Deferred taxes	223,963	-
Other current assets	3,467,163	3,438,260
Total current assets	75,634,878	68,710,930
Fixed Assets:		
Installations	275,370	-
Machinery and equipment	129,869	28,183
Furniture and fixtures	534,006	-
Leased fixed assets	184,827	-
Other fixed assets	243,010	685,525
Total fixed assets	1,367,082	713,708
Less: accumulated depreciation	(355,401)	(229,208)
Total fixed assets, net	1,011,681	484,500
Other Assets:		
Investments in related companies	85,949,309	74,691,945
Goodwill	4,468,852	4,663,411
Others	8,888,746	5,638,460
Total other assets	99,306,907	84,993,816
Total Assets	175,953,466	154,189,246

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

LIABILITIES AND SHAREHOLDERS' EQUITY	2000	1999
	ThCh\$	ThCh\$
Current:		
Short-term liabilities with banks and financial institutions	61,540,176	48,605,275
Current portion of long-term liabilities with banks and financial institutions	919,898	2,260,725
Current portion of bonds	1,992,612	2,026,110
Accounts payable to related companies	1,686,421	-
Accounts payable	3,258,089	3,168,273
Notes payable	14,848	-
Sundry creditors	-	1,276,404
Provisions and withholdings	466,187	380,995
Income taxes	-	283,938
Deferred taxes	76,073	-
Other current liabilities	31,230	-
Total current liabilities	69,985,534	58,001,720
Long-term:		
Liabilities with banks and financial institutions	10,045,736	1,989,007
Bonds	10,513,279	12,269,527
Accounts payable to related companies	-	1,467,464
Deficit of equity in subsidiary	187,466	-
Other liabilities	843,558	76,860
Total long-term liabilities	21,590,039	15,802,858
Minority Interest	429,421	146,349
Shareholders' Equity:		
Paid-in capital	41,190,137	41,190,137
Share premium	18,503,015	18,503,015
Other reserves	2,183,505	1,137,860
Acumulated deficit in development stage subsidiary	(771,016)	(584,162)
Retained earnings:		
Prior years	13,639,409	11,256,862
Current year	9,620,825	9,607,783
Interim dividends	(417,403)	(873,176)
Total retained earnings	22,842,831	19,991,469
Total shareholders' equity	83,948,472	80,238,319
Total Liabilities and Shareholders' Equity	175,953,466	154,189,246

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

Consolidated Statements of Income

For the years ended December 31, 2000 and 1999
(In thousands of Chilean pesos - ThCh\$)

	2000	1999
	ThCh\$	ThCh\$
Operating Results		
Sales	17,014,371	12,878,643
Cost of Sales	(7,518,614)	(7,670,031)
Gross Margin	9,495,757	5,208,612
Administrative and Selling Expenses	(8,044,291)	(6,034,467)
Operating loss	1,451,466	(825,855)
Other Income and Expenses		
Financial income	844,987	2,056,697
Equity in earnings of related companies	10,106,476	9,532,700
Equity in losses of related companies	(631,070)	(214,374)
Other non-operating income	1,021,742	1,609,964
Goodwill amortization	(249,204)	(223,260)
Financial expenses	(1,488,302)	(1,417,096)
Other non-operating expenses	(275,047)	(28,060)
Monetary correction	(490,094)	(308,466)
Other income	8,839,488	11,008,105
Income Before Income Taxes, and Minory Interest	10,290,954	10,182,250
Income Tax	(389,846)	(528,545)
Income Before Minority Interest	9,901,108	9,653,705
Minority interest	(280,283)	(45,922)
Net income	9,620,825	9,607,783

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

Consolidated Statements of Cash Flow

For the years ended December 31, 2000 and 1999
(In thousands of Chilean pesos - ThCh\$)

	2000	1999
	ThCh\$	ThCh\$
Cash Flows From Operating Activities:		
Net income	9,620,825	9,607,783
Sale of assets:		
Loss on sale of fixed assets	-	921
Charges (credits) to income that do not affect cash flows:		
Depreciation	164,132	70,474
Equity in earnings of related companies	(10,106,476)	(9,532,700)
Equity in losses of related companies	631,070	214,374
Income tax provision	389,846	528,545
Goodwill amortization	249,204	223,260
Monetary correction - net	490,094	308,466
Minority interest	280,283	45,922
Write-offs, accruals and amortizations	1,243,727	794,399
Other credits that do not represent cash flows	(112,001)	(12,297)
(Increase) decrease in assets, affecting cash flows:		
Marketable securities	5,721	-
Inventories	679,266	-
Accounts and notes receivable	(1,584,975)	(2,062,926)
Sundry debtors and tax refundable	(203,548)	-
Dividends and other distributions received	5,694,339	6,806,213
Other assets	697,980	(82,097)
Trade accounts receivable	(8,090,658)	(16,049,489)
Accounts receivable from related companies	(694,116)	(1,955,356)
Increase (decrease) in liabilities, affecting cash flows:		
Provisions and withholdings	48,379	(1,250,449)
Accounts payable	(1,134,127)	(528,288)
Sundry creditors	(1,238,972)	-
Accounts payable to related companies	(81,310)	(4,851,663)
Other liabilities	(441,276)	65,452
Net cash used in operating activities	(3,492,593)	(17,659,456)

(Continues)

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

	2000	1999
	ThCh\$	ThCh\$
Cash Flows From Financing Activities:		
Loan obtained	58,477,334	50,868,545
Bond redemption	(2,536,538)	(1,788,916)
Dividends paid	(6,769,463)	(7,106,452)
Loans paid	(43,017,779)	(31,028,327)
Net cash provided by financing activities	6,153,554	10,944,850
Cash Flows From Investing Activities:		
Marketable securities and variable-rate mutual funds	(1,565,069)	3,400,848
Purchase of fixed assets	(1,059,109)	(207,593)
Lease operation payment	(7,937)	-
Sale of fixed assets	-	1,502,574
Loans provided	-	(977,744)
Purchase of permanent investments	(4,994,279)	(3,071,281)
Withdrawals from companies	-	562,959
Net cash (used in) provided by investing activities	(7,626,394)	1,209,763
Total (negative) net cash flow	(4,965,433)	(5,504,843)
Inflation effect on cash and cash equivalents	25,676	(10,210)
Net increase (decrease) in cash and cash equivalents	(4,939,757)	(5,515,053)
Cash and cash equivalents at beginning of year	7,941,144	13,456,197
Cash and cash equivalents at end of year	3,001,387	7,941,144

Notes to the 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.

In the first Special Shareholders' Meeting held on June 14, 1991, it was agreed to increase the capital to ThCh\$3,315,615 divided into 32,934,591 no-par-value shares.

In the Special Shareholders' Meeting held on July 12, 1994, it was agreed to expand the Company's business line to include all type of investing and consulting activities, within or outside Chile, and to increase capital by ThCh\$14,555,000, which was subscribed and paid in on August 11, 1994.

On December 14, 1994, an Special Shareholders' Meeting was held in order to ratify and modify the by-laws and the agreement reached in the Special Shareholders' Meeting of July 12, 1994, to conform to the rules on publicly-traded corporations, resulting in capital represented by 170,827,056 no-par-value shares.

On January 30, 1995, the Company was registered under number 0499 in the Securities Register. Consequently, the Company is regulated by the Superintendence of Securities and Insurance.

In the Regular Meeting of the Board of Directors held on May 11, 1995, it was agreed to back the agreement reached at an Special Shareholders' Meeting held on January 13, 1995, which decided to increase capital to 194,389,409 no-par-value shares.

On June 23, 1995, the issuance of 23,562,353 shares corresponding to the capital increase agreed in the Special Shareholders' Meeting held on January 13, 1995, was recorded under No. 362 of the Securities Register. These shares were subscribed and paid, resulting in capital represented by 194,389,409 no-par-value shares.

At the Special Shareholders' Meeting held on October 18, 1995, it was agreed to increase the Company's paid-in capital by issuing 106,000,000 no-par-value shares.

On December 5, 1995, an issue of 42,500,000 shares was recorded under No. 391 of the Securities Register, and made from the increase of 106,000,000 shares approved at the Special Shareholders' Meeting held on October 18, 1995.

At the Special Shareholders' Meeting held on April 28, 1997, it was agreed to increase the number of shares through a seven for one share exchange, leaving capital represented by 1,654,721,054 fully subscribed and paid shares. The new shares resulting from this share exchange were issued on June 1, 1997 at a rate of seven new shares per old share.

At the Special Shareholders' Meeting held on October 20, 1997, it was agreed to change the Company's name from Security Holdings S.A. to Grupo Security S.A.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General

The consolidated financial statements of Grupo Security S.A. and subsidiaries as of December 31, 2000 and 1999 have been prepared in accordance with accounting principles generally accepted in Chile, except, as explained in Note 2b, for the investments in certain direct or indirect subsidiaries which, according to an authorization of the Superintendence of Securities and Insurance, 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 net income for the years or the equity.

b. Principles of consolidation

The consolidated financial statements include the subsidiaries Factoring Security S.A., a company owned 99.99% by Grupo Security S.A.; Merchant Security S.A. a company owned 99.99% by Grupo Security S.A.; Inmobiliaria Security S.A., a company owned 99.99% by Grupo Security S.A.; Inversiones Seguros Security Ltda., a company owned 99.99% by Grupo Security S.A.; and Inversiones Invest Security Ltda., a company owned 99.81% by Grupo Security S.A. 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 have Seguros Previsión Vida S.A., or Seguros Previsión Generales S.A., which as of 2000 and 1999 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., Notes 10, 11 and 12 include the balance sheets and income statements of these companies for 2000 and 1999.

The effects of significant transactions with subsidiaries have been eliminated in the consolidation.

c. Reporting periods

These consolidated financial statements cover the years ended December 31, 2000 and 1999.

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 to allow for the change in the Consumer Price Index (CPI), which was 4.7% between January 1 and December 31, 2000 (2.6% in 1999).

Amounts for 1999 included in the financial statements and related notes have been price-level restated by 4.7% to allow comparison with the 2000 amounts.

e. Foreign currency

Assets and liabilities in foreign currencies are shown at their Chilean peso equivalent, converted at the exchange rate of Ch\$573.65 = US\$1 at December 31, 2000 (Ch\$530.07 = US\$1 at December 31, 1999).

Amounts expressed in inflation index-linked units of account (UF) have been converted at the rate of Ch\$15,769.92 = UF1 at December 31, 2000 (Ch\$15,066.96 = UF1 at December 31, 1999).

f. Time deposits

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

g. Marketable securities

These are bonds, which are stated at their monetarily corrected cost plus accrued interest or market value, whichever is lower, and mutual funds, which are stated at share value at each year end.

h. Other current assets

These are mainly resale agreements outstanding at year end, which include interest and indexation established in the related contracts.

i. Fixed assets

These assets are valued at cost plus monetary correction. Depreciation for the period, amounting to ThCh\$164,132 (ThCh\$70,474 in 1999) is calculated on the restated values of the assets over their remaining estimated useful lives.

j. Investments in related companies

These investments are valued under the equity method, based on the financial statements as of December 31 of each year. This includes the recognition of the equity in earnings or losses of the related companies on the accrual basis.

k. Goodwill

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%), Proasist S.A. (99.00%) and Asesorías Security S.A. (99.9%, and which are being amortized over 20 years.

l. 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 amortized using the straight line basis over the term of the debt security.

m. Rights on brokers' portfolio

Corresponds to the amount the indirect subsidiary Corredora de Seguros Security S.A. paid for the purchase of portfolio of several insurance brokers. This amount is being amortized over 20 years.

n. Deferred taxes

Deferred taxes are recorded on an accrual basis following Technical Bulletins N°60, 61 and 69 of the Chilean Institute of Accountants.

o. Personnel vacations

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

p. Cash equivalents

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

	2000	1999
	ThCh\$	ThCh\$
Cash on hand and in banks	1,187,924	2,166,776
Time deposits	1,108,537	3,055,964
Resale agreement on promissory notes issued by Banco Central de Chile	388,466	2,680,524
Mutual funds	316,460	37,880
Total	3,001,387	7,941,144

For classification purposes, the Company has defined as operating activities all those transactions and events that are not defined as investing or financing activities, principally those related to the Company's business line of investments in other companies.

NOTE 3. ACCOUNTING CHANGES

Starting January 1, 2000, the Company accounts for all deferred taxes due to temporary differences, tax loss and other events creating differences between the accounting and the taxable base of assets and liabilities as established in Technical Bulletin N°60 of the Chilean Institute of Accountants. Until 1999, as the obligation was to account only for deferred taxes on temporary differences whose reversal was not offset with new differences, the Company determined expense of income tax according to taxable income.

Standards of Technical Bulletin N°60 are applicable only for temporary differences, tax benefits from tax loss and other events creating difference between the accounting and the taxable base of assets and liabilities arising after January 1, 2000; thus, such accounting change did not have an accumulated effect at the beginning of the year and ThCh\$147,890 (Note 18b) were credited to income of 2000.

NOTE 4. MONETARY CORRECTION

The application of the monetary correction accounting policy described in Note 2d, resulted in a charge of ThCh\$490,094 to income in 2000 (ThCh\$308,466 in 1999), as follows:

	(Charge) - Credit	
	2000 ThCh\$	1999 ThCh\$
Monetary correction of:		
Shareholders' equity	(3,437,988)	(1,851,618)
Investments in related companies	3,388,299	1,746,928
Goodwill	26,368	15,910
Fixed assets	28,952	14,837
Exchange differences (net)	107,624	201,243
Indexation (net)	(572,608)	(426,573)
Income statement accounts	(30,741)	(9,193)
Net charge to income	(490,094)	(308,466)

NOTE 5. TIME DEPOSITS

Time deposits, valued as described in Note 2f, are as follows:

Entity		2000		1999	
		Amount ThCh\$	Maturity date	Amount ThCh\$	Maturity date
Banco Security	(US\$)	175,752	2001.01.04	160,261	2000.01.19
Banco Security	(\$)	196,314	2001.01.15	-	-
Banco Security	(UF)	516,937	2001.01.25	491,413	2000.03.04
Banco Security	(\$)	164,384	2001.01.16	-	-
Banco Security	(\$)	55,150	2001.01.18	2,404,290	2000.01.19
Total		1,108,537		3,055,964	

NOTE 6. MARKETABLE SECURITIES

Marketable securities, valued in accordance with Note 2g, are as follows:

	2000	1999
	ThCh\$	ThCh\$
a. Mutual Funds:		
Fondos Mutuos Security Premiun (variable rate)	-	438,335
Fondos Mutuos Security First (variable rate)	99,508	335,531
Fondos Mutuos Security Check (fixed rate)	316,460	11,705
Fondo Mutuo Bice-Dreyfus (fixed rate)	-	26,175
Sub-total	415,968	811,746
b. Other investments:		
General Electric (bonds)	2,560,147	2,916,623
Eléctrica Guacolda (bonds)	2,317,323	-
Sub-total	4,877,470	2,916,623
Total	5,293,438	3,728,369

NOTE 7. OTHER CURRENT ASSETS

The detail of "Other current assets" is as follows:

	2000			1999		
	Book value ThCh\$	Market value ThCh\$	Maturity date	Book value ThCh\$	Market value ThCh\$	Maturity date
a. Banco Central de Chile promissory notes:						
Resale agreement with						
Valores Security S.A. Corredores de Bolsa (1)	379,912	379,912	2001.01.02	2,376,228	2,376,228	2000.01.10
Resale agreement with						
Valores Security S.A. Corredores de Bolsa (2)	8,554	8,554	2005.01.04	170,663	170,663	2000.01.03
Valores Security S.A. Corredores de Bolsa (1)	-	-	2005.01.11	133,633	133,633	2000.01.10
b. Rights over leases	153,789	153,789	-	244,924	244,924	-
c. Project "Portal Recoleta" (3)	1,856,970	1,856,970	-	-	-	-
d. Other current assets	1,067,938	1,067,938	-	512,812	512,812	-
Total	3,467,163	3,467,163		3,438,260	3,438,260	

(1) Debt securities with maturity within 90 days.

(2) Debt securities with maturity after 90 days.

(3) Corresponds to cost of Project Portal Recoleta acquired from Banco Security plus direct expenses for the acquisition by the subsidiary Inmobiliaria Security S.A. Such subsidiary intends to sell the project in the short-term.

NOTE 8. INVESTMENTS IN RELATED COMPANIES

As of December 31, 2000 and 1999, these investments are valued as explained in Note 2j, and are detailed as follows:

Name	Ownership		Equity		Ownership deficit of the year (6)		Investment value		Income	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Banco Security	99.9990	99.9990	79,338,228	66,663,028	-	-	79,337,435	66,662,362	9,642,981	8,907,831
Loss of subsidiary (Asesorías Security S.A.) before consolidation (7)	-	-	-	-	-	-	-	-	65,509	-
Seguros Previsión Generales S.A.	94.9350	94.9350	2,899,328	3,539,791	-	-	2,752,471	3,360,493	(592,946)	248,629
Seguros Previsión Vida S.A.	65.3482	65.3369	5,905,901	5,985,894	-	-	-3,859,403	3,910,994	397,986	347,532
Parque Araucano Ltda. (2)	-	50.0000	-	71,165	-	-	-	35,582	(1,801)	(100,016)
Parque Araucano Dos Ltda. (2)	-	50.0000	-	707	-	-	-	353	(28)	(116)
Parque Araucano Tres Ltda. (3)	-	99.9900	-	69,646	-	-	-	69,639	-	28,708
Parque Araucano Cuatro Ltda. (2)	-	50.0000	-	845,340	-	-	-	422,671	(36,295)	(114,242)
Inversiones SH Uno Ltda. (4)	99.9900	99.9900	323,818	48,372	-	(42,313)	-	48,368	-	-
Inmobiliaria Security Ocho Ltda. (1)	60.0000	-	(89,663)	-	(89,663)	-	-	-	-	-
Inmobiliaria Security Nueve Ltda. (1)	99.9900	-	(45,720)	-	(45,720)	-	-	-	-	-
Inmobiliaria Security Diez Ltda. (1)	99.9900	-	(52,083)	-	(52,083)	-	-	-	-	-
Securitizadora Security S.A. (5)	99.0000	98.6200	-	184,022	-	-	-	181,483	-	-
Total			88,279,809	77,407,965	(187,466)	(42,313)	85,949,309	74,691,945	9,475,406	9,318,326

- (1) During 2000 these subsidiaries have not been consolidated since they were considered in development stage according to stipulations in Circular N° 981 of the Superintendencia. In addition, a provision of 100% of equity deficit in these subsidiaries was recorded by charging equity and crediting an accrual for equity deficit of subsidiaries.
- (2) During December 2000 rights in these companies were sold to Inversiones Maya Ltda. recognizing equity in earnings of such companies during 2000.
- (3) At December 31, 2000, it was decided to consolidate this Company according to generally accepted accounting principles. It was not consolidated during 1999 as its effect was considered immaterial in the total assets of the Company.
- (4) Inmobiliaria SH Uno Ltda. was consolidated in 2000 because in the prior year it was in development stage.
- (5) Securitizadora Security S.A. (indirect subsidiary) was consolidated in 2000 because in the prior year it was in development stage.
- (6) Corresponds to the share in the deficit for the year in the indirect subsidiaries and which is presented in "Accumulated deficit development stage subsidiaries".
- (7) The indirect subsidiary Asesorías Security S.A. was transferred from Banco Security to Merchant Security S.A. in December 2000. As a result, the loss in this subsidiary before its transfer, was consolidated into the Group.

On July 2, 1999 the Company, through its subsidiary Inversiones Seguros Security Ltda., acquired a 75% interest in Turismo Export Travel S.A., now Travel Security S.A. In 2000, the subsidiary Inversiones Seguros Security Ltda. sold 75% of Travel Security S.A. to the subsidiary Inversiones Invest Security Ltda.

On October 30, 2000, the Company contributed ThCh\$1,700,000 to Inversiones Invest Security Ltda., thereby holding 99.81% of the issued capital, and was consolidated at that date.

On December 28, 2000, the Company made a capital contribution of ThCh\$6,206,220 to Banco Security thereby holding 99.999% of the share capital.

NOTE 9. GOODWILL

Goodwill and its corresponding amortization is detailed as follows:

Entity	Ownership %	Purchase date	Goodwill balance		Amortization for the year	
			2000	1999	2000	1999
			ThCh\$	ThCh\$	ThCh\$	ThCh\$
Banco Security S.A.	99.9990	1994.08.11	221,968	238,309	16,341	16,343
Factoring Security S.A.	99.9990	1994.07.01	325,026	349,102	24,076	24,031
Seguros Previsión Generales S.A.	94.9350	1995.12.28	1,139,218	1,202,358	63,140	59,128
Seguros Previsión Vida S.A.	65.3482	1995.12.28	1,743,877	1,841,067	97,328	97,282
Proasist S.A.	99.9900	2000.10.30	32,947	-	990	-
Asesorías Security S.A.	99.9000	2000.12.15	27,550	-	-	-
Travel Security S.A.	99.9900	1999.07.02	978,266	1,032,575	47,329	26,476
Total			4,468,852	4,663,411	249,204	223,260

In accordance with the instructions issued by the Superintendence of Securities and Insurance in Circular No. 1358, starting on January 1, 1998, the unamortized balance of goodwill is amortized over a period of 20 years.

On July 2, 1999 the Company, through its subsidiary Inversiones Seguros Security Ltda., acquired a 75% interest in Turismo Export Travel S.A., now Travel Security S.A., resulting in goodwill for ThCh\$1,001,495 (historical).

During 2000, the Company (through its indirect subsidiary Inversiones Servicios Security Limitada) acquired a 99.99% interest in Proasist S.A. resulting in a goodwill of ThCh\$32,947. On December 2000, the Company (through its indirect subsidiary Merchant Security S.A.) acquired a 99.9% interest in Asesorías Security S.A. resulting in a goodwill of ThCh \$27,550.

NOTE 10. INVESTMENT IN BANCO SECURITY

The Company does not consolidate the financial statements of its 99,99% accrued subsidiary, Banco Security, as of December 31, 2000 and 1999, since the business lines and regulations of that subsidiary require it to apply accounting criteria other than those prescribed by the Superintendence of Securities and Insurance. This agency has therefore authorized that this subsidiary not be consolidated.

The consolidated financial statements of Banco Security and subsidiaries as of December 31, 2000 and 1999, are as follows:

Consolidated Balance Sheets at December 31

(In millions of Chilean pesos - MCh\$)

	2000 MCh\$	1999 MCh\$		2000 MCh\$	1999 MCh\$
Assets:			Liabilities and Shareholders' Equity:		
Cash and bank	81,212	67,473	Deposits and other obligations	767,447	584,651
Net loans	747,552	641,410	Bonds	46,718	37,835
			Loans from financial institutions and Banco Central de Chile	64,501	106,160
Investments	115,286	76,778	Other liabilities	18,014	20,129
Other assets	18,225	17,037	Voluntary provisions	-	531
Property, plant and equipment	13,757	13,282	Minority interest	14	11
			Capital and reserves	68,360	57,678
			Other equity accounts	1,334	76
			Net income	9,644	8,909
Total assets	976,032	815,980	Total liabilities and shareholders' equity	976,032	815,980

Consolidated Statements of Income

for the years ended December 31, 2000 and 1999

(In millions of Chilean pesos - MCh\$)

	2000	1999
	MCh\$	MCh\$
Operating income	100,550	88,622
Interest and inflation adjustment expense	(65,545)	(51,393)
Other operating expenses	(1,677)	(4,808)
Gross margin	33,328	32,421
Personnel, administration and other expenses	(18,545)	(16,275)
Net margin	14,783	16,146
Provision for doubtful assets	(3,925)	(4,974)
Recovery of loans written-off	149	35
Operating income	11,007	11,207
Other expenses	-	(748)
Income before income taxes	11,007	10,459
Income taxes	(1,353)	(1,099)
Income before minority interest	9,654	9,360
Minority interest	(10)	(17)
Voluntary provision	-	(434)
Net income	9,644	8,909

NOTE 11. INVESTMENT IN SEGUROS PREVISION VIDA S.A.

The subsidiary Seguros Security S.A. does not consolidate the financial statements of its subsidiary Seguros Previsión Vida S.A., of which it owns 65.3482% as of December 31, 2000 (65.337% in 1999), since the principles and standards for insurance companies are different from those applied to other corporations, and therefore the Superintendence of Securities and Insurance has authorized that these financial statements not be consolidated. The following is a summary of this Subsidiary's financial statements as of December 31, 2000 and 1999:

Summarized Financial Statements of Seguros La Previsión Vida S.A.

Balance Sheets at December 31,

(In millions of Chilean pesos – MCh\$)

	2000 MCh\$	1999 MCh\$		2000 MCh\$	1999 MCh\$
Assets:			Liabilities and shareholders' equity:		
Investments	49,537	50,465	Reserve for claims	45,984	44,318
Premiums receivable	1,618	848	Other liabilities	1,238	1,969
Receivables from claims	865	76	Capital and reserves	5,297	5,454
Other assets	1,108	884	Net income (loss)	609	532
Total assets	53,128	52,273	Total liabilities and shareholders' equity	53,128	52,273

Statements of Income

For the years ended December 31,
(In millions of Chilean pesos – MCh\$)

	2000	1999
	MCh\$	MCh\$
Operating income	12,753	6,525
Brokerage, claims and administrative expense	(15,557)	(9,483)
Operating income (loss)	(2,804)	(2,958)
Income on investments	3,426	3,519
Financial expenses	(41)	(72)
Other expenses		(1)
Non-operating income	3,385	3,446
Subtotal	581	488
Monetary correction	(78)	23
Other income	127	131
Income tax	(21)	(110)
Net income	609	532

NOTE 12. INVESTMENT IN SEGUROS PREVISION GENERALES S.A.

The subsidiary Inversiones Seguros Security Limitada does not consolidate the financial statements of its subsidiary Compañía de Seguros Previsión Generales S.A., 94.935% owned as of December 31, 2000 and 1999, because the principles and standards for insurance companies are different from those applied to other corporations, and therefore the Superintendence of Securities and Insurance has authorized that these financial statements not be consolidated. The following is a summary of this Subsidiary's financial statements as of December 31, 2000 and 1999:

Summarized Financial Statements of Seguros Previsión Generales S.A.

Balance Sheets at December 31

(In millions of Chilean pesos - MCh\$)

	2000 MCh\$	1999 MCh\$		2000 MCh\$	1999 MCh\$
Assets:			Liabilities and Shareholders' Equity:		
Investments	3,626	5,200	Technical reserves	9,784	9,098
Premiums receivable	7,939	7,450	Financial obligations	-	-
Reinsurance	1,659	464	Other liabilities	1,825	1,018
Other assets	1,284	542	Capital and reserves	3,524	3,279
			Net income (loss)	(625)	261
Total assets	14,508	13,656		14,508	13,656

Statements of Income

For the years ended December 31,
(In millions of Chilean pesos – MCh\$)

	2000	1999
	MCh\$	MCh\$
Operating results:		
Income from earned premiums	10,391	10,177
Administrative cost	(6,993)	(5,844)
Intermediation cost	(846)	(1,059)
Contribution margin	2,552	3,274
Administration cost	(4,207)	(3,839)
Operating income	(1,655)	(565)
Income on investments	274	544
Other income and expenses	244	297
Monetary correction	(48)	(13)
Operating income (loss)	(1,185)	263
Non-operating income	221	18
Income (loss) before taxes	(964)	281
Income taxes	339	(20)
Net income (loss)	(625)	261

NOTE 13. OTHER ASSETS

This heading includes the following items:

	2000	1999
	ThCh\$	ThCh\$
Discount on bond placement (1)	644,725	741,434
"Edificio Portal Recoleta" building project (2)	-	1,837,869
Rights on brokers' portfolio (4)	2,401,199	-
Long-term lease contracts (3)	5,389,751	3,023,322
Intangibles	247,024	-
Long-term debtors (5)	20,012	-
Other assets	186,035	35,835
Total	8,888,746	5,638,460

- (1) The discount on the bond placement, was ThCh\$1,051,362 (restated), which is being amortized over 140 months. This produced a charge to income for the year 2000, of ThCh\$96,709 (ThCh\$96,709 in 1999), recorded in "Administrative and selling expenses". Consequently, the unamortized balance, recorded in Other assets, is ThCh\$644,725 in 2000 (ThCh\$741,434 in 1999).
- (2) As of December 31, 1999, this balance corresponds to the project "Edificio Portal Recoleta" for ThCh\$1,837,869 which refers to the value of the purchase of land from Banco Security, as stated in the public deed of December 21, 1998, of which, 20% was paid in cash and the 80% balance, equivalent to ThCh\$1,401,611, will be repaid in three years as from December 21, 1998 in a single installment; it also refers to the capitalization of some indirect costs incurred in such land. At December 31, 2000, this balance is presented in Other current assets as the Subsidiary intends to sell the project in the short-term.
- (3) In 2000 and 1999 real estate and other assets were purchased from the related companies Banco Security S.A. and Leasing Security S.A. in UF201,489.85. A part of this property had been delivered under finance leases and the transaction in such cases required the related companies to cede the lease contracts. The remainder of the acquired assets were leased to third parties under finance leases.
- (4) Corresponds to payment of rights for the purchase of portfolios of clients of several insurance brokers. This amount will be amortized in 20 years following Technical Bulletin N°55 of the Chilean Institute of Accountants.
- (5) Corresponds to an account receivable from Inversiones Maya Ltda, as a result of sale of rights in Inmobiliaria Parque Araucano Cuatro Ltda. (indirect subsidiary), in UF1,269 and which matures of December 31, 2002.

NOTE 14. LIABILITIES WITH BANKS – SHORT-TERM

Short-term liabilities with banks are detailed as follows:

Bank	2000 ThCh\$	1999 ThCh\$
Banco del Estado de Chile	4,720,655	4,698,643
Banco de Chile	4,016,232	-
Banco de A. Edwards	8,591,249	5,720,913
Banco de Crédito e Inversiones	6,518,297	3,610,542
Banco BICE	3,503,917	2,026,522
Banco Santiago	4,900,048	5,370,478
CorpBanca	7,173,439	3,891,895
Banco BHIF	1,701,067	1,738,192
Banco Dresdner Nationale de Paris	1,154,811	1,169,342
Banco Sudamericano	3,532,727	3,479,864
Banco del Exterior	-	639,577
Banco Internacional	462,305	369,840
Banco Santander	5,729,639	4,411,859
Banco Sudameris	862,922	737,415
Bank Boston	3,163,800	2,821,883
Bank of America	1,599,451	-
Citibank N. A.	141,000	-
Banco Security	2,667,279	6,866,600
HSBC Bank USA	1,101,338	1,051,710
Total obligations with banks	61,540,176	48,605,275
Total principal	58,125,321	47,221,190
Average annual interest rate	8.72 %	11.48 %
Obligations in local currency	100.00%	100.00%

NOTE 15. SHORT-AND LONG-TERM LIABILITIES WITH BANKS AND FINANCIAL INSTITUTIONS

Creditor	Short-term		Long-term	
	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$
Bank of Boston (*)	919,898	2,260,725	3,327,750	1,989,007
Banco de Chile	-	-	6,717,986	-
Principal	919,898	2,260,725	10,045,736	1,989,007

(*) Liabilities in foreign currency (US\$).

	2000 %	1999 %
Annual interest rate	8.75	8.13

a. Maturities of obligations with Bank of Boston are as follows:

Maturity	Principal		Interest accrued	
	US\$	ThCh\$	US\$	ThCh\$
2001.04.05	1,450,000	831,938	153,308	87,960
2002.04.05	1,450,000	831,938	-	-
2003.04.05	1,450,000	831,938	-	-
2004.04.05	1,450,000	831,938	-	-
2005.04.05	1,450,000	831,937	-	-
Total	7,250,000	4,159,689	153,308	87,960

- b. On April 5, 1999, the Company paid principal US\$3,650,000 and interest of US\$12,366.75 on the installment due on April 5, 2000.
- c. On April 5, 2000, the Company paid accrued interest on the loan for US\$590,699; the principal was extended for 60 days, to restructure the debt.
- d. On June 5, 2000, the Company paid accrued interest on the loan for US\$55,768; the principal was extended for 30 days, to restructure the debt.
- e. On July 5, 2000, the Company paid accrued interest on the loan for ThCh\$55,768, and the debt was restructured to be repaid in 5 installments of US\$1,450,000, the first falling due on April 5, 2001.
- f. On October 5, 2000, the Company paid accrued interest on the loan for ThCh\$91,426.

g. Maturities of loans by Banco de Chile are as follows:

Maturity	Principal	
	UF	ThCh\$
2002.03.20	60,871	959,931
2003.03.20	60,871	959,931
2004.03.20	60,871	959,931
2005.03.20	60,871	959,931
2006.03.20	60,871	959,931
2007.03.20	60,871	959,931
2008.03.20	60,774	958,400
Total	426,000	6,717,986

NOTE 16. SHORT-TERM LIABILITIES

Other short-term liabilities:

	In non-indexed Chilean pesos (*)		In indexed Chilean pesos (*)		Total	
	2000	1999	2000	1999	2000	1999
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Notes and accounts payable to related companies	1,686,421	-	-	-	1,686,421	-
Accounts payable	3,258,089	3,168,273	-	-	3,258,089	3,168,273
Sundry creditors	-	1,276,404	-	-	-	1,276,404
Notes payable	14,848	-	-	-	14,848	-
Provisions and withholdings	466,187	380,995	-	-	466,187	380,995
Taxes payable	-	283,938	-	-	-	283,938
Deferred taxes	76,073	-	-	-	76,073	-
Other short-term liabilities	31,230	-	-	-	31,230	-
Total	5,532,848	5,109,610	-	-	5,532,848	5,109,610
Principal	5,532,848	5,109,610	-	-	5,532,848	5,109,610
					2000	1999
Percentage of liabilities in local currency					100 %	100 %

(*) Interest-free obligations.

NOTE 17. Bonds

On January 4, 1996, bonds were issued for a total of UF1,000,000 in two series, BSECU-A1 and BSECU-A2, with semi-annual interest payments at a nominal rate of 5.9% over 12 years, due on March 1 and September 1 each year, through March 1, 2007. Principal will be paid in 18 equal semi-annual installments starting on September 1, 1998.

	2000			
	Short-term		Long-term	
	UF	ThCh\$	UF	ThCh\$
Principal	111,111.11	1,752,220	666,666.59	10,513,279
Accrued interest	15,243.69	240,392	–	–
Total	126,354.80	1,992,612	666,666.59	10,513,279

	1999			
	Short-term		Long-term	
	UF	M\$	UF	M\$
Principal	111,111.00	1,752,790	777,777.00	12,269,527
Accrued interest	17,326.00	273,320	–	–
Total	128,437.00	2,026,110	777,777.00	12,269,527

On March 1, 1999, interests of ThCh\$428,350 (historical) were paid on coupon N°7 of bonds BSECU-A1 and BSECU-A2.

On September 1, 1999, interests of ThCh\$409,774 (historical) were paid on coupon N°8 of bonds BSECU-A1 and BSECU-A2.

On March 1, 2000, interests of ThCh\$412,320 were paid on coupon N°9 of bonds BSECU-A1 and BSECU-A2.

On September 1, 2000, interests of ThCh\$462,340 were paid on coupon N°10 of bonds BSECU-A1 and BSECU-A2.

In the placement of the bonds, a ThCh\$1,051,362 (restated) discount was recognized, which will be amortized over 140 months. This resulted in a charge to income, in the period from January 1 to December 31, 2000, of ThCh\$96,709 (ThCh\$96,738 in 1999), which is included in Administrative and selling expenses in the statements of income. Consequently, the unamortized balance, shown under Other assets, amounts to ThCh\$644,725 in 2000 (ThCh\$741,434 in 1999).

NOTE 18. INCOME TAX AND DEFERRED TAXES

a. Income tax

At December 31, 2000, the Company has accrued an income tax provision for ThCh\$63,891 against which the estimated monthly payments made in 2000 were offset, leaving a balance payable of ThCh\$311,123 (ThCh\$283,938 in 1999).

The detail of this provision at December 31, 2000 and 1999, is as follows:

	2000 ThCh\$	1999 ThCh\$
Net taxable income	(3,584,907)	(3,506,138)
Accrual for corporate income tax	(63,891)	(528,545)
Less:		
Pre-paid monthly payments and other tax credits	375,014	244,607
Income tax receivable (payable)	311,123	(283,938)

Balance of retained tax earnings of the Company and its respective credits are as follows:

Year	Without credit ThCh\$	10% Credit ThCh\$	15% Credit ThCh\$
1999	779,263	–	5,573,468
1998	924,725	–	7,423,521
1997	1,421,333	–	12,428,333
Total	3,125,321	–	25,425,322

b. Deferred taxes

At December 31, 2000 accumulated deferred tax balances, are as follows:

	Deferred taxes			
	Assets		Liabilities	
	Short-term	Long-term	Short-term	Long-term
Temporary differences	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Vacations provision	11,731	-	-	-
Tax from deferred credits	-	-	11,389	-
Provision- uncollectible accounts	351,672	-	-	-
Tax loss	-	130,034	-	-
Difference in contracts at tax/financial value	-	-	61,718	-
Other provisions	64,321	-	-	-
Provisions for consulting	-	-	2,621	-
Tax/financial depreciation difference	-	-	345	-
Complementary account	(203,761)	-	-	-
Provision for valuation	-	(130,034)	-	-
Total	223,963	-	76,073	-

The detail of the accumulated balances of assets and liabilities for deferred taxes and their corresponding complementary accounts, as of December 31, 2000, is as follows:

	Deferred taxes				Estimated months for reversal
	Assets		Liabilities		
	Short-term	Long-term	Short-term	Long-term	
Temporary differences	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Vacations provision	14,249	-	-	-	12
Provision -uncollectible accounts	350,474	-	-	-	-
Other provisions	37,910	-	-	-	-
Assets under lease contracts	-	-	22,107	-	12
Total deferred taxes	402,633	-	22,107	-	
Complementary accounts' balance	(402,633)	-	(22,107)	-	
Balance at January 1, 2000	-	-	-	-	

Income tax expense breakdown for each year is shown below:

	2000	1999
	ThCh\$	ThCh\$
Total current tax	(537,736)	(528,545)
Deferred taxes		
Changes in deferred taxes in the year	(28,875)	-
Amortization of complementary accounts of deferred assets and liabilities	176,765	-
Tax benefit	130,034	-
Valuation provision	(130,034)	-
Total deferred taxes	147,890	-
Total income tax	(389,846)	(528,545)

NOTE 19. SHAREHOLDERS' EQUITY

The movements in shareholders' equity accounts were as follows:

	Paid-in capital ThCh\$	Share premium ThCh\$	Other reserves ThCh\$	Accumulated deficit in development stage subsidiary ThCh\$	Retained earnings ThCh\$	Interim dividends ThCh\$	Net income ThCh\$	Total ThCh\$
Balances, December 31, 1998								
(historical)	38,344,157	17,224,573	1,069,711	(506,499)	4,783,893	(1,669,614)	12,290,494	71,536,715
Transfer of 1998 income	-	-	-	-	10,620,880	1,669,614	(12,290,494)	-
Dividends paid	-	-	-	-	(4,964,163)	-	-	(4,964,163)
Accumulated deficit in development stage of subsidiary	-	-	-	(41,598)	-	-	-	(41,598)
Surplus during development stage of subsidiary	-	-	-	3,567	-	-	-	3,567
Matching reserve in subsidiary	-	-	93,274	-	-	-	-	93,274
Adjustment to reserve for fluctuations in investments in subsidiary	-	-	(109,013)	-	-	-	-	(109,013)
Interim dividends	-	-	-	-	-	(827,361)	-	(827,361)
Monetary correction	996,948	447,839	32,809	(13,409)	310,930	(6,618)	-	1,768,499
Net income	-	-	-	-	-	-	9,176,488	9,176,488
Historical balances								
December 31, 1999	39,341,105	17,672,412	1,086,781	(557,939)	10,751,540	(833,979)	9,176,488	76,636,408
Updated balances at								
December 31, 1999, (4.7%)	41,190,137	18,503,015	1,137,860	(584,162)	11,256,862	(873,176)	9,607,783	80,238,319
Balances, December 31, 1999								
(historical)	39,341,105	17,672,412	1,086,781	(557,939)	10,751,540	(833,979)	9,176,488	76,636,408
Transfer of 1999 income	-	-	-	-	9,176,488	-	(9,176,488)	-
Transfer of interim dividends	-	-	-	-	(833,979)	833,979	-	-
Accumulated deficit in development stage of subsidiary	-	-	-	(187,466)	-	-	-	(187,466)
Dividends paid	-	-	-	-	(6,205,204)	-	-	(6,205,204)
Other reserves	-	-	1,261,520	-	-	-	-	1,261,520
Adjustment insurance reserve	-	-	(201,919)	-	-	-	-	(201,919)
Monetary correction	1,849,032	830,603	37,123	(25,611)	750,564	(3,723)	-	3,437,988
Interim dividends	-	-	-	-	-	(413,680)	-	(413,680)
Net income	-	-	-	-	-	-	9,620,825	9,620,825
Balances at								
December 31, 2000	41,190,137	18,503,015	2,183,505	(771,016)	13,639,409	(417,403)	9,620,825	83,948,472

- 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\$2,183,505 (ThCh\$1,137,860 in 1999), reported in "Other reserves", corresponds to the Company's percentage share in the matching reserve as of December 31, 2000 and 1999, in the indirect subsidiary Seguros Previsión Vida S.A., and in the reserve for fluctuations in investment accrued as of December 31, 2000 and 1999, in the subsidiary Banco Security.
- c. The Company reports a balance of ThCh\$771,016 (ThCh\$584,162 in 1999), resulting from the accumulated deficit in development stage of its subsidiary Inmobiliaria Security S.A. This amount also includes ThCh\$13,392 (ThCh\$13,199 (historical) in 1999), resulting from the surplus in the development stage of the subsidiary Merchant Security S.A. This net deficit will be absorbed by retained earnings.
- d. The policy agreed on 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, one interim and one final.
- e. Final dividends:
 - On April 2000, final dividends were paid for ThCh\$4,550,483 and charged to retained earnings.
 - On October 2000, final dividends were paid for ThCh\$1,654,721 and charged to retained earnings.
- f. Interim dividends:
 - On October 2000, the Board of Directors agreed to pay an interim dividend of ThCh\$413,680, agreeing to take a loan to cover such disbursement.

NOTE 20. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

Transactions:

Transactions with related individuals and companies during 2000 and 1999 were as follows:

Company	Relationship	Tax payer number	Description	Amount		Accounts receivable (short-term)		Accounts payable (short-term)		Accounts payable (long-term)		Effect on income (charge) credit	
				2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Banco Security	Subsidiary	97.053.000-2	Time deposits	3,825,321	2,564,551	-	-	-	-	-	-	258,412	1,199,151
			Financial instruments	-	-	-	-	-	-	-	-	-	141,785
			Land purchase	-	168,668	-	-	-	-	1,467,464	-	-	-
			Consulting	39,132	93,183	2,632	93,183	-	-	-	-	26,545	93,183
			Loans	-	7,641,732	-	303,630	-	-	-	-	-	(144,926)
			Current account	-	-	-	-	1,466,981	-	-	-	-	-
Asesorías Security S.A.	Indirect Subsidiary	96.654.738-8	Consulting	-	73,009	-	-	-	-	-	-	-	73,009
Administradora Fondos Mutuos Security S.A.	Indirect Subsidiary	96.639.280-0	Mutual fund	645,321	1,291,132	-	-	-	-	-	-	9,511	15,308
			Current account	-	1,969	-	1,969	-	-	-	-	-	-
Valores Security S.A. Corredores de Bolsa	Indirect Subsidiary	96.515.580-5	Transactions	81,328,591	17,529,937	-	-	-	-	-	-	176,967	703,731
			Consulting and rentals	-	4,247	84,403	-	-	-	-	-	-	4,247
			Consulting	-	-	7,098	-	6,548	-	-	-	-	-
			Current account	-	85,229	-	85,229	-	-	-	-	-	-
Inmobiliaria Parque Araucano Tres Ltda.	Indirect Subsidiary	99.301.000-6	Current account	-	22,085	-	22,085	-	-	-	-	-	-
Seguros Prevision Generales S.A.	Indirect Subsidiary	99.302.000-1	Consulting	174,100	-	174,100	-	-	-	-	-	-	-
			Purchase of software	212,892	-	-	-	212,892	-	-	-	-	-
Seguros Prevision Vida S.A.	Indirect Subsidiary	99.301.000-6	Consulting	136,200	-	136,200	-	-	-	-	-	-	-
Inmobiliaria SH Uno Ltda.	Indirect Subsidiary	77.173.860-5	Current account	-	841,995	-	841,995	-	-	-	-	-	-
Leasing Security S.A.	Indirect Subsidiary	96.577.500-5	Purchase of contracts	-	2,473,612	-	-	-	-	-	-	-	-
Inmobiliaria Security Nueve Ltda	Indirect Subsidiary	77.441.660-9	Transfer of working capital	157,170	-	-	-	-	-	-	-	-	-
Inmobiliaria Security Ocho Ltda	Indirect Subsidiary	99.395.580-8	Transfer of working capital	989,753	-	-	-	-	-	-	-	-	-
Inmobiliaria Security Diez Ltda	Indirect Subsidiary	77.464.540-3	Transfer of working capital	223,897	-	-	-	-	-	-	-	-	-
Parque Araucano Cuatro Ltda	Indirect Subsidiary	78.975.410-1	Current account	-	197,422	-	197,422	-	-	-	-	-	-
Inversiones Maya S.A.	Indirect Subsidiary	78.089.490-3	Current account	-	112,702	-	112,702	-	-	-	-	-	-
Inmobiliaria Security S.A.	Direct Subsidiary	96.786.270-3	Current account	-	-	1,370,820	-	-	-	-	-	-	-
Total				87,732,377	33,101,473	1,775,253	1,658,215	1,686,421	-	-	1,467,464	471,435	2,085,488

NOTE 21. DIRECTORS' COMPENSATION

Per diem and remuneration paid to directors amounted to ThCh\$85,078 in 2000 (ThCh\$55,474 in 1999).

NOTE 22. SHARE TRANSACTIONS

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			
	2000		1999	
	Purchases	Sales	Purchases	Sales
Inversiones Almena Ltda.	-	150,000	-	-
Sociedad Comercial de Servicios e Inversiones Ltda.	72,277,335	-	84,459,480	21,074,512
Inversiones Matyco Ltda.	54,782,707	2,780,744	56,620,694	-
Muñoz Vivaldi Rodrigo	-	1,370,390	-	-
Inversiones Arizcun Ltda.	1,241,738	-	387,700	-
Inversiones Nine Ltda.	-	100,000	-	-
Errázuriz Matte Ana Sofia	-	86,695	-	-
Inversiones Los Cactus Ltda.	86,695	-	15,381,659	5,529,446
Toco S.A.	750,442	700,000	-	-
Inversiones Círculo Financiero	-	29,000,000	6,717,196	7,643,100
Inversiones Agroindustriales	-	19,964,814	-	-
Inversiones Villuco Ltda.	46,747,241	-	25,335,871	-
San León Inv. y Servicios Ltda.	1,272,704	-	3,001,134	-
Inversiones Hemaco S.A.	6,041,647	-	2,798,028	-
Compañía de Inversiones Río Bueno	2,031,288	-	1,282,941	-
Fiora del Fabro Bartual Enrique	6,685	-	-	-
Inversiones Hidroeléctricas	10,000,000	-	16,695,091	-
Gómez y Cobo Ltda.	409,884	-	387,272	-
Paclama S.A.	200,000	-	38,947	-
Berndt Cramer Claudio	21,577	-	-	-
Inversiones Río Rahue S.A.	415,511	-	-	-
Inversiones San Ignacio	1,307,692	-	1,619,872	-
Alzérreca Bascuñan Carmen	225,674	-	-	-
Asesoría e Inversiones Araya Ltda.	-	150,000	-	-
Puentes Lacámara Samuel	-	340,725	-	-
Inversiones E. P. Ltda.	-	29,681,508	-	-
Comercial Los Lagos Ltda.	-	3,907,647	1,668,801	-
Marín Correa Jorge Eduardo	-	1,059,716	-	-
Polo Sur Soc. de Rentas Ltda.	1,059,716	-	-	-
Inversiones Los Chilcos Ltda.	6,862,473	2,598,388	-	-
Inversiones Zunkunft Ltda.	-	-	-	87,502,205
Inversiones Llascahue Ltda.	15,216,470	5,761,929	-	-
Jaime Correa Hogg	-	796,544	-	-

(Continues)

Shareholders	Number of shares			
	2000		1999	
	Purchases	Sales	Purchases	Sales
Hermaco S.A.	14,108,125	-	-	-
Bilbao Hormaeche, Bonifacio	325,000	50,000	-	-
Inmobiliaria El Roble Ltda.	-	1,500,000	-	-
Horacio Pavez	-	155,274	-	-
Inversiones Camino Mirasol Ltda.	-	-	13,641,545	40,144,413
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	-	-	-

NOTE 23. SHAREHOLDERS' COMPOSITION

At December 31, 2000 and 1999, the following is the composition of the shareholders:

Class of shareholder	Total ownership		Number of shareholders	
	2000 %	1999 %	2000	1999
10% or more ownership	12.48	11.30	1	1
Less than 10% ownership with investment equal to or greater than 200 UF	86.94	87.95	325	416
Less than 10% ownership with investment of less than 200 UF	0.58	0.75	401	400
Total	100.00	100.00	727	817
Controlling shareholder	77.30	77.30	12	12

NOTE 24. THIRD PARTY GUARANTEES

In 2000 and 1999, no guarantees were received from third parties.

NOTE 25. CONTINGENCIES AND COMMITMENTS

On October 28, 1999, the Company entered into a forward contract in the local market. Pursuant to such contract, the Company collected US\$8,000,000 and paid UF292,703.23 on January 17, 2000.

NOTE 26. FOREIGN CURRENCY

Short and long-term liabilities in foreign currency with financial institutions in 2000 and 1999 consist of a loan obtained from Bank Boston, as mentioned in Note 15. Also, as indicated in Note 5, there is a time deposit in Banco Security for US\$306,375 (US\$288,768 in 1999).

NOTE 27. PENALTIES

In 2000 and 1999 no penalties were imposed on the Company, its Directors and its Management by the Superintendence of Securities and Insurance.

NOTE 28. RESEARCH AND DEVELOPMENT COSTS

During the last five years, the Company has not incurred any significant research and development costs as defined in Circular N° 981 of the Superintendence of Securities and Insurance.

NOTE 29. STATEMENT OF CASH FLOWS

Pursuant to Circular N°1312 of the Superintendence of Securities and Insurance, there are no financing or investment activities affecting future cash flows which are not disclosed in the notes to the financial statements.

NOTE 30. SUBSEQUENT EVENTS

From January 1 to February 23, 2001, the date these financial statements are issued, there have been no subsequent events that would materially affect them.

GABRIEL BECERRA T.
Accounting Officer

RENATO PEÑAFIEL M.
President

Grupo Security S.A. - Summarized Financial Statements

at December 31, 2000 and 1999

Content

Banco Security and Subsidiaries	122
Valores Security S.A. Corredores de Bolsa	123
Leasing Security S.A.	124
Administradora de Fondos Mutuos Security S.A.	125
Factoring Security S.A.	126
Inmobiliaria Security S.A.	127
Merchant Security S.A. and Subsidiaries	128
Securizadora Security S.A.	129
Asesorías Security S.A.	130
Inversiones Seguros Security Ltda. and Subsidiaries	131
Seguros Previsión Vida S.A.	132
Seguros Previsión Generales S.A.	133
Servicios Security S.A. and Subsidiaries	134
Corredora de Seguros Security Ltda.	135
Inversiones Invest Security Ltda. and Subsidiaries	136
Travel Security S.A.	137
Global Security Ltda.	138

ThCh\$ = Thousands of Chilean pesos

MCh\$ = Millions of Chilean pesos

UF = Indexed unit of account

US\$ = US dollar

Banco Security

Financial Statement (Consolidated) as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	81,212	67,473
Net Loans	747,552	641,410
Investments	115,286	76,777
Fixed Assets	13,757	13,283
Other Assets	18,225	17,036
Total Assets	976,032	815,979

Liabilities

Time Deposits and Other	767,449	584,651
Loans from Financial Institutions	64,501	106,159
Subordinates Bonds	33,951	23,391
Other Liabilities	30,793	35,116
Capital & Reserves	69,694	57,754
Net Income	9,644	8,909
Total Liabilities & Equity	976,032	815,979

Income Statements

Operating Income	12,550	11,208
Non Operating Income	-1,553	-1,199
Net Income Before Taxes	10,997	10,009
Taxes	-1,353	-1,100
Net Income	9,644	8,909

Valores Security S.A. Corredores de Bolsa

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	120,073	38,274
Long-Term Assets	91	98
Fixed Assets	384	394
Total Assets	120,548	38,766

Liabilities

Current Assets	116,914	35,494
Capital & Reserves	2,658	2,329
Net Income	976	943
Total Liabilities & Income	120,548	38,766

Income Statement

Operating Income	1,110	1,068
Non Operating Income	-16	59
Net Income Before Taxes	1,094	1,127
Taxes	-118	-184
Net Income	976	943

Leasing Security S.A.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	13,823	15,970
Long-Term Assets	28,995	32,590
Fixed Assets	554	582
Total Assets	43,372	49,142

Liabilities

Current Assets	20,951	21,720
Long-Term Assets	14,676	20,141
Capital & Reserves	6,475	6,467
Net Income	1,270	814
Total Liabilities & Income	43,372	49,142

Income Statement

Operating Income	1,697	1,616
Non-Operating Income	25	-618
Net Income Before Taxes	1,722	998
Taxes	-452	-184
Net Income	1,270	814

Administradora de Fondos Mutuos Security S.A.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	2,131	1,950
Long-Term Assets	0	0
Fixed Assets	71	64
Total Assets	2,202	2,014

Liabilities

Current Liabilities	159	137
Capital & Reserves	1,120	1,120
Retained Net Income	92	77
Net Income	831	680
Total Liabilities & Equity	2,202	2,014

Income Statement

Operating Income	697	404
Non-Operating Income	271	396
Net Income Before Taxes	968	800
Taxes	-137	-120
Net Income	831	680

Factoring Security S.A.

Financial Statement as of 31 December 2000 and 1999

Balance

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	59,177	53,114
Fixed Assets	179	131
Other Assets	5,394	3,028
Total Assets	64,750	56,273

Liabilities

Current Liabilities	57,078	50,158
Long-Term Liabilities	214	0
Capital & Reserves	6,115	4,781
Net Income	1,343	1,334
Total Liabilities & Equity	64,750	56,273

Income Statement

Operating Income	1,828	1,814
Non-Operating Income	-332	-83
Net Income Before Taxes	1,496	1,731
Taxes	-153	-397
Net Income	1,343	1,334

Inmobiliaria Security S.A.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	4,021	1,524
Fixed Assets	11	12
Other Assets	31	2,414
Total Assets	4,063	3,950

Liabilities

Current Liabilities	1,212	1,191
Long-Term Liabilities	1,654	1,467
Capital & Reserves	1,891	1,891
Subsidiary Start-up Deficit	-379	-192
Start-up Deficit	-16	-16
Accumulated Income	-391	-151
Net Income	92	-240
Total Liabilities & Equity	4,063	3,950

Income Statement

Operating Income	173	-65
Non-Operating Income	-46	-175
Net Income Before Taxes	127	-240
Taxes	-35	0
Net Income	92	-240

Merchant Security S.A.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	1,548	1,848
Fixed Assets	24	9
Other Assets	115	192
Total Assets	1,687	2,049

Liabilities

Current Liabilities	132	647
Capital & Reserves	1,401	1,603
Net Income	154	-201
Total Liabilities & Equity	1,687	2,049

Income Statement

Operating Income	69	-388
Non-Operating Income	110	187
Net Income Before Taxes	179	-201
Taxes	-25	0
Net Income	154	-201

Securizadora Security S.A.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	386	183
Fixed Assets	10	2
Total Assets	396	185

Liabilities

Current Assets	16	1
Capital & Reserves	249	184
Net Income	174	0
Total Liabilities & Equity	439	185

Income Statement

Operating Income	210	0
Non-Operating Income	-6	0
Net Income Before Taxes	204	0
Taxes	-30	0
Net Income	174	0

Asesorías Security S.A.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	147	246
Fixed Assets	4	4
Total Assets	151	250

Liabilities

Current Assets	29	45
Capital & Reserves	204	186
Net Income	0	-317
Total Liabilities & Equity	233	-86

Income Statement

Operating Income	-88	383
Non-Operating Income	7	12
Net Income Before Taxes	-81	395
Taxes	-1	-59
Net Income	-82	336

Inversiones Seguros Security Ltda.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	3,397	2,331
Fixed Assets	146	260
Other Assets	9,527	11,373
Total Assets	13,070	13,964

Liabilities

Current Assets	911	3,719
Long-Term Liabilities	510	77
Minority Interest	201	146
Capital & Reserves	11,267	9,584
Net Income	181	438
Total Liabilities & Equity	13,070	13,964

Income Statement

Operating Income	719	-599
Non-Operating Income	-227	1,209
Minority Interest	-203	-45
Net Income Before Taxes	289	565
Taxes	-108	-127
Net Income	181	438

Seguros Previsión Vida S.A.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Financial Investment	49,537	50,465
Premiums Receivable & Reinsurance	2,483	925
Other Assets	1,107	884
Total Assets	53,127	52,274

Liabilities

Underwriting Reserves	45,984	43,632
Outstanding Debt with Banks	292	420
Other Liabilities	946	2,236
Capital & Reserves	5,296	5,454
Net Income	609	532
Total Liabilities & Equity	53,127	52,274

Income Statement

Operating Income	503	511
Non-Operating Income	127	130
Net Income Before Taxes	630	641
Taxes	-21	-109
Net Income	609	532

Seguros Previsión Generales S.A.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Financial Investment	3,626	5,201
Premiums Receivable & Reinsurance	9,598	7,914
Other Assets	1,284	542
Total Assets	14,508	13,657

Liabilities

Underwriting Reserves	9,784	9,163
Outstanding Debt with Banks	1,034	0
Other Liabilities	792	954
Capital & Reserves	3,523	3,278
Net Income	-625	262
Total Liabilities & Equity	14,508	13,657

Income Statement

Operating Income	-1,184	263
Non-Operating Income	220	19
Net Income Before Taxes	-964	282
Taxes	339	-20
Net Income	-625	262

Servicios Security S.A.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000
Assets	MCh\$
Current Assets	3,355
Fixed Assets	146
Other Assets	33
Total Assets	3,534

Liabilities

Current Assets	878
Long-Term Liabilities	511
Minority Interest	0
Capital & Reserves	1,528
Net Income	617
Total Liabilities & Equity	3,534

Income Statement

Operating Income	716
Non-Operating Income	9
Minority Interest	0
Net Income Before Taxes	725
Taxes	-108
Net Income	617

Corredora de Seguros Security Ltda.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000
Assets	MCh\$
Current Assets	934
Fixed Assets	145
Other Assets	3,422
Total Assets	4,501

Liabilities

Current Assets	1,452
Long-Term Liabilities	907
Capital & Reserves	1,531
Net Income	611
Total Liabilities & Equity	4,501

Income Statement

Operating Income	706
Non-Operating Income	12
Net Income Before Taxes	718
Taxes	-107
Net Income	611

Inversiones Invest Security Ltda.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000
Assets	MCh\$
Current Assets	3,373
Fixed Assets	514
Other Assets	1,312
Total Assets	5,199

Liabilities

Current Assets	3,147
Long-Term Liabilities	75
Minority Interest	221
Capital & Reserves	1,718
Net Income	38
Total Liabilities & Equity	5,199

Income Statement

Operating Income	156
Non-Operating Income	-53
Minority Interest	-12
Net Income Before Taxes	91
Taxes	-53
Net Income	38

Travel Security S.A.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000	1999
Assets	MCh\$	MCh\$
Current Assets	3,225	1,864
Fixed Assets	514	259
Other Assets	115	25
Total Assets	3,854	2,148

Liabilities

Current Liabilities	2,900	902
Long-Term Liabilities	68	661
Capital & Reserves	586	405
Net Income	300	180
Total Liabilities & Equity	3,854	2,148

Income Statement

Operating Income	398	191
Non-Operating Income	-47	16
Net Income Before Taxes	351	207
Taxes	-51	-27
Net Income	300	180

Global Security Ltda.

Financial Statement as of 31 December 2000 and 1999

Balances

	2000
Assets	MCh\$
Current Assets	157
Fixed Assets	0
Other Assets	0
Total Assets	157
Liabilities	
Current Liabilities	47
Capital & Reserves	101
Net Income	9
Total Liabilities & Equity	157
Income Statement	
Operating Income	10
Non-Operating Income	1
Net Income Before Taxes	11
Taxes	-2
Net Income	9

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