Daniela Fuentes (Head of Investor Relations, Grupo Security)

Introduction (Slide 1)

Good morning and thank you for joining us for Grupo Security's earnings presentation for the second quarter of 2023.

Today we are joined by Renato Peñafiel, Chairman of Grupo Security and Nicole Winkler, Planning and Development Manager,

along with Alberto Oviedo, from Banco Security's Risk Division and Manuel Widow, from Planning and Management.

From Vida Security we are joined by Finance Manager Rodrigo Guzmán, along with Investment Manager Juan Pablo Cofré.

Also with us are Francisco Letelier, Corporate Digital and Data Manager and Felipe Jaque, Chief Economist of Grupo Security.

You may either submit questions in the Q&A section or raise your hand at the end of the presentation. Now Felipe will briefly comment on the macroeconomic environment.

Felipe Jaque (Chief Economist, Grupo Security)

Macroeconomic Context 2023-24 (Slide 2)

Economic activity declined -0.3% in the second quarter of the year with respect to the immediately preceding quarter in seasonally adjusted terms, reversing the improvement from the first quarter. That gave a year-on-year variation of -1.1%. Private consumption saw no variation in the margin (-6.1% YoY), while investment climbed 1.4% during the quarter (1.6% YoY).

This fall in GDP in the second quarter was due to lower external momentum, as reflected in the deterioration of terms of trade and the rise in the cost of financing, and to the fact that local credit conditions are very restrictive, further reducing lending. For the second half of the year, we expect activity to stagnate (no growth compared to 2022). Meanwhile, in the labor market, the surprising rebound in the creation of new jobs is unlikely to be sustainable for the rest of the year.

This adjustment in private consumption should continue to drive down total and core inflation, which has been reflected in market inflation expectations, pointing to 4% as of December 2023 (coming from 5.5%-6%), and around the 3% target in early 2024, in line with our projections.

In this context, the Chilean Central Bank should continue the monetary normalization process for the rest of the year with a trajectory similar to the floor of the June IPoM corridor (i.e. an MPR ending the year at 7.5% and approaching the neutral level by the end of 2024). Overall, market prices were in line with this projection.

At the global level, the Federal Reserve took the rate to 5.5%, the ceiling in the current cycle, due to the moderation of total—and core— inflation and to the fact that inflation expectations are located around the Fed's 2% target. However, highly dynamic activity in the first half of the year, which should extend into the third quarter, has increased the likelihood of an additional adjustment.

Renato Peñafiel (Chairman, Grupo Security)

Grupo Security Jun 2023 (Slide 3)

Thank you, Felipe. For 6M23, Grupo Security's profit reached MCH$95,513, 43% higher than 6M22, resulting in profit of MCH$158,887 for the last twelve months, the highest in the Group's history.

The first semester performance was driven mainly by the lending area. Specifically, Banco Security and its subsidiaries achieved consolidated profit of MCH$93,870, 38.4% higher than the previous year, thanks to a strong net interest margin in the commercial areas and good results from the Treasury Division.

Factoring Security achieved profit of MCH$7,216, stable compared to June 2022, explained by a higher interest margin.

Inversiones Security enjoyed profit of MCH$5,903 with a total of BCH$4,083 in assets under management. The weaker results for the period are explained by a poorer performance from the company's proprietary trading portfolio and a lower transaction volume at Valores Security.

Vida Security recorded profit of MCH$15,047, with a 30.4% increase in gross written premiums, particularly from annuities, offset by a negative impact from price-level restatement and exchange differences.

In the other services area, Travel Security reported profit of MCH$2,905, while Inmobiliaria Security had a loss of MCH$1,020 due to ownership being transferred on fewer units, in line with its current investment cycle.

Lastly, Protecta Security obtained profit of MS./18.9 in Peru, up 86.2% from 2022, largely because of improved investment income. Bear in mind that converting results in soles to IFRS used in Chile and adjusting for the varied accounting criteria used in each country results in a different book-basis profit.

I now leave you with Nicole Winkler, Corporate Planning and Development Manager for Grupo Security, for a brief summary of the Bank's results.

Nicole Walker (Corporate Planning and Development Manager, Grupo Security)

Banco Security, Consolidated (Slide 5)

For 6M23 Banco Security posted consolidated profit of MCH$93,870, up 38.4% from 6M22.

The Bank's performance was driven by an improved net interest margin in the commercial areas, together with a good performance in Treasury.

Total loans amounted to BCH$7,421 as of June 30, 2023, 4.8% higher than June 2022, mainly due to increases of 2.9% in commercial loans and 13.3% in retail loans. Overall, the Bank had market share of 3.29% by total loans. The Commercial Banking Division had market share of 5.0% by total commercial loans, while Retail Banking reached 4.4% in its target segment.

The NIM on loans was 5.73%, driven by the recomposition of the loan portfolio at higher interest rates during the last 12 months. The Bank reported an efficiency ratio of 39.6% as of June 2023, versus 43.2% a year earlier.

In addition, subsidiaries AGF and Valores reported profit of MCH$5,556, or 37.6% less than 6M22, mainly attributable to weaker returns from the proprietary trading portfolio.

Consolidated ROAE stood at 23.3%, compared to 19% in the previous year.

Banco Security – Results by Business Area (Slide 6)

The Commercial Banking Division reported profit of MCH$48,418 for 6M23, 52% higher than the previous year, mainly explained by growth in the net interest margin, which reached MCH$97,329, up 28% from 6M22, mainly due to increased income from liabilities as a result of the rise in interest rates.

Meanwhile, Retail Banking recorded profit of MCH$5,609 for 6M23, 133% higher than the previous year. This result was driven by growth in the net interest margin, which reached MCH$47,065, up 38.2% from June 2022, due to growth in income from liabilities because of interest rate hikes and a larger volume of term deposits.

The Treasury Division, comprising the trading, investment, distribution and asset and liability management (ALM) desks, achieved profit of MCH$44,855 in 6M23, 53.9% higher than the previous year, thanks to the Bank's funding strategy implemented over the last few years, together with a context of rising interest rates.

Now Alberto Oviedo, Risk Division Manager for Banco Security, will give us more details on credit risk during the period.

Alberto Oviedo (Risk Division Manager, Banco Security)

Banco Security – Risk (Slide 7)

The provision for credit losses for 6M23 was MCH$39,835, equivalent to an annualized risk premium of 1.07% of total loans. Total risk expense was 19% higher than the previous year due to higher risk expense in the consumer portfolio of MCH$11,291, with a low basis of comparison due to the greater liquidity in the system in 2022 and an 8.3% rise in risk expense for the commercial portfolio because of greater activity during the period.

This effect is partially offset by a lower risk expense in the mortgage portfolio of MCH$82 in 6M23, due to a good portfolio performance during the period and increased collection of written-off loans.

Meanwhile, the Bank recorded voluntary additional allowances of MCH$2,000 during 6M23: MCH$1,000 for the commercial portfolio and MCH$1,000 for the consumer portfolio. Overall, additional allowances totaled MCH$23,000 as of June 2023.

The NPL portfolio totaled MCH$149,928 as of June 2023, which represents 2.02% of loans. With this, the NPL coverage ratio is 1.21 (1.36 including additional allowances).

Nicole Walker (Corporate Planning and Development Manager, Grupo Security)

Factoring Security (Slide 8)

Factoring Security's profit remained stable, reaching MCH$7,216, or 0.2% higher than the prior year. Net operating income was 2.7% higher, due to a greater net interest margin, offset by a lower volume of loans, closing the period at MCH$376,649, 13.6% lower than the previous year, and lower indexation income.

Support expenses amounted to MCH$7,952, 24.4% higher than the previous year, mainly due to an increase in administrative and personnel expenses associated with cost-of-living salary adjustments in the last twelve months. Risk expenses amounted to MCH$1,046, a decrease of 30.3% compared to June 2022.

The subsidiary had an efficiency ratio of 45.1% for 6M23, an improvement over last year's 37.2%. Meanwhile, the risk index, calculated as allowances over total factored receivables, was 1.68% versus 1.53% in June 2022.

Asset Management (Slide 9)

The asset management area—comprised of the mutual fund subsidiary (AGF), the brokerage subsidiary (Valores) and Securitizadora Security—had assets under management of BCH$4,083, stable YoY. This is explained by a decrease in international assets in custody and mutual funds, mainly balanced and equity funds, offset by higher AUM in domestic fixed income funds.

The area reported profit of MCH$5,903 for 6M23, down 39.5% from June 2022. The decrease is mainly explained by weaker returns on the company's proprietary trading portfolio, associated with a smaller portfolio volume and lower inflation.

Operating revenue amounted to MCH$19,524, up 3% from the prior year, with increased fund revenue due to a greater cumulative ROA because of higher rates. Transactional income amounted to MCH$5,491, 17% lower than June 2022 due to reduced activity in international products and equities, in line with industry trends.

Now Rodrigo Guzmán, Finance Manager at Vida Security, will present the insurance company's results.

Rodrigo Guzmán (CFO - Vida Security)

Vida Security (Slide 11)

Vida Security reported profit of MCH$15,047, 38.4% lower than in June 2022, with a good result from technical reserves and better returns on the company's proprietary trading portfolio, offset by a greater net loss ratio and increased pensions paid due to a larger volume sold and the UF variation, along with a smaller income tax benefit.

The company achieved total premiums of MCH$312,523 in 6M23, growing 30.4% over 2022. This is mainly explained by growth in annuities and, to a lesser extent, in individual and group insurance.

Claims and pensions paid totaled MCH$341,673, 48.4% greater than June 2022, because of higher annuity sales and an increase in surrenders and transfers in CUI and APV policies.

This explains the contribution margin of -MCH$46,034 for 6M23, compared to -MCH$9,351 for 6M22.

Vida Security – Annuities (Slide 12)

With respect to annuities, the market began to recover in 2022 after contracting because of higher defined rates for programmed withdrawals offered by pension fund administrators (AFPs).

As of June, the industry reached total annuity premiums of MUF53.2, exceeding the June 2022 level by 53.3%. In this context, Vida Security had total premiums of MUF4.7, with growth of 50.9% (real) and 64.6% (nominal), reaching market share of 8.7%.

Next, Investment Manager Juan Pablo Cofré will comment briefly on the portfolio results.

Juan Pablo Cofré (Investment Manager, Vida Security)

Vida Security - Investment Income (Slide 13)

Investment income was MCH$90,778, versus MCH$37,041 for 6M22, due to a rebound in returns from the CUI and APV portfolio, along with strong returns on the proprietary trading portfolio,

which was up 8.0% year-on-year to MCH$70,771 in 6M23, representing an ROI of 5.4%. During the period it had greater returns on fixed income and international equities, because of the positive effect of foreign exchange hedges, and a better performance from domestic equities in both investment funds and the domestic equity portfolio. This was partially offset by lower returns on alternative assets and foreign real estate funds.

The CUI and APV portfolio reported a gain of BCH$20, versus a loss of BCH$28 for 6M22, due to stronger returns from fixed-income instruments, equities and indexes. Positive returns from the CUI and APV portfolio are counterbalanced by recording additional technical reserves.

Nicole Walker (Corporate Planning and Development Manager, Grupo Security)

Protecta Security (Slide 15)

In the international business area, Protecta Security had profit of MS./18.9 for 6M23, up 86% from last year. This performance is explained by a 12.7% rise in investment income with respect to 2022, partially offset by an increase in claims paid, related to a larger stock of pensions payable and indexation of pensions because of high inflation in Peru.

As of June 2023, it had total premiums of MS./277.9, down 9.5% from 6MQ22, and reported annuity sales of MS./128.4, -30.7% from last year, with market share of 21.5%. The lower result in annuities was offset by higher sales of private annuities for MS./94.5, 32.7% higher than the previous year, with a market share of 16.1%.

Bear in mind that converting results in soles to IFRS used in Chile and adjusting for the varied accounting criteria used in each country results in a different book-basis profit.

Other Services Area (Slide 16)

Travel Security achieved profit of MCH$2,905 (consolidated with its subsidiary in Peru), versus MCH$1,661 for 6M22, thanks to the recovery in sales to MCH$120 in 6M23.

Meanwhile, the real estate subsidiary reported a loss of -MCH$1,020 as a result of lower unit sales compared to the previous period, in line with the development stages of other projects.

Real estate assets under management totaled MCH$86,681, up 2.0% with respect to June 2022, explained by some new projects, which offset the number of ownership transfers during the period.

Next, Francisco Letelier, Corporate Digital and Data Manager for the Group, will give a brief summary of the progress made on the Group's digital strategy.

Digital Slide (Slide 18)

Francisco Letelier (Corporate Digital and Data Manager, Grupo Security)

Grupo Security's digital strategy is focused on helping the businesses achieve their objectives, creating a comprehensive value proposition for customers, in accordance with our strategic guidelines.

Remember that last year we began implementing an ambitious Digital Plan, focused on the Bank and its subsidiaries, Vida and Factoring. This plan involves an investment of around MUS$ 50 over a 4-year period and we expect it to produce an impact of between MUS$ 20 - 30 in additional net income each year.

We would like to share with you some of the milestones achieved with this plan.

Digital Slide (Slide 19)

- Our digital factoring platform, called Autofactoring 2.0, provides our clients with a new, faster and simpler experience. Since its launch, the number of customers using it has increased by **+48%**, with an improved user experience. In fact, 70% of Factoring Security's new clients make their first transaction through Autofactoring 2.0
- In addition, we have developed our relationship with the fintech ecosystem, where we have co-created new businesses and taken advantage of the opportunities that open finance has generated. We have formed 3 new alliances along with 3 new adjacent businesses, which has increased associated revenues by 55% to date.
- This month we launched Security Hub, a platform offering companies solutions via API's to interact with the Bank's services in a simpler, deeper and more efficient way. These new functionalities were co-created with customers and are key to developing new and better financial services.
  Currently, we have two API's available, with 7 partners using them since launch.
- We also implemented Security Up!: our new checking account for Retail Banking customers with digital onboarding. Target towards customers around 35 years of age, the account gives them access to a variety of banking products and an assigned executive for personalized advising. All of these efforts are designed to expand our customer base, decrease our cost of acquisition and improve the onboarding experience.

Closing Slide, Group (Slide 20)

Renato Peñafiel (Chairman, Grupo Security)
In conclusion, we just closed the period with historic results, reaching an ROAE of 20.7% and profit of MCH$158,887 for the last twelve months, the highest in the Group's history, equivalent to earnings per share of CH$ 39.3.

This performance has allowed us to distribute dividends of CH$ 17 per share over the last 12 months, which represents a dividend yield of 7.9% as of August 22. This effect, added to our stock's strong performance, has resulted in a total share return of 71.6% in the last twelve months, with a price of CH$ 216 at the close of trading on Tuesday.

In parallel, as Francisco told you, we are continuing to develop our businesses digitally, getting ready for a world of open finance that will allow us to offer better and innovative products and services in a personalized way, thus working to consolidate our businesses with a long-term view.

Closing Remarks (Slide 21)

Thank you for the presentation and thanks to everyone for logging on. Now we are available to answer your questions. You can raise your hand on the platform or submit them in the Q&A section.

Based on the messaging shared by the bank, a positive outlook is anticipated for the second half of the year. In this context, what kind of normalization could we expect for 2024, considering interest rate and inflation adjustments? Additionally, with the upcoming maturity of the Central Bank's FCIC facility, how do you anticipate that will impact your funding needs and the cost of funding?

Manuel Widow
In terms of earnings normalization, due to certain extraordinary results, we anticipate that the bank's profitability this year could be around or above 20%. However, for the coming year, we expect the bank to return to more normal profitability levels of around 15%. This estimate considers several factors: on the one hand, the situation with the FCIC and, on the other hand, aspects such as the lower profitability resulting from the general drop in rates. The latter will directly affect the profitability of demand balances of commercial areas and capital, which, in turn, will impact our results. Therefore, based on these factors, we expect the bank's profitability to stabilize at around 15%. However, we will keep an eye on how circumstances and risk evolve, but that is our current expectation.

Alberto Oviedo
With respect to the FCIC, we are prepared to make the payment. Our liquidity indicators, both short-term (30 days) and medium-term (up to one year), are in the first decile compared to the rest of the industry. We have planned and carried out periodic monitoring with the money desk and the financial risk area. I can confirm that, at this time, we have sufficient liquid assets to cover the obligation, at least for March, almost immediately. As for the impact on profitability, we aim to maintain it at around 15% after adjustments. Therefore, we are working on business initiatives that can partially offset the effects of the rate reduction on the return on liabilities and the end of the FCIC facility.

I would like to follow up on the FCIC maturity topic. Do you have clarity on the numerical impact to understand the drop in profit that we will see in March and June, when the lines mature? What is the long-term ROE you aspire to have? And in relation to the rise in operating expenses, I guess it is due to investments in digital transformation. How do you expect that to evolve this year and next?

Alberto Oviedo
Currently, we have Ch$1.2 trillion in FCIC funds that must be paid in two installments: one in April and the other in June. We are accumulating funds to cover these payments, and they are invested in high-quality liquid assets. It is difficult to identify a specific number for the FCIC impact because, month by month, the investments we hold are less profitable as interest rates fall in Chile. These liquid assets are

invested at a lower rate, so a direct impact would not be felt in May. However, as the interest rate decreases, we should see gradual drops in margin. If you need more details on how we see it and our funding approach, we can discuss it later. It is essential to consider not only the funding but also what the asset is invested in.

Francisco Letelier

In general terms, we have a four-year plan with an investment of fifty million dollars. We estimate that, by December of this year, we will have invested between 35% and 40% of that figure. This estimate is related to launching other initiatives. From a revenue standpoint, we expect to be generating between two and three million dollars from these investments by the end of this quarter.

Alberto Oviedo

From the bank's point of view, the strategy of capturing customers in the younger age segments (around 35 years), is particularly important for us. We are focused on developing a digital strategy, especially onboarding. What we have just launched with 'Security up' is a checking account. However, it is not just a traditional checking account. This checking account comes with lending products and operates almost entirely digitally. The only exception is for those processes that are regulatory and require the customer's signature, such as signing promissory notes and the signature capsule for the checking account, in case checks are requested. The rest is completely digital. This is a significant transformation that positions us ahead of the game, correcting areas in which we were previously lagging behind. I think we are now among the front-runners, and that is why it is crucial to continue to develop it.

Our second source of digital development is to integrate with factoring, specifically with self-factoring. And as for customer service, we expect to launch a self-service system next year, although the conclusion will depend on how quickly we can implement it. This system will be managed through the web or an app and include a credit decision-making system.

Considering the current situation of some factoring companies in the market, do you think that belonging to a more solid group benefits them? Or do they perceive that the industry as a whole could be hurt due to a decline in confidence?

Renato Peñafiel

Obviously, the impacts of these changes remain to be seen. However, I do believe that over time we will see a gradual reduction in the relative share of factoring companies not associated with the banking industry. I anticipate two main effects:

First, factoring companies or factoring-related business units within banks will be strengthened by these changes. This is due, in part, to funding conditions. I believe that the cost of funds for non-bank companies will increase, which will influence industry dynamics.

Second, as we have noted, lower activity levels, both this year and probably next, will reduce the consolidated supply of these instruments, particularly invoices. This will intensify competition, making it more difficult for those who cannot access reasonable funding costs to stay in the market.

In summary, I envision an adjustment or transition in the factoring industry, leaning more towards the banking industry.

If growth expectations remain stagnant, do you anticipate any signs of recovery?

Felipe Jaque
I think it is reasonable to assume that we will move in the range of 2-2.5% potential growth. According to our estimates, we will not reach this range in 2024, but rather around 2025. The most relevant thing in this cycle will be recovery of domestic demand, in particular, resuming investment growth and a certain rebound in consumption. However, in terms of the structure of economic growth, we believe that there are still challenges in various industries and sectors. This makes it unlikely that we can expect trend growth rates above the 2-2.5% range we are working with in the medium term.

About Security Hub, what APIs do you have available today and what is the roadmap for the next three years?

Francisco Letelier
Today, we have two APIs targeted towards business banking. One of them allows customers to view transactions to and from Banco Security's commercial banking accounts. The other is an API for bulk transfers of small amounts. Additionally, we have an API related to insurance, specifically life insurance, which is currently used and consumed to create certain insurance policies in Betterfly.

As for the roadmap for the future, we expect to significantly increase the number of APIs in the coming months. These new APIs will focus on two main areas: payroll deposits and extending our transfer APIs to cover other types of transfers.

How soon could we expect an increase in Security's profitability, given the remarkable rise in equities?

Rodrigo Guzmán
It is important to remember that the annuity business is technical. Therefore, the return on assets associated with the annuity reserve reflects our current long-term profitability, which is around 5.4%. This is the return on the combined portfolio. If your question is geared to portfolio value or shareholder value, it is true that as annuity sales increase, the value to insurance companies will also grow. However,

this is not directly related to the profitability of the investment portfolio associated with the annuity reserves. I hope this clarified your question.

In terms of capitalization, how do you view the issuance of AT1 instruments for the bank's strategy? Some comparable mid-sized banks are already in the process of registering lines.

Manuel Widow
We are currently working on a perpetual bond line and have already made significant progress on this process. We expect to request authorization from the CMF in the next few days.

Alberto Oviedo
Although these instruments are not considered a core part of our capital plan, we see them as an opportunity and believe it is important to have them as an alternative, even though they are not critical to our funding plan. It is essential for us to keep up with our competitors and, therefore, we have been monitoring their progress with their approval processes. In parallel, we have been obtaining the necessary risk ratings and evaluating how best to present a product that is attractive to both insurance companies and family office investors or those with shorter investment horizons.

Considering the natural disasters affecting the center-south zone, do you have any provision or strategy planned in relation to investments you have in sectors that could be most affected?

Alberto Oviedo
We have stress scenarios prepared for situations like this. It is important to note that the impact on the bank's agricultural portfolio is minimal. We are talking about a total exposure that does not exceed 2.5% to 3% of the total portfolio. And, if we focus on the specific area that could be affected, it is less than 1%.

Of course, we plan to contact our customers to determine if additional allowances are necessary or to identify losses. This evaluation will be carried out not only in the agricultural sector, but also in the infrastructure sector. There could be delays in the construction of infrastructure, which could have a major impact. Companies involved in the construction of bridges, airports or ports could face delays and, therefore, require additional capital or financing. In any case, we will start contacting our customers once the rains stop and they can get out from under the emergency situation. At that time, we will conduct a joint evaluation.

Regarding the bank's expenses, could you comment on the variation observed in 2023 compared to the previous year?

Manuel Widow

If we analyze the variation in the bank's expenses in 2023 compared to the previous year, we observe growth of approximately 15%, or perhaps a little more. However, a significant portion of this increase is due to inflation. When comparing the average UF of the first half of the year with the same period of the previous year, we are talking about a variation of close to 12%. The remaining growth, representing 3-4% real growth in the bank's expenses, is mainly explained by investments in technology, in particular our digitalization plan, which has required a considerable resources. In addition, certain expenses related to transaction volume and bank activity have been returning to normal levels after the decline during the pandemic.

An additional, and very important, factor is the VAT now being levied on previously exempt services. This has impacted all companies and the industry in general, generating an increase in expenses this year compared to last year. In our case, we cannot deduct most of that VAT, so the cost of VAT passed on becomes an expense for the financial institution. We can only deduct a very small part.

Investor Relations Contact: relacioninversionistas@security.cl

Marcela Villafaña, Strategic Development and Investor Relations Manager

Daniela Fuentes, Head of Investor Relations

Renzo Rojas, Investor Relations Analyst

María José Fuller, Investor Relations Analyst

Uberto Hormazábal, Investor Relations Analyst