

Marcela Villafaña (Strategic Development and Investor Relations Manager, Grupo Security)

Introduction (Slide 1)

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

Today we are joined by Fernando Salinas, CEO of Grupo Security and Nicole Winkler, Planning and Development Manager, as well as with Eduardo Olivares, CEO of Banco Security; Alberto Oviedo, from the Risk Division and Manuel Widow, from Planning and Management.

From Vida Security, we have Investment Manager Juan Pablo Cofré.

Also with us is Felipe Jaque, Chief Economist of the Research Department.

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 Research Department)

Macroeconomic Context 2023-24 (Slides 2-3)

During the fourth quarter, economic activity contracted -0.3% with respect to the immediately preceding quarter, in seasonally adjusted terms, reversing the 0.3% rise from the third quarter. In year-on-year terms, it increased 0.2%, bringing GDP to a variation of -0.2% for the year as a whole.

This sluggishness occurred in a context of tightening external financial conditions (rising interest rates, strong dollar), although commodity prices have remained high, as reflected by continued high terms of trade. The beginning of the year is showing a similar picture, with economic activity still subdued, due to both low private consumption as a result of restrictive local financial conditions and prolonged political uncertainty, which is keeping investment at bay. We expect economic activity to gradually recover over the course of the year, as local financial conditions improve along with the decline in the MPR, in a context of an unchanged external outlook.

In the labor market, job creation has been limited, trailing labor force growth. This has led to a gradual increase in the unemployment rate, especially in seasonally adjusted terms, from 8% at the end of 2022 to 9% at the end of 2023.

This stagnant economic activity—private consumption in particular—continued to drive the moderation of year-on-year inflation, which started the year at 12% and closed 2023 at 3.9%. In addition, the new basket showed greater moderation, reaching 3.4% in December and 3.2% in January, very close to the target.

This is relevant for the direction of monetary policy. In fact, the Central Bank has continued the monetary normalization process in recent months, increasing the magnitude of its adjustments, and signaling that the MPR should approach neutral levels sooner than expected, by mid-year instead of by the end of 2024. Market prices have internalized this trajectory.

On the external front, the most relevant aspect is the continued strength shown by the US economy at the beginning of the year, putting the convergence of total and core inflation at risk. As a result, the market is anticipating that the Federal Reserve will not begin cutting rates before June of this year, which has fortified the dollar worldwide.

Fernando Salinas (CEO, Grupo Security)

Grupo Security Dec 2023 (Slide 4)

Thank you, Felipe. For 2023, Grupo Security's profit reached MCH\$196,562, 50.8% higher than 2022, the highest figure in the Group's history.

The Group's performance for the year was driven mainly by the lending area. Specifically, Banco Security and its subsidiaries achieved consolidated profit of MCH\$176,670, 24.1% 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 reported profit of MCH\$14,302, an increase of 9.6% over 2022. This result was influenced by a higher net interest margin and larger loan volumes. During 2023, Factoring was included in the lending fintech category of the Finnovista Radar, reflecting its digitalization efforts that today allow for a 100% digital customer journey thanks to the AutoFactoring platform.

Inversiones Security enjoyed profit of MCH\$10,388 with a total of BCH\$4,317 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. In 2023 Inversiones Security was named the best mutual fund manager for institutional investors for the fifth consecutive year and earned three Salmon Awards, including two first place spots.

Vida Security recorded profit of MCH\$40,099, with a 8.5% increase in gross written premiums, particularly from annuities, offset by increased claims and pensions paid. Returns on the company's proprietary trading portfolio reached 5.25% as of December 2023.

In the other services area, Travel Security achieved profit of MCH\$5,905, up 50.8% from December 2022, and Inmobiliaria Security reported a loss of MCH\$3,994 due to legal title transferred on fewer units, in line with the current investment cycle.

Lastly, Protecta Security obtained profit of MS./ 50.8 in Peru, up 63.0% from 2022, mainly because of improved investment income. It is important to remember that Chile and Peru use different accounting criteria, so adjustments are necessary when converting results to local accounting.

Integration (Slide 5)

Regarding the integration process, as you all know, on January 24, 2024, Bicecorp and Forestal O'Higgins, together with shareholders representing 65.23% of the shares of Grupo Security, agreed to the integration of Bicecorp and Grupo Security, and their respective subsidiaries, subject to conditions precedent customary for this type of transaction, including obtaining the relevant regulatory approval and conducting a reciprocal due diligence.

The next steps in the process will be to sign a promissory purchase and sale and exchange agreement by March 30, 2024.

After that, the due diligence process should begin. At the same time, the deal will be evaluated by the National Economic Prosecutor's Office and the CMF. Once these approvals have been obtained, the tender offer and subsequent merger of the parent companies will begin.

If the conditions precedent are met and the merger is completed, it would result in the creation of a financial group with an estimated economic value of BUS\$3.13, total assets of BUS\$37, more than 2.4 million customers, 6,250 employees and 83 branches in the country. Integration would give the new entity greater efficiencies and strengthen its role in the banking, life insurance and asset management industries.

I now leave you with Eduardo Olivares, CEO of Banco Security, for a brief summary of the Bank's results.

Eduardo Olivares (CEO, Banco Security)

Banco Security, Consolidated (Slides 6-7)

In 2023 Banco Security posted consolidated profit of MCH\$176,670, up 24.1% from 2022.

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 reached BCH\$7,317 in 2023, stable year-on-year, with a 10.2% increase in retail loans, partly offset by a drop in commercial loans. Overall, the Bank had market share of 3.16% by total loans. The Commercial Banking Division had market share of 4.7% by total commercial loans, while Retail Banking reached 4.6% in its target segment.

Meanwhile, the NIM on loans was 5.82%, driven by higher interest rates and the Bank's funding structure. The Bank reported an efficiency ratio of 41.7% for 2023, versus 43.0% a year earlier.

In addition, subsidiaries AGF and Valores reported profit of MCH\$10,388, or 30.8% less than 2022, mainly attributable to weaker returns from the proprietary trading portfolio.

Consolidated ROAE stood at 21.1%, compared to 19.1% in the previous year.

Banco Security – Results by Business Area (Slide 8)

The Commercial Banking Division reported profit of MCH\$89,042 for 2023, 13.3% higher than the previous year, mainly explained by growth in the net interest margin, which reached MCH\$192,644, up 18.3% from 2022, due to increased income from liabilities as a result of the rise in interest rates.

Meanwhile, the Retail Banking Division had profit of MCH\$13,304 for 2023, versus MCH\$2,423 in 2022. This result was driven by growth in the net interest margin, which reached MCH\$97,759, up 29.1% from 2022, explained by growth in income from liabilities, specifically demand balances in local currency given the increase in interest rates.

The Treasury Division, comprising the trading, investment, distribution and asset and liability management (ALM) desks, achieved profit of MCH\$84,896 in 2023, 29.8% higher than the previous year, thanks to the Bank's funding strategy implemented over the last few years, together with the interest rate context.

It is important to note that 35% of the Bank's total liabilities consist of bonds placed largely during the period of low interest rates, while 12% of total liabilities are financing facilities granted by the Central Bank or FCIC in the context of the COVID-19 health crisis. The FCIC lines mature on April 1 and July 1, 2024. As of today, all the resources needed for the first maturity are in the Central Bank's Liquidity Deposit created for this purpose, and we have sufficient short-term financial instruments to meet the second FCIC payment.

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 9)

The provision for credit losses for 2023 was MCH\$73,358, equivalent to an annualized risk premium of 1.00% of total loans. During the period, a larger provision was recorded for the commercial portfolio, of MCH\$48,121, and the provision for the consumer portfolio reached MCH\$22,781, or 5.9% higher than the previous year, with a low basis of comparison in 2022 due to the higher liquidity in the system at that time.

This effect is partially offset by lower impairment of other financial assets, totaling -MCH\$303 in 2023, as a result of the release of provisions for impairment of some instruments in the investment portfolio. Furthermore, there was a lower risk expense in the mortgage portfolio of MCH\$1,573 due to the portfolio's good performance during the period and increased collection of written-off loans once court collections resumed following the pandemic.

The bank recorded MCH\$4,000 in additional voluntary provisions during 2023: MCH\$1,500 for the commercial portfolio, MCH\$1,500 for the consumer portfolio and MCH\$1,000 for the mortgage portfolio. Overall, additional provisions totaled MCH\$25,000 in 2023.

The NPL portfolio totaled MCH\$148,755 in 2023, which represents 2.03% of loans. With this, the NPL coverage ratio is 1.32 (1.49 including additional allowances).

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

Factoring Security (Slide 10)

With respect to Factoring Security, total profit reached MCH\$14,302, 9.1% higher than the previous year, associated with a higher net interest margin and growth in loans, reaching MCH\$492,771, or 4.8% higher than in 2022. This increase is due to a recovery in the fourth quarter of 2023, which was 23.0% higher than September 2023. These effects were partially offset by a decrease in indexation income due to lower inflation.

Support expenses amounted to MCH\$15,911, 15.1% higher than the previous year, due to greater expenses for software and IT services and cost-of-living adjustments. Risk expenses amounted to MCH\$1,682, a decrease of 48.4% compared to September 2022.

The subsidiary had an efficiency ratio of 45.2% for 2023, an improvement over last year's 41.0%. Meanwhile, the risk index, calculated as allowances over total factored receivables, was 1.49% versus 2.16% in 2022.

Asset Management (Slides 11-12)

The asset management area—comprised of the mutual fund subsidiary (AGF) and the brokerage subsidiary (Valores)—had assets under management of BCH\$4,319, or 13.8% more than the prior year. This growth is mainly explained by an increase in AUM in mutual funds, which is 11.8% higher than in 2022 due to growth in domestic fixed-income and international equity funds.

The area reported profit of MCH\$10,388 for 2023, down 30.8% from 2022. The decrease is mainly explained by weaker returns from the company's proprietary trading portfolio.

Operating income reached MCH\$39,759, in line with the previous year. In particular, there was an increase in fund income because of higher accumulated ROA due to higher interest rates.

Transactional income amounted to MCH\$11,926, 7.8% lower than 2022, due to reduced activity in equities, foreign currency and international products, in line with industry trends.

Non-operating income amounted to MCH\$9,270, 14.4% lower than the previous year, due to weaker returns on the Company's proprietary trading portfolio, associated with lower inflation in the period and a smaller portfolio.

Now Juan Pablo Cofré, Investment Manager at Vida Security, will present the insurance company's results.

Juan Pablo Cofré (Investment Manager, Vida Security)

Vida Security (Slides 13-14)

Vida Security reported profit of MCH\$40,099, 5.9% lower than 2022, with a good result from technical reserves and better returns on the company's proprietary trading portfolio. This was offset by a strong sales push in annuities, the impact of inflationary pressures on pension payments, an increase in administrative costs, and a lower positive tax effect compared to the previous year.

The company achieved premiums of MCH\$489,758 in 2023, growing 8.5% over 2022, mainly due to growth in annuities and, to a lesser extent, in individual and group insurance.

Claims and pensions paid totaled MCH\$540,452, up 20.2% from 2022 due to greater surrenders and transfers in CUI and APV insurance, increased activity in annuities, and an increase in the volume of pensions paid, as well as, though to a lesser extent, a higher loss ratio in group health insurance.

This explains the contribution margin of -MCH\$98,505 for 2023, compared to -MCH\$21,303 for 2022.

Vida Security – Annuities (Slide 15)

As of December the industry reached total annuity premiums of MUF 107, exceeding the September 2022 level by 36%. In this context, Vida Security had total premiums of MUF 5.5, with growth of 5% (real) and 15% (nominal), reaching market share of 5.2%.

Vida Security - Investment Income (Slide 16)

Investment income was MCH\$194,429, versus MCH\$116,601 for 2022, due to a rebound in returns from the CUI and APV portfolio, along with strong returns on the proprietary trading portfolio, which was up 2.8% year-on-year to MCH\$142,054 in 2023, representing an ROI of 5.2%. During the period infrastructure and fixed-income funds performed better, offset by lower returns from alternative assets and real estate funds.

The CUI and APV portfolio reported a gain of BCH\$52, versus a loss of BCH\$22 for 2022, due to stronger returns from equities and indexes. Positive returns from the CUI and APV portfolio are counterbalanced by recording additional technical reserves.

Marcela Villafaña (Strategic Development and Investor Relations Manager, Grupo Security)

Inmobiliaria (Slide 17)

Meanwhile, the real estate subsidiary reported a loss of -MCH\$3,994 as a result of lower unit sales compared to the previous year, in line with the current investment cycle.

Real estate assets under management totaled MCH\$86,070, down 0.6% with respect to 2022, due to ownership transfers during the period.

Protecta Security (Slides 18-19)

In the international business area, Protecta Security had profit of MS./ 50.8 for 2023, up 63.0% from 2022. 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 and a drop in technical reserves recorded due to diverse factors (lower inflation, lower sales, inheritance payments).

In 2023, Protecta had total premiums of MS./ 544.7, down 8.3% from 2022, and reported annuity sales of MS./ 247,506, down -26.5% from last year, with market share of 21.4%. The lower result in annuities was offset by higher sales of private annuities for MS./ 193.5, 33.2% higher than the previous year, with a market share of 14.0%. Protecta Security has the second largest share of the market by annuity premiums for the sixth consecutive year.

Lastly, 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 20)

Travel Security obtained profit of MCH\$5,905 after consolidating its subsidiary in Peru, versus MCH\$4,331 for 2022, representing a 36.3% increase. This is explained by the 13.9% year-on-year recovery in sales, reaching MUS\$238 for 2023.

Fernando Salinas (CEO Grupo Security)

Closing Slide, Group (Slide 21)

Grupo Security reported profit of MCH\$196,562 for 2023, with an ROAE of 20.3%. This is equivalent to an increase of 50.8% over the previous year, exceeding the total earnings obtained during the whole of 2022. With this, Grupo Security achieved earnings per share of CH\$48.7 as of year-end, surpassing the figure of CH\$32.2 from 2022.

Outlook for 2024 (Slide 22)

Regarding the outlook for this year, we believe gross domestic product should grow around 1.5%. As for inflation, by the end of the year we should reach the Central Bank's 3% target. We also believe that we could find ourselves with an economic scenario with an MPR around 4.5%.

All in all, we expect growth of between 6 and 8% in loans at the Bank, and a level of PPR on loans of around 0.9%.

For Vida, we see an ROI for its proprietary trading portfolio of around 5.5%. Finally, we believe the Group's ROAE will tend to normalize, reaching 15%.

Closing Remarks (Slide 23)

Marcela Villafaña

Thank you for the presentation and thanks to everyone for logging on. You may ask questions by raising your hand on the platform or submitting them in the Q&A section.

The answers provided with respect to the integration with Bicecorp will be limited to the public information available to date, in compliance with current legislation. There may be questions we cannot answer for confidentiality reasons, due to pending issues or because they cannot be disclosed to the public at this stage for legal or regulatory reasons.

We are now available to take questions.

Q&A for Grupo Security's Earnings Conference Call for 3Q23

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