

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

Introduction (Slide 1)

Good morning and thank you for joining us for Grupo Security's earnings presentation for the first quarter of 2024.

Today we are joined by Fernando Salinas, CEO of Grupo Security,

as well as with Eduardo Olivares, CEO of Banco Security, and Alberto Oviedo, the Risk Division Manager.

From Vida Security we have Rodrigo Guzmán, Planning and Finance Division Manager.

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.

Fernando Salinas (CEO, Grupo Security)

Grupo Security Mar 2024 (Slide 2)

Good morning, we are very pleased to present the results for the first quarter of 2024, highlighting Grupo Security's earnings and profitability, and its businesses' performances. We will also review some of the main milestones in the period and update you on the integration process between Grupo Security and Bicecorp.

In the first quarter of 2024, Grupo Security reported profit of MCH\$45,292, 7.0% higher than the first quarter of the previous year, with LTM profitability of 20.1%. The Group's performance for the quarter was driven mainly by the lending and asset management areas. Specifically, Banco Security and its subsidiaries achieved consolidated profit of MCH\$44,452, 2.1% higher than the previous year, thanks to a strong net interest margin in the commercial areas.

Throughout the presentation, we will discuss the results of the various subsidiaries in detail.

Milestones (Slide 3)

Our strong results are based on several pillars that we have been working on systematically for many years. Having been selected by GPTW for the second straight year is a reflection of how we work. Beyond the ranking, our main values of closeness, professionalism and transparency stand out.

We have also been considered in different trust and service quality indexes in several industries in which we participate, such as banking and factoring. In addition, our asset management area has been recognized in different categories of the Salmon Awards.

Finally, the Group has been actively engaged in digital transformation to face the new times. Our teams have met this challenge efficiently and with great success, always placing our customers at the center.

Integration (Slide 4)

Regarding the integration process, here is the timetable we have shared previously. You can see that we have already signed the promissory purchase and sale agreement and begun the formal due diligence with the counterparty.

Regarding the regulatory authorizations indicated on the timeline, the notification was filed with the FNE on April 19th. The FNE then requested further information, which has already been provided by the parties, and FNE is currently reviewing it. On May 3, Bicecorp filed a request with the CMF regarding the change of control of the bank and insurance companies as a result of the integration. The CMF is currently reviewing the request, and has recently asked for additional background information, which is being prepared by the parties to be filed in the next few days. In addition, regulatory permits in Peru are currently being processed.

We estimate that we should be able to obtain the regulatory permits in September to begin the tender offer processes between October and November, and ideally close the entire integration process this year and then continue with the merger of the companies.

Now Felipe will briefly comment on the macroeconomic environment.

Felipe Jaque (Chief Economist – Grupo Security Research Department)

Macroeconomic Context 2023-24 (Slides 5-6)

During the first quarter, economic activity expanded 1.9% with respect to the immediately preceding quarter, in seasonally adjusted terms, outperforming expectations. In year-on-year terms, the increase was 2.3%.

This improved economic activity has occurred in a context of greater external momentum, with global dynamism somewhat greater than expected and higher commodity prices, generating a gain in terms of trade. In addition, the dollar--with fluctuations--is practically at the same level as year-end 2023, and external interest rates have risen so far this year, compensated by a drop in risk spreads.

Although first quarter economic activity was above expectations, a note of caution is given by weak domestic demand. Private consumption is showing a gradual improvement at the margin, a phenomenon that should continue as the months go by in the face of more expansive local financial conditions. Meanwhile, prolonged high levels of political uncertainty has kept investment very contained. We certainly expect economic activity to continue 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 a positive external outlook.

In the labor market, job creation has slightly exceeded expectations due to the improved economic activity, even outpacing labor force growth, which has led to a slight drop in the seasonally-adjusted unemployment rate, from 8.9% at the end of 2023 to 8.4% at the end of April.

So far this year, the year-on-year variation in the CPI has stabilized at around 4%, at the high end of the target range, although both the market's and our own outlook point to a convergence to 3% at the beginning of next year, a level around which it will hover throughout the two-year projection horizon.

The recent appreciation of the Chilean peso, which went from CH\$990 at the end of February to CH\$900 at the end of May, should help lower the records for the coming months compared to the first four months of the year.

This would allow the Central Bank to continue the monetary normalization process in the coming months, in line with the message from the last meeting, although it would moderate the magnitude of the adjustments. This is because activity was surprisingly positive in the first quarter, the MPR is increasingly closer to the level considered neutral and the start of Fed rate cuts was postponed. Market prices have internalized a trajectory somewhat more gradual than our expectation.

Regarding the financial markets, short-term interest rates have fallen in line with the MPR cuts. Medium-term rates are stable, while longer-term rates are close to 30bp above the 2023 closing levels, in both Chilean pesos and UF. As for credit, the system's loans grew by 5% nominal in April (1% real), recovering at the margin from the contractions of 2023. This year-to-date performance has been led by the mortgage and commercial segments, and to a lesser extent by consumer loans. Finally, the local stock market rose 7% in the first five months of the year (measured through the IPSA), in line with the increase in global stock markets (9% in the MSCI global).

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 (Slide 8)

For 1Q24 Banco Security posted consolidated profit of MCH\$44,452, up 2.1% from 1Q23.

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\$7,329 as of March 31, 2024, stable year-on-year, with a 10.3 % increase in retail loans, partly offset by a drop in commercial loans. Overall, the Bank had market share of 3.12% by total loans. The Commercial Banking Division had market share of 4.6% by total commercial loans, while Retail Banking reached 4.7% in its target segment.

On the other hand, the NIM over loans was 5.55%, coupled with an improvement in efficiency to 39.1%, associated with higher revenue in the period. The Bank reported an efficiency ratio of 39.1% as March 31, 2024, versus 39.3% a year earlier.

In addition, subsidiaries AGF and Valores reported profit of MCH\$3,084, or 23.9% more than 1Q23, mainly attributable to stronger returns from the proprietary trading portfolio.

Consolidated ROAE stood at 19.8% compared to 21.6% for 1Q23.

Banco Security – Results by Business Area (Slides 9-10)

The Commercial Banking Division reported profit of MCH\$14,205 for 1Q24, 10.7% lower than 1Q23, mainly explained by a decrease in net fee and commission income, which totaled MCH\$3,908 (-35.7% YoY), associated with lower commercial activity. These effects were partially offset by growth in the financial margin, which totaled MCH\$40,802, 5.8% higher due to an increase in income from liabilities.

Meanwhile, the Retail Banking Division had profit of MCH\$1,319 for 1Q24, versus MCH\$1,133 for 1Q23. This result was driven by growth in the net interest margin, which reached MCH\$23,735, up 13.6% from March 2023, This is due to the growth in the volume of time deposits and demand balances. In addition, it reported growth of 10.3% in mortgage and consumer loans.

The Treasury Division, comprising the trading, investment, distribution and asset and liability management (ALM) desks, achieved profit of MCH\$25,971 for 1Q24, 1.2% lower than the previous year, thanks to the Bank's funding strategy implemented over the last few years, together with the interest rate and exchange 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 1 disbursement amounted to BCH\$809.6, with a maturity date of April 1, 2024, which has already been paid. The FCIC 2 and 3 disbursements amounted to BCH\$378.8, with a maturity date of July 1, 2024. To date, the Bank has all the funds needed to repay these amounts, deposited in the Liquidity Deposit (LD FCIC 2 and 3) at the Central Bank, created for the purpose of facilitating payment at the maturity date.

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 11)

Provisions for credit losses for 1Q24 were MCH\$17,144, down 1.9% from 1Q23, equivalent to an annualized risk premium of 0.94% of total loans. During the period, a larger provision was recorded for the commercial portfolio, of MCH\$12,969. In addition, the risk expense in the consumer portfolio totaled MCH\$5,716, 10.1% lower than the previous year, as no additional allowances were recorded as of March 2024, and the mortgage portfolio had a total expense of MCH\$87 for the first quarter, 80.4% lower than the same period of the previous year.

This effect is in addition to lower impairment of other financial assets as of March 2024, totaling - MCH\$800, explained by the release of provisions for impairment of some instruments in the investment portfolio.

In addition, no additional voluntary allowances have been made during 2024, maintaining the stock of additional allowances at BCH\$25 for the first quarter of 2024.

The NPL portfolio totaled MCH\$150,307 as of March 2024, which represents 2.05% of loans. With this, the NPL coverage ratio is 1.40 (1.56 including additional allowances).

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

Factoring Security (Slide 12)

With respect to Factoring Security, total profit reached MCH\$3,654, 9.2% higher than the same period last year, associated with a higher net interest margin, while loans grew to MCH\$457,398, or 6.2% higher than March 2023. These effects were partially offset by a decrease in indexation income due to lower inflation.

Support expenses amounted to MCH\$3,976, 0.9% lower than the same period of 2023, due to lower expenses in the digital and data area, and lower office lease expenses.

The subsidiary had an efficiency ratio of 43.9% for 1Q24, below the 46.9% from March 2023. Meanwhile, the risk index of 1.28%, calculated as allowances over total factored receivables, was in line with the 1.29% from 1Q23.

Asset Management (Slide 14)

The asset management area—comprised of the mutual fund subsidiary (AGF) and the brokerage subsidiary (Valores)—had assets under management of BCH\$4,706, or 26.0% more than the same period last year. This growth is mainly explained by an increase in AUM in mutual funds, which is 30.5% higher than 1Q23.

Operating income reached MCH\$10,448, up 8.4% from last year. In particular, there was greater transactional income, which amounted to MCH\$3,242, 19.1% higher than the same period last year, together with greater fund income of MCH\$7,206, up 4.2% year-on-year.

In turn, the Company's own proprietary trading portfolio generated income of MCH\$2,263, representing growth of 37.8%, due to lower interest rates, the results of inflation insurance and portfolio sales. Overall, the area reported profit of MCH\$3,084 for 1Q24, up 23.9% from 1Q23.

Now Rodrigo Guzmán, Planning and Finance Division Manager, will present the insurance company's results.

Rodrigo Guzmán (Planning and Finance Division Manager)

Vida Security (Slide 16)

Vida Security reported profit of MCH\$10,099, 0.3% higher than 1Q23, with greater gross written premiums of MCH\$154,817, 15.8% higher than 1Q23, especially due to growth in gross written annuity premiums, with a market share of 7.2% in total gross written premiums and 9.1% in gross written annuity premiums.

As of March 2024, -MCH\$24,709 in technical reserves were recorded (vs. MCH\$7,470 as of March 2023) mainly due to more reserves for individual policies as a result of positive returns on the CUI and APV investment portfolio.

In addition, claims and pensions paid totaled MCH\$163.448, 9.1% above 1Q23, due to an increase in annuity activity, partially offset by a lower cost in individual insurance as a result of fewer CUI surrenders and transfers.

This explains the contribution margin of -MCH\$40,553 for 1Q24, compared to -MCH\$15,853 for 1Q23.

Vida Security – Annuities (Slide 17)

As of December, the industry reached total annuity premiums of MUF 27, exceeding the March 2023 level by 10.4%. In this context, Vida Security had total premiums of MUF 2.5, with growth of 35% (real) and 40% (nominal), reaching market share of 9.1%.

Vida Security - Investment Income (Slide 18)

Investment income was MCH\$63,917, up 49.8% from 1Q23, due to a rebound in returns from the CUI and APV portfolio, along with strong returns on the proprietary trading portfolio,

which was up 4.8% year-on-year to MCH\$38,803 in 1Q24, representing an ROI of 5.6%. During the period, equities and real estate funds performed better, offset by weaker returns from infrastructure funds.

The CUI and APV portfolio reported a gain of MCH\$25,115, versus a gain of MCH\$5,653 for 1Q23, due to stronger returns from equities and indexes. Positive returns from the CUI and APV portfolio are counterbalanced by recording additional technical reserves.

Inmobiliaria (Slide 19)

Inmobiliaria Security reported a loss of -MCH\$239 million YTD, versus a loss of -MCH\$764 for 1Q23, explained by a reduction in finance costs, in line with its business cycle.

Real estate assets under management totaled MCH\$85,897, falling 1.8% with respect to March 2023. Ownership transfers held steady year-on-year.

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

Protecta Security (Slide 21)

In the international business area, Protecta Security had profit of MS./ 5.5 for 1Q24, down 45.0% from 1Q23. This performance is mainly explained by a 26.7% increase in claims paid associated with a larger stock of pensions payable, and to a lesser extent by lower investment income.

For 1Q24, Protecta had total premiums of MS./ 148.9, up 12.5% from 1Q23. Private annuity premiums totaled MS./ 66,416, growing 94.9% over the previous year and reaching a market share of 13.9% at the end of the period. This result was offset by lower annuity sales, which totaled MS./ 56,618, down 20.8% from 1Q23, with a market share of 20.2%. As of the end of the quarter, Protecta Security continues to be the second largest company in the market by annuity premiums in Peru.

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 22)

Travel Security obtained profit of MCH\$1,419 after consolidating its subsidiary in Peru, versus MCH\$1,238 for 1Q23, representing a 14.6% increase. This is explained by a 13.6% increase in sales revenue compared to the previous year, higher revenue from ground services, up 27.2%, and higher commissions on airline sales.

Fernando Salinas (CEO Grupo Security)

Closing Slide, Group (Slide 23)

In conclusion, for the twelve months ended March 2024, Grupo Security reported profit of MCH\$199,509, with a ROAE of 20.1% for the same period, thus maintaining the company's results at historical levels. With this, Grupo Security achieved earnings per share of CH\$49.6 as of year-end, surpassing the figure of CH\$35.3 as of March 2023 based on LTM profit.

Outlook for 2024 (Slide 24)

Regarding the outlook for this year, we have updated our macroeconomic assumptions and currently believe gross domestic product should grow around 2%. As for inflation, by the end of the year we should reach 3.5%. We also continue to believe that we could find ourselves with an economic scenario with an MPR around 4.5%.

All in all, we expect growth of between 5 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%,

and, finally, we believe the Group's ROAE will tend to normalize, reaching around 15%.

Closing Remarks (Slide 25)

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

Thank you to our presenters 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 for your questions.

Q&A for Grupo Security's Earnings Conference Call for 1Q24

The Q&A section will be available shortly in an updated version of this document.

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