

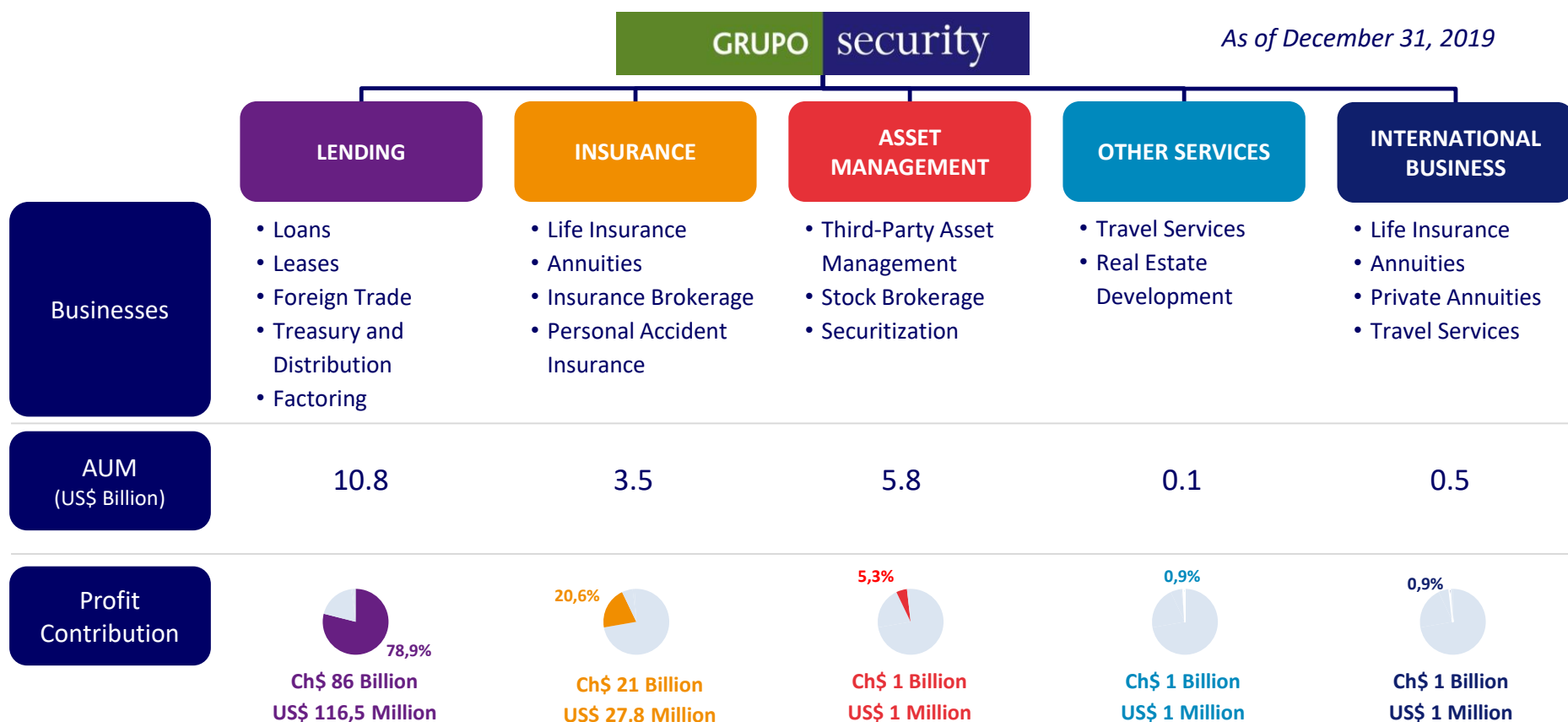
# Grupo Security

December 2019



## Grupo Security at a Glance

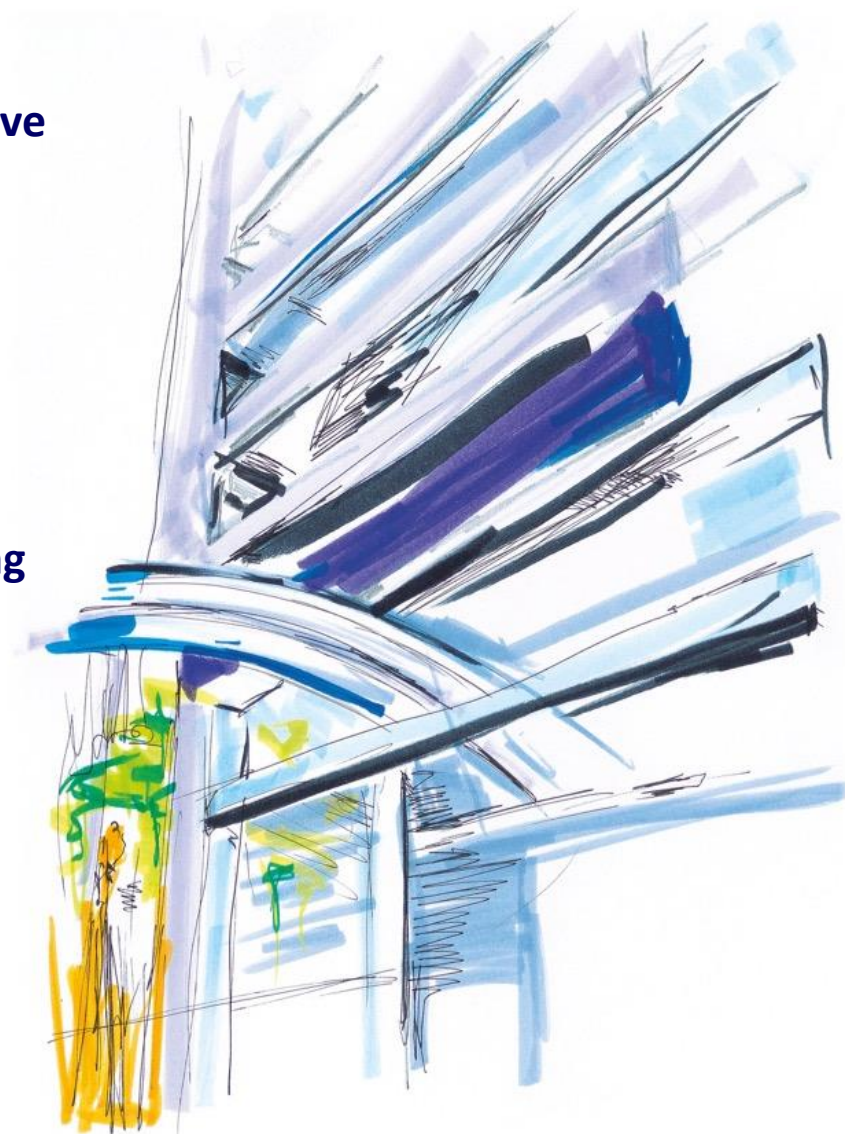
- Niche Chilean-based diversified financial group, offering banking, insurance, asset management, real estate investment and travel services
- Profit of Ch\$ 81 billion (US\$ 109 million) and AUM of US\$ 20.4 billion<sup>1</sup> as of December 31, 2019



<sup>1</sup>Adjusted for CUI (Life Insurance with savings components)

# Grupo Security

- 1 Well-Positioned Niche Player in the Attractive Chilean Market**
- 2 Successful Track Record of Acquiring and Integrating Operations Capitalizing on Industry Consolidation Opportunities**
- 3 Consistent Financial Performance Leveraging Operating and Financial Synergies**
- 4 Solid Balance Sheet Supported by Conservative Financial Policies and Risk Management**
- 5 Regional Expansion Offers Long-Term Growth Potential**

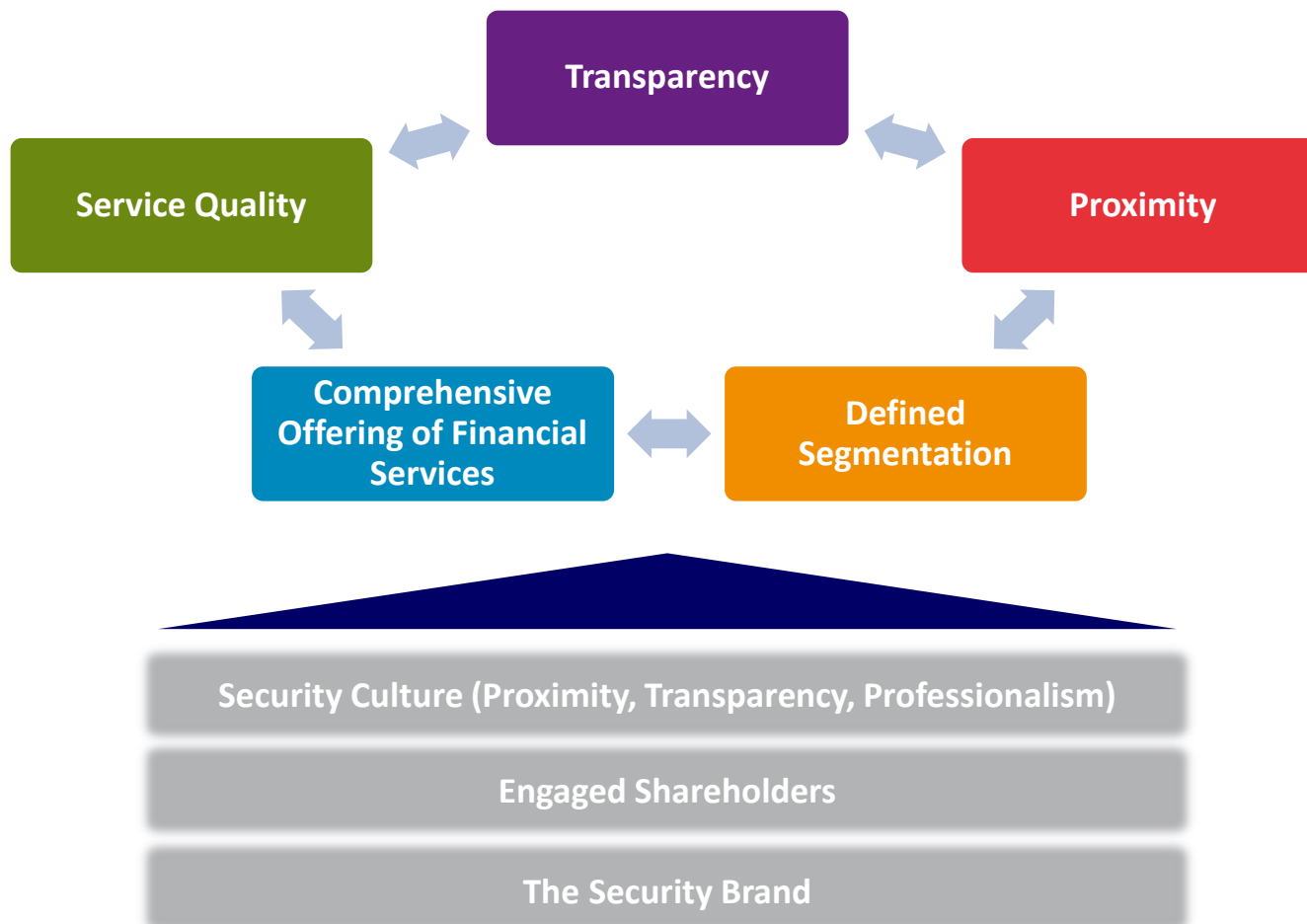




# 1 Well-Positioned Niche Player in the Attractive Chilean Market

## Well-Positioned Niche Player with a Proven Business Model

- Stable position in niche markets delivering consistent profitability despite increased competition
- Banco Security ranks among the first Chilean banks recognized for outstanding customer service<sup>1</sup>

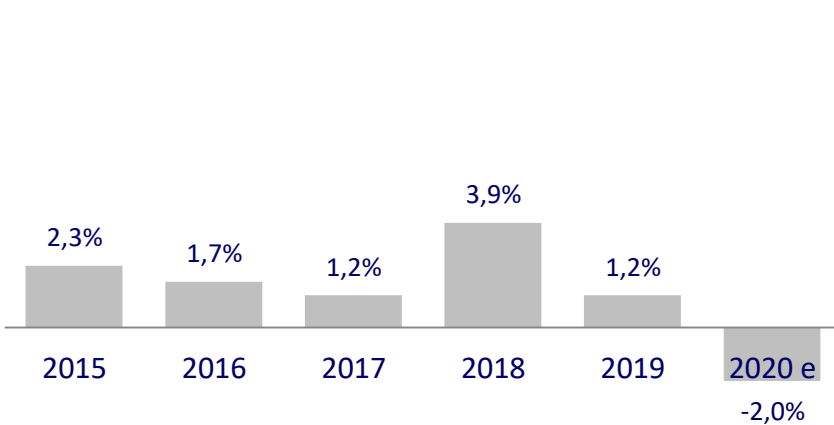




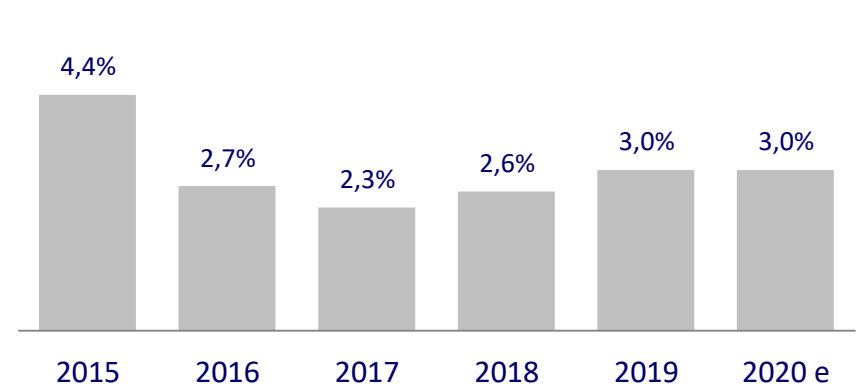
# Chile Offers Stable Macroeconomic Dynamics in the Region...

## GDP Growth

Average 2014-2019= 2.0%

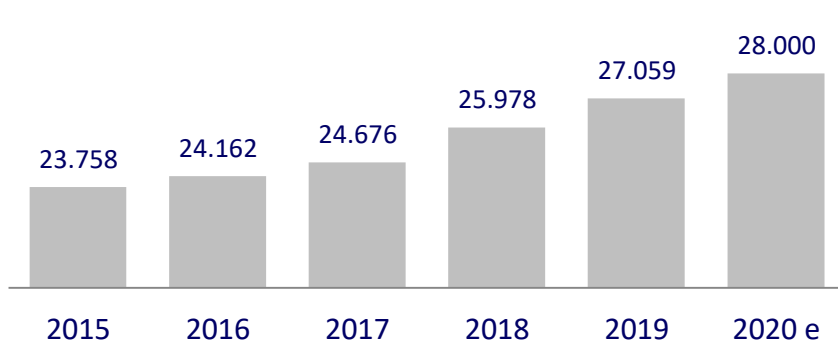


## Independent Central Bank with Inflation Target around 3% per Year



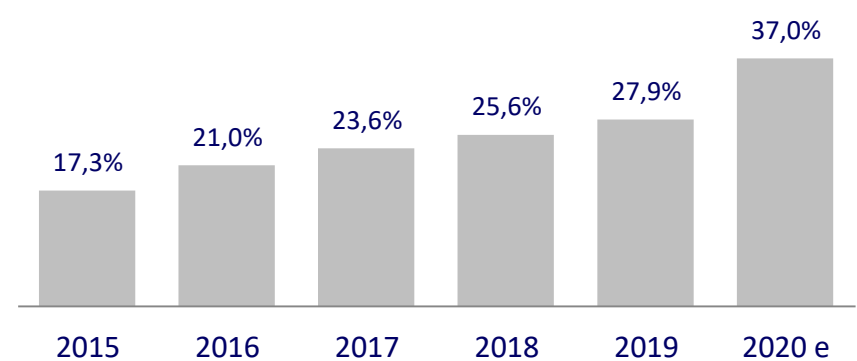
## Per Capita GDP

(US dollars, PPP)











## Gross Fiscal Debt

(% GDP)



## ... and a Low-Risk Environment Favorable to Foreign Investors

### Chile: Highest-Rated Sovereign in Latin America

		MOODY'S	STANDARD & POOR'S	FitchRatings	EMBIG*
Chile		A1	A+	A	277 bps
Mexico		Bbb1	BBB	BBB-	384 bps
Peru		A3	BBB+	BBB+	190 bps
Colombia		Baa2	BBB-	BBB-	370 bps
Brazil		Ba2	BB-	BB-	432 bps
Germany		Aaa	AAA	AAA	-
United States		Aaa	AA+	AAA	-
Japan		A1	AA+	AAA	-

\*EMBIG measures the spread of sovereign bonds denominated in US\$ with respect to US treasury bonds, May 7 2020

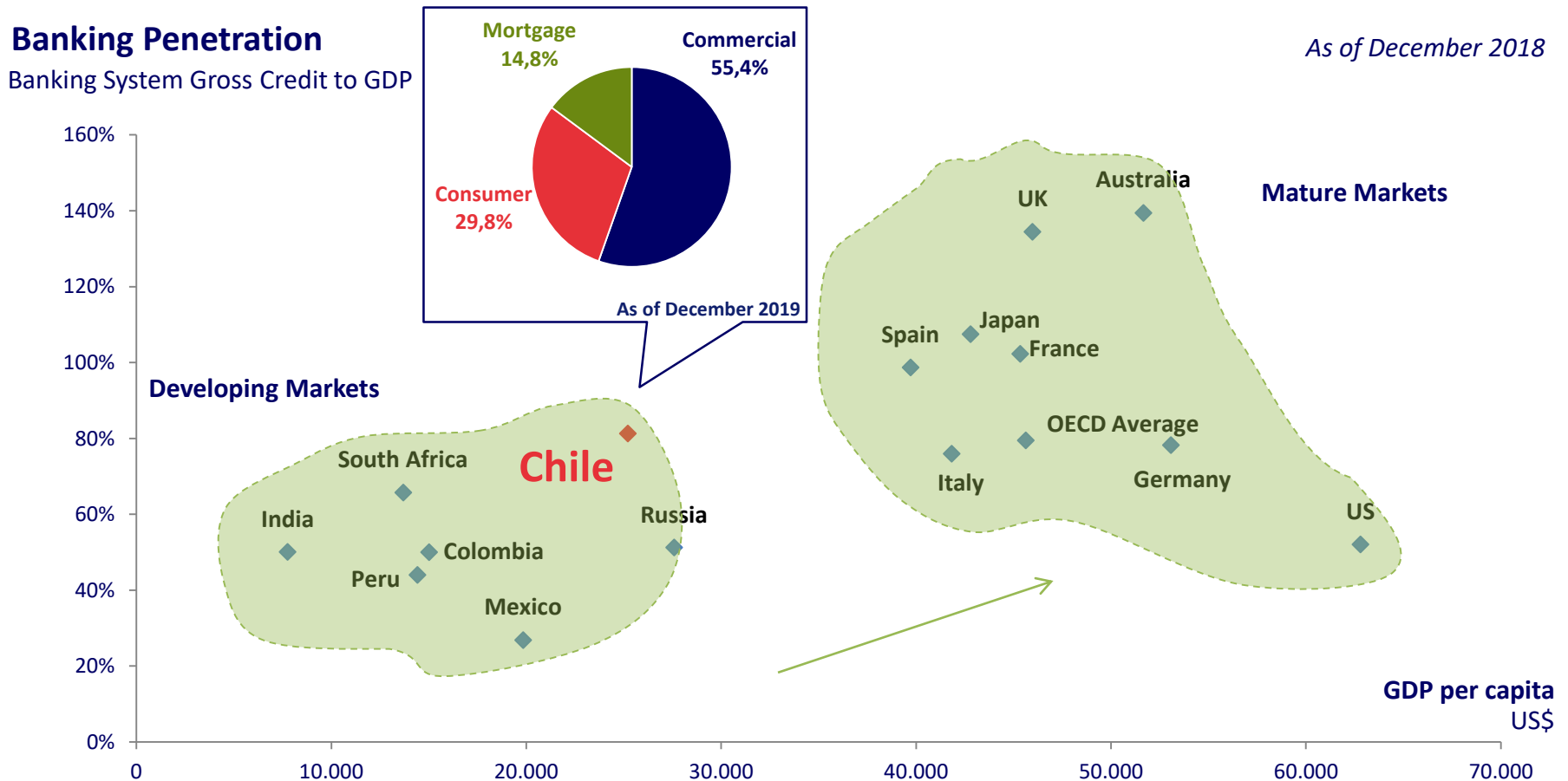
A bond is considered **investment grade** or IG if its credit **rating** is BBB- or higher by Standard & Poor's or Baa3 or higher by Moody's

### Favorable Environment

- Stable fiscal policy and political environment
- The Fiscal Treasury holds more than US\$ 30 billion in financial assets
- Developed economic structure with close to 40% of GDP from services
- Pro-market and free trade agreements with 64 countries
- First country in South America to join the OECD
- As of March 8, 2018, Chile and 10 other countries signed the TPP (Trans-Pacific Partnership), creating a free-trade agreement market of almost 500 million people, which represents 13% of global GDP

# While Credit Penetration Almost Doubled Over the Past Two Decades, Levels Remain Below Developed Markets

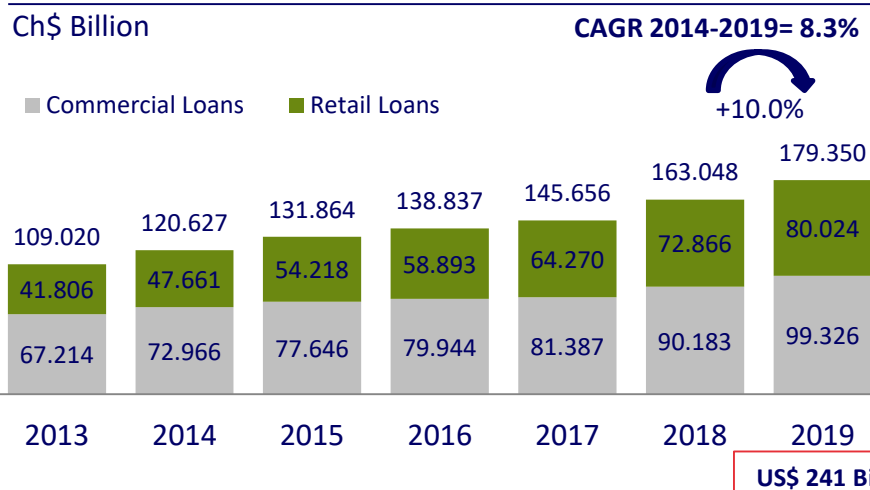
- Banking penetration in Chile increased from approximately 45% in 1990 to 81% in 2018



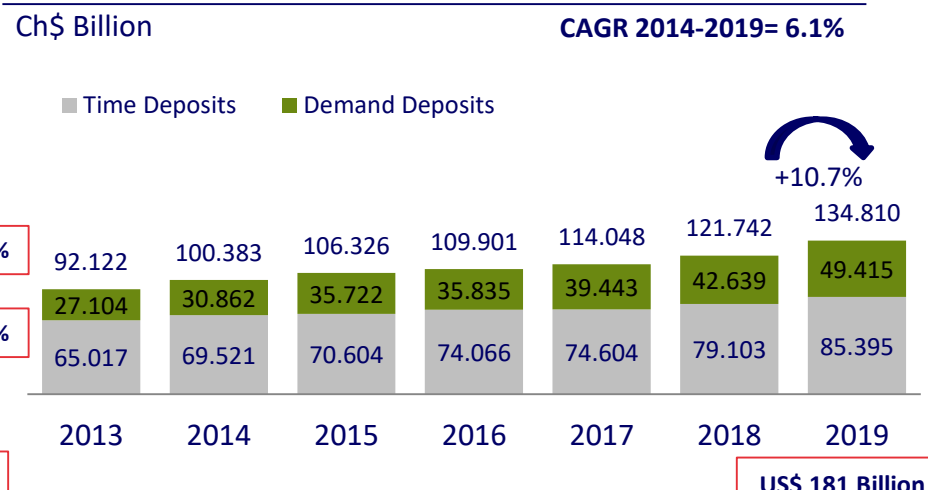


# Chile's Banking System Shows Stable Growth, Low Risk Levels and Strong Capitalization...

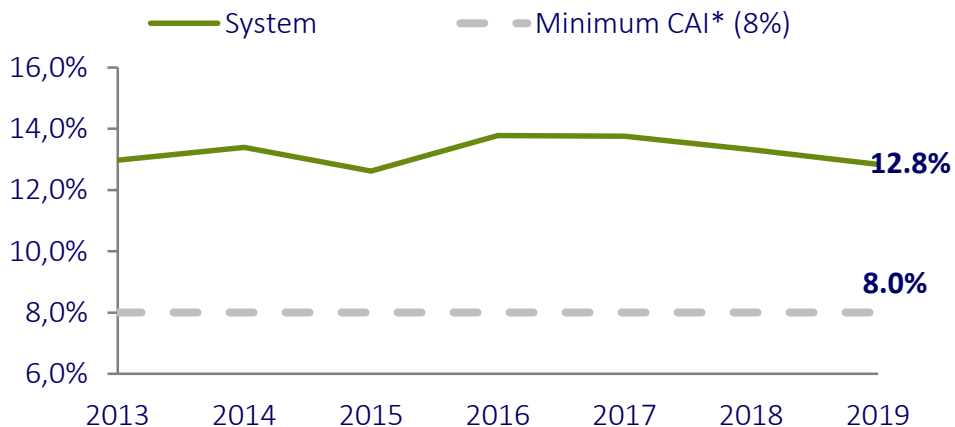
## System Loan Expansion<sup>2</sup>



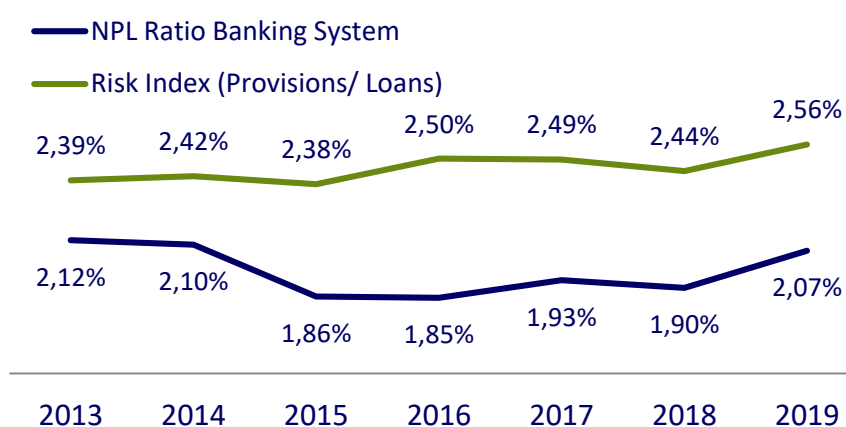
## System Deposit Growth<sup>2</sup>



## Regulatory Capital / Risk Weighted Assets



## NPL Ratio & Risk Index



\*CAI: Capital Adequacy Index

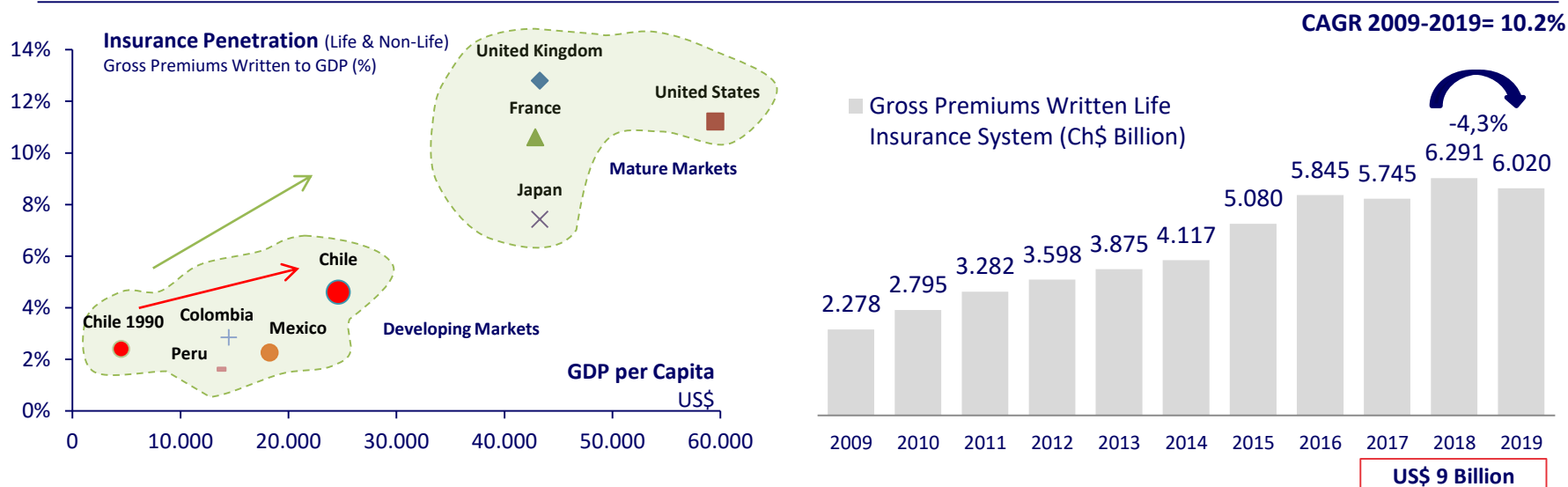
EOP Dec-19 Exchange rate 1 US\$ = Ch\$ 744.62

<sup>2</sup>Excludes System loans in foreign countries  
Source: CMF –Chilean Superintendence of Banks and Financial Institutions

# Attractive Banking Sector Complemented by Positive Dynamics in Insurance and Asset Management

## Insurance

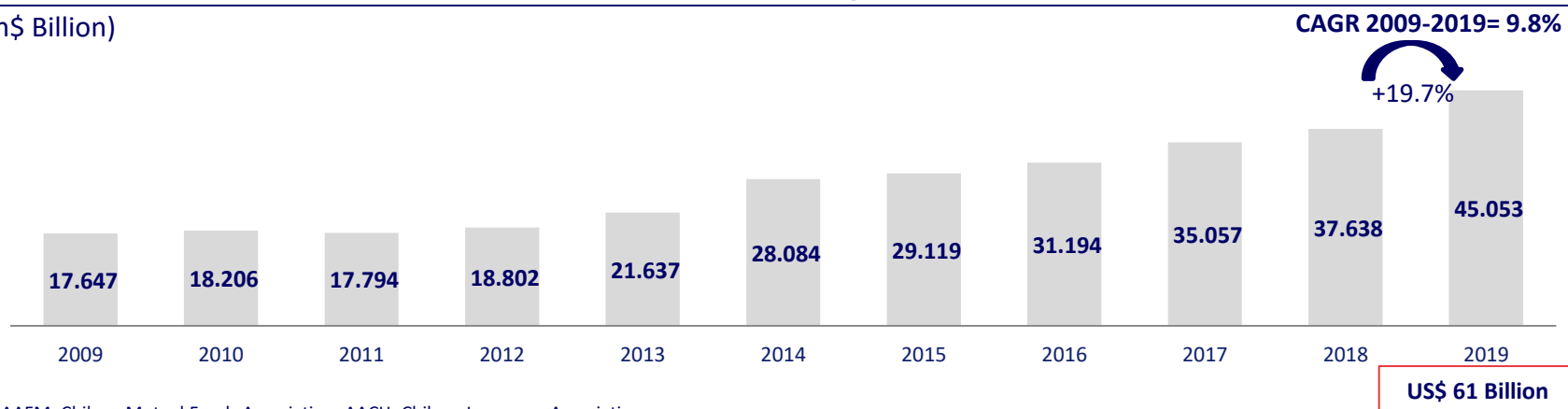
» 36 life insurance companies supervised by the Chilean Financial Markets Commission



## Mutual Funds AUM

(Ch\$ Billion)

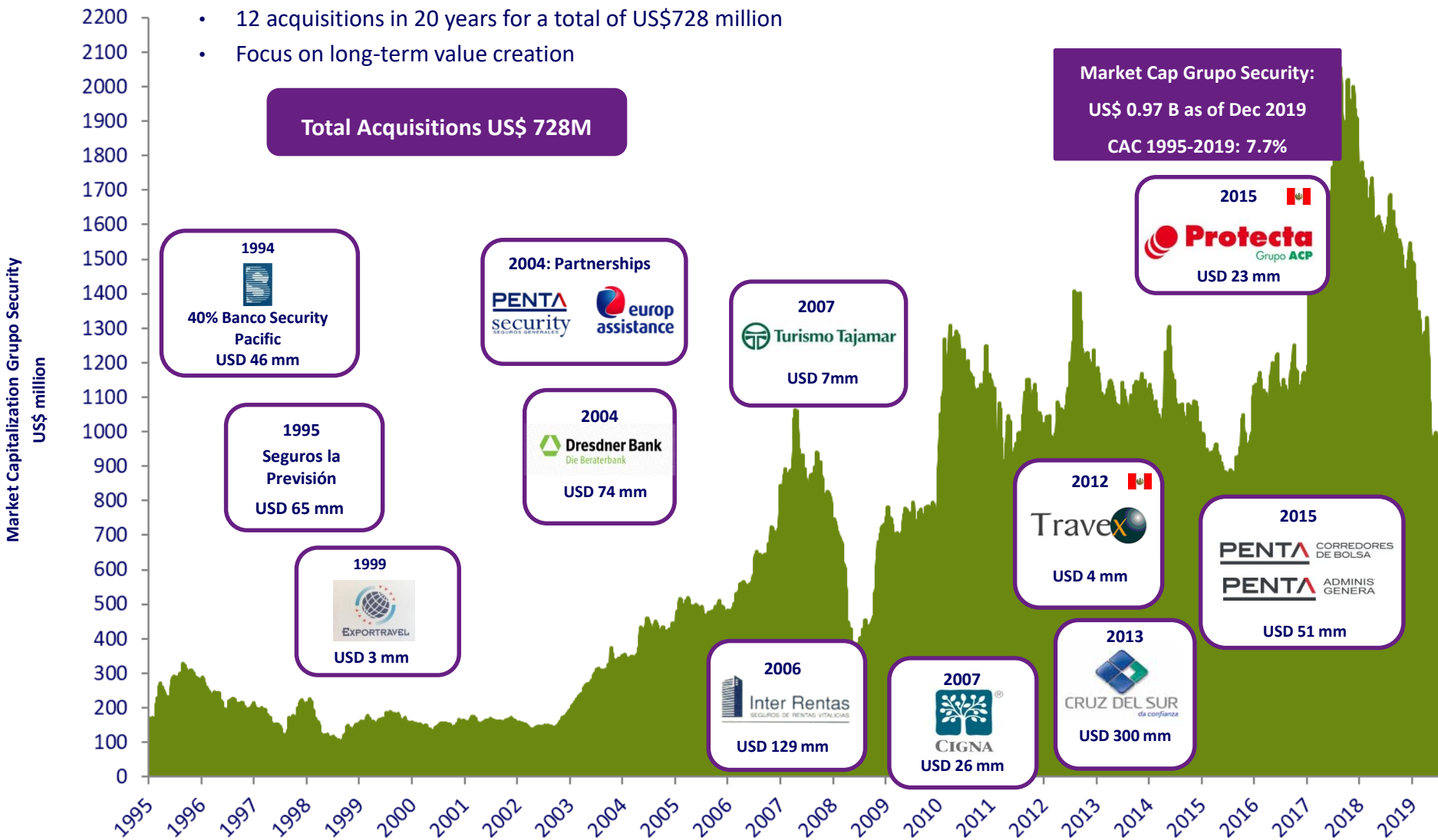
» 19 companies are grouped in the Association of Mutual Funds Administrators (AAFM)



**2**

## Successful Track Record of Acquiring and Integrating Operations Capitalizing on Industry Consolidation Opportunities

# Strategic Acquisitions and Organic Growth Driving Service Offering and Market Share in Target Segments



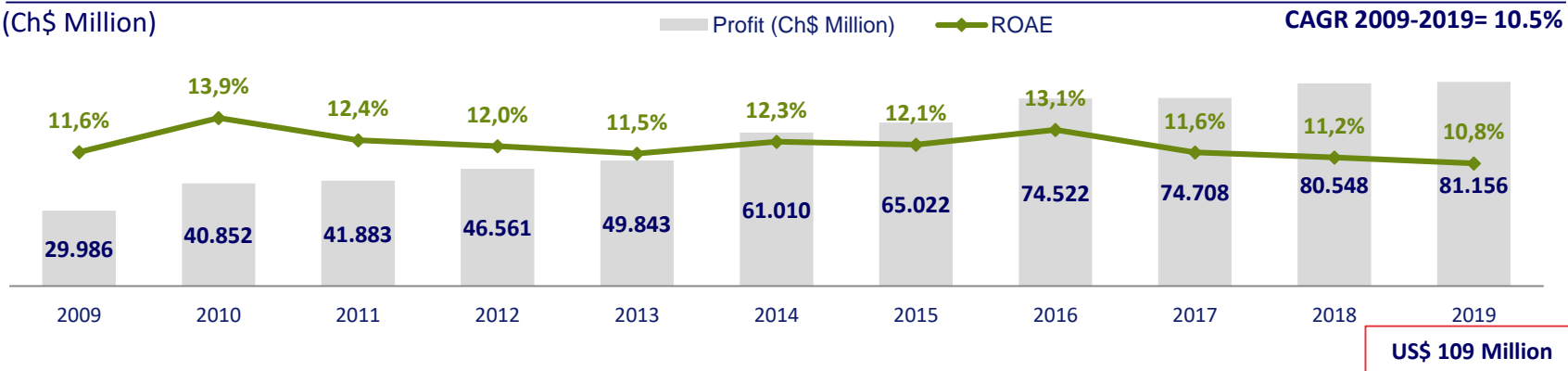
### 3 Consistent Financial Performance Leveraging Operating and Financial Synergies



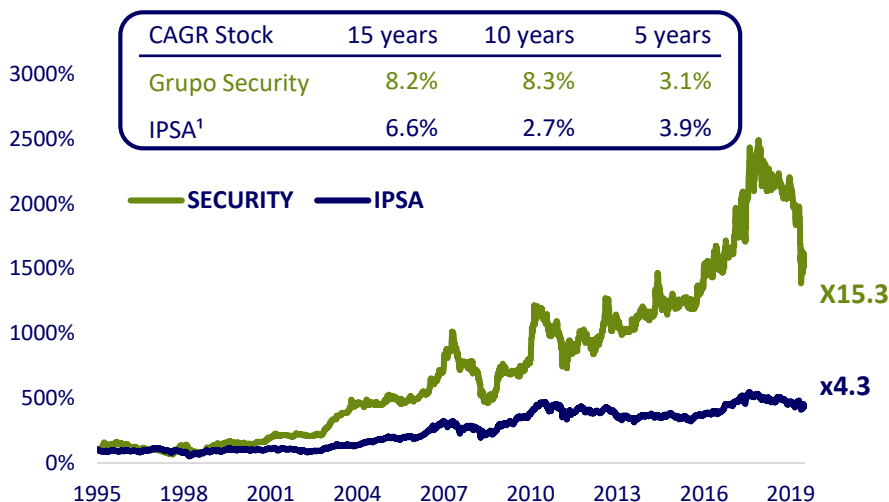
# Consistent Financial Returns Achieving a 10.5% CAGR in Consolidated Profit over the Past 10-Years...

## Consolidated Profit & ROAE

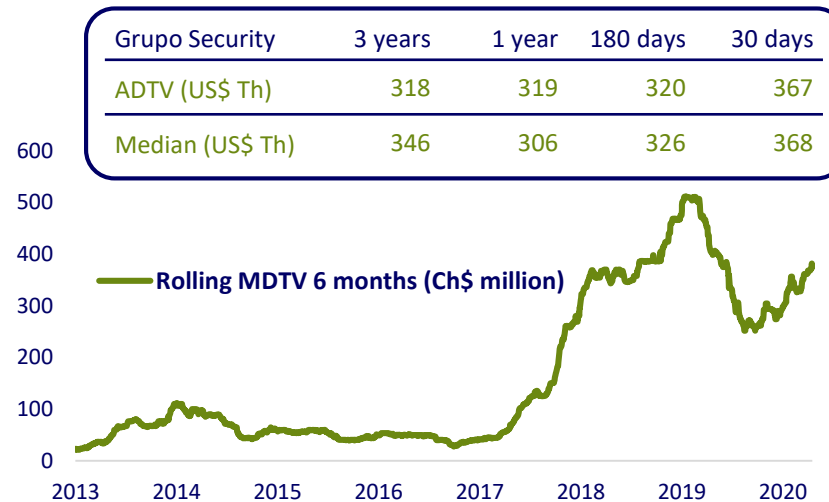
(Ch\$ Million)



## Grupo Security vs IPSA<sup>1</sup>



## Daily Traded Volume growing after the capital increase in 3Q17



<sup>1</sup> IPSA is a stock market index composed by the 30 main stocks of the Santiago Stock Exchange

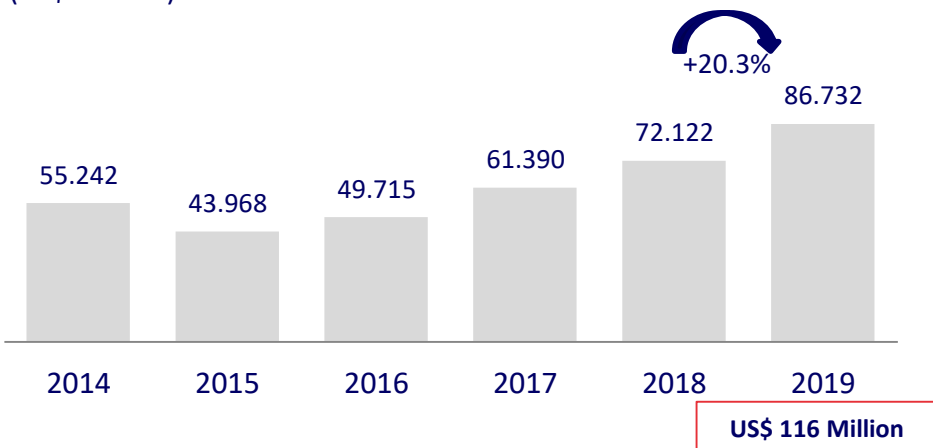
## ... with All Business Units Contributing to this Performance

- Profit of the new International Business Unit of Ch\$682 million as of 2019 (-52,3% YoY)

### Profit Lending Business Unit

(Ch\$ Million)

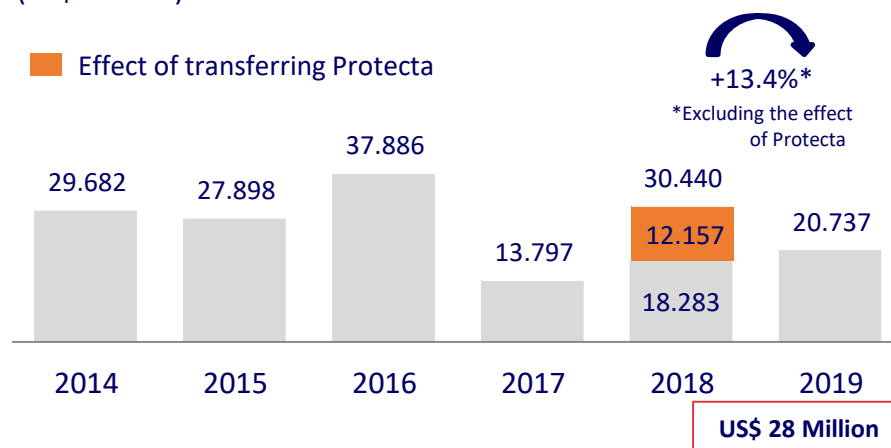
CAGR 2014-2019= 9.4%



### Profit Insurance Business Unit

(Ch\$ Million)

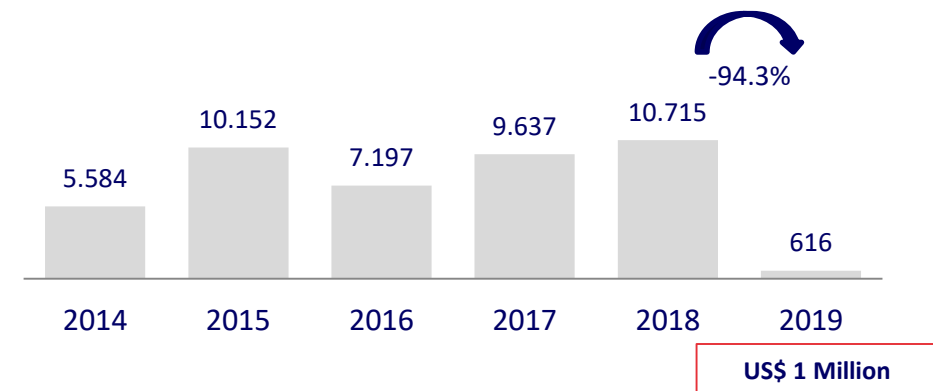
CAGR 2014-2019= -6.9%



### Profit Asset Management Business Unit

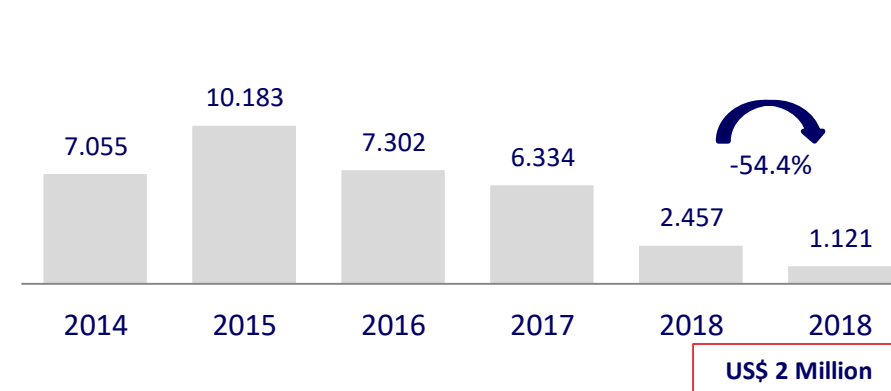
(Ch\$ Million)

CAGR 2014-2019= -35.7%



### Profit Other Services Business Unit

(Ch\$ Million)



## The Group launched a transformation pursuing major impact on performance inspired by a challenging Digital Purpose

*“Walk alongside **our customers**, **whenever and wherever** they need us, with **easy-to-use** financial products that **make sense** for them and the traditional customer experience that is our **seal of excellence**.”*

- **Our Customers:** This phase of the digital focus is on our current customers – Individuals and Companies – more than on growing through open market actions
- **Whenever and Wherever:** We will be there with solutions focused on mobility that aim for high perceived **uptime**
- **Make Sense:** Leveraging the use of data and our knowledge of our customers to offer **functionalities** that make sense for them
- **Easy-to-Use:** Everything we develop will be focused on **usability** and will be tested with customers to ensure the intended impact
- **Seal of Excellence:** Adapting customer service models and integrating channels so that information is consistent and the experience is uniform

Drivers of our  
digital  
transformation

Greater alignment  
with Group

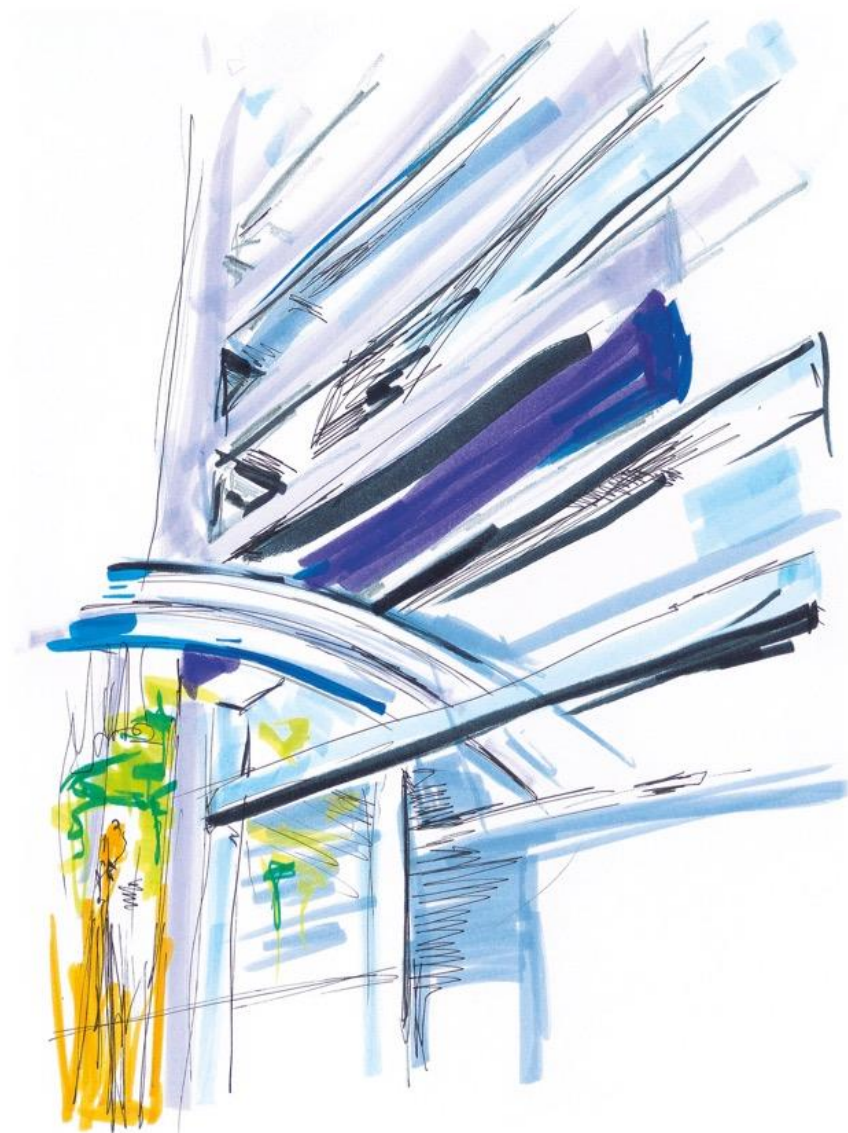
Migrating lower-  
value transactions

Increasing sales of  
products and  
services

Capturing and  
managing  
customer data

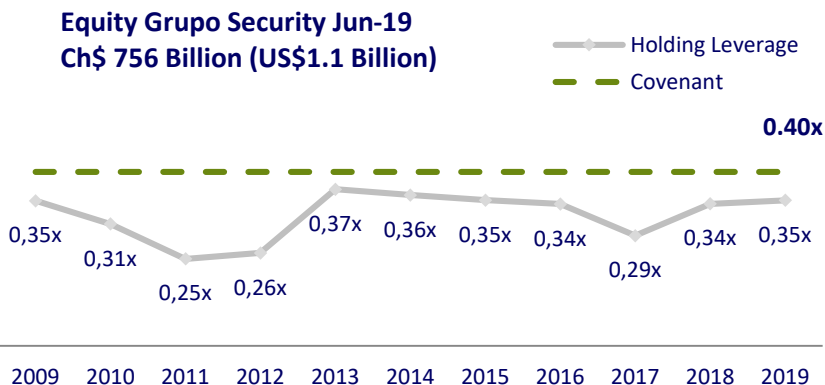


## 4 Solid Balance Sheet Supported by Conservative Financial Policies and Risk Management

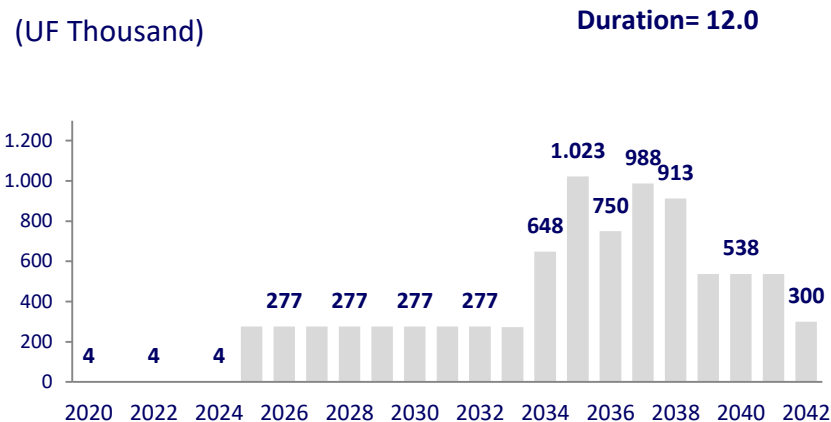


# Solid Balance Sheet and Healthy Asset Quality...

## Stable Debt to Equity Ratio



## Grupo Security Debt Profile Matched with a Long Term Strategic Vision



## Strong Risk Ratings Based on Conservative Risk Management

	Grupo Security	Banco Security	Vida Security	Factoring Security
Fitch Ratings (Local)	AA-	AA	AA-	AA-
ICR (Local)	AA-	AA	AA	AA-
Standard & Poors (International)	BBB/ A-2			

## Grupo Security Outstanding Bonds

UF

Serie	Registration Date	Amount	Annual Interest Rate	Duration (Years)	Maturity
F	15-09-09	49.563	4,50	23	15-09-32
K	30-06-13	3.000.000	4,00	25	30-06-38
L3	09-10-14	3.000.000	3,40	21	15-11-35
M	25-10-16	1.189.000	4,20	25	15-10-41
N1	31-01-18	1.500.000	2,85	25	10-12-42
<b>Total</b>		<b>8.738.563</b>			

US\$ 332 Million

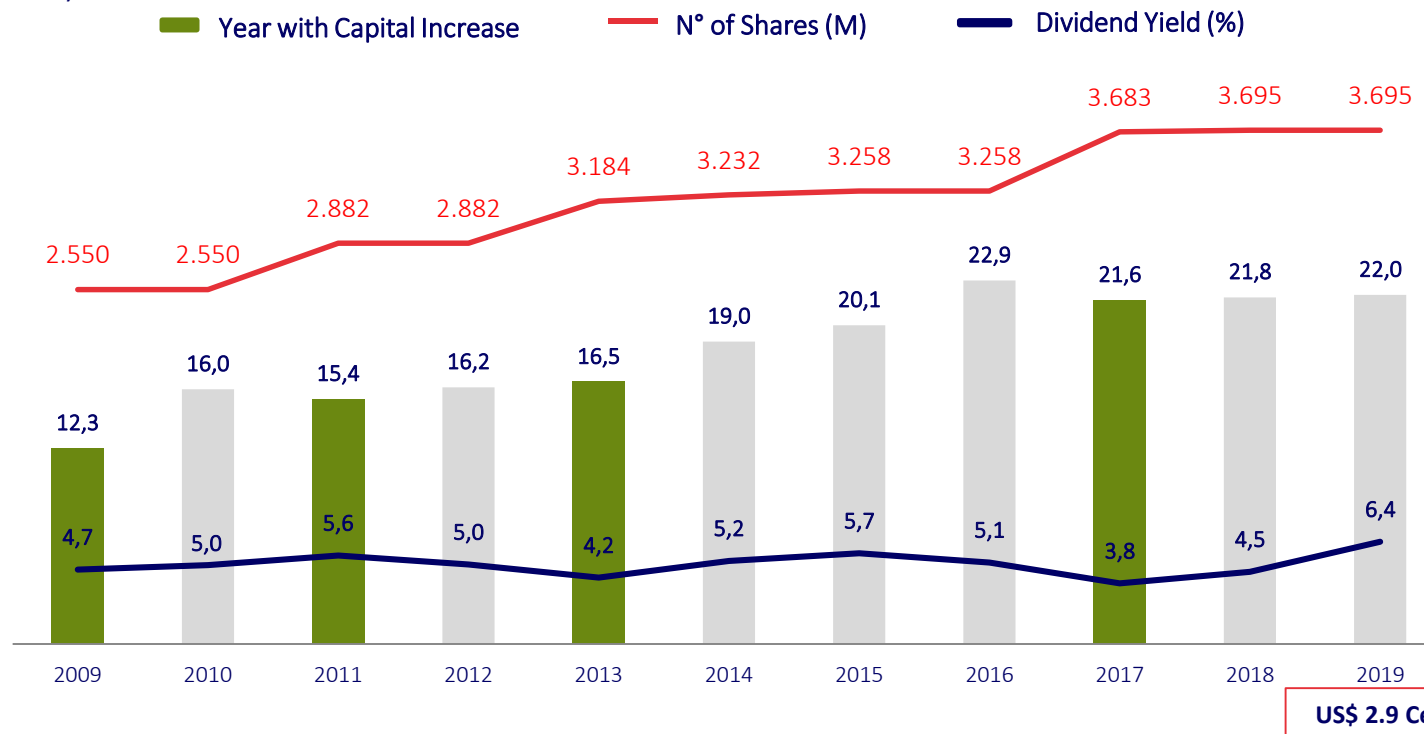
## ... Further Supported by Strong Commitment from Controlling Shareholders

- The founders of the company are still its main shareholders, holding 73% of Grupo Security
- Ten capital increases totaling US\$727 million, including the last capital increase completed on August 2017
- Dividends distributed amounting to US\$829 million since the IPO, reaching 114% of capital raised from the market

### Earnings Per Share Grupo Security

(Ch\$ Per Share)

CAGR 2009-2019= 6.0%

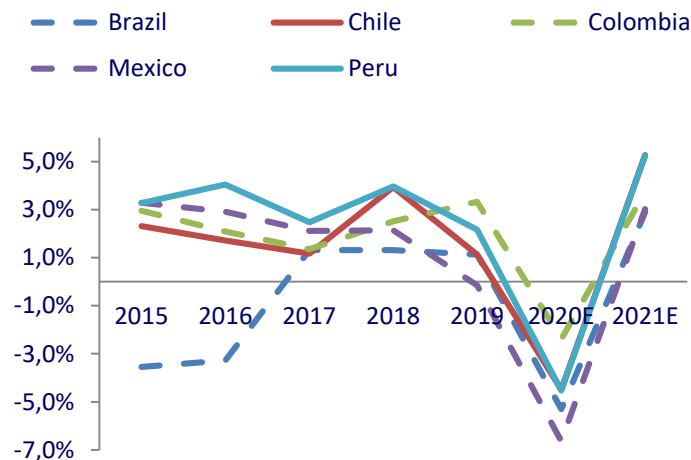




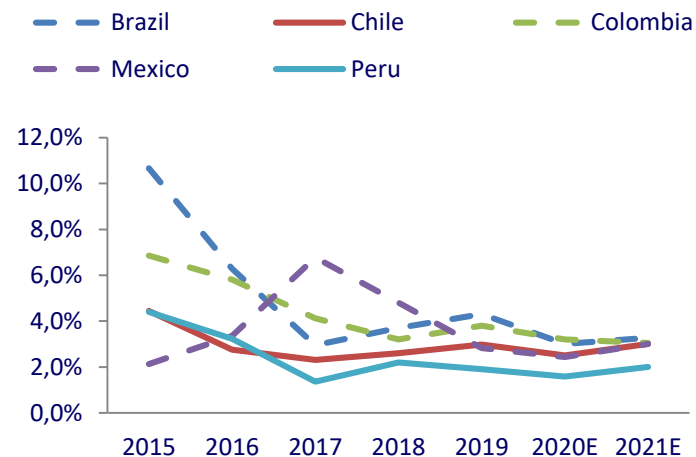
## **5** Regional Expansion Offers Long-Term Growth Potential

# Peru Presents Sound Macro Fundamentals and Upside Opportunities...

## GDP Growth Expectations Ahead of Most Countries in Latam

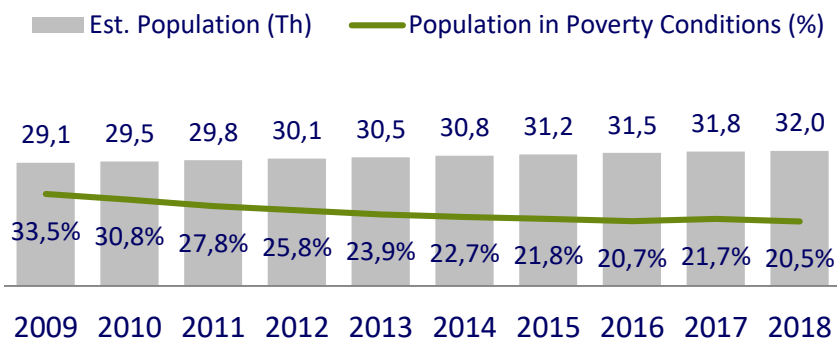


## Low Inflation Provides Stability



## Expanding Middle Class Driving the Financial Industry

CAGR 2009-2018= 1.0%



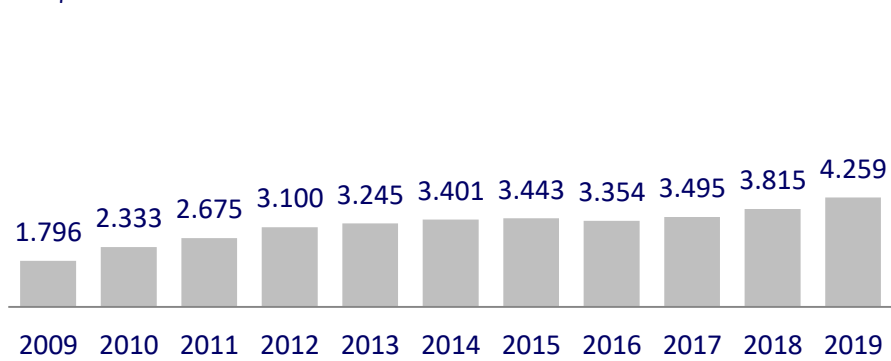
## Regulatory & Operational Environment

- Similarity to Chile supports industry development
- Nearly twice the Chilean population and close to 40% of the Chilean insurance penetration<sup>1</sup> suggest an upside for the Peruvian insurance industry

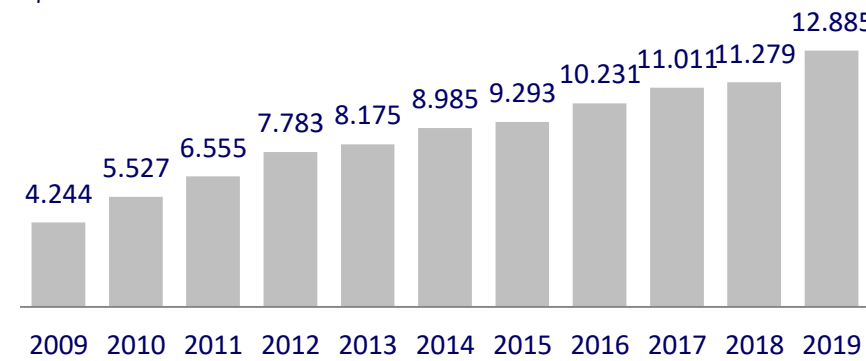
<sup>1</sup>Insurance penetration: Gross Premiums Written/ GDP  
Source: IMF; INEGI

# Peru Presents One of the Most Attractive Insurance Markets in Latin America

**Peruvian Insurance System Gross Written Premiums\***  
US\$ Million CAGR 2009-2019= 9.0%



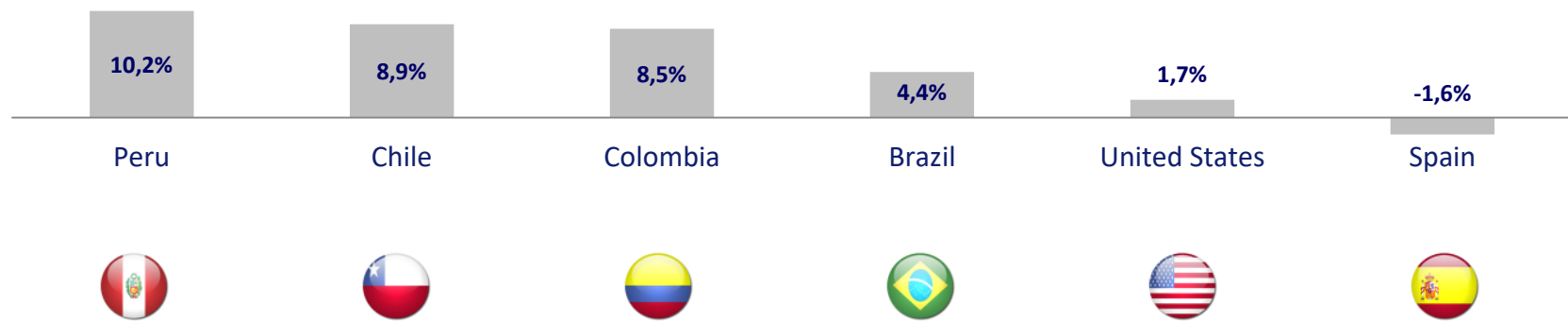
**Peruvian Insurance System Investment Stock**  
US\$ Million CAGR 2009-2019= 11.7%



\*During 1Q16, a law was passed in Peru allowing individuals to withdraw up to 95.5% of their private pensions savings when they retire

## Insurance System in Peru Expanding Above Chile and Developed Countries

Gross Written Premium CAGR in US\$ 2008-2018



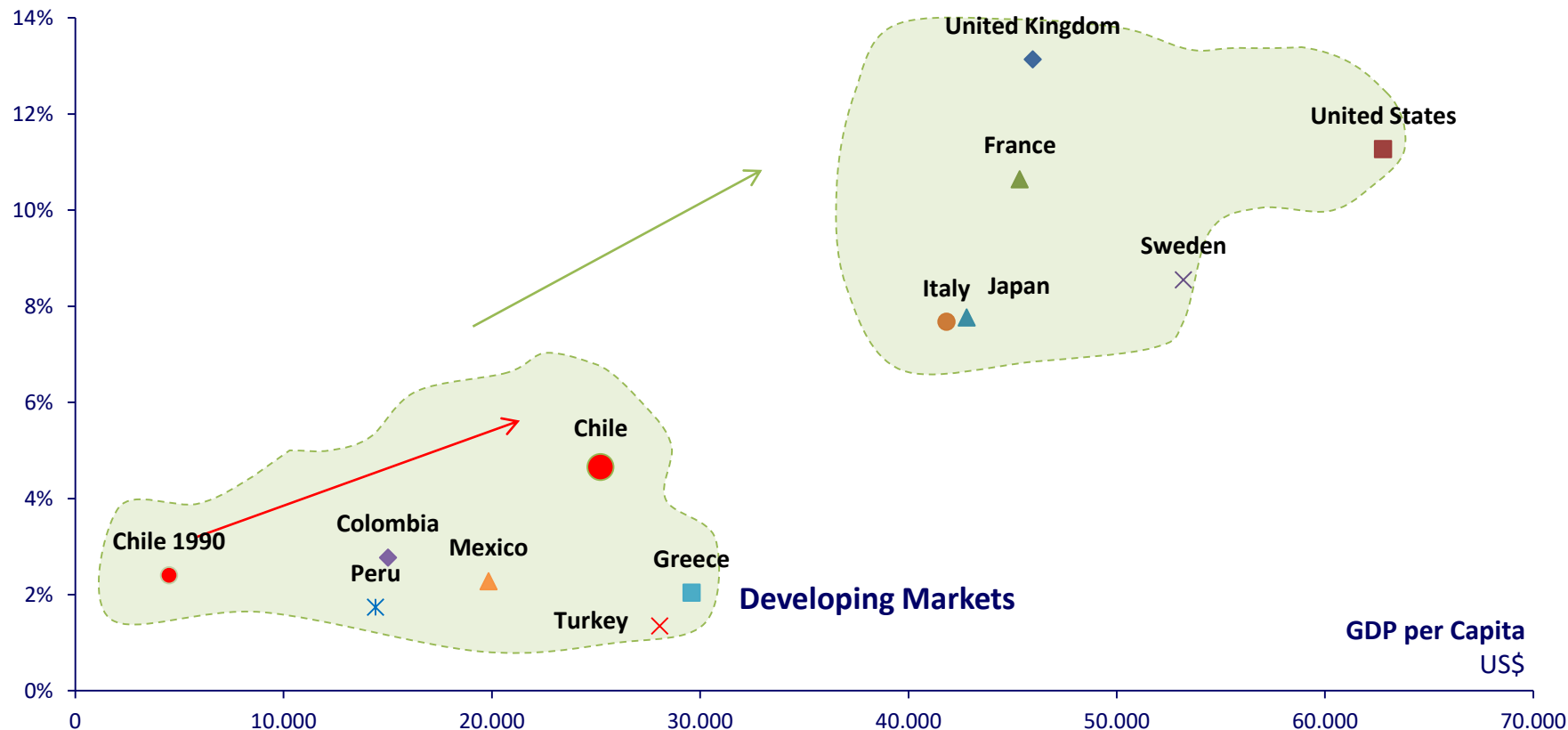
# Low Penetration of Insurance Services Despite High Concentration Provides Significant Growth Potential

- Penetration levels similar to those in Chile in 1990

## Insurance Penetration (Life & Non-Life)

Gross Premiums Written to GDP (%)

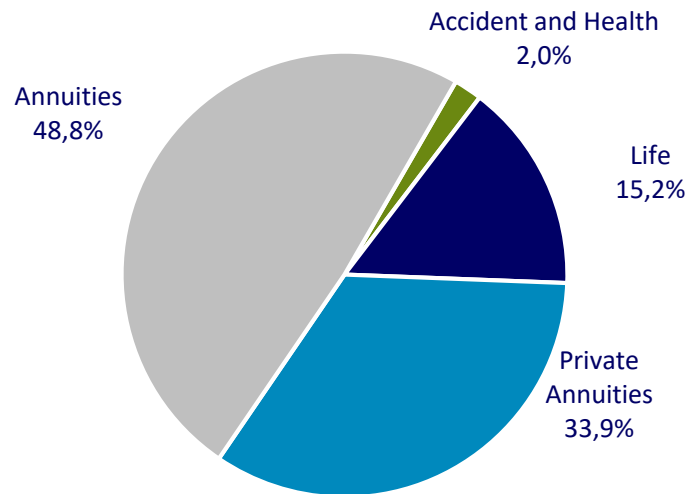
As of December 2018



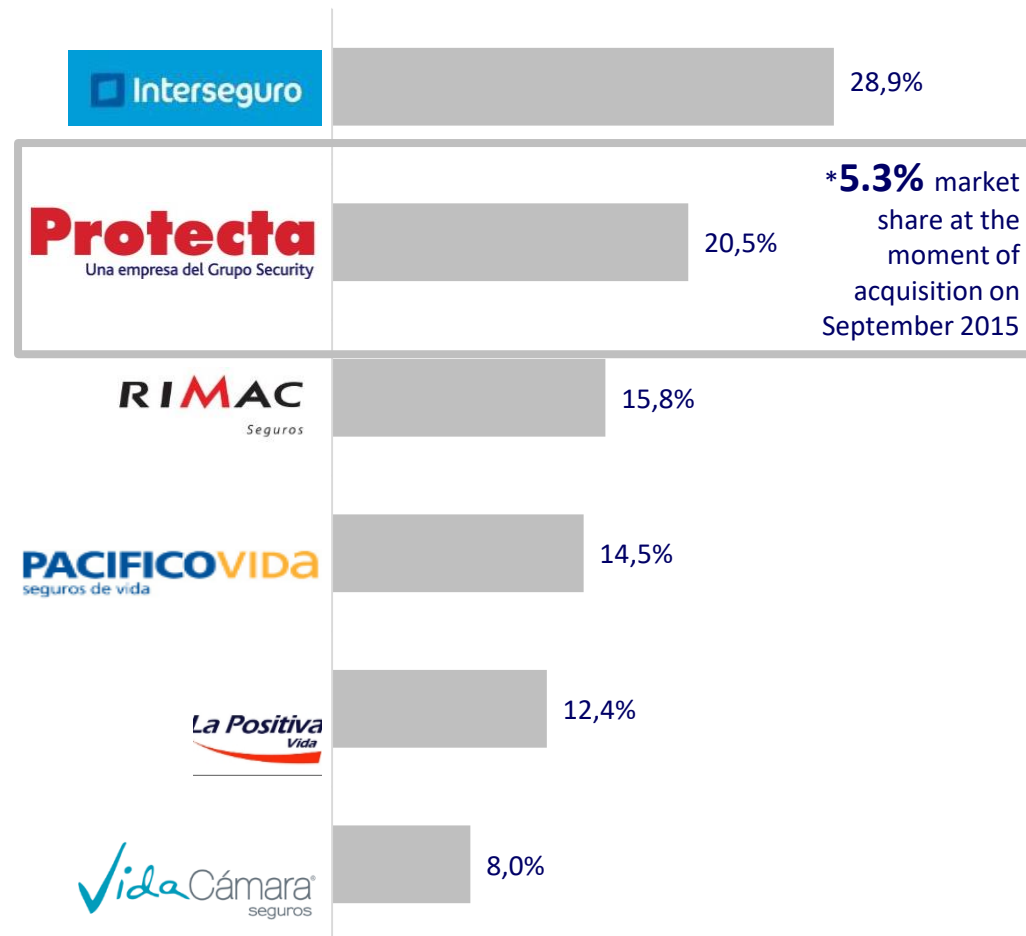
# The Acquisition of Protecta in September 2015 Established a Foothold in this Attractive Market

- Strategic acquisition provides foothold in the Peruvian insurance market
- Shareholder agreement with local holding Grupo ACP where Grupo Security controls 61% of the company
- Focus on annuities
- 13 branches, 4 of which are in Lima

**Protecta: Gross Written Premiums Dec-19**



## Market Share in Annuity Sales as of December 2019





# Grupo Security



## Lending Services

79.2% of December 2019  
business areas profits

BANCO security

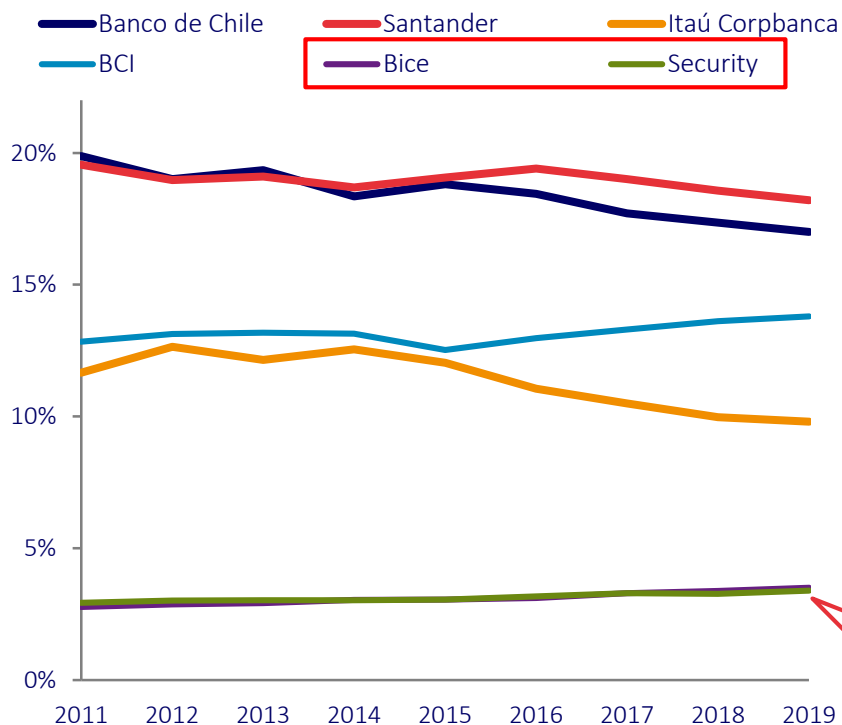
FACTORING security



# A Well-Defined Niche Strategy Supports Stable Market Share in a Mature Market

- Banco Security has a share of 6.1% in large & medium-sized companies, and of 4.0% in consumer loans to affluent individuals, driven by focus on high service quality
- Stable market share, particularly in niche banks
- Banco Security ranks among the first Chilean banks in Customer Satisfaction<sup>1</sup>

## Market Share in Total Loans<sup>2</sup>



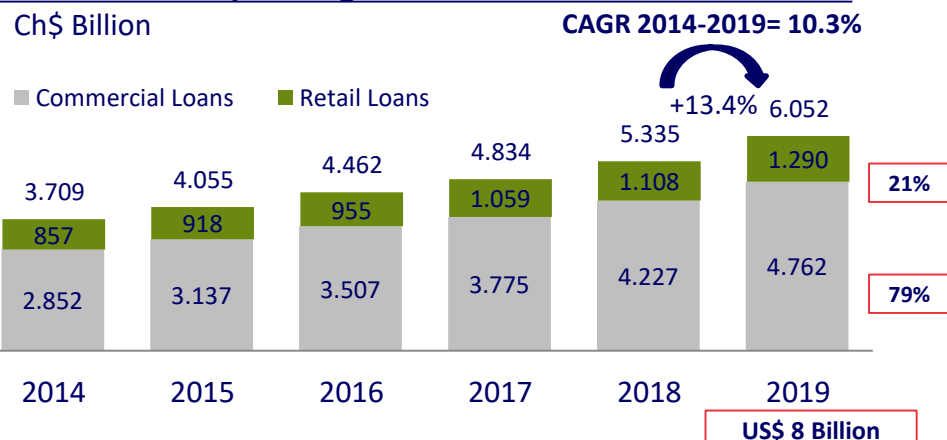
Institution <sup>2</sup>	Market Share in Total Loans	
	Dec-10	Dec-19
1 Banco Santander Chile	20.7%	18.2%
2 Banco de Chile	19.4%	17.0%
3 Scotiabank+BBVA	15.2%	14.1%
4 Banco del Estado de Chile	12.6%	13.8%
5 BCI	12.7%	13.8%
6 Itaú Corpbanca	10.7%	9.8%
7 Banco Bice	2.6%	3.5%
8 Banco Security	2.6%	3.4%
9 Banco Falabella	1.0%	2.2%
10 Banco Consorcio	0.2%	1.9%
11 Banco Internacional	0.8%	1.1%
12 Banco Ripley	0.3%	0.5%
13 Other Banks	0.5%	0.7%

Source: CMF –Chilean Superintendence of Banks and Financial Institutions. <sup>1</sup>Procalidad

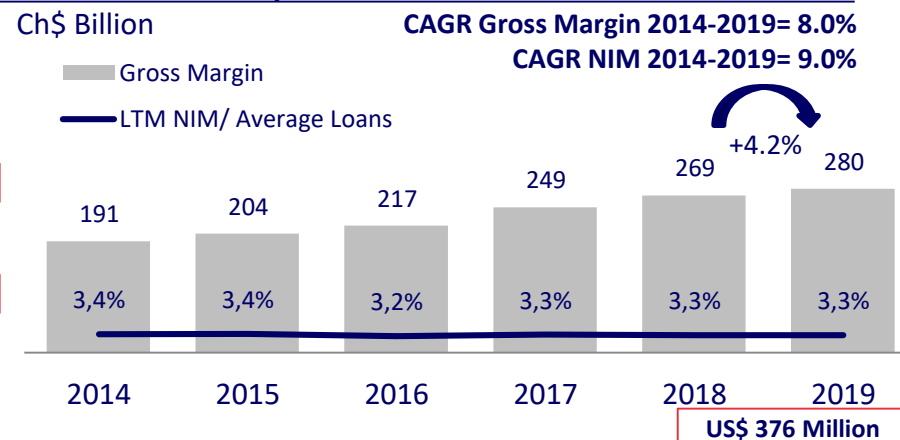
<sup>2</sup>Excludes system loans in foreign countries; Proforma: Historic figures include the sum of Itaú and Corpbanca, Scotiabank and BBVA

# Banco Security: Sustained Loan Growth While Maintaining Strong Asset Quality and Effective Risk Management...

## Total Loans Expanding at a 10.3% 5-YR CAGR

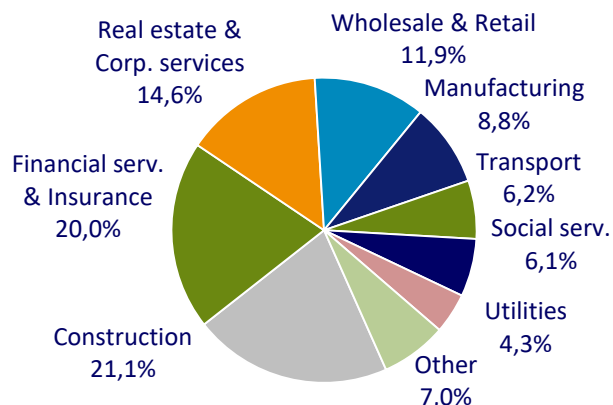


## Stable Growth in Gross Profit and NIM with Increased Participation of Consumer Loans



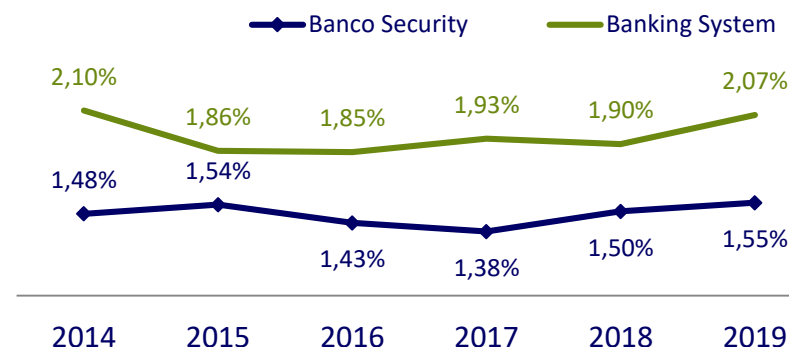
## Well-Diversified Commercial Portfolio Across Economic Sectors

Dec-19 Total Commercial Loans= Ch\$ 4,762 Billion



## Credit Risk Below System Average Reflects Exposure to Corporates and Affluent Individuals

### NPL Ratio

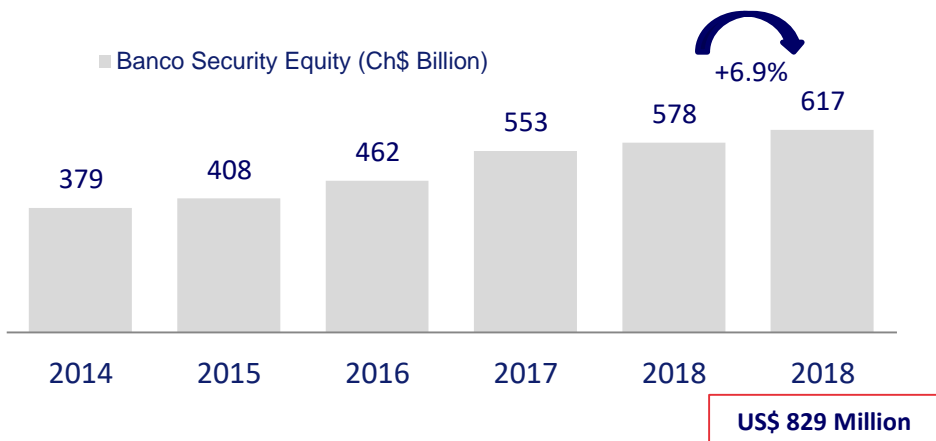


# ... Underscored by a Healthy Funding Profile and Strong Capital Position...

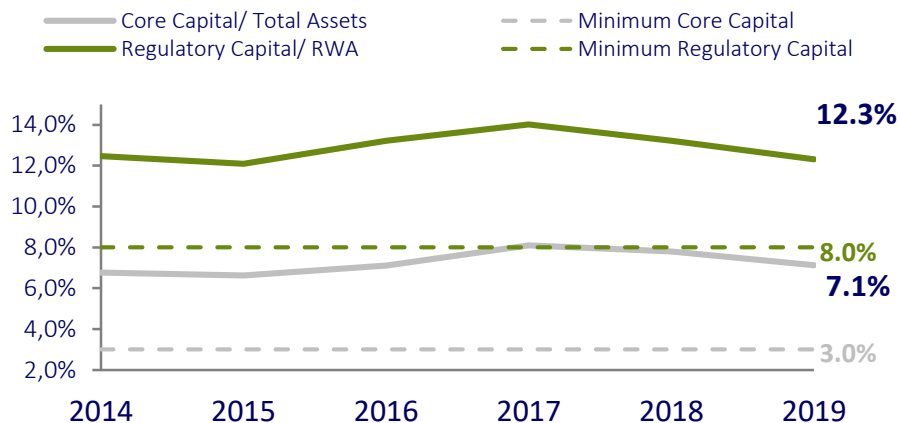
## Equity Expanding at a 10.2% 5-YR CAGR

(Ch\$ Billion)

CAGR 2014-2019= 10.2%

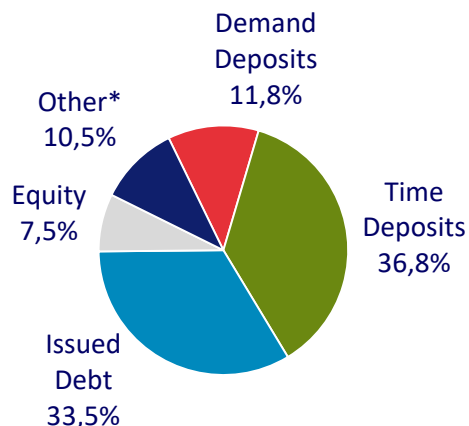


## High Levels of Solvency...Easy Transition to Basel III



## Funding Breakdown

Dec-19

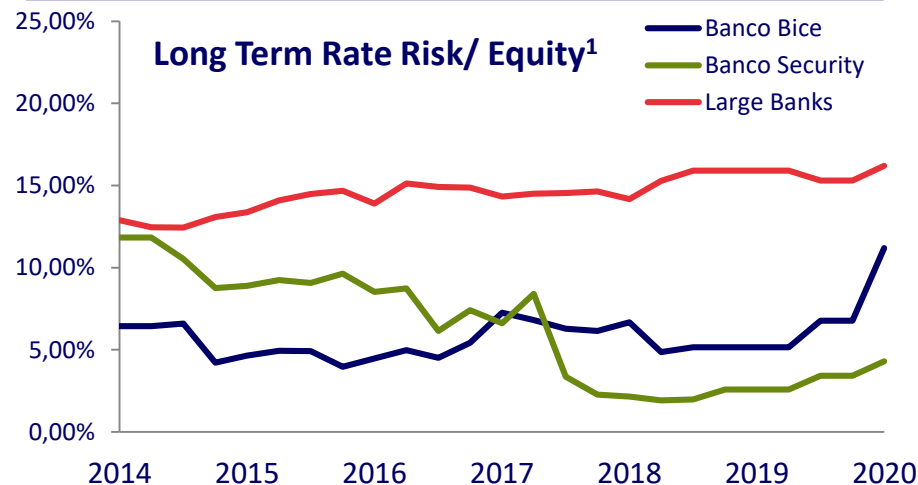


Source: CMF – Chilean Superintendence of Banks and Financial Institutions; Grupo Security

\*Other : Includes borrowings from financial institutions and derivative instruments, repurchase agreements, differed taxes, provisions and other liabilities

Peer banks: Bice, Consorcio, Internacional, and Security

## Strict Liquidity Risk Control: Assets to Liabilities Mismatches Among the Industry Lowest



¹This measures the exposure to changes in interest rates as per able 2 of appendix II.B.2.2. of the Chilean Central Bank's compendium of financial standards, as a percentage of equity

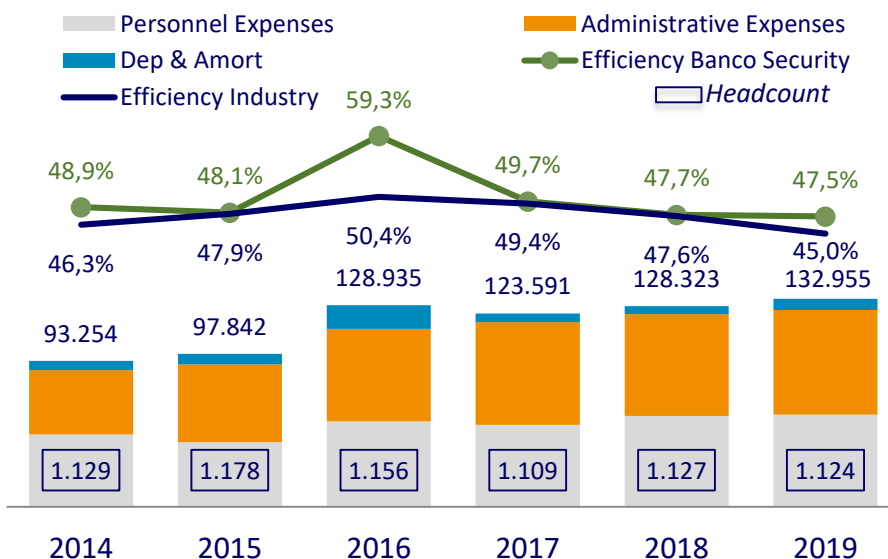
## ... with a Strong Focus on Efficiency and Delivering Consistent Profitability

- Implementation of new Core system and revision of processes in 2016 revamped IT structures and improved efficiency outlooks
- Operational structures prepared to efficiently sustain commercial growth plans
- Target of maintaining efficiency levels under 50% shifting only with industry wide events

### Support Expenses and Efficiency Banco Security

(Ch\$ Million)

CAGR 2014-2019= 7.4%

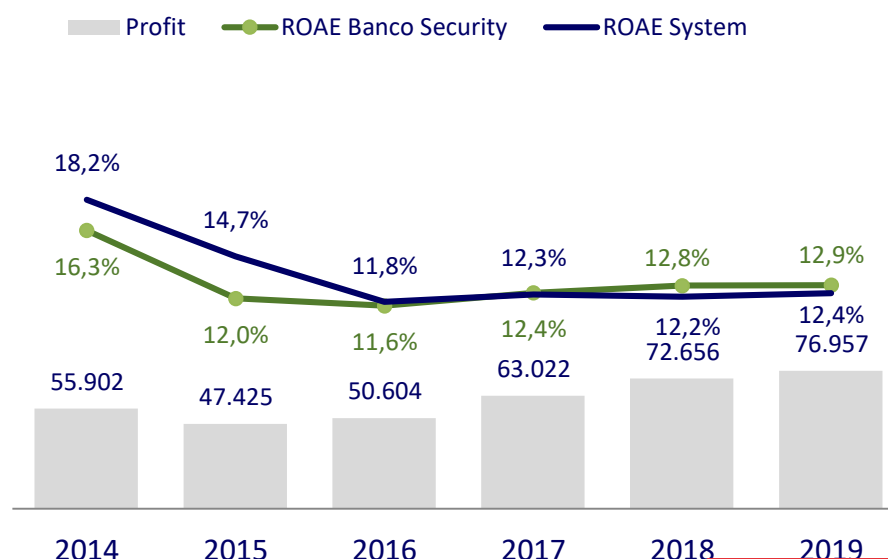


US\$ 179 Million

### Profit and ROAE Banco Security

(Ch\$ Million)

CAGR 2014-2019= 6.6%



US\$ 103 Million

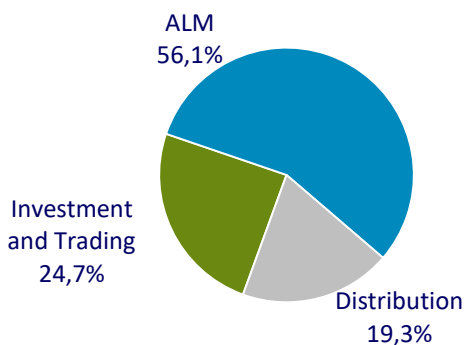
# Profitable Treasury and Factoring Operations Contribute to Results

## Well-Managed Treasury Operations

### Treasury Income Breakdown by Desk

(Profit of Ch\$ 24.748 million as of December 2019)

- **Distribution Desk:** specialized products for Commercial Banking (currency, forwards and structured products)
- **Balance Sheet Desk:** financial investment management as set forth by the ALM Committee to stabilize financial margin and identify efficient funding for the bank. Special focus on managing liquidity
- **Investment and Trading Desk:** concentration on Chilean Central Bank treasury bonds. Low exposure with strict control of VaR and sensitivity



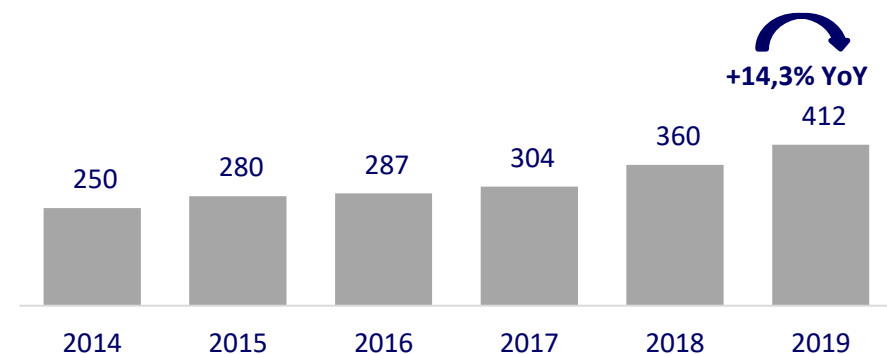
## Sustained Growth of Factoring Business

- Diversified portfolio, with special focus on wholesale and retail commerce

### Factored accounts receivables

(Ch\$ Billion)

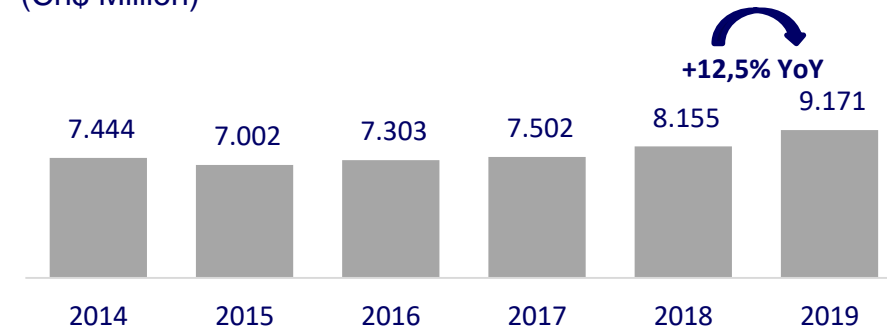
CAGR 2014-2019= 10.5%



### Factoring Security Profit

(Ch\$ Million)

CAGR 2014-2019= 4.3%



US\$ 553 Million

US\$ 12.3 Million

# Insurance Services

18.9% of December 2019  
business areas profits

VIDA security

CORREDORA security

SEGUROS



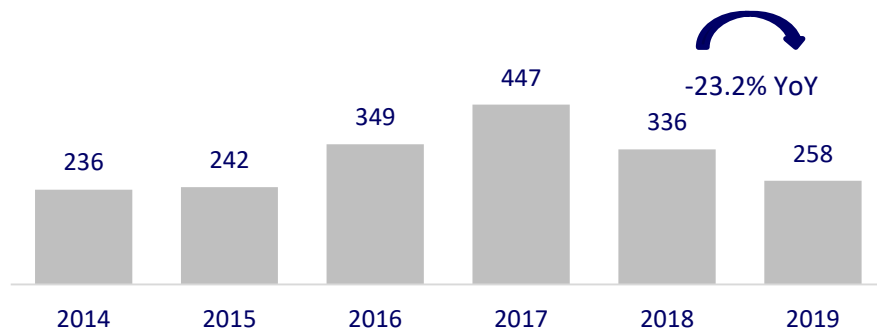


# Sustained Growth Through Organic Expansion and Acquisitions

## Gross Premiums Written

(Ch\$ Billion)

CAGR 2014-2019= 1.8%

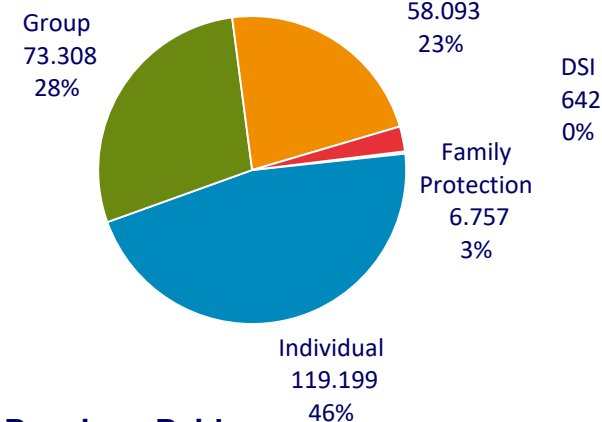


US\$ 346 Million

## Premiums Breakdown

(Ch\$ Million)

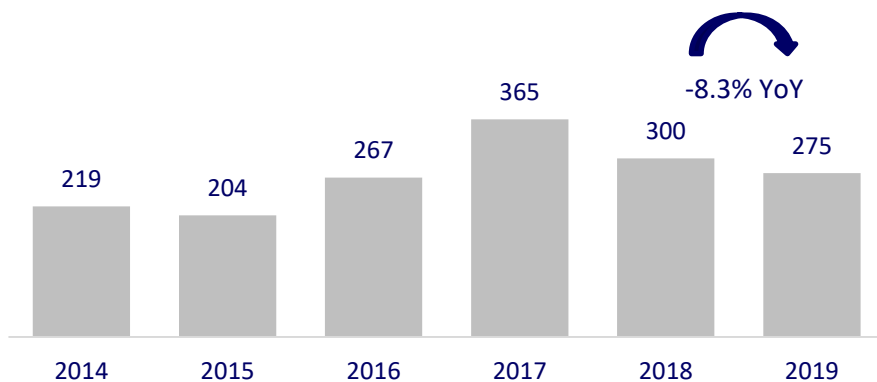
December 2019



## Claims and Pensions Paid

(Ch\$ Billion)

CAGR 2014-2019= 4.7%

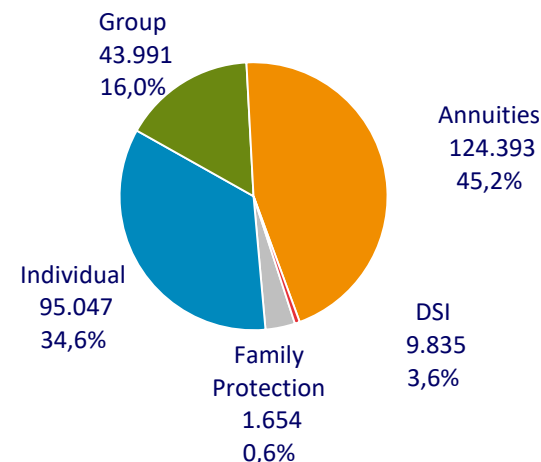


US\$ 369 Million

## Claims and Pensions Paid

(Ch\$ Million)

December 2019



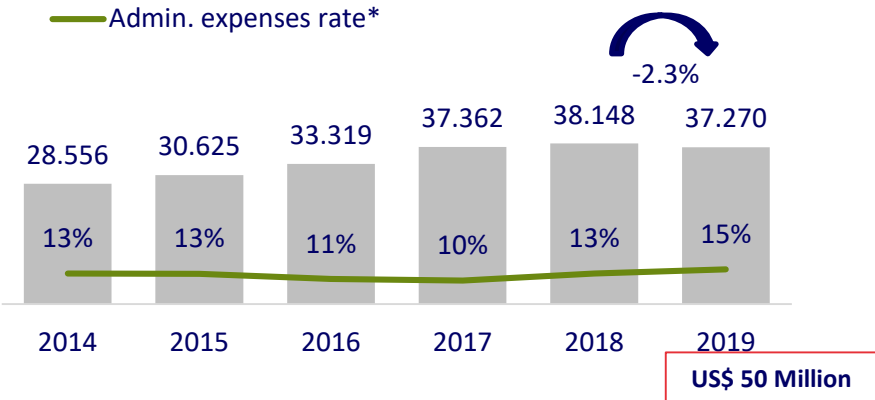
# Economies of Scale, Synergies and Solid Investment Portfolio

## Administrative Expenses

(Ch\$ Million)

CAGR 2014-2019= 5.5%

■ Vida Security Admin. Expenses  
 — Admin. expenses rate\*

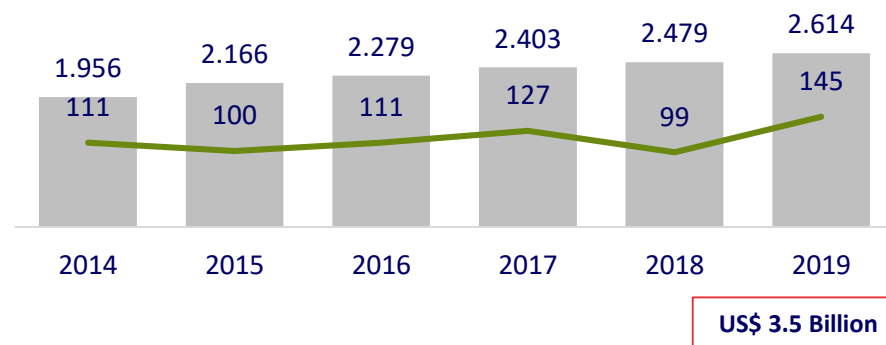


## Investment Portfolio & Result from Investments

(Ch\$ Billion)

CAGR 2014-2019  
 Results: 5.5%  
 Portfolio: 6.0%

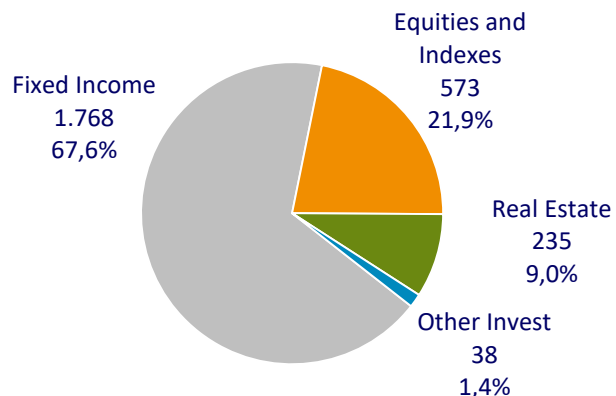
■ Investment Portfolio  
 — Result from Investments  
 Results: +47.4%  
 Portfolio: +5.4%



## Investment Portfolio Breakdown

(Ch\$ Billion)

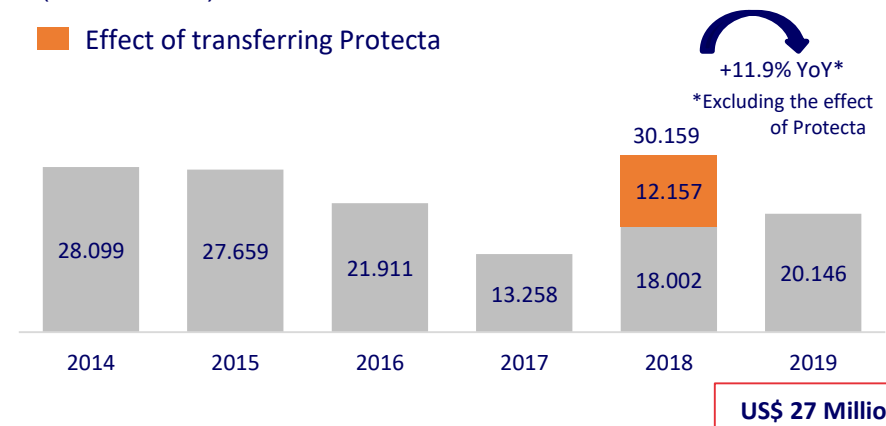
December 2019



## Vida Security Profit

(Ch\$ Million)

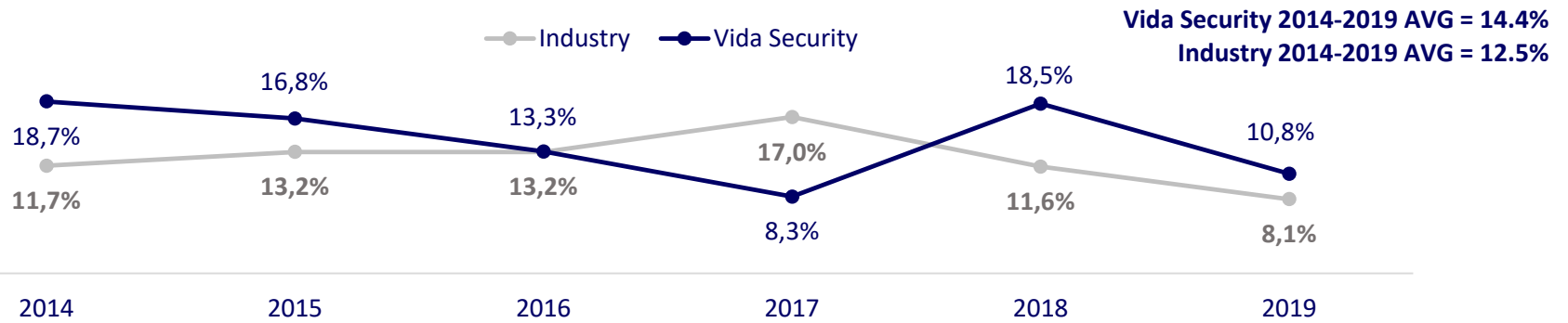
■ Effect of transferring Protecta



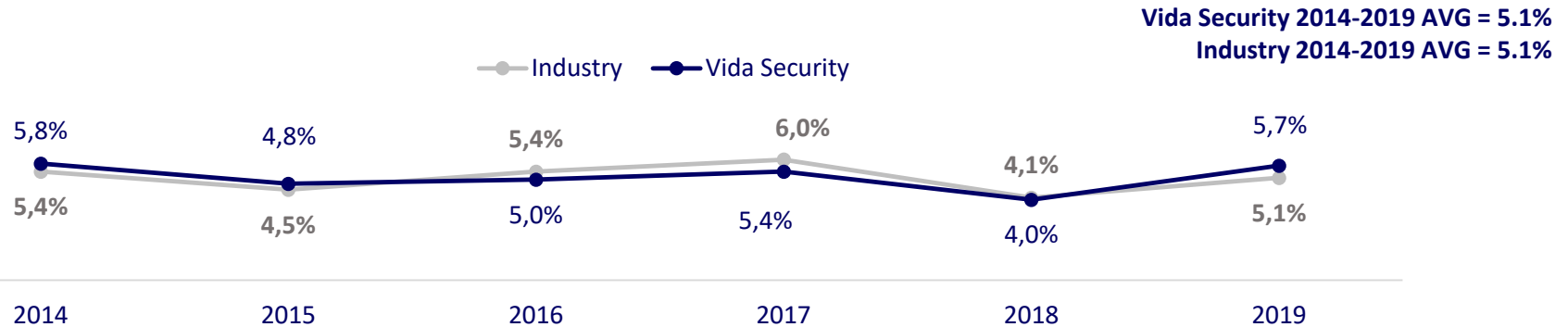
\*Administrative Expenses Ratio: Administrative Expenses/ Net Premiums Written

Source: CMF—Chilean Financial Markets Commission  
 EOP dic-19 Exchange rate 1 US\$ = Ch\$ 744.62

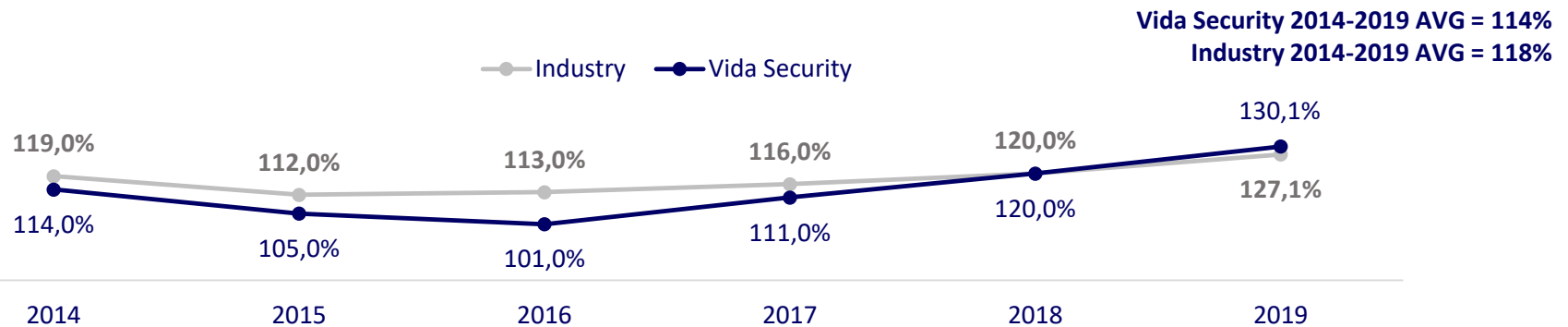
## ROE



## ROI



## Combined Ratio



# Asset Management

0.3% of December 2019  
business areas profits

INVERSIONES security



# Economies of Scale, Synergies and a Solid Investment Portfolio Contribute to Increased Profitability

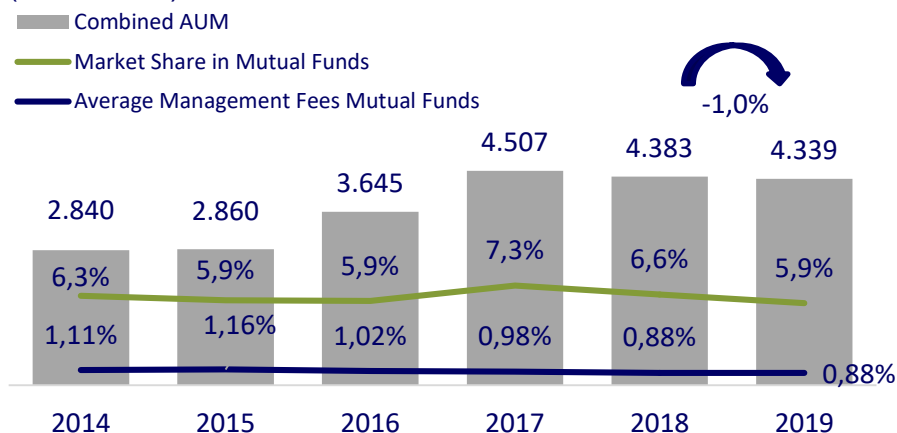
## Asset Management

- Combined AUM of Ch\$ 4,339 B as of Dec-19
- Ranks 6<sup>th</sup> among local asset managers with 5.9% market share in mutual funds

### Track Record of AUM & Market Share Growth

(Ch\$ Billion)

CAGR 2014-2019= 8.8%



US\$ 5.8 Billion

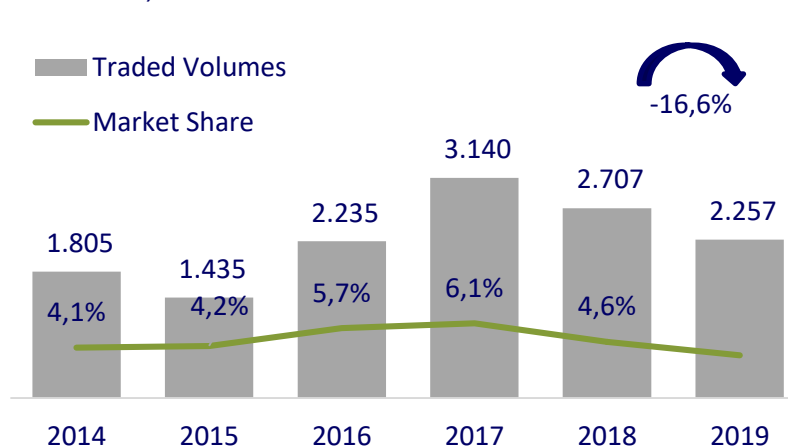
## Stock Brokerage

- Total traded volume of Ch\$2.257 B as of Dec-19
- 12<sup>th</sup> place among Chilean stock brokers with a 3.5% market share in traded volumes

### Traded Volumes & Market Share

(Ch\$ Billion)

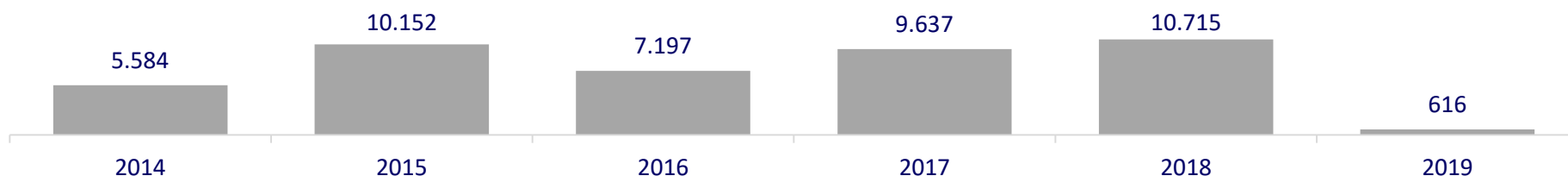
CAGR 2014-2019= 4.6%



US\$ 3.0 Billion

### Consolidated Profit

(Ch\$ Million)



US\$ 0.8 Million

## Other Services:

Travel & Real Estate  
1.0% of December 2019  
business areas profits

TRAVEL security

INMOBILIARIA security



# Travel & Real Estate Businesses Complement Financial Services Offering to Our Target Markets

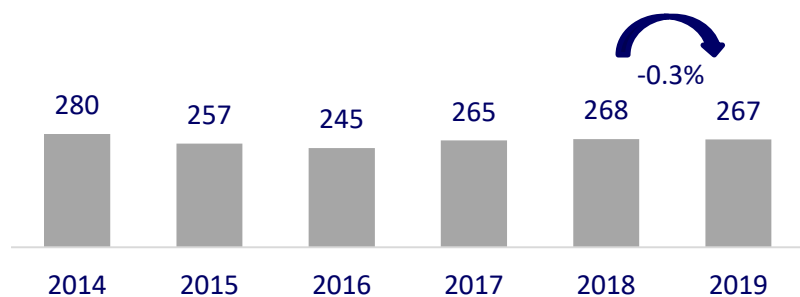
## Travel

- Focus on the Corporate segment and affluent individuals
- Manages travel expenses for large and medium-sized companies

### Sales Travel Security

US\$ Million

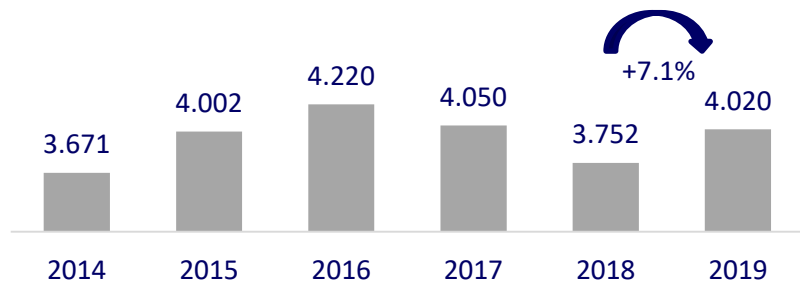
CAGR 2014-2019 = -1.0%



### Profit Travel Security

Ch\$ Million

CAGR 2014-2019 = 1.8%



US\$ 5.4 Million

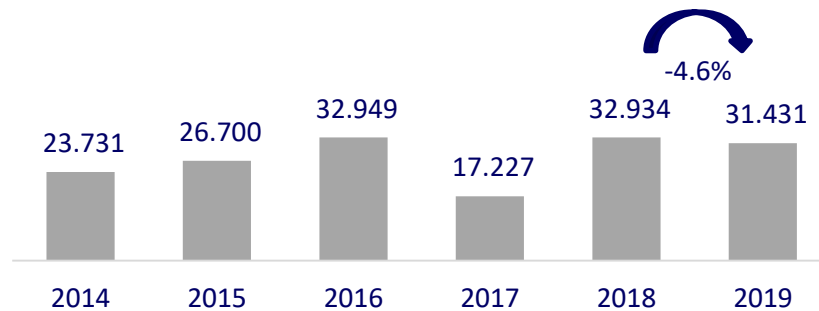
## Real Estate

- Complementary real estate business, targeting high-income individuals
- Successfully implemented the 2011 strategic plan, increasing scale and profits.

### Sales Inmobiliaria Security

Ch\$ Million

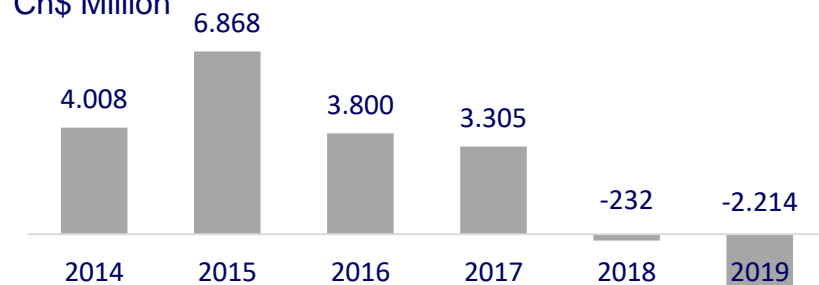
CAGR 2014-2019 = 5.8%



### Profit Inmobiliaria Security

Ch\$ Million

US\$ 42.2 Million



-US\$ 3.0 Million

# International Business

0.6% of December 2019  
business areas profits

TRAVEX security

PROTECTA security



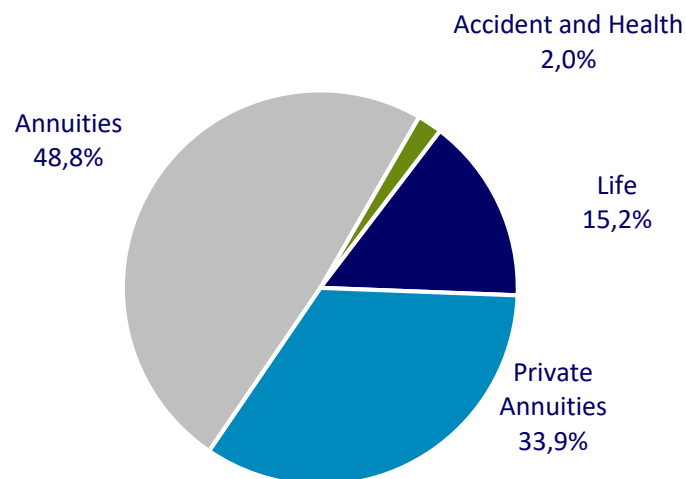


## Consolidation in 2018 of Grupo Security Businesses in Peru under the International Business Area

### Protecta Security

- Peruvian life insurance company focused in annuities
- 20.5% market share in annuities in December 2019, from 5.3% in September 2015
- Net premiums of S./ 400.3 million
- ROI: +9.3% (Industry 7.0%)

### Protecta: Direct Premium Dec-19

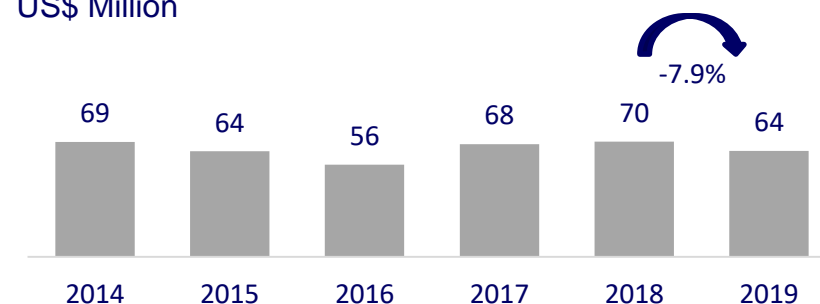


### Travex Security

- Peruvian Travel Agency, subsidiary of Travel Security
- Focus on the Corporate segment and affluent individuals
- Manages travel expenses for large and medium-sized companies

### Sales Travex Security

US\$ Million



### Profit Travex Security

US\$ Thousand

# Grupo Security



## Safe Harbor

*This report contains financial results of the different business units, which do not guarantee future results and do face significant risks and uncertainties. They can be affected by unanticipated factors such as changes in global economic conditions, changes in market conditions, regulatory changes, measures taken by competitors, operating and financial risks inherent to the financial services business.*

# Annex 1





## Lending Area- Banco Security vs Peer Banks vs System

	Banco Security		Peer Banks		System	
	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19
Efficiency Ratio (Operating Expenses / Gross Operating Income)	47.7%	47.5%	47.4%	43.7%	47.6%	45.1%
Risk Ratio (Provisions/Loans)	1.69%	1.66%	1.63%	1.59%	2.44%	2.56%
Commercial Risk Ratio	1.63%	1.58%	1.69%	1.66%	2.28%	2.40%
Retail Risk Ratio	1.93%	1.95%	1.39%	1.25%	2.69%	2.83%
ROAE (Profits YTD / Avg. Equity)	12.8%	12.8%	11.9%	12.7%	12.2%	12.3%
ROAA (Profits YTD / Avg. Assets)	1.1%	1.0%	1.0%	1.1%	1.0%	1.0%
Net Interest Margin YTD / Average Loans	3.2%	1.8%	3.0%	1.8%	4.3%	2.4%
Core Capital (Basic Capital/Total Assets)	7.8%	7.1%	7.4%	7.0%	7.6%	7.1%
Basel I Tier 2 Index (Equity/ RWA)	13.2%	12.3%	13.6%	13.0%	13.3%	12.8%

Peer Banks: Bice, Consorcio, Internacional and Security

# Grupo Security Board of Directors

## Francisco Silva Silva

Chairman of the Board



- Civil Engineer, Universidad Católica de Chile. Engineer and Master of Science Stanford University

## Renato Peñafiel Muñoz

CEO



- Business Administration, Universidad Católica de Chile. Master of Arts in Economics University of Chicago

## Hernán de las Heras Marín

Independent Board Member



- Business Administration Universidad de Chile

## Jorge Marín Correa

Board Member



- Entrepreneur

## Naoshi Matsumoto Takahashi

Board Member



- Business Administration, Universidad Católica de Chile

## Ana Sainz de Vicuña Bemberg

Board Member



- BSc Honours Degree Agricultural Economics, Reading University U.K.

## Horacio Pavez García

Board Member



- Civil Constructor, Universidad Federico Santa María

## Bruno Philippi Irrázabal

Board Member



- Civil Engineer, Universidad Católica de Chile. MSc in Operations Research and Ph.D. Engineering Economic Systems, Stanford University

## Juan Cristobal Pavez Recart

Board Member



- Business Administration, Universidad Católica de Chile. Master of Business Administration, MIT

## Mario Weiffenbach Oyarzún

Board Member



- Business Administration and Accounting, Universidad de Chile

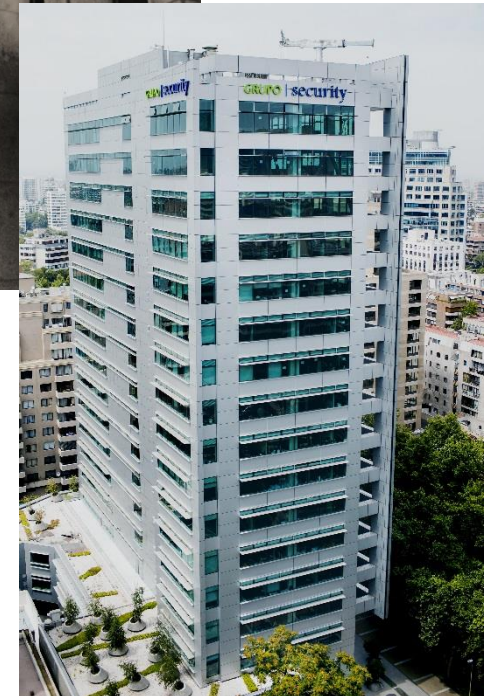
# Our History

## History of Grupo Security

- In 1987, Security Pacific Overseas Corp. acquired a 99% stake in Banco Urquijo as part of the Chilean Central Bank's program to convert external debt into equity. Then, in 1991, former executives from Security Pacific Overseas Corp. and other investors created Grupo Security to acquire 60% of Banco Security

## Current Shareholders

- In 1994, the shareholders of Grupo Security purchased the remaining 40% interest. In July 1995, Grupo Security stock was publicly listed on the Santiago Stock Exchange. This group of investors, which includes shareholders from important Chilean industrial conglomerates, have remained and are party to a first refusal pact that currently represents 73% of all shares



# Grupo Security



## Safe Harbor

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