



# Financial Results Grupo Security March 2015

Tuesday May 19, 8:30 AM

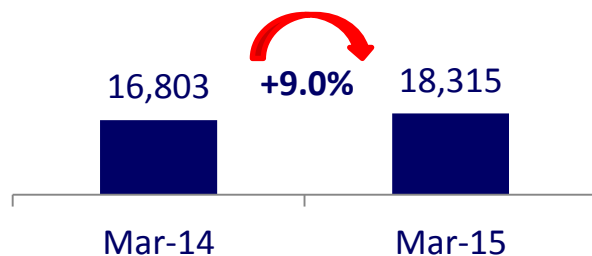
# Significant Events During the Period

- » **Merger and Synergies with the Cruz del Sur Companies:** Successful merger with the Cruz del Sur companies. The merger between Cruz del Sur AGF and AGF Security was completed on December 18, 2014, and the stock brokerage subsidiaries Valores Security and Cruz del Sur Corredora de Bolsa merged on March 17, 2015.  
In total, annual synergies of Ch\$7,118 million were secured in the life insurance companies and Ch\$5,195 million in the asset management companies. Therefore, we have achieved savings with a present value of US\$ 235.65 million, while the price paid for Cruz del Sur was approximately US\$ 300 million.
- » **Protecta Acquisition:** On March 18, 2015, Grupo Security reported the signing of an agreement with Grupo ACP to purchase 61% of Protecta, a company that provides pension annuities and group payment protection insurance. It is currently the seventh largest company by investment portfolio, which is valued at US\$ 128 million. In 2014 its market share was 2.8% by net premiums.
- » **Stock Exchange Share:** On May 5, 2015, Valores Security sold one share in the Chilean Stock Exchange to Bovespa for Ch\$2,200 million.
- » **Bond Issuance:** On December 18, 2014, Grupo Security successfully placed the L3 Bond, for a total of UF 3,000,000, with a 30-year term. The interest rate was UF+3.80% per annum. The funds will be used to prepay borrowings and finance the Group's investment plan. After this placement, the average interest rate on Grupo Security borrowings fell to 4.02% from 4.25% and increased the duration from 10.18 to 13.49 years.
- » **Grupo Security Dividends:** On April 20, 2015, Grupo Security shareholders approved a dividend payment of Ch\$6.75 per share, from profit for the year 2014. Including the interim dividend paid in October 2014, dividends for the year total Ch\$33,134 million, or Ch\$10.25 per share (54% of 2014 profit).

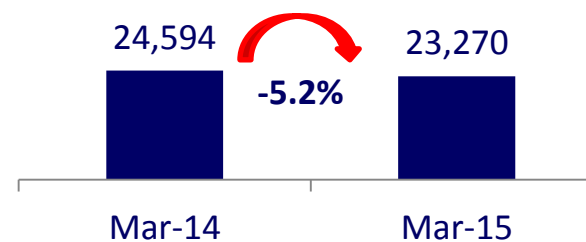
# Financial Results - Grupo Security <sup>1</sup> (Ch\$ million)

- » Lower inflation compared to the first quarter of last year and better funding conditions contributed to an increase of 9.0 % in profits at Grupo Security.

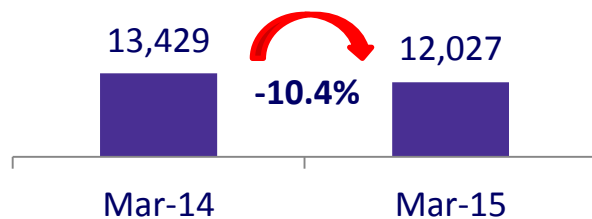
## GRUPO SECURITY



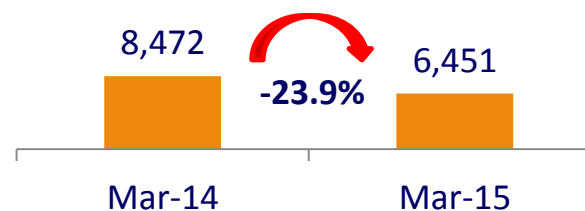
## BUSINESS AREAS



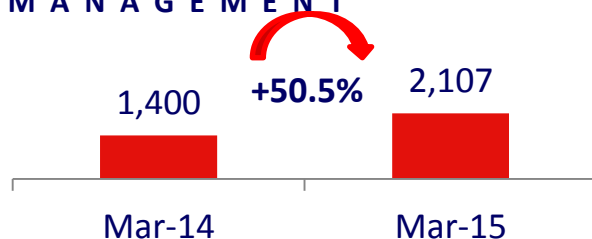
## LENDING AND TREASURY



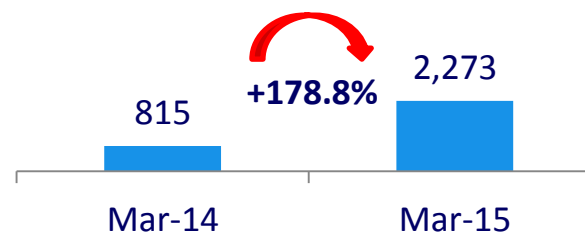
## INSURANCE



## ASSET MANAGEMENT



## OTHER SERVICES



<sup>1</sup> Gain (loss) attributable to owners of the controller, in accordance with Appendix 6 of the Quarterly Analysis for Grupo Security.

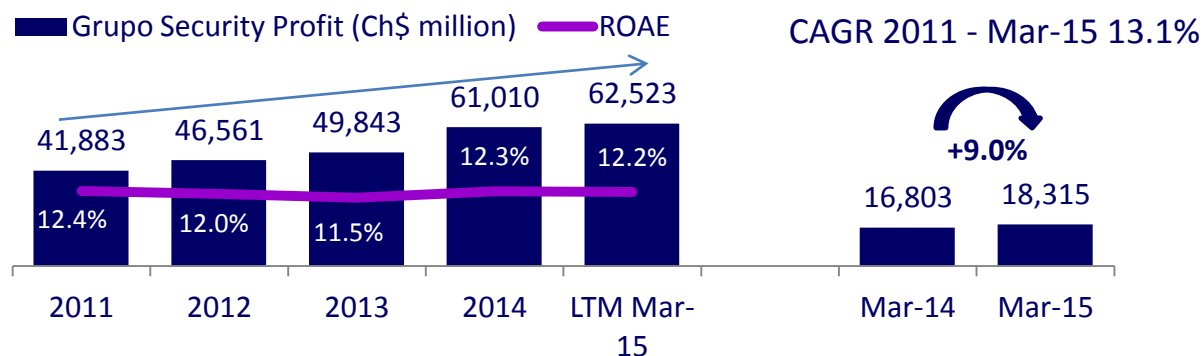
# Grupo Security: Summarized Income Statement

<b>Consolidated Income Statement (Ch\$ million)</b>	<b>Mar-14</b>	<b>Mar-15</b>
Revenue	192,760	172,740
Cost of sales	-129,780	-106,576
Gross profit	62,981	66,164
Administrative expenses	-39,034	-43,963
Other income (expenses)	-2,221	2,490
Profit before taxes	21,726	24,691
Income tax expense	-4,490	-5,961
Profit attributable to owners of the controller	16,803	18,315
Profit attributable to non-controlling interests	433	415

# Trends for Grupo Security

- » Distributable profit as of March 2015 of Ch\$18,315 million, 9.0 % higher than in March 2014.  
Grupo Security ROE reached 12.25%.

	2011	2012	2013	2014	LTM Mar-15
Earnings per Share	14.5	16.2	15.7	18.9	19.35
Price Earnings Ratio	11.2	11.6	10.7	11.3	10.2
Dividend Yield	5.6%	5.0%	4.2%	5.2%	
Leverage	0.25x	0.26x	0.36x	0.36x	0.36x
ROAA	0.92%	0.90%	0.82%	0.84%	0.84%
Equity (Ch\$ million)	376,349	397,790	467,004	522,718	534,729
Consolidated Profit Business Areas (Ch\$ million)	51,212	58,356	64,070	98,965	97,435

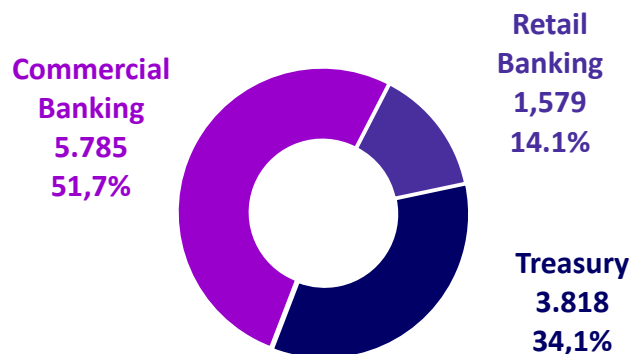


# Banco Security

» Consolidated Profit as of March 2015 Ch\$12,310 million, -6.8% yoy

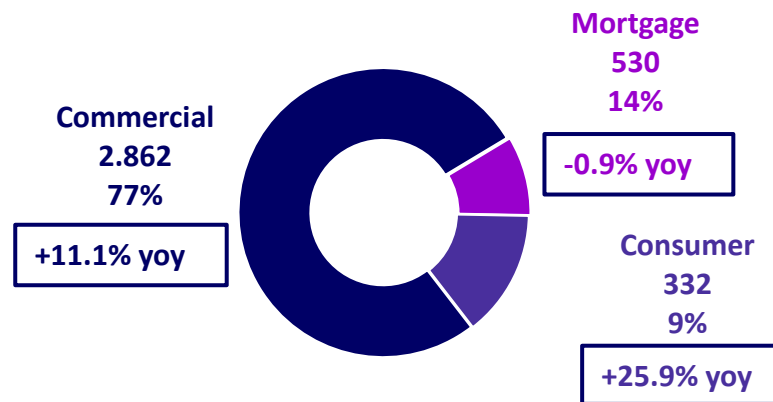
## Q1 Profit - Banco Security (Mar-15)

**Total: Ch\$11,182 million**

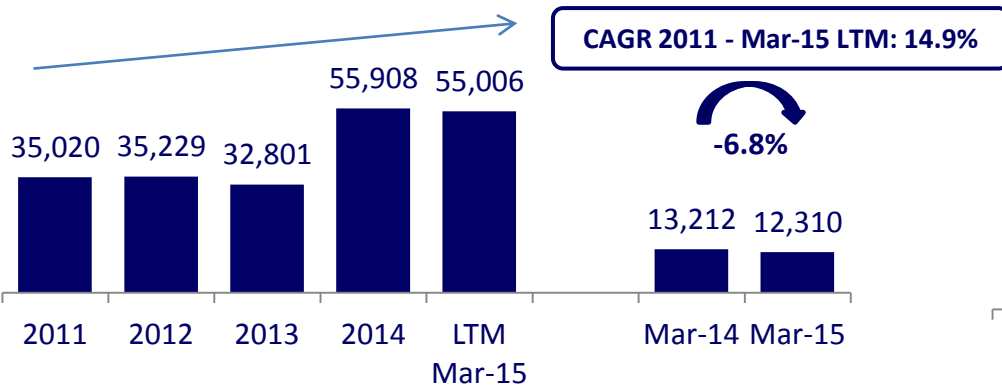


## Loans - Banco Security Mar-15

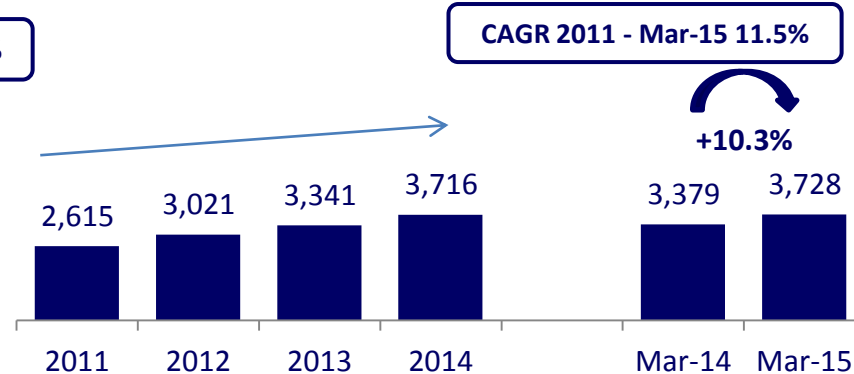
**Total: Ch\$3,728,129 million**



■ Consolidated Profit - Banco Security (Ch\$ million)



■ Total Loans - Banco Security (Ch\$ billion)



# Indicators - Banco Security

	2011	2012	2013	2014	LTM Mar-15
Efficiency Index	54.16%	54.69%	53.26%	48.87%	50.09%
Risk Index (Provisions/Loans)	1.39%	1.38%	1.39%	1.59%	1.61%
ROAE (Profit LTM / Average Equity)	14.78%	12.79%	11.08%	16.27%	15.52%
Net Interest Margin LTM / Average Loans	2.62%	2.41%	2.60%	3.35%	3.44%
Equity (Ch\$ million)	267,463	283,593	308,362	379,051	388,926
Tier 2 Basel Index	12.03%	11.92%	12.19%	12.47%	12.67%

- » The risk index increases from 1.39% in 2011 to 1.61% in March 2015, mainly due to increases in consumer loan business. The portfolio almost doubled in size between 2011 and March 2015, reaching Ch\$332 billion.

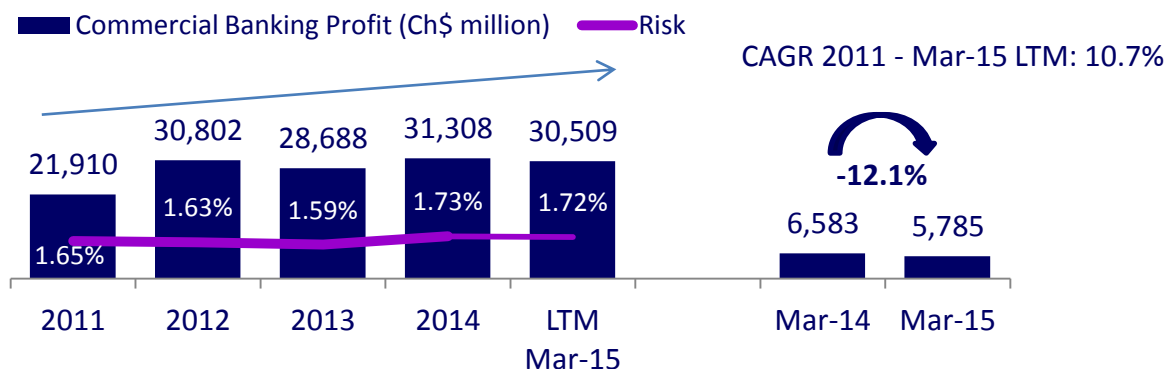
# Banco Security - Commercial Banking

## Financial Results as of March 2015

- » Loans - Commercial Banking: Ch\$2,861,883 million, +11.1% yoy
- » March 2015 Profit: Ch\$5,785 million, -12.1% yoy
  - » Higher interest margin, +6.6% yoy, Ch\$15,340 million
  - » Higher operating expenses, +8.4% yoy, Ch\$8,269 million
  - » Higher net commission, +17.6% yoy, Ch\$3,711 million
  - » Higher provision expense, +35.3% yoy, Ch\$5,262 million

Higher provision expense for specific cases involving trading and mining companies, with no general impairment of the portfolio. These were partially offset by higher commercial revenue from higher financial margins and commissions.

BANCO security



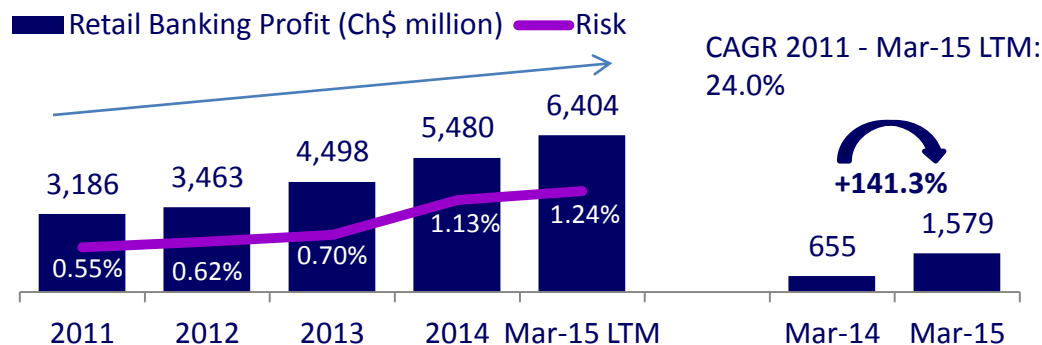


# Banco Security - Retail Banking

## Financial Results as of March 2015

- » Consumer & mortgage loans: Ch\$861,699 million, which represent 23.1% of the loan portfolio
- » March 2015 profit Ch\$1,579 million
  - » Growth in consumer loans, +25.9%
  - » Higher interest margin, +20.1% yoy, Ch\$12,535 million
  - » Higher net commission, +16.2% yoy, Ch\$3,648 million
  - » Higher provision expense, +47.0% yoy, Ch\$1,140 million
  - » Similar operating expenses, +1.4% yoy, Ch\$10,781 million

BANCO security



# Banco Security - Treasury

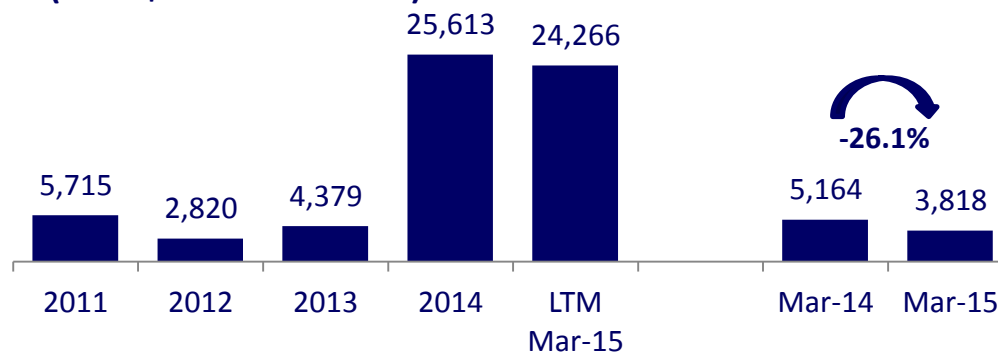
## Financial Results as of March 2015

- » March 2015 Profit: Ch\$3,818 million
- » Profit for 2015 is lower than for the comparative period in 2014. Q1 2014 earnings were higher than usual due to higher financial margins on higher inflation and a fall in the Monetary Policy Rate of 150 basis points during the year.

BANCO security



### TREASURY PROFIT (Ch\$ million)



# Banco Security vs Banking Competitors (1/2)

March 2015 (Ch\$ billion)	Banco Security	CAGR 2010 to Mar 2015 LTM Banco Security	CAGR 2010 to Mar 2015 LTM Banking Competitors	Market Share Security/ Banking Competitors
Total Loans	3,728	10.3%	10.8%	13.0%
Commercial Loans	2,862	11.1%	9.4%	16.1%
<i>% of total loans</i>	76.9%	-	-	
Retail Loans	862	7.9%	11.2%	8.2%
<i>% of total loans</i>	23.1	-	-	
Operating Income	49	13.4%	9.3%	14.9%
Provision Expense	9	14.1%	11.0%	13.2%
Operating Expenses	25	13.6%	10.3%	13.5%
Consolidated Profit	12	12.2%	9.4%	19.4%
Total Provisions	60	11.1%	7.1%	12.7%
Equity	389	16.1%	12.2%	13.2%

# Banco Security vs Banking Competitors (2/2)

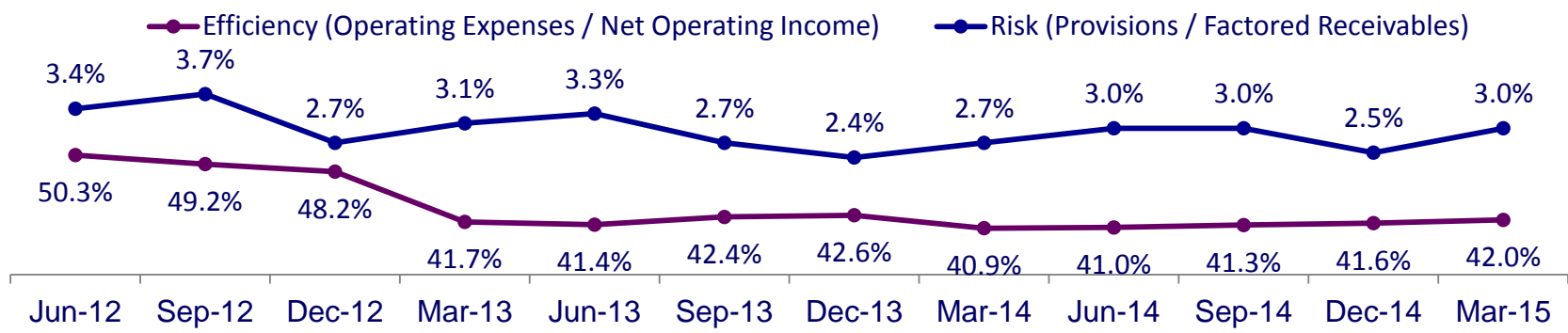
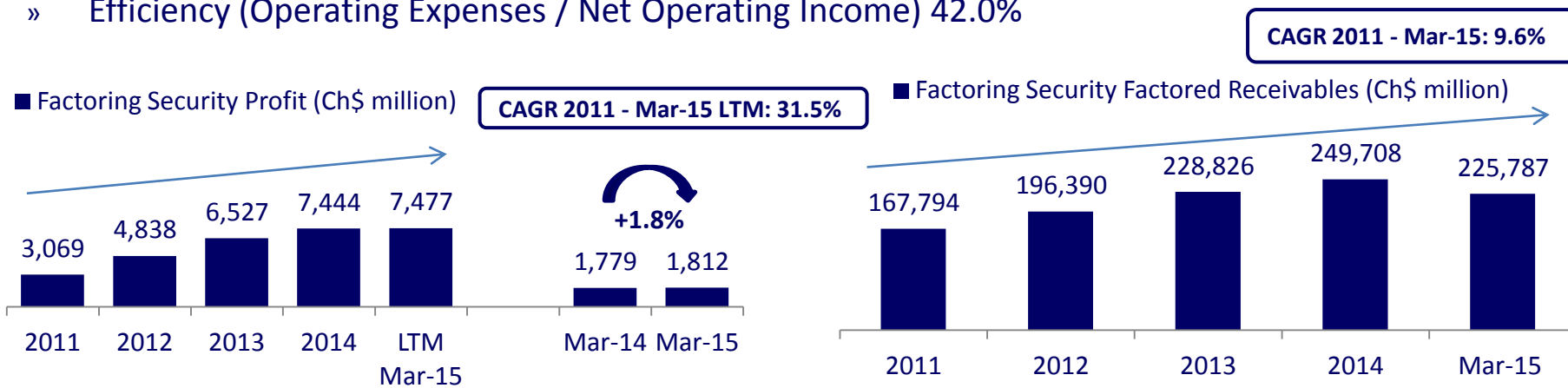
March 2015	Banco Security	Banking Competitors	System
Gross Op. Income LTM / Total Average Assets	4.01%	3.67%	4.95%
Efficiency Index	50.09%	54.53%	48.55%
Risk Index (Provisions/Loans)	1.61%	1.62%	2.39%
Commercial Risk Index	1.72%	1.63%	2.30%
Retail Risk Index	1.24%	1.44%	2.62%
ROAE (Profit LTM / Average Equity)	15.52%	12.66%	16.92%
ROAA (Profit LTM / Average Total Assets)	1.13%	0.96%	1.35%
Net Interest Margin LTM / Average Loans	3.44%	3.29%	4.84%
Regulatory Capital/ Total Assets <sup>2</sup>	7.04%	6.83%	7.16%
Tier 2 Basel Index <sup>2</sup>	12.67%	12.44%	13.37%

Banking Competitors: Combined total for Bice, BBVA, Itau, Scotiabank and Security

<sup>2</sup>System data for February 2015; Security data for March 2015

# Factoring Security

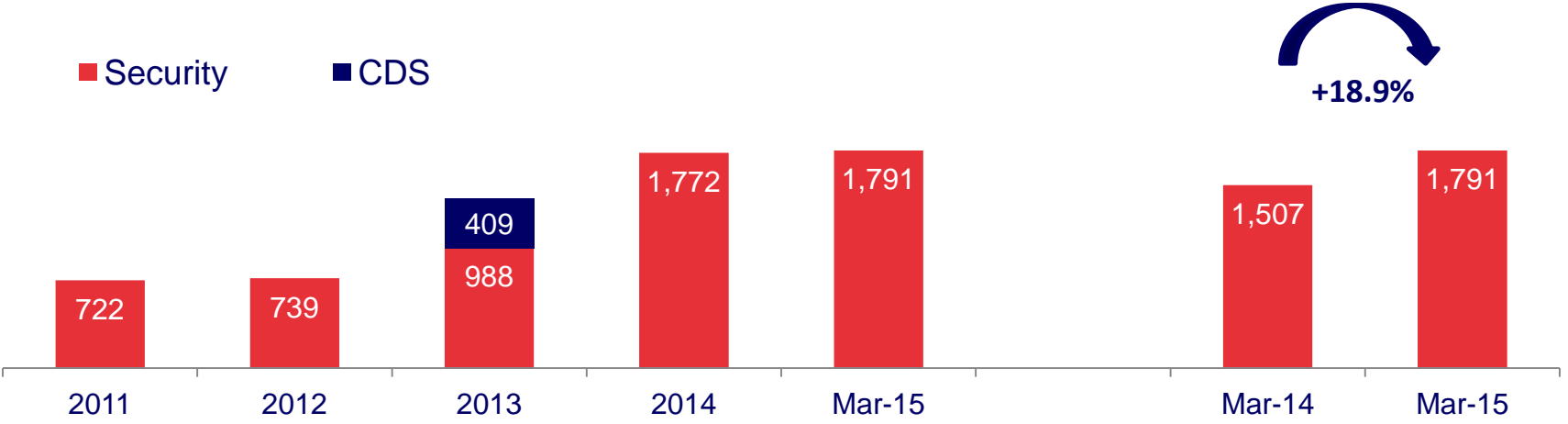
- » March 2015 Profit Ch\$1,812 million, +1.8% yoy
- » Factored receivables Ch\$225,787 million, +1.5% yoy
- » Average receivables during 2015 Ch\$223,519 million, -0.1% vs 2014
- » Spread similar to 2013, at around 0.7% per month
- » Efficiency (Operating Expenses / Net Operating Income) 42.0%



## Profit – Asset Management Area (Ch\$ million)

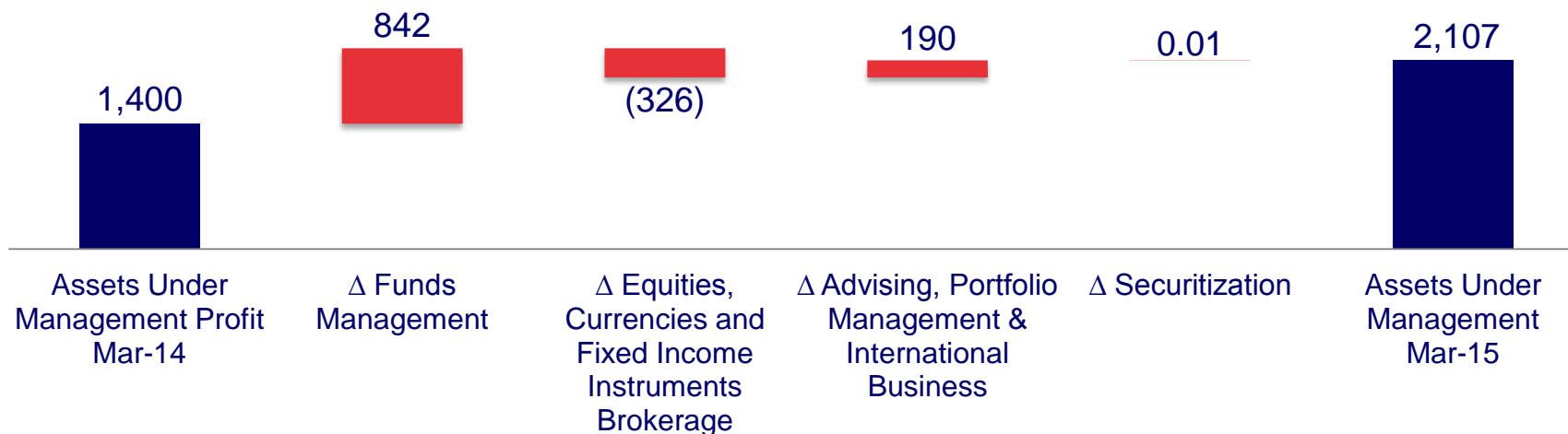


## Mutual Funds Under Management (Ch\$ billion)



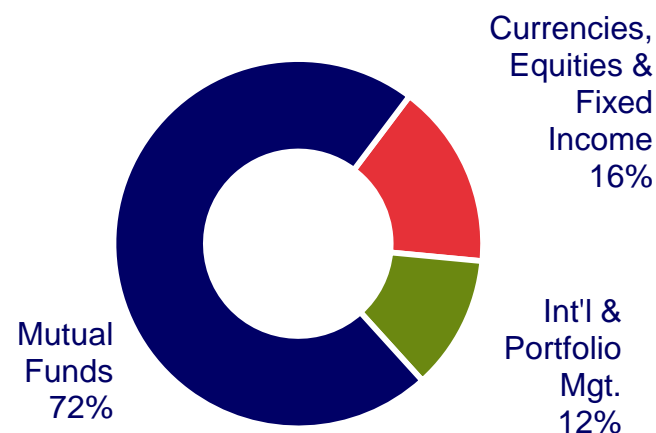
# Inversiones Security - Financial Results

## Profit – Asset Management Area (Ch\$ million)



- » Result driven by Funds Management:
  - » AUM +18.9% Mar 2015/Mar 2014, reaching Ch\$1,791 billion
  - » Average fees stable in comparison to 1Q14
  - » Traded volume (equities) fell by 26%, in line with the industry at -24%

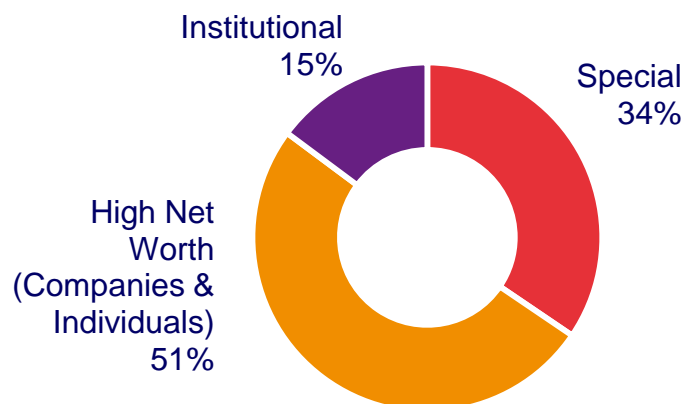
## Commercial Revenue Ch\$7,654 million



# Inversiones Security - Business Management

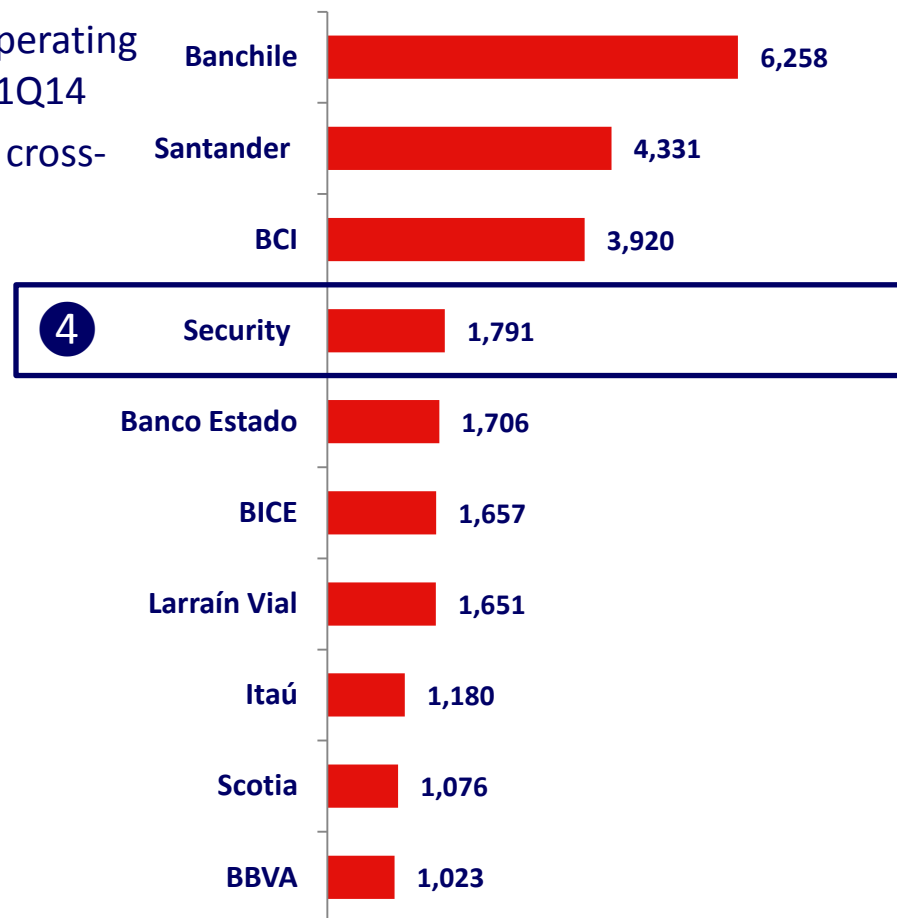
- » Merger: Annual synergies of Ch\$5,195 million
- » Economies of scale necessary to achieve efficient operations:
  - » Efficiency: Direct & Indirect Costs / Net Operating Income was 80.3% in 1Q15, and 96.5% in 1Q14
- » A comprehensive view of customers, with high cross-selling with the Bank
  - » 25% of customers
  - » 49% of revenue

## Commercial Revenue Ch\$7,654 million



## AUM for the 10 largest AGFs (Ch\$ billion)

Total: Ch\$24,590 billion





## Synergies - Inversiones Security

- The final synergies resulting from the merger process with Cruz del Sur AGF and Cruz del Sur Corredora de Bolsa reached Ch\$5,195 million, which means savings with a present value of US\$ 99 million.

INVERSIONES Security + CDS Expenditure		Scenario	
		Conservative	Positive
<b>Total Proforma Expenditure, Dec 2012</b>	<b>Ch\$ million</b>	<b>32,285</b>	
% Cost Savings CDS+SEC Dec 2012		11.0%	14.80%
Total Committed Savings (in scheme)	Ch\$ million	3,555	4,794
<b>Total Achieved Savings 2015</b>	<b>Ch\$ million</b>	<b>5,195</b>	
% of Total Committed Savings		146.1%	108.4%
		<b>Conservative</b>	<b>Positive</b>
<b>Present Value of Total Committed Savings</b>	<b>US\$ million</b>	<b>68</b>	<b>92</b>
<b>Present Value of Total Achieved Savings</b>	<b>US\$ million</b>	<b>99 (146% - 108%)</b>	

Savings measured over 12 months.

Exchange rate used for valuation as of December 31, 2012 was 475.02 CLP/USD.

Discount rate of 11% in US dollars.

# Vida Security

- » Seguros de Vida Cruz del Sur was consolidated into the equity of Vida Security for the first quarter 2014. Therefore, the financial statements for Vida Security for 1Q15 are not strictly comparable with 1Q14. Profit is lower, due to the absence of Life and Disability premiums awarded last year.

Financial Position - Vida Security (Ch\$ million)	Mar-14	Mar-15
<b>Total Assets</b>	<b>2,042,607</b>	<b>2,053,913</b>
Total Financial Investments	1,743,358	1,757,042
Total Real Estate Investments	244,890	245,013
Total Insurance Accounts	27,412	27,498
<b>Other Assets</b>	<b>26,947</b>	<b>24,360</b>
<b>Total Liabilities</b>	<b>2,042,607</b>	<b>2,053,913</b>
Total Insurance Accounts	1,842,172	1,844,885
Other Liabilities	40,684	46,669
<b>Total Equity</b>	<b>159,750</b>	<b>162,359</b>

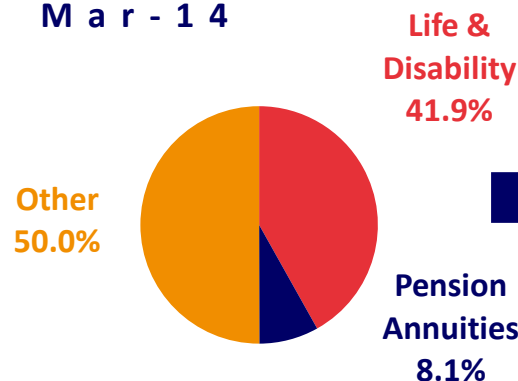
Summarized Income - Vida Security (Ch\$ million)	Mar-14 <sup>1</sup>	Mar-15
Direct premiums	62,065*	43,557
<b>Net retained premiums</b>	<b>52,933**</b>	<b>42,583</b>
Operating income	-19,942	-21,707
Investment income	29,546	28,864
Income taxes	-1,299	-1,315
<b>Profit</b>	<b>8,695***</b>	<b>6,386</b>

\*Pro forma format, includes operating income at CDS

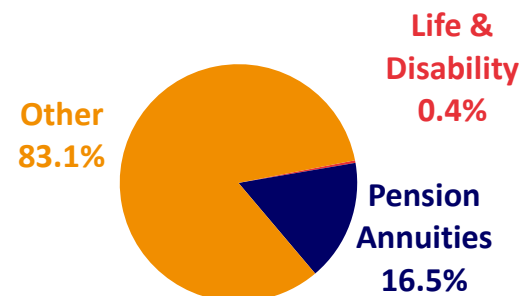
\*\*Includes Ch\$22,645 million in Life and Disability premiums

\*\*\*Includes Ch\$4,102 million in Life and Disability profits

**DIRECT PREMIUMS<sup>1</sup>**  
Mar - 14



**DIRECT PREMIUMS**  
Mar - 15

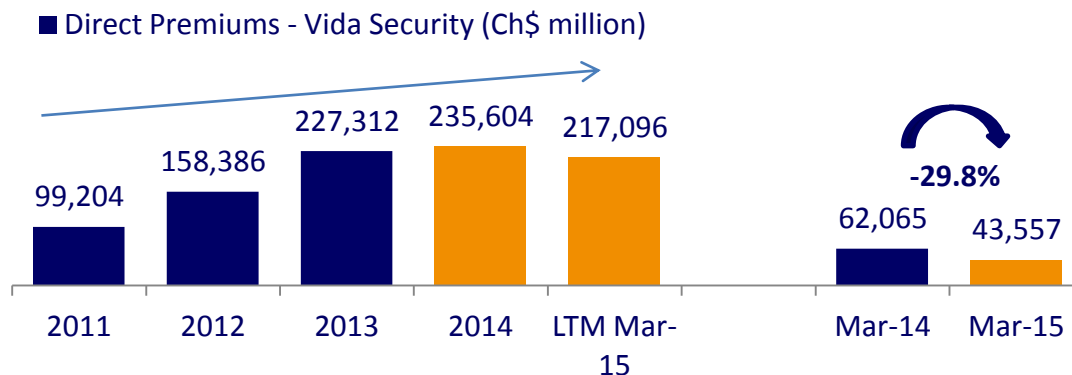


<sup>1</sup>Direct Premiums for Vida Security according to FECU for March 2014

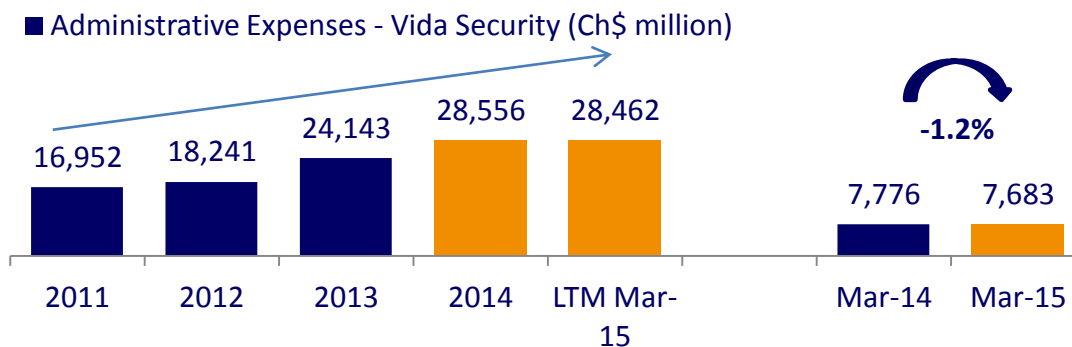
# Trends - Vida Security\*

\*Pro forma format, includes operating income at CDS

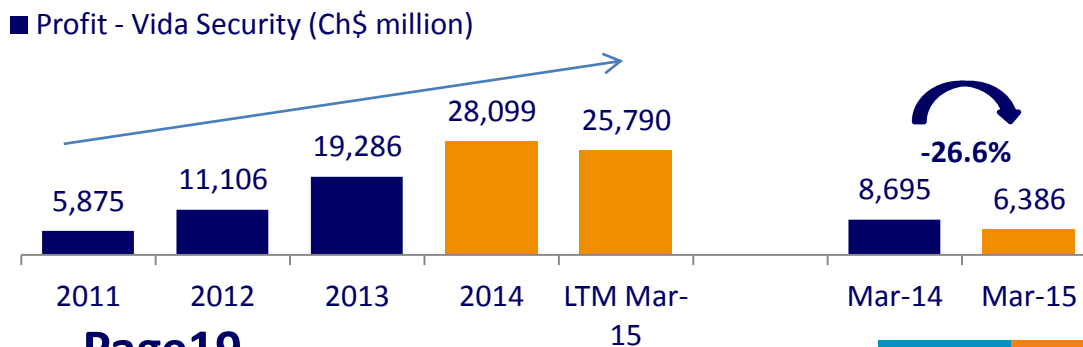
Consolidated periods - Vida Security with CDS



CAGR 2011 - Mar-15 LTM: 27.2%  
Growth in direct premiums 22.4% yoy, isolating the effect of Life and Disability premiums -Ch\$26,402 million



CAGR 2011 - Mar-15 LTM: 17.3%  
Synergies executed during 2014, that will have a full year impact in 2015 of Ch\$7,118 million in the synergies scheme.



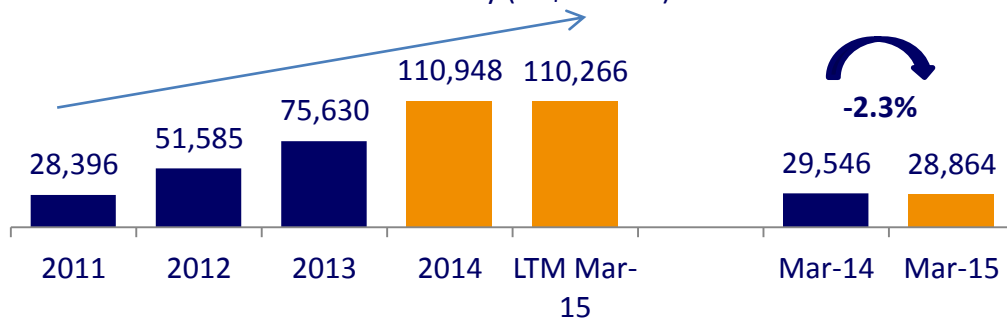
CAGR 2011 - Mar-15 LTM: 41.6%  
Profit growth of 39.0% yoy, isolating the effect of Life and Disability profits -Ch\$4,102 million



# Investments - Vida Security

March 2015

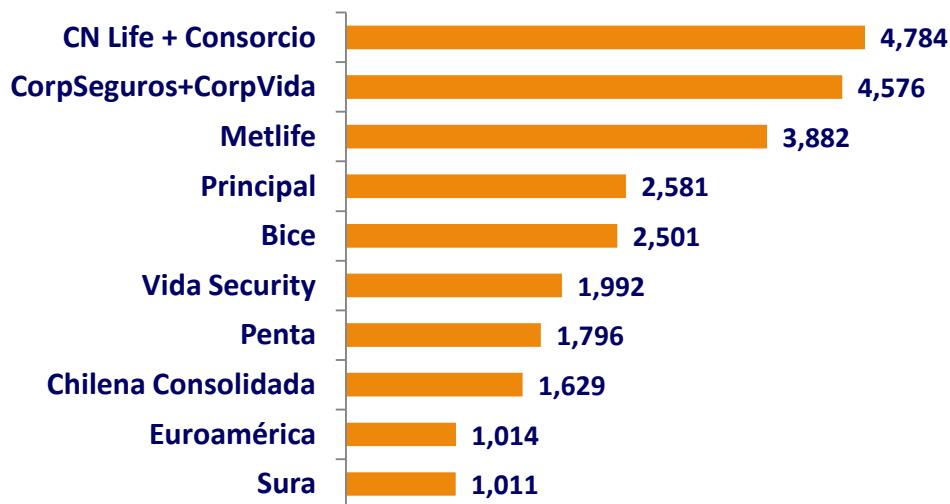
■ Investment Income - Vida Security (Ch\$ million)



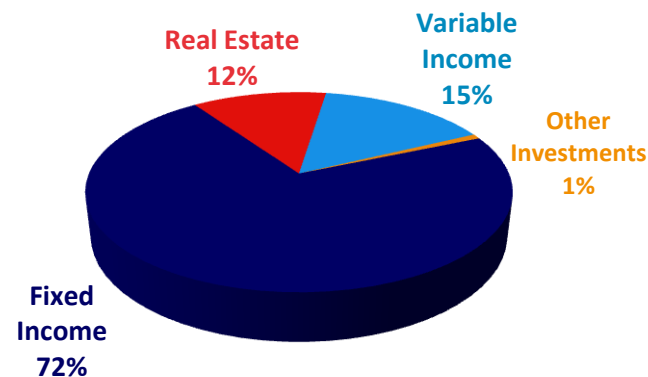
CAGR 2011 - Mar-15 LTM: 51.8%  
Investment income is aligned with budget and the portfolio

## Investments for the 10 largest life insurance companies<sup>1</sup>

Total: Ch\$25,765 billion



## Investment Portfolio - Vida Security



Average Profitability (Mar-15):

Own Portfolio: 5.1%

Variable Income: 2.7%

Fixed Income: 3.4%

Real Estate: 7.8%

<sup>2</sup>Investment Reference Data / Summary of Investments issued by the SVS for March 2015

## Synergies - Vida Security

- The final synergies resulting from the merger process with Cruz del Sur Vida reached Ch\$7,118 million, which means savings with a present value of US\$ 136 million.

VIDA Security + CDS Vida Expenditure		Scenario	
		Conservative	Positive
<b>Total Proforma Expenditure, Dec 2012</b>	<b>Ch\$ million</b>	<b>32,285</b>	
% Cost Savings CDS+SEC Dec 2012		11.0%	14.8%
Total Committed Savings (in scheme)	Ch\$ million	3,555	4,794
<b>Total Achieved Savings 2015</b>	<b>Ch\$ million</b>	<b>7,118</b>	
% of Total Committed Savings		200.2%	148.5%
		<b>Conservative</b>	<b>Positive</b>
<b>Present Value of Total Committed Savings</b>	<b>US\$ million</b>	<b>68</b>	<b>92</b>
<b>Present Value of Total Achieved Savings</b>	<b>US\$ million</b>	<b>136 (200% - 148%)</b>	

Savings measured over 12 months.

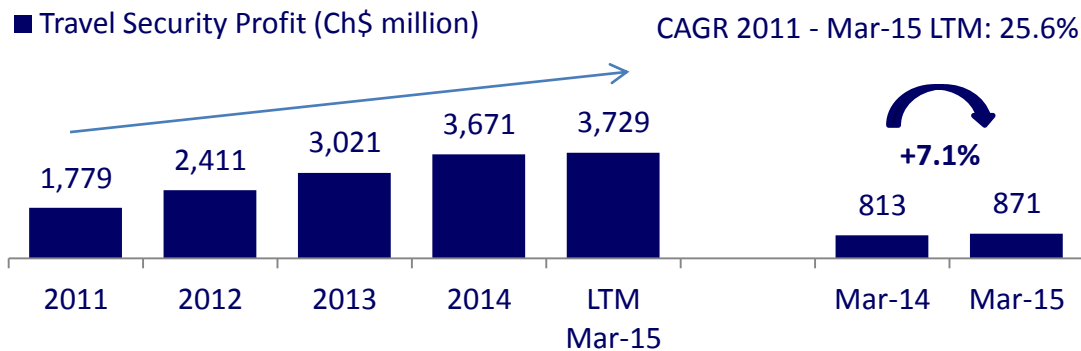
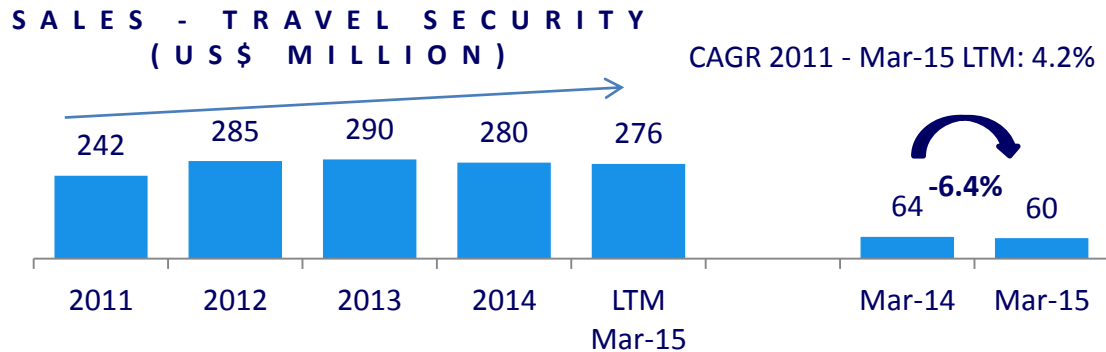
Exchange rate used for valuation as of December 31, 2012 was 475.02 CLP/USD.

Discount rate of 11% in US dollars.

# Other Services: Travel Security

## Travel Security

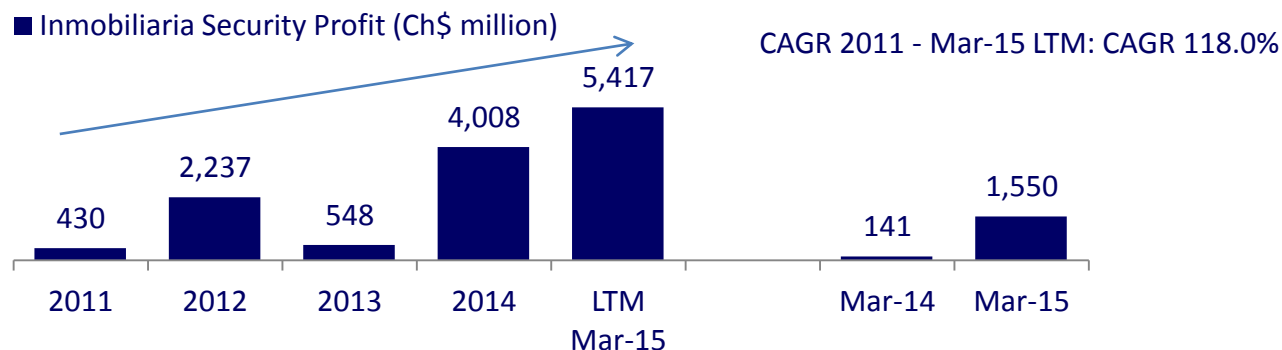
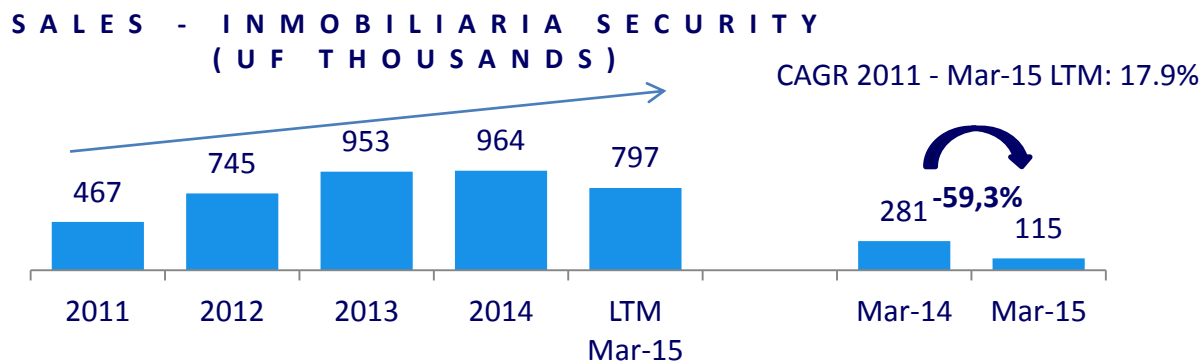
- » 2014 Profit Ch\$871 million, +7.1% yoy
  - » Sales US\$60 million to March 2015, -6.4% yoy, favorable effect of exchange rate.
- » Travex Security had sales of US\$17 million, +8.3% yoy, and profits of US\$336 thousand, +56.1% yoy.



# Other Services: Inmobiliaria Security

## Inmobiliaria Security

- » Profit Ch\$1,550 million
- » Sales of apartments UF 114,553
- » Real estate assets under management of Ch\$44,843 million



# Outlook for 2015

## BANCO security

- Limited growth: 9% in 2015 similar to the industry, 8% in 2016 and 7% in 2017.
- Better utilization of installed capacity: efficiency less than 50%.

## FACTORING security

- Factored receivables growth in line with the industry.
- Keep the efficiency ratio around 40% and ROE close to current levels of 30%.

## INVERSIONES security

- Strengthen the operational merger with an appropriate cost structure: improve efficiency to 76%.
- Grow commercial revenue by 11% and AUM by 10%.

## VIDA security

- Keep the consolidated investment rate at UF +5.6%
- Develop investment in Peru.

## TRAVEL security

- Keep ROE above 30%. It was 35% in 2014.
- Maintain leadership in target segments.
- Strengthen investment in Peru.

## INMOBILIARIA security

- Keep profits similar to 2014.
- 4 projects in development, 2 in deed registration process, 3 in construction and sales.



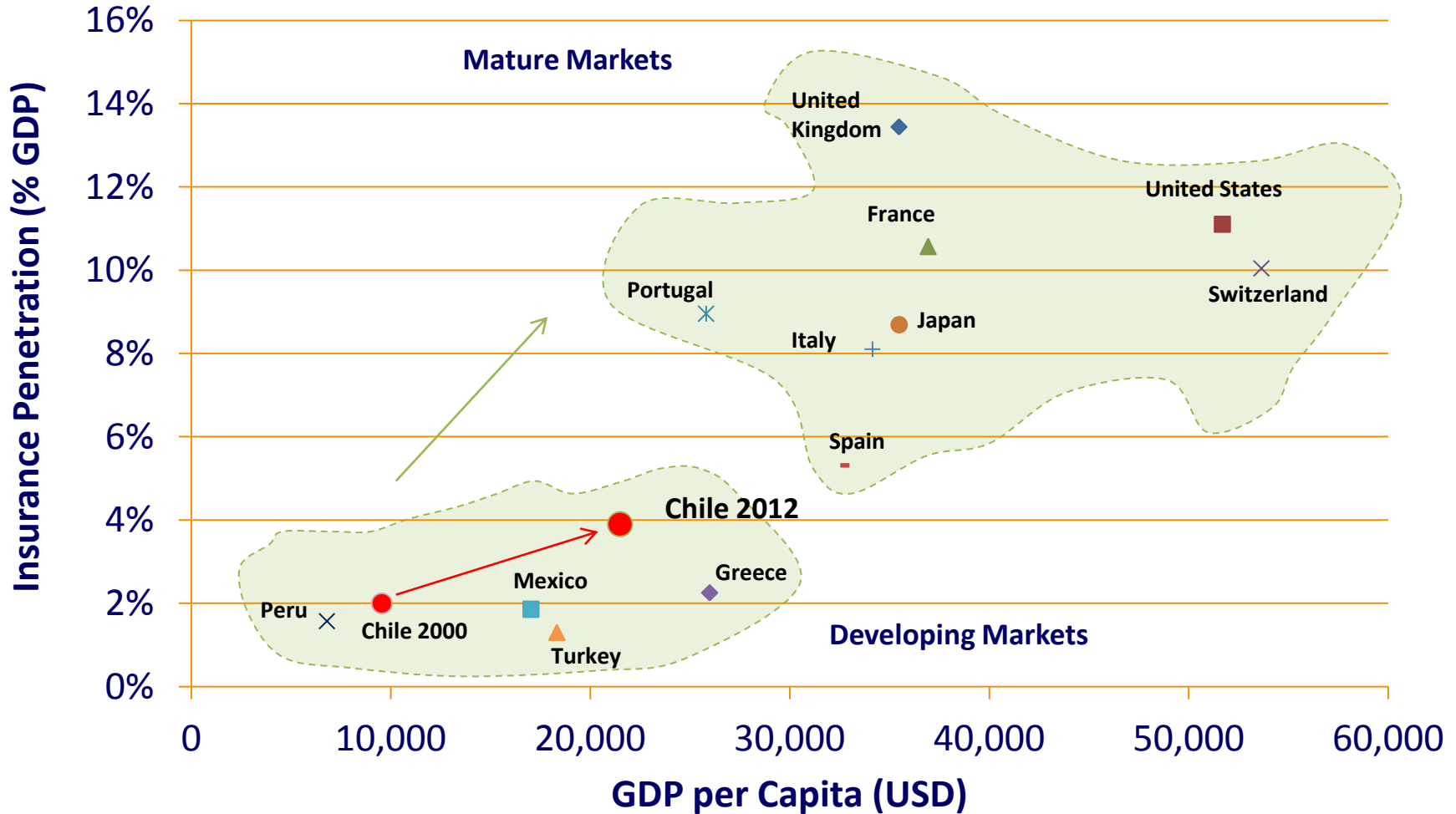


## Regional Diversification

GRUPO | security



December 2012



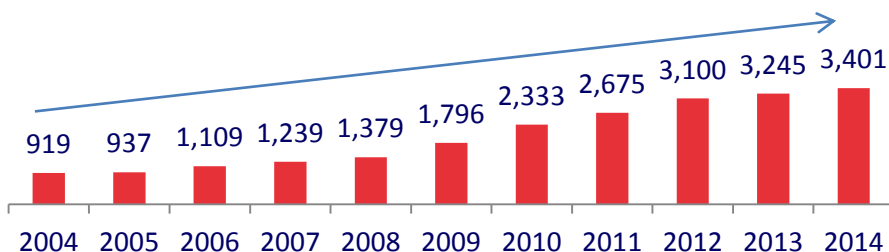
» The penetration rate in Chile still falls below levels in developed countries.

Source: McKinsey.Global Insurance Pools; IMF; Analysis by McKinsey team

### Direct Premiums - Peruvian Insurance Industry

(US\$ million)

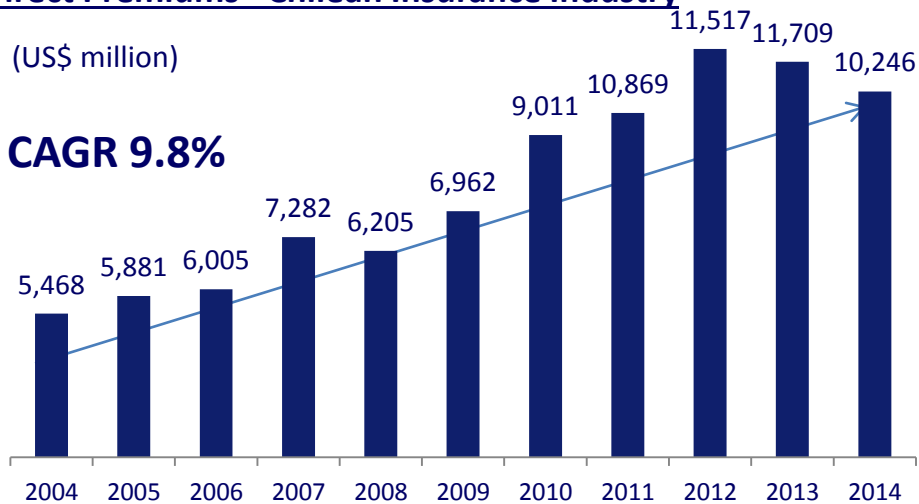
**CAGR 14.0%**



### Direct Premiums - Chilean Insurance Industry

(US\$ million)

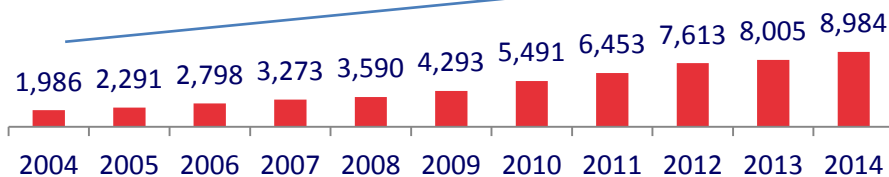
**CAGR 9.8%**



### Investments - Peruvian Insurance Industry

(US\$ million)

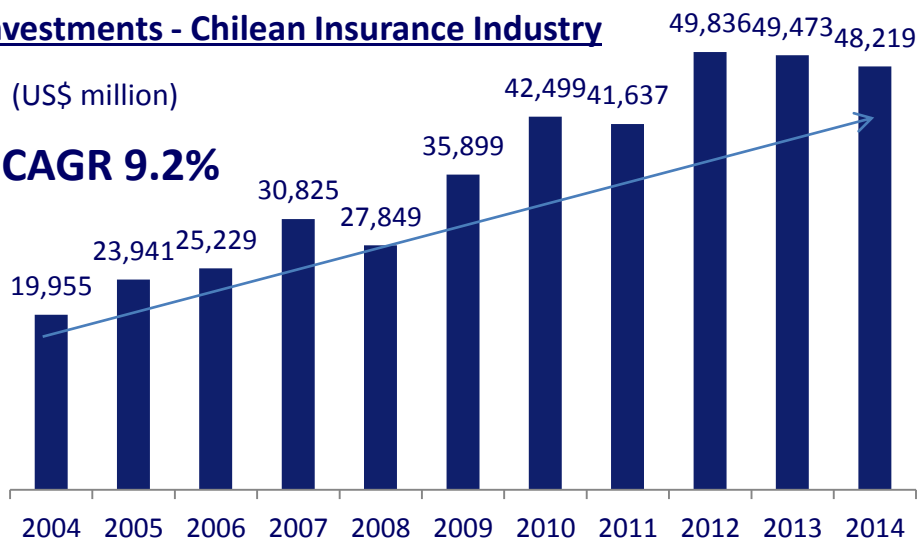
**CAGR 16.3%**



### Investments - Chilean Insurance Industry

(US\$ million)

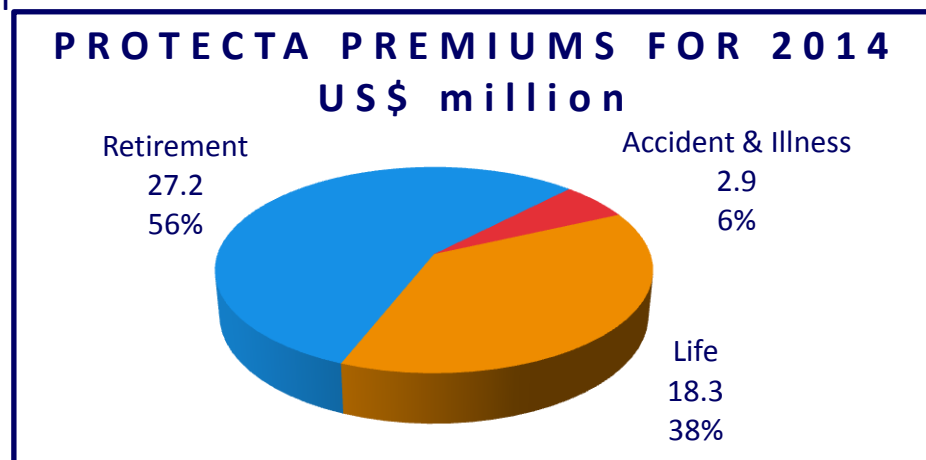
**CAGR 9.2%**



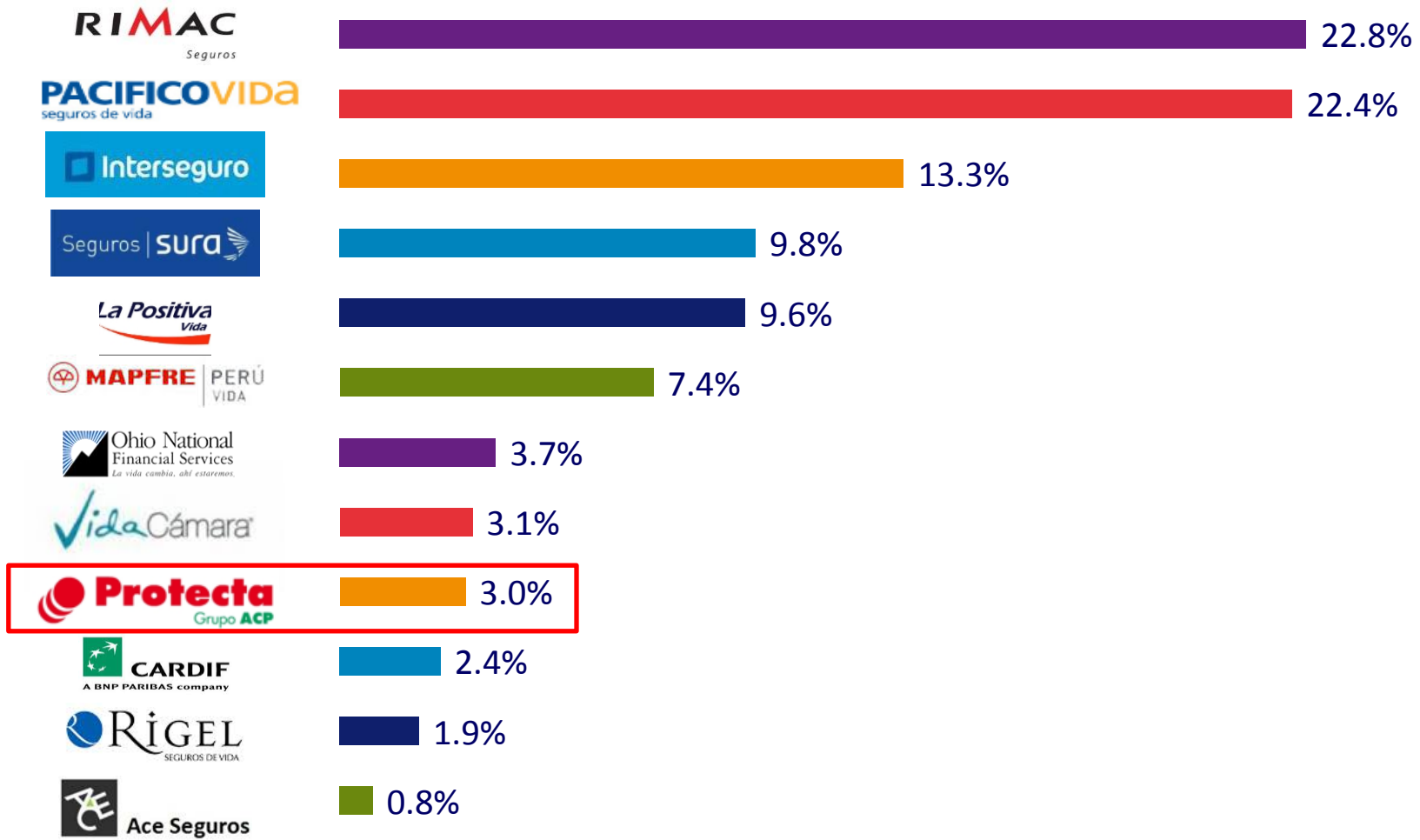
- » Peruvian insurance market: low penetration, similar to Chile in 2000.
- » Peru has a population of 30 million inhabitants, and a great potential for financial sector development.
- » Highly concentrated market, with 45% of the market with two companies, Grupo Brescia and Grupo Credicorp.
- » Regulatory framework is very similar to that in Chile, and encourages industry development.

## Protecta Insurance Company

- » Formed in 2007 by ACP Group
- » Business: Pension annuities and group payment protection insurance.
- » Seventh largest insurance company in Peru by investment portfolio with US\$143.8 million
- » Market share of 3.0% by direct premiums for traditional life insurance and pension annuities. Direct premiums of US\$18.3 million for life insurance, and US\$ 27.2 million for pension annuities.
- » Pension annuity reserves of US\$ 115.3 million
- » Equity of US\$ 24.9 million.
- » 121 employees.
- » 13 offices, of which 4 are in Lima



» Ranking of market share by direct premiums for traditional life insurance and pension annuities



# Financial Results Grupo Security March 2015

