



# Financial Results Grupo Security June 2016

August 30, 12:00 PM

GRUPO | security

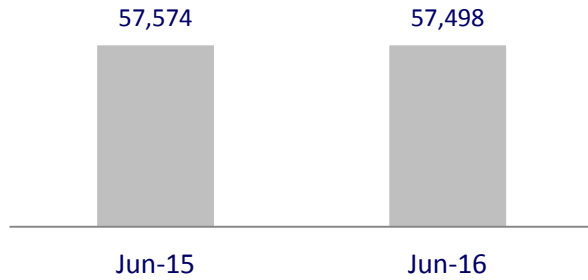
- » **GDP** growth was 1.9% as of June 2016. It is expected to remain around 2% for 2H16.
- » **Unemployment rate** rose from 5.8% at the end of 2015 to 6.9% in June. It is expected to continue rising and average close to 7% for the year.
- » **Inflation:** the annualized change in CPI began 2016 at 4.8% though fell back to 4% by July. It is expected to remain within the target range over the coming months.
- » **Exchange rates:** high volatility at the beginning of the year, due to uncertainty regarding US monetary policy. The Chilean peso/US dollar rate fell to CH\$730 and appreciated to CH\$650 by August
- » **MPR:** Central Bank maintained the rate at 3.5% during 1H16 with a restrictive bias. It became neutral in August, due to the economic slowdown and moderation in inflation.
- » **Market interest rates** fell during 2016, to reach a two-year minimum. BCP-10 went from 4.6% at the end of 2015 to 4.4% in July 2016. Over the same period, BCP-5 fell from 4.4% to 4.1%, and BCP-2 from 4.1% to 3.8%.
- » **Bank loans** keep rising YoY by over 10%, although moderating their growth. Excluding interests in foreign markets, loans increased by 7.7% YoY and 1.9% QoQ

# Grupo Security<sup>1</sup> Results (MCH\$)

## Profit - Business Areas

(MCH\$)

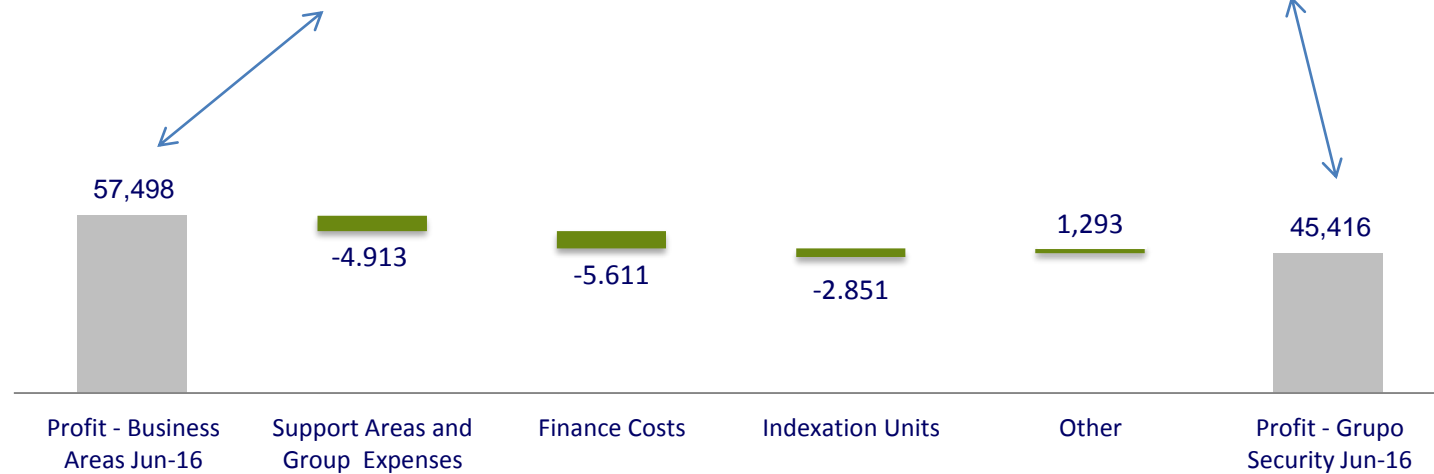
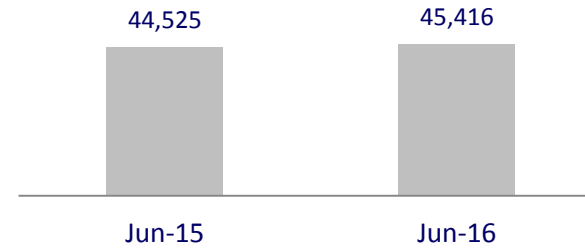
Growth 2016/15 -0.1%



## Profit - Grupo Security

(MCH\$)

Growth 2016/15 +2.0%



<sup>1</sup> Profit (loss) attributable to owners of the controller based on segment note in Grupo Security Earnings Report

# Results by Business Area

(CH\$57,498 million as of Jun-16)

## Lending Area Profit

(MCH\$)

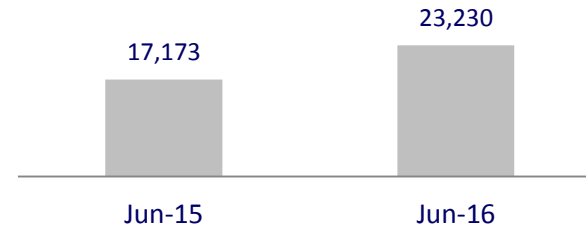
Growth 2016/15 -1.8%



## Insurance Area Profit

(MCH\$)

Growth 2016/15 +35.3%



## Asset Management Area Profit

(MCH\$)

Growth 2016/15 -50.0%



## Other Services Area Profit

(MCH\$)

Growth 2016/15 -53.8%



Profit LTM	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Jun-16
(MCH\$ historical)						
- Banco Security	28,492	30,895	27,456	49,322	36,974	36,474
- Factoring	3,069	4,838	6,527	7,444	7,002	6,969
<b>Lending</b>						
- Valores Security	1,601	827	875	2,171	1,871	147
- AGF Security	4,529	3,507	4,470	4,414	8,584	7,606
- Asesorías Security	47	-103	-303	4	88	-162
- Securitizadora Security	-177	-24	-159	-245	-339	-346
<b>Asset Management</b>						
- Seguros Generales Penta Security	3,908	1,919	2,506	3,942	632	14,594
- Seguros Vida Security	5,875	11,107	19,286	26,793	27,659	18,487
- Servicios Security	799	821	1,690	690	680	882
<b>Insurance</b>						
- Inmobiliaria Security	430	2,238	549	4,008	6,868	4,258
- Travel Security	1,779	2,411	3,022	3,671	4,002	4,023
<b>Services</b>						
<b>GRUPO SECURITY PROFIT</b>	<b>41,883</b>	<b>46,561</b>	<b>49,843</b>	<b>61,010</b>	<b>65,022</b>	<b>65,913</b>

# Trends for Grupo Security - Indicators

» Distributable profit as of Jun-16 of CH\$45,416 million (+2.0% YoY). Grupo Security ROAE of 11.76%.

	2011	2012	2013	2014	2015	Jun-16
Grupo Security Consolidated Profit (MCH\$)	41,883	46,561	49,843	61,010	65,022	45,416
Closing Number of Shares (millions)	2,882	2,882	3,184	3,232	3,258	3,258
Closing Price	175	187	177	216	191	215
Closing Market Cap (MCH\$)	504,395	538,982	563,511	697,702	621,370	700,548
EPS (times)	14.53 x	16.15 x	15.66 x	18.88 x	19.96 x	20.23 x
PE (times)	11.20 x	11.60 x	10.70 x	11.30 x	9.56 x	10.63 x
Market Book Value (times)	1.34 x	1.35 x	1.21 x	1.33 x	1.13 x	1.21 x
Dividend Yield	5.5%	5.4%	3.9%	5.1%	5.9%	
Leverage	24.68%	26.16%	36.76%	36.14%	34.86%	33.79%
ROAA	0.92%	0.90%	0.82%	0.84%	0.80%	
Equity	376,349	397,790	467,004	522,718	551,653	578,329
Profit from Business Areas (MCH\$)	51,212	58,356	64,070	97,563	92,782	57,574
ROAE	12.37%	11.53%	12.03%	12.33%	12.10%	11.76%
Payout Ratio (Dividends/Profit)	68.8%	59.8%	51.3%	54.5%	56.4%	
Five-year CAGR Consolidated Profit	9.38%	7.78%	22.89%	15.26%	9.74%	



# Lending Area

## Banco Security (Standalone) Profit CH\$25,459 million 1H16 (-1.9% YoY). Total loans CH\$4,209 billion (+11.0% YoY; +3.4% QoQ).

### **Commercial Banking: CH\$24,476 million 1H16 (+62.2% YoY)**

- » Lower **risk provision expenses** in Commercial Banking (MCH\$-1,737 as of Jun-16, MCH\$-10,026 as of Jun-15)
- » Higher **financial margin** (MCH\$+4,076 YoY), due to **commercial loan** growth (MCH\$3,280,520, +11.0% YoY) Growth reached 3.8% for January-June 2016

### **Retail Banking: CH\$4,932 million 1H16 (+66.6% YoY)**

- » Higher **net fees** (MCH\$+3,093 YoY), due to sales of products that complement the loan offering
- » Increased **financial margin** (MCH\$+3,614 YoY), due to higher **loan** volume (MCH\$928,163, +7.3% YoY). Growth reached 1.1% for January-June 2016
- » One time effect of **provision expenses** (MCH\$1,021), due to changes in regulations (mortgage loans)
- » Higher **expenses** (MCH\$+3,010 YoY), due to increased credit card use and adjustment costs

### **Treasury: CH\$8,008 million 1H16 (-20.0% YoY)**

- » Lower **financial margin** (MCH\$-5,184 YoY, MCH\$4,456 as of Jun-16, -53.8% YoY), due to MPR increases from 3% to 3.5% towards the end of 2015.
- » Higher exchange and other net income (MCH\$+3,038, MCH\$11,862 as of Jun-16), due to improved country risk for impaired bonds (MCH\$814 in profit) and a strong performance from foreign currency derivatives

**Impairment** in intangible assets of CH\$-10.143 million, due to obsolete technological systems and useful life recalculations

## Factoring Security: Profit CH\$3,580 million 1H16 (-0.9% YoY)

- » Growth in **factored receivables** (MCH\$242,698, +2.6% YoY, +2.1% QoQ) despite the economic slowdown
- » Smaller **spread** (0.71%, -3 bps YoY)
- » Stable **risk** and **efficiency** (2.9% and 44.9%)



	2011	2012	2013	2014	2015	Jun-15	Jun-16
Efficiency Ratio	54.16%	54.69%	53.26%	48.95%	48.07%	45.84%	54.23%
Risk Ratio (Provisions/Loans)	1.39%	1.38%	1.39%	1.59%	1.83%	1.57%	1.84%
NPL Portfolio Coverage	103.94%	103.99%	124.84%	105.41%	119.02%	91.7%	125.5%
ROAE (Profit LTM / Average Equity)	14.78%	12.79%	11.08%	16.27%	12.05%	14.66%	10.41%
Net Interest Margin LTM / Average Loans	2.62%	2.41%	2.60%	3.35%	3.43%	3.52%	3.38%
Equity (MCH\$)	267,463	283,593	308,362	379,051	408,340	402,320	447,283
Profit Attributable to Controllers (MCH\$)	35,016	35,227	32,798	55,902	47,425	32,076	28,878
Core Capital (Base Capital / Total Assets)	6.3%	6.2%	6.3%	6.8%	6.6%	7.0%	7.4%
Basel I Tier II Index (Equity / RWA)	12.0%	11.9%	12.2%	12.5%	12.1%	12.64%	12.77%

- » Excluding the effect of the CH\$10,143 million impairment loss on the Bank's intangible assets, the efficiency ratio would have been 49.5% as of Jun-16

# Banco Security vs Peer Banks vs Chilean Banking Industry GRUPO | security

	Banco Security		Peer Banks		Industry	
	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16
Gross Operating Income LTM / Average Total Assets	4.04%	3.79%	3.67%	3.84%	4.95%	4.58%
Efficiency Ratio (Operating Expenses / Gross Operating Income)	45.8%	54.2%	50.4%	52.9%	47.2%	49.3%

Risk Ratio (Provisions / Loans)	1.57%	1.84%	1.70%	1.76%	2.40%	2.51%
Commercial Risk Ratio	1.66%	1.94%	1.61%	1.79%	2.32%	2.45%
Retail Risk Ratio	1.27%	1.51%	1.88%	1.73%	2.59%	2.66%

ROAE (Profit LTM / Average Equity)	14.66%	10.41%	12.93%	11.82%	16.63%	13.27%
ROAE (Profit LTM / Average Total Assets)	1.11%	0.82%	0.99%	0.88%	1.35%	1.08%
Net Interest Margin LTM / Average Loans	3.52%	3.38%	3.28%	3.48%	4.75%	4.45%

Core Capital (Base Capital / Total Assets)	7.09%	7.27%	6.68%	6.67%	7.08%	7.41%
Basel I Tier 2 Index (Equity / RWA)	12.69%	12.77%	12.82%	12.84%	13.33%	13.36%

Peer banks: Aggregate of Bice, BBVA, Consorcio, Scotiabank and Security

<sup>1</sup>Capital sufficiency data for May 2016 and May 2015



# Insurance Area

## Penta Security Extraordinary gain on the sale of the investment of CH\$18,979 million

- » CH\$14,937 million after tax

## Vida Security: Profit CH\$7,847 million 1H16 (-53.9% YoY)\*

- » Lower **investment income** (MCH\$-11,305, MCH\$46,958 as of Jun-16, -19.4% YoY), which explains the fall in profit
- » Improved operating results; improved **contribution margin**: CH\$-20,330 million as of Jun-16, versus CH\$-23,821 million as of Jun-15:
  - » Increased **direct premium**: CH\$130,896 million as of Jun-16 (+20.3% YoY). Increased CUI and APV premiums (CH\$61,920 million as of Jun-16, +41.4% YoY)
  - » Increased **claims paid** are insufficient to counteract the increased premiums: CH\$-45,126 million as of Jun-16,+35.2% YoY. Higher CUI and APV transfers and surrenders; higher claims rates for group health plans
- » Stable **administrative expenses**: of CH\$16,214 million as of Jun-16, +2.9% YoY, due to expenses associated with the sale of credit life insurance

# Vida Security vs Chilean Insurance Industry

June 2016	Security	Peers	Industry
Profit / Retained Premiums	6.1%	7.0%	5.3%
(Claims and Pensions Paid) / Direct Premiums (1)	81.7%	93.9%	101.3%
Administrative Expenses / Direct Premiums (2)	12.4%	10.7%	7.4%
Underwriting Expenses / Direct Premiums (3)	6.5%	5.3%	4.2%
Combined ratio (1) + (2) + (3)	100.6%	109.9%	112.9%
Annualized ROE	9.8%	12.3%	10.6%
Annualized ROI	4.3%	5.0%	5.0%
Leverage (Liabilities/Equity)	12.94 x	9.88 x	12.66 x

June 2016 LTM	Security	Peers	Industry
Profit / Retained Premiums	7.1%	7.0%	5.5%
(Claims and Pensions Paid) / Direct Premiums (1)	81.1%	92.2%	99.8%
Administrative Expenses / Direct Premiums (2)	11.8%	11.2%	7.6%
Underwriting Expenses / Direct Premiums (3)	6.7%	5.5%	4.4%
Combined ratio (1) + (2) + (3)	99.6%	109.0%	111.8%
Annualized ROE	11.6%	12.7%	11.2%
Annualized ROI	4.2%	4.6%	4.5%
Leverage (Liabilities/Equity)	12.62 x	9.86 x	12.60 x

Peers: Aggregate of Bice Vida; Chilena Consolidada; Confuturo; Consorcio Nacional; Euroamérica; MetLife; Penta Vida; Principal; Vida Security and Sura

**Protecta: Profit as of Jun-16 S./5.5 million (US\$1.68 million), versus profit as of Jun-15 S./9.4 million (US\$2.8 million)**

- » Technical profit S./-4.6 million as of Jun-16 (S./-15.8 million YoY).
  - » Direct premium decreased by S./-8.2 million in credit life insurance, replaced by S./+5 million in annuities.
  - » Greater technical reserves adjustment of S./+9.2 million, due to higher annuity premiums
  - » Investment income increased by S./9.2 million to reach S./29.0 million as of Jun-16, +46.1% YoY, due to good performance on real estate investments
- » Net annuity premiums of S./54.8 million as of Jun-16, +10.1% YoY. The market fell by 25.2% over the same period
- » Market share of annuities was 7.1% as of Jun-16, versus 4.9% as of Jun-15

	January – June 2014		January – June 2015				January – June 2016			
	Market	Protecta	Market	%	Protecta	%	Market	%	Protecta	%
Retirement	549,857	18,032	716,222	30.3%	29,096	61.4%	370,498	-48.3%	23,162	-20.4%
Disability	220,427	15,326	154,454	-29.9%	13,054	-14.8%	212,532	37.6%	17,613	34.9%
Survival	168,522	6,544	154,723	-8.2%	7,653	16.9%	183,743	18.8%	14,047	83.5%
Total	938,805	39,902	1,025,399	9.2%	49,804	24.8%	766,772	-25.2%	54,822	10.1%



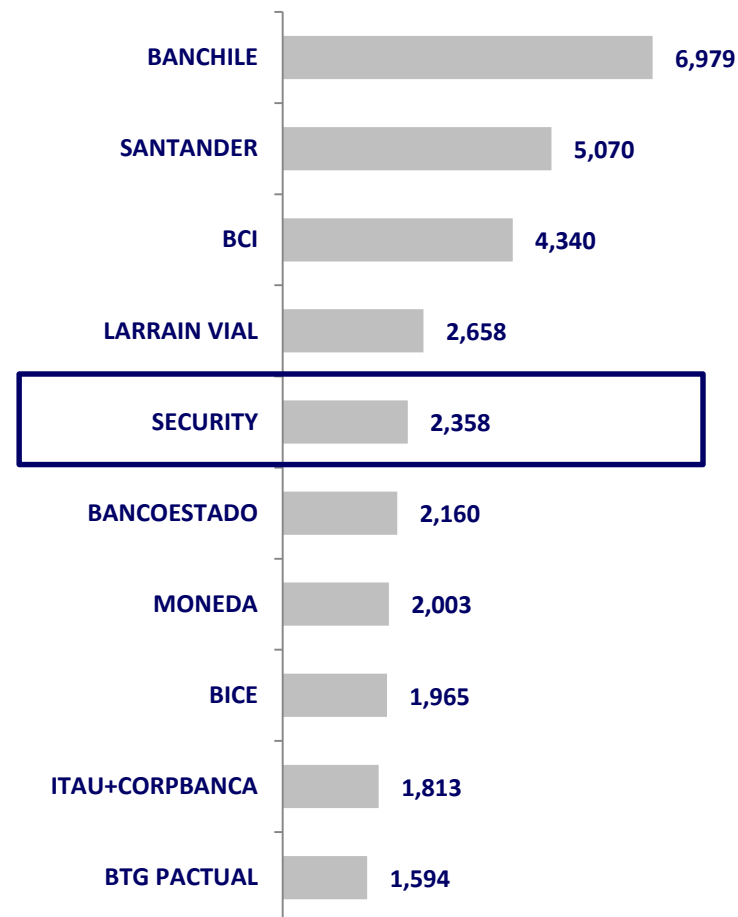
# Asset Management Area

## Inversiones Security Profit CH\$3,009 million as of Jun-16 (-50.0% YoY)

- » **Increased AUM** CH\$4,210 billion (+35.3% YoY, +1.1% QoQ)
- » **Successful incorporation** of Banco Penta's asset management business ( $\approx \Delta +$  CH\$800 billion)
- » Growth in international fund distribution ( $\approx \Delta +$  CH\$245 billion)
  - » Market share of public mutual and investment funds was 5.9%
  - » Market share of mutual funds was 6.2%
- » **Lower returns** on mutual funds (0.93% as of Jun-16 vs 1.12% as of Jun-15, and 0.95% as of Mar-16): movement toward funds with lower returns due to volatility
- » **Higher expenses** due to merger with Banco Penta's asset management business
- » **Sale of one share** of the Santiago Stock Exchange for CH\$2,200 million to Bovespa in **June 2015**

### AUM Mutual and Investment Funds

Total: CH\$30,938 billion







# Other Services Area

## **Travel Security: Profit CH\$2,051 million as of Jun-16 (+1.1% YoY)**

- » Stable profit, however lower sales and lower profits from the Travex subsidiary in Peru
  - » Industry sales through BSP<sup>1</sup> fell 14.7% YoY, in line with the economic slowdown
  - » Travel reported total sales of US\$ 118 million as of Jun-16 (-11.1% YoY)
- » Increase in commissions paid by airlines for diverting demand
  - » Travex<sup>3</sup> profit: CH\$123 million (-69.8% YoY, -18.9% QoQ)

## **Inmobiliaria Security Profit CH\$518 million as of Jun-16 (-83.4% YoY)**

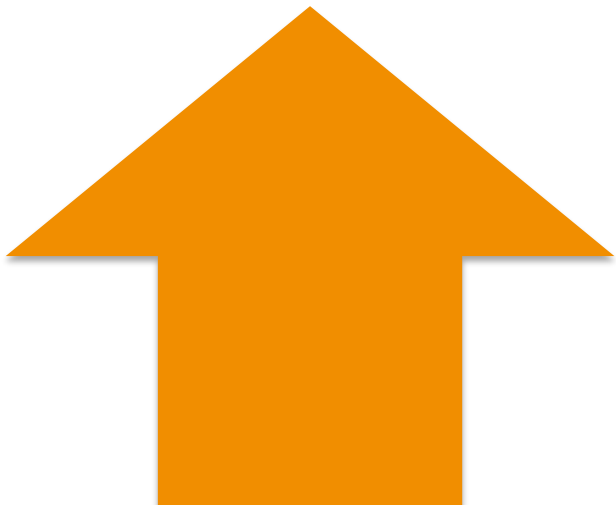
- » Title has been transferred on fewer units (11 in 2Q16, 15 in 1Q16, and 37 in 2Q15)
- » Real estate assets under management of CH\$60,920 million (+76.7% YoY, +5.2% QoQ)
  - » Projects under development:
    - » Espacio El Vergel: 77 units. 39 units available for sale
    - » San Rafael project: 13 units. 3 units available for sale
    - » Brisas del Canto: 29 units. 26 units available for sale
    - » San Damián: 12 units. 4 units available for sale

<sup>1</sup>Billing and Settlement Plan is a system that centralizes the payment of airfares by travel agencies to airlines

<sup>3</sup> Travel Security controls 75% of Travex Security through Viajes Security.



# Summary and Outlook



## Core Business

- Bank loans +10.1% YoY (+7.7% Industry)
- Factored receivables +2.6% YoY (-4.7% Industry)
- AUM in mutual funds +8.0% YoY (5.1% Industry)
- Direct life insurance premiums +20.3% YoY (21% Industry)



## Stable Profit

- Decrease in intangible assets, with consequent higher bank capitalization
- Lower profits in Vida due to financial investments



## Second Semester Risks



## Measures Taken by Security



Continuous decline in loans across all segments



Increase in risk perceptions not yet captured could appear during the second semester



Financial volatility may impact investment portfolios

Changes to how the Bank calculates provisions

Focus on efficiency: expenses contained if extraordinary effects are excluded

Investment portfolios adjusted to avoid the impact of volatility





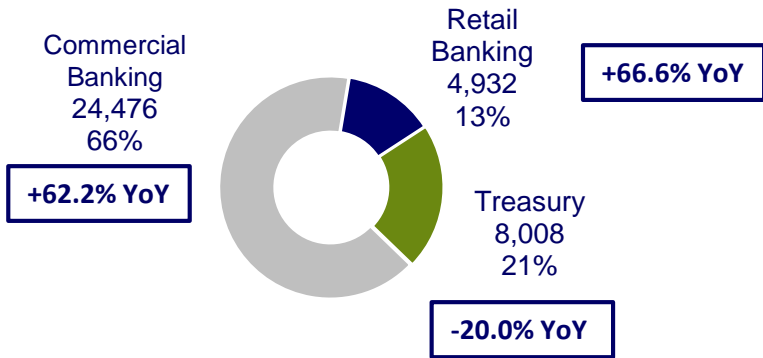
# Financial Results Grupo Security June 2016

# Banco Security - Profit

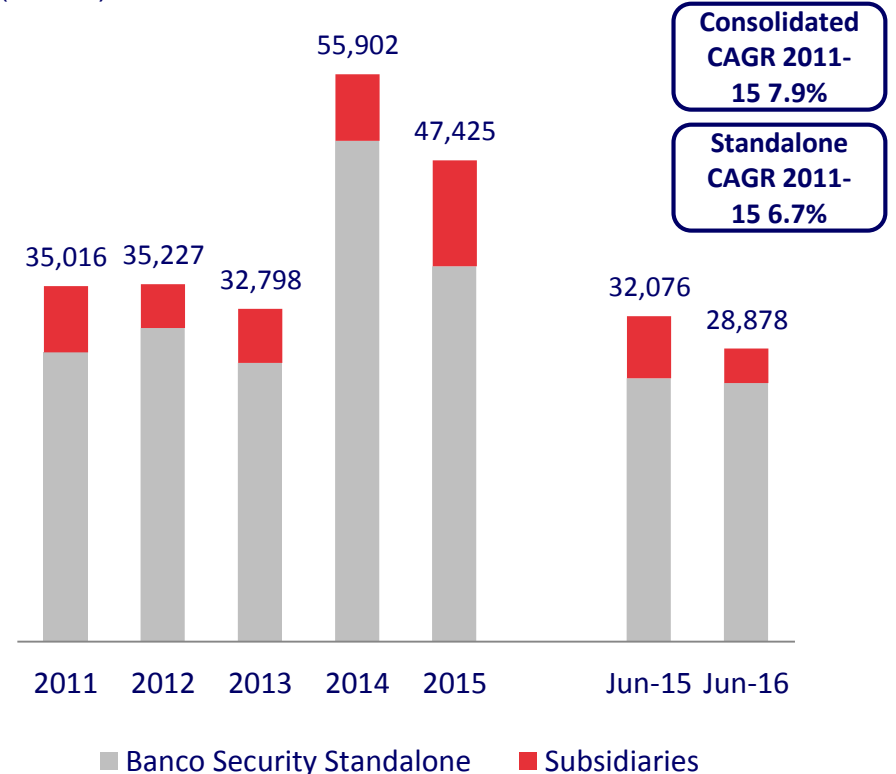
- » Consolidated profit of CH\$28,878 million as of Jun-16 (-10.0% YoY, -13.0% QoQ)
- » Consolidated gross operating income of CH\$105,780 million (+0.8% YoY, -11.1% QoQ)

## Banco Security Standalone Profit CH\$25,459 million (MCH\$)

Growth 2016/15 -1.9% YoY\*

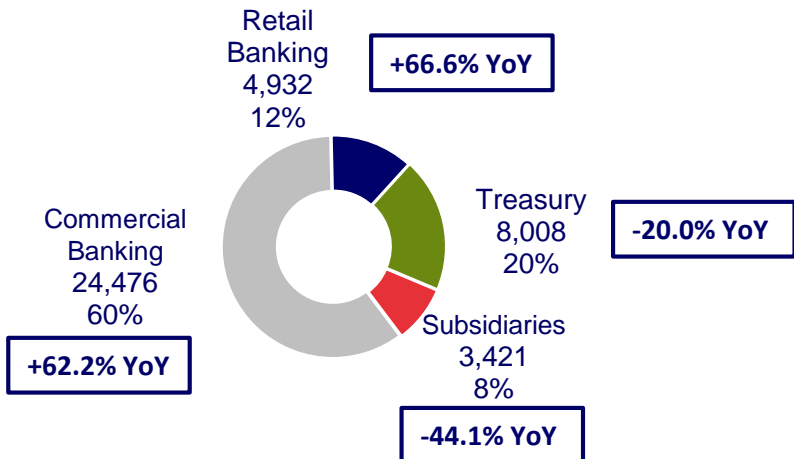


## Banco Security Profit: CH\$28,878 million (MCH\$)



## Banco Security Consolidated Profit: CH\$28,878 million (MCH\$)

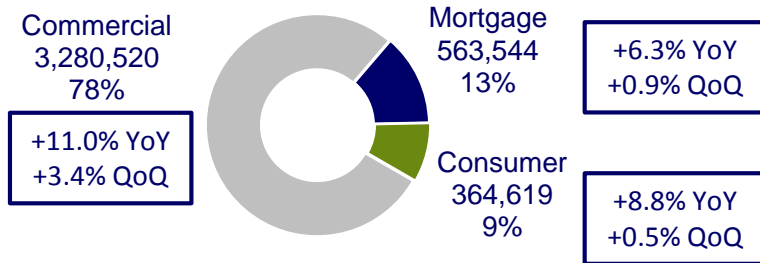
Growth 2016/15 -10.0% YoY\*



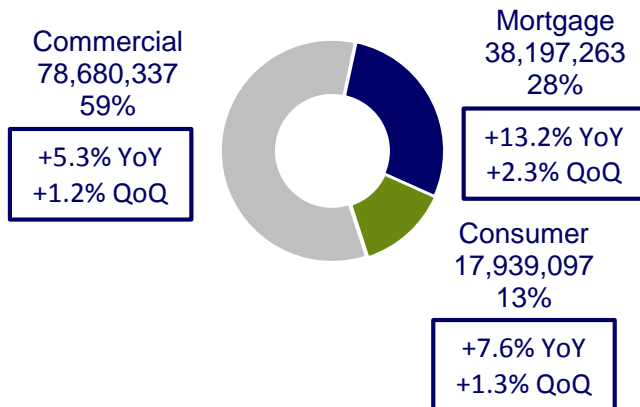
\*Includes net loss of CH\$-11,957 million in Corporate Support and "Adjustments"

» Consistent trend in loan growth with CAGR of 12% since 2011

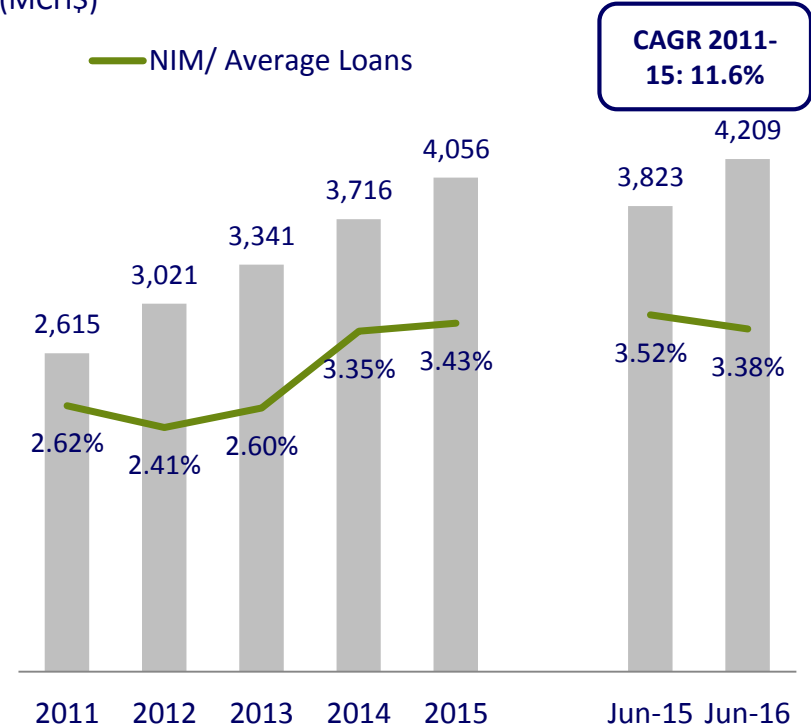
**Banco Security's Loan Portfolio CH\$4,208,683 million**  
Growth 2016/15 +10.1% YoY; +2.8% QoQ



**Industry Loans<sup>1</sup>: CH\$134,816,697 million**  
Growth 2016/15 +7.8% YoY; +1.6% QoQ



**Banco Security's Loan Portfolio (MCH\$)**



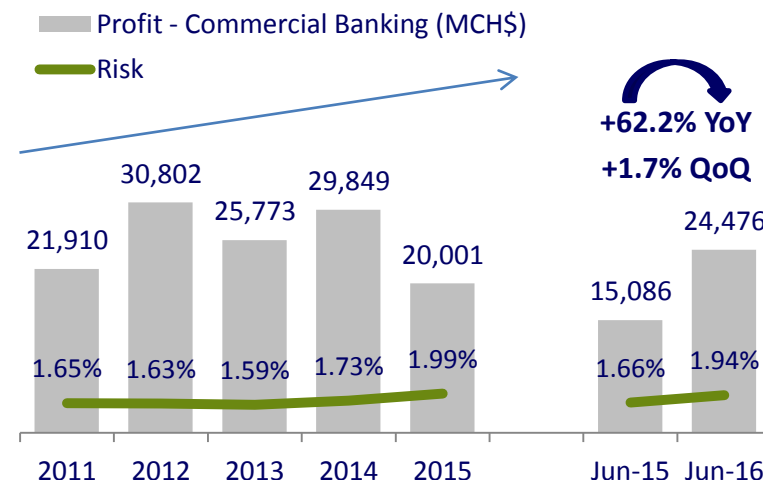
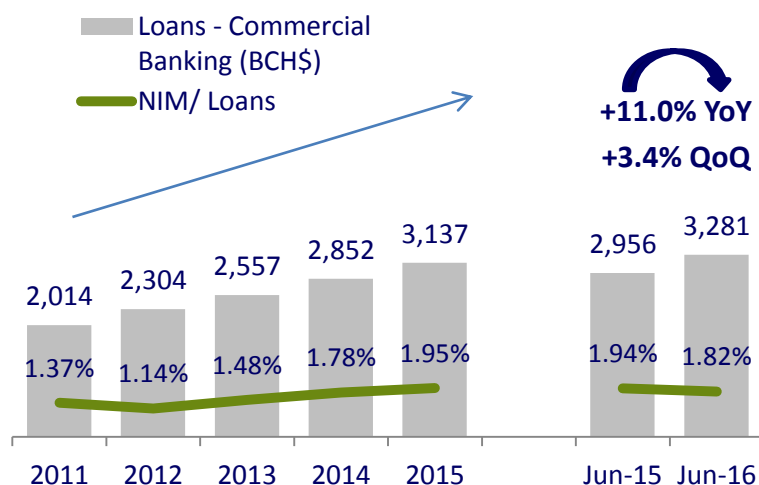
<sup>1</sup>Excluding the industry's foreign subsidiaries. Excludes loans and advances to banks.



## Results as of June 2016

- » Commercial loans: CH\$3,280,520 million (+11.0% YoY and +3.4% QoQ; vs industry<sup>1</sup> +5.3% YoY and +1.2% QoQ); 77.9 % of portfolio
- » Profit June 2016: CH\$24,476 million (+62.2% YoY)
- » Commercial Banking had 9,358 current accounts as of Jun-16, +0.6% YoY

Main Effects on Profit as of Jun-16					
Ch\$ million	Δ% QoQ	Δ QoQ	Δ% YoY	Δ YoY	Jun-16
Interest margin	+12.9%	+424	+12.9%	+4,076	35,617
Provision expenses	-	-1,686	-82.7%	+8,290	-1,737

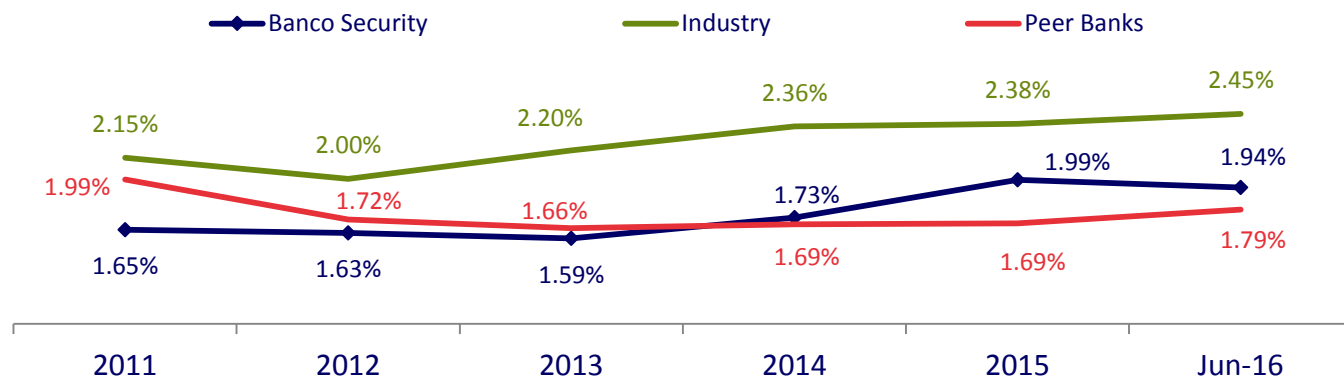


» **Increased provision expenses** (-82.7% YoY (-MCH\$8,290), MCH\$-1,737 as of Jun-16)

» Very high basis of comparison in 2015, due to extraordinary risk cases

	2Q15	1Q16	2Q16	% Chg	
				QoQ	YoY
<b>Commercial Loans</b>	<b>2,956,477</b>	<b>3,171,711</b>	<b>3,280,520</b>	<b>3.4%</b>	<b>11.0%</b>
Provision Expenses	(4,765)	(25)	(1,711)	-	-64.1%
Loan Loss Provisions - Commercial Loans	49,125	62,523	63,626	1.8%	29.5%
NPL Coverage - Commercial Loans	88.1%	112.9%	122.7%	981 p	3461 p
<b>Provisions/ Loans</b>	<b>1.7%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>-3 p</b>	<b>28 p</b>

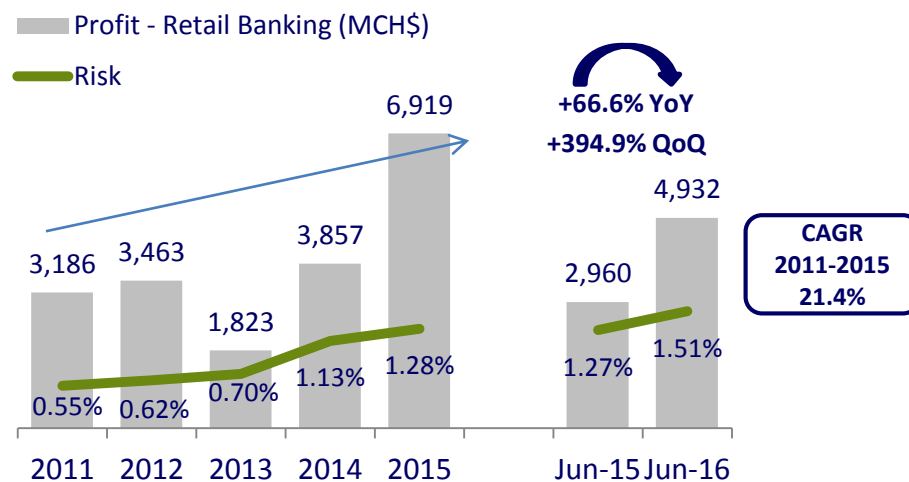
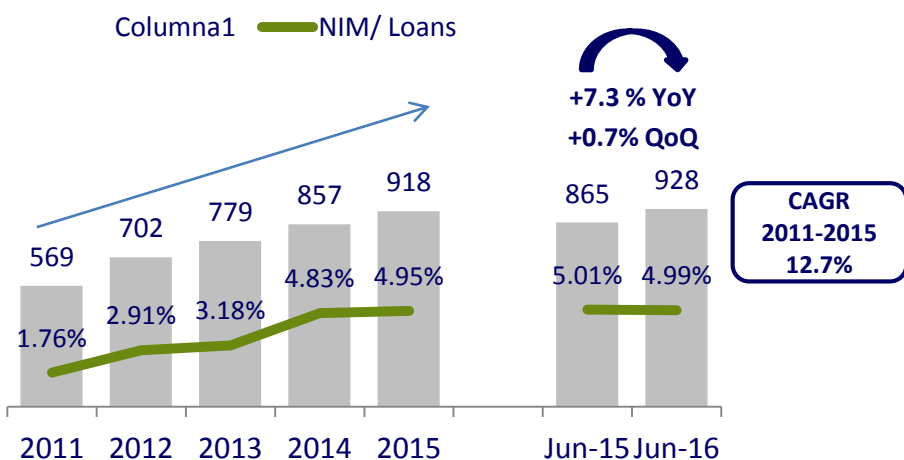
## Commercial Banking Risk (provisions/loans)



## Results as of June 2016

- » Increasing share of Bank's results: from 3% of Bank's consolidated profit in 2010 to 15% as of December 2015.
- » Growth in consumer loans of +8.8% YoY and +0.5% QoQ (industry<sup>1</sup> +7.6% YoY and +1.3% QoQ)
- » Growth in mortgage loans of +6.3% YoY and +0.9% QoQ (industry<sup>1</sup> +13.2% YoY and +2.3% QoQ)
- » Retail Banking Risk was 1.5% as of Jun-16 (industry 2.7%)
- » Consumer + Mortgage Loans: CH\$928,163 million (+7.3% YoY and +0.7% QoQ; vs industry<sup>1</sup> +11.4% YoY and +2.0% QoQ); 22.1% of portfolio. Retail Banking had 71,199 current accounts as of Jun-16, +7.7% YoY:
- » Profit of CH\$4,932 million as of Jun-16 (+66.6% YoY)

Main Effects on Profit as of Jun-16					
Ch\$ million	Δ% QoQ	Δ QoQ	Δ% YoY	Δ YoY	Jun-16
Interest margin	-0.02%	-3	+15%	+3,614	28,371
Net fees	+54%	+2,198	+43%	+3,093	10,339
Operating expenses	-2.2%	+273	+14%	-3,010	-24,656

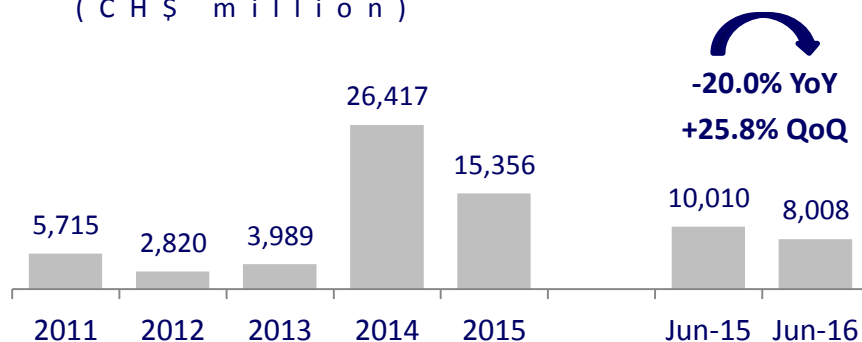


<sup>1</sup>Excluding the industry's foreign subsidiaries

## Results as of June 2016

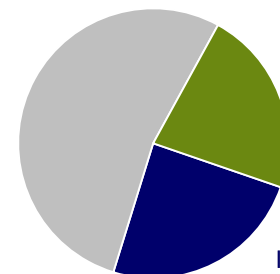
- » Profit June 2016: CH\$8,008 million (-20.0% YoY, +25.8% QoQ)
- » Good performance on derivative instruments associated with foreign currencies
- » Very high basis of comparison in the first half of 2015, due to the low cost of liabilities with MPR at 3%
- » MPR rose from 3% to 3.5% during the last months of 2015, which impacted financial margins as of Jun-16
- » National and international corporate debt instruments recovered by June 2016, following their impairment during 4Q15, which improved Treasury's results and the Bank's equity

## TREASURY PROFIT (CH\$ million)



## INCOME BY DESK

Balance Sheet  
53.2%

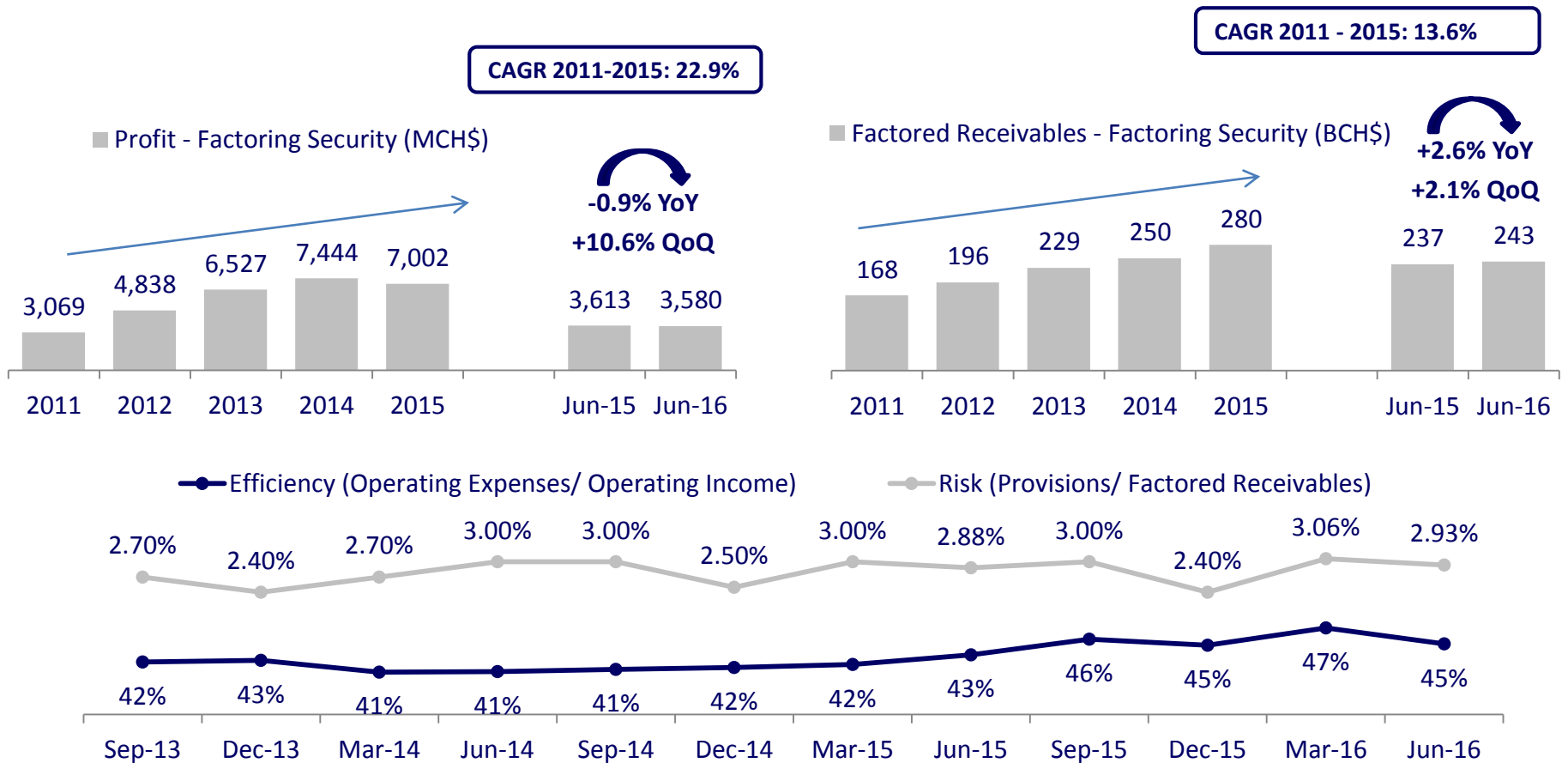


Distribution  
22.3%

Trading + Investment  
24.5%

# Factoring Security

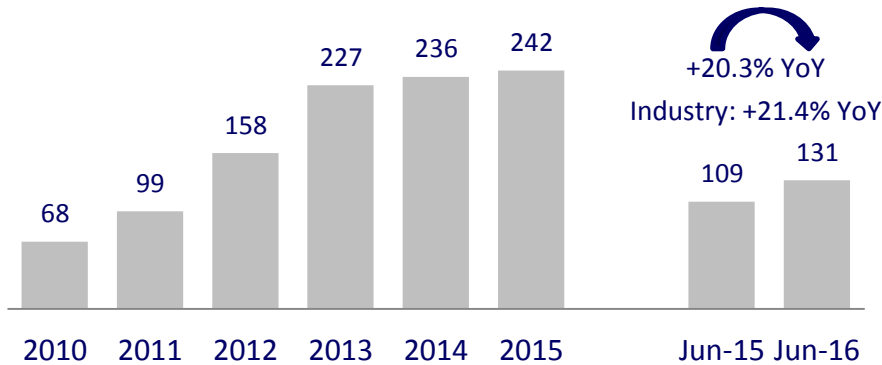
- » Profit CH\$3,580 million as of Jun-16 (-0.9% YoY, +10.6% QoQ)
- » Average spread of around 0.71% as of Jun-16, -3 bps YoY
- » Factored receivables of CH\$242,698 million, +2.6% YoY, +2.1% QoQ (industry -4.7% YoY, -5.9% QoQ)
- » Risk (Provisions/Loans) of 2.9% as of Jun-16; -3 bps YoY and -12 bps QoQ
- » Efficiency Ratio (Operating Expenses / Net Operating Income) 44.9% (+156 bps YoY)



## Direct Premiums<sup>1</sup>

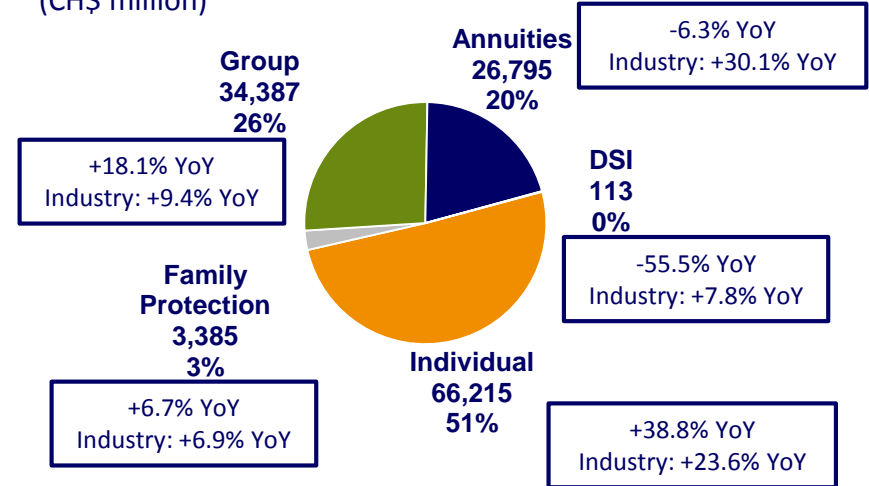
(CH\$ billion)

CAGR 2010-2015 = 28.8%



## Direct Premium by Product

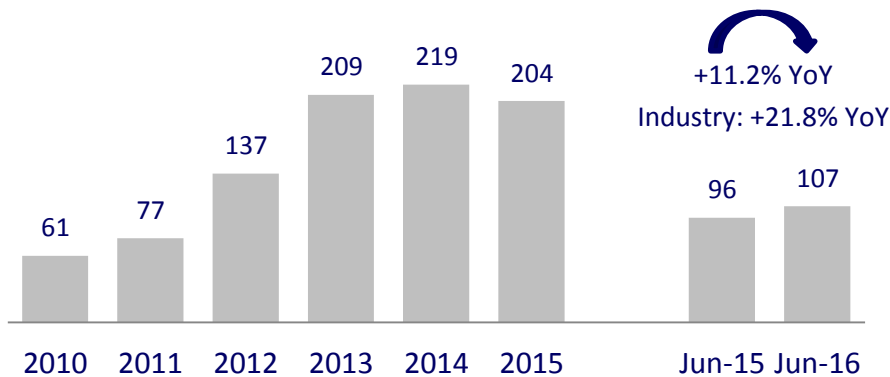
(CH\$ million)



## Claims and Pensions Paid<sup>1</sup>

(CH\$ billion)

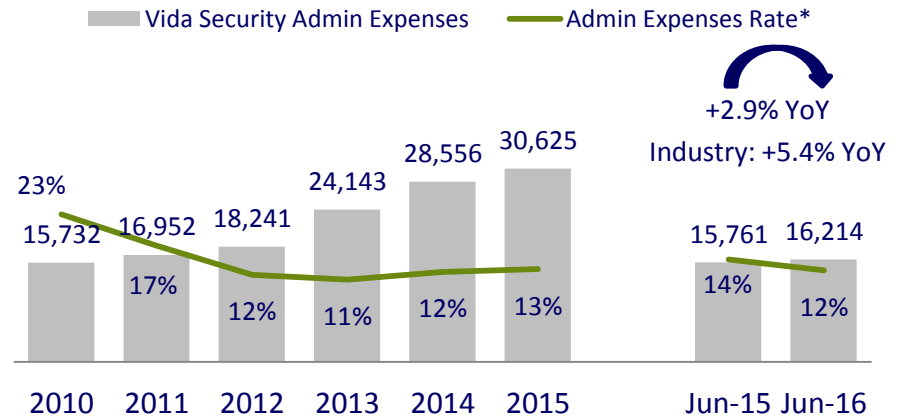
CAGR 2010-2015 = 27.1%



## Administrative Expenses<sup>1</sup>

(CH\$ million)

CAGR 2010-2015 = 14.3%



<sup>1</sup> Proforma format includes operating income for CDS since the second half of 2013

\* Administrative expenses / Direct premiums

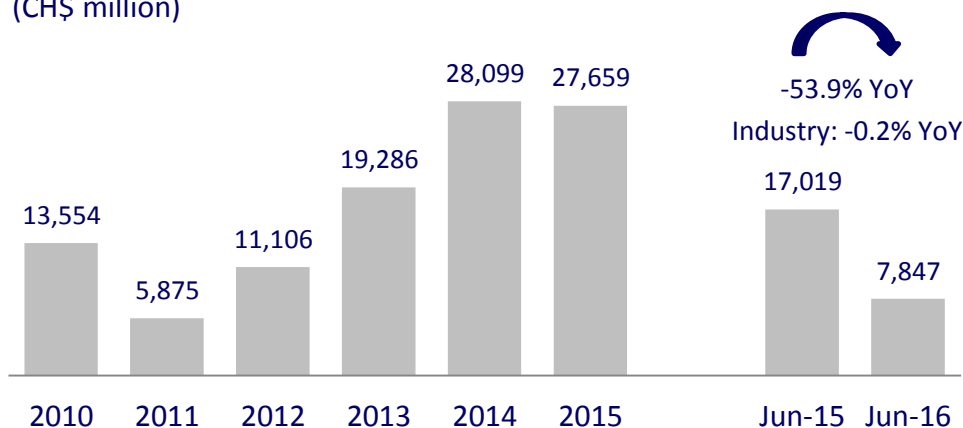
- » Deteriorating international financial markets impact returns on international equities
- » Falling investment income affects the company's net profit

Investment income	Jun-15 LTM	Jun-16 LTM
Fixed income	5.0%	4.3%
Variable income and indexes	6.0%	0.2%
Real estate	4.7%	5.3%
Other investments	14.1%	37.5%
<b>Investment income</b>	<b>5.6%</b>	<b>4.2%</b>

<i>In Ch\$ millions</i>	Portfolio Jun-15	Portfolio Jun-16	Portfolio Δ% YoY	Gain (Loss) Jun-15	Gain (Loss) Jun-16	Gain (Loss) Δ% YoY
Fixed income	1,464,135	1,593,164	8.8%	40,753	40,753	17.0%
Variable income and indexes	332,722	316,400	-4.9%	3,070	3,070	-70.0%
Real estate	243,698	234,903	-3.6%	6,804	6,804	-1.3%
Other investments	16,038	33,830	110.9%	-3,669	-3,669	-158.2%
<b>Investment income</b>	<b>2,056,592</b>	<b>2,178,297</b>	<b>5.9%</b>	<b>46,958</b>	<b>46,958</b>	<b>-19.4%</b>

## Vida Security Net Profit<sup>1</sup>

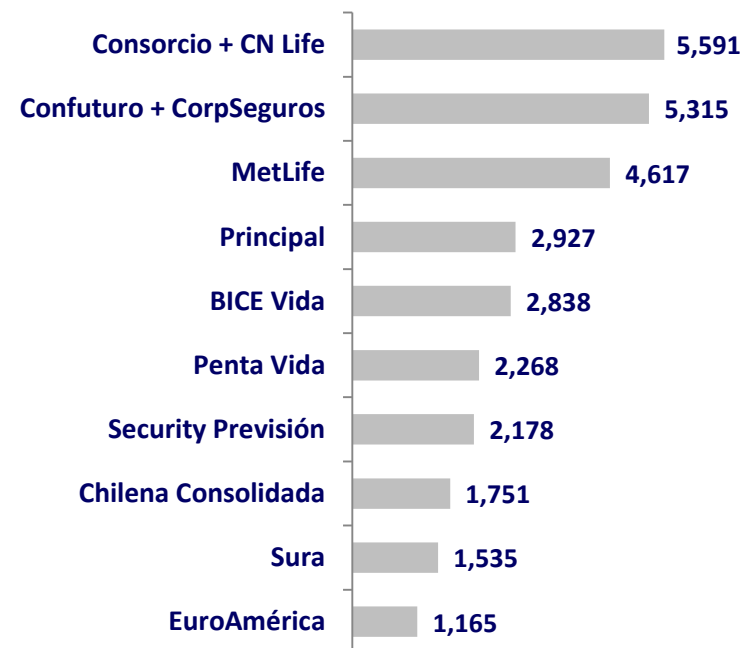
(CH\$ million)



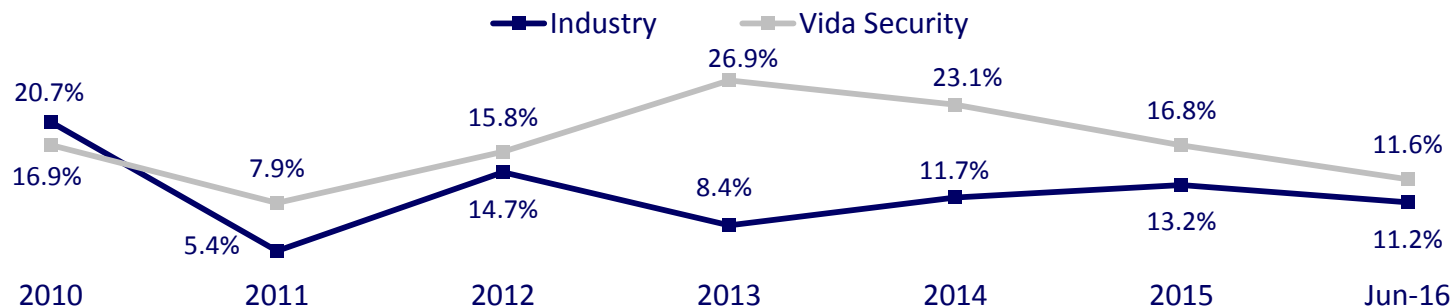
## Investments of Main Life Insurance Companies

June 2016

CH\$30,185 billion

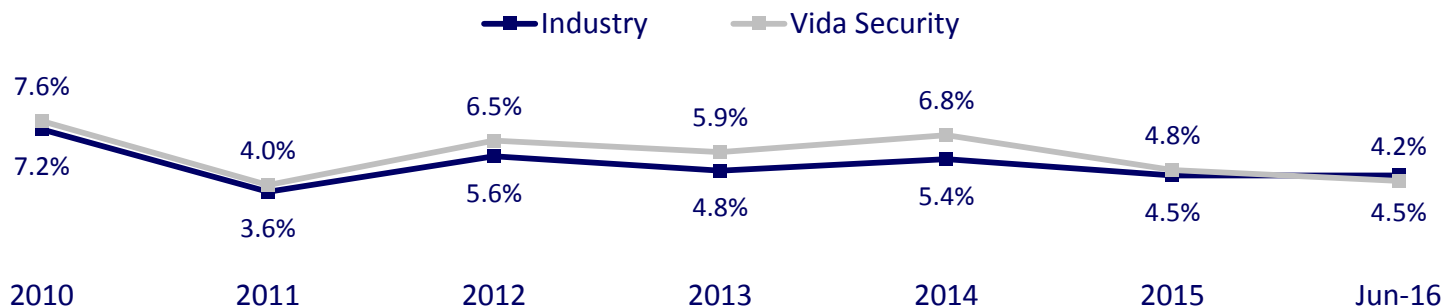


## ROE



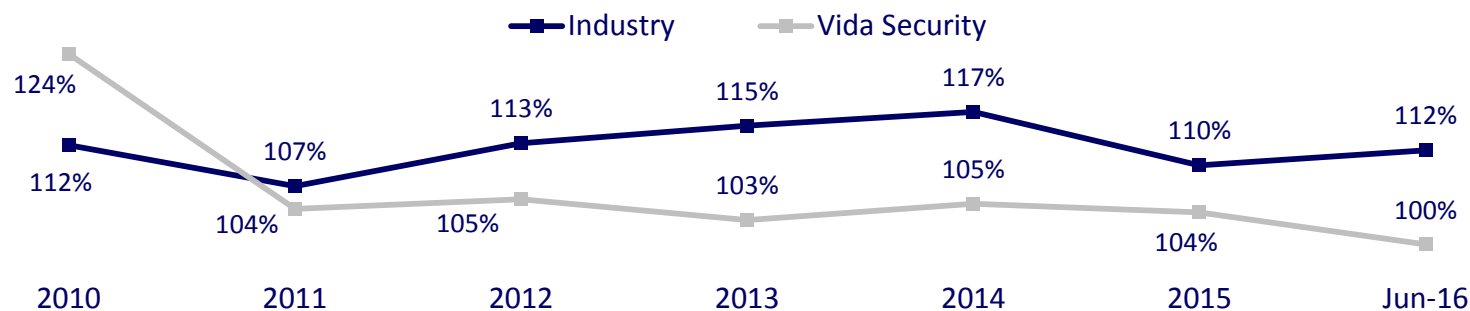
Average ROE  
5 years  
Security 18%  
Industry 12%

## ROI



Average ROI  
5 years  
Security 5.9%  
Industry 5.2%

## Combined Ratio



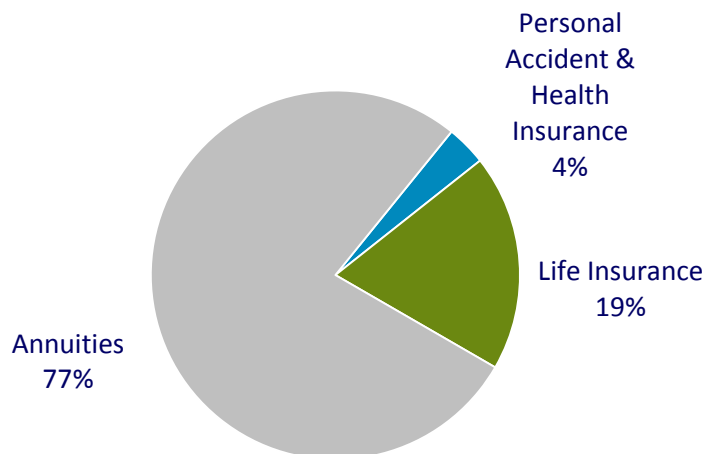
Average combined ratio  
5 years  
Security 108%  
Industry 112%



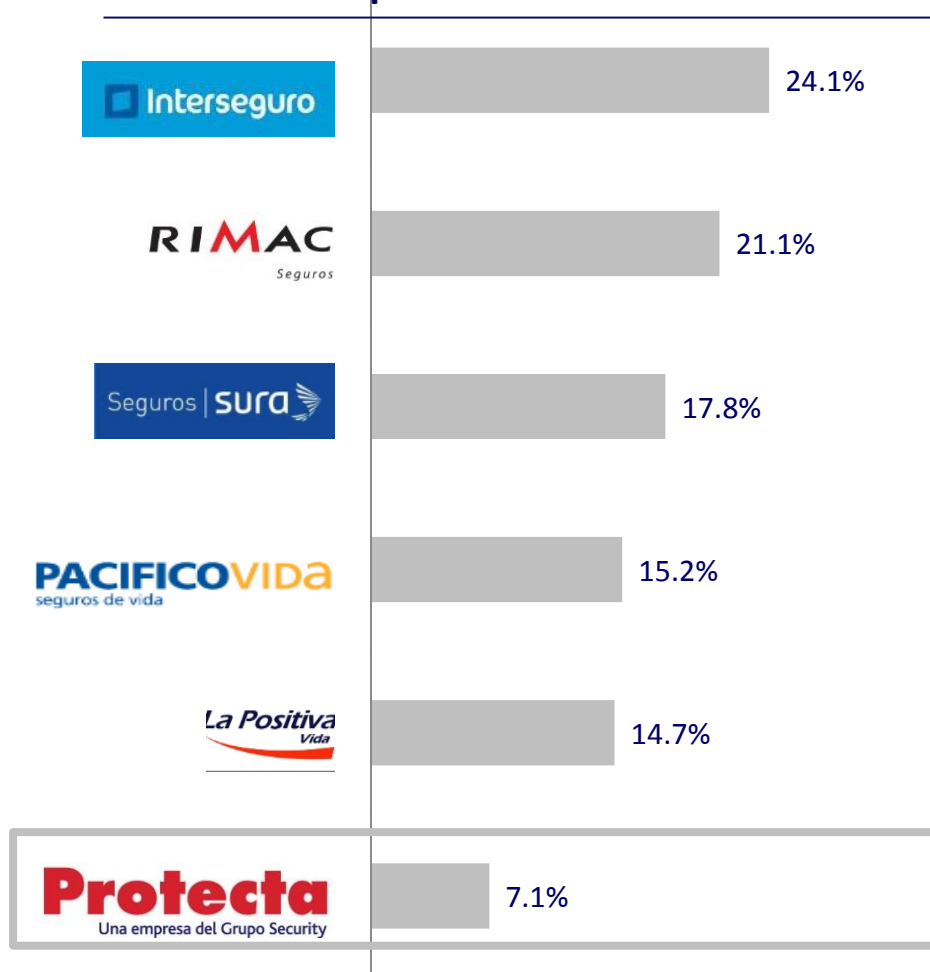
# Protecta Compañía de Seguros

- This acquisition marks Grupo Security's entrance into the Peruvian life insurance market.
- Ranked seventh largest Peruvian life insurance company by investment portfolio (US\$ 184.6 million)
- Profit:
  - » June 2016 S./5,529,962 million (US\$1,681,351)
  - » ROAE: 9.1% (industry 15.9%)
  - » ROI: 9.9% (industry 6.5%)

## Protecta: Direct Premiums



## Direct Annuity Premiums - Peruvian Life Insurance Companies



## Financial Principles

- Premium income growth and diversification
- Outstanding investment performance
- Growth in reserves
- Healthy capital structure to support sustained increases in the company's value (Risk Management and Technical Management)

## Customer Principles

- Brand repositioning
- New value offering to defined segments that is focused on service excellence and innovation

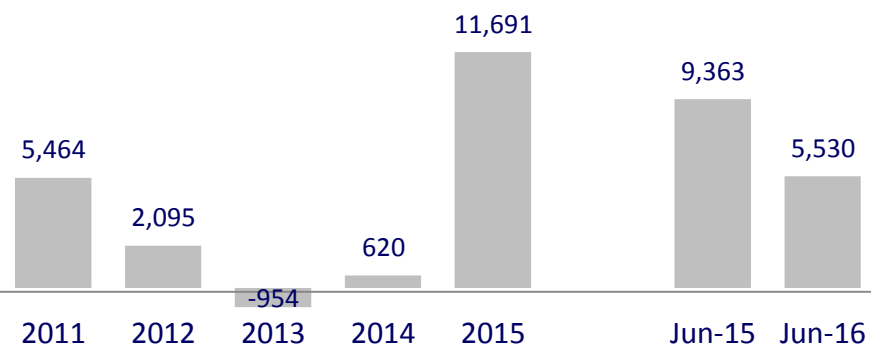
## Operating Principles

- Operational efficiency (focus on technology)
- Process redefinition and improvement

## Human Capital Principles

- New structure and employees that support new strategy
- Organizational culture focused on the employee, based on excellence
- Meritocracy built on performance evaluation system

### Profit (S./ thousands)



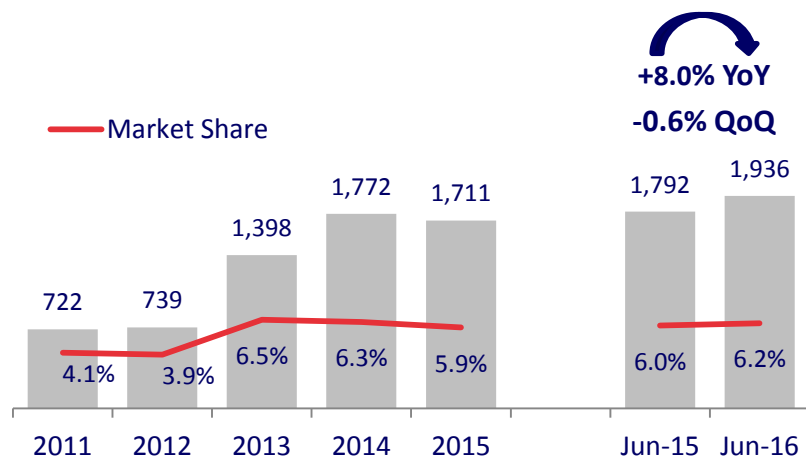
### Financial Indicators (S./ thousands)

	1Q16	2Q16
Direct Premium	35,196	35,543
Claims Paid	-7,383	-8,101
Administrative Expenses	-7,030	-7,080
Investment Income	13,546	15,451
Investment Portfolio	617,154	639,219
Equity	84,466	88,777

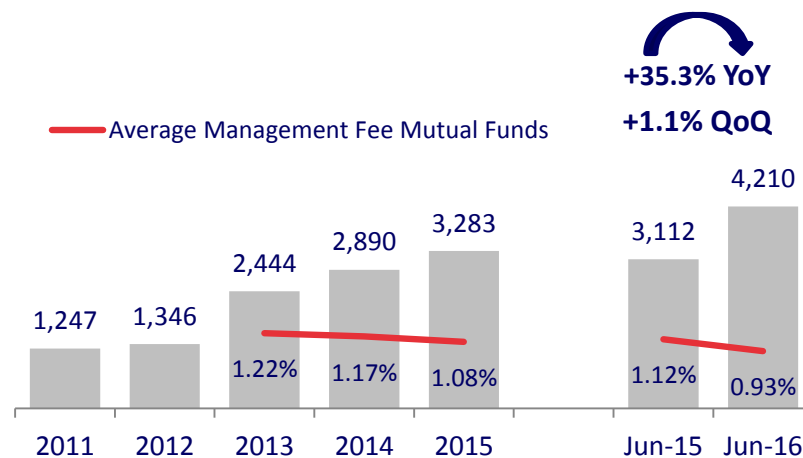
# Inversiones Security – Historical Trends

- » Increase in income from managed funds due to the merger with Banco Penta's asset management business, partially offset by falling management fees from mutual funds
- » Mutual funds under management CH\$1,936 billion, +8.0% YoY (industry +5.1% YoY)

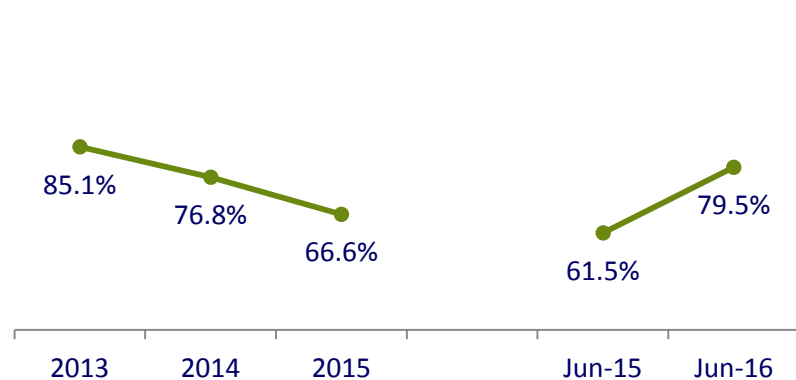
**Mutual Funds Under Management (CH\$ billion)**



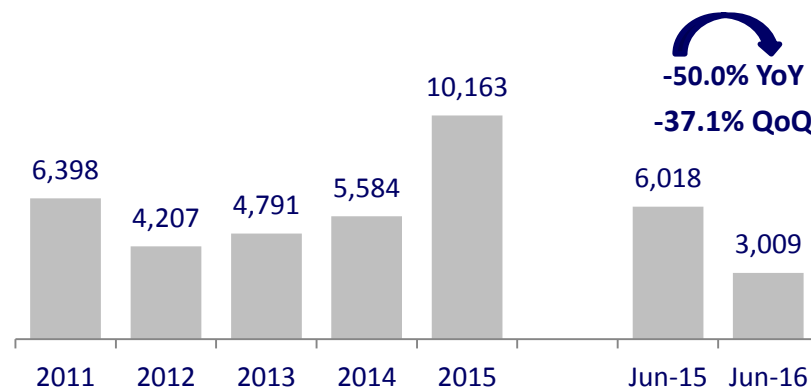
**Total AUM - Inversiones Security (CH\$ billion)**



**Efficiency (Total Expenses / Total Income)**

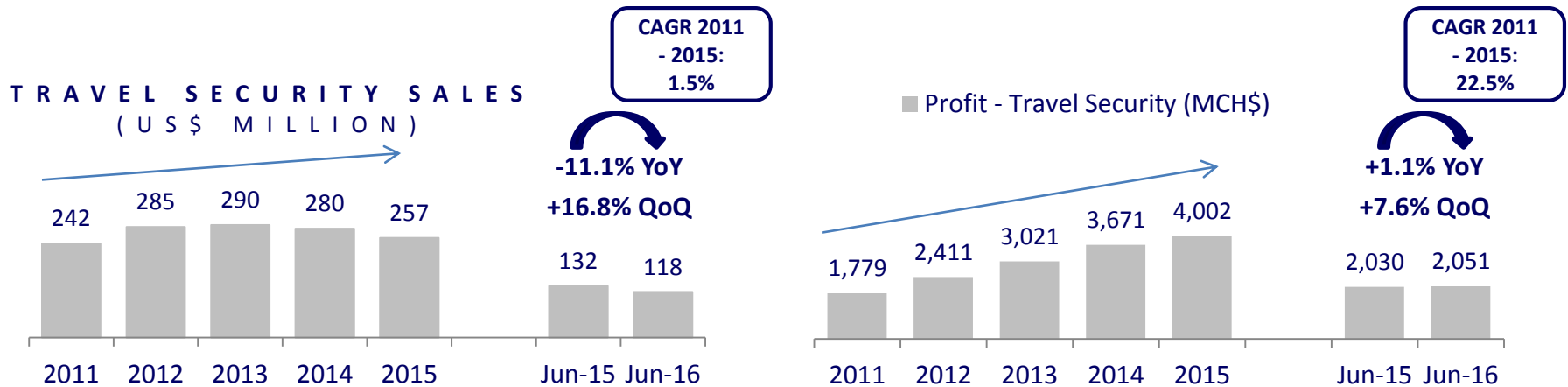


**Inversiones Security - Area Profit (CH\$ billion)**



# Other Services: Travel Security

- » Consolidated profit at Travel Security of CH\$2,051 million as of Jun-16 (+1.1% YoY, +7.6% QoQ)
- » Travel posted sales of US\$ 118 million as of Jun-16 (-11.1% YoY, +16.8% QoQ)
- » Industry sales through BSP<sup>1</sup> fell 14.7% YoY, in line with the economic slowdown
- » Favorable renegotiation of contracts with airline reservation service providers (GDS<sup>2</sup>)
- » Increase in commissions paid by airlines for diverting demand
- » Travex<sup>3</sup> profit: CH\$123 million (-69.8% YoY, -18.9% QoQ)



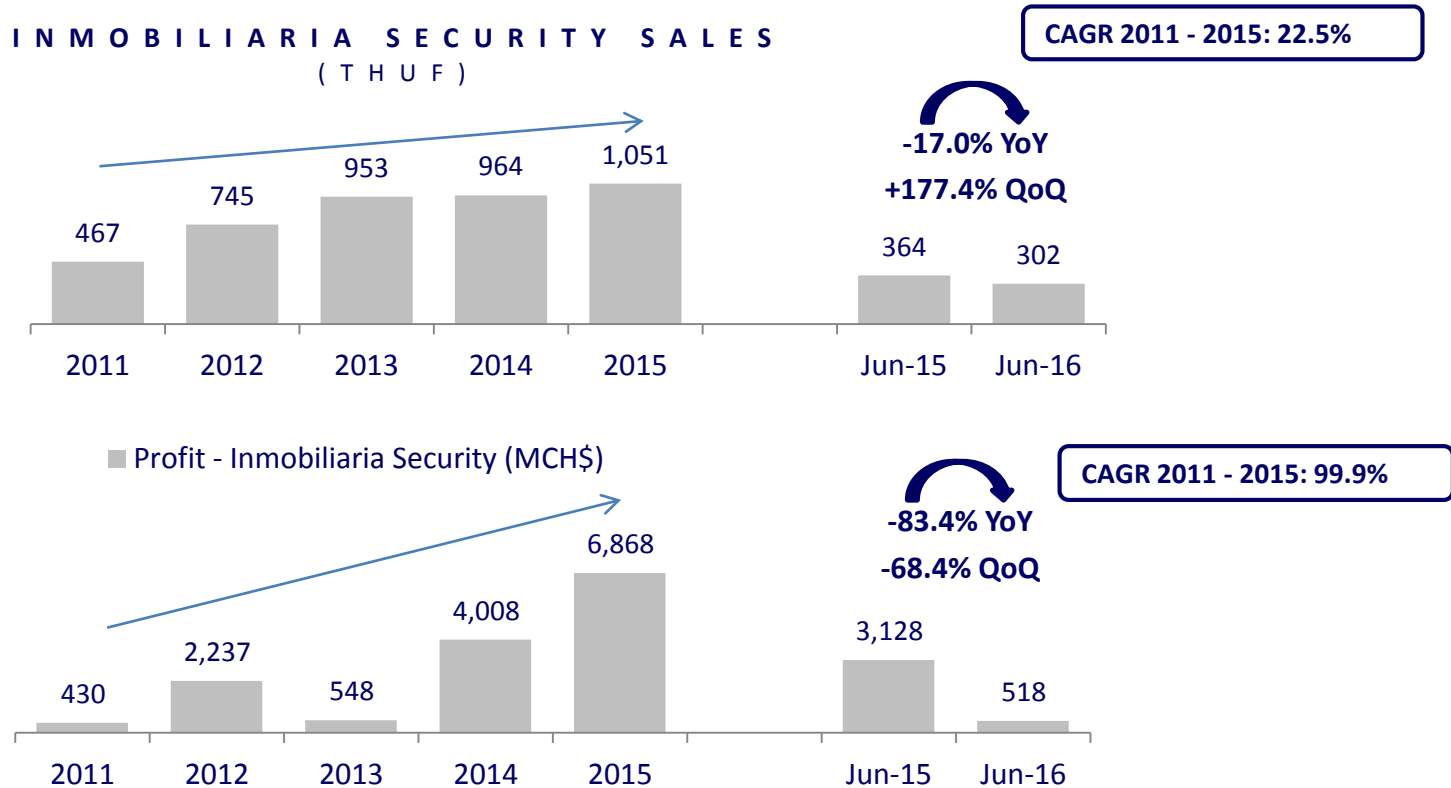
<sup>1</sup>Billing and Settlement Plan is a system that centralizes the payment of airfares by travel agencies to airlines

<sup>2</sup>Global Distribution and Reserves System manages the distribution of reservations for airlines, among others.

<sup>3</sup>Travel Security controls 75% of Travex Security through Viajes Security.

# Other Services: Inmobiliaria Security

- » Profit CH\$518 million as of Jun-16 (-83.4% YoY, -68.4% QoQ)
- » Apartment sales as of Jun-16 of UF 301,821
- » Real estate assets under management were CH\$57,928 million, due to the purchase of two new lots for UF 857 thousand during the last quarter of 2015.
- » Under IFRS, revenue is recognized once legal title to the property has been transferred. Title has been transferred on fewer units (15 in 1Q16, 114 in 4Q15 and 64 in 1Q15)



# Profit Empresas Security\*

Profit - Related Companies								
	2Q16	1Q16	2Q15	% Chg		6M16	6M15	% Chg
				QoQ	YoY			
<b>Lending Area</b>								
Banco Security (standalone)	12,002	13,455	15,743	-10.8%	-23.8%	25,457	25,957	-1.9%
Factoring Security	1,880	1,700	1,802	10.6%	4.4%	3,580	3,613	-0.9%
<b>Asset Management Area</b>								
Valores Security	(56)	203	1,823	-127.4%	-103.1%	148	1,872	-92.1%
AGF Security	1,492	1,781	2,205	-16.2%	-32.3%	3,273	4,251	-23.0%
Aseorias Security	(171)	(5)	(68)	-	-	(177)	73	-
<b>Insurance Area</b>								
Vida Security	3,526	4,321	10,633	-18.4%	-66.8%	7,847	17,019	-53.9%
Penta Security	-	18,979	77	-	-	18,979	288	-
Servicios Security	370	86	211	331.9%	75.3%	455	253	79.7%
<b>Other Services</b>								
Inmobiliaria Security	125	394	1,578	-68.4%	-92.1%	518	3,128	-83.4%
Travel Security	1,063	988	1,159	7.6%	-8.3%	2,051	2,030	1.1%
Travex Security	55	68	199	-18.9%	-72.3%	123	408	-69.8%
<b>Grupo Security Profit<sup>1</sup></b>	<b>14,527</b>	<b>30,889</b>	<b>26,210</b>	<b>-53.0%</b>	<b>-44.6%</b>	<b>45,416</b>	<b>44,525</b>	<b>2.0%</b>

<sup>1</sup>Attributable to owners

\* Subsidiary's profits represent the entire profit (except at Penta Security, where there is a minority shareholding of 29.55%. The figure shown here is the gain before tax on the sale of its minority interest in the company. The extraordinary gain after tax totaled CH\$14,937 million). These figures differ from the results reported in the segment note, which includes consolidation adjustments to account for Grupo Security's percent ownership in each of its respective subsidiaries.



# Financial Results Grupo Security June 2016