



# Financial Results Grupo Security September 2016

November 24th,  
17:00 PM

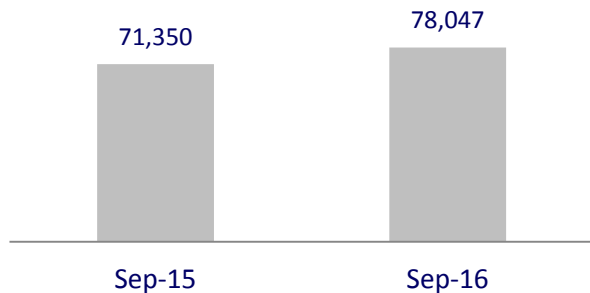
- » **GDP** growth is expected to be between 1.7% and 2% by the end of the year. It is expected to grow by 2.5% in 2017, depending on external conditions.
- » **Unemployment rate:** averaged 6.6% in 2016, and is expected to average around 7.1% in 2017, due to decreasing job creation.
- » **Inflation:** the annualized rise in CPI began 2016 at 4.8%, it is expected to be under 3% by the end of the year. It is expected to remain within the target range of 3% during 2017.
- » **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 the end of October. It is expected to hover around CH\$660 during 2017.
- » **MPR:** Central Bank maintained the rate at 3.5% during 2016 with a restrictive bias. It became neutral in August, due to the economic slowdown and moderation in inflation. The MPR may remain the same or fall next year.
- » **Market interest rates** fell during 2016, to reach a two-year minimum. BCP-10 went from 4.6% at the end of 2015 to 4.2% in October 2016. During the last few days, the rise in global interest rates dragged the BCP-10 up to 4.8%. A downward trend in interest rates is expected in 2017, in line with the MPR.
- » **Bank loans** grew by 8.2% YoY as of Sep-16, less than the 12.2% growth recorded in 2015. Excluding foreign subsidiaries, loans increased by 4.2% YoY and 1.3% QoQ. Loans are expected to increase next year by between 5% and 6% across the industry.

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

## Profit - Business Areas

(CH\$ million)

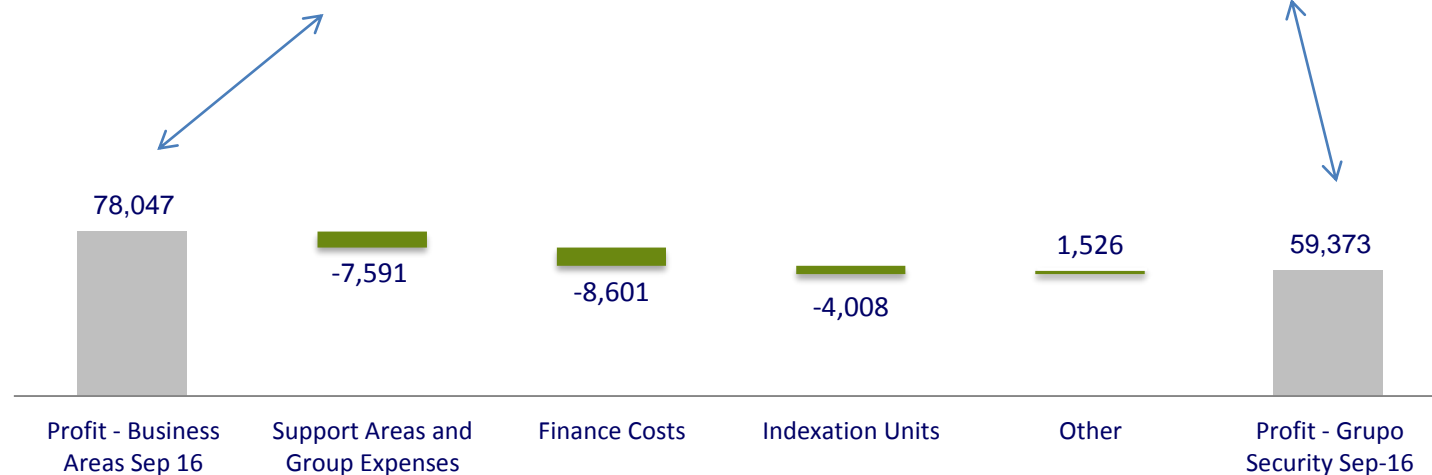
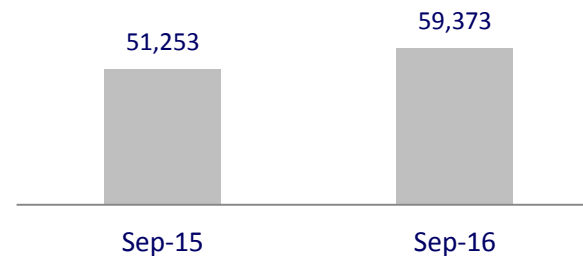
Growth 2016/15 +9.4%



## Profit - Grupo Security

(CH\$ million)

Growth 2016/15 +15.8%



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

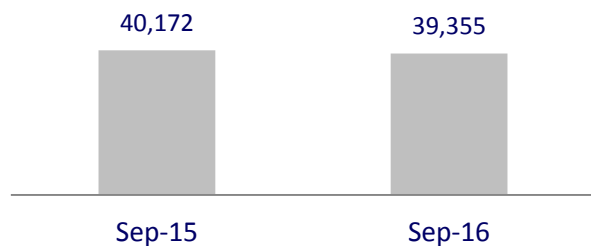
# Results by Business Area

(CH\$78,047 million as of Sep-16)

## Lending Area Profit

(CH\$ million)

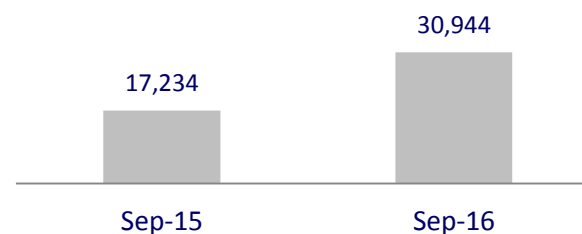
Growth 2016/15 -2.0%



## Insurance Area Profit

(CH\$ million)

Growth 2016/15 +79.6%



## Asset Management Area Profit

(CH\$ million)

Growth 2016/15 -39.3%



## Other Services Area Profit

(CH\$ million)

Growth 2016/15 -52.6%



# Trends for Grupo Security - LTM

<b>Profit LTM</b>	<b>Dec-11</b>	<b>Dec-12</b>	<b>Dec-13</b>	<b>Dec-14</b>	<b>Dec-15</b>	<b>Sep-16</b>
(Ch\$ million)						
- Banco Security	28,492	30,895	27,456	49,322	36,974	35,986
- Factoring	3,069	4,838	6,527	7,444	7,002	7,176
<b>Lending</b>						
- Valores Security	1,601	827	875	2,171	1,871	489
- AGF Security	4,529	3,507	4,470	4,414	8,584	7,193
- Asesorías Security	47	-103	-303	4	88	-430
- Securitizadora Security	-177	-24	-159	-245	-339	-339
<b>Asset Management</b>						
- Seguros Generales Penta Security	3,908	1,919	2,506	3,942	632	14,982
- Seguros Vida Security	5,875	11,107	19,286	26,793	27,659	26,020
- Servicios Security	799	821	1,690	690	680	897
<b>Insurance</b>						
- Inmobiliaria Security	430	2,238	549	4,008	6,868	4,247
- Travel Security	1,779	2,411	3,022	3,671	4,002	3,906
<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>73,142</b>

Subsidiary's profits represent the entire profit (except at Penta Security where there is a minority shareholding of 29.55%) and 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.

# Trends for Grupo Security - Indicators

» Distributable profit of CH\$59,373 million as of Sep-16, +15.8% YoY. Grupo Security ROAE of 12.90%.

	2011	2012	2013	2014	2015	Sep-16 LTM
Grupo Security Consolidated Profit (MCH\$)	41,883	46,561	49,843	61,010	65,022	73,142
Closing Number of Shares (millions)	2,882	2,882	3,184	3,232	3,258	3,258
Closing Price	175	187	177	216	191	221
Closing Market Cap (MCH\$)	504,395	538,982	563,511	697,702	621,370	718,632
EPS (times)	14.53 x	16.15 x	15.66 x	18.88 x	19.96 x	22.45 x
PE (times)	11.20 x	11.60 x	10.70 x	11.30 x	9.56 x	9.83 x
Market Book Value (times)	1.34 x	1.35 x	1.21 x	1.33 x	1.13 x	1.22 x
Dividend Yield	5.5%	5.4%	3.9%	5.1%	5.9%	
Leverage	24.68%	26.16%	36.76%	36.14%	34.86%	34.35%
ROAA	0.92%	0.90%	0.82%	0.84%	0.80%	0.85%
Equity	376,349	397,790	467,004	522,718	551,653	589,200
Profit from Business Areas (MCH\$)	51,212	58,356	64,070	97,563	92,782	99,479
ROAE	12.37%	11.53%	12.03%	12.33%	12.10%	12.90%
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\$33,928 million 9M16 (-2.8% YoY). Total loans CH\$4,298 billion (+8.0% YoY; +2.1% QoQ).

### Commercial Banking: CH\$34,588 million 9M16 (+88.0% YoY)

- » Lower **risk losses** in Commercial Banking (MCH\$5,150 as of Sep-16, MCH\$21,074 as of Sep-15). Higher risk losses in 2H15 due to stricter risk policies and specific cases
- » Higher **financial margin** (MCH\$54,256 as of Sep-16, +13.0% YoY), due to **commercial loan** growth (MCH\$3,352,953 as of Sep-16, +8.5% YoY). Loans grew by 2.2% in 3Q16

### Retail Banking: CH\$5,057 million 9M16 (+4.9% YoY)

- » Higher **net fees** (MCH\$15,478 as of Sep-16, +35.8% YoY), due to sales of products that complement the loan offering
- » Higher **financial margin** (MCH\$43,045 as of Sep-16, +13.8% YoY), due to higher **retail loan** volume (MCH\$944,900 as of Sep-16, +6.5% YoY). Loans grew by 1.8% in 3Q16
- » One time effect of **risk losses** of MCH\$1,021, due to changes in the regulations (mortgage loans)

### Treasury: CH\$12,134 million 9M16 (-20.5% YoY)

- » Lower **financial margin** (MCH\$7,082 as of Sep-16, -59.0% YoY), due to MPR increases from 3% to 3.5% towards the end of 2015
- » Higher **net foreign exchange transactions and other net operating income** (MCH\$18,138 as of Sep-16, +77.6% YoY), due to improved country risk for impaired bonds (MCH\$+814 in profit) and a strong performance from foreign currency derivatives

Higher **operating expenses** (MCH\$87,662 million as of Sep-16, +22.1% YoY), throughout the Bank. Greater commercial activity; expenditure on technology projects; and changes in the bank's software capitalization and depreciation criteria

**Impairment** in intangible assets of CH\$-17,344 million, due to obsolete technological systems



# Banco Security Indicators (Consolidated)

	2011	2012	2013	2014	2015	Sep-15	Sep-16
Efficiency Ratio	54.16%	54.69%	53.26%	48.87%	48.07%	45.48%	55.03%
Risk Ratio (Provisions/Loans)	1.39%	1.38%	1.39%	1.59%	1.83%	1.70%	1.85%
NPL Portfolio Coverage	105.24%	104.13%	125.72%	107.04%	119.02%	102.53%	128.73%
ROAE (Profit LTM / Average Equity)	14.78%	12.79%	11.08%	16.27%	12.05%	14.41%	10.11%
Net Interest Margin LTM / Average Loans	2.62%	2.41%	2.60%	3.35%	3.43%	3.53%	3.25%
Equity (MCH\$)	267,463	283,593	308,362	379,051	408,340	405,691	457,782
Profit Attributable to Controllers (MCH\$)	35,016	35,227	32,798	55,902	47,424	43,597	39,838
Core Capital (Base Capital / Total Assets)	6.3%	6.2%	6.3%	6.8%	6.6%	6.8%	7.4%
Basel I Tier II Index (Equity / RWA)	12.0%	11.9%	12.2%	12.4%	12.1%	12.2%	13.6%

- » Excluding the effect of the CH\$-17,344 million impairment loss on the Bank's intangible assets, the efficiency ratio would have been 49.6% as of Sep-16

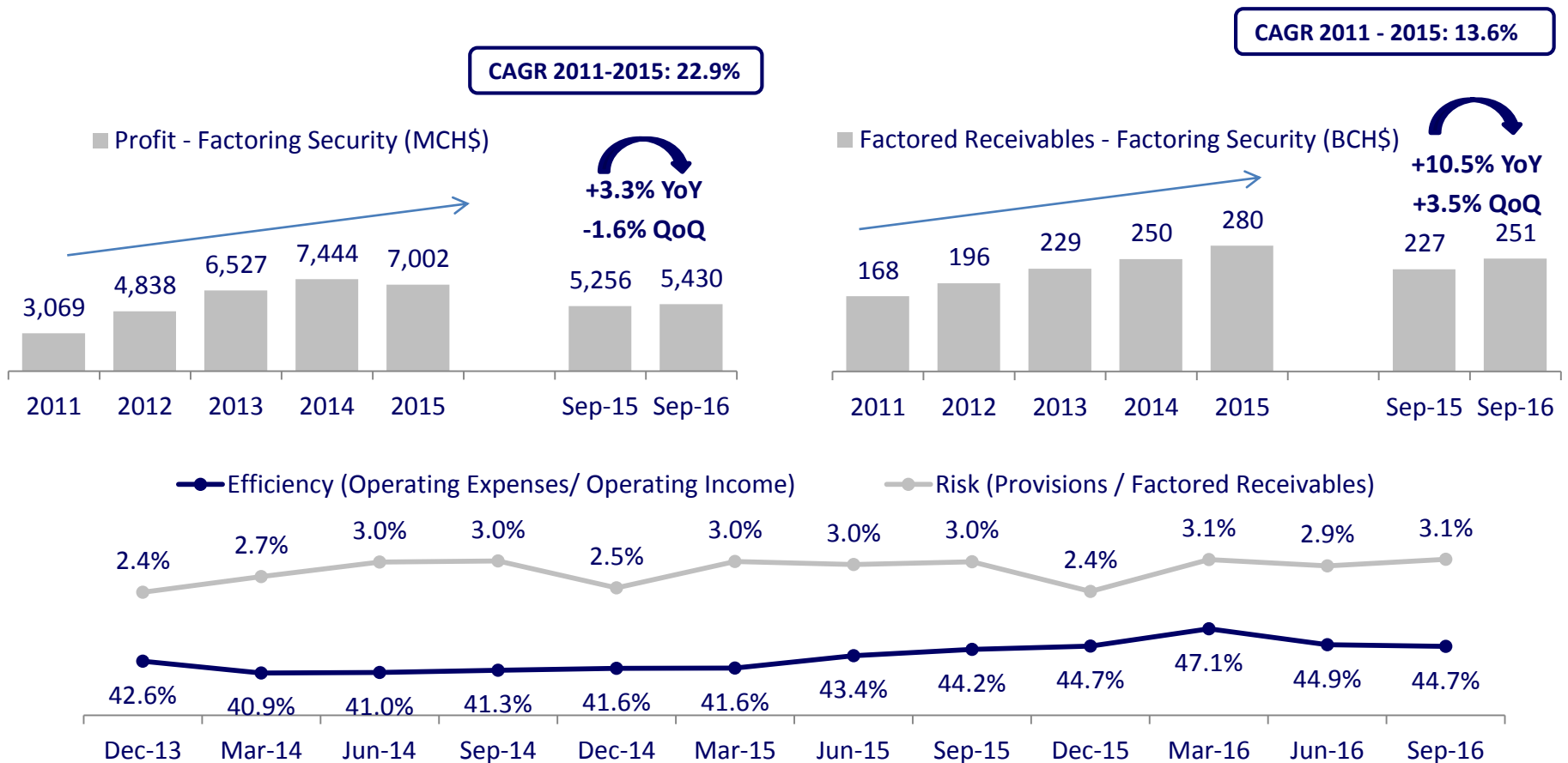
# Banco Security vs Peer Banks vs Chilean Banking System GRUPO | security

	Banco Security		Peer Banks		Industry	
	Sep-15	Sep-16	Sep-15	Sep-16	Sep-15	Sep-16
Gross Operating Income LTM / Average Total Assets	4.06%	3.67%	3.64%	3.75%	4.76%	4.45%
Efficiency Ratio (Operating Expenses / Gross Operating Income)	45.48%	55.03%	49.65%	51.57%	46.72%	49.44%
Risk Ratio (Provisions / Loans)	1.70%	1.85%	1.68%	1.75%	2.39%	2.50%
Commercial Risk Ratio	1.81%	1.94%	1.65%	1.80%	2.36%	2.42%
Retail Risk Ratio	1.30%	1.52%	1.77%	1.65%	2.51%	2.69%
ROAE (Profit LTM / Average Equity)	14.41%	10.11%	11.63%	12.16%	15.41%	12.87%
ROAE (Profit LTM / Average Total Assets)	1.06%	0.78%	0.86%	0.90%	1.20%	1.04%
Net Interest Margin LTM / Average Loans	3.53%	3.25%	3.37%	3.37%	4.73%	4.33%
Core Capital (Base Capital / Total Assets)	6.81%	7.39%	6.40%	6.89%	6.71%	7.68%
Basel I Tier 2 Index (Equity / RWA)	12.21%	13.61%	12.36%	13.33%	12.61%	13.76%

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

# Lending Area: Factoring Security

- » Profit CH\$5,430 million as of Sep-16 (+3.3% YoY, -1.6% QoQ)
- » Average spread of around 0.69% as of Sep-16, -5 bps YoY
- » Factored receivables: CH\$251,308 million +10.5% YoY, +3.5% QoQ (industry -16.9% YoY, -7.3% QoQ)
- » Risk (Provisions/Loans) of 3.1% as of Sep-16; +5 bps YoY and +13 bps QoQ
- » Efficiency (Operating Expenses / Net Income): 44.7% (+43 bps YoY)





# Insurance Area

## Vida Security: Profit CH\$15,253 million 9M16 (-9.7% YoY)\*

- » **Contribution margin:** CH\$-40,364 million as of Sep-16, versus CH\$-28,502 million as of Sep-15:
  - » **Direct premium** CH\$236,408 million as of Sep-16 (+30.3% YoY). Increased CUI and APV premiums (CH\$93,287 million as of Sep-16, +24.4% YoY) The **fifth Disability and Survivor Insurance contract** became effective, which provided direct premiums of CH\$39,341 million just during 3Q16
  - » **Variation in technical reserves:** CH\$-52,214 million as of Sep-16 (+34.8% YoY). Investment income performance from individual insurance with savings components has an impact on technical reserves, which partially offsets net profit
  - » **Claims paid:** CH\$-96,359 million as of Sep-16 (+73.5% YoY). Higher transfers and surrenders of individual insurance with savings components; the **fifth Disability and Survivor Insurance contract** became effective, which reported claims paid of CH\$21,384 million just during 3Q16
  
- » Improved **investment returns** (MCH\$86,074 as of Sep-16, +24.2% YoY, +61.0% QoQ). The comparative figure in 3Q15 was low, due to poor performance in international markets. The comparative figure in 2Q16 was low, due to foreign currency exposures.

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

- » CH\$14,937 million after tax

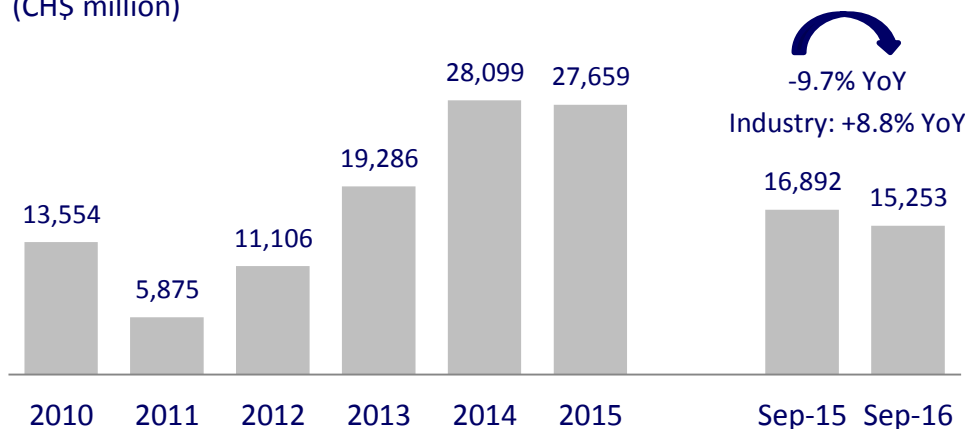
- » Good portfolio performance associated with individual insurance with savings components, due to improved performance in international markets, favorable interest rate conditions and a low basis of comparison in 3Q15
- » Insurance with savings components generate reserves from investment returns, thus partially offsetting the positive effect on net profit

Investment income	Sep-15 LTM	Sep-16 LTM
Fixed income	4.7%	4.8%
Variable income and indexes	1.0%	5.7%
Real estate	4.4%	5.6%
Other investments	54.6%	26.5%
<b>Investment income</b>	<b>4.8%</b>	<b>5.4%</b>

In Ch\$ millions	Portfolio Sep-15	Portfolio Sep-16	Portfolio Δ% YoY	Gain (Loss) Sep-15	Gain (Loss) Sep-16	Gain (Loss) Δ% YoY
Fixed income	1,500,884	1,601,117	6.7%	52,329	65,782	25.7%
Variable income and indexes	325,177	350,646	7.8%	-260	11,171	-
Real estate	243,805	232,824	-4.5%	9,764	10,470	7.2%
Other investments	40,205	39,129	-2.7%	7,465	-1,349	-118.1%
<b>Investment income</b>	<b>2,110,071</b>	<b>2,223,716</b>	<b>5.4%</b>	<b>69,298</b>	<b>86,074</b>	<b>24.2%</b>

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

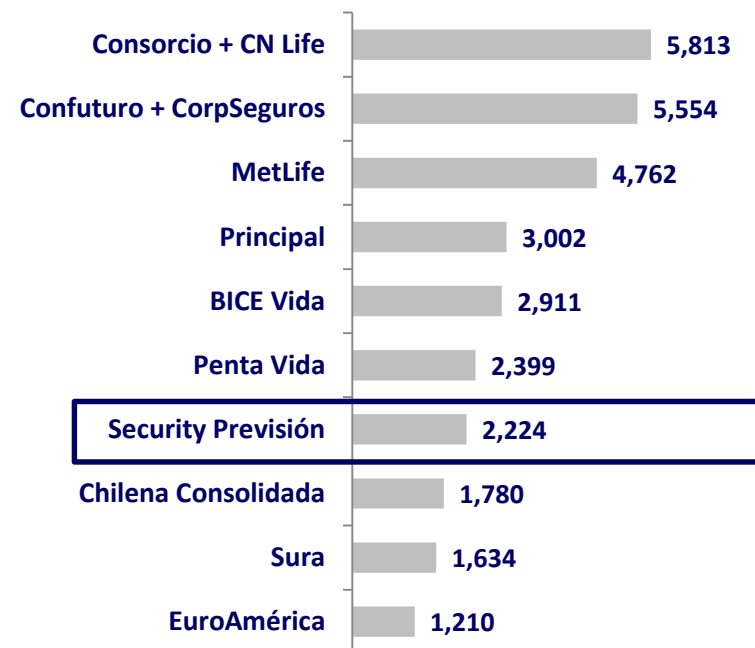
(CH\$ million)



## Investments of Main Life Insurance Companies

September 2016

CH\$31,290 billion



September 2016 Annualized	Security	Peers	Industry
Profit / Retained Premiums	7.0%	5.7%	7.1%
(Claims and Pensions Paid) / Direct Premiums (1)	81.4%	100.0%	93.1%
Administrative Expenses / Direct Premiums (2)	10.6%	7.4%	10.8%
Underwriting Expenses / Direct Premiums (3)	5.4%	4.1%	5.4%
Combined ratio (1) + (2) + (3)	97.5%	111.5%	109.3%
Annualized ROE	12.4%	11.3%	12.2%
Annualized ROI	5.2%	5.1%	5.1%
Leverage (Liabilities/Equity)	13.19 x	12.65 x	9.90 x

September 2016 LTM	Security	Peers	Industry
Profit / Retained Premiums	9.4%	5.5%	7.3%
(Claims and Pensions Paid) / Direct Premiums (1)	80.6%	100.5%	92.7%
Administrative Expenses / Direct Premiums (2)	10.9%	7.5%	11.2%
Underwriting Expenses / Direct Premiums (3)	5.9%	4.2%	5.4%
Combined ratio (1) + (2) + (3)	97.3%	112.1%	109.3%
Annualized ROE	16.2%	10.2%	13.1%
Annualized ROI	5.4%	4.8%	5.2%
Leverage (Liabilities/Equity)	12.98 x	12.22 x	9.91 x

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

Annualized: Flows are multiplied by 4/Q, where Q is the current quarter. LTM: Flows are for the last twelve months. The portfolios are average.

**Protecta: Profit as of Sep-16 S./ 11.5 million (US\$3.38 million), versus profit as of Sep-15 of S./ 10.6 million (US\$ 3.29 million)**

- » Technical profit S./17.8 million as of Sep-16 (S./-16.7 million YoY).
  - » Direct premiums decreased by S./-20.5 million YoY in credit life insurance, and S./-8 million in annuities
  - » Minor adjustment in technical reserves of S./5.2 million, and lower net commissions of S./12.6 million, due to lower annuity sales
  - » Investment income increased by S./20.9 million YoY, to reach S./53.7 million as of Sep-16, +63.8% YoY, due to portfolio growth and good performance on real estate investments
- » Net annuity premiums of S./ 80.6 million as of Sep-16, -9.1% YoY. The market fell by 34.0% over the same period
- » Market share of annuities was 7.3% as of Sep-16, versus 5.3% as of Sep-15

	January-September 2014		January-September 2015				January-September 2016			
	Market	Protecta	Market	%	Protecta	%	Market	%	Protecta	%
Retirement	867,292	28,909	1,173,565	35.3%	56,526	95.5%	497,135	-57.6%	31,197	-44.8%
Disability	316,889	20,928	246,631	-22.2%	19,219	-8.2%	323,781	31.3%	28,140	46.4%
Survival	251,344	10,946	249,359	-0.8%	12,897	17.8%	280,349	12.4%	21,283	65.0%
Total	1,435,524	60,784	1,669,556	16.3%	88,643	45.8%	1,101,265	-34.0%	80,620	-9.1%





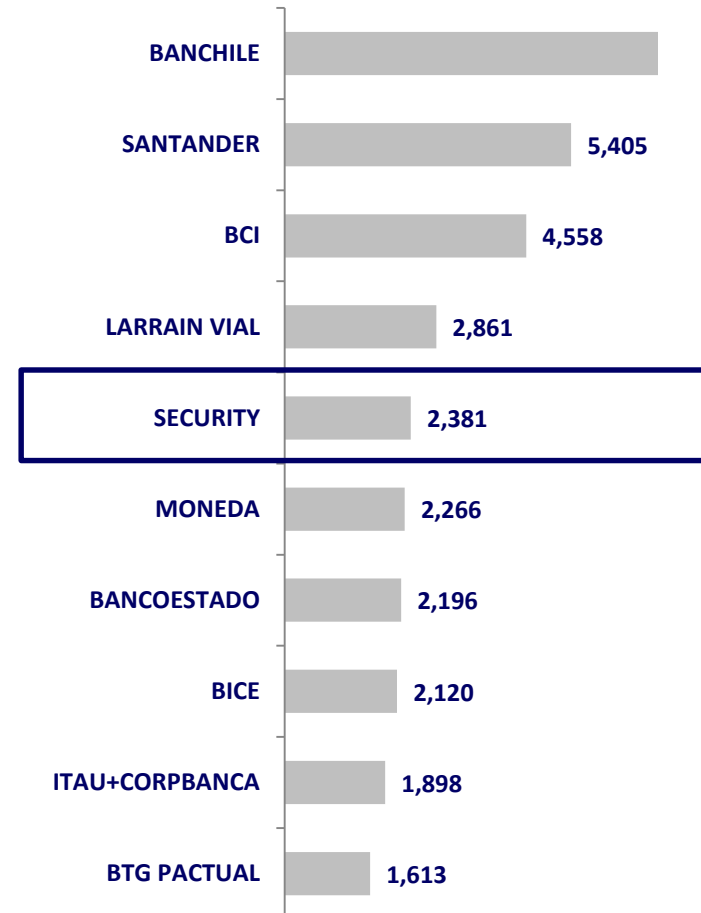
# Asset Management Area

## Inversiones Security Profit CH\$5,170 million as of Sep-16 (-39.3% YoY, +86.1% QoQ)

- » **Increased AUM** CH\$4,162 billion (+32.7% YoY, -1.3% QoQ)
- » **Successful incorporation** of Banco Penta's asset management business ( $\approx \Delta+$  CH\$800 billion)
  - » Market share of public mutual and investment funds was 5.5%
  - » Market share of mutual funds was 6.0%
- » **Lower returns** on mutual funds (0.96% as of Sep-16 vs 1.14% as of Sep-15, and 0.93% as of Jun-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** in the Santiago Stock Exchange for CH\$2,200 million to Bovespa in **June 2015**

### AUM Mutual and Investment Funds

Total: CH\$32,723 billion





# Other Services Area

## **Travel Security: Profit CH\$3,097 million as of Sep-16 (-3.0% YoY, -1.6% QoQ)**

- » Stable profit, however lower revenue and lower profits from the Travex subsidiary in Peru
  - » Industry revenue through BSP<sup>1</sup> fell 14% YoY, in line with the economic slowdown
  - » Travel reported total sales of US\$ 182 million as of Sep-16 (-7.1% YoY, +1.0% QoQ)
- » Increase in commissions paid by airlines for diverting demand
  - » Travex<sup>3</sup> profit: CH\$216 million (-63.7% YoY, +68.1% QoQ)

## **Inmobiliaria Security: Profit CH\$6 million as of Sep-16 (-99.8% YoY)**

- » Fewer deeds transferred on projects (29 in 9M16, 15 in 1Q16, and 106 in 9M15)
- » Real estate assets under management of CH\$68,943 million (+87.1% YoY, +13.2% QoQ)
  - » Projects under development:
    - » Puerta Real. 294 units. 1 unit available for sale
    - » Espacio El Vergel: 77 units. 30 units available for sale
    - » San Rafael project: 13 units. 2 units available for sale
    - » Brisas del Canto: 33 units. 27 units available for sale
    - » San Damián (stages 1 and 2): 24 units. 15 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

## Summary as of September 2016

- Bank loans +8.0% YoY (+4.2% Industry, +8.2% including foreign subsidiaries)
- Factored receivables +10.5% YoY (-16.9% Industry)
- AUM in mutual funds +9.9% YoY (+6.1% Industry)
- Direct life insurance premiums +30.3% YoY (+18.6% Industry)

## Outlook at the end of 2016...

- Total banking industry loans will moderate with nominal growth between **4% to 5%**, including foreign subsidiaries
- Total mutual fund industry AUM with nominal growth of **6%-7%**
- Total life insurance premiums with nominal growth of **16%-17%**

**...with Grupo Security outgrowing the industry across all business lines**

## Risks



## Measures Taken by Security



Scarce economic growth affecting all segments



Uncertain investment environment due to US elections and international situation

Focus on increased commercial productivity

Focus on efficiency: expenses contained if extraordinary effects are excluded

Investment portfolios adjusted to avoid the impact of volatility

- Moderate growth in loans across the industry: **5%-8%** in nominal terms, including foreign subsidiaries. Banco Security expects to grow by more than **8%**
- The mutual fund industry's AUM growing at **7%-9%** in nominal terms, AGF Security around **12%**
- Total premiums to grow by **9%-10%** in nominal terms; Vida Security will grow faster than this





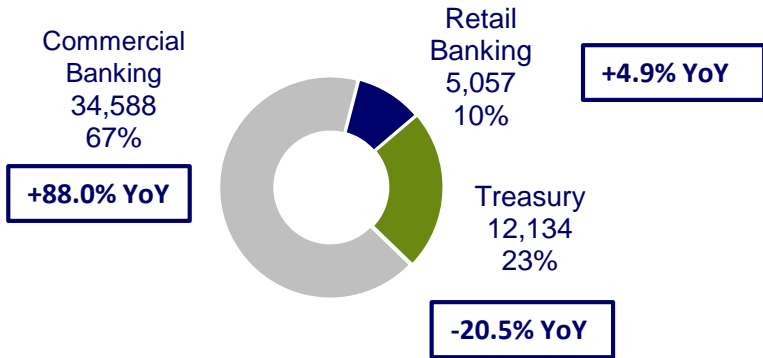
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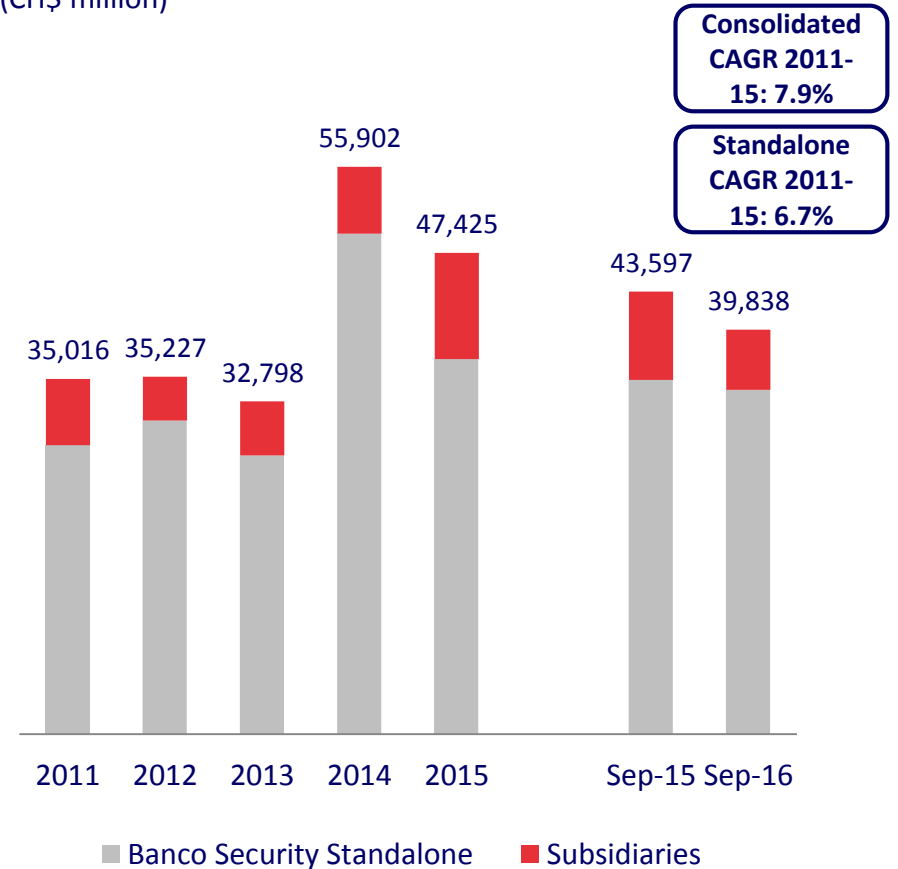
# Banco Security - Profit

- » Consolidated profit of CH\$39,838 million as of Sep-16 (-8.6% YoY, -18.5% QoQ)
- » Consolidated gross operating income of CH\$159,307 million (+0.9% YoY, +7.6% QoQ)

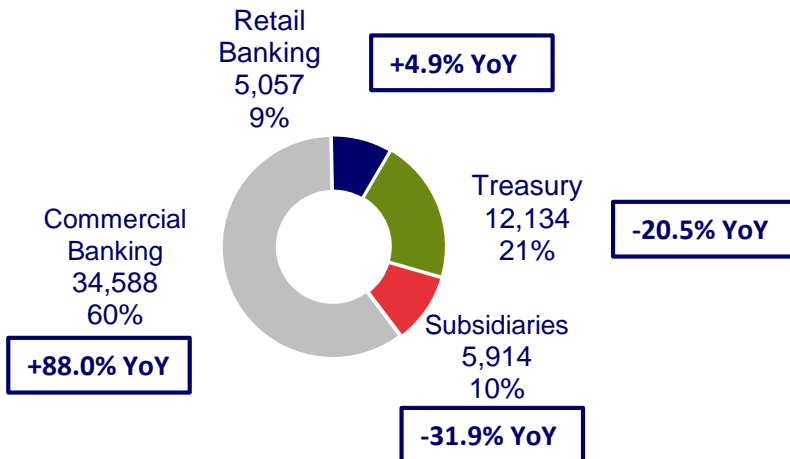
## Banco Security Standalone Profit CH\$33,928 million (CH\$ million) Growth 2016/15 -2.8% YoY\*



## Banco Security Profit (CH\$ million)



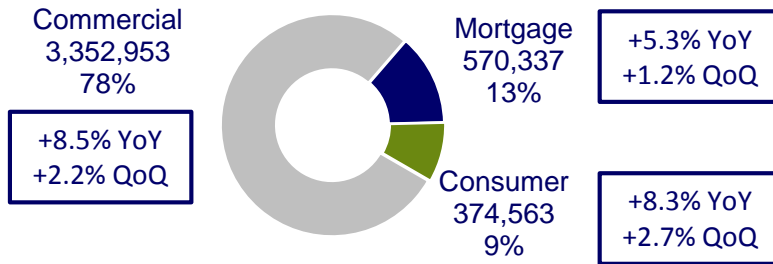
## Banco Security Consolidated Profit: CH\$39,838 million (CH\$ million) Growth 2016/15 -8.6% YoY\*



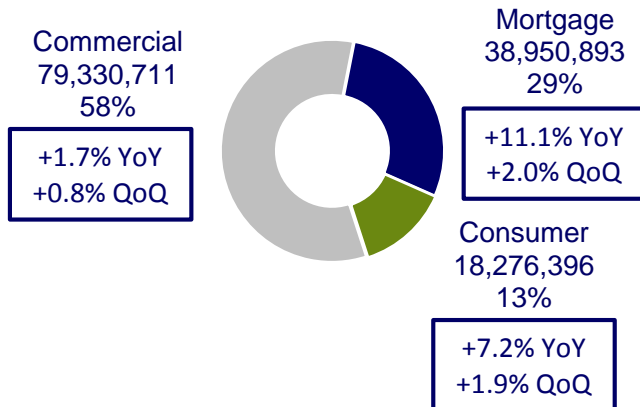
\*Includes net loss of CH\$-17,850 million in Corporate Support and "Adjustments"

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

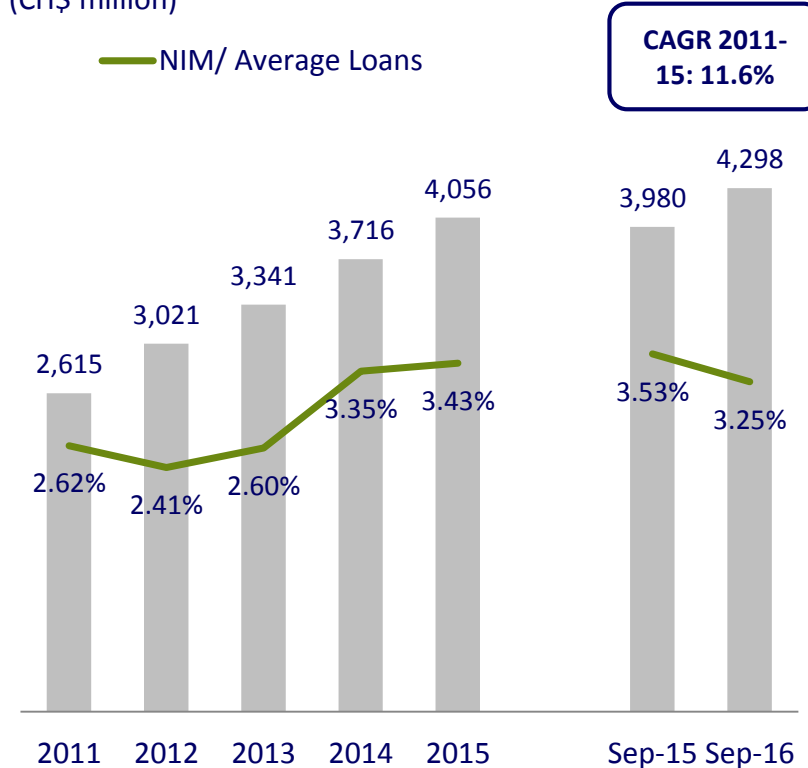
**Banco Security's Loan Portfolio CH\$4,298,183 million**  
Growth 2016/15 +8.0% YoY; +2.1% QoQ



**Industry Loans<sup>1</sup>: CH\$137,778,712 million**  
Growth 2016/15 +4.2% YoY; +1.3% QoQ



**Banco Security's Loan Portfolio**  
(CH\$ million)

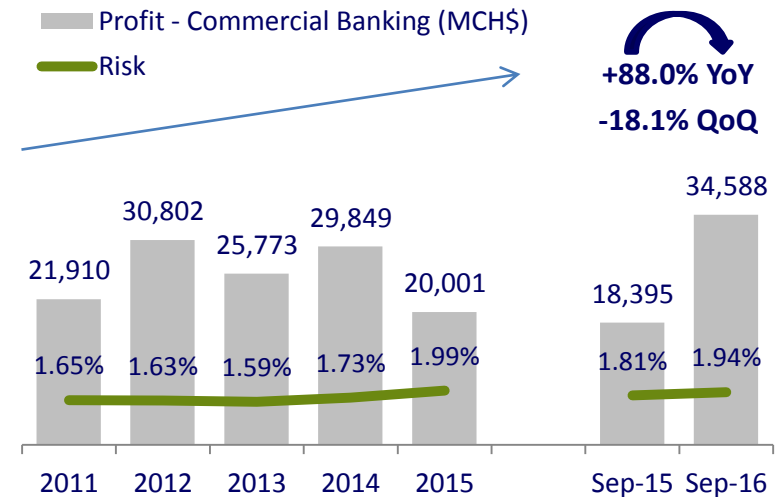
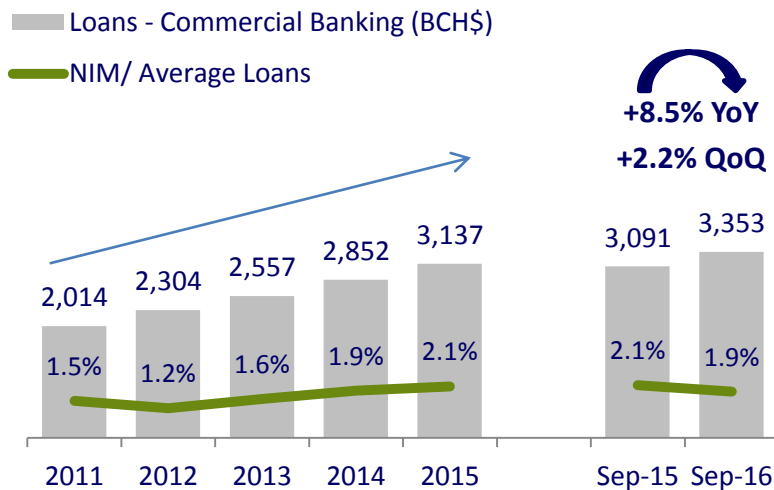


<sup>1</sup>Excluding the industry's foreign subsidiaries. Includes loans and advances to banks.

## Results as of September 2016

- » Commercial loans: CH\$3,352,953 million (+8.5% YoY and +2.2% QoQ; vs industry<sup>1</sup> +1.7% YoY and +0.8% QoQ); 78.0% of portfolio
- » Profit September 2016: CH\$34,588 million (+88.0% YoY)
- » Commercial Banking had 9,636 current accounts as of Sep-16, +3.8% YoY

Main Effects on Profit as of Sep-16					
Ch\$ million	Δ% QoQ	Δ QoQ	Δ% YoY	Δ YoY	Sep-16
Interest margin	3.4%	618	13.0%	6,245	54,256
Provision expenses	99.4%	-1,701	-75.6%	15,925	-5,150

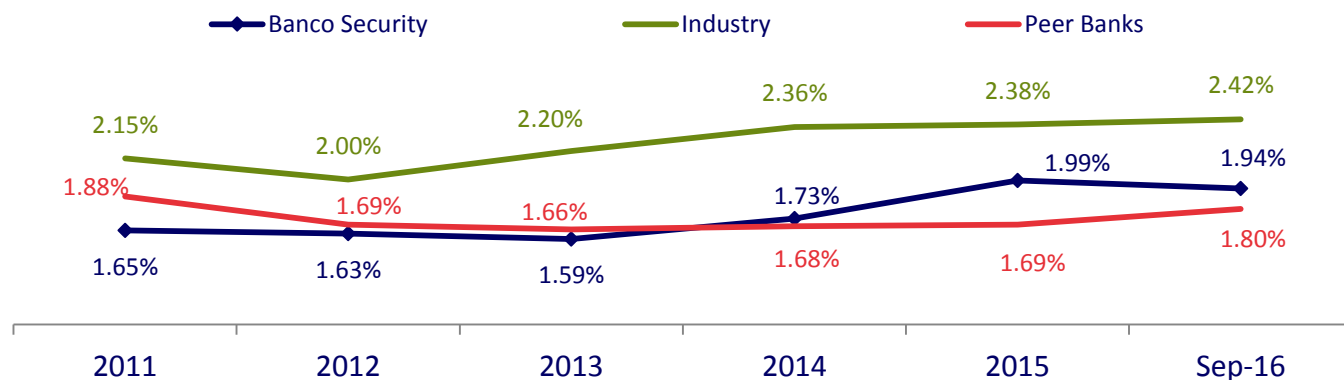


» **Reduced provision expenses** (MCH\$5,150 as of Sep-16, -75.6% YoY)

- » The comparative figure for the second half of 2015 was high, due to stricter risk policies and specific cases that affected the portfolio

	3Q15	2Q16	3Q16	% Chg	
				QoQ	YoY
<b>Commercial Loans</b>	<b>3,091,023</b>	<b>3,280,520</b>	<b>3,352,953</b>	<b>2.2%</b>	<b>8.5%</b>
Provision Expenses	(11,048)	(1,711)	(3,413)	99.4%	-69.1%
Loan Loss Provisions - Commercial Loans	56,090	63,626	64,974	2.1%	15.8%
NPL Coverage - Commercial Loans	123.6%	122.7%	102.2%	-	-2138 p
<b>Provisions / Loans</b>	<b>1.8%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>0 p</b>	<b>12 p</b>

## Commercial Banking Risk (provisions/loans)

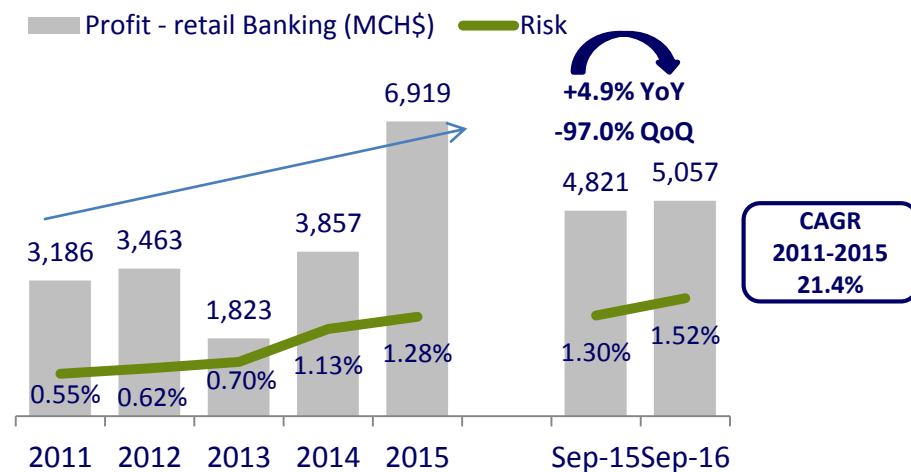
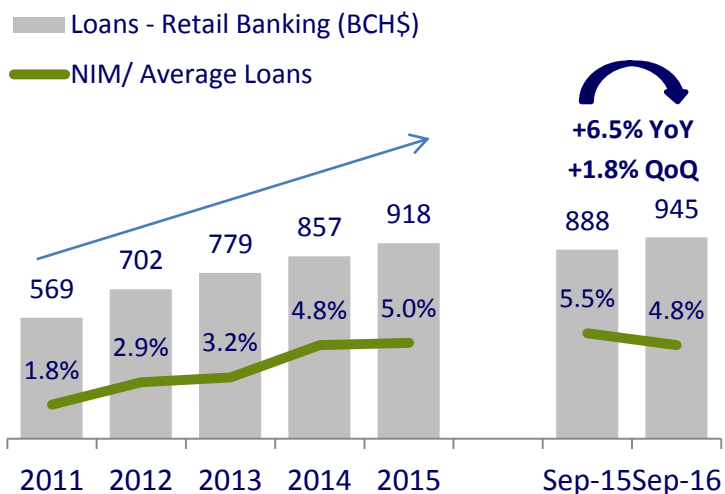


Peer banks: Average of Bice, BBVA, Consorcio, Scotiabank and Security

## Results as of September 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 +8.3% YoY and +2.7% QoQ (Industry<sup>1</sup> +7.2% YoY and +1.9% QoQ)
- » Growth in mortgage loans of +5.3% YoY and +1.2% QoQ (Industry<sup>1</sup> +11.1% YoY and +2.0% QoQ)
- » Retail banking risk was 1.5% as of Sep-16 (Industry 2.7%)
- » Consumer + Mortgage Loans: CH\$944,900 million (+6.5% YoY and +1.8% QoQ; vs Industry<sup>1</sup> 9.9% YoY and +1.9% QoQ); 22.0% of portfolio. Retail Banking had 73,480 current accounts as of Sep-16, +8.8% YoY:
- » Profit CH\$5,057 million as of Sep-16 (+4.9% YoY)

Main Effects on Profit as of Sep-16					
Ch\$ million	Δ% QoQ	Δ QoQ	Δ% YoY	Δ YoY	Sep-16
Interest margin	3.4%	489	13.8%	5,220	43,045
Net fees	-18.0%	-1,129	35.8%	4,084	15,478
Provision expenses	43.4%	-1,658	33.3%	-3,580	-14,346
Operating expenses	19.3%	-2,354	19.0%	-6,261	-39,202

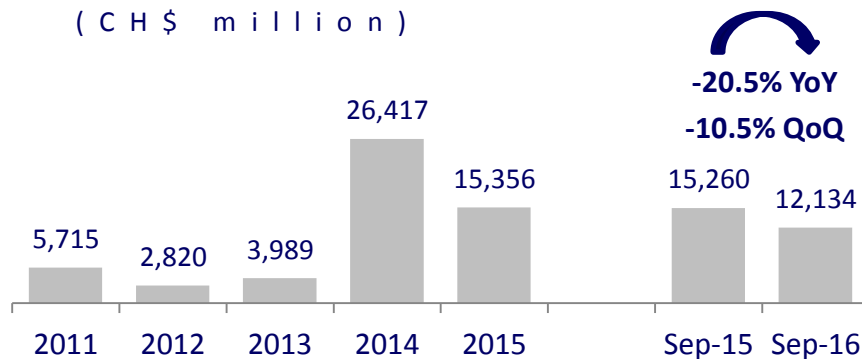


<sup>1</sup>Excluding the industry's foreign subsidiaries

## Results as of September 2016

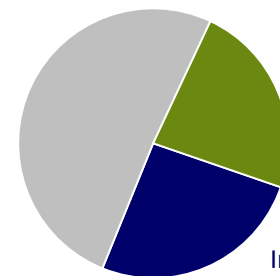
- » Profit September 2016: CH\$12,134 million (-20.5% YoY, -10.5% QoQ)
- » Good performance on derivative instruments associated with foreign currencies
- » The comparative figure for 2015 was high, due to the low cost of liabilities with an MRP at 3%
- » MPR rose from 3% to 3.5% during the last months of 2015, which impacted financial margins during 2016
- » National and international corporate debt instruments recovered during 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  
50.8%

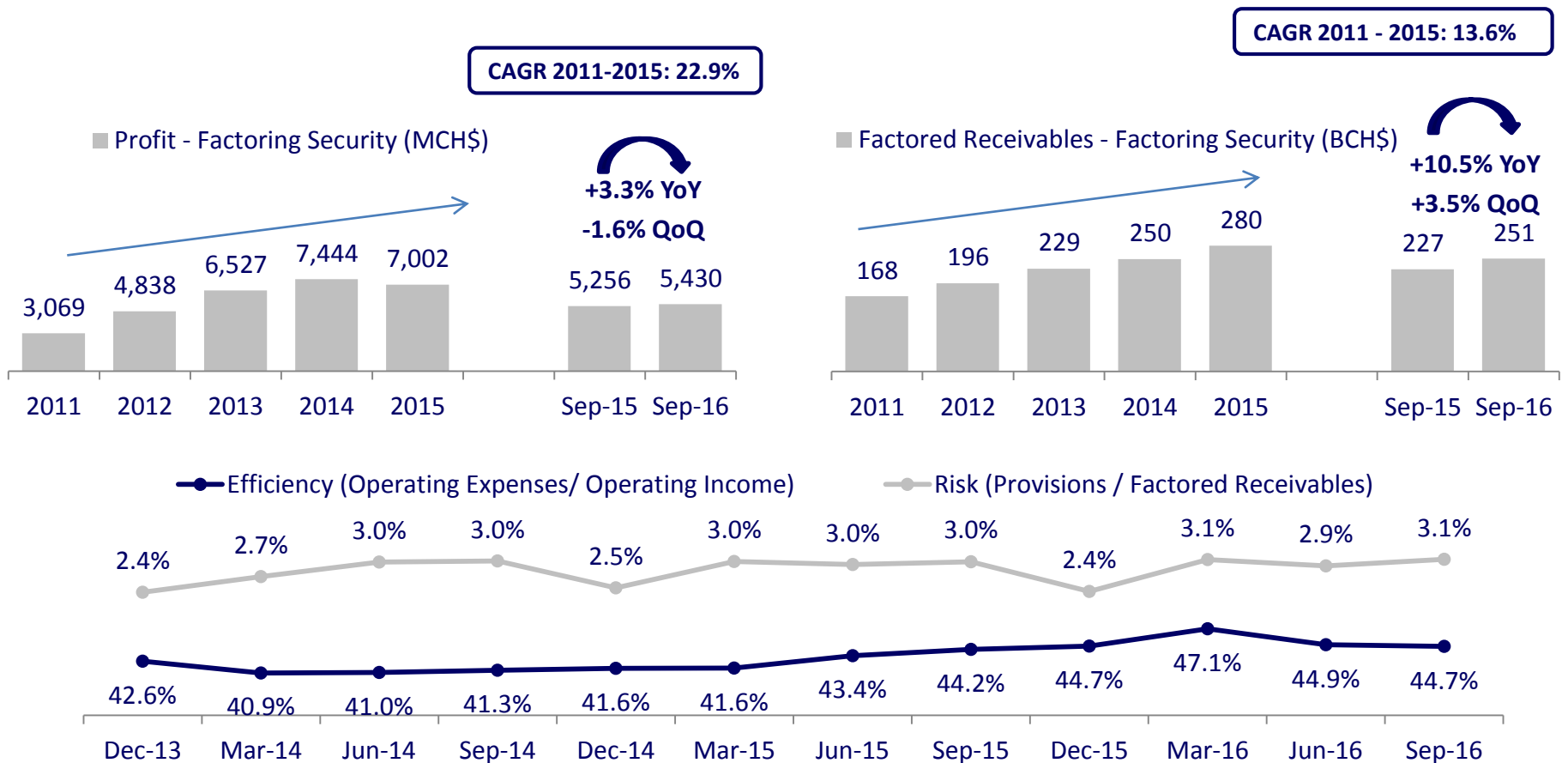


Distribution  
23.3%

Trading + Investments  
25.9%

# Lending Area: Factoring Security

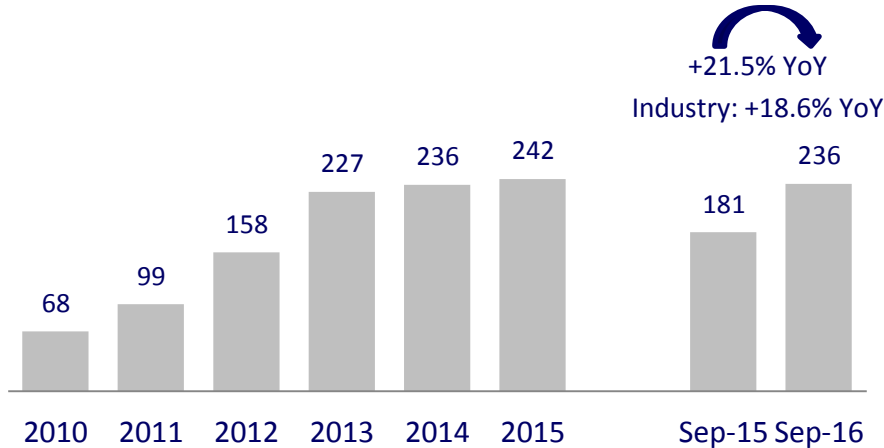
- » Profit CH\$5,430 million as of Sep-16 (+3.3% YoY, -1.6% QoQ)
- » Average spread of around 0.69% as of Sep-16, -5 bps YoY
- » Factored receivables: CH\$251,308 million +10.5% YoY, +3.5% QoQ (industry -16.9% YoY, -7.3% QoQ)
- » Risk (Provisions/Loans) of 3.1% as of Sep-16; +5 bps YoY and +13 bps QoQ
- » Efficiency (Operating Expenses / Net Income): 44.7% (+43 bps YoY)



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

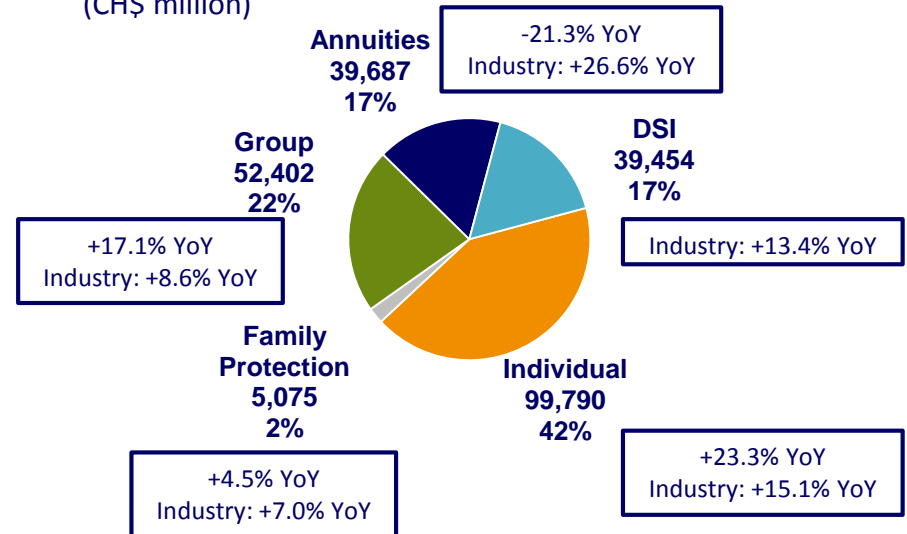
(CH\$ billion)

CAGR 2010-2015 = 28.8%



## Direct Premium by Product

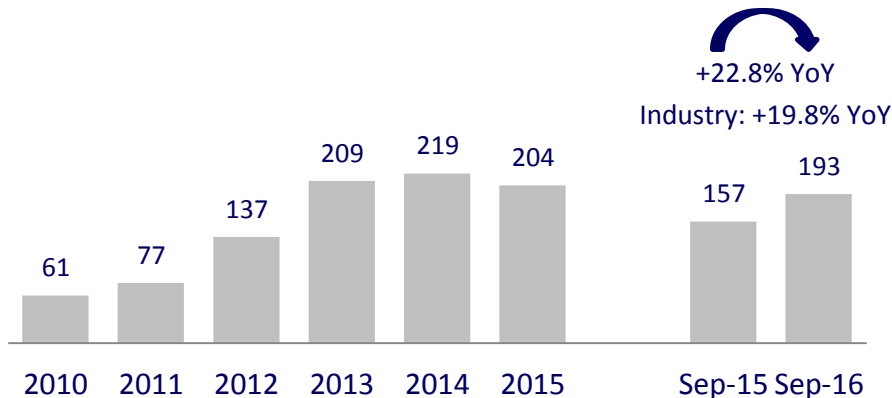
(CH\$ million)



## Claims and Pensions Paid

(CH\$ billion)

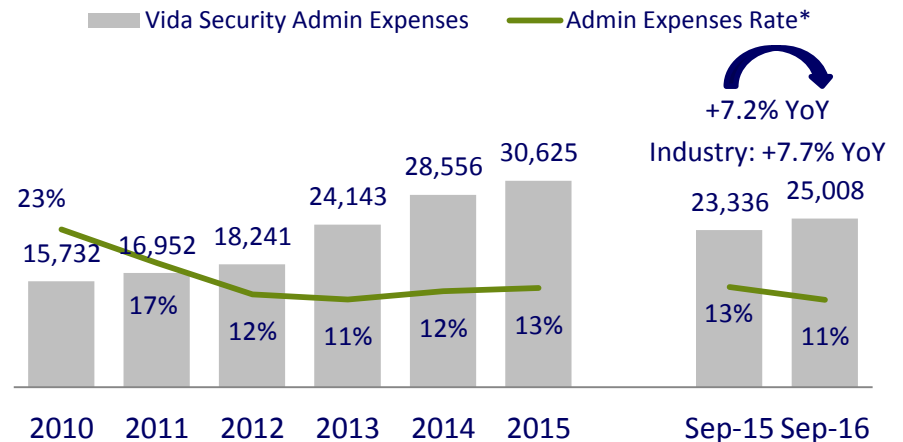
CAGR 2010-2015 = 27.1%



## 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



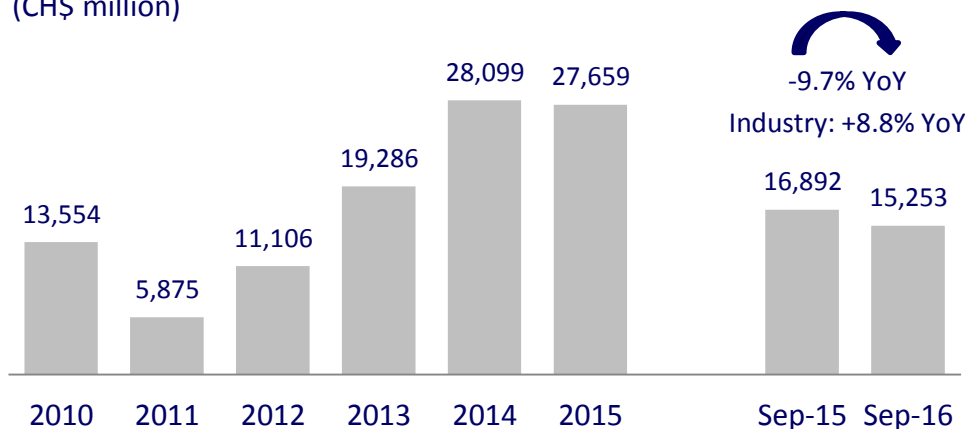
- » Good portfolio performance associated with individual insurance with savings components, due to improved performance in international markets, favorable interest rate conditions and a low basis of comparison in 3Q15
- » Insurance with savings components generate reserves from investment returns, thus partially offsetting the positive effect on net profit

Investment income	Sep-15 LTM	Sep-16 LTM
Fixed income	4.7%	4.8%
Variable income and indexes	1.0%	5.7%
Real estate	4.4%	5.6%
Other investments	54.6%	26.5%
<b>Investment income</b>	<b>4.8%</b>	<b>5.4%</b>

<i>In Ch\$ millions</i>	Portfolio Sep-15	Portfolio Sep-16	Portfolio Δ% YoY	Gain (Loss) Sep-15	Gain (Loss) Sep-16	Gain (Loss) Δ% YoY
Fixed income	1,500,884	1,601,117	6.7%	52,329	65,782	25.7%
Variable income and indexes	325,177	350,646	7.8%	-260	11,171	-
Real estate	243,805	232,824	-4.5%	9,764	10,470	7.2%
Other investments	40,205	39,129	-2.7%	7,465	-1,349	-118.1%
<b>Investment income</b>	<b>2,110,071</b>	<b>2,223,716</b>	<b>5.4%</b>	<b>69,298</b>	<b>86,074</b>	<b>24.2%</b>

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

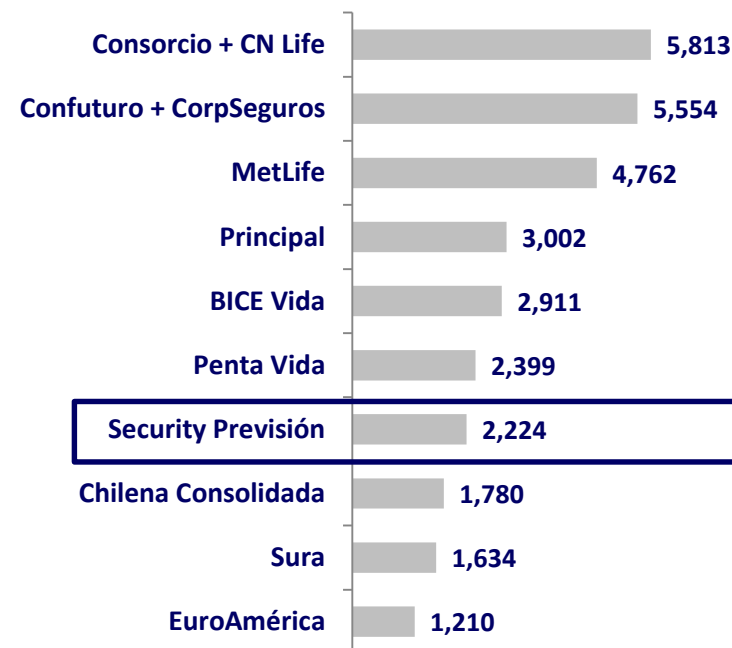
(CH\$ million)



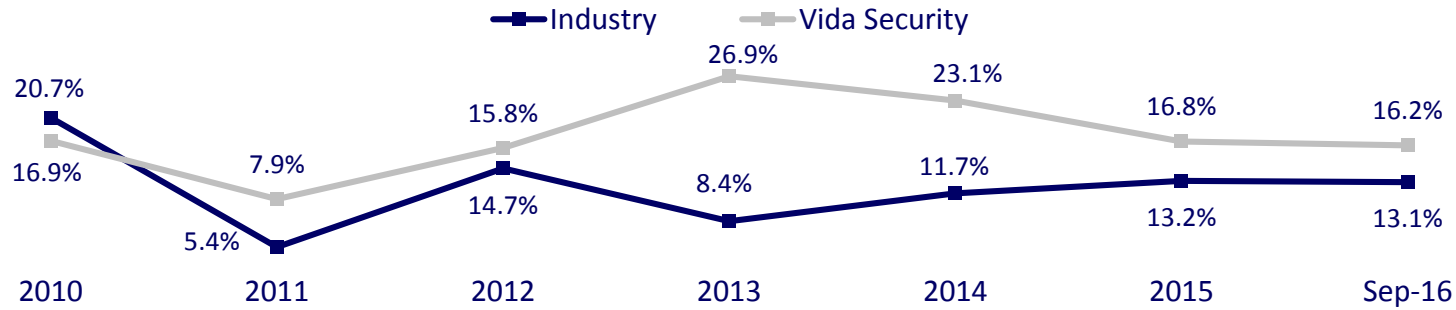
## Investments of Main Life Insurance Companies

September 2016

CH\$31,290 billion

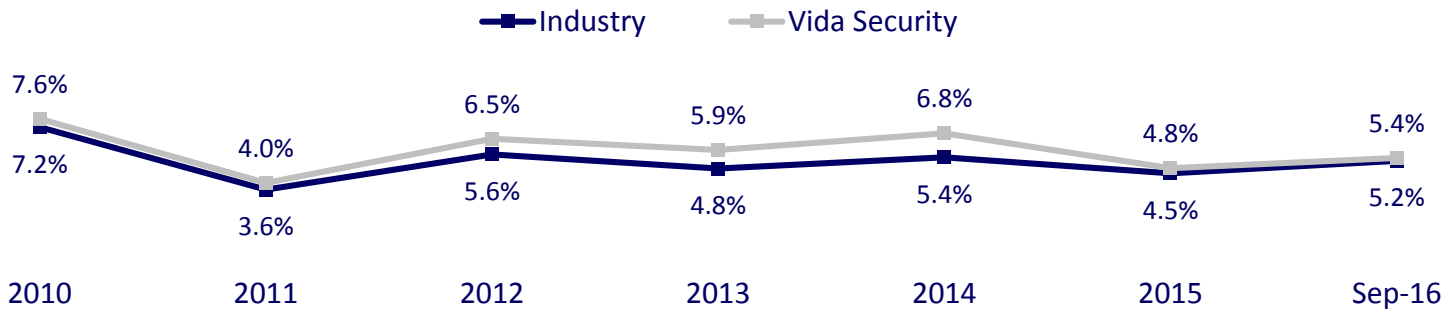


## ROE



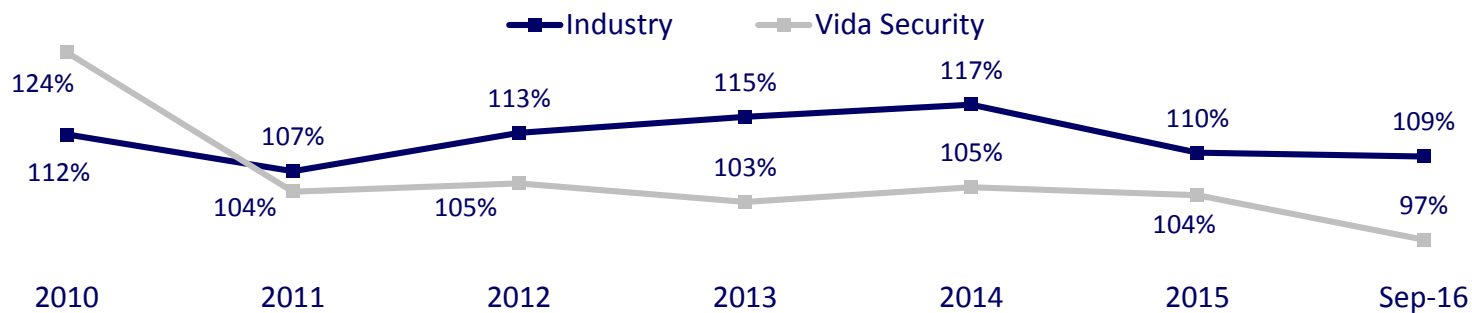
Average ROE  
5 years  
Security 18%  
Industry 12%

## ROI



Average ROI  
5 years  
Security 5.9%  
Industry 5.2%

## Combined Ratio

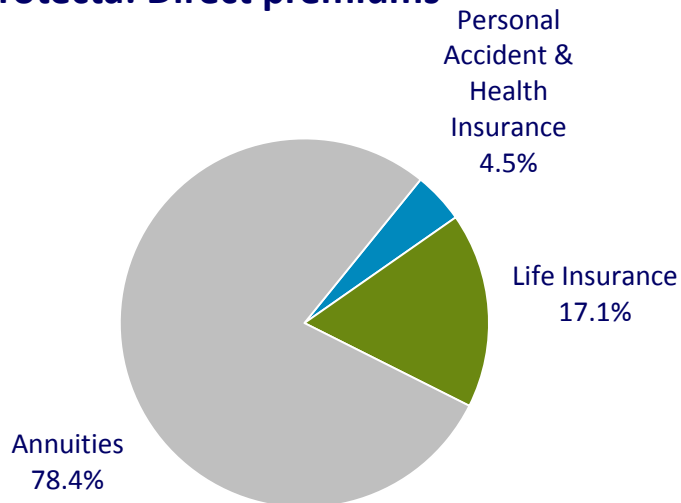


Average combined ratio  
5 years  
Security 108%  
Industry 112%

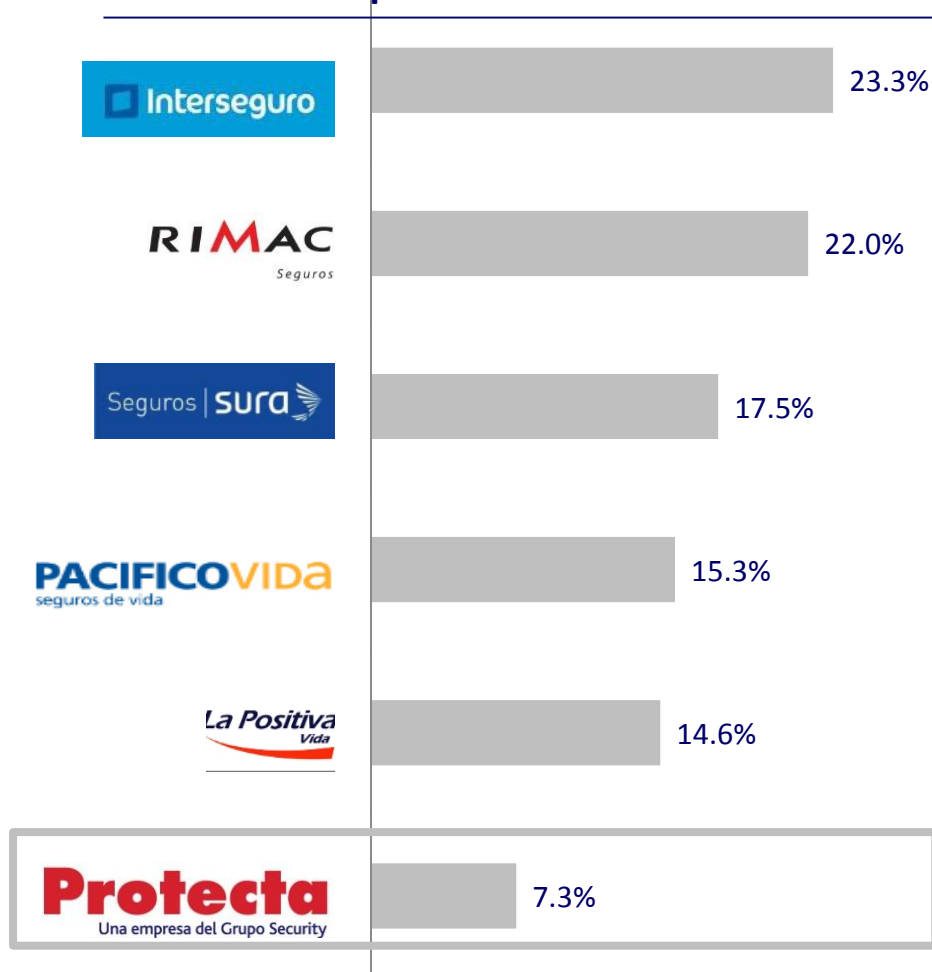
# Protecta Compañía de Seguros

- This acquisition marks Grupo Security's entrance into the Peruvian life insurance market.
- Profit:
  - » September 2016: S./11,490,556 million (US\$3,379,575)
  - » ROAE: 14.4% (Industry 16.3%)
  - » ROI : 11.0% (Industry 6.6%)

## Protecta: Direct premiums



## Direct Annuity Premiums - Peruvian Life Insurance Companies



Source: SBS - Peruvian Superintendency of Banks, Insurance and Pensions

## 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

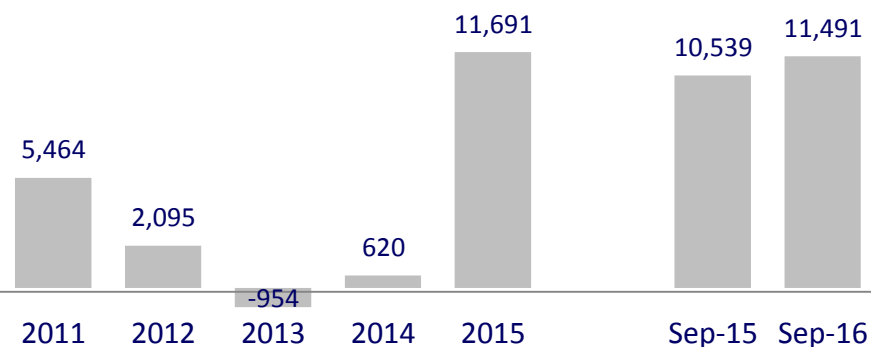
## Operating Principles

- 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)



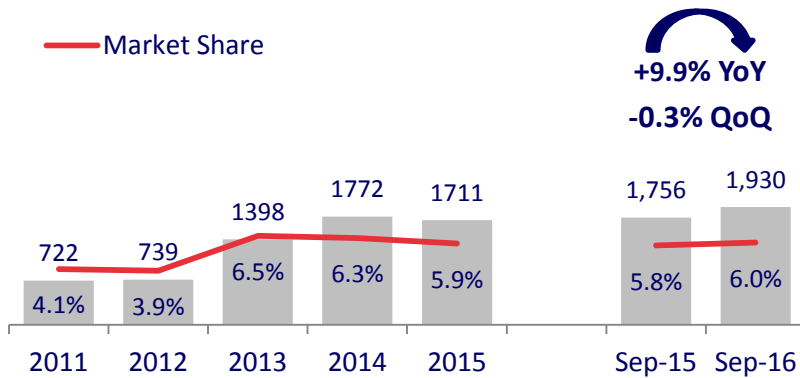
### Financial Indicators (S./ thousands)

	1Q16	2Q16	3Q16
Direct Premium	35,196	35,543	32,052
Claims Paid	-7,383	-8,101	-9,577
Administrative Expenses	-7,030	-7,080	-7,027
Investment Income	13,546	15,451	21,377
Investment Portfolio	617,154	639,219	682,836
Equity	84,466	88,777	94,785

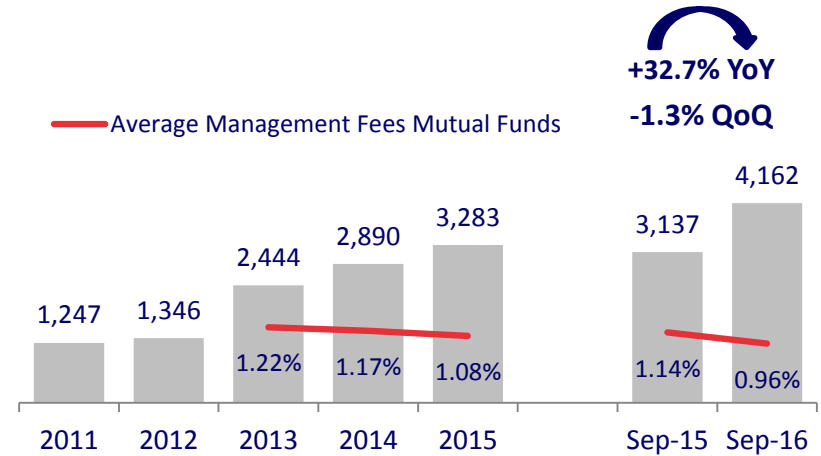
# Inversiones Security – Historical Trends

- » 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\$1,930 billion, +9.9% YoY (industry +6.1% YoY)

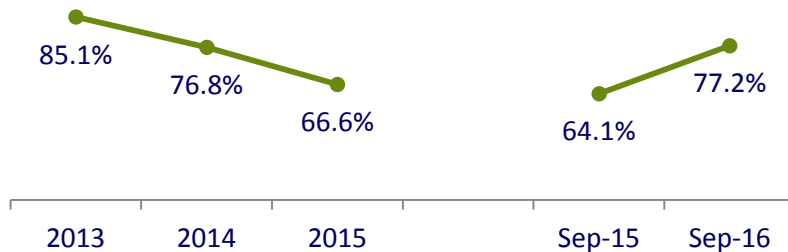
## Mutual Funds Under Management (CH\$ billion)



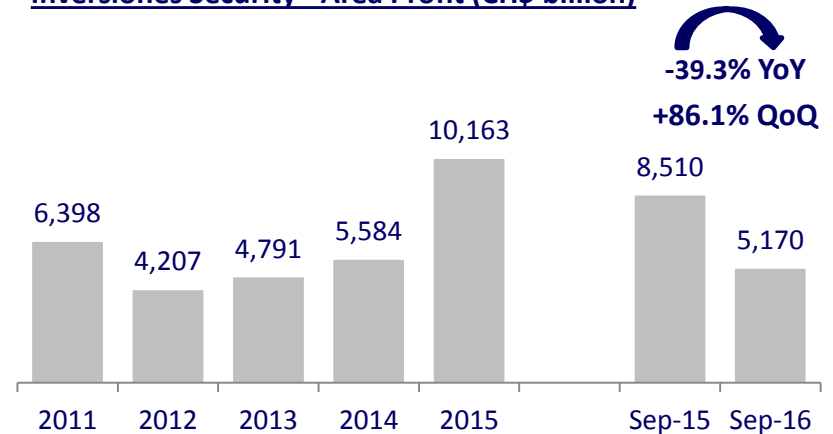
## Total AUM<sup>1</sup> - Inversiones Security (CH\$ billion)



## Efficiency (Total Expenses / Total Income)



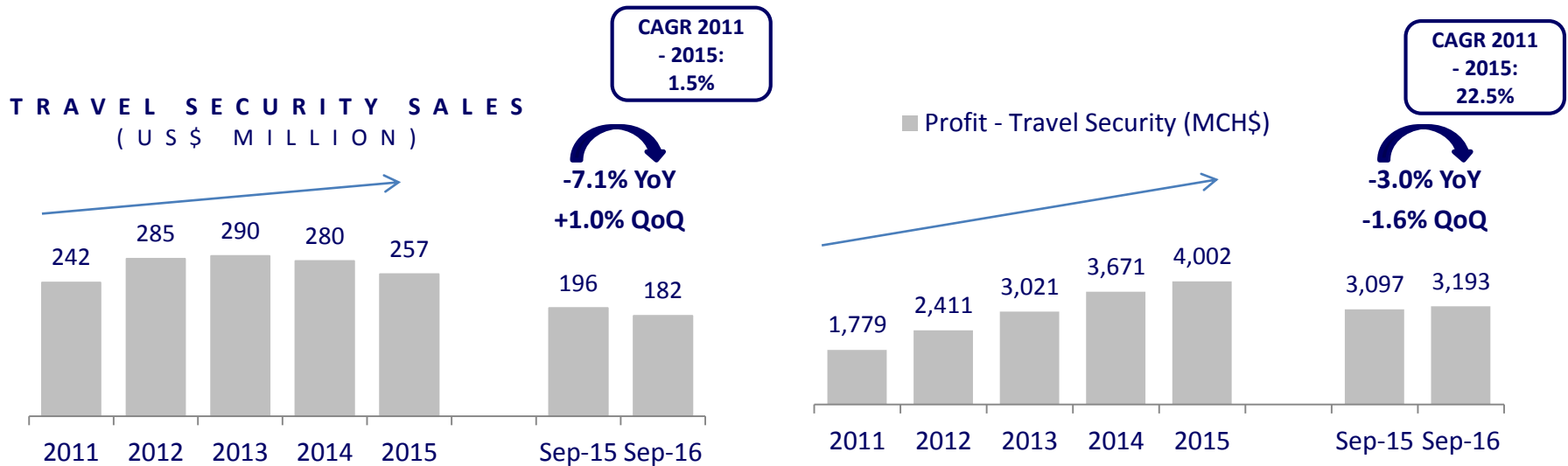
## Inversiones Security - Area Profit (CH\$ billion)



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

# Other Services: Travel Security

- » Consolidated profit at Travel Security of CH\$3,097 million as of Sep-16 (-3.0% YoY, -1.6% QoQ)
- » Travel reported total sales of US\$ 182 million as of Sep-16 (-7.1% YoY, +1.0% QoQ)
  
- » Industry sales through BSP<sup>1</sup> fell 14% YoY, in line with the economic slowdown
- » Increase in commissions paid by airlines for diverting demand
  
- » Travex<sup>3</sup> profit: CH\$216 million (-63.7% YoY, +68.1% QoQ)



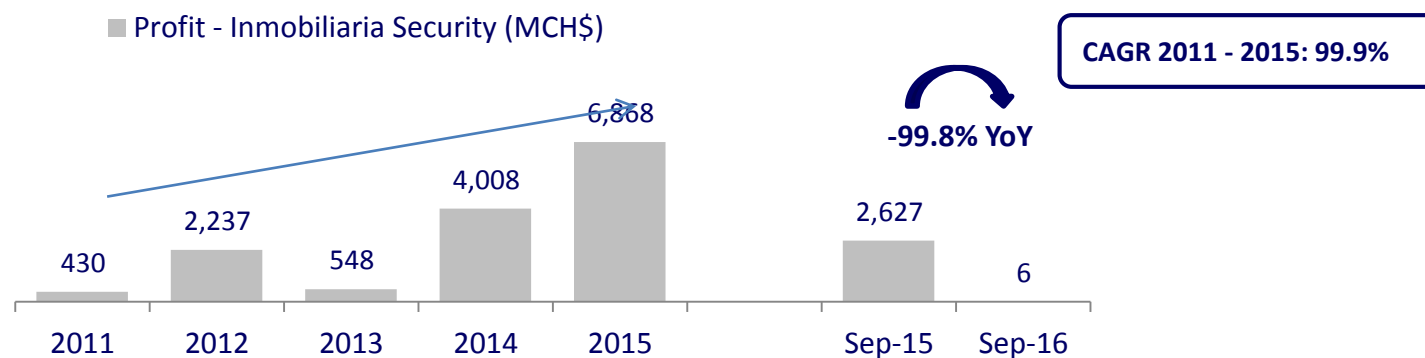
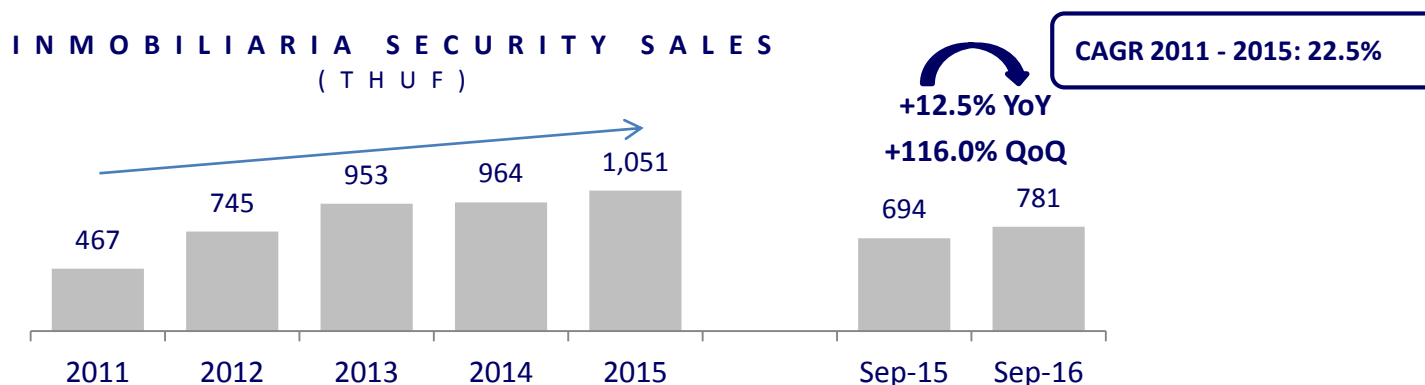
<sup>1</sup>Billing and Settlement Plan is a system that centralizes the payment of airfares by travel agencies to airlines

<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\$6 million as of Sep-16 (-99.8% YoY)
- » Apartment sales as of Sep-16 of UF 780,993
- » Real estate assets under management of CH\$68,943 million, + 87.1% YoY, due to new land and capitalized projects in development
- » Under IFRS, revenue is recognized once legal title to the property has been transferred. Fewer deeds transferred on projects (29 in 9M16, 15 in 1Q16, and 106 in 9M15)



# Profit Empresas Security\*

Profit - Related Companies								
	3Q16	2Q16	3Q15	% Chg		9M16	9M15	% Chg
				QoQ	YoY			
<b>Lending Area</b>								
Banco Security (Standalone)	8,471	12,002	8,959	-29.4%	-5.4%	33,928	34,916	-2.8%
Factoring Security	1,850	1,880	1,643	-1.6%	12.6%	5,430	5,256	3.3%
<b>Asset Management Area</b>								
Valores Security	584	(56)	241	-	142.1%	732	2,114	-65.4%
AGF Security	1,910	1,492	2,323	28.0%	-17.8%	5,183	6,574	-21.2%
Aseorias Security	(250)	(171)	18	-	-	(427)	91	-
<b>Insurance Area</b>								
Vida Security	7,406	3,526	(127)	110.0%	-	15,253	16,892	-9.7%
Penta Security	-	-	299	-	-	18,979	587	-
Servicios Security	251	370	236	-32.2%	6.3%	706	489	44.3%
<b>Other Services</b>								
Inmobiliaria Security	(512)	125	(501)	-	-	6	2,627	-99.8%
Travel Security	1,046	1,063	1,164	-1.6%	-10.1%	3,097	3,193	-3.0%
Travex Security	93	55	186	68.1%	-50.1%	216	594	-63.7%
<b>Grupo Security Profit</b>	<b>13,957</b>	<b>14,527</b>	<b>6,728</b>	<b>-3.9%</b>	<b>107.4%</b>	<b>59,373</b>	<b>51,253</b>	<b>15.8%</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 September 2016