

# Financial Results Grupo Security June 2017

September 7, 2017  
4:30 PM



# Macroeconomic Recap 2017

## Summary and Outlook

- **GDP:** Although economic activity in the first half of the year was disappointing, improved external conditions and better domestic expectations will drive GDP upwards to 1.7% in 2017.
- **Unemployment:** Averaged 6.5% in 2016 and is expected to rise to around 7% in 2017.
- **Inflation:** Since early 2016, the YoY variation in CPI has shown a downward trend, falling just below the floor of the target range in June. For the rest of 2017, it is expected to hover around the floor of the range, with a downward bias.
- **Exchange rate:** It has continued to appreciate in 2017, reaching close to CH\$625 as of the end of August. We expect this trend to continue in upcoming quarters, hovering around CH\$600-CH\$630.
- **MPR:** The Chilean Central Bank lowered the MPR by 100bp between January and May 2017. It expects it to stay at 2.5% for a long time, but has not ruled out an additional 25bp adjustment.
- **Market interest rates:** Practically flat throughout the year, which could continue due to expectations for a stable MPR. BCP-10 closed 2016 at 4.4%, the same as the end of August.
- **Bank loans:** Grew 5% YoY as of July, driven by mortgage (9.5%), consumer (7,4%) and commercial (2.6%) loans. For the year as a whole, loans are expected to expand by between 5% and 6% across the industry.



# Significant and Subsequent Events

**S&P upgrades Banco Security's  
rating to BBB/A-2**

(August 2017)

**Successful capital increase.  
CH\$93,424 million raised,  
97.3% subscribed**

(August 2017)

**Fitch upgrades outlook to  
positive for the Group, Bank  
and Factoring**

(March 2017)

**Exchange of M bonds for F  
bonds**

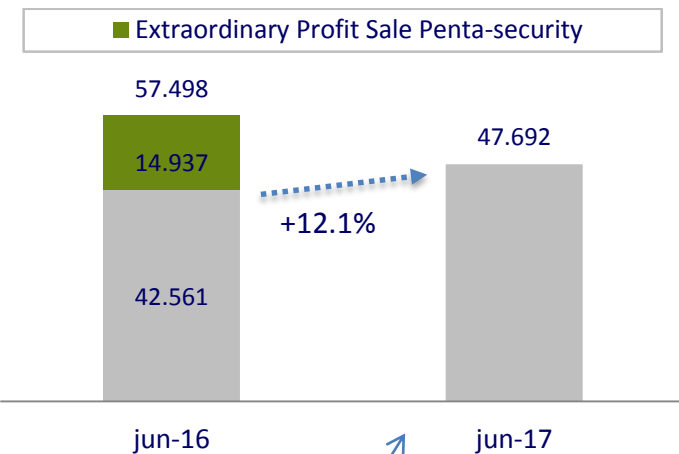
(January 2017)

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

## Profit - Business Areas

(CH\$ million)

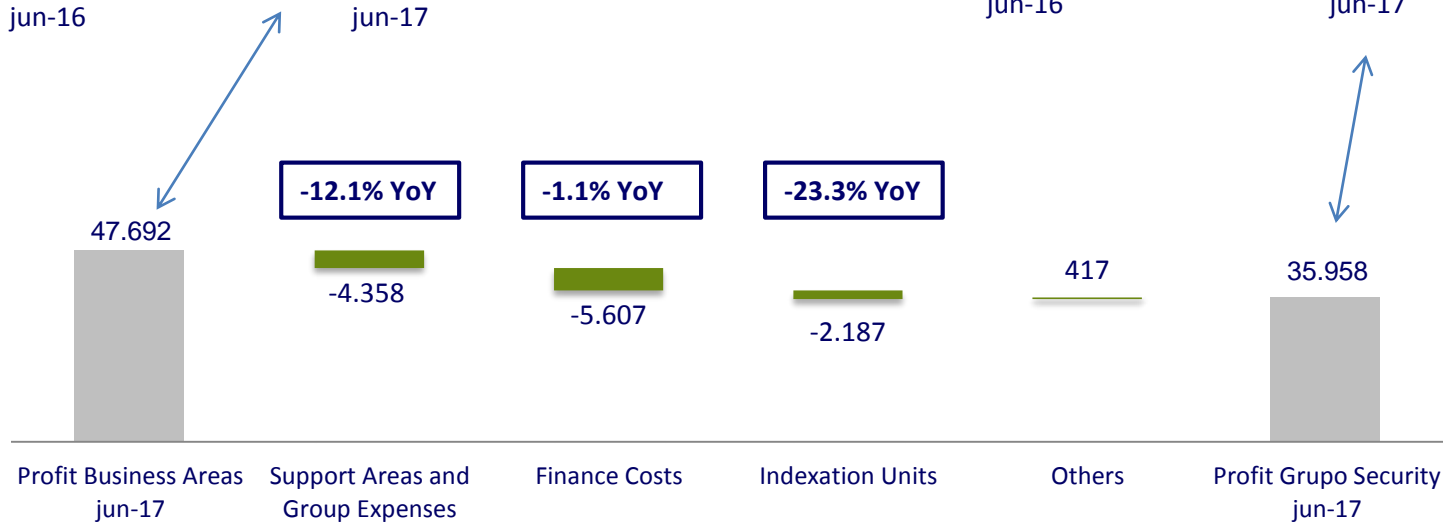
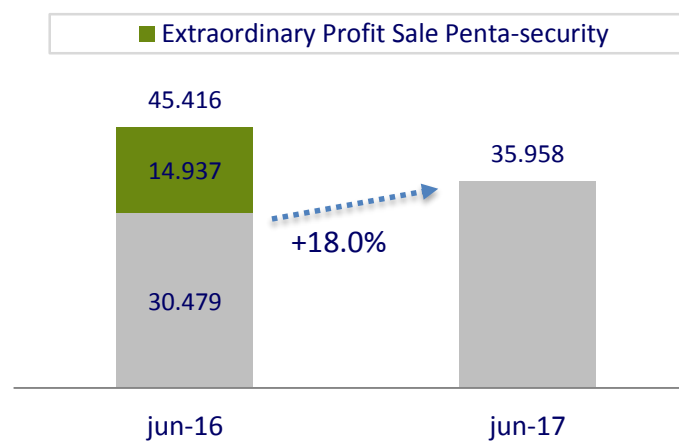
Growth 2017/16 -17.1%



## Grupo Security Profit

(CH\$ million)

Growth 2017/16 -20.8%



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

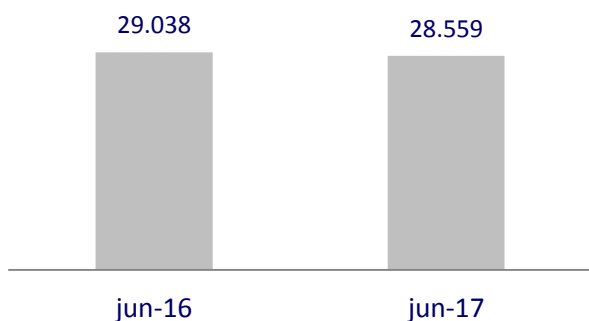
# Grupo Security Results by Business Area<sup>1</sup>

## (CH\$ million)

### Lending Area Profit

(CH\$ million)

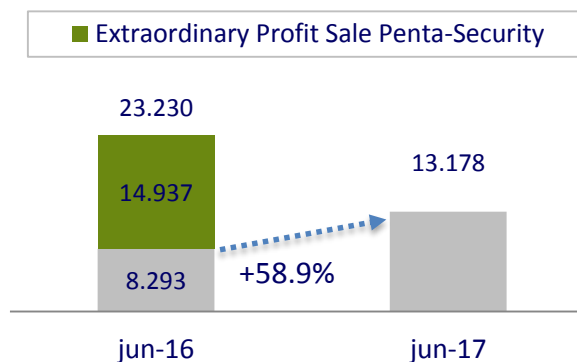
Growth 2017/16 -1.7%



### Insurance Area Profit

(CH\$ million)

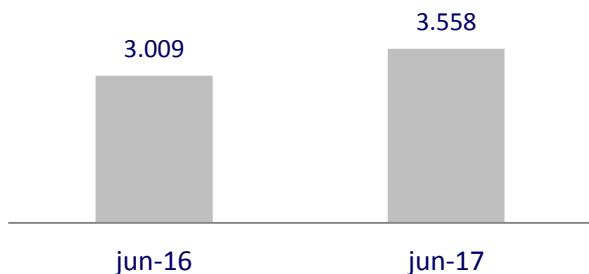
Growth 2017/16 -43.3%



### Asset Management Area Profit

(CH\$ million)

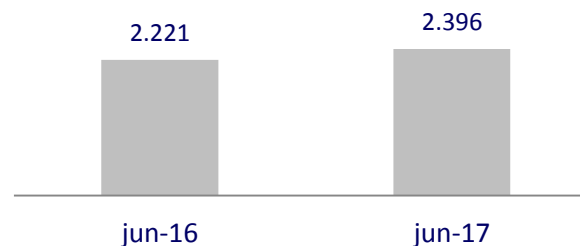
Growth 2017/16 +18.3%



### Other Services Area Profit

(CH\$ million)

Growth 2017/16 +7.9%



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

# Lending Area

## Banco Security (standalone)

**Profit CH\$ 24,812 Jun-17, -2.5% YoY, +35.2% QoQ**

**Increased loans, totaling CH\$ 4,620 billion as of Jun-17, +9.8% YoY; +3.5% YTD, exceeding industry growth (+5.3% YoY; +2.0% YTD)**

**Commercial Banking: MCH\$ 18,851 6M17, -15.3% YoY, +4.2% QoQ**

- Higher **net interest margin** (MCH\$ 37,552 as of Jun-17, +8.2% YoY), due to commercial loan growth (MCH\$ 3,649,975 as of Jun-17, +11.3% YoY, +4.1% YTD) and a larger spread than the prior year
- **Loan losses** totaled MCH\$ 6,813 as of Jun-17 vs. MCH\$ 1,737 as of Jun-16. Portfolio and NPL coverage were 1.35% and 126.7% as of Jun-17, respectively, an improvement over 1.58% and 122.7% as of Jun-16
- **Operating expenses** totaled MCH\$ 19,361 as of Jun-17, +15.7% YoY, due to IT projects implemented and productivity bonuses paid based last year's results

**Retail Banking: MCH\$ 1,815 6M17, down from MCH\$ 4,800 6M16, and greater than the loss of MCH\$ -1,011 from the first quarter**

- Higher **net interest margin** (MCH\$30,249 as of Jun-17, +7.0% YoY), due to **loan** growth (MCH\$ 969,729 as of Jun-17, +4.5% YoY, +1.5% YTD) and a larger spread than the prior year
- Higher **net fees** (MCH\$ 11,596 as of Jun-17, +12.9% YoY) due to increased credit card and current account fees
- **Loan losses** totaled MCH\$ 12,021 as of Jun-17, +35.5%, due to portfolio growth, reduced recovery and more conservative provisioning criteria. **NPL coverage** reached 165.9% as of Mar-17, an improvement from the 133.2% as of Mar-16, and an appropriate level in light of sluggish economic growth
- **Operating expenses** rose to MCH\$ 28,691 as of Jun-17, +16.5% YoY, due to increased activity and implementation of IT projects

**Treasury: MCH\$ 11,511 as of Jun-17, +17.4% YoY, +29.4% QoQ**

- Higher **net interest margin** (MCH\$ 10,564 as of Jun-17, +46.2% YoY), due to MPR cuts from 3.5% to 2.5% in 1H17

# Lending Area

## Banco Security Indicators (Consolidated)

	2012	2013	2014	2015	2016	Jun-16	Jun-17
Risk Ratio (Provisions/Loans)	1.4%	1.4%	1.6%	1.8%	1.8%	1.8%	1.7%
NPL Portfolio (Port. Non-Performing 90 days or more/Loans)	1.3%	1.1%	1.5%	1.5%	1.4%	1.5%	1.3%
NPL Portfolio Coverage	104.1%	125.7%	107.0%	119.0%	126.3%	125.5%	131.8%
Efficiency Ratio (Operating Expenses/ Gross Op. Income)	54.7%	53.3%	48.9%	48.1%	59.3%	54.2%	53.3%
ROAE (Profit LTM/ Average Equity)	12.8%	11.1%	16.3%	12.0%	11.6%	10.4%	10.9%
Net Interest Margin LTM / Average Loans	2.4%	2.6%	3.4%	3.4%	3.2%	3.4%	3.3%
Equity (MCH\$)	283,593	308,362	379,051	408,340	461,783	447,283	482,493
Profit attributable to controllers (MCH\$)	35,227	32,798	55,902	47,424	50,604	28,878	28,816
Core Capital (Base Capital/ Total Assets)	6.2%	6.3%	6.8%	6.6%	7.1%	7.4%	7.4%
Basel I Tier II Index (Equity/ RWA)	11.9%	12.2%	12.5%	12.1%	13.2%	12.8%	13.3%

# Lending Area

## Banco Security vs Peer Banks vs Chilean Banking System

June	Banco Security		Peer Banks		System	
	2016	2017	2016	2017	2016	2017
Gross Operating Income LTM / Average Total Assets	3.79%	3.95%	3.84%	3.86%	4.58%	4.45%
Efficiency Ratio (Operating Expenses / Gross Operating Income)	54.23%	53.29%	52.92%	48.45%	49.33%	48.12%
Risk Ratio (Provisions/Loans)	1.84%	1.73%	1.76%	1.79%	2.51%	2.49%
Commercial Risk Ratio	1.94%	1.71%	1.79%	1.79%	2.45%	2.43%
Retail Risk Ratio	1.51%	1.82%	1.73%	1.68%	2.66%	2.66%
ROAE (Profits LTM / Avg. Equity)	10.41%	10.87%	11.82%	12.82%	13.12%	12.29%
ROAA (Profits LTM / Avg. Assets)	0.82%	0.86%	0.88%	0.95%	1.07%	1.02%
Net Interest Margin LTM / Average Loans	3.38%	3.29%	3.49%	3.29%	4.45%	4.30%
Core Capital (Basic Capital/Total Assets)	7.40%	7.37%	7.14%	6.78%	7.52%	7.55%
Basel I Tier 2 Index (Equity/ RWA)	12.77%	13.32%	12.84%	13.00%	13.51%	13.63%

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

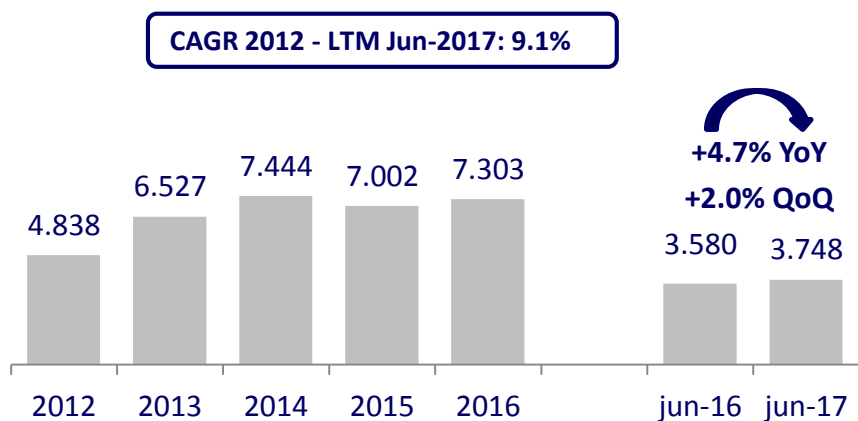


# Lending Area

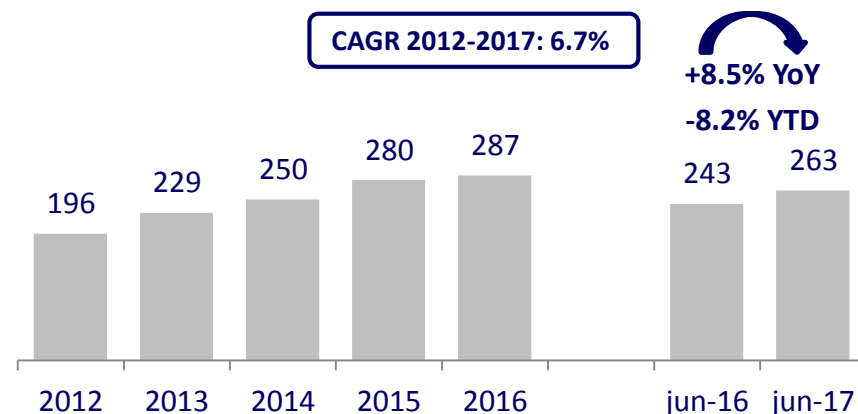
## Factoring Security

- ✓ Profit CH\$ 3,748 million as of Jun-17 (+4.7% YoY, +2.0% QoQ)
- ✓ Factored receivables: CH\$ 263,222 million +8.5% YoY, -8.2% YTD
- ✓ Average spread of around 0.69% as of Jun-17, +2 bps YoY
- ✓ Risk (Provisions/Loans) of 2.9% as of Jun-17; -4 bps YoY and +27 bps QoQ
- ✓ Efficiency (Operating Expenses / Net Income): 43.8% (-113 bps YoY)

■ Profit - Factoring Security (CH\$ million)

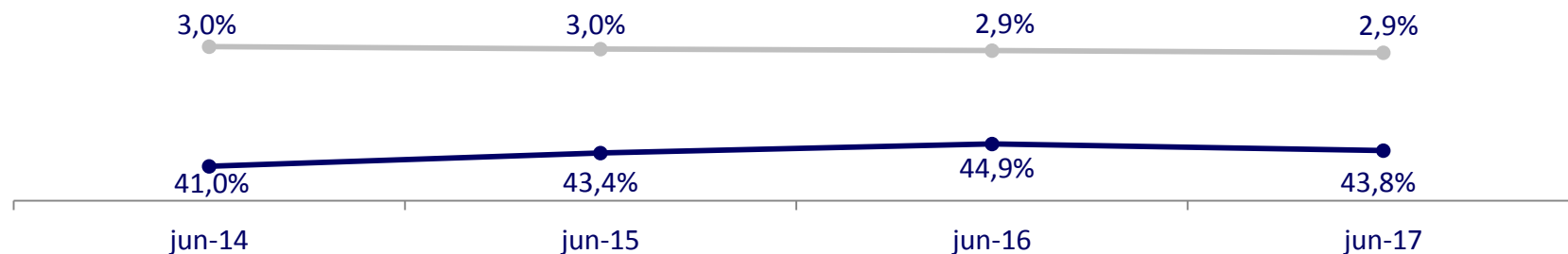


■ Factored Receivables - Factoring Security (BCh\$)



● Efficiency (Operatin Expenses/ Operating Income)

● Risk (Provisions/ Factored Receivables)



# Insurance Area

## Vida Security

### Profit CH\$ 13,101 million Jun-17 (+67.0% YoY)

- Improved **investment income** (MCH\$ 69,030 as of Jun-17, +47.0% YoY, -31.7% QoQ). Portfolios performed well because of strong results from variable income instruments on global markets.
- **Contribution margin:** -CH\$ 36,331 million as of Jun-17, versus -CH\$ 20,330 million as of Jun-16:
  - **Direct premium:** CH\$ 221,928 million as of Jun-17 (+69.5% YoY). Increased CUI and APV premiums (CH\$74,868 million as of Jun-17, +20.9% YoY) The **fifth Disability and Survivor Insurance contract** become effective, providing CH\$ 85,759 million in direct premium as of Jun-17, partially offset by reduced sales of annuities.
  - **Variation in technical reserves:** - CH\$ 50,966 million as of Jun-17 (+51.8% YoY). Investment performance from CUI and APV insurance policies has an impact on technical reserves, which partially offsets the net profit.
  - **Claims and pensions paid:** -CH\$ 165,873 million as of Jun-17 ,+55.1% YoY. Higher transfers and surrenders of individual insurance with savings components (CUI and APV); the **fifth Disability and Survivor Insurance contract** reported claims and pensions paid of CH\$ 56,968 million as of Jun-16. This was partially offset by the decrease in annuities paid, in line with the drop in sales.

# Insurance Area

## Vida Security - Profit and Investments

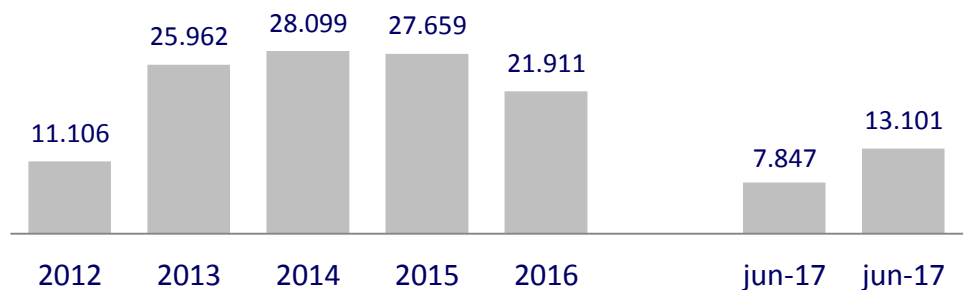
✓ Portfolio performed well because of strong results from variable income instruments on global markets

Investment Income	Jun-16	Jun-17	In CH\$ million	Portfolio			Gain (Loss)		
				Jun-16	Jun-17	Δ YoY	6M16	6M17	Δ YoY
Fixed Income	5.2%	4.8%	Fixed Income	1,593,164	1,725,410	8.3%	40,753	41,316	1.4%
Equities and indexes	1.9%	11.3%	Equities and indexes	316,400	370,299	17.0%	3,070	19,405	-
Real estate	5.8%	5.6%	Real Estate	234,903	230,472	-1.9%	6,804	6,497	-4.5%
Other investments	-	-	Other Investments	33,830	37,698	11.4%	-3,669	1,812	-
<b>Investments Income</b>	<b>4.3%</b>	<b>5.9%</b>	<b>Investments Income</b>	<b>2,178,297</b>	<b>2,363,879</b>	<b>8.5%</b>	<b>46,958</b>	<b>69,030</b>	<b>47.0%</b>

### Vida Security Profit

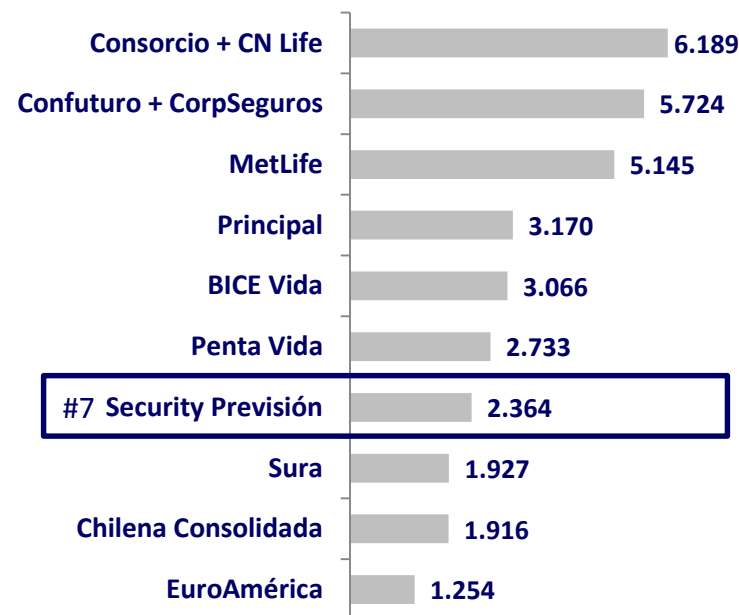
(CH\$ million)

CAGR 2012 - LTM Jun-2017=  
19.6%



### Investments of Main Life Insurance Companies

June 2017 Industry Total CH\$ 36,933 billion



# Insurance Area

## Vida Security vs Industry

June 2017 LTM	Security	Peers	Industry
Profit/ Retained Premiums	7.3%	8.7%	9.8%
(Claims and Pensions Paid)/ Direct premiums (1)	74.2%	95.4%	88.6%
Administrative expenses/Direct Premiums (2)	8.1%	7.6%	12.0%
Underwriting expenses/Direct Premiums (3)	3.7%	4.0%	5.5%
Combined Ratio (1) + (2) + (3)	86.0%	107.1%	106.1%
ROAE	17.0%	17.2%	16.1%
ROAI	5.9%	6.1%	6.0%
Leverage (Liability/Equity)	14.79 x	12.72 x	9.97 x
June 2017 Annualized	Security	Peers	Industry
Profit/ Retained Premiums	7.0%	10.2%	11.7%
(Claims and Pensions Paid)/ Direct premiums (1)	74.7%	95.6%	88.1%
Administrative expenses/Direct Premiums (2)	8.2%	4.0%	5.6%
Underwriting expenses/Direct Premiums (3)	3.2%	4.0%	5.6%
Combined Ratio (1) + (2) + (3)	86.2%	103.6%	99.3%
ROAE	16.3%	19.1%	18.3%
ROAI	5.9%	6.2%	6.2%
Leverage (Liability/Equity)	14.79 x	12.72 x	9.97 x

# Insurance Area

## Protecta

**Protecta: Profit Jun-17 S./ 9.2 million (US\$ 2.83 million), versus profit as of Jun-16 of S./ 5.5 million (US\$ 1.68 million)**

- » Investment income increased by S./ 12.58 million YoY to S./ 41.6 million as of Jun-17, +43.4% YoY, due to good performance on real estate investments.
- » Technical profit S./ 17.8 million as of Jun-17 (S./ -8.5 million YoY).
  - » Direct premiums increased by S./ 7.0 million YoY in mass insurance products (SOAT and group policies), offset by S./ -7.2 million YoY in annuities.
  - » Minor adjustment in technical reserves of S./ 4.96 million, due to lower annuity sales.
  - » Claims paid increased by S./ 12.5 million due to increase in mass insurance products.
- » Net annuity premiums of S./ 47.59 billion as of Jun-17, -13.2% YoY. The industry fell by 38.0% over the same period.  
Market share of annuities was 10.0% as of Jun-17, versus 5.3% as of Sep-15.

Benefits Thousands S./	6M15		6M16				6M17			
	Market	Protecta	Market	Δ YoY	Protecta	Δ YoY	Market	Δ YoY	Protecta	Δ YoY
Disability	154,454	13,054	212,532	37.6%	17,613	34.9%	158,861	-25.3%	18,839	7.0%
Retirement	716,222	29,096	370,498	-48.3%	23,162	-20.4%	152,381	-58.9%	12,565	-45.8%
Survival	154,723	7,653	183,743	18.8%	14,047	83.5%	163,848	-10.8%	16,189	15.3%
<b>Total</b>	<b>1,025,399</b>	<b>49,804</b>	<b>766,772</b>	<b>-25.2%</b>	<b>54,822</b>	<b>10.1%</b>	<b>475,090</b>	<b>-38.0%</b>	<b>47,593</b>	<b>-13.2%</b>

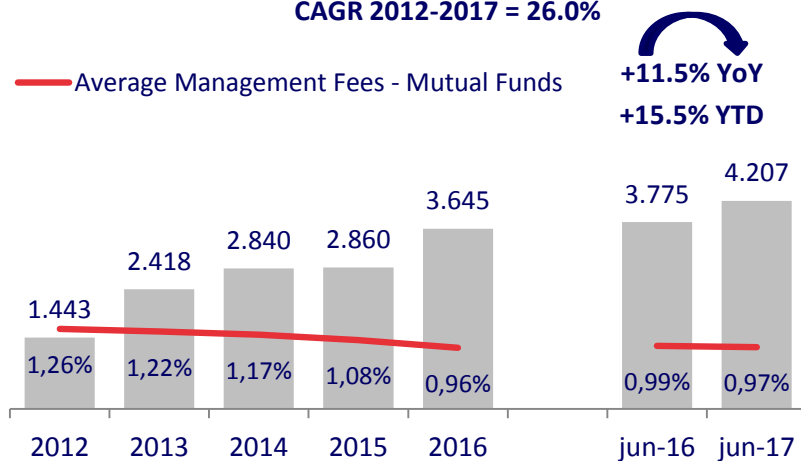
# Asset Management Area

## Inversiones Security

- Profit CH\$ 3,558 million as of Jun-17 (+18.3% YoY, +32.0% QoQ)
- Increased AUM CH\$4,207 billion (+11.5% YoY, +15.5% YTD)
  - Sixth place market share of public mutual and investment funds of 5.5%
  - Fifth place market share of mutual funds of 6.7%
- Increased income from funds and transactional businesses (Equities, Fixed Income, International). 1H16 includes additional distribution income for alternative funds that should be registered during remainder of 2017
- Higher expenses related to commercial activity

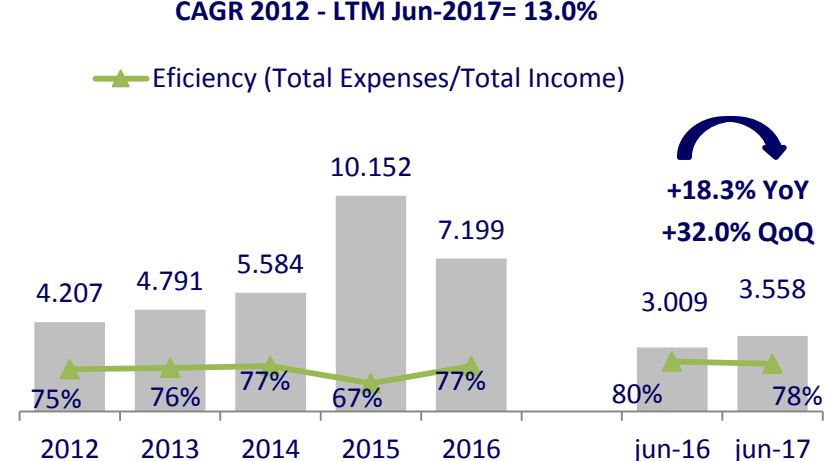
### Total AUM<sup>1</sup> - Inversiones Security (CH\$ billion)

CAGR 2012-2017 = 26.0%



### Inversiones Security - Area Profit<sup>1</sup> (CH\$ million)

CAGR 2012 - LTM Jun-2017= 13.0%



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

# Other Services Area

## Travel and Inmobiliaria Security

### Travel Security: Profit CH\$ 1,859 million as of Jun-17 (-9.3% YoY, +59.9% QoQ)

- Higher **sales** at Travel, reaching US\$ 133 million as of Jun-17 (+13.2% YoY, +15.8% QoQ), offset by reduced fees
  - Higher **sales** Travex: +27.9% YoY and +7.7% QoQ
    - **Profit** growth Travex<sup>3</sup>: CH\$ 276 million (+124.5% YoY, +25.7% QoQ)

### Inmobiliaria Security: Profit CH\$ 853 million as of Jun-17 (+64.6% YoY)

- More **deeds transferred** on projects (29 in 1H17 and 26 in 1H16)
- **Real estate assets** under management of CH\$74,666 million (+22.6% YoY)
  - Projects under development:
    - Puerta Real. 294 units, 1 unit available for sale
    - Espacio El Vergel: 81 units, 7 units available for sale
    - Brisas del Canto: 33 units, 17 units available for sale
    - San Damián (phases 1 and 2): 24 units, 9 units available for sale

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

# Evolution of Grupo Security

## Indicators

- ✓ Distributable profit as of Jun-17 of CH\$ 35,958 million. 1Q16 includes extraordinary gain on sale of interest in Penta-Security. Excluding that effect, profit grew 18.0% over the prior year
- ✓ Grupo Security ROAE of 11.03%.

	2011	2012	2013	2014	2015	2016	Jun-17 LTM
Grupo Security Consolidated Profit (MCH\$)	41,883	46,561	49,843	61,010	65,022	74,522	65,064
Closing Number of Shares (million)	2,882	2,882	3,184	3,232	3,258	3,258	3,258
Closing Price	175	187	177	216	191	226	231
Closing Market Cap (MCH\$)	504,395	538,982	563,510	697,702	621,370	736,358	752,682
EPS (times)	14.53	16.15	15.66	18.88	19.96	22.87	19.97
PE (times)	12.04 x	11.58 x	11.31 x	11.44 x	9.56 x	9.88 x	11.57 x
Market Book Value (times)	1.34 x	1.35 x	1.21 x	1.33 x	1.13 x	1.26 x	1.25 x
Dividend Yield	5.7%	5.4%	4.0%	5.2%	5.8%	5.2%	
Leverage	24.68%	26.16%	36.76%	36.14%	34.86%	34.45%	33.31%
ROAA	0.92%	0.90%	0.82%	0.84%	0.80%	0.83%	0.72%
Equity	376,349	397,790	467,004	522,718	551,653	585,628	601,281
Business Areas Profit (MCH\$)	51,212	58,356	64,070	97,563	92,201	102,133	92,327
ROAE	12.37%	12.03%	11.53%	12.33%	12.10%	13.11%	11.03%
Payout Ratio (Dividends/ Profit)	68.8%	63.5%	47.9%	54.4%	56.4%	52.5%	
Five-year CAGR Consolidated Profit	9.38%	7.78%	22.89%	15.26%	9.74%	12.21%	





# Grupo Security Results

## Summary as of June 2017

### Year-over-year:

- ✓ Bank loans **+9.8%** YoY (**+5.3%** Industry, **+5.5%** including foreign subsidiaries)
- ✓ Factored receivables **+8.5%** YoY
- ✓ AUM in mutual funds **+23.8%** YoY (**+15.2%** Industry)
- ✓ Direct life insurance premiums **+69.5%** YoY (**-0.5%** Industry)

Financial  
Results  
Grupo Security  
June 2017

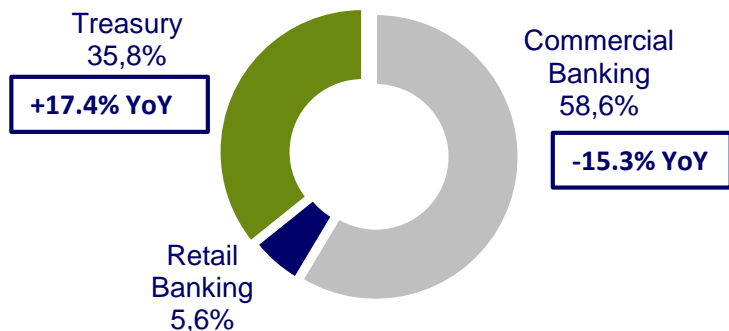


# Lending Area

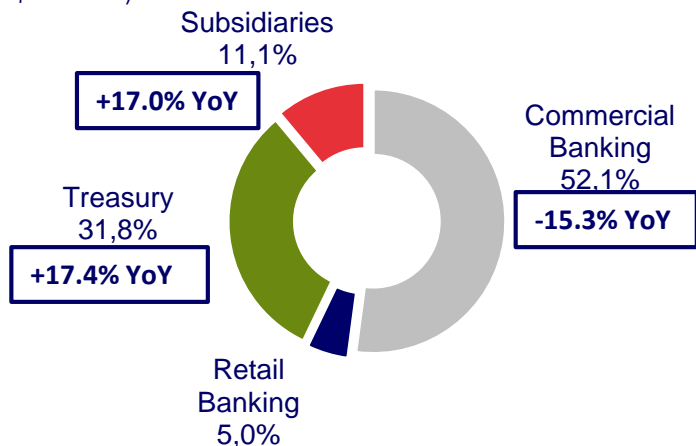
## Banco Security - Profit

- Consolidated profit of CH\$28,816 million as of Jun-17 (-0.2% YoY, +35.2% QoQ)
- Consolidated gross operating income of CH\$ 36,105 million (+4.1% YoY, +37.4% QoQ)

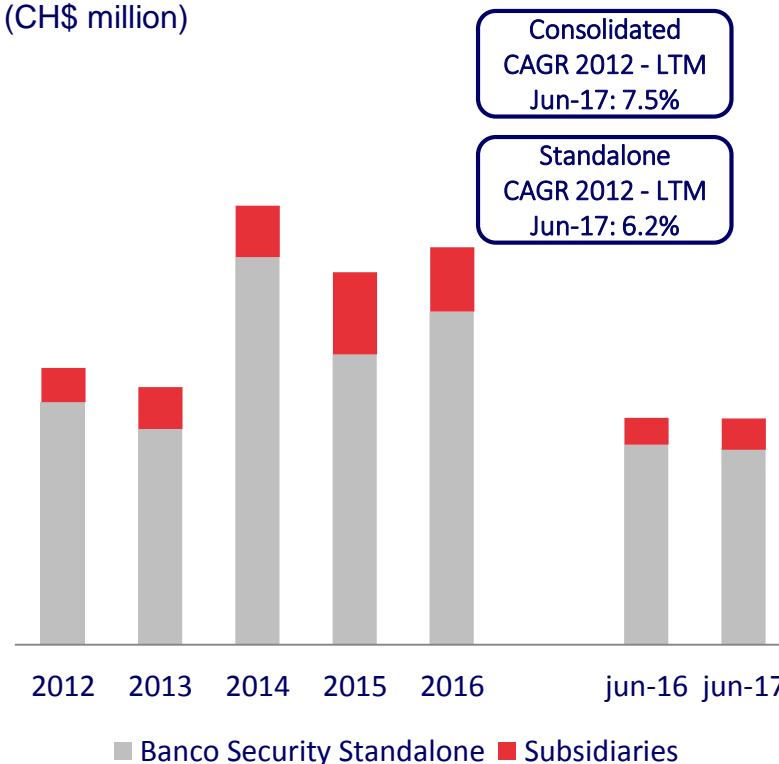
**Banco Security Standalone Profit CH\$ 24,812 million**  
 (CH\$ million) Growth 2017/16 -2.5% YoY



**Banco Security Consolidated Profit: CH\$ 28,816 million**  
 (CH\$ million) Growth 2017/16 -0,2% YoY



**Banco Security Profit**  
 (CH\$ million)

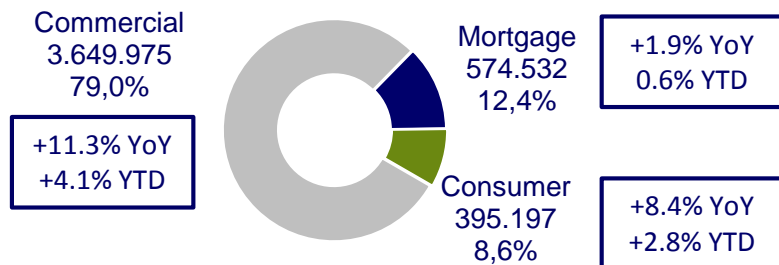


# Lending Area

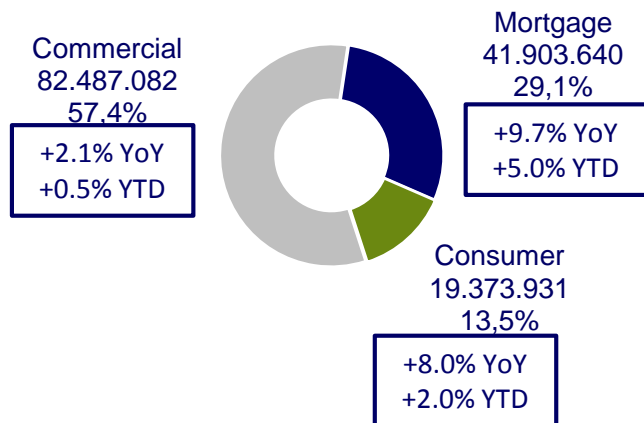
## Banco Security - Loans

- Consistent trend in loan growth with CAGR of 10.3% between Jun-12 and Jun-17.

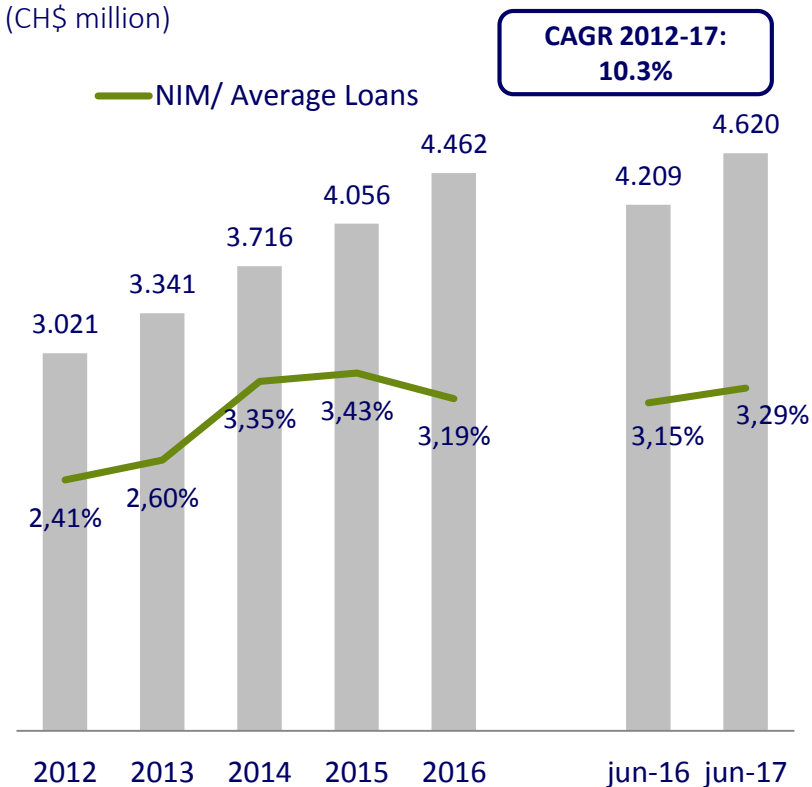
**Banco Security Loan Portfolio: CH\$ 4,620,365 million**  
**Growth 2017/16 +9,8% YoY; +3,5% YTD**



**Industry Loans<sup>1</sup>: CH\$ 145,640,422 million**  
**Growth 2017/16 +5,3% YoY; +2,0% YTD**



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



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

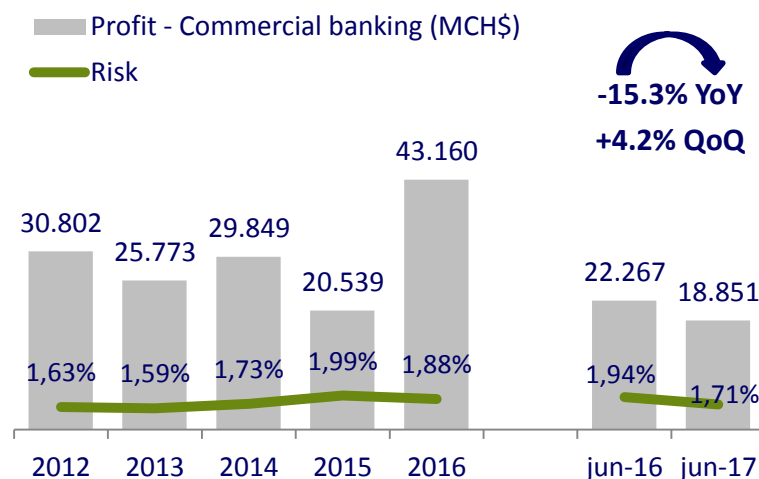
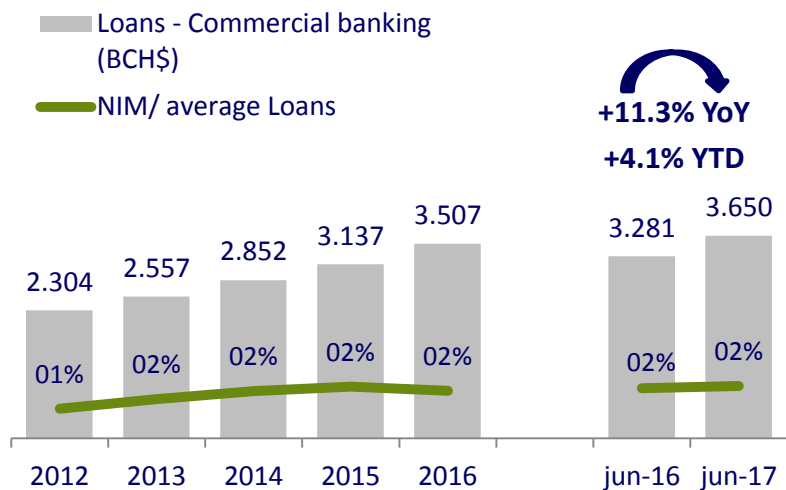
# Lending Area

## Banco Security - Commercial Banking

### Results as of Jun-17:

- Commercial loans: CH\$ 3,649,975 million (+11.3% YoY and +4.1% YTD vs Industry<sup>1</sup> +2.1% YoY and 0.5% YTD); 79.0% of portfolio
- Profit as of Jun-17: CH\$ 18,851 million (-15.3% YoY)
- Commercial Banking had 9,649 current accounts as of Jun-17, +3.1% YoY

Main Effects on Profit as of Jun-17					
CH\$ million	Δ% QoQ	Δ QoQ	Δ% YoY	Δ YoY	Jun-17
Interest Margin	1.1%	208	8.2%	2,862	37,552
Provision expenses	30.9%	-911	-	-5,076	-6,813
Operating expenses	-19.8%	2,124	15.7%	-2,627	-19,361



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

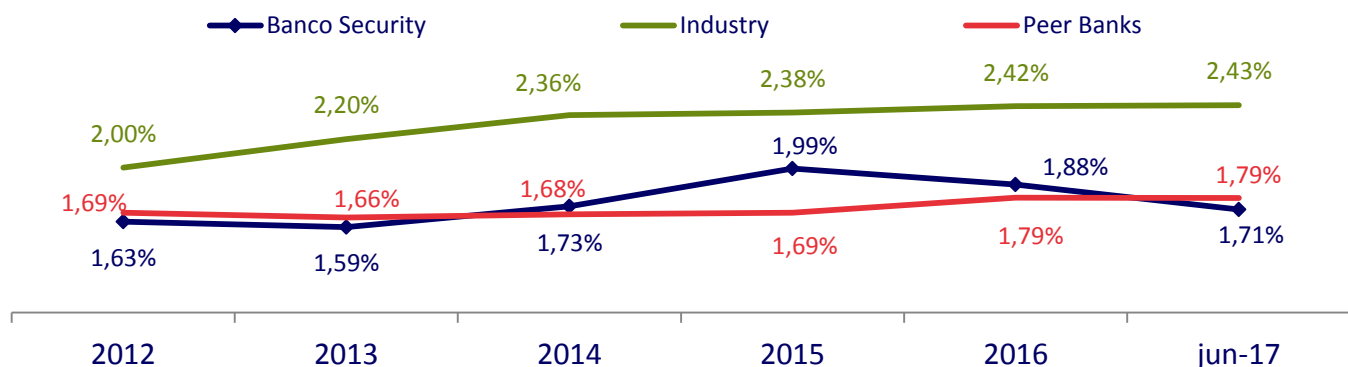
# Lending Area

## Banco Security - Commercial Banking

- **Increased provision expense (CH\$ 6,813 million as of Jun-17, up from CH\$1,737 million as of Jun-16)**
  - 1H16 represents a low basis of comparison due to strong portfolio performance and provisions recorded in 2H15 in light of weak economic expectations that did not ultimately materialize in increased risk.

	Jun-16	Jun-17	% Chg YoY
Commercial loans (million)	3,280,520	3,649,975	11.3%
Loan Loss Provisions - Commercial Loans (million)	-1,737	-6,813	-
Commercial provisions (million)	63,626	62,518	-1.7%
NPL Coverage - Commercial Loans (%)	122.7%	126.7%	401 p
Provisions/Loans (%)	1.94	1.71	-23 p

### Commercial Banking Risk (provisions/loans)



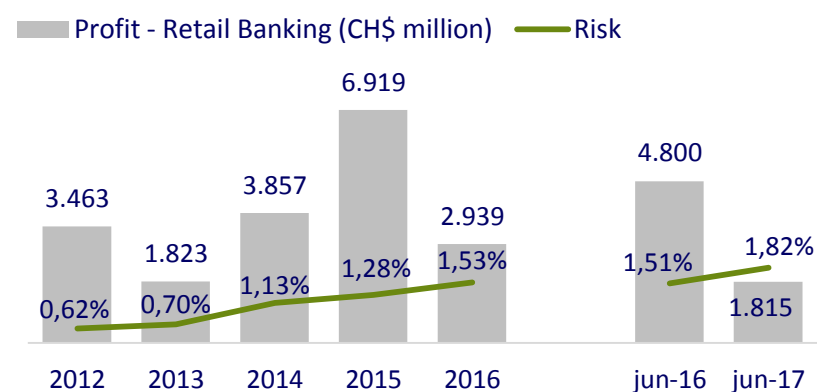
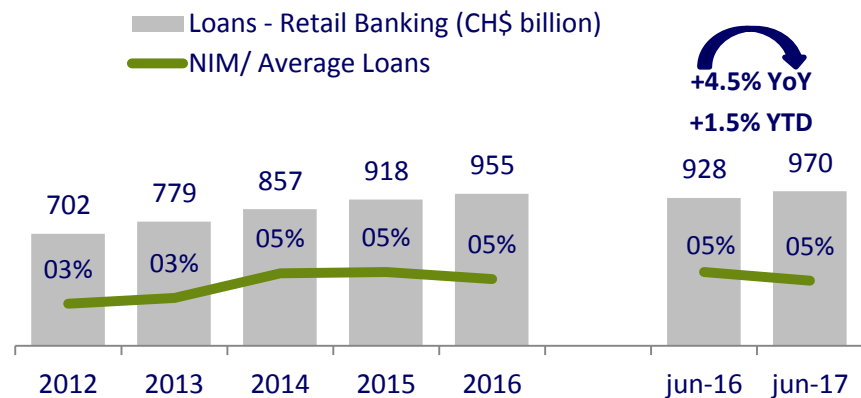
# Lending Area

## Banco Security - Retail Banking

### Results as of Jun-17:

- Growth in consumer loans of +8.4% YoY and +2.8% YTD (Industry<sup>1</sup> +8.0% YoY and +2.0% YTD)
- Growth in mortgage loans of +1.9% YoY and +0.6% YTD (Industry<sup>1</sup> +9.7% YoY and +5.0% YTD)
- Consumer + Mortgage Loans: CH\$ 969,729 million (+4.5% YoY and +1.5% YTD vs Industry<sup>1</sup> +9.2% YoY and +4.0% YTD); 21% of portfolio
- Retail banking risk was 1.82% as of Jun-17 (Industry 2.66%)
- Retail Banking had 72,536 current accounts as of Jun-17, +1.9% YoY:
- Profit as of Jun-17 CH\$ 1,815 million (CH\$ 4,800 as of Jun-16)

Main effects on profit as of Jun-17					
CH\$ million	Δ% QoQ	Δ QoQ	Δ% YoY	Δ YoY	Jun-17
Interest margin	0.9%	135	7.0%	1,988	30,249
Net fees	33.7%	1,670	12.9%	1,329	11,596
Provision expenses	-15.1%	978	35.5%	-3,148	-12,021
Operating expenses	-12.7%	1,940	16.5%	-4,057	-28,691



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

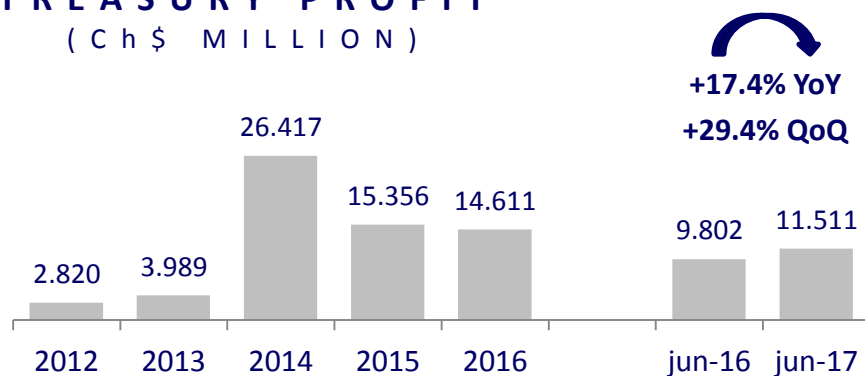
# Lending Area

## Banco Security - Treasury

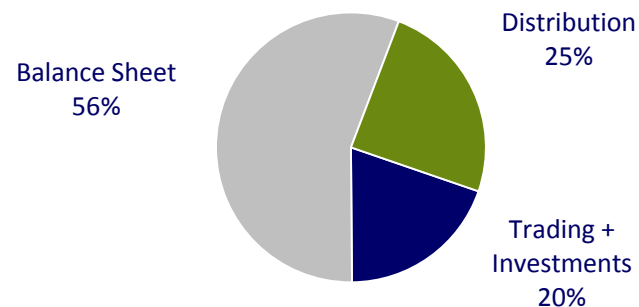
### • Results as of Jun-17:

- Profit as of Jun-17: CH\$ 11,511 million (+17.4% YoY, +29.4% QoQ)
- Cut in MRP from 3.5% to 2.5% during 1H17, which improved the net interest margin
- Good performance by financial instruments associated with foreign currencies

### TREASURY PROFIT (CH\$ MILLION)



### INCOME BY DESK



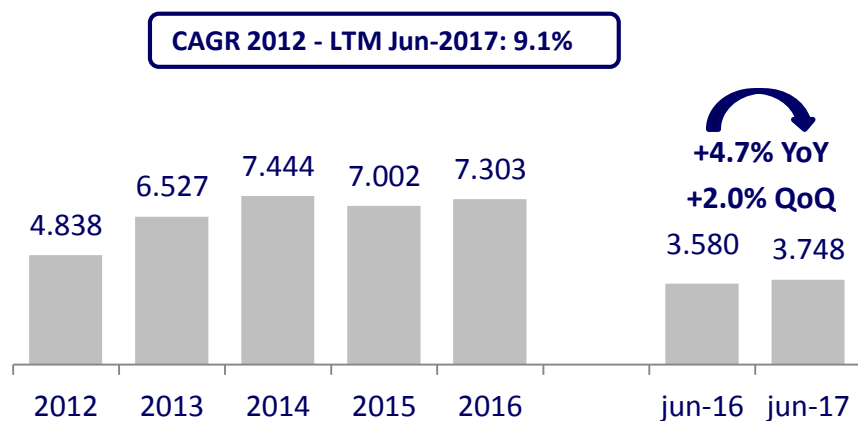


# Lending Area

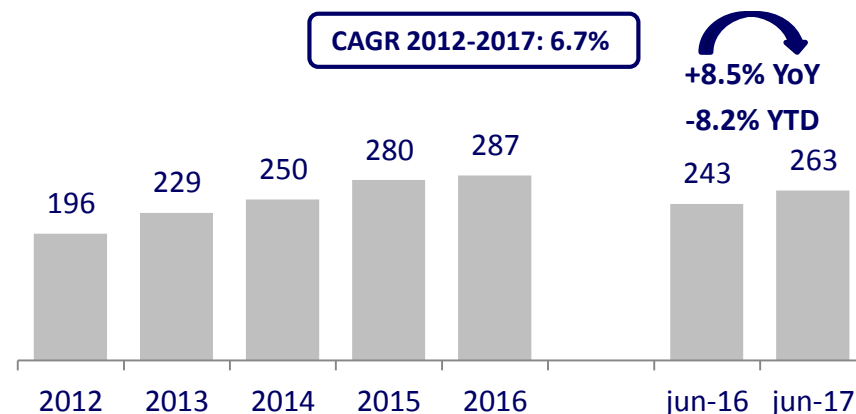
## Factoring Security

- ✓ Profit CH\$3,748 million as of Jun-17 (+4.7% YoY, +2.0% QoQ)
- ✓ Factored receivables: CH\$ 263,222 million +8.5% YoY, -8.2% YTD
- ✓ Average spread of around 0.69% as of Jun-17, +2 bps YoY
- ✓ Risk (Provisions/Loans) of 2.9% as of Jun-17; -4 bps YoY and +27 bps QoQ
- ✓ Efficiency (Operating Expenses / Net Income): 43.8% (-113 bps YoY)

■ Profit - Factoring Security (CH\$ million)



■ Factored Receivables - Factoring Security (BCh\$)



● Efficiency (Operatin Expenses/ Operating Income)

3,0%      3,0%

● Risk (Provisions/ Factored Receivables)

2,9%      2,9%

41,0%

43,4%

44,9%

43,8%

jun-14

jun-15

jun-16

jun-17

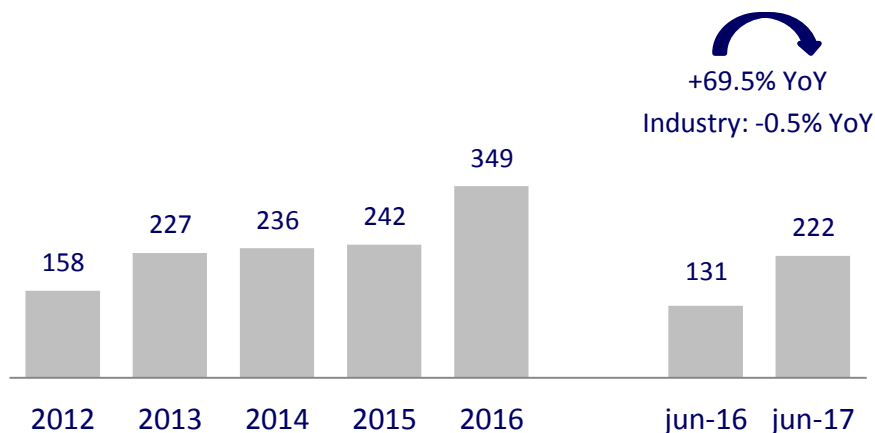
# Insurance Area

## Vida Security

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

(CH\$ billion)

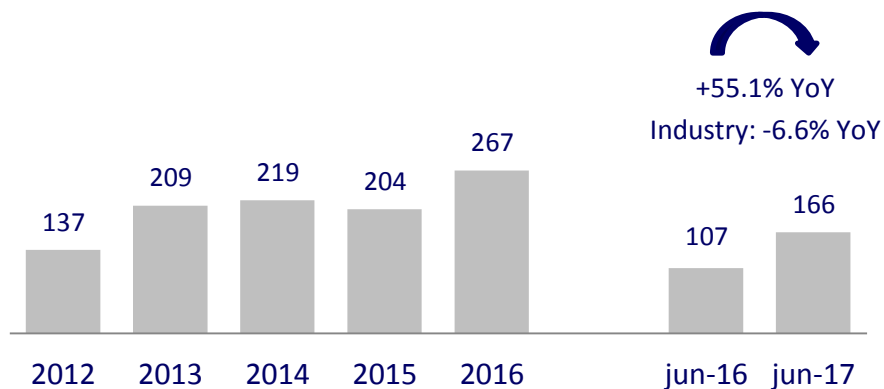
CAGR 2012 - LTM Jun-2017= 22.6%



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

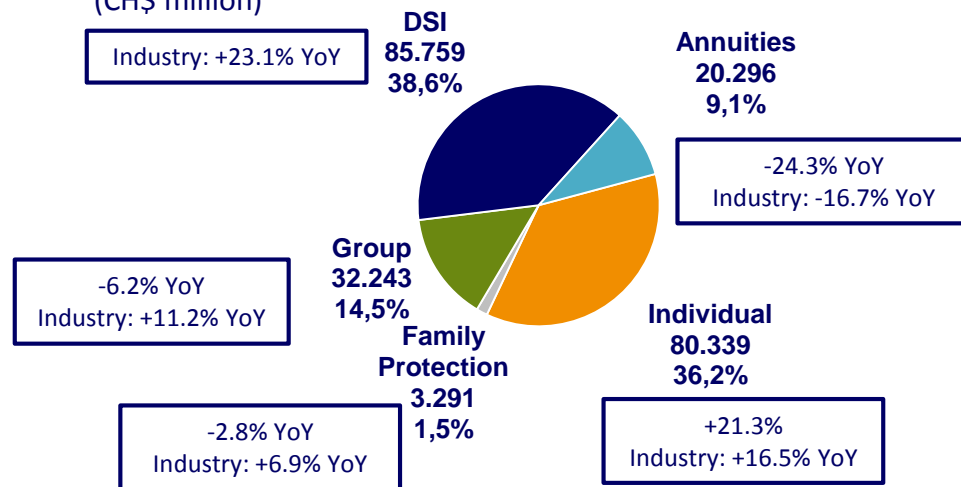
(CH\$ billion)

CAGR 2012 - LTM Jun-2017= 19.0%



### Direct Premium by Product

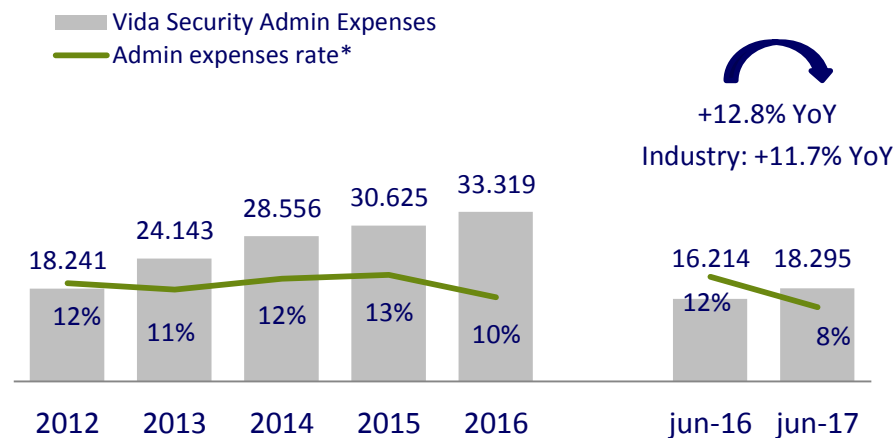
(CH\$ million)



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

(CH\$ million)

CAGR 2012 - LTM Jun-2017= 14.2%



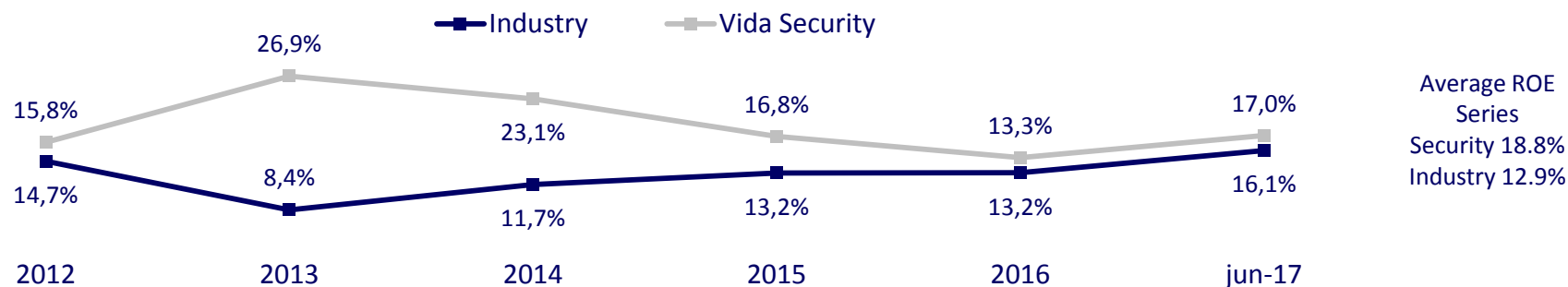
<sup>1</sup> Proforma format includes operating income for CDS since the second half of 2013

\* Administrative expenses / Direct premiums

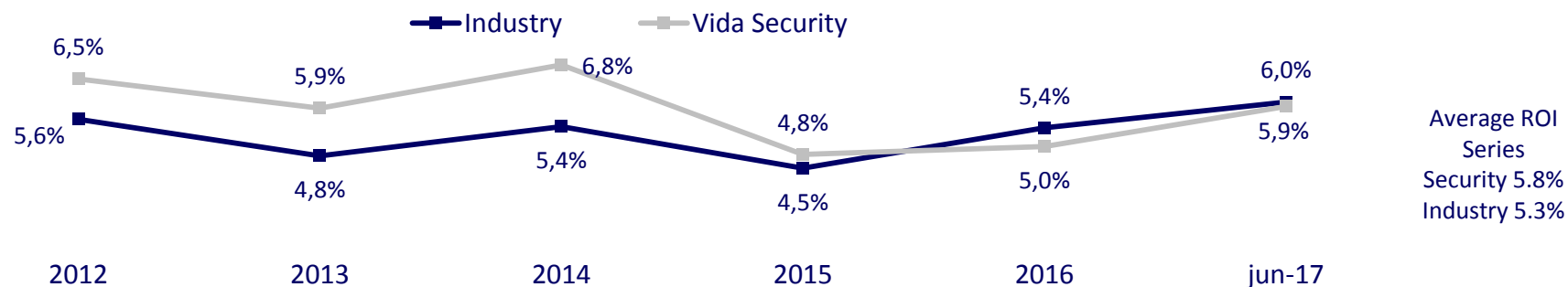
# Insurance Area

## Vida Security vs Industry

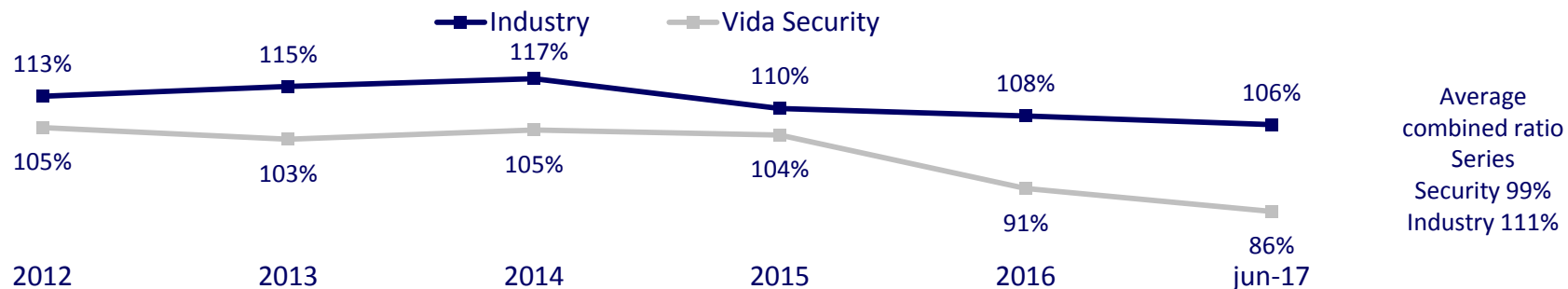
### ROE



### ROI



### Combined Ratio



# Insurance Area

## Vida Security - Profit and Investments

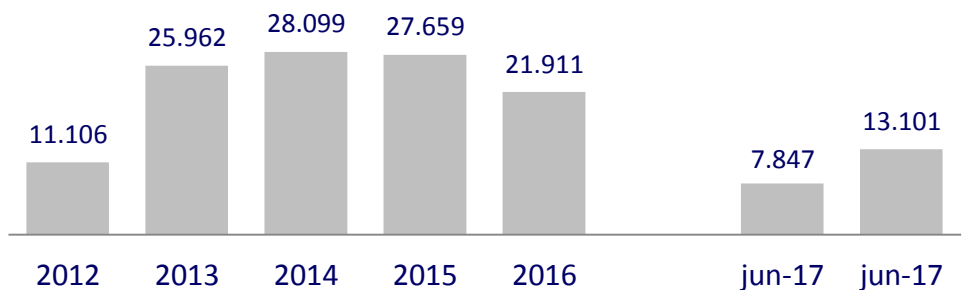
✓ Portfolio performed well because of strong results from variable income instruments on global markets

Investment Income	Jun-16	Jun-17	In CH\$ million	Portfolio			Gain (Loss)		
				Jun-16	Jun-17	Δ YoY	6M16	6M17	Δ YoY
Fixed Income	5.2%	4.8%	Fixed Income	1,593,164	1,725,410	8.3%	40,753	41,316	1.4%
Equities and indexes	1.9%	11.3%	Equities and indexes	316,400	370,299	17.0%	3,070	19,405	-
Real estate	5.8%	5.6%	Real Estate	234,903	230,472	-1.9%	6,804	6,497	-4.5%
Other investments	-	-	Other Investments	33,830	37,698	11.4%	-3,669	1,812	-
<b>Investments Income</b>	<b>4.3%</b>	<b>5.9%</b>	<b>Investments Income</b>	<b>2,178,297</b>	<b>2,363,879</b>	<b>8.5%</b>	<b>46,958</b>	<b>69,030</b>	<b>47.0%</b>

### Vida Security Net Profit

(CH\$ million)

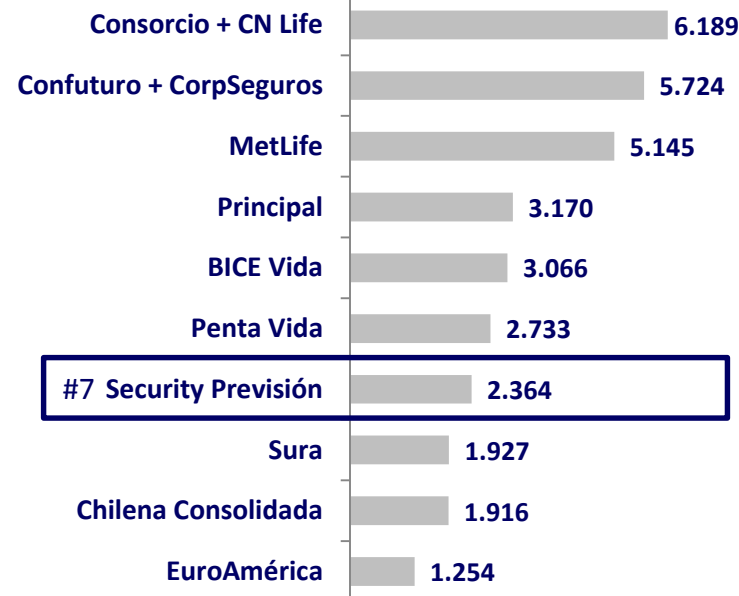
CAGR 2012 - LTM Jun-2017=  
19.6%



### Investments of Main Life Insurance Companies

June 2017

Industry Total CH\$ 36,933 billion

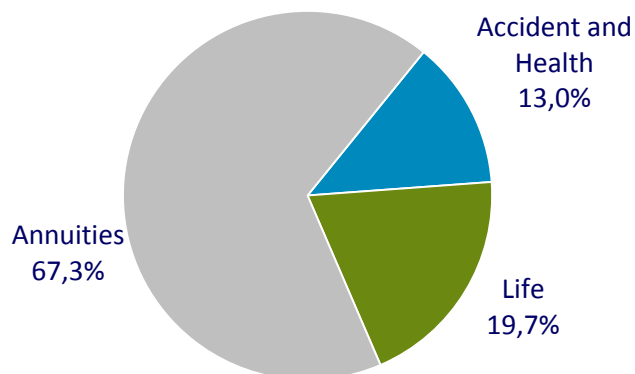


# Insurance Area

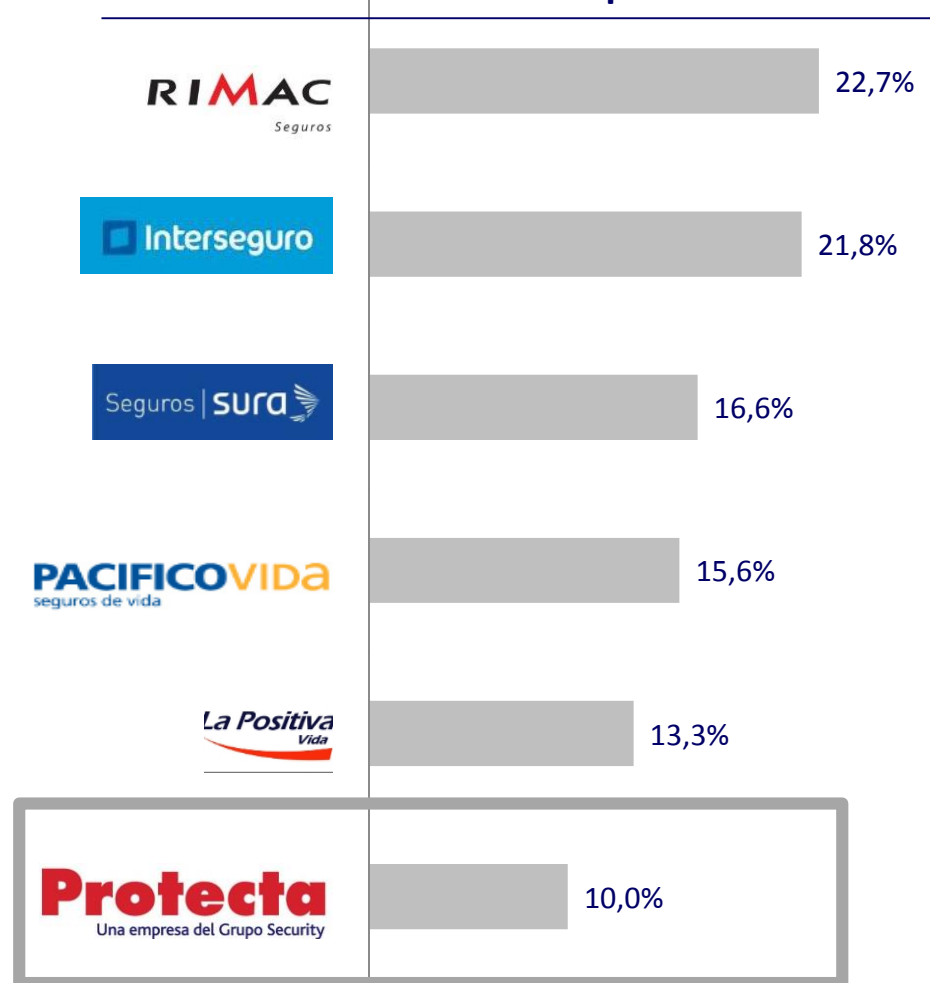
## Protecta

- Profit:  
June 2017: S./ 9.22 million (US\$ 2.83 million)
- ROAE: 9.0% (Industry 16.0%)
- ROI: 10.4% (Industry 7.2%)

Protecta: Direct Premium Jun-17



### Direct Annuity premiums Peruvian Life Insurance Companies Jun-17



# Insurance Area

## Protecta - Strategic Principles and Financial Performance

### 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

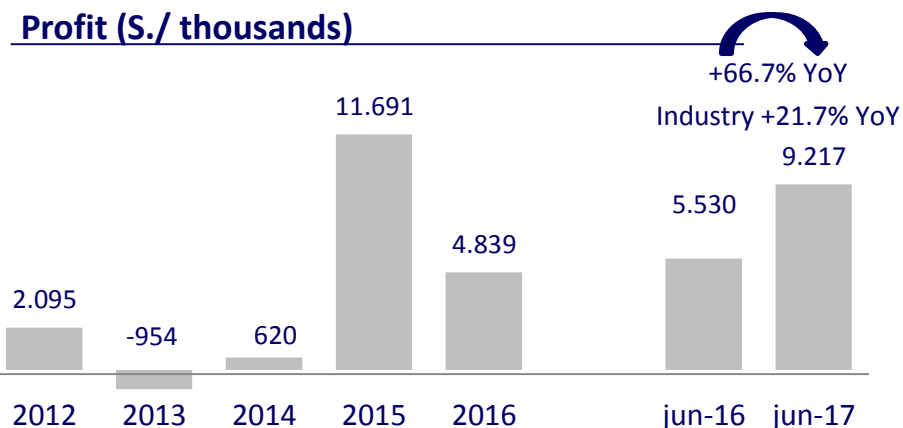
### Operating Principles

- 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)

Protecta	2Q16	3Q16	4Q16	1Q17	2Q16
Direct premium	29,056	32,052	33,532	32,273	38,445
Claims Paid	-8,101	-9,576	-9,716	-10,494	-17,498
Administrative expenses	-7,080	-7,027	-7,483	-7,035	-7,511
Investment Income	15,451	21,377	11,121	21,726	19,855
Investment Portfolio	639,219	682,836	708,042	753,239	782,225
Equity	88,777	94,785	89,957	97,497	101,475

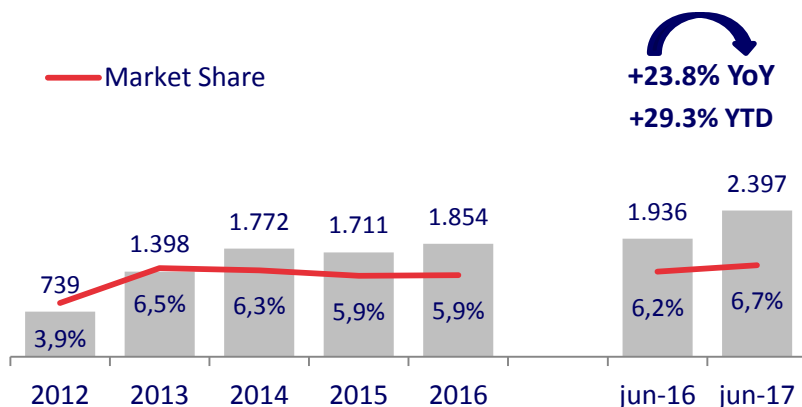
# Asset Management Area

## Inversiones

- Mutual funds under management CH\$2,397 billion, +23.8% YoY +29.3% YTD (industry +15.2% YoY and 15.1% YTD).

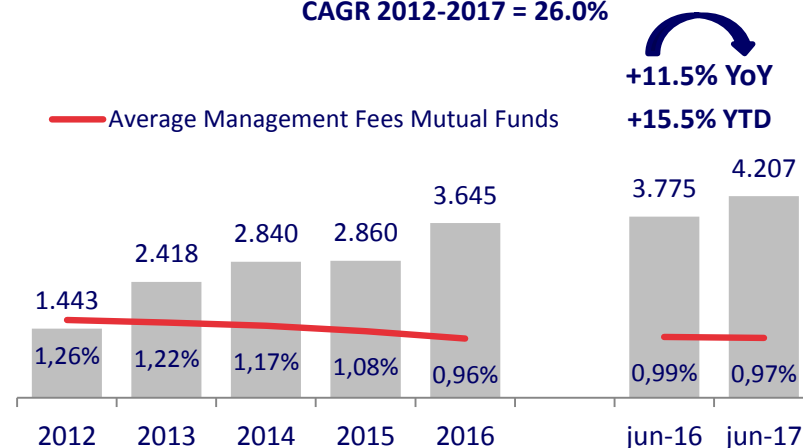
### Mutual Funds Under Management (CH\$ billion)

CAGR 2012-2017 = 29.9%

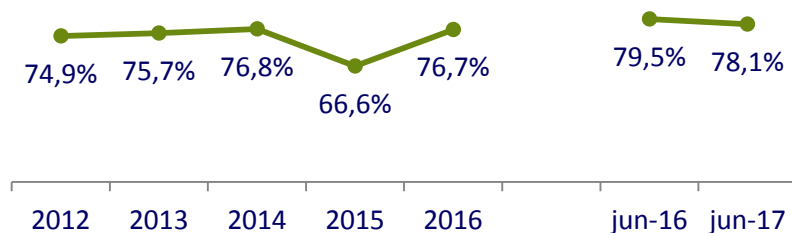


### Total AUM<sup>1</sup> - Inversiones Security (CH\$ billion)

CAGR 2012-2017 = 26.0%

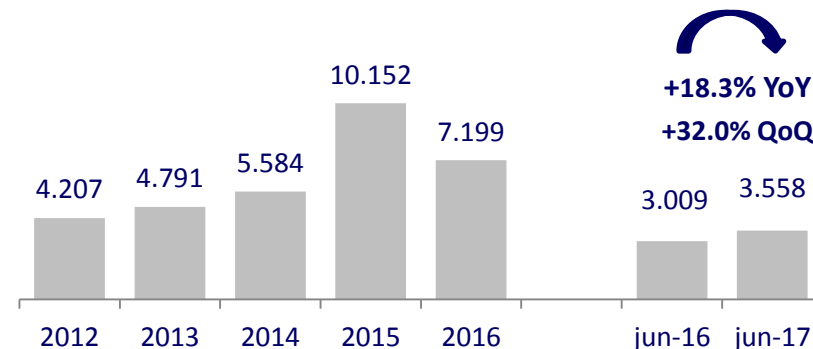


### Efficiency (Total Expenses / Total Income)



### Inversiones Security - Area Profit<sup>1</sup> (CH\$ million)

CAGR 2012 - LTM Jun-2017= 13.0%



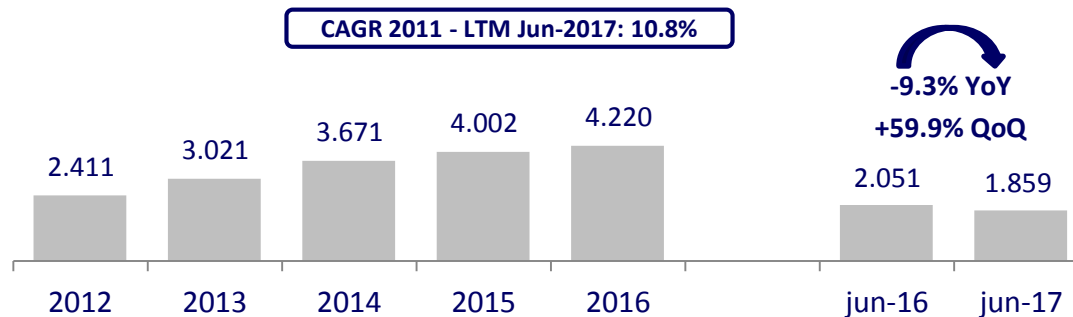
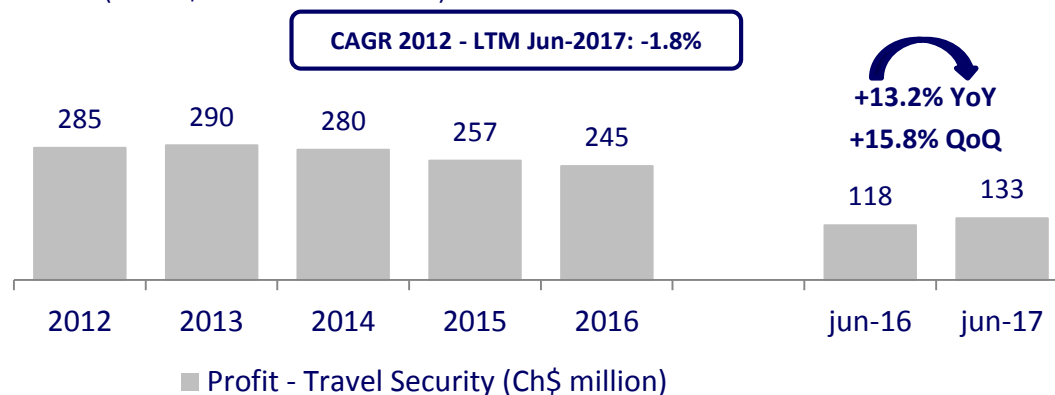
<sup>1</sup> Proforma format includes CDS since the second half of 2013

# Other Services Area

## Travel Security

- **Consolidated profit at Travel Security of CH\$1,859 million as of Jun-17 (-9.3% YoY, +59.9% QoQ)**
  - Travel reported total sales of US\$ 133 million as of Jun-17 (+13.2% YoY, +15.8% QoQ)
  - Increase in sales with lower average commissions.
  - Travex<sup>3</sup> profit: CH\$ 276 million (+124.5% YoY, +25.7% QoQ)

### TRAVEL SECURITY SALES (US\$ MILLION)



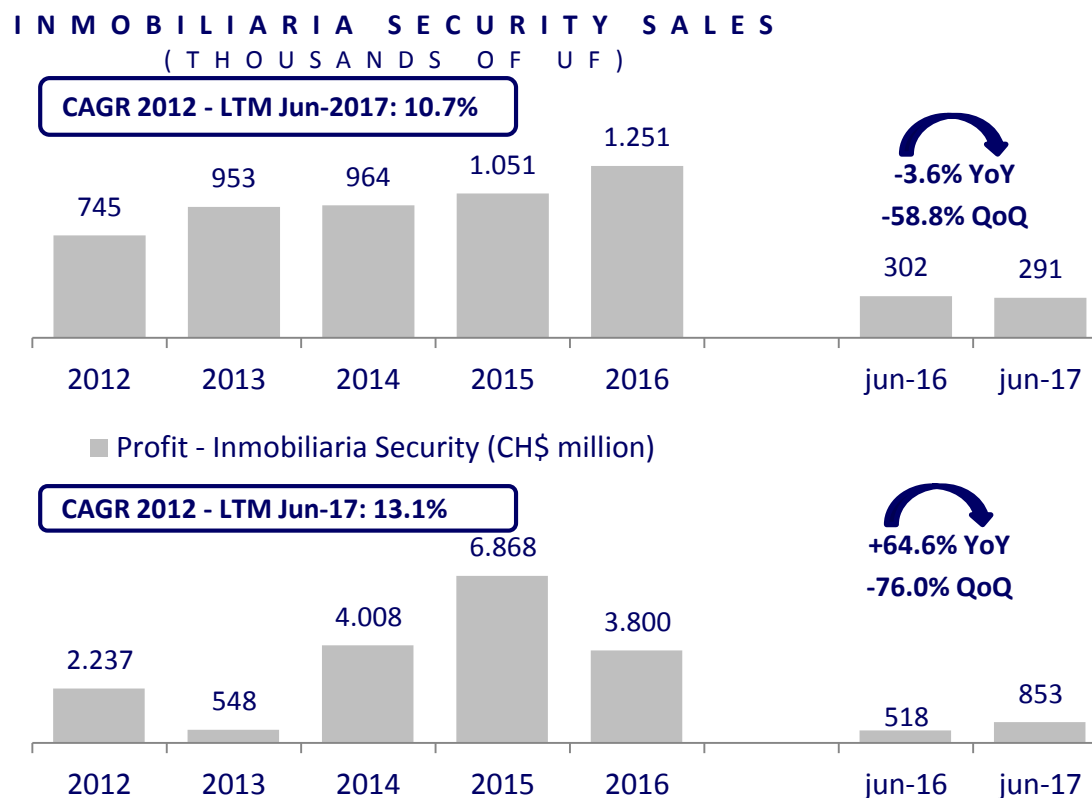
<sup>3</sup> Travel Security controls 75% of Travex Security through Viajes Security.



# Other Services Area

## Inmobiliaria Security

- **Profit CH\$853 million as of Jun-17 (+64.6% YoY)**
  - Apartment sales as of Jun-17 of UF 291 thousand
  - Real estate assets under management of CH\$74,666 million, +22.6% YoY, due to new land and capitalized projects in development
  - Under IFRS, revenue is recognized once legal title to the property has been transferred. More deeds transferred on projects (29 deeds transferred in 1H17, 26 in 1H16)



# Profit Grupo Security Companies\*

## Earnings from Related Companies

	2Q17	1Q17	2Q16	% Chg		6M17	6M16	% Chg
				QoQ	YoY			
<b>Lending Area</b>								
Banco Security (Standalone)	14,263	10,549	12,004	35.2%	18.8%	24,812	25,459	-2.5%
Factoring Security	1,893	1,855	1,880	2.0%	0.7%	3,748	3,580	4.7%
<b>Asset Management Area</b>								
Valores Security	784	431	(56)	81.7%	-	1,215	148	723.3%
AGF Security	1,523	1,269	1,492	20.1%	2.1%	2,792	3,273	-14.7%
Asesorias Security	(96)	(130)	(171)	-26.3%	-	(226)	(177)	-
<b>Insurance Area</b>								
Vida Security	5,522	7,579	3,526	-27.1%	56.6%	13,101	7,847	67.0%
Penta Security	-	-	-	-	-	-	18,979	-
Servicios Security	244	(105)	370	-	-	139	455	-
<b>Other Services</b>								
Inmobiliaria Security	165	688	125	-	32.4%	853	518	64.6%
Travel Security	1,144	715	1,063	59.9%	7.6%	1,859	2,051	-9.3%
Travex Security	154	123	55	25.7%	179.3%	276	123	124.5%
<b>Grupo Security Profit</b>	<b>18,648</b>	<b>17,310</b>	<b>14,527</b>	<b>7.7%</b>	<b>28.4%</b>	<b>35,958</b>	<b>45,416</b>	<b>-20.8%</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  
June 2017

