Grupo Security Earnings Report

Grupo Security Reports Third Quarter 2017 Profit of CH$53,661 Million, -9.6% YoY and -5.1% QoQ.

- In an extraordinary meeting on October 11, 2017, the Board of Directors of Grupo Security agreed to pay a total dividend of CH$4.35 per share.
- On August 29, 2017, Standard & Poor's upgraded Banco Security's risk rating from BBB/A-3 to BBB/A-2, reflecting an improved capital base.
- As approved at an extraordinary shareholders' meeting on April 27, 2017, the preferential subscription period for the Grupo Security capital increase took place from July 25 to August 24. Of the nearly 437 million shares offered at CH$220 a share, 97.26% were placed, raising a total of CH$93,424 million.
- At the annual general meeting on April 27th, shareholders agreed to pay a total dividend of CH$7.75 per share. Combined with the dividend paid in November 2016, dividends charged to 2016 profit climbed to CH$12.0 per share, equal to CH$39,100 million or 52% of profit.
- On March 28, 2017, Fitch Ratings confirmed the ratings for Banco Security, Grupo Security and Factoring Security, and revised its outlook from stable to positive.
- On January 5, 2017, Grupo Security exchanged 95.1% of the F series bond, equivalent to UF 1,189,000, for the M series bond, thus extending the duration of the Group's total debt from 11.3 to 13.1.

Santiago, Chile – September 30, 2017 Grupo Security S.A., (SSE BSC: SECURITY; SSE BBG: SECUR), ("Grupo Security"), a niche Chilean-based diversified financial group offering banking, insurance, asset management and other services to large and medium-sized companies and high-income individuals, today announced financial results for the three and nine months ended September 2017.

Renato Peñafiel, CEO of Grupo Security, commented, "We posted profit of CH$53,661 million for the period ended September 2017, reflecting growth of 20.8% YoY, excluding the extraordinary gain on the sale of our interest in Penta-Security. These positive figures can be attributed entirely to strong performances from our businesses, which continue to report above-industry commercial growth. During the last year the Bank's loans grew by 10.1%, direct premiums at Vida Security by 43.5% and mutual funds by 29.4%, all three outperforming their respective industries, which experienced growth of 4.7%, -1.8%, and 11.7% in these areas. In line with these positive results, it is important to mention our successful capital increase, which confirms the trust and backing of our shareholders, as 97.26% of newly issued shares were subscribed, raising CH$93,424 million. Since the approval of this capital increase, Grupo Security's shares have reported a return of +27.8%, outperforming both the IPSA (+14.7%) and the banking sector index (+16.5%) for the same period."

Grupo Security Indicators *In MCH$*	sep-17	jun-17	dec-16	sep-16	% Chg QoQ	% Chg YTD	% Chg YoY
Banco - Total Loans	4,732,916	4,620,365	4,462,332	4,298,132	2.4%	6.1%	10.1%
Industry - Total Loans[1]	146,722,075	145,640,422	142,743,912	140,184,582	0.7%	2.8%	4.7%
Inversiones - AUM Mutual Funds	2,497,739	2,396,620	1,854,062	1,929,972	4.2%	34.7%	29.4%
Industry - AUM Mutual Funds	36,040,114	35,903,443	31,194,215	32,263,748	0.4%	15.5%	11.7%
Vida - Investment Portfolio	2,381,277	2,363,879	2,278,932	2,223,716	0.7%	4.5%	7.1%
Industry (life insurance) - Investmen	37,578,374	36,933,098	35,269,102	34,567,014	1.7%	6.5%	8.7%
Factoring - Factored Receivables	265,974	263,222	286,846	251,308	1.0%	-7.3%	5.8%
Operations							
Total Customers (number)	226,389	222,522	226,943	226,202	1.7%	-0.2%	0.1%
Employees (number)	3,839	3,816	3,767	3,872	0.6%	1.9%	-0.9%

[1]Excludes loans and advances to banks and foreign subsidiaries of local banks.

Grupo Security Indicators Statment of Income	3Q17	2Q17	3Q16	% Chg QoQ	 YoY	9M17	9M16	% Chg
Banco - Net Interest Margin	38,691	39,666	35,078	-2.5%	10.3%	114,352	101,326	12.9%
Banco - Net Fees	14,545	14,234	14,717	2.2%	-1.2%	41,414	39,806	4.0%
Banco - Operating Expenses	-29,949	-31,498	-30,301	-4.9%	-1.2%	-94,292	-87,662	7.6%
Banco - Net Provision Expenses	-11,659	-8,786	-8,686	32.7%	34.2%	-30,809	-19,903	54.8%
Vida - Direct Premium	117,404	122,038	105,512	-3.8%	11.3%	339,332	236,408	43.5%
Vida - Claims Paid	-36,988	-33,679	-51,233	9.8%	-27.8%	-107,966	-96,359	12.0%
Vida - Pensions Paid	-69,572	-52,499	-34,342	32.5%	102.6%	-164,467	-96,165	71.0%
Vida - Investment Income	34,480	28,012	39,116	23.1%	-11.9%	103,510	86,074	20.3%
Factoring - Revenue	6,903	7,352	7,282	-6.1%	-5.2%	21,883	21,576	1.4%

Ratios	sep-17	jun-17	dec-16	sep-16	% Chg QoQ	 YTD	 YoY
Grupo - Share Price (Ch$)	270.0	231.0	225.99	220.6	16.9%	19.5%	22.4%
Grupo - Number of Shares (millions)	3,683	3,258	3,258	3,258	13.0%	13.0%	13.0%
Grupo - ROE	10.6%	11.0%	13.1%	12.9%	-40 p	-247 p	-227 p
Banco (Consolidated) - ROAE	11.7%	10.9%	11.6%	10.1%	80 p	4 p	156 p
Factoring - ROE	21.7%	21.6%	23.2%	22.6%	10 p	-150 p	-90 p
Vida - ROAE	12.4%	17.0%	13.3%	16.2%	-462 p	-90 p	-387 p
Travel - ROE	27.6%	28.0%	32.9%	28.7%	-40 p	-530 p	-110 p
Grupo - Leverage	29.5%	33.3%	34.5%	34.3%	-381 p	-495 p	-485 p
Banco - Efficiency	51.12%	53.29%	59.4%	55.0%	-217 p	-825 p	-390 p
Factoring - Efficiency	44.0%	43.8%	44.3%	44.7%	17 p	-36 p	-72 p
Banco - Non-Performing Loans	1.46%	1.32%	1.43%	1.43%	14 p	3 p	2 p
Banco - Risk Index	1.78%	1.73%	1.81%	1.85%	4 p	-3 p	-7 p
Factoring - Risk Index	2.8%	2.9%	2.5%	3.1%	-12 p	30 p	-29 p
Banco - BIS Tier I Ratio	7.3%	7.4%	7.1%	7.4%	-6 p	21 p	-8 p
Banco - BIS Tier II Ratio	13.2%	13.3%	13.2%	13.6%	-11 p	-1 p	-40 p

ROAE: profit 12M over average equity

On January 5, 2017, Grupo Security exchanged 95.1% of the F series bond, equivalent to UF 1,189,000, for the M series bond, thus improving the amortization schedule and extending the duration of the Group's total debt from 11.3 to 13.1.

On March 28, 2017, the risk rating agency Fitch Ratings confirmed the ratings of Banco Security, Grupo Security and Factoring Security and revised its outlook from stable to positive due to progress Banco Security has made in implementing its strategy, which has allowed it to diversify its revenue sources, strengthen its balance sheet and liquidity and improve its capital ratios.

On April 27, 2017, Grupo Security shareholders approved a dividend payment of CH$7.75 per share charged to profit for the year 2016. This dividend and the interim dividend distributed in November 2016 total CH$12.0 per share, equivalent to CH$39,100 million, or 52% of profit for the year 2016. The shareholders also approved the annual report and financial statements for 2016 at this meeting.

At the extraordinary shareholders' meeting held on the same date, Grupo Security shareholders approved a CH$100,000 million capital increase of approximately 437 million shares to strengthen growth as well as the capital base of Grupo Security's principal assets: banking and insurance.

On July 13, 2017, the Superintendency of Securities and Insurance (SVS) approved and registered the aforementioned issuance in the Securities Registry. Shares were offered at CH$220 per share during the preferential subscription period between July 25 to August 24 2017. A total of 424,655,845 shares were subscribed, raising CH$93,424 million. The 11,980,563 unplaced shares were presented to the Board of Directors, which will determine how they will be placed in accordance with the Corporations Law and SVS regulations.

On August 29, 2017, Standard & Poor's upgraded Banco Security’s ratings from BBB-/A-3 to BBB/A-2, maintaining a negative outlook due to the country's current economic conditions. The upgrade reflects a stronger capital base resulting from last year's write-off of intangible assets as well as the Group's recent capital increase, up to CH$50,000 million of which will be used to capitalize Banco Security.

In an extraordinary meeting on October 11, 2017, the Board of Directors of Grupo Security agreed to pay a total dividend of CH$4.35 per share. This consists of an interim dividend of CH$1.75 per share charged to retained earnings from 2017 and an additional dividend of CH$2.6 per share charged to retained earnings from prior periods.

Contact Information
Marcela Villafaña - María Belén Abarca - Pedro Bralic
Investor Relations
Grupo Security
Apoquindo 3150, Piso 14
Santiago, Chile
Tel: 56 2 25844540
Email: relacioninversionistas@security.cl
Website: http://ir.security.cl

GRUPO SECURITY EARNINGS REPORT FOR 3Q17

Grupo Security posted profit of CH$53,661 million for the nine months ended September 2017 (-9.6% YoY and -5.1% QoQ). EBITDA for the same period totaled CH$89,344 million, -5.7% YoY and -2.9% QoQ.

The Group posted an ROAE as of September 2017 of 10.63%, -227 b.p. YoY and -40 b.p. QoQ. Profit from the Group's business areas was CH$67,314 million, -13.4% YoY and -21.7% QoQ.

EARNINGS CONTRIBUTION BY BUSINESS AREA

Earnings from Related Companies

	3Q17	2Q17	3Q16	% Chg QoQ	% Chg YoY	9M17	9M16	% Chg
Lending Area								
Banco Security (standalone)	13,962	14,263	8,469	-2.1%	64.9%	38,775	33,928	14.3%
Factoring Security	1,830	1,893	1,850	-3.3%	-1.1%	5,578	5,430	2.7%
Asset Management Area								
Valores Security	430	784	584	-45.1%	-	1,645	732	124.7%
AGF Security	1,570	1,523	1,910	3.0%	-17.8%	4,362	5,183	-15.8%
Insurance Area								
Vida Security	111	5,522	7,406	-98.0%	-98.5%	13,212	15,253	-13.4%
Penta Security	-	-	-	-	-	-	18,979	-
Servicios Security	177	244	251	-	-	315	706	-
Other Services								
Inmobiliaria Security	103	165	(512)	-37.7%	-	956	6	-
Travel Security	1,107	1,144	1,046	-3.2%	5.8%	2,966	3,097	-4.2%
Travex Security	178	154	93	15.6%	92.1%	454	216	110.6%
Grupo Security Profit	**17,704**	**18,648**	**13,957**	**-5.1%**	**26.8%**	**53,661**	**59,373**	**-9.6%**

(1) Subsidiary earnings correspond to 100% of their profits 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.
(2) For Penta-Security, a minority interest of 29.55% is considered. The figure shown here is the before-tax gain on the sale of its minority interest in Penta-Security. After taxes, the extraordinary gain totaled CH$14,937 million.

REVIEW OF OPERATIONS BY BUSINESS AREA

LENDING BUSINESS AREA (67.3% of assets; 65.9% of profit from business areas as of September 2017)

The lending business area comprises operations of Banco Security (excluding its asset management subsidiaries, AGF Security and Valores Security Corredores de Bolsa), and Factoring Security.

BANCO SECURITY

As of September 2017, Banco Security reported consolidated profit attributable to its owners of CH$44,774 million, +12.4% YoY. Banco Security's stand-alone profit (excluding asset management subsidiaries AGF Security and Valores Security Corredores de Bolsa) reached CH$38,775 million (+14.3% YoY).

Banco Security's ROAE (profit LTM over average equity) was 11.67%, +156 b.p. YoY.

Banco Security - Operating Segments

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
In Ch$ Million	sep-17	sep-16	sep-17	sep-16	sep-17	sep-16	sep-17	sep-16	sep-17	sep-16	sep-17	sep-16	sep-17	sep-16
Net interest margin	56,821	52,740	45,835	42,851	15,530	11,403	-3,172	-4,408	115,014	102,587	-662	-1,261	114,352	101,326
∆% 9M16	7.7%		7.0%		36.2%		-28.0%		12.1%		-47.5%		12.9%	
Net Fees	11,781	12,382	17,005	15,434	-386	-404	-976	-887	27,424	26,526	13,990	13,280	41,414	39,806
∆% 9M16	-4.9%		10.2%		-		-		3.4%		5.3%		4.0%	
Net FX transactions and other income	7,617	7,115	1,733	1,216	16,645	17,239	-10,443	-19,970	15,552	5,599	11,350	8,991	26,902	14,590
∆% 9M16	7.0%		42.5%		-3.4%		-47.7%		177.8%		26.2%		84.4%	
Loan losses and foreclosed assets	-12,910	-5,150	-18,094	-14,346	-16	67	175	-259	-30,845	-19,687	0	0	-30,845	-19,687
∆% 9M16	-		26.1%		-		-		56.7%		-		56.7%	
Total operating income, net of credit risk prov.	63,308	67,088	46,479	45,156	31,773	28,305	-14,415	-25,524	127,145	115,025	24,678	21,010	151,823	136,035
∆% 9M16	-5.6%		2.9%		12.3%		-43.5%		10.5%		17.5%		11.6%	
Operating expenses	-28,269	-26,402	-42,442	-39,093	-9,390	-9,988	3,417	1,984	-76,684	-73,499	-17,608	-14,163	-94,292	-87,662
∆% 9M16	7.1%		8.6%		-6.0%		-		4.3%		24.3%		7.6%	
Net operating income	35,039	40,686	4,037	6,063	22,383	18,317	-10,999	-23,540	50,461	41,526	7,070	6,847	57,531	48,373
∆% 9M16	-13.9%		-33.4%		22.2%		-53.3%		21.5%		3.3%		18.9%	
Income tax expense	-8,127	-7,457	-936	-1,111	-5,191	-3,357	2,547	4,312	-11,707	-7,613	-1,380	-1,198	-13,087	-8,811
∆% 9M16	9.0%		-		54.6%		-40.9%		53.8%		15.2%		48.5%	
Profit attributable to equity holders of the bank	26,913	33,229	3,101	4,952	17,192	14,960	-8,431	-19,212	38,775	33,928	5,999	5,910	44,774	39,838
∆% 9M16	-19.0%		-37.4%		14.9%		-56.1%		14.3%		1.5%		12.4%	

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
In Ch$ Million	3Q-17	2Q-17	3Q-17	2Q-17	3Q-17	2Q-17	3Q-17	2Q-17	3Q-17	2Q-17	3Q-17	2Q-17	3Q-17	2Q-17
Net interest margin	19,269	18,880	15,586	15,192	4,966	6,883	-922	-1,020	38,900	39,935	-209	-269	38,691	39,666
∆% 2Q17	2.1%		2.6%		-27.9%		-9.6%		-2.6%		-22.3%		-2.5%	
Net Fees	4,174	3,744	5,409	6,633	-148	-131	-58	-592	9,376	9,654	5,169	4,580	14,545	14,234
∆% 2Q17	11.5%		-18.4%		-		-		-2.9%		12.9%		2.2%	
Net FX transactions and other income	2,461	2,499	542	655	5,668	4,559	-2,811	-4,288	5,859	3,426	3,490	3,839	9,349	7,265
∆% 2Q17	-1.6%		-17.4%		24.3%		-		71.0%		-9.1%		28.7%	
Loan losses and foreclosed assets	-6,097	-3,862	-6,073	-5,521	-14	-2	974	617	-11,210	-8,768	0	0	-11,210	-8,768
∆% 2Q17	57.9%		10.0%		-		-		27.9%		-		27.9%	
Total operating income, net of credit risk prov.	19,806	21,262	15,464	16,959	10,471	11,309	-2,817	-5,283	42,925	44,247	8,450	8,150	51,375	52,397
∆% 2Q17	-6.8%		-8.8%		-7.4%		-46.7%		-3.0%		3.7%		-2.0%	
Operating expenses	-8,909	-8,618	-13,751	-13,375	-2,830	-2,818	1,267	-813	-24,223	-25,625	-5,726	-5,873	-29,949	-31,498
∆% 2Q17	3.4%		2.8%		0.4%		-		-5.5%		-2.5%		-4.9%	
Net operating income	10,898	12,643	1,713	3,583	7,642	8,491	-1,550	-6,096	18,702	18,622	2,724	2,277	21,426	20,899
∆% 2Q17	-13.8%		-		-10.0%		-74.6%		0.4%		19.6%		2.5%	
Income tax expense	-2,836	-3,026	-427	-757	-1,961	-1,999	480	1,408	-4,744	-4,375	-759	-256	-5,503	-4,631
∆% 2Q17	-6.3%		-43.6%		-1.9%		-65.9%		-		196.5%		-	
Profit attributable to equity holders of the bank	8,062	9,618	1,286	2,826	5,681	6,492	-1,066	-4,672	13,962	14,263	1,995	2,301	15,957	16,564
∆% 2Q17	-16.2%		-54.5%		-12.5%		-77.2%		-2.1%		-13.3%		-3.7%	

Commercial Banking

Banco Security's commercial banking division targets companies with sales above US$ 1.2 million. While Banco Security's core business targets large companies, efforts have been made in recent years to strengthen the medium-sized company segment by tailoring services to its needs. This strategy is designed to diversify our customer base and improve returns in each segment.

Commercial Loans by Economic Sector In Ch$ Millions	Loans Sep-17	% Total
Construction and real estate	834,588	22.5%
Financial services and insurance	651,031	17.5%
Wholesale and retail trade	443,805	11.9%
Real estate investors and corporate services	544,872	14.7%
Manufacturing	327,560	8.8%
Social services	227,877	6.1%
Transportation	255,611	6.9%
Utilities	166,933	4.5%
Agriculture and livestock	107,364	2.9%
Fishing	94,427	2.5%
Telecom	28,515	0.8%
Mining	25,807	0.7%
Forestry	5,699	0.2%
Total commercial loans	**3,714,088**	**100%**

As of September 2017, commercial loans had expanded +10.8% YoY and +5.9% YTD, totaling CH$3,714 billion. Industry wide, commercial loans grew +2.0% YoY and +1.2% YTD. Including foreign subsidiaries, the industry's commercial loans grew +2.4% YoY and +1.6% YTD. The Bank boasts market share of 6.4%[1] in its target segment of medium and large companies as of August 2017. The commercial banking division had 8,636 customers as of September 2017 (+0.4% YoY).

The commercial banking division posted profit of CH$26,913 million for 9M17 (-19.0% YoY). This figure is explained by increased provision expenses, totaling CH$12,910 million for 9M17 compared to CH$5,150 million for 9M16. Importantly, 2016 represents a low basis of comparison for risk given the portfolio's strong performance and the reversal of provisions recorded in 2H15 in light of weak economic expectations that did not ultimately materialize in increased risk in 2016. In effect, the ratio of provision expenses to loans was 0.62% as of September 2016, compared to 1.01% as of September 2015. As of September 2017, this ratio is 0.86%.

Administrative expenses rose to CH$28,269 million (+7.1% YoY) for the nine months ended September 2017 as a result of higher productivity bonuses tied to the previous year’s results as well as increased expenses in 1Q17 to implement technology projects, which were allocated primarily to the Bank’s different commercial segments.

These effects were not fully offset by the greater net interest margin, which reached CH$56,821 million as of September 2017, +CH$4,081 million YoY (+7.7% YoY), reflecting increased commercial loans (+10.8% YoY), with an average spread slightly above the previous year.

Compared with 2Q17, profit fell -16.2% QoQ to CH$8,062 million for 3Q17, mainly due to increased provision expenses, which totaled CH$6,097 million in 3Q17 (+57.9% QoQ), because of reclassifications of some existing delinquent borrowers. In addition, administrative expenses reached CH$8,909 million (+3.4% QoQ). These effects were partially offset by a greater net interest margin of CH$19,269 million (+2.1% QoQ) and greater net fees of CH$4,174 million (+11.5% QoQ).

Retail Banking

Banco Security's retail banking division targets high-income individuals. In recent years, the retail division has focused on expanding consumer products while conservatively managing risk, resulting in average annual growth of 15% since 2011.

As of September 2017, the Bank had total retail loans (consumer + mortgage) of CH$1,019 billion, +7.8% YoY and +6.6% YTD, driven primarily by consumer loans (+11.5% YoY and +8.6% YTD). For the industry, retail loans increased +9.0% YoY and +5.9% QoQ, driven by mortgage loans (+9.8% YoY and +7.2% QoQ) and, to a lesser extent, consumer loans (+7.3% and +3.2% YTD). Including foreign subsidiaries, the

[1] Only includes regions of Chile where Banco Security has offices.

industry's retail loans grew +8.6% YoY and +5.6% YTD. The Bank boasts market share of 5.3% in its target segment of high-income individuals as of September 2017. The retail banking division had 87,188 customers as of September 2017 (+2.3% YoY).

The retail banking division posted profit of CH$3,101 million for 9M17, down from the CH$4,952 million recorded in September 2016. The drop is attributable to increased administrative expenses of CH$42,442 million (+8.6% YoY), which were impacted by rising activity levels and increased expenses recorded mainly in 1Q17 to implement technology projects, allocated primarily to the Bank's different commercial segments.

Provision expenses also rose in 9M17 to CH$18,094 million (+26.1% YoY), reflecting portfolio growth, lower recovery rates for written-off loans because of stricter regulations and more conservative provisioning policies for consumer products.

These effects were partially offset by a greater net interest margin of CH$45,835 million, (+CH$2,984 million YoY and +7.0% YoY), mainly due to increased loans with average spreads exceeding those recorded in 2016. It also reported greater net fees of CH$17,005 million, +CH$1,571 million YoY (+10.2% YoY), because of increased fees from credit cards, current accounts and supplementary loan insurance products.

In 3Q17, the retail banking division posted profit of CH$1,286 million, down from the 2Q17 profit of CH$2,826 million. This is explained by decreased net fees of CH$5,409 million (-18.4% QoQ), because of drops in insurance and credit card fees. Administrative expenses totaled CH$13,751 million (+2.8% QoQ), while credit risk provision expenses reached CH$6,073 million for 3Q17 (+10.0% QoQ), in part related to the growth of the loan portfolio. These effects were only partially offset by a greater net interest margin of CH$15,586 million (+2.6%).

Treasury

The treasury division reported 9M17 profit of CH$17,192 million (+14.9% YoY), explained by a greater net interest margin, which amounted to CH$15,530 million for 9M17 (+36.2% YoY). The MPR cut in the first half of the year (from 3.5% in December 2016 to 2.5% in June 2017) drove up the net interest margin as price adjustments for liabilities are faster than for assets.

The effect was not fully offset by lower financial income (net financial operating income (loss) + gain (loss) from FX transactions + other income), which amounted to CH$16,645 million in 9M17. The figure fell -3.4% YoY due to last year's high basis of comparison and despite a strong performance by foreign currency instruments.

It also recorded lower administrative expenses, which reached CH$9,390 million for 9M17 (-6.0% YoY), due to decreased depreciation and amortization expenses as many intangible assets reached the end of their useful lives in 2016.

The treasury division consists of trading, investment, distribution and asset and liability management (ALM) operations. The ALM desk manages financial investments used to stabilize the net interest margin, manage interest rate risk in the balance sheet, manage liquidity and efficiently fund the bank's loan portfolio. As of September 2017, ALM represented 55.4% of treasury income. The investment and trading desks manage the Bank's own portfolio of primarily Chilean Central Bank notes and corporate bonds and represent 21.2% of treasury income. The remaining 23.4% of treasury income comes from the distribution desk, which brokers specialized products for commercial banking customers (currency, forwards and structured products).

Banco Security - Consolidated Statement of Income

	3Q17	2Q17	3Q16	% Chg QoQ	% Chg YoY	9M17	9M16	% Chg
Net interest margin	38,691	39,666	35,078	-2.5%	10.3%	114,352	101,326	12.9%
Net Fees	14,545	14,234	14,717	2.2%	-1.2%	41,414	39,806	4.0%
Net financial Operating Income	10,385	7,184	10,376	44.6%	0.1%	27,063	34,597	-21.8%
Net foreign exchange transactions	-2,318	-654	-1,383	-	-	-2,758	-6,082	-54.7%
Recovery of charged-off loans	665	613	840	8.5%	-20.8%	1,806	3,369	-46.4%
Other net operating income	1,731	753	-6,100	-	-	2,561	-13,709	-
Gross operating income	**63,699**	**61,796**	**53,528**	**3.1%**	**19.0%**	**184,438**	**159,307**	**15.8%**
Credit risk provisions	-12,324	-9,399	-9,526	31.1%	29.4%	-32,615	-23,272	40.1%
Administrative expenses	-29,949	-31,498	-30,301	-4.9%	-1.2%	-94,292	-87,662	7.6%
Net operating income	**21,426**	**20,899**	**13,701**	**2.5%**	**56.4%**	**57,531**	**48,373**	**18.9%**
Income attributable to investments in other companies	36	296	80	-	-	332	278	19.4%
Profit before tax	**21,462**	**21,195**	**13,781**	**1.3%**	**55.7%**	**57,863**	**48,651**	**18.9%**
Income tax expense	-5,503	-4,631	-2,819	-	-	-13,087	-8,811	48.5%
Profit for the period	**15,959**	**16,564**	**10,962**	**-3.7%**	**45.6%**	**44,776**	**39,840**	**12.4%**

The net interest margin for 9M17 was CH$114,352 million (+12.9% YoY), due to reduced interest and indexation expenses of CH$131,407 million during the period (-10.3% YoY). The figure fell short of the 7.8% growth recorded in the Bank's total liabilities due to the MPR cut (from 3.5% to 2.5%) in early 2017, which lowered the cost of liabilities. This was only partially offset by reduced interest and indexation income of CH$245,759 million for 9M17 (-0.8% YoY), due to lower indexation factors, which was partially offset by a larger volume of total loans (+10.1% YoY).

Net Interest Margin *In Ch$ Million*	3Q17	2Q17	3Q16	% Chg QoQ	% Chg YoY	9M17	9M16	% Chg
Interest and indexation income	73,023	89,388	82,704	-18.3%	-11.7%	245,759	247,822	-0.8%
Interest and indexation expenses	-34,332	-49,723	-47,626	-31.0%	-27.9%	-131,407	-146,496	-10.3%
Net interest margin	38,691	39,666	35,078	-2.5%	10.3%	114,352	101,326	12.9%
Interest margin net of provisions	26,367	30,267	25,552	-12.9%	3.2%	81,737	78,054	4.7%
Net interest margin / total loans	3.27%	3.43%	3.26%	-16 p	1 p	3.22%	3.14%	8 p
Net interest margin net of provisions / Total loans	2.23%	2.62%	2.38%	-39 p	-15 p	2.30%	2.42%	-12 p

Net fees totaled CH$41,414 million for the period ended September 2017, +4.0% YoY, because of greater fees from credit cards and current accounts in the retail banking division as well as increased fund management and brokerage income from the asset management subsidiaries. Financial income, which is the sum of net financial operating income (loss) and the net gain from FX operations, totaled CH$24,305 million (-14.8% YoY) due to a lower gain on the valuation of the fixed income trading portfolio because of hikes in the UF and nominal interest rates, in addition to decreased income from proprietary trading by the Bank's asset management subsidiaries. In the first nine months of 2017 recovery of written-off loans was down 46.4% YoY, reaching CH$1,806 million, reflecting stricter treatment in light of regulatory changes. For the period ended September 2017, other operating income amounted to CH$2,561 million. The increase relative to the previous year's loss of CH$13,709 million is explained by impairment recorded in 9M16 to reflect obsolete technology systems and its impact on the basis of comparison.

Credit risk provisions amounted to CH$32,615 million (+40.1% YoY) as of September 2017, attributable to the low basis of comparison for the commercial portfolio's provision expenses in 9M16 that reflected conservative provisioning policies for consumer products and the one-time CH$1,969 million effect of an adjustment to the provisioning model implemented in January 2017.

In quarterly terms, Banco Security reported quarterly profit of CH$15,959 million for 3Q17 (-3.7% QoQ). Net fees for 3Q17 reached CH$14,545 million (+2.2% QoQ), due to increased income from funds and securities brokerage in the asset management subsidiaries, which was partially offset by lower insurance and credit card fees from the Bank. Financial income, which is the sum of net financial operating income (loss) and the net gain from FX transactions, totaled CH$8,067 million, +23.5% QoQ, due to strong performances from foreign currency instruments and underwriting income for corporate bonds earned by the Bank. Other operating income amounted to CH$1,731 million in 3Q17, up from the CH$753 million recorded in 2Q17. For 3Q17, credit risk provisions totaled CH$12,324 million (-31.1% QoQ) due to increased provision expenses from reclassifying some existing delinquent commercial banking customers and the growth of the retail banking loan portfolio.

Banco Security - Operating Expenses and Efficiency

In Ch$ Millions	3Q17	2Q17	3Q16	% Chg QoQ	% Chg YoY	9M17	9M16	% Chg
Personnel	-12,144	-12,361	-11,382	-1.8%	6.7%	-36,113	-37,501	-3.7%
Administrative expenses	-16,371	-17,692	-15,532	-7.5%	5.4%	-53,789	-42,615	26.2%
Depreciation and amortization	-1,434	-1,445	-3,387	-0.8%	-57.7%	-4,390	-7,546	-41.8%
Total operating expenses	**-29,949**	**-31,498**	**-30,301**	**-4.9%**	**-1.2%**	**-94,292**	**-87,662**	**7.6%**
Operating expenses / Gross operating income	**47.0%**	**51.0%**	**56.6%**	**-395 p**	**-959 p**	**51.1%**	**55.0%**	**-825 p**

The Bank reported operating expenses of CH$94,292 million (+7.6% YoY) for 9M17. For the period ended September 2017, personnel expenses amounted to CH$36,113 million, -3.7% YoY. Administrative expenses reached CH$53,789 million, +26.2% YoY, reflecting greater indirect expenses to implement technology projects and higher expenses at asset management subsidiaries associated with increased commercial activity. Depreciation and amortization expense reached CH$4,390 million, -41.8% YoY, as several intangible assets reached the end of their useful lives in 2016.

Expenses in 3Q17 were CH$29,949 million, down from the CH$31,498 million recorded in the immediately preceding quarter. The drop is attributable to reduced administrative expenses of CH$16,371 million in 3Q17 (-7.5% QoQ), thanks to lower expenses to implement technology projects this quarter. Personnel expenses reached CH$12,144 million in 3Q17 (-1.8% QoQ). Finally, depreciation and amortization expense reached CH$1,434 million, -0.8% QoQ. Banco Security's efficiency ratio, measured as operating expenses over gross operating profit, totaled 51.1% for September 2017 (-390 b.p. YoY). This ratio compares to 49.0% for the banking system and 48.2% for peer banks[2] as of September 2017.

Banco Security Loan Portfolio

Total loans reached CH$4,732,916 million as of September 2017, +10.1% YoY and +6.1% YTD. For the industry, loans increased +4.7% YoY and +2.8% YTD. Including foreign subsidiaries, this figure increased +4.8% YoY and +3.0% YTD. Commercial loans grew +10.8% YoY and +5.9% YTD, to CH$3,714,088 million (78.5% of Banco Security's total loan portfolio), while retail loans (consumer + mortgage) reached CH$1,018,782 million as of September 2017, +7.8% YoY and +6.6% YTD. The 20 largest borrowers represent 10.2% of the Bank's total loan portfolio.

[2] Peer banks: Average for BBVA, Scotiabank, BICE, Consorcio and Security

Total Loans *In Ch$ Millions*		sep-17	jun-17	dec-16	sep-16	% Chg QoQ	YTD	YoY
Consumer	Loans	417,552	395,197	384,350	374,563	5.7%	8.6%	11.5%
Mortgage	Loans	601,230	574,532	571,059	570,337	4.6%	5.3%	5.4%
Mortgage + Consumer	Loans	1,018,782	969,729	955,409	944,900	5.1%	6.6%	7.8%
	No. Customers	87,188	85,941	83,887	85,246	1.5%	3.9%	2.3%
Commercial	Loans	3,714,088	3,649,975	3,506,685	3,352,953	1.8%	5.9%	10.8%
	No. Customers	8,636	8,708	8,551	8,604	-0.8%	1.0%	0.4%
Total Loans		**4,732,916**	**4,620,365**	**4,462,332**	**4,298,132**	**2.4%**	**6.1%**	**10.1%**
Market Share		**3.2%**	**3.2%**	**3.1%**	**3.1%**	**10 p**	**10 p**	**16 p**

Interest and indexation income *In Ch$ Millions*	sep-17	jun-17	sep-16	% Chg QoQ	YoY	sep-17	sep-16	% Chg YoY
Consumer	12,527	12,312	12,231	1.7%	2.4%	37,511	36,195	3.6%
Mortgage	5,136	9,343	9,115	-45.0%	-43.7%	22,443	28,889	-22.3%
Mortgage + Consumer	17,663	21,655	21,346	-18.4%	-17.3%	59,954	65,084	-7.9%
Commercial	47,679	59,321	53,578	-19.6%	-11.0%	161,947	159,491	1.5%

Asset Quality

Given Banco Security's exposure to corporate and high-income customers, its risk ratios are among the lowest in the industry.

	sep-17	jun-17	dec-16	sep-16	% Chg QoQ	YTD	YoY
Total Loans	**4,732,916**	**4,620,365**	**4,462,332**	**4,298,132**	**2.4%**	**6.1%**	**10.1%**
Nonperforming loans - consumer	5,748	5,889	5,004	4,252	-2.4%	14.9%	35.2%
Nonperforming loans - mortgage	5,956	5,604	5,158	4,839	6.3%	15.5%	23.1%
Nonperforming loans - commercial	57,353	49,332	53,700	52,571	16.3%	6.8%	9.1%
Total nonperforming loans	**69,057**	**60,825**	**63,862**	**61,662**	**13.5%**	**8.1%**	**12.0%**
Non-performing loans - consumer	1.38%	1.49%	1.30%	1.14%	-11 p	7 p	24 p
Non-performing loans - mortgage	0.99%	0.98%	0.90%	0.85%	2 p	9 p	14 p
Non-performing loans - commercial	1.54%	1.35%	1.53%	1.57%	19 p	1 p	-2 p
Total nonperforming loans	**1.46%**	**1.32%**	**1.43%**	**1.43%**	**14 p**	**3 p**	**2 p**
Gross provisions	109,488	99,025	106,252	98,105	10.6%	3.0%	11.6%
Write-offs	(25,280)	(18,881)	(25,601)	(18,730)	33.9%	-1.3%	35.0%
Credit risk provisions	**84,208**	**80,144**	**80,651**	**79,375**	**5.1%**	**4.4%**	**6.1%**
Provisions - consumer (% total)	16,885	16,304	13,254	12,986	3.6%	27.4%	30.0%
Provisions - mortgage (% total)	1,368	1,322	1,380	1,415	3.5%	-0.9%	-3.3%
Provisions - commercial (% total)	65,955	62,518	66,017	64,974	5.5%	-0.1%	1.5%
Credit risk provisions	**84,208**	**80,144**	**80,651**	**79,375**	**5.1%**	**4.4%**	**6.1%**
Coverage - consumer	293.8%	276.9%	264.9%	305.4%	1690 p	2889 p	-1165 p
Coverage - mortgage	23.0%	23.6%	26.8%	29.2%	-62 p	-379 p	-627 p
Coverage - commercial	115.0%	126.7%	122.9%	123.6%	-1173 p	-794 p	-859 p
Coverage - total nonperforming loan	**121.9%**	**131.8%**	**126.3%**	**128.7%**	**-982 p**	**-435 p**	**-679 p**
Provisions / loans	1.78%	1.73%	1.81%	1.85%	4 p	-3 p	-7 p
Provision expenses / loans	0.87%	0.83%	0.62%	0.62%	4 p	25 p	25 p

[1] Stock de provisionesde riesgo de crédito/ Stock de cartera con morosidad de 90 días o más

[2] Gasto de provisiones neto de recupero

As of September 2017, Banco Security's risk index reached 1.78%, -7 b.p. YoY and -3 b.p. YTD. The 90-day nonperforming loans portfolio reached 1.46%, +2 b.p. YoY and +3 b.p. YTD. The ratio of provisions net of recovery, measured on an annualized basis, over average loans was 0.87%, up +25 b.p. YoY and +25 bps YTD, explained by the low basis of comparison for commercial portfolio provision expenses in

9M16, reflecting more conservative provisioning policies for consumer products as well as the one-time effect of CH$1,969 million of an adjustment to the provisioning model in 1Q17.

	Credit Risk (%)								
	Provisions / Loans					Over 90 Day Nonperforming Loans			
	Mortgage	Consumer	Total	Commercial	Total	Mortgage	Consumer	Commercial	Total
Banco Security	0.23	4.04	1.79	1.78	1.78	0.99	1.38	1.54	1.46
Medium Banks*	0.46	4.16	1.66	1.76	1.77	1.24	1.40	1.06	1.18
Banking system	0.88	6.29	2.62	2.41	2.47	2.34	2.05	1.62	1.87

*Average for BBVA, Scotiabank, BICE, Security, Consorcio

Banco Security - Funding Sources

Funding Sources									% Chg		
In MCH$	sep-17		jun-17		dec-16		sep-16		QoQ	YTD	YoY
Demand deposits	616,393	9.9%	613,572	10.0%	570,018	9.4%	528,364	9.2%	0.5%	8.1%	16.7%
Time deposits	2,817,907	45.3%	2,843,583	46.4%	3,051,820	50.1%	2,790,295	48.3%	-0.9%	-7.7%	1.0%
Total deposits	3,434,300	55.2%	3,457,155	56.4%	3,621,838	59.5%	3,318,659	57.5%	-0.7%	-5.2%	3.5%
Bonds	1,753,029	28.2%	1,700,712	27.7%	1,571,273	25.8%	1,547,878	26.8%	3.1%	11.6%	13.3%
Interbank loans	189,952	3.1%	181,882	3.0%	158,757	2.6%	157,773	2.7%	4.4%	19.6%	20.4%
Other liabilities*	351,062	5.6%	309,670	5.1%	277,245	4.6%	290,881	5.0%	13.4%	26.6%	20.7%
Total Liabilities	**5,728,343**	**92%**	**5,649,419**	**92%**	**5,629,113**	**92%**	**5,315,191**	**92%**	**1.4%**	**1.8%**	**7.8%**
Equity	494,074	7.9%	482,493	7.9%	461,737	7.6%	457,782	7.9%	2.4%	7.0%	7.9%
Liabilities + Equity	**6,222,417**	**100%**	**6,131,912**	**100%**	**6,090,850**	**100%**	**5,772,973**	**100%**	**1.5%**	**2.2%**	**7.8%**

*Includes borrowings from financial institutions and derivative instruments, among other items.

○ Demand and Time Deposits

As of September 2017, deposits totaled CH$3,434,300 million, +3.5% YoY and -5.2% YTD. For the industry, loans fluctuated +3.8% YoY and -0.5% YTD. Including foreign subsidiaries, this figure varied +4.1% YoY and 0.0% YTD. Banco Security's time deposits consisted of 25.6% retail deposits and 74.4% institutional deposits. The 15 largest depositors[3] represent 28% of the Bank's total deposits. The loan to deposit ratio was 138% as of September 2017, compared to 123% as of December 2016 and 130% as of September 2016.

Banco Security has a strategy to diversify funding sources using sales incentives to increase its retail deposit base. Banco Security strictly controls and monitors liquidity risk[4], striving to diversify funding sources while applying strict limits to asset/liability mismatches, maintaining liquid assets and lengthening liabilities to increase funding terms. It is important to note that the Bank's exposure from asset and liability mismatches is among the industry's lowest. As of September 2017, the ratio of long-term interest rate risk to regulatory capital was 3.36%. As of September 30, 2017, liquid assets[5] represented 48% of demand and other time deposits.

[3] Excludes stock brokerage companies.

[4] Liquidity risk represents the possibility of not fulfilling obligations when they mature as a result of the inability to liquidate assets or funds, or not being able to dispose of them easily or offset exposure without significantly reducing prices due to insufficient market depth (Grupo Security Annual Report, note 35).

[5] Includes cash and cash deposits, transactions pending settlement and the portfolio of financial instruments.

- **Debt Issued**

Series	SBIF Registration Number	SBIF Registration Date	Currency	Amount	Placement Period	Annual Interest Rate	Duration (Years)	Maturity
H1	3/2007	25-ene-07	UF	3,000,000	25-ene-10	3.00	23	01-dic-29
K1	1/2008	04-ene-08	UF	3,000,000	04-ene-11	3.00	10	01-ene-18
M1	1/2009	19-may-09	UF	3,000,000	19-may-12	3.00	10.5	01-jul-19
N1	1/2009	19-may-09	UF	3,000,000	19-may-12	3.00	105	01-jul-19
R1	10/2011	06-oct-11	UF	3,000,000	06-oct-14	3.00	10	01-jun-21
K2	1/2012	14-mar-12	UF	4,000,000	14-mar-15	3.25	10	01-nov-21
B2	1/2013	26-feb-13	UF	4,000,000	26-feb-16	3.25	5	01-nov-17
K3	1/2013	26-feb-13	UF	4,000,000	26-feb-16	3.50	10	01-nov-22
K4	10/2013	06-nov-13	UF	5,000,000	06-nov-16	3.60	10	01-oct-23
B3	14/2014	09-oct-14	UF	5,000,000	01-jun-17	2.50	5	01-jun-19
K5	14/2014	09-oct-14	UF	5,000,000	01-jun-17	2.75	10	01-jun-24
B4	05/2015	01-abr-15	UF	5,000,000	04-dic-18	2.25	5	01-jun-20
K6	05/2015	01-abr-15	UF	5,000,000	04-dic-18	2.75	10	01-mar-25
K7	05/2015	01-abr-15	UF	5,000,000	04-dic-18	2.75	10	01-sep-25
Z1	10/2015	01-sep-15	CLP	75,000,000,000	01-jul-20	5.25	5	01-jul-20
B5	11/2016	03-oct-16	UF	5,000,000	03-ago-20	2.40	5	01-ago-21
K8	12/2016	03-oct-16	UF	5,000,000	03-ago-20	2.80	10	01-oct-26
Z2	13/2016	03-oct-16	CLP	75,000,000,000	03-ago-20	5.30	5.5	01-feb-22
B6	6/2017	11-jul-17	UF	5,000,000	11-jul-20	2.25	5.5	01-oct-22

Banco Security - Capitalization

As of September 2017, Banco Security's equity attributable to the owners totaled CH$494,018 million. For some years now, Banco Security has been preparing for the implementation of Basel III. To that end, at the April 2017 extraordinary shareholders' meeting, Grupo Security shareholders agreed to a CH$100,000 million capital increase in order to support commercial growth and strengthen the capital base for Banco Security and its life insurance business. The process was approved by the SVS. The preferential subscription period took place from July 25 to August 24, 2017, raising CH$93,224 million, of which Grupo Security will allocate up to CH$50,000 million to the Bank.

In Ch$ Millions	sep-17	jun-17	dec-16	sep-16	% Chg		
					QoQ	YTD	YoY
Capital	252,047	252,047	252,047	252,047	0.0%	0.0%	0.0%
Reserves and valuation accounts	34,029	33,619	27,978	31,515	1.2%	21.6%	8.0%
Retained earnings	207,942	196,772	181,662	174,126	5.7%	14.5%	19.4%
Equity attributable to equity holders of bank	**494,018**	**482,438**	**461,687**	**457,688**	**2.4%**	**7.0%**	**7.9%**
Tier I (core capital)	494,018	482,438	461,687	457,688	2.4%	7.0%	7.9%
Regulatory capital	670,001	683,281	663,808	661,213	-1.9%	0.9%	1.3%
Minimum required capital	405,597	410,308	401,638	388,576	-1.1%	1.0%	4.4%
Risk-weighted assets	5,069,964	5,128,845	5,020,477	4,857,205	-1.1%	1.0%	4.4%
BIS ratio	13.22%	13.32%	13.22%	13.61%	-11 p	-1 p	-40 p
Core capital / total assets	7.31%	7.37%	7.10%	7.39%	-6 p	21 p	-8 p

The Bank's capital adequacy ratio as of September 2017, calculated as regulatory capital over risk-weighted assets, reached 13.22% (with a regulatory minimum of 8%), -40 b.p. YoY and -1 b.p. YTD. The ratio of core capital to total assets reached 7.31% (with a required minimum of 3%), -8 b.p. YoY and +21 b.p. YTD.

FACTORING SECURITY

For 9M17, Factoring Security reported profit of CH$5,578 million, +2.7% YoY, thanks to an increase in factored receivables, which reached CH$265,974 million as of September 2017, +5.8% YoY. Furthermore, operational expenses were CH$6,227 million (-11.9% YoY), as a result of lower banking costs associated with the MPR cut. These effects were not fully offset by higher administrative expenses, which reached CH$8,734 million in 9M17 (+6.5% YoY), because of increased commercial activity.

The efficiency ratio reached 44.0%, -72 b.p. YoY. The risk ratio, measured as provisions over total loans, was 2.8% as of September 2017, -29 b.p. YoY and -12 b.p. QoQ.

In Ch$ Millions	3Q17	2Q17	3Q16	% Chg QoQ	% Chg YoY	9M16	9M16	% Chg
Factored receivables	265,974	263,222	251,308	1.0%	5.8%	265,974	251,308	5.8%
Provisions	7,381	7,621	7,705	-3.1%	-4.2%	7,381	7,705	-4.2%
Gross operating income	6,903	7,352	7,282	-6.1%	-5.2%	21,883	21,576	1.4%
Operating expenses	-1,715	-2,113	-2,368	-18.9%	-27.6%	-6,227	-7,070	-11.9%
Support expenses	-2,887	-2,932	-2,809	-1.5%	2.8%	-8,734	-8,203	6.5%
Profit for the period	**1,830**	**1,893**	**1,850**	**-3.3%**	**-1.1%**	**5,578**	**5,430**	**2.7%**
Efficiency ratio	44.3%	42.8%	44.2%	148 p	11 p	44.0%	44.7%	-72 p
Risk ratio	2.8%	2.9%	3.1%	-12 p	-29 p	2.8%	3.1%	-29 p

INSURANCE BUSINESS AREA (28.8% of assets; 20.0% of profit from business areas as of September 2017)

The insurance business area reported profit of CH$13,448 million. This area includes the life insurance subsidiary Vida Security, which consolidates 61% of Protecta beginning in September 2015, and Servicios Security, the holding that groups the insurance brokerage (Corredora de Seguros Security) and assistance business (Europ Assistance).

At the extraordinary shareholders' meeting on April 27, 2017, Grupo Security shareholders agreed to a CH$100,000 million capital increase in order to strengthen growth and the capital base of its principal businesses. Approved by the SVS, the preferential subscription period took place from July 25 to August 24, 2017, raising a total of CH$93,424 million, of which Grupo Security will allocate up to CH$40,000 million to the insurance area.

VIDA SECURITY

For the period ended September 2017, Vida Security reported profit of CH$13,212 million (-13.4% YoY) attributable to a reduced contribution margin of -CH$61,215 million for 9M17, which is below the -CH$40,364 million for 9M16, partially offset by improved investment income of CH$103,510 million (+20.3% YoY), thanks to better results from equity markets.

The fall in the contribution margin can be explained by increased claims and pensions paid, which reached CH$272,433 million (+41.5% YoY). The rise is attributable to the new DSI contract, to greater surrenders and transfers of CUI and APV plans, and to increased annuities reserves in line with the rise in direct premiums. Additionally, the subsidiary posted total variation in technical reserves of CH$64,993 million (+24.5% YoY), in keeping with increased sales of CUI and APV policies and increased investment income from this portfolio. These effects were not fully offset by higher direct premiums, which reached CH$339,332 million (+43.5% YoY). This rise is attributable to the new DSI contract, greater surrenders and transfers of CUI and APV funds and increased annuity sales.

The subsidiary reported administrative expenses of CH$28,086 million (+12.3% YoY), reflecting increased commercial activity.

In MCH$	3Q17	2Q17	3Q16	% Chg. QoQ	% Chg. YoY	9M17	9M16	% Chg.
Direct Premium	117,404	122,038	105,512	-3.8%	11.3%	339,332	236,408	43.5%
Retained premium	99,668	104,170	88,653	-4.3%	12.4%	287,073	217,535	32.0%
Variation in technical reserves	-14,027	-26,885	-18,646	-47.8%	-24.8%	-64,993	-52,214	24.5%
Claims paid	-36,988	-33,679	-51,233	9.8%	-27.8%	-107,966	-96,359	12.0%
Pensions paid	-69,572	-52,499	-34,342	32.5%	102.6%	-164,467	-96,165	71.0%
Underwriting expenses	-4,230	-4,160	-4,290	1.7%	-1.4%	-11,415	-12,848	-11.2%
Medical expenses	-19	-6	-16	-	-	-38	-51	-
Insurance impairment	284	760	-161	-	-	590	-261	-
Contribution Margin	**-24,884**	**-12,300**	**-20,035**	**102.3%**	**24.2%**	**-61,215**	**-40,364**	**51.7%**
Administrative expenses	-9,791	-10,082	-8,794	-2.9%	11.3%	-28,086	-25,008	12.3%
Investment income	34,480	28,012	39,116	23.1%	-11.9%	103,510	86,074	20.3%
Exchange differences	-87	934	9,807	-	-	2,007	-2,137	-
Gain (loss) on indexed assets and liabilities	131	-934	-10,192	-	-	-1,140	-2,368	-
Profit for the period	111	5,522	7,406	-98.0%	-98.5%	13,212	15,253	-13.4%
Administrative ratios								
(1) (Claims paid + pension paid)/ Direct premium	90.8%	70.6%	81.1%	2015 p	966 p	80.3%	81.4%	-115 p
(2) Administrative expenses/ Direct premium	8.3%	8.3%	8.3%	8 p	1 p	8.3%	10.6%	-230 p
(3) Underwriting expenses/ Direct premium	3.6%	3.4%	4.1%	19 p	-46 p	3.4%	5.4%	-207 p
Combined Ratio (1) + (2) + (3)	102.7%	82.3%	93.5%	2042 p	920 p	91.9%	97.5%	-552 p
(4) Profit / direct premium	0.1%	5.3%	8.4%	-519 p	-824 p	4.6%	7.0%	-241 p

During 3Q17, profit totaled CH$111 million, down from CH$5,522 million in 2Q17, mainly due to increased claims and pensions paid of CH$106,560 million, because of increased annuity sales, a rise in claims for DSI policies and greater surrenders and transfers on individual plans. In addition, direct premiums reached CH$117,404 million (-3.8% QoQ) due to reduced premiums from individual insurance, partially offset by increased annuity sales.

These effects were partially offset by improved investment income of CH$34,480 million (+23.1% QoQ) due to strongly performing equity markets. The variation in technical reserves totaled CH$14,027 million (-47.8% YoY), in line with the fall in direct premiums and greater surrenders and transfers on CUI and APV policies, partially offset by improved investment income from the CUI and APV portfolio.

Results by Product Line

o Individual Insurance

Individual insurance policies are contracted by individuals to cover certain risks (life, health, credit life, etc.). Depending on the terms of the policy, policyholders may be able to allocate part of the direct premiums to an individual investment account that invests in mutual funds or portfolios managed by the company. Based on figure 601 in the financial statements of Vida Security, it includes product lines 101-112 and 425 and excludes line 107. As of September 2017, direct premiums from family protection insurance represented 32.9% of Vida Security's total direct premiums.

The contribution margin totaled -CH$22,064 million for the period ended September 2017, a decrease of CH$6,195 million over September 2016. This is explained by an increase in claims paid, which totaled CH$55,614 million (+29.5% YoY), greater surrenders and transfers on CUI and APV policies, in line with the growth of 23.2% YoY in the investment portfolio for this type of policy. For 9M17, the variation in technical reserves reached CH$65,830 million (+26.6% YoY) thanks to increased premiums and strong investment income from the CUI and APV portfolio.

These effects were not offset by the rise in direct premiums, which totaled CH$111,631 million for 9M17, +$11,842 million (+11.9% YoY). As of September 2017, CUI and APV policies represent 91.3% of total individual insurance premiums.

Individual Insurance In MCH $	3Q17	2Q17	3Q16	% Chg. QoQ	 YoY	9M17	9M16	%Chg.
Direct Premium	31,293	44,460	33,574	-29.6%	-6.8%	111,631	99,790	11.9%
Retained premium	**31,151**	**43,973**	**32,975**	**-29.2%**	**-5.5%**	**110,397**	**98,224**	**12.4%**
Variation in technical reserves	-13,138	-27,965	-20,147	-53.0%	-34.8%	-65,830	-51,990	26.6%
Claims paid	-21,141	-16,994	-17,199	24.4%	22.9%	-55,614	-42,947	29.5%
Pensions paid	-2,305	-908	-449	153.7%	413.1%	-4,048	-1,694	138.9%
Underwriting expenses	-2,496	-2,403	-2,494	3.8%	0.1%	-6,937	-7,743	-10.4%
Medical expenses	-16	-5	-14	-	-	-32	-44	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	**-7,944**	**-4,303**	**-7,329**	-	-	**-22,064**	**-6,195**	-
Claims rate (1)	74.9%	40.3%	52.6%	3466 p	2236 p	53.4%	44.7%	871 p
Underwriting expense rate (2)	8.0%	5.4%	7.4%	257 p	55 p	6.2%	7.8%	-155 p

(1) Claims paid/ Direct premium
(2) Underw riting expense/ Direct premium

The contribution margin for 3Q17 was -CH$7,944 million, down from -CH$4,303 million in 2Q17, due to a drop in direct premiums to CH$31,293 million (-29.6% QoQ), and higher claims paid of CH$21,141 million (+24.4% QoQ), due to greater surrenders and transfers on CUI and APV policies.

The variation in technical reserves totaled CH$13,138 million (-53.0% QoQ), in line with the fall in premiums and greater surrenders and transfers on CUI and APV policies, partially offset by improved investment income from the CUI and APV portfolio.

- **Family Protection**

Family Protecction In MCH$	3Q17	2Q17	3Q16	% Chg. QoQ	 YoY	9M17	9M16	%Chg.
Direct Premium	1,642	1,580	1,691	3.9%	-2.9%	4,933	5,075	-2.8%
Retained premium	**1,623**	**1,561**	**1,691**	**4.0%**	**-4.0%**	**4,878**	**5,075**	**-3.9%**
Variation in technical reserves	-46	46	-25	-	-	-49	-25	-
Claims paid	-885	291	-417	-403.8%	112.0%	-1,277	-1,228	4.0%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-536	-517	-570	3.5%	-6.0%	-1,645	-1,630	0.9%
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	**157**	**1,382**	**679**	-88.6%	-76.9%	**1,907**	**2,192**	-13.0%
Claims rate (1)	53.9%	-18.4%	24.7%	7232 p	29203 p	25.9%	24.2%	170 p
Underwriting expense rate (2)	32.6%	32.7%	33.7%	-12 p	464 p	33.3%	32.1%	122 p

(1) Claims paid/ Direct premium
(2) Underw riting expense/ Direct premium

Family protection insurance covers the insured party's family group in the event of death or disability, depending on the terms of the policy. Based on figure 601 in the Vida Security financial statements, it includes product line 107. As of September 2017, direct premiums from family protection insurance represented 1.5% of Vida Security's total direct premiums.

For 9M17, the contribution margin for these policies totaled CH$1,907 million (-13.0% YoY, -88.6% QoQ) with direct premiums of CH$4,933 million (-2.8% YoY, +3.9% QoQ), and underwriting expenses of CH$1,645 million (+0.9% YoY, +3.5% QoQ).

○ Group Insurance

Group Insurance In MCH$	3Q17	2Q17	3Q16	% Chg. QoQ	% Chg. YoY	9M17	9M16	%Chg.
Direct Premium	17,538	17,686	18,015	-0.8%	-2.6%	49,781	52,402	-5.0%
Retained premium	**16,945**	**16,980**	**17,099**	**-0.2%**	**-0.9%**	**48,010**	**50,438**	**-4.8%**
Variation in technical reserves	-432	-237	1,220	82.3%	-135.4%	-1,026	-993	3.3%
Claims paid	-11,766	-10,853	-12,233	8.4%	-3.8%	-33,408	-34,973	-4.5%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-920	-1,049	-1,064	-12.3%	-13.6%	-2,296	-3,021	-24.0%
Medical expenses	-3	-1	-1	-	-	-5	-7	-
Insurance impairment	284	760	-161	-	-	590	-261	-326.2%
Contribution Margin	**4,108**	**5,601**	**4,859**	-26.6%	-15.5%	**11,866**	**11,184**	6.1%
Claims rate (1)	67.1%	61.4%	67.9%	572 p	-82 p	67.1%	66.7%	37 p
Underwriting expense rate (2)	5.2%	5.9%	5.9%	-69 p	-67 p	4.6%	5.8%	-115 p

(1) Claims paid/ Direct premium

(2) Underw riting expense/ Direct premium

Group insurance is contracted by a company for its employees and may include life, health or credit life coverage, depending on the terms of the policy. Based on figure 601 in the financial statements of Vida Security, it includes product lines 202-213 and 302-313. As of September 2017, direct premiums from group insurance represented 14.7% of Vida Security's total direct premiums.

For 9M17, the contribution margin reached CH$11,866 million (+6.1% YoY), due to a fall in claims to CH$33,408 million (-4.5% YoY). In addition, underwriting expenses totaled CH$2,296 million (-24.0% YoY), because of lower average rates for fees. These effects were partially offset by lower direct premiums of CH$49,781 million (-5.0% YoY) as some group insurance policies were not renewed at the end of 2016.

The contribution margin for 3Q17 was CH$4,108 million (-26.6% QoQ), due to a rise in claims during the quarter because of the seasonal nature of the business, which increased claims paid to CH$11,766 million for 3Q17 (+8.4% QoQ). Direct premiums from group insurance reached CH$17,538 million (-0.8% QoQ).

○ Annuities

Workers that choose an annuity upon retirement turn over their retirement funds to an insurance company and receive in exchange a fixed, inflation-indexed monthly payment for the rest of their life and survivor pensions for their legal beneficiaries. Based on figure 601 in the financial statements of Vida Security, it includes product lines 421, 422 and 423[6]. As of September 2017, direct premiums from annuities represented 13.2% of Vida Security's total direct premiums.

When an annuity is sold, a reserve must be recognized in the company's liabilities, equivalent to the present value of the obligations to the retiree. This generates an accounting loss in the income statement known as the reserve adjustment, which in annuities is recorded within the line item pensions paid.

[6]This also includes line 424 from the SVS, which corresponds to the old Disability and Survivor's system defined in Circular 528 (C-528). As of June 2017, this line contributes to Vida Security only CH$772 million in pensions paid.

Annuities In MCH$	3Q17	2Q17	3Q16	% Chg. QoQ	YoY	9M17	9M16	%Chg.
Direct Premium	24,647	15,447	12,892	59.6%	91.2%	44,943	39,687	13.2%
Retained premium	**24,647**	**15,447**	**12,892**	**59.6%**	**91.2%**	**44,943**	**39,687**	**13.2%**
Variation in technical reserves	128	-128	0	-	-	0	0	-
Claims paid	0	0	0	-	-	0	0	-
Pensions paid	-40,326	-29,352	-28,431	37.4%	41.8%	-90,981	-84,269	8.0%
Underwriting expenses	-279	-191	-161	46.2%	72.9%	-538	-454	18.5%
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	**-15,830**	**-14,224**	**-15,700**	**11.3%**	**0.8%**	**-46,576**	**-45,036**	**3.4%**
Underwriting expense rate (1)	1.1%	1.2%	1.3%	-10 p	0 p	1.2%	1.1%	0 p

(1) Claims paid/ Direct premium

For 9M17, the contribution margin for annuities reached -CH$46,576 million (+3.4% YoY), mainly because of the rise in direct premiums, which totaled CH$44,943 million as of September 2017 (+13.2% YoY). Pensions paid totaled CH$90,981 million for the period ended September 2017 (+8.0% YoY), in line with the rise in direct premiums.

For 3Q17, the contribution margin totaled CH$15,830 million (+11.3% QoQ). Total direct premiums reached CH$24,647 million for the period (+59.6% QoQ) while pensions paid totaled CH$40,326 million (+37.4% QoQ).

○ Disability and Survivor Insurance (DSI)

DSI In MCH$	3Q17	2Q17	3Q16	% Chg. QoQ	YoY	9M17	9M16	%Chg.
Direct Premium	42,283	42,864	39,341	-1.4%	-	128,043	39,454	-
Retained premium	**25,302**	**26,209**	**23,997**	-3.5%	-	**78,845**	**24,110**	-
Variation in technical reserves	-540	1,398	306	-138.6%	-	1,912	795	-
Claims paid	-3,197	-6,123	-21,384	-47.8%	-	-17,667	-17,211	-
Pensions paid	-26,941	-22,239	-5,463	21.1%	-	-69,438	-10,201	-
Underwriting expenses	0	0	0	-	-	0	0	-
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	**-5,375**	**-755**	**-2,543**	612.0%	-	**-6,348**	**-2,508**	-
Underwriting expense rate (1)	71.3%	66.2%	68.2%	511 p	-	68.0%	69.5%	-

(1) Underwriting expense/ Direct premium

Disability and survivor insurance is mandatory for all individuals with pension accounts at Pension Fund Management Companies (AFPs) and is directly contracted collectively by the AFPs for these individuals through semi-annual public bidding processes. It is financed by employers throughout a member's active work life with a fraction of the additional amount charged by the AFP[7]. It provides protection to the insured and his or her family group in the event of disability or death of the insured party. Based on figure 601 in the financial statements of Vida Security, it includes product line 420.

This table of pensions paid includes disability and survivor payments to insured retirees. Claims paid includes a reserve for the present value of the obligation with the insured parties. The total variation in technical reserves corresponds to an adjustment to reserves as a result of regulatory testing.

In the fifth DSI bidding process organized by the AFPs, Vida Security was awarded two fractions for men and two for women for the period from July 2016 to June 2018. As of September 2017, direct premiums from DSI insurance represented 37.7% of Vida Security's total direct

[7] http://www.spensiones.cl/portal/orientacion/580/w3-article-3024.html

premiums.

As of September 2017, DSI insurance had a contribution margin of -CH$6,348 million, down from -CH$2,508 million as of September 2016, mainly due to higher-than-expected claims because of an increase in the number of claims, and lower interest rates, which negatively affected the calculation for the claims reserve. For the period ended September 2017, total direct premiums reached CH$128,043 million, while retained premiums totaled CH$78.845 million. Claims and pensions paid reached CH$87,105 million and the variation in technical reserves totaled CH$1,912 million.

Administrative Expenses - Vida Security

In MCH$	3Q17	2Q17	3Q16	% Chg QoQ	% Chg YoY	9M17	9M16	%Chg.
Payroll	-3,375	-3,234	-2,989	4.4%	12.9%	-9,914	-8,825	12.3%
Distribution Channel expenses	-1,039	-949	-1,676	9.5%	-38.0%	-3,153	-4,071	-22.5%
Other	-5,376	-5,898	-4,128	-8.9%	30.2%	-15,018	-12,111	24.0%
Total administrative expenses	-9,791	-10,082	-8,794	**-2.9%**	**11.3%**	-28,086	-25,008	**12.3%**

For 9M17, Vida Security reported administrative expenses of CH$28,086 million, +12.3% YoY and -2.9% QoQ. Distribution channel expenses were CH$3,153 million for the period, -22.5% YoY and +9.5% QoQ. Other administrative expenses totaled CH$15,018 million, +24.0% YoY and -8.9% QoQ, in part related to collections expenses.

Investment Income - Vida Security

The subsidiary reported investment income of CH$103,510 million for 9M17, (+CH$17,436 million YoY and +CH$6,468 million QoQ) thanks to improved results in equities because of strong global markets.

The investment portfolio related to CUI and APV policies reached CH$476,878 million in September 2017 (+23.2% YoY and +16.7% YTD), in keeping with increased sales during the year. It is important to note that improved investment income from individual insurance with savings components requires increased technical reserves, which partially offsets the positive effect of the net gain.

Investment income from equities and indexes totaled CH$32,351 million for the first nine months of 2017, +CH$21,179 million YoY and -CH$7,769 million QoQ. Income from fixed income instruments fell to CH$57,961 million for 9M17, -11.9% YoY and -15.2% QoQ.

Investment Stock Ch$ Million	sep-17	jun-17	dic-16	sep-16	% Chg QoQ	% Chg YTD	% Chg YoY	Stock % 3Q17
Fixed Income	1,728,462	1,725,410	1,687,248	1,601,117	0.2%	2.4%	8.0%	72.6%
Equities and indexes	367,247	370,299	319,647	350,646	-0.8%	14.9%	4.7%	15.4%
Real estate	229,376	230,472	232,103	232,824	-0.5%	-1.2%	-1.5%	9.6%
Other investments	56,191	37,698	39,934	39,129	49.1%	40.7%	43.6%	2.4%
Investment Stock	**2,381,277**	**2,363,879**	**2,278,932**	**2,223,716**	**0.7%**	**4.5%**	**7.1%**	**100%**

Investment Income In Ch$ Million	3Q17	2Q17	3Q16	% Chg QoQ	% Chg YoY	9M17	9M16	% Chg.
Fixed Income	16,644	19,638	25,029	-15.2%	-33.5%	57,961	65,782	-11.9%
Equities and indexes	12,946	5,177	8,101	150.1%	59.8%	32,351	11,171	189.6%
Real estate	3,331	2,959	3,666	12.6%	-9.1%	9,828	10,470	-6.1%
Other investments	1,559	237	2,320	-	-	3,371	-1,349	-
Investments Income	**34,480**	**28,012**	**39,116**	**23.1%**	**-11.9%**	**103,510**	**86,074**	**20.3%**

Exchange Differences and Gain (Loss) from Indexation Adjustments

For 9M17, exchange differences totaled CH$2,007 million, versus -CH$2,137 million for 9M16, because of reduced exposure to foreign exchange risk. For 9M17, the company posted a loss from indexed units of -CH$1,140 million, due to a larger number of indexed liabilities than indexed assets.

ASSET MANAGEMENT BUSINESS AREA (2.4% of assets; 9.1% of profit from business areas as of September 2017)

The asset management business area includes Administradora General de Fondos Security and Valores Security Corredores de Bolsa. It also includes Securitizadora Security, which manages securitized assets and their respective special purpose vehicles (SPVs). This business area complements the product range offered by the rest of the Group's companies, providing services tailored to the needs of each of its segments. The products and services offered by this business area include mutual funds, investment funds and voluntary pension savings (APV), foreign currency and forwards, stocks, portfolio management and international investments.

In Ch$ Millions	sep-17	jun-17	dic-16	sep-17	% Chg QoQ	% Chg YTD	% Chg YoY
Assets under management (AUM)	4,449,872	4,207,365	3,643,266	3,723,572	5.8%	22.1%	19.5%
Mutual funds under management	2,497,739	2,396,620	1,854,062	1,929,972	4.2%	34.7%	29.4%
Market share - mutual funds	6.9%	6.7%	5.9%	6.0%	26 p	99 p	95 p

In Ch$ Millions	3Q16	2Q17	3Q16	% Chg QoQ	% Chg YoY	9M16	9M16	% Chg
Value of shares traded	798,166	651,930	642,162	22.4%	24.3%	2,290,096	1,429,364	60.2%
Market share - equities brokerage	5.8%	5.6%	5.5%	24 p	36 p	6.5%	5.1%	137 p
Operating income	10,264	9,632	9,484	6.6%	8.2%	28,972	26,872	7.8%
Non-operating income	529	976	1,068	-45.8%	-50.5%	2,644	3,457	-23.5%
Total expenses	-8,012	-8,168	-7,683	-1.9%	4.3%	-24,284	-23,400	3.8%
Efficiency ratio	74.2%	77.0%	72.8%	-277 p	141 p	76.8%	77.2%	-35 p
Fund management	1,568	1,524	1,908	2.9%	-17.8%	4,360	5,181	-15.8%
Equity, currency and fixed income brokerage, portfolio mgt and Int´l business	415	756	348	-45.1%	19.2%	1,581	320	-
Securitization	570	-255	-97	-	-	170	-333	-
Profit - Asset Management	**2,553**	**2,024**	**2,159**	**26.1%**	**18.3%**	**6,111**	**5,168**	**18.3%**

The subsidiary's AUM as of September 2017 totaled CH$4,449,872 million, +19.5% YoY and +22.1% YTD. Mutual funds under management totaled CH$2,497,739 million, +29.4% YoY and +34.7% YTD, with a market share of 6.9%. The area reported total value of shares traded of CH$2,290,096 million, with market share of 6.5%.

As of September 2017, the asset management area reported profit of CH$6,111 million (+18.3% YoY), attributable to higher operating income, which reached CH$28,972 million (+7.8% YoY), reflecting increased income from mutual funds because of 29.4% YoY growth in volume, despite reductions in average fees. In addition, increased activity was recorded in the equities, international and fixed income security trading businesses and was partially offset by lower income from the sale of foreign funds with alternative investment strategies. Total expenses reached CH$24,284 million (+3.8 YoY), due to increased expenses related to commercial activity.

For 3Q17, profit reached CH$2,553 million, (+26.1% QoQ), mainly because of income from the placement of a preferential securitized bond and its respective mezzanine series by Securitizadora Security.

OTHER SERVICES BUSINESS AREA (1.4% of assets; 5.1% of profit from business areas as of September 2017)

This business area includes the operations of Travel Security and Inmobiliaria Security, which offer non-financial products and services that complement Grupo Security's offering and are directed towards the same target markets.

REAL ESTATE: INMOBILIARIA SECURITY

Inmobiliaria Security posted 9M17 profit of CH$956 million, (+CH$950 million YoY and -CH$62 million QoQ). Ownership was transferred on 32 units in 9M17, versus 29 units in 9M16. In quarterly terms, ownership was transferred on 3 units in 3Q17, down from 9 units in 2Q17. Inmobiliaria Security recorded apartment purchase promise agreements totaling UF 503,000 for the period ended September 2017 (-35.6% YoY) and UF 212,000 in 3Q17 (+149.9% QoQ). It is important to note that there is a lag between a sale and revenue recognition. Under IFRS, revenue is recognized once legal title to the property has been transferred.

Real estate assets under management totaled CH$81,112 million, +17.7% YoY and +8.6% QoQ. The year over year increase is due mainly to the purchase of new lots and capitalization of projects under development.

In Ch$ Millions	3Q17	2Q17	3Q16	% Chg QoQ	% Chg YoY	9M17	9M16	% Chg
Real estate assets under management	81,112	74,666	68,943	8.6%	17.7%	81,112	68,943	17.7%
Total income	608	557	-1	9.1%	-	2,238	1,292	73.2%
Total expenses	-526	-436	-529	20.6%	-0.5%	-1,315	-1,412	-6.9%
Profit before tax	81	120	-530	-32.4%	-	923	-121	-
Profitfor the period	**103**	**165**	**-512**	**-37.7%**	**-**	**956**	**6**	**-**

CORPORATE TRAVEL AGENCY: TRAVEL SECURITY

Travel Security posted profit of CH$2,966 million for the period ended September 2017, representing a decrease of -4.2% YoY. This drop occurred despite a 9.8% YoY increase in sales as a result of a rise in the number of trips, which was offset by a drop in commission income charged as a percentage of the sale.

Travel Security's profit fell 3.2% QoQ to CH$1,107 million in 3Q17, with lower sales and income compared to 2Q17.

Travex Security, Travel Security's Peruvian travel agency subsidiary, recorded profit of CH$454 million for 9M17 (+110.6% YoY) and CH$178 million for 3Q17 (+15.6% QoQ).

	3Q17	2Q17	3Q16	% Chg QoQ	% Chg YoY	9M17	9M16	% Chg
Total sales - Travel (MUSD)	66	71	64	-7.4%	3.4%	199	182	9.8%
Total sales - Travex (MUSD)	18	18	15	1.8%	24.0%	53	42	26.5%
Net operating income (MCH$)	1,490	1,489	1,340	0.1%	11.2%	4,133	4,242	-2.6%
Profit for the period - Travel (MCH$)	**1,107**	**1,144**	**1,046**	**-3.2%**	**5.8%**	**2,966**	**3,097**	**-4.2%**

RISK RATINGS

	Grupo Security	Banco Security	Vida Security	Factoring Security	Inv. Seguros Security
FitchRatings (local)	A+	AA-	AA-	A+	A+
ICR (local)	AA-	AA	AA	AA-	
Standard & Poors (international)		BBB/A-2			

BONDS ISSUED BY GRUPO SECURITY

Series	Registration Number	Registration Date	Currency	Amount	Annual Interest Rate	Duration (Years)	Maturity
F	620	15-09-09	UF	57,188	4.50	23	15-09-32
K	763	30-06-13	UF	3,000,000	4.00	25	30-06-38
L 3	795	09-10-14	UF	3,000,000	3.80	21	15-11-35
M	842	25-10-16	UF	1,189,000	4.20	25	15-10-41

RETURNS AND DIVIDENDS

In an extraordinary meeting on October 11, 2017, the Board of Directors of Grupo Security agreed to pay a total dividend of CH$4.35 per share. This consists of an interim dividend of CH$1.75 per share charged to retained earnings from 2017 and an additional dividend of CH$2.6 per share charged to retained earnings from prior periods.

On April 27, 2017, Grupo Security shareholders approved a dividend payment of CH$7.75 per share charged to profit for the year 2016. This dividend and the interim dividend paid in November are equal to a total dividend of CH$12.0 per share, equivalent to CH$39,100 million, or 52% of profit for the year 2016.

Grupo Security's dividend yield, calculated as dividends per share, divided by the average share price when each dividend was distributed for the corresponding year, amounted to 5.18% in 2016. For the first nine months of 2017, Grupo Security's stock reported a return of +24.6%, underperforming the IPSA (+28.7%) and the banking sector index (+25.5%).

3Q17 EARNINGS CONFERENCE CALL

Grupo Security's third quarter earnings report will be explained in a conference call led by Mr. Fernando Salinas, the company's Planning and Development Manager, on Tuesday, November 21, 2017. A transcript of the call will be available on our website. For more information, please contact the Investor Relations Team at relacioninversionistas@security.cl.

GRUPO SECURITY

Grupo Security S.A. is a niche Chilean-based diversified financial group offering banking, insurance, asset management and other services to large and medium-sized companies and high-income individuals. Through a differentiated and innovative offering of financial products and services tailored to its niche, the group leverages operational and financial synergies through organic growth and acquisitions.

Safe Harbor

This report contains forward-looking statements based on the intentions, beliefs and expectations of the management of Grupo Security S.A. regarding the future functioning of the different business units. These forward-looking statements are not guarantees of future results and are subject to significant risks and uncertainty. Actual results may differ from those contained in forward-looking statements as a result of a number of unforeseen factors such as changes in global economic conditions, changes in market conditions, regulatory changes, actions by competitors and operational and financial risks inherent to the financial services business.

APPENDICES:

1. Financial Statements and Indicators - Assets

Assets In Ch$ Millions	December 31, 2016	September 30, 2017
Current assets		
Cash and cash equivalents	510,335	613,607
Other financial assets, current	3,110,270	3,062,251
Other non-financial assets, current	20,375	33,741
Trade and other receivables, current	4,969,605	5,237,547
Accounts receivable from related parties, current	29,783	30,684
Inventories	71,986	81,289
Current tax assets	27,416	28,512
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners	**8,739,770**	**9,087,631**
Non-current assets or disposal groups classified as held for sale or held for distribution to owners	2,456	4,021
Total non-current assets classified as held for sale or held for distribution to owners	**2,456**	**4,021**
Total current assets	**8,742,226**	**9,091,651**
Non-current assets		
Other non-financial assets, non-current	74,736	83,649
Equity-accounted investments	795	2,827
Intangible assets other than goodwill	43,624	38,393
Goodwill	119,067	119,067
Property, plant and equipment	74,846	64,902
Investment property	144,615	161,866
Deferred tax assets	128,036	116,428
Total non-current assets	**585,719**	**587,133**
Total assets	**9,327,945**	**9,678,785**

2. Financial Statements and Indicators - Liabilities and Equity

Liabilities and Equity In Ch$ Millions	December 31, 2016	September 30, 2017
Other financial liabilities, current	5,423,193	5,388,505
Trade and other payables	2,322,866	2,509,227
Accounts payable to related parties, current	2,587	1,080
Other short-term provisions	115,158	121,708
Current tax liabilities	26,897	22,264
Employee benefit provisions, current	8,297	8,115
Other non-financial liabilities, current	136,495	187,283
Total current liabilities	**8,035,493**	**8,238,183**
Non-current liabilities		
Other financial liabilities, non-current	518,402	525,319
Accounts payable, non-current	97,426	127,495
Accounts payable to related parties, non-current	1,299	1,824
Deferred tax liabilities	69,610	61,635
Total non-current liabilities	**686,737**	**716,273**
Total liabilities	**8,722,229**	**8,954,456**
Equity		
Issued Capital	302,406	429,040
Retained earnings	278,548	306,486
Shaere premium	33,210	0
Other reserves	(28,536)	(30,211)
Equity attribuable to equity holders of parent	**585,628**	**705,315**
Non-controling interests	20,087	19,013
Total equity	**605,715**	**724,329**
Total liabilities and equity	**9,327,945**	**9,678,785**

3. Financial Statements and Indicators - Consolidated Statement of Income

Consolidated statement of income (MCh$)	sep-16	sep-17
Revenue	741,265	880,172
Cost of sales	(494,512)	(625,807)
Gross profit	**246,752**	**254,365**
Other income	1,910	2,554
Distribution costs	0	0
Administrative expenses	-154,904	-164,258
Other expenses	(20,737)	(6,782)
Other gains	2,213	4,514
Finance income	-	-
Finance costs	(10,043)	(10,121)
Share of profit (loss) of associates and joint ventures, equity-accounted	19,321	-105
Exchange differences	-17,468	-3,297
Gain (loss) on indexed assets and liabilities	6,450	-2,593
Gains arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	1,194	(1,978)
Profit before tax	**74,687**	**72,299**
Income tax benefit (expense)	(14,662)	(18,814)
Profit (loss) from continuing operations	**60,026**	**53,485**
Profit (loss) from discontinued operations	0	0
Profit (loss) for the period	**60,026**	**53,485**
Profit (loss) attributable to		
Profit (loss) attributable to equity holders of the parent	59,373	53,661
Profit (loss) attributable to non-controlling interests	652	-176
Profit (loss) for the period	**60,026**	**53,485**
Depreciation and amortization	9,990	6,924
Ebitda	**94,720**	**89,344**

4. Segment Note - Grupo Security YoY

Segment Note - Grupo Security	Lending and Treasury		Asset Management		Insurance		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security	
In MCH$	sep-16	sep-17	sep-16	sep-17	sep-16	sep-17	sep-16	sep-17	sep-16	sep-17	sep-16	sep-17
Revenue	329,557	324,654	37,748	40,242	355,574	488,873	24,366	31,818	-5,979	-5,414	741,265	880,172
Cost of sales	-175,918	-171,918	-9,710	-10,050	-299,819	-429,070	-8,545	-13,891	-521	-879	-494,512	-625,807
Gross profit	153,639	152,736	28,038	30,192	55,755	59,803	15,821	17,927	-6,500	-6,293	246,752	254,365
Other income	23	30	302	983	612	503	577	384	396	654	1,910	2,554
Administrative expenses	-81,706	-85,422	-21,385	-22,342	-38,312	-43,635	-12,137	-12,563	-1,364	-295	-154,904	-164,258
Other expenses	-19,362	-5,899	-872	-391	-179	-204	-325	-238	0	-50	-20,737	-6,782
Other gains (losses)	0	0	288	272	319	197	699	478	907	3,568	2,213	4,514
Finance income	0	0	0	0	0	0	0	0	0	0	0	0
Finance costs	0	0	-3	-306	-309	-453	-817	-838	-8,915	-8,524	-10,043	-10,121
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	17	0	19,171	-93	-10	-14	143	1	19,321	-105
Exchange differences	-5,491	-2,311	-513	-467	-11,501	-795	296	411	-260	-136	-17,468	-3,297
Gain (loss) from indexed assets and liabilities	22	11	10	26	10,304	-521	110	14	-3,996	-2,124	6,450	-2,593
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	887	-1,681	307	-298	0	0	0	0	0	0	1,194	-1,978
Profit (loss) before tax	48,013	57,464	6,190	7,669	35,861	14,804	4,212	5,561	-19,589	-13,199	74,687	72,299
Income tax benefit (expense)	-8,658	-13,117	-1,004	-1,554	-5,171	-2,142	-1,019	-1,542	1,189	-458	-14,662	-18,814
Profit (loss) from continuing operations	39,355	44,347	5,186	6,115	30,690	12,662	3,193	4,019	-18,400	-13,657	60,026	53,485
Profit (loss) attributable to												
Profit (loss) attributable to equity holders of the parent	39,345	44,337	5,168	6,111	30,676	13,448	2,577	3,418	-18,400	-13,657	59,373	53,661
Profit (loss) attributable to non-controlling interest	10	11	18	4	15	-787	616	601	-8	-5	652	-176
Profit (loss) for the period	39,355	44,347	5,186	6,115	30,690	12,662	3,193	4,019	-18,400	-13,657	60,026	53,485

5. Segment Note - Grupo Security QoQ

Segment Note - Grupo Security *In MCH$*	Lending and Treasury 2Q-17	Lending and Treasury 3Q-17	Asset Management 2Q-17	Asset Management 3Q-17	Insurance 2Q-17	Insurance 3Q-17	Other Services 2Q-17	Other Services 3Q-17	Consolidation Adjustments, Support Areas and Group Expenses 2Q-17	Consolidation Adjustments, Support Areas and Group Expenses 3Q-17	Total Grupo Security 2Q-17	Total Grupo Security 3Q-17
Revenue	114,827	100,489	13,078	14,294	165,429	168,805	10,814	8,307	-1,720	-1,947	302,428	289,948
Cost of sales	-62,007	-48,778	-3,404	-3,439	-142,927	-153,934	-4,644	-2,857	-252	-441	-213,234	-209,449
Gross profit	52,820	51,711	9,673	10,855	22,502	14,871	6,170	5,450	-1,972	-2,388	89,193	80,499
Other income	20	6	309	663	144	179	94	210	76	495	643	1,554
Administrative expenses	-28,559	-27,111	-7,420	-7,337	-15,400	-15,398	-4,374	-4,097	-257	847	-56,011	-53,096
Other expenses	-2,255	-1,329	-168	-95	-69	-64	-124	-59	0	-50	-2,617	-1,597
Other gains (losses)	0	0	28	84	74	33	144	259	889	2,199	1,135	2,575
Finance income	0	0	0	0	0	0	0	0	0	0	0	0
Finance costs	0	0	-131	-149	-165	-161	-307	-274	-2,909	-2,889	-3,513	-3,474
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	0	-10	-68	-13	-1	-65	0	-88	-69
Exchange differences	-642	-2,073	-16	-265	-157	-98	124	155	-83	3	-774	-2,278
Gain (loss) from indexed assets and liabilities	10	0	23	-8	-1,232	447	46	-20	-1,296	53	-2,449	472
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	-354	-288	-136	-140	0	0	0	0	0	0	-490	-427
Profit (loss) before tax	21,040	20,917	2,162	3,607	5,687	-259	1,759	1,622	-5,619	-1,730	25,029	24,158
Income tax benefit (expense)	-4,888	-5,128	-139	-1,051	-241	154	-412	-378	-786	-200	-6,466	-6,603
Profit (loss) from continuing operations	16,151	15,789	2,024	2,557	5,446	-106	1,347	1,245	-6,404	-1,929	18,563	17,555
Profit (loss) attributable to												
Profit (loss) attributable to equity holders of the parent	16,154	15,778	2,024	2,553	5,766	270	1,115	1,021	-6,404	-1,929	18,648	17,704
Profit (loss) attributable to non-controlling interest	-3	11	-1	4	-320	-376	233	223	7	-11	-84	-149
Profit (loss) for the period	16,151	15,789	2,024	2,557	5,446	-106	1,347	1,245	-6,404	-1,929	18,563	17,555

6. Grupo Security Consolidated Statement of Cash Flows

Statement of Cash Flows	sep-16	sep-17
For the periods ended September 30, 2017 and 2016	**MM$**	**MM$**
Net cash flows provided by (used in) operating activities	14,009	254,856
Net cash flows used in investing activities	(30,588)	(12,517)
Net cash flows used in financing activities	(45,347)	(139,041)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	**(61,926)**	**103,298**
Effect of changes in exchange rates on cash and cash equivalents	(184)	(26)
Net increase (decrease) in cash and cash equivalents	**(62,111)**	**103,272**
Cash and cash equivalents at beginning of period	**626,758**	**510,335**
Cash and cash equivalents at end of period	**564,647**	**613,607**

7. Quarterly Statement of Income

Quarterly Earnings		3Q16	2Q17	1Q17	4Q16	3Q16
Revenue	M Ch$	289,948	302,428	287,797	285,425	284,177
Cost of sales	M Ch$	(209,449)	(213,234)	(203,124)	(206,437)	(197,577)
Gross profit	M Ch$	80,499	89,193	84,673	78,989	86,599
Administratie expenses	M Ch$	(53,096)	(56,011)	(55,150)	(64,778)	(54,100)
Operating income	M Ch$	29,934	32,343	28,117	9,021	25,945
Finance costs	M Ch$	(3,474)	(3,513)	(3,134)	(3,430)	(3,714)
Profit before tax	M Ch$	24,158	25,029	23,113	14,264	19,732
Profit attributable to equity holders of parent	M Ch$	17,704	18,648	17,310	15,149	13,957
EBITDA[1]	M Ch$	29,922	30,830	28,592	26,094	27,637

[1] EBITDA: Defined as the sum of profit before tax, finance costs and depreciation

8. Consolidated Financial and Business Indicators

Activity levels		30-sep-17	30-jun-17	31-mar-17	31-dec-16	30-sep-16
Total Assets	$ millions	9,678,785	9,454,605	9,288,940	9,327,945	8,893,445
Total Liabilities	$ millions	8,954,456	8,834,076	8,672,213	8,722,229	8,283,687
Total Equity	$ millions	724,329	620,529	616,727	605,715	609,758

Leverage Ratios		30-sep-17	30-jun-17	31-mar-17	31-dec-16	30-sep-16
Individual leverage ratio [1]	Times	0.295	0.333	0.35	0.34	0.34
Consolidated financial expenses [2]	Times	8.14	8.24	8.37	7.60	8.44

Profabilty		30-sep-17	30-jun-17	31-mar-17	31-dec-16	30-sep-16
Revenue	$ millions	880,172	590,224	287,797	1,026,690	741,265
Profit attributable to equity holders of the company	$ millions	53,661	35,958	17,310	74,522	59,373
EBITDA	$ millions	89,344	59,422	28,592	120,814	94,720
Return of equity [3]	%	10.63%	11.03%	10.38%	13.11%	12.90%
Return on assets [4]	%	0.74%	0.72%	0.68%	0.83%	0.85%
Earnings per share [5]	$	18.68	19.97	18.70	22.87	22.45
Number of shares	$ millions	3,683	3,258	3,258	3,258	3,258

1. Individual leverage ratio: Defined as the quotient between the sum of Grupo Security's individually considered indebtedness and total consolidated equity, defined in Note 38 to Grupo Security Consolidated Financial Statement.
2. Financial expense coverage: Defined as the sum of profit before tax and finance costs divided by finance costs.
3. Return on equity: Defined as the quotient between profit attributable to controlled properties LTM and average equity attributable to controlled properties.
4. Return on assets: Defined as the quotient between profit attributable to controlled companies LTM and total average assets.
5. Earnings per share: Defined as the quotient between profit attributable to controlled companies LTM and the number of shares

Grupo Security’s total consolidated assets were CH$9,678,785 million as of September 2017, +3.8% YTD. Of that total, 54.1% are trade and other receivables, primarily the Bank’s loan portfolio. As of September 2017, this item reached CH$5,237,547 million, +5.4% YTD, in keeping with the 6.1% YTD growth in loans as explained on page 9.

Furthermore, 31.6% of total assets are other current financial assets. This line item primarily includes the investment portfolio for the insurance subsidiary’s technical reserves and the Bank’s portfolio of financial instruments. As of September 2017, other financial assets were CH$3,062,251 million (-1.5% YTD) due to the drop in the Bank’s stock of financial instruments held for trading, which fell to CH$115,265 million (-56.8% YTD). The Bank’s available-for-sale investments were CH$592,817 million, -2.9% YTD, and the investment portfolio for the insurance subsidiary’s technical reserves and the Bank’s portfolio of financial instruments reached CH$2,219,591 million as of September 2017, +10.3% YTD, in keeping with the growth of the business and the returns on the portfolio, as mentioned on page 18 of this report.

As of September 2017, total consolidated liabilities reached CH$8,954,456 million, +2.7% YTD. Of those, 60.2% are other current financial liabilities, which include the Bank’s time deposits and current accounts, as well as debt issued by the Bank or the Group.

As of September 2017, other financial liabilities were CH$5,388,505 million, -0.64% YTD, due to the -5.2% YTD drop in total Banco Security deposits, which totaled CH$3,434,300 million in September 2017 as explained on page 11.

Of total liabilities, 28% were trade and other payables, which are primarily Vida Security’s technical reserves.

As of September 2017, trade payables amounted to CH$2,509,227 million, +8.0% YTD, because of the +6.2% YTD rise in Vida Security's technical reserves. These reserves reached CH$2,350,708 million as a result of the increase associated with disability and survivor insurance and growth in the fund value reserve. As explained on page 15 of this report, the strong performance of the CUI and APV investment portfolio during the period also contributed.

Grupo Security’s total equity amounted to CH$724,329 million as of September 2017, +17.5% YTD, because of the recent capital increase and profit for the period allocated to retained earnings.

The individual leverage ratio is defined in note 38 of Grupo Security's financial statements. Under the bondholder protection covenant, the individual leverage ratio may not exceed 0.4 measured on its quarterly standalone statement of financial position. Leverage is defined as the ratio of standalone financial liabilities, as presented in the FECU disclosures, and total equity. As of September 2017, this ratio was 0.29, -495 bps YTD, due to the increase in equity as a result of the recent capital increase. Meanwhile, Grupo Security's standalone financial liabilities grew +2.4% YTD.

Consolidated financial expense coverage is the sum of profit before tax and finance costs, divided by finance costs. The majority of finance costs for this indicator are interest and indexation expenses for Grupo Security bonds. As of September 2017, consolidated financial expense coverage was 8.14 times, -3.47% YoY reflecting the 3.2% decrease in profit before tax, which was attributable to the absence of the before-tax gain of CH$18,979 million generated in 2016 on the sale of its minority interest in Penta-Security.

As of September 2017, revenue was CH$880,172 million, +18.7% YoY. Of this, 41.4% corresponds to direct premiums from Vida Security, which grew +41.6% YoY as explained on pages 13 to 18. In addition, 25.3% of revenue was from interest on Bank loans, which grew 6.1% YoY, as explained on page 7. On the other hand, 12.1% of consolidated income corresponds to investment income earned mainly on the Vida Security investment portfolio, which performed well as a result of strong global markets, as mentioned on page 18 of this report.

In the first nine months of 2017, profit attributable to the owners of the parent was CH$53,661 million, -9.6% YoY primarily due to the absence of the before-tax gain of CH$18,979 million generated in 2016 on the sale of its minority interest in Penta-Security. Excluding that effect, after-tax profit attributable to the owners of the parent would have grown 20.8% with respect to September 2016, as indicated on page 1 herein.

As of September 2017, EBITDA reached CH$89,344 million, -5.7% YoY due to the absence of the before-tax gain of CH$18,979 million generated in 2016 on the sale of its minority interest in Penta-Security. Excluding that effect, EBITDA would have grown 18.0% YoY. This effect was not fully offset by lower depreciation and amortization, which fell 30.7% YoY, because of lower depreciation and amortization by the Bank, as explained on page 8.

As of September 2017, return on equity was 10.63% (-227 b.p. YoY) and return on assets was 0.74% (-11 b.p. YoY) with earnings per share of CH$18.68 (-16.8% YoY). Falling profitability indicators reflect the 9.6% YoY drop in profit attributable to the owners of the company, which reached CH$53,661 million as of September 2017, given the absence of the before-tax gain of CH$18,979 million generated in 2016 on the sale of its minority interest in Penta-Security. In addition, the Group carried out a capital increase during the third quarter of 2017, which increased the number of shares by 13.0% to 3,7 billion common shares.

Market Information

Grupo Security is structured into four main business areas. Each area includes the subsidiaries and divisions that share common business objectives. These four areas are: lending, insurance, asset management and other services.

Grupo Security is the parent company of a conglomerate of diversified companies engaged in the main sectors of the Chilean financial industry. Its subsidiaries Banco Security and Factoring Security provide lending services to companies and individuals. The subsidiary Seguros de Vida Security Previsión, Corredora de Seguros Security and Europ Assistance operate respectively in the life insurance and life annuity, insurance brokerage and travel assistance industries. Valores Security Corredora de Bolsa, Administradora General de Fondos Security and Securitizadora Security, complement the Group's offering of financial services by developing and distributing specialized financial products and personalized investment and asset management services.

Grupo Security's other services business area includes two subsidiaries engaged in the real estate (Inmobiliaria Security) and travel and tourism (Travel Security) industries. In addition, since 2001 the subsidiary Invest Security provides all group companies with shared services such as accounting, business risk and control, corporate culture, research and corporate IT services to support their development and technological requirements. In December 2014, Invest Security merged with Capital S.A., a wholly-owned subsidiary of Grupo Security.

BANKING INDUSTRY

As of September 2017, the Chilean banking industry was made up of 20 financial institutions, including 1 state-owned bank (Banco Estado), 14 domestic banks and 5 branches of foreign banks. As of that date, industry loans totaled CH$155,951,784 million (CH$146,722,075 million excluding foreign subsidiaries). Equity totaled CH$18,319,254 million while profit for the first nine months of 2017 was CH$1,755,196 million, with return on average equity of 11.7%. The industry reported an efficiency ratio of 49.0%, measured as operating expenses over gross operating profit, and 2.15%, measured as operating expenses over total assets. The banking system posted a risk ratio of 2.47%, measured as loan loss provisions to total loans, and 1.87%, measured as 90-day nonperforming loans to total loans. As of September 2017, Banco Security had total loans of CH$4,732,916 million, positioning it 8th in total loans with 3.0% of the Chilean market (3.2% excluding foreign subsidiaries).

FACTORING INDUSTRY

Factoring has become an important source of alternative financing to complement traditional bank lending for small- and medium-sized companies. This service allows customers to receive advances on receivables via a discount on their invoices, checks, promissory notes or other similar documents. It provides them immediate liquidity and reduces costs and inefficiencies by handing the collections process over to the factoring service provider. Although the industry is still maturing, several situations and regulatory changes have boosted growth recently, making it one of the financial sector industries with the best domestic and international outlook.

MUTUAL FUND INDUSTRY

As of September 2017, the mutual fund industry reported average assets under management of CH$36,040,114 million and 2,426,182 investors. Administradora General de Fondos Security boasted average assets under management of CH$2,497,739 million as of September 2017, giving it a market share of 6.9% and a fifth-place industry ranking among the 20 fund managers operating in the market.

STOCK BROKERAGE INDUSTRY

During 9M17, market activity measured as value of shares traded grew 26.3% in comparison to 9M16, reaching CH$35,437 billion. Value of shares traded for Valores Security Corredores de Bolsa for the same period totaled CH$2,290 billion with market share of 6.5%. Market share is calculated based on transactions on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange.

LIFE INSURANCE INDUSTRY

As of September 2017, there were 36 life insurance companies in Chile. Total direct premiums for the industry were CH$4,330,545 million for the period. The life insurance industry posted profit of CH$479,343 million for the period ended September 2017. As of September 2017, Vida Security had market share of 7.8% based on direct premiums.

Differences Between Book Values and Economic Values and/or Market Values of Principal Assets

Grupo Security participates in the insurance and services businesses through its investments in related companies, mainly Europ Assistance and in private investment funds through Inmobiliaria Security. As of September 2017, investments accounted for using the equity method in the Consolidated Statements of Financial Position represent approximately 0.03% of total assets.

Goodwill, which represents the difference between the acquisition cost and the fair value of assets and liabilities, totaled CH$119,067 million as of September 2017, equivalent to 1.23% of total assets.

Given the varying natures of the companies considered investments in related companies, their market value is normally higher than their carrying amount, which depends on the industry and the economic conditions they face.

Risk Factors

DEPENDENCE ON SUBSIDIARY DIVIDENDS

Grupo Security is the ultimate parent company of a conglomerate of companies; as such, it receives its income from subsidiary dividends. As a result, the Company's earnings depend considerably on the performance of its subsidiaries.

As of September 2017, Banco Security had distributed CH$20,236 million in dividends to Grupo Security. Factoring Security distributed CH$5,112 million in dividends (70% of profit for the year 2016) to Grupo Security. Inversiones Seguros Security distributed earnings of CH$9,611 million to Grupo Security.

Lastly, it is important to point out that Grupo Security controls its main subsidiaries with an ownership interest of more than 90% in each subsidiary, which gives it flexibility in setting their dividend policies based on its requirements. This is especially true because of the vast diversification of the Company’s revenue sources, with subsidiaries in various sectors of the financial industry.

OTHER RISK FACTORS

Risks Associated with General Economic Performance

The performance of the Grupo Security subsidiaries is correlated to economic and financial conditions that, in turn, are dependent on monetary policy, which results in reduced growth of income and profit under restrictive conditions and the opposite under expansionary conditions.

Competition in All Group Business Areas

The industries in which the Group competes are known for being highly competitive, especially the banking and insurance industries, and trending toward decreased margins. The mergers and alliances that arise between competitors are proof of the competition that Group companies face. Despite the potential challenges to the companies, the possible negative effects of competition are deemed to be offset by Grupo Security's solid brand image in its target market, strong customer loyalty and the niche strategy that drives the Group's development. This has allowed Grupo Security to earn a favorable market position with which to face future competition.

Regulatory Changes

The banking and insurance industries in which the Group does business are government-regulated and are consequently subject to potential regulatory changes over time. However, this risk is estimated to be low thanks to market transparency, the considerable development of these industries and their excellent global reputation.

RISKS ASSOCIATED WITH THE FINANCIAL BUSINESS

Credit Risk

Credit risk is dependent on monetary policy, which ultimately determines a customers' payment capacity. In early 2008, a general deterioration was seen in the system's loan portfolio, which was reflected in higher risk and delinquency ratios. In the third quarter of 2011, trends in risk ratios began to shift, with an improvement in risk levels. Within this framework, Banco Security has consistently posted risk levels below industry averages.

Market Risk

The main market risks facing the Chilean banking industry are inflation and interest rate risk. As a result, Grupo Security has established market risk policies, procedures and limits to manage its maturity and exchange rate exposure in accordance with its own objectives and regulatory limits. In particular, the bank, its subsidiaries and the insurance companies have implemented a special system for controlling interest rate risk that also allows ongoing monitoring of their medium- and long-term investment portfolios.

Risks Associated with International Financial Market Volatility

The Chilean economy and its markets generally operate within international markets and may be affected by external shocks. The volatility of world financial markets and changes in global economic conditions can negatively affect the performance of local and international assets and risk premiums demanded by investors.

Interest Rate Risk

As of September 30, 2017, the company has loans at reasonable rates based on current market conditions.

Foreign Exchange Risk

Grupo Security has implemented the policy of matching foreign currency transactions with financial institutions to sales transactions in the same currency.

Commodity Risk

As of September 30, 2017, Grupo Security does not have any significant assets or liabilities in commodities.

RISKS ASSOCIATED WITH THE INSURANCE BUSINESS

Local Financial Risks

Decreases in medium- and long-term interest rates could affect the performance of life annuity-backing assets and guaranteed-return investment accounts when investments with shorter maturities must be made, creating a medium-term operating deficit.

Mortality and Morbidity Rates

Increases in morbidity rates could cause the number of catastrophic claims to rise in the medium-term and the number of medical reimbursement claims to increase in the short term. If companies do not adjust to the new structure of the mortality curves, the decrease in adult mortality rates could negatively affect the income expected from the annuities area.

Industry Structure

The large number industry players can lead to company closures and mergers. Consequently, the current industry structure may vary, triggering adjustments to the structure of sales and operating margins.

Re-insurance Industry

The current trend toward concentration of re-insurance companies could affect the variety of coverage options and could prevent the reinsurance of risks that are currently backed thanks to the strong competition that until recently had existed in this market.

Grupo Security Corporate Structure