

# Financial Results Grupo Security September 2017

November 21, 2017  
11:30 AM



# Macroeconomic Recap 2017

## Summary and Outlook

- **GDP:** Although economic activity in the first half of the year was disappointing, improved external conditions and better domestic expectations will drive GDP upwards to 1.7% in 2017.
- **Unemployment:** Averaged 6.5% in 2016 and is expected to rise to around 6.5%-7% in 2017.
- **Inflation:** Since early 2016, the YoY variation in CPI has shown a downward trend, falling just below the floor of the target range in June. For the rest of 2017, it is expected to hover around the floor of the range, with a downward bias.
- **Exchange rate:** It has continued to appreciate in 2017, reaching close to CH\$630 as of the end of October. We expect this trend to continue in upcoming quarters, hovering around CH\$600-CH\$630.
- **MPR:** The Chilean Central Bank lowered the MPR by 100bp between January and May 2017. It expects it to stay at 2.5% for a long time, but has not ruled out an additional 25bp adjustment.
- **Market interest rates:** Practically flat throughout the year, which could continue due to expectations for a stable MPR. BCP-10 closed 2016 at 4.4%, and now rose to 4.5%.
- **Bank loans:** Grew 5% YoY as of September, driven by mortgage (9.6%), consumer (6.5%) and commercial (2.4%) loans. For the year as a whole, loans are expected to expand by 5%.



# Significant and Subsequent Events

**Dividend payment of CH\$ 4.35  
per share**  
(November 2017)

**S&P upgrades Banco Security's  
rating to BBB/A-2**  
(August 2017)

**Capital increase. CH\$93,424  
million raised, 97.3%  
subscribed**  
(August 2017)

**Fitch upgrades outlook to  
positive for the Group, Bank  
and Factoring**  
(March 2017)

**Exchange of M bonds for F  
bonds**  
(January 2017)

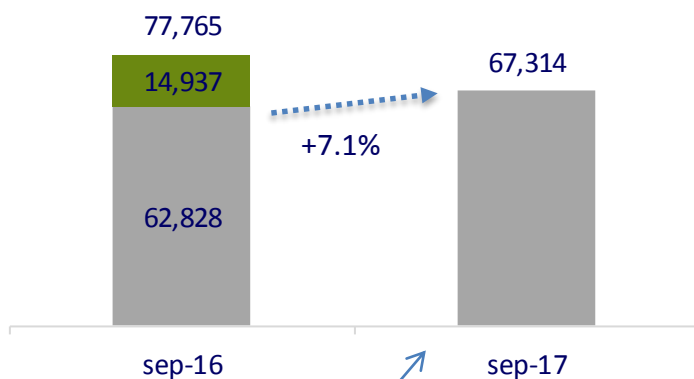
# Grupo Security Results<sup>1</sup> (CH\$ million)

## Profit - Business Areas

(CH\$ million)

Growth 2017/16 -13.4%

■ Extraordinary Profit Sale Penta-Security

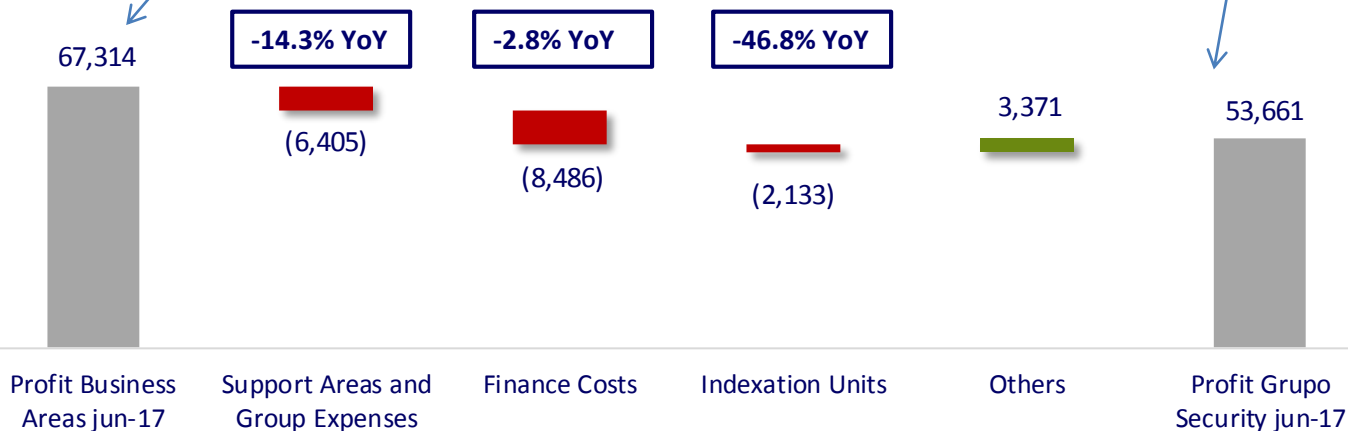
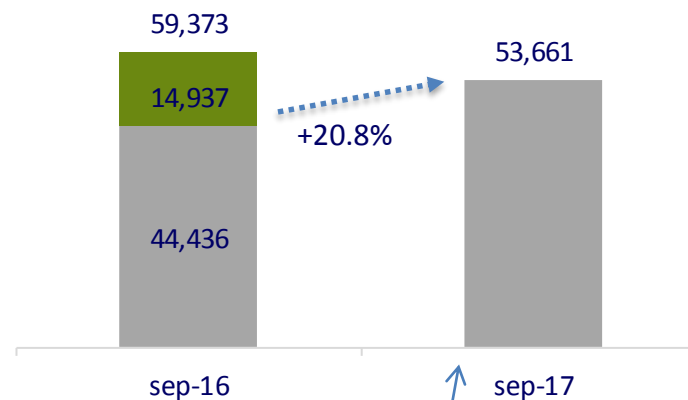


## Grupo Security Profit

(CH\$ million)

Growth 2017/16 -9.6%

■ Extraordinary Profit Sale Penta-Security



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

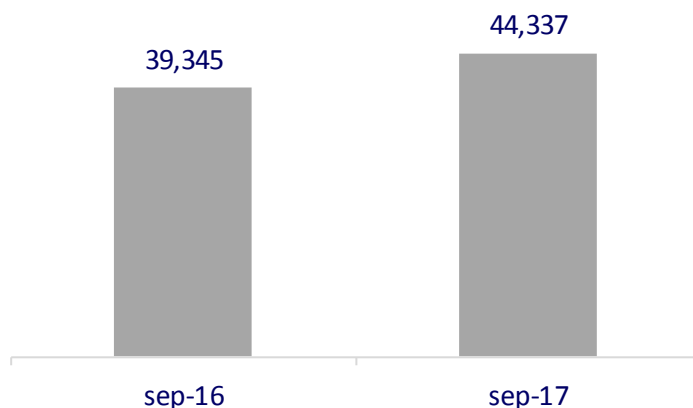
# Grupo Security Results by Business Area<sup>1</sup>

## (CH\$ million)

### Lending Area Profit

(CH\$ million)

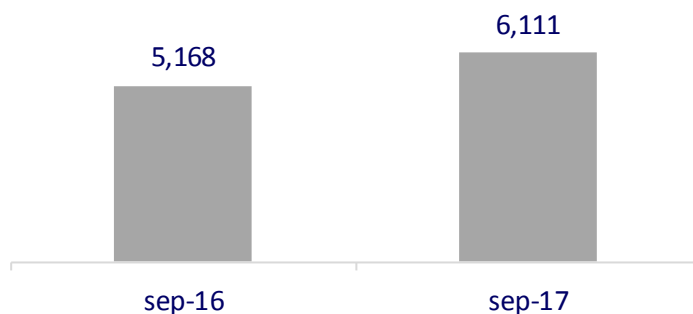
Growth 2017/16 +12.7%



### Asset Management Area Profit

(CH\$ million)

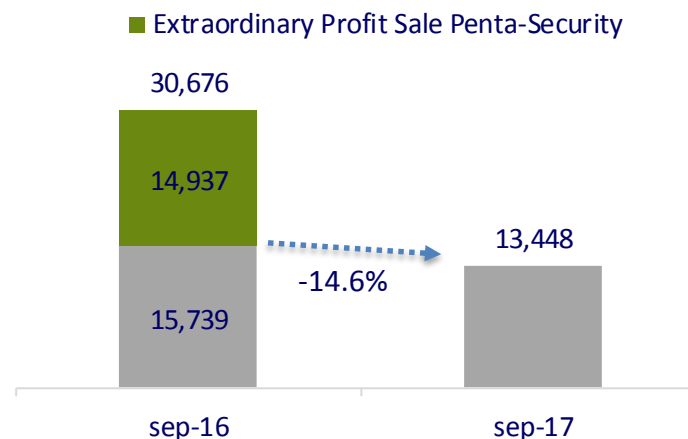
Growth 2017/16 +18.3%



### Insurance Area Profit

(CH\$ million)

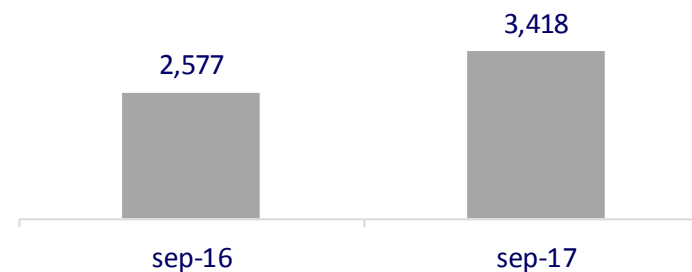
Growth 2017/16 -56.2%



### Other Services Area Profit

(CH\$ million)

Growth 2017/16 +32.6%



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

# Lending Area

## Banco Security (standalone)

**Profit:**

Ch\$ 38,775 million  
+14.3% YoY

**Total Loans:**

Ch\$ 4,733 billion  
+10.1% YoY

**NPL Coverage:**

121.9%  
-679 bp YTD

**NPL:**

1.46%  
+3bp YTD

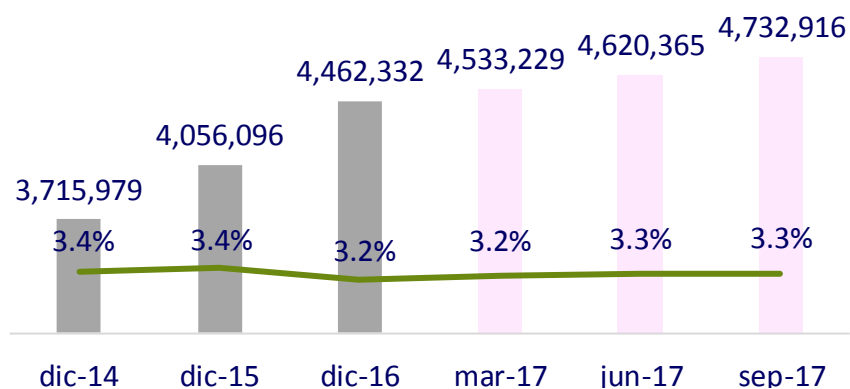
	Comercial Banking			Retail Banking			Treasury		
	sep-17	sep-16	Var YoY	sep-17	sep-16	Var YoY	sep-17	sep-16	Var YoY
	MM CH\$	MM CH\$	%	MM CH\$	MM CH\$	%	MM CH\$	MM CH\$	%
Net Interest Margin	56,821	52,740	7.7%	45,835	42,851	7.0%	15,530	11,403	36.2%
Net Fees	11,781	12,382	-4.9%	17,005	15,434	10.2%	(386)	(404)	-4.3%
Net Fx Transactions & Other Income	7,617	7,115	7.0%	1,733	1,216	42.5%	16,645	17,239	-3.4%
Loan Losses and foreclosed assets	(12,910)	(5,150)	-	(18,094)	(14,346)	26.1%	(16)	67	-
<b>Total Operating income</b>	<b>63,308</b>	<b>67,088</b>	<b>-5.6%</b>	<b>46,479</b>	<b>45,156</b>	<b>2.9%</b>	<b>31,773</b>	<b>28,305</b>	<b>12.3%</b>
Operating Expenses	(28,269)	(26,402)	7.1%	(42,442)	(39,093)	8.6%	(9,390)	(9,988)	-6.0%
<b>Net Operating income</b>	<b>35,039</b>	<b>40,686</b>	<b>-13.9%</b>	<b>4,037</b>	<b>6,063</b>	<b>-33.4%</b>	<b>22,383</b>	<b>18,317</b>	<b>22.2%</b>
<b>Profit attributable to equity holders</b>	<b>26,913</b>	<b>33,229</b>	<b>-19.0%</b>	<b>3,101</b>	<b>4,952</b>	<b>-37.4%</b>	<b>17,192</b>	<b>14,960</b>	<b>14.9%</b>
Total Loans (MM CH\$)	3,714,088	3,352,953	10.8%	1,018,782	944,900	7.8%			
Provisions/ loans	1.8%	1.9%	-16.2 p	1.8%	1.5%	26.8 p			
Non performing loans	1.5%	1.6%	-2.4 p	1.1%	1.0%	18.7 p			
NPL Coverage	115.0%	123.6%	-859.5 p	156.0%	158.4%	-245.4 p			

Main business areas of the Bank, to reach the Bank's total it is necessary to consider the "other" column, which includes items that are not assigned to these areas

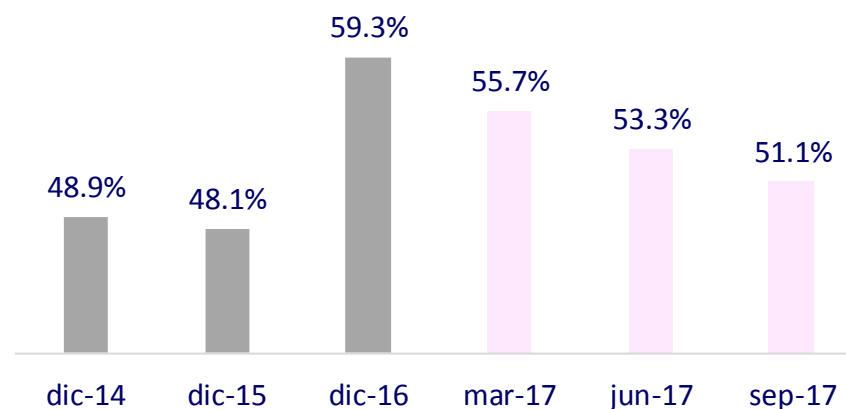
# Lending Area

## Banco Security Indicators (Consolidated)

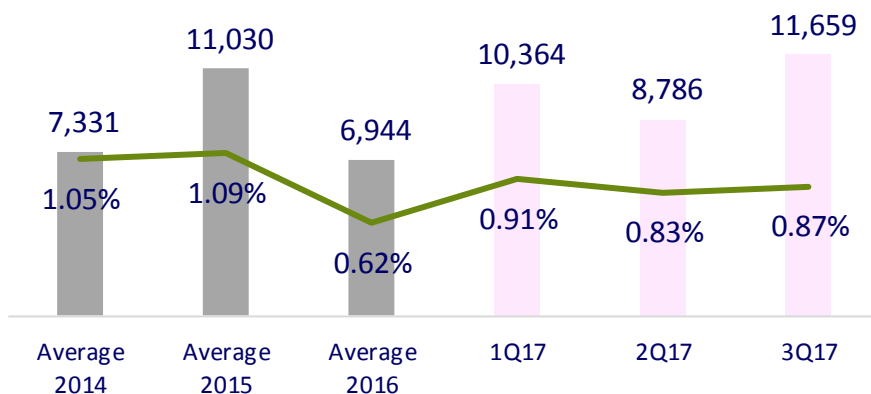
■ Total Loans (CH\$ million) — NIM/ Average Loans (%)



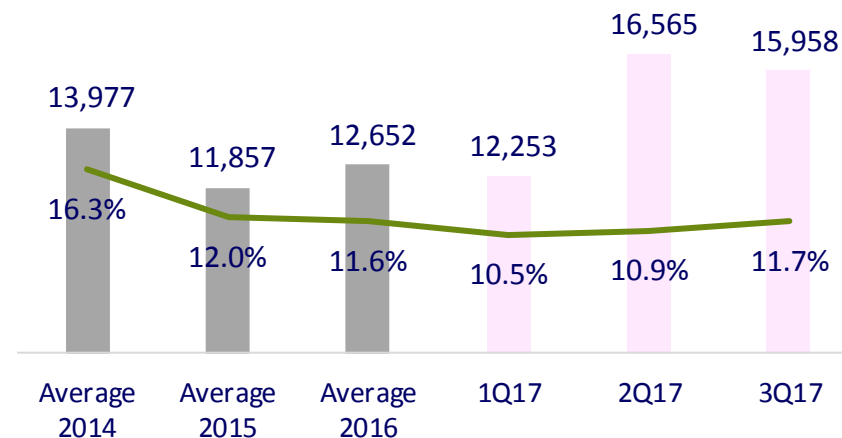
LTM Efficiency



■ Credit Risk Exp. (CH\$ million) — Cred. Risk Exp./Total Loans (%)



■ Quarterly Profit (CH\$ million) — ROAE LTM (%)





# Lending Area

## Banco Security vs Peer Banks vs Chilean Banking System

September	Banco Security		Peers Banks		System	
	2016	2017	2016	2017	2016	2017
Gross Operating Income LTM / Average Total Assets	3.7%	4.0%	3.8%	3.9%	4.4%	4.5%
Efficiency Ratio (Operating Expenses / Gross Operating Income)	55.0%	51.1%	51.6%	48.2%	49.4%	49.0%
Risk Ratio (Provisions/Loans)	1.85%	1.78%	1.75%	1.77%	2.50%	2.47%
Commercial Risk Ratio	1.94%	1.78%	1.80%	1.76%	2.42%	2.41%
Retail Risk Ratio	1.52%	1.79%	1.65%	1.66%	2.69%	2.62%
ROAE (Profits LTM / Avg. Equity)	10.11%	11.67%	12.16%	12.13%	12.87%	11.88%
ROAA (Profits LTM / Avg. Assets)	0.78%	0.93%	0.90%	0.92%	1.04%	1.01%
Net Interest Margin LTM / Average Loans	3.25%	3.30%	3.37%	3.36%	4.33%	4.27%
Core Capital (Basic Capital/Total Assets)	7.39%	7.31%	7.37%	6.74%	7.68%	7.59%
Basel I Tier 2 Index (Equity/ RWA)	12.77%	13.32%	13.33%	12.99%	13.76%	13.68%

Core Capital and Basel I Tier 2 Index data for the system and peers is updated as of August 2017

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



# Lending Area

## Factoring Security

### Profit:

Ch\$ 5,578 million  
+2.7% YoY, -3.3 QoQ

### Factored Receivables:

Ch\$ 265,974 millones  
+5.8% YoY, -3.3 QoQ

### Efficiency:

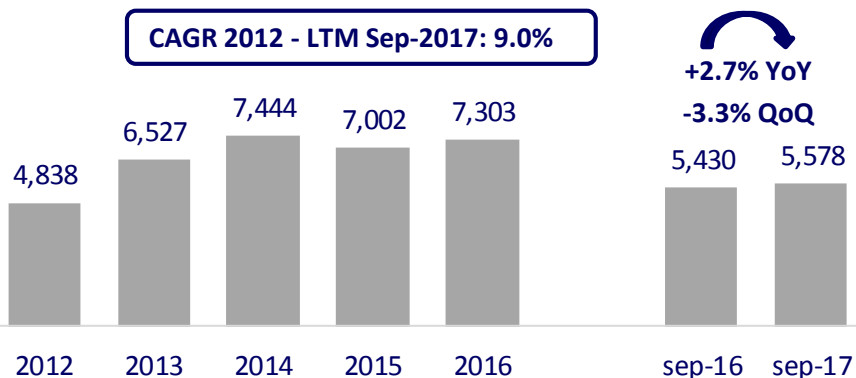
44.0%  
-72 bp YTD

### Risk:

2.8%  
+29 bp YoY

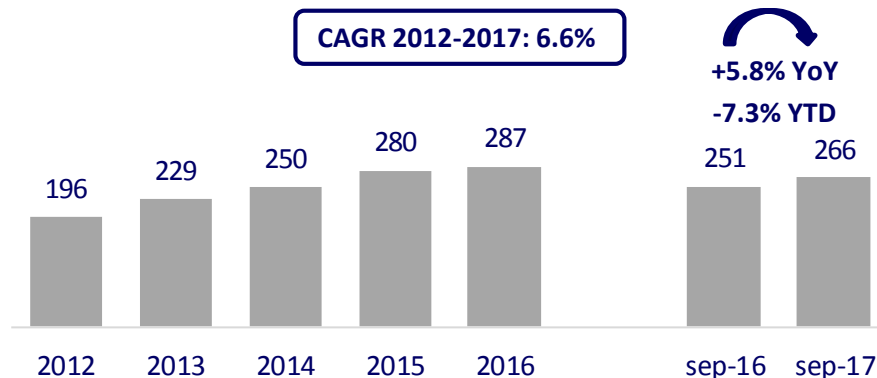
Profit - Factoring Security (CH\$ million)

CAGR 2012 - LTM Sep-2017: 9.0%



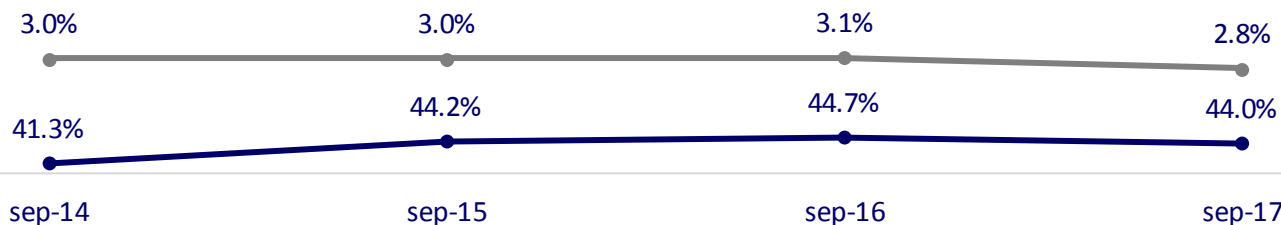
Factored Receivables - Factoring Security (BCh\$)

CAGR 2012-2017: 6.6%



Efficiency (Operating Expenses/ Operating Income)

Risk (Provisions/ Factored Receivables)

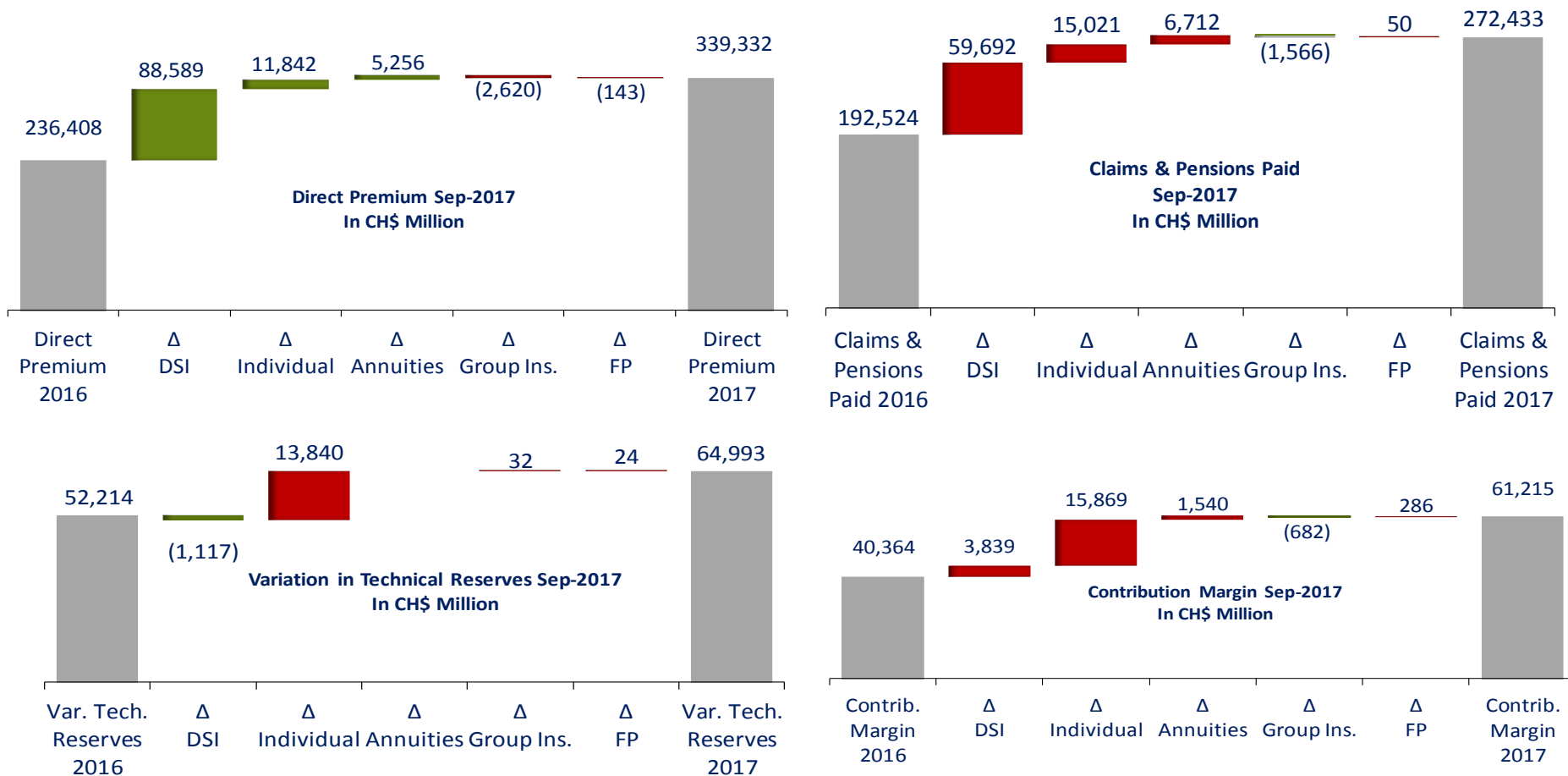


# Insurance Area

## Vida Security

### Profit CH\$ 13,212 million Sep-17 (-13.4% YoY)

- Improved **investment income** (MCH\$ 103,510 as of Sep-17, +20.3% YoY, +23.1% QoQ). Portfolios performed well because of strong results from variable income instruments on global markets.



Improved investment income from individual insurance with savings components requires increased technical reserves, which partially offsets the positive effect of the net gain

# Insurance Area

## Vida Security - Profit and Investments

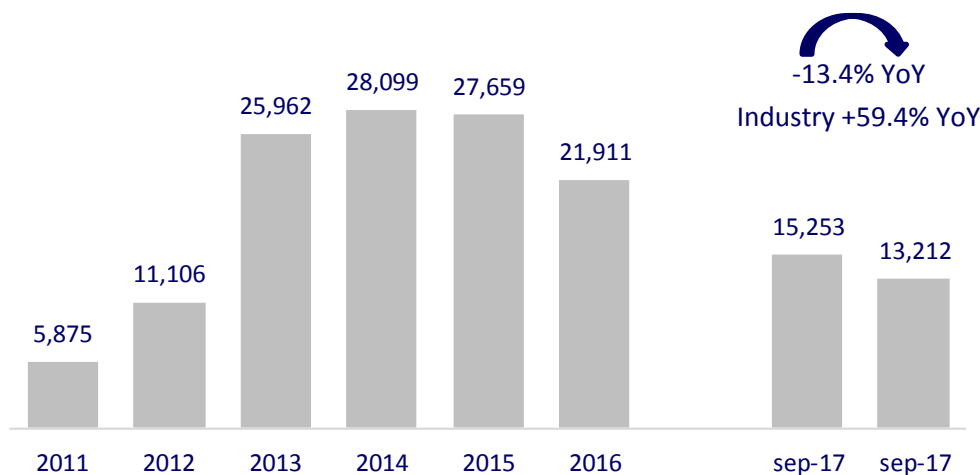
✓ Portfolio performed well because of strong results from variable income instruments on global markets

Investment Income	Sep-16	Sep-17	In CH\$ million	Portfolio			Gain (Loss)		
				Sep-16	Sep-17	Δ YoY	9M16	9M17	Δ YoY
Fixed Income	5.5%	4.5%	Fixed Income	1,601,117	1,728,462	8.0%	65,782	57,961	-11.9%
Equities and indexes	4.4%	12.6%	Equities and indexes	350,646	367,247	4.7%	11,171	32,351	-
Real estate	6.0%	5.7%	Real Estate	232,824	229,376	-1.5%	10,470	9,828	-6.1%
Other investments	-	-	Other Investments	39,129	56,191	-	-1,349	3,371	-
<b>Investments Income</b>	<b>5.2%</b>	<b>5.9%</b>	<b>Investments Income</b>	<b>2,223,716</b>	<b>2,381,277</b>	<b>7.1%</b>	<b>86,074</b>	<b>103,510</b>	<b>20.3%</b>

### Vida Security Profit

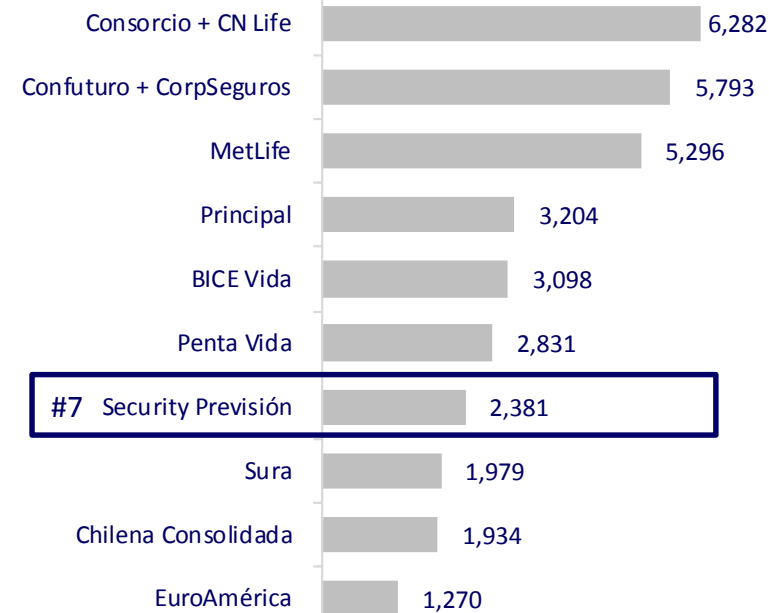
(CH\$ million)

CAGR 2012 - LTM Sep-2017= 12.3%



### Investments of Main Life Insurance Companies

September 2017 Industry Total CH\$ 37,578 billion



# Insurance Area

## Vida Security vs Industry

September 2017 LTM	Security	Pares	Industry
Profit/ Retained Premiums	5.2%	10.0%	11.1%
(Claims and Pensions Paid)/Retained premiums (1)	90.5%	102.2%	94.3%
Administrative expenses/Retained premiums (2)	9.5%	8.3%	13.2%
Underwriting expenses/Retained premiums (3)	4.2%	4.4%	5.9%
Combined Ratio (1) + (2) + (3)	104.3%	114.8%	113.4%
ROAE	12.4%	18.9%	17.4%
ROAI	5.6%	6.2%	6.1%
Leverage (Liability/Equity)	15.07 x	12.49 x	9.85 x

September 2017 Anualized	Security	Peers	Industry
Profit/ Retained Premiums	4.6%	10.7%	11.8%
(Claims and Pensions Paid)/Retained premiums (1)	94.9%	103.4%	95.2%
Administrative expenses/Retained premiums (2)	9.8%	8.1%	13.0%
Underwriting expenses/Retained premiums (3)	4.0%	4.3%	6.0%
Combined Ratio (1) + (2) + (3)	108.7%	115.8%	114.2%
ROAE	11.0%	19.8%	18.5%
ROAI	6.0%	6.3%	6.3%
Leverage (Liability/Equity)	15.07 x	12.49 x	9.85 x

# Insurance Area

## Protecta

**Protecta: Profit Sep-17 S./ 15.4 million (US\$ 4.7 million), versus profit as of Sep-16 of S./ 11.9 million (US\$ 3.4 million)**

- » Investment income increased by S./ 18.2 million YoY to S./ 68.5 million as of Sep-17, +36.1% YoY, due to good performance on real estate investments. (Av. Return: 12.0%; Av. Return w/o Capital Gain: 7.4%)
- » Technical profit S./ 29.5 million as of Sep-17 (S./ -11.7 million YoY).
  - » Direct premiums increased by S./ 18.7 million YoY in mass insurance products (SOAT and group policies), and by S./ 1.7 million YoY in annuities.
  - » Increased adjustment in technical reserves of S./ 3.6 million, due to higher annuity sales.
  - » Claims paid increased by S./ 24.5 million due to increase in mass insurance products.
- » Net annuity premiums of S./ 82.3 billion as of Sep-17, +2.1% YoY. The industry fell by 35.1% over the same period. Market share of annuities was 11.5% as of Sep-17, versus 5.3% as of Sep-15.

Benefits Thousands S./	9M15		9M16				9M17			
	Market	Protecta	Market	Δ YoY	Protecta	Δ YoY	Market	Δ YoY	Protecta	Δ YoY
Disability	246,631	19,219	323,781	31.3%	28,140	46.4%	243,243	-24.9%	32,475	15.4%
Retirement	1,173,565	56,526	497,135	-57.6%	31,197	-44.8%	208,616	-58.0%	19,724	-36.8%
Survival	249,359	12,897	280,349	12.4%	21,283	65.0%	263,284	-6.1%	30,135	41.6%
<b>Total</b>	<b>1,669,556</b>	<b>88,643</b>	<b>1,101,265</b>	<b>-34.0%</b>	<b>80,620</b>	<b>-9.1%</b>	<b>715,143</b>	<b>-35.1%</b>	<b>82,334</b>	<b>2.1%</b>

# Asset Management Area

## Inversiones Security

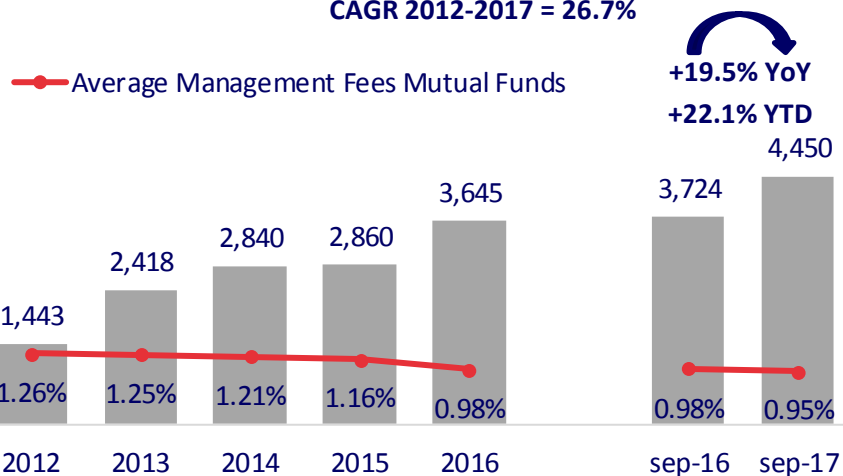
**AUM:**  
 CH\$ 4,450 Billion  
 +19.5% YoY, 22.1% YTD

**Utilidad:**  
 CH\$ 6,111 million  
 +18.3% YoY, +26.1% QoQ

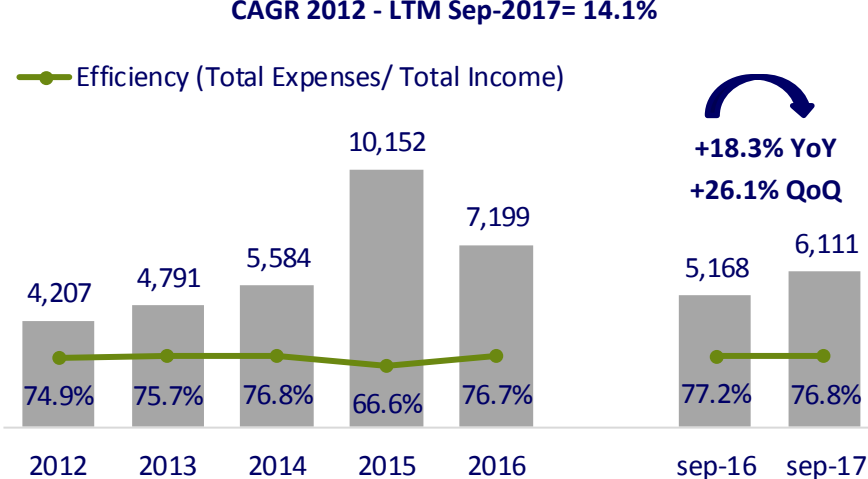
**6<sup>th</sup> Place**  
 5.7% mkt Share  
 Mutual & Inv. F. Ranking

**5<sup>th</sup> Place**  
 6.9% mkt Share  
 Mutual F. Ranking

**Total AUM<sup>1</sup> - Inversiones Security (CH\$ billion)**  
 CAGR 2012-2017 = 26.7%



**Inversiones Security - Area Profit<sup>1</sup> (CH\$ million)**  
 CAGR 2012 - LTM Sep-2017 = 14.1%



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



# Other Services Area

## Travel and Inmobiliaria Security

### Travel Security: Profit CH\$ 2,966 million as of Sep-17 (-4.2% YoY, -3.2% QoQ)

- Higher **sales** at Travel, reaching US\$ 199 million as of Sep-17 (+9.8% YoY, -7.4% QoQ), offset by reduced fees
  - Higher **sales** Travex: +26.5% YoY and +1.8% QoQ
    - **Profit** growth Travex<sup>3</sup>: CH\$ 454 million (+110.6% YoY, +15.6% QoQ)

### Inmobiliaria Security: Profit CH\$ 956 million as of Sep-17 (+CH\$ 950 million YoY)

- More **deeds transferred** on projects (32 in 9M17 and 29 in 9M16)
- **Real estate assets** under management of CH\$81,112 million (+17.7% YoY)
  - Projects under development:
    - Puerta Real. 165 units, 1 unit available for sale
    - Espacio El Vergel: 81 units, 4 units available for sale
    - Brisas del Canto: 29 units, 13 units available for sale
    - San Damián (phases 1 and 2): 24 units, 7 units available for sale
    - El Taihuen: 63 units, 62 units available for sale

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

# Evolution of Grupo Security

## Indicators

- ✓ Distributable profit as of Sep-17 of CH\$ 53,661 million. 1Q16 includes extraordinary gain on sale of interest in Penta-Security. Excluding that effect, profit grew 20.8% over the prior year
- ✓ Grupo Security ROAE of 10.63%.

	2011	2012	2013	2014	2015	2016	Sep-17 LTM
Grupo Security Consolidated Profit (MCH\$)	41,883	46,561	49,843	61,010	65,022	74,522	68,811
Closing Number of Shares (million)	2,882	2,882	3,184	3,232	3,258	3,258	3,683
Closing price	175	187	177	216	191	226	270
Closing Market Cap (MCH\$)	504,395	538,982	563,510	697,702	621,370	736,358	994,415
EPS (times)	14.5	16.2	15.7	18.9	20.0	22.9	18.7
PE (times)	12.04 x	11.58 x	11.31 x	11.44 x	9.56 x	9.88 x	14.45 x
Market Book Value (times)	1.34 x	1.35 x	1.21 x	1.33 x	1.13 x	1.26 x	1.41 x
Dividend Yield	5.7%	5.4%	4.0%	5.2%	5.8%	5.2%	
Leverage	24.68%	26.16%	36.76%	36.14%	34.86%	34.45%	29.50%
ROAA	0.92%	0.90%	0.82%	0.84%	0.80%	0.83%	0.74%
Equity	376,349	397,790	467,004	522,718	551,653	585,628	705,315
Business Areas Profit (MCH\$)	51,212	58,356	64,070	97,563	92,201	102,133	91,682
ROAE	12.37%	12.03%	11.53%	12.33%	12.10%	13.11%	10.63%
Payout Ratio (Dividends/ Profit)	68.8%	63.5%	47.9%	54.4%	56.4%	52.5%	
Five-year CAGR Consolidated Profit	9.38%	7.78%	22.89%	15.26%	9.74%	12.21%	





# Grupo Security Results

## Summary as of September 2017

**Grupo Security outgrowing the industry across all business lines:**

Banco Security Loans:  
**+10.1% YoY**

Industry Loans:  
**+4.8% YoY**

including foreign subsidiaries

Factoring Security  
Factored Receivables  
**+5,8% YoY**

Security AUM in Mutual Funds:  
**+29.4% YoY**

Industry AUM in Mutual Funds:  
**+11.7% YoY**

Direct Premium Vida Security:  
**+43.5% YoY**

Direct Prem. Life Ins. Industry:  
**-1.8% YoY**

Financial  
Results  
Grupo Security  
September  
2017

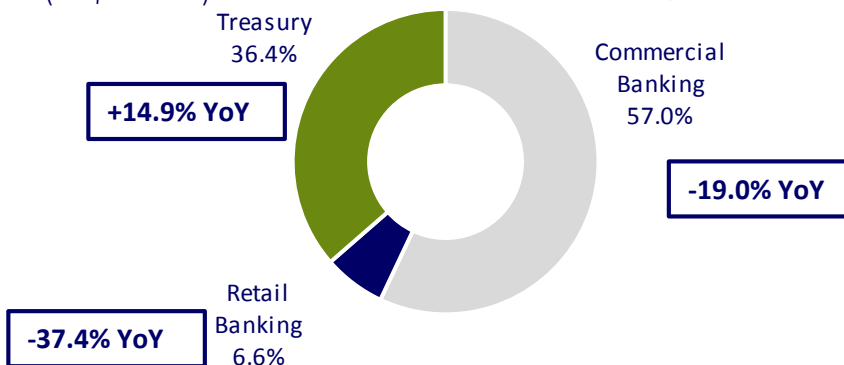


# Lending Area

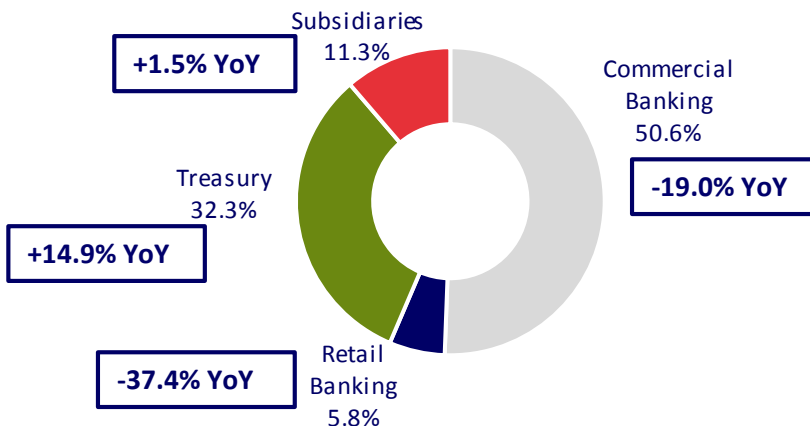
## Banco Security - Profit

- Consolidated profit of CH\$44,774 million as of Sep-17 (+12.4% YoY, -3.7% QoQ)
- Consolidated gross operating income of CH\$ 57.531 million (+18.9% YoY, +2.5% QoQ)

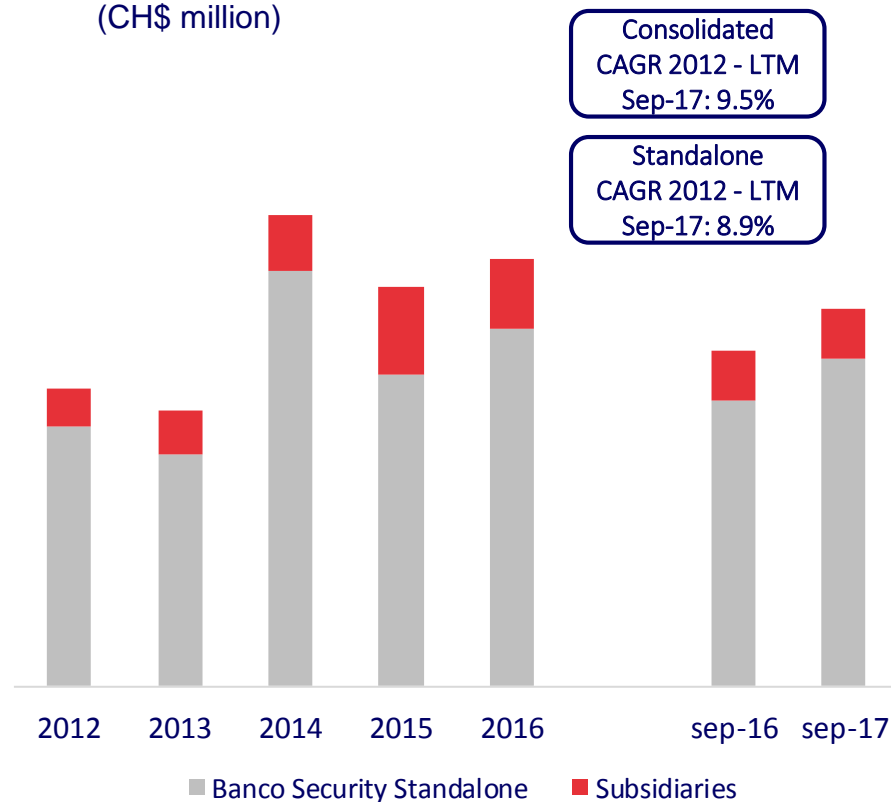
**Banco Security Standalone Profit CH\$ 38,775 million**  
(CH\$ million) Growth 2017/16 +14.3% YoY



**Banco Security Consolidated Profit: CH\$ 44,774 million**  
(CH\$ million) Growth 2017/16 +12.4% YoY



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



Consolidated CAGR 2012 - LTM Sep-17: 9.5%

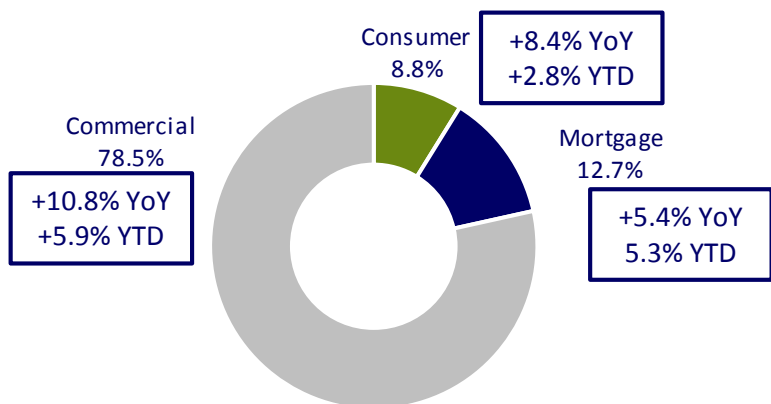
Standalone CAGR 2012 - LTM Sep-17: 8.9%

# Lending Area

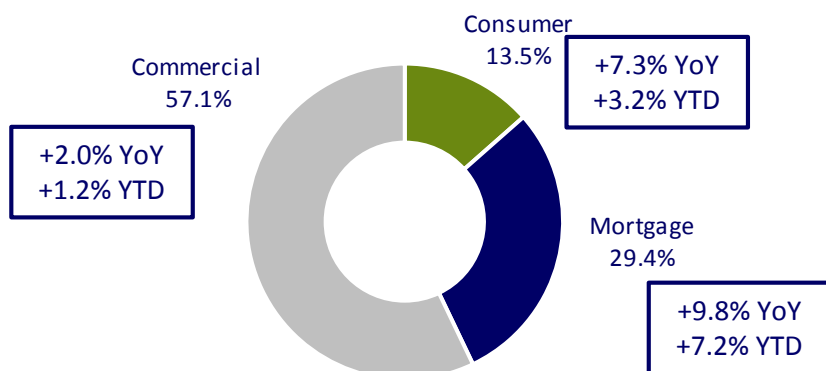
## Banco Security - Loans

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

**Banco Security Loan Portfolio: CH\$ 4,732,916 million**  
**Growth 2017/16 +10,1% YoY; +6.1% YTD**

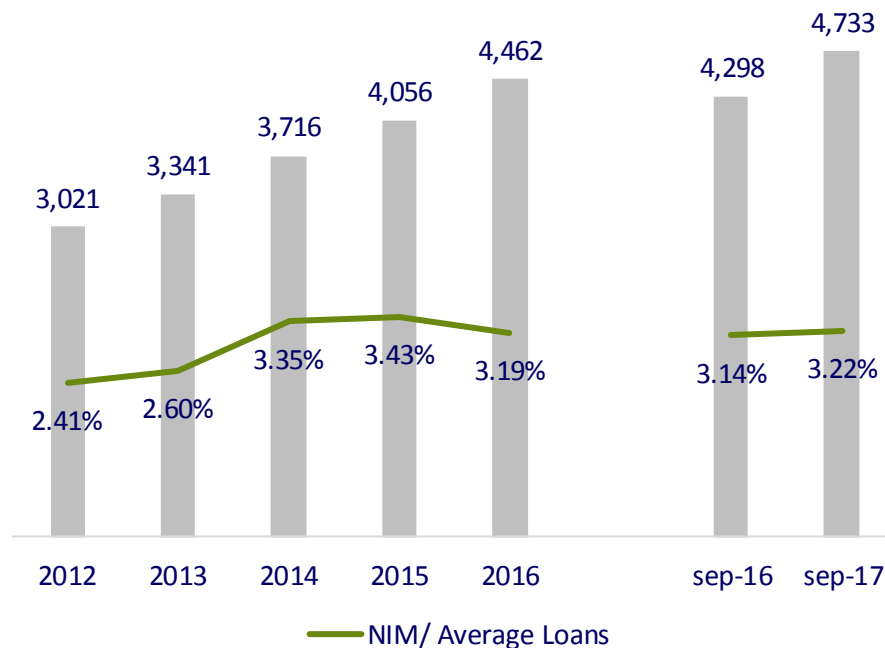


**Industry Loans<sup>1</sup>: CH\$ 146.722.075 million**  
**Growth 2017/16 +4.7% YoY; +2,8% YTD**



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

**CAGR 2012-17:**  
**10.3%**



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

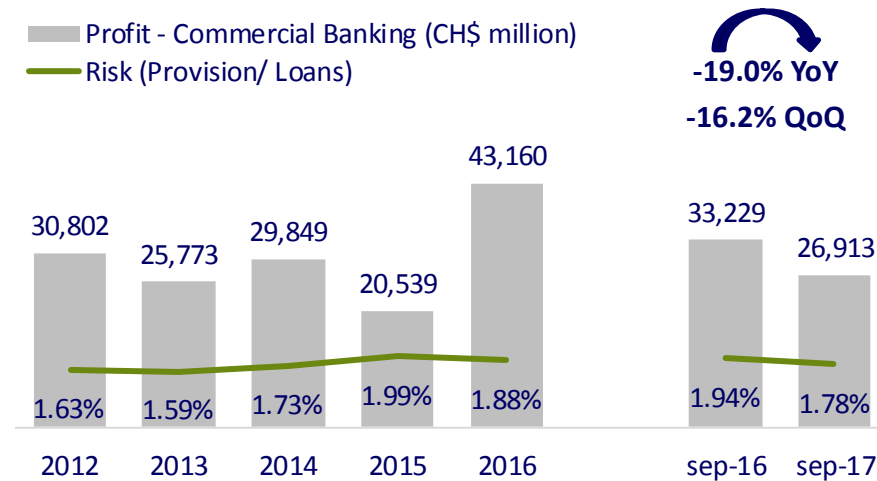
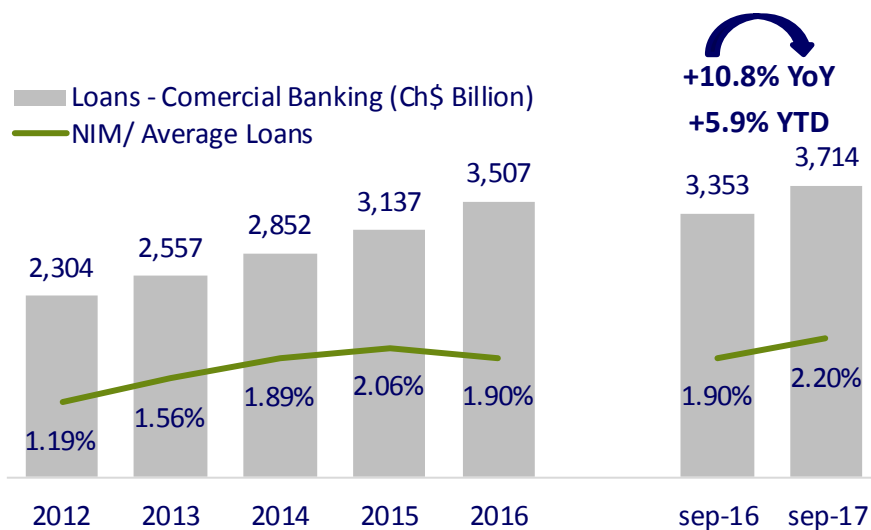
# Lending Area

## Banco Security - Commercial Banking

### Results as of Sep-17:

- Commercial loans: CH\$ 3,714,088 million (+10.8% YoY and +5.9% YTD vs Industry<sup>1</sup> +2.0% YoY and 1.2% YTD); 78.5% of portfolio
- Profit as of Sep-17: CH\$ 26.913 million (-19.0% YoY)
- Commercial Banking had 9,794 current accounts as of Sep-17, +1.6% YoY and +3.2% QoQ

Main Effects on Profit as of Sep-17					
CH\$ million	Δ% QoQ	Δ QoQ	Δ% YoY	Δ YoY	Sep-17
Interest Margin	2.1%	389	7.7%	4,081	56,821
Provision expenses	57.9%	-2,235	-	-7,761	-12,910
Operating expenses	3.4%	-290	7.1%	-1,867	-28,269



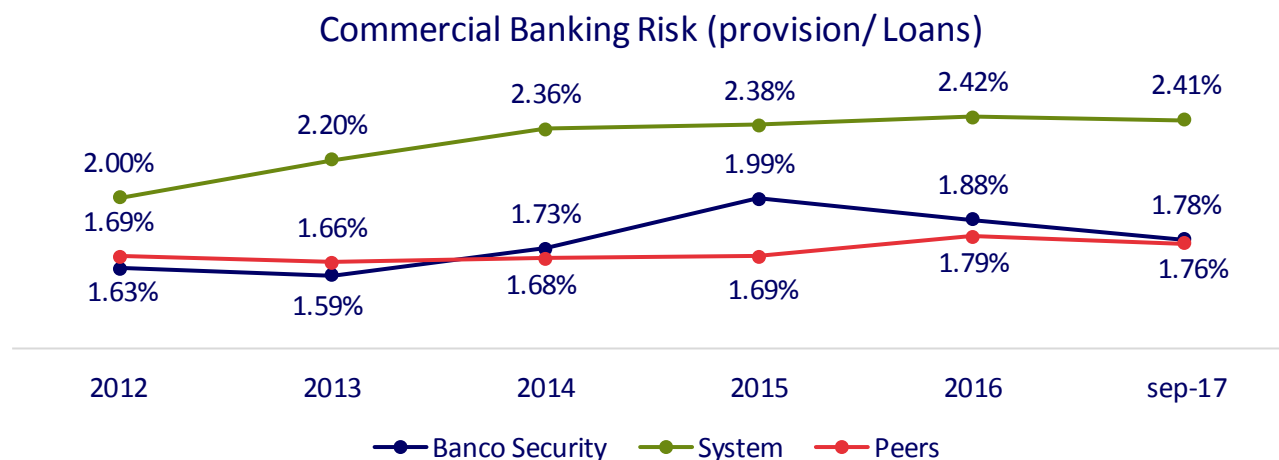
<sup>1</sup>Excluding the industry's foreign subsidiaries

# Lending Area

## Banco Security - Commercial Banking

- **Increased provision expense (CH\$ 12,910 million as of Sep-17, up from CH\$5,150 million as of Sep-16)**
  - 9M16 represents a low basis of comparison due to strong portfolio performance and provisions recorded in 2H15 in light of weak economic expectations that did not ultimately materialize in increased risk.

	sep-16	sep-17	% Chg YoY
Commercial loans (CH\$ million)	3,352,953	3,714,088	10.8%
Loan Loss Provisions - Commercial Loans (CH\$ million)	-5,150	-12,910	-
Commercial provisions (CH\$ million)	64,974	65,955	1.5%
NPL Coverage - Commercial Loans (%)	123.6%	115.0%	-859 p
Provisions/Loans (%)	1.94	1.78	-16 p



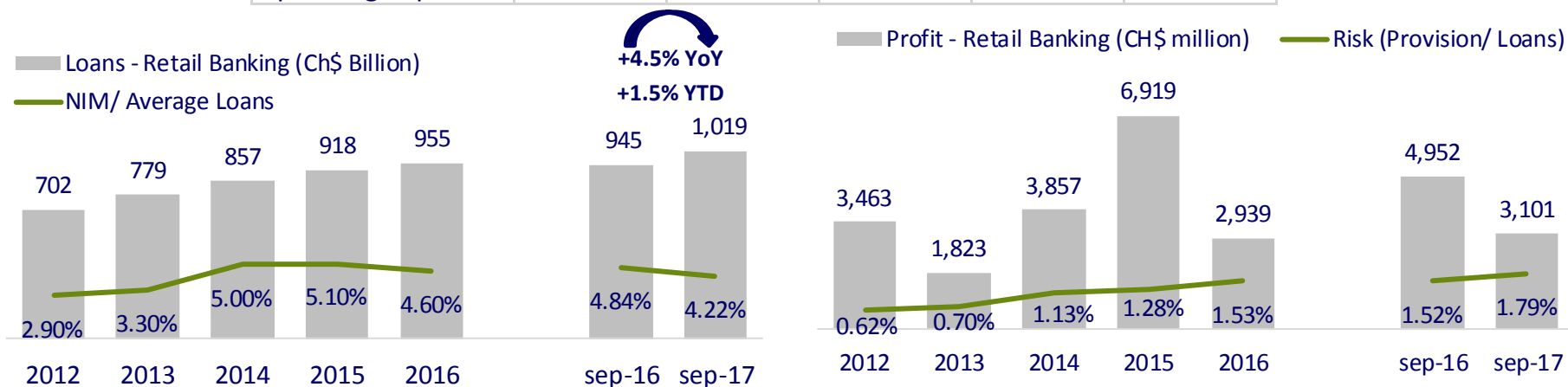
# Lending Area

## Banco Security - Retail Banking

### Results as of Sep-17:

- Growth in consumer loans of +11.5% YoY and +8.6% YTD (Industry<sup>1</sup> +7.3% YoY and +3.2% YTD)
- Growth in mortgage loans of +5.4% YoY and +5.3% YTD (Industry<sup>1</sup> +9.8% YoY and +7.2% YTD)
- Consumer + Mortgage Loans: CH\$ 1,018,782 million (+7.8% YoY and +6.6% YTD vs Industry<sup>1</sup> +9.0% YoY and +5.9% YTD); 21.5% of portfolio
- Retail banking risk was 1.79% as of Sep-17 (Industry 2.62%)
- Retail Banking had 73,550 current accounts as of Sep-17, +0.1% YoY and +2.0%YTD
- Profit as of Sep-17 CH\$ 3.101 million (CH\$ 4,952 as of Sep-16)

Main effects on profit as of Sep-17					
CH\$ million	Δ% QoQ	Δ QoQ	Δ% YoY	Δ YoY	sep-17
Interest margin	2.6%	394	7.0%	2,984	45,835
Net fees	-18.4%	-1,224	10.2%	1,571	17,005
Provision expenses	10.0%	-552	26.1%	-3,748	-18,094
Operating expenses	2.8%	-376	8.6%	-3,349	-42,442



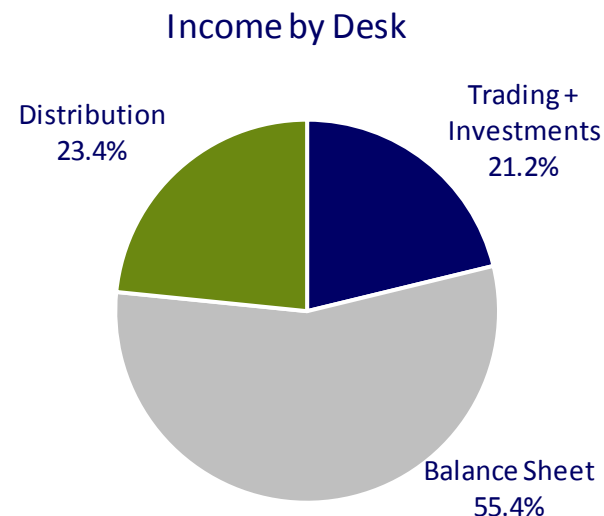
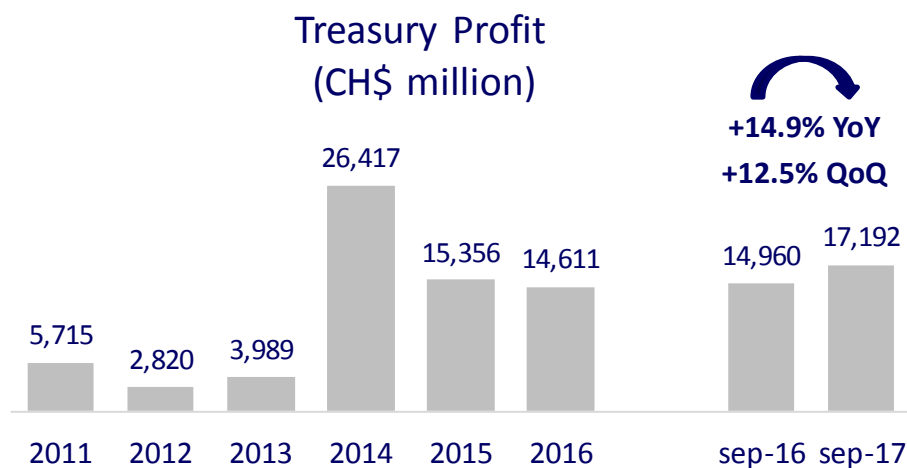
<sup>1</sup>Excluding the industry's foreign subsidiaries

# Lending Area

## Banco Security - Treasury

### • Results as of Sep-17:

- Profit as of Sep-17: CH\$ 17,192 million (+14.9% YoY, -12.5% QoQ)
- Cut in MRP from 3.5% to 2.5% during 1H17, which improved the net interest margin
- Good performance by financial instruments associated with foreign currencies





# Lending Area

## Factoring Security

### Profit:

Ch\$ 5,578 million  
+2.7% YoY, -3.3 QoQ

### Factored Receivables:

Ch\$ 265,974 millones  
+5.8% YoY, -3.3 QoQ

### Efficiency:

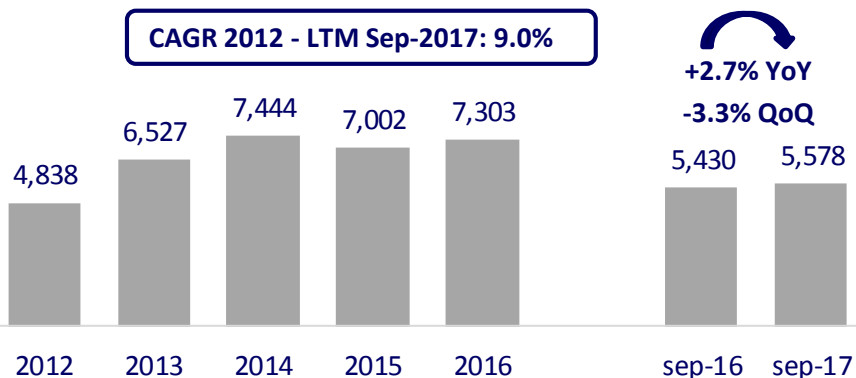
44.0%  
-72 bp YTD

### Risk:

2.8%  
+29 bp YoY

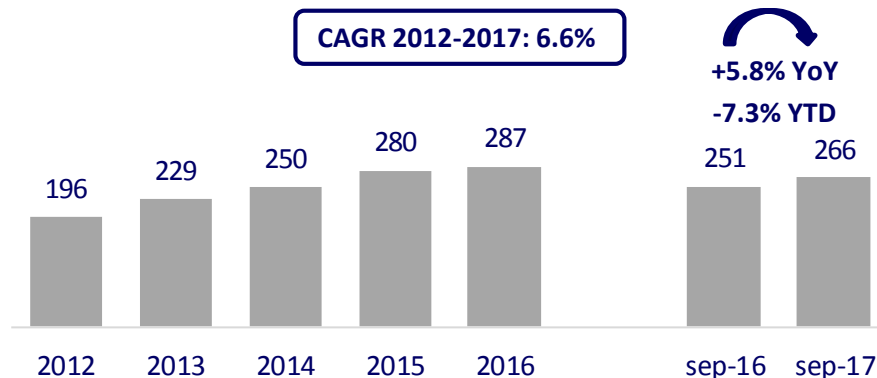
Profit - Factoring Security (CH\$ million)

CAGR 2012 - LTM Sep-2017: 9.0%



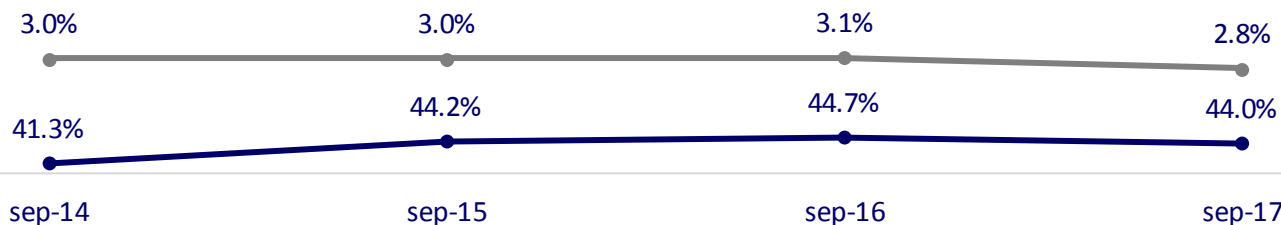
Factored Receivables - Factoring Security (BCh\$)

CAGR 2012-2017: 6.6%



Efficiency (Operating Expenses/ Operating Income)

Risk (Provisions/ Factored Receivables)



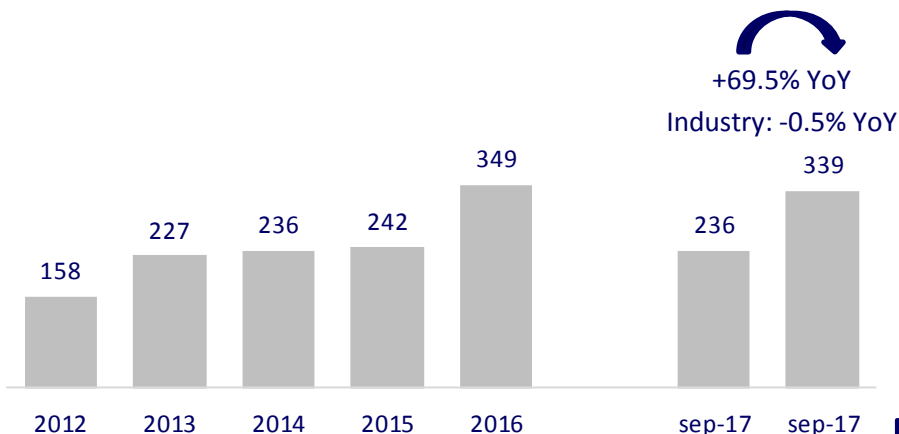
# Insurance Area

## Vida Security

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

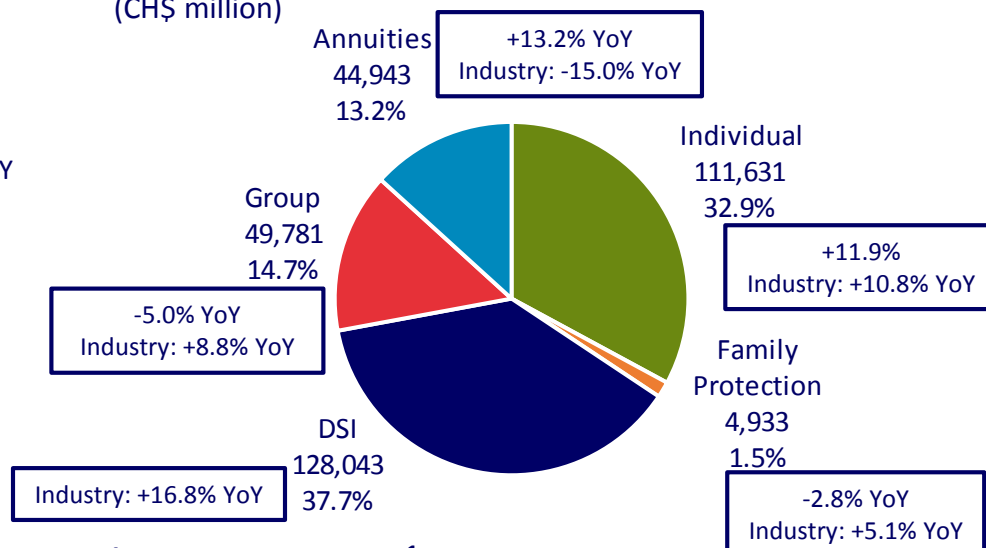
(CH\$ billion)

CAGR 2012 - LTM Sep-2017= 23.3%



### Direct Premium by Product

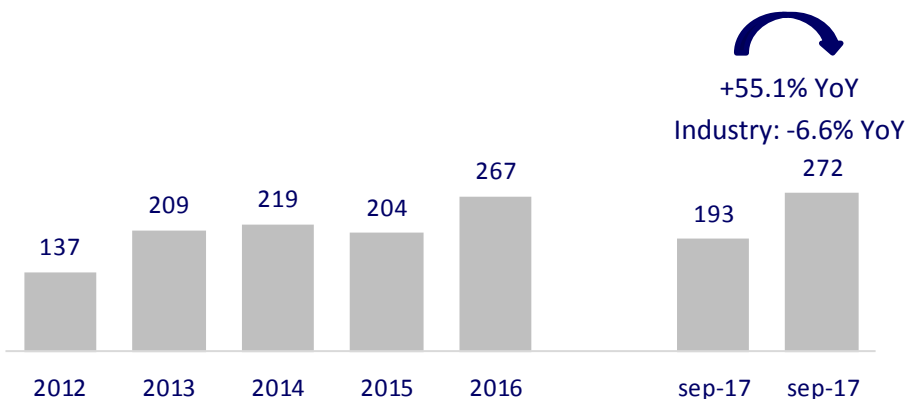
(CH\$ million)



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

(CH\$ billion)

CAGR 2012 - LTM Sep-2017= 20.5%

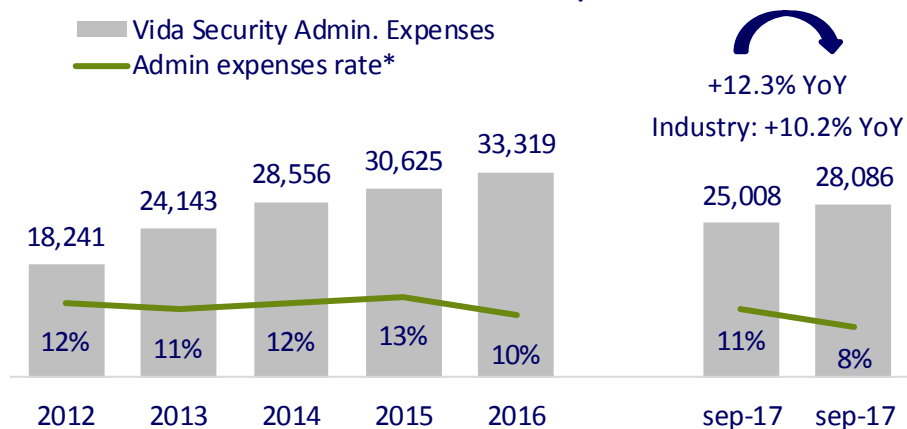


### Administrative Expenses<sup>1</sup>

(CH\$ million)

CAGR 2012 - LTM Sep-2017= 14.8%

— Vida Security Admin. Expenses  
— Admin expenses rate\*



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

\* Administrative expenses / Direct premiums

# Insurance Area

## Vida Security - Profit and Investments

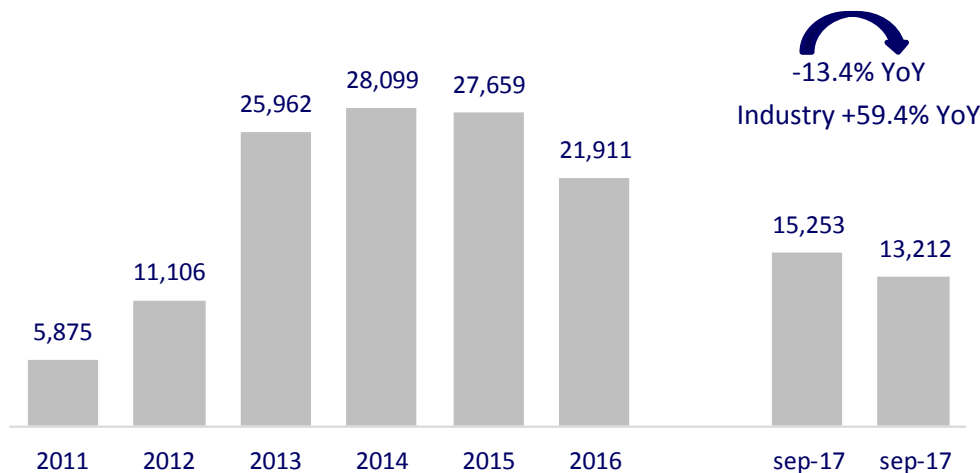
✓ Portfolio performed well because of strong results from variable income instruments on global markets

Investment Income	Sep-16	Sep-17	In CH\$ million	Portfolio			Gain (Loss)		
				Sep-16	Sep-17	Δ YoY	9M16	9M17	Δ YoY
Fixed Income	5.5%	4.5%	Fixed Income	1,601,117	1,728,462	8.0%	65,782	57,961	-11.9%
Equities and indexes	4.4%	12.6%	Equities and indexes	350,646	367,247	4.7%	11,171	32,351	-
Real estate	6.0%	5.7%	Real Estate	232,824	229,376	-1.5%	10,470	9,828	-6.1%
Other investments	-	-	Other Investments	39,129	56,191	-	-1,349	3,371	-
<b>Investments Income</b>	<b>5.2%</b>	<b>5.9%</b>	<b>Investments Income</b>	<b>2,223,716</b>	<b>2,381,277</b>	<b>7.1%</b>	<b>86,074</b>	<b>103,510</b>	<b>20.3%</b>

### Vida Security Profit

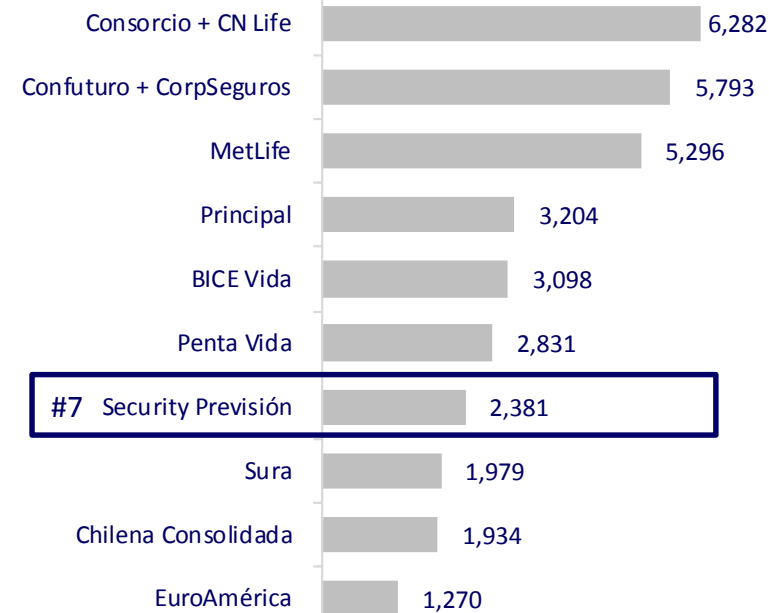
(CH\$ million)

CAGR 2012 - LTM Sep-2017= 12.3%



### Investments of Main Life Insurance Companies

September 2017 Industry Total CH\$ 37,578 billion

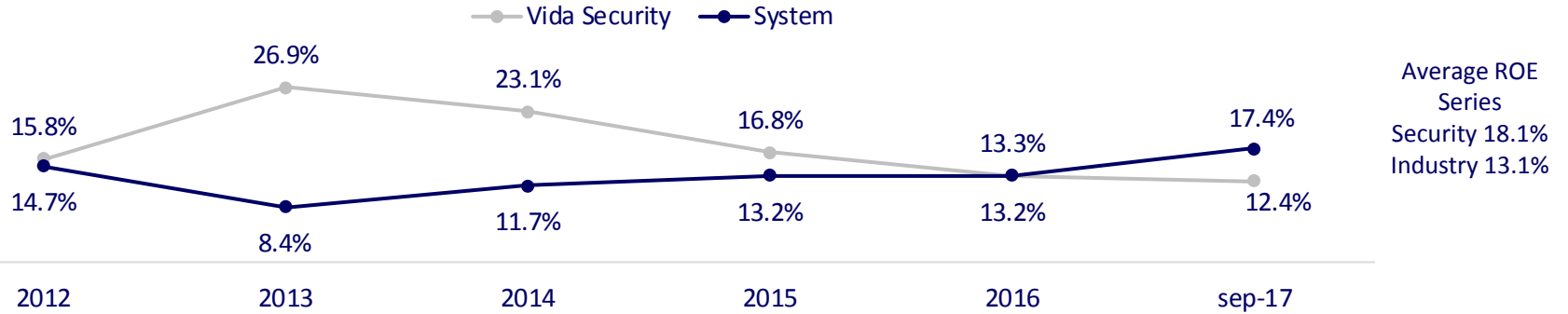




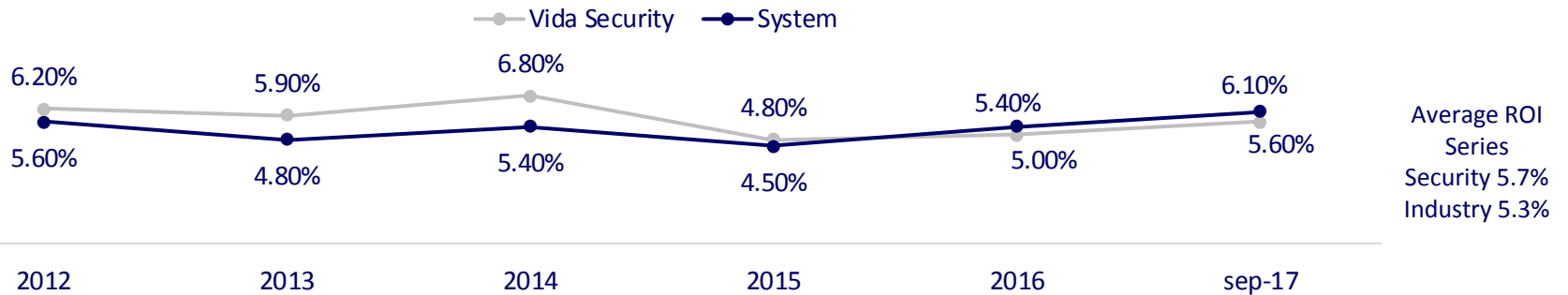
# Insurance Area

## Vida Security vs Industry

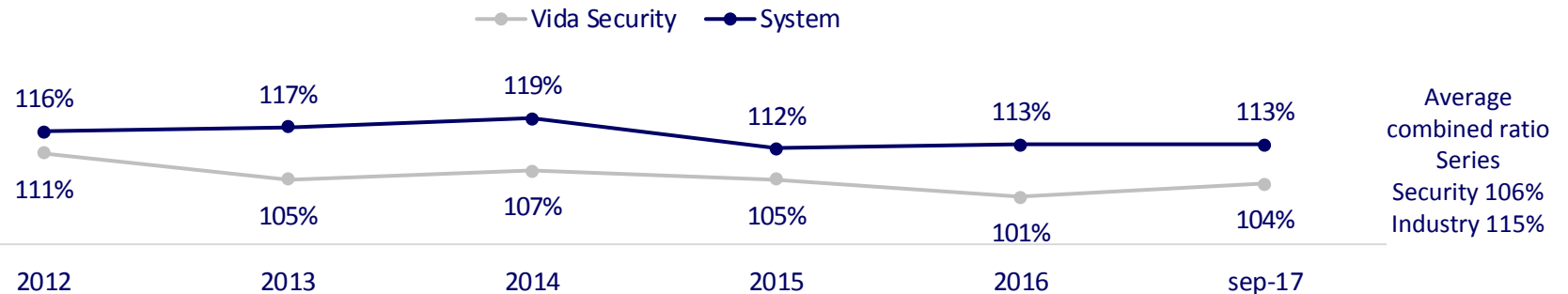
### ROE



### ROI



### Combined Ratio

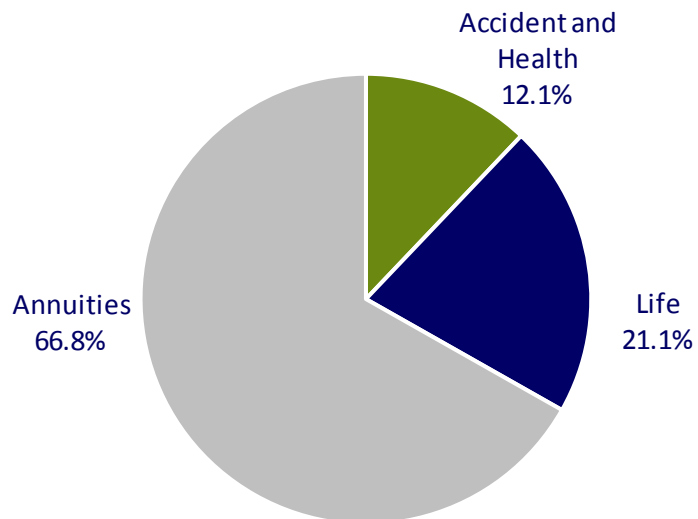


# Insurance Area

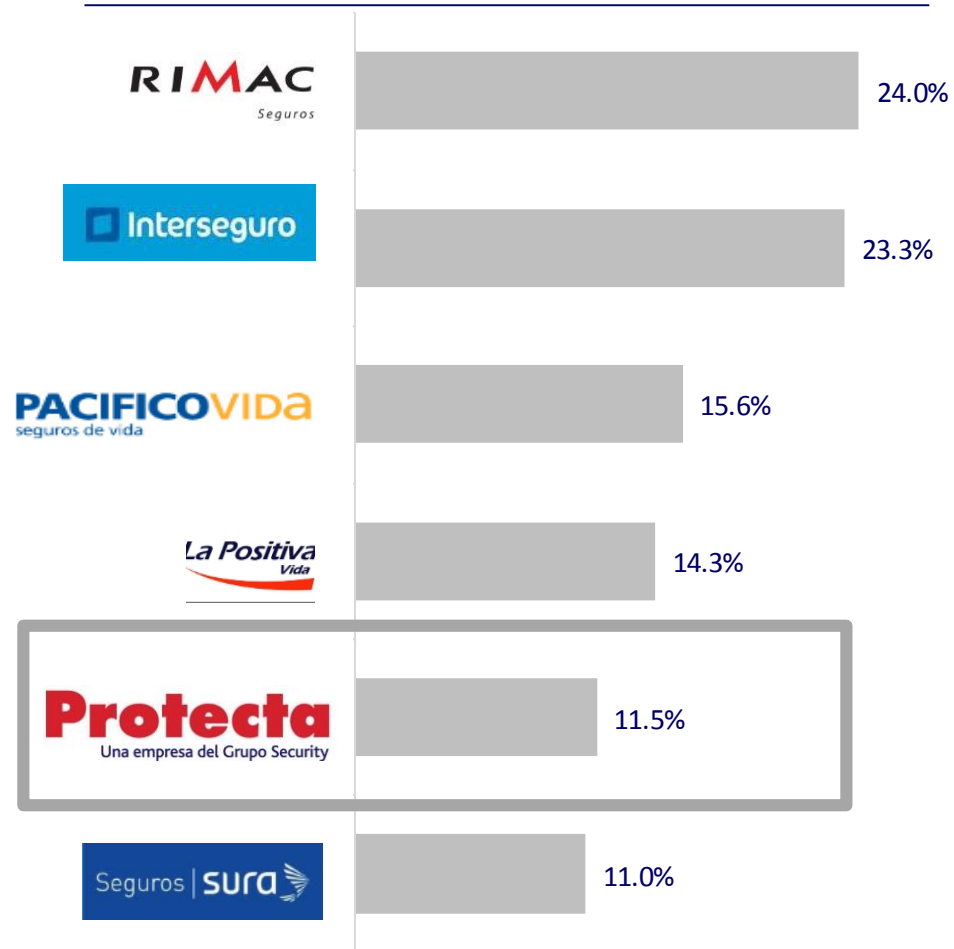
## Protecta

- Profit:  
Sep- 2017: S./ 15.4 million (US\$ 4.7 million)
- ROAE: 8.9% (Industry 16.1%)
- ROI: 10.5% (Industry 6.7%)

**Protecta: Direct Premium  
September 2017**



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



# Insurance Area

## Protecta - Strategic Principles and Financial Performance

### Financial Principles

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

### Customer Principles

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

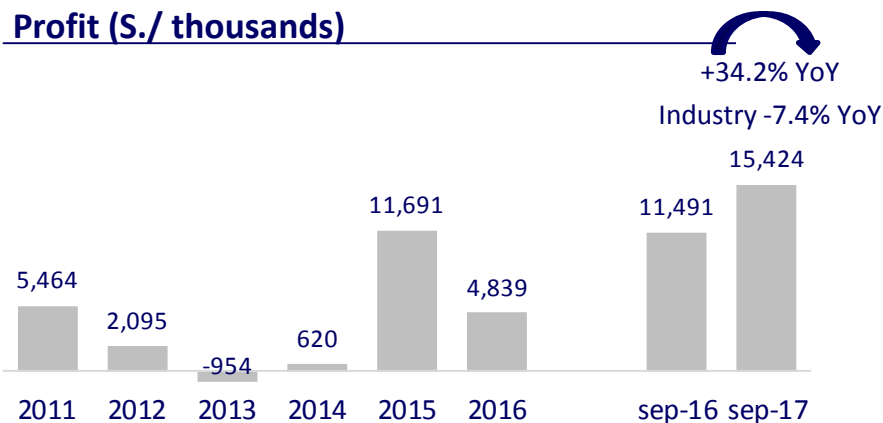
### Operating Principles

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

### Human Capital Principles

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

### Profit (S./ thousands)



### Financial Indicators (S./ thousands)

	Protecta	3Q16	4Q16	1Q17	2Q17	3Q17
Direct premium	32,052	33,532	32,273	38,445	52,534	
Claims Paid	-9,576	-9,716	-10,494	-17,498	-21,424	
Administrative expenses	-7,027	-7,483	-7,035	-7,511	-9,101	
Investment Income	21,377	11,121	21,726	19,855	26,959	
Investment Portfolio	682,836	708,042	753,239	782,225	832,666	
Equity	94,785	89,957	97,497	101,475	107,513	

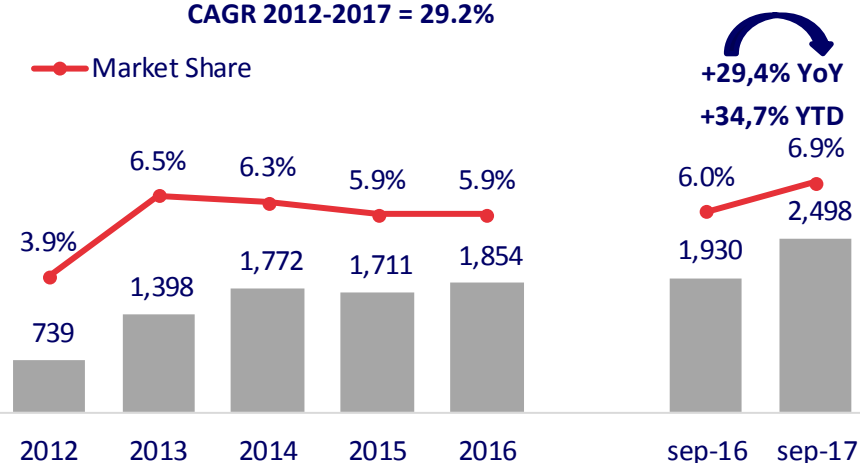
# Asset Management Area

## Inversiones

- Mutual funds under management CH\$ 2,498 billion, +29.4% YoY +34.7% YTD (industry +11.7% YoY and 15.5% YTD).

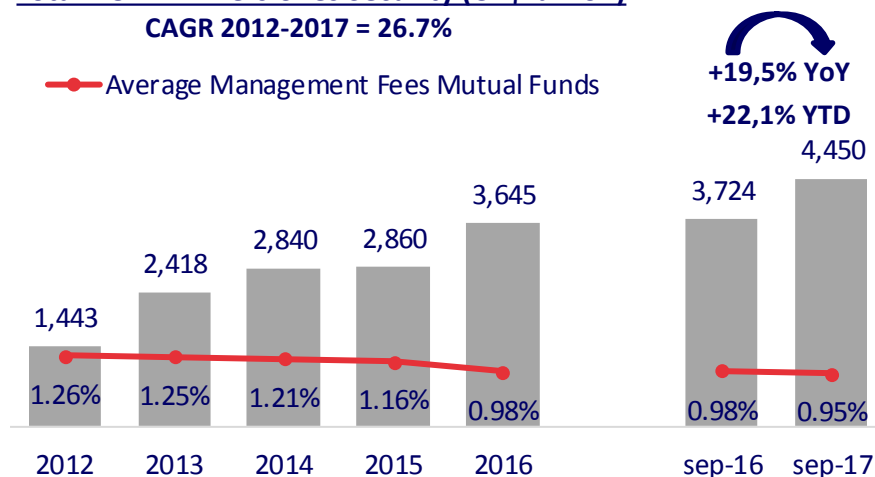
**Mutual Funds Under Management (CH\$ billion)**

CAGR 2012-2017 = 29.2%

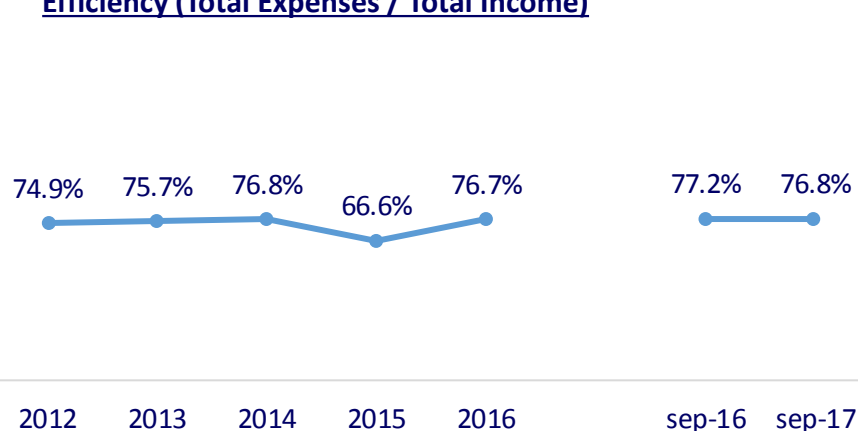


**Total AUM<sup>1</sup> - Inversiones Security (CH\$ billion)**

CAGR 2012-2017 = 26.7%

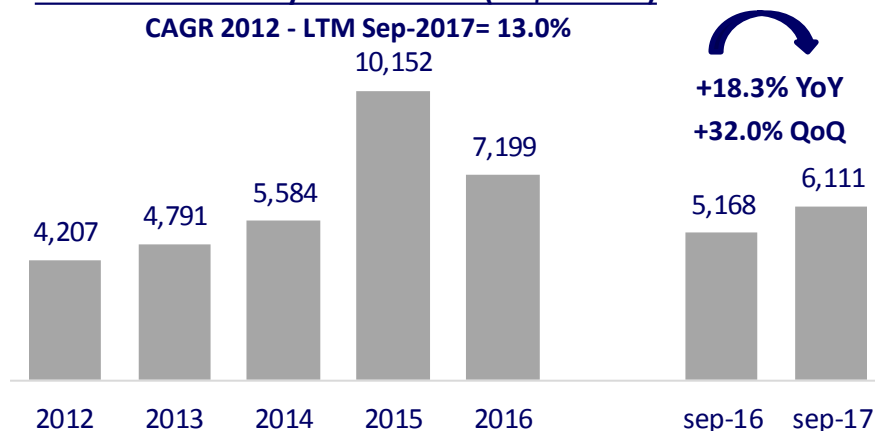


**Efficiency (Total Expenses / Total Income)**



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

CAGR 2012 - LTM Sep-2017 = 13.0%

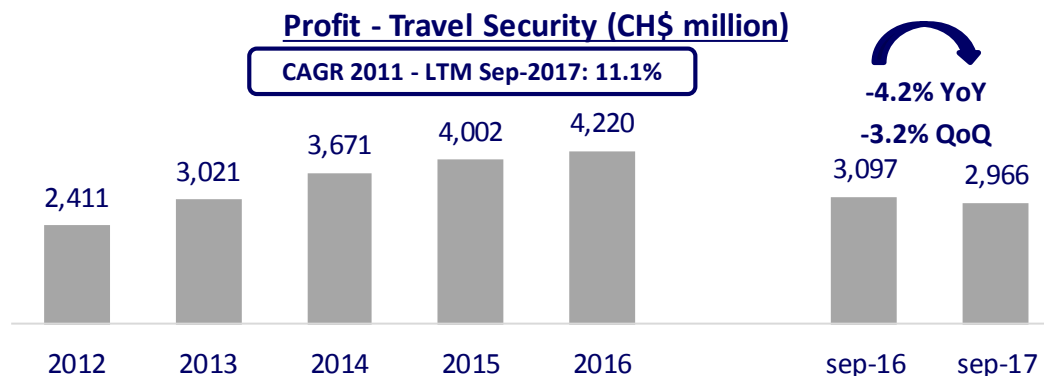
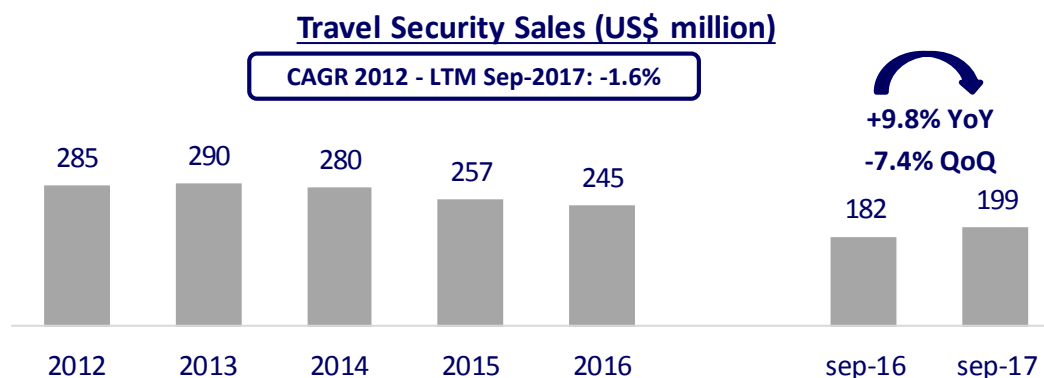


<sup>1</sup> Proforma format includes CDS since the second half of 2013

# Other Services Area

## Travel Security

- **Consolidated profit at Travel Security of CH\$ 2,966 million as of Sep-17 (-4.2% YoY, -3.2% QoQ)**
  - Travel reported total sales of US\$ 199 million as of Sep-17 (+9.8% YoY, -7.4% QoQ)
  - Increase in sales with lower average commissions.
  - Travex<sup>3</sup> profit: CH\$ 454 million (+110.6% YoY, +15.6% QoQ)



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

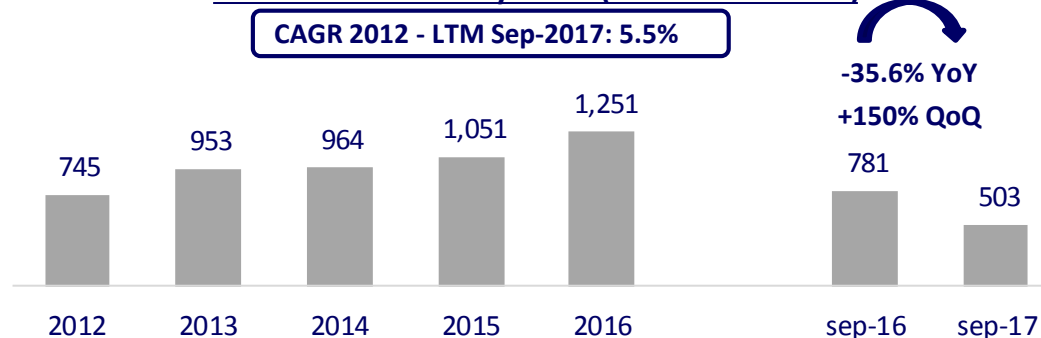


# Other Services Area

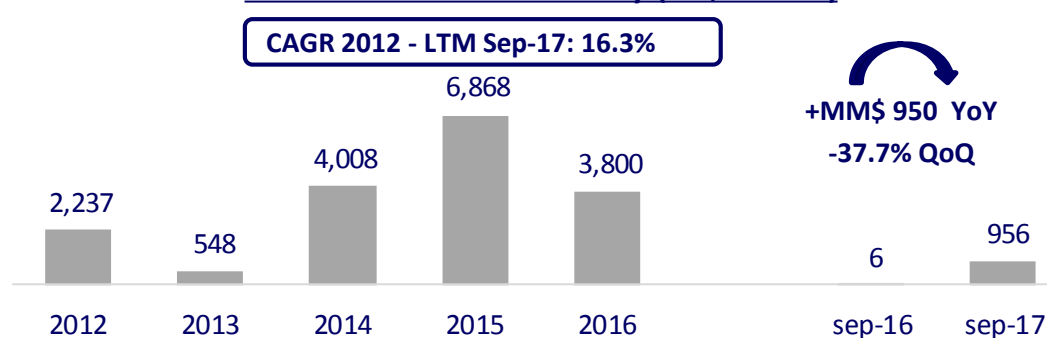
## Inmobiliaria Security

- **Profit CH\$ 956 million as of Sep-17 (+Ch\$ 950 million YoY)**
  - Apartment sales as of Sep-17 of UF 503 thousand
  - Real estate assets under management of CH\$ 81,112 million, +17.7% YoY, due to new land and capitalized projects in development
  - Under IFRS, revenue is recognized once legal title to the property has been transferred. More deeds transferred on projects (32 deeds transferred in 9M17, 29 in 9M16)

**Inmobiliaria Security Sales (Thousands of UF)**



**Profit - Inmobiliaria Security (CH\$ million)**



# Profit Grupo Security Companies\*

## Earnings from Related Companies

	3Q17	2Q17	3Q16	% Chg		9M17	9M16	% Chg
				QoQ	YoY			
<b>Lending Area</b>								
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%
<b>Asset Management Area</b>								
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%
<b>Insurance Area</b>								
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	-
<b>Other Services</b>								
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%
<b>Grupo Security Profit</b>	<b>17,704</b>	<b>18,648</b>	<b>13,957</b>	<b>-5.1%</b>	<b>26.8%</b>	<b>53,661</b>	<b>59,373</b>	<b>-9.6%</b>

<sup>1</sup> Attributable to owners

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

Financial  
Results  
Grupo Security  
September  
2017

