Grupo Security Earnings Report

Grupo Security Reports Profit of CH$23,568 Million for the First Quarter of 2018, +36.2% YoY and +12.0% QoQ.

- At the annual general meeting on April 12th, shareholders agreed to pay a total dividend of CH$7.25 per share. Combined with the dividend paid in November 2017, dividends charged to 2017 profit climbed to CH$11.6 per share, equal to CH$42,810 million or 57.3% of profit.
- On March 28, 2018, it was successfully concluded the placement of 71,769,048 shares through an order book auction. The package contained 11,980,563 shares left over from the entity's capital increase in August 2017, and a secondary offering of 59,788,485 shares. Demand was 9 times supply, equivalent to over US$297 million.
- On March 15, 2018, Grupo Security completed the placement of the N1 series bond on the local market for UF 1.5 million, with demand of 1.8 times the offering. This 25-year bond, with a 20-year grace period and a duration of 16.5 years, was placed at a rate of UF + 3.05%.
- In March 2018, a capital increase of S./ 25 million was approved and carried out by Protecta Security in order to strengthen the company's solvency and sustain its commercial growth.
- On March 1, 2018, in a meeting of the Board of Directors of Vida Security, the Board agreed to place 30,000,000 shares at a subscription price of UF 0.01866583342 per share.

Santiago, Chile – May 25, 2018. Grupo Security S.A., (SSE BCS: 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 months ended March 2018.

Renato Peñafiel, CEO of Grupo Security, commented, "During the first quarter of 2018, Grupo Security's profit grew 36.2% YoY to CH$23,568 million, driven by the Bank's earnings of CH$20,892 million, +70.5% YoY. The Bank's efficiency ratio was 48.1%, while loans grew 8.6% LTM, outperforming the industry at 5.9%. Our other businesses have posted results in line with expectations. In addition to these positive results, in March of this year we concluded a new bond issuance on the local market for UF 1.5 million with total demand reaching 1.8 times the amount offered. Additionally, 71,769,048 shares were sold through an order book auction, comprised of 11,980,563 shares not subscribed during the capital increase in August 2017 and a secondary offering of 59,788,485 shares, attracting demand of 9 times the offering, equivalent to more than US$297 million. Both corporate events confirmed the trust and backing of the market and our shareholders".

Grupo Security Indicators *In MCH$*	Mar-18	Dec-17	Mar-17	% Chg QoQ	 YTD	 YoY
Banco - Total Loans	4,923,754	4,834,290	4,533,229	1.9%	1.9%	8.6%
Industry - Total Loans[1]	149,047,145	146,250,331	140,801,211	1.9%	1.9%	5.9%
Inversiones - AUM Mutual Funds	2,797,621	2,558,301	2,051,093	9.4%	9.4%	36.4%
Industry - AUM Mutual Funds	36,945,172	35,056,763	33,979,005	5.4%	5.4%	8.7%
Vida - Investment Portfolio	2,420,029	2,402,514	2,314,976	0.7%	0.7%	4.5%
Industry (life insurance) - Investment Portfolio	39,111,551	38,236,277	36,150,961	2.3%	2.3%	8.2%
Factoring - Factored Receivables	295,883	304,393	293,702	-2.8%	-2.8%	0.7%
Operations						
Total Customers (number)	345,300	353,286	345,488	-2.3%	-2.3%	-0.1%
Employees (number)	3,784	3,887	3,723	-2.6%	-2.6%	1.6%

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

Grupo Security Indicators Statment of Income	1Q18	4Q17	1Q17	% Chg QoQ	% Chg YoY
Banco - Net Interest Margin	40,461	39,991	35,995	1.2%	12.4%
Banco - Net Fees	17,362	23,421	14,462	-25.9%	20.1%
Banco - Operating Expenses	-32,155	-29,299	-32,845	9.7%	-2.1%
Banco - Net Provision Expenses	-6,449	-11,217	-10,364	-42.5%	-37.8%
Vida - Direct Premium	96,792	107,507	99,890	-10.0%	-3.1%
Vida - Claims Paid	-35,902	-73,357	-37,298	-51.1%	-3.7%
Vida - Pensions Paid	-43,533	-19,199	-42,396	126.8%	2.7%
Vida - Investment Income	23,505	23,229	41,019	1.2%	-42.7%
Factoring - Revenue	7,316	7,212	7,628	1.4%	-4.1%

Ratios	Mar-18	Dec-17	Mar-17	% Chg QoQ	% Chg YTD	% Chg YoY
Grupo - Share Price (Ch$)	305.0	280.1	243.8	8.9%	8.9%	25.1%
Grupo - Number of Shares (millions)	3,695	3,683	3,258	0.3%	0.3%	13.4%
Grupo - ROE	12.3%	11.6%	10.4%	77 p	77 p	197 p
Banco (Consolidated) - ROAE	14.2%	12.4%	10.5%	176 p	176 p	366 p
Factoring - ROE	20.9%	22.3%	19.2%	-140 p	-140 p	170 p
Vida - ROAE	13.0%	8.3%	15.1%	470 p	470 p	-206 p
Travel - ROE	19.1%	32.6%	20.9%	-1350 p	-1350 p	-180 p
Grupo - Leverage	35.8%	29.3%	35.0%	646 p	646 p	81 p
Banco - Efficiency	48.10%	49.72%	55.7%	-161 p	-161 p	-762 p
Factoring - Efficiency	44.2%	43.8%	44.7%	35 p	35 p	-56 p
Banco - Non-Performing Loans	1.75%	1.38%	1.49%	37 p	37 p	26 p
Banco - Risk Index	1.57%	1.67%	1.86%	-10 p	-10 p	-29 p
Factoring - Risk Index	2.9%	2.5%	2.6%	41 p	41 p	27 p
Banco - BIS Tier I Ratio	7.9%	8.1%	7.3%	-22 p	-22 p	56 p
Banco - BIS Tier II Ratio	13.7%	14.0%	13.2%	-29 p	-29 p	52 p

ROAE: profit 12M over average equity

On March 1, 2018, at a meeting of the board of Vida Security, the directors agreed to issue 100,100,000 new nominative, single-series, common shares with no par value as part of the capital increase agreed by shareholders at the extraordinary meeting on December 2017. The board also decided to place the first set of 30,000,000 shares at a subscription price of UF 0.01866583342 each, once the issuance is registered in the Securities Registry maintained by the Financial Market Commission (CMF).

In March 2018, a capital increase of S./ 25 million was approved and carried out by Protecta in order to strengthen the company's solvency and sustain its path of commercial growth. Protecta's business plan for the next three years calls for strong growth in annuities, which will require future capital increases.

On March 15, 2018, Grupo Security issued the N1 series bond on the local market for UF 1.5 million, with total demand of UF 2.7 million, or 1.8 times the offering. This 25-year bond, with a 20-year grace period and a duration of 16.5 years, was placed at a rate of UF + 3.05%.

The issuance is part of a liability restructuring plan that Grupo Security began in 2017 in order to lengthen the duration of its liabilities, which rose from 11.3 in late 2016 to the current figure of 12.78. This restructuring plan also included a bond exchange in January 2017, by which UF1,189,000 in F bonds (originally UF 1,250,000) were exchanged for M bonds leaving a balance of UF61,000 in F bonds; and an issuance of long-term debt in December 2017 to replace bank loans in its intermediate holding, Inversiones Previsión Security. These 21-year bonds have a grace period of 10 years and raised UF 1,000,000.

On March 28, 2018, 71,769,048 shares were sold through an order book auction, comprised of 11,980,563 shares not subscribed during the capital increase in August 2017 and a secondary offering of 59,788,485 shares, attracting demand of 9 times the offering, equivalent to more than US$297 million. The cut-off price–the maximum with which the offering is completed– was CH$290 per share. However, in order to attract new investors (particularly foreign) and expand the holdings of AFPs and local institutional investors, the Company decided to set a price of CH$280 per share.

On April 12, 2018, Grupo Security shareholders approved a dividend payment of CH$7.25 per share charged to profit for the year 2017. This dividend and the interim dividend distributed in November 2017 total CH$11.6 per share, equivalent to CH$42,810 million, or 57% of profit for the year 2017. The shareholders also approved the annual report and financial statements for the year 2017 at this meeting.

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GRUPO SECURITY EARNINGS REPORT FOR 1Q18

Grupo Security posted profit of CH$23,568 million for the first quarter of 2018 (+36.2% YoY and +12.0% QoQ). EBIDTA for the same period totaled CH$36,201 million, +26.6% YoY and +11.3% QoQ.

The Group posted an ROAE as of March 2018 of 12.35%, -197 b.p. YoY and +77 b.p. QoQ. Profit from the Group's business areas for 1Q18 was CH$29,447 million, +29.8% YoY and +21.8% QoQ.

EARNINGS CONTRIBUTION BY BUSINESS AREA

Earnings from Related Companies					
	1Q18	4Q17	1Q17	% Chg QoQ	% Chg YoY
Lending Area					
Banco Security (standalone)	18,961	15,127	10,549	25.3%	79.7%
Factoring Security	2,025	1,924	1,855	5.2%	9.2%
Asset Management Area					
Valores Security	489	813	431	-39.8%	13.5%
AGF Security	1,437	2,304	1,269	-37.6%	13.3%
Insurance Area					
Vida Security	6,406	46	7,579	-	-15.5%
Servicios Security	42	270	(105)	-84.5%	-
Other Services					
Inmobiliaria Security	(268)	2,342	688	-	-
Travel Security	625	1,084	715	-42.3%	-12.6%
Travex Security	113	119	123	-5.7%	-8.1%
Grupo Security Profit	**23,568**	**21,047**	**17,310**	**12.0%**	**36.2%**

(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.

REVIEW OF OPERATIONS BY BUSINESS AREA

LENDING BUSINESS AREA (68.1% of assets; 71.3% of profit from business areas as of March 2018)

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 March 2018, Banco Security reported consolidated profit attributable to its owners of CH$20,892 million, +70.5% YoY. Banco Security's stand-alone profit (excluding asset management subsidiaries AGF Security and Valores Security Corredores de Bolsa) reached CH$18,961 million (+79.7% YoY).

Banco Security's ROAE (profit LTM over average equity) was 14.2%, +366 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	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
Net interest margin	19,842	18,752	16,027	15,157	4,926	3,569	-201	-1,299	40,594	36,179	-133	-184	40,461	35,995
∆% 3M17	5.8%		5.7%		38.0%		-84.5%		12.2%		-27.7%		12.4%	
Net Fees	5,055	3,863	5,472	4,963	-90	-107	-330	-325	10,107	8,394	7,255	6,068	17,362	14,462
∆% 3M17	30.8%		10.3%		-		-		20.4%		19.6%		20.1%	
Net FX transactions and other income	2,076	2,657	628	536	5,743	6,419	-3,284	-3,344	5,163	6,267	2,087	2,194	7,250	8,461
∆% 3M17	-21.8%		17.2%		-10.5%		-1.8%		-17.6%		-4.9%		-14.3%	
Loan losses and foreclosed assets	-888	-2,951	-5,629	-6,500	30	-1	327	-1,415	-6,159	-10,867	0	0	-6,159	-10,867
∆% 3M17	-		-13.4%		-		-		-43.3%		-		-43.3%	
Total operating income, net of credit risk prov.	26,086	22,320	16,498	14,156	10,610	9,881	-3,489	-6,384	49,705	39,973	9,209	8,078	58,914	48,051
∆% 3M17	16.9%		16.5%		7.4%		-45.4%		24.3%		14.0%		22.6%	
Operating expenses	-9,577	-10,838	-13,425	-15,178	-3,358	-3,793	1,089	2,974	-25,271	-26,836	-6,884	-6,009	-32,155	-32,845
∆% 3M17	-11.6%		-11.5%		-11.5%		-		-5.8%		14.6%		-2.1%	
Net operating income	16,509	11,482	3,073	-1,022	7,252	6,087	-2,400	-3,410	24,434	13,137	2,325	2,069	26,759	15,206
∆% 3M17	43.8%		-400.6%		19.1%		-29.6%		86.0%		12.4%		76.0%	
Income tax expense	-3,698	-2,261	-688	201	-1,624	-1,199	537	671	-5,474	-2,588	-393	-365	-5,867	-2,953
∆% 3M17	63.5%		-		35.5%		-20.0%		111.5%		7.7%		98.7%	
Profit attributable to equity holders of the bank	12,811	9,221	2,384	-821	5,627	4,888	-1,862	-2,739	18,961	10,549	1,931	1,703	20,892	12,252
∆% 3M17	38.9%		-390.5%		15.1%		-32.0%		79.7%		13.4%		70.5%	

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
In Ch$ Million	1Q-18	4Q-17	1Q-18	4Q-17	1Q-18	4Q-17	1Q-18	4Q-17	1Q-18	4Q-17	1Q-18	4Q-17	1Q-18	4Q-17
Net interest margin	19,842	21,708	16,027	16,801	4,926	3,362	-201	-1,722	40,594	40,148	-133	187	40,461	40,335
∆% 4Q17	-8.6%		-4.6%		46.5%		-88.3%		1.1%		-171.3%		0.3%	
Net Fees	5,055	3,643	5,472	6,153	-90	-87	-330	-363	10,107	9,346	7,255	14,075	17,362	23,421
∆% 4Q17	38.8%		-11.1%		-		-		8.1%		-48.5%		-25.9%	
Net FX transactions and other income	2,076	2,672	628	533	5,743	4,819	-3,284	-4,211	5,163	3,813	2,087	-3,879	7,250	-66
∆% 4Q17	-22.3%		17.8%		19.2%		-22.0%		35.4%		-153.8%		-	
Loan losses and foreclosed assets	-888	-5,090	-5,629	-5,710	30	5	327	-271	-6,159	-11,067	0	0	-6,159	-11,067
∆% 4Q17	-82.6%		-1.4%		-		-		-44.3%		-		-44.3%	
Total operating income, net of credit risk prov.	26,086	22,932	16,498	17,776	10,610	8,099	-3,489	-6,568	49,705	42,240	9,209	10,383	58,914	52,623
∆% 4Q17	13.8%		-7.2%		31.0%		-46.9%		17.7%		-11.3%		12.0%	
Operating expenses	-9,577	-8,792	-13,425	-13,086	-3,358	-2,818	1,089	1,467	-25,271	-23,229	-6,884	-6,070	-32,155	-29,299
∆% 4Q17	8.9%		2.6%		19.1%		-25.8%		8.8%		13.4%		9.7%	
Net operating income	16,509	14,141	3,073	4,690	7,252	5,281	-2,400	-5,100	24,434	19,011	2,325	4,313	26,759	23,324
∆% 4Q17	16.8%		-		37.3%		-52.9%		28.5%		-46.1%		14.7%	
Income tax expense	-3,698	-2,910	-688	-1,022	-1,624	-1,017	537	1,059	-5,474	-3,889	-393	-879	-5,867	-4,768
∆% 4Q17	27.1%		-32.7%		59.8%		-49.3%		40.8%		-55.3%		23.0%	
Profit attributable to equity holders of the bank	12,811	11,231	2,384	3,668	5,627	4,264	-1,862	-4,036	18,961	15,127	1,931	3,122	20,892	18,249
∆% 4Q17	14.1%		-35.0%		32.0%		-53.9%		25.3%		-38.2%		14.5%	

Commercial Banking

Banco Security's commercial banking division targets companies with annual sales above US$1.6 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 Mar-18	% Total
Construction and real estate	855,125	22.3%
Financial services and insurance	695,663	18.1%
Real estate investors and corporate services	547,150	14.2%
Wholesale and retail trade	458,515	11.9%
Manufacturing	351,505	9.1%
Transportation	252,030	6.6%
Social services	235,652	6.1%
Utilities	155,010	4.0%
Agriculture and livestock	114,462	3.0%
Fishing	73,595	1.9%
Mining	63,745	1.7%
Telecom	34,364	0.9%
Forestry	5,790	0.2%
Total commercial loans	**3,842,604**	**100%**

As of March 2018, commercial loans had expanded +7.6% YoY and 1.8% YTD, totaling CH$3,843 billion. Industry wide, commercial loans grew +3.4% YoY and 1.6% YTD. Including foreign subsidiaries, the industry's commercial loans grew +3.4% YoY and 1.7% YTD. The Bank boasts market share of 6.2%[1] in its target segment of medium and large companies as of March 2018. The commercial banking division

[1] This includes companies with annual sales over CH$800 million, only in the regions of Chile where Banco Security has offices. Source: Chilean Internal Revenue Service (SII).

had 8,646 customers as of March 2018 (+2.5% YoY).

The commercial banking division posted profit of CH$12,811 million for 1Q18 (+38.9% YoY). This figure is explained by reduced risk provision expenses, totaling CH$888 million for 1Q18 compared to CH$2,951 million in 2017 due to several cases of customers with large guarantees requiring smaller provisions.

In addition, it reported a larger net interest margin of CH$19,842 million for 1Q18, +CH$1,090 million or +5.8% YoY, due to increased commercial loans (+7.6% YoY). It also reported greater net fees of CH$5,055 million for 1Q18, CH$1,192 million more than 1Q17 (+30.8% YoY), due to stronger commercial activity. Support expenses fell to CH$9,577 million (-11.6% YoY) for 1Q18 as a result of reduced expenses for technology projects, and reduced depreciation and amortization, which are distributed across all the Bank's business segments. This was not offset by the drop in FX transactions and other income, which totaled CH$2,076 million (-21.8%), explained by reduced income from distributing structured and derivative products.

Quarter over quarter, profit grew +14.1%, reaching CH$12,811 million in 1Q18. The increase was primarily attributable to reduced risk provision expenses, which fell to CH$888 million (-82.6% QoQ) explained by several cases of customers with large guarantees requiring smaller provisions. The division also reported greater net fees of CH$5,055 million for 1Q18, CH$1,412 million more than 4Q17 (+38.8%), due to stronger commercial activity. Support expenses totaled CH$9,577 million (+8.9% QoQ). This was offset by a drop in the net interest margin to CH$19,842 million (-8.6% QoQ), and decreased FX transactions and other income, which totaled CH$2,076 million (-22.3%), explained by reduced income from currency brokerage and other items.

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 17% in these loans since 2013.

As of March 2018, the Bank had total retail loans (consumer + mortgage) of CH$1,080 billion (+12.5% YoY and +2.1% QoQ), driven primarily by consumer loans (+15.4% YoY and +3.2% QoQ) and, to a lesser extent, by mortgage loans (+10.5% YoY and +1.3% QoQ). For the industry, retail loans increased +8.9% YoY and +1.8% QoQ, driven by mortgage loans (+9.7% YoY and +2.0% QoQ) and, to a lesser extent, consumer loans (+7.2% YoY and +1.5% QoQ). Including foreign subsidiaries, the industry's retail loans grew +8.3% YoY and +1.9% QoQ. The Bank boasts market share of 5.4%[2] in its target segment of high-income individuals as of March 2018. The retail banking division had 70,646 customers as of March 2018 (+3.2% YoY).

The retail banking division reported profit of CH$2,384 million for 1Q18, which compares positively with -CH$821 million for 1Q17, explained by a larger net interest margin of CH$16,027 million (+CH$870 million, +5.7% YoY), due to greater loans (+12.5% YoY). In addition, the division reported lower risk provision expenses of CH$5,629 million (-13.4% YoY), due to a fortified risk and collections structure. Net fees totaled CH$5,472 million, +CH$509 million or +10.3% YoY, due to increased sales of supplementary loan insurance products. Support expenses fell to CH$13,425 million (-11.5% YoY) for 1Q18 as a result of reduced expenses for technology projects, and reduced depreciation and amortization, which are distributed across all the Bank's business segments.

In comparison to 4Q17, profit fell 35% or -CH$1,283 million. This is explained by a smaller net interest margin of CH$16,027 million (-4.6% QoQ) and reduced net fees of CH$5,472 million (-11.1% QoQ), due to seasonal effects of credit card commission payments. In addition, the division reported support expenses of CH$13,425 million (+2.6% QoQ). These effects were not offset by an improved risk performance with

[2] This division includes individuals between 24 and 65 years of age in the middle and high-income segments (ABC1) with a risk/return profile similar to Banco Security's customers, only for regions where Banco Security has offices. Source: Superintendency of Banks and Financial Institutions (SBIF).

loan losses of CH$5,629 million in 1Q18 (+1.4% QoQ) and an increase in FX transactions and other income, which amounted to CH$628 million (+17.8% QoQ).

Treasury

The treasury division reported quarterly profit of CH$5,627 million (+15.1% YoY), This is explained by a greater net interest margin of CH$4,926 million in 1Q18 (+38.0% YoY), due to the renewal of liabilities that expired in 4Q17 and early 1Q18 under better financial conditions and a strong performance from accounting hedges. This offset the effect of the decrease in FX transactions and other income (net financial operating income (loss) + gain from FX transactions + other income), which amounted to CH$5,743 million in 1Q18 (-10.5% YoY). The first quarter of 2017 represents a high basis of comparison due to a strong performance from currency derivatives and increased income from structured products.

Support expenses fell to CH$3,358 million (-11.5% YoY) for 1Q18 as a result of reduced expenses for technology projects, depreciation and amortization, which are distributed across all the Bank's business segments.

In comparing 1Q18 to 4Q17, the treasury reported profit of CH$5,627 million (+32.0% QoQ). This is explained by a greater net interest margin of CH$4,926 million in 1Q18 (+46.5% QoQ), due to the renewal of liabilities that expired in 4Q17 and early 1Q18 under better financial conditions and a strong performance from accounting hedges. In addition, the division reported greater financial income (net financial operating income (loss) + gain from FX transactions + other income), as a result of an improved performance from currency derivatives and increased income from structured products. This was not offset by an additional CH$540 million in support expenses (+19.1% QoQ).

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 March 2018, ALM represented 58.8% 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 20.6% of treasury income. The remaining 20.7% 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

In Ch$ Millon	1Q18	4Q17	1Q17	% Chg QoQ	% Chg YoY
Net interest margin	40,461	40,335	35,995	0.3%	12.4%
Net Fees	17,362	23,421	12,635	-25.9%	37.4%
Net financial Operating Income	3,654	7,163	9,494	-49.0%	-61.5%
Net foreign exchange transactions	4,159	-1,315	214	-	-
Recovery of charged-off loans	1,481	747	528	98.3%	180.5%
Other net operating income	-273	-5,764	77	-95.3%	-
Gross operating income	**66,844**	**64,587**	**58,943**	**3.5%**	**13.4%**
Credit risk provisions	-7,930	-11,964	-10,892	-33.7%	-27.2%
Administrative expenses	-32,155	-29,299	-32,845	9.7%	-2.1%
Net operating income	**26,759**	**23,324**	**15,206**	**14.7%**	**76.0%**
Income attributable to investments in other companies	0	-300	0	-	-
Profit before tax	**26,759**	**23,024**	**15,206**	**16.2%**	**76.0%**
Income tax expense	-5,867	-4,768	-2,953	23.0%	98.7%
Profit for the period	**20,892**	**18,256**	**12,253**	**14.4%**	**70.5%**

For 1Q18, the Bank reported a net interest margin of CH$40,461 million (+12.4% YoY), driven by greater interest and indexation income of CH$87,308 million (+4.8% YoY), mainly because of the rise in total loans (+8.6% YoY). The Bank also reported reduced interest and indexation expenses of CH$46,847 million for 1Q18 (-1.1% YoY). This is explained by the cuts to the MPR in early 2017 from 3.5% to 2.5%, which reduced the cost of liabilities, as well as the renewal of liabilities that expired in 4Q17 and early 1Q18 under better financial conditions and a strong performance from accounting hedges. These effects more than offset the 7.0% YoY growth in the Bank's total liabilities.

Net Interest Margin *In Ch$ Million*	**1Q18**	**4Q17**	**1Q17**	**% Chg QoQ**	**% Chg YoY**
Interest and indexation income	87,308	85,280	83,348	2.4%	4.8%
Interest and indexation expenses	-46,847	-45,289	-47,352	3.4%	-1.1%
Net interest margin	40,461	39,991	35,995	1.2%	12.4%
Interest margin net of provisions	32,531	28,027	25,103	16.1%	29.6%
Net interest margin / total loans	3.29%	3.31%	3.18%	-2 p	11 p
Net interest margin net of provisions / Total loans	2.64%	2.32%	2.22%	32 p	43 p

Net fees for 1Q18 reached CH$17,362 million, with increased income from fund management and securities brokerage in the asset management subsidiaries, greater commercial activity in the commercial banking division and increased net fees from supplementary loan insurance products sold by the retail banking division. It is worth mentioning that a portion of the increase in net fees in 1Q18 can be explained by reduced net operating income as a result of an accounting reclassification in 4Q17.

Financial income, which is the sum of net financial operating income (loss) and the net gain from FX transactions, totaled CH$7,813 million (-19.5% YoY). The first quarter of 2017 represents a high basis of comparison due to a strong performance from currency derivatives.

Credit risk provision expenses for 1Q18 totaled CH$7,930 million (-27.2% YoY), due to improved controls in collections and origination processes in the retail banking division and cases of commercial banking customers with large guarantees requiring smaller provisions. It is also important to mention that the risk expense for 1Q17 includes a one-time effect of CH$1,969 million for an adjustment to the provisioning model for consumer loans implemented in January 2017, and, therefore, is a high basis of comparison.

Income tax expense for 1Q18 totaled CH$5,867 million, up +CH$2,914 million YoY, due to the larger profit before tax and a higher tax rate (25.5% v/s 27.0%).

In quarterly terms, Banco Security reported profit of CH$20,892 million for 1Q18 (+14.4% QoQ). The interest margin totaled CH$40,461 million for 1Q18 (+0.3% QoQ). Net fees for 1Q18 reached CH$17,362 million (-25.9% QoQ). Other operating income amounted to -CH$273 million in 1Q18, up from the -CH$5,764 million recorded in 4Q17. A portion of the decrease in net fees in 1Q18 was offset by an increase in other net operating income as a result of an accounting reclassification in 4Q17. Financial income (net financial operating income (loss) + net gain from FX transactions) totaled CH$7,813 million (+33.6% QoQ), due to improved results from currency derivative instruments. Credit risk provisions in 1Q18 totaled CH$7,930 million, -33.7% QoQ, due to improved controls in collections and origination processes in the retail banking division and cases of commercial banking customers with large guarantees requiring smaller provisions.

Banco Security - Support Expenses and Efficiency

In Ch$ Millions	1Q18	4Q17	1Q17	% Chg QoQ	% Chg YoY
Personnel	-14,597	-16,196	-11,608	-9.9%	25.7%
Administrative expenses	-16,336	-11,872	-19,726	37.6%	-17.2%
Depreciation and amortization	-1,222	-1,231	-1,511	-0.7%	-19.1%
Total operating expenses	**-32,155**	**-29,299**	**-32,845**	**9.7%**	**-2.1%**
Operating expenses / Gross operating income	**48.1%**	**45.7%**	**55.7%**	**240 p**	**-762 p**

Banco Security's efficiency ratio, measured as support expenses + other operating expenses over total operating income, totaled 48.1% as of March 2018 (-762 b.p. YoY). This ratio compares to 48.2% for the banking system and 46.5% for peer banks[3] as of March 2018.

The Bank reported support expenses of CH$32,155 million (-2.1% YoY) for 1Q18. For the quarter, personnel expenses amounted to CH$14,597 million, +25.7% YoY, while administrative expenses totaled CH$16,336 million, -17.2% YoY. Part of the increase in personnel expenses in 1Q18 is offset by a decrease in administrative expenses as a result of an accounting reclassification in 4Q17. In addition, reduced administrative expenses from implementing technology projects were reported for 1Q18. Depreciation and amortization expense reached CH$1,222 million, -19.1% YoY, as several intangible assets reached the end of their useful lives in 2017.

Support expenses in 1Q18 increased 9.7% QoQ in comparison to 4Q17. The decrease in personnel expenses in 1Q18 is offset by an increase in administrative expenses as a result of an accounting reclassification in 4Q17.

Banco Security Loan Portfolio

Total loans reached CH$4,923,754 million as of March 2018, +8.6% YoY and +1.9% YTD. For the industry, loans increased +5.9% YoY and 1.9% YTD. Including foreign subsidiaries, this figure increased 5.3% YoY and 1.8% YTD. As of March 2018, commercial loans grew +7.6% YoY and 1.8% YTD, to CH$3,842,604 million (78.0% of Banco Security's total loan portfolio), while retail loans (consumer + mortgage) reached CH$1,080,588 million, +12.5% YoY and +2.1% YTD. The 20 largest borrowers represent 10.5% of the Bank's total loan portfolio.

Total Loans *In Ch$ Millions*		Mar-18	Dec-17	Mar-17	% Chg QoQ	% Chg YTD	% Chg YoY
Consumer	Loans	454,135	440,241	393,390	3.2%	3.2%	15.4%
Mortgage	Loans	626,453	618,630	567,050	1.3%	1.3%	10.5%
Mortgage + Consumer	Loans	1,080,588	1,058,871	960,440	2.1%	2.1%	12.5%
	No. Customers	70,646	70,862	68,461	-0.3%	-0.3%	3.2%
Commercial	Loans	3,842,604	3,775,419	3,572,549	1.8%	1.8%	7.6%
	No. Customers	8,646	8,513	8,437	1.6%	1.6%	2.5%
Total Loans		**4,923,754**	**4,834,290**	**4,533,229**	**1.9%**	**1.9%**	**8.6%**
Market Share		**3.3%**	**3.3%**	**3.2%**	**0 p**	**0 p**	**8 p**

nterest and indexation income *In Ch$ Millions*	Mar-18	Dec-17	Mar-17	% Chg QoQ	% Chg YoY
Consumer	13,052	12,626	12,672	3.4%	3.0%
Mortgage	9,327	8,641	7,964	7.9%	17.1%
Mortgage + Consumer	22,379	21,267	20,636	5.2%	8.4%
Commercial	57,227	56,071	54,947	2.1%	4.1%

[3] Comparably-sized banks: Average for BBVA, Scotiabank, BICE, Consorcio and Security

Asset Quality

Given Banco Security's exposure to corporate and high-income customers, its risk ratios are among the lowest in the industry. As of March 2018, Banco Security's risk index reached 1.57%, below the 1.86% posted as of March 2017, partially due to write-offs in 2017 for customers impaired before 2016. The nonperforming loan portfolio reached 1.75%, as compared to 1.49% as of March 2017. During 1Q18, several customers were added to the nonperforming loan portfolio that had large guarantees and, therefore, required smaller provisions.

In Ch$ Million	Mar-18	Dec-17	Mar-17	% Chg QoQ	% Chg YTD	% Chg YoY
Total Loans	**4,923,754**	**4,834,290**	**4,533,229**	**1.9%**	**1.9%**	**8.6%**
Nonperforming loans - consumer	6,013	5,457	5,295	10.2%	10.2%	13.6%
Nonperforming loans - mortgage	5,919	6,267	5,248	-5.6%	-5.6%	12.8%
Nonperforming loans - commercial	74,278	55,005	57,205	35.0%	35.0%	29.8%
Total nonperforming loans	**86,210**	**66,729**	**67,748**	**29.2%**	**29.2%**	**27.3%**
Non-performing loans - consumer	1.32%	1.24%	1.35%	8 p	8 p	-2 p
Non-performing loans - mortgage	0.94%	1.01%	0.93%	-7 p	-7 p	2 p
Non-performing loans - commercial	1.93%	1.46%	1.60%	48 p	48 p	33 p
Total nonperforming loans	**1.75%**	**1.38%**	**1.49%**	**37 p**	**37 p**	**26 p**
Gross provisions	87,261	122,134	90,424	-28.6%	-28.6%	-3.5%
Write-offs	(10,112)	(41,626)	(6,129)	-75.7%	-75.7%	65.0%
Credit risk provisions	**77,149**	**80,508**	**84,295**	**-4.2%**	**-4.2%**	**-8.5%**
Provisions - consumer (% total)	18,535	17,490	16,018	6.0%	6.0%	15.7%
Provisions - mortgage (% total)	1,270	1,265	1,471	0.4%	0.4%	-13.7%
Provisions - commercial (% total)	57,344	61,753	66,806	-7.1%	-7.1%	-14.2%
Credit risk provisions	**77,149**	**80,508**	**84,295**	**-4.2%**	**-4.2%**	**-8.5%**
Coverage - consumer	308.2%	320.5%	302.5%	-1226 p	-1226 p	574 p
Coverage - mortgage	21.5%	20.2%	28.0%	127 p	127 p	-657 p
Coverage - commercial	77.2%	112.3%	116.8%	-3507 p	-3507 p	-3958 p
Coverage - total nonperforming loans[1]	**89.5%**	**120.6%**	**124.4%**	**-3116 p**	**-3116 p**	**-3493 p**
Provisions / loans	1.57%	1.67%	1.86%	-10 p	-10 p	-29 p
Provision expenses[2] / loans	0.52%	0.87%	0.91%	-35 p	-35 p	-39 p

[1] Stock of credit risk provisions/ Stock of nonperforming loans
[2] Credit risk provisions net of recovery of charged-off loans

The ratio of provisions net of recovery to total loans for 1Q18 was 0.52% (-39 b.p. YoY), due to improved controls in collections and origination processes in the retail banking division and cases of commercial banking customers with large guarantees requiring smaller provisions. It is also important to mention that the risk expense for 1Q17 includes a one-time effect of CH$1,969 million for an adjustment to the provisioning model for consumer loans implemented in January 2017, and, therefore, is a high basis of comparison.

	Credit Risk (%)								
	Provisions / Loans					Over 90 Day Nonperforming Loans			
	Mortgage	Consumer	Total	Commercial	Total	Mortgage	Consumer	Commercial	Total
Banco Security	0.20	4.08	1.83	1.49	1.57	0.94	1.32	1.93	1.75
Medium Banks*	0.45	4.26	1.69	1.67	1.73	1.19	1.32	1.13	1.23
Banking system	0.85	6.43	2.64	2.39	2.48	2.44	2.05	1.75	1.97

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

Banco Security - Funding Sources

Funding Sources							% Chg		
In MCH$	Mar-18		Dec-17		Mar-17		QoQ	YTD	YoY
Demand deposits	619,866	9.6%	673,475	10.5%	552,965	9.2%	-8.0%	-8.0%	12.1%
Time deposits	2,944,289	45.5%	2,927,755	45.5%	2,886,217	48.1%	0.6%	0.6%	2.0%
Total deposits	3,564,155	55.0%	3,601,230	55.9%	3,439,182	57.3%	-1.0%	-1.0%	3.6%
Bonds	1,852,245	28.6%	1,786,574	27.7%	1,639,620	27.3%	3.7%	3.7%	13.0%
Interbank loans	185,584	2.9%	188,346	2.9%	124,305	2.1%	-1.5%	-1.5%	49.3%
Other liabilities*	330,581	5.1%	312,210	4.8%	333,435	5.6%	5.9%	5.9%	-0.9%
Total Liabilities	**5,932,565**	**92%**	**5,888,360**	**91%**	**5,536,542**	**92%**	**0.8%**	**0.8%**	**7.2%**
Equity	543,058	8.4%	553,023	8.6%	467,946	7.8%	-1.8%	-1.8%	16.1%
Liabilities + Equity	**6,475,623**	**100%**	**6,441,383**	**100%**	**6,004,488**	**100%**	**0.5%**	**0.5%**	**7.8%**

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

○ Demand and Time Deposits

As of March 2018, deposits totaled CH$3,564,155 million, +3.6% YoY and -1.0% YTD. For the industry, loans fluctuated +6.4% YoY and +0.2% YTD. Including foreign subsidiaries, this figure varied +5.2% YoY and +0.5% YTD. Banco Security's time deposits consisted of 33.9% retail deposits and 66.1% institutional deposits. The 15 largest depositors[4] represent 26% of the Bank's total deposits. The loan to deposit ratio was 138% as of March 2018, compared to 132% as of March 2017.

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[5], 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 March 2018, the ratio of long-term interest rate risk to regulatory capital was 2.16%[6]. As of March 31, 2018, liquid assets[7] represented 47% of demand and other time deposits.

[4] Excludes stock brokerage companies.

[5] 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).

[6] This measures the exposure to changes in interest rates as a percentage of equity. Exposure to long-term interest rates is calculated as the sum of the differences by time band and currency of cash flows from banking books assets and liabilities, including amortization and interest, adjusted by a sensitivity factor as per table 2 of appendix 1 of Chapter III.B.2.2 of the Chilean Central Bank's compendium of financial standards.

[7] 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	Annual Interest Rate	Duration (Years)	Maturity
H1	3/2007	25-Jan-07	UF	3,000,000	3.00	23	1-Dec-29
M1	1/2009	19-May-09	UF	3,000,000	3.00	10.5	1-Jul-19
N1	1/2009	19-May-09	UF	3,000,000	3.00	105	1-Jul-19
R1	10/2011	6-Oct-11	UF	3,000,000	3.00	10	1-Jun-21
K2	1/2012	14-Mar-12	UF	4,000,000	3.25	10	1-Nov-21
K3	1/2013	26-Feb-13	UF	4,000,000	3.50	10	1-Nov-22
K4	10/2013	6-Nov-13	UF	5,000,000	3.60	10	1-Oct-23
B3	14/2014	9-Oct-14	UF	5,000,000	2.50	5	1-Jun-19
K5	14/2014	9-Oct-14	UF	5,000,000	2.75	10	1-Jun-24
B4	05/2015	1-Apr-15	UF	5,000,000	2.25	5	1-Jun-20
K6	05/2015	1-Apr-15	UF	5,000,000	2.75	10	1-Mar-25
K7	05/2015	1-Apr-15	UF	5,000,000	2.75	10	1-Sep-25
Z1	10/2015	1-Sep-15	CLP	75,000,000,000	5.25	5	1-Jul-20
B5	11/2016	3-Oct-16	UF	5,000,000	2.40	5	1-Aug-21
K8	12/2016	3-Oct-16	UF	5,000,000	2.80	10	1-Oct-26
Z2	13/2016	3-Oct-16	CLP	75,000,000,000	5.30	5.5	1-Feb-22
B6	6/2017	11-Jul-17	UF	5,000,000	2.25	5.5	1-Oct-22
X1	02/2018	2-Feb-18	USD	50,000,000	3.50	5	15-Jan-23

Banco Security - Capitalization

As of March 2018, Banco Security's equity attributable to the owners totaled CH$543,000 million. For some years now, Banco Security has been preparing for the implementation of Basel III. In line with this objective, on December 21, 2017, Banco Security completed a capital increase of CH$50,000 million, issuing 17,523,256 new shares at a value of approximately CH$2,853 per share.

In Ch$ Million	Mar-18	Dec-17	Mar-17	% Chg QoQ	% Chg YTD	% Chg YoY
Capital	302,047	302,047	252,047	0.0%	0.0%	19.8%
Reserves and valuation accounts	28,868	30,204	30,670	-4.4%	-4.4%	-5.9%
Retained earnings	212,086	220,716	185,178	-3.9%	-3.9%	14.5%
Equity attributable to equity holders of bank	**543,001**	**552,967**	**467,895**	**-1.8%**	**-1.8%**	**16.1%**
Tier I (core capital)	543,001	552,967	467,895	-1.8%	-1.8%	16.1%
Regulatory capital	741,820	751,457	670,001	-1.3%	-1.3%	10.7%
Minimum required capital	432,163	428,810	405,597	0.8%	0.8%	6.5%
Risk-weighted assets	5,402,043	5,360,129	5,069,964	0.8%	0.8%	6.5%
BIS ratio	13.73%	14.02%	13.22%	-29 p	-29 p	52 p
Core capital / total assets	7.88%	8.10%	7.31%	-22 p	-22 p	56 p

The Bank's capital adequacy ratio as of March 2018, calculated as regulatory capital over risk-weighted assets, reached 13.73% (with a regulatory minimum of 8%), +52 b.p. YoY and -29 b.p. YTD. The ratio of core capital to total assets reached 7.9%, +56 b.p. YoY and -22 b.p. YTD. Both ratios improved YoY due to the Bank's recent capital increase of CH$50,000 million and its increased retained earnings. Both ratios fell YTD due to growth in risk-weighted assets and a dividend distributed in March 2018 of CH$37,813 million, equivalent to 60% of profit for 2017.

FACTORING SECURITY

For 1Q18, Factoring Security reported profit of CH$2,025 million, +9.2% YoY and +5.2% QoQ, due to reduced operating expenses (CH$1,777 million for 1Q18, -25.9% YoY and -6.0% QoQ), explained by reduced banking costs and bond interest because of improved funding conditions. It also reported lower support expenses (CH$2,793 million for 1Q18 (-4.2% YoY and -5.2% QoQ). This was due to reduced provision expenses following implementation of a new provision calculation model based on IFRS 9 that took effect in January 2018. According to IFRS, the one-time effect of CH$2,240 million in greater provisions due to the change in model can be recorded in equity. As a result, provisions of CH$8,576 million were recorded in the balance sheet as of March 2018, +11.1% YoY.

Compared to last year, these effects were not offset by reduced operating income of CH$7,316 million for 1Q18 (-4.1% YoY) due to a smaller annual average spread with a loan volume similar to 1Q17 (CH$295,883 million, +0.7% YoY).

The efficiency ratio reached 44.2%, -56 b.p. YoY. The risk ratio, measured as provisions over total loans, was 2.9% as of March 2018, +27 b.p. YoY and +41 b.p. QoQ, because of the new provisioning model required by IFRS 9.

In Ch$ Million	1Q18	4Q17	1Q17	% Chg YTD/ QoQ	YoY
Factored receivables	295,883	304,393	293,702	-2.8%	0.7%
Provisions	8,576	7,574	7,717	13.2%	11.1%
Gross operating income	7,316	7,212	7,628	1.4%	-4.1%
Operating expenses	-1,777	-1,891	-2,399	-6.0%	-25.9%
Support expenses	-2,793	-2,947	-2,915	-5.2%	-4.2%
Profit for the period	**2,025**	**1,924**	**1,855**	**5.2%**	**9.2%**
Efficiency ratio	44.2%	43.5%	44.7%	71 p	-56 p
Risk ratio	2.90%	2.49%	2.63%	41 p	27 p

In November 2017, Factoring Security placed UF 1.5 million (USD 63.07 million) in bonds to refinance the company's short- and long-term liabilities and finance working capital and new loans. The notes (E series) were bullet bonds that mature in 4 years and 11 months. They were rated A+ by Fitch and AA- by ICR Chile and placed on the Santiago Stock Exchange at an IRR of 2.47%.

INSURANCE BUSINESS AREA (27.9% of assets; 21.4% of profit from business areas as of March 2018)

The insurance business area reported profit of CH$6,302 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).

VIDA SECURITY

In 1Q18, Vida Security posted profit of CH$6,406 million (-15.5% YoY), because of reduced investment income of CH$23,505 million (-42.7% YoY), attributable to poorer results from equity investments due to greater volatility and market corrections during 1Q18. In addition, the first quarter of 2017 represents a high basis of comparison due to strong market performances during that period. This weaker performance was not offset by a greater contribution margin of -CH$6,490 million in 1Q18, an improvement over the -CH$24,032 million recorded in 1Q17.

This improved contribution margin can be explained by a smaller variation in technical reserves of -CH$430 million, below -CH$24,080 million for 1Q17 due to a decrease in premiums from individual policies and weaker results from investments related to the CUI and APV portfolio. In addition, gross written premiums reached CH$96,792 million (-3.1% YoY) due to reduced premiums from individual insurance, partially offset by increased sales of annuities, group policies and DSI insurance. Claims and pensions paid totaled CH$79,435 million (-0.3% YoY), because of an increase in annuities paid resulting from higher sales, partially offset by a reduction in claims paid on DSI contract No. 5.

The subsidiary reported administrative expenses of CH$9,557 million (+16.4% YoY), reflecting increased commercial activity.

In MCH$	1Q18	4Q17	1Q17	% Chg. QoQ	% Chg. YoY
Gross written premiums	96,792	107,507	99,890	-10.0%	-3.1%
Net premiums written	**77,368**	**89,286**	**83,235**	**-13.3%**	**-7.0%**
Variation in technical reserves	-430	-4,425	-24,080	-90.3%	-98.2%
Claims paid	-35,902	-73,357	-37,298	-51.1%	-3.7%
Pensions paid	-43,533	-19,199	-42,396	-	2.7%
Underwriting expenses	-3,749	-4,371	-3,025	-14.2%	24.0%
Medical expenses	-8	-12	-13	-34.1%	-40.6%
Insurance impairment	-236	34	-454	-	-48.0%
Contribution Margin	**-6,490**	**-12,042**	**-24,032**	**-46.1%**	**-73.0%**
Administrative expenses	-9,557	-9,276	-8,213	3.0%	16.4%
Investment income	23,505	23,229	41,019	1.2%	-42.7%
Exchange differences	708	-853	1,160	-	-38.9%
Gain (loss) on indexed assets and liabilities	-931	-303	-337	-	176.4%
Profit for the period	6,406	46	7,579	-	-15.5%
Administrative ratios					
(1) (Claims paid + pension paid)/ Net written premiums	102.7%	103.7%	95.7%	-99 p	692 p
(2) Administrative expenses/ Net written premiums	12.4%	10.4%	9.9%	196 p	249 p
(3) Underwriting expenses/ Net written premiums	4.8%	4.9%	3.6%	-5 p	121 p
Combined Ratio (1) + (2) + (3)	119.9%	118.9%	109.2%	92 p	1062 p
(4) Profit / Net written premiums	8.3%	0.1%	9.1%	823 p	-83 p

During 1Q18, profit totaled CH$6,406 million, up from CH$46 million in 4Q17, mainly due to a greater contribution margin of -CH$6,490 million, reflecting an improvement over -CH$12,042 million in 4Q17. This greater margin is explained by reduced claims and pensions paid of CH$79,435 million (-14.2% QoQ), which is consistent with lower annuity sales, reduced surrenders and transfers of CUI and APV plans and a drop in claims rates for DSI contract No. 5. The variation in technical reserves was -CH$430 million, up from -CH$4,425 million in 4Q17, due to reduced gross written premiums for individual policies.

These effects were not fully offset by reduced gross written premiums of CH$96,792 million (-10.0% QoQ) attributable to a drop in sales of annuities and individual policies, partially offset by a rise in DSI premiums. Meanwhile, investment income totaled CH$23,505 million, (+1.2% QoQ) and administrative expenses reached CH$9,557 million (+3.0% QoQ).

Results by Product Line

○ 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 gross written 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 March 2018, gross written premiums from individual insurance represented 22.4% of Vida Security's total gross written premiums.

The contribution margin totaled +CH$3,275 million for 1Q18, up from -CH$9,817 million recorded for 1Q17. This can be explained by the variation in technical reserves of +CH$2,137 million, up from -CH$24,728 million for 1Q17, due to weaker results from investments related to the CUI and APV portfolio and a drop in sales of individual policies with savings components. These effects were not offset by the decrease in gross written premiums, which totaled CH$21,654 million for 1Q18 (-39.6% YoY).

As of March 2018, CUI and APV policies represent 86.6% of total individual insurance premiums.

Individual Insurance In MCH $	1Q18	4Q17	1Q17	% Chg. QoQ	% Chg. YoY
Gross written premiums	21,654	27,286	35,878	-20.6%	-39.6%
Net premiums written	**21,098**	**26,683**	**35,273**	**-20.9%**	**-40.2%**
Variation in technical reserves	2,137	-4,261	-24,728	-150.2%	-108.6%
Claims paid	-17,213	-20,844	-17,479	-17.4%	-1.5%
Pensions paid	-455	-213	-835	113.4%	-45.5%
Underwriting expenses	-2,285	-2,027	-2,037	12.7%	12.2%
Medical expenses	-7	-10	-12	-	-
Insurance impairment	0	0	0	-	-
Contribution Margin	**3,275**	**-671**	**-9,817**	-	-
Claims rate (1)	83.7%	78.9%	51.9%	483 p	3182 p
Underwriting expense rate (2)	10.8%	7.6%	5.8%	324 p	506 p

(1) Claims paid/ Net w ritten premiums

(2) Underw riting expense/ Net w ritten premiums

The contribution margin for 1Q18 reached CH$3,275 million, above the -CH$671 million from 4Q17. This can be explained by the variation in technical reserves of +CH$2,137 million, an improvement from -CH$4,261 million for 4Q17, which is consistent with the reduction in gross written premiums and weaker results from investments related to the CUI and APV portfolio, partially offset by reduced claims paid (surrenders and transfers on CUI and APV policies). In addition, in the first quarter this product line reported a reduction in claims paid (CH$17,213 million for 1Q18,-17.4% QoQ), explained by decreased surrenders and transfers from CUI and APV funds. These effects were not offset by the decrease in gross written premiums (CH$21,654 million for 1Q18, -20.6% QoQ).

○ Family Protection

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 March 2018, gross written premiums from family protection insurance represented 1.7% of Vida Security's total gross written premiums.

Family Protecction In MCH$	1Q18	4Q17	1Q17	% Chg. QoQ	% Chg. YoY
Gross written premiums	1,682	1,689	1,711	-0.4%	-1.7%
Net premiums written	**1,681**	**1,745**	**1,693**	**-3.6%**	**-0.7%**
Variation in technical reserves	-5	10	-49	-	-
Claims paid	-413	-529	-684	-21.9%	-39.5%
Pensions paid	0	0	0	-	-
Underwriting expenses	-482	-551	-592	-12.6%	-18.6%
Medical expenses	0	0	0	-	-
Insurance impairment	0	0	0	-	-
Contribution Margin	**780**	**675**	**368**	15.7%	112.0%
Claims rate (1)	24.6%	30.3%	40.4%	-574 p	-1580 p
Underwriting expense rate (2)	28.7%	31.6%	35.0%	-292 p	-631 p

(1) Claims paid/ Net w ritten premiums

(2) Underw riting expense/ Net w ritten premiums

For 1Q18, the contribution margin for these policies totaled CH$780 million (+112.0% YoY, +15.7% QoQ) with gross written premiums of

CH$1,682 million (-1.7% YoY, -0.4% QoQ), claims paid of CH$413 million (-39.5% YoY, -21.9% QoQ) and underwriting expenses of CH$482 million (-18.6% YoY, -12.6% QoQ).

Group Insurance

Group Insurance In MCH$	1Q18	4Q17	1Q17	% Chg. QoQ	 YoY
Gross written premiums	16,752	18,090	14,557	-7.4%	15.1%
Net premiums written	**16,309**	**17,535**	**14,086**	**-7.0%**	**15.8%**
Variation in technical reserves	-344	1	-357	-	-3.6%
Claims paid	-10,007	-10,873	-10,789	-8.0%	-7.2%
Pensions paid	0	0	0	-	-
Underwriting expenses	-878	-1,599	-327	-45.1%	168.1%
Medical expenses	-1	-2	-1	-	-
Insurance impairment	-236	34	-454	-	-
Contribution Margin	**4,843**	**5,095**	**2,157**	-5.0%	124.5%
Claims rate (1)	61.4%	62.0%	76.6%	-65 p	-1523 p
Underwriting expense rate (2)	5.4%	9.1%	2.3%	-374 p	306 p

(1) Claims paid/ Net w ritten premiums

(2) Underw riting expense/ Net w ritten premiums

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 March 2018, gross written premiums from group insurance represented 17.3% of Vida Security's total gross written premiums.

The contribution margin for 1Q18 totaled CH$4,843 million (+124.5% YoY), thanks to greater gross written premiums (CH$16,752 million for 1Q18, +15.1% YoY), mainly from health policies, and a drop in claims paid (CH$10,007 million in 1Q18, -7.2% YoY) on health and group policies.

From a quarterly perspective, the contribution margin of CH$4,843 million reflected a drop of -5.0% QoQ, thanks to lower gross written premiums (CH$16,752 million, -7.4% QoQ), mainly from credit life and health policies, which did not offset the drop in claims paid (CH$10,007 million in 1Q18, -8.0% QoQ) on health and group policies.

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[8]. As of March 2018, gross written premiums from annuities represented 10.3% of Vida Security's total gross written 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.

[8] 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 March 2018, this line contributes to Vida Security only CH$313 million in pensions paid.

Annuities In MCH$	1Q18	4Q17	1Q17	% Chg. QoQ	% Chg. YoY
Gross written premiums	9,990	16,643	4,849	-40.0%	106.0%
Net premiums written	**9,990**	**16,643**	**4,849**	**-40.0%**	**106.0%**
Variation in technical reserves	0	0	0	-	-
Claims paid	0	0	0	-	-
Pensions paid	-25,616	-31,771	-21,303	-19.4%	20.2%
Underwriting expenses	-104	-194	-68	-46.2%	53.1%
Medical expenses	0	0	0	-	-
Insurance impairment	0	0	0	-	-
Contribution Margin	**-15,731**	**-15,322**	**-16,522**	**2.7%**	**-4.8%**
Underwriting expense rate (1)	1.0%	1.2%	1.4%	-12 p	0 p

(1) Claims paid/ Net w ritten premiums

For 1Q18, the contribution margin for annuities reached -CH$15,731 million (-4.8 YoY, +2.7% QoQ). Gross written premiums reached CH$9,990 million for 1Q18 (+106.0% YoY and -40.0% QoQ). Pensions paid totaled -CH$25,616 million for 1Q18 (+20.2% YoY and -19.4% QoQ), in line with reserves established for annuity sales for each period.

○ Disability and Survivor Insurance (SIS)

DSI In MCH$	1Q18	4Q17	1Q17	% Chg. QoQ	% Chg. YoY
Gross written premiums	46,715	43,798	42,895	6.7%	8.9%
Net premiums written	**28,291**	**26,681**	**27,335**	6.0%	3.5%
Variation in technical reserves	-2,218	-176	1,053	-	-
Claims paid	-8,268	-41,111	-8,347	-	-0.9%
Pensions paid	-17,463	12,785	-20,258	-	-13.8%
Underwriting expenses	0	0	0	-	-
Medical expenses	0	0	0	-	-
Insurance impairment	0	0	0	-	-
Contribution Margin	**342**	**-1,820**	**-218**	-	-
Claims Rate (1)	90.9%	106.2%	104.6%	-1521 p	-1370 p

(1) Claims and Pensions Paid/ Net w ritten premiums

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[9]. 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.

It is worth mentioning that in this table the line of pensions paid includes disability and survivor payments to insured retirees. On the other hand, the line of claims paid includes a reserve for the present value of the obligation with the insured parties. The variation in technical reserves corresponds to reserves adjustments resulting from the application of regulatory tests.

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. The sixth tender for DSI insurance for the next 24-month period (July 1, 2018 to June 30, 2020) was concluded on April 26, 2018, and Vida Security was not awarded any segments. As of March 2018, gross written premiums from DSI insurance

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

represented 48.3% of Vida Security's total gross written premiums.

During 1Q18, the DSI product line reported a contribution margin of CH$342 million, an improvement over -CH$218 million for 1Q17 and CH$1,820 million for 4Q18, mainly due to lower claims rates. For the first quarter of 2018, total gross written premiums reached CH$46,715 million (+8.9% YoY and +6.7% QoQ), while net premiums written totaled CH$28,291 million (+3.5%YoY and +6.0% QoQ). Claims and pensions paid reached CH$25,730 million (-10.1% YoY and -9.2% QoQ) and the variation in technical reserves totaled -CH$2,218 million, below CH$1,053 million in 1Q17.

Administrative Expenses - Vida Security

In MCH$	1Q18	4Q17	1Q17	% Chg QoQ	% Chg YoY
Payroll	-3,382	-3,492	-3,305	-3.2%	2.3%
Distribution Channel expenses	-1,277	-862	-1,165	48.1%	9.6%
Other	-4,898	-4,922	-3,743	-0.5%	30.9%
Total administrative expenses	-9,557	-9,276	-8,213	**3.0%**	**16.4%**

For 1Q18, Vida Security reported administrative expenses of CH$9,557 million (+16.4% YoY and +3.0% QoQ) because of an increase in other administrative expenses, which totaled CH$4,898 million (+30.9% YoY and -0.5% QoQ), due to increased collection expenses. Distribution channel expenses totaled CH$1,277 million, +9.6% YoY and +48.1% QoQ, while payroll expenses reached CH$3,382 million (+2.3% YoY and -3.2% QoQ).

Investment Income - Vida Security

Vida Security posted investment income of CH$23,505 million for 1Q18, down -CH$17,514 million YoY, mainly due to decreased investment income from the CUI portfolio. This was the result of a weakly performing equity market due to high volatility and market corrections in 1Q18. In addition, the first quarter of 2017 represents a high basis of comparison due to strong market performances during that period.

Investment income from equities and indexes totaled -CH$835 million for 1Q18, down CH$15,062 million YoY, due to high volatility and corrections in global markets, especially in developed countries (MSCI United Kingdom -5.0%, MSCI Asia excluding Japan -4,6%, MSCI United States -1.1%).

The investment portfolio for CUI and APV policies totaled CH$485,794 million as of March 2018, +10.7% YoY. It is important to note that reduced investment income from this portfolio of individual insurance with savings components has a positive effect on technical reserves.

Investment Stock Ch$ Million	Mar-18	Dec-17	Mar-17	% Chg QoQ	% Chg YTD	% Chg YoY	Stock % 1Q18
Fixed Income	1,674,851	1,729,875	1,689,177	-3.2%	-3.2%	-0.8%	69.2%
Equities and indexes	467,606	397,996	356,220	17.5%	17.5%	31.3%	19.3%
Real estate	229,729	229,827	231,497	0.0%	0.0%	-0.8%	9.5%
Other investments	47,844	44,815	38,082	6.8%	6.8%	25.6%	2.0%
Investment Stock	**2,420,029**	**2,402,514**	**2,314,976**	**0.7%**	**0.7%**	**4.5%**	**100%**

Investment Income In Ch$ Million	1Q18	4Q17	1Q17	% Chg QoQ	YoY
Fixed Income	20,023	16,141	21,679	24.0%	-7.6%
Equities and indexes	-835	2,153	14,228	-	-
Real estate	3,132	3,200	3,537	-2.1%	-11.5%
Other investments	1,185	1,734	1,575	-31.7%	-24.8%
Investments Income	**23,505**	**23,229**	**41,019**	**1.2%**	**-42.7%**

Exchange Differences and Gain (Loss) from Indexation Adjustments

In 1Q18, exchange differences totaled CH$708 million, versus CH$1,160 million in 1Q17, because of reduced exposure to foreign exchange risk and a lower average exchange rate. The subsidiary posted a loss from indexed assets and liabilities of -CH$931 million, up from -CH$337 million for 1Q17.

Protecta

Protecta is a Peruvian life insurance company focused on annuities. It is a subsidiary of Vida Security, which holds a 61% interest. It was acquired in September 2015, and marks Grupo Security's entrance into the Peruvian financial market.

In 1Q18, Protecta posted profit of S./ 0.3 million, down from the 1Q17 profit of S./ 5.1 million.

This YoY reduction in profit can be explained by a larger variation in technical reserves, in line with greater annuity sales and an adjustment to the valuation method for the portfolio of real estate investments. Claims paid also increased as a result of growth in the mass insurance business and a rise in claims rates.

For 1Q18, Protecta posted annuity sales of S./ 40.0 million, reflecting an increase of 51.7% over 1Q17. In the same period, the Peruvian life insurance industry reported annuity sales of S./ 193.3 million, down 23.3% from 1Q17, impacted by a law approved in early 2016 that allowed insured parties to withdraw up to 95.5% of their savings when they retired. In this context, Protecta's rise in sales of annuities has expanded its market share from 5.3% when it was acquired in September 2015 to 20.7% as March 2018. Protecta's business plan for the next three years calls for strong growth in annuities, which will require future capital increases. Consequently, in March 2018, a capital increase of S./ 25 million was approved and carried out in order to strengthen the company's solvency and sustain its path of commercial growth.

Investment income totaled S./ 21.0 million, (-3.1% YoY) and administrative expenses reached S./ 7.4 million (+4.5% YoY).

ASSET MANAGEMENT BUSINESS AREA (2.6% of assets; 6.5% of profit from business areas as of March 2018)

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 customer segment. 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$ Million	Mar-18	Dec-17	Mar-17	% Chg QoQ	% Chg YTD	% Chg YoY
Assets under management (AUM)	5,247,658	4,883,332	4,312,717	7.5%	7.5%	21.7%
Mutual funds under management	2,797,621	2,558,301	2,051,093	9.4%	9.4%	36.4%
Market share - mutual funds	7.6%	7.3%	6.0%	27 p	27 p	154 p

In Ch$ Million	1Q18	4Q17	1Q17	% Chg QoQ	% Chg YoY
Value of shares traded	753,921	849,594	840,000	-11.3%	-10.2%
Market share - equities brokerage	5.1%	5.3%	8.3%	-13 p	-322 p
Operating income	10,473	11,363	9,076	-7.8%	15.4%
Non-operating income	963	907	1,139	6.3%	-15.4%
Total expenses	-9,184	-8,260	-8,105	11.2%	13.3%
Efficiency ratio	80.3%	67.3%	79.3%	1299 p	97 p
Fund management	1,437	2,303	1,268	-37.6%	13.3%
Equitry, currency and fixed income brokerage, portfolio mgt and Int´l business (*)	398	876	411	-54.5%	-3.0%
Securitization	74	346	-145	-	-
Profit - Asset Management	**1,909**	**3,526**	**1,534**	**-45.9%**	**24.4%**

The subsidiary's AUM as of March 2018 totaled CH$5,247,658 million, +21.7% YoY and +7.5% YTD. Mutual funds under management totaled CH$2,797,621 million, +36.4% YoY and +9.4% YTD, with a market share of 7.6%. The area reported total value of shares traded of CH$753,921 million, with market share of 5.1%.

As of March 2018, the asset management area reported profit of CH$1,909 million (+24.4% YoY), attributable to higher operating income of CH$10,473 million (+15.4% YoY), reflecting increased income from mutual funds due to larger volumes (+36.4% YoY). In addition, this increased commercial activity was accompanied by higher total expenses of CH$9,184 million (+13.3% YoY).

Compared with the prior quarter, profit for 1Q18 fell 45.9%, due to decreased sales revenue and greater operating expenses, explained by the seasonal nature of the business. In addition, 4Q17 represents a high basis of comparison due to income recognized for distributing funds with alternative investment strategies.

OTHER SERVICES BUSINESS AREA (1.4% of assets; 0.9% of profit from business areas as of March 2018)

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 1Q18 profit of -CH$268 million, (-CH$956 million YoY and -CH$2,610 million QoQ) due to ownership being transferred on fewer units. Ownership was transferred on 7 units in 1Q18, versus 20 units in 1Q17. In quarterly terms, ownership was transferred on 23 units in 4Q17. Inmobiliaria Security signed apartment purchase promise agreements totaling UF 137,000 for the first quarter of 2018 (-33.4% YoY) and UF 140,000 in 4Q17 (-1.8% 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$74,290 million, +3.8% YoY and +3.4% QoQ, due to capitalization of projects under development.

In Ch$ Million	1Q18	4Q17	1Q17	% Chg YTD/ QoQ	% Chg YoY
Real estate assets under management	74,290	71,846	71,575	3.4%	3.8%
Total income	114	3,017	1,074	-96.2%	-89.3%
Total expenses	-366	-707	-353	-48.2%	3.9%
Profit before tax	-252	2,310	721	-	-
Profit for the period	**-268**	**2,342**	**688**	**-**	**-**

CORPORATE TRAVEL AGENCY: TRAVEL SECURITY

Travel Security reported profit of CH$625 million for 1Q18, -12.6% YoY and -42.3% QoQ, explained by the CH$53 YoY drop in the average CH$/US$ exchange rate. It also recorded lower airline commissions due to changes in the industry and the composition of sales. These effects were not fully offset by the +4.8% YoY increase in sales.

Travex Security, Travel Security's Peruvian travel agency subsidiary, recorded profit of CH$113 million for 1Q18 (-8.1% YoY and -5.7% QoQ).

	1Q18	4Q17	1Q17	% Chg QoQ	% Chg YoY
Total sales - Travel (MUSD)	65	65	62	-1.1%	4.8%
Total sales - Travex (MUSD)	18	15	17	16.5%	6.6%
Net operating income (MCH$)	942	1,506	1,154	-37.5%	-18.4%
Profit for the period - Travel (MCH$)	**625**	**1,084**	**715**	**-42.3%**	**-12.6%**

RISK RATINGS

	Grupo Security	Banco Security	Vida Security	Factoring Security	Inv. Previsión Security
FitchRatings (local)	A+	AA-	AA-	A+	A+
ICR (local)	AA-	AA	AA	AA-	A+
Standard & Poors (internacional)		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	55,281	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	3.40	21	15/11/35
M	842	25/10/16	UF	1,189,000	4.20	25	15/10/41
N1	885	31/01/18	UF	1,500,000	2.85	25	10/12/42

For more information on debt issued by subsidiaries of Grupo Security, please see the financial liability notes in the financial statements.

Returns and Dividends

On April 12, 2018, Grupo Security shareholders approved a dividend payment of CH$7.25 per share charged to profit for the year 2017. This dividend and the interim dividend distributed in November 2017 total CH$11.6 per share, equivalent to CH$42,810 million, or 57% of profit for the year 2017.

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 3.8% in 2017. For the first quarter of 2018, Grupo Security's stock reported a return of +8.9%, outperforming the banking sector index (+6.2%) and the IPSA (-0.4%).

1Q18 EARNINGS CONFERENCE CALL

Grupo Security's first quarter earnings report will be explained in a conference call led by Mr. Renato Peñafiel, the company's CEO, on Friday, June 1, 2018. 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 results of the different business units, which are not guarantees of future results and are subject to significant risks and uncertainty. They may be affected by 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, 2017**	**March 31, 2018**
Current assets		
Cash and cash equivalents	599,767	564,325
Other financial assets, current	3,162,603	3,122,802
Other non-financial assets, current	27,138	26,666
Trade and other receivables, current	5,355,571	5,457,111
Accounts receivable from related parties, current	32,019	42,590
Inventories	72,113	81,845
Current tax assets	32,517	38,840
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners	**9,281,728**	**9,334,179**
Non-current assets or disposal groups classified as held for sale or held for distribution to owners	3,641	3,754
Total non-current assets classified as held for sale or held for distribution to owners	**3,641**	**3,754**
Total current assets	**9,285,369**	**9,337,932**
Non-current assets		
Other non-financial assets, non-current	74,084	84,350
Equity-accounted investments	3,077	2,917
Intangible assets other than goodwill	38,518	39,010
Goodwill	119,067	119,067
Property, plant and equipment	65,088	67,139
Investment property	159,663	168,741
Deferred tax assets	96,435	112,428
Total non-current assets	**555,932**	**593,651**
Total assets	**9,841,301**	**9,931,584**

2. Financial Statements and Indicators - Liabilities and Equity

Liabilities and Equity In Ch$ Millions	December 31, 2017	March 31, 2018
Other financial liabilities, current	5,591,020	5,583,028
Trade and other payables	2,504,746	2,526,841
Accounts payable to related parties, current	1,949	4,105
Other short-term provisions	117,699	117,773
Current tax liabilities	24,881	31,164
Employee benefit provisions, current	8,708	7,047
Other non-financial liabilities, current	188,926	152,477
Total current liabilities	**8,437,929**	**8,422,437**
Non-current liabilities		
Other financial liabilities, non-current	540,756	571,839
Accounts payable, non-current	92,844	142,751
Accounts payable to related parties, non-current	1,948	3,155
Deferred tax liabilities	45,297	61,134
Total non-current liabilities	**680,845**	**778,878**
Total liabilities	**9,118,775**	**9,201,314**
Equity		
Issued Capital	429,040	431,784
Retained earnings	311,415	327,635
Shaere premium	0	611
Other reserves	(35,545)	(48,561)
Equity attribuable to equity holders of parent	**704,910**	**711,470**
Non-controling interests	17,616	18,800
Total equity	**722,526**	**730,270**
Total liabilities and equity	**9,841,301**	**9,931,584**

3. Financial Statements and Indicators - Consolidated Statement of Income

Consolidated statement of income (MCh$)	Mar-17	Mar-18
Revenue	287,797	267,157
Cost of sales	(203,124)	(181,567)
Gross profit	**84,673**	**85,590**
Other income	357	992
Distribution costs	0	0
Administrative expenses	-55,150	-54,970
Other expenses	(2,568)	(1,298)
Other gains	805	395
Finance income	-	4
Finance costs	(3,134)	(3,176)
Share of profit (loss) of associates and joint ventures, equity-accounted	52	109
Exchange differences	-245	4,325
Gain (loss) on indexed assets and liabilities	-616	-1,955
Gains arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	(1,061)	809
Profit before tax	**23,113**	**30,824**
Income tax benefit (expense)	(5,745)	(7,593)
Profit (loss) from continuing operations	**17,367**	**23,231**
Profit (loss) from discontinued operations	0	0
Profit (loss) for the period	**17,367**	**23,231**
Profit (loss) attributable to		
Profit (loss) attributable to equity holders of the parent	17,310	23,568
Profit (loss) attributable to non-controlling interests	57	-337
Profit (loss) for the period	**17,367**	**23,231**
Depreciation and amortization	2,345	2,201
Ebitda	**28,592**	**36,201**

4. Segment Note - Grupo Security YoY

Segment Note - Grupo Security *In MCH$*	Lending and Treasury Mar-17	Lending and Treasury Mar-18	Asset Management Mar-17	Asset Management Mar-18	Insurance Mar-17	Insurance Mar-18	Other Services Mar-17	Other Services Mar-18	Consolidation Adjustments, Support Areas and Group Expenses Mar-17	Consolidation Adjustments, Support Areas and Group Expenses Mar-18	Total Grupo Security Mar-17	Total Grupo Security Mar-18
Revenue	109,337	107,520	12,871	13,963	154,638	138,823	12,697	8,993	-1,747	-7,332	287,797	267,157
Cost of sales	-61,132	-56,334	-3,207	-3,502	-132,209	-117,266	-6,390	-4,205	-186	91	-203,124	-181,567
Gross profit	48,205	51,186	9,664	10,461	22,430	21,557	6,307	4,788	-1,933	-7,241	84,673	85,590
Other income	4	3	11	622	180	37	79	150	83	-218	357	992
Administrative expenses	-29,752	-28,065	-7,586	-8,621	-12,836	-14,428	-4,091	-4,073	-885	7,332	-55,150	-54,970
Other expenses	-2,315	-831	-128	-299	-70	-85	-55	-81	0	0	-2,568	-1,298
Other gains (losses)	0	0	160	47	90	43	75	117	480	0	805	395
Finance income	0	0	0	0	0	4	0	0	0	0	0	4
Finance costs	0	0	-26	-92	-126	-7	-256	-396	-2,726	127	-3,134	-3,176
Share of profit (loss) of associates and joint ventures, equity-accounted	0	1	0	0	-14	110	0	-1	66	0	52	109
Exchange differences	404	4,212	-185	-15	-540	42	132	137	-56	0	-245	4,325
Gain (loss) from indexed assets and liabilities	1	0	11	16	264	-620	-11	-25	-881	0	-616	-1,955
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	-1,039	590	-22	219	0	0	0	0	0	0	-1,061	809
Profit (loss) before tax	15,508	27,095	1,900	2,339	9,376	6,651	2,180	618	-5,852	0	23,113	30,824
Income tax benefit (expense)	-3,100	-6,104	-365	-429	-2,055	-824	-753	-233	528	0	-5,745	-7,593
Profit (loss) from continuing operations	12,408	20,991	1,535	1,910	7,321	5,827	1,427	384	-5,324	0	17,367	23,231
Profit (loss) attributable to												
Profit (loss) attributable to equity holders of the parent	12,405	20,985	1,579	1,909	7,412	6,302	1,282	251	-5,324	0	17,310	23,568
Profit (loss) attributable to non-controlling interest	3	5	-45	1	-90	-474	145	133	44	-2	57	-337
Profit (loss) for the period	12,408	20,991	1,535	1,910	7,321	5,827	1,427	384	-5,280	-2	17,367	23,231

5. Segment Note - Grupo Security QoQ

Segment Note - Grupo Security	Lending and Treasury		Asset Management		Insurance		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security	
In MCH$	4Q-17	1Q-18	4Q-17	1Q-18	4Q-17	1Q-18	4Q-17	1Q-18	4Q-17	1Q-18	4Q-17	1Q-18
Revenue	110,394	107,520	14,523	13,963	148,640	138,823	26,046	8,993	-2,008	-7,332	297,596	267,157
Cost of sales	-60,514	-56,334	-3,023	-3,502	-132,328	-117,266	-17,573	-4,205	-325	91	-213,764	-181,567
Gross profit	49,880	51,186	11,500	10,461	16,313	21,557	8,472	4,788	-2,333	-7,241	83,832	85,590
Other income	-297	3	851	622	226	37	335	150	583	-218	1,698	992
Administrative expenses	-26,167	-28,065	-7,510	-8,621	-15,017	-14,428	-4,793	-4,073	2,262	7,332	-51,225	-54,970
Other expenses	-1,222	-831	-461	-299	-60	-85	-86	-81	50	0	-1,779	-1,298
Other gains (losses)	0	0	178	47	192	43	356	117	217	0	943	395
Finance income	0	0	0	0	0	4	0	0	0	0	0	4
Finance costs	0	0	-94	-92	-230	-7	-342	-396	-2,324	127	-2,989	-3,176
Share of profit (loss) of associates and joint ventures, equity-accounted	0	1	0	0	-271	110	-2	-1	-1	0	-274	109
Exchange differences	-1,196	4,212	-144	-15	-569	42	333	137	-53	0	-1,629	4,325
Gain (loss) from indexed assets and liabilities	11	0	12	16	-507	-620	54	-25	-1,155	0	-1,585	-1,955
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair	297	590	96	219	0	0	0	0	0	0	393	809
Profit (loss) before tax	21,305	27,095	4,427	2,339	77	6,651	4,329	618	-2,754	0	27,385	30,824
Income tax benefit (expense)	-4,249	-6,104	-899	-429	-758	-824	-878	-233	-373	0	-7,158	-7,593
Profit (loss) from continuing operations	17,056	20,991	3,528	1,910	-681	5,827	3,451	384	-3,127	0	20,227	23,231
Profit (loss) attributable to												
Profit (loss) attributable to equity holders of the	17,053	20,985	3,526	1,909	349	6,302	3,242	251	-3,127	0	21,047	23,568
Profit (loss) attributable to non-controlling interest	3	5	3	1	-1,031	-474	209	133	-3	-2	-820	-337
Profit (loss) for the period	17,056	20,991	3,528	1,910	-681	5,827	3,451	384	-3,127	0	20,227	23,231

6. Grupo Security Consolidated Statement of Cash Flows

Statement of Cash Flows	Mar-17	Mar-18
For the periods ended March 31, 2018 and 2017	**MM$**	**MM$**
Net cash flows provided by (used in) operating activities	(59,985)	(7,069)
Net cash flows used in investing activities	3,568	(17,225)
Net cash flows used in financing activities	31,173	(16,947)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	**(25,244)**	**(41,242)**
Effect of changes in exchange rates on cash and cash equivalents	(0)	(16)
Net increase (decrease) in cash and cash equivalents	**(25,244)**	**(41,258)**
Cash and cash equivalents at beginning of period	**510,335**	**605,583**
Cash and cash equivalents at end of period	**485,091**	**564,325**

7. Quarterly Statement of Income

Quarterly Earnings		1Q18	4Q17	3Q17	2Q17	1Q17
Revenue	M Ch$	267,157	297,596	289,948	302,428	287,797
Cost of sales	M Ch$	(181,567)	(213,764)	(209,449)	(213,234)	(203,124)
Gross profit	M Ch$	85,590	83,832	80,499	89,193	84,673
Administratie expenses	M Ch$	(54,970)	(51,225)	(53,096)	(56,011)	(55,150)
Operating income	M Ch$	30,708	33,469	29,934	32,343	28,117
Finance costs	M Ch$	(3,176)	(2,989)	(3,474)	(3,513)	(3,134)
Profit before tax	M Ch$	30,824	27,385	24,158	25,029	23,113
Profit attributable to equity holders of parent	M Ch$	23,568	21,047	17,704	18,648	17,310
EBITDA[1]	M Ch$	36,201	32,512	29,922	30,830	28,592

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

8. Consolidated Financial and Business Indicators

Activity levels		31-Mar-18	31-dec-17	30-Sep-17	30-Jun-17	31-Mar-17
Total Assets	$ millions	9,931,584	9,841,301	9,678,785	9,454,605	9,288,940
Total Liabilities	$ millions	9,201,314	9,118,775	8,954,456	8,834,076	8,672,213
Total Equity	$ millions	730,270	722,526	724,329	620,529	616,727

Leverage Ratios		31-Mar-18	31-dec-17	30-Sep-17	30-Jun-17	31-Mar-17
Individual leverage ratio [1]	Times	0.358	0.293	0.295	0.333	0.35
Consolidated financial expenses [2]	Times	10.71	8.60	8.14	8.24	8.37

Profabilty		31-Mar-18	31-dec-17	30-Sep-17	30-Jun-17	31-Mar-17
Revenue	$ millions	267,157	1,177,768	880,172	590,224	287,797
Profit attributable to equity holders of the company	$ millions	23,568	74,708	53,661	35,958	17,310
EBITDA	$ millions	36,201	121,856	89,344	59,422	28,592
Return of equity [3]	%	12.35%	11.58%	10.63%	11.03%	10.38%
Return on assets [4]	%	0.84%	0.78%	0.74%	0.72%	0.68%
Earnings per share [5]	$	22.80	21.75	20.67	19.97	18.70
Number of shares	$ millions	3,695	3,683	3,683	3,258	3,258

1. Individual leverage ratio: Defined as the quotient between the sum of Grupo Security's individually considered leverage and total consolidated equity, defined in Note 38 to Grupo Security's Consolidated Financial Statement.
2. Financial expense coverage: Defined as the 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 weighted average number of shares LTM.

Grupo Security's total consolidated assets were CH$9,931,584 million as of March 2018, +0.9% YTD. Of that total, 54.9% are trade and other receivables, primarily the Bank's loan portfolio. As of March 2018, this item reached CH$5,457,111 million, +1.9% YTD, in keeping with the 1.9% YTD growth in loans as explained on page 8.

Furthermore, 31.4% 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 March 2018, other financial assets totaled CH$3,122,802 million (-1.3% YTD) due to a decrease in the Bank's current financial assets, which fell to CH$856,071 million (-5.9% YTD). This effect was not offset by the 0.7% YTD increase in the investment portfolio for the insurance subsidiary's technical reserves, which totaled CH$2,156,059 as of March 2018, in keeping with business growth and portfolio returns.

As of March 2018, total consolidated liabilities reached CH$9,201,314 million, +0.9% YTD. Of those, 60.7% 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 March 2018, other financial liabilities totaled CH$5,583,028 million (-0.1% YTD) due to a decrease in the Bank's deposits and current accounts, which was not offset by the increase in senior bonds. Both effects are part of the Bank's funding strategy.

Of total liabilities, 27.5% were trade and other payables, which are primarily Vida Security's technical reserves. As of March 2018, trade payables amounted to CH$2,526,841 million, +0.9% YTD, because of the +4.4% YTD rise in Vida Security's technical reserves. These reserves reached CH$2,272,681 million as a result of the increase in the reserve for disability and survivor insurance, partially offset by a decrease in the fund value reserve and a drop in sales of individual policies during the period, as explained on page 13 of this report.

Grupo Security's total equity amounted to CH$730,270 million as of March 2018, +1.1% YTD, because of profit for the period allocated to retained earnings and the placement of 11,980,563 shares left over from the capital increase approved in 2017. These elements were not offset by larger reserves.

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 March 2018, this indicator reached 0.36, +646 YTD, explained by the increase in non-current financial liabilities due to the recent placement of the N1 bond for UF 1,500,000, as explained on page 2. These effects were not offset by the 1.1% YTD increase in Grupo Security's total equity.

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 December 2017, consolidated financial expense coverage was 10.7 times, +27.9% YoY reflecting the 33.4% increase in profit before tax.

As of March 2018, revenue was CH$267,157 million, -7.2% YoY. Of this, 40.5% corresponds to gross written premiums from Vida Security, which grew 0.1% due to the increase in gross written premiums at Protecta, partially offset by a decrease in gross written premiums at Vida Security (standalone), as explained on pages 13 to 18 of this report. In addition, 29.8% of revenue was from interest and indexation on Bank loans, which grew 5.9% YoY, as explained on page 7. On the other hand, 10.4% of consolidated income corresponds to other income from interest earned mainly on Vida Security's investment portfolio, which did not perform well as a result of high volatility and corrections in global markets, as mentioned on page 18 of this report.

For 1Q18, profit attributable to the owners of the parent was CH$23,568 million, +36.2% YoY, while EBIDTA was CH$36,201 million, +26.6 YoY. Both effects were impacted by the Bank's improved results (+70.6% YoY) as explained on pages 3 to 8.

As of March 2018, return on equity was 12.35% (+197 b.p. YoY) and return on assets was 0.84% (+16 b.p. YoY) with earnings per share of CH$22.8 (+21.9% YoY). The improvement in profitability ratios is explained by the 36.2% increase in profit attributable to owners of the parent, as explained throughout this report.

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 March 2018, 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$160,713,594 million (CH$149,047,145 million excluding foreign subsidiaries). Equity totaled CH$18,866,524 million while profit for the first quarter of 2018 was CH$639,121 million, with return on average equity of 12.3%. The industry reported an efficiency ratio of 48.2%, measured as support expenses over gross operating profit, and 2.0%, measured as support expenses over total assets. The banking system posted a risk ratio of 2.48%, measured as loan loss provisions to total loans, and 1.97%, measured as 90-day nonperforming loans to total loans. As March 2018, Banco Security had total loans of CH$4,923,754 million, positioning it 8th in total loans with 3.1% of the Chilean market (3.3% 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 March 2018, the mutual fund industry reported average assets under management of CH$36,945,172 million and 2,578,765 investors. Administradora General de Fondos Security boasted average assets under management of CH$2,797,621 million as of March 2018, giving it a market share of 7.6% and a fifth-place industry ranking among the 20 fund managers operating in the market.

STOCK BROKERAGE INDUSTRY

During 3M18, market activity measured as value of shares traded grew 46.1% in comparison to 3M17, reaching CH$14,714 billion. Value of shares traded for Valores Security Corredores de Bolsa for the same period totaled CH$754 billion with market share of 5.1%. Market share is calculated based on transactions on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange.

LIFE INSURANCE INDUSTRY

As of September 2018, there were 36 life insurance companies in Chile. Total gross written premiums for the industry were CH$1,504,024 million for the period. The life insurance industry posted profit of CH$112,687 million for the period ended March 2018. As of March 2018, Vida Security had market share of 6.4% based on gross written 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 March 2018, 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 March 2018, equivalent to 1.20% 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 March 2018, Grupo Security had received the following dividends from subsidiaries: CH$37,803 million from Banco Security and CH$3,751 million from Factoring Security (representing 50% of 2017 profit).

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 March 31, 2018, 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 March 31, 2018, 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