

# Grupo Security Results June 2018

August 30, 4:00 p.m.





# Macroeconomic Recap 2018 - Summary and Outlook

- **GDP:** Up 4.8% YoY for 1H18, exceeding expectations, and should end 2018 with growth of 4.2%
- **Unemployment:** Averaged 7% for 1H18 and expected to hold steady for rest of 2018
- **Exchange rate:** Closed June at CH \$648 per USD, in line with a stronger dollar around the world. Emerging currencies continue to experience volatility, pushing the current rate to CH \$678.
- **Inflation:** Ended June at 2.5%, driven upward by volatile prices (food and energy). Although increased economic activity and the recent depreciation of the peso will apply pressure in the short term, underlying inflation should remain below 3% until year end.
- **MPR** at 2.5% since 2017, in line with inflation contained by excess capacity despite economic recovery. It should remain at that level for the rest of the year. The next shift should be upward, but will depend on how external conditions evolve.
- **Nominal market interest rates** closed 1H18 at the same levels as year-end 2017. Indexed rates dropped, in line with expectations of higher inflation. By year end, the BCP10 should reach 4.8% and the BCU10 1.8%.
- **Bank loans:** Growth accelerated from 5% on average during 2017, to 9% YoY as of June (mortgage 10.7%, commercial 8.6%, consumer 7.1%). Should expand around 10% in 2018.

## Significant and Subsequent Events

June  
2018

- At an extraordinary shareholders' meeting, **Vida Security accepted the purchase offer** for the shares of Inversiones Security Perú, parent of **Protecta Security**. The offer was made by **Security Internacional SpA (Transaction subject to approval from Peruvian authorities)**
- Capital increase at **Vida Security** of CH \$15,151 million to strengthen its capital base and sustain growth rates

April  
2018

- **Dividend payment of CH \$7.25 per share** that combined with the dividend paid in November 2017 total CH \$11.6 per share, equal to CH \$42,810 million, or **57.3% of profit for the year 2017**

March  
2018

- **Placement of 71,769,048 shares. Demand was 9 times supply, equivalent to US\$297 million**
- **Bond placement for UF 1.5 million at UF + 3.05% and a duration of 16.5 years. Demand was 1.8 times the offering**

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

## Profit - Business Areas

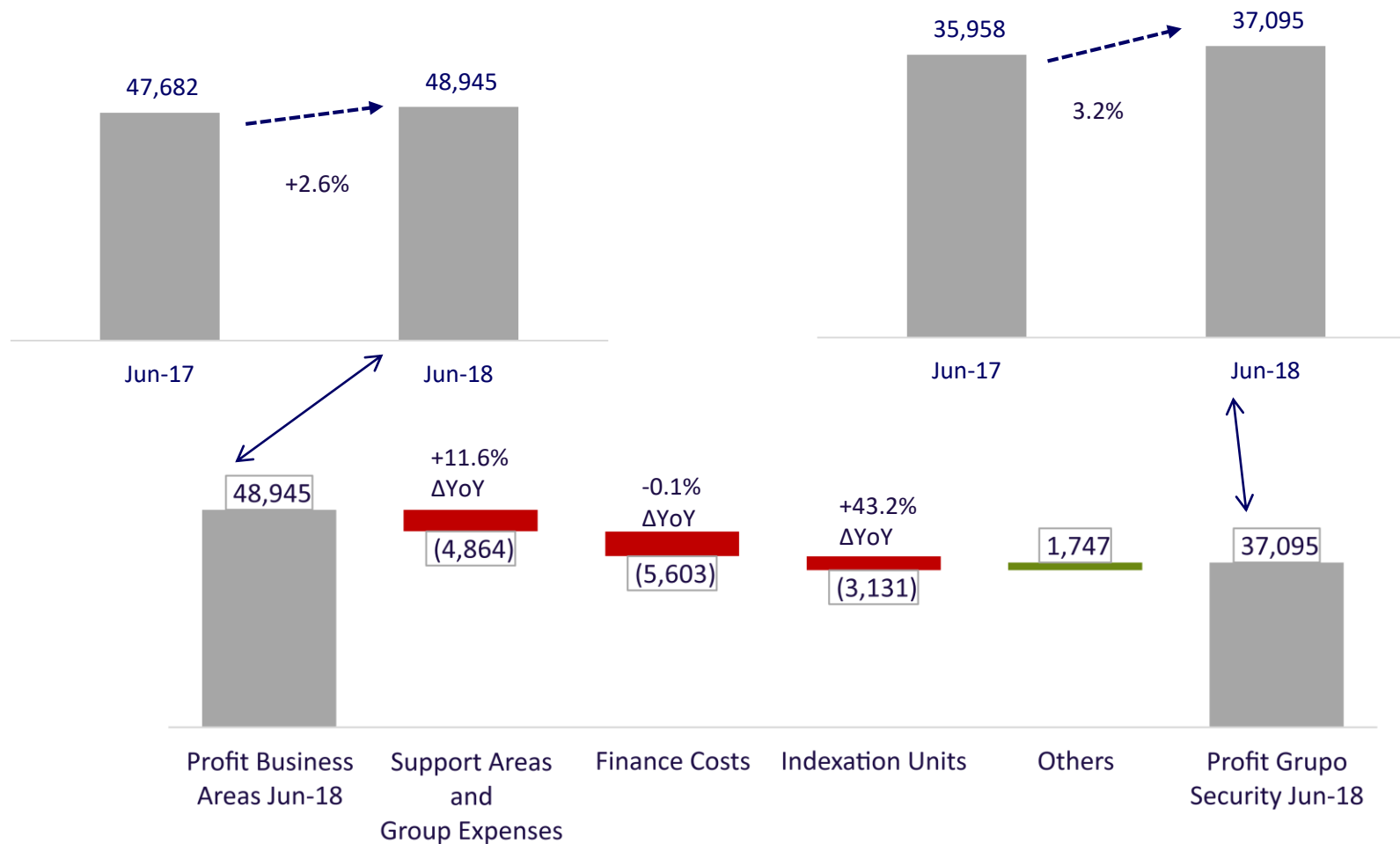
(CH\$ million)

Growth 2018/17 +2.6%

## Grupo Security Profit

(CH\$ million)

Growth 2018/17 +3.2%



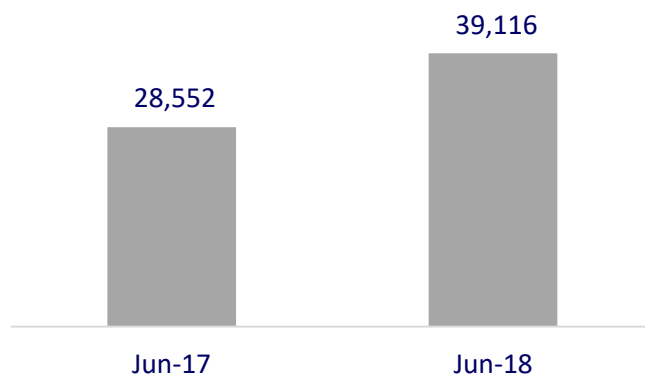
<sup>1</sup> Profit (loss) attributable to owners of the controller based on segment note in Grupo Security Earnings Report

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

## Lending Area Profit

(CH\$ million)

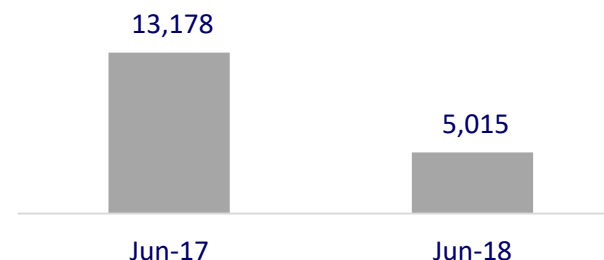
**Growth 2018/17 +37.0%**



## Insurance Area Profit

(CH\$ million)

**Growth 2018/17 -61.9%**



## Asset Management Area Profit

(CH\$ million)

**Growth 2018/17 +19.4%**



## Other Services Area Profit

(Ch\$ million)

**Growth 2018/17 -76.3%**



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

## Lending Area - Banco Security (Standalone)

**Profit:**  
CH\$ 35,072 million  
+41.3% YoY

**Loans:**  
CH\$ 5,071 billion  
+9.7% YoY

**Coverage:**  
120.3%  
-38 bp YTD

**NPL:**  
1.37%  
-1 bp YTD

	Comercial Banking			Retail Banking			Treasury		
	jun-18	jun-17	Var YoY	jun-18	jun-17	Var YoY	jun-18	jun-17	Var YoY
	MM CH\$	MM CH\$	%	MM CH\$	MM CH\$	%	MM CH\$	MM CH\$	%
Net Interest Margin	40,637	38,097	6.7%	32,118	30,536	5.2%	12,049	10,060	19.8%
Net Fees	9,948	7,608	30.8%	12,041	11,596	3.8%	(198)	(238)	-16.7%
Net Fx Transactions & Other Income	3,819	5,156	-25.9%	1,429	1,191	20.0%	7,359	11,234	-34.5%
Loan Losses and foreclosed assets	(6,578)	(6,813)	-3.4%	(12,415)	(12,018)	3.3%	21	(5)	-
<b>Total Operating income</b>	<b>47,826</b>	<b>44,048</b>	<b>8.6%</b>	<b>33,173</b>	<b>31,305</b>	<b>6.0%</b>	<b>19,231</b>	<b>21,051</b>	<b>-8.6%</b>
Operating Expenses	(18,169)	(19,333)	-6.0%	(27,516)	(28,801)	-4.5%	(6,035)	(6,473)	-6.8%
<b>Net Operating income</b>	<b>29,657</b>	<b>24,715</b>	<b>20.0%</b>	<b>5,657</b>	<b>2,504</b>	<b>125.9%</b>	<b>13,196</b>	<b>14,578</b>	<b>-9.5%</b>
<b>Profit attributable to equity holders</b>	<b>23,259</b>	<b>19,299</b>	<b>20.5%</b>	<b>4,437</b>	<b>1,955</b>	<b>126.9%</b>	<b>10,349</b>	<b>11,383</b>	<b>-9.1%</b>
Total Loans (MM CH\$)	3,979,463	3,649,975	9.0%	1,086,191	969,729	12.0%			
Provisions/ loans	1.6%	1.7%	-11.8 p	1.9%	1.8%	3.3 p			
Non performing loans	1.5%	1.4%	11.0 p	1.0%	1.2%	-14.2 p			
NPL Coverage	109.1%	126.7%	-1760.8 p	177.5%	153.4%	2415.8 p			

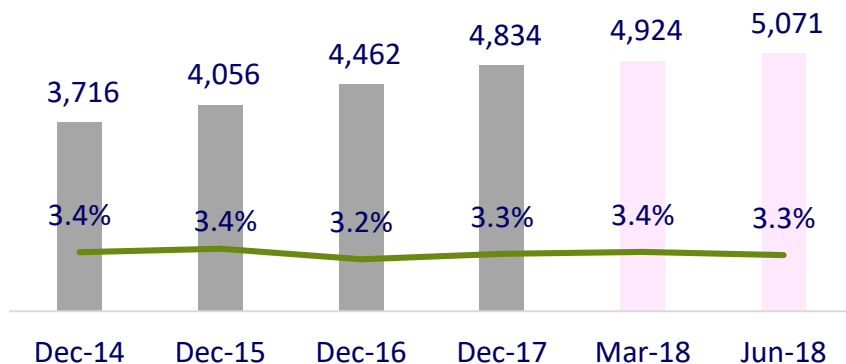
Banco Security's main business areas. The column "other" must also be considered to reach the final result since it includes items that are not allocated to these areas.

# Lending Area - Banco Security Indicators (Consolidated)

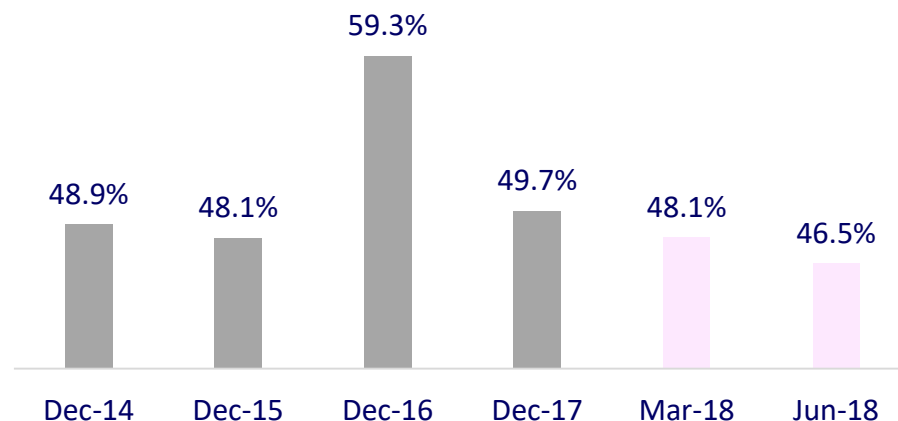
■ Total Loans (CH\$ million) — NIM 12M/ Average Loans (%)

Security: +9.7% YoY and +4.9% YTD

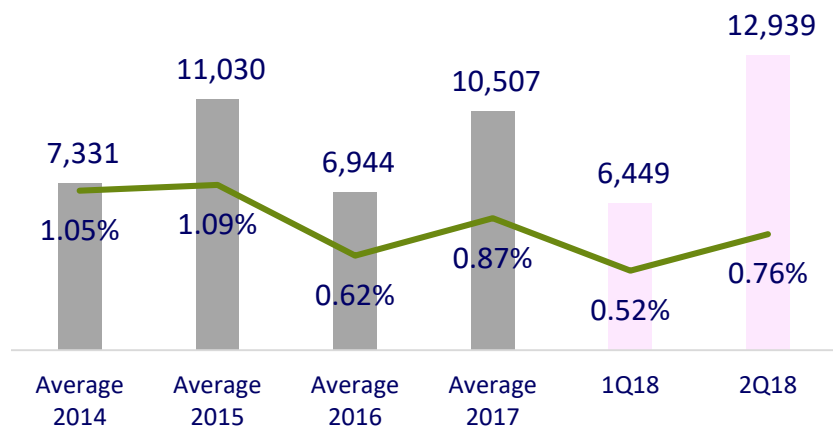
Industria: +7.4% YoY y +5,1% YTD



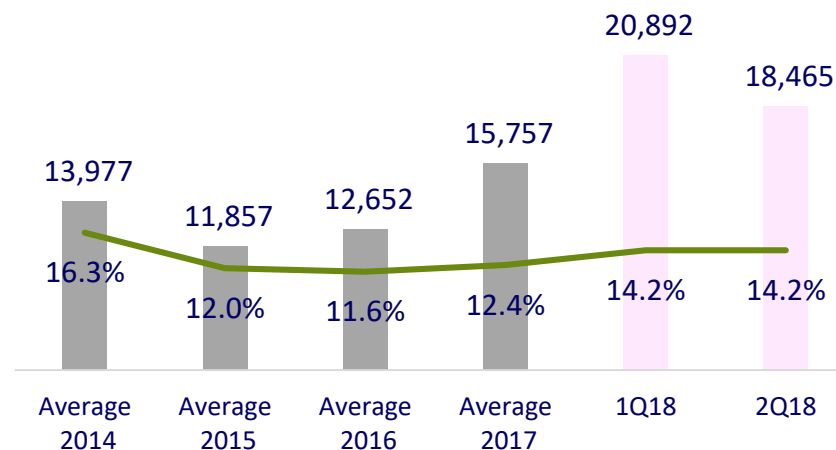
Efficiency



■ Credit Risk Exp. (CH\$ million)



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







# Lending Area - Banco Security vs Peer Banks vs Chilean Banking System

	Banco Security		Peers Banks		System	
	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18
Gross Operating Income LTM / Average Total Assets	3.9%	4.1%	3.9%	3.8%	4.5%	4.4%
Efficiency Ratio (Operating Expenses / Gross Operating Income)	53.3%	46.5%	48.4%	46.5%	48.1%	47.2%
Risk Ratio (Provisions/Loans)	1.73%	1.65%	1.79%	1.73%	2.49%	2.39%
Commercial Risk Ratio	1.71%	1.60%	1.79%	1.67%	2.43%	2.30%
Retail Risk Ratio	1.82%	1.85%	1.68%	1.65%	2.66%	2.56%
ROAE (Profits LTM / Avg. Equity)	10.9%	14.2%	12.8%	13.1%	12.3%	12.4%
ROAA (Profits LTM / Avg. Assets)	0.9%	1.1%	1.0%	1.0%	1.0%	1.0%
Net Interest Margin LTM / Average Loans	3.3%	3.4%	3.3%	3.5%	4.3%	4.3%
Core Capital (Basic Capital/Total Assets)	7.4%	7.9%	6.8%	6.7%	7.6%	7.4%
Basel I Tier 2 Index (Equity/ RWA)	13.3%	13.6%	13.0%	12.6%	13.6%	13.3%

\*Solvency indicators as of May 2018

Peer Banks: Bice, BBVA, Consorcio, Scotiabank y Security



# Lending Area - Factoring Security

## Profit:

CH\$ 4,059 million  
+8.3% YoY, +0.5 QoQ

## Loans:

CH\$ 301,116 million  
+14.4% YoY, +1.8 QoQ

## Efficiency:

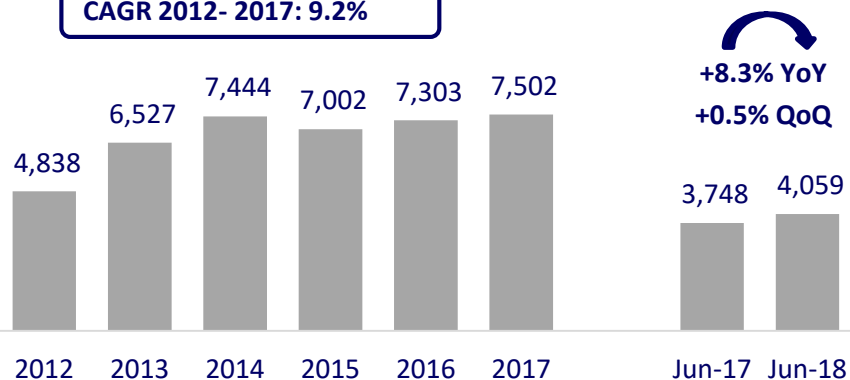
42.8%  
-100 bp YoY

## Risk:

2.6%  
+28 bp YoY

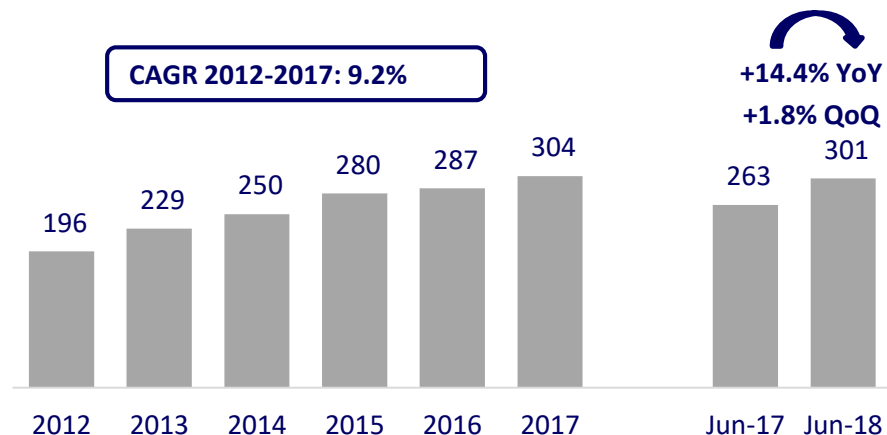
Profit - Factoring Security (CH\$ million)

CAGR 2012- 2017: 9.2%



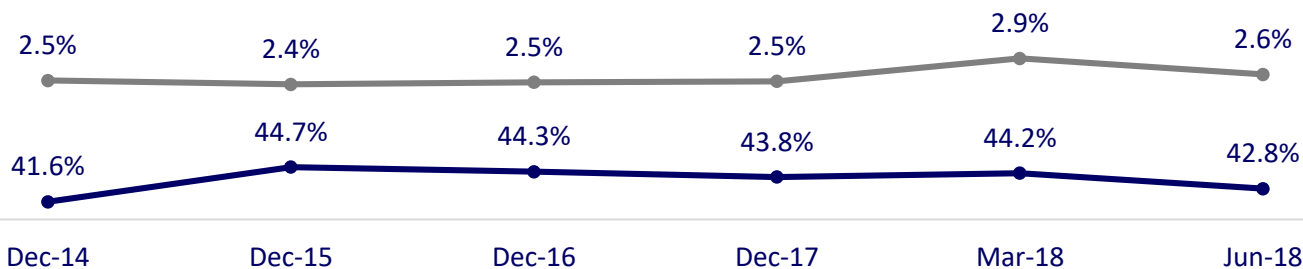
Factored Receivables - Factoring Security (BCh\$)

CAGR 2012-2017: 9.2%



Efficiency (Operating Expenses/ Operating Income)

Risk (Provisions/ Factored Receivables)



# Insurance Area - Vida Security

## Profit CH\$ 4,831 million as of Jun-18 vs CH\$ 13,101 million as of Jun-17

- Reduced **investment income** (CH\$ 42,651 million as of Jun-18, -38.2% YoY, -18.5% QoQ), due to weaker returns on equity instruments because of higher volatility and market corrections during 1Q18



Improved investment income from individual insurance with savings components requires increased technical reserves.

## Insurance Area- Vida Security – Investments

Investment Income	jun-17	jun-18
Fixed Income	4.8%	5.1%
Equities and indexes	10.5%	-2.9%
Real estate	5.6%	5.5%
Other investments	9.6%	0.7%
<b>Investments Income</b>	<b>5.8%</b>	<b>3.5%</b>

<i>In CH\$ million</i>	Stock de Inversiones			% stock mar-19	Resultado de Inversiones		
	jun-17	jun-18	Δ YoY		jun-17	jun-18	Δ YoY
Fixed Income	1,725,410	1,704,847	-1.2%	69.6%	41,316	43,149	4.4%
Equities and indexes	370,299	481,148	29.9%	19.6%	19,405	-6,946	-
Real estate	230,472	229,874	-0.3%	9.4%	6,497	6,325	-2.6%
Other investments	37,698	33,389	-11.4%	1.4%	1,812	122	-
<b>Investments Income</b>	<b>2,363,879</b>	<b>2,449,258</b>	<b>3.6%</b>	<b>100.0%</b>	<b>69,030</b>	<b>42,651</b>	<b>-38.2%</b>

- Returns on equity instruments explained by timing of decision to expand the local and international equity portfolio early in the year at the peak.
  - Investment performance of local shares: -5.4% vs IPSA -5.0%
  - Investments in international equities: Emerging (Latin America) -12% vs MSCI Emerging -12%, Japan (-9.7% vs MSCI Japan -8.9%) and Europe (-13.1% vs MSCI Europe -9.6%).

## Investment Income – Industry

Investments Income	Chilena Consolidada	Confuturo	Consorcio Nacional	EuroAmérica	MetLife	Principal	Security Previsión	Sura
Fixed Income	28,710	60,046	85,461	33,278	85,375	51,315	43,149	18,946
Equities and Indexes	493	3,968	8,613	-6,341	3,609	6,363	-6,946	4,259
Real state	8,406	24,433	27,986	461	23,162	16,227	6,325	4,585
Other Investments	524	151	1,341	2,990	7,503	2,272	122	-203
<b>Investments Income</b>	<b>38,133</b>	<b>88,598</b>	<b>123,401</b>	<b>30,387</b>	<b>119,648</b>	<b>76,177</b>	<b>42,651</b>	<b>27,587</b>

6M18 - 17	Chilena Consolidada	Confuturo	Consorcio Nacional	EuroAmérica	MetLife	Principal	Security Previsión	Sura
Fixed Income	860	6,825	-11,633	-9,244	-1,243	-987	1,833	-738
Equities and Indexes	-11,344	-8,350	-42,630	-20,744	-11,482	397	-26,318	-20,632
Real state	1,922	1,788	6,352	-3,384	2,177	1,275	-172	1,190
Other Investments	-106	-1,354	-26,085	5,980	4,064	1,164	-1,690	27
<b>Investments Income</b>	<b>(8,667)</b>	<b>(1,091)</b>	<b>(73,995)</b>	<b>(27,393)</b>	<b>(6,485)</b>	<b>1,849</b>	<b>(26,347)</b>	<b>(20,153)</b>

Stock jun-18	Chilena Consolidada	Confuturo	Consorcio Nacional	EuroAmérica	MetLife	Principal	Security Previsión	Sura
Fixed Income	1,487,200	2,523,144	3,489,459	848,440	4,289,728	2,327,827	1,704,847	1,212,787
Equities and Indexes	196,275	200,666	466,280	273,234	129,609	391,874	481,148	674,287
Real state	300,794	861,299	885,200	115,606	955,834	612,131	229,874	146,773
Other Investments	17,642	34,462	774,949	29,743	132,955	26,316	33,389	10,123
<b>Investments Income</b>	<b>2,001,911</b>	<b>3,619,570</b>	<b>5,615,887</b>	<b>1,267,023</b>	<b>5,508,125</b>	<b>3,358,148</b>	<b>2,449,258</b>	<b>2,043,971</b>

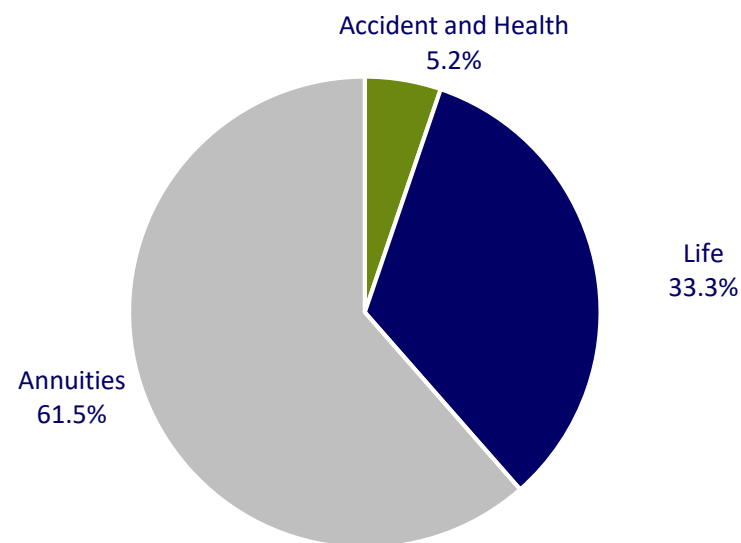
Investment Income Total jun-18	Chilena Consolidada	Confuturo	Consorcio Nacional	EuroAmérica	MetLife	Principal	Security Previsión	Sura
Fixed Income	3.9%	4.8%	4.9%	7.8%	4.0%	4.4%	5.1%	3.1%
Equities and Indexes	0.5%	4.0%	3.7%	-4.6%	5.6%	3.2%	-2.9%	1.3%
Real state	5.6%	5.7%	6.3%	0.8%	4.8%	5.3%	5.5%	6.2%
Other Investments	5.9%	0.9%	0.3%	20.1%	11.3%	17.3%	0.7%	-4.0%
<b>Investments Income</b>	<b>3.81%</b>	<b>4.90%</b>	<b>4.39%</b>	<b>4.80%</b>	<b>4.34%</b>	<b>4.54%</b>	<b>3.50%</b>	<b>2.70%</b>

## Insurance Area- Protecta

**Protecta: Profit Jun-18 S./ 1.9 millones (US\$ 0.58 million), versus profit as of Jun-17 of S./ 9.2 million (US\$ 2.8 million)**

- » 19.1% market share in annuities as of Jun-18
- » Net premiums of S./ 124.9 million (+76.6% YoY), due to greater sales of annuities and the start of sales of private annuities, as well as greater premiums from group life policies
- » Variation in technical reserves of S./ 96.2 million for 6M18, because of greater annuity and the start of sales of private annuities, and adjustments to valuation method for real estate investments
- » Investment income of S./ 45.4 million for 6M18 (+9.3% YoY) because of good performance from real estate investments. (Average return: 9.7%; Average return without capital gains: 6.7%)

**Protecta: Direct Premium Jun-18**



Benefits Thousands S./	6M15		6M17				6M18			
	Market	Protecta	Market	Δ YoY	Protecta	Δ YoY	Market	Δ YoY	Protecta	Δ YoY
Survival	154,723	7,653	163,848	-10.8%	16,189	15.3%	183,151	11.8%	28,913	78.6%
Disability	154,454	13,054	158,861	-25.3%	18,839	7.0%	174,670	10.0%	36,450	93.5%
Retirement	716,222	29,096	152,381	-58.9%	12,565	-45.8%	44,204	-71.0%	11,378	-9.4%
<b>Total</b>	<b>1,025,399</b>	<b>49,804</b>	<b>475,090</b>	<b>-38.0%</b>	<b>47,593</b>	<b>-13.2%</b>	<b>402,025</b>	<b>-15.4%</b>	<b>76,741</b>	<b>61.2%</b>



# Asset Management Area - Inversiones Security

## AUM:

CH\$ 4,763 billion  
+13.2% YoY, +5.7% YTD

## Profit:

CH\$ 4,246 million  
+19.4% YoY, +22.4% QoQ

## 6th place

5.6% mkt share  
Ranking MF + IF

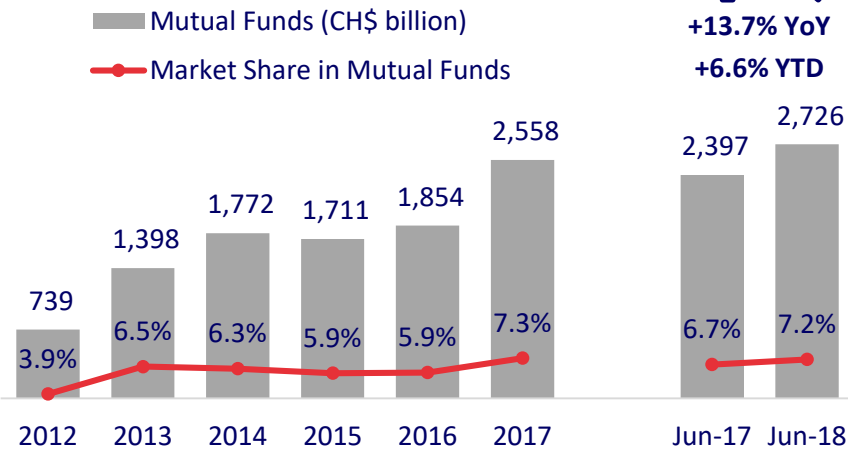
## 5th place

7.2% mkt share  
Ranking MF

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

CAGR 2012-2017= 28.2%

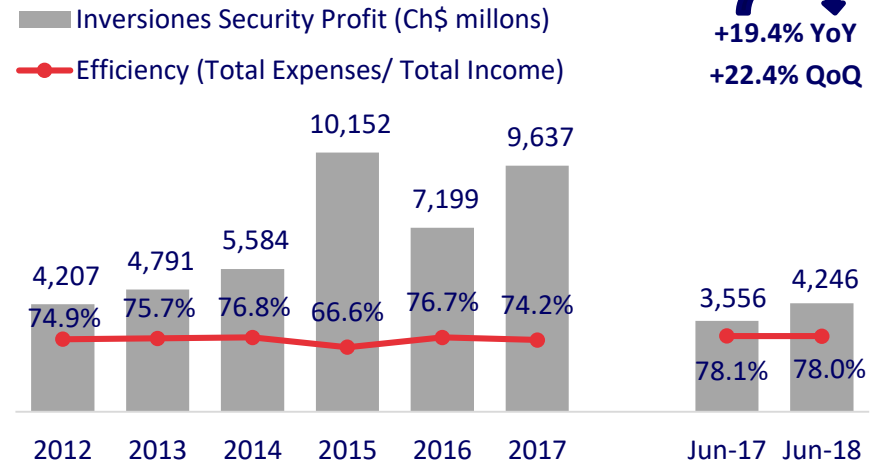
+13.7% YoY  
+6.6% YTD



**Asset Management Area - Profit<sup>1</sup> (CH\$ million)**

CAGR 2012-2017= 18.0%

+19.4% YoY  
+22.4% QoQ



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



## Other Services Area - Travel and Inmobiliaria Security

### Travel Security: Profit CH\$ 1,519 million as of June 2018 (-18.3% YoY, +43.0% QoQ)

- Higher **sales** at Travel, reaching US\$ 138 million as of June 2018 (+3.3% YoY, +12.7% QoQ), offset by reduced commissions
  - Higher **sales** at Travex: US\$ 36 million, +3.7% YoY and +2.1% QoQ
    - Travex<sup>3</sup> **Profit** : Ch\$ 258 million (-6.8% YoY, +28.9% QoQ)

### Inmobiliaria Security: Profit Jun-18 -CH\$ 693 million (vs Jun-17 CH\$ 853 million)

- Fewer **deeds transferred** on projects (13 as of June-18 2018, 29 as of June-17)
- **Real estate assets** under management of CH \$78,288 million (+4.9% YoY)
  - Projects under development:
    - Espacio El Vergel: 81 units 2 units available for sale.
    - Brisas del Canto (phases 1 and 2): 57 units 30 units available for sale
    - San Damián (phases 1 and 2): 24 units 4 units available for sale
    - El Taihuen: 63 units 55 units available for sale
    - Tupungato: 91 units 79 units available for sale
    - Espacio Pereira: 67 units 63 units available for sale
    - Laderas del Valle (phase 1): 16 units 15 units available for sale

<sup>3</sup> Travel Security controla el 75% de Travex Security a través de Viajes Security





# Trends for Grupo Security - Indicators

- ✓ Distributable profit as of June-18 of CH\$ 37,095 million
- ✓ Grupo Security ROAE of 11.6%

	2012	2013	2014	2015	2016	2017	Jun-18 LTM
Grupo Security Consolidated Profit (MCH\$)	46,561	49,843	61,010	65,022	74,522	74,708	75,845
Closing Number of Shares (million)	2,882	3,184	3,234	3,258	3,258	3,683	3,695
Closing price	187	177	216	191	226	280	299
Closing Market Cap (MCH\$)	538,982	563,510	698,197	621,370	736,358	1,031,503	1,104,214
EPS (times)	16.2	16.5	18.9	20.0	22.9	21.7	20.8
PE (times)	11.6 x	10.7 x	11.4 x	9.6 x	9.9 x	12.9 x	14.4 x
Market Book Value (times)	1.35 x	1.21 x	1.34 x	1.13 x	1.26 x	1.46 x	1.56 x
Dividend Yield	5.4%	4.0%	5.2%	5.8%	5.2%	3.8%	
Leverage	26.2%	36.8%	36.1%	34.9%	34.5%	29.3%	34.6%
ROAA	0.90%	0.82%	0.84%	0.80%	0.83%	0.78%	0.77%
Equity	397,790	467,004	522,718	551,653	585,628	704,910	705,614
Business Areas Profit (MCH\$)	58,356	64,070	97,563	92,201	102,133	91,484	92,747
ROAE	12.0%	11.5%	12.3%	12.1%	13.1%	11.6%	11.6%
Payout Ratio (Dividends/ Profit)	63.5%	47.9%	54.4%	56.4%	52.5%	57.3%	

# Grupo Security Results June 2018

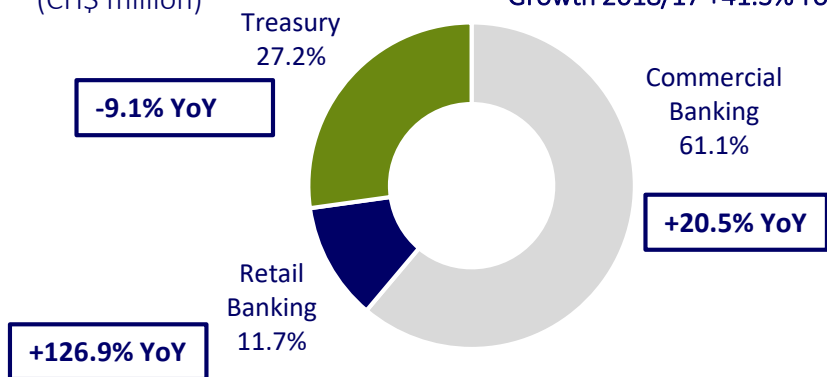


# Lending Area

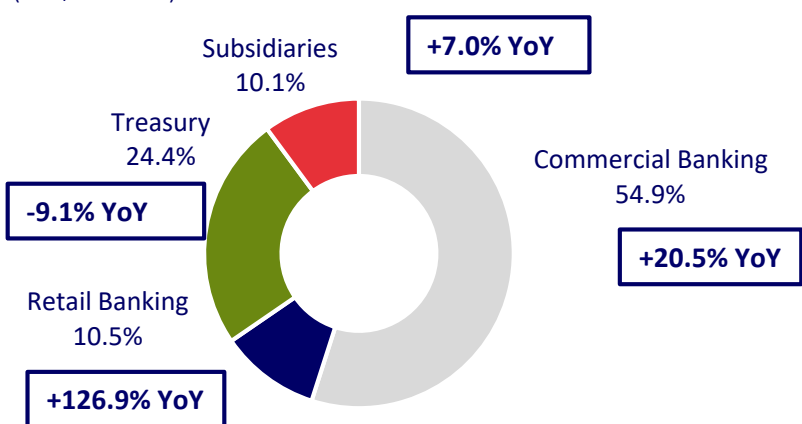
## Banco Security - Profit

- Consolidated profit as of Jun-18 of CH\$ 39,357 million (+36.6% YoY, -11.6% QoQ)
- Consolidated gross operating income of CH\$ 135,024 million (+11.8% YoY, +2.0% QoQ)

**Banco Security Standalone Profit: Ch\$ 35,072 million**  
(CH\$ million) Growth 2018/17 +41.3% YoY



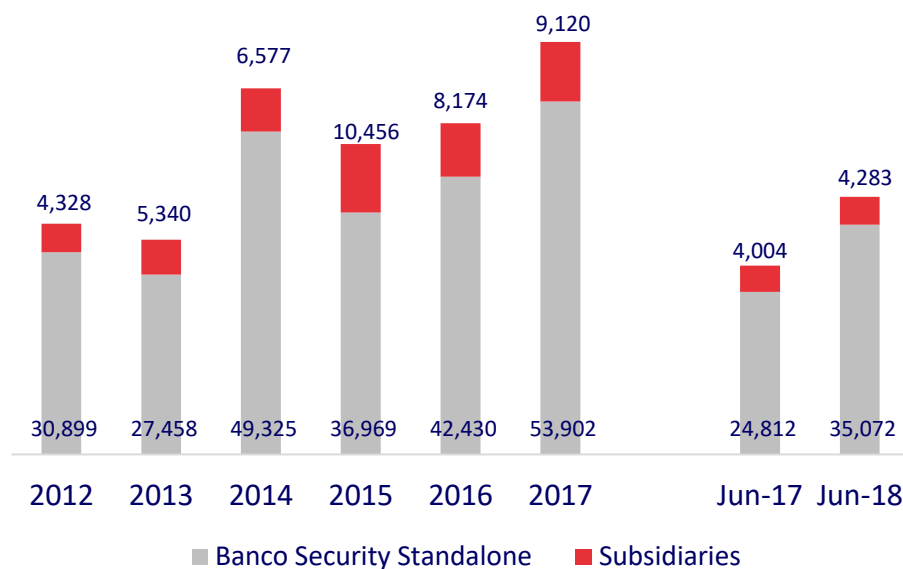
**Banco Security Consolidated Profit: CH\$ 39,355 million**  
(CH\$ million) Growth 2018/17 +36.6% YoY



**Banco Security Profit<sup>1</sup>**  
(CH\$ million)

Consolidated  
CAGR 2013- LTM Jun-18: 17.5%

Individual  
CAGR 2013- LTM Jun-18: 18.5%



<sup>1</sup>Attributable to the owners

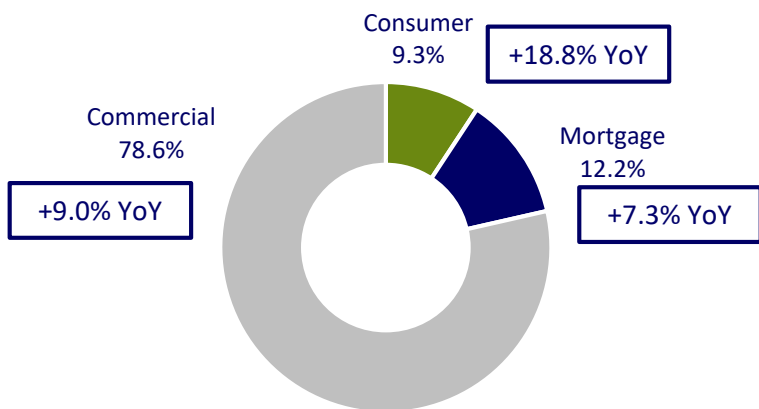
# Lending Area

## Banco Security - Loans

- Consistent trend in loan growth with CAGR of 9.7% between Jun-13 and Jun-18

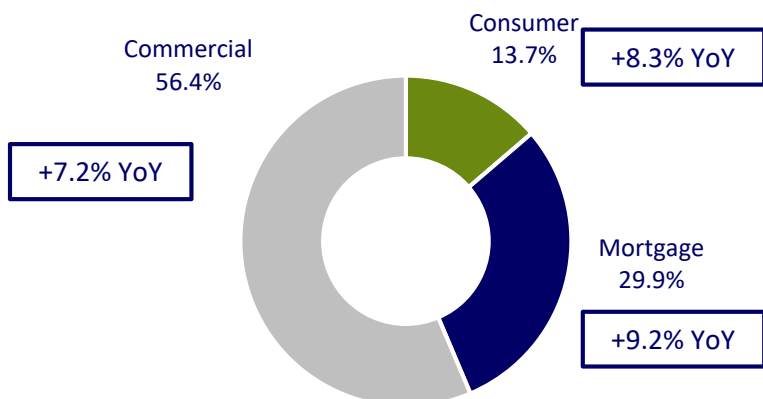
**Banco Security Loan Portfolio: CH\$ 5,070,827 million**

**Growth 2018/17 +9.7% YoY**



**Industry Loans<sup>1</sup>: CH\$ 153,759,956 million**

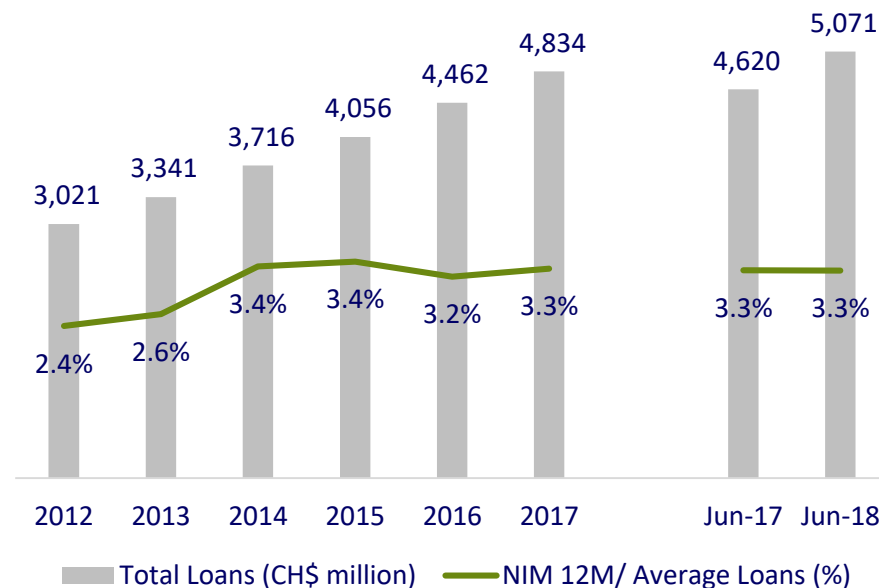
**Crec 2018/17 +7.4% YoY**



**Banco Security Loan Portfolio**

(CH\$ billion)

**CAGR Jun-13- Jun-18: 9.7%**



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

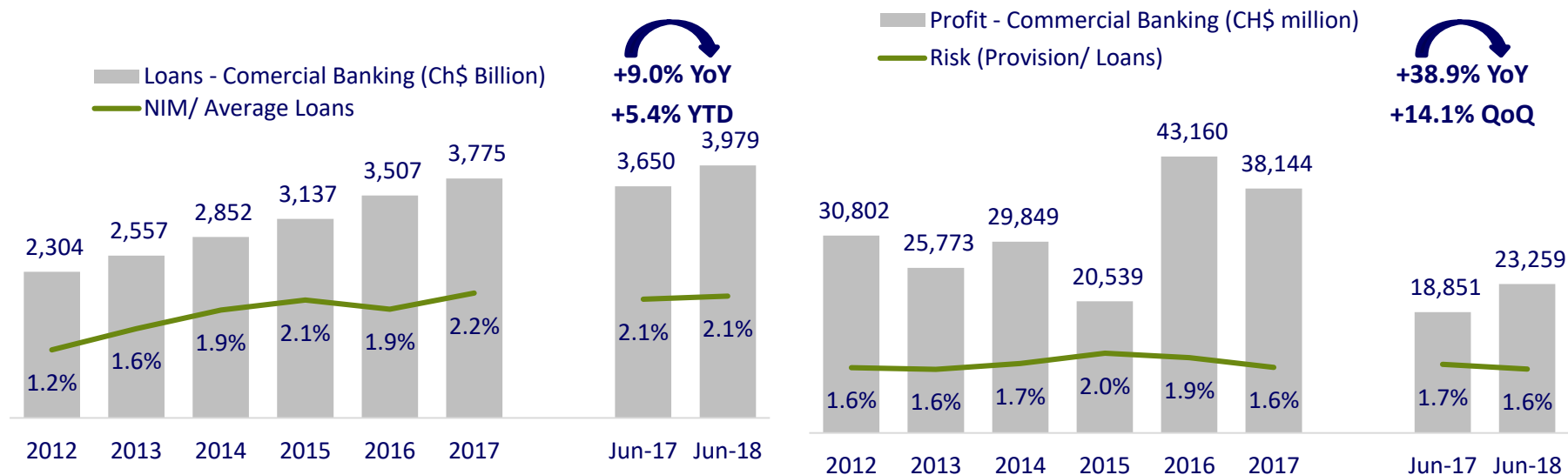
# Lending Area

## Banco Security - Commercial Banking

### Results as of Jun-18:

- Commercial loans: CH\$ 3,979,463 million (+9.0% YoY and +5.4% YTD; vs system<sup>1</sup> +7.2% YoY and +5.9% YTD); 78.6% of total loans
- Profit: Ch\$ 23,259 million (+20.5% YoY, -18.5% QoQ)
- Current accounts: 10,289, +6.6% YoY

Main Effects on Profit as of Jun-18					
CH\$ million	Δ% QoQ	Δ QoQ	Δ% YoY	Δ YoY	Jun-18
Net Interest Margin	4.8%	953	6.7%	2,540	40,637
Loan Losses and foreclosed assets	-	-4,803	-3.4%	235	-6,578
Operating expenses	-10.3%	984	-6.0%	1,164	-18,169



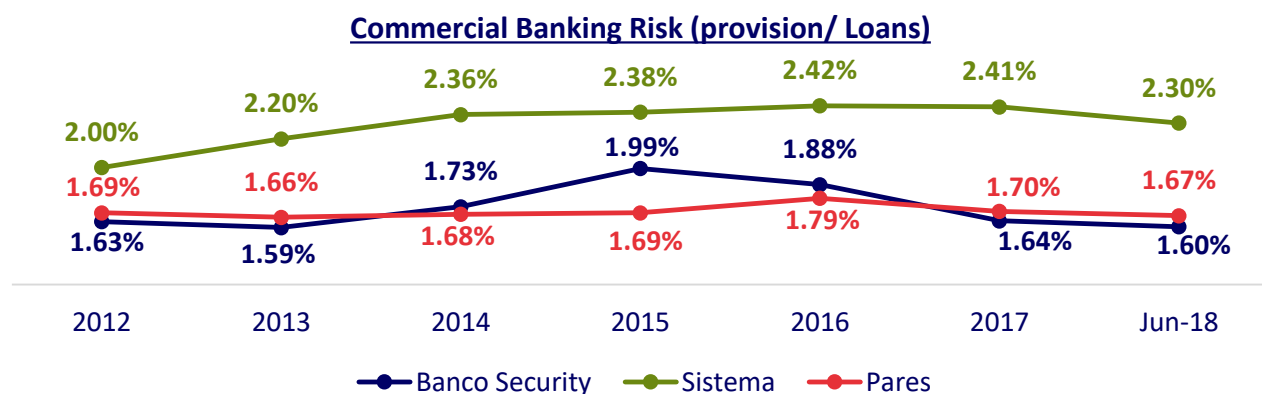
<sup>1</sup>Excluding the industry's foreign subsidiaries

# Lending Area

## Banco Security – Commercial Banking

- **Provision expenses of CH\$ 6,578 million as of June-18, -3.4% YoY**
  - Reduced expenses due to cases of commercial banking customers with large guarantees requiring smaller provisions

	Jun-17	Jun-18	% Chg YoY
Commercial loans (CH\$ million)	3,649,975	3,979,463	9.0%
Loan Losses and foreclosed assets (CH\$ million)	-6,813	-6,578	-3.4%
Commercial provisions (CH\$ million)	62,518	63,479	1.5%
NPL Coverage - Commercial Loans (%)	126.7%	109.1%	-1761 p
Provisions/Loans (%)	1.71	1.60	-12 p





# Lending Area

## Banco Security - Retail Banking

### Results as of June 2018:

- Consumer loans +18.8% YoY and +6.6% YTD (system<sup>1</sup> +8.3% YoY and +3.0% YTD)
- Mortgage loans +7.3% YoY and -0.3% YTD (system<sup>1</sup> +9.2% YoY and +4.2%YTD)
- Consumer + mortgage loans: CH\$ 1,086,191 million (+12.0% YoY and +2.6% YTD; vs system<sup>1</sup> +8.9% YoY and +3,8% YTD); 21.4% of total loans
- Current accounts: 74,403, +2.6% YoY
- Profit: CH\$ 4,437 million (CH\$ 1,955 million as of Jun-17)

Main Effects on Profit as of Jun-18					
CH\$ million	Δ% QoQ	Δ QoQ	Δ% YoY	Δ YoY	Jun-18
Net Interest Margin	0.4%	64	5.2%	1,582	32,118
Net fees	20.0%	1,097	3.8%	445	12,041
Loan Losses and foreclosed assets	20.6%	-1,158	3.3%	-397	-12,415
Operating expenses	5.0%	-665	-4.5%	1,285	-27,516



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



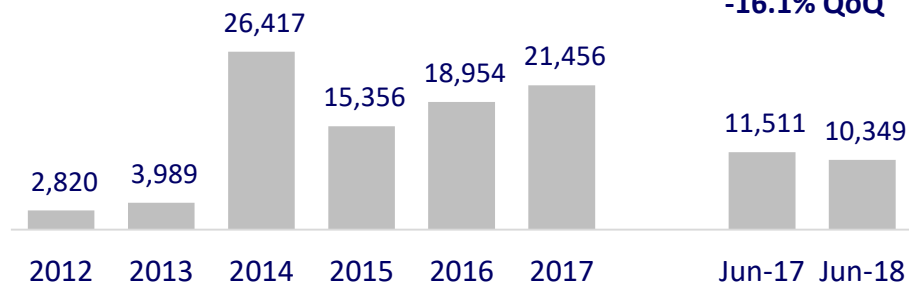
# Lending Area

## Banco Security - Treasury

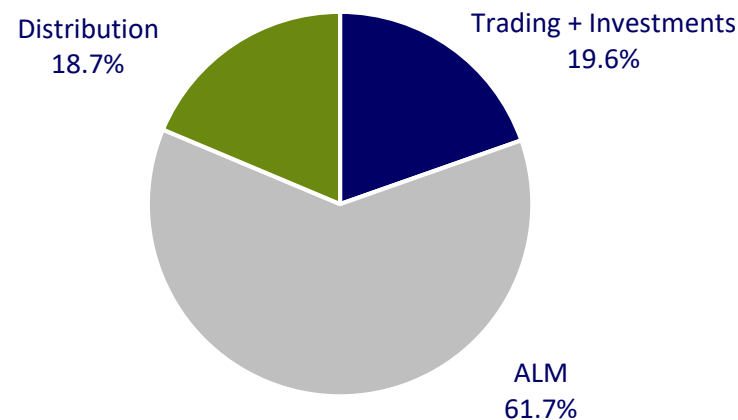
### • Results as of June 2018:

- Profit: CH\$ 10,349 million (-9.1% YoY, -16.1% QoQ)
- Improved net interest margin explained by two factors: (1) liabilities that matured in late 2017 and early 2018 being renewed under better financial conditions, and (2) a strong performance from accounting hedges

### Treasury Profit (CH\$ million)



### Income by Desk



# Lending Area - Factoring Security

## Profit:

CH\$ 4,059 million  
+8.3% YoY, +0.5 QoQ

## Loans:

CH\$ 301,116 million  
+14.4% YoY, +1.8 QoQ

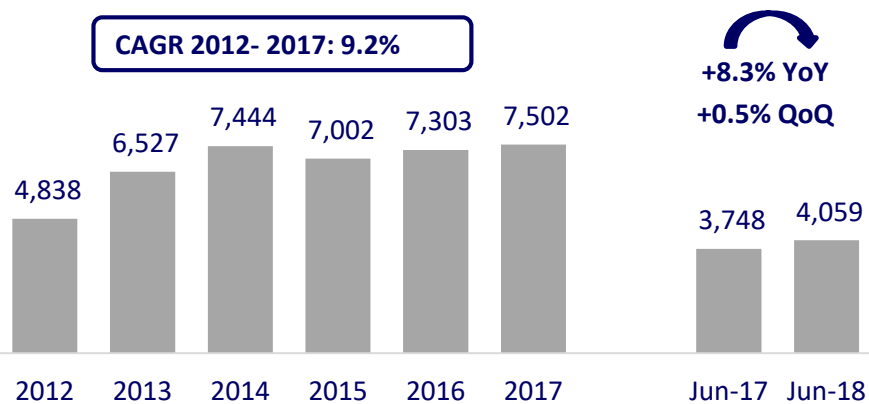
## Efficiency:

42.8%  
-100 bp YoY

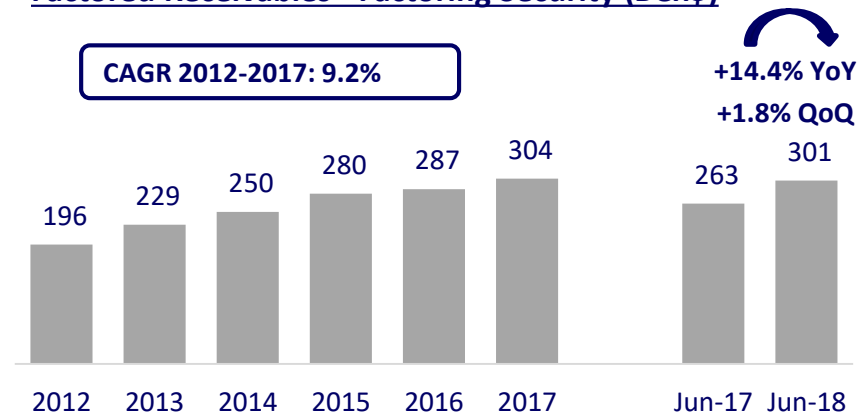
## Risk:

2.6%  
+28 bp YoY

Profit - Factoring Security (CH\$ million)

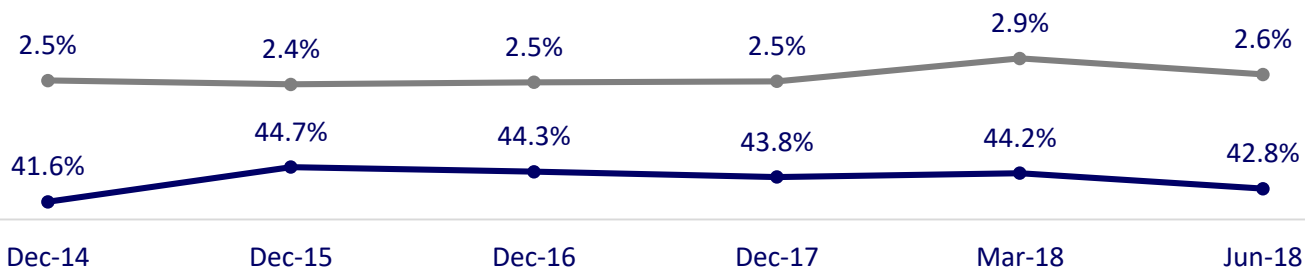


Factored Receivables - Factoring Security (BCh\$)



Efficiency (Operating Expenses/ Operating Income)

Risk (Provisions/ Factored Receivables)



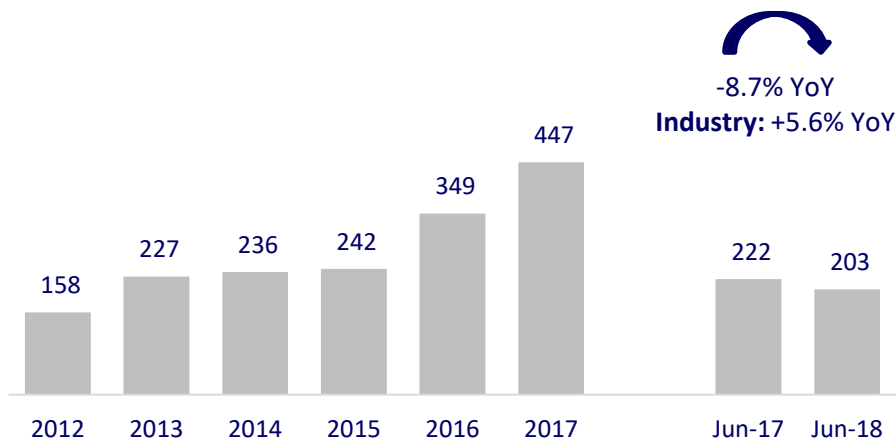
# Insurance Area

## Vida Security

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

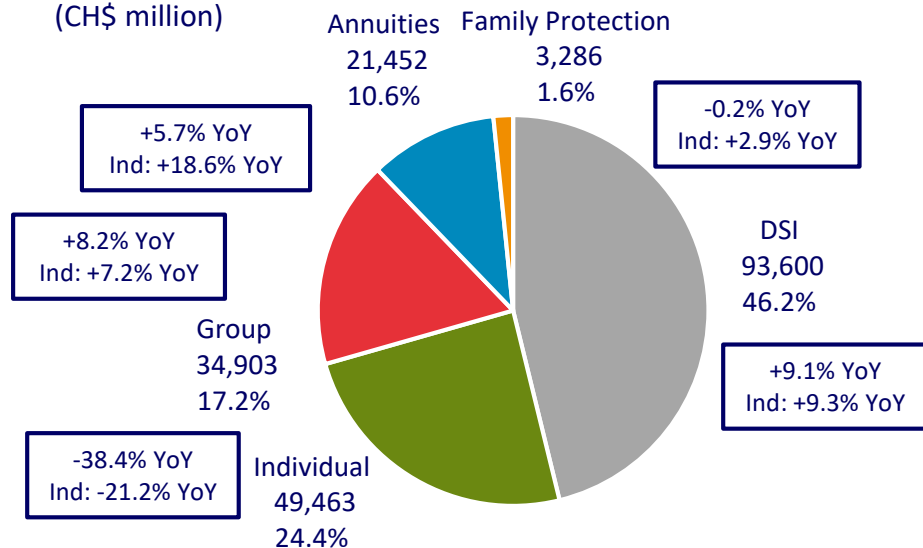
(CH\$ billion)

CAGR 2012-2017= 23.1%



### Direct Premium by Product

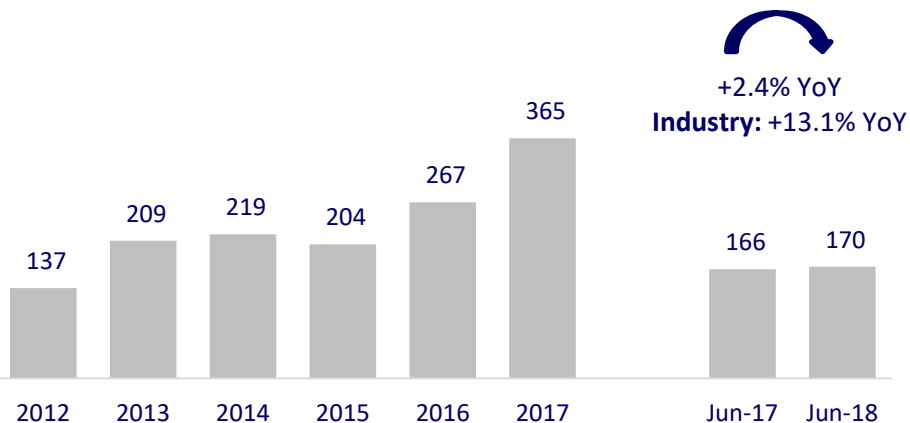
(CH\$ million)



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

(CH\$ billion)

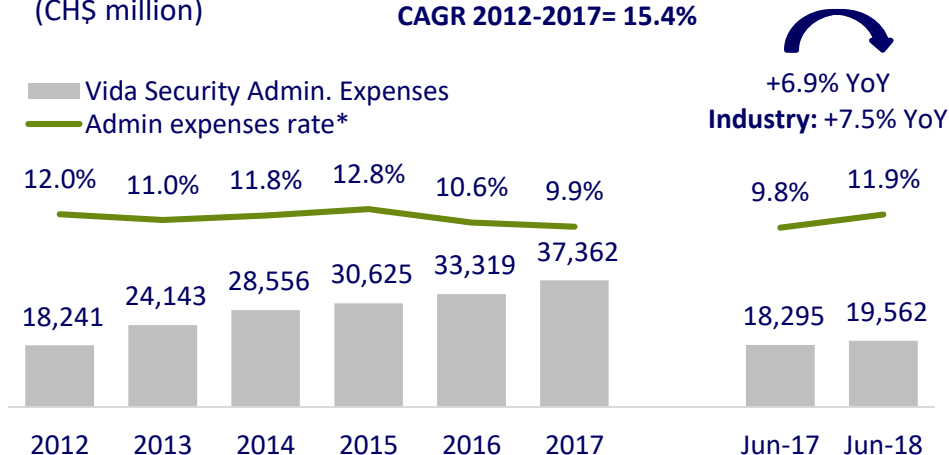
CAGR 2012-2017= 21.6%



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

(CH\$ million)

CAGR 2012-2017= 15.4%



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

\* Administrative expenses / Direct premiums

# Insurance Area - Vida Security – Profit and Investments

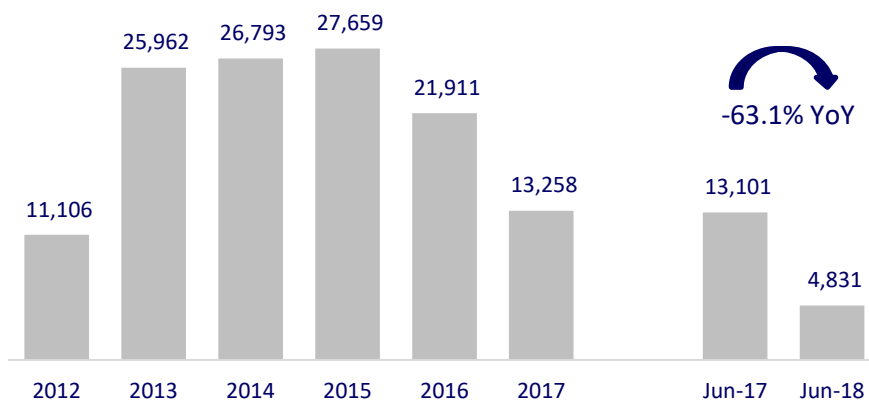
- ✓ Reduced investment results from equities and indexes, due to a series of external events that have negatively impacted emerging economies in recent months, affecting both the subsidiary's proprietary trading portfolio and the investment portfolio for CUI and APV policies (MSCI Emerging Markets: -8.6%. MSCI Chile: -12.4%)

Investment Income	jun-17	jun-18	In CH\$ million	Stock de Inversiones			% stock mar-19	Resultado de Inversiones		
				jun-17	jun-18	Δ YoY		jun-17	jun-18	Δ YoY
Fixed Income	4.8%	5.1%	Fixed Income	1,725,410	1,704,847	-1.2%	69.6%	41,316	43,149	4.4%
Equities and indexes	10.5%	-2.9%	Equities and indexes	370,299	481,148	29.9%	19.6%	19,405	-6,946	-
Real estate	5.6%	5.5%	Real estate	230,472	229,874	-0.3%	9.4%	6,497	6,325	-2.6%
Other investments	9.6%	0.7%	Other investments	37,698	33,389	-11.4%	1.4%	1,812	122	-
<b>Investments Income</b>	<b>5.8%</b>	<b>3.5%</b>	<b>Investments Income</b>	<b>2,363,879</b>	<b>2,449,258</b>	<b>3.6%</b>	<b>100.0%</b>	<b>69,030</b>	<b>42,651</b>	<b>-38.2%</b>

## Vida Security Net Profit

(CH\$ million)

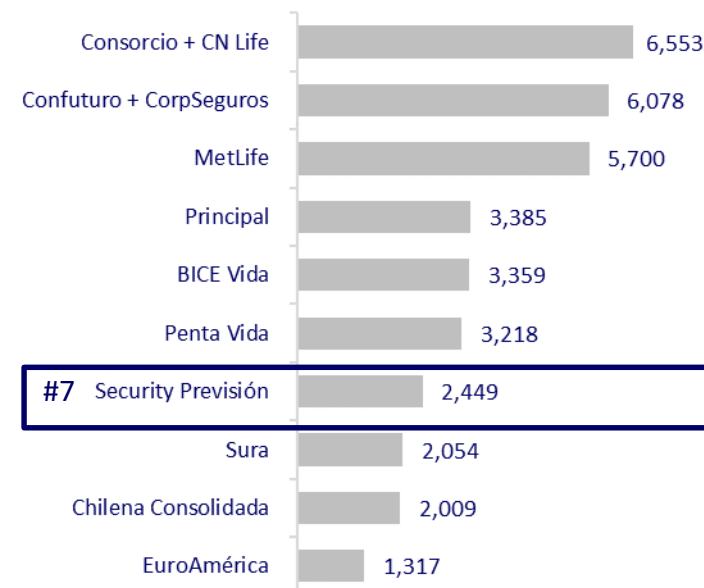
CAGR 2012-2017= 3.6%



## Investments of Main Life Insurance Companies

June 2018

Industry Total Ch\$ 39,821 billion

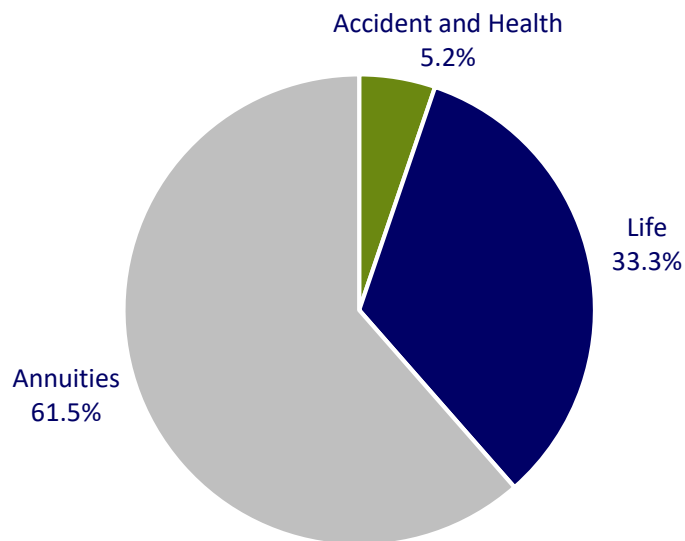


# Insurance Area

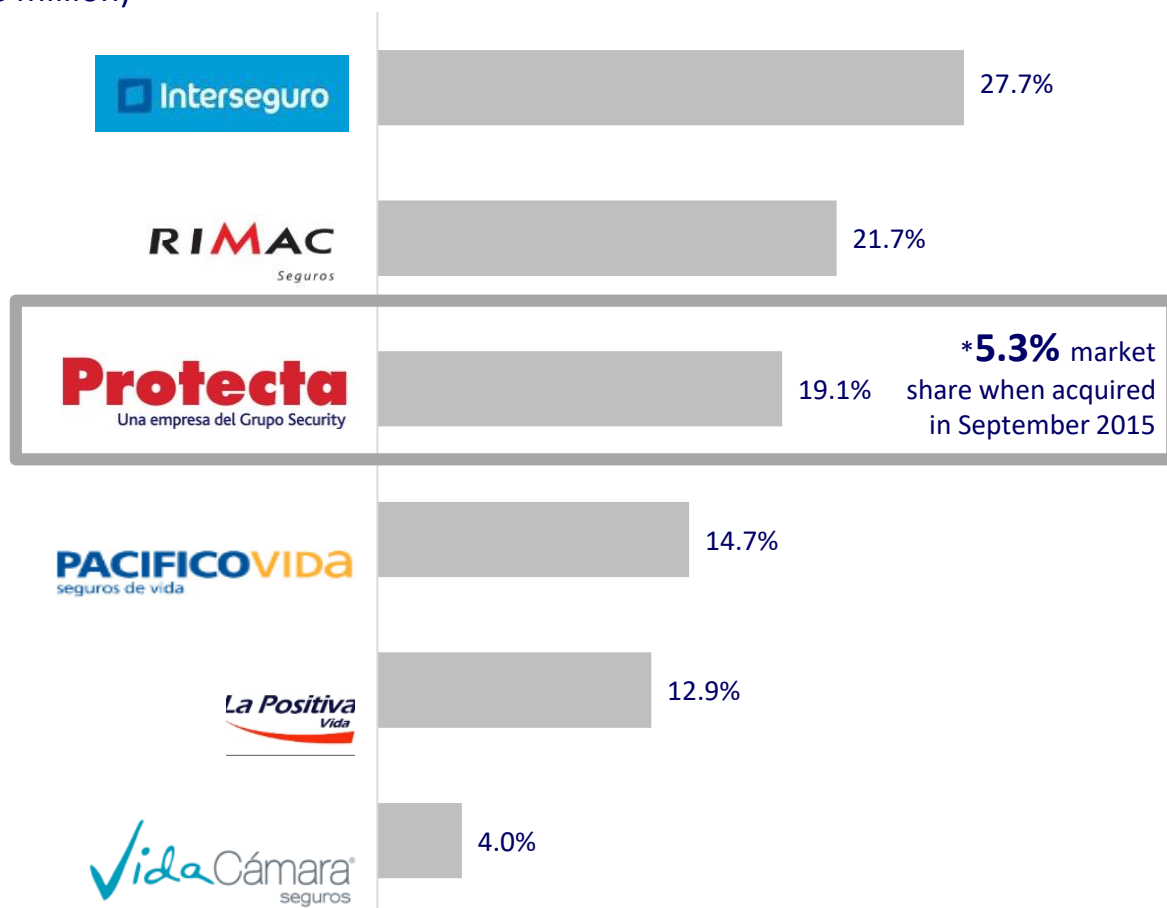
## Protecta

- Profit:  
June 2018: S./ 1.9 million (US\$ 0.58 million)
- ROAE: -2.0% (Industry 13.6%)
- ROI : +9.7% (Industry 6.2%)

**Protecta: Direct Premium Jun-18**



### Direct Annuity Premiums - Annuities - Peruvian Life Insurance Companies June-18



# Insurance Area

## Protecta – Strategic Principles and Financial Performance

### Financial Principles

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

### Customer Principles

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

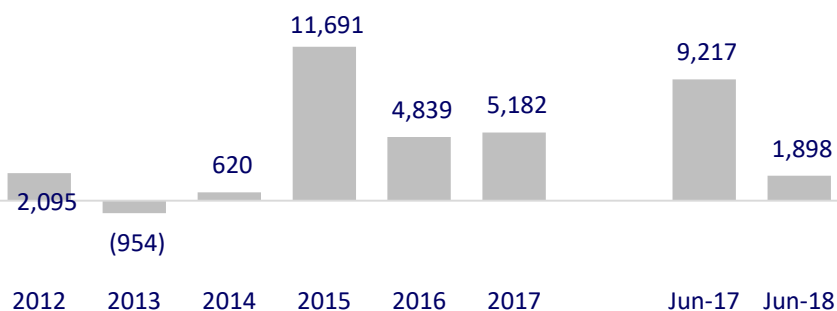
### Operating Principles

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

### Human Capital Principles

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

### Profit (S./ thousands)



Exchange rate June 2018: 1 US\$ = S./ 3.272

### Financial indicators (S./ thousands)

	Protecta	2Q17	3Q17	4Q17	1Q18	2Q18
Direct premium	38,445	52,534	53,949	61,630	63,240	
Claims Paid	(17,498)	(21,424)	(24,558)	(18,030)	(21,170)	
Administrative expenses	(7,511)	(9,101)	(9,359)	(7,352)	(8,599)	
Investment Income	19,855	26,959	15,173	21,050	24,392	
Investment Portfolio	782,225	832,666	856,563	969,398	1,022,996	
Equity	101,475	107,513	96,530	117,812	119,285	

# Asset Management Area

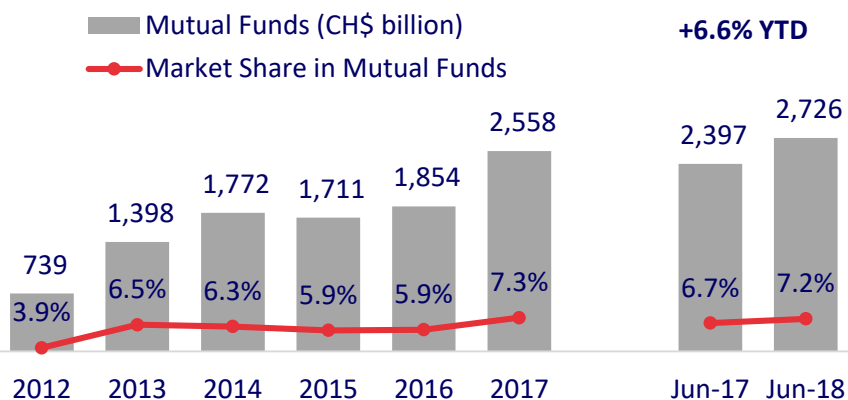
## Asset Management

- Mutual funds under management Ch\$ 2,726 billion, +13.7% YoY and +6.6% YTD (industry +5.8% YoY and +8.4% YTD)

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

CAGR 2012-2017= 28.2%

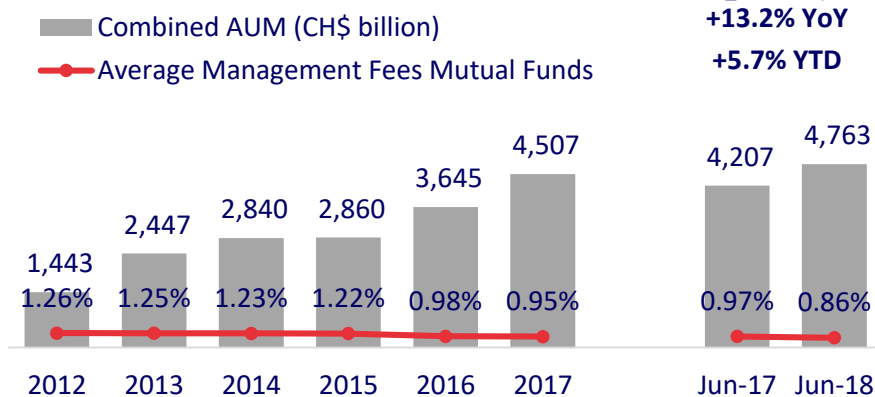
+13.7% YoY  
+6.6% YTD



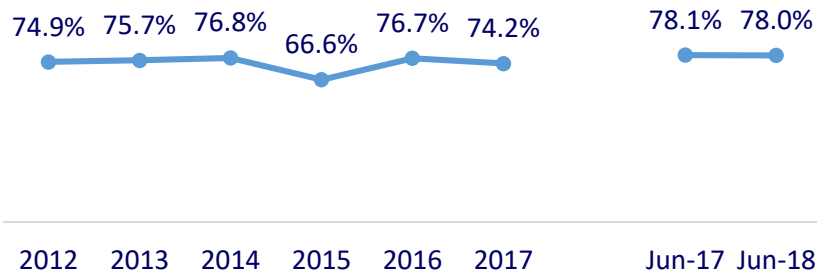
### Total AUM<sup>1</sup> - Inversiones Security (CH\$ billion)

CAGR 2012-2017= 25.6%

+13.2% YoY  
+5.7% YTD



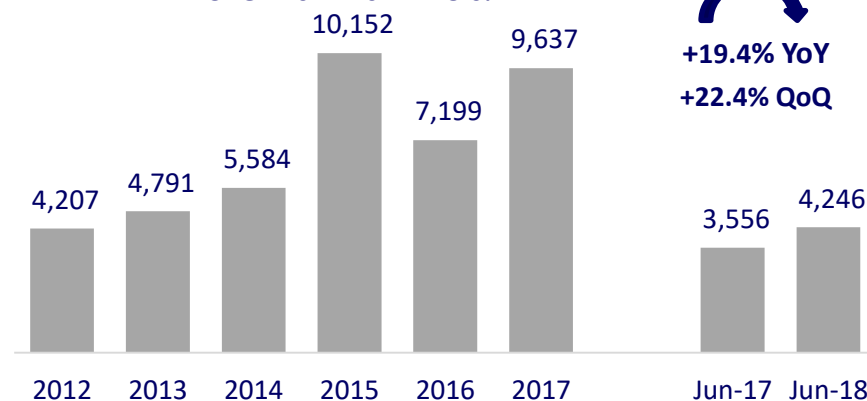
### Efficiency<sup>1</sup> (Total Expenses / Total Income)



### Asset Management Area - Profit<sup>1</sup> (CH\$ million)

CAGR 2012-2017= 18.0%

+19.4% YoY  
+22.4% QoQ



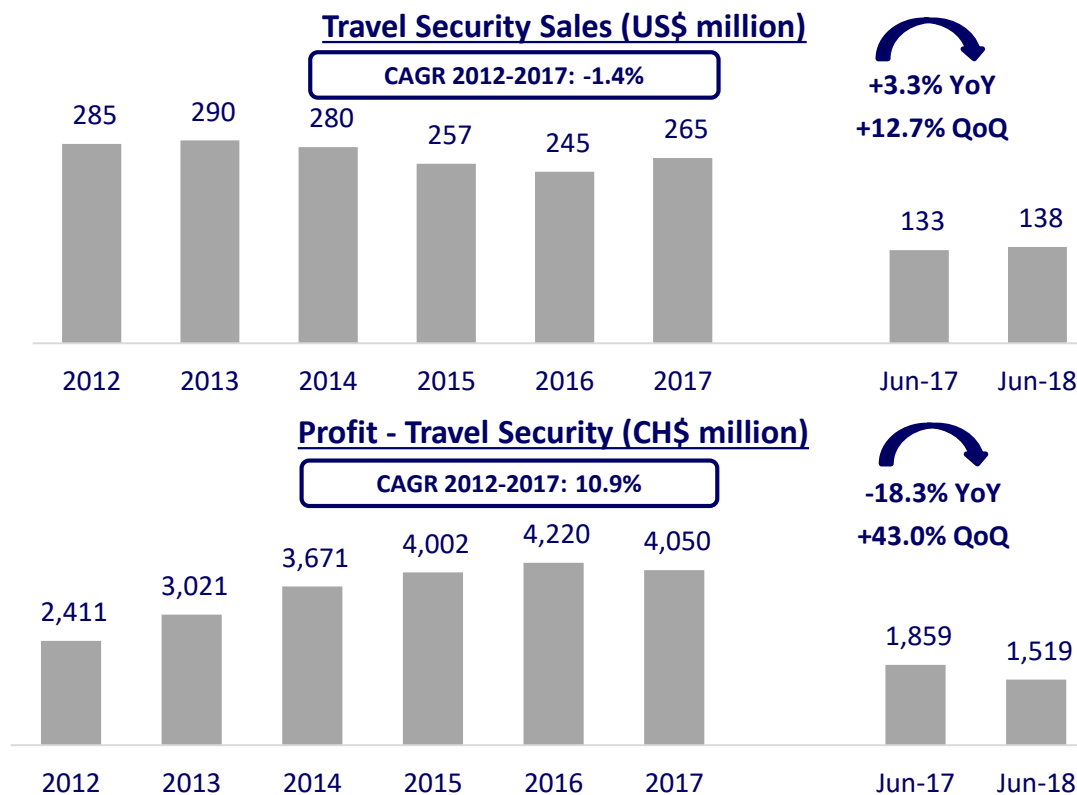
<sup>1</sup> Proforma format includes CDS since the second half of 2013



# Other Services Area

## Travel Security

- **Consolidated profit at Travel Security pf CH\$ 1.519 millones as of June-18 (-18.3% YoY, +43.0% QoQ)**
- Higher **sales** at Travel, reaching US\$ 138 million as of June-18 (+1.1% YoY, +8.0% QoQ), offset by reduced commissions
- Higher **sales** Travex: US\$ 36 million, +3.7% YoY and +2.1% QoQ



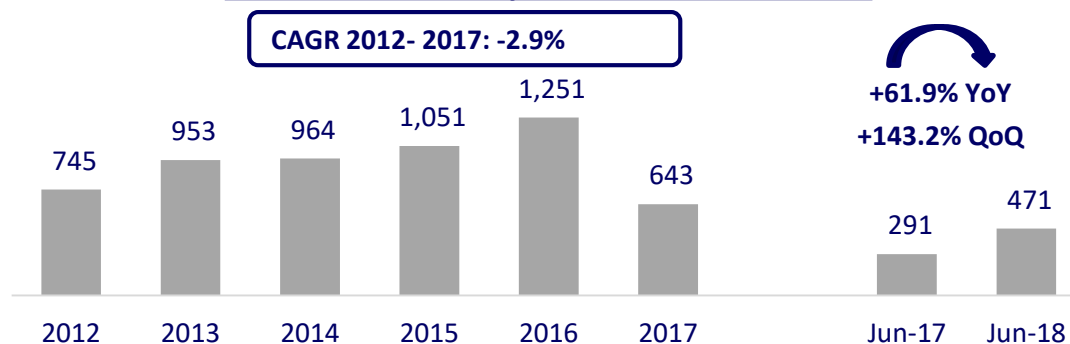
<sup>3</sup> Travel Security controls 75% of Travex Security through Viajes Security

# Other Services Area

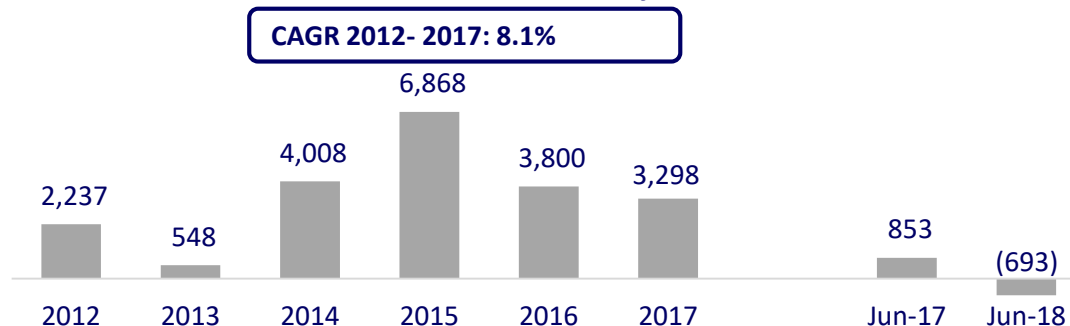
## Inmobiliaria Security

- **Loss of CH\$ -693 million as of June 2018 (vs June 2017 CH\$ 853 million)**
  - Purchase promise agreements as of June 2018 for UF 471 thousand (+61.9% YoY and +143.2% QoQ)
  - Real estate assets under management of CH\$ 78,288 million (+4.9% YoY)
  - Fewer **deeds transferred** on projects (13 as of June 2018 vs 29 as of June 2017)  
Under IFRS, revenue is recognized once legal title to the property has been transferred.

### Inmobiliaria Security Sales (Thousands of UF)



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



# Profit Grupo Security Companies\*

## Earnings from Related Companies (CH\$ million)

	2Q18	1Q18	2Q17	% Chg		6M18	6M17	% Chg
				QoQ	YoY			
<b>Lending Area</b>								
Banco Security (standalone)	16,101	18,965	14,263	-15.1%	12.9%	35,066	24,812	41.3%
Factoring Security	2,034	2,025	1,893	0.5%	7.5%	4,059	3,748	8.3%
<b>Asset Management Area</b>								
Valores Security	809	489	784	65.2%	3.2%	1,298	1,215	6.8%
AGF Security	1,556	1,437	1,523	8.3%	2.2%	2,993	2,792	7.2%
<b>Insurance Area</b>								
Vida Security	(1,576)	6,406	5,522	-124.6%	-	4,831	13,101	-63.1%
Servicios Security	262	42	244	527.4%	7.5%	304	139	119.0%
<b>Other Services</b>								
Inmobiliaria Security	(424)	(268)	103	58.3%	-	(693)	853	-181.2%
Travel Security	894	625	1,144	43.0%	-21.8%	1,519	1,859	-18.3%
Travex Security	145	113	154	28.9%	-5.8%	258	276	-6.8%
<b>Grupo Security Profit<sup>1</sup></b>	<b>13,528</b>	<b>23,568</b>	<b>18,648</b>	<b>-42.6%</b>	<b>-27.5%</b>	<b>37,095</b>	<b>35,958</b>	<b>3.2%</b>

<sup>1</sup>Attributable to owners

- Subsidiary earnings correspond to 100% of their profits and differ from those used to prepare the segment note, which includes consolidation adjustments to account for Grupo Security's percent ownership in each of its respective.

# Grupo Security Results June 2018

