

Grupo Security Earnings Report

Grupo Security Reports Profit of CH\$42,819 Million for the First Half of 2019, +15.4% YoY.

- Banco Security reported consolidated profit of CH\$40,156 million for 1H19, up +2.0% YoY with 8.4% YoY growth in total loans and lower provision expenses.
- Banco Security's market share reached 3.2% as of June 2019. Commercial loans expanded 8.8% YoY, with market share in its target segment of medium and large companies of 6.5%¹.
- The Bank's consolidated efficiency ratio was 46.5% for 2Q19, an improvement over the 1Q19 figure of 51.5%, due to lower administrative expenses and improved operating results. For 1H19, the Bank's efficiency ratio was 48.9%. Its risk ratio, measured as provisions to loans, was 1.55% as of June 2019, an improvement over 1.65% as of June 2018. Lastly, the Bank reported ROAE of 14.1% as of June 2019.
- Factoring Security reported profit of CH\$4,447 million for 1H19, up +9.6% YoY, with 18.1% YoY growth in total factored receivables.
- Vida Security reported profit of CH\$11,428 million for 1H19, up +136.6% YoY, with improved investment income and a better margin in group insurance.
- Protecta Security reported profit of S./ 8.9 million for 1H19, up from S./ 1.9 million for 1H18, due to improved investment income. Protecta Security has 20% market share in annuities, positioning it second in the Peruvian market.
- Inversiones Security reported profit of CH\$3,006 million (-29.2% YoY), due to reduced transactional revenue from the brokerage subsidiary with respect to the prior year.
- Inmobiliaria Security posted a loss of -CH\$864 million for 1H19, (-CH\$171 million YoY and -CH\$74 million QoQ) due to ownership being transferred on fewer units. 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.
- Travel Security reported CH\$1,695 million in profit for 1H19, +11.6% YoY, with sales similar to the prior year, benefiting from a stronger exchange rate.
- As a result, the Group reported total profit of CH\$42,819 million, +15.4% YoY.

Santiago, Chile – August 19, 2019. Grupo Security S.A., (BCS: SECURITY; BBG: SECUR).

Grupo Security's CEO, Renato Peñafiel, commented, "Grupo Security reported profit of CH\$42,819 million for the first half of the year, representing growth of 15.4% over last year. Meanwhile, the Group has LTM profit of CH\$86,272 million, the highest in its history. The Bank enjoyed loan growth of 8.4% YoY, with an efficiency ratio of 48.9% and a return on average equity of 14.1%. At Vida Security, investment income improved significantly YoY, while annuity sales were strong at Protecta Security, giving the company 20% market share and a second-place standing in the Peruvian market. From this point forward, the main challenge is to continue to grow earnings in Chile and Peru."

Grupo Security Indicators In MCH\$	Jun-19	Mar-19	Dec-18	Jun-18	QoQ	% Chg YTD	YoY
Banco - Total Loans	5,495,624	5,362,225	5,346,071	5,070,827	2.5%	2.8%	8.4%
Industry - Total Loans ¹	169,261,534	166,009,169	163,068,919	153,759,956	2.0%	3.8%	10.1%
Inversiones - AUM Mutual Funds	2,919,234	2,681,921	2,496,079	2,726,097	8.8%	17.0%	7.1%
Industry - AUM Mutual Funds	42,943,731	39,215,179	37,637,881	37,985,895	9.5%	14.1%	13.1%
Vida - Investment Portfolio	2,532,887	2,486,271	2,485,091	2,461,448	1.9%	1.9%	2.9%
Industry (life insurance) - Investment Portfolio	42,990,628	42,122,110	41,296,487	39,820,993	2.1%	4.1%	8.0%
Factoring - Factored Receivables	355,716	351,743	360,251	301,116	1.1%	-1.3%	18.1%

Operations	Jun-19	Mar-19	Dec-18	Jun-18	QoQ	% Chg YTD	YoY
Employees (number)	3,904	3,919	3,939	3,892	-0.4%	-0.9%	0.3%

¹Excludes loans and advances to banks and foreign subsidiaries of localbanks.

¹This 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).

Grupo Security Indicators Statement of Income	2Q19	1Q19	4Q18	2Q18	QoQ	% Chg YTD	YoY	6M19	6M18	% Chg
Banco - Net Interest Margin	44,515	41,009	42,486	43,525	8.5%	4.8%	2.3%	85,524	83,986	1.8%
Banco - Net Fees	17,941	16,857	17,256	17,948	6.4%	4.0%	0.0%	34,798	35,310	-1.5%
Banco - Operating Expenses	-32,486	-33,418	-32,372	-30,639	-2.8%	0.4%	6.0%	-65,904	-62,794	5.0%
Banco - Net Provision Expenses	-9,524	-5,275	-13,981	-12,939	80.5%	-31.9%	-26.4%	-14,799	-19,388	-23.7%
Vida - Direct Premium	66,109	66,397	67,828	105,911	-0.4%	-2.5%	-37.6%	132,506	202,702	-34.6%
Vida - Claims Paid	-26,749	-23,904	-11,979	-41,528	11.9%	123.3%	-35.6%	-50,653	-77,430	-34.6%
Vida - Pensions Paid	-40,738	-44,001	-51,495	-48,837	-7.4%	-20.9%	-16.6%	-84,739	-92,370	-8.3%
Vida - Investment Income	35,802	40,319	23,851	19,146	-11.2%	50.1%	87.0%	76,121	42,651	78.5%
Factoring - Revenue	8,532	8,481	7,881	7,397	0.6%	8.3%	15.3%	17,013	14,713	15.6%

Ratios	Jun-19	Mar-19	Dec-18	Jun-18	QoQ	% Chg YTD	YoY
Grupo - Share Price (Ch\$)	277.2	276.5	290.9	298.8	0.3%	-4.7%	-7.2%
Grupo - Number of Shares (millions)	3,695	3,695	3,695	3,695	0.0%	0.0%	0.0%
Grupo - ROE	11.8%	10.7%	11.2%	11.6%	109 p	56 p	19 p
Banco (Consolidated) - ROAE	12.8%	12.6%	12.8%	14.2%	16 p	-5 p	-138 p
Factoring - ROE	19.8%	19.2%	21.4%	22.1%	60 p	-160 p	-230 p
Vida - ROAE	22.1%	17.7%	18.5%	3.1%	444 p	367 p	1906 p
Travel - ROE	28.3%	30.3%	49.9%	24.0%	-200 p	-2160 p	430 p
Grupo - Leverage	33.0%	34.5%	34.5%	34.6%	-151 p	-144 p	-153 p
Banco - Efficiency	48.9%	51.5%	47.7%	46.5%	-262 p	118 p	242 p
Factoring - Efficiency	42.8%	44.4%	42.3%	42.8%	-168 p	46 p	0 p
Banco - Non-Performing Loans	1.68%	1.74%	1.50%	1.37%	-6 p	18 p	31 p
Banco - Risk Index	1.55%	1.62%	1.69%	1.65%	-7 p	-14 p	-10 p
Factoring - Risk Index	2.0%	2.3%	2.2%	2.6%	-22 p	-14 p	-57 p
Banco - BIS Tier I Ratio	7.8%	7.7%	7.8%	7.7%	0 p	-4 p	3 p
Banco - BIS Tier II Ratio	12.9%	12.8%	13.2%	13.4%	10 p	-31 p	-51 p

ROAE: profit 12M over average equity

On April 29, 2019, Grupo Security shareholders approved a dividend payment of CH\$7.45 per share charged to profit for the year 2018. This dividend plus the interim dividend distributed in October 2018 are equivalent to CH\$11.95 per share, totaling CH\$44,155 million, or 55% of profit for the year 2018.

At this meeting, shareholders also approved the annual report, balance sheet and financial statements for the year 2018, and reelected the Board of Directors for Grupo Security, which is now comprised of Francisco Silva, Jorge Marin, Horacio Pavez, Mario Weiffenbach, Juan Cristóbal Pavez, Naoshi Matsumoto, Ana Sainz de Vicuña, Bruno Philippi and Hernán De Las Heras (independent director). The shareholders also agreed to appoint EY as the Company's external auditors for the year 2019.

On June 5, 2019, Factoring Security completed the placement of the H series bond on the local market for CH\$40 billion, with demand doubling the offering. The five-year notes were placed at a nominal rate of 3.95% per annum, which represents a spread of 0.69%.

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GRUPO SECURITY EARNINGS REPORT FOR 1H19

Grupo Security posted profit of CH\$42,819 million for the six months ended June 2019 (+15.4% YoY and +2.4% QoQ). EBITDA for the same period totaled CH\$70,960 million, +20.3% YoY and -24.1% QoQ.

The Group posted an ROAE as of June 2019 of 11.8%, +19 b.p. YoY and +109 b.p. QoQ. Profit from the Group's business areas for 1H19 was CH\$56,586, +15.6% YoY.

EARNINGS CONTRIBUTION BY BUSINESS AREA

Earnings from Related Companies								
	2Q19	1Q19	2Q18	% Chg		Jun-19	Jun-18	% Chg
				QoQ	YoY			
Lending Area								
Banco Security (standalone)	19,495	16,951	16,101	15.0%	21.1%	36,446	35,066	3.9%
Factoring Security	2,262	2,186	2,034	3.5%	11.2%	4,447	4,059	9.6%
Asset Management Area								
Valores Security	280	506	809	-44.7%	-65.4%	786	1,298	-39.5%
AGF Security	1,696	1,228	1,556	38.2%	9.0%	2,924	2,993	-2.3%
Insurance Area								
Vida Security	6,231	5,197	(1,576)	19.9%	-495.5%	11,428	4,831	136.6%
Servicios Security	246	136	262	80.5%	-6.3%	382	304	25.6%
Other Services								
Inmobiliaria Security	(469)	(395)	(424)	-	-	(864)	(693)	24.7%
Travel Security	799	896	894	-10.7%	-10.6%	1,695	1,519	11.6%
International Business								
Protecta Security (S./ Th.)	7,748	1,143	1,605	577.9%	382.9%	8,891	1,898	368.5%
Travex Security (S./ Th.)	(267)	575	771	-146.5%	-134.6%	308	1,376	-77.6%
Grupo Security Profit	21,661	21,158	13,528	2.4%	60.1%	42,819	37,095	15.4%

(1) 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 subsidiaries.

REVIEW OF OPERATIONS BY BUSINESS AREA

LENDING BUSINESS AREA (68.7% of assets; 72.2% of profit from business areas as of June 2019)

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

BANCO SECURITY

For 1H19, Banco Security reported consolidated profit attributable to owners of the parent of CH\$40,156 million, +2.0% YoY. The Bank's standalone profit (excluding the asset management subsidiaries AGF Security and Valores Security Corredores de Bolsa) was CH\$36,444 million, +3.9% YoY.

The average profitability of Banco Security is measured as its profit for the last 12 months over average equity and reached 12.8%, marking a decrease of 138 basis points YoY. Upon annualizing 1H19 profit, return on average equity becomes 14.1%.

Banco Security - Operating Segments

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18
<i>In Ch\$ Million</i>														
Net interest margin	45,654	40,962	33,337	32,126	8,135	11,797	-1,400	-787	85,727	84,097	-203	-111	85,524	83,986
Δ% 6M19	11.5%		3.8%		-31.0%		77.9%		1.9%		82.9%		1.8%	
Net Fees	10,188	9,892	10,670	11,557	-149	-198	340	-521	21,049	20,730	13,749	14,580	34,798	35,310
Δ% 6M19	3.0%		-7.7%		-24.8%		-165.2%		1.5%		-5.7%		-1.5%	
Net FX transactions and other income	4,507	3,819	648	1,429	8,577	7,394	-3,320	-4,749	10,412	7,893	3,652	3,980	14,064	11,873
Δ% 6M19	18.0%		-54.6%		16.0%		-30.1%		31.9%		-8.2%		18.5%	
Loan losses and foreclosed assets	-3,110	-6,578	-11,712	-12,415	35	21	-1,661	464	-16,449	-18,508	0	0	-16,449	-18,508
Δ% 6M19	-52.7%		-5.7%		-		-457.9%		-11.1%		-		-11.1%	
Total operating income, net of credit risk prov.	57,238	48,094	32,943	32,697	16,598	19,014	-6,041	-5,593	100,739	94,212	17,198	18,449	117,937	112,661
Δ% 6M19	19.0%		0.8%		-12.7%		8.0%		6.9%		-6.8%		4.7%	
Operating expenses	-18,815	-18,253	-29,153	-27,432	-6,557	-6,035	1,539	2,218	-52,986	-49,502	-12,918	-13,292	-65,904	-62,794
Δ% 6M19	3.1%		6.3%		8.6%		-30.6%		7.0%		-2.8%		5.0%	
Net operating income	38,424	29,842	3,790	5,265	10,042	12,979	-4,502	-3,375	47,753	44,710	4,280	5,157	52,033	49,867
Δ% 6M19	28.8%		-28.0%		-22.6%		33.4%		6.8%		-17.0%		4.3%	
Income tax expense	-9,104	-6,438	-898	-1,136	-2,379	-2,800	1,065	727	-11,317	-9,647	-569	-872	-11,886	-10,519
Δ% 6M19	41.4%		-20.9%		-15.0%		46.4%		17.3%		-34.7%		13.0%	
Profit attributable to equity holders of the bank	29,319	23,403	2,892	4,129	7,662	10,179	-3,430	-2,639	36,444	35,072	3,712	4,283	40,156	39,355

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	2Q-19	1Q-19	2Q-19	1Q-19	2Q-19	1Q-19	2Q-19	1Q-19	2Q-19	1Q-19	2Q-19	1Q-19	2Q-19	1Q-19
<i>In Ch\$ Million</i>														
Net interest margin	23,217	22,437	16,595	16,742	6,128	2,007	-1,434	34	44,507	41,220	8	-211	44,515	41,009
Δ% 2Q19	3.5%		-0.9%		205.3%		-4287.8%		8.0%		-103.8%		8.5%	
Net Fees	5,336	4,852	5,705	4,965	-83	-66	2	338	10,960	10,089	6,981	6,768	17,941	16,857
Δ% 2Q19	10.0%		14.9%		-		-		8.6%		3.1%		6.4%	
Net FX transactions and other income	2,142	2,364	263	385	3,900	4,677	-1,546	-1,774	4,760	5,652	1,868	1,784	6,628	7,436
Δ% 2Q19	-9.4%		-31.6%		-16.6%		-12.9%		-15.8%		4.7%		-10.9%	
Loan losses and foreclosed assets	-2,500	-610	-5,721	-5,992	21	14	-1,745	84	-9,945	-6,504	0	0	-9,945	-6,504
Δ% 2Q19	309.6%		-4.5%		-		-		52.9%		-		52.9%	
Total operating income, net of credit risk prov.	28,196	29,042	16,843	16,100	9,966	6,632	-4,723	-1,318	50,282	50,457	8,857	8,341	59,139	58,798
Δ% 2Q19	-2.9%		4.6%		50.3%		258.2%		-0.3%		6.2%		0.6%	
Operating expenses	-9,041	-9,774	-14,671	-14,482	-2,994	-3,563	927	612	-25,779	-27,207	-6,707	-6,211	-32,486	-33,418
Δ% 2Q19	-7.5%		1.3%		-16.0%		51.4%		-5.2%		8.0%		-2.8%	
Net operating income	19,155	19,269	2,172	1,618	6,972	3,070	-3,796	-706	24,503	23,250	2,150	2,130	26,653	25,380
Δ% 2Q19	-0.6%		-		127.1%		437.4%		5.4%		0.9%		5.0%	
Income tax expense	-3,880	-5,224	-459	-439	-1,547	-832	875	190	-5,012	-6,305	-179	-390	-5,191	-6,695
Δ% 2Q19	-25.7%		4.7%		85.9%		361.4%		-20.5%		-54.1%		-22.5%	
Profit attributable to equity holders of the bank	15,274	14,045	1,713	1,179	5,425	2,237	-2,913	-517	19,499	16,945	1,972	1,741	21,470	18,686
Δ% 2Q19	8.8%		45.2%		142.5%		464.0%		15.1%		13.3%		14.9%	

Commercial Banking

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

As of June 2019, commercial loans had expanded +8.8% YoY and +2.4% YTD, to CH\$4,331 billion. Industry wide, commercial loans grew +7.6% YoY and 3.1% YTD. Including foreign subsidiaries, the industry's commercial loans grew +7.8% YoY and 3.1% YTD. Banco Security's

market share in commercial loans was 4.6% as of June 2019 (excluding foreign subsidiaries), while its market share in its target segment of medium and large companies was 6.5%². The commercial banking division had 9,156 customers as of June 2019 (+3.7% YoY).

The commercial banking division posted profit of CH\$29,319 million for 1H19 (+CH\$5,916 million and +25.3% YoY). This is explained by a

Commercial Loans by Economic Sector	Jun-19	% Total
<i>In Ch\$ Millions</i>		
Construction and real estate	922,977	21.3%
Financial services and insurance	864,745	20.0%
corporate services	657,193	15.2%
Wholesale and retail trade	497,399	11.5%
Manufacturing	360,354	8.3%
Transportation	271,848	6.3%
Social services	263,189	6.1%
Utilities	192,457	4.4%
Agriculture and livestock	132,548	3.1%
Fishing	79,135	1.8%
Mining	59,312	1.4%
Telecom	22,827	0.5%
Forestry	6,724	0.2%
Total commercial loans	4,330,707	100%

²This 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).

larger net interest margin of CH\$45,654 million for 1H19 (+CH\$4,692 million or +11.5% YoY), due to increased commercial loans (+8.8% YoY). In addition, the division reported lower provision expenses of CH\$3,110 million (-52.7% YoY), due to a well-performing portfolio during the period. Also, financial operating income, net FX transactions and other income totaled CH\$4,507 million (+CH\$688 million, +18.0% YoY), while net fee and commission income reached CH\$10,188 million (+CH\$296 million, +3.0% YoY), due to increased business. Operating expenses for 1H19 remained in line with the prior year (+3.1% YoY), totaling CH\$18,815 million.

The division reported profit of CH\$15,274 million for 2Q19 (+CH\$1,230 million, +8.8% QoQ), explained by a larger net interest margin of CH\$23,217 million (+CH\$781 million, +3.5% QoQ), due to greater loans (+2.3% QoQ). The division also reported lower operating expenses of CH\$9,041 million (-7.5% QoQ) due to seasonal effects. Net fee and commission income reached CH\$5,336 million (+CH\$484 million, +10.0% QoQ), due to increased business. Provision expenses totaled CH\$2,500 million (+309.6% QoQ). Although four times the 1Q19 figure, provision expenses continue to be less than prior quarters due to a strong portfolio. It also reported a decrease in financial operating income, net FX transactions and other income, which totaled CH\$2,142 million for 2Q19 (-9.4% QoQ), mainly because of reduced income from leases.

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 loan growth of 14% since March 2014.

As of June 2019, the Bank had total retail loans (consumer + mortgage) of CH\$1,161 billion (+6.9% YoY and +4.8% YTD), driven by consumer (+11.4% YoY and +5.3% YTD) and mortgage loans (+3.5% YoY and +4.3% YTD). For the industry, retail loans increased +13.6% YoY, driven by consumer loans (+21.4% YoY) and, to a lesser extent, mortgage loans (+10.1% YoY). It is important to mention that BCI and Banco Falabella incorporated the Presto card (Walmart) and CMR card portfolios, respectively, in December 2018. For the quarter, industry retail loans grew +4.0% YTD, with increases in both mortgage (+4.8% YTD) and consumer (+2.5% YTD) loans. Including foreign subsidiaries, the industry's retail loans grew +13.0% YoY and +3.8% YTD. The Bank boasts market share of 5.1% in its target segment of high-income individuals as of ³June 2019. The retail banking division had 70,482 customers as of June 2019 (-0.4% YoY).

The retail banking division posted profit of CH\$2,892 million for 1H19 (-30.0% YoY). It had a net interest margin of CH\$33,337 million (+CH\$1,212 million, +3.8% YoY), explained by greater loans (+6.9% YoY), while net fee and commission income reached CH\$10,670 million (-7.7% YoY), due to decreased sales of supplementary loan insurance products. In financial operating income, net FX transactions and other income, it reported CH\$648 million (-54.6% YoY) due to decreased sales of mortgage bonds. In addition, the division reported lower provision expenses of CH\$11,712 million (-5.7% YoY) due to fortified loan approval and collections policies. These effects were offset by higher operating expenses for 1H19 of CH\$29,153 million (+6.3% YoY) due to increased business from credit cards.

The division reported profit of CH\$1,713 million for 2Q19 (+CH\$533 million or +45.2% QoQ), explained by greater net fees of CH\$5,705 million (+CH\$740 million or 14.9% QoQ), due to increased sales of supplementary loan insurance products. In addition, the division reported lower provision expenses of CH\$5,721 million (-4.5% QoQ), due to fortified loan approval and collections policies. In comparison to the immediately prior quarter, these effects were not fully offset by a smaller net interest margin of CH\$16,595 million for 2Q19 (-0.9% QoQ), or reduced financial operating income, net FX transactions and other income (CH\$263 million; -31.6% QoQ).

³This division includes individuals between 24 and 65 years of age in the middle and high-income segments (UF 60 in Santiago or UF 50 elsewhere in Chile) 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).

Treasury

For 1H19, the treasury division reported profit of CH\$7,662 million (-24.7% YoY), due to decreased net operating income of CH\$16,598 million (-12.7% YoY), resulting from yield curves flattening, which led to lower spreads in the margin and reduced brokerage income from structured products, partly offset by greater distribution revenue. Operating expenses rose +8.6% YoY to CH\$6,557 million because of increased expenses on technology.

For 2Q19, the treasury division reported profit of CH\$5,425 million (+CH\$3,187 million, +142.5% QoQ) and net operating income of CH\$9,966 million (+CH\$3,333 million, +50.3% QoQ) due to higher inflation in 2Q19 (1.2%) vs 1Q19 (0%) and greater investment brokerage income, partly offset by fewer prepayments. The division also reported lower operating expenses of CH\$2,994 million (-16.0% QoQ) for 2Q19 due to seasonal effects.

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 June 2019, ALM represented 59.4% of treasury income. The investment and trading desks manage the Bank's own portfolio of primarily Chilean Central Bank notes and corporate bonds and represent 17.4% of treasury income. The remaining 23.2% 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

Banco Security posted consolidated profit of CH\$40,155 million for 1H19 (+2.0% YoY) and CH\$21,470 million for 2Q19 (+14.9% QoQ).

<i>In Ch\$ Million</i>	2Q19	1Q19	2Q18	% Chg		6M19	6M18	% Chg
				QoQ	YoY			
Net interest margin	44,515	41,009	43,525	8.5%	2.3%	85,524	83,986	1.8%
Net Fees	17,941	16,857	17,948	6.4%	0.0%	34,798	35,310	-1.5%
Net financial Operating Income	4,158	5,892	5,018	-29.4%	-17.1%	10,050	8,672	15.9%
Net foreign exchange transactions	2,450	-94	485	-	-	2,356	4,644	-
Recovery of charged-off loans	1,216	757	1,494	60.6%	-18.6%	1,973	2,975	-33.7%
Other net operating income	-401	409	-290	-	-	8	-563	-
Gross operating income	69,879	64,830	68,180	7.8%	2.5%	134,709	135,024	-0.2%
Credit risk provisions	-10,740	-6,032	-14,433	78.1%	-25.6%	-16,772	-22,363	-25.0%
Administrative expenses	-32,486	-33,418	-30,639	-2.8%	6.0%	-65,904	-62,794	5.0%
Net operating income	26,653	25,380	23,108	5.0%	15.3%	52,033	49,867	4.3%
Income attributable to investments in other companies	8	0	9	-	-	8	9	-
Profit before tax	26,661	25,380	23,117	5.0%	15.3%	52,041	49,876	4.3%
Income tax expense	-5,191	-6,695	-4,652	-22.5%	11.6%	-11,886	-10,519	13.0%
Profit for the period	21,470	18,685	18,465	14.9%	16.3%	40,155	39,357	2.0%

For 1H19, the Bank reported a net interest margin of CH\$85,524 million (+1.8% YoY), explained by greater total loans (+8.4% YoY). Interest and indexation income reached CH\$195,152 million (+7.4% YoY), due to a rise in total loans. Interest and indexation expenses rose to CH\$109,628 million for 1H19 (+12.3% YoY), due to 1.3% YoY growth in the Bank's total liabilities, a rise in finance costs due to higher interest rates during the second half of 2018 and lengthening of liabilities given expected rate hikes.

For 2Q19, the net interest margin totaled CH\$44,515 million (+8.5% QoQ) due to greater inflation in 2Q19 (1.2%) versus 1Q19 (0%).

Net Interest Margin <i>In Ch\$ Million</i>	2Q19	1Q19	2Q18	% Chg		6M19	6M18	% Chg
				QoQ	YoY			
Interest and indexation income	114,797	80,355	94,329	42.9%	21.7%	195,152	181,637	7.4%
Interest and indexation expenses	-70,282	-39,346	-50,804	78.6%	38.3%	-109,628	-97,651	12.3%
Net interest margin	44,515	41,009	43,525	8.5%	2.3%	85,524	83,986	1.8%
Interest margin net of provisions	33,775	34,977	29,092	-3.4%	16.1%	68,752	61,623	11.6%
Net interest margin / total loans	3.24%	3.06%	3.43%	18 p	-19 p	3.11%	3.31%	-20 p
Net interest margin net of provisions / Total loans	2.46%	2.61%	2.29%	-15 p	16 p	2.50%	2.43%	7 p

Net fee and commission income totaled CH\$34,798 million in 1H19 (-1.5% YoY), due to a drop in transactions at Valores Security.

Net fee and commission income totaled CH\$17,941 million for 2Q19, +6.4% QoQ, because of increased business in the commercial banking division and greater sales of supplementary loan insurance products by the retail banking division.

Finance income, which is the sum of net financial operating income (loss) and the net gain from FX transactions, totaled CH\$12,406 million (-6.8% YoY), due to reduced fixed-income trading and brokerage income from the Bank's treasury division. In 2Q19, it reached CH\$6,608 million (+14.0% QoQ), due to greater investment brokerage income.

Loan loss provision expenses for 1H19 totaled CH\$16,772 million (-25.0% YoY), due to a strong performance from the commercial banking division's portfolio during the period and improvements in the retail banking division's loan approval and collections processes.

For 2Q19, loan loss provision expenses reached CH\$10,740 million (+78.1% QoQ), because of CH\$2,000 million in additional provisions recorded to prepare for changes to regulations for the group commercial portfolio provisioning model (effective as of July), and greater provision expenses in the commercial banking division as compared to the prior quarter, which represents a low basis of comparison. Provision expenses net of recovered loans reached 0.69% for 2Q19 (+30 b.p. QoQ) due to the additional provisions recorded.

In Ch\$ Million	2Q19	1Q19	2Q18	4Q18	QoQ	% Chg YTD	YoY
Total Loans	5,495,624	5,362,225	5,070,827	5,346,071	2.5%	2.8%	8.4%
Nonperforming loans - consumer	6,569	6,526	5,835	6,256	0.7%	5.0%	12.6%
Nonperforming loans - mortgage	6,455	6,660	5,491	5,910	-3.1%	9.2%	17.6%
Nonperforming loans - commercial	79,445	80,305	58,173	67,963	-1.1%	16.9%	36.6%
Total nonperforming loans	92,469	93,491	69,499	80,129	-1.1%	15.4%	33.1%
Non-performing loans - consumer	1.26%	1.27%	1.24%	1.26%	-1 p	0 p	1 p
Non-performing loans - mortgage	1.01%	1.09%	0.89%	0.97%	-7 p	5 p	12 p
Non-performing loans - commercial	1.83%	1.90%	1.46%	1.61%	-6 p	23 p	37 p
Total nonperforming loans	1.68%	1.74%	1.37%	1.50%	-6 p	18 p	31 p
Gross provisions	104,738	96,247	102,001	127,529	8.8%	-17.9%	2.7%
Write-offs	(19,745)	(9,345)	(18,416)	(37,377)	111.3%	-47.2%	7.2%
Credit risk provisions	84,993	86,902	83,585	90,152	-2.2%	-5.7%	1.7%
Provisions - consumer (% total)	21,633	21,096	19,036	20,264	2.5%	6.8%	13.6%
Provisions - mortgage (% total)	1,256	1,159	1,070	1,075	8.4%	16.8%	17.4%
Provisions - commercial (% total)	62,104	64,647	63,479	68,813	-3.9%	-9.7%	-2.2%
Credit risk provisions	84,993	86,902	83,585	90,152	-2.2%	-5.7%	1.7%
Coverage - consumer	329.3%	323.3%	326.2%	323.9%	606 p	541 p	308 p
Coverage - mortgage	19.5%	17.4%	19.5%	18.2%	206 p	127 p	-3 p
Coverage - commercial	78.2%	80.5%	109.1%	101.3%	-233 p	-2308 p	-3095 p
Coverage - total nonperforming loans¹	91.9%	93.0%	120.3%	112.5%	-104 p	-2059 p	-2835 p
Provisions / loans	1.55%	1.62%	1.65%	1.69%	-7 p	-14 p	-10 p
Provision expenses ² / loans	0.69%	0.39%	1.02%	1.05%	30 p	-35 p	-33 p

¹ Stock of credit risk provisions/ Stock of nonperforming loans

² Credit risk provisions net of recovery of charged-off loans

Given Banco Security's exposure to corporate and high-income customers, its risk ratios are among the lowest in the industry. As of June 2019, Banco Security's risk index reached 1.55%, -10 b.p. YoY and -7 b.p. QoQ. The 90-day nonperforming loans portfolio reached 1.68%, +31 b.p. YoY and -6 b.p. QoQ. The resulting NPL coverage ratio was 91.9%. During 1Q19, several customers were added to the nonperforming loan portfolio that had large guarantees and, therefore, required smaller provisions.

	Credit Risk (%)									
	Provisions / Loans					Over 90 Day Nonperforming Loans				
	Mortgage	Consumer	Total	Commercial	Total	Mortgage	Consumer	Commercial	Total	
Banco Security	0.20	4.14	1.97	1.43	1.55	1.01	1.26	1.83	1.68	
Medium Banks*	0.30	4.22	1.38	1.70	1.65	2.10	0.78	1.44	1.41	
Banking system	0.72	6.68	2.72	2.25	2.43	2.21	2.18	1.69	1.89	

*Average for BICE, Security, Internacional, Consorcio

For 1H19, the Bank reported operating expenses of CH\$65,904 million (+5.0% YoY) and administrative expenses of CH\$33,575 million (+5.8% YoY) due to increased business from credit cards and improvements to risk areas. Depreciation and amortization expense reached CH\$3,461 million, +37.5% YoY, explained by the effects of applying IFRS 16, which records lease contract expenses in depreciation and amortization instead of administrative expenses as before.

For 2Q19 operating expenses totaled CH\$32,486 million (-2.8% QoQ), with all expense lines remaining stable QoQ.

<i>In Ch\$ Millions</i>	2Q19	1Q19	2Q18	% Chg		6M19	6M18	% Chg
				QoQ	YoY			
Personnel	-14,307	-14,561	-13,943	-1.7%	2.6%	-28,868	-28,540	1.1%
Administrative expenses	-16,377	-17,198	-15,401	-4.8%	6.3%	-33,575	-31,737	5.8%
Depreciation and amortization	-1,802	-1,659	-1,295	8.6%	39.2%	-3,461	-2,517	37.5%
Total operating expenses	-32,486	-33,418	-30,639	-2.8%	6.0%	-65,904	-62,794	5.0%
Gross operating income	69,879	64,830	68,180	7.8%	2.5%	134,709	135,024	-0.2%
Operating expenses / Gross operating income	46.5%	51.5%	44.9%	-506 p	155 p	48.9%	46.5%	242 p

Banco Security's efficiency ratio, measured as operating expenses + other operating expenses over total operating income, totaled 48.9% for 1H19 (+242 b.p. YoY) and 46.5% for 2Q19 (-506 b.p. QoQ). This ratio compares to 45.4% for the banking system and 43.6% for peer banks⁴ as of June 2019.

For 1H19, the income tax expense was CH\$11,886 million (+13.0% YoY), explained by a higher effective tax rate, calculated by deducting price-level restatement of tax-basis equity, which was down since inflation was lower than last year.

Banco Security Loan Portfolio

Total loans reached CH\$5,495,624 million as of June 2019, up +8.4% YoY and 2.8% YTD. For the industry, loans increased +10.1% YoY and +3.8% YTD. Including foreign investments, the industry's retail loans grew +9.9% YoY and +3.5% YTD. Commercial loans grew +8.8% YoY and +2.4% YTD, to CH\$4,330,707 million (78.8% of Banco Security's total loan portfolio), while retail loans (consumer + mortgage) reached CH\$1,160,890 million as of June 2019, +6.9% YoY and +4.8% YTD. The 20 largest borrowers represent 10.5% of the Bank's total loan portfolio.

Total Loans			Jun-19	Mar-19	Jun-18	%Chg		
<i>In Ch\$ Millions</i>						QoQ	YTD	YoY
Consumer	Loans		522,813	513,729	469,450	1.8%	5.3%	11.4%
Mortgage	Loans		638,077	612,994	616,741	4.1%	4.3%	3.5%
Mortgage + Consumer	Loans		1,160,890	1,126,723	1,086,191	3.0%	4.8%	6.9%
Mortgage + Consumer	No. Customers		70,482	70,030	70,758	0.6%	-0.3%	-0.4%
Commercial	Loans		4,330,707	4,233,163	3,979,463	2.3%	2.4%	8.8%
Commercial	No. Customers		9,156	9,098	8,830	0.6%	1.3%	3.7%
Total Loans			5,495,624	5,362,225	5,070,827	2.5%	2.8%	8.4%
Market Share			3.2%	3.2%	3.3%	2 p	-3 p	-5 p

⁴ Peer banks: Average for BICE, Consorcio, Banco Internacional and Security

Interest and indexation income <i>In Ch\$ Millions</i>	2Q19	1Q19	2Q18	QoQ	%Chg YTD	YoY	Jun-19	Jun-18	% Chg
Consumer	14,184	14,408	13,245	-1.6%	1.3%	7.1%	28,592	26,297	5.3%
Mortgage	12,630	5,121	9,819	146.6%	29.5%	28.6%	17,751	19,146	10.6%
Mortgage + Consumer	26,814	19,529	23,064	37.3%	12.9%	16.3%	46,343	45,443	7.5%
Commercial	78,344	52,599	62,542	48.9%	17.2%	25.3%	130,943	119,769	4.8%
Interest and indexation income <i>In Ch\$ Millions</i>	2Q19	1Q19	2Q18	QoQ	%Chg YTD	YoY	Jun-19	Jun-18	% Chg
Consumer	10.85%	11.22%	11.29%	-37 p	-43 p	-43 p	10.94%	11.20%	-27 p
Mortgage	7.92%	3.34%	6.37%	458 p	24.2%	155 p	5.56%	6.21%	-64 p
Mortgage + Consumer	9.24%	6.93%	8.49%	231 p	7.7%	75 p	7.98%	8.37%	-38 p
Commercial	7.24%	4.97%	6.29%	227 p	14.4%	95 p	6.05%	6.02%	3 p
	7.65%	5.38%	6.75%	227 p	0 p	90 p	6.45%	6.52%	-6 p

Banco Security - Funding Sources

Funding Sources <i>In MCH\$</i>	Jun-19		Mar-19		Jun-18		Dec-18		QoQ	% Chg YTD	YoY
Demand deposits	735,393	10.2%	700,160	10.1%	622,933	9.2%	654,815	9.4%	5.0%	12.3%	18.1%
Time deposits	2,930,101	40.7%	2,802,883	40.6%	2,959,357	43.6%	2,965,403	42.8%	4.5%	-1.2%	-1.0%
Total deposits	3,665,494	50.9%	3,503,043	50.7%	3,582,290	52.8%	3,620,218	52.2%	4.6%	1.3%	2.3%
Bonds	2,299,984	32.0%	2,215,796	32.1%	1,959,746	28.9%	2,205,499	31.8%	3.8%	4.3%	17.4%
Interbank loans	214,389	3.0%	238,362	3.5%	224,650	3.3%	223,071	3.2%	-10.1%	-3.9%	-4.6%
Other liabilities*	425,261	5.9%	378,778	5.5%	466,646	6.9%	308,677	4.5%	12.3%	37.8%	-8.9%
Total Liabilities	6,605,128	92%	6,335,979	92%	6,233,332	92%	6,357,465	92%	4.2%	3.9%	6.0%
Equity	593,019	8.2%	572,116	8.3%	554,948	8.2%	577,647	8.3%	3.7%	2.7%	6.9%
Liabilities + Equity	7,198,147	100%	6,908,095	100%	6,788,280	100%	6,935,112	100%	4.2%	3.8%	6.0%

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

○ Demand and Time Deposits

As of June 2019, deposits totaled CH\$3,665,494 million, +2.3% YoY and +1.3% YTD. For the industry, loans fluctuated +5.0% YoY and +0.2% YTD. Including foreign investments, this figure varied +5.0% YoY and 0.5% YTD. Banco Security's time deposits consisted of 38.9% retail deposits and 61.1% institutional deposits. The 15 largest depositors⁵ represent 23.9% of the Bank's total deposits. The loan to deposit ratio was 150% as of June 2019, compared to 140% as of June 2018.

Banco Security has a strategy to diversify funding sources using sales incentives to increase its retail deposit base. Banco Security strictly monitors liquidity risk⁶, striving to diversify funding sources while monitoring and controlling a series of limits on asset/liability mismatches, maintaining an important volume of 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 June 2019, the ratio of long-term interest rate risk to regulatory capital was 3.2%⁷. As of June 30, 2019, liquid assets⁸ represented 52% of demand and other time deposits.

⁵ Excludes stock brokerage companies.

⁶ 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).

⁷ 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.

⁸ 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
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
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
B7	8/2018	9-May-18	UF	4,000,000	2.20	5.5	1-Aug-23
Z3	8/2018	9-May-18	CLP	75,000,000,000	4.80	5.5	1-Jun-23
K9	8/2018	9-May-18	UF	5,000,000	2.75	10.5	1-Jul-28
B8	11/2018	20-Dec-18	UF	5,000,000	1.80	5.5	1-Feb-24
D1	11/2018	20-Dec-18	UF	5,000,000	2.20	10.5	1-Feb-29
Q1	11/2018	20-Dec-18	UF	3,000,000	2.50	15	1-Aug-33

As of June 2019, Banco Security had issued debt of CH\$2,286,894 million, as detailed in Note 18 of the Bank's interim financial statements.

Banco Security - Capitalization

As of June 2019, Banco Security's equity attributable to owners of the parent totaled CH\$592,960 million (+6.9% YoY, +3.7% QoQ and +2.7% YTD). 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.

<i>In Ch\$ Millions</i>	Jun-19	Mar-19	Jun-18	Dec-18	QoQ	% Chg YTD	YoY
Capital	302,047	302,047	302,047	302,047	0.0%	0.0%	0.0%
Reserves and valuation accounts	34,957	29,084	26,659	25,897	20.2%	35.0%	31.1%
Retained earnings	255,956	240,927	226,184	249,643	6.2%	2.5%	13.2%
Equity attributable to equity holders of bank	592,960	572,057	554,889	577,588	3.7%	2.7%	6.9%
Tier I (core capital)	592,960	572,057	554,889	577,588	3.7%	2.7%	6.9%
Regulatory capital	789,139	768,615	752,517	774,770	2.7%	1.9%	4.9%
Minimum required capital	489,267	480,243	448,957	468,961	1.9%	4.3%	9.0%
Risk-weighted assets	6,115,838	6,003,031	5,611,957	5,862,013	1.9%	4.3%	9.0%
BIS ratio	12.90%	12.80%	13.41%	13.22%	10 p	-31 p	-51 p
Core capital / total assets	7.75%	7.75%	7.72%	7.79%	0 p	-4 p	3 p

The Bank's capital adequacy ratio as of June 2019, calculated as regulatory capital over risk-weighted assets, reached 12.90% (with a regulatory minimum of 8%), -51 b.p. YoY and -31 b.p. YTD. This ratio fell from one year to the next as a result of growth in risk-weighted assets, driven by greater total loans (+8.4% YoY and +2.8% YTD). The ratio of core capital to total assets reached 7.75%, +3 b.p. YoY and -4 b.p. YTD.

FACTORING SECURITY

For 1H19, Factoring Security reported profit of CH\$4,447 million (+9.6% YoY), with operating income of CH\$17,013 million, (+CH\$2,301 million, +15.6% YoY), because of a larger volume of factored receivables (+18.1% YoY), which was partially offset by a smaller spread. This was not fully offset by increased operating expenses, which reached CH\$4,708 million (+14.1% YoY), because of a larger volume of factored receivables and increased operating expenses of CH\$5,184 million (+9.8% YoY), due to increased business and system improvements.

For 2Q19, profit reached CH\$2,262 million (+3.5% QoQ), due to greater operating income of CH\$8,532 million (+CH\$51 million, +0.6 QoQ). This was not fully offset by increased operating expenses of CH\$2,473 million (+10.6% QoQ), and greater support expenses of CH\$2,607 million (+1.1% QoQ).

The efficiency ratio reached 42.2% as of June 2019 (-26 b.p. YoY). The risk ratio, measured as provisions over total loans, was 2.04% as of June 2019, -57 b.p. YoY and -22 b.p. QoQ.

In Ch\$ Million	2Q19	1Q19	2Q18	% Chg		6M19	6M18	% Chg YoY
				QoQ	YoY			
Factored receivables	355,716	351,743	301,116	1.1%	18.1%	355,716	301,116	18.1%
Provisions	7,253	7,929	7,865	-8.5%	-7.8%	7,253	7,865	-7.8%
Gross operating income	8,532	8,481	7,397	0.6%	15.3%	17,013	14,713	15.6%
Operating expenses	-2,473	-2,235	-2,347	10.6%	5.3%	-4,708	-4,125	14.1%
Support expenses	-2,607	-2,577	-2,382	1.1%	9.4%	-5,184	-4,721	9.8%
Profit for the period	2,262	2,186	2,034	3.5%	11.2%	4,447	4,059	9.6%
Efficiency ratio	41.6%	42.8%	42.0%	-121 p	-41 p	42.2%	42.5%	-26 p
Risk ratio	2.04%	2.25%	2.61%	-22 p	-57 p	2.04%	2.61%	-57 p

INSURANCE BUSINESS AREA (24.8% of assets; 20.6% of profit from business areas as of June 2019)

The insurance business area reported profit of CH\$11,677 million for 1H19. This area includes the insurance company Vida Security and Servicios Security, the holding that groups the insurance brokerage (Corredora de Seguros Security) and assistance business (Europ Assistance).

VIDA SECURITY

For 1H19 Vida Security reported profit attributable to the owners of the parent of CH\$11,428 million (+136.6% YoY). This is explained by improved investment income, which reached CH\$76,121 million (+78.5% YoY) and an improved contribution margin from group insurance of CH\$12,234 million (+8.5% YoY).

In MCH\$	Individual		Family protection		Group insurance		Annuities		DSI		Total	
	2Q19	1Q19	2Q19	1Q19	2Q19	1Q19	2Q19	1Q19	2Q19	1Q19	2Q19	1Q19
Gross written premiums	27,511	25,657	1,642	1,702	19,043	18,387	17,704	20,386	208	264	66,109	66,397
Net premiums written	26,980	25,276	1,642	1,702	18,472	18,073	17,704	20,386	94	129	64,893	65,566
Variation in technical reserves	-10,604	-15,652	10	-29	-18	-474	-	-	-	-	-10,612	-16,156
Claims paid	-19,961	-18,079	-373	-400	-11,568	-10,279	-	-	5,155	4,854	-26,749	-23,904
Pensions paid	-411	-728	-	-	-	-	-34,695	-37,465	-5,632	-5,808	-40,738	-44,001
Underwriting expenses	-2,772	-2,460	-687	-593	-1,088	-945	-138	-153	-0	-	-4,685	-4,150
Medical expenses	-10	-8	-0	-0	-2	-3	0	0	-	-	-12	-11
Insurance impairment	-	-	-	-	144	-78	-	-	-	5	144	-73
Contribution Margin	-6,778	-11,652	592	680	5,940	6,295	-17,129	-17,232	-383	-821	-17,759	-22,730
CUI portfolio	9,791	14,739									9,791	14,739
Proprietary portfolio	-	-									26,011	25,580
Investment income											35,802	40,319
Administrative expenses											-10,762	-10,299
Investment income											-166	-1,081
Exchange differences											-953	21
Gain (loss) on indexed assets and liabilities											133	160
Income tax expense											-64	-1,195
Profit for the period											6,231	5,197

Compared to the immediately preceding quarter, Vida Security reported profit attributable to the owners of the parent of CH\$6,231 million (+CH\$1,034 million; +19.9% QoQ). This is explained by stable results across all business lines, where inflation reached 1.2% for 2Q19, up from 0% in 1Q19, thus impacting the effective tax rate.

In MCH\$	Individual		Family protection		Group insurance		Annuities		DSI		Total	
	6M19	6M18	6M19	6M18	6M19	6M18	6M19	6M18	6M19	6M18	6M19	6M18
Gross written premiums	53,168	49,463	3,345	3,286	37,430	34,903	38,090	21,452	472	93,600	132,506	202,702
Net premiums written	52,255	48,506	3,345	3,286	36,546	33,918	38,090	21,452	223	56,963	130,459	164,125
Variation in technical reserves	-26,256	-732	-19	1	-492	126	-	-	-	-2,233	-26,768	-2,838
Claims paid	-38,041	-40,379	-773	-650	-21,847	-20,979	-	-	10,008	-15,422	-50,653	-77,430
Pensions paid	-1,139	-536	-	-	-	-	-72,160	-52,344	-11,440	-39,490	-84,739	-92,370
Underwriting expenses	-5,232	-4,840	-1,279	-1,064	-2,033	-1,818	-291	-235	-0	-	-8,836	-7,957
Medical expenses	-18	-19	-0	-1	-5	-3	0	0	-	-	-23	-22
Insurance impairment	-	-	-	-	66	37	-	-	5	-	71	37
Contribution Margin	-18,430	2,001	1,272	1,572	12,234	11,281	-34,361	-31,128	-1,204	-182	-40,488	-16,455
CUI portfolio	24,529	6,347									24,529	6,347
Proprietary portfolio	-	-									51,591	36,304
Investment income											76,121	42,651
Administrative expenses											-21,060	-19,562
Investment income											-1,247	-190
Exchange differences											-932	-1,661
Gain (loss) on indexed assets and liabilities											293	-46
Income tax expense											-1,259	95
Profit for the period											11,428	4,831

In aggregate, gross written premiums totaled CH\$132,506 million (-34.6% YoY). This reduction with respect to last year can be explained by the expiration of contract No. 5 for disability and survivor insurance (DSI). The company was not awarded new fractions under contract No. 6⁹. This was partially offset by greater annuity sales and greater premiums from individual and group insurance.

For 1H19, the subsidiary recorded a larger variation in technical reserves (-CH\$26,768 million versus -CH\$2,838 million for 1H18),

⁹ See page 17, section "Disability and Survivor Insurance" for more details on this product line.

particularly in individual insurance, due to improved returns from equity investments in the CUI and APV portfolios and increased gross written premiums from individual insurance and annuities. Claims and pensions paid totaled CH\$135,391 million (-20.3% YoY), due to the expiration of DSI contract No. 5, offset in part by increased pensions paid due to greater annuity sales. Finally, underwriting expenses totaled CH\$8,836 million (+11.0% YoY), reflecting increased business in the individual, family protection and group product lines.

This all explains the contribution margin for 1H19 (-CH\$40,488 million versus -CH\$16,455 million for 1H18).

This was partly offset by greater investment income of CH\$76,121 million (+78.5% YoY), attributable to better returns on equity investments, mainly in the CUI and APV investment portfolios, as markets performed well during the period. Improved returns on the CUI and APV investment portfolio are counterbalanced by greater variations in technical reserves. The subsidiary reported administrative expenses of CH\$21,060 million (+7.7% YoY), reflecting increased commercial activity. Finally, exchange differences totaled -CH\$1,247 million (555.4% YoY), while the loss on indexed assets and liabilities was -CH\$932 million in 1H19, up from a loss of -CH\$1,661 million in 1H18, since inflation was lower than last year.

In MCH\$	2Q19	1Q19	2Q18	% Chg.		6M19	6M18	% Chg.
				QoQ	YoY			
Gross written premiums	66,109	66,397	105,911	-0.4%	-37.6%	132,506	202,702	-34.6%
Net premiums written	64,893	65,566	86,757	-1.0%	-25.2%	130,459	164,125	-20.5%
Variation in technical reserves	-10,612	-16,156	-2,408	-	-	-26,768	-2,838	843.2%
Claims paid	-26,749	-23,904	-41,528	11.9%	-35.6%	-50,653	-77,430	-34.6%
Pensions paid	-40,738	-44,001	-48,837	-7.4%	-16.6%	-84,739	-92,370	-8.3%
Underwriting expenses	-4,685	-4,150	-4,208	12.9%	11.3%	-8,836	-7,957	11.0%
Medical expenses	-12	-11	-15	7.0%	-17.7%	-23	-22	4.2%
Insurance impairment	144	-73	273	-296.7%	-47.3%	71	37	91.2%
Contribution Margin	-17,759	-22,730	-9,966	-	-	-40,488	-16,455	146.0%
Administrative expenses	-10,762	-10,299	-10,005	4.5%	7.6%	-21,060	-19,562	7.7%
Investment income	35,802	40,319	19,146	-11.2%	87.0%	76,121	42,651	78.5%
Exchange differences	-166	-1,081	-899	-84.6%	-	-1,247	-190	555.4%
Gain (loss) on indexed assets and liabilities	-953	21	-731	-	-	-932	-1,661	-43.9%
Profit for the period	6,231	5,197	-1,576	19.9%	-495.5%	11,428	4,831	136.6%
Administrative ratios								
(1) (Claims paid + pension paid)/ Net written premiums	104.0%	103.6%	104.2%	43 p	-16 p	103.8%	103.5%	32 p
(2) Administrative expenses/ Net written premiums	16.6%	15.7%	11.5%	88 p	505 p	16.1%	11.9%	422 p
(3) Underwriting expenses/ Net written premiums	7.2%	6.3%	4.9%	89 p	237 p	6.8%	4.8%	192 p
Combined Ratio (1) + (2) + (3)	127.8%	125.6%	120.5%	220 p	726 p	126.7%	120.2%	647 p
(4) Profit / Net written premiums	9.6%	7.9%	-1.8%	168 p	1142 p	8.8%	2.9%	582 p

For 2Q19, Vida Security posted profit of CH\$6,231 million (+19.9% QoQ). Gross written premiums totaled CH\$66,109 million (-0.4% QoQ), explained by decreased gross written premiums in annuities, which were only partially offset by increased gross written premiums in individual and group policies. The second quarter saw a smaller variation in technical reserves (-CH\$10,612 million versus -CH\$16,156 million in 1Q19) because of reduced investment income from the CUI and APV portfolios and greater claims paid (surrenders and transfers from CUI and APV accounts), partly offset by greater gross written premiums for CUI and APV policies. In addition, this subsidiary reported a reduction in claims and pensions paid (-0.6% QoQ) on individual and group insurance. Investment income reached CH\$35,802 million (-11.2% QoQ), attributable to weaker returns on equity investments, mainly in the CUI and APV investment portfolios. Fluctuating returns on the CUI and APV investment portfolio are counterbalanced by variations in technical reserves since these investments belong to the insurance companies.

Results by Product Line

○ Individual Insurance (40.1% of gross written premiums as of June 2019)

Individual insurance policies are contracted by individuals to cover certain risks (life, health, credit life, etc.). Based on figure 601 in the financial statements of Vida Security, it includes product lines 101-112 and 425 and excludes line 107.

This business reported profit, calculated by adding the CUI investment result to the individual insurance contribution margin, of CH\$6,099 million (-26.9% YoY) for 1H19. Gross written premiums reached CH\$53,168 million for 1H19 (+7.5% YoY) due to greater gross written premiums from insurance with savings components. The variation in technical reserves was -CH\$26,256 million, down from -CH\$732 million in 1H18, due to improved returns from equity investments in the CUI and APV portfolios, increased gross written premiums and decreased claims paid (surrenders and transfers from CUI and APV accounts). Claims paid totaled -CH\$38,041 million (-5.8% YoY), explained by decreased surrenders and transfers from CUI and APV policies. Underwriting expenses totaled -CH\$5,232 million in 1H19 (+8.1% YoY), explained by increased business.

As of June 2019, CUI and APV policies represented 88.1% of total individual insurance premiums.

Individual Insurance In MCH \$	2Q19	1Q19	2Q18	% Chg.		6M19	6M18	% Chg.
				QoQ	YoY			
Gross written premiums	27,511	25,657	27,809	7.2%	-1.1%	53,168	49,463	7.5%
Net premiums written	26,980	25,276	27,408	6.7%	-1.6%	52,255	48,506	7.7%
Variation in technical reserves	-10,604	-15,652	-2,870	-	-	-26,256	-732	3484.6%
Claims paid	-19,961	-18,079	-23,165	10.4%	-13.8%	-38,041	-40,379	-5.8%
Pensions paid	-411	-728	-81	-43.5%	408.3%	-1,139	-536	112.6%
Underwriting expenses	-2,772	-2,460	-2,554	12.7%	8.5%	-5,232	-4,840	8.1%
Medical expenses	-10	-8	-12	22.5%	-12.9%	-18	-19	-1.0%
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-6,778	-11,652	-1,274	-41.8%	432.2%	-18,430	2,001	-1021.0%
CUI portfolio investment income	9,791	14,739	4,464	-33.6%	119.3%	24,529	6,347	286.5%
Individual insurance profit	3,012	3,087	3,190	-2.4%	-5.6%	6,099	8,348	-26.9%
Claims rate (1)	75.5%	74.4%	84.8%	110 p	-930 p	75.0%	84.3%	-937 p
Underwriting expense rate (2)	10.3%	9.7%	9.3%	54 p	95 p	10.0%	10.0%	3 p

(1) Claims paid/ Net written premiums

(2) Underwriting expense/ Net written premiums

For 2Q19, the product line reported profit, calculated by adding the CUI investment result to the contribution margin, of CH\$3,012 million (-2.4% QoQ). The variation in technical reserves for 2Q19 was -CH\$10,604 million, less than 1Q19, due to weaker returns from equity investments in the CUI and APV portfolios, increased gross written premiums and greater claims paid (surrenders and transfers from CUI and APV accounts). This product line reported claims paid of CH\$19,961 million for 2Q19 (+10.4% QoQ) explained by greater surrenders and transfers from CUI and APV funds.

○ Family Protection (2.5% of gross written premiums as of June 2019)

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.

Family Protection	2Q19	1Q19	2Q18	% Chg.		6M19	6M18	% Chg.
In MCH\$				QoQ	YoY			
Gross written premiums	1,642	1,702	1,604	-3.5%	2.4%	3,345	3,286	1.8%
Net premiums written	1,642	1,702	1,605	-3.5%	2.3%	3,345	3,286	1.8%
Variation in technical reserves	10	-29	7	-	-	-19	1	-
Claims paid	-373	-400	-236	-6.6%	57.9%	-773	-650	19.0%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-687	-593	-583	15.9%	17.9%	-1,279	-1,064	20.2%
Medical expenses	0	0	-1	-	-	0	-1	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	592	680	792	-13.0%	-25.2%	1,272	1,572	-19.1%

Claims rate (1)	22.7%	23.5%	14.7%	-76 p	800 p	23.1%	19.8%	335 p
Underwriting expense rate (2)	41.8%	34.8%	36.3%	701 p	551 p	38.2%	32.4%	585 p

(1) Claims paid/ Net written premiums

(2) Underwriting expense/ Net written premiums

The contribution margin totaled CH\$592 million for 2Q19 (-19.1% YoY and -3.5% QoQ). Gross written premiums totaled CH\$1,642 million for 2Q19 (+1.8% YoY and -3.5% QoQ). Claims paid reached -CH\$373 million in 2Q19 (+19.0% YoY and -6.6% QoQ). Underwriting expenses totaled -CH\$687 million for 2Q19 (+20.2% YoY and +15.9% QoQ).

○ **Group Insurance** (28.2% of gross written premiums as of June 2019)

Group Insurance	2Q19	1Q19	2Q18	% Chg.		6M19	6M18	% Chg.
In MCH\$				QoQ	YoY			
Gross written premiums	19,043	18,387	18,151	3.6%	4.9%	37,430	34,903	7.2%
Net premiums written	18,472	18,073	17,609	2.2%	4.9%	36,546	33,918	7.7%
Variation in technical reserves	-18	-474	470	-	-	-492	126	-
Claims paid	-11,568	-10,279	-10,972	12.5%	5.4%	-21,847	-20,979	4.1%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-1,088	-945	-940	15.1%	15.8%	-2,033	-1,818	11.9%
Medical expenses	-2	-3	-2	-33.2%	-19.4%	-5	-3	52.8%
Insurance impairment	144	-78	273	-	-	66	37	-
Contribution Margin	5,940	6,295	6,438	-5.6%	-7.7%	12,234	11,281	8.5%

Claims rate (1)	62.6%	56.9%	62.3%	575 p	32 p	59.8%	61.9%	-207 p
Underwriting expense rate (2)	5.9%	5.2%	5.3%	66 p	55 p	5.6%	5.4%	20 p

(1) Claims paid/ Net written premiums

(2) Underwriting expense/ Net written 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.

For 1H19, the contribution margin reached CH\$12,234 million (+8.5% YoY), due to a rise in the claims rate from 61.9% as of June 2018 to 59.8% as of June 2019. Underwriting expenses totaled -CH\$2,033 million (+11.9% YoY).

For 2Q19, the contribution margin reached CH\$5,940 million (-5.6% QoQ), because of increased claims paid (-CH\$11,568 million for 2Q19, +12.5% QoQ) explained by seasonal effects.

○ **Annuities** (28.7% of gross written premiums as of June 2019)

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 423¹⁰.

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, which is recorded within the line item pensions paid. This results in an accounting loss in the income statement.

Annuities In MCH\$	2Q19	1Q19	2Q18	% Chg.		6M19	6M18	% Chg.
				QoQ	YoY			
Gross written premiums	17,704	20,386	11,462	-13.2%	54.5%	38,090	21,452	77.6%
Net premiums written	17,704	20,386	11,462	-13.2%	54.5%	38,090	21,452	77.6%
Variation in technical reserves	0	0	0	-	-	0	0	-
Claims paid	0	0	0	-	-	0	0	-
Pensions paid	-34,695	-37,465	-26,728	-7.4%	29.8%	-72,160	-52,344	37.9%
Underwriting expenses	-138	-153	-131	-9.8%	5.4%	-291	-235	23.8%
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-17,129	-17,232	-15,397	-0.6%	11.2%	-34,361	-31,128	10.4%
Underwriting expense rate (1)	0.8%	0.8%	1.1%	3 p	-36 p	0.8%	1.1%	-33 p

(1) Claims paid/ Net written premiums

The contribution margin for annuities was -CH\$34,361 million for 1H19 (+10.4% YoY) because of a rise in sales (+77.6% YoY). Pensions paid reached -CH\$72,160 million for 1H19 (+37.9% YoY).

In comparing 2Q19 to 1Q19, the contribution margin was -CH\$17,129 million (-0.6% QoQ), due to a drop in sales (-13.2% QoQ). Pensions paid reached -CH\$34,695 million for 1H19 (29.8% QoQ).

¹⁰This 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 2019, this line contributes to Vida Security only CH\$475 million in pensions paid.

- **Disability and Survivor Insurance (DSI)** (0.4% of gross written premiums as of June 2019)

DSI In MCH\$	2Q19	1Q19	2Q18	% Chg.		6M19	6M18	% Chg.
				QoQ	YoY			
Gross written premiums	208	264	46,885	-21.2%	-99.6%	472	93,600	-99.5%
Net premiums written	94	129	28,672	-	-99.7%	223	56,963	-99.6%
Variation in technical reserves	0	0	-15	-	-	0	-2,233	-100.0%
Claims paid	5,155	4,854	-7,154	6.2%	-	10,008	-15,422	-
Pensions paid	-5,632	-5,808	-22,028	-3.0%	-74.4%	-11,440	-39,490	-71.0%
Underwriting expenses	0	0	0	-	-	0	0	-
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	5	0	-	-	5	0	-
Contribution Margin	-383	-821	-524	-	-	-1,204	-182	-

Claims Rate (1)	506.4%	741.5%	101.8%	-23510 p	40467 p	642.1%	96.4%	54571 p
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(1) Claims and Pensions Paid/ Net written 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 AFP¹¹. It provides protection to the insured and his or her family group in the event of disability or death of the insured party. Based on figure 601 in the financial statements of Vida Security, it includes product line 420.

This table of pensions paid includes disability and survivor payments to insured retirees. Claims paid includes a reserve for the present value of the obligation with the insured parties.

In the fifth DSI bidding process organized by the AFPs, valid from July 2016 to June 2018, Vida Security was awarded two fractions for men and two for women. The sixth tender for SIS 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.

The contribution margin for DSI totaled -CH\$1,204 million in 1H19 (versus -CH\$182 million in 1H18). For 1H19, net premiums written totaled CH\$223 million (-99.6% YoY), claims and pensions paid reached -CH\$1,432 million (-97.4% YoY), and the variation in technical reserves was CH\$0 million (CH\$2,233 million in 1H18), all attributable to the expiration of contract No. 5. Given the drop in interest rates and higher frequency of rate cuts, greater provisions had to be recorded for future payments. Compared to the immediately preceding quarter, the contribution margin for DSI totaled -CH\$383 million in 2Q19 (versus -CH\$821 million in 1Q19), due to the expiration of contract No. 5 in June 2018.

Administrative Expenses - Vida Security

In MCH\$	2Q19	1Q19	2Q18	% Chg		6M19	6M18	%Chg.
				QoQ	YoY			
Payroll	-3,433	-3,643	-3,635	-5.8%	-5.6%	-7,076	-7,016	0.8%
Distribution Channel expenses	-990	-1,074	-956	-7.8%	3.6%	-2,065	-2,233	-7.5%
Other	-6,339	-5,581	-5,414	13.6%	17.1%	-11,920	-10,312	15.6%
Total administrative expenses	-10,762	-10,299	-10,005	4.5%	7.6%	-21,060	-19,562	7.7%

¹¹ <http://www.spensiones.cl/portal/orientacion/580/w3-article-3024.html>

For 1H19, Vida Security reported administrative expenses of CH\$21,060 million (+7.7% YoY) because of an increase in payroll expenses, which totaled CH\$7,076 million in 1H19 (+0.8% YoY), in line with increased business, partially offset by distribution channel expenses.

Investment Income - Vida Security

For 1H19, investment income reached CH\$76,225 million (+78.5% YoY), attributable to better returns on equity investments mainly in the CUI and APV investment portfolios, as markets performed well during the period. Improved returns on the CUI and APV investment portfolio are counterbalanced by greater variations in technical reserves.

The investment portfolio for CUI and APV policies totaled CH\$528,211 million as of June 2019, +6.5% YoY.

Investment Income In Ch\$ Million	CUI		No CUI		Total	
	6M19	6M18	6M19	6M18	6M19	6M18
Fixed Income	4,661	5,411	34,738	33,111	39,400	38,522
Equities and indexes	19,868	996	2,533	-4,326	22,401	-3,329
Real estate	0	0	13,859	9,886	13,859	9,886
Other investments	0	0	565	411	565	411
Investments income	24,529	6,407	51,695	39,082	76,225	45,489
Investment stock	528,211	517,003	2,008,378	1,975,408	2,536,589	2,492,411

Investment Income In Ch\$ Million	CUI		No CUI		Total	
	2Q19	1Q19	2Q19	1Q19	2Q19	1Q19
Fixed Income	2,376	2,286	18,295	16,443	20,671	18,729
Equities and indexes	7,415	12,453	1,454	1,079	8,869	13,532
Real estate	0	0	6,532	7,327	6,532	7,327
Other investments	0	0	224	341	224	341
Investments income	9,790	14,739	26,505	25,190	36,296	39,929
Investment stock	528,211	517,003	2,008,378	1,975,408	2,536,589	2,492,411

Exchange Differences and Gain (Loss) from Indexed Assets and Liabilities

Exchange differences totaled -CH\$1,247 million in 1H19 (-CH\$190 million in 1H18) and -CH\$166 million for 2Q19 (-CH\$1,081 million for 1Q19). The subsidiary posted a loss from indexed assets and liabilities of -CH\$932 million for 1H19 (-CH\$1,661 million for 1H18) and -CH\$953 million for 2Q19 due to higher inflation during the period.

ASSET MANAGEMENT BUSINESS AREA (2.2% of assets; 5.3% of profit from business areas as of June 2019)

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	6M19	3M19	6M18	2018	QoQ	% Chg YoY	YTD
Assets under management (AUM)	4,837,245	4,717,507	4,763,479	4,383,489	2.5%	1.5%	10.4%
Mutual funds under management	2,919,234	2,681,921	2,726,097	2,496,079	8.8%	7.1%	17.0%
Market share - mutual funds	6.8%	6.8%	7.2%	6.6%	-4 p	-38 p	17 p

In Ch\$ Million	2Q19	1Q19	2Q18	% Chg		6M19	6M18	% Chg
				QoQ	YoY			
Value of shares traded	595,619	612,451	825,842	-2.7%	-27.9%	1,208,070	1,579,763	-23.5%
Market share - equities brokerage	3.9%	4.1%	5.0%	-18 p	-114 p	4.0%	5.1%	-110 p
Operating income	9,295	9,398	10,530	-1.1%	-11.7%	18,693	21,003	-11.0%
Non-operating income	1,984	1,331	1,074	49.1%	84.7%	3,315	2,037	62.7%
Total expenses	-9,088	-8,619	-8,785	5.4%	3.4%	-17,707	-17,969	-1.5%
Efficiency ratio	80.6%	80.3%	75.7%	24 p	487 p	80.5%	78.0%	247 p
Fund management	1,696	1,228	1,557	38.2%	9.0%	2,924	2,993	-2.3%
Equity, currency and fixed income brokerage, portfolio mgt and Int'l business (*)	309	449	812	-31.2%	-61.9%	759	1,211	-37.4%
Securitization	-452	-224	-32	-	-	-676	42	-
Profit - Asset Management	1,553	1,453	2,337	6.9%	-33.5%	3,006	4,246	-29.2%

(*) Includes results from support areas (Asesorías y Global Security)

The subsidiary's AUM as of June 2019 totaled CH\$4,837,245 million, +1.5% YoY and +10.4% YTD. Mutual funds under management totaled CH\$2,919,234 million, +7.1% YoY and +17.0% YTD, with a market share of 6.8%. The area reported total value of shares traded of CH\$1,208,070 million, with market share of 4.0%.

For 1H19, the asset management area reported profit of CH\$3,006 million (-29.2% YoY), attributable mainly to lower operating income of CH\$18,693 million (-11.0% YoY), as a result of decreased transactional revenue at Valores Security. Securitizadora Security and Inmobiliaria CasaNuestra also reported weaker results. These effects were only partially offset by a drop in total expenses, which reached CH\$17,707 million (-1.5% YoY), because of decreased business and greater non-operating income of CH\$3,315 million (+62.7% YoY), explained by improved returns from the proprietary trading portfolios of Valores and AGF Security.

Profit for 2Q19 was CH\$1,553 million (+6.9% QoQ), mainly because of greater non-operating income of CH\$1,984 million (+49.1% QoQ), which was partially offset by weaker results from Securitizadora Security and Inmobiliaria CasaNuestra (-CH\$452 million for 2Q19 vs -CH\$224 million for 1Q19), lower operating income of CH\$9,295 million (-1.1% QoQ), and greater total expenses of CH\$9,088 million (+5.4% QoQ).

OTHER SERVICES BUSINESS AREA (1.4% of assets; 0.9% of profit from business areas as of June 2019)

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.

INMOBILIARIA SECURITY

For 1H19, Inmobiliaria Security posted a loss of -CH\$864 million, (-CH\$171 million YoY and -CH\$74 million QoQ) due to ownership being transferred on fewer units. Ownership was transferred on 5 units in 1H19, versus 13 units in 1H18. In quarterly terms, ownership was transferred on 2 units in 2Q19, down from 3 units in 1Q19. Inmobiliaria Security signed apartment purchase promise agreements totaling UF 507,000 in 1H19 (+7.6% YoY) and UF 320,000 in 2Q19 (+171.0% 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\$100,490 million, +28.4% YoY and +17.9% QoQ, due to capitalization of projects under development.

<i>In Ch\$ Million</i>	2Q19	1Q19	2Q18	% Chg		6M19	6M18	% Chg
				QoQ	YoY			
Real estate assets under management	100,490	85,203	78,288	17.9%	28.4%	100,490	78,288	28.4%
Total income	-75	204	-52	-136.7%	44.8%	129	63	106.6%
Total expenses	-472	-570	-432	-17.3%	-	-1,042	-799	30.5%
Profit before tax	-547	-366	-484	-	-	-913	-736	-
Profit for the period	-469	-395	-424	-	-	-864	-693	-

TRAVEL AGENCY: TRAVEL SECURITY

Travel Security reported profit of CH\$1,695 million for 1H19, +11.6% YoY, explained by the CH\$65 YoY rise in the average CH\$/US\$ exchange rate, which was not offset by an increase in operating expenses and lower non-operating income.

During the second quarter, Travel Security reported profit of CH\$799 million (-10.7% QoQ) due to greater operating expenses and lower non-operating income, which was not offset by higher sales and a rise of CH\$8 QoQ in the average CH\$/US\$ exchange rate.

	2Q19	1Q19	2Q18	% Chg		6M19	6M18	% Chg
				QoQ	YoY			
Total sales - Travel (MUSD)	75	64	73	18.5%	3.4%	139	138	1.0%
Net operating income (MCH\$)	1,417	1,354	1,332	4.6%	6.3%	2,771	2,274	21.9%
Profit for the period - Travel (MCH\$)	799	896	894	-10.7%	-10.6%	1,695	1,519	11.6%

INTERNATIONAL BUSINESS AREA (2.9% of assets; 0.9% of profit from business areas as of June 2019)

The international business area reported profit attributable to the owners of the parent of CH\$520 million. This area consolidates 61% of Protecta Security as of November 2018. Protecta Security is a Peruvian life insurance company focused on annuities that was acquired in September 2015, and marks Grupo Security's entrance into the Peruvian financial market. This area also consolidates 75% of Travex Security, the group's travel agency in Peru.

Protecta Security

For 1H19, Protecta reported profit of S./ 8.9 million, up from S./ 1.9 million in 1H18, because of improved investment income, which totaled S./ 57.6 million (+26.7% YoY), offset in part by higher administrative expenses of S./ 16.9 million (+5.6% YoY) and a higher claims rate.

Protecta had annuity sales of S./ 93.8 million (+22.3% YoY), giving it market share of 20%, and private annuity sales of S./ 61.7 million (+345.4% YoY), with market share of 12%. In early 2016, Peruvian legislators approved a law that allows individuals paying into the pension system to withdraw up to 95.5% of their savings when they retire. Given the above, industry annuity sales fell from S./ 2,237 million as of Dec-15 to S./ 876 million as of Dec-18. However, the industry began to resume growth in 2019. In this context, Protecta increased its market share from 5.5% to the current figure of 20%. In addition, the company entered the private annuity market in 2017. Industry sales in this market have grown from S./ 13 million as of Dec-16 to S./ 886 million as of Dec-18. In this product line, Protecta has managed to triple its market share over the past year.

It reported profit of S./ 7.7 million for 2Q19, up from S./ 1.1 million in 1Q19, because of improved investment income, which totaled S./ 36.5 million (+72.8% QoQ), offset only partly by a rise in claims and a drop in net premiums written. Meanwhile, administrative expenses remained stable during the second quarter.

In S./ Thousands	2Q19	1Q19	2Q18	% Chg		6M19	6M18	% Chg
				QoQ	YoY			
Annuities - Premiums written	45,414	48,423	36,788	-6.2%	23.4%	93,836	76,741	22.3%
Annuities - Market share	19.9%	20.0%	17.6%	-11 p	222 p	19.9%	19.1%	82 p
Private annuities - Premiums written	35,680	26,051	10,156	37.0%	251.3%	61,731	13,859	345.4%
Private annuities - Market share	14.6%	10.4%	4.7%	423 p	986 p	12.4%	4.0%	849 p
Premiums written	98,108	90,409	63,240	8.5%	55.1%	188,518	124,870	51.0%
Investment income	36,468	21,110	24,392	72.8%	49.5%	57,578	45,441	26.7%
Annualised return	8.8%	8.3%	9.8%	50 p	-100 p	8.8%	9.8%	-100 p
Profit for the period	7,748	1,143	1,605	577.9%	382.9%	8,891	1,898	368.5%

Travex Security

Travex Security, Travel Security's Peruvian travel agency subsidiary reported sales of US \$33 million for 1H19 (-6.9% YoY) and profit of US \$90,389 (-78.5% YoY) for the same period.

RISK RATINGS

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

BONDS ISSUED BY GRUPO SECURITY

Series	Registration Number	Registration Date	Currency	Amount	Annual Interest Rate	Duration (Years)	Maturity
F	620	15-09-09	UF	51.468	4,50	23	15-09-32
K	763	30-06-13	UF	3.000.000	4,00	25	30-06-38
L3	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
Total			UF	8.740.468			

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 29, 2019, Grupo Security shareholders approved a dividend payment of CH\$7.45 per share charged to profit for the year 2018. This dividend and the interim dividend distributed in October 2018 total CH\$11.95 per share, equivalent to CH\$44,155 million, or 55% of profit for the year 2018.

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 4.4% in 2018. For 1H19, Grupo Security's stock reported a return of -2.1%, underperforming the S&P/CLX IPSA (-0.7%).

2Q19 EARNINGS CONFERENCE CALL

Grupo Security's second quarter earnings report will be explained in a conference call led by the Company's Investor Relations team on August 23, 2019. 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 2018	June, 30 2019
Current assets		
Cash and cash equivalents	472,890	645,607
Other financial assets, current	3,412,740	3,339,622
Other non-financial assets, current	50,224	39,377
Trade and other receivables, current	5,833,242	5,951,402
Accounts receivable from related parties, current	48,248	48,433
Inventories	86,581	110,372
Current tax assets	39,257	19,755
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners	9,943,182	10,154,569
Non-current assets or disposal groups classified as held for sale or held for distribution to owners	1,234	3,312
Total non-current assets classified as held for sale or held for distribution to owners	1,234	3,312
Total current assets	9,944,416	10,157,881
Non-current assets		
Other non-financial assets, non-current	119,878	147,978
Equity-accounted investments	3,875	2,329
Intangible assets other than goodwill	37,811	38,026
Goodwill	119,067	119,067
Property, plant and equipment	51,733	52,768
Investment property	214,170	242,465
Deferred tax assets	51,738	47,547
Total non-current assets	598,272	650,180
Total assets	10,542,688	10,808,061

2. Financial Statements and Indicators - Liabilities and Equity

Liabilities and Equity In Ch\$ Millions	December, 31 2018	June, 30 2019
Other financial liabilities, current	6,217,422	6,223,319
Trade and other payables	2,597,213	2,687,442
Accounts payable to related parties, current	995	497
Other short-term provisions	124,325	134,335
Current tax liabilities	22,810	12,065
Employee benefit provisions, current	9,258	8,289
Other non-financial liabilities, current	146,415	191,201
Total current liabilities	9,118,439	9,257,149
Non-current liabilities		
Other financial liabilities, non-current	578,311	645,272
Accounts payable, non-current	92,877	122,263
Accounts payable to related parties, non-current	3,323	3,363
Deferred tax liabilities	697	482
Total non-current liabilities	675,208	771,380
Total liabilities	9,793,647	10,028,529
Equity		
Issued Capital	431,784	431,676
Retained earnings	353,948	362,014
Share premium	611	719
Other reserves	(57,847)	(37,913)
Equity attributable to equity holders of parent	728,495	756,496
Non-controlling interests	20,545	23,036
Total equity	749,040	779,532
Total liabilities and equity	10,542,688	10,808,061

3. Financial Statements and Indicators - Consolidated Statement of Income

Consolidated statement of income (MCh\$)	June, 30 2018	June, 30 2019
Revenue	555,520	566,898
Cost of sales	(388,879)	(364,829)
Gross profit	166,641	202,069
Other income	2,977	2,081
Distribution costs	0	0
Administrative expenses	-116,578	-132,938
Other expenses	(3,090)	(5,506)
Other gains	541	1,390
Finance income	-	-
Finance costs	(6,321)	(6,959)
Share of profit (loss) of associates and joint ventures, equity-accounted	5	-129
Exchange differences	7,560	1,978
Gain (loss) on indexed assets and liabilities	-4,490	-4,076
Gains arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	866	587
Profit before tax	48,112	58,496
Income tax benefit (expense)	(11,886)	(14,876)
Profit (loss) from continuing operations	36,226	43,620
Profit (loss) from discontinued operations	0	0
Profit (loss) for the period	36,226	43,620
Profit (loss) attributable to		
Profit (loss) attributable to equity holders of the parent	37,095	42,819
Profit (loss) attributable to non-controlling interests	-870	801
Profit (loss) for the period	36,226	43,620
Depreciation and amortization	4,551	5,505
Ebitda	58,984	70,960

4. Segment Note - Grupo Security YoY

Segment Note - Grupo Security <i>In MCH\$</i>	Lending and Treasury		Asset Management		Insurance		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security			
	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19		
	Revenue	225,088	244,537	28,856	27,643	283,216	215,194	-	66,559	16,676	15,863	1,684	-2,898	555,520
Cost of sales	-126,763	-131,446	-7,041	-7,123	-247,762	-174,480	-	-43,888	-6,480	-7,232	-832	-659	-388,879	-364,829
Gross profit	98,325	113,091	21,815	20,519	35,454	40,714	-	22,671	10,196	8,631	852	-3,557	166,641	202,069
Other income	14	9	1,253	752	114	236	-	72	354	155	1,242	858	2,977	2,081
Administrative expenses	-55,297	-59,282	-16,688	-16,883	-30,074	-25,439	-	-22,249	-8,689	-7,550	-5,829	-1,536	-116,578	-132,938
Other expenses	-1,474	-3,094	-1,283	-1,101	-144	-245	-	-203	-180	-12	-9	-852	-3,090	-5,506
Other gains (losses)	0	0	101	43	76	176	-	489	284	303	79	379	541	1,390
Finance income	0	0	0	0	0	0	-	0	0	0	0	0	0	0
Finance costs	0	0	-214	-71	-18	-8	-	-159	-767	-663	-5,322	-6,058	-6,321	-6,959
Share of profit (loss) of associates and joint ventures, equity-accounted	3	0	0	0	9	-120	-	0	-1	-1	-6	-8	5	-129
Exchange differences	7,638	2,734	91	-279	-319	-813	-	10	257	138	-107	189	7,560	1,978
Gain (loss) from indexed assets and liabilities	-2	0	-23	41	-1,241	-932	-	0	-104	42	-3,120	-3,227	-4,490	-4,076
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	829	290	36	297	0	0	-	0	0	0	0	0	866	587
Profit (loss) before tax	50,036	53,749	5,088	3,317	3,857	13,570	-	630	1,351	1,042	-12,220	-13,813	48,112	58,496
Income tax benefit (expense)	-10,908	-12,855	-840	-311	-40	-1,550	-	-94	-470	-293	372	228	-11,886	-14,876
Profit (loss) from continuing operations	39,129	40,894	4,248	3,006	3,816	12,020	-	536	881	749	-11,848	-13,584	36,226	43,620
Profit (loss) attributable to														
Profit (loss) attributable to equity holders of the parent	39,116	40,883	4,246	3,006	5,015	11,677	-	520	568	500	-11,848	-13,767	37,095	42,819
Profit (loss) attributable to non-controlling interest	12	11	2	0	-1,198	343	-	16	312	249	3	183	-870	801
Profit (loss) for the period	39,129	40,894	4,248	3,006	3,816	12,020	-	536	881	749	-11,848	-13,584	36,226	43,620

5. Segment Note - Grupo Security QoQ

Segment Note - Grupo Security <i>In MCH\$</i>	Lending and Treasury		Asset Management		Insurance				Other Services		Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	1Q-19	2Q-19	1Q-19	2Q-19	1Q-19	2Q-19	1Q-19	2Q-19	1Q-19	2Q-19	1Q-19	2Q-19	1Q-19	2Q-19
Revenue	105,682	138,855	13,504	14,138	109,672	105,522	32,699	33,861	8,335	7,528	-1,999	-898	267,893	299,006
Cost of sales	-47,972	-83,473	-3,313	-3,810	-90,176	-84,303	-20,045	-23,843	-4,136	-3,097	-98	-562	-165,741	-199,088
Gross profit	57,710	55,382	10,191	10,328	19,495	21,219	12,653	10,018	4,199	4,431	-2,097	-1,460	102,151	99,918
Other income	2	8	326	426	46	190	23	49	83	71	303	555	782	1,299
Administrative expenses	-30,286	-28,996	-8,040	-8,843	-12,549	-12,889	-8,724	-13,525	-3,294	-4,256	-492	-1,044	-63,385	-69,553
Other expenses	-1,695	-1,399	-566	-535	-61	-184	-88	-115	-6	-6	-490	-362	-2,905	-2,601
Other gains (losses)	0	0	27	15	119	57	213	276	-50	353	341	38	650	740
Finance income	0	0	0	0	4	-4	0	0	0	0	0	0	4	-4
Finance costs	0	0	-133	62	-9	1	-72	-87	-320	-343	-3,055	-3,003	-3,589	-3,370
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	0	-31	-89	0	0	-1	0	-5	-3	-36	-93
Exchange differences	291	2,443	-286	7	-384	-430	5	5	51	87	139	50	-184	2,161
Gain (loss) from indexed assets and liabilities	0	0	6	35	21	-953	0	0	17	25	43	-3,270	87	-4,163
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	172	117	269	28	0	0	0	0	0	0	0	0	442	145
Profit (loss) before tax	26,195	27,554	1,794	1,524	6,652	6,918	4,010	-3,380	680	362	-5,314	-8,498	34,017	24,479
Income tax benefit (expense)	-7,059	-5,797	-340	29	-1,295	-255	-54	-40	-235	-58	-256	484	-9,239	-5,636
Profit (loss) from continuing operations	19,136	21,757	1,453	1,553	5,357	6,663	3,956	-3,420	445	303	-5,570	-8,014	24,777	18,843
Profit (loss) attributable to														
Profit (loss) attributable to equity holders of the parent	19,136	21,746	1,453	1,553	5,271	6,406	592	-72	343	157	-5,637	-8,130	21,158	21,661
Profit (loss) attributable to non-controlling interest	0	11	0	0	86	257	3,364	-3,348	103	146	67	116	3,620	-2,818
Profit (loss) for the period	19,136	21,757	1,453	1,553	5,357	6,663	3,956	-3,420	445	303	-5,570	-8,014	24,777	18,843

6. Grupo Security Consolidated Statement of Cash Flows

Statement of Cash Flows	Jun-18	Jun-19
For the periods ended June 30, 2018 and 2017	MM\$	MM\$
Net cash flows provided by (used in) operating activities	93,746	205,397
Net cash flows used in investing activities	(3,765)	(3,080)
Net cash flows used in financing activities	(64,575)	(29,660)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	25,406	172,657
Effect of changes in exchange rates on cash and cash equivalents	73	60
Net increase (decrease) in cash and cash equivalents	25,479	172,717
Cash and cash equivalents at beginning of period	599,767	472,890
Cash and cash equivalents at end of period	625,247	645,607

7. Quarterly Statement of Income

Quarterly Earnings		1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Revenue	M Ch\$	267,157	288,363	248,661	219,957	267,893	299,006
Cost of sales	M Ch\$	(181,567)	(207,311)	(161,998)	(122,228)	(165,741)	(199,088)
Gross profit	M Ch\$	85,590	81,052	86,663	97,729	102,151	99,918
Administrative expenses	M Ch\$	(54,970)	(61,607)	(50,600)	(49,784)	(63,385)	(69,553)
Operating income	M Ch\$	30,708	19,784	37,058	45,384	37,294	29,802
Finance costs	M Ch\$	(3,176)	(3,145)	(4,245)	(4,271)	(3,589)	(3,370)
Profit before tax	M Ch\$	30,824	17,288	28,244	31,536	34,017	24,479
Profit attributable to equity holders of parent	M Ch\$	23,568	13,528	20,728	22,725	21,158	21,661
EBITDA ¹	M Ch\$	36,201	22,783	34,956	37,849	40,341	30,618

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

8. Financial and Business Indicators

Activity levels		31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Cash (Grupo Security Standalone)	\$ millions	102,046	61,088	40,538	13,126	55,052	20,736
Total Assets	\$ millions	9,931,584	10,156,853	10,158,868	10,542,688	10,519,158	10,808,061
Total Liabilities	\$ millions	9,201,314	9,433,211	9,427,080	9,793,647	9,744,655	10,028,529
Total Equity	\$ millions	730,270	723,642	731,787	749,040	774,503	779,532

Leverage Ratios		31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Individual leverage ratio ¹	Times	0.358	0.346	0.355	0.345	0.345	0.330
Consolidated financial expenses ²	Times	10.71	8.61	8.23	8.27	10.48	9.41

Profitability		31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Revenue	\$ millions	267,157	555,520	804,181	1,024,138	267,893	566,898
Profit attributable to equity holders of the company	\$ millions	23,568	37,095	57,823	80,548	21,158	42,819
EBITDA	\$ millions	36,201	58,984	93,940	131,788	40,341	70,960
Return on equity ³	%	12.38%	11.61%	11.11%	11.24%	10.71%	11.80%
Return on assets ⁴	%	0.84%	0.77%	0.80%	0.79%	0.76%	0.82%
Earnings per share ⁵	\$	22.86	20.77	21.38	21.82	21.15	23.35
Number of shares	\$ millions	3,695	3,695	3,695	3,695	3,695	3,695

- 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.
- Financial expense coverage: Defined as the sum of profit before tax and finance costs divided by finance costs.
- Return on equity: Defined as the quotient between profit attributable to controlled properties LTM and average equity attributable to controlled properties.
- Return on assets: Defined as the quotient between profit attributable to controlled companies LTM and total average assets.
- 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\$10,808,061 million as of June 2019, +2.5% YTD. Of that total, 55.1% are trade and other receivables, primarily the Bank's loan portfolio. As of June 2019, this item reached CH\$5,951,402 million, +2.0% YTD, driven by +2.8% YTD growth in loans as explained on pages 8 and 9.

Furthermore, 30.9% 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 June 2019, other current financial assets totaled CH\$3,339,622 million (-2.1% YTD) due to a 14.6% YTD decrease in the Bank's current financial assets, which fell to CH\$871,557 million. This effect was not offset by the 2.9% increase in the investment portfolio for the insurance subsidiary's technical reserves, which totaled CH\$2,459,677 million as of June 2019, in keeping with business growth and portfolio returns.

As of June 2019, total consolidated liabilities reached CH\$10,028,529 million, +2.4% YTD. Of those, 62.1% 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 June 2019, other current financial liabilities totaled CH\$6,223,319 million, +0.1% YTD, because of an increase in debt issued, offset by a decrease in savings accounts and time deposits at the Bank, as explained on pages 8 and 9.

Of total liabilities, 26.8% were trade and other payables, which are primarily the technical reserves of Vida Security and Protecta Security. As of June 2019, trade payables reached CH\$2,687,442 million, +3.5% YTD, due to the 4.9% YTD increase in life insurance technical reserves, which totaled CH\$2,588,291 million, because of increased reserves at Vida Security, mainly due to improved returns on equity investments in the CUI and APV portfolio and greater annuity sales during the period, as explained on pages 12 to 19 of this report. There were also greater reserves at Protecta Security, in line with greater sales of annuities and private annuities, as discussed on page 21 of this report.

Grupo Security's total equity amounted to CH\$779,532 million as of June 2019, +4.1% YTD, because of profit for the period allocated to retained earnings.

The individual leverage ratio is defined in note 38 of Grupo Security's financial statements. Under the bondholder protection covenant, the individual leverage ratio may not exceed 0.4 measured on its quarterly standalone statement of financial position. Leverage is defined as the ratio of standalone

financial liabilities, as presented in the FECU disclosures, and total equity. As of June 2019, this ratio reached 0.33, -144 b.p. YTD.

Consolidated financial expense coverage is the sum of profit before tax and finance costs, divided by finance costs. The majority of finance costs for this indicator are interest and indexation expenses for Grupo Security bonds. As of June 2019, consolidated financial expense coverage was 9.4, +9.2% YoY, reflecting a 20.3% YoY increase in profit before tax, which was partially offset by a rise of 10.1% YoY in finance costs.

As of June 2019, revenue was CH\$566,898 million, +2.0% YoY. Of this, 29.9% corresponds to gross written premiums from Vida Security, which fell 24.4% YoY due to the expiration of contract No. 5 for Disability and Survivor Insurance (DSI), partially offset by increased annuity sales and larger gross written premiums for individual and group insurance, as explained on pages 12 to 19 of this report. In addition, 25.4% of revenue was from interest and indexation on Bank loans, which grew 7.4% YoY, as explained on pages 8 and 9. On the other hand, 6.1% of consolidated revenue corresponds to other income from interest earned mainly on Vida Security's investment portfolio, which had higher returns on equity investments in the CUI and APV portfolio because of strong market performances during the period, as mentioned on page 19 of this report.

For 1H19, profit attributable to the owners of the parent was CH\$42,819 million, +15.4% YoY, while EBITDA reached CH\$70,960 million (+20.3% YoY). As of June 2019, return on equity was 11.8% (+19 b.p. YoY) and return on assets was 0.82% (+5 b.p. YoY) with earnings per share of CH\$23.3 (+12.4% YoY). These results can be explained by the results of Grupo Security and its subsidiaries, which are presented in detail throughout this report.

Market Information

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

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. Starting in 4Q18, the international business area, which consists of the Peruvian subsidiaries Protecta Security and Travex Security, is reported separately.

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 June 2019, the Chilean banking industry was made up of 18 financial institutions, including 1 state-owned bank (Banco Estado), 14 domestic banks and 3 branches of foreign banks. As of that date, industry loans totaled CH\$184,788,227 million (CH\$169,261,534 million excluding foreign subsidiaries). Equity totaled CH\$21,293,229 million while profit for the first half of 2019 was CH\$1,443,630 million, with return on average equity of 12.6%. The industry reported an efficiency ratio of 45.4%, measured as operating expenses over gross operating profit, and 2.1%, measured as operating expenses over total assets. The banking system posted a risk ratio of 2.43%, measured as loan loss provisions to total loans, and 1.89%, measured as 90-day nonperforming loans to total loans. As of June 2019, Banco Security had total loans of CH\$5,495,624 million, positioning it 8th in total loans with 3.0% of the Chilean market (3.2% excluding foreign subsidiaries).

FACTORING INDUSTRY

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

MUTUAL FUND INDUSTRY

As of June 2019, the mutual fund industry reported average assets under management of CH\$42,943,498 million and 2,678,037 investors. Administradora General de Fondos Security boasted average assets under management of CH\$2,919,234 million as of June 2019, giving it a market share of 6.8% and a fifth-place industry ranking among the 20 fund managers operating in the market.

STOCK BROKERAGE INDUSTRY

During the first half of 2019, market activity measured as value of shares traded decreased 2.4% in comparison to 1H18, reaching CH\$30,416 billion. Value of shares traded for Valores Security Corredores de Bolsa for the same period totaled CH\$1,208 billion with market share of 4.0%. Market share is calculated based on transactions on Santiago Exchange and the Chilean Electronic Stock Exchange.

LIFE INSURANCE INDUSTRY

As of June 2019, there were 36 life insurance companies in Chile. Total gross written premiums for the industry were CH\$3,188,846 million for the period. The life insurance industry posted profit of CH\$166,796 million for the period ended June 2019. For the same period, Vida Security had market share of 4.2% 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 June 2019, investments accounted for using the equity method in the Consolidated Statements of Financial Position represent approximately 0.02% 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 June 2019, equivalent to 1.10% 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 RESULTS

Grupo Security is the ultimate parent company of a conglomerate of companies and receives its income from subsidiary profits. For the period ended June 2019, Banco Security had distributed CH\$43,591 million in dividends (60% of profit for the year 2018).

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 each subsidiary's investment policies based on growth requirements. This situation enables Grupo Security to increase its economic value by reinvesting its subsidiaries' profits while maintaining a flow of dividends to Grupo Security, which enables it to meet its financial obligations and pay dividends to its shareholders. 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 June 30, 2019, 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 June 30, 2019, 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

