

Grupo Security Earnings Report

Grupo Security Reports Profit of CH\$81,156 Million for the Year 2019, +0.8% YoY.

- Banco Security's consolidated profit was CH\$76,951 million for the year 2019, +5.9% YoY, which represents an ROAE of 12.9%. The Bank's standalone profit was CH\$77,578 million for 2019, +21.3% YoY. The commercial banking division reported profit of CH\$58,005 million (+35.4% YoY) for 2019, explained by an increase in gross revenue (12.3% YoY) and reduced provision expenses (-43.5% YoY).
- Banco Security's market share was 3.4% as of December 2019. Commercial loans expanded 12.6% YoY, with market share in its target segment of medium and large companies of 6.1%¹.
- The Bank's consolidated efficiency ratio was 46.5% for 4Q19 and 47.5% for the year 2019. Its risk ratio, measured as provisions to loans, was 1.66% as of December 2019, below 1.69% as of December 2018.
- Factoring Security reported profit of CH\$9,171 million for 2019, +12.5% YoY, with 14.3% YoY growth in total factored receivables.
- Vida Security posted profit of CH\$20,146 million for 2019 (-33.2% YoY). Excluding the one-time effect of the transfer of Protecta Security in December 2018 (CH\$12,157 million, reversed in Grupo Security's consolidated results), the company's profit was up 11.9% YoY, because of strong operating performances across all business lines and an improved return on investments in the first nine months of the year.
- Protecta Security reported profit of S./ 22.6 million for 2019, higher than the S./ 2.8 million reported for 2018, due to improved investment income. Protecta Security has 20.5% market share in annuities, positioning it second in sales in the Peruvian market.
- Inversiones Security, including Securitizadora Security, posted profit of CH\$616 million because of a loss in the brokerage subsidiary (-CH\$5,834 million) and a weaker performance from the fund management subsidiary (CH\$5,210 million, -20.6% YoY).
- Inmobiliaria Security posted a loss of -CH\$2,214 million for 2019, due to ownership being transferred on fewer units compared to the previous year. 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\$4,020 million in profit for 2019, +7.1% YoY, with sales similar to the prior year and a rise of CH\$62 YoY in the average exchange rate.
- As a result, the Group reported total profit of CH\$81,156 million for the year 2019, +0.8% YoY.

Santiago, Chile – February 28, 2020. Grupo Security S.A., (BCS: SECURITY; BBG: SECUR).

Grupo Security's CEO, Renato Peñafiel, commented, "Grupo Security reported profit of CH\$81,156 million for 2019, which represents growth of 0.8% over last year. Given the complex fourth quarter of 2019, the uncertain political scenario for the next few months and the difficult international context, we continue to see a negative investment cycle and sluggish growth. However, we are prepared to take a proactive approach with these conditions by strengthening customer relationships, controlling risks and containing costs. In 2019, with the help of leading consultants, we conducted a complete review of the strategy employed by the bank and its asset management subsidiaries, designing a transformation plan that we will begin to implement in 2020. A positive impact on earnings is expected to be seen in 2021. We hope this transformation will enable us to provide our customers with a new service model that is more comprehensive, more efficient and a better fit for their banking and asset management needs."

Grupo Security Indicators In MCH\$	Dec-19	Sep-19	Dec-18	% Chg	
				QoQ	YoY
Banco - Total Loans	6,051,817	5,822,872	5,346,071	3.9%	13.2%
Industry - Total Loans ¹	180,057,437	174,763,100	163,068,919	3.0%	10.4%
Inversiones - AUM Mutual Funds	2,660,717	2,825,655	2,496,079	-5.8%	6.6%
Industry - AUM Mutual Funds	45,052,916	45,946,411	37,637,881	-1.9%	19.7%
Vida - Investment Portfolio	2,566,175	2,573,959	2,485,091	-0.3%	3.3%
Industry (life insurance) - Investment P _t	-	44,688,918	41,296,487	-	-
Factoring - Factored Receivables	411,703	375,075	360,251	9.8%	14.3%
Operations					
Employees (number)	3,961	3,969	3,939	-0.2%	0.6%

¹Excludes loans and advances to banks and foreign subsidiaries of local banks.
²Not available as of the date of publication of this report.

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 (In MCH\$) Statement of Income	4Q19	3Q19	4Q18	% Chg		2019	2018	% Chg
				QoQ	YoY			
Banco - Net Interest Margin	47,523	49,388	42,486	-3.8%	11.9%	182,435	168,225	8.4%
Banco - Net Fees	15,085	17,394	17,256	-13.3%	-12.6%	67,277	68,754	-2.1%
Banco - Operating Expenses	-33,804	-33,247	-32,372	1.7%	4.4%	-132,955	-128,323	3.6%
Banco - Net Provision Expenses	-12,350	-14,742	-13,981	-16.2%	-11.7%	-41,891	-41,550	0.8%
Vida - Direct Premium	64,463	61,031	67,828	5.6%	-5.0%	257,999	336,094	-23.2%
Vida - Claims Paid	-51,828	-33,825	-11,979	53.2%	332.6%	-136,306	-97,007	40.5%
Vida - Pensions Paid	-21,813	-32,062	-51,495	-32.0%	-57.6%	-138,614	-202,659	-31.6%
Vida - Investment Income	32,649	36,507	23,851	-10.6%	36.9%	145,276	98,570	47.4%
Factoring - Revenue	8,961	8,691	7,881	3.1%	13.7%	34,665	29,829	16.2%

Ratios	Dec-19	Sep-19	Dec-18	% Chg	
				QoQ	YoY
Grupo - Share Price (Ch\$)	195.6	251.0	290.9	-22.1%	-32.8%
Grupo - Number of Shares (millions)	3,695	3,695	3,695	0.0%	0.0%
Grupo - ROE	10.8%	11.1%	11.2%	-22 p	-41 p
Banco (Consolidated) - ROAE	12.9%	13.2%	12.8%	-31 p	3 p
Factoring - ROE	18.6%	18.7%	18.7%	-15 p	-11 p
Vida - ROAE	10.8%	8.0%	18.5%	287 p	-763 p
Travel - ROE	37.9%	25.6%	33.8%	1230 p	410 p
Grupo - Leverage	35.1%	36.0%	34.5%	-93 p	62 p
Banco - Efficiency	47.5%	47.8%	47.7%	-32 p	-28 p
Factoring - Efficiency	42.2%	41.6%	42.5%	62 p	-31 p
Banco - Non-Performing Loans	1.55%	1.52%	1.50%	3 p	5 p
Banco - Risk Index	1.66%	1.62%	1.69%	4 p	-3 p
Factoring - Risk Index	1.9%	2.1%	2.2%	-23 p	-31 p
Banco - BIS Tier I Ratio	7.1%	7.6%	7.8%	-51 p	-67 p
Banco - BIS Tier II Ratio	12.3%	12.8%	13.2%	-49 p	-91 p

ROAE: profit 12M over average equity

On October 14, 2019, we announced that Bonifacio Bilbao, CEO of Banco Security, will resign on March 6, 2020. Banco Security's board has appointed Eduardo Olivares to replace him as CEO. Mr. Olivares is currently the Corporate Digital Businesses Manager at Grupo Security.

On October 3, 2019, Grupo Security's board approved a dividend of CH\$4.8 per share. This consists of an additional dividend of CH\$2.6 per share charged to profit for 2018 and an interim dividend of CH\$2.2 per share charged to profit for the current year. The board also decided to register a line of bonds with a maximum maturity of 30 years for up to UF 1 million (nominal) that will soon begin the regulatory registration process.

At an extraordinary shareholders' meeting on October 3rd, Grupo Security shareholders approved a capital increase of up to CH\$100.0 billion, which is currently being registered with regulators.

On September 13, 2019, 70,408,186 Vida Security shares were issued from the capital increase approved on December 18, 2017, for a total of CH\$35,000 million.

On June 5, 2019, Factoring Security completed the placement of the H series bond on the local market for CH\$40,000 million, 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%.

At the annual general meeting 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.

Shareholders also reelected the entire Board of Directors for Grupo Security, which is now comprised of Francisco Silva, Jorge Marín, 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.

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GRUPO SECURITY EARNINGS REPORT FOR 4Q19 AND 2019

Grupo Security posted profit of CH\$81,156 million for the year ended December 2019 (+0.8% YoY) and CH\$20,130 million for 4Q19 (+10.6% QoQ). EBITDA totaled CH\$138,799 million for the year 2019 (+5.3% YoY) and CH\$34,059 million for 4Q19 (+0.8% QoQ).

The Group posted an ROAE as of December 2019 of 10.8%, -41 b.p. YoY and -22 b.p. QoQ. Profit from the Group's business areas for 1H19 was CH\$109,888, -6.2% YoY.

EARNINGS CONTRIBUTION BY BUSINESS AREA

Earnings from Related Companies (In MCH\$)								
	4Q19	3Q19	4Q18	% Chg		Dec-19	Dec-18	% Chg
				QoQ	YoY			
Lending Area								
Banco Security (standalone)	20,737	20,398	13,204	1.7%	57.0%	77,581	63,970	21.3%
Factoring Security	2,353	2,371	2,136	-0.8%	10.1%	9,171	8,155	12.5%
Asset Management Area								
Valores Security	(3,089)	(3,531)	250	-	-	(5,834)	2,123	-
AGF Security	722	1,564	1,961	-53.8%	-63.2%	5,210	6,563	-20.6%
	1,865	(114)	2,081	-	-10.4%	1,232	2,004	-38.5%
Insurance Area								
Vida Security	1,646	7,073	18,739	-76.7%	-91.2%	20,146	30,159	-33.2%
Servicios Security	86	352	188	-75.6%	-54.5%	819	639	28.1%
Other Services								
Inmobiliaria Security	(681)	(669)	1,005	-	-	(2,214)	(232)	-
Travel Security	1,527	798	990	91.3%	54.2%	4,020	3,752	7.1%
International Business								
Protecta Security (S./ Th.)	11,453	2,228	4,425	414.1%	158.8%	22,572	2,810	703.1%
Travex Security (S./ Th.)	(322)	87	822	-	-	72	3,034	-97.6%
Grupo Security Profit	20,130	18,207	22,725	10.6%	-11.4%	81,156	80,548	0.8%

(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 (69.9% of assets; 79.2% of profit from business areas as of December 2019)

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

BANCO SECURITY

For the year 2019, Banco Security reported consolidated profit attributable to its owners of CH\$76,951 million, +5.9% YoY. Banco Security's standalone profit (excluding subsidiaries AGF Security and Valores Security Corredores de Bolsa) was CH\$77,578 million, +21.3% YoY.

The return on average equity for Banco Security came to 12.9%.

Banco Security - Operating Segments

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18
<i>In Ch\$ Million</i>														
Net interest margin	96,169	84,864	67,122	64,743	27,918	22,737	-8,449	-3,702	182,760	168,642	-325	-417	182,435	168,225
Δ% 12M19	13.3%		3.7%		22.8%		128.2%		8.4%		-22.1%		8.4%	
Net Fees	20,872	18,592	20,582	22,143	-317	-361	483	-765	41,619	39,609	25,658	29,145	67,277	68,754
Δ% 12M19	12.3%		-7.1%		-12.3%		-163.1%		5.1%		-12.0%		-2.1%	
Net FX transactions and other income	8,455	8,306	1,574	2,294	17,257	12,469	-3,348	-5,542	23,938	17,528	2,397	7,923	26,335	25,451
Δ% 12M19	1.8%		-31.4%		38.4%		-39.6%		36.6%		-69.7%		3.5%	
Loan losses and foreclosed assets	-11,142	-19,711	-28,408	-22,401	38	-46	-2,059	695	-41,571	-41,463	0	0	-41,571	-41,463
Δ% 12M19	-43.5%		26.8%		-		-396.2%		0.3%		-		0.3%	
Total operating income, net of credit risk prov.	114,353	92,051	60,870	66,780	44,897	34,799	-13,374	-9,314	206,746	184,316	27,730	36,651	234,476	220,967
Δ% 12M19	24.2%		-8.9%		29.0%		43.6%		12.2%		-24.3%		6.1%	
Operating expenses	-38,441	-37,075	-58,522	-56,673	-12,508	-12,145	4,237	3,651	-105,234	-102,242	-27,721	-26,081	-132,955	-128,323
Δ% 12M19	3.7%		3.3%		3.0%		16.0%		2.9%		6.3%		3.6%	
Net operating income	75,913	54,976	2,348	10,107	32,388	22,654	-9,137	-5,663	101,512	82,074	9	10,570	101,521	92,644
Δ% 12M19	38.1%		-76.8%		43.0%		61.3%		23.7%		-99.9%		9.6%	
Income tax expense	-17,908	-12,136	-554	-2,231	-7,641	-5,001	2,151	1,247	-23,952	-18,122	-630	-1,884	-24,582	-20,006
Δ% 12M19	47.6%		-75.2%		52.8%		72.5%		32.2%		-66.6%		22.9%	
Profit attributable to equity holders of the bank	58,005	42,840	1,794	7,876	24,748	17,653	-6,968	-4,398	77,578	63,970	-627	8,683	76,951	72,653
Δ% 12M19	35.4%		-77.2%		40.2%		58.4%		21.3%		-107.2%		5.9%	

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	4Q-19	3Q-19	4Q-19	3Q-19	4Q-19	3Q-19	4Q-19	3Q-19	4Q-19	3Q-19	4Q-19	3Q-19	4Q-19	3Q-19
<i>In Ch\$ Million</i>														
Net interest margin	26,226	24,289	16,898	16,887	7,161	9,681	-2,717	-1,390	47,567	49,466	-44	-78	47,523	49,388
Δ% 4Q19	8.0%		0.1%		-26.0%		95.4%		-3.8%		-43.6%		-3.8%	
Net Fees	5,784	4,900	4,558	5,353	-81	-86	79	64	10,339	10,231	4,746	7,163	15,085	17,394
Δ% 4Q19	18.0%		-14.8%		-		-		1.1%		-33.7%		-13.3%	
Net FX transactions and other income	2,029	1,919	-16	942	5,882	5,740	-2,202	-769	5,693	7,833	1,397	-2,652	7,090	5,181
Δ% 4Q19	5.7%		-101.7%		2.5%		186.3%		-27.3%		-152.7%		36.9%	
Loan losses and foreclosed assets	-3,475	-4,556	-9,262	-7,434	0	2	2,395	-2,793	-10,342	-14,780	0	0	-10,342	-14,780
Δ% 4Q19	-23.7%		24.6%		-		-		-30.0%		-		-30.0%	
Total operating income, net of credit risk prov.	30,563	26,552	12,178	15,748	12,961	15,337	-2,445	-4,888	53,257	52,750	6,099	4,433	59,356	57,183
Δ% 4Q19	15.1%		-22.7%		-15.5%		-50.0%		1.0%		37.6%		3.8%	
Operating expenses	-10,135	-9,491	-15,058	-14,311	-2,883	-3,068	1,680	1,018	-26,396	-25,852	-7,408	-7,395	-33,804	-33,247
Δ% 4Q19	6.8%		5.2%		-6.0%		65.0%		2.1%		0.2%		1.7%	
Net operating income	20,428	17,061	-2,880	1,438	10,078	12,269	-765	-3,870	26,861	26,898	-1,309	-2,962	25,552	23,936
Δ% 4Q19	19.7%		-		-17.9%		-80.2%		-0.1%		-55.8%		6.8%	
Income tax expense	-4,663	-4,140	694	-350	-2,315	-2,946	156	930	-6,128	-6,507	-1,054	993	-7,182	-5,514
Δ% 4Q19	12.6%		-298.4%		-21.4%		-83.2%		-5.8%		-206.1%		30.3%	
Profit attributable to equity holders of the bank	15,765	12,920	-2,186	1,088	7,763	9,322	-609	-2,929	20,733	20,401	-2,367	-1,973	18,367	18,428
Δ% 4Q19	22.0%		-300.9%		-16.7%		-79.2%		1.6%		19.9%		-0.3%	

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 December 2019, commercial loans had expanded 12.6% YoY to CH\$4,762 billion. Industry wide, commercial loans grew 10.1% YoY. Including foreign subsidiaries, the industry's commercial loans grew 10.4% YoY. Banco Security's market share in commercial loans was 4.8% for 2019 (excluding foreign subsidiaries), while its market share in its target segment of medium and large companies was 6.1%². The commercial banking division had 9,281 customers as of December 2019 (+2.7% YoY).

The commercial banking division posted profit of CH\$58,005 million for the year 2019 (+35.4% YoY). This is explained by a larger net interest margin of CH\$96,169 million for 2019 (+13.3% YoY), due to increased commercial loans (+12.6% YoY). Net fees totaled CH\$20,872 million (+12.3% YoY), due to increased business. Financial operating income, net FX transactions and other income totaled CH\$8,455 million (+1.8% YoY). In addition, the division reported lower provision expenses of CH\$11,142 million (-43.5% YoY), due to a well-performing portfolio

Commercial Loans by Economic Sector	Dec-19	% Total
<i>In Ch\$ Millions</i>		
Construction and real estate	966,613	20.3%
Financial services and insurance	970,000	20.4%
corporate services	781,136	16.4%
Wholesale and retail trade	488,677	10.3%
Manufacturing	368,073	7.7%
Transportation	268,964	5.6%
Social services	353,974	7.4%
Utilities	214,157	4.5%
Agriculture and livestock	154,410	3.2%
Fishing	107,069	2.2%
Mining	57,187	1.2%
Telecom	23,394	0.5%
Forestry	8,090	0.2%
Total commercial loans	4,761,744	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).

during the period. Operating expenses rose to CH\$38,441 million (+3.7% YoY), because of increased expenses for advisory services and regulatory projects.

The division reported profit of CH\$15,765 million for 4Q19 (+22.0% QoQ), explained by a larger net interest margin of CH\$26,226 million (+8.0% QoQ), due to increased loans (+3.6% QoQ). Net fees totaled CH\$5,784 million for 4Q19 (+18.0% QoQ), due to increased business, while financial operating income, net FX transactions and other income reached CH\$2,029 million (+5.7% QoQ). In addition, the division reported lower provision expenses of CH\$3,475 million (-23.7% QoQ), due to a strongly performing portfolio. These effects were not fully offset by higher administrative expenses of CH\$10,135 million (+6.8% QoQ), because of benefits paid to workers.

Retail Banking

Banco Security's Retail Banking Division targets high-income individuals. In recent years, the retail division has focused on expanding consumer products.

As of December 2019, the Bank had total retail loans (consumer + mortgage) of CH\$1,290 billion (+16.4% YoY), driven by consumer (+9.6% YoY) and mortgage (+12.3% YoY) loans, representing 9.0% and 12.3% of the Bank's total loans, respectively. For the industry, retail loans were up 9.8% YoY, driven by consumer (+7.2% YoY) and mortgage (+11.2% YoY) loans. Including foreign subsidiaries, the industry's retail loans grew +9.7% YoY. In November 2019, Santander Consumer, a non-banking company engaged in car financing, was added to the financial system's consolidated debt information. This consisted of CH\$451 billion in consumer loans, consolidated by Banco Santander. The Bank boasts market share of 4.0%³ in its target segment of high-income individuals as of December 2019. The retail banking division had 70,633 customers as of December 2019 (-0.1% YoY).

The retail banking division reported profit of CH\$1,794 million for 2019 (-77.2% YoY), with a net interest margin of CH\$67,122 million (+3.7% YoY), which was more than offset by reduced net fees and a rise in provision expenses. In particular, the division's net fees fell to CH\$20,582 million (-7.1% YoY), due to reduced sales of supplementary loan insurance products. Financial operating income, net FX transactions and other income totaled CH\$1,574 million (-31.4% YoY), due to decreased sales of mortgage bonds. Risk expenses amounted to CH\$28,408 million (+26.8% YoY), explained by CH\$2,439 million in provisions to implement the new group commercial matrix, which took force in July 2019, 16.4% loan growth and a rise in delinquency in the last few months of the year. Operating expenses rose to CH\$58,522 million (+3.3% YoY) mainly due to increased business from mortgages and credit cards.

In 4Q19 the division reported a loss of -CH\$2,186 million (versus CH\$1,088 million in 3Q19), with a net interest margin of CH\$16,898 million (+0.1% QoQ) explained by an increase in deposits and 5.4% loan growth, offset by a smaller spread. Net fees totaled CH\$4,558 million (-14.8% QoQ) due to lower revenue from supplementary loan insurance products, while financial operating income, net FX transactions and other income totaled -CH\$16 million (versus CH\$942 million in 3Q19), because of a drop in sales of mortgage bonds. The division had higher provision expenses of CH\$9,262 million (+24.6% QoQ) due to loan growth (+5.4% QoQ) and a rise in delinquency during the last quarter of the year, mainly in consumer loans. Operating expenses rose to CH\$15,058 million (+5.2% QoQ), because of increased business from credit cards and benefits paid to workers.

Treasury

For the year 2019, the treasury division reported profit of CH\$24,748 million, (+40.2% YoY), due to a larger net interest margin of CH\$27,918

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: Financial Market Commission (CMF)

million (+22.8% YoY) because of more prepayments on commercial loans. Financial operating income, net FX transactions and other income totaled CH\$17,257 million (+38.4% YoY), due to increased business from brokering bonds. Operating expenses rose to CH\$12,508 million (+3.0% YoY) mainly due to higher security expenses and increased business in general.

During 4Q19, the division reported profit of CH\$7,763 million (-16.7% QoQ), due to a lower net interest margin of CH\$7,161 million (-26.0% QoQ), because of fewer prepayments. Bear in mind that 3Q19 represents a high basis of comparison for these types of income. The above was not fully offset by a rise in financial operating income, net FX transactions and other income, which totaled CH\$5,882 (+2.5% QoQ), or lower administrative expenses of CH\$2,883 million (-6.0% QoQ).

The treasury division consists of trading, investment, distribution and asset and liability management (ALM) operations. The ALM desk manages financial investments used to stabilize the net interest margin, manage interest rate risk in the balance sheet, manage liquidity and efficiently fund the Bank's loan portfolio. For 2019, ALM represented 56.1% 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 24.7% of treasury income. The remaining 19.3% 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\$76,957 million for 2019 (+5.9% YoY) and CH\$18,370 million for 4Q19 (-0.3% QoQ).

<i>In Ch\$ Million</i>	4Q19	3Q19	4Q18	% Chg		2019	2018	% Chg
				QoQ	YoY			
Net interest margin	47,523	49,388	42,486	-3.8%	11.9%	182,435	168,225	8.4%
Net Fees	15,085	17,394	17,256	-13.3%	-12.6%	67,277	68,754	-2.1%
Net financial Operating Income	5,248	8,780	9,025	-40.2%	-41.9%	24,078	23,736	1.4%
Net foreign exchange transactions	6,257	1,848	-1,224	238.6%	-	10,461	3,215	225.4%
Recovery of charged-off loans	925	906	1,599	2.1%	-42.2%	3,804	6,287	-39.5%
Other net operating income	-2,407	-5,485	-1,405	-	-	-7,884	-1,413	-
Gross operating income	72,631	72,831	67,737	-0.3%	7.2%	280,171	268,804	4.2%
Credit risk provisions	-13,275	-15,648	-15,580	-15.2%	-14.8%	-45,695	-47,837	-4.5%
Administrative expenses	-33,804	-33,247	-32,372	1.7%	4.4%	-132,955	-128,323	3.6%
Net operating income	25,552	23,936	19,785	6.8%	29.1%	101,521	92,644	9.6%
Income attributable to investments in other companies	0	10	0	-	-	18	18	-
Profit before tax	25,552	23,946	19,785	6.7%	29.1%	101,539	92,662	9.6%
Income tax expense	-7,182	-5,514	-4,370	30.3%	64.3%	-24,582	-20,006	22.9%
Profit for the period	18,370	18,432	15,415	-0.3%	19.2%	76,957	72,656	5.9%

For 2019, the Bank reported a net interest margin of CH\$182,435 million (+8.4% YoY), explained by greater total loans (+13.2% YoY). Interest and indexation income reached CH\$406,221 million (+8.3% YoY), due to a rise in total loans. Interest and indexation expense totaled CH\$223,786 million for 2019 (+8.1% YoY), due to 20.3% YoY growth in the Bank's total liabilities.

The net interest margin for 4Q19 was CH\$47,523 million (-3.8% QoQ), due to a rise in debt instruments issued, partially offset by increased loans. Interest and indexation income reached CH\$110,586 million (+10.1% QoQ) due to larger loan volumes (+3.9%), while interest and indexation expense totaled CH\$63,063 million (+23.4% QoQ), due to a 10.6% increase in the Bank's total loans, a rise in debt instruments issued and a 25 bp drop in the MPR, which has a quicker impact on liabilities than assets.

Net Interest Margin <i>In Ch\$ Million</i>	4Q19	3Q19	4Q18	% Chg		2019	2018	% Chg
				QoQ	YoY			
Interest and indexation income	110,586	100,483	99,040	10.1%	11.7%	406,221	375,166	8.3%
Interest and indexation expenses	-63,063	-51,095	-56,554	23.4%	11.5%	-223,786	-206,941	8.1%
Net interest margin	47,523	49,388	42,486	-3.8%	11.9%	182,435	168,225	8.4%
Interest margin net of provisions	34,248	33,740	26,906	1.5%	27.3%	136,740	120,388	13.6%
Net interest margin / total loans	3.14%	3.39%	3.18%	-25 p	-4 p	3.01%	3.15%	-13 p
Net interest margin net of provisions / Total loans	2.26%	2.32%	2.01%	-5 p	25 p	2.26%	2.25%	1 p

Net fees totaled CH\$67,277 million for 2019 (-2.1% YoY), due to decreased business at the Bank's subsidiaries, partially offset by a rise in net fees because of loan growth in the commercial banking division. Net fees for 4Q19 totaled CH\$15,085 million (-13.3% QoQ), because of decreased business at the Bank's subsidiaries (AGF and Valores Security).

Net financial income, which is the sum of net financial operating income and the net gain from foreign exchange transactions, totaled CH\$34,539 million for 2019 (+28.2% YoY), due to greater bond brokerage income in the treasury division and foreign exchange transactions with corporate customers. This item totaled CH\$11,505 million in 4Q19 (+8.3% QoQ), due to a strong performance by the treasury division's Investment Desk.

Credit risk provision expenses reached CH\$45,695 million for 2019 (-4.5% YoY), due to a strong performance from the commercial banking division's portfolio. For 4Q19, credit risk provisions totaled CH\$13,275 million, -15.2% QoQ. Provision expenses net of recovered loans was 0.82% for 4Q19 (-20 b.p. QoQ).

In Ch\$ Million	4Q19	3Q19	4Q18	% Chg	
				QoQ	YoY
Total Loans	6,051,817	5,822,872	5,346,071	3.9%	13.2%
Nonperforming loans - consumer	8,807	7,175	6,256	22.7%	40.8%
Nonperforming loans - mortgage	9,365	7,814	5,910	19.8%	58.5%
Nonperforming loans - commercial	75,643	73,636	67,963	2.7%	11.3%
Total nonperforming loans	93,815	88,625	80,129	5.9%	17.1%
Non-performing loans - consumer	1.62%	1.33%	1.26%	29 p	36 p
Non-performing loans - mortgage	1.26%	1.14%	0.97%	11 p	29 p
Non-performing loans - commercial	1.59%	1.60%	1.61%	-1 p	-2 p
Total nonperforming loans	1.55%	1.52%	1.50%	3 p	5 p
Gross provisions	137,705	122,493	127,529	12.4%	8.0%
Write-offs	(37,179)	(27,962)	(37,377)	33.0%	-0.5%
Credit risk provisions	100,526	94,531	90,152	6.3%	11.5%
Provisions - consumer (% total)	23,689	22,528	20,264	5.2%	16.9%
Provisions - mortgage (% total)	1,469	1,279	1,075	14.9%	36.7%
Provisions - commercial (% total)	75,368	70,724	68,813	6.6%	9.5%
Credit risk provisions	100,526	94,531	90,152	6.3%	11.5%
Coverage - consumer	269.0%	314.0%	323.9%	-4500 p	-5493 p
Coverage - mortgage	15.7%	16.4%	18.2%	-68 p	-250 p
Coverage - commercial	99.6%	96.0%	101.3%	359 p	-161 p
Coverage - total nonperforming loans¹	107.2%	106.7%	112.5%	49 p	-536 p
Provisions / loans	1.66%	1.62%	1.69%	4 p	-3 p
Provision expenses ² / loans	0.82%	1.01%	1.05%	-20 p	-23 p
Total provision expenses³	(13,275)	(15,648)	(15,580)	-15.2%	-14.8%
Provision expenses - consumer	(6,504)	(5,950)	(5,809)	9.3%	12.0%
Provision expenses - mortgage	(381)	(81)	(8)	370.4%	-
Provision expenses - commercial	(8,327)	(11,727)	(10,284)	-29.0%	-19.0%

¹ Stock of credit risk provisions/ Stock of nonperforming loans

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

³The total for 4Q19 is calculated by adding the following amounts to the consumer, mortgage and commercial provisions: CH \$22 for provisions for loans granted to banks, CH \$0 million for additional provisions, CH \$2,074 million for contingent loan risk and -CH \$159 million for adjustments to the normal portfolio provision.

Banco Security focuses on corporate customers and high-income individuals, which is reflected in its risk ratios, which are among the lowest in the industry. As of December 2019, Banco Security's risk index was 1.66%, +4 b.p. YoY and -3 b.p. QoQ. The 90-day non-performing loans portfolio was 1.55%, +5 b.p. YoY and +3 b.p. QoQ. The resulting 90-day NPL coverage ratio was 107.2%.

	Credit Risk (%)								
	Provisions / Loans					Over 90 Day Nonperforming Loans			
	Mortgage	Consumer	Total	Commercial	Total	Mortgage	Consumer	Commercial	Total
Banco Security	0.20	4.35	1.95	1.58	1.66	1.26	1.62	1.59	1.55
Medium Banks*	0.26	3.93	1.25	1.66	1.59	1.79	1.29	1.54	1.48
Banking system	0.72	7.09	2.83	2.40	2.56	2.37	2.51	1.84	2.07

*Average for BICE, Security, Internacional, Consorcio

For 2019, the Bank reported operating expenses of CH\$132,955 million (+3.6% YoY) Administrative expenses rose to CH\$66,947 million (+2.9% YoY) mainly due to higher expenses for advisory services and increased business from mortgage loans and credit cards. Depreciation and amortization expenses were CH\$7,133 million for 2019, +37.6% YoY, explained by the effects of applying IFRS 16, which records lease contracts in depreciation and amortization instead of administrative expenses.

For 4Q19 administrative expenses totaled CH\$33,804 million (+1.7% QoQ), explained by personnel expenses and bonuses paid, offset by a drop in administrative expenses.

In Ch\$ Millions	4Q19	3Q19	4Q18	% Chg		2019	2018	% Chg
				QoQ	YoY			
Personnel	-15,757	-14,250	-15,416	10.6%	2.2%	-58,875	-58,089	1.4%
Administrative expenses	-16,160	-17,212	-15,763	-6.1%	2.5%	-66,947	-65,049	2.9%
Depreciation and amortization	-1,887	-1,785	-1,193	5.7%	58.2%	-7,133	-5,185	37.6%
Total operating expenses	-33,804	-33,247	-32,372	1.7%	4.4%	-132,955	-128,323	3.6%
Gross operating income	72,631	72,831	67,737	-0.3%	7.2%	280,171	268,804	4.2%
Operating expenses / Gross operating income	46.5%	45.6%	47.8%	89 p	-125 p	47.5%	47.7%	-28 p

Banco Security's efficiency ratio, measured as operating expenses + other operating expenses over total operating income, was 47.5% for 2019 (-28 b.p. YoY) and 46.5% for 4Q19 (+89 b.p. QoQ). This ratio for 2019 compares to 45.0% for the banking industry and 42.6% for peer banks⁴.

For the year 2019, the Bank reported a greater income tax expense (CH\$24,582 million or +22.9% YoY).

Banco Security's Loan Portfolio

Total loans reached CH\$6,051,817 million as of December 2019, +13.2% YoY, while industry loans were up +10.4% YoY. Including foreign investments, the industry's loans grew +10.0%. Commercial loans grew +12.6% YoY, to CH\$4,761,744 million (78.7% of Banco Security's total loan portfolio), while retail loans (consumer + mortgage) reached CH\$1,289,503 million as of December 2019, +16.4% YoY. The 20 largest borrowers represent 10.3% of the Bank's total loan portfolio.

Total Loans In Ch\$ Millions	Dec-19	Sep-19	Dec-18	%Chg	
				QoQ	YoY
Consumer	543,953	538,523	496,523	1.0%	9.6%
Mortgage	745,550	684,732	611,583	8.9%	21.9%
Mortgage + Consumer	1,289,503	1,223,255	1,108,106	5.4%	16.4%
Mortgage + Consumer	70,633	71,252	70,726	-0.9%	-0.1%
Commercial	4,761,744	4,596,493	4,227,198	3.6%	12.6%
Commercial	9,281	9,257	9,040	0.3%	2.7%
Total Loans	6,051,817	5,822,872	5,346,071	3.9%	13.2%
Market Share	3.4%	3.3%	3.3%	3 p	8 p

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

Interest and indexation income <i>In Ch\$ Millions</i>	4Q19	3Q19	4Q18	%Chg		Dec-19	Dec-18	% Chg
				QoQ	YoY			
Consumer	13,923	14,055	14,006	-0.9%	-0.6%	56,570	53,603	5.3%
Mortgage	11,851	8,539	9,750	38.8%	21.5%	38,141	38,585	10.6%
Mortgage + Consumer	25,774	22,594	23,756	14.1%	8.5%	94,711	92,188	7.5%
Commercial	75,377	69,139	66,843	9.0%	12.8%	275,459	250,329	4.8%

Interest and indexation income <i>In Ch\$ Millions</i>	4Q19	3Q19	4Q18	%Chg		Dec-19	Dec-18	% Chg
				QoQ	YoY			
Consumer	10.24%	10.44%	11.28%	-20 p	-104 p	20.80%	21.59%	-79 p
Mortgage	6.36%	4.99%	6.38%	137 p	-2 p	10.23%	12.62%	-239 p
Mortgage + Consumer	8.00%	7.39%	8.58%	61 p	-58 p	14.69%	16.64%	-195 p
Commercial	6.33%	6.02%	6.33%	32 p	1 p	11.57%	11.84%	-27 p
Total	6.69%	6.30%	6.78%	38 p	-9 p	12.23%	12.81%	-58 p

Banco Security - Funding Sources

Funding Sources <i>In MCH\$</i>	Dec-19		Sep-19		Dec-18		% Chg	
							QoQ	YoY
Demand deposits	974,730	11.8%	722,186	9.6%	654,815	9.4%	35.0%	48.9%
Time deposits	3,039,673	36.8%	2,904,499	38.6%	2,965,403	42.8%	4.7%	2.5%
Total deposits	4,014,403	48.6%	3,626,685	48.2%	3,620,218	52.2%	10.7%	10.9%
Bonds	2,768,376	33.5%	2,545,855	33.9%	2,205,499	31.8%	8.7%	25.5%
Interbank loans	272,634	3.3%	275,550	3.7%	223,071	3.2%	-1.1%	22.2%
Other liabilities*	592,031	7.2%	464,968	6.2%	308,677	4.5%	27.3%	91.8%
Total Liabilities	7,647,444	92.5%	6,913,058	91.9%	6,357,465	91.7%	10.6%	20.3%
Equity	617,326	7.5%	606,409	8.1%	577,647	8.3%	1.8%	6.9%
Liabilities + Equity	8,264,770	100%	7,519,467	100%	6,935,112	100%	9.9%	19.2%

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

○ Demand and Time Deposits

As of December 2019, deposits totaled CH\$4,014,403 million, +10.9% YoY. For the industry, loans fluctuated +10.7% YoY. Including foreign subsidiaries, this figure varied +9.6% YoY. Banco Security's time deposits consisted of 34.2% retail deposits and 65.8% institutional deposits. The 15 largest depositors⁵ represent 21.8% of the Bank's total deposits. The loan to deposit ratio was 151% as of December 2019, compared to 148% as of December 2018.

Banco Security's strategy is 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, by maintaining a significant volume of liquid assets and lengthening liabilities to increase funding terms. The Bank's exposure from asset and liability mismatches is among the industry's lowest. As of December 2019, the ratio of long-term interest rate risk to regulatory capital was 2.7%⁷. As of December 31, 2019, liquid assets⁸ represented 66% 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	CMF Registration Number	CMF Registration Date	Currency	Amount	Annual Interest Rate	Duration (Years)	Maturity
H1	03/2007	25-Jan-07	U.F.	3,000,000	3.00	23	1-Dec-29
R1	10/2011	6-Oct-11	U.F.	3,000,000	3.00	10	1-Jun-21
K2	01/2012	14-Mar-12	U.F.	4,000,000	3.25	10	1-Nov-21
K3	01/2013	26-Feb-13	U.F.	4,000,000	3.50	10	1-Nov-22
K4	10/2013	6-Nov-13	U.F.	5,000,000	3.60	10	1-Oct-23
K5	14/2014	9-Oct-14	U.F.	5,000,000	2.75	10	1-Jun-24
B4	05/2015	1-Apr-15	U.F.	5,000,000	2.25	5	1-Jun-20
K6	05/2015	1-Apr-15	U.F.	5,000,000	2.75	5	1-Mar-20
K7	05/2015	1-Apr-15	U.F.	5,000,000	2.75	10	1-Sep-25
Z1	10/2015	1-Sep-15	CLP	75,000,000,000	5.25	5	1-Sep-20
B5	11/2016	3-Oct-16	U.F.	5,000,000	2.40	5	1-Aug-26
K8	12/2016	3-Oct-16	U.F.	5,000,000	2.80	10	1-Oct-36
Z2	13/2016	3-Oct-16	CLP	75,000,000,000	5.30	5.5	1-Feb-27
B6	06/2017	11-Jul-17	U.F.	5,000,000	2.25	5.5	1-Apr-22
B7	08/2018	9-May-18	U.F.	4,000,000	2.20	5	1-Feb-23
K9	08/2018	9-May-18	U.F.	5,000,000	2.75	10	1-Jan-28
Z3	08/2018	9-May-18	CLP	75,000,000,000	4.80	5	1-Dec-22
B8	11/2018	20-Dec-18	U.F.	5,000,000	1.80	5.5	1-Aug-23
D1	11/2018	20-Dec-18	U.F.	5,000,000	2.20	10.5	1-Aug-28
Q1	11/2018	20-Dec-18	U.F.	3,000,000	2.50	15	1-Aug-33
Z4	11/2018	20-Dec-18	CLP	75,000,000,000	4.80	5.5	1-Oct-23
B9	11/2019	11-Nov-19	U.F.	5,000,000	0.70	5.5	1-Apr-24
D2	11/2019	11-Nov-19	U.F.	5,000,000	0.90	8.5	1-Mar-27
D3	11/2019	11-Nov-19	U.F.	5,000,000	1.00	10.5	1-Mar-29

As of December 2019, Banco Security had issued debt of CH\$2,755,941 million, as detailed in Note 18 of Banco Security's financial statements.

Banco Security - Capitalization

As of December 2019, Banco Security's equity attributable to the owners totaled CH\$617,274 million (+6.9% YoY, +1.8% QoQ).

<i>In Ch\$ Million</i>	Dec-19	Sep-19	Dec-18	% Chg	
				QoQ	YoY
Capital	302,047	302,047	302,047	0.0%	0.0%
Reserves and valuation accounts	33,506	35,447	25,897	-5.5%	29.4%
Retained earnings	281,721	268,860	249,643	4.8%	12.8%
Equity attributable to equity holders of bank	617,274	606,354	577,588	1.8%	6.9%
Tier I (core capital)	617,274	606,354	577,588	1.8%	6.9%
Regulatory capital	834,064	823,733	774,770	1.3%	7.7%
Minimum required capital	542,228	514,904	468,961	5.3%	15.6%
Risk-weighted assets	6,777,845	6,436,294	5,862,013	5.3%	15.6%
BIS ratio	12.31%	12.80%	13.22%	-49 p	-91 p
Core capital / total assets	7.13%	7.64%	7.79%	-51 p	-67 p

The Bank's capital adequacy ratio as of December 2019, calculated as regulatory capital over risk-weighted assets, reached 12.90% (with a regulatory minimum of 8%), -31 b.p. YoY. This YoY drop in this ratio is a result of growth in risk-weighted assets, driven by greater total loans (+13.2% YoY). The ratio of core capital to total assets reached 7.75%, -4 b.p. YoY. The return on average equity for Banco Security came to 12.9% as of December 2019.

FACTORING SECURITY

For 2019, Factoring Security reported profit of CH\$9,171 million (+12.5% YoY), with operating income of CH\$34,665 million (+16.2% YoY), because of a larger volume of factored receivables (+14.3% YoY), which was partially offset by a smaller spread. This was not fully offset by increased operating expenses of CH\$7,342 million (+10.3% YoY), due to a larger volume of factored receivables and increased operating expenses of CH\$7,831 million (+14.4% YoY), due to increased business.

For 4Q19, profit reached CH\$2,353 million (-0.8% QoQ), with greater operating income (CH\$8,961 million, +3.1% QoQ) and reduced operating expenses (CH\$2,229 million, -15.4% QoQ), which offset increased administrative expenses of CH\$3,087 million (+16.6% QoQ) and a drop in indexation income on UF-denominated loans.

The efficiency ratio reached 42.2% as of December 2019, -31 b.p. YoY. As of December 2019, the risk ratio measured as provisions over total loans was 1.86%, -31 b.p. YoY and -23 b.p. QoQ.

In Ch\$ Million	4Q19	3Q19	4Q18	% Chg		2019	2018	% Chg YoY
				QoQ	YoY			
Factored receivables	411,703	375,075	360,251	9.8%	14.3%	411,703	360,251	14.3%
Provisions	7,674	7,859	7,844	-2.4%	-2.2%	7,674	7,844	-2.2%
Gross operating income	8,961	8,691	7,881	3.1%	13.7%	34,665	29,829	16.2%
Operating expenses	-2,229	-2,634	-2,636	-15.4%	-15.4%	-9,571	-8,677	10.3%
Support expenses	-3,087	-2,647	-2,433	16.6%	26.9%	-10,918	-9,542	14.4%
Profit for the period	2,353	2,371	2,136	-0.8%	10.1%	9,171	8,155	12.5%
Efficiency ratio	43.9%	40.4%	41.8%	344 p	206 p	42.2%	42.5%	-31 p
Risk ratio	1.86%	2.10%	2.18%	-23 p	-31 p	1.86%	2.18%	-31 p

INSURANCE BUSINESS AREA (22.9% of assets; 18.9% of profit from business areas as of December 2019)

The insurance business area reported profit of CH\$20,756 million for 2019. 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

On September 13, 2019, Vida Security increased capital by CH\$35,000 million as part of the capital increase approved on December 18, 2017.

For 2019 Vida Security reported profit attributable to the owners of the parent of CH\$20,146 million (-33.2% YoY). Compared to the immediately preceding quarter, Vida Security reported profit attributable to the owners of the parent of CH\$1,646 million (-76.7% QoQ).

Results by Product Line

In MCH\$	Individual		Family Protection		Group Insurance		Annuities		DSI		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Gross written premiums	119,199	108,372	6,757	6,697	73,308	71,808	58,093	54,209	642	95,008	257,999	336,094
Net premiums written	117,186	106,696	6,757	6,697	71,348	69,788	58,093	54,209	227	57,730	253,610	295,121
Variation in technical reserves	-42,580	-4,922	-5	5	-730	358	-	-	-	1,096	-43,316	-3,463
Claims paid	-92,800	-79,826	-1,654	-1,603	-43,991	-41,412	-	-	2,139	25,835	-136,306	-97,007
Pensions paid	-2,247	-1,399	-	-	-	-	-124,393	-117,960	-11,974	-83,300	-138,614	-202,659
Underwriting expenses	-10,581	-10,974	-2,553	-2,351	-4,150	-3,581	-507	-509	-0	-	-17,792	-17,414
Medical expenses	-40	-48	-1	-1	-7	-8	-0	-2	-	-0	-48	-59
Insurance impairment	-	-	-	-	202	0	-	-	5	-5	207	-5
Contribution Margin	-31,062	9,528	2,543	2,747	22,670	25,146	-66,807	-64,263	-9,604	1,356	-82,259	-25,486
CUI portfolio	45,024	3,756	-	-	-	-	-	-	-	-	45,024	3,756
Proprietary portfolio	-	-	-	-	-	-	-	-	-	-	100,252	94,814
Investment income											145,276	98,570
Administrative expenses											-37,270	-38,148
Exchange differences											276	-1,067
Gain (loss) on indexed assets and liabilities											-3,236	-3,608
Other income and expenses											397	47
Income tax expense											-3,037	-149
Profit for the period											20,146	30,159

In MCH\$	Individual		Family Protection		Group Insurance		Annuities		DSI		Total	
	4Q19	3Q19	4Q19	3Q19	4Q19	3Q19	4Q19	3Q19	4Q19	3Q19	4Q19	3Q19
Gross written premiums	37,873	28,158	1,699	1,713	16,982	18,896	7,817	12,186	93	77	64,463	61,031
Net premiums written	37,336	27,594	1,699	1,713	16,586	18,216	7,817	12,186	18	-15	63,456	59,695
Variation in technical reserves	-9,403	-6,921	10	4	-316	78	-	-	-	-	-9,708	-6,840
Claims paid	-33,161	-21,598	-399	-482	-10,078	-12,066	-	-	-8,191	321	-51,828	-33,825
Pensions paid	-242	-867	-	-	-	-	-23,488	-28,745	1,916	-2,450	-21,813	-32,062
Underwriting expenses	-2,586	-2,763	-615	-659	-977	-1,141	-129	-87	-	-	-4,306	-4,650
Medical expenses	-13	-9	-1	-0	-2	-1	-0	0	-	-	-16	-10
Insurance impairment	-	-	-	-	78	58	-	-	-	-	78	58
Contribution Margin	-8,068	-4,564	695	576	5,292	5,144	-15,801	-16,645	-6,256	-2,144	-24,138	-17,633
CUI portfolio	12,327	8,168	-	-	-	-	-	-	-	-	12,327	8,168
Proprietary portfolio	-	-	-	-	-	-	-	-	-	-	20,322	28,339
Investment income											32,649	36,507
Administrative expenses											-6,544	-9,665
Exchange differences											1,099	424
Gain (loss) on indexed assets and liabilities											-1,509	-795
Other income and expenses											92	12
Income tax expense											-3	-1,776
Profit for the period											1,646	7,073

○ **Individual Insurance** (46.2% of gross written premiums as of December 2019)

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

This business reported profit, calculated by adding the CUI investment result to the individual insurance contribution margin, of CH\$13,962 million for 2019 (+5.1% YoY). Gross written premiums were CH\$119,199 million for 2019 (+10.0% YoY), due to greater gross written premiums from insurance with retirement savings components. The variation in technical reserves was -CH\$42,580 million for 2019, below the -CH\$4,922 million for 2018, due to higher investment income from equity investments in the CUI and APV portfolios and increased gross written premiums. Claims paid totaled -CH\$92,800 million (+16.3% YoY), due to increased surrenders and transfers from CUI policies. Underwriting expenses totaled -CH\$10,581 million for 2019 (-3.6% YoY).

As of December 2019, CUI and APV policies represent 89.1% of total individual insurance premiums.

Individual Insurance In MCH \$	4Q19	3Q19	4Q18	% Chg.		2019	2018	% Chg.
				QoQ	YoY			
Gross written premiums	37,873	28,158	28,807	34.5%	31.5%	119,199	108,372	10.0%
Net premiums written	37,336	27,594	28,507	35.3%	31.0%	117,186	106,696	9.8%
Variation in technical reserves	-9,403	-6,921	5,096	-	-	-42,580	-4,922	-
Claims paid	-33,161	-21,598	-17,703	53.5%	87.3%	-92,800	-79,826	16.3%
Pensions paid	-242	-867	-630	-72.1%	-61.6%	-2,247	-1,399	60.6%
Underwriting expenses	-2,586	-2,763	-3,053	-6.4%	-15.3%	-10,581	-10,974	-3.6%
Medical expenses	-13	-9	-18	49.2%	-26.8%	-40	-48	-16.2%
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-8,068	-4,564	12,198	76.8%	-166.1%	-31,062	9,528	-426.0%
CUI Portfolio	12,327	8,168	-9,365	50.9%	-231.6%	45,024	3,756	1098.8%
Individual Insurance Profit	4,259	3,604	2,833	18.2%	50.3%	13,962	13,284	5.1%
Claims rate (1)	89.5%	81.4%	64.3%	806 p	2515 p	81.1%	76.1%	498 p
Underwriting expense rate (2)	6.9%	10.0%	10.7%	-309 p	-378 p	9.0%	10.3%	-126 p

(1) Claims paid/ Net written premiums

(2) Underwriting expense/ Net written premiums

For 4Q19, the product line reported profit, calculated by adding the CUI investment result to the contribution margin, of CH\$4,209 million (+18.2% QoQ). The variation in technical reserves was -CH\$9,403 million for 4Q19, greater than 3Q19, due to greater investment income from equity investments in the CUI and APV portfolios and increased claims paid (surrenders and transfers from CUI and APV accounts). This product line reported claims paid of CH\$33,161 million for 4Q19 (+53.5% QoQ) explained by greater surrenders and transfers from APV funds.

○ **Family Protection** (2.6% of gross written premiums as of December 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. It is product line 107 in figure 601 in the Vida Security financial statements.

Family Protection In MCH\$	4Q19	3Q19	4Q18	% Chg.		2019	2018	% Chg.
				QoQ	YoY			
Gross written premiums	1,699	1,713	1,826	-0.8%	-7.0%	6,757	6,697	0.9%
Net premiums written	1,699	1,713	1,826	-0.8%	-7.0%	6,757	6,697	0.9%
Variation in technical reserves	10	4	-31	138.9%	-132.4%	-5	5	-
Claims paid	-399	-482	-569	-17.2%	-29.8%	-1,654	-1,603	3.2%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-615	-659	-680	-6.8%	-9.6%	-2,553	-2,351	8.6%
Medical expenses	-1	0	0	-	-	-1	-1	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	695	576	547	20.6%	27.1%	2,543	2,747	-7.4%

Claims rate (1)	23.5%	28.1%	31.1%	-465 p	-766 p	24.5%	23.9%	54 p
Underwriting expense rate (2)	36.2%	38.5%	37.2%	-232 p	-105 p	37.8%	35.1%	268 p

(1) Claims paid/ Net written premiums

(2) Underwriting expense/ Net written premiums

The contribution margin totaled CH\$2,543 million for 2019 (-7.4% YoY). For the same period, gross written premiums reached CH\$6,757 million (+0.9% YoY). Claims paid reached -CH\$1,654 million for 2019 (+3.2% YoY). Finally, underwriting expenses totaled -CH\$2,553 million for 2019 (+8.6% YoY).

The contribution margin for 4Q19 was CH\$695 million (+20.6% QoQ). For the same period, gross written premiums reached CH\$1,699 million (-0.8% QoQ). This product line reported claims paid of -CH\$399 million (-17.2% QoQ). Lastly, underwriting expenses totaled -CH\$615 million for 4Q19 (-6.8% QoQ).

○ **Group Insurance** (28.4% of gross written premiums as of December 2019)

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.

Group Insurance In MCH\$	4Q19	3Q19	4Q18	% Chg.		2019	2018	% Chg.
				QoQ	YoY			
Gross written premiums	16,982	18,896	19,627	-10.1%	-13.5%	73,308	71,808	2.1%
Net premiums written	16,586	18,216	19,021	-9.0%	-12.8%	71,348	69,788	2.2%
Variation in technical reserves	-316	78	71	-	-546.9%	-730	358	-
Claims paid	-10,078	-12,066	-9,401	-16.5%	7.2%	-43,991	-41,412	6.2%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-977	-1,141	-895	-14.4%	9.2%	-4,150	-3,581	15.9%
Medical expenses	-2	-1	-3	107.4%	-35.9%	-7	-8	-8.5%
Insurance impairment	78	58	-42	-	-	202	0	-
Contribution Margin	5,292	5,144	8,750	2.9%	-39.5%	22,670	25,146	-9.8%

Claims rate (1)	60.8%	66.2%	49.4%	-548 p	1133 p	61.7%	59.3%	232 p
Underwriting expense rate (2)	5.9%	6.3%	4.7%	-37 p	118 p	5.8%	5.1%	69 p

(1) Claims paid/ Net written premiums

(2) Underwriting expense/ Net written premiums

For 2019, the contribution margin reached CH\$22,670 million (-9.8% YoY), due to a rise in the claims rate from 59.3% as of December 2018 to 61.7% as of December 2019. Underwriting expenses totaled -CH\$4,150 million (+15.9% YoY).

The contribution margin was CH\$5,292 million for 4Q19 (+2.9% QoQ), due to decreased claims paid of CH\$10,078 million (-16.5% QoQ) explained by seasonal effects.

○ **Annuities** (22.5% of gross written premiums as of December 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 423⁹.

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	4Q19	3Q19	4Q18	% Chg.		2019	2018	% Chg.
In MCH\$				QoQ	YoY			
Gross written premiums	7,817	12,186	17,022	-35.9%	-54.1%	58,093	54,209	7.2%
Net premiums written	7,817	12,186	17,022	-35.9%	-54.1%	58,093	54,209	7.2%
Variation in technical reserves	0	0	0	-	-	0	0	-
Claims paid	0	0	0	-	-	0	0	-
Pensions paid	-23,488	-28,745	-33,433	-18.3%	-29.7%	-124,393	-117,960	5.5%
Underwriting expenses	-129	-87	-118	49.2%	9.6%	-507	-509	-0.3%
Medical expenses	0	0	-2	-	-	0	-2	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-15,801	-16,645	-16,530	-5.1%	-4.4%	-66,807	-64,263	4.0%

Underwriting expense rate (1)	1.7%	0.7%	0.7%	94 p	96 p	0.9%	0.9%	-7 p
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(1) Claims paid/ Net written premiums

The contribution margin for annuities was -CH\$66,807 million for 2019 (+4.0% YoY), due to a rise in gross written premiums (+7.2% YoY). Pensions paid totaled -CH\$124,393 million for 2019 (+5.5% YoY), due to increased reserves following the rise in gross written premiums.

The contribution margin for 4Q19 was -CH\$15,801 million (-5.1% QoQ), due to a fall in gross written premiums (-35.9% QoQ). Pensions paid reached -CH\$23,488 million for 1H19 (-18.3 % QoQ).

⁹This also includes line 424 from the SVS, which corresponds to the old Disability and Survivor's system defined in Circular 528 (C-528). As of December 2019, this product line accounts for only CH\$963 million in pensions paid by Vida Security.

○ **Disability and Survivor Insurance (DSI)** (0.2% of gross written premiums as of December 2019)

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 AFP¹⁰. 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.

DSI In MCH\$	4Q19	3Q19	4Q18	% Chg.		2019	2018	% Chg.
				QoQ	YoY			
Gross written premiums	93	77	546	19.4%	-83.0%	642	95,008	-99.3%
Net premiums written	18	-15	-259	-	-107.1%	227	57,730	-99.6%
Variation in technical reserves	0	0	1,663	-	-	0	1,096	-
Claims paid	-8,191	321	15,694	-	-	2,139	25,835	-
Pensions paid	1,916	-2,450	-17,432	-178.2%	-111.0%	-11,974	-83,300	-85.6%
Underwriting expenses	0	0	0	-	-	0	0	-
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	-5	-	-	5	-5	-
Contribution Margin	-6,256	-2,144	-339	-	-	-9,604	1,356	-
Claims Rate (1)	-	-	-670.7%	-	-	-	99.5%	-

(1) Claims and Pensions Paid/ Net written premiums

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

The fifth DSI tender was organized by the AFPs for the period from July 2016 to June 2018, and 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\$9,604 million in 2019 (versus CH\$1,356 million in 2018). For 2019, gross written premiums fell to CH\$642 million (-99.3% YoY) because the company was not awarded any segments, while claims paid reached -CH\$9,835 million (-82.9% YoY). There was no variation in technical reserves in 2019 (+CH\$1,096 million as of Dec-18), because contract No. 5 had expired. Given the drop in interest rates and increased claims frequency, greater provisions had to be recorded for future payments. Compared to the immediately preceding quarter, the contribution margin for DSI totaled -CH\$6,256 million in 4Q19 (versus -CH\$-2,144 million in 3Q19), due to the expiration of contract No. 5 in June 2018.

¹⁰ <http://www.spensiones.cl/portal/orientacion/580/w3-article-3024.html>

Vida Security - Consolidated Results

For 2019 Vida Security reported profit attributable to the owners of the parent of CH\$20,146 million (-33.2% YoY). This decrease occurred because the basis of comparison from 2018 considers the one-time effect of CH\$12,157 million for the transfer of Inversiones Security Perú, the parent of Protecta Security, to Security Internacional for a total of S./ 100 million. Excluding this effect, Vida Security would have reported growth of 11.9% YoY.

In MCH\$	4Q19	3Q19	4Q18	% Chg.		2019	2018	% Chg.
				QoQ	YoY			
Gross written premiums	64,463	61,031	67,828	5.6%	-5.0%	257,999	336,094	-23.2%
Net premiums written	63,456	59,695	66,116	6.3%	-4.0%	253,610	295,121	-14.1%
Variation in technical reserves	-9,708	-6,840	6,799	41.9%	-	-43,316	-3,463	-
Claims paid	-51,828	-33,825	-11,979	53.2%	332.6%	-136,306	-97,007	40.5%
Pensions paid	-21,813	-32,062	-51,495	-32.0%	-57.6%	-138,614	-202,659	-31.6%
Underwriting expenses	-4,306	-4,650	-4,745	-7.4%	-9.3%	-17,792	-17,414	2.2%
Medical expenses	-16	-10	-23	61.3%	-33.2%	-48	-59	-18.3%
Insurance impairment	78	58	-47	35.7%	-266.1%	207	-5	-
Contribution Margin	-24,138	-17,633	4,626	-	-	-82,259	-25,486	-
Administrative expenses	-6,544	-9,665	-8,677	-32.3%	-24.6%	-37,270	-38,148	-2.3%
Investment income	32,649	36,507	23,851	-10.6%	36.9%	145,276	98,570	47.4%
Exchange differences	1,099	424	-1,514	158.9%	-	276	-1,067	-
Gain (loss) on indexed assets and liabilities	-1,509	-795	-794	89.7%	90.0%	-3,236	-3,608	-10.3%
Other income and expenses	92	12	60	667.2%	53.4%	397	47	-
Income tax expense	-3	-1,776	1,187	-	-	-3,037	-149	1940.9%
Profit for the period	1,646	7,073	18,739	-76.7%	-91.2%	20,146	30,159	-33.2%
Administrative ratios								
(1) (Claims paid + pension paid)/ Net written premiums	116.1%	110.4%	96.0%	568 p	2005 p	108.4%	101.5%	686 p
(2) Administrative expenses/ Net written premiums	10.3%	16.2%	13.1%	-588 p	-281 p	14.7%	12.9%	177 p
(3) Underwriting expenses/ Net written premiums	6.8%	7.8%	7.2%	-100 p	-39 p	7.0%	5.9%	111 p
Combined Ratio (1) + (2) + (3)	133.2%	134.4%	116.3%	-120 p	1685 p	130.1%	120.4%	975 p
(4) Profit / Net written premiums	2.6%	11.8%	28.3%	-925 p	-2575 p	7.9%	10.2%	-228 p

Vida Security reported profit attributable to owners of the parent of CH\$1,646 million for 4Q19 (-76.7% QoQ), due to lower investment income of CH\$32,649 million (-10.6% QoQ).

In aggregate, gross written premiums totaled CH\$257,999 million (-23.2% YoY) for 2019. 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 segments under contract No. 6¹¹. This was partially offset by an increase in gross written premiums for individual and group policies and higher annuity sales. Gross written premiums, excluding the effects of the DSI contract expiring, increased by 6.7% YoY.

For 2019, the subsidiary recorded a larger variation in technical reserves (-CH\$43,316 million versus -CH\$3,463 million for 2018), 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. The 8.3% YoY drop in claims and pensions paid, which reached CH\$274,920 million, can be explained by the expiration of DSI contract No. 5, offset only partially by increased claims paid on individual policies. Excluding the effects of the DSI contract expiring, claims and pensions paid increased by 9.4% YoY. Finally, underwriting expenses totaled CH\$17,792 million (+2.2% YoY), reflecting increased commercial business for group and family protection products.

This explains the contribution margin of -CH\$82,259 million for 2019, compared to -CH\$25,486 million for 2018.

¹¹ See page 18, section "Disability and Survivor Insurance" for more details on this product line.

The lower contribution margin was offset by greater investment income of CH\$145,276 million (+47.4% YoY), attributable to higher investment income from 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. Administrative expenses were CH\$37,270 million for 2019 (-2.3% YoY). Finally, exchange differences were CH\$276 million for 2019 compared to -CH\$1,067 million for 2018, while the loss on indexed assets and liabilities was -CH\$3,236 million for 2019 compared to -CH\$3,608 million for 2018. Income tax increased to CH\$3,037 million for 2019, versus CH\$149 million for 2018.

For 4Q19, Vida Security posted profit of CH\$1,646 million (-76.7% QoQ). Gross written premiums were CH\$64,463 million for 4Q19 (+5.6% QoQ), due to greater gross written premiums for individual policies, which was only partly offset by lower annuity premiums. The fourth quarter saw a larger variation in technical reserves (-CH\$9,708 million versus -CH\$6,840 million in 3Q19) because of greater investment income from the CUI and APV portfolios, increased claims paid (surrenders and transfers from CUI and APV accounts) and increased gross written premiums for CUI and APV policies. In addition, in the fourth quarter this subsidiary reported a drop in claims and pensions paid (+11.8% QoQ), explained by greater surrenders and transfers from CUI policies, partially offset by a decrease in pensions paid on annuity policies. Investment income totaled CH\$32,649 million for 4Q19 (-10.6% QoQ), due to weaker returns on fixed-income instruments and real estate investments. Income tax totaled CH\$3 million, versus CH\$1,776 million for 3Q19.

Administrative Expenses - Vida Security

<i>In MCH\$</i>	4Q19	3Q19	4Q18	% Chg		2019	2018	%Chg.
				QoQ	YoY			
Payroll	-2,710	-3,588	-3,852	-24.5%	-29.6%	-13,375	-14,327	-6.6%
Distribution Channel expenses	-748	-880	-518	-15.0%	44.5%	-3,693	-3,552	4.0%
Other	-3,085	-5,197	-4,307	-40.6%	-28.4%	-20,202	-20,269	-0.3%
Total administrative expenses	-6,544	-9,665	-8,677	-32.3%	-24.6%	-37,270	-38,148	-2.3%

For 2019, Vida Security reported administrative expenses of CH\$37,270 million (-2.3% YoY) because of a decrease in payroll expenses (-6.6% YoY).

Investment Income - Vida Security

For 2019, investment income reached CH\$145,698 million (+64.7% 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\$546,112 million as of December 2019, +9.6% YoY.

Investment Income In Ch\$ Million	CUI		Proprietary portfolio		Total	
	2019	2018	2019	2018	2019	2018
Fixed Income	9,119	8,381	69,328	65,123	78,447	73,504
Equities and indexes	35,905	-4,564	6,709	-2,734	42,615	-7,298
Real estate	0	0	22,437	20,044	22,437	20,044
Other investments	0	0	2,199	2,212	2,199	2,212
Investments Income	45,025	3,817	100,673	84,644	145,698	88,461
Investment stock	546,112	498,138	2,067,896	1,980,080	2,614,008	2,478,218

Investment Income In Ch\$ Million	CUI		Proprietary portfolio		Total	
	4Q19	3Q19	4Q19	3Q19	4Q19	3Q19
Fixed Income	1,914	2,544	14,820	19,769	16,734	22,313
Equities and indexes	10,413	5,625	2,869	1,307	13,282	6,932
Real estate	0	0	1,219	7,360	1,219	7,360
Other investments	0	0	1,459	174	1,459	174
Investments income	12,327	8,169	20,368	28,610	32,694	36,779
Investment stock	546,112	535,865	2,067,896	2,076,963	2,614,008	2,612,828

Exchange Differences and Gain (Loss) from Indexation Adjustments

Exchange differences totaled -CH\$276 million in 2019 (CH\$1,067 million in 2018) and CH\$1,099 million for 4Q19 (+CH\$424 million for 3Q19). The loss on indexation adjustments was -CH\$3,236 million for 2019 (-CH\$3,608 million for 2018) and -CH\$1,509 million for 4Q19 (-CH\$795 million for 3Q19), due to greater reserves in UF and higher inflation during the period.

ASSET MANAGEMENT BUSINESS AREA (2.6% of assets; 0.6% of profit from business areas as of December 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	2019	9M19	2018	% Chg	
				QoQ	YoY
Assets under management (AUM)	4,339,221	4,708,946	4,383,489	-7.9%	-1.0%
Mutual funds under management	2,660,717	2,825,655	2,496,079	-5.8%	6.6%
Market share - mutual funds	5.9%	6.1%	6.6%	-24 p	-73 p

In Ch\$ Million	4Q19	3Q19	4Q18	% Chg		2019	2018	% Chg
				QoQ	YoY			
Value of shares traded	756,662	292,507	505,313	158.7%	49.7%	2,257,239	2,707,465	-16.6%
Market share - equities brokerage	3.2%	2.8%	3.7%	31 p	-56 p	3.5%	4.6%	-109 p
Operating income	10,285	9,752	10,102	5.5%	1.8%	38,730	40,819	-5.1%
Non-operating income	-165	1,376	1,439	-	-	4,526	4,786	-5.4%
Total expenses	-11,565	-13,900	-8,883	-16.8%	30.2%	-43,172	-35,161	22.8%
Efficiency ratio	114.3%	124.9%	77.0%	-1062 p	3732 p	99.8%	77.1%	2271 p
Fund management	721	1,564	1,961	-53.9%	-63.2%	5,209	6,563	-20.6%
Equity, currency and fixed income brokerage, portfolio mgt and int'l business (*)	-3,170	-3,278	209	-	-	-5,689	1,985	-
Securitization	1,974	-202	2,110	-	-6.4%	1,096	2,166	-49.4%
Profit - Asset Management	(474)	(1,916)	4,280	-	-	616	10,715	-94.3%

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

The subsidiary's AUM as of December 2019 totaled CH\$4,339,221 million, -1.0% YoY and -7.9% QoQ. Mutual funds under management totaled CH\$2,660,717 million, +6.6% YoY and -5.8% QoQ, with a market share of 5.9%. The total value of shares traded was CH\$2,257,239 million for 2019 (-16.6% YoY), with market share of 3.5%, while the traded value was CH\$756,662 million for 4Q19 (+158.7% QoQ), with market share of 3.2%.

The asset management area reported profit of CH\$616 million for 2019 (-94.3% YoY), explained by the recognition of an allowance for doubtful accounts for a specific transaction by Valores Security. Operating revenue was CH\$38,730 million for 2019 (-5.1% YoY), due to a decrease in transactional revenue at Valores Security. Securitizadora Security and Inmobiliaria CasaNuestra also reported lower results. Finally, this business area had non-operating income of CH\$4,526 million (-5.4% YoY), due to weaker returns on Valores Security's proprietary trading portfolio.

It reported profit of -CH\$474 million for 4Q19, because of weaker results from both entities' proprietary trading portfolios and provisions for employee termination benefits at Valores Security. These effects were only partially offset by greater operating revenue of CH\$10,285 million (+5.5% QoQ).

OTHER SERVICES BUSINESS AREA (1.5% of assets; 1.0% of profit from business areas in 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

Inmobiliaria Security reported a loss of -CH\$2,214 million for 2019, due to ownership being transferred on fewer units than in 2018. Ownership was transferred on 11 units in 2019, compared to 27 units in 2018, while ownership was transferred on 3 units in 4Q19 and 3 units in 3Q19. Inmobiliaria Security signed purchase promise agreements totaling UF 1,110,000 for 2019 (-7.1% YoY) and UF 178,000 in 4Q19 (-58.0% QoQ). 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\$123,151 million, +44.5% YoY and +8.5% QoQ, due to capitalization of projects under development.

<i>In Ch\$ Million</i>	4Q19	3Q19	4Q18	% Chg		2019	2018	% Chg
				QoQ	YoY			
Real estate assets under management	123,151	113,503	85,202	8.5%	44.5%	123,151	85,202	44.5%
Total income	90	332	1,439	-72.8%	-93.7%	551	1,652	-66.6%
Total expenses	-587	-602	-527	-2.5%	14.2%	-2,231	-2,088	6.8%
Profit before tax	-496	-270	912	-	-	-1,680	-436	-
Profit for the period	-681	-669	1,005	-	-	-2,214	-232	-

TRAVEL AGENCY: TRAVEL SECURITY

Travel Security reported profit of CH\$4,020 million for 2019, 7.1% YoY, explained by the CH\$62 YoY rise in the average CH\$/US\$ exchange rate, which was not offset by an increase in operating expenses and lower non-operating income.

For 4Q19 Travel Security reported profit of CH\$1,527 million (+91.3% QoQ) due to increased revenue from suppliers because of growth in air transactions, partly offset by higher operating expenses.

	4Q19	3Q19	4Q18	% Chg		2019	2018	% Chg
				QoQ	YoY			
Total sales - Travel (MUSD)	59	68	68	-13.4%	-12.2%	267	268	-0.3%
Net operating income (MCH\$)	2,345	1,399	1,386	67.6%	69.2%	6,515	5,393	20.8%
Profit for the period - Travel (MCH\$)	1,527	798	990	91.3%	54.2%	4,020	3,752	7.1%

INTERNATIONAL BUSINESS AREA (3.0% of assets as of December 2019; 0.6% of profit from business areas for 2019)

The international business area reported profit attributable to the owners of the parent of CH\$682 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 2019, Protecta reported profit of S./ 22.6 million, up from S./ 2.8 million in 2018, mainly because of improved investment income, which totaled S./ 127.0 million, +37.8% YoY, and a lower claims rate. These effects were not fully offset by higher operating expenses of S./ 36.9 million (+16.7% YoY), because of increased business.

Protecta had annuity sales of S./ 195.4 million for 9M19 (+17.6% YoY), giving it market share of 20.5%, and private annuity sales of S./ 135.8 million (+199.8% YoY), with market share of 14.2%.

It reported profit of S./ 11.5 million for 4Q19, an improvement over S./ 2.2 million in 3Q19, due to greater investment income of S./ 39.9 million (+35.2% QoQ), partially offset by higher administrative expenses of S./ 10.9 million (+20.6% QoQ).

<i>In S./ Thousands</i>	4Q19	3Q19	4Q18	% Chg		2019	2018	% Chg
				QoQ	YoY			
Annuities - Premiums written	53,285	48,256	45,531	10.4%	17.0%	195,377	166,144	17.6%
Annuities - Market share	22.0%	20.2%	19.1%	184 p	288 p	20.5%	19.0%	154 p
Private annuities - Premiums written	36,086	38,001	23,225	-5.0%	55.4%	135,818	45,309	199.8%
Private annuities - Market share	15.7%	16.5%	7.9%	-77 p	781 p	14.2%	5.1%	910 p
Premiums written	107,999	103,833	85,372	4.0%	26.5%	400,349	278,536	43.7%
Investment Income	39,935	29,532	25,328	35.2%	57.7%	127,045	92,176	37.8%
Annualised return	9.3%	8.8%	9.0%	57 p	31 p	9.3%	9.0%	31 p
Profit for the period	11,453	2,228	4,425	414.1%	158.8%	22,572	2,810	703.1%

Travex Security

Travex Security, Travel Security's Peruvian travel agency subsidiary reported sales of US \$64 million for 2019 (-7.9% YoY) and profit of US \$19,432.

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	49.562	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	8.738.562			

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 October 3, 2019, Grupo Security's board approved a dividend of CH\$4.8 per share. This consists of an additional dividend of CH\$2.6 per share charged to profit for 2018 and an interim dividend of CH\$2.2 per share charged to profit for the current year.

On April 29, 2019, Grupo Security shareholders approved a dividend payment of CH\$7.45 per share charged to profit for 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 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 4.5% in 2018. Grupo Security's stock reported a return of -29.5% for 2019, underperforming the S&P/CLX IPSA (-8.5%).

4Q19 EARNINGS CONFERENCE CALL

Grupo Security's fourth quarter earnings report will be explained to the market in a conference call on Wednesday, March 4, 2020. 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

Liabilities and Equity In Ch\$ Millions	December, 31 2018	December, 31 2019
Other financial liabilities, current	6,217,422	7,187,671
Trade and other payables	2,631,688	2,849,866
Accounts payable to related parties, current	995	26
Other short-term provisions	124,325	132,503
Current tax liabilities	22,810	32,308
Employee benefit provisions, current	9,258	10,056
Other non-financial liabilities, current	146,415	362,033
Total current liabilities	9,152,914	10,574,462
Non-current liabilities		
Other financial liabilities, non-current	578,311	715,490
Accounts payable, non-current	58,402	42,694
Accounts payable to related parties, non-current	3,323	3,412
Deferred tax liabilities	697	791
Total non-current liabilities	640,734	762,388
Total liabilities	9,793,647	11,336,851
Equity		
Issued Capital	431,676	432,124
Retained earnings	342,846	378,573
Shaere premium	719	0
Other reserves	(46,746)	(40,943)
Equity attributable to equity holders of parent	728,495	769,754
Non-controlling interests	20,545	14,396
Total equity	749,040	784,150
Total liabilities and equity	10,542,688	12,121,001

2. Financial Statements and Indicators - Liabilities and Equity

Liabilities and Equity In Ch\$ Millions	December, 31 2018	December, 31 2019
Other financial liabilities, current	6,217,422	7,187,671
Trade and other payables	2,631,688	2,849,866
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Non-controlling interests	20,545	14,396
Total equity	749,040	784,150
Total liabilities and equity	10,542,688	12,121,001

3. Financial Statements and Indicators - Consolidated Statement of Income

Consolidated statement of income (MCh\$)		
	December, 31 2018	December, 31 2019
Revenue	1,042,141	1,156,010
Cost of sales	(689,733)	(770,231)
Gross profit	352,408	385,780
Other income	3,310	2,851
Distribution costs	0	0
Administrative expenses	-216,962	-251,127
Other expenses	(7,565)	(15,592)
Other gains	1,742	2,531
Finance income	13	258
Finance costs	(14,837)	(14,260)
Share of profit (loss) of associates and joint ventures, equity-accounted	-1,775	922
Exchange differences	1,222	11,712
Gain (loss) on indexed assets and liabilities	-10,399	-10,150
Gains arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	734	48
Profit before tax	107,891	112,973
Income tax benefit (expense)	(24,733)	(29,944)
Profit (loss) from continuing operations	83,159	83,029
Profit (loss) from discontinued operations	0	0
Profit (loss) for the period	83,159	83,029
Profit (loss) attributable to		
Profit (loss) attributable to equity holders of the parent	80,548	81,156
Profit (loss) attributable to non-controlling interests	2,610	1,873
Profit (loss) for the period	83,159	83,029
Depreciation and amortization	9,060	11,566
Ebitda	131,788	138,799

4. Segment Note - Grupo Security YoY

Segment Note - Grupo Security <i>In MCH\$</i>	Lending and Treasury		Asset Management		Insurance		International Business		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19
Revenue	469,579	511,279	60,347	73,891	437,039	417,828	23,365	115,280	37,150	34,277	-3,342	3,456	1,024,138	1,156,010
Cost of sales	-261,715	-279,371	-13,682	-32,484	-365,320	-345,780	(13,621)	-96,672	-17,345	-15,574	-1,421	-350	-673,105	-770,231
Gross profit	207,864	231,908	46,665	41,407	71,719	72,048	9,744	18,608	19,805	18,702	-4,763	3,106	351,034	385,780
Other income	21	25	2,532	137	275	563	402	312	716	381	740	1,433	4,685	2,851
Administrative expenses	-113,952	-118,630	-33,004	-35,527	-45,721	-45,916	(6,663)	-17,944	-15,087	-15,963	-2,534	-17,146	-216,962	-251,127
Other expenses	-4,709	-6,476	-2,142	-8,112	-311	-500	(306)	-386	-97	-30	-2	-90	-7,565	-15,592
Other gains (losses)	0	0	-33	247	206	281	1,007	977	-180	375	742	651	1,742	2,531
Finance income	0	0	0	206	13	38	-	0	0	0	0	14	13	258
Finance costs	0	0	-781	-78	-54	-28	(542)	-242	-1,197	-1,285	-12,263	-12,627	-14,837	-14,260
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	0	10,274	927	-	0	0	-2	-12,050	-3	-1,775	922
Exchange differences	2,916	6,976	-142	3,585	-991	797	(606)	-53	275	356	-231	52	1,222	11,712
Gain (loss) from indexed assets and liabilities	25	31	141	-212	-3,605	-3,016	-	0	-49	44	-6,912	-6,997	-10,399	-10,150
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	655	165	79	-118	0	0	-	0	0	0	0	0	734	48
Profit (loss) before tax	92,821	113,999	13,316	1,534	31,806	25,194	3,036	1,273	4,186	2,579	-37,273	-31,607	107,891	112,973
Income tax benefit (expense)	-20,696	-27,247	-2,601	-925	-649	-3,685	(307)	-157	-1,140	-830	659	2,900	-24,733	-29,944
Profit (loss) from continuing operations	72,125	86,752	10,715	609	31,156	21,509	2,730	1,116	3,047	1,749	-36,613	-28,706	83,159	83,029
Profit (loss) attributable to														
Profit (loss) attributable to equity holders of the parent	72,122	86,732	10,715	616	30,440	20,737	1,429	682	2,457	1,121	-36,613	-28,732	80,548	81,156
Profit (loss) attributable to non-controlling interest	3	20	0	-7	716	772	1,301	434	590	628	0	26	2,610	1,873
Profit (loss) for the period	72,125	86,752	10,715	609	31,156	21,509	2,730	1,116	3,047	1,749	-36,613	-28,706	83,159	83,029

5. Segment Note - Grupo Security QoQ

Segment Note - Grupo Security <i>In MCH\$</i>	Lending and Treasury		Asset Management		Insurance		International Business		Other Services		Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	3Q-19	4Q-19	3Q-19	4Q-19	3Q-19	4Q-19	3Q-19	4Q-19	3Q-19	4Q-19	3Q-19	4Q-19	3Q-19	4Q-19
Revenue	128,987	137,755	25,432	20,816	102,539	100,096	14,501	34,220	9,493	8,921	-6	6,360	280,945	308,167
Cost of sales	-69,802	-78,123	-14,726	-10,634	-80,782	-90,518	-25,169	-27,615	-5,003	-3,338	-465	774	-195,946	-209,456
Gross profit	59,185	59,631	10,706	10,182	21,757	9,577	-10,668	6,605	4,489	5,582	-471	7,134	84,999	98,712
Other income	11	5	-618	3	168	159	94	147	118	108	537	38	310	459
Administrative expenses	-29,128	-30,221	-9,197	-9,447	-12,136	-8,342	9,545	-5,239	-4,039	-4,374	-4,276	-11,334	-49,231	-68,958
Other expenses	-1,444	-1,938	-5,230	-1,780	-126	-129	-95	-87	-10	-8	768	-6	-6,138	-3,948
Other gains (losses)	0	0	243	-39	182	-77	248	240	0	72	-1,669	1,941	-995	2,136
Finance income	0	0	44	162	32	6	0	0	0	0	0	14	77	182
Finance costs	0	0	-6	-2	-15	-6	-73	-10	-307	-315	-3,206	-3,363	-3,606	-3,695
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	0	-37	1,084	0	0	0	-1	762	-756	725	327
Exchange differences	1,443	2,799	405	3,459	538	1,073	-33	-29	124	95	2	-139	2,477	7,257
Gain (loss) from indexed assets and liabilities	0	31	33	-286	-794	-1,290	0	0	-29	31	-1,395	-2,375	-2,186	-3,888
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	107	-231	617	-1,032	0	0	0	0	0	0	0	0	723	-1,263
Profit (loss) before tax	30,173	30,076	-3,003	1,220	9,569	2,055	-983	1,626	347	1,191	-8,947	-8,847	27,155	27,321
Income tax benefit (expense)	-7,404	-6,987	1,087	-1,701	-1,998	-137	-60	-3	-224	-314	-372	3,043	-8,971	-6,097
Profit (loss) from continuing operations	22,769	23,090	-1,916	-481	7,570	1,918	-1,043	1,623	124	877	-9,319	-5,803	18,185	21,224
Profit (loss) attributable to														
Profit (loss) attributable to equity holders of the parent	22,766	23,084	-1,916	-474	7,343	1,716	-823	985	-12	633	-9,150	-5,814	18,207	20,130
Profit (loss) attributable to non-controlling interest	3	5	0	-7	227	202	-220	638	135	244	-168	11	-22	1,094
Profit (loss) for the period	22,769	23,090	-1,916	-481	7,570	1,918	-1,043	1,623	124	877	-9,319	-5,803	18,185	21,224

6. Grupo Security Consolidated Statement of Cash Flows

Statement of Cash Flows	Dec-18	Dec-19
For the periods ended December 31st, 2019 and 2018	MCh\$	MCh\$
Net cash flows provided by (used in) operating activities	(159,394)	268,609
Net cash flows used in investing activities	(5,768)	(12,634)
Net cash flows used in financing activities	38,289	62,497
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	(126,873)	318,472
Effect of changes in exchange rates on cash and cash equivalents	(5)	462
Net increase (decrease) in cash and cash equivalents	(126,878)	318,934
Cash and cash equivalents at beginning of period	599,767	472,890
Cash and cash equivalents at end of period	472,890	791,824

Operating Cash Flows

The increase in cash flows is related to the Bank, which experienced a sharp rise in funds from deposits and other demand obligations. Specifically, the Bank reported a negative operating cash flow of CH\$18,655 million in 2018 and a positive flow of CH\$242,128 million in 2019.

Investing Cash Flows

For the year ended December 2019, the variation is related to investments in property, plant and equipment and real estate investments, especially by Vida Security (CH\$10,490 million) and Inversiones Security Perú (including its subsidiary Protecta for CH\$10,982 million). Investments in software were also made.

Financing Cash Flows

For the year ended December 2019, the increased cash flows from financing activities are explained by a bond placed by Factoring Security, for a total of CH\$41,010 million, and an increase in bank loans obtained to take advantage of good interest rates.

7. Quarterly Statement of Income

Quarterly Earnings (M Ch\$)	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Revenue	248,661	237,960	267,893	299,006	280,945	308,167
Cost of sales	-161,998	-138,857	-165,741	-199,088	-195,946	-209,456
Gross profit	86,663	99,103	102,151	99,918	84,999	98,712
Administrative expenses	-50,600	-49,784	-63,385	-69,553	-49,231	-68,958
Operating income	37,058	45,384	37,294	29,802	28,946	28,401
Finance costs	-4,245	-4,271	-3,589	-3,370	-3,606	-3,695
Profit before tax	28,244	31,536	34,017	24,479	27,155	27,321
Profit attributable to equity holders of parent	20,728	22,725	21,158	21,661	18,207	20,130
EBITDA ¹	34,956	37,849	40,341	30,618	33,781	34,059

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

8. Financial and Business Indicators

Activity levels (M Ch\$)	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Cash (Grupo Security Standalone)	13,126	55,052	20,736	20,087	8,026
Total Assets	10,542,688	10,519,158	10,808,061	11,326,897	12,121,001
Total Liabilities	9,793,647	9,744,655	10,028,529	10,559,300	11,336,851
Total Equity	749,040	774,503	779,532	767,597	784,150

Leverage Ratios (M Ch\$)	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Individual leverage ratio ¹	0.345	0.345	0.330	0.360	0.351
Consolidated financial expenses ²	8.27	10.48	9.41	9.11	8.92

Profitability (M Ch\$)	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Revenue	1,042,141	267,893	566,898	847,843	1,156,010
Profit attributable to equity holders of the company	80,548	21,158	42,819	61,026	81,156
EBITDA	131,788	40,341	70,960	104,741	138,799
Return of equity ³	11.24%	10.71%	11.80%	11.49%	10.83%
Return on assets ⁴	0.79%	0.76%	0.82%	0.78%	0.72%
Earnings per share ⁵	21.82	21.15	23.35	22.67	21.96
Number of shares	3,695	3,695	3,695	3,695	3,695

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

2. Financial expense coverage: Defined as the sum of profit before tax and finance costs divided by finance costs.

3. Return on equity: Defined as the quotient between profit attributable to controlled properties LTM and average equity attributable to controlled properties.

4. Return on assets: Defined as the quotient between profit attributable to controlled companies LTM and total average assets.

5. Earnings per share: Defined as the quotient between profit attributable to controlled companies LTM and the weighted average number of shares LTM.

Grupo Security's total consolidated assets were CH\$12,121,001 million as of December 2019, +15.0% YoY. Of these assets, 54.1% are trade and other receivables, primarily the Bank's loan portfolio. As of December 2019, this item reached CH\$6,560,006 million, +12.5% YoY, driven by +12.6% YoY growth in loans as explained on pages 9 and 10.

Furthermore, 30.8% 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 December 2019, other current financial assets totaled CH\$3,738,514 million (+9.5% YoY), as a result of the 7.5% YoY increase in the investment portfolio for the insurance subsidiary's technical reserves, which totaled CH\$2,570,750 million as of December 2019, in keeping with business growth and portfolio returns and the 14.3% increase in the Bank's current financial assets, which totaled CH\$1,166,559 as of December 2019.

As of December 2019, total consolidated liabilities were CH\$11,336,851 million, +15.8% YoY. Of those, 59.3% 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 December 2019, other current financial liabilities totaled CH\$7,187,671 million, +15.6% YoY, because of an increase in debt issued, offset by a decrease in savings and time deposits at the Bank, as explained on pages 10 and 11.

Of total liabilities, 23.1% were trade and other payables, which are primarily the technical reserves of Vida Security and Protecta Security. As of December 2019, trade payables were CH\$2,849,866 million, +8.3% YoY, due to the 9.3% YoY increase in life insurance technical reserves, which totaled CH\$2,695,230 million, due to increased reserves at Vida Security, mainly due to higher investment income from equity investments in the CUI and APV portfolio and greater annuity sales during the period, as explained on pages 14 to 21 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 24 of this report.

Grupo Security's total equity amounted to CH\$784,150 million as of December 2019, +4.7% YoY, 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 as the ratio of standalone financial liabilities, as presented in the FECU disclosures, to total equity. Under the bondholder protection covenant, it may not exceed 0.4, measured on the standalone statement of financial position. As of December 2019, this ratio was 0.35, +62 b.p. YoY.

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. The consolidated financial expense coverage was 8.9 for 2019, +7.9% YoY, reflecting the 5.3% YoY increase in profit before tax.

As of December 2019, revenue was CH\$1,156,010 million, +10.9% YoY. Of this, 22.3% corresponds to gross written premiums from Vida Security, which fell 22.7% 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 14 to 21 of this report. In addition, 32.0% of revenue was from interest and indexation on Bank loans, which grew 8.1% YoY, as explained on pages 7 and 8. On the other hand, 7.7% 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 pages 14 to 21 of this report.

For 2019, profit attributable to owners of the parent was CH\$81,156 million, +0.8% YoY, while EBITDA reached CH\$138,799 million (+5.3% YoY). As of December 2019, return on equity was 10.8% (-41 b.p. YoY) and return on assets was 0.72% (-7 b.p. YoY) with earnings per share of CH\$22.0 (+0.7% YoY). These results are 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 December 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\$196,453,788 million (CH\$180,057,437 million excluding foreign subsidiaries). Equity totaled CH\$21,833,823 million while profit for the year 2019 was CH\$2,639,390 million, with return on average equity of 12.8%. The industry reported an efficiency ratio of 45.0%, measured as operating expenses over gross operating profit, and 1.9% measured as operating expenses over total assets. The banking system posted a risk ratio of 2.56%, measured as loan loss provisions to total loans, and 2.07%, measured as 90-day nonperforming loans to total loans. As of December 2019, Banco Security had total loans of CH\$6,051,817 million, positioning it 8th in total loans with 3.1% of the Chilean market (3.4% 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 December 2019, the mutual fund industry reported average assets under management of CH\$45,052,916 million and 2,527,466 investors. Administradora General de Fondos Security boasted average assets under management of CH\$2,660,717 million as of December 2019, giving it a market share of 5.9% and a sixth-place industry ranking among the 20 fund managers operating in the market.

STOCK BROKERAGE INDUSTRY

During 2019, market activity measured as value of shares traded increased 9.3% in comparison to 2018, reaching CH\$64,663 billion. Value of shares traded by Valores Security Corredores de Bolsa for the same period totaled CH\$2,257 billion with market share of 3.5%. Market share is calculated based on transactions on Santiago Exchange and the Chilean Electronic Stock Exchange.

LIFE INSURANCE INDUSTRY

As of September 2019, there were 35 life insurance companies in Chile. Total gross written premiums for the industry were CH\$4,707,283 million for 9M19. The life insurance industry posted profit of CH\$246,703 million for the period ended September 2019. For the same period, Vida Security had market share of 4.1% 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 December 2019, investments accounted for using the equity method in the Consolidated Statements of Financial Position represent approximately 0.03% of total assets.

Goodwill, which represents the difference between the acquisition cost and the fair value of assets and liabilities, totaled CH\$119,067 million as of December 2019, equivalent to 0.98% 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. As of December 2019, Grupo Security had received the following dividends from subsidiaries: CH\$43,591 million (60% of 2018 profit) from Banco Security, CH\$20,000 million from Inversiones Previsión Security and CH\$200 million from Securitizadora Security.

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 December 31, 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 December 31, 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

