

Grupo Security Earnings Report

Grupo Security Reports Profit of MCH\$47,772 for the first nine months of 2020, explained mainly by strong performances from Vida Security, Inmobiliaria Security and Banco Security.

- Banco Security reported consolidated profit of MCH\$44,220 for the period ended September 2020, -25.8% YoY, which compares favorably with the industry, where earnings fell 61.5%.
- Banco Security's market share was 3.4% for 9M20 (+4 bps YoY). Commercial loans expanded 11.9% YoY and 8.0% YTD, with market share in its target segment of medium and large companies of 5.9%¹.
- Banco Security's consolidated efficiency ratio was 48.6% as of September 2020 (+85 bps YoY), on par with the industry figure of 48.1%. Its risk ratio, measured as provisions to loans, was 1.83% as of September 2020 (+20 bps YoY), which compares favorably to the banking system's 2.68%. The Bank posted an ROAE as of September 2020 of 9.3% (-387 bps YoY), versus 4.9% for the industry (-832 bps YoY).
- Factoring Security reported profit of MCH\$7,400 for 9M20, +8.5% YoY, with a drop of -12.2% YoY in factored receivables due to a decelerating economy, offset by larger spreads.
- Vida Security's profit reached MCH\$16,475 for 9M20 (-10.9% YoY) as a result of lower investment income and gross written premiums, with a significant improvement in 3Q20, allowing the subsidiary to recover the 2Q20 loss of -MCH\$1,035.
- Protecta Security reported profit of MS./9.9 (-10.6% YoY) for 9M20. Protecta Security has 24.0% market share in annuities, positioning it second in sales in the Peruvian market.
- The asset management area, including Securitizadora Security, reported profit of MCH\$2,955 for the period ended September 2020, up 171% over the same period last year.
- Inmobiliaria Security posted profit of MCH\$3,283 for 9M20 explained by legal title transferred on more projects during the quarter (96 units) versus the previous quarter (4 units), as a result of districts previously sheltering in place beginning to open up and resume municipal functions such as approving projects.
- Travel Security had a loss of -MCH\$4,275 for 9M20 (versus MCH\$2,493 for 9M19) due to structural adjustments made to cope with declining sales because of the public health crisis. From here on out, the company expects to use a primarily digital sales model.
- Mobile LTM profit for Grupo Security totaled MCH\$67,902 as of September 2020, up 22% from LTM profit as of June 2020. These results were obtained during the difficult economic context caused by the public health crisis and with around 90% of the organization working from home. Currently, we are implementing a shift-based safe return program with all the protective measures established by authorities.

Santiago, Chile – November 13, 2020. Grupo Security S.A., (BCS: SECURITY; BBG: SECUR).

Renato Peñafiel, the CEO of Grupo Security, commented that "Grupo Security's profit reached MCH\$47,772, a considerable improvement since June 2020, as a result of improved finance income in 3Q20 from the insurance and real estate subsidiaries, notwithstanding higher risk provision expenses at the bank. With the strong results as of September 2020, mobile LTM profit for Grupo Security totaled MCH\$67,902, up 22% from LTM profit as of June 2020. In line with improved local and international macroeconomic indicators, we expect business volumes and results to remain stable for the rest of the year.

In addition, we have placed special emphasis on efficiency programs to cut structural and administrative expenses across all units and expect savings of over 10%. Coupled with GDP growth of around 5% for next year, these savings would favorably impact our results for the year 2021."

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

SIGNIFICANT AND SUBSEQUENT EVENTS

On March 6, 2020, Eduardo Olivares Veloso took over as CEO of Banco Security, replacing Bonifacio Bilbao Hormaeche.

At the annual general meeting on April 7, 2020, Grupo Security shareholders approved a dividend payment of CH \$7.45 per share charged to profit for the year 2019. This dividend plus the interim dividend distributed in October 2019 are equivalent to CH \$12.25 per share, totaling MCH\$45,264, or 56% of profit for the year 2019. At this meeting, shareholders also approved the annual report, balance sheet and financial statements for the year 2019. They also agreed to appoint EY as the Company's external auditors for the year 2020 and Fitch and ICR as its risk rating agencies.

On April 16, 2020, Horacio Pavez García resigned from Banco Security's board, which appointed Bonifacio Bilbao Hormaeche to replace him.

On August 15th, the Corporate Culture Division Manager, Ms. Karin Becker Schmidt, retired after 38 years with the company. The board of Grupo Security S.A. was informed of her decision at its July 30th meeting and made note in the minutes of its recognition and appreciation for Ms. Becker's valuable contribution and professionalism. Similarly, at the same meeting the board agreed to appoint Ms. Isabel Alliende Kingston as the new Corporate Culture Division Manager, a senior executive position, effective August 17th.

On August 19, 2020, the preferential option period for the Company's capital increase was successfully completed, raising MCH\$51,555. A total of 322,220,568 shares were subscribed at a value of CH \$160 per share, or almost 78% of the issuance. The remaining 92 million shares were granted on a prorated basis—approximately 0.28 shares for each share subscribed—to the shareholders participating in this increase, to be acquired by them for CH\$160 per share until February 2022. To date, a total of MCH\$55,567 has been raised, or 83.7% of the issuance.

In September 2020, Grupo Security completed the placement of UF 1,000,000 in 20-year bonds (series S) issued in June 2020 at an interest rate of 2.0% annual.

On October 8, 2020, Grupo Security's board agreed to pay a total dividend of CH \$3.50 per share, consisting of an interim dividend of CH \$0.75 per share charged to profit for the year 2020 and an additional dividend of CH \$2.75 per share charged to prior year retained earnings, paid on October 29, 2020.

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GRUPO SECURITY EARNINGS REPORT FOR THE FIRST NINE MONTHS OF 2020

Grupo Security posted profit of MCH\$47,772 for the nine months ended September 2020 (-21.7% YoY) and MCH\$30,445 for 3Q20 (+181.2% QoQ). EBITDA totaled MCH\$75,175 for 9M20 (-28.2% YoY) and MCH\$47,106 for 3Q20 (+255.1% QoQ).

LTM profit was MCH\$67,902 for the first nine months of 2020 (-18.9% YoY and +22.0% QoQ).

The Group posted an ROAE as of September 2020 of 8.0% (11.1% as of September 2019, 10.8% as of Dec 2019). Profit from the Group's business areas reached MCH\$67,590 (-19.5% YoY).

(Ch\$ Million)	3Q20	2Q20	3Q19	% Chg.		Sep-20	Sep-19	% Chg. YoY
				QoQ	YoY			
Business areas profit	37,941	12,272	27,358	209.2%	38.7%	67,590	83,943	-19.5%
Support areas and group expenses	-2,749	-3,212	-3,215	-14.4%	-14.5%	-9,017	-8,507	6.0%
Finance costs	-3,455	-3,063	-3,082	12.8%	12.1%	-9,929	-8,966	10.7%
Indexation units	-122	-707	-1,395	-82.8%	-91.3%	-3,603	-4,623	-22.1%
Support areas adjustments	78	538	-656	-85.5%	-	-1,312	-569	-
Taxes and others	-1,249	5,001	-802	-	55.7%	4,044	-253	-
Grupo Security Profit	30,445	10,828	18,207	181.2%	67.2%	47,772	61,026	-21.7%
Grupo Security LTM Profit	67,902	55,665	83,751	22.0%	-18.9%	67,902	83,751	-18.9%

Grupo Security posted profit of MCH\$47,772 for the nine months ended September 2020 (-21.7% YoY), due to lower profit from the Group's business areas of MCH\$67,590 (-19.5% YoY) as explained throughout this document. In addition, Group and support area expenses reached MCH\$9,017 (+6.0% YoY) due to greater expenditures for termination benefits and a rise in finance costs to MCH\$9,929 (+10.7% YoY), in line with greater liabilities. Furthermore, the adjustment for support companies was a loss of -MCH\$1,312 for 9M20, due to termination benefits, which were partially offset by tax refunds.

For the quarter, Grupo Security posted profit of MCH\$30,445 (+181.2% QoQ), explained by improved results from business areas during the quarter (+209.2% QoQ). In addition, the line item taxes and others totaled -MCH\$1,249 for 3Q20 (+MCH\$5,001 for 2Q20). Bear in mind that the company received tax refunds in 2Q20.

Consolidated statement of income* (MCH\$)	3Q20	2Q20	3Q19	% Chg		Sep-20	Sep-19	% Chg
				QoQ	YoY			
Revenue	276,725	199,468	280,945	38.7%	-1.5%	774,611	847,843	-8.6%
Banco Security - Revenue ¹	109,173	111,119	131,210	-1.8%	-16.8%	358,589	382,548	-6.3%
Vida Security & Protecta - Gross premium	74,625	95,709	82,975	-22.0%	-10.1%	233,741	253,902	-7.9%
Vida Security & Protecta - Interest & investment income	48,512	3,608	35,967	1244.6%	34.9%	93,478	136,448	-31.5%
Factoring Security - Revenue	6,917	8,743	9,179	-20.9%	-24.6%	25,878	26,166	-1.1%
Other revenue	37,500	19,710	21,614	-290.3%	73.5%	62,926	48,779	29.0%
Cost of sales	-165,755	-124,960	-195,946	32.6%	-15.4%	-506,407	-560,775	-9.7%
Banco Security - Cost of sales ²	27,083	47,297	55,254	-42.7%	-51.0%	144,504	173,698	-16.8%
Banco Security - Provision expenses	22,080	12,998	14,944	69.9%	47.7%	49,202	29,270	68.1%
Vida Security - Cost of sales ³	63,483	36,101	101,198	75.8%	-37.3%	186,159	317,749	-41.4%
Factoring - Cost of sales ⁴	1,114	1,710	2,634	-34.8%	-57.7%	5,903	7,342	-19.6%
Other costs	51,994	26,854	21,915	93.6%	137.2%	120,639	32,716	268.7%
Gross profit	110,971	74,509	84,999	48.9%	30.6%	268,204	287,068	-6.6%
Administrative expenses	- 61,232	- 59,939	- 49,231	2.2%	24.4%	-188,943	-182,169	3.7%
Personnel expenses	- 33,429	- 33,219	- 31,357	0.6%	6.6%	-100,625	-90,150	11.6%
Other administrative expenses	- 27,803	- 26,720	- 17,874	4.1%	55.5%	-88,319	-92,019	-4.0%
Operational profit	47,789	13,202	28,946	262.0%	65.1%	72,095	96,041	-24.9%
Finance costs	- 3,747	- 3,269	- 3,606	14.6%	3.9%	-10,813	-10,565	2.3%
Profit before tax	39,960	6,791	27,155	488.4%	47.2%	54,503	85,652	-36.4%
Profit (loss) attributable to equity holders of the parent	30,445	10,828	18,207	181.2%	67.2%	47,772	61,026	-21.7%

*Any differences between the figure presented here and those published by each subsidiary are the result of different accounting criteria between subsidiaries and the parent company. 1. Includes interest, indexation and fee income, financial operating income and other operating income. 2. Includes interest, indexation and fee expenses. 3. Includes variations in technical reserves, claims and pensions paid and underwriting expenses. 4. Includes banking and other expenses.

From a consolidated perspective, Grupo Security reported total revenue of MCH\$774,611 for 9M20 (-8.6% YoY), mainly because of reduced interest and investment income at Vida Security, which had lower investment income as explained on pages 16 to 22. In addition, Vida Security experienced a 13.7% decrease in gross written premiums because of a drop in sales of annuities and group insurance policies, offset by growth in premiums for individual policies, as explained on pages 16 to 22. Banco Security's revenue also fell 6.2% due to lower interest rates, loan deferrals and high prepayment volumes in 2019, as discussed on pages 5 to 15.

As for consolidated cost of sales, this figure reached MCH\$506,407 for 9M20 (-9.7% YoY). The main effect corresponds to cost of sales from Vida Security, which fell 41.4% YoY due to a drop in claims and pensions paid and underwriting expenses because of lower sales, as explained on pages 16 to 22. Meanwhile, cost of sales at Banco Security was down 14.6% YoY due to lower borrowing costs, as described on page 6 of this document. These effects were partially offset by a rise in provision expenses at Banco Security, as explained on page 7.

Administrative expenses totaled MCH\$188,943 for 9M20 (+3.7% YoY) because off the 11.6% increase in consolidated personnel expenses due to greater employee termination expenses. The line item other administrative expenses decreased 4.0% YoY, reflecting the first savings from the organization-wide efficiency plan.

Grupo Security	Nov-11-2020	Sep-20	Jun-20	Dec-19	Sep-19	% Chg	
						QoQ	YoY
Share Price (Ch\$)	134.4	129.9	147.0	195.6	251.0	-11.6%	-48.2%
Number of Shares (millions)	4,042	4,017	3,695	3,695	3,695	8.7%	8.7%
Free float	28%	28%	27%	27%	27%	80 p	80 p
Profit per share	16.8	17.2	15.1	22.0	22.7	14.5%	-23.9%
Price-earnings ratio	8.0	7.5	9.8	8.9	11.1	-22.8%	-32.0%
Price / Book value	0.6	0.6	0.7	0.9	1.2	-11.8%	-49.9%
Employees	3,288	3,304	3,530	3,961	3,969	-6.4%	-16.8%

¹Total equity and profit for the period as of sep-20

Grupo Security Indicators In MCH\$	Sep-20	Jun-20	Sep-19	% Chg	
				QoQ	YoY
Banco - Total Loans	6,311,948	6,225,354	5,822,872	1.4%	8.4%
Industry - Total Loans ¹	187,446,006	190,041,601	174,763,100	-1.4%	7.3%
Inversiones - AUM Mutual Funds	2,610,981	2,620,154	2,825,655	-0.4%	-7.6%
Industry - AUM Mutual Funds	50,715,066	49,492,371	45,946,411	2.5%	10.4%
Vida - Investment Portfolio	2,623,494	2,627,217	2,612,828	-0.1%	0.4%
Industry (life insurance) - Investment Portfolio	46,030,086	46,456,290	44,688,918	-0.9%	3.0%
Factoring - Factored Receivables	329,150	321,201	375,075	2.5%	-12.2%

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

Grupo Security Indicators Statement of Income	3Q20	2Q20	3Q19	% Chg		9M20	9M19	% Chg
				QoQ	YoY			
Banco - Net Interest Margin	51,435	47,316	49,388	8.7%	4.1%	146,293	134,912	8.4%
Banco - Net Fees	12,964	14,636	17,394	-11.4%	-25.5%	44,091	52,192	-15.5%
Banco - Operating Expenses	-34,588	-31,199	-33,247	10.9%	4.0%	-101,394	-99,151	2.3%
Banco - Net Provision Expenses	-20,095	-14,589	-14,742	37.7%	36.3%	-47,790	-29,541	61.8%
Vida - Direct Premium	53,319	50,281	61,031	6.0%	-12.6%	167,008	193,537	-13.7%
Vida - Claims Paid	-15,991	-12,214	-33,825	30.9%	-52.7%	-70,361	-84,478	-16.7%
Vida - Pensions Paid	-26,970	-29,188	-32,062	-7.6%	-15.9%	-80,944	-116,801	-30.7%
Vida - Investment Income	40,481	36,022	36,507	12.4%	10.9%	63,291	112,627	-43.8%
Factoring - Revenue	6,911	8,750	9,180	-21.0%	-24.7%	25,886	26,169	-1.1%

Ratios	Sep-20	Jun-20	Dec-19	Sep-19	% Chg	
					QoQ	YoY
Grupo - ROE	8.0%	4.6%	10.8%	11.1%	343 p	-307 p
Banco (Consolidated) - ROAE	9.4%	9.4%	12.9%	13.2%	-1 p	-379 p
Factoring - ROE	18.6%	21.6%	18.6%	18.7%	-300 p	-10 p
Vida - ROAE	32.3%	-2.0%	10.8%	8.0%	3435 p	2438 p
Travel - ROE	-	-	37.9%	25.6%	-	-
Grupo - Leverage	35.1%	34.5%	35.1%	36.0%	68 p	-89 p
Banco - Efficiency	48.6%	50.3%	47.5%	47.8%	-165 p	85 p
Factoring - Efficiency	42.2%	39.8%	42.2%	41.6%	239 p	59 p
Banco - Non-Performing Loans	2.39%	1.87%	1.55%	1.52%	53 p	87 p
Banco - Risk Index	1.83%	1.67%	1.66%	1.62%	16 p	20 p
Factoring - Risk Index	2.29%	2.33%	1.86%	2.10%	-3 p	20 p
Banco - BIS Tier I Ratio	7.4%	7.2%	7.1%	7.6%	18 p	-27 p
Banco - BIS Tier II Ratio	13.4%	13.1%	12.3%	12.8%	22 p	55 p

Earnings from Related Companies (In Ch\$ Million)

	3Q20	2Q20	3Q19	% Chg		Sep-20	Sep-19	% Chg
				QoQ	YoY			
Lending Area								
Banco Security (standalone)	13,720	12,018	20,398	14.2%	-32.7%	40,527	56,844	-28.7%
Factoring Security	1,832	2,706	2,371	-32.3%	-22.7%	7,400	6,818	8.5%
Asset Management Area								
Valores Security	293	630	-3,531	-53.5%	-108.3%	981	-2,745	-
AGF Security	716	928	1,564	-22.9%	-54.2%	2,715	4,487	-39.5%
Securizadora Security	-45	-133	-114	-	-	-431	-633	-
Insurance Area								
Vida Security	18,467	-1,035	7,073	-	161.1%	16,475	18,500	-
Servicios Security	145	101	352	43.9%	-58.7%	486	734	-33.7%
Other Services								
Inmobiliaria Security	3,752	-346	-669	-	-	3,238	-1,533	-
Travel Security	-1,504	-2,861	798	-	-	-4,275	2,493	-
International Business								
Protecta Security (S./ Th.)	5,282	-1,243	2,228	-	137.1%	9,937	11,119	-10.6%
Travex Security (S./ Th.)	-1,741	-4,286	87	-	-	-6,598	395	-
Grupo Security Profit¹	30,445	10,828	18,207	181.2%	67.2%	47,772	61,026	-21.7%

(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 (70.2% of assets as of September 2020; 70.9% of profit from business areas for 9M20)

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 9M20, Banco Security reported consolidated profit attributable to owners of the parent of MCH\$44,220, -24.5% YoY. Banco Security's standalone profit (excluding subsidiaries AGF Security and Valores Security Corredores de Bolsa) was MCH\$40,525, -28.7% YoY.

Banco Security's ROAE (profit LTM over average equity) was 9.3%, -387 bps YoY.

Banco Security - Consolidated Statement of Income

Banco Security posted consolidated profit of MCH\$44,222 for 9M20 (-24.5% YoY) and MCH\$14,728 for 3Q20 (+8.5% QoQ).

In Ch\$ Million	3Q20	2Q20	4Q19	% Chg		9M20	9M19	% Chg
				QoQ	YoY			
Net interest margin	51,435	47,316	47,523	8.7%	4.1%	146,293	134,912	8.4%
Net Fees	12,964	14,636	15,085	-11.4%	-25.5%	44,091	52,192	-15.5%
Net financial Operating Income	14,719	2,811	5,248	423.6%	67.6%	19,613	18,830	4.2%
Net foreign exchange transactions	-4,217	-527	6,257	-	-	655	4,204	-84.4%
Recovery of charged-off loans	1,185	901	925	31.5%	30.8%	2,975	2,879	3.3%
Other net operating income	-444	-834	-2,407	-	-	-5,096	-5,477	-
Gross operating income	75,642	64,303	72,631	17.6%	3.9%	208,531	207,540	0.5%
Credit risk provisions	-21,280	-15,490	-13,275	37.4%	36.0%	-50,765	-32,420	56.6%
Administrative expenses	-34,589	-31,199	-33,804	10.9%	4.0%	-101,395	-99,151	2.3%
Net operating income	19,773	17,614	25,552	12.3%	-17.4%	56,371	75,969	-25.8%
Income attributable to investments in other companies	0	2	0	-	-	2	18	-
Profit before tax	19,773	17,616	25,552	12.2%	-17.4%	56,373	75,987	-25.8%
Income tax expense	-5,045	-4,040	-7,182	24.9%	-8.5%	-12,151	-17,400	-30.2%
Profit for the period	14,728	13,576	18,370	8.5%	-20.1%	44,222	58,587	-24.5%

The net interest margin was MCH\$146,293 (+8.4% YoY), explained by greater total loans (+8.4% YoY), particularly commercial loans (+11.9% YoY) and MPR cuts, which increased the net interest margin since price adjustments for liabilities are faster than for assets. Interest and indexation income totaled MCH\$280,138 (-5.2% YoY), because of lower interest rates, loan deferrals and high prepayment volumes in 2019, partly offset by loan growth (+8.4% YoY). Interest and indexation expense totaled MCH\$133,845 (-16.7% YoY) because of the lower cost of Chilean Central Bank funding lines and lower rates on time deposits, partially offset by a rise in the Bank's total liabilities (+11.9% YoY).

For the quarter, the interest margin totaled MCH\$51,435 (+8.7% QoQ). Interest and indexation income fell 12.7% QoQ because of a drop in market interest rates. This reduced income was more than offset by lower interest and indexation expenses (-39.0% QoQ) on Chilean Central Bank funding lines, lower rates on time deposits and a lower CPI (3Q20 0.04% vs 2Q20 0.35%).

Net Interest Margin In Ch\$ Million	3Q20	2Q20	3Q19	% Chg		9M20	9M19	% Chg
				QoQ	YoY			
Interest and indexation income	76,880	89,041	100,483	-13.7%	-23.5%	280,138	295,635	-5.2%
Interest and indexation expenses	-25,445	-41,725	-51,095	-39.0%	-50.2%	-133,845	-160,723	-16.7%
Net interest margin	51,435	47,316	49,388	8.7%	4.1%	146,293	134,912	8.4%
Interest margin net of provisions	30,155	31,826	33,740	-5.3%	-10.6%	95,528	102,492	-6.8%
Net interest margin / total loans	3.26%	3.04%	3.39%	22 p	-13 p	3.09%	3.09%	0 p
Net interest margin net of provisions / Total loans	1.91%	2.04%	2.32%	-13 p	-41 p	2.02%	2.35%	-33 p

Net fees totaled MCH\$44,091 for 9M20 (-15.5% YoY), due to reduced income from supplementary loan insurance products mainly in the retail banking division and lower fees in the fund management subsidiary. With respect to the preceding quarter, net fees were down 11.4% QoQ, because of reduced fee income from the Bank's subsidiaries and lower fees from loan sales in the commercial banking division.

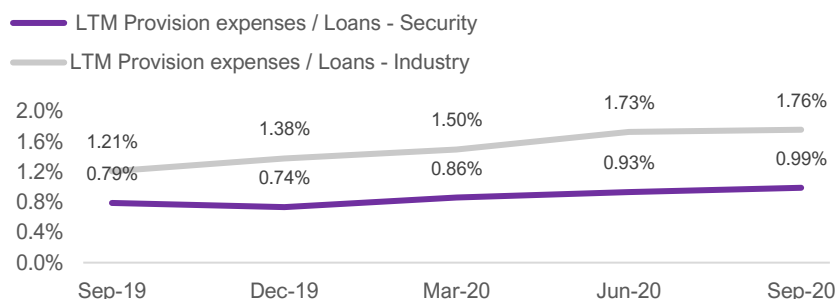
Finance income, which is the sum of net financial operating income (loss) and the net gain from FX transactions, fell to MCH\$20,268 (-12.0% YoY), due to the impact of the crisis on the bank's investment portfolio. Quarterly finance income reached MCH\$10,502 (+359.8% QoQ) because of greater trading of fixed-income and structured instruments.

Other net operating income remained steady with a loss of -MCH\$5,096 for 9M20 (vs -MCH\$5,477 for 9M19). For the quarter,

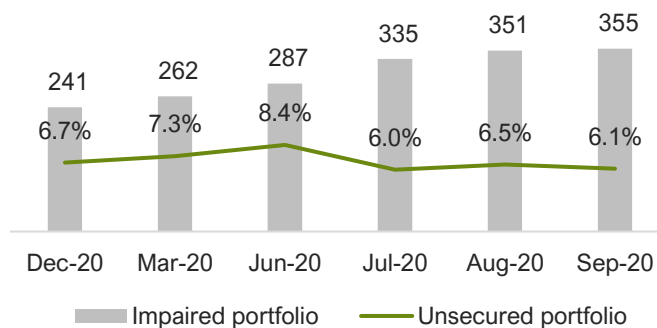
this figure was -MCH\$444 (versus -MCH\$834 in 2Q20).

Banco Security focuses on corporate customers and high-income individuals, which is reflected in its risk ratio, measured as provisions over loans, of 1.83% versus 2.68% for the banking industry. The Bank's strategy for the commercial portfolio has centered around supporting customers in long-term businesses with adequate guarantee coverage, which is valued using conservative standards.

Credit risk provision expense was MCH\$50,765 for 9M20 (+56.6% YoY). Although the LTM ratio of provisions to loans has increased +20 bps YoY, in comparison to the industry (+55 bps YoY) it continues to be favorable, as illustrated in the following graphic:



This difference is partly explained by the portfolio mix. As of September 2020, the Bank's loan portfolio is comprised of 82% commercial loans, 11% mortgage and 7% consumer. Security's commercial portfolio has high coverage consisting of guarantees and provisions. The individual commercial portfolio has regulatory provisions based on each customer's rating and the percentage of each loan's exposure not secured by guarantees. At Banco Security, the portion of the impaired portfolio that is not secured by guarantees or provisions fell from 8% to 6% during the quarter.



While the pandemic has led to a deterioration in economic activity and the resulting rise in the indicator for the impaired commercial portfolio, high guarantee coverage at Banco Security has considerably moderated the impact on risk expenses versus other industry players.

In the retail banking division, from 2Q20 to 3Q20 the NPL portfolio shrunk from MCH\$9,504 to MCH\$7,216, explained by an active effort to strengthen containment and collections. This compares favorably to the industry, with a nonperforming consumer loan portfolio of 1.87%, versus 1.54% for Banco Security.

In Ch\$ Million	3Q20	2Q20	3Q19	4Q19	QoQ	% Chg YTD	YoY
Consumer loans	468,432	499,409	538,523	543,953	-6.2%	-13.9%	-13.0%
Mortgage loans	699,126	699,124	684,732	745,550	0.0%	-6.2%	2.1%
Commercial loans	5,144,150	5,026,821	4,596,493	4,761,744	2.3%	8.0%	11.9%
Total Loans	6,311,948	6,225,354	5,822,872	6,051,817	1.4%	4.3%	8.4%
Nonperforming loans - consumer	7,216	9,504	7,175	8,807	-24.1%	-18.1%	0.6%
Nonperforming loans - mortgage	8,817	9,441	7,814	9,365	-6.6%	-5.9%	12.8%
Nonperforming loans - commercial	135,047	97,185	73,636	75,643	39.0%	78.5%	83.4%
Total nonperforming loans	151,080	116,130	88,625	93,815	30.1%	61.0%	70.5%
Non-performing loans - consumer	1.54%	1.90%	1.33%	1.62%	-36 p	-8 p	21 p
Non-performing loans - mortgage	1.26%	1.35%	1.14%	1.26%	-9 p	1 p	12 p
Non-performing loans - commercial	2.63%	1.93%	1.60%	1.59%	69 p	104 p	102 p
Total nonperforming loans	2.39%	1.87%	1.52%	1.55%	53 p	84 p	87 p
Gross provisions	149,479	128,555	122,493	137,705	16.3%	8.6%	22.0%
Write-offs	(34,093)	(24,462)	(27,962)	(37,179)	39.4%	-8.3%	21.9%
Credit risk provisions	115,386	104,093	94,531	100,526	10.8%	14.8%	22.1%
Provisions - consumer (% total)	24,492	25,060	22,528	23,689	-2.3%	3.4%	8.7%
Provisions - mortgage (% total)	1,072	1,097	1,279	1,469	-2.3%	-27.0%	-16.2%
Provisions - commercial (% total)	89,822	77,936	70,724	75,368	15.3%	19.2%	27.0%
Credit risk provisions	115,386	104,093	94,531	100,526	10.8%	14.8%	22.1%
Coverage - consumer	339.4%	263.7%	314.0%	269.0%	7573 p	7043 p	2543 p
Coverage - mortgage	12.2%	11.6%	16.4%	15.7%	54 p	-353 p	-421 p
Coverage - commercial	66.5%	80.2%	96.0%	99.6%	-1368 p	-3312 p	-2953 p
Coverage - total nonperforming loans¹	76.4%	89.6%	106.7%	107.2%	-1326 p	-3078 p	-3029 p
Provisions / loans	1.83%	1.67%	1.62%	1.66%	16 p	17 p	20 p
Total impaired loans	6.26%	5.57%	4.44%	4.54%	69 p	172 p	182 p
Impaired loans - consumer	5.88%	4.82%	3.77%	4.10%	107 p	179 p	211 p
Impaired loans - mortgage	1.76%	1.74%	1.45%	1.56%	2 p	20 p	31 p
Impaired loans - commercial	6.90%	6.17%	4.96%	5.06%	73 p	184 p	194 p

¹ Credit risk provisions / Total nonperforming loans

In Ch\$ Million	3Q20	2Q20	3Q19	% Chg		9M20	9M19	%Chg YoY
				QoQ	YoY			
Consumer provisions ²	(5,526)	(8,414)	(5,456)	-34.3%	1.3%	(19,445)	(15,248)	27.5%
Mortgage provisions ²	(36)	(465)	115	-92.3%	-131.3%	(564)	(76)	642.1%
Commercial provisions ²	(13,450)	(5,001)	(9,336)	168.9%	44.1%	(26,062)	(14,403)	80.9%
Others ³	(1,083)	(709)	(65)	-	-	(1,719)	186	-1024.2%
Expense in total provisions²	(20,095)	(14,589)	(14,742)	37.7%	36.3%	(47,790)	(29,541)	61.8%
Consumer provisions / Total Loans	4.72%	6.74%	4.05%	-202 p	67 p	5.53%	3.78%	176 p
Mortgage provisions / Total Loans	0.02%	0.27%	-0.07%	-25 p	9 p	0.11%	0.01%	9 p
Commercial provisions / Total Loans	1.05%	0.40%	0.81%	65 p	23 p	0.68%	0.42%	26 p
Provision expenses² / loans	1.27%	0.94%	1.01%	34 p	26 p	1.01%	0.68%	33 p

² Expense in provisions net of recovery

³ Provision expenses for loans granted to banks and contingent loans

	Credit Risk (%)								
	Provisions / Loans					Over 90 Day Nonperforming Loans			
	Mortgage	Consumer	Total	Commercial	Total	Mortgage	Consumer	Commercial	Total
Banco Security	0.15	5.23	2.19	1.75	1.83	1.26	1.54	2.63	2.39
Medium Banks*	0.21	4.17	1.19	2.06	1.91	1.88	1.17	2.05	1.90
Banking system	0.70	7.23	2.59	2.76	2.68	1.77	1.87	1.73	1.75

*Average for BCE, Security, Internacional, Consorcio

Support expenses were MCH\$101,394 for 9M20 (+2.3% YoY). Personnel expenses totaled MCH\$49,405 (+14.6% YoY), due to an increase in termination benefits and larger commercial bonuses for 1Q20 linked to 2019 earnings. Administrative expenses totaled MCH\$46,147 (-9.1% YoY), due to reduced business in retail banking. Finally, depreciation and amortization expense reached MCH\$5,842 (+11.4% YoY).

For the quarter, support expenses rose to MCH\$34,588 (+10.9% QoQ). Personnel expenses reached MCH\$17,136 (+14.0% QoQ) due to termination benefits paid as part of structural adjustments made, while administrative expenses totaled MCH\$15,482 (+9.2% QoQ). Finally, depreciation and amortization expense reached MCH\$1,970 for 3Q20 (-0.9% QoQ).

In Ch\$ Millions	3Q20	2Q20	3Q19	% Chg		9M20	9M19	% Chg
				QoQ	YoY			
Personnel	-17,136	-15,033	-14,250	14.0%	20.3%	-49,405	-43,118	14.6%
Administrative expenses	-15,482	-14,179	-17,212	9.2%	-10.0%	-46,147	-50,787	-9.1%
Depreciation and amortization	-1,970	-1,987	-1,785	-0.9%	10.4%	-5,842	-5,246	11.4%
Total operating expenses	-34,588	-31,199	-33,247	10.9%	4.0%	-101,394	-99,151	2.3%
Gross operating income	75,642	64,303	72,831	17.6%	3.9%	208,531	207,540	0.5%
Operating expenses / Gross operating income	45.7%	48.5%	45.6%	-279 p	8 p	48.6%	47.8%	85 p

Banco Security's efficiency ratio, measured as operating expenses + other operating expenses over total operating income, was 48.6% for 9M20 (+85 bps YoY), similar to the banking industry's 48.1%, and 45.7% for 3Q20 (-279 bps QoQ), reflecting savings from the adjustment program.

For 9M20, the Bank had a smaller income tax expense (MCH\$12,151, -30.2% YoY), due to a drop in profit before tax (-24.5% YoY) and a lower effective tax rate because of increased price-level restatement of tax-basis equity.

Banco Security - Operating Segments

In Ch\$ Million	Commercial Banking		Retail		Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19
Net interest margin	75,685	70,351	45,906	50,222	32,373	21,462	-7,578	-6,842	146,386	135,193	-93	-281	146,293	134,912		
Δ% 9M20	7.6%		-8.6%		50.8%		10.8%		8.3%		-66.9%		8.4%			
Net Fees	14,231	15,120	11,414	16,023	-159	-235	841	372	26,327	31,280	17,765	20,912	44,092	52,192		
Δ% 9M20	-5.9%		-28.8%		-32.4%		126.2%		-15.8%		-15.0%		-15.5%			
Net FX transactions and other income	6,602	6,431	2,041	1,590	10,787	11,375	-5,594	-2,696	13,835	16,700	5,371	1,000	19,206	17,700		
Δ% 9M20	2.7%		28.3%		-5.2%		107.5%		-17.2%		437.1%		8.5%			
Loan losses and foreclosed assets	-30,354	-7,666	-21,659	-19,146	-71	38	260	-2,909	-51,825	-29,684	0	0	-51,825	-29,684		
Δ% 9M20	295.9%		13.1%		-		-108.9%		74.6%		-		74.6%			
Total operating income, net of credit risk prov.	66,164	84,236	37,701	48,690	42,930	32,639	-12,072	-12,076	134,723	153,489	23,043	21,631	157,766	175,120		
Δ% 9M20	-21.5%		-22.6%		31.5%		0.0%		-12.2%		6.5%		-9.9%			
Operating expenses	-32,788	-28,657	-41,846	-43,113	-10,954	-9,625	2,972	2,557	-82,617	-78,838	-18,778	-20,313	-101,395	-99,151		
Δ% 9M20	14.4%		-2.9%		13.8%		16.2%		4.8%		-7.6%		2.3%			
Net operating income	33,375	55,579	-4,145	5,577	31,975	23,014	-9,100	-9,519	52,106	74,651	4,265	1,318	56,371	75,969		
Δ% 9M20	-39.9%		-174.3%		38.9%		-4.4%		-30.2%		223.6%		-25.8%			
Income tax expense	-7,419	-13,267	921	-1,331	-7,108	-5,494	2,022	2,268	-11,583	-17,824	-568	424	-12,151	-17,400		
Δ% 9M20	-44.1%		-169.2%		29.4%		-10.9%		-35.0%		-234.0%		-30.2%			
Profit attributable to equity holders of the bank	25,957	42,312	-3,224	4,246	24,868	17,520	-7,076	-7,233	40,525	56,845	3,696	1,738	44,220	58,583		
Δ% 9M20	-38.7%		-175.9%		41.9%		-2.2%		-28.7%		112.6%		-24.5%			

In Ch\$ Million	Commercial Banking		Retail		Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20
Net interest margin	26,114	25,007	14,509	15,375	14,368	8,935	-3,390	-2,150	51,600	47,168	-165	148	51,435	47,316		
Δ% 3Q20	4.4%		-5.6%		60.8%		57.7%		9.4%		-211.5%		8.7%			
Net Fees	3,825	5,028	3,274	3,446	-56	-45	810	124	7,852	8,555	5,113	6,081	12,965	14,636		
Δ% 3Q20	-23.9%		-5.0%		-		-		-8.2%		-15.9%		-11.4%			
Net FX transactions and other income	2,580	1,686	145	337	7,515	875	-926	-1,982	9,312	916	2,421	1,723	11,733	2,639		
Δ% 3Q20	53.1%		-56.9%		759.3%		-53.3%		916.5%		40.5%		344.6%			
Loan losses and foreclosed assets	-15,046	-9,270	-7,114	-7,733	-5	1,033	394	191	-21,770	-15,779	0	0	-21,771	-15,778		
Δ% 3Q20	62.3%		-8.0%		-		-		38.0%		-		38.0%			
Total operating income, net of credit risk prov.	17,471	22,453	10,813	11,424	21,822	10,798	-3,113	-3,816	46,994	40,860	7,369	7,952	54,362	48,813		
Δ% 3Q20	-22.2%		-5.3%		102.1%		-18.4%		15.0%		-7.3%		11.4%			
Operating expenses	-11,321	-9,798	-14,268	-13,334	-3,444	-3,196	518	1,314	-28,513	-25,016	-6,076	-6,183	-34,589	-31,199		
Δ% 3Q20	15.5%		7.0%		7.7%		-60.6%		14.0%		-1.7%		10.9%			
Net operating income	6,152	12,654	-3,454	-1,910	18,378	7,602	-2,595	-2,502	18,481	15,844	1,293	1,769	19,773	17,614		
Δ% 3Q20	-51.4%		-		141.8%		3.7%		16.6%		-26.9%		12.3%			
Income tax expense	-1,898	-3,069	781	345	-4,350	-1,749	703	645	-4,763	-3,828	-282	-212	-5,045	-4,040		
Δ% 3Q20	-38.2%		126.3%		148.7%		9.0%		24.4%		33.0%		24.9%			
Profit attributable to equity holders of the bank	4,254	9,585	-2,673	-1,565	14,029	5,852	-1,892	-1,854	13,718	12,018	1,011	1,556	14,727	13,575		
Δ% 3Q20	-55.6%		70.8%		139.7%		2.1%		14.1%		-35.0%		8.5%			

Commercial Banking

Banco Security's commercial banking division targets companies with annual sales above MUS\$ 1.2. 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 September 2020, the Bank's commercial loans were up 11.9% YoY and 8.0% YTD, totaling BCH \$5,144, while the industry's commercial loans grew 11.8% YoY and 8.6% YTD. Including foreign subsidiaries, the industry's commercial loans grew 12.1% YoY and 8.7% YTD. Banco Security's market share in commercial loans was 4.8% as of September 2020², while its market share in its target segment of medium and large companies was 5.9%³. The commercial banking division had 8,082 customers as of September 2020 (-2.5% YoY).

Commercial Loans by Economic Sector	% Total
Financial services and insurance	19.3%
Construction and real estate	17.9%
corporate services	16.9%
Social services	11.6%
Wholesale and retail trade	9.8%
Manufacturing	7.0%
Transportation	5.7%
Utilities	4.4%
Agriculture and livestock	3.1%
Fishing	2.3%
Mining	1.6%
Telecom	0.4%
Forestry	0.1%
Total commercial loans	100%

The commercial banking division posted profit of MCH\$25,957 for 9M20 (-38.7% YoY). This weaker result is explained mainly by increased provision expenses, totaling MCH\$30,354 for 9M20 compared to MCH\$7,666 for 9M19 (see page 7 for more information). It is important to note that 9M19 represents a low basis of comparison due to provisions reversed in 1Q19. Also, support expenses rose +14.4% YoY to MCH\$32,788 because of termination benefits and increased personnel expenses in 1Q20 for 2019 performance bonuses. The division also recognized lower net fees of MCH\$14,231 (-5.9% YoY), explained by reduced business. This was not fully offset by the higher net interest margin of MCH\$75,685 for 9M20 (+7.6% YoY), due to increased commercial loans (+11.9% YoY). Meanwhile, financial operating income, net FX transactions and other income held steady from the prior year (+2.7% YoY).

For the quarter, the commercial banking division reported profit of MCH\$4,254 (-55.6% QoQ) explained by increased provision expenses of MCH\$15,046 (+62.3% QoQ). The division also recognized lower net fees of MCH\$3,825 (-23.9% QoQ) explained by reduced business, and lower support expenses of MCH\$11,321 (+15.5% QoQ) due to termination benefits. This was not fully offset by a higher net interest margin of MCH\$23,114 for 9M20 (+4.4% QoQ) due to increased commercial loans (+2.3% QoQ) and a larger spread. Financial operating income, net FX transactions and other income rose to MCH\$2,580 (+53.1% QoQ) because of greater income from structured deals.

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 September 2020, the Bank had total retail loans (consumer + mortgage) of BCH \$1,168 (-4.6% YoY, -9.5% YTD), driven by consumer (-13.0% YoY, -13.9% YTD) and mortgage (+2.1% YoY, -6.2% YTD) loans, representing 7.4% and 11.1% of the Bank's total loans, respectively. For the industry, retail loans increased 2.0% YoY and -1.1% YTD, driven by growth in mortgage

² Excluding foreign subsidiaries of Chilean banks

³ This includes companies with annual sales over MCH\$800, only in the regions of Chile where Banco Security has offices. Source: Chilean Internal Revenue Service (SII).

loans (+8.6% YoY and +5.2% YTD), partially offset by consumer loans (-11.0% YoY and -13.5% YTD). The industry's retail loans, including foreign subsidiaries, grew +1.9% YoY and -1.3% YTD. The Bank boasts market share of 4.1%⁴ in its target segment of high-income individuals as of September 2020. The retail banking division had 68,153 customers as of September 2020 (-4.3% YoY).

The retail banking division reported a loss of -MCH\$3,224 for 9M20 (profit of MCH\$4,246 for 9M19) due to a decrease in the net interest margin and net fees. The division's net interest margin fell to MCH\$45,906 (-8.6% YoY), explained by a contraction in consumer loans (-13.0% YoY). Net fees fell to MCH\$11,414 (-28.8% YoY), due to a decline in supplementary loan insurance products. Finally, risk expenses reached MCH\$21,659 (+13.1% YoY). The above was partially offset by lower support expenses of MCH\$41,846 (-2.9% YoY) due to reduced business and a rise in financial operating income, net FX transactions and other income to MCH\$2,041 for 9M20 (+28.3% YoY) because of higher sales of mortgage bonds.

The division reported a quarterly loss of -MCH\$2,673 (vs -MCH\$1,565 for 2Q20) because of a drop in operating income—net interest margin, net fees and financial operating income, net FX transactions and other income—of 6.4% QoQ. The division's net interest margin fell to MCH\$14,509 (-5.6% QoQ), explained by a contraction in consumer loans (-6.2% QoQ), while net fees were down -5.0% QoQ. Financial operating income, net FX transactions and other income totaled MCH\$147 for the quarter (-56.9% QoQ). These effects were partially offset by reduced support expenses of MCH\$14,268 (+7.0% QoQ) because of termination benefits and reduced risk expenses during the quarter of MCH\$7,144 (-8.0% QoQ), an improvement in the NPL ratio for the consumer portfolio (1.54% as of September 2020 vs 1.90% as of June 2020) and a contraction in consumer loans (-6.2% QoQ).

Treasury

For 9M20, the treasury area reported profit of MCH\$24,868 (+41.9% YoY), explained by higher net operating income of MCH\$42,930 (+31.5% YoY), growth in its proprietary investment portfolio, sales of corporate and bank bonds and extraordinary income from prepayments and structured deals in the distribution area, coupled with the effects of MPR cuts (September 2020 0.5% vs September 2019 2.0%) and financing facilities provided by the Chilean Central Bank. Support expenses rose to MCH\$10,954 (+13.8% YoY) due to increased business.

For the quarter, the area reported profit of MCH\$14,029 (+139.7% QoQ), explained by increased net operating income of MCH\$21,822 (+102.1% QoQ), greater fixed-income trading by the money desk, greater prepayments and refinancing of maturing instruments at lower rates. The division reported support expenses of MCH\$3,444 (+7.7% QoQ).

The treasury division consists of trading, investment, distribution and asset and liability management (ALM) transactions. The ALM desk manages financial investments used to stabilize the net interest margin, manage the balance of interest rate risk, manage liquidity and efficiently fund the bank's loan portfolio. As of September 2020, ALM represented 52.9% 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 25.8% of treasury income. The remaining 21.3% of treasury division income comes from the distribution desk, which brokers specialized products for corporate banking customers (currency, forwards and structured products).

⁴This 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).

Banco Security's Loan Portfolio

Total loans reached MCH\$6,311,948 as of September 2020, +8.4% YoY and +4.3% YTD, while industry loans were up +7.3% YoY and 4.1% YTD. Including foreign investments, the industry's retail loans grew +7.4% YoY and 4.3% YTD. Commercial loans grew 11.9% YoY and 8.0% YTD, to MCH\$5,144,150 (81.5% of Banco Security's total loan portfolio), while retail loans (consumer + mortgage) reached MCH\$1,167,558 as of September 2020, -4.6% YoY and -9.5% YTD. The 20 largest borrowers represent 11.4% of the Bank's total loan portfolio.

Total Loans In Ch\$ Millions		Sep-20	Jun-20	Sep-19	Dec-19	QoQ	%Chg YTD	YoY
Consumer	Loans	468,432	499,409	538,523	543,953	-6.2%	-13.9%	-13.0%
Mortgage	Loans	699,126	699,124	684,732	745,550	0.0%	-6.2%	2.1%
Mortgage + Consumer	Loans	1,167,558	1,198,533	1,223,255	1,289,503	-2.6%	-9.5%	-4.6%
Mortgage + Consumer	No. Customers	68,153	68,864	71,252	70,633	-1.0%	-3.5%	-4.3%
Commercial	Loans	5,144,150	5,026,821	4,596,493	4,761,744	2.3%	8.0%	11.9%
Commercial	No. Customers	8,082	8,106	8,286	8,291	-0.3%	-2.5%	-2.5%
Total Loans		6,311,948	6,225,354	5,822,872	6,051,817	1.4%	4.3%	8.4%
Market Share		3.4%	3.3%	3.3%	3.4%	9 p	1 p	4 p

Interest and indexation income In Ch\$ Millions		3Q20	2Q20	3Q19	4Q19	QoQ	%Chg YTD	YoY
Consumer		12,080	13,448	14,055	13,923	-10.2%	-13.2%	-14.1%
Mortgage		5,063	7,401	8,539	11,851	-31.6%	-57.3%	-40.7%
Mortgage + Consumer		17,143	20,849	22,594	25,774	-17.8%	-33.5%	-24.1%
Commercial		50,651	60,825	69,139	75,377	-16.7%	-32.8%	-26.7%

Interest and indexation income In Ch\$ Millions		3Q20	2Q20	3Q19	4Q19	QoQ	%Chg YTD	YoY
Consumer		10.32%	10.77%	10.44%	10.24%	-46 p	8 p	-12 p
Mortgage		2.90%	4.23%	4.99%	6.36%	-134 p	-54.4%	-209 p
Mortgage + Consumer		5.87%	6.96%	7.39%	8.00%	-109 p	-26.5%	-152 p
Commercial		3.94%	4.84%	6.02%	6.33%	-90 p	-37.8%	-208 p
Total		4.30%	5.25%	6.30%	6.69%	-95 p	0 p	-201 p

Banco Security – Funding Sources

Funding Sources In MCH\$	Sep-20	Jun-20	Dec-19	Sep-19	QoQ	% Chg YTD	YoY
Demand deposits	1,249,255 14.9%	1,005,490 11.9%	974,730 11.8%	722,186 9.6%	24.2%	28.2%	73.0%
Time deposits	2,068,266 24.7%	2,454,696 29.1%	3,039,673 36.8%	2,904,499 38.6%	-15.7%	-32.0%	-28.8%
Total deposits	3,317,521 39.6%	3,460,186 41.0%	4,014,403 48.6%	3,626,685 48.2%	-4.1%	-17.4%	-8.5%
Bonds	2,860,609 34.1%	2,938,914 34.8%	2,768,376 33.5%	2,545,855 33.9%	-2.7%	3.3%	12.4%
Interbank loans	1,052,374 12.5%	935,471 11.1%	272,634 3.3%	275,550 3.7%	12.5%	286.0%	281.9%
Other liabilities*	508,232 6.1%	468,019 5.5%	592,031 7.2%	464,968 6.2%	8.6%	-14.2%	9.3%
Total Liabilities	7,738,736 92.3%	7,802,590 92.5%	7,647,444 93%	6,913,058 91.9%	-0.8%	1.2%	11.9%
Equity	647,151 7.7%	636,348 7.5%	617,326 7.5%	606,409 8.1%	1.7%	4.8%	6.7%
Liabilities + Equity	8,385,887 100%	8,438,938 100%	8,264,770 100%	7,519,467 100%	-0.6%	1.5%	11.5%

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

Demand and Time Deposits

As of September 2020, deposits totaled MCH\$3,317,521, -8.5 YoY and -17.4% YTD. For the industry, deposits increased by +12.4% YoY and +4.8% YTD, and +13.0% YoY and +5.9% YTD including foreign deposits. Banco Security's time deposits consisted of 28.3% retail deposits and 71.7% institutional deposits. The 15 largest depositors represent 11.7% of the Bank's total deposits. The loan to deposit ratio was 190% as of September 2020, compared to 147% as of September 2019. Banco Security's strategy is to diversify funding sources using sales incentives to increase its retail deposit base.

Banco Security strictly monitors liquidity risk⁵, 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 thanks to a conservative interest rate gap strategy that takes advantage of record-low rates to lengthen our liabilities. As of September 2020, the ratio of long-term interest rate risk to regulatory capital was 4.9%⁶.

As of September 2020 liquid assets⁷ represented 94% of demand and other time deposits. The liquidity coverage ratio⁸ as of September 2020 was 190.3%, above the regulatory minimum of 70%.

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
K6	05/2015	1-Apr-15	U.F.	5,000,000	2.75	5	1-Mar-25
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
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
D1	11/2018	20-Dec-18	U.F.	5,000,000	2.20	10.5	1-Aug-28
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
Z5	11/2019	11-Nov-19	CLP	75,000,000,000	3.50	6	1-Jun-25

As of September 2020, Banco Security had issued current debt of MCH\$2,501,454, as detailed in note 19 of Banco Security's interim financial statements.

⁵ Liquidity risk represents the possibility of not fulfilling obligations when they mature as a result of the inability to liquidate assets or funds, or not being able to dispose of them easily or offset exposure without significantly reducing prices due to insufficient market depth (Grupo Security Annual Report, note 35).

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

⁷ Includes cash and cash deposits, transactions pending settlement and the portfolio of financial instruments.

⁸ Liquidity Coverage Ratio (LCR, C48) published on website www.bancosecurity.cl

Banco Security – Capitalization

As of September 2020, Banco Security's equity attributable to the owners totaled MCH\$647,098 (+6.7% YoY, +4.8% YTD).

<i>In Ch\$ Million</i>	Sep-20	Jun-20	Dec-19	Sep-19	% Chg		
					QoQ	YTD	YoY
Capital	302,047	302,047	302,047	302,047	0.0%	0.0%	0.0%
Reserves and valuation accounts	32,375	31,882	33,506	35,447	1.5%	-3.4%	-8.7%
Retained earnings	312,676	302,367	281,721	268,860	3.4%	11.0%	16.3%
Equity attributable to equity holders of bank	647,098	636,296	617,274	606,354	1.7%	4.8%	6.7%
Tier I (core capital)	647,098	636,296	617,274	606,354	1.7%	4.8%	6.7%
Regulatory capital	907,494	911,641	834,064	823,733	-0.5%	8.8%	10.2%
Minimum required capital	543,690	555,127	542,228	514,904	-2.1%	0.3%	5.6%
Risk-weighted assets	6,796,127	6,939,083	6,777,845	6,436,294	-2.1%	0.3%	5.6%
BIS ratio	13.35%	13.14%	12.31%	12.80%	22 p	105 p	55 p
Core capital / total assets	7.37%	7.19%	7.13%	7.64%	18 p	25 p	-27 p

In order to strengthen the Bank's capital base, in April 2020 its shareholders agreed to reduce dividends to 30% of profit for the year 2019, which is the legal minimum. Furthermore, in August 2020, Grupo Security successfully closed the preferential option period for its capital increase, raising MCH\$51,555. Over the next few months it will allocate part of the funds raised to capitalizing the Bank.

The Bank's capital adequacy ratio as of September 2020, calculated as regulatory capital over risk-weighted assets, reached 13.4% (with a regulatory minimum of 8%), +55 bps YoY and +105 bps YTD. This increase can be attributed to 10.2% growth in regulatory capital because of a 16.3% rise in retained earnings, impacted positively by a reduction in dividend distributions. The ratio of core capital to total assets was 7.37%, -27 bps YoY and +25 bps YTD. Return on average equity for Banco Security came to 9.3% for 9M20.

FACTORING SECURITY

As a result of the pandemic, Factoring Security has reinforced its digital sales channel, thus strengthening its fully online platform, AutoFactoring. The platform has helped the subsidiary increase self-service, make products instantaneously available and broaden geographic coverage to reach customers in 14 of the country's 16 regions.

Factoring Security reported profit of MCH\$7,400 for 9M20 (+8.5% YoY), with operating income of MCH\$25,886 (-1.1% YoY), due to a smaller volume of factored receivables (-12.2% YoY), partially offset by a larger spread. Operating expenses totaled -MCH\$5,928 (-19.3% YoY) attributable to lower borrowing costs and a smaller volume of factored receivables, while support expenses reached MCH\$8,420 (+7.5% YoY) because of higher payroll expenses and new digital systems.

During 3Q20, it reported profit of MCH\$1,832 (-32.3% QoQ) due to lower operating income of MCH\$6,911 (-21.0% YoY) because of lower average loan volumes and a smaller spread during the quarter. These items were partially offset by lower operating expenses (-35.8% QoQ) due to lower financing costs and a smaller average loan volume. Meanwhile, support expenses remained in line with the prior quarter (-0.5% QoQ).

The efficiency ratio reached 42.2% as of September 2020 (+59 bps YoY and +812 bps QoQ). As of September 2020, the risk ratio measured as provisions over total loans was 2.29% , +20 bps YoY and -3 bps QoQ.

In Ch\$ Million	3Q20	2Q20	3Q19	% Chg		9M20	9M19	% Chg YoY
				QoQ	YoY			
Factored receivables	329,150	321,201	375,075	2.5%	-12.2%	329,150	375,075	-12.2%
Provisions	7,549	7,474	7,859	1.0%	-3.9%	7,549	7,859	-3.9%
Gross operating income	6,911	8,750	9,180	-21.0%	-24.7%	25,886	26,169	-1.1%
Operating expenses	-1,114	-1,735	-2,634	-35.8%	-57.7%	-5,928	-7,342	-19.3%
Support expenses	-2,784	-2,798	-2,647	-0.5%	5.2%	-8,420	-7,831	7.5%
Profit for the period	1,832	2,706	2,371	-32.3%	-22.7%	7,400	6,818	8.5%
Efficiency ratio	48.0%	39.9%	40.4%	812 p	757 p	42.2%	41.6%	59 p
Risk ratio	2.29%	2.33%	2.10%	-3 p	20 p	2.29%	2.10%	20 p

INSURANCE BUSINESS AREA (22.9% of assets as of September 2020; 25.0% of profit from business areas for 9M20)

The insurance business area reported profit of MCH\$16,865 for 9M20. 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).

In July 2020, Inversiones Previsión Security, the parent of Vida Security, completed the placement of UF 1,200,000 21-year bonds (series D) issued in August 2019 at an interest rate of 2.3%.

VIDA SECURITY

Vida Security posted profit of MCH\$16,475 (-10.9 YoY) due to reduced investment income of MCH\$63,291 (-43.8% YoY) and decreased gross written premiums of MCH\$167,008 (-13.7% YoY).

On May 27th, Vida Security reported a deal to acquire Mapfre's annuity portfolio and Caja Reaseguradora de Chile's annuity reinsurance portfolio. This transaction will involve transferring MUF 3.33 in assets, and will increase Vida Security's financial assets by 4.4% and its reserves by 6.3%.

Results by Product Line

In MCH\$	Individual		Family Protection		Group Insurance		Annuities		DSI		Total	
	9M20	9M19	9M20	9M19	9M20	9M19	9M20	9M19	9M20	9M19	9M20	9M19
Gross written premiums	100,151	81,326	5,163	5,058	52,917	56,326	8,552	50,277	225	550	167,008	193,537
Net premiums written	98,410	79,849	5,163	5,058	51,728	54,762	8,552	50,277	36	208	163,889	190,154
Variation in technical reserves	-19,797	-33,177	-49	-15	-237	-415	-	-	-	-	-20,083	-33,608
Claims paid	-71,178	-59,638	-795	-1,255	-21,322	-33,913	-	-	22,934	10,329	-70,361	-84,478
Pensions paid	-1,855	-2,005	-	-	-	-	-52,756	-100,905	-26,334	-13,890	-80,944	-116,801
Underwriting expenses	-7,420	-7,995	-1,516	-1,939	-3,122	-3,174	-117	-378	-	-0	-12,176	-13,486
Medical expenses	-10	-27	-1	-0	-2	-5	-0	0	-	-	-13	-33
Insurance impairment	-	-	-	-	-4	124	-	-	-	5	-4	128
Contribution Margin	-1,850	-22,994	2,803	1,848	27,041	17,378	-44,321	-51,006	-3,364	-3,348	-19,691	-58,122
CUI portfolio	9,738	32,697	-	-	-	-	-	-	-	-	9,738	32,697
Proprietary portfolio	-	-	-	-	-	-	-	-	-	-	53,553	79,930
Investment income											63,291	112,627
Administrative expenses	-	-	-	-	-	-	-	-	-	-	-25,689	-30,726
Exchange differences	-	-	-	-	-	-	-	-	-	-	-713	-823
Gain (loss) on indexed assets and liabilities	-	-	-	-	-	-	-	-	-	-	-1,520	-1,728
Other income and expenses	-	-	-	-	-	-	-	-	-	-	-131	305
Income tax expense	-	-	-	-	-	-	-	-	-	-	928	-3,035
Profit for the period											16,475	18,500

In MCH\$	Individual		Family Protection		Group Insurance		Annuities		DSI		Total	
	3Q20	2Q20	3Q20	2Q20	3Q20	2Q20	3Q20	2Q20	3Q20	2Q20	3Q20	2Q20
Gross written premiums	33,422	27,238	1,727	1,701	17,926	17,562	178	3,744	65	36	53,319	50,281
Net premiums written	32,722	26,806	1,751	1,691	17,523	17,199	178	3,744	12	-22	52,187	49,419
Variation in technical reserves	-15,185	-30,356	-34	9	-397	425	-	-	-	-	-15,615	-29,922
Claims paid	-21,879	-15,943	-395	49	-5,369	-6,150	-	-	11,652	9,830	-15,991	-12,214
Pensions paid	-804	-377	-	-	-	-	-12,652	-19,897	-13,513	-8,914	-26,970	-29,188
Underwriting expenses	-2,395	-2,681	-589	-384	-1,036	-1,105	-1	-52	-	-	-4,022	-4,222
Medical expenses	-4	-2	-0	-0	-0	-1	-0	-	-	-	-5	-3
Insurance impairment	-	-	-	-	42	253	-	-	-	-	42	253
Contribution Margin	-7,545	-22,553	732	1,366	10,764	10,621	-12,475	-16,204	-1,849	894	-10,374	-25,876
CUI portfolio	10,580	22,779	-	-	-	-	-	-	-	-	10,580	22,779
Proprietary portfolio	-	-	-	-	-	-	-	-	-	-	29,901	13,243
Investment income											40,481	36,022
Administrative expenses	-	-	-	-	-	-	-	-	-	-	-8,749	-7,613
Exchange differences	-	-	-	-	-	-	-	-	-	-	-1,114	-3,147
Gain (loss) on indexed assets and liabilities	-	-	-	-	-	-	-	-	-	-	-57	-215
Other income and expenses	-	-	-	-	-	-	-	-	-	-	-10	48
Income tax expense	-	-	-	-	-	-	-	-	-	-	-1,711	-254
Profit for the period											18,467	-1,035

o Individual Insurance (60.0% of gross written premiums for 9M20)

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. One-year permanence of funds from insurance with savings components (CUI) has averaged 88.5% over the last twelve months (+130 bps YoY).

The contribution margin was a loss of -MCH\$1,850 for 9M20, versus -MCH\$22,994 for 9M19. Gross written premiums were MCH\$100,151 for 9M20 (+23.1% YoY), due to greater gross written premiums from insurance with savings components. The variation in technical reserves was -MCH\$19,797, versus -MCH\$33,177 for 9M19, due to a decrease in the CUI investment portfolio of MCH\$9,738 (MCH -70.2% YoY). Meanwhile, claims paid totaled MCH\$71,178 (+19.3% YoY) due to increased

surrenders and transfers from CUI policies.

As of September 2020, CUI and APV policies represent 89.7% of total individual insurance premiums.

Individual Insurance		3Q20	2Q20	3Q19	% Chg.		9M20	9M19	% Chg.
In MCH \$					QoQ	YoY			
Gross written premiums		33,422	27,238	28,158	22.7%	18.7%	100,151	81,326	23.1%
Net premiums written		32,722	26,806	27,594	22.1%	18.6%	98,410	79,849	23.2%
Variation in technical reserves		-15,185	-30,356	-6,921	-	-	-19,797	-33,177	-
Claims paid		-21,879	-15,943	-21,598	37.2%	1.3%	-71,178	-59,638	19.3%
Pensions paid		-804	-377	-867	113.6%	-7.2%	-1,855	-2,005	-7.5%
Underwriting expenses		-2,395	-2,681	-2,763	-10.7%	-13.3%	-7,420	-7,995	-7.2%
Medical expenses		-4	-2	-9	81.0%	-52.9%	-10	-27	-62.5%
Insurance impairment		0	0	0	-	-	0	0	-
Contribution Margin		-7,545	-22,553	-4,564	-	-	-1,850	-22,994	-92.0%
Claims rate (1)		69.3%	60.9%	81.4%	844 p	-1209 p	74.2%	77.2%	-299 p
Underwriting expense rate (2)		7.3%	10.0%	10.0%	-268 p	-269 p	7.5%	10.0%	-247 p

(1) Claims paid/ Net written premiums
(2) Underwriting expense/ Net written premiums

For 3Q20, the contribution margin was a loss of -MCH\$7,545, versus -MCH\$22,553 for 2Q20. Gross written premiums reached MCH\$33,422 (+22.7 QoQ) due to greater gross written premiums from APV insurance. The total variation in technical reserves was -MCH\$15,185 (versus -MCH\$15,943 for 2Q20) due to a drop in investment income from CUI and APV investments. In addition, claims paid were up to MCH\$21,879 (+37.2% QoQ) due to increased surrenders and transfers from CUI and APV policies.

o **Family Protection** (3.1% of gross written premiums for 9M20)

Family Protection		3Q20	2Q20	3Q19	% Chg.		9M20	9M19	% Chg.
In MCH\$					QoQ	YoY			
Gross written premiums		1,727	1,701	1,713	1.5%	0.8%	5,163	5,058	2.1%
Net premiums written		1,751	1,691	1,713	3.5%	2.2%	5,163	5,058	2.1%
Variation in technical reserves		-34	9	4	-469.3%	-920.8%	-49	-15	-
Claims paid		-395	49	-482	-910.9%	-17.9%	-795	-1,255	-36.7%
Pensions paid		0	0	0	-	-	0	0	-
Underwriting expenses		-589	-384	-659	53.6%	-10.6%	-1,516	-1,939	-21.8%
Medical expenses		0	0	0	-	-	-1	0	-
Insurance impairment		0	0	0	-	-	0	0	-
Contribution Margin		732	1,366	576	-46.4%	27.0%	2,803	1,848	51.6%
Claims rate (1)		22.6%	-2.9%	28.1%	2546 p	-554 p	15.4%	24.8%	-942 p
Underwriting expense rate (2)		33.7%	22.7%	38.5%	1098 p	-484 p	29.4%	38.3%	-896 p

(1) Claims paid/ Net written premiums
(2) Underwriting expense/ Net written premiums

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.

The contribution margin was MCH\$2,803 (+51.6% YoY, due to a drop in claims paid to MCH\$795 (-36.7% YoY) and a lower underwriting expense rate (-896 bps YoY) in line with the decline in business. Gross written premiums remained stable from one year to the next (+2.1% YoY).

Compared to the preceding quarter, the contribution margin for 3Q20 was MCH\$732 (-46.4% QoQ), due to a rise in claims paid to -MCH\$395 in 3Q20 (versus MCH\$49 in 2Q20) and a higher underwriting expense rate (+1,098 bps QoQ).

○ **Group Insurance** (31.7% of gross written premiums for 9M20)

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\$	3Q20	2Q20	3Q19	% Chg.		9M20	9M19	% Chg.
				QoQ	YoY			
Gross written premiums	17,926	17,562	18,896	2.1%	-5.1%	52,917	56,326	-6.1%
Net premiums written	17,523	17,199	18,216	1.9%	-3.8%	51,728	54,762	-5.5%
Variation in technical reserves	-397	425	78	-	-611.8%	-237	-415	-
Claims paid	-5,369	-6,150	-12,066	-12.7%	-55.5%	-21,322	-33,913	-37.1%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-1,036	-1,105	-1,141	-6.2%	-9.1%	-3,122	-3,174	-1.6%
Medical expenses	0	-1	-1	-44.1%	-61.6%	-2	-5	-65.4%
Insurance impairment	42	253	58	-	-	-4	124	-
Contribution Margin	10,764	10,621	5,144	1.3%	109.3%	27,041	17,378	55.6%
Claims rate (1)	30.6%	35.8%	66.2%	-512 p	-3560 p	41.2%	61.9%	-2071 p
Underwriting expense rate (2)	5.9%	6.4%	6.3%	-51 p	-35 p	6.0%	5.8%	24 p

(1) Claims paid/ Net written premiums

(2) Underwriting expense/ Net written premiums

The contribution margin for 9M20 reached MCH\$27,041 (+55.6% YoY), due to lower claims paid of MCH\$21,322 (-37.1% YoY) explained by a lower claims rate in group health policies. This effect was partially offset by lower gross written premiums of MCH\$52,917 (-6.1% YoY). For the quarter, this product line reported profit of MCH\$10,764 in line with 2Q20 (+1.3% QoQ), with a drop in claims paid offset by the variation in technical reserves of -MCH\$397 (versus +MCH\$425 in 2Q20).

○ **Annuities** (5.1% of gross written premiums for 9M20)

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 recognized within the line item pensions paid. This results in an accounting loss in the income statement.

As of September 2020, annuity sales rates in the industry have averaged 1.8% during the year. In contrast, the rate for calculating scheduled withdrawals has averaged 3.6% for the year, which has driven individuals to prefer scheduled withdrawals over annuities, thus sharply reducing sales industry-wide.

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

Annuities				% Chg.				
In MCH\$	3Q20	2Q20	3Q19	QoQ	YoY	9M20	9M19	% Chg.
Gross written premiums	178	3,744	12,186	-95.2%	-98.5%	8,552	50,277	-83.0%
Net premiums written	178	3,744	12,186	-95.2%	-98.5%	8,552	50,277	-83.0%
Variation in technical reserves	0	0	0	-	-	0	0	-
Claims paid	0	0	0	-	-	0	0	-
Pensions paid	-12,652	-19,897	-28,745	-36.4%	-56.0%	-52,756	-100,905	-47.7%
Underwriting expenses	-1	-52	-87	-98.2%	-98.9%	-117	-378	-69.0%
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-12,475	-16,204	-16,645	-23.0%	-25.1%	-44,321	-51,006	-13.1%
Underwriting expense rate (1)	0.5%	1.4%	0.7%	-85 p	-19 p	1.4%	0.8%	62 p

(1) Claims paid/ Net written premiums

For 9M20, the contribution margin for annuities totaled -MCH\$44,321 (-13.1% YoY), because of a YoY 83.0% drop in gross written premiums due to a contracting market since 4Q19. This effect was partially offset by a decrease in annuities paid, reaching MCH\$52,756 for 9M20 (-47.7% YoY), because of lower reserve requirements due to lower sales volumes.

For the quarter, the contribution margin was -MCH\$12,475 (-23.0% QoQ) explained by the 95.2% drop in gross written premiums because of the differential between the calculation rate for scheduled withdrawals of 4.3% on average in 3Q20, and the annuity sales rate of 1.8%. This effect was partially offset by a decrease in annuities paid, reaching MCH\$12,652 for 3Q20, because of lower sales volumes.

o **Disability and Survivor Insurance (DSI)** (0.1% of gross written premiums for 9M20)

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				% Chg.				
In MCH\$	3Q20	2Q20	3Q19	QoQ	YoY	9M20	9M19	% Chg.
Gross written premiums	65	36	77	80.6%	-15.7%	225	550	-59.0%
Net premiums written	12	-22	-15	-	-	36	208	-82.6%
Variation in technical reserves	0	0	0	-	-	0	0	-
Claims paid	11,652	9,830	321	18.5%	-	22,934	10,329	122.0%
Pensions paid	-13,513	-8,914	-2,450	51.6%	451.5%	-26,334	-13,890	89.6%
Underwriting expenses	0	0	0	-	-	0	0	-
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	5	-
Contribution Margin	-1,849	894	-2,144	-	-	-3,364	-3,348	-

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 seventh tender for DSI insurance for the next period (July 1, 2020 to June 30, 2022) was concluded in June 2020, and Vida Security was not awarded any fractions.

The contribution margin for DSI was a loss of -MCH\$3,364 for 9M20, in line with last year's figure. For the quarter, this product line's contribution margin was a loss of -MCH\$1,849 (versus MCH\$894 for 2Q20), due to a rise in claims and pensions paid (-MCH\$1,861 vs -MCH\$894 for 2Q20).

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

Vida Security - Consolidated Results

Vida Security posted profit of MCH\$16,475 (-10.9 YoY) due to reduced investment income of MCH\$63,291 (-43.8% YoY) and decreased gross written premiums of MCH\$167,008 (-13.7% YoY). Compared with the previous quarter, Vida Security reported profit of MCH\$18,467 (versus a loss of -MCH\$1,035 for 2Q20) due to greater investment income of MCH\$40,481 for 3Q20 (+12.4% QoQ), and a smaller variation in technical reserves.

In MCH\$	3Q20	2Q20	3Q19	% Chg.		9M20	9M19	% Chg.
				QoQ	YoY			
Gross written premiums	53,319	50,281	61,031	6.0%	-12.6%	167,008	193,537	-13.7%
Net premiums written	52,187	49,419	59,695	5.6%	-12.6%	163,889	190,154	-13.8%
Variation in technical reserves	-15,615	-29,922	-6,840	-	-	-20,083	-33,608	-
Claims paid	-15,991	-12,214	-33,825	30.9%	-52.7%	-70,361	-84,478	-16.7%
Pensions paid	-26,970	-29,188	-32,062	-7.6%	-15.9%	-80,944	-116,801	-30.7%
Underwriting expenses	-4,022	-4,222	-4,650	-4.7%	-13.5%	-12,176	-13,486	-9.7%
Medical expenses	-5	-3	-10	64.6%	-49.6%	-13	-33	-61.7%
Insurance impairment	42	253	58	-83.3%	-26.7%	-4	128	-
Contribution Margin	-10,374	-25,876	-17,633	-	-	-19,691	-58,122	-
Administrative expenses	-8,749	-7,613	-9,665	14.9%	-9.5%	-25,689	-30,726	-16.4%
Investment income	40,481	36,022	36,507	12.4%	10.9%	63,291	112,627	-43.8%
Exchange differences	-1,114	-3,147	424	-	-	-713	-823	-
Gain (loss) on indexed assets and liabilities	-57	-215	-795	-	-	-1,520	-1,728	-12.0%
Other income and expenses	-10	48	12	-	-	-131	305	-
Income tax expense	-1,711	-254	-1,776	572.6%	-3.7%	928	-3,035	-130.6%
Profit for the period	18,467	-1,035	7,073	-	161.1%	16,475	18,500	-10.9%
Administrative ratios								
(1) (Claims paid + pension paid)/ Net written premiums	82.3%	83.8%	110.4%	-146 p	-2805 p	92.3%	105.9%	-1353 p
(2) Administrative expenses/ Net written premiums	16.8%	15.4%	16.2%	136 p	57 p	15.7%	16.2%	-48 p
(3) Underwriting expenses/ Net written premiums	7.7%	8.5%	7.8%	-84 p	-8 p	7.4%	7.1%	34 p
Combined Ratio (1) + (2) + (3)	106.8%	107.7%	134.4%	-93 p	-2756 p	115.4%	129.1%	-1367 p
(4) Profit / Net written premiums	35.4%	-2.1%	11.8%	3748 p	2354 p	10.1%	9.7%	32 p

In aggregate, gross written premiums reached MCH\$167,008 for 9M20 (-13.7% YoY) explained by lower sales of annuities (-83.0% YoY) and group insurance policies (-6.1% YoY), offset by growth in individual insurance (+23.1% YoY).

For 9M20, the subsidiary recognized a variation in technical reserves of -MCH\$20,083 (-MCH\$33,608 for 9M19), due to weaker returns on investments in the CUI and APV portfolios (-70.2% YoY). Claims and pensions paid totaled MCH\$151,305 (-24.8% YoY), because of a decrease in annuities paid (-47.7% YoY) due to lower sales volumes and a lower claims rate in group insurance (-2,071 bps YoY). Finally, underwriting expenses totaled -MCH\$8,154 (-9.7% YoY), explained by reduced business during the period.

The above items explain the contribution margin of -MCH\$19,691 for 9M20, versus -MCH\$58,112 for 9M19.

The area reported investment income of MCH\$63,291 (-43.8 YoY), attributable to weakened returns from equity investments in both the proprietary trading portfolio and the CUI and APV investment portfolios, compounded by poorer returns from real estate funds in the proprietary trading portfolio. Weaker returns on the CUI and APV investment portfolio are counterbalanced by releases of technical reserves. Administrative expenses reached MCH\$25,689 (-16.4% YoY) in line with reduced business.

For 3Q20, Vida Security reported a loss of -MCH\$18,467 (-MCH\$1,035 for 2Q20). The larger direct premiums written can be explained by a rise in individual insurance policies (+22.7% QoQ) due to greater premiums from APV insurance, partially offset by lower annuity sales (-95.2% QoQ). For the quarter, investment income totaled MCH\$40,481 (+12.4% QoQ), due to improved returns on equity instruments in the proprietary trading portfolio. However, in the CUI and APV portfolios, investment income reached MCH\$10,580 (-53.6% QoQ), leading to a variation in technical reserves of -MCH\$15,615 (-MCH\$29,922 for 2Q20).

Administrative Expenses - Vida Security

In MCH\$	3Q20	2Q20	3Q19	% Chg		9M20	9M19	%Chg.
				QoQ	YoY			
Payroll	-4,636	-3,316	-3,588	39.8%	29.2%	-11,851	-10,664	11.1%
Distribution Channel expenses	-441	-313	-880	40.8%	-49.9%	-1,771	-2,945	-39.8%
Other	-3,672	-3,984	-5,197	-7.8%	-29.3%	-12,067	-17,117	-29.5%
Total administrative expenses	-8,749	-7,613	-9,665	14.9%	-9.5%	-25,689	-30,726	-16.4%

For 9M20, Vida Security reported administrative expenses of MCH\$25,689 (-16.4% YoY) because of savings in other expenses and reduced distribution channel expenses because of lower sales volumes. For the quarter, administrative expenses fell to MCH\$8,749 (-14.9% QoQ). Vida Security is in the process of reviewing all expenses to improve efficiency across all businesses.

Investment Income - Vida Security

The subsidiary's investment income for the first nine months of 2020 totaled MCH\$63,291 (-43.8% YoY). The proprietary trading portfolio generated income of MCH\$53,553 (-33.0% YoY) due to weaker returns on real estate funds and domestic and international equity instruments during the period. Meanwhile, the CUI and APV portfolios had income of MCH\$9,738 for 9M20 (-70.2% YoY), also associated with weaker returns on equity instruments. Weaker returns on the CUI and APV investment portfolio are counterbalanced by releases of technical reserves.

In quarterly terms, investment income reached MCH\$40,481 (+12.4% QoQ). The proprietary trading portfolio generated income of MCH\$29,901 for 3Q20 (+125.8% QoQ) due to improved returns on equity instruments, particularly private equity investments. The CUI and APV portfolios generated income of MCH\$10,580 for the quarter (-56.6% QoQ) due to poorer returns on equity instruments.

Investment Stock In Ch\$ Million	3Q20	2Q20	3Q19	% Chg		Stock % 3Q20
				QoQ	YoY	
Fixed Income	1,759,105	1,782,089	1,773,434	-1.3%	-0.8%	67.1%
Equities and indexes	577,076	578,988	556,499	-0.3%	3.7%	22.0%
Real estate	262,796	243,440	240,623	8.0%	9.2%	10.0%
Other investments	24,517	22,701	42,273	8.0%	-42.0%	0.9%
Investments Stock	2,623,494	2,627,217	2,612,828	-0.1%	0.4%	-
CUI Portfolio	569,416	552,722	535,865	3.0%	6.3%	21.7%
Proprietary portfolio	2,054,078	2,074,495	2,076,963	-1.0%	-1.1%	78.3%
Investments Stock	2,623,494	2,627,217	2,612,828	-0.1%	0.4%	-

Investment Income In Ch\$ Million	3Q20	2Q20	3Q19	% Chg		9M20	9M19	% Chg.
				QoQ	YoY			
Fixed Income	17,705	20,235	21,983	-12.5%	-19.5%	57,361	61,517	-6.8%
Equities and indexes	19,326	14,939	10,281	29.4%	88.0%	-106	40,423	-
Real estate	3,673	2,643	3,882	39.0%	-5.4%	9,636	10,427	-7.6%
Other investments	-224	-1,795	360	-	-	-3,600	260	-
Investments Income	40,481	36,022	36,507	12.4%	10.9%	63,291	112,627	-43.8%
CUI Portfolio	10,580	22,779	8,168	-53.6%	29.5%	9,738	32,697	-70.2%
Proprietary portfolio	29,901	13,243	28,339	125.8%	5.5%	53,553	79,930	-33.0%
Investments Income	40,481	36,022	36,507	12.4%	10.9%	63,291	112,627	-43.8%

Exchange Differences and Gain (Loss) from Indexation Adjustments

Exchange differences generated a loss of -MCH\$713 for 9M20 (-MCH\$823 for 9M19). Compared to the immediately preceding quarter, exchange differences resulted in a loss of -MCH\$1,114 (-MCH\$3,147 for 2Q20).

It posted a loss from indexed assets and liabilities of -MCH\$1,520 for 9M20 (-MCH\$1,728 for 9M19) due to smaller reserves in UF and low inflation during the period (Sept-20: 1.4% vs Sept-19: 1.8%; 3Q20: 0.0% vs 2Q20: 0.3%).

ASSET MANAGEMENT BUSINESS AREA (2.0% of assets as of September 2020; 4.4% of profit from business areas for 9M20)

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 offered by the different companies in the asset management business area are: AGF Security manages mutual funds, investment funds and voluntary retirement savings (APV). Valores Security offers foreign exchange and stock brokerage services and forwards. Asesorías Security and Global Security provide support and advisory services for the different asset management businesses.

In Ch\$ Million	9M20	6M20	9M19	QoQ	% Chg YoY	YTD
Assets under management (AUM)	4,076,187	4,149,422	4,708,946	-1.8%	-13.4%	-6.1%
Mutual funds under management	2,610,981	2,620,154	2,825,655	-0.4%	-7.6%	-1.9%
Market share - mutual funds	5.1%	5.3%	6.1%	-15 p	-100 p	-76 p

In Ch\$ Million	3Q20	2Q20	3Q19	% Chg		9M20	9M19	% Chg
				QoQ	YoY			
Value of shares traded	316,504	355,650	292,507	-11.0%	8.2%	959,627	1,500,577	-36.0%
Market share - equities brokerage	2.3%	1.9%	2.8%	39 p	-58 p	2.0%	3.7%	-170 p
Operating income	8,306	8,978	9,752	-7.5%	-14.8%	26,907	28,445	-5.4%
Non-operating income	1,377	813	1,376	69.4%	0.0%	2,815	4,691	-40.0%
Total expenses	-8,516	-7,975	-13,900	6.8%	-38.7%	-25,724	-31,607	-18.6%
Efficiency ratio	87.9%	81.5%	124.9%	650 p	-3696 p	86.5%	95.4%	-884 p
AGF Security	715	928	1,564	-23.0%	-54.3%	2,714	4,487	-39.5%
Valores Security	291	630	-3,531	-53.7%	-	980	-2,745	-
Asesorias Security and Global Security	-90	170	253	-	-	-193	226	-
Securitization	2	-164	-202	-	-	-547	-878	-
Profit - Asset Management	920	1,565	-1,916	-41.2%	-	2,955	1,090	171.2%

The subsidiary reported AUM of MCH\$4,161,898 as of September 2020, (-13.4% YoY and -1.8% QoQ). Mutual funds under management totaled MCH\$2,610,981, (-7.6% YoY and -0.4% QoQ), with a market share of 5.1%. The total value of shares traded was MCH\$959,627 for 9M20 (-36.0% YoY and -11.0 QoQ), with market share of 2.0%.

For 9M20 the asset management area reported profit of MCH\$2,955 (+171.2% YoY). It reported lower operating revenue (-5.4% YoY) because of lower fund income due to smaller volumes of AUM (-7.6% YoY). It also had lower non-operating income (-40.0% YoY) due to weaker returns from proprietary trading, affected by low interest rates during the year. These effects were offset by lower total expenses of MCH\$25,724 (-18.6% YoY). Bear in mind that September 2019 represents a high basis of comparison because of operational risk expenses.

For 3Q20 the business area reported profit of MCH\$920 (-41.2% QoQ) due to lower operating income of MCH\$8,306 (-7.5% QoQ) explained by a drop in fund income because of a lower ROA and stable AUM (-0.4% QoQ). In addition, operating expenses rose +6.8% QoQ because of termination benefits. This was only partially offset by greater non-operating income (+69.4% QoQ), favored by the rise in CPI during 3Q20.

OTHER SERVICES BUSINESS AREA (1.3% of assets as of September 2020; 1.0% of profit from business areas for 9M20)

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 profit of MCH\$3,238 for 9M20 (versus -MCH\$1,533 for 9M19) due to legal titles transferred on more units during the quarter. Ownership was transferred on 114 units as of September 2020 versus 8 units as of September 2019. In quarterly terms, profit for 3Q20 reached MCH\$3,752 (versus -MCH\$346 for 2Q20) and title was transferred on 96 units compared to only 4 units in 2Q20. There is a lag between a sale and revenue recognition. Under IFRS, revenue is recognized once legal title to the property has been transferred.

Inmobiliaria Security signed purchase promise agreements totaling THUF 512 in 9M20 (-45.1% YoY and -35.2% QoQ). Meanwhile, real estate assets under management totaled MCH\$111,044, (-2.2% YoY and -13.5% QoQ), explained by the rise in the number of units on which ownership was transferred.

<i>In Ch\$ Million</i>	3Q20	2Q20	3Q19	% Chg		9M20	9M19	% Chg
				QoQ	YoY			
Real estate assets under management	111,044	128,438	113,503	-13.5%	-2.2%	111,044	113,503	-2.2%
Purchase promise agreements (UF)	113,024	174,491	425,014	-35.2%	-73.4%	511,954	931,836	-45.1%
Ownership transfers (Units)	96	4	3	-	-	114	8	-
Profit for the period	3,752	-346	-669	-	-	3,238	-1,533	-

TRAVEL AGENCY: TRAVEL SECURITY

Travel Security had a loss of -MCH\$4,275 for 9M20 (versus MCH\$2,493 for 9M19) due to structural adjustments made to cope with declining sales because of the public health crisis. From here on out, the company expects to use a primarily digital sales model.

	3Q20	2Q20	3Q19	% Chg		9M20	9M19	% Chg
				QoQ	YoY			
Total sales - Travel (MUSD)	7	4	68	61.5%	-90.0%	54	207	-74.2%
Net operating income (MCH\$)	- 1,555	- 2,685	1,399	-	-	- 3,662	4,170	-
Profit for the period - Travel (MCH\$)	-1,504	-2,861	798	-	-	-4,275	2,493	-

Travel Perú, Travel Security's subsidiary, reported sales of MUS\$13 for 9M20 (-73.1% YoY and +0.1% QoQ) and a net loss of -MUS\$1.9 as a result of the impact of the public health crisis on the travel and tourism industry.

INTERNATIONAL BUSINESS AREA (3.5% of assets; -1.2% of profit from business areas for 9M20)

The international business area reported a loss attributable to the owners of the parent of -MCH\$807. This area has consolidated 61% of Protecta Security since 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 Travel Perú, the group's travel agency in Peru.

Protecta Security

Protecta posted profit of MS./9.9 (-10.6% YoY) due to decreased total premiums written of MS./284.1 (-2.8% YoY) and reduced investment income (-0.6% YoY). These effects were partially offset by reduced fee and commission expenses.

Protecta reported annuity sales of MS./131.9 (-7.2% YoY) and market share of 24.0%. This decrease stems from a contraction in the Peruvian annuities market (-22.8% YoY). In addition, the subsidiary boasted sales of private annuities of MS./112.5 (+12.8% YoY) and market share of 17.7%.

Profit for 3Q20 was MS./5.3 due to higher total premiums of MS./93.1 (+30.1% QoQ) and improved investment income of MS./28.9 (+27.7% QoQ). This above was only partially offset by the larger variation in technical reserves during the quarter and the increase in net claims (+11.9% QoQ).

<i>In S./ Thousands</i>	3Q20	2Q20	3Q19	% Chg		9M20	9M19	% Chg
				QoQ	YoY			
Annuities - Premiums written	30,601	34,996	48,256	-12.6%	-36.6%	131,871	142,092	-7.2%
Annuities - Market share	21.1%	23.5%	20.2%	-235 p	96 p	24.0%	20.0%	404 p
Private annuities - Premiums written	51,031	27,268	38,001	87.1%	34.3%	112,524	99,732	12.8%
Private annuities - Market share	19.5%	20.5%	16.5%	-104 p	299 p	17.7%	13.7%	401 p
Premiums written	93,101	71,536	103,833	30.1%	-10.3%	284,149	292,350	-2.8%
Investment income	28,883	22,622	29,532	27.7%	-2.2%	86,555	87,110	-0.6%
Annualised return (LTM)	7.6%	8.3%	8.8%	-69 p	-113 p	7.6%	8.8%	-113 p
Profit for the period	5,282	-1,243	2,228	-	137.1%	9,937	11,119	-10.6%

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+
FitchRatings (international)		BBB			

BONDS ISSUED BY GRUPO SECURITY

Series	Registration Number	Registration Date	Currency	Amount	Annual Interest Rate	Duration (Years)	Maturity
F	620	15/09/09	UF	45,750	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
S	1,036	30/06/20	UF	1,000,000	2.00	20	30/06/40
Total			UF	9,734,750			

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 8, 2020, the Board of Directors of Grupo Security agreed to pay a total dividend of CH \$3.50 per share, consisting of an interim dividend of CH \$0.75 per share charged to profit for the year 2020 and an additional dividend of CH \$2.75 per share charged to prior year retained earnings.

On April 7, 2020, Grupo Security shareholders approved a dividend payment of CH \$7.45 per share charged to profit for 2019. This dividend, along with the interim and additional dividends of CH \$2.2 and CH \$2.6, respectively, that have already been paid, total CH \$12.25 per share, equivalent to 56% of profit for the year 2019.

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 2019. Grupo Security's stock reported a return of -33.2% for 9M20, underperforming the S&P/CLX IPSA (-22.1%).

3Q20 EARNINGS CONFERENCE CALL

Grupo Security's third quarter earnings report will be explained to the market in a conference call on Wednesday, November 18, 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

Assets In Ch\$ Millions	December, 31 2019	September, 30 2020
Current assets		
Cash and cash equivalents	791,824	585,094
Other financial assets, current	3,732,022	3,945,393
Other non-financial assets, current	38,790	13,431
Trade and other receivables, current	6,556,495	6,687,217
Accounts receivable from related parties, current	71,771	58,374
Inventories	124,009	131,134
Current tax assets	52,637	37,746
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners	11,367,549	11,458,390
Non-current assets or disposal groups classified as held for sale or held for distribution to owners	4,687	1,851
Total non-current assets classified as held for sale or held for distribution to owners	4,687	1,851
Total current assets	11,372,236	11,460,241
Non-current assets		
Other non-financial assets, non-current	115,802	95,426
Equity-accounted investments	3,093	1,726
Intangible assets other than goodwill	37,896	37,087
Goodwill	119,067	119,067
Property, plant and equipment	53,292	51,093
Investment property	253,548	291,031
Assets for right of use	11,756	9,543
Deferred tax assets	50,772	52,697
Total non-current assets	645,226	657,670
Total assets	12,017,462	12,117,911

2. Financial Statements and Indicators - Liabilities and Equity

Liabilities and Equity In Ch\$ Millions	December, 31 2019	September, 30 2020
Other financial liabilities, current	7,187,383	7,129,651
Liabilities for leases, current	288	698
Trade and other payables	2,833,287	2,812,486
Accounts payable to related parties, current	26	903
Other short-term provisions	31,977	38,476
Current tax liabilities	34,146	20,609
Employee benefit provisions, current	10,056	11,519
Other non-financial liabilities, current	360,195	277,303
Total current liabilities	10,457,358	10,291,645
Non-current liabilities		
Other financial liabilities, non-current	705,035	899,821
Liabilities for leases, non-current	10,456	9,147
Accounts payable, non-current	42,694	51,451
Accounts payable to related parties, non-current	3,412	3,460
Deferred tax liabilities	791	178
Total non-current liabilities	762,388	964,058
Total liabilities	11,219,747	11,255,703
Equity		
Issued Capital	432,124	483,683
Retained earnings	378,573	400,668
Share premium	0	0
Other reserves	(40,943)	(50,972)
Equity attributable to equity holders of parent	769,754	833,379
Non-controlling interests	27,962	28,828
Total equity	797,716	862,208
Total liabilities and equity	12,017,462	12,117,911

3. Financial Statements and Indicators - Consolidated Statement of Income

Consolidated statement of income (MCh\$)		
	September, 30 2019	September, 30 2020
Revenue	847,843	774,611
Cost of sales	-560,775	-506,407
Gross profit	287,068	268,204
Other income	2,392	932
Distribution costs	0	0
Administrative expenses	-182,169	-188,943
Other expenses	-11,644	-9,269
Other gains	395	1,171
Finance income	77	344
Finance costs	-10,565	-10,813
Share of profit (loss) of associates and joint ventures, equity-accounted	596	-74
Exchange differences	4,455	-2,041
Gain (loss) on indexed assets and liabilities	-6,262	-5,106
Gains arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	1,310	99
Profit before tax	85,652	54,503
Income tax benefit (expense)	-23,846	-7,487
Profit (loss) from continuing operations	61,805	47,017
Profit (loss) from discontinued operations	0	0
Profit (loss) for the period	61,805	47,017
Profit (loss) attributable to		
Profit (loss) attributable to equity holders of the parent	61,026	47,772
Profit (loss) attributable to non-controlling interests	779	-756
Profit (loss) for the period	61,805	47,017
Depreciation and amortization	8,524	9,859
Ebitda	104,741	75,175

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	
	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20	Sep-19	Sep-20
Revenue	373,524	356,713	53,074	34,659	317,733	242,979	81,060	91,441	25,356	39,010	-2,904	9,810	847,843	774,611
Cost of sales	-201,248	-191,770	-21,850	-10,470	-255,261	-192,103	-69,057	-77,454	-12,236	-26,569	-1,124	-8,042	-560,775	-506,407
Gross profit	172,277	164,943	31,225	24,189	62,471	50,876	12,003	13,987	13,120	12,441	-4,028	1,768	287,068	268,204
Other income	20	11	134	9,447	404	218	166	13	273	491	1,395	-9,248	2,392	932
Administrative expenses	-88,410	-93,018	-26,080	-24,562	-37,574	-32,704	-12,704	-12,992	-11,589	-12,239	-5,812	-13,429	-182,169	-188,943
Other expenses	-4,538	-7,338	-6,331	-1,213	-371	-408	-298	-321	-22	-37	-84	46	-11,644	-9,269
Other gains (losses)	0	0	286	322	358	116	737	559	303	-63	-1,290	238	395	1,171
Finance income	0	0	44	146	32	17	0	0	0	15	0	167	77	344
Finance costs	0	0	-77	-5	-22	-17	-233	-96	-970	-711	-9,264	-9,984	-10,565	-10,813
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	0	-157	-86	0	0	-1	-2	754	14	596	-74
Exchange differences	4,177	-2,867	126	3,526	-276	51	-24	-2,443	262	320	190	-330	4,455	-1,744
Gain (loss) from indexed assets and liabilities	0	-25	74	-174	-1,726	-1,619	0	0	13	12	-4,623	-3,597	-6,262	-5,403
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	396	-37	914	136	0	0	0	0	0	0	0	0	1,310	99
Profit (loss) before tax	83,922	61,669	314	3,165	23,139	16,445	-353	-1,293	1,389	227	-22,760	-25,710	85,652	54,503
Income tax benefit (expense)	-20,260	-13,742	775	-209	-3,548	704	-154	1	-516	-143	-143	5,902	-23,846	-7,487
Profit (loss) from continuing operations	63,663	47,927	1,090	2,956	19,591	17,149	-507	-1,292	872	85	-22,903	-19,808	61,805	47,017
Profit (loss) attributable to														
Profit (loss) attributable to equity holders of the parent	63,648	47,917	1,090	2,957	19,020	16,865	-303	-807	488	660	-22,917	-19,818	61,026	47,772
Profit (loss) attributable to non-controlling interest	14	10	0	0	570	284	-204	-484	384	-575	14	9	779	-756
Profit (loss) for the period	63,663	47,927	1,090	2,956	19,591	17,149	-507	-1,292	872	85	-22,903	-19,808	61,805	47,017

5. Segment Note - Grupo Security QoQ

Segment Note - Grupo Security In MCH\$	Lending and Treasury		Asset Management		Insurance		International Business		Other Services		Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20	2Q-20	3Q-20
Revenue	110,405	107,473	14,668	6,731	88,164	96,579	23,706	28,800	2,110	27,749	-383	9,394	238,670	276,725
Cost of sales	-59,506	-47,972	-5,785	606	-77,965	-65,272	-20,855	-23,764	-731	-20,751	615	-8,602	-164,228	-165,755
Gross profit	50,899	59,501	8,883	7,337	10,199	31,307	2,852	5,036	1,379	6,998	232	792	74,442	110,970
Other income	6	-2	335	9,103	-52	128	2	6	121	124	89	-9,436	500	-77
Administrative expenses	-28,638	-31,643	-7,870	-7,852	-9,842	-11,148	-3,718	-3,872	-4,984	-3,570	-4,887	-3,147	-59,939	-61,232
Other expenses	-1,466	-1,387	-465	-365	-141	-136	-94	-123	-8	-19	17	21	-2,158	-2,008
Other gains (losses)	0	0	5	-21	47	29	147	152	-6	-39	97	14	291	135
Finance income	0	0	-208	146	-6	17	0	0	0	15	0	167	-214	344
Finance costs	0	0	-1	-2	-2	-4	-41	-10	-147	-261	-3,077	-3,471	-3,269	-3,747
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	0	-42	41	0	0	0	0	0	12	-42	53
Exchange differences	-1,285	-5,635	758	1,417	-511	423	-881	-724	50	259	-52	-66	-1,921	-4,326
Gain (loss) from indexed assets and liabilities	-25	0	-33	-11	-318	-63	0	0	45	-34	-707	-116	-1,039	-223
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	-102	9	176	62	0	0	0	0	0	0	0	0	74	71
Profit (loss) before tax	19,388	20,844	1,578	1,168	-668	20,595	-1,734	464	-3,549	3,472	-8,290	-6,584	6,725	39,960
Income tax benefit (expense)	-4,665	-5,292	-13	-247	-271	-1,841	16	0	1,131	-953	6,820	-906	3,019	-9,238
Profit (loss) from continuing operations	14,723	15,553	1,565	922	-939	18,754	-1,718	464	-2,419	2,519	-1,469	-7,490	9,743	30,722
Profit (loss) attributable to														
Profit (loss) attributable to equity holders of the parent	14,720	15,549	1,565	921	-876	18,449	-1,061	278	-2,076	2,743	-1,511	-7,497	10,761	30,445
Profit (loss) attributable to non-controlling interest	3	3	0	0	-63	305	-657	186	-342	-224	41	7	-1,018	277
Profit (loss) for the period	14,723	15,553	1,565	922	-939	18,754	-1,718	464	-2,419	2,519	-1,469	-7,490	9,743	30,722

6. Grupo Security Consolidated Statement of Cash Flows

Statement of Cash Flows	Sep-19	Sep-20
For the periods ended June 30th, 2019 and 2020	MCh\$	MCh\$
Net cash flows provided by (used in) operating activities	76,835	-146,253
Net cash flows used in investing activities	-5,843	-7,118
Net cash flows used in financing activities	22,636	-54,281
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	93,629	-207,652
Effect of changes in exchange rates on cash and cash equivalents	311	921
Net increase (decrease) in cash and cash equivalents	93,940	-206,730
Cash and cash equivalents at beginning of period	472,890	791,824
Cash and cash equivalents at end of period	566,830	585,094

Operating Cash Flows

For the period ended September 2020, the company reported net operating cash flows of -MCH\$146,253 (MCH\$76,835 for 9M19) due to the acquisition of additional financial instruments by Banco Security. In addition, premium collections were down at Vida Security, related to lower sales volumes (-13.7% YoY). These effects were partially offset by larger collection volumes related to greater total loans at the Bank (+8.4% YoY).

Investing Cash Flows

For the period ended September 2020, the company reported net investing cash flows of -MCH\$7,118 (-MCH\$5,843 for 9M19) due to a drop in sales and an increase in purchases of property, plant and equipment in comparison to the prior year.

Financing Cash Flows

For the period ended September 2020, the company posted net financing cash flows of -MCH\$54,281, to a large extent due to a rise in loan payments and bond placements by the factoring subsidiary of MCH\$40,000 in June 2019. These effects were partially offset by Grupo Security's capital increase, which raised MCH\$51,555, and bond placements totaling UF 1,000,000 at Grupo Security and UF 1,200,000 at Inversiones Previsión Security.

7. Quarterly Statement of Income

Quarterly Earnings (M Ch\$)		2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Revenue	M Ch\$	304,698	280,945	308,167	298,418	199,468	276,725
Cost of sales	M Ch\$	-199,088	-195,946	-209,456	-215,693	(124,960)	(165,755)
Gross profit	M Ch\$	105,610	84,999	98,712	82,725	74,509	110,971
Administrative expenses	M Ch\$	-75,613	-49,231	-68,958	-67,772	(59,939)	(61,232)
Operating income	M Ch\$	29,804	28,946	28,401	11,104	13,202	47,789
Finance costs	M Ch\$	-3,370	-3,606	-3,695	-3,797	(3,269)	(3,747)
Profit before tax	M Ch\$	24,479	27,155	27,321	7,752	6,791	39,960
Profit attributable to equity holders of parent	M Ch\$	21,661	18,207	20,130	6,500	10,828	30,445
EBITDA ¹	M Ch\$	30,618	33,781	34,059	14,805	13,264	47,106

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

8. Financial and Business Indicators

Activity levels (M Ch\$)		30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20
Cash (Grupo Security Standalone)	\$ millions	20,736	20,087	8,026	3,977	5,807	76,000
Total Assets	\$ millions	10,808,061	11,326,897	12,017,462	12,522,935	12,172,785	12,117,911
Total Liabilities	\$ millions	10,028,529	10,559,300	11,219,747	11,752,468	11,381,065	11,255,703
Total Equity	\$ millions	779,532	767,597	797,716	770,467	791,721	862,208

Leverage Ratios (M Ch\$)		30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20
Individual leverage ratio ¹	%	33.04%	36.03%	35.10%	36.64%	34.46%	35.14%
Consolidated financial expenses ²	Times	9.41	9.11	8.92	3.04	3.06	6.04

Profitability (M Ch\$)		30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20
Revenue	\$ millions	566,898	847,843	1,156,010	298,418	497,886	774,611
Profit attributable to equity holders of the company	\$ millions	42,819	61,026	81,156	6,500	17,328	47,772
EBITDA	\$ millions	70,960	104,741	138,799	14,805	28,070	75,175
Return of equity ³	%	11.53%	11.05%	10.83%	3.40%	4.56%	7.98%
Return on assets ⁴	%	0.802%	0.744%	0.719%	0.212%	0.281%	0.524%
Earnings per share ⁵	\$	23.35	22.67	21.96	18.00	15.06	17.25
Number of shares	\$ millions	3,695	3,695	3,695	3,695	3,695	4,017

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 for the annualized period and average equity attributable to controlled properties.
4. Return on assets: Defined as the quotient between profit attributable to controlled companies for the annualized period 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 reached MCH\$12,117,911 as of September 2020, +0.8% YTD. Of these assets, 55.2% are trade and other receivables, primarily the Bank's loan portfolio. As of September 2020, this item reached MCH\$6,688,361, +2.0% YTD, driven by +4.3% YTD growth in loans as explained on page 8.

Furthermore, 32.6% 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 September 2020, other current financial assets reached MCH\$3,945,393, +5.7% YTD, because of the rise of 17.1% YTD in the Bank's current financial assets, which totaled MCH\$1,366,246 as of September 2020, and an increase of 0.5% YTD in the investment portfolio for the insurance company's technical reserves, which reached MCH\$2,578,214 as of September 2020.

As of September 2020, total consolidated liabilities reached MCH\$11,255,703, +0.3 YTD. Of those, 63.3% 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 September 2020, other current financial liabilities reached MCH\$7,129,651, -0.8% YTD.

Of total liabilities, 25.0% were trade and other payables, which are primarily the technical reserves of Vida Security and Protecta Security. As of September 2020, trade payables totaled MCH\$2,813,630 (-0.7% YTD), as a result of the 1.3% YTD decrease in life insurance technical reserves, which totaled MCH\$2,650,661, in keeping with lower activity levels at Vida Security, as explained on pages 16 to 22. There were also greater reserves at Protecta Security, in line with greater sales of private annuities, as discussed on page 24 of this report.

Grupo Security's equity totaled MCH\$833,379 as of September 2020, +8.3% YTD, because of the capital increase carried out between July and August 2020, which raised MCH\$51,555, with a subscription rate of 78% of the issuance.

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 September 2020, this ratio was 0.3514, -89 bps 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. As of September 2020, the consolidated financial expense coverage ratio was 6.04, -33.7% YoY due to a -36.4% YoY variation in profit before tax.

As of September 2020, revenue was MCH\$774,611, -8.6% YoY. Of this, 21.6% corresponds to gross written premiums from Vida Security, which fell 13.7% due to a drop in annuity and group insurance sales, offset by growth in individual premiums, as explained on pages 16 to 22. In addition, 36.2% of revenue was from interest and indexation on Bank loans, which fell 5.2% YoY, due to lower interest rates, loan deferrals and a high prepayment volume in 2019, as explained on pages 5 to 15. On the other hand, 7.8% of consolidated revenue corresponds to other interest income earned mainly on Vida Security's investment portfolio, which had lower returns on investments, as mentioned on pages 16 to 22.

For 9M20, profit attributable to owners of the parent was MCH\$47,772, -21.7% YoY, while EBITDA reached MCH\$75,175 (-28.2% YoY). As of September 2020, return on equity was 8.0%, -307 bps YoY, and return on assets was 0.52%, -22 bps YoY, with earnings per share of CH \$17.2, -23.9% 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 Travel Perú, 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 September 2020, 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 MCH\$204,832,735 (MCH\$187,446,006 excluding foreign subsidiaries). Equity totaled MCH\$22,202,313, while profit for 9M20 was MCH\$803,046, with return on average equity¹¹ of 6.1%. The industry reported an efficiency ratio of 48.1% measured as support expenses over gross operating profit, and 1.6% measured as support expenses over total assets. The banking system posted a risk ratio of 2.68%, measured as loan loss provisions to total loans, and 1.75%, measured as 90-day nonperforming loans to total loans. As of September 2020, Banco Security had total loans of MCH\$6,311,948, 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 September 2020, the mutual fund industry reported average assets under management of MCH\$50,715,066 and 2,605,715 investors. Administradora General de Fondos Security boasted average assets under management of MCH\$2,610,981 as of September 2020, giving it a market share of 5.1% and an eighth place industry ranking among the 20 fund managers operating in the market.

¹¹ Annualized profit for the period over average equity for the period

STOCK BROKERAGE INDUSTRY

During the first nine months of 2020, market activity measured as value of shares traded increased 18.7% in comparison to 9M19, reaching BCH \$48,311. Value of shares traded for Valores Security Corredores de Bolsa for the same period totaled BCH \$960 with market share of 2.0%. Market share is calculated based on transactions on Santiago Exchange and the Chilean Electronic Stock Exchange.

LIFE INSURANCE INDUSTRY

As of September 2020, there were 35 life insurance companies in Chile. Total gross written premiums for the industry were MCH\$3,564,115. The life insurance industry posted profit of MCH\$328,436 for the period ended September 2020. For the same period, Vida Security had market share of 4.7% 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 September 2020, investments accounted for using the equity method in the Consolidated Statements of Financial Position represent approximately 0.01% of total assets.

Goodwill, which represents the difference between the acquisition cost and the fair value of assets and liabilities, totaled MCH\$119,067 as of September 2020, 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 September 2020, Grupo Security had received the following dividends from subsidiaries: MCH\$23,084 (30% of 2019 profit) from Banco Security and MCH\$5,502 from Factoring Security (60% of 2019 profit).

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 September 30, 2020, 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 September 30, 2020, 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

