

Grupo Security Earnings Report

Grupo Security Reports 2020 Profit of MCH\$65,146 (-19.7% YoY).

Santiago, Chile – February 26, 2021. Grupo Security S.A., (BCS: SECURITY; BBG: SECUR).

Grupo Security's CEO, Renato Peñafiel, commented, "In a challenging context, Grupo Security reported profit of MCH\$65,146. These results were generated mainly during the second half of the year, with MCH\$17,328 earned in the first half and CH\$47,819 in the second, reflecting the pace at which Group companies adapted to the contingency and expenses for structural adjustments. In addition, in 2020 all Grupo Security companies implemented a savings plan and structural adjustments to improve their efficiency ratios. This plan involved cutting total expenses by MCH\$3,675 in 2020 and included MCH\$14,491 in termination benefits. In addition, given the context of risk, additional provisions were recorded on the bank and factoring subsidiary's loan portfolios, and market value adjustments were made to Vida Security and Banco Security's financial investment portfolios.

Amidst the challenging circumstances in 2020, the companies' commercial efforts helped contain the impact on the Group's consolidated revenue, down 5.7% to MCH\$1,090,053. Profit from related companies declined 12.1% YoY, explained by the effects of termination benefits, increased provisions and adjustments to investment portfolios."

- Banco Security reported consolidated profit of MCH\$60,150 for 12M20, -21.8% YoY, which compares favorably with the industry, where earnings fell 52.9%. Banco Security's market share was 3.4% as of December 2020, similar to last year's figure. Commercial loans expanded 6.2% YoY, with market share in its target segment of medium and large companies of 6.2%¹.
- Its risk ratio, measured as provisions to loans, was 1.97% as of December 2020 (+ 31bps YoY), which compares favorably to the banking system's 2.71%. The upturn in the coverage ratio for the NPL portfolio—measured as provisions over the NPL portfolio—was 112.0% as of December 2020 (76.4% as of September 2020). Including additional provisions recorded during the year, the ratio rose to 115.7%. Banco Security maintained one of the local financial industry's lowest levels of loan loss provisions because of its high collateral coverage in relation to the rest of the sector.
- Banco Security's consolidated efficiency ratio was 47.2% as of December 2020 (-25 bps YoY), below the industry figure of 48.9%. Efficiency improved gradually during the second half of the year to 45.7% in 3Q20 and 43.3% in 4Q20. The Bank posted an ROAE as of December 2020 of 9.4% (-348 bps YoY), versus 5.6% for the industry (-674 bps YoY).
- Factoring Security reported profit of MCH\$9,471 for 12M20, +3.3% YoY, despite a drop of -12.5% YoY in factored receivables due to a decelerating economy, offset by larger spreads.
- Vida Security reported profit of MCH\$23,529 for 12M20 (+16.8% YoY), thanks to improved technical results across all businesses, particularly group insurance (+17.3% YoY) and disability and survivor insurance, offset partially by lower investment income (-25.7% YoY).
- For 12M20, Protecta Security reported profit of MS./ 23.1 (+2.5% YoY). Protecta Security has 23.6% market share in annuities, positioning it second in sales in the Peruvian market.
- The asset management area, including Securitizadora Security, reported profit of MCH\$6,174 for 12M20, up 903% over the same period last year due to lower total expenses of MCH\$35,168 (-18.5% YoY). Total expenses in 2019 included operational risk expense by the brokerage subsidiary. In 2020, AGF Security moved up from 10th to 5th place in the ranking of fund managers by average returns².
- Meanwhile, Inmobiliaria Security posted profit of MCH\$6,038 for 12M20 explained by legal title transferred on more projects during the third and fourth quarters (96 and 72 units), as a result of districts easing lockdown restrictions and resuming municipal functions such as approving projects.
- Travel Security reported a loss of -MCH\$4,742 for 12M20 (versus MCH\$4,020 in 2019) because of declining sales due to the public health crisis and expenses to adapt its structure to a primarily digital sales model, watchful of how the industry will evolve.

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

² Ranking published by El Mercurio Inversiones on January 9, 2021.

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 concluded, 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\$55,568 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.

In a process to simplify the corporate organizational structure, on November 30th the following mergers took place: Inversiones Previsión Security absorbed Servicios Security, Capital absorbed Asesorías Security and Travel Security absorbed Representaciones Security.

On December 17, 2020, Gustavo Pavez Rodríguez resigned from Banco Security's board, which appointed Juan Cristóbal Pavez Recart to replace him.

On February 22, 2021, Jorge Meyer De Pablo resigned from the position of CEO of Securitizadora Security and Inmobiliaria Casanuestra effective February 28, 2021, to take on the role of Investment Manager of AGF Security. Fiorella Battilana Ferla will replace him as CEO of Securitizadora Security and Inmobiliaria Casanuestra.

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GRUPO SECURITY EARNINGS REPORT FOR 4Q20 AND 2020

Grupo Security posted profit of MCH\$65,146 for 12M20 (-19.7% YoY) and MCH\$17,374 for 4Q20 (-42.9% QoQ). EBITDA totaled MCH\$105,586 for 12M20 (-23.9% YoY) and MCH\$30,411 for 4Q20 (-35.4% QoQ).

The Group posted an ROAE as of December 2020 of 8.1% (10.8% as of December 2019). Profit from the Group's business areas reached MCH\$96,641 (-12.1% YoY).

Grupo Security posted profit of MCH\$ 65,146 for 12M20 (-19.7% YoY), due to lower profit from the Group's business areas of MCH\$96,641 (-12.1% YoY) as explained throughout this document. In addition, Group and support area expenses reached MCH\$13,001 (+8.5% YoY) due to greater expenditures for termination benefits and a rise in finance costs to MCH\$13,253 (+7.7% YoY), in line with greater liabilities. Furthermore, the adjustment for support companies was a loss of -MCH\$1,749 for 12M20, due to termination benefits, which were partially offset by tax refunds.

For the quarter, Grupo Security posted profit of MCH\$17,374 (-42.9% QoQ), explained by reduced profit from business areas during the quarter (-23.4% QoQ). It deserves mentioning that 3Q20 is a high basis of comparison. In addition, the line item taxes and others totaled MCH\$360 for 4Q20 (-MCH\$1,249 for 3Q20) because of tax refunds in 4Q20.

(MCH\$)	4Q20	3Q20	4Q19	% Chg.		Dec-20	Dec-19	% Chg. YoY
				QoQ	YoY			
Business areas profit	29,051	37,941	25,944	-23.4%	12.0%	96,641	109,888	-12.1%
Support areas and group expenses	-3,984	-2,749	-3,474	44.9%	14.7%	-13,001	-11,980	8.5%
Finance costs	-3,324	-3,455	-3,341	-3.8%	-0.5%	-13,253	-12,308	7.7%
Indexation units	-4,293	-122	-2,375	3425.7%	80.8%	-7,896	-6,997	12.8%
Support areas adjustments	-437	78	1,578	-660.6%	-	-1,749	1,009	-
Taxes and others	360	-1,249	1,797	-	-80.0%	4,404	1,544	185.2%
Grupo Security Profit	17,374	30,445	20,130	-42.9%	-13.7%	65,146	81,156	-19.7%
EBITDA	29,509	47,106	34,059	-37.4%	-13.4%	104,685	138,799	-24.6%

From a consolidated perspective, Grupo Security reported total revenue of MCH\$1,090,053 for 12M20 (-5.7% YoY), because of lower revenue from direct premiums, explained on pages 20-26 of this report. Banco Security's revenue also fell 4.7% due to lower interest rates, loan deferrals and high prepayment volumes in 2019, as discussed on pages 6-17.

As for consolidated cost of sales, this figure reached MCH\$738,041 for 12M20 (-4.2% YoY). The main effect corresponds to cost of sales from Vida Security and Protecta, which fell 12.5% YoY. In particular, Vida Security's revenue declined in line with the drop in claims and pensions paid and underwriting expenses because of lower sales, as explained on pages 20-26. Furthermore, cost of sales at Banco Security was down 11.5% YoY due to lower cost of funds, as described on page 6 of this document. Meanwhile, cost of sales at Factoring Security fell 36.5%, in line with lower cost of funds and lower volumes of factored receivables. These effects were partially offset by a rise in loan loss provisions at Banco Security, as explained on pages 8-10.

Consolidated statement of income* (MCH\$)	4Q20	3Q20	4Q19	% Chg		Dec-20	Dec-19	% Chg
				QoQ	YoY			
Revenue	315,441	276,725	308,024	14.0%	2.4%	1,090,053	1,155,867	-5.7%
Banco Security - Revenue ¹	135,678	109,173	136,265	24.3%	-0.4%	494,267	518,813	-4.7%
Vida Security & Protecta - Gross premium	78,126	74,625	76,824	4.7%	1.7%	311,867	330,726	-5.7%
Vida Security & Protecta - Interest & investment income	39,403	35,777	23,126	10.1%	70.4%	120,146	139,618	-13.9%
Factoring Security - Revenue	6,486	6,917	9,259	-6.2%	-29.9%	32,364	35,426	-8.6%
Other revenue	55,748	50,234	62,549	11.0%	-10.9%	131,408	131,284	0.1%
Cost of sales	- 231,634	- 165,755	- 214,091	39.7%	8.2%	-738,041	-774,866	-4.8%
Banco Security - Cost of sales ²	- 67,944	- 27,083	- 66,333	150.9%	2.4%	-212,448	-240,031	-11.5%
Banco Security - LLP expenses	- 22,497	- 22,080	- 16,827	1.9%	33.7%	-71,699	-46,097	55.5%
Vida Security & Protecta - Cost of sales ³	- 117,881	- 86,419	- 113,930	36.4%	3.5%	-377,913	-431,679	-12.5%
Factoring - Cost of sales ⁴	- 196	- 1,114	- 2,260	-82.4%	-91.3%	-6,099	-9,602	-36.5%
Other costs	- 23,116	- 29,059	- 14,741	-20.5%	56.8%	-69,882	-47,458	47.3%
Gross profit	83,807	110,971	93,932	-24.5%	-10.8%	352,012	381,000	-7.6%
Total expenses	- 54,419	- 61,232	- 64,868	-11.1%	-16.1%	-243,362	-247,037	-1.5%
Personnel expenses	- 30,717	- 33,429	- 32,869	-8.1%	-6.5%	-131,342	-123,019	6.8%
Administrative expenses	- 23,702	- 27,803	- 31,999	-14.8%	-25.9%	-112,020	-124,018	-9.7%
Operational profit	27,114	47,789	28,401	-43.3%	-4.5%	99,209	124,442	-20.3%
Finance costs	- 3,652	- 3,747	- 3,695	-2.5%	-1.1%	-14,465	-14,260	1.4%
Profit before tax	22,569	39,960	27,321	-43.5%	-17.4%	77,072	112,973	-31.8%
Profit (loss) attributable to equity holders of the parent	17,374	30,445	20,130	-42.9%	-13.7%	65,146	81,156	-19.7%

*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.

In 2020 Grupo Security implemented a savings plan in all subsidiaries. The plan involved one-time savings during 2020 and efficiency efforts for future years, including structural adjustments in the Group's main businesses. Along this line, total expenses reached MCH\$243,362 for 12M20 (-1.5% YoY), reflecting efforts made during the year that resulted in savings of MCH\$19,000. Administrative expenses were down 9.7% YoY. This effect was partly offset by a 6.8% increase in consolidated payroll expenses because of greater employee termination expenses of MCH\$14,491 during the year. Payroll expenses for 4Q20 of MCH\$30,717 (-8.1% QoQ, -6.5% YoY) already reflect the effects of structural adjustments made during the year.

Grupo Security	feb-24-21 ¹	Dec-20	Sep-20	Dec-19	% Chg	
					QoQ	YoY
Share Price (Ch\$)	156.02	131.93	129.9	195.6	1.6%	-32.6%
Number of Shares (millions)	4,042	4,042	4,017	3,695	0.6%	9.4%
Free float	27.6%	27.6%	27.8%	27.0%	-20 p	60 p
Profit per share	16.1	16.5	17.2	22.0	-4.5%	-25.0%
Price-earnings ratio	9.7	8.0	7.5	8.9	6.4%	-10.1%
Price / Book value	0.73	0.62	0.61	0.91	2.2%	-31.8%
Employees	3,241	3,256	3,304	3,961	-1.5%	-17.8%

¹Total equity and profit for the period as of dec-20. Employee number as of January 31, 2021

Grupo Security Indicators In MCH\$	Dec-20	Sep-20	Dec-19	% Chg	
				QoQ	YoY
Banco - Total Loans	6,228,083	6,311,948	6,051,817	-1.3%	2.9%
Industry - Total Loans ¹	185,091,882	187,446,006	180,057,437	-1.3%	2.8%
Inversiones - AUM Mutual Funds	2,789,219	2,610,981	2,660,717	6.8%	4.8%
Industry - AUM Mutual Funds	51,307,877	50,715,066	45,052,916	1.2%	13.9%
Vida - Investment Portfolio ²	2,643,190	2,623,494	2,614,008	0.8%	1.1%
Industry (life insurance) - Investment Portfolio	-	46,030,086	45,208,815	-	-
Factoring - Factored Receivables	360,084	329,150	411,703	9.4%	-12.5%

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

²Not available as of the date of publication of this report.

Grupo Security Indicators Statement of Income	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg
				QoQ	YoY			
Banco - Net Interest Margin	50,029	51,435	47,523	-2.7%	5.3%	196,322	182,435	7.6%
Banco - Net Fees	13,721	12,964	15,085	5.8%	-9.0%	57,812	67,277	-14.1%
Banco - Operating Expenses	-32,733	-34,588	-33,804	-5.4%	-3.2%	-134,127	-132,955	0.9%
Banco - Net Provision Expenses	-22,498	-20,095	-12,350	12.0%	82.2%	-70,288	-41,891	67.8%
Vida - Direct Premium	62,383	53,319	64,463	17.0%	-3.2%	229,392	257,999	-11.1%
Vida - Claims Paid	-34,590	-15,991	-51,828	116.3%	-33.3%	-104,951	-136,306	-23.0%
Vida - Pensions Paid	-23,546	-26,970	-21,813	-12.7%	7.9%	-104,490	-138,614	-24.6%
Vida - Investment Income	44,637	40,481	32,649	10.3%	36.7%	107,929	145,276	-25.7%
Factoring - Revenue	6,486	6,911	9,264	-6.2%	-30.0%	32,373	35,433	-8.6%

Ratios	Dec-20	Sep-20	Dec-19	% Chg	
				QoQ	YoY
Grupo - ROE	7.8%	8.0%	10.8%	-17 p	-303 p
Banco (Consolidated) - ROAE	9.4%	9.3%	12.9%	8 p	-348 p
Factoring - ROE	17.4%	18.6%	18.6%	-125 p	-120 p
Vida - ROAE	11.7%	10.8%	10.8%	88 p	83 p
Travel - ROE	-	-	37.9%	-	-
Grupo - Leverage	35.6%	35.1%	35.1%	50 p	54 p
Banco - Efficiency	47.2%	48.6%	47.5%	-142 p	-25 p
Factoring - Efficiency	43.7%	42.2%	42.2%	156 p	153 p
Banco - Non-Performing Loans	1.76%	2.39%	1.55%	-63 p	21 p
Banco - Risk Index	1.97%	1.83%	1.66%	14 p	31 p
Factoring - Risk Index	1.68%	2.29%	1.86%	-62 p	-19 p
Banco - BIS Tier I Ratio	7.8%	7.4%	7.1%	47 p	72 p
Banco - BIS Tier II Ratio	14.1%	13.4%	12.3%	70 p	175 p

Earnings from Related Companies (In Ch\$ Million)

	4Q20	3Q20	4Q19	% Chg		Dec-20	Dec-19	% Chg
				QoQ	YoY			
Lending Area								
Banco Security (standalone)	14,462	13,720	20,737	5.4%	-30.3%	54,989	77,581	-29.1%
Factoring Security	2,071	1,832	2,353	13.1%	-12.0%	9,471	9,171	3.3%
Asset Management Area								
Valores Security	344	293	-3,089	17.6%	-111.1%	1,325	-5,834	-
AGF Security	1,123	716	722	56.9%	55.4%	3,838	5,210	-26.3%
Securizadora Security & CasaNt	1,450	2	1,974	-	-26.5%	903	1,096	-17.6%
Insurance Area								
Vida Security	7,054	18,467	1,646	-61.8%	328.7%	23,529	20,146	16.8%
Servicios Security	121	145	86	-16.9%	40.9%	607	819	-25.9%
Other Services								
Inmobiliaria Security	2,800	3,752	-681	-25.4%	-	6,038	-2,214	-
Travel Security	-467	-1,504	1,527	-	-	-4,742	4,020	-
International Business								
Protecta Security (S./ Th.)	13,206	5,282	11,453	150.0%	15.3%	23,143	22,572	2.5%
Travex Security (S./ Th.)	600	-1,741	-322	-	-	-5,999	72	-
Grupo Security Profit¹	17,374	30,445	20,130	-42.9%	-13.7%	65,146	81,156	-19.7%

- (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 (70.0% of assets; 66.7% of profit from business areas as of December 2020)

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 12M20, Banco Security reported consolidated profit attributable to owners of the parent of MCH\$60,150, -21.8% YoY. Banco Security's standalone profit (excluding subsidiaries AGF Security and Valores Security Corredores de Bolsa) was MCH\$54,989, -29.1% YoY.

Banco Security's ROAE (profit LTM over average equity) was 9.4%, -348 bps YoY, which compares favorably to the industry's 5.6% (-674 bps YoY).

Banco Security - Consolidated Statement of Income

Banco Security posted consolidated profit of MCH\$60,150 for 12M20 (-21.8% YoY) and MCH\$15,930 for 4Q20 (+8.2% QoQ).

<i>In Ch\$ Million</i>	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg
				QoQ	YoY			YoY
Net interest margin	50,029	51,435	47,523	-2.7%	5.3%	196,322	182,435	7.6%
Net Fees	13,721	12,964	15,085	5.8%	-9.0%	57,812	67,277	-14.1%
Net financial Operating Income	6,505	14,719	5,248	-55.8%	24.0%	26,118	24,078	8.5%
Net foreign exchange transactions	5,146	-4,217	6,257	-	-17.8%	5,801	10,461	-44.5%
Recovery of charged-off loans	1,126	1,185	925	-5.0%	21.7%	4,101	3,804	7.8%
Other net operating income	-1,495	-444	-2,407	-	-	-6,591	-7,884	-
Gross operating income	75,032	75,642	72,631	-0.8%	3.3%	283,563	280,171	1.2%
Loan loss provision expenses	-23,624	-21,280	-13,275	11.0%	78.0%	-74,389	-45,695	62.8%
Administrative expenses	-32,460	-34,589	-33,804	-6.2%	-4.0%	-133,855	-132,955	0.7%
Net operating income	18,948	19,773	25,552	-4.2%	-25.8%	75,319	101,521	-25.8%
Income attributable to investments in other companies	10	0	0	-	-	12	18	-
Profit before tax	18,958	19,773	25,552	-4.1%	-25.8%	75,331	101,539	-25.8%
Income tax expense	-3,028	-5,045	-7,182	-40.0%	-57.8%	-15,179	-24,582	-38.3%
Profit for the period	15,930	14,728	18,370	8.2%	-13.3%	60,152	76,957	-21.8%
Profit attributable to owners of the parent	15,929	14,728	18,373	8.2%	-13.3%	60,150	76,963	-21.8%

For 12M20 the Bank reported a net interest margin of MCH\$196,322 (+7.6% YoY), driven by lower interest and indexation expense (-12.7% YoY), which more than offset the drop in interest and indexation income (-3.6% YoY). Interest and indexation income reached MCH\$391,753 (-3.6% YoY), due to a drop in revenue from consumer loans (-18.6% YoY), in line with a 15.9% decline in loan volumes. In addition, revenue from commercial loans fell 2.0% because of lower interest rates, loan deferrals and high prepayment volumes in 2019, which results in lower accruals in 2020, partly offset by growth in commercial loans during the year (+6.2% YoY). Interest and indexation expense totaled MCH\$195,431 (-12.7% YoY) because of the lower cost of Chilean Central Bank funding lines, lower volumes of time deposits (-37.8% YoY) and lower interest rates. As a reference, the MPR was 0.5% as of December 2020 versus 1.75% as of December 2019.

For the quarter, the interest margin totaled MCH\$50,029 (-2.7% QoQ). Income and indexation income reached MCH\$111,615 (+45.2% QoQ) because of a rise in indexation due to quarterly inflation (3Q20 0.04% vs 4Q20 1.26%). This effect was offset by greater interest and indexation expense of MCH\$61,586 (+142.0% QoQ), due to greater indexation because of higher inflation (3Q20 0.04% vs 4Q20 1.26%).

Net Interest Margin <i>In Ch\$ Million</i>	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg
				QoQ	YoY			
Interest and indexation income	111,615	76,880	110,586	45.2%	0.9%	391,753	406,221	-3.6%
Interest and indexation expenses	-61,586	-25,445	-63,063	142.0%	-2.3%	-195,431	-223,786	-12.7%
Net interest margin	50,029	51,435	47,523	-2.7%	5.3%	196,322	182,435	7.6%
Interest margin net of provisions	26,405	30,155	34,248	-12.4%	-22.9%	121,933	136,740	-10.8%
Net interest margin / total loans	3.21%	3.26%	3.14%	-5 p	7 p	3.15%	3.01%	14 p
Net interest margin net of provisions / Total loans	1.70%	1.91%	2.26%	-22 p	-57 p	1.96%	2.26%	-30 p

Interest and indexation income <i>In Ch\$ Millions</i>	4Q20	3Q20	4Q19	%Chg		Dec-20	Dec-19	% Chg
				QoQ	YoY			
Consumer	11,337	12,080	13,923	-6.2%	-18.6%	50,695	56,570	-10.4%
Mortgage	13,713	5,063	11,851	170.8%	15.7%	38,477	38,141	0.9%
Mortgage + Consumer	25,050	17,143	25,774	46.1%	-2.8%	89,172	94,711	-5.8%
Commercial	79,988	50,651	75,377	57.9%	6.1%	269,882	275,459	-2.0%

Interest and indexation income <i>In Ch\$ Millions</i>	4Q20	3Q20	4Q19	%Chg		Dec-20	Dec-19	% Chg
				QoQ	YoY			YoY
Consumer	9.91%	10.32%	10.24%	-41 p	-33 p	22.15%	20.80%	135 p
Mortgage	7.70%	2.90%	6.36%	481 p	134 p	10.81%	10.23%	58 p
Mortgage + Consumer	8.57%	5.87%	8.00%	269 p	57 p	15.25%	14.69%	56 p
Commercial	6.33%	3.94%	6.33%	239 p	-1 p	10.67%	11.57%	-90 p
Total	6.75%	4.30%	6.69%	245 p	6 p	11.53%	12.23%	-70 p

Net fees totaled MCH\$57,854 for 12M20 (-14.0% 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 up 6.1% QoQ, because of higher commissions from card services.

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, structured and currency instruments.

The line item other net operating loss was -MCH\$6,591 for 12M20 (vs. -MCH\$7,884 for 12M19), with a basis of comparison that includes operational risk expenses from the brokerage subsidiary in 2019. It also recorded greater provisions and write-offs for assets received in lieu of payment, along with decreased recovery of collections expenses.

In terms of credit risk, the year 2020 was marked by the economic impact of the pandemic. The slowdown in economic activity during the first half of the year weakened both portfolio quality and risk indicators. Despite this deterioration and additional provisions recorded, Banco Security continued to maintain one of the local financial industry's lowest levels of loan loss provisions because of its high collateral coverage in relation to the rest of the sector.

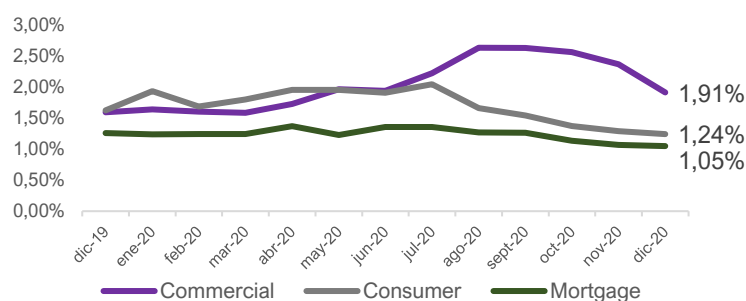
Institution	Loans ¹ MCH\$	Collaterals ² MCH\$	Provisions MCH\$	Collaterals / Loans	Provisions / Loans	(Collaterals+Provisions) / Loans
System	93,415,507	49,975,187	2,314,895	53.5%	2.5%	55.98%
Peer Banks ³	14,342,982	10,062,822	298,313	70.2%	2.1%	72.24%
Large Banks ⁴	77,324,336	40,103,821	1,991,581	51.9%	2.6%	54.44%
Banco Security	4,886,383	3,553,924	90,712	72.7%	1.86%	74.59%

1. Individually assessed commercial loans, information as of November 2020. 2. Internal estimate of individually assessed commercial loan portfolio based on report "Bank LLP Indicators" as of November, available at www.cmf.cl. 3. Peer banks: BICE, Consorcio, Internacional and Security. 4. Large banks: Chile, BCI, Estado, Itaú, Scotiabank and Santander.

Indicators	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Loan loss provisions / Total loans	1.66%	1.66%	1.67%	1.83%	1.97%
Non-performing loans / Total loans	1.55%	1.56%	1.87%	2.39%	1.76%
Impaired loans / Total loans	4.54%	4.79%	5.57%	6.26%	7.30%

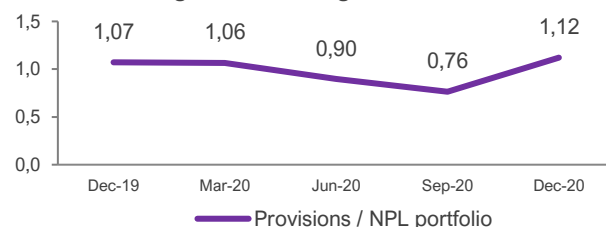
The ratios of loan loss provisions and impaired loans to total loans experienced upward trends, consistent with deteriorating economic activity. Nevertheless, as a result of Banco Security's efforts and relief measures from authorities, as well as improving economic conditions during the fourth quarter, the ratio of non-performing loans to total loans fell towards the end of the year. The following table shows the evolution of that index for each loan portfolio.

Evolution of Non-Performing Loans



As a result of the above and the Bank's use of conservative criteria that includes voluntary provisions, our ratios of loan loss provisions and impaired loans to total loans closed the year even higher than the figure as of year-end 2019.

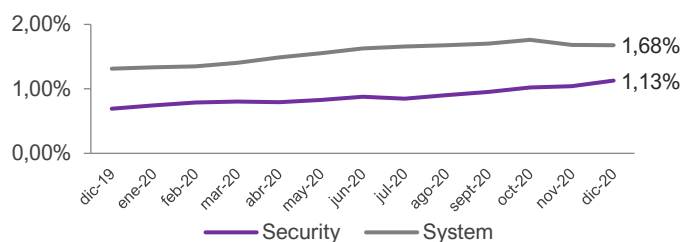
Non-Performing Loan Coverage



As mentioned, loan loss provisions rose sharply in 2020 to MCH\$70,288¹. This increase in loan loss provisions translated into an annual risk expense rate of 1.13% of the loan portfolio. Although greater than the 2019 figure, it continues to be significantly less than the industry, as observed in the following chart.

¹ Provisions net of recovery

LLP Expenses / Loans



Considering the relative importance of Banco Security's commercial portfolio in relation to total loans (81%), it deserves mentioning that the portfolio has one of the highest coverage ratios in the Chilean financial industry. This factor is one of the essential elements of Banco Security's risk management framework, since it enables the Bank to successfully navigate adverse economic cycles like in 2020.

For 2021 we expect economic conditions to gradually improve and help recuperate activity and portfolio risk levels. Nevertheless, we will still be dealing with the recession's impact on Chilean production, which will linger for some time.

In Ch\$ Million	4Q20	3Q20	4Q19	4Q19	QoQ	% Chg YTD	YoY
Consumer loans	457,704	468,432	543,953	543,953	-2.3%	-15.9%	-15.9%
Mortgage loans	712,074	699,126	745,550	745,550	1.9%	-4.5%	-4.5%
Commercial loans	5,057,580	5,144,150	4,761,744	4,761,744	-1.7%	6.2%	6.2%
Total Loans	6,228,083	6,311,948	6,051,817	6,051,817	-1.3%	2.9%	2.9%
Nonperforming loans - consumer	5,669	7,216	8,807	8,807	-21.4%	-35.6%	-35.6%
Nonperforming loans - mortgage	7,447	8,817	9,365	9,365	-15.5%	-20.5%	-20.5%
Nonperforming loans - commercial	96,431	135,047	75,643	75,643	-28.6%	27.5%	27.5%
Total nonperforming loans	109,547	151,080	93,815	93,815	-27.5%	16.8%	16.8%
Non-performing loans - consumer	1.24%	1.54%	1.62%	1.62%	-30 p	-38 p	-38 p
Non-performing loans - mortgage	1.05%	1.26%	1.26%	1.26%	-22 p	-21 p	-21 p
Non-performing loans - commercial	1.91%	2.63%	1.59%	1.59%	-72 p	32 p	32 p
Total nonperforming loans	1.76%	2.39%	1.55%	1.55%	-63 p	21 p	21 p
Gross provisions	170,437	149,479	137,705	137,705	14.0%	23.8%	23.8%
Write-offs	(47,694)	(34,093)	(37,179)	(37,179)	39.9%	28.3%	28.3%
Credit risk provisions	122,743	115,386	100,526	100,526	6.4%	22.1%	22.1%
Provisions - consumer (% total)	24,721	24,492	23,689	23,689	0.9%	4.4%	4.4%
Provisions - mortgage (% total)	1,136	1,072	1,469	1,469	6.0%	-22.7%	-22.7%
Provisions - commercial (% total)	96,886	89,822	75,368	75,368	7.9%	28.6%	28.6%
Credit risk provisions	122,743	115,386	100,526	100,526	6.4%	22.1%	22.1%
Coverage - consumer	436.1%	339.4%	269.0%	269.0%	9666 p	16709 p	16709 p
Coverage - mortgage	15.3%	12.2%	15.7%	15.7%	310 p	-43 p	-43 p
Coverage - commercial	100.5%	66.5%	99.6%	99.6%	3396 p	84 p	84 p
Coverage - total nonperforming loans¹	112.0%	76.4%	107.2%	107.2%	3567 p	489 p	489 p
Provisions / loans	1.97%	1.83%	1.66%	1.66%	14 p	31 p	31 p
Total impaired loans	7.30%	6.26%	4.54%	4.54%	104 p	276 p	276 p
Impaired loans - consumer	5.28%	5.88%	4.10%	4.10%	-61 p	118 p	118 p
Impaired loans - mortgage	1.60%	1.76%	1.56%	1.56%	-16 p	4 p	4 p
Impaired loans - commercial	8.29%	6.90%	5.06%	5.06%	139 p	323 p	323 p

¹ Credit risk provisions / Total nonperforming loans

In Ch\$ Million	4Q20	3Q20	4Q19	% Chg		2020	2019	%Chg YoY
				QoQ	YoY			
Consumer LLP expenses ²	(5,113)	(6,382)	(5,797)	-19.9%	-11.8%	(25,414)	(21,045)	20.8%
Mortgage LLP expenses ²	(267)	(36)	(381)	641.7%	-29.9%	(831)	(457)	81.8%
Commercial LLP expenses ²	(16,453)	(13,450)	(8,265)	22.3%	99.1%	(42,515)	(22,668)	87.6%
Others ³	(665)	(227)	2,093	-	-	(1,528)	2,279	-167.0%
Expense in total provisions²	(22,498)	(20,095)	(12,350)	12.0%	82.2%	(70,288)	(41,891)	67.8%
Consumer LLP / Loans	4.47%	5.45%	4.26%	-98 p	21 p	5.55%	3.87%	168 p
Mortgage LLP / Loans	0.15%	0.02%	0.20%	13 p	-5 p	0.12%	0.06%	6 p
Commercial LLP / Loans	1.30%	1.05%	0.69%	26 p	61 p	0.84%	0.48%	36 p
LLP expenses² / Loans	1.44%	1.27%	0.82%	17 p	63 p	1.13%	0.69%	44 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	0.16	5.40	2.21	1.92	1.97	1.05	1.24	1.91	1.76
Medium Banks*	0.20	4.06	1.13	2.11	1.93	1.48	0.88	1.64	1.52
Banking system	0.67	6.78	2.40	2.97	2.71	1.53	1.43	1.66	1.58

*Average for BICE, Security, Internacional, Consorcio

For 12M20, the Bank reported support expenses of MCH\$134,127 (+0.9% YoY). In 2020 all Grupo Security companies implemented a savings plan. This plan involved one-time savings during 2020 and efficiency efforts for future years, including structural adjustments. As a result, personnel expenses rose to MCH\$65,424 (+11.1% YoY), due to an increase in termination expenses. On the other hand, administrative expenses totaled MCH\$60,867 (-9.1% YoY), because of the savings efforts mentioned above and reduced business in retail banking. Finally, depreciation and amortization expense reached MCH\$7,836 (+9.9% YoY).

For the quarter, support expenses rose to MCH\$32,733 (-5.4% QoQ). Personnel expenses reached MCH\$16,019 (-6.5% QoQ), explained by a high basis of comparison because of termination benefits paid in 3Q20 as part of structural adjustments, offset by greater provisions for productivity bonuses, while administrative expenses totaled MCH\$14,720 (-4.9% QoQ) because of regulator contributions in 3Q20. Finally, depreciation and amortization expense reached MCH\$1,994 for 4Q20 (+1.2% QoQ).

In Ch\$ Millions	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg
				QoQ	YoY			
Personnel	-16,019	-17,136	-15,757	-6.5%	1.7%	-65,424	-58,875	11.1%
Administrative expenses	-14,720	-15,482	-16,160	-4.9%	-8.9%	-60,867	-66,947	-9.1%
Depreciation and amortization	-1,994	-1,970	-1,887	1.2%	5.7%	-7,836	-7,133	9.9%
Total operating expenses	-32,733	-34,588	-33,804	-5.4%	-3.2%	-134,127	-132,955	0.9%
Gross operating income	75,032	75,642	72,631	-0.8%	3.3%	283,563	280,171	1.2%
Operating expenses / Gross operating income	43.3%	45.7%	46.5%	-245 p	-327 p	47.2%	47.5%	-25 p

Banco Security's efficiency ratio, measured as operating expenses + other operating expenses over total operating income, was 47.2% for 12M20 (-25 bps YoY), an improvement over the banking industry's 48.9%, and 43.3% for 4Q20 (-245 bps QoQ).

For 12M20, the Bank had a smaller income tax expense (MCH\$15,179, -38.3% YoY), due to a drop in profit before tax (-25.8% YoY) and a lower effective tax rate because of increased price-level restatement of tax-basis equity.

Banco Security - Operating Segments

Banco Security Segment Note	Commercial Banking		Retail	Banking	Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19
<i>In Ch\$ Million</i>														
Net interest margin	102,250	96,169	59,841	67,122	45,325	27,925	-10,927	-8,455	196,489	182,760	30	-325	196,519	182,435
Δ% 12M20	6.3%		-10.8%		62.3%		29.2%		7.5%		-109.3%		7.7%	
Net Fees	18,567	20,872	14,919	20,582	-195	-317	930	483	34,221	41,619	23,633	25,658	57,854	67,277
Δ% 12M20	-11.0%		-27.5%		-38.3%		92.7%		-17.8%		-7.9%		-14.0%	
Net FX transactions and other income	8,957	8,455	2,161	1,574	19,048	17,257	-6,033	-2,596	24,133	24,690	8,399	2,397	32,532	27,087
Δ% 12M20	5.9%		37.3%		10.4%		132.4%		-2.3%		250.4%		20.1%	
Loan losses and foreclosed assets	-47,706	-11,142	-29,939	-28,408	-74	38	260	-2,811	-77,459	-42,323	0	0	-77,459	-42,323
Δ% 12M20	328.2%		5.4%		-		-109.2%		83.0%		-		83.0%	
Total operating income, net of credit risk prov.	82,068	114,353	46,982	60,870	64,104	44,903	-15,770	-13,380	177,384	206,746	32,062	27,730	209,446	234,476
Δ% 12M20	-28.2%		-22.8%		42.8%		17.9%		-14.2%		15.6%		-10.7%	
Operating expenses	-42,946	-38,436	-55,157	-58,440	-14,234	-12,595	4,373	4,237	-107,964	-105,234	-26,163	-27,721	-134,127	-132,955
Δ% 12M20	11.7%		-5.6%		13.0%		3.2%		2.6%		-5.6%		0.9%	
Net operating income	39,121	75,917	-8,174	2,430	49,870	32,308	-11,397	-9,144	69,420	101,512	5,899	9	75,319	101,521
Δ% 12M20	-48.5%		-436.4%		54.4%		24.6%		-31.6%		-		-25.8%	
Income tax expense	-8,138	-17,909	1,700	-573	-10,374	-7,622	2,368	2,152	-14,443	-23,952	-736	-630	-15,179	-24,582
Δ% 12M20	-54.6%		-396.6%		36.1%		10.0%		-39.7%		16.8%		-38.3%	
Profit attributable to equity holders of the bank	30,984	58,008	-6,474	1,857	39,496	24,687	-9,017	-6,974	54,989	77,578	5,161	-629	60,150	76,950
Δ% 12M20	-46.6%		-448.7%		60.0%		29.3%		-29.1%		-921.1%		-21.8%	

Banco Security Segment Note	Commercial Banking		Retail	Banking	Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	4Q-20	3Q-20	4Q-20	3Q-20	4Q-20	3Q-20	4Q-20	3Q-20	4Q-20	3Q-20	4Q-20	3Q-20	4Q-20	3Q-20
<i>In Ch\$ Million</i>														
Net interest margin	26,565	26,114	13,935	14,509	12,952	14,368	-3,349	-3,390	50,103	51,600	123	-165	50,226	51,435
Δ% 4Q20	1.7%		-4.0%		-9.8%		-1.2%		-2.9%		-174.6%		-2.3%	
Net Fees	4,335	3,825	3,506	3,274	-36	-56	89	810	7,894	7,852	5,868	5,113	13,762	12,965
Δ% 4Q20	13.3%		7.1%		-		-		0.5%		14.8%		6.1%	
Net FX transactions and other income	2,355	2,580	121	145	8,261	7,515	-439	-926	10,298	9,312	3,028	2,421	13,326	11,733
Δ% 4Q20	-8.7%		-16.7%		9.9%		-52.6%		10.6%		25.1%		13.6%	
Loan losses and foreclosed assets	-17,351	-15,046	-8,280	-7,114	-3	-5	0	394	-25,634	-21,770	0	0	-25,634	-21,771
Δ% 4Q20	15.3%		16.4%		-		-		17.7%		-		17.7%	
Total operating income, net of credit risk prov.	15,904	17,471	9,281	10,813	21,174	21,822	-3,699	-3,113	42,661	46,994	9,019	7,369	51,680	54,362
Δ% 4Q20	-9.0%		-14.2%		-3.0%		18.8%		-9.2%		22.4%		-4.9%	
Operating expenses	-10,158	-11,321	-13,310	-14,268	-3,280	-3,444	1,402	518	-25,347	-28,513	-7,385	-6,076	-32,732	-34,589
Δ% 4Q20	-10.3%		-6.7%		-4.8%		170.6%		-11.1%		21.5%		-5.4%	
Net operating income	5,746	6,152	-4,029	-3,454	17,894	18,378	-2,297	-2,595	17,314	18,481	1,634	1,293	18,948	19,773
Δ% 4Q20	-6.6%		-		-2.6%		-11.5%		-6.3%		26.4%		-4.2%	
Income tax expense	-719	-1,898	779	781	-3,266	-4,350	346	703	-2,860	-4,763	-168	-282	-3,028	-5,045
Δ% 4Q20	-62.1%		-0.3%		-24.9%		-50.7%		-40.0%		-40.4%		-40.0%	
Profit attributable to equity holders of the bank	5,027	4,254	-3,250	-2,673	14,628	14,029	-1,941	-1,892	14,464	13,718	1,466	1,011	15,930	14,727
Δ% 4Q20	18.2%		21.6%		4.3%		2.6%		5.4%		45.0%		8.2%	

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 December 2020, the Bank's commercial loans were up 6.2% YoY to BCH\$5,057, while the industry's commercial loans grew 3.6% YoY. Including foreign subsidiaries, the industry's commercial loans grew 4.1% YoY. Banco Security's market share in commercial loans was 4.9% as of December 2020², while its market share in its target segment of medium and large companies was 6.1%³. The Commercial Banking Division had 8,023 customers as of December 2020 (-3.2% YoY).

The first public bidding process for the FOGAPE COVID-19 state-backed credit line was held on April 28, 2020. The program was created to provide liquidity to companies with annual sales of up to UF 1 million. During the year, Banco Security granted 457 FOGAPE loans for a total of MCH\$55,626, representing 19% growth in commercial loans YoY. Excluding these loans, Banco

Commercial Loans by Economic Sector	% Total
Financial services and insurance	16.1%
Construction and real estate	19.2%
corporate services	17.8%
Social services	12.2%
Wholesale and retail trade	10.2%
Manufacturing	6.2%
Transportation	6.6%
Utilities	4.2%
Agriculture and livestock	3.6%
Fishing	1.4%
Mining	1.6%
Telecom	0.5%
Forestry	0.2%
Total commercial loans	100%

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).

Security's commercial loans grew 5.0% YoY, reflecting a strong commercial performance in comparison to the industry's 4.5% YoY decline.

The Commercial Banking Division posted profit of MCH\$30,984 for 12M20 (-46.6% YoY). This weaker result is explained mainly by increased provision expenses, totaling MCH\$47,706 for 12M20 compared to MCH\$11,142 for 12M19 (see pages 8-10 for more information). It is important to note that 12M19 represents a low basis of comparison due to provisions reversed in 1Q19. Also, support expenses rose +11.7% YoY to MCH\$42,946 because of termination benefits following the structural changes mentioned above and increased personnel expenses in 1Q20 for 2019 performance bonuses. The division also recognized lower net fees of MCH\$18,567 (-11.0% YoY), explained by reduced business. This was not fully offset by a higher net interest margin of MCH\$ 102,250 for 12M20 (+6.3% YoY) due to increased commercial loans (+6.2% YoY) and a larger average spread. The line item financial operating income, net FX transactions and other income rose to MCH\$8,957 (+5.9% YoY), because of a larger spread resulting from exchange rate volatility.

For the quarter, the commercial banking division reported profit of MCH\$5,027 (+18.2% QoQ) explained by lower support expenses of MCH\$10,158 (-10.3% QoQ) due to a drop in personnel expenses, and a high basis of comparison because of termination benefits paid in 3Q20. In addition, the division reported greater net fees of MCH\$4,335 (+13.3% QoQ) because of increased business with respect to 3Q20 and a stable net interest margin of MCH\$26,565 (+1.7% QoQ). These effects were only partially offset by greater LLP expense of MCH\$17,351 (+15.3% QoQ).

Retail Banking

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

As of December 2020, the Bank had total retail loans (consumer + mortgage) of BCH\$1,170 (-9.3% YoY), driven by consumer (-15.9% YoY) and mortgage (-4.5% YoY) loans, representing 7.3% and 11.4% of the Bank's total loans, respectively. For the industry, retail loans increased 0.8% YoY, driven by growth in mortgage loans (+8.1% YoY), partially offset by consumer loans (-13.9% YoY). Including foreign subsidiaries, the industry's retail loans grew +0.4% YoY. Banco Security achieved a market share of 4.0%⁴ in its target segment of high-income individuals as of December 31, 2020. The Retail Banking Division had 67,496 customers as of December 2020 (-4.4% YoY).

The retail banking division reported a loss of -MCH\$6,474 for 12M20 (loss of -MCH\$1,857 for 12M19) due to a decrease in the net interest margin and net fees. The division's net interest margin fell to MCH\$59,841 (-10.8% YoY), explained by a contraction in consumer loans (-15.9% YoY). Net fees fell to MCH\$14,919 (-27.5% YoY), due to a decline in supplementary loan insurance products. Finally, LLP expenses reached MCH\$21,659 (+13.1% YoY). For more information, see pages 8-10 of this report. That increase was partially offset by lower support expenses of MCH\$55,157 (-5.6% YoY) due to reduced business and the savings plan implemented organization-wide by Grupo Security. It also reported an increase in financial operating income, net FX transactions and other income, which totaled MCH\$2,161 for 12M20 (+37.3% YoY), because of higher sales of mortgage bonds.

The retail banking division reported a loss of -MCH\$3,250 for 4Q20 (vs -MCH\$2,673 for 3Q20) because of a rise in LLP expenses

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).

of MCH\$8,280 (+16.4% QoQ) and a lower net interest margin of MCH\$13,935 (-4.0% QoQ) due to a smaller spread. These effects only partially offset lower support expenses of MCH\$13,310 (-6.7% QoQ), with a high basis of comparison because of termination benefits paid in 3Q20. In addition, the division reported greater net fees of MCH\$3,506 (+7.1% QoQ) because of increased credit card and current account activity, partly offset by reduced revenue from supplementary loan insurance products.

Treasury

In March 2020, the Chilean Central Bank announced the creation of the Credit Facility Conditional on Increased Lending (FCIC) to inject liquidity into the economy, accepting a broad range of fixed-income instruments as collateral for that financing. In this context, Banco Security's board of directors approved a temporary increase in limits for the Treasury's investment portfolios, and broadened risk limits to access low-risk instruments at attractive prices given current market conditions. Portfolio growth allowed it to access Chilean Central Bank financing using these instruments as collateral and also take advantage of that portfolio's accrual spread and potential capital gains should interest rates return to normal, pre-pandemic levels.

For 12M20, the treasury area reported profit of MCH\$39,496 (+60.0% YoY), explained by higher net operating income of MCH\$64,104 (+42.8% YoY), due to growth in its proprietary investment portfolio, sales of corporate and bank bonds, structured deals in the distribution area and strong results from short-term inflation positions, coupled with the effects of MPR cuts (December 2020 0.5% vs December 2019 1.75%) and financing facilities provided by the Chilean Central Bank. The division reported support expenses of MCH\$14,234 (+13.0% YoY).

For 4Q20, it reported profit of MCH\$14,628 (+4.3% QoQ). Net operating income totaled MCH\$21,213 (-3.1% QoQ) explained by a drop in prepayments and higher cost of international funds. That was offset by higher inflation during the period (3Q20 0.04% vs 4Q20 1.26%) and favorable results from short-term inflation positions. Support expenses fell to MCH\$3,280 (-4.8% QoQ) due to lower financial risk expenses. Lastly, it had a lower effective tax rate (18.3% in 4Q20 vs 23.7% in 3Q20) because of price-level restatement of equity due to higher inflation during the quarter (1.26% in 4Q20 vs 0.04% in 3Q20).

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. ALM represented 49.5% of treasury income in 2020. 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).

Banco Security's Loan Portfolio

Total loans reached MCH\$6,228,083 as of December 2020, +2.9% YoY, while industry loans were up +2.8% YoY. Including foreign investments, industry loans grew +2.3% YoY. Commercial loans grew 6.2% YoY, to MCH\$5,057,580 (81.2% of Banco Security's total loan portfolio), while retail loans (consumer + mortgage) reached MCH\$1,169,778 as of December 2020, -9.3% YoY. The 20 largest borrowers represent 11.6% of the Bank's total loan portfolio.

Total Loans In Ch\$ Millions	Dec-20	Sep-20	Dec-19	%Chg	
				QoQ	YoY
Consumer	457,704	468,432	543,953	-2.3%	-15.9%
Mortgage	712,074	699,126	745,550	1.9%	-4.5%
Mortgage + Consumer	1,169,778	1,167,558	1,289,503	0.2%	-9.3%
No. Customers	67,496	68,153	70,633	-1.0%	-4.4%
Commercial	5,057,580	5,144,150	4,761,744	-1.7%	6.2%
No. Customers	8,023	8,082	8,291	-0.7%	-3.2%
Total Loans	6,228,083	6,311,948	6,051,817	-1.3%	2.9%
Market Share	3.4%	3.4%	3.4%	0 p	0 p

Interest and indexation income In Ch\$ Millions	4Q20	3Q20	4Q19	%Chg		Dec-20	Dec-19	% Chg
				QoQ	YoY			
Consumer	11,337	12,080	13,923	-6.2%	-18.6%	50,695	56,570	-10.4%
Mortgage	13,713	5,063	11,851	170.8%	15.7%	38,477	38,141	0.9%
Mortgage + Consumer	25,050	17,143	25,774	46.1%	-2.8%	89,172	94,711	-5.8%
Commercial	79,988	50,651	75,377	57.9%	6.1%	269,882	275,459	-2.0%

Interest and indexation income In Ch\$ Millions	4Q20	3Q20	4Q19	%Chg		Dec-20	Dec-19	% Chg
				QoQ	YoY			YoY
Consumer	9.91%	10.32%	10.24%	-41 p	-33 p	22.15%	20.80%	135 p
Mortgage	7.70%	2.90%	6.36%	481 p	134 p	10.81%	10.23%	58 p
Mortgage + Consumer	8.57%	5.87%	8.00%	269 p	57 p	15.25%	14.69%	56 p
Commercial	6.33%	3.94%	6.33%	239 p	-1 p	10.67%	11.57%	-90 p
Total	6.75%	4.30%	6.69%	245 p	6 p	11.53%	12.23%	-70 p

Banco Security – Funding Sources

Funding Sources In MCH\$	Dec-20		Sep-20		Dec-19		% Chg	
							QoQ	YoY
Demand deposits	1,175,142	14.5%	1,249,255	14.9%	974,730	11.8%	-5.9%	20.6%
Time deposits	1,890,734	23.4%	2,068,266	24.7%	3,039,673	36.8%	-8.6%	-37.8%
Total deposits	3,065,876	37.9%	3,317,521	39.6%	4,014,403	48.6%	-7.6%	-23.6%
Bonds	2,930,589	36.3%	2,860,609	34.1%	2,768,376	33.5%	2.4%	5.9%
Interbank loans	1,071,537	13.3%	1,052,374	12.5%	272,634	3.3%	1.8%	293.0%
Other liabilities*	349,776	4.3%	508,232	6.1%	592,031	7.2%	-31.2%	-40.9%
Total Liabilities	7,417,778	91.8%	7,738,736	92.3%	7,647,444	92.5%	-4.1%	-3.0%
Equity	661,938	8.2%	647,151	7.7%	617,326	7.5%	2.3%	7.2%
Liabilities + Equity	8,079,716	100%	8,385,887	100%	8,264,770	100%	-3.7%	-2.2%

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

Demand and Time Deposits

As of December 2020, deposits totaled MCH\$3,065,876, -23.6% YoY. Deposits rose by +7.1% YoY for the industry, and deposits including foreign subsidiaries rose by +7.7% YoY. Banco Security's time deposits consisted of 31.4% retail deposits and 68.6% institutional deposits. The 15 largest depositors represent 12.0% of the Bank's total deposits. The loan to deposit ratio was 203% as of December 2020, compared to 151% as of December 2019. Banco Security has a strategy to diversify funding sources using sales incentives to increase its retail deposit base.

As of December 2020, borrowings from financial institutions reached MCH\$1,071,537 (+293.0% YoY), mainly because of the use of credit lines and financing from the Chilean Central Bank.

Banco Security strictly monitors liquidity risk⁵, striving to diversify funding sources while monitoring and controlling a series of limits on asset/liability mismatches, maintaining an important volume of liquid assets and lengthening liabilities to increase funding terms. 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 December 2020, the ratio of long-term interest rate risk to regulatory capital was 4.5%⁶.

As of December 31, 2020, liquid assets⁷ represented 93% of demand and other time deposits. The liquidity coverage ratio⁸ as of December 2020 was 322.7%, above the regulatory minimum of 70%.

Banco Security - 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 December 2020, Banco Security had issued MCH\$2,571,801 in senior bonds, as detailed in Note 21 of Banco Security's financial statements.

Banco Security – Capitalization

As of December 2020, Banco Security's equity attributable to the equity holders of the parent totaled MCH\$661,886 (+7.2% YoY).

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

<i>In Ch\$ Million</i>	Dec-20	Sep-20	Dec-19	% Chg	
				QoQ	YoY
Capital	302,048	302,047	302,047	0.0%	0.0%
Reserves and valuation accounts	36,010	32,375	33,506	11.2%	7.5%
Retained earnings	323,828	312,676	281,721	3.6%	14.9%
Equity attributable to equity holders of bank	661,886	647,098	617,274	2.3%	7.2%
Tier I (core capital)	661,886	647,098	617,274	2.3%	7.2%
Regulatory capital	926,896	907,494	834,064	2.1%	11.1%
Minimum required capital	527,721	543,690	542,228	-2.9%	-2.7%
Risk-weighted assets	6,596,514	6,796,127	6,777,845	-2.9%	-2.7%
BIS ratio	14.05%	13.35%	12.31%	70 p	175 p
Core capital / total assets	7.85%	7.37%	7.13%	47 p	72 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\$55,568. 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 December 2020, calculated as regulatory capital over risk-weighted assets, reached 14.1% (with a regulatory minimum of 8%), +175 bps YoY. This increase can be attributed to 11.1% growth in regulatory capital because of an 14.9% rise in retained earnings, impacted positively by a reduction in dividend distributions. The ratio of core capital to total assets reached 7.85%, +72 bps YoY. The return on average equity for Banco Security came to 9.4% for 2020.

FACTORING SECURITY

Factoring Security reported profit of MCH\$9,471 for 12M20 (+3.3% YoY), with operating income of MCH\$32,604 (-5.9% YoY), despite a smaller volume of factored receivables because of the economic slowdown (-12.5% YoY), which was more than offset by a larger spread and more prepayments during the period. Operating expenses totaled MCH\$7,060 (-26.5% YoY) attributable to lower borrowing costs and a smaller volume of factored receivables, while support expenses reached MCH\$11,482 (+5.2% YoY) because of higher payroll expenses due to termination benefits paid in 4Q20 and increased depreciation and amortization expense (+57.5% YoY) because of software investments in 2019. These increased expenses were partially offset by a savings plan implemented across all Group subsidiaries. This plan involved one-time savings during 2020 and efficiency efforts for future years, including reviewing each subsidiary's structure.

During 4Q20, it reported profit of MCH\$2,071 (+13.1% QoQ), with operating income of MCH\$7,446 (+4.6% QoQ) because of greater prepayments and indexation during the quarter. In addition, it had lower operating expenses of MCH\$1,277 (-10.7% QoQ) explained by lower finance costs as a result of the decrease in borrowings from financial institutions during the year. Meanwhile, operating expenses rose to MCH\$3,062 (+10.0% QoQ), because of increased personnel expenses (+15.1% QoQ) due to termination benefits paid during the period following the structural adjustments mentioned above.

These effects resulted in an efficiency ratio of 43.8% as of December 2020 (+151 bps YoY and +69 bps QoQ). As of December 2020, the risk ratio measured as provisions over total loans was 1.68%, -16 bps YoY and -62 bps QoQ, because of write-offs during the period. The ratio of LLP / loans was 0.69% as of December 2020 (+11 bps YoY, -19 bps QoQ), due to provision expenses in line with 2019 (+4.0% YoY) and lower loan volumes (-12.5% QoQ).

In Ch\$ Million	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg YoY
				QoQ	YoY			
Factored receivables	360,084	329,150	411,703	9.4%	-12.5%	360,084	411,703	-12.5%
Provisions	6,040	7,549	7,674	-20.0%	-21.3%	6,040	7,674	-21.3%
Gross operating income	6,486	6,911	9,264	-6.2%	-30.0%	32,373	35,433	-8.6%
Operating expenses	-196	-1,114	-2,229	-82.4%	-91.2%	-6,124	-9,571	-36.0%
Loan loss provision expenses	-634	-737	-737	-13.9%	-13.9%	-2,481	-2,386	4.0%
Support expenses	-3,062	-2,784	-3,087	10.0%	-0.8%	-11,482	-10,918	5.2%
Profit for the period	2,071	1,832	2,353	13.1%	-12.0%	9,471	9,171	3.3%
Efficiency ratio ¹	48.7%	48.0%	43.9%	67 p	481 p	43.7%	42.2%	153 p
LLP / Factored receivables	0.70%	0.90%	0.72%	-19 p	-1 p	0.69%	0.58%	11 p
Risk ratio ²	1.68%	2.29%	1.86%	-62 p	-19 p	1.68%	1.86%	-19 p

1. Support expenses / Profit before expenses. 2. Provisions stock / Factored receivables

ASSET MANAGEMENT BUSINESS AREA (2.1% of assets; 6.4% of profit from business areas as of December 2020)

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.

The subsidiary's AUM as of December 2020 totaled MCH\$4,229,873 (-1.4% YoY and +3.8% QoQ) due to a decrease in AUM of domestic stocks in custody (-21.4% YoY), local fixed income instruments (-17.6% YoY) and investment funds (-18.9% YoY). These decreases were partly offset by greater AUM in mutual funds, which amounted to MCH\$2,789,219 (+4.8% YoY and +6.8% QoQ), mainly in money market funds and debt maturing in under 1 year, with market share of 5.4% of the industry. In 2020, AGF Security moved up to 5th place (10th in 2019) in the ranking of fund managers by average returns published by El Mercurio Inversiones. The total value of shares traded was MCH\$1,154,903 for 12M20 (-48.8% YoY and -38.3 QoQ), with market share of 2.0%.

In Ch\$ Million	2020	9M20	2019	% Chg	
				QoQ	YoY
Assets under management (AUM)	4,229,873	4,076,187	4,290,869	3.8%	-1.4%
Mutual funds under management	2,789,219	2,610,981	2,660,717	6.8%	4.8%
Market share - mutual funds	5.4%	5.1%	5.9%	29 p	-47 p

In Ch\$ Million	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg
				QoQ	YoY			
Value of shares traded	195,276	316,504	756,662	-38.3%	-74.2%	1,154,903	2,257,239	-48.8%
Market share - equities brokerage	1.8%	2.3%	3.2%	-46 p	-135 p	2.0%	3.5%	-154 p
Operating income	9,226	8,306	10,285	11.1%	-10.3%	36,133	38,730	-6.7%
Non-operating income	2,273	1,377	-165	65.1%	-	5,088	4,526	12.4%
Total expenses	-9,444	-8,516	-11,565	10.9%	-18.3%	-35,168	-43,172	-18.5%
Efficiency ratio	82.1%	87.9%	114.3%	-582 p	-3215 p	85.3%	99.8%	-1449 p
AGF Security	1,124	715	721	57.1%	55.7%	3,838	5,209	-26.3%
Valores Security	346	291	-3,081	18.5%	-	1,326	-5,826	-
Asesorías Security and Global Security	301	-90	-88	-	-	108	137	-21.6%
Securitizadora & CasaNuestra	1,450	2	1,974	-	-26.5%	903	1,096	-17.6%
Profit - Asset Management	3,219	920	-474	250.0%	-	6,174	616	903.0%

For 12M20, the asset management area reported profit of MCH\$6,174 (+903.0% YoY), because of lower total expenses of MCH\$35,168 (-18.5% YoY). Figures for 12M19 include operational risk expense of the brokerage subsidiary. In addition, in 2020 all Grupo Security companies implemented a savings plan. This plan involved savings during 2020 and efficiency efforts for future years, including structural adjustments. It also had higher non-operating income (+12.4% YoY) due to improved returns from proprietary trading because of falling interest rates during the year. These effects were only partially offset by lower operating revenue (-6.7% YoY) because of lower fund income due to smaller volumes of AUM (-1.4% YoY) and a lower ROA for the funds.

For 4Q20 the business area reported profit of MCH\$3,219 (+250.0% QoQ) due to greater operating income of MCH\$9,226 (+11.1% QoQ) explained by a rise in fund income because of increased ROA and AUM (+3.8% QoQ). In addition, the area posted greater non-operating income (+69.4% QoQ), favored by the rise in CPI during 4Q20 (3Q20 0.04% vs 4Q20 1.26%). This was only partially offset by greater total expenses (+10.9% QoQ) due to technology expenses for digital projects. In addition, in October Securitizadora Security issued a securitized bond and reported a gain of MCH\$1,450 for 4Q20 (MCH\$2 in 3Q20).

INSURANCE BUSINESS AREA (23.3% of assets; 24.8% of profit from business areas as of December 2020)

The insurance business area reported profit of MCH\$20,949 for 12M20. This area includes the operations of the Vida Security insurance company and the insurance brokerage subsidiary, Corredores de Seguros Security. The following entities providing complementary activities are also included: Hipotecaria Security, Beneficios Security and 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 reported profit of MCH\$23,529 for 12M20 (+16.8% YoY), thanks to improved results from collective insurance (+17.3% YoY), family protection insurance (+29.2%) and disability and survivor insurance, coupled with lower administrative expenses (-11.8% YoY) and a lower effective tax rate (1.2% vs 13.1%). Results recovered considerably in the second half of the year, with a loss of MCH\$1,992 during 1H20 and profit of MCH\$25,521 during 2H20, explained mainly by upturns in local and international financial markets during the second half of the year.

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%. The deal is currently awaiting authorization, closing and contract approval.

Results by Product Line

In MCH\$	Individual		Family Protection		Group Insurance		Annuities		DSI		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Gross written premiums	141,284	119,199	6,907	6,757	66,557	73,308	14,318	58,093	326	642	229,392	257,999
Net premiums written	139,009	117,186	6,907	6,757	64,958	71,348	14,318	58,093	63	227	225,255	253,610
Variation in technical reserves	-41,963	-42,580	-43	-5	-362	-730	-	-	-3,432	-	-45,801	-43,316
Claims paid	-98,166	-92,800	-1,537	-1,654	-34,015	-43,991	-41	-	28,726	2,139	-105,034	-136,306
Pensions paid	-2,297	-2,247	-	-	-	-	-72,630	-124,393	-29,563	-11,974	-104,490	-138,614
Underwriting expenses	-9,422	-10,581	-2,040	-2,553	-4,020	-4,150	-177	-507	-	-0	-15,659	-17,792
Medical expenses	-14	-40	-1	-1	-4	-7	-0	-0	-	-	-19	-48
Insurance impairment	-	-	-	-	32	202	-	-	-	5	32	207
Contribution Margin	-12,853	-31,062	3,286	2,543	26,589	22,670	-58,448	-66,807	-4,206	-9,604	-45,633	-82,259
CUI portfolio	25,146	45,024	-	-	-	-	-	-	-	-	25,146	45,024
Proprietary portfolio	-	-	-	-	-	-	-	-	-	-	82,783	100,252
Investment income											107,929	145,276
Administrative expenses											-32,880	-37,270
Exchange differences											-903	276
Gain (loss) on indexed assets and liabilities											-4,165	-3,236
Other income and expenses											-522	397
Income tax expense											-297	-3,037
Profit for the period											23,529	20,146

In MCH\$	Individual		Family Protection		Group Insurance		Annuities		DSI		Total	
	4Q20	3Q20	4Q20	3Q20	4Q20	3Q20	4Q20	3Q20	4Q20	3Q20	4Q20	3Q20
Gross written premiums	41,133	33,422	1,744	1,727	13,640	17,926	5,767	178	100	65	62,383	53,319
Net premiums written	40,599	32,722	1,744	1,751	13,230	17,523	5,767	178	27	12	61,367	52,187
Variation in technical reserves	-22,166	-15,185	5	-34	-125	-397	-	-	-3,432	-	-25,718	-15,615
Claims paid	-26,988	-21,879	-742	-395	-12,693	-5,369	-41	-	5,792	11,652	-34,673	-15,991
Pensions paid	-442	-804	-	-	-	-	-19,875	-12,652	-3,229	-13,513	-23,546	-26,970
Underwriting expenses	-2,002	-2,395	-524	-589	-897	-1,036	-60	-1	-	-	-3,483	-4,022
Medical expenses	-4	-4	-0	-0	-3	-0	-0	-0	-	-	-6	-5
Insurance impairment	-	-	-	-	36	42	-	-	-	-	36	42
Contribution Margin	-11,003	-7,545	483	732	-452	10,764	-14,127	-12,475	-842	-1,849	-25,942	-10,374
CUI portfolio	15,408	10,580	-	-	-	-	-	-	-	-	15,408	10,580
Proprietary portfolio	-	-	-	-	-	-	-	-	-	-	29,230	29,901
Investment income											44,637	40,481
Administrative expenses											-7,191	-8,749
Exchange differences											-191	-1,114
Gain (loss) on indexed assets and liabilities											-2,645	-57
Other income and expenses											-390	-10
Income tax expense											-1,225	-1,711
Profit for the period											7,054	18,467

Individual Insurance (61.6% of gross written premiums as of December 2020)

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 89.1% over the last twelve months (+0 bps YoY).

The contribution margin was a loss of -MCH\$12,853 for 12M20, versus -MCH\$31,062 for 12M19. Gross written premiums totaled MCH\$141,284 for 12M20 (+18.5% YoY), due to greater gross written premiums from CUI insurance. The variation in technical reserves was -MCH\$41,963, versus -MCH\$42,580 for 12M19, due to a decrease in the CUI investment portfolio of MCH\$25,146 (-44.2% YoY), offset by increased premiums. Meanwhile, claims paid totaled MCH\$98,166 (+5.8% YoY) due to increased surrenders and transfers from CUI policies.

As of December 2020, CUI and APV policies represent 90.4% of total individual insurance premiums.

Individual Insurance In MCH \$	4Q20	3Q20	4Q19	% Chg.		2020	2019	% Chg.
				QoQ	YoY			
Gross written premiums	41,133	33,422	37,873	23.1%	8.6%	141,284	119,199	18.5%
Net premiums written	40,599	32,722	37,336	24.1%	8.7%	139,009	117,186	18.6%
Variation in technical reserves	-22,166	-15,185	-9,403	46.0%	135.7%	-41,963	-42,580	-1.4%
Claims paid	-26,988	-21,879	-33,161	23.4%	-18.6%	-98,166	-92,800	5.8%
Pensions paid	-442	-804	-242	-45.0%	82.9%	-2,297	-2,247	2.2%
Underwriting expenses	-2,002	-2,395	-2,586	-16.4%	-22.6%	-9,422	-10,581	-11.0%
Medical expenses	-4	-4	-13	-13.1%	-72.6%	-14	-40	-65.8%
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-11,003	-7,545	-8,068	45.8%	36.4%	-12,853	-31,062	-58.6%
Claims rate (1)	67.6%	69.3%	89.5%	-176 p	-2190 p	72.3%	81.1%	-884 p
Underwriting expense rate (2)	4.9%	7.3%	6.9%	-239 p	-200 p	6.8%	9.0%	-225 p

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

For 4Q20, the contribution margin was a loss of -MCH\$11,003, versus -MCH\$7,545 for 3Q20. Gross written premiums reached MCH\$41,133 (+23.1 QoQ) due to greater gross written premiums from CUI insurance. The total variation in technical reserves was -MCH\$22,166 (versus -MCH\$15,185 for 3Q20) due to increased investment income from CUI and APV investments (+45.6% QoQ) and increased premiums during the quarter. In addition, claims paid were up to MCH\$26,988 (+23.4% QoQ) due to increased surrenders and transfers from CUI policies.

Family Protection (3.0% of gross written premiums as of December 2020)

Family Protection In MCH\$	4Q20	3Q20	4Q19	% Chg.		2020	2019	% Chg.
				QoQ	YoY			
Gross written premiums	1,744	1,727	1,699	1.0%	2.7%	6,907	6,757	2.2%
Net premiums written	1,744	1,751	1,699	-0.4%	2.7%	6,907	6,757	2.2%
Variation in technical reserves	5	-34	10	-	-47.1%	-43	-5	-
Claims paid	-742	-395	-399	87.7%	86.1%	-1,537	-1,654	-7.1%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-524	-589	-615	-11.1%	-14.7%	-2,040	-2,553	-20.1%
Medical expenses	0	0	-1	-	-	-1	-1	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	483	732	695	-34.0%	-30.4%	3,286	2,543	29.2%
Claims rate (1)	42.5%	22.6%	23.5%	1996 p	1907 p	22.3%	24.5%	-223 p
Underwriting expense rate (2)	30.1%	33.7%	36.2%	-361 p	-612 p	29.5%	37.8%	-825 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.

For 12M20, the contribution margin totaled MCH\$3,286 (+29.2% YoY) due to lower underwriting expenses (-825 bps YoY), in line with decreased business and a drop in claims paid of MCH\$1,537 (-7.1% YoY). Gross written premiums remained stable from one year to the next (+2.2% YoY).

Compared to the preceding quarter, the contribution margin for 4Q20 was MCH\$483 (-34.0% QoQ), due to a rise in claims paid to MCH\$742 in 4Q20 (versus MCH\$395 in 3Q20), partially offset by a lower underwriting expense rate (-361 bps QoQ).

Group Insurance (29.0% of gross written premiums as of December 2020)

Group insurance is contracted by a company for its employees and may include life or health coverage, depending on the terms of the policy. It also includes credit life insurance covering the unpaid balance of debt in the event of the insured party's death. Based on figure 601 in the financial statements of Vida Security, it includes product lines 202-213 and 302-313.

Group Insurance In MCH\$	4Q20	3Q20	4Q19	% Chg.		2020	2019	% Chg.
				QoQ	YoY			
Gross written premiums	13,640	17,926	16,982	-23.9%	-19.7%	66,557	73,308	-9.2%
Net premiums written	13,230	17,523	16,586	-24.5%	-20.2%	64,958	71,348	-9.0%
Variation in technical reserves	-125	-397	-316	-68.4%	-60.3%	-362	-730	-50.4%
Claims paid	-12,693	-5,369	-10,078	136.4%	26.0%	-34,015	-43,991	-22.7%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-897	-1,036	-977	-13.4%	-8.1%	-4,020	-4,150	-3.2%
Medical expenses	-3	0	-2	-	41.5%	-4	-7	-38.8%
Insurance impairment	36	42	78	-15.0%	-54.1%	32	202	-84.3%
Contribution Margin	-452	10,764	5,292	-	-	26,589	22,670	17.3%
Claims rate (1)	95.9%	30.6%	60.8%	6530 p	3518 p	52.4%	61.7%	-929 p
Underwriting expense rate (2)	6.8%	5.9%	5.9%	87 p	89 p	6.2%	5.8%	37 p

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

As of December 2020, the contribution margin reached MCH\$26,589 (+17.3% YoY), explained by reduced claims paid of MCH\$34,015 for 12M20 (-22.7% YoY) because of a lower claims rate in group health insurance. This effect was partially offset by decreased gross written premiums of MCH\$66,557 (-9.2% YoY), because of commercial efforts limited by the pandemic, compounded by lower volumes of credit life insurance due to the drop in consumer loans.

For the quarter, this product line reported a loss of -MCH\$452 (versus MCH\$10,764 for 3Q20), due to increased claims paid of MCH\$12,693 (+136.4% QoQ), with a low basis of comparison because of reduced claims paid in 3Q20 due to the pandemic. In addition, gross written premiums fell to MCH\$13,640 (-23.9% QoQ) due to lower volumes of credit life insurance.

Annuities (6.2% of gross written premiums as of December 2020)

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 December 2020, annuity sales rates in the industry have averaged 1.88% during the year. In contrast, the rate for calculating scheduled withdrawals has averaged 3.66% for the year, which has driven retirees 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 2020, this product line accounts for only MCH \$972 in pensions paid and MCH \$41 in claims paid by Vida Security.

Annuities In MCH\$	4Q20	3Q20	4Q19	% Chg.		2020	2019	% Chg.
				QoQ	YoY			
Gross written premiums	5,767	178	7,817	-	-26.2%	14,318	58,093	-75.4%
Net premiums written	5,767	178	7,817	-	-26.2%	14,318	58,093	-75.4%
Variation in technical reserves	0	0	0	-	-	0	0	-
Claims paid	-41	0	0	-	-	-41	0	-
Pensions paid	-19,875	-12,652	-23,488	57.1%	-15.4%	-72,630	-124,393	-41.6%
Underwriting expenses	-60	-1	-129	-	-53.5%	-177	-507	-65.1%
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-14,127	-12,475	-15,801	13.2%	-10.6%	-58,448	-66,807	-12.5%
Underwriting expense rate (1)	1.0%	0.5%	1.7%	52 p	-61 p	1.2%	0.9%	36 p

(1) Claims paid/ Net written premiums

For 12M20, the contribution margin for annuities totaled -MCH\$58,448 (-12.5% YoY), because of a 75.4% YoY 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\$72,630 for 12M20 (-41.6% YoY), because of lower reserve requirements due to lower sales volumes.

For the quarter, the contribution margin was a loss of -MCH\$14,127 (+13.2% QoQ) due to greater claims paid of MCH\$19,875 because of a higher volume of gross written premiums of MCH\$5,767 (versus MCH\$178 in 3Q20). In the annuity business the decision was made to adjust technical parameters in order to boost sales, thus maintaining expected returns.

Disability and Survivor Insurance (DSI) (0.1% of gross written premiums as of December 2020)

Disability and survivor insurance is mandatory for all individuals with pension accounts at Pension Fund Management Companies (AFPs) and is directly contracted collectively by the AFPs for these individuals through semi-annual public bidding processes. It is financed by employers throughout a member's active work life with a fraction of the additional amount charged by the AFP¹⁰. It provides protection to the insured and his or her family group in the event of disability or death of the insured party. Based on figure 601 in the financial statements of Vida Security, it includes product line 420.

DSI In MCH\$	4Q20	3Q20	4Q19	% Chg.		2020	2019	% Chg.
				QoQ	YoY			
Gross written premiums	100	65	93	53.7%	8.5%	326	642	-49.3%
Net premiums written	27	12	18	-	-	63	227	-72.3%
Variation in technical reserves	-3,432	0	0	-	-	-3,432	0	-
Claims paid	5,792	11,652	-8,191	-50.3%	-	28,726	2,139	1243.1%
Pensions paid	-3,229	-13,513	1,916	-76.1%	-	-29,563	-11,974	146.9%
Underwriting expenses	0	0	0	-	-	0	0	-
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	5	-
Contribution Margin	-842	-1,849	-6,256	-54.4%	-86.5%	-4,206	-9,604	-56.2%

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.

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

Gross written premiums totaled MCH\$326 for 12M20 since the subsidiary was not awarded any fractions from the current tender. Meanwhile, claims and pensions paid reached MCH\$837 (-91.5% YoY), because of a drop in regulatory reserves, with a high basis of comparison due to lower discount rates in 2019. The variation in technical reserves was a loss of -MCH\$3,432 as a result of projected future claims rates.

This explains the contribution margin of -MCH\$4,206 for 12M20, compared to -MCH\$9,604 in 2019.

Vida Security - Consolidated Results

Vida Security posted profit of MCH\$23,529 (+16.8 YoY) for 12M20 due to reduced claims and pensions paid (-23.8% YoY), partly offset by lower premiums (-11.1% YoY) and reduced investment income (-25.7% YoY). For the quarter, profit reached MCH\$7,054 (-61.8% QoQ) because of increased claims paid (+116.3% QoQ), partly offset by higher premiums (+17.0% QoQ)

In MCH\$	4Q20	3Q20	4Q19	% Chg.		2020	2019	% Chg.
				QoQ	YoY			
Gross written premiums	62,383	53,319	64,463	17.0%	-3.2%	229,392	257,999	-11.1%
Net premiums written	61,367	52,187	63,456	17.6%	-3.3%	225,255	253,610	-11.2%
Variation in technical reserves	-25,718	-15,615	-9,708	64.7%	164.9%	-45,801	-43,316	5.7%
Claims paid	-34,590	-15,991	-51,828	116.3%	-33.3%	-104,951	-136,306	-23.0%
Pensions paid	-23,546	-26,970	-21,813	-12.7%	7.9%	-104,490	-138,614	-24.6%
Underwriting expenses	-3,483	-4,022	-4,306	-13.4%	-19.1%	-15,659	-17,792	-12.0%
Medical expenses	-6	-5	-16	28.1%	-60.0%	-19	-48	-61.1%
Insurance impairment	36	42	78	-15.0%	-54.1%	32	207	-84.6%
Contribution Margin	-25,942	-10,374	-24,138	150.1%	7.5%	-45,633	-82,259	-44.5%
Administrative expenses	-7,191	-8,749	-6,544	-17.8%	9.9%	-32,880	-37,270	-11.8%
CUI Portfolio	15,408	10,580	12,327	45.6%	25.0%	25,146	45,024	-44.2%
Proprietary portfolio	29,230	29,901	20,322	-2.2%	43.8%	82,783	100,252	-17.4%
Investment income	44,637	40,481	32,649	10.3%	36.7%	107,929	145,276	-25.7%
Exchange differences	-191	-1,114	1,099	-	-	-903	276	-
Gain (loss) on indexed assets and liabilities	-2,645	-57	-1,509	-	75.3%	-4,165	-3,236	28.7%
Other income and expenses	-390	-10	92	-	-	-522	397	-
Income tax expense	-1,225	-1,711	-3	-28.4%	-	-297	-3,037	-90.2%
Profit for the period	7,054	18,467	1,646	-61.8%	328.6%	23,529	20,146	16.8%
Administrative ratios								
(1) (Claims paid + pension paid)/ Net written premiums	94.7%	82.3%	116.1%	1241 p	-2132 p	93.0%	108.4%	-1542 p
(2) Administrative expenses/ Net written premiums	11.7%	16.8%	10.3%	-505 p	141 p	14.6%	14.7%	-10 p
(3) Underwriting expenses/ Net written premiums	5.7%	7.7%	6.8%	-203 p	-111 p	7.0%	7.0%	-6 p
Combined Ratio (1) + (2) + (3)	112.1%	106.8%	133.2%	534 p	-2102 p	114.5%	130.1%	-1559 p
(4) Profit / Net written premiums	11.5%	35.4%	2.6%	-2389 p	890 p	10.4%	7.9%	250 p

In aggregate, gross written premiums reached MCH\$229,392 for 12M20 (-11.1% YoY) explained by lower sales of annuities (-75.4% YoY) and group insurance policies (-9.2% YoY), offset by growth in individual insurance (+18.5% YoY).

Meanwhile, the variation in technical reserves was a loss of -MCH\$45,801 as of December 2020 (+5.7% YoY) as a result of projected future claims rates for the DSI product line. Claims and pensions paid totaled MCH\$209,441 (-23.8% YoY), because of a decrease in annuities paid (-41.6% YoY) due to lower sales volumes and a lower claims rate in group insurance (-929 bps YoY). Finally, underwriting expenses totaled -MCH\$15,659 (-12.0% YoY), explained by reduced business during the period.

This explains the contribution margin of -MCH\$45,633 for 12M20, compared to -MCH\$82,259 for 2019.

The area reported investment income of MCH\$107,929 (-25.7% YoY), attributable to weakened returns from equity investments in both the CUI and APV portfolios, compounded by poorer returns from real estate assets 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\$32,880 (-11.8% YoY) in line with cost savings efforts throughout the year and decreased business.

Furthermore, for the year 2020, the subsidiary reported income tax expense of -MCH\$297 (-90.2% YoY). It reported a tax loss in 2019, thus lessening the favorable impact of the dividends received the year before. Tax earnings were reported in 2020, giving way to a lower effective rate because of the favorable effect of the dividends received during the year and price-level restatement of equity, among other effects.

For 4Q20, Vida Security reported a loss of -MCH\$7,054 (MCH\$18,467 for 3Q20). The larger direct premiums written can be explained by a rise in individual insurance policies (+18.5% QoQ) due to greater premiums from CUI insurance and greater annuity sales (MCH\$5,767 for 4Q20 vs MCH\$178 for 3Q20). For the quarter, investment income totaled MCH\$44,637 (+10.3% QoQ), due to improved returns on equity instruments in the CUI portfolio. The total variation in technical reserves was -MCH\$25,718 (-MCH\$15,615 for 3Q20) due to increased investment income from CUI investments (+45.6% QoQ) and additional reserves recognized because of projected future claims rates.

Administrative Expenses - Vida Security

<i>In MCH\$</i>	4Q20	3Q20	4Q19	% Chg		2020	2019	%Chg.
				QoQ	YoY			
Payroll	-3,672	-4,636	-2,710	-20.8%	35.5%	-15,523	-13,375	16.1%
Distribution channel expenses	-862	-441	-748	95.6%	15.2%	-2,633	-3,693	-28.7%
Other	-2,658	-3,672	-3,085	-27.6%	-13.9%	-14,724	-20,202	-27.1%
Total administrative expenses	-7,191	-8,749	-6,544	-17.8%	9.9%	-32,880	-37,270	-11.8%

For 12M20, Vida Security reported administrative expenses of MCH\$32,880 (-11.8% YoY). In 2020 Grupo Security implemented a savings plan in all subsidiaries. This plan involved one-time savings during 2020 and efficiency efforts for future years, including structural adjustments. Along these lines, expenses fell as a result of the aforementioned cost-cutting efforts, compounded by lower sales volumes, partly offset by greater payroll expenses (+16.1% YoY) due to termination benefits in 3Q20. During the quarter, expenses totaled MCH\$7,191 (-17.8% QoQ), with a high basis of comparison because of termination benefits paid in 3Q20, as described above.

Investment Income - Vida Security

The subsidiary's investment income for 12M20 totaled MCH\$107,929 (-25.7% YoY). The proprietary trading portfolio generated income of MCH\$82,783 (-17.4% YoY) due to weaker returns on real estate funds and a high basis of comparison due to prepayments and property sales in 2019. Returns on foreign equities also fell during the period. Meanwhile, the CUI and APV portfolios had income of MCH\$25,146 for 12M20 (-44.2% 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\$44,637 (+10.3% QoQ). The proprietary trading portfolio generated income of MCH\$29,230 for 4Q20 (-2.2% QoQ), in line with prior quarter results. The CUI and APV portfolios generated income of MCH\$15,408 for the quarter (+45.6% QoQ) due to better returns on equity instruments.

Investment Stock In Ch\$ Million	4Q20	3Q20	4Q19	% Chg		Stock % 4Q20
				QoQ	YoY	
Fixed Income	1,727,716	1,759,105	1,767,637	-1.8%	-2.3%	65.4%
Equities and indexes	608,022	577,076	573,049	5.4%	6.1%	23.0%
Real estate	272,602	262,796	235,468	3.7%	15.8%	10.3%
Other investments	34,850	24,517	37,854	42.1%	-7.9%	1.3%
Investments Stock	2,643,190	2,623,494	2,614,008	0.8%	1.1%	-
CUI Portfolio	586,888	569,416	546,112	3.1%	7.5%	22.2%
Proprietary portfolio	2,056,302	2,054,078	2,067,896	0.1%	-0.6%	77.8%
Investments Stock	2,643,190	2,623,494	2,614,008	0.8%	1.1%	-

Investment Income In Ch\$ Million	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg.
				QoQ	YoY			
Fixed Income	15,872	17,705	18,833	-10.4%	-15.7%	73,233	80,350	-8.9%
Equities and indexes	25,697	19,326	6,874	33.0%	273.8%	25,591	47,297	-45.9%
Real estate	3,426	3,673	7,011	-6.7%	-51.1%	13,062	17,438	-25.1%
Other investments	-357	-224	-70	-	-	-3,957	190	-
Investments Income	44,637	40,481	32,649	10.3%	36.7%	107,929	145,276	-25.7%
CUI Portfolio	15,408	10,580	12,327	45.6%	25.0%	25,146	45,024	-44.2%
Proprietary portfolio	29,230	29,901	20,322	-2.2%	43.8%	82,783	100,252	-17.4%
Investments Income	44,637	40,481	32,649	10.3%	36.7%	107,929	145,276	-25.7%

ROI	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg.
				QoQ	YoY			
Fixed Income	3.67%	4.03%	4.26%	-35 p	-24 p	4.24%	4.55%	-31 p
Equities and indexes	16.91%	13.40%	4.80%	351 p	860 p	4.21%	8.25%	-404 p
Real estate	5.03%	5.59%	11.91%	-56 p	-632 p	4.79%	7.41%	-261 p
Other investments	-4.10%	-3.65%	-0.74%	-45 p	-291 p	-11.36%	0.50%	-
CUI Portfolio	10.50%	7.43%	9.03%	307 p	-160 p	4.28%	8.24%	-396 p
Proprietary portfolio	5.69%	5.82%	3.93%	-14 p	189 p	4.03%	4.85%	-82 p
ROI	6.76%	6.17%	5.00%	58 p	118 p	4.08%	5.56%	-147 p

Exchange Differences and Gain (Loss) from Indexation Adjustments

Exchange differences generated a loss of -MCH\$903 for 12M20 (-MCH\$276 for 12M19). Compared to the immediately preceding quarter, exchange differences resulted in a loss of -MCH\$191 (-MCH\$1,114 for 3Q20).

The loss on indexation adjustments was -MCH\$4,165 for 12M20 (-MCH\$3,236 for 12M19). For the quarter, the loss on indexation adjustments was -MCH\$2,645 (versus -MCH\$57 for 3Q20), due to higher inflation during the period (1.26% in 4Q20 vs 0.04% in 3Q20).

OTHER SERVICES BUSINESS AREA (1.2% of assets; 3.1% of profit from business areas as of December 2020)

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\$6,038 for 12M20 (versus a loss of -MCH\$2,214 for 12M19) due to legal titles transferred on more units during the quarter. Ownership was transferred on 186 units as of December 2020 versus 11 units as of December 2019. In quarterly terms, profit for 4Q20 reached MCH\$2,800 (-25.4% QoQ) because title was transferred on fewer units during the quarter (72 in 4Q20 vs 96 in 3Q20). 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 MUF 1.2 for 12M20 (+8.5% YoY, +513.1 QoQ) because of larger volumes and greater average prices of the units sold. Meanwhile, real estate assets under management totaled MCH\$97,487, (-20.8% YoY and -12.2% QoQ), explained by the rise in the number of units on which ownership was transferred.

<i>In Ch\$ Million</i>	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg
				QoQ	YoY			
Real estate assets under management	97,487	111,044	123,151	-12.2%	-20.8%	97,487	123,151	-20.8%
Purchase promise agreements (UF)	692,930	113,024	178,405	513.1%	288.4%	1,204,884	1,110,241	8.5%
Ownership transfers (Units)	72	96	3	-25.0%	-	186	11	-
Profit for the period	2,800	3,752	-681	-25.4%	-	6,038	-2,214	-

TRAVEL AGENCY: TRAVEL SECURITY

Travel Security had a loss of -MCH\$4,742 for 12M20 (versus profit of MCH\$4,020 for 12M19) due to reduced sales because of the public health crisis. This situation gave rise to an important structural adjustment to shift to a fundamentally digital sales model, watchful of how the industry will evolve.

	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg
				QoQ	YoY			
Total sales - Travel (MUSD)	12	7	59	78.2%	-79.5%	66	267	-75.3%
Net operating income (MCH\$)	- 614	- 1,555	2,345	-	-	- 4,276	6,515	-
Profit for the period - Travel (MCH\$)	- 467	- 1,504	1,527	-	-	- 4,742	4,020	-

Travel Perú, Travel Security's subsidiary, reported sales of MUS \$15 for 12M20 (-75.9% YoY and +152.1% QoQ) and a net loss of -MUS \$1.7 as a result of the pandemic's impact on the travel and tourism industry.

INTERNATIONAL BUSINESS AREA (3.4% of assets; -1.0% of profit from business areas as of December 2020)

The international business area reported a loss attributable to the owners of the parent of -MCH\$959. 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./ 23.1 (+2.5% YoY) for 12M20 with total premiums written of MS./ 408.6 (+2.1% YoY), reduced claims paid (-2.5% YoY) and lower commission expenses (-32.2% YoY). Meanwhile, investment income remained in line with the prior year (-0.6% YoY).

Protecta reported annuity sales of MS./ 188.1 (-3.7% YoY) and market share of 23.6%. This decrease stems from a contraction in the Peruvian annuities market (-16.2% YoY). In addition, the subsidiary boasted sales of private annuities of MS./ 160.1 (+17.9% YoY) and market share of 17.0%.

Profit for 4Q20 was MS./ 13.2 due to higher total premiums of MS./ 124.5 (+33.7% QoQ) because of an upturn in the annuities market and improved investment income of MS./ 39.7 (+37.5% QoQ). The variation in technical reserves rose during the quarter

due to an increase in premiums and a rise in net claims (+17.2% QoQ).

In S./ Thousands	4Q20	3Q20	4Q19	% Chg		2020	2019	% Chg
				QoQ	YoY			
Annuities - Premiums written	56,250	30,601	53,285	83.8%	5.6%	188,121	195,377	-3.7%
Annuities - Market share	22.5%	21.1%	22.0%	140 p	52 p	23.6%	20.5%	306 p
Private annuities - Premiums written	47,565	51,031	36,086	-6.8%	31.8%	160,090	135,818	17.9%
Private annuities - Market share	15.5%	19.5%	15.7%	-394 p	-17 p	17.0%	14.2%	282 p
Premiums written	124,498	93,101	107,999	33.7%	15.3%	408,647	400,349	2.1%
Investment income	39,726	28,883	39,935	37.5%	-0.5%	126,281	127,045	-0.6%
Annualised return (LTM)	7.2%	7.6%	9.3%	-45 p	-215 p	7.2%	9.3%	-215 p
Profit for the period	13,206	5,282	11,453	150.0%	15.3%	23,143	22,572	2.5%

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 April 7, 2020, Grupo Security shareholders approved a dividend payment of CH\$7.45 per share charged to profit for 2019.

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. This dividend, along with the interim and final dividends of CH\$2.2 and CH\$7.45, respectively, that have already been paid, total CH\$12.4 per share, equivalent to 57.5% 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 8.3% in 2019. Grupo Security's stock reported a return of -27.1% for 2020, underperforming the S&P/CLX IPSA (-10.6%).

4Q20 EARNINGS CONFERENCE CALL

Grupo Security's fourth quarter earnings report will be explained to the market in a conference call on March 5, 2021. 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	December, 31 2020
Current assets		
Cash and cash equivalents	830,974	597,497
Other financial assets, current	3,677,222	3,878,087
Other non-financial assets, current	38,790	26,679
Trade and other receivables, current	6,537,560	6,603,317
Accounts receivable from related parties, current	71,771	53,343
Inventories	124,009	100,559
Current tax assets	52,637	41,281
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners	11,332,965	11,300,764
Non-current assets or disposal groups classified as held for sale or held for distribution to owners	6,756	2,874
Total non-current assets classified as held for sale or held for distribution to owners	6,756	2,874
Total current assets	11,339,721	11,303,638
Non-current assets		
Other non-financial assets, non-current	144,744	53,036
Equity-accounted investments	3,093	1,950
Intangible assets other than goodwill	37,896	36,248
Goodwill	119,067	119,067
Property, plant and equipment	53,292	50,610
Investment property	253,548	291,001
Assets for right of use	0	0
Deferred tax assets	50,772	56,888
Total non-current assets	674,168	617,873
Total assets	12,013,888	11,921,511

2. Financial Statements and Indicators - Liabilities and Equity

Liabilities and Equity In Ch\$ Millions	December, 31 2019	December, 31 2020
Other financial liabilities, current	7,274,787	7,087,157
Liabilities for leases, current	288	709
Trade and other payables	2,882,201	2,863,722
Accounts payable to related parties, current	26	4,813
Other short-term provisions	26,893	35,831
Current tax liabilities	34,869	31,893
Employee benefit provisions, current	10,073	12,369
Other non-financial liabilities, current	245,537	133,674
Total current liabilities	10,474,674	10,170,167
Non-current liabilities		
Other financial liabilities, non-current	705,035	869,297
Liabilities for leases, non-current	10,456	8,766
Accounts payable, non-current	22,713	10,733
Accounts payable to related parties, non-current	3,412	0
Deferred tax liabilities	791	803
Total non-current liabilities	742,407	889,599
Total liabilities	11,217,081	11,059,767
Equity		
Issued Capital	432,124	487,691
Retained earnings	377,666	399,605
Share premium	0	0
Other reserves	(40,943)	(51,776)
Equity attributable to equity holders of parent	768,847	835,520
Non-controlling interests	27,960	26,225
Total equity	796,807	861,744
Total liabilities and equity	12,013,888	11,921,511

3. Financial Statements and Indicators - Consolidated Statement of Income

Consolidated statement of income (MCh\$)		
	December, 31 2019	December, 31 2020
Revenue	1,155,867	1,090,053
Cost of sales	-774,866	-738,041
Gross profit	381,000	352,012
Other income	2,995	1,368
Distribution costs	0	0
Administrative expenses	-247,037	-243,362
Other expenses	-15,047	-11,849
Other gains	2,531	1,040
Finance income	258	329
Finance costs	-14,260	-14,465
Share of profit (loss) of associates and joint ventures, equity-accounted	922	-89
Exchange differences	11,712	2,979
Gain (loss) on indexed assets and liabilities	-10,150	-11,611
Gains arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	48	720
Profit before tax	112,973	77,072
Income tax benefit (expense)	-29,944	-12,774
Profit (loss) from continuing operations	83,029	64,298
Profit (loss) from discontinued operations	0	0
Profit (loss) for the period	83,029	64,298
Profit (loss) attributable to		
Profit (loss) attributable to equity holders of the parent	81,156	65,146
Profit (loss) attributable to non-controlling interests	1,873	-849
Profit (loss) for the period	83,029	64,298
Depreciation and amortization	11,566	13,147
Ebitda	138,799	104,685

4. Segment Note - Grupo Security YoY

Segment Note - Grupo Security	Lending and Treasury		Asset Management		Insurance		International Business		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20
<i>In MCH\$</i>														
Revenue	511,279	489,360	73,891	62,247	417,828	353,950	115,280	124,639	34,277	60,169	3,312	-312	1,155,867	1,090,053
Cost of sales	-279,371	-277,318	-32,484	-28,807	-345,780	-282,119	-96,672	-107,693	-15,574	-43,044	-4,985	940	-774,866	-738,041
Gross profit	231,908	212,042	41,407	33,440	72,048	71,831	18,608	16,945	18,702	17,126	-1,673	628	381,000	352,012
Other income	25	21	137	57	563	247	312	27	381	706	1,577	311	2,995	1,368
Administrative expenses	-118,630	-122,078	-35,527	-30,455	-45,916	-42,723	-17,944	-16,316	-15,963	-14,645	-13,056	-17,144	-247,037	-243,362
Other expenses	-6,476	-9,521	-8,112	-1,728	-500	-282	-386	-417	-30	-31	455	130	-15,047	-11,849
Other gains (losses)	0	0	247	339	281	202	977	733	375	537	651	-771	2,531	1,040
Finance income	0	0	206	319	38	10	0	0	0	0	14	0	258	329
Finance costs	0	0	-78	-6	-28	-35	-242	-117	-1,285	-976	-12,627	-13,331	-14,260	-14,465
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	0	927	-250	0	0	-2	-358	-3	520	922	-89
Exchange differences	6,976	1,154	3,585	4,648	797	220	-53	-2,729	356	10	52	-324	11,712	2,979
Gain (loss) from indexed assets and liabilities	31	-25	-212	-203	-3,016	-4,273	0	0	44	781	-6,997	-7,890	-10,150	-11,611
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	165	-24	-118	744	0	0	0	0	0	0	0	0	48	720
Profit (loss) before tax	113,999	81,569	1,534	7,154	25,194	24,947	1,273	-1,874	2,579	3,150	-31,607	-37,873	112,973	77,072
Income tax benefit (expense)	-27,247	-17,109	-925	-979	-3,685	-552	-157	381	-830	-842	2,900	6,328	-29,944	-12,774
Profit (loss) from continuing operations	86,752	64,460	609	6,175	21,509	24,394	1,116	-1,494	1,749	2,308	-28,706	-31,545	83,029	64,298
Profit (loss) attributable to														
Profit (loss) attributable to equity holders of the parent	86,732	64,446	616	6,174	20,737	23,949	682	-929	1,121	3,001	-28,732	-31,494	81,156	65,146
Profit (loss) attributable to non-controlling interest	20	14	-7	1	772	445	434	-565	628	-693	26	-51	1,873	-849
Profit (loss) for the period	86,752	64,460	609	6,175	21,509	24,394	1,116	-1,494	1,749	2,308	-28,706	-31,545	83,029	64,298

5. Segment Note - Grupo Security QoQ

Segment Note - Grupo Security <i>In MCH\$</i>	Lending and Treasury		Asset Management		Insurance		International Business		Other Services		Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	3Q-20	4Q-20	3Q-20	4Q-20	3Q-20	4Q-20	3Q-20	4Q-20	3Q-20	4Q-20	3Q-20	4Q-20	3Q-20	4Q-20
Revenue	107,473	132,648	6,731	27,588	96,579	110,971	28,800	33,197	27,749	21,159	9,394	-10,122	276,725	315,441
Cost of sales	-47,972	-85,548	606	-18,337	-65,272	-90,016	-23,764	-30,239	-20,751	-16,475	-8,602	8,981	-165,755	-231,634
Gross profit	59,501	47,099	7,337	9,251	31,307	20,955	5,036	2,958	6,998	4,684	792	-1,140	110,970	83,807
Other income	-2	9	9,103	-9,391	128	29	6	14	124	215	-9,436	9,559	-77	435
Administrative expenses	-31,643	-29,060	-7,852	-5,893	-11,148	-10,019	-3,872	-3,325	-3,570	-2,406	-3,147	-3,716	-61,232	-54,419
Other expenses	-1,387	-2,183	-365	-515	-136	126	-123	-96	-19	5	21	83	-2,008	-2,579
Other gains (losses)	0	0	-21	17	29	86	152	174	-39	600	14	-1,009	135	-131
Finance income	0	0	146	173	17	-6	0	0	15	-15	167	-167	344	-15
Finance costs	0	0	-2	-1	-4	-18	-10	-21	-261	-265	-3,471	-3,347	-3,747	-3,652
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	0	41	-165	0	0	0	-356	12	506	53	-15
Exchange differences	-5,635	4,021	1,417	1,122	423	168	-724	-286	259	-310	-66	6	-4,326	4,723
Gain (loss) from indexed assets and liabilities	0	0	-11	-29	-63	-2,654	0	0	-34	769	-116	-4,293	-223	-6,207
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	9	13	62	608	0	0	0	0	0	0	0	0	71	621
Profit (loss) before tax	20,844	19,900	1,168	3,989	20,595	8,501	464	-582	3,472	2,923	-6,584	-12,163	39,960	22,569
Income tax benefit (expense)	-5,292	-3,367	-247	-771	-1,841	-1,256	0	380	-953	-700	-906	426	-9,238	-5,288
Profit (loss) from continuing operations	15,553	16,533	922	3,218	18,754	7,245	464	-202	2,519	2,223	-7,490	-11,737	30,722	17,281
Profit (loss) attributable to														
Profit (loss) attributable to equity holders of the parent	15,549	16,530	921	3,217	18,449	7,084	278	-122	2,743	2,341	-7,497	-11,677	30,445	17,374
Profit (loss) attributable to non-controlling interest	3	4	0	1	305	161	186	-80	-224	-118	7	-60	277	-93
Profit (loss) for the period	15,553	16,533	922	3,218	18,754	7,245	464	-202	2,519	2,223	-7,490	-11,737	30,722	17,281

6. Grupo Security Consolidated Statement of Cash Flows

Statement of Cash Flows	Dec-19	Dec-20
For the periods ended December 31st, 2019 and 2020	MCh\$	MCh\$
Net cash flows provided by (used in) operating activities	275,805	-118,856
Net cash flows used in investing activities	-4,096	-8,279
Net cash flows used in financing activities	62,491	-87,425
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	334,201	-214,561
Effect of changes in exchange rates on cash and cash equivalents	23,884	-18,916
Net increase (decrease) in cash and cash equivalents	358,085	-233,477
Cash and cash equivalents at beginning of period	472,890	830,974
Cash and cash equivalents at end of period	830,974	597,497

Operating Cash Flows

For the year ended December 2020, the company reported net operating cash flows of -MCH\$118,856 (MCH\$275,805 for 12M19) due to the acquisition of additional financial instruments by Banco Security. These effects were partially offset by larger collection volumes related to greater total loans at the Bank (+2.9% YoY).

Investing Cash Flows

For the year ended December 2020, the company reported net investing cash flows of -MCH\$8,279 (-MCH\$4,096 for 12M19) due to a drop in purchases of property, plant and equipment, offset by an increase in sales of PPE, in comparison to the prior year.

Financing Cash Flows

For the year ended December 2020, the company posted net financing cash flows of -MCH\$87,425, largely due to a rise in loan payments by the factoring subsidiary and a high basis of comparison for bond placements by the same subsidiary of MCH\$40,000 in June 2019. These effects were partially offset by Grupo Security's capital increase, which raised MCH\$55,568, 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\$)	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Revenue	280,945	308,024	298,418	199,468	276,725	315,441
Cost of sales	-195,946	-214,091	-215,693	(124,960)	(165,755)	(231,634)
Gross profit	84,999	93,932	82,725	74,509	110,971	83,807
Administrative expenses	-49,231	-64,868	-67,772	(59,939)	(61,232)	(54,419)
Operating income	28,946	28,401	11,104	13,202	47,789	27,114
Finance costs	-3,606	-3,695	-3,797	(3,269)	(3,747)	(3,652)
Profit before tax	27,155	27,321	7,752	6,791	39,960	22,569
Profit attributable to equity holders of parent	18,207	20,130	6,500	10,828	30,445	17,374
EBITDA ¹	33,781	34,059	14,805	13,264	47,106	29,509

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

8. Financial and Business Indicators

Leverage Ratios (M Ch\$)		30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20
Individual leverage ratio ¹	%	36.03%	35.10%	36.64%	34.46%	35.14%	35.64%
Consolidated financial expenses ²	Times	9.11	8.92	3.04	3.06	6.04	6.33

Profitability (M Ch\$)		30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20
Revenue	\$ millions	847,843	1,155,867	298,418	497,886	774,611	1,090,053
Profit attributable to equity holders of the company	\$ millions	61,026	81,156	6,500	17,328	47,772	65,146
EBITDA	\$ millions	104,741	138,799	14,805	28,070	75,175	104,685
Return of equity ³	%	11.05%	10.84%	3.40%	4.52%	7.95%	8.12%
Return on assets ⁴	%	0.744%	0.720%	0.212%	0.287%	0.528%	0.544%
Earnings per share ⁵	\$	22.67	21.96	18.00	15.06	17.25	16.47
Number of shares	\$ millions	3,695	3,695	3,695	3,695	4,017	4,042

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 were MCH\$11,921,511 as of December 2020, -0.8% YoY. Of these assets, 55.4% are trade and other receivables, primarily the Bank's loan portfolio. As of December 2020, this item reached MCH\$6,603,317, +1.0% YoY, driven by +2.9% YoY growth in loans as explained on pages 14-15.

Furthermore, 32.5% of total assets are other current financial assets. This line item primarily includes the investment portfolio for the insurance subsidiary's technical reserves and the Bank's portfolio of financial instruments. As of December 2020, other current financial assets reached MCH\$3,878,087, +5.5% YoY, because of the rise of 16.8% YoY in the Bank's current financial assets, which totaled MCH\$1,298,289 as of December 2020, and an increase of 0.4% YoY in the investment portfolio for the insurance company's technical reserves, which reached MCH\$2,575,607 as of December 2020.

As of December 2020, total consolidated liabilities were MCH\$11,059,767, -1.4 YoY. Of those, 64.1% are other current financial liabilities, which include the Bank's time deposits and current accounts, as well as debt issued by the Bank or the Group. As of December 2020, other current

financial liabilities reached MCH\$7,087,157, -2.6% YoY.

Of total liabilities, 25.9% were trade and other payables, which are primarily the technical reserves of Vida Security and Protecta Security. As of December 2020, trade payables totaled MCH\$2,863,722 (-0.6% YTD), because of balances reclassified and restated by Banco Security, offset by the 1.4% YoY increase in life insurance technical reserves, which totaled MCH\$2,680,181, in line with activity levels at Vida Security, as explained on pages 20-26. There were also greater reserves at Protecta Security, in line with greater annuity sales, as discussed on page 28 of this report.

Grupo Security's equity totaled MCH\$861,744 as of December 2020, +8.0% YoY, because of the capital increase carried out in 2020, which raised MCH\$55,568, with a subscription rate of 83.7% 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 December 2020, this ratio was 0.3564, +54 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 December 2020, the consolidated financial expense coverage ratio was 6.33 (-29.1% YoY) due to a -31.8% YoY variation in profit before tax.

As of December 2020, revenue was MCH\$1,090,053, -5.7% YoY. Of this, 21.2% corresponds to gross written premiums from Vida Security, which fell 11.2% due to a drop in annuity and group insurance sales, offset by growth in individual premiums, as explained on pages 20-26. In addition, 35.8% of revenue was from interest and indexation on Bank loans, which fell 3.7% YoY, due to lower interest rates, loan deferrals and a high prepayment volume in 2019, as explained on pages 6-17. On the other hand, 14.8% 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 20-26.

For 2020, profit attributable to owners of the parent was MCH\$65,146, -19.7% YoY, while EBITDA reached MCH\$104,685 (-24.6% YoY). As of December 2020 return on equity was 8.1% (-303 bps YoY) and return on assets was 0.54% (-18 bps YoY) with earnings per share of CH\$16.5 (-24.7% YoY). These results are explained by the results of Grupo Security and its subsidiaries, which are presented in detail throughout this report.

Market Information

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

Grupo Security is the parent company of a conglomerate of diversified companies engaged in the main sectors of the Chilean financial industry. Its subsidiaries Banco Security and Factoring Security provide lending services to companies and individuals. The subsidiary Seguros de Vida Security Previsión, Corredora de Seguros Security and Europ Assistance operate respectively in the life insurance and life annuity, insurance brokerage and travel assistance industries. Valores Security Corredora de Bolsa, Administradora General de Fondos Security and Securitizadora Security, complement the Group's offering of financial services by developing and distributing specialized financial products and personalized investment and asset management services. Starting in 4Q18, the international business area, which consists of the Peruvian subsidiaries Protecta Security and 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 December 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\$200,932,289 (MCH\$185,091,882 excluding foreign subsidiaries). Equity totaled MCH\$22,170,344 while profit for the year was MCH\$1,242,602, with return on average equity¹³ of 5.6%. The industry reported an efficiency ratio of 48.9%, measured as operating expenses over gross operating profit, and 1.7% measured as operating expenses over total assets. The banking system posted a risk ratio of 2.71%, measured as loan loss provisions to total loans, and 1.58%, measured as 90-day nonperforming loans to total loans. As of December 2020, Banco Security had total loans of MCH\$6,228,083, positioning it 8th in total loans with 3.1% of the Chilean market (3.4% excluding foreign subsidiaries).

FACTORING INDUSTRY

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

MUTUAL FUND INDUSTRY

As of December 2020, the mutual fund industry reported average assets under management of MCH\$51,307,877 and 2,664,852 investors. Administradora General de Fondos Security boasted average assets under management of MCH\$2,789,219 as of December 2020, giving it a market share of 5.4% and a sixth-place industry ranking among the 20 fund managers operating in the market.

¹³ Annualized profit for the period over average equity for the period

STOCK BROKERAGE INDUSTRY

During 2020, market activity measured as value of shares traded fell 8.6% in comparison to 2019, reaching BCH\$59,109. Value of shares traded by Valores Security Corredores de Bolsa for the same period totaled BCH\$1,155 billion 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 December 2020, investments accounted for using the equity method in the Consolidated Statements of Financial Position represent approximately 0.02% of total assets.

Goodwill, which represents the difference between the acquisition cost and the fair value of assets and liabilities, totaled MCH\$119,067 as of December 2020, equivalent to 1.00% of total assets.

Given the varying natures of the companies considered investments in related companies, their market value is normally higher than their carrying amount, which depends on the industry and the economic conditions they face.

Risk Factors

DEPENDENCE ON SUBSIDIARY RESULTS

Grupo Security is the ultimate parent company of a conglomerate of companies and receives its income from subsidiary profits. As of December 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. Banco Security has consistently posted risk levels below industry averages, even despite the public health crisis in 2020, because it has better collateral coverage than the rest of the industry.

Market Risk

The main market risks facing the Chilean banking industry are inflation and interest rate risk. As a result, Grupo Security has established market risk policies, procedures and limits to manage its maturity and exchange rate exposure in accordance with its own objectives and regulatory limits. In particular, the bank, its subsidiaries and the insurance companies have implemented a special system for controlling interest rate risk that also allows ongoing monitoring of their medium- and long-term investment portfolios.

Risks Associated with International Financial Market Volatility

The Chilean economy and its markets generally operate within international markets and may be affected by external shocks. The volatility of world financial markets and changes in global economic conditions can negatively affect the performance of local and international assets and risk premiums demanded by investors.

Interest Rate Risk

As of December 31, 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 December 31, 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.

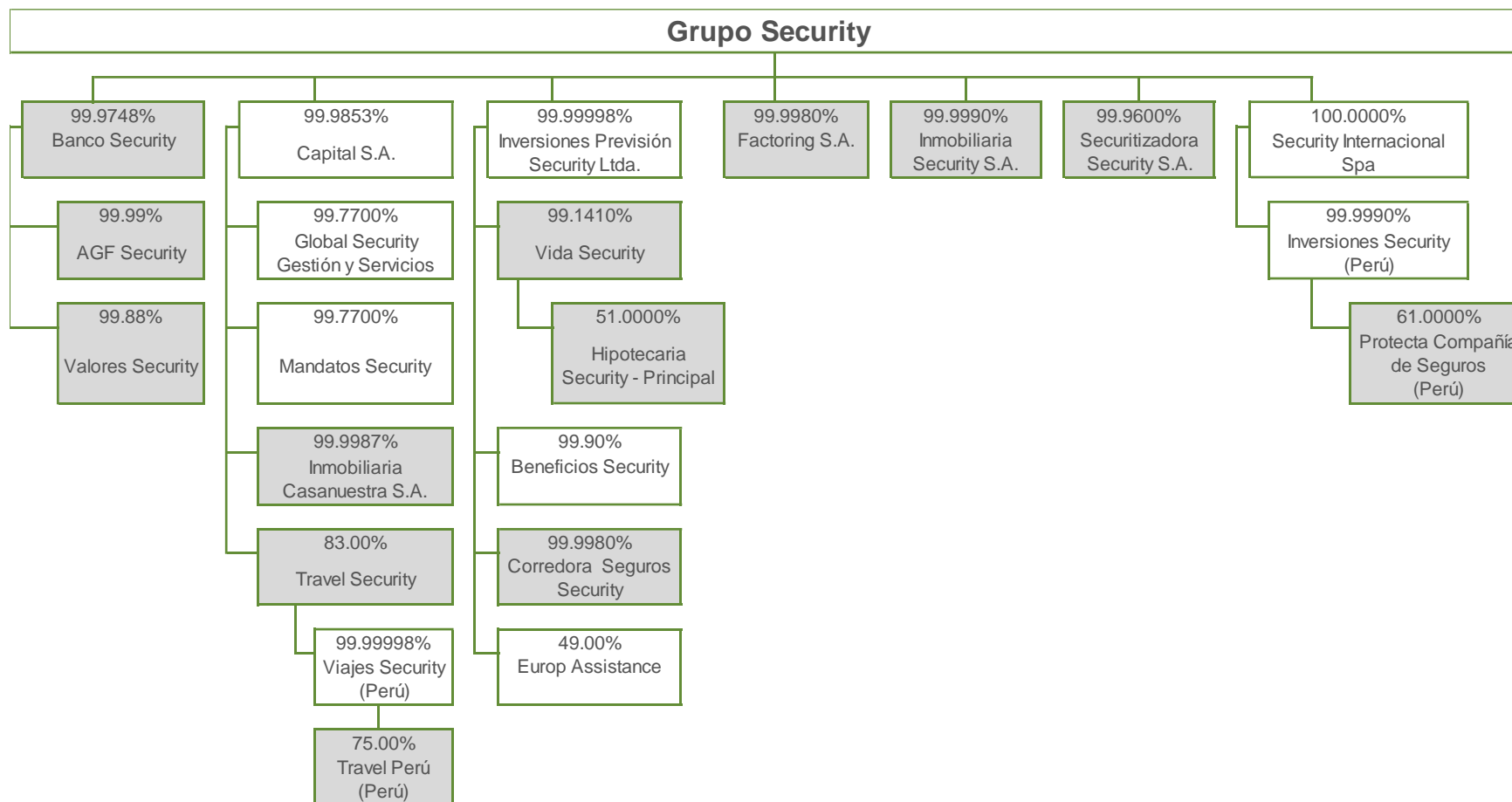
Industry Structure

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



In 2020, the following changes were made to the corporate organizational structure:

- Asesorías Security was absorbed by Capital
- Servicios Security was absorbed by Inversiones Previsión Security
- Representaciones Security was absorbed by Travel Security