

# Grupo Security Earnings Report

## **Grupo Security Reports Profit of MCH\$67,502 for 9M21 (+41.3% YoY).**

**Santiago , Chile – November 11, 2021. Grupo Security S.A., (BCS: SECURITY; BBG: SECUR).**

In 2020, Grupo Security reviewed its expenses and structures in order to address the effects of the pandemic. This process involved significantly adjusting the organizational structure of all companies and cutting administrative and personnel expenses by 10%. In addition, the Bank and Vida began to deploy specific programs, known respectively as “Origen” and “Desafío”, designed mainly to boost commercial revenue, with a focus on improving commercial relationship management, customer preference and digitalization.

Similarly, in 2021 Grupo Security revised its corporate model and defined an integrated digital strategy with support from international consultants. To this end, the Corporate Digital and Data Department was created. Its objective is to implement digitalization and integrated data governance and complement Grupo Security’s offering of financial services through investments, partnerships or alliances with financial technology companies (Fintech).

In this context, Grupo Security purchased a stake in Monument Bank, a banking entity with a license recently approved by the Bank of England that offers a 100% digital experience to the mass affluent segment in the United Kingdom. This investment will allow Grupo Security and Monument Bank to join forces to explore alternatives that complement its business model in Chile and the region. Similarly, for Grupo Security it represents an opportunity to access cutting-edge technology and high standards in digital financial services. The Monument Bank team is made up of bankers with a successful international track record and a first-rate digital team, as well as a sound governance structure in one of the world’s leading hubs for financial technology (Fintech and Open Banking).

Through different projects involving an omnichannel approach, digitalization, commercial relationship management and service quality, Grupo Security hopes to continue enhancing its service, contributing to the community and achieving larger returns for shareholders in a sustainable manner over time.

Grupo Security posted profit of MCH\$67,502 for 9M21, up 41% from 9M20, surpassing the MCH\$65,146 obtained for the full year in 2020, while mobile LTM profit was MCH\$84,876, among the Group’s all-time highs. Vida Security performed exceptionally well with profit of MCH\$38,122 for 9M21 (+131.4 YoY) due to improved investment income (+82.9% YoY). The company ranked third in sales as of September 2021, with 6.4% market share, equivalent to total premiums of MCH\$235,537 for 9M21 (+41.0% YoY). In addition, Fitch Ratings upgraded its risk rating for Vida Security from AA- to AA, based on its continuously improving business profile and equity.

Meanwhile, Banco Security reported consolidated profit of MCH\$51,297 for 9M21 (+16.0% YoY) despite a 24% rise in LLP expenses compared to 2020, with MCH\$2,700 in additional provisions recorded in 2021. The Bank’s efficiency ratio was 44.5% for 9M21 and 41% for 3Q21. In line with projections, the travel businesses in Chile and Peru reached the break-even point in 2Q21, after adjusting their business model to a primarily digital sales model in 2020. Inmobiliaria Security continued to report positive results, with profit of MCH\$2,277 for 9M21 (-29.7% YoY), despite a slowdown in ownership transfer, with titles transferred on 65 units in 2021 versus 114 as of September 2020. Factoring Security’s earnings are aligned with expected growth, reaching MCH\$7,187 for 9M21(-2.9% YoY).

In addition to strong performances from its businesses, Grupo Security reported solid earnings thanks to its cost-cutting plan. Total consolidated expenses for 9M21 fell 10.2% YoY, with payroll expenses down MCH\$17,339, including more than MCH\$4,000 in termination benefits paid at Banco Security and its subsidiaries. This is consistent with the savings commitment of 10% of total expenses established by the company in 2020. All these factors are reflected in an annualized ROAE of 10.7% (8.0% as of September 2020). Therefore, Grupo Security’s dividend yield today is 8.3% including the last dividend distributed in October, with a payout ratio that increased from 55% of profit in recent years to 64% this year.

- Banco Security's consolidated profit for 9M21 was MCH\$51,297 (+16% YoY), and market share reached 3.3% as of September 2021 (3.4% as of September 2020). Commercial loans expanded 3.8% YoY, with market share in its target segment of medium and large companies of 6.1%<sup>1</sup>.
- Its risk ratio, measured as provisions to loans, was 2.28% as of September 2021 (-30 bps YoY), which compares favorably to the banking system’s 2.38%. Banco Security's consolidated efficiency ratio was 44.6% as of September 2021 (-398 bps YoY). Its 3Q21 efficiency ratio of 41.0% (-564 bps QoQ) deserves mentioning, explained by lower support expenses (-6.5%

---

<sup>1</sup> 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).

QoQ) and higher gross operating income (+6.4% QoQ). The Bank posted an ROAE as of September 2021 of 10.2% (+85 bps YoY).

- Factoring Security reported profit of MCH\$7,187 for 9M21 (-2.9% YoY), explained by lower operating income (-6.2% YoY) due to tighter spreads. Loans totaled MCH\$401,159 for 9M21 (+21.9% YoY).
- Vida Security reported profit of MCH\$38,122 for 9M21 (+131.4% YoY), because of improved investment income (+82.9% YoY) and a better technical result in DSI. Gross written premiums reached MCH\$235,537 (+41% YoY), with sharp growth in annuities (+748.6% YoY). The subsidiary's volume of gross written premiums positioned it third in the industry with market share of 6.4%.
- Protecta Security posted profit of MS./ 11.6 (+17.2% YoY) for 9M21 with total premiums written of MS./ 497, a record high for the company, along with higher investment income (+30.9% YoY). As of September 2021, Protecta had 23.1% market share in annuities, positioning it second in sales in the Peruvian market.
- Inversiones Security, including Securitizadora Security, reported profit of MCH\$6,565 for 9M21, or 122% greater than the same period last year, due to improved results at Securitizadora and CasaNuestra and deferred taxes recognized by the brokerage subsidiary, Valores Security, of MCH\$1,141 in 1Q21, along with improved operating income at AGF.
- Inmobiliaria Security reported profit of MCH\$2,277 for 9M21 (30% YoY) due to legal title transferred on 65 units during the period, versus 114 units in the same period last year.
- Travel Security (Chile and Peru) reported profit of MCH\$39 for 9M21 (versus a loss of -MCH\$4,275 for 9M20) thanks to having shifted to a digital business model. Interestingly, in 3Q21 the companies (Chile and Peru) reported consolidated profit of MCH\$318, giving it positive results for the second quarter in a row.
- At a consolidated level, Grupo Security posted profit of MCH\$67,502 for the first nine months of 2021 (+41.3% YoY and +66.5% QoQ), already surpassing the MCH\$65,146 obtained for the full year in 2020, with annualized ROAE of 10.7% (8.0% as of September 2020).

## SIGNIFICANT AND SUBSEQUENT EVENTS

---

- 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 replaced him as CEO of Securitizadora Security and Inmobiliaria CasaNuestra.
- At the annual general meeting on April 06, 2021, Grupo Security shareholders approved a dividend payment of CH\$5.25 per share charged to profit for the year 2020. This dividend plus the interim dividend distributed in October 2020 are equivalent to CH\$10.95 per share, totaling MCH\$41,588, or 64% of profit for the year 2020.
- At this meeting, shareholders also approved the annual report, balance sheet and financial statements for the year 2020. They also agreed to appoint EY as the Company's external auditors for the year 2021 and Fitch and ICR as its risk rating agencies.
- In June 2021 Fitch Ratings upgraded its risk rating for Vida Security from AA- to AA, based on its continuously improving business profile, indebtedness ratios and capital.
- To continue to simplify the corporate structure, Global Security was absorbed by Capital on July 1st.
- Grupo Security was honored with three awards that reflect the consistency of its unique culture built around respecting and caring for people with a focus on work-family-life balance.
  - In July 2021, Grupo Security placed first on the ranking of the Best Places to Work for Women in Chile 2021,
  - and 27th place on the ranking of the Best Places to Work in Latin America.
  - The company was also recently awarded first place in the 2021 Merco Talent ranking, named the Best Company at Attracting and Retaining Talent in the corporate holding category.
- At an extraordinary shareholders' meeting on August 25, 2021, the shareholders of Grupo Security approved the creation of a share buyback program for up to 5% of the subscribed and paid-in shares for a period of 5 years and delegated authority to the board to define the acquisition mechanism. As of November 10, 2021, Grupo Security has acquired shares worth MCH\$13.7, which represents 0.3% of all subscribed and paid shares.
- In October 2021, Alejandra Zegers, Corporate Marketing and Customer Experience Manager, resigned after 16 years with Grupo Security. Two new corporate areas were created as part of the process to reconfigure the corporate structure: the Corporate Affairs Department and the Corporate Digital and Data Department. The Corporate Affairs Department will be

responsible for providing guidelines for ESG aspects, reputation, editorial lines, brand, quality, advertising and public affairs for both the holding and its subsidiaries and will be led by Paulina Guerra Méndez. Francisco Letelier Balocchi, the new Corporate Digital and Data Manager, will be in charge of implementing the digital strategy throughout all group companies.

- In this context, Grupo Security purchased a stake in Monument Bank, a banking entity recently licensed by the English financial regulator that offers a 100% digital experience to the mass affluent segment in the United Kingdom. This investment will allow Grupo Security and Monument Bank to join forces to explore alternatives that complement its business model in Chile and the region. Similarly, for Grupo Security it represents an opportunity to access cutting-edge technology and high standards in digital financial services.

## SECURITY STOCK PERFORMANCE

As of September 30, 2021, Grupo Security's stock was valued at CH\$ 129.9 per share (-1.5% YTD), giving a market-to-book ratio of 0.61, among the Group's all-time lows. The stock is currently at CH\$129.5, with a price-to-earnings ratio of 6.2 and a market-to-book ratio of 0.60. Therefore, Grupo Security's dividend yield today is 8.3%. As of September 30, 2021, the S&P IPSA Index was at 2,897 points, with returns of +4.44% for the period, while the stocks on the S&P/CLX Banks Index (CLP) boasted returns of 7.56% for the nine-month period.

Grupo Security Ratios	nov-21*	Sep-21	Jun-21	Dec-20	Sep-20	QoQ	% Chg YTD	YoY
Net Profit (MM\$)	67,502	67,502	40,542	65,146	47,772	-	-	41.3%
Net Profit LTM (MM\$)	84,876	84,876	88,361	65,146	67,902	-3.9%	30.3%	25.0%
Profit per share (\$)	21.0	21.0	21.9	16.8	18.0	-4.1%	24.7%	16.7%
ROAE	10.7%	10.7%	9.7%	8.1%	8.0%	106 p	262 p	279 p
P/U (Times)	6.17	6.2	5.6	7.8	7.2	9.7%	-21.0%	-14.4%
Price / Book value (Times)	0.60	0.61	0.58	0.62	0.61	5.1%	-2.2%	-0.7%
Dividend yield	8.3%	6.7%	7.1%	8.3%	9.4%	-35 p	-156 p	-269 p
Share Price (\$)	129.5	129.9	123.5	131.9	129.9	5.2%	-1.5%	0.0%
Equity (MM\$)	867,898	867,898	867,101	861,744	862,208	0.1%	0.7%	0.7%
Free float	27.6%	27.6%	27.6%	27.6%	27.8%	0 p	0 p	-20 p
Number of Shares (millions)	4,042	4,042	4,042	4,042	4,042	0.0%	0.0%	0.0%

\* Price and Number of Shares as of 11/10/21. Equity and profit as of Sep-21.

### Contact Information

Marcela Villafaña – Daniela Fuentes – Natalia Arancibia  
Investor Relations  
Grupo Security  
Apoquindo 3150, Floor 14

Santiago, Chile  
Phone: 56 2 2584 4540  
Email: relacioninversionistas@security.cl  
Website: <http://ir.security.cl>

## GRUPO SECURITY EARNINGS REPORT FOR THE FIRST NINE MONTHS OF 2021

Grupo Security posted profit of MCH\$67,502 for the nine months ended September 2021 (+41.3% YoY and +66.5% QoQ). EBITDA for the same period totaled MCH\$95,842 (+27.5% YoY and +51.4% QoQ), The Grupo posted an annualized ROAE as of September 2021 of 10.7% (+279 bps YoY).

Grupo Security posted profit of MCH\$ 67,502 for 9M21 (+41.3% YoY), due to higher profit from the Group's business areas of MCH\$100,378 (+48.5% YoY), as explained throughout this report. In addition, corporate and support area expenses totaled MCH\$10,655 (+3.2% YoY), while finance costs reached MCH\$9,992 (+0.6% YoY), stable year-over-year. The Group recorded a loss on indexed assets and liabilities of -MCH\$11,994 (+232.9% YoY) due to higher cumulative inflation (3.5% as of September 2021 vs 1.4% as of September 2020) and a larger volume of bonds following issuances by Grupo Security and Inversiones Previsión Security in 2020. Meanwhile, the line item taxes and others totaled -MCH\$236 for 9M21, versus +MCH\$4,044 for 9M20, because of tax refunds in 2Q20.

For the quarter, Grupo Security posted profit of MCH\$26,959 (+66.5% QoQ), explained by stronger results from business areas of MCH\$38,551 (+44.3% QoQ). Corporate and support area expenses reached MCH\$3,280 (-14.0% QoQ), with lower personnel expenses and a high basis of comparison because of advisory services paid in 2Q21. The Group also had higher finance costs (+1.5% QoQ) and a larger gain on indexed assets and liabilities (+16.8% QoQ) due to higher inflation during the quarter (1.27% in 3Q21 versus 1.07 in 2Q21).

(MCH\$)	3Q21	2Q21	3Q20	% Chg		Sep-21	Sep-20	% Chg
				QoQ	YoY			
Business areas profit	38,556	26,716	37,941	44.3%	1.6%	100,383	67,590	48.5%
Support areas and group expenses	-3,284	-3,816	-2,671	-13.9%	23.0%	-10,659	-10,329	3.2%
Finance costs	-3,376	-3,325	-3,455	1.5%	-2.3%	-9,992	-9,929	0.6%
Indexation units	-4,384	-3,755	-122	16.8%	3500.5%	-11,994	-3,603	232.9%
Taxes and others	-283	-247	-941	14.4%	-69.9%	-229	4,861	-
<b>Grupo Security Profit</b>	<b>26,959</b>	<b>16,191</b>	<b>30,445</b>	<b>66.5%</b>	<b>-11.4%</b>	<b>67,502</b>	<b>47,772</b>	<b>41.3%</b>
<b>EBITDA</b>	<b>36,035</b>	<b>23,805</b>	<b>47,106</b>	<b>51.4%</b>	<b>-23.5%</b>	<b>95,842</b>	<b>75,175</b>	<b>27.5%</b>
<b>LTM Profit</b>	<b>84,876</b>	<b>88,361</b>	<b>67,902</b>	<b>-3.9%</b>	<b>25.0%</b>	<b>84,876</b>	<b>67,902</b>	<b>25.0%</b>

From a consolidated perspective, Grupo Security's revenue reached MCH\$971,647 (+25.4% YoY) for 9M21, primarily because of increased revenue from gross written premiums at Vida Security and Protecta, which totaled MCH\$331,848 (+42% YoY), due to higher sales of annuities and individual insurance policies. Furthermore, Vida Security and Protecta reported greater interest and investment income of MCH\$143,512 (+53.5% YoY), effects explained on pages 20 to 28 of this report. In contrast, there was an 11.8% YoY rise in revenue at Banco Security, mainly due to increased indexation income because of higher inflation during the period, as explained on pages 7 to 16.

As for consolidated operating expenses, this figure reached MCH\$692,825 for 9M21 (+36.8% YoY). The main effect corresponds to an increase in operating expenses at Vida Security and Protecta, up 50.2% YoY in line with greater premiums in annuities and a higher loss ratio in group policies, as explained on pages 21 to 25. Furthermore, Banco Security had higher LLP expenses<sup>2</sup> (+19.0% YoY), as explained on pages 9 to 11 of this report, and higher operating expenses as a result of indexation expense on debt instruments issued due to higher inflation with respect to last year.

<sup>2</sup> Excluding adjustment for minimum provisions on normal portfolio

Consolidated statement of income* (MCH\$)	3Q21	2Q21	3Q20	% Chg		Sep-21	Sep-20	% Chg
				QoQ	YoY			
<b>Revenue</b>	<b>347,807</b>	<b>316,578</b>	<b>276,796</b>	<b>9.9%</b>	<b>25.7%</b>	<b>971,647</b>	<b>774,710</b>	<b>25.4%</b>
Banco Security - Revenue <sup>1</sup>	141,413	128,612	109,173	10.0%	29.5%	400,931	358,589	11.8%
Vida Security & Protecta - Gross premium	120,364	111,550	74,625	7.9%	61.3%	331,848	233,741	42.0%
Vida Security & Protecta - Interest & investment income	50,887	32,114	57,182	58.5%	-11.0%	130,170	93,478	39.3%
Factoring Security - Revenue	9,797	8,020	6,917	22.2%	41.6%	26,023	25,878	0.6%
Other revenue	25,346	36,283	28,901	-30.1%	-12.3%	82,675	63,024	31.2%
<b>Cost of sales</b>	<b>- 248,135</b>	<b>- 231,156</b>	<b>- 165,755</b>	<b>7.3%</b>	<b>49.7%</b>	<b>-692,825</b>	<b>-506,407</b>	<b>36.8%</b>
Banco Security - Cost of sales <sup>2</sup>	- 64,378	- 59,550	- 27,083	8.1%	137.7%	-184,607	-144,504	27.8%
Banco Security - LLP expenses <sup>3</sup>	- 17,994	- 21,268	- 22,080	-15.4%	-18.5%	-58,556	-49,202	19.0%
Vida Security & Protecta - Cost of sales <sup>4</sup>	- 144,951	- 131,147	- 86,419	10.5%	67.7%	-390,441	-260,032	50.2%
Factoring - Cost of sales <sup>5</sup>	- 3,529	- 1,731	- 1,114	104.0%	216.8%	-7,342	-5,903	24.4%
Other costs	- 17,282	- 17,460	- 29,059	-1.0%	-40.5%	-51,879	-46,766	10.9%
<b>Gross profit</b>	<b>99,673</b>	<b>85,422</b>	<b>111,042</b>	<b>16.7%</b>	<b>-10.2%</b>	<b>278,823</b>	<b>268,303</b>	<b>3.9%</b>
Other revenue	- 944	- 703	- 1,618	34.2%	-41.7%	-3,120	-6,950	-55.1%
<b>Total expenses</b>	<b>- 54,779</b>	<b>- 59,383</b>	<b>- 61,392</b>	<b>-7.8%</b>	<b>-10.8%</b>	<b>-169,965</b>	<b>-189,218</b>	<b>-10.2%</b>
Personnel expenses	- 22,061	- 31,611	- 33,429	-30.2%	-34.0%	-83,285	-100,625	-17.2%
Administrative expenses	- 32,718	- 27,771	- 27,963	17.8%	17.0%	-86,679	-88,594	-2.2%
<b>Operational profit</b>	<b>43,950</b>	<b>25,337</b>	<b>48,032</b>	<b>73.5%</b>	<b>-8.5%</b>	<b>105,738</b>	<b>72,135</b>	<b>46.6%</b>
Finance costs	- 3,964	- 3,810	- 3,576	4.0%	10.8%	-10,670	-10,410	2.5%
Exchange differences	- 4,253	290	4,624	-	-8.0%	-3,193	-2,041	56.5%
Indexation units	- 6,721	- 4,969	74	35.3%	-	-16,522	-5,106	223.6%
Others <sup>6</sup>	- 124	- 98	53	26.8%	-	-293	-74	295.9%
<b>Profit before tax</b>	<b>28,888</b>	<b>16,749</b>	<b>39,960</b>	<b>72.5%</b>	<b>-27.7%</b>	<b>75,060</b>	<b>54,503</b>	<b>37.7%</b>
Finance costs	- 1,939	- 223	- 9,238	770.3%	-79.0%	-7,265	-7,487	-3.0%
<b>Profit (loss) attributable to equity holders of the parent</b>	<b>26,959</b>	<b>16,191</b>	<b>30,445</b>	<b>66.5%</b>	<b>-11.4%</b>	<b>67,502</b>	<b>47,772</b>	<b>41.3%</b>

\*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. Provisions for loan losses do not include adjustment for minimum provisions on normal portfolio. 4. Includes variations in technical reserves, claims and pensions paid and underwriting expenses. 5. Includes banking and other expenses. 6. Includes share of profit (loss) of equity-accounted associates and joint ventures and gains (losses) arising from the difference between the book value and fair value of financial assets reclassified at fair value.

In 2020 Grupo Security implemented a savings plan in all subsidiaries, with permanent efficiency efforts that included structural adjustments at the Group's main businesses. As a result, total expenses reached MCH\$169,965 for 9M21 (-10.2% YoY), reflecting cost-cutting efforts made during 2020. During the first nine months of 2021, personnel expenses fell by 17.2% YoY, which considers a restructuring at Banco Security and subsidiaries, with termination benefits in excess of MCH\$4,000. Meanwhile, administrative expenses were down 2.2% YoY.

Grupo Security Indicators In MCH\$	Sep-21	Jun-21	Sep-20	% Chg	
				QoQ	YoY
Banco - Total Loans	6,542,131	6,259,188	6,311,948	4.5%	3.6%
Industry - Total Loans <sup>1</sup>	197,276,151	190,710,072	187,446,006	3.4%	5.2%
Inversiones - AUM Mutual Funds	2,610,737	2,630,336	2,610,981	-0.7%	0.0%
Industry - AUM Mutual Funds	52,441,917	52,482,707	50,715,066	-0.1%	3.4%
Vida - Investment Portfolio	2,797,727	2,676,166	2,623,494	4.5%	6.6%
Industry (life insurance) - Investment Portfolio	48,454,065	46,781,953	46,030,086	3.6%	5.3%
Factoring - Factored Receivables	401,159	361,164	329,150	11.1%	21.9%

<sup>1</sup>Excludes loans and advances to banks and foreign subsidiaries of local banks.

Grupo Security Indicators Statement of Income	3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg
				QoQ	YoY			
Banco - Net Interest Margin	50,364	49,003	51,435	2.8%	-2.1%	147,169	146,293	0.6%
Banco - Net Fees	15,662	14,145	12,964	10.7%	20.8%	44,608	44,091	1.2%
Banco - Operating Expenses	-30,793	-32,921	-34,588	-6.5%	-11.0%	-97,590	-101,394	-3.8%
Banco - Net Provision Expenses	-17,994	-21,268	-20,095	-15.4%	-10.5%	-58,556	-47,790	22.5%
Vida - Direct Premium	83,803	82,521	53,319	1.6%	57.2%	235,537	167,008	41.0%
Vida - Claims Paid	-29,664	-31,994	-15,991	-7.3%	85.5%	-72,799	-70,361	3.5%
Vida - Pensions Paid	-50,106	-55,221	-26,970	-9.3%	85.8%	-155,965	-80,944	92.7%
Vida - Investment Income	42,597	34,196	40,481	24.6%	5.2%	115,755	63,291	82.9%
Factoring - Revenue	8,616	7,036	6,911	22.5%	24.7%	22,828	25,886	-11.8%

Grupo Security	Nov-21	Sep-21	Jun-21	Dec-20	Sep-20	% Chg	
						QoQ	YoY
Employees	3,172	3,180	3,172	3,256	3,304	0.3%	-3.8%

Ratios	Sep-21	Jun-21	Dec-20	Sep-20	% Chg	
					QoQ	YoY
Grupo - ROE	10.7%	9.7%	8.1%	8.0%	106 p	279 p
Banco (Consolidated) - ROAE	10.2%	9.2%	9.5%	9.3%	95 p	85 p
Factoring - ROE	17.2%	17.4%	17.4%	18.3%	-24 p	-112 p
Vida - ROAE	24.5%	23.2%	11.7%	10.8%	136 p	1373 p
Travel - ROE	1.1%	-	-	-	-	-
Grupo - Leverage	36.8%	36.4%	35.6%	35.1%	41 p	164 p
Banco - Efficiency	44.6%	46.6%	47.2%	48.6%	-193 p	-398 p
Factoring - Efficiency	41.8%	42.0%	43.7%	42.2%	-20 p	-39 p
Banco - Non-Performing Loans	1.52%	1.91%	1.76%	2.39%	-40 p	-88 p
Banco - Risk Index	2.27%	2.24%	1.97%	1.83%	3 p	45 p
Factoring - Risk Index	1.98%	2.01%	1.68%	2.29%	-3 p	-31 p
Banco - BIS Tier I Ratio	7.4%	7.7%	7.8%	7.4%	-33 p	0 p
Banco - BIS Tier II Ratio	13.9%	14.6%	14.1%	13.4%	-72 p	50 p

ROAE: profit LTM over average equity attributable to owners

### Earnings from Related Companies (In Ch\$ Million)

	3Q21	2Q21	3Q20	% Chg		Sep-21	Sep-20	% Chg
				QoQ	YoY			
<b>Lending Area</b>								
Banco Security (standalone)	18,502	13,382	13,720	38.3%	34.8%	45,651	40,527	12.6%
Factoring Security	2,403	2,410	1,832	-0.3%	31.2%	7,187	7,400	-2.9%
<b>Asset Management Area</b>								
Valores Security	106	-368	291	-	-63.8%	1,431	980	46.1%
AGF Security	1,866	785	715	137.7%	160.9%	4,085	2,714	50.5%
Securitizadora Security & CasaNuestra	672	114	2	489.1%	-	881	-547	-
<b>Insurance Area</b>								
Vida Security	14,514	8,286	18,467	75.2%	-21.4%	38,122	16,475	131.4%
<b>Other Services</b>								
Inmobiliaria Security	-32	908	3,752	-	-	2,277	3,238	-29.7%
Travel Security	318	25	-1,504	1173.4%	-	39	-4,275	-
<b>International Business</b>								
Protecta Security (S./ Th.)	2,129	9,041	5,282	-76.5%	-59.7%	11,648	9,937	17.2%
Travex Security (S./ Th.)	-90	-486	-1,741	-81.6%	-94.9%	-1,356	-6,598	-79.5%
<b>Grupo Security Profit<sup>1</sup></b>	<b>26,959</b>	<b>16,191</b>	<b>30,445</b>	<b>66.5%</b>	<b>-11.4%</b>	<b>67,502</b>	<b>47,772</b>	<b>41.3%</b>

(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** (70.1% of assets as of September 2021; 52.6% of profit from business areas for 9M21)

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

Banco Security reported consolidated profit attributable to owners of the parent of MCH\$51,297 for 9M21 (+16.0% YoY) and MCH\$ 20,605 for 3Q21 (+49.3% QoQ). The Bank's standalone profit (excluding subsidiaries AGF Security and Valores Security Corredores de Bolsa) was MCH\$45,651 (+12.7% YoY and +39.6% QoQ).

For the same period, its ROAE (profit LTM over average equity) was 10.2% (+85 bps YoY).

### Banco Security - Consolidated Statement of Income

Banco Security posted consolidated profit of MCH\$51,297 for 9M20 (+16.0% YoY) and MCH\$20,605 for 3Q21 (+49.3% QoQ).

<i>In Ch\$ Millon</i>	3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg
				QoQ	YoY			YoY
Net interest margin	50,364	49,003	51,435	2.8%	-2.1%	147,169	146,293	0.6%
Net Fees	15,662	14,145	12,964	10.7%	20.8%	44,608	44,091	1.2%
Net financial Operating Income	9,547	4,832	14,719	97.6%	-35.1%	21,089	19,613	7.5%
Net foreign exchange transactions	-1,604	280	-4,217	-	-62.0%	791	655	20.8%
Recovery of charged-off loans	1,786	1,225	1,185	45.8%	50.7%	4,459	2,975	49.9%
Other net operating income	-579	1,174	-444	-	-	460	-5,096	-
<b>Gross operating income</b>	<b>75,176</b>	<b>70,659</b>	<b>75,642</b>	<b>6.4%</b>	<b>-0.6%</b>	<b>218,576</b>	<b>208,531</b>	<b>4.8%</b>
Loan loss provision expenses	-19,780	-22,493	-21,280	-12.1%	-7.0%	-63,015	-50,765	24.1%
Administrative expenses	-30,793	-32,921	-34,589	-6.5%	-11.0%	-97,590	-101,395	-3.8%
<b>Net operating income</b>	<b>24,603</b>	<b>15,245</b>	<b>19,773</b>	<b>61.4%</b>	<b>24.4%</b>	<b>57,971</b>	<b>56,371</b>	<b>2.8%</b>
Income attributable to investments in other companies	0	17	0	-	-	17	2	-
<b>Profit before tax</b>	<b>24,603</b>	<b>15,262</b>	<b>19,773</b>	<b>61.2%</b>	<b>24.4%</b>	<b>57,988</b>	<b>56,373</b>	<b>2.9%</b>
Income tax expense	-3,998	-1,462	-5,045	173.5%	-20.8%	-6,689	-12,151	-45.0%
<b>Profit for the period</b>	<b>20,605</b>	<b>13,800</b>	<b>14,728</b>	<b>49.3%</b>	<b>39.9%</b>	<b>51,299</b>	<b>44,222</b>	<b>16.0%</b>
Profit attributable to owners of the parent	20,605	13,800	14,728	49.3%	39.9%	51,297	44,221	16.0%

The net interest margin was MCH\$147,169 for 9M21 (+0.6% YoY). Interest and indexation income totaled MCH\$319,916 (+14.2% YoY), due to increased indexation because of higher inflation (3.5% in 9M21 vs 1.4% in 9M20). This effect was partly offset by lower interest income on commercial and consumer loans. The latter was due to more competitive interest rates on consumer loans because of heightened market liquidity. Interest and indexation expense, meanwhile, totaled MCH\$172,747 (+29.1% YoY), principally due to increased indexation expense on debt instruments issued due to higher inflation as compared to last year, partially offset by lower volumes of time deposits (-17.1% YoY) and the use of financing mechanisms provided by the Central Bank.

In comparison to 2Q21, the net interest margin climbed 2.8% to MCH\$50,364. Interest and indexation income reached MCH\$112,130 (+8.2% QoQ) due to increased indexation because of higher inflation (1.27% in 3Q21 vs 1.07% in 2Q21) and larger total loan volumes (+4.5% QoQ), partly offset by lower prepayment commissions. Interest and indexation expenses reached MCH\$61,766 (+13.0% QoQ) as a result of higher inflation during the quarter and higher volumes of time deposits (+24.5% QoQ).

Net Interest Margin		3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg
In Ch\$ Million					QoQ	YoY			
Interest and indexation income		112,130	103,650	76,880	8.2%	45.9%	319,916	280,138	14.2%
Interest and indexation expenses		-61,766	-54,647	-25,445	13.0%	142.7%	-172,747	-133,845	29.1%
Net interest margin		50,364	49,003	51,435	2.8%	-2.1%	147,169	146,293	0.6%
Interest margin net of provisions		30,584	26,510	30,155	15.4%	1.4%	84,154	95,528	-11.9%
Net interest margin / total loans		3.08%	3.13%	3.26%	-5 p	-18 p	3.00%	3.09%	-9 p
Net interest margin net of provisions / Total loans		1.87%	1.69%	1.91%	18 p	-4 p	1.72%	2.02%	-30 p

Interest and indexation income		3Q21	2Q21	3Q20	%Chg		Sep-21	Sep-20	% Chg YoY	
In Ch\$ Millions					QoQ	YTD				
Consumer		9,889	10,079	12,080	-1.9%	-12.8%	-18.1%	30,863	39,358	-21.6%
Mortgage		14,355	12,730	5,063	12.8%	4.7%	183.5%	39,747	24,764	60.5%
Mortgage + Consumer		24,244	22,809	17,143	6.3%	-3.2%	41.4%	70,610	64,122	10.1%
Commercial		81,533	73,458	50,651	11.0%	1.6%	61.0%	229,553	189,894	20.9%
Investment instruments		7,098	5,047	5,229	40.6%	14.7%	35.7%	17,276	18,015	-4.1%

Interest and indexation income/Loans		3Q21	2Q21	3Q20	%Chg		Sep-21	Sep-20	% Chg YoY	
In Ch\$ Millions					QoQ	YTD				
Consumer		9.52%	9.54%	10.32%	-2 p	-39 p	-80 p	14.85%	16.80%	-195 p
Mortgage		7.31%	6.75%	2.90%	56 p	-5.2%	441 p	10.11%	7.08%	303 p
Mortgage + Consumer		8.07%	7.75%	5.87%	32 p	-5.8%	220 p	11.75%	10.98%	77 p
Commercial		6.11%	5.79%	3.94%	32 p	-3.8%	217 p	8.60%	7.38%	122 p
Total		6.47%	6.15%	4.30%	32 p	0 p	217 p	9.18%	8.05%	113 p

Net fee and commission income totaled MCH\$44,608 for 9M21 (+0.6% YoY), stable year-over-year. For the quarter, net fee and commission income reached MCH\$15,662 (+10.7% QoQ), because of increased business from credit cards and supplementary loan insurance products in the Retail Banking Division.

Finance income, which is the sum of net financial operating income (loss) and the net gain from FX transactions, climbed to MCH\$21,880 (+8.0% YoY), due to increased trading of fixed-income instruments, offset partly by a drop in sales of mortgage bonds. In a quarterly comparison, finance income reached MCH\$7,943 (+55.4%), partly due to increased sales of mortgage bonds during the quarter.

Other net operating income reached MCH\$460 for 9M21 (versus -MCH\$5,096 for 9M20), with a low basis of comparison because of repossessed or awarded assets written off in 2020 and greater gains on the sale of property, plant and equipment in 9M21. For the quarter this figure was -MCH\$579 (versus MCH\$1,174 in 2Q21) due to a higher basis of comparison because of gains on sales of property, plant and equipment in 2Q21.

Banco Security focuses on corporate customers and high-income individuals, which is reflected in its risk ratio, measured as provisions over loans, of 2.28% as of September 2021 versus 2.38% for the banking industry. The Bank's strategy for the commercial portfolio has centered around supporting customers in long-term businesses with adequate collateral coverage, which is valued using conservative standards. Bear in mind that loan loss provisions are calculated based on the unsecured portion of the loan, so greater collateral coverage results in lower ratios of loan loss provisions to loans.

	Credit Risk (%)									
	Provisions / Loans					Over 90 Day Nonperforming Loans				
	Mortgage	Consumer	Total	Commercial	Total	Mortgage	Consumer	Commercial	Total	
Banco Security	0.19	4.66	1.74	2.40	2.28	0.92	1.22	1.63	1.52	
Medium Banks*	0.17	3.56	0.87	2.32	2.04	0.90	0.86	1.73	1.56	
Banking system	0.61	5.73	1.98	2.70	2.38	1.16	1.10	1.63	1.41	

\*Average for BICE, Security, Internacional, Consorcio



Institution	Loans MCH\$ (1)	Collaterals MCH\$ (2)	Provisions MCH\$	Collateral / Loans	Provisions / Loans	(Collateral + Provisions) / Loans
System	93,845,873	51,433,475	2,032,304	54.81%	2.17%	56.97%
Peer Banks (3)	14,864,774	10,532,594	325,803	70.86%	2.19%	73.05%
Large Banks (4)	77,294,853	40,917,249	1,662,216	52.94%	2.15%	55.09%
Banco Security	4,933,786	3,633,461	114,972	73.64%	2.33%	75.97%

1. Individually assessed commercial loans, information as of August 2021. 2. In-house estimate of individually assessed commercial loan portfolio based on report "Bank LLP Indicators" as of Aug 2021, available at [www.cmf.cl](http://www.cmf.cl) 3. Peer banks: BICE, Consorcio, Internacional and Security. 4. Large Banks: Chile, BCI, Estado, Itaú, Scotiabank and Santander.

LLP expenses for 9M21 totaled MCH\$58,556 (+22.5% YoY), explained by higher loan loss provisions for commercial loans of MCH\$51,671 for 9M21 (+98.3% YoY), offset by lower loan loss provisions for consumer loans of MCH\$5,197 for 9M21 (-74.4% YoY). Expense levels as of September 2021 were equivalent to 1.19% of total loans (+18 bps YoY), below the figure of 1.30% as of June 2021, as a result of a slower pace of expenditures in the third quarter.

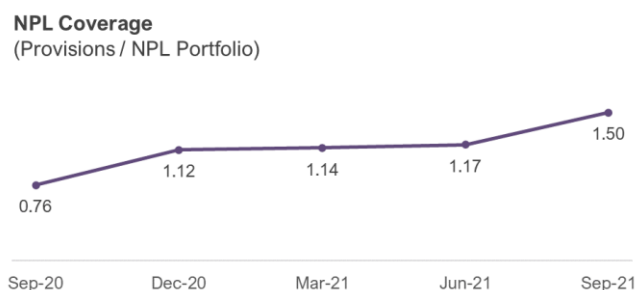
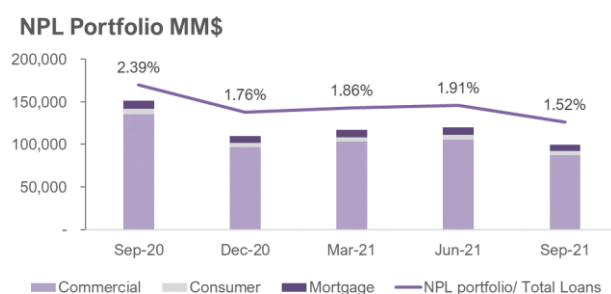
Despite the significant increase in the loan portfolio, LLP expenses net of recovered loans totaled MCH\$17,994 for 3Q21 (-10.5% QoQ), because of a smaller NPL portfolio (-17.1% QoQ). In addition, the risk rating of a mutual guarantee society was downgraded in June 2021, which involved recording additional provisions for loans backed by that company. In July the company's risk rating recovered, which enabled us to reverse a portion of the new provisions for companies up to date on their payments. Efforts were also made to record MCH\$1,000 in additional provisions during 3Q21, bringing the total to MCH\$2,700 for the year 2021 (+35.0% YoY).

In Ch\$ Million	3Q21	2Q21	3Q20	% Chg QoQ	9M21	9M20	%Chg YoY
Consumer LLP expenses <sup>2</sup>	-2,354	-1,243	-6,382	-63.1%	-5,197	-20,301	-74.4%
Mortgage LLP expenses <sup>2</sup>	-607	-510	-36	1586.1%	-1,227	-564	117.6%
Comercial LLP expenses <sup>2</sup>	-15,064	-19,050	-13,450	12.0%	-51,671	-26,062	98.3%
Others <sup>3</sup>	31	-465	-227	-113.7%	-461	-863	-46.6%
<b>Expense in total provisions<sup>2</sup></b>	<b>-17,994</b>	<b>-21,268</b>	<b>-20,095</b>	<b>-10.5%</b>	<b>-58,556</b>	<b>-47,790</b>	<b>22.5%</b>
Consumer LLP / Loans	2.27%	1.18%	5.45%	-318 p	1.67%	5.78%	-411 p
Mortgage LLP / Loans	0.31%	0.27%	0.02%	29 p	0.21%	0.11%	10 p
Commercial LLP / Loans	1.13%	1.50%	1.05%	8 p	1.29%	0.68%	62 p
<b>LLP expenses<sup>2</sup> / Loans</b>	<b>1.10%</b>	<b>1.36%</b>	<b>1.27%</b>	<b>-17 p</b>	<b>1.19%</b>	<b>1.01%</b>	<b>18 p</b>

<sup>1</sup> Stock of credit risk provisions/ Stock of nonperforming loans

<sup>2</sup> Credit risk provisions net of recovery of charged-off loans

The NPL portfolio reached MCH\$99,263 as of September 2021, contracting 17.1% during the quarter as some commercial customers' circumstances normalized. This represents 1.52% of loans (-88 bps, -40 bps QoQ). The ratio has stayed under 2% since 4Q20, the target established for fiscal year 2021. As a result, the NPL coverage ratio has improved, reaching 1.50 as of September 2021 (+3,269 bps QoQ).



In short, one can see a decrease in the pace of LLP expenses, even during a period in which voluntary additional provisions were recorded. In terms of portfolio quality, there have been improvements both in coverage and in the NPL portfolio. Coverage already surpasses 1.5 and the NPL portfolio fell below BCH\$100 as of the end of September.

<i>In Ch\$ Million</i>	3Q21	2Q21	3Q20	QoQ	% Chg YTD	YoY
Consumer loans	415,531	422,692	468,432	-1.7%	-9.2%	-11.3%
Mortgage loans	786,018	754,816	699,126	4.1%	10.4%	12.4%
Comercial loans	5,338,376	5,078,365	5,144,150	5.1%	5.6%	3.8%
<b>Total Loans</b>	<b>6,542,131</b>	<b>6,259,188</b>	<b>6,311,948</b>	<b>4.5%</b>	<b>5.0%</b>	<b>3.6%</b>
Nonperforming loans - consumer	5,072	5,696	7,216	-10.9%	-10.5%	-29.7%
Nonperforming loans - mortgage	7,223	8,516	8,817	-15.2%	-3.0%	-18.1%
Nonperforming loans - commercial	86,967	105,598	135,047	-17.6%	-9.8%	-35.6%
<b>Total nonperforming loans</b>	<b>99,263</b>	<b>119,811</b>	<b>151,080</b>	<b>-17.1%</b>	<b>-9.4%</b>	<b>-34.3%</b>
Non-performing loans - consumer	1.22%	1.35%	1.54%	-13 p	-2 p	-32 p
Non-performing loans - mortgage	0.92%	1.13%	1.26%	-21 p	-13 p	-34 p
Non-performing loans - commercial	1.63%	2.08%	2.63%	-45 p	-28 p	-100 p
<b>Total nonperforming loans</b>	<b>1.52%</b>	<b>1.91%</b>	<b>2.39%</b>	<b>-40 p</b>	<b>-24 p</b>	<b>-88 p</b>
Gross provisions	179,794	161,185	149,479	11.5%	5.5%	20.3%
Write-offs	(30,972)	(20,722)	(34,093)	49.5%	-35.1%	-9.2%
<b>Credit risk provisions</b>	<b>148,822</b>	<b>140,463</b>	<b>115,386</b>	<b>6.0%</b>	<b>21.2%</b>	<b>29.0%</b>
Provisions - consumer (% total)	19,370	21,287	24,492	-9.0%	-21.6%	-20.9%
Provisions - mortgage (% total)	1,478	1,537	1,072	-3.8%	30.1%	37.9%
Provisions - comercial (% total)	127,974	117,639	89,822	8.8%	32.1%	42.5%
<b>Credit risk provisions</b>	<b>148,822</b>	<b>140,463</b>	<b>115,386</b>	<b>6.0%</b>	<b>21.2%</b>	<b>29.0%</b>
Coverage - consumer	381.9%	373.7%	339.4%	813 p	-5411 p	4246 p
Coverage - mortgage	20.5%	18.0%	12.2%	241 p	521 p	830 p
Coverage - comercial	147.2%	111.4%	66.5%	3575 p	4668 p	8064 p
<b>Coverage - total nonperforming loans<sup>1</sup></b>	<b>149.9%</b>	<b>117.2%</b>	<b>76.4%</b>	<b>3269 p</b>	<b>3788 p</b>	<b>7355 p</b>
Provisions / loans	2.27%	2.24%	1.83%	3 p	30 p	45 p
<b>Total impaired loans</b>	<b>7.28%</b>	<b>7.58%</b>	<b>6.26%</b>	<b>-30 p</b>	<b>-2 p</b>	<b>102 p</b>
Impaired loans - consumer	4.19%	4.73%	5.88%	-54 p	-109 p	-170 p
Impaired loans - mortgage	1.58%	1.80%	1.76%	-22 p	-2 p	-18 p
Impaired loans - comercial	8.36%	8.68%	6.90%	-32 p	7 p	146 p

<sup>1</sup> Credit risk provisions / Total nonperforming loans

Support expenses totaled MCH\$97,590 for 9M21 (-3.8% YoY), due to lower personnel expenses of MCH\$41,175 (-16.7% YoY) because of lower bonus expenses and a reduced workforce. On the other hand, it had lower payroll expenses following structural adjustments in late 2020 as part of the savings plan rolled out across all Group companies. Meanwhile, administrative expenses totaled MCH\$50,781 (+10.0% YoY) due to higher consulting expenses, while depreciation and amortization expense reached MCH\$5,634 (-3.6% YoY).

For the quarter, support expenses reached MCH\$30,793 (-6.5% QoQ) explained by lower personnel expenses of MCH\$9,836 (-37.3% QoQ) due to a drop in personnel expenses because of structural adjustments, coupled with a high basis of comparison because of termination benefits paid in 2Q21. During 3Q21 several items were reclassified between administrative and personnel expenses, which explains a large part of the variation in administrative expenses. These effects were partially offset by increased administrative expenses of MCH\$19,126 (+24.4% QoQ). Finally, depreciation and amortization expense held steady (-1.0% QoQ).

In Ch\$ Millions	3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg
				QoQ	YoY			
Personnel	-9,836	-15,698	-17,136	-37.3%	-42.6%	-41,175	-49,405	-16.7%
Administrative expenses	-19,126	-15,373	-15,482	24.4%	23.5%	-50,781	-46,147	10.0%
Depreciation and amortization	-1,831	-1,850	-1,970	-1.0%	-7.1%	-5,634	-5,842	-3.6%
<b>Total operating expenses</b>	<b>-30,793</b>	<b>-32,921</b>	<b>-34,588</b>	<b>-6.5%</b>	<b>-11.0%</b>	<b>-97,590</b>	<b>-101,394</b>	<b>-3.8%</b>
Gross operating income	75,176	70,659	75,642	6.4%	-0.6%	218,576	208,531	4.8%
<b>Operating expenses / Gross operating income</b>	<b>41.0%</b>	<b>46.6%</b>	<b>45.7%</b>	<b>-564 p</b>	<b>-477 p</b>	<b>44.6%</b>	<b>48.6%</b>	<b>-398 p</b>

Banco Security's efficiency ratio, measured as operating expenses + other operating expenses over total operating income, was 44.6% for 9M21 (-398 bps YoY), due to lower expenses (-3.8% YoY) because of structural adjustments and improved gross operating income (+4.8% YoY). Quarter-on-quarter, efficiency improved 41.0% (-564 bps QoQ), with lower support expenses (-6.5% QoQ) and higher gross operating income (+6.4% QoQ).

For 9M21, the Bank recognized a lower income tax expense (MCH\$6,689; -45.0% YoY), due to MCH\$1,141 in deferred taxes recorded by the brokerage subsidiary in 1Q21 and price-level restatement of equity due to higher inflation during the period (3.5% for 9M21 versus 1.4% for 9M20).

## Banco Security - Operating Segments

In Ch\$ Million	Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
		Sep-21	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20
Net interest margin		73,970	75,684	36,750	45,906	38,287	32,185	0	0	149,007	153,776	385	60	149,392	153,836
Δ% 9M21		-2.3%	-19.9%	-19.0%	19.0%	-	-	-	-	-3.1%	-	541.7%	-	-2.9%	-
Net Fees		16,236	14,511	9,228	11,134	-108	-159	0	0	25,355	25,486	19,164	18,120	44,519	43,606
Δ% 9M21		11.9%	-17.1%	-32.0%	-	-	-	-	-	-0.5%	-	5.8%	-	2.1%	-
Net FX transactions and other income		6,447	6,602	986	2,041	11,538	10,787	-5,878	-11,884	13,094	7,545	4,490	5,371	17,584	12,916
Δ% 9M21		-2.3%	-51.7%	7.0%	-	-	-	-	-	73.5%	-	-16.4%	-	36.1%	-
Loan losses and foreclosed assets		-44,200	-30,354	-11,544	-21,659	-1	-71	0	0	-55,745	-52,085	0	0	-55,745	-52,085
Δ% 9M21		45.6%	-46.7%	-98.9%	-	-	-	-	-	7.0%	-	-	-	7.0%	-
<b>Total operating income, net of credit risk prov.</b>		<b>52,453</b>	<b>66,444</b>	<b>35,420</b>	<b>37,421</b>	<b>49,716</b>	<b>42,742</b>	<b>-5,878</b>	<b>-11,884</b>	<b>131,711</b>	<b>134,723</b>	<b>24,039</b>	<b>23,551</b>	<b>155,750</b>	<b>158,274</b>
Δ% 9M21		-21.1%	-5.3%	16.3%	-	-	-	-	-	-2.2%	-	2.1%	-	-1.6%	-
Operating expenses		-29,187	-32,826	-38,430	-41,705	-9,786	-11,058	-595	2,972	-77,998	-82,617	-19,782	-19,286	-97,780	-101,903
Δ% 9M21		-11.1%	-7.9%	-11.5%	-	-	-	-	-	-5.6%	-	2.6%	-	-4.0%	-
<b>Net operating income</b>		<b>23,266</b>	<b>33,618</b>	<b>-3,010</b>	<b>-4,284</b>	<b>39,930</b>	<b>31,684</b>	<b>-6,473</b>	<b>-8,912</b>	<b>53,713</b>	<b>52,106</b>	<b>4,257</b>	<b>4,265</b>	<b>57,970</b>	<b>56,371</b>
Δ% 9M21		-30.8%	-29.8%	26.0%	-	-	-	-	-	3.1%	-	-0.2%	-	2.8%	-
Income tax expense		-3,499	-7,442	453	948	-6,004	-7,014	971	1,924	-8,079	-11,583	1,390	-568	-6,689	-12,151
Δ% 9M21		-53.0%	-52.3%	-14.4%	-	-	-	-	-	-30.3%	-	-	-	-45.0%	-
<b>Profit attributable to equity holders of the bank</b>		<b>19,767</b>	<b>26,176</b>	<b>-2,557</b>	<b>-3,336</b>	<b>33,926</b>	<b>24,671</b>	<b>-5,485</b>	<b>-6,986</b>	<b>45,651</b>	<b>40,524</b>	<b>5,643</b>	<b>3,697</b>	<b>51,297</b>	<b>44,221</b>
Δ% 9M21		-24.5%	-23.4%	37.5%	-	-	-	-	-	12.7%	-	52.6%	-	16.0%	-

In Ch\$ Million	Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
		3Q-21	2Q-21	3Q-21	2Q-21	3Q-21	2Q-21	3Q-21	2Q-21	3Q-21	2Q-21	3Q-21	2Q-21	3Q-21	2Q-21
Net interest margin		25,316	24,384	12,084	12,065	10,768	14,585	0	0	48,168	51,034	257	159	48,425	51,193
Δ% 3Q21		3.8%	0.2%	-26.2%	-	-	-	-	-	-5.6%	-	61.3%	-	-5.4%	-
Net Fees		5,696	5,137	3,523	2,935	-36	-40	0	0	9,183	8,031	6,584	5,847	15,767	13,878
Δ% 3Q21		10.9%	20.0%	-10.4%	-	-	-	-	-	14.3%	-	12.6%	-	13.6%	-
Net FX transactions and other income		2,144	2,276	712	141	2,760	2,879	178	-3,273	5,795	2,024	1,107	1,405	6,902	3,429
Δ% 3Q21		-5.8%	404.3%	-4.1%	-	-	-	-	-	186.4%	-	-21.2%	-	101.3%	-
Loan losses and foreclosed assets		-11,878	-16,484	-3,755	-3,727	0	0	0	0	-15,633	-20,211	0	0	-15,633	-20,211
Δ% 3Q21		-27.9%	0.8%	-	-	-	-	-	-	-22.7%	-	-	-	-22.7%	-
<b>Total operating income, net of credit risk prov.</b>		<b>21,279</b>	<b>15,313</b>	<b>12,564</b>	<b>11,414</b>	<b>13,492</b>	<b>17,423</b>	<b>178</b>	<b>-3,273</b>	<b>47,513</b>	<b>40,878</b>	<b>7,948</b>	<b>7,412</b>	<b>55,461</b>	<b>48,289</b>
Δ% 3Q21		39.0%	10.1%	-22.6%	-	-	-	-	-	16.2%	-	7.2%	-	14.9%	-
Operating expenses		-10,077	-8,591	-12,429	-12,512	-3,170	-2,746	732	-1,956	-24,944	-25,806	-5,916	-7,239	-30,860	-33,044
Δ% 3Q21		17.3%	-0.7%	15.4%	-	-	-	-	-	-3.3%	-	-18.3%	-	-6.6%	-
<b>Net operating income</b>		<b>11,202</b>	<b>6,722</b>	<b>135</b>	<b>-1,098</b>	<b>10,323</b>	<b>14,677</b>	<b>910</b>	<b>-5,228</b>	<b>22,569</b>	<b>15,072</b>	<b>2,032</b>	<b>173</b>	<b>24,601</b>	<b>15,245</b>
Δ% 3Q21		66.6%	-	-29.7%	-	-	-	-	-	49.7%	-	1074.1%	-	61.4%	-
Income tax expense		-1,945	-825	48	126	-2,193	-1,777	23	637	-4,067	-1,839	69	377	-3,998	-1,462
Δ% 3Q21		135.8%	-62.1%	23.4%	-	-	-	-	-	121.2%	-	-81.7%	-	173.5%	-
<b>Profit attributable to equity holders of the bank</b>		<b>9,256</b>	<b>5,897</b>	<b>183</b>	<b>-972</b>	<b>8,130</b>	<b>12,900</b>	<b>933</b>	<b>-4,575</b>	<b>18,502</b>	<b>13,250</b>	<b>2,098</b>	<b>551</b>	<b>20,603</b>	<b>13,801</b>
Δ% 3Q21		57.0%	-	-37.0%	-	-	-	-	-	39.6%	-	280.4%	-	49.3%	-

## Commercial Banking

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

As of September 2021, commercial loans expanded 3.8% YoY and 5.6% YTD, totaling BCH\$5,338. Industry wide, commercial loans grew by 2.1% YoY and 6.4% YTD. Including foreign subsidiaries, the industry's commercial loans were up 1.5% YoY and 6.5% YTD. Banco Security's market share in commercial loans was 4.9% as of September 2021<sup>3</sup>, while its market share in its target segment of medium and large companies was 6.1%<sup>4</sup>. The Commercial Banking Division had 10,129 customers as of September 2021 (+25.3% YoY).

The Commercial Banking Division posted profit of MCH\$19,767 for 9M21 (-24.5% YoY). This weaker result is explained mainly by increased LLP expenses, totaling MCH\$44,200 for 9M21, above MCH\$30,354 for 9M20 (see pages 9 to 11 for more information). It also recorded a smaller net interest margin of MCH\$73,970 (-2.3% YoY), due to lower income from liabilities because of lower interest rates, partially offset by a larger average portfolio spread and a greater volume of commercial loans (+3.8% YoY). Financial operating income, net FX transactions and other income totaled MCH\$6,447 (-2.3% YoY). These effects were partially offset by lower support expenses of MCH\$29,187 for 9M21 (-11.1% YoY) because of a drop in commercial performance bonuses and savings from the structural adjustments carried out in 2020. The division also recognized higher net commission and fee income of MCH\$16,236 (+11.9% YoY) due to increased business.

For the quarter, profit was MCH\$9,256 (+57.0% QoQ), due to lower loan losses during the period of MCH\$11,878 (-27.9% QoQ), because of a smaller NPL portfolio and a high basis of comparison explained by impairment of one particular corporate customer recognized mostly in 2Q21. In addition, the risk rating of a mutual guarantee society was downgraded in June 2021, which involved recording additional provisions for loans backed by that company. In July the company's risk rating recovered, which enabled us to reverse a portion of the new provisions for companies up to date on their payments. It had a net interest margin of MCH\$25,316 (+3.8% QoQ), with increased loans (+5.1% QoQ) and a stable spread. The division also recognized higher net commission and fee income of MCH\$5,696 (+10.9% QoQ) due to increased business. These effects were partially offset by higher support expenses of MCH\$10,077 in 3Q21 (+17.3% QoQ) and a decrease in financial operating income, net FX transactions and other income, which reached MCH\$2,144 (-5.8% QoQ).

## Retail Banking

Banco Security's Retail Banking Division targets high-income individuals. The Retail Banking Division focused on consumer products until 2019 but shifted to mortgage products last year.

As of September 2021, the Bank had total retail loans (consumer + mortgage) of BCH\$1,201 (+2.9% YoY, +2.7% YTD), explained

Commercial Loans by Economic Sector	% Total
Real estate investors and corporate services	18.6%
Construction and real estate	18.0%
Financial services and insurance	16.9%
Social services	12.3%
Wholesale and retail trade	10.6%
Transportation	6.3%
Manufacturing	5.5%
Utilities	4.3%
Agriculture and livestock	3.8%
Fishing	1.7%
Mining	1.4%
Telecom	0.5%
Forestry	0.1%
<b>Total commercial loans</b>	<b>100%</b>

<sup>3</sup> Excluding foreign subsidiaries of Chilean banks

<sup>4</sup> 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).

by lower consumer loan volumes (-11.3% YoY, -9.2% YTD), partly counteracted by greater mortgage loan volumes (+12.4% YoY, +10.4% YTD), representing 6.4% and 12.0% of the Bank's total loans, respectively. For the industry, retail loans increased +8.6% YoY and +6.6% YTD, driven by growth in mortgage loans (+12.0% YoY and +8.9% YTD) and consumer loans (+0.3% YoY and +0.7% YTD). Including foreign subsidiaries, the industry's retail loans grew +8.9% YoY. The Bank boasts market share of 4.1%<sup>5</sup> in its target segment of high-income individuals as of September 2021. The Retail Banking Division had 65,362 customers as of September 2021 (-4.1% YoY).

The Retail Banking Division posted a loss of -MCH\$2,557 for 9M21 (-MCH\$3,336 in 9M20). The net interest margin reached MCH\$36,750 (-19.9% YoY) due to decreased loans, mainly consumer (-11.3% YoY), and a tighter portfolio spread, along with lower income from liabilities. Moreover, net fee and commission income fell to MCH\$9,228 (-17.1% YoY), due to a decline in supplementary loan insurance products. Financial operating income, net FX transactions and other income totaled MCH\$986 for 9M21 (-17.1% YoY), due to decreased sales of mortgage bonds. These effects were partly offset by reduced LLP expenses of MCH\$11,544 for 9M21 (-46.7% YoY) due to a decline in consumer loans and a decrease in the consumer and mortgage NPL portfolios (-29.7% YoY and -18.1% YoY, respectively), in light of the government's relief plans and withdrawals from pension funds. Meanwhile, support expenses totaled MCH\$38,430 (-7.9% YoY) because of decreased business and, to a smaller extent, savings efforts and structural adjustments in 2020.

Compared to the previous quarter, the Retail Banking Division reported profit of MCH\$183 for 3Q21 (versus a loss of -MCH\$972 for 2Q21) due to greater net fee and commission income of MCH\$3,523 (+20.0% QoQ) explained by increased business from credit and debit cards and an increase in financial operating income, net FX transactions and other income, which totaled MCH\$712 (+404.3% QoQ) due to sales of mortgage bonds during the quarter. The net interest margin was MCH\$12,084, holding steady during the quarter (+0.2% QoQ). LLP expenses and support expenses were both similar to 2Q21, totaling MCH\$3,755 (+0.8% QoQ) and MCH\$12,429 (-0.7% QoQ) for the quarter.

## **Treasury**

For 9M21, the Treasury Division reported profit of MCH\$33,926 (+37.5% YoY), because of greater net operating income of MCH\$49,716 (+16.3% YoY), lower cost of funds, an increase in indexation income stemming from higher inflation (3.5% for 9M21 vs 1.4% for 9M20) and greater trading of fixed-income instruments. Operating expenses fell to MCH\$9,786 (-11.5% YoY) due to lower payroll expenses.

During the quarter, the area reported profit of MCH\$8,130 (-37.0% QoQ), with net operating income of MCH\$13,492 (-22.6% QoQ), with a high basis of comparison due to a large number of prepayments and more trading of fixed-income instruments in 2Q21. The division reported operating expenses of MCH\$3,170 (+15.4% QoQ).

The Treasury Division consists of trading, investment, distribution and asset and liability management (ALM) transactions. The ALM desk manages financial investments used to stabilize the net interest margin, manage the balance of interest rate risk, manage liquidity and efficiently fund the bank's loan portfolio. As of September 2021, ALM represented 54% of treasury income. The investment and trading desks manage the Bank's own portfolio of primarily Chilean Central Bank notes and corporate bonds and represent 29.8% of treasury income. The remaining 16.2% of Treasury Division income comes from the distribution desk,

---

<sup>5</sup> This 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).

which brokers specialized products for corporate banking customers (currency, forwards and structured products).

## Loan Portfolio - Banco Security

Total loans reached MCH\$6,542,131 as of September 2021, +3.6% YoY and +5.0% YTD, while industry loans were up +5.2% YoY (+6.6% YTD). Including foreign investments, the industry's total loans were up 4.7% YoY and +6.7% YTD. Commercial loans grew 3.8% YoY and 5.4% YTD, to MCH\$5,338,376 (81.6% of Banco Security's total loan portfolio), while retail loans (consumer + mortgage) reached MCH\$1,201,549 as of September 2021, +2.9% YoY and +5.6% YTD. The 20 largest borrowers represent 12.18% of the Bank's total loan portfolio.

Total Loans In Ch\$ Millions		Sep-21	Jun-21	Sep-20	%Chg	
					QoQ	YoY
	Consumer	415,531	422,692	468,432	-1.7%	-11.3%
	Mortgage	786,018	754,816	699,126	4.1%	12.4%
	<b>Mortgage + Consumer</b>	<b>1,201,549</b>	<b>1,177,508</b>	<b>1,167,558</b>	<b>2.0%</b>	<b>2.9%</b>
	No. Customers	65,362	65,997	68,153	-1.0%	-4.1%
	Commercial	5,338,376	5,078,365	5,144,150	5.1%	3.8%
	No. Customers	10,129	7,966	8,082	27.2%	25.3%
	<b>Total Loans</b>	<b>6,542,131</b>	<b>6,259,188</b>	<b>6,311,948</b>	<b>4.5%</b>	<b>3.6%</b>
	Market Share	3.3%	3.3%	3.4%	3 p	-5 p

Interest and indexation income In Ch\$ Millions		3Q21	2Q21	3Q20	%Chg		Sep-21	Sep-20	% Chg YoY
					QoQ	YoY			
	Consumer	9,889	10,079	12,080	-1.9%	-18.1%	30,863	39,358	-21.6%
	Mortgage	14,355	12,730	5,063	12.8%	183.5%	39,747	24,764	60.5%
	<b>Mortgage + Consumer</b>	<b>24,244</b>	<b>22,809</b>	<b>17,143</b>	<b>6.3%</b>	<b>41.4%</b>	<b>70,610</b>	<b>64,122</b>	<b>10.1%</b>
	Commercial	81,533	73,458	50,651	11.0%	61.0%	229,553	189,894	20.9%

Interest and indexation income/Loans In Ch\$ Millions		3Q21	2Q21	3Q20	%Chg		Sep-21	Sep-20	% Chg YoY
					QoQ	YoY			
	Consumer	9.52%	9.54%	10.32%	-2 p	-80 p	14.85%	16.80%	-195 p
	Mortgage	7.31%	6.75%	2.90%	56 p	441 p	10.11%	7.08%	303 p
	<b>Mortgage + Consumer</b>	<b>8.07%</b>	<b>7.75%</b>	<b>5.87%</b>	<b>32 p</b>	<b>220 p</b>	<b>11.75%</b>	<b>10.98%</b>	<b>77 p</b>
	Commercial	6.11%	5.79%	3.94%	32 p	217 p	8.60%	7.38%	122 p
	<b>Total</b>	<b>6.47%</b>	<b>6.15%</b>	<b>4.30%</b>	<b>32 p</b>	<b>217 p</b>	<b>9.18%</b>	<b>8.05%</b>	<b>113 p</b>

## Banco Security – Funding Sources

Funding Sources In MCH\$	Sep-21		Jun-21		Sep-20		% Chg		
							QoQ	YTD	YoY
Demand deposits	1,436,590	16.3%	1,429,864	16.9%	1,249,255	14.9%	0.5%	22.2%	15.0%
Time deposits	1,715,144	19.4%	1,377,094	16.3%	2,068,266	24.7%	24.5%	-9.3%	-17.1%
Total deposits	3,151,734	35.7%	2,806,959	33.3%	3,317,521	39.6%	12.3%	2.8%	-5.0%
Bonds	3,107,830	35.2%	3,145,217	37.3%	2,860,609	34.1%	-1.2%	6.0%	8.6%
Interbank loans	1,377,814	15.6%	1,355,156	16.1%	1,052,374	12.5%	1.7%	31.0%	30.9%
Other liabilities*	508,930	5.8%	449,638	5.3%	508,232	6.1%	13.2%	37.8%	0.1%
<b>Total Liabilities</b>	<b>8,146,308</b>	<b>92.3%</b>	<b>7,756,969</b>	<b>91.9%</b>	<b>7,738,736</b>	<b>92.3%</b>	<b>5.0%</b>	<b>9.8%</b>	<b>5.3%</b>
Equity	682,160	7.7%	683,013	8.1%	647,151	7.7%	-0.1%	3.1%	5.4%
<b>Liabilities + Equity</b>	<b>8,828,468</b>	<b>100%</b>	<b>8,439,982</b>	<b>100%</b>	<b>8,385,887</b>	<b>100%</b>	<b>4.6%</b>	<b>9.3%</b>	<b>5.3%</b>

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

## Demand and Time Deposits

As of September 2021, deposits totaled MCH\$3,151,734 (-5.0% YoY), while the industry figure increased +12.9% YoY and +11.9% YoY (including foreign subsidiaries). This smaller volume of total deposits was offset by a larger volume of borrowings from financial institutions of MCH\$1,377,814 as of September 30, 2021 (+30.9% YoY), mainly from using credit lines and financing from the Chilean Central Bank.

Banco Security's time deposits consisted of 37% retail deposits and 63% institutional deposits. The 15 largest depositors represent 20.6% of the Bank's total deposits. The loan to deposit ratio was 208% as of September 2021, compared to 206% as of September 2020. Banco Security's strategy is to diversify funding sources using sales incentives to increase its retail deposit base.

Banco Security strictly monitors liquidity risk<sup>6</sup>, striving to diversify funding sources while monitoring and controlling a series of limits on asset/liability mismatches, by maintaining a significant volume of liquid assets and lengthening liabilities to increase funding terms. The Bank's exposure from asset and liability mismatches is among the industry's lowest thanks to a conservative interest rate gap strategy that takes advantage of record-low rates to lengthen our liabilities. As of September 2021, the ratio of long-term interest rate risk to regulatory capital was 4.53%<sup>7</sup>.

As of September 2021, liquid assets<sup>8</sup> represented 127.8% of demand and other time deposits. The liquidity coverage ratio<sup>9</sup> as September 2021 was 129.87%, above the regulatory minimum of 70%.

---

<sup>6</sup>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).

<sup>7</sup> 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.

<sup>8</sup> Includes cash and cash deposits, transactions pending settlement and the portfolio of financial instruments.

<sup>9</sup> Liquidity Coverage Ratio (LCR, C48) published on website [www.bancosecurity.cl](http://www.bancosecurity.cl)

## 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	1,424,052	3.00	23	1-Dec-29
K2	01/2012	14-Mar-12	U.F.	4,000,000	4,000,000	3.25	10	1-Nov-21
K3	01/2013	26-Feb-13	U.F.	4,000,000	4,000,000	3.50	10	1-Nov-22
K4	10/2013	6-Nov-13	U.F.	5,000,000	5,000,000	3.60	10	1-Oct-23
K5	14/2014	9-Oct-14	U.F.	5,000,000	5,000,000	2.75	10	1-Jun-24
K6	05/2015	1-Apr-15	U.F.	5,000,000	5,000,000	2.75	5	1-Mar-25
K7	05/2015	1-Apr-15	U.F.	5,000,000	5,000,000	2.75	10	1-Sep-25
K8	12/2016	3-Oct-16	U.F.	5,000,000	0	2.80	10	1-Oct-36
Z2	13/2016	3-Oct-16	CLP	75,000,000,000	75,000,000,000	5.30	5.5	1-Feb-27
B6	06/2017	11-Jul-17	U.F.	5,000,000	5,000,000	2.25	5.5	1-Apr-22
B7	08/2018	9-May-18	U.F.	4,000,000	4,000,000	2.20	5	1-Feb-23
K9	08/2018	9-May-18	U.F.	5,000,000	5,000,000	2.75	10	1-Jan-28
Z3	08/2018	9-May-18	CLP	75,000,000,000	75,000,000,000	4.80	5	1-Dec-22
B8	11/2018	20-Dec-18	U.F.	5,000,000	5,000,000	1.80	5.5	1-Aug-23
Q1	11/2018	20-Dec-18	U.F.	3,000,000	3,000,000	2.50	15	1-Aug-33
Z4	11/2018	20-Dec-18	CLP	75,000,000,000	36,450,000,000	4.80	5.5	1-Oct-23
D1	11/2018	20-Dec-18	U.F.	5,000,000	5,000,000	2.20	10.5	1-Aug-28
B9	11/2019	11-Nov-19	U.F.	5,000,000	2,210,000	0.70	5.5	1-Apr-24
C1	11/2019	11-Nov-19	U.F.	5,000,000	5,000,000	0.80	6	1-Mar-26
D2	11/2019	11-Nov-19	U.F.	5,000,000	0	0.90	8.5	1-Mar-27
D3	11/2019	11-Nov-19	U.F.	5,000,000	0	1.00	10.5	1-Mar-29
Z5	11/2019	11-Nov-19	CLP	75,000,000,000	0	3.50	6	1-Jun-25
Z7	04/2020	12-Mar-20	CLP	100,000,000,000	0	2.75	6	1-Nov-25
D4	04/2020	12-Mar-20	U.F.	5,000,000	0	0.50	10.5	1-Jul-30

As of September 2021, Banco Security had issued MCH\$2,752,154 in senior bonds, as detailed in Note 19 of its financial statements.

## Banco Security – Capitalization

As of September 2021, Banco Security's equity attributable to the owners of the parent totaled MCH\$682,107 (+5.4% YoY).

In Ch\$ Million	Sep-21	Jun-21	Sep-20	% Chg	
				QoQ	YoY
Capital	325,041	325,042	302,047	0.0%	7.6%
Reserves and valuation accounts	9,362	24,637	32,375	-62.0%	-71.1%
Retained earnings	347,704	333,280	312,676	4.3%	11.2%
<b>Equity attributable to equity holders of bank</b>	<b>682,107</b>	<b>682,959</b>	<b>647,098</b>	<b>-0.1%</b>	<b>5.4%</b>
Tier I (core capital)	682,107	682,959	647,098	-0.1%	5.4%
Regulatory capital	956,376	952,554	907,494	0.4%	5.4%
Minimum required capital	552,148	522,677	543,690	5.6%	1.6%
Risk-weighted assets	6,901,854	6,533,468	6,796,127	5.6%	1.6%
BIS ratio	13.86%	14.58%	13.35%	-72 p	50 p
Core capital / total assets	7.37%	7.71%	7.37%	-33 p	0 p

In order to strengthen the Bank's capital base, Grupo Security (the Bank's largest shareholder) carried out a capital increase of MCH\$23,000 in the Bank in April 2021. This puts Banco Security in a good position to implement Basel III, effective in Chile in 2022.

The Bank's capital adequacy ratio as of September 2021, calculated as regulatory capital over risk-weighted assets, reached 13.86% (with a regulatory minimum of 8%), +50 bps YoY. This increase can be attributed to a 5.4% rise in regulatory capital because of a 11.2% increase in retained earnings, impacted positively by a reduction in dividend distributions in 2020. The ratio of core capital to total assets reached 7.37%, +0 bps YoY. For the same period, its ROAE (profit LTM over average equity) was 10.18%, +85 bps YoY.



## FACTORING SECURITY

For 9M21, Factoring Security reported profit of MCH\$7,187 (-2.9% YoY), with net operating income of MCH\$18,719 (-6.2% YoY) due mainly to a tighter portfolio spread. This was partly offset by a larger loan volume of MCH\$401,159 (+21.9% YoY) and increased indexation income (+281.6% YoY), stemming from higher inflation during the period (3.5% for 9M21 vs 1.4% for 9M20). Operating expenses fell to MCH\$7,825 (-7.1% YoY) mainly due to lower payroll expenses following structural adjustments. LLP expenses totaled MCH\$1,913 (+3.6% YoY) because of greater write-offs during the period.

During 3Q21, it reported profit of MCH\$2,410 (-0.3% QoQ), with net operating income of MCH\$6,276 (-0.7% QoQ), holding steady from one quarter to the next. Operating expenses totaled MCH\$2,598 (-1.7% QoQ) due to lower personnel expenses.

These effects resulted in an efficiency ratio<sup>10</sup> of 41.8% as of September 2021 (-39 bps YoY and -45 bps QoQ). As of September 2021, the risk ratio measured as provisions over total loans was 1.98% (-31 bps YoY and -3 bps QoQ) because of write-offs during 2020. The ratio of LLP expenses to loans was 0.48% as of September 2021 (-8 bps YoY) because of greater loan volumes (+21.9% YoY), which more than offset the increased LLP expenses (+3.6% YoY).

In Ch\$ Million	3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg YoY
				QoQ	YoY			
Factored receivables	401,159	361,164	329,150	11.1%	21.9%	401,159	329,150	21.9%
Provisions	7,953	7,335	7,549	8.4%	5.4%	7,953	7,549	5.4%
Net Operational Income	6,276	6,318	5,800	-0.7%	8.2%	18,719	19,950	-6.2%
Loan loss provision expenses	-618	-646	-737	-4.3%	-16.1%	-1,913	-1,847	3.6%
Support expenses	-2,598	-2,645	-2,784	-1.7%	-6.7%	-7,825	-8,420	-7.1%
<b>Profit for the period</b>	<b>2,403</b>	<b>2,410</b>	<b>1,832</b>	<b>-0.3%</b>	<b>31.2%</b>	<b>7,187</b>	<b>7,400</b>	<b>-2.9%</b>
Efficiency ratio <sup>1</sup>	-41.4%	-41.9%	-48.0%	45 p	659 p	-41.8%	-42.2%	40 p
LLP / Factored receivables	0.62%	0.72%	0.90%	-10 p	-28 p	0.48%	0.56%	-8 p
Risk ratio <sup>2</sup>	1.98%	2.03%	2.29%	-5 p	-31 p	1.98%	2.29%	-31 p

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

## ASSET MANAGEMENT BUSINESS AREA (2.1% of assets as of September 2021; 6.5% of profit from business areas for 9M21)

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.

At Inversiones Security, AUM totaled MCH\$4,146,547 (+1.7% YoY) due to increased domestic (+11.0% YoY) and foreign (+22.5% YoY) custody, partly offset by lower AUM in investment funds (-41.3% YoY). Meanwhile, mutual funds remained stable year-over-year. In quarterly terms, AUM held steady (-0.2% QoQ) at Inversiones Security. AGF Security has market share of 5.0% of the mutual fund industry. The total value of shares traded was MCH\$926,929 for 9M21 (-3.4% YoY and -22.6% QoQ)

<sup>10</sup> The efficiency ratio is calculated as support expenses over profit before expenses

with market share of 1.7%.

In Ch\$ Million	9M21	6M21	9M20	% Chg	
				QoQ	YoY
Assets under management (AUM)	4,146,547	4,153,417	4,076,187	-0.2%	1.7%
Mutual funds under management	2,610,737	2,630,336	2,610,981	-0.7%	0.0%
Market share - mutual funds	5.0%	5.0%	5.1%	-3 p	-17 p

In Ch\$ Million	3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg
				QoQ	YoY			
Value of shares traded	266,152	343,762	316,504	-22.6%	-15.9%	926,929	959,627	-3.4%
Market share - equities brokerage	1.9%	1.6%	2.3%	24 p	-39 p	1.7%	2.0%	-25 p
Operating income	9,164	8,961	8,304	2.3%	10.3%	27,407	26,905	1.9%
Non-operating income	409	-299	1,332	-	-69.3%	1,641	2,748	-40.3%
Total expenses	-7,670	-8,623	-8,202	-11.0%	-6.5%	-24,922	-25,388	-1.8%
Efficiency ratio	80.1%	99.5%	85.1%	-1941 p	-499 p	85.8%	85.6%	18 p
AGF Security	1,866	785	715	137.7%	160.9%	4,085	2,714	50.5%
Valores Security	106	-368	291	-	-63.8%	1,431	980	46.1%
Securizadora & CasaNuestra	672	114	2	489.1%	30017.4%	881	-547	-261.1%
<b>Profit - Asset Management</b>	<b>2,639</b>	<b>1,041</b>	<b>920</b>	<b>153.6%</b>	<b>186.9%</b>	<b>6,565</b>	<b>2,955</b>	<b>122.2%</b>

The asset management area reported profit of MCH\$6,565 for 9M21 (+122.2% YoY), with improved results from all subsidiaries. In particular, AGF Security had profit of MCH\$4,085 for 9M21 due to increased operating income related to a larger ROA (+50.5% YoY), while Valores Security reported profit of MCH\$1,431 (+46.1% YoY) because of MCH\$1,141 in deferred taxes recognized in 1Q21. In addition, Securizadora and CasaNuestra reported profit of MCH\$881 for 9M21 versus a loss of -MCH\$547 for 9M20.

Operating income reached MCH\$27,502 for 9M21 (+2.2% YoY), as a result of a larger ROA due to greater income from fixed-income funds because of higher interest rates. It also had lower non-operating income of MCH\$1,717 (-37.5% YoY) due to weaker returns on local fixed-income investments in the AGF and Valores proprietary trading portfolio. Total expenses fell to MCH\$24,756 (-3.5% YoY) in line with cost savings efforts in 2020 at all Grupo Security companies.

For 3Q21 it reported quarterly profit of MCH\$2,639 (+153.6% QoQ). Operating income reached MCH\$9,164 (+1.2% QoQ), with greater income from fixed-income funds, offset by reduced transactional income. Non-operating income totaled MCH\$409 (versus a loss of -MCH\$223 for 2Q21), due to improved returns on the AGF and Valores proprietary trading portfolios. Meanwhile, total expenses reached MCH\$7,670 for the quarter (-4.0% QoQ) due to a high basis of comparison because of structural adjustments in 2Q21.

### **INSURANCE BUSINESS AREA** (23.0% of assets as of September 2021; 38.3% of profit from business areas for 9M21)

The insurance business area reported profit of MCH\$38,848 for 9M21. 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 and Europ Assistance.

## VIDA SECURITY

Vida Security reported profit of MCH\$38,122 for 9M21 (+131.4% YoY), because of improved returns on the proprietary trading portfolio (+91.8% YoY) and better technical results from disability and survivor insurance (MCH\$961 for 9M21 vs -MCH\$3,364 for 9M20). The subsidiary's volume of gross written premiums positioned it third in the life insurance industry with market share of 6.4%.

### Results by Product Line

In MCH\$	Individual		Family Protection		Group Insurance		Annuities		DSI		Total	
	9M21	9M20	9M21	9M20	9M21	9M20	9M21	9M20	9M21	9M20	9M21	9M20
Gross written premiums	110,233	100,151	5,065	5,163	47,479	52,917	72,564	8,552	196	225	235,537	167,008
<b>Net premiums written</b>	<b>108,977</b>	<b>98,410</b>	<b>5,065</b>	<b>5,163</b>	<b>45,689</b>	<b>51,728</b>	<b>72,564</b>	<b>8,552</b>	<b>63</b>	<b>36</b>	<b>232,358</b>	<b>163,889</b>
Variation in technical reserves	-41,931	-19,797	11	-49	1,629	-237	0	0	663	0	-39,629	-20,083
Claims paid	-72,150	-71,178	-1,399	-795	-36,614	-21,322	0	0	37,364	22,934	-72,799	-70,361
Pensions paid	-996	-1,855	0	0	0	0	-117,840	-52,756	-37,129	-26,334	-155,965	-80,944
Underwriting expenses	-6,289	-7,420	-1,510	-1,516	-2,637	-3,122	-650	-117	0	0	-11,086	-12,176
Medical expenses	-8	-10	0	-1	-4	-2	0	0	0	0	-12	-13
Insurance impairment	0	0	0	0	-52	-4	0	0	0	0	-52	-4
<b>Contribution Margin</b>	<b>-12,397</b>	<b>-1,850</b>	<b>2,167</b>	<b>2,803</b>	<b>8,011</b>	<b>27,041</b>	<b>-45,926</b>	<b>-44,321</b>	<b>961</b>	<b>-3,364</b>	<b>-47,184</b>	<b>-19,691</b>
CUI portfolio	20,837	13,804									20,837	13,804
Proprietary portfolio	0	0									94,918	49,487
<b>Investment income</b>											<b>115,755</b>	<b>63,291</b>
Administrative expenses											-24,716	-25,689
Exchange differences											-487	-713
Gain (loss) on indexed assets and liabilities											-5,441	-1,520
Other income and expenses											-97	-131
Income tax expense											291	928
<b>Profit for the period</b>											<b>38,122</b>	<b>16,475</b>

In MCH\$	Individual		Family Protection		Group Insurance		Annuities		DSI		Total	
	3Q21	2Q21	3Q21	2Q21	3Q21	2Q21	3Q21	2Q21	3Q21	2Q21	3Q21	2Q21
Gross written premiums	41,425	37,326	1,686	1,679	16,776	16,156	23,843	27,290	73	70	83,803	82,521
<b>Net premiums written</b>	<b>41,354</b>	<b>36,715</b>	<b>1,686</b>	<b>1,679</b>	<b>15,644</b>	<b>15,744</b>	<b>23,843</b>	<b>27,290</b>	<b>34</b>	<b>27</b>	<b>82,562</b>	<b>81,454</b>
Variation in technical reserves	-19,061	-8,769	-16	11	570	820	0	0	998	644	-17,508	-7,294
Claims paid	-22,359	-31,433	-461	-367	-14,828	-12,402	0	0	7,984	12,208	-29,664	-31,994
Pensions paid	-422	-232	0	0	0	0	-38,924	-42,499	-10,761	-12,490	-50,106	-55,221
Underwriting expenses	-2,238	-2,301	-545	-556	-877	-910	-161	-267	0	0	-3,821	-4,034
Medical expenses	-4	-3	0	0	-1	-1	0	0	0	0	-5	-5
Insurance impairment	0	0	0	0	-36	-2	0	0	0	0	-36	-2
<b>Contribution Margin</b>	<b>-2,728</b>	<b>-6,023</b>	<b>663</b>	<b>766</b>	<b>472</b>	<b>3,248</b>	<b>-15,242</b>	<b>-15,476</b>	<b>-1,744</b>	<b>389</b>	<b>-18,578</b>	<b>-17,095</b>
CUI portfolio	4,742	9,073									4,742	9,073
Proprietary portfolio	0	0									37,854	25,123
<b>Investment income</b>											<b>42,597</b>	<b>34,196</b>
Administrative expenses											-9,080	-7,955
Exchange differences											-643	-284
Gain (loss) on indexed assets and liabilities											-2,497	-1,703
Other income and expenses											-72	-13
Income tax expense											2,788	1,140
<b>Profit for the period</b>											<b>14,514</b>	<b>8,286</b>

### Individual Insurance (46.8% of gross written premiums as of September 2021)

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.

The contribution margin was a loss of -MCH\$12,397 for 9M21, versus a loss of -MCH\$1,850 for 9M20, due to a negative variation in technical reserves because of improved investment income and higher premium volumes. Gross written premiums were MCH\$110,233 for 9M21 (+10.1% YoY), due to greater gross written premiums from insurance with savings components (CUI) and voluntary retirement savings (APV). The variation in technical reserves was -MCH\$41,931, versus -MCH\$19,797 for 9M20,

due to improved investment income on the CUI and APV portfolios of MCH\$20,837 (+114.0% YoY), and increased premiums (+10.1% YoY). Underwriting expenses reached -MCH\$6,289 (-15.2% YoY) due to additional sporadic contributions to savings products (CUI and APV) generating a lower underwriting expense ratio (-177 bps YoY). Additionally, the subsidiary reported claims paid of MCH\$72,150, stable year-over-year (+1.4% YoY).

Improved returns on the CUI and APV investment portfolio are counterbalanced by greater variations in technical reserves.

As of September 2021, CUI and APV policies represent 91% of total individual insurance premiums.

<b>Individual Insurance</b>				<b>% Chg.</b>				
In MCH \$	3Q21	2Q21	3Q20	QoQ	YoY	9M21	9M20	% Chg.
Gross written premiums	41,425	37,326	33,422	11.0%	23.9%	110,233	100,151	10.1%
<b>Net premiums written</b>	<b>41,354</b>	<b>36,715</b>	<b>32,722</b>	<b>12.6%</b>	<b>26.4%</b>	<b>108,977</b>	<b>98,410</b>	<b>10.7%</b>
Variation in technical reserves	-19,061	-8,769	-15,185	117.4%	25.5%	-41,931	-19,797	111.8%
Claims paid	-22,359	-31,433	-21,879	-28.9%	2.2%	-72,150	-71,178	1.4%
Pensions paid	-422	-232	-804	81.7%	-47.6%	-996	-1,855	-46.3%
Underwriting expenses	-2,238	-2,301	-2,395	-2.8%	-6.6%	-6,289	-7,420	-15.2%
Medical expenses	-4	-3	-4	11.9%	-12.3%	-8	-10	-21.1%
Insurance impairment	0	0	0	-	-	0	0	-
<b>Contribution Margin</b>	<b>-2,728</b>	<b>-6,023</b>	<b>-7,545</b>	<b>-54.7%</b>	<b>-63.8%</b>	<b>-12,397</b>	<b>-1,850</b>	<b>570.0%</b>
Claims rate (1)	55.1%	86.2%	69.3%	-3116 p	-1423 p	67.1%	74.2%	-709 p
Underwriting expense rate (2)	5.4%	6.3%	7.3%	-86 p	-191 p	5.8%	7.5%	-177 p

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

For 3Q21, the contribution margin was a loss of -MCH\$2,728, versus -MCH\$6,023 for 2Q21. Gross written premiums reached MCH\$41,425 (+11% QoQ) due to greater gross written premiums from CUI insurance. The total variation in technical reserves was -MCH\$19,061 (versus -MCH\$8,769 for 2Q21) due to higher premium volumes. In addition, claims paid fell to MCH\$22,359 (-28.9% QoQ) due to decreased surrenders and transfers from CUI and APV policies.

### **Family Protection** (2.2% of gross written premiums as of September 2021)

<b>Family Protection</b>				<b>% Chg.</b>				
In MCH\$	3Q21	2Q21	3Q20	QoQ	YoY	9M21	9M20	% Chg.
Gross written premiums	1,686	1,679	1,727	0.4%	-2.4%	5,065	5,163	-1.9%
<b>Net premiums written</b>	<b>1,686</b>	<b>1,679</b>	<b>1,751</b>	<b>0.4%</b>	<b>-3.7%</b>	<b>5,065</b>	<b>5,163</b>	<b>-1.9%</b>
Variation in technical reserves	-16	11	-34	-	-54.3%	11	-49	-
Claims paid	-461	-367	-395	25.7%	16.7%	-1,399	-795	75.9%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-545	-556	-589	-1.8%	-7.4%	-1,510	-1,516	-0.4%
Medical expenses	0	0	0	250.0%	-85.4%	0	-1	-82.9%
Insurance impairment	0	0	0	-	-	0	0	-
<b>Contribution Margin</b>	<b>663</b>	<b>766</b>	<b>732</b>	<b>-13.4%</b>	<b>-9.3%</b>	<b>2,167</b>	<b>2,803</b>	<b>-22.7%</b>
Claims rate (1)	27.4%	21.9%	22.6%	550 p	478 p	27.6%	15.4%	1222 p
Underwriting expense rate (2)	32.4%	33.1%	33.7%	-75 p	-130 p	29.8%	29.4%	44 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 9M21, the contribution margin totaled MCH\$2,167 (-22.7% YoY) due to higher underwriting expenses of MCH\$1,399 (+75.9% YoY) and a drop in gross written premiums (-1.9% YoY). In addition, brokerage expenses for 9M21 totaled MCH\$1,510 (-0.4% YoY), stable year-over-year.

Compared to the preceding quarter, the contribution margin was MCH\$663 (-13.4% QoQ), due to a rise in claims paid to MCH\$461 (+25.7% QoQ), partially offset by lower brokerage expenses (-1.8% QoQ).

### **Group Insurance** (20.2% of gross written premiums as of September 2021)

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 302-312 and excludes lines 207 and 307.

<b>Group Insurance</b>				<b>% Chg.</b>				<b>% Chg.</b>
<b>In MCH\$</b>	<b>3Q21</b>	<b>2Q21</b>	<b>3Q20</b>	<b>QoQ</b>	<b>YoY</b>	<b>9M21</b>	<b>9M20</b>	
Gross written premiums	16,776	16,156	17,926	3.8%	-6.4%	47,479	52,917	-10.3%
<b>Net premiums written</b>	<b>15,644</b>	<b>15,744</b>	<b>17,523</b>	<b>-0.6%</b>	<b>-10.7%</b>	<b>45,689</b>	<b>51,728</b>	<b>-11.7%</b>
Variation in technical reserves	570	820	-397	-30.5%	-	1,629	-237	-
Claims paid	-14,828	-12,402	-5,369	19.6%	176.2%	-36,614	-21,322	71.7%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-877	-910	-1,036	-3.7%	-15.4%	-2,637	-3,122	-15.5%
Medical expenses	-1	-1	0	-7.5%	281.1%	-4	-2	106.2%
Insurance impairment	-36	-2	42	1863.3%	-	-52	-4	1146.9%
<b>Contribution Margin</b>	<b>472</b>	<b>3,248</b>	<b>10,764</b>	<b>-85.5%</b>	<b>-95.6%</b>	<b>8,011</b>	<b>27,041</b>	<b>-70.4%</b>
Claims rate (1)	94.8%	78.8%	30.6%	1601 p	6414 p	80.1%	41.2%	3892 p
Underwriting expense rate (2)	5.6%	5.8%	5.9%	-18 p	-31 p	5.8%	6.0%	-26 p

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

For 9M21, the contribution margin was MCH\$8,011 (-70.4% YoY), because of a rise in claims paid to MCH\$36,614 (+71.7% YoY) and lower gross written premiums of MCH\$47,479 (-10.3% YoY) as sales efforts were limited by the pandemic during the first half of the year. That situation reversed itself during the third quarter. Other factors include a lower volume of credit life policies because of the decrease in consumer loans.

For the quarter, this product line reported profit of MCH\$472 (-85.5%), due to increased claims paid of MCH\$14,828 (+19.6% QoQ), explained by a higher loss ratio in health insurance during the period due to the easing of public health restrictions. In addition, gross written premiums were up to MCH\$16,776 (+3.8% QoQ).

### **Annuities** (30.8% of gross written premiums as of September 2021)

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 423<sup>11</sup>.

<sup>11</sup> 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 September 2021, this line accounts for only MCH\$598 in pensions paid by Vida Security.

When an annuity is sold, a reserve must be recognized in the company's liabilities, equivalent to the present value of the obligations to the retiree, which is recognized within the line item pensions paid. This results in an accounting loss in the income statement.

As of September 2021, annuity sales rates in the industry averaged 2.83% during the year (versus 1.76% as of September 2020). In contrast, the rate for calculating scheduled withdrawals has averaged 3.70% for the year (versus 3.58% as of September 2020), which has driven retirees to prefer scheduled withdrawals over annuities, thus sharply reducing sales industry-wide. As of September 2021, total annuity premiums reached MCH\$871,348, 14.8% less than September 2020.

Annuities In MCH\$	3Q21	2Q21	3Q20	% Chg.		9M21	9M20	% Chg.
				QoQ	YoY			
Gross written premiums	23,843	27,290	178	-12.6%	13260.6%	72,564	8,552	748.6%
<b>Net premiums written</b>	<b>23,843</b>	<b>27,290</b>	<b>178</b>	<b>-12.6%</b>	<b>13260.6%</b>	<b>72,564</b>	<b>8,552</b>	<b>748.6%</b>
Variation in technical reserves	0	0	0	-	-	0	0	-
Claims paid	0	0	0	-	-	0	0	-
Pensions paid	-38,924	-42,499	-12,652	-8.4%	207.6%	-117,840	-52,756	123.4%
Underwriting expenses	-161	-267	-1	-39.6%	17151.5%	-650	-117	455.7%
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
<b>Contribution Margin</b>	<b>-15,242</b>	<b>-15,476</b>	<b>-12,475</b>	<b>-1.5%</b>	<b>22.2%</b>	<b>-45,926</b>	<b>-44,321</b>	<b>3.6%</b>
Underwriting expense rate (1)	0.7%	1.0%	0.5%	-30 p	15 p	0.9%	1.4%	-47 p

(1) Claims paid/ Net written premiums

In the annuity business, in late 2020 Vida Security adjusted several technical parameters in order to boost sales, thus maintaining expected returns. The contribution margin for annuities was a loss of -MCH\$45,926 for 9M21 (vs -MCH\$44,321 for 9M20), with a rise of 748.6% in gross written premiums, totaling MCH\$72,564 for 9M21, making it the insurance company with the most growth in this product line with 8.3% of the market. The larger premium volume was offset by an increase in pensions paid, reaching MCH\$117,840 for 9M21 (+123.4% YoY) and by higher underwriting expenses (+455.7% YoY), explained by larger sales volumes. When an annuity is sold with liability is recorded, known as the reserve, which is calculated based on CMF regulations and is equivalent to the present value of future pension payments that must be made by the company, adjusted based on current mortality rates. This reserve is backed primarily by term financial investments.

For the quarter, the contribution margin was -MCH\$15,242 (vs -MCH\$15,476 in 2Q21) due to a lower volume of gross written premiums of MCH\$23,843 (-12.6% QoQ), a drop in annuities paid to MCH\$38,924 (-8.4% QoQ) and lower underwriting expenses (-39.6% QoQ).

### **Disability and Survivor Insurance (DSI)** (0.1% of gross written premiums as of September 2021)

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 AFP<sup>12</sup>. 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.

<sup>12</sup> <http://www.spensiones.cl/portal/orientacion/580/w3-article-3024.html>

DSI In MCH\$	3Q21	2Q21	3Q20	% Chg.		9M21	9M20	% Chg.
				QoQ	YoY			
Gross written premiums	73	70	65	3.9%	11.5%	196	225	-12.9%
<b>Net premiums written</b>	<b>34</b>	<b>27</b>	<b>12</b>	<b>28.3%</b>	<b>179.0%</b>	<b>63</b>	<b>36</b>	<b>75.2%</b>
Variation in technical reserves	998	644	0	54.9%	-	663	0	-
Claims paid	7,984	12,208	11,652	-34.6%	-31.5%	37,364	22,934	62.9%
Pensions paid	-10,761	-12,490	-13,513	-13.8%	-20.4%	-37,129	-26,334	41.0%
Underwriting expenses	0	0	0	-	-	0	0	-
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
<b>Contribution Margin</b>	<b>-1,744</b>	<b>389</b>	<b>-1,849</b>	<b>-</b>	<b>-5.7%</b>	<b>961</b>	<b>-3,364</b>	<b>-</b>

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.

Gross written premiums totaled MCH\$196 for 9M21 since it was awarded no new policies in the current tender, while claims and pensions paid reached MCH\$235 (a loss of -MCH\$3,400 for 9M20), due to a rise in interest rates used to calculate technical reserves for the year.

This explains the contribution margin of -MCH\$961 for 9M21, compared to -MCH\$3,364 last year.

### **Vida Security - Consolidated Results**

For 9M21, Vida Security reported profit of MCH\$38,122 (131.4% YoY) due to improved returns on the proprietary trading portfolio of MCH\$94,918 (+91.8% YoY) and increased premiums (+41% YoY), offset partly by higher claims and pensions paid (+51.2% YoY) and a larger variation in technical reserves (+97.3% YoY).

For the quarter, the subsidiary reported profit of MCH\$14,514 (+75.2% QoQ), explained by improved investment returns on the proprietary trading portfolio (+50.7% QoQ) and a drop in claims and pensions paid (-8.5% QoQ), partially offset by a larger variation in technical reserves (140% QoQ).

In MCH\$	3Q21	2Q21	3Q20	% Chg.		9M21	9M20	% Chg.
				QoQ	YoY			
Gross written premiums	83,803	82,521	53,319	1.6%	57.2%	235,537	167,008	41.0%
<b>Net premiums written</b>	<b>82,562</b>	<b>81,454</b>	<b>52,187</b>	<b>1.4%</b>	<b>58.2%</b>	<b>232,358</b>	<b>163,889</b>	<b>41.8%</b>
Variation in technical reserves	-17,508	-7,294	-15,615	140.0%	12.1%	-39,629	-20,083	97.3%
Claims paid	-29,664	-31,994	-15,991	-7.3%	85.5%	-72,799	-70,361	3.5%
Pensions paid	-50,106	-55,221	-26,970	-9.3%	85.8%	-155,965	-80,944	92.7%
Underwriting expenses	-3,821	-4,034	-4,022	-5.3%	-5.0%	-11,086	-12,176	-8.9%
Medical expenses	-5	-5	-5	7.5%	1.9%	-12	-13	-4.7%
Insurance impairment	-36	-2	42	1863.3%	-	-52	-4	1146.9%
<b>Contribution Margin</b>	<b>-18,578</b>	<b>-17,095</b>	<b>-10,374</b>	<b>8.7%</b>	<b>79.1%</b>	<b>-47,184</b>	<b>-19,691</b>	<b>139.6%</b>
Administrative expenses	-9,080	-7,955	-8,749	14.2%	3.8%	-24,716	-25,689	-3.8%
CUI Portfolio	4,742	9,073	14,646	-47.7%	-67.6%	20,837	13,804	50.9%
Proprietary portfolio	37,854	25,123	25,835	50.7%	46.5%	94,918	49,487	91.8%
<b>Investment income</b>	<b>42,597</b>	<b>34,196</b>	<b>40,481</b>	<b>24.6%</b>	<b>5.2%</b>	<b>115,755</b>	<b>63,291</b>	<b>82.9%</b>
Exchange differences	-643	-284	-1,114	126.5%	-42.3%	-487	-713	-31.6%
Gain (loss) on indexed assets and liabilities	-2,497	-1,703	-57	46.6%	4307.6%	-5,441	-1,520	257.8%
Other income and expenses	-72	-13	-10	440.5%	609.6%	-97	-131	-26.5%
Income tax expense	2,788	1,140	-1,711	144.5%	-	291	928	-68.6%
<b>Profit for the period</b>	<b>14,514</b>	<b>8,286</b>	<b>18,467</b>	<b>75.2%</b>	<b>-21.4%</b>	<b>38,122</b>	<b>16,475</b>	<b>131.4%</b>

In aggregate, gross written premiums reached MCH\$235,537 for 9M21 (+41% YoY) explained by higher sales of annuities (+748.6% YoY) and increased premiums on individual insurance policies (+10.1% YoY), offset by reduced premiums on group policies (-10.3% YoY).

For 9M21, the subsidiary recognized a variation in technical reserves of -MCH\$39,629 (+97.3% YoY) for individual insurance, due to better returns on investments in the CUI and APV portfolios (+50.9% YoY). Claims and pensions paid totaled MCH\$228,764 (+51.2% YoY), because of an increase in claims and pensions paid on annuities resulting from higher sales and a higher loss ratio for group policies. Both effects were partially counteracted by lower claims and pensions paid on DSI due to higher rates for calculating technical reserves during the year.

This explains the contribution margin of -MCH\$47,184 for 9M21, compared to -MCH\$19,691 for 9M20.

The area reported investment income of MCH\$115,755 (+82.9% YoY), attributable to stronger returns from equity investments and indices in the CUI, APV and proprietary trading portfolios. More robust returns on the CUI and APV investment portfolio are counterbalanced by variations in technical reserves. Administrative expenses reached MCH\$24,716 (-3.8% YoY), in line with long-term cost savings efforts rolled out throughout 2020.

Furthermore, for 9M21 the subsidiary reported an income tax benefit of +MCH\$291 (+MCH 928 for 9M20). This positive amount can be explained largely by permanent differences that involve smaller tax payments, as well as price-level restatement of equity because of higher inflation (3.5% for 9M21 vs 1.4% for 9M20), and dividends received by the company.

For 3Q21, Vida Security reported profit of MCH\$14,514 (+75.2% QoQ). The larger gross premiums written (+1.6% QoQ) are explained by a rise in volumes of individual insurance policies (+11.0% QoQ) due to higher premiums from CUI policies. For the quarter, investment income totaled MCH\$42,597 (+24.6% QoQ), due to stronger returns on fixed-income instruments in the proprietary trading portfolio. The variation in technical reserves was a loss of -MCH\$17,508 (+140% QoQ), explained by increased premium volumes in individual policies.

## **Administrative Expenses - Vida Security**

<i>In MCH\$</i>	3Q21	2Q21	3Q20	% Chg		9M21	9M20	%Chg.
				QoQ	YoY			
Payroll	-3,759	-3,428	-4,636	9.7%	-18.9%	-10,710	-11,851	-9.6%
Distribution channel expenses	-730	-683	-441	6.9%	65.7%	-2,123	-1,771	19.8%
Other	-4,591	-3,843	-3,672	19.5%	25.0%	-11,883	-12,067	-1.5%
<b>Total administrative expenses</b>	<b>-9,080</b>	<b>-7,955</b>	<b>-8,749</b>	<b>14.2%</b>	<b>3.8%</b>	<b>-24,716</b>	<b>-25,689</b>	<b>-3.8%</b>

For 9M21, Vida Security reported administrative expenses of MCH\$24,716 (-3.8% YoY). In 2020 all Group companies implemented a savings plan and carried out structural adjustments. As a result, it had lower personnel expenses (-9.6% YoY). On a quarterly basis, expenses totaled MCH\$9,080 (+14.2% QoQ), in line with the company's increased business.



## Investment Income - Vida Security

The subsidiary's investment income for 9M21 totaled MCH\$115,755 (+82.9% YoY). The proprietary trading portfolio had returns of MCH\$94,918 (+91.8% YoY) due to greater returns from equity instruments, indexes and real estate funds, which more than offset the decreased returns on fixed-income instruments. Meanwhile, the CUI and APV portfolios had income of MCH\$20,837 for 9M21 (+50.9% YoY), also associated with stronger returns on fixed-income instruments and, to a lesser extent, on equity instruments. More robust returns on the CUI and APV investment portfolio are counterbalanced by recording technical reserves.

In quarterly terms, investment income reached MCH\$42,597 (+24.6% QoQ). The proprietary trading portfolio generated income of MCH\$37,854 for 3Q21 (+50.7% QoQ), due to stronger returns on fixed-income and equity instruments, indices and real estate funds. The CUI and APV portfolios generated income of MCH\$4,742 for the quarter (-47.7% QoQ) due to poorer returns on fixed-income instruments as a result of interest rate hikes during the quarter.

Investment Stock In Ch\$ Million	3Q21	2Q21	3Q20	% Chg		Stock % 3Q21
				QoQ	YoY	
Fixed Income	1,798,593	1,715,113	1,759,105	4.9%	2.2%	64.3%
Equities and indexes	693,716	661,701	577,076	4.8%	20.2%	24.8%
Real estate	286,069	277,294	262,796	3.2%	8.9%	10.2%
Other investments	19,350	22,058	24,517	-12.3%	-21.1%	0.7%
<b>Investments Stock</b>	<b>2,797,727</b>	<b>2,676,166</b>	<b>2,623,494</b>	<b>4.5%</b>	<b>6.6%</b>	<b>-</b>
CUI Portfolio	652,999	619,039	569,416	5.5%	14.7%	23.3%
Proprietary portfolio	2,144,728	2,057,126	2,054,078	4.3%	4.4%	76.7%
<b>Investments Stock</b>	<b>2,797,727</b>	<b>2,676,166</b>	<b>2,623,494</b>	<b>4.5%</b>	<b>6.6%</b>	<b>-</b>

Investment Income In Ch\$ Million	3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg.
				QoQ	YoY			
Fixed Income	12,559	11,000	17,705	14.2%	-29.1%	37,101	57,361	-35.3%
Equities and indexes	28,522	21,620	19,326	31.9%	47.6%	71,047	-106	-
Real estate	3,057	2,929	3,673	4.4%	-16.8%	9,894	9,636	2.7%
Other investments	-1,542	-1,354	-224	-	-	-2,288	-3,600	-
<b>Investments Income</b>	<b>42,597</b>	<b>34,196</b>	<b>40,481</b>	<b>24.6%</b>	<b>5.2%</b>	<b>115,755</b>	<b>63,291</b>	<b>82.9%</b>
CUI Portfolio	4,742	9,073	14,646	-47.7%	-67.6%	20,837	13,804	50.9%
Proprietary portfolio	37,854	25,123	25,835	50.7%	46.5%	94,918	49,487	91.8%
<b>Investments Income</b>	<b>42,597</b>	<b>34,196</b>	<b>40,481</b>	<b>24.6%</b>	<b>5.2%</b>	<b>115,755</b>	<b>63,291</b>	<b>82.9%</b>

ROI	3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg.
				QoQ	YoY			
Fixed Income	2.8%	2.6%	4.0%	23 p	-146 p	2.75%	4.35%	-160 p
Equities and indexes	16.4%	13.1%	13.4%	338 p	-33 p	13.66%	-0.02%	1368 p
Real estate	4.3%	4.2%	5.6%	5 p	-137 p	4.61%	4.89%	-28 p
Other investments	-31.9%	-24.5%	-3.7%	-732 p	-2089 p	-15.76%	-19.58%	382 p
CUI Portfolio	2.9%	5.9%	10.3%	-296 p	-443 p	4.25%	3.23%	102 p
Proprietary portfolio	7.1%	4.9%	5.0%	217 p	-15 p	5.90%	3.21%	269 p
<b>ROI</b>	<b>6.1%</b>	<b>5.1%</b>	<b>6.2%</b>	<b>98 p</b>	<b>-106 p</b>	<b>5.5%</b>	<b>3.2%</b>	<b>230 p</b>

## Exchange Differences and Gain (Loss) from Indexation Adjustments

Exchange differences totaled -MCH\$487 for 9M21 (-MCH\$713 for 9M20) and -MCH\$643 for 3Q21 (-MCH\$284 for 2Q21). The subsidiary also posted a loss from indexed assets and liabilities for 9M21 of -MCH\$5,441 (-MCH\$1,520 for 9M20), due to higher inflation during the period (3.5% for 9M21 versus 1.4% for 9M20). For the quarter, this line item was -MCH\$2,497 (-MCH\$1,703 for 2Q21), due to higher inflation during the quarter of 1.27% in 3Q21 (vs 1.07% in 2Q21).

## **OTHER SERVICES BUSINESS AREA (0.9% of assets as of September 2021; 2.5% of profit from business areas for 9M20)**

This business area includes the operations of Travel Security and Inmobiliaria Security, which offer non-financial products and services that complement Grupo Security's offering and are directed towards the same target markets.

### **INMOBILIARIA SECURITY**

Inmobiliaria Security reported profit of MCH\$2,277 for 9M21 (-30% YoY) due to legal title transferred on fewer units. Ownership was transferred on 65 units as of September 2021 versus 114 units as of September 2020. In quarterly terms, the subsidiary reported a loss of -MCH\$32 for 3Q21 (vs profit of MCH\$908 for 2Q21) because title was transferred on fewer units during the quarter (10 in 3Q21 versus 17 in 2Q21). There is a lag between a sale and revenue recognition. Under IFRS, revenue is recognized once legal title to the property has been transferred.

Inmobiliaria Security signed purchase promise agreements totaling THUF 706 during 9M21 (+37.9% YoY) because of larger volumes and a higher average price per unit sold. Inmobiliaria Security signed purchase promise agreements totaling THUF 157 during 3Q21 (-29.0% QoQ) because of smaller volumes, offset partly by a higher average price per unit sold. Meanwhile, real estate assets under management totaled MCH\$81,487, (-26.6% YoY and -1.3% QoQ), explained by the rise in the number of units on which ownership was transferred.

<i>In Ch\$ Million</i>	3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg
				QoQ	YoY			
Real estate assets under management	81,487	82,534	111,044	-1.3%	-26.6%	81,487	111,044	-26.6%
Purchase promise agreements (UF)	156,814	220,860	113,024	-29.0%	38.7%	705,747	511,954	37.9%
Ownership transfers (Units)	10	17	96	-41.2%	-89.6%	65	114	-43.0%
<b>Profit for the period</b>	<b>-32</b>	<b>908</b>	<b>3,752</b>	<b>-</b>	<b>-</b>	<b>2,277</b>	<b>3,238</b>	<b>-30%</b>

### **TRAVEL AGENCY: TRAVEL SECURITY**

Travel Security (including results of Travel Perú) reported profit of MCH\$39 for 9M21 (versus a loss of -MCH\$4,275 for 9M20) thanks to having shifted to a digital business model. Interestingly, in 3Q21 the companies (Chile and Peru) reported consolidated profit of MCH\$318, giving it positive results for the second quarter in a row.

	3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg
				QoQ	YoY			
Total sales - Travel (MUSD)	16	16	7	4.0%	139.1%	44	54	-17.8%
Net operating income (MCH\$)	698	146	- 1,555	379.7%	-	702	- 3,662	-
<b>Profit for the period - Travel (MCH\$)</b>	<b>318</b>	<b>25</b>	<b>- 1,504</b>	<b>1173.4%</b>	<b>-</b>	<b>39</b>	<b>- 4,275</b>	<b>-</b>

Travel Perú, Travel Security's subsidiary, reported sales of MUS\$8 for 9M21 (-36.9% YoY) and a net loss of -MUS\$0.33 as a result of the pandemic's impact on the travel and tourism industry.

## **INTERNATIONAL BUSINESS AREA** (3.9% of assets; 0.0% of profit from business areas as September 2021)

The international business area reported profit attributable to the owners of the parent of MCH\$26. 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./ 11.6 (+17.2% YoY) for 9M21 with total premiums written of MS./ 497 (+74.9% YoY), a record high for the company, along with higher investment income (+30.9% YoY). This was partially offset by an increase in claims paid (+41.2% YoY).

Protecta reported annuity sales of MS./ 268.9 (+103.9% YoY) and market share of 23.1%. In addition, the subsidiary boasted sales of private annuities of MS./ 168.1 (+49.4% YoY) and market share of 17.2%.

Profit for 3Q21 was MS./ 2.1 (-76.5% QoQ), with total premiums of MS./ 191.3 (+27.2% QoQ), explained largely by annuity growth (+44.8% QoQ). The subsidiary reported greater investment income of MS./ 45.7 (+16.4% QoQ). Both effects were offset by a larger variation in technical reserves because of higher inflation during the period and a larger volume of annuities during the quarter.

<i>In S./ Thousands</i>	3Q21	2Q21	3Q20	% Chg		9M21	9M20	% Chg
				QoQ	YoY			
Annuities - Premiums written	111,642	77,085	30,601	44.8%	264.8%	268,872	131,871	103.9%
Annuities - Market share	24.3%	21.2%	21.1%	314 p	318 p	23.1%	24.0%	-97 p
Private annuities - Premiums written	58,185	53,872	51,031	8.0%	14.0%	168,113	112,524	49.4%
Private annuities - Market share	16.0%	18.3%	19.5%	-224 p	-348 p	17.2%	17.7%	-56 p
<b>Premiums written</b>	<b>191,280</b>	<b>150,364</b>	<b>93,101</b>	<b>27.2%</b>	<b>105.5%</b>	<b>496,974</b>	<b>284,149</b>	<b>74.9%</b>
Investment income	45,719	39,281	28,883	16.4%	58.3%	113,325	86,555	30.9%
Annualised return (LTM)	7.1%	6.8%	7.6%	24 p	-55 p	7.1%	7.6%	-55 p
<b>Profit for the period</b>	<b>2,129</b>	<b>9,041</b>	<b>5,282</b>	<b>-76.5%</b>	<b>-59.7%</b>	<b>11,648</b>	<b>9,937</b>	<b>17.2%</b>

## **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	41,938	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
<b>Total</b>			<b>UF</b>	<b>9,730,938</b>			

For more information on debt issued by subsidiaries of Grupo Security, please see the financial liability notes in the financial statements.

### **Returns and Dividends**

At the annual general meeting on April 06, 2021, Grupo Security shareholders approved a dividend payment of CH\$5.25 per share charged to profit for the year 2020. This dividend plus the interim dividend distributed in October 2020 are equivalent to CH\$10.95 per share, totaling MCH\$41,588, or 64% of profit for the year 2020.

On October 7, 2021, the Board of Grupo Security agreed to pay a total dividend of CH\$5.5 per share, charged to profit for the year.

The Group's dividend yield, calculated as dividends per share over the last 12 months divided by the stock price, was 6.7% as of September 30th. and 8.3% as of November 10th. Grupo Security's stock reported a return of +1.5% for 9M21, underperforming the S&P/CLX IPSA (+4.4%).

---

## 3Q21 EARNINGS CONFERENCE CALL

---

Grupo Security's third quarter earnings report will be explained to the market in a conference call on Friday, November 12, 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](mailto: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 2020	September, 30 2021
<b>Current assets</b>		
Cash and cash equivalents	597,497	755,203
Other financial assets, current	3,878,087	4,315,744
Other non-financial assets, current	13,344	11,474
Trade and other receivables, current	6,616,654	6,953,546
Accounts receivable from related parties, current	53,343	67,589
Inventories	100,559	83,672
Current tax assets	41,281	33,253
<b>Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners</b>	<b>11,300,766</b>	<b>12,220,480</b>
Non-current assets or disposal groups classified as held for sale or held for distribution to owners	2,874	11,451
<b>Total non-current assets classified as held for sale or held for distribution to owners</b>	<b>2,874</b>	<b>11,451</b>
<b>Total current assets</b>	<b>11,303,640</b>	<b>12,231,931</b>
<b>Non-current assets</b>		
Other non-financial assets, non-current	52,966	66,553
Equity-accounted investments	1,950	1,581
Intangible assets other than goodwill	36,248	36,358
Goodwill	119,067	119,067
Property, plant and equipment	50,610	46,488
Investment property	291,070	326,561
Assets for right of use	9,143	8,582
Deferred tax assets	56,888	90,325
<b>Total non-current assets</b>	<b>617,942</b>	<b>695,513</b>
<b>Total assets</b>	<b>11,921,582</b>	<b>12,927,444</b>

## 2. Financial Statements and Indicators - Liabilities and Equity

Liabilities and Equity In Ch\$ Millions	December, 31 2020	September, 30 2021
Other financial liabilities, current	7,087,157	7,773,164
Liabilities for leases, current	2,120	2,010
Trade and other payables	2,863,722	3,102,148
Accounts payable to related parties, current	4,813	2,987
Other short-term provisions	35,831	43,646
Current tax liabilities	31,893	35,205
Employee benefit provisions, current	12,369	14,626
Other non-financial liabilities, current	133,674	175,777
<b>Total current liabilities other than liabilities or disposal groups classified as held for sale or held for distribution to owners</b>	<b>10,171,578</b>	<b>11,149,562</b>
Liabilities held for sale	0	697
<b>Total non-current liabilities classified as held for sale or held for distribution to owners</b>	<b>0</b>	<b>697</b>
<b>Total current liabilities</b>	<b>10,171,578</b>	<b>11,150,259</b>
<b>Non-current liabilities</b>		
Other financial liabilities, non-current	869,368	884,127
Liabilities for leases, non-current	7,355	8,848
Accounts payable, non-current	10,733	12,185
Accounts payable to related parties, non-current	0	3,627
Deferred tax liabilities	803	500
<b>Total non-current liabilities</b>	<b>888,259</b>	<b>909,288</b>
<b>Total liabilities</b>	<b>11,059,838</b>	<b>12,059,547</b>
<b>Equity</b>		
Issued Capital	487,691	487,698
Retained earnings	399,605	441,975
	0	(731)
Other reserves	(51,776)	(87,898)
<b>Equity attributable to equity holders of parent</b>	<b>835,520</b>	<b>841,043</b>
Non-controlling interests	26,225	26,854
<b>Total equity</b>	<b>861,744</b>	<b>867,898</b>
<b>Total liabilities and equity</b>	<b>11,921,582</b>	<b>12,927,444</b>

### 3. Financial Statements and Indicators - Consolidated Statement of Income

Consolidated statement of income (MCh\$)		
	September, 30 2020	September, 30 2021
Revenue	774,710	971,647
Cost of sales	-506,407	-692,825
<b>Gross profit</b>	<b>268,303</b>	<b>278,823</b>
Other income	873	1,307
Administrative expenses	-189,218	-169,965
Other expenses	-8,994	-5,619
Other gains	1,171	1,192
Finance income	402	289
Finance costs	-10,813	-10,959
Share of profit (loss) of associates and joint ventures, equity-accounted	-74	-293
Exchange differences	-2,041	-3,193
Gain (loss) on indexed assets and liabilities	-5,106	-16,522
Gains arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	0	0
<b>Profit before tax</b>	<b>54,503</b>	<b>75,060</b>
Income tax benefit (expense)	-7,487	-7,265
<b>Profit (loss) from continuing operations</b>	<b>47,017</b>	<b>67,795</b>
Profit (loss) from discontinued operations	0	0
<b>Profit (loss) for the period</b>	<b>47,017</b>	<b>67,795</b>
<b>Profit (loss) attributable to</b>		
Profit (loss) attributable to equity holders of the parent	47,772	67,502
Profit (loss) attributable to non-controlling interests	-756	293
<b>Profit (loss) for the period</b>	<b>47,017</b>	<b>67,795</b>
Depreciation and amortization	9,859	9,823
<b>Ebitda</b>	<b>75,175</b>	<b>95,842</b>



## 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	
	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20	Sep-21	Sep-20	Sep-21
<i>In MCH\$</i>														
Revenue	356,713	400,005	34,659	46,741	242,979	363,723	91,441	124,181	4,437	36,734	9,909	263	774,710	971,647
Cost of sales	-191,770	-243,238	-10,470	-24,833	-192,103	-287,410	-77,454	-111,304	-366	-25,408	-8,042	-631	-506,407	-692,825
Gross profit	164,943	156,767	24,189	21,908	50,876	76,313	13,987	12,877	4,071	11,326	1,867	-368	268,303	278,823
Other income	11	16	9,447	455	218	89	13	-17	218	623	-9,307	140	873	1,307
Administrative expenses	-93,018	-87,680	-24,562	-19,937	-32,704	-31,580	-12,992	-9,367	-3,424	-8,290	-13,704	-13,111	-189,218	-169,965
Other expenses	-7,338	-4,015	-1,213	-1,114	-408	-225	-321	-242	-380	-42	321	18	-8,994	-5,619
Other gains (losses)	0	-2	322	22	116	90	559	459	2	161	238	462	1,171	1,192
Finance income	0	0	146	264	17	3	0	0	0	2	226	21	402	289
Finance costs	0	0	-5	-26	-17	-72	-96	-57	-3	-780	-9,984	-10,025	-10,813	-10,959
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	167	-86	-272	0	0	148	-2	14	-186	-74	-293
Exchange differences	-2,867	-2,359	3,526	3,150	51	149	-2,443	-3,684	0	-75	-628	-374	-2,041	-3,193
Gain (loss) from indexed assets and liabilities	-25	38	-174	426	-1,619	-5,423	0	0	0	431	-3,300	-11,994	-5,106	-16,522
<b>Profit (loss) before tax</b>	<b>61,669</b>	<b>62,766</b>	<b>3,165</b>	<b>5,315</b>	<b>16,445</b>	<b>39,072</b>	<b>-1,293</b>	<b>-31</b>	<b>632</b>	<b>3,355</b>	<b>-25,710</b>	<b>-35,416</b>	<b>54,503</b>	<b>75,060</b>
Income tax benefit (expense)	-13,742	-9,928	-209	1,250	704	-21	1	78	-145	-757	5,902	2,112	-7,487	-7,265
Profit (loss) from continuing operations	47,927	52,838	2,956	6,565	17,149	39,051	-1,292	47	486	2,598	-19,808	-33,305	47,017	67,795
<b>Profit (loss) attributable to</b>														
Profit (loss) attributable to equity holders of the parent	47,917	52,827	2,957	6,565	16,865	38,488	-807	26	486	2,473	-19,818	-32,876	47,772	67,502
Profit (loss) attributable to non-controlling interest	10	11	0	0	284	564	-484	22	0	124	9	-428	-756	293
Profit (loss) for the period	47,927	52,838	2,956	6,565	17,149	39,051	-1,292	47	486	2,598	-19,808	-33,305	47,017	67,795

## 5. Segment Note - Grupo Security QoQ

Segment Note - Grupo Security <i>In MCH\$</i>	Lending and Treasury		Asset Management		Insurance		International Business		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	2Q-21	3Q-21	2Q-21	3Q-21	2Q-21	3Q-21	2Q-21	3Q-21	2Q-21	3Q-21	2Q-21	3Q-21	2Q-21	3Q-21
Revenue	128,462	142,764	15,414	17,518	120,141	130,888	36,945	49,144	13,426	6,976	2,191	517	316,578	347,807
Cost of sales	-79,127	-84,922	-7,933	-11,635	-101,223	-104,098	-32,749	-43,456	-9,509	-3,640	-615	-384	-231,156	-248,135
Gross profit	49,335	57,843	7,481	5,882	18,918	26,790	4,196	5,688	3,917	3,337	1,575	133	85,422	99,673
Other income	16	0	465	-10	47	18	-17	1	216	185	59	47	786	241
Administrative expenses	-29,085	-28,169	-7,790	-4,464	-10,124	-11,542	-3,152	-3,401	-2,846	-2,844	-6,385	-4,360	-59,383	-54,779
Other expenses	-1,319	-1,290	-423	-259	-72	-78	-88	-85	-7	-33	5	4	-1,905	-1,739
Other gains (losses)	0	-2	0	22	24	45	173	166	98	56	122	267	417	554
Finance income	0	0	17	5	2	1	0	0	-7	-1	-49	21	-37	26
Finance costs	0	0	-1	-22	-31	-22	-22	-20	-304	-239	-3,415	-3,686	-3,773	-3,989
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	167	-105	-119	0	0	0	-1	1	-171	-104	-124
Exchange differences	-717	-2,772	998	1,167	739	-345	-591	-2,164	-32	-13	-108	-125	290	-4,253
Gain (loss) from indexed assets and liabilities	29	9	189	101	-1,705	-2,483	0	0	273	36	-3,755	-4,384	-4,969	-6,721
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	2	0	4	0	0	0	0	0	0	0	0	0	6	0
<b>Profit (loss) before tax</b>	<b>18,261</b>	<b>25,619</b>	<b>940</b>	<b>2,589</b>	<b>7,692</b>	<b>12,264</b>	<b>499</b>	<b>185</b>	<b>1,306</b>	<b>484</b>	<b>-11,949</b>	<b>-12,253</b>	<b>16,749</b>	<b>28,888</b>
Income tax benefit (expense)	-2,469	-4,714	102	50	1,002	2,632	27	14	-106	-282	1,220	360	-223	-1,939
Profit (loss) from continuing operations	15,793	20,905	1,042	2,639	8,694	14,897	527	199	1,201	203	-10,729	-11,893	16,526	26,949
<b>Profit (loss) attributable to</b>														
Profit (loss) attributable to equity holders of the parent	15,789	20,900	1,041	2,639	8,585	14,649	320	121	982	242	-10,525	-11,592	16,192	26,959
Profit (loss) attributable to non-controlling interest	3	5	1	0	109	248	207	78	219	-39	-205	-302	335	-11
Profit (loss) for the period	15,793	20,905	1,042	2,639	8,694	14,897	527	199	1,201	203	-10,729	-11,893	16,526	26,949

## 6. Grupo Security Consolidated Statement of Cash Flows

Statement of Cash Flows	Sep-20	Sep-21
<b>For the periods ended December 31st, 2021 and 2020</b>	<b>MCh\$</b>	<b>MCh\$</b>
Net cash flows provided by (used in) operating activities	-807,209	-788,897
Net cash flows used in investing activities	-7,054	-5,456
Net cash flows used in financing activities	594,413	891,209
<b>Increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b>	<b>-219,850</b>	<b>96,855</b>
Effect of changes in exchange rates on cash and cash equivalents	13,120	60,850
Net increase (decrease) in cash and cash equivalents	<b>-206,730</b>	<b>157,706</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>791,824</b>	<b>597,497</b>
<b>Cash and cash equivalents at end of period</b>	<b>585,094</b>	<b>755,203</b>

### Operating Cash Flows

For 9M21, the Group reported net operating cash flows of -MCH\$788,897 (-MCH\$807,209 for 9M20), related to an increase in demand deposits (+15.0% YoY) and loan portfolio growth (+3.6% YoY).

### Investing Cash Flows

For 9M21, it reported net investing cash flows of -MCH\$5,456 (-MCH\$7,054 for 9M20), in line with cash flows for 9M20.

### Financing Cash Flows

For 9M21, it had net financing cash flows of MCH\$891,209 (+48% YoY), due mainly to greater proceeds from short-term loans at Banco Security, particularly because of financing obtained through central bank lines in 2Q21.

## 7. Quarterly Statement of Income

Quarterly Earnings (M Ch\$)	3Q20	4Q20	1Q21	2Q21	3Q21
Revenue	276,796	316,062	307,261	316,578	347,807
Cost of sales	-165,755	-231,634	-213,534	-231,156	-248,135
Gross profit	111,042	84,429	93,728	85,422	99,673
Administrative expenses	-61,392	-54,143	-55,803	-59,383	-54,779
Operating income	48,032	27,592	36,452	25,337	43,950
Finance costs	-3,747	-3,652	-3,196	-3,773	-3,989
Profit before tax	39,960	22,569	29,423	16,749	28,888
Profit attributable to equity holders of parent	30,445	17,374	24,352	16,191	26,959
EBITDA <sup>1</sup>	47,106	29,509	36,002	23,805	36,035

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

## 8. Financial and Business Indicators

Activity levels (M Ch\$)	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21
Cash (Grupo Security Standalone)	5,807	76,000	60,294	58,164	45,094	54,516
Total Assets	12,172,785	12,117,911	11,921,582	11,845,166	12,259,432	12,927,444
Total Liabilities	11,381,065	11,255,703	11,059,838	10,972,279	11,392,330	12,059,547
Total Equity	791,721	862,208	861,744	872,887	867,101	867,898

Leverage Ratios	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21
Individual leverage ratio <sup>1</sup>	34.46%	35.14%	35.64%	36.74%	36.37%	36.78%
Consolidated financial expenses <sup>2</sup>	3.06	6.04	6.33	10.21	7.63	7.85

Profitability (M Ch\$)	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21
Revenue	497,914	774,710	1,090,773	307,261	623,840	971,647
Profit attributable to equity holders of the company	17,328	47,772	65,146	24,352	40,542	67,502
EBITDA	28,070	75,175	104,685	36,002	59,807	95,842
Return of equity <sup>3</sup>	4.52%	7.95%	8.12%	11.58%	9.67%	10.74%
Return on assets <sup>4</sup>	0.287%	0.528%	0.544%	0.820%	0.671%	0.724%
Earnings per share <sup>5</sup> (\$)	15.06	17.98	16.84	20.98	21.89	21.00
Number of shares (m)	3,695	4,017	4,042	4,042	4,042	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\$12,927,210 as of September 2021, +8.4% YTD. Of these assets, 53.8% are trade and other receivables, primarily the Bank's loan portfolio. As of September 2021, this item reached MCH\$6,542,131, +5% YTD, driven by +3.6% YoY growth in loans as explained on page 14.

Furthermore, 33.4% of total assets are other current financial assets. This line item primarily includes the investment portfolio for the insurance subsidiary's technical reserves and the Bank's portfolio of financial instruments. As of September 2021, other current financial assets reached

MCH\$4,315,744 (+11.3% YTD), due to a 3.0% YTD rise in the insurance subsidiary's investment portfolio for technical reserves, which reached MCH\$ 2,485,529 for 9M21 and, to a lesser extent, a 11.3% YTD rise in the Bank's current financial assets, explained by an increase in investments available for sale of MCH\$1,191,906 as of September 2021 (+27.8% YTD). This effect was partially offset by a rise in the volume of financial derivative instruments, which totaled MCH\$247,187 as of September 2021 (+12.3% YTD).

As of September 2021, total consolidated liabilities reached MCH\$12,059,547, +9.04 YTD. Of those, 64.5% are other current financial liabilities, which include the Bank's time deposits and current accounts, as well as debt issued by the Bank or the Group. As of September 2021, other current financial liabilities reached MCH\$7,773,164, +9.7% YTD, explained by a larger volume of borrowings from financial institutions (+31.0% YTD), mainly due to use of Central Bank lines and financing and a larger volume in current accounts (+22.2% YTD), partially offset by a smaller volume of time deposits at the Bank, which totaled MCH\$1,715,144 as of September 2021 (-9.3% YTD).

Of total liabilities, 25.7% were trade and other payables, which are primarily the technical reserves of Vida Security and Protecta Security. As of September 2021, trade payables totaled MCH\$3,102,148 (+8.3% YTD), as a result of the 4.3% YoY increase in life insurance technical reserves, which totaled MCH\$2,485,529, in keeping with activity levels at Vida Security, as explained on pages 19 to 26. There were also greater reserves at Protecta Security, in line with greater sales of annuities and private annuities, as discussed on pages 27 to 28 of this report.

Grupo Security's total equity amounted to MCH\$867,663 as of September 2021, +0.7% YTD, because of retained earnings for the year, partially offset by greater reserves.

The individual leverage ratio is defined in note 38 of Grupo Security's financial statements as the ratio of standalone financial liabilities, as presented in the FECU disclosures, to total equity. Under the bondholder protection covenant, it may not exceed 0.4, measured on the standalone statement of financial position. As of September 2021, this ratio was 0.3679 (+1.6 bps YoY and +1.1 bps YTD).

Consolidated financial expense coverage is the sum of profit before tax and finance costs, divided by finance costs. The majority of finance costs for this indicator are interest and indexation expenses for Grupo Security bonds. As of September 2021, the consolidated financial expense coverage ratio was 7.85 (+29.94% YoY) due to a +37.7% YoY variation in profit before tax.

As of September 2021, Grupo Security's revenue reached MCH\$971,647 (+25.4% YoY), primarily because of increased revenue from gross written premiums at Vida Security and Protecta, which totaled MCH\$331,848 (+42% YoY), due to higher sales of annuities and individual insurance policies. Furthermore, Vida Security and Protecta reported greater interest and investment income of MCH\$143,512 (+53.5% YoY), effects explained on pages 20 to 26 of this report. In contrast, there was an 11.8% YoY rise in revenue at Banco Security, mainly due to increased indexation income because of higher inflation during the period, as explained on pages 7 to 16.

For 9M21, profit attributable to owners of the parent was MCH\$67,502, +41.3% YoY, while EBITDA reached MCH\$95,842 (+27.5% YoY). As of September 2021, annualized return on equity was 10.7% (+2.8 bps YoY) and return on assets was 0.72% (+0.2 bps YoY) with earnings per share of CH\$21.0 (+16.75% YoY). These results are explained by the results of Grupo Security and its subsidiaries, which are presented in detail throughout this report.

## **Market Information**

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

Grupo Security is the parent company of a conglomerate of diversified companies engaged in the main sectors of the Chilean financial industry. Its subsidiaries Banco Security and Factoring Security provide lending services to companies and individuals. The subsidiary Seguros de Vida Security Previsión, Corredora de Seguros Security and Europ Assistance operate respectively in the life insurance and life annuity, insurance brokerage and travel assistance industries. Valores Security Corredora de Bolsa, Administradora General de Fondos Security and Securitizadora Security, complement the Group's offering of financial services by developing and distributing specialized financial products and personalized investment and asset management services. Starting in 4Q18, the international business area, which consists of the Peruvian subsidiaries Protecta Security and Travel Perú, is reported separately.

Grupo Security's other services business area includes two subsidiaries engaged in the real estate (Inmobiliaria Security) and travel and tourism (Travel Security) industries. In addition, since 2001 the subsidiary Invest Security provides all group companies with shared services such as accounting, business risk and control, corporate culture, research and corporate IT services to support their development and technological requirements. In December 2014, Invest Security merged with Capital S.A., a wholly-owned subsidiary of Grupo Security.

### **BANKING INDUSTRY**

As of September 2021, 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\$214,404,284 (MCH\$197,276,151 excluding foreign subsidiaries). Equity totaled MCH\$23,241,185, while profit for 9M20 was MCH\$2,691,419, with return on average equity<sup>13</sup> of 15.8%. The industry reported an efficiency ratio of 42.8% measured as support expenses over gross operating profit, and 1.54% measured as support expenses over total assets. The banking system posted a risk ratio of 2.38%, measured as loan loss provisions to total loans, and 1.41%, measured as 90-day nonperforming loans to total loans. As of September 2021, Banco Security had total loans of MCH\$6,542,131, positioning it 8th in total loans with 3.1% of the Chilean market (3.3% excluding foreign subsidiaries).

### **FACTORING INDUSTRY**

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

### **MUTUAL FUND INDUSTRY**

As of September 2021, the mutual fund industry reported average assets under management of MCH\$52,441,917 and 2,875,008 investors. Administradora General de Fondos Security boasted average assets under management of MCH\$2,610,737 as of September 2021, giving it a market share of 5.0% and an eighth place industry ranking among the 20 fund managers operating in the market.

---

<sup>13</sup> Annualized profit for the period over average equity for the period

## **STOCK BROKERAGE INDUSTRY**

During the first nine months of 2021, market activity measured as value of shares traded increased 10.2% in comparison to 9M20, reaching BCH\$53,257. Value of shares traded for Valores Security Corredores de Bolsa for the same period totaled BCH\$927 with market share of 1.7%. Market share is calculated based on transactions on Santiago Exchange and the Chilean Electronic Stock Exchange.

## **LIFE INSURANCE INDUSTRY**

As of September 2021, there were 34 life insurance companies in Chile. Total gross written premiums for the industry were MCH\$3,699,697. The life insurance industry posted profit of MCH\$815,895 for the period ended September 2021. For the same period, Vida Security had market share of 6.4% based on gross written premiums.

## **Differences Between Book Values and Economic Values and/or Market Values of Principal Assets**

---

Grupo Security participates in the insurance and services businesses through its investments in related companies, mainly Europ Assistance and in private investment funds through Inmobiliaria Security. As of September 2021, investments accounted for using the equity method in the Consolidated Statements of Financial Position represent approximately 0.01% of total assets.

Goodwill, which represents the difference between the acquisition cost and the fair value of assets and liabilities, totaled MCH\$119,067 as of September 2021, equivalent to 0.92% of total assets.

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

## **Risk Factors**

---

### **DEPENDENCE ON SUBSIDIARY RESULTS**

Grupo Security is the ultimate parent company of a conglomerate of companies and receives its income from subsidiary profits. As of September 2021, Grupo Security had received the following dividends from subsidiaries: MCH\$30,067 (50% of 2020 profit) from Banco Security and MCH\$9,471 from Factoring Security (60% of 2020 profit). Meanwhile, Inmobiliaria Security distributed MCH\$1,000 in dividends (17% of profit for 2020). In addition, Inversiones Previsión Security, the parent company of Vida Security, distributed dividends of MCH\$8,144.

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 profits 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 and 2021, 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 September 30, 2021, the Company has loans at reasonable rates based on current market conditions.

### **Foreign Exchange Risk**

Grupo Security has implemented the policy of matching foreign currency transactions with financial institutions to sales transactions in the same currency.

### **Commodity Risk**

As of September 30, 2021, 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.

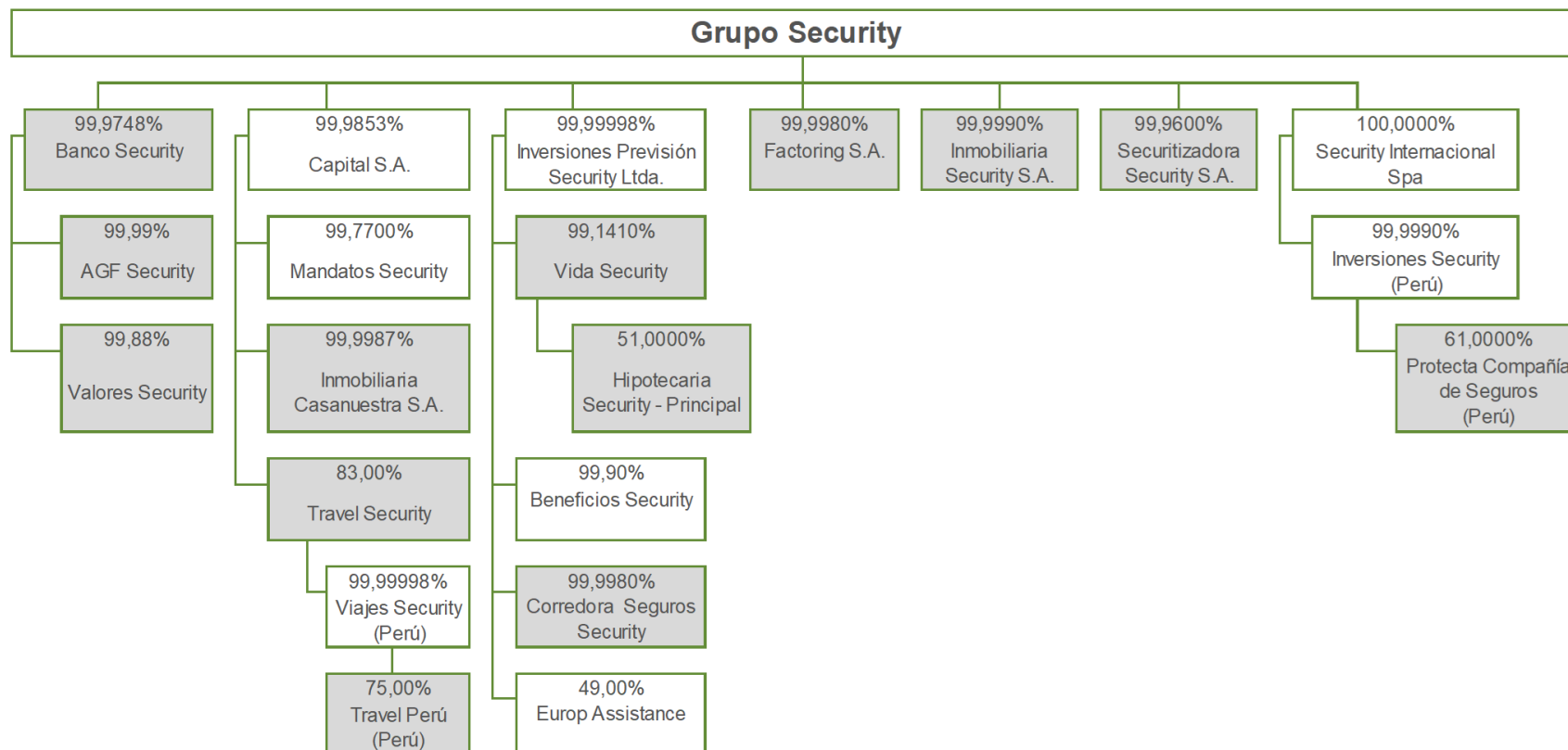
### **Industry Structure**

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 as of September 30, 2021



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

As of July 1, 2021, the following changes were made to the corporate organizational structure:

- Global Security Gestión y Servicios Ltda. was absorbed by Capital S.A.