

Grupo Security Profit Up 7.1% in 2013

March 6, 2014

For the year ended December 31, 2013, Grupo Security posted profit of Ch\$49,843 million, driven mainly by growth in direct premiums at Vida Security and profit at Factoring Security.

Grupo Security reported profit of Ch\$49,843 million for the year 2013, which represents an increase of 7.1% over 2012. Earnings per share was Ch\$15.7 for the year 2013, slightly less than the Ch\$16.2 per share recorded in 2012, due to a capital increase in mid-2013. The Group had 3,184 million shares outstanding as of year end. Grupo Security posted consolidated Ebitda of Ch\$79,693 million for the year ended December 31, 2013, which represents an increase of 12.1% over the prior year.

On March 14, 2013, Grupo Security announced the signing of a deal to acquire the Cruz del Sur companies from Grupo Angelini for UF 6.2 million. The transaction was completed on June 11, 2013. According to Renato Peñafiel, CEO of Grupo Security, "The process of merging the two companies has been progressing as planned. The Chilean Securities and Insurance Supervisor (SVS) recently approved the insurance company's amended bylaws. This approval will allow us to soon complete the merger with Cruz del Sur Seguros de Vida announced a few months ago. Once the merger is complete, we will be able to capitalize on all of the operating synergies that have already begun to be generated as a result of the gradual integration of the companies and to formalize an expanded, unique offering of products and services for both companies' original policyholders. The merger of the asset management companies is expected to be completed during the second half of 2014."

In 2013, Banco Security posted net operating income of Ch\$147,291, reflecting an increase of 10.3% over 2012. This improvement was explained to a large extent by growth in Banco Security's loan portfolio, which reached Ch\$3,341 billion as of December 2013, up 10.6% YoY from December 2012. In addition, the entity's operating expenses increased 7.5%, which is less than the variation in revenue, thus improving its efficiency ratio—measured as operating expenses over gross operating income—from 54.7% in 2012 to 53.3% in 2013. However, Banco Security posted consolidated profit of Ch\$32,801 million in 2013, 6.9% less than the prior year. This decrease can be explained mainly by increased credit risk provisions.

On September 24, 2013, Grupo Security increased Banco Security's capital by Ch\$30,000 million, which is the first stage of a three-year capitalization process totaling Ch\$75,000 million approved by the bank's shareholders at an extraordinary meeting on August 5, 2013. This capital increase will enable Banco Security to strengthen its capital base and solvency ratios in order to better address the challenges arising from loan growth.

In the insurance area, Vida Security reported profit of Ch\$19,286 million for the year 2013, up 74% from the prior year, and direct premiums grew 23.7% YoY in 2013, totaling Ch\$193,569 million. This increase was mainly in response to the two installments of Disability and Survival Insurance (SIS) awarded in 2012. The acquisition of the Cruz del Sur companies has resulted in proforma market share of 8.7% in direct life insurance premiums as of September 2013. The asset management area combined with the Cruz del Sur companies in proforma terms boasts a market share of 6.5% in mutual funds under management and 5.2% in share volumes traded as of December 2013.

The performance of Factoring Security also deserves mention, posting profit of Ch\$6,527 million, up 35% from the prior year. This is attributable to growth of 16.5% in factored receivables, which totaled Ch\$228,826 million. These figures compare favorably with the industry, which reported a YoY drop of 1.0% in December 2013.

Travel Security recorded total sales of US\$290 million and profit of Ch\$3,022 million, which are 1.8% and 25.3% higher, respectively, than the prior year. The real estate subsidiary, Inmobiliaria Security, increased sales by 28% to Ch\$22,221 million in 2013.

On October 30, 2013, the Board of Directors of Grupo Security agreed to pay a total dividend of Ch\$2.50 per share, consisting of (i) an interim cash dividend of Ch\$1.00 per share charged to profit for the year 2013; and (ii) an additional cash dividend of Ch\$1.50 per share charged to prior year retained earnings. Starting January 1, 2014, Grupo Security's stock is part of the main Chilean stock index (IPSA) with a weight of 1.31%.

Grupo Security is a diversified financial group that offers its customers exceptional service and comprehensive solutions to their lending, asset management, insurance, travel and real estate needs. The group seeks to meet the needs of its customers, shareholders, employees and the world in which it does business, while encouraging work-family balance.