

Grupo Security Shareholders Approve Capital Increase Of CH\$100,000 Million

April 27, 2017

Banco Security and Inversiones Seguros Security will be capitalized to promote their growth and strengthen their capital base.

Earlier today, Grupo Security shareholders approved a capital increase of approximately 437 million shares, which represents a total of CH\$100,000 million according to the report presented during the extraordinary shareholders meeting held to vote on this proposal. The purpose of the capital increase is to capitalize the subsidiaries Banco Security and Inversiones Seguros Security, which includes the companies Vida Security and Protecta, the latter in Peru.

Grupo Security President Francisco Silva explained, "This capital increase will allow us to strengthen our main assets, Bank and Life Insurance, to maintain commercial growth above the industry rates, and to continue with the gradual strengthening of the companies' capital and solvency."

During his annual report to shareholders at the Ordinary Shareholders' Meeting held previously, Mr. Francisco Silva stated that 2016 "was once again characterized by weak economic growth, falling investment levels and alarming advances in the legislative agenda which appeared to be undermining private enterprise and strengthening the State. All of this without improving the living conditions of the majority of the population."

He added that, "In this unfavorable environment, adequate business management allowed us to celebrate our 25th

anniversary with a great deal of satisfaction given the clear expansion that Grupo Security has enjoyed within this relatively short period, during which it has diversified and grown in a competitive environment."

During 2016, Grupo Security generated net profit of CH\$74,522 million, representing annual growth of 14.6%. Furthermore, Grupo Security's shares posted a profit of 25.2%, which is higher than the increase in the accumulated IPSA through December 2016, which was 12.8%. Grupo Security's return on equity was 13.1% based on the last FECU reported to the SVS.

During the Ordinary Shareholders' Meeting, a dividend of CH\$7.75 per share was approved to be charged to the 2016 fiscal year profits. This dividend, combined with the one paid in November of 2016, totals CH\$39,100 million, which is equivalent to CH\$12 per share and to 52.5% of the profit for the period.

Capital Increase and Outlook for 2017

During his presentation to the shareholders, Grupo Security CEO Renato Peñafiel remarked that, "During 2016, Grupo's profit grew by 14.6% and our business expanded at a rate that is higher than that of the market despite a context of economic slowdown. This is a reflection of the intense commercial work that was conducted by each of our businesses, which showed very positive results over the course of the year. Specifically, Banco placements expanded by 10% compared to the industry rate of 5.7%, and direct premium in the insurance business grew at 43.95% compared to the industry rate of 15.1%."

Mr. Peñafiel also remarked that, "We are anticipating an economic scenario that is similar to 2016 –with low growth and higher unemployment- during 2017." He said that "our efforts will stay focused on continued growth and productivity."

As such, he noted, "Through the upcoming capital increase, we are seeking to strengthen the growth of our main assets, Bank and Life Insurance. Specifically, through February of this year, Banco placements have grown at around 10% over the past 12 months, while the industry has grown 4.5%. We expect to maintain that rate during 2017.

As a result, we expect the Grupo Security profits to increase around 10%, as has been the case over the past 10 years.

The rate of growth of Grupo Security profits has been 10.8% over the past ten years and 12.2% over the past five. This means that profit has nearly tripled over the course of the past ten years.

Grupo Security has thus grown at rates of 14.5%, 9.1% and 9.6% over the past 15, 10 and 5 years, respectively. The IPSA for those same periods has grown significantly less: 10%, 4.3% and 0.9%.

Despite periodic capital increases, profit per share has grown 6.5% over the past 10 years and 9.5% over the past five years.

The dividend yield reached an average of 4.8% over the past 10 years and 5.2% over the past five years, making it one of the highest and most stable in the market."