

Grupo Security Earnings Report

Grupo Security Reports First Quarter Profit of CH\$17,310 million, -44% YoY.

- At the annual general meeting, held on April 27, 2017, shareholders agreed to pay a total dividend of CH\$7.75 per share, which together with the amount paid in November 2016 totals CH\$12.00 per share. This is equivalent to CH\$39,100 million, which is 52% of the 2016 profit.
- Also at the extraordinary shareholders' meeting on April 27, 2017, a capital increase in the amount of CH\$100,000 million was approved for Grupo Security with the goal of strengthening growth and the capital base of its principal assets: banking and insurance.
- The Grupo Security bond exchange ended on January 5, 2017 in which 95.1% of the F bond, equivalent to UF 1,189,000, was exchanged for the M bond, extending the duration of the Group's debt from 11.3 to 13.1.
- On March 28, 2017, Fitch Ratings confirmed its ratings for Banco Security, Grupo Security and Factoring Security, upgrading its outlook from stable to positive.

Santiago, Chile, March 31, 2017. Grupo Security S.A. (SSE BSC: SECURITY; SSE BBG: SECUR), ("Grupo Security"), 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, announced financial results for the three months ended March 2017.

Renato Peñafiel, Grupo Security's CEO, stated that, "Profit from the first quarter of the year totaled CH\$17,310 million. In contrast to last year, this does not include the extraordinary gain of CH\$14,937 million on the sale of our stake in Penta-Security. When we exclude that effect, profit has grown 8.5% over last year. Our business continues to perform well despite the weakened economy, which has presented a sustained drop in investment and overall confidence levels. Specifically, over the past year, bank loans grew by 10.8%, which is higher than the industry's growth of 5.5%, and Vida Security's direct premium has grown 54.5% compared to the system result of 3.1%. It is important to mention the capital increase approved in April of this year of approximately CH\$100,000 million to strengthen the commercial growth and capital base of our main businesses and maintain the solid results that we have consistently shown over the past few years."

Grupo Security Indicators			% Chg					
In MCH\$	1Q17	4Q16	1Q16	YTD/ QoQ	YoY	1Q17	1Q16	% Chg
Banco - Total Loans	4,533,229	4,462,332	4,092,908	1.6%	10.8%	4,533,229	4,092,908	10.8%
Industry - Total Loans ¹	140,801,211	140,258,239	133,521,956	0.4%	5.5%	140,801,211	133,521,956	5.5%
Inversiones - AUM Mutual Funds	2,051,093	1,854,062	1,947,795	10.6%	5.3%	2,051,093	1,947,795	5.3%
Industry - AUM Mutual Funds	33,979,005	31,194,215	29,983,142	8.9%	13.3%	33,979,005	29,983,142	13.3%
Vida - Investment Portfolio	2,314,976	2,278,932	2,146,719	1.6%	7.8%	2,314,976	2,146,719	7.8%
Industry (life insurance) - Investment Portfo	36,150,961	35,269,102	32,585,977	2.5%	10.9%	36,150,961	32,585,977	10.9%
Factoring - Factored Receivables	293,702	286,846	237,805	2.4%	23.5%	293,702	237,805	23.5%
Statement of Income								
Banco - Net Interest Margin	35,995	34,598	31,858	4.0%	13.0%	35,995	31,858	13.0%
Banco - Net Fees	12,635	13,597	11,551	-7.1%	9.4%	12,635	11,551	9.4%
Banco - Operating Expenses	-32,845	-41,273	-29,643	-20.4%	10.8%	-32,845	-29,643	10.8%
Banco - Net Provision Expenses	-10,364	-7,874	-5,965	31.6%	73.7%	-10,364	-5,965	73.7%
Vida - Direct Premium	99,890	112,109	64,635	-10.9%	54.5%	99,890	64,635	54.5%
Vida - Claims Paid	-37,298	-35,927	-19,891	3.8%	87.5%	-37,298	-19,891	87.5%
Vida - Pensions Paid	-42,396	-38,960	-30,049	8.8%	41.1%	-42,396	-30,049	41.1%
Vida - Investment Income	41,019	25,144	22,668	63.1%	81.0%	41,019	22,668	81.0%
Factoring - Revenue	6,292	6,347	6,393	-0.9%	-1.6%	6,292	6,393	-1.6%
Operations								
Total Customers (number)	218,472	226,943	215,924	-3.7%	1.2%	218,472	215,924	1.2%
Employees (number)	3,723	3,767	3,902	-1.2%	-4.6%	3,723	3,902	-4.6%

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

Ratios	Mar-17	Dec-16	Mar-16	% Chg	
				YTD	YoY
Grupo - Share Price (Ch\$)	243.8	226.0	194.0	7.9%	25.7%
Grupo - Number of Shares (millions)	3,258	3,258	3,258	0.0%	0.0%
Grupo - ROE	10.4%	13.1%	14.0%	-273 p	-357 p
Banco (Consolidated) - ROAE	10.5%	11.6%	12.3%	-111 p	-174 p
Factoring - ROE	19.2%	23.2%	18.9%	-400 p	30 p
Vida - ROAE	15.1%	13.3%	15.4%	184 p	-30 p
Travel - ROE	20.5%	43.5%	33.8%	-2300 p	-1330 p
Grupo - Leverage	35.0%	34.5%	35.3%	50 p	-36 p
Banco - Efficiency	55.7%	59.4%	52.9%	-365 p	280 p
Factoring - Efficiency	44.7%	44.3%	47.1%	43 p	-240 p
Banco - Non-Performing Loans	1.49%	1.43%	1.60%	6 p	-11 p
Banco - Risk Index	1.86%	1.81%	1.85%	5 p	1 p
Factoring - Risk Index	2.6%	2.5%	3.1%	16 p	-43 p
Banco - BIS Tier I Ratio	7.3%	7.1%	7.1%	21 p	20 p
Banco - BIS Tier II Ratio	13.2%	13.2%	12.8%	-1 p	44 p

ROAE: profit 12M over average equity

On January 5, 2017, Grupo Security exchanged 95.1% of the F series bond, equivalent to UF 1,189,000, for the M series bond, thus improving the amortization schedule and extending the duration of the Group's total debt from 11.3 to 13.1.

On March 28, 2017, the risk rating agency Fitch Ratings confirmed the ratings of Banco Security, Grupo Security and Factoring Security and revised its outlook from stable to positive due to progress Banco Security has made in implementing its strategy, which has allowed it to diversify its revenue sources, strengthen its balance sheet and liquidity and improve its capital ratios.

On April 27, 2017, Grupo Security shareholders approved a dividend payment of CH\$7.75 per share charged to profit for the year 2016. This dividend and the interim dividend distributed in November 2016 total CH\$12.0 per share, equivalent to CH\$39,100 million, or 52% of profit for the year 2016. The shareholders also approved the annual report and financial statements for 2016 at this meeting.

At the extraordinary shareholders' meeting held on the same date, Grupo Security shareholders approved a CH\$100,000 million capital increase of approximately 437 million shares to strengthen growth as well as the capital base of Grupo Security's principal assets: banking and insurance.

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GRUPO SECURITY EARNINGS REPORT FOR 1Q17

Grupo Security posted profit of CH\$17,310 million for the quarter ended March 2017, -44% YoY, +14.3% QoQ. EBITDA for 1Q17 reached CH\$28,592 million, -36.5% YoY, +9.6% QoQ.

The Group posted an ROAE as of March 2017 of 10.4%, -357 b.p. YoY. Profit from the Group's business areas for 1Q17 was CH\$22,633 million, -39.5% YoY, -6.0% QoQ.

EARNINGS CONTRIBUTION BY BUSINESS AREA

Earnings from Related Companies								
	1Q17	4Q16	1Q16	% Chg		1Q17	1Q16	% Chg
				QoQ	YoY			
Lending Area								
Banco Security (standalone)	10,549	8,505	13,455	24.0%	-21.6%	10,549	13,455	-21.6%
Factoring Security	1,855	1,873	1,700	-1.0%	9.1%	1,855	1,700	9.1%
Asset Management Area								
Valores Security	431	502	203	-14.0%	112.1%	431	203	112.1%
AGF Security	1,269	1,756	1,781	-27.8%	-28.8%	1,269	1,781	-28.8%
Insurance Area								
Vida Security	7,579	6,659	4,321	13.8%	75.4%	7,579	4,321	75.4%
Penta Security	-	-	18,979	-	-	-	18,979	-
Servicios Security	(105)	417	86	-	-	(105)	86	-
Other Services								
Inmobiliaria Security	688	3,793	394	-	74.8%	688	394	74.8%
Travel Security	715	1,123	988	-36.3%	-27.6%	715	988	-27.6%
Travex Security	123	57	68	113.2%	80.2%	123	68	80.2%
Grupo Security Profit	17,310	15,149	30,889	14.3%	-44.0%	17,310	30,889	-44.0%

- (1) Subsidiary earnings correspond to 100% of their profits and differ from the results reported in the segment note, which includes consolidation adjustments to account for Grupo Security's percent ownership in each of its respective subsidiaries.
- (2) For Penta-Security, a minority interest of 29.55% is considered. The figure shown here is the before-tax gain on the sale of its minority interest in Penta-Security. After taxes, the extraordinary gain totaled CH\$14,937 million.

REVIEW OF OPERATIONS BY BUSINESS AREA

LENDING BUSINESS AREA (67.1% of assets; 54.8% of profit from business areas as of March 2017)

The lending business area comprises operations of Banco Security (excluding its asset management subsidiaries, AGF Security and Valores Security Corredores de Bolsa) and Factoring Security.

BANCO SECURITY

For the first quarter, Banco Security reported consolidated profit attributable to its owners of CH\$12,252 million, -20.7% YoY. The Bank's standalone profit (excluding its asset management subsidiaries, AGF Security and Valores Security Corredores de Bolsa) was CH\$10,549 million, -21.6% YoY.

Banco Security's ROAE (profit LTM over average equity) was 10.52%, -174 b.p. YoY.

Banco Security – Operating Segments

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
<i>In Ch\$ Million</i>														
Net interest margin	18,672	17,073	15,057	14,104	3,681	2,785	-1,231	-1,637	36,179	32,325	-184	-467	35,995	31,858
Δ% 1Q16	9.4%		6.8%		32.2%		-24.8%		11.9%		-60.6%		13.0%	
Net Fees	3,863	3,204	4,963	4,042	-107	-156	-325	385	8,394	7,476	4,241	4,075	12,635	11,551
Δ% 1Q16	20.6%		22.8%		-		-		12.3%		4.1%		9.4%	
Net FX transactions and other income	2,657	2,259	536	311	6,419	6,336	-3,344	-830	6,267	8,075	4,021	3,115	10,288	11,190
Δ% 1Q16	17.6%		72.5%		1.3%		302.7%		-22.4%		29.1%		-8.1%	
Loan losses and foreclosed assets	-2,951	-34	-6,500	-5,057	-1	38	-1,415	-555	-10,867	-5,608	0	0	-10,867	-5,608
Δ% 1Q16	-		28.5%		-		154.9%		93.8%		-		93.8%	
Total operating income, net of credit risk provisions	22,240	22,502	14,056	13,400	9,992	9,004	-6,316	-2,638	39,973	42,268	8,078	6,723	48,051	48,991
Δ% 1Q16	-1.2%		4.9%		11.0%		139.5%		-5.4%		20.2%		-1.9%	
Operating expenses	-10,742	-8,487	-15,315	-12,457	-3,742	-3,481	2,963	-862	-26,836	-25,287	-6,009	-4,356	-32,845	-29,643
Δ% 1Q16	26.6%		22.9%		7.5%		-		6.1%		37.9%		10.8%	
Net operating income	11,498	14,014	-1,259	944	6,250	5,523	-3,352	-3,500	13,137	16,981	2,069	2,367	15,206	19,348
Δ% 1Q16	-18.0%		-233.4%		13.2%		-4.2%		-22.6%		-12.6%		-21.4%	
Income tax expense	-2,265	-3,069	248	-196	-1,231	-1,147	660	884	-2,588	-3,528	-365	-380	-2,953	-3,908
Δ% 1Q16	-26.2%		-		7.3%		-25.4%		-26.6%		-3.9%		-24.4%	
Profit attributable to equity holders of the bank	9,234	10,945	-1,011	748	5,019	4,376	-2,693	-2,616	10,549	13,453	1,703	1,988	12,252	15,441
Δ% 1Q16	-15.6%		-		14.7%		2.9%		-21.6%		-14.3%		-20.7%	

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	1Q-17	4Q-16	1Q-17	4Q-16	1Q-17	4Q-16	1Q-17	4Q-16	1Q-17	4Q-16	1Q-17	4Q-16	1Q-17	4Q-16
<i>In Ch\$ Million</i>														
Net interest margin	18,672	19,437	15,057	14,881	3,681	965	-1,231	-388	36,179	34,896	-184	-298	35,995	34,598
Δ% 4Q16	-3.9%		1.2%		281.3%		216.9%		3.7%		-38.3%		4.0%	
Net Fees	3,863	4,241	4,963	4,882	-107	-119	-325	-364	8,394	8,639	4,241	4,958	12,635	13,597
Δ% 4Q16	-8.9%		1.7%		-		-		-2.8%		-14.5%		-7.1%	
Net FX transactions and other income	2,657	2,355	536	576	6,419	7,548	-3,344	-5,514	6,267	4,965	4,021	3,998	10,288	8,963
Δ% 4Q16	12.8%		-6.9%		-15.0%		-		-		0.6%		14.8%	
Loan losses and foreclosed assets	-2,951	-2,558	-6,500	-4,835	-1	-3	-1,415	-408	-10,867	-7,805	0	0	-10,867	-7,805
Δ% 4Q16	15.4%		34.4%		-		-		39.2%		-		39.2%	
Total operating income, net of credit risk provisions	22,240	23,475	14,056	15,504	9,992	8,391	-6,316	-6,675	39,973	40,695	8,078	8,658	48,051	49,353
Δ% 4Q16	-5.3%		-9.3%		19.1%		-5.4%		-1.8%		-6.7%		-2.6%	
Operating expenses	-10,742	-12,779	-15,315	-18,083	-3,742	-5,291	2,963	823	-26,836	-35,330	-6,009	-5,943	-32,845	-41,273
Δ% 4Q16	-15.9%		-15.3%		-29.3%		-		-24.0%		1.1%		-20.4%	
Net operating income	11,498	10,696	-1,259	-2,580	6,250	3,101	-3,352	-5,851	13,137	5,365	2,069	2,715	15,206	8,080
Δ% 4Q16	7.5%		-		101.5%		-42.7%		144.9%		-23.8%		88.2%	
Income tax expense	-2,265	-2,123	248	462	-1,231	-623	660	5,418	-2,588	3,134	-365	-490	-2,953	2,644
Δ% 4Q16	6.7%		-46.3%		97.5%		-87.8%		-		-25.5%		-	
Profit attributable to equity holders of the bank	9,234	8,572	-1,011	-2,118	5,019	2,478	-2,693	-430	10,549	8,502	1,703	2,260	12,252	10,766
Δ% 4Q16	7.7%		-		102.6%		526.0%		24.1%		-24.6%		13.8%	

Commercial Banking

Banco Security's commercial banking division targets large companies with sales above US\$1.2 million. 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.

For the quarter ended March 2017, Banco Security's commercial loans increased 12.7% YoY and 1.9% YTD, totaling CH\$3,573 billion. In the industry, commercial loans increased +2.9% YoY, and remained steady YTD. Including foreign subsidiaries, commercial loans in the industry grew +3.6 % YoY and +0.2% YTD. Banco Security's market share over its target segment for medium and large companies totaled 6.3%¹ for the period ended March 2017. Commercial Banking had 8,712 clients at the close of the period (+2.6% YoY).

The commercial banking division posted profit of CH\$9,234 million for

Commercial Loans by Economic Sector	Loans Mar-17	% Total
<i>In Ch\$ Millions</i>		
Construction and real estate	835,877	23.4%
Financial services and insurance	562,808	15.8%
Wholesale and retail trade	436,525	12.2%
Real estate investors and corporate services	484,059	13.5%
Manufacturing	323,246	9.0%
Social services	223,585	6.3%
Transportation	238,911	6.7%
Utilities	198,256	5.5%
Agriculture and livestock	96,934	2.7%
Fishing	88,124	2.5%
Telecom	45,062	1.3%
Mining	33,130	0.9%
Forestry	6,031	0.2%
Total commercial loans	3,572,549	100%

¹ Only includes regions of Chile where Banco Security has offices.

1Q17 (-15.6% YoY). This is due to increased provision expenses, which reached CH\$2,951 million in 1Q17, up from CH\$34 million in 1Q16. Note that 1Q16 represents a lower basis of comparison for risk given the portfolio's strong performance and the provisions recorded in 2H15 in light of weak economic expectations that did not ultimately materialize in increased risk.

In addition, increased administrative expenses were posted, totaling CH\$10,742 million (+26.6% YoY) for 1Q17 as a result of higher productivity bonuses tied to the previous year's results as well as increased expenses to implement technology projects, which were distributed across all the Bank's business segments.

These effects were not fully offset by a greater net interest margin, which totaled CH\$18,672 million for 1Q17, +CH\$1,599 million YoY (+9.4% YoY) due to increased commercial loans (+12.7% YoY) with a spread that was slightly higher than the previous year.

Compared to the previous quarter, profit grew at 7.7% QoQ to reach CH\$9,234 million for 1Q17. This is explained by reduced administrative expenses that totaled CH\$10,742 million in 1Q17 (-15.9% QoQ) due to lower depreciation and amortization as several intangible assets reached the end of their useful lives as of year-end 2016. This lower spending was not offset by a lower net interest margin, which reached CH\$18,672 million (-3.9% QoQ), lower net fees of CH\$3,863 million (-8.9% QoQ), and higher provision expenses of CH\$2,951 million in 1Q17 (+15.4% QoQ).

Retail Banking

Banco Security's retail banking division targets high-income individuals. In recent years, the retail division has focused on expanding consumer products while conservatively managing risk, resulting in average annual growth of 17% since 2011.

For 1Q17, Banco Security had total retail loans (consumer + mortgage) of CH\$960 billion, +4.2% YoY and +0.5% YTD. In the industry, retail loans grew +9.2% YoY and +2.1% YTD, driven by mortgage loans (+9.4% YoY and +2.3% YTD). Including foreign subsidiaries, industry retail loans presented the same variations of +9.2% YoY and +2.1% YTD. Banco Security's market share of its target segment of high-income individuals reached 5.3% through March 2017. The retail banking division had 84,727 clients as of March 2017 (+1.8% YoY).

The division posted a loss of CH\$1,011 million for 1Q17, down from the profit of CH\$748 million for 1Q16. This was due to increased administrative expenses of CH\$15,315 million (+22.9% YoY), impacted by higher indirect costs due to the implementation of technological projects, which were spread over the Bank's business segments.

There were also increased provision expenses, which reached CH\$6,500 million in 1Q17 (+28.5% YoY), associated with portfolio growth, lower recovery rates for written-off loans because of stricter regulations and more conservative provisioning policies for consumer products.

These effects were partially offset by higher net fees, which reached CH\$4,963 million, +CH\$921 million YoY (+22.8% YoY), as well as higher credit card and current account fees. In addition, the net interest margin reached CH\$15,057 million, +CH\$953 million YoY (+6.8% YoY) due to increased loans with an average spread that was slightly higher than the previous year.

During 1Q17, the division posted a loss of CH\$1,011 million, which was lower than the loss of CH\$2,118 million from 4Q16. This is due to lower administrative expenses of CH\$15,315 million (-15.3% QoQ), lower depreciation and amortization as several intangible assets reached the end of their useful lives as of year-end 2016, and a high basis for comparison in the level of expenditures from 4Q16 due to productivity bonuses and compensation. This was partially offset by higher loan losses, which reached CH\$6,500 million in 1Q17 (+34.4% QoQ) due to more conservative provisioning criteria for consumer products.

Treasury

For the period ended March 2017, the Treasury Division reported profit of CH\$5,019 million, (+14.7% YoY). This is due to a higher net interest margin, which reached CH\$3,681 million, (+32.2% YoY) during 1Q17. The MPR cut in the first half of the year (from 3.5% in December 2016 to 2.5% in June 2017) drove up the net interest margin as price adjustments for liabilities are faster than for assets.

In addition, financial income (net financial operating income (loss) + gain (loss) from FX transactions + other income) for 1Q17 reached CH\$6,419 million (+1.3% YoY) due to the solid performance of foreign currency instruments and more prepayments.

This was not offset by higher administrative expenses, which totaled CH\$3,742 million (+7.5% YoY) in 1Q17 due to an increase in indirect expenses from the implementation of technological projects, which are spread over the Bank's business segments.

The treasury division consists of trading, investment, distribution and asset and liability management (ALM) operations. The ALM desk manages financial investments used to stabilize the net interest margin, manage interest rate risk in the balance sheet, manage liquidity and efficiently fund the bank's loan portfolio. As of March 2017, ALM represented 50.4% 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 20.9% of treasury income. The remaining 28.7% of treasury income comes from the distribution desk, which brokers specialized products for commercial banking customers (currency, forwards and structured products).

Banco Security – Consolidated Statement of Income

	1Q17	4Q16	1Q16	% Chg		mar-17	mar-16	% Chg
				QoQ	YoY			
Net interest margin	35,995	34,598	31,858	4.0%	13.0%	35,995	31,858	13.0%
Net Fees	12,635	13,597	11,551	-7.1%	9.4%	12,635	11,551	9.4%
Net financial Operating Income	9,494	3,786	18,078	150.8%	-	9,494	18,078	-
Net foreign exchange transactions	214	7,538	-7,902	-97.2%	-	214	-7,902	-
Recovery of charged-off loans	528	609	1,143	-13.3%	-53.8%	528	1,143	-53.8%
Other net operating income	77	-2,291	1,281	-103.4%	-94.0%	77	1,281	-
Gross operating income	58,943	57,837	56,009	1.9%	5.2%	58,943	56,009	5.2%
Credit risk provisions	-10,892	-8,483	-7,108	28.4%	53.2%	-10,892	-7,108	53.2%
Administrative expenses	-32,845	-41,273	-29,643	-20.4%	10.8%	-32,845	-29,643	10.8%
Net operating income	15,206	8,081	19,258	88.2%	-21.0%	15,206	19,258	-21.0%
Income attributable to investments in other companies	0	41	0	-100.0%	-	0	0	-
Profit before tax	15,206	8,122	19,258	87.2%	-21.0%	15,206	19,258	-21.0%
Income tax expense	-2,953	2,644	-3,889	-211.7%	-24.1%	-2,953	-3,889	-24.1%
Profit for the period	12,253	10,766	15,369	13.8%	-20.3%	12,253	15,369	-20.3%

The net interest margin was CH\$35,995 million (+13.0% YoY) due to increased interest and indexation income, which totaled CH\$83,348 million for the period ended March 2017 (+5.9% YoY), due to a rise in total loans (+10.8% YoY). Interest and indexation expenses totaled CH\$47,352 million in 1Q17, +1.0% YoY, which was lower than the 8.3% growth in total liabilities as a result of the decrease in the MPR in early 2016 (from 3.5% to 3.0%), which improved deposit rates.

Net Interest Margin	1Q17	4Q16	1Q16	% Chg		1Q17	1Q16	% Chg
In Ch\$ Million				QoQ	YoY			
Interest and indexation income	83,348	81,889	78,720	1.8%	5.9%	83,348	78,720	5.9%
Interest and indexation expenses	-47,352	-47,291	-46,862	0.1%	1.0%	-47,352	-46,862	1.0%
Net interest margin	35,995	34,598	31,858	4.0%	13.0%	35,995	31,858	13.0%
Interest margin net of provisions	25,103	26,115	24,750	-3.9%	1.4%	25,103	24,750	1.4%
Net interest margin / total loans	3.18%	3.10%	3.11%	7 p	6 p	3.18%	3.11%	6 p
Net interest margin net of provisions / Total loans	2.22%	2.34%	2.42%	-13 p	-20 p	2.22%	2.42%	-20 p

Net fees totaled CH\$12.635 million, +9.4% YoY for the period ended March 2017 because of increased credit card and current account fees in the retail banking division as well as increased fund management and brokerage income from the asset management subsidiaries.

Financial income, which is the sum of net financial operating income (loss) and the net gain from FX operations, totaled CH\$9,708 million, -4.6% YoY due to a poorer result from propriety trading by the asset management subsidiaries.

During the first three months of 2017, recovery of written-off loans was down 53.8% YoY for a total of CH\$528 million due to stricter treatment based on regulatory changes.

Other net operating income totaled CH\$77 million for the period ended March 2017, which is lower than the CH\$1,281 million from the previous year due to one-time impairment of intangible assets of -CH\$1,430 million.

Credit risk provisions for the period ended March 2017 totaled CH\$10,892 million, (+53.2% YoY) due to a low basis for the commercial portfolio's provision expenses, a more conservative criteria in the constitution of consumer product provisions and the one-time CH\$1,969 million effect of an adjustment to the provisioning model implemented in January 2017.

Administrative expenses for the period ended March 2017 totaled CH\$32,845 million (+10.8% YoY) due to an increase in indirect costs as a result of the implementation of technological projects and higher expenses by asset management subsidiaries due to increased commercial activity.

Compared to the previous quarter, Banco Security reported profit of CH\$12,253 million (+13.8% QoQ). The net interest margin reached CH\$35,995 million, (+4.0% QoQ) due to greater interest and indexation income, which totaled CH\$83,348 million because of growth of +1.6% YTD in loans. Interest and indexation expense totaled CH\$47,352 million in line with the previous quarter due to the MPR cuts.

Net fees totaled CH\$12,635 million (-7.1% QoQ) in 1Q17 due to higher fee expenses by the Bank's asset management subsidiaries from an increase in fund distribution costs. Financial income, which is the sum of net financial operating income (loss) and the net gain from FX operations, totalled CH\$9,708 million (-14.3% QoQ), mainly due to poorer results from propriety trading by the asset management subsidiaries.

Other net operating income totaled CH\$77 million in 1Q17, up from -CH\$2,291 million in 4Q16 due to lower impairment of intangible assets of -CH\$1,430 million in 1Q17 compared to -CH\$3,733 million in 4Q16.

During 1Q17, credit risk provisions totaled CH\$10,892 million, +28.4% QoQ, due to more conservative provisioning criteria for consumer products and the one-time effect of CH\$1,969 million due to an adjustment to the provisions model.

Administrative expenses in 1Q17 totaled CH\$32,845 million (-20.4% QoQ) due to lower depreciation and amortization as several intangible assets reached the end of their useful lives as of year-end 2016, partially offset by higher indirect expenses as a result of the implementation of technological projects.

The Bank recorded an income tax expense of CH\$2,953 for 1Q17 compared to an income tax benefit of CH\$2,644 million in 4Q16. This is due to the effect of a larger deferred tax asset position as a result of lease agreement delayed from 2016 to 2017 and the difference in the tax rate between the two years (24% vs. 25.5%).

Banco Security – Operating Expenses and Efficiency

In Ch\$ Millions	1Q17	4Q16	1Q16	% Chg		1Q17	1Q16	% Chg
				QoQ	YoY			
Personnel	-11,608	-17,223	-13,531	-32.6%	-14.2%	-11,608	-13,531	-14.2%
Administrative expenses	-19,726	-16,395	-14,084	20.3%	40.1%	-19,726	-14,084	40.1%
Depreciation and amortization	-1,511	-7,655	-2,028	-80.3%	-25.5%	-1,511	-2,028	-25.5%
Total operating expenses	-32,845	-41,273	-29,643	-20.4%	10.8%	-32,845	-29,643	10.8%
Operating expenses / Gross operating income	55.7%	71.4%	52.9%	-1564 p	280 p	55.7%	52.9%	280 p

Operating expenses totaled CH\$32,845 million in 1Q17, +10.8% YoY. Personnel expenses totaled CH\$11,608 million for the period ended March 2017, -14.2% YoY. Administrative expenses totaled CH\$19,726 million, +40.1% YoY due to higher indirect costs due to the implementation of technological projects and higher expenses at asset management subsidiaries associated with increased commercial activity. Depreciation and amortization expenses totaled CH\$1,511 million, -25.5% YoY as several intangible assets reached the end of their useful life at year-end 2016.

Compared to the previous quarter, 1Q17 operating expenses totaled CH\$32,845 million, which is less than the CH\$41,273 million posted in 4Q16. This is due to lower personnel expenses, which totaled CH\$11,608 million given the high basis for comparison for 4Q16, which includes productivity bonuses and compensation expenses. Administrative expenses totaled CH\$19,726 million due to the implementation of technological projects. Finally, depreciation and amortization expenses reached CH\$1,511 million, -80.3% YoY as several intangible assets reached the end of their useful life at year-end 2016.

Banco Security's efficiency ratio, measured as operating expenses over gross operating profit, was 55.7% for the period ended March 2017, +280 b.p. YoY. This ratio compares to 48.8% for the banking system and 48.4% for peer banks² as of March 2017.

Banco Security's Loan Portfolio

Banco Security reported CH\$4,533,229 million in total loans for the period ended March 2017, +10.8% YoY and +1.6% YTD. System loans increased 5.5% YoY and 0.4% YTD, and 6.1% YoY and 0.8% YTD if foreign subsidiaries are included.

Commercial loans for the period ended March 2017 grew 12.7% YoY and 1.9% YTD, totaling CH\$3,572,549 million (78.8% of Banco Security's total loan portfolio), while retail loans (consumer + mortgage) reached CH\$960,440 million for the period ended March 2017, +4.2% YoY and +0.5% YTD. The 20 largest borrowers represent 10.3% of the Bank's total loan portfolio.

	Total Loans In Ch\$ Millions	mar-17	dec-16	mar-16	% Chg		mar-17	mar-16	% Chg
					YTD	YoY			
Consumer	Loans	393,390	384,350	362,811	2.4%	8.4%	393,390	362,811	8.4%
	Interest and indexation income	12,672	12,309	11,978	2.9%	5.8%	12,672	11,978	5.8%
Mortgage	Loans	567,050	571,059	558,737	-0.7%	1.5%	567,050	558,737	1.5%
	Interest and indexation income	7,964	8,063	9,246	-1.2%	-13.9%	7,964	9,246	-13.9%
Mortgage + Consumer	Loans	960,440	955,409	921,548	0.5%	4.2%	960,440	921,548	4.2%
	Interest and indexation income	20,636	20,372	21,224	1.3%	-2.8%	20,636	21,224	-2.8%
	No. Customers	83,258	83,020	76,658	0.3%	8.6%	84,727	83,258	1.8%
Commercial	Loans	3,572,549	3,506,685	3,171,317	1.9%	12.7%	3,572,549	3,171,317	12.7%
	Interest and indexation income	54,947	54,961	50,162	0.0%	9.5%	54,947	50,162	9.5%
	No. Customers	8,712	8,551	8,489	1.9%	2.6%	8,712	8,489	2.6%
Total Loans		4,533,229	4,462,332	4,092,908	1.6%	10.8%	4,533,229	4,092,908	10.8%
Market Share		3.2%	3.2%	3.1%	3.81 p	15.43 p	3.2%	3.1%	15.43 p

² Comparably-sized banks: Average for BBVA, Scotiabank, BICE, Consorcio and Security

Asset Quality

Given Banco Security's exposure to corporate and high-income customers, its risk ratios are among the lowest in the industry.

	mar-17	dec-16	mar-16	% Chg	
				YTD	YoY
Total Loans	4,533,229	4,462,332	4,092,908	1.6%	10.8%
Nonperforming loans - consumer	5,295	5,004	3,890	5.8%	36.1%
Nonperforming loans - mortgage	5,248	5,158	6,226	1.7%	-15.7%
Nonperforming loans - commercial	57,205	53,700	55,374	6.5%	3.3%
Total nonperforming loans	67,748	63,862	65,490	6.1%	3.4%
Non-performing loans - consumer	1.35%	1.30%	1.07%	4 p	27 p
Non-performing loans - mortgage	0.93%	0.90%	1.11%	2 p	-19 p
Non-performing loans - commercial	1.60%	1.53%	1.75%	7 p	-14 p
Total nonperforming loans	1.49%	1.43%	1.60%	6 p	-11 p
Gross provisions	90,424	106,252	81,109	-14.9%	11.5%
Write-offs	(6,129)	(25,601)	(5,415)	-76.1%	13.2%
Credit risk provisions	84,295	80,651	75,694	4.5%	11.4%
Provisions - consumer (% total)	16,018	13,254	11,832	20.9%	35.4%
Provisions - mortgage (% total)	1,471	1,380	1,642	6.6%	-10.4%
Provisions - commercial (% total)	66,806	66,017	62,220	1.2%	7.4%
Credit risk provisions	84,295	80,651	75,694	4.5%	11.4%
Coverage - consumer	302.5%	264.9%	304.2%	3764 p	-165 p
Coverage - mortgage	28.0%	26.8%	26.4%	128 p	166 p
Coverage - commercial	116.8%	122.9%	112.4%	-615 p	442 p
Coverage - total nonperforming loans	124.4%	126.3%	115.6%	-187 p	884 p
Provisions / loans	1.86%	1.81%	1.85%	5 p	1 p
Provision expenses / loans	0.91%	0.62%	0.58%	29 p	33 p

As of March 2017 Banco Security's risk index was 1.86%, +1 b.p. YoY and +5 b.p. YTD. The NPL portfolio reached 1.49%, -11 b.p. YoY and +6 b.p. YTD. The ratio of provisions net of recovery, measured on an annualized basis, over average loans was 0.91%, up 33 b.p. YoY and 29 b.p. YTD, explained by the low basis of comparison for commercial portfolio provision expense in 1Q16, reflecting more conservative provisioning policies for consumer products as well as the one-time effect of CH\$1,969 million of an adjustment to the provisioning model. It is worth noting that Banco Security's coverage levels of 124.4%, +884 b.p. YoY, are a significant improvement over the previous year, leaving the Bank prepared to face current economic conditions of lower growth and a potential spike in unemployment.

	Credit Risk (%)								
	Provisions / Loans					Over 90 Day Nonperforming Loans			
	Mortgage	Consumer	Total	Commercial	Total	Mortgage	Consumer	Commercial	Total
Banco Security	0.26	4.07	1.82	1.87	1.86	0.93	1.35	1.60	1.49
Medium Banks*	0.53	4.03	1.69	1.76	1.76	1.36	1.53	1.06	1.20
Banking system	0.92	6.27	2.68	2.42	2.51	2.75	2.18	1.64	2.00

*Average for BBVA, Scotiabank, BICE, Security, Consorcio

Banco Security – Funding Sources

Funding Sources <i>In MCH\$</i>	mar-17		dec-16		mar-16		% Chg	
							YTD	YoY
Demand deposits	552,965	9.1%	570,018	9.4%	554,770	9.1%	-3.0%	-0.3%
Time deposits	2,886,217	47.4%	3,051,820	50.1%	2,670,260	43.8%	-5.4%	8.1%
Total deposits	3,439,182	56.5%	3,621,838	59.5%	3,225,030	52.9%	-5.0%	6.6%
Bonds	1,639,620	26.9%	1,571,273	25.8%	1,398,171	23.0%	4.3%	17.3%
Interbank loans	124,305	2.0%	158,757	2.6%	166,434	2.7%	-21.7%	-25.3%
Other liabilities*	339,644	5.6%	277,245	4.6%	327,947	5.4%	22.5%	3.6%
Total Liabilities	5,542,751	91%	5,629,113	92%	5,117,582	84%	-1.5%	8.3%
Equity	461,737	7.6%	461,737	7.6%	461,737	7.6%	0.0%	0.0%
Liabilities + Equity	6,004,488	99%	6,090,850	100%	5,579,319	92%	-1.4%	7.6%

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

○ Demand and Time Deposits

As of March 2017 total deposits were CH\$3,439,182 million, +6.6% YoY and -5.0% YTD. The system saw variations of 1.3% YoY and -2.3% YTD, and +1.6% YoY and -1.7% YTD including foreign subsidiaries. Banco Security's time deposits were composed of 24.1% retail deposits and 75.9% institutional deposits. The largest 15 depositors³ represent 34% of the Bank's total deposits. The loan to deposit ratio was 132% as of March 2017, compared to 123% as of Dec-16 and 126% as of Mar-16.

Banco Security has a strategy to diversify funding sources using sales incentives to increase its retail deposit base. Banco Security strictly controls and monitors liquidity risk⁴ striving to diversify funding sources while applying strict limits to asset/liability mismatches, maintaining liquid assets and lengthening liabilities to increase funding terms. Note that the mismatch of assets and liabilities is one of the lowest risk exposures in the industry. As of March 2017, the ratio of long-term interest rate risk to regulatory capital was 6.6%. As of March 31, 2017, liquid assets⁵ represented 45% of demand and other time deposits.

³ Excludes stock brokerage companies.

⁴ 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).

⁵ Includes cash and cash deposits, transactions pending settlement and the portfolio of financial instruments.

○ Debt Issued

Series	SBIF Registration Number	SBIF Registration Date	Currency	Amount	Placement Period	Annual Interest Rate	Duration (Years)	Maturity
H1	3/2007	25-ene-07	UF	3,000,000	25-ene-10	3.00	23	01-dic-29
K1	1/2008	04-ene-08	UF	3,000,000	04-ene-11	3.00	10	01-ene-18
M1	1/2009	19-may-09	UF	3,000,000	19-may-12	3.00	10.5	01-jul-19
N1	1/2009	19-may-09	UF	3,000,000	19-may-12	3.00	105	01-jul-19
R1	10/2011	06-oct-11	UF	3,000,000	06-oct-14	3.00	10	01-jun-21
K2	1/2012	14-mar-12	UF	4,000,000	14-mar-15	3.25	10	01-nov-21
B2	1/2013	26-feb-13	UF	4,000,000	26-feb-16	3.25	5	01-nov-17
K3	1/2013	26-feb-13	UF	4,000,000	26-feb-16	3.50	10	01-nov-22
K4	10/2013	06-nov-13	UF	5,000,000	06-nov-16	3.60	10	01-oct-23
B3	14/2014	09-oct-14	UF	5,000,000	01-jun-17	2.50	5	01-jun-19
K5	14/2014	09-oct-14	UF	5,000,000	01-jun-17	2.75	10	01-jun-24
B4	05/2015	01-abr-15	UF	5,000,000	04-dic-18	2.25	5	01-jun-20
K6	05/2015	01-abr-15	UF	5,000,000	04-dic-18	2.75	10	01-mar-25
K7	05/2015	01-abr-15	UF	5,000,000	04-dic-18	2.75	10	01-sep-25
Z1	10/2015	01-sep-15	CLP	75,000,000,000	01-jul-20	5.25	5	01-jul-20
B5	11/2016	03-oct-16	UF	5,000,000	03-ago-20	5.30	5.5	01-ago-21
Z2	13/2016	03-oct-16	CLP	75,000,000,000	03-ago-20	2.40	5	01-feb-22

Banco Security - Capitalization

As of March 2017, Banco Security's equity totaled CH\$467,895 million. For some years now, Banco Security has been preparing for the implementation of Basel III. In line with this objective, in April 2017, in an extraordinary meeting, shareholders agreed to a capital increase of CH\$100,000 million in order to sustain commercial growth and strengthen the capital base of Banco Security and its life insurance business.

<i>In Ch\$ Millions</i>	mar-17	dec-16	mar-16	% Chg	
				YTD	YoY
Capital	252,047	252,047	252,047	0.0%	0.0%
Reserves and valuation accounts	30,670	27,978	25,916	9.6%	18.3%
Retained earnings	185,178	181,662	157,046	1.9%	17.9%
Equity attributable to equity holders of bank	467,895	461,687	435,009	1.3%	7.6%
Tier I (core capital)	467,895	461,687	435,009	1.3%	7.6%
Regulatory capital	670,001	663,808	607,157	0.9%	10.4%
Minimum required capital	405,597	401,638	380,211	1.0%	6.7%
Risk-weighted assets	5,069,964	5,020,477	4,752,637	1.0%	6.7%
BIS ratio	13.22%	13.22%	12.78%	-1 p	44 p
Core capital / total assets	7.31%	7.10%	7.11%	21 p	20 p

The capital adequacy ratio (regulatory capital over risk-weighted assets) reached 13.22% as of March 2017 (with a regulatory minimum of 8%) plus +44 b.p. YoY and at the same level as Dec-16. The ratio of core capital to total assets reached 7.31%, 20 b.p. YoY and +21 b.p. YTD, with a required minimum of 3%.

FACTORING SECURITY

Factoring Security reported profit of CH\$1,855 million, +CH\$155 million YoY (+9.1% YoY) during this period. This is due to a rise in income thanks to an increase in factored receivables due to growth in larger and lower-risk clients. Factoring Security's portfolio of factored receivables totaled CH\$293.702 million as of March 2017, +23.5% YoY and +2.4% YTD. Operating expenses totaled CH\$2,399 million (+3.5% YoY) due to the increase in banking costs associated with the larger volume of average factored receivables for the year. Administrative expenses for 1Q17 totaled CH\$2,915 million (+11.6% YoY) due to the increase in commercial activity and new clients added.

The efficiency ratio for 1Q17 totaled 44.7%, -240 b.p. YoY. The risk index, measured as provisions over total loans, was 2.6% as of March 2017, -43 b.p. YoY and +16 b.p. QoQ.

In Ch\$ Millions	1Q17	4Q16	1Q16	% Chg		1Q17	1Q16	% Chg
				YTD o QoQ	YoY			
Factored receivables	293,702	286,846	237,805	2.4%	23.5%	293,702	237,805	23.5%
Provisions	7,717	7,091	7,275	8.8%	6.1%	7,717	7,275	6.1%
Traditional factoring income	6,292	6,347	6,393	-0.9%	-1.6%	6,292	6,393	-1.6%
Fees and advisory services	476	437	413	8.8%	15.2%	476	413	15.2%
Gross operating income	7,628	7,554	6,998	1.0%	9.0%	7,628	6,998	9.0%
Operating expenses	-2,399	-2,476	-2,318	-3.1%	3.5%	-2,399	-2,318	3.5%
Support expenses	-2,915	-2,864	-2,612	1.8%	11.6%	-2,915	-2,612	11.6%
Profit for the period	1,855	1,873	1,700	-1.0%	9.1%	1,855	1,700	9.1%
Efficiency ratio	44.7%	43.3%	47.1%	146 p	-240 p	44.7%	47.1%	-240 p
Risk ratio	2.6%	2.5%	3.1%	16 p	-43 p	2.6%	3.1%	-43 p

INSURANCE BUSINESS AREA (29.2% of assets; 32.7% of profit from business areas as of March 2017)

The insurance business area reported profit of CH\$7,412 million. This area includes the life insurance subsidiary Vida Security, which consolidates 61% of Protecta beginning in September 2015, and Servicios Security, the holding that groups the insurance brokerage (Corredora de Seguros Security) and assistance business (Europ Assistance).

At the extraordinary shareholders' meeting on April 27, 2017, Grupo Security shareholders agreed to a CH\$100,000 million capital increase in order to strengthen growth and the capital base of Grupo Security's principal businesses: banking and insurance.

VIDA SECURITY

For the period ended March 2017 Vida Security posted profit of CH\$7,579 million, (+75.4% YoY). This is mainly due to better investment results, which totaled CH\$41,019 million, +18,351 million YoY, (+81.0% YoY) due to the solid performance of investments associated with the CUI and APV portfolio thanks to an improvement in variable income instruments associated with good global market performance.

It is important to note that improved investment income from individual insurance with savings components requires increased technical reserves, which partially offsets the positive effect of the net gain.

This was not offset by a lower contribution margin of -CH\$24,032 million, down from -CH\$9,509 million for 1Q16. This is explained by an increase in claim paid, which totalled CH\$37,298 million (+87.5% YoY), the new SIS contract awarded during 2Q16, and more surrenders and transfers of CUI and APV funds. In addition, the variation in technical reserves totaled CH\$24,080 million (+26.6% YoY), which is in line with higher CUI and APV insurance sales and the solid investment results from this portfolio. These effects were not offset by higher direct

premiums, which totaled CH\$99,890 million, + 35,255 million YoY (+54.5% YoY) due to fifth contract for Disability and Survivor Insurance (SIS) taking effect.

Meanwhile, administrative expenses totaled CH\$8,213 million (+12.9% YoY) due to higher costs associated with commercial activity.

In MCHS	1Q17	4Q16	1Q16	% Chg.		1Q17	1Q16	% Chg.
				QoQ	YoY			
Direct Premium	99,890	112,109	64,635	-10.9%	54.5%	99,890	64,635	54.5%
Retained premium	83,235	96,553	63,663	-13.8%	30.7%	83,235	63,663	30.7%
Variation in technical reserves	-24,080	-26,719	-19,026	-9.9%	26.6%	-24,080	-19,026	26.6%
Claims paid	-37,298	-35,927	-19,891	3.8%	87.5%	-37,298	-19,891	87.5%
Pensions paid	-42,396	-38,960	-30,049	8.8%	41.1%	-42,396	-30,049	41.1%
Underwriting expenses	-3,025	-4,823	-4,094	-37.3%	-26.1%	-3,025	-4,094	-26.1%
Medical expenses	-13	-13	-16	-	-	-13	-16	-
Insurance impairment	-454	-67	-176	-	-	-454	-176	-
Contribution Margin	-24,032	-9,958	-9,590	141.3%	150.6%	-24,032	-9,590	150.6%
Administrative expenses	-8,213	-8,312	-7,271	-1.2%	12.9%	-8,213	-7,271	12.9%
Investment income	41,019	25,144	22,668	63.1%	81.0%	41,019	22,668	81.0%
Exchange differences	1,160	-562	-8,848	-	-	1,160	-8,848	-
Gain (loss) on indexed assets and liabilities	-337	385	6,307	-	-	-337	6,307	-
Profit for the period	7,579	6,659	4,321	13.8%	75.4%	7,579	4,321	75.4%
Administrative ratios								
(1) (Claims paid + pension paid)/ Direct premium	79.8%	66.8%	77.3%	1298 p	252 p	79.8%	77.3%	252 p
(2) Administrative expenses/ Direct premium	8.2%	7.4%	11.2%	81 p	-303 p	8.2%	11.2%	-303 p
(3) Underwriting expenses/ Direct premium	3.0%	4.3%	6.3%	-127 p	-331 p	3.0%	6.3%	-331 p
Combined Ratio (1) + (2) + (3)	91.0%	78.5%	94.8%	1252 p	-382 p	91.0%	94.8%	-382 p
(4) Profit / direct premium	9.1%	6.9%	6.8%	221 p	232 p	9.1%	6.8%	232 p

Compared to 4Q16, profit increased +13.8% QoQ to CH\$7,579 million for 1Q17 due to better investment results, which totaled CH\$41,019 million, (+63.1% QoQ) due to an improvement in variable income instruments associated with good global market performance.

The contribution margin went from -CH\$9.958 million in 4Q16 to -CH\$24.032 million in 1Q17 due to lower direct premiums, which totaled CH\$99,890 million, (-10.9% QoQ) due to a drop in annuity sales because of increased industry competition during the first two months of the year and a decrease in individual insurance premium. Claims paid totaled CH\$37.298 million (+3.8% QoQ) due to higher SIS claims. This was partially offset by lower surrenders and transfers from CUI and APV funds. The variation in technical reserves was CH\$24,080 million (-9.9% YoY) due to positive adjustments to SIS reserves resulting from regulatory testing.

Results by Product Line

○ Individual Insurance

Individual insurance policies are contracted by individuals to cover certain risks (life, health, credit life, etc.). Depending on the terms of the policy, policyholders may be able to allocate part of the direct premium to savings in mutual funds or portfolios managed by the company. Based on figure 601 in the financial statements of Vida Security, it includes product lines 101-114, 150 and 425 and excludes line 107. As of March 2017, direct premiums from family protection insurance represented 36% of Vida Security's total direct premiums.

The contribution margin totaled -CH\$9,817 million for the period ending March 2017, which is less than the CH\$79 million generated through March 2016. This was due to higher claims paid, which totaled CH\$17,479 million, +57.4% YoY, due to higher surrenders and transfers from CUI and APV funds. In addition, during 1Q17 the variation in technical reserves was CH\$24,728 million, +32.5% YoY due to higher sales and strong results from investments associated with the CUI and APV portfolio.

These effects were not offset by the increase in direct premiums, which totaled CH\$35,878 million in 1Q17, +2,470 million, +7.4% YoY due to higher sales of CUI and APV insurance products, which totaled CH\$33,121 million, +5.9% YoY, representing 92.3% of all individual insurance.

Individual Insurance In MCH \$	1Q17	4Q16	1Q16	% Chg.		1Q17	1Q16	%Chg.
				QoQ	YoY			
Direct Premium	35,878	43,218	33,409	-17.0%	7.4%	35,878	33,409	7.4%
Retained premium	35,273	42,938	32,940	-17.9%	7.1%	35,273	32,940	7.1%
Variation in technical reserves	-24,728	-23,612	-18,657	4.7%	32.5%	-24,728	-18,657	32.5%
Claims paid	-17,479	-14,635	-11,108	19.4%	57.4%	-17,479	-11,108	57.4%
Pensions paid	-835	-460	-571	81.5%	46.3%	-835	-571	46.3%
Underwriting expenses	-2,037	-2,652	-2,513	-23.2%	-18.9%	-2,037	-2,513	-18.9%
Medical expenses	-12	-11	-12	-	-	-12	-12	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-9,817	1,567	79	-	-	-9,817	79	-
Claims rate	51.0%	34.9%	35.0%	1612 p	1609 p	51.0%	35.5%	1559 p
Underwriting expense rate	5.7%	6.1%	7.5%	-46 p	-184 p	5.7%	7.6%	-195 p

(1) Claims paid/ Direct premium

(2) Underwriting expense/ Direct premium

The 1Q17 contribution margin dropped CH\$11,385 million compared to 4Q16 to -CH\$9,817 million due to a decrease in direct premiums, which fell 17% as a result of a seasonal drop in commercial activity. In addition, claims paid totaled CH\$17,479 million, +19.4% QoQ due to higher surrenders and transfers from CUI and APV funds. During 1Q17, the variation in technical reserves was CH\$24,728 million, +4.7% QoQ due to strong results by investments associated with the CUI and APV portfolio, which was partially offset by the decrease in premiums and the increase in surrenders and transfers for this quarter.

○ Family Protection

Family Protection In MCH\$	1Q17	4Q16	1Q16	% Chg.		1Q17	1Q16	%Chg.
				QoQ	YoY			
Direct Premium	1,711	1,601	1,547	6.9%	10.6%	1,711	1,547	10.6%
Retained premium	1,693	1,601	1,547	5.8%	9.5%	1,693	1,547	9.5%
Variation in technical reserves	-49	2	-13	-	-	-49	-13	-
Claims paid	-684	-385	-414	77.7%	65.0%	-684	-414	65.0%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-592	-608	-528	-2.7%	12.1%	-592	-528	12.1%
Medical expenses	0	0	-2	-	-	0	-2	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	368	610	589	-39.6%	-37.6%	368	589	-37.6%
Claims rate (1)	40.0%	24.0%	26.8%	1591 p	13160 p	40.0%	26.8%	1316 p
Underwriting expense rate (2)	34.6%	38.0%	34.1%	-342 p	464 p	34.6%	34.1%	46 p

(1) Claims paid/ Direct premium

(2) Underwriting expense/ Direct premium

Family protection insurance covers the insured party's family group in the event of death or disability, depending on the terms of the policy. Based on figure 601 in the financial statements of Vida Security, it includes product lines 107, 207 and 307. As of March 2017, direct premiums from family protection insurance represented 1.7% of Vida Security's total direct premiums.

The contribution margin for 1Q17 reached -CH\$368 million, -37.6% YoY -39.6% QoQ, with direct premiums of CH\$1,711 million, +10.6% YoY, +6.9% QoQ, and underwriting expenses of CH\$592 million, +12.1% YoY, -2.7% QoQ.

○ **Group Insurance**

Group Insurance								
In MCHS	1Q17	4Q16	1Q16	% Chg.		1Q17	1Q16	%Chg.
				QoQ	YoY			
Direct Premium	14,557	17,342	16,027	-16.1%	-9.2%	14,557	16,027	-9.2%
Retained premium	14,086	17,674	15,523	-20.3%	-9.3%	14,086	15,523	-9.3%
Variation in technical reserves	-357	-970	-527	-63.2%	-32.3%	-357	-527	-32.3%
Claims paid	-10,789	-10,416	-9,997	3.6%	7.9%	-10,789	-9,997	7.9%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-327	-1,426	-897	-77.0%	-63.5%	-327	-897	-63.5%
Medical expenses	-1	-2	-2	-	-	-1	-2	-
Insurance impairment	-454	-67	-176	-	-	-454	-176	158.1%
Contribution Margin	2,157	4,793	3,924	-55.0%	-45.0%	2,157	3,924	-45.0%
Claims rate (1)	74.1%	60.1%	62.4%	1405 p	1174 p	74.1%	64.4%	971 p
Underwriting expense rate (2)	2.2%	8.2%	5.6%	-598 p	-335 p	2.2%	5.8%	-353 p

(1) Claims paid/ Direct premium

(2) Underwriting expense/ Direct premium

Group insurance is contracted by a company for its employees and may include life, health or credit life coverage, depending on the terms of the policy. Based on figure 601 in the financial statements of Vida Security, it includes product lines 201-214, 250, 301-314 and 350 and excludes lines 207 and 307. As of March 2017, direct premiums from group insurance represented 14.6% of Vida Security's total direct premiums.

As of March 2017, the contribution margin totaled CH\$2,157 million, -45.0% YoY, due to lower direct premiums of CH\$14,557 million (-9.2% YoY), which was attributed to the termination of group insurance contracts towards the end of 2016, and an increase in claims which totaled CH\$10,789 million (+7.9% YoY) due to regulatory changes involving claims.

When compared to 4Q16, the 1Q17 contribution margin decreased by 55% QoQ, to reach CH\$2,157 million, due to a downturn in the direct premium of 16.1% as a result of the contracts terminated at the end of 4Q16.

○ **Annuities**

Workers who 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 423.6 As of March 2017, direct premiums from annuities represented 4.9% of Vida Security's total direct premiums.

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. This generates an accounting loss in the income statement known as the reserve adjustment, which in annuities is recorded within the line item pensions paid.

⁶ This also includes line 424 from the SVS, which corresponds to the old Disability and Survivor's system defined in Circular 548 (C-548). As of March 2017, this line accounts for only \$ 488 million in pensions paid by Vida Security.

Annuities	1Q17	4Q16	1Q16	% Chg.		1Q17	1Q16	%Chg.
In MCH\$				QoQ	YoY			
Direct Premium	4,849	9,956	13,607	-51.3%	-64.4%	4,849	13,607	-64.4%
Retained premium	4,849	9,956	13,607	-51.3%	-64.4%	4,849	13,607	-64.4%
Variation in technical reserves	0	0	0	-	-	0	0	-
Claims paid	0	0	0	-	-	0	0	-
Pensions paid	-21,303	-25,170	-27,288	-15.4%	-21.9%	-21,303	-27,288	-21.9%
Underwriting expenses	-68	-136	-157	-50.0%	-56.7%	-68	-157	-56.7%
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-16,522	-15,350	-13,837	7.6%	19.4%	-16,522	-13,837	19.4%
Underwriting expense rate (1)	1.4%	1.4%	1.2%	4 p	25 p	1.4%	1.2%	25 p

(1) Claims paid/ Direct premium

For 1Q17, the contribution margin for annuities reached -CH\$16,522 million, +19.4 YoY and +7.6% QoQ, due to the decrease in pensions paid, which reached CH\$21,303 million for the period ended March 2017, -21.9% YoY and -15.4% QoQ, in line with lower sales of annuities, which totaled CH\$4,849 million, -64.4% YoY and -51.3% QoQ. This can mainly be attributed to increased industry competition in the first two months of the year.

○ **Disability and Survivor Insurance (SIS)**

SIS	1Q17	4Q16	1Q16	% Chg.		1Q17	1Q16	%Chg.
In MCH\$				QoQ	YoY			
Direct Premium	42,895	39,993	45	1.7%	-	42,895	45	-
Retained premium	27,335	24,384	45	1.6%	-	27,335	45	-
Variation in technical reserves	1,053	-2,140	171	-	-	1,053	171	-
Claims paid	-8,347	-10,491	1,629	-50.9%	-	-8,347	1,629	-
Pensions paid	-20,258	-13,330	-2,190	144.0%	-	-20,258	-2,190	-
Underwriting expenses	0	0	0	-	-	0	0	-
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-218	-1,577	-345	-38.0%	-	-218	-345	-
Underwriting expense rate (1)	66.7%	59.6%	-	-868 p	-	66.7%	-	-

(1) Underwriting expense/ Direct premium

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 public bidding processes every two years. It is financed by employers throughout a member's active work life with a fraction of the additional amount charged by the AFP.⁷ 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.

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 total variation in technical reserves corresponds to an adjustment to reserves as a result of regulatory testing.

In the fifth SIS bidding process organized by the AFPs, Vida Security was awarded two fractions for men and two for women for the period from July 2016 to June 2018. As of March 2017, direct premiums from SIS represents 42.9% of Vida Security's total direct premium.

For 1Q17, the SIS product line reported a contribution margin of -CH\$218 million, with CH\$42,895 million in total direct premiums, CH\$8,347 million in claims paid and CH\$20,258 million in pensions paid.

⁷ <http://www.spensiones.cl/portal/orientacion/580/w3-article-3024.html>

Administrative Expenses - Vida Security

In MCH\$	1Q17	4Q16	1Q16	% Chg		1Q17	1Q16	%Chg.
				QoQ	YoY			
Payroll	-3,305	-3,234	-2,827	2.2%	16.9%	-3,305	-2,827	16.9%
Distribution Channel expenses	-1,165	-1,301	-1,276	-10.5%	-8.7%	-1,165	-1,276	-8.7%
Other	-3,743	-3,777	-3,169	-0.9%	18.1%	-3,743	-3,169	18.1%
Total administrative expenses	-8,213	-8,312	-7,271	-1.2%	12.9%	-8,213	-7,271	12.9%

For 1Q17, Vida Security reported administrative expenses of CH\$8,213 million, +12.9% YoY and -1.2% QoQ. For the period, distribution channel expenses totaled CH\$1,165 million, -8.7% YoY and -10.5% QoQ. Other administrative expenses totaled CH\$3,743 million, +18.1% YoY and -0.9% QoQ, in part related to collection expenses.

Investment Income - Vida Security

The subsidiary reported investment income of CH\$41,019 million for the period ended March 2017, +CH\$18,351 million YoY and +CH\$15,874 million QoQ, due to the strong performance of the CUI and APV investment portfolio, which has grown 25.0% YoY and 7.4% YTD to reach CH\$438,794 million, thanks to increased sales. It is important to note that improved investment income from individual insurance with savings components requires increased technical reserves, which partially offsets the positive effect of the net gain.

In particular, investment income from equities and indexes totaled CH\$14,228 million as of March 2017, +CH\$11,997 million YoY and +CH\$12,166 million QoQ, in line with the good results of global markets. Fixed income instruments rose by 2.9% YoY and 17.7% QoQ, to reach CH\$21,679 million for 1Q17, thanks to favorable interest rates during the quarter.

In MCH\$	mar-17	dec-16	mar-16	% Chg		% of Portfolio 1Q17
				QoQ	YoY	
Fixed income	1,689,177	1,687,248	1,566,697	0.1%	7.8%	73.0%
Equities and indexes	356,220	319,647	334,990	11.4%	6.3%	15.4%
Real estate	231,497	232,103	232,376	-0.3%	-0.4%	10.0%
Other investments	38,082	39,934	12,656	-4.6%	200.9%	1.6%
Investment portfolio	2,314,976	2,278,932	2,146,719	1.6%	7.8%	

In MCH\$	1Q17	4Q16	1Q16	% Chg		1Q17	1Q16	% Chg.
				QoQ	YoY			
Fixed income	21,679	18,422	21,058	17.7%	2.9%	21,679	21,058	2.9%
Equities and indexes	14,228	2,062	2,231	-	-	14,228	2,231	-
Real estate	3,537	3,422	3,635	3.4%	-2.7%	3,537	3,635	-2.7%
Other investments	1,575	1,237	-4,256	27.3%	-	1,575	-4,256	-
Investment income	41,019	25,144	22,668	63.1%	81.0%	41,019	22,668	81.0%

Exchange Differences and Gain (Loss) from Indexation Adjustments

During 1Q17, exchange differences totaled CH\$1,160 million as a result of the -CH\$4.6 variation in the exchange rate during the year. For 1Q17 the company posted a loss from indexed units of -CH\$337 million.

ASSET MANAGEMENT BUSINESS AREA (2.3% of assets; 6.8% of profit from business areas as of March 2017)

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 of its segments. The products and services offered by this business area include mutual funds, investment funds and voluntary pension savings (APV), foreign currency and forwards, stocks, portfolio management and international investments.

<i>In Ch\$ Millions</i>	1Q17	4Q14	1Q16	% Chg		1Q17	1Q16	% Chg
				YTD o QoQ	YoY			
Assets under management (AUM)	3,856,161	3,643,266	3,749,112	5.8%	2.9%	3,856,161	3,749,112	2.9%
Mutual funds under management	2,051,093	1,854,062	1,947,795	10.6%	5.3%	2,051,093	1,947,795	5.3%
<i>Market share - mutual funds</i>	6.0%	5.9%	6.5%	9 p	-46 p	6.0%	6.5%	-46 p
Value of shares traded	840,000	805,663	317,527	4.3%	164.5%	840,000	317,527	164.5%
<i>Market share - equities brokerage</i>	8.3%	7.2%	4.0%	112 p	437 p	8.3%	4.0%	437 p
Operating income	9,076	9,171	8,422	-1.0%	7.8%	9,076	8,422	7.8%
Non-operating income	1,139	1,258	1,128	-9.4%	1.0%	1,139	1,128	1.0%
Total expenses	-8,105	-7,851	-7,130	3.2%	13.7%	-8,105	-7,130	13.7%
Efficiency ratio	79.3%	75.3%	74.7%	5.4%	6.3%	79.3%	74.7%	6.3%
Fund management	1,268	1,754	1,781	-27.7%	-28.8%	1,268	1,781	-28.8%
Equity, currency and fixed income brokerage, portfolio mgt and Int'l business	411	320	185	28.2%	121.7%	411	185	121.7%
Securitization	-145	-45	-119	-	21.7%	-145	-119	21.7%
Profit - Asset Management	1,534	2,029	1,847	-24.4%	-17.0%	1,534	1,847	-17.0%

The subsidiary's AUM as of March 2017 totaled CH\$3,856,161 million, +2.9% YoY and +5.8% YTD. Mutual funds under management totaled CH\$2,051,093 million, +5.3% YoY and +10.6% YTD, with a market share of 6.0%. Shares traded totaled CH\$840,000 million, with a market share of 8.3%.

As of March 2017, the asset management area reported profit of CH\$1,534 million (-17.0% YoY) due to increased total expenses, which reached CH\$8,105 million (+13.7% YoY) due to greater commercial activity. This was not offset by higher operating income, which reached CH\$9,076 million (+7.8% YoY), due to higher income from mutual funds with an increase of 5.3% YoY, and despite reductions in average fees. In addition, increased activity was recorded in the equities, international and fixed income security trading businesses and was partially offset by lower income from the distribution of foreign funds with alternative investment strategies.

When comparing quarters, 1Q17 profit totaled CH\$1,534 million (-24.4% QoQ), mainly due to higher expenses associated with commercial activity, reaching CH\$8,105 million, +3.2% QoQ. Operating income in 1Q17 came to CH\$9,076 million, -1.0% QoQ, with lower revenues from foreign currency trading.

OTHER SERVICES BUSINESS AREA (1.4% of assets; 5.7% of profit from business areas as of March 2017)

This business area includes the operations of Travel Security and Inmobiliaria Security, which offer non-financial services that complement Grupo Security's offering, and are directed towards corporate and high-income segments.

REAL ESTATE: INMOBILIARIA SECURITY

Inmobiliaria Security posted profit of CH\$688 million for 1Q17, representing an increase of 74.8% YoY, although this was less than the CH\$3,793 million reported for 4Q16. This can be explained mainly by the lag between a sale and revenue recognition, given that under IFRS, revenue is recognized once legal title to the property has been transferred. Ownership was transferred on 20 units in 1Q17, versus 15 units in 1Q16 and 56 units in 4Q16. Inmobiliaria Security signed purchase promise agreements for apartments totaling UF 206,000 as of March 2017 (+UF 126,000 YoY), and UF 470,000 in 4Q16 (-56.1% QoQ).

Real estate assets under management totaled CH\$71,575 million, +23.6% YoY and -0.6% QoQ. The increase is due mainly to the purchase of new lots and capitalization of projects under development.

In Ch\$ Millions	1Q17	4Q16	1Q16	% Chg		1Q17	1Q16	% Chg
				YTD o QoQ	YoY			
Real estate assets under management	71,575	72,004	57,928	-0.6%	23.6%	71,575	57,928	23.6%
Total income	1,074	3,827	815	-71.9%	31.7%	1,074	815	31.7%
Total expenses	-353	-130	-456	171.1%	-22.7%	-353	-456	-22.7%
Profit before tax	721	3,697	359	-80.5%	100.9%	721	359	100.9%
Profit for the period	688	3,793	394	-81.9%	74.8%	688	394	74.8%

CORPORATE TRAVEL AGENCY: TRAVEL SECURITY

Travel Security posted profit of CH\$715 million for the period ended March 2017 (-27.6% YoY). Despite a growth of 13.8% YoY in sales due to an increase in the number of trips, this was offset by a drop in commission income charged as a percentage of sales.

In the quarterly comparison, Travel Security's profit fell by 36.3% QoQ to reach CH\$715 million as of 1Q17 due to lower sales and revenues compared to 4Q16 as a result of seasonal effects.

Travex Security, Travel Security's Peruvian travel agency subsidiary, posted profit of CH\$123 million for the period ended March 2017 (-80.2% YoY) and CH\$57 million for 4Q16 (113.2% QoQ), which was attributed to higher revenues because of higher sales.

	1Q17	4Q16	1Q16	% Chg		1Q17	1Q16	% Chg
				QoQ	YoY			
Total sales - Travel (MUSD)	62	64	54	-3.0%	13.8%	62	54	13.8%
Total sales - Travex (MUSD)	17	14	13	20.5%	31.1%	17	13	31.1%
Net operating income (MCH\$)	1,154	1,598	1,391	-27.8%	-17.1%	1,154	1,391	-17.1%
Profit for the period - Travel (MCH\$)	715	1,123	988	-36.3%	-27.6%	715	988	-27.6%

RISK RATINGS

	Grupo Security	Banco Security	Vida Security	Factoring Security
FitchRatings (local)	A+	AA-	AA-	A+
ICR (local)	AA-	AA	AA	AA-
Standard & Poors (international)		BBB-/A-3		

BONDS ISSUED BY GRUPO SECURITY

Series	Registration Number	Registration Date	Currency	Amount	Annual Interest Rate	Duration (Years)	Maturity
F	620	15-09-09	UF	55,281	4.50	23	15-09-32
K	763	30-06-13	UF	3,000,000	4.00	25	30-06-38
L 3	795	09-10-14	UF	3,000,000	3.80	21	15-11-35
M	842	25-10-16	UF	1,189,000	4.20	25	15-10-41

RETURNS AND DIVIDENDS

On April 27, 2017, Grupo Security shareholders approved a dividend payment of CH\$7.75 per share charged to profit for the year 2016. This dividend and the dividend paid in November yielded a total dividend of CH\$12 per share equivalent to CH\$39,100 million, or 52% of

profit for the year 2016.

Grupo Security's dividend yield, calculated as dividends per share divided by the average share price when each dividend was distributed for the corresponding year, amounted to 5.18% in 2016. For the first three months of 2017, Grupo Security's stock reported a return of +7.9%, below that of the IPSA (+15.2%) and the banking sector index (+8.4%).

1Q17 EARNINGS CONFERENCE CALL

Grupo Security's first quarter earnings report will be explained in a conference call led by Mr. Renato Peñafiel, the company's CEO, on May 31, 2017. A transcript of the call will be available on our website. For more information, please contact the Investor Relations Team at relacioninversionistas@security.cl.

GRUPO SECURITY

Grupo Security S.A. is a niche Chilean-based diversified financial group offering banking, insurance, asset management and other services to large and medium-sized companies and high-income individuals. Through a differentiated and innovative offering of financial products and services tailored to its niche, the group leverages operational and financial synergies through organic growth and acquisitions.

Safe Harbor

This report contains forward-looking statements based on the intentions, beliefs and expectations of the management of Grupo Security S.A. regarding the future functioning of the different business units. These forward-looking statements are not guarantees of future results and are subject to significant risks and uncertainty. Actual results may differ from those contained in forward-looking statements as a result of 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, 2016	March 31, 2016
Current assets		
Cash and cash equivalents	510,335	485,091
Other financial assets, current	3,110,270	2,997,036
Other non-financial assets, current	20,375	22,906
Trade and other receivables, current	4,969,605	5,057,036
Accounts receivable from related parties, current	29,783	28,851
Inventories	71,986	71,556
Current tax assets	27,416	32,960
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners	8,739,770	8,695,436
Non-current assets or disposal groups classified as held for sale or held for distribution to owners	2,456	2,838
Total non-current assets classified as held for sale or held for distribution to owners	2,456	2,838
Total current assets	8,742,226	8,698,274
Non-current assets		
Other non-financial assets, non-current	74,736	74,523
Equity-accounted investments	795	3,309
Intangible assets other than goodwill	43,624	41,523
Goodwill	119,067	119,067
Property, plant and equipment	74,846	74,776
Investment property	144,615	149,088
Deferred tax assets	128,036	128,380
Total non-current assets	585,719	590,666
Total assets	9,327,945	9,288,940

2. Financial Statements and Indicators – Liabilities and Equity

Liabilities and Equity	December 31,	March 31,
In Ch\$ Millions	2016	2016
Other financial liabilities, current	5,423,193	5,257,047
Trade and other payables	2,322,866	2,388,679
Accounts payable to related parties, current	2,587	1,146
Other short-term provisions	115,158	121,472
Current tax liabilities	26,897	33,170
Employee benefit provisions, current	8,297	6,706
Other non-financial liabilities, current	136,495	161,097
Total current liabilities	8,035,493	7,969,318
Non-current liabilities		
Other financial liabilities, non-current	518,402	516,486
Accounts payable, non-current	97,426	114,378
Accounts payable to related parties, non-current	1,299	1,323
Deferred tax liabilities	69,610	70,709
Total non-current liabilities	686,737	702,896
Total liabilities	8,722,229	8,672,213
Equity		
Issued Capital	302,406	302,406
Retained earnings	278,548	290,587
Share premium	33,210	33,210
Other reserves	(28,536)	(29,337)
Equity attributable to equity holders of parent	585,628	596,866
Non-controlling interests	20,087	19,861
Total equity	605,715	616,727
Total liabilities and equity	9,327,945	9,288,940

3. Financial Statements and Indicators – Consolidated Statement of Income

Consolidated statement of income (MCh\$)	mar-16	mar-17
Revenue	224,297	287,797
Cost of sales	(142,964)	(203,124)
Gross profit	81,332	84,673
Other income	242	357
Distribution costs	0	0
Administrative expenses	-49,336	-55,150
Other expenses	(1,011)	(2,568)
Other gains	539	805
Finance income	4	-
Finance costs	(3,215)	(3,134)
Share of profit (loss) of associates and joint ventures, equity-accounted	18,759	52
Exchange differences	-14,788	-245
Gain (loss) on indexed assets and liabilities	5,302	-616
Gains arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	1,173	(1,061)
Profit before tax	39,001	23,113
Income tax benefit (expense)	(7,731)	(5,745)
Profit (loss) from continuing operations	31,271	17,367
Profit (loss) from discontinued operations	0	0
Profit (loss) for the period	31,271	17,367
Profit (loss) attributable to	0	
Profit (loss) attributable to equity holders of the parent	30,889	17,310
Profit (loss) attributable to non-controlling interests	382	57
Profit (loss) for the period	31,271	17,367
Depreciation and amortization	2,832	2,345
Ebitda	45,048	28,592

4. Segment Note – Grupo Security YoY

Segment Note - Grupo Security <i>In Ch\$ Millions</i>	Lending and Treasury		Asset Management		Insurance		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	mar-16	mar-17	mar-16	mar-17	mar-16	mar-17	mar-16	mar-17	mar-16	mar-17	mar-16	mar-17
Revenue	110,215	109,337	12,235	12,871	95,263	154,638	8,707	12,697	-2,123	-1,747	224,297	287,797
Cost of sales	-55,927	-61,132	-3,410	-3,207	-80,445	-132,209	-2,971	-6,390	-212	-186	-142,964	-203,124
Gross profit	54,288	48,205	8,826	9,664	14,818	22,430	5,737	6,307	-2,335	-1,933	81,332	84,673
Other income	5	4	11	11	41	180	105	79	79	83	242	357
Administrative expenses	-27,899	-29,752	-6,585	-7,586	-10,686	-12,836	-3,798	-4,091	-368	-885	-49,336	-55,150
Other expenses	-650	-2,315	-210	-128	-65	-70	-86	-55	0	0	-1,011	-2,568
Other gains (losses)	0	0	98	160	33	90	139	75	268	480	539	805
Finance income	0	0	0	0	4	0	0	0	0	0	4	0
Finance costs	0	0	0	-26	-28	-126	-278	-256	-2,910	-2,726	-3,215	-3,134
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	0	18,764	-14	-3	0	-2	66	18,759	52
Exchange differences	-7,629	404	-237	-185	-6,779	-540	-63	132	-80	-56	-14,788	-245
Gain (loss) from indexed assets and liabilities	18	1	3	11	6,412	264	101	-11	-1,232	-881	5,302	-616
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	885	-1,039	288	-22	0	0	0	0	0	0	1,173	-1,061
Profit (loss) before tax	19,019	15,508	2,194	1,900	22,514	9,376	1,854	2,180	-6,579	-5,851	39,001	23,113
Income tax benefit (expense)	-3,863	-3,100	-341	-365	-3,166	-2,055	-425	-753	64	528	-7,731	-5,745
Profit (loss) from continuing operations	15,156	12,408	1,852	1,535	19,348	7,321	1,429	1,427	-6,515	-5,324	31,271	17,367
Profit (loss) attributable to												
Profit (loss) attributable to equity holders of the parent	15,156	12,405	1,847	1,534	19,219	7,412	1,214	1,282	-6,515	-5,324	30,889	17,310
Profit (loss) attributable to non-controlling interest	0	3	5	1	129	-91	215	145	33	-1	382	57
Profit (loss) for the period	15,156	12,408	1,852	1,535	19,348	7,321	1,429	1,427	-6,515	-5,324	31,271	17,367

5. Segment Note - Grupo Security QoQ

Segment Note - Grupo Security <i>In Ch\$ Millions</i>	Lending and Treasury		Asset Management		Insurance		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	4Q16	1Q17	4Q16	1Q17	4Q16	1Q17	4Q16	1Q17	4Q16	1Q17	4Q16	1Q17
Revenue	100,668	109,337	12,711	12,871	149,002	154,638	25,269	12,697	-2,225	-1,747	285,425	287,797
Cost of sales	-58,668	-61,132	-2,135	-3,207	-130,903	-132,209	-14,488	-6,390	-242	-186	-206,437	-203,124
Gross profit	42,000	48,205	10,576	9,664	18,099	22,430	10,780	6,307	-2,467	-1,933	78,989	84,673
Other income	4	4	170	11	282	180	263	79	148	83	867	357
Administrative expenses	-38,193	-29,752	-8,233	-7,586	-10,700	-12,836	-4,716	-4,091	-2,936	-885	-64,778	-55,150
Other expenses	-5,182	-2,315	-212	-128	-63	-70	-57	-55	-1,342	0	-6,856	-2,568
Other gains (losses)	0	0	121	160	159	90	93	75	427	480	800	805
Finance income	0	0	0	0	0	0	0	0	0	0	0	0
Finance costs	0	0	-42	-26	-113	-126	-352	-256	-2,922	-2,726	-3,430	-3,134
Share of profit (loss) of associates and joint ventures, equity-accounted	-1	0	2	0	-498	-14	-51	0	62	66	-486	52
Exchange differences	7,574	404	16	-185	482	-540	341	132	-55	-56	8,358	-245
Gain (loss) from indexed assets and liabilities	8	1	2	11	140	264	-71	-11	-834	-881	-755	-616
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	1,441	-1,039	115	-22	0	0	0	0	0	0	1,556	-1,061
Profit (loss) before tax	7,651	15,508	2,516	1,900	7,788	9,376	6,230	2,180	-9,921	-5,851	14,264	23,113
Income tax benefit (expense)	2,728	-3,100	-482	-365	-1,100	-2,055	-1,302	-753	952	528	796	-5,745
Profit (loss) from continuing operations	10,379	12,408	2,034	1,535	6,688	7,321	4,928	1,427	-8,969	-5,324	15,060	17,367
Profit (loss) attributable to												
Profit (loss) attributable to equity holders of the parent	10,370	12,405	2,029	1,534	6,962	7,412	4,724	1,282	-8,969	-5,324	15,149	17,310
Profit (loss) attributable to non-controlling interest	9	3	5	1	-274	-91	204	145	-33	-1	-89	57
Profit (loss) for the period	10,379	12,408	2,034	1,535	6,688	7,321	4,928	1,427	-8,969	-5,324	15,060	17,367

6. Grupo Security Consolidated Statement of Cash Flows

Statement of Cash Flows	mar-16	mar-17
For the periods ended March 31, 2015 and 2016	MM\$	MM\$
Net cash flows provided by (used in) operating activities	(59,029)	(59,985)
Net cash flows used in investing activities	(9,831)	3,568
Net cash flows used in financing activities	(27,574)	31,173
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	(96,434)	(25,244)
Effect of changes in exchange rates on cash and cash equivalents	(2)	(0)
Net increase (decrease) in cash and cash equivalents	(96,436)	(25,244)
Cash and cash equivalents at beginning of period	626,758	510,335
Cash and cash equivalents at end of period	530,322	485,091

7. Quarterly Statement of Income

Quarterly Earnings		1Q17	4Q16	3Q16	2Q16	1Q16	4Q15
Revenue	M Ch\$	287,797	285,425	284,177	232,791	224,297	235,131
Cost of sales	M Ch\$	(203,124)	(206,437)	(197,577)	(153,970)	(142,964)	(166,457)
Gross profit	M Ch\$	84,673	78,989	86,599	78,821	81,332	68,674
Administrative expenses	M Ch\$	(55,150)	(64,778)	(54,100)	(51,468)	(49,336)	(49,215)
Operating income	M Ch\$	28,117	9,021	25,945	17,523	31,766	16,491
Finance costs	M Ch\$	(3,134)	(3,430)	(3,714)	(3,114)	(3,215)	(3,388)
Profit before tax	M Ch\$	23,113	14,264	19,732	15,955	39,001	12,263
Profit attributable to equity holders of parent	M Ch\$	17,310	15,149	13,957	14,527	30,889	13,769
EBITDA ¹	M Ch\$	28,592	26,094	27,637	22,035	45,048	18,206

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

8. Financial and Consolidated Management Indicators

Activity levels		31-mar-17	31-dec-16	30-sep-16	30-jun-16	31-mar-16
Total Assets	\$ millions	9,288,940	9,327,945	8,893,445	8,616,435	8,578,056
Total Liabilities	\$ millions	8,672,213	8,722,229	8,283,687	8,017,357	7,981,738
Total Equity	\$ millions	616,727	605,715	609,758	599,079	596,318

Leverage Ratios		31-mar-17	31-dec-16	30-sep-16	30-jun-16	31-mar-16
Individual leverage ratio ¹	Times	0.35	0.34	0.34	0.34	0.35
Consolidated financial expenses ²	Times	8.37	7.60	8.44	9.68	13.13

Profitability		31-mar-17	31-dec-16	30-sep-16	30-jun-16	31-mar-16
Revenue	\$ millions	287,797	1,026,690	741,265	457,088	224,297
Profit attributable to equity holders of the company	\$ millions	17,310	74,522	59,373	45,416	30,889
EBITDA	\$ millions	28,592	120,814	94,720	67,083	45,048
Return of equity ³	%	10.38%	13.11%	12.90%	11.76%	13.95%
Return on assets ⁴	%	0.68%	0.83%	0.85%	0.80%	0.95%
Earnings per share ⁵	\$	18.70	22.87	22.45	20.23	23.81
Number of shares	\$ millions	3,258	3,258	3,258	3,258	3,258

1. Individual leverage ratio: Defined as the quotient between the sum of Grupo Security's individually considered indebtedness and total consolidated equity, defined in Note 38 to Grupo Security 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 LTM and average equity attributable to controlled properties.

4. Return on assets: Defined as the quotient between profit attributable to controlled companies LTM and total average assets.

5. Earnings per share: Defined as the quotient between profit attributable to controlled companies LTM and the number of shares

Grupo Security's total consolidated assets reached CH\$9,288,940 million as of March 2017 (-0.4% YTD). Of this total, 54.4% corresponded to trade and other accounts receivable, mainly the Bank's loan portfolio. As of 1Q17 this item reached CH\$5,057,036 million, +1.8% YTD, in keeping with the 1.6% YTD growth in loans as indicated on page 9 of this report.

In addition, 32.3% of the total assets corresponded to other current financial assets. This line item mainly includes the investment portfolio for the insurance subsidiary's technical reserves and the Bank's portfolio of financial instruments. As of March 2017, other financial assets totaled CH\$2,997,036 million (-3.6% YTD), due to the drop in the Bank's portfolio of financial instruments held for trading, which reached CH\$126,241 million (-42.7% YTD). The Bank's available-for-sale investments came to CH\$607,576 million, -0.5% YTD, and the investment portfolio for the insurance subsidiary's technical reserves reached CH\$2,047,084 as of March 2017 (+1.6% YTD), in line with the growth of the business and the returns on the portfolio, as mentioned on page 18 of this report.

Total consolidated liabilities reached CH\$8,672,213 million, -0.6% YTD, as of March 2017. Of these, 60.6% corresponded to other current financial liabilities, which include the Banks' time deposits and current accounts, as well as the debt issued by the Bank and the Group.

Other financial liabilities totaled CH\$5,257,047 million, -3.1% YTD, as of March 2017, attributed to the decrease of -5.0% YTD in the Bank's total deposits, which came to CH\$3,225,030 million as of March 2017, as indicated on page 11 of this report.

Furthermore, 27.5% of total liabilities corresponded to trade and other payables, which mainly contain the technical reserves of Vida Security.

As of 1Q17, trade accounts payable amounted to CH\$2,388,679 million, +2.8% YTD, due to the +1.9% YTD increase in the technical reserves of Vida Security, which came to CH\$2,167,082 million, the increase in the reserve associated with disability and survivor insurance and the

growth of the fund value reserve due to the solid results of the investment portfolio associated with CUI and APV in the period, as explained on page 15 of this report.

Grupo Security's total equity stood at CH\$616,727 million as of March 2017, +1.8% YTD, because of profit for the period allocated to retained earnings.

The individual leverage ratio is defined in note 38 of Grupo Security's financial statements. Under the bondholder protection covenant, the individual leverage ratio may not exceed 0.4 measured on its quarterly standalone statement of financial position. Leverage is defined as the ratio of standalone financial liabilities, as presented in the FECU disclosures, and total equity. As of March 2017, this indicator reached 0.35, +50 b.p. YTD, due to the 3.3% YTD increase in Grupo Security's standalone liabilities as a result of the increase in dividends payable and the effect of inflation on Grupo Security's debt denominated in UF. This was not offset by the +1.8% YTD increase in Grupo Security's equity.

Consolidated financial expense coverage is the sum of pre-tax profit and financial costs, divided by finance costs. The majority of finance costs for this indicator are interest and indexation expenses for Grupo Security bonds. As of March 2017, consolidated financial expense coverage totaled 8.37 times, -36.2% YoY, due to the 40.7% YoY fall in pre-tax profit attributable to the absence of the before-tax gain of CH\$18,979 million generated in 2016 on the sale of its minority interest in Penta-Security .

For 1Q17, revenue reached CH\$287,797 million, +28.3% YoY. Of this, 36.9% corresponded to direct premiums from Vida Security, which grew by +54.5% YoY as indicated on pages 14 to 17 of this report. In addition, 18.3% of revenue corresponded to interest on Bank loans, which grew by 5.9% YoY, as indicated on page 7. Moreover, 16.5% of consolidated revenue corresponded to interest income on Vida Security's investment portfolio, which grew by 114% YoY, thanks to the growth and strong results of Vida Security's investment portfolio, as mentioned on page 18 of this analysis.

During the first three months of 2017, profit (loss) attributable to the owners of the parent was CH\$17,310 million, -44.0% YoY, mainly attributable to the absence of the before-tax gain of CH\$18,979 million generated in 2016 on the sale of its minority interest in Penta-Security. If this effect is excluded, after-tax profit (loss) attributable to the owners of the parent would have grown by 8.5% compared to March 2016, as indicated on page 1 of this report.

As of March 2017, EBITDA totaled CH\$28,592 million, -36.5% YoY due to the absence of the before-tax gain of CH\$18,979 million generated in 2016 on the sale of its minority interest in Penta-Security. Excluding this effect, EBITDA would have grown by 9.7% YoY. This was not offset by lower depreciation and amortization, which fell 7.2% YoY, due to lower depreciation and amortization at the Bank, as explained on page 8 of this report.

Finally, as of March 2017, return on equity was 10.38%, -357 b.p. YoY, return on assets was 0.68%, -27 b.p. YoY, and earnings per share was 18.70, -21.5% YoY. The fall in profitability indicators is explained by the decrease of 44% YoY in profit (loss) attributable to the owners of the parent, which reached CH\$17,310 million as of March 2017, due to the absence of the before-tax gain of CH\$18,979 million generated in 2016 on the sale of its minority interest in Penta-Security.

Market Information

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

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.

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 March 2017, the Chilean banking industry was made up of 21 financial institutions, including one state-owned bank (Banco Estado), 15 domestic banks and five branches of foreign banks. As of that date, industry loans totaled CH\$152,616,281 million (CH\$140,801,211 excluding foreign subsidiaries). Equity totaled CH\$17,832,570 million while profit for the period ended March 2017 was CH\$622,788 million, with return on average equity of 12.3%. The industry reported an efficiency ratio of 49.4%, measured as operating expenses over gross operating profit, and 2.17%, measured as operating expenses over total assets. The banking system posted a risk ratio of 2.51%, measured as loan loss provisions to total loans, and 2.00%, measured as 90-day nonperforming loans to total loans. As of March 2017, Banco Security had total loans of CH\$4,533,229 million, positioning it 8th in total loans with 3.0% of the Chilean market (3.2% 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 driven its recent development, making it one of the financial industries with greater projection both nationally and internationally.

MUTUAL FUND INDUSTRY

As of March 2017, the mutual fund industry reported average assets under management of CH\$33,979 billion and 2,166,390 investors. Administradora General de Fondos Security boasted average assets under management of CH\$2,051,093 million as of March 2017, giving it a market share of 6% and a fifth-place industry ranking among the 20 fund managers operating in the market.

STOCK BROKERAGE INDUSTRY

During the first quarter of 2017, market activity measured as traded equity volumes rose 26.1% in comparison to the same period in 2016, reaching CH\$10,070 billion. Value of shares traded for Valores Security Corredores de Bolsa for the same period totaled CH\$840 billion with market share of 8.3%. Market share is calculated based on transactions on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange.

LIFE INSURANCE INDUSTRY

As of March 2017, there were 36 life insurance companies in Chile. Total direct premiums for the industry were CH\$1,401 billion for the same period. The life insurance industry posted profit of CH\$196,873 million for the period ended March 2017. As of March 2017, Vida Security had market share of 7.1% based on direct 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 March 2017, investments accounted for using the equity method in the Consolidated Statements of Financial Position represent approximately 0.04% of total assets.

Goodwill, which represents the difference between the acquisition cost and the fair value of assets and liabilities, totaled CH\$119,067 million as of March 2017, equivalent to 1.28% 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 DIVIDENDS

Grupo Security is the ultimate parent company of a conglomerate of companies; as such, it receives its income from subsidiary dividends. As a result, the Company's earnings depend considerably on the performance of its subsidiaries.

As of May 2017, Banco Security had distributed CH\$20,236 million in dividends to Grupo Security. Factoring Security had distributed CH\$5,112 million in dividends (70% of profit for the year 2016). For the same period, Inversiones Seguros Security had distributed CH\$9,611 million in dividends. Vida Security had distributed CH\$5,295 million in dividends to its parent company, and Servicios Security had distributed CH\$1,010 million.

Lastly, it is important to point out that Grupo Security controls its main subsidiaries with an ownership interest of more than 90% in each subsidiary, which gives it flexibility in setting their dividend policies based on its requirements. This is especially true because of the vast diversification of the Company's income sources, with subsidiaries in various sectors of the financial services industry.

OTHER RISK FACTORS

Risks Associated with General Economic Performance

The performance of the Grupo Security subsidiaries is correlated to economic and financial conditions that, in turn, are dependent on monetary policy, which results in reduced growth of income and profit under restrictive conditions and the opposite under expansionary conditions.

Competition in All Group Business Areas

The industries in which the Group competes are known for being highly competitive, especially the banking and insurance industries, and

trending toward decreased margins. The mergers and alliances that arise between competitors are proof of the competition that Group companies face. Despite the potential challenges to the companies, the possible negative effects of competition are deemed to be offset by Grupo Security's solid brand image in its target market, strong customer loyalty and the niche strategy that drives the Group's development. This has allowed Grupo Security to earn a favorable market position with which to face future competition.

Regulatory Changes

The banking and insurance industries in which the Group does business are government-regulated and are consequently subject to potential regulatory changes over time. However, this risk is estimated to be low thanks to market transparency, the considerable development of these industries and their excellent global reputation.

RISKS ASSOCIATED WITH THE FINANCIAL BUSINESS

Credit Risk

Credit risk is dependent on monetary policy, which ultimately determines a customers' payment capacity. Towards the end of 2008, a general deterioration was seen in the system's loan portfolio, which was reflected in higher risk and delinquency ratios. In the third quarter of 2011, trends in risk ratios began to shift, with an improvement in risk levels. Within this framework, Banco Security has consistently posted risk levels below industry averages.

Market Risk

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

Risks Associated with International Financial Market Volatility

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

Interest Rate Risk

As of March 31, 2017, 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 March 31, 2017, 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 life 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

