

Grupo Security Earnings Report

Grupo Security Reports Second Quarter 2015 Profit of Ch\$ 44,525 million, Up 20% YoY

- Sale of minority holding in Penta Security to Liberty International Holdings. Extraordinary pre-tax gain of Ch\$ 18,986 million for Grupo Security once sale is finalized.
- Agreement with Banco Penta to buy its asset management subsidiaries, Penta Administradora General de Fondos S.A. and Penta Corredores de Bolsa S.A. for Ch\$ 19,500 million. Transaction in due diligence process.
- Authorization from Peruvian Superintendency of Banks, Insurance and AFP (SBS) for the purchase of 61% of the life insurance company Protecta.
- Subscription period for options issued as part of the 2013 capital increase ends on July 24, 2015. Total of 376,104,987 shares issued (99.6% of shares authorized for placement), thus increasing capital by Ch\$ 71,460 million. 1,636,408 shares remain available to the Company's board to be placed before July 2016. As of July 31, Grupo Security had a total of 3,258,363,592 shares.
- The asset management business area reports 88.0% YoY increase in profit due to a greater volume of managed assets following CDS merger, synergies leveraged and the sale of one share in the Santiago Stock Exchange to Bovespa for Ch\$ 2,200 million.
- Increase of Ch\$ 3,430 million in profit from Inmobiliaria Security, mainly from transfers of legal title for projects sold in the last few years.
- From the perspective of expenses at the corporate level of the company, reduced inflation with respect to the first quarter of last year and improved funding conditions resulted in financial savings.

Santiago, Chile – August 13, 2015, Grupo Security S.A., (SSE: Security), (“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, today announced financial results for the three- and six-month periods ending June 30, 2015.

Mr. Renato Peñafiel, Grupo Security’s Chief Executive Officer, commented, “In 2015, we expect Grupo Security to further consolidate its track record of increasing profits based on positive performances from all subsidiaries and extraordinary gains. In terms of growth, we are looking to combine local opportunities with projects opening up in the region, particularly in Peru, and other Pacific Alliance member states”.

Balance Sheet	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
				QoQ	YoY			
Banco - Total Loans	3,822,690	3,728,129	3,378,569	2.5%	13.1%	3,822,690	3,728,129	2.5%
Banco - Total Deposits	3,095,436	3,116,752	2,805,091	-0.7%	10.4%	3,095,436	3,116,752	-0.7%
Factoring - Total Factored Receivables	236,587	225,787	195,221	4.8%	21.2%	236,587	225,787	4.8%
Inversiones - AUM Mutual Funds	2,966,965	2,957,902	2,719,521	0.3%	9.1%	2,966,965	2,957,902	0.3%
Vida - Investment Portfolio	2,056,592	2,002,055	1,919,401	2.7%	7.1%	2,056,592	2,002,055	2.7%
Income Statement								
Banco - Net Interest Margin	33,008	31,046	28,668	6.3%	15.1%	64,054	55,867	14.7%
Banco - Net Fees	11,983	11,240	9,476	6.6%	26.5%	23,223	17,700	31.2%
Banco - Operating Expenses	(23,578)	(24,507)	(20,706)	-3.8%	13.9%	(48,085)	(42,302)	13.7%
Banco - Net Provision Expenses	(7,922)	(7,915)	(4,727)	0.1%	67.6%	(15,837)	(29,324)	-46.0%
Vida - Direct Premium	65,263	43,557	74,514	49.8%	-12.4%	108,820	128,595	-15.4%
Vida - Claims and Pensions Paid	56,632	39,577	62,052	43.1%	-8.7%	96,209	104,241	-7.7%
Vida - Investment Income	29,399	28,864	28,654	1.9%	2.6%	58,263	46,181	26.2%
Factoring - Revenue	5,795	5,886	6,279	-1.6%	-7.7%	11,681	13,645	-14.4%
Operations								
Total Clients	186,453	181,016	152,148	3.0%	22.5%			
Employees	3,443	3,367	3,372	2.3%	2.1%			

Ratios	jun-15	jun-14	% Chg
Grupo - Share Price (Ch\$)	195.0	180.4	8.1%
Grupo - Number of Shares	3,243,153,281	3,228,757,947	0.4%
Grupo - ROE	13.0%	12.9%	0.12 p
Banco (Consolidated) - ROE	15.9%	19.2%	-3.21 p
Factoring - ROE	22.8%	21.0%	1.83 p
Vida - ROE	17.8%	20.0%	-2.16 p
Travel - ROE	32.2%	35.9%	-3.75 p
Grupo - Leverage	35.2%	36.8%	-1.58 p
Banco - Efficiency	45.8%	44.3%	1.52 p
Factoring - Efficiency	43.4%	41.0%	2.33 p
Banco - Non-Performing Loans/Total Loans	0.49%	0.49%	0.00 p
Banco - Risk Index	1.57%	1.42%	0.15 p
Factoring - Risk Index	2.9%	3.4%	-0.48 p
Banco - BIS Tier I Ratio	8.8%	8.7%	0.12 p
Banco - BIS Tier II Ratio	12.6%	13.0%	-0.37 p

Dividend-adjusted share price

ROE: Profit 12M over average equity

In March 2015, Grupo Security reported that it had signed an agreement with Grupo ACP to enter the Peruvian life insurance market by acquiring 61% of Protecta Compañía de Seguros. The Peruvian Superintendency of Banks, Insurance and AFP (SBS) recently authorized the purchase on August 13, 2015.

Renato Peñafiel remarked, “The purchase authorization from the SBS is a clear sign of trust in Grupo Security. We hope to finalize this transaction shortly, marking the Group's entry into the Peruvian insurance market as a strategic partner of Grupo ACP”.

On July 10, 2015, an agreement was reached with Banco Penta to buy its asset management subsidiaries, Penta Administradora General de Fondos S.A. and Penta Corredores de Bolsa S.A. for up to Ch\$ 19,500 million, equivalent to adjusted net equity of up to Ch\$ 15,000 million and goodwill of Ch\$ 4,500 million, equivalent to 0.61% of assets under management.

In addition, on July 11, 2015, the Group announced the sale of its minority holding in Penta-Security for Ch\$ 31,028 million as part of the sale of this company to Liberty International Holdings. The sale will take place once it has been authorized by the SVS and once a Takeover Bid (TOB) for all shareholders of Penta-Security has been launched and completed, before December 31, 2015. This sale will result in an extraordinary, pre-tax gain of Ch\$ 18,986 million for Grupo Security once the transaction is finalized.

Regarding the Cruz del Sur companies, acquired in mid-2013, the mergers were successfully completed in late 2014 and early 2015. The mergers of the CDS insurance and asset management companies with Security resulted in synergies of US\$25.9 million per year, which represents a present value of US\$236 million. This compares favorably with the price paid for the company, equivalent to approximately US\$300 million¹, and the initially estimated synergies of US\$15.8 million per year, equivalent to a present value of US\$ 144 million.

¹ The 2012 year-end exchange rate of Ch\$/US\$ 475.02 and a discount rate of 11% in US dollars were used in these calculations.

On April 20, 2015, Grupo Security shareholders approved a dividend payment of Ch\$6.75 per share charged to profit for the year 2014. This dividend and the interim dividend distributed in October 2014 total Ch\$10.25 per share, equivalent to Ch\$33,134 million, or 54% of profit for the year 2014. Grupo Security reported a dividend yield² of 5.14% for 2014.

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GRUPO SECURITY EARNINGS REPORT FOR Q215

Grupo Security reported distributable profit of Ch\$ 45,942 million for the first six months of 2015, +19.9% YoY, and Ch\$ 26,210 million for 2Q15, 50.8% higher than 1Q15. EBITDA for the first six months of 2015 totaled Ch\$ 69,047 million, +21.5% YoY, while EBITDA for the second quarter of 2015 reached Ch\$ 38,192 million, 23.8% higher than 1Q15. Grupo Security's return on equity, measured as distributable profit over the last 12 months over average equity attributable to owners, was 13.0%, which compares favorably with 12.3% for the same period in the previous year.

EARNINGS CONTRIBUTION BY BUSINESS AREA

	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
				QoQ	YoY			
Lending Area								
Banco Security (Individual)	15,743	10,214	18,042	54.1%	-12.7%	25,957	29,692	-12.6%
Factoring Security	1,802	1,812	1,749	-0.5%	3.0%	3,613	3,529	2.4%
Insurance Area								
Valores Security	1,823	50	630	-	189.3%	1,872	1,090	71.8%
AGF Security	2,205	2,047	1,251	7.7%	76.2%	4,251	2,353	80.7%
Asesorias Security	(68)	141	(19)	-	-	73	(69)	-
Asset Management Area								
Vida Security	10,633	6,386	8,084	66.5%	31.5%	17,019	15,473	10.0%
Penta Security	(428)	716	2,245	-	-	288	4,196	-93.1%
Servicios Security	180	74	174	143.9%	3.0%	253	248	2.0%
Other Services								
Inmobiliaria Security	1,578	1,550	(443)	1.8%	-	3,128	(301)	-
Travel Security	1,159	871	1,091	33.1%	6.2%	2,030	1,902	6.7%
Travex Security	199	210	133	-5.2%	50.0%	408	251	62.6%
Grupo Security Profit	26,210	18,315	20,319	43.1%	29.0%	44,525	37,121	19.9%

(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 Calculated as the sum of dividends per share, divided by the share price when each dividend was distributed for the corresponding year.

REVIEW OF OPERATIONS BY BUSINESS AREA

LENDING BUSINESS AREA (68.5% of assets; 51.4% of profit as of June 2015)

The lending business area comprises operations of Banco Security, excluding its brokerage and fund management subsidiaries, and Factoring Security.

BANCO SECURITY

Banco Security reported consolidated profit of Ch\$ 32,076 million for the period ended June 2015, 3.2% lower YoY, which compares favorably with the industry, where earnings fell 9.6%. For the quarter, Banco Security reported profit of Ch\$ 19,766 million, 60.6% higher than 1Q15. Banco Security's stand-alone profit (excluding asset management subsidiaries AGF Security and Valores Security Corredores de Bolsa) reached Ch\$ 25,957 million for the first six months of 2015, (-12.6% YoY), and Ch\$ 15,740 million for the quarter (+54.1% QoQ).

Banco Security's ROE (profit LTM over average equity) was 14.7%, down 2.36 b.p. and 0.86 b.p. compared to June 2014 and March 2015, respectively. The main factors behind for the area's performance, as in 2014, were increased profit from the asset management subsidiaries (+Ch\$2,680 million) and retail banking division (+Ch\$839 million), offset by decreased profit from the commercial banking division (-Ch\$1,475 million) due to greater credit risk provisions and decreased profit from the treasury area (-Ch\$3,088 million), as a result of the higher basis of comparison in 2014 because of higher-than-expected inflation and successive drops in interest rates over the previous year.

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15
<i>In Ch\$ million</i>														
Net interest margin	28,738	31,333	20,563	24,618	9,057	9,866	-938	-710	57,420	65,107	-1,553	-1,053	55,866	64,054
-% 6m14		9.0%		19.7%		8.9%		-24.3%		13.4%		-32.2%		14.7%
Net fees	6,937	7,631	6,754	7,894	-212	-384	-428	-38	13,049	15,103	4,650	8,120	17,699	23,223
-% 6m14		10.0%		16.9%		80.9%		-91.0%		15.7%		74.6%		31.2%
Net FX transactions and other income	4,660	5,269	771	294	11,758	8,464	-2,804	-3,066	14,385	10,961	4,998	6,257	19,382	17,218
-% 6m14		13.1%		-61.8%		-28.0%		9.3%		-23.8%		25.2%		-11.2%
Loan losses and foreclosed assets	-6,065	-10,033	-4,820	-6,997	4	-26	-200	-436	-11,081	-17,491	-	400	-11,082	-17,091
-% 6m14		65.4%		45.2%		-681.7%		117.4%		57.8%		-		54.2%
Total operating income, net of credit risk provisions	34,269	34,201	23,268	25,809	20,608	17,920	-4,370	-4,250	73,774	73,680	8,095	13,724	81,868	87,404
-% 6m14		-0.2%		10.9%		-13.0%		-2.8%		-0.1%		69.5%		6.8%
Operating expenses	-14,737	-16,138	-20,528	-21,987	-4,881	-5,718	2,295	2,136	-37,851	-41,707	-4,451	-6,378	-42,302	-48,085
-% 6m14		9.5%		7.1%		17.2%		-6.9%		10.2%		43.3%		13.7%
Net operating income	19,532	18,062	2,740	3,822	15,727	12,202	-2,076	-2,114	35,923	31,973	3,644	7,346	39,567	39,319
-% 6m14		-7.5%		39.5%		-22.4%		1.8%		-11.0%		101.6%		-0.6%
Profit attributable to owners of the bank	16,136	14,661	2,264	3,103	12,993	9,904	-1,699	-1,711	29,693	25,957	3,439	6,119	33,138	32,076
-% 6m14		-9.1%		37.1%		-23.8%		0.7%		-12.6%		77.9%		-3.2%

Profit for 2Q15 grew 60.6% compared to 1Q15, totaling Ch\$ 19,766 million, explained by stronger results from the commercial banking division's distribution products (foreign exchange transactions and structured products) and reduced operating expenses. This is in addition to a positive performance by the treasury division, with improved interest margins due to higher-than-anticipated inflation. Banco Security's subsidiaries, AGF Security and Valores Security Corredores de Bolsa, reported an increase of 92.4% in profit for 2Q15 compared to 1Q15 (+Ch\$1,934 million), explained by improved net foreign exchange transactions, stronger results from the international banking area and a gain on the sale of a share of the Santiago Stock Exchange in July 2015, following the merger of the Security and Cruz del Sur brokerage subsidiaries.

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	1Q-15	2Q-15	1Q-15	2Q-15	1Q-15	2Q-15	1Q-15	2Q-15	1Q-15	2Q-15	1Q-15	2Q-15	1Q-15	2Q-15
<i>In Ch\$ million</i>														
Net interest margin	15,340	15,993	12,535	12,083	4,031	5,836	-324	-386	31,582	33,525	-536	-517	31,046	33,008
-% 1Q15		4.3%		-3.6%		44.8%		19.2%		6.2%		-3.5%		6.3%
Net fees	3,711	3,920	3,648	4,246	-167	-217	-73	35	7,119	7,984	4,121	3,999	11,240	11,983
-% 1Q15		5.6%		16.4%		29.5%		-147.4%		12.2%		-3.0%		6.6%
Net FX transactions and other income	1,663	3,606	125	169	4,063	4,401	-1,297	-1,769	4,553	6,407	2,563	3,694	7,116	10,101
-% 1Q15		116.9%		35.6%		8.3%		36.4%		40.7%		44.1%		41.9%
Loan losses and foreclosed assets	-5,262	-4,771	-3,566	-3,431	21	-47	-405	-31	-9,211	-8,279	130	270	-9,081	-8,009
-% 1Q15		-9.3%		-3.8%		-		-92.3%		-10.1%		107.7%		-11.8%
Total operating income, net of credit risk provisions	15,453	18,748	12,742	13,067	7,947	9,973	-2,099	-2,151	34,043	39,637	6,278	7,446	40,321	47,083
-% 1Q15		21.3%		2.6%		25.5%		2.5%		16.4%		18.6%		16.8%
Operating expenses	-8,269	-7,869	-10,781	-11,206	-3,206	-2,512	900	1,237	-21,356	-20,351	-3,151	-3,227	-24,507	-23,578
-% 6m14		-4.8%		3.9%		-21.6%		37.5%		-4.7%		2.4%		-3.8%
Net operating income	7,184	10,879	1,961	1,861	4,741	7,461	-1,199	-914	12,687	19,286	3,127	4,219	15,814	23,505
-% 1Q15		51.4%		-5.1%		57.4%		-23.7%		52.0%		34.9%		48.6%
Profit attributable to owners of the bank	5,785	8,877	1,579	1,523	3,818	6,086	-965	-746	10,217	15,740	2,093	4,026	12,310	19,766
-% 1Q15		53.5%		-3.5%		59.4%		-22.6%		54.1%		92.4%		60.6%

Banco Security's Loan Portfolio

Total loans reached Ch\$ 3,823 billion as of June 2015, which represents growth of 13.1% YoY and 2.5% QoQ. This increase compares with rises of 10.4% YoY and 2.3% QoQ for the total system³.

	Total Loans <i>In Ch\$ million</i>	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
					QoQ	YoY			
Consumer	Loans	335,281	331,837	273,347	1.0%	22.7%			
	Interest and indexation income	11,216	10,631	9,512	5.5%	17.9%	21,847	18,539	17.8%
Mortgage	Loans	530,136	529,862	523,447	0.1%	1.3%			
	Interest and indexation income	12,887	5,155	14,700	150.0%	-12.3%	18,042	26,905	-32.9%
Mortgage + Consumer	Loans	865,417	861,699	796,794	0.4%	8.6%			
	Interest and indexation income	24,103	15,786	24,212	52.7%	-0.5%	39,889	45,444	-12.2%
	No. customers	78,433	76,658	72,791	2.3%	7.8%			
Commercial	Loans	2,956,477	2,861,883	2,574,723	3.3%	14.8%			
	Interest and indexation income	53,664	38,502	54,880	39.4%	-2.2%	92,166	106,888	-13.8%
	No. customers	8,513	8,227	7,833	3.5%	8.7%			
	Total loans	3,822,690	3,728,129	3,378,569	2.5%	13.1%			
	Market share	3.1%	3.1%	3.0%					

Commercial loans grew 13.4% and 3.3% YoY and QoQ, respectively, totaling Ch\$ 2,956 billion (77.4% of Banco Security's total loan portfolio excluding balances due from banks), while retail loans (consumer + mortgage) reached Ch\$ 865 billion as of June 2015, 8.6% and 0.4% higher than 2Q14 and 1Q15, respectively, with exceptional growth of 22.7% YoY in consumer loans.

³ Excludes balances due from banks and system loans in Colombia.

Retail Banking

Banco Security's retail banking division targets high-income individuals with monthly income greater than Ch\$ 1,000,000. The area has increased its share of the Bank's earnings, rising from 3% of consolidated profit in 2010 to 10% in June 2015, with an increasing focus on consumer loans in recent years, posting average annual growth of 29% since 2010.

As of June 2015, consumer loans had expanded 22.7% YoY and 1.0% QoQ. For the same periods, total system consumer loans posted growth of 10.1% and 3.2%. Mortgage loans reached Ch\$ 530 billion, practically unchanged in an annual and quarterly comparison (+1.3% YoY and +0.1% QoQ). This limited growth should be understood as part of the bank's strategy to prioritize retail consumer loans, which provide higher returns.

Commercial Banking

Banco Security's commercial banking division targets companies with sales above US\$1.2 million. As of June 2015, the commercial portfolio had increased by 14.8% YoY and 3.3% QoQ, mainly driven by the wholesale and retail sector, which accounts for 32.5% of total commercial loans.

Economic Sector <i>In Ch\$ million</i>	Loans	%
Wholesale and retail	962,108	32.5%
Financial services and insurance	632,121	21.4%
Social services	281,138	9.5%
Construction	269,387	9.1%
Manufacturing	170,815	5.8%
Agriculture and livestock	142,158	4.8%
Utilities	135,716	4.6%
Transport	121,048	4.1%
Other	99,127	3.4%
Fishing	55,534	1.9%
Mining	41,719	1.4%
Telecom	26,006	0.9%
Forestry	19,556	0.7%
Total commercial loans	2,956,433	100%

The 20 largest loans represent 9.3% of the total loan portfolio. While Banco Security's core business consists of large companies, efforts have been made to strengthen the medium-sized company segment. These efforts include services tailored to their needs, skilled professional account executives, a full range of products and services, first-class technological support in all channels and the backing of Grupo Security. This strategy is designed to diversify our customer base and improve returns in each segment.

Asset Quality

Given Banco Security's exposure to corporate and high-income customers, portfolio risk is below industry levels. Total nonperforming loans reached 0.49%, which is similar to 2Q14 and below the 0.52% registered as of March 2015. The stock of nonperforming loans remained stable and below budget for the year. In March 2015, a portion of the salmon industry portfolio was paid and sold, resulting in a drop in the risk index from 1.69% in February to 1.61% in March. Total credit risk provisions increased 25.0% YoY and 0.4% QoQ. This increase was mainly explained by the 22.7% YoY rise in consumer loans and a change in the provisioning model from a delinquency-based model to an expected-loss model. This model, first applied in the second half of 2014, led to increased credit risk provisions. Overall, consumer provisions increased 85.2% YoY as of June 2015. In addition, during the first quarter of 2015, risk events were recorded for clients in the transport and mining industries. These items are partially backed by guarantees and do not reflect generalized impairment of the portfolio.

	jun-15	mar-15	jun-14	% Chg	
				QoQ	YoY
Total Loans	3,822,690	3,728,129	3,378,569	2.5%	13.1%
Nonperforming loans - consumer	1,475	1,662	1,159	-11.2%	27.3%
Nonperforming loans - mortgage	402	357	248	12.5%	61.9%
Nonperforming loans - commercial	16,748	17,469	15,124	-4.1%	10.7%
Total nonperforming loans	18,624	19,488	16,531	-4.4%	12.7%
Nonperforming loan ratio - consumer	0.44%	0.50%	0.42%	-0.06 p	0.02 p
Nonperforming loan ratio - mortgage	0.08%	0.07%	0.05%	0.01 p	0.03 p
Nonperforming loan ratio - commercial	0.57%	0.61%	0.59%	-0.04 p	-0.02 p
Total nonperforming loan ratio	0.49%	0.52%	0.49%	-6.8%	-0.4%
Gross provisions	75,758	67,191	59,326	12.8%	27.7%
Charge-offs	(15,681)	(7,340)	(11,274)	13.6%	39.1%
Credit risk provisions	60,077	59,851	48,052	0.4%	25.0%
Provisions - consumer (% total)	16.7%	16.4%	11.3%	0.3 p	5.4 p
Provisions - mortgage (% total)	1.5%	1.3%	1.3%	0.1 p	0.2 p
Provisions - commercial (% total)	81.8%	82.2%	87.4%	-0.4 p	-5.6 p
Credit risk provisions	60,077	59,851	48,052	0.4%	25.0%
Coverage - consumer	6.8	5.9	4.7	89.9 p	213.4 p
Coverage - mortgage	2.2	2.3	2.5	-4.1 p	-28.3 p
Coverage - commercial	2.9	2.8	2.8	11.7 p	15.6 p
Coverage - total nonperforming loans	3.2	3.1	2.9	15.45 p	31.89 p
Provisions / loans	1.57%	1.61%	1.42%	-0.03 p	0.15 p
Provisions / loans	0.83%	0.85%	0.69%	-0.02 p	0.14 p

As of June 2015, Banco Security's risk index (loan loss provisions to total loans) reached 1.57%, + 0.15 b.p. YoY and -0.03 b.p. QoQ. Provision expenses, measured as provision expenses net of recovered charged-off loans over average loans, increased 0.08 b.p. YoY and 0.12 b.p. QoQ.

	Credit Risk (%)								
	Provisions / Loans					Over 90 Day Nonperforming Loans			
	Mortgage	Consumer	Total	Commercial	Total	Mortgage	Consumer	Commercial	Total
Banco Security	0.17	3.00	1.27	1.66	1.57	1.21	1.01	1.89	1.71
Medium Banks*	0.44	4.16	1.59	1.62	1.68	1.92	1.59	1.26	1.54
Banking System	0.74	6.14	2.59	2.32	2.40	2.96	2.04	1.69	2.06

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

Treasury

The treasury division consists of trading, investment, distribution and asset and liability management (ALM) operations. As of June 2015, it posted profit of Ch\$9,904 million, down 23.8% compared with the same period last year, due to a higher basis of comparison because of favorable financial conditions in 2014 (falling interest rates and higher-than-expected inflation). The ALM desk manages financial investments in order to stabilize the financial margin, manage liquidity and efficiently fund the bank's loan portfolio. As of June 2015, ALM represented 57.6% of treasury income. The investment and trading desks manage the Bank's own portfolio of primarily Chilean Central Bank notes and represent 22.5% of treasury income. The remaining 19.9% of treasury income comes from the distribution desk, which brokers specialized products for the commercial banking division (currency, forwards and structured products).

Funding Sources

For 2Q15, total funding increased 7.1% YoY and was similar to 1Q15. The main funding source was time deposits and bonds.

In Ch\$ million	2Q15		1Q15		2Q14		% Chg	
							QoQ	YoY
Demand deposits	549,705	11.6%	509,990	10.8%	439,294	9.9%	7.8%	16.1%
Time deposits	2,545,731	53.6%	2,606,762	55.1%	2,365,797	53.6%	-2.3%	10.2%
Bonds	1,184,818	24.9%	1,173,270	24.8%	1,065,186	24.1%	1.0%	10.1%
Other liabilities*	469,473	9.9%	437,955	9.3%	545,516	12.4%	7.2%	-19.7%
Total liabilities	4,749,727	100%	4,727,977	100%	4,415,793	100%	0.5%	7.1%

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

○ Demand and Time Deposits (65.2% of Liabilities)

During the second half of 2015, total deposits increased by 10% YoY and decreased by 1% QoQ, in line with the total system, which posted growth of 10% YoY and 2% QoQ. Total bank deposits consisted of 23.9% retail deposits and 76.1% institutional deposits. The 20 largest depositors represent 50% of total deposits. The deposit to loan ratio was 81.0% for 2Q15, compared to 83.2% for 2Q14 and 83.7% for 1Q15. Banco Security has a strategy to diversify funding sources using sales incentives to increase its retail deposit base. This strategy includes: strict limits, lengthening of liabilities and liquidity contingency plans. For 2Q15, liquid assets were equivalent to 29% of deposits and other short-term funds.

○ Bonds (24.9% of Liabilities)

Series	SBIF Registration Number	SBIF Registration Date	Currency	Amount	Placement period	Annual Interest Rate	Duration (Years)	Maturity
S1	3/1997	Mar 11, 1997	UF	800,000	Sep 01, 1998	5.50	20	Mar 11, 2017
S2	3/1997	Mar 11, 1997	UF	200,000	Sep 01, 1998	5.50	20	Mar 11, 2017
G1	3/2007	Jan 25, 2007	UF	3,000,000	Jan 25, 2010	3.00	10	Dec 01, 2016
H1	3/2007	Jan 25, 2007	UF	3,000,000	Jan 25, 2010	3.00	23	Dec 01, 2029
K1	1/2008	Jan 04, 2008	UF	3,000,000	Jan 04, 2011	3.00	10	Jan 01, 2018
M1	1/2009	May 19, 2009	UF	3,000,000	May 19, 2012	3.00	10.5	July 01, 2019
N1	1/2009	May 19, 2009	UF	3,000,000	May 19, 2012	3.00	10.5	July 01, 2019
P1	10/2001	Oct 06, 2011	UF	3,000,000	Oct 06, 2014	2.00	5	June 01, 2016
R1	10/2011	Oct 06, 2011	UF	3,000,000	Oct 06, 2014	2.00	10	June 01, 2021
K2	1/2012	Mar 14, 2012	UF	4,000,000	Mar 14, 2015	3.25	10	Mar 14, 2022
B2	1/2013	Feb 26, 2013	UF	4,000,000	Feb 26, 2016	3.25	5	Nov 01, 2017
K3	1/2013	Feb 26, 2013	UF	4,000,000	Feb 26, 2016	3.50	10	Nov 01, 2022
K4	10/2013	Nov 06, 2013	UF	5,000,000	Nov 06, 2016	3.60	10	Oct 01, 2023
B3	14/2014	Oct 09, 2014	UF	5,000,000	Jun 01, 2017	2.50	5	June 01, 2019
K5	14/2014	Oct 09, 2014	UF	5,000,000	Jun 01, 2017	2.75	10	June 01, 2024

Capitalization

For 2Q15, Banco Security's equity totaled Ch\$ 402,231 million. In 2015, Banco Security retained Ch\$ 39,142 million in 2014 earnings, which represents 70% of profit for the year 2014. These retained earnings are part of a process to strengthen Banco Security's capital base in order to position the bank to better leverage loan growth opportunities.

<i>In Ch\$ million</i>	2Q15	1Q15	2Q14	% Chg	
				QoQ	YoY
Capital	242,047	242,047	225,044	0.0%	7.6%
Reserves and valuation accounts	24,689	25,135	23,609	-1.8%	4.6%
Retained earnings	135,495	121,658	97,098	11.4%	39.5%
Total equity	402,231	388,840	345,751	3.4%	16.3%
Tier I (core capital)	402,232	388,842	345,751	3.4%	16.3%
Tier II	563,018	549,146	516,235	2.5%	9.1%
Regulatory capital	356,297	345,693	317,422	3.1%	12.2%
Risk-weighted assets	4,453,708	4,321,158	3,967,777	3.1%	12.2%
Tier I ratio	8.84%	8.80%	8.71%	0.04 p	0.08 p
BIS ratio	12.64%	12.71%	13.01%	-0.07 p	-0.30 p

Banco Security's Tier II BIS ratio for 2Q15, calculated as regulatory capital over risk-weighted assets as defined by the SBIF⁴, reached 12.64%, falling 0.3 b.p. YoY and 0.07 b.p. QoQ. The Tier I BIS ratio, calculated as basic capital over risk-weighted assets, reached 8.84%, marking an improvement of 0.08 b.p. YoY and 0.04 b.p. QoQ.

Profit and ROE

Banco Security reported consolidated profit of Ch\$ 32,076 million for the six-month period ended June 2015 and Ch\$ 19,766 million for the second quarter of 2015.

Consolidated ROE as reported by the SBIF⁴ was 15.95%, reflecting a decrease of -3.2 b.p. YoY and an increase of 3.2 b.p. QoQ. Return on average equity of the bank's owners LTM as of June 2015 was 14.7%.

Net Interest Margin

	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
				QoQ	YoY			
Interest and indexation income	84,591	60,003	86,248	41.0%	-1.9%	144,594	165,543	-12.7%
Interest and indexation expenses	-51,583	-28,957	-57,580	78.1%	-10.4%	-80,540	-109,676	-26.6%
Net interest margin	33,008	31,046	28,668	6.3%	15.1%	64,054	55,867	14.7%
Interest margin net of provisions	24,114	22,440	22,711	7.5%	6.2%	46,554	42,282	10.1%
Net interest margin / total loans	3.45%	3.33%	3.39%	0.12 p	0.06 p	3.35%	3.31%	0.04 p

Interest and indexation income during the first six months of 2015 fell 12.7% YoY, explained partially by reduced indexation income from commercial and mortgage loans. Interest and indexation expenses fell 26.6% YoY, due to gradually falling interest rates throughout 2014, the effect of which is fully reflected in the first half of 2015. This resulted in an increase of 14.7% in the net interest margin with respect to the first six months of 2014. In quarterly terms, rising inflation during the period

⁴ Superintendency of Banks and Financial Institutions

led to an increase of 6.3% with respect to 1Q15.

Net Fees

<i>In Ch\$ million</i>	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
				QoQ	YoY			
Commercial banking	3,920	3,711	3,782	5.6%	3.7%	7,631	6,937	10.0%
Retail banking	4,246	3,648	3,614	16.4%	17.5%	7,894	6,754	16.9%
Treasury	-217	-167	-123	29.5%	76.5%	-384	-212	80.9%
Other	35	-73	-227	-	-	-38	-428	-
Banco Security, individual	7,984	7,119	7,046	12.2%	13.3%	15,103	13,050	15.7%
Subsidiaries	3,999	4,121	2,430	-3.0%	64.6%	8,120	4,650	74.6%
Consolidated fees	11,983	11,240	9,476	6.6%	26.5%	23,223	17,700	31.2%

Net fees as of June 2015 totaled Ch\$17,700 million, up 31.2% YoY and 6.6% QoQ, mainly due to greater volumes of assets under management by its subsidiary Security Administradora General de Fondos Security.

Net Foreign Exchange Transactions, Net Financial Operating Income and Other Income

For the six-month period ended June 2015, Banco Security reported Ch\$12,943 million in net foreign exchange transactions and net financial operating income, reflecting a decrease of 36.4% YoY. This reduction can be explained by a higher basis of comparison in 2014 because of favorable financial conditions (falling interest rates and higher-than-expected inflation). In quarterly terms, Banco Security reported Ch\$10,101 million in consolidated net foreign exchange transactions and net financial operating income for 2Q15, an increase of 41.9% QoQ, explained by improved results from the distribution desks in commercial banking and subsidiaries. Other operating income included a gain on the sale of a share of the Santiago Stock Exchange following the merger of the Security and Cruz del Sur brokerage subsidiaries.

Operating Expenses and Efficiency

<i>In Ch\$ million</i>	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
				QoQ	YoY			
Personnel	-10,040	-10,394	-9,597	-3.4%	4.6%	-20,434	-19,705	3.7%
Administrative expenses	-11,873	-12,501	-9,620	-5.0%	23.4%	-24,374	-19,802	23.1%
Depreciation and amortization	-1,665	-1,612	-1,489	3.3%	11.8%	-3,277	-2,795	17.2%
Total operating expenses	-23,578	-24,507	-20,706	-3.8%	13.9%	-48,085	-42,302	13.7%
Operating expenses / <u>Gross</u> operating income	42.1%	50.1%	41.1%	-7.97 p	1.00 p	45.8%	44.3%	1.52 p

Banco Security's consolidated operating expenses for the six-month period ended June 2015 increased 13.7% over the same period in 2014 and decreased 3.8% with respect to the prior quarter, totaling Ch\$ 42,307 million. This can be explained mainly by the commercial growth of its subsidiaries after incorporating AGF Cruz del Sur, which was only partially offset by the significant synergies generated in the transaction. Banco Security's efficiency ratio, measured as operating expenses over gross operating profit, totaled 44.3% as of June 2015, up 1.52 b.p. YoY and down 7.97 b.p. QoQ. This ratio compares to 47.27% for the banking system and 51.1% for comparably-sized banks.

FACTORING SECURITY

In Ch\$ million	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
				QoQ	YoY			
Factored receivables	236,587	225,787	195,221	4.8%	21.2%			
Provisions	6,816	6,827	6,554	-0.2%	4.0%			
Traditional factoring income	5,795	5,886	6,279	-1.6%	-7.7%	11,681	13,645	-14.4%
Fees and advisory services	417	371	411	12.5%	1.6%	788	827	-4.7%
Gross operating income	6,490	6,581	6,769	-1.4%	-4.1%	13,071	13,815	-5.4%
Operating expenses	-2,634	-2,504	-5,116	5.2%	-48.5%	-5,138	-5,116	0.4%
Profit for the period	1,802	1,812	3,529	-0.5%	-48.9%	3,613	3,529	2.4%
Efficiency ratio	45.2%	41.6%	41.1%	3.56 p	4.07 p	43.4%	41.0%	2.33 p
Risk ratio	2.9%	3.0%	3.4%	-0.14 p	-0.48 p			

Factoring Security posted profit of Ch\$ 3,613 million for the six-months ended June 2015, 2.4% higher YoY and 0.5% lower than 1Q15.

For the same period, factored receivables totaled Ch\$ 236,587 million, reflecting increases of 21.2% YoY and 4.8% QoQ. With these figures, the subsidiary outperformed other factoring companies belonging to the Chilean Association of Factoring Companies (ACHEF), which reported a YoY reduction of 7.1% in factored receivables. As a result of its performance, Factoring Security increased its market share from 7.9% as of June 2014 to 10.3% as of June 2015. Despite this growing market share, decreased commercial activity was observed, in line with the general weakening of the domestic economy.

For the six-month period ended June 2015, the subsidiary's efficiency ratio, measured as operating expenses over net operating income, was 43.4%, up 2.33 b.p. YoY. This variation is a reflection of decreased income as a result of decelerating commercial activity.

The risk ratio, measured as provisions over total loans, was 2.88% as of June 2015, in line with the first half of 2014 and the first quarter of 2015. Despite weak economic growth, Factoring Security has managed to maintain a stable risk ratio.

INSURANCE BUSINESS AREA (28.1% of assets; 29.8% of profit as of June 2015)

The insurance business area reported profit attributable to the owners of Ch\$17,173 million for the six months ended June 30, 2015. This area includes Vida Security, the life insurance subsidiary, and Servicios Security, which consolidates the insurance brokerage (Corredora de Seguros Security) and assistance business (Europ Assistance).

VIDA SECURITY

On March 18, 2015, Grupo Security reported that it had signed an agreement with Grupo ACP for its subsidiary Vida Security to acquire 61% of Protecta Compañía de Seguros. This deal marks the Group's entrance into the Peruvian life and group credit life insurance markets, where it expects to contribute more than 125 years' experience to develop Protecta's traditional life insurance business. Protecta Compañía de Seguros is engaged in the annuity business. Since it began operating in 2008, the company has increased its equity at a rate of 30% annually. Currently, it has the seventh largest investment portfolio among insurance companies in the Peruvian market.

Vida Security reported profit of Ch\$ 17,019 million for the first six months of 2015, up 10.0% YoY and 66.5% QoQ. Total direct premiums reached Ch\$108,820 million for this same period, which represents a decrease of 15.4% YoY. This reduction is due mainly to the absence of disability and survival insurance installments, which accounted for Ch\$ 45,028 million, during the first half of 2014. In quarterly terms, total direct premiums grew 49.8% QoQ, explained primarily by increased revenue from annuities driven by regulatory changes to reserve requirements, which reduced the book basis loss that must be recorded when a sale is made. Total direct premiums from annuities increased from Ch\$13,136 million for the six months ended June 2014 to Ch\$28,586 million for the same period in 2015. The company also reported an increase in total direct premiums from life insurance products that include savings components, which explains a large part of the 41.0% QoQ growth in individual policies.

In Ch\$ million	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
				QoQ	YoY			
Direct premium - Vida Security	65,263	43,557	74,514	49.8%	-12.4%	108,820	128,595	-15.4%
Individual	21,092	14,955	21,658	41.0%	-2.6%	36,047	32,182	12.0%
Retirement	28,974	14,685	38,032	97.3%	-23.8%	43,659	70,418	-38.0%
Group	13,623	11,755	12,802	15.9%	6.4%	25,378	22,722	11.7%
Mass	1,573	2,163	2,021	-27.3%	-22.2%	3,736	3,273	14.2%
Claims and pensions paid	56,632	39,577	62,052	43.1%	-36.2%	96,209	104,241	-7.7%
Investment income	29,399	28,864	28,654	1.9%	0.7%	58,263	46,181	26.2%
Profit - Vida Security	10,633	6,386	8,084	66.5%	31.5%	17,019	15,473	10.0%
Loss ratio (1)	86.0%	89.7%	81.7%	-3.70 p	4.30 p	87.5%	79.6%	7.93 p
Net retained loss ratio (2)	87.6%	92.9%	85.1%	-5.35 p	2.45 p	89.7%	82.9%	6.86 p
Administrative Expenses ratio (3)	12.4%	17.6%	9.9%	-5.26 p	2.50 p	14.5%	9.9%	4.62 p
Profit (4)	16.3%	14.7%	10.8%	1.63 p	5.44 p	15.6%	12.0%	3.61 p

(1) (Claims paid-claims ceded) / direct premium

(2) Claims paid / retained premium

(3) Administrative expenses / direct premium

(4) Profit / direct premium

Investment Income - Vida Security

The growth in returns on the company's investment portfolio for the six months ended June 2015 can be explained by a strong performance by fixed-income instruments and some exceptional gains on several investments.

In Ch\$ million	jun-15	jun-14	YoY	
			%	Change
Fixed income	34,826	24,027	45%	10,799
Other investments	6,303	1,340	371%	4,963
Real estate	6,891	10,626	-35%	-3,735
Variable income and indexes	10,243	10,188	1%	55
Investment income	58,263	46,181	26.2%	12,082

In Ch\$ million	jun-15	mar-15	jun-14	% Chg		% of stock Jun-15
				QoQ	YoY	
Fixed income	1,464,135	1,435,080	1,287,138	2.0%	13.8%	71.2%
Variable income and indexes	16,038	15,656	187,267	2.4%	-91.4%	0.8%
Real estate	243,698	243,185	236,071	0.2%	3.2%	11.8%
Other investments	332,722	308,133	208,926	8.0%	59.3%	16.2%
Investments	2,056,592	2,002,055	1,919,401	2.7%	7.1%	

ASSET MANAGEMENT BUSINESS AREA (2.2% of assets; 10.5% of profit as of June 2015)

The asset management business area includes Administradora General de Fondos Security S.A.; Valores Security Corredores de Bolsa and Asesorías Security. It also includes Securitizadora Security, which manages securitized assets and their respective special purpose vehicles (SPVs). Following the mid-2013 merger of Security and Cruz del Sur, Security attained the necessary business scale to become an efficient third-party asset manager. This business area complements the product range offered by the rest of the Group's companies, providing services tailored to the needs of each segment served by Security, including mass affluent customers, companies, high-net worth individuals and institutional investors. 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\$ million</i>	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
				QoQ	YoY			
Assets under management (AUM)	2,966,965	2,957,902	2,719,521	0.3%	9.1%			
Equities - traded volume	387,590	305,436	408,655	26.9%	-5.2%	693,026	821,523	-15.6%
<i>Market share - equities brokerage</i>	4.0%	3.5%	4.5%	0.51 p	-0.48 p	3.8%	4.0%	-0.21 p
Operating income	7,912	7,654	6,858	3.4%	15.4%	15,566	13,295	17.1%
Non-operating Income	2,695	1,388	1,122	94.2%	140.3%	4,083	2,581	58.2%
Efficiency ratio	75.7%	80.0%	90.2%	-4.33 p	-14.53 p	77.8%	93.3%	-15.46 p
Profit for the period								
Fund management	2,205	2,047	1,254	7.7%	75.8%	4,251	2,459	72.9%
Equity, currency and fixed income brokerage*	1,849	8	633	-	192.1%	1,857	967	92.0%
Advisory, portfolio management and international business	-68	141	-19	-	-	73	-69	-
Securitization and SPVs management	-74	-89	-67	-	-	-163	-156	4.8%
Profit - Asset Management	3,911	2,107	1,801	85.6%	117.2%	6,018	3,201	88.0%

* 1Q15 includes loss of Ch\$ 41 million from CdB Cruz del Sur and profit of Ch\$ 50 million from Valores Security, merged in March 2015.

During the first half of 2015, the asset management business area reported profit attributable to the owners of Ch\$ 6,018 million, up 88.0% from the Ch\$ 3,201 million recorded for the same period in 2014. In quarterly terms, profit was 85.6% higher than the first quarter of the year, totaling Ch\$ 3,911 million for 2Q15. These improved results were driven by positive performances by mutual funds, investment funds and international products and an extraordinary gain on the sale of a share of the Santiago Stock Exchange following the merger of the Security and Cruz del Sur brokerage subsidiaries.

Assets under management as of June 2015 totaled Ch\$ 2,719,521 million, 9.1% higher than June 2014 and similar to March 2015. The Group's market share in mutual funds totaled 6.04%, conserving its fourth place standing in the market. AUM in mutual funds fell from December 2014, explained by the transfer of Ch\$ 38,671 million to an investment fund. Market share excluding this transfer would have been 6.17%. The area reported traded equity volumes of Ch\$ 693,026 million, with market share of 3.8%.

Operating income for the six months ended June 2015 was Ch\$ 15,666 million, up 17.1% YoY, and for the quarter was Ch\$ 7,912 million, up 3.4% QoQ. In large part, this is a reflection of the greater volume of mutual funds managed, up 8.7% YoY. Non-operating income for the six months ended June 2015 was Ch\$ 4,083 million, up 58.2% YoY, and for the quarter was Ch\$ 2,695 million, up 94.2% QoQ. This income comes from returns on proprietary trading by the brokerage subsidiary and the sale of a share of the Santiago Stock Exchange following the merger of the Security and Cruz del Sur brokerage subsidiaries.

The efficiency ratio, measured as direct and indirect expenses over operating income, was 77.8% for the first half of 2015. This decrease of 15.46 b.p. YoY reflects a significant improvement in this ratio. These positive expense figures can be explained by synergies and the improved commercial performance explained above.

OTHER SERVICES BUSINESS AREA (1.2% of assets; 10.8% of profit as of June 2015)

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

REAL ESTATE: INMOBILIARIA SECURITY

Inmobiliaria Security posted profit of Ch\$ 3,128 million for the six months ended June 2015, which is well above the loss of Ch\$ 302 million recorded for the same period in 2014 and reflects an increase of 1.8% QoQ. This is explained mainly by the recognition of revenue from projects sold in recent years. Under IFRS, revenue is recognized once legal title to the property has been transferred, thus creating a lag between the sale and revenue recognition. During the first six months of 2015, Inmobiliaria Security recorded apartment sales of UF 364 thousand, a decrease of 39.8% YoY and an increase of 117.6% QoQ. These sales reflect a smaller number of units sold but a higher margin.

The subsidiary had total real estate assets under management of Ch\$ 34,475 million, down 36.5% YoY and 23.1% QoQ, mainly due to transfers of legal title and sales of projects.

<i>In Ch\$ million</i>	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
				QoQ	YoY			
Assets under management	34,475	44,843	54,289	-23.1%	-36.5%			
Total revenue	1,924	1,872	2,538	2.8%	-24.2%	3,796	2,994	26.8%
Total expenses	-371	-288	-3,033	28.9%	-87.8%	-659	-3,342	-80.3%
Profit before taxes	1,553	1,584	-495	-1.9%	-	3,137	-348	-
Profit for the period	1,578	1,550	-443	1.8%	-	3,128	-302	-

In mid-2011, the subsidiary developed a medium- and long-term strategic plan to boost annual sales to around UF 1,200,000, profit to around Ch\$ 2,000 million and return on equity to approximately 15%.

The plan involved increasing ROE from 3% forecasted for 2012 to 17% in 2015. It was to be achieved by, a capital increase of Ch\$ 8,500 million, increasing sales, containing costs and annual investments of around UF 300,000 to develop new projects

<i>In Ch\$ million</i>	2014	2013	2012	2011	CAGR 2011-2014
Assets under management	47,666	54,289	21,083	13,677	52%
Sales (units)	155	154	124	115	10%
Sales (ThUF)	964	954	745	467	27%
Profit for the period	4,008	548	2,237	431	110%

The plan has resulted in sustained growth from profit of Ch\$ 431 million for the year 2011 to close to Ch\$ 4,000 million estimated for 2015, with compound annual growth of 89.4% in the last four years.

CORPORATE TRAVEL AGENCY: TRAVEL SECURITY

Travel Security recorded sales of US\$ 132 million for the six months ended June 2015, a decrease of 4.1% YoY and an increase of 21.3% QoQ. The subsidiary posted profit of Ch\$ 2,030 million, up 6.8% compared to the first half of 2015 and 33.1% higher than 1Q15. This increase is attributable to the increase in commissions paid by airlines. Travex Security, the third largest travel agency in Peru, which was acquired by Travel Security in July 2012, recorded sales of US\$35 million for the first half of 2015, an increase of 23.0% from the US\$ 28 million recorded for the same period the previous year and an increase of 2.6% QoQ.

	2Q15	1Q15	2Q14	% Chg		6M15	6M14	% Chg
				QoQ	YoY			
Total sales - Travel (MUS\$)	73	60	74	21.3%	-2.2%	132	138	-4.1%
Total sales - Travex (MUS\$)	18	17	12	2.6%	41.6%	35	28	23.0%
Net operating income - Travel (MCh\$)	1,509	1,181	1,386	27.7%	8.8%	2,690	2,401	12.0%
Profit - Travel (MCh\$)	1,159	871	1,088	33.1%	6.5%	2,030	1,901	6.8%

RISK RATINGS

	Grupo Security	Banco Security	Vida Security	Factoring Security
Feller-Rate (local)				A+
FitchRatings (local)	A+	AA-	AA-	
ICR (local)	A+	AA-	AA	A+
Standard & Poor's (international)		BBB-/A-3		

BONDS ISSUED BY GROUP SECURITY

Series	Registration Number	Registration Date	Currency	Amount	Annual Interest Rate	Duration (Years)	Maturity
F	620	15-09-09	UF	1,250,000	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

RECENT EVENTS

RETURNS AND DIVIDENDS

On April 20, 2015, Grupo Security shareholders approved a dividend payment of Ch\$6.75 per share charged to profit for the year 2014. This dividend and the interim dividend distributed in October 2014 total Ch\$10.25 per share, equivalent to Ch\$33,134 million, or 54% of profit for the year 2014. Grupo Security reported a dividend yield⁵ of 5.14% for 2014.

On April 30, 2015, Banco Security distributed Ch\$ 16,766 million in dividends, equivalent to 30% of profit for the year 2014. On April 30, 2015, Factoring Security distributed Ch\$ 5,211 million in dividends (70% of profit for the year 2014). On the same date, the insurance business area distributed Ch\$ 10,500 million in dividends to Grupo Security (35% of profit for the year 2014).

For the first half of 2015, Grupo Security's stock reported a return of -5.3%, trailing the returns for the IPSA (+1.2%) and the banking sector index (+6.8%).

CAPITAL INCREASES AND DEBT ISSUANCES

On July 24, 2015, the subscription period for options issued as part of the 2013 capital increase ended. A total of 376,104,987 shares were issued (99.6% of shares authorized for placement), thus increasing capital by Ch\$ 71,460 million. The 1,636,408 shares remaining can be placed by the Company's board before July 2016. As of July 31, Grupo Security had a total of 3,258,363,592 shares.

On December 18, 2014, Grupo Security successfully placed the L3 30-year non-convertible bond (symbol BSECU-L3) for a total of UF 3,000,000. The interest rate for this placement was UF 3.80% per annum. The funds were used to prepay the B2, C2, D and E series bonds and to finance the Group's investment plans. After this transaction, the Group's debt had a lower average interest rate of 4.02% (versus 4.25%) and its duration increased from 10.18 to 13.49 years.

MERGERS AND ACQUISITIONS

On March 18, 2015, Grupo Security reported that it had signed an agreement with Grupo ACP to enter the Peruvian life insurance market through the acquisition of 61% of Protecta Compañía de Seguros by its subsidiary Vida Security. This is the tenth acquisition in the Group's history and its second in Peru, following its 2012 purchase of the Peruvian travel agency Travex, the fourth largest of its kind in Peru, now called Travex Security. Protecta Compañía de Seguros, founded in 2007 by Grupo ACP, is engaged in the annuity business. In 2014, it had 2.8% market share based on net premiums and 3.0% based on insurance premiums in the Peruvian private pension system. Currently, it is the seventh largest company by investment portfolio with US\$ 128 million and an annuity portfolio with reserves of US\$ 112 million. It has 121 associates in 13 offices, four of which are located in Lima.

On August 13, 2015, the Peruvian Superintendency of Banks, Insurance and AFP (SBS) authorized the purchase of 61% of Protecta Compañía de Seguros by Grupo Security through its subsidiary Vida Security. This approval is a major step in the process to acquire the Peruvian insurance company.

⁵ Calculated as the sum of dividends per share, divided by the share price when each dividend was distributed for the corresponding year.

On July 13, 2015, Grupo Security reported that it had signed an agreement to sell its minority holding (29.55%) in Penta Security at a price of Ch\$ 31,028 million. The transaction is part of the sale by Empresas Penta--the majority shareholder of Penta Security--to Liberty International Holdings Inc., for a total price of Ch\$ 105 billion. The agreement is subject to certain customary conditions for this type of transaction and the sale will take place once it has been authorized by the SVS and once a Takeover Bid (TOB) has been launched and completed. This TOB will be directed to all shareholders of Penta Security for all of the shares issued, subscribed and paid at the same price per share for all shareholders. This sale will result in an extraordinary, pre-tax gain of Ch\$ 18,986 million for Grupo Security.

In addition, an agreement was reached during the first week of July with Banco Penta to buy its asset management subsidiaries, Penta Administradora General de Fondos S.A. and Penta Corredores de Bolsa S.A. for up to Ch\$ 19,500 million, equivalent to adjusted net equity of up to Ch\$ 15,000 million and goodwill of Ch\$ 4,500 million.

Regarding the Cruz del Sur companies, acquired in mid-2013, the mergers have been successfully completed. Seguros de Vida Cruz del Sur and Vida Security merged on March 31, 2014, generating annual synergies of Ch\$ 7,118 million. The merger of Cruz del Sur AGF and AGF Security was completed on December 18, 2014, while the brokerage subsidiaries Valores Security and Cruz del Sur Corredora de Bolsa merged on March 17, 2015. These mergers resulted in annual synergies of Ch\$ 5,195 million. The total savings attained in the mergers exceed initial estimates for the deal: Ch\$ 4,794 million for life insurance business and Ch\$ 2,723 million for asset management business. In order to compare the price paid for the Cruz del Sur companies (UF 6,273,407, equivalent to US\$ 300 million at that time⁶) in present-value terms, annual synergies were initially estimated at US\$ 15.8 million, equivalent to a present value of US\$ 144 million, while the annual synergies actually attained were US\$ 25.9 million, which represents US\$ 236 million. On May 5, 2015, Valores Security sold one share in the Santiago Stock Exchange to Bovespa for Ch\$ 2,200 million.

2Q15 EARNINGS CONFERENCE CALL

Grupo Security's second quarter earnings report will be presented in a conference call led by Mr. Renato Peñafiel, the company's CEO, on Wednesday, August 19, 2015. 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.

⁶ The 2012 year-end exchange rate of Ch\$/US\$ 475.02 and a discount rate of 11% in dollars were used in these calculations.

APPENDICES

1. Financial Statements and Indicators - Assets

ASSETS	June 30, 2014	June 30, 2015
In Ch\$ million		
Current assets		
Cash and cash equivalents	346,227	443,651
Other financial assets, current	2,440,677	2,534,877
Other non-financial assets, current	20,089	22,754
Trade and other receivables, current	3,708,627	4,176,782
Accounts receivable from related companies, current	57,698	55,779
Inventories	54,274	34,460
Biological assets, current	0	0
Current tax assets	8,084	11,066
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners	6,635,677	7,279,368
Non-current assets or disposal groups classified as held for sale or held for distribution to owners	1,548	2,278
Total non-current assets classified as held for sale or held for distribution to owners	1,548	2,278
Total current assets	6,637,225	7,281,646
Non-current assets		
Other non-financial assets, non-current	28,013	74,269
Equity-accounted investments	12,611	12,581
Intangible assets other than goodwill	51,915	57,739
Goodwill	113,017	114,665
Property, plant and equipment	33,615	84,226
Investment property	138,559	108,899
Deferred tax assets	72,719	115,092
Total non-current assets	450,449	567,472
Total assets	7,087,674	7,849,118

2. Financial Statements and Indicators - Liabilities and Equity

LIABILITIES AND EQUITY	June 30, 2014	June 30, 2015
In Ch\$ million		
Other financial liabilities, current	4,116,318	4,602,361
Trade and other payables	1,831,110	1,944,506
Other short-term provisions	77,213	90,438
Current tax liabilities	13,553	13,871
Employee benefits provision, current	5,172	5,866
Other non-financial liabilities, current	85,809	112,995
Total current liabilities other than liabilities included in disposal groups classified as held for sale or held for distribution to owners	6,130,379	6,770,037
Liabilities held for sale	0	0
Total current liabilities	6,130,379	6,770,037
Non-current liabilities		
Other financial liabilities, non-current	354,088	377,810
Deferred tax liabilities	42,476	76,667
Total non-current liabilities	438,960	527,008
Total liabilities	6,569,339	7,297,045
Equity		
Issued capital	296,781	299,516
Retained earnings	199,929	235,146
Share premium	33,219	33,219
Other reserves	(19,710)	(25,065)
Equity attributable to owners of the controller	510,218	542,816
Non-controlling interests	8,117	9,257
Total equity	518,335	552,073
Total liabilities and equity	7,087,674	7,849,118

3. Financial Statements and Indicators - Assets

Consolidated Income Statement (MCh\$)	jun-14	jun-15
Revenue	429,234	409,523
Cost of sales	(289,979)	(262,040)
Gross profit	139,255	147,483
Other income, by function	1,170	1,529
Administrative expenses	-79,196	-87,597
Other expenses, by function	(6,123)	(4,441)
Other gains (losses)	691	3,808
Finance income	-	-
Finance costs	(4,237)	(6,757)
Share of profit (loss) of associates and joint ventures, equity-accounted	2,051	293
Exchange differences	2,035	4,498
Gain (loss) from indexation adjustments	-6,033	-4,868
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	(1,631)	4,131
Profit before taxes	47,983	58,078
Income tax expense	(10,093)	(12,136)
Profit (loss)	37,890	45,942
Profit (loss) attributable to		
Profit (loss) attributable to owners of the controller	37,121	44,525
Profit (loss) attributable to non-controlling interests	769	1,417
Profit (loss)	37,890	45,942

4. Grupo Security Breakdown by Business Area – First Half 2015 and 2014

Segment Note - Grupo Security <i>In Ch\$ million</i>	Lending and Treasury		Asset Management		Insurance		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15
Revenue	210,969	180,053	22,073	20,096	178,875	172,303	20,301	37,046	-2,983	26	429,234	409,523
Cost of sales	-126,366	-101,165	-8,393	-4,864	-142,682	-132,333	-10,956	-21,661	-1,583	-2,017	-289,979	-262,040
Gross profit	84,604	78,888	13,679	15,232	36,193	39,970	9,345	15,385	-4,566	-1,991	139,255	147,483
Other income, by function	19	12	157	213	110	497	225	198	660	610	1,170	1,529
Administrative expenses	-42,967	-46,846	-8,980	-8,474	-16,101	-19,891	-6,969	-7,798	-4,179	-4,588	-79,196	-87,597
Other expenses, by function	-3,277	-2,847	-849	-719	118	-94	-128	-106	-1,987	-676	-6,123	-4,441
Other gains (losses)	0	0	1	334	273	2,786	329	311	88	377	691	3,808
Finance income	0	0	0	0	40	9	0	0	-40	-9	0	0
Finance costs	0	0	-95	0	-26	-180	-662	-764	-3,454	-5,814	-4,237	-6,757
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	77	0	2,032	335	0	-4	-57	-37	2,051	293
Exchange differences	3,285	3,360	-399	227	-854	659	22	423	-18	-172	2,035	4,498
Gain (loss) from indexation adjustments	32	7	12	6	-1,295	-2,504	74	-7	-4,855	-2,371	-6,033	-4,868
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	-1,387	3,609	-244	522	0	0	0	0	0	0	-1,631	4,131
Profit before taxes	40,308	36,183	3,359	7,341	20,488	21,588	2,235	7,638	-18,407	-14,671	47,983	58,078
Income tax expense	-7,088	-6,613	-152	-1,311	-2,983	-3,956	-434	-1,881	563	1,625	-10,093	-12,136
Profit (loss) from continuing operations	33,220	29,570	3,208	6,030	17,506	17,631	1,801	5,757	-17,845	-13,047	37,890	45,942
Profit (loss) attributable to												
Profit (loss) attributable to owners of the controller	33,220	29,570	3,201	6,018	17,281	17,173	1,278	4,813	-17,845	-13,047	37,121	44,525
Profit (loss) attributable to non-controlling interests	0	0	7	13	225	458	523	945	14	2	769	1,417
Profit (loss) for the year	33,220	29,570	3,208	6,030	17,506	17,631	1,801	5,757	-17,845	-13,047	37,890	45,942

5. Grupo Security Breakdown by Business Area – Second Quarter 2015 and 2014

Segment Note - Grupo Security <i>In Ch\$ million</i>	Lending and Treasury		Asset Management		Insurance		Other Services		Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	2Q-14	2Q-15	2Q-14	2Q-15	2Q-14	2Q-15	2Q-14	2Q-15	2Q-14	2Q-15	2Q-14	2Q-15
Revenue	111,922	105,225	11,623	11,620	105,423	97,751	9,508	22,821	-2,002	-634	236,474	236,783
Cost of sales	-64,662	-62,110	-4,322	-2,923	-85,275	-74,937	-5,100	-14,408	-841	-1,086	-160,199	-155,464
Gross margin	47,260	43,115	7,301	8,697	20,148	22,814	4,408	8,412	-2,843	-1,720	76,275	81,319
Other income, by function	18	7	124	207	-52	265	144	55	351	359	584	893
Administrative expenses	-21,099	-22,986	-4,595	-4,173	-8,730	-10,111	-3,566	-4,084	-2,172	-2,280	-40,162	-43,634
Other expenses, by function	-1,966	-1,269	-407	-484	169	-43	-62	-54	-1,986	-661	-4,252	-2,511
Other gains (losses)	0	0	5	0	221	2,679	212	197	32	127	470	3,003
Finance income	0	0	0	0	27	9	0	0	-27	-9	0	0
Finance costs	0	0	-43	0	-10	-92	-350	-400	-1,284	-2,934	-1,687	-3,426
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	77	41	762	118	0	-3	-56	-35	783	122
Exchange differences	104	2,419	-182	74	794	62	93	196	-14	-172	794	2,578
Gain (loss) from indexation adjustments	19	7	7	6	-2,808	-2,228	-56	-86	-2,840	-2,411	-5,677	-4,711
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	-345	-95	-524	-150	0	0	0	0	0	0	-870	-246
Profit before taxes	23,990	21,198	1,763	4,218	10,521	13,472	823	4,234	-10,839	-9,736	26,258	33,387
Income tax expense	-4,199	-3,655	41	-302	-1,651	-2,520	-148	-928	353	1,229	-5,603	-6,175
Profit (loss) from continuing operations	19,791	17,544	1,805	3,917	8,870	10,953	674	3,306	-10,486	-8,506	20,655	27,213
Profit (loss) attributable to												
Profit (loss) attributable to owners of the controller	19,791	17,544	1,801	3,911	8,809	10,722	463	2,540	-10,486	-8,506	20,319	26,210
Profit (loss) attributable to non-controlling interests	0	0	4	6	61	230	212	766	59	0	336	1,003
Profit (loss) for the year	19,791	17,544	1,805	3,917	8,870	10,953	674	3,306	-10,441	-8,508	20,655	27,213

6. Banco Security Breakdown by Business Area – First Half 2015 and 2014

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15	jun-14	jun-15
<i>In Ch\$ million</i>														
Net interest margin	28,738	31,333	20,563	24,618	9,057	9,866	-938	-710	57,420	65,107	-1,553	-1,053	55,866	64,054
-% 6m 14		9.0%		19.7%		8.9%		-24.3%		13.4%		-32.2%		14.7%
Net fees	6,937	7,631	6,754	7,894	-212	-384	-428	-38	13,049	15,103	4,650	8,120	17,699	23,223
-% 6m 14		10.0%		16.9%		80.9%		-91.0%		15.7%		74.6%		31.2%
Net FX transactions and other income	4,660	5,269	771	294	11,758	8,464	-2,804	-3,066	14,385	10,961	4,998	6,257	19,382	17,218
-% 6m 14		13.1%		-61.8%		-28.0%		9.3%		-23.8%		25.2%		-11.2%
Loan losses and foreclosed assets	-6,065	-10,033	-4,820	-6,997	4	-26	-200	-436	-11,081	-17,491	-	400	-11,082	-17,091
-% 6m 14		65.4%		45.2%		-681.7%		117.4%		57.8%		-		54.2%
Total operating income, net of credit risk provisions	34,269	34,201	23,268	25,809	20,608	17,920	-4,370	-4,250	73,774	73,680	8,095	13,724	81,868	87,404
-% 6m 14		-0.2%		10.9%		-13.0%		-2.8%		-0.1%		69.5%		6.8%
Operating expenses	-14,737	-16,138	-20,528	-21,987	-4,881	-5,718	2,295	2,136	-37,851	-41,707	-4,451	-6,378	-42,302	-48,085
-% 6m 14		9.5%		7.1%		17.2%		-6.9%		10.2%		43.3%		13.7%
Net operating income	19,532	18,062	2,740	3,822	15,727	12,202	-2,076	-2,114	35,923	31,973	3,644	7,346	39,567	39,319
-% 6m 14		-7.5%		39.5%		-22.4%		1.8%		-11.0%		101.6%		-0.6%
Profit attributable to owners of the bank	16,136	14,661	2,264	3,103	12,993	9,904	-1,699	-1,711	29,693	25,957	3,439	6,119	33,138	32,076
-% 6m 14		-9.1%		37.1%		-23.8%		0.7%		-12.6%		77.9%		-3.2%

7. Banco Security Breakdown by Business Area – Second Quarter 2015 and 2014

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	1Q-15	2Q-15	1Q-15	2Q-15	1Q-15	2Q-15	1Q-15	2Q-15	1Q-15	2Q-15	1Q-15	2Q-15	1Q-15	2Q-15
<i>In Ch\$ million</i>														
Net interest margin	15,340	15,993	12,535	12,083	4,031	5,836	-324	-386	31,582	33,525	-536	-517	31,046	33,008
-% 1Q15		4.3%		-3.6%		44.8%		19.2%		6.2%		-3.5%		6.3%
Net fees	3,711	3,920	3,648	4,246	-167	-217	-73	35	7,119	7,984	4,121	3,999	11,240	11,983
-% 1Q15		5.6%		16.4%		29.5%		-147.4%		12.2%		-3.0%		6.6%
Net FX transactions and other income	1,663	3,606	125	169	4,063	4,401	-1,297	-1,769	4,553	6,407	2,563	3,694	7,116	10,101
-% 1Q15		116.9%		35.6%		8.3%		36.4%		40.7%		44.1%		41.9%
Loan losses and foreclosed assets	-5,262	-4,771	-3,566	-3,431	21	-47	-405	-31	-9,211	-8,279	130	270	-9,081	-8,009
-% 1Q15		-9.3%		-3.8%		-		-92.3%		-10.1%		107.7%		-11.8%
Total operating income, net of credit risk provisions	15,453	18,748	12,742	13,067	7,947	9,973	-2,099	-2,151	34,043	39,637	6,278	7,446	40,321	47,083
-% 1Q15		21.3%		2.6%		25.5%		2.5%		16.4%		18.6%		16.8%
Operating expenses	-8,269	-7,869	-10,781	-11,206	-3,206	-2,512	900	1,237	-21,356	-20,351	-3,151	-3,227	-24,507	-23,578
-% 6m 14		-4.8%		3.9%		-21.6%		37.5%		-4.7%		2.4%		-3.8%
Net operating income	7,184	10,879	1,961	1,861	4,741	7,461	-1,199	-914	12,687	19,286	3,127	4,219	15,814	23,505
-% 1Q15		51.4%		-5.1%		57.4%		-23.7%		52.0%		34.9%		48.6%
Profit attributable to owners of the bank	5,785	8,877	1,579	1,523	3,818	6,086	-965	-746	10,217	15,740	2,093	4,026	12,310	19,766
-% 1Q15		53.5%		-3.5%		59.4%		-22.6%		54.1%		92.4%		60.6%

8. Financial and Business Indicators

Key Financial Indicators	jun-14	sep-14	dic-14	mar-15	jun-15
Financial Expense Coverage (times)	12,33 x	8,50 x	8,14 x	8,41 x	9,59 x
Debt / Equity (1)	0,34	0,35	0,36	0,37	0,35
Number of Shares (in millions)	3.229	3.229	3.232	3.231	3.243
Earnings per Share (Ch\$)	19,04	19,81	18,88	19,35	21,17
Return on Equity (2)	12,9%	12,9%	12,3%	12,2%	13,0%

(1) Unconsolidated debt ratio: defined as the ratio of Grupo Security's unconsolidated debt to equity, based on Note 31 of the Group's financial statements.

(2) Ratio of profit attributable to owners of the controller to equity attributable to owners of the controller, annualized.

Cross Selling Ratio: Commercial Customers	jun-14			jun-15		
	Total Customers	Customers with Cross Sales	Cross Selling Ratio	Total Customers	Customers with Cross Sales	Cross Selling Ratio
Bank - Banco Security	7,833	2,871	37%	8,513	3,207	38%
Factoring - Factoring Security	3,244	1,712	53%	3,633	1,993	55%
Insurance - Vida Security	1,171	434	37%	1,291	504	39%
Insurance - Corredora Security	890	351	39%	835	300	36%
Asset Management - Valores Security	1,189	899	76%	1,529	1,125	74%
Asset Management - Fondos Mutuos Security	3,394	2,377	70%	4,444	2,754	62%
Travel -Travel Security	3,364	1,113	33%	3,261	1,101	34%
Total - Grupo	15,479	3,660	24%	17,026	4,065	24%

Cross Selling Ratio: Retail Customers	jun-14			jun-15		
	Total Customers	Customers with Cross Sales	Cross Selling Ratio	Total Customers	Customers with Cross Sales	Cross Selling Ratio
Bank - Banco Security	72,791	20,608	28%	78,433	23,149	30%
Factoring - Factoring Security	245	68	28%	262	90	34%
Insurance - Vida Security	53,786	8,067	15%	59,224	10,168	17%
Insurance - Corredora Security	3,370	1,288	38%	4,615	1,635	35%
Asset Management - Valores Security	5,377	4,391	82%	6,628	5,104	77%
Asset Management - Fondos Mutuos Security	19,510	11,981	61%	42,368	13,559	32%
Travel -Travel Security	7,745	2,858	37%	8,639	3,765	44%
Total - Grupo	136,669	22,738	17%	169,427	26,288	16%

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 subsidiaries Compañía de Seguros de Vida Security Previsión, Corredora de Seguros Security and Europ Assistance operate respectively in the life insurance and annuity, insurance brokerage and travel assistance industries. Valores Security Corredora de Bolsa, Administradora General de Fondos Security, Asesorías 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 (human resources), 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 June 2015, the Chilean banking industry was made up of 24 financial institutions, including 1 state-owned bank (Banco Estado), 19 domestic banks and 4 branches of foreign banks. As of that date, total industry loans reached Ch\$126,685,242 million, excluding investments in Colombia, and Ch\$132,186,315 million including those investments. Equity totaled Ch\$14,765,588 million while profit for the first half of the year 2015 was Ch\$465,850 million excluding investments in Colombia and Ch\$1,104,096 million including Colombia, with annualized return on equity of 15.32%. The industry reported an efficiency ratio of 47.27%, measured as operating expenses over gross operating profit, and 2.32%, measured as operating expenses over total assets. The banking system posted a risk ratio of 2.40%, measured as loan loss provisions to total loans, and 2.06%, measured as 90-day nonperforming loans to total loans. As of June 2015, Banco Security had total loans of Ch\$3,822,690 million, positioning it 10th in total loans in the market with 2.9% of the Chilean market (including investments in Colombia).

Factoring Industry

Factoring has become an important source of alternative financing to complement traditional bank lending for small- and medium-sized companies. Although the factoring industry has performed well in recent years, it experienced a drop in growth last year as a result of a sluggish domestic economy: Total factored receivables for companies belonging to the ACHEF (factoring trade association) as of June 2015 reached Ch\$2,289,101 million, down 7.0% from the same month in 2014. As of June 2015, Factoring Security had total factored receivables of Ch\$236,587 million, equivalent to a market share of 10.3%.

Mutual Fund Industry

As of June 2015, the mutual fund industry reported average assets under management of Ch\$29,653 billion and 2,080,631 participants. Administradora General de Fondos Security boasted average assets under management

of Ch\$1,792,309 million as of June 2015, giving it a market share of 6.0% and a fourth place industry ranking among the 19 fund managers operating in the market.

Stock Brokerage Industry

During the first half of 2015, market activity measured as traded equity volumes fell 10.9% in comparison to the same period in 2014, reaching Ch\$18,451 billion. Traded equity volumes for Valores Security Corredores de Bolsa for the same period totaled Ch\$693 billion with market share of 3.8%. Market share is calculated based on transactions on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange.

Life Insurance Industry

As of March 2015, there were 34 life insurance companies in Chile. Total direct premiums for the industry were Ch\$1,053 billion for the quarter ended March 2015. The life insurance industry posted profit of Ch\$ 91,425 million for the same period. As of March 2015, Vida Security, had market share of 4.1% based on direct premiums.

Grupo Security Corporate Structure

