

SCRIPT FOR GRUPO SECURITY'S EARNINGS CONFERENCE CALL FOR 4Q16

Renato Peñafiel (CEO of Grupo Security)

Thank you and welcome to Grupo Security's earnings presentation for the year ended December 2016. I am joined today by Fernando Salinas, Planning and Development Manager at Grupo Security and Pedro Bralic, Investor Relations Analyst.

Page 2 of the presentation:

I would like to start with a brief review of current macroeconomic conditions. The year 2016 was yet another period of economic weakness. Investment fell for the third straight year—without any external crises—something that had not occurred since the early 70s. GDP grew only 1.6% and average unemployment rose to 6.5%. The financial industry felt the effect of the slowdown. Loans, which had been growing at double-digit figures, expanded a mere 5.5% in 2016.

Economists debated whether this slowdown was for internal reasons or had more to do with international conditions. The reforms implemented by the current government clearly had a very negative effect on private-sector expectations and investment. The external environment improved throughout 2016. By the end of the year, global economic growth was practically twice that of Chile, so the situation could have been much worse. Copper prices began the year at US\$ 2 and ended at US\$ 2.6. U.S. monetary policy began to normalize very gradually and China stabilized GDP growth through policies implemented by authorities.

In this context, terms of trade stopped falling, interest rates remained low and there was a greater risk appetite worldwide, which directed capital flows towards emerging countries.

This led to a depreciating US dollar on a global level, mainly against emerging currencies, including the Chilean peso, which appreciated from CH\$730 to CH\$665 and impacted domestic inflation. Given the above, although the Chilean Central Bank did not change the MPR throughout the year, it did shift from a restrictive bias to a neutral bias and then to an expansionary bias.

We see a similar outlook for 2017. GDP should grow around 2%, and consensus does not stray far from that. Unemployment will continue to rise and loans will continue to grow very slowly, around 3% real. Inflation should stay within the target range, closer to the floor than the ceiling, which leaves space for greater monetary stimulus from the Chilean Central Bank.

In terms of external conditions, the world economy should maintain its pace of growth, which is already close to its potential. Commodity prices ended the first quarter on the rise and global markets continued to exhibit an appetite for risk. In this context, we foresee certain stability in raw materials prices as well as exchange rates.

Page 3 of the presentation:

Grupo Security posted a profit of CH\$ 74,522 million as of December 2016, up 14.8% over last year. Despite the economic slowdown, which impacted asset growth and profitability in the industries where we do business, the Group performed well commercially and its portfolios behaved well from a risk standpoint. This is reflected in business area profit of CH\$ 102,133 million for the year ended December 2016, which is 10.8% greater than 2015.

These earnings figures include both an extraordinary before-tax gain of CH\$ 18,979 million on the sale of our minority interest in Penta-Security and the write-off of CH\$ 21,100 million in intangible assets by the Bank. These two effects practically offset each other, which means that profit for the year 2016 provides a good basis for projections for 2017.

Regarding the Bank's decision to write off intangible assets, in October we began operating a new core IT system that replaces a large part of the Bank's base operational programs. As a result, we fully reviewed all intangible assets and decided to record impairment of CH\$ 21,100 million, writing off assets that were obsolete or were going to be replaced soon. This new system will help support the Bank's future growth, enabling it to process more information, providing flexibility to develop new products and improving operational security.

In January 2017, we completed a bond exchange process, exchanging 95% of Grupo Security's F bond issuance for the M bond. This transaction, one of the first of its kind in Chile, was designed to improve the amortization schedule and extend the duration of our debt.

Page 4 of the presentation:

Business area profit totaled CH\$ 102,133 million for the year ended December 2016. Our business areas are Lending, Insurance, Asset Management and Other Services.

The Lending Area, which includes Factoring Security and Banco Security (standalone), excluding its asset management subsidiaries, posted profit of CH\$ 49,726 million, up 13.1% over 2015. This figure reflects strong earnings from the Bank, driven by low risk expenses in the Commercial Banking Division that more than offset the CH\$ 21,100 million in impairment mentioned above. It is important to recall that we changed the way we provisioned for risks in the second half of 2015, which resulted in above-normal provisions and created a high basis for comparison for risk expenses in 2015.

Factoring Security also performed well, posting profit of CH\$ 7,002 million, up 4.3% over the last year. Factored receivables expanded 2.6% and risk decreased by 4 basis points despite the sluggish economy.

The Insurance Area reported profit of CH\$ 37,906 million as of year-end 2016, up 35.9% from last year. This includes two effects: The extraordinary after-tax gain of CH\$ 14,937 million on the sale of our interest in Penta-Security. Vida Security's earnings figures. Despite a 20.8% fall in profit, this subsidiary showed strong commercial growth with a 43.9% increase in direct premiums due to the new SIS contract taking effect and increased sales of individual insurance. In addition, investment income rose 10.9%, thanks to favorable interest rates last year.

The Asset Management Area consists mainly of AGF Security and Valores Security, both subsidiaries of the Bank. During the year 2016, the area posted profit of CH\$ 7,199 million, which is below its 2015 results. This can be explained by greater expenses from the merger with Banco Penta's asset management business. The year 2016 includes CH\$ 1,360 million in one-time expenses, mainly because of the merger, and does not include the sale of one share of the Santiago Stock Exchange for CH\$ 2,200 million recorded in 2015.

The Other Services Area consists of the travel subsidiary (Travel Security) and the real estate subsidiary (Inmobiliaria Security). Travel Security reported profit of CH\$ 4,220 million, up 5.4% over last year. Even though the subsidiary's activity has been impacted by reduced economic growth, it negotiated better conditions with airlines. Inmobiliaria Security showed important growth during the quarter despite a 28.3% drop in profit, which totaled CH\$3,800 million for the year, due to a delay in obtaining municipal authorization for its projects, which in turn delayed revenue recognition.

Page 5 of the presentation:

This slide provides a long-term vision of the companies' profits. The Bank's standalone profit is one of the highest figures in the subsidiary's history, surpassed only by 2014, when the Treasury Division enjoyed extraordinary economic conditions. This year, despite a sluggish economy, we are at one of the highest points ever seen.

In 2015, Valores Security recorded an extraordinary gain of CH\$ 2,200 million on the sale of a share of the Santiago Stock Exchange. Excluding this extraordinary income, profit would have increased. AGF Security, which expanded assets under management thanks to the merger with Penta, posted a lower profit for the year, partly affected by the drop in management fees from mutual funds. Both AGF and Valores had increased expenses due to the merger with Banco Penta's asset management business.

In the Insurance Area one can see the effect of the extraordinary gain on the sale of Penta-Security. Vida Security posted a smaller profit last year due to non-operating items such as exchange differences and losses from indexed assets and liabilities, the elimination of a credit for property taxes and impacts of deferred taxes on income taxes. Despite these effects, we have been expanding the company's scale and efficiency and, therefore, our outlook is positive.

Page 6 of the presentation:

In terms of results by business area, in the Lending Area, Banco Security (standalone) posted profit of CH\$ 42,430 million, up 14.8% over 2015. The Bank had total loans of CH\$ 4,463 billion, reflecting growth of 10%, while the system grew 5.7%, excluding foreign subsidiaries of local banks. It is important to mention the Bank's solid loan growth despite the weak economy.

Banco Security is organized into three business areas: Commercial Banking, Retail Banking and Treasury.

The Commercial Banking Division reported profit of CH\$ 43,160 million for the year 2016, expanding considerably over 2015 mainly because of decreased loan losses. Effectively, risk losses totaled CH\$ 7,708 million in 2016 and CH\$ 33,321 million in 2015. As we already explained, we tightened risk policies for the commercial portfolio during the second half of 2015 and, therefore, expected to see more impairment in 2016. We did not end up seeing as much impairment as we originally expected, making 2015 a high basis for comparison for risk losses.

Profit in the Retail Banking Division dropped to CH\$ 2,939 million, mainly due to increased operating expenses for IT projects and changes in depreciation criteria for intangible assets. In addition, risk expenses rose during the year as a result of a new regulatory model for mortgage loans and changes in provisioning criteria for consumer products.

The Treasury Division posted profit of CH\$ 14,611 million, impacted by a reduced financial margin as a result of a higher cost of funds in 2016 versus 2015, which was only partially offset by strong performances from foreign exchange derivatives and the available-for-sale portfolio.

Lastly, as we said at the beginning of the call, during the year we recorded CH\$ 21,100 million in impairment of intangible assets. This amount was not allocated to any specific area, since it corresponds to the Bank's systems in general.

Page 7 of the presentation:

The Bank's efficiency ratio totaled 59.3% as of year-end 2016, affected by the impairment of intangible assets and increased expenses for IT projects and changes in depreciation and amortization criteria. As we have mentioned in prior presentations, our goal is to be below 50% excluding extraordinary income or expenses. Excluding the effect of the impaired intangible assets, our efficiency ratio would have been 54.1%.

Regarding risk indicators, thanks to adjustments in provisioning policies during the second half of 2015, we managed to improve our NPL coverage from 107% in 2014 to 119% in 2015. In 2016 coverage improved again to 126% thanks to the portfolio's good performance during the year, in addition to systematic efforts in risk monitoring. Along with implementing more conservative criteria, in late 2015 we wrote off several unrecoverable loans, which improved the quality of our portfolio. We believe that these efforts paid off, reflected in these ratios and the low risk expense in 2016.

Regarding our solvency indicators, we have been preparing to implement Basel III for some years now. Along these lines, we have been increasing the Bank's equity with retained earnings and capital increases, with which we have returned dividends distributed. Last year, in practical terms we capitalized 91% of profit for 2015.

Thanks to these efforts, we have been able to gradually adapt to forthcoming regulatory changes and, in our opinion, although some work is still needed, the transition to Basel III will not be a source of risk for the Bank's management.

Page 8 of the presentation:

Banco Security's indicators do not differ significantly from its peers. The Bank's efficiency ratio was 59.3%, which is above the 51.8% posted by peer banks, explained by the impairment recorded on intangible assets. Excluding that effect, our efficiency would be 54.1%, which is below comparable banks. Banco Security's ROE was 11.6%, which falls below its peers, also affected by intangible asset impairment.

The industry slightly outperformed the Bank in terms of gross operating income, due to the scale of the larger banks, but it also shows higher risk levels. ROE for the industry fell from 14.7% to 11.8%, mainly due to the loss for the year posted by Itaú-Corpbanca.

Page 9 of the presentation:

Continuing with the Lending Area, Factoring Security posted profit of CH\$ 7,303 million for the year, up 4.3% from year-end 2015. The factoring industry is closely tied to economic activity, which determines the number of receivables available. Despite the slowdown last year, Factoring managed to expand factored receivables by 2.6%, even though its average spread decreased by 4 basis points to 0.68%. This is explained by a strategy of focusing on larger, less risky companies.

Page 10 of the presentation:

In the Insurance Area, Vida Security recorded profit of CH\$ 21,911 million in 2016, below last year's figure.

During the second half of the year, the fifth contract for Disability and Survivor Insurance (SIS) took effect, of which Vida Security was awarded two fractions for men and two for women. This insurance is contracted directly by the Pension Fund Management Companies (AFPs) on behalf of their members through public bidding processes that take place every two years. A large part of the growth seen in premiums and claims this year can be explained by this contract.

Total direct premiums reached CH\$ 348,517 million for 2016, which represents growth of CH\$ 106,373 over 2015. Of this increase, SIS accounts for 74%. Nearly the full remainder of the rise in premiums is explained by increased sales of individual policies with savings components (CUI and APV), in line with both industry growth and Vida's leadership in these products. Vida Security boasts the third largest market share in individual CUI and APV insurance as of year-end 2016.

Claims paid totaled CH\$ 132,286 million, up 73% over the past year. Once again, a large part of this growth can be explained by SIS claims paid. With SIS, it is important to point out that the line item claims paid includes a reserve equivalent to the present value of the obligation with the insured parties.

The SIS product line reported a negative contribution margin of -CH\$ 4,085 million for the year. While this figure is below expectations, the deviation does not concern us greatly in terms of the total profit for the two-year duration of the contract.

The subsidiary posted investment income of CH\$ 111,218 million, explained mainly by the strong performance of the CUI and APV portfolio.

It is important to recall that both the sale of CUI and APV insurance and the investment income for this portfolio create an obligation with the insured party that is recognized in the fund value reserve. This largely explains the 25.3% increase in technical reserves for the period.

Page 11 of the presentation:

In this slide, we focus in more detail on the insurance company's investments. Investment income totaled CH\$ 111,218 million for the year, explained mainly by the strong performance of the CUI and APV portfolio. This portfolio improved thanks to good interest rate conditions and the recovery of the equity market, which did not perform well in 2015. These effects were partly offset by the absence of an extraordinary gain on the sale of a building recorded in 4Q15, reflected in the line Other investments. During the year, Other investments had a negative balance because of poor performances from foreign currency instruments.

Page 12 of the presentation:

In comparing Vida Security's indicators to its peers and the industry, one must take into account that the awarding of the SIS contract meant discrete increase in premiums, which improves efficiency ratios that make up the combined ratio. Nevertheless when examining a longer series of administrative expenses, such as what we see later in slide 27, the subsidiary shows consistent improvements in efficiency over time.

On the other hand, despite the fact that the subsidiary's return on investments recovered as compared to last year, this recovery was of the same magnitude as the industry's. For more information, slide 29 compares return on investment over time.

Page 13 of the presentation:

In 2016, a law was passed in Peru allowing individuals to withdraw up to 95.5% of their savings when they retire. This change impacted the annuity industry, with retirement premiums falling 48% during the year. Protecta, our life insurance company in Peru, was also affected, but less so than the industry, with retirement premiums falling 20%, thanks to a strategy to increase our commercial efforts to sell more annuities. In fact, our market share in annuities rose from 5.3% as of September 2015 to 10.8% as of February 2017. This drop in the market was more pronounced in the second half of the year and sales levels are already beginning to stabilize.

Page 14 of the presentation:

The Asset Management Area successfully completed the purchase and automatic merger of Banco Penta's asset management business in February 2016. This merger explains the area's 27.4% increase in assets under management, which totaled CH\$ 3,646 million as of year-end.

The area posted profit of CH\$ 7,199 million, down 29.1% from last year, largely because of increased expenses to merge with Banco Penta's asset management subsidiaries. During 2016, the area posted total expenses of CH\$ 31,251 million, up CH\$ 6,085 million over 2015. Of these, approximately CH\$ 1,360 million are one-time expenses, mainly from the merger, and the rest are recurring expenses, basically as a result of the new scale of operations and assets under management.

In addition, during the year we observed a drop in management fees from mutual funds, due to a reduction in management fees on an industry level and a change in the mix of funds managed, with customers shifting towards funds with lower risk, but also with lower management fees.

Lastly, this year we do not have an extraordinary gain like the one recorded last year on the sale of one share of the Santiago Stock Exchange to Bovespa for CH\$ 2,200 million.

Page 15 of the presentation:

In the Other Services Area, Travel Security has performed stably despite the economic slowdown. Given its size, the subsidiary has managed to negotiate better conditions with airlines and to maintain high levels of efficiency. However, as a result of the economic situation in Peru its Peruvian subsidiary Travex Security posted lower profit and also decreased its share of consolidated profit.

The real estate subsidiary's earnings, which were of only CH\$ 6 million for the nine months ended September 2016, reached CH\$ 3,800 million for the year 2016. In this subsidiary, there is a delay between when a property is sold and revenue is recognized since IFRS establishes that revenue can only be recognized once legal title to the property has been transferred. This year there was a delay in obtaining municipal authorization for a project, which in turn delayed the transfer of legal title and recognition of revenue and profit until the end of the year. While the area's result for the year reflects a decrease of 44.7%, it shows an important improvement during the quarter. For 2017, we do not expect to see an increase in profit, in line with the investment cycle for upcoming periods.

Page 16 of the presentation:

I would like to close by examining the Group's main indicators. First, consolidated profit totaled CH\$ 74,522 million—the highest in the Group's history. This impacted earnings per share, which has grown systematically each period to its current level of CH\$ 22.9. ROE is also at its highest level in this series, reaching 13.1%. It is important to highlight the stock price, which closed at CH\$ 226 and peaked at CH\$ 246 towards the end of the year, marking the best market capitalization in the Group's history, in excess of CH\$ 800 billion.

Page 17 of the presentation:

To recap the year, the Bank boasted 10% growth in loans, as opposed to 5.7% for the industry. Mutual funds grew 8.4%, versus 7.1% for the industry. Direct premiums at Vida Security expanded 43.9%, an improvement over the system's 20.7%. In comparing our businesses to the market's performance, and taking into account the weakened economy, we had a solid

commercial performance. The Group's revenue generation remained strong, and portfolio risks were contained, which is why we consider it a good year.

Page 18 of the presentation:

For 2017, we expect these economic conditions of low growth and tight returns on asset to continue. Therefore, our focus is on commercial productivity—increasing revenue per executive, per branch, per customer, etc.—without expanding our sales force or opening new branches. On the other hand, we hope to realize important efficiencies this year in operating expenses at the Bank level, leveraging the newly implemented core IT system, the additional write-offs of intangible assets this year and the depreciation and amortization expenses that should adjust during this year. We also expect to see improvements in efficiency as a result of adjustments to the structure of the Bank's operations and technology areas. Regarding growth, despite a less dynamic economy, in 2017 we hope to see above-industry commercial growth rates for all of our businesses, as we saw in 2016.

Thank you very much for joining our earnings conference call. We are now available to answer questions.