

Grupo Security Results

Grupo Security Reports Profit of CH\$74,708 Million for the Year 2017, +0.2% YoY and +18.9% QoQ.

- On December 21, 2017 Banco Security completed a capital increase of CH\$50,000 million, making progress towards its goal of strengthening its capital base.
- At an extraordinary shareholders' meeting of Vida Security on December 18, 2017, shareholders agreed to increase the company's capital by up to CH\$50,050 million, to be paid in based on business growth. A portion of these resources were obtained from Grupo Security's capital increase in August 2017
- In an extraordinary meeting on October 11, 2017, the Board of Directors of Grupo Security agreed to pay a total dividend of CH\$4.35 per share.
- On August 29, 2017, Standard & Poor's upgraded Banco Security's risk rating from BBB-/A-3 to BBB/A-2, reflecting an improved capital base.
- As approved at an extraordinary shareholders' meeting on April 27, 2017, the preferential subscription period for the Grupo Security capital increase took place from July 25 to August 24. Of the nearly 436,636,408 million shares offered at CH\$220 a share, 97.26% were placed, raising a total of CH\$93,424 million.
- At the annual general meeting on April 27th, shareholders agreed to pay a total dividend of CH\$7.75 per share. Combined with the dividend paid in November 2016, dividends charged to 2016 profit climbed to CH\$12.0 per share, equal to CH\$39,100 million or 52% of profit.
- On March 28, 2017, Fitch Ratings confirmed its ratings for Banco Security, Grupo Security and Factoring Security, and revised its outlook from stable to positive.
- 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 extending the duration of the Group's total debt from 11.3 to 13.1.

Santiago, Chile – March 1, 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, today announced financial results for the fourth quarter of 2017 and the last twelve months as of December 2017.

Grupo Security's CEO, Renato Peñafiel, commented, “Profit for the year 2017 totaled CH\$74,708 million, up 0.2% from the prior year, despite the fact that 2016 included an extraordinary gain on the sale of our interest in Penta-Security. In fact, excluding this effect, profit would have grown 25.4% YoY. The Bank's earnings grew 24.5% with a significant improvement in efficiency, which reached 49.7%. Loans grew 8.3% for the year, outperforming the industry at 4.3%. Protecta, our insurance subsidiary in Peru, was the only Peruvian insurance company to increase annuity sales in 2017, attaining 12.5% market share, which is well above the 5.3% it had when we acquired it in 2015. This is a reflection of strong commercial efforts. Another highlight during the year was Grupo Security's successful capital increase in August 2017 of CH\$93,424 million, or 97.26% of the original issuance, which confirms the trust and backing of our shareholders.”

Grupo Security Indicators <i>In MCH\$</i>	Dec-17	Sep-17	Dec-16	% Chg	
				QoQ	YoY
Banco - Total Loans	4,834,290	4,732,916	4,462,332	2.1%	8.3%
Industry - Total Loans ¹	146,250,331	144,338,460	140,258,239	1.3%	4.3%
Inversiones - AUM Mutual Funds	2,558,301	2,497,739	1,854,062	2.4%	38.0%
Industry - AUM Mutual Funds	35,056,763	36,040,114	31,194,215	-2.7%	12.4%
Vida - Investment Portfolio	2,402,514	2,381,277	2,278,932	0.9%	5.4%
Industry (life insurance) - Investment Portfolio	N/A	37,578,374	35,269,102	-	-
Factoring - Factored Receivables	304,393	265,974	286,846	14.4%	6.1%
Operations					
Total Customers (number)	230,995	226,389	226,943	2.0%	1.8%
Employees (number)	3,887	3,839	3,767	1.3%	3.2%

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

Grupo Security Indicators Statement of Income	4Q17	3Q17	4Q16	% Chg		2017	2016	% Chg
				QoQ	YoY			
Banco - Net Interest Margin	39.991	38.691	34.598	3,4%	15,6%	154.343	135.924	13,6%
Banco - Net Fees	15.567	14.545	13.597	7,0%	14,5%	56.981	53.403	6,7%
Banco - Support Expenses	-29.299	-29.949	-41.273	-2,2%	-29,0%	-123.591	-128.935	-4,1%
Banco - Net Provision Expenses	-11.217	-11.659	-7.874	-3,8%	42,5%	-42.026	-27.777	51,3%
Vida - Gross written premiums	107.507	117.404	112.109	-8,4%	-4,1%	446.838	348.517	28,2%
Vida - Claims Paid	-73.357	-36.988	-35.927	98,3%	104,2%	-181.323	-132.286	37,1%
Vida - Pensions Paid	-19.199	-69.572	-38.960	-72,4%	-50,7%	-183.666	-135.125	35,9%
Vida - Investment Income	23.229	34.480	25.144	-32,6%	-7,6%	126.738	111.218	14,0%
Factoring - Revenue	7.212	6.903	7.554	4,5%	-4,5%	29.095	29.130	-0,1%

Ratios	Dec-17	Sep-17	Dec-16	% Chg	
				QoQ	YoY
Grupo - Share Price (Ch\$)	280.1	270.0	225.99	3.7%	23.9%
Grupo - Number of Shares (millions)	3,683	3,683	3,258	0.0%	13.0%
Grupo - ROE	11.6%	10.6%	13.1%	95 p	-153 p
Banco (Consolidated) - ROAE	12.4%	11.7%	11.6%	75 p	79 p
Factoring - ROE	22.3%	21.7%	23.2%	60 p	-90 p
Vida - ROAE	8.3%	12.4%	13.3%	-402 p	-492 p
Travel - ROE	32.6%	27.6%	32.9%	500 p	-30 p
Grupo - Leverage	29.3%	29.5%	34.5%	-19 p	-514 p
Banco - Efficiency	49.72%	51.12%	59.4%	-141 p	-966 p
Factoring - Efficiency	43.8%	44.0%	44.3%	-12 p	-48 p
Banco - Non-Performing Loans	1.38%	1.46%	1.43%	-8 p	-5 p
Banco - Risk Index	1.67%	1.78%	1.81%	-11 p	-14 p
Factoring - Risk Index	2.5%	2.8%	2.5%	-29 p	2 p
Banco - BIS Tier I Ratio	8.1%	7.5%	7.1%	62 p	99 p
Banco - BIS Tier II Ratio	14.0%	13.2%	13.2%	79 p	80 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 436,636,408 million shares to strengthen growth as well as the capital base of Grupo Security's principal assets: banking and insurance.

On July 13, 2017, the Financial Market Commission (CMF, formerly the Superintendency of Securities and Insurance) approved and registered the aforementioned issuance in the Securities Registry. Shares were offered at CH\$220 per share during the preferential subscription period between July 25 and August 24, 2017. A total of 424,655,845 shares were subscribed, raising CH\$93,424 million. The 11,980,563 unplaced shares were presented to the Board of Directors, which will determine how they will be placed in accordance with the Corporations Law and CMF regulations.

On August 29, 2017, Standard & Poor's upgraded Banco Security's ratings from BBB-/A-3 to BBB/A-2, maintaining a negative outlook due to the country's economic conditions. The upgrade reflects a stronger capital base resulting from last year's write-off of intangible assets as well as the capital increase of CH\$50,000 million completed in December 2017.

In an extraordinary meeting on October 11, 2017, the Board of Directors of Grupo Security agreed to pay a total dividend of CH\$4.35 per share. This consists of an interim dividend of CH\$1.75 per share charged to retained earnings from 2017 and an additional dividend of CH\$2.6 per share charged to retained earnings from prior periods.

At an extraordinary shareholders' meeting of Vida Security on December 18, 2017, shareholders agreed to increase the company's capital by up to CH\$50,050 million. The increase will take place through a rights issue of identical shares (same series and value with no par value), which will be offered in one or multiple stages within three years of the date of approval. A portion of these resources were obtained from Grupo Security's capital increase in August 2017.

As part of the capital increase carried out in 2017 by Grupo Security, on December 21st, Banco Security completed a capital increase of CH\$50,000 million, issuing 17,523,256 new shares for CH\$2,853 per share. This capital event improves Banco Security's capital position and places it on solid footing for potential capital requirements.

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GRUPO SECURITY EARNINGS REPORT FOR 4Q17 AND 2017

Grupo Security posted profit of CH\$74,708 million for the year ended December 2017 (+0.2% YoY and +18.9% QoQ). EBITDA for the same period totaled CH\$ 121,856 million, +0.9% YoY and +8.7% QoQ.

The Group posted an ROAE as of December 2017 of 11.58%, -153 b.p. YoY and +95 b.p. QoQ. Profit from the Group's business areas was CH\$91,484 million, -10.4% YoY and +23.2% QoQ. Group and support area expenses and other consolidation adjustments totaled CH\$16,784 million for the year ended Dec-17, below CH\$27,627 million in Dec-16. This decrease is due to reduced finance costs because of lower inflation and reduced corporate and support area expenses following implementation of a transfer pricing model between the Group and its subsidiaries.

EARNINGS CONTRIBUTION BY BUSINESS AREA

Earnings from Related Companies								
	4Q17	3Q17	4Q16	% Chg		2017	2016	% Chg
				QoQ	YoY			
Lending Area								
Banco Security (standalone)	15,127	13,962	8,503	8.3%	77.9%	53,902	42,431	27.0%
Factoring Security	1,924	1,830	1,873	5.2%	2.7%	7,502	7,303	2.7%
Asset Management Area								
Valores Security	813	430	502	89.2%	-	2,458	1,233	99.3%
AGF Security	2,304	1,570	1,756	46.8%	31.2%	6,666	6,939	-3.9%
Insurance Area								
Vida Security	46	111	6,659	-58.3%	-99.3%	13,258	21,911	-39.5%
Penta Security	-	-	-	-	-	-	18,979	-
Servicios Security	270	177	417	-	-	586	1,123	-
Other Services								
Inmobiliaria Security	2,342	103	3,793	-	-38.3%	3,298	3,800	-13.2%
Travel Security	1,084	1,107	1,123	-2.1%	-3.5%	4,050	4,220	-4.0%
Travex Security	119	178	57	-32.9%	-	574	273	110.0%
Grupo Security Profit	21,047	17,704	15,149	18.9%	38.9%	74,708	74,522	0.2%

- (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 (68.4% of assets; 67.1% of profit from business areas as of December 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

As of December 2017, Banco Security reported consolidated profit attributable to its owners of CH\$63,022 million, +24.5% YoY. Banco Security's stand-alone profit (excluding asset management subsidiaries AGF Security and Valores Security Corredores de Bolsa) reached CH\$53,902 million (+27.0% YoY).

Banco Security's ROAE (profit LTM over average equity) was 12.4%, +79 b.p. YoY.

Banco Security - Operating Segments

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16
<i>In Ch\$ Million</i>														
Net interest margin	78,529	71,228	62,636	57,629	18,891	14,392	-4,894	-5,767	155,162	137,483	-475	-1,559	154,687	135,924
Δ% 12M16	10.2%		8.7%	5,007	31.3%		-15.1%		12.9%		-69.5%		13.8%	
Net Fees	15,424	16,623	23,158	20,272	-472	-523	-1,340	-1,207	36,770	35,165	28,065	18,238	64,835	53,403
Δ% 12M16	-7.2%		14.2%	2,886	-		-		4.6%		53.9%		21.4%	
Net FX transactions and other income	10,288	9,470	2,266	1,792	21,464	24,515	-14,654	-25,211	19,365	10,565	7,471	12,989	26,836	23,554
Δ% 12M16	8.6%		26.5%	474	-12.4%		-41.9%		83.3%		-42.5%		13.9%	
Loan losses and foreclosed assets	-18,001	-7,708	-23,804	-19,181	-12	64	-96	-667	-41,912	-27,492	0	0	-41,912	-27,492
Δ% 12M16	-		24.1%	-4,623	-		-		52.5%		-		52.5%	
Total operating income, net of credit risk prov.	86,241	89,613	64,255	60,511	39,872	38,448	-20,983	-32,851	169,385	155,721	35,061	29,668	204,446	185,389
Δ% 12M16	-3.8%		6.2%		3.7%		-36.1%		8.8%		18.2%		10.3%	
Support expenses	-37,061	-39,337	-55,528	-57,146	-12,208	-15,153	4,884	2,808	-99,913	-108,829	-23,678	-19,915	-123,591	-128,744
Δ% 12M16	-5.8%		-2.8%	1,618	-19.4%		-	2,076	-8.2%		18.9%		-4.0%	
Net operating income	49,180	50,276	8,727	3,365	27,664	23,295	-16,099	-30,044	69,472	46,892	11,383	9,753	80,855	56,645
Δ% 12M16	-2.2%		159.3%		18.8%		-46.4%		48.2%		16.7%		42.7%	
Income tax expense	-11,036	-9,369	-1,958	-627	-6,208	-4,341	3,607	9,858	-15,596	-4,479	-2,259	-1,878	-17,855	-6,357
Δ% 12M16	17.8%		-		43.0%		-63.4%		248.2%		20.3%		180.9%	
Profit attributable to equity holders of the bank	38,144	40,907	6,769	2,738	21,456	18,954	-12,467	-20,168	53,902	42,431	9,120	8,172	63,022	50,603
Δ% 12M16	-6.8%		147.2%		13.2%		-38.2%		27.0%		11.6%		24.5%	

Banco Security Segment Note	Commercial Banking		Retail Banking		Treasury		Other		Total Bank		Subsidiaries		Total Consolidated	
	4Q-17	3Q-17	4Q-17	3Q-17	4Q-17	3Q-17	4Q-17	3Q-17	4Q-17	3Q-17	4Q-17	3Q-17	4Q-17	3Q-17
<i>In Ch\$ Million</i>														
Net interest margin	21,708	19,269	16,801	15,586	3,362	4,966	-1,722	-922	40,148	38,900	187	-209	40,335	38,691
Δ% 3Q17	12.7%		7.8%		-32.3%		86.9%		3.2%		-189.3%		4.2%	
Net Fees	3,643	4,174	6,153	5,409	-87	-148	-363	-58	9,346	9,376	14,075	5,169	23,421	14,545
Δ% 3Q17	-12.7%		13.7%		-		-0.3%		172.3%		61.0%		61.0%	
Net FX transactions and other income	2,672	2,461	533	542	4,819	5,668	-4,211	-2,811	3,813	5,859	-3,879	3,490	-66	9,349
Δ% 3Q17	8.6%		-1.6%		-15.0%		49.8%		-34.9%		-211.2%		-100.7%	
Loan losses and foreclosed assets	-5,090	-6,097	-5,710	-6,073	5	-14	-271	974	-11,067	-11,210	0	0	-11,067	-11,210
Δ% 3Q17	-16.5%		-6.0%		-		-		-1.3%		-		-1.3%	
Total operating income, net of credit risk prov.	22,932	19,806	17,776	15,464	8,099	10,471	-6,568	-2,817	42,240	42,925	10,383	8,450	52,623	51,375
Δ% 3Q17	15.8%		15.0%		-22.7%		133.1%		-1.6%		22.9%		2.4%	
Support expenses	-8,792	-8,909	-13,086	-13,751	-2,818	-2,830	1,467	1,267	-23,229	-24,223	-6,070	-5,726	-29,299	-29,949
Δ% 3Q17	-1.3%		-4.8%		-0.4%		15.8%		-4.1%		6.0%		-2.2%	
Net operating income	14,141	10,898	4,690	1,713	5,281	7,642	-5,100	-1,550	19,011	18,702	4,313	2,724	23,324	21,426
Δ% 3Q17	29.8%		-		-30.9%		229.0%		1.7%		58.3%		8.9%	
Income tax expense	-2,910	-2,836	-1,022	-427	-1,017	-1,961	1,059	480	-3,889	-4,744	-879	-759	-4,768	-5,503
Δ% 3Q17	2.6%		139.4%		-48.2%		120.6%		-18.0%		15.8%		-13.4%	
Profit attributable to equity holders of the bank	11,231	8,062	3,668	1,286	4,264	5,681	-4,036	-1,066	15,127	13,962	3,122	1,995	18,249	15,957
Δ% 3Q17	39.3%		185.3%		-24.9%		278.7%		8.3%		56.5%		14.4%	

Commercial Banking

Banco Security's commercial banking division targets companies with annual sales above US\$ 1.6 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.

As of December 2017, commercial loans had expanded +7.7% YoY to CH\$3,775 billion. Industry wide, commercial loans grew +1.8% YoY. Including foreign subsidiaries, the industry's commercial loans grew +1.9% YoY. The Bank boasts market share of 6.1%¹ in its target segment of medium and large companies as of December 2017. The commercial

Commercial Loans by Economic Sector In Ch\$ Millions	Loans Dec-17	% Total
Construction and real estate	853,368	22.6%
Financial services and insurance	665,691	17.6%
Real estate investors and corporate services	515,322	13.6%
Wholesale and retail trade	445,621	11.8%
Manufacturing	343,852	9.1%
Social services	235,946	6.2%
Transportation	262,389	6.9%
Utilities	170,760	4.5%
Agriculture and livestock	111,981	3.0%
Fishing	77,369	2.0%
Telecom	32,024	0.8%
Mining	55,333	1.5%
Forestry	5,762	0.2%
Total commercial loans	3,775,419	100%

¹ This includes companies with annual sales over CH\$800 million, only in the regions of Chile where Banco Security has offices. Source: Chilean Internal Revenue Service (SII).

banking division had 9,018 customers as of December 2017 (+5.5% YoY).

The commercial banking division posted profit of CH\$38,144 million for the year 2017 (-6.8% YoY). This figure is explained by increased provision expenses, totaling CH\$18,001 million for 2017 compared to CH\$7,708 million in 2016. It is important to point out that 2016 represents a low basis of comparison in risk mainly because of reversals of provisions established in 2H15. Therefore, this increased expense does not reflect greater portfolio risk. In effect, the ratio of provision expenses to loans was 0.87% as of December 2017.

This effect was not fully offset by the greater net interest margin, which reached CH\$78,529 million as of December 2017, +CH\$7,301 million YoY (+10.2% YoY), reflecting increased commercial loans (+7.7% YoY), with an average spread above the previous year. It also had lower support expenses, which dropped to CH\$37,061 million for 2017 (-5.8% YoY), due mainly to decreased depreciation and amortization expenses as many intangible assets reached the end of their useful lives in 2016.

Compared with 3Q17, profit for 4Q17 was up +39.3% QoQ, reaching CH\$11,231 million, mainly because of a greater net interest margin of CH\$21,708 million (+12.7% QoQ). Loan losses totaled CH\$5,090 million (-16.5% QoQ), due to decreased provisions as a result of improved payment behavior. In addition, the Bank reported support expenses of CH\$8,792 million (-1.3% 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.

As of December 2017, the Bank had total retail loans (consumer + mortgage) of CH\$1,059 billion, +10.8% YoY, driven primarily by consumer loans (+14.5% YoY). For the industry, retail loans increased +9.1%, driven by mortgage loans (+10.1% YoY) and, to a lesser extent, consumer loans (+7.1%). Including foreign subsidiaries, the industry's retail loans grew +8.5% YoY. The Bank boasts market share of 5.2%² in its target segment of high-income individuals as of December 2017. The retail banking division had 89,378 customers as of December 2017 (+6.5% YoY).

The retail banking division posted profit of CH\$6,769 million for the year 2017, +4,030 million YoY. This is explained mainly by a greater net interest margin of CH\$62,636 million, up +\$5,007 million or +8.7% YoY, because of greater loans. It also reported greater net fees of CH\$23,158 million, +CH\$2,886 million YoY (+14.2% YoY), because of increased credit card fees and supplementary loan insurance products. Support expenses fell to CH\$55,528 million, down -CH\$1,618 million or -2.8% YoY, due mainly to decreased depreciation and amortization expenses as many intangible assets reached the end of their useful lives in 2016.

This was partially compensated by higher provision expenses, which reached CH\$23,804 million (+24.1% YoY), reflecting portfolio growth, lower recovery rates for written-off loans because of stricter regulations and more conservative provisioning policies for consumer products. It is worth mentioning that the nonperforming consumer loan portfolio totaled 1.24% as of December 2017, below the 1.30% posted in December 2016.

In 4Q17, the retail banking division posted profit of CH\$3,668 million, up from CH\$1,286 million for 3Q17. This is explained by a greater net interest margin of CH\$16,801 million (+7.8% QoQ), and greater net fees of CH\$6,153 million (+13.7% QoQ), due to increased fees from insurance products and credit cards. Support expenses totaled CH\$13,086 million (-4.8% QoQ), while credit risk provision expenses reached CH\$5,710 million for 4Q17 (-6.0% QoQ).

² This division includes individuals between 24 and 65 years of age in the middle and high-income segments (ABC1) with a risk/return profile similar to Banco Security's customers, only for regions where Banco Security has offices. Source: Superintendency of Banks and Financial Institutions (SBIF).

Treasury

The treasury division reported 2017 profit of CH\$21,456 million (+13.2% YoY), explained by a greater net interest margin of CH\$18,891 million in 2017 (+31.3% YoY). The MPR cut in the first half of the year (from 3.5% early in the year to 2.5% in June 2017) drove the net interest margin upwards as price adjustments for liabilities are faster than for assets.

The effect was not fully offset by lower financial income (net financial operating income (loss) + gain from FX transactions + other income), which amounted to CH\$21,464 million in 2017. The figure fell -12.4% YoY due to last year's high basis of comparison and despite a strong performance by foreign currency instruments.

It also recorded lower support expenses of CH\$12,208 million for 2017 (-19.4% YoY), due to decreased depreciation and amortization expenses as many intangible assets reached the end of their useful lives in 2016.

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. For 2017, ALM represented 55.7% 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 22.3% of treasury income. The remaining 22.0% 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

	4Q17	3Q17	4Q16	% Chg		2017	2016	% Chg
				QoQ	YoY			
Net interest margin	39,991	38,691	34,598	3.4%	15.6%	154,343	135,924	13.6%
Net Fees	15,567	14,545	13,597	7.0%	14.5%	56,981	53,403	6.7%
Net financial Operating Income	7,163	10,385	3,786	-31.0%	89.2%	34,226	38,383	-10.8%
Net foreign exchange transactions	-1,315	-2,318	7,538	-	-	-4,073	1,456	-
Recovery of charged-off loans	747	665	609	12.3%	22.7%	2,553	3,978	-35.8%
Other net operating income	1,996	1,731	-2,291	-	-	4,557	-16,000	-
Gross operating income	64,149	63,699	57,837	0.7%	10.9%	248,587	217,144	14.5%
Credit risk provisions	-11,964	-12,324	-8,483	-2.9%	41.0%	-44,579	-31,755	40.4%
Support expenses	-29,299	-29,949	-41,273	-2.2%	-29.0%	-123,591	-128,935	-4.1%
Net operating income	22,886	21,426	8,081	6.8%	183.2%	80,417	56,454	42.4%
Income attributable to investments in other companies	134	34	41	-	-	464	319	45.5%
Profit before tax	23,020	21,460	8,122	7.3%	183.4%	80,881	56,773	42.5%
Income tax expense	-4,768	-5,503	2,644	-	-	-17,855	-6,167	189.5%
Profit for the period	18,252	15,957	10,766	14.4%	69.5%	63,026	50,606	24.5%

The net interest margin for 2017 was CH\$154,343 million (+13.6% YoY), due to reduced interest and indexation expenses of CH\$176,696 million during the period (-8.8% YoY), despite the 4.9% growth recorded in the Bank's total liabilities due to the MPR cut (from 3.5% to 2.5%) in early 2017, which lowered the cost of liabilities. Similarly, interest and indexation income reached CH\$331,039 million as of December 2017 (+0.4% YoY), because of higher interest income from a larger total loan volume (+8.3% YoY), offset by reduced indexation income due to lower inflation.

Net Interest Margin <i>In Ch\$ Million</i>	4Q17	3Q17	4Q16	% Chg		2017	2016	% Chg
				QoQ	YoY			
Interest and indexation income	85,280	73,023	81,889	16.8%	4.1%	331,039	329,711	0.4%
Interest and indexation expenses	-45,289	-34,332	-47,291	31.9%	-4.2%	-176,696	-193,787	-8.8%
Net interest margin	39,991	38,691	34,598	3.4%	15.6%	154,343	135,924	13.6%
Interest margin net of provisions	28,027	26,367	26,115	6.3%	7.3%	109,764	104,169	5.4%
Net interest margin / total loans	3.31%	3.27%	3.10%	4 p	21 p	3.19%	3.05%	15 p
Net interest margin net of provisions / Total loans	2.32%	2.23%	2.34%	9 p	-2 p	2.27%	2.33%	-6 p

Net fees totaled CH\$ 56,981 million for the year ended December 2017, +6.7% YoY, because of greater fees from insurance and credit cards in the retail banking division as well as increased fund management and brokerage income from subsidiaries. Financial income, which is the sum of net financial operating income (loss) and the net gain from FX operations, totaled CH\$30,153 million (-24.3% YoY) due to a lower gain on the valuation of the fixed-income trading portfolio because of hikes in the UF and nominal interest rates, in addition to decreased returns from proprietary trading by the Bank's subsidiaries.

In 2017 recovery of written-off loans was down 35.8% YoY, reaching CH\$ 2,553 million, reflecting a new treatment due to regulatory changes. For the year ended December 2017, other operating income amounted to CH\$4,557 million. The increase over the previous year's loss of CH\$16,000 million is explained by impairment recorded in 2016 to reflect obsolete technology systems and its impact on the basis of comparison.

Credit risk provisions amounted to CH\$ 44,579 million (+40.4% YoY) for the year 2017, attributable to the low basis of comparison for the commercial portfolio's provision expenses that reflected conservative provisioning policies for consumer products and the one-time CH\$ 1,969 million effect of an adjustment to the provisioning model implemented in January 2017.

The Bank recorded income tax expense of CH\$17,855 million, up +CH\$11,688 million YoY, mainly due to the larger profit before tax and a higher tax rate (24% v/s 25.5%). In addition, in 2016 the Bank's effective rate was positively impacted by a greater net asset position in deferred taxes, lease contracts postponed from 2016 to 2017 and the difference in the tax rate between the two years (24% vs 25.5%).

In quarterly terms, Banco Security reported quarterly profit of CH\$18,252 million for 4Q17 (+14.4% QoQ). The interest margin totaled CH\$39,991 million for 4Q17 (+3.4% QoQ). Net fees for 4Q17 reached CH\$15,567 million (+7.0% QoQ), due to increased income from funds and securities brokerage from subsidiaries and greater insurance and credit card fees from the Bank. Financial income, which is the sum of net financial operating income (loss) and the net gain from FX transactions, totaled CH\$5,848 million (-27.5% QoQ), due to reduced results from financial derivative instruments. Other operating income amounted to CH\$1,996 million in 4Q17, up from the CH\$1,731 million recorded in 3Q17. As of 4Q17, credit risk provisions totaled CH\$11,964 million, -2.9% QoQ.

Banco Security – Support Expenses and Efficiency

<i>In Ch\$ Millions</i>	4Q17	3Q17	4Q16	% Chg		2017	2016	% Chg
				QoQ	YoY			
Personnel	-16,196	-12,144	-17,223	33.4%	-6.0%	-52,309	-54,724	-4.4%
Administrative expenses	-11,872	-16,371	-16,395	-27.5%	-27.6%	-65,661	-59,010	11.3%
Depreciation and amortization	-1,231	-1,434	-7,655	-14.2%	-83.9%	-5,621	-15,201	-63.0%
Total support expenses	-29,299	-29,949	-41,273	-2.2%	-29.0%	-123,591	-128,935	-4.1%
Support expenses / Gross operating income	45.7%	47.0%	71.0%	-134 p	-2536 p	49.7%	59.3%	-957 p

Banco Security's efficiency ratio, measured as support expenses over gross operating profit, totaled 49.7% for December 2017 (-957 b.p. YoY). This ratio compares to 49.4% for the banking system and 47.7% for peer banks³ as of December 2017.

The Bank reported support expenses of CH\$123,591 million (-4.1% YoY) for 2017. Personnel expenses totaled CH\$52,309 million in 2017 (-4.4% YoY), due in part to reduced hiring expenses and termination benefits, partially offset by higher expenses at the asset management subsidiaries because of increased commercial activity. Administrative expenses amounted to CH\$65,661 million, +11.3% YoY, due to outsourcing of operational services and increased commercial activity. Depreciation and amortization expense reached CH\$5,621 million, -63.0% YoY, as several intangible assets reached the end of their useful lives in 2016.

Expenses in 4Q17 totaled CH\$29,299 million, reflecting a decrease of CH\$650 million from 3Q17. It is worth mentioning that the increase

³ Comparably-sized banks: Average for BBVA, Scotiabank, BICE, Consorcio and Security

in personnel expenses in 4Q17 is offset by a decrease in administrative expenses as a result of an accounting reclassification.

Banco Security Loan Portfolio

Total loans reached CH\$4,834,290 million as of December 2017, +8.3% YoY. System loans increased +4.3% YoY regardless of whether loans of foreign subsidiaries are included. Commercial loans grew +7.7% YoY, to CH\$3,775,419 million (78.1% of Banco Security's total loan portfolio), while retail loans (consumer + mortgage) reached CH\$1,058,871 million as of December 2017, +10.8% YoY. The 20 largest borrowers represent 10.2% of the Bank's total loan portfolio.

Total Loans		Dec-17	Sep-17	Dec-16	% Chg	
<i>In Ch\$ Millions</i>					QoQ	YoY
Consumer	Loans	440,241	417,552	384,350	5.4%	14.5%
Mortgage	Loans	618,630	601,230	571,059	2.9%	8.3%
Mortgage + Consumer		Loans	1,058,871	1,018,782	3.9%	10.8%
	No. Customers	89,378	87,188	83,887	2.5%	6.5%
Commercial		Loans	3,775,419	3,714,088	1.7%	7.7%
	No. Customers	9,018	8,636	8,551	4.4%	5.5%
Total Loans		4,834,290	4,732,916	4,462,332	2.1%	8.3%
Market Share		3.3%	3.3%	3.2%	3 p	12 p

Interest and indexation income		Dec-17	Sep-17	Dec-16	% Chg		Dec-17	Dec-16	% Chg
<i>In Ch\$ Millions</i>					QoQ	YoY			YoY
Consumer		12,626	12,527	12,309	0.8%	2.6%	50,137	48,504	3.4%
Mortgage		8,641	5,136	8,063	68.2%	7.2%	31,084	36,952	-15.9%
Mortgage + Consumer		21,267	17,663	20,372	20.4%	4.4%	81,221	85,456	-5.0%
Commercial		56,071	47,679	54,961	17.6%	2.0%	218,018	214,452	1.7%

Asset Quality

Given Banco Security's exposure to corporate and high-income customers, its risk ratios are among the lowest in the industry. As of December 2017, Banco Security's risk index reached 1.67%, below the 1.81% posted as of December 2016. The nonperforming loan portfolio reached 1.38%, also reflecting an improvement over the 1.43% as of December 2016.

In Ch\$ Million	Dec-17	Sep-17	Dec-16	QoQ	YoY
Total Loans	4,834,290	4,732,916	4,462,332	2.1%	8.3%
Nonperforming loans - consumer	5,457	5,748	5,004	-5.1%	9.1%
Nonperforming loans - mortgage	6,267	5,956	5,158	5.2%	21.5%
Nonperforming loans - commercial	55,005	57,353	53,700	-4.1%	2.4%
Total nonperforming loans	66,729	69,057	63,862	-3.4%	4.5%
Non-performing loans - consumer	1.24%	1.38%	1.30%	-14 p	-6 p
Non-performing loans - mortgage	1.01%	0.99%	0.90%	2 p	11 p
Non-performing loans - commercial	1.46%	1.54%	1.53%	-9 p	-7 p
Total nonperforming loans	1.38%	1.46%	1.43%	-8 p	-5 p
Gross provisions	122,134	109,488	106,252	11.6%	14.9%
Write-offs	(41,626)	(25,280)	(25,601)	64.7%	62.6%
Credit risk provisions	80,508	84,208	80,651	-4.4%	-0.2%
Provisions - consumer (% total)	17,490	16,885	13,254	3.6%	32.0%
Provisions - mortgage (% total)	1,265	1,368	1,380	-7.5%	-8.3%
Provisions - commercial (% total)	61,753	65,955	66,017	-6.4%	-6.5%
Credit risk provisions	80,508	84,208	80,651	-4.4%	-0.2%
Coverage - consumer	320.5%	293.8%	264.9%	2675 p	5564 p
Coverage - mortgage	20.2%	23.0%	26.8%	-278 p	-657 p
Coverage - commercial	112.3%	115.0%	122.9%	-273 p	-1067 p
Coverage - total nonperforming loans	120.6%	121.9%	126.3%	-129 p	-564 p
Provisions / loans	1.67%	1.78%	1.81%	-11 p	-14 p
Provision expenses / loans	0.87%	0.87%	0.62%	0 p	25 p

The ratio of provisions net of recovery, measured on an annualized basis, over average loans was 0.87%, up +25 b.p. YoY, explained by the low basis of comparison for commercial portfolio provision expense in 2016, reflecting more conservative provisioning policies for consumer products as well as the one-time effect of CH\$ 1,969 million from an adjustment to the provisioning model in 1Q17.

Write-offs in 2017 totaled CH\$41,626 million, above the CH\$25,280 million posted last year, due to customers impaired before 2016, which is reflected in the improved risk ratios mentioned in the preceding paragraph.

	Credit Risk (%)								
	Provisions / Loans					Over 90 Day Nonperforming Loans			
	Mortgage	Consumer	Total	Commercial	Total	Mortgage	Consumer	Commercial	Total
Banco Security	0.20	3.97	1.77	1.64	1.67	1.01	1.24	1.46	1.38
Medium Banks*	0.45	4.25	1.68	1.70	1.75	1.26	1.44	1.05	1.18
Banking system	0.86	6.39	2.65	2.41	2.49	2.36	2.14	1.70	1.93

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

Banco Security - Funding Sources

Funding Sources								
In MCH\$	Dec-17		Sep-17		Dec-16		QoQ	YoY
Demand deposits	673,475	10.5%	616,393	9.9%	570,018	9.4%	9.3%	18.1%
Time deposits	2,927,755	45.5%	2,817,907	45.3%	3,051,820	50.2%	3.9%	-4.1%
Total deposits	3,601,230	55.9%	3,434,300	55.2%	3,621,838	59.6%	4.9%	-0.6%
Bonds	1,786,574	27.7%	1,753,029	28.2%	1,571,273	25.9%	1.9%	13.7%
Interbank loans	188,346	2.9%	189,952	3.1%	158,757	2.6%	-0.8%	18.6%
Other liabilities*	312,210	4.8%	351,062	5.6%	262,099	4.3%	-11.1%	19.1%
Total Liabilities	5,888,360	91%	5,728,343	92%	5,613,967	92%	2.8%	4.9%
Equity	553,023	8.6%	494,074	7.9%	461,737	7.6%	11.9%	19.8%
Liabilities + Equity	6,441,383	100%	6,222,417	100%	6,075,704	100%	3.5%	6.0%

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

○ Demand and Time Deposits

As of December 2017, deposits totaled CH\$3,601,230 million, down -0.6% YTD. For the industry, total deposits fluctuated +3.8% YoY. Including foreign subsidiaries, this figure varied +2.9% YoY. Banco Security's time deposits consisted of 31.2% retail deposits and 68.8% institutional deposits. The 15 largest depositors⁴ represent 28% of the Bank's total deposits. The loan to deposit ratio was 134% as of December 2017, compared to 123% as of December 2016.

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 risk⁵, striving to diversify funding sources while applying strict limits to asset/liability mismatches, maintaining liquid assets and lengthening liabilities to increase funding terms. It is important to note that the Bank's exposure from asset and liability mismatches is among the industry's lowest. As of December 2017, the ratio of long-term interest rate risk to regulatory capital was 2.26%⁶. As of December 31, 2017, liquid assets⁷ represented 46% of demand and other time deposits.

⁴ Excludes stock brokerage companies.

⁵ 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).

⁶ This measures the exposure to changes in interest rates as a percentage of equity. Exposure to long-term interest rates is calculated as the sum of the differences by time band and currency of cash flows from banking books assets and liabilities, including amortization and interest, adjusted by a sensitivity factor as per table 2 of appendix 1 of Chapter III.B.2.2 of the Chilean Central Bank's compendium of financial standards.

⁷ 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-Jan-07	UF	3,000,000	25-Jan-10	3.00	23	1-Dec-29
M1	1/2009	19-May-09	UF	3,000,000	19-May-12	3.00	10.5	1-Jul-19
N1	1/2009	19-May-09	UF	3,000,000	19-May-12	3.00	105	1-Jul-19
R1	10/2011	6-Oct-11	UF	3,000,000	6-Oct-14	3.00	10	1-Jun-21
K2	1/2012	14-Mar-12	UF	4,000,000	14-Mar-15	3.25	10	1-Nov-21
B2	1/2013	26-Feb-13	UF	4,000,000	26-Feb-16	3.25	5	1-Nov-17
K3	1/2013	26-Feb-13	UF	4,000,000	26-Feb-16	3.50	10	1-Nov-22
K4	10/2013	6-Nov-13	UF	5,000,000	6-Nov-16	3.60	10	1-Oct-23
B3	14/2014	9-Oct-14	UF	5,000,000	1-Jun-17	2.50	5	1-Jun-19
K5	14/2014	9-Oct-14	UF	5,000,000	1-Jun-17	2.75	10	1-Jun-24
B4	05/2015	1-Apr-15	UF	5,000,000	4-Dec-18	2.25	5	1-Jun-20
K6	05/2015	1-Apr-15	UF	5,000,000	4-Dec-18	2.75	10	1-Mar-25
K7	05/2015	1-Apr-15	UF	5,000,000	4-Dec-18	2.75	10	1-Sep-25
Z1	10/2015	1-Sep-15	CLP	75,000,000,000	1-Jul-20	5.25	5	1-Jul-20
B5	11/2016	3-Oct-16	UF	5,000,000	3-Aug-20	2.40	5	1-Aug-21
K8	12/2016	3-Oct-16	UF	5,000,000	3-Aug-20	2.80	10	1-Oct-26
Z2	13/2016	3-Oct-16	CLP	75,000,000,000	3-Aug-20	5.30	5.5	1-Feb-22
B6	6/2017	11-Jul-17	UF	5,000,000	11-Jul-20	2.25	5.5	1-Oct-22

Banco Security - Capitalization

As of December 2017, Banco Security's equity attributable to the owners totaled CH\$552,967 million. For some years now, Banco Security has been preparing for the implementation of Basel III. In line with this objective, on December 21, 2017, Banco Security completed a capital increase of CH\$50,000 million, issuing 17,523,256 new shares at an approximate value of CH\$2,853 per share.

In Ch\$ Millions	Dec-17	Sep-17	Dec-16	% Chg	
				QoQ	YoY
Capital	302,047	252,047	252,047	19.8%	19.8%
Reserves and valuation accounts	30,204	34,029	27,978	-11.2%	8.0%
Retained earnings	220,716	207,942	181,662	6.1%	21.5%
Equity attributable to equity holders	552,967	494,018	461,688	11.9%	19.8%
Tier I (core capital)	552,967	494,018	461,687	11.9%	19.8%
Regulatory capital	751,457	693,805	663,808	8.3%	13.2%
Minimum required capital	428,810	419,512	401,638	2.2%	6.8%
Risk-weighted assets	5,360,129	5,243,901	5,020,477	2.2%	6.8%
BIS ratio	14.02%	13.23%	13.22%	79 p	80 p
Core capital / total assets	8.10%	7.48%	7.10%	62 p	99 p

The Bank's capital adequacy ratio as of December 2017, calculated as regulatory capital over risk-weighted assets, reached 14.02% (with a regulatory minimum of 8%), +80 b.p. YoY. The ratio of core capital to total assets reached 8.1%, +99 b.p. YoY. Both ratios improved due to the Bank's recent capital increase of CH\$50,000 million and its increased retained earnings.

FACTORING SECURITY

In 2017, Factoring Security reported profit of CH\$7,502 million, +2.7% YoY, thanks to an increase in factored receivables, which reached CH\$304,393 million as of December 2017, +6.1% YoY. Furthermore, operational expenses were CH\$8,118 million (-15.0% YoY), as a result of lower banking costs associated with the MPR cut. These effects were not fully offset by higher administrative expenses of CH\$11,681 million in 2017 (+5.5% YoY), because of increased commercial activity.

The efficiency ratio reached 43.8%, -48 b.p. YoY. The risk ratio, measured as provisions over total loans, was 2.5% as of December 2017, 2 b.p. YoY and -29 b.p. QoQ.

In Ch\$ Millions	4Q17	3Q17	4Q16	% Chg		2017	2016	% Chg
				QoQ	YoY			
Factored receivables	304,393	265,974	286,846	14.4%	6.1%	304,393	286,846	6.1%
Provisions	7,574	7,381	7,091	2.6%	6.8%	7,574	7,091	6.8%
Gross operating income	7,212	6,903	7,554	4.5%	-4.5%	29,095	29,130	-0.1%
Operating expenses	-1,891	-1,715	-2,476	10.3%	-23.6%	-8,118	-9,546	-15.0%
Support expenses	-2,947	-2,887	-2,864	2.1%	2.9%	-11,681	-11,067	5.5%
Profit for the period	1,924	1,830	1,873	5.2%	2.7%	7,502	7,303	2.7%
Efficiency ratio	43.5%	44.3%	43.3%	-84 p	18 p	43.8%	44.3%	-48 p
Risk ratio	2.49%	2.78%	2.47%	-29 p	2 p	2.49%	2.47%	2 p

In November 2017, Factoring Security placed UF 1.5 million (USD 63.07 million) in bonds to refinance the company's short- and long-term liabilities and finance working capital and new loans. The notes (E series) are bullet bonds that mature in 4 years and 11 months. They were rated A+ by Fitch and AA- by ICR Chile, and placed on the Santiago Stock Exchange at an IRR of 2.47%.

INSURANCE BUSINESS AREA (28.0% of assets; 15.1% of profit from business areas as of December 2017)

The insurance business area reported profit of CH\$13,797 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).

In August 2017, Grupo Security completed a capital increase of CH\$93,424 million, of which Grupo Security will allocate up to CH\$40,000 million to the insurance area. At an extraordinary shareholders' meeting of Vida Security on December 18, 2017, shareholders agreed to increase the company's capital by up to CH\$50,050 million. The increase will take place through a rights issuance of identical shares (same series and value with no par value), which will be offered in one or multiple stages within three years of the date of approval.

VIDA SECURITY

For the year ended December 2017, Vida Security reported profit of CH\$13,258 million, down from the CH\$21,911 million recorded last year. This decrease is attributable to a reduced contribution margin of -CH\$73,258 million for 2017, which is below the -CH\$50,322 million for 2016, partially offset by improved investment income of CH\$126,738 million (+14.0% YoY), thanks to better results from equity markets.

The fall in the contribution margin can be explained by increased claims and pensions paid of CH\$364,989 million (+36.5% YoY). The rise is attributable to the new DSI contract, greater surrenders and transfers of CUI and APV plans and to increased annuity reserves in line with the rise in direct annuity premiums. This effect was not fully offset by higher gross written premiums, which reached CH\$446,838 million (+28.2% YoY). This rise is attributable to the new DSI contract and increased annuity sales. In addition, the variation in technical reserves

totaled CH\$69,418 million (-12.1% YoY), in line with the fall in premiums and greater surrenders and transfers on CUI and APV policies, partially offset by improved investment income from the CUI and APV portfolio.

The subsidiary reported administrative expenses of CH\$37,362 million (+12.1% YoY), reflecting increased commercial activity.

In MCHS	4Q17	3Q17	4Q16	% Chg.		2016	2016	% Chg.
				QoQ	YoY			
Gross written premiums	107,507	117,404	112,109	-8.4%	-4.1%	446,838	348,517	28.2%
Net premiums written	89,286	99,668	96,553	-10.4%	-7.5%	376,360	314,087	19.8%
Variation in technical reserves	-4,425	-14,027	-26,719	-68.5%	-83.4%	-69,418	-78,933	-12.1%
Claims paid	-73,357	-36,988	-35,927	98.3%	104.2%	-181,323	-132,286	37.1%
Pensions paid	-19,199	-69,572	-38,960	-72.4%	-50.7%	-183,666	-135,125	35.9%
Underwriting expenses	-4,371	-4,230	-4,823	3.3%	-9.4%	-15,786	-17,672	-10.7%
Medical expenses	-12	-19	-13	-	-	-49	-65	-
Insurance impairment	34	284	-67	-	-	624	-328	-
Contribution Margin	-12,042	-24,884	-9,958	-51.6%	20.9%	-73,258	-50,322	45.6%
Administrative expenses	-9,276	-9,791	-8,312	-5.3%	11.6%	-37,362	-33,319	12.1%
Investment income	23,229	34,480	25,144	-32.6%	-7.6%	126,738	111,218	14.0%
Exchange differences	-853	-87	-562	-	-	1,154	-2,699	-
Gain (loss) on indexed assets and liabilities	-303	131	385	-	-	-1,444	-1,983	-
Profit for the period	46	111	6,659	-58.3%	-99.3%	13,258	21,911	-39.5%
Administrative ratios								
(1) (Claims paid + pension paid)/ Gross written premiums	86.1%	90.8%	66.8%	-467 p	1929 p	81.7%	76.7%	495 p
(2) Administrative expenses/ Gross written premiums	8.6%	8.3%	7.4%	29 p	121 p	8.4%	9.6%	-120 p
(3) Underwriting expenses/ Gross written premiums	4.1%	3.6%	4.3%	46 p	-24 p	3.5%	5.1%	-154 p
Combined Ratio (1) + (2) + (3)	98.8%	102.7%	78.5%	-392 p	2027 p	93.6%	91.4%	222 p
(4) Profit / Gross written premiums	0.1%	0.1%	6.9%	-6 p	-684 p	3.5%	7.0%	-345 p

In 4Q17, profit reached CH\$46 million, down from CH\$111 million in 3Q17, mainly because of reduced investment income of CH\$23,229 million, (-32.6% QoQ), attributable to poorer results from equity investments because of a more conservative position taken in the last quarter of the year.

This was not fully offset by a larger contribution margin, which totaled -CH\$12,042 million in 4Q17, up from -CH\$24,884 million in 3Q17, due to a smaller variation in technical reserves of CH\$4,425 million (-68.5% QoQ), in line with reduced gross written premiums from individual policies and less investment income from the CUI and APV portfolio. In addition, claims and pensions paid totaled CH\$92,555 million (-13.1% QoQ), because of a decrease in annuities reserves due to fewer sales and a decrease in claim rates on DSI policies. Gross written premiums reached CH\$107,507 million (-8.4% QoQ) due to reduced premiums from individual insurance and fewer annuity sales.

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 gross written premiums to an individual investment account that invests in mutual funds or portfolios managed by the company. Based on figure 601 in the financial statements of Vida Security, it includes product lines 101-112 and 425 and excludes line 107. As of December 2017, gross written premiums from family protection insurance represented 31.1% of Vida Security's total gross written premiums.

The contribution margin totaled -CH\$22,735 million for the year ended December 2017, down from -CH\$4,628 million recorded for 2016. This is explained by an increase in claims paid, which totaled CH\$76,458 million (+32.8% YoY), due to greater surrenders and transfers on CUI and APV policies, in line with the growth of 17.5% YoY in the investment portfolio for this type of policy. In addition, gross written premiums totaled CH\$138,918 million in 2017 (-2.9% YoY). This was not fully offset by a smaller variation in technical reserves of CH\$70,091 million, -7.3% YoY, due to greater surrenders and transfers, partially offset by strong results from investments related to the

CUI and APV portfolio. As of December 2017, CUI and APV policies represent 91.2% of total individual insurance premiums.

Individual Insurance			% Chg.		2017	2016	%Chg.	
In MCH \$	4Q17	3Q17	4Q16	QoQ	YoY			
Gross written premiums	27,286	31,293	43,218	-12.8%	-36.9%	138,918	143,007	-2.9%
Net premiums written	26,683	31,151	42,938	-14.3%	-37.9%	137,080	141,162	-2.9%
Variation in technical reserves	-4,261	-13,138	-23,612	-67.6%	-82.0%	-70,091	-75,602	-7.3%
Claims paid	-20,844	-21,141	-14,635	-1.4%	42.4%	-76,458	-57,582	32.8%
Pensions paid	-213	-2,305	-460	-90.8%	-53.7%	-4,261	-2,155	97.8%
Underwriting expenses	-2,027	-2,496	-2,652	-18.8%	-23.6%	-8,963	-10,395	-13.8%
Medical expenses	-10	-16	-11	-	-	-42	-56	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-671	-7,944	1,567	-	-	-22,735	-4,628	-
Claims rate (1)	77.2%	74.9%	34.9%	225 p	4224 p	58.1%	41.8%	1633 p
Underwriting expense rate (2)	7.4%	8.0%	6.1%	-55 p	129 p	6.5%	7.3%	-82 p

(1) Claims paid/ Gross w ritten premiums

(2) Underw riting expense/ Gross w ritten premiums

The contribution margin for 4Q17 reached -CH\$671 million, up from -CH\$7,944 million in 3Q17, due to a smaller variation in technical reserves of CH\$4,261 million (-67.6% QoQ), in line with reduced gross written premiums, which totaled CH\$27,286 million (-12.8%QoQ) and less investment income from the CUI and APV portfolio. This product line reported claims paid of CH\$20,844 million (-1.4% QoQ).

○ Family Protection

Family Protecction			% Chg.		2017	2016	%Chg.	
In MCH\$	4Q17	3Q17	4Q16	QoQ	YoY			
Gross written premiums	1,689	1,642	1,601	2.9%	5.5%	6,622	6,676	-0.8%
Net premiums written	1,745	1,623	1,601	7.5%	9.0%	6,622	6,676	-0.8%
Variation in technical reserves	10	-46	2	-	-	-39	-23	-
Claims paid	-529	-885	-385	-40.2%	37.5%	-1,806	-1,612	12.0%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-551	-536	-608	2.9%	-9.4%	-2,196	-2,239	-1.9%
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	675	157	610	330.2%	10.7%	2,581	2,802	-7.9%
Claims rate (1)	31.3%	53.9%	24.0%	-2256 p	7281 p	27.3%	24.2%	312 p
Underwriting expense rate (2)	32.6%	32.6%	38.0%	-1 p	464 p	33.2%	33.5%	-38 p

(1) Claims paid/ Gross w ritten premiums

(2) Underw riting expense/ Gross w ritten premiums

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 Vida Security financial statements, it includes product line 107. As of December 2017, gross written premiums from family protection insurance represented 1.5% of Vida Security's total gross written premiums.

For 2017, the contribution margin for these policies totaled CH\$2,581 million (-7.9% YoY and +330.2% QoQ) with gross written premiums of CH\$6,622 million (-0.8% YoY and +2.9% QoQ), and underwriting expenses of CH\$2,196 million (-1.9% YoY and +2.9% QoQ).

○ Group Insurance

Group Insurance In MCH\$	4Q17	3Q17	4Q16	% Chg.		2017	2016	%Chg.
				QoQ	YoY			
Gross written premiums	18,090	17,538	17,342	3.1%	4.3%	67,871	69,744	-2.7%
Net premiums written	17,535	16,945	17,674	3.5%	-0.8%	65,545	68,113	-3.8%
Variation in technical reserves	1	-432	-970	-100.3%	-100.1%	-1,024	-1,963	-47.8%
Claims paid	-10,873	-11,766	-10,416	-7.6%	4.4%	-44,281	-45,389	-2.4%
Pensions paid	0	0	0	-	-	0	0	-
Underwriting expenses	-1,599	-920	-1,426	73.9%	12.1%	-3,895	-4,447	-12.4%
Medical expenses	-2	-3	-2	-	-	-7	-9	-
Insurance impairment	34	284	-67	-	-	624	-328	-290.2%
Contribution Margin	5,095	4,108	4,793	24.0%	6.3%	16,962	15,977	6.2%
Claims rate (1)	60.1%	67.1%	60.1%	-698 p	4 p	65.2%	65.1%	16 p
Underwriting expense rate (2)	8.8%	5.2%	8.2%	360 p	61 p	5.7%	6.4%	-64 p

(1) Claims paid/ Gross w ritten premiums

(2) Underw riting expense/ Gross w ritten premiums

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 202-213 and 302-313. As of December 2017, gross written premiums from group insurance represented 15.2% of Vida Security's total gross written premiums.

For 2017, the contribution margin reached CH\$16,962 million (+6.2% YoY), due to a fall in claims to CH\$44,281 million (-2.4% YoY). In addition, underwriting expenses totaled CH\$3,895 million (-12.4% YoY), because of lower average rates for fees. These effects were partially offset by lower gross written premiums of CH\$67,871 million (-2.7% YoY) as some group insurance policies were not renewed at the end of 2016.

The contribution margin for 4Q17 was CH\$5,095 million (+24.0% QoQ), due to a drop in claims during the quarter because of the seasonal nature of the business, which drove claims paid down to CH\$10,873 million for 4Q17 (-7.6% QoQ). Gross written premiums from group insurance reached CH\$18,090 million (+3.1% QoQ).

○ Annuities

Workers that 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 423⁸. As of December 2017, gross written premiums from annuities represented 13.8% of Vida Security's total gross written 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.

⁸ This also includes line 424 from the SVS, which corresponds to the old Disability and Survivor's system defined in Circular 528 (C-528). As of December 2017, this product line accounts for only CH\$1,652 million in pensions paid by Vida Security.

Annuities	4Q17	3Q17	4Q16	% Chg.		2017	2016	%Chg.
In MCH\$				QoQ	YoY			
Gross written premiums	16,643	24,647	9,956	-32.5%	67.2%	61,586	49,643	24.1%
Net premiums written	16,643	24,647	9,956	-32.5%	67.2%	61,586	49,643	24.1%
Variation in technical reserves	0	128	0	-	-	0	0	-
Claims paid	0	0	0	-	-	0	0	-
Pensions paid	-31,771	-40,326	-25,170	-21.2%	26.2%	-122,752	-109,439	12.2%
Underwriting expenses	-194	-279	-136	-30.6%	42.3%	-732	-590	24.0%
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-15,322	-15,830	-15,350	-3.2%	-0.2%	-61,897	-60,387	2.5%

Underwriting expense rate (1)	1.2%	1.1%	1.4%	3 p	0 p	1.2%	1.2%	0 p
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(1) Claims paid/ Gross w ritten premiums

In 2017, the contribution margin for annuities reached -CH\$61,897 million (+2.5% YoY), mainly because of the rise in gross written premiums, which totaled CH\$61,586 million as of December 2017 (+24.1% YoY). Pensions paid totaled -CH\$122,752 million for the year ended December 2017 (+12.2% YoY), in line with increased reserves because of the rise in premiums.

For 4Q17, the contribution margin totaled -CH\$15,322 million (-3.2% QoQ). Total gross written premiums reached CH\$16,643 million for the period (-32.5% QoQ) while pensions paid totaled -CH\$31,771 million (-21.2% QoQ).

○ Disability and Survivor Insurance (DSI)

DSI	4Q17	3Q17	4Q16	% Chg.		2017	2016	%Chg.
In MCH\$				QoQ	YoY			
Gross written premiums	43,798	42,283	39,993	3.6%	9.5%	171,841	79,446	116.3%
Net premiums written	26,681	25,302	24,384	5.5%	9.4%	105,527	48,493	117.6%
Variation in technical reserves	-176	-540	-2,140	-	-	1,736	-1,345	-
Claims paid	-41,111	-3,197	-10,491	-	-	-58,778	-27,702	112.2%
Pensions paid	12,785	-26,941	-13,330	-	-	-56,653	-23,531	140.8%
Underwriting expenses	0	0	0	-	-	0	0	-
Medical expenses	0	0	0	-	-	0	0	-
Insurance impairment	0	0	0	-	-	0	0	-
Contribution Margin	-1,820	-5,375	-1,577	-66.1%	15.4%	-8,168	-4,085	99.9%

Claims Rate (1)	64.7%	71.3%	59.6%	-660 p	511 p	67.2%	64.5%	268 p
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(1) Claims and Pensions Paid/ Gross w ritten premiums

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 semi-annual public bidding processes. It is financed by employers throughout a member's active work life with a fraction of the additional amount charged by the AFP⁹. 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 variation in technical reserves corresponds to reserves adjustments resulting from the application of regulatory tests.

⁹ <http://www.spensiones.cl/portal/orientacion/580/w3-article-3024.html>

In the fifth DSI 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 December 2017, gross written premiums from DSI insurance represented 38.5% of Vida Security's total gross written premiums.

As of December 2017, DSI insurance had a contribution margin of -CH\$8,168 million, down from -CH\$4,085 million as of December 2016, mainly due to higher-than-expected claims because of an increase in the number of claims, and lower interest rates, which negatively affected the claims reserve calculation. For the year ended December 2017, total gross written premiums reached CH\$171,841 million, while net premiums written totaled CH\$105,527 million. Claims and pensions paid reached CH\$115,431 million and the variation in technical reserves totaled CH\$1,736 million.

Administrative Expenses - Vida Security

In MCH\$	4Q17	3Q17	4Q16	% Chg		2017	2016	%Chg.
				QoQ	YoY			
Payroll	-3,492	-3,375	-3,234	3.5%	8.0%	-13,407	-12,059	11.2%
Distribution Channel expenses	-862	-1,039	-1,301	-17.1%	-33.7%	-4,015	-5,372	-25.3%
Other	-4,922	-5,376	-3,777	-8.4%	30.3%	-19,940	-15,888	25.5%
Total administrative expenses	-9,276	-9,791	-8,312	-5.3%	11.6%	-37,362	-33,319	12.1%

In 2017 Vida Security reported administrative expenses of CH\$ 37,362 million, +12.1% YoY and -5.3% QoQ. Distribution channel expenses were CH\$4,015 million for the period, -25.3% YoY and -17.1% QoQ. Other administrative expenses totaled CH\$19,940 million, +25.5% YoY and -8.4% QoQ, in part related to collections expenses.

Investment Income - Vida Security

The company recorded total investment income for the year 2017 of CH\$126,738 million, +CH\$15,520 million YoY and -CH\$11,251 million QoQ, thanks to improved returns from global equity markets, partially offset by a poorer performance from local equities in the fourth quarter due to a more conservative position.

The investment portfolio for CUI and APV policies totaled CH\$ 479,816 million as of December 2017, +17.5% YoY. 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.

Investment income from equities and indexes totaled CH\$34,504 million for the year ended December 2017, +CH\$21,271 million YoY and -CH\$10,792 million QoQ. Income from fixed-income instruments fell to CH\$74,102 million for 2017, -12.0% YoY and -3.0% QoQ.

Investment Stock Ch\$ Million	Dec-17	Sep-17	Dec-16	% Chg			stock % 4Q17
				QoQ	YTD	YoY	
Fixed Income	1,729,875	1,728,462	1,687,248	0.1%	2.5%	2.5%	72.0%
Equities and indexes	397,996	367,247	319,647	8.4%	24.5%	24.5%	16.6%
Real estate	229,827	229,376	232,103	0.2%	-1.0%	-1.0%	9.6%
Other investments	44,815	56,191	39,934	-20.2%	12.2%	12.2%	1.9%
Investment Stock	2,402,514	2,381,277	2,278,932	0.9%	5.4%	5.4%	

Investment Income In Ch\$ Million	4Q17	3Q17	4Q16	% Chg			2017	2016	% Chg.
				QoQ	YoY				
Fixed Income	16,141	16,644	18,422	-3.0%	-12.4%	74,102	84,204	-12.0%	
Equities and indexes	2,153	12,946	2,062	-83.4%	-	34,504	13,234	160.7%	
Real estate	3,200	3,331	3,422	-3.9%	-6.5%	13,027	13,892	-6.2%	
Other investments	1,734	1,559	1,237	11.3%	-	5,105	-111	-	
Investments Income	23,229	34,480	25,144	-32.6%	-7.6%	126,738	111,218	14.0%	

Exchange Differences and Gain (Loss) from Indexation Adjustments

In 2017, exchange differences totaled CH\$1,154 million, versus -CH\$2,699 million in 2016, because of reduced exposure to foreign exchange risk. For 2017, the company posted a loss from indexed units of -CH\$1,444 million, due to a larger number of indexed liabilities than indexed assets.

Protecta

Protecta is a Peruvian life insurance company focused on annuities. It is a subsidiary of Vida Security, which holds a 61% interest. It was acquired in September 2015, and marks Grupo Security's entrance into the Peruvian financial market.

For 2017, Protecta reported profit of S./ 5.2 million, up from S./ 4.8 million in 2016, mainly because of improved investment income, which totaled S./ 22.2 million, +36.1% YoY, due to a strong performance from real estate investments.

As of December 2017, Protecta posted annuity sales of S./ 117.6 million, reflecting increase of 9.5% over Dec-16. The Peruvian life insurance industry reported annuity sales of S./ 941.6 million, down 34% from Dec-16, impacted by a law approved in 1Q16 that allowed insured parties to withdraw up to 95.5% of their saved funds when they retired. In this context, Protecta's rise in sales of annuities has expanded its market share from 5.3% when it was acquired in September 2015 to 12.5% as of December 2017. Protecta's business plan for the next three years calls for strong growth in annuities, which will require future capital increases.

Peruvian regulations allow leases to be recorded at present value and any goodwill on changes in the value of these properties to be recognized in the statement of income. Under Chilean standards, this goodwill must be reversed and, therefore, Protecta's result attributable to Vida Security is an accounting loss of CH\$3,760 million as of December 2017.

ASSET MANAGEMENT BUSINESS AREA (2.2% of assets; 10.5% of profit from business areas as of December 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 customer segment. 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>	Dec-17	Sep-17	Dec-16	% Chg	
				QoQ	YoY
Assets under management (AUM)	4,506,967	4,449,872	3,643,266	1.3%	23.7%
Mutual funds under management	2,558,301	2,497,739	1,854,062	2.4%	38.0%
<i>Market share - mutual funds</i>	7.3%	6.9%	5.9%	37 p	135 p

The subsidiary's AUM as of December 2017 totaled CH\$4,506,967 million, +23.7% YoY. Mutual funds under management totaled CH\$2,558,301 million, +38.0% YoY, with a market share of 7.3%. The area reported total value of shares traded of CH\$3,139,690 million, with market share of 6.1%.

<i>In Ch\$ Millions</i>	4Q17	3Q17	4Q16	% Chg		2017	2016	% Chg
				QoQ	YoY			
Value of shares traded	849,594	798,166	805,663	6.4%	5.5%	3,139,690	2,235,026	40.5%
Market share - equities brokerage	5.3%	5.8%	7.2%	-57 p	-197 p	6.1%	5.7%	39 p
Operating income	11,363	10,264	9,171	10.7%	23.9%	40,336	36,043	11.9%
Non-operating income	907	529	1,258	71.3%	-27.9%	3,551	4,715	-24.7%
Total expenses	-8,260	-8,012	-7,851	3.1%	5.2%	-32,544	-31,251	4.1%
Efficiency ratio	67.3%	74.2%	75.3%	-691 p	-796 p	74.2%	76.7%	-252 p
Fund management	2,303	1,568	1,756	46.9%	31.2%	6,663	6,937	-3.9%
Equity, currency and fixed income brokerage, portfolio mgt and Int'l business	876	415	320	111.3%	173.6%	2,458	640	284.0%
Securitization	346	570	-45	-	-	516	-378	-
Profit - Asset Management	3,526	2,553	2,031	38.1%	73.6%	9,637	7,199	33.9%

As of December 2017, the asset management area reported profit of CH\$9,637 million (+33.9% YoY), attributable to higher operating income of CH\$40,336 million (+11.9% YoY), reflecting increased income from mutual funds because of 38.0% YoY growth in volume, despite reductions in average fees. It also saw increased activity in equities, international and fixed-income trading, driven by strong domestic and foreign markets. Total expenses reached CH\$32,544 million (+4.1 YoY), due to higher expenses for increased commercial activity.

For 4Q17, profit totaled CH\$3,526 million, (+38.1% QoQ), due to increased income from the sale of foreign funds with alternative investment strategies, increased activity in the equities and international businesses and improved returns from proprietary trading.

OTHER SERVICES BUSINESS AREA (1.4% of assets; 7.3% of profit from business areas in 2017)

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\$3,298 million for 2017, (-CH\$502 million YoY and +CH\$2,239 million QoQ). Ownership was transferred on 55 units in 2017, versus 85 units in 2016. In quarterly terms, ownership was transferred on 23 units in 4Q17, up from 3 units in 3Q17. Inmobiliaria Security signed apartment purchase promise agreements totaling UF 643,000 for the year ended December 2017 (-48.6% YoY) and UF 140,000 in 4Q17 (-34.1% QoQ). It is important to note that there is a lag between a sale and revenue recognition. Under IFRS, revenue is recognized once legal title to the property has been transferred.

Real estate assets under management totaled CH\$71,846 million, -0.2% YoY and -11.4% QoQ, decreasing in line with property title transfers, which was not offset by new lot purchases and capitalization of projects under development.

<i>In Ch\$ Millions</i>	4Q17	3Q17	4Q16	% Chg		2017	2016	% Chg
				QoQ	YoY			
Real estate assets under management	71,846	81,112	72,004	-11.4%	-0.2%	71,846	72,004	-0.2%
Total income	3,017	608	3,827	-	-21.2%	5,255	5,119	2.7%
Total expenses	-707	-526	-130	34.3%	443.5%	-2,022	-1,542	31.1%
Profit before tax	2,310	81	3,697	-	-37.5%	3,233	3,576	-9.6%
Profit for the period	2,342	103	3,793	-	-38.3%	3,298	3,800	-13.2%

CORPORATE TRAVEL AGENCY: TRAVEL SECURITY

Travel Security reported profit of CH\$4,050 million for the year 2017, -4.0% YoY, explained mainly by reduced airline commissions as a result of changes in the industry and the composition of sales. These effects were not fully offset by the 8.0% YoY increase in sales in US dollars. For 4Q17, it reported quarterly profit of CH\$1,084 million, down -CH\$23 million or -2.1% QoQ, while sales totaled US \$65 million (-1.1% QoQ).

Travex Security, Travel Security's Peruvian travel agency subsidiary, recorded profit of CH\$574 million for 2017 (+110.0% YoY) and CH\$118 million for 4Q17 (-32.9% QoQ).

	4Q16	3Q17	4Q16	% Chg QoQ	% Chg YoY	2017	2016	% Chg
Total sales - Travel (MUSD)	65	66	64	-1.1%	2.8%	265	245	8.0%
Total sales - Travex (MUSD)	15	18	14	-16.5%	10.3%	68	56	22.5%
Net operating income (MCH\$)	1,506	1,490	1,598	1.1%	-5.7%	5,640	5,840	-3.4%
Profit for the period - Travel (MCH\$)	1,084	1,107	1,123	-2.1%	-3.5%	4,050	4,220	-4.0%

RISK RATINGS

	Grupo Security	Banco Security	Vida Security	Factoring Security	Inv. Seguros Security
FitchRatings (local)	A+	AA-	AA-	A+	A+
ICR (local)	AA-	AA	AA	AA-	A+
Standard & Poors (international)		BBB/A-2			

BONDS ISSUED BY GRUPO SECURITY

Series	Registration Number	Registration Date	Currency	Amount	Annual Interest Rate	Duration (Years)	Maturity
F	620	15/09/09	UF	57,188	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

For more information on debt issued by subsidiaries of Grupo Security, please see the financial liability notes in the financial statements.

RETURNS AND DIVIDENDS

In an extraordinary meeting on October 11, 2017, the Board of Directors of Grupo Security agreed to pay a total dividend of CH\$4.35 per share. This consists of an interim dividend of CH\$1.75 per share charged to retained earnings from 2017 and an additional dividend of CH\$2.6 per share charged to retained earnings from prior periods.

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 paid in November are equal to a total dividend of CH\$12.0 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 year 2017, Grupo Security's stock reported a return of +31.2%, outperforming the banking sector index (+27.2%) but underperforming the IPSA (+34.0%).

4Q17 EARNINGS CONFERENCE CALL

Grupo Security's fourth quarter earnings report will be explained in a conference call led by Mr. Renato Peñafiel, the company's CEO, on March 6, 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 results of the different business units, which are not guarantees of future results and are subject to significant risks and uncertainty. They may be affected by 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	December 31, 2017
Current assets		
Cash and cash equivalents	510,335	599,767
Other financial assets, current	3,110,270	3,162,603
Other non-financial assets, current	20,375	27,138
Trade and other receivables, current	4,969,605	5,355,571
Accounts receivable from related parties, current	29,783	32,019
Inventories	71,986	72,113
Current tax assets	27,416	32,517
Total current assets other than assets or disposal groups classified as held for sale or held for distribution to owners	8,739,770	9,281,728
Non-current assets or disposal groups classified as held for sale or held for distribution to owners	2,456	3,641
Total non-current assets classified as held for sale or held for distribution to owners	2,456	3,641
Total current assets	8,742,226	9,285,369
Non-current assets		
Other non-financial assets, non-current	74,736	74,084
Equity-accounted investments	795	3,077
Intangible assets other than goodwill	43,624	38,518
Goodwill	119,067	119,067
Property, plant and equipment	74,846	65,088
Investment property	144,615	159,663
Deferred tax assets	112,890	96,435
Total non-current assets	570,573	555,932
Total assets	9,312,799	9,841,301

2. Financial Statements and Indicators - Liabilities and Equity

Liabilities and Equity In Ch\$ Millions	December 31, 2016	December 31, 2017
Other financial liabilities, current	5,423,193	5,591,020
Trade and other payables	2,322,866	2,504,746
Accounts payable to related parties, current	2,587	1,949
Other short-term provisions	115,158	117,699
Current tax liabilities	26,897	24,881
Employee benefit provisions, current	8,297	8,708
Other non-financial liabilities, current	136,495	188,926
Total current liabilities	8,035,493	8,437,929
Non-current liabilities		
Other financial liabilities, non-current	518,402	540,756
Accounts payable, non-current	97,426	92,844
Accounts payable to related parties, non-current	1,299	1,948
Deferred tax liabilities	54,464	45,297
Total non-current liabilities	671,591	680,845
Total liabilities	8,707,084	9,118,775
Equity		
Issued Capital	302,406	429,040
Retained earnings	278,548	311,415
Shaere premium	33,210	0
Other reserves	(28,536)	(35,545)
Equity attributable to equity holders of parent	585,628	704,910
Non-controlling interests	20,087	17,616
Total equity	605,715	722,526
Total liabilities and equity	9,312,799	9,841,301

3. Financial Statements and Indicators - Consolidated Statement of Income

Consolidated statement of income (MCh\$)	Dec-16	Dec-17
Revenue	1,026,690	1,177,768
Cost of sales	(700,949)	(839,571)
Gross profit	325,741	338,197
Other income	2,777	4,252
Distribution costs	0	0
Administrative expenses	-219,682	-215,483
Other expenses	(27,594)	(8,561)
Other gains	3,014	5,457
Finance income	-	-
Finance costs	(13,473)	(13,110)
Share of profit (loss) of associates and joint ventures, equity-accounted	18,835	-379
Exchange differences	-9,110	-4,926
Gain (loss) on indexed assets and liabilities	5,695	-4,179
Gains arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	2,750	(1,586)
Profit before tax	88,952	99,684
Income tax benefit (expense)	(13,866)	(25,971)
Profit (loss) from continuing operations	75,086	73,712
Profit (loss) from discontinued operations	0	0
Profit (loss) for the period	75,086	73,712
Profit (loss) attributable to		
Profit (loss) attributable to equity holders of the parent	74,522	74,708
Profit (loss) attributable to non-controlling interests	563	-996
Profit (loss) for the period	75,086	73,712
Depreciation and amortization	18,389	9,061
Ebitda	120,814	121,856

4. Segment Note - Grupo Security YoY

Segment Note - Grupo Security In MCH\$	Lending and Treasury		Asset Management		Insurance		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17	Dec-16	Dec-17
Revenue	430,225	435,048	50,459	54,765	504,576	637,513	49,634	57,863	-8,204	-7,422	1,026,690	1,177,768
Cost of sales	-234,586	-232,432	-11,844	-13,073	-430,722	-561,397	-23,033	-31,464	-763	-1,205	-700,949	-839,571
Gross profit	195,639	202,616	38,615	41,692	73,854	76,116	26,601	26,399	-8,967	-8,626	325,741	338,197
Other income	27	-268	472	1,834	894	729	840	719	544	1,238	2,777	4,252
Administrative expenses	-119,899	-111,589	-29,618	-29,852	-49,012	-58,652	-16,854	-17,356	-4,300	1,967	-219,682	-215,483
Other expenses	-24,544	-7,121	-1,083	-852	-242	-263	-382	-324	-1,342	0	-27,594	-8,561
Other gains (losses)	0	0	409	450	479	389	792	834	1,334	3,785	3,014	5,457
Finance income	0	0	0	0	0	0	0	0	0	0	0	0
Finance costs	0	0	-45	-400	-422	-682	-1,169	-1,179	-11,837	-10,848	-13,473	-13,110
Share of profit (loss) of associates and joint ventures, equity-accounted	-1	0	19	0	18,932	-364	-61	-16	-54	0	18,835	-379
Exchange differences	2,084	-3,507	-497	-611	-11,019	-1,363	637	744	-315	-189	-9,110	-4,926
Gain (loss) from indexed assets and liabilities	30	21	12	38	10,444	-1,028	39	69	-4,830	-3,279	5,695	-4,179
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	2,329	-1,384	422	-202	0	0	0	0	0	0	2,750	-1,586
Profit (loss) before tax	55,664	78,769	8,706	12,097	43,908	14,881	10,442	9,890	-29,768	-15,953	88,952	99,684
Income tax benefit (expense)	-5,930	-17,366	-1,485	-2,453	-6,271	-2,901	-2,321	-2,421	2,141	-831	-13,866	-25,971
Profit (loss) from continuing operations	49,734	61,404	7,220	9,643	37,637	11,980	8,122	7,469	-27,627	-16,784	75,086	73,712
Profit (loss) attributable to												
Profit (loss) attributable to equity holders of the parent	49,715	61,390	7,197	9,637	37,886	13,797	7,302	6,660	-27,627	-16,784	74,522	74,708
Profit (loss) attributable to non-controlling interest	20	14	24	6	-249	-1,817	819	810	-50	-8	563	-996
Profit (loss) for the period	49,734	61,404	7,220	9,643	37,637	11,980	8,122	7,469	-27,678	-16,792	75,086	73,712

5. Segment Note - Grupo Security QoQ

Segment Note - Grupo Security In MCH\$	Lending and Treasury		Asset Management		Insurance		Other Services		Consolidation Adjustments, Support Areas and Group Expenses		Total Grupo Security	
	3Q-17	4Q-17	3Q-17	4Q-17	3Q-17	4Q-17	3Q-17	4Q-17	3Q-17	4Q-17	3Q-17	4Q-17
	Revenue	100,489	110,394	14,294	14,523	168,805	148,640	8,307	26,046	-1,947	-2,008	289,948
Cost of sales	-48,778	-60,514	-3,439	-3,023	-153,934	-132,328	-2,857	-17,573	-441	-325	-209,449	-213,764
Gross profit	51,711	49,880	10,855	11,500	14,871	16,313	5,450	8,472	-2,388	-2,333	80,499	83,832
Other income	6	-297	663	851	179	226	210	335	495	583	1,554	1,698
Administrative expenses	-27,111	-26,167	-7,337	-7,510	-15,398	-15,017	-4,097	-4,793	847	2,262	-53,096	-51,225
Other expenses	-1,329	-1,222	-95	-461	-64	-60	-59	-86	-50	50	-1,597	-1,779
Other gains (losses)	0	0	84	178	33	192	259	356	2,199	217	2,575	943
Finance income	0	0	0	0	0	0	0	0	0	0	0	0
Finance costs	0	0	-149	-94	-161	-230	-274	-342	-2,889	-2,324	-3,474	-2,989
Share of profit (loss) of associates and joint ventures, equity-accounted	0	0	0	0	-68	-271	-1	-2	0	-1	-69	-274
Exchange differences	-2,073	-1,196	-265	-144	-98	-569	155	333	3	-53	-2,278	-1,629
Gain (loss) from indexed assets and liabilities	0	11	-8	12	447	-507	-20	54	53	-1,155	472	-1,585
Gains (losses) arising from the difference between the prior carrying amount and the fair value of financial assets reclassified at fair value	-288	297	-140	96	0	0	0	0	0	0	-427	393
Profit (loss) before tax	20,917	21,305	3,607	4,427	-259	77	1,622	4,329	-1,730	-2,754	24,158	27,385
Income tax benefit (expense)	-5,128	-4,249	-1,051	-899	154	-758	-378	-878	-200	-373	-6,603	-7,158
Profit (loss) from continuing operations	15,789	17,056	2,557	3,528	-106	-681	1,245	3,451	-1,929	-3,127	17,555	20,227
Profit (loss) attributable to												
Profit (loss) attributable to equity holders of the parent	15,778	17,053	2,553	3,526	270	349	1,021	3,242	-1,929	-3,127	17,704	21,047
Profit (loss) attributable to non-controlling interest	11	3	4	3	-376	-1,031	223	209	-11	-3	-149	-820
Profit (loss) for the period	15,789	17,056	2,557	3,528	-106	-681	1,245	3,451	-1,940	-3,130	17,555	20,227

6. Grupo Security Consolidated Statement of Cash Flows

Statement of Cash Flows		Dec-16	Dec-17
For the periods ended December 31, 2017 and 2016		MM\$	MM\$
Net cash flows provided by (used in) operating activities		(81,111)	305,916
Net cash flows used in investing activities		25,972	(1,519)
Net cash flows used in financing activities		(61,161)	(214,952)
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes		(116,301)	89,445
Effect of changes in exchange rates on cash and cash equivalents		(122)	(13)
Net increase (decrease) in cash and cash equivalents		(116,422)	89,432
Cash and cash equivalents at beginning of period		626,758	510,335
Cash and cash equivalents at end of period		510,335	599,767

7. Quarterly Statement of Income

Quarterly Earnings		4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Revenue	M Ch\$	297,596	289,948	302,428	287,797	285,425	284,177	232,791	224,297
Cost of sales	M Ch\$	(213,764)	(209,449)	(213,234)	(203,124)	(206,437)	(197,577)	(153,970)	(142,964)
Gross profit	M Ch\$	83,832	80,499	89,193	84,673	78,989	86,599	78,821	81,332
Administrative expenses	M Ch\$	(51,225)	(53,096)	(56,011)	(55,150)	(64,778)	(54,100)	(51,468)	(49,336)
Operating income	M Ch\$	33,469	29,934	32,343	28,117	9,021	25,945	17,523	31,766
Finance costs	M Ch\$	(2,989)	(3,474)	(3,513)	(3,134)	(3,430)	(3,714)	(3,114)	(3,215)
Profit before tax	M Ch\$	27,385	24,158	25,029	23,113	14,264	19,732	15,955	39,001
Profit attributable to equity holders of parent	M Ch\$	21,047	17,704	18,648	17,310	15,149	13,957	14,527	30,889
EBITDA ¹	M Ch\$	32,512	29,922	30,830	28,592	26,094	27,637	22,035	45,048

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

8. Consolidated Financial and Business Indicators

Niveles de Actividad		31-Dec-17	30-Sep-17	30-Jun-17	31-Mar-17	31-Dec-16
Total de Activos Consolidados	\$ millones	9,841,301	9,678,785	9,454,605	9,288,940	9,312,799
Total de Pasivos Consolidados	\$ millones	9,118,775	8,954,456	8,834,076	8,672,213	8,707,084
Total Patrimonio	\$ millones	722,526	724,329	620,529	616,727	605,715

Razón de Endeudamiento		31-Dec-17	30-Sep-17	30-Jun-17	31-Mar-17	31-Dec-16
Razón de Endeudamiento Financiero Individual ¹	veces	0.29	0.29	0.33	0.35	0.34
Cobertura de Gastos Financieros Consolidado ²	veces	8.60	8.14	8.24	8.37	7.60

Rentabilidad		31-Dec-17	30-Sep-17	30-Jun-17	31-Mar-17	31-Dec-16
Igrosos de actividades ordinarias	millones	1,177,768	880,172	590,224	287,797	1,026,690
Ganancia (pérdida), atribuible a los propietarios de la control	millones	74,708	53,661	35,958	17,310	74,522
EBITDA	millones	121,856	89,344	59,422	28,592	120,814
Rentabilidad del Patrimonio ³	%	11.58%	10.63%	11.03%	10.38%	13.11%
Rentabilidad del Activo ⁴	%	0.78%	0.74%	0.72%	0.68%	0.83%
Utilidad por Acción ⁵	\$	21.75	20.52	19.97	18.70	22.87
Número de Acciones	millones	3,683	3,683	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 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 weighted average number of shares LTM.

Grupo Security's total consolidated assets were CH\$9,841,301 million as of December 2017, +5.7% YTD. Of that total, 54.4% are trade and other receivables, primarily the Bank's loan portfolio. As of December 2017, this item reached CH\$5,355,571 million, +7.8% YTD, in keeping with the 8.3% YTD growth in loans as explained on page 9.

Furthermore, 32.1% of total assets are other current financial assets. This line item primarily includes the investment portfolio for the insurance subsidiary's technical reserves and the Bank's portfolio of financial instruments. As of December 2017, other financial assets totaled CH\$3,162,603 (+1.7% YTD), as a result of the 6.4% YTD increase in the investment portfolio for the insurance subsidiary's technical reserves, which totaled CH\$2,140,806 as of December 2017, in keeping with business growth and portfolio returns, as mentioned on page 18 of this report. In addition, the Bank's available-for-sale investments totaled CH\$678,541 million, +11.1% YTD. These effects were partially offset by the drop in the Bank's stock of financial instruments held for trading, which fell to CH\$94,438 million (-64.6% YTD).

As of December 2017, total consolidated liabilities reached CH\$9,118,775 million, +4.7% YTD. Of those, 61.3% are other current financial liabilities, which include the Bank's time deposits and current accounts, as well as debt issued by the Bank or the Group.

As of December 2017, other financial liabilities reached CH\$5,591,020 million, +3.1% YTD, due to a 17.5% increase in senior bonds to CH\$1,532,450 million, partially offset by a -4.1% YTD decrease in the Bank's total deposits. Both effects are part of the Bank's funding strategy, as explained on page 11 of this report.

Of total liabilities, 27.5% were trade and other payables, which are primarily Vida Security's technical reserves.

As of December 2017, trade payables amounted to CH\$2,509,227 million, +7.8% YTD, because of the +7.4% YTD rise in Vida Security's technical reserves. These reserves reached CH\$2,376,398 million as a result of the increase associated with disability and survivor insurance and growth in the fund value

reserve. As explained on page 15 of this report, the strong performance of the CUI and APV investment portfolio during the period also contributed.

Grupo Security's total equity amounted to CH\$722,526 million as of December 2017, +19.3% YTD, because of the recent capital increase and 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 December 2017, this ratio was 0.29, -514 bps YTD, due to the increase in equity as a result of the recent capital increase. Meanwhile, Grupo Security's standalone financial liabilities grew +1.5% YTD.

Consolidated financial expense coverage is the sum of profit before tax and finance costs, divided by finance costs. The majority of finance costs for this indicator are interest and indexation expenses for Grupo Security bonds. As of December 2017, consolidated financial expense coverage was 8.60 times, +13.2% YoY reflecting the 12.1% increase in profit before tax, despite the before-tax gain of CH\$18,979 million generated in 2016 on the sale of its minority interest in Penta-Security.

As of December 2017, revenue was CH\$1,177,768 million, +14.7% YoY. Of this, 40.9% corresponds to gross written premiums from Vida Security, which grew +28.4% YoY as explained on pages 13 to 18. In addition, 28.3% of revenue was from interest and indexation on Bank loans, which grew 8.3% YoY, as explained on page 7. On the other hand, 10.8% of consolidated income corresponds to investment income earned mainly on the Vida Security investment portfolio, which performed well as a result of strong global markets, as mentioned on page 18 of this report.

For the year 2017, profit attributable to the owners of the parent was CH\$74,708 million, 0.2% YoY primarily 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 that effect, after-tax profit attributable to the owners of the parent would have grown 25.4% with respect to 2016, as indicated on page 1 herein.

As of December 2017, EBITDA reached CH\$121,856 million, +0.86% 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 that effect, EBITDA would have grown 19.7% YoY. This effect was not fully offset by lower depreciation and amortization, which fell 50.7% YoY, because of lower depreciation and amortization by the Bank, as explained on page 8.

As of December 2017, return on equity was 11.58% (-153 b.p. YoY) and return on assets was 0.78% (-5 b.p. YoY) with earnings per share of CH\$21.75 (-4.91% YoY). The drop in profitability ratios is explained by the capital increase that Grupo Security completed in August 2017, which increased the number of shares by 13.0% to 3,683 million common shares, and increased equity by CH\$93,424 million. In addition, profit attributable to the owners of the parent increased 0.2% YoY to CH\$74,708 million for the year 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 December 2017, the Chilean banking industry was made up of 20 financial institutions, including 1 state-owned bank (Banco Estado), 14 domestic banks and 5 branches of foreign banks. As of that date, industry loans totaled CH\$157,919,200 million (CH\$146,250,331 million excluding foreign subsidiaries). Equity totaled CH\$18,605,929 million while profit for the year 2017 was CH\$2,236,888 million, with return on average equity of 12.3%. The industry reported an efficiency ratio of 49.4%, measured as support expenses over gross operating profit, and 2.14%, measured as support expenses over total assets. The banking system posted a risk ratio of 2.49%, measured as loan loss provisions to total loans, and 1.93%, measured as 90-day nonperforming loans to total loans. As of December 2017, Banco Security had total loans of CH\$4,834,290 million, positioning it 8th in total loans with 3.1% of the Chilean market (3.3% 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 boosted growth recently, making it one of the financial sector industries with the best domestic and international outlook.

MUTUAL FUND INDUSTRY

As of December 2017, the mutual fund industry reported average assets under management of CH\$35,056,763 million and 2,467,246 investors. Administradora General de Fondos Security boasted average assets under management of CH\$2,558,301 million as of December 2017, giving it a market share of 7.3% and a fifth-place industry ranking among the 19 fund managers operating in the market.

STOCK BROKERAGE INDUSTRY

During 2017, market activity measured as value of shares traded fell 31.6% in comparison to 2016, reaching CH\$51,609 billion. Value of shares traded for Valores Security Corredores de Bolsa for the same period totaled CH\$3,140 billion with market share of 6.1%. Market share is calculated based on transactions on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange.

LIFE INSURANCE INDUSTRY

As of September 2017, there were 36 life insurance companies in Chile. Total gross written premiums for the industry were CH\$4,330,545 million for the period. The life insurance industry posted profit of CH\$479,343 million for the period ended September 2017. As of September 2017, Vida Security had market share of 7.8% based on gross written 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 December 2017, investments accounted for using the equity method in the Consolidated Statements of Financial Position represent approximately 0.03% 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 December 2017, equivalent to 1.21% 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 December 2017, Grupo Security had received the following dividends from subsidiaries: CH\$20,236 million from Banco Security; CH\$9,611 million from Inversiones Previsión Security and CH\$5,112 million from Factoring Security (representing 70% of 2016 profit).

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 revenue sources, with subsidiaries in various sectors of the financial 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. In early 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 December 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 December 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 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

