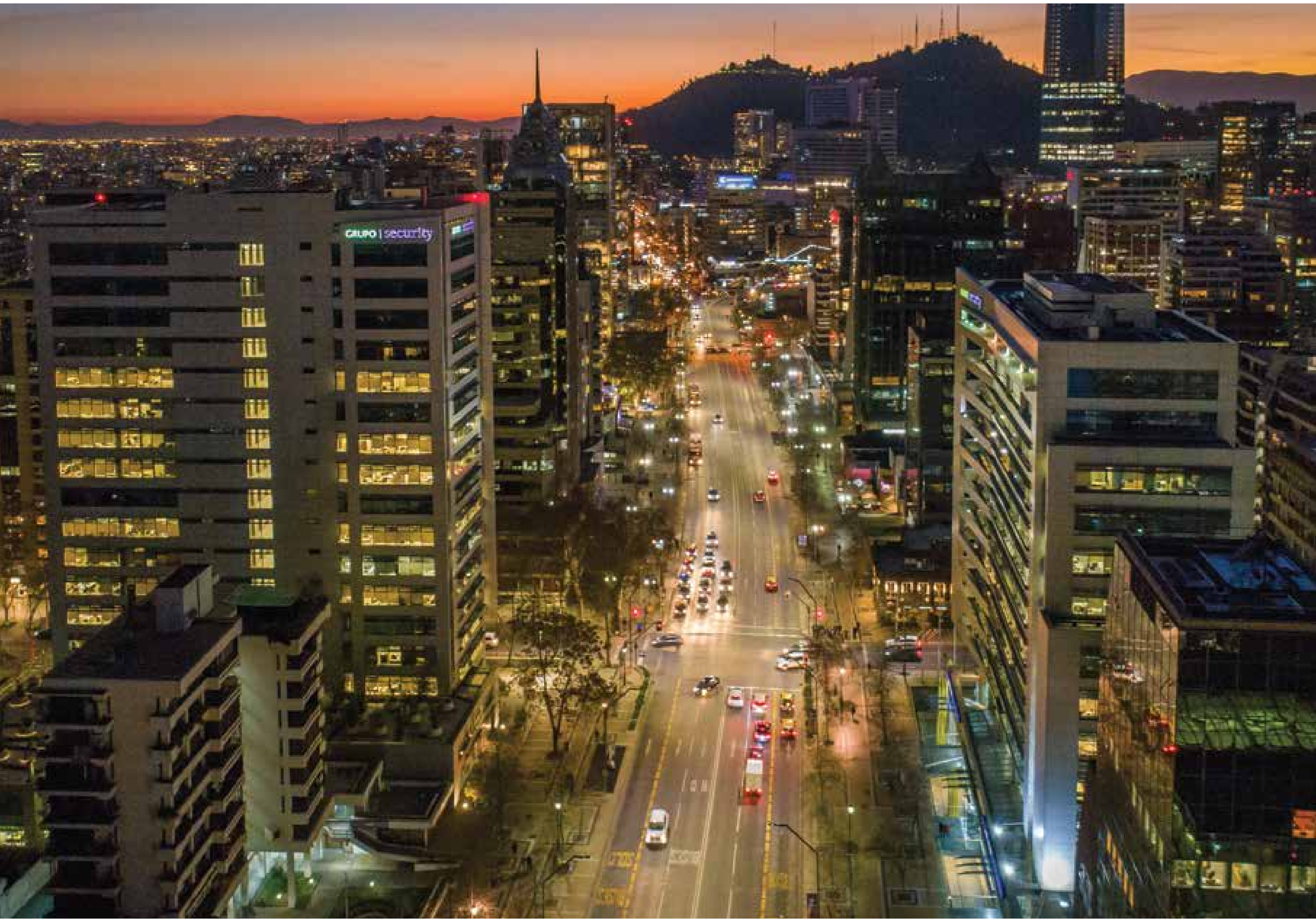
2020

ANNUAL REPORT



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2020 ANNUAL REPORT
BANCO SECURITY

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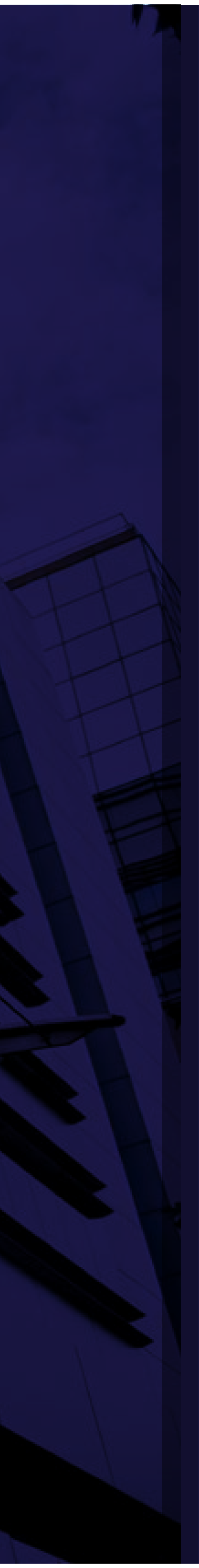


01

OUR BANK

Closeness and Quality

Banco Security delivers excellent service, flexibility and agility to resolve the needs of each customer.

1,173
Employees

19%
of managers are women

BCH$6,228
Total loans

3.4%
Market share in loans

BANCO security

Letter from the Chairman

DEAR SHAREHOLDERS:

It is my pleasure to present Banco Security's annual report for the year 2020, such a critical period for all of humanity. Our country was not left unscathed by the coronavirus pandemic that emerged in December 2019 and quickly spread around the world. It is still too early to measure the devastating impacts of this tragedy in terms of human lives, suffering, poverty, unemployment and economic deterioration. Without a doubt, it is the toughest blow suffered by the whole world in many decades.

Our country has managed to navigate the pandemic, contain its effects and limit their depth and duration thanks to a responsible economic policy framework employed in recent decades. The fundamental cornerstones of this framework include successive administrations respecting fiscal rules and a system of inflation targets managed by the Chilean Central Bank. This left us with savings and cushions for providing relief packages to homes and companies totaling close to 10% of GDP. Unquestionably, it was one of the largest relief packages in the history of our country, which also suffered one of the sharpest record falls in GDP last year.

Although we still have a long way to go before we can declare the pandemic over, there are signs of hope as the vaccination process is rolled out worldwide. The degree of normalcy that each country attains will depend on each government's effectiveness with inoculation.

Chile certainly has shown considerable proof of its organizational prowess with the vaccination process thus far, allowing the nation to anticipate coverage for most of the population in the short term and a natural improvement in expectations for daily life.

However, our country has no reason to be proud of its political handling of our internal affairs, which deteriorated in October 2019 after physical violence took control of all realms of our communities. Not only this recent urban aggression, but also deep-rooted violence in southern Chile, illustrate the destruction of private and public property, loss of human life, insecurity and economic deterioration at every level. Unfortunately, for now, no initiatives or consensus are visible on the horizon that reveal improvements or a path to take to reestablish order and public safety, as we so urgently need.

This past year, Banco Security was not removed from the serious repercussions of this backdrop of uncertainty, exacerbated by the public health crisis, which has entailed navigating an especially challenging and complex environment in different sectors and segments where our businesses operate.

Thanks to our responsible handling and management, the steadfast dedication and commitment of all our employees, the constant backing of our shareholders and the Bank's sound capital, we continued operating at all times, with the basic premise of always taking care of people's health and safety above all else. As a result, we were able to continue providing our customers with the products and services they required.

As soon as the emergency was declared in Chile, we implemented rigorous health and prevention measures to take care of our personnel, along with telecommuting systems to connect more than 80% of our employees from their homes by the end of March and 90% a few weeks later. We staffed strategic branches with a minimum number of employees to comply with regulatory requirements and focused on fortifying digital channels in order to serve all customers, strengthening the use of websites, mobile applications, video chat and other online solutions.

With a national backdrop of uncertainty and severe hardship, we were forced to not only reorient our business strategies but also formulate specific plans for products in each business area. In some cases, they were made more flexible, while in others they were adapted to fit regulatory instructions and the real needs of our customers. For example, measures were created to defer

payments and apply special rates to some loans, such as the Fogape-COVID-19 plan.

All of this was accompanied by special efforts to stay in touch with customers, a core value of our culture, to let them know we were there for them. Customer experience measurements reflected how positively customers perceived these efforts.

Despite all these difficulties, Banco Security closed the year 2020 with favorable results and MCH$6,228,083 in total loans as of December 2020, equivalent to a rise of 2.9% over the past year, while industry loans were up 2.6% in the same period (excluding foreign subsidiaries and branches). The industry's growth is explained mainly by loans granted as part of government assistance plans.

Consolidated profit reached MCH$60,152, or 21.8% below last year's figure, while the Treasury Division obtained a record bottom line: MCH$39,500 (+59%), particularly from the asset management, ALM and distribution desk portfolios.

We are also proud to announce that for the second straight year our Bank earned the Customer Experience Award from Praxis Xperience Index (PXI).

Our subsidiaries also enjoyed favorable results, contributing 8.6% of consolidated earnings. Valores Security reported profit of MCH$1,326 (loss of -MCH$5,834 in 2019). International assets under management (AuM) were up 14% in dollars to MCH$477,544.

The mutual fund subsidiary reported profit of MCH$3,838, down 26.3% from last year (MCH$5,210), mostly because of the impacts of the public health crisis on the industry. Notwithstanding, Morningstar named our "Security Global (series F) Fund" as the best international equity fund and our "Security Strategic Balance Fund" as the best mixed fund.

Indisputably, 2020 will go down in history. There have been so many challenges and such an intense need to adapt to unprecedented, unexpected events that certainly will teach us all enduring lessons as individuals and organizations.

Having been put to the test in such a radical way has also managed to bring out the best in us. At Banco Security, just like all other Grupo Security companies, we have witnessed our immense capacity to navigate complex moments and our teams' innate ability to innovate. We have confirmed, yet once more, that the value of people is above all else and that employees respond beyond expectations when trust is placed in them. I would like to extend a special thanks to every team member at each of our companies and also to you, our shareholders, for your ongoing, unwavering support. Amid this extreme effort and sacrifice we have experienced as a company, Grupo Security was honored with 5th place among all large companies in Chile on the Great Place to Work (GPTW) ranking.

In 2021 we will continue to develop best practices in sustainability in order to incorporate these topics into Banco Security's management with a long-term outlook on employee, customer, shareholder and supplier relations.

The year 2021 should be another challenging period, marked by several monumental elections between April and December, whose results may play a decisive role in our country's future. Beyond the anxiety generated by these processes, we would like to reaffirm our commitment to continue collaborating with domestic growth under the principles on which we have built our business.

FRANCISCO SILVA S.
Chairman of the Board of Banco Security

Financial Summary

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS BANCO SECURITY

FIGURES IN MILLIONS OF CHILEAN PESOS FOR EACH YEAR

	2011	2012	2013	2014	2015
RESULTS FOR THE YEAR					
Total Operating Income (Gross Margin)	107,953	131,693	128,583	169,925	163,694
Management Expenses	67,283	89,848	89,354	105,383	106,622
Net Operating Income (Net Margin)	40,670	41,845	39,229	64,542	57,072
Profit for the Year	35,020	35,229	32,801	55,908	47,429
YEAR-END BALANCES					
Loans	2,614,571	3,021,457	3,340,912	3,715,964	4,056,096
Financial Investments	791,479	706,586	579,000	716,401	749,103
Interest-Earning Assets	3,406,050	3,728,044	3,919,912	4,421,627	4,805,199
PP&E and Investments in Other Companies	24,215	25,131	25,646	25,683	28,649
Total Assets	3,911,365	4,179,893	4,395,535	5,010,707	5,584,680
Current Accounts and Other Demand Deposits	353,615	395,301	425,450	512,242	583,856
Savings Accounts and Time Deposits	2,038,762	2,306,100	2,298,991	2,541,909	2,717,668
Foreign Liabilities	289,277	232,399	193,206	146,429	228,156
Provisions for At-Risk Assets	35,858	41,815	46,087	59,044	74,300
Capital and Reserves (1)	232,443	248,364	275,562	323,143	360,912
Equity	267,463	283,593	308,362	379,051	408,340
RATIOS					
Return on Equity	13.09%	12.42%	10.64%	14.75%	11.61%
Return on Total Assets	0.90%	0.84%	0.75%	1.12%	0.85%
Interest-Earning Assets / Total Assets	87.08%	89.19%	89.18%	88.46%	86.04%
Basel Index	12.03	11.92	12.19	12.47	12.10

SOURCE: FINANCIAL STATEMENTS / CMF
(1) INCLUDES OTHER EQUITY ACCOUNTS

	2016	2017	2018	2019	2020
RESULTS FOR THE YEAR					
Total Operating Income (Gross Margin)	238,753	253,946	268,564	289,720	289,914
Management Expenses	154,523	131,065	134,370	146,308	144,307
Net Operating Income (Net Margin)	84,230	122,881	134,194	143,412	145,607
Profit for the Year	50,606	63,026	72,656	76,957	60,152
YEAR-END BALANCES					
Loans	4,462,332	4,834,290	5,346,034	6,051,817	6,228,082
Financial Investments	977,681	905,731	1,007,566	1,155,332	1,266,375
Interest-Earning Assets	5,440,013	5,740,021	6,353,600	7,207,147	7,494,457
PP&E and Investments in Other Companies	29,211	26,178	24,751	24,263	23,075
Total Assets	6,090,850	6,441,383	6,933,775	8,264,770	8,074,793
Current Accounts and Other Demand Deposits	570,018	673,475	669,965	974,730	1,175,142
Savings Accounts and Time Deposits	3,051,820	2,927,755	2,964,066	3,039,673	1,890,734
Foreign Liabilities	158,757	188,346	223,071	272,634	1,052,094
Provisions for At-Risk Assets	80,651	80,508	90,152	100,526	122,743
Capital and Reserves (1)	411,131	489,997	504,990	540,368	601,786
Equity	461,737	553,023	577,646	617,325	661,938
RATIOS					
Return on Equity	10.96%	11.40%	12.58%	12.47%	9.09%
Return on Total Assets	0.83%	0.98%	1.05%	0.93%	0.74%
Interest-Earning Assets / Total Assets	89.31%	89.11%	91.63%	87.20%	92.81%
Basel Index	13.22	14.02	13.22	12.31	14.05

SOURCE: FINANCIAL STATEMENTS / CMF
(1) INCLUDES OTHER EQUITY ACCOUNTS

History

1981
Banco Urquijo de Chile, a subsidiary of Spain's Banco Urquijo, was created.

1987
Security Pacific Corporation, a subsidiary of Security Pacific National Bank based in Los Angeles, California, purchases 100% of Banco Urquijo de Chile's share capital, renaming the bank Banco Security Pacific. Security Pacific National Bank created a securities agency and stock brokerage firm in the same year. It is currently a Bank subsidiary called Valores Security, Corredores de Bolsa.

1990
Leasing Security was created as a subsidiary of Banco Security to provide lease finance.

1991
Security Pacific Overseas Corporation sold 60% of the Bank's share capital to Grupo Security's current shareholders, who renamed it Banco Security.

1992
The asset management subsidiary, Administradora de Fondos Mutuos Security, is created as a subsidiary of Banco Security.

1994
Bank of America, the successor of Security Pacific National Bank, sells the remaining 40% shareholding to Grupo Security.

2001
The subsidiary Leasing Security was incorporated as a business unit of Banco Security.

2003
The subsidiary Administradora de Fondos Mutuos Security S.A. extended its corporate purpose and changed its name to Administradora General de Fondos Security S.A.

2004
Grupo Security acquired a 99.67% stake in Dresdner Bank Lateinamerika, Chile, and in October it merged with Banco Security. In June, the Bank exceeded 1 billion Chilean pesos in loans.

2006
The Retail Banking project led to the launch of four new branches: Plaza Constitución, Alcántara and Estoril in the Metropolitan Region and Viña del Mar in the Fifth Region.

2007
Two new branches were opened: Chicureo and Los Cobres in the Metropolitan Region.

2008
The Santa María and Los Trapenses branches were opened in the Metropolitan Region.

2011
A new plan to grow and expand the branch network began, with the opening of new branches: Presidente Riesco in Santiago, and La Serena and Rancagua outside of Santiago.

Milestones in 2020

2012

Three new branches were inaugurated: La Reina, Moneda and Talca. Retail Banking reached 50,000 current accounts, and Commercial Banking exceeded two billion Chilean pesos in loans.

2013

A new branch was opened in Copiapó and Retail Banking exceeded one billion Chilean pesos in loans.

2014

Our first representative office abroad was opened in Hong Kong, making us the only Chilean bank with an office in that city. AGF Security merged with Administradora General de Fondos Cruz del Sur to command a strong market position in this industry.

2015

Valores Security merged with the Cruz del Sur brokerage subsidiary and an agreement was reached with Banco Penta to acquire their asset management and stock brokerage subsidiaries.

2016

The respective mergers of Penta Administradora General de Fondos S.A with Administradora General de Fondos Security S.A., and Penta Corredores de Bolsa S.A. with Valores Security S.A. Corredores de Bolsa were completed.

In March, Eduardo Olivares Veloso took over as CEO of Banco Security, replacing Bonifacio Bilbao Hormaeche. Before assuming as CEO, Eduardo Olivares was Corporate Digital Business Manager at Grupo Security, where he led the process to modernize Banco Security, adapt to changes in the environment and meet customer needs, while preserving the Security values of closeness, transparency, flexibility and knowledge of customer needs.

In April, Horacio Pavez García resigned from Banco Security's board, which appointed Bonifacio Bilbao Hormaeche to replace him.

In December, Gustavo Pavez Rodríguez resigned from Banco Security's board, which appointed Juan Cristóbal Pavez Recart to replace him.

The Treasury Division reported record results this year: MCH$39,500 (+59% YoY), particularly from the asset management, ALM and distribution desk portfolios.

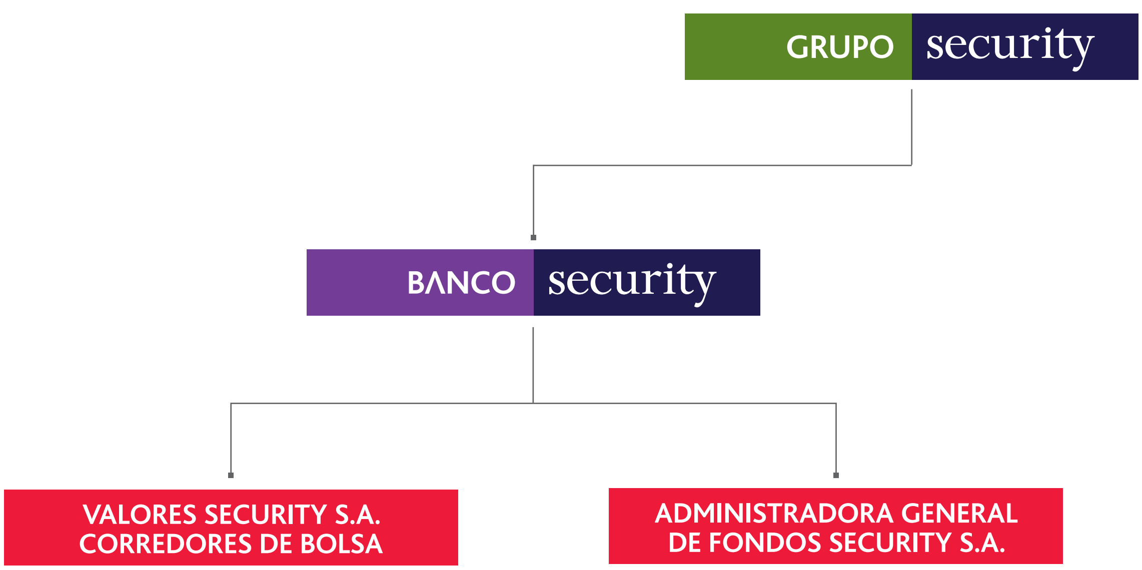
For the second straight year, Banco Security earned the Customer Experience Award from Praxis Xperience Index (PXI).

Managerial changes were made in the Risk and Operations and Technology divisions with the appointment of Alberto Oviedo and Ignacio Yussef, respectively.

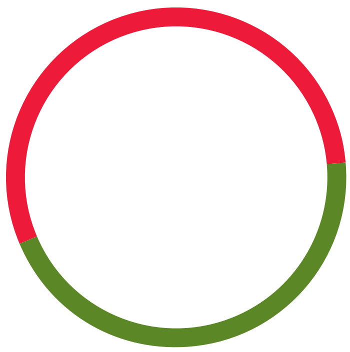
Banco Security at a Glance

Banco Security is a subsidiary of Grupo Security, a diversified financial group with 14 companies structured into five business areas.

Banco Security has two of its own subsidiaries: Administradora General de Fondos Security S.A. and Valores Security S.A. Corredores de Bolsa, both of which operate in the asset management area.



1,173
EMPLOYEES



55%
FEMALE EMPLOYEES

45%
MALE EMPLOYEES

MCH$60,152
PROFIT

9.09%
ROE

BCH$6,228
LOANS

2.91%
LOAN GROWTH

82,158
CURRENT ACCOUNTS

AA
RISK RATING
FROM FITCH RATINGS (LOCAL) AND ICR (LOCAL)

Mission and Vision

VISION

To strengthen its position as a niche bank and service quality leader, by providing financial products and services tailored to each customer and always placing people at the core of its business.

MISSION

To meet the financial needs of large and medium-sized companies and high-income individuals, by delivering exceptional integrated services in order to build long-term relationships with each customer. To always be genuinely concerned for individuals and their families and recognized as a great place to work.

To this end, the Bank provides a complete range of products and services and boasts first-class technological support, appropriate risk policies and excellent professional staff.

Corporate Values

The Security culture is based on solid, shared values that reinforce its corporate identity and are the foundation for common goals.

Since its formation, Banco Security has placed people at the core of its business, which has enabled it to remain competitive and achieve reasonable profitability in an increasingly competitive market.

CLOSENESS

Inspired by a strong vocation for service and concern for others, listening to others and meeting their needs.

TRANSPARENCY

Love of truth, transparency in relationships and honorable conduct.

PROFESSIONALISM

Loyalty and commitment to our Company's objectives and motivation to do a "good job" the first time.

Business Strategy

Banco Security provides financial services with the purpose of contributing to the development of people and the country, through an ongoing quest to identify its customers' needs, satisfy their requirements and provide the best service experience.

Since its formation, it has placed people at the core of its business. In an increasingly competitive and regulated market, Banco Security positions itself as a niche bank, exploring and developing new areas of expertise to reinforce its differentiating feature of service excellence, and improve its flexibility and agility to respond to the particular needs of each customer.

In anticipation of the challenges facing us over the next few years, the Bank has defined a series of priorities that enhance its position as a niche bank that explores and develops new specializations to fortify its differentiating feature of service excellence while staying competitive and preserving suitable returns.

VALUE CREATION

Banco Security strives to add value in all business areas where it operates and with a clear awareness of its role and responsibility towards the community, society and the country.

Its employees work in a setting that values individual dignity and work-family-life balance. Our Human Resource management efforts aim to ensure that employees see their job as a way to grow professionally and personally, and as a path to becoming better people every day and giving back to their family and society.

As for customers and suppliers, the Company's objective is to establish lasting and highly fruitful relationships with them. This can be achieved by providing optimal service quality, always staying ahead of the curve and complying with high standards of engagement, which sets us apart from the competition.

As a company, creating value for our shareholders through a track record of earnings growth, conservative risk management, diversification within the financial sector and a business model with a long-term outlook.

Strategic Pillars

Banco Security's strategy is based on six key pillars: Service excellence, focus on target segment, products and services, customer loyalty, efficiency and people.

SERVICE EXCELLENCE

This is the distinguishing feature of the Bank and its subsidiaries, which is recognized and appreciated by customers and the market, and reflects the Bank's constant concern to ensure that it complies with the service quality standards that characterize the Security brand.

PRODUCTS AND SERVICES

The Bank is concerned with keeping our products and services up to date with respect to other banks. We differentiate ourselves by our ability to adapt our products and services to the specific requirements of each customer, and by the comprehensive package that we offer together with other companies within Grupo Security.

EFFICIENCY

One of Banco Security's strategic objectives is to maintain the flexibility inherent in a small bank, while always aiming to achieve the efficiency of larger banks.

FOCUS ON TARGET SEGMENT

Banco Security has been able to grow while maintaining its focus on its target segments in commercial and retail banking. This has been fundamentally important, to avoid compromising service quality.

CUSTOMER LOYALTY

The sales team continually encourages customers to expand the range of products and services they use at the Bank and at other group companies, building on the premium quality services provided by the Bank and its subsidiaries.

PEOPLE

Concern for people and their families is a core element of the strategy. Service excellence is based on courtesy towards and a close relationship with customers. One key to accomplishing this is having employees committed to and immersed in the Security culture.

Business Segments

The strategic pillars on which Banco Security operates allows it to ensure long-term service excellence and comprehensive customer service across its diverse business lines. The customer service model is designed to achieve greater specialization and a better customer experience based on each customer's profile and needs.

Always focused on providing our customers comprehensive service, Banco Security offers a full range of products and services including current accounts in local and foreign currencies, credit products, mortgage financing, purchase and sale of foreign currencies, payment media (credit and debit cards), payment services, insurance, investment instruments and others.

Banco Security has also developed several remote customer service channels to provide its customers with quick, easy access to their products and services without going to a branch.

Its products and services are oriented to meet specific customer needs segmented as follows:

EXCELLENT, COMPREHENSIVE SERVICE

COMMERCIAL BANKING	RETAIL BANKING	TRADE DESK	ASSET MANAGEMENT
LARGE COMPANIES AND REAL ESTATE BANKING	PRIVATE BANKING	DISTRIBUTION	FUND MANAGEMENT SUBSIDIARY
COMPANIES BANKING AND REGIONAL BRANCHES	PREMIUM BANKING	TRADING	BROKERAGE SUBSIDIARY
FINANCIAL BANKING	ACTIVE BANKING	ASSET MANAGEMENT	
	ENTREPRENEUR BANKING	BALANCE SHEET AND LIQUIDITY	

Commercial Banking

"We want to build a relationship of trust with our customers, and help them develop their business".

The division provides excellent, long-term service and support by offering customers numerous financing options based on their needs.

The main products and services offered to this segment include commercial loans in local currency, foreign currency, leases, foreign trade, current accounts and asset management services.

Banco Security defines three service models based on customer size and industry:

LARGE COMPANIES AND REAL ESTATE BANKING

This service model serves large companies and corporations that look to Banco Security for specialized account executives that resolve their comprehensive financial needs.

- **REAL ESTATE AREA:**
  This area has extensive experience in the market providing custom financing to real estate projects.

- **AGRICULTURAL AREA:**
  This area provides financing for the agricultural sector tailored to the different product varieties and maturity of each farm.

- **MULTINATIONALS AREA:**
  This area provides financing to companies that directly or indirectly belong to any foreign multinational. These financial products and specialized services are managed by highly experienced account executives.

- **ENERGY AND CONCESSIONS AREA:**
  This area provides customized financing to energy projects and concessions.

COMPANIES BANKING AND REGIONAL BRANCHES

This service model serves medium-sized companies and businesses looking for a wide range of products and services, in addition to overall solutions to their financial needs. It has offices in the Metropolitan Region and a network of regional branches.

FINANCIAL BANKING

This service model serves institutional customers requiring premium quality, highly sophisticated products and services. The executives responsible for this area belong to the Finance Division and work closely with the Trading Desk.

Customers are also provided the following services:

FINANCIAL ADVISORY SERVICES AND STRUCTURED FINANCING

This area has highly trained professionals and provides advice and financing for projects (project finance) and restructuring liabilities, syndicated loans, and corporate acquisitions, among other transactions.

FOREIGN TRADE AND INTERNATIONAL SERVICES

This area plays a strategic role in the Bank's value proposition for its customers. The ease and effectiveness of its processes and products, particularly the E-Comex electronic platform, are widely recognized and valued by the market. Banco Security opened a representative office in Hong Kong in 2014 in order to support customers doing business in the Asian market.

LEASING SERVICES

This area offers financing through asset and real estate leases and lease-back services for companies to continue growing and gain a competitive edge. It also plays a strategic role in the Bank's value proposition for its commercial customers.

Retail Banking

"We want to be part of our customers' world, by their side whenever they need us, with custom advising and the best service experience because we believe that where there's a will, there's a way."

Customer portfolio focused on high-income individuals with a differentiated customer service model to achieve greater specialization and a better service experience. The main products and services are current accounts, lines of credit, consumer loans, mortgage loans and asset management services, among others.

During 2020 customer service models were updated and improved in order to properly meet customer needs and requirements, offering them custom advisory service, tailored benefits and more time for themselves.

It also has several digital channels (bancosecurity.cl, Banco Security app and Security on app) for customers to easily access their products and services.

It has four specialized models of customer care in response to each customer's profile and needs:

PRIVATE BANKING

This area targets high-income and high net-worth customers requiring personalized, agile, timely and specialized service. Each account is attended by a highly trained senior account executive with a small customer portfolio. This enables them to provide expert advising and a complete portfolio of sophisticated banking and asset management products and services prepared especially for them. This model also serves the customer's family members and holding companies.

PREMIUM BANKING

This area targets customers needing quick, customized service and highly trained account executives capable of providing unique service with a tailor-made product and service offering. This model also serves the customer's family members and holding companies.

ACTIVE BANKING

This area features an approachable customer service model targeting customers requiring agile, decisive service with timely financial and digital solutions that can be provided remotely or by helping them resolve their own issues online, offering traditional products and services to support their projects throughout various life stages.

ENTREPRENEUR BANKING

This area targets entrepreneurs that need retail and business banking services, with annual revenue under UF 35,000. It offers customized, flexible, specialized service and a full portfolio of banking products with ongoing expert advising from a senior account executive and a comprehensive network of specialists.

Trade Desk

The Trade Desk has always been considered an essential complement of the traditional banking business. This area focuses on providing a wide range of financial products to its entire customer portfolio along with advising whenever needed. It also manages the Bank's own investment portfolio and is responsible for managing the Bank's structural gaps in the balance sheet, transfer pricing and liquidity, according to guidelines from the Asset and Liability Committee.

The area is composed of:

DISTRIBUTION SERVICES

All the financial products managed by the Trade Desk are offered to the Bank's customers, such as: trading foreign currency, time deposits, foreign exchange and inflation hedges, swaps and other financial derivatives and combinations of these products structured according to each customer's specific requirements.

TRADING SERVICES

Management of a portfolio of short-term investments.

ASSET MANAGEMENT SERVICES

Management of a portfolio of medium and long-term investments.

ASSET & LIABILITY AND LIQUIDITY SERVICES

This area is in charge of managing interest rate risk and currency and liquidity gaps generated by structural mismatches in the balance sheet, following guidelines provided by the ALCO.

Asset Management

The division's mission is to support and guide its customers, while identifying and implementing the best solutions for their asset management requirements. Its vision is to be a leader in consulting and asset management for high-net-worth customers, individuals and institutional investors, while conducting business that is consistent and complementary to Grupo Security's value proposition.

Valores Security S.A. Corredores de Bolsa specializes in identifying customer needs and proactively, efficiently assisting investors in selecting from among the different investment alternatives available in the Chilean and international markets. For this, it has a team of highly trained asset management and banking specialists and alliances with Pershing LLCBNY Mellon and Banco Inversis S.A. It also provides customers a straightforward, transparent platform for investing globally in various asset classes, by relying on a single account at Valores Security and its recognized experience in trading local debt instruments.

Administradora General de Fondos Security (AGF), with over 25 years' experience and a prestigious market reputation, serves diverse customer segments, including mid-sized investors, high-net-worth individuals, companies and institutional investors in need of specialized, professional asset management services.

Corporate Governance

Corporate governance at Banco Security is designed to ensure that the activities undertaken by the Bank and its subsidiaries are consistent with its business strategy, institutional values and risk appetite, and to add value to the Company through self-regulation and regulatory compliance.

SHAREHOLDER MEETINGS

At Banco Security, shareholder meetings are the highest level of corporate governance, in accordance with Chile's Corporations Law. Their main functions are to elect the board of directors; appoint external auditors and risk rating agencies; approve the annual report, financial statements, profit distributions and capital increases; and set board compensation.

MAIN AGREEMENTS

- Approved the Annual Report for 2019.
- Appointed the Company's independent auditors.
- Appointed risk rating agencies.
- Approved profit distributions and dividend payments.
- Set board compensation for 2020.
- Selected the newspaper for legal publications.

BOARD OF DIRECTORS

Banco Security's board of directors is its main corporate governance body and plays a key role in the organization, managing the company; establishing and approving institutional values and strategic guidelines, and overseeing implementation; and establishing internal control mechanisms to ensure compliance with internal and external regulations through policies that guide the Company's actions.

The board consists of seven directors and two alternate directors. Its members are elected at shareholder meetings every three years and were confirmed for a new term on March 25, 2019. In 2020, shareholders replaced two directors who presented their resignation.

In order to streamline the process of incorporating a new director, the Bank created an orientation process that includes a presentation from the CEO and meetings with division managers to learn more about the Bank, its businesses, risks, main accounting policies and the legal and regulatory framework applicable to corporate governance.

Directors are also trained on issues related or of interest to the Bank, thus strengthening decision-making and leadership.

In addition, each year the board conducts a self-assessment using a questionnaire to analyze fulfillment of its duties and outcomes.

The board held 16 regular meetings and 5 extraordinary meetings in 2020, with average attendance of 98%. At these meetings, the board is informed of progress and compliance with strategic plans, financial results, compliance with the comprehensive risk management policy, audit compliance and the status of customer complaints, among other matters.

BOARD DUTIES

The board has the following duties, among others:

- Establish, define and approve strategic plans, corporate values and accountability and reporting channels.
- Promote implementation of strategic plans in line with pre-defined risk structures.
- Regularly review the Bank's risk structures and policies and ensure they are duly updated.
- Protect the interests of shareholders and the general public.
- Ensure implementation and correct functioning of data protection and cybersecurity mechanisms and controls.
- Approve policies for reporting and communicating to the public and supervise compliance.
- Ensure Financial Statements are correctly prepared and approve them.
- Assign and approve mechanisms that allow the Bank to comply with legal, administrative and internal rules.
- Exercise control and evaluate defined corporate governance practices.
- Approve transactions with related parties.
- Promote suitable mechanisms for implementing and managing internal controls and audits, guaranteeing due independence required.

BOARD MEMBER	POSITION	ATTENDANCE IN 2020	YEAR OF APPOINTMENT	AUDIT COMMITTEE	ATTENDANCE
Francisco Silva Silva	Chairman	16 of 16	1987		
Renato Peñafiel Olivares	Director	16 of 16	1996		
Ramón Eluchans Olivares	Director	15 of 16	2013		
Jorge Marín Correa	Director	16 of 16	1994	Member	13 of 13
Hernán Felipe Errázuriz	Director	16 of 16	1991	Member	13 of 13
Bonifacio Bilbao Hormaeche (1)	Director	12 of 12	2020		
Juan Cristóbal Pavez Recart (2)	Director	2 of 2	2020		
Horacio Pavez García (1)	Director	4 of 4	2009	Member	2 of 2
Gustavo Pavez Rodríguez (2)	Director	13 of 14	1991		
Mario Weiffenbach Oyarzún (3)	Alternate	2	2014	Member	9 of 11
Ignacio Ruiz Tagle Vergara	Alternate	2	2018		

(1) BONIFACIO BILBAO H. REPLACED HORACIO PAVEZ AS DIRECTOR IN APRIL 2020.
(2) JUAN CRISTÓBAL PAVEZ WAS NAMED DIRECTOR IN DECEMBER 2020 TO REPLACE GUSTAVO PAVEZ.
(3) MARIO WEIFFENBACH WAS NAMED TO THE AUDIT COMMITTEE IN DECEMBER 2020 TO REPLACE HORACIO PAVEZ.

Directors

FRANCISCO SILVA SILVA
CHAIRMAN
Civil Engineer
Universidad Católica de Chile
Engineering, Stanford University
Master of Science, Stanford University
Chilean National ID: 4.103.061-5
Date elected: 03/25/2019

Mr. Silva played a leading role in the creation, growth and diversification of Grupo Security. He has been chairman of the board of Grupo Security since 1996. In 1987 he joined Security Pacific National Bank of California as its representative in Chile and as chairman of Banco Security Pacific in Chile. He was Finance Manager of Banco del Trabajo and a Vice President of Chase Manhattan Bank N.A.; Director of Operations at the Chilean Central Bank; CEO of AFP Unión; and a director, vice chairman and chairman of ICARE. He also served on the boards of Cemento Polpaico, AES Gener S.A., Grupo Banmédica, Enersis and Chilectra.

HERNÁN FELIPE ERRÁZURIZ C.
DIRECTOR
Lawyer
Universidad Católica de Chile
Chilean National ID: 4.686.927-3
Date elected: 03/25/2019

Mr. Errázuriz has been a member of Banco Security's board of directors since 1991 and chairs the Audit Committee. He is the chairman of the board of Chilena Consolidada Seguros de Vida and Chilena Consolidada Seguros Generales (Zurich Insurance Group); and a director of Enel Distribución (formerly Chilectra), Detroit S.A. and Viña Lapostolle. In the past, he has served as Foreign Affairs Minister, Mining Minister, Chilean Ambassador to the United States and chairman, general counsel and vice chairman of the Chilean Central Bank. He sits on the Foreign Policy Council of the Foreign Affairs Ministry.

JORGE MARÍN CORREA
DIRECTOR
Entrepreneur
Chilean National ID: 7.639.707-4
Date elected: 03/25/2019

Mr. Marín has been a member of the boards of Grupo Security and Banco Security since 1994. He is the CEO of Constructora de Viviendas Económicas Santa Marta Ltda. and Inversiones Hemaco Ltda. He serves on the boards of CMPC S.A. and Detroit S.A., and was a founding partner of the brokerage firm Nevasa S.A. Corredores de Bolsa. He served as chairman of the board of Grupo CGE, and previously sat on the boards of EMEL Norte S.A., Gasco S.A., Indiver S.A. and Transnet S.A., Sopraval S.A., Eléctrica Pirque S.A., Compañía de Seguros de Vida El Raulí, Emec S.A., and subsidiaries of CGE S.A. in Argentina.

JUAN CRISTÓBAL PAVEZ RECART

DIRECTOR
Business Administration
Universidad Católica de Chile
Master of Business Administration, Massachusetts Institute of Technology
Chilean National ID: 9.901.478-4
Date elected: 12/25/2020

Mr. Pavez has served on the board of Grupo Security since 2002 and was appointed to the Banco Security in December 2020. He has also been on the board of Vida Security since 2008. He is the CEO of Centinela and co-founder of Eventures, a company with subsidiaries in Chile, Argentina and Brazil. He sits on the board of GeoPark and is the chairman of the Corporate Studies Institute. He was a portfolio analyst at Moneda Asset Management and CEO of the holding company Santana. Before that he was vice chairman and interim CEO of Laboratorios Andrómaco.

RENATO PEÑAFIEL MUÑOZ

DIRECTOR
Business Administration
Universidad Católica de Chile
Master of Arts in Economics
University of Chicago
Chilean National ID: 6.350.390-8
Date elected: 03/25/2019

He is the CEO of Grupo Security. He has helped develop and diversify the holding since 1987 when he was appointed CEO of Banco Security Pacific. He also serves on the boards of Administradora General de Fondos Security, Vida Security and other subsidiaries of Grupo Security. He was the Director of Financial Policies at the Chilean Central Bank and International Manager at Banco Sudamericano. He currently sits on the boards of the Chilean Association of Banks and Financial Institutions (ABIF) and COMBANC.

BONIFACIO BILBAO HORMAECHE

DIRECTOR
Business Administration
Universidad Católica de Chile
Chilean National ID: 9.218.210-K
Date elected: 04/25/2020

Mr. Bilbao joined Banco Security Pacific in 1989 as Trade Desk Manager. He was Investment Manager for both Banco Security and Compañía de Seguros Vida Security. And from May 2013 to March 2020 he was CEO of Banco Security. He began his career at Banco Sudamericano in the credit analysis and corporate areas as a corporate account executive.

Directors

CONTINUED

RAMÓN ELUCHANS OLIVARES

DIRECTOR

Business Administration
Universidad Católica de Chile
Chilean National ID: 6.464.460-2
Date elected: 03/25/2019

He has been on the board of Banco Security since 2013. He was one of the founders and is chairman of Ecosalmon. He was CEO of Banco Security and led the Bank's development process of acquisitions and organic growth. He has held positions in different Grupo Security companies such as the accident and casualty insurance subsidiary, the travel agency and the insurance brokerage subsidiary. He is an active member of the Credit, Finance and Operations committees. Before joining Banco Security, he held a similar position at Banco Sudamericano (currently ScotiaBank).

HORACIO PAVEZ GARCÍA*

Civil Construction
Universidad Federico Santa María
Chilean National ID: 3.899.021-7
03/25/2019

He has been a director of Grupo Security since 1991, of Banco Security since 2009 and of Vida Security since 2005. Since 1986 he is the chairman of Empresas Villuco Group, a family holding company. He also serves on the boards of Sigdo Koppers (since 1987), ENAEX S.A. (since 2002), FEPASA and Energía Latina S.A., and was the chairman of Cámara Chilena de la Construcción A.G. (CChC) and sat on the board of Industrias Forestales Copihue (1993-2001), the CChC's Corporación de Salud, the Council of Universidad Técnica Federico Santa Maria (2004-2010), and the CChC's Empresa Inversiones y Servicios. He also served on the board of AFP Hábitat, AFP Protección and Leasing Security.

GUSTAVO PAVEZ RODRÍGUEZ*

Civil Engineer
Pontificia Universidad Católica de Chile
Chilean National ID: 4.609.215-5
Date elected: 03/25/2019

He has been a director of Banco Security since 1991. He currently sits on the boards of Centinela S.A. and Sociedad Hipódromo Chile S.A., and formerly served on the boards of Empresa Nacional de Explosivos Enaex (1990-2005), Compañía Tecno Industrial CTI (1996-2002) and Antarfish S.A.(2000-2004). Before that he was CEO (1987-1992) and Operations Manager (1978-1987) at Ingeniería y Construcción Sigdo Koppers S.A.

*THE DIRECTORS HORACIO PAVEZ GARCÍA AND GUSTAVO PAVEZ RODRÍGUEZ RESIGNED ON APRIL 16 AND DECEMBER 17, 2020, RESPECTIVELY.

MARIO WEIFFENBACH OYARZÚN

ALTERNATE DIRECTOR

Business Administration
Certified Public Accountant
Universidad de Chile
Chilean National ID: 4.868.153-0
Date elected: 03/25/2019

He has been an alternate director at Banco Security since 2015, before which he was a standing director for over 20 years. He has sat on the boards of Grupo Security since April 2016 and of Factoring Security since 1996. He is a founding partner and executive director of Weiffenbach Profesionales Ltda. He also serves on the boards of Curifor S.A., Dofer S.A., Curimaq S.A., DonMa S.A. and Bosques Pacífico Verde S.A., and used to be a director at Melón S.A., Tricahue S.A., Anterfish S.A., Agrona S.A., Forestal Copihue S.A., Consorcio Maderero S.A., Gec Alsthom S.A., Compañía de Seguros Generales La Previsión S.A., Security Merchant S.A., Security Valores Corredores de Bolsa S.A. and Securitizadora Security S.A.

IGNACIO RUIZ TAGLE VERGARA

ALTERNATE DIRECTOR

Business Administration
Universidad Católica de Chile
Chilean National ID: 6.068.262-3
Date elected: 03/25/2019

He has been an alternate director of Banco Security since August 2018 and a member of the Credit Committee since 2009. He is a partner at Fleischmann, Ruiz-Tagle & Saavedra Consultores, and a founding partner and chairman of the board of Grupo AvalChile. He sits on the boards of Empresa Constructora DESCO S.A., Inmobiliaria DESCO S.A., and Ingeniería y Construcciones Mas Errázuriz. Before that he was Global Banking Division Manager at Banco Santander Chile and a standing member of the Leadership Committee for Grupo Santander in Chile. He sat on the boards of Leasing Security and Factoring Security.

Management

CHIEF EXECUTIVE OFFICER GRUPO SECURITY

CHIEF EXECUTIVE OFFICER BANCO SECURITY

- ASSET MANAGEMENT AREA MANAGER
- COMMERCIAL BANKING DIVISION MANAGER
- RETAIL BANKING DIVISION MANAGER
- RISK DIVISION MANAGER
- OPERATIONAL RISK DIVISION MANAGER
- COMPLIANCE MANAGER
- PLANNING AND CONTROL DIVISION MANAGER
- FINANCE AND CORPORATE DIVISION MANAGER
- OPERATIONS AND TECHNOLOGY DIVISION MANAGER
- GENERAL COUNSEL

SENIOR MANAGEMENT

CHIEF EXECUTIVE OFFICER
Eduardo Ignacio Olivares Veloso
Business Administration
Chilean National ID: 9.017.530-0
Date appointed: 3/9/2020

ASSET MANAGEMENT AREA MANAGER
Hitoshi Kamada
Economics
Chilean National ID: 21.259.467-9
Date appointed: 12/1/2019

RETAIL BANKING DIVISION MANAGER
Paulina Las Heras Bugedo
Certified Public Accountant
Chilean National ID: 11.833.738-7
Date appointed: 12/1/2019

GENERAL COUNSEL
Enrique Menchaca Olivares
Lawyer
Chilean National ID: 6.944.388-5
Date appointed: 9/1/2004

RISK DIVISION MANAGER
Alberto Javier Oviedo Obrador
Business Administration
Chilean National ID: 10.382.134-7
Date appointed: 4/15/2020

COMPLIANCE MANAGER
Mauricio Parra Legrand
Finance Management Technical Degree
Chilean National ID: 7.688.855-8
Date appointed: 5/1/2012

OPERATIONAL AND CYBERSECURITY RISK DIVISION MANAGER
Luis Alfonso Reyes Escatell Mendez
Industrial Engineer
Chilean National ID: 14.740.741-6
Date appointed: 11/19/2018

COMMERCIAL BANKING DIVISION MANAGER
Christian Sinclair Manley
Business Administration
Chilean National ID: 6.379.747-2
Date appointed: 10/1/2004

FINANCE AND CORPORATE DIVISION MANAGER
Nicolás Ugarte Bustamante
Business Administration
Chilean National ID: 7.033.564-6
Date appointed: 3/1/2007

PLANNING DIVISION MANAGER AND PERFORMANCE
Manuel Widow Lira
Business Administration
Chilean National ID: 11.648.339-4
Date appointed: 6/1/2013

OPERATIONS DIVISION MANAGER AND TECHNOLOGY
José Ignacio Yuseff Quirós
Business Administration
Chilean National ID: 9.337.173-9
Date appointed: 8/1/2020

CORPORATE GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

COMMITTEES INVOLVING DIRECTORS AND OTHER AD HOC SUPPORT COMMITTEES

CHIEF EXECUTIVE OFFICER

1ST LINE OF DEFENSE	2ND LINE OF DEFENSE	3RD LINE OF DEFENSE
AREAS: • OPERATIONAL • COMMERCIAL • ADMINISTRATIVE **DUTIES:** • MANAGE THE BUSINESS • RISK OWNERS • DETECT AND IMPLEMENT CORRECTIVE MEASURES • REPORT PROGRESS • UPDATE RISK MAPS	**AREAS:** • OPERATIONAL RISK • FINANCIAL RISK • CREDIT RISK • COMPLIANCE • LEGAL RISK **DUTIES:** • SUPERVISE AND MANAGE RISK MODELS • MONITOR CONTROLS AND ACTION PLANS • PREPARE RISK POLICIES AND MANAGE IMPLEMENTATION • REPORT PROGRESS ON RISK MANAGEMENT	**INTERNAL AUDITING** • MONITORING OF RISK MANAGEMENT MODEL, VERIFYING ACTION PLANS • REPORTING

SHAREHOLDERS' MEETINGS

BOARD OF DIRECTORS

BOARD COMMITTEES

STRATEGY COMMITTEE	NEW PRODUCTS COMMITTEE	FINANCE COMMITTEE	BOARD CREDIT COMMITTEE	OPERATIONAL RISK COMMITTEE	AML/CTF COMMITTEE
COMPANIES COMMERCIAL COMMITTEE	RETAIL COMMERCIAL COMMITTEE	ASSET AND LIABILITY COMMITTEE	WATCH COMMITTEE	RISK COMMITTEE	AUDIT COMMITTEE

CHIEF EXECUTIVE OFFICER

MANAGEMENT COMMITTEES

EXECUTIVE CREDIT COMMITTEE	RECLASSIFICATION COMMITTEE	ETHICS COMMITTEE	HEDGING COMMITTEE	SUPPLIER COMMITTEE
MODEL COMMITTEE	LOAN RESTRUCTURING COMMITTEE	REGULATORY COMMITTEE	PHYSICAL SECURITY COMMITTEE	ASSET MANAGEMENT COMMITTEE

DIVISIONS AND SUPPORT AREAS

COMMERCIAL BANKING DIVISION	RETAIL BANKING DIVISION	FINANCE AND CORPORATE DIVISION	ASSET MANAGEMENT	OPERATIONS AND TECHNOLOGY DIVISION
PLANNING AND PERFORMANCE DIVISION	CREDIT RISK DIVISION	OPERATIONAL AND CYBERSECURITY RISK DIVISION	COMPLIANCE DEPARTMENT	GENERAL COUNSEL

BOARD COMMITTEES

AUDIT COMMITTEE

This committee is responsible for maintaining, applying and operating internal controls at the Bank and its subsidiaries; monitoring that standards and procedures governing their practice are complied with; reviewing, evaluating, controlling and supporting the internal audit function and its independence from management; and coordinating external and internal audit functions, liaising between them and the Bank's board.

MEMBERS

- Hernán Felipe Errázuriz C.
  Director
- Mario Weiffenbach O.
  Director
- Jorge Marín C.
  Director

DUTIES

- Proposing a short-list of external auditors to the board.
- Establishing a business relationship with the external audit firm selected, and clarifying the audit terms and scope before it begins.
- Proposing a short-list of risk rating agencies to the board.
- Understanding and analyzing the results of audits and internal reviews.
- Coordinating the work of the internal auditors with the external auditors' reviews.
- Analyzing the interim financial statements and the annual accounts and report to the board.
- Analyzing the external auditors' reports, and the content, procedures and scope of their reviews.
- Analyzing the external risk rating reports and the procedures they applied.
- Assessing the effectiveness and reliability of internal control systems and procedures.
- Analyzing the adequacy, reliability and effectiveness of information systems, and their value to decision making.
- Ensuring that Company policies adhere to the laws, regulations, and internal standards that the organization must abide by.
- Understanding and resolving conflicts of interest and investigating fraud and suspicious conduct.
- Analyzing instructions and presentations from the Financial Market Commission and analyzing inspection visit reports.
- Understanding, analyzing and verifying compliance with the annual internal audit program.
- Requesting a report every six months from the Compliance Manager to understand the structure, planning, results and management of that area.
- Informing the board of any changes in accounting policy and their effects.
- Evaluating the controller of the Banks and subsidiaries on an annual basis and reporting the results of this evaluation to the chairman.
- Escalating to the board any important or material matters that the committee believes should be resolved by the board.
- Understanding the court cases and any other legal contingencies that may affect the Bank.
- Understanding, analyzing and resolving any other issues that one or more members may submit.

MAIN ACTIVITIES

The committee met 13 times during 2020 and did the following:

- Analyzed the 2019 financial statements with the external audit partner present.
- Analyzed the 2019 external auditors' letters regarding internal controls and adequacy of provisions.
- Temporarily reformulated the 2020 Audit Plan in April because of the public health contingency. In subsequent meetings the plan was reviewed and resumed.
- Analyzed the process to appoint external auditors and risk rating agencies for 2020, in order to report to the board

of directors at its March meeting, so that it may make a recommendation at the corresponding annual general shareholders' meeting.

- Reviewed the progress and results of 43 scheduled internal audits at the Bank and its subsidiaries, 60 periodic continuous audit indicators and 20 periodic remote audit indicators.
- Reviewed monitoring by Internal Auditing of changes in key controls for remote processes and monitoring of processes for new COVID-Fogape loans and renegotiated loans. A further five unplanned audits were also carried out.
- Coordinated the work of the Controller with reviews by the external auditors.
- Reviewed CMF visits in 2020: Bank for credit, financial and operational risk, and the brokerage (Valores) and fund management (AGF) subsidiaries for risk management and internal control.
- Analyzed the reports, contents, procedures and scope of the external auditor's reviews, and the corresponding action plans.
- Analyzed the reports and procedures issued by the external risk rating agencies.
- Prepared a board proposal for external auditors and risk rating agencies.
- Reviewed the changes in standards that affect the Bank and its subsidiaries, and discussed their implications.
- Reviewed risk reprogramming, action for plans and acceptance.
- Reviewed the court cases and other legal contingencies affecting the Bank and its subsidiaries.
- Analyzed progress on action plans prepared by the Bank and its subsidiaries arising from CMF, internal, external and regulatory audit reports.
- Reviewed presentation by divisional managers regarding their organization, functions, risks and the status of their action plans covering. (RAN, Chapter 1- 15, Audit Committees, Section 6.1.i).
- Called subsidiary CEOs to committee meetings to review the status of their action plans.
- Monitored the 2020 Audit plan for the Bank and its subsidiaries.
- Reviewed and monitored operational risk losses for the Bank and its subsidiaries.
- Analyzed the Management and Solvency Self-assessment 2020 (RAN Chapter 1- 13), prior to submitting it to the board.
- Analyzed the 2020 interim financial statements.
- Periodically monitored plans informed as 100% progress.
- Reviewed progress on and execution of automated continuous audit processes and semi-automated remote audit processes.
- Reviewed project to implement new risk management platform, OpenPages GRC.
- Reviewed the Audit Plan proposal for 2021 to be submitted to the board.

STRATEGY COMMITTEE

This committee defines general planning guidelines, reviews risk and resource allocation by business area and monitors the profitability of each business. Its duties also include proposing adjustments to the capital management policy.

BOARD CREDIT COMMITTEE

This committee's primary duty is to analyze, evaluate and approve or reject the most important loan applications submitted by sales areas.

MONEY LAUNDERING AND FINANCING TERRORISM PREVENTION COMMITTEE

This committee is responsible for planning, controlling and coordinating compliance with policies and procedures on the prevention of the crimes of asset laundering and terrorism financing, including reviewing the suspicious transaction report in accordance with current regulations.

ASSET AND LIABILITY COMMITTEE
This committee is responsible for managing and controlling the Bank's structural matching by maturity and currency within the balance sheet, liquidity, net interest margin, and capital management.

FINANCE COMMITTEE
The objective of this committee is to jointly evaluate the financial instrument positions and market risks taken by Banco Security and its subsidiaries, defining strategies and ensuring that these are fulfilled.

COMPANIES COMMERCIAL COMMITTEE
This committee's objective is to review compliance with the budget, deviations and mitigations and progress on sales initiatives.

RETAIL COMMERCIAL COMMITTEE
This committee is charged with reviewing compliance with the budget, deviations and mitigations and progress on retail sales initiatives.

OPERATIONAL RISK COMMITTEE
This committee is responsible for analyzing comprehensive management of operational risks. It also disseminates and monitors operational risk policies.

NEW PRODUCT COMMITTEE
This committee analyzes new products, including an impact evaluation on each area of the Bank and a financial evaluation, and submits them for approval and implementation.

RISK COMMITTEE
This committee is responsible for reviewing strategies for and the behavior of the Bank's general risks.

WATCH COMMITTEE
This committee reviews higher-risk loans, monitors their status and takes action.

MANAGEMENT COMMITTEES

EXECUTIVE CREDIT COMMITTEE
This committee is responsible for analyzing, evaluating and approving or rejecting smaller credit applications submitted by sales departments.

REGULATORY COMMITTEE
This committee is charged with understanding and analyzing the scope and impact of new regulations issued by the various regulatory entities, and ensuring that they are correctly implemented by the Bank and its subsidiaries.

PP&E AND TECHNOLOGY INVESTMENT COMMITTEE
This committee reviews and approves the annual budget for investments and individual projects and their progress reports.

PHYSICAL SECURITY COMMITTEE
This committee's objective is to report and analyze the comprehensive management of physical security at the Bank and adopt any relevant measures.

RECLASSIFICATION COMMITTEE

This committee reviews details of customers likely to be reclassified based on the latest available information and discusses and decides on reclassification in each case.

MODEL COMMITTEE

This committee is responsible for reviewing and monitoring all existing models that support credit risk management.

LOAN RESTRUCTURING COMMITTEE

This committee analyzes the management of Loan Restructuring departments relating to recoveries, uncollectables, new entries and Credit Committee submissions, and identifies cases that need to be sent to the Reclassification Committee.

SUPPLIER COMMITTEE

The Supplier Committee is responsible for comprehensive management and ongoing decision making with respect to suppliers of outsourced services. It also reports to the Operational Risk Committee about controls and monitoring of suppliers that provide critical services and compliance with the annual supplier management plan.

ETHICS COMMITTEE

This committee is responsible for properly enforcing and disseminating the Code of Ethics and the Code of Conduct.

HEDGING COMMITTEE

This committee manages and controls balance sheet hedging strategies, as well as proposes new strategies.

Sustainability and Risk Matters

In the second half of 2020, Grupo Security conducted an assessment of environmental, social and governance aspects with assistance from international consultant ASG VigeoEiris. In 2021 the Bank will implement a working plan based on the results of the assessment. Specifically, Banco Security and its subsidiaries will begin incorporating environmental, social and governance variables into its risk analyses in order to have a comprehensive vision of all risk factors that may affect its customers' payment capacity, its investment portfolios and the reputation of the Security companies.

ENVIRONMENT

	2018	2019	2020
Energy consumption (kw)	1,993,531	2,008,613	1,575,839
Water consumption (m^3)	13,848	12,128	7,501

DATA CORRESPONDS TO BUILDING LOCATED ON AUGUSTO LEGUÍA NORTE.

Ethics and Compliance

Reliability is the hallmark of everyone that works at Banco Security and its subsidiaries, who also strive to maintain high ethical, professional and transparency standards in their daily work.

Banco Security encourages responsible, ethical conduct and, as such, aims to fully satisfy the needs of its customers, shareholders, employees and the social environment with which it engages.

The Bank is governed by Law No. 20,393 on Criminal Liability of Legal Entities, Law No. 19,913 on Asset Laundering and Bleaching and regulations issued by the Financial Market Commission (CMF) and the Financial Analysis Unit (UAF). It has implemented a Crime Prevention Model certified by an external, CMF-approved company (MC Compliance). The model includes policies, guidelines, manuals, a Code of Ethics, a Code of Conduct, internal regulations and a compliance officer.

CODE OF ETHICS

Banco Security is governed by the Code of Ethics applicable to everyone on its team. It is complemented by the Code of Conduct, and is subject to Chilean and international law regarding employment contracts as well as internal regulations, policies, standards and procedures issued by the Company.

This code establishes the principles that guide daily operations and the commitments of everyone who works at the Bank with its closest stakeholders: customers, shareholders, employees, suppliers and the community and society at large.

As for suppliers, contractors or other entities that provide goods or services to the Company, the Code of Ethics establishes that the relationship should at all times be transparent and that any conflict of interest or influence contrary to the Company's interest should be reported.

COMMITMENT TO CUSTOMERS

The Bank's first duty lies in providing its customers with top quality products and services that meet their needs, using the latest technologies that comply with its own technological and operational requirements. The Company also has a commitment to the public and shall transparently provide information regarding products and services, so that customers can promptly an
d easily understand the corresponding costs and other details.

COMMITMENT TO SHAREHOLDERS

This commitment is to support the Company's continual development and achieve an attractive rate of return for shareholders, who have placed their trust in Banco Security S.A.

COMMITMENT TO EMPLOYEES

The Company should provide a working environment for its employees that promotes professional development, enables everyone to reach their maximum working potential and ensures they can deliver the creativity and responsibility expected of them. This environment should also be characterized by equal opportunities.

COMPLAINT CHANNEL

Banco Security's ethics management system includes a complaint channel hosted externally on a secure, confidential platform. The service can be used to anonymously file and monitor complaints related to Law No. 20,393 on money laundering, terrorism financing, bribery, handling of stolen property, fraud and other matters. Independent bodies analyze and respond to all complaints.

Each year all employees take part in a specific e-learning course on the Code of Conduct and Code of Ethics. In 2020, as a result of new crimes being added to Law No. 20,393 on Criminal Liability of Legal Entities, directors, senior executives and managers were trained on the scopes of the law, its crimes and penalties.

In addition, employment contracts contain a clause on criminal liability, which was also incorporated into supplier contracts. Conflicts of interest are included and regulated by the Code of Ethics and Code of Conduct.

CRIME PREVENTION MODEL

Banco Security has a Crime Prevention Model lead by the Crime Prevention Officer in conjunction with Senior Management. It consists of three stages (prevention, detection and reaction), which are continuously supervised in order to detect deficiencies and make improvements, in addition to complying with certification requirements.

Awareness of these topics is built by having all employees take an annual e-learning course on the Code of Conduct and Code of Ethics, along with another e-learning course on the Crime Prevention Model.

PREVENTION

CRIME PREVENTION → COMMUNICATION AND TRAINING

- Appointment of CPO
- Means and powers
- Prevention Policy
- Code of Ethics
- Code of Conduct
- Prevention Regulations
- Internal Regulations on Order, Hygiene and Safety
- Prevention Manual
- Prevention Committee
- KYC and DOF
- Training
- Employment contract addendum
- Supplier contract addendum
- Dissemination of Complaint Channel
- Publication on intranet
- Prevention newsletters
- Quarterly CPO report

DETECTION

IDENTIFICATION OF CRIME RISK → MONITORING

- ERA risk identification
- Warning signs
- Internal auditing
- External auditing
- Monitor Plus transactional monitoring system and Compliance Tracker system
- Complaint Channel
- CPM Certification

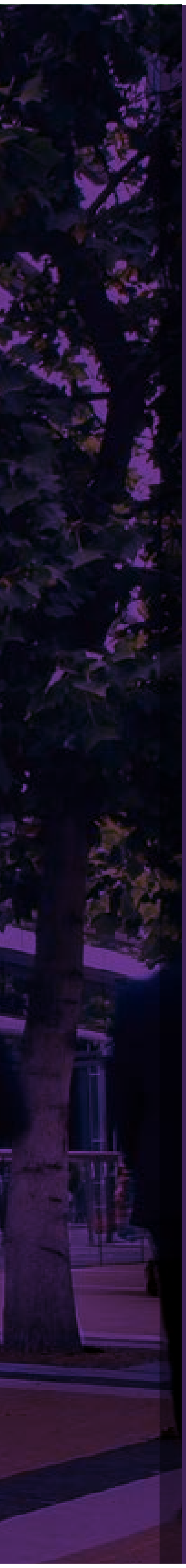
REACTION

RESPONSE PLAN

- Investigation protocol
- Review and respond to all complaints received
- Internal sanctions

SUPERVISION AND CERTIFICATION


BANCO
security



02

CUSTOMERS, CULTURE AND BRAND

Commitment

The Banco Security culture is based on solid, shared values that reinforce its corporate identity and are the foundation for common goals.

20 years
Recognized as one of the best companies by GPTW

55%
of Banco Security and subsidiary employees are women

53,054
Active customers

MCH$114
Non-monetary benefits

BANCO security

Customers

For Banco Security and its subsidiaries, transparency is a value and commitment that permanently shapes relationships with customers and the public.

Establishing a lasting, highly fruitful relationship with customers is one of Banco Security's primary objectives. Along with providing high-quality, cutting-edge services tailored to their needs, the Bank underscores the importance of offering excellent, effective, pleasant and prompt service to meet customer needs.

Banco Security fosters a policy of quality and information transparency that establishes guidelines and standards for customer relations. The foundations of this policy are:

UNDERSTANDING AND SATISFYING CUSTOMER NEEDS

This is done through the Customer Voice program, which includes surveys, product and channel use analysis, references to relationships with account executives and other methods to get to know their needs.

GUARANTEEING THE RIGHT PRODUCTS AND SERVICES

Taking into account customer expectations when designing different products, services and channels at the Bank and its subsidiaries.

ATTENDING TO REQUESTS, COMPLAINTS AND CLAIMS

Use of protocols and standards to respond in a timely fashion.

ENSURING CONTINUOUS IMPROVEMENT

Periodic review of processes, incentive models and use of knowledge management.

CUSTOMER SERVICE MODEL

The customer service model is based on the value proposition "We are by your side, in your world, whenever you need us" and all the related initiatives respond to this long-term vision.

The attributes of this value proposition are:

CUSTOMIZED ADVISING

Financial advisory services to guide the best customer decision and the right solutions for their needs.

"MORE TIME FOR YOU"

Service experience, agile, simple and transparent customer service and digital self-management of solutions when and how the customer needs it.

EASY-TO-USE BENEFITS TAILORED TO EACH CUSTOMER

Valued, timely benefits with a customer loyalty plan based on travel experiences and products.

Banco Security builds a segmented value proposition using a know your customer methodology. Based on the characteristics and needs of each customer, it structures target positioning and identifies products, services and benefits to achieve it.

Segmentation is three-pronged: structural, by income and net worth; behavioral, characterizing each customer using the structural segmentation as a foundation; and strategic, based on the variables of potential and sophistication.

Since the Bank serves both individuals and companies, which are subsequently subdivided into different segments, it has customer service models and various service standards based on the particular needs of each customer.

CUSTOMER SERVICE CHANNELS

Banco Security's customer service model includes a channel for questions and complaints. Customer service personnel are prepared to resolve these demands and implement any required corrective measures based on defined procedures.

Banco Security has four types of customer service channels:

IN-PERSON

Branches and offices, with account executives and personnel qualified to meet different customer needs.

DIGITAL

Public website, private sites by business line and mobile applications.

PHONE-BASED

Call center and the commercial account executives themselves.

SELF-SERVICE

ATMs and other devices that can be used for self-service.

EXCELLENCE MODEL

Banco Security applies an excellence management model promoted by Grupo Security for all companies within the holding. This model aims to cultivate and maintain long-term relationships with customers that are also profitable and sustainable for shareholders. This model follows the recommendations of the Ibero-American Quality Award (Fundibeq).

EXCELLENCE MANAGEMENT MODEL · EMM

SENIOR MANAGEMENT COMMITMENT

- Analyze the structure, incentives and resource deployment that reflect an authentic commitment to customers.
- Analyze how conducts that leverage corporate values and build a customer service culture are developed and put into practice.

CUSTOMERS

- Analyze how the organization designs, develops, produces and provides products and services aligned with each segment's value proposition.
- Analyze how to manage relationships in order to fully satisfy the needs and expectations of current and future customers.

POLICY AND STRATEGY

- Analyze how the organization links the customer experience to its strategy and generates an impact on the business.

PEOPLE

- Analyze how skilled, motivated and empowered people are to deliver an excellent customer experience.
- Analyze the system for recognizing quality among all company employees, aligned with the business strategies.

PROCESSES, RESOURCES AND EXTERNAL SUPPLIERS

- Analyze how the company intelligently prioritizes customer journeys with the greatest impact on the organization's results.
- Analyze how well areas coordinate with each other to deliver an excellent customer experience.

TRANSPARENCY

For Banco Security and its subsidiaries, transparency is a value and commitment that permanently shapes relationships with customers and the public. Sufficient information should be available when contracting a product and/or service as well as throughout the entire relationship. This is both promoted and monitored by the Company.

Customers always have information on rates or prices (interest rates, commissions, premiums), conditions and relevant features of products and/or services they wish to contract, as well as information to clearly identify which services and products are included in each charge. Likewise, customers are informed about which products may or may not be engaged independently and which require a statement of express consent from the customer.

Information is provided not only when contracting a product and/or service but also as long as the contractual relationship lasts with the customer.

This information must have the following attributes:

CLARITY

Using plain, commonly understood wording so that the general public comprehends its meaning.

COMPLETENESS

Addressing all prices, conditions and relevant features related to contracting a product and/or service so that the customer knows the final value of what is being provided.

RELEVANCE

Specifying all aspects necessary for proper decision making.

RELIABILITY

With no mistakes. Not leading to confusion or doubt with respect to its accuracy.

COMPARABILITY

Enabling one to contrast it with and evaluate similar products offered by other banks.

In relating with customers, Banco Security's personnel must make sure they meet the following customer service standards:

- Help customers understand policies on charging for services, so as to build trust and transparency in business relationships.
- Stay in touch, ensuring that information provided and all business documentation is correct, clear, complete and delivered in a timely manner.
- Provide the maximum amount of information for customer to understand the nature and features of transactions and the associated risks, and possibly protect against fraud, deception, illegal practices or any act contrary to best market practice.
- Not offer advantages or benefits to some customers that could be detrimental to others.
- Refrain from preparing, advising or executing orders that may result in a clear risk of loss to the customer based on the employee's professional judgment and the market situation.

CUSTOMER EXPERIENCE

Banco Security highly appreciates receiving feedback from customers throughout the product cycle. This motivated the Bank to begin measuring customer satisfaction in 2009, with both the organization in general as well as certain particular interactions such as different customer service channels (branches, call center, mobile app, website), among others.

In 2020, Banco Security implemented a methodology to strengthen service experience assessments using surveys administered immediately after any interaction. This broadened the scope of customer opinions and the frequency of responses with online results, in addition to providing the company with direct, timely feedback.

This change was designed to bring the Bank closer to customers, hearing what they think and feel, better integrating it into current processes and systems, improving their experiences and fostering long-term relations with the Bank.

This new methodology managed to transform the customer's voice into a learning and management opportunity because it enabled the Bank to:

- Understand a customer's feelings after an experience with the Bank (emotional connection).

- Focus feedback processes on the main players that shape the customer experience at each stage in the product cycle.

- Manage experiences with internal customers from a positive perspective.

- Significantly improve the customer experience, more quickly implementing improvements or steps to mitigate issues.

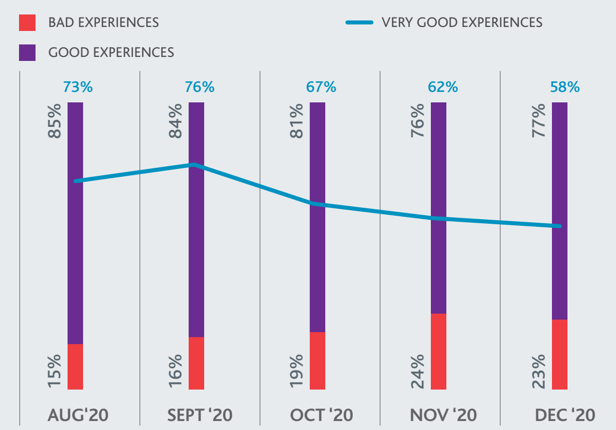
- Manage bad experiences through a proactive inquiry process led by the Branch Agent (closing circle). This starts by understanding what went wrong or how the customer experience was not fulfilled, followed by efforts to compensate the relationship and generate learning opportunities to improve the customer experience.

As a result of the pandemic, the Bank activated a protocol to foster closeness—a very important value in its corporate culture—in order to reassure customers that Banco Security is on their side and continue to serve their needs. This gesture was very well received, as reflected by the results of customer service measurements.

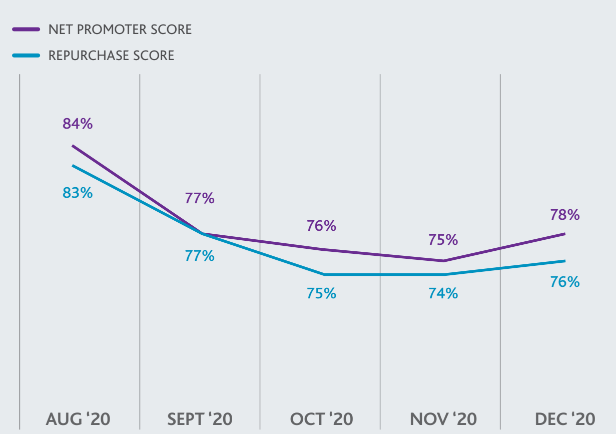
This is especially important because, despite the difficulties caused by the pandemic and the resulting lockdowns, customers confirmed that the Bank had responded quickly and timely to their needs, maintaining its good response standards.

Commitment from all customer service employees is a fundamental element that has a bearing on this positive evaluation, fortified by telecommuting and efficient closeness protocols.

CUSTOMER SATISFACTION (VERY GOOD EXPERIENCE)



RETAIL BANKING LOYALTY INDICATORS BANCO SECURITY



SOURCE: EOL RESEARCH 2020.

CYBERSECURITY

Among its pillars of risk appetite, Banco Security's board has established that it must generate and maintain an environment with adequate standards of cybersecurity and custody of physical and digital assets based on national and international best practices.

This strategic declaration is based on the information security and cybersecurity policy and regulations related to service provider security, among others.

The objectives of Banco Security's cybersecurity plan during 2020 were to:

- Strengthen controls over and monitor the main risks related to cybersecurity.
- Improve compliance with the new regulatory framework.
- Implement remote working in line with compliance of security and cybersecurity protocols.
- Foster a culture of cybersecurity.
- Promote technology platform upgrades.
- Increase resilience exercises.

One of the core components of cybersecurity and information security was to carry out awareness campaigns related to:

- Security notifications in customer communications.
- Training and awareness of self-care practices.
- Supplier training.

Banco Security has active governance that addresses cybersecurity matters, meeting monthly to analyze cybersecurity indicators, maturity levels and practices that lead to robust cybersecurity management. In 2020 it made strides on implementing the regulatory framework defined by the CMF related to cybersecurity in the Updated Compilation of Standards, chapter 20-1.

At the Bank and subsidiaries, security and cybersecurity are not limited only to specialists, which is why it works with all areas to build awareness regarding the role each person plays in preventing incidents that can affect customers and the organization.

Regarding customers, the Bank carries out campaigns and provides information and reminders regarding the use of available digital platforms.

DATA PROTECTION

Banco Security duly safeguards customer information with confidentiality and privacy, in compliance with current laws and in conformity with the General Information Security and Cybersecurity Policy.

In Chile, personal data is safeguarded by Law No. 19,628 on the Protection of Private Life. Dating back to 1999, this law covers the communication, transmission, storage and use of all information that can be used to identify an individual.

There is a new bill aiming to adapt this law to international standards, which would involve recognizing the rights of owners over their data, the existence of an autonomous, independent authority capable of enforcing obligations and rights—and adding the right of portability.

This year Banco Security's board approved a Privacy Policy, which is fundamental to obtaining customer consent and defining how their information will be treated. This policy will be available for distribution on digital and physical channels in 2021.

All actions and initiatives start with the conviction that information and data privacy are important assets for the company and its customers, and, therefore, risks are continuously evaluated and the corresponding mitigation measures are implemented.

In addition to training employees, internal processes have been designed to ensure that all suppliers comply with the strictest security protocols, especially where customer information is concerned.

From a regulatory viewpoint, this data strategy is based on implementing a robust governance and data management process that guarantees the best visibility for customer information from a security perspective. Work began this year to design this model from both a corporate and individual company perspective, in order to comply with information security and data protection laws and regulations such as:

- New Data Protection Law
- Information Security
- Cybersecurity

During the year a proposal for a website cookies policy was also drafted and implementation began. All this progress in 2020 enables the Bank and its subsidiaries to comply with the data strategy they have designed and will continue to refine in upcoming years.

OPERATIONAL CONTINUITY THROUGHOUT THE PANDEMIC

On March 16, 2020, the Bank activated its operational continuity plan, working to care for, above all, the health and safety of people.

In organizational matters, it implemented telecommuting, which involved reinforcing websites, mobile applications, videoconferencing and connecting telephone extensions in computers to the Bank's phone network and/or cellular phones.

In terms of services and products, it executed a flexibility and adaptation plan based on the specific needs of the areas involved, as well as the particular realities of customers.

In order to draw closer to customers during a particularly difficult year for the country, Banco Security took the following actions:

Strengthened communication through different channels in order to ensure remote customer service.

Established a proactive customer communication plan that brought the Bank closer, staying in constant touch and being aware of their needs and expectations in order to reduce the distance generated by the pandemic.

Developed new protocols and contact scripts in line with needs arising from the pandemic, in order to continue operating and attending customers as usual (i.e. by advising them and staying close).

Created the Special Business Unit (SBU) aimed exclusively at helping customers with cash flow issues because of the contingency. Restructured customer liabilities through bilateral and syndicated financing, enabling other sales area personnel to keep its focus on managing the normal portfolio and exploring new business.

In the financing area, loan payment deadlines were eased at special rates, payments were deferred and special rate conditions were applied to some loans (Fogape).

Our Culture

Protecting individual dignity is at the core of Banco Security's organizational culture. Since its founding, the company has fostered policies and practices that favor the development of employees, ensuring that each person can successfully balance their work and personal lives.

FOUNDATIONS OF THE SECURITY CULTURE
INDIVIDUAL DIGNITY

We are inspired to respect the dignity of individuals, respect others and ourselves, and we work each day so that our employees enjoy coming to work. We want their connection to Banco Security to be much more than just a job. We want them to see their job as a way to enrich their lives and grow professionally and personally, and as a path to becoming better people every day, in order to give back to their family and society. Working at Banco Security must have meaning for each of our employees, regardless of how many years they have been employed.

"At Banco Security we all have opportunities for development. I compete in triathlons and they have always supported me. I am able to balance my job and family commitments with training, which makes me very happy and more committed."

MACARENA VALDÉS
Head of Analyst Group
Banco Security

FOUNDATION 1
WORK-FAMILY-LIFE BALANCE

We believe in the value of people and are concerned for their wellbeing. We strive each day so that all employees can successfully combine personal and professional aspects of their lives. We respect working hours and are flexible to adapt the Company's needs to the particular reality of each team member, paying particular concern to the specific needs of each different stage of life.

"My team and I can always be there when our family needs us. Everyone knows family is the priority. There is flexibility and everyone is concerned with making it that way. My kids love Banco Security because of that. They don't necessarily see it as only a job."

FELIPE DONOSO-TORRES LABRA
Chief Commercial Officer
Valores Security S.A. Corredores de Bolsa

FOUNDATION 2
THE IMPORTANCE OF "HOW"

Banco Security's organizational culture is reflected on a daily basis in our actions and particularly in how we conduct ourselves because the values that inspire us are present in everything we do. For everyone at Banco Security, we are not only concerned with meeting the targets that we have set for ourselves but also with how we achieve these goals because the "how" demonstrates our organizational culture, our strength, our hallmark and our main competitive advantage. We work to accomplish big objectives and we accomplish them. We actively detect opportunities for improvement and we improve them. However, we always respect the Bank's values while doing so.

"We do each task assigned to our team as courteously, responsibly and professionally as possible and try to give our all to provide a solution and response as quickly as we can."

RICHARD DOMÍNGUEZ PÉREZ
Head of General Services
Banco Security

FOUNDATION 3
LONG-TERM RELATIONSHIP

We want to build a long-term relationship with our employees that harmonizes their personal objectives and our Company's goals. We aim to be a role model for corporate relations and set ourselves apart by always providing exceptional, transparent, personalized and professional service, which enables us to maintain and cultivate long-term, profitable and sustainable relationships with our customers in benefit of our shareholders.

"In addition to the values of closeness, transparency and professionalism, I believe that lasting relationships are reinforced with loyalty, trust and reciprocity."

ALBERTO ASPILLAGA
Deputy Foreign Trade
Business Manager
Banco Security

PERSONNEL

Banco Security's people management model and policies are designed to accompany employees throughout their careers: This includes selection, orientation, performance evaluation cycle, learning and development processes, compensation and benefits, among others.

This care for people is also reflected in policies that encourage equity in terms of salaries and professional development. In 2018, Banco Security was honored with the “Impulsa Talento Femenino” award as the financial entity with the best salary equity indicators. In 2019 it was recognized by the same organization as the financial company with the largest female workforce.

The Bank's work environment has promoted more hiring and strong professional development of women, who represent 55% of all employees.

Banco Security boasts low turnover (5.7%) and absenteeism (2.9%) rates and has been recognized by the Great Place to Work Institute as one of the best companies to work for in Chile for the last 20 years in a row.

WORKFORCE

Banco Security's team is comprised of individuals of different ages who have been with the company for different lengths of time and boasts a large percentage of women.

1,173

PEOPLE WORK
AT BANCO SECURITY
AND ITS SUBSIDIARIES

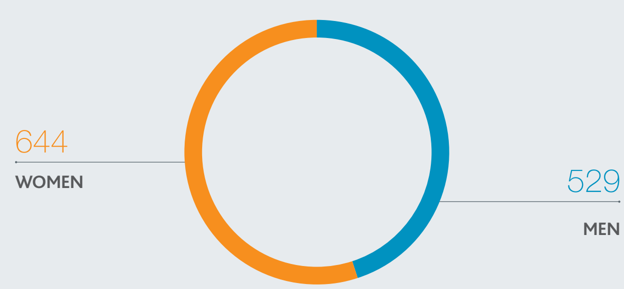
55%

FEMALE EMPLOYEES

45%

MALE EMPLOYEES

NUMBER OF EMPLOYEES BY GENDER



WOMEN MAKE UP

19%

OF MANAGEMENT
(MANAGERS AND DEPUTY MANAGERS)

DIVERSITY IN THE ORGANIZATION

BY POSITION	PARENT COMPANY	SUBSIDIARIES
Managers and Senior Executives	48	12
Professionals and Technicians	679	86
Administrative staff	318	30
TOTAL	**1,045**	**128**

BY POSITION	WOMEN	MEN
Board of directors	0	9
Management	7	53
Organization	637	476

NATIONALITY	PARENT COMPANY	SUBSIDIARIES
Chilean	1,029	128
Foreign	16	0
TOTAL	**1,045**	**128**

NATIONALITY	CHILEAN	FOREIGN
Board of directors	9	0
Management	56	4
Organization	1,101	12

AGE	UNDER 30	BETWEEN 31 AND 40	BETWEEN 41 AND 50	BETWEEN 51 AND 60	BETWEEN 61 AND 70	OVER 70
Board of directors	0	0	0	2	4	3
Management	0	4	33	18	5	0
Organization	125	414	386	159	29	0

YEARS OF SERVICE	LESS THAN 3 YEARS	3 - 6 YEARS	6 - 9 YEARS	9 - 12 YEARS	MORE THAN 12 YEARS
Board of directors	3	0	2	0	4
Management	13	7	3	7	30
Organization	235	218	216	156	288

TYPE OF POSITION	% SALARY WOMEN
Management	117%
Professionals	80%
Administrative staff	95%

UNIONIZATION

88% of Banco Security's employees are members of a union. Of this total, 583 are women and 335 are men.

	WOMEN	MEN	OVERALL TOTAL
Unionized	583	335	918
Non-Unionized	32	95	127
Total	**615**	**430**	**1,045**

	WOMEN	MEN	OVERALL TOTAL
Unionized	95%	78%	88%
Non-Unionized	5%	22%	12%
	100%	**100%**	**100%**

QUALITY OF LIFE AND BENEFITS

Banco Security and its subsidiaries provide a variety of benefits that encourage balance and enhance employees' quality of life and integral development. These include:

HEALTH

- **SUPPLEMENTAL HEALTH INSURANCE:**
  Fully financed by Banco Security.

- **DENTAL INSURANCE:**
  Reimburses 50% of treatments with a cap of UF 40 per year.

- **CATASTROPHIC HEALTH INSURANCE:**
  For major medical expenses (up to UF 10,000)

- **LIFE INSURANCE:**
  Financed 100% by the company, policy value UF 700.

- **FLU VACCINATION:**
  Complementary annual benefit for all employees.

In 2020, 745 employees were vaccinated against the flu.

- **"ALÓ SECURITY":**
  Grupo Security employees have access to a hotline for free psychological support for themselves and their immediate family, as well as counseling on financial and retirement matters.

FAMILY

- **SECURITY SPIRIT DAD AND MOM:**
  Award that recognizes parents that stand out for how they balance work and family.

- **PHOTOGRAPH CONTEST:**
  Everyone can participate by submitting family pictures and the winner is included in the annual Security calendar.

- **WRITING CONTEST:**
  "Let Your Imagination Fly": all children of employees are invited to participate.

- **COLORING CONTEST:**
  Children of employees compete in different age categories.

- **AFTERNOON OFF:**
  All employees get two afternoons off during their children's breaks from school.

RECREATION

- **FUN FRIDAYS:**
  On the last Friday of each month, healthy snacks are handed out during a short, entertaining show to break up the routine. Performances have included dance presentations, magic shows, contests, music, among others.

- **VACATION BONUS:**
  In light of the proven health benefits of extended breaks, this bonus is given to employees who take more off 10 or more consecutive vacation days at any time during the year.

Of the 916 employees eligible for the benefit, 733 took advantage of it in 2020.

- **"24 HOURS FOR YOU":**
  Employees can take 24 hours off every year. This time can be used in minimum blocks of 2 hours and maximum of 4 hours in a day.

- **"TAKE THE AFTERNOON OFF":**
  All employees can take the afternoon off on their birthday.

- **FAMILY OUTING:**
  Every year, the company invites employees and their immediate family to enjoy an afternoon at Fantasilandia, a local amusement park.

- **SECURITYLANDIA:**
  Vacation program for children 7 to 13 years of age. Activities include games, painting workshops, theater performances, swimming and other fun activities over 3 days. Because of the pandemic, during winter break fun activities were held online for sons and daughters of employees.

In 2020, 139 children participated.

RETIREMENT

- **RETIREMENT SAVINGS 1+1 MATCHING PROGRAM:**
  The company will match the contribution of any employee making a voluntary monthly contribution to their retirement funds (APV), with a monthly cap of Ch$15,000.

This benefit is available to 600 employees and was used by 50% in 2020.

MATERNITY AND PATERNITY LEAVE

- **GRADUAL RETURN FOR MOTHERS:**
  During the first four weeks following their legal maternity leave, mothers can leave work at 4 p.m., regardless of the type of maternity leave they have chosen.

- **GRADUAL RETURN FOR FATHERS:**
  A flexible schedule during a child's first month of life, in addition to the five legal days of paternity leave.

- **CHILDCARE ALLOWANCE:**
  Day care funding for all mothers or, alternatively, a bonus to hire a child care assistant to care for the child at home until two years of age.

- **BONUS TO HIRE CHILDCARE ASSISTANT:**
  Financing for fathers to hire help to take care of their newborn during the first month of life.

- **PRESCHOOL:**
  Preschool bonus for employees with children between the ages of two and four.

	MEN	WOMEN	TOTAL
No. employees eligible for parental leave	12	36	48
No. employees who took parental leave	6	36	42
RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE	**100%**	**100%**	**100%**

2020 INVESTMENTS IN BENEFITS

CH$1,738
million
IN MONETARY BENEFITS

CH$114
million
IN NON-MONETARY BENEFITS

TRAINING

Banco Security's training plan is based on the 70:20:10 learning model, where 70% of adult learning is obtained from job-related experiences, 20% through interactions with others and only 10% in courses, talks and seminars.

Grupo Security's training programs are focused on covering different needs and reaching 100% of employees.

FUNCTIONAL PROGRAM:

Targeted towards all employees, this program aims to cover learning gaps in the work place and build skills needed for each position.

REGULATORY PROGRAM:

Directed towards all employees, this program is designed to comply with current laws and regulations and reinforce safety mechanisms for Grupo Security employees and customers.

EXCELLENCE PROGRAM:

Targeted towards employees that need to develop skills for future individual or professional challenges or betterment in order to build their career at Grupo Security.

66,878

TOTAL TRAINING HOURS

AVERAGE TRAINING HOURS

- WOMEN: 69 hours
- MEN: 53 hours
- ORGANIZATION: 62 hours
- MANAGEMENT: 43 hours

PERFORMANCE MANAGEMENT

People are at the core of Banco Security's business. Employees—through their results and actions—enable the organization to reach its objectives and be sustainable over time. The Bank promotes a high-performance culture, where people's performance and development lead to excellence in customer experience, compliance with the value proposition and current regulations, and at the same time employees reach their maximum potential in a positive workplace environment. The priorities of this process are:

- Alignment of performance objectives with business needs and priorities
- Talent differentiation
- Continuous, relevant feedback
- Quality conversations that accelerate growth and development
- Career experiences through coaching and mentoring

DEFINING OBJECTIVES

During this stage, objectives and individual performance goals are defined for all employees. It is an opportunity that facilitates supervisor-employee communication in order to clarify what they are expected to achieve and how they are expected to achieve it, in light of strategic business objectives. All employees have quantitative objectives, which are defined collectively by direct supervisors and employees.

ONGOING FOLLOW-UP/FEEDBACK

At Banco Security this stage begins once the employee confirms the performance objectives on the development platform. Frequent feedback is encouraged and supervisors and employees are equipped with tools to facilitate such conversations.

DEVELOPMENT PLAN

It is a structured process initiated by the employees themselves to reflect on their aspirations and create an action plan based on their strengths, opportunities for improvement and professional goals. Supervisors act as coaches to guide and communicate long-term development opportunities. Banco Security provides resources and tools to help customize the experience and make it more meaningful, and invites all employees to design their own approach.

ANNUAL PERFORMANCE EVALUATION

This stage includes the Individual Goal Compliance Evaluation (quantitative – 70%) and the Skill Evaluation (qualitative – 30%). This system helps comprehensively rate each employee's yearly performance. It includes calibration sessions for individuals on the private payroll (managers and deputy managers). The objective is to standardize the qualitative evaluation, guaranteeing that all supervisors use the same criteria for evaluating their subordinates. It culminates with a feedback meeting on strengths and opportunities in order to implement an improvement plan to close any identified gaps and strengthen the valuable elements of each employee.

96%

OF EMPLOYEES
received periodic
performance evaluations

30

EXECUTIVES
received performance evaluations

393

MEN
received performance evaluations

603

WOMEN
received performance evaluations

HEALTH AND SAFETY

Banco Security has a Workplace Risk Prevention Policy aimed at fostering a culture of safety within the organization. The Company has programs that systematize activities and assign tasks to the different levels of the organization.

There are basic procedures that everyone must following and an Occupational Health and Safety Plan containing the background necessary to address the difficulties that can arise and affect the organization's normal inner workings. In this way, the Bank ensures adequate protection of the life and health of all employees, customers, contractors and any person on its premises.

The general objective of the policy is to evaluate and monitor workplace risks to foster a culture of prevention and of caring for employee health and workplace safety, with risk-free work areas and new preventative actions implemented to achieve a systematic reduction in on-the-job accidents and professional illnesses.

The policy fosters development of a culture of safety among all workers in the organization. In doing so, it aims to instruct and involve all employees and supervisors on workplace safety matters and control the likelihood of a workplace accident and/or professional illness occurring.

In 2020, six online training courses were held on prevention and health topics. 143 people participated in them, representing 292 training hours.

COURSE	MODE	NO. PARTICIPANTS	TRAINING HOURS
ORIENTATION IN RISK PREVENTION	E-learning	21	42
FIRE EXTINGUISHER USE	E-learning	3	6
REPORTING OBLIGATIONS	E-learning	2	4
COVID-19	Streamed Talks	8	8
ENFORCEMENT COMMITTEE	E-learning	7	28
EMERGENCIES AND EVACUATIONS	Teams talk	102	204
TOTAL BANCO SECURITY		**143**	**292**

COMPARATIVE ACCIDENT AND FREQUENCY RATES 2019/2020

ACCIDENT RATE [1]		ACCIDENT RATE [2]		PROFESSIONAL DISEASE FREQUENCY RATE		LOST-TIME INJURY FREQUENCY RATE (LTIFR) [3]		NON-LOST-TIME INJURY FREQUENCY RATE (NLTIFR) [4]		LT AND NLT INJURY FREQUENCY RATE PER YEAR [5]	
YEAR		YEAR		YEAR		YEAR		YEAR		YEAR	
2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
0.18	0	5	0.64	0	4.34	8.38	0	33.51	8.67	20.94	4.34

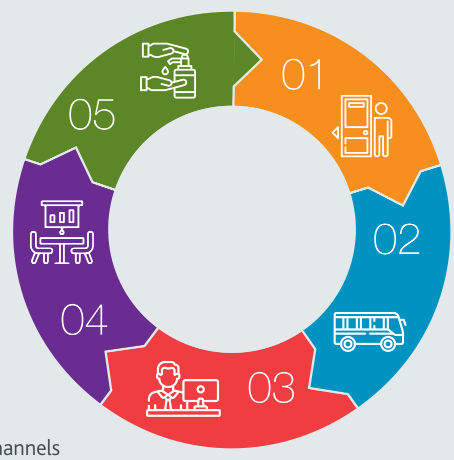
PROFESSIONAL ILLNESS FREQUENCY RATE CHILE 2019 V/S BANK 2020		AVERAGE WORKPLACE ACCIDENT RATE CHILE 2019 V/S BANK 2020	
2019	2020	2019	2020
CHILE	BANCO SECURITY	CHILE	BANCO SECURITY
4.29	4.34	41.6	0

(1): IN 2020, FOR EVERY 100 EMPLOYEES, THERE WERE 0 LOST-TIME, WORK-RELATED ACCIDENTS.
(2): IN 2020, FOR EVERY 100 EMPLOYEES, THERE WERE 0.64 DAYS LOST TO WORK-RELATED ACCIDENTS AND PROFESSIONAL ILLNESS.
(3): IN 2020, FOR EVERY 1 MILLION HOURS WORKED, THERE WERE 0 WORK-RELATED ACCIDENTS WITH MEDICAL LEAVE.
(4): IN 2020, FOR EVERY 1 MILLION HOURS WORKED, THERE WERE 8.67 WORK-RELATED ACCIDENTS CONSIDERED NON-LOST-TIME OR WITHOUT MEDICAL LEAVE.
(5): IN 2020, FOR EVERY 1 MILLION HOURS WORKED, THERE WERE 4.34 WORK-RELATED ACCIDENTS WITH AND WITHOUT MEDICAL LEAVE.

MEASURES DURING THE PANDEMIC

In 2020, Banco Security defined guidelines and provisions regarding employee conduct in their daily routines in response to the public health contingency, working to ensure regulatory compliance and the safety of those working in person at offices and branches.

Employees were supplied with personal protective equipment (PPE) to use on their commute to and from work and on Grupo Security premises. These supplies included face masks, hand sanitizer, gloves, facial protectors and smocks, as required in certain cases. Measures were also implemented to disinfect spaces and maintain distance at different facilities.



01 BEFORE WORK

- Daily flow survey
- Before leaving home, each employee must take a self-exam
- Protocol for suspected cases

02 COMMUTE

- One person per car
- Carpooling
- Car service (Uber, Cabify, taxi)
- Bus - subway
- Bicycle - scooter
- On foot
- Multiple modes of transportation

03 AT WORK

- Entrance
- Work stations
- Prioritizing interactions on digital channels to minimize circulating around premises

04 COMMON AREAS

- Kitchen
- Dining areas
- Conference rooms
- Teller area
- Auditoriums

05 AFTER WORK

- Disinfecting
- Isolation
- Safety & Security

Our Brand

At Banco Security we are part of our customers' world, by their side through thick and thin

At Banco Security and its subsidiaries, brand identity is based on three pillars: service excellence, honesty and empathy. Customers are at the core of the value proposition, which is the main attribute that differentiates the Bank from its competitors. These values are conveyed through every action taken, both through customer service channels and commercial offers customers receive.

They aim to convey to customers the support that Banco Security can provide them in order to turn their projects into reality throughout their lives, protect their families, build a home, discover the world, strengthen their business, among others.

In 2020, in terms of customer communication, the Bank strengthened its digital media and focused on promoting products and services that respond to customer needs in a concrete way.

The marketing campaigns conducted by Banco Security in 2020 were framed under the concept of "We are part of your world, by your side through thick and thin," designed to transmit to customers that Banco Security knows that it is not the center of their lives, because they have their own world, with unique challenges and needs. A world where Banco Security is by their side each time they need it. It brings knowledge and experience to the table to help them build and make reality their projects, with solutions to their needs. The Bank also communicates that it will not get in their way, but rather give them a boost—with solutions, not complications—with excellent, agile, flexible service so can they enjoy more of life's moments and less time banking.

BANCO SECURITY BRAND DIMENSIONS

SERVICE EXCELLENCE

Diligence, dedication, quality, professionalism and knowledge.

HONESTY

Relationships based on trust, transparency and simplicity.

EMPATHY

Knowing customer needs, listening to them, being close to them and offering tailored solutions.

CUSTOMER LOYALTY INITIATIVES 2020

ONE EVENTS

Program focused on customer loyalty. Events held: Talk on Russian History, Let's Talk about Art, Let's Talk about Architecture, as well as two wine tasting events. It also organized talks through the communications network "El Líbero" with important interviews on topics of current events.

INVERSIONES SECURITY WEBINAR EVENTS

More than 20 webinars were put on by Inversiones Security with an average of 300 customers at each session and a satisfaction score of 80% on average.

MULTIMEDIA MATERIAL

More than 25 explanatory videos and podcasts with market and product specialists were produced and distributed to customers and stakeholders through the website and various social media.

Average net satisfaction with the One Events was 85.72% and attendance was as follows:

TYPE OF DIGITAL EVENT	EVENT NAME	GUESTS INVITED	REGISTERED / INVITED	ATTENDED / REGISTERED
Exclusive	El Líbero	1,864	31.9%	25%
Broad	Federico Sánchez	8,719	5.7%	62%
Broad	Economic Seminar	3,733	4%	41%
Broad	Russian Circle	3,470	8.9%	59%
Exclusive	Wine Tasting	140	92%	54%

Recognition in 2020

Each year Banco Security and its subsidiaries receive diverse awards recognizing their efforts to add value to relationships with customers and employees. These accolades reflect the capacity, commitment and disposition of teams to address different challenges.
For 20 consecutive years, Grupo Security has been recognized by Great Place to Work among the best companies to work for in Chile.

PXI 2020

Banco Security was recognized as the best company nationwide in customer experience in the banking sector and second nationally in the overall ranking based on the PXI 2020 study by Praxis. This study, which has followed experience indicators for the past seven years by sector, brand and channels, is the only independent study of its kind performed in Chile. Its benchmark covers more than 120 of the country's most important service companies and the evaluation extends to more than 45,000 people (sample error of 0.46%).

2020 SALMON AWARDS

The subsidiary Inversiones Security earned seven accolades at the "2020 Salmón Awards", which are given by Diario Financiero and LVA índices.

Inversiones Security earned four first-place awards for the following mutual funds:

- Security Global Mutual Fund, F series, in the "Developed Equity Fund" category.
- Security Index Fund US, B series, in the "US Equity Fund" category.
- Security Emerging Asia Mutual Fund, B series, in the "Emerging Asia Equity Fund" category.
- Security Corporate Latin America Debt I.G., A series, in the "Debt Fund - 365 International Emerging Markets" category.

It also received second-place awards for:

- Security Corporate Latin America Debt Mutual Fund, B series, in the "Debt Fund - 365 International Emerging Markets" category.
- Security Index Fund S&P/CLX IPSA Mutual Fund, G series, in the "Large-Cap Domestic Equity Fund" category.

SALMON AVP AWARDS

The "2020 Salmón APV Awards" given by Diario Financiero and LVA Índices, recognized the voluntary retirement savings (APV) mutual funds with the best risk-adjusted performances in their category. These include:

- Security Mid-Term Mutual Fund, I-APV series, obtained first place in the "Debt Fund < 365 Days Domestic, CLP" category
- Security Index Fund US Mutual Fund, I- APV series, earned second place in the "US Equity Fund" category.

2020 MORNINGSTAR AWARDS

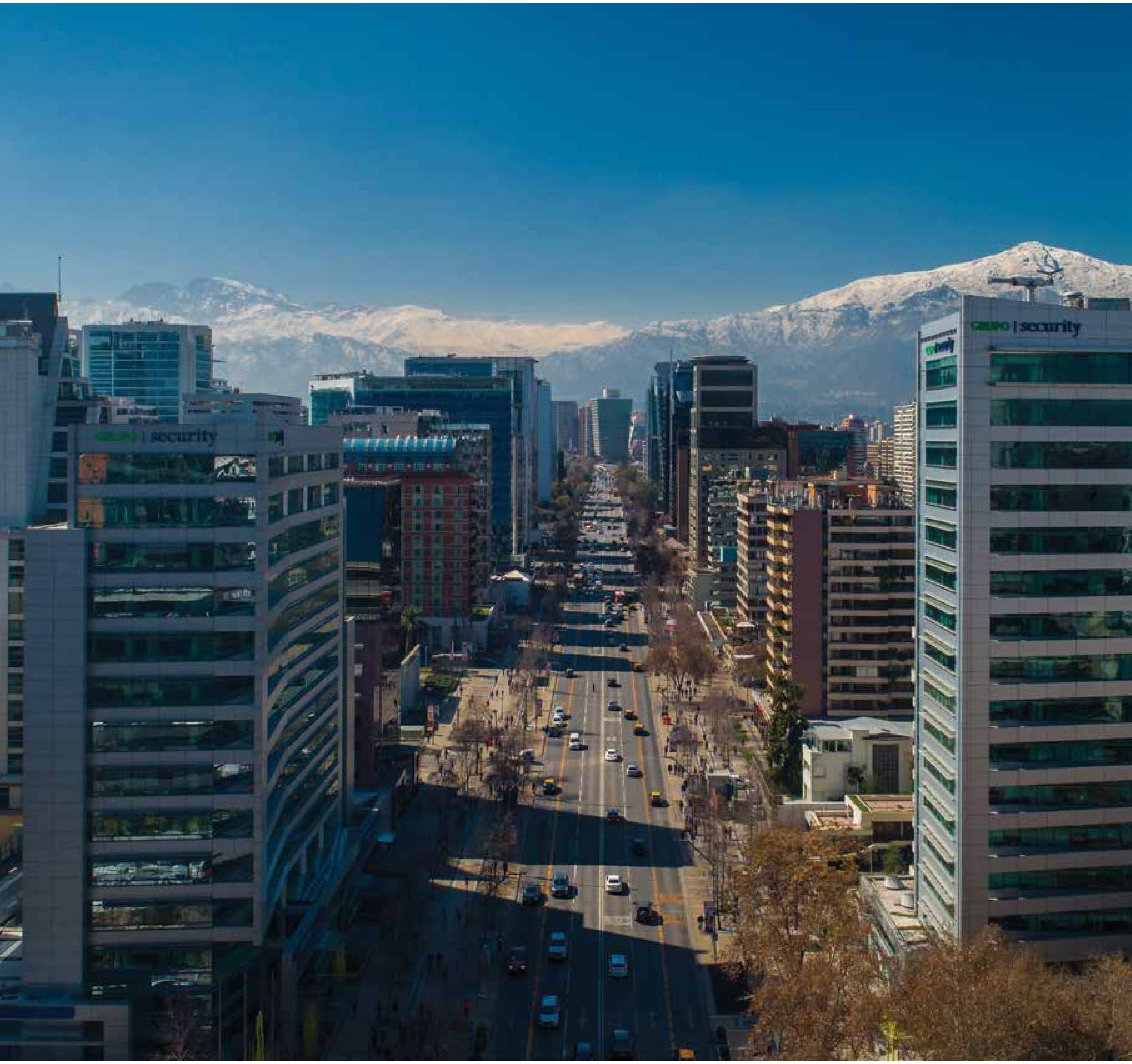
This year at the "Morningstar Fund Awards 2020", the following funds were honored in the category of mutual funds that have contributed the most value to investors:

- Security Global Mutual Fund, F series, in the "Best International Equity Fund" category.
- Security Strategic Equilibrium Mutual Fund, B series, in the "Best Mixed Fund" category.

SUPPORT FOR LAS ROSAS FOUNDATION

For over 20 years, employees from several Security companies and areas have organized groups of 15 to 20 people to visit the Las Rosas Foundation's home in Lampa to spend time with older adults. These visits are fully financed by the company and take place on a weekday during business hours. Unfortunately, because of the pandemic, the visits were suspended during 2020. The Bank hopes to resume them as soon as possible.

Las Rosas Foundation Winter Campaigns and Christmas Festivities: twice a year employees are invited to make a voluntary contribution for the elderly residents. This year they had the opportunity to give hygiene kits consisting of face masks, hand sanitizer and gloves and in December they helped donate Christmas dinners. Employee contributions are deducted from their paychecks in three installments. In 2020, CH$26,340,000 in voluntary contributions were given to the foundation.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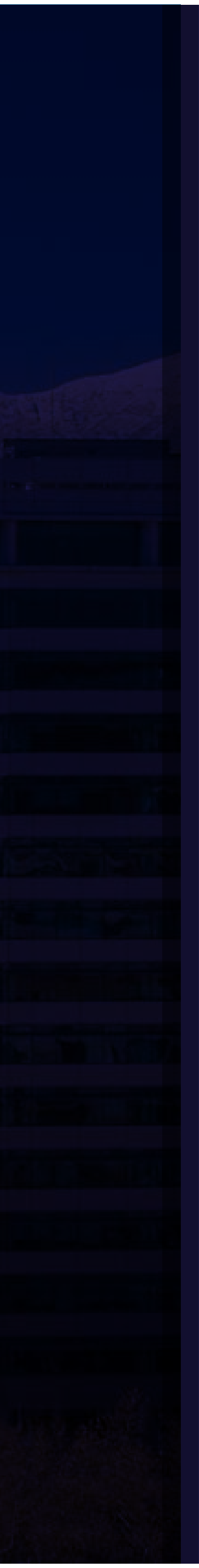


03

ECONOMIC AND FINANCIAL CONTEXT

Efficiency

In response to the pandemic, Banco Security quickly provided comprehensive, digital solutions.

-3.8%
GLOBAL GDP
(% change 2019 · 2020)

-6.0%
CHILEAN GDP
(% change 2019 · 2020)

10.7%
UNEMPLOYMENT RATE
(Avg. (2020 %)

711
EXCHANGE RATE 2020
(Y/E, CH$/US$)

BANCO security

Overview

The global COVID-19 pandemic not only affected 2020 in financial terms, but also in several other aspects. The rapid spread of the virus led countries to impose strict quarantines, which reduced mobility, significantly impacted the economy and destroyed jobs. The financial markets absorbed this poor outlook almost immediately, with global stock markets falling by more than 30% and commodity prices by 25% on average. The response of the authorities was swift and significant, with large-scale monetary stimulus and fiscal support.

The US Federal Reserve reduced its benchmark interest rate from 1.75% to 0.25% and initiated other unconventional measures, as did the European Central Bank, which maintained the rate corridor between -0.5% and 0.25%, although it increased its bond purchases and implemented bank financing measures to provide liquidity. The central banks of emerging countries had a similar reaction, in line with circumstances in each country. Governments introduced substantial stimulus packages as a percentage of GDP that matched their capacity. In particular Japan (42%), Germany (20%), France (16%), US (15%), Italy (13%), Spain (11%), Brazil (12%), Chile (10%), China (6%) and Mexico (4%).

Global markets fell sharply in the first quarter of the year, when the pandemic spread very quickly, but rallied between April and December, recapturing almost all they had lost in some cases. The US dollar appreciated 6.7% against a basket of major currencies (DXY index) and 15.1% against a basket of emerging currencies (EMCI index) between January and April. It then began to weaken and ended the year 7% below the former, although 6% above the latter.

The prices of the most important commodities to Chile followed a similar trend, beginning the year with large drops, followed by substantial recoveries afterwards. Copper ended the year with a 25% increase, after having fallen more than 25%, while the price of oil fell 64% in April, as it was among the most affected commodities. Although it recovered, oil finally closed the year 20% below its 2019 closing value.

Global equities measured as the MSCI Global index had fallen 32% by March, although they recovered in the following months and finished the year up 14%, driven by the US (19%) within developed economies. Meanwhile the MSCI Emerging market index finished up 16%, as Emerging Asia rose 26%, which more than offset a 16% drop in Latin America, all measured in US dollars.

-3.8%

GLOBAL GDP
(% change 2019 · 2020)

-8.0%

LATIN AMERICAN GDP
(% change 2019 · 2020)

-6.0%

CHILEAN GDP
(% change 2019 · 2020)

Chile

Chile was not spared by the global pandemic, which interrupted the economic recovery after the social unrest at the end of 2019. In fact, its effect on the economy was much more significant, with a double-digit GDP decline between April and August, although a gradual reactivation began as the economy reopened, similar to everywhere else. Nevertheless, GDP fell by 6% for the year as a whole, the largest decline since the 1982 crisis.

SPENDING

Domestic demand fell by 8% during the year, and private consumption had the largest negative impact with a fall of 6.5%, while investment fell by 12%, as it had already been weakened by the social unrest.

GROWTH BY INDUSTRY

Mining was the only sector that grew in 2020 (1.4%), as mining production was never suspended to combat the pandemic, because it is a very capital-intensive industry that uses very little labor and its processing plants are located in sparsely populated areas. The largest declines for the year were in transportation (-20%), construction (-19%) and trade (-9%). This meager economic performance resulted in employment falling by 12% and around one million jobs disappearing. However, over two million jobs had been lost at the worst moment, mainly in trade and construction, then 950,000 new jobs were created as the economy reopened. Accordingly, the unemployment rate initially rose from around 7% to 13%, but then finished the year closer to 10%.

PRICE INDEX

Inflation began to accelerate at the end of 2019 mainly due to depreciation of the Chilean peso, but inflation moderated as the economy slowed and the CPI fell from 4% to 2.5% by mid-year, before finally rising to 3%, driven mainly by increases in volatile prices such as food and energy. Core inflation (IPCSAE) excluding these items moderated to 1.8% in mid-2020, then gradually rose to 2.6% as of December.

BENCHMARK INTEREST RATES

The monetary policy response to the pandemic was swift and significant. The Central Bank quickly reduced the monetary policy rate to 0.5%, which is its technical minimum and indicated that it would keep it there for a while. It also introduced several additional measures to support liquidity and ensure that financial markets continued to operate correctly. This laid the groundwork so that financial markets could support the economy when it began to reopen.

EXCHANGE RATES

US dollar exchange rates were very volatile during 2020. They started out strengthening with the increased perceived risk as the pandemic spread, but as the outlook for the economy improved, the US dollar began to weaken against other currencies. The Chilean peso was not immune to this phenomenon and the exchange rate started the year at around CH$750, rose to CH$880 and then ended the year at CH$710.

Main Economic Indicators

	2014	2015	2016	2017	2018	2019	2020
GDP (% change)	1.8	2.3	1.7	1.2	3.9	1.1	-6.0
Domestic Spending (% change)	-0.5	2.5	1.8	2.9	4.8	1.1	-8.1
Private Consumption	2.7	2.1	2.7	3.4	3.7	1.1	-6.6
Fixed Capital Investment	-4.8	-0.3	-1.3	-3.1	4.8	4.2	-12.3
Exports (% change, in real terms)	0.3	-1.7	0.5	-1.5	5.0	-2.3	-2.1
Imports (% change, in real terms)	-6.5	-1.1	0.9	4.6	7.9	-2.3	-13.6
Global Growth PPP (%)	3.6	3.5	3.4	3.8	3.6	2.8	-3.5
Copper Price (average US$/pound in cents)	311	250	221	280	296	272	280
WTI Oil Price (average US$/per barrel)	93	49	43	51	65	57	39
Federal Funds Rate (Y/E, %)	0.3	0.4	0.8	1.5	2.5	1.8	0.3
10-year U.S. Treasury Bonds (Y/E, %)	2.2	2.2	2.5	2.4	2.8	1.9	0.9
Balance of Trade (MUS$)	6.5	3.4	4.9	7.4	4.6	4.2	16.8
Exports (BUS$)	75.1	62.0	60.7	68.8	75.2	69.9	71.7
Imports (BUS$)	68.6	58.6	55.9	61.5	70.6	65.7	54.9
Current Account (% of GDP)	-2.0	-2.4	-2.0	-2.3	-3.6	-3.9	1.2
CPI Dec-Dec (%)	4.6	4.4	2.7	2.3	2.6	3.0	3.0
Core CPI (IPCSAE) Dec-Dec (%)	4.3	4.7	2.8	1.9	1.8	2.5	2.6
Monetary Policy Rate, MPR (Y/E, % in CH$)	3.0	3.5	3.5	2.5	2.8	1.8	0.5
BCP-10 365d Bonds (Y/E, % in CH$)	4.4	4.6	4.4	4.6	4.3	3.3	2.7
BCU-10 365d Bonds (Y/E, % in UF)	1.5	1.6	1.5	1.9	1.6	0.5	-0.1
Official Exchange Rate (Y/E CH$/US$)	607	707	667	615	696	745	711
Employment (%)	1.4	1.7	1.2	2.4	2.2	2.1	-12.3
Labor Force (%)	1.9	1.5	1.6	2.7	2.6	2.0	-8.9
Unemployment Rate (average %)	6.5	6.3	6.7	7.0	7.4	7.2	10.7

Industries

THE BANKING INDUSTRY

As of December 2020, the Chilean banking industry was made up of 18 financial institutions, including 1 state-owned bank (Banco Estado), 14 domestic banks and four branches of foreign banks. As of that date, industry loans totaled MCH$199,280,782 excluding loans and advances to banks and MCH$184,089,453 excluding foreign subsidiaries. Equity totaled MCH$21,709,394 while profit for the year was MCH$1,242,602, with an average return on equity of 5.65%.

The industry reported an efficiency ratio of 48.94% measured as support expenses over gross operating profit, and 1.66% measured as support expenses over total assets. The banking system posted a risk ratio of 2.71%, measured as loan loss provisions to total loans, and 1.58% for the NPL portfolio, measured as 90-day nonperforming loans to total loans.

As of December, Banco Security had total loans of BCH$6,227,358, positioning it 8th in total loans with 3.38% market share (excluding foreign subsidiaries).

MUTUAL FUND INDUSTRY

The Mutual Fund industry has grown continually over the last decade, with a huge increase in assets under management and number of investors. As of December 2020, the industry's assets under management totaled MCH$50,823,902, with 2,664,852 investors and 442 funds.

The portfolios of mutual funds focused on medium and long-term debt instruments maturing in over 365 days grew by 5.2% to reach MCH$12,250,590. About 68.1% of them invest in the local market, while the remainder invest in foreign debt, flexibly sourced funds and funds specifically aimed at qualified investors. Approximately 50.7% of mutual fund growth was due to local debt instruments.

STOCK BROKERAGE INDUSTRY

This sector plays an important role in the financial market, as it contributes to developing the capital market by enabling intermediaries and customers to trade securities and financial instruments. Brokers in Chile trade on the Valparaíso Stock Exchange (founded in 1892), Santiago Exchange (founded in 1893) and the Chilean Electronic Stock Exchange (founded in 1989). There are currently 32 brokerage firms.

During 2020, market activity measured as the value of shares traded increased by 9.3% in comparison to 2019, reaching BCH$64,663

Banking Industry Performance

The year 2020 was a difficult period in general and was particularly challenging for financial institutions given the complex economic conditions. In this context, the industry's loan portfolio (excluding foreign subsidiaries) grew 2.64% for the year, or 735 bps less than in 2019 (10.0%). This growth was driven mainly by mortgage loans (8.12%) as a result of improved credit conditions with record-low interest rates, while commercial loans were up 4.13% supported by the government's FOGAPE COVID-19 loan program. Meanwhile, consumer loans were down 13.91%, with decreases across the board in all products.

LOANS

BANKING INDUSTRY LOANS

EXCLUDES LOANS AND ADVANCES TO BANKS AND FOREIGN SUBSIDIARIES OF LOCAL BANKS.

DECEMBER 2020
MCH$184,089,453

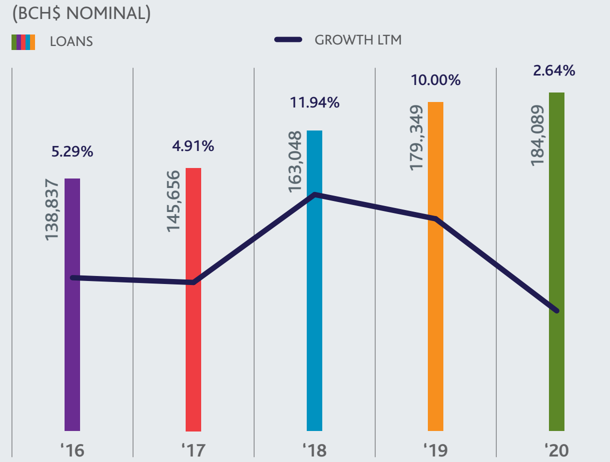
DECEMBER 2019
MCH$179,349,611

CHANGE
2.64%

GROWTH COMPARED TO 2019	
MORTGAGE LOANS	8.12%
CONSUMER LOANS	-13.91%
COMMERCIAL LOANS	4.13%

LOAN GROWTH - CHILEAN BANKING INDUSTRY

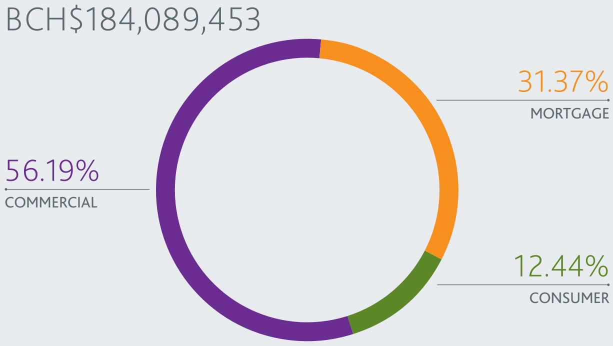
EXCLUDES LOANS AND ADVANCES TO BANKS AND FOREIGN SUBSIDIARIES
(BCH$ NOMINAL)



SOURCE: GRUPO SECURITY

LOAN PORTFOLIO - CHILEAN BANKING INDUSTRY

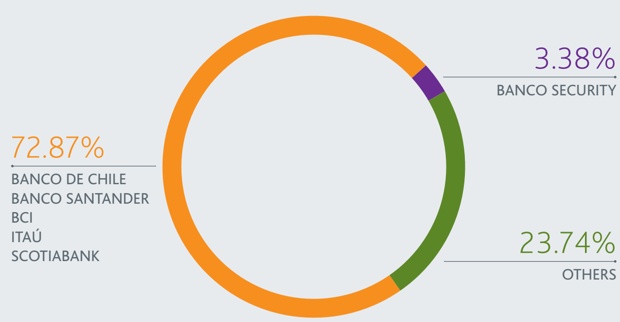
EXCLUDES LOANS AND ADVANCES TO BANKS AND FOREIGN SUBSIDIARIES
TOTAL AS OF DECEMBER 2020
BCH$184,089,453



SOURCE: GRUPO SECURITY

MARKET SHARE 2020

EXCLUDES LOANS AND ADVANCES TO BANKS AND FOREIGN SUBSIDIARIES



SOURCE: CMF

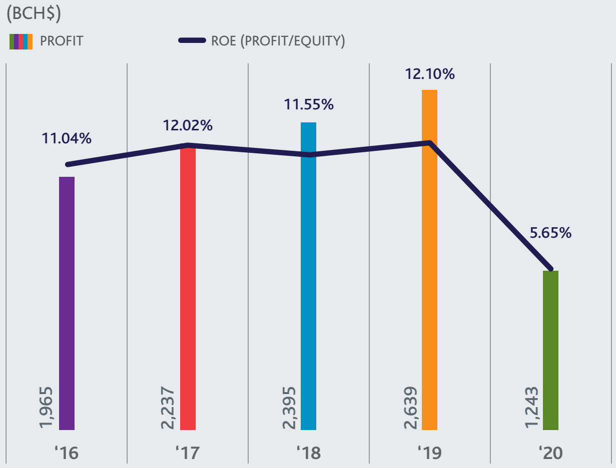
RESULTS

INCOME STATEMENT · MCH$	2020	2019	% CHANGE
Net interest margin	8,586,344	8,317,977	3.2%
Net fees and commissions	1,977,754	2,115,454	-6.5%
Net financial operating income	562,996	822,417	-31.5%
Net foreign exchange transactions	466,789	366,145	27.5%
Recovery of written-off loans	512,514	500,084	2.5%
Other net operating loss	-1,163,880	-125,803	825.2%
GROSS OPERATING INCOME	**10,942,517**	**11,996,274**	**-8.8%**
Loan loss provisions	3,858,555	3,080,938	25.2%
Support expenses	5,359,504	5,404,665	-0.8%
NET OPERATING INCOME	**1,724,458**	**3,510,671**	**-50.9%**
Income (loss) attributable to investments in other companies	-5,337	29,556	-118.1%
PROFIT BEFORE TAX	**1,719,121**	**3,540,227**	**-51.4%**
Income tax expense	-476,519	-900,837	-47.1%
PROFIT FOR THE YEAR	**1,242,602**	**2,639,390**	**-52.9%**

The banking industry reported profit of MCH$1,242,602, which represents a drop of 52.9% over 2019, and ROAE of 5.65%, far below the 2019 figure of 12.10%. This performance can be explained mainly by lower gross operating income (-8.8%) and greater LLP expenses (+25.2%). The industry's lower gross operating income is due basically to a goodwill impairment loss of MCH$764,024 recognized by Banco Itaú.

PROFIT AND RETURN ON EQUITY - CHILEAN BANKING INDUSTRY

(BCH$)



SOURCE: CMF

GROWTH IN TOTAL EQUITY

2020	MCH$22,170
2019	MCH$21,834
CHANGE	1.54%

RETURN ON EQUITY

2020	5.65%
2019	12.10%

RETURN ON TOTAL ASSETS

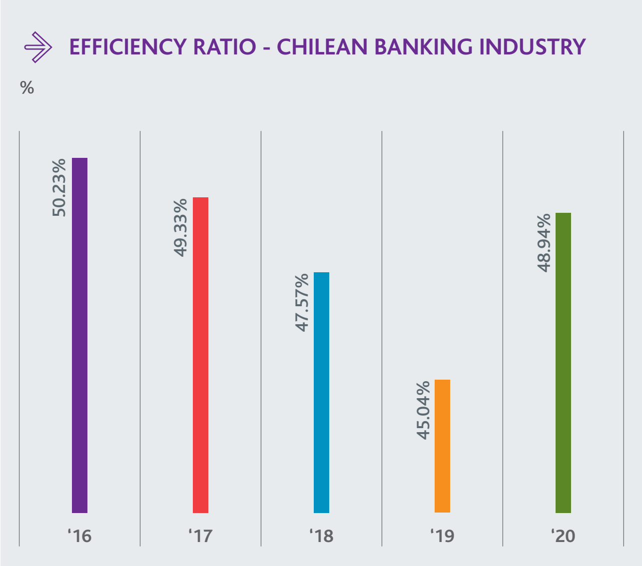
2020	0.39%
2019	0.91%

The decline in commissions (-6.5%) is explained by reduced fees from transactional services (-6.5%), especially those related to credit or debit cards and insurance, because of reduced activity. Financial income, which is the sum of net financial operating income (loss) and the net gain from FX transactions, was down 13.4% in a context of greater volatility of market factors. This was offset by a higher net interest margin (3.2%) due to the favorable evolution of cost of funds because of Central Bank financing lines and lower interest rates.

Operating expenses were down 0.8% with respect to 2019, as a result of savings plans to boost efficiency. Financial institutions report to be making important strides in technology and cybersecurity, which helped them operate normally despite greater loads on remote channels (the number of branches in the industry has dropped from 1,885 in 2019 to 1,788 in 2020, while the number of employees also declined from 58,093 in 2019 to 56,366 in 2020).

Administrative expenses fell 1.8% and payroll and personnel expenses were down 1.0%. This was offset by greater depreciation and amortization expense (up 2.5%). Given these results, the industry's efficiency ratio, measured as support expenses divided by gross operating income, reached 48.94% thanks to greater operating income. Excluding the effect of the impairment recorded by Itaú Corpbanca, efficiency was 43.5%.

EFFICIENCY RATIO



SOURCE: CMF

EFFICIENCY RATIO	2020	2019
BANCO SANTANDER-CHILE	38.30%	38.30%
BANCO DE CHILE	43.61%	43.20%
SCOTIABANK CHILE	41.98%	46.49%
BANCO DE CRÉDITO E INVERSIONES	47.20%	47.78%
ITAÚ CORPBANCA	343.07%	54.89%
LARGE BANKS	**102.83%**	**46.13%**
BANCO CONSORCIO	33.04%	32.39%
BANCO SECURITY	47.20%	47.45%
BANCO INTERNACIONAL	38.70%	43.80%
BANCO BICE	49.35%	46.69%
MEDIUM BANKS	**42.08%**	**42.59%**
BANKING INDUSTRY	**48.94%**	**45.04%**

SOURCE: CMF

Meanwhile, net LLP expenses were up 25.2%, explained mainly by the effects of the public health crisis, which led to deteriorated portfolio quality and customer reclassifications to recognize greater risk. There was also an increase in additional provisions (+MCH$706,787 versus 2019) to protect against possible impairment.

The industry reported a risk ratio (provisions/loans) of 2.71% vs 2.56% in 2019, with an increase mainly in the commercial portfolio (2.97% in 2020 and 2.40% in 2019).

The ratio of non-performing loans over total loans reached 1.6%, or 49 bps less than the 2019 figure of 2.07%. This improvement can be seen across all 3 portfolios, due largely to the 10% pension fund withdrawals and measures to open up the economy in the last quarter of the year.

RISK RATIO FOR CHILEAN BANKING INDUSTRY

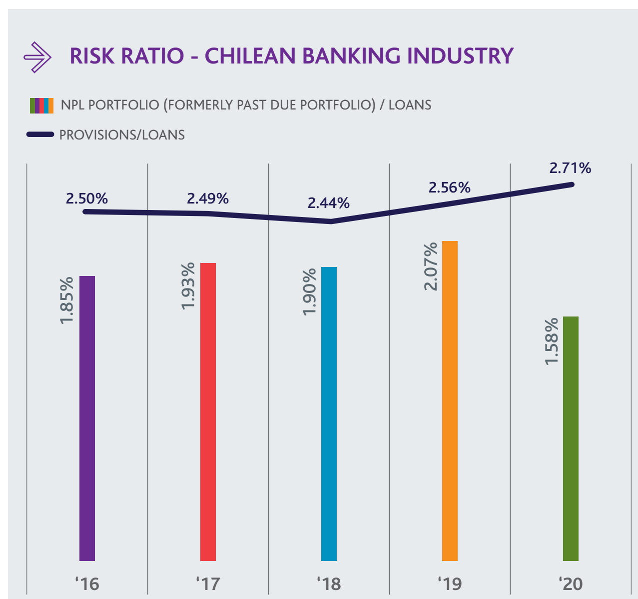
CREDIT RISK INDICATORS

CREDIT RISK INDICATORS	DEC-20	DEC-19
LOAN LOSS PROVISIONS / TOTAL LOANS	2.71%	2.56%
NONPERFORMING LOANS / TOTAL LOANS EXCLUDING LOANS AND ADVANCES TO BANKS	1.58%	2.07%
COMMERCIAL LLP / COMMERCIAL LOANS	2.97%	2.40%
RETAIL LLP / RETAIL LOANS	2.40%	2.83%
MORTGAGE LLP / MORTGAGE LOANS	0.67%	0.72%
CONSUMER LLP / CONSUMER LOANS	6.78%	7.09%
IMPAIRED PORTFOLIO	5.47%	5.03%

SOURCE: CMF

NONPERFORMING LOANS ARE A STRESSED MEASUREMENT OF THE FORMER PAST DUE PORTFOLIO INDICATOR. INCLUDES THE TOTAL AMOUNT OF THE NONPERFORMING LOAN (> 90 DAYS PAST DUE) EVEN WHEN ONLY ONE OR SOME LOAN INSTALLMENTS (PRINCIPAL AND/OR INTEREST) ARE DELINQUENT. IT ALSO FORMS PART OF THE IMPAIRED PORTFOLIO AND IS PUBLISHED FROM JANUARY 2009 ONWARDS.

RISK RATIO



SOURCE: CMF


3150

04

OUR BUSINESS

Transparency

Transparency is a value and commitment that shapes relationships with customers and the general public.

MCH$60,152

Profit, Banco Security and Subsidiaries

9.09%

Return on average equity

MCH$661,938

Total equity

BANCO security

Banco Security Results

BANCO SECURITY CONSOLIDATED INCOME STATEMENT

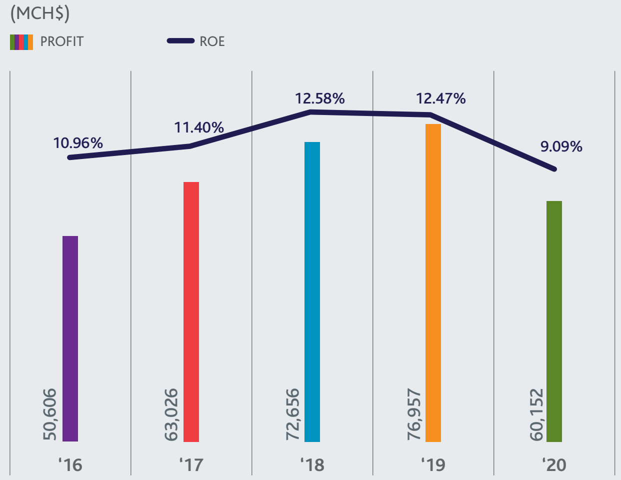
NOMINAL MCH$	2020	2019	% CHANGE
Net interest margin	196,322	182,435	7.6%
Net fees and commissions	57,812	67,277	-14.1%
Net financial operating income	26,118	24,078	8.5%
Net foreign exchange transactions	5,801	10,461	-44.5%
Recovery of written-off loans	4,101	3,804	7.8%
Other net operating loss	-6,591	-7,884	
GROSS OPERATING INCOME	**283,563**	**280,171**	**1.2%**
Loan loss provisions	-74,389	-45,695	62.8%
Support expenses	-133,855	-132,955	0.7%
NET OPERATING INCOME	**75,319**	**101,521**	**-25.8%**
Income attributable to investments in other companies	12	18	-33.3%
PROFIT BEFORE TAX	**75,331**	**101,539**	**-25.8%**
Income tax expense	-15,179	-24,582	-38.3%
PROFIT FOR THE YEAR	**60,152**	**76,957**	**-21.8%**

Banco Security reported consolidated profit for the year 2020 of MCH$60,152, which represents a decrease of 21.8% over the prior year. Banco Security's standalone profit (excluding subsidiaries AGF Security and Valores Security Corredores de Bolsa) was MCH$54,989, or 29.1% less than 2019. However, it compares favorably with the industry, which saw a 52.9% decline in profit in 2020.

Banco Security had average returns of 9.09%, down 338 bps from last year, which compares favorably to the industry's 5.65% (-645 bps less than 2019).

PROFIT GROWTH - BANCO SECURITY AND SUBSIDIARIES

(MCH$)



For 2020 the Bank reported a net interest margin of MCH$196,322 (+7.6% YoY), explained by lower interest and indexation income (-3.6% YoY), mainly because of lower income from consumer loans. It also had decreased income from commercial loans because of lower interest rates, loan deferrals and the high volume of loans prepaid in 2019. Interest and indexation expense was down (-12.7% YoY) because of the lower cost of Chilean Central Bank funding lines, smaller volumes of time deposits (-37.8% YoY) and lower interest rates.

NET INTEREST MARGIN	2020	2019	% CHANGE
Interest and indexation income	391,753	406,221	-3.6%
Interest and indexation expenses	-195,431	-223,786	-12.7%
NET INTEREST MARGIN	**196,322**	**182,435**	**7.6%**
Interest margin net of provisions	121,933	136,740	-10.8%
NET INTEREST MARGIN / TOTAL LOANS	**3.2%**	**3.0%**	**14 p**
NET INTEREST MARGIN NET OF PROVISIONS / TOTAL LOANS	**2.0%**	**2.3%**	**-30 p**

Net fees and commissions totaled MCH$57,812 for 2020 (-14.1% YoY), due to reduced income from supplementary loan insurance products mainly in the retail banking division and lower fees in the fund management subsidiary.

Finance income, which is the sum of net financial operating income (loss) and the net gain from FX transactions, fell to MCH$31,919 (-7.6% YoY), due to the impact of the crisis on the Bank's investment portfolio.

The line item other net operating loss was -MCH$6,591 for 2020 (vs. -MCH$7,884 for 2019), with a basis of comparison that includes operational risk expenses from the brokerage subsidiary in 2019. It also recorded greater provisions and write-offs for assets received in lieu of payment, along with decreased recovery of collections expenses.

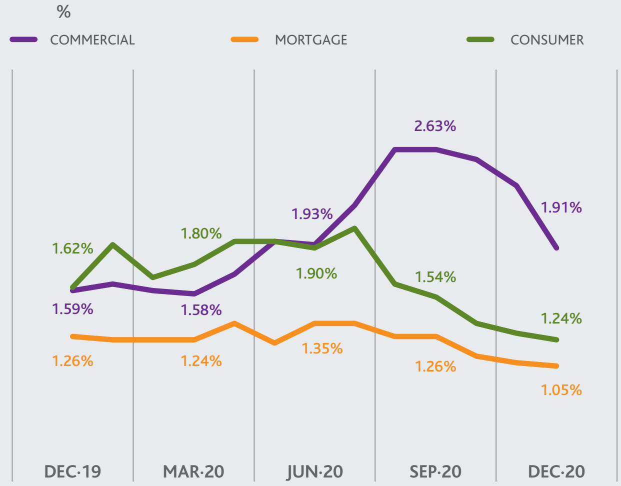
In terms of credit risk, the year 2020 was marked by the economic impact of the pandemic. The slowdown in economic activity during the first half of the year weakened both portfolio quality and risk indicators. Despite this deterioration and additional provisions recorded, Banco Security continued to maintain one of the local financial industry's lowest levels of loan loss provisions because of its high collateral coverage in relation to the rest of the sector.

INDICATORS	DEC-20	SEP-20	JUN-20	MAR-20	DEC-19
Loan loss provisions / Total loans	1.97%	1.83%	1.67%	1.66%	1.66%
Non-performing loans / Total loans	1.76%	2.39%	1.87%	1.56%	1.55%
Impaired loans / Total loans	7.30%	6.26%	5.57%	4.79%	4.54%

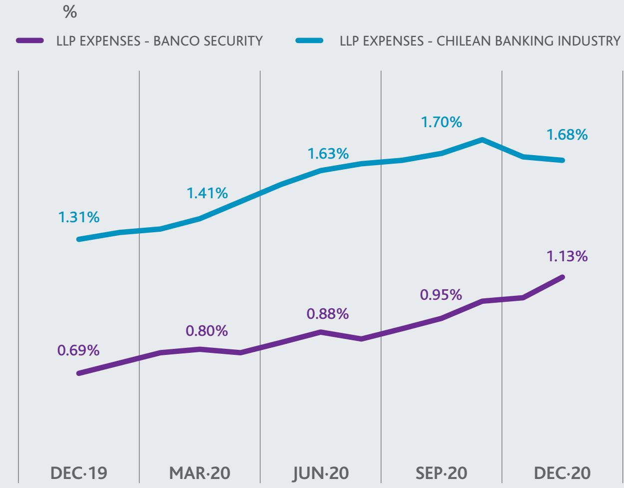
The ratios of loan loss provisions and impaired loans to total loans experienced upward trends, consistent with deteriorating economic activity. Nevertheless, as a result of Banco Security's efforts and relief measures from authorities, as well as improving economic conditions during the fourth quarter, the ratio of non-performing loans to total loans fell towards the end of the year. The following table shows the evolution of that index for each loan portfolio.

As mentioned, loan loss provisions rose sharply in 2020 to MCH$70,288[1]. This increase translated into an annual LLP expense ratio of 1.13% of the loan portfolio. Although greater than the 2019 figure, it continues to be significantly less than the industry, as observed in the following chart.

TRENDS IN NPL PORTFOLIO



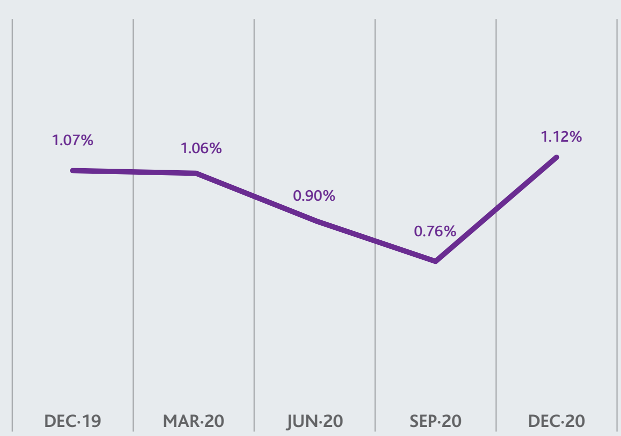
LLP EXPENSES / LOANS



As a result of the above and the Bank's use of conservative criteria that includes voluntary provisions, the ratios of loan loss provisions and impaired loans to total loans closed the year even higher than the figure as of year-end 2019.

NPL COVERAGE RATIO

PROVISIONS / NPL PORTFOLIO



Considering the relative importance of Banco Security's commercial portfolio in relation to total for loans (81%), it deserves mentioning that the portfolio has one of the highest coverage ratios in the Chilean financial industry. This factor is one of the essential elements of Banco Security's risk management framework, since it enables the Bank to successfully navigate adverse economic cycles like in 2020.

For 2021 economic conditions are expected to gradually improve and help recuperate activity and portfolio risk levels. Nevertheless, Chile will still be dealing with the recession's impact on domestic production, which will linger for some time.

[1] PROVISIONS NET OF RECOVERY

CREDIT RISK

	CREDIT RISK (%)								
	PROVISIONS / LOANS					NON-PERFORMING LOANS			
	MORTGAGE	CONSUMER	TOTAL	COMMERCIAL	TOTAL	MORTGAGE	CONSUMER	COMMERCIAL	TOTAL
Banco Security	0.16	5.40	2.21	1.92	1.97	1.05	1.24	1.91	1.76
Peer Banks*	0.20	4.06	1.13	2.11	1.93	1.48	0.88	1.64	1.52
Banking Industry	0.67	6.78	2.40	2.97	2.71	1.53	1.43	1.66	1.58

* AVERAGE FOR BICE, INTERNACIONAL, CONSORCIO AND SECURITY

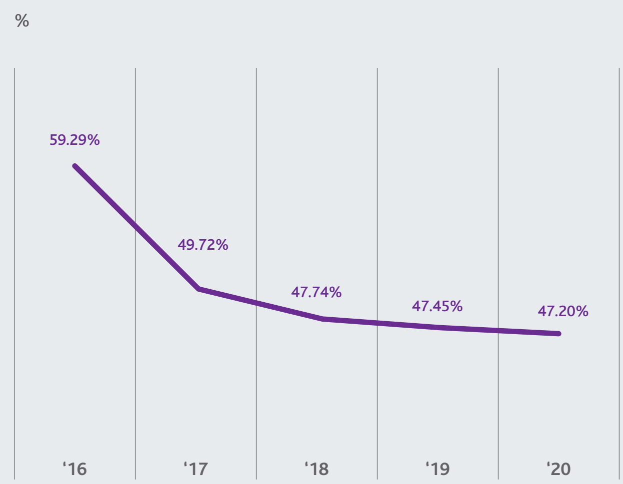
OPERATING EXPENSE AND EFFICIENCY

For 2020, the Bank reported support expenses of MCH$133,855 (+0.7% YoY). During the period, Banco Security and the rest of the Grupo Security companies implemented a cost cutting and efficiency plan for upcoming years that included structural adjustments. As a result, personnel expenses were up (+11.1% YoY) mainly because of termination benefits, while administrative expenses fell (-9.1%) in line with the savings efforts mentioned above and reduced business in the Retail Banking Division.

Banco Security's efficiency ratio, measured as operating expenses + other operating expenses over total operating income, was 47.2% for 2020 (-25 bps YoY), below the banking system's ratio of 48.9%.

Efficiency improved gradually during the second half of the year to 45.7% in the third quarter and 43.3% in the fourth quarter.

EFFICIENCY RATIO



BUSINESS SEGMENTS

MCH$	COMMERCIAL BANKING		RETAIL BANKING		TREASURY		OTHER		TOTAL BANK		SUBSIDIARIES		TOTAL CONSOLIDATED	
	DEC-20	DEC-19	DEC-20	DEC-19	DEC-20	DEC-19	DEC-20	DEC-19	DEC-20	DEC-19	DEC-20	DEC-19	DEC-20	DEC-19
Net interest margin	102,250	96,169	59,841	67,122	45,325	27,925	(10,927)	(8,456)	196,489	182,760	30	(325)	196,519	182,435
Net fees and commissions	18,567	20,872	14,919	20,582	(195)	(317)	1,893	482	35,184	41,619	22,458	25,658	57,642	67,277
Net FX transactions and other income	8,957	8,455	2,161	1,574	19,048	17,257	(6,996)	(2,596)	23,170	24,690	9,574	2,397	32,744	27,087
Losses from risk and repossessed assets	(47,706)	(11,142)	(29,939)	(28,408)	(74)	38	260	(2,811)	(77,459)	(42,323)	-	-	(77,459)	(42,323)
TOTAL OPERATING INCOME (LOSS), NET OF PROVISIONS	82,068	114,354	46,982	60,870	64,104	44,903	(15,770)	(13,381)	177,384	206,746	32,062	27,730	209,446	234,476
Support expenses	(42,946)	(38,436)	(55,157)	(58,440)	(14,234)	(12,595)	4,373	4,237	(107,964)	(105,234)	(26,163)	(27,721)	(134,127)	(132,955)
NET OPERATING INCOME (LOSS)	39,122	75,918	(8,175)	2,430	49,870	32,308	(11,397)	(9,144)	69,420	101,512	5,899	9	75,319	101,521
Taxes	(8,138)	(17,909)	1,700	(573)	(10,374)	(7,622)	2,369	2,152	(14,443)	(23,952)	(736)	(630)	(15,179)	(24,582)
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE BANK	30,984	58,009	(6,475)	1,857	39,496	24,686	(9,016)	(6,974)	54,989	77,578	5,161	(615)	60,150	76,963

* SEE DETAILS IN NOTE 5 OF THE BANK'S FINANCIAL STATEMENTS.

COMMERCIAL BANKING

Banco Security's Commercial Banking Division targets companies with annual sales above MUS$ 1.2. 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 its customer base and improve returns in each segment.

As of December 2020, the Bank's commercial loans were up 6.2% YoY to BCH$5,057, while the industry's commercial loans grew 3.6% YoY. Including foreign subsidiaries, the industry's commercial loans increased 4.1% YoY. Banco Security's market share in commercial loans was 4.9% as of December 2020, while its market share in its target segment of medium and large companies was 6.1%[3]. The Commercial Banking Division had 8,023 customers as of December 2020 (-3.2% YoY).

The first tender of the FOGAPE COVID-19 state-backed credit line was held on April 28, 2020. The program was created to provide liquidity to companies with annual sales of up to UF 1 million. During the year, Banco Security granted 457 FOGAPE loans for a total of MCH$55,626, representing 19% growth in commercial loans YoY. Excluding these loans, Banco Security's commercial loans grew 5.0% YoY, reflecting a strong commercial performance in comparison to the industry's 4.5% YoY decline.

The Commercial Banking Division posted profit of MCH$30,984 for 2020 (-46.6% YoY). This weaker result is explained mainly by increased LLP expenses, totaling MCH$47,706, compared to MCH$11,142 in 2019. It is important to note that 2019 represents a low basis of comparison due to provisions reversed in 1Q19. Support expenses also rose +11.7% YoY to MCH$42,946 because of termination benefits following the structural changes mentioned above and increased personnel expenses in 1Q20 for 2019 performance bonuses. The division also recognized lower net fees and commissions of MCH$18,567 (-11.0% YoY), explained by reduced business. This was not fully offset by a higher net interest margin of MCH$102,250 for 2020 (+6.3% YoY) due to increased commercial loans (+6.2% YoY) and a larger average spread. The line item financial operating income, net FX transactions and other income rose to MCH$8,957 (+5.9% YoY), because of a larger spread resulting from exchange rate volatility.

[2] EXCLUDING FOREIGN SUBSIDIARIES OF LOCAL BANKS
[3] THIS INCLUDES COMPANIES WITH ANNUAL SALES OVER MCH$800, ONLY IN THE REGIONS OF CHILE WHERE BANCO SECURITY HAS OFFICES. SOURCE: CHILEAN INTERNAL REVENUE SERVICE (SII).

RETAIL BANKING

Banco Security's retail banking division targets high-income individuals. In recent years, the retail division has focused on expanding consumer products.

As of December 2020, the Bank had total retail loans (consumer + mortgage) of BCH$1,170 (-9.3% YoY), driven by consumer (-15.9% YoY) and mortgage (-4.5% YoY) loans, representing 7.3% and 11.4% of the Bank's total loans, respectively. For the industry, retail loans increased 0.8% YoY, driven by growth in mortgage loans (+8.1% YoY), partially offset by consumer loans (-13.9% YoY). Including foreign subsidiaries, the industry's retail loans grew +0.4% YoY. Banco Security achieved a market share of 4.0% in its target segment of high-income individuals as of December 2020. The Retail Banking Division had 67,496 customers as of December 2020 (-4.4% YoY).

The Retail Banking Division reported a loss of -MCH$6,474 for 2020 (loss of -MCH$1,857 for 2019) due to a decrease in the net interest margin and net fees and commissions. The division's net interest margin fell to MCH$59,841 (-10.8% YoY), explained by a contraction in consumer loans (-15.9% YoY). Net fees and commissions fell to MCH$14,919 (-27.5% YoY), due to a decline in supplementary loan insurance products. Finally, risk expenses reached MCH$21,659 (+13.1% YoY). That increase was partially offset by lower support expenses of MCH$55,157 (-5.6% YoY) due to reduced business and the savings plan implemented organization-wide by Grupo Security. It also reported an increase in financial operating income, net FX transactions and other income, which totaled MCH$2,161 for 2020 (+37.3% YoY), because of higher sales of mortgage bonds.

TRADE DESK

In March 2020, the Chilean Central Bank announced the creation of the Credit Facility Conditional on Increased Lending (FCIC) to inject liquidity into the economy, accepting a broad range of fixed-income instruments as collateral for that financing. In this context, Banco Security's board of directors approved a temporary increase in limits for the Treasury's investment portfolios, and broadened risk limits to access low-risk instruments at attractive prices given current market conditions. Portfolio growth allowed it to access Chilean Central Bank financing using these instruments as collateral and also take advantage of that portfolio's accrual spread and potential capital gains should interest rates return to normal, pre-pandemic levels.

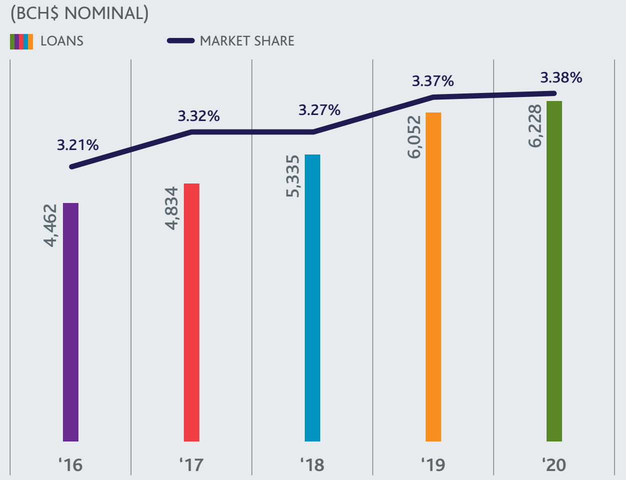
For 2020, the treasury area reported profit of MCH$39,496 (+60.0% YoY), explained by higher net operating income of MCH$64,104 (+42.8% YoY), due to growth in its proprietary investment portfolio, sales of corporate and bank bonds, structured deals in the distribution area and strong results from short-term inflation positions, coupled with the effects of MPR cuts (December 2020 0.5% vs December 2019 1.75%) and financing facilities provided by the Chilean Central Bank. The division reported support expenses of MCH$14,234 (+13.0% YoY).

As of December 2020, ALM represented 49.5% 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 25.8% of treasury income. The remaining 21.3% of treasury division income comes from the distribution desk, which brokers specialized products for corporate banking customers (currency, forwards and structured products).

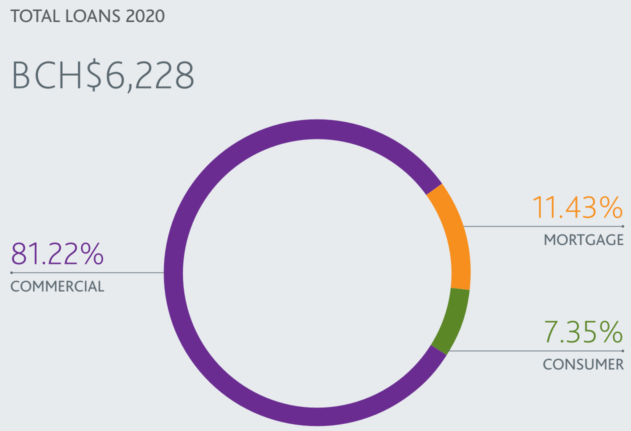
BANCO SECURITY'S LOAN PORTFOLIO

Banco Security reported MCH$6,228,083 in total loans as of December 2020, equivalent to a rise of 2.9% over the past year, while industry loans were up 2.64% in the same period. Including foreign investments, industry loans grew 2.3% YoY. Commercial loans grew 6.2% YoY, to MCH$5,057,580 (81.2% of Banco Security's total loan portfolio), while retail loans (consumer + mortgage) reached MCH$1,169,778 as of December 2020, -9.3% YoY. The 20 largest borrowers represent 11.6% of the Bank's total loan portfolio.

LOAN GROWTH - BANCO SECURITY



LOAN PORTFOLIO - BANCO SECURITY 2020



TOTAL LOANS

BCH$	DEC-20	DEC-19	% CHANGE
Consumer	457,704	543,953	-15.9%
Mortgage	712,074	745,550	-4.5%
Mortgage + Consumer	1,169,778	1,289,503	-9.3%
NO. OF CUSTOMERS	67,496	70,633	-4.4%
Commercial	5,057,580	4,761,744	6.2%
NO. OF CUSTOMERS	8,023	8,291	-3.2%
TOTAL LOANS	**6,228,083**	**6,051,817**	**2.9%**

FUNDING SOURCES

MCH$	DEC-20 MCH$	DEC-20 %	DEC-19 MCH$	DEC-19 %	% CHANGE
Demand deposits	1,175,142	14.0%	974,730	11.8%	20.6%
Time deposits	1,890,734	22.5%	3,039,673	36.8%	-37.8%
Total deposits	3,065,876	36.6%	4,014,403	48.6%	-23.6%
Bonds	2,930,589	34.9%	2,768,376	33.5%	5.9%
Borrowings from financial institutions	1,071,537	12.8%	272,634	3.3%	293.0%
Other liabilities*	655,947	7.8%	592,031	7.2%	10.8%
TOTAL LIABILITIES	**7,723,949**	**92%**	**7,647,444**	**93%**	**1.0%**
Total Equity	661,938	7.9%	617,326	7.5%	7.2%
LIABILITIES + EQUITY	**8,385,887**	**100%**	**8,264,770**	**100%**	**1.5%**

* INCLUDES THE FOLLOWING ACCOUNTS: TRANSACTIONS IN THE COURSE OF COLLECTION OR PAYMENT, RESALE AND REPURCHASE AGREEMENTS, FINANCIAL DERIVATIVE INSTRUMENTS, OTHER FINANCIAL LIABILITIES, CURRENT TAXES, DEFERRED TAXES, PROVISIONS AND OTHER LIABILITIES.

DEMAND AND TIME DEPOSITS

As of December 2020, deposits totaled MCH$3,065,876, -23.6% YoY. Deposits rose by +7.1% YoY for the industry, and deposits including foreign subsidiaries rose by +7.7% YoY. Banco Security's time deposits consisted of 31.4% retail deposits and 68.6% institutional deposits. The 15 largest depositors represent 12.0% of the Bank's total deposits. The loan to deposit ratio was 203% as of December 2020, compared to 151% as of December 2019. Banco Security's strategy is to diversify funding sources using sales incentives to increase its retail deposit base.

As of December 2020, borrowings from financial institutions reached MCH$1,071,537 (+293.0% YoY), mainly because of the use of credit lines and financing from the Chilean Central Bank.

Banco Security strictly monitors liquidity risk[4], striving to diversify funding sources while monitoring and controlling a series of limits on asset/liability mismatches, maintaining an important volume of liquid assets and lengthening liabilities to increase funding terms. The Bank's exposure from asset and liability mismatches is among the industry's lowest thanks to a conservative interest rate gap strategy that takes advantage of record-low rates to lengthen our liabilities. As of December 31, 2020, the ratio of long-term interest rate risk to regulatory capital was 4.5%.

As of December 31, 2020, liquid assets represented 93% of savings and time deposits. The liquidity coverage ratio as of December 31, 2020, was 322.7%, above the regulatory minimum of 70%.

[4] LIQUIDITY RISK REPRESENTS THE POSSIBILITY OF NOT FULFILLING OBLIGATIONS WHEN THEY MATURE AS A RESULT OF THE INABILITY TO LIQUIDATE ASSETS OR FUNDS, OR NOT BEING ABLE TO DISPOSE OF THEM EASILY OR OFFSET EXPOSURE WITHOUT SIGNIFICANTLY REDUCING PRICES DUE TO INSUFFICIENT MARKET DEPTH (GRUPO SECURITY ANNUAL REPORT, NOTE 35).

DEBT ISSUED

As of December 2020, Banco Security had issued MCH$2,571,801 in senior bonds, as detailed in Note 19 of Banco Security's financial statements.

SERIES	CMF REGISTRATION NUMBER	CMF REGISTRATION DATE	CURRENCY	REGISTRATION AMOUNT	ANNUAL INTERESTR RATE	DURATION (YEARS)	MATURITY
H1	39142	Jan 25, 2007	UF	3,000,000	3.00	23	Dec 1, 2029
R1	40817	Oct 6, 2011	UF	3,000,000	3.00	10	Jun 1, 2021
K2	Jan-12	Mar 14, 2012	UF	4,000,000	3.25	10	Nov 1, 2021
K3	41275	Feb 26, 2013	UF	4,000,000	3.50	10	Nov 1, 2022
K4	41548	Nov 6, 2013	UF	5,000,000	3.60	10	Oct 1, 2023
K5	14 of 2014	Oct 9, 2014	UF	5,000,000	2.75	10	Jun 1, 2024
K6	May-15	Apr 1, 2015	UF	5,000,000	2.75	5	Mar 1, 2025
K7	May-15	Apr 1, 2015	UF	5,000,000	2.75	10	Sept 1, 2025
Z1	42278	Sept 30, 2020	Ch$	75,000,000,000	5.25	5	Sept 1, 2020
B5	42675	Oct 3, 2016	UF	5,000,000	2.40	5	Aug 1, 2021
K8	42705	Oct 3, 2016	UF	5,000,000	2.80	10	Oct 1, 2036
Z2	13 of 2016	Oct 3, 2016	Ch$	75,000,000,000	5.30	5.5	Feb 1, 2027
B6	42887	Jul 11, 2017	UF	5,000,000	2.25	6	Apr 1, 2022
B7	43313	May 9, 2018	UF	4,000,000	2.20	5	Feb 1, 2023
K9	Aug-18	May 9, 2018	UF	5,000,000	2.75	10	Jan 1, 2028
Z3	Aug-18	May 9, 2018	Ch$	75,000,000,000	4.80	5	Dec 1, 2022
B8	Nov-18	Dec 20, 2018	UF	5,000,000	1.80	5.5	Aug 1, 2023
Q1	Nov-18	Dec 20, 2018	UF	3,000,000	2.50	15	Aug 1, 2033
Z4	Nov-18	Dec 20, 2018	Ch$	75,000,000,000	4.80	5.5	Oct 1, 2023
D1	Nov-18	Dec 20, 2018	UF	5,000,000	2.20	10.5	Aug 1, 2028
B9	43770	Nov 11, 2019	UF	5,000,000	0.70	5.5	Apr 1, 2024
D2	43770	Nov 11, 2019	UF	5,000,000	0.90	8.5	Mar 1, 2027
D3	43770	Nov 11, 2019	UF	5,000,000	1.00	10.5	Mar 1, 2029
Z5	43770	Nov 11, 2019	Ch$	75,000,000,000	3.50	6	Jun 1, 2025
D2	11 of 2019	Nov 11, 2019	UF	5,000,000	0.90	8.5	Mar 1, 2027
D3	11 of 2019	Nov 11, 2019	UF	5,000,000	1.00	10.5	Mar 1, 2029
Z5	11 of 2019	Nov 11, 2019	Ch$	75,000,000,000	3.50	6	Jun 1, 2025

CAPITALIZATION

As of December 2020, Banco Security's equity attributable to the owners of the Bank totaled MCH$661,886 (+7.2% YoY).

MCH$	DEC-20	DEC-19	% CHANGE
Capital	302,048	302,047	0.0%
Reserves and valuation accounts	36,010	33,506	7.5%
Retained earnings	323,828	281,721	14.9%
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK	**661,886**	**617,274**	**7.2%**
Core capital	661,886	617,274	7.2%
Regulatory capital	926,896	834,064	11.1%
Minimum required capital	527,721	542,228	-2.7%
Risk-weighted assets	6,596,514	6,777,845	-2.7%
Regulatory capital / Risk-weighted assets	14.05%	12.31%	175 p
Core capital / Total assets	7.85%	7.13%	72 p

In order to strengthen the Bank's capital base, in April 2020 its shareholders agreed to reduce dividends to 30% of profit for the year 2019, which is the legal minimum. Furthermore, in August 2020, Grupo Security successfully closed the preferential option period for its capital increase, raising MCH$55,568. Over the next few months it will allocate part of the funds raised to capitalizing the Bank.

The Bank's capital adequacy ratio as of December 2020, calculated as regulatory capital over risk-weighted assets, reached 14.1% (with a regulatory minimum of 8%), +175 bps YoY. This increase can be attributed to 11.1% growth in regulatory capital because of an 14.9% rise in retained earnings, impacted positively by a reduction in dividend distributions. The ratio of core capital to total assets reached 7.85%, +72 bps YoY. The return on average equity for Banco Security came to 9.4% for 2020.

Asset Management

The following entities are subsidiaries of Banco Security:

VALORES SECURITY S.A. CORREDORES DE BOLSA
(99.87%)

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.
(99.99%)

As of year-end 2020, these companies contributed collective profit of MCH$5,164 (in 2019 they reported a loss of MCH$624, because of operational expenses from the brokerage subsidiary).

Valores Security S.A. Corredores de Bolsa

Valores Security reported profit of MCH$1,326. For the year 2020, the company reported after-tax profit of MCH$1,326. The subsidiary's international area performed well, boasting a 25% rise in revenue. Total expenses fell 30% as a result of a lower basis of comparison and a savings plan involving efficiency efforts and structural adjustments.

The value of shares traded for Valores Security Corredores de Bolsa totaled BCH$1,275 with a market share of 2.0%, ranking it 14th place by value of shares traded. Market share is based on transactions on Santiago Exchange and the Chilean Electronic Stock Exchange.

International assets under management (AuM) grew in US dollars by 14% to MCH$477,544.

PROFIT

2020
MCH$1,326

TOTAL ASSETS IN CUSTODY AND UNDER MANAGEMENT

FIGURES IN MCH$	12.31.2020	12.31.2019
CUSTODY SERVICES FOR UNRELATED PARTIES	980,545	1,111,062
CUSTODY SERVICES FOR RELATED PARTIES	58,685	71,719
INTERNATIONAL	477,544	421,907
TOTAL	1,516,774	1,604,688

SOURCE: VALORES SECURITY S.A. CORREDORES DE BOLSA

MILESTONES IN 2020

- International assets under management (AuM) were up 14% in US dollars to MCH$477,544.

Administradora General de Fondos Security S.A.

As of year-end 2020, the subsidiary had after-tax profit of MCH$3,838, which represents an annual drop of 26.3% with respect to last year, explained mainly by a decrease of MCH$2,354 (9.5%) in operating income versus 2019, due to lower assets under management and a decrease in fees charged by funds. Returns on proprietary trading positions were up MCH$443 (25.0%), while total expenses held steady from last year.

PROFIT

2020
MCH$3,838

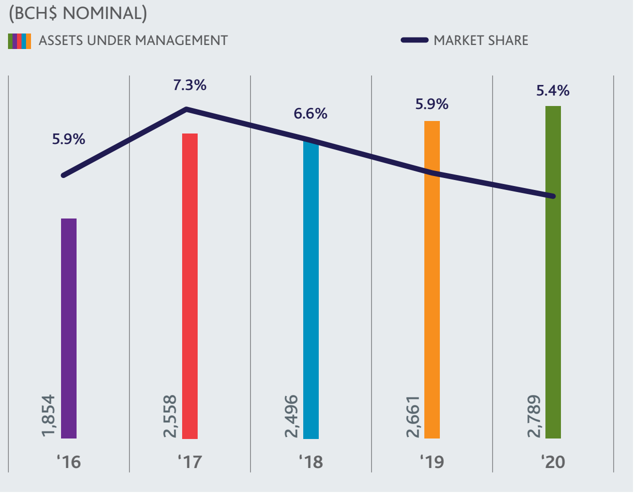
2019
MCH$5,210

MILESTONES IN 2020

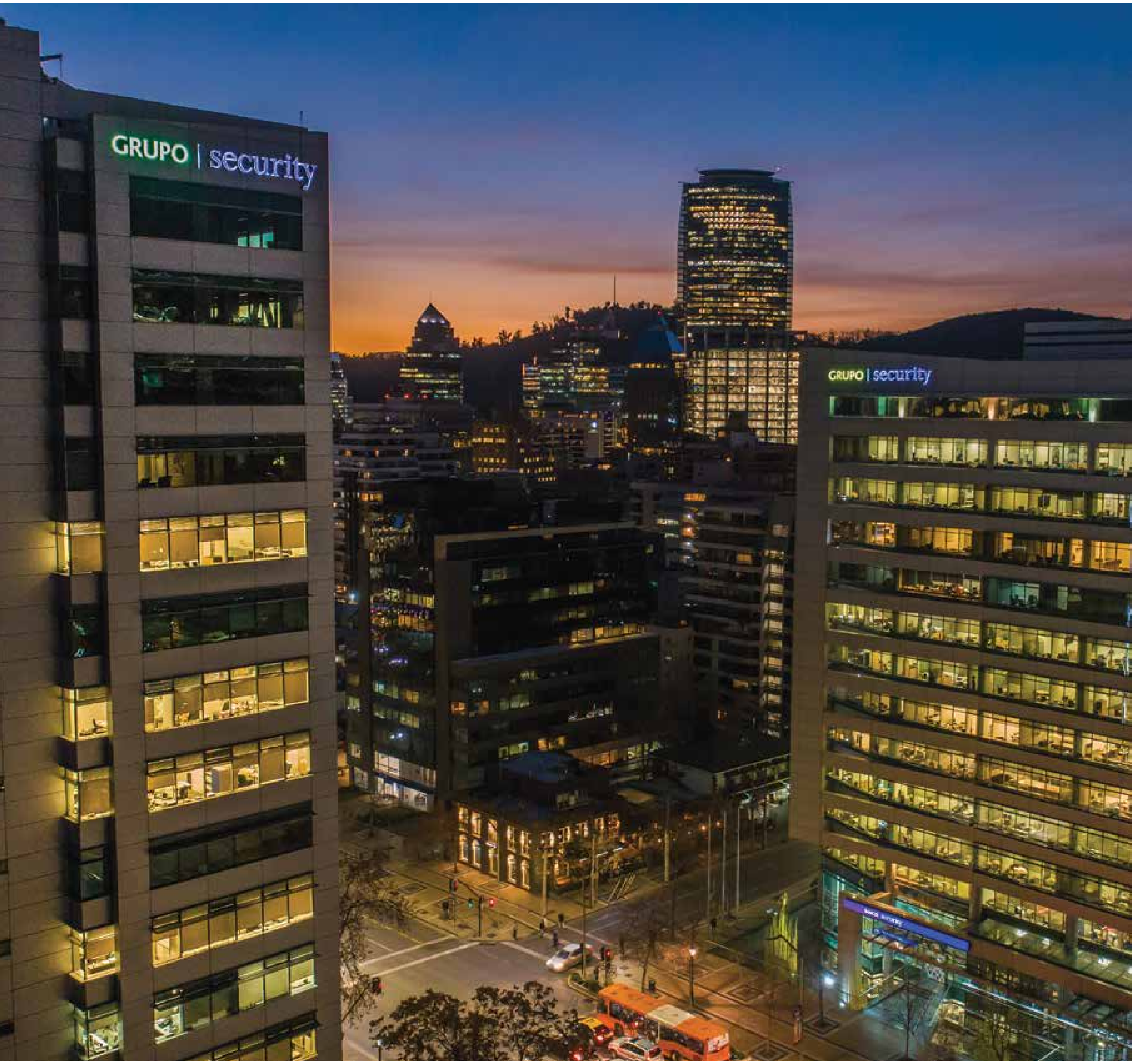
- Earning seven Salmón Awards for the following mutual funds: Security Global; Security Index Fund U.S.; Security Emerging Asia; Security Latin America Corporate Debt I.G.; Security Latin American Corporate Debt and Security Index Fund.
- Obtaining two other recognitions at the Salmón APV Awards.
- Morningstar named the "Security Global (series F) Fund" as the best international equity fund and the "Security Strategic Balance Fund" as the best mixed fund.
- Placing two alternative international funds. Stepstone Real State Partners IV raised MUS$17 and Monarch Capital Partners V raised MUS$46 (Peruvian investors).

ASSETS UNDER MANAGEMENT AND MARKET SHARE IN MUTUAL FUNDS - AGF SECURITY

(BCH$ NOMINAL)



SOURCE: CHILEAN MUTUAL FUND ASSOCIATION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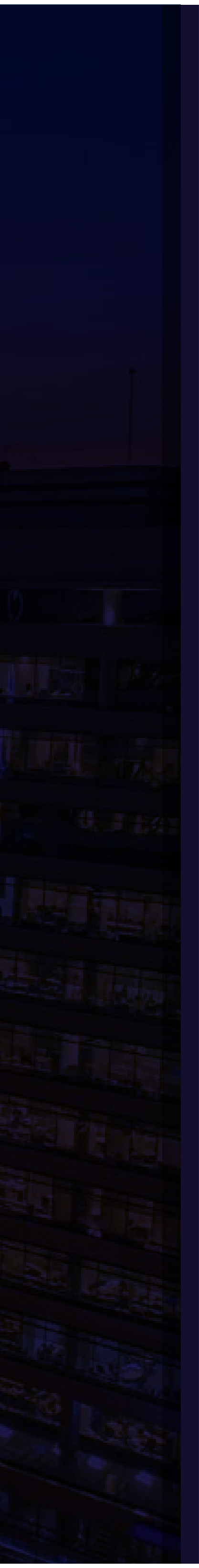


05

GENERAL INFORMATION

Soundness

Banco Security's people management policies and model accompany employees throughout their careers.

→ **14.05%**
Solvency

→ **195**
Suppliers
95% are local

→ **MCH$23,389**
Dividends paid in 2020

BANCO security

General Information

ARTICLES OF INCORPORATION

The Company was formed by public instrument on August 26, 1981, signed before notary public Enrique Morgan Torres. The respective extract of the articles of incorporation was published in the Official Gazette on September 23, 1981.

LEGAL AND REGULATORY FRAMEWORK

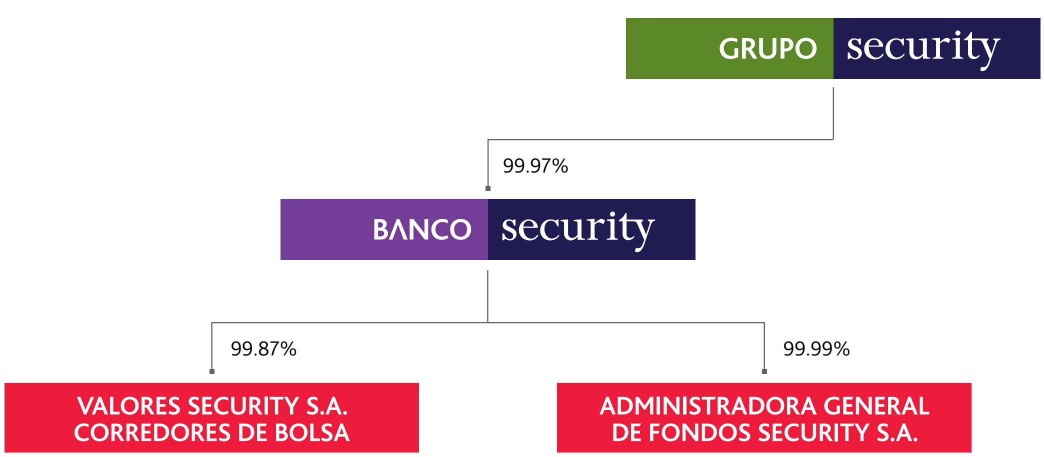
Banco Security and its subsidiaries fully comply with the current regulatory framework that applies to its businesses, which is set forth in the General Banking Law, the Corporations Law, the Securities Market Law, and all laws and regulations that apply to their activities.

The Company is supervised and governed by regulations issued by the Financial Market Commission (CMF). In compliance matters, it abides by Law No. 20,393 on Criminal Liability of Legal Entities and Law No. 19,913 on Money Laundering and Bleaching. In issues related to customer relations, it is governed by Law No. 21,081 on Protection of Consumer Rights.

In 2020, Law No. 21,236 on Financial Portability took effect. This law establishes rights for customers and modifies several processes in the banking industry.

CORPORATE STRUCTURE

Banco Security is controlled by Grupo Security, which owned 99.9748% of its shares as of December 31, 2020.



DIVIDEND POLICY

Banco Security defines the dividend to be distributed on a yearly basis, based on the capital required to support growth, aimed at keeping the solvency index at levels desired by the board and senior management.

The following table details the dividends paid by the Bank to its shareholders from 2000 to 2020, and their corresponding percentage of profit:

DATE	COMPANY	TRANSACTION	AMOUNT (MCH$)	PRIOR YEAR PROFIT	% PRIOR YEAR PROFIT
February-2000	Banco Security	Dividend	4,254.4	8,508.8	50.0%
February-2001	Banco Security	Dividend	7,344.0	9,644.1	76.2%
February-2002	Banco Security	Dividend	8,749.7	9,722.0	90.0%
February-2003	Banco Security	Dividend	9,061.7	10,068.6	90.0%
February-2004	Banco Security	Dividend	13,326.1	13,326.1	100.0%
February-2005	Banco Security	Dividend	11,219.1	14,023.8	80.0%
March-2006	Banco Security	Dividend	20,014.3	20,014.3	100.0%
March-2007	Banco Security	Dividend	20,498.0	20,498.0	100.0%
March-2008	Banco Security	Dividend	13,625.0	27,250.0	50.0%
March-2009	Banco Security	Dividend	7,720.0	14,430.1	53.5%
March-2010	Banco Security	Dividend	23,040.2	23,040.2	100.0%
March-2011	Banco Security	Dividend	20,223.5	33,710.0	60.0%
March-2012	Banco Security	Dividend	21,009.8	35,016.4	60.0%
April-2013	Banco Security	Dividend	35,227.0	35,226.9	100.0%
March-2014	Banco Security	Dividend	9,839.3	32,797.8	30.0%
March-2015	Banco Security	Dividend	16,770.7	55,902.3	30.0%
March-2016	Banco Security	Dividend	14,227.2	47,423.9	30.0%
March-2017	Banco Security	Dividend	20,241.6	50,604.1	40.0%
March-2018	Banco Security	Dividend	37,812.9	63,025.8	60.0%
March-2019	Banco Security	Dividend	43,591.1	72,652.6	60.0%
March-2020	Banco Security	Dividend	23,389.0	76,963.4	30.0%

RISK RATINGS

FITCH RATINGS (LOCAL)

BANCO SECURITY RATING

- All ratings were confirmed in June 2020, with a stable outlook.
- AA for long-term deposits, mortgage bonds and performance bonds.
- A+ for subordinated bonds.
- N1+ for short-term deposits.

COMMENTS AND BASIS FOR RISK RATING

- Rating upgraded based on the Bank's financial profile improvements, reflected in a consistent strategy, sustained growth in profitability indicators and positive growth in equity.
- Emphasized the good quality of its management and banking vision, which integrates synergies with its subsidiaries.
- Recognized the increased diversification of recurring revenue, which decreased its exposure to volatility within its financial variables.

ICR (LOCAL)

BANCO SECURITY RATING

- All ratings were confirmed in June 2020, with a stable outlook.
- AA for solvency, long-term deposits, mortgage bonds and performance bonds.
- N1+ for short-term deposits.
- AA- for subordinated bonds.

COMMENTS AND BASIS FOR RISK RATING

- Recognized a consistent strategy, which achieved increases in commercial loans and strengthened the consumer segment, compared to the industry and its peers.
- Emphasized a loan portfolio with appropriate risk exposure.
- Appropriate capital adequacy, similar to the industry average.
- Emphasized growth in profits, and the profitability and efficiency increases were greater than the industry.

FITCH RATINGS (INTERNATIONAL)

BANCO SECURITY RATING

- BBB long-term, with a negative outlook.
- F3 short-term.
- First rating published on February 14, 2020 (BBB+ and F2).
- Rating modified on October 23, 2020 (BBB).

COMMENTS AND BASIS FOR RISK RATING

- Rating based on intrinsic solvency.
- Emphasized consistent strategy and moderate risk appetite.
- Quality ratios of stable assets.
- October 15, 2020: Chile's sovereign rating downgraded from A to A- due to weakening of public finances. In light of a deteriorating operational environment, risk ratings of domestic banks were reviewed, leading to the downgrading of Banco Security, from BBB+ to BBB, published on October 23, 2020.

RISKS

Banco Security is engaged in the banking business, focused on the commercial and high-income and/or aspiring income retail segments, offering high standards of service quality. Risk management is key to achieving strategic objectives and ensuring short, medium and long-term solvency.

In order to guarantee the best possible risk management, Banco Security identifies levels and types of risks it is willing to take on in implementing its business strategy and that, in turn, assure compliance with current standards and regulatory requirements.

The documents Risk Appetite Framework (RAF) and Risk Appetite Statement (RAS) outline governance systems, information systems and processes for defining, communicating, monitoring and disclosing a culture of risk. They apply to all areas involved in risk management and control and strategic decision-making at the Bank and its subsidiaries.

RISKS ASSOCIATED WITH THE FINANCIAL BUSINESS

CREDIT RISK

Credit risk considers the probability that the counterparty in a loan cannot meet its contractual obligation and that leads to a potential loan loss.

MARKET RISK

The main market risks facing the Chilean banking industry are inflation and interest rate risk. Banco 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. The Bank and its subsidiaries have implemented a special system for controlling interest rate risk that also allows ongoing monitoring of their medium and long-term investment portfolios.

INTEREST RATE RISK

This risk stems mainly from commercial activity (commercial loans v/s deposits), caused by the effects of variations in interest rates and/or the slopes of interest rate curves to which assets and liabilities are indexed. When these show temporary repricing or maturity gaps, they can impact the stability of results (financial margin) and solvency levels (economic value of equity).

LIQUIDITY RISK

This risk represents the possibility of not fulfilling obligations when they mature as a result of the inability to liquidate assets or obtain funds not being able to dispose of them easily or offset exposure without significantly reducing prices due to insufficient market depth (market liquidity).

OPERATIONAL RISK

This is the risk of losses from the lack of adaptation or a failure involving processes, personnel and internal systems or due to external events. This definition includes legal and reputational risks but excludes strategic risks.

CONCENTRATION RISK

This is the risk related to concentrating a significant portion of loans and/or regulatory capital in a small number of debtors. It also stems from concentrating a significant portion of loans and/or regulatory capital in a few economic sectors.

REPUTATIONAL RISK

This risk involves events that negatively affect the banking industry and Banco Security's image and may impact customer experience, efforts to attract, retain and turn a profit on key segments and, as a result, the Bank's results and financial condition.

COMPLIANCE RISK

The likelihood of incurring financial losses or reputational damage derived from legal or administrative sanctions for failing to comply with laws, regulations or internal standards applicable to banking.

ASSET LAUNDERING RISK

This risk is related to the probability of incurring financial losses or reputational damage derived from the Bank's propensity to be used directly or indirectly through its operations as an instrument for committing the crimes of asset laundering or terrorism financing.

STRATEGIC RISK

This is related to the way in which the Company is managed and the risk that the institution is incapable of planning, implementing and responding to changes and developments within its businesses (changes in competition or regulations), internally (introducing a new product) or by failing to meet strategic objectives. Managing this risk is fundamental to defining its strategy.

REGULATORY RISK

This is related to regulatory changes or developments introduced by regulators from time to time.

EMERGING RISKS

BUSINESS ENVIRONMENT RISK

One of the main risks related to the business environment is the possibility of a recovery with major global or local disruptions as a result of new outbreaks of the pandemic, which will be latent during the first part of 2021, before mass vaccinations allow recovery in a broader base of economic sectors (mainly services). One effect of this risk is the mitigative power of fiscal and monetary policy following efforts already implemented in 2020.

Another business environment risk is that the domestic political/ social process is not conducted in an orderly fashion and protests resurface, generating effects similar to the last quarter of 2019.

OPERATIONAL, TECHNOLOGICAL AND CYBERSECURITY RISK

Operational and cybersecurity incidents that affect operational continuity at Banco Security and its subsidiaries. Weaknesses in internal and cybersecurity processes can affect the confidentiality, completeness and availability of information, thus impacting business development. For this, the Bank has solid corporate governance that enables it to closely monitor the business and maximize value creation.

GENERAL ECONOMIC PERFORMANCE

This is related to economic performance and financial conditions that, in turn, are dependent on monetary policy, which results in reduced revenue and earnings growth under restrictive conditions and the opposite under expansionary conditions.

INCREASED COMPETITION AND CONSOLIDATION

Heightened competition in the banking industry could lead to tighter operating margins. Despite the potential challenges

to companies, the possible negative effects of competition are deemed to be offset by Banco Security's solid brand image in its target market. Strong customer loyalty has earned the Bank a favorable market position with which to face its competition.

Additionally, its relationship with and closeness to customers could be affected by a prolongation of the crisis because of the pandemic, which would force it to interact virtually with customers for longer than expected.

RISKS IN THE DIGITAL TRANSFORMATION PROCESS

The pace of adopting digital tools and their integration with business and customer service models could affect customer relations and the Bank's closeness and courtesy, two of its differentiating characteristics. During this digital transformation process, Banco Security has anticipated how to address each strategic segment in order to provide the best service experience based on each customer's profile and needs.

OWNERSHIP INTERESTS

AS OF DECEMBER 2020

BANK DIRECTORS	%
Francisco Silva S.	6.87%
Hernán Felipe Errázuriz C.	0.00%
Jorge Marín C.	11.98%
Juan Cristóbal Pavez R.	14.13%
Renato Peñafiel M.	4.47%
Bonifacio Bilbao H.	0.03%
Ramón Eluchans O.	2.78%
Mario Weiffenbach O.	0.59%

THIS PERCENTAGE INCLUDES THE INTEREST HELD BY THE INDIVIDUAL AND HIS OR HER RELATIVES UP TO THE SECOND DEGREE BY BLOOD, DIRECTLY OR THROUGH LEGAL ENTITIES.

MANAGEMENT COMPENSATION

During 2020, Banco Security's 48 senior executives and managers received total compensation of MCH$9,678 (MCH$8,295 in 2019).

In 2020, there were no compensation or benefit plans for senior executives.

BOARD COMPENSATION

At a shareholders' meeting held April 2, 2020, the shareholders agreed to set board compensation at UTM 28.6 per director per meeting attended, capped at UTM 28.6 regardless of the number of meetings held each month. They also set compensation for the members of the Audit Committee of UTM 9.5 per meeting, with a maximum of eight paid meetings a year. At the meeting, shareholders also agreed to pay compensation and honoraria to directors for functions outside their office as director, especially, but not limited to, participation on diverse committees, and they authorized the chairman to define the functions and corresponding compensation or honoraria. As a result, Banco Security paid its board total compensation of CH$930,164,684 during the year.

Compensation by Director: Mr. Francisco Silva Silva received UF 600 for attending meetings and UF 11,949 in honoraria; Mr. Mario Weiffenbach Oyarzun received UF 100 for attending meetings, UF 117 for committee meetings and UF 1,958 in honoraria; Mr. Horacio Pavez García received UF 150 for attending meetings and UF 30 for committee meetings; Mr. Jorge Marín Correa received UF 600 for attending meetings, UF 186 for committee meetings and UF 648 in honoraria; Mr. Juan Cristóbal Pavez Recart received UF 50 for attending meetings; Mr. Hernán F. Errazuriz Correa received UF 600 for attending meetings, UF 186 for committee meetings and UF 648 in honoraria; Mr. Ramón Eluchans Olivares received UF 600 for attending meetings and UF 8.208 in honoraria; Mr. Bonifacio Bilbao received UF 450 for attending meetings and UF 2,450 in honoraria; Mr. Gustavo Pavez Rodriguez received UF 500 for attending meetings and UF 648 in honoraria; Mr. Ignacio Ruiz Tagle Vergara received UF 100 for attending meetings, UF 519 for committee meetings and UF 1,095 in honoraria.

PROPERTY, PLANT AND EQUIPMENT

Banco Security has 41 facilities, 37% of which it owns (15 offices) while the remaining 63% are leased (26 offices).

OWNED FACILITIES

FACILITY	ADDRESS	CITY
Headquarters	Apoquindo 3150	Santiago
Agustinas Branch	Agustinas 621	Santiago
La Dehesa	Avenida La Dehesa 1744	Santiago
Antofagasta	San Martín 2511	Antofagasta
Concepción	O'Higgins 428	Concepción
Temuco	Bulnes 701	Temuco
Retail Banking	Apoquindo Building 1^{st} Floor	Santiago
Corporate / Retail Banking	Apoquindo Building 2^{nd} Floor	Santiago
Commercial Banking	Apoquindo Building 3^{rd} Floor	Santiago
Risk	Apoquindo Building 4^{th} Floor	Santiago
Finance	Apoquindo Building ^{4th} Floor	Santiago
Leasing	Apoquindo Building 5^{th} Floor	Santiago
General Counsel's Office	Apoquindo Building 5^{th} Floor	Santiago
Large Companies Banking	Apoquindo Building 5^{th} Floor	Santiago
Planning	Apoquindo Building 11^{th} Floor	Santiago

LEASED FACILITIES

FACILITY	ADDRESS	CITY
El Cortijo	Avenida Vespucio 2760 C	Santiago
Ciudad Empresarial	Avenida del Parque 4023	Santiago
Providencia	Nueva Providencia 2289	Santiago
Vitacura	Vitacura 3706	Santiago
Estoril	Estoril 50	Santiago
Chicureo	Camino Chicureo km1.7	Santiago
Santa María	Santa María 6904 unit 15, Vitacura	Santiago
Los Trapenses	José Alcalde Délano 10398, unit 3	Santiago
Los Cobres	Vitacura 6577	Santiago
Presidente Riesco	Presidente Riesco 5335, unit 101	Santiago
La Reina	Carlos Ossandon 1231	Santiago
La Serena	Calle Huanhualí 85, unit 6	La Serena
Copiapó	Atacama 686	Copiapó
Viña del Mar	Viña del Mar, Libertad 1097	Viña del Mar
Rancagua	Eduardo Frei Montalva 340, unit 6	Rancagua
Talca	Av. Circunvalación Norte 1055, L. B-2	Talca
Puerto Montt	Guillermo Gallardo 132	Puerto Montt
SACS	Teatinos 251 of 301	Santiago
Commercial Banking	Security Building ½ 8th Floor	Santiago
Origin Project	Security Building ½ 8th Floor	Santiago
Private Banking	Security Building 9th Floor	Santiago
Risk	Security Building 10th Floor	Santiago
Banking Retail	Security Building 11th Floor	Santiago
Banking Retail	Security Building 12th Floor	Santiago
Risk	Augusto Leguia 100 1/4 13th Floor	Santiago
Bank IT	Huérfanos 670, 6th Floor	Santiago

INVESTMENT PLANS

Banco Security does not have an investment or financing policy. In 2020, Grupo Security carried out a capital increase that raised MCH$55,567 as of year end. A portion of the funds raised will be allocated to capitalize Banco Security (up to 70% of the agreed-upon amount).

SUPPLIERS AND CUSTOMERS

Banco Security has a Supplier Management Policy designed to define and establish general guidelines for the business service outsourcing model and supplier and service management for all Bank units.

Supplier selection is based on the principles of transparency, equity and objectivity, as established in the Code of Ethics. All suppliers are entered into a centralized database containing important supplier information, the product or service supplied and its criticality rating (high, medium, low), among other data. It also identifies suppliers that are part of the standard RAN 20-7 on Outsourcing Services.

In 2020, Banco Security worked with approximately 165 suppliers. More than 95% of purchases were made from local suppliers or suppliers with offices in Chile. Exceptions include licenses or very specific services without local options.

Banco Security's main suppliers were CAPITAL SA and ACCENTURE, which individually represent at least 10% of total purchases of goods and services for the year.

The payment process is agile and all supplier invoices are paid within a maximum of 30 days from being issued. In 2020, invoices were paid in 19 days on average. In the context of the pandemic, these timeframes did not change and, in some cases, even decreased.

At Banco Security no customers represented 10% or more of sales during the period.

TRADEMARKS AND PATENTS

Banco Security does not own any trademarks or patents related to the business activities of the parent company and its subsidiaries.

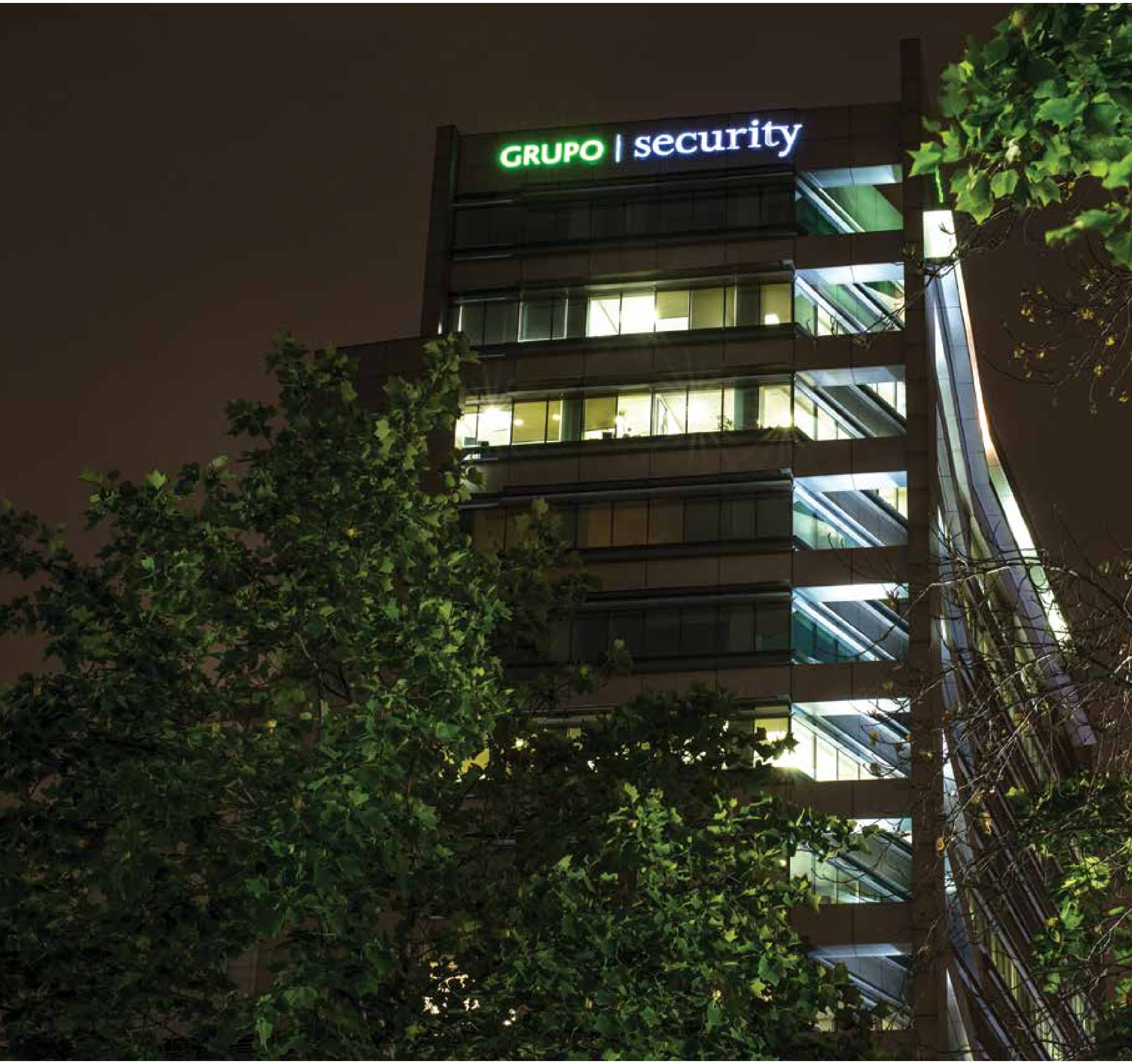
MATERIAL EVENTS

SANTIAGO, APRIL 17, 2020

By virtue of article 9 and 10-2 of Law 18,045, and article 44 of the General Banking Law, the Bank communicated as a material event that at an ordinary board meeting the board accepted the resignation of Horacio Pavez García from the position of director and named Bonifacio Bilbao Hormaeche to replace him.

SANTIAGO, DECEMBER 18, 2020

By virtue of article 9 and 10-2 of Law 18,045, and article 44 of the General Banking Law, the Bank communicated as a material event that at an ordinary board meeting on December 17, 2020, the board accepted the resignation of Gustavo Pavez Rodríguez from the position of director and named Juan Cristóbal Pavez Recart to replace him.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06

FINANCIAL STATEMENTS

Excellence

Value creation grows as Banco Security adapts to the demanding market.

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

BANCO security

Independent Auditors' Report

TO THE SHAREHOLDERS AND DIRECTORS OF BANCO SECURITY

We have audited the accompanying consolidated financial statements of Banco Security and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Bank's Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting standards and instructions issued by the Financial Market Commission. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Generally Accepted Auditing Standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco Security and subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended, in accordance with accounting standards and instructions issued by the Financial Market Commission.

RODRIGO ARROYO N.
EY Audit SpA

Santiago, February 25, 2021

Consolidated Statement of Financial Position

AS OF
FIGURES IN MILLIONS OF CHILEAN PESOS - MCH$

	NOTE	DECEMBER 31, 2020 MCH$	DECEMBER 31, 2019 MCH$
ASSETS			
Cash and due from banks	6	447,692	693,082
Transactions in the course of collection	6	39,433	150,526
Financial instruments held for trading	7	110,673	123,763
Receivables from resale agreements and securities borrowing	8	-	-
Financial derivative instruments	9	223,385	274,975
Loans and advances to banks	10	724	568
Loans to customers	11	6,104,615	5,950,720
Investments available for sale	12	932,317	756,594
Investments held to maturity		-	-
Investments in other companies	13	2,095	2,095
Intangible assets	14	41,645	44,943
Property, plant and equipment	15	20,980	22,168
Lease right-of-use asset	16	7,297	8,206
Current tax assets	17	1,992	2,085
Deferred tax assets	17	28,899	24,434
Other assets	18	113,046	210,611
TOTAL ASSETS		**8,074,793**	**8,264,770**
LIABILITIES			
Current accounts and other demand deposits	19	1,175,142	974,730
Transactions in the course of payment	6	29,276	130,482
Payables from repurchase agreements and securities lending	8	9,764	79,811
Savings accounts and time deposits	19	1,890,734	3,039,673
Financial derivative instruments	9	220,106	244,482
Borrowings from financial institutions	20	1,052,094	272,634
Debt issued	21	2,930,589	2,768,376
Other financial liabilities	21	18,515	9,955
Lease liabilities	22	7,565	8,350
Current tax liabilities	17	9	2,342
Deferred tax liabilities	17	-	-
Provisions	23	37,626	34,429
Other liabilities	24	41,435	82,181
TOTAL LIABILITIES		**7,412,855**	**7,647,445**
EQUITY			
Attributable to owners of the Bank:			
Capital		302,048	302,047
Reserves	26	24,172	24,739
Valuation accounts	26	11,838	8,767
Retained earnings			
Retained earnings from prior periods		281,721	227,847
Profit for the year		60,150	76,963
Less: Minimum dividend provision		(18,044)	(23,089)
		661,885	617,274
Non-controlling interests		**53**	**51**
TOTAL EQUITY		**661,938**	**617,325**
TOTAL LIABILITIES AND EQUITY		**8,074,793**	**8,264,770**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated Statement of Income

FOR THE YEARS ENDED
FIGURES IN MILLIONS OF CHILEAN PESOS - MCH$

	NOTE	DECEMBER 31, 2020 MCH$	DECEMBER 31, 2019 MCH$
Interest and indexation income	27	391,753	406,221
Interest and indexation expense	27	(195,431)	(223,786)
Net interest and indexation income		**196,322**	**182,435**
Fee and commission income	28	70,421	81,186
Fee and commission expense	28	(12,609)	(13,909)
Net fee and commission income		**57,812**	**67,277**
Net financial operating income	29	26,118	24,078
Net foreign exchange transactions	30	5,801	10,461
Other operating income	36	3,861	5,469
Total operating income		**289,914**	**289,720**
Loan loss provisions	31	(70,288)	(41,891)
OPERATING INCOME, NET OF LOAN LOSS PROVISIONS		219,626	247,829
Payroll and personnel expenses	32	(65,424)	(58,875)
Administrative expenses	33	(60,595)	(66,947)
Depreciation and amortization	34	(7,836)	(7,133)
Impairment	35	-	-
Other operating expenses	36	(10,452)	(13,353)
TOTAL OPERATING EXPENSES		(144,307)	(146,308)
NET OPERATING INCOME		75,319	101,521
Income attributable to investments in other companies		12	18
Profit before tax		**75,331**	**101,539**
Income tax expense	17	(15,179)	(24,582)
Profit from continuing operations		**60,152**	**76,957**
Profit from discontinued operations		**-**	**-**
CONSOLIDATED PROFIT FOR THE YEAR		60,152	76,957
Attributable to:			
Owners of the Bank		60,150	76,963
Non-controlling interests		2	(6)
Earnings per share attributable to owners of the Bank:			
		CH$	CH$
Basic earnings per share	**26**	**263**	**337**
Diluted earnings per share	**26**	**263**	**337**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated Statement of Other Comprehensive Income

FOR THE YEARS ENDED
FIGURES IN MILLIONS OF CHILEAN PESOS - MCH$

	DECEMBER 31, 2020 MCH$	DECEMBER 31, 2019 MCH$
CONSOLIDATED PROFIT FOR THE YEAR	**60,152**	**76,957**
OTHER COMPREHENSIVE INCOME		
Valuation of investments available for sale	9,914	11,301
Valuation of accounting hedges	(5,707)	377
Other comprehensive income	-	-
Other comprehensive income before tax	4,207	11,678
Income taxes related to other comprehensive income	(1,136)	(3,154)
Total other comprehensive income	3,071	8,524
CONSOLIDATED OTHER COMPREHENSIVE INCOME FOR THE YEAR	**63,223**	**85,481**
Attributable to:		
Owners of the Bank	63,221	85,487
Non-controlling interests	2	(6)
Comprehensive earnings per share attributable to owners of the Bank:	CH$	CH$
Basic earnings per share	**277**	**374**
Diluted earnings per share	**277**	**374**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated Statement of Changes in Equity

DECEMBER 31, 2020
FIGURES IN MILLIONS OF CHILEAN PESOS - MCH$

	ATTRIBUTABLE TO OWNERS OF THE BANK								
				RETAINED EARNINGS					
	PAID-IN CAPITAL MCH$	RESERVES MCH$	VALUATION ACCOUNTS MCH$	PRIOR YEARS MCH$	PROFIT FOR THE YEAR MCH$	MINIMUM DIVIDEND PROVISION MCH$	TOTAL MCH$	NON-CONTROLLING INTERESTS MCH$	TOTAL MCH$
AS OF JANUARY 1, 2019	302,047	25,654	243	198,786	72,653	(21,796)	577,587	59	577,646
Reclassification of profit for the year	-	-	-	72,653	(72,653)	-	-	-	-
Dividends paid	-	-	-	(43,591)	-	-	(43,591)	-	(43,591)
Minimum dividend provision	-	-	-	-	-	21,796	21,796	-	21,796
Other equity movements	-	(915)	-	(1)	-	-	(916)	(2)	(918)
Investments available for sale	-	-	8,250	-	-	-	8,250	-	8,250
Accounting hedges	-	-	274	-	-	-	274	-	274
Profit for the year	-	-	-	-	76,963	-	76,963	(6)	76,957
Minimum dividend provision	-	-	-	-	-	(23,089)	(23,089)	-	(23,089)
AS OF DECEMBER 31, 2019	302,047	24,739	8,767	227,847	76,963	(23,089)	617,274	51	617,325
AS OF JANUARY 1, 2020	302,047	24,739	8,767	227,847	76,963	(23,089)	617,274	51	617,325
Reclassification of profit for the year	-	-	-	76,963	(76,963)	-	-	-	-
Dividends paid	-	-	-	(23,089)	-	-	(23,089)	-	(23,089)
Minimum dividend provision	-	-	-	-	-	23,089	23,089	-	23,089
Other equity movements	1	(567)	-	-	-	-	(566)	-	(566)
Capital increase	-	-	-	-	-	-	-	-	-
Investments available for sale	-	-	7,237	-	-	-	7,237	-	7,237
Accounting hedges	-	-	(4,166)	-	-	-	(4,166)	-	(4,166)
Profit for the year	-	-	-	-	60,150	-	60,150	2	60,152
Minimum dividend provision	-	-	-	-	-	(18,044)	(18,044)	-	(18,044)
AS OF DECEMBER 31, 2020	302,048	24,172	11,838	281,721	60,150	(18,044)	661,885	53	661,938

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated Statement of Cash Flows

FOR THE YEARS ENDED
FIGURES IN MILLIONS OF CHILEAN PESOS - MCH$

	NOTES	DECEMBER 31, 2020 MCH$	DECEMBER 31, 2019 MCH$
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax		**75,331**	**101,539**
Charges (credits) to profit that do not represent cash flows:			
Loan loss provisions	31	70,288	41,891
Depreciation and amortization	34	7,836	7,133
Impairment	35	-	-
Other provisions	34	3,192	954
Operational write-offs	34	(121)	-
Changes in deferred tax assets and liabilities		(4,465)	(1,716)
Valuation of investments in trading book		(720)	(49)
Valuation of trading derivatives		27,214	7,562
Income attributable to investments in other companies	13	(12)	(18)
Gain (loss) on sales of repossessed or awarded assets		95	(6)
Net fee and commission income	26	(57,811)	(67,277)
Net interest and indexation income	25	(196,322)	(182,435)
Other charges that do not represent cash flows		(11,501)	(11,665)
Changes in operating assets and liabilities:			
(Increase) decrease in loans and advances to banks		(156)	10,124
Increase in loans to customers		(203,645)	(670,093)
Increase in investments		(162,426)	(24,438)
(Increase) decrease in leased assets		(653)	1,865
Sale of repossessed assets		258	384
Increase in demand deposits and other obligations		275,195	242,128
Increase (decrease) in sales with repurchase agreements and securities lending		(69,914)	45,702
Increase (decrease) in savings accounts and time deposits		(1,128,364)	75,295
Net change in mortgage bonds		(1,079)	(996)
Net change in senior bonds		50,672	503,353
Decrease in other assets and liabilities		10,071	21,373
Recovered taxes		22	713
Interest and indexation received		342,870	297,424
Interest and indexation paid		(169,092)	(204,096)
Fees and commissions received		70,421	81,186
Fees and commissions paid		(12,609)	(13,909)
Net cash flows provided by (used in) operating activities		**(1,085,425)**	**261,928**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	15	(1,590)	(1,487)
Acquisition of intangible assets	14	(1,335)	(2,009)
Sale of property, plant and equipment	15	-	-
Net cash flows used in investing activities		**(2,925)**	**(3,496)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in borrowings from domestic financial institutions		540	-
Increase (decrease) in foreign interbank loans		(58,467)	49,328
Variation in Central Bank obligations		838,037	-
Increase (decrease) in other financial liabilities		8,993	(1,422)
Net change in subordinated bonds		67,062	37,316
Capital increase		-	-
Dividends paid	24	(23,090)	(43,591)
Net cash flows provided by financing activities		**833,075**	**41,631**
TOTAL POSITIVE (NEGATIVE) NET CASH FLOWS		(255,275)	300,063
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6	713,126	413,057
EFFECT OF NON-CONTROLLING INTERESTS		(2)	6
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	457,849	713,126

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Notes to the Consolidated Financial Statements

FIGURES IN MILLIONS OF CHILEAN PESOS - MCH$

1. BUSINESS DESCRIPTION

Banco Security (hereinafter the "Bank") is a corporation regulated by the Financial Market Commission. The Bank is headquartered at Av. Apoquindo 3,100, Las Condes, Santiago.

The Bank offers international banking and treasury services targeted mainly towards medium-sized and large companies and individuals in the high-income segment. In addition, through its subsidiaries Valores S.A. Corredores de Bolsa and Administradora General de Fondos Security S.A., the Bank offers its customers securities brokerage, asset management and retirement advisory services, as well as voluntary pension savings products, respectively.

Grupo Security is the controller of Banco Security, as demonstrated in the following tables:

SHAREHOLDERS	2020		2019	
	NO. OF SHARES	OWNERSHIP INTEREST (%)	NO. OF SHARES	OWNERSHIP INTEREST (%)
Grupo Security	228,419,348	99.97	228,419,348	99.97
Other	57,396	0.03	57,396	0.03
TOTAL	**228,476,744**	**100.00**	**228,476,744**	**100.00**

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with regulations from the Financial Market Commission (hereinafter CMF) contained in the Compendium of Accounting Standards and specific instructions issued by that entity. In all matters not addressed in the compendium, the Bank applies the technical standards issued by the Chilean Institute of Accountants, which coincide with International Financial Reporting Standards (IFRS). Should any discrepancies arise between these accounting principles and the accounting criteria issued by the CMF (Compendium of Accounting Standards), the latter shall take precedence.

A) ASSET AND LIABILITY VALUATION CRITERIA.

The following valuation criteria are used for assets and liabilities recognized in these financial statements:

- **VALUATION AT AMORTIZED COST.**
  Amortized cost is the amount at which an asset or liability is measured at initial recognition, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. In the case of financial assets, amortized cost includes corrections for any impairment that may have occurred.

- **FAIR VALUE MEASUREMENT.**

  Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

  When an instrument's market is not active, the Bank determines fair value using techniques to approximate a fair price, such as interest rate curves based on market transactions or comparison with similar instruments.

- **VALUATION AT ACQUISITION COST.**

  Acquisition cost is defined as the cost of the transaction to acquire the asset, less any impairment losses that may exist.

  The consolidated financial statements have been prepared using amortized cost criteria except for:

  - Derivative financial instruments measured at fair value.
  - Financial instruments held for trading measured at fair value.
  - Financial assets available for sale measured at fair value.
  - Some real estate within property, plant and equipment for which senior management has decided to use its appraised value as the deemed cost
    for first-time adoption in conformity with the CMF Compendium of Accounting Standards.

B) FUNCTIONAL CURRENCY.

In accordance with IAS 21, the items included in the financial statements of the Bank and its subsidiaries are valued using the currency of the primary economic environment in which it operates (functional currency). The functional currency of the Bank and its subsidiaries is the Chilean peso. All figures are rounded to millions of Chilean pesos. All balances and transactions in currencies other than the Chilean peso are considered foreign currency.

C) USE OF ESTIMATES AND JUDGMENT.

In preparing the financial statements in accordance with the CMF Compendium of Accounting Standards, the Bank requires management to make some estimates, judgments and assumptions that impact the reported statements. Actual results in subsequent periods may differ from the estimates used.

- These relevant estimates and assumptions are reviewed regularly by the Bank's senior management in order to quantify the effects on asset, liability and profit or loss accounts.
- Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future period that is affected.

The most significant areas of estimates of uncertainties and judgments in applying accounting criteria or policies are:

- Valuation of financial instruments and derivatives
- Loan loss provisions
- Impairment losses on loans to customers and other assets
- The useful life of material and intangible assets
- Contingencies and commitments

D) CONSOLIDATION CRITERIA.

- **SUBSIDIARIES.**

  Subsidiaries are entities controlled by the Bank. Control exists when the Bank has power over the financial and operating policies of an entity for the purpose of profiting from its activities. The financial statements of subsidiaries are included in the consolidated financial statements as of the date on which control begins.

  The Bank's financial statements have been consolidated with those of its subsidiaries. All significant balances between the Bank and its subsidiaries or among subsidiaries, as well as income and expenses arising from transactions with subsidiaries, have been eliminated upon consolidation.

- **INVESTMENTS IN ASSOCIATES.**

  Associates are entities over which the Bank has the ability to exercise significant influence, but not control. Usually, this ability manifests itself through an ownership interest of 20% or more of the entity's voting rights and it is accounted for using the equity method, with profit or loss being recognized on an accrual basis.

- **INVESTMENTS IN OTHER COMPANIES.**

  Investments in other companies are entities in which the Bank does not have significant influence. They are presented at acquisition value. Revenue is recognized in profit or loss as received.

  Third-party interests in the Bank's equity are presented separately in the statement of financial position as "non-controlling interest" and are presented in the statement of income after profit or loss attributable to the equity holders of the Bank.

  Non-controlling interest represents the equity of a subsidiary that is not directly or indirectly attributable to the controller.

  The following table details the Bank's ownership interest in its consolidated subsidiaries.

	OWNERSHIP INTEREST 2020 %	OWNERSHIP INTEREST 2019 %
Valores Security S.A. Corredores de Bolsa	99.88	99.88
Administradora General de Fondos Security S.A.	99.99	99.99

E) OPERATING SEGMENTS.

The Bank's operating segments are components that engage in business activities from which they may earn revenue and incur expenses. Each segment's operating results are reviewed regularly by the Bank's highest decision-making authority for operating decisions, to decide about resource allocation for the segment and evaluate its performance; separate financial reporting is available.

Note 5 to the consolidated financial statements details the Bank's main operating segments: Commercial Banking, Retail Banking, Treasury, Subsidiaries and Other.

F) INTEREST AND INDEXATION INCOME AND EXPENSES.

Interest and indexation income and expenses are presented on an accrual basis until year end, using the effective interest method, which is a discount rate that exactly matches the estimated cash flows to be received or paid over the expected life of the transaction.

However, for impaired loans, accrual is suspended as defined by the CMF in Chapter B-2 of the Compendium of Accounting Standards, using the following criteria:

LOANS SUBJECT TO SUSPENSION:	SUSPENDED:
INDIVIDUAL ASSESSMENT: Loans classified in C5 and C6	For simply being in the impaired portfolio.
INDIVIDUAL ASSESSMENT: Loans classified in C3 and C4	For having been in the impaired portfolio for three months.
GROUP ASSESSMENT: Loans with less than 80% collateral	When the loan or one of its installments is six months past due.

G) FEE AND COMMISSION INCOME AND EXPENSES.

Fee and commission income and expenses that are part of the effective interest rate of a financial asset or liability are recognized in profit or loss over the life of the transactions from which they arise.

Fee and commission income and expenses generated by providing a given service are recognized in profit or loss as the services are provided. Those involving financial assets and liabilities are recognized when collected.

H) TRANSLATION OF FOREIGN CURRENCY TO FUNCTIONAL CURRENCY.

The Bank's functional currency is the Chilean peso. Transactions in foreign currency carried out by the Bank are translated to Chilean pesos at the exchange rate in force on the transaction date.

As of December 31, 2020 and 2019, monetary items in foreign currency are translated using the year-end exchange rates of CH$711.50 and CH$752.40 per US$ 1, respectively. This does not differ significantly from the exchange rates applied by the subsidiaries of CH$710.95 as of December 31, 2020, and CH$748.74 as of December 31, 2019.

The net foreign exchange gains of MCH$5,801 and MCH$10,461 for the years ended December 31, 2020 and 2019, respectively, shown in the consolidated statement of income, include both the result of foreign exchange transactions and the effects of exchange rate variations on foreign-currency-denominated assets and liabilities of the Bank and its subsidiaries.

I) CONVERSION.

Assets and liabilities expressed in unidades de fomento (UF) are presented using the rates in effect as of December 31, 2020 and 2019, of CH$29,070.33 and CH$28,309.94, respectively.

J) FINANCIAL INVESTMENTS.

Financial investments are classified and valued as follows:

J.1) FINANCIAL INSTRUMENTS HELD FOR TRADING:

Financial instruments held for trading are securities, which are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or securities included in a portfolio in which there is a pattern of short-term profit-making.

Financial instruments held for trading are recognized at fair value based on year-end market prices. Gains or losses from fair value adjustments, as well as gains or losses from trading activities and accrued interest and indexation, are included in "financial instruments held for trading" within "net financial operating income" in the statement of income, as specified in detail in Note 29 to the consolidated financial statements.

All purchases or sales of financial instruments held for trading that must be delivered within a period of time established by regulations or market conventions are recognized on the trading date, which is the date on which the purchase or sale of the asset is agreed upon. Any other purchase or sale is treated as a derivative (forward) until settlement occurs.

J.2) INVESTMENT SECURITIES:

Investment securities are classified into two categories: Held to maturity and available for sale. Investments held to maturity are those instruments that the Bank has the ability and intent to hold to maturity. The rest of the investment instruments are considered as available for sale. As of the date of issuance of these financial statements, the Bank does not have any investments held to maturity.

Investment securities are initially measured at cost, including transaction costs.

Investments available for sale are subsequently recognized at fair value based on market prices or valuations obtained from models. Unrealized gains or losses arising from changes in their fair value are recognized with a charge or credit to equity accounts. When these investments are disposed of or impaired, the amount of the fair value adjustments accumulated in equity is transferred to profit or loss and reported in "sale of investments available for sale" in "net financial operating income" in the statement of income, as specified in detail in Note 29 to the consolidated financial statements.

Investments held to maturity are recognized at cost plus accrued interest and indexation, less any impairment provisions made when the amount recognized is greater than the estimated recoverable amount. As of December 31, 2020 and 2019, the Bank did not have any investments held to maturity.

Interest and indexation on held-to-maturity and available-for-sale instruments are included in "interest and indexation income", as specified in detail in Note 27 to the consolidated financial statements.

Investment securities used as accounting hedges are adjusted under hedge accounting rules.

All purchases or sales of investment securities that must be delivered within a period of time established by regulations or market conventions are recognized on the trading date, which is the date on which the purchase or sale of the asset is agreed upon. Any other purchase or sale is treated as a derivative (forward) until settlement occurs.

K) FINANCIAL DERIVATIVE INSTRUMENTS.

Derivative instruments, which include foreign currency and UF forwards, interest rate futures, currency and interest rate swaps and options, and other financial derivative instruments, are recognized initially in the statement of financial position at cost (including transactions costs) and subsequently measured at fair value. The fair value is obtained from corresponding market pricings, discounted cash flow models and pricing valuation models. Derivative instruments are reported as an asset when their fair value is positive and as a liability when negative, under "financial derivative instruments".

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related with those of the host contract and when such host contracts are not measured at fair value through profit or loss.

At the moment of subscribing to a derivative agreement, the Bank must designate it either as a derivative instrument for trading or for hedge accounting purposes.

Changes in fair value of derivative instruments held for trading purposes are included under "trading derivatives" in "net financial operating income (loss)", in the consolidated statement of income.

If a derivative instrument is classified as a hedging instrument, it can be: (1) a hedge of the fair value of existing assets or liabilities or firm commitments, or (2) a hedge of cash flows related to existing assets or liabilities or forecasted transactions. A hedge relationship for hedge accounting purposes must meet all of the following requirements: (a) at its inception, the hedge relationship has been formally documented; (b) it is expected that the hedge will be highly effective; (c) the effectiveness of the hedge can be measured reasonably; and (d) the hedge is highly effective with respect to the hedged risk, continuously throughout the entire hedge relationship.

Certain derivative transactions that do not qualify for hedge accounting are treated and reported as derivatives for trading purposes, even though they provide an effective hedge for managing risk positions.

When a derivative hedges the exposure to changes in the fair value of an existing item of the asset or liability, such hedged item is measured at fair value from the designation of the fair value hedge until its expiration, termination, etc. The mark to market adjustments for both the hedged item and the hedging instrument are recognized in the consolidated statements of income.

If the item hedged in a fair value hedge is a firm commitment, the changes in the fair value of the firm commitment regarding the covered risk are recognized as assets or liabilities recognized against the consolidated statements of income for the year. Gains or losses from fair value adjustments of the derivative instrument are recognized in profit or loss. When an asset or liability is acquired as a result of the commitment, the initial recognition of the asset or liability acquired is adjusted to incorporate the accumulated effect of the valuation at fair value of the firm commitment, which was previously recognized in the statement of financial position.

When a derivative hedges the risk of changes in the cash flows of existing assets or liabilities or forecasted transactions, the effective portion of changes in the fair value related to the hedged risk is recognized in equity.

Any ineffective portion is recognized directly in the consolidated statements of income for the year. The accumulated amounts recognized in equity are transferred to profit or loss when the hedged item affects profit or loss.

When an interest rate fair value hedge is performed on a portfolio basis and the hedged item is an amount instead of individualized assets or liabilities, gains or losses from fair value adjustments, for both the hedged portfolio and the derivative instrument, are recognized in profit or loss for the year, but the fair value adjustment of the hedged portfolio is reported in "financial derivative instruments", either in assets or liabilities, according to the position of the hedged portfolio at that moment in time.

When a cash flow hedge is used to hedge exposure to changes in cash flows that are attributed to a particular risk related to an asset or liability involved in a transaction that is predicted to be highly likely, the effective portion of changes in the fair value with respect to the hedged risk is recognized in equity, while the ineffective portion is recognized in profit or loss for the year.

L) OPERATIONS WITH RESALE/REPURCHASE AGREEMENTS AND SECURITIES BORROWING/LENDING.

The Bank engages in repurchase and resale agreements for funding purposes. The Bank's investments that are sold with a repurchase obligation and that serve as a guarantee for the loan are included in "financial instruments held for trading" or "investments available for sale" and the obligation is recognized in liabilities under "obligations under repurchase agreements and securities lending." When financial instruments are purchased with a resale obligation, they are included within assets under "investments under resale agreements and securities borrowing."

Repurchase and resale agreements are valued at amortized cost based on the transaction's IRR.

M) DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES.

The Bank derecognizes a financial asset only when the contractual rights to the cash flows of the financial asset have expired or when the contractual rights to receive the cash flows of the financial asset are transferred during a transaction in which all risks and rewards are transferred.

The Bank derecognizes a financial liability only when the obligation specified in the corresponding contract has been extinguished (i.e. paid or settled).

N) IMPAIRMENT.

N.1) FINANCIAL ASSETS:

As of each reporting date, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets may be impaired. A financial asset is impaired and a loss will arise if objective evidence of impairment exists.

Financial assets carried at amortized cost show evidence of impairment when the present value of the estimated future cash flows, discounted at the asset's original effective interest rate, is less than the asset's carrying amount.
An impairment loss for available-for-sale financial assets is calculated using its fair value.

Financial assets that are individually significant are assessed individually to determine whether objective evidence of impairment exists. Financial assets that are not individually significant and have characteristics similar to other assets are assessed as a group.

All impairment losses are recognized in profit or loss. An impairment loss can only be reversed if it can be related objectively to an event occurring after the impairment loss was recognized.

N.2) NON-FINANCIAL ASSETS:

As of each reporting date, the Bank reviews the carrying amount of its non-financial assets to determine if objective evidence of impairment exists. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is reversed if there has been a change in the estimations used to determine the recoverable amount.

O) REPOSSESSED ASSETS.

Repossessed assets are classified within "other assets" at the lesser of their foreclosure cost and their fair value less required regulatory write-offs and are presented net of provisions.

The CMF requires regulatory write-offs if the asset is not sold within a one year of foreclosure.

P) LEASE AGREEMENTS.

Lease receivables, included in "loans to customers", are periodic payments from lease agreements that meet certain requirements to qualify as finance leases and they are presented at nominal value net of unaccrued interest at year-end.

Q) PROPERTY, PLANT AND EQUIPMENT.

Items of property, plant and equipment are measured at cost minus accumulated depreciation and impairment losses.

Depreciation is recognized in the statement of income on a straight-line basis over the useful life of the respective asset.

For certain real estate properties, the Bank recognized their fair values, based on independent appraisals, as their costs upon first-time adoption of IFRS.

The estimated useful lives of property, plant and equipment are detailed as follows:

ASSET	USEFUL LIFE (YEARS)
Buildings	60 years
Equipment	3 years
Supplies and accessories	2 years

R) INTANGIBLE ASSETS.

R.1) SOFTWARE:

Expenses for in-house developed software are recognized as an asset when the Bank is able to demonstrate its intent and ability to complete development and use it within the organization to generate future economic benefits and can reliably measure the costs of completing development.

Capitalized costs of in-house developed software include all costs directly attributable to developing the software and they are amortized over their useful lives.

Computer software purchased by the Bank is recognized at cost less accumulated amortization and impairment losses.

Any subsequent expenses in software assets are capitalized only when they increase the future economic benefit for the specific asset. All other expenses are recognized in profit or loss as incurred.

Useful life has been determined based on the period of time over which economic benefits are expected. The amortization period and method are reviewed annually, and any change is treated as a change in an estimate.

R.2) GOODWILL:

Goodwill generated upon consolidation represents the difference between the acquisition cost and Banco Security's share of the fair value of identifiable assets and liabilities of a subsidiary or jointly controlled entity as of the acquisition date.

Any goodwill generated is valued at acquisition cost and is tested annually for any impairment that reduces its recoverable amount to below its carrying amount. If appropriate, this difference is recognized in the consolidated statement of income under "administrative expenses", in accordance with IFRS 3.

Goodwill recognized as of December 31, 2020 and 2019, is detailed in Note 14.b) of the consolidated financial statements.

S) PROVISIONS FOR ASSETS AT RISK.

Provisions required to cover risk of loan losses have been recognized in accordance with standards and specific instructions from the CMF. Effective loans are presented net of such provisions, while contingent loan provisions are presented in liabilities (Note 23).

The Bank uses models or methods based on individual and group analyses of debtors to establish loan loss provisions. These models and methods are in accordance with CMF guidance and instructions.

T) LOANS TO CUSTOMERS, PROVISIONS AND WRITE-OFFS.

Loans to customers, both originally granted by the Bank and acquired, are non-derivative financial assets with fixed or defined charges that are not quoted on an active market and that the Bank has no intention of selling immediately or in the short term. They are valued initially at fair value plus incremental transaction costs and subsequently measured at amortized cost using the effective interest method.

Impaired portfolio: The impaired portfolio includes loans for which concrete evidence exists that the borrowers will not meet some of their obligations in the agreed upon payment terms, regardless of the possibility of recovering amounts owed from collateral, through court collections or by negotiating different terms.

Within this context, the Bank will keep these loans in the impaired portfolio until the payment capacity or behavior has returned to normal. However, the Bank may continue to write off any individual loans.

T.1) PROVISIONS ON LOANS ASSESSED INDIVIDUALLY.

An individual debtor assessment is used when the Bank needs to understand and analyze a customer, whether an individual or legal entity, in detail because of its size, complexity or exposure level. It requires a risk rating for each debtor.

For provisioning purposes, the Bank categorizes debtors and their loans and contingent loans into the appropriate category after assigning them to either the normal, substandard or default portfolio, which are defined as follows:

- NORMAL AND SUBSTANDARD PORTFOLIO

PORTFOLIO TYPE	DEBTOR CATEGORY	PROBABILITY OF DEFAULT (%)	LOSS GIVEN DEFAULT (%)	EXPECTED LOSS (%)
NORMAL PORTFOLIO	A1	0.04	90.00	0.03600
	A2	0.10	82.50	0.08250
	A3	0.25	87.50	0.21875
	A4	2.00	87.50	1.75000
	A5	4.75	90.00	4.27500
	A6	10.00	90.00	9.00000
SUBSTANDARD PORTFOLIO	B1	15.00	92.50	13.87500
	B2	22.00	92.50	20.35000
	B3	33.00	97.50	32.17500
	B4	45.00	97.50	43.87500

Nevertheless, the Bank must maintain a minimum provision of 0.50% on loans and contingent loans in the normal portfolio.

- DEFAULT PORTFOLIO

PORTFOLIO TYPE	SCALE OF RISK	RANGE OF EXPECTED LOSS	PROVISION (%)
DEFAULT PORTFOLIO	C1	Up to 3%	2
	C2	Between 3% and 20%	10
	C3	Between 20% and 30%	25
	C4	Between 30% and 50%	40
	C5	Between 50% and 80%	65
	C6	Over 80%	90

T.2) PROVISIONS ON LOANS ASSESSED IN A GROUP.

Group assessments are used to analyze a large number of transactions with small individual amounts. For these purposes, the Bank uses models based on the characteristics of debtors and their loans, as well as models based on the behavior of a group of loans. In group assessments, provisions for the consumer portfolio will always be recognized according to expected loss based on internal models that are used as explained in the following tables:

INSTALLMENT LOAN MODEL	
SEGMENT	PROVISION RATE
1	0.04%
2	0.30%
3	0.60%
4	0.80%
5	1.40%
6	2.40%
7	4.80%
8	13.20%

REVOLVING CREDIT FACILITY MODEL	
SEGMENT	PROVISION RATE
1	0.09%
2	0.25%
3	0.40%
4	0.84%
5	1.46%
6	3.54%
7	12.34%

RESTRUCTURED LOAN MODEL	
SEGMENT	PROVISION RATE
1	2.10%
2	4.40%
3	5.60%
4	11.40%
5	14.60%
6	24.50%

The commercial and mortgage portfolios use incurred loss methodologies, based on the standard method established by the CMF in the Compendium of Accounting Standards, Chapter B-1, section 3.1.

T.3) ADDITIONAL LOAN PROVISIONS.

According to CMF instructions, the Bank may establish additional provisions on its individually assessed loan portfolio based on the expected impairment of that portfolio. This provision is calculated based on the Bank's past experience and potential adverse macroeconomic scenarios or circumstances that may affect a particular sector, industry, debtor group or project.

As of December 31, 2020, the Bank had recorded additional provisions of MCH$4,000, consisting of MCH$3,000 for commercial loans and MCH$1,000 for consumer loans. As of December 31, 2019, it had not recorded any such provisions.

T.4) WRITE-OFFS.

Loans are written off when recovery efforts have been exhausted in accordance with timetables issued by the CMF, as follows:

TYPE OF LOAN	TERM
Consumer loans with or without collateral	6 months
Other operations without collateral	24 months
Commercial loans with collateral	36 months
Residential mortgage loans	48 months
Consumer leases	6 months
Other non-real-estate leases	12 months
Real estate leases (commercial and residential)	36 months

RECOVERY OF WRITTEN-OFF LOANS:

Subsequent repayments on written-off loans are recognized directly in profit or loss under "recovery of written-off loans" in "loan loss provisions".

As of December 31, 2020 and 2019, recoveries of written-off loans totaled MCH$4,101 and MCH$3,908, respectively, and are presented in provisions recognized during the year under "loan loss provisions" in the consolidated statement of income, as detailed in Note 31 to the financial statements.

U) CASH AND CASH EQUIVALENTS.

Cash and cash equivalents consist of balances of cash, bank deposits, net transactions in the course of collection and operations with repurchase agreements, as stipulated in the CMF Compendium of Accounting Standards. These items are subject to insignificant risk of changes in their fair value.

The Bank prepares its cash flow statement using the indirect method. This method begins with profit before tax and incorporates non-monetary transactions, such as income and expenses that gave rise to cash flows, all grouped according to the following concepts:

- CASH FLOWS are inflows and outflows of highly-liquid, short-term investments with insignificant risk, grouped under cash and cash equivalents.
- OPERATING ACTIVITIES are transactions related to the Bank's normal operations and its main source of income.
- INVESTING ACTIVITIES are cash flows that represent disbursements that will produce income and cash flows over the long term.
- FINANCING ACTIVITIES are cash flows that represent the activities and cash needs to cover commitments to those contributing funding or capital to the entity.

V) TIME DEPOSITS, DEBT ISSUED.

Deposits used as funding by the Bank, whatever the instrument or term, are valued at amortized cost. Other debt instruments issued are valued as of the placement date, including transaction costs, and subsequently valued at amortized cost using the effective interest method.

W) CURRENT AND DEFERRED INCOME TAXES.

As of December 31, 2020 and 2019, the income tax expense is calculated based on the tax laws in force as of the reporting date.

Deferred taxes arising from temporary differences and other events that generate differences between the carrying amount for financial reporting purposes and tax bases of assets and liabilities are recognized in accordance with IAS 12. They are calculated using tax rates in force as of the date on which the corresponding deferred tax assets or liabilities are expected to be reversed.

On February 24, 2020, Law 21,210 on Modernizing Tax Legislation took effect. This law defines a single General Tax Regime, as set forth in letter A) of the new article 14 of the Income Tax Law, in effect as of January 1, 2020, with a first category tax rate of 27% for income earned as of that date.

As of December 31, 2019, the Company had to use, by default, the "Semi-Integrated System", as set forth in letter B) of article 14 of the Income Tax Law, in effect as of January 1, 2017, with a First Category Tax rate also of 27%, as set forth in Law 20,899 "Tax Reform to Simplify the Income Tax System and Enhance Other Legal Tax Provisions."

X) EMPLOYEE BENEFITS.

X.1) EMPLOYEE VACATION.

The annual cost of employee vacation is recognized on an accrual basis.

X.2) SHORT-TERM BENEFITS.

The Bank has a yearly bonus plan for its employees that may be given based on their performance and ability to meet targets. They are provisioned based on the estimated amount to be distributed.

X.3) SEVERANCE INDEMNITIES.

The Bank has not agreed to any severance indemnities that will be payable no matter the reason for terminating employment and, as a result, has not made any such provisions. Any such expenses are recognized in profit or loss as incurred.

Y) MINIMUM DIVIDENDS.

As of December 31, 2020 and 2019, the Bank recognized a liability (provision) for minimum or mandatory dividends. This provision is based on article 79 of the Corporations Law and is also reflected in the Bank's dividend policy. This policy stipulates that at least 30% of profit for the year shall be distributed unless the shareholders representing all issued shares unanimously agree otherwise.

Z) EARNINGS PER SHARE.

The Bank recognizes basic earnings per share of its common shares, which is calculated by dividing the profit attributable to common shareholders by the weighted average number of outstanding common shares during the respective year.

Diluted earnings per share are calculated by dividing the profit attributable to the Bank by the average weighted number of outstanding shares adjusted for stock options, warrants and convertible debt. Since the Bank does not have this type of option, basic earnings per share are the same as diluted earnings per share.

AA) LEASES.

The Bank has recognized a right-of-use asset and a corresponding liability with respect to all these leases, unless they qualify as low-value or short-term leases under IFRS 16.

AB) PROVISIONS AND CONTINGENT LIABILITIES.

A provision is recognized only if, as a result of a past event, the Bank has a legal or constructive obligation that can be estimated, or an outflow of economic benefits to settle the obligation is likely and the amount of these resources can be reliably measured.

A contingent asset or liability is any right or obligation arisen from past events whose existence will be confirmed only if one or more uncertain future events, not under the Bank's control, occur.

AC) BUSINESS COMBINATIONS.

Banco Security has purchased interests in companies that qualify as a business combination and, therefore, must apply standards for business combinations.

2.2. NEW ACCOUNTING PRONOUNCEMENTS

A.1) STANDARDS FROM THE FINANCIAL MARKET COMMISSION (CMF)

BANK RULING NO. 2,283

On December 1, 2020, the CMF issued a Bank Ruling informing that Chapter 21-20 had been added to its Updated Compilation of Standards (RAN in Spanish). This chapter introduces provisions that promote discipline and market transparency via required disclosures by banking entities for market agents, based on international standards proposed by the Basel Committee on Banking Supervision in 2017 (Pillar 3). The conditions complement the requirements in Pillars 1 and 2 in concordance with local implementation of each of these standards, in addition to being consistent with the provisions of the General Banking Law (GBL).

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,282

On December 1, 2020, the CMF issued a Bank Ruling informing that Chapter 21-7 had been added to the RAN. This chapter contains the standardized methodology for determining market-risk-weighted assets, which, along with the provisions in Chapters 21-6 (on credit risk) and 21-8 (on operational risk), make up the set of instructions for risk-weighting the assets of banking entities referred to in article 67 of the General Banking Law.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,281

On December 1, 2020, the CMF issued a Bank Ruling informing that Chapter 21-6 had been added to the RAN. This chapter establishes the methodology for determining credit-risk-weighted assets and was previously approved by the Chilean Central Bank. It is in accordance with the provisions of article 67 of the General Banking Law, amended by Law No. 21,130. Before that amendment, the GBL explicitly established five categories for classifying assets with predefined weights and prohibited the use of in-house methodologies or risk mitigators. The new rules introduced are based on international standards proposed by the Basel Committee on Banking Supervision in 2017, whose standard method is more sensitive to risk.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,280

On November 30, 2020, the CMF issued a Bank Ruling informing that Chapter 21-8 had been added to the RAN. This chapter establishes the methodology for determining operational-risk-weighted assets and was previously approved by the Chilean Central Bank. It is in accordance with the first paragraph of article 67 of the General Banking Law.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,279

On November 24, 2020, the CMF issued a Bank Ruling informing that Chapters 21-2 and 21-3 had been added to the RAN. In accordance with articles 55 and 55 bis of the General Banking Law, the former amended and the latter introduced by Law No. 21,130, this Commission establishes, by way of general character standards, the requirements and conditions that must be met by subordinated bonds, preferential shares and perpetual bonds issued by banking entities to form their regulatory capital. Similarly, article 55 bis contemplates the need to have prior approval from the Chilean Central Bank's Council.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,277

On November 2, 2020, the CMF issued a Bank Ruling informing that, in accordance with Agreement No. 2236-01-190711, from July 11, 2019, the Chilean Central Bank's Council added Chapter III.D.3, entitled "Integrated Reporting System for Derivative Transactions" (SIID in Spanish), to the Compendium of Financial Standards. This chapter establishes the provisions that govern the repository of derivative transactions traded Over the Counter (OTC) that is managed by the Central Bank, in accordance with international best practices and Principles for financial market infrastructures (PFMI).

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,276

On November 2, 2020, the CMF issued a Bank Ruling informing that Chapter 21-11 had been added to the RAN. This chapter contains general character standards for determining the factors and methodology to establish whether a bank or group of banks qualifies as systemically important and was previously approved by the Chilean Central Bank. The chapter is based on the evaluation methodology established by the Basel Committee on Banking Supervision and international practice used to identify and treat systemically important banks at the local level. Similarly, in line with the methodology used to classify systemic banks worldwide and the factors established in the GBL, they are identified using an index or measurement of systemic importance per bank, built on variables that reflect the local impact of their financial deterioration or potential insolvency. The value of this index is used to determine a range of additional capital requirements.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,274

On October 8, 2020, the CMF issued a Bank Ruling that updates capital requirement rules in order to distinguish and determine the composition of the different capital requirements set forth in articles 66, 66 bis and 66 ter of the GBL. A new Chapter 21-1 is incorporated into the RAN, replacing Chapter 12-1, which defines the different elements and levels of bank capital, based on their capacity to absorb losses, including adjustments or exclusions for assets or liabilities that must be made in those same terms, in accordance with the final paragraph of article 66 of the GBL and the Pillar I definitions of Basel III. This is in accordance with the new provisions of the General Banking Law introduced by Law No. 21,130, that intend to adopt the recommendations of the Basel Committee on Banking Supervision.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,273

On October 5, 2020, the CMF issued a Bank Ruling that updates the provisions referring to the ratio between a bank's core capital and total assets contained in article 66 of the GBL, in order to adapt them to the provisions establishing adjustments or exclusions of assets or liabilities, including risk mitigators, in determining regulatory capital. That is in line with the amendments introduced by Law No. 21,130 to the General Banking Law.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,265

On August 21, 2020, the CMF issued a Bank Ruling that modified the risk weighting of the portion of assets guaranteed by the Chilean government, CORFO and FOGAPE, in accordance with the first transitory article of Law No. 21,130, which maintains the treatment of the credit-risk-weighted assets in force as of the date of its publication, until the publication of new methodologies to cover the risk of these assets. This new treatment incorporates the amounts of loans guaranteed by the Chilean government, CORFO and FOGAPE into risk-weighted asset category 2 and these amounts, therefore, shift from a credit-risk weight of 100% to 10%. This was done because of the current situation facing financial markets and regulated entities as a result of the public health crisis triggered by the COVID-19 pandemic and particularly given the government's strengthened role as guarantor through FOGAPE and other support mechanisms.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,264

On July 21, 2020, the CMF issued a Bank Ruling incorporating adjustments to Chapter C-3 of the Compendium of Accounting Standards, based on the need for information to identify both the percentage of the deductible associated with loans with FOGAPE COVID-19 guarantees, and the provisions established to cover expected losses on these loans.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,260

On July 6, 2020, the CMF issued a Bank Ruling indicating that a new Chapter 20-10 "Managing information security and cybersecurity" had been added to the RAN. This chapter contains minimum guidelines that banks must observe in order to establish practices for properly managing information security and cybersecurity risks.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,258

On May 25, 2020, the CMF issued a Bank Ruling on the Use of the Commission's Electronic Communication Systems for the Financial Market as a means of responding to requirements about complaints.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,257

On May 22, 2020, the CMF issued a Bank Ruling that introduces adjustments to Chapter B-1 of the Compendium of Accounting Standards that allow excess mortgage collateral to be recognized in the standard provisioning model for the group commercial portfolio, due to the effects of the COVID-19 public health crisis on activity and the banking industry's credit risk.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,256

On May 22, 2020, the CMF issued a Bank Ruling requiring a breakdown of loan applications backed by COVID-19 FOGAPE guarantees and an aggregate file of loan applications related to this same program.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,254

On May 8, 2020, the CMF issued a Bank Ruling communicating that Chapter 4-1 of the RAN, Foreign Currency Reserves, had been updated to replace the transitory provision, which is concordant with the Chilean Central Bank's Council Agreement temporarily amending the rules on foreign currency reserves contained in Chapter 3.1 of its Compendium of Currency and Financial Standards.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,252

On April 30, 2020, the CMF issued a Bank Ruling on aspects related to the COVID-19 Guarantee Lines from the Small and Medium-Sized Company Guarantee Fund (FOGAPE in Spanish), regarding provisions and other issues regulated by it.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,250

On April 20, 2020, the CMF issued a Bank Ruling incorporating Chapter 12-1 on Capital for legal and regulatory purposes to incorporate into additional provisions a portion of the guarantees granted by the Chilean government, CORFO and FOGAPE for loans granted under these programs by banks. This was done because of the current situation facing financial markets and regulated entities as a result of the public health crisis triggered by the COVID-19 pandemic, and is in line with the financial support measures announced by the government.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,249

On April 20, 2020, the CMF issued a Bank Ruling regarding the amendment to Chapter E, which postpones the deadline for first-time adoption of the new provisions of the Compendium of Accounting Standards by one year. This was done as part of numerous measures adopted by the Commission to mitigate the effects on regulated institutions of the COVID-19 pandemic.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,248

On March 30, 2020, the CMF issued a Bank Ruling regarding the updating of Chapter 12-1 of the RAN on Capital for legal and regulatory purposes, indicating that it complements instructions on the treatment of guarantees in favor of third parties in bilateral netting agreements for the purposes of calculating assets for capital adequacy.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,247

On March 25, 2020, the CMF issued a Bank Ruling regarding the updating of Chapter 10-1 of the RAN on Repossessed or Awarded Assets, which indicates that an additional period of eighteen months has been given for disposing of all assets that financial institutions have repossessed or been awarded between March 1, 2019, and September 30, 2020, also permitting those assets to be written off gradually in proportion to the number of months between the date received and the date set by the bank for complete disposal.

The Bank's management has considered the content of this ruling as of December 31, 2020.

BANK RULING NO. 2,243

On December 20, 2019, the CMF issued a Bank Ruling related to comprehensively updating the instructions in the Compendium of Accounting Standards for Banks (CNCB in Spanish), as a result of diverse changes made by the International Accounting Standards Board to International Financial Reporting Standards (IFRS).

The Bank's management has considered the content of this ruling as of December 31, 2019.

RULING NO. 3,651

On May 25, 2019, the CMF issued a ruling related to modifications introduced to the General Banking Law by Law No. 21,130, which modernizes bank laws, and communicated the date on which the Financial Market Commission would take over the responsibilities of the Superintendency of Banks and Financial Institutions, at which time the latter would be eliminated.

The Bank's management has considered the content of this ruling as of December 31, 2019.

RULING NO. 3,649

On May 6, 2019, the CMF issued this ruling to complement the instructions in Chapter C-3 regarding the leases indicated in IFRS 16.

The Bank's management has implemented these regulatory amendments in its financial statements as of January 1, 2019.

RULING NO. 3,647

On January 31, 2019, the CMF issued a Ruling related to Chapter B-1 of the Compendium of Accounting Standards, which complements the instructions regarding the standard methods for loan loss provisions for commercial portfolios subject to group analysis.

The Bank's management evaluated these regulatory amendments and believes that they generate no material impact on the Bank.

RULING NO. 3,645

On January 11, 2019, the CMF issued a ruling related to the application of International Financial Reporting Standard IFRS 16 to make changes to the Compendium of Accounting Standards.

The Bank's management has implemented these regulatory amendments in its financial statements as of January 1, 2019.

A.2) INTERNATIONAL ACCOUNTING STANDARDS BOARD

NEW ACCOUNTING PRONOUNCEMENTS (STANDARDS, INTERPRETATIONS AND AMENDMENTS) WITH MANDATORY APPLICATION FOR ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2020.

The following table details the nature and impact of the standards, interpretations and amendments to IFRS that took effect as of the reporting date:

STANDARDS AND INTERPRETATIONS		MANDATORY EFFECTIVE DATE
Conceptual Framework	Conceptual Framework (revised)	January 1, 2020

CONCEPTUAL FRAMEWORK (REVISED)

The IASB issued the revised Conceptual Framework in March 2018. It includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. The revised Conceptual Framework is effective for annual periods beginning on or after January 1, 2020.

The Bank's management estimates that this new standard will have no impact.

AMENDMENTS		MANDATORY EFFECTIVE DATE
IFRS 3	Definition of a Business	January 1, 2020
IAS 1 and IAS 8	Definition of Material	January 1, 2020
IFRS 9, IAS 9 and IFRS 7	Interest Rate Benchmark Reform	January 1, 2020
IFRS 16	COVID-19-Related Rent Concessions	January 1, 2020

IFRS 3 BUSINESS COMBINATIONS – DEFINITION OF A BUSINESS

The IASB issued amendments in terms of the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. The IASB clarifies the minimum requirements for a business; removes the assessment of whether market participants are capable of replacing any missing elements; adds guidance to help entities assess whether an acquired process is substantive; narrows the definitions of a business and of outputs; and introduces an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Early application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first-time adoption, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies on a timely basis.

The amendments could be relevant in other areas of IFRS. For example, the definition of a business may also be relevant where a parent loses control of a subsidiary and has early adopted Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Management has not observed any impact from this amendment since it took effect.

IAS 1 FINANCIAL STATEMENT PRESENTATION AND IAS 8 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS – DEFINITION OF MATERIAL

In October 2018, the IASB issued IAS 1 Financial Statement Presentation and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of "material" across all standards and to clarify certain aspects of the definition. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Although the amendments to the definition of material are not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgments are made in practice, by elevating the importance of how the information is communicated and organized in the financial statements.

Management has not observed any impact from this amendment since it took effect.

IFRS 9, IAS 9 AND IFRS 7 INTEREST RATE BENCHMARK REFORM

In September 2019, the IASB published amendments to IFRS 9, IAS 39 and IFRS 7, which brings to a conclusion phase one of the IASB's work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed.

Management has not observed any impact from this amendment since it took effect.

IFRS 16 COVID-19-RELATED RENT CONCESSIONS

In May 2020, the IASB issued an amendment to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modification

accounting for rent concessions arising as a result of the COVID-19 pandemic. The amendment is not applicable to lessors.

As a practical solution, a lessee may choose not to assess whether the COVID-19-related rent concession granted by a lessor is a lease modification. A lessee making this choice will recognize the changes in lease payments from COVID-19-related rent concessions in the same way as it would recognize the change under IFRS 16 as if that change were not a lease modification.

A lessee will apply this practical solution retroactively, recognizing the cumulative effect of first-time adoption of the amendment as an adjustment to the initial balance of the cumulative results (or another component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee applies the amendment for the first time.

A lessee may apply this amendment for annual periods beginning on or after June 1, 2020. Early application is permitted, including financial statements not yet authorized for publication as of May 28, 2020.

Management considers that implementing this amendment had no impact for the Bank and its Subsidiaries.

NEW ACCOUNTING PRONOUNCEMENTS (STANDARDS, INTERPRETATIONS AND AMENDMENTS) WITH MANDATORY APPLICATION FOR ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2021

STANDARDS AND INTERPRETATIONS		MANDATORY EFFECTIVE DATE
IFRS 17	Insurance Contracts	January 1, 2023

IFRS 17 INSURANCE CONTRACTS

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new specific accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. Once effective, it will replace IFRS 4 Insurance Contracts that was issued in 2005. The new standard applies to all types of insurance contracts regardless of the type of entity that issue them, as well as certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply.

IFRS 17 will be effective for periods beginning on or after January 1, 2023, and will require comparative figures. Early application is permitted, provided the entity also applies IFRS 9 on or before the date it first applies IFRS 17.

Management believes that this amendment does not apply to the Bank.

AMENDMENTS		MANDATORY EFFECTIVE DATE
IFRS 9, IAS 9, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – phase 2	January 1, 2021
IFRS 3	Reference to the Conceptual Framework	January 1, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
IAS 1	Classification of Current and Non-Current Liabilities	January 1, 2023
IFRS 10 and IAS 28	Consolidated Financial Statements – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

IFRS 9, IAS 39, IFRS 7, IFRS 4 AND IFRS 16 INTEREST RATE BENCHMARK REFORM – PHASE 2

In August 2020, the IASB published the second phase of the Interest Rate Benchmark Reform, which includes amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With this publication, the IASB completes its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting.

The amendments provide temporary exceptions that address the effects on financial reporting when an interbank offered rate (IBOR) is replaced by an alternative nearly risk-free interest rate.

The amendments are required and early application is permitted. Hedging relationships must be reinstated if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. Although application is retrospective, an entity is not required to restate prior periods.

The entity will evaluate the impact of the amendment once it takes effect.

IFRS 3 REFERENCE TO THE CONCEPTUAL FRAMEWORK

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. These amendments are intended to replace a reference to the IASB's prior Conceptual Framework (1989 Framework), with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments will be effective for periods beginning on or after January 1, 2022, and must be applied retrospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards issued in March 2018.

The amendments will provide consistency in financial reporting and will avoid potential confusion from having more than one version of the Conceptual Framework in use.

The entity will evaluate the impact of the amendment once it takes effect.

IAS 16 PROPERTY, PLANT AND EQUIPMENT: PROCEEDS BEFORE INTENDED USE

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any sales proceeds earned from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Once in location, an entity will recognize proceeds from the sale of those items, and their cost, in profit for the period, in accordance with applicable standards.

The amendments will be effective for annual periods beginning on or after January 1, 2022. The amendment must be applied retrospectively only to items of property, plant and equipment available for use on or after the beginning of the first period presented in the financial statements in which the entity applies the amendment for the first time.

The entity will evaluate the impact of the amendment once it takes effect.

IAS 37 ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify the costs an entity must include when assessing whether a contract is onerous or generates losses.

The amendments will be effective for annual periods beginning on or after January 1, 2022. The amendment must be applied retrospectively to contracts existing at the beginning of the annual reporting period in which the entity first applies the amendment (first-time adoption date). Early application is permitted and must be disclosed.

The amendments are intended to provide clarity and help guarantee consistent application of the standard. Entities that previously applied the incremental cost approach will see an increase in provisions to reflect the inclusion of costs directly related to contract activities, while entities that previously recorded provisions for contractual losses using the guidance in the prior standard, IAS 11 Construction Contracts, must exclude indirect costs from their provisions.

The entity will evaluate the impact of the amendment once it takes effect.

IAS 1 FINANCIAL STATEMENT PRESENTATION – CLASSIFICATION OF CURRENT AND NON-CURRENT LIABILITIES

In June 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments are effective for annual periods beginning on or after January 1, 2023. Entities need to carefully consider whether there are any aspects of the amendments that suggest that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively.

The entity will evaluate the impact of the amendment once it takes effect.

IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS AND IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES – SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE

The amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address an inconsistency between the requirements of IFRS 10 and IAS 28 (2011) in the treatment of the sale or provision of assets between an investor and its associate or joint venture. The amendments were issued in September 2014, and state that when the transaction involves a business (whether or not in a subsidiary), all the gain or loss is recognized. A partial gain or loss is recognized when the transaction involves assets that do not constitute a business, even when the assets are in a subsidiary. The date of mandatory application of these amendments is to be determined since the IASB is waiting for the results of its research project on accounting using the equity the method. These amendments must be applied retrospectively, and early application is permitted, which must be disclosed.

The entity will evaluate the impact of the amendment once it takes effect.

3. ACCOUNTING CHANGES

There were no accounting changes in the consolidated financial statements as of December 31, 2020, compared to December 31, 2019.

4. MATERIAL EVENTS

BANCO SECURITY

A) BOARD MEETINGS

At a board meeting on December 17, 2020, and by virtue of articles 9 and 10-2 of Law 18,045, and article 44 of the General Banking Law, the board accepted the resignation of director Gustavo Pavez Rodríguez, and named Cristóbal Pavez Recart in his place.

At board meeting No. 470 on October 15, 2020, the board communicated the recording of MCH$1,000 in additional provisions, consisting of MCH$600 in additional provisions for commercial loans and MCH$400 in additional provisions for consumer loans, which were accounted for in September 2020.

At board meeting No. 469 on September 10, 2020, the board communicated the recording of MCH$1,000 in additional provisions, consisting of MCH$900 in additional provisions for commercial loans and MCH$100 in additional provisions for consumer loans, which were accounted for in August 2020.

At a board meeting on April 16, 2020, and by virtue of articles 9 and 10-2 of Law 18,045, and article 44 of the General Banking Law, the board accepted the resignation of director Horacio Pavez García, and named Bonifacio Bilbao Hormaeche in his place.

On January 10, 2020, Banco Security was informed of Resolution No. 114-005 from the Director of the Financial Analysis Unit, by which it levies a fine of UF 800 for delayed reporting of suspicious operations by a customer.

Banco Security reserves the right to file any legal actions lawfully available to it in order to appeal the aforementioned resolution before administrative and judicial bodies.

At a board meeting on October 14, 2019, the board accepted the resignation of Mr. Bonifacio Bilbao H. from the position of Chief Executive Officer as of March 6, 2020. Mr. Eduardo Olivares Veloso was appointed as the new Chief Executive Officer as of that date.

B) EFFECTS OF COVID-19

In late 2019, the World Health Organization (WHO) informed the press that it had discovered a new coronavirus, named COVID-19, in Wuhan, China.

In early March the WHO declared the spread of COVID-19 to be a pandemic.

Different governments around the world decided to take drastic measures to contain the spread of the virus among the population. Likewise, important financial measures have also been implemented to mitigate the serious effects on global economic activity.

In Chile, in order to alleviate the effects of COVID-19, the government took various steps to contain the advance of the virus such as mandated public quarantine, mobility restrictions and strict monitoring of infected persons or those required to quarantine. All these measures have helped flatten the curve of the virus's spread.

On the other hand, the Chilean government and the Chilean Central Bank (BCCH in Spanish) have implemented a series of initiatives to mitigate the effects on the economy. The measures adopted by the BCCH aim to inject liquidity into the financial market by making several financial instruments available such as the Credit Facility Conditional on Increased Lending (FCIC in Spanish) and the Liquidity Credit Line (LCL in Spanish).

Likewise, the Financial Market Commission (CMF) decided to postpone implementation of Basel III by one year and adoption of the Compendium of Accounting Standards for Banks (CNCB) until January 2022.

In this context, Banco Security has implemented several measures to support our customers.

- Individual customers were given the option of deferring 4 installments on consumer loans (in April, May, June and July) while maintaining the interest rate on the original loan; credit card holders could choose between a zero minimum payment or a cash advance in 3 to 6 installments at a preferential rate to pay the amount invoiced in April, and in mortgage loans, complementary loans were granted to defer the next 6 loan payments starting with the May installment, payable in 60 equal installments at a rate of UF + 1% per annum.

- Companies with less than UF 1,000,000 in sales were given access to emergency credit lines with state-back (Fogape) guarantees of between 60% and 85%, depending on the customer's billing level. These lines are for new loans for eligible, viable companies for a maximum of up to 3 months' sales (under normal conditions) subject to each bank's credit policies, for a period of 24 to 48 months with a six-month grace period at a maximum rate of MPR + 3%.

To date, the potential financial and operational effects of the pandemic cannot be quantified because it is still underway and the effects will depend on multiple factors that are still unknown at this time.

Through CMF Bank Ruling No. 2250 of April 20, 2020, and given the situation facing financial markets and regulated entities as a result of the COVID-19 pandemic, and concordant with the financial support measures announced by the government, the CMF decided to incorporate an extraordinary provision into Chapter 12-1 of the RAN allowing banks to consider a portion of the guarantees granted by the Chilean government, CORFO and FOGAPE to secure loans granted by them as part of the voluntary provisions within regulatory capital.

Meanwhile, via Bank Ruling No. 2249 of April 20, 2020, the CMF decided, in the context of diverse measures adopted to mitigate the effects of the COVID-19 pandemic, to postpone first-time adoption of the new provisions of the Compendium of Accounting Standards by one year in order to give banks more flexibility to reallocate their technical and human resources.

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

On April 30, 2020, at the annual general meeting of Administradora General de Fondos Security S.A., the shareholders were informed of the resignation of the directors Bonifacio Bilbao Hormaeche and Gonzalo Baraona Bezanilla. At the meeting, shareholders then unanimously decided to appoint José Miguel Bulnes Zegers and Paulina Las Heras Bugedo in their place. In addition, the directors Francisco Silva Silva (chairman), Renato Peñafiel Muñoz and Eduardo Olivares Veloso were confirmed.

On March 20, 2020, Felipe Marín Viñuela left the position of Chief Investment Officer. The then International Asset Manager, Gustavo Schmincke Aránguiz, was appointed to replace him.

On November 13, 2019, the company's board accepted the resignation of Mr. Carlos Budge Carvallo from the position of director and appointed Mr. Eduardo Olivares Veloso in his place.

On April 26, 2019, the twenty-seventh annual general meeting was held at the Company's offices to address the following matters: approval of the annual report, balance sheet and financial statements for the year ended December 31, 2018, and the independent auditors' report for the same period; profit distributions and dividends; setting board compensation for the year 2019; information on the board's expenses during the year 2018; appointment of the independent auditors; information on related party transactions in conformity

with the Corporations Law; selection of the newspaper for legal publications; and in general all other matters that should be addressed at an annual shareholders' meeting according to law.

VALORES SECURITY S.A. CORREDORES DE BOLSA

During the period from January 1 to December 31, 2020, Valores Security S.A. Corredores de Bolsa has not filed any material events that must be reported.

At an ordinary board meeting held on August 23, 2019, the board accepted the resignation of Mr. Rodrigo Fuenzalida Besa from the position of Chief Executive Officer of Valores Security S.A.C., which took effect immediately. On the same date, the board appointed Mr. Piero Nasi Toso to replace him as Chief Executive Officer.

During the year 2019, the company recognized a provision of MCH$4,226 for simultaneous transactions for which it has not been able to collect the balance due from the counterparty.

5. OPERATING SEGMENTS

The Bank's senior management makes decisions based on the following segments or business areas, defined as follows:

COMMERCIAL BANKING:

Commercial portfolio of customers within the target segment of medium and large companies with sales in excess of CH$1.5 billion. The main products and services offered to this segment include commercial loans in local currency, foreign currency, leases, foreign trade, current accounts and asset management services.

RETAIL BANKING:

Portfolio of customers within the target segment of high-income individuals (socioeconomic category ABC1). The main products and services offered to this segment are current accounts, lines of credit, consumer and mortgage loans and asset management services, among others.

TREASURY:

The business of distributing foreign currency and financial products to customers, brokering financial instruments and managing the Bank's own positions, balance sheet, mismatches and liquidity. The main products and services
offered to customers include currency trading, exchange rate and inflation insurance and other derivative products.

SUBSIDIARIES:

The business of managing funds, brokering equities and managing the Bank's own positions. These activities are carried out through the Bank's subsidiaries Administradora General de Fondos Security S.A. and Valores Security S.A. Corredora de Bolsa.

OTHERS:

These are non-recurring and other income and expenses that cannot be allocated to any of the above segments.

The following table illustrates assets, liabilities and profit/loss by segment as of December 31, 2020 and 2019.

Most of the revenue from the Bank's segments comes from interest. Operational decision making, segment performance and decisions regarding allocation of resources are based on net interest income. As a result, segment revenue takes interest margins into consideration.

A) ASSETS AND LIABILITIES BY OPERATING SEGMENT

	COMMERCIAL BANKING		RETAIL BANKING		TREASURY		OTHER		TOTAL BANK		SUBSIDIARIES		TOTAL CONSOLIDATED	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
ASSETS														
Gross loans	4,547,225	4,215,662	1,676,278	1,834,587	4,580	1,567	-	-	6,228,083	6,051,816	-	-	6,228,083	6,051,816
Loan loss provisions	(78,391)	(54,958)	(44,353)	(45,570)	-	-	-	-	(122,744)	(100,528)	-	-	(122,744)	(100,528)
NET LOANS	4,468,834	4,160,704	1,631,925	1,789,017	4,580	1,567	-	-	6,105,339	5,951,288	-	-	6,105,339	5,951,288
Financial transactions	-	-	-	-	937,279	786,628	-	-	937,279	786,628	105,711	93,729	1,042,990	880,357
Other assets	-	-	-	-	221,422	265,326	607,839	998,006	829,261	1,263,332	97,203	169,793	926,464	1,433,125
TOTAL ASSETS	4,468,834	4,160,704	1,631,925	1,789,017	1,163,281	1,053,521	607,839	998,006	7,871,879	8,001,248	202,914	263,522	8,074,793	8,264,770
LIABILITIES														
Liabilities	4,090,115	3,826,635	1,521,014	1,674,565	1,099,241	988,385	607,785	997,954	7,318,155	7,487,539	94,700	159,906	7,412,855	7,647,445
Equity	378,719	334,069	110,911	114,452	64,040	65,136	1	1	553,671	513,658	108,214	103,616	661,885	617,274
Non-controlling interests	-	-	-	-	-	-	53	51	53	51	-	-	53	51
TOTAL LIABILITIES	4,468,834	4,160,704	1,631,925	1,789,017	1,163,281	1,053,521	607,839	998,006	7,871,879	8,001,248	202,914	263,522	8,074,793	8,264,770

B) RESULTS BY OPERATING SEGMENT

	COMMERCIAL BANKING		RETAIL BANKING		TREASURY		OTHER		TOTAL BANK		SUBSIDIARIES		TOTAL CONSOLIDATED	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
OPERATING INCOME														
Net interest margin [1]	102,250	96,169	59,841	67,122	45,325	27,925	(10,927)	(8,456)	196,489	182,760	30	(325)	196,519	182,435
Net fees and commissions	18,567	20,872	14,919	20,582	(195)	(317)	1,893	482	35,184	41,619	22,458	25,658	57,642	67,277
Net foreign exchange and other income [2]	8,957	8,455	2,161	1,574	19,048	17,257	(6,996)	(2,596)	23,170	24,690	9,574	2,397	32,744	27,087
Loan losses and repossessed assets [3]	(47,706)	(11,142)	(29,939)	(28,408)	(74)	38	260	(2,811)	(77,459)	(42,323)	-	-	(77,459)	(42,323)
Total operating income, net of provisions	82,068	114,354	46,982	60,870	64,104	44,903	(15,770)	(13,381)	177,384	206,746	32,062	27,730	209,446	234,476
Support expenses [4]	(42,946)	(38,436)	(55,157)	(58,440)	(14,234)	(12,595)	4,373	4,237	(107,964)	(105,234)	(26,163)	(27,721)	(134,127)	(132,955)
Net operating income (loss)	39,122	75,918	(8,175)	2,430	49,870	32,308	(11,397)	(9,144)	69,420	101,512	5,899	9	75,319	101,521
Income attributable to investments in other companies	-	-	-	-	-	-	12	18	12	18	-	-	12	18
Profit (loss) before tax	39,122	75,918	(8,175)	2,430	49,870	32,308	(11,385)	(9,126)	69,432	101,530	5,899	9	75,331	101,539
Income taxes	(8,138)	(17,909)	1,700	(573)	(10,374)	(7,622)	2,369	2,152	(14,443)	(23,952)	(736)	(630)	(15,179)	(24,582)
Consolidated profit (loss) for the year	30,984	58,009	(6,475)	1,857	39,496	24,686	(9,016)	(6,974)	54,989	77,578	5,163	(621)	60,152	76,957
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	2	(6)	2	(6)
Profit (loss) attributable to owners of the Bank	30,984	58,009	(6,475)	1,857	39,496	24,686	(9,016)	(6,974)	54,989	77,578	5,161	(615)	60,150	76,963

(1) NET INTEREST AND INDEXATION INCOME.
(2) INCLUDES NET FINANCIAL OPERATING INCOME, NET FOREIGN EXCHANGE TRANSACTIONS, OTHER INCOME AND EXPENSES AND OTHER CONTINGENCY PROVISIONS.
(3) INCLUDES LOAN LOSS PROVISIONS, NET INCOME FROM REPOSSESSED ASSETS, IMPAIRMENT OF INVESTMENT SECURITIES AND INTANGIBLE ASSETS AND NET COUNTRY RISK, SPECIAL AND ADDITIONAL PROVISIONS.
(4) PAYROLL AND PERSONNEL EXPENSES, ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTIZATION.

6. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
CASH AND DUE FROM BANKS		
Cash	12,143	18,184
Deposits in the Chilean Central Bank	217,683	356,413
Deposits in domestic banks	4,292	5,601
Foreign deposits	213,574	312,884
Subtotal - cash and due from banks	447,692	693,082
Transactions in the course of collection, net	10,157	20,044
Repurchase agreements	-	-
Total cash and cash equivalents	457,849	713,126

Funds in cash and deposits in the Chilean Central Bank are in response to monthly average matching regulations that the Bank must meet.

Transactions in the course of collection or payment consist of transactions awaiting settlement to increase or decrease funds in the Chilean Central Bank or foreign banks, normally within 12 to 24 business hours, and are as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
ASSETS		
Outstanding notes from other banks	10,883	18,553
Funds receivable	28,550	131,973
Subtotal - assets	39,433	150,526
LIABILITIES		
Funds payable	(29,276)	(130,482)
Subtotal - liabilities	(29,276)	(130,482)
Transactions in the course of collection, net	10,157	20,044

The instruments that guarantee the obligation for these repurchase agreements are included in the portfolio of financial instruments held for trading or investments available for sale.

7. FINANCIAL INSTRUMENTS HELD FOR TRADING

As of December 31, 2020 and 2019, the Bank and its subsidiaries recognize the following balances in financial instruments held for trading:

	UP TO ONE YEAR DECEMBER 31,		FROM ONE TO THREE YEARS DECEMBER 31,		FROM THREE TO SIX YEARS DECEMBER 31,		MORE THAN SIX YEARS DECEMBER 31,		TOTAL DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
CHILEAN GOVERNMENT AND CENTRAL BANK INSTRUMENTS										
Chilean Central Bank instruments	2,500	1,925	22	1,251	-	-	-	-	2,522	3,176
Chilean Treasury instruments	204	2,020	-	209	-	-	-	-	204	2,229
Other government instruments	-	-	-	-	-	57	-	-	-	57
Subtotal	2,704	3,945	22	1,460	-	57	-	-	2,726	5,462
OTHER FINANCIAL INSTRUMENTS										
Notes for deposits in domestic banks	12,425	37,575	-	-	-	-	-	-	12,425	37,575
Mortgage bonds in domestic banks	1	-	33	53	1,561	91	1,613	3,729	3,208	3,873
Bonds from domestic banks	18,053	1,889	10,245	3,496	5,937	31	5	4	34,240	5,420
Other instruments issued in Chile	6,398	6,470	3,953	-	7,794	-	496	-	18,641	6,470
Mutual funds	39,433	64,963	-	-	-	-	-	-	39,433	64,963
Subtotal	76,310	110,897	14,231	3,549	15,292	122	2,114	3,733	107,947	118,301
Total financial instruments held for trading	79,014	114,842	14,253	5,009	15,292	179	2,114	3,733	110,673	123,763

As of December 31, 2020 and 2019, the Bank has issued its own mortgage bonds for MCH$810 and MCH$883, respectively, which are offset by the mortgage bonds issued by the Bank in liabilities.

8. OPERATIONS WITH RESALE/REPURCHASE AGREEMENTS AND SECURITIES BORROWING/LENDING

A) RIGHTS WITH PROMISE OF SALE

The Bank purchases financial instruments under agreements to sell them at a future date. As of December 31, 2020 and 2019, rights with resell commitments, classified by type of debtor and maturity, are as follows:

	FROM 1 DAY TO THREE MONTHS		FROM THREE MONTHS TO ONE YEAR		MORE THAN ONE YEAR		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
Domestic banks	-	-	-	-	-	-	-	-
Other entities	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

B) OBLIGATIONS UNDER REPURCHASE AGREEMENTS

The Bank sells financial instruments under agreements to repurchase them at a future date plus preset interest. As of December 31, 2020 and 2019, obligations with repurchase commitments, classified by type of debtor and maturity, are as follows:

	FROM 1 DAY TO THREE MONTHS		FROM THREE MONTHS TO ONE YEAR		MORE THAN ONE YEAR		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
Domestic banks:								
Chilean Central Bank	-	69,131	-	-	-	-	-	69,131
Other banks	-	-	-	-	-	-	-	-
Other entities	9,764	10,680	-	-	-	-	9,764	10,680
Total	9,764	79,811	-	-	-	-	9,764	79,811

The instruments that guarantee the obligation for these repurchase agreements are included in the portfolio of financial instruments held for trading.

9. DERIVATIVE INSTRUMENTS AND ACCOUNTING HEDGES

A) A summary of the derivatives transactions as of each year end is as follows.

	CASH FLOW (CF) OR FAIR VALUE (FV) HEDGE	NOTIONAL AMOUNT OF CONTRACT MATURING IN						FAIR VALUE			
		LESS THAN THREE MONTHS		FROM THREE MONTHS TO ONE YEAR		MORE THAN ONE YEAR		ASSETS		LIABILITIES	
		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
		2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
TRADING DERIVATIVES											
Currency forwards		(800,152)	439,079	(217,764)	328,052	94,796	14,870	62,612	125,923	(70,724)	(127,135)
Interest rate swaps		44,419	145,327	155,113	286,727	1,749,745	1,902,976	77,266	53,159	(78,404)	(49,159)
Currency swaps		19,871	9,307	41,442	119,078	717,613	845,986	54,600	75,588	(51,418)	(58,910)
Interest rate put options		-	-	-	-	-	-	-	-	(16)	(21)
Total assets (liabilities) for trading derivatives		(735,862)	593,713	(21,209)	733,857	2,562,154	2,763,832	194,478	254,670	(200,562)	(235,225)
HEDGE ACCOUNTING DERIVATIVES											
Currency forwards		-	-	-	-	-	-	-	-	-	-
Interest rate swaps		-	-	-	-	38,421	-	13	-	(71)	-
Currency swaps	(CF)	115,895	249,240	-	-	636,865	464,206	28,894	20,305	(19,473)	(9,257)
Total assets (liabilities) for hedge accounting derivatives		115,895	249,240	-	-	675,286	464,206	28,907	20,305	(19,544)	(9,257)
Total assets (liabilities) for derivative instruments		(619,967)	842,953	(21,209)	733,857	3,237,440	3,228,038	223,385	274,975	(220,106)	(244,482)

B) HEDGE ACCOUNTING:

As of December 31, 2020 and 2019, the Bank had a cash flow hedge, which decreased comprehensive income by MCH$5,707 and MCH$377, respectively.

10. LOANS AND ADVANCES TO BANKS

A) Credit risk for loans and advances to banks as of December 31, 2020 and 2019, is evaluated individually for each transaction. This account is as follows:

	ASSETS BEFORE PROVISIONS						PROVISIONS							
	NORMAL AND SUBSTANDARD PORTFOLIO		DEFAULT PORTFOLIO		TOTAL		NORMAL AND SUBSTANDARD PORTFOLIO		DEFAULT PORTFOLIO		TOTAL		NET ASSETS	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
Domestic banks	52	286	-	-	52	286	-	-	-	-	-	-	52	286
Foreign banks	673	284	-	-	673	284	(1)	(2)	-	-	(1)	(2)	672	282
Total loans and advances to banks	725	570	-	-	725	570	(1)	(2)	-	-	(1)	(2)	724	568

B) Provisions for balances of loans and advances to banks are detailed as follows:

MOVEMENT:	MCH$
BALANCE AS OF JANUARY 1, 2019	(37)
Write-offs of impaired portfolio	-
Provisions recognized (Note 29)	(20)
Reversal of provisions (Note 29)	55
Balance as of December 31, 2019	(2)
BALANCE AS OF JANUARY 1, 2020	(2)
Write-offs of impaired portfolio	-
Provisions recognized (Note 31)	(2)
Reversal of provisions (Note 31)	3
Balance as of December 31, 2020	(1)

11. LOANS TO CUSTOMERS

A) LOANS TO CUSTOMERS

	ASSETS BEFORE PROVISIONS						PROVISIONS							
	NORMAL AND SUBSTANDARD PORTFOLIO		DEFAULT PORTFOLIO		TOTAL		INDIVIDUAL PROVISIONS		GROUP PROVISIONS		TOTAL		NET ASSETS	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
COMMERCIAL LOANS:														
Commercial loans	4,226,247	3,935,219	271,161	189,247	4,497,408	4,124,466	77,588	53,342	9,355	10,040	86,943	63,382	4,410,465	4,061,084
Foreign trade loans	138,266	210,275	2,638	6,284	140,904	216,559	4,489	5,515	49	56	4,538	5,571	136,366	210,988
Current account overdrafts	31,437	42,768	2,218	3,702	33,655	46,470	1,273	1,955	952	1,151	2,225	3,106	31,430	43,364
Factored receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Student loans	3,344	4,363	185	163	3,529	4,526	-	-	227	304	227	304	3,302	4,222
Lease transactions	350,316	342,219	22,600	19,409	372,916	361,628	2,449	2,132	122	40	2,571	2,172	370,345	359,456
Other loans and receivables	3,980	5,640	660	1,172	4,640	6,812	246	636	136	197	382	833	4,258	5,979
Subtotal	4,753,590	4,540,483	299,462	219,976	5,053,052	4,760,461	86,045	63,580	10,841	11,788	96,886	75,368	4,956,166	4,685,093
MORTGAGE LOANS:														
Loans funded with mortgage bonds	1,147	1,820	81	55	1,228	1,875	-	-	-	-	-	-	1,228	1,875
Loans funded with own resources	216,183	225,373	4,203	3,909	220,386	229,282	-	-	357	423	357	423	220,029	228,859
Other mortgage loans	482,058	505,445	7,118	7,654	489,176	513,099	-	-	673	939	673	939	488,503	512,160
Lease transactions	1,284	1,294	-	-	1,284	1,294	-	-	106	107	106	107	1,178	1,187
Other loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	700,672	733,932	11,402	11,618	712,074	745,550	-	-	1,136	1,469	1,136	1,469	710,938	744,081
CONSUMER LOANS:														
Consumer installment loans	281,888	314,012	20,790	16,928	302,678	330,940	-	-	17,473	15,769	17,473	15,769	285,205	315,171
Current account overdrafts	57,499	83,280	2,044	3,205	59,543	86,485	-	-	4,185	4,412	4,185	4,412	55,358	82,073
Credit card debtors	94,171	124,366	1,312	2,162	95,483	126,528	-	-	3,063	3,508	3,063	3,508	92,420	123,020
Consumer lease transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	433,558	521,658	24,146	22,296	457,704	543,953	-	-	24,721	23,689	24,721	23,689	432,983	520,264
Total	5,887,820	5,796,073	335,010	253,890	6,222,830	6,049,964	86,045	63,580	36,698	36,946	122,743	100,526	6,100,087	5,949,438
ACCOUNTING HEDGES:														
Commercial loans													4,528	1,282
Subtotal													4,528	1,282
Total loans to customers													6,104,615	5,950,720

B) PROVISION MOVEMENTS

Movements in provisions in 2020 and 2019 are as follows:

	INDIVIDUAL PROVISIONS MCH$	GROUP PROVISIONS MCH$	TOTAL MCH$
BALANCE AS OF JANUARY 1, 2019	63,331	26,821	90,152
Write-offs of impaired portfolio:	-	-	-
Commercial loans	(16,800)	-	(16,800)
Mortgage loans	-	(257)	(257)
Consumer loans	-	(20,225)	(20,225)
Total write-offs	(16,800)	(20,482)	(37,282)
Provisions recognized	70,789	75,468	146,257
Reversal of provisions	(53,740)	(44,861)	(98,601)
Balance as of December 31, 2019	63,580	36,946	100,526
BALANCE AS OF JANUARY 1, 2020	63,580	36,946	100,526
Write-offs of impaired portfolio:			-
Commercial loans	(22,292)	-	(22,292)
Mortgage loans	-	(754)	(754)
Consumer loans	-	(24,922)	(24,922)
Total write-offs	(22,292)	(25,676)	(47,968)
Provisions recognized (Note 31)	104,497	75,682	180,179
Reversal of provisions (Note 31)	(59,740)	(50,254)	(109,994)
Balance as of December 31, 2020	86,045	36,698	122,743

In addition to these loan loss provisions, the Bank also establishes country risk provisions to hedge foreign operations.

As of December 31, 2020 and 2019, loans to customers present no impairment.

C) GROSS LOANS BY INDUSTRY

The following table details loans by industry, expressed as an amount and as a percentage of total loans before provisions:

	DOMESTIC LOANS		FOREIGN LOANS		TOTAL			
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,			
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 %	2019 %
COMMERCIAL LOANS								
Manufacturing	297,650	183,753	13,718	-	311,368	183,753	5.00	3.04
Mining	25,708	15,944	-	-	25,708	15,944	0.41	0.26
Utilities	210,798	210,683	-	-	210,798	210,683	3.39	3.48
Agriculture and livestock	169,548	183,911	-	-	169,548	183,911	2.72	3.04
Forestry	7,933	18,702	-	-	7,933	18,702	0.13	0.31
Fishing	74,922	84,882	-	-	74,922	84,882	1.20	1.40
Transport	201,958	198,444	-	-	201,958	198,444	3.25	3.28
Telecom	10,895	3,084	-	-	10,895	3,084	0.18	0.05
Construction	889,507	305,187	-	-	889,507	305,187	14.29	5.04
Wholesale and retail trade	716,070	1,353,601	8,757	2,839	724,827	1,356,440	11.65	22.42
Financial services and insurance	1,360,959	1,292,335	-	2,266	1,360,959	1,294,601	21.87	21.40
Real estate	-	9,041	-	-	-	9,041	-	0.15
Corporate services	334,503	145,793	-	14,702	334,503	160,495	5.38	2.65
Social services	694,954	446,044	-	1,113	694,954	447,157	11.17	7.39
Other	35,172	288,137	-	-	35,172	288,137	0.57	4.76
Subtotal	5,030,577	4,739,541	22,475	20,920	5,053,052	4,760,461	81.20	78.69
Mortgage loans	712,074	745,550	-	-	712,074	745,550	11.44	12.32
Consumer loans	457,704	543,953	-	-	457,704	543,953	7.36	8.99
Total	6,200,355	6,029,044	22,475	20,920	6,222,830	6,049,964	100.00	100.00

12. INVESTMENT SECURITIES

As of December 31, 2020 and 2019, the Bank and its subsidiaries recognize the following balances within investment securities using the fair value method:

INVESTMENTS AVAILABLE FOR SALE

	UP TO ONE YEAR DECEMBER 31,		FROM ONE TO THREE YEARS DECEMBER 31,		FROM THREE TO SIX YEARS DECEMBER 31,		MORE THAN SIX YEARS DECEMBER 31,		TOTAL DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
Chilean Government and Central Bank instruments										
Chilean Central Bank instruments	480,686	374,702	-	-		-	-	-	480,686	374,702
Chilean Treasury instruments	78,493	-	435	-		-	-	-	78,927	-
Other government instruments	-	-	-	-	-	-	-	-	-	-
Subtotal	559,179	374,702	435	-	-	-	-	-	559,613	374,702
Other financial instruments										
Notes for deposits in domestic banks	5,792	76,766	23,621	28,883	6,686	15,330	-	1,327	36,100	122,306
Mortgage bonds in domestic banks	37	13	829	538	2,002	2,140	21,162	19,003	24,031	21,694
Bonds from domestic companies	22,055	9,048	66,957	20,027	63,877	45,224	10,077	9,998	162,965	84,297
Other instruments issued abroad	740	-	14,232	1,037	51,354	17,236	83,282	135,322	149,608	153,595
Subtotal	28,624	85,827	105,639	50,485	123,919	79,930	114,521	165,650	372,704	381,892
Total investments available for sale	587,803	460,529	106,074	50,485	123,919	79,930	114,521	165,650	932,317	756,594

As of December 31, 2020, the Bank does not have any transactions with repurchase agreements with the Chilean Central Bank in the portfolio of investments available for sale. As of December 31, 2019, they amount to MCH$69,131.

As of December 31, 2020 and 2019, the portfolio of investments available for sale includes unrealized gains of MCH$14,062 and MCH$6,825, respectively, which are presented in equity net of deferred taxes (Note 26).

As of December 31, 2020 and 2019, the Bank does not have any investments held to maturity.

13. INVESTMENTS IN OTHER COMPANIES

Investments in other companies correspond to shares and rights in banking support companies valued at cost. Details of the value of each investment and the income received (dividends or profit distributions) are as follows:

	OWNERSHIP INTEREST		INVESTMENT CARRYING VALUE						INCOME AS OF DECEMBER 31,	
			BALANCE AS OF JANUARY 1,		BUY/SALE		BALANCE AS OF DECEMBER 31,			
	2020 %	2019 %	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
Imer Otc Sa	6.89	6.89	864	864	-	-	864	864	-	-
Santiago Exchange	-	-	-	-	-	-	-	-	-	-
Electronic Stock Exchange	-	-	-	-	-	-	-	-	-	-
Combanc S.A.	4.17	4.17	172	172	-	-	172	172	-	-
Depósitos Central de Valores S.A.	3.60	3.60	58	58	-	-	58	58	-	-
Other investments in other companies	-	-	1,001	1,001	-	-	1,001	1,001	12	18
Total investments in other companies			2,095	2,095	-	-	2,095	2,095	12	18

14. INTANGIBLE ASSETS

As of December 31, 2020 and 2019, intangible assets are as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
Software or computer programs	28,606	31,904
Goodwill	13,039	13,039
Total intangible assets	41,645	44,943

The details for the above items are as follows:

A) SOFTWARE OR COMPUTER PROGRAMS

A.1) The intangible assets of the Bank and its subsidiaries as of December 31, 2020 and 2019, are internally developed programs that are either in production or under development:

	AVERAGE USEFUL LIFE (YEARS)		AVERAGE REMAINING LIFE (YEARS)		GROSS ASSETS		ACCUMULATED AMORTIZATION		NET ASSETS	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
TYPE OF INTANGIBLE ASSET:	2020	2019	2020	2019	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
Acquired	-	-	-	-	-	-	-	-	-	-
Developed in-house	9.65	9.89	10.10	11.03	67,267	66,589	(38,661)	(34,685)	28,606	31,904
Total					67,267	66,589	(38,661)	(34,685)	28,606	31,904

A.2) The intangible assets of the Bank and its subsidiaries as of December 31, 2020 and 2019, are programs developed in house that are either in production or under development:

	MOVEMENTS IN INTANGIBLE ASSETS			
	INTANGIBLE ASSETS		ACCUMULATED AMORTIZATION MCH$	TOTAL MCH$
	ACQUIRED MCH$	DEVELOPED IN-HOUSE MCH$		
BALANCE AS OF JANUARY 1, 2019	-	64,580	(30,995)	33,585
Additions	-	2,009	-	2,009
Transfer to intangible assets in operation	-	-	-	-
Derecognition		-	-	-
Amortization for the year	-	-	(3,690)	(3,690)
Impairment for the year	-	-	-	-
Balance as of December 31, 2019	-	66,589	(34,685)	31,904
BALANCE AS OF JANUARY 1, 2020	-	66,589	(34,685)	31,904
Additions	-	1,335	-	1,335
Transfer to intangible assets in operation	-	(598)	-	(598)
Disposals	-	(59)	58	(1)
Amortization for the year	-	-	(4,034)	(4,034)
Impairment for the year	-	-	-	-
Balance as of December 31, 2020	-	67,267	(38,661)	28,606

B) GOODWILL

B.1) Goodwill as of December 31, 2020 and 2019, is detailed as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
Goodwill	13,039	13,039
Total	13,039	13,039

B.2) Movements in goodwill in the year ended December 31, 2020, are as follows:

	MOVEMENTS IN GOODWILL 12.31.2020 MCH$				
	NET OPENING BALANCE	ADDITIONS	IMPAIRMENT LOSSES RECOGNIZED IN EQUITY	IMPAIRMENT LOSSES RECOGNIZED IN PROFIT (LOSS)	NET CLOSING BALANCE
Goodwill Administradora General de Fondos Security S.A.	9,209	-	-	-	9,209
Goodwill Valores Security S.A. Corredores de Bolsa	3,830	-	-	-	3,830
Total	13,039	-	-	-	13,039

15. PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2020 and 2019, property, plant and equipment is detailed as follows.

	BUILDINGS AND LAND			EQUIPMENT			OTHER PROPERTY, PLANT AND EQUIPMENT			
		ACCUMULATED			ACCUMULATED			ACCUMULATED		
	GROSS ASSETS	DEPRECIATION	IMPAIRMENT	GROSS ASSETS	DEPRECIATION	IMPAIRMENT	GROSS ASSETS	DEPRECIATION	IMPAIRMENT	NET ASSETS
	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$	MCH$
BALANCE AS OF JANUARY 1, 2019	20,599	(4,772)	-	8,459	(7,812)	-	16,072	(9,890)	-	22,656
Additions	-	-	-	587	-	-	900	-	-	1,487
Disposals / write-offs	-	-	-	(2)	-	-	(2)	-	-	(4)
Depreciation for the year	-	(505)	-	-	(285)	-	-	(1,181)	-	(1,971)
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2019	20,599	(5,277)	-	9,044	(8,097)	-	16,970	(11,071)	-	22,168
BALANCE AS OF JANUARY 1, 2020	20,599	(5,277)	-	9,044	(8,097)	-	16,970	(11,071)	-	22,168
Additions	-	-	-	820	-	-	770	-	-	1,590
Disposals / write-offs	-	-	-	(91)	-	-	(560)	-	-	(651)
Depreciation for the year	-	(311)	-	-	(480)	-	-	(1,336)	-	(2,127)
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2020	20,599	(5,588)	-	9,773	(8,577)	-	17,180	(12,407)	-	20,980

16. LEASE RIGHT-OF-USE ASSET

The detail of lease right-of-use assets as of December 31, 2020 and 2019, is as follows:

	UP TO ONE YEAR		ONE TO FIVE YEARS		MORE THAN FIVE YEARS		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2029 MCH$	2020 MCH$	2029 MCH$	2020 MCH$	2029 MCH$	2020 MCH$	2029 MCH$
Lease right-of-use asset	1,475	1,465	4,779	5,040	1,043	1,701	7,297	8,206
Total	1,475	1,465	4,779	5,040	1,043	1,701	7,297	8,206

Movements in lease right-of-use assets during the year ended December 31, 2020, are as follows:

	PROPERTY AND PLANT MCH$	DEPRECIATION MCH$	LEASEHOLD IMPROVEMENTS MCH$	EQUIPMENT MCH$	OTHER MCH$	TOTAL MCH$
BALANCE AS OF JANUARY 1, 2019	7,657	-	-	-	-	7,657
Additions	1,817	-	-	-	-	1,817
Disposals / write-offs	-	-	-	-	-	-
Depreciation for the period	-	(1,472)	-	-	-	(1,472)
Other	204	-	-	-	-	204
Balances as of December 31, 2019	9,678	-1,472	-	-	-	8,206
BALANCE AS OF JANUARY 1, 2020	9,678	(1,472)	-	-	-	8,206
Additions	538	-	-	-	-	538
Disposals / write-offs	-	-	-	-	-	-
Depreciation for the period	-	(1,675)	-	-	-	(1,675)
Other	228	-	-	-	-	228
Balance as of December 31, 2020	10,444	(3,147)	-	-	-	7,297

17. CURRENT AND DEFERRED TAXES

A) CURRENT TAXES

Current tax assets and liabilities as of December 31, 2020 and 2019, are as follows:

	AS OF DECEMBER 31, 2019 MCH$	AS OF DECEMBER 31, 2019 MCH$
Current income taxes	(21,716)	(27,375)
Tax on disallowed expenses (40%)	(6)	(444)
Less:		
Monthly provisional tax payments	21,672	25,754
Credits for training expenses	259	259
Other	86	101
Total	295	(1,705)
Recoverable taxes for the year		
Income taxes payable	9	2,342
Current tax liability	9	2,342
Balance of current tax liability	304	637
Recoverable taxes for the year	239	193
Recoverable taxes from prior years	1,449	1,255
Current tax asset	1,992	2,085

B) INCOME TAX EXPENSE

The Bank's tax expense recognized for the years ended December 31, 2020 and 2019, is as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
INCOME TAX EXPENSE:		
Current year taxes	21,716	27,375
Single tax for the year	53	653
Tax expense adjustment (prior period)	(854)	1,348
Subtotal	20,915	29,376
CREDIT (CHARGE) FOR DEFERRED TAXES:		
Origin and reversal of temporary differences	(5,736)	(4,794)
Effect of change in tax rate	-	-
Net charge to profit for income taxes	15,179	24,582

C) DEFERRED TAXES

The table below details deferred taxes arising from the following temporary differences:

C.1) EFFECT OF DEFERRED TAXES ON EQUITY:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
Investments available for sale	(5,201)	(2,524)
Tax goodwill	780	1,012
Cash flow hedge	821	(720)
First-time adoption adjustment TCM points	1,174	1,174
Other	(305)	(402)
Total	(2,731)	(1,460)

C.2) EFFECT OF DEFERRED TAXES:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
DEFERRED TAX ASSETS:		
Global portfolio provisions	30,744	23,977
Goodwill portfolio provisions	(109)	11
Vacation and other provisions	1,032	893
Fair value investments	(1)	(14)
Contingency provisions	2	163
Global provisions on recovered assets	165	63
Projects and development	2,899	4,639
Suspended interest	1,332	826
Other	7,079	6,140
Total deferred tax assets through profit and loss	43,143	36,698
Effect on equity (debtor balance)	474	609
Total deferred tax assets	43,617	37,307
DEFERRED TAX LIABILITIES:		
Lease agreements	2,932	3,392
Depreciation of property, plant and equipment	(5,504)	(5,637)
Effective rate	(179)	(177)
Deferred revenue and expenses	(68)	-
Projects and development	(6,777)	(7,433)
Other	(1,917)	(949)
Total deferred tax liabilities through profit and loss	(11,513)	(10,804)
Effect on equity (creditor balance)	(3,205)	(2,069)
Total deferred tax liabilities	(14,718)	(12,873)
Total asset through profit and loss	31,630	25,894

C.3) TOTAL DEFERRED TAXES:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
Effect of deferred taxes on equity	(2,426)	(1,058)
Effect of deferred taxes on equity (Valores Security)	(305)	(402)
Subtotal	(2,731)	(1,460)
Effect of deferred taxes on profit (loss)	30,840	24,854
Effect of deferred taxes on profit (loss) (Valores Security)	790	1,040
Subtotal	31,630	25,894
Deferred tax assets	28,899	24,434
Deferred tax liabilities (Valores Security)	485	638

C.4) RECONCILIATION OF TAX RATES:

The following table reconciles the income tax rate to the effective rate applied to determine the Bank's income tax expense as of December 31, 2020 and 2019.

	AS OF DECEMBER 31, 2020		AS OF DECEMBER 31, 2019	
	TAX RATE	AMOUNT MCH$	TAX RATE	AMOUNT MCH$
Profit before tax	27.0%	(20,339)	27.0%	(27,416)
Permanent differences	-5.8%	4,360	-4.8%	4,835
Additions or deductions				
Single tax (disallowed expenses)	0.1%	(53)	0.6%	(653)
Amortization of deferred tax complementary accounts	0.0%	-	0.0%	-
Non-deductible expenses (financial, non-tax expenses)	0.0%	-	0.0%	-
Prior period adjustments	-1.1%	853	1.3%	(1,348)
Effect of change in tax rate	0.0%	-	0.0%	-
Other	0.0%	-	0.0%	-
Effective rate and income tax expense	20.2%	(15,179)	24.1%	(24,582)

Deferred taxes arising from temporary differences and other events that generate differences between the carrying amount for financial reporting purposes and tax bases of assets and liabilities are recognized in accordance with IAS 12 Income Taxes.

D) JOINT GUIDANCE: SBIF RULING NO. 3,478 AND CHILEAN INTERNAL REVENUE SERVICE RULING NO. 477

The tax treatment of provisions, write-offs, renegotiations and remissions of loans granted by the Bank (excluding subsidiaries) as of December 31, 2020 and 2019, is as follows:

D.1) LOANS TO CUSTOMERS AS OF DECEMBER 31:

	ASSETS AT CARRYING AMOUNT		ASSETS AT TAX VALUE					
			TOTAL		SECURED NPL PORTFOLIO		UNSECURED NPL PORTFOLIO	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
Commercial loans	4,684,664	4,400,116	4,689,180	4,403,208	26,323	14,734	9,372	14,161
Consumer loans	457,704	543,953	457,704	543,953	68	133	2,003	2,990
Residential mortgage loans	710,790	744,256	710,790	744,256	818	764	1	2
Loans and advances to banks	-	-	-	-	-	-	-	-
Total	5,853,158	5,688,325	5,857,674	5,691,417	27,209	15,631	11,376	17,153

D.2) PROVISIONS FOR NPL PORTFOLIO:

	BALANCE AS OF JANUARY 1,		WRITE-OFFS AGAINST PROVISIONS		PROVISIONS		REVERSAL OF PROVISIONS		BALANCE AS OF DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
Commercial loans	9,372	14,161	10,544	9,656	16,926	21,587	-	-	36,842	45,404
Consumer loans	2,003	2,990	10,961	8,916	(1,197)	(1,428)	-	-	11,768	10,478
Residential mortgage loans	1	2	-	-	(1)	(2)	-	-	-	-
Loans and advances to banks	-	-	-	-			-	-	-	-
Total	11,376	17,153	21,505	18,572	15,728	20,157	-	-	48,610	55,882

D.3) WRITE-OFFS, CANCELLATIONS AND RECOVERIES:

DIRECT WRITE-OFFS AND RECOVERIES	AS OF DECEMBER 31,		APPLICATION OF ART. 31 NO. 4 SECTIONS ONE AND THREE	AS OF DECEMBER 31,	
	2020 MCH$	2019 MCH$		2020 MCH$	2019 MCH$
Direct write-offs Art. 31, No. 4, section two	26,190	18,608		-	-
Cancellations that resulted in reversals of provisions	-	-		-	-
Recovery or renegotiation of written-off loans	789	417		-	-

18. OTHER ASSETS

A) As of December 31, 2020 and 2019, other assets are detailed as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
LEASED ASSETS	11,225	13,090
Repossessed or awarded assets		
Repossessed assets	1,050	3,833
Assets awarded in court-ordered public auction	295	610
Provisions for repossessed assets	(647)	(401)
Subtotal - repossessed or awarded assets	698	4,042
OTHER ASSETS		
Cash deposits as collateral	44,052	92,324
VAT tax credit	1,499	1,475
Prepaid expenses	360	879
Recovered leased assets for sale	1,896	2,538
Brokerage receivables	33,239	53,764
Treasury receivables	14,572	36,530
Other	4,852	7,834
Subtotal - Other assets	100,470	195,344
Total other assets	113,046	210,611

Leased assets include assets available for finance leases.

The Bank does not have any property, plant and equipment available for sale that should be presented in this account.

B) The following table details movements in provisions for repossessed assets during the years ended December 31, 2020 and 2019, recorded in accordance with CMF standards:

MOVEMENT:		MCH$
BALANCE AS OF JANUARY 1, 2019		(5)
Recognized:	Provision	(505)
	Impairment	-
Reversed:	Provision	109
	Impairment	-
Balance as of December 31, 2019		(401)
BALANCE AS OF JANUARY 1, 2020		(401)
Recognized:	Provision	(1,092)
	Impairment	-
Reversed:	Provision	846
	Impairment	-
Balance as of December 31, 2020		(647)

19. CURRENT ACCOUNTS AND OTHER DEMAND DEPOSITS

Obligations for deposits held by the Bank are classified as demand or time deposits; details are as follows.

A) CURRENT ACCOUNTS AND OTHER DEMAND DEPOSITS

As of December 31, 2020 and 2019, current accounts and other demand deposits are as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
CURRENT ACCOUNTS:		
Current accounts of domestic banks	-	-
Current accounts of other legal entities	694,758	466,738
Current accounts of individuals	272,628	196,493
Subtotal	967,386	663,231
OTHER DEMAND DEPOSITS AND ACCOUNTS:		
Cashier's checks	42,889	67,193
Demand deposits	24,590	2,925
Subtotal	67,479	70,118
OTHER DEMAND BALANCES PAYABLE:		
Deposits for court allocations	-	-
Performance bonds payable on demand	11,962	12,911
Collections made but not yet received	6,959	7,966
Export returns to settle	87	2
Pending payment orders	16,058	4,374
Payments on behalf of loans to be settled	12,773	17,735
Frozen assets (art 156 of General Banking Law)	3,184	1,760
Expired time deposits	3,520	2,331
Demand balances with customers - Valores	42,517	77,789
Funds from issuance of new mortgage bonds	32,927	109,545
Other demand balances	10,290	6,968
Subtotal	140,277	241,381
Total	1,175,142	974,730

B) SAVINGS ACCOUNTS AND TIME DEPOSITS

Savings accounts and time deposits as of December 31, 2020 and 2019, are classified by maturity; details are as follows:

	UP TO ONE YEAR		FROM ONE TO THREE YEARS		FROM THREE TO SIX YEARS		MORE THAN SIX YEARS		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
Domestic banks	69,304	38,594	-	9,622	-	-	-	-	69,304	48,216
Foreign banks	-	2,258	-	-	-	-	-	-	-	2,258
Other legal entities	1,658,483	2,678,454	21,662	159,694	-	-	-	-	1,680,145	2,838,148
Individuals	141,278	151,031	7	20	-	-	-	-	141,285	151,051
Subtotal	1,869,065	2,870,337	21,669	169,336	-	-	-	-	1,890,734	3,039,673

20. BORROWINGS FROM FINANCIAL INSTITUTIONS

As of December 31, 2020 and 2019, borrowings from financial institutions are as follows:

	UP TO ONE YEAR		FROM ONE TO THREE YEARS		FROM THREE TO SIX YEARS		MORE THAN SIX YEARS		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
DOMESTIC BANKS:										
Current account overdrafts	539	-	-	-	-	-	-	-	539	-
Subtotal	539	-	-	-	-	-	-	-	539	-
FOREIGN BANKS:										
Financing for Chilean exports	120,401	109,008	-	-	-	-	-	-	120,401	109,008
Financing for Chilean imports	11,648	88,483	-	-	-	-	-	-	11,648	88,483
Obligations for transactions between third-party countries	-	18,810	-	13,186	-	-	-	-	-	31,996
Current account overdrafts	158	-	-	-	-	-	-	-	158	-
Loans and other obligations	-	43,147	81,298	-	-	-	-	-	81,298	43,147
Subtotal	132,207	259,447	81,298	13,186	-	-	-	-	213,505	272,634
Chilean Central Bank	838,050	-	-	-	-	-	-	-	838,050	-
Total	970,796	259,447	81,298	13,186	-	-	-	-	1,052,094	272,634

21. DEBT INSTRUMENTS ISSUED AND OTHER FINANCIAL LIABILITIES

Debt instruments issued as of December 31, 2020 and 2019, are detailed by maturity in the following table:

A) DEBT INSTRUMENTS ISSUED

	UP TO ONE YEAR		FROM ONE TO THREE YEARS		FROM THREE TO SIX YEARS		MORE THAN SIX YEARS		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
MORTGAGE BONDS:										
Mortgage bonds for residential purposes	373	30	388	115	104	1,259	(314)	(154)	551	1,251
Mortgage bonds for general purposes	5	3	185	215	650	689	9,595	10,278	10,435	11,184
Subtotal	378	33	573	330	754	1,948	9,281	10,124	10,986	12,435
BONDS:										
Senior bonds	267,373	219,146	686,168	605,487	1,044,496	1,026,499	573,764	629,138	2,571,801	2,480,270
Subordinated bonds	-	7,904	4,699	16,366	-	18,515	343,103	232,886	347,802	275,671
Subtotal	267,373	227,050	690,867	621,853	1,044,496	1,045,014	916,867	862,024	2,919,603	2,755,941
Total	267,751	227,083	691,440	622,183	1,045,250	1,046,962	926,148	872,148	2,930,589	2,768,376

B) OTHER FINANCIAL LIABILITIES

	UP TO ONE YEAR		FROM ONE TO THREE YEARS		FROM THREE TO SIX YEARS		MORE THAN SIX YEARS		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
PUBLIC-SECTOR OBLIGATIONS:										
CORFO financing	230	1,219	609	909	1,280	1,677	12,067	361	14,186	4,166
Subtotal	230	1,219	609	909	1,280	1,677	12,067	361	14,186	4,166
OTHER CHILEAN OBLIGATIONS:										
Payables to credit card operators	4,329	5,789	-	-	-	-	-	-	4,329	5,789
Obligations in favor of Chilean exporters	-	-	-	-	-	-	-	-	-	-
Subtotal	4,329	5,789	-	-	-	-	-	-	4,329	5,789
Total	4,559	7,008	609	909	1,280	1,677	12,067	361	18,515	9,955

22. LEASE LIABILITIES

Lease liabilities as of December 31, 2020 and 2019, are as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
Lease liabilities	8,869	9,474
Lease installments paid	(1,500)	(1,274)
Other	196	150
Balances as of December 31, 2020	7,565	8,350

The composition and maturities of lease liabilities as of December 31, 2020, are as follows:

(IN NOMINAL VALUES)	MATURITY OF LEASE PAYMENTS							
	UP TO ONE YEAR		UP TO FIVE YEARS		MORE THAN 5 YEARS		TOTAL MCH$	
	MCH$		MCH$		MCH$			
Lease payments	1,411	1,612	4,967	5,156	1,187	1,582	7,565	8,350

23. PROVISIONS

A) As of December 31, 2020 and 2019, the Bank and its subsidiaries recognized the following provisions:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
PROVISIONS FOR PAYROLL AND EMPLOYEE BENEFITS		
Provision for other employee benefits	54	38
Vacation provisions	3,967	3,361
Subtotal - Provisions for payroll and employee benefits	4,021	3,399
MINIMUM DIVIDEND PROVISION	18,044	23,089
PROVISIONS FOR CONTINGENT LOANS		
Guarantees and pledges	131	113
Confirmed foreign letters of credit	-	-
Issued documentary letters of credit	18	31
Performance and bid bonds	2,533	2,043
Unrestricted lines of credit	4,025	2,905
Subtotal - Contingent loan risk	6,707	5,092
CONTINGENCY PROVISIONS		
Country risk provisions	463	274
Additional provisions - commercial loans	3,000	-
Additional provisions - consumer loans	1,000	-
Minimum provision adjustment	-	1,411
Other contingency provisions	4,391	1,164
Subtotal - Contingency provisions	8,854	2,849
Total other provisions	37,626	34,429

In the opinion of the Bank's management, the provisions recognized cover all potential losses that may arise from not recovering assets, based on the information examined by the Bank and its subsidiaries.

B) In 2020 and 2019, provision movements are detailed as follows:

	PAYROLL AND EMPLOYEE BENEFITS MCH$	MINIMUM DIVIDENDS MCH$	CONTINGENT LOAN RISK MCH$	CONTINGENCIES MCH$	TOTAL MCH$
BALANCE AS OF JANUARY 1, 2019	3,078	21,796	7,344	6,314	38,532
Provisions recognized	899	21,219	7,482	3,036	32,636
Reversal of provisions	(578)	(19,926)	(9,734)	(6,501)	(36,739)
Balance as of December 31, 2019	3,399	23,089	5,092	2,849	34,429
BALANCE AS OF JANUARY 1, 2020	3,399	23,089	5,092	2,849	34,429
Provisions recognized	2,258	16,022	9,278	7,900	35,458
Reversal of provisions	(1,636)	(21,067)	(7,663)	(1,895)	(32,261)
Balances as of December 31, 2020	4,021	18,044	6,707	8,854	37,626

24. OTHER LIABILITIES

Other liabilities as of December 31, 2020 and 2019, are as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
Accounts and notes payable	20,159	19,061
Dividends payable	35	35
Unearned revenue	-	122
Short sales	1	2
Payables to customers for brokerage services	9,359	36,860
Payables to brokers for brokerage services	3,762	1,761
Funds retained current account guarantee	-	-
Comder guarantee	1,161	4,126
Bilateral guarantees	2,825	13,240
Other liabilities	4,133	6,974
Total	41,435	82,181

25. CONTINGENCIES AND COMMITMENTS

A) LAWSUITS AND LEGAL PROCEEDINGS

LEGAL CONTINGENCIES WITHIN THE ORDINARY COURSE OF BUSINESS

As of the date of issuance of these consolidated financial statements, some legal actions have been filed against the Bank and its subsidiaries involving its normal operations. Management and its legal counsel do not believe that the Bank and its subsidiaries are exposed to any potential significant losses not disclosed in these financial statements.

B) CONTINGENT LOANS

The following note contains the amounts for which the Bank is contractually obliged to provide loans and the amount of loan loss provisions recognized:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
Performance and bid bonds	210,244	273,747
Immediately available credit lines	906,465	890,020
Letters of credit	11,607	8,724
Guarantees and pledges	16,552	17,375
Provisions recognized	(1,615)	(5,092)
Total	1,143,253	1,184,774

C) LIABILITIES

The Bank and its subsidiaries are liable for the following as a result of their normal course of business:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
Securities and bonds provided as guarantee	6,800,570	6,170,130
Instruments in custody	1,280,976	1,191,970
Signed lease agreements	29,710	33,603
Notes in collections	112,978	101,734
Total	8,224,234	7,497,437

D) GUARANTEES FURNISHED

BANCO SECURITY

As of December 31, 2020 and 2019, the Bank does not have any assets furnished as guarantee.

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

MUTUAL FUNDS:

On January 10, 2020, Administradora General de Fondos Security S.A., in compliance with article 266 of Law No. 18,045 (Securities Market Law), with regards to renewing Fund Guarantees, contracted insurance policies for its Mutual Funds from MAPFRE Seguros Generales S.A., for UF977,500, expiring on January 10, 2021. This was done to guarantee faithful performance of its obligations as fund manager to manage third-party funds and cover compensation for damages resulting from non-compliance.

INVESTMENT FUNDS:

On April 27, 2020, Administradora General Fondos Security S.A., contracted an insurance policy from MAPFRE Seguros Generales S.A., for UF10,000, expiring on January 9, 2021, to guarantee faithful performance of its obligations as fund manager to manage third-party funds and cover compensation for damages resulting from non-compliance for the Monarch Capital Partners V. Investment Fund, in accordance with Article 226 of Law No. 18,045.

On March 23, 2020, Administradora General Fondos Security S.A., contracted an insurance policy from MAPFRE Seguros Generales S.A., for UF10,000, expiring on January 9, 2021, to guarantee faithful performance of its obligations as fund manager to manage third-party funds and cover compensation for damages resulting from non-compliance for the Security Stepstone Real Estate Partners IV Investment Fund, in accordance with Article 226 of Law No. 18,045.

On January 10, 2020, Administradora General de Fondos Security S.A., in compliance with article 266 of Law No. 18,045 (Securities Market Law), with regards to renewing Fund Guarantees, contracted insurance policies for its Investment Funds from MAPFRE Seguros Generales S.A., for UF214,500, expiring on January 10, 2021. This was done to guarantee faithful performance of its obligations as fund manager to manage third-party funds and cover compensation for damages resulting from non-compliance.

VALORES SECURITY S.A. CORREDORES DE BOLSA

As of December 31, 2020, Valores Security S.A. Corredora de Bolsa, in compliance with articles 30 and 31 of Law No. 18,045 (Securities Market Law), has established a guarantee of UF 20,000 that expires on April 22, 2022, through MAPFRE Garantías y Crédito S.A., designating Santiago Exchange as the depositary and custody institution.

With respect to the ruling issued by Santiago Exchange requiring all brokers to have comprehensive insurance coverage beginning February 1, 1998, Valores Security S.A. Corredora de Bolsa has a comprehensive banking insurance policy with Liberty Compañía de Seguros Generales S.A. for UF 400,000, that expires on September 30, 2021, which provides all of the coverage required by that ruling.

In order to guarantee forward transactions, Valores Security S.A. Corredores de Bolsa has deposited stocks in custody of Santiago Exchange totaling MCH$20,545 and MCH$15,394 as of December 31, 2020 and 2019.

In compliance with CMF General Standard 1898, Valores Security S.A. Corredores de Bolsa has contracted an insurance policy for UF10,000 expiring on January 8, 2021, through Compañía de Seguros de Crédito Continental S.A., in favor of holders of voluntary retirement savings plans.

In compliance with General Standard 363 of April 30, 2014, which refer to a guarantee for correct professional performance in accordance with Law 20,712 on managing third-party funds and individual portfolios, Valores Security S.A. Corredores de Bolsa has taken out insurance for UF244.152 through Compañía de Seguros Continental expiring on March 31, 2021.

In order to guarantee transactions in the settlement clearing system, Valores Security S.A. Corredores de Bolsa has deposited financial instruments as guarantees with CCLV Countraparte Central totaling MCH$2,726 and MCH$3,620 as of December 31, 2020 and 2019, respectively.

26. EQUITY

A) The Bank's authorized capital is comprised of 246,000,000 single-series shares, of which 228,476,744 are fully subscribed and paid.

Movements of issued and paid-in shares are as follows:

	COMMON SHARES		PREFERENTIAL SHARES	
	2020	2019	2020	2019
Opening balance	228,476,744	228,476,744	-	-
Payment of subscribed shares	-	-	-	-
Balance	228,476,744	228,476,744	-	-

As of the end of this reporting period, the Bank's shareholders are as follows:

	2020		2019	
SHAREHOLDERS	NO. OF SHARES	OWNERSHIP INTEREST (%)	NO. OF SHARES	OWNERSHIP INTEREST (%)
Grupo Security	228,419,348	99.97	228,419,348	99.97
Other	57,396	0.03	57,396	0.03
Total	228,476,744	100.00	228,476,744	100.00

B) As of December 31, 2020 and 2019, earnings per share is detailed as follows:

ATTRIBUTABLE TO OWNERS OF THE BANK:

	DECEMBER	
	2020 MCH$	2019 MCH$
Profit for the year	60,150	76,963
Average outstanding shares	228,476,744	228,476,744
EARNINGS PER SHARE:		
Basic	$ 263	$ 337
Diluted	$ 263	$ 337

C) Reserve accounts within the statement of changes in equity are as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
Opening balance	24,739	25,654
Other equity movements (*)	(567)	(915)
Closing balance	24,172	24,739
(*) Opening balance of other equity movements		
Movement subsidiary Administradora General de Fondos Security S.A.	(233)	(218)
Movement subsidiary Valores Security S.A. Corredora de Bolsa	(334)	(697)
Total	(567)	(915)

D) Valuation accounts within the statement of changes in equity are as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
INSTRUMENTS AVAILABLE FOR SALE:		
Valuation	19,263	9,349
Deferred taxes	(5,201)	(2,524)
Subtotal	14,062	6,825
ACCOUNTING HEDGES:		
Valuation	(3,045)	2,662
Deferred taxes	821	(720)
Subtotal	(2,224)	1,942
Total	11,838	8,767

E) For the year ended December 31, 2020, the following dividend was declared and paid:

DESCRIPTION	DISTRIBUTABLE PROFIT MCH$	DIVIDENDS MCH$	RESERVES MCH$	DIVIDENDS PER SHARE CH$
2019 Fiscal Year Shareholders' meeting No. 38	76,963	23,089	53,874	101.06
2018 Fiscal Year Shareholders' meeting No. 37	72,653	43,591	29,062	190.8

As of December 31, 2020 and 2019, the Bank recognized a provision for minimum dividends in accordance with Law No. 18,046 on Corporations and Chapter B4 of the CMF Compendium of Accounting Standards amounting to MCH$18,044 and MCH$23,089, respectively.

F) BASIC AND REGULATORY CAPITAL:

In accordance with the General Banking Law, a financial institution must have a minimum core capital of no less than 3% of total assets and a regulatory capital of not less than 8% of its risk-weighted assets. As of December 31, 2020, Banco Security has a core capital of 7.85% (7.13% in December 2019) and 14.05% (12.31% in December 2019), respectively.

27. INTEREST AND INDEXATION

Interest and indexation accrued and received for the years ended December 31, 2020 and 2019, are as follows:

	INTEREST		INDEXATION		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
REPURCHASE AGREEMENTS	13	21	-	-	13	21
LOANS AND ADVANCES TO BANKS	242	887	-	-	242	887
COMMERCIAL LOANS:						
Commercial loans	172,365	181,483	57,800	49,252	230,165	230,735
Foreign trade loans	8,520	11,208	-	430	8,520	11,638
Current account overdrafts	5,080	7,453	-	-	5,080	7,453
Student loans	201	250	104	125	305	375
Commercial lease agreements	17,478	17,319	8,334	7,938	25,812	25,257
Prepayment commissions on commercial loans	-	1	5,464	3,921	5,464	3,922
Total income from commercial loans	203,644	217,714	71,702	61,666	275,346	279,380
MORTGAGE LOANS						
Loans funded with mortgage bonds	69	101	40	57	109	158
Commissions on loans funded with mortgage bonds	17	20	-	-	17	20
Loans funded with own resources	5,297	5,135	5,936	4,734	11,233	9,869
Other mortgage loans	14,174	15,341	12,944	12,753	27,118	28,094
Total income from mortgage loans	19,557	20,597	18,920	17,544	38,477	38,141
CONSUMER LOANS						
Consumer installment loans	24,024	24,873	159	-	24,183	24,873
Current account overdrafts	15,221	18,638	-	-	15,221	18,638
Credit card loans	11,291	13,059	-	-	11,291	13,059
Consumer leases	-	-	-	-	-	-
Prepayment commissions on consumer loans	-	-	4	3	4	3
Total income from consumer loans	50,536	56,570	163	3	50,699	56,573
INVESTMENT SECURITIES:						
Investments available for sale	20,133	20,936	4,071	2,810	24,204	23,746
Total income from investment securities	20,133	20,936	4,071	2,810	24,204	23,746
Other interest or indexation income:	5,243	7,761	144	240	5,387	8,001
Loss from accounting hedges	(2,615)	(528)	-	-	(2,615)	(528)
Total interest and indexation income	296,753	323,958	95,000	82,263	391,753	406,221

For the years ended December 31, 2020 and 2019, interest and indexation expenses are as follows:

	INTEREST		INDEXATION		OTHER		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
DEPOSITS								
Demand deposits	(17)	(150)	(168)	(97)	-	-	(185)	(247)
Time deposits	(46,015)	(88,595)	(984)	(2,520)	-	-	(46,999)	(91,115)
Total expenses for deposits	(46,032)	(88,745)	(1,152)	(2,617)	-	-	(47,184)	(91,362)
Repurchase agreements	(347)	(588)	-	-	-	-	(347)	(588)
Borrowings from financial institutions	(7,255)	(7,807)	-	-	-	-	(7,255)	(7,807)
Other financial liabilities	(82)	(153)	(71)	-	-	-	(153)	(153)
DEBT ISSUED								
Interest on mortgage bonds	(475)	(529)	(303)	(336)	-	-	(778)	(865)
Interest on senior bonds	(61,729)	(57,097)	(58,304)	(49,306)	-	-	(120,033)	(106,403)
Interest on subordinated bonds	(10,198)	(9,127)	(7,644)	(6,446)	-	-	(17,842)	(15,573)
Total expenses for debt issued	(72,402)	(66,753)	(66,251)	(56,088)	-	-	(138,653)	(122,841)
Lease liabilities	(172)	(158)	-	-			(172)	(158)
Other interest or indexation expenses	(21)	(131)	-	(133)	-	-	(21)	(264)
Loss from accounting hedges	(1,646)	(613)	-	-	-	-	(1,646)	(613)
Total interest and indexation expenses	(127,957)	(164,948)	(67,474)	(58,838)	-	-	(195,431)	(223,786)

28. FEES AND COMMISSIONS

Fee and commission income and expenses for the years ended December 31, 2020 and 2019, which are presented in the consolidated statement of income, consist of the following items:

	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH$	FOR THE YEAR ENDED DECEMBER 31, 2019 MCH$
FEE AND COMMISSION INCOME		
Lines of credit and overdrafts	637	701
Guarantees and letters of credit	4,903	5,846
Card services	7,608	9,345
Account maintenance	4,436	4,627
Collections and payments	10,813	13,748
Securities brokerage and management	11,785	11,670
Mutual funds and other investments	21,824	24,272
Other fees and commissions earned	8,415	10,977
Total fee and commission income	70,421	81,186
FEE AND COMMISSION EXPENSES		
Credit card transaction fees	(19)	(40)
Securities transaction fees and commissions	(530)	(3,925)
Sales service fees and commissions	(10,212)	(7,083)
Other fees and commissions	(1,848)	(2,861)
Total fee and commission expenses	(12,609)	(13,909)
Total net fee and commission income	57,812	67,277

29. NET FINANCIAL OPERATING INCOME

Net financial operating income for the years ended December 31, 2020 and 2019, is as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH$	FOR THE YEAR ENDED DECEMBER 31, 2019 MCH$
FINANCIAL INSTRUMENTS HELD FOR TRADING		
Interest and indexation	1,537	2,554
Fair value adjustment	720	49
Gain on sale	1,679	3,050
Loss on sale	(228)	(398)
Gain on mutual fund investments	2,061	3,398
Subtotal	5,769	8,653
TRADING DERIVATIVES		
Gain on derivative instruments	508,501	604,041
Loss on derivative instruments	(499,053)	(598,794)
Subtotal	9,448	5,247
SALE OF INVESTMENTS AVAILABLE FOR SALE		
Fair value adjustments transferred to profit (loss)	-	-
Gain on sale	15,032	12,020
Loss on sale	(3,259)	(1,324)
Subtotal	11,773	10,696
Sale of loan portfolio	1,734	752
NET GAIN (LOSS) FROM OTHER TRANSACTIONS		
Purchases of mortgage bonds issued by the Bank	(1)	(1)
Net gain on ineffective hedges	-	-
Other income	228	634
Other expenses	(2,833)	(1,903)
Subtotal	(2,606)	(1,270)
Total net financial operating income	26,118	24,078

30. NET FOREIGN EXCHANGE TRANSACTIONS

For the years ended December 31, 2020 and 2019, net foreign exchange transactions for the Bank and its subsidiaries are as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH$	FOR THE YEAR ENDED DECEMBER 31, 2019 MCH$
NET FOREIGN EXCHANGE TRANSACTIONS:		
Net gain on currency positions	15,199	13,760
Net gain (loss) - cash flow hedges	-	-
Other currency gains	949	1,390
Subtotal	16,148	15,150
NET LOSS FOR EXCHANGE RATE ADJUSTMENTS:		
Indexation of loans to customers	-	-
Indexation of other liabilities	(10)	-
Subtotal	(10)	-
NET LOSS ON HEDGING DERIVATIVES:		
Net foreign exchange loss (hedged)	(10,337)	(4,689)
Subtotal	(10,337)	(4,689)
Total	5,801	10,461

31. LOAN LOSS PROVISIONS

Movements in loan loss provisions for the years ended December 31, 2020 and 2019, are as follows:

	LOANS AND ADVANCES TO BANKS		LOANS TO CUSTOMERS						CONTINGENT LOANS		TOTAL	
			COMMERCIAL LOANS		MORTGAGE LOANS		CONSUMER LOANS					
	DECEMBER		DECEMBER		DECEMBER		DECEMBER		DECEMBER		DECEMBER	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
PROVISIONS RECOGNIZED:												
Individual provisions	(2)	(20)	(104,497)	(70,789)	-	-	-	-	(4,537)	(3,441)	(109,036)	(74,250)
Group provisions	-	-	(11,703)	(16,642)	(2,397)	(2,382)	(61,582)	(56,444)	(4,741)	(4,041)	(80,423)	(79,509)
Additional provisions	-	-	(3,000)	-	-	-	(1,000)	-	-	-	(4,000)	-
Minimum provision adjustment	-	-	-	(422)	-	-	-	-	-	(11)	-	(433)
Total provisions recognized	(2)	(20)	(119,200)	(87,853)	(2,397)	(2,382)	(62,582)	(56,444)	(9,278)	(7,493)	(193,459)	(154,192)
REVERSAL OF PROVISIONS:												
Individual provisions	3	55	59,740	53,740	-	-	-	-	3,803	5,312	63,546	59,107
Group provisions	-	-	12,651	10,243	1,974	1,827	35,628	32,791	3,860	4,422	54,113	49,283
Additional provisions	-	-	-	-	-	-	-	-	-	-	-	-
Minimum provision adjustment	-	3	1,325	-	-	-	-	-	86	-	1,411	3
Total provisions reversed	3	58	73,716	63,983	1,974	1,827	35,628	32,791	7,749	9,734	119,070	108,394
Recovery of written-off assets	-	-	1,458	989	10	307	2,633	2,612	-	-	4,101	3,908
Provisions, net	1	38	(44,026)	(22,881)	(413)	(248)	(24,321)	(21,041)	(1,529)	2,241	(70,288)	(41,891)

In management's opinion, the loan loss provisions recognized for the years ended December 31, 2020 and 2019, cover the potential losses that may arise from not recovering these assets.

32. PAYROLL AND PERSONNEL EXPENSES

Payroll and personnel expenses consist of expenses accrued during the year for remunerations and compensation of employees and other expenses derived from the employee-employer relationship.

A) Expenses for these items for the years ended December 31, 2020 and 2019, are detailed as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH$	FOR THE YEAR ENDED DECEMBER 31, 2019 MCH$
Payroll	(39,672)	(40,786)
Bonuses	(15,359)	(10,424)
Severance indemnities	(5,080)	(1,849)
Training expenses	(74)	(281)
Other benefits	(5,239)	(5,535)
Total	(65,424)	(58,875)

B) Other personnel expenses recognized during the years ended December 31, 2020 and 2019, are as follows:

	NO. OF EMPLOYEES RECEIVING BENEFIT		REASON FOR BENEFIT	TOTAL	
	2020	2019		2020 MCH$	2019 MCH$
BONUSES					
Productivity bonus	1,292	725	Voluntary	(10,395)	(5,798)
Legal bonuses and employer contributions	1,145	1,384	Contractual	(3,126)	(3,046)
Other bonuses	1,280	1,120	Contractual	(1,838)	(1,580)
Total bonuses				(15,359)	(10,424)
OTHER BENEFITS					
Health insurance	1,289	1,359	Contractual	(1,328)	(1,393)
Life insurance	264	288	Contractual	(148)	(162)
Meal allowance	1,259	1,374	Contractual	(1,731)	(1,656)
Annual events		-	Voluntary	-	-
Childcare	38	120	Birth of child	(249)	(261)
Other benefits	1,196	1,377	Voluntary	(1,783)	(2,063)
Total other benefits				(5,239)	(5,535)

33. ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31, 2020 and 2019, are detailed as follows.

	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH$	FOR THE YEAR ENDED DECEMBER 31, 2019 MCH$
GENERAL ADMINISTRATIVE EXPENSES		
Maintenance and repair of property, plant and equipment	(4,323)	(2,238)
Expenses for short-term leases	(2,254)	(2,248)
Insurance premiums	(525)	(281)
Office supplies	(233)	(410)
IT and communications expenses	(5,940)	(6,052)
Lighting, heating and other utilities	(410)	(462)
Security services and armored transport	(159)	(136)
Travel and entertainment expenses	(113)	(729)
Court and notary expenses	(1,741)	(1,757)
Fees for technical reports	(13,810)	(14,956)
Audit fees	(228)	(155)
Securities rating fees	(31)	(30)
CMF fines	-	(35)
Other regulatory fines	(41)	(31)
Banking expenses	(227)	(290)
Advisory expenses	(2,130)	(6,185)
Building fees	(947)	(953)
Postage and mail	(106)	(158)
Credit card expenses - Retail Banking	(4,284)	(5,332)
Other general administrative expenses	(4,666)	(3,782)
Subtotal	(42,168)	(46,220)
OUTSOURCED SERVICES:		
Data processing	(8,870)	(8,742)
Other	(2,201)	(1,948)
Subtotal	(11,071)	(10,690)
Board fees	(1,059)	(1,030)
Advertising	(2,839)	(5,861)
TAXES, PROPERTY TAXES AND CONTRIBUTIONS:		
Property taxes	(195)	(191)
Municipal business permits	(923)	(889)
Other taxes	(32)	(63)
Contribution to CMF	(2,308)	(2,003)
Subtotal	(3,458)	(3,146)
Total	(60,595)	(66,947)

34. DEPRECIATION AND AMORTIZATION

A) DEPRECIATION AND AMORTIZATION

Depreciation and amortization by type of asset charged to profit or loss for the years ended December 31, 2020 and 2019, are as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH$	FOR THE YEAR ENDED DECEMBER 31, 2019 MCH$
Depreciation of property, plant and equipment	(2,127)	(1,971)
Amortization and impairment of intangible assets	(4,034)	(3,690)
Amortization and depreciation of right-to-use assets	(1,675)	(1,472)
Total depreciation, amortization and impairment	(7,836)	(7,133)

35. IMPAIRMENT

- **INVESTMENTS AVAILABLE FOR SALE**

The Bank and its subsidiaries regularly test for objective evidence of impairment of their financial investments not carried at fair value through profit and loss.

Assets are impaired if there is objective evidence that shows that a loss event has occurred after the initial recognition of the asset and the loss event has an impact on the estimated future cash flows of the financial asset.

Objective evidence includes financial difficulty of the counterparty, breach of contractual clauses, granting of concessions or advantages that would not have been granted if the counterparty had not shown evidence of impairment, a measurable reduction in the asset's estimated future cash flows and, in the case of financial investments, the disappearance of an active or liquid market.

For the years ended December 31, 2020 and 2019, no impairment losses were recognized for investments available for sale.

- **INTANGIBLE ASSETS**

For the year ended December 31, 2020 and 2019, no impairment losses were recognized on intangible assets.

36. OTHER OPERATING INCOME AND EXPENSES

A) OTHER OPERATING INCOME

Details of other operating income recognized in the consolidated statement of income are as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH$	FOR THE YEAR ENDED DECEMBER 31, 2019 MCH$
Income from repossessed assets	304	137
Reversal of contingency provisions	184	107
Gain on sale of property, plant and equipment	1,028	1,580
Rental payments received	141	189
Recovery of expenses	1,465	2,418
Leasing division income	431	335
Mortgage division income	31	51
Other income	277	652
Total other operating income	3,861	5,469

B) OTHER OPERATING EXPENSES

	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH$	FOR THE YEAR ENDED DECEMBER 31, 2019 MCH$
Provisions for repossessed assets ((*)	(1,602)	(396)
Write-offs of repossessed assets (*)	(1,038)	(126)
Maintenance expenses for repossessed assets (*)	(179)	(100)
Contingency provisions (*)	(373)	(119)
Loss on sale of property, plant and equipment	(12)	(1,302)
Operational write-offs (**)	(121)	(166)
Mortgage costs	(2,545)	(1,579)
Operating expenses	(2,183)	(7,504)
Loss on sale of recovered leased assets	(1,251)	(213)
Leasing normalization expenses	(224)	(189)
Legal contingency expenses	(76)	(487)
Other expenses	(848)	(1,171)
Total other operating expenses	(10,452)	(13,352)

(*) In the consolidated statement of cash flows, the concept other provisions consists of the items provisions, write-offs and expenses for repossessed assets and contingency provisions.
(**) Operating write-offs are presented in the consolidated statement of cash flows under the same heading.

37. RELATED PARTY TRANSACTIONS

Related parties are defined as persons or entities having an interest either directly or through third parties in the ownership of the Bank and its subsidiaries that exceeds 1% of shares or 5% of publicly-traded shares, as well as persons without an ownership interest that have authority and responsibility in planning, management and control of the Bank's activities and those of its subsidiaries. Companies in which one of the Bank's related parties, related either through ownership or management, has a share greater than or equal to 5% or in which they exercise the role of director, CEO or its equivalent, are also considered to be related companies.

Article 89 of the Corporations Law, which also applies to banks, provides that any transaction with a related party must take place under arm's length conditions similar to those prevailing in the market.

Moreover, Article 84 of the General Banking Law establishes limits on loans granted to related parties and prohibits the granting of loans to the Bank's directors, managers and general representatives.

A) RELATED PARTY LOANS

The following table details loans and accounts receivable, contingent loans and assets related to trading and investment securities, corresponding to related entities.

	PRODUCERS OF GOODS AND SERVICES		INVESTMENT COMPANIES		INDIVIDUALS		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
LOANS AND RECEIVABLES:								
Commercial loans	76,173	84,633	34	46	2,738	3,682	78,945	88,361
Mortgage loans	-	-	-	-	8,484	9,099	8,484	9,099
Consumer loans	-	-	-	-	1,338	1,842	1,338	1,842
Gross loans and receivables	76,173	84,633	34	46	12,560	14,623	88,767	99,302
Loan loss provisions	(586)	(238)	-	-	(55)	(162)	(641)	(400)
Net loans and receivables	75,587	84,395	34	46	12,505	14,461	88,126	98,902
CONTINGENT LOANS:								
Total contingent loans	25,583	24,293	59	59	3,656	3,622	29,298	27,974
Contingent loan provisions	(105)	(49)	(1)	(1)	(7)	(6)	(113)	(56)
Net contingent loans	25,478	24,244	58	58	3,649	3,616	29,185	27,918
INVESTMENTS:								
Held for trading	-	-	-	-	-	-	-	-
Available for sale	-	-	-	-	-	-	-	-
Total investments	-	-	-	-	-	-	-	-
	101,065	108,639	92	104	16,154	18,077	117,311	126,820

B) OTHER ASSETS AND LIABILITIES WITH RELATED PARTIES

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
ASSETS		
Financial derivative instruments	60,747	40,097
Total other assets with related parties	60,747	40,097
LIABILITIES		
Financial derivative instruments	32,192	72,376
Demand deposits	24,869	25,326
Savings accounts and time deposits	456,709	439,919
Total other liabilities with related parties	513,770	537,621

C) GAIN (LOSS) ON TRANSACTIONS WITH RELATED PARTIES

	GAIN (LOSS)	
	DECEMBER 31,	
	2020 MCH$	2019 MCH$
Net interest and indexation income	231	1,172
Net fee and commission income	1,418	2,237
Net foreign exchange transactions	571	584
Operating support expenses	(34,519)	(33,489)
Operating support income	12,798	18,256
Other income and expenses	(5,370)	(3,702)
Total loss from related party transactions	(24,871)	(14,942)

D) RELATED PARTY CONTRACTS

These include any contract entered into each year that does not involve habitual transactions within the Bank's line of business with general customers and is for more than UF 3,000.

These contracts are as follows:

LEGAL NAME	DESCRIPTION	CREDITS TO PROFIT DECEMBER 31, 2020 MCH$	CREDITS TO PROFIT DECEMBER 31, 2019 MCH$	CHARGES TO PROFIT DECEMBER 31, 2020 MCH$	CHARGES TO PROFIT DECEMBER 31, 2019 MCH$
Capital S.A. (Formerly Inversiones Invest Security Ltda.)	Service contract	-	-	11,919	12,675
Travel Security S.A.	Office lease and airfare	807	802	91	555
Seguros Vida Security Previsión S.A.	Insurance	5,128	9,586	2,896	2,885
Global Security Gestión y Servicios Ltda.	Service contract	-	-	14,267	8,356
Mandatos Security Ltda.	Service contract	-	-	2,117	4,376
Asesorías Security S.A.	Advisory services	-	-	-	100
Redbanc S.A.	Service contract	-	-	611	470
Transbank S.A.	Service contract	5,783	7,868	2,496	3,933
Rentas Inmobiliaria Fenix SPA	Service contract	482	-		-
ENEL S.A. (formerly Chilectra S.A.)	Sale of electric power	-	-	122	139
Cabo de Hornos S.A.	Proceeds from lease agreement	263	-	-	-
Agricovial S.A.	Proceeds from lease agreement	116	-	-	-
Inmobiliaria e Inversiones Alcantara S.A.	Advisory services	120	-	-	-

D) PAYMENTS TO BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

In 2020 and 2019, the following payments were made to members of the board and key management personnel and charged to profit or loss.

	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH$	FOR THE YEAR ENDED DECEMBER 31, 2019 MCH$
Payroll and bonuses	4,694	5,318
Severance indemnities	2,484	30
Board compensation and fees	994	800
Total	8,172	6,148

	NO. OF EXECUTIVES 2020	NO. OF EXECUTIVES 2019
Directors	12	8
CEOs	3	3
Division Managers	3	5
Department Managers	14	15
Total	32	31

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

A) FAIR VALUE ASSETS AND LIABILITIES

The following table summarizes the fair values of the Bank's main financial assets and liabilities, including those not recognized at fair value in the statement of financial position. The values shown in this note do not attempt to estimate the value of the Bank's income-generating assets, nor forecast their future behavior. As of December 31, 2020 and 2019, the estimated fair values of the Bank's financial instruments are as follows:

	CARRYING AMOUNT		ESTIMATED FAIR VALUE	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
ASSETS				
Cash and due from banks	447,692	693,082	447,692	693,082
Transactions in the course of collection	39,433	150,526	39,433	150,526
Financial instruments held for trading	110,673	123,763	110,673	123,763
Receivables from resale agreements and securities borrowing	-	-	-	-
Financial derivative instruments	223,385	274,975	223,385	274,975
Loans and advances to banks	724	568	725	568
Loans to customers	6,104,615	5,950,720	6,490,996	6,148,765
Investments available for sale	932,317	756,594	932,317	756,594
Investments held to maturity	-	-	-	-
LIABILITIES				
Current accounts and other demand deposits	1,175,142	974,730	1,175,142	974,730
Transactions in the course of payment	29,276	130,482	29,276	130,482
Payables from repurchase agreements and securities lending	9,764	79,811	9,761	79,891
Savings accounts and time deposits	1,890,734	3,039,673	1,874,943	3,039,049
Financial derivative instruments	220,106	244,482	220,106	244,482
Borrowings from financial institutions	1,052,094	272,634	1,064,101	272,823
Debt issued	2,930,589	2,768,376	3,302,362	2,907,411
Other financial liabilities	18,515	9,955	18,439	9,538

The fair value of assets not recognized at that value in the statement of financial position is derived from estimated cash flows the Bank expects to receive, discounted using the relevant market interest rate for each type of transaction.

The fair value of liabilities without market quotes is based on discounted cash flows using the interest rate for similar maturity terms.

Therefore, the largest differences between the carrying amount and the fair value occur in more long-term assets (commercial loans) and liabilities (debt issued) and, inversely, short-term items present a smaller or no difference between these values (e.g. transactions in the course of collection and cash).

B. FAIR VALUE DETERMINATION

The Bank uses the following criteria to calculate and classify the market value of financial instruments.

- **LEVEL 1:**
  Observable prices in active markets for the specific type of instrument or transaction to be measured.

- **LEVEL 2:**
  Valuation techniques based on observable factors. This category includes instruments valued using: Quoted prices for similar instruments, either in active or less active markets. Other valuation techniques, when all significant inputs are directly or indirectly observable based on market data.

- **LEVEL 3:**
  Valuation techniques that use significant unobservable factors. This category includes all instruments where the valuation technique includes factors that are not based on observable data and the unobservable factors can have a significant effect on the valuation of the instrument. This category contains instruments that are valued based on quoted prices for similar instruments that require adjustments or significant unobservable assumptions to reflect the differences between them.

The valuation techniques employed are based on estimates of market factors using mathematical and statistical models widely used in financial literature, which are backtested.

All these techniques are based on policies reviewed by the relevant committees and boards at least once a year, or more frequently if necessary.

Level 3 includes price estimates for swaps with a yield curve based on the TAB rate (Chilean pesos and Unidad de Fomento), since a yield curve is not observable in the market as a result of its illiquidity.

The same level includes options embedded in variable-rate mortgage loans that have a ceiling rate. Although they are part of a loan agreement that is accounted for on an accrual basis, the value of the option is estimated and recognized separately from the host contract in the trading book as per regulatory requirements, despite the fact that it is not a standalone financial instrument for which market prices exist.

The following table details the classification of financial instruments by level within the fair value hierarchy as of December 31, 2020 and 2019, respectively.

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
FINANCIAL ASSETS								
FINANCIAL INSTRUMENTS HELD FOR TRADING:								
CHILEAN GOVERNMENT AND CENTRAL BANK INSTRUMENTS								
Chilean Central Bank instruments	22	-	2,500	3,177	-	-	2,522	3,177
Chilean Treasury instruments	204	870	-	1,358	-	-	204	2,229
Other government instruments	-	-	-	57	-	-	-	57
Subtotal	226	870	2,500	4,592	-	-	2,726	5,462
OTHER FINANCIAL INSTRUMENTS:								
Notes for deposits in domestic banks	-	1,416	12,425	36,159	-	-	12,425	37,575
Mortgage bonds in domestic banks	-	-	3,208	3,873	-	-	3,208	3,873
Bonds from domestic banks	2,404	4,050	31,836	1,370	-	-	34,240	5,420
Other instruments issued in Chile	4,839	-	13,802	6,470	-	-	18,641	6,470
Mutual funds	39,433	64,962	-	-	-	-	39,433	64,962
Subtotal	46,676	70,427	61,271	47,873	-	-	107,947	118,301
Total	46,902	71,297	63,771	52,465	-	-	110,673	123,763
TRADING DERIVATIVES:								
Currency forwards	1,353	2,356	61,259	123,567		-	62,612	125,923
Interest rate swaps	-	-	77,266	53,159		-	77,266	53,159
Currency swaps	-	-	52,254	72,919	2,346	2,669	54,600	75,588
Total assets for trading derivatives	1,353	2,356	190,779	249,645	2,346	2,669	194,478	254,671
HEDGE ACCOUNTING DERIVATIVES:								
	-	-	13	-	-	-	13	
Currency swaps	-	-	28,894	20,305	-	-	28,894	20,305
Total assets for hedge accounting derivatives	-	-	28,907	20,305	-	-	28,907	20,305
Total assets for financial derivatives	1,353	2,356	219,686	269,951	2,346	2,669	223,385	274,975
INVESTMENTS AVAILABLE FOR SALE:								
CHILEAN GOVERNMENT AND CENTRAL BANK INSTRUMENTS								
Chilean Central Bank instruments	469,978	315,341	10,708	59,361	-	-	480,686	374,702
Chilean Treasury instruments	38,560		40,367	-	-	-	78,927	-
Subtotal	508,538	315,341	51,075	59,361	-	-	559,613	374,702
OTHER FINANCIAL INSTRUMENTS:								
Notes for deposits in domestic banks	-	1,314	36,100	120,992	-	-	36,100	122,306
Mortgage bonds in domestic banks	-	-	24,031	21,694	-	-	24,031	21,694
Bonds from domestic companies	42,555	57,142	120,410	27,155	-	-	162,965	84,297
Other instruments issued abroad	149,608	153,595	-	-	-	-	149,608	153,595
Subtotal	192,163	212,051	180,541	169,841	-	-	372,704	381,892
Total	700,701	527,393	231,616	229,202	-	-	932,317	756,594
TOTAL FAIR VALUE ASSETS	748,956	601,045	515,073	551,617	2,346	2,669	1,266,375	1,155,332
FINANCIAL LIABILITIES								
TRADING DERIVATIVES:								
Currency forwards	(4,123)	(2,336)	(66,601)	(124,799)		-	(70,724)	(127,135)
Interest rate swaps	-	-	(78,345)	(49,053)	(59)	(106)	(78,404)	(49,158)
Currency swaps	-	-	(51,418)	(58,911)		-	(51,418)	(58,911)
Interest rate put options	-	-		(21)	(16)	-	(16)	(21)
Total liabilities for trading derivatives	(4,123)	(2,336)	(196,364)	(232,784)	(75)	(106)	(200,562)	(235,225)
HEDGE ACCOUNTING DERIVATIVES:								
	-	-	(71)	-	-	-	(71)	-
Interest rate swaps	-	-	(19,473)	(9,257)	-	-	(19,473)	(9,257)
Total liabilities for hedge accounting derivatives	-	-	(19,544)	(9,257)	-	-	(19,544)	(9,257)
Total liabilities for financial derivatives	(4,123)	(2,336)	(215,908)	(242,042)	(75)	(106)	(220,106)	(244,482)
TOTAL FAIR VALUE LIABILITIES	(4,123)	(2,336)	(215,908)	(242,042)	(75)	(106)	(220,106)	(244,482)

39. RISK MANAGEMENT

I. RISK MANAGEMENT OBJECTIVES
II. RISK MANAGEMENT STRUCTURE
III. CREDIT RISK
IV. FINANCIAL RISK
V. OPERATIONAL RISK
VI. RISK COMMITTEE
VII. CAPITAL REGULATORY REQUIREMENTS

I. RISK MANAGEMENT OBJECTIVES

Banco Security considers risk management to be a critical component in guaranteeing business continuity, achieving necessary solvency and ensuring sustainable results. Risk management is intended to minimize losses from risk and optimize the risk-return ratio and growth (risk appetite) defined by senior management.

In order to achieve this, the Bank has made a considerable effort to optimize risk management. Therefore, risk management is separated into three specific divisions by type of risk: Credit Risk, Financial Risk and Operational Risk.

Through this structure, the Bank can properly and timely identify, measure, value and monitor all kinds of risk that Banco Security may face.

II. RISK MANAGEMENT STRUCTURE

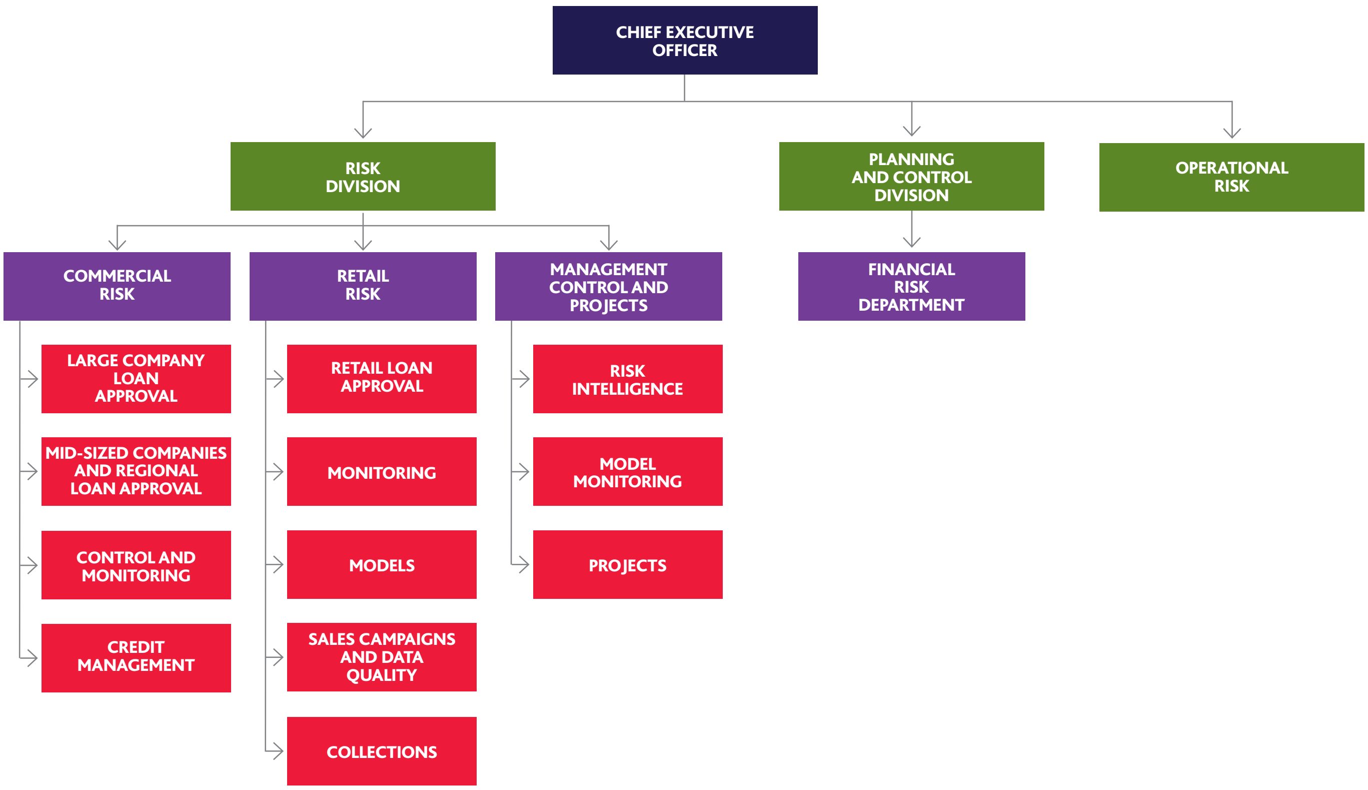
Risk management is carried out through three divisions that report to the Chief Executive Officer: The Risk Division (credit risk); the Planning and Control Division (financial risk) and the Operational Risk Division, all of which operate independently from other business areas and serve as a counterbalance on the Bank's various committees.

The Risk Division is focused on credit risk management and is divided into three departments: Commercial Risk, Retail Risk and Management Control and Projects.

The Financial Risk Department now reports to the Planning and Control Division. It is also responsible for financial control and capital management.

In 2018, the Operational Risk Division was created. This structure helps create complete independence from possible sources of operational risk.

The Bank's risk division is structured as follows:



There is also a Loan Restructuring Department for individual companies within the Structured Business Division, which reports to the Chief Executive Officer.

Another important component of this structure is the Office of the Controller, which is responsible for regularly and independently evaluating whether the defined risk policies enable effective management and meet regulatory requirements. It is also responsible for conducting audits to verify compliance. The conclusions of these audits are analyzed by the Audit Committee and included in a written report submitted to the Bank's CEO and the department managers involved in the review. The reports provide conclusions from the evaluation and a work plan for resolving the observations made.

DESCRIPTION OF DEPARTMENT:

1) CREDIT RISK:

COMMERCIAL RISK:

This department is in charge of risk for entire credit process for customers in the Commercial Banking and Finance divisions. In this role, the department is responsible for defining the policies and procedures for this process and ensuring compliance, all in line with defined risk appetite. It is also responsible for monitoring operations, ensuring risk is correctly classified and maximizing recovery. To accomplish this, the department is structured as follows:

A. LARGE COMPANY LOAN APPROVAL DEPARTMENT:

Department in charge of analyzing risk during customer assessment for the large companies and finance segments. as well as evaluating and controlling the Bank's exposure in foreign markets.

This department also participates in decision-making committees for its segment, such as the Circulating Folder Committee and the Managers Committee; and acts as secretary for the Board Credit Committee.

The Real Estate Analysis Department is within this department, which is responsible for analyzing this portfolio and generating warning reports used by the monitoring department to control real estate customers.

This department also serves as the counterparty and controls the loan process for subsidiaries of Banco Security.

B. MID-SIZED COMPANY AND REGIONAL LOAN APPROVAL DEPARTMENT:

Department in charge of analyzing risk during customer assessment of mid-sized and regional companies. It is also responsible for standardizing and analyzing the financial statements for the entire portfolio,

This department also participates in decision-making committees, such as the Circulating Folder Committee and the Managers Committee; and acts as secretary for the Board Credit Committee. It manages all record keeping and procedures related to loan decision making for Commercial Banking.

C. CREDIT MANAGEMENT DEPARTMENT:

The Credit Management Department is responsible for credit management, particularly changes in portfolio classification and the provisioning process (at month end). It also oversees credit management tasks such as supervising appraisers.

D. CREDIT RISK MONITORING DEPARTMENT:

The Credit Risk Monitoring Department is responsible for three functions:

Early detection, which helps the Bank more efficiently recover amounts owed by customers.

Consolidating customer and loan information, which provides data for the ongoing reclassification process to ensure that customer classifications faithfully reflect potential losses.

It is also responsible for controlling compliance with credit risk policies, and managing the pre-court collections process for Commercial Banking.

It also controls and monitors progress on real estate projects using reports prepared by the Real Estate Analysis Department.

RETAIL RISK:

This department is in charge of risk for entire credit process with customers in the Retail Banking Divisions. In this role, the department is responsible for defining the policies and procedures for this process and ensuring compliance, all in line with defined risk appetite. It is also responsible for monitoring operations, ensuring risk is correctly classified and maximizing recovery through the collections department. To accomplish this, the department is structured as follows:

A. **RETAIL LOAN APPROVAL DEPARTMENT:**

Department in charge of risk for loan approval process (initiation, assessment and decision) with customers in the Retail Banking Division. In this role, it is responsible for defining the policies and procedures for this process and ensuring compliance, all in line with the defined risk appetite.

B. **SALES CAMPAIGN AND DATA QUALITY DEPARTMENT:**

Department in charge of generating sales campaigns and monitoring outcomes.

It is also responsible for the process of validating and maintaining data for the entire Risk Division,

as well as validating regulatory reports for which the Risk Division is responsible.

C. **MODELS DEPARTMENT:**

Department in charge of generating and maintaining models in accordance with the Bank's requirements and guidelines from the Model Monitoring Department.

D. **CREDIT RISK MONITORING DEPARTMENT:**

The Credit Risk Monitoring Department is responsible for three functions:

Early detection, which helps the Bank more efficiently recover amounts owed by customers.

Consolidating customer and loan information, which provides data for the ongoing reclassification process in order to accurately reflect potential losses.

E. **COLLECTIONS DEPARTMENT:**

This department is responsible for the collections process and for efficiently recovering amounts owed by customers with payment problems. It also manages pre-court, court and out-of-court collections (defined as sale of the written-off portfolio once all collections alternatives have been exhausted).

MANAGEMENT CONTROL AND PROJECTS DEPARTMENT:

This department is in charge of three functions: Risk intelligence, model monitoring, provision adequacy, capital reporting and global credit risk management processes:

It is responsible for the following central processes:
- Interpreting and implementing regulatory modifications,
- Updating, coordinating and communicating credit risk policies and their related procedures,
- Managing the Risk Committee.

It also provides internal support such as:
- Managing projects for the division and others related to credit risk management.
- Conducting training.
- Monitoring internal targets.
- Managing the division's budget and director plan.

A. RISK INTELLIGENCE DEPARTMENT:

This department is in charge of continuously monitoring risk indicators, generating risk management and analysis reports and monitoring limits and concentration in order to more efficiently manage risk in accordance with the Bank's defined risk appetite.

It is also responsible for monitoring new market trends in credit risk management in search of new tools and processes to attain its objectives.

B. MODEL MONITORING AND PROVISION ADEQUACY DEPARTMENT:

This department is in charge of continuously monitoring all of the Bank's models and making recommendations regarding any deviations detected.

It must also monitor the adequacy of provisions on the Bank's portfolios.

Lastly, it is responsible for conducting stress testing for capital management.

2) FINANCIAL RISK:

FINANCIAL RISK DEPARTMENT

Department in charge of ensuring financial risk is effectively managed, which is staffed by nine employees. Further information on its functions is available in section IV.

3) OPERATIONAL RISK:

OPERATIONAL RISK DEPARTMENT

Department in charge of ensuring operational risk, business continuity and information security are effectively managed, which is staffed by nine employees. Further information on its functions is available in section V.

III. CREDIT RISK

A. CREDIT RISK MANAGEMENT OBJECTIVES:

The Risk Division is responsible for managing credit risk through the Credit Risk Department. The objective of this department is to complete the six-stage loan approval process:

Target market; analysis and assessment; decision; management; monitoring and control; and collections.

The above must be carried out in accordance with the risk tolerance (appetite) defined by senior management.

B. CREDIT RISK STRUCTURE:

The Credit Risk Department has numerous departments that participate throughout the entire loan approval process, supporting the Bank's sales departments at all times and acting as an independent counterweight during the loan decision-making process.

This department is made up of:

- Commercial Risk.
- Retail Risk.
- Management Control and Projects.

C. CREDIT RISK PROCESS:

The following chart details the six stages of the loan approval process and the departments that participate in each stage.

<table>
<tr><th>LOAN APPROVAL PROCESS</th><th>COMMERCIAL</th><th>RETAIL</th></tr>
<tr><td>Target Market</td><td rowspan="6">Commercial
Risk Management</td><td rowspan="6">Retail
Risk Management</td></tr>
<tr><td>Credit Analysis and Assessment</td></tr>
<tr><td>Loan Decision</td></tr>
<tr><td>Credit Management</td></tr>
<tr><td>Credit Monitoring and Control</td></tr>
<tr><td>Collections</td></tr>
</table>

C.1 CREDIT RISK STAGES:

1. TARGET MARKET:

Although the Bank's senior management is responsible for defining the target market, this decision is based on a proposal prepared jointly by the sales and risk departments after having analyzed the opportunities available on the market and the risks of the different segments. This proposal is contained in the Bank's Credit Risk Policy Manual.

2. CREDIT ANALYSIS AND ASSESSMENT:

The tools used to analyze and assess a customer depend on the customer's market. For example, a scoring system is used in retail banking (individuals and companies), while a case-by-case analysis prepared by a credit risk expert is utilized in commercial banking.

3. LOAN DECISION:

The Credit Risk Department acts as a counterweight in the loan decision process in all committees on which it sits. It also defines the approval limits for commercial departments and may intervene if risk standards are surpassed at any time.

There are mainly two types of committees, separated by the way they operate: circulating folder or meeting. In the first case, which involves smaller amounts, a folder is passed from one level to the next until it reaches the required level. In the second case, for larger amounts, a meeting is held where an account executive presents the loan to members of the committee for their approval. Meeting committees are also divided by amount.

Of these loan committees, the most important is the Board Credit Committee, which includes four directors, the Bank's CEO, the Risk Division Manager and the Commercial Loan Approval Manager. This committee analyzes the most important loans, assessing close to 70% of loans in terms of amount and 5% in terms of number of customers.

4. CREDIT MANAGEMENT:

This department works to ensure proper customer classification, which begins with executives, followed by reclassifications made mainly by the Monitoring and Control Department, committees and the Loan Restructuring Department, and ends with the Reclassification Committee. The latter body executes and carries out the classification and provisioning process in order to ensure the Bank is operating correctly and to reflect the reality of its portfolio.

It also works with sales departments to keep the number of expired and/or overdrawn lines of credit within expected parameters, and it maintains strict control of appraisals of assets provided to guarantee loans.

5. COLLECTIONS:

In this stage, the specialized Collections (Retail Risk) and Loan Restructuring (Commercial Risk) departments perform a variety of activities to collect on loans, including out-of-court and court collections.

6. MONITORING AND CONTROL:

This stage aims to maintain an overall vision of how the above-mentioned loan processes are functioning. Its involvement includes reviewing and auditing current credit policies, monitoring the performance of the analysis departments and committees, and properly managing credit.

It relies on various sources of information to fulfill its duties, including reports provided by the Credit Risk Intelligence Department and information on portfolio behavior. It uses this information to strictly monitor and control the Bank's portfolio and, as a result, it is the department that proposes most of the potential customer reclassifications.

This function is separated into two departments that serve the Commercial and Retail Banking divisions.

D. RISK RATING AND PROVISIONS:

Risk rating and assessments for provisioning purposes depend on customer and product type. Customers can be rated individually or as a group, as detailed below:

INDIVIDUAL RATING		GROUP RATING	
CUSTOMER TYPE	METHODOLOGY	CUSTOMER TYPE	METHODOLOGY
Companies (includes individuals with business accounts)	Business rules	Commercial loans	Standard regulatory matrix
Real estate	Business rules		
OTHER - Banks - Restructuring of retail and commercial loans - Non-profit - Special group leasing	Business rules	Residential mortgage loans	Standard regulatory matrix
		Consumer loans	Internal model

D.1 RATING INDIVIDUAL CUSTOMERS:

This group includes all customers (individuals or legal entities) that the Bank needs to understand and analyze in detail because of their size, complexity or exposure level.

As a result, Banco Security individually assesses all entities with over MCH$200 in commercial debt, as well as real estate projects, institutional companies, non-profit organizations and bankrupt entities, among others.

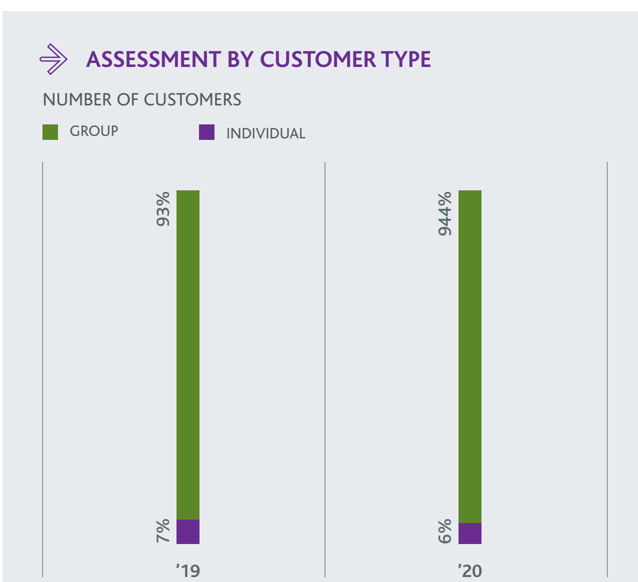
D.2 RATING GROUP LOANS:

Group assessments are used for customers that tend to behave similarly. Thus, they are assessed using methodologies and models to analyze operations related to the same product.

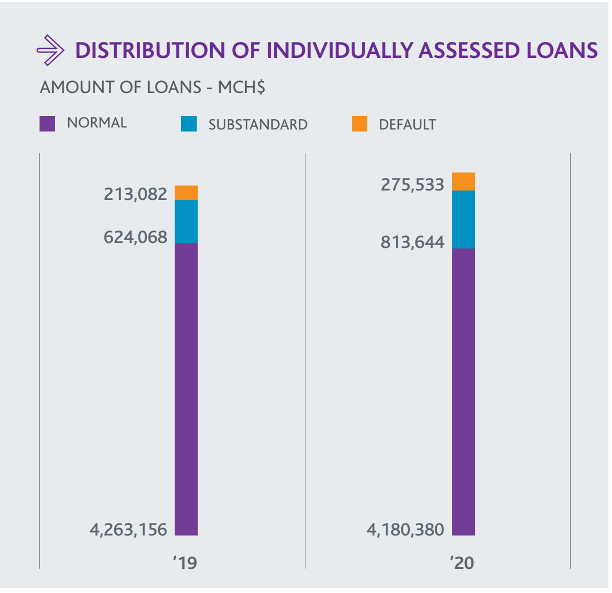
- Commercial Products.
- Consumer Products.
- Mortgage Products.

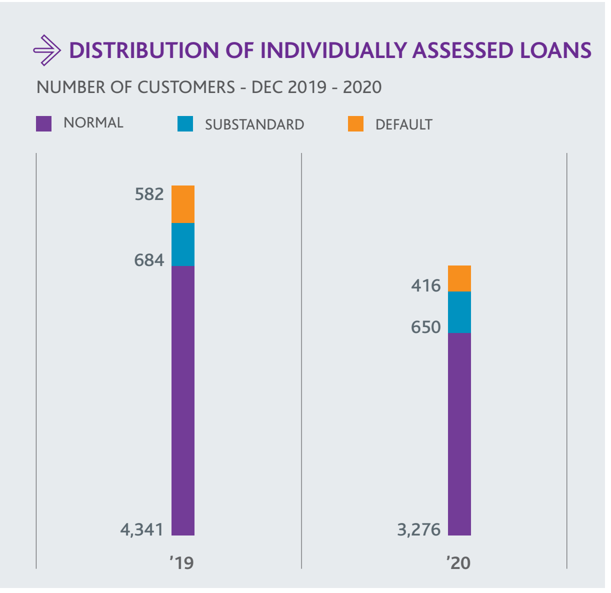
D.3 DISTRIBUTION OF LOAN PORTFOLIO:

The Bank's portfolio is distributed as follows, based on the type of risk assessment used (i.e. group or individual):



Individually rated loans are distributed by category (normal, substandard and default) using the following criteria:





D.4 PORTFOLIO DISTRIBUTION BY DELINQUENCY:

Banco Security's portfolio has the following delinquency levels, detailed by product:

DECEMBER 2019 MCH$

PORTFOLIO	LOANS	PAST DUE	NPL (> 90)	% PAST DUE / LOANS	% NPL (> 90) / LOANS
COMMERCIAL	5,062,503	5,164	29,508	0.10%	0.58%
CONSUMER	793,350	1,888	3,123	0.24%	0.39%
RESIDENTIAL MORTGAGE	744,256	213	766	0.03%	0.10%
TOTAL	6,600,109	7,265	33,397	0.11%	0.51%

DECEMBER 2020 MCH$

PORTFOLIO	LOANS	PAST DUE	NPL (> 90)	% PAST DUE / LOANS	% NPL (> 90) / LOANS
COMMERCIAL	5,291,965	7,970	36,134	0.15%	0.68%
CONSUMER	711,609	1,459	1,730	0.21%	0.24%
RESIDENTIAL MORTGAGE	710,791	140	819	0.02%	0.12%
TOTAL	6,714,365	9,569	38,683	0.14%	0.58%

The impaired portfolio by type of assessment is detailed as follows:

DECEMBER 2019 MCH$

ASSESSMENT	LOANS	IMPAIRED	% IMP / LOANS
Group	1,820,635	53,204	2.92%
Individual	4,779,474	221,589	4.64%
TOTAL	6,600,109	274,793	4.16%

DECEMBER 2020 MCH$

ASSESSMENT	LOANS	IMPAIRED	% IMP / LOANS
Group	1,733,025	63,367	3.66%
Individual	4,981,339	391,395	7.86%
TOTAL	6,714,364	454,762	6.77%

IV. FINANCIAL RISK

A. FINANCIAL RISK MANAGEMENT OBJECTIVES

For the organization, financial activities are defined as all transactions that are closed by the Bank and its subsidiaries Valores Security and Administradora General de Fondos, either on their own account or on behalf of third parties.

In general, financial transactions include operations involving foreign currency, loans, financing instruments, fixed-income instruments, derivatives and stocks.

The strategic objectives of financial activities include:

- Strengthening and expanding the Bank's position, consolidating and developing long-term relationships with customers and different market players, and providing a full range of investment banking products.

- Improving and ensuring the stability of long-term returns and effectively managing the different potential risks.

Financial activities are limited to previously-approved strategic product areas and will only be carried out within the overall risk guidelines defined by the Bank's board of directors.

In managing the portfolio of financial investments, the organization will actively manage positions based on an ongoing analysis of economic and financial conditions. Therefore, positions in financial instruments will be in line with the consensus for the macroeconomic outlook. However, short-term trading positions can also be taken to capitalize on a one-time misalignment of a market variable.

In order to achieve the objectives established in the Bank's investment strategies, a broad range of currencies and products can be traded, always in accordance with current applicable regulations.

The Bank is primarily engaged in trading non-derivative fixed-income financial instruments, interbank funding, transactions with repo agreements, foreign currency spot sales and purchases, currency and interest rate derivatives (forwards and swaps), stocks and simultaneous operations.

Treasury products can be geared towards different objectives, such as profiting from short or medium-term variations in market factors, making returns by generating spreads with respect to the financing rate of positions, leveraging maturity mismatches and slopes of interest rate structures or exchange rate differentials, engaging in economic and/or accounting hedges and distributing treasury products through the Bank's sales network.

Derivatives are particularly used to hedge risks, for market arbitrage some market or to take certain proprietary positions.

Hedge management using derivatives can use economic or accounting hedges, depending on the defined strategy.

Strategies with derivatives with accounting hedges can be used to hedge cash flows or the fair value of any item in the statement of financial position or expected transaction that generates risk or volatility in profit or loss, in compliance with international accounting standards. These strategies must meet all requirements included in current regulations and their effectiveness is reviewed at least monthly for each hedge.

Risk management and control take place through policies, procedures, methodologies and limits, which create value for shareholders and the market in general, guaranteeing adequate solvency levels.

These internal limits, defined by portfolio type, maturity mismatches, currency and instrument type based on the Bank's risk appetite, allow the Bank to control risk levels and diversify investment portfolios.

The Bank's policies also allow it to require guarantees under certain circumstances, mainly for derivative transactions, in order to mitigate credit risk.

B. FINANCIAL RISK STRUCTURE

The board of directors is responsible for approving risk management policies, limits and structures for the Bank and its subsidiaries. To accomplish this, it has set up several committees to monitor compliance with defined policies and limits. These committees are made up of directors and executives and provide the board with regular reports on risk exposure, strategies and management results analyzed in those committees

The following committees currently analyze matters related to financial risk:

- Finance Committee: controls and manages financial investments from a short and medium-term trading perspective and the risks associated with these portfolios.

- Asset and Liability Committee: Controls and manages the risk of mismatches in assets and liabilities in order to stabilize and protect and control the Bank's financial margin and economic value. It also monitors liquidity gaps, diversification of funding sources, highly-liquid assets and risk-adjusted capital limits (solvency).

The objective of the Bank's financial risk management policies is to identify and analyze the risks faced by the Group, set concentration limits and put ongoing controls in place to monitor compliance.

The committees regularly revise these policies in order to incorporate changes in market conditions and the Bank's activities. Once revised, the changes are submitted to the board for its approval.

The Financial Risk Department, which reports to the Planning and Control Division, is charged with monitoring and controlling risks and is independent from the business areas that take and manage the risks.

This department is specifically responsible for:

- Centralizing efforts to control and measure the different risks affecting the Bank and its subsidiaries by applying uniform policies and controls.
- Ensuring that risk managers, senior management and the board of directors are kept informed of key matters regarding market and liquidity risk.
- Assuring that recommendations from regulators and internal auditors are followed and appropriately implemented.
- Reporting and monitoring market risk and liquidity and limit compliance on a daily basis for the Bank and its subsidiaries.
- Developing and reviewing the effectiveness of methods and procedures for measuring risk.

Risk is measured and controlled on a daily basis using risk reports used by senior management to make decisions. These reports include Value at Risk measurements and rate sensitivity for both the investment portfolio and the banking book as a whole, risk exposure by portfolio, instrument, risk factors and concentration and compliance with internal limits.

C. FINANCIAL RISK PROCESS

Risk measurements are based on automated systems used to monitor and control the risk to which the Bank and its subsidiaries are exposed on a daily basis, thus allowing for proper decision-making.

The Treasury is in charge of taking positions and risks within the limits defined by senior management. It is responsible for managing financial risks arising from positions in investment books, from structural asset/liability mismatches and from managing liquidity gaps and also for adequately funding operations.

The Internal Audit Department regularly assesses risk processes. The general risk structure is continuously being evaluated by the CMF, the Bank's independent auditors and other individuals who are independent from management.

D. DEFINITION OF FINANCIAL RISKS

A) MARKET RISK

Market risk represents the potential loss that can result from changes in market prices over a certain period of time as a result of variations in interest rates, foreign currencies, indexation and stock prices. These losses affect the value of financial instruments held for trading and available for sale, both for the Bank and its subsidiaries.

MARKET RISK METHODOLOGY

Market risk is measured using the Value at Risk (VaR) methodology, which allows the different risks and types of operations to be standardized, modeling the collective relationship of these factors in a single risk measurement.

VaR provides an estimate of the maximum potential loss from treasury positions of financial assets or liabilities in the event of an adverse, yet normal, scenario.

The methodology used to calculate VaR is a parametric technique that assumes that the price returns on investments follow a normal distribution using a threshold of 95% confidence, a maintenance horizon of 1 day and a historical data sample of 250 days adjusted using statistical techniques to assign greater weight to more recent developments, in order to quickly capture increases in market volatilities.

The assumptions on which the model is based have some limitations, including:

- A maintenance period of one day assumes that the positions can be covered or disposed of within that period. However, investment portfolios held for trading are comprised of highly-liquid instruments.
- A confidence level of 95% does not reflect the losses that could occur in the remaining 5% of the distribution.
- Value at risk is calculated with positions at the end of the day and does not reflect the exposure that could arise during the trading day.
- The use of historical information to determine possible ranges of future outcomes may not cover all possible scenarios, especially exceptional circumstances.
- Market price returns of financial instruments can present abnormal probability distributions.

The limitations of the assumptions used by the VaR model are minimized using nominal limits for investment concentration and sensitivity to specific risk factors.

The reliability of the VaR methodology used is verified using backtesting, which is contrasted with the actual results obtained to determine whether they are consistent with the methodological assumptions within the given confidence levels. Ongoing monitoring of these tests allows the Bank to confirm the validity of the assumptions and hypothesis used in the model.

Control of financial risk is complemented with specific simulation exercises and stress testing to analyze different financial crises that have occurred in the past and the effect they may have on current investment portfolios.

These risks are monitored on a daily basis. Risk levels incurred and compliance with limits established for each unit are reported to risk managers and senior management.

Banco Security and its subsidiaries measure and limit Value at Risk in their investment portfolios (trading and available for sale) by risk factor, interest rates, currencies, instrument type and portfolio type.

The market risks of the different investment portfolios by type of risk are detailed as follows:

	VAR BY TYPE OF RISK	
	DECEMBER 31, 2020 MCH$	DECEMBER 31, 2019 MCH$
TRADING:		
Fixed income (rate)	122	125
Derivatives (rate)	22	83
Embedded options (price)	3	1
FX (currency)	49	134
Shares (price)	1	3
Diversification effect	(1)	(108)
Total portfolio	196	239
AVAILABLE FOR SALE:		
Rate	459	702
Total portfolio	459	702
Total diversification	(99)	(279)
Total VaR	556	770

B) STRUCTURAL INTEREST RATE RISK

This risk stems mainly from commercial activity (commercial loans v/s deposits), caused by the effects of variations in interest rates and/or the slopes of interest rate curves to which assets and liabilities are indexed. When these show temporary repricing or maturity gaps, they can impact the stability of results (financial margin) and solvency levels (economic value of equity).

To do this, the Bank establishes internal limits using sensitivity techniques for interest rate structures. The Bank also uses stress testing to evaluate the sensitivity of interest rates, currency repricing, changes in stock prices, changes in underlying assets for options and changes in commissions that may be sensitive to interest rates. This stress testing enables the Bank to measure and control the impact of sudden movements in the different risk factors that affect its solvency ratio, the financial margin and the economic value of equity.

Compliance with limits established by the Bank, in accordance with the definitions established by the Chilean Central Bank in Chapter III.B.2.21 of the Compendium of Financial Standards and by the CMF in Chapter 12- 21 of the Updated Standards, is also monitored on a daily basis. The Bank also files a weekly report with the CMF on the risk positions of the investment portfolio within the trading book and limit compliance. It also files a monthly report with the CMF on the consolidated positions at risk (including subsidiaries) for the trading book and individually for the banking book, which includes sensitivity to market risk in the available-for-sale portfolio and the commercial book.

In accordance with the methodology defined in Chapter III.B.2.2 of the Compendium of Financial Standards of the Chilean Central Bank, market risk is detailed as follows:

	MARKET RISK TRADING BOOK	
	DECEMBER 31, 2020 MCH$	DECEMBER 31, 2019 MCH$
MARKET RISK		
Interest rate risk	6,846	9,307
Currency risk	2,714	1,162
Options risk	6	1
Total risk	9,566	10,470
Consolidated risk-weighted assets	6,596,514	5,862,013
Regulatory capital (RC)	926,896	774,770
Basel limit	8.00%	8.00%
Basel with market risk	13.80%	12.93%
Basel I	14.05%	13.22%

	MARKET RISK BANKING BOOK	
	DECEMBER 31, 2020 MCH$	DECEMBER 31, 2019 MCH$
SHORT-TERM		
Interest rate risk (short-term)	26,515	9,610
UF mismatch	168	813
Sensitive commissions	220	175
Total risk	26,903	10,598
Limit 35% margin (board)	71,880	59,325
Surplus (board)	44,977	48,727
LONG-TERM		
Interest rate risk	41,755	19,984
Limit 25% RC (board)	231,724	193,693
Surplus (board)	189,969	173,709

The regulatory methodology is focused on measuring and controlling exposure to losses that may be incurred as a result of adverse changes in market interest rates or in the value, measured in domestic currency, of foreign currencies and indexation units or indices in which instruments, contracts and other transactions are denominated, which are registered as assets or liabilities.

That methodology involves classifying cash flows from the asset and liability positions into fourteen time bands. These amounts are sensitized in present value through movements in interest rate curves (this is the greatest risk factor for the positions of the Bank and its subsidiaries), assigning vertical and horizontal adjustments that attempt to simulate the effects of correlations between maturities and currencies.

For the trading book, the following shocks are established in basis points (bp) over the interest rate curves:

- In CLP and FX, 125 bp in the bands up to 1 year, 100 bp between 1 and 4 years and 75 bp over 4 years.
- In CLF, they start at 350 bp up to 1 month, decreasing almost proportionally in each of the bands until reaching 75 bp over 4 years.

For the banking book, the impacts on the interest rate curves are detailed as follows:

- In CLP and FX, 200 bp across the board for all control bands.
- In CLF, 400 bp for up to 1 year, 300 bp between 1 and 2 years and 200 bp for bands over 2 years.

The details of other types of lower-impact risks (indexation, options, currency) are detailed in Appendix 1 of Chapter III.B.2.2

C) LIQUIDITY RISK

Liquidity risk represents the possibility of not fulfilling obligations when they mature as a result of the inability to liquidate assets or obtain funds, or not being able to dispose of them easily or offset exposure without significantly reducing prices due to insufficient market depth (market liquidity).

The following concepts are involved with liquidity risk.

- MATURITY RISK: The risk arising from having cash inflows and outflows with different maturity dates.

- COLLECTION RISK: The risk of being unable to collect any cash inflow as a result of stoppage of payment, default or delay.

- FUNDING RISK: the risk of being unable to raise market funds, either in the form of debt or capital, or only being able to do so by substantially raising the cost of funds, thus affecting the financial margin.

- CONCENTRATION RISK: the risk from concentrating funding or revenue sources in a few counterparties that may bring about an abrupt change in the matching structure.

- MARKET LIQUIDITY RISK: this risk is linked to certain products or markets and arises from not being able to close or sell a particular position at the last quoted market price (or a similar price) due to low liquidity.

LIQUIDITY RISK METHODOLOGY

The methodologies used to control liquidity are the liquidity gap, which considers probable behavior scenarios for assets and liabilities, stress testing, liability concentration limits and early warning indicators.

The liquidity gap provides information regarding contractual cash inflows and outflows (i.e. those that will occur at a given future time according to asset and liability contracts). For items without contractual maturities, simulations are created based on statistical studies to infer maturity behavior.

Based on these scenarios, assumptions for normal operating conditions are established. These omit items (mainly assets) that create a set of conservative liquidity management conditions from daily management. They are limited through minimum mismatching margins per control segment defined on a weekly and monthly basis over a horizon of one year.

This is supplemented by special procedures to face a liquidity crisis and early warning indicators that can identify any potential risk.

A series of ratios and funding concentration limits by creditor and maturity are also controlled. This enables the Bank to keep its funding sources organized and diversified.

The Bank uses the contractual maturity methodology to comply with the regulatory liquidity limits established in Chapter III.B.2.1 of the Chilean Central Bank's Compendium of Financial Standards and Chapter 12- 20 of the CMF's Updated Compilation of Standards.

Mismatches and compliance with consolidated regulatory limits by the Bank and its subsidiaries are reported to the SBIF every three days.

Details of regulatory liquidity gaps as of December 31, 2020 and 2019, in all currencies presented in MCH$, are as follows.

	< 1 MONTH		1 - 3 MONTHS		3 MONTHS - 1 YEAR		1 - 3 YEARS		3 - 6 YEARS		> 6 YEARS		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Available funds	491,213	786,851	-	-	-	-	-	-	-	-	-	-	491,213	786,851
Financial investments	943,557	784,292	1,681	72,460	9,921	18,456	24,782	72	35,012	66	31,393	88	1,046,346	875,434
Loans to other domestic banks	52	286	-	-	-	-	-	-	-	-	-	-	52	286
Commercial and consumer loans	500,920	434,424	503,257	599,114	1,322,935	1,431,149	987,212	1,029,294	1,394,733	939,852	1,250,582	1,263,539	5,959,639	5,697,372
Lines of credit and overdrafts	312,003	537,436	627,275	1,062,884	643,708	283,362	-	-	-	-	-	-	1,582,986	1,883,682
Residential mortgage loans	4,846	5,259	9,728	9,937	43,977	45,387	226,036	283,216	319,343	258,606	286,338	347,670	890,268	950,075
Other assets	96,490	298,393	513	238	74	2	-	-	-	-	-	-	97,077	298,633
Derivatives	218,434	145,795	163,990	72,587	134,314	216,926	92,032	136,834	130,022	124,944	116,584	167,975	855,376	865,061
	2,567,515	2,992,736	1,306,444	1,817,220	2,154,929	1,995,282	1,330,062	1,449,416	1,879,110	1,323,468	1,684,897	1,779,272	10,922,957	11,357,394
Current accounts and other demand deposits	1,128,570	895,434	-	-	-	-	-	-	-	-	-	-	1,128,570	895,434
Domestic interbank loans	4,762	58,138	-	-	-	-	262,464	-	262,806	-	325,658	-	855,690	58,138
Savings accounts and time deposits	600,990	723,080	726,053	914,451	546,052	1,255,396	7,096	53,925	7,106	53,995	8,805	66,909	1,896,102	3,067,756
External funding	-	23,572	-	27,804	-	173,543	-	17,322	-	17,345	-	21,493	-	281,079
Mortgage bonds	303	346	418	118	1,215	1,294	3,459	4,098	3,464	4,104	4,292	5,085	13,151	15,045
Bonds	1,999	3,915	16,602	15,816	337,539	296,066	893,776	860,374	894,939	861,494	1,108,972	1,067,528	3,253,827	3,105,193
Lines of credit and overdrafts	314,111	541,614	636,225	1,066,231	655,195	307,214	-	-	-	-	-	-	1,605,531	1,915,059
Other liabilities	202,809	443,379	55,807	73,889	100,113	10,608	24,273	666	24,304	667	30,117	826	437,423	530,035
Derivative instruments	239,529	183,704	168,609	77,090	122,231	192,035	92,822	123,169	92,943	123,329	115,171	152,824	831,305	852,151
	2,493,073	2,873,182	1,603,714	2,175,399	1,762,345	2,236,156	1,283,890	1,059,554	1,285,562	1,060,934	1,593,015	1,314,665	10,021,599	10,719,890
Net cash flow	74,442	119,554	(297,270)	(358,179)	392,584	(240,874)	46,172	389,862	593,548	262,534	91,882	464,607	901,358	637,504
Accumulated net cash flow	74,442	119,554	(222,828)	(238,625)	169,756	(479,499)	215,928	(89,637)	809,476	172,897	901,358	637,504	1,802,716	1,275,008
Regulatory limit	(659,308)	(617,274)	(1,318,616)	(1,234,548)										
Limit exceeded by	(733,750)	(736,828)	(1,095,788)	(995,923)										

Regulatory liquidity gap as of December 31, 2020 and 2019, in foreign currency presented in MCH$

	< 1 MONTH		1 - 3 MONTHS		3 MONTHS - 1 YEAR		1 - 3 YEARS		3 - 6 YEARS		> 6 YEARS		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Available funds	287,902	431,953	-	-	-	-	-	-	-	-	-	-	287,902	431,953
Financial investments	148,765	173,262	-	-	-	-	-	-	-	-	-	-	148,765	173,262
Loans to other domestic banks	52	286	-	-	-	-	-	-	-	-	-	-	52	286
Commercial and consumer loans	67,034	103,209	42,144	73,018	144,081	149,198	123,753	113,359	174,838	103,508	156,768	139,157	708,618	681,449
Lines of credit and overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	14,622	57,923	513	234	74	-	-	-	-	-	-	-	15,209	58,157
Derivatives	179,773	63,539	125,863	32,186	79,169	91,545	39,432	71,110	55,710	64,931	49,952	87,294	529,899	410,605
	698,148	830,172	168,520	105,438	223,324	240,743	163,185	184,469	230,548	168,439	206,720	226,451	1,690,445	1,755,712
Current accounts and other demand deposits	293,422	153,985	-	-	-	-	-	-	-	-	-	-	293,422	153,985
Domestic interbank loans	1,079	16,811	-	-	-	-	-	-	-	-	-	-	1,079	16,811
Savings accounts and time deposits	223,650	166,966	246,576	190,329	97,619	102,889	-	-	-	-	-	-	567,845	460,184
External funding	-	23,572	-	27,804	-	173,543	-	17,322	-	17,345	-	21,493	-	281,079
Other liabilities	76,917	201,562	53,525	-	97,871	-	19,857	-	19,883	-	-	-	268,053	201,562
Derivative instruments	138,480	82,677	147,197	30,172	66,307	81,746	46,456	63,077	46,517	63,159	57,642	-	502,599	320,831
	733,548	645,573	447,298	248,305	261,797	358,178	66,313	80,399	66,400	80,504	57,642	21,493	1,632,998	1,434,452
Net cash flow	(35,400)	184,597	(278,778)	(142,867)	(38,473)	(117,435)	96,872	104,070	164,148	87,935	149,078	204,958	57,447	321,260
Accumulated net cash flow	(35,400)	184,597	(314,178)	41,731	(352,651)	(75,704)	(255,779)	28,366	(91,631)	116,301	57,447	321,259	114,894	642,519
Regulatory limit	(659,308)	(617,274)												
Cushion	623,908	801,871												

This regulatory methodology is based on measuring and controlling the difference between cash outflows and inflows, on and off balance sheet, for a given maturity or time band, which is known as a maturity gap.

Maturity gaps are calculated separately for domestic and foreign currency. Cash flows related to indexed items or those expressed in foreign currency but payable in domestic currency are always recognized in the maturity gap in domestic currency.

Chapter III.B.2.1 V.1 No. 8, letter b, establishes the criteria for allocating flows among time bands. Asset accounts and their corresponding cash inflows are classified in a time band based on the latest maturity or contractual date of payment, as appropriate. Cash outflows related to liability accounts are classified in a time band based on the nearest contractual maturity date.

Likewise, to calculate gaps, debtors, depositors and creditors are classified as "wholesalers" (i.e. considering the effect on liquidity of each operation recognized in its books contractually with no adjustments based on the hypothesis of renewal (the most conservative position in liquidity management).

To supplement these gap analyses, the Bank monitors the amount of liquid assets backing net cash outflows over a 30-day horizon under stress scenarios (Liquidity Coverage Ratio or LCR).

LCR = High Quality Liquid Assets / Net Outflows Stressed up to 30 Days

The calculation methodology, assumptions and criteria are detailed in Chapter 12- 20 of the CMF's Updated Compilation of Standards.

The LCR has a regulatory limit of 70% (year 2020), which increases by 10% every year until it reaches 100% in 2023.

Among its risk control policies, Banco Security has established internal limits that are more conservative than current regulations, maintaining a ratio above 100% at all times in 2019 and reaching 323.53% as of 12/31/2020.

HEDGE ACCOUNTING

The Bank hedges assets or liabilities in the statement of financial position using derivatives in order to minimize the effects on profit or loss of possible variations in their market value or estimated cash flows.

At the inception of the hedge relationship, the Bank formally documents the relationship between hedging instruments and the hedged item, as well as the hedge's strategies and objectives and the methodologies for testing its effectiveness.

The effectiveness of the hedge relationship is tested using prospective and retrospective evaluations. The hedge is deemed highly effective if the results of the tests are between 80% and 125%.

As of December 31, 2020, the bank has five hedge accounting strategies to cover the following risks:

1) Cash Flow Hedging Strategy, to hedge the future cash flow risk of UF liabilities arising from bonds placed in UF.

2) Cash Flow Hedging Strategy, to hedge the future cash flow risk of UF assets arising from mortgages in UF.

3) Cash Flow Hedging Strategy, to hedge the future cash flow risk of loans in US$.

4) Fair Value Hedging Strategy, to hedge the risk of volatility in base interest rates on UF, arising from commercial loans placed in UF.

5) Fair Value Hedging Strategy, using macro hedges to hedge the risk of volatility in interest rates in UF, arising from mortgage loans in UF.

EMBEDDED DERIVATIVES

These derivatives can be embedded in another contractual agreement (or host contract) and, therefore, are accounted for at market price separately from the host contract when it is not recognized at fair value since the characteristics and economic risks of the embedded derivative are not related to the characteristics and economic risks of the host contract.

Currently, the Bank carries at fair value through profit and loss embedded derivatives arising from variable rate mortgage loans that incorporate a fixed rate after a certain amount of time or a rate ceiling used by customers to obtain an option in their favor. These will

generate negative effects for the Bank when market rates are above the rate ceiling on these loans. This effect is determined on a daily basis using sophisticated methodologies to evaluate options, and the change in fair value is treated as profit or loss for the year (increases in the theoretical value of that derivative are a loss for the Bank).

Relevant data on these embedded derivatives are as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH$	FOR THE YEAR ENDED DECEMBER 31, 2019 MCH$
Balance mortgage portfolio in THUF	36	44
Ceiling rate (average)	7.2%	7.2%
Option value MCH$	16	21

V. OPERATIONAL RISK

A. DEFINITION

The Bank and its subsidiaries define operational risk as the risk of losses resulting from inadequate or faulty processes, staff and internal systems, or due to external incidents. This definition includes legal and reputational risks but excludes strategic risks.

Furthermore, loss (write-off) is defined as negative financial effects on the physical, financial or intangible assets of the Bank or its subsidiaries caused by the materialization of an operational risk. If this event does not generate negative financial effects, it will not be considered "an incident ".

B. OBJECTIVES

The objective is to define a framework for managing operational risk at Banco Security and its subsidiaries. This includes establishing principles for identifying, assessing, controlling and mitigating such risk in order to reduce losses from operational risk, thus complying with corporate objectives, appetite definitions and operational risk exposure, where the framework for action is defined in board-approved policies.

C. OPERATIONAL RISK MANAGEMENT STRATEGY

The operational and cybersecurity risk management strategy, implemented by the Operational and Cybersecurity Risk Division, must be consistent with the volume and complexity of the activities of the Bank and its subsidiaries. To accomplish this, it defines lines of action for operational risk management in the following areas: Products or processes, fraud prevention, suppliers, Prevention, business continuity, information security and cybersecurity. These lines are implemented throughout the Bank and its subsidiaries.

The strategy must set a risk appetite and tolerance level for operational risk taken on by the Bank and its subsidiaries that enables it to manage mitigation efforts and monitor risks with exposure greater than or equal to this set tolerance. The strategy must be implemented

throughout the entire Bank and its subsidiaries, which means that all personnel must understand and carry out their role in managing this risk.

At a minimum, the strategy should address the following areas: Yearly planning, operational risk models and methodologies and tools for managing all operational risks for the Bank and its subsidiaries.

D. OPERATIONAL RISK STRUCTURE

The Operational and Cybersecurity Risk Division reports to the Chief Executive Officer.

According to the operational risk policy approved by the board of directors, risk management is based on: those responsible for and those who carry out processes, who are the primary risk managers (first line of defense); the operational and cybersecurity risk department, which is in charge of operational risk management and monitoring (second line of defense); the board of directors and the Operational Risk Committee, which are responsible for ensuring that the Bank has an operational risk management framework in accordance with defined objectives and good practices and that the Bank has the trained personnel, organizational structure and budget necessary to implement this framework. Three lines of defense model.

E. OPERATIONAL RISK MANAGEMENT

In order to properly manage risk and comply with the objectives defined by the Bank in its Operational Risk Policy and other related policies, a series of activities have been developed as the basic pillars for implementing the Operational Risk Management Framework, as described below:

- CULTURE: Raising awareness of the importance of operational risk management across the entire organization at all levels.

- QUALITATIVE MANAGEMENT: Managing by detecting present and potential risks in order to manage them effectively. That means avoiding, transferring, mitigating or accepting such risks. Qualitative management is based on:

  - Managing an incident log
  - Executing a process to identify and assess Operational Risks in processes and projects carried out by the organization.
  - Tracking key risk indicators (KRI) for the organization's main risks.
  - Permanently monitoring critical suppliers.
  - Other activities.

- QUANTITATIVE MANAGEMENT: Managing by creating awareness in the organization of the level and nature of operational loss events. This enables the Bank to budget for the effects of expected losses and to efficiently allocate capital for unexpected losses. Quantitative management is based on:

  - Actively managing the operational loss database, which contains all events that have generated such losses with sufficient detail to attack the root causes of the events.

F. OPERATIONAL RISK MANAGEMENT FRAMEWORK

The Operational Risk Management Framework is applied in the following stages:

- ESTABLISHING THE CONTEXT: Setting the strategic, organizational and risk management context within which the process will take place. The Bank must stipulate the criteria for assessing risks and define the analysis structure.
- IDENTIFYING RISKS: Associating risks with the numerous processes and/or procedures executed as part of the various activities carried out by the Bank and its subsidiaries.
- ANALYZING RISKS: Specifically analyzing each of the risks detected based on the context set to determine whether that risk has an associated control or requires an action or mitigation plan. This situation will be established in accordance with the priorities of the Bank and its subsidiaries.
- ASSESSING RISKS: Assessing each of the risks based on the probability of occurrence and the level of impact.
- MITIGATING RISKS: Once risks have been detected and assessed, an analysis will be performed. To accomplish this, the Bank will define an action plan, assign an individual in charge of executing it and set a date for its resolution.
- MONITORING AND REVIEWING: Monitoring, reviewing and updating the risk survey and resolution commitments from the person in charge; Live risk.
- COMMUNICATING AND CONSULTING: Communicating and consulting with internal and external stakeholders, as appropriate, in each stage of the risk management process, considering the process as a whole.
- CULTURE: Developing various initiatives that help the organization to understand every aspect of operational risk, in order to make the model sustainable and manage operational and cybersecurity risk.

VI. RISK COMMITTEES

In order to ensure a robust governance structure that enables the Bank to correctly manage risks, it has set up several risk committees, described briefly below:

A. CREDIT RISK COMMITTEES:

There are three credit risk committees: The Board Credit Committee, the Executive Credit Committee and the Circulating Folder Credit Committee. The Bank's retail banking and commercial banking credit risk policies clearly specify the criteria used to identify which committee should analyze each transaction. The sales areas have almost no lending authority on their own and must almost always obtain approval from the credit risk departments or the respective committees in order to approve loans.

COMPOSITION OF CREDIT RISK COMMITTEE:

The Committee is made up of four directors, the Bank's CEO, the Risk Division Manager and the Commercial Loan Approval Manager.

The Bank also has a Executive Credit Committee.

MATTERS ADDRESSED:
These committees are responsible for approving or rejecting the loan applications submitted to the appropriate committee based on the loan amount and conditions.

PERIODICITY:
The Board Credit Risk Committee meets every Tuesday and Thursday (except the second Thursday of each month) while the Executive Credit Risk Committee meets every Wednesday.

BOARD INVOLVEMENT:
The board is highly involved in the credit risk process through the Board Credit Risk Committee. Two directors and the chairman of the board sit on this committee, which is the Bank's main credit risk body and is responsible for approving the most important transactions.

B. CREDIT RISK RECLASSIFICATION COMMITTEE

This committee's objective is to review customer risk classifications in light of new developments that may downgrade or upgrade their risk rating provided by the rating system.

This committee meets monthly and is comprised of:

- Chief Executive Officer
- Risk Division Manager
- Commercial Division Manager (depending on the case being assessed)
- Retail Division Manager (depending on the case being assessed)
- Commercial Risk Manager
- Retail Risk Manager
- Commercial Division Agents (depending on the case being assessed)
- Company Control and Monitoring Deputy Manager
- Retail Credit Risk Control and Monitoring Manager

C. WATCH COMMITTEE

This committee is responsible for monitoring and controlling operations and customers by reviewing information on potential future problems (asymptomatic), non-evident variables and evident variables. It also monitors any previously given instructions.

There are two types of committees:

i. The Board Watch Committee.
ii. The Monitoring or Executive Watch Committee.

D. MODELING COMMITTEE

This committee meets to review and monitor all models used for credit risk management. It is also charged with approving new models and monitoring progress. It also reviews the different credit risk methodologies that the Bank uses or is considering using.

E. RISK COMMITTEE

This committee's objective is to thoroughly review all the risks faced by the Bank and those that may impact it in the future. Based on this review, it generates guidelines and approves action plans in order to meet the objectives outlined in the budget based on the defined risk appetite.

This committee also reviews credit risk policies and processes and lending authority and any proposed amendments.

In addition, it analyzes the matters and resolutions discussed by the remaining credit risk committees.

Lastly, this committee is in charge of presenting topics, committee resolutions and policies to the board for its approval.

This committee meets monthly and its members are:

- One director.
- Chief Executive Officer.
- Division managers (Commercial, Risk, Finance, Operations and Planning).
- Commercial Risk Manager.
- Retail Risk Manager.
- Risk and Project Management Control Deputy Manager.

F. FINANCE COMMITTEE

This committee's objective is to jointly evaluate positions in financial investments and risks taken by the Bank and its subsidiaries, defining strategies to be adopted and validating compliance.

Its main duties include reporting on each unit's performance regarding profits and margins versus budget, aligning strategies and escalating investment and divestiture decisions.

The Financial Committee is also responsible for proposing risk management policies and methodologies for managing financial assets to the board and ensuring compliance with market risk limits.

This committee is comprised of:

- Two Banco Security directors.
- Chief Executive Officer at Banco Security
- Finance Division Manager at Banco Security
- Planning and Control Division Manager at Banco Security
- Chief Financial Officer at Valores Security

G. OPERATIONAL RISK COMMITTEES

This committee's objective is to define the guidelines for properly managing operational risk and giving continuity to the operational risk management model, policies and strategy, approving action plans and control indicators that help mitigate it, in addition to being knowledgeable of operational risks and how they are managed by the Bank and its subsidiaries, among other activities.

FREQUENCY
The Operational Risk Committee meets regularly, ideally monthly or as otherwise needed.

Members of Operational Risk Committee

- Director (committee chairman)
- Chief Executive Officer (committee vice chairman)
- Operational and Cybersecurity Risk Division Manager (committee Secretary)
- Operations and IT for Division Manager (replaces vice chairman)
- Commercial Banking Division Manager
- Retail Banking Division Manager
- Finance and Corporate Division Manager
- Planning and Control Division Manager
- Credit Risk Division Manager
- General Counsel
- Information Security and BCP Officer
- Asset Management Division Manager
- Compliance Manager
- Controller

The Controller for Grupo Security must attend committee meetings but does not have any responsibility for risk management carried out by the first and second lines of defense. His or her role is to ensure that any potential corrective measures in response to observations on areas audited by his or her unit are properly implemented.

BOARD INVOLVEMENT
The board is informed about the implementation of the Operational Risk Policy and other related policies, as well as the detection of incidents, potential risks and measurements of operational and cybersecurity risks (i.e., occurrence, severity, approval of new products and services, among others).

H. ASSET AND LIABILITY COMMITTEE

This committee is responsible for managing and controlling (1) structural maturity and currency mismatches in the statement of financial position, (2) liquidity and (3) the Bank's financial margin and stability, as well as for (4) defining and controlling capital management policies.

The standing members of this committee are:

- Two directors
- Chief Executive Officer
- Finance and Corporate Division Manager
- Risk Division Manager
- Financial Risk Manager
- Planning and Management Manager
- Trading Desk and Investment Manager
- Distribution Desk Manager
- Asset and Liability Management Desk Manager
- Commercial Banking Division Manager
- Retail Banking Division Manager
- Foreign Trade and International Services Manager

VII. CAPITAL REGULATORY REQUIREMENTS

In accordance with the General Banking Law, the Bank must maintain a minimum ratio of Regulatory Capital to Consolidated Risk-Weighted Assets of 8%, net of required provisions, and a minimum ratio of Core Capital to Total Consolidated Assets of 3%, net of required provisions. To accomplish this, Regulatory Capital is determined based on Capital and Reserves and Core Capital with the following adjustments: a) Adding subordinate bonds limited to 50% of Core Capital and b) subtracting the asset balance of goodwill or premiums paid and unconsolidated investments in companies.

Assets are weighted using risk categories, which are assigned a risk percentage based on the capital needed to back up each asset. There are 5 risk categories (0%, 10%, 20%, 60% and 100%). For example, cash, due from banks and financial instruments issued by the Chilean Central Bank have 0% risk, which means that, in accordance with current standards, no capital is required to back up assets. Property, plant and equipment have 100% risk, which means that a minimum capital equivalent to 8% of the value of these assets is needed.

All derivative instruments traded off-market are taken into account to determine risk assets using conversion factors over notional values, thus calculating the value of the credit risk exposure (or "credit equivalent"). For weighting purposes, “credit equivalent” also considers off-balance sheet contingent loans.

Levels of Basic and Regulatory Capital as of December 31, 2020 and 2019, are detailed as follows:

	CONSOLIDATED ASSETS		RISK-WEIGHTED ASSETS	
	2020 MCH$	2019 MCH$	2020 MCH$	2019 MCH$
BALANCE SHEET ASSETS (NET OF PROVISIONS)				
Cash and due from banks	447,692	693,082	-	-
Transactions in the course of collection	39,433	150,526	28,037	108,387
Financial instruments held for trading	110,673	123,763	57,745	81,260
Receivables from resale agreements and securities borrowing	-	-	-	-
Financial derivative instruments	146,623	209,656	115,207	150,955
Loans and advances to banks	724	568	683	339
Loans to customers	6,104,615	5,950,720	5,671,380	5,653,087
Investments available for sale	932,317	756,594	332,493	266,693
Investments held to maturity	-	-		-
Investments in other companies	2,095	2,095	2,095	2,095
Intangible assets	41,645	44,943	28,606	31,904
Property, plant and equipment	20,980	22,168	20,978	22,166
Lease right-of-use asset	7,297	8,206	7,297	8,207
Current tax assets	1,992	2,085	199	209
Deferred tax assets	28,899	24,434	2,890	2,443
Other assets	113,046	210,611	68,174	172,655
OFF-BALANCE-SHEET ASSETS				
Contingent loans	434,551	462,407	260,730	277,445
Total risk-weighted assets	8,432,582	8,661,858	6,596,514	6,777,845

	AMOUNT	AMOUNT	RATIO	RATIO
	2020 MCH$	2019 MCH$	2020 %	2019 %
Core capital	661,885	617,274	7.85%	7.13%
Regulatory capital	926,896	834,064	14.05%	12.31%

Regulatory capital is calculated as follows:

	AS OF DECEMBER 31, 2020 MCH$	AS OF DECEMBER 31, 2019 MCH$
CORE CAPITAL	661,885	617,274
Subordinated bonds	273,997	229,778
Additional provisions	4,000	-
Tax guarantees	-	-
Equity attributable to non-controlling interests	53	51
Goodwill subsidiaries	(13,039)	(13,039)
Regulatory capital	926,896	834,064

40. SUBSEQUENT EVENTS

Between January 1, 2021, and the date these consolidated financial statements were issued, there have been no subsequent events that significantly affect them.

41. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the board of directors on February 25, 2021.

OMAR K. ABUSADA G.
Deputy Accounting Manager

EDUARDO OLIVARES V.
Chief Executive Officer

Valores Security S.A. Corredores de Bolsa

TYPE OF COMPANY
Corporation, subsidiary of Banco Security.

TAXPAYER ID NUMBER
96.515.580-5

SECURITIES REGISTRY
Valores Security is registered under number 0111 in the Securities Registry.

CORPORATE PURPOSE
To undertake various businesses, including trading equities (stockbroking), fixed income, foreign currency, portfolio management and financial advisory services.

GENERAL BACKGROUND
This subsidiary was incorporated by public instrument on April 10, 1987. In accordance with current laws and regulations on the securities market and corporations, the company is registered in the Santiago Commerce Registry under number 3,630 for the year 1987.

IMPORTANT INFORMATION
The subsidiary was also registered in the SVS Registry of Securities Brokers and Agents under No. 0111 on June 2, 1987. On October 16, 1997, at an extraordinary shareholders' meeting, the shareholders agreed to change the company's name to "Valores Security S.A. Corredores de Bolsa". On August 27, 2004, at an extraordinary shareholders' meeting, the shareholders approved the merger between the company and Dresdner Lateinamerika S.A. Corredores de Bolsa. Then, in Ordinary Ruling 10098 dated October 27, 2004, the Chilean Securities and Insurance Supervisor approved the merger by absorption of Dresdner Lateinamerika S.A. Corredores de Bolsa and Valores Security S.A. Corredores de Bolsa, whereby the latter would absorb all assets and liabilities of Dresdner Lateinamerika S.A. Corredores de Bolsa, and be the legal successor of its rights and obligations as of October 1, 2004.

SUBSCRIBED AND PAID-IN CAPITAL
As of December 31, 2020, subscribed and paid-in capital totaled MCH$36,394.

BOARD OF DIRECTORS

CHAIRMAN:
Enrique Menchaca O.	Chilean National ID: 6.944.388-5

DIRECTORS:
Fernando Salinas P.	Chilean National ID: 8.864.773-4
Maximum Hitoshi Kamada L.	Chilean National ID: 21.259.467-9

CHIEF EXECUTIVE OFFICER:
Piero Nasi T.	Chilean National ID: 13.190.931-4

SUMMARIZED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	12/31/2020 MCH$	12/31/2019 MCH$
ASSETS		
Cash and cash equivalents	34,853	58,626
Financial instruments	75,415	71,229
Brokerage receivables	13,681	38,697
Investments in other companies	3	3
Property, plant and equipment	1,313	1,426
Other assets	12,350	30,975
TOTAL ASSETS	**137,615**	**200,956**
LIABILITIES AND EQUITY		
Financial liabilities	37,380	39,865
Brokerage payables	15,721	43,863
Other liabilities	46,168	79,875
TOTAL LIABILITIES	**99,269**	**163,603**
Capital and reserves	37,020	43,187
Profit (loss) for the year	1,326	(5,834)
TOTAL LIABILITIES AND EQUITY	**137,615**	**200,956**

	12/31/2020 MCH$	12/31/2019 MCH$
STATEMENT OF INCOME		
Brokerage income	7,550	7,424
Service income	4,007	4,031
Income from financial instruments	7,437	7,657
Income from financial transactions	(360)	(825)
Administrative and sales expenses	(17,142)	(24,691)
Other gains	90	149
Profit (loss) before tax	1,582	(6,255)
Income tax benefit (expense)	(256)	421
PROFIT (LOSS) FOR THE YEAR	**1,326**	**(5,834)**

Administradora General de Fondos Security S.A.

TYPE OF COMPANY
Corporation, subsidiary of Banco Security.

SECURITIES REGISTRY
Administradora General de Fondos Security S.A. is registered under number 0112 in the Securities Registry.

TAXPAYER ID NUMBER
96.639.280-0

CORPORATE PURPOSE
General fund administrator (asset management).

GENERAL BACKGROUND
The company was incorporated by public instrument on May 26, 1992, and licensed to operate on June 2, 1992, by the Securities and Insurance Supervisor in Exempt Ruling 0112. The Company is regulated by the Securities and Insurance Supervisor and the provisions of DL 1,328 and its regulations. In ruling 288 dated September 17, 2003, the Securities and Insurance Supervisor approved amendments to the bylaws of Sociedad Administradora de Fondos Mutuos Security S.A., agreed upon in an extraordinary shareholders' meeting held on July 4, 2003. These amendments to the bylaws included changing the type of company to a general fund administrator in accordance with Section XX VII of Law No. 18,045. The funds managed by the company are subject to the special legal regulations contained in Decree Law No. 1,328 and its corresponding regulations, which are monitored by the Securities and Insurance Supervisor.

SUBSCRIBED AND PAID-IN CAPITAL
As of December 31, 2020, subscribed and paid-in capital totaled MCH$3,354.

BOARD OF DIRECTORS

CHAIRMAN:

Francisco Silva. S.	Chilean National ID: 4.103.061-5

DIRECTORS:

Renato Peñafiel M.	Chilean National ID: 6.350.390-8
Eduardo Olivares V.	Chilean National ID: 9.017.530-0
José Miguel Bulnes Z.	Chilean National ID: 10.202.654-3
Paulina Las Heras B.	Chilean National ID: 11.833.738-7

CHIEF EXECUTIVE OFFICER:

Juan Pablo Lira T.	Chilean National ID: 7.367.430-1

SUMMARIZED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

CONSOLIDATED BALANCE SHEETS	12/31/2020 MCH$	12/31/2019 MCH$
ASSETS		
Cash and cash equivalents	1,944.4	40,178.3
Other financial assets	57,088.1	14,014.1
Other current assets	3,297.5	3,642.2
Non-current assets	12,029.4	12,603.4
TOTAL ASSETS	**74,359.4**	**70,438.0**
LIABILITIES		
Current liabilities	3,674.7	3,099.6
Non-current liabilities	815.7	1,074.3
Issued capital	3,353.6	3,353.6
Other reserves	257.0	489.6
Retained earnings	66,258.4	62,420.9
TOTAL LIABILITIES AND EQUITY	**74,359.4**	**70,438.0**

	12/31/2020 MCH$	12/31/2019 MCH$
STATEMENT OF INCOME		
Operating revenue	16,138.8	17,821.6
Administrative expenses	(13,866.7)	(13,107.5)
Finance costs	(172.2)	(226.2)
Other net income	2,217.5	1,773.7
Profit before tax	4,317.4	6,261.6
Income tax expense	(479.9)	(1,051.7)
PROFIT FOR THE YEAR	**3,837.5**	**5,209.9**

Addresses

MAIN TELEPHONE NUMBER:
(56-2) 2584 4000

SECURITY CUSTOMER SERVICE:
(56-2) 2584 4060

SECURITY PHONE:
(600) 2584 4040
Monday to Sunday, 24 hours a day

WEB: www.security.cl

EMAIL: banco@security.cl

BANKING EMERGENCIES:
800 200 717
TO CALL FROM CELLULAR PHONES:
(56-2) 2462 2117
Monday to Sunday, 24 hours a day

TO REPORT A LOST OR STOLEN MASTERCARD
IN CHILE:
Call Banking Emergencies line: 800 200 717
To call from cellular phones: (56-2) 2462 2117
Transbank Phone: (56-2) 2782 1386
FROM OUTSIDE CHILE:
US and Canada: 1 800 307 7309
Other countries: 1 636 722 7111

REPRESENTATIVE OFFICE IN HONG KONG
Suite 2407 - 9 Queen's Road, Central Hong Kong
Phone: (852) 9387 1027

BRANCHES IN CHILE

HEADQUARTERS (EL GOLF)
Apoquindo 3150 – Las Condes
Business hours: 9:00 a.m. – 14:00 p.m.
Phone: (56-2) 2584 3275

AGUSTINAS BRANCH
Agustinas 621 – Santiago
Business hours: 9:00 a.m. – 14:00 p.m.
Phone: (56-2) 2584 4321

CHICUREO BRANCH
Camino Chicureo Km 1.7 – Colina
Business hours: 8:00 a.m. – 14:00 p.m.
Phone: (56-2) 2581 5003

CIUDAD EMPRESARIAL BRANCH
Av. del Parque 4023 – Huechuraba
Business hours: 9:00 a.m. – 14:00 p.m.
Phone: (56-2) 2584 5354

EL CORTIJO BRANCH
Av. Américo Vespucio 2760 C – Conchalí
Business hours: 9:00 a.m. – 14:00 p.m.
Phone: (56-2) 2581 4831

LA DEHESA BRANCH
Av. La Dehesa 1744 – Lo Barnechea
Business hours: 8:00 a.m. – 14:00 p.m.
Phone: (56-2) 2584 4673

LA REINA BRANCH
Av. Carlos Ossandón 1231 – La Reina
Time: 8:00 a.m. – 14:00 p.m.
Phone: (56-2) 2584 3252

LOS COBRES BRANCH
Av. Vitacura 6577 – Vitacura
Business hours: 9:00 a.m. – 14:00 p.m.
Phone: (56-2) 2581 5516

LOS TRAPENSES BRANCH
José Alcalde Délano 10.398,
local 3 – Lo Barnechea
Time: 8:00 a.m. – 14:00 p.m.
Phone: (56-2) 2581 5568

PROVIDENCIA BRANCH
Av. Nueva Providencia 2289 – Providencia
Business hours: 9:00 a.m. – 14:00 p.m.
Phone: (56-2) 2584 4688

SANTA MARÍA DE MANQUEHUE BRANCH
Santa María 6904 unit 15 – Vitacura
Business hours: 8:00 a.m. – 14:00 p.m.
Phone: (56-2) 2581 3234

PRESIDENTE RIESCO BRANCH
Presidente Riesco 5335, Unit 101 – Las Condes
Business hours: 8:00 a.m. – 14:00 p.m.
Phone: (56-2) 2584 5072

ANTOFAGASTA BRANCH
Av. San Martín 2511 – Antofagasta
Business hours: 9:00 a.m. – 14:00 p.m.
Phone: (55) 253 6500

COPIAPÓ BRANCH
Atacama 686 – Copiapó
Business hours: 8:00 a.m. – 14:00 p.m.
Phone: (52) 235 7210

VIÑA DEL MAR BRANCH
Av. Libertad 1097, Viña del Mar
Business hours: 8:00 a.m. – 14:00 p.m.
Phone: Retail Banking: (32) 251 5100
Phone: Commercial Banking: (32) 251 5128

LA SERENA BRANCH
Calle Huanhualí 85, unit 6, La Serena
Business hours: 8:00 a.m. – 14:00 p.m.
Phone: (51) 247 7400

RANCAGUA BRANCH
Carretera Eduardo Frei Montalva 340
local 6 – Rancagua
Business hours: 8:00 a.m. – 14:00 p.m.
Phone: (72) 274 6600

TALCA BRANCH
Av. Circunvalación Oriente 1055, Local B-2 - Talca
Time: 8:00 a.m. – 14:00 p.m.
Phone: (71) 234 4600

CONCEPCIÓN BRANCH
Av. Bernardo O'Higgins 428 – Concepción
Business hours: 9:00 a.m. – 14:00 p.m.
Phone: Retail Banking: (41) 290 8003
Phone: Commercial Banking: (41) 290 8096

TEMUCO BRANCH
Manuel Bulnes 701 – Temuco
Business hours: 9:00 a.m. – 14:00 p.m.
Phone: Retail Banking: (45) 294 8423
Phone: Commercial Banking: (45) 294 8421

PUERTO MONTT BRANCH
Guillermo Gallardo 132 – Puerto Montt
Business hours: 9:00 a.m. – 14:00 p.m.
Phone: Retail Banking: (65) 256 8300
Phone: Commercial Banking: (65) 256 8313

CONSOLIDATED SUBSIDIARIES

VALORES SECURITY S.A., CORREDORES DE BOLSA
Apoquindo 3150 Floor 7 – Las Condes
Phone: (56-2) 2584 4601
Web: www.inversionessecurity.cl
E-mail: sacinversiones@security.cl

ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.
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Phone: (56-2) 2584 4000
Web: www.inversionessecurity.cl
E-mail: sacinversiones@security.cl

DESIGN AND PRODUCTION
INTERFAZ DISEÑO

EDITING
NEXOS

BASIC INFORMATION

BANCO SECURITY

Private banking corporation
Apoquindo 3100, Las Condes,
Santiago, Chile
Taxpayer ID Number: 97.053.000-2

ARTICLES OF INCORPORATION

CITY
Santiago
DATE
August 26, 1981
NOTARY GRANTING INSTRUMENT
WITH ARTICLES OF INCORPORATION
Santiago Notary of Mr. Enrique Morgan Torres

CONTACT US

Apoquindo 3150
Las Condes, Santiago
56 – 2 5843275
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HEAD OF INVESTOR RELATIONS
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BANCO security