

# 2021

## ANNUAL REPORT



# 2021

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## LETTER FROM THE chairman

### DEAR SHAREHOLDERS:

It is my pleasure to present Banco Security's annual report for 2021.

Last year was particularly difficult, as we continued under pandemic-related public health restrictions, even though we learned to live with COVID-19 thanks to global vaccination campaigns and the strategy implemented in Chile, which had fully vaccinated 92% of the target population against the disease as of December 2021.

I am particularly grateful to all the employees of Banco Security, whose dedication and commitment ensured that they could combine remote working with caring for their families during the pandemic, which contributed to achieving the company's objectives.

Public health restrictions were combined with difficulties in other areas, so the business context cannot be reviewed without considering tensions in the economic, political spheres and lately the international geopolitical sphere, following Russia's invasion of Ukraine. The latter not only aroused a resounding rejection from the international community, but also a coordinated reaction from the G7 nations, which resulted in an unprecedented package of sanctions and economic restrictions

that will define the commercial, political and cultural isolation of Russia.

Although Chile's growth in 2021 was 11.7%, this figure contrasts with the drastic 5.8% economic contraction in 2020. This fluctuation in GDP reflects an anomalous regulatory and monetary period, as a result of successive pension savings withdrawals and advances paid on life annuities. This initiative ignored the legal and social nature of a pension scheme that promised retirees a stable and guaranteed income for life. These events caused legal uncertainty, financial market volatility and the affected companies were financially damaged.

Despite the adverse general outlook, total banking industry lending resumed growth in year two of the pandemic in the context of a recovering economy. Specifically, it grew 4.1% in real terms last year, after zero growth in the previous year.

Banco Security has always focused on providing financial services that contribute to developing individuals and companies in Chile, through a constant desire to understand and satisfy the demands of its customers and provide the best customer service experience in the banking and asset management industry, through its subsidiaries Administradora General de Fondos Security and Valores Security.



The pandemic led Banco Security to change how it relates to its customers. It strategically chose to enhance its online and self-service channels, while its executives worked remotely. These measures ensured continuity of service and protected the health of employees, customers and the community in general. We aim to modernize the banking industry and improve access to its services, with the closeness, reliability, transparency and professionalism that characterize our services.

Banco Security's consolidated profit for the year was MCH\$77,131, an increase of 28.2% over the previous year, which reflects a recovery to pre-pandemic profit, with an efficiency ratio of 44.1%, the lowest in the last 10 years.

Total lending grew by 8.1%, mainly commercial loans, with an increase of 8.4% over 2020. As for risk, the NPL portfolio reached 1.37% vs 1.76% in 2020, with NPL coverage of 181% (116% in 2020) and a total of MCH \$8,500 in additional voluntary provisions.

Undoubtedly, these results can be explained by several factors, including the organizational and cultural transformation plan that we began to implement at the end of 2019. This initiative focused on the customer service model, additional revenue generation and cost control. Other contributing factors were the excellence of our management, our strategic planning, our sound investment decisions and above all the trust that our customers have placed in us.

Certainly, the subsidiaries Valores Security Corredores de Bolsa and Administradora General de Fondos (AGF) Security also contributed to our positive performance.

Valores Security closed 2021 with profit of MCH\$2,343, an increase of 76.8% compared to 2020. International assets under management (AuM) were up 25% to MCH\$598,923. The value of shares traded totaled MCH\$1,201,000, which ranked it 15th with a market share of 1.6% based on its transactions on Santiago Exchange and the Chilean Electronic Stock Exchange.

Administradora General de Fondos (AGF) Security has become one of the main fund managers in the Chilean market with 29 mutual funds and 22 investment funds. The company achieved profit of MCH\$6,901, an increase of 79.8% compared to 2020. AGF managed assets in excess of MUS\$3,754 during last year, for more than 48,500 customers.

The enormous dedication during last year also resulted in various awards, which encourages us to continue consolidating our position as a benchmark for our employees, customers, investors and suppliers. Inversiones Security was awarded three Salmón Awards for its investment instruments and AGF Security received various awards for its mutual fund management, which earned it an award as the AGF with the best overall performance in 2021 from El Mercurio Inversiones.

These achievements give us tremendous pride, while encouraging us to continue consolidating our position as a benchmark for our employees, customers, investors and suppliers.

The banking industry is immersed in a dynamic market, which is in continuous movement. It is exposed to external factors that impact short-term consumption and borrowing decisions. These factors include monetary policy changes, economic expectations, the political and social environment and regulatory changes.

The Chilean Central Bank recently indicated that Chile has experienced strong capital market development and sustained bank lending growth in a context of limited risks over the last two decades. This financial development resulted in a growing number of Chilean households and companies using financial services under competitive conditions, which improved risk distribution, fostered economic growth and reduced consumption inequality.

Banco Security aspires to continue supporting the development of people, companies and Chile. Our experience and 30-year history requires us to adapt to the new political cycle. However, our perspective on the economy and society indicates signs of uncertainty, which we hope will be efficiently resolved.

I would like to thank our customers for the trust they have placed in us; our employees, whose dedication and unrestricted support have been fundamental; and our shareholders, who have been with us for many years and have participated in Banco Security's development with a long-term vision.

**FRANCISCO SILVA S.**  
Chairman Banco Security

01

# BANCO SECURITY at a glance

Banco Security and its subsidiaries provide excellent personalized financial services for their customers because we believe that where there's a will, there's a way.

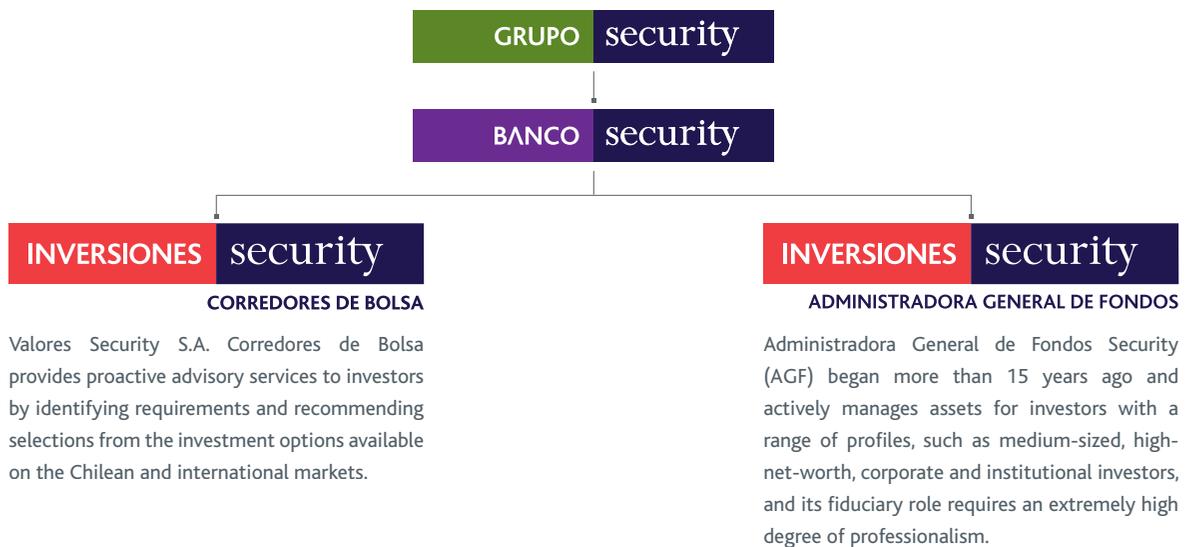




## ABOUT Banco Security

Banco Security belongs to Grupo Security, which is a financial holding company with five business areas—lending, insurance, investments and asset management, complementary services and international business—forming a group of 12 companies. Banco Security is a niche banking institution that provides services to large and medium-sized companies and individuals with growing incomes. The Bank has two asset management subsidiaries: Administradora General de Fondos Security S.A. and Valores Security S.A. Corredores de Bolsa.

Since it was formed 40 years ago, Banco Security has been widely recognized for its commitment to people. It features among the best Chilean companies by customer service experience and among the best places to work for its employees. It is also recognized for its concern to balance work, family and personal life, and for its talented people management and development. Since its founding, it has managed to maintain a stable market share in a highly competitive environment and with limited credit risk in its loan portfolio, given its exposure to high-income corporate customers with superior coverage.





**BANCO** security

**COMPANY INFORMATION**

**BANCO SECURITY**

Private banking corporation  
Apoquindo 3100, Las Condes,  
Santiago, Chile.  
Taxpayer ID Number: 97.053.000-2

**CONTACT US**

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Las Condes, Santiago  
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**INVESTOR RELATIONS MANAGER**

Marcela Villafaña  
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relacioninversionistas@security.cl

**ARTICLES OF INCORPORATION**

City: Santiago  
Date: August 26, 1981  
Notary: Santiago Notary Mr. Enrique Morgan  
Torres

**EMPLOYEES**



**283**  
IN 1999



**859**  
IN 2011



**1,097**  
IN 2021



**56%**  
WOMEN

**8.1**  
years

AVERAGE  
EMPLOYEE YEARS  
OF SERVICE



**52**  
TRAINING  
HOURS



**75,164**  
CUSTOMERS



**77%**  
APM RETAIL BANKING NET  
SATISFACTION



**76%**  
GOOD EXPERIENCES  
DIGITAL CHANNELS

**77,131**  
PROFIT - MCH\$



**6,731,538**  
LOANS

**44.06%**  
EFFICIENCY RATIO

**11.01%**  
RETURN ON EQUITY

**AA**  
RISK RATING  
FITCH RATING (LOCAL)

**504**  
SUPPLIERS



**7,644**  
INVOICES  
PAID



**97.7%**  
INVOICES PAID  
IN LESS THAN 30 DAYS



**11**  
AVERAGE SUPPLIER  
PAYMENT TERM (DAYS)

**COMMUNITY**



**4,280**  
FINANCIAL  
EDUCATION  
TRAINING HOURS



**10,000**  
MONTHLY  
VISITS TO  
"SABER SUMA" BLOG



**MCH\$82**  
IN DONATIONS TO FOUNDATIONS  
AND CONTRIBUTIONS TO THINK  
TANKS AND UNIVERSITIES

**ENVIRONMENT**

**9 projects**

EVALUATED AND FINANCED  
USING ENVIRONMENTAL AND  
SOCIAL CRITERIA



**8 projects**  
SOLAR ENERGY  
**329 MW**



**1 project**  
HYDROPOWER  
**15 MW**

## STRATEGIC objectives

Banco Security reviews its medium and long-term strategic plan every year, in order to protect its competitive position. This exercise is used to determine the strategic objectives for the next three years and set management priorities and projects, as well as financial plans. This formalizes and aligns marketing plans, assigns priorities that efficiently and effectively manage resources and ensures compliance with process objectives.

Accordingly, the following strategic pillars were established in 2021:

### 1. EXCELLENT SERVICE:

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.

### 2. FOCUS ON TARGET SEGMENT:

Growing while focusing on its retail and commercial target segments has been key to preserving the service quality provided by the Bank and its subsidiaries.

### 3. PRODUCTS AND SERVICES:

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.

### 4. LOYALTY PROGRAMS:

The sales team continually encourages customers to expand the range of products and services they use at the Bank and at other companies within Grupo Security, building on

the premium quality services provided by the Bank and its subsidiaries.

### 5. EFFICIENCY:

Maintaining the flexibility inherent in a niche bank, while always aiming to achieve the efficiency of larger banks.

### 6. 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.

### 7. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RESPONSIBILITY:

The Bank promotes best sustainability practices to meet the growing demands from its stakeholders and the requirements for useful, reliable and comparable information.

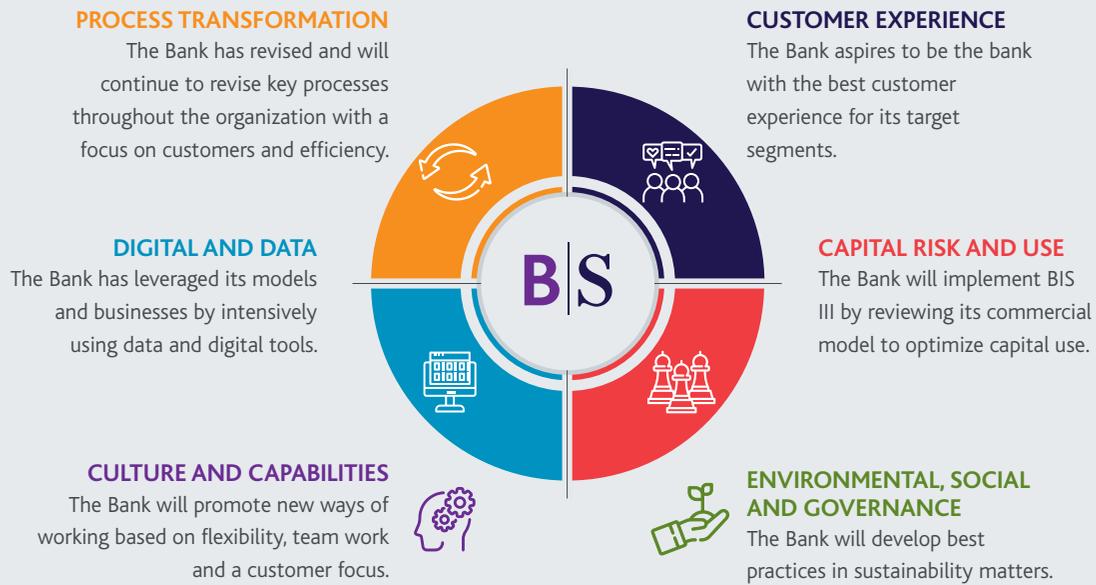
### 8. BRAND:

The construction of Grupo Security's brand identity has been central to its strategy and for creating value for the Bank's stakeholders, and this has been used to connect with people. 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.

Banco Security is in the midst of a transformation to prepare itself for the economic, competitive and regulatory challenges presented by the business environment. This process is based on the strategic guidelines for the next three years, which establish the critical path to achieve its strategic objectives.



## STRATEGIC FOCAL POINTS



## 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 aspiring income retail segments, 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.

## purpose

To build a better world together, accompanying you with sustainable financial solutions so you can make your dreams come true.

## values



### 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.

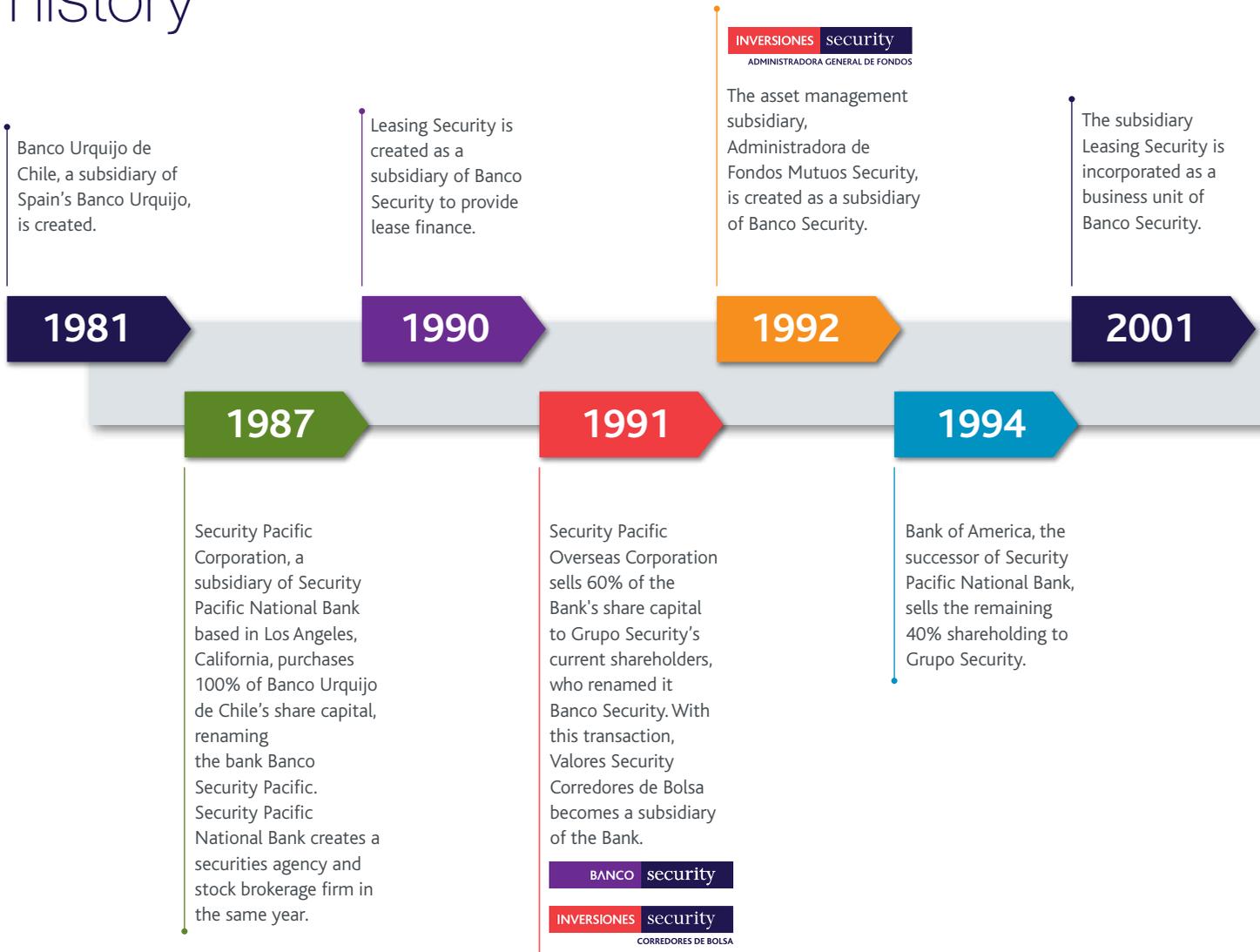


### PROFESSIONALISM

Loyalty and commitment to our company's objectives and motivation to do a "good job."



## OUR history





2003

The subsidiary Administradora de Fondos Mutuos Security S.A. broadens its corporate purpose and changes its name to Administradora General de Fondos Security S.A.

2004

Grupo Security acquires a 99.67% stake in Dresdner Bank Lateinamerika, Chile, and in October it merges with Banco Security. In June, the Bank exceeds 1 billion Chilean pesos in loans.

2012

Retail Banking has 50,000 current accounts and Commercial Banking exceeds Ch\$ 2 billion in loans.

2014

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

2015

Valores Security merges with the Cruz del Sur brokerage subsidiary and an agreement is 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 are completed.

## MILESTONES 2021

### RESTRUCTURING TO MEET THE NEXT CHALLENGES

Two new management units have been created to prepare the organization to meet the changing environment, and redistribute its capabilities according to its strategies for the next few years. These units are:

- The Strategy and Capital Department is responsible for implementing capital management best practices and bringing them within the scope of business management.
- The Digital Department is responsible for designing and executing a digital development plan that keeps the Bank and its subsidiaries up to speed with digital developments at other local banks.

Thesales forces that operated through Global (Inversiones) and Mandatos were internalized.

### INNOVATION FOR SIMPLER AND SAFER PROCESSES

Since Banco Security is committed to delivering secure and reliable services, it implemented a 3D Secure security protocol, making it one of the few local banks with this protocol. 3D Secure protects customers from fraud when shopping from international online channels and paying with their credit and debit cards.

The company is also committed to innovation and provided the first API, or Application Programming Interface, which integrates with customers in previously unimaginable ways, and accelerates the creation of better financial services. Finally, the Bank signed an agreement with MercadoPago at the end of 2021 to become its sponsor bank and activate its electronic funds transfer service.

### HISTORIC LENDING IN COMMERCIAL BANKING

For the first time in the Bank's history, the Commercial Banking Division exceeded BCH\$5 in annual loans, an increase of 8.4% over the previous year. Banco Security's Commercial Banking Division targets companies with annual sales above MUS\$1.2. Although it mainly serves larger companies, in recent years it has incorporated differentiated services for medium-sized segments.

### FIRST REGULATORY CAPITAL REPORT

Banco Security's first Regulatory Capital Self-Assessment Report (IAPE) was submitted in April, after significant involvement by the Board of Directors and implementing capital management best practices. The IAPE is required by the Financial Market Commission (CMF) for the local banking industry to adopt the Basel III standards.

### VOICE OF CUSTOMER EXPERIENCE

The Bank is committed to providing excellent services to its customers, so the Voice of Customer Experience was incorporated into its digital channel. This provides immediate feedback on the performance of the platform, and has become a rich source of information to guide, improve and prioritize the development of the Bank's digital channels.



## RECOGNITION

Year after year Banco Security and its subsidiaries receive several awards for how they add value in their relationships with their customers and employees, which reflects team commitment to facing new challenges.

### GRUPO SECURITY GREAT PLACE TO WORK

For more than 20 years, Grupo Security has been ranked as one of the best companies to work for in Chile. This is recognition of its constant concern for the respect and care of each person employed by the holding company and its subsidiaries.



### INVERSIONES SECURITY SALMON AWARDS 2021

- Security US Index Mutual Fund (Series B)
- Security Strategic Growth Mutual Fund (Series B)
- Security Strategic Return Mutual Fund (Series I-APV).



### BANCO SECURITY 2021 PROCALIDAD AWARD

Awarded second place in the National Bank Customer Satisfaction Index in the PROCalidad study.



### BANCO SECURITY PXI 2021 RANKING AWARD

Awarded second place in the Banking Customer Experience category in the 2021 PXI ranking.



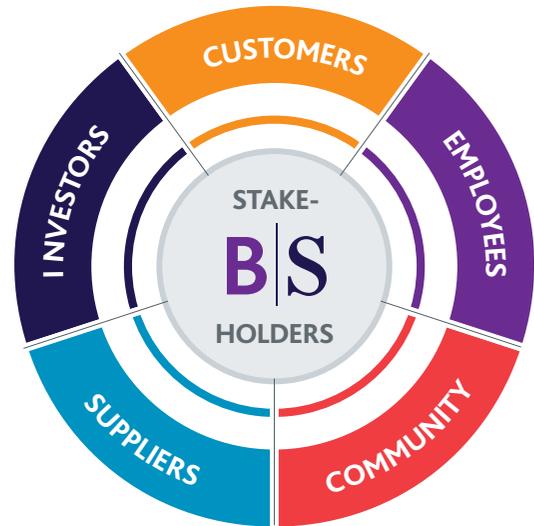
### INVERSIONES SECURITY EL MERCURIO INVERSIONES RANKING

- Best Balanced Fund Managers.
- Best Mutual Fund Managers for High Net Worth Investors
- Best Mutual Fund Administrators for APV (Voluntary Retirement Savings)
- Best Mutual Fund Managers for Institutional investors.



## STAKEHOLDER relations

Stakeholders are essential for Banco Security to sustainably develop its businesses and those of its subsidiaries. It is guided by the conviction that respect for each individual is key, as are the corporate values of closeness, transparency and professionalism, and developing long-term relationships that address the requirements of each individual.



### INVESTORS AND STAKEHOLDERS

To add value by sustainably growing earnings, with prudent risk management, providing the financial sector with diversification and a long-term vision that requires both innovation and sustainability in its business model.



- Investor Relations



- Annual report
- Website (<https://www.security.cl/investor-relations/en/home>)



- Investor Relations Area
- Annual General Meetings
- Virtual meetings
- Email communications
- Earnings presentations to analysts and investors



### CUSTOMERS

To establish long-term, close relationships of mutual trust with customers, by providing them with exceptional products and services that fully satisfy their needs.



- Segment and Value Proposition Department and Experience Department



- Website [www.bancochile.cl](http://www.bancochile.cl)
- Applications
- Customer service
- Self-service channels
- News media
- Digital channels (blog, YouTube)
- Complaint Channel



- Satisfaction surveys
- Economic Seminar
- Financial literacy podcasts and videos
- Webinar on national and international topics



## EMPLOYEES

To work every day to create the conditions for employees to feel that the company is a place where they can develop their full potential and successfully and harmoniously balance their personal and professional lives.



- Corporate Culture Division



- Internal surveys
- Complaint Channel
- "Aló Security" telephone channel



- Flow weekly survey
- Mass emails
- "Mi Aprendizaje" self-learning channel
- Ongoing training program
- Remote large group meetings
- Virtual coffee breaks



## COMMUNITY

To develop and cultivate a sustainable relationship over time, based on respect for human dignity and care for the environment, with a focus on financial empowerment, social inclusion, family wellbeing and contribution to public policy.



- Corporate Affairs Division



- Institutional websites
- News media
- "Saber Sumar" Blog
- YouTube channel
- Complaint Channel
- Webinars
- Partnerships with foundations
- Partnerships with think tanks to support public policies



- Economic Seminar
- Financial literacy podcasts, videos and newsletters
- Webinar on national and international topics
- Training workshops for women facing disadvantages
- Networking for at-risk young people and women looking for work



## SUPPLIERS

To develop a sustainable, long-term relationship based on transparency and fairness.



- Cost and Supplier Management Department



- Website
- Complaint Channel



- Email communications

## PARTNERSHIPS AND memberships

Banco Security makes contributions and adheres to various initiatives that promote the development of good international relations, commitment to sports and social interests, among others.

### CONTRIBUTIONS TO FOUNDATIONS



- Centro de Estudios Públicos
- Club Deportivo Best Ball
- Fundación para Ayuda y Rehabilitación de Discapacitados
- Universidad de los Andes

### TRADE, INSTITUTIONAL AND OTHER ORGANIZATIONS



- Chilean Association of Investment Fund Managers (ACAFI)
- Chilean Association of Leasing Companies
- Association of Banks and Financial Institutions
- Hotel Trade Association
- Chilean Mutual Fund Association (AFM)
- Santiago Exchange
- Chilean Chamber of Construction
- Santiago Chamber of Commerce
- Circle of Banking Executives
- Confederation of Production and Commerce
- Capital Goods Technological Development Corporation
- Fedefruta F.G.
- International Federation of Pension Fund Administrators A.G. Chile (FIAP)
- Instituto de Estudios Bancarios G. Subercaseaux

### BI-NATIONAL CHAMBERS OF COMMERCE



- German-Chilean Chamber of Commerce
- Canadian-Chilean Chamber of Commerce
- Chinese-Chilean Chamber of Commerce
- French-Chilean Chamber of Commerce
- Swiss-Chilean Chamber of Commerce



## COMPANY information

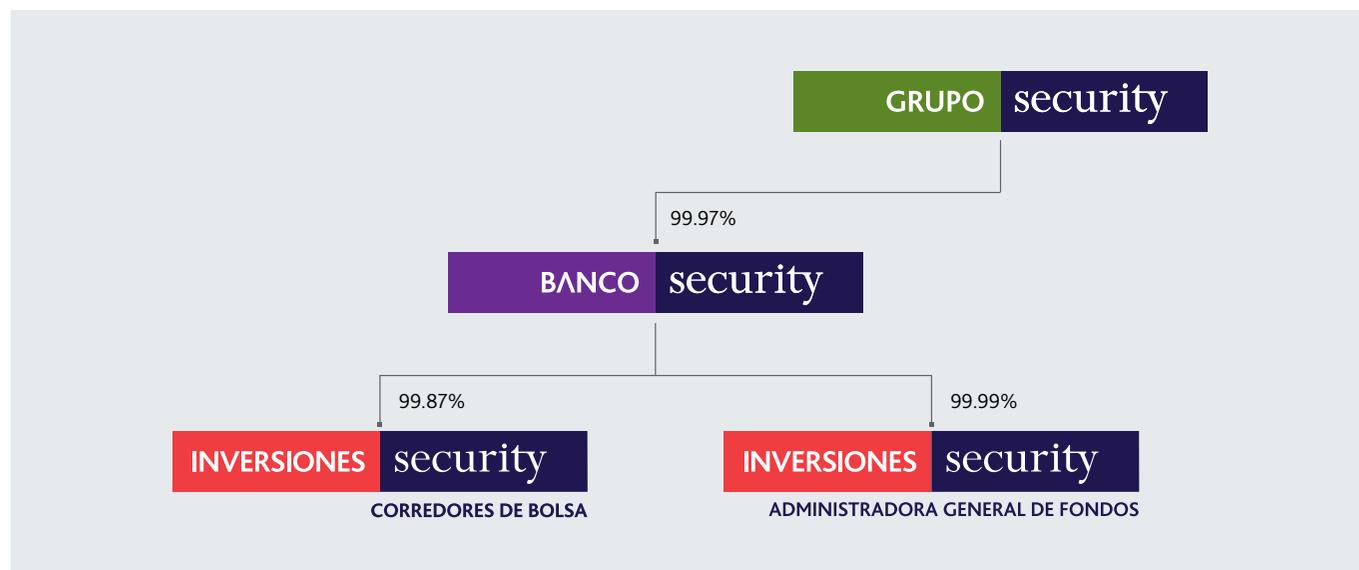
### ARTICLES OF INCORPORATION

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.

### OWNERSHIP STRUCTURE

#### CONTROL SITUATION

Banco Security is controlled by Grupo Security, which owned 99.9758% of its shares as of December 31, 2021.



SOURCE: BANCO SECURITY

### SIGNIFICANT CHANGES TO CONTROL

On April 29, 2021, Banco Security reported to the CMF that Grupo Security S.A. acquired 8,439,628 shares in the Bank during its capital increase.

This took place on April 8, 2021, for CH\$2,724.55 per share, and Grupo Security S.A. increased its interest in Banco Security from 99.9749% to 99.9758%.

## INDIVIDUALS BEHIND THE LEGAL ENTITY

As Banco Security is controlled by Grupo Security, and in accordance with General Rule 30 issued by the Financial Market Commission, the following individuals directly or indirectly, as individuals or through legal entities, own 10% or more of Grupo Security S.A. as of December 31, 2021: Description:

NAME	CHILEAN NATIONAL ID	OWNERSHIP INTEREST	OWNERSHIP TYPE (DIRECT OR INDIRECT)
Juan Cristóbal Pavez Recart	9.901.478-4	12.91% through the companies Centinela SpA and Sociedad Comercial de Servicios e Inversiones Ltda.	Director of Grupo Security. Representing himself, his father, mother and sisters
Horacio Pavez García	3.899.021-7	11.35% through Sociedad de Ahorro Tenaya Dos Ltda., Sociedad de Ahorro Atacalco Dos Ltda. and Sociedad de Ahorro Alisios Dos Ltda.	Representing himself and his children
Jorge Marín Correa	7.639.707-4	10.95% through Inversiones Hemaco Ltda., Polo Sur Soc. de Rentas e Inv. San Antonio Ltda, Sociedad de Rentas Don Ernesto Ltda. and Don Guillermo S.A.	Representing himself, his spouse, children, siblings, nieces, nephews and aunts and uncles.

SOURCE: BANCO SECURITY

## IDENTIFICATION OF MAJORITY PARTNERS OR SHAREHOLDERS

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

SHAREHOLDERS	2021		2020	
	NO. OF SHARES	OWNERSHIP %	NO. OF SHARES	OWNERSHIP %
Grupo Security	236,858,976	99.98	228,419,348	99.97
Others	57,396	0.02	57,396	0.03
<b>TOTAL</b>	<b>236,916,372</b>	<b>100.00</b>	<b>228,476,744</b>	<b>100.00</b>

SOURCE: BANCO SECURITY

Banco Security's 12 largest shareholders were:

SHAREHOLDER NAME	SHARES HELD	OWNERSHIP %
GRUPO SECURITY S A	236,858,976	99.988%
INVERSIONES LAS DEBDAS SAC	4,138	0.002%
PAREDES ACUNA, GILBERTO DEL CARMEN	3,880	0.002%
IMPORTADORA TRANSORBE LTDA	3,880	0.002%
BARI GUERRA Y CÍA LTDA	3,232	0.001%
GUELFAND LOY, ISAAC	2,771	0.001%
SUC LOBATO BARRERA, MANUEL ALFONSO	2,095	0.001%
SOC. PROD. MATERIALES DE CONSTRUCCIÓN	1,940	0.001%
SUC HIRMAS AGUAD, ELIAS	1,615	0.001%
SOC OVIS LTDA.	1,615	0.001%
KOWASLSKY LIPNOWSKY, JORGE	1,615	0.001%
MIR TAULE, PEDRO	1,293	0.001%

SOURCE: BANCO SECURITY



## OTHER ISSUED SECURITIES, OTHER THAN SHARES

SERIES	CMF REGISTRATION NUMBER	CMF REGISTRATION DATE	CURRENCY	AMOUNT	ANNUAL INTEREST RATE	DURATION (YEARS)	MATURITY
H1	03/2207	01/25/07	UF	3,000,000	3	23	12/01/29
K3	01/2013	02/26/13	UF	4,000,000	3.5	10	11/01/22
K4	10/2013	11/06/13	UF	5,000,000	3.6	10	10/01/23
K5	14/2014	10/09/14	UF	5,000,000	2.75	10	06/01/24
K6	05/2015	04/01/15	UF	5,000,000	2.75	5	03/01/25
K7	05/2015	04/01/15	UF	5,000,000	2.75	10	09/01/25
K8	12/2016	10/03/16	UF	5,000,000	2.8	10	10/01/36
Z2	13/2016	10/03/16	CH\$	75,000,000,000	5.3	5.5	02/01/27
B6	06/2017	07/11/17	UF	5,000,000	2.25	5.5	04/01/22
B7	08/2018	05/09/18	UF	4,000,000	2.2	5	02/01/23
K9	08/2018	05/09/18	UF	5,000,000	2.75	10	01/01/28
Z3	08/2018	05/09/18	CLP	75,000,000,000	4.8	5	12/01/22
B8	11/2018	12/20/18	UF	5,000,000	1.8	5.5	09/01/23
Q1	11/2018	12/20/18	UF	3,000,000	2.5	15	08/01/33
Z4	11/2018	12/20/18	CLP	75,000,000,000	4.8	5.5	10/01/23
D1	11/2018	12/20/18	UF	5,000,000	2.2	10.5	08/01/28
B9	11/2019	11/11/19	UF	5,000,000	0.7	5.5	04/01/24
C1	11/2019	11/11/19	UF	5,000,000	0.8	6	03/01/26
D2	11/2019	11/11/19	UF	5,000,000	0.9	8.5	03/01/27
D3	11/2019	11/11/19	UF	5,000,000	1	10.5	03/01/29
Z5	11/2019	11/11/19	CLP	75,000,000,000	3.5	6	06/01/25
Z7	04/2020	03/12/20	CLP	100,000,000,000	2.75	6	11/01/25
D4	04/2020	03/12/20	UF	5,000,000	0.5	10.5	07/01/30

SOURCE: BANCO SECURITY

As of December 2021, Banco Security had issued MCH \$2,786,341 in senior bonds, as detailed in Note 21 to the financial statements of Banco Security.

## DIVIDEND POLICY

The dividends distributed by Banco Security each year depend on the capital required to support growth and aim to keep the solvency index at the level desired by the Board and senior management.

The dividends paid by the Bank to its shareholders since 2002, and their corresponding percentage of earnings are as follows:

DIVIDEND	AMOUNT MCH\$	PER SHARE (CH\$)
2021	30,074	131.63
2020	23,090	101.06
2019	43,591	190.79

SOURCE: BANCO SECURITY

DATE	AMOUNT (MCH\$)	PRIOR YEAR PROFIT	% OF PRIOR YEAR PROFIT
Feb-02	8,749.7	9,722.0	90.0%
Feb-03	9,061.7	10,068.6	90.0%
Feb-04	13,326.1	13,326.1	100.0%
Feb-05	11,219.1	14,023.8	80.0%
Mar-06	20,014.3	20,014.3	100.0%
Mar -07	20,498.0	20,498.0	100.0%
Mar -08	13,625.0	27,250.0	50.0%
Mar -09	7,720.0	14,430.1	53.5%
Mar -10	23,040.2	23,040.2	100.0%
Mar -11	20,223.5	33,710.0	60.0%
Mar -12	21,009.8	35,016.4	60.0%
Apr-13	35,227.0	35,226.9	100.0%
Mar -14	9,839.3	32,797.8	30.0%
Mar -15	16,770.7	55,902.3	30.0%
Mar -16	14,227.2	47,423.9	30.0%
Mar -17	20,241.6	50,604.1	40.0%
Mar -18	37,812.9	63,025.8	60.0%
Mar -19	43,591.1	72,652.6	60.0%
Mar -20	23,389.0	76,963.4	30.0%
Apr-21	30,074.4	60,152.0	50.0%

SOURCE: BANCO SECURITY



## RISK RATING

FITCH RATING (LOCAL)	ICR (LOCAL)	FITCH RATING (INTERNATIONAL)
AA	AA	BBB

### FITCH RATINGS (LOCAL)

- AA for solvency, long-term deposits, letters of credit and performance bonds. Stable outlook.
- N1+ for short-term deposits.
- A+ for subordinated bonds.

### ICR (LOCAL)

- AA for solvency, long-term deposits, letters of credit and performance bonds. Stable outlook.
- N1+ for short-term deposits.
- AA- for subordinated bonds.

### FITCH RATINGS (INTERNATIONAL)

- BBB long-term, with a stable outlook.
- F3 short-term.

02

# CORPORATE governance

Banco Security has a governance structure that aligns its functions with its business strategy and corporate values of transparency, closeness and professionalism.







# CORPORATE governance

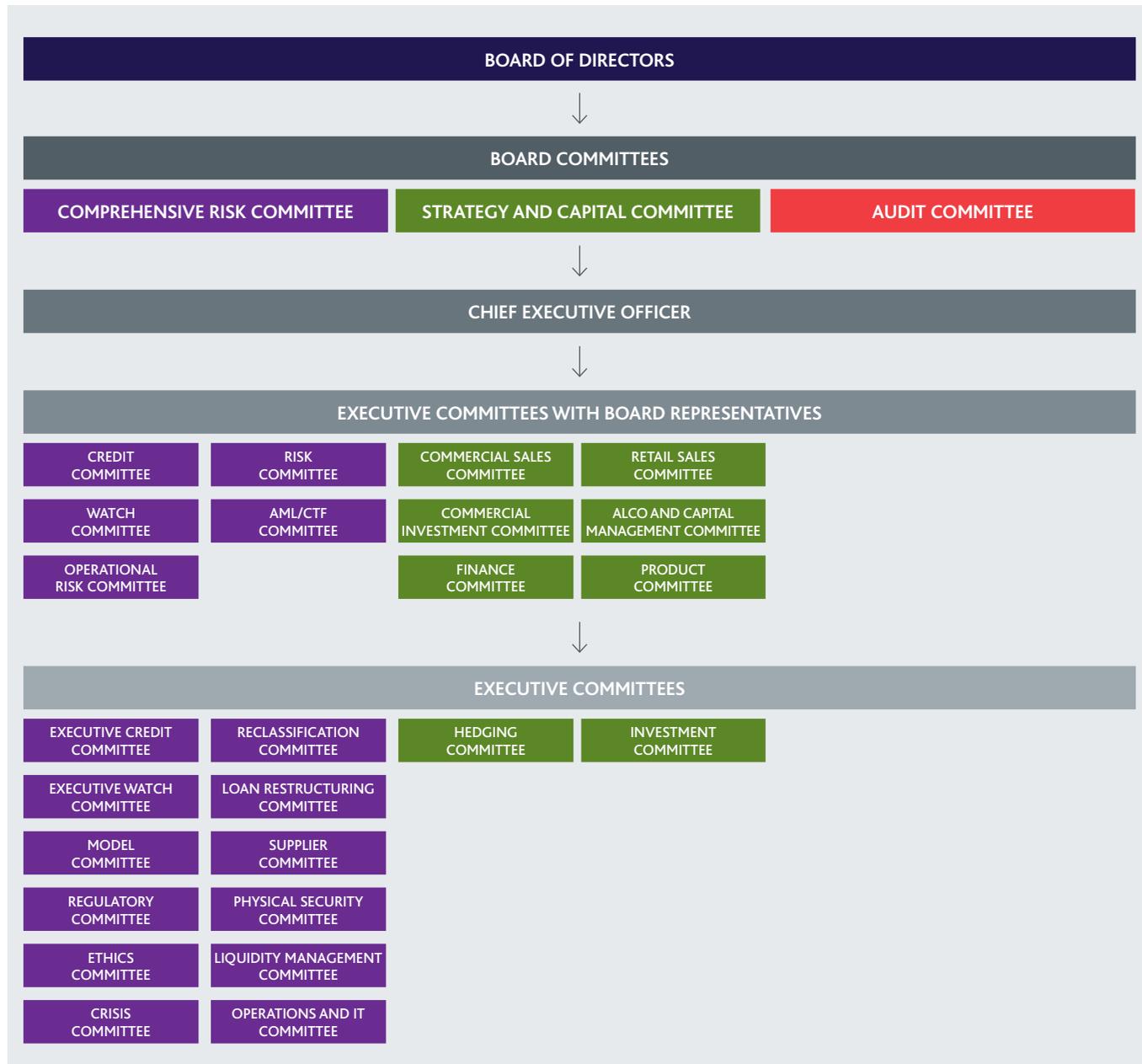
## GOVERNANCE structure

Banco Security is committed to its stakeholders and complies with the highest corporate governance standards, which ensure rigorous compliance with Chilean and banking industry regulations, and with its bylaws.

The Bank's governance structure ensures that its and its subsidiaries functions are consistent with its business strategy, ethics, risk appetite and corporate values of transparency, closeness and professionalism that characterize the Security brand. It also uses mechanisms that protect the Bank's interests, ensure that resources are efficiently used, and create value.



## CORPORATE GOVERNANCE STRUCTURE



## BOARD OF directors



**HERNÁN FELIPE ERRÁZURIZ CORREA**  
DIRECTOR



**JORGE MARÍN CORREA**  
DIRECTOR



**FRANCISCO SILVA SILVA**  
CHAIRMAN



**JUAN CRISTÓBAL PAVEZ RECARTE**  
DIRECTOR



**RENATO PEÑAFIEL MUÑOZ**  
DIRECTOR



**BONIFACIO BILBAO HORMAECHE**  
DIRECTOR



**RAMÓN ELUCHANS OLIVARES**  
DIRECTOR



**MARIO WEIFFENBACH OYARZÚN**  
ALTERNATE DIRECTOR



**IGNACIO RUIZ TAGLE VERGARA**  
ALTERNATE DIRECTOR



16

ORDINARY MEETINGS

13

EXTRAORDINARY  
MEETINGS

98%

AVERAGE ATTENDANCE  
OF DIRECTORS

15 years

AVERAGE SERVICE

Banco Security's corporate governance is headed by its Board of Directors, which actively participates in the management of the company. It approves and monitors strategic guidelines, and defines the internal controls that ensure the business functions correctly, complies with regulations and appropriately manages risk.

## YEARS ON THE BOARD



SOURCE: BANCO SECURITY

MEMBER	YEAR APPOINTED AS DIRECTOR	FUNCTION	ATTENDANCE AT ORDINARY MEETINGS 2021	ATTENDANCE AT EXTRAORDINARY MEETINGS 2021
Francisco Armando Silva Silva	1987	Chairman	16 of 16	13 of 13
Renato Arturo Peñafiel Muñoz	1996	Director	16 of 16	13 of 13
Ramón Mauricio Eluchans Olivares	2013	Director	15 of 16	13 of 13
Jorge Eduardo Marín Correa	1994	Director	16 of 16	13 of 13
Hernán Felipe Errázuriz Correa	1991	Director	16 of 16	13 of 13
Bonifacio Antonio Bilbao Hormaeche	2020	Director	15 of 16	13 of 13
Juan Cristóbal Pavez Recart	2020	Director	15 de 16	13 of 13
Mario Carlos Weiffenbach Oyarzún	2014	Alternate Director	2 of 16	12 of 13
Ignacio Ruiz Tagle Vergara	2018	Alternate Director	1 of 16	7 of 13

SOURCE: BANCO SECURITY

**FRANCISCO SILVA  
SILVA**  
CHAIRMAN OF THE BOARD

CHILEAN NATIONAL ID:  
4.103.061-5

Business leader with a long track record managing several companies in the financial, banking, insurance and industrial sectors. He has served as Chairman of Grupo Security for more than 30 years.

In 1987, he was chairman of Banco Security Pacific Chile and from that position he became one of the founders of Grupo Security (1991) group of companies that renders services and consultancy in lending, insurance, asset management, travel and real estate projects, which was born from the creation of Corredora de Bolsa Security and has become a major company, considered one of the publicly traded corporations with the largest stock market presence in Chile (IPSA). Moreover, it has expanded internationally by acquiring Protecta and Travex companies in Peru and opening a representative office in Hong Kong.

Francisco Silva has a degree in civil engineering from Pontificia Universidad Católica de Chile and a Master of Science in engineering from Stanford University. Throughout his professional career he has been, among others, finance manager of Banco del Trabajo, vice-president of Chase Manhattan Bank N.A., director of operations of the Chilean Central Bank, vice-president and president of ICARE.

He is currently a director of several subsidiaries of Grupo Security and chairman of the Chile-China Bilateral Business Committee of Sofofa.

Date appointed: 03.25.2019

**HERNÁN FELIPE ERRÁZURIZ  
CORREA**  
DIRECTOR

CHILEAN NATIONAL ID:  
4.686.927-3

Lawyer and former diplomat. He headed the Foreign Affairs and Mining and Energy ministries, and served as Chilean Ambassador to the US and Chairman, Counsel and Vice-president of the Chilean Central Bank.

Hernán Felipe Errázuriz has a law degree from Pontificia Universidad Católica de Chile and is a founding partner of the law firm Guerrero y Olivos.

He joined the Board of Directors of Banco Security in 1991 and is currently Chairman of the Audit Committee.

He is also Chairman of the Chilean International Relations Council, member of the Foreign Policy Council at the Foreign Affairs Ministry and director of Enel Distribución (formerly Chilectra).

Date appointed: 03.25.2019

**JORGE MARÍN  
CORREA**  
DIRECTOR

CHILEAN NATIONAL ID:  
7.639.707-4

Businessman with an extensive career in the financial, construction, industrial and energy sectors, where he has held prominent national and international executive positions. He is a founding partner of Nevasa S.A. Corredores de Bolsa and Chief Executive Officer of Constructora de Viviendas Economicas Santa Marta Ltda. and Inversiones Hemaco Ltda., both family investment companies. He was Chairman of Grupo CGE from 2006 to 2014, when the holding company was sold to Gas Natural Fenosa (now Naturgy).

He has been an active shareholder and director of Grupo Security since 1994. His local and international financial experience has supported the development of Grupo Security and Banco Security through his position on these boards, which has led to both becoming major companies.

Jorge Marín has a technical-professional degree in finance and marketing and postgraduate studies in finance and marketing from PROSAD IPEVE, as well as a PADE from the Business School of Universidad de Los Andes, Chile. He has held several positions including Chairman of the CGE Group and its national and international subsidiaries, director of EMEL Norte S.A., Gasco S.A., Indiver S.A., Transnet S.A., Sopraval S.A., and Emec S.A.

He is currently a director of Grupo Security, CMPC S.A. and Detroit S.A.

Date appointed: 03.25.2019



### JUAN CRISTÓBAL PAVEZ RECAE DIRECTOR

CHILEAN NATIONAL ID:  
9.901.478-4

Businessman with vast experience in business management in the financial, industrial, energy, insurance and pharmaceutical sectors. He is CEO of Centinela, an investment company linked to his family, with interests in different areas, including the financial and energy industries. Centinela is one of the main shareholders of Grupo Security.

He has been a board member of Group Security since 2002. He has also served on the Boards of Vida Security since 2008 and Banco Security since 2020.

Juan Cristóbal Pavez has a degree in business administration from Pontificia Universidad Católica de Chile and an MBA from the Massachusetts Institute of Technology (MIT).

Over the course of his professional career, he has been CEO of Santana and Laboratorios Andrómaco, among other positions. He was also co-founder and CFO of Eventures, an Internet company with subsidiaries in Chile, Argentina and Brazil.

He has also been a director of several companies, including: Geopark, Enaex S.A., CTI S.A., Frimetal S.S., Quintec and vice-chairman of Laboratorios Andrómaco.

He is currently a director of Grupo Security and several of its subsidiaries, and is president of the Instituto de Estudios de la Sociedad (IES).

Date appointed: 12.25.2020

### RENATO PEÑAFIEL MUÑOZ DIRECTOR

CHILEAN NATIONAL ID:  
6.350.390-8

Businessman with more than 40 years of experience in the financial sector, where he has held various executive positions in banking, insurance, asset management, among others. For more than 30 years he has been the CEO of Grupo Security, as well as one of its founders.

Under his administration, he has been able to drive and boost Grupo Security's development, a financial business that began in 1987 with the creation of Corredora de Bolsa Security. Since then, it has become a major company, considered one of the publicly traded corporations with the largest stock market presence in Chile (IPSA). It has expanded internationally by acquiring Protecta and Travex companies in Peru and opening a representative office in Hong Kong.

Renato Peñafiel holds a degree in business administration from Pontificia Universidad Católica de Chile and Master of Arts in Economics from the University of Chicago. Throughout his professional career he has served, among others, as director of financial policies at the Chilean Central Bank, and professor at Pontificia Universidad Católica de Chile and Universidad de Chile.

He also currently sits on the boards of several subsidiaries of Grupo Security and is an active member of the board of directors of the Association of Banks and Financial Institutions of Chile (ABIF), COMBANC and COMDER, these last two being companies that support the banking business.

Date appointed: 03.25.2019

### BONIFACIO BILBAO HORMAECHE DIRECTOR

CHILEAN NATIONAL ID:  
9.218.210-K

He has enjoyed a long career in the financial sector and prior to joining Grupo Security he worked at Banco Sudamericano in the credit analysis and corporate departments as a corporate executive.

He has been involved with Banco Security since 1989, when he joined as Money Desk Manager of the then Banco Security Pacific.

During the last 30 years he has served as Investment Manager at the Bank and at Compañía de Seguros Vida Security. He was Chief Executive Officer of Banco Security between 2013 and 2020, and during this period the Bank enjoyed strong loan growth, its core IT platform was replaced and its consolidated performance improved.

Bonifacio Bilbao holds a degree in business administration from Pontificia Universidad Católica de Chile.

He has been a board member at Banco Security since 2020. He is also currently a director of Watt's.

Date appointed: 04.25.2020

**RAMÓN ELUCHANS  
OLIVARES**  
DIRECTOR

CHILEAN NATIONAL ID:  
6.464.460-2

He has an extensive professional career in the financial sector, and before joining Security he was the International and Finance Department Manager at Banco Sudamericano, now Scotiabank.

He was Chief Executive Officer of Banco Security between 1997 and 2013, and during this period he led the Bank's acquisitions and organic growth. Previously he was the Commercial Director.

He has also held various positions in other Grupo Security companies throughout his professional career, such as Factoring, Seguros Generales, Travel Security, Corredora de Seguros, and was Chairman of Valores Security.

Ramón Eluchans holds a degree in business administration from Pontificia Universidad Católica de Chile. He is also founder and Chairman of Ecosalmon, a Chilean company committed to responsible and sustainable aquaculture.

He has been a director of Banco Security since 2013. He is a member of the Credit, Finance, Compliance, Operational Risk and New Products committees.

Date appointed: 03.25.2019

**MARIO WEIFFENBACH  
OYARZÚN**  
ALTERNATE DIRECTOR

CHILEAN NATIONAL ID:  
4.868.153-0

Businessman with more than 40 years of experience in the commercial, financial, industrial and professional services sectors, in which he has held various executive positions.

He has been a founding partner and shareholder of Grupo Security since its inception. He has been a member of the Banco Security Credit Committee and is a member of the Banco Security Audit Committee and the Factoring Security Credit Committee.

Mario Weiffenbach holds a degree in business administration and accounting from Universidad de Chile.

He is founding director of Weiffenbach Profesionales SpA, a company that since 1982 has been providing professional consulting and support to individuals and small and medium-sized domestic and foreign companies in the accounting, administration, finance, auditing and taxation sectors.

He has held several positions, such as: Finance Manager of Indisa S.A. and Automotriz Curifor S.A. and member of the Board of Directors of Compañía de Seguros Generales La Previsión S.A., Security Merchant S.A., Melón S.A., Trichahue S.A., Antarfish S.A., Agrona S.A., Forestal Copihue S.A., Consorcio Maderero S.A., Bosques de Chile S.A., Gec Alsthom S.A..

He has been an alternate director at Banco Security since 2015, where he was a director for more than 20 years. He is also a director of Grupo Security and Factoring Security.

Date appointed: 03.25.2019

**IGNACIO RUIZ-TAGLE  
VERGARA**  
ALTERNATE DIRECTOR

CHILEAN NATIONAL ID:  
6.068.262-3

He has extensive experience and his professional career has mainly been in the banking, consulting and construction sectors. He is a partner of Fleischmann, Ruiz-Tagle & Saavedra Consultores, a consulting firm in corporate finance, business management and strategic planning. He is a director at Constructora Desco S.A., Inmobiliaria Desco S.A. and Ingeniería y Construcción Mas Errázuriz.

He is a founder and chairman of the AvalChile group. He worked at Banco Santander between 1992 and 2005, where he was Global Banking Division Manager and Deputy Manager. During this period, he was also a member of the executive committee of the Santander group in Chile and of the board of directors of its leasing and factoring companies.

Ignacio Ruiz-Tagle holds a degree in business administration from Pontificia Universidad Católica de Chile.

He has been an alternate director at Banco Security since 2019, and he is a member of the Comprehensive Risk, ALCO and Commercial committees.

Date appointed: 03.25.2019



## BOARD DUTIES

The Banco Security Board has the following duties:

- 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 COMPENSATION

VALUE IN UF

NAME	FEES		COMMITTEE COMPENSATION		ATTENDANCE COMPENSATION	
	2021	2020	2021	2020	2021	2020
Francisco Silva Silva	11,911	11,949	0	0	1,125	600
Gustavo Pavez Rodríguez	0	648	0	0	610	500
Hernán Felipe Errázuriz Correa	0	648	287	186	1,763	600
Jorge Marín Correa	0	648	287	186	1,763	600
Juan Cristóbal Pavez Recart	0	0	0	0	1,345	50
Renato Peñafiel Muñoz	0	0	0	0	975	0
Bonifacio Bilbao	3,975	2,450	0	0	1,603	450
Ramón Eluchans Olivares	7,335	8,208	0	0	1,688	600
Mario Weiffenbach Oyarzún	0	1,958	257	117	445	100
Ignacio Ruiz-Tagle Vergara	1,090	1,093	403	519	428	100
<b>TOTAL</b>	<b>24,311</b>	<b>27,602</b>	<b>1,234</b>	<b>1,008</b>	<b>11,745</b>	<b>3,600</b>

SOURCE: BANCO SECURITY

## BOARD ADVISORY EXPENSES

CONSULTANT'S NAME	AMOUNT	SERVICE DESCRIPTION
Ernst & Young Ltda.	UF 3,990	Audit Financial Statements 2021
Fitch Chile	UF 1,617	Risk rating 2021
Asesorías e Inversiones Corpo SPA	UF 420	Communications Strategy
Basel III implementation and training advice	UF 6,600	Management Solutions

SOURCE: BANCO SECURITY



## BOARD meetings

A remote communication system was introduced for board meetings, to protect the health of directors and to comply with the public health restrictions introduced by the authorities following the outbreak of the COVID-19 pandemic.

Twenty-nine board meetings were held during 2021, comprised of 16 ordinary meetings and 13 extraordinary meetings, which informed the directors about the Bank's progress, its strategic plans and performance, compliance with policies and procedures, audit results, customer complaints, and other matters.

### FREQUENCY OF BOARD MEETINGS WITH KEY BANK TEAMS

TEAM	MEETING FREQUENCY	PURPOSE
Internal Audit	Monthly	Operations and IT including cybersecurity, annual audit plan, Audit Committee report, Operational Risk Committee report, compliance.
Compliance	March, June, October and December	Policies on Politically Exposed Persons (PEP), Prevention of Money Laundering and Financing Terrorism (PLAFT) and Law 20,393 on the Criminal Liability of Legal Entities
External Audit	January, February, May, June and December	External audit plan, management letter, adequacy of provisions, risk rating agencies proposal, external auditors proposal, annual Audit Committee report.
Risk Management	Monthly	CMF report, country risk, 20 largest annual LLP losses by risk, risk policy exceptions, credit risk, financial risk and operational risk.

SOURCE: BANCO SECURITY

The Board of Directors regularly meets with the commercial, operations and technology, risk management, compliance and audit teams, to ensure that the company's strategic guidelines are implemented and that the business functions correctly.



## BOARD orientation

Each new director attends an orientation program when they join the Bank, as required by the Board's Operating Regulations. This program involves meetings with the Chief Executive Officer and the division managers to explain the following points:

- The Bank's corporate governance principles, bylaws and regulations.
- The Bank's policies.
- The Bank's main risks and its mitigation tools.
- The Bank's strategic priorities, its capital management, its risk appetite and its main financial and non-financial metrics.
- Information regarding the business, the competition, the main stakeholders, and the legal and regulatory framework that applies to the Bank, the Board and the directors.



## EVALUATION AND CONTINUOUS IMPROVEMENT

Now that Basel III has taken effect, the Board of Directors has completed an exhaustive training program to prepare for discussions regarding the new regulatory environment, including an analysis of the Basel III pillars, local regulations and international experience. Accordingly, the Board has also addressed and approved issues affecting the Risk Appetite Framework, Risk Appetite Statement, the Inherent Risk Profile, capital targets, the Regulatory Capital Self-Assessment Report (IAPE) and stress tests.

Banco Security requires shareholders to evaluate its directors at the annual general meeting every three years, which is the director's term of office. At the meeting, they evaluate the performance and capabilities of the directors, as well as board practices and meeting content. The Bank conducted its last evaluation on March 25, 2021.

## SOCIAL AND environmental matters

Grupo Security and its member companies are committed to sustainability and continuous improvement. Therefore, the services of a consulting firm specializing in environmental, social and governance (ESG) issues was hired during the last quarter of 2021 to perform a diagnosis and develop a strategic plan related to these issues.

The plan is led by the Group's new Corporate Affairs Division and includes various initiatives to improve corporate governance during 2021-2022. These include designing an ESG policy, developing training workshops for directors, assessing or screening corporate governance, and reviewing the directors' committees, together with interlocking directorates<sup>(\*)</sup>.



(\*) THE NATIONAL ECONOMIC PROSECUTOR'S OFFICE DEFINES "INTERLOCKING" AS A LINK BETWEEN TWO COMPETING COMPANIES, WHICH OCCURS WHEN THEY DIRECTLY OR INDIRECTLY SHARE PERSONS IN THEIR RELEVANT EXECUTIVE POSITIONS OR ON THEIR BOARDS OF DIRECTORS (SOURCE: FNE.GOB.CL).



## INFORMATION systems

The Board of Directors has an extranet in place, which allows each director to securely, remotely and permanently access documents viewed at each board meeting over the last years, according to a sorting mechanism that facilitates indexing and searching for information. All of this information is also physically available at the Bank's main offices.



## COMPLAINT channel

Banco Security and its subsidiaries have a complaint channel for every company that is available not only to the Board of Directors, but also to any person who needs to report breaches in legal or ethical commitments. This is an anonymous channel, where privacy, confidentiality and complaint monitoring by the whistleblower is guaranteed. Cases are received by a specialized unit and reported to the Directors' Committee and Audit Committees at subsidiaries.



## BOARD committees

### AUDIT COMMITTEE

This committee maintains and operates the internal controls of the Bank and its subsidiaries. Its purpose is to monitor compliance with the governing standards and procedures, to evaluate, control and support the internal audit function and its independence from management, and to coordinate external and internal audit functions by liaising between them and the Board.

#### MEMBERS:

- **COMMITTEE CHAIRMAN:**  
Director of Banco Security.
- **STANDING MEMBERS:**  
Three directors of Banco Security including the Chairman.
- **INVITED MEMBERS:**  
CEO, General Counsel, Controller and anyone invited by the committee.
- **MINIMUM QUORUM:**  
Two directors.

### STRATEGY AND CAPITAL COMMITTEE

This committee integrates risk appetite with strategic and capital planning and aligns these visions, in accordance with board instructions.

Its purpose is to validate, approve, implement and monitor the strategy and capital management of the Bank and its subsidiaries, to ensure that it complies with the regulator's requirements and with all associated local and international best practice.

#### MEMBERS:

- **COMMITTEE CHAIRMAN:**  
Francisco Silva Silva, Chairman of Banco Security.
- **STANDING MEMBERS:**  
Four Banco Security directors including the Chairman.
- **INVITED MEMBERS:**  
CEO, Commercial Division Managers (Commercial, Retail, Finance and Asset Management), Risk Division Manager, Planning and Management Division Manager, Strategy and Capital Manager, and anyone else invited by the committee.
- **MINIMUM QUORUM:**  
Three directors.

### COMPREHENSIVE RISK COMMITTEE

The purpose of the Comprehensive Risk Committee is to support the Board in fulfilling its responsibilities of supervising risk management at the Bank and its subsidiaries in line with their strategic objectives. This committee is essential to correctly monitoring the risks managed by the Bank, since it presents, approves, monitors and sanctions relevant aspects of risk management in accordance with the Bank's risk appetite.

#### MEMBERS:

- **COMMITTEE CHAIRMAN:**  
Francisco Silva Silva, Chairman of Banco Security
- **SECRETARY:**  
Risk Division Manager
- **STANDING MEMBERS:**  
Five directors of Banco Security including the Chairman.
- **INVITED MEMBERS:**  
CEO, Planning and Management Division Manager, Operational Risk and Cybersecurity Division Manager, and anyone else invited by the committee.
- **MINIMUM QUORUM:**  
Three directors.

## EXECUTIVE COMMITTEES WITH board representation

### COMMITTEES REPORTING TO THE COMPREHENSIVE RISK COMMITTEE

COMMITTEE NAME	FUNCTION
Credit Committee	This committee's primary duty is to analyze, evaluate and approve or reject the most important loan applications submitted by sales areas.
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.
Operational Risk Committee	This committee is responsible for analyzing comprehensive management of operational risks. It also disseminates and monitors operational risk policies.
Anti-Money Laundering and Anti-Terrorism Finance Prevention Committee (PLAFT in Spanish)	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.

### COMMITTEES REPORTING TO THE STRATEGY AND CAPITAL COMMITTEE

COMMITTEE NAME	FUNCTION
Commercial Sales Committee	This committee's objective is to review compliance with the budget, deviations and mitigations and progress on sales initiatives within the Commercial Banking Division.
Retail Sales Committee	This committee's objective is to review compliance with the budget, deviations and mitigations and progress on sales initiatives within the Retail Banking Division.
Investment Sales Committee	This committee's objective is to review compliance with the budget, deviations and mitigations and progress on sales initiatives within the Asset Management Division.
ALCO and Capital Management 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.
Product Committee	This committee ensures compliance with the requirements for the approval and development of new products and services, and it ensures that quality standards are met in relation to customer expectations and the Bank's requirements.



## SENIOR executives

### CHIEF EXECUTIVE OFFICER

EDUARDO IGNACIO OLIVARES VELOSO  
Business Administration  
CHILEAN NATIONAL ID: 9.017.530-0  
Date appointed: 03.09.2020

### RISK DIVISION MANAGER

ALBERTO JAVIER OVIEDO OBRADOR  
Business Administration  
CHILEAN NATIONAL ID: 10.382.134-7  
Date appointed: 04.15.2020

### OPERATIONAL RISK AND CYBERSECURITY DIVISION MANAGER

LUIS ALFONSO REYES-ESCATELL  
MENDES  
Industrial Engineering  
CHILEAN NATIONAL ID: 14.740.741-6  
Date appointed: 11.19.2018

### COMPLIANCE MANAGER

MAURICIO PARRA LEGRAND  
Finance Technician  
CHILEAN NATIONAL ID: 7.688.855-8  
Date appointed: 05.01.2012

### COMMERCIAL BANKING DIVISION MANAGER

CHRISTIAN SINCLAIR MANLEY  
Business Administration  
CHILEAN NATIONAL ID: 6.379.747-2  
Date appointed: 10.01.2004

### RETAIL BANKING DIVISION MANAGER

PAULINA LAS HERAS BUGEDO  
Certified Public Accountant  
CHILEAN NATIONAL ID: 11.833.738-7  
Date appointed: 12.01.2019

### FINANCE DIVISION AND FINANCIAL BANKING MANAGER

NICOLÁS UGARTE BUSTAMANTE  
Business Administration  
CHILEAN NATIONAL ID: 7.033.564-6  
Date appointed: 03.01.2007

### ASSET MANAGEMENT DIVISION MANAGER

HITOSHI KAMADA  
Economics  
CHILEAN NATIONAL ID: 21.259.467-9  
Date appointed: 12.01.2019

### GENERAL COUNSEL

ENRIQUE MENCHACA OLIVARES  
Law  
CHILEAN NATIONAL ID: 6.944.388-5  
Date appointed: 09.01.2004

### PLANNING AND MANAGEMENT DIVISION MANAGER

MANUEL WIDOW LIRA  
Business Administration  
CHILEAN NATIONAL ID: 11.648.339-4  
Date appointed: 06.01.2013

### OPERATIONS AND TECHNOLOGY DIVISION MANAGER

JOSÉ IGNACIO YUSEFF QUIRÓS  
Business Administration  
CHILEAN NATIONAL ID: 9.337.173-9  
Date appointed: 08.01.2020

### DIGITAL MANAGER

MATÍAS EDUARDO MORALES MUÑOZ  
Industrial Engineering  
CHILEAN NATIONAL ID: 16.302.619-8  
Date appointed: 19.07.2021

## CORPORATE MANAGEMENT: organizational chart



## EXECUTIVE committees

### COMMITTEES REPORTING TO THE COMPREHENSIVE RISK COMMITTEE

EXECUTIVE COMMITTEE NAME	FUNCTION
Executive Loan Committee	This committee is responsible for analyzing, evaluating and approving or rejecting smaller credit applications submitted by sales departments.
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.
Executive Watch Committee	This committee reviews higher-risk loans, monitors their status and responds accordingly (from customers with fewer attributions).
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.
Model Committee	This committee is responsible for reviewing and monitoring all existing models that support credit risk management.
Supplier Committee	This committee monitors the comprehensive performance of outsourced service suppliers. 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..
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.
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.
Ethics Committee	This committee is responsible for properly enforcing and disseminating the Code of Ethics and the Code of Conduct.
Liquidity Management Committee	This committee is formed when the country's economic, political or social circumstances could stress the Bank's liquidity position. It reviews the Bank's liquidity position and strategies are agreed to secure its solvency.
Crisis Committee	This committee manages the Bank's business continuity during crises.
Operations and IT Committee	This committee reports how the division has progressed with its strategy, monitors the performance of its key activities and potential risk mitigation measures, and prioritizes initiatives and projects. It also monitors measures introduced in response to events that alter its normal business activities.



## COMMITTEES REPORTING TO THE STRATEGY AND CAPITAL COMMITTEE

EXECUTIVE COMMITTEE NAME	FUNCTION
Hedging Committee	This committee manages financial position statement hedging strategies, and proposes new strategies.
Investment Committee	This committee reviews and approves the annual budget for investments and individual projects and their progress reports.

## SENIOR EXECUTIVE compensation

### 2020 COMPENSATION

Banco Security's 48 senior executives received total compensation of MCH\$2,425 during 2020.

### 2021 COMPENSATION

Banco Security's 50 senior executives and managers received total compensation of MCH\$2,672 during 2021.

## COMPENSATION AND BENEFIT PLANS

Banco Security and its subsidiaries have an incentive plan based on meeting individual, group and corporate goals, such as generating profit, efficiency and return on capital and reserves, together with keeping expenditures within the annual budget. This plan aligns team incentives with the corporate strategy and short and long-term objectives.

The Company does not have any share-based plans or benefits. Banco Security is also evaluating whether to incorporate compensation metrics associated with ESG indicators.

## SENIOR EXECUTIVE SALARY STRUCTURE REVIEW

Grupo Security and its subsidiaries have a Senior Executive Incentive Plan. The amounts and indicators used to measure the group and individual performance of senior executives are reviewed on an annual basis, and cover financial, commercial, efficiency, human capital and strategic project metrics.

The plan was designed with advice from third parties. It is thoroughly reviewed every year to ensure that it is aligned with the strategic objectives for the period, that it is consistent with the compensation and incentive systems for managers, senior executives and employees of each department within the Bank and its subsidiaries, and that it follows the associated Grupo Security guidelines.

The Group outsources industry salary surveys to third parties, which provide information on compensation trends and updated annual figures. The salary structures and the compensation and indemnity policies for the remaining executives are reviewed and approved by Grupo Security's Compensation Committee and the Board.

## DIRECTORS AND EXECUTIVES WITH SHARES

Directors' interests in Grupo Security, which controls 99.97% of Banco Security, as of December 31 are as follows. As of the same date, the company's executives had no interests.

BANK DIRECTORS	NO. OF SHARES	PERCENTAGE
Francisco Silva S.	254,013,145	6.28%
Juan Cristóbal Pavez R.	522,000,000	12.91%
Jorge Marín C.	442,737,728	10.95%
Renato Peñafiel M.	165,269,795	4.09%
Ramón Eluchans O.	102,629,985	2.54%
Mario Weiffenbach O.	21,649,811	0.54%
Bonifacio Bilbao H.	3,136,692	0.08%

## COMPLIANCE WITH INTERNATIONAL CODES

Banco Security complies with Basel III (IFRS), ISO 27001 and the NIST Cybersecurity Framework for information security and cybersecurity.



## INVESTOR AND media relations

Banco Security cultivates long-term relationships with each stakeholder, based on mutual trust, transparency and professionalism. Accordingly, the Bank has prepared procedures and designated those responsible for releasing financial and market information and for responding to questions from shareholders, investors and the media. They rely on Grupo Security's specialized corporate areas: Corporate Affairs and Investor Relations.

### CORPORATE AFFAIRS DIVISION

Its functions include providing corporate guidelines to commercially and financially manage the Group's companies. This division also provides the information for media requests and protects the brand and reputation, together with developing sustainability issues throughout the Group.

### INVESTOR RELATIONS AREA

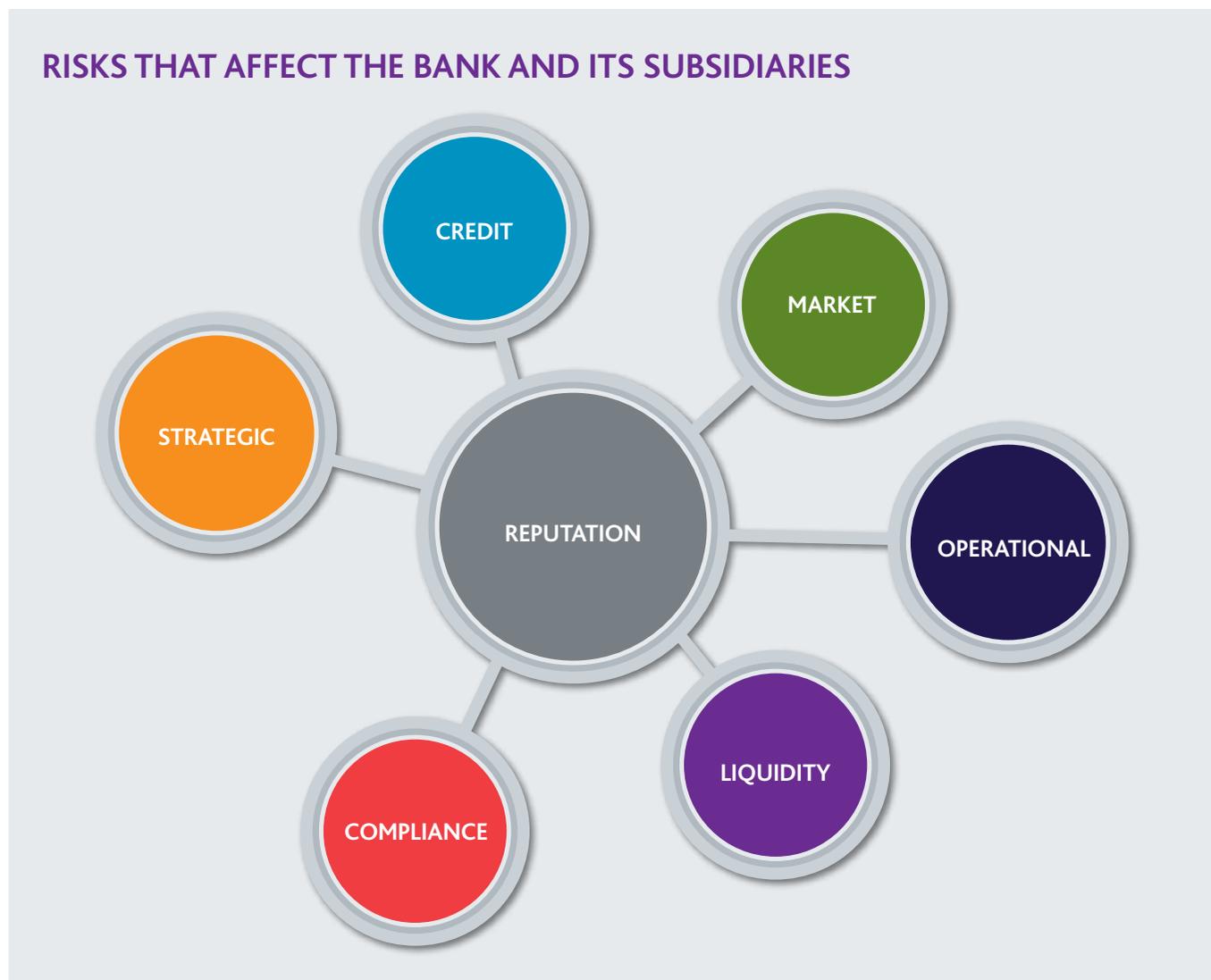
The area manages relations with shareholders, investors and the market in general. It communicates through the Group's Investor Relations website (<https://www.security.cl/investor-relations/en/home>), and through direct contact with each interested party.

It prepares financial analyses for Grupo Security and its subsidiaries, and communicates business trends, growth prospects and developments in the company's main variables and strategies. It also publishes earnings reports and annual reports and information on the ownership structure, the Board and senior executives, financial indicators and investor relations contacts.

<https://www.security.cl/investor-relations/en/home>



## RISK ANALYSIS and management



Careful risk management is essential to achieve strategic objectives in a highly competitive market. Banco Security has a risk identification, management and monitoring model, in accordance with regulations and the standards issued by the regulator.



Banco Security is engaged in the banking business, focused on the commercial and aspiring income retail segments, offering high standards of service quality. Therefore, risk management is a critical function for achieving the company's strategic objectives and ensuring its short, medium and long-term solvency. In order to guarantee the best possible risk management, the Bank 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.

Risks associated with the financial sector are as follows. Greater understanding can be achieved by analyzing this section in conjunction with the Risk notes in the Financial Statements of Banco Security and its subsidiaries.

### CREDIT RISK

Credit risk is the probability that the counterparty to a loan will not be able to comply with its contractual obligation and that this will result in a potential loan loss. It includes the risk of concentrating a significant proportion of the Bank's loans in a small number of borrowers or economic sectors.

### MARKET RISK

The main market risks facing Banco Security are inflation and interest rate risk. Banco Security has established market risk policies, procedures and limits to manage its maturity and currency exposures in accordance with its own objectives and regulatory limits. The Bank and its subsidiaries have an interest rate risk control system that monitors its medium and long-term investments and actively monitors its investment portfolios.

### 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

Operational risk is the risk of suffering losses from the lack of adaptation, or a failure involving processes, personnel and internal systems or due to external events.

### COMPLIANCE RISK

Compliance risk is the probability of financial losses or reputational damage arising from legal or administrative sanctions for non-compliance with laws, regulations or internal banking standards, for example, with respect to money laundering.

### REPUTATIONAL RISK

Reputational risk is the probability of changes in the perception of stakeholders, such as customers, shareholders, and employees, regarding Banco Security or its subsidiaries. This risk results in a potential loss of financial capital, equity and/or market share due to reputational damage to a company. There are several aspects that the company must manage to protect its reputation, including carefully managing all the previously mentioned risks.

### STRATEGIC RISK

Strategic risk is associated with how the Bank and its subsidiaries are managed. It is the risk that the Bank is unable to respond to competitive or regulatory changes, to changes within its own domain when it introduces a new product or to its failure to meet its strategic objectives. Managing this risk is fundamental to defining its strategy.

These risks are managed in line with the Bank's risk appetite, in order to achieve the expected risk/return ratio. Therefore, the Bank has defined objective business segments for its Retail and Commercial Banking divisions, which accept higher credit risks within the expected limits. This also includes customer and business group concentration limits.

Market and liquidity risks are managed based on positions and limits within the risk appetite. These risks are continually monitored and corrective measures are introduced when necessary, to avoid risk exposure exceeding expectations. A similar situation occurs with all the non-financial risks that affect the Bank and all its subsidiaries.



## EXTERNAL RISKS

Additionally, there are external factors that are described in the Inherent Risk Profile exercise. This instrument identifies potential risk events with their corresponding materiality. They are usually associated with macroeconomic, regulatory or political events. When they occur, they impact the inherent business risks previously described to a greater or lesser extent.



### MACROECONOMIC RISK

Macroeconomic risk refers to risks associated with overall economic factors, such as cycles, growth, inflation, employment and also factors that may impact the economy, such as natural disasters and pandemics. Moreover, the last few years have seen how the COVID-19 pandemic has affected the economy over the short-term. The risk exists that new variants may appear with the consequent increase in infections and quarantines, and these would impact economic recovery and employment.

### REGULATORY RISK

Regulatory risk is the probability of changes to regulations over time. One example is the increase in the income tax rate to raise funds to mitigate the pandemic crisis and social demands. Discrete growth in the future make income tax rate increases possible, which would directly impact the Bank's financial performance, GDP growth, and the loans and viability of customers' businesses. Also increased Pillar 1 or Pillar 2 requirements under Basel III would increase the Bank's capital requirements.

### POLITICAL RISK

Political risk is the probability of disruptions to the business environment caused by political instability, changes within a country, conflicts, social unrest, changes to governments or regimes and changes in the international environment.

## FACTORS THAT AFFECT THE STRATEGIC PLAN

Finally, there are factors that may affect the Bank's medium-term strategic plan, which are recognized and updated every year. Some of these involve risk events that the Bank manages through its Inherent Risk Profile and Risk Appetite. The main risks that could affect the Bank's strategic plan are business environment risks, competitive and technological environment risks, strategic project risk, and risks that could affect the budget model used to build its financial forecasts.



## BUSINESS ENVIRONMENT RISK

The macroeconomic scenario has been influenced by a sharp deterioration in local financial conditions over the last year, with significant increases in long-term interest rates. There are many factors behind this phenomenon, particularly the impact of large-scale withdrawals from pension savings and political-legislative uncertainty.

The increased uncertainty and perception of risk regarding the Chilean economy has reduced the appetite for local, long-term assets, with the real exchange rate well above its 20-year average.

Inflation has continued to rise, mainly due to the extraordinary expansion of domestic demand and depreciation of the Chilean

peso. These characteristics have been reinforced by other global phenomena, such as the increase in world demand, disruptions in supply chains due to the pandemic and increases in commodity prices, while inflation has continued to rise globally.

Public health uncertainty about the pandemic is lower, despite the spread of new variants, such as Delta, Mu and Omicron, due to tremendous progress with local vaccination campaigns. Thus, a deterioration in the public health situation is not expected to have similar effects to those observed in 2020.

Therefore, the quality of the loan portfolio could deteriorate and lower economic growth could be expected in 2022 and 2023.



## STRATEGIC PROJECT RISK

- CUSTOMER EXPERIENCE:**  
 Customer service models that are misaligned with customer expectations, which would directly result in lost services. Also, events that negatively affect the image of the Bank or the banking industry could harm the customer experience, and affect the attraction, retention and profitability of key segments.
- DIGITAL AND DATA:**  
 For example, risks associated with disruptive changes introduced by a competitor that give it a competitive advantage that is difficult to counteract, or that trigger the abrupt obsolescence of the Bank's technological assets.
- PROCESS TRANSFORMATION:**  
 Latent risk of designing or implementing transformation processes that affect performance or budgeted efficiency.
- CAPITAL RISK:**  
 Constant changes to banking regulations and accounting criteria could impact performance and profitability. Also, slowly adopting a comprehensive risk and capital consumption culture could affect maximizing capital usage.
- CULTURE AND CAPABILITIES:**  
 These refer to the challenges associated with employees adopting new approaches and skills to leverage transformation and sustain it over time.

## COMPETITIVE AND TECHNOLOGICAL ENVIRONMENT RISK

The COVID-19 pandemic introduced a number of challenges for banks worldwide, by accelerating the digital (r)evolution in 2020 and 2021, which affected customer preferences, revenue generation and operating models. The digitalization race brings several challenges and risks to effectively and efficiently close current technological gaps.

## BUDGET MODEL RISK

The broad spectrum of potential scenarios in the business environment, including extensive economic, political-legislative and pandemic uncertainty, could impact the Bank's budget model.

## GENERAL GUIDELINES for risk management

A fundamental success factor for the banking and financial businesses is managing and mitigating risk, in order to add the value expected by shareholders and stakeholders, and ensure business continuity. Banco Security and its subsidiaries face various risks inherent to their respective businesses.

Therefore, the Bank has a comprehensive risk management vision, which is aligned with its strategic plans and the risk appetite approved by the Board, which incorporates international best practice and the Bank's experience over the years.

Banco Security comprehensively manages its risks based on the following pillars:

### CORPORATE GOVERNANCE



Comprehensive risk vision

Independent control unit

Specialized committees with board representation

- The Comprehensive Risk Committee monitors management of significant risks within each business using a dashboard containing essential and complementary indicators, each with clearly defined objectives and limits.
- Various committees meet every month to monitor how the Board's policies are implemented, and ensure that risks are adequately managed and mitigated.
- Every month the Board is informed how each risk is being managed, and it reviews and approves or rejects daily risk management decisions.

### AUDITS



Internal audits

Independent audits

CMF Assessment

- Banco Security has a centralized corporate technological tool for the Risk, Audit and Compliance divisions to monitor compliance with the metrics of the Bank and each subsidiary.
- Internal and external audit plans corroborate compliance with policies and detect weaknesses in internal controls.
- The CMF's annual audit of various matters is also a great help in detecting and resolving any weaknesses in processes and internal controls.



## POLICIES, GUIDELINES AND PROCEDURES



Scaling-up report

Scale of attributions

Risk management policies

Regulatory and internal limits

Automated risk management systems

Capital adequacy measurement

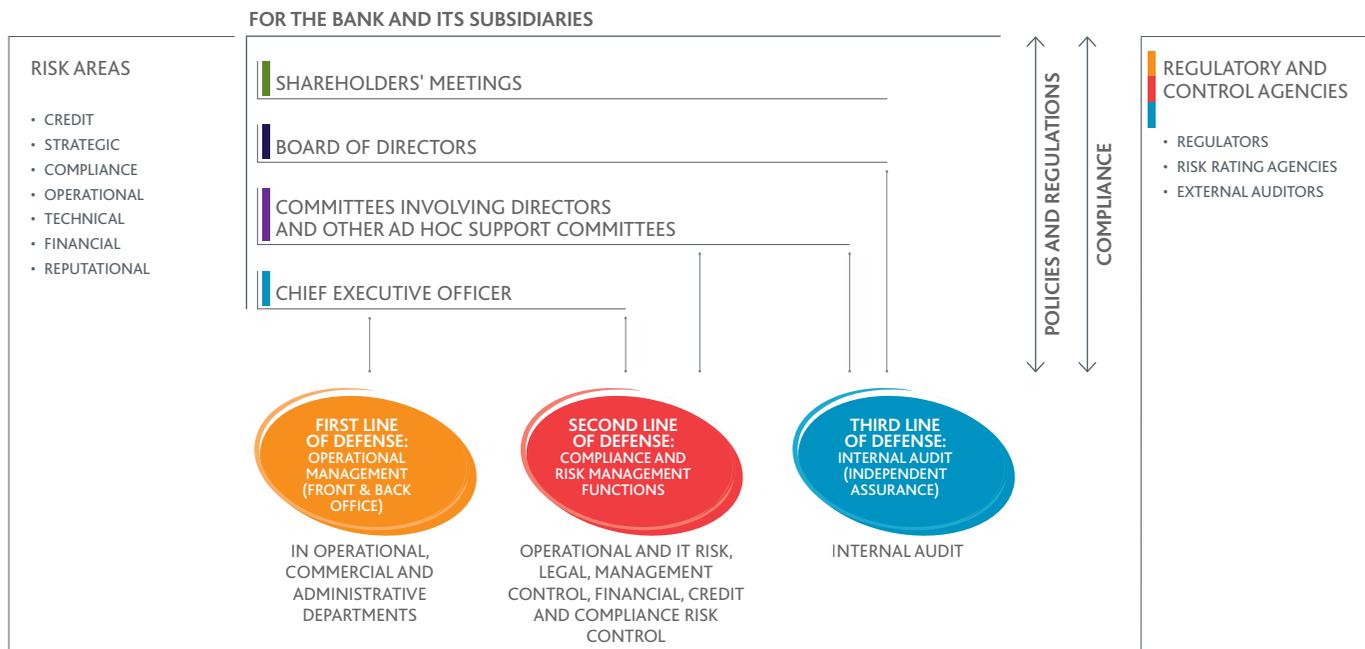
Stress scenarios

- Banco Security has a Risk Appetite Framework and a Risk Appetite Statement, which are reviewed every year during strategic planning to ensure that strategic and financial objectives are consistent with the Board's risk appetite.

## MAJOR DEVELOPMENTS IN 2021

- Basel III implementation at Banco Security and Regulatory Capital Self-Assessment (CASEI) report.
- Implementation of a comprehensive view of risk management with the approval of the Risk Appetite Framework and the Risk Appetite Statement, in addition to the creation of the Comprehensive Committee.
- Definition of a regulatory structure, consisting of: policies (Board), guidelines (Integral Risk Committee) and procedures (Management). This risk management segmentation has provided flexibility and speed in dealing with market variations.

## THREE LINES OF defense model



Banco Security and its subsidiaries guarantee the effectiveness of risk control and management using a three-lines-of-defense model, which is explained below:

### FIRST LINE

Every department that is exposed to risks as they complete their tasks. Their function is to ensure that risk exposure is aligned with the Bank's approved risk appetite and within the corresponding limits. They also have primary responsibility for managing risks and implementing corrective measures to address process and control deficiencies.

### SECOND LINE

They are responsible for identifying, measuring, monitoring and controlling risks, independently of the first line, and for ensuring that risk exposure is consistent with the Bank's approved risk appetite. They must propose the Risk Appetite Statement containing metrics and limits, and any subsequent modifications, based on proposals from the first line. They should monitor the implementation of effective risk management practices by the first line. They must also identify, evaluate, monitor, communicate and advise on compliance risks.

### THIRD LINE

This is the independent internal audit function, which is ultimately responsible for verifying that the governance, control and risk framework is effective and that policies and processes are being consistently applied. The Group has a corporate platform for its subsidiaries to report their risks and action plans.



Risk is managed at Banco Security by two divisions that report to the Chief Executive Officer: Credit and Market Risk Division and Operational Risk Division. Both divisions operate independently from other business departments and counterbalance them on the Bank's committees.

The Credit and Market Risk Division is focused on Credit Risk Management and is divided into four areas: Wholesale Risk, Retail Risk, Enterprise Risk Management and Modeling Risk. Their objective is to comply with the six stage credit process: Initiation, analysis and assessment, decision, management, monitoring and control, and collection. This must be consistent with the Bank's approved risk appetite.

The Financial Risk Department reports to the Credit and Market Risk Division and its strategic financial objectives are (a) to strengthen and expand the Bank's position, by consolidating and developing long-term relationships with its customers

and other market players, and by providing a full range of investment banking products, and (b) to secure and improve stable long-term profitability and appropriately manage these risks.

The Credit and Market Risk Division is complemented by the Operational Risk Division, which achieves total independence from all sources of operational risk. 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.

Finally, the Strategy and Capital Department manages capital and reports to the Planning and Management Control Division.

## CUSTOMER DATA security

The Bank's operational risk management strategy includes maintaining an environment with adequate standards governing cybersecurity and custody of its physical and digital assets, based on the best national and international practices. The CMF's Updated Compilation of Standards 20-10 contains the best management of Information Security and Cybersecurity in Chile. The international benchmark is ISO 27,001: 2013. These guidelines are an integral part of the regulatory framework within the Bank, which is managed each year through regular reports to the Operational Risk Committee, the Comprehensive Risk Committee and the Board.

Cybersecurity management is based on the Information Security and Cybersecurity Policy and regulations related to the security of service providers, which are communicated within the Bank and applied. A cybersecurity governance system has been introduced, which monitors progress on cybersecurity issues. Monthly meetings analyze cybersecurity indicators, maturity levels and practices that lead to robust cybersecurity management.

The objectives of Banco Security's cybersecurity plan during 2021 were:

- Comply with the policy and regulatory framework approved by the Board.
- Strengthen controls over and monitor the main risks related to cybersecurity.
- Improve monitoring and compliance with the regulatory framework.
- Provide continuity and security to remote working, in line with information security and cybersecurity protocols.
- Expand knowledge and awareness of the information security and cybersecurity culture. This included a communication plan for customers, associated with financial literacy, called

"Opera Seguro". It focused on carefully protecting passwords and preventing fraud, while emphasizing the importance of self-protection.

- Continue updating the technological platforms.
- Increase resilience exercises.
- Visit suppliers to monitor their cybersecurity standards
- Strengthen due diligence for cloud-based services, identify emerging risks and manage risk mitigators.

A cybersecurity governance system has been introduced to monitor progress on cybersecurity issues. Monthly meetings analyze cybersecurity indicators, maturity levels and practices that lead to robust cybersecurity management.

The Bank and its subsidiaries understand that responsibility for information security and cybersecurity is not limited to specialists. All departments are jointly responsible for building awareness regarding the role each person plays in preventing incidents that can affect customers and the organization. For example, communication campaigns change the daily behavior of customers by providing information and reminders that reinforce how to safely use digital platforms.

Building a relationship of trust with customers fundamentally requires protecting their privacy and other business information. Therefore, the Bank has defined how to store and handle this information in a secure and confidential manner in a Privacy Policy, in accordance with Law 19,628 on Data Protection, as amended, General Banking Law, and other personal data protection and confidentiality regulations. This policy defines how data may be processed and for what purpose, which can be for commercial, marketing, risk, recruitment, customer/user services, statistical or similar purposes. It also includes the data communication and data processing security framework, among others.



## TECHNOLOGICAL development plan 2021

A very important technological development for the Bank and its subsidiaries in 2021 was the creation of the Digital Department, reporting directly to the CEO and linked with the Corporate Digital Division. This department aims to define and implement a plan that will quickly close the gaps with respect to other industry players and to increasing customer demands.

This year the department's first step was to prepare a diagnostic and project plan with the support of external advisors to update online channels at the Bank and its subsidiaries, given their growing importance to customers. The investment requirements of each Bank department were surveyed and these investments were prioritized and planned, in order to update the technological infrastructure at the Bank, AGF and Valores.

## CUSTOMER HEALTH risk safety

The "cardio-protected areas" project was prepared for branches nationwide during 2021. This initiative will be operational during the first quarter of 2022 and aims to provide timely healthcare to employees and customers suffering cardiorespiratory arrest. Automated external defibrillators (AED) have been provided to support the cardiopulmonary resuscitation process. The emergency leaders at each branch will be responsible for using the AED equipment and will be regularly trained by a certified training organization.

Similarly, COVID-19 protection measures continued during the year, which focused on the health and safety of both customers and employees. Details of these measures can be found in the Customer and Culture chapters, respectively.



## MANAGING THE RISK OF anti-competitive practices

Given Banco Security's size measured by market share, it may be exposed to risks related to antitrust offenses, such as abuse of a dominant market position. However, ongoing legislative renewal related to the search for a more competitive industry, such as, for example, financial portability and the most recent amendments to the Consumer Protection Act, evidence efforts to prevent such behaviors.

Anti-competitive risks involve poor detection and management of conduct that could be detrimental to free competition. Examples of these risks could be:

- Inadequate supervision of banking support companies.
- Cooperation between competitors and exchanges of commercially sensitive information.
- Tied sales, or abusive prices or conditions in areas where consumer protection law does not apply.
- Manipulation of information to calculate interest rates.

At Banco Security and its subsidiaries these risks are managed through adequate internal controls and board reporting by the Audit and Standards committees.



## PREVENTION OF CRIMES and ethics violations

Ethical and transparent business management, as well as concern for the stakeholders at each subsidiary, are key for the business and decision making at all levels of Banco Security and are aligned with Grupo Security guidelines. Beyond compliance with regulations, relationships are based on commitments of trust, respect for people, the environment and the complete conviction that the behavior of every company must be a benchmark of probity.

This Grupo Security framework provides the guidelines that govern the behavior of every employee, and compliance officers who ensure that they are applied.

This ethical framework is composed of the following documents, which are available on the website <http://ir.security.cl/es/gov-docs> :

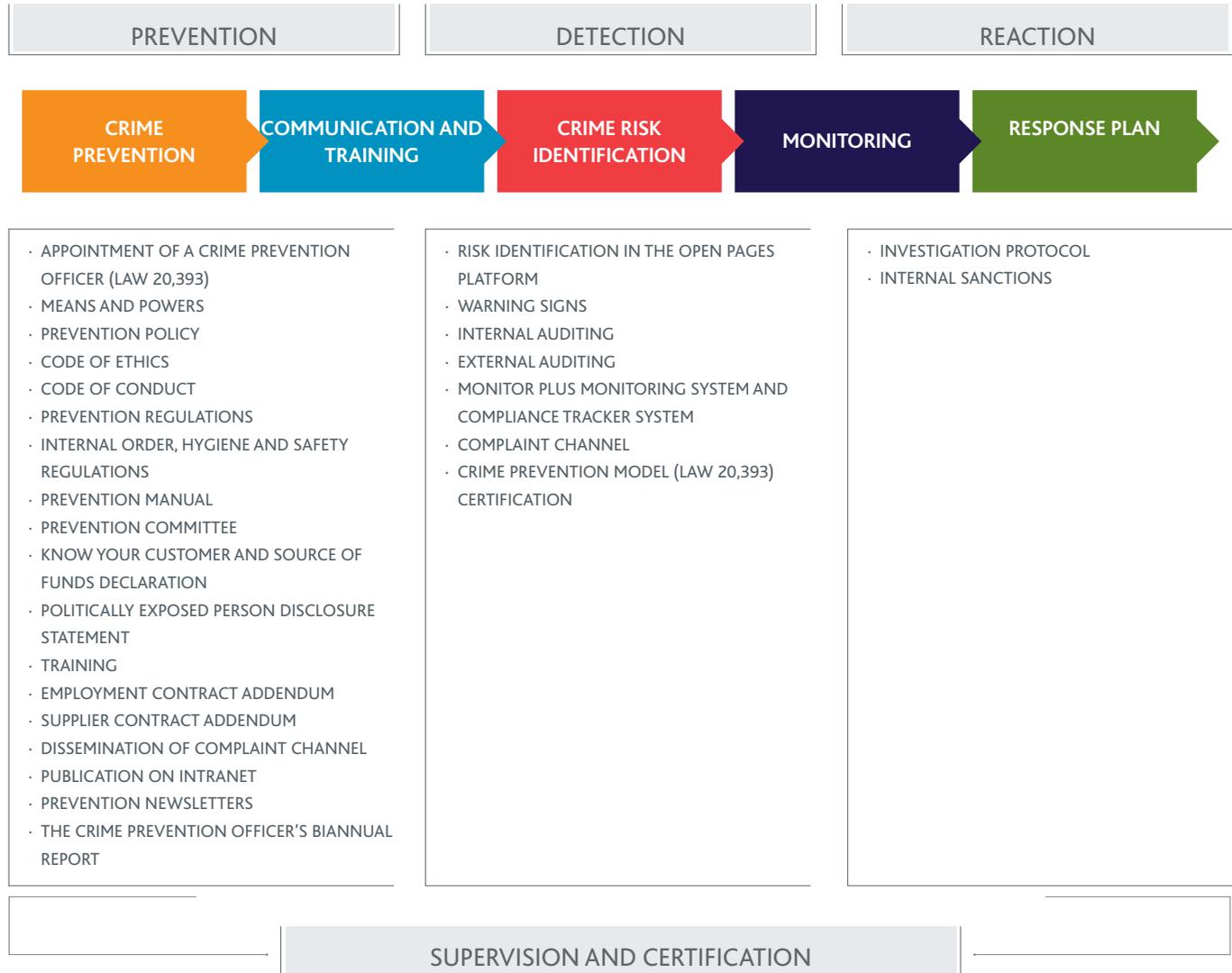
- Crime Prevention Model
- Code of Ethics
- Internal Order, Hygiene and Safety Regulations
- Complaint Channel, Conflict of Interest Policy

### CRIME PREVENTION MODEL

It is essential for Banco Security and its subsidiaries to have clear guidelines on crime prevention, governed by Law 20,393. The crime prevention model is aimed at ensuring compliance with local regulations and the Bank and its two subsidiaries are therefore protected against potential reputational risks and civil and criminal actions arising from claims for legally established offenses. The model is adapted to the requirements of each company, according to the nature of their business.



CRIME PREVENTION MODEL



Once a year all employees are required to participate in classroom and e-learning regulatory training courses, to keep the entire organization up to date on the following subjects:

CRIME PREVENTION MODEL

Information on regulatory updates and new challenges posed by the market with respect to Law 20,393 on the Criminal Liability of Legal Entities, and Law 19,913 on Money and Asset Laundering.

NOTIFICATION OF UPDATES

Code of Ethics, Code of Conduct, Internal Order, Hygiene and Safety Regulations, and Crime Prevention Regulations.

CYBERSECURITY

Interactive modules that raise awareness among employees of cybersecurity risks and correct information use.



## CODE OF ETHICS

Summarizes the business experience of the Bank and all Grupo Security companies and establishes certain principles that guide employees in the performance of their daily work. This implies that parent company employees should be clearly committed to their closest stakeholders.

- **CUSTOMERS**

Our first duty lies in providing customers with top quality products and services that meet their requirements, using the latest technologies and that comply with technological and operational requirements.

- **SHAREHOLDERS**

We work to ensure the company's ongoing development and achieve an attractive rate of return for shareholders, who have placed their trust in Grupo Security.

- **EMPLOYEES**

The duty of each company is to create a work environment that fosters the professional development of its employees, allows them to reach their maximum work potential and ensures they can deliver the creativity and responsibility expected of them. All within a framework of equity for all.



## COMPLAINT CHANNEL

This is where suppliers, customers, employees and auditors/regulators can submit anonymous complaints. The information reported can be monitored, which is forwarded to the highest levels of the organization to be investigated and resolved. It is hosted on an external server and available both on the intranet and on the Group's public website.



## CONFLICT OF INTEREST POLICY

The Bank and its subsidiaries have a Conflict of Interest Policy aligned with Grupo Security guidelines and its corporate culture of compliance, prevention and transparency. Its objective is to prevent and manage conflicts of interest, by identifying the main situations involved and procedures so that the executives, directors and employees can declare and resolve them. This policy complies with the Chilean legal framework, including Law 18,046 on Corporations, its regulations and Law 21,314.

03

## THE SECURITY culture

Respect for people's dignity is the value that inspires corporate culture, promotes talent development and balances professional, family and personal life.







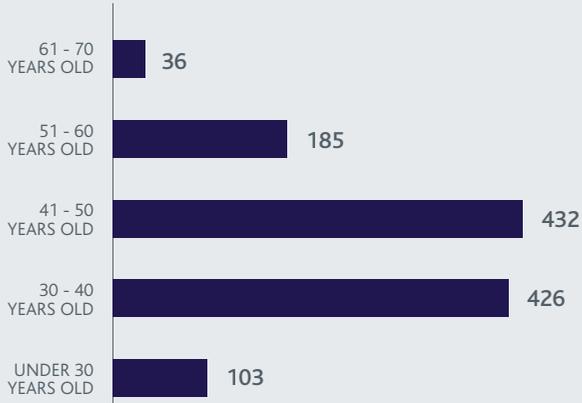
## THE SECURITY CULTURE at a glance

TOTAL EMPLOYEES AT BANCO SECURITY AND ITS SUBSIDIARIES IN 2021	NUMBER OF EMPLOYEES		
	2021	2020	2019
 <b>54%</b> WOMEN	636	644	711
 <b>46%</b> MEN	546	529	558

SOURCE: BANCO SECURITY

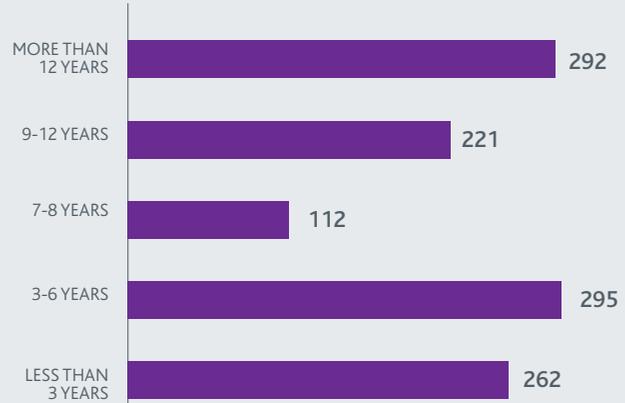


WORKFORCE BY AGE RANGE



SOURCE: BANCO SECURITY

WORKFORCE YEARS OF SERVICE



SOURCE: BANCO SECURITY

58,904 hours

TOTAL TRAINING HOURS

98.5%

PEOPLE TRAINED IN 2021

50 hours

AVERAGE TRAINING HOURS PER EMPLOYEE

6.1%

BANCO SECURITY VOLUNTARY TURNOVER

28

WOMEN IN EXECUTIVE POSITIONS



PERCENTAGE OF EMPLOYEES BY POSITION BY GENDER



TOTAL

22.76%

EXECUTIVE POSITIONS HELD BY WOMEN (MANAGEMENT AND SENIOR EXECUTIVES)

68%	ADMINISTRATIVE STAFF	32%	317
10%	SENIOR MANAGEMENT	90%	10
65%	SALES FORCE	35%	71
24%	MANAGER	76%	113
44%	DEPARTMENT HEADS	56%	174
55%	OTHER PROFESSIONALS	45%	497
54%	TOTAL	46%	1,182

SOURCE: BANCO SECURITY



## PEOPLE centric

Banco Security is part of Grupo Security, so it has built an organizational culture focused on respect and care for people since its inception. The company is particularly committed to forming a favorable working environment that will improve the quality of life for all employees and their families.

Consequently, policies, processes and procedures have been designed to harmonize the personal and working lives of each employee, to reinforce the importance of achieving objectives and build long-term trust-based relationships. The company's aspiration for its employees is clear, that everyone belonging to Grupo Security feels that they can integrally develop and reach their full potential.

Grupo Security's commitment to its employees was recognized in 2021 with two important awards, the Best Company at Attracting and Retaining Talent in the corporate group category granted by Merco Talento, and first place in the Best Companies to Work for Women in Chile 2021 ranking in the large company category for organizations with more than 1,000 employees granted by Great Place to Work (GPTW). The company was also ranked 27th among the Best Companies to Work for in Latin America, and by the IESE Business School of Universidad de Navarra in Spain as a Family-Responsible Company.

Banco Security, its subsidiaries and other Group companies have consistently ranked among the 15 best companies to work for in Chile for 20 consecutive years, according to the GPTW ranking.





## AWARDS AND RECOGNITION at Grupo Security



### GREAT PLACE TO WORK

Grupo Security has been ranked first in the category of companies with more than 1,000 employees, within the Great Place to Work for Women in Chile 2021.

### GPTW CERTIFICATION

The certification granted by Great Place to Work (GPTW) reflects how highly Grupo Security's employees rate their work environment.

COMPANY NAME	AWARD
Grupo Security	Best Workplaces in Chile 2006 (#14)
	Best Workplaces in Chile 2007 (#5)
	Best Workplaces in Chile 2008 (#7)
	Best Workplaces in Chile 2009 (#9)
	Best Workplaces in Chile 2010 (#15)
	Best Workplaces in Chile 2013 (#14)
	Best Workplaces in Chile 2014 (#9)
	Best Workplaces in Chile 2015 (#9)
	Best Workplaces in Chile 2016 (#8)
	Best Workplaces in Chile 2017 (#7)
	Best Workplaces in Chile 2018 (#3)
	Best Workplaces in Chile 2019 (#4)
	Best Workplaces in Chile 2020 (#5)
	Best Workplaces in Chile for Women 2021 (#1)
Grupo Security (Banco, Factoring, AGF, Vida)	Best Workplaces in Latin America 2008 (#15)
Grupo Security	Best Workplaces in Latin America 2011 (#47)
	Best Workplaces in Latin America 2013 (#21)
	Best Workplaces in Latin America 2015 (#25)
Grupo Security	Best Workplaces in Latin America 2021 (#27)

## THE SECURITY hallmark

Banco Security has a behavior framework to guide the daily tasks of its employees, which focuses on providing excellent service, building a sustainable business and maximizing return for its shareholders.

The Security Hallmark is derived from the elements that compose the Security Culture, such as the mission, vision and values that inspire the Group and its companies. Furthermore, there is the cultural pillar of respect and care for people, a true guiding principle for the Bank throughout its history, which has formed teams that are capable, committed and willing to face the challenges that arise every day.

This respect and care translates into three aspects that the Bank seeks to cultivate:



### WORK-FAMILY-LIFE BALANCE

It consists of creating the conditions for all employees to successfully balance their personal, family and work life.



### THE IMPORTANCE OF HOW

It confirms the importance of each task reflecting the corporate values that inspire the behavior of each employee. "How" corporate objectives are achieved is what gives shape to this hallmark and the Bank's strength, which constitutes one of its main advantages over the competition.



### LONG-TERM RELATIONSHIPS

A close, trusting and long-term relationship with each of the Bank's stakeholders is cultivated by providing excellent, personalized, professional and transparent services.



## EMBEDDING THE SECURITY HALLMARK

A principal initiative undertaken by the Bank and all Grupo Security companies during 2021 was the Embedding the Security Hallmark project. This initiative included several events, such as working meetings, focus groups and individual interviews involving more than 300 employees.

As a result three principles were defined for employees to embed the Security Hallmark into their daily tasks: Connect with people, Shaping our tomorrow and Make it happen.



## workforce

### BY POSITION

COMPANY	MANAGERS AND SENIOR EXECUTIVES	PROFESSIONALS AND TECHNICIANS	OTHER EMPLOYEES	TOTAL
Administradora General de Fondos Security S.A.	8	16	19	43
Banco Security S.A.	109	509	479	1,097
Valores Security S.A. Corredores de Bolsa	6	15	21	42
<b>TOTAL</b>	<b>123</b>	<b>540</b>	<b>519</b>	<b>1,182</b>

SOURCE: BANCO SECURITY

### BY NATIONALITY

COMPANY	CHILEAN	NON-CHILEAN	TOTAL
Administradora General de Fondos Security S.A.	43	0	43
Banco Security S.A.	1,079	18	1,097
Valores Security S.A. Corredores de Bolsa	42	0	42
<b>TOTAL</b>	<b>1,164</b>	<b>18</b>	<b>1,182</b>

SOURCE: BANCO SECURITY

### BY EMPLOYMENT CONTRACT

Nearly all the employees at Banco Security and its subsidiaries have open-term employment contracts.

COMPANIES	FEMALE			MALE			TOTAL
	OPEN-TERM	FIXED-TERM	TOTAL	OPEN-TERM	FIXED-TERM	TOTAL	
Administradora General de Fondos Security S.A.	11	0	11	32	0	32	43
Banco Security S.A.	609	8	617	479	1	480	1,097
Valores Security S.A. Corredores de Bolsa	8	0	8	34	0	34	42
<b>TOTAL</b>	<b>628</b>	<b>8</b>	<b>636</b>	<b>545</b>	<b>1</b>	<b>546</b>	<b>1,182</b>

SOURCE: BANCO SECURITY

COMPANIES	FEMALE			MALE			TOTAL
	OPEN-TERM	FIXED-TERM	TOTAL	OPEN-TERM	FIXED-TERM	TOTAL	
Administradora General de Fondos Security S.A.	100%	0%	100%	100%	0%	100%	43
Banco Security S.A.	99%	1%	100%	100%	0%	100%	1,097
Valores Security S.A. Corredores de Bolsa	100%	0%	100%	100%	0%	100%	42
<b>TOTAL</b>	<b>99%</b>	<b>1%</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>	<b>1,182</b>

SOURCE: BANCO SECURITY



# CORPORATE SOCIAL RESPONSIBILITY AND sustainable development

## BOARD diversity

### DIRECTORS BY GENDER



SOURCE: BANCO SECURITY

### DIRECTORS BY NATIONALITY



SOURCE: BANCO SECURITY

### DIRECTORS BY AGE RANGE



SOURCE: BANCO SECURITY

### DIRECTORS BY YEARS OF SERVICE



SOURCE: BANCO SECURITY

## ORGANIZATIONAL diversity

### GENDER



POSITION	FEMALE	MALE	TOTAL
Administrative staff	214	103	317
Senior management	1	9	10
Sales force	46	25	71
Manager	27	86	113
Department heads	77	97	174
Other professionals	271	226	497
<b>TOTAL</b>	<b>636</b>	<b>546</b>	<b>1,182</b>

SOURCE: BANCO SECURITY

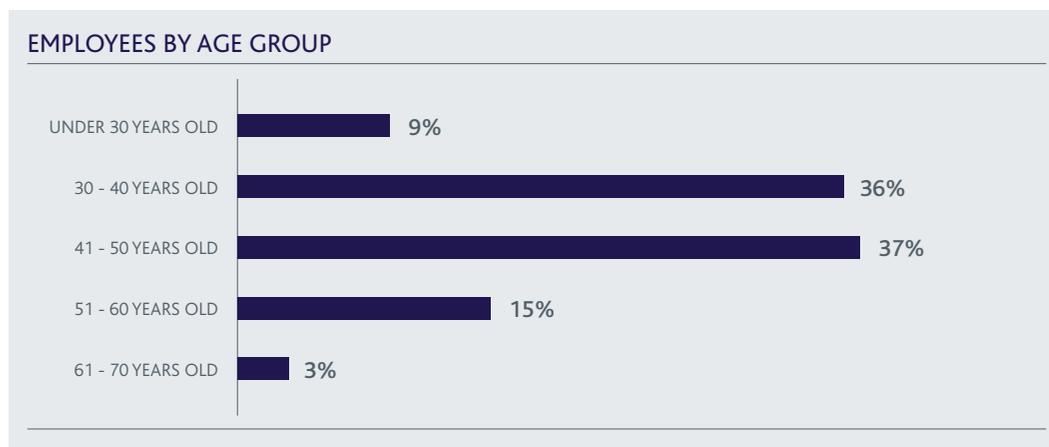
### NATIONALITY



POSITION	CHILEAN	NON-CHILEAN	TOTAL
Administrative staff	313	4	317
Senior manager	9	1	10
Sales force	69	2	71
Manager	111	2	113
Department heads	173	1	174
Other professionals	492	5	497
<b>TOTAL</b>	<b>1,167</b>	<b>15</b>	<b>1,182</b>

SOURCE: BANCO SECURITY

### AGE GROUP



SOURCE: BANCO SECURITY

POSITION	UNDER 30	30-40	41-50	51-60	61-70	TOTAL
Administrative staff	44	150	80	34	9	317
Senior manager	0	0	5	4	1	10
Sales force	2	13	32	19	5	71
Manager	0	22	61	25	5	113
Department heads	1	45	95	27	6	174
Other professionals	56	196	159	76	10	497
<b>TOTAL</b>	<b>103</b>	<b>426</b>	<b>432</b>	<b>185</b>	<b>36</b>	<b>1,182</b>

SOURCE: BANCO SECURITY



## YEARS OF SERVICE

### EMPLOYEES BY YEARS OF SERVICE



SOURCE: BANCO SECURITY

POSITION	LESS THAN 3 YEARS	3-6 YEARS	7-8 YEARS	9-12 YEARS	MORE THAN 12 YEARS	TOTAL
Administrative staff	71	100	34	55	57	317
Senior manager	3	2	0	0	5	10
Sales force	10	25	3	12	21	71
Manager	19	23	5	22	44	113
Department heads	16	30	20	37	71	174
Other professionals	143	115	50	95	94	497
<b>TOTAL</b>	<b>262</b>	<b>295</b>	<b>112</b>	<b>221</b>	<b>292</b>	<b>1,182</b>

SOURCE: BANCO SECURITY



## PEOPLE WITH DISABILITIES



	FEMALE	MALE	TOTAL
Administrative staff	0	3	3
Manager	1	0	1
Other professionals	2	2	4
<b>TOTAL</b>	<b>3</b>	<b>5</b>	<b>8</b>

SOURCE: BANCO SECURITY

Law 21,175, the Labor Inclusion Act, requires people with disabilities to comprise 1% of the workforce at public or private companies with 100 or more employees. The regulation provides alternative compliance measures for companies that can justify non-compliance, such as hiring services from companies that employ people with disabilities, or making donations to corporations or foundations that support people with disabilities.

Banco Security has 1,094 employees in Chile and eight are people with disabilities. Therefore, the company has opted for alternative compliance by donating to Fundación para la Ayuda y Rehabilitación de Discapacitados (the People with Disabilities Aid and Rehabilitation Foundation). Furthermore, a Child Inclusion

Bonus has been created that provides financial assistance to employees with one or more children with disabilities.

An inclusion paragraph was included in all corporate recruitment publications, in order to attract talent regardless of whether the applicant has a disability. Finally, several initiatives were introduced to increase the number of people with disabilities in the company, which are listed below:

- Universal training plan (Law 21,275).
- Train one inclusion expert per company (Law 21,275).

The Labor Inclusion Act provides compensatory measures in the event that less than 1% of employees are people with disabilities. Banco Security complies with this standard by donating to Fundación para la Ayuda y Rehabilitación de Discapacitados.



## EMPOWERING EMPLOYEES to the fullest

Grupo Security has a Talent Identification and Development Policy that addresses a key objective for operational continuity and achieving strategic goals: to have people who are ready to face current and future challenges and who are aligned with the organization's culture and its values.

The objectives of this policy are to:

1. Promote the ongoing learning and professional development of employees.
2. Provide a clear framework regarding development conditions and possibilities within the company.
3. Ensure that measures are taken to have people prepared to fill key positions, guaranteeing the Group's sustainability.
4. Define company-wide criteria for planning and formalizing internal promotions and lateral mobility within the organization.

This policy is governed by the following four fundamental principles:



### DEVELOPMENT AS A STRATEGIC PILLAR

The comprehensive development of employees fosters commitment, alignment with corporate values and the development of the necessary competencies to face current and future challenges. Therefore, Grupo Security is committed to encouraging employee development in their current positions and preparing them for future positions.



### COMMITMENT TO INTERNAL MOBILITY

Preference for filling vacancies with internal candidates, to promote talent development and retention.



### SKILL DEVELOPMENT FOR EVERYONE

Employees are given the opportunity and responsibility to design and implement a skill development plan with the guidance of their direct supervisor, to facilitate their professional and personal growth.



### IDENTIFICATION AND DEVELOPMENT OF TOP POTENTIALS

The Corporate Culture Division executes processes and applies tools to identify the potential for employees to perform and grow, in order to have the right people in key positions that secure sustainability.

# training

## INVESTMENT

COMPANY	EMPLOYER TRAINING	TAX CREDIT INVESTMENT (SENCE)
Administradora General de Fondos Mutuos Security S.A.	CH\$8,353,944	CH\$816,000
Banco Security	CH\$82,577,676	CH\$153,042,400
Valores Security S.A. Corredores de Bolsa	CH\$17,249,529	CH\$2,254,000
<b>TOTAL</b>	<b>CH\$108,181,149</b>	<b>CH\$156,112,400</b>

SOURCE: BANCO SECURITY

**MCH\$108**

TOTAL TRAINING  
BANCO SECURITY AND  
SUBSIDIARIES

## PEOPLE TRAINED

COMPANY	CURRENT WORKFORCE	NUMBER OF PEOPLE TRAINED	TRAINING HOURS	AVERAGE HOURS PER PERSON	PERCENTAGE OF PEOPLE TRAINED
Administradora General de Fondos Security S.A.	43	43	1,144	27	100.0%
Banco Security S.A.	1,097	1,079	56,621	52	98.4%
Valores Security S.A. Corredores de Bolsa	42	42	1,139	27	100.0%
<b>TOTAL</b>	<b>1,182</b>	<b>1,164</b>	<b>58,904</b>	<b>50</b>	<b>98.5%</b>

SOURCE: BANCO SECURITY

## TRAINING BY COMPANY AND GENDER

### BANCO SECURITY

GENDER	CURRENT WORKFORCE	NO. OF ACTIVE PEOPLE TRAINED	TRAINING HOURS	AVERAGE HOURS PER PERSON	PERCENTAGE OF PEOPLE TRAINED
Female	617	602	34,577	56	98%
Male	480	477	22,044	46	99%
<b>TOTAL</b>	<b>1,097</b>	<b>1,079</b>	<b>56,621</b>	<b>52</b>	<b>98%</b>

SOURCE: BANCO SECURITY

### ADMINISTRADORA GENERAL DE FONDOS

GENDER	CURRENT WORKFORCE	NO. OF ACTIVE PEOPLE TRAINED	TRAINING HOURS	AVERAGE HOURS PER PERSON	PERCENTAGE OF PEOPLE TRAINED
Female	11	11	298	27	100%
Male	32	32	845	26	100%
<b>TOTAL</b>	<b>43</b>	<b>43</b>	<b>1,144</b>	<b>27</b>	<b>100%</b>

SOURCE: BANCO SECURITY

### VALORES SECURITY S.A. CORREDORES DE BOLSA

GENDER	CURRENT WORKFORCE	NO. OF ACTIVE PEOPLE TRAINED	TRAINING HOURS	AVERAGE HOURS PER PERSON	PERCENTAGE OF PEOPLE TRAINED
Female	8	8	276	35	100%
Male	34	34	863	25	100%
<b>TOTAL</b>	<b>42</b>	<b>42</b>	<b>1,139</b>	<b>27</b>	<b>100%</b>

SOURCE: BANCO SECURITY



The company uses the 70:20:10 model, whereby 70% of learning is experiential, 20% from interaction with others and 10% from courses, lectures and seminars.

Its programs and courses are classified as follows:

#### • REGULATORY

These courses transmit knowledge regarding current legal regulations and reinforce safety mechanisms for employees and customers. Workshops were held in 2021 on the Crime Prevention Model, cybersecurity and occupational accident prevention.

#### • FUNCTIONAL

Specific technical programs, adapted to each job position. Their aim is to improve people's efficiency and productivity, maximizing their performance in their current position. The 2021 courses transmitted knowledge about collaborative tools for remote working, and provided training on products and services.

#### • EXCELLENCE

Workshops that develop critical skills to leverage the transformation process of Security's businesses while boosting the talent and professional development of the course participants. Leadership skills were addressed in 2021, such as change management, difficult conversations, feedback, and the Security Hallmark.

The main training courses for the Bank's employees in 2021 are listed below:

COURSE NAME	PARTICIPANTS	TRAINING HOURS
Understanding operational risk and business continuity in the working environment	239	9,560
Occupational stress management techniques	142	5,680
Conflict resolution and resilience	137	5,480
Applying Law 20,393 to crime prevention	75	3,000
Security responsibilities	24	2,880
Financial accreditation course, and preparation for CAMV accreditation	31	1,381
Reporting to prevent accidents	34	1,360
Use of stock market tools	115	1,150
Applying the crime prevention model	1,072	1,072
Connect with people	315	630
Operational risk in 2021	788	591
Shaping our tomorrow	281	562
Private security guard training	27	504
Leaders encouraging change workshop	246	492

COURSE NAME	PARTICIPANTS	TRAINING HOURS
Habits laboratory	226	452
Make it happen workshop	205	410
Exploring the Employee Handbook 2021	1,042	312.6
Promoting a culture of feedback	202	303
Change management workshop (module 2)	178	267
Data protection	1,037	259.3
Types of fraud	1,025	256.3
Promoting an owner mentality	169	253.5
Safe internet use	975	243.75
Reporting to prevent accidents and occupational hazards ODI	156	215
Social engineering in social media	1,139	196.8
Consumer loans	152	168.8
Credit risk	118	165.2



## WORK-FAMILY-LIFE BALANCE

Work-life balance has been a central aspect of the organizational culture since Banco Security began. This approach attracted talented people, especially female talent. Accordingly, the Bank has 60 benefits organized in three areas, which are Family, Health and Welfare, and Special Leave. All employees with open-term employment contracts are eligible for these benefits, which are in addition to their gross salary.

The benefits in the family area include the Flexible Postnatal program, where mothers can leave work earlier at 4:00 p.m. for four weeks after returning to work after their maternity leave. Therefore, female employees have their legal entitlements and an additional month of flextime. Parents are provided with a cash contribution to help finance attendance at a daycare center, or a childcare assistant to care for their children at home until they reach the age of two.

A Disability Bonus is provided to support employees who have children with disabilities, which covers part of the associated extra expenses.

“Vivo + Salud y Bienestar” has also been implemented. This program provides tools to help participants take responsibility for their own protection and protect those around them. This program is based on the pillars of learning, connection with the surroundings through dialog, and balance to strengthen body and mind through recreation. In 2021, given the new scenario brought about by COVID-19, the workshops focused on providing resources for the management and containment of employees and their families.

Workshops were held on emotional management, happiness in times of pandemic, stress management and day-to-day mindfulness.



# 60 benefits

FOR EMPLOYEES OF  
BANCO SECURITY AND ITS SUBSIDIARIES



## BENEFITS: MY CELEBRATIONS

12

- National holiday celebration
- Cueca lessons
- Secretary's Day
- On your birthday
- End-of-year party
- Fun Fridays
- Mother's Day
- Father's Day
- International Women's Day
- Grandparents' Day
- A Meaningful Christmas
- A welcome gift



## BENEFITS: MY SPECIAL LEAVE AND TIME OFF

7

- Leave for residential moves
- Preventative check-ups
- 24 hours for you
- Marriage / civil union
- Afternoon off during children's school breaks
- Thesis defense
- Bereavement (unborn child, parent, sibling, parent-in-law, child).



## BENEFIT: MY DISCOUNTS

6

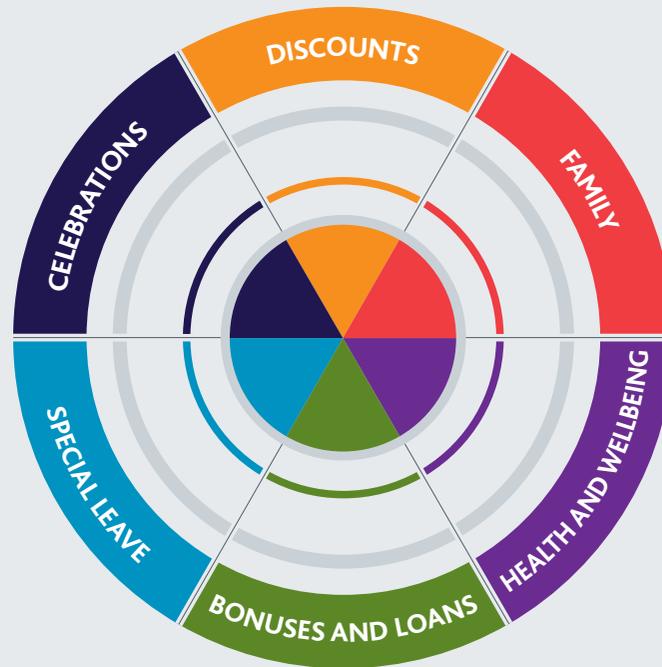
- Movistar
- Arturo López Pérez Foundation
- Dental clinics
- Book shops
- Restaurants
- Fitness centers



## BENEFITS: MY FAMILY

13

- Maternity/paternity leave
- Shorter workday (Fridays)
- Family outing to Fantasilandia
- Christmas gift for children
- School gift
- Gradual return of the mother
- Childcare
- Securitylandia
- Childbirth gift
- Academic Excellence Award
- PTU Award
- Scholarship for children
- Aló Security



## BENEFITS: MY HEALTH AND WELLBEING

8

- Fitness activities
- Talks and workshops
- Health fair
- Exercise breaks
- Health and catastrophic event insurance
- Life insurance
- Life insurance (24 monthly salaries)
- Dental insurance

## BENEFITS: MY BONUSES AND LOANS

14



- |  |                               |
|--|-------------------------------|
| • Marriage / civil union bonus             | • Retirement savings 1+1      |
| • National independence celebrations bonus | • matching program            |
| • Group bank loans                         | • Schooling bonus             |
| • Legal bonuses                            | • Preschool bonus             |
| • Quarterly cost-of-living adjustments     | • Birth bonus                 |
| • Childcare assistant bonus for mothers    | • Vacation bonus              |
| • Childcare assistant bonus for fathers    | • Bereavement benefit         |
|  | • UF 100 in housing subsidies |

## THE 60 BENEFITS ARE:

### BENEFITS: MY FAMILY

BENEFIT	DESCRIPTION
Paternity leave	A flexible working schedule during a child's first month of life, in addition to the five legal days of paternity leave.
Shorter workday (Fridays)	Departure at 4:00 p.m.
Family outing to Fantasilandia	A fun afternoon at Fantasilandia amusement park with family and colleagues.
Christmas gift for children	A Christmas gift of choice for children up to 14 years of age.
School gift	Gift for all employees' children up to the last year of high school.
Gradual return of the mother	Working day until 4:00 p.m. during the first four weeks after maternity leave ends.
Childcare	Tuition and monthly fee capped at CH\$220,000 until the child is two years old.
Securitylandia	Securitylandia winter and summer: For children between 5 and 13 years of age, we have trained staff in charge of specialized programs during school breaks. All programs conducted in 2021 were held online.
Childbirth gift	Gift when the child of a Security employee is born and posting of the child's photo in Mi Security.
Academic Excellence Award	An award of CH\$75,000 to the children of employees who achieve an average of 6.5 or higher in high school.
PTU Award	Prize of \$130,000 in a drawing that includes all those who performed well on the PTU.
Scholarship for children	Scholarship submission for children who are beginning their studies or who are renewing their scholarship.
Aló Security	Confidential channel for all employees and their families to receive free psychological, financial and legal counseling.

SOURCE: GRUPO SECURITY

### BENEFITS: MY HEALTH AND WELLBEING

BENEFIT	DESCRIPTION
Fitness activities	Soccer and bowling championships during the year.
Talks and workshops	Free open lectures and hands-on workshops with expert speakers throughout the year.
Health Fair	Carrying out medical examinations and consultations in different specialties. The objective is to allocate time within the workday to review medical issues that may be troubling employees.
Exercise breaks	Pause gymnastics in all Security offices.
Health and catastrophic event insurance	Supplemental insurance for reimbursement of benefits not covered and catastrophic event insurance that is activated when the supplemental insurance reaches its maximum limit.
Life Insurance	Financed 100% by the company, UF 700 is paid out in the event of the employee's death.
Life insurance (24 monthly salaries)	Co-funded insurance that is activated in the event of death with an indemnity of 24 gross monthly salaries.
Dental insurance	Reimbursement of dental expenses

SOURCE: GRUPO SECURITY



## BENEFITS: MY BONUSES AND LOANS

BENEFIT	DESCRIPTION
Marriage / civil union bonus	UF 15.
National independence celebrations bonus	UF 5.
Group bank loans	Loans with preferential conditions.
Legal bonuses	A percentage of base salary is given to people without monthly commissions and a salary of less than UF 108 payable in March and December.
Quarterly cost-of-living adjustments	Salary adjustment provided that the CPI change is positive.
Childcare assistant bonus for mothers	CH\$220,000 bonus for mothers who renounce their right to daycare and hire a childcare assistant to care for their child up to 2 years of age.
Childcare assistant bonus for fathers	Bonus to hire qualified personnel to help with the care of the baby during their first month of life.
Retirement savings 1+1 matching program	An equivalent amount is contributed at the end of each year to anyone paying into an additional voluntary retirement savings scheme.
Schooling bonus	Bonus of UF 3 per school child.
Preschool bonus	CH\$70,000 bonus for children between two and four years of age attending preschool.
Birth bonus	UF 6 bonus per child born.
Vacation bonus	Bonus for taking 10 or more working days of vacation in a row.
Bereavement benefit	UF 15 bonus on the death of an immediate family member.
UF 100 in housing subsidies	To purchase a first home, expand it or to repay debt.

SOURCE: GRUPO SECURITY

## BENEFITS: MY SPECIAL LEAVE

BENEFIT	DESCRIPTION
Leave for residential moves	One day per house move.
Preventative check-ups	Half day for preventive check-ups.
24 hours for you	24 chronological hours (three days) per year for personal matters.
Marriage / civil union	Seven days for marriage.
Afternoon off during children's school breaks	Two afternoons off during children's school breaks.
Thesis defense	One day off.
Death of an unborn child, parent, sibling, parent-in-law, child.	From two to 15 days off in addition to the legal days off in the face of these painful losses.

SOURCE: GRUPO SECURITY

## BENEFITS: MY CELEBRATIONS

BENEFIT	DESCRIPTION
National holiday celebration	Celebrating in the office during Independence Day week.
Cueca lessons	Cueca lessons in August so you can hit the dance floor in September.
Secretary's Day	A celebration just for them.
On your birthday	A free afternoon and a company present.
End-of-year party	Costume party with a surprising theme every year-end.
Fun Fridays	Break up the Friday routine with fun activities and giveaways coming to a work station.
Mother's Day	A gift for them in May.
Father's Day	A gift for them in June.
International Women's Day	A gift to surprise them on March 8.
Grandfather's Day	A gift to celebrate all grandparents.
A Meaningful Christmas	A gift to enjoy with your family.
A welcome gift	New members are sent a gourmet welcome basket.

SOURCE: GRUPO SECURITY

## BENEFIT: MY DISCOUNTS

BENEFIT	DESCRIPTION
Movistar	Preferential phones and mobile plans.
Arturo López Pérez Foundation	Additional coverage in oncological treatment, for hospital and in-patient procedures.
Dental clinics	Special discounts for all employees at two partnering dental clinics.
Book shops	Special discounts.
Restaurants	Special discounts.
Fitness centers	Special discounts.

SOURCE: GRUPO SECURITY

Finally, Banco Security has an outplacement program for employees who must leave the company involuntarily for many reasons. It consists of a series of employability workshops and four individual consultancies geared towards helping people understand their skills, competences and areas for improvement, in order to successfully tackle their job hunt. Similarly, the company has a Support Program for managers lasting six months.

In 2021, 108 people participated in the outplacement consultancies and workshops, while eight managers participated in the Support Program.



## EQUAL PAY

The consistency of the work-family balance policy has produced concrete results as women now represent 54% of the workforce at Banco Security and its subsidiaries, while the percentage for Chile overall is close to 49%. Furthermore, 22.76% of managers are women, much higher than the domestic labor market figure of 13%.

Grupo Security also has a high percentage of female employees and managers. The Bank was awarded the best company in the "Banking and Financial Institutions" sector for two consecutive years and received the Impulsa Talento Femenino Award,

granted by the ChileMujeres Foundation, PwC Chile and the Pulso newspaper, which rewards companies committed to promoting female talent in Chile.

The company uses the HAY method to manage the compensation of all employees, to ensure equity. This method evaluates each position using objective metrics based on three concepts: the knowhow required for the job, problem-solving skills and undertaken responsibilities, in terms of the extent to which the person's actions have translated into results.

FEMALE SALARY GAP BY FUNCTION		
MANAGER	73%	
DEPARTMENT HEADS	94%	
OTHER PROFESSIONALS	82%	
SALES FORCE	84%	
ADMINISTRATIVE STAFF	94%	

SOURCE: BANCO SECURITY

The Grupo Security work-life balance achievements led to it being awarded the best company in the "Banking and Financial Institutions" sector for two consecutive years and received the Impulsa Talento Femenino Award, granted by the ChileMujeres Foundation, PwC Chile and the Pulso newspaper, which rewards companies committed to promoting female talent in Chile.

## WORKPLACE AND SEXUAL HARASSMENT

Banco Security and its subsidiaries have an investigation policy regarding workplace harassment, which is defined in the company's Internal Order, Hygiene and Safety Regulations. Employees can use the company's Complaint Channel as a secure and confidential means of making complaints. There were no labor or sexual harassment claims during 2019, 2020 and 2021 in Banco Security or any of its subsidiaries.

## WORKPLACE SAFETY

Banco Security is aware that every aspect of employee health and prevention is fundamentally important and it has prioritized developing an Occupational Risk Prevention Policy, whose main objective is to create a safe place to work, with zero accidents and deaths.

This policy rests on the following pillars:

- Employee health and safety must always come first.
- Continuous improvement in all aspects of occupational risk and disease prevention and management are key to Grupo Security and its future endeavors.
- Guaranteeing that all company decisions entail compliance with current legal provisions in terms of occupational risk and disease prevention.
- Successfully identifying, evaluating and monitoring occupational risk.
- Demanding that contractors respect the risk prevention policies and include them in our risk prevention culture.
- Encouraging employees to participate in promoting health and safety, and to cooperate with raising safety standards.

## OCCUPATIONAL SAFETY INDICATORS

INDICATOR	2021	2020	2019
Accident rate	0.18%	0.09%	0.18%
Fatality rate	0.00	0.00	0.00
Occupational disease rate	0.28%	0.09%	0.00%
Average days lost to work-related accidents	10.00	1.00	42.50
Average days lost to occupational disease	49.00	7.00	0
Average days lost	33.40	4.00	42.50

SOURCE: BANCO SECURITY



## WORKPLACE FLEXIBILITY

As of December 31, 2021, 10 people at Banco Security have a signed contract or addendum to change their work modality.

CONTRACTUAL STATUS	FEMALE		MALE	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
Regular working hours	628	98.7%	544	99.6%
Part-time	0	0.0%	0	0.0%
Flexibility agreement	8	1.3%	2	0.4%
<b>TOTAL</b>	<b>636</b>	<b>100%</b>	<b>546</b>	<b>100.0%</b>

SOURCE: BANCO SECURITY  
NOTE: WOMEN AND MEN TOTAL 1,182 IN THE BANK, AGF AND VALORES, EXCLUDING HONG KONG

TYPES OF FLEXIBILITY AGREEMENTS	FEMALE		MALE	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
100% remote work until 12/31/2021	1	0.2%	0	0.0%
100% remote work under Law 21,247 until the end of the pandemic	1	0.2%	0	0.0%
Remote work under the Safe Return Act	6	0.9%	2	0.4%
<b>TOTAL</b>	<b>8</b>	<b>1.3%</b>	<b>2</b>	<b>0.4%</b>

SOURCE: BANCO SECURITY



## PATERNAL LEAVE

When any employees of the Bank and its subsidiaries experience the birth of a child, either naturally or by adoption, they are entitled to special benefits beyond those required by law, such as:

- GRADUAL RETURN TO WORK FOR MOTHERS:**  
 During the first four weeks after their maternity leave mothers can leave work at 4 p.m., regardless of the leave they chose.
- FLEXIBLE PATERNITY LEAVE FOR FATHERS:**  
 During the first month of their child's life, in order to be co-responsible during this first stage.

NUMBER OF EMPLOYEES WHO TOOK PATERNAL LEAVE	FEMALE		MALE	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
	24	100%	0	0%

SOURCE: BANCO SECURITY  
NOTE: CALCULATION BASED ON PEOPLE ELIGIBLE FOR PATERNAL LEAVE, ACCORDING TO GR 461.

AVERAGE NUMBER OF PATERNAL LEAVE DAYS BY JOB CATEGORY	FEMALE	MALE	
		PATERNAL LEAVE OF 5 DAYS	PATERNAL LEAVE OF 6 WEEKS
Administrative staff	168	0	0
Senior manager	0	0	0
Sales force	168	0	0
Manager	0	0	0
Department heads	168	0	0
Other professionals	0	0	0

SOURCE: BANCO SECURITY

## PROTECTING HEALTH during the pandemic

Working remotely was introduced in 2020, and employees safely returned to Banco Security's offices and facilities during 2021, due to rapid progress with the vaccination campaign in Chile. This involved hybrid working, with revolving weekly on-site working shifts that secured social distancing between teams.

Newly acquired knowhow strengthened the culture and kept people connected despite physical distance. We encouraged collaboration through digital tools, creating online meeting, support and recognition opportunities for employees.

Special events were organized to ensure that the physical separation of teams did not have a negative impact on their

relationship with their respective managers, such as large group meetings and virtual coffee breaks, where employees were given the opportunity to share their concerns with senior management, and to learn about business progress, challenges and goals. In total, 12 large group meetings and 32 virtual coffee breaks were arranged, with 791 participants.

This was supplemented with additional measures, such as the "Cuidémonos entre todos" (Let's take care of one another) communications program, the distribution of PPEs (face masks, filters and hand sanitizer), capacity control and the introduction of the "Employee Health Emergency Handbook." This document outlines the measures and behaviors to be adopted by each employee in their everyday tasks.

4,798

PERSONAL PROTECTIVE EQUIPMENT  
PACKAGES

### MEASURES DURING THE PANDEMIC

#### 01 BEFORE ENTERING

- Daily health declaration
- Each employee conducts self-assessment before leaving home
- Protocol for suspected cases

#### 02 COMMUTE

- One person per car
- Carpooling
- Bus - subway
- Bicycle - scooter
- On foot
- Multiple modes of transportation



#### 03 OFFICES

- Entrance
- Work stations
- Favor interactions on digital channels and minimize circulating around premises

#### 04 COMMON AREAS

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

#### 05 AFTER WORK

- Disinfecting
- Isolation
- Safety



The mental and emotional health of employees and their families is another great concern for all Grupo Security companies. Accordingly, the "Aló Security" hotline was created for employees and their families, which provides free phone advice on psychological, financial and legal matters. In addition, we continued to conduct the Flow Survey, to follow up on each employee's mood and mental wellbeing. This was done to provide timely support to employees showing a lack of motivation. This initiative, conducted daily in 2020, turned into a weekly measure in 2021, with an average response rate of 33%.

# 489

EMPLOYEES USED THE ALÓ  
SECURITY HOTLINE

# 44

FORMAL CONVERSATIONS BETWEEN  
EMPLOYEES AND SENIOR MANAGEMENT.

## SUBCONTRACTING policy

Grupo Security has a policy with guidelines for subcontracted employees from temporary service agencies for all holding companies. This policy seeks to organize and standardize subcontracting criteria, monitoring associated expenses and making resource allocation efficient throughout the entire organization.

A temporary service is a specific task of a temporary or occasional nature. This service is provided by temporary service agencies. This policy provides several guidelines for subcontracting staff, such as:

- Prohibitions on executive subcontracting in leadership positions.
- Once the term of the contract has expired, the person

must leave. The contract may not be extended or renewed. The only way to do this is to be hired directly by the company.

- Salaries for these workers must match the company's internal salary ranges. In case of substitutions, the salary cannot be more than 80% of the salary of the person being substituted.
- They do not receive company benefits aside from the monthly salary, meal and commuting bonuses, and other legal bonuses.
- They must attend and pass all company training sessions required to, for example, successfully carry out their work and any other relevant matters.



04

# BUSINESS strategy

Banco Security and its subsidiaries are impacted by their market and industry trends, and must upgrade their services as the world changes.





6.0%  
GLOBAL GDP  
(% CHANGE 2020 - 2021)

## ECONOMIC AND financial context

### GLOBAL CONDITIONS

In 2021 the global economy consolidated its recovery, as public health restrictions were relaxed that marked the whole of 2020 and that negatively impacted businesses everywhere. This rebound resulted from the quick response by various economies, which provided several monetary stimulus and tax relief measures.

Yet economic recovery, together with excessive global liquidity, brought about a risk that had otherwise been contained: inflation. Both the higher costs of raw materials, especially for energy and foodstuffs, and increased demand plus supply issues led to general price hikes, with global CPI reaching 5%—something we had not witnessed since 2008. All this happened against the backdrop of a stronger dollar and the depreciation of other currencies, which exacerbated inflation, especially in emerging economies. In light of the above, these economies began pulling back on their monetary stimuli.

6.8%  
LATIN AMERICAN GDP  
(% CHANGE 2020 - 2021)

All in all, it was a good year for the stock markets, which rose 17% as measured by the MSCI Global index, although there were differences between countries and regions. Developed markets rose by 20% while emerging ones dropped 4.6%, in spite of raw material prices rising 30% on average. Copper was particularly strong, starting the year at US\$3.5/pound and reaching US\$4.5 by year end. Oil, on the other hand, rose from US\$50 per barrel to US\$70 per barrel.

### GLOBAL GDP

The year began with a positive outlook due to the recovery experienced by many economies worldwide. However, the momentum thinned out as months passed and inflation reared its head. Global GDP expanded by 6% overall in 2021, greatly surpassing historical averages. In disaggregated figures, developed economies grew 5% while emerging economies grew 6.5%.



## DEVELOPED MARKETS

The United States, which had contracted by -3.4% in 2020, grew 5.7% in 2021, driven by strong private consumption (up 7.9%). This upswing in consumption was due to the recovery of nearly 7 million jobs in 2021, adding to the 12 million created in 2020. Meanwhile, industrial investment (non-residential) reached an annual variation of 7.4%, adding one percentage point to annual GDP. Stock markets reflected this growth with a 25% increase in 2021.

Eurozone GDP expanded by 5.2%, with every economy growing, especially Germany (2.9%), France (7%), Italy (6.6%) and Spain (5%). Stock markets rose 12% as measured by the MSCI Europe index.

## EMERGING NATIONS

Emerging economies also recovered significantly, expanding their economic activity in 6.5%, with similar recoveries in Asia (7.2%), Latin America (6.8%) and emerging European economies (6.5%). China, one of the world's most important economies, grew 8.1%, while India, another of the world's largest economies, expanded 9%. Disaggregation in Latin America showed that Peru had the best performance (13.3%), followed by Chile (11.7%), Colombia (10.6%) and Argentina (10.3%). The most relevant ones due to their size were Brazil and Mexico, which grew 4.6% and 4.8%, respectively.

That being said, the stock market did not do very well, dropping -4.6% in aggregate (MSCI Emerging Markets Index). When broken down by region there were many differences, with a lower drop by emerging Asia (-6.6%), even though China decreased by -23%, which was partially offset by a 25% rise in India. While Latin America fell -13%, there were also big differences between the main economies, with a -24% drop in Brazil and a 20% hike in Mexico.

The fixed-income market was unique in that the riskiest U.S. bonds (high yield) returned 6% in 2021, while the safest (high grade) bonds fell by -1.1%. Meanwhile, sovereign bonds from emerging countries (EMBI) showed a negative yield of -1.5%, while corporate bonds (CEMBI) fell by -0.9%.



# 11.7%

CHILEAN GDP  
(% CHANGE 2020 - 2021)

## CHILE

As in most countries, economic authorities in Chile applied both monetary and fiscal stimuli to tackle the pandemic. The latter were among the highest in the world (as a percentage of GDP), helping to consolidate economic recovery. The economy therefore managed not only to get back to pre-pandemic levels, but to surpass them, with GDP growth of 11.7% for the year as a whole. The latter helped to improve economic forecasts by businesses, which remained optimistic throughout most of the year, in contrast to consumer perspectives, which remained pessimistic from January to December. This may be explained by the fact that, in spite of the economic recovery, the country was subject to high levels of political uncertainty all year long due to the presidential elections and the drafting of the new constitution.

## SPENDING

From a domestic demand perspective, which expanded 21.6% over the year, private consumption had the greatest impact. It grew 20.3%, responding to the greater liquidity resulting from tax incentives and pension fund withdrawals, while investment rose 17.6%, back to pre-pandemic levels; however, it did show a much slighter increase than would have otherwise been expected given the substantial increase in trade.

## ANALYSIS BY INDUSTRY

Broken down by industry, all sectors grew, with the exception of mining, which fell by -0.6% (a sector that was not affected by stoppages in production processes in 2020). In fact, the sectors most affected during 2020 had the best performances in 2021. Personal services rose 22.4%, wholesale and retail trade rose 22.6%, business services grew 11% and construction rose 13.6%.

This excellent economic performance resulted in an average increase of 5.5% in job creation, equivalent to nearly 435,000 jobs, in addition to the one million jobs recovered in 2020. The construction sector accounted for the largest number of jobs, followed by wholesale and retail trade. The breakdown of employment by category showed that the greatest recovery occurred in self-employment (17%) while on average, salaried jobs grew only 3.2% year-on-year. Thus, the unemployment rate fell from an average of 10.7% in 2020 to 8.8% in 2021.

## FOREIGN TRADE

Exports totaled BUS\$94.7, well above the BUS\$74.1 for 2020. More than half of these exports were copper shipments, totaling BUS\$33.4. In quantitative terms, exports fell by -1.5%, as the drop in copper shipments (-4.4%) more than offset the increase of only 0.3% in the rest of the products. Imports reached BUS\$83.8, with increases in all categories, including 81% in fuels, 70% in consumer goods and 36% in capital goods. Total import volumes bounced back 31.3%. Accordingly, the year-end balance of trade was a positive BUS\$10.9.

In fiscal terms, last year saw a 7.8% deficit in GDP, much larger than the 7.3% observed in 2020. This was due to increased spending to counteract the effects of the pandemic, which was partially offset by increased revenue from stronger economic activity and the price of copper.

## PRICE INDEXES

As in most countries, inflation began to accelerate more than expected due to the higher demand brought about by the economy's excess liquidity, issues with supply, currency depreciation and higher international prices. After closing at 3% in 2020, year-on-year CPI variation rose to 4% by mid-year and 7.2% by December, the highest rate since 2007. Core inflation (IPCSAE), which excludes volatile prices, showed a similar yet smaller trend, rising from 3% at the beginning of the year to 5.2% by year end. The CPI for tradables increased by 8.6% in the year, while the CPI for non-tradables reached 5.4%.

## REFERENCE INTEREST RATES

The surprising increase in inflation—which grew throughout the year—made the Chilean Central Bank cancel its monetary stimuli sooner than expected the Monetary Policy Rate (MPR) by 25 basis points in July, 75 basis points in September, 125 basis points in October and 125 basis points in December, placing it in restrictive terrain (above the neutral interest rate estimated at 3.5%) for the first time since 2008.

## EXCHANGE RATES

In 2021 the dollar remained highly volatile yet, contrary to expectations, it tended to appreciate as the months went by. This is because the US economy managed to handle the pandemic better, creating relative strength compared to the rest of the world. Against this backdrop, the Chilean peso began the year at close to CH\$720, rising gradually as months went by to close at CH\$850, equivalent to depreciation of 20% from December to December.



## INVESTMENT plans

Banco Security has continued to develop its ambitious three-year investment plan for 2022-2024 built on the pillars of digital strategy, strengthening technological and cybersecurity, and systems modernization and convergence. The plan is financed with the company's own resources and totals approximately MUS\$25. An advance investment of MUS\$4 was disbursed in 2021.

### DIGITAL STRATEGY

Banco Security is undergoing a digital transformation in order to meet the challenges posed by an increasingly competitive regulatory, business and technological environment. The development of this pillar is based on the following strategic objectives:



#### PROCESS TRANSFORMATION

Review and redesign key business processes with a customer-centric approach to improve the customer experience and capture efficiencies, while always maintaining the high quality that characterizes the Bank.



#### CUSTOMER EXPERIENCE

Strengthen the physical and digital experience, and aspire to become the bank with the best customer experience for its target segments.



#### DATA AND ADVANCED ANALYTICS

Intensively use data and analytical models to improve customer service models and business results.



#### NEW BUSINESS

Develop a solid ecosystem that can provide new products and services through alliances with fintechs and other partners, in order to strengthen the Bank's leadership in customer experience and improve its business performance.

### STRENGTHENING TECHNOLOGICAL AND CYBERSECURITY INFRASTRUCTURE

The confidentiality and security of customer data is a fundamental aspect of Banco Security's value proposition. This requires planning and implementing changes to technological infrastructure that comply with the highest standards and best practices in communications and cybersecurity. The Bank also has a plan to strengthen the professional teams responsible for this infrastructure.

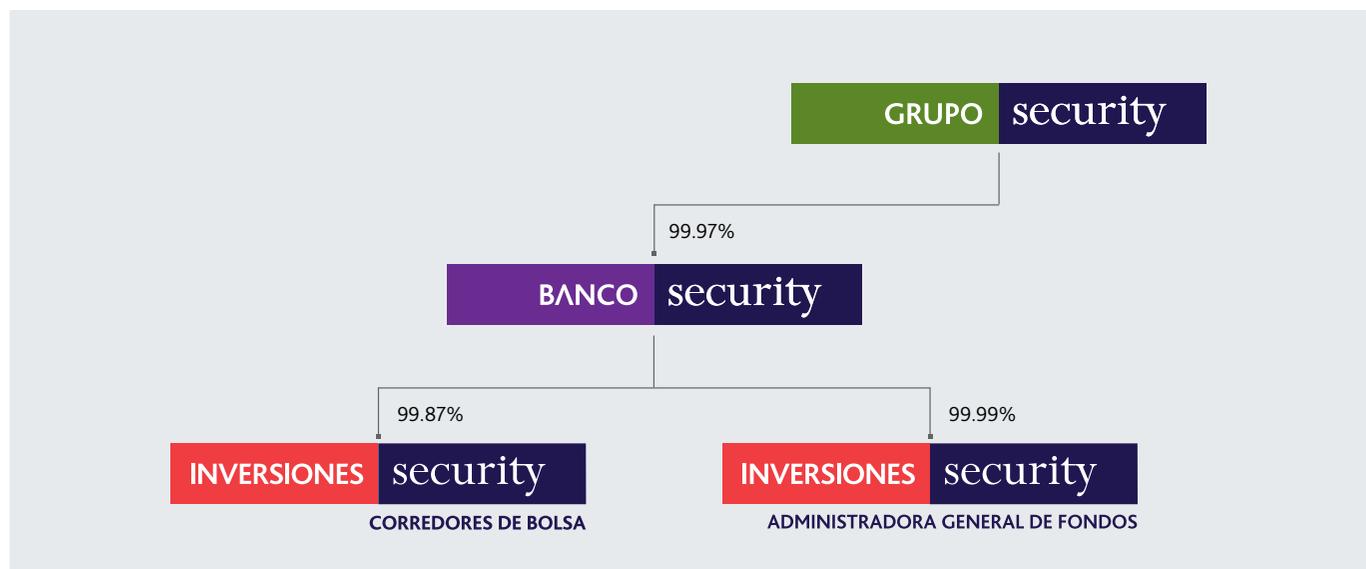
### SYSTEMS MODERNIZATION AND CONVERGENCE

Effective digital transformation and channel improvements require back-office systems with compatible, modern and scalable architecture. Banco Security has established a roadmap to reduce the volume of core applications, in order to migrate its services to cloudplatforms. The Bank continues to use state-of-the-art technological tools for financial and credit risk management.

## BANCO SECURITY and its subsidiaries

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 in the banking and asset management industries, through its subsidiaries Administradora General de Fondos and Valores Security.

Since its formation, the Bank has placed people at the core of its business. In an increasingly competitive and regulated market, it positions itself as a niche bank, by 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.



SOURCE: BANCO SECURITY





# BANCO security

## THE INDUSTRY

As of year-end 2021, the Chilean banking industry was composed of 17 institutions, plus one state-owned bank called BancoEstado. The reduction in the number of entities compared to 2020 is the result of the authorization granted by the CMF in December 2021 to terminate the branch established in Chile of Banco do Brasil S.A., a decision adopted by the parent company of that banking institution.

The products and services offered by the banking industry deal with money management, such as receiving deposits, executing transactions, granting loans, managing liabilities and providing asset management advisory services, among others. By nature, these services depend on customer experience, the customization of the solutions provided, the provision of consulting services at all levels, and the quality and response time associated with back-office capacity. As of December 2021, the industry employed 54,253 people in 1,620 branches. The sector also offers its customers a network of 7,592 ATMs distributed nationwide.

### BANKING INDUSTRY LOANS

(EXCLUDING LOANS AND ADVANCES TO FOREIGN SUBSIDIARIES OF LOCAL BANKS)

DECEMBER 2021

MCH\$202,990,103

DECEMBER 2020

MCH\$184,089,453

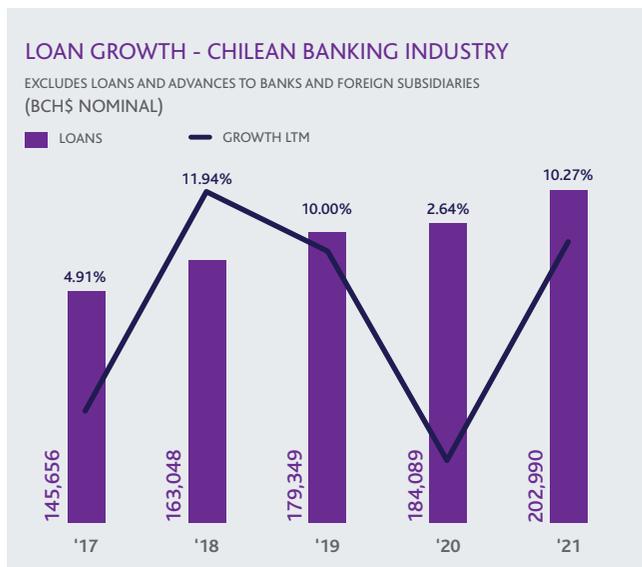
CHANGE

10.27%

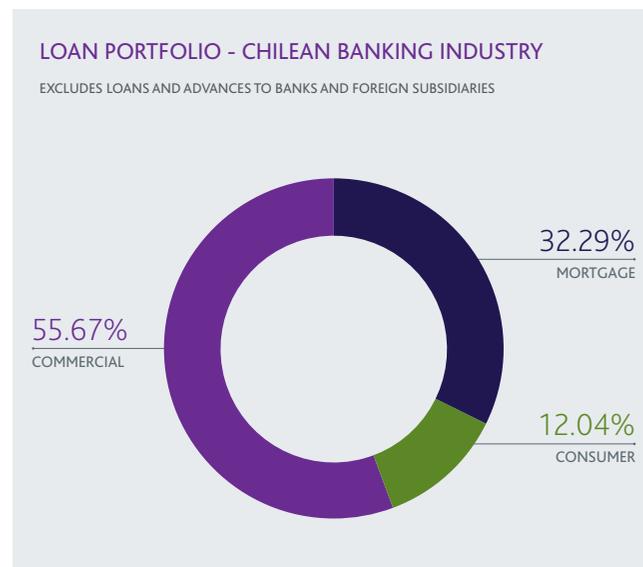
GROWTH COMPARED TO 2020

MORTGAGE LOANS	13.49%
CONSUMER LOANS	6.70%
COMMERCIAL LOANS	9.26%

SOURCE: CMF



SOURCE: CMF



SOURCE: CMF

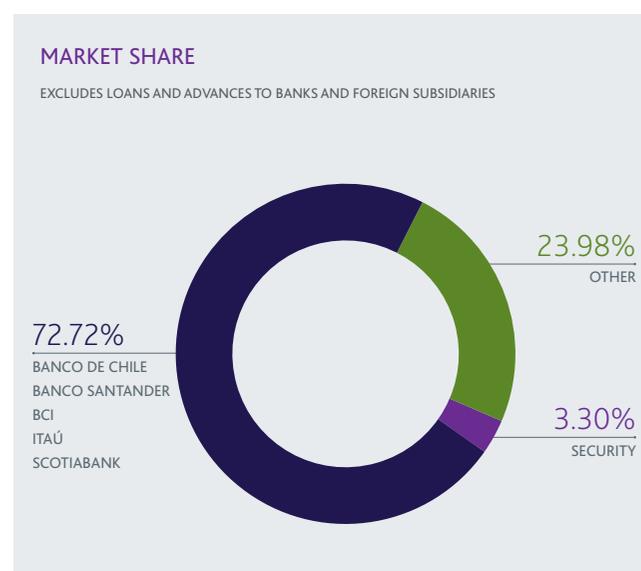
In terms of performance, 2021 was a year of recovery for the industry, in the wake of the disruption caused by the COVID-19 pandemic in 2020. As of December 31, industry loans, excluding loans and advances to banks, totaled MCH\$221,109,994. This figure stands at MCH\$202,990,103 when excluding the industry's participation abroad, representing growth of 10.27% over the previous year, which is 772 bps higher than the growth recorded in 2020. The Chilean banking industry's total equity amounted to MCH\$24,786,934, while profit for the year amounted to MCH\$3,826,709, with a return on average equity of 15.44%.

The growth in lending within the banking industry was explained by an increase in all three portfolios. Particularly, there was recovery in commercial and consumer lending with increases of 9.26% and 6.70% in 12 months, after consecutive declines from March 2020 through January 2021. The growth in consumption followed a recovery in the labor market and a strong increase in private consumption, as household liquidity was high, due to financial support provided by the government in the face of the COVID-19 pandemic and pension fund withdrawals approved by Congress.

Mortgage loans maintained their dynamism with an annual increase of 13.49%. However, changes in capital markets during

the second half of 2021 modified the structure of this segment in the final months of the year, causing banks to tighten their lending conditions, cutting their terms, increasing down payments and preferring variable or mixed-rate products.

As of December 2021, Banco Security had total loans of BCH\$6,728,703, ranking it 8th by total loans with a market share of 3.3%, excluding foreign subsidiaries.



SOURCE: CMF

INCOME STATEMENT · MCH\$	2021	2020	% CHANGE
<b>NET INTEREST MARGIN</b>	<b>9,609,765</b>	<b>8,586,344</b>	<b>11.9%</b>
Net fees and commissions	2,244,106	1,977,754	13.5%
Net financial operating income	392,324	562,996	-30.3%
Net foreign exchange transactions	749,059	466,789	60.5%
Collection of written-off loans	573,770	512,514	12.0%
Other net operating losses	-212,779	-1,163,880	-81.7%
<b>GROSS OPERATING INCOME</b>	<b>13,356,245</b>	<b>10,942,517</b>	<b>22.1%</b>
Provisions	-2,754,865	-3,858,555	-28.6%
Support expenses	-5,556,330	-5,359,504	3.7%
<b>NET OPERATING INCOME</b>	<b>5,045,050</b>	<b>1,724,458</b>	<b>192.6%</b>
Income attributable to investments in other companies	-1,371	-5,337	-74.3%
<b>PROFIT BEFORE TAX</b>	<b>5,043,679</b>	<b>1,719,121</b>	<b>193.4%</b>
Income tax expense	-1,216,970	-476,519	155.4%
<b>PROFIT FOR THE YEAR</b>	<b>3,826,709</b>	<b>1,242,602</b>	<b>208.0%</b>

SOURCE: CMF



PROFIT - CHILEAN BANKING INDUSTRY

2021

MCH\$3,826,709

2020

MCH\$1,242,602

CHANGE

207.96%

FACTORS BEHIND THE CHANGE

· INCREASE IN NET INTEREST MARGIN	11.9%
· LOWER LLP EXPENSES	-28.6%
· INCREASE IN NET FEES AND COMMISSIONS	13.5%
· LOWER OTHER OPERATING EXPENSES	-81.7%
· OFFSET BY HIGHER TAXES	155.4%

SOURCE: CMF

GROWTH IN TOTAL EQUITY

2021

MCH\$24,786,934

2020

MCH\$22,170,344

CHANGE

11.80%

RETURN ON EQUITY

2021

15.44%

2020

5.65%

RETURN ON TOTAL ASSETS

2021

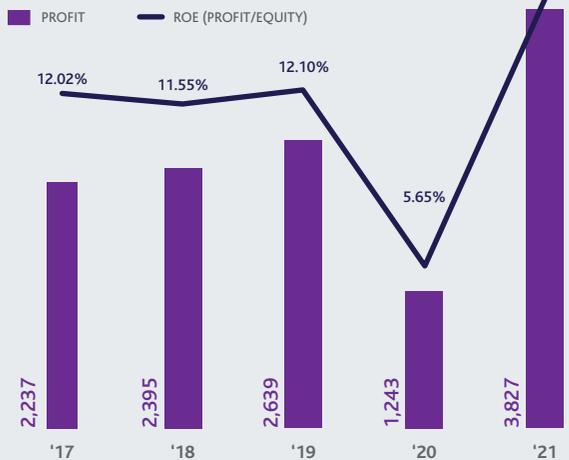
1.06%

2020

0.39%

SOURCE: CMF

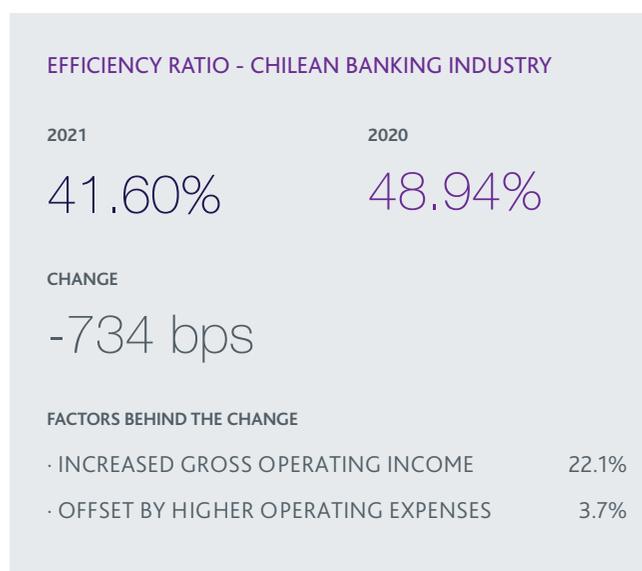
PROFIT AND RETURN ON EQUITY  
CHILEAN BANKING INDUSTRY  
(BCH\$ NOMINAL)



SOURCE: CMF

The industry reported an efficiency ratio of 41.60% measured as support expenses over gross operating income, and 1.54% measured as operating support expenses over total assets. The banking industry posted a risk ratio of 2.37%, measured as loan loss provisions to total loans, and 1.24% for the NPL portfolio, measured as 90-day nonperforming loans to total loans.

Profit totaled MCH\$3,826,709, with 12-month growth of 208.0%, mainly due to the low basis of comparison for 2020 when it was MCH\$1,242,602, as a result of significant impairment of goodwill and other intangible assets by Itaú Corpbanca in June 2020. Profit excluding this effect would have grown by 62.7%, largely due to the increase in the net interest margin, influenced by higher inflation, and lower net LLP expenses, as a result of reductions in the NPL portfolio, and higher collection of written-off loans. Consequently, return on average equity rebounded to above pre-pandemic levels, reaching 16.62%, and return on average assets increased to 1.14%.



SOURCE: CMF

EFFICIENCY RATIO	DEC 2021	DEC 2020
BANCO SANTANDER-CHILE	35.35%	38.30%
BANCO DE CHILE	37.70%	43.61%
SCOTIABANK CHILE	40.52%	41.98%
BANCO DE CRÉDITO E INVERSIONES	44.99%	47.2%
ITAÚ CORPBANCA	49.68%	343.07%
<b>LARGE BANKS</b>	<b>40.94%</b>	<b>102.83%</b>
BANCO CONSORCIO	26.44%	33.04%
BANCO SECURITY	44.06%	47.2%
BANCO INTERNACIONAL	45.03%	38.7%
BANCO BICE	42.76%	49.35%
<b>MEDIUM BANKS</b>	<b>39.69%</b>	<b>42.08%</b>
<b>BANKING INDUSTRY</b>	<b>41.6%</b>	<b>48.94%</b>

SOURCE: CMF

The banking industry reported an efficiency ratio of 41.60% measured as support expenses over gross operating income, and 1.54% measured as operating support expenses over total assets. The risk ratio for the banking industry reached 2.37%.



## OPERATING SUPPORT EXPENSES

2021

MCH\$5,556,330

2020

MCH\$5,359,504

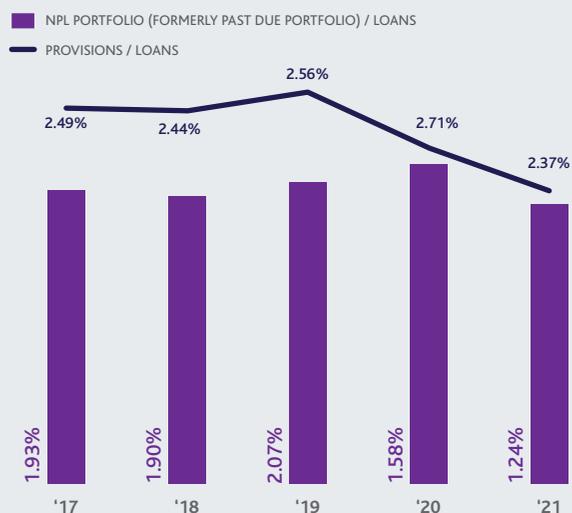
CHANGE

3.67%

## FACTORS BEHIND THE CHANGE

· INCREASED ADMINISTRATIVE EXPENSES	9.1%
· SLIGHT INCREASE IN PAYROLL EXPENSES	2.8%
· OFFSET BY LOWER DEPRECIATION AND AMORTIZATION	-8.3%

## RISK RATIO - CHILEAN BANKING INDUSTRY



SOURCE: CMF

CREDIT RISK INDICATORS	DEC-21	DEC-20
Loan Loss Provisions / Total Loans	2.37%	2.71%
Non-Performing Loans / Loans (excluding loans and advances to banks)	1.24%	1.58%
Commercial LLP / Commercial Loans	2.66%	2.97%
Retail LLP / Retail Loans	2.03%	2.40%
Mortgage LLP / Mortgage Loans	0.57%	0.67%
Consumer LLP / Consumer Loans	5.95%	6.78%
Impaired Portfolio	4.50%	5.47%

SOURCE: CMF

## MAIN COMPANY indicators

**BANCO security**

TAXPAYER ID NUMBER: 97.053.000-2  
 CHIEF EXECUTIVE OFFICER:  
 EDUARDO OLIVARES VELOSO  
 FORMED: 1991  
 LEGAL ADDRESS: APOQUINDO 3100  
 FLOOR 7, LAS CONDES, SANTIAGO  
 PHONE: +56 2 25844000  
 WEBSITE: [www.bancosecurity.cl](http://www.bancosecurity.cl)

 TRADE ASSOCIATION OR OTHER ORGANIZATION MEMBERSHIPS

CONTRIBUTIONS TO FOUNDATIONS

- CENTRO DE ESTUDIOS PÚBLICOS
- CLUB DEPORTIVO BEST BALL
- FUNDACIÓN PARA AYUDA Y REHABILITACIÓN DE DISCAPACITADOS
- UNIVERSIDAD DE LOS ANDES

BI-NATIONAL CHAMBERS OF COMMERCE

- GERMAN-CHILEAN CHAMBER OF COMMERCE
- CANADIAN-CHILEAN CHAMBER OF COMMERCE
- CHINESE-CHILEAN CHAMBER OF COMMERCE
- FRENCH-CHILEAN CHAMBER OF COMMERCE
- SWISS-CHILEAN CHAMBER OF COMMERCE

TRADE, INSTITUTIONAL AND OTHER ORGANIZATIONS

- CHILEAN INVESTMENT FUND MANAGERS ASSOCIATION (ACAFI)
- CHILEAN LEASING COMPANIES ASSOCIATION
- BANKS AND FINANCIAL INSTITUTIONS ASSOCIATION
- HOTEL TRADE ASSOCIATION
- CHILEAN MUTUAL FUND ASSOCIATION (AFM)
- SANTIAGO EXCHANGE
- CHILEAN CHAMBER OF CONSTRUCTION
- SANTIAGO CHAMBER OF COMMERCE
- BANKING EXECUTIVES CIRCLE
- PRODUCTION AND TRADE CONFEDERATION
- CAPITAL GOODS TECHNOLOGICAL DEVELOPMENT CORPORATION
- FEDEFRUTA F.G.
- INTERNATIONAL FEDERATION OF PENSION FUND ADMINISTRATORS, CHILE(FIAP)
- BANKING RESEARCH INSTITUTE SUBERCASEAUX.

1,097 EMPLOYEES	 56% WOMEN  44% MEN	8.1 years AVERAGE EMPLOYEE LENGTH OF SERVICE	 52 AVERAGE TRAINING HOURS PER EMPLOYEE
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75,164 TOTAL CUSTOMERS	 16,983 COMMERCIAL CUSTOMERS	 58,181 CUSTOMERS
	 7,922 SME CUSTOMERS	
	 2,607 LARGE COMPANY CUSTOMERS	

<b>PRESENCE</b>  19 BRANCHES  10 SANTIAGO  9 OTHER REGIONS	 79% RECOMMENDATION	 78% REPURCHASE
	 78% VERY GOOD CUSTOMER EXPERIENCES	 27% COMPLAINT RATE VS. PREVIOUS YEAR SERNAC
	<b>CUSTOMER EXPERIENCE</b>	

504 SUPPLIERS	 11 AVERAGE DAYS SUPPLIER PAYMENTS	 1,410 tCO <sub>2</sub> e CARBON FOOTPRINT MEASUREMENT	 3,260 MWh ENERGY CONSUMPTION
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77,131 PROFIT · MCH\$	 11.01% ROE  2.36% RISK INDEX (LLP/TOTAL LOANS)	44.06% EFFICIENCY AA- RISK RATING FITCH AND ICR
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## SERVICE proposition

Banco Security has a wide range of lending and investment products that match the needs and demands of its customers, and provides them with customized assistance, tailor-made benefits and more time to make their dreams come true. Banco Security has organized its services into four business lines, in order to provide excellent service that meets its customers' expectations: Commercial Banking, Retail Banking, Asset Management and Money Desk.



### COMMERCIAL BANKING

Its target segment ranges from medium-sized companies to corporations, and it provides them with an excellent integral long-term service that meets their financial requirements. It provides a specialized service using three different service models that depend on the size and industry of each customer. It organizes its portfolio into Large Companies and Real Estate Developers, Regional Companies and Branches, and Financial Banking.



### RETAIL BANKING

Its target segment is individuals with aspiring income and high net worth in the local market. It uses differentiated service models that depend on the profile and requirements of each customer, in order to achieve higher specialization levels and a better service experience. The Bank segments its retail banking into Private Banking, Premium Banking, Active Banking and Business Banking. The value proposition for each segment encompasses financial products and services focused on satisfying their consumption, lending, savings and protection requirements.



### MONEY DESK

The Money Desk is a vital extension of the traditional banking business, offering advice and a full range of financial products to the entire customer portfolio.



### ASSET MANAGEMENT

Its target segment is high net worth individuals, institutional customers or individuals with little investment knowledge. Inversiones Security provides a wide range of asset management products and stock brokerage services, which add value for customers depending on their profile and investment requirements.

## BANCO SECURITY PRODUCTS AND SERVICES

SEGMENT	CUSTOMER SERVICE MODEL	PRODUCTS
<p><b>COMMERCIAL BANKING</b></p> 	<ul style="list-style-type: none"> <li>· Large Companies and Real Estate Developers</li> <li>· Regional Companies and Branches</li> <li>· Financial Banking</li> </ul>	<p>It provides lending products, including commercial loans, leases, state-backed guarantees, performance bonds, overdraft facilities and corporate finance. Its Transactional Banking provides foreign trade services (imports, exports, foreign exchange, Hong Kong representative office), cash management (multiple payments, collections, social security payments, cash pooling), local and foreign currency current accounts (USD, RMB) and cards. Commercial Banking also provides credit life and general insurance, in addition to the products provided by the Money Desk and Asset Management Division.</p>
<p><b>RETAIL BANKING</b></p> 	<ul style="list-style-type: none"> <li>· Private Banking</li> <li>· Premium Banking</li> <li>· Active Banking</li> <li>· Business Banking</li> </ul>	<p>It provides asset, liability and protection products. Assets include consumer loans repayable in up to 60 installments, mortgages for residential financing and general purposes, commercial loans in Chilean pesos, UF and M/E, performance bonds and leases, and revolving products such as lines of credit and credit cards. Liabilities include checking accounts in Chilean pesos and US dollars, Security Cash, time deposits in Chilean pesos and US dollars, and asset management products, such as mutual funds, repos and shares. Protection includes home contents, fire and earthquake, personal protection and others such as life and health insurance.</p>
<p><b>MONEY DESK</b></p> 	<ul style="list-style-type: none"> <li>· Balance Sheet Desk</li> <li>· Distribution Desk</li> <li>· Trading and Investment Desk</li> </ul>	<p>Money Desk products, such as transactions with customers using spot and foreign exchange products, inflation and structured insurance (swaps), proprietary trading, available-for-sale and forward fixed-income portfolios, use of accounting hedges as instruments for managing rate risk and variability of cash flows due to exchange rates and inflation. Derivatives are also used to manage the risks managed by each desk, such as exchange rates, interest rates, inflation and liquidity.</p>
<p><b>ASSET MANAGEMENT</b></p> 	<ul style="list-style-type: none"> <li>- Equity Investment</li> <li>- Private Investment</li> <li>- Active Investment</li> <li>- Commercial Investment</li> </ul>	<p>Comprehensive asset management solutions for all types of customers, be they high net worth individuals, institutional customers, or individuals without much industry awareness. Administradora General de Fondos Security provides a variety of products, ranging from mutual and investment funds to bespoke portfolio management mandates. Valores Security Corredores de Bolsa provides brokerage services for various products such as simultaneous, currency purchases and sales, currency and interest rate forwards.</p>

## CUSTOMER SERVICE CHANNELS



CUSTOMER SERVICE



ACCOUNT EXECUTIVES



BRANCH NETWORK



DIGITAL CHANNELS



Banco Security's product and service distribution methods are based on knowing what customers need, to offer the best bespoke solutions through its various customer service channels. In these channels, the account executive is key and the role calls for highly qualified professionals. This service is complemented by digital channels, such as bancosecurity.cl, Banco Security app and Security on app; remote channels, such as customer service and telemarketing; the branch network and ATMs.

The context of the COVID-19 pandemic led Banco Security to update the way it relates to its customers, strategically opting to enhance digital and self-service channels, in addition to remote work by its executives. These measures have been taken to

ensure service continuity and safety in terms of the health of employees, customers and the community at large.

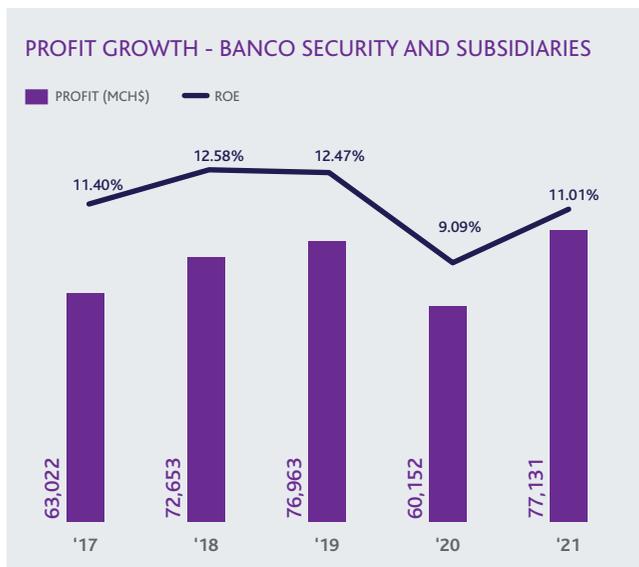
In 2014 Banco Security opened a representative office in Hong Kong to support customers who wish to or already conduct business with China, Chile's main trade partner. Our presence in Hong Kong has opened up a wide network of private-sector, chambers of commerce and governmental contacts in Asia, assisting the Bank's customers in their international expansion. This office also manages the Bank's relationship with correspondent banks in Asia, which are key to facilitating customers' foreign trade transactions. The services can be summarized as guidance in the search for contacts and the establishment of offices in Asia, information on fairs and events in different sectors, financial and market information in general.

## RESULTS 2021

Banco Security reported consolidated profit for 2021 of MCH\$77,131, an increase of 28.2% over the prior year. Banco Security's standalone profit excluding its subsidiaries AGF Security and Valores Security Corredores de Bolsa was MCH\$67,707, an increase of 23.1% over 2020.

Banco Security's average ROAE was 11.01%, which was 192 bps higher than the previous year.

STATEMENT OF INCOME (BCH\$)	2021	2020	% CHANGE
<b>NET INTEREST MARGIN</b>	<b>213,195</b>	<b>196,322</b>	<b>8.6%</b>
Net fees and commissions	59,430	57,812	2.8%
Net financial operating income	22,091	26,118	-15.4%
Net foreign exchange transactions	2,840	5,801	-51.0%
Collection of written-off loans	-835	-6,591	-87.3%
Other net operating income	6,416	4,101	56.4%
<b>GROSS OPERATING INCOME</b>	<b>303,137</b>	<b>283,563</b>	<b>6.9%</b>
Provisions	-85,375	-74,389	14.8%
Support expenses	-133,562	-133,855	-0.2%
<b>NET OPERATING INCOME</b>	<b>84,200</b>	<b>75,319</b>	<b>11.8%</b>
Income attributable to investments in other companies	17	12	41.7%
<b>PROFIT BEFORE TAX</b>	<b>84,217</b>	<b>75,331</b>	<b>11.8%</b>
Income tax expense	-7,086	-15,179	-53.3%
<b>PROFIT FOR THE YEAR</b>	<b>77,131</b>	<b>60,152</b>	<b>28.2%</b>



SOURCE: CMF

The net interest margin for 2021 was MCH\$213,195 (+8.5% YoY). Interest and indexation income was MCH\$506,975 (+29.3% YoY), due to higher indexation income as a result of the higher inflation (7.2% as of Dec-21 vs. 3.0% as of Dec-20, UF variation of 6.6% as of Dec-21 vs. 2.7% as of Dec-20), partially offset by lower interest income on commercial loans and consumer loans, associated with more competitive interest rates, because of greater market liquidity. Interest and indexation expense, meanwhile, totaled MCH \$293,780 (+50.2% YoY), principally due to increased indexation expense on debt instruments issued due to higher inflation as compared to last year, partially offset by lower volumes of time deposits (-1.3% YoY) and the use of financing mechanisms provided by the Central Bank.

NET INTEREST MARGIN (MCH\$)	2021	2020	% CHANGE
Interest and indexation income	506,975	391,753	29.4%
Interest and indexation expenses	-293,780	-195,431	50.3%
<b>NET INTEREST MARGIN</b>	<b>213,195</b>	<b>196,322</b>	<b>8.6%</b>
Interest margin net of provisions	127,820	121,933	4.8%
<b>NET INTEREST MARGIN / TOTAL LOANS</b>	<b>3.2%</b>	<b>3.2%</b>	<b>- 0 bps</b>
<b>NET INTEREST MARGIN NET OF PROVISIONS / TOTAL LOANS</b>	<b>1.9%</b>	<b>2.0%</b>	<b>-10 bps</b>

SOURCE: CMF

Net fees and commissions totaled MCH\$59,430 for 2021 (+2.7% YoY), stable year-on-year.

Finance income, which is the sum of net financial operating income (loss) and the net gain from FX transactions, climbed to MCH \$24,931 (-21.9% YoY), due to lower income from brokering fixed-income instruments, lower volumes of structured deals and a drop in sales of mortgage bonds.

The Bank reported other net operating loss of -MCH \$835 for 12M21 (versus -MCH \$6,558 for 12M20), with a low basis of comparison because of repossessed or awarded assets written off in 2020 and greater gains on the sale of leased assets in 12M21.

Banco Security focuses on corporate customers and individuals with aspiring income, which is reflected in its risk ratios. For example, in the past three years, the ratio of loan loss provisions to loans has averaged 1.86% for Banco Security, versus 2.53% for the banking industry as a whole. The Bank's strategy for the commercial portfolio has centered around supporting customers in long-term businesses with adequate collateral coverage. Bear in mind that loan loss provisions for the commercial portfolio are calculated based on the unsecured portion of the loan, so greater collateral coverage results in lower ratios of loan loss provisions to loans.



	CREDIT RISK (%)								
	PROVISIONS / LOANS					NON-PERFORMING LOANS			
	MORTGAGE	CONSUMER	TOTAL	COMMERCIAL	TOTAL	MORTGAGE	CONSUMER	COMMERCIAL	TOTAL
Banco Security	0.18	4.34	1.59	2.53	2.36	0.76	1.25	1.47	1.37
Peer Banks*	0.15	3.65	0.85	2.45	2.1	0.83	0.85	1.44	1.29
Banking Industry	0.57	5.95	2.03	2.66	2.37	1.08	1.13	1.37	1.24

SOURCE: CMF

\* AVERAGE FOR BICE, INTERNACIONAL, CONSORCIO AND SECURITY

INSTITUTION	LOANS <sup>1</sup> MCH\$	GUARANTEES <sup>2</sup> MCH\$	PROVISIONS MCH\$	GUARANTEES / LOANS	PROVISIONS / LOANS	(PROV. + GUAR.) LOANS
Banking Industry	100,052,092	53,661,376	2,197,370	53.6%	2.2%	55.83%
Peer Banks <sup>3</sup>	15,429,650	10,699,849	378,593	69.3%	2.5%	71.80%
Large Banks <sup>4</sup>	82,494,067	42,999,171	1,757,554	52.1%	2.1%	54.25%
Banco Security	5,121,873	3,712,734	125,828	72.5%	2.46%	74.94%

SOURCE: CMF

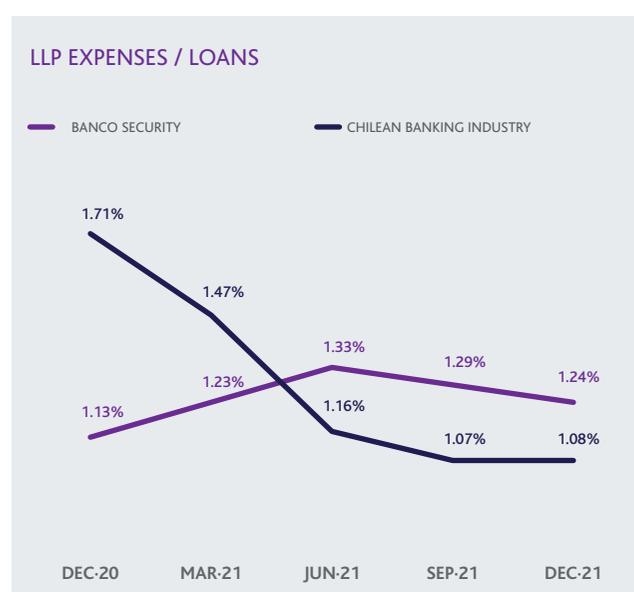
1. INDIVIDUALLY ASSESSED COMMERCIAL LOANS, INFORMATION AS OF DECEMBER 2021.

2. IN-HOUSE ESTIMATE OF INDIVIDUALLY ASSESSED COMMERCIAL LOAN PORTFOLIO BASED ON REPORT "BANK LLP INDICATORS" OF AUG 2021, AVAILABLE AT WWW.CMF.CL

3. PEER BANKS: BICE, CONSORCIO, INTERNACIONAL AND SECURITY

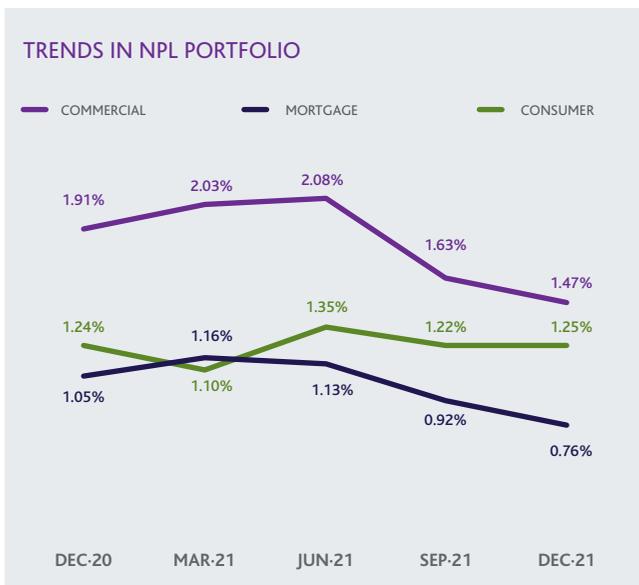
4. LARGE BANKS: CHILE, BCI, ESTADO, ITAÚ, SCOTIABANK AND SANTANDER.

The risk expense for 2021 was MCH\$78,959 (+12.3% YoY), equivalent to 1.17% of total loans (+4 bps YoY). This increase is due to higher commercial LLP expenses of MCH\$68,050 (+69.6% YoY), due to the impairment of some customers with significant credit exposure. This effect was partly offset by reduced retail LLP expenses of MCH \$10,043 for 12M21 (-60.5%), because of a decline in consumer LLP expenses (-69.6% YoY), explained by greater liquidity and a smaller consumer portfolio (-7.4% YoY). During the year, the Bank recorded MCH \$4,500 (+12.5% YoY) in additional voluntary provisions.

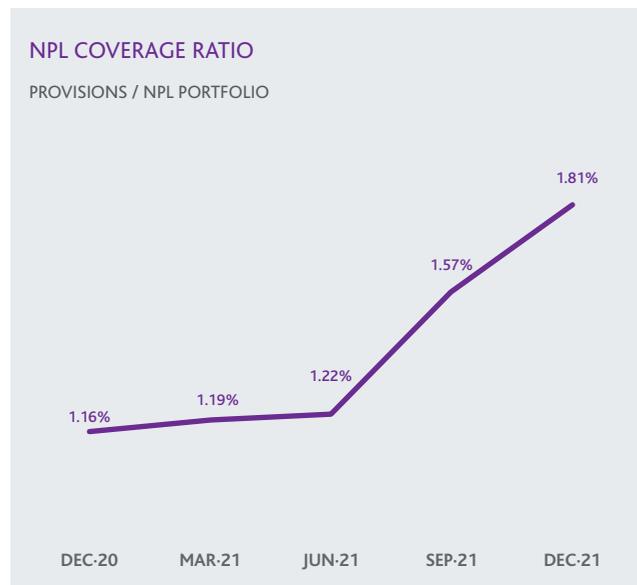


SOURCE: CMF

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SOURCE: CMF

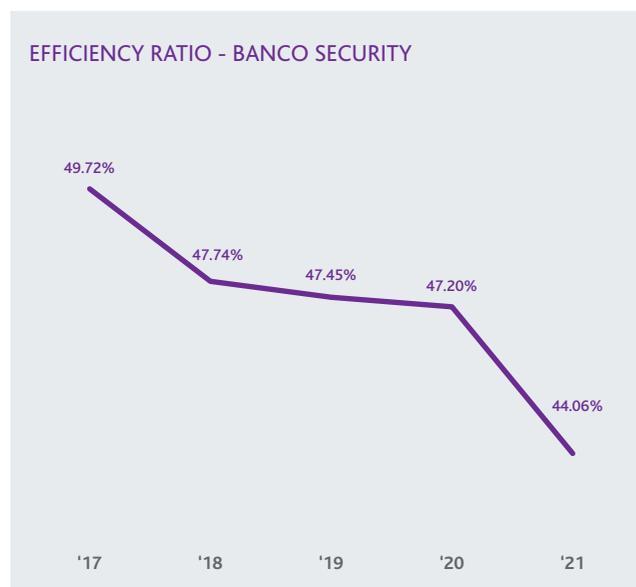


SOURCE: CMF

The NPL portfolio reached MCH \$92,198, down 15.8% during the year. This non-performing loan portfolio represents 1.37% of loans (-39 bps YoY). Since 4Q20 the ratio has stayed under 2%, the target established for fiscal year 2021. Therefore, the NPL coverage ratio has continued to strengthen, to reach 1.72 as of December 2021, compared to 1.50 as of September 2021 and 1.12 as of December 2020. When additional provisions are included, the ratio reaches 1.81 as of December 2021, compared to 1.57 as of September 2021 and 1.16 as of December 2020. The impaired portfolio represented 7.02% of the total portfolio as of December 2021 (-28 bps YoY).

## SUPPORT EXPENSES AND EFFICIENCY

For 2021, the Bank reported stable operating support expenses of MCH \$133,562 (-0.4% YoY). It had lower payroll expenses of MCH \$55,749 (-14.8% YoY) following structural adjustments in late 2020 as part of the savings plan rolled out across all Group companies. For 12M21, employee termination expenses totaled MCH \$5,451 (MCH \$5,080 for 12M20). Similarly, bonus expenses were also lower than in 2020. Employee performance bonuses paid in 1Q20 were for the year 2019, while bonuses paid in 1Q21 were for the year 2020. Finally, depreciation and amortization expense totaled MCH \$7,491 (-4.4% YoY). These effects were partially offset by increased administrative expenses (+15.5% YoY) due to a rise in consulting expenses.



SOURCE: CMF



Banco Security's efficiency ratio, measured as support expenses + other operating expenses over total operating income, was 44.1% for 12M21 (-314 bps YoY), due to stable expenses (-0.4% YoY) and improved gross operating income (+6.8% YoY).

Income tax expense was lower at MCH\$7,086 (-53.3% YoY), due to price-level restatement of equity for tax purposes, associated with higher inflation in 2021 of 7.2% as of December 2021 vs. 3.0% as of December 2020 (UF variation of 6.6% as of December 2021 vs. 2.7% as of December 2020), and deferred tax income at the brokerage subsidiary of MCH\$1,141 in 1Q21.

## BANCO SECURITY - OPERATING SEGMENTS

MCH\$	COMMERCIAL BANKING		RETAIL BANKING		TREASURY		OTHERS		TOTAL BANK		SUBSIDIARIES		CONSOLIDATED TOTAL	
	DEC-21	DEC-20	DEC-21	DEC-20	DEC-21	DEC-20	DEC-21	DEC-20	DEC-21	DEC-20	DEC-21	DEC-20	DEC-21	DEC-20
Net interest margin	101,935	102,250	49,524	59,841	61,356	45,255	-	-	212,814	207,346	1,811	30	214,625	207,376
Net fees and commissions	20,934	18,567	13,050	14,919	(158)	(195)	-	-	33,826	33,291	27,113	23,633	60,939	56,924
Net foreign exchange transactions	8,426	8,957	1,237	2,161	10,757	19,048	(9,369)	(15,700)	11,052	14,466	7,196	8,399	18,248	22,865
Loan losses and repossessed assets	(60,754)	(47,706)	(15,031)	(29,939)	(1)	(74)	-	-	(75,787)	(77,718)	-	-	(75,787)	(77,718)
<b>TOTAL OPERATING INCOME (LOSS), NET OF PROVISIONS</b>	<b>70,540</b>	<b>82,068</b>	<b>48,779</b>	<b>46,982</b>	<b>71,955</b>	<b>64,033</b>	<b>(9,369)</b>	<b>(15,700)</b>	<b>181,905</b>	<b>177,384</b>	<b>36,120</b>	<b>32,062</b>	<b>218,025</b>	<b>209,446</b>
Support expenses	(40,567)	(42,999)	(52,812)	(55,043)	(13,124)	(14,296)	735	4,374	(105,768)	(107,964)	(28,058)	(26,163)	(133,826)	(134,127)
<b>NET OPERATING INCOME (LOSS)</b>	<b>29,974</b>	<b>39,069</b>	<b>(4,033)</b>	<b>(8,060)</b>	<b>58,830</b>	<b>49,737</b>	<b>(8,634)</b>	<b>(11,326)</b>	<b>76,137</b>	<b>69,420</b>	<b>8,062</b>	<b>5,899</b>	<b>84,199</b>	<b>75,319</b>
Taxes	(3,324)	(8,127)	447	1,677	(6,523)	(10,346)	954	2,353	(8,446)	(14,443)	1,360	(736)	(7,086)	(15,179)
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>26,650</b>	<b>30,942</b>	<b>(3,586)</b>	<b>(6,383)</b>	<b>52,307</b>	<b>39,391</b>	<b>(7,664)</b>	<b>(8,960)</b>	<b>67,707</b>	<b>54,989</b>	<b>9,419</b>	<b>5,161</b>	<b>77,131</b>	<b>60,152</b>

SOURCE: CMF

NOTE: INCOME FROM THE TREASURY BUSINESS IS DIRECTLY LINKED TO COMMERCIAL TRANSACTIONS BY THE COMMERCIAL BANKING, RETAIL BANKING AND ASSET MANAGEMENT DIVISIONS. THE NET FINANCIAL MARGIN IS GENERATED FROM MANAGING CURRENCY, INTEREST RATE AND MATURITY MISMATCHES FROM COMMERCIAL TRANSACTIONS. LASTLY, INCOME GENERATED BY THE DISTRIBUTION DESK IS BASICALLY DERIVED FROM PRICE DIFFERENCES WHEN PURCHASING AND SELLING CURRENCIES AND DERIVATIVES WITH CUSTOMERS.



## 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 our customer base and improve returns in each segment.

As of December 2021, commercial loans had grown 8.4% YoY to BCH \$5,480, while industry-wide commercial loans were up 9.3% YoY. Including foreign subsidiaries, the industry's commercial loans grew 10.1% YoY. Banco Security's market share in commercial loans was 4.8% as of December 2021<sup>1</sup>, while its market share in its target segment of medium and large companies was 5.96%<sup>2</sup>. The Commercial Banking Division had 8,006 customers<sup>3</sup> as of December 2021 (-0.2% YoY).

COMMERCIAL LOANS BY ECONOMIC SECTOR	PERCENTAGE
Real estate and corporate services	18.5%
Construction and real estate	17.0%
Financial services and insurance	17.8%
Social services	11.8%
Wholesale and retail trade	10.5%
Transportation	6.4%
Manufacturing	5.7%
Utilities	4.3%
Agriculture and livestock	3.9%
Fishing	1.5%
Mining	1.8%
Telecom	0.5%
Forestry	0.1%
<b>TOTAL COMMERCIAL LOANS</b>	<b>100%</b>

SOURCE: CMF

### RESULTS

2021

MCH\$26,650

2020

MCH\$30,942

CHANGE

-13.90%

SOURCE: CMF

Profit for 2021 from the Commercial Banking Division was MCH\$26,650 (-13.9% YoY). This decrease was mainly explained by increased LLP expenses, which totaled MCH\$60,754, compared to MCH \$ 47,706 in 2020. The net interest margin was MCH \$101,935 (-0.3% YoY) due to lower income from liabilities because of falling interest rates during the first three quarters of the year, offset by growth in commercial loans (+8.4% YoY) and a higher average portfolio spread. Financial operating income, net FX transactions and other income totaled MCH \$8,426 (-5.9% YoY), due to a smaller volume of structured deals. These effects were partially offset by lower support expenses of MCH \$40,567 for 12M21 (-5.7% YoY) because of structural adjustments and the cost-cutting plan implemented in 2020. The division also recognized higher net commission and fee income of MCH \$20,934 (+12.7% YoY) due to increased business.

<sup>1</sup> EXCLUDING FOREIGN SUBSIDIARIES OF LOCAL BANKS

<sup>2</sup> 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).

<sup>3</sup> CUSTOMERS AS A MODEL OF COMMERCIAL BANKING SERVICE.



## RETAIL BANKING

Banco Security's retail banking division targets high-income individuals. The Retail Banking Division focused on consumer products until 2019 but shifted to mortgage products two years ago.

As of December 2022, the Bank had total retail loans (consumer + mortgage) of BCH \$1,249 (+6.8% YoY), explained by increased volumes of mortgage loans (+15.9% YoY), partly counteracted by smaller loans consumer loan volumes (-7.4% YoY), representing 6.3% and 12.3% of the Bank's total loans, respectively. For the industry, retail loans increased +11.6% YoY, driven by growth in mortgage (+13.5% YoY) and consumer (+6.7% YoY) loans. Including foreign subsidiaries, the industry's retail loans were up +12.2% YoY. Banco Security achieved a market share of 4.8%<sup>4</sup> in its target segment of growing income individuals as of December 2021. The Retail Banking Division had 65,085 customers<sup>5</sup> (-3.6% YoY).

The Retail Banking Division posted a loss of -MCH \$3,586 for 12M21 (-MCH \$6,383 in 12M20). The net interest margin reached MCH \$49,524 (-17.2% YoY) because of lower income from liabilities and a drop in consumer loans (-7.4% YoY), partly offset by a larger spread. Moreover, net fee and commission

### RESULTS

2021

-MCH\$3,586

2020

-MCH\$6,383

CHANGE

43.82%

SOURCE: CMF

income fell to MCH \$13,050 (-12.5% YoY), due to a decline in supplementary loan insurance products and debit and credit cards. Financial operating income, net FX transactions and other income totaled MCH \$1,237 for 12M21 (-42.8% YoY), due to decreased sales of mortgage bonds. These effects were partly offset by reduced LLP expenses of MCH \$15,031 for 12M21 (-49.8% YoY) due to a decline in consumer loans and shrinking consumer and mortgage NPL portfolios (-6.9% YoY and -15.8% YoY, respectively), in light of the government's relief plans and pension fund withdrawals. In addition, support expenses totaled MCH \$52,812 (-4.1% YoY) explained by cost-cutting efforts and structural adjustments carried out in 2020, as well as reduced business.

As of December 2021, Banco Security had total retail loans of BCH\$1,249, driven by increases in mortgage loan volumes, partially offset by lower consumer loan volumes, representing 6.3% and 12.3% of the Bank's total loans, respectively.

<sup>4</sup> THIS DIVISION INCLUDES INDIVIDUALS BETWEEN 24 AND 65 YEARS OF AGE IN THE MIDDLE AND HIGH-INCOME SEGMENTS (UF 60 IN SANTIAGO OR UF 50 ELSEWHERE IN CHILE) WITH A RISK/RETURN PROFILE SIMILAR TO BANCO SECURITY'S CUSTOMERS, ONLY FOR REGIONS WHERE BANCO SECURITY HAS OFFICES. SOURCE: CHILEAN INTERNAL REVENUE SERVICE (CMF).  
<sup>5</sup> CUSTOMERS AS A MODEL FOR RETAIL BANKING SERVICES

## TREASURY

For 12M21, Treasury Division income was MCH\$52,307 (+32.8% YoY), due to higher net operating income of MCH\$71,955 (+12.4% YoY), due to higher indexation income associated with higher inflation (7.2% as of December 2021 vs. 3.0% as of December 2020, UF variation of 6.6% as of December 2020 vs. 2.7% as of December 2020) and higher mismatches in the last quarter of the year. Additionally, it had lower cost of funds during the year. These effects were partly offset by lower income from brokering fixed-income instruments with a high basis of comparison, especially during the second quarter of 2020. Support expenses fell to MCH \$13,124 (-8.2% YoY) due to lower commercial bonuses expenses. Employee performance bonuses paid in 1Q20 were for the year 2019, while bonuses paid in 1Q21 were for the year 2020.

The Treasury Division consists of trading, investment, distribution and asset and liability management (ALM) transactions. The ALM desk manages financial investments used to stabilize the net interest margin, manage interest rate risk in the balance sheet, manage liquidity and efficiently fund the Bank's loan

### RESULTS

2021

MCH\$52,307

2020

MCH\$39,391

CHANGE

32.80%

SOURCE: CMF

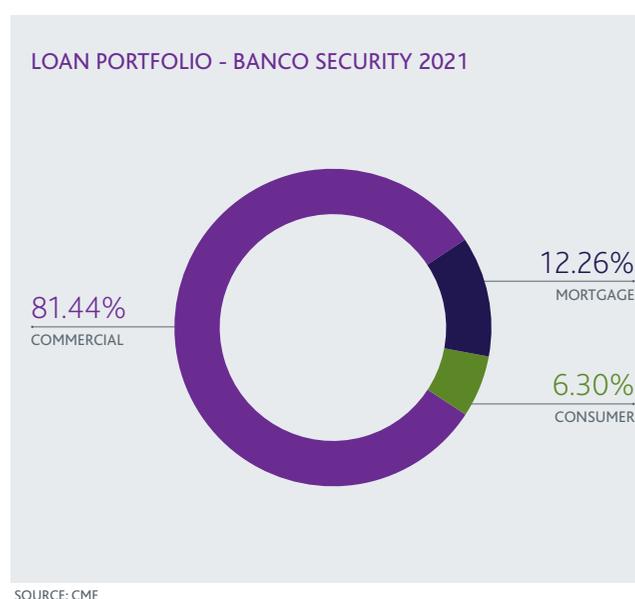
portfolio. As of December 2021, ALM represented 60.8% of treasury income. The investment and trading desks manage the Bank's own portfolio of primarily Chilean Central Bank notes and corporate bonds and represent 23.4% of treasury income. The remaining 15.7% of treasury division income is generated by the distribution desk, which brokers specialized products for commercial banking customers (currency, forwards and structured products).



## LOANS

# Banco Security

Banco Security loans totaled MCH\$6,731,538 as of December 2021 (+8.1% YoY), while industry loans were up 10.4% YoY. Including foreign investments, industry loans grew 11% YoY. Commercial loans grew 8.4% YoY, totaling MCH\$5,479,946 (81.4% of Banco Security's total loan portfolio), while consumer + mortgage retail loans totaled MCH\$1,248,757 as of December 2021, +6.8% YoY. The 20 largest borrowers represent 14.45% of the Bank's total loan portfolio.



## FUNDING SOURCES

FUNDING SOURCES MCH\$	DEC-21		DEC-20		PERCENTAGE CHANGE YOY
Demand deposits	1,717,574	18.3%	1,175,141	14.5%	46.2%
Time deposits	1,865,280	19.9%	1,890,734	23.4%	-1.3%
Total deposits	3,582,854	38.3%	3,065,875	37.9%	16.9%
Bonds	3,147,284	33.6%	2,930,589	36.3%	7.4%
Borrowings from financial institutions	1,473,907	15.7%	1,052,094	13.0%	40.1%
Other liabilities*	461,117	4.9%	369,219	4.6%	24.9%
Total liabilities	8,665,162	92.5%	7,417,778	91.8%	16.8%
Total equity	700,616	7.5%	661,938	8.2%	5.8%
Liabilities + equity	9,365,778	100.0%	8,079,716	100.0%	15.9%

SOURCE: CMF

\* 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 2021, deposits totaled MCH \$3,582,854 (+16.9% YoY), while the industry figure was up +8.4% YoY and +10.3% YoY (including foreign subsidiaries). As of the same date, time deposits totaled MCH \$1,865,280 (-1.3% YoY), down 27.2% during the first half of the year due to lower rates and a larger appetite for liquidity, as well as the financing alternative of the third phase of the Chilean Central Bank's Conditional Credit Facility (FCIC) program. This trend was reversed during the second half of the year, growing 35.5% between June 2021 and December 2021, because of rate hikes during the period (MPR 0.50% average December 2020-June 2021, 1.88% average June 2021-December 2021).

Banco Security's time deposits consisted of 37% retail deposits and 63% institutional deposits. The 15 largest depositors represent 10.6% of the Bank's total liabilities. The loan to deposit ratio was 187.9% as of December 2021, compared to 203.1% as of December 2020. Banco Security's strategy is to

diversify funding sources using sales incentives to increase its retail deposit base.

Banco Security strictly monitors liquidity risk<sup>6</sup>, 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 liabilities. As of December 31, 2021, the ratio of long-term interest rate risk to regulatory capital was 3.96%<sup>7</sup>.

As of December 31, 2021, liquid assets<sup>8</sup> represented 135.0% of savings and time deposits. The liquidity coverage ratio<sup>9</sup> as of December 31, 2021, was 344.16%, which exceeded the regulatory minimum of 70%.

<sup>6</sup> LIQUIDITY RISK REPRESENTS THE POSSIBILITY OF FAILING TO MEET 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).

<sup>7</sup> THIS MEASURES THE EXPOSURE TO CHANGES IN INTEREST RATES AS A PERCENTAGE OF EQUITY. LONG-TERM RATE EXPOSURE IS CALCULATED AS THE SUM OF THE DIFFERENCES IN TIMING BANDS AND CURRENCIES OF THE CASH FLOW ASSOCIATED WITH ASSETS AND LIABILITIES IN THE BANKING BOOK, INCLUDING REPAYMENTS AND INTEREST, ADJUSTED BY A SENSITIVITY FACTOR IN ACCORDANCE WITH TABLE 2 OF THE APPENDIX 1, CHAPTER III.B.2.2 OF THE COMPENDIUM OF FINANCIAL REGULATIONS ISSUED BY THE CHILEAN CENTRAL BANK.

<sup>8</sup> INCLUDES CASH AND CASH DEPOSITS, TRANSACTIONS IN THE COURSE OF COLLECTION OR PAYMENT AND THE PORTFOLIO OF FINANCIAL INSTRUMENTS.

<sup>9</sup> LIQUIDITY COVERAGE RATIO (LCR, C48) PUBLISHED ON WEBSITE WWW.BANCOSECURITY.CL

## CAPITALIZATION

Banco Security aims to keep the capital ratios in the Basel III regulations (CET1, TIER and TIER II) at least 100 bps above their regulatory minimums at all times. Capital contributions plus retained earnings reflect the ongoing commitment and support of our shareholders to the process of strengthening the Bank's capital base. The purpose is to keep it in a good position to appropriately address the challenges associated with lending and asset growth and the regulatory requirements under Basel III.

CAPITAL SUFFICIENCY INDEXES UNDER BASEL III	BASEL INDEX	DECEMBER 2021 <sup>(1)</sup>
Banco Security	CET 1	7.01%
	TIER 1	10.20%
	TIER 2	13.14%
Industry Average	CET 1	10.70%
	TIER 1	11.94%
	TIER 2	14.93%

SOURCE: CMF

<sup>(1)</sup> FROM DECEMBER 2021 RATIOS ARE REPORTED UNDER BASEL III



## DEBT ISSUED

SERIES	CMF REGISTRATION NO.	CMF REGISTRATION DATE	CURRENCY	AMOUNT REGISTERED	ANNUAL INTEREST RATE	DURATION (YEARS)	MATURITY
H1	03/2007	01/25/07	UF	3,000,000	3.00	23	12/01/29
K3	01/2013	02/26/13	UF	4,000,000	3.50	10	11/01/22
K4	10/2013	11/06/13	UF	5,000,000	3.60	10	10/01/23
K5	14/2014	10/09/14	UF	5,000,000	2.75	10	06/01/24
K6	05/2015	04/01/15	UF	5,000,000	2.75	5	03/01/25
K7	05/2015	04/01/15	UF	5,000,000	2.75	10	09/01/25
K8	12/2016	10/03/16	UF	5,000,000	2.80	10	10/01/36
Z2	13/2016	10/03/16	CLP	75,000,000,000	5.30	5.5	02/01/27
B6	06/2017	07/11/17	UF	5,000,000	2.25	5.5	04/01/22
B7	08/2018	05/09/18	UF	4,000,000	2.20	5	02/01/23
K9	08/2018	05/09/18	UF	5,000,000	2.75	10	01/01/28
Z3	08/2018	05/09/18	CLP	75,000,000,000	4.80	5	12/01/22
B8	11/2018	12/20/18	UF	5,000,000	1.80	5.5	09/01/23
Q1	11/2018	12/20/18	UF	3,000,000	2.50	15	08/01/33
Z4	11/2018	12/20/18	CLP	75,000,000,000	4.80	5.5	10/01/23
D1	11/2018	12/20/18	UF	5,000,000	2.20	10.5	08/01/28
B9	11/2019	11/11/19	UF	5,000,000	0.70	5.5	04/01/24
C1	11/2019	11/11/19	UF	5,000,000	0.80	6	03/01/26
D2	11/2019	11/11/19	UF	5,000,000	0.90	8.5	03/01/27
D3	11/2019	11/11/19	UF	5,000,000	1.00	10.5	03/01/29
Z5	11/2019	11/11/19	CLP	75,000,000,000	3.50	6	06/01/25
Z7	04/2020	03/12/20	CLP	100,000,000,000	2.75	6	11/01/25
D4	04/2020	03/12/20	UF	5,000,000	0.50	10.5	07/01/30

As of December 2021, Banco Security had issued MCH\$2,786,341 in senior bonds, as detailed in Note 21 of Banco Security's financial statements.

## VALORES SECURITY corredores de bolsa

The securities intermediation sector plays an important part 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), the Santiago Stock Exchange (founded in 1893) and the Electronic Stock Exchange of Chile (founded in 1989). There are currently 32 brokerage firms. By the end of November 2021, stock volumes, measured as value traded in stocks and investment fund units (CFI), were up 16.5% compared to the previous year, and totaled BCH\$68,857. Banco Security participates in this industry through Valores Security, with a 1.6% market share and BCH\$1,202 in stocks and investment fund units traded.

SOURCE: ELECTRONIC STOCK EXCHANGE AND SANTIAGO EXCHANGE

### KEY COMPANY INDICATORS



SOURCE: GRUPO SECURITY

### SERVICE PROPOSITION

The specialist team at Valores Security Corredora de Bolsa S.A. advises investors through a local and international market analysis and providing asset management recommendations. It employs professionals and specialists in complex investments, partnering with Pershing LLCBNY Mellon and Banco Inversis S.A. It also has an electronic platform that facilitates simple, transparent and consolidated access to investments worldwide.

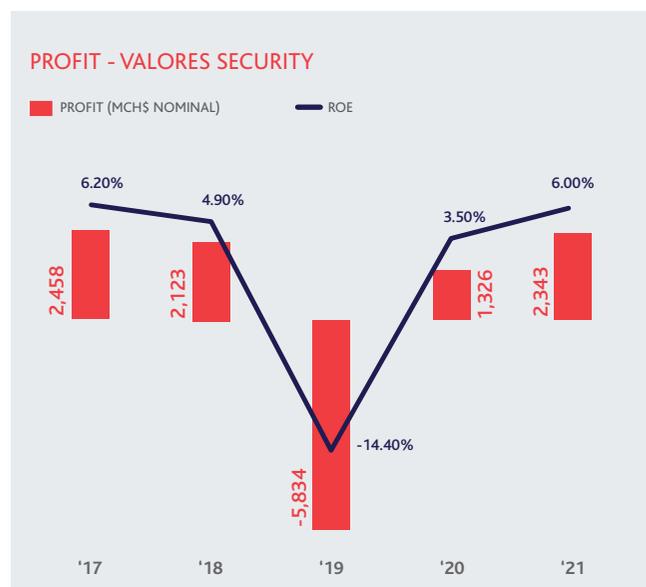


Valores Security Corredores de Bolsa has two business lines: proprietary trading and third-party assets. The former are comprised by simultaneous transactions; currency trading, currency and interest rate forwards and fixed-income and equity trading. The latter include stock trading, repo agreements; portfolio management; trading commissions on foreign securities markets and placement agent commissions.

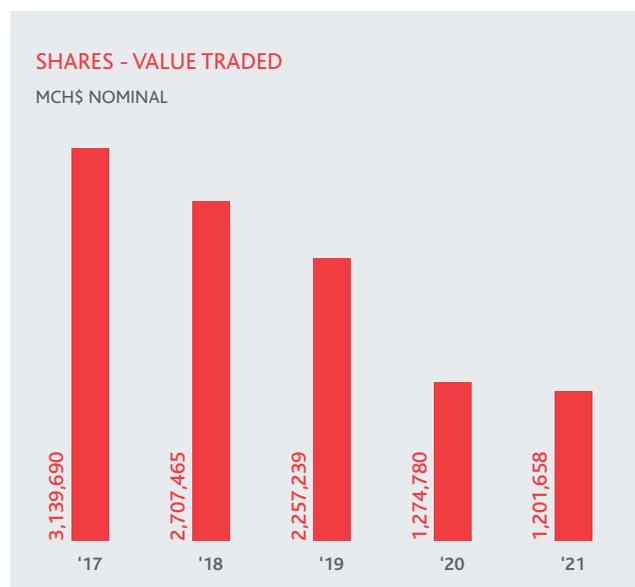
## FINANCIAL PERFORMANCE IN 2021

International assets under management (AuM) rose 25% in 2021 to MCH\$598,923. In 2021, the value of shares traded by Valores Security Corredores de Bolsa was BCH\$1,201, ranking 15th with a market share of 1.6% (calculated considering transactions on Santiago Exchange and the Electronic Stock Exchange).

The company earned profit of MCH\$2,343 in 2021, an increase of 9.5% compared to 2020. This improvement was mainly due to an increase in deferred taxes of MCH\$1,141 in 1Q21.



SOURCE: VALORES SECURITY S.A. CORREDORES DE BOLSA



SOURCE: VALORES SECURITY S.A. CORREDORES DE BOLSA

### TOTAL ASSETS IN CUSTODY AND UNDER MANAGEMENT IN MCH\$

	DEC-2021	DEC-2020
CUSTODY SERVICES FOR UNRELATED THIRD PARTIES	982,268	980,545
CUSTODY SERVICES FOR RELATED THIRD PARTIES	50,972	58,685
INTERNATIONAL	598,923	477,544
ASSETS IN CUSTODY AND UNDER MANAGEMENT	1,632,163	1,516,774

SOURCE: VALORES SECURITY S.A. CORREDORES DE BOLSA

## ADMINISTRADORA GENERAL de fondos security s.a.

The mutual fund industry in Chile is highly concentrated in the banking segment and has grown continually over the last decade, with a huge increase in assets under management and number of investors. Assets under management by the 20 institutions in this industry amounted to MCH\$50,987,024 as of December 2021, which represents a slight decrease of 0.63% YoY. The fund categories that grew the most were equity and balanced funds, with annual increases of 71% and 33%, respectively, while debt funds ended with negative flows. The number of participants exceeded 2.9 million, representing growth of 10% YoY.

Banco Security is active in this market through the general fund manager (AGF), whose market share in terms of assets under management in mutual funds was 4.8% at the end of December 2021.

### KEY COMPANY INDICATORS



SOURCE: GRUPO SECURITY

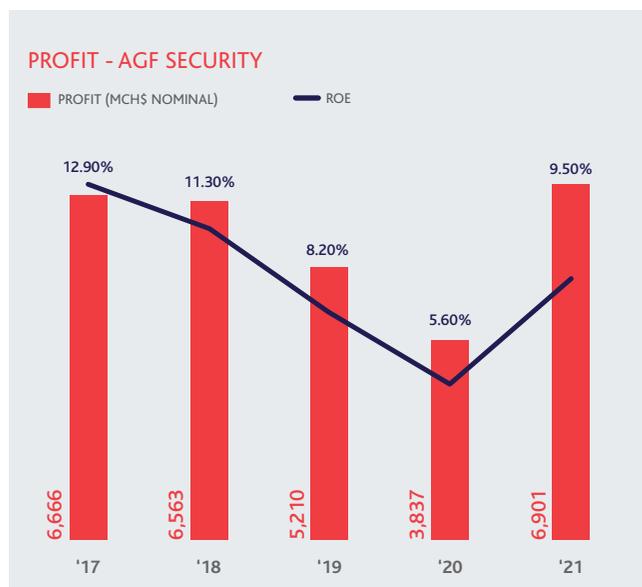


## SERVICE PROPOSITION

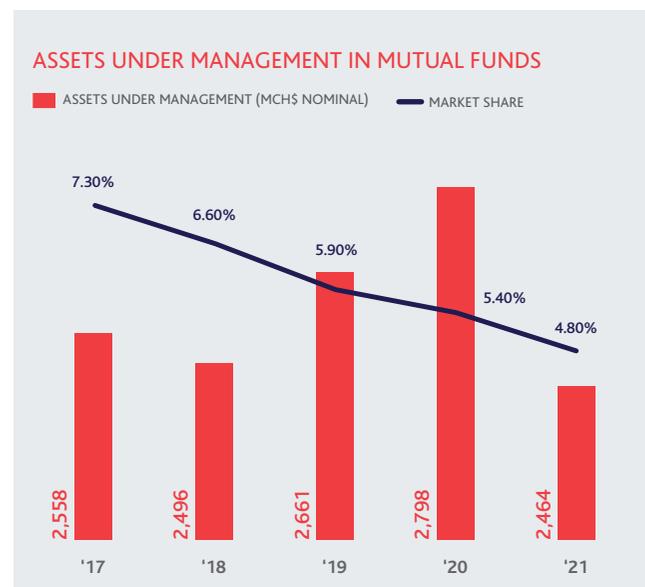
With 29 mutual funds and 22 investment funds, AGF Security is one of the leading fund managers in the Chilean market. The company's objective is to manage the assets of investors with different profiles, such as middle market, high net worth, corporate and institutional investors. For 15 years it has been actively involved in managing funds targeting institutional investors whose fiduciary role in the administration of third-party funds requires a very high level of professionalism and rigor to provide the best investment alternatives. In 2021, from an investment standpoint, the company focused on protecting its clients' investments from the fluctuations caused by uncertainty, which it did by seeking diversification and profitability outside national borders.

## FINANCIAL PERFORMANCE IN 2021

During 2021, AGF managed assets in excess of MUS\$3,754 for more than 48,500 customers. The company earned profit in 2021 of MCH\$6,901, an increase of 75.3% with respect to 2020.



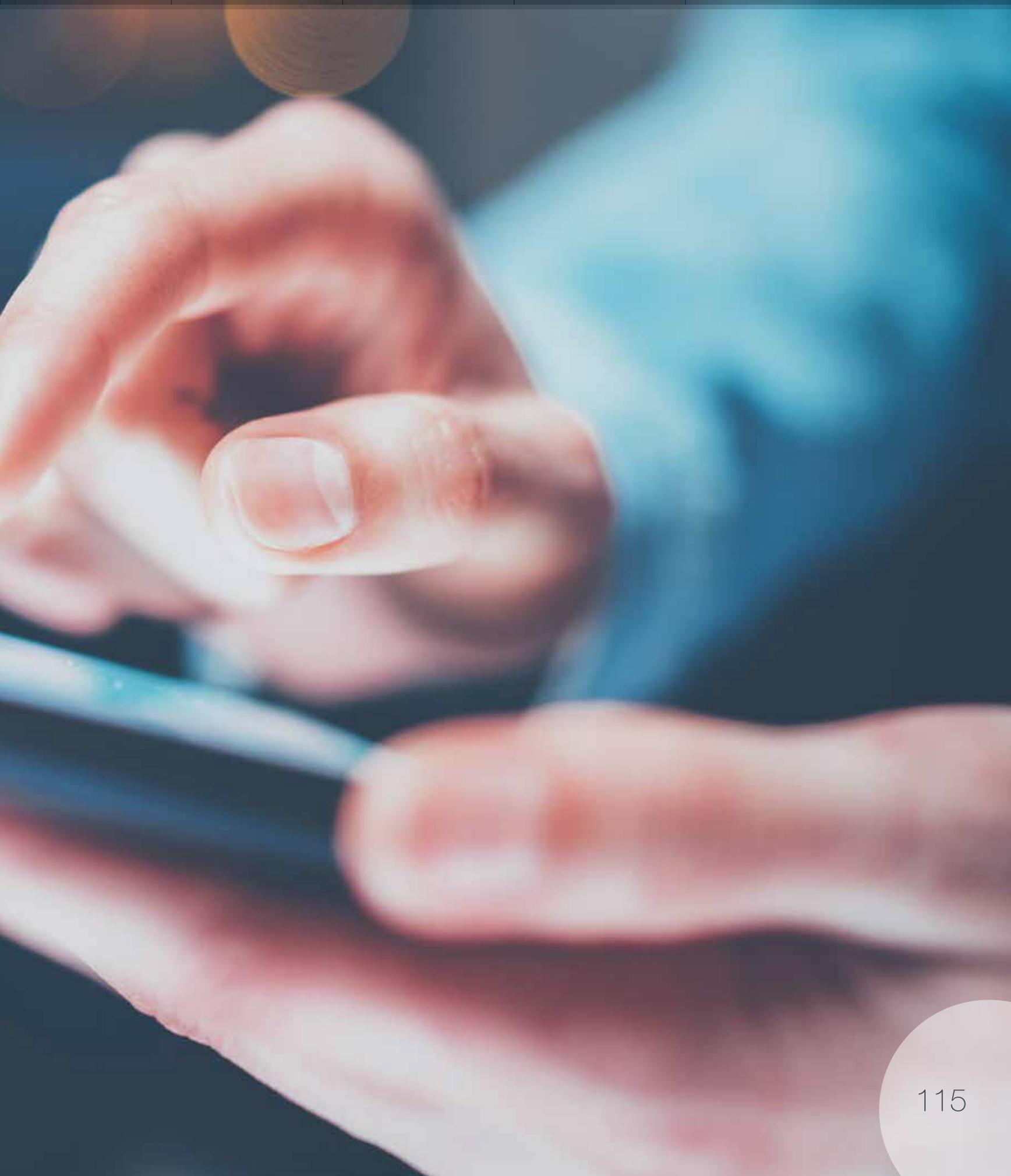
SOURCE: AGF SECURITY



SOURCE: AGF SECURITY

# 05 customers

Banco Security delivers service that is characterized by its ability to anticipate, its customer focus, its collaboration and its orientation towards results.





# customers

Banco Security has positioned itself as a niche bank for over 40 years, with service characterized by quality, closeness, transparency and professionalism. It builds a segmented value proposition with a comprehensive approach that aims for specialization and the best service experience. This is complemented by cultivating a long-term relationship of mutual trust, based on understanding, prompt service and continuous improvement.



## SECURITY CUSTOMERS in numbers



\* THERE ARE 22,511 BANCO SECURITY CUSTOMERS WHO HAVE PURCHASED PRODUCTS FROM ITS SUBSIDIARIES.



## MANAGEMENT style

Security has positioned itself as an institution focused on providing personalized, close, professional and transparent service.

The management style of Banco Security and its subsidiaries is the result of each employee developing their ability to anticipate, their customer focus, their collaboration and their results orientation.



Accordingly, every day we identify opportunities for improvement in quality and evaluate the maturity of our customer experience practices within the Bank and each subsidiary, in order to detect any gaps. The importance that employees place on customer experience is measured, which identifies low-performing departments, functions and groups.

Security is a niche bank and uses a customer service model that focuses on specialization and improving the customer service experience, based on the profile and requirements of each customer. It provides a comprehensive 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 builds its segmented value proposition based on the proposal that "Together we can build a better world, by supporting you with sustainable financial solutions that can make your dreams come true". This is complemented by cultivating a long-term relationship of mutual trust, based on understanding, prompt services, suitable products and services, and striving for continuous improvement.

## CUSTOMER SERVICE GUIDELINES



### UNDERSTANDING AND MANAGING THE CUSTOMER EXPERIENCE

- The Customer Voice survey analyses channel usage and satisfaction, account executive relationships and other methods to understand customer requirements and expectations.



### ATTENDING TO REQUESTS, COMPLAINTS AND CLAIMS

- It has specific protocols and mechanisms that capture feedback and promptly respond to customer requirements.



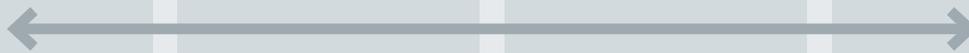
### ENSURING SUITABLE PRODUCTS AND SERVICES

- Incorporate customer expectations when designing products, services and service channels.



### ENSURING CONTINUOUS IMPROVEMENT

- Continuously review processes, incentive models and knowledge management to detect and resolve areas for improvement.



## EXCELLENCE model

Banco Security and its subsidiaries use the Excellence Management Model (EMM), based on the standards of the Ibero-American Quality Award (FUNDIBEQ), which cultivates long-term relationships with customers and makes them sustainable for shareholders, by evaluating how quality and experience is managed. Departments are reviewed, in order to identify those that require strengthening and improving. It also provides assessment information on the maturity of customer experience management practices, to optimize those processes and measure the importance that employees give to their customer relationships.

### EXCELLENCE MANAGEMENT MODEL · EMM

#### SENIOR MANAGEMENT COMMITMENT

- Analyze and validate the structure, incentives and resources that reflect an authentic commitment to customers.
- Analyze and validate the development and implementation of conduct that leverages corporate values and demonstrates a customer service culture.

#### CUSTOMERS

- Analyze how the organization designs, develops, produces and proposes 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.

#### EMPLOYEES

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



#### POLICY AND STRATEGY

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

#### EXTERNAL PROCESSES, RESOURCES AND SUPPLIERS

- Analyze how the company intelligently prioritizes customer journeys with the greatest impact on the organization's results.
- Analyze coordination between areas to deliver excellent customer experience.



## SERVICE channels

The customer service model used by Banco Security and its subsidiaries includes various customer service channels that provide continuous access to its services and products. Customers have a specific channel for their inquiries and complaints, in order to quickly resolve them. Customer service managers have received training in how to resolve requirements and adopt corrective measures to achieve satisfaction, in accordance with procedures.

The COVID-19 pandemic led customers to change how they relate to the Bank. Branch attendance and direct contact with account executives decreased, while the use of apps, the second most used channel, increased.



### IN-PERSON

- Branches
- Account executives providing a personal service



### DIGITAL

- Web site
- Private sites by line of business
- Mobile application



### TELEPHONE SERVICE

- Call center executives



### SELF-SERVICE

- ATMs
- Self-service devices

## CUSTOMER EXPERIENCE



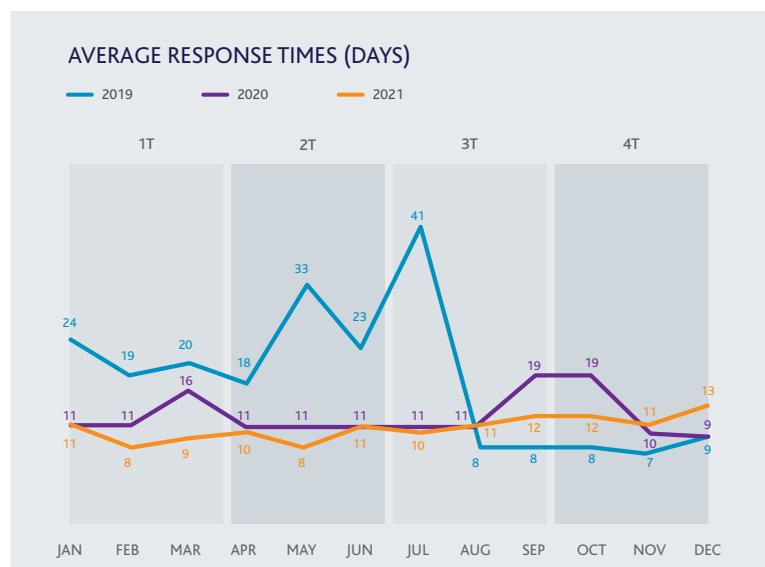
Banco Security and its subsidiaries aim to be the bank with the best customer experience for its business segments. It has been using the "Amor por la Marca" (Love for the Brand) method since 2020, which listens to the voice of our customers and monitors their interactions while using customer service channels.

The net satisfaction of Application Performance Manager (APM) Retail Banking in 2021 was rated a very good experience by 77% of customers. This result reflects improvements to the experience during the year, which resulted in a 78% positive evaluation for executives and 76% for digital channels.



Banco Security improved its complaint management during 2021, by focusing on improving response times, ensuring compliance with deadlines and managing root causes.

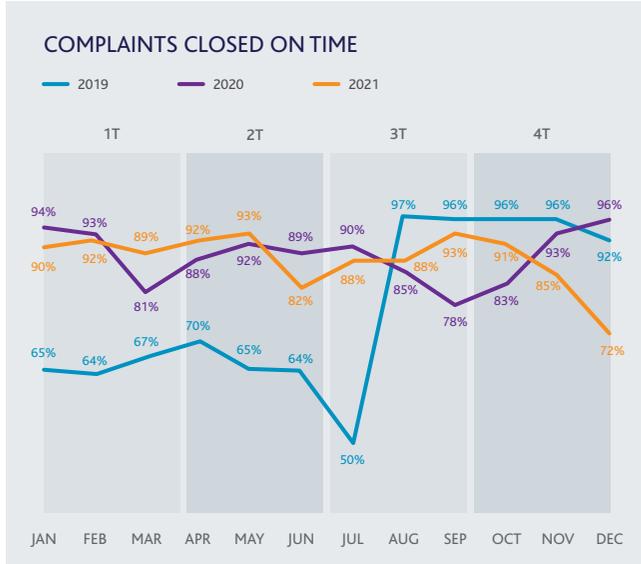
Response times accelerated, and they decreased by an average of three days compared to 2020 (TMR 2020: 13 days TMR 2021: 10 days) and 89% of complaints were resolved by the deadline. Meanwhile, formal complaints submitted to the CMF and SERNAC decreased by 27% compared to 2020.



↓ 2 days

DECREASE IN AVERAGE  
RESPONSE TIME - 2020 - 2021

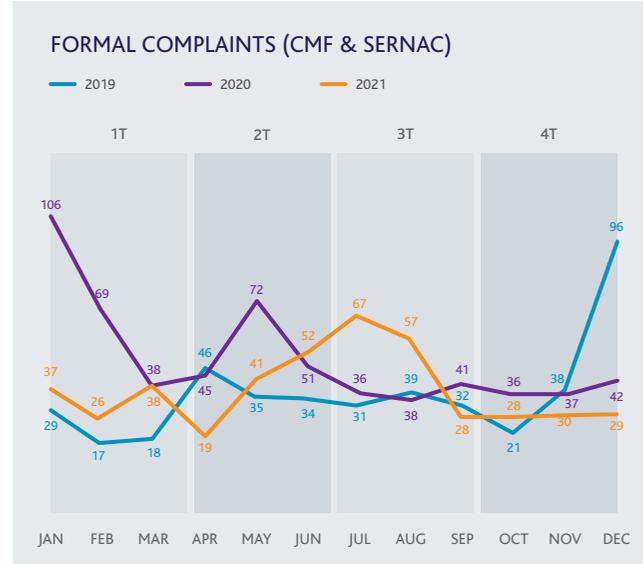
SOURCE: BANCO SECURITY



SOURCE: BANCO SECURITY

↑ 1%

INCREASE IN COMPLAINT CLOSURE RATE ON TIME - 2021 · 2021



SOURCE: BANCO SECURITY

↓ 27%

DECREASE IN SERNAC-CMF COMPLAINT RATE - 2020-2021

## PROGRESS IN 2021

The main factors that influenced this good performance were customer focus and continuous product, service and process improvement. Firstly, Retail Banking implemented the Closed-Loop method at all branches, which had been initiated in 2020 as a pilot, and addressed the bad experiences reported in daily customer surveys. The branch agent can use this information to promptly correct the customer experience and learn lessons together with the team to ensure that those situations never happen again. This method forms part of team routines and it is embedded in branch commercial processes.

Another important development was incorporating the Customer Experience Voice (VCE) mechanism into managing the digital channel. This led to the implementation of a mechanism that provides technical and operational teams with regular customer feedback through APM (Application Performance Manager). This method has achieved significant

progress in refining and prioritizing the development plan for the Bank's platforms.

The Bank also improved its customer service models to reduce response times and ensure that commercial executives explain its value proposition to customers. It also upgraded its systems and customer service channels to provide them with greater stability.

The Commercial Banking Division upgraded its value proposition, based on intensive data analysis of turnover, economic sector and geography using digital tools. It expects to improve its range of products and services in 2022 to strengthen the customer relationship. Self-management initiatives will be implemented together with experience improvements for digital channels, such as implementing banking and asset management online transaction authorization.



## transparency

Establishing a lasting, highly fruitful relationship with customers is one of Banco Security's primary concerns. Transparency is key, so the Bank ensures that sufficient information is available when contracting a product and/or service as well as throughout the entire relationship.

The Bank ensures that 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. This is guaranteed not only when contracting a product and/or service but throughout the contractual relationship with the customer.

This information must have the following attributes:

- **CLARITY**  
It should use plain, commonly understood wording so that the general public comprehends its meaning.
- **COMPLETENESS**  
It should contain all the prices, conditions and relevant features related to contracting a product and/or service so that the customer knows its final value.
- **RELEVANCE**  
It should contain all the aspects required for decision making.
- **RELIABILITY**  
It should be error-free and not lead to confusion or doubt with respect to its accuracy.
- **COMPARABILITY**  
It should be comparable with similar products offered by other banks.

## CUSTOMER data security

Banco Security is committed to protecting the privacy of customer information, which is handled securely and confidentially as befits the trusting relationship cultivated with each customer. The company and its subsidiaries have a Privacy Policy, which complies with Law 19,628 on personal data protection and its amendments, the General Banking Act and other regulations related to personal data protection and confidentiality. This policy defines how data may be processed and for what purpose, which can be for commercial, marketing, risk, recruitment, customer/user services, statistical or similar purposes. It also includes the data communication and data processing security framework, among others.

The Bank and its subsidiaries are convinced that responsibility for cybersecurity is not limited to specialists. All departments are jointly responsible for building awareness regarding the role each employee plays in preventing incidents that can affect customers and the organization.

The Bank carries out customer campaigns and provides information and reminders regarding the use of digital platforms and transferring these practices to daily life. Details of the measures adopted during 2021 are specified in the Corporate Governance chapter in the Risk Management section.





## OPERATIONAL CONTINUITY during the pandemic

During 2021 Banco Security and its subsidiaries continued implementing the operational continuity plan initiated in the first quarter of 2020 due to the COVID-19 pandemic. It focuses on caring for the health and safety of people, customers and employees.

The company ensured that its account executives identified the needs of customers who had been financially affected, in order to provide them with products that would support them through the second year of the public health crisis. As the government relaxed its public health measures, branches were reopened.

A plan to adapt products and services was implemented, which accommodated the instructions issued by specialist departments and regulations, as well customer-specific requirements. Banco Security implemented the following, in order to draw closer to customers this year:

1. It continued to communicate using various channels to ensure that its remote customer services worked well.
2. It strengthened the proactive customer communication plan that brought customers closer, by staying in touch and being aware of their requirements and expectations, in order to reduce the distance caused by the pandemic.
3. It improved protocols and contact scripts in line with requirements arising from the pandemic, to keep serving customers as usual.

A mixed working modality was implemented. It ensured that this did not affect customer relationships or service quality by using websites, mobile applications, videoconferencing and connecting telephones in computers with the Bank's telephone network and/or cell phones.

Banco Security ensured that its account executives identified the needs of customers who had been financially affected, in order to provide them with products that would support them through the second year of the public health crisis.

06

## CREATING value

Caring for the environment and cultivating transparent and long-term relationships with the community, customers and suppliers are fundamental aspects of Banco Security's business development.







## DECISIVE STEPS towards sustainability

Grupo Security, the Bank's parent company, advanced its commitment to a sustainable future by creating the Corporate Affairs Division in 2021. Its goal is to maintain its leadership in customer service quality and in reconciling the work, family and personal life balance of its teams. This has been achieved through initiatives that have positioned Grupo Security among the best companies to work for in Chile, and by integrating Environmental, Social and Corporate Governance (ESG) factors into its risk, loan, investment and insurance management.

All this poses a major challenge for the Bank and each Grupo Security company in the short, medium and long term. The following immediate actions are considered for 2022: developing and implementing a Social and Environmental Risk Policy; coordinating the integration of ESG factors; and actively

disseminating this knowledge, through working groups, talks and workshops for senior management and employees. It also contemplates the implementation of a corporate governance screening, a continuous improvement program for directors and the introduction of internationally standardized metrics to monitor policy compliance.

Within the public sector, it expects to strengthen financial literacy programs, continue to disseminate good market practices and prevention measures for issues such as money laundering, corruption and bribery. The sustainability vision will be further developed in the products and services offered to customers, either by making green funds available or by applying ESG factors in the granting of loans to companies and in its own investment decisions.



ENVIRONMENT



1,478 tCO<sub>2</sub>e

CARBON FOOTPRINT  
SCOPES 1, 2 AND PART OF 3



3,248 MWh

ENERGY  
CONSUMPTION



17,036 m<sup>3</sup>

WATER  
CONSUMPTION

SUPPLIERS



504

TOTAL SUPPLIERS  
BANCO SECURITY



11

AVERAGE PAYMENT  
DAYS



95.6%

DOMESTIC  
COMPANIES

COMMUNITY



FINANCIAL  
LITERACY

"SABER SUMA" BLOG

10,000

MONTHLY VISITS

2,000

SUBSCRIBED



MCH\$131

AVERAGE ANNUAL DONATIONS

(LAST FIVE YEARS)

SOURCE: BANCO SECURITY

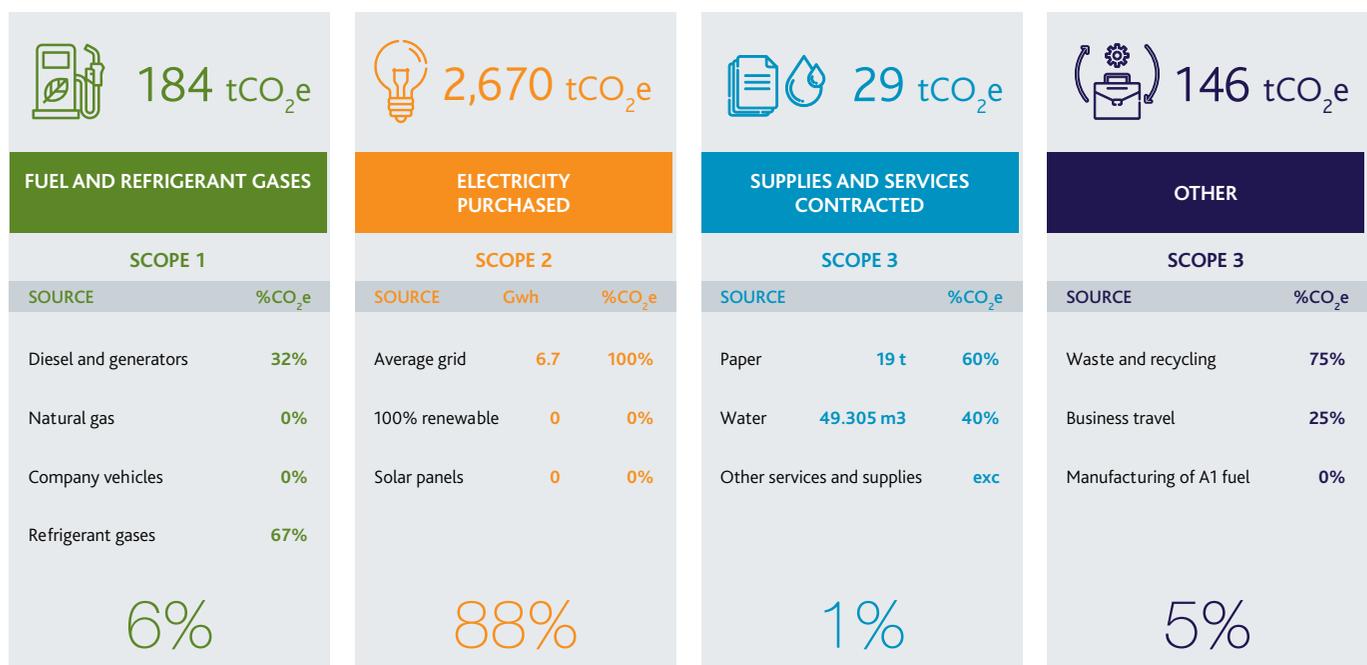
## CREATING VALUE in the environment

Caring for the environment is part of a job well done at Banco Security. This approach translates into minimizing operational and business impacts.

The Bank has implemented various measures in recent years, such as initiatives aimed at reducing paper use, promoting renewable energies and incorporating environmental and social criteria in project evaluation and financing. In particular, in 2021, Grupo Security companies aimed to measure their carbon footprint and obtain the Huella Chile seal, an initiative of the Environment Ministry that promotes GHG emission management in public and private organizations.

### CARBON FOOTPRINT MEASUREMENT

The consulting firm Proyectae performed these measurements, based on the Greenhouse Gas Protocol method, ISO 14,064 and HuellaChile. It collected emission information for scopes 1 and 2 and part of 3 for 2019, 2020 and 2021 from the Bank and its subsidiaries, together with the rest of Grupo Security's companies. It reviewed 72 branches and offices, totaling nearly 42,000 m<sup>2</sup>.



NOTES: THE TOTALS MAY DIFFER FROM THE SUM OF THE INDIVIDUAL ITEMS DUE TO ROUNDING.  
SCOPE 2 EMISSIONS REPORTED USING THE LOCATION-BASED METHOD.  
EXCLUDES IMPACT OF GHG EMISSIONS FROM THE BANK'S LENDING.  
OTHER SOURCES HAVE BEEN EXCLUDED, SUCH AS CUSTOMER TRAVEL AND EMPLOYEE COMMUTES, COURIER/VALUABLES/DATACENTER SERVICES, THIRD-PARTY CASHIERS, ETC.  
TABLE PROVIDED BY PROYECTAE, A COMPANY CERTIFIED TO MEASURE CARBON FOOTPRINTS.



According to the survey, the greenhouse gas (GHG) emissions by all Grupo Security companies totaled 3,030 tCO<sub>2</sub>e, slightly lower than in 2020. Both this reduction and the decrease compared to 2019 may be due to the implementation of remote working caused by the pandemic, which led to lower energy consumption. This emission source is significant, as it represents 90% of the company's GHG emissions. In 2021 it stood at 2,670 tCO<sub>2</sub>e (Scope 2). Scopes 1 and 2 refer to those controllable by entities, since these measure their direct and indirect emissions throughout their value chain. Scope 3 refers to the companies' impacts from suppliers and customers.

SCOPE	CATEGORY	2019	2020	2021	
		tCO <sub>2</sub>	tCO <sub>2</sub>	tCO <sub>2</sub>	PERCENTAGE
1.1	Fixed-source combustion	104	62	60	2.0%
1.2	Mobile source combustion	6.3	0.4	0.2	0.0%
1.4	Refrigerant gas replenishment	135	159	124	4.1%
<b>SUBTOTAL SCOPE 1</b>		<b>246</b>	<b>221</b>	<b>184</b>	<b>6.1%</b>
2	Electricity consumed (market method)	3,651	2,669	2,670	88%
<b>SUBTOTAL SCOPE 2</b>		<b>3,651</b>	<b>2,669</b>	<b>2,670</b>	<b>88%</b>
<b>SUBTOTAL SCOPES 1+2</b>		<b>3,897</b>	<b>2,890</b>	<b>2,854</b>	<b>94%</b>
3	Paper	77	27	17	0.6%
3	Water	25	17	12	0.4%
3	Fuel manufacture Scope 1	7	0	0	0.0%
3	Waste and recycling	300	77	110	3.6%
3	Business trips	307	39	36	1.2%
<b>SUBTOTAL SCOPE 3</b>		<b>715</b>	<b>161</b>	<b>176</b>	<b>5.8%</b>
<b>TOTAL GREENHOUSE GAS EMISSIONS</b>		<b>4,613</b>	<b>3,051</b>	<b>3,030</b>	<b>100%</b>

SOURCE: PROYECTAE

## GHG GAS EMISSIONS INTENSITY

	UNIT	2019	2020	2021
GHG Emissions (A1+2) / Office + branch surface area	kgCO <sub>2</sub> e/m <sup>2</sup>	92	69	68
Data coverage (Percentage of reported m <sup>2</sup> /total m <sup>2</sup> )	Percentage	100%	100%	100%

SOURCE: PROYECTAE

Banco Security's emissions in 2021 totaled 1,478 tCO<sub>2</sub>e for scopes 1 and 2 and part of 3, according to the measurements.

## RENEWABLE ENERGIES AND FINANCING ENVIRONMENTALLY AND COMMUNITY FRIENDLY PROJECTS

Banco Security has a Project Finance Area that evaluates project finance and ensures compliance with Chilean environmental regulations in the credit evaluation. It evaluates projects using the Equator Principles, an international standard for the financial industry to identify, evaluate and manage environmental and social risks in projects.

The division began in 2013 to develop specialized value propositions, when Commercial Banking customers expressed their interest in investing in the renewable energy industry. To date, Project Finance has contributed to financing 51 renewable

energy projects. Five of these were evaluated and financed according to social and environmental criteria, while another four were financed with green loans, a CORFO instrument for financing renewable energy projects, circular economy projects or projects that make a positive impact on the environment.

The Project Finance Division is concerned for the environmental and social aspects at every stage of project development. Consequently, in the most recent financing transactions, compliance with ESG-related standards is a basic condition for the release or disbursement of funds.

51 projects

TOTAL RENEWABLE  
ENERGY PORTFOLIO

5 projects

EVALUATED AND FINANCED  
ACCORDING TO ENVIRONMENTAL  
AND SOCIAL CRITERIA

4 solar projects

FINANCED  
WITH GREEN LOANS



SOURCE: BANCO SECURITY



*"At Next Energy Capital we are used to working with many institutions globally. In Chile, the bank we trust is Security. It stands out for its commitment to financing renewable energy projects and its customer service. They assisted us at all times and completed the financing process in only two months, when it normally takes three to four months."*

CÉSAR TORRES  
SENIOR ASSOCIATE NEXT ENERGY CAPITAL





### SOCIALLY AND ENVIRONMENTALLY FRIENDLY PROJECTS



## CREATING VALUE THROUGH supplier management

Banco Security has developed a relationship of mutual trust with its suppliers, in the belief that they are essential to the sustainable achievement of its strategic objectives.

The Bank has an Outsourcing Policy that specifies suppliers' governance and risk control mechanisms. This document sets out the guidelines for outsourced services and suppliers to ensure regulatory compliance, and establishes monitoring criteria based on the criticality of the outsourced service. These criteria have not included sustainability issues so far.

The Supplier Committee ensure compliance by meeting quarterly to monitor the supplier control processes and resolve special cases. This has meant that the Bank has paid 7,448 of its 7,644 supplier invoices before the 30 days required by law (97%) and on average in 11 days. This has been achieved by Banco Security's Payment and Management Control departments streamlining the invoice approval process.

As of December 31, none of its suppliers individually represents 10% or more of its purchases in 2021. Similarly, in 2021 Banco Security did not pay any interest on overdue invoices, nor did it have to seek any Exceptional Payment Deadline Agreements with the Economy Ministry.

### INVOICES PAID TO DOMESTIC SUPPLIERS

PAYMENT DAYS	SUPPLIERS	INVOICES	AMOUNT (THCH\$)
0-30	469	7,389	49,193,700
31-60	74	127	657,587
> 60 Days	20	29	140,715

SOURCE: BANCO SECURITY

### INVOICES PAID TO FOREIGN SUPPLIERS

PAYMENT DAYS	SUPPLIERS	INVOICES	AMOUNT (THCH\$)
0-30	5	59	845,943
31-60	17	15	524,754
> 60 Days	5	25	436,115

SOURCE: BANCO SECURITY

### SUMMARY OF PAYMENTS TO SUPPLIERS BY SOURCE

ORIGIN	SUPPLIERS	INVOICES	AMOUNT (THCH\$)
Foreign	22	99	1,806,812
Chilean	482	7,545	49,992,002
<b>TOTAL</b>	<b>504</b>	<b>7,644</b>	<b>51,798,814</b>

SOURCE: BANCO SECURITY

NOTE: THE NUMBER OF SUPPLIERS COVERS THOSE WITH INVOICES PAID DURING 2021, IN ACCORDANCE WITH NCG461.

*"We have a wonderful relationship with Security. You can feel how we work as partners, and that we always reach the best decisions, thinking about the users and in the long term. We have attained a level of trust that allows us to operate services optimally, looking for comprehensive solutions that won't get us bogged down in red tape. Simply put, it's a great client, with great people. We are proud to be one of Grupo Security's strategic suppliers."*

SONIA SCHWERTER,  
OPERATIONS DIRECTOR, TRANSPORTATION AND LARGE CUSTOMERS, ISS





## CREATING VALUE for the community

Concern for people and respect for dignity requires supporting local communities. Since its founding, Banco Security has supported various means of collaboration, through volunteering, donations to foundations and entities that develop public policies and financial literacy initiatives.

The Bank and its subsidiaries have sought to contribute to the community from its scope of action through programs aimed at promoting policies to reconcile work with personal and family lives, as well as supporting foundations that seek to

improve the quality of life of the public they serve. It has also contributed to financial literacy as a responsibility towards its employees, customers, suppliers and the community in general.

### COMMUNITY SUPPORT



SOURCE: GRUPO SECURITY

## PROMOTION OF WORK-FAMILY BALANCE AND CONTRIBUTION TO PUBLIC POLICY

Grupo Security is convinced that in order to develop public and business policies that address the challenges of the new times, high-quality data is required. This is why it actively provides content and information from different studies and research, mainly focused on balancing work and family life.

The Group has partnered with The Center for Work and Family at the ESE Business School at Universidad de los Andes, which fosters a business culture that favors the integration and harmonization of work and family life. The center organizes international seminars in which Security shares its policies and practices on this issue and their outcomes among the company's employees. The center also edits publications and research, such as the Barometer of Women's Leadership and the Index of the Labor Trajectory and Inclusion of Women in Chile.

In turn, Banco Security sponsors ESE Business School's Corporate Reputation Center at said university. This unit seeks to promote best practices in terms of corporate reputation, addressing three questions: how to build a reputation, how to safeguard it, and how to recover it when it has been lost.

Finally, Grupo Security also donates to educational institutions and study centers, such as Universidad Católica, Centro de Estudios Públicos (CEP), Fundación Educacional Nosedal and Becas Padre Hurtado.





## DONATIONS TO FOUNDATIONS

The Bank, Grupo Security and its subsidiaries donate to foundations in three areas: support for the elderly, support for the community through parks and gardens and training for women in vulnerable situations.

The company's longest-standing beneficiary is Fundación Las Rosas, which supports the elderly. For more than 20 years, groups of between 15 and 20 employees have visited the foundation's María Auxiliadora Home in the Lampa district. The visit takes place on a weekday during the working days, and is fully financed by the company. The company participated in the winter and Christmas campaigns in 2021 to care for the health of the home's residents and employees, with employees donating CH\$18,805,776, which was matched by the company.

The Bank supports the Mi Parque Foundation that Grupo

Security has been supporting since 2013 to help beautify public green spaces. This contribution is twofold: it includes both funding and volunteer work to build squares and parks in employee neighborhoods that need such areas. As of April 2021, five squares have been built in various parts of Santiago.

The latter has a positive impact on disadvantaged women, through foundations such as Prodemu and Soy Más. Here, Grupo Security funds workshops on oral and written expression in the workplace, teamwork techniques and good food handling practices, among others.

¿Alcanzaste a hacer tu  
donación para la  
**Fundación Las Rosas?**



## SPORADIC CAMPAIGNS

Grupo Security companies joined the National Breast Cancer Prevention Campaign in October 2021 with internal and external initiatives. Employees attended a presentation on the importance of early diagnosis and were taught how to use the Palpa device for self-examination. We also donated 100 Palpa devices to a community of women in Chaitén, in the province of Palena, Los Lagos Region, so that they could easily perform their self-examination.

Every December employees of the Bank and other Grupo Security companies traditionally help to distribute 240 Christmas boxes to vulnerable families around Santiago. This initiative provides much needed items so that every family can get together and celebrate the holidays in a spirit of peace, joy and unity.

*"For Breast Cancer Month we were looking for great partners who wanted to join us in the cause of raising awareness among women about the early detection of this disease. Our in-house and external initiative proposals were incredibly well received at Grupo Security. Sometimes you think that because they are very large companies, they will be difficult to contact and achieve joint alliances. However, good ideas and the pursuit of social change override any obstacle to creating something great.*

JOSEFA CORTÉS  
CEO AND FOUNDER OF PALPA





## FINANCIAL LITERACY

The Security companies understand that they have a crucial responsibility for the financial literacy of employees, customers and the community at large. Therefore, programs and lines of communication are being developed for each of these stakeholders.

### EMPLOYEES

The company has introduced technology that supports financial training. It has a self-learning platform called "Mi Aprendizaje" (My Learning), which improves various skills for all the Group's employees. It offers eight courses in financial literacy, including Finance for Non-Financiers and Accounting and Financial Management for Non-Specialists. In 2021, a total of 389 people were trained in topics related to products, the securities market, corporate finance and others, totaling 4,280 hours of training.

4,280



HOURS OF FINANCIAL  
LITERACY TRAINING

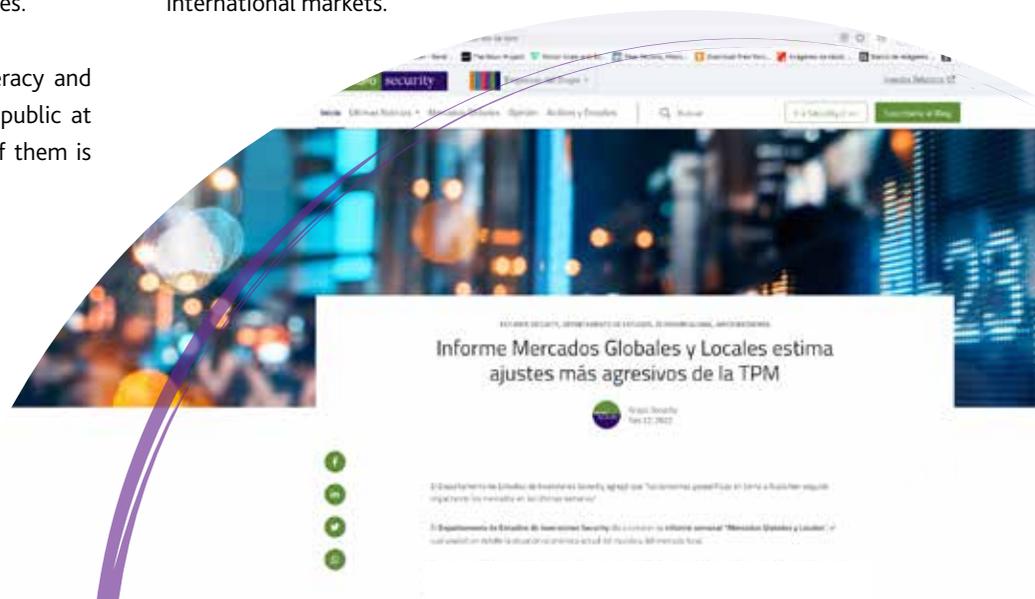
### CUSTOMERS AND THE COMMUNITY AT LARGE

For over 10 years, Grupo Security has traditionally organized the Security Economic Seminar in August to analyze the macroeconomic situation and national context. Speakers at the event include prominent economist and MIT scholar, Ricardo Caballero, as well as other political and economic figures.

The company has also worked to make financial literacy and understanding of economic issues accessible to the public at large, creating content for different platforms. One of them is

the "Saber Suma" blog, a platform for sharing relevant content for economic and financial decision-making, as well as columns by world-renowned personalities. Saber Suma has a weekly newsletter, which is sent to about 2,000 subscribers with the latest economic and financial news. In 2021, the blog registered close to 10,000 monthly visits. Banco Security has developed the website <https://personas.bancosecurity.cl/educacion-financiera/index.asp>, where it publishes advice on financial planning for its customers and the general public. This website recorded 1,602 page views during 2021.

The Group has also turned to YouTube, where it has uploaded 20 capsules analyzing the local and international economic situation over the past year. This audiovisual content is also sent to a subscriber base of 11,000 people. Furthermore, ten webinars led by Security's Chief Economist, Felipe Jaque, were held in 2021, which analyzed the national and global situation. Podcasts were broadcast on the Spotify platform, for those who prefer audio over videos, where company executives talk in depth about relevant investment issues, such as the rise in interest rates, prospects for investment instruments and international markets.



07

## APPENDICES

Banco Security has positioned itself as a niche bank over the past 40 years, by delivering specialized services in a highly competitive environment.



## NCG461 content index

The CMF published NCG461, which addresses sustainability and corporate governance issues, in November 2021. Entities are required to report under this standard for financial year 2023. In preparing this 2021 Annual Report, Banco Security incorporated the new standard in advance.

### 2. CORPORATE PROFILE

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
2.1	Mission, vision, objectives, and values	Mission, vision, values and corporate principles. Particularly, the entity should confirm whether it adheres to the United Nations Guiding Principles on Business and Human Rights, or other equivalent standards or guidelines.	09	Banco Security's mission, vision and values are described in the indicated pages.
2.2	Historical information	The entity's entire history should be described, with an emphasis on last year and the significant events that occurred at the entity during that year.	10	The indicated page includes a description of Banco Security's mission, vision and values.
2.3	Ownership			
2.3.1	Control situation		13	Banco Security is controlled by Grupo Security. As of December 31, 2021, Grupo Security owns 99.9758% of its shares.
2.3.2	Major changes in ownership		11	On April 29, 2021, Banco Security reported to the CMF that Grupo Security S.A. acquired 8,439,628 shares in the Bank during its capital increase. This took place on April 8, 2021 for CH\$2,724.55 per share, and Grupo Security S.A. increased its interest in Banco Security from 99.9749% to 99.9758%.
2.3.3	Identity of the largest shareholders		14	The indicated page includes a table with the majority shareholders.
2.3.4	Description of the twelve largest shareholders		14	The indicated page includes information on the 12 largest shareholders.
2.3.5	Shares, characteristics and rights			
		i. Share series descriptions	-	Banco Security has no series of shares.
		ii. Dividend policy		
		Dividends	16	The indicated page includes information on the Bank's dividend policy.
		Stock exchange transactions	-	Does not apply to Banco Security.
		Number of shareholders	-	99 shareholders
2.3.6	Other securities	Information regarding the characteristics and rights of other securities issued by the entity other than the shares referred to in section 2.3.4 above, and valid at the close of the reporting year.	15	The indicated page includes information on other securities.



### 3. CORPORATE GOVERNANCE

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
3.1	GOVERNANCE FRAMEWORK	Corporate governance structure and operation, with reference to the adoption of best practices	24	Banco Security complies with the highest corporate governance standards, which ensure compliance with Chilean and banking industry regulations, and with its bylaws. This corporate governance framework ensures that the Bank and its subsidiaries manage their businesses in a manner that is consistent with the Bank's business strategy, ethics, risk aversion and corporate values. It also uses mechanisms to protect the interests of the Bank and its stakeholders.
		ii. How the entity integrates sustainability into its business decisions, in particular how the entity incorporates environmental, climate change and social and human rights issues into the its evaluation processes and strategies, and how the entity assigns responsibility for these issues to units or people.	33	Grupo Security's interest in developing a sustainable business strategy led it to hire a consulting firm specializing in environmental, social and corporate governance (ESG) matters during the last quarter of 2021, to carry out a diagnosis and draft an ESG strategic plan. The indicated page includes these measures.
		iii. How the entity detects and manages conflicts of interest, conduct that could affect free and fair competition, and how corruption, money laundering and financing terrorism are prevented.	55	Grupo Security's ethical framework is inspired by its desire to ethically and transparently manage its business, as well as concern for each stakeholder. This has been uploaded to the Investor Relations website ( <a href="http://ir.security.cl/es/gov-docs">http://ir.security.cl/es/gov-docs</a> ) and consists of the following documents: The Crime Prevention Model, Code of Ethics, Internal Order, Hygiene and Safety Regulations and the Conflict of Interest Policy.
		iv. How the entity addresses the interests of its key stakeholders, at least by identifying them and understanding how the entity directly impacts them.	18 and 41	Banco Security is particularly mindful of its relationship with each stakeholder, as they are essential to the development of its business. These are shareholders, investors, employees, customers, suppliers and the community in general. The indicated page describes the objective of the relationship with each stakeholder, as well as the communication channels and engagement approach.
		vii. How the entity identifies the diversity of skills, knowledge, conditions, experiences and visions required by employees, and a description of the hiring policies that achieve and preserve that diversity. An organization chart should be submitted, which should explicitly show management or leadership within the organization, and the units managing internal control, risk management, sustainable development or equivalent, relations with shareholders, investors and the media, and all those relevant to the entity's business.	37 and 71	The company has a Talent Identification and Development Policy that addresses a key objective for operational continuity and achieving strategic goals: to have people who are ready to face current and future challenges and who are aligned with the organization's culture and its values. The indicated page includes the Bank's organization chart and its Talent Identification and Development Policy.

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
3.2	BOARD OF DIRECTORS			
		i. Description of directors, the date they were appointed or last reelected, their resignation if applicable, their profession, whether they are chairman or vice-chairman, whether they are independent directors, and whether they are regular or alternate directors if applicable.	28	The indicated page describes the directors of Banco Security.
		ii. Board compensation, its source, and comparatives with the previous period.	31	The indicated page describes the compensation of the Bank's directors.
		iii. Description of the policy for hiring experts to advise the Board on accounting, tax, financial, legal or other matters.	31	The company has a budget approved at the annual general meeting to hire consultants, which can be used by the Board collectively. Each director may formally request the use of this budget when they deem it convenient, which must be approved by the Board. The indicated page describes the amounts involved.
		v. Procedures for new director orientation, and a description of the most important matters that they need to understand.	33	The Banco Security Board Operating Regulations establish the orientation process for new directors. It consists of several meetings with the CEO and division managers, and the indicated page describes the matters covered.
		vi. The frequency of meetings with risk management, internal audit and corporate social responsibility units, or with the people responsible for the equivalent functions, and with the external auditors. A description of the main topics addressed at such meetings and whether the Chief Executive Officer or other senior executives attend.	32	The Board regularly meets with the operations, technology, risk management and audit teams to ensure compliance with the company's strategic guidelines. The indicated page describes the frequency and matters covered.
		vii. A description of how environmental and social issues are reported and how frequently, especially with respect to climate change, and whether these issues are discussed when making strategic decisions, business plans or budgets.	33	Grupo Security and its subsidiaries are committed to developing a sustainable business strategy. The company hired a consulting firm specializing in ESG matters during 2021 to carry out a diagnostic and draft a strategic ESG plan. This includes designing an ESG policy and training workshops for directors and a corporate evaluation (or screening).
		viii. Visits to the entity's facilities to learn about their condition and function, the main duties and concerns of those who work in them, and the recommendations that those responsible for these facilities believe are required to improve their operation. Whether the Chief Executive Officer or other senior executives are involved in these visits.	-	The directors of Banco Security did not visit its facilities during 2021.



NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
	ix.	Whether the Board regularly evaluates its collective and/or individual performance and that of its committees. A description of the procedures used to continuously improve its performance, together with the frequency that its performance is evaluated and these procedures are reviewed, and in particular whether: a) It identifies those areas where directors can improve and the most important associated subjects. b) It detects and reduces organizational, social or cultural barriers that could inhibit the natural diversity of board capabilities, visions, characteristics and conditions without those barriers. c) An external expert should be hired to evaluate board performance and to implement any identified improvements.	33	At the annual general meeting, shareholders evaluate the performance and capabilities of directors and the performance and content of board meetings. Banco Security's board performance was last evaluated on March 25, 2021.
	x.	Notwithstanding legal obligations, the minimum number of ordinary board meetings, the minimum average time they must dedicate to face-to-face and remote meetings, the amount of time in advance that the meeting should be summoned, and the appropriate information required for them, recognizing the particular characteristics of the entity and the diversity of experiences, conditions and knowledge among directors, based on the complexity of the matters to discuss.	32	There were 16 ordinary and 13 extraordinary board meetings during 2021.
	xii.	Whether there is an information system that gives each director secure, remote and continual access to: a. The minutes and documents submitted to each board meeting, or equivalent, indicating how long such minutes and documents will be kept. b. The minutes and documents that summarize all the matters to be discussed at each meeting and other information to be submitted to the meeting or required before the meeting, all notwithstanding legal obligations regarding deadlines for summoning meetings and the contents of those summons. c. The complaint channel, if any. d. The minutes of each meeting, and the subsequent period when they are available for review.	34	The Board has remote and continual access to an extranet. This contains all the minutes and documents submitted to the Board since 2011. Documents may also be requested in physical format at the Bank's offices.
	xiii.	Report the composition of the Board as follows:		
		a. The number of directors by gender and whether they are regular or alternate directors.	67	The indicated page describes this information.
		b. The number of directors by nationality and by gender and whether they are regular or alternate directors.		
		c. The number of directors by age range according to the ranges described in section 5.1.3 and by gender and whether they are regular or alternate directors.		
		d. The number of directors by length of service in the organization according to the ranges described in section 5.1.4 and by gender and whether they are regular or alternate directors.		

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
3.3	BOARD COMMITTEES	The following should be reported for each committee formed by the Board:		
		Conformation pursuant to the provisions of Article 50 bis of Law 18,046 or on a voluntary basis.	-	Does not apply to Banco Security.
		i. Brief description of the role and main functions of the respective committee	35	Although Banco Security is not governed by the provisions of Article 50 bis of Law 18,046, the indicated page describes the board committees, their composition and duties.
		ii. A description of each committee member over the last 2 years, and whether they are or were independent directors.		
		iii. The compensation of each committee member for attending that committee, with a comparison to the previous year.	-	Not applicable, since Banco Security does not have a Directors' Committee pursuant to Article 50 bis of Law 18,046.
		iv. The issues they addressed, including the Directors' Committee referred to in Article 50 bis of Law 18,046,	-	
		v. The policy for hiring consultants and the expenses incurred by the respective committee during the year.	-	
		vi. Where there is a Directors' Committee pursuant to Article 50 bis of Law 18,046, or a committee performing equivalent or risk management duties, the frequency that the committee meets with the risk management, internal audit and social responsibility units, or with the people responsible for the equivalent functions, and with the external auditors. A description of the main topics that are addressed at such meetings, and whether the Chief Executive Officer or other senior executives attend.	-	
vii. The frequency that the respective committee reports to the Board.	-			
3.4	SENIOR EXECUTIVES			
		i. The position, name, Chilean National ID, profession and appointment date for each senior executive.	37	The indicated pages describe Banco Security's senior executives together with their respective appointment dates.
		ii. The compensation of senior executives in aggregate and compared to the previous year.	39	The indicated pages describe aggregate compensation information for the Bank's senior executives.
		iii. The fixed and variable components of special compensation plans or benefits for its senior executives, if any. A description of such plans or benefits. Whether the entity has any special compensation plans or benefits for its senior executives.	39	Banco Security and its subsidiaries have an incentive plan for senior executives based on the achievement of individual, group and corporate goals. This plan aligns team incentives with the corporate strategy and short and long-term objectives. The company does not have any share-based plans or benefits. The Bank is also evaluating whether to incorporate metrics associated with ESG indicators into its compensation planning.
	iv. The percentage ownership interest in the entity held by each senior executive and director both directly and indirectly through companies they control.	40	The indicated pages describe the directors' ownership interests. The senior executives currently have no ownership interests.	
3.5	ADHERENCE TO NATIONAL AND INTERNATIONAL CODES	Whether the entity has adopted good corporate governance codes issued by public or private national or foreign bodies, which ones, whether the entity has not adopted any of those codes and the reasons for that decision. Describe the URL for the entity's report that confirms that it has adopted the good corporate governance codes.	40	Banco Security has adopted Basel III (IFRS) and complies with ISO 27001 and the NIST Cybersecurity Network for information security and cybersecurity.



NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
3.6	RISK MANAGEMENT			
		i. General guidelines issued by the Board or organization on its risk management policies.	48	Banco Security has an integral vision for risk management, aligned with its strategic plans and risk appetite, whose pillars are Corporate Governance, Audits and Policies, Codes and Procedures. This policy is based on best practices, such as ISO 31,000 on Risk Management, and the recommendations issued by the Committee of Sponsoring Organizations of the Treadway Commission and the Control Objectives for Information and Related Technology (COSO and COBIT, respectively).
		ii. The risks and opportunities that the entity believes could materially affect its business performance and financial position. A description of their impact on its business, its financial strategy and planning and the associated resilience of its business model. This should include definitions, guidelines and recommendations on risk management, including climate change risks, issued by recognized international organizations, such as COSO (Committee of Sponsoring Organizations of the Treadway Commission), COBIT (Control Objectives for Information and Related Technologies), ISO (International Organization for Standardization) and TCFD (Task Force on Climate-related Financial Disclosures). Reference should be made at least where relevant to:		
		a. Risks and opportunities inherent to the entity's business and those associated with events that may affect it through its subsidiaries, associates, suppliers or the market in general, including environmental, social and human rights risks. Particularly short, medium and long-term physical and transition risks and opportunities, with respect to climate change. A description of the impact that these risks and opportunities on financing operating costs, revenue and costs, on capital usage, and access to finance. A brief description of any scenarios used to assess these impacts. For example, whether the transition to a low greenhouse gas emission economy was assumed, in order to avoid a rise of more than 2° Celsius in the average temperature of the planet before industrial development.	42	Banco Security is a banking business, so risk management is a critical function. The indicated pages describe the risks inherent to the financial business, the external factors that may affect the organization and those risks, and those that may impact the Bank's strategic plan.
		b. Information security risks, especially in relation to customer data privacy.	52	The Bank's operational risk management strategy aims to build an appropriate environment that complies with suitable standards governing cybersecurity and custody of its physical and digital assets, based on the best national and international practices. The indicated pages describe the Information Security and Cybersecurity Policy and its objectives.
		c. Risk of anti-competitive practices	54	Risks of anti-competitive practices at the Bank and its subsidiaries are managed through suitable internal controls and the Audit and Standards Committee reporting to the Board.
		d. Consumer health and safety risks.	53	Cardio-protected areas were prepared for Bank branches in 2021. Customer protection measures related to the COVID-19 pandemic continued.
		e. Other risks and opportunities arising from the direct and indirect impact of the entity and its business on the environment or society.	132	Banco Security has a Project Finance Area that specializes in evaluating project finance and ensures compliance with Chilean environmental regulations in the credit evaluation. It evaluates projects using the Equator Principles, an international standard for the financial industry to identify, evaluate and manage environmental and social risks in projects.
		iii. How these risks are identified and which ones are relatively more significant than others, including whether changes to existing regulations or new regulations and human rights due diligence procedures are evaluated during this process.	50	Banco Security has a three-line-of-defense model to ensure effective risk control and management: Organizational risk is managed by the Credit and Market Risk divisions and the Operational Risk Division. The Bank evaluates the external factors that may impact the organization and the risks inherent to the financial business by performing an Inherent Risk Profile exercise, which creates risk event proposals with their corresponding materiality.

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
		iv. Role of the Board of Directors or governing body and senior executives in monitoring and managing such risks, especially environmental, social and human rights risks, with particular emphasis on climate change, and how strategic responses are adopted to prioritize and manage those risks.	48	Banco Security has a comprehensive risk management vision that is explained in its Comprehensive Risk Management Policy, which defines the role of the Board, the committees and senior executives in risk detection, evaluation, management and monitoring. The indicated page contains details.
		v. Whether it has a risk management unit responsible for risk detection, quantification, monitoring and communication.	51	Organizational risk management at Banco Security is managed by the Risk and Operational Risk divisions. The indicated pages contain further details.
		vi. Whether it has an Internal Audit unit or equivalent responsible for verifying the effectiveness and fulfillment of risk management policies, procedures, controls and codes.	50	The third line of defense in the Bank's risk management model is the internal audit unit. This independent unit is ultimately responsible for verifying that the risk governance and control framework is effective.
		vii. Whether it has a Code of Conduct or equivalent document that defines the principles and guidelines that should guide the behavior of directors and employees.	55	Banco Security's ethical framework is inspired by its desire to ethically and transparently manage its business, as well as concern for each stakeholder. This has been uploaded to the Investor Relations website ( <a href="http://ir.security.cl/es/gov-docs">http://ir.security.cl/es/gov-docs</a> ) and consists of the following documents: The Crime Prevention Model, Code of Ethics, Internal Order, Hygiene and Safety Regulations and the Conflict of Interest Policy.
		viii. Whether it has employee information distribution and training programs on the entity's risk management policies, procedures, controls and codes.	56	Security's employees attend regulatory training courses every year, which cover the following topics: crime prevention model, latest internal and cybersecurity regulations.
		ix. Whether it has a channel for employees, shareholders, customers, suppliers and third parties to report any irregularities or crimes. A description of how this channel functions, specifically whether it guarantees the anonymity of the whistleblower, whether it reports the status of the complaint to the whistleblower, and whether the complaint is reported to employees, shareholders, customers, suppliers and third parties, through training and the entity's website.	57	Suppliers, customers, employees and inspectors and others can submit anonymous reports on money laundering, bribery, terrorism financing, handling stolen goods and other crimes using the web reporting channel. It can be found on the public website at <a href="https://security.ines.cl/security/formulario/">https://security.ines.cl/security/formulario/</a> .
		x. Whether it has a succession plan that identifies potential replacements for the CEO and other senior executives from among the entity's employees or other external parties. Whether this succession plan can promptly replace the CEO and other senior executives, and transfer their duties and relevant information if they are unexpectedly absent, thus minimizing the impact on the organization.	40	The Bank has a Talent Management Program that identifies, retains and develops senior executives. It secures business continuity, as it prepares executives to face new challenges. The program is validated by the CEO and reviewed every three years. The Board has a procedure for replacing the Chief Executive Officer in its Policy for the Removal, Succession and Untimely Replacement of the Chief Executive Officer.
		xi. Whether there are board procedures to review the salary structures and the compensation and severance policies for the Chief Executive Officer and other senior executives. The frequency of these reviews and whether appropriate third party advice is sought.	40	The compensation and benefit structures are reviewed once a year to ensure alignment with the objectives and strategies for the period. Industry salary surveys are purchased that provide information on salary and benefit trends. The salary structures and the compensation and severance policies for the Chief Executive Officer and other senior executives are reviewed and approved by Grupo Security's Compensation Committee and Board.
		xiii. Whether it has implemented a crime prevention model in accordance with Law 20,393 that prevents crimes within the organization.	56	The company has a crime prevention model that complies with Law 20,393, which is adapted to the requirements of each subsidiary, according to the nature of their businesses.



NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
3.7	ENGAGEMENT WITH STAKEHOLDERS AND THE GENERAL PUBLIC			
		i. Whether it has a unit for stakeholder and media engagement that responds to questions about the entity's main risks, its financial, economic and legal situation, and public details regarding its business, together with the means by which this unit can be contacted.	41	Grupo Security has an Investor Relations Area to manage its relationship with investors and shareholders. The Corporate Affairs Division is responsible for media relations. Both units respond to questions regarding financial indicators, business performance and the strategies for the company and its subsidiaries.
		iii. A publicly listed corporation must report whether there is a procedure for shareholders to receive information in advance of a shareholders' meeting where directors will be appointed regarding the diversity of skills, experiences and visions that the Board believes are advisable for directors, in order for the Board to best protect the company's interests. Also whether shareholders receive information regarding the experience and profession of board candidates before the corresponding vote.	-	Does not apply to Banco Security.
		iv. A publicly listed corporation must report whether there is a mechanism, system or procedure for shareholders to remotely attend meetings and exercise their right to vote at the same time as other shareholders physically represented at shareholders' meetings, and whether the general public can be informed in real time about the resolutions approved at such meetings.	-	Webex is used for remote shareholder attendance, while Santiago Exchange's Click&Vote is used for voting.

## 4. STRATEGY

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
4.1	TIMELINE	The entity's significant short-, medium- and long-term timelines for assigning useful lives to its assets and infrastructure.		Banco Security and its subsidiaries have assets and facilities with useful lives as follows:

CATEGORY	BOOK-BASIS	USEFUL LIFE	
		TAX-BASIS (SII)	
		NORMAL	ACCELERATED
Land	Indefinite	Indefinite	Indefinite
Real estate	80	80	26
Facilities	Max. 10	10	3
Facilities on leased assets	Based on the lease agreement	10	3
Vehicles	Max. 5	7	2
Machinery and office equipment	5	15	5
Furnishings	Max. 10	7	2
Art pieces	Indefinite	Indefinite	Indefinite
Computer equipment	3	3	1
Software	Activation policy	6	2

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
4.2	STRATEGIC OBJECTIVES	A description of the entity's strategic objectives together with the general plans to achieve these objectives. Particularly its strategic objectives with regards to the environment, climate change, and social and human rights, and how they feed its corporate governance. A description of its strategic commitments with regards to the United Nations Sustainable Development Goals (SDGs) or other equivalent goals. Consequently, confirm whether the entity has any policies that support social objectives, such as respect for human rights, eradication of poverty, education for third parties, health and nutrition, donations, volunteering and student scholarships.	08	Banco Security reviews its medium and long-term strategic plan every year, in order to protect its competitive position, This exercise determines the strategic objectives for the next three years, sets management priorities and projects, as well as financial plans. The objectives for the next few years are as follows: 1. Service excellence 2. Target segment focus 3. Products and services 4. Loyalty programs 5. Efficiency 6. People 7. Environmental, social and governance responsibility 8. Brand
4.3	INVESTMENT PLANS	If the entity has approved a short or long-term investment plan, then a description of the investments associated with that plan. This description should include at least the plan, the time horizon and the total amount. If the investment plan has been partially implemented, then a description of progress to date, the amount invested to date, and the associated financing sources, provided that these are not strategic sources that could place the entity at a disadvantage compared to its competitors.	89	Banco Security has continued to develop its ambitious three-year investment plan for 2022-2024 built on the pillars of digital strategy, strengthening technological and cybersecurity infrastructure, and systems modernization and convergence. The plan is financed with the company's own resources and totals approximately MUS\$25. An advance investment of MUS\$4 was disbursed in 2021. The indicated page contains a description of this plan.



## 5. PEOPLE

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
5.1	NUMBER OF EMPLOYEES			
	5.1.1	Number of employees by gender	60, 61 and 68	The indicated pages contain details.
	5.1.2	Number of employees by nationality	67 and 68	The indicated pages contain details.
	5.1.3	Number of employees by age group	61, 67 and 68	The indicated pages contain details.
	5.1.4	Years of service	61, 67 and 69	The indicated pages contain details.
	5.1.5	Number of people with disabilities	70	Banco Security employs eight people with disabilities, comprised of five men and three women. The company has chosen the alternative compliance mode and donates to Fundación para la Ayuda y Rehabilitación de Discapacitados. It also provides a Child Inclusion Bonus. The indicated page contains further details.
5.2	EMPLOYMENT CONTRACTS	The number of people with open-term, fixed-term and piece work contracts. The number of people who provide services on a fee basis. These numbers as a percentage of the total number of people working at the entity. All these numbers separated by gender.	66	The indicated page contains details.
5.3	WORKPLACE FLEXIBILITY	The number of people by gender working regular hours, part-time and flexibility agreements for employees with family responsibilities. These numbers as a percentage of the total number of people working at the entity. The people who work remotely or have flexibility agreements by gender as a percentage of the total number of people working at the entity, where applicable.	71	As of December 2021, over 98% of the Bank's employees work regular hours, while 1.7% have flexibility agreements. The indicated page contains details by gender and contract.
5.4	SALARY EQUITY BY GENDER			
5.4.1	Equity policy	A description of policies that ensure equitable compensation among the entity's employees, in accordance with their roles and responsibilities, and whether there are plans or goals to reduce any existing inequalities. A description of the entity's own targets.	79	The corporate culture of balancing work, family, personal and professional life has resulted in 54% of the company's employees being women, while the overall rate in Chile is close to 49%. Furthermore, 22.76% of management positions are held by women, which is much higher than the national average of 13%. The company uses the HAY methodology to manage all employee compensation. It evaluates each job position with objective metrics, such as knowledge required for the position and the assigned responsibilities.
5.4.2	Salary gap by gender	The annual salary gap by gender for each job category as defined at the beginning of section 5, as the percentage that women's gross salary represents of men's gross salary, based on the following: Gross salary should include all fixed and variable allowances included in employee's gross salary, such as base salary, social security contributions, transport and meal allowances, bonuses, overtime, commissions and others. Therefore, any non-monthly salary component must be spread out to reflect its monthly value. - Report "N.A." when a category only contains people of the same gender. - Report "100%" when the mean or median salary, as appropriate, is equal for men and women. - Never report 0% or negative values. - Also report the gross hourly salary, which is the gross monthly salary divided by the number of hours worked by each person during a month.	79	The table on the page shows the annual salary gap by gender by function and by hour.

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
5.5.	WORKPLACE AND SEXUAL HARASSMENT	Whether the entity has policies to prevent and manage workplace and sexual harassment, and whether it has associated training programs and complaint channels. The percentage of total employees who received training on these matters during the year. The number of sexual harassment complaints during the year, in accordance with Law 20,005 or the equivalent legislation in foreign jurisdictions. The number of workplace harassment complaints during the year, in accordance with Law 20,607 or the equivalent legislation in foreign jurisdictions. These numbers should be separated into those reported to the entity and those reported to the Labor Bureau or an equivalent body.	80	Banco Security and its subsidiaries have an investigation policy regarding workplace harassment, which is defined in the company's Internal Order, Hygiene and Safety Regulations. There were no claims of labor or sexual harassment during 2019, 2020 and 2021 in any Grupo Security companies.
5.6	WORKPLACE SAFETY	The entity's policies on workplace safety. The objectives and results for the following indicators. Accident rate per one hundred employees. Fatality rate per one hundred thousand employees. Occupational disease rate per one hundred employees. The average number of days lost per accident during the year.	80	The company has made developing an Occupational Risk Prevention Policy a priority, whose objective is to work in a safe place. The indicated page describes the pillars of this policy, as well as accident rates, fatality rates, occupational diseases and other related indicators for 2019, 2020 and 2021.
5.7	PATERNAL LEAVE	Whether the entity has a policy of granting a rest period that is longer than the legal requirement after the birth of a son or daughter, or after custody or personal care has been legally granted as a protection measure, or after custody of an adopted child has been granted. Report the number of these extra days, whether this policy promotes parental co-responsibility, and how men are encouraged to take paternal leave. For example, whether the entity grants more days of paternal leave than the minimum required by law, and if so, their number. The number of people by gender and by country who have taken paternal leave, as a percentage of the total number of people eligible to take such leave. The average number of days used during the year by job category. Make a distinction for fathers between paternity leave of 5 days and paternity leave of 6 weeks (or less).	81	The company provides benefits in excess of those legally required, such as: <ul style="list-style-type: none"> <li>- Gradual return to work for mothers, where they can go home at 4:00 p.m. during the first month after maternity leave.</li> <li>- Flexible paternal leave for parents during the first month of their child's life.</li> </ul> During 2021, 24 women working at Banco Security took maternity leave.



NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
5.8	TRAINING AND BENEFITS			
		Whether the entity has training policies and benefits for its employees, including:		
		i. The total value and the percentage of the entity's annual operating revenue or its equivalent that was spent on educating and professionally developing the entity's employees.	72	Banco Security and its subsidiaries spent CH\$108,181,149 on employee training during 2021. An additional CH\$156,112,400 was financed through Sence tax credits
		ii. The total number of trained personnel and their percentage of the total workforce.	72	During the period, 1,164 employees were trained, who represent 98.5% of workforce at the Bank and its subsidiaries.
		iii. The average annual number of training hours at the entity's expense by gender and job category.	72	The average number of training hours per person at the Bank and its subsidiaries: - Banco Security: 52 hours - Administradora General de Fondos: 27 hours - Valores Security: 27 hours
		iv. A general description of the subjects covered by these training courses.	73	The training courses provided by the company are classified into Regulatory, Functional and Excellence. The indicated page includes the subjects.
		Whether the entity grants benefits to its employees, a description of those benefits, including quantifiable allowances that do not form part gross salary, such as health or life insurance premiums paid by the employer. Whether these benefits depend on the employment relationship, such as an open-term, fixed-term, piece work, or fee-based contract.	75 to 78	Work-life balance is a central aspect of Security's organizational culture. This has attracted talent, especially female talent, who see Security as a great place to work. The Bank has 60 benefits to which all employees with open-term contracts are eligible, and they do not form part of gross salary.
5.9	SUBCONTRACTING POLICY	Whether there is a subcontractor selection policy or guidelines for subcontractors whose employees will work at the entity. The labor standards that apply to subcontractors, and the procedures that verify that subcontractors comply with these standards.	83	Banco Security has a subcontracting policy with guidelines for hiring workers through Temporary Service Agencies. This policy organizes and standardizes the criteria for hiring such workers.

## 6. BUSINESS

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
6.1	INDUSTRIAL SECTOR			
		i. Types of products and services sold by the entity	91, 110 and 112	The indicated pages include information on the products and services sold in the markets served by the Bank and its subsidiaries.
		ii. Sector competition and market share	91, 110 and 112	The indicated pages include information on the competition to Banco Security, AGF and Valores Security and their market shares.
		iii. Legal framework	-	As companies operating in the financial sector and related areas, Banco Security and its subsidiaries are subject to a wide range of regulations. This framework is made up of common laws applicable to all companies (such as labor, social security, environmental and consumer protection laws, among others), as well as regulations specific to the industry in which they operate, such as those governing the stock market, securities brokerage, the banking industry, third-party fund management and others. These legal bodies are especially important in matters such as: quality of information from securities issuers (financial, economic and legal), insider trading, conflicts of interest, valuation of assets and disclosure of information to investors, among others. All of the above implies compliance with a number of requirements and, at the same time, sets requirements and limitations on the development of financial activity.

APPLICABLE COMPANIES	STANDARD
Banco Security	Law No. 18,045 on the Securities Market.
Administradora General de Fondos Security S.A.	Law No. 18,046, the Corporations Act.
Valores Security S.A. Corredores de Bolsa	Law No. 20,712 on the Administration of Third Party Funds and Individual Portfolios.
	Decree Law No. 3,500, which regulates the Pension System and the deposit and custody of securities.
	Other regulations issued by the Financial Market Commission (CMF).
	Chilean General Banking Act (DFL No. 3 of 1997 and its subsequent amendments).
	Law No. 18,010, of 1981, on Money Credit Operations and Other Money Obligations Stated;
	Decree with Force of Law No. 707, of 1982, on Bank Current Accounts and Checks;
	Law No. 18,092, of 1982, on Bills of Exchange and Promissory Notes;
	Decree Law No. 3,475 of 1980 on Stamp Taxes;
	Law No. 20,712 of 2014 on the Administration of Third Party Funds and Individual Portfolios;
	Law No. 19,281 of 1993, on Leasing of Homes with Purchase Promise Agreements, and Supreme Decrees No. 1,334 of the Finance Ministry (1995) and No. 120 of the Housing and Urban Development Ministry (1995), which regulate the various sections of Law No. 19,281;
	Law No. 20,345, of 2009, on Financial Instruments Clearing and Settlement Systems;
	Law No. 21,236 on Financial Portability, and Decree No. 1,154 of the Finance Ministry (2020), approving the regulations of said law;
	Law No. 19,439, of 1996, on Endorsable Mortgage Loan Contracts and Other Matters Related to Housing Lending;
	Law No. 19,983, of 2004, which Regulates the Transfer and Grants Executive Merit to a Copy of the Invoice.
Law No. 21,314, of 2021, which sets forth New Transparency Requirements and Reinforces the Responsibilities of Market Agents, Regulates Pension Advisory Services and other matters.	
Law No. 21,081 of 2018 on the Protection of Consumer Rights.	



APPLICABLE COMPANIES	STANDARD
	<p>Regulations on Anti-Money Laundering, Prevention of Terrorism Financing and Corrupt Practices:</p> <ul style="list-style-type: none"> <li>- Law No. 19,913 Creating the Financial Analysis Unit and Modifying Various Provisions on Money and Asset Laundering</li> <li>- With respect to banks, the CMF has also issued rules and guidelines for banks to set up a system against money laundering and terrorism financing, which should consider the volume and complexity of their operations, including their subsidiaries and support entities, and their international presence. In case of non-compliance with these rules and guidelines, the CMF may impose administrative sanctions on the offending bank, such as fines and warnings. Among other requirements, such a system must include at least (1) "know your customer" policies, (2) a policy and procedures manual, (3) the appointment of a compliance officer, and (4) all necessary technological tools to develop alert systems for the purpose of identifying and detecting unusual transactions.</li> <li>- Law No. 20,393, which regulates and provides for the criminal liability of legal entities for certain crimes, such as money laundering, terrorism financing, bribery, misappropriation, unfair administration, incompatible negotiation and corruption among individuals, among others.</li> </ul>
Administradora General de Fondos	<p>Law Decree No. 1,328 of 1976, Mutual Funds Act, closed-end public investment funds of the securities type, governed by Law No. 18,815 of 1989, Investment Funds and Private Investment Funds Act, and those contemplated in Section VII of said Act.</p> <p>Article 220 of Law No. 18,045 on the Securities Market.</p>

SOURCE: GRUPO SECURITY

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
		iv. The national or foreign regulatory bodies that have supervisory authority over the entity.	-	The Bank and its subsidiaries operate in strict compliance with the law, under the strict supervision of a number of regulatory bodies, which are listed below: - Financial Market Commission - Chilean Central Bank - Chilean Internal Revenue Service - The Financial Analysis Unit - Consumer Protection Agency (SERNAC)
		v. Identified stakeholders and reasons for their inclusion as such	18	The indicated pages include a table with stakeholders, which described the purpose of the relationship, the unit responsible and the communication channels.
		vi. Affiliation with trade associations or other organizations by the entity	20	The indicated page describes these.
6.2	BUSINESS			
		i. Primary goods manufactured	97 & 98, 110 & 113	Banco Security provides a wide range of lending, asset management and protection products. It has organized its products into the following four business lines, in order to provide excellent service: Commercial Banking, Retail Banking, Asset Management and Money Desk. The indicated pages describe the products and services marketed by the Bank and its subsidiaries.
		ii. Sales channels and distribution methods	98 and 121	The Bank's distribution methods are based on its knowledge of customers' requirements through personalized customer service. These are provided by account executives, Customer Service Departments, the branch network and digital channels. The indicated pages describe further information on this matter for the Bank and its subsidiaries.
		iii. Number of suppliers representing at least 10% of total purchases.	134	No supplier individually represented 10% or more of purchases in 2021.
		iv. Number of customers representing at least 10% of the segment's revenue.	-	No customer represented 10% or more of sales during the period at Banco Security.
		v. Main brands used to market goods and services.	-	Banco Security does not own any trademarks or patents related to the business of the parent company and its subsidiaries.
		vi. A description of the patents owned by the entity, if significant.	-	Banco Security does not own any trademarks or patents related to the business of the parent company and its subsidiaries.
		vii. The main licenses, franchises, royalties and/or concessions owned by the entity. A summary of the main characteristics of such agreements, in terms of rights, duties and terms.	-	Does not apply to Banco Security.
		vii. Other external factors that significantly affect the entity's business, including legal, commercial, social, environmental and political factors.	86	The indicated pages describe the global and national context in 2021. Significant worldwide events during the period were the COVID-19 pandemic, the increase in inflation, the depreciation of the Chilean peso and the positive period for world stock markets. The GDP of developed countries expanded by 5%, while that of emerging countries grew by 6.5%. The national outlook was influenced by monetary and fiscal stimuli to address the pandemic and excessive political uncertainty. The economy was affected by the 12% expansion in domestic demand, the increase in the benchmark interest rate and high exchange rate volatility.
6.3	STAKEHOLDERS	A description of important stakeholders and the reasons why they are important to the entity. Whether the entity is affiliated with or participates in trade associations or other organizations.	18 and 41	The indicated pages include a table with stakeholders, which described the purpose of the relationship, the unit responsible, and the communication channels.



NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
6.4	PROPERTIES AND FACILITIES			
		i. The important characteristics of the main properties owned by the entity. ii. Natural resource extraction companies should identify: iii. Whether the entity owns such facilities, or whether they are contracted, such as with a financial or operating lease.	157 and 158	Banco Security has 49 offices and branches, where 28 are owned and 21 are leased.

## OWNED FACILITIES

USE	FACILITY	ADDRESS	DISTRICT	REGION
Branch	El Golf Branch	Apoquindo 3100	Las Condes	Metropolitan Region
Offices	Apoquindo Building	Apoquindo 3100	Las Condes	Metropolitan Region
Offices	Apoquindo Building	Apoquindo 3100	Las Condes	Metropolitan Region
Offices	Apoquindo Building	Apoquindo 3180	Las Condes	Metropolitan Region
Offices	Apoquindo Building	Apoquindo 3180	Las Condes	Metropolitan Region
Offices	Apoquindo Building	Apoquindo 3150 underground floor	Las Condes	Metropolitan Region
Branch	Agustinas Branch	Agustinas 621	Santiago	Metropolitan Region
Offices	Agustinas Building	Agustinas 621	Santiago	Metropolitan Region
Offices	Agustinas Building	Agustinas 621	Santiago	Metropolitan Region
Offices	Agustinas Building	Agustinas 621	Santiago	Metropolitan Region
Offices	Agustinas Building	Agustinas 621	Santiago	Metropolitan Region
Offices	Agustinas Building	Agustinas 621	Santiago	Metropolitan Region
Offices	Agustinas Building	Agustinas 621	Santiago	Metropolitan Region
Offices	Agustinas Building	Agustinas 621	Santiago	Metropolitan Region
Offices	Agustinas Building	Agustinas 621	Santiago	Metropolitan Region
Offices	Agustinas Building	Agustinas 621	Santiago	Metropolitan Region
Branch	La Dehesa Branch	Av. La Dehesa 1744	Lo Barnechea	Metropolitan Region
Branch	Antofagasta Branch	San Martín 2511	Antofagasta	Antofagasta
Branch	Concepción Branch	O'Higgins 428	Concepción	Biobío
Branch	Temuco Branch	Bulnes 701	Temuco	La Araucanía
Offices	Security Building	Apoquindo 3150	Las Condes	Metropolitan Region
Offices	Security Building	Apoquindo 3150	Las Condes	Metropolitan Region
Offices	Security Building	Apoquindo 3150	Las Condes	Metropolitan Region
Offices	Security Building	Apoquindo 3150	Las Condes	Metropolitan Region
Offices	Security Building	Apoquindo 3150	Las Condes	Metropolitan Region
Offices	Security Building	Apoquindo 3150	Las Condes	Metropolitan Region
Offices	Security Building	Apoquindo 3150	Las Condes	Metropolitan Region
Offices	Security Building	Apoquindo 3150	Las Condes	Metropolitan Region

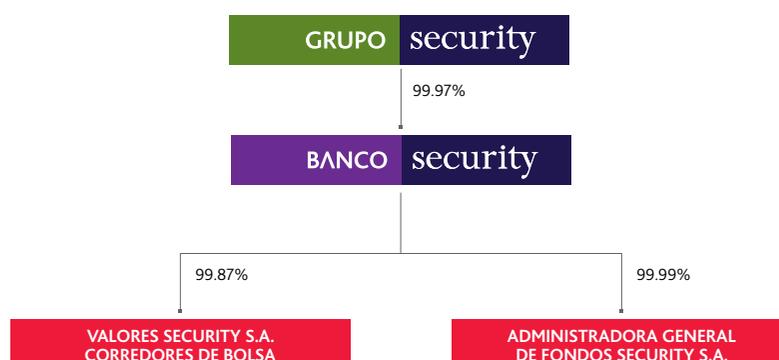
## LEASED FACILITIES

USE	FACILITY	ADDRESS	DISTRICT	REGION
Branch	El Cortijo Branch	Américo Vespucio 2760 C	Conchalí	Metropolitan Region
Branch	Ciudad Empresarial Branch	Av. Del Parque 4023	Huechuraba	Metropolitan Region
Branch	Providencia Branch	Av. Providencia	Providencia	Metropolitan Region
Branch	Chicureo Branch	Cam. Chicureo km1.7	Colina	Metropolitan Region
Branch	Los Cobres Branch	Vitacura 6577	Vitacura	Metropolitan Region
Branch	Pdte. Riesco Branch	Presidente Riesco 5335, unit 101	Las Condes	Metropolitan Region
Branch	La Reina Branch	Carlos Ossandon 1231	La Reina	Metropolitan Region
Branch	La Serena Branch	Calle Huanhualí 85, unit 6	La Serena	Coquimbo
Branch	Copiapó Branch	Chacabuco 681, of 1001	Copiapó	Atacama
Branch	Viña del Mar Branch	Libertad 500	Viña del Mar	Valparaíso
Branch	Rancagua Branch	Car. Edo. Frei Montalva 340, local 6	Rancagua	O Higgins
Branch	Talca Branch	Av. Circunvalación Arte 1055, L. B-2	Talca	Maule
Branch	Puerto Montt Branch	Guillermo Gallardo 132	Puerto Montt	Los Lagos
Offices	SACS	Teatinos 251 of 301	Santiago	Metropolitan Region
Offices	Edificio Augusto Leguía 100	A. Leguía 100	Las Condes	Metropolitan Region
Offices	Edificio Augusto Leguía 100	A. Leguía 100	Las Condes	Metropolitan Region
Branch	Edificio Augusto Leguía 100	A. Leguía 100	Las Condes	Metropolitan Region
Offices	Edificio Augusto Leguía 100	A. Leguía 100	Las Condes	Metropolitan Region
Offices	Edificio Augusto Leguía 100	A. Leguía 100	Las Condes	Metropolitan Region
Offices	Edificio Augusto Leguía 100	A. Leguía 100	Las Condes	Metropolitan Region
Offices	Edificio Augusto Leguía 100	A. Leguía 100 1/4 piso 13	Las Condes	Metropolitan Region



## 6.5. SUBSIDIARIES, ASSOCIATES AND INVESTMENTS IN OTHER COMPANIES

### CORPORATE STRUCTURE OF BANCO SECURITY AND ITS SUBSIDIARIES



#### 6.5.1. INFORMATION ON SUBSIDIARIES AND ASSOCIATES

**NAME:** Administradora General de Fondos Security S.A.  
**SECTOR:** Investment company  
**CORPORATE PURPOSE:** Mutual fund manager  
**TAXPAYER ID NUMBER:** 96.639.280-0  
**ADDRESS:** Av. Apoquindo 3150, Floor 7, Las Condes  
**LEGAL ENTITY:** Private limited corporation  
**SUBSCRIBED AND PAID-IN SHARE CAPITAL:** CH\$3,353,623,021  
**INVESTMENT OVER ASSETS OF THE CONTROLLING COMPANY (\*)**  
**PERCENTAGE OWNERSHIP (\*\*)** 99.99%

##### DIRECTORS (\*\*\*)

##### CHAIRMAN:

Francisco Silva Silva

##### DIRECTORS:

Renato Peñafiel

Eduardo Olivares

José Miguel Bulnes

Paulina Las Heras

##### CHIEF EXECUTIVE OFFICER AND SENIOR EXECUTIVES (\*\*\*)

##### CHIEF EXECUTIVE OFFICER:

Juan Pablo Lira Tocornal

##### INVESTMENT MANAGER:

Jorge Meyer De Pablo

Business relationships between the parent company and subsidiaries during the year and expected future relationship.

Contracts entered into with subsidiaries or associates that significantly influence the business and results of the parent company or investing entity.

**NAME:** Valores Security S.A. Corredores de Bolsa  
**SECTOR:** Stock broker  
**CORPORATE PURPOSE:** Stock broker  
**TAXPAYER ID NUMBER:** 96.515.580-5  
**ADDRESS:** Av. Apoquindo 3150, Floor 7, Las Condes  
**LEGAL ENTITY:** Private limited corporation  
**SUBSCRIBED AND PAID-IN SHARE CAPITAL:** CH\$36,393,566,514  
**INVESTMENT OVER ASSETS OF THE CONTROLLING COMPANY (\*)**  
**PERCENTAGE OWNERSHIP (\*\*)** 99.876%

##### DIRECTORS (\*\*\*)

##### CHAIRMAN:

Enrique Menchaca

##### DIRECTORS:

Hitoshi Kamada

Fernando Salinas

##### CHIEF EXECUTIVE OFFICER AND SENIOR EXECUTIVES (\*\*\*)

##### CHIEF EXECUTIVE OFFICER:

Piero Nasi Toso

Business relationships between the parent company and subsidiaries during the year and expected future relationship.

Contracts entered into with subsidiaries or associates that significantly influence the business and results of the parent company or investing entity.

## 7. SUPPLIER MANAGEMENT

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
7.1	PAYMENTS TO SUPPLIERS	Explain the supplier payment policy, expressly whether there are any policies that encourage prompt payment. Disclose payment ranges.		
		i. Number of invoices paid	134	Banco Security paid 7,644 invoices during 2021: 99 to foreign companies and 7,545 to domestic companies.
		ii. Total amount (MCH\$)	134	These invoices totaled CH\$51,798,814. This was the sum of CH\$1,806,812 paid to foreign suppliers, and CH\$49,992,002 paid to domestic suppliers.
		iii. Total interest for late payment of invoices (MCH\$)	134	The Bank did not incur any interest for paying invoices late.
		iv. Number of suppliers	134	504 suppliers issued invoices that were paid in 2021: 22 were foreign suppliers and 482 were domestic suppliers.
		v. Number of agreements registered on the Register of Exceptional Payment Deadline Agreements at the Ministry of the Economy.	134	Banco Security should not register any Exceptional Payment Deadline Agreements with the Ministry of Economy.
7.2	SUPPLIER ASSESSMENT	Whether the entity has policies for assessing suppliers and in particular whether the entity has procedures to assess for its own purposes the quality of its supplier's corporate governance, risk management, sustainability commitments, and their practices in these matters. A description of these criteria. Number of suppliers assessed during the year based on the entity's sustainability criteria, the percentage they represent of the total number of suppliers, the percentage of the total purchases for the year purchased from the suppliers assessed using sustainability criteria, separated at least between domestic and foreign suppliers. This applies to all suppliers assessed during the year, whether during selection processes before the initiation of a contractual or commercial relationship regardless of whether they were selected, and assessments of existing suppliers.	134	Banco Security has an Outsourcing Policy that specifies how suppliers' governance and risk systems are to be assessed. It also provides guidelines regarding regulatory compliance and monitoring criteria according to the criticality of the service. These criteria have not included sustainability issues to date.



## 8. LEGAL AND REGULATORY COMPLIANCE

NUMBER	TOPIC	SUBTOPIC	PAGE	RESPONSE
8.1	LEGAL AND REGULATORY COMPLIANCE			
8.1.1	Relating to customers	Whether the entity has procedures that detect and prevent regulatory non-compliance with respect to its customers' rights, especially with respect to Law 19,496 on Consumer Rights Protection or equivalent legislation in foreign jurisdictions. The number of associated sanctions and the value in Chilean pesos of these sanctions.	-	Banco Security retains counsel to advise it on whether its procedures and products comply with Law 19,496 and associated regulations. This means that a product is checked for compliance with consumer protection laws and regulations when created or amended. There were no sanctions nor representative amounts of such sanctions.
8.1.2	Relating to employees	Whether the entity has procedures that detect and prevent regulatory non-compliance with respect to its employees' rights. The number of associated sanctions and the value in Chilean pesos of these sanctions. Particularly whether it has been the subject of labor protection proceedings.	-	The Bank has a procedure for investigating and sanctioning sexual harassment, in accordance with Articles 154 and 211-A et seq. of the Labor Code. It also has a procedure for investigating and sanctioning workplace harassment. It has a Code of Ethics with an anonymous complaint channel, together with an open-door corporate culture, which results in most of the difficulties in complying with labor standards being detected and resolved. The Internal Order, Hygiene and Safety Regulations set out the obligations and prohibitions to ensure compliance with labor legislation among employees. The company has internal and external labor law counsel. As of December 31, only three lawsuits had been filed and there are no adverse rulings for the Bank.
8.1.3	Relating to the environment	Whether the entity has compliance models or programs containing information on its environmental obligations, compliance modalities, compliance implementation deadlines, units responsible, environmental risk matrix and all the important information that explains this obligation and its compliance. If not, this should be clearly explained and justified. Number of sanctions from the Public Sanctions Registry of the Environment Superintendency or an equivalent body in foreign jurisdictions and total fines. The number of compliance programs approved, compliance programs satisfactorily executed, remediation plans for environmental damage submitted, and remediation plans for environmental damage satisfactorily executed.	-	Banco Security does not have an environmental program due to the nature of its business. Compliance with these standards is reviewed when analyzing credit applications from companies. Explanations of how the Project Finance Area deals with these issues can be found in the Creating Value chapter, under the Creating Value in the Environment subheading, (page 132).
8.1.4	Relating to anti-competitive practices	Whether the entity has procedures that detect and prevent regulatory non-compliance that may affect free competition. The number of associated sanctions and the value in Chilean pesos of these sanctions.	-	These risks are managed through adequate internal controls and reports to the Board by the Audit and Standards committees. Banco Security is involved in two lawsuits filed before the Antitrust Tribunal by two companies that trade cryptocurrencies. Further information can be found on the Bank's management of risk of anti-competitive practices in the Corporate Governance chapter, under the Risk Management subheading (page 54). There were no sanctions nor representative amounts of such sanctions.
8.1.5	Others	Whether the entity has procedures that detect and prevent regulatory non-compliance with Law 30,393 regarding the criminal liabilities of legal entities. The number of associated sanctions and the value in Chilean pesos of these sanctions.	-	The Bank has a crime prevention unit, which includes the crimes described in Law 20,393. Accordingly, it has a crime prevention program and a crime prevention officer. Further information can be found in the Corporate Governance chapter, in the Crime Prevention Model section, under the Risk Management subheading (page 56). As of December 31, 2021, there were no associated sanctions against the Bank.

## 8.2. SUSTAINABILITY INDICATORS FOR THE INDUSTRY

### SASB COMMERCIAL BANKS - BANCO SECURITY

As part of the process of incorporating ESG aspects into its management, Banco Security has incorporated the SASB Sustainability Accounting Standard for Commercial Banks into its Annual Report for the first time.

TOPIC	INDUSTRY	QUANTIFIABLE METRIC	CODE	RESPONSE
Data security	Commercial Banks	(1) Number of data security breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected.	FN-CB-230 a.1.	No privacy breaches, loss and/or leakage of customer data associated with banking secrecy or confidentiality were identified during 2021.
Data security	Commercial Banks	Discussion of management approach to identifying and addressing threats to data security.	FNCB230a.2	The operational risk and cybersecurity strategy is managed as one of the pillars of information security and cybersecurity, which is in line with the digital transformation processes and with the operational continuity and incident management pillars. This is managed through governance that monitors compliance with information security and cybersecurity policies and regulatory framework. More details on page 52.
Financial inclusion and capacity building	Commercial Banks	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development.	FNCB240 a.1	Banco Security joined the Fogape credit granting policy promoted by the Chilean government. A total of 1,233 loans were processed for principal of MCH\$163,530.
Financial inclusion and capacity building	Commercial Banks	(1) Number and (2) amount of past due and nonperforming loans qualified for programs designed to promote small business and community development.	FNCB240 a.2	A total of 35 loans were processed for principal of MCH\$3,843. No write-offs were considered, only non-performing loans.
Financial inclusion and capacity building	Commercial Banks	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FNCB240 a.3	Banco Security does not have accounts that meet these characteristics.
Financial inclusion and capacity building	Commercial Banks	Number of participants in financial literacy initiatives for unbanked, underbanked or underserved customers.	FNCB240 a.4	Banco Security has a website <a href="https://personas.bancosecurity.cl/educacion-financiera/index.asp">https://personas.bancosecurity.cl/educacion-financiera/index.asp</a> , which publishes information on financial planning. It is aimed at customers and the general public. In 2021 that URL had 1,602 one-page views. More information on Financial Literacy initiatives can be found on page 139, in the Creating Value Chapter.
Integration of environmental, social and governance risk factors in credit risk analysis	Commercial Banks	Commercial and industrial credit exposure, by industry	FNCB410 a.1	Pages 164 and 165.
Incorporation of environmental, social and governance factors in credit analysis	Commercial Banks	Discussion of how environmental, social and governance (ESG) factors are integrated into credit analysis.	FNCB410 a.2	Banco Security is committed to sustainable economic development. To achieve this objective, the Bank and its subsidiaries have defined a Social and Environmental Risk Policy and are in the process of establishing guidelines for each type of risk. This framework for action aims to support our customers and their projects so they can operate in both an economically viable and sustainable way. This context considers aspects of valuation and management of the impact of environmental and social risks; working conditions; energy efficiency and management of polluting activities; activities that impact the health and safety of the population; conservation of biodiversity and sustainable management of natural resources; conservation of cultural heritage; and activities of financial intermediaries. With regards to investment projects, the guidelines must guarantee that the debtor has a system in place for identifying and managing social and environmental risks, that those systems comply with all regulations in force, that the potentially affected community has been adequately informed and that the debtor will maintain a risk management system for the duration of the loan. In particular, the investment project assessment must consider mitigations of any adverse impact on the environment or people, conservation or rehabilitation of the potentially impacted environment and a valuation of the climate change impact of the location, design and implementation for each project.



TOPIC	INDUSTRY	QUANTIFIABLE METRIC	CODE	RESPONSE
Corporate ethics	Commercial Banks	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice or other related financial industry laws or regulations	FNCB510 a.1	There are no legal proceedings related to fraud, insider trading, antitrust, unfair competition, market manipulation, malpractice or other related laws or regulations of the financial industry, so there is no resulting amount of financial loss.
Corporate ethics	Commercial Banks	Description of whistleblower/complaint policies and procedures	FNCB510 a.2	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. More information on the ethical action framework governing Grupo Security and its subsidiaries can be found in the Corporate Governance chapter on pages 55 to 57.
Systemic risk management	Commercial Banks	Global Systemically Important Bank (G-SIB) assessment score, by category.	FNCB550 a.1	Banco Security has no international presence, and locally it does not represent a risk to the stability of the financial system, according to the measurements and conclusions made by the Financial Markets Commission (CMF) reported on 03/31/2021. The Financial Market Commission (CMF) reported that its Council approved the decision on the rating of systemically important banks, as established by the General Banking Act (LGB) and its regulations for identifying systemic banks contained in Chapter 21-11 of the Updated Compilation of Rules. These factors are: the size of the bank; its interconnectedness with other financial institutions; the degree of substitution in the provision of financial services; and the complexity of its business model and operating structure. Depending on the value of this index, a range is established for the additional requirements, according to Article 66 quater of the LGB. The identification of systemic banks and the determination of additional applicable requirements will be made annually, based on information to be reported by the banks themselves.
Systemic risk management	Commercial Banks	Discussion of the management approach for incorporating the results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities.	FNCB550 a.2	Chapter 21-11 of the RAN establishes the factors and methodology to be used in determining whether a bank or group of banks qualifies as systemically important. The regulations consider the construction of a systemic importance index for each entity, based on four factors (size, local interconnectedness, local substitutability and complexity) that reflect the impact of its financial deterioration or eventual insolvency. The CMF qualifies a bank as systemic and may impose capital charges as long as it maintains this status, depending on the percentage of the systemic index obtained. According to the CMF's most recent assessment, notified in March 2021, Banco Security is not considered a systemic bank, based on information for 2020.

**FNCB410 A.1**

**INTEGRATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK FACTORS IN CREDIT RISK ANALYSIS**

**BREAKDOWN**

FIGURES IN MCH\$

SECTOR	DEC-19	DEC-20	DEC-21
Agriculture and livestock except fruit farming	38,670	40,332	47,989
Fruit	131,306	151,566	185,514
Forestry and wood extraction	10,956	9,264	7,298
Fishing	72,910	72,892	90,694
Wholesale trade	299,541	278,671	331,852
Retail trade, restaurants and hotels	282,031	266,017	266,058
Communications	25,790	28,707	24,008
Home construction	761,750	780,558	737,088
Other construction	284,917	233,102	244,822
Mining and quarries	63,634	86,929	103,470
Production of metal and non-metal production, machinery and equipment	138,370	124,443	106,874
Timber and furniture industry	16,543	11,580	14,285
Food, beverage and tobacco industry	112,997	107,094	102,858
Chemical products derived from oil, coal, rubber and plastic	69,568	66,169	61,242
Print and editorial industry	13,309	9,203	9,672
Textile and leather industry	15,000	13,351	13,406
Other manufacturing industries	1,977	1,545	1,026
Transportation and storage	301,564	349,896	372,441
Utilities	216,081	221,825	249,516
Real estate and service providers	852,367	923,502	1,096,024
Services	664,427	662,187	837,395
Financial and insurance companies	712,862	855,194	1,015,070
<b>TOTAL</b>	<b>5,130,368</b>	<b>5,338,193</b>	<b>5,918,602</b>

SOURCE: BANCO SECURITY



**FNCB410 A.1**  
**INCORPORATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS**  
**IN CREDIT ANALYSIS**  
**DAR STRUCTURE**  
 FIGURES IN MCH\$

SECTOR	DEC-19	DEC-20	DEC-21
Agriculture, fruit growing and forestry	180,931	201,162	240,801
Real estate and service providers	852,367	923,502	1,096,024
Wholesale and retail trade	581,571	544,688	597,909
Construction	1,046,668	1,013,660	981,909
Financial and insurance companies	712,862	855,194	1,015,070
Manufacturing	367,762	333,384	309,364
Mining - oil	63,634	86,929	103,470
Fishing	72,910	72,892	90,694
Services	664,427	662,187	837,395
Transportation and storage	301,564	349,896	372,441
Utilities and telecommunications	241,871	250,532	273,524
<b>TOTAL</b>	<b>5,086,568</b>	<b>5,294,027</b>	<b>5,918,602</b>

SOURCE: BANCO SECURITY

## MATERIAL events

### **BANCO SECURITY S.A.**

April 29, 2021: Banco Security reported to the CMF that Grupo Security S.A. acquired 8,439,628 single series shares in the Bank during its capital increase. This took place on April 8, 2021 for CH\$2,724.553920 per share, and Grupo Security S.A. increased its interest in Banco Security from 99.9749% to 99.9758%.

### **ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.**

February 22, 2021: Mr. Gustavo Schmincke Aránguiz will step down as the company's Investment Manager as of February 28, 2021. Mr. Jorge Meyer de Pablo was appointed as Investment Manager in his replacement with effect from March 1, 2021. He is currently the Chief Executive Officer of Securitizadora Security S.A.

### **VALORES SECURITY S.A. CORREDORES DE BOLSA**

April 12, 2021: Santiago Exchange imposed a fine of UF 350 on Valores Security S.A. Corredores de Bolsa for breaching Section I Care and Diligence of General Rule 380 issued by the Financial Market Commission and Section I Equity and Indexes of General Rule 18 issued by the Financial Market Commission.

During the first quarter of 2021, a settlement agreement was reached with the customer with whom there was a dispute, due to simultaneous transaction losses recorded in the customer's current account. This agreement agreed not to collect on the current account in favor of the broker, which required writing-off MCH\$4,225 and MCH\$450 was paid to refund contributions. This resulted in recognizing a taxable expense for the current account, which increased income from deferred tax assets associated with an increase in the tax loss for the current year of MCH\$1,141.

CUSTOMERS

CREATING  
VALUE

APPENDICES

FINANCIAL  
STATEMENTS



08

# FINANCIAL statements

Banco Security has achieved a track record of growing and sustainable results, with conservative risk management, diversification within the financial business and a sustainable business approach.



# 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, 2021 and 2020, 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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards and instructions issued by the Financial Market Commission. This responsibility includes the design, implementation and maintenance of relevant internal controls for 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 controls relevant for the preparation and fair presentation of the consolidated financial statements of the entity 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 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, 2021 and 2020, 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 24, 2022

## CLASSIFIED CONSOLIDATED STATEMENTS of financial position

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

	NOTE	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>ASSETS</b>			
Cash and due from banks	6	840,208	447,692
Transactions in the course of collection	6	54,727	39,433
Financial instruments held for trading	7	48,564	110,673
Receivables from resale agreements and securities borrowing	8	-	-
Financial derivative instruments	9	240,391	223,385
Loans and advances to banks	10	2,824	724
Loans to customers	11	6,570,023	6,104,615
Investments available for sale	12	1,334,855	932,317
Investments held to maturity		-	-
Investments in other companies	13	2,111	2,095
Intangible assets	14	40,060	41,645
Property, plant and equipment	15	19,967	20,980
Lease right-of-use asset	16	7,398	7,297
Current tax assets	17	3,146	1,992
Deferred tax assets	17	58,785	28,899
Other assets	18	142,719	113,046
<b>TOTAL ASSETS</b>		<b>9,365,778</b>	<b>8,074,793</b>
<b>LIABILITIES</b>			
Current accounts and other demand deposits	19	1,717,574	1,175,142
Transactions in the course of payment	6	42,893	29,276
Payables from repurchase agreements and securities lending	8	2,470	9,764
Savings accounts and other term deposits	19	1,865,280	1,890,734
Financial derivative instruments	9	248,185	220,106
Borrowings from financial institutions	20	1,473,907	1,052,094
Debt issued	21	3,147,284	2,930,589
Other financial liabilities	21	29,946	18,515
Lease liabilities	22	7,759	7,565
Current tax liabilities	17	7,493	9
Deferred tax liabilities	17	-	-
Provisions	23	46,243	37,626
Other liabilities	24	76,128	41,435
<b>TOTAL LIABILITIES</b>		<b>8,665,162</b>	<b>7,412,855</b>
<b>EQUITY</b>			
<b>Attributable to owners of the Bank:</b>			
Capital		325,041	302,048
Reserves	26	22,164	24,172
Valuation accounts	26	(12,431)	11,838
Retained earnings			
Retained earnings from prior periods		311,796	281,721
Profit for the year		77,127	60,150
Less: Minimum dividend provision		(23,138)	(18,044)
		700,559	661,885
<b>Non-controlling interests</b>		<b>57</b>	<b>53</b>
<b>TOTAL EQUITY</b>		<b>700,616</b>	<b>661,938</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,365,778</b>	<b>8,074,793</b>



# CONSOLIDATED STATEMENTS of income

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

	NOTE	DECEMBER 31, 2021 MCH\$	DECEMBER 31, 2020 MCH\$
Interest and indexation income	27	506,975	391,753
Interest and indexation expense	27	(293,780)	(195,431)
<b>Net interest and indexation income</b>		<b>213,195</b>	<b>196,322</b>
Fee and commission income	28	69,557	70,421
Fee and commission expense	28	(10,127)	(12,609)
<b>Net fee and commission income</b>		<b>59,430</b>	<b>57,812</b>
Net financial operating income	29	22,091	26,118
Net foreign exchange transactions	30	2,840	5,801
Other operating income	36	5,841	3,861
<b>Total operating income</b>		<b>303,397</b>	<b>289,914</b>
Loan loss provisions	31	(78,959)	(70,288)
<b>TOTAL OPERATING INCOME, NET OF LOAN LOSS PROVISIONS</b>		<b>224,438</b>	<b>219,626</b>
Payroll and personnel expenses	32	(55,749)	(65,424)
Administrative expenses	33	(70,322)	(60,595)
Depreciation and amortization	34	(7,491)	(7,836)
Impairment	35	-	-
Other operating expenses	36	(6,676)	(10,452)
<b>TOTAL OPERATING EXPENSES</b>		<b>(140,238)</b>	<b>(144,307)</b>
<b>NET OPERATING INCOME</b>		<b>84,200</b>	<b>75,319</b>
Income attributable to investments in other companies	13	17	12
<b>Profit before tax</b>		<b>84,217</b>	<b>75,331</b>
Income tax expense	17	(7,086)	(15,179)
<b>Profit from continuing operations</b>		<b>77,131</b>	<b>60,152</b>
<b>Profit from discontinued operations</b>		<b>-</b>	<b>-</b>
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>		<b>77,131</b>	<b>60,152</b>
Attributable to:			
Owners of the Bank		77,127	60,150
Non-controlling interests		4	2
Earnings per share attributable to owners of the Bank:		CH\$	CH\$
<b>Basic earnings per share</b>	26	<b>328</b>	<b>263</b>
<b>Diluted earnings per share</b>	26	<b>328</b>	<b>263</b>

## CONSOLIDATED STATEMENTS of comprehensive income

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

	DECEMBER 31, 2021 MCH\$	DECEMBER 31, 2020 MCH\$
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>77,131</b>	<b>60,152</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Valuation of investments available for sale	(33,527)	9,914
Valuation of accounting hedges	279	(5,707)
Other comprehensive income	-	-
Other comprehensive income (loss) before tax	(33,248)	4,207
Income taxes related to other comprehensive income	8,978	(1,136)
<b>Total other comprehensive income (loss)</b>	<b>(24,270)</b>	<b>3,071</b>
<b>CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>52,861</b>	<b>63,223</b>
Attributable to:		
Owners of the Bank	52,857	63,221
Non-controlling interests	4	2
Comprehensive earnings per share attributable to owners of the Bank:	CH\$	CH\$
<b>Basic earnings per share</b>	<b>225</b>	<b>277</b>
<b>Diluted earnings per share</b>	<b>225</b>	<b>277</b>



## CONSOLIDATED STATEMENTS of changes in equity

DECEMBER 31, 2021  
FIGURES IN MILLIONS OF CHILEAN PESOS - MCH\$

	ATTRIBUTABLE TO OWNERS OF THE BANK							NON-CONTROLLING INTERESTS MCH\$	TOTAL MCH\$
	PAID-IN CAPITAL MCH\$	RESERVES MCH\$	VALUATION ACCOUNTS MCH\$	RETAINED EARNINGS			TOTAL MCH\$		
				PRIOR YEARS MCH\$	PROFIT FOR THE YEAR MCH\$	MINIMUM DIVIDEND PROVISION MCH\$			
<b>BALANCE AS OF JANUARY 1, 2020</b>	<b>302,047</b>	<b>24,739</b>	<b>8,767</b>	<b>227,847</b>	<b>76,963</b>	<b>(23,089)</b>	<b>617,274</b>	<b>51</b>	<b>617,325</b>
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)
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)
<b>BALANCE AS OF DECEMBER 31, 2020</b>	<b>302,048</b>	<b>24,172</b>	<b>11,838</b>	<b>281,721</b>	<b>60,150</b>	<b>(18,044)</b>	<b>661,885</b>	<b>53</b>	<b>661,938</b>
<b>BALANCE AS OF JANUARY 1, 2021</b>	<b>302,048</b>	<b>24,172</b>	<b>11,838</b>	<b>281,721</b>	<b>60,150</b>	<b>(18,044)</b>	<b>661,885</b>	<b>53</b>	<b>661,938</b>
Reclassification of profit for the year	-	-	-	60,150	(60,150)	18,044	18,044	-	18,044
Dividends paid	-	-	-	(30,075)	-	-	(30,075)	-	(30,075)
Other equity movements	(1)	(2,008)	-	-	-	-	(2,009)	-	(2,009)
Capital increase	22,994	-	-	-	-	-	22,994	-	22,994
Investments available for sale	-	-	(24,474)	-	-	-	(24,474)	-	(24,474)
Accounting hedges	-	-	205	-	-	-	205	-	205
Profit for the year	-	-	-	-	77,127	-	77,127	4	77,131
Minimum dividend provision	-	-	-	-	-	(23,138)	(23,138)	-	(23,138)
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<b>325,041</b>	<b>22,164</b>	<b>(12,431)</b>	<b>311,796</b>	<b>77,127</b>	<b>(23,138)</b>	<b>700,559</b>	<b>57</b>	<b>700,616</b>

## CONSOLIDATED STATEMENTS of cash flows

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

	NOTES	DECEMBER 31, 2021 MCH\$	DECEMBER 31, 2020 MCH\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Consolidated profit before tax		84,217	75,331
<b>Charges (credits) to profit that do not represent cash flows:</b>			
Loan loss provisions	31	78,959	70,288
Depreciation and amortization	34	7,491	7,836
Impairment	35	-	-
Other provisions	36	2,362	3,192
Operational write-offs	36	(108)	(121)
Changes in deferred tax assets and liabilities		(29,886)	(4,465)
Valuation of investments in trading book		1,587	(720)
Valuation of trading derivatives		3,440	27,214
Income attributable to investments in other companies		(16)	(12)
Gain (loss) on sales of repossessed or awarded assets		(292)	95
Net fee and commission income	28	(59,430)	(57,812)
Net interest and indexation income	27	(213,195)	(196,322)
Other charges that do not represent cash flows		(23,878)	(11,501)
<b>Changes in operating assets and liabilities:</b>			
(Increase) decrease in loans and advances to banks		(2,109)	(156)
(Increase) decrease in loans to customers		(391,240)	(203,645)
(Increase) decrease in investments		(332,676)	(162,426)
(Increase) decrease in leased assets		(1,118)	(653)
Sale of repossessed assets		859	258
Increase (decrease) in demand deposits and other obligations		541,988	275,195
Increase (decrease) in sales with repurchase agreements and securities lending		(7,293)	(69,914)
Increase (decrease) in savings accounts and time deposits		(22,126)	(1,128,364)
Net change in mortgage bonds		(5,837)	(1,079)
Net change in senior bonds		122,312	50,672
(Increase) decrease in other assets and liabilities		(26,227)	10,071
Recovered taxes		1,138	22
Interest and indexation received		371,053	342,870
Interest and indexation paid		(180,858)	(169,092)
Fees and commissions received		69,557	70,421
Fees and commissions paid		(10,127)	(12,609)
<b>Net cash flows used in operating activities</b>		<b>(21,453)</b>	<b>(1,085,426)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	15	(803)	(1,590)
Acquisition of intangible assets	14	(553)	(1,335)
Sale of property, plant and equipment		-	-
<b>Net cash flows used in investing activities</b>		<b>(1,356)</b>	<b>(2,925)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase (decrease) in borrowings from domestic financial institutions		196	540
Increase (decrease) in borrowings from foreign financial institutions		59,215	(58,467)
Increase (decrease) in Central Bank obligations		362,201	838,037
Increase (decrease) in other financial liabilities		8,376	8,993
Increase (decrease) in subordinated bonds		(5,901)	67,062
Capital increase		22,994	-
Dividends paid	26	(30,075)	(23,089)
<b>Net cash flows provided by financing activities</b>		<b>417,006</b>	<b>833,076</b>
<b>TOTAL POSITIVE (NEGATIVE) NET CASH FLOWS</b>		<b>394,197</b>	<b>(255,275)</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6	457,849	713,126
EFFECT OF NON-CONTROLLING INTERESTS		(4)	(2)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>6</b>	<b>852,042</b>	<b>457,849</b>



# 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	DECEMBER 2021		DECEMBER 2020	
	NO. OF SHARES	OWNERSHIP INTEREST (%)	NO. OF SHARES	OWNERSHIP INTEREST (%)
Grupo Security	236,858,976	99.98	228,419,348	99.97
Others	57,396	0.02	57,396	0.03
<b>TOTAL</b>	<b>236,916,372</b>	<b>100.00</b>	<b>228,476,744</b>	<b>100.00</b>

## 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 describes the Bank's ownership interest in its consolidated subsidiaries. .

	OWNERSHIP INTEREST 2021 %	OWNERSHIP INTEREST 2020 %
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 categories 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, 2021 and 2020, monetary items in foreign currency are translated using the year-end exchange rates of CH \$852.25 and CH \$711.50 per US\$ 1, respectively. This does not differ significantly from the exchange rates applied by the subsidiaries of CH\$844.69 as of December 31, 2021, and CH\$710.95 as of December 31, 2020.

The net foreign exchange gains of MCH\$2,840 and MCH\$5,801 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, of CH\$30,991.74 and CH\$29,070.33, 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. All other investment securities are considered 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 recorded at cost plus accrued interest and indexation, less impairment provisions recorded when the amount recorded is greater than the estimated recoverable amount. As of December 31, 2021 and 2020, 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 recorded 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 pricing, 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 inception, a derivative contract must be designated by the Bank as a derivative instrument for trading or hedging 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 comply with all of the following conditions: (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 derivatives transactions that do not qualify for hedge accounting are treated and reported as derivatives for trading purposes even though they provide an effective hedge on the risk of net 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 for the year. 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 recorded 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 recorded 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 net income 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 a charge off if the asset is not sold within one year of its reception.

#### **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 as follows:

TYPE OF 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 recorded 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 recorded 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, 2021 and 2020, 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 standards 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	DEBTOR CATEGORY	PROBABILITY OF DEFAULT (%)	LOSS GIVEN DEFAULT (%)	EXPECTED LOSS (%)
PORTFOLIO NORMAL	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
PORTFOLIO SUBSTANDARD	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	SCALE OF RISK	RANGE OF EXPECTED LOSS	PROVISION (%)
PORTFOLIO DEFAULT	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		REVOLVING CREDIT FACILITY MODEL		RESTRUCTURED LOAN MODEL	
SEGMENT	PROVISION RATE	SEGMENT	PROVISION RATE	SEGMENT	PROVISION RATE
1	0.04%	1	0.09%	1	2.10%
2	0.30%	2	0.25%	2	4.40%
3	0.60%	3	0.40%	3	5.60%
4	0.80%	4	0.84%	4	11.40%
5	1.40%	5	1.46%	5	14.60%
6	2.40%	6	3.54%	6	24.50%
7	4.80%	7	12.34%		
8	13.20%				

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, 2021, the Bank had recorded additional provisions of MCH\$8,500, consisting of MCH\$5,500 for commercial loans, MCH\$500 for mortgage loans and MCH\$2,500 for consumer loans. 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.

#### 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

#### COLLECTION OF WRITTEN-OFF LOANS:

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

As of December 31, 2021 and 2020, collection of written-off loans totaled MCH\$6,416 and MCH\$4,101, respectively, and is 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.
- **INVESTMENT ACTIVITIES** are transactions related to the Bank's long-term assets.
- **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, 2021 and 2020, current income taxes are 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 corporate income tax rate of 27% for income earned as of that date.

## X) EMPLOYEE BENEFITS

### X.1) EMPLOYEE VACATION

The annual cost of employee vacation is recorded 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, 2021 and 2020, 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 records basic earnings per share of its common shares, which is calculated by dividing the earnings 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 is 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

### B.1) STANDARDS FROM THE FINANCIAL MARKET COMMISSION (CMF)

#### BANK RULING NO. 2,303

On December 23, 2021, the CMF issued this Bank Ruling informing Chapters 21-2 and 21-6 of the Updated Compilation of Standards (RAN in Spanish). It clarifies the definition of distributable items and amends the instructions on exposure to the acquisition of land, development and construction as a result of advice received from banks, after the publication of the regulations on the issuance of preferred shares and perpetual bonds to be treated as additional Tier 1 regulatory capital. Also regarding the standard methods to cover credit risk, some aspects were identified that, in the CMF's opinion, need to be clarified or amended, as the case may be, which are described below.



#### **BANK RULING NO. 2,302**

On December 23, 2021, the CMF issued this Bank Ruling, as a consequence of the last amendment to the new Compendium of Accounting Standards for Banks (CNCB), effective as of 2022, in order to update the limits on obligations with other domestic banks based on current assets, which are described in Chapter 12-7 of the RAN and the instructions of MSI file C18. This is because both instructions identify items in the monthly financial statements that should be included or excluded for the purposes of determining current assets and liabilities in favor of other domestic banks, which were amended in the new CNCB.

The Bank's management has considered the content of this ruling as of December 31, 2021.

#### **BANK RULING NO. 2,297**

On November 2, 2021, the CMF issued this Bank Ruling informing the instructions that control the lending limits to business groups referred to in the seventh paragraph of article 84 N°1 of the General Banking Law, which have been added to the new Chapter 12-16 to the RAN. It defines the scope and exceptions that apply to these limits, together with how to form the lists of business groups and their associated entities. It also defines how to calculate loans granted to entities belonging to the same corporate group, in order to determine their degree of loan concentration and compliance with that limit.

The Bank's management has considered the content of this ruling as of December 31, 2021.

#### **BANK RULING NO. 2,296**

On November 2, 2021, the CMF issued this Bank Ruling, in order to update the references to the rules that regulate regulatory capital and core capital in the framework of the solvency classification of banking institutions in Chile, in accordance with those contained in the relevant chapters of the RAN, by replacing numeral 4.1 of Title I of its Chapter 1-13.

The Bank's management has considered the content of this ruling as of December 31, 2021.

#### **BANK RULING NO. 2,295**

On October 7, 2021, the CMF issued this Bank Ruling, which introduces amendments and updates the instructions of the Compendium of Accounting Standards and the Information System Manual, as a result of various analyses carried out in connection with the implementation of Basel III standards. Some amendments improve the amendments introduced to the Compendium in Bank Ruling 2,243 dated December 20, 2019, whose main purpose was to reconcile it with various changes observed in International Financial Reporting Standards (IFRS), particularly with respect to IFRS 9 that replaces IAS 39.

The Bank's management has considered the content of this ruling as of December 31, 2021.

#### **BANK RULING NO. 2,292**

On August 19, 2021, the CMF issued this Bank Ruling, which introduces various amendments to the rules for implementing Basel III standards in Chile.

The Bank's management has considered the content of this ruling as of December 31, 2021.

**BANK RULING NO. 2,291**

On July 8, 2021, the CMF issued this Bank Ruling informing the information required for deferred loans, amending economic activity codes for FOGAPE reactivation loans and updating instructions for Form M2.

The Bank's management has considered the content of this ruling as of December 31, 2021.

**BANK RULING NO. 2,289**

On April 27, 2021, the CMF issued this Bank Ruling informing that the Chilean Central Bank Council has issued agreement 2363-05-201224, which has amended its Compendium of International Exchange Regulations to authorize a series of new transactions in local currency, in order to expand cross-border transactions in Chilean pesos, which include opening and holding of bank checking accounts in Chilean pesos by people not domiciled or resident in Chile. This amends Chapter 2-2 of the RAN.

The Bank's management has considered the content of this ruling as of December 31, 2021.

**BANK RULING NO. 2,288**

On April 27, 2021, the CMF issued this Bank Ruling, in order to obtain the information required to apply the new Chapters 21-1 to 21-30 of the RAN for Banks, on implementing the capital framework of the Basel III standards, by creating files R01, R02, R06, R07 and R08 that measure solvency levels, regulatory capital and assets weighted by credit, market and operational risk.

The Bank's management has considered the content of this ruling as of December 31, 2021.

**BANK RULING NO. 2,286**

On February 26, 2021, the CMF issued this Bank Ruling within the framework of the publication in the Official Gazette of Supreme Decrees 32 and 8 by the Ministry of Finance (hereinafter the Regulations), on February 5 and 6, 2021 respectively. They establish the minimum requirements and conditions for debtors requesting a FOGAPE guarantee, established in Laws 21,307 (hereinafter FOGAPE Reactivation) and 21,299 (hereinafter FOGAPE Postponement). This commission has resolved to incorporate or update its information systems, as the case may be, to require the audited institutions to provide the necessary information to evaluate the operation of these guarantees.

The Bank's management has considered the content of this ruling as of December 31, 2021.

**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 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.



## 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, 2021.

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

AMENDMENTS		MANDATORY EFFECTIVE DATE
IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16	Interest Rate Benchmark Reform – phase 2	January 1, 2021
IFRS 16	COVID-19-Related Rent Concessions after June 30, 2021	April 1, 2021

#### 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.

Management is currently preparing a transition plan that is aligned with international recommendations and best practices. However, to date it has not been possible to evaluate the effects of these changes on the Consolidated Financial Statements.

#### IFRS COVID-19-RELATED RENT CONCESSIONS AFTER JUNE 30, 2021

In March 2021, the IASB amended the practical example of IFRS 16 in relation to the application of IFRS 16 guidance on rent concessions as a result of COVID-19.

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.

Also, the practical example now applies to leases where any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided that the other conditions for applying the practical example are met.

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 is not required to disclose the information required by paragraph 28 (f) of IAS 8.

In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the remedy consistently to eligible contracts with similar characteristics and in similar circumstances, regardless of whether the contract became eligible for the practical example before or after the amendment.

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

#### NEW ACCOUNTING PRONOUNCEMENTS (STANDARDS, INTERPRETATIONS AND AMENDMENTS) WITH MANDATORY APPLICATION FOR ANNUAL PERIODS BEGINNING ON OR AFTER JANUARY 1, 2022

Banco Security has not adopted early any standards, interpretations or amendments that have been issued and are not yet effective.

The new standards, interpretations and amendments to IFRS that have been issued but have not yet taken effect as of the date of these financial statements are detailed below.

STANDARDS AND INTERPRETATIONS		MANDATORY EFFECTIVE DATE
IFRS 17	Insurance Contracts	January 01, 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.

In December 2021, the IASB amended IFRS 17 to add a transition option for a "classification overlay" to address potential accounting asymmetries between financial assets and insurance contract liabilities in the comparative information presented on first-time adoption of IFRS 17.

If an entity chooses the classification overlay, it may only do so for the comparative periods when it applies IFRS 17, which is from the transition date to the date of first-time adoption of IFRS 17.

IFRS 17 will be effective for annual 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 3	Reference to the Conceptual Framework	January 01, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 01, 2022
IAS 1	Classification of Current and Non-Current Liabilities	January 1, 2023
IAS 8	Definition of Accounting Estimates	January 01, 2023
IAS 1	Disclosure of Accounting Policies	January 01, 2023
IAS 12	Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction	January 01, 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 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.

Banco Security 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 held for use on or after the beginning of the first period that the entity applies the amendment for the first time.

Banco Security 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.

Banco Security 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. The amendments must be applied retrospectively.

Banco Security will evaluate the impact of the amendment once it takes effect.

### NOTE 8 - ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS - DEFINITION OF ACCOUNTING ESTIMATES

In February 2021, the IASB issued amendments to IAS 8, introducing a new definition for "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and error correction. They clarify how entities use measurement techniques and inputs to develop estimate accounting.

The amended standard clarifies that the effects on an accounting estimate resulting from a change in an input or a change in a measurement technique are changes in accounting estimates, provided that they do not arise from correcting prior period errors. The previous definition of a change in accounting estimate accepted that changes in accounting estimates may arise from new information or new developments. Therefore, such changes are not error corrections.

The amendment will be effective for annual periods beginning on or after January 1, 2023.

Banco Security will evaluate the impact of the amendment once it takes effect.



## IAS 1 PRESENTATION OF FINANCIAL STATEMENTS - DISCLOSURE OF ACCOUNTING POLICIES

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2: Making Materiality Judgments, where it provides guidance and examples to assist entities in applying materiality judgments to accounting policy disclosures.

The amendments are intended to assist entities by providing disclosures about accounting policies that are more useful by:

- Replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies.
- Including guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Entities should assess the materiality of accounting policy disclosures on the basis of both the size of transactions, and other events or conditions and the nature of those events or conditions.

The amendment will be effective for annual periods beginning on or after January 1, 2023. Early application of the amendments to IAS 1 is permitted provided this is disclosed.

Banco Security will evaluate the impact of the amendment once it takes effect.

## IAS 12 DEFERRED TAXES RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

In May 2021, the IASB issued amendments to IAS 12, which reduce the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that result in equal taxable and deductible temporary differences.

The amendments clarify that when payments that settle a liability are deductible for tax purposes, it is a matter of judgment having considered applicable tax law whether such deductions are attributable for tax purposes to the liability recognized in the financial statements and interest expense, or to the related asset and interest expense. This judgment is important to determine whether there are temporary differences in the initial recognition of assets and liabilities.

Also the amendments state that the initial recognition exception does not apply to transactions that on initial recognition produce equal taxable and deductible temporary differences. They only apply if the recognition of a lease asset and a lease liability or a decommissioning liability and a decommissioning asset produce taxable and deductible temporary differences that are not the same. However, the resulting deferred tax assets and liabilities may not be equal for example, if the entity cannot benefit from tax deductions or if different tax rates apply to taxable and deductible temporary differences. In such cases, an entity would need to account for the difference between the deferred tax asset and the deferred tax liability in the income statement.

The amendment will be effective for annual periods beginning on or after January 1, 2023.

Banco Security 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 method. These amendments must be applied retrospectively, and early adoption is permitted, which must be disclosed.

Banco Security will evaluate the impact of the amendment once it takes effect.

### **2.2.3) PRINCIPAL CHANGES AT BANCO SECURITY ON ADOPTING THE COMPENDIUM OF ACCOUNTING STANDARDS FOR BANKS (CNCB)**

As the new Compendium of Accounting Standards for Banks issued by the CMF is effective, whose amendments are described in Bank Ruling 2,243, 2,249 and 2,295, as described in the previous point, the first application will take effect on January 1, 2022, with a transition date of January 1, 2021, for the purposes of comparative financial statements to be published with effect from March 2022.

However, for the year 2021 management chose to implement in advance the suspension rule of recognizing interest and indexation on an accrual basis after 90 days of delinquency, as allowed in transitory provision 3. This change did not have a significant impact on the Consolidated Financial Statements as of December 31, 2021.

Before this change, recognition of interest and indexation income for loans assessed on a group basis was suspended after 6 months of delinquency. While for loans subject to individual assessment, the suspension was based on the customer classification and how long it had been classified in the impaired portfolio.

The other requirements and accounting changes in the new CNCB affected equity, due to first-time adoption adjustments as of January 1, 2022.

Due to the effects of adopting IFRS 9 to replace IAS 39, which uses a new approach to analyzing and calculating the impairment of investment portfolios. The impairment of the available-for-sale portfolios generated a net deferred income tax charge in equity of MCH\$3,818. Additionally, unconsolidated investments in companies will be valued at fair value, which generated a credit to equity of MCH\$290.

Provisions for contingent credits due to changing the Credit Conversion Factor (CCF) in Chapter B-3 of the CNCB, generated a credit to



equity of MCH\$1,204. Finally, the threshold for assessing debtors reclassified them from the individual to the group model at 20,000 UF, chapter B-1 of the CNCB. This generated a charge to equity of MCH\$2,532.

Therefore, all these changes have generated a total decrease in equity of MCH\$4,855.

Other changes requested by the new CNCB that are consistent with the presentation of financial reporting include:

- Changes in the chart of accounts of Chapter C-3 of the CNCB, both the codification of accounts and their description. These create detailed information in the formats for the Statement of Financial Position, Statement of Income and Statement of Other Comprehensive Income.
- Changes in the presentation formats of the Statement of Financial Position and Statement of Income when adopting IFRS 9 to replace IAS 39.
- Incorporation of new presentation formats for the Statement of Other Comprehensive Income and Statement of Changes in Equity, and guidelines on financing and investing activities for the Statement of Cash Flows.
- Incorporation of a "Management Commentary" according to IASB Practice Statement 1, which will complement the information provided in the financial statements.
- Amendments to certain notes to the financial statements, including those for financial assets at amortized cost, management notes and risk reports. These are aligned with the disclosure criteria in IFRS 7.
- Finally, related party disclosures are aligned with IAS 24.

### 3. ACCOUNTING CHANGES

During the year ended December 31, 2021, no significant accounting changes have occurred that affect the presentation of these consolidated financial statements.

### 4. MATERIAL EVENTS

#### BANCO SECURITY

On April 29, 2021, Banco Security reported to the CMF that Grupo Security S.A. had acquired 8,439,628 single series shares in the Bank during its capital increase. This took place on April 8, 2021 for CH\$2,724.553920 per share, and Grupo Security S.A. increased its interest in Banco Security from 99.9749% to 99.9758%.

During the year ended December 31, 2020, the following material events were reported:

## 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 appointed Juan 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.

## 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 2020) 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%.

As of the date Banco Security's consolidated financial statements were issued, the potential financial and operational effects of the pandemic are still difficult to quantify, as these events are still unfolding and their effects will depend on many factors.

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 February 28, 2021, Mr. Gustavo Schmincke Aránguiz left the position of Investment Manager and he will be replaced as of March 1, 2021 by Mr. Jorge Meyer de Pablo, who is currently the Chief Executive Officer of Securitizadora 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 Mr. José Miguel Bulnes Zegers and Ms. Paulina Las Heras Bugeedo in their place. In addition, the directors Mr. Francisco Silva Silva (chairman), Mr. Renato Peñafiel Muñoz and Mr. 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.

## VALORES SECURITY S.A. CORREDORES DE BOLSA

On April 12, 2021, Santiago Exchange imposed a fine of 350 UF on Valores Security S.A. Corredores de Bolsa for breaching Section I Care and Diligence of General Rule 380 issued by the Financial Market Commission and Section I Equity and Indexes of General Rule 18 issued by the Financial Market Commission.

During the first quarter of 2021, a settlement agreement was reached with the customer with whom there was a dispute, due to simultaneous transaction losses recorded in the customer's current account. This agreement agreed not to collect the current account in favor of the broker, which required writing-off MCH\$4,225 and MCH\$450 was paid to refund contributions. This resulted in recognizing a taxable expense for the current account, which increased income from deferred tax assets associated with an increase in the tax loss for the current year of MCH\$1,141.

During the period from January 1 to December 31, 2020, no material events arose that required reporting.

## 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:

Customer portfolio 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, 2021 and 2020.



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		OTHERS		TOTAL BANK		SUBSIDIARIES		CONSOLIDATED TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>ASSETS</b>														
Gross loans	5,015,300	4,547,225	1,716,045	1,676,278	192	4,580	-	-	6,731,537	6,228,083	-	-	6,731,537	6,228,083
Loan loss provisions	(120,117)	(78,391)	(38,572)	(44,353)	(1)	-	-	-	(158,690)	(122,744)	-	-	(158,690)	(122,744)
<b>NET LOANS</b>	<b>4,895,183</b>	<b>4,468,834</b>	<b>1,677,473</b>	<b>1,631,925</b>	<b>191</b>	<b>4,580</b>	<b>-</b>	<b>-</b>	<b>6,572,847</b>	<b>6,105,339</b>	<b>-</b>	<b>-</b>	<b>6,572,847</b>	<b>6,105,339</b>
Financial transactions	-	-	-	-	1,295,045	937,279	-	-	1,295,045	937,279	88,374	105,711	1,383,419	1,042,990
Other assets	-	-	-	-	1,024,693	221,422	267,682	607,839	1,292,375	829,261	117,137	97,203	1,409,512	926,464
<b>TOTAL ASSETS</b>	<b>4,895,183</b>	<b>4,468,834</b>	<b>1,677,473</b>	<b>1,631,925</b>	<b>2,319,929</b>	<b>1,163,281</b>	<b>267,682</b>	<b>607,839</b>	<b>9,160,267</b>	<b>7,871,879</b>	<b>205,511</b>	<b>202,914</b>	<b>9,365,778</b>	<b>8,074,793</b>
<b>LIABILITIES</b>														
Liabilities	4,479,854	4,090,115	1,567,383	1,521,014	2,260,359	1,099,241	267,624	607,785	8,575,220	7,318,155	89,942	94,700	8,665,162	7,412,855
Equity	415,329	378,719	110,090	110,911	59,570	64,040	1	1	584,990	553,671	115,569	108,214	700,559	661,885
Non-controlling interests	-	-	-	-	-	-	57	53	57	53	-	-	57	53
<b>TOTAL LIABILITIES</b>	<b>4,895,183</b>	<b>4,468,834</b>	<b>1,677,473</b>	<b>1,631,925</b>	<b>2,319,929</b>	<b>1,163,281</b>	<b>267,682</b>	<b>607,839</b>	<b>9,160,267</b>	<b>7,871,879</b>	<b>205,511</b>	<b>202,914</b>	<b>9,365,778</b>	<b>8,074,793</b>

## B) RESULTS BY OPERATING SEGMENT

	COMMERCIAL BANKING		RETAIL BANKING		TREASURY		OTHERS		TOTAL BANK		SUBSIDIARIES		CONSOLIDATED TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>OPERATING INCOME</b>														
Net interest margin <sup>(1)</sup>	101,935	102,250	49,524	59,841	61,356	45,255	-	-	212,815	207,346	1,811	30	214,626	207,376
Net fees and commissions	20,934	18,567	13,050	14,919	(158)	(195)	-	-	33,826	33,291	27,113	23,633	60,939	56,924
Net foreign exchange and other income <sup>(2)</sup>	8,426	8,957	1,237	2,161	10,757	19,048	(9,369)	(15,700)	11,051	14,466	7,196	8,399	18,247	22,865
Loan losses and repossessed assets <sup>(3)</sup>	(60,754)	(47,706)	(15,031)	(29,939)	(1)	(74)	-	-	(75,786)	(77,719)	-	-	(75,786)	(77,719)
<b>Total operating income, net of provisions</b>	<b>70,541</b>	<b>82,068</b>	<b>48,780</b>	<b>46,982</b>	<b>71,954</b>	<b>64,034</b>	<b>(9,369)</b>	<b>(15,700)</b>	<b>181,906</b>	<b>177,383</b>	<b>36,120</b>	<b>32,062</b>	<b>218,026</b>	<b>209,446</b>
Support expenses <sup>(4)</sup>	(40,567)	(42,999)	(52,812)	(55,043)	(13,124)	(14,296)	735	4,374	(105,768)	(107,964)	(28,058)	(26,163)	(133,826)	(134,127)
<b>Net operating income (loss)</b>	<b>29,975</b>	<b>39,069</b>	<b>(4,032)</b>	<b>(8,060)</b>	<b>58,829</b>	<b>49,738</b>	<b>(8,634)</b>	<b>(11,326)</b>	<b>76,138</b>	<b>69,419</b>	<b>8,062</b>	<b>5,899</b>	<b>84,200</b>	<b>75,319</b>
Income attributable to investments in other companies	-	-	-	-	-	-	16	12	16	12	1	-	17	12
<b>Profit (loss) before tax</b>	<b>29,975</b>	<b>39,069</b>	<b>(4,032)</b>	<b>(8,060)</b>	<b>58,829</b>	<b>49,738</b>	<b>(8,618)</b>	<b>(11,314)</b>	<b>76,154</b>	<b>69,431</b>	<b>8,063</b>	<b>5,899</b>	<b>84,217</b>	<b>75,331</b>
Income taxes	(3,324)	(8,127)	447	1,677	(6,523)	(10,346)	954	2,353	(8,446)	(14,443)	1,360	(736)	(7,086)	(15,179)
<b>Consolidated profit (loss) for the year</b>	<b>26,651</b>	<b>30,942</b>	<b>(3,585)</b>	<b>(6,383)</b>	<b>52,306</b>	<b>39,392</b>	<b>(7,664)</b>	<b>(8,961)</b>	<b>67,708</b>	<b>54,988</b>	<b>9,423</b>	<b>5,163</b>	<b>77,131</b>	<b>60,152</b>
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4)	(2)	(4)	(2)
<b>Profit (loss) attributable to owners of the Bank</b>	<b>26,651</b>	<b>30,942</b>	<b>(3,585)</b>	<b>(6,383)</b>	<b>52,306</b>	<b>39,392</b>	<b>(7,664)</b>	<b>(8,961)</b>	<b>67,708</b>	<b>54,988</b>	<b>9,419</b>	<b>5,161</b>	<b>77,127</b>	<b>60,150</b>

<sup>(1)</sup> NET INTEREST AND INDEXATION INCOME.

<sup>(2)</sup> INCLUDES NET FINANCIAL OPERATING INCOME, NET FOREIGN EXCHANGE TRANSACTIONS, OTHER INCOME AND EXPENSES AND OTHER CONTINGENCY PROVISIONS.

<sup>(3)</sup> INCLUDES LOAN LOSS PROVISIONS, NET INCOME FROM REPOSSESSED ASSETS, IMPAIRMENT OF INVESTMENT SECURITIES AND INTANGIBLE ASSETS AND NET COUNTRY RISK, SPECIAL AND ADDITIONAL PROVISIONS.

<sup>(4)</sup> 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, 2021 MCH\$	AS OF DECEMBER 31, 30, 2020 MCH\$
<b>CASH AND DUE FROM BANKS</b>		
Cash	13,904	12,143
Deposits in the Chilean Central Bank	518,200	217,683
Deposits in domestic banks	8,313	4,292
Foreign deposits	299,791	213,574
<b>SUBTOTAL - CASH AND DUE FROM BANKS</b>	<b>840,208</b>	<b>447,692</b>
Transactions in the course of collection, net	11,834	10,157
Repurchase agreements	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>852,042</b>	<b>457,849</b>

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, 2021 MCH\$	AS OF DECEMBER 31, 30, 2020 MCH\$
<b>ASSETS</b>		
Outstanding notes from other banks	13,608	10,883
Funds receivable	41,119	28,550
<b>SUBTOTAL - ASSETS</b>	<b>54,727</b>	<b>39,433</b>
<b>LIABILITIES</b>		
Funds payable	(42,893)	(29,276)
<b>SUBTOTAL - LIABILITIES</b>	<b>(42,893)</b>	<b>(29,276)</b>
<b>TRANSACTIONS IN THE COURSE OF COLLECTION, NET</b>	<b>11,834</b>	<b>10,157</b>

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, 2021 and 2020, the Bank and its subsidiaries recognize the following balances in financial instruments held for trading:

	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,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>CHILEAN GOVERNMENT AND CENTRAL BANK INSTRUMENTS</b>										
Chilean Central Bank instruments	5,017	2,500	-	22	-	-	-	-	5,017	2,522
Chilean Treasury instruments Republic	-	204	-	-	-	-	-	-	-	204
Other government instruments	-	-	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>5,017</b>	<b>2,704</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,017</b>	<b>2,726</b>
<b>OTHER FINANCIAL INSTRUMENTS</b>										
Notes for deposits in domestic banks	2,328	12,425	911	-	-	-	-	-	3,239	12,425
Mortgage bonds in domestic banks	5	1	15	33	1,486	1,561	1,108	1,613	2,614	3,208
Bonds from domestic companies	5,869	18,053	11,232	10,245	717	5,937	5	5	17,823	34,240
Other instruments issued in Chile	2,896	6,398	10,141	3,953	1,250	7,794	-	496	14,287	18,641
Mutual funds	5,584	39,433	-	-	-	-	-	-	5,584	39,433
<b>SUBTOTAL</b>	<b>16,682</b>	<b>76,310</b>	<b>22,299</b>	<b>14,231</b>	<b>3,453</b>	<b>15,292</b>	<b>1,113</b>	<b>2,114</b>	<b>43,547</b>	<b>107,947</b>
<b>TOTAL FINANCIAL INSTRUMENTS HELD FOR TRADING</b>	<b>21,699</b>	<b>79,014</b>	<b>22,299</b>	<b>14,253</b>	<b>3,453</b>	<b>15,292</b>	<b>1,113</b>	<b>2,114</b>	<b>48,564</b>	<b>110,673</b>

As of December 31, 2021 and 2020, the Bank has issued its own mortgage bonds for MCH\$88 and MCH\$810, respectively, which are offset by the mortgage bonds issued by the Bank in liabilities.

## 8. OPERATIONS WITH 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, 2021 and 2020, 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,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
Domestic banks	-	-	-	-	-	-	-	-
Other entities	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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, 2021 and 2020, obligations with repurchase commitments, classified by type of debtor and maturity, are as follows:

	FROM ONE DAY TO THREE MONTHS		FROM THREE MONTHS TO ONE YEAR		MORE THAN ONE YEAR		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
DOMESTIC BANKS:								
Other banks	-	-	-	-	-	-	-	-
Chilean Central Bank	1,370	-	-	-	-	-	1,370	-
<b>SUBTOTAL</b>	<b>1,370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,370</b>	<b>-</b>
Other entities	1,100	9,764	-	-	-	-	1,100	9,764
<b>TOTAL</b>	<b>2,470</b>	<b>9,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,470</b>	<b>9,764</b>

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,	
		2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
DERIVATIVES TRADING											
Currency forwards		(1,024,802)	(800,152)	(177,614)	(217,764)	(7,800)	94,796	83,083	62,612	(74,061)	(70,724)
Interest rate swaps		54,705	44,419	235,513	155,113	1,806,393	1,749,745	39,873	77,266	(38,863)	(78,404)
Currency swaps		17,010	19,871	133,190	41,442	658,813	717,613	75,460	54,600	(90,056)	(51,418)
Interest rate put options		-	-	-	-	-	-	-	-	(38)	(16)
<b>Total assets (liabilities) for trading derivatives</b>		<b>(953,087)</b>	<b>(735,862)</b>	<b>191,089</b>	<b>(21,209)</b>	<b>2,457,406</b>	<b>2,562,154</b>	<b>198,416</b>	<b>194,478</b>	<b>(203,018)</b>	<b>(200,562)</b>
DERIVATIVES HEDGE ACCOUNTING											
Currency forwards		-	-	-	-	-	-	-	-	-	-
Interest rate swaps		-	-	-	-	53,935	38,421	791	13	-	(71)
Currency swaps	(CF)	118,528	115,895	760,837	-	283,921	636,865	41,184	28,894	(45,167)	(19,473)
<b>Total assets (liabilities) for hedge accounting derivatives</b>		<b>118,528</b>	<b>115,895</b>	<b>760,837</b>	<b>-</b>	<b>337,857</b>	<b>675,286</b>	<b>41,975</b>	<b>28,907</b>	<b>(45,167)</b>	<b>(19,544)</b>
<b>Total assets (liabilities) for derivative instruments</b>		<b>(834,559)</b>	<b>(619,967)</b>	<b>951,926</b>	<b>(21,209)</b>	<b>2,795,262</b>	<b>3,237,440</b>	<b>240,391</b>	<b>223,385</b>	<b>(248,185)</b>	<b>(220,106)</b>



## B) HEDGE ACCOUNTING:

As of December 31, 2021 and 2020, the Bank had a cash flow hedge, which increased comprehensive income by MCH\$279 and reduced it by MCH\$5,707, respectively.

## 10. LOANS AND ADVANCES TO BANKS

A) Credit risk for loans and advances to banks as of December 31, 2021 and 2020, is evaluated individually for each transaction. This account is detailed as follows:

	ASSETS BEFORE PROVISIONS						PROVISIONS RECOGNIZED						NET ASSETS	
	NORMAL AND SUBSTANDARD PORTFOLIO		DEFAULT PORTFOLIO		TOTAL		NORMAL AND SUBSTANDARD PORTFOLIO		DEFAULT PORTFOLIO		TOTAL			
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
Domestic banks	1,121	52	-	-	1,121	52	(1)	-	-	-	(1)	-	1,120	52
Foreign banks	1,714	673	-	-	1,714	673	(10)	(1)	-	-	(10)	(1)	1,704	672
<b>Total loans and advances to banks</b>	<b>2,835</b>	<b>725</b>	<b>-</b>	<b>-</b>	<b>2,835</b>	<b>725</b>	<b>(11)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>(1)</b>	<b>2,824</b>	<b>724</b>

B) Provisions for balances of loans and advances to banks are detailed as follows:

MOVEMENT:	MCH\$
BALANCE AS OF JANUARY 1, 2020	(2)
Write-offs of impaired portfolio	-
Provisions recognized	(2)
Reversal of provisions	3
<b>BALANCE AS OF DECEMBER 31, 2020</b>	<b>(1)</b>
BALANCE AS OF JANUARY 1, 2021	(1)
Write-offs of impaired portfolio	-
Provisions recognized (Note 31)	(112)
Reversal of provisions (Note 31)	102
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<b>(11)</b>

## 11. LOANS TO CUSTOMERS

### A) LOANS TO CUSTOMERS

	ASSETS BEFORE PROVISIONS						PROVISIONS RECOGNIZED						NET ASSET	
	NORMAL AND SUBSTANDARD PORTFOLIO		DEFAULT PORTFOLIO		TOTAL		INDIVIDUAL PROVISIONS		GROUP PROVISIONS		TOTAL			
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>COMMERCIAL LOANS:</b>														
Commercial loans	4,497,482	4,226,247	316,740	271,161	4,814,222	4,497,408	119,131	77,588	9,920	9,355	129,051	86,943	4,685,171	4,410,465
Foreign trade loans	228,868	138,266	734	2,638	229,602	140,904	5,089	4,489	34	49	5,123	4,538	224,479	136,366
Current account overdrafts	16,965	31,437	1,498	2,218	18,463	33,655	712	1,273	669	952	1,381	2,225	17,082	31,430
Factored receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Student loans	2,491	3,344	179	185	2,670	3,529	-	-	191	227	191	227	2,479	3,302
Lease transactions	392,847	350,316	17,310	22,600	410,157	372,916	2,125	2,449	552	122	2,677	2,571	407,480	370,345
Other loans and receivables	5,353	3,980	408	660	5,761	4,640	263	246	123	136	386	382	5,375	4,258
<b>SUBTOTAL</b>	<b>5,144,006</b>	<b>4,753,590</b>	<b>336,869</b>	<b>299,462</b>	<b>5,480,875</b>	<b>5,053,052</b>	<b>127,320</b>	<b>86,045</b>	<b>11,489</b>	<b>10,841</b>	<b>138,809</b>	<b>96,886</b>	<b>5,342,066</b>	<b>4,956,166</b>
<b>MORTGAGE LOANS:</b>														
Loans funded with mortgage bonds	776	1,147	-	81	776	1,228	-	-	-	-	-	-	776	1,228
Loans funded with own resources	233,938	216,183	4,606	4,203	238,544	220,386	-	-	350	357	350	357	238,194	220,029
Other residential mortgage loans	578,101	482,058	6,236	7,118	584,337	489,176	-	-	749	673	749	673	583,588	488,503
Lease transactions	-	1,284	1,310	-	1,310	1,284	-	-	396	106	396	106	914	1,178
Other loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>812,815</b>	<b>700,672</b>	<b>12,152</b>	<b>11,402</b>	<b>824,967</b>	<b>712,074</b>	<b>-</b>	<b>-</b>	<b>1,495</b>	<b>1,136</b>	<b>1,495</b>	<b>1,136</b>	<b>823,472</b>	<b>710,938</b>
<b>CONSUMER LOANS:</b>														
Consumer installment loans	254,813	281,888	12,830	20,790	267,643	302,678	-	-	12,246	17,473	12,246	17,473	255,397	285,205
Current account overdrafts	53,896	57,499	1,543	2,044	55,439	59,543	-	-	3,541	4,185	3,541	4,185	51,898	55,358
Credit card debtors	99,937	94,171	771	1,312	100,708	95,483	-	-	2,589	3,063	2,589	3,063	98,119	92,420
Consumer lease transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>408,646</b>	<b>433,558</b>	<b>15,144</b>	<b>24,146</b>	<b>423,790</b>	<b>457,704</b>	<b>-</b>	<b>-</b>	<b>18,376</b>	<b>24,721</b>	<b>18,376</b>	<b>24,721</b>	<b>405,414</b>	<b>432,983</b>
<b>TOTAL</b>	<b>6,365,467</b>	<b>5,887,820</b>	<b>364,165</b>	<b>335,010</b>	<b>6,729,632</b>	<b>6,222,830</b>	<b>127,320</b>	<b>86,045</b>	<b>31,360</b>	<b>36,698</b>	<b>158,680</b>	<b>122,743</b>	<b>6,570,952</b>	<b>6,100,087</b>
<b>ACCOUNTING HEDGES:</b>														
Commercial loans													(929)	4,528
<b>SUBTOTAL</b>													<b>(929)</b>	<b>4,528</b>
<b>Total loans to customers</b>													<b>6,570,023</b>	<b>6,104,615</b>



## B) PROVISION MOVEMENTS

Movements in loan loss provisions in 2021 and 2020 are as follows:

	INDIVIDUAL PROVISIONS MCH\$	GROUP PROVISIONS MCH\$	TOTAL MCH\$
<b>BALANCE AS OF JANUARY 1, 2020</b>	<b>63,580</b>	<b>36,946</b>	<b>100,526</b>
WRITE-OFFS OF IMPAIRED PORTFOLIO:			
Commercial loans	(22,292)	-	(22,292)
Mortgage loans	-	(754)	(754)
Consumer loans	-	(24,922)	(24,922)
<b>TOTAL WRITE-OFFS</b>	<b>(22,292)</b>	<b>(25,676)</b>	<b>(47,968)</b>
Provisions recognized (Note 31)	104,497	75,682	180,179
Reversal of provisions (Note 31)	(59,740)	(50,254)	(109,994)
<b>BALANCE AS OF DECEMBER 31, 2020</b>	<b>86,045</b>	<b>36,698</b>	<b>122,743</b>
<b>BALANCE AS OF JANUARY 1, 2021</b>	<b>86,045</b>	<b>36,698</b>	<b>122,743</b>
WRITE-OFFS OF IMPAIRED PORTFOLIO:			
Commercial loans	(24,657)	-	(24,657)
Mortgage loans	-	(15,684)	(15,684)
Consumer loans	-	(931)	(931)
<b>TOTAL WRITE-OFFS</b>	<b>(24,657)</b>	<b>(16,615)</b>	<b>(41,272)</b>
Provisions recognized (Note 31)	129,951	59,828	189,779
Reversal of provisions (Note 31)	(61,219)	(48,551)	(109,770)
Reversal of provisions with no effect on income	(2,800)	-	(2,800)
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<b>127,320</b>	<b>31,360</b>	<b>158,680</b>

In addition to these loan loss provisions, the Bank also establishes country risk provisions to hedge foreign operations.

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		2021 %	2020 %
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,			
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$		
COMMERCIAL LOANS								
Manufacturing	271,317	297,650	6,982	13,718	278,299	311,368	4.14	5.00
Mining	93,895	25,708	-	-	93,895	25,708	1.40	0.41
Utilities	246,205	210,798	-	-	246,205	210,798	3.66	3.39
Agriculture and livestock	231,081	169,548	-	-	231,081	169,548	3.43	2.72
Forestry	6,871	7,933	-	-	6,871	7,933	0.10	0.13
Fishing	90,536	74,922	-	-	90,536	74,922	1.34	1.20
Transportation	364,425	201,958	-	-	364,425	201,958	5.42	3.25
Telecom	19,111	10,895	-	-	19,111	10,895	0.28	0.18
Construction	954,842	889,507	-	-	954,842	889,507	14.19	14.29
Wholesale and retail trade	561,912	716,070	-	8,757	561,912	724,827	8.35	11.65
Financial services and insurance	904,588	1,360,959	-	-	904,588	1,360,959	13.44	21.87
Corporate services	1,046,421	334,503	-	-	1,046,421	334,503	15.55	5.38
Social services	682,689	694,954	-	-	682,689	694,954	10.14	11.17
Other	-	35,172	-	-	-	35,172	-	0.57
<b>SUBTOTAL</b>	<b>5,473,893</b>	<b>5,030,577</b>	<b>6,982</b>	<b>22,475</b>	<b>5,480,875</b>	<b>5,053,052</b>	<b>81.44</b>	<b>81.20</b>
Mortgage loans	824,967	712,074	-	-	824,967	712,074	12.26	11.44
Consumer loans	423,790	457,704	-	-	423,790	457,704	6.30	7.36
<b>TOTAL</b>	<b>6,722,650</b>	<b>6,200,355</b>	<b>6,982</b>	<b>22,475</b>	<b>6,729,632</b>	<b>6,222,830</b>	<b>100.00</b>	<b>100.00</b>



## 12. INVESTMENT SECURITIES

As of December 31, 2021 and 2020, the Bank and its subsidiaries recognize the following investment securities using the fair value method:

	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,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
Chilean Government and Central Bank instruments										
Chilean Central Bank instruments	711,430	480,686	-	-	-	-	-	-	711,430	480,686
Chilean Treasury instruments xxx	15,110	78,492	42,250	435	99,113	-	-	-	156,473	78,927
<b>SUBTOTAL</b>	<b>726,540</b>	<b>559,178</b>	<b>42,250</b>	<b>435</b>	<b>99,113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>867,903</b>	<b>559,613</b>
Other financial instruments										
Notes for deposits in domestic banks	40,178	5,793	75,380	23,621	18,989	6,686	-	-	134,547	36,100
Mortgage bonds in domestic banks	67	37	642	829	1,870	2,002	17,893	21,162	20,472	24,030
Bonds from domestic companies	5,854	22,055	122,082	66,957	65,576	63,877	7,101	10,077	200,613	162,966
Other instruments issued in Chile	-	-	-	-	-	-	4,069	-	4,069	-
Other instruments issued abroad	3,100	740	8,605	14,232	44,632	51,354	50,914	83,282	107,251	149,608
<b>SUBTOTAL</b>	<b>49,199</b>	<b>28,625</b>	<b>206,709</b>	<b>105,639</b>	<b>131,067</b>	<b>123,919</b>	<b>79,977</b>	<b>114,521</b>	<b>466,952</b>	<b>372,704</b>
<b>TOTAL INVESTMENTS AVAILABLE FOR SALE</b>	<b>775,739</b>	<b>587,803</b>	<b>248,960</b>	<b>106,074</b>	<b>230,179</b>	<b>123,919</b>	<b>79,977</b>	<b>114,521</b>	<b>1,334,855</b>	<b>932,317</b>

As of December 31, 2021 and 2020, the portfolio of investments available for sale includes unrealized gains/losses of (MCH\$10,412) and MCH\$14,062, respectively, which are presented in equity net of deferred taxes (Note 26).

As of December 31, 2021 and 2020, 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,			
	2021 %	2020 %	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
Imer Otc Sa	6.89	6.89	864	864	-	-	864	864	-	-
Combanc S.A.	4.17	4.17	172	172	-	-	188	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	17	12
<b>TOTAL INVESTMENTS IN OTHER COMPANIES</b>			<b>2,095</b>	<b>2,095</b>	<b>-</b>	<b>-</b>	<b>2,111</b>	<b>2,095</b>	<b>17</b>	<b>12</b>

### 14. INTANGIBLE ASSETS

As of December 31, 2021 and 2020, intangible assets are as follows:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 30, 2020 MCH\$
Software or computer programs	27,021	28,606
Goodwill	13,039	13,039
<b>TOTAL INTANGIBLE ASSETS</b>	<b>40,060</b>	<b>41,645</b>

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, 2021 and 2020, are internally developed programs that are either in production or under development:

TYPE OF INTANGIBLE ASSET:	AVERAGE USEFUL LIFE (YEARS)		AVERAGE REMAINING LIFE (YEARS)		GROSS ASSETS		ACCUMULATED AMORTIZATION		NET ASSETS	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2021	2020	2021	2020	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
Acquired	-	-	-	-	-	-	-	-	-	-
Developed In-house	9.61	9.65	9.27	10.10	69,764	67,267	(42,743)	(38,661)	27,021	28,606
<b>TOTAL</b>					<b>69,764</b>	<b>67,267</b>	<b>(42,743)</b>	<b>(38,661)</b>	<b>27,021</b>	<b>28,606</b>



A.2) The intangible assets of the Bank and its subsidiaries as of December 31, 2021 and 2020, are internally developed programs 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, 2020	-	66,589	(34,685)	31,904
Additions	-	1,335	-	1,335
Transfer to intangible assets in operation	-	(598)	-	(598)
Derecognition	-	(59)	58	(1)
Amortization for the year	-	-	(4,034)	(4,034)
Impairment for the year	-	-	-	-
<b>BALANCE AS OF DECEMBER 31, 2020</b>	<b>-</b>	<b>67,267</b>	<b>(38,661)</b>	<b>28,606</b>
BALANCE AS OF JANUARY 1, 2021	-	67,267	(38,661)	28,606
Additions	-	553	-	553
Transfer to intangible assets in operation	-	1,944	-	1,944
Disposals	-	-	-	-
Amortization for the year	-	-	(4,082)	(4,082)
Impairment for the year	-	-	-	-
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<b>-</b>	<b>69,764</b>	<b>(42,743)</b>	<b>27,021</b>

## B) GOODWILL

B.1) Goodwill as of December 31, 2021 and 2020, is detailed as follows:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 30, 2020 MCH\$
Goodwill	13,039	13,039
<b>TOTAL</b>	<b>13,039</b>	<b>13,039</b>

B.2) Movements in goodwill in the year ended December 31, 2021, are as follows:

	MOVEMENTS IN GOODWILL 12.31.2021 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
<b>TOTAL</b>	<b>13,039</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,039</b>

## 15. PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2021 and 2020, property, plant and equipment is detailed as follows.

	BUILDINGS AND LAND			EQUIPMENT			OTHER PROPERTY, PLANT AND EQUIPMENT			NET ASSETS
	GROSS ASSETS	ACCUMULATED		GROSS ASSETS	ACCUMULATED		GROSS ASSETS	ACCUMULATED		
		DEPRECIATION	IMPAIRMENT		DEPRECIATION	IMPAIRMENT		DEPRECIATION	IMPAIRMENT	
MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	
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	-	-	-	-	-	-	-	-	-	-
<b>BALANCE AS OF DECEMBER 31, 2020</b>	<b>20,599</b>	<b>(5,588)</b>	<b>-</b>	<b>9,773</b>	<b>(8,577)</b>	<b>-</b>	<b>17,180</b>	<b>(12,407)</b>	<b>-</b>	<b>20,980</b>
BALANCE AS OF JANUARY 1, 2021	20,599	(5,588)	-	9,773	(8,577)	-	17,180	(12,407)	-	20,980
Additions	-	-	-	452	-	-	351	-	-	803
Disposals / write-offs	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(311)	-	-	(639)	-	-	(866)	-	(1,816)
Impairment for the year	-	-	-	-	-	-	-	-	-	-
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<b>20,599</b>	<b>(5,899)</b>	<b>-</b>	<b>10,225</b>	<b>(9,216)</b>	<b>-</b>	<b>17,531</b>	<b>(13,273)</b>	<b>-</b>	<b>19,967</b>

## 16. LEASE RIGHT-OF-USE ASSET

The detail of lease right-of-use assets as of December 31, 2021 and 2020, is as follows:

	UP TO ONE YEAR		UP TO FIVE YEARS		MORE THAN FIVE YEARS		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
Lease right-of-use asset	1,690	1,475	4,707	4,779	1,001	1,043	7,398	7,297
<b>TOTAL</b>	<b>1,690</b>	<b>1,475</b>	<b>4,707</b>	<b>4,779</b>	<b>1,001</b>	<b>1,043</b>	<b>7,398</b>	<b>7,297</b>



Movements in lease right-of-use assets during the year ended December 31, 2021, are as follows:

	PROPERTY AND PLANT MCH\$	DEPRECIATION MCH\$	LEASEHOLD IMPROVEMENTS MCH\$	EQUIPMENT MCH\$	OTHER MCH\$	TOTAL MCH\$
BALANCE AS OF JANUARY 1, 2020	9,678	(1,472)	-	-	-	8,206
Additions	538	-	-	-	-	538
Disposals / write-offs	-	-	-	-	-	0
Depreciation for the year	-	(1,675)	-	-	-	(1,675)
Other	228	-	-	-	-	228
<b>BALANCES AS OF DECEMBER 31, 2020</b>	<b>10,444</b>	<b>(3,147)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,297</b>
BALANCE AS OF JANUARY 1, 2021	10,444	(3,147)	-	-	-	7,297
Additions	1,204	-	-	-	-	1,204
Disposals / write-offs	-	-	-	-	-	-
Depreciation for the year	-	(1,593)	-	-	-	(1,593)
Other	490	-	-	-	-	490
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<b>12,138</b>	<b>(4,740)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,398</b>

## 17. CURRENT AND DEFERRED TAXES

### A) CURRENT TAXES

Current tax assets and liabilities as of December 31, 2021 and 2020, are as follows:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
Current income taxes	(27,193)	(21,716)
Tax on disallowed expenses (40%)	(11)	(6)
Less:		
Monthly provisional tax payments	19,630	21,672
Credits for training expenses	266	259
Other	51	86
<b>TOTAL</b>	<b>(7,257)</b>	<b>295</b>
Income taxes payable	-	9
<b>CURRENT TAX LIABILITY</b>	<b>7,257</b>	<b>9</b>
Recoverable taxes for the year	480	543
Recoverable taxes from prior years	2,666	1,449
<b>CURRENT TAX ASSET</b>	<b>3,146</b>	<b>1,992</b>

## B) INCOME TAX EXPENSE

The Bank's tax expense recognized for the years ended December 31, 2021 and 2020, is as follows:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>INCOME TAX EXPENSE:</b>		
Current year taxes	27,193	21,716
Single tax for the year	70	53
Tax expense adjustment (prior period)	328	(854)
<b>SUBTOTAL</b>	<b>27,591</b>	<b>20,915</b>
<b>CREDIT (CHARGE) FOR DEFERRED TAXES:</b>		
Origin and reversal of temporary differences	(20,505)	(5,736)
Effect of change in tax rate	-	-
<b>NET CHARGE TO PROFIT (LOSS) FOR INCOME TAXES</b>	<b>7,086</b>	<b>15,179</b>

## 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 2021 MCH\$	AS OF DECEMBER 31 2020 MCH\$
Investments available for sale	3,851	(5,201)
Tax goodwill	555	780
Cash flow hedge	747	821
First adoption adjustment TCM points	1,174	1,174
FV adjustment DPV third-party bonds	320	-
FV adjustment DPV Security bonds	54	-
Other	(51)	(305)
<b>TOTAL</b>	<b>6,650</b>	<b>(2,731)</b>



## C.2) EFFECT OF DEFERRED TAXES:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>DEFERRED TAX ASSETS:</b>		
Global portfolio provisions	42,753	30,744
Goodwill portfolio provisions	152	(109)
Vacation and other provisions	1,282	1,032
Fair value investments	-	(1)
Contingency provisions	1	2
Global provisions on recovered assets	127	165
Projects and development	1,928	2,899
Suspended interest	2,285	1,332
Other	9,803	7,079
<b>TOTAL DEFERRED TAX ASSETS THROUGH PROFIT AND LOSS</b>	<b>58,331</b>	<b>43,143</b>
Effect on equity (debtor balance)	878	474
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>59,209</b>	<b>43,617</b>
<b>DEFERRED TAX LIABILITIES:</b>		
Lease agreements	7,927	2,932
Depreciation of property, plant and equipment	(5,218)	(5,504)
Effective rate	(141)	(179)
Deferred revenue and expenses	(20)	(68)
Projects and development	(6,521)	(6,777)
Other	(2,223)	(1,917)
<b>TOTAL DEFERRED TAX LIABILITIES THROUGH PROFIT AND LOSS</b>	<b>(6,196)</b>	<b>(11,513)</b>
Effect on equity (creditor balance)	5,772	(3,205)
<b>TOTAL ASSET THROUGH PROFIT AND LOSS</b>	<b>52,135</b>	<b>31,630</b>
<b>TOTAL NET DEFERRED TAX ASSETS</b>	<b>58,785</b>	<b>28,899</b>

### C.3) 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, 2021 and 2020.

	AS OF DECEMBER 31, 2021		AS OF DECEMBER 31, 2020	
	TAX RATE	AMOUNT MCH\$	TAX RATE	AMOUNT MCH\$
Profit before tax	27.0%	(22,739)	27.0%	(20,339)
Permanent differences	-19.1%	16,052	-5.8%	4,360
Additions or deductions				
Single tax (disallowed expenses)	0.1%	(70)	0.1%	(53)
Amortization of deferred tax complementary accounts	0.0%	-	0.0%	-
Non-deductible expenses (financial, non-tax expenses)	0.0%	-	0.0%	-
Prior period adjustments	0.4%	(329)	-1.1%	853
Effect of change in tax rate	0.0%	-	0.0%	-
Other	0.0%	-	0.0%	-
<b>EFFECTIVE INCOME TAX RATE AND INCOME TAX EXPENSE</b>	<b>8.4%</b>	<b>(7,086)</b>	<b>20.2%</b>	<b>(15,179)</b>

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 recorded in accordance with IAS 12 Income Taxes.

### D) JOINT GUIDANCE FROM CMF RULING 3,478 AND CHILEAN INTERNAL REVENUE SERVICE RULING 47

The tax treatment of provisions, write-offs, renegotiations and remissions of loans granted by the Bank (excluding subsidiaries) as of December 31, 2021 and 2020, 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,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
Commercial loans	5,069,789	4,684,664	5,078,631	4,689,180	27,839	26,323	1,253	9,372
Consumer loans	423,790	457,704	423,790	457,704	30	68	5,780	2,003
Residential mortgage loans	823,657	710,790	823,657	710,790	729	818	-	1
Loans and advances to banks	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>6,317,236</b>	<b>5,853,158</b>	<b>6,326,078</b>	<b>5,857,674</b>	<b>28,598</b>	<b>27,209</b>	<b>7,033</b>	<b>11,376</b>



## D.2) PROVISIONS FOR NPL PORTFOLIO:

	BALANCE AS OF JANUARY 1		WRITE-OFFS AGAINST PROVISIONS		PROVISIONS		REVERSAL OF PROVISIONS		BALANCE AS OF DECEMBER 31,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
Commercial loans	1,253	9,372	11,014	10,544	7,421	16,926	-	-	19,688	36,842
Consumer loans	5,780	2,003	7,360	10,961	6,609	(1,197)	-	-	19,748	11,768
Residential mortgage loans	-	1	-	-	(1)	(1)	-	-	(1)	-
Loans and advances to banks	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>7,033</b>	<b>11,376</b>	<b>18,374</b>	<b>21,505</b>	<b>14,029</b>	<b>15,728</b>	<b>-</b>	<b>-</b>	<b>39,436</b>	<b>48,610</b>

## 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,	
	2021 MCH\$	2020 MCH\$		2021 MCH\$	2020 MCH\$
Direct write-offs Art. 31, No. 4, section two	22,897	26,190		-	-
Cancellations that resulted in reversals of provisions	-	-		-	-
Collection or renegotiation of written-off loans	1,146	789		-	-

## 18. OTHER ASSETS

A) As of December 31, 2021 and 2020, other assets are detailed as follows:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>LEASED ASSETS</b>	<b>12,996</b>	<b>11,878</b>
Reposessed or awarded assets		
Reposessed assets	1,958	1,050
Assets awarded in court-ordered public auction	5,286	295
Provisions for reposessed assets	(165)	(647)
<b>SUBTOTAL - REPOSSESSED OR AWARDED ASSETS</b>	<b>7,079</b>	<b>698</b>
<b>OTHER ASSETS</b>		
Cash deposits as collateral	66,270	44,052
VAT tax credit	3,995	1,499
Prepaid expenses	328	360
Recovered leased assets for sale	2,444	1,896
Brokerage receivables	21,752	33,239
Treasury receivables	23,647	14,572
Other	4,208	4,852
<b>SUBTOTAL - OTHER ASSETS</b>	<b>122,644</b>	<b>100,470</b>
<b>TOTAL OTHER ASSETS</b>	<b>142,719</b>	<b>113,046</b>

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, 2021 and 2019, recorded in accordance with CMF standards:

MOVEMENT:		MCH\$
BALANCE AS OF JANUARY 1, 2020		(401)
Recognized:	Provision	(1,092)
	Impairment	-
Released:	Provision	846
	Impairment	-
<b>BALANCE AS OF DECEMBER 31, 2020</b>		<b>(647)</b>
BALANCE AS OF JANUARY 1, 2021		(647)
Recognized:	Provision	4,743
	Impairment	-
Released:	Provision	(4,261)
	Impairment	-
<b>BALANCE AS OF DECEMBER 31, 2021</b>		<b>(165)</b>



## 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, 2021 and 2020, current accounts and other demand deposits are as follows:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>CURRENT ACCOUNTS:</b>		
Current accounts of domestic banks	-	-
Current accounts of other legal entities	1,081,457	694,758
Current accounts of individuals	293,099	272,628
<b>SUBTOTAL</b>	<b>1,374,556</b>	<b>967,386</b>
<b>OTHER DEMAND DEPOSITS AND ACCOUNTS:</b>		
Cashier's checks	79,015	42,889
Demand deposits	36,885	24,590
<b>SUBTOTAL</b>	<b>115,900</b>	<b>67,479</b>
<b>OTHER DEMAND BALANCES PAYABLE:</b>		
Deposits for court allocations	-	-
Performance bonds payable on demand	12,965	11,962
Collections made but not yet received	17,048	6,959
Export returns to settle	12	87
Pending payment orders	24,954	16,058
Payments on behalf of loans to be settled	10,490	12,773
Frozen assets (art 156 of General Banking Law)	3,349	3,184
Expired time deposits	3,201	3,520
Demand balances with customers - Valores	94,350	42,517
Funds from issuance of new mortgage bonds	40,736	32,927
Other demand balances	20,012	10,290
<b>SUBTOTAL</b>	<b>227,118</b>	<b>140,277</b>
<b>TOTAL</b>	<b>1,717,574</b>	<b>1,175,142</b>

## B) SAVINGS ACCOUNTS AND TIME DEPOSITS

Savings accounts and time deposits as of December 31, 2021 and 2020, 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,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
Domestic banks	85,206	69,304	18,715	-	-	-	-	-	103,921	69,304
Foreign banks	-	-	-	-	-	-	-	-	-	-
Other legal entities	1,555,654	1,658,483	867	21,662	-	-	-	-	1,556,521	1,680,145
Individuals	203,660	141,278	1,178	7	-	-	-	-	204,838	141,285
<b>SUBTOTAL</b>	<b>1,844,520</b>	<b>1,869,065</b>	<b>20,760</b>	<b>21,669</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,865,280</b>	<b>1,890,734</b>

## 20. BORROWINGS FROM FINANCIAL INSTITUTIONS

As of December 31, 2021 and 2020, 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,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>DOMESTIC BANKS:</b>										
Current account overdrafts	736	539	-	-	-	-	-	-	736	539
<b>SUBTOTAL</b>	<b>736</b>	<b>539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>736</b>	<b>539</b>
<b>FOREIGN BANKS:</b>										
Financing for Chilean exports	133,270	120,401	-	-	-	-	-	-	133,270	120,401
Financing for Chilean imports	64,054	11,648	-	-	-	-	-	-	64,054	11,648
Current account overdrafts	214	158	-	-	-	-	-	-	214	158
Loans and other obligations	21,312	-	15,988	81,298	38,078	-	-	-	75,378	81,298
<b>SUBTOTAL</b>	<b>218,850</b>	<b>132,207</b>	<b>15,988</b>	<b>81,298</b>	<b>38,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>272,916</b>	<b>213,505</b>
Chilean Central Bank	1,200,255	838,050	-	-	-	-	-	-	1,200,255	838,050
<b>TOTAL</b>	<b>1,419,841</b>	<b>970,796</b>	<b>15,988</b>	<b>81,298</b>	<b>38,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,473,907</b>	<b>1,052,094</b>



## 21. DEBT INSTRUMENTS ISSUED AND OTHER FINANCIAL LIABILITIES

Debt instruments issued as of December 31, 2021 and 2020, 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,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>MORTGAGE BONDS:</b>										
Mortgage bonds for residential purposes	11	373	197	178	580	-	61	-	849	551
Mortgage bonds for general purposes	60	5	124	185	590	650	-	9,595	774	10,435
<b>SUBTOTAL</b>	<b>71</b>	<b>378</b>	<b>321</b>	<b>362</b>	<b>1,170</b>	<b>650</b>	<b>61</b>	<b>9,595</b>	<b>1,623</b>	<b>10,986</b>
<b>BONDS:</b>										
Senior bonds	348,423	267,373	908,117	686,168	825,999	1,044,496	703,802	573,764	2,786,341	2,571,801
Subordinated bonds	2,512	-	-	4,699	-	-	356,808	343,103	359,320	347,802
<b>SUBTOTAL</b>	<b>350,934</b>	<b>267,373</b>	<b>908,117</b>	<b>690,867</b>	<b>825,999</b>	<b>1,044,496</b>	<b>1,060,611</b>	<b>916,867</b>	<b>3,145,661</b>	<b>2,919,603</b>
<b>TOTAL</b>	<b>351,006</b>	<b>267,751</b>	<b>908,438</b>	<b>691,230</b>	<b>827,169</b>	<b>1,045,146</b>	<b>1,060,672</b>	<b>926,462</b>	<b>3,147,284</b>	<b>2,930,589</b>

### 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,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>PUBLIC-SECTOR OBLIGATIONS:</b>										
CORFO financing	94	230	557	609	823	1,280	18,348	12,067	19,822	14,186
<b>SUBTOTAL</b>	<b>94</b>	<b>230</b>	<b>557</b>	<b>609</b>	<b>823</b>	<b>1,280</b>	<b>18,348</b>	<b>12,067</b>	<b>19,822</b>	<b>14,186</b>
<b>OTHER CHILEAN OBLIGATIONS:</b>										
Payables to credit card operators	10,124	4,329	-	-	-	-	-	-	10,124	4,329
Obligations in favor of Chilean exporters	-	-	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>10,124</b>	<b>4,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,124</b>	<b>4,329</b>
<b>TOTAL</b>	<b>10,218</b>	<b>4,559</b>	<b>557</b>	<b>609</b>	<b>823</b>	<b>1,280</b>	<b>18,348</b>	<b>12,067</b>	<b>29,946</b>	<b>18,515</b>

## 22. LEASE LIABILITIES

Lease liabilities as of December 31, 2021 and 2020, are as follows:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
Lease liabilities	7,565	8,869
Lease installments paid	(1,505)	(1,500)
Other	1,699	196
<b>BALANCES AS OF DECEMBER 31, 2021</b>	<b>7,759</b>	<b>7,565</b>

The composition and maturities of lease liabilities as of December 31, 2021 and 2020 are as follows:

	MATURITY OF LEASE PAYMENTS						TOTAL MCH\$	
	UP TO ONE YEAR		UP TO FIVE YEARS		OVER FIVE YEARS			
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$		
Lease payments	1,655	1,411	4,958	4,967	1,146	1,187	7,759	7,565
<b>TOTAL</b>	<b>1,655</b>	<b>1,411</b>	<b>4,958</b>	<b>4,967</b>	<b>1,146</b>	<b>1,187</b>	<b>7,759</b>	<b>7,565</b>



## 23. PROVISIONS

A) As of December 31, 2021 and 2020, the Bank and its subsidiaries recognized the following provisions:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>PROVISIONS FOR PAYROLL AND EMPLOYEE BENEFITS</b>		
Provision for other employee benefits	308	54
Vacation provisions	4,987	3,967
<b>SUBTOTAL - PROVISIONS FOR PAYROLL AND EMPLOYEE BENEFITS</b>	<b>5,295</b>	<b>4,021</b>
<b>MINIMUM DIVIDEND PROVISION</b>	<b>23,138</b>	<b>18,044</b>
<b>PROVISIONS FOR CONTINGENT LOANS</b>		
Guarantees and pledges	215	131
Confirmed foreign letters of credit	-	-
Issued foreign letters of credit	61	18
Performance and bid bonds	3,020	2,533
Unrestricted lines of credit	4,267	4,025
<b>SUBTOTAL - CONTINGENT LOAN RISK</b>	<b>7,563</b>	<b>6,707</b>
<b>CONTINGENCY PROVISIONS</b>		
Country risk provisions	736	463
Additional provisions - commercial loans	5,500	3,000
Additional provisions - mortgage loans	500	
Additional provisions - consumer loans	2,500	1,000
Minimum provision adjustment	-	-
Other contingency provisions	1,011	4,391
<b>SUBTOTAL - CONTINGENCY PROVISIONS</b>	<b>10,247</b>	<b>8,854</b>
<b>TOTAL OTHER PROVISIONS</b>	<b>46,243</b>	<b>37,626</b>

In the opinion of the Bank's management, the provisions recorded cover all potential losses that may arise from not recovering assets, based on the information examined by the Bank and its subsidiaries.

B) In 2021 and 2020, provision movements are detailed as follows:

	PAYROLL AND EMPLOYEE BENEFITS MCH\$	MINIMUM DIVIDEND MCH\$	CONTINGENT LOAN RISK MCH\$	CONTINGENCIES MCH\$	TOTAL MCH\$
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)
<b>BALANCE AS OF DECEMBER 31, 2020</b>	<b>4,021</b>	<b>18,044</b>	<b>6,707</b>	<b>8,854</b>	<b>37,626</b>
BALANCE AS OF JANUARY 1, 2021	4,021	18,044	6,707	8,854	37,626
Provisions recognized	2,915	134,705	7,835	11,540	156,995
Reversal of provisions	(1,641)	(129,611)	(6,979)	(10,147)	(148,378)
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<b>5,295</b>	<b>23,138</b>	<b>7,563</b>	<b>10,247</b>	<b>46,243</b>

## 24. OTHER LIABILITIES

Other liabilities as of December 31, 2021 and 2020, are as follows:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
Accounts and notes payable	35,230	20,159
Dividends payable	35	35
Unearned revenue	-	-
Macrohedge valuation adjustments	13,016	-
Short sales	-	1
Payables to customers for brokerage services	8,961	9,359
Payables to brokers for brokerage services	2,718	3,762
Funds retained current account guarantee	-	-
Comder guarantee	1,389	1,161
Bilateral guarantees	5,866	2,825
Funds collected to pay a letter of indemnity	1,366	1,397
Transbank compensation	745	688
Other liabilities	6,802	2,048
<b>TOTAL</b>	<b>76,128</b>	<b>41,435</b>



## 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 provisions for loan losses recognized:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
Performance and bid bonds	315,505	210,244
Immediately available credit lines	956,441	906,465
Letters of credit	26,170	11,607
Guarantees and pledges	23,284	16,552
Provisions recognized	(7,563)	(6,707)
<b>TOTAL</b>	<b>1,313,837</b>	<b>1,138,161</b>

### 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, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
Securities and bonds provided as guarantee	7,516,817	6,800,570
Instruments in custody	1,676,036	1,280,976
Signed lease agreements	45,653	29,710
Notes in collections	103,669	112,978
<b>TOTAL</b>	<b>9,342,175</b>	<b>8,224,234</b>

## D) GUARANTEES FURNISHED

### BANCO SECURITY

As of December 31, 2021 and 2020, the Bank does not have any assets provided as guarantees.

### ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

#### MUTUAL FUNDS:

On February 08, 2021, Administradora General Fondos Security S.A., contracted an insurance policy from MAPFRE Seguros Generales S.A., for UF10,000, expiring on January 10, 2022, 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 Qfund Brazil Mutual Fund, in accordance with Article 226 of Law No. 18,045.

On January 10, 2021, 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 UF988,700, expiring on January 10, 2022. 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 12, 2021, Administradora General Fondos Security S.A., contracted an insurance policy from MAPFRE Seguros Generales S.A., for UF10,000, expiring on January 10, 2022, 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 Subsidized Residential Debt Investment Fund, in accordance with Article 226 of Law No. 18,045.

On January 10, 2021, Administradora General de Fondos Security S.A., in compliance with article 266 of Law 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 UF229,200, expiring on January 10, 2022. 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.

On July 15, 2021, Administradora General Fondos Security S.A., contracted an insurance policy from MAPFRE Seguros Generales S.A., for UF20,000, expiring on January 10, 2022, to guarantee faithful performance of the funds manager to manage third-party funds and cover compensation for damages resulting from non-compliance for the Security Pantheon Secondary Opportunity Fully Funded and Security Pantheon Secondary Opportunity Investment Funds, in accordance with Article 226 of Law 18,045.



## VALORES SECURITY S.A. CORREDORES DE BOLSA

As of December 31, 2021, 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 maturing April 22, 2022, through MAPFRE Garantías y Crédito S.A., designating the Santiago Stock Exchange as the depository 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 Southbridge Compañía de Seguros Generales S.A. for UF 400,000, that expires on September 30, 2022, 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\$12,487 and MCH\$20,545 as of December 31, 2021 and 2020, respectively.

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 UF203,460 through Compañía de Seguros de Crédito Continental expiring on March 31, 2022.

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 Contraparte Central totaling MCH\$2,519 and MCH\$2,726 as of December 31, 2021 and 2020, respectively.

## 26. EQUITY

- A) As of December 31, 2021, the Bank's authorized capital is comprised of 265,180,000 single-series shares, of which 236,916,372 are fully subscribed and paid.

Movements of issued and paid -in shares are as follows:

	COMMON SHARES		PREFERENTIAL SHARES	
	2021	2020	2021	2020
Opening balance	228,476,744	228,476,744	-	-
Payment of subscribed shares	8,439,628	-	-	-
<b>BALANCE</b>	<b>236,916,372</b>	<b>228,476,744</b>	<b>-</b>	<b>-</b>

As of the end of this reporting period, the Bank's shareholders are as follows:

SHAREHOLDERS	DECEMBER 2021		DECEMBER 2020	
	NO. OF SHARES	OWNERSHIP INTEREST (%)	NO. OF SHARES	OWNERSHIP INTEREST (%)
Grupo Security	236,858,976	99.98	228,419,348	99.97
Other	57,396	0.02	57,396	0.03
<b>TOTAL</b>	<b>236,916,372</b>	<b>100.00</b>	<b>228,476,744</b>	<b>100.00</b>

**B)** As of December 31, 2021 and 2020, earnings per share is detailed as follows:

**ATTRIBUTABLE TO OWNERS OF THE BANK:**

	DECEMBER	
	2021 MCH\$	2020 MCH\$
Profit for the year	77,127	60,150
Average outstanding shares	234,806,465	228,476,744
<b>EARNINGS PER SHARE:</b>		
Basic	CH\$328	CH\$263
Diluted	CH\$328	CH\$263

**C)** Reserve accounts within the statement of changes in equity are as follows:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
Opening balance	24,172	24,739
Other equity movements <sup>(*)</sup>	(2,008)	(567)
<b>CLOSING BALANCE</b>	<b>22,164</b>	<b>24,172</b>
<sup>(*)</sup> Opening balance of other equity movements		
Movement subsidiary Administradora General de Fondos Security S.A.	(1,357)	(233)
Movement subsidiary Valores Security S.A. Corredora de Bolsa	(651)	(334)
<b>TOTAL</b>	<b>(2,008)</b>	<b>(567)</b>



D) Valuation accounts within the statement of changes in equity are as follows:

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>INSTRUMENTS AVAILABLE FOR SALE:</b>		
Valuation	(14,264)	19,263
Deferred taxes	3,851	(5,201)
<b>SUBTOTAL</b>	<b>(10,412)</b>	<b>14,062</b>
<b>ACCOUNTING HEDGES:</b>		
Valuation	(2,766)	(3,045)
Deferred taxes	747	821
<b>SUBTOTAL</b>	<b>(2,019)</b>	<b>(2,224)</b>
<b>TOTAL</b>	<b>(12,431)</b>	<b>11,838</b>

E) For the years ended December 31, 2021 and 2020, the following dividends were declared and paid:

DESCRIPTION	DISTRIBUTABLE PROFIT MCH\$	DIVIDEND MCH\$	RESERVES MCH\$	DIVIDEND PER SHARE CH\$
2020 Shareholders' meeting No. 39	60,150	30,075	30,075	131.63
2019 Shareholders' meeting No. 38	76,963	23,089	53,874	101.06

As of December 31, 2021 and 2020, the Bank recognized a provision for minimum dividends in accordance with Law 18,046 on Corporations and Chapter B4 of the CMF Compendium of Accounting Standards amounting to MCH\$23,138 and MCH\$18,044, respectively.

F) **BASIC AND REGULATORY CAPITAL:**

In accordance with the General Banking Law, a financial institution must have a minimum basic 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, 2021, Banco Security has a basic capital of 7.14% (7.85% in December 2020) and 13.94% (14.05% in December 2020), respectively.

## 27. INTEREST AND INDEXATION

Interest and indexation accrued and received for the years ended December 31, 2021 and 2020, are as follows:

	INTEREST		INDEXATION		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
REPURCHASE AGREEMENTS	6	13	-	-	6	13
LOANS AND ADVANCES TO BANKS	353	242	-	-	353	242
COMMERCIAL LOANS:						
Commercial loans	165,850	172,365	148,685	57,800	314,535	230,165
Foreign trade loans	5,624	8,520	-	-	5,624	8,520
Current account overdrafts	3,636	5,080	-	-	3,636	5,080
Student loans	149	201	184	104	333	305
Commercial lease agreements	17,162	17,478	22,295	8,334	39,457	25,812
Prepayment commissions on commercial loans	-	-	3,871	5,464	3,871	5,464
<b>TOTAL INCOME FROM COMMERCIAL LOANS</b>	<b>192,421</b>	<b>203,644</b>	<b>175,035</b>	<b>71,702</b>	<b>367,456</b>	<b>275,346</b>
MORTGAGE LOANS						
Loans funded with mortgage bonds	45	69	63	40	108	109
Commissions on loans funded with mortgage bonds	14	17	-	-	14	17
Endorsable mortgage loans	6,365	5,297	12,993	5,936	19,358	11,233
Residential leases	19	-	45	-	64	-
Other mortgage loans	13,805	14,174	34,079	12,944	47,884	27,118
<b>TOTAL INCOME FROM MORTGAGE LOANS</b>	<b>20,248</b>	<b>19,557</b>	<b>47,180</b>	<b>18,920</b>	<b>67,428</b>	<b>38,477</b>
CONSUMER LOANS						
Consumer installment loans	20,884	24,024	738	159	21,622	24,183
Current account overdrafts	11,785	15,221	-	-	11,785	15,221
Credit card loans	7,915	11,291	-	-	7,915	11,291
Consumer leases	-	-	-	-	-	-
Prepayment commissions on consumer loans	-	-	4	4	4	4
<b>TOTAL INCOME FROM CONSUMER LOANS</b>	<b>40,584</b>	<b>50,536</b>	<b>742</b>	<b>163</b>	<b>41,326</b>	<b>50,699</b>
INVESTMENT SECURITIES:						
Investments available for sale	20,893	20,133	11,612	4,071	32,505	24,204
<b>TOTAL INCOME FROM INVESTMENT SECURITIES</b>	<b>20,893</b>	<b>20,133</b>	<b>11,612</b>	<b>4,071</b>	<b>32,505</b>	<b>24,204</b>
Other interest or indexation income:	4,662	5,243	557	144	5,219	5,387
Loss from accounting hedges	(7,318)	(2,615)	-	-	(7,318)	(2,615)
<b>TOTAL INTEREST AND INDEXATION INCOME</b>	<b>271,848</b>	<b>296,753</b>	<b>235,126</b>	<b>95,000</b>	<b>506,975</b>	<b>391,753</b>



For the years ended December 31, 2021 and 2020, interest and indexation expenses are as follows:

	INTEREST		INDEXATION		OTHER		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>DEPOSITS</b>								
Demand deposits	(22)	(17)	(224)	(168)	-	-	(246)	(185)
Time deposits	(16,605)	(46,015)	(374)	(984)	-	-	(16,979)	(46,999)
<b>TOTAL EXPENSES FOR DEPOSITS</b>	<b>(16,627)</b>	<b>(46,032)</b>	<b>(598)</b>	<b>(1,152)</b>	<b>-</b>	<b>-</b>	<b>(17,225)</b>	<b>(47,184)</b>
Repurchase agreements	(144)	(347)	-	-	-	-	(144)	(347)
Borrowings from financial institutions	(7,643)	(7,255)	-	-	-	-	(7,643)	(7,255)
Other financial liabilities	(277)	(82)	(104)	(71)	-	-	(381)	(153)
<b>DEBT ISSUED</b>								
Interest on mortgage bonds	(174)	(475)	(217)	(303)	-	-	(391)	(778)
Interest on senior bonds	(62,657)	(61,729)	(150,143)	(58,304)	-	-	(212,800)	(120,033)
Interest on subordinated bonds	(10,854)	(10,198)	(20,750)	(7,644)	-	-	(31,604)	(17,842)
<b>TOTAL EXPENSES FOR DEBT ISSUED</b>	<b>(73,685)</b>	<b>(72,402)</b>	<b>(171,110)</b>	<b>(66,251)</b>	<b>-</b>	<b>-</b>	<b>(244,795)</b>	<b>(138,653)</b>
Lease liabilities	(152)	(172)	-	-	-	-	(152)	(172)
Other interest or indexation expenses	(11)	(21)	(80)	-	-	-	(91)	(21)
Loss from accounting hedges	(23,349)	(1,646)	-	-	-	-	(23,349)	(1,646)
<b>TOTAL INTEREST AND INDEXATION EXPENSES</b>	<b>(121,888)</b>	<b>(127,957)</b>	<b>(171,892)</b>	<b>(67,474)</b>	<b>-</b>	<b>-</b>	<b>(293,780)</b>	<b>(195,431)</b>

## 28. FEES AND COMMISSIONS

Fee and commission income and expenses for the years ended December 31, 2021 and 2020, which are presented in the consolidated statement of income, consist of the following items:

	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
<b>FEE AND COMMISSION INCOME</b>		
Lines of credit and overdrafts	600	637
Guarantees and letters of credit	4,826	4,903
Card services	8,278	7,608
Account maintenance	4,280	4,436
Collections and payments	6,280	10,813
Securities brokerage and management	10,276	11,785
Mutual funds and other investments	23,193	21,824
Other fees and commissions earned	11,824	8,415
<b>TOTAL FEE AND COMMISSION INCOME</b>	<b>69,557</b>	<b>70,421</b>
<b>FEE AND COMMISSION EXPENSES</b>		
Credit card transaction fees	(23)	(19)
Securities transaction fees and commissions	(5,954)	(530)
Sales service fees and commissions	(2,942)	(10,212)
Other fees and commissions	(1,208)	(1,848)
<b>TOTAL FEE AND COMMISSION EXPENSES</b>	<b>(10,127)</b>	<b>(12,609)</b>
<b>TOTAL NET FEE AND COMMISSION INCOME</b>	<b>59,430</b>	<b>57,812</b>



## 29. NET FINANCIAL OPERATING INCOME

Net financial operating income for the years ended December 31, 2021 and 2020, is as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
<b>FINANCIAL INSTRUMENTS HELD FOR TRADING</b>		
Interest and indexation	3,437	1,537
Fair value adjustment	(1,588)	720
Gain on sale	1,263	1,679
Loss on sale	(1,137)	(228)
Gain on mutual fund investments	678	2,061
<b>SUBTOTAL</b>	<b>2,653</b>	<b>5,769</b>
<b>TRADING DERIVATIVES</b>		
Gain on derivative instruments	330,608	508,501
Loss on derivative instruments	(312,860)	(499,053)
<b>SUBTOTAL</b>	<b>17,748</b>	<b>9,448</b>
<b>SALE OF INVESTMENTS AVAILABLE FOR SALE</b>		
Gain on sale	8,446	15,032
Loss on sale	(4,844)	(3,259)
<b>SUBTOTAL</b>	<b>3,602</b>	<b>11,773</b>
Sale of loan portfolio	834	1,734
<b>NET GAIN (LOSS) FROM OTHER TRANSACTIONS</b>		
Purchases of mortgage bonds issued by the Bank	(1)	(1)
Net gain on ineffective hedges	-	-
Other income	444	228
Other expenses	(3,189)	(2,833)
<b>SUBTOTAL</b>	<b>(2,746)</b>	<b>(2,606)</b>
<b>TOTAL NET FINANCIAL OPERATING INCOME</b>	<b>22,091</b>	<b>26,118</b>

### 30. NET FOREIGN EXCHANGE TRANSACTIONS

For the years ended December 31, 2021 and 2020, net foreign exchange transactions for the Bank and its subsidiaries are as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
<b>NET FOREIGN EXCHANGE TRANSACTIONS</b>		
Net gains on currency positions	27,811	15,199
Other currency gains	413	949
<b>SUBTOTAL</b>	<b>28,224</b>	<b>16,148</b>
<b>NET LOSS FOR EXCHANGE RATE ADJUSTMENTS</b>		
Indexation of other liabilities	(3,011)	(10)
<b>SUBTOTAL</b>	<b>(3,011)</b>	<b>(10)</b>
<b>NET LOSS ON HEDGING DERIVATIVES</b>		
Net foreign exchange loss (hedged)	(22,373)	(10,337)
<b>SUBTOTAL</b>	<b>(22,373)</b>	<b>(10,337)</b>
<b>TOTAL</b>	<b>2,840</b>	<b>5,801</b>

### 31. LOAN LOSS PROVISIONS

Movements in loan loss provisions for the years ended December 31, 2021 and 2020, 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		DECEMBER		DECEMBER	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>PROVISIONS RECOGNIZED:</b>												
Individual provisions	(117)	(2)	(129,951)	(104,497)	-	-	-	-	(4,063)	(4,537)	(134,131)	(109,036)
Group provisions	-	-	(15,423)	(11,703)	(17,339)	(2,397)	(27,066)	(61,582)	(3,772)	(4,741)	(63,600)	(80,423)
Additional provisions	-	-	(2,500)	(3,000)	(500)	-	(1,500)	(1,000)	-	-	(4,500)	(4,000)
Minimum provision adjustment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total provisions recognized</b>	<b>(117)</b>	<b>(2)</b>	<b>(147,874)</b>	<b>(119,200)</b>	<b>(17,839)</b>	<b>(2,397)</b>	<b>(28,566)</b>	<b>(62,582)</b>	<b>(7,835)</b>	<b>(9,278)</b>	<b>(202,231)</b>	<b>(193,459)</b>
<b>REVERSAL OF PROVISIONS:</b>												
Individual provisions	107	3	61,219	59,740	-	-	-	-	3,218	3,803	64,544	63,546
Group provisions	-	-	14,485	12,651	1,586	1,974	32,480	35,628	3,761	3,860	52,312	54,113
Additional provisions	-	-	-	-	-	-	-	-	-	-	-	-
Minimum provision adjustment	-	-	-	1,325	-	-	-	-	-	86	-	1,411
<b>Total provisions reversed</b>	<b>107</b>	<b>3</b>	<b>75,704</b>	<b>73,716</b>	<b>1,586</b>	<b>1,974</b>	<b>32,480</b>	<b>35,628</b>	<b>6,979</b>	<b>7,749</b>	<b>116,856</b>	<b>119,070</b>
Collection of written-off assets	-	-	3,034	1,458	3	10	3,379	2,633	-	-	6,416	4,101
<b>NET RESULT</b>	<b>(10)</b>	<b>1</b>	<b>(69,136)</b>	<b>(44,027)</b>	<b>(16,251)</b>	<b>(413)</b>	<b>7,293</b>	<b>(24,321)</b>	<b>(856)</b>	<b>(1,529)</b>	<b>(78,959)</b>	<b>(70,288)</b>

In management's opinion, the loan loss provisions recognized for the years ended December 31, 2021 and 2020, 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) These expenses for the years ended December 31, 2021 and 2020, are detailed as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
Payroll	(37,901)	(39,672)
Bonuses	(6,778)	(15,359)
Severance indemnities	(5,451)	(5,080)
Training expenses	(96)	(74)
Other benefits	(5,523)	(5,239)
<b>TOTAL</b>	<b>(55,749)</b>	<b>(65,424)</b>

B) Other personnel expenses recognized during the years ended December 31, 2021 and 2020, are as follows:

	AS OF DECEMBER 31,		REASON FOR BENEFIT	TOTAL	
	2021	2020		2021 MCH\$	2020 MCH\$
<b>BONUSES</b>					
Productivity bonus	1,149	1,292	Voluntary	(6,709)	(10,395)
Legal bonuses and employer contributions	1,094	1,145	Contractual	(2,586)	(3,126)
Other bonuses	1,128	1,280	Contractual	2,517	(1,838)
<b>TOTAL BONUSES</b>				<b>(6,778)</b>	<b>(15,359)</b>
<b>OTHER BENEFITS</b>					
Health insurance	1,142	1,289	Contractual	(1,304)	(1,328)
Life insurance	208	264	Contractual	(111)	(148)
Meal allowance	1,093	1,259	Contractual	(1,740)	(1,731)
Childcare	33	38	Birth of child	(182)	(249)
Other benefits	1,104	1,196	Voluntary	(2,186)	(1,783)
<b>TOTAL OTHER BENEFITS</b>				<b>(5,523)</b>	<b>(5,239)</b>

### 33. ADMINISTRATIVE EXPENSES

This account is detailed as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
<b>GENERAL ADMINISTRATIVE EXPENSES</b>		
Maintenance and repair of Bank's property, plant and equipment	(4,388)	(4,323)
Expenses for short-term leases	(2,404)	(2,254)
Insurance premiums	(868)	(525)
Office supplies	(188)	(233)
IT and communications expenses	(5,796)	(5,940)
Lighting, heating and other utilities	(309)	(410)
Security services and armored transport	(115)	(159)
Travel and entertainment expenses	(87)	(113)
Court and notary expenses	(2,628)	(1,741)
Fees for technical reports	(21,689)	(13,810)
Audit fees	(279)	(228)
Securities rating fees	(62)	(31)
Other regulatory fines	(59)	(41)
Banking expenses	(568)	(227)
Building fees	(911)	(947)
Postage and mail	(96)	(106)
Credit card expenses - Retail Banking	(3,722)	(4,284)
Other general administrative expenses	(6,302)	(6,796)
<b>SUBTOTAL</b>	<b>(50,471)</b>	<b>(42,168)</b>
<b>OUTSOURCED SERVICES:</b>		
Data processing	(9,346)	(8,870)
Other	(2,034)	(2,201)
<b>SUBTOTAL</b>	<b>(11,380)</b>	<b>(11,071)</b>
Board fees	(1,230)	(1,059)
Advertising	(3,293)	(2,839)
<b>TAXES, PROPERTY TAXES AND CONTRIBUTIONS:</b>		
Property taxes	(493)	(195)
Municipal business permits	(959)	(923)
Other taxes	(48)	(32)
Contribution to CMF	(2,448)	(2,308)
<b>SUBTOTAL</b>	<b>(3,948)</b>	<b>(3,458)</b>
<b>TOTAL</b>	<b>(70,322)</b>	<b>(60,595)</b>



## 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, 2021 and 2020, are as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
Depreciation of property, plant and equipment	(1,816)	(2,127)
Amortization and impairment of intangible assets	(4,082)	(4,034)
Amortization and depreciation of right-to-use assets	(1,593)	(1,675)
<b>TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT</b>	<b>(7,491)</b>	<b>(7,836)</b>

## 35. IMPAIRMENT

### • INVESTMENTS HELD 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, 2021 and 2020, no impairment losses were recognized for investments available for sale.

### • INTANGIBLE ASSETS

For the year ended December 31, 2021 and 2020, no impairment losses were recognized on intangible assets.

## 36. OTHER OPERATING INCOME AND EXPENSES

### A) OTHER OPERATING INCOME

Details of other operating income in the consolidated statement of income is as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
Income from repossessed assets	687	304
Reversal of contingency provisions	116	184
Gain on sale of property, plant and equipment	2,146	1,028
Rental payments received	87	141
Recovery of expenses	2,032	1,465
Leasing division income	410	431
Mortgage division income	31	31
Other income	332	277
<b>TOTAL OTHER OPERATING INCOME</b>	<b>5,841</b>	<b>3,861</b>

### B) OTHER OPERATING EXPENSES

	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
Provisions for repossessed assets (*)	(960)	(1,602)
Write-offs of repossessed assets (*)	(870)	(1,038)
Maintenance expenses for repossessed assets (*)	(143)	(179)
Contingency provisions (*)	(389)	(373)
Loss on sale of property, plant and equipment	-	(12)
Operational write-offs (**)	(108)	(121)
Mortgage costs	(1,650)	(2,545)
Operating expenses	(1,465)	(2,183)
Loss on sale of recovered leased assets	(69)	(1,251)
Lease normalization expenses	(173)	(224)
Legal contingency expenses	-	(76)
Other expenses	(849)	(848)
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>(6,676)</b>	<b>(10,452)</b>



## 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,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>LOANS AND RECEIVABLES:</b>								
Commercial loans	81,796	76,173	26	34	2,326	2,738	84,148	78,945
Mortgage loans	-	-	-	-	6,679	8,484	6,679	8,484
Consumer loans	-	-	-	-	1,132	1,338	1,132	1,338
<b>GROSS LOANS AND RECEIVABLES</b>	<b>81,796</b>	<b>76,173</b>	<b>26</b>	<b>34</b>	<b>10,137</b>	<b>12,560</b>	<b>91,958</b>	<b>88,767</b>
Loan loss provisions	449	(586)	-	-	35	(55)	484	(641)
<b>NET LOANS AND RECEIVABLES</b>	<b>82,245</b>	<b>75,587</b>	<b>26</b>	<b>34</b>	<b>10,172</b>	<b>12,505</b>	<b>92,442</b>	<b>88,126</b>
<b>CONTINGENT LOANS:</b>								
Total contingent loans	26,898	25,583	58	59	2,978	3,656	29,935	29,298
Contingent loan provisions	(91)	(105)	(1)	(1)	(6)	(7)	(99)	(113)
<b>NET CONTINGENT LOANS</b>	<b>26,807</b>	<b>25,478</b>	<b>57</b>	<b>58</b>	<b>2,972</b>	<b>3,649</b>	<b>29,836</b>	<b>29,185</b>
<b>INVESTMENTS</b>								
Held for trading	-	-	-	-	-	-	-	-
Available for sale	-	-	-	-	-	-	-	-
<b>TOTAL INVESTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>109,052</b>	<b>101,065</b>	<b>83</b>	<b>92</b>	<b>13,144</b>	<b>16,154</b>	<b>122,278</b>	<b>117,311</b>

**B) OTHER ASSETS AND LIABILITIES WITH RELATED PARTIES**

	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>ASSETS</b>		
Financial derivative instruments	18,421	60,747
<b>TOTAL OTHER ASSETS WITH RELATED PARTIES</b>	<b>18,421</b>	<b>60,747</b>
<b>LIABILITIES</b>		
Financial derivative instruments	18,993	32,192
Demand deposits	122,684	24,869
Savings accounts and time deposits	487,245	456,709
<b>TOTAL OTHER LIABILITIES WITH RELATED PARTIES</b>	<b>628,922</b>	<b>513,770</b>

**C) GAIN (LOSS) ON TRANSACTIONS WITH RELATED PARTIES**

	GAIN (LOSS)	
	DECEMBER 31,	
	2021 MCH\$	2020 MCH\$
Net interest and indexation income	2,014	231
Net fee and commission income	579	1,418
Net foreign exchange transactions	728	571
Operating support expenses	(28,784)	(34,519)
Operating support income	5,623	12,798
Other income and expenses	490	(5,370)
<b>TOTAL LOSS FROM RELATED PARTY TRANSACTIONS</b>	<b>(19,350)</b>	<b>(24,871)</b>



## 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		CHARGES TO PROFIT	
		DECEMBER 31,		DECEMBER 31,	
		2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
Capital S.A. (Formerly Inversiones Invest Security Ltda.)	Service contract	-	-	12,976	11,919
Travel Security S.A.	Office lease and air tickets	800	807	233	91
Seguros Vida Security Previsión S.A.	Insurance	1,712	5,128	3,058	2,896
Global Security Gestión y Servicios Ltda.	Service contract	-	-	7,907	14,267
Mandatos Security Ltda.	Service contract	-	-	1,871	2,117
Redbanc S.A.	Service contract	-	-	748	611
Transbank S.A.	Service contract	2,231	5,783	1,853	2,496
Rentas Inmobiliaria Fenix SPA	Service contract	480	482	-	-
ENEL S.A. (formerly Chilectra S.A.)	Sale of electric power	-	-	-	122
Cabo de Hornos S.A.	Proceeds from lease agreement	-	263	-	-
Agricovial S.A.	Proceeds from lease agreement	121	116	-	-
Factoring Security Ltda.	Advisory services and leases	-	-	138	-
Inmobiliaria e Inversiones Alcantara S.A.	Advisory services	-	220	-	-
Carmen Mackenna y Compañía Limitada	Service contract	171	-	-	-
Francisco Regulez y Cía Ltda.	Proceeds from lease agreement	108	-	-	-

## E) PAYMENTS TO BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

In 2021 and 2020, the following payments were made to members of the Board and key managers and expensed.

	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
Payroll and bonuses	3,507	4,694
Severance indemnities	22	2,484
Board compensation and fees	1,059	994
<b>TOTAL</b>	<b>4,588</b>	<b>8,172</b>

	NO. OF EXECUTIVES	
	2021	2020
Directors	13	12
CEOs	3	3
Division Managers	3	3
Department Managers	13	14
<b>TOTAL</b>	<b>32</b>	<b>32</b>

## 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, 2021 and 2020, the estimated fair values of the Bank's financial instruments are as follows:

	CARRYING AMOUNT		ESTIMATED FAIR VALUE	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>ASSETS</b>				
Cash and due from banks	840,208	447,692	840,208	447,692
Transactions in the course of collection	54,727	39,433	54,727	39,433
Financial instruments held for trading	48,564	110,673	48,564	110,673
Receivables from repurchase agreements and securities borrowing	-	-	-	-
Financial derivative instruments	240,391	223,385	240,391	223,385
Loans and advances to banks	2,824	724	2,830	725
Loans to customers	6,570,023	6,104,615	7,023,538	6,490,996
Investments available for sale	1,334,855	932,317	1,334,855	932,317
Investments held to maturity	-	-	-	-
<b>LIABILITIES</b>				
Current accounts and other demand deposits	1,717,574	1,175,142	1,717,574	1,175,142
Transactions in the course of payment	42,893	29,276	42,893	29,276
Payables from repurchase agreements and securities lending	2,470	9,764	2,339	9,761
Savings accounts and time deposits	1,865,280	1,890,734	1,859,860	1,874,943
Financial derivative instruments	248,185	220,106	248,185	220,106
Borrowings from financial institutions	1,473,907	1,052,094	1,476,860	1,064,101
Debt issued	3,147,284	2,930,589	3,014,447	3,302,362
Other financial liabilities	29,946	18,515	36,920	18,439



The fair value of assets not recorded 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 corresponding committees and Boards at least once per year, or more frequently if the need arises.

Level 3 includes price estimates for swaps with a rate curve based on the TAB rate (Chilean pesos and Unidad de Fomento), since a rate 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 recorded 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, 2021 and 2020, respectively.

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>FINANCIAL ASSETS</b>								
FINANCIAL INSTRUMENTS HELD FOR TRADING:								
CHILEAN GOVERNMENT AND CENTRAL BANK INSTRUMENTS								
Chilean Central Bank instruments	-	22	5,017	2,500	-	-	5,017	2,522
Chilean Treasury instruments	-	204	-	-	-	-	-	204
Other government instruments	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	-	226	5,017	2,500	-	-	5,017	2,726
OTHER FINANCIAL INSTRUMENTS								
Notes for deposits in domestic banks	-	-	3,239	12,425	-	-	3,239	12,425
Mortgage bonds in domestic banks	-	-	2,614	3,208	-	-	2,614	3,208
Bonds from domestic banks	-	2,404	17,823	31,836	-	-	17,823	34,240
Other instruments issued in Chile	4,407	4,839	9,880	13,802	-	-	14,287	18,641
Mutual funds	5,584	39,433	-	-	-	-	5,584	39,433
<b>SUBTOTAL</b>	9,991	46,676	33,556	61,271	-	-	43,547	107,947
<b>TOTAL</b>	9,991	46,902	38,573	63,771	-	-	48,564	110,673
TRADING DERIVATIVES:								
Currency forwards	3,981	1,353	79,102	61,259	-	-	83,083	62,612
Interest rate swap	-	-	39,873	77,266	-	-	39,873	77,266
Currency swaps	-	-	73,725	52,254	1,735	2,346	75,460	54,600
<b>TOTAL ASSETS FOR TRADING DERIVATIVES</b>	3,981	1,353	192,700	190,779	1,735	2,346	198,416	194,478
HEDGE ACCOUNTING DERIVATIVES:								
Interest rate swaps	-	-	-	13	-	-	-	13
Currency swaps	-	-	41,975	28,894	-	-	41,975	28,894
<b>TOTAL ASSETS FOR HEDGE ACCOUNTING DERIVATIVES</b>	-	-	41,975	28,907	-	-	41,975	28,907
<b>TOTAL ASSETS FOR FINANCIAL DERIVATIVES</b>	3,981	1,353	234,675	219,686	1,735	2,346	240,391	223,385
INVESTMENTS AVAILABLE FOR SALE:								
CHILEAN GOVERNMENT AND CENTRAL BANK INSTRUMENTS								
Chilean Central Bank instruments	539,500	469,978	171,930	10,708	-	-	711,430	480,686
Chilean Treasury instruments	107,170	38,560	49,303	40,367	-	-	156,473	78,927
Other government instruments	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	646,670	508,538	221,233	51,075	-	-	867,903	559,613
OTHER FINANCIAL INSTRUMENTS								
Notes for deposits in domestic banks	9,483	-	125,064	36,100	-	-	134,547	36,100
Mortgage bonds in domestic banks	-	-	20,472	24,031	-	-	20,472	24,031
Bonds from domestic companies	22,845	42,555	177,768	120,410	-	-	200,613	162,965
Other instruments issued in Chile	-	-	4,069	-	-	-	4,069	-
Foreign sovereign or central bank instruments	-	-	-	-	-	-	-	-
Other instruments issued abroad	107,251	149,608	-	-	-	-	107,251	149,608
<b>SUBTOTAL</b>	139,579	192,163	327,373	180,541	-	-	466,952	372,704
<b>TOTAL</b>	786,249	700,701	548,606	231,616	-	-	1,334,855	932,317
<b>TOTAL FAIR VALUE ASSETS</b>	800,220	748,956	821,854	515,073	1,735	2,346	1,623,809	1,266,375
FINANCIAL LIABILITIES								
TRADING DERIVATIVES:								
Currency forwards	(3,453)	(4,123)	(70,608)	(66,601)	-	-	(74,061)	(70,724)
Interest rate swaps	-	-	(38,786)	(78,345)	(77)	(59)	(38,863)	(78,404)
Currency swaps	-	-	(90,056)	(51,418)	-	-	(90,056)	(51,418)
Interest rate put options	-	-	-	-	(38)	(16)	(38)	(16)
<b>TOTAL LIABILITIES FOR TRADING DERIVATIVES</b>	(3,453)	(4,123)	(199,450)	(196,364)	(115)	(75)	(203,017)	(200,562)
HEDGE ACCOUNTING DERIVATIVES:								
Interest rate swaps	-	-	-	(71)	-	-	-	(71)
Currency swaps	-	-	(45,167)	(19,473)	-	-	(45,167)	(19,473)
<b>TOTAL LIABILITIES FOR HEDGE ACCOUNTING DERIVATIVES</b>	-	-	(45,167)	(19,544)	-	-	(45,167)	(19,544)
<b>TOTAL LIABILITIES FOR FINANCIAL DERIVATIVES</b>	(3,453)	(4,123)	(244,616)	(215,908)	(115)	(75)	(248,184)	(220,106)
<b>TOTAL FAIR VALUE LIABILITIES</b>	(3,453)	(4,123)	(244,616)	(215,908)	(115)	(75)	(248,184)	(220,106)



## 39. RISK MANAGEMENT

- I. RISK MANAGEMENT OBJECTIVES
- II. RISK MANAGEMENT STRUCTURE
- III. CREDIT RISK
- IV. FINANCIAL RISK
- V. OPERATIONAL RISK
- VI. RISK COMMITTEES
- 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. Its objective is to minimize losses from risk and optimize the risk-return ratio and growth (risk appetite) defined by senior management.

This requires considerable effort by the Bank to optimize risk management. Therefore, risk management is separated into three specific risk divisions: 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.

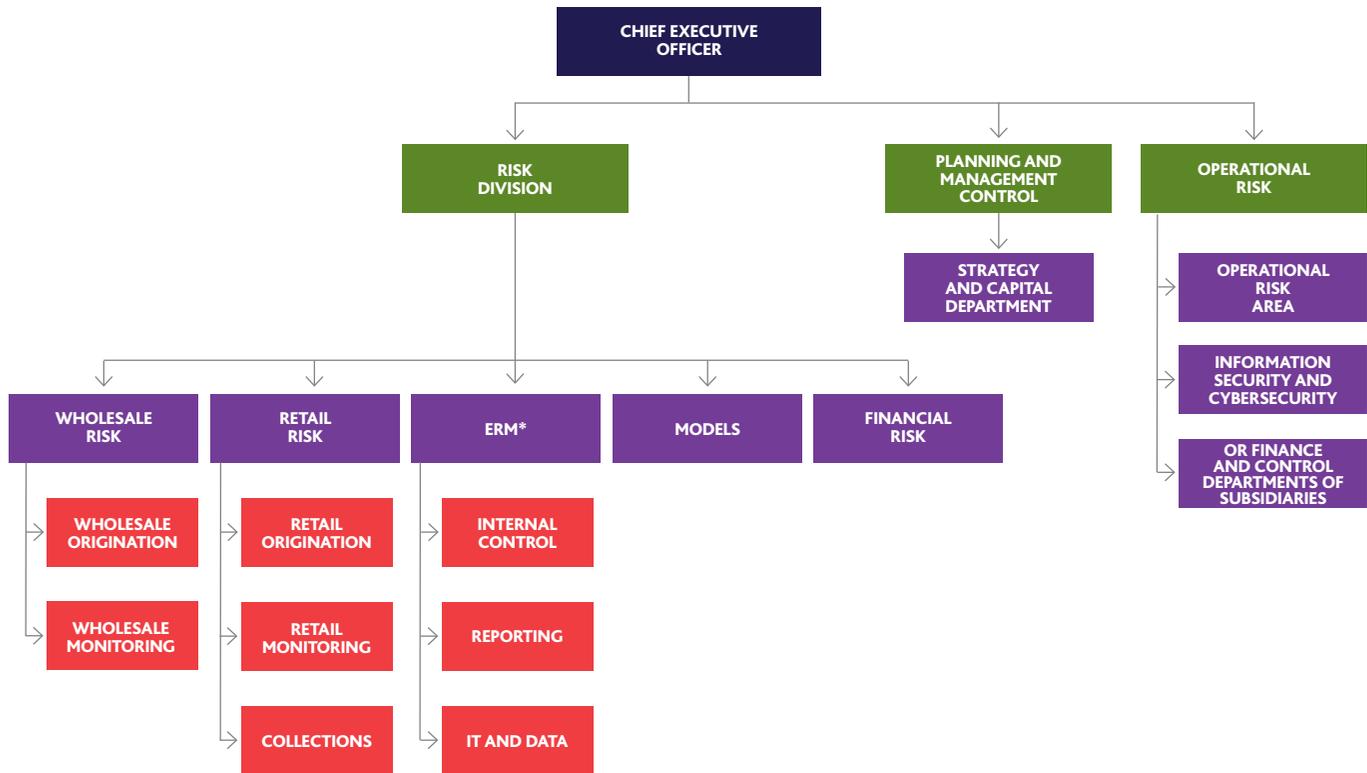
### II. RISK MANAGEMENT STRUCTURE

Risk management is carried out through three divisions that report to the Chief Executive Officer: The Risk Division (credit and financial risk); the Operational Risk Division, and the Cybersecurity Division, all of which operate independently from other business areas and serve as a counterbalance on the Bank's various committees.

The Risk Division, which oversees credit and financial risk, is divided into five departments: wholesale risk, retail risk, ERM, models and financial risk.

The two remaining divisions are the Operational Risk and Cybersecurity divisions. This structure helps create complete independence from possible sources of operational risk.

The Bank's risk division is structured as follows:



(\*) ENTERPRISE RISK MANAGEMENT

There is also a Loan Restructuring Department for individually assessed wholesale 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.

**DEPARTMENT DESCRIPTIONS:**

**1) CREDIT RISK:**

**WHOLESALE RISK:**

This department is responsible for the entire credit risk process associated with the risk of individual customer transactions (wholesale), which are mainly associated with Commercial Banking and Finance. 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 collection. To accomplish this, the department is structured as follows:



#### A. WHOLESALE ORIGATION DEPARTMENT

Department responsible for performing risk analysis during origination for all wholesale customers, which includes large companies, medium-sized companies, finances and subsidiaries, 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 Managers Committee; and acts as secretary for the Board Credit Committee.

It has specialists in critical sectors, such as real estate analysis, agriculture and structured financing. It supports reports and warnings used by the monitoring department to control these customers.

It serves as the counterparty and controls the loan process for subsidiaries.

#### B. WHOLESALE 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 responsible for the entire credit process associated with retail customer transactions (Retail Banking). 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 collection through the collections department. To accomplish this, the department is structured as follows:

#### A. RETAIL LOAN ORIGATION AND APPROVAL DEPARTMENT:

This department is responsible for the origination process, covering target market, assessment and decision, for customer transactions in the Retail Banking Division. It is responsible for defining the policies and procedures for this process and ensuring compliance, all in line with the defined risk appetite.

It is responsible for creating sales campaigns and monitoring outcomes.

## B. RETAIL 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 monitoring process of each transaction/customer, in order to minimize potential losses.

This department is responsible for monitoring all of the Bank's models and making recommendations regarding any deviations detected.

## C. 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).

## ERM (ENTERPRISE RISK MANAGEMENT) DEPARTMENT

This department is responsible for universal processes and provides support to the rest of the division. It is responsible for internal control, reporting, and IT management, data and systems maintenance.

### INTERNAL CONTROL

This department is responsible for centralizing central processes, such as the provisioning process at the month-end close, appraisal management and validation of regulatory files.

It is also charged with controlling internal objectives and it coordinates and monitors budgets.

It is responsible for monitoring compliance with management processes, and ensuring that policies and guidelines are updated, and prepares Board and risk committee information.

### REPORTING

This department is responsible for preparing risk management and analysis reports, in order to 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.

It participates in the management of CRWAs by supporting the Bank's capital department.



## DATA AND IT

This department is responsible for maintaining the management's data and databases, coordinating system maintenance, and supporting the division in all IT-related matters.

## MODELS DEPARTMENT

This department is responsible for creating and maintaining models, in accordance with the Bank's requirements and guidelines from the Model Monitoring Department.

## 2. FINANCIAL RISK

### FINANCIAL RISK DEPARTMENT

This department is responsible for ensuring financial risk is effectively managed. It is staffed by six employees. Further information on its functions is available in section IV.

## 3. OPERATIONAL RISK

### OPERATIONAL RISK AND CYBERSECURITY DIVISION

This division is responsible for ensuring correct operational risk management, business continuity and information security and cybersecurity. It helps to address operational risk issues associated with capital management. It is comprised of three departments that comprehensively manage these risks. Further information on its functions is available in section V.

## III. CREDIT RISK

### A. CREDIT RISK MANAGEMENT OBJECTIVES:

The objective of the Credit Risk 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:

- Wholesale Risk
- Retail Risk
- Enterprise Risk Management (ERM)
- Models

**C. CREDIT RISK PROCESS:**

The following chart details the six stages of the loan approval process and the departments that participate in each stage.

LOAN APPROVAL PROCESS	COMMERCIAL	RETAIL
Target Market	Wholesale Risk Management	Retail Risk Management
Credit Analysis and Assessment		
Loan Decision		
Credit Management		
Credit Monitoring and Control		
Collections		

**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 in the market and the risks associated with the segments, these are reflected in the wholesale risk policy, the retail risk policy, and the wholesale and retail origination guidelines, respectively.

**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 is a Board Credit Committee and an Executive Credit Committee. 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 ensures customers are correctly rated, 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. Customers in this segment are individually rated, which includes customers with debt and sales above a specific level, and all projects, real estate companies, institutional companies, non-profit companies and bankruptcies.

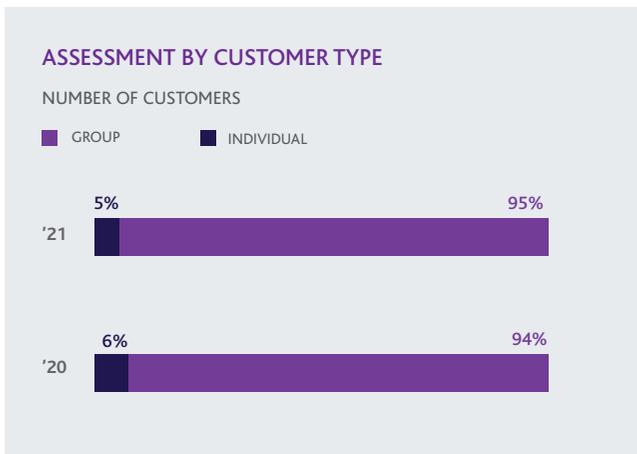
D.2 RATING GROUP LOANS:

Group assessments are used for customers that tend to behave similarly. Thus, they are assessed using methodologies and models to analyze transactions related to the same product.

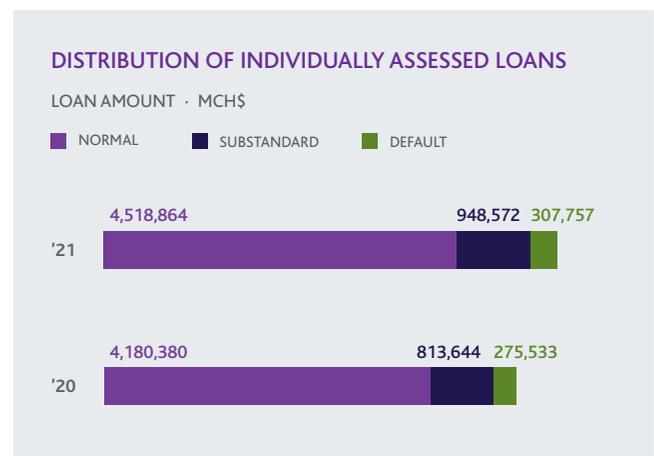
1. Commercial Products
2. Consumer Products
3. Mortgage Products

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 2020 MCH\$

PORTFOLIO	LOANS	PAST DUE	NPL (> 90)	% PAST DUE / LOANS	% NPL (> 90) / LOANS
COMMERCIAL	5,291,965	7,970	36,134	0.12%	0.54%
CONSUMER	711,609	1,459	1,730	0.02%	0.03%
RESIDENTIAL MORTGAGE	710,791	140	819	0.00%	0.01%
<b>TOTAL</b>	<b>6,714,365</b>	<b>9,569</b>	<b>38,683</b>	<b>0.14%</b>	<b>0.58%</b>

##### DECEMBER 2021 MCH\$

PORTFOLIO	LOANS	PAST DUE	NPL (> 90)	% PAST DUE / LOANS	% NPL (> 90) / LOANS
COMMERCIAL	5,794,852	14,571	31,485	0.20%	0.43%
CONSUMER	692,159	1,103	982	0.02%	0.01%
RESIDENTIAL MORTGAGE	823,657	1290	729	0.00%	0.01%
<b>TOTAL</b>	<b>7,310,668</b>	<b>15,803</b>	<b>33,196</b>	<b>0.22%</b>	<b>0.45%</b>

The impaired portfolio by type of assessment is detailed as follows:

##### DECEMBER 2020 MCH\$

ASSESSMENT	LOANS	IMPAIRED	% IMP / LOANS
Group	1,733,025	63,367	0.94%
Individual	4,981,339	391,395	5.83%
<b>TOTAL</b>	<b>6,714,364</b>	<b>454,762</b>	<b>6.77%</b>

##### DECEMBER 2021 MCH\$

ASSESSMENT	LOANS	IMPAIRED	% IMP / LOANS
Group	1,891,844	60,360	0.83%
Individual	5,418,824	412,289	5.64%
<b>TOTAL</b>	<b>7,310,668</b>	<b>472,649</b>	<b>6.47%</b>

### III. 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 net income, 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 is responsible for monitoring and controlling risks, but it 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 movements in interest rates, foreign currencies, indexation indices 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	
	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>TRADING:</b>		
Fixed income (rate)	265	122
Derivatives (rate)	173	22
Embedded options (price)	2	3
FX (currency)	154	49
Shares (price)	2	1
Diversification effect	(121)	(1)
<b>TOTAL PORTFOLIO</b>	<b>475</b>	<b>196</b>
<b>AVAILABLE FOR SALE:</b>		
Rate	1,384	459
<b>TOTAL PORTFOLIO</b>	<b>1,384</b>	<b>459</b>
Total diversification	(271)	(99)
<b>TOTAL VAR</b>	<b>1,588</b>	<b>556</b>

## 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	
	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>MARKET RISK</b>		
Interest rate risk	7,709	6,846
Currency risk	2,942	2,714
Options risk	12	6
<b>Total risk</b>	<b>10,663</b>	<b>9,566</b>
Consolidated risk-weighted assets	7,043,682	6,596,514
Regulatory capital (RC)	982,029	926,896
<b>Basel limit</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Basel with market risk</b>	<b>13.68%</b>	<b>13.80%</b>
<b>Basel I</b>	<b>13.94%</b>	<b>14.05%</b>

	MARKET RISK BANKING BOOK	
	AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2020 MCH\$
<b>SHORT-TERM</b>		
Interest rate risk (short-term)	32,336	26,515
UF mismatch	8,121	168
Sensitive commissions	180	220
<b>Total risk</b>	<b>40,637</b>	<b>26,903</b>
Limit 35% margin (Board)	77,138	71,880
Surplus (Board)	36,501	44,977
<b>LONG-TERM</b>		
Interest rate risk	37,895	41,755
Limit 25% RC (Board)	245,507	231,724
Surplus (Board)	207,612	189,969

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 increasing 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.
- **LIQUIDITY MARKET 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 CMF every three days.

Details of regulatory liquidity gaps as of December 31, 2021 and 2020, 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Available funds	847,972	491,213	-	-	-	-	-	-	-	-	-	-	847,972	491,213
Financial investments	829,691	943,557	143,689	1,681	200	9,921	151,905	24,782	135,629	35,012	160,344	31,393	1,421,458	1,046,346
Loans to other domestic banks	288	52	678	-	155	-	-	-	-	-	-	-	1,121	52
Commercial and consumer loans	507,414	500,920	500,900	503,257	1,267,397	1,322,935	1,392,523	987,212	1,243,321	1,394,733	1,469,878	1,250,582	6,381,433	5,959,639
Lines of credit and overdrafts	261,259	312,003	533,354	627,275	717,542	643,708	-	-	-	-	-	-	1,512,155	1,582,986
Residential mortgage loans	5,340	4,846	11,035	9,728	50,274	43,977	329,496	226,036	294,192	319,343	347,800	286,338	1,038,137	890,268
Other assets	109,360	96,490	1,219	513	495	74	-	-	-	-	-	-	111,074	97,077
Derivatives	74,240	218,434	194,003	163,990	275,822	134,314	127,554	92,032	113,887	130,022	134,639	116,584	920,145	855,376
	2,635,564	2,567,515	1,384,878	1,306,444	2,311,885	2,154,929	2,001,478	1,330,062	1,787,029	1,879,110	2,112,661	1,684,897	12,233,495	10,922,957
Current accounts and other demand deposits	1,617,178	1,128,570	-	-	-	-	-	-	-	-	-	-	1,617,178	1,128,570
Domestic interbank loans	10,828	4,762	42,103	-	5,991	-	586,573	262,464	282,423	262,806	296,219	325,658	1,224,137	855,690
Savings accounts and time deposits	602,110	600,990	604,470	726,053	652,362	546,052	11,181	7,096	5,384	7,106	5,646	8,805	1,881,153	1,896,102
External funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage bonds	114	303	157	418	439	1,215	520	3,459	250	3,464	262	4,292	1,742	13,151
Bonds	2,363	1,999	91,914	16,602	349,670	337,539	1,527,847	893,776	735,627	894,939	771,560	1,108,972	3,478,981	3,253,827
Lines of credit and overdrafts	267,453	314,111	543,518	636,225	728,761	655,195	-	-	-	-	-	-	1,539,732	1,605,531
Other liabilities	215,858	202,809	42,623	55,807	179,381	100,113	36,219	24,273	17,439	24,304	18,290	30,117	509,810	437,423
Derivative instruments	98,042	239,529	198,384	168,609	273,281	122,231	155,684	92,822	74,959	92,943	78,620	115,171	878,970	831,305
	2,813,946	2,493,073	1,523,169	1,603,714	2,189,885	1,762,345	2,318,024	1,283,890	1,116,082	1,285,562	1,170,597	1,593,015	11,131,703	10,021,599
Net cash flow	(178,382)	74,442	(138,291)	(297,270)	122,000	392,584	(316,546)	46,172	670,947	593,548	942,064	91,882	1,101,792	901,358
Accumulated net cash flow	(178,382)	74,442	(316,673)	(222,828)	(194,673)	169,756	(511,219)	215,928	159,728	809,476	1,101,792	901,358		
Regulatory limit	(700,559)	(659,308)	(1,401,118)	(1,318,616)										
Limit exceeded by	(522,177)	(733,750)	(1,084,445)	(1,095,788)										



## Regulatory liquidity gap as of December 31, 2021 and 2020, in foreign currency presented in MCH\$

	< 1 MONTH		1 - 3 MONTHS		3 MONTHS 1 YEAR		1 - 3 YEARS		3 - 6 YEARS		> 6 YEARS		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Available funds	606,888	287,902	-	-	-	-	-	-	-	-	-	-	606,888	287,902
Financial investments	139,703	148,765	-	-	-	-	-	-	-	-	-	-	139,703	148,765
Loans to other domestic banks	288	52	678	-	155	-	-	-	-	-	-	-	1,121	52
Commercial and consumer loans	91,273	67,034	92,574	42,144	187,828	144,081	184,294	123,753	164,548	174,838	194,531	156,768	915,048	708,618
Lines of credit and overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	21,707	14,622	1,219	513	495	74	-	-	-	-	-	-	23,421	15,209
Derivatives	34,086	179,773	142,278	125,863	116,033	79,169	51,548	39,432	46,025	55,710	54,412	49,952	444,382	529,899
	893,945	698,148	236,749	168,520	304,511	223,324	235,842	163,185	210,573	230,548	248,943	206,720	2,130,563	1,690,445
Current accounts and other demand deposits	517,237	293,422	-	-	-	-	-	-	-	-	-	-	517,237	293,422
Domestic interbank loans	102	1,079	-	-	-	-	-	-	-	-	-	-	102	1,079
Savings accounts and time deposits	177,977	223,650	178,766	246,576	292,302	97,619	-	-	-	-	-	-	649,045	567,845
External funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	106,485	76,917	40,133	53,525	176,036	97,871	26,605	19,857	12,810	19,883	13,435	-	375,504	268,053
Derivative instruments	69,380	138,480	110,003	147,197	197,903	66,307	78,395	46,456	37,746	46,517	39,589	57,642	533,016	502,599
	871,181	733,548	328,902	447,298	666,241	261,797	105,000	66,313	50,556	66,400	53,024	57,642	2,074,904	1,632,998
Net cash flow	22,764	(35,400)	(92,153)	(278,778)	(361,730)	(38,473)	130,842	96,872	160,017	164,148	195,919	149,078	55,659	57,447
Accumulated net cash flow	22,764	(35,400)	(69,389)	(314,178)	(431,119)	(352,651)	(300,277)	(255,779)	(140,260)	(91,631)	55,659	57,447		
Regulatory limit	(700,559)	(659,308)												
Limit exceeded by	723,323	623,908												

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).

$$\text{LCR} = \text{High Quality Liquid Assets} / \text{Net Outflows Stressed up to 30 Days}$$

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 80% (year 2021), 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 2021 and reaching 344.16% 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, 2021, the Bank has six 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.
- 6) Fair Value Hedging Strategy, to hedge the risk of volatility in base interest rates on USD, arising from commercial loans placed in USD.

## 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 recorded 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, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
Balance MUF mortgage portfolio	26	36
Rate ceiling (average)	7.2%	7.2%
Option value MCH\$	39	16

## IV. 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 cause negative financial effects, then it will be treated as an "incident" and all losses and incidents are recorded on a consolidated basis, in accordance with the current regulatory framework.

### B. OBJECTIVES

The objective is to define a framework for managing operational risk in 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 risk and cybersecurity management strategy, implemented by the Operational Risk and Cybersecurity Division, must be consistent with the volume and complexity of the activities of the Bank and its subsidiaries. Therefore, it prepares action plans to manage operational risk in the following areas: products, processes and projects, fraud prevention, outsourced services, business continuity, information security and cybersecurity, which 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 alignment and compliance with the internal and external regulatory framework, annual planning, operational risk model and methodology, and tools to manage and monitor all operational risks at the Bank and its subsidiaries.

#### D. OPERATIONAL RISK STRUCTURE

The Operational Risk and Cybersecurity Division reports to the Chief Executive Officer and controls the Processes Operational Risk Department, which manages external fraud and outsourced services, the Finance Operational Risk Department, which controls operational risk issues at subsidiaries and capital management, and the Information Security and Business Continuity Department. The latter manages everything related to cybersecurity. This is a very important issue, as the Bank has changed how it delivers its services and the patterns and profiles of those who perpetrate illegal acts and who intend to affect the Organization have also changed. It has a second-line-of-defense supporting role in all the digital transformation and operational continuity processes.

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, in their role as process owners); the Operational Risk and Cybersecurity Division, which is responsible for operational risk management and monitoring (second line of defense, by proposing policies and a risk management framework); the Board of Directors and the Operational Risk Committee, who are responsible for ensuring that the Bank has an operational risk management framework in accordance with its objectives and best practices and that the Bank has the trained personnel, organizational structure and budget necessary to implement this framework. The third line of defense is the Internal Control Department, which plays an important role in ensuring that the model to manage this risk is correctly implemented. This model has three lines of defense with a process approach and continual audit monitoring.

#### 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, which should be universal and incorporate every organizational level.
- **QUALITATIVE MANAGEMENT**  
Detecting present, potential and emerging risks, in order to effectively manage them. That means avoiding, transferring, mitigating or accepting such risks. Qualitative management is based on:
  - Executing a process to identify and assess Operational Risks in processes and projects carried out by the organization.

- Managing an incident log
- Tracking key risk indicators (KRI) for the organization's main risks, based on its risk appetite.
- Monitoring critical and non-critical suppliers.
- **QUANTITATIVE MANAGEMENT**  
Creating awareness in the organization of the level and nature of consolidated 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 using analysis.

## E. 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 THE 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 THE RISKS:** Specifically analyzing each of the risks detected based on the context set to determine whether that risk has sufficient controls or requires an action or mitigation plan. This situation will be established in accordance with the priorities of the Bank and its subsidiaries.
- **ASSESSING THE RISKS:** Assessing each of the risks based on the probability of occurrence and the level of impact.
- **MITIGATING THE 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 THE RISKS:** 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.



## V. RISK COMMITTEES

In order to correctly manage risks, Banco Security has set up several risk committees, as described briefly below:

### A. CREDIT RISK COMMITTEES

The credit risk committees are the Board Credit Committee and the Executive 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 areas 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.

#### FREQUENCY

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 with the credit risk process through the Board Credit Risk Committee. Two directors and the chairman of the Board participate 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 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. MODELS 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 credit risk methods that the Bank uses or is considering using.

### **E. RISK COMMITTEE**

This committee's objective is to comprehensively review risks faced throughout 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 its risk appetite.

This committee also reviews credit risk policies and processes and lending authority and any proposed amendments. It also analyzes the matters and resolutions discussed by the remaining credit risk committees.

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 Management Control Division Manager at Banco Security
- Chief Financial Officer at Valores Security

## G. OPERATIONAL RISK COMMITTEE

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 Risk and Cybersecurity Division Manager (committee Secretary)
- Operations and IT 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 CISO Officer
- Asset Management Division Manager
- Compliance Manager
- Controller

The Controller for Banco 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.

The operational risk committee reports to the Comprehensive Risk Committee.

#### 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



## VI. 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 Basic Capital with the following adjustments: a) Adding subordinate bonds limited to 50% of Basic 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.

	CONSOLIDATED ASSETS		RISK-WEIGHTED ASSETS	
	AS OF DECEMBER 31,		AS OF DECEMBER 31,	
	2021 MCH\$	2020 MCH\$	2021 MCH\$	2020 MCH\$
<b>ASSETS, NET OF PROVISIONS</b>				
Cash and due from banks	840,208	447,692	-	-
Transactions in the course of collection	54,727	39,433	28,273	28,037
Financial instruments held for trading	48,564	110,673	24,610	57,745
Receivables from repurchase agreements and securities borrowing	-	-	-	-
Financial derivative instruments	170,621	146,623	130,988	115,207
Loans and advances to banks	2,824	724	1,928	683
Loans to customers	6,570,023	6,104,615	6,075,698	5,671,380
Investments available for sale	1,334,855	932,317	335,182	332,493
Investments held to maturity	-	-	-	-
Investments in other companies	2,111	2,095	2,111	2,095
Intangible assets	40,060	41,645	27,021	28,606
Property, plant and equipment	19,967	20,980	19,967	20,978
Lease right-of-use asset	7,398	7,297	7,398	7,297
Current tax assets	3,146	1,992	315	199
Deferred tax assets	58,785	28,899	5,879	2,890
Other assets	142,719	113,046	76,235	68,174
<b>OFF-BALANCE-SHEET ASSETS</b>				
Contingent loans	513,462	434,551	308,077	260,730
<b>TOTAL RISK-WEIGHTED ASSETS</b>	<b>9,809,470</b>	<b>8,432,582</b>	<b>7,043,682</b>	<b>6,596,514</b>

	AMOUNT	AMOUNT	RATIO	RATIO
	2021 MCH\$	2020 MCH\$	2021 %	2020 %
Core capital	700,559	661,885	7.14%	7.85%
Regulatory capital	982,029	926,896	13.94%	14.05%

Regulatory capital is calculated as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2020 MCH\$
<b>CORE CAPITAL</b>	700,559	661,885
Subordinated bonds	285,952	273,997
Additional provisions	8,500	4,000
Equity attributable to non-controlling interests	57	53
Goodwill subsidiaries	(13,039)	(13,039)
<b>REGULATORY CAPITAL</b>	<b>982,029</b>	<b>926,896</b>

## INFORMATION ON REGULATORY CAPITAL AND CAPITAL ADEQUACY INDICATORS

As of December 1, 2021, the CMF changed the indicators for regulatory capital requirements, following the recommendations and methods proposed by the Basel Committee on Banking Supervision (Basel III).

The new regulatory capital factors must be used to comply with the limits in the LGB, and each bank must appropriately manage its capital.

Therefore, the Basel III indicators and values are as follows:



TABLE 1: TOTAL ASSETS, RISK-WEIGHTED ASSETS AND REGULATORY CAPITAL COMPONENTS

ITEM NUMBER	TOTAL ASSETS, RISK-WEIGHTED ASSETS AND REGULATORY CAPITAL COMPONENTS UNDER BASEL III - ITEM DESCRIPTION	GLOBAL CONSOLIDATED	LOCAL CONSOLIDATED
		AS OF DECEMBER 31, 2021 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
1	Total assets according to the statement of financial position	9,125,386	9,125,386
2	Investment in unconsolidated subsidiaries	0	0
3	Assets discounted from regulatory capital, other than item 2	0	0
4	Loan equivalents	170,621	170,621
5	Contingent loans	513,462	513,462
5	Assets generated by brokering financial instruments	0	0
<b>7</b>	<b>= (1-2-3+4+5-6) Total assets for regulatory purposes</b>	<b>9,809,469</b>	<b>9,809,469</b>
8.a	Credit risk-weighted assets, estimated using standard method (CRWA)	6,725,591	6,725,591
8.b	Credit risk-weighted assets, estimated using internal methods (CRWA)	0	0
9	Market risk-weighted assets (MRWA)	290,889	290,889
10	Operational risk-weighted assets (ORWA)	455,879	455,879
<b>11.a</b>	<b>= (8.a/8.b+9+10) Risk-weighted assets (RWA)</b>	<b>7,472,359</b>	<b>7,472,359</b>
<b>11.b</b>	<b>= (8.a/8.b+9+10) Risk-weighted assets, after applying the output floor (RWA)</b>	<b>7,472,359</b>	<b>7,472,359</b>
12	Equity attributable to owners	700,559	700,559
13	Non-controlling interests	57	57
14	Goodwill	13,039	13,039
15	Excess minority investments	0	0
16	= (12+13-14-15) Common equity tier 1 equivalent (CET1)	687,577	687,577
17	Additional deductions to common equity tier 1, other than item 2	0	0
<b>18</b>	<b>= (16-17-2) Common Equity Tier 1 (CET1)</b>	<b>687,577</b>	<b>687,577</b>
19	Voluntary additional provisions as Additional Tier 1 capital (AT1)	8,500	8,500
20	Subordinated bonds as Additional Tier 1 capital (AT1)	66,224	66,224
21	Preferred shares as Additional Tier 1 capital (AT1)	0	0
22	Bonds with no fixed maturity as Additional Tier 1 capital (AT1)	0	0
23	Discounts applied to AT1	0	0
<b>24</b>	<b>= (19+20+21+22+23) Additional Tier 1 capital (AT1)</b>	<b>74,724</b>	<b>74,724</b>
<b>25</b>	<b>= (18+24) Tier 1 Capital</b>	<b>762,301</b>	<b>762,301</b>
26	Voluntary additional provisions as Tier 2 capital (T2)	0	0
27	Subordinated bonds as Tier 2 capital (T2)	219,728	219,728
<b>28</b>	<b>= (26+27) Tier 2 capital equivalent (T2)</b>	<b>219,728</b>	<b>219,728</b>
29	Discounts applied to T2	0	0
<b>30</b>	<b>= (28-29) Tier 2 capital (T2)</b>	<b>219,728</b>	<b>219,728</b>
<b>31</b>	<b>= (25+30) Regulatory capital</b>	<b>982,029</b>	<b>982,029</b>
32	Additional core capital required for the conservation buffer	46,702	46,702
33	Additional core capital required for the countercyclical buffer	0	0
34	Additional core capital required for systemic banks	0	0
35	Additional capital required for sufficient regulatory capital (Pillar 2)	0	0

TABLE 2: BASEL III SOLVENCY INDICATORS AND REGULATORY COMPLIANCE INDICATORS  
(IN % WITH TWO DECIMAL PLACES)

ITEM NUMBER	BASEL III SOLVENCY INDICATORS AND REGULATORY COMPLIANCE INDICATORS (IN % WITH TWO DECIMAL PLACES) (*)	GLOBAL CONSOLIDATED	LOCAL CONSOLIDATED
		AS OF DECEMBER 31, 2021 %	AS OF DECEMBER 31, 2021 %
1	<b>Leverage indicator ( T1_I18/ T1_I7)</b>	<b>7.01%</b>	<b>7.01%</b>
2.A	Leverage indicator that applies to the Bank (without the additional systemic bank charge, if applicable).	7.01%	7.01%
2.B	Leverage indicator that applies to the Bank (including the additional systemic bank charge, if applicable).	7.01%	7.01%
3	<b>Common Equity Tier 1 Indicator (T1_I18 / T1_I11.b)</b>	<b>9.20%</b>	<b>9.20%</b>
4.a	Common equity tier 1 ratio that applies to the Bank (excluding the conservation buffer, the counter-cyclical buffer, the systemic bank charge and Pillar 2 charge)	4.50%	4.50%
4.B	Common equity tier 1 ratio that applies to the Bank (including the conservation buffer, the counter-cyclical buffer, the systemic bank charge and Pillar 2 charge)	5.13%	5.13%
5	<b>Tier 1 capital indicator (T1_I25 / T1_I11.b)</b>	<b>10.20%</b>	<b>10.20%</b>
5. a	Tier 1 capital indicator that applies to the Bank (excluding the conservation buffer, the counter-cyclical buffer, the systemic bank charge and Pillar 2 charge)	6.00%	6.00%
5.b	Tier 1 capital indicator that applies to the Bank (including the conservation buffer, the counter-cyclical buffer, the systemic bank charge and Pillar 2 charge)	6.63%	6.63%
6	<b>Capital adequacy indicator ( T1_I31/ T1_I11.b)</b>	<b>13.14%</b>	<b>13.14%</b>
6.a	Capital adequacy indicator that applies to the Bank (excluding the conservation buffer, the counter-cyclical buffer, the systemic bank charge and Pillar 2 charge)	8.00%	8.00%
6.b	Capital adequacy indicator that applies to the Bank (including the conservation buffer, the counter-cyclical buffer, the systemic bank charge and Pillar 2 charge)	8.63%	8.63%
7	<b>"Solvency rating (Level A, B or C) Regulatory compliance indicators for solvency."</b>	<b>A</b>	<b>A</b>
8	<b>Additional voluntary provisions as Tier 2 capital (T2) in relation to CRWAs (T1_I26/(T1_I8.a or 8.b))</b>	<b>0.00%</b>	<b>0.00%</b>
9	<b>Subordinated bonds as Tier 2 capital (T2) in relation to Common Equity Tier 1 (CET1)</b>	<b>31.96%</b>	<b>31.96%</b>
10	<b>Additional Tier 1 capital (AT1) in relation to Common Equity Tier 1 (CET1) (T1_I24/T1_I18)</b>	<b>10.87%</b>	<b>10.87%</b>
11	<b>Voluntary additional provisions and subordinated bonds as Additional Tier 1 capital (AT1) in relation to RWAs ((T1_I19+T1_I20)/T1_I11.b)</b>	<b>1.00%</b>	<b>1.00%</b>



## 40. SUBSEQUENT EVENTS

Between January 1, 2022, and the date these consolidated financial statements of Banco Security and its subsidiaries 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 24, 2022.

**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, 2021, subscribed and paid-in capital totaled MCH \$40,036.

### 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 DECEMBER 31, 2021 AND 2020

	12/31/2021 MCH\$	12/31/2020 MCH\$
<b>ASSETS</b>		
Cash and cash equivalents	66,745	34,853
Financial instruments	63,702	75,415
Brokerage receivables	11,991	13,681
Investments in other companies	3	3
Property, plant and equipment	1,180	1,538
Other assets	21,718	12,125
<b>TOTAL ASSETS</b>	<b>165,339</b>	<b>137,615</b>
<b>LIABILITIES AND EQUITY</b>		
Financial liabilities	13,264	37,380
Brokerage payables	16,330	15,721
Other liabilities	95,709	46,168
<b>TOTAL LIABILITIES</b>	<b>125,303</b>	<b>99,269</b>
Capital and reserves	37,693	37,020
Profit for the year	2,343	1,326
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>165,339</b>	<b>137,615</b>

	12/31/2021 MCH\$	12/31/2020 MCH\$
<b>STATEMENT OF INCOME</b>		
Brokerage income	8,077	7,550
Service revenue	1,937	4,007
Income from financial instruments	7,034	7,437
Income from financial transactions	(766)	(360)
Administrative and sales expenses	(16,544)	(17,142)
Other gains	592	90
Profit before tax	330	1,582
Income tax benefit (expense)	2,013	(256)
<b>PROFIT FOR THE YEAR</b>	<b>2,343</b>	<b>1,326</b>

# 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, 2021, subscribed and paid-in capital totaled MCH \$75,533.

## 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

Jose 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 DECEMBER 31, 2021 AND 2020

	12/31/2021 MCH\$	12/31/2020 MCH\$
<b>ASSETS</b>		
Cash and cash equivalents	17,288.4	1,944.4
Other current financial assets	5,869.4	57,088.1
Other current assets	4,403.8	3,297.5
Non-current assets	56,509.6	12,029.4
<b>TOTAL ASSETS</b>	<b>84,071.2</b>	<b>74,359.4</b>
<b>LIABILITIES</b>		
Current liabilities	7,981.4	3,674.7
Non-current liabilities	556.7	815.7
Issued capital	3,353.6	3,353.6
Other reserves	(980.0)	257.0
Retained earnings	73,159.5	66,258.4
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>84,071.2</b>	<b>74,359.4</b>

	12/31/2021 MCH\$	12/31/2020 MCH\$
<b>STATEMENT OF INCOME</b>		
Revenue	13,400.5	12,373.6
Administrative expenses	(7,994.9)	(10,101.5)
Finance costs	(162.8)	(172.2)
Other net income	2,311.1	2,217.5
<b>PROFIT BEFORE TAX</b>	<b>7,553.9</b>	<b>4,317.4</b>
Income tax expense	(652.8)	(479.9)
<b>PROFIT FOR THE YEAR</b>	<b>6,901.1</b>	<b>3,837.5</b>

## STATEMENT OF responsibility

### 2021 ANNUAL REPORT

The undersigned, in their roles as Directors and Chief Executive Officer of Banco Security, domiciled at Av. Apoquindo 3100, Las Condes, Santiago, Chile, declare under oath that the information contained in this annual report is a faithful representation of the truth and, therefore, we assume the corresponding legal liability.



**FRANCISCO SILVA SILVA**  
CHAIRMAN



**HERNÁN FELIPE ERRÁZURIZ CORREA**  
DIRECTOR



**BONIFACIO BILBAO HORMAECHE**  
DIRECTOR



**RAMON ELUCHANS OLIVARES**  
ALTERNATE DIRECTOR



**JORGE MARÍN CORREA**  
DIRECTOR

**JUAN CRISTÓBAL PAVEZ RECARTE**  
DIRECTOR

**RENATO PEÑAFIEL MUÑOZ**  
DIRECTOR

**MARIO WEIFFENBACH OYARZUN**  
ALTERNATE DIRECTOR

**IGNACIO RUIZ TAGLE VERGARA**  
ALTERNATE DIRECTOR

**EDUARDO IGNACIO OLIVARES VELOSO**  
CHIEF EXECUTIVE OFFICER

## Addresses

### MAIN TELEPHONE NUMBER:

(562) 2584 4000

### SECURITY CUSTOMER SERVICE:

(562) 2584 4060

### SECURITY PHONE:

(600) 2584 4040

Monday to Sunday, 24 hours a day

**WEB:** [www.security.cl](http://www.security.cl)

**EMAIL:** [banco@security.cl](mailto:banco@security.cl)

### BANKING EMERGENCIES:

800 200 717

TO CALL FROM CELLULAR PHONES:

(562) 2462 2117

Monday to Sunday, 24 hours a day

### BLOCK A MASTERCARD

IN CHILE:

Call Banking Emergencies line: 800 200 717

To call from cellular phones: (562) 2462 2117

Or to call Transbank: (56-2) 2782 1386

FROM OUTSIDE CHILE:

USA and Canada: 1 800 307 7309

Another country : 1 636 722 7111

### REPRESENTATIVE OFFICE IN HONG KONG

Suite 2407 - 9 Queen's Road, Central Hong Kong

Tel: (852) 9387 1027

### BRANCHES IN CHILE

#### HEADQUARTERS (EL GOLF)

Apoquindo 3100 – Las Condes

Business hours: 9:00 a.m. – 14:00 p.m.

Tel.: (56-2) 2584 3275

#### AGUSTINAS BRANCH

Agustinas 621 – Santiago

Business hours: 9:00 a.m. – 14:00 p.m.

Tel.: (56-2) 2584 4321

#### CHICUREO BRANCH

Camino Chicureo Km 1.7 – Colina

Business hours: 8:00 a.m. – 14:00 p.m.

Tel.: (56-2) 2581 5003

#### CIUDAD EMPRESARIAL BRANCH

Av. del Parque 4023 – Huechuraba

Business hours: 9:00 a.m. – 14:00 p.m.

Tel.: (56-2) 2584 5354

#### EL CORTIJO BRANCH

Av. Américo Vespucio 2760 C – Conchalí

Business hours: 9:00 a.m. – 14:00 p.m.

Tel.: (56-2) 2581 4831

#### LA DEHESA BRANCH

Av. La Dehesa 1744 – Lo Barnechea

Business hours: 8:00 a.m. – 14:00 p.m.

Tel.: (56-2) 2584 4673

#### LA REINA BRANCH

Av. Carlos Ossandón 1231 – La Reina

Time: 8:00 a.m. – 14:00 p.m.

Tel.: (56-2) 2584 3252

#### LOS COBRES BRANCH

Av. Vitacura 6577 – Vitacura

Business hours: 9:00 a.m. – 14:00 p.m.

Tel.: (56-2) 2581 5516

#### PROVIDENCIA BRANCH

Av. Nueva Providencia 2289

Providencia

Business hours: 9:00 a.m. – 14:00 p.m.

Tel.: (56-2) 2584 4688



### PRESIDENTE RIESCO BRANCH

Presidente Riesco 5335, Unit 101 – Las Condes  
Business hours: 8:00 a.m. – 14:00 p.m.  
Tel.: (56-2) 2584 5072

### ANTOFAGASTA BRANCH

Av. San Martín 2511 – Antofagasta  
Business hours: 9:00 a.m. – 14:00 p.m.  
Tel.: (55) 253 6500

### COPIAPÓ BRANCH

Chacabuco 681, office 1001  
Business hours: 8:00 a.m. – 14:00 p.m.  
Tel.: (52) 235 7210

### VIÑA DEL MAR BRANCH

Av. Libertad 500, Viña del Mar  
Business hours: 8:00 a.m. – 14:00 p.m.  
Tel.: Retail Banking: (32) 251 5100  
Tel.: 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.  
Tel.: (51) 247 7400

### RANCAGUA BRANCH

Carretera Eduardo Frei Montalva 340, unit 6 – Rancagua  
Business hours: 8:00 a.m. – 14:00 p.m.  
Tel.: (72) 274 6600

### TALCA BRANCH

Av. Circunvalación Oriente 1055, Local B-2 - Talca  
Time: 8:00 a.m. – 14:00 p.m.  
Tel.: (71) 234 4600

### CONCEPCIÓN BRANCH

Av. Bernardo O'Higgins 428 – Concepción  
Business hours: 9:00 a.m. – 14:00 p.m.  
Tel.: Retail Banking: (41) 290 8003  
Tel.: Commercial Banking: (41) 290 8096

### TEMUCO BRANCH

Manuel Bulnes 701 – Temuco  
Business hours: 9:00 a.m. – 14:00 p.m.  
Tel.: Retail Banking: (45) 294 8423  
Tel.: Commercial Banking: (45) 294 8421

### PUERTO MONTT BRANCH

Guillermo Gallardo 132 – Puerto Montt  
Business hours: 9:00 a.m. – 14:00 p.m.  
Tel.: Retail Banking: (65) 256 8300  
Tel.: Commercial Banking: (65) 256 8313

## CONSOLIDATED SUBSIDIARIES

### VALORES SECURITY S.A., CORREDORES DE BOLSA

Apoquindo 3150 floor 7 – Las Condes  
Tel.: (56-2) 2584 4601  
Web: [www.inversionessecurity.cl](http://www.inversionessecurity.cl)  
Email: [sacinversiones@security.cl](mailto:sacinversiones@security.cl)

### VIÑA DEL MAR BRANCH

Libertad 500 – Viña del Mar  
Tel.: (56-32) 238 6020

### CONCEPCIÓN BRANCH

O'Higgins 428 – Concepción  
Tel.: (56-41) 316 6319

### PUERTO VARAS BRANCH

Santa Rosa 560, office 23, Puerto Varas.  
Tel.: (56-65) 222 7307

### ADMINISTRADORA GENERAL DE FONDOS SECURITY S.A.

Apoquindo 3150 floor 7 – Las Condes  
Tel.: (56-2) 2584 4000  
Web: [www.inversionessecurity.cl](http://www.inversionessecurity.cl)  
Email: [sacinversiones@security.cl](mailto:sacinversiones@security.cl)

